

Newell
Regional
Services
Corporation

2013

Annual Report to Shareholders

Date: September 18, 2014

This document contains information, reports and audited financial statements for the 2013 reporting year.



Newell

REGIONAL SERVICES CORP.

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Box 638

Brooks, Alberta

T1R 1B6

August 11, 2014

Invitation to the Shareholders of
Newell Regional Services Corporation

Notice of Annual General Meeting

Thursday, September 18, 2014

Heritage Inn- Banquet Room C

In accordance with the Revised Unanimous Shareholders Agreement, Revised By-Law #1 (a by-law relating generally to the transaction of business and affairs of Newell Regional Services Corporation) and the Business Incorporations Act, the Board of Directors and Management of Newell Regional Services Corporation; cordially invite Mayors and Reeves and Members of Council, as well as Senior Management; to the annual general meeting of Newell Regional Services Corporation.
MLA- Jason Hale has accepted our invitation and will be in attendance.
Agenda items to be presented include, progress report of a corporate nature, project progress, grant funding report, appointment of auditor and such other business that may arise.

An agenda is attached with this invitation.

There has been a great deal of progress in the program as well as Board of Directors decisions in moving the Corporation forward.
We look forward to seeing you, September 18, 2014

Ralph Havinga C.Tech
General Manager



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REGIONAL SERVICES CORP.

NEWELL REGIONAL SERVICES CORPORATION

Annual General Meeting
of the Shareholders

Thursday, September 18, 2014- 7:00 p.m.

Heritage Inn, Brooks.

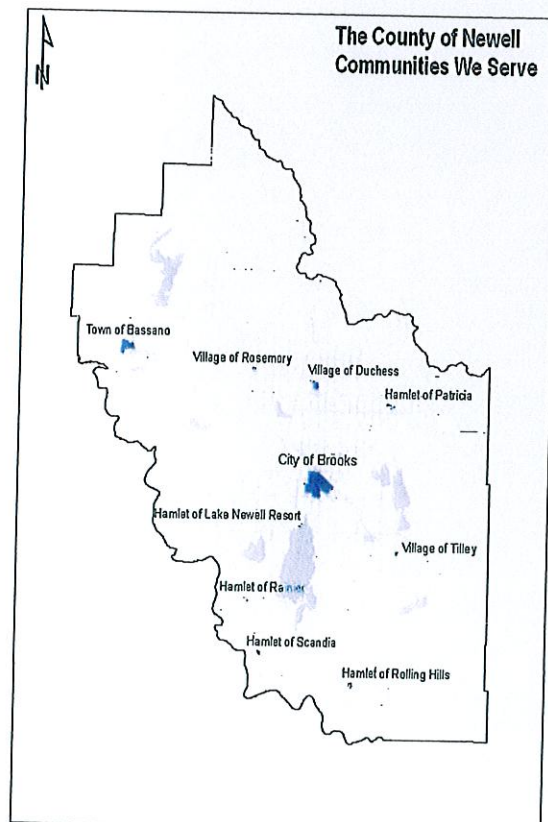
AGENDA

Call to Order	Chairman: Clarence Amulung
Introduction of Special Guests- Jason Hale- MLA	Chairman: Clarence Amulung
Introduction of the Board of Director's Chairman's Report	Chairman: Clarence Amulung
Annual Report Highlights (Power Point Presentation)	General Manager: R. Havinga
Motion: 2014 Auditor (KPMG)	Chairman: Clarence Amulung

Question Period



Newell Regional Services Corporation



Mission Statement:

Recognizing the planning, development, and vision of the member communities; and that water is a precious resource for the enhancement of life, public health and growth; the Corporation will strive to attain or exceed regulatory requirements, while seeking a balance to provide services, achieve reliability, protect the environment and maintain a financially sustainable utility system.

Vision Statement:

Newell Regional Services Corporation will provide safe, effective services within the County of Newell and member communities that will ensure all services meet rigid safety, quality, and reporting

parameters of Federal, Provincial, Local and Water Industry Standards.

We will create relationships and enhance the quality of life for the communities, people and businesses by being committed to first class reliable service; being accountable to the people we serve, being leaders in environmental stewardship and adopting best practices to economically achieve service reliability, water quality, operational efficiency and cost effective environmental compliance.

Values:

Our commitment to providing safe and reliable water and sewer services is historically grounded in the fundamental philosophy of the origin of the Corporation.

The Province of Alberta, the County of Newell, the City of Brooks and Member Communities saw the potential for mutual benefits under increasingly stringent guidelines and expectations. While it may be difficult for individuals to meet those expectations; together and with one focus, we can meet and exceed the opportunities to provide excellent services to our residents and business community.

Newell Regional Services Corporation is soundly committed to these values and our employees will be instrumental and dedicated to delivering those services.

The Board of Directors
Newell Regional Services Corporation
2013



Back Row: John Timko-Mayor-Village of Tilley; Ike Shroeder- County of Newell; Bernard Gibeau- Town of Bassano; Darren Drader- Village of Duchess; Don Gibb-Mayor- Village of Rosemary

Front Row: Noel Moriyama- City of Brooks; Clarence Amulung- Chairman of the Board- County of Newell; Bill Prentice- Vice-Chairman of the Board- City of Brooks

Chairman's Message

NRSC continues to be one of the best concrete examples of cooperation between municipalities within the County of Newell region. Although its formation was economically driven, its success has been made possible because individuals are prepared to look beyond their own political aspirations and boundaries for the advantage of all involved. Although much has been accomplished with this philosophy, much more is still beckoning in the future.

Municipal elections, retirement and dissolution of the village of Tilley has had a profound impact on the composition of our board. Three of our founding directors, Noel Moriyama, Ike Schroeder and John Timko have retired. Ike Schroeder served as chairman of the board from NRSC's inception in January 2009 to October 2011. Bernard Gibeau is also no longer with us since losing his seat on Bassano Council in the election. We would like to thank all four of these gentlemen for their sizeable contribution to the formation and success of NRSC.

New members to our board are Kevin Jones representing the Town of Bassano, Dan Klein representing the City of Brooks and Brian de Jong representing the County of Newell. They join returnees Bill Prentice, Don Gibb, Darren Drader and myself.

Major highlights for 2012 included the delivery of Regional water to the hamlet of Patricia and the connection of the Village of Duchess to the regional system. Rural residents in the Duchess, Rolling Hills and Tilley areas including Kinbrook Park were connected. The Rosemary to Bassano pipeline was completed but problems continued with the Rosemary pipeline. However by year end the possibility of a new replacement pipeline to Rosemary was starting to look promising.

Another major challenge emerged midyear when our General Manager was diagnosed with some serious health problems which would require hospitalization and a considerable period of time away from work. Fortunately our staff, our municipal partners and Ralph's full recovery met this challenge and our customers were left with a seamless service of water delivery. Our board would like to acknowledge and thank all involved for going the extra mile.

On behalf of the Board, I would like to thank Ralph and all our staff for continuing to grow NRSC as a customer focused organization no matter what size that customer might be, for making NRSC a great place to work and an organization this region can be proud of. To my fellow board members and the municipalities they represent, a thank you for your continued commitment, guidance and co-operation. The goal of delivering efficient high quality potable water to the entire region is going to become reality very soon.

Clarence Amulung

Message from the General Manager

It is difficult for me to believe that 6 years has passed since I was hired by the Partnership Committee and that so much progress has been accomplished. The building of the system and completion of the projects have been the main subjects of attention. Happening at two separate occasions; contractor's actions caused delays in the completion of the pipeline. The Board of Directors have made very difficult and hard decisions to remain on course and come to effective resolutions. As we meet together tonight we are virtually prepared to call the entire construction program complete. In fact, what has been completed was not envisioned to be done until a time well into the future. With the Alberta Government's assistance we have brought Duchess and Bassano into the program. The County of Newell accelerated their plans to connect rural residents and is well into that project. By the end of 2014, all communities within the County of Newell and nearly 1/3 of County rural residents will be served clean potable water from the Newell Regional Services plant.

The Corporation has lost a Municipal member with the dissolution of the Village of Tilley; however, since Tilley has become a hamlet in the County of Newell NRSC operators continue to serve the residents of Tilley.

The Board of Directors have constantly been monitoring costs and have determined suitable water rates to provide appropriate resources and pay down our start-up debt. NRSC has been able to deliver a financial framework to balance costs, income and

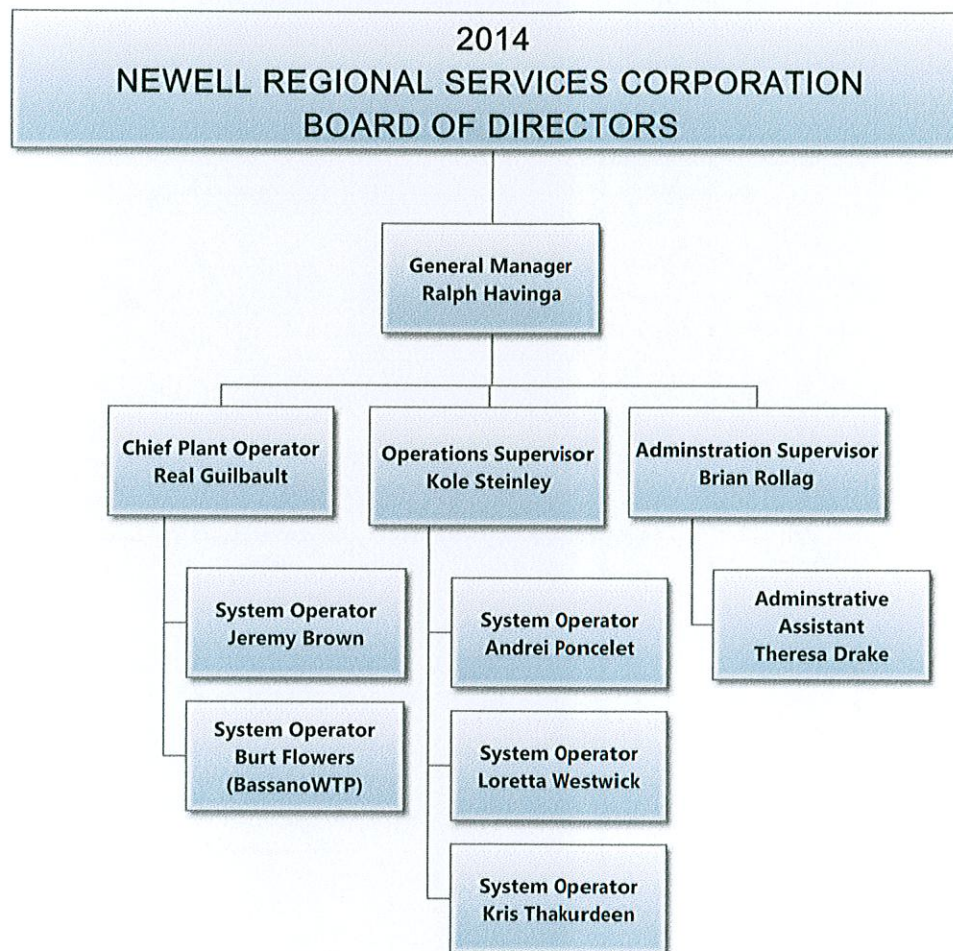
reserves for future expansions while keeping water at an affordable level.

The Water Treatment Plant is manned 8 hours a day, 7 days a week; by 3 highly skilled and trained employees while also monitored by sophisticated and highly technical components for 16 hours. All WTP staff are certified by Alberta Environment and Sustainable Resource Development to various levels and continue to maintain their training requirements or achieve higher certification levels.


Highly skilled field staff (4) continue to maintain systems and monitor water quality and also provide operating services (water, sewer) to various degrees in each of the communities. Staff also provides services 7 days a week while monitoring systems and alarms with iPads and cellular telephone alarm e-mails. Almost daily; staff are or soon will be attending residences from Rolling Hills to Bassano to Gem to assist in flushing and connecting individual systems, taking water samples and monitoring chlorine residuals.

I am proud to mention that NRSC staff continues to meet and exceed all water quality standards and service expectations of our customers. NRSC staff in both areas of plant and field, continue to meet Approval and Code of Practice requirements.

NRSC will continue to provide outstanding services and a system that is safe, secure and sustainable.



Facts and Figures

Total Cost of the Project (January 24, 2008)		\$46,452,000.00
Addition of Pipeline to Bassano (May 12, 2011)		<u>\$7,594,000.00</u>
		\$54,046,000.00
Funding Sources:		
Alberta Transportation:		
Alberta Municipal Water/Wastewater Partnership (AMWWP)		\$43,941,612.80
City of Brooks		\$6,370,490.00
County of Newell		<u>\$3,733,897.20</u>
		\$54,046,000.00
Water Treatment Plant Capacity (32 MLD)		32,000 m3/day
Pipeline to Tilley, Lake Newell Resort		31,050 l.m.
Pipeline to Rainier, Scandia, Rolling Hills		49,900 l.m.
Pipeline through Brooks		5,360 l.m.
Pipeline to Rosemary		36,400 l.m.
Pipeline to Patricia		16,200 l.m.
Pipeline to Duchess		1,410 l.m.
Pipeline to Bassano		<u>30,000 l.m.</u>
	Total	170,320 l.m.
	Or	
	170.32 km	
	Or	
	105.8 miles	
Peak Day Production- 2012	August	15,274 m3
Peak Day Production- 2013	August	17,957 m3
Kilometers driven by each NRSC operator per week		 1,000 km
Water samples and quality testing per week		175
WTP Efficiency		96%

Water License Statistics reported to AESRD- WURS (Domestic Use)

Municipality	Allocation	2011	2012	2013
County of Newell				
Lake Newell	493480	25765	30804	27714
Patricia	33215		16102	22083
Tilley	136875	57639	53109	53079
Rolling Hills	51830	24180	26867	25628
Scandia	48180	29158	48899	66845
Rainier	12410	3900	5864	5967
Rural	1110134			44533
Brooks	8080152	3062000	3033677	2815538
Rosemary				
Duchess	320835			131091
Bassano	840000			

Percentage of Total Treated Water Consumption by Community

as of July 2014	2012		2013		YTD-2014(to July)		Jul-2014	
Brooks	2792014	90.72%	2585367	84.74%	1397166	79.49%	317783	80.56%
Brooks TF	111714	3.63%	108825	3.57%	61834	4.07%	9632	4.00%
LNR	29439	0.96%	26121	0.86%	14539	0.94%	2374	0.96%
Tilley	50954	1.66%	50073	1.64%	26653	1.53%	5944	1.80%
Rainier	7425	0.24%	7553	0.25%	5159	0.34%	781	0.32%
Scandia	47089	1.53%	63280	2.07%	37979	2.58%	3993	2.83%
Rolling Hills	25715	0.84%	23765	0.78%	15406	1.07%	2682	0.54%
Patricia	13325	0.43%	20186	0.66%	11868	0.70%	2334	0.79%
Duchess	0		125277	4.11%	113326	6.07%	28707	6.20%
Rural	0		40394	1.32%	48263	3.21%	8162	2.00%
Total	3077675	100.00%	3050841	100.00%	1732193	100.00%	382292	100.00%
Brooks		94.35%		88.31%		83.56%		84.56%
County-Hamlets		5.65%		6.26%		7.17%		7.23%
County- Rural				1.32%		3.21%		2.00%
Duchess				4.11%		6.07%		6.20%
		100.00%		100.00%		100.00%		100.00%

The original Grant was approved (2008) for the following:

- Phase 1: Construction of Water Treatment Plant addition and treated water pipeline to the Village of Tilley
- Phase 2: Addition of treatment capacity for the City of Brooks and construction of treated water pipelines to the Village of Rosemary and the Hamlets of Rolling Hills and Patricia and to Lake Newell Resort
- Phase 3: Addition of treatment capacity for the City of Brooks and construction of treated water pipelines to the Hamlets of Rainier and Scandia
- Phase 4: Addition of Dissolved Air Flotation process equipment at regional plant and construction of treated water pipeline to Bassano.

The total of **Phase 1&2**, eligible for grant funding and approved was \$45,452,000.

Phases 3&4 were not approved.

Since beginning the first pipeline to Tilley and the work at the Water Treatment Plant; the following changes and additions have occurred (and have been approved by AT):

- ✓ Capacity increase from 32 MLD to 40 MLD- Bassano industrial demand and Duchess joining the project
- ✓ Incorporate backwash treatment pond into design
- ✓ Addition of perimeter fencing and vehicle access gate at WTP
- ✓ On-Line redundant PLC (Palls System)
- ✓ Added maintenance area to footprint of the WTP
- ✓ Addition of security features (swipe card door locks and monitoring cameras)
- ✓ Addition of 4 raw water pumps vs 1 raw water pump identified in the original study
- ✓ Addition of the ammonia feed system
- ✓ Addition of second floor offices for NRSC
- ✓ Addition of metering chambers and PRV vaults in Brooks
- ✓ Addition of pipeline for Scandia and Rainier (changed design route)
- ✓ Upsize additional capacity for pipeline through Brooks (additional 5 ¼ sections)
- ✓ Additional capacity for Duchess in the pipelines

The additions and incorporation of parts of Phase 3 and 4 have resulted in an increase to the program from \$45,452,000 to \$54,046,000. This also includes an estimate of all engineering costs and UROW costs for registration and land costs.

AT is aware of the increase due to additions to the program as well as the additional costs.

Newell Regional Services Corporation
Annual General Meeting
Of the Shareholders
Thursday, October 6, 2011
7:00 p.m.
Heritage Inn, Brooks, AB

A Newell Regional Services Corporation Annual Meeting was held at the Heritage Inn on Thursday, October 6, 2011 commencing at 7:00 p.m.

Members Present: See Attached

NRSC Staff: Ralph Havinga, *General Manager*
Carmen Chase, *Executive Assistant*

Call to Order

Chairman I. Schroeder called the meeting to order at 7:00 p.m.

Introduction of the Board of Directors

Chairman, Ike Schroeder introduced the 2011 Board of Directors of Newell Regional Services Corporation.

Mr. Schroeder took the opportunity to thank the members of the Board of Directors for their continued support and cooperation in working together to ensure that all municipalities and residents alike are treated equally and fairly, while striving to provide the resources to provide an environmentally compliant water supply and efficient services.

Approval of Minutes of the AGM – April 6, 2010

Chairman, Ike Schroeder inquired if there were any questions or errors in the Minutes taken on April 6, 2010.

Moved by Anne Marie Phillipsen from the County of Newell that Minutes of the Annual General Meeting from April 6, 2010 be approved.

Carried

Annual Report Highlights

Ralph Havinga, General Manager of NRSC provided a Power Point Presentation focusing on the 2011 Annual Report Highlights of the new WTP.

- On April 16, 2010 the newly constructed membrane filtration component of the Water Treatment Plant was brought into service and demolition of the old Brooks WTP began.
- Approximately 50 miles of conduit and pipe were used to complete the new water treatment plant.
- Alberta Environment issued a new Approval for the WTP and meeting regulations was now a priority that required the teamwork of the design and expertise of our Operations Manager, Wayne Cooper and all our certified system operators including: Real Guilbault, Burt Flowers, Lacey Hubka, Kris Thakurdeen and Samantha Bremner.
- In March 2010 Alberta Health Services advised that the Boil Water Advisory was lifted and the Village of Tilley received fresh water.
- Operations with all member Municipalities are all cost recovery.
- The transmission main to the Town of Bassano and the Village of Duchess will begin in 2012.

2010 Audited Financial Statements

General Manager, R. Havinga provided financial statements of the Corporation, as audited by KPMG. Newell Regional Services Corporation financial reporting system comes under Accounting Standards for Private Enterprise (ASPE) and has been prepared according to those standards.

Motion: 2011 Auditor (KPMG)

Moved by Mara Nesbitt from the County of Newell to accept the 2010 Newell Regional Services Corporation Audit prepared by KPMG.

Carried

Chairman's Report

Chairman, Ike Schroeder presented a brief report stating that he found the tender process for the pipeline projects frustrating due to the fact that NRSC had to accept the lowest tenders. Some of these tenders caused problems and there was nothing that the Corporation could do. Alberta Transportation has clarified to Municipalities that any projects funded by grant money will continue to accept lowest bidder.

Chairman, Ike Schroeder also stated that XL Foods has expressed interest in purchasing water from NRSC. N. Moriyama stated that request from XL Food's to purchase water from NRSC is exciting but we need to know what their future holds and should to take concerns regarding water pressure and flow very seriously. A meeting for next Saturday October 15, 2011 is scheduled to discuss all issues relating to XL Foods. Jason Stusick with MPE Engineering will be providing a complete servicing study.

Adjournment

Moved by Anne Marie Phillipsen, from the County of Newell that the meeting be adjourned at 7:50 p.m.

Carried.

**Ralph Havinga
General Manager
NRSC**

**Carmen Chase
Recording Secretary
NRSC**

Memorable Moments

Project Initiation- November 2008

After years of planning, Newell Regional Services begins the project



Construction starts on the Water Treatment Plant April 2, 2009



Water to Tilley- March 2010

After 3 years, Alberta Health Services lifts the Boil Water Order



Corporate Profile

Newell Regional Services Corporation (NRSC) treats water for all municipalities within the County of Newell. Raw water is pumped from Lake Newell to the regional treatment plant in Brooks.

Each of the municipalities holds a water license to take water from the environment. All water licenses have been amended to include that the point of diversion is the point at Lake Newell where water is removed for treatment. NRSC reports the raw water consumption on the Alberta Environment and Sustainable Resources website for each of the various water licenses. (See page 12)

Water is treated then sent via transmission main to each of the municipalities. Existing water treatment plants were converted to a facility that would be enabled to accept treated water. Truck filling stations exist at each of the facilities. NRSC issues accounts and bills truck fill customers on behalf of the City of Brooks and the County of Newell. Other municipalities operate, maintain and bill for each of their truck fill stations. Water meters at each facility record water consumption and NRSC bills each municipality. Water rates to municipalities are the same and are based on costs and future capital expenditures for upgrades and capacity increases. In September 2011, a study was completed on the feasibility of supplying XL Foods with water. When the study was completed the results were forwarded to XL Foods however the proposal was not accepted by XL Foods.

NRSC operators operate and maintain the transmission main as well as sample and test water to each municipality. Operators also maintain, sample and test water in each of the water distribution systems, if requested to do so by the municipality. This also applies to the wastewater collection system. All costs are recorded and each municipality is billed appropriately.

The County of Newell has started the County of Newell Water Project to connect rural residents to the transmission main system via a trickle system. Each of the connections are also metered. NRSC operators sample and test water and also assist residents in connecting their system

Each year a budget is presented to the Board of Directors. The Board will review and approve the proposed budget and an appropriate water rate is set for the year. Revenue streams include water consumption and operations to municipalities. Expenditures include administration, treatment, operations and reserves for future capital expenditures.



newell
REGIONAL SERVICES CORP.

2013 Financial Statements
as audited by
KPMG

Report Date
8/14/2014 9:33 AM

Newell Regional Services
Balance Sheet
As of 12/31/2013

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ASSETS

3-10-000-113 - Petty Cash	250.00
3-10-000-120 - Chinook Credit Union	200,706.40
3-10-000-121 - Chinook Credit Union Share Acc	5.26
3-10-000-210 - Accounts Receivable	62,632.18
3-10-000-215 - Utilities Receivable	282,109.24
3-10-000-216 - Photo Radar Receivables	(0.60)
3-10-000-220 - Co-Op Equity	2,105.18
3-10-000-230 - Gst Due From Revenue Canada	9,913.85
3-10-000-231 - Gst Collected	(800.57)
3-10-000-232 - Gst Paid	36.27
3-10-000-234 - GST Rebate-Paid	3,506.07
3-10-000-310 - Prepaid Expenses	37,765.54
3-10-000-320 - Chemical Inventory	48,751.92
3-10-000-400 - Notes Receivable	25,682.38
3-11-010-605 - Vehicles	213,629.40
3-11-010-615 - Office Equipment	11,958.00
3-11-011-620 - Wtp - Structures	2,963,779.75
3-11-011-650 - Wtp - Land	615,256.00
3-11-014-620 - Raw Water Pump Hse. - Structures	32,083.83
3-11-014-650 - Raw Water Pump Hse. - Land	46.00
3-11-021-660 - Mains and Serv. - Contrib.	431,709.33
3-11-032-620 - Tilley - Structures	10,486.00
3-11-032-650 - Tilley - Land	231.55
3-12-000-605 - Accum. Amortization - Vehicles	(119,378.34)
3-12-000-615 - Accum Amortization - Office Equipment	(4,783.20)
3-12-000-620 - Accum. Amortization - Structures	(266,298.31)
3-12-000-670 - Accum Amortization - Mains & Services	(23,024.48)
3-12-032-621 - Accum. Amort.- Tilley- Structure	(932.84)
Total Assets	4,537,425.81

LIABILITIES

4-10-000-001 - Accts Payable-COB-TF-RES	14,701.56
4-10-000-002 - Accts Payable-COB-TF-COMM	2,551.80
4-10-000-003 - Accts Payable-CON-TF-RES	1,546.70
4-10-000-004 - Accts Payable-CON-TF-COMM	499.43
4-10-000-100 - Receiver Gen. Payable	3,944.09
4-10-000-101 - Lapp-Payable	6,125.98
4-10-000-103 - Benefits Payable	(4,178.90)
4-10-000-109 - Vacation Pay-Payable	28,630.35
4-10-000-113 - Sick Pay Accrued	20,339.03
4-10-000-114 - Apex Option 1	270.15
4-10-000-120 - Water Haulers Security Deposits	11,000.00
4-10-000-270 - Accounts Payable	107,117.17
4-10-000-280 - Accrued Liabilities	33,090.32
4-10-000-345 - Current - Long Term Debt	147,291.75
4-11-010-340 - Loan - Payable	392,857.15
4-11-010-350 - Note Payable	49,891.22
4-20-000-120 - Common Shares-Class"a"-Brooks	20.00
4-20-000-125 - Common Shares-Class"b"-CountyofNewell	20.00
4-20-000-130 - Common Shares-Class"c"-Rosemary	10.00
4-20-000-135 - Common Shares-Class "d"-Tilley	10.00
4-20-000-140 - Common Shares-Class "e"-Bassano	10.00
4-20-000-145 - Common Shares-Class "f"-Duchess	10.00
4-25-000-120 - Preferred Shares-Class "g"	4,950,965.91

Report Date
8/14/2014 9:33 AM

Newell Regional Services
Balance Sheet
As of 12/31/2013

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4-25-000-125 - Preferred Shares-Class "h"	73,460.10	
4-25-000-130 - Preferred Shares-Class "i"	10,717.55	
Total Liabilities		5,850,901.36
SURPLUS		
5-00-000-901 - Current Years Surplus	(1,576,571.04)	
Net Surplus (Deficit):	263,095.49	
Total Surplus		(1,313,475.55)
Total Liabilities and Surplus		<hr/> 4,537,425.81

REVENUE

1-41-001-120 - Lake Newell Resort	\$19,146.00
1-41-001-125 - Tilley	30,466.20
1-41-001-130 - Scandia	44,721.60
1-41-001-135 - Rainier	10,794.30
1-41-001-136 - Rainier Truck Fill	1,224.00
1-41-001-140 - Brooks	1,551,220.20
1-41-001-141 - Brooks Truck Fill	65,295.00
1-41-001-145 - Rolling Hills	20,368.05
1-41-001-150 - Duchess	75,166.20
1-41-001-155 - Patricia	15,007.95
1-41-001-165 - Bassano	147,879.40
1-41-001-405 - Duchess/Patricia Area	19,093.02
1-41-001-410 - Rolling Hills Area	3,810.60
1-41-001-500 - Rosemary Area	89.30
1-41-002-120 - Lake Newell Resort Distrib.	16,810.50
1-41-002-125 - Tilley Distrib.	22,128.75
1-41-002-130 - Scandia Distrib.	25,714.50
1-41-002-135 - Rainier Distrib.	19,368.30
1-41-002-140 - Brooks Distrib.	40,569.90
1-41-002-141 - Brooks Truckfill Repairs	1,585.50
1-41-002-145 - Rolling Hills Distrib.	26,369.70
1-41-002-155 - Patricia Distrib.	36,083.25
1-42-001-120 - Lake Newell Resort Coll.	11,404.05
1-42-001-125 - Tilley Ww Coll.	43,565.95
1-42-001-130 - Scandia Ww Coll.	10,922.10
1-42-001-140 - Brooks Ww Coll.	31,935.75
1-42-001-145 - Rolling Hills Ww Coll.	9,915.15
1-42-001-155 - Patricia Ww Coll.	2,260.65
1-44-001-840 - Brooks Truck Fill Billing	8,518.17
1-44-001-875 - Interest Income	680.50
1-44-001-880 - Refunds-Rebates	3,013.00
1-44-001-890 - Other Revenues	10,417.20
1-45-001-140 - Brooks Stm	1,964.55
1-65-001-405 - Duchess/Patricia Area Dist Rural Water	68,045.25
1-65-002-410 - Rolling Hills Area Dist Rural Water	4,941.30
1-65-003-415 - Till/ Kinbrook Is. Area Dist Rural Water	4,739.70
1-65-004-420 - Kinbrook Island Area Dist. Rural Water	1,929.90
1-65-007-435 - Brooks North Dist Rural Water	21.00
1-65-008-440 - Rain/Scan/RollHill Area Dist Rural Water	33.60

Total Revenue

\$2,407,220.04

EXPENDITURES

2-01-000-110 - Admin.-Salaries	\$133,479.82
2-01-000-111 - Admin.-Wages-Full Time	45,520.11
2-01-000-114 - Admin.-Director's Remuneration	20,000.00
2-01-000-130 - Admin.-Benefits	59,328.52
2-01-000-140 - Admin.-Conferences/Education	7,531.22
2-01-000-145 - Admin.-Travel & Subsistence	18,640.95
2-01-000-150 - Admin.-Memberships & Dues	3,900.03
2-01-000-154 - Admin-Employee Recognition	1,876.62
2-01-000-157 - Admin.-WCB	8,573.76
2-01-000-160 - Admin.-Recruitment Costs	1,376.80
2-01-000-161 - Operations Wages- Unallocated	88,462.17

Newell Regional Services

Income Statement

Report Date

9/30/2014 4:09 PM

For the Period 1/ 1/2013 - 12/31/2013

Page 2

2-01-000-162 - Operations Benefits- Unallocated	2,183.79
2-01-000-210 - Admin.-Postage/Courier	3,080.91
2-01-000-215 - Admin.-Advertising/ Subscripti	3,486.71
2-01-000-220 - Admin.-Computer Software	18,529.71
2-01-000-230 - Admin.-Office Supply	6,556.88
2-01-000-232 - Computer Purchases	15,324.33
2-01-000-235 - Admin.-Office Furniture	100.00
2-01-000-245 - Admin.-Entertainment-Meals	485.05
2-01-000-260 - Admin.-Photocopy	1,687.57
2-01-000-325 - Admin.-Telecommunications	17,597.76
2-01-000-405 - Outsource-Accounting/Finance	18,180.00
2-01-000-410 - Outsource-Legal	11,144.52
2-01-000-440 - Outsource-Computer Program Ser	12,267.49
2-01-000-445 - Outsource-IT Services	11,131.49
2-01-000-450 - Outsource-GIS/Mapping	1,196.50
2-01-000-460 - Admin-Insurance	27,816.02
2-01-000-905 - Bank Payment Charges	1,352.08
2-01-000-910 - Admin.-Service & Interest Char	978.90
2-01-000-925 - Amortization Expense	72,564.19
2-01-000-926 - Admin-Amortization	1,195.80
2-10-011-111 - WTP-Wages-Full Time	94,946.98
2-10-011-130 - WTP- Benefits	20,521.40
2-10-011-155 - WTP-Clothing&Coverals	3,224.06
2-10-011-156 - WTP- Safety & Training	5,640.42
2-10-011-205 - WTP-Safety Supply	1,202.96
2-10-011-207 - WTP-Janitorial Supply	4,791.48
2-10-011-254 - Operations-Small Tools	4,257.35
2-10-011-255 - WTP-Other Mat and Supplies.	24,956.16
2-10-011-260 - WTP- Small Tools	3,302.35
2-10-011-305 - WTP-Cost Of Water-EID	63,682.78
2-10-011-310 - WTP-Power	256,370.88
2-10-011-315 - WTP-Gas	31,175.34
2-10-011-320 - WTP-Solid Waste	379.57
2-10-011-325 - WTP- Telecommunications	16,733.30
2-10-011-405 - WTP-Outsource-Proff Testing Fees	4,211.78
2-10-011-436 - WTP- Mechanical	20,557.75
2-10-011-437 - WTP- Electrical	20,559.81
2-10-011-438 - WTP- Instrumentation	28,438.36
2-10-011-439 - WTP- Scada	638.00
2-10-011-440 - WTP- Misc Contract Services	17,854.35
2-10-011-505 - WTP-Miscellaneous Chemicals	11,968.44
2-10-011-510 - WTP-Ammonia	2,997.82
2-10-011-515 - WTP-Caustic	37,205.99
2-10-011-520 - WTP-Chlorine	12,024.64
2-10-011-525 - WTP-Citric Acid	5,862.58
2-10-011-530 - WTP-Co2	32,947.84
2-10-011-535 - WTP-Coagulant	14,748.93
2-10-011-540 - WTP-Pac	3,050.00
2-10-011-545 - WTP-Potassium Permanganate	2,387.94
2-10-011-550 - WTP-Salt	2,493.21
2-10-011-555 - WTP-Sodium Hypo	8,956.44
2-10-011-560 - WTP- Chemical Freight	4,666.48
2-10-011-605 - Vehicle Amortization	35,365.14
2-10-011-610 - WTP-Vehicle Usage	(2,750.27)
2-10-011-620 - Operations- Fuel and Oil	64,143.56
2-10-011-630 - Operations- Parts and Tires	10,301.31

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2-10-011-640 - Operations- Vehicle Repairs	18,667.66
2-10-011-660 - Operations- Vehicle Insurance	535.60
2-10-011-699 - Vehicle Expense Allocation	(111,919.50)
2-10-012-111 - Membranes-Wages-Full Time	3,296.92
2-10-012-130 - Membranes-Benefits	673.25
2-10-012-255 - Membranes-Other Material and Supplies	1,321.60
2-10-012-436 - Membranes-Mechanical Contract	14,300.05
2-10-012-440 - Membranes-Misc Contract Services	5,141.96
2-10-013-111 - WTP Pumps-Wages-Full time	1,665.08
2-10-013-130 - WTP Pumps-Benefits	662.77
2-10-013-255 - WTP Pumps-Other Material and Supplies	410.12
2-10-013-437 - WTP Pumps-Electrical Contract	413.00
2-10-014-111 - Raw Pump Hse.-Wages-Full Time	13,355.79
2-10-014-130 - Raw Pump Hse.-Benefits	2,722.98
2-10-014-255 - Raw Pump Hse.-Other Mat and Supplies	1,526.56
2-10-014-310 - Raw Pump Hse- Power	37,580.16
2-10-014-315 - Raw Pump Hse- Gas	1,690.65
2-10-014-325 - Raw Pump Hse-Telecommunications	7,014.72
2-10-014-437 - Raw Pump Hse.-Electrical Contra	664.62
2-10-014-438 - Raw Pump Hse.-Instrumentation C	2,182.00
2-10-014-440 - Raw Pump Hse- Misc Contract Services	460.00
2-10-014-610 - Raw Pump Hse.-Vehicle Usage	4,887.19
2-11-015-111 - Booster Station-LNR-Wages-Full-Time	4,509.90
2-11-015-130 - Booster Stat- LNR-Benefits	1,016.85
2-11-015-255 - Booster Stat-LNR-Other Mat and Supplies	125.95
2-11-015-325 - Booster Stat-LNR-Telecommunications	1,014.72
2-11-015-438 - Booster Stat-LNR-Instrumentation	1,403.38
2-11-015-610 - Booster Stat-LNR-Vehicle Usage	1,972.96
2-11-016-111 - Tilley Control House-Wages Full-Time	4,272.78
2-11-016-130 - Tilley Control House- Benefits	914.81
2-11-016-255 - Tilley Cont House-Other Mat and Supplies	536.39
2-11-016-310 - Tilley Control House- Power	1,076.55
2-11-016-315 - Tilley Control House- Gas	489.89
2-11-016-325 - Tilley Control House- Telecommunications	3,143.61
2-11-016-437 - Tilley Cont Hse- Electrical	127.00
2-11-016-438 - Tilley Cont Hse- Instrumentation	1,403.38
2-11-016-610 - Tilley Cont Hse- Vehicle Usage	2,062.23
2-11-017-325 - Rosemary Booster- Telecommunications	1,418.96
2-12-016-111 - WTP-Truck Fill- Wages-FullTime	1,297.39
2-12-016-130 - WTP-Truck Fill-Benefits	276.83
2-12-016-610 - Truck Fill- Vehicle Usage	66.05
2-21-020-111 - Trans Main-Wages-Full Time	7,304.15
2-21-020-130 - Trans Main-Benefits	872.86
2-21-020-255 - Trans Main-Other Mat and Supplies	2,968.28
2-21-020-420 - Trans Main-Repairs	24,339.34
2-21-020-451 - Trans Main-Outsource-Locates	53,730.25
2-21-020-610 - Trans Main-Vehicle Usage	2,080.12
2-31-031-111 - LNR-SR-Wages-Full Time	3,001.17
2-31-031-130 - LNR-SR-Benefits	653.93
2-31-031-255 - LNR-SR-Other Mat and Supplies	696.31
2-31-031-325 - LNR-SR-Telecommunications	660.00
2-31-031-435 - LNR-SR- Proff Testing Fees	600.00
2-31-031-437 - LNR-SR- Electrical	952.79
2-31-031-438 - LNR-SR- Instrument	1,402.78
2-31-031-610 - LNR-SR- Vehicle Usage	1,263.30
2-31-032-111 - Tilley-Wages-Full Time	4,428.38

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2-31-032-130 - Tilley-Benefits	962.63
2-31-032-255 - Tilley-Other Mat and Supplies	403.18
2-31-032-435 - Tilley-Professional Testing Fees	495.05
2-31-032-437 - Tilley-Electrical Contract Ser	277.50
2-31-032-438 - Tilley-Instrumentation	1,403.78
2-31-032-610 - Tilley-Vehicle Usage	1,927.92
2-31-033-111 - Scandia-Wages-Full Time	7,333.19
2-31-033-130 - Scandia-Benefits	1,554.78
2-31-033-255 - Scandia-Other Mat and Supplies	1,366.51
2-31-033-325 - Scandia-Telecommunications	1,454.40
2-31-033-435 - Scandia- Professional Testing Fees	515.40
2-31-033-437 - Scandia-Electrical Contract Se	1,186.00
2-31-033-438 - Scandia-Instrumentation	3,057.38
2-31-033-440 - Scandia- Misc Contract Services	1,365.06
2-31-033-610 - Scandia-Vehicle Usage	2,957.67
2-31-034-111 - Rainier-Wages-Full Time	6,535.60
2-31-034-130 - Rainier-Benefits	1,328.32
2-31-034-255 - Rainier-Other Mat and Supplies	603.92
2-31-034-325 - Rainier-Telecommunications	1,828.79
2-31-034-435 - Rainier- Professional Testing Fees	495.05
2-31-034-437 - Rainier-Electrical Contract	665.37
2-31-034-438 - Rainier-Instrumentation	1,403.38
2-31-034-440 - Rainier- Misc Contract Services	240.00
2-31-034-610 - Rainier-Vehicle Usage	2,775.14
2-31-035-111 - Brooks-Wages-Full Time	7,693.83
2-31-035-130 - Brooks-Benefits	1,715.89
2-31-035-435 - Brooks-Professional Testing Fees	40.00
2-31-035-437 - Brooks-Electrical Contract Ser	2,678.00
2-31-035-610 - Brooks-Vehicle Usage	2,580.16
2-31-036-111 - Rolling Hills-Wages-Full Time	6,884.17
2-31-036-130 - Rolling Hills-Benefits	1,606.89
2-31-036-255 - Rolling Hills-Other mat and Supplies	723.59
2-31-036-325 - Rolling Hills-Telecommunication	1,952.46
2-31-036-435 - Rolling Hills-Professional Testing Fees	514.57
2-31-036-436 - Rolling Hills-Mechanical Contra	393.28
2-31-036-437 - Rolling Hills-Electrical Contra	282.00
2-31-036-438 - Rolling Hills-Instrumentation	1,403.38
2-31-036-440 - Rolling Hills-Misc Contract Services	282.00
2-31-036-610 - Rolling Hills-Vehicle Usage	2,951.78
2-40-041-111 - Duchess-Wages-Full Time	1,372.49
2-40-041-130 - Duchess-Benefits	228.01
2-40-041-435 - Duchess-Professional Testing Fees	39.04
2-40-041-437 - Duchess-Electrical Contract	3,587.76
2-40-041-438 - Duchess-Instrumentation	660.40
2-40-041-440 - Duchess- Misc Contract Services	4,941.05
2-40-041-610 - Duchess-Vehicle Usage	347.16
2-40-042-111 - Patricia-Wages-Full Time	7,072.37
2-40-042-130 - Patricia- Benefits	1,495.34
2-40-042-255 - Patricia-Other Mat and Supplies	475.89
2-40-042-325 - Patricia-Telecommunications	1,896.96
2-40-042-435 - Patricia-Professional Testing Fees	515.18
2-40-042-436 - Patricia-Mechanical Contract	2,373.69
2-40-042-437 - Patricia-Electrical Contract	1,602.96
2-40-042-438 - Patricia-Instrumentation	1,403.44
2-40-042-440 - Patricia- Misc Contract Services	1,140.00
2-40-042-610 - Patricia-Vehicle Usage	2,941.85

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2-40-044-111 - Bassano-Wages-Full Time	77,228.07
2-40-044-130 - Bassano-Benefits	13,521.57
2-40-044-610 - Bassano-Vehicle Usage	26,476.90
2-50-051-111 - Distrib. LNR-Wages-Full Time	5,043.66
2-50-051-130 - Distrib. LNR-Benefits	1,077.77
2-50-051-420 - Distrib. LNR-Repairs	1,325.00
2-50-051-610 - Distrib. LNR-Vehicle Usage	2,198.24
2-50-052-111 - Distrib. Tilley-Wages-Full Tim	5,625.31
2-50-052-130 - Distrib. Tilley-Benefits	1,219.17
2-50-052-420 - Distrib. Tilley-Repairs	1,845.80
2-50-052-610 - Distrib. Tilley-Vehicle Usage	2,485.78
2-50-053-111 - Distrib. Scandia-Wages-Full Time	6,341.31
2-50-053-130 - Distrib. Scandia-Benefits	1,257.13
2-50-053-255 - Distrib. Scandia-Other Mat and Supplies	236.00
2-50-053-420 - Distrib. Scandia-Repairs	635.67
2-50-053-610 - Distrib. Scandia-Vehicle Usage	2,774.31
2-50-054-111 - Distrib. Rainier-Wages-Full Time	5,948.81
2-50-054-130 - Distrib. Rainier-Benefits	1,221.55
2-50-054-610 - Distrib. Rainier-Vehicle Usage	2,530.88
2-50-055-111 - Distrib. Brooks-Wages-Full Time	15,958.23
2-50-055-130 - Distrib. Brooks-Benefits	3,789.64
2-50-055-610 - Distrib. Brooks-Vehicle Usage	5,561.88
2-50-056-111 - Distrib. Rolling Hills-Wages-Full Time	7,853.02
2-50-056-130 - Distrib. Rolling Hills-Benefits	1,525.50
2-50-056-420 - Distrib. Rolling Hills-Repairs	1,380.00
2-50-056-610 - Distrib. Rolling Hills-Vehicle Usage	3,136.82
2-60-061-111 - Distrib. Duchess-Wages-Full Time	623.38
2-60-061-130 - Distrib. Duchess-Benefits	114.72
2-60-061-610 - Distrib. Duchess-Vehicle Usage	1,256.53
2-60-062-111 - Distrib. Patricia-Wages-Full Time	8,204.12
2-60-062-130 - Distrib. Patricia-Benefits	1,337.36
2-60-062-255 - Distrib. Patricia-Other Mat and Supplies	316.42
2-60-062-420 - Distrib. Patricia-Repairs	4,125.00
2-60-062-435 - Patricia-Professional Testing Fees	531.90
2-60-062-610 - Distrib. Patricia-Vehicle Usage	3,034.28
2-60-064-111 - Distrib. Bassano-Wages-Full Time	8,987.45
2-60-064-130 - Distrib. Bassano- Benefits	1,797.87
2-60-064-610 - Distrib. Bassano-Vehicle Usage	3,255.01
2-65-001-111 - Duchess/Patricia Area Wages Full-Time	39,006.74
2-65-001-130 - Duchess/Patricia Area Benefits	8,726.24
2-65-001-255 - Duchess/Pat Area Other Material and Supp	1,373.24
2-65-001-420 - Duchess/Patricia Area Repairs	750.00
2-65-001-435 - Duchess/Patricia Area Proff Testing Fees	21.17
2-65-001-610 - Duchess/Patricia Area Vehicle Usage	14,926.95
2-65-002-111 - Rolling Hills Area Wages Full-Time	2,676.38
2-65-002-130 - Rolling Hills Area Benefits	468.82
2-65-002-255 - Rolling Hills Area Other Material/Supply	571.38
2-65-002-610 - Rolling Hills Vehicle Usage	987.03
2-65-003-111 - TilleyKinbrook Is Area Wages Full-Time	2,573.78
2-65-003-130 - Tilley/Kinbrook Is Area Benefits	367.91
2-65-003-255 - Tilley/Kinbrook Area Other Mat and Supp	571.37
2-65-003-610 - Tilley/Kinbrook Is Area Vehicle Usage	1,000.67
2-65-004-111 - Kinbrook Island Area Wages Full-Time	788.39
2-65-004-130 - Kinbrook Island Area Benefits	179.15
2-65-004-255 - Kinbrook Island Other Material/Supplies	581.36
2-65-004-610 - Kinbrook Island Area Vehicle Usage	287.87

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2-65-007-111 - Brooks North Wages Full-Time	20.26
2-65-008-111 - Rain/Scan/Roll Hill Wages Full-Time	18.77
2-65-008-130 - Rainier/Scandia/Roll Hill Benefits	4.32
2-65-008-610 - Rainier/Scan/Roll Hi Area Vehicle Usage	9.46
2-65-009-130 - Bassano/Gem/Rosemary Area Benefits	0.06
2-65-011-111 - Rosemary Wages Full-Time	112.61
2-65-011-130 - Rosemary Area Benefits	25.59
2-65-011-255 - Rosemary Area Other Material/Supplies	4.99
2-65-011-435 - Rosemary Area Testing Fees	80.66
2-65-011-610 - Rosemary Area Vehicle Usage	51.48
2-70-071-111 - WW Coll. LNR-Wages-Full Time	5,329.25
2-70-071-130 - WW Coll. LNR-Benefits	1,167.82
2-70-071-420 - WW Coll. LNR -Repairs	2,090.00
2-70-071-610 - WW Coll. LNR-Vehicle Usage	2,273.65
2-70-072-111 - WW Coll. Tilley-Wages-Full Time	7,080.83
2-70-072-130 - WW Coll. Tilley-Benefits	1,519.90
2-70-072-420 - WW Coll. Tilley-Repairs	30,743.42
2-70-072-435 - WW Coll. Tilley-Professional Testing Fees	235.05
2-70-072-610 - WW Coll. Tilley-Vehicle Usage	3,048.49
2-70-073-111 - WW Coll. Scandia-Wages-Full Time	5,651.00
2-70-073-130 - WW Coll. Scandia-Benefits	1,100.03
2-70-073-255 - WW Coll. Scandia-Other Mat and Supplies	39.99
2-70-073-420 - WW Coll. Scandia-Repairs	1,386.00
2-70-073-610 - WW Coll. Scandia-Vehicle Usage	2,227.47
2-70-075-111 - WW Coll. Brooks-Wages-Full Time	19,824.18
2-70-075-130 - WW Coll. Brooks-Benefits	4,541.76
2-70-075-610 - WW Coll. Brooks-Vehicle Usage	6,345.78
2-70-076-111 - WW Coll. Rolling Hills-Wages-Full Time	4,057.95
2-70-076-130 - WW Coll. Rolling Hills-Benefits	849.04
2-70-076-255 - WW Coll. Rolling Hills-Other Mat and Sup	241.89
2-70-076-420 - WW Coll. Rolling Hills-Repairs	2,365.52
2-70-076-435 - WW Coll. Rolling Hills-Prof Testing Fees	209.05
2-70-076-610 - WW Coll. Rolling Hills-Vehicle Usage	1,720.51
2-80-082-111 - WW Coll. Patricia-Wages-Full Time	205.67
2-80-082-130 - WW Coll. Patricia Benefits	33.83
2-80-082-420 - WW Coll. Patricia-Repairs	625.00
2-80-082-435 - WW Coll-Patricia-Proff Testing Fees	21.80
2-80-082-610 - WW Coll. Patricia-Vehicle Usage	88.00
2-90-090-111 - Stormwtr. Coll.-Wages-Full Time	164.22
2-90-090-130 - Stormwtr. Coll.-Benefits	40.66
2-90-090-610 - Stormwtr- Vehicle Usage	107.96
2-90-092-111 - Stm Water-Brooks-Wages-Fulltime	116.15
2-90-092-130 - Stm Water-Brooks-Benefits	27.61
2-90-092-610 - Stm Water-Brooks-Vehicle Usage	43.45

Total Expenditures

\$2,144,124.55

Net Surplus (Deficit):

\$263,095.49

Financial Statements of

**NEWELL REGIONAL
SERVICES CORPORATION**

Year ended December 31, 2013

Original



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Newell Regional Services Corporation

We have audited the accompanying financial statements of Newell Regional Services Corporation, which comprise the balance sheet as at December 31, 2013, the statements of earnings and deficit and cash flows for the year then ended, and notes, comprising 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 accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Newell Regional Services Corporation as at December 31, 2013, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Chartered Accountants

April 15, 2014
Lethbridge, Canada

NEWELL REGIONAL SERVICES CORPORATION

Balance Sheet

December 31, 2013, with comparative information for 2012

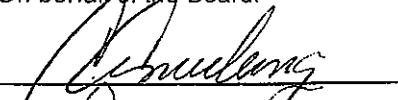

	2013	2012
Assets		
Current assets:		
Cash	\$ 200,962	\$ 144,647
Trade accounts receivable	344,741	269,583
Goods and services tax recoverable	12,656	10,610
Inventory	48,752	87,337
Prepaid expenses	37,766	24,664
Current portion of note receivable (note 3)	25,682	21,741
	670,559	558,582
Property, plant and equipment (note 2):		
Property, plant and equipment	4,279,180	4,205,573
Less accumulated amortization	414,417	305,291
	3,864,763	3,900,282
Note receivable (note 3)	-	21,741
Patronage reserve, at cost	2,105	3,432
	\$ 4,537,427	\$ 4,484,037

Liabilities and Shareholders' Equity

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 225,639	\$ 288,052
Current portion of long-term debt (note 5)	147,292	147,292
	372,931	435,344
Long-term debt (note 5)	442,748	590,040
Shareholders' equity:		
Share capital (note 6)	5,035,224	5,035,224
Deficit	(1,313,476)	(1,576,571)
	3,721,748	3,458,653
	\$ 4,537,427	\$ 4,484,037

See accompanying notes to financial statements.

On behalf of the Board:

Chairman of the Board

Chairman - Finance Committee

NEWELL REGIONAL SERVICES CORPORATION

Statement of Earnings and Deficit

Year ended December 31, 2013, with comparative figures for 2012

	2013 Budget (Unaudited)	2013 Actual	2012 Actual
Revenue:			
Water supply	\$ 2,381,360	\$ 2,116,201	\$ 1,766,581
Waste water	125,490	110,004	152,737
Operating recovery	272,980	266,756	209,731
	2,779,830	2,492,961	2,129,049
Operating expenses:			
Salaries, wages and benefits	586,220	578,178	576,939
Utilities	512,000	392,446	439,544
Contract services	95,750	156,414	120,650
Chemicals	194,500	139,310	131,479
Automotive	186,350	206,077	183,747
Repairs and maintenance	46,200	91,433	75,916
Supplies	31,500	56,293	64,956
Telecommunications	22,200	37,118	23,087
Testing	20,000	8,526	15,154
Amortization	94,810	107,929	100,568
	1,789,530	1,773,724	1,732,040
	990,300	719,237	397,009
Administrative expenses (Schedule)	505,750	482,321	460,355
Earnings (loss) before the undernoted items	484,550	236,916	(63,346)
Other income:			
Interest income	500	681	570
Other income (note 7)	13,580	25,498	78,127
	14,080	26,179	78,697
Net earnings	498,630	263,095	15,351
Deficit, beginning of year	(1,576,571)	(1,576,571)	(1,591,922)
Deficit, end of year	\$ (1,077,941)	\$ (1,313,476)	\$ (1,576,571)

See accompanying notes to financial statements.

NEWELL REGIONAL SERVICES CORPORATION

Statement of Cash Flows

Year ended December 31, 2013, with comparative information for 2012

	2013	2012
Cash provided by (used in):		
Operations:		
Net earnings	\$ 263,095	\$ 15,351
Item not involving cash:		
Amortization	109,125	101,764
Change in non-cash operating working capital:		
Accounts receivable	(75,158)	(1,020)
Goods and services tax recoverable	(2,046)	(731)
Inventory	38,585	(30,324)
Prepaid expenses	(13,102)	504
Accounts payable and accrued liabilities	(62,412)	31,108
	258,087	116,652
Financing:		
Repayment of long-term debt	(147,292)	(137,441)
Investing:		
Purchase of property, plant and equipment	(73,607)	-
Note receivable	17,800	17,800
Patronage reserve, at cost	1,327	(2,482)
	(54,480)	15,318
Increase (decrease) in cash	56,315	(5,471)
Cash, beginning of year	144,647	150,118
Cash, end of year	\$ 200,962	\$ 144,647

See accompanying notes to financial statements.

NEWELL REGIONAL SERVICES CORPORATION

Notes to Financial Statements

Year ended December 31, 2013

Nature of operations:

Newell Regional Services Corporation (the "Company") was incorporated under the Business Corporations Act of Alberta on October 27, 2008 and operates under a Ministerial Order pursuant to sections 73 and 250 of the Municipal Governments Act of Alberta and the Newell Regional Services Corporation Regulation of the Municipal Government Act of Alberta. The Company treats and supplies water to the areas of the County of Newell, City of Brooks, Village of Rosemary, Town of Bassano, and Town of Duchess. Active operations commenced on January 1, 2010.

The Company is exempt from income tax under Section 149 of the Canadian Income Tax Act.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for private enterprises. The Company's significant accounting policies are as follows:

(a) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short-term deposits, which are highly liquid with original maturities of less than three months from the date of acquisition.

(b) Inventory:

Inventory of chemicals for consumption are valued at the lower of cost and net realizable value on a specific item basis. Net realizable value is the listed market price from suppliers at the balance sheet date.

(c) Property, plant and equipment:

Property, plant and equipment are stated at cost, less accumulated amortization. Amortization is provided using the following methods and annual rates:

Asset	Basis	Rate
Buildings	Straight-line	45 years
Water mains and pipeline	Straight-line	75 years
Automotive	Straight-line	5 years
Office equipment	Straight-line	10 years

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable and exceeds its fair value.

NEWELL REGIONAL SERVICES CORPORATION

Notes to Financial Statements

Year ended December 31, 2013

1. Significant accounting policies (continued):

(d) Revenue recognition:

The Company recognizes revenue when products are shipped or services are rendered, the customer takes ownership and assumes risk of loss, collection of the related receivable is probable, persuasive evidence of an arrangement exists, and the sales price is fixed or determinable.

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Company has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Company determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Company expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

NEWELL REGIONAL SERVICES CORPORATION

Notes to Financial Statements

Year ended December 31, 2013

1. Significant accounting policies (continued):

(f) Related party transactions:

Monetary related party transactions and non-monetary related party transactions that have commercial substance are measured at the exchange amount when they are in the normal course of business, except when the transaction is an exchange of a product or property held for sale in the normal course of operations. Where the transaction is not in the normal course of operations, it is measured at market value when there is a substantive change in the ownership of the item transferred and there is independent evidence of the exchange amount.

All other related party transactions are measured at market value.

(g) Pension expense:

The Company participates with others in the Local Authorities Pension Plan (LAPP). This pension plan is a multi-employer defined benefit pension plan that provides pension benefits for the Company's participating employees, based on years of service and earnings.

The Company does not have sufficient plan information to follow the standards for defined benefit plans, therefore follows the defined contribution accounting whereby pension expense is recorded as contributions to the plan are due.

(h) Use of estimates:

The preparation of the financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amounts of property, plant and equipment and inventories. Actual results could differ from those estimates.

NEWELL REGIONAL SERVICES CORPORATION

Notes to Financial Statements

Year ended December 31, 2013

2. Property, plant and equipment:

			2013	2012
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 615,534	\$ -	\$ 615,534	\$ 615,534
Buildings	3,006,350	267,232	2,739,118	2,805,927
Water mains and pipeline	431,709	23,024	408,685	414,441
Automotive	213,629	119,378	94,251	56,009
Office equipment	11,958	4,783	7,175	8,371
	<u>\$ 4,279,180</u>	<u>\$ 414,417</u>	<u>\$ 3,864,763</u>	<u>\$ 3,900,282</u>

Amortization for the year amounted to \$109,125. This is composed of \$107,929 (2012 - \$100,568) relating to operating activities and \$1,196 (2012 - \$1,196) relating to administrative expenses.

3. Note receivable:

The note receivable is from the Town of Bassano, a shareholder of the company. The note receivable is non-interest bearing with principal repayments due in 2014.

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities at the balance sheet dates are the following:

	2013	2012
Trade payables	\$ 200,361	\$ 261,667
Government remittances	25,278	26,385
	<u>\$ 225,639</u>	<u>\$ 288,052</u>

NEWELL REGIONAL SERVICES CORPORATION

Notes to Financial Statements

Year ended December 31, 2013

5. Long-term debt:

	2013	2012
County of Newell	\$ 471,429	\$ 550,000
City of Brooks, payable \$49,891 annually, due 2015	99,782	149,674
City of Brooks, payable \$18,829 annually, due 2014	18,829	37,658
	590,040	737,332
Less current portion of long-term debt	147,292	147,292
	\$ 442,748	\$ 590,040

The long-term debt due to the County of Newell is due in 2017. There are no specified terms of repayment, however management has determined that it will make annual installments of \$78,571 on the loan every year until due. As such, the amounts expected to be repaid in 2014 have been classified as current.

The amounts due to the County of Newell and the City of Brooks, shareholders of the Company, are non-interest bearing with principal repayments due as follows:

2014	\$ 147,292
2015	128,463
2016	78,571
2017	235,714
	\$ 590,040

NEWELL REGIONAL SERVICES CORPORATION

Notes to Financial Statements

Year ended December 31, 2013

6. Share capital:

Authorized:

An unlimited number of:

Classes A to F common voting shares

Classes G to L preferred redeemable retractable non-cumulative non-voting shares,
redeemable at \$1,000 per share

The issued share capital of the Company is as follows:

	2013	2012
20 Class A common shares	\$ 20	\$ 20
20 Class B common shares	20	20
10 Class C common shares	10	10
10 Class D common shares	10	10
10 Class E common shares	10	10
10 Class F common shares	10	10
4,950,966 Class G preferred shares, non-voting (\$4,950,966 in aggregate)	4,950,966	4,950,966
73,460 Class H preferred shares, non-voting (\$73,460 in aggregate)	73,460	73,460
10,718 Class I preferred shares, non-voting (\$10,718 in aggregate)	10,718	10,718
	\$ 5,035,224	\$ 5,035,224

7. Other income:

	2013	2012
Contractor billings	\$ 12,381	\$ 67,269
Other	3,013	3,625
Truck fill	10,104	7,233
	\$ 25,498	\$ 78,127

NEWELL REGIONAL SERVICES CORPORATION

Notes to Financial Statements

Year ended December 31, 2013

8. Related party transactions:

During the year, the Company had the following related party transactions with its members, who are all shareholders of the Company:

Accounts payable includes \$17,253 (2012 - \$105,583) due to the City of Brooks, \$4,977 (2012 - \$nil) due to the Village of Dutchess, and \$2,046 (2012 - \$2,105) due to the County of Newell.

Accounts receivable includes the following amounts:

	2013	2012
City of Brooks	\$ 241,878	\$ 102,815
Village of Tilley	-	19,937
Village of Dutchess	6,337	920
Town of Bassano	25,665	14,798
County of Newell	27,601	88,584
	<u>\$ 301,481</u>	<u>\$ 227,054</u>

During the year, the Company had the following sales which includes operating recovery:

	2013	2012
City of Brooks	\$ 1,623,747	\$ 1,506,420
Village of Tilley(i)	60,515	99,818
Village of Rosemary	89	529
Village of Dutchess	162,304	4,664
Town of Bassano	147,879	107,132
County of Newell	319,988	277,101
	<u>\$ 2,314,522</u>	<u>\$ 1,995,664</u>

(i) Effective August 31, 2013, the Village of Tilley was dissolved. Upon dissolution, the County of Newell assumed the net assets of the Village.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

NEWELL REGIONAL SERVICES CORPORATION

Notes to Financial Statements

Year ended December 31, 2013

9. Financial risks and concentration of risk:

It is management's opinion that the Company is not exposed to significant currency risk arising from its financial instruments unless otherwise disclosed.

(a) Market risk:

The Company's revenue is derived from the treatment and supply of water to the surrounding area.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. At December 31, 2013, trade accounts receivable include approximately \$269,365 (2012 - \$191,399) due from 2 customers (2012 - 2), representing approximately 78% (2012 - 71%) of total trade accounts receivable. The credit risk exposure to the Company is limited due to the Company's municipal customer base.

(c) Liquidity risk:

Liquidity risk is the risk that the Company will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Company manages its liquidity risk by monitoring its operating requirements. The Company prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2012.

10. Economic dependence:

The Company operates under the terms of a water supply agreement with its members. Under the terms of this agreement the Company relies upon its members to pay for its services. Substantially all revenue is derived from sales to member shareholders. As a result, the Company is economically dependent on its members in order to generate operating profits, cash flow from operations, and for the continued viability of the business.

11. Commitments:

- (a) The Company is committed to paying \$1,000 monthly towards an equipment lease and servicing fee agreement with Air Liquide Canada Inc. which expires in 2014.
- (b) The company has signed a contract with Alberta Municipal Services Corporation and TransAlta Energy Marketing Corp. that locks in the rate for their electricity and natural gas which expires December 31, 2018.

NEWELL REGIONAL SERVICES CORPORATION

Notes to Financial Statements

Year ended December 31, 2013

12. Contingent liabilities:

The Company has been named a defendant in various claims. Management is of the opinion that these claims are without substantial merit and no provisions have been made in the accounts.

13. Local Authorities Pension Plan

Employees of Newell Regional Services Corporation participate in the Local Authorities Pension Plan, which is one of the plans covered by the Public Sector Pension Plans Act. The LAPP serves about 223,643 people and about 428 employers. The LAPP is financed by employer and employee contributions and investment earnings of the LAPP fund.

Contributions for current service are recorded as expenses in the year in which they become due.

Newell Regional Services Corporation is required to make current service contributions to the Plan of 10.43% of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings ("YMPE") and 14.47% for the excess. Employees are required to make current service contributions of 9.43% of YMPE plus 13.47% of any portion of pensionable salary over YMPE.

Total current and past service contributions by Newell Regional Services Corporation to the LAPP in 2013 were \$65,735 (2012 - \$63,781). Total current and past service contributions by the employees of Newell Regional Services Corporation to the LAPP in 2013 were \$60,042 (2012 - \$58,089).

At December 31, 2012, the LAPP disclosed an actuarial deficiency of \$4.98 billion.

14. Comparative information:

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

NEWELL REGIONAL SERVICES CORPORATION

Schedule of Administrative Expenses

Year ended December 31, 2013, with comparative information for 2012

	2013 Budget	2013 Actual	2012 Actual
	(Unaudited)		
Salaries, wages and benefits	\$ 329,550	\$ 260,205	\$ 289,871
Professional fees	17,000	29,325	22,307
Insurance	30,000	27,816	25,831
Travel	21,500	19,126	15,197
Office supplies	17,500	15,326	19,714
Computer software and support	30,750	58,450	25,004
Telephone	20,000	17,598	20,041
Workers compensation	10,100	8,574	8,482
Repairs and maintenance	10,500	24,339	4,805
Training	16,600	14,548	14,186
Advertising	1,000	3,487	11,668
Bank charges and interest	1,250	2,331	2,053
Amortization	-	1,196	1,196
	\$ 505,750	\$ 482,321	\$ 460,355