



COUNTY OF
NEWELL

Town of
BASSANO



Alberta's Centennial City™



newell
REGIONAL SERVICES CORP.

Newell Regional
Services
Corporation

2014

Annual Report to
Shareholders



VILLAGE OF DUCHESS



August 18, 2015

Invitation to the Shareholders of
Newell Regional Services Corporation

Notice of Annual General Meeting

Wednesday, September 16, 2015

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, Reeves and Members of Council, as well as Senior Management; to the annual general meeting of Newell Regional Services Corporation.

MLA- Derek Fildebrandt has been invited to the AGM.

Agenda items to be presented include, progress report of a corporate nature, project progress, 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 16, 2015

Ralph Havinga C.Tech
General Manager



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NEWELL REGIONAL SERVICES CORPORATION

Annual General Meeting
of the Shareholders

Wednesday, September 16, 2015
7:00 p.m.

Heritage Inn, Brooks.

AGENDA

Call to Order	Chairman: Clarence Amulung
Introduction of Special Guest- Derek Fildebrandt- MLA	Chairman: Clarence Amulung
Introduction of the Board of Director's Chairman's Report	Chairman: Clarence Amulung
Minutes of the 2013 AGM	Chairman: Clarence Amulung
Annual Report Highlights (Power Point Presentation)	General Manager: R. Havinga

Question Period



**Newell Regional Services Corporation
2014
Board of Directors**



Seated (left to right): Kevin Jones (Town of Bassano); Bill Prentice (City of Brooks- Vice Chairman); Don Gibb (Village of Rosemary- Mayor); Clarence Amulung (County of Newell- Chairman of the Board)

Standing (left to right): Brian de Jong (County of Newell); Darren Drader (Village of Duchess); Dan Klein (City of Brooks)

Chairman's Message 2014

2014 was the first full year of operations for our new NRSC board after the 2013 municipal elections and the reduction in size due to the Tilley dissolution. I am pleased to report that the board is functioning well and has a healthy working relationship with each other as well as management and staff. For this I would personally like to thank my fellow board members, our General Manager, Ralph Havinga, as well as all other employees. From the Board's perspective it is very comforting to know that our employees are dedicated, cooperative and very capable of meeting the needs of the shareholders we represent and the residents we serve.

Entering 2014 one of our main concerns was the porous mainline that had been under construction for four years and was still not able to deliver water to Rosemary and beyond in a satisfactory manner. Fortunately all concerned were brave enough to make the bold move to completely rebuild the line as it was the only solution that would give reliable service to our shareholders and residents in the northwest portion of the area that NRSC serves. On September 24, 2014, NRSC potable water finally flowed in the Village of Rosemary. This also allowed rural residents between Duchess and Rosemary to connect to the rural system.

Also by the end of 2014, with booster pump installation and modifications in Rosemary completed, the mainline to Bassano which was built in 2013 was ready for flushing. Other rural areas which were opened to NRSC water supply in 2014 were Patricia and North Brooks. The goal is that by the end of 2016, all residents of the region will have access.

All residents served by NRSC to date continue to have access to a very safe, reliable, economic water supply. The cost of water leaving the plant is one of the lowest anywhere in the province. The board is however very aware that this cost is low because of the huge original capital infusion by the province. In order to be sustainable that capital will have to be replaced in the future. 2014 was the first year that a modest reserve of \$150,000 was available to be put away for this purpose. The board plans to continue to build that reserve in order to be sustainable in the future. That will only be attainable if all shareholders continue to work together, be progressive in their planning and are open to new opportunities.

Respectively submitted on behalf of the Board,

Clarence Amulung

Newell Regional Services Corporation
Annual General Meeting
of the Shareholders
Thursday, September 18, 2014
7:00pm
Heritage Inn, Brooks, AB

The Newell Regional Services Corporation Annual Meeting was held at the Heritage Inn, on September 18, 2014 commencing at 7:00 p.m.

Members Present: See Attached

Non-Voting Members Present: Ralph Havinga – GM - NRSC
Brian Rollag – Administrative Supervisor – NRSC
Kole Steinley- Field Operations Supervisor- NRSC
Sandra Stanway- Brooks Bulletin

1) Call to Order

Chairman C. Amulung called the meeting to order at 7:00 p.m.

2) Minutes from October 6, 2011 meeting

Moved by A. Phillipson that the minutes of the October 6, 2011 meeting be accepted.
Carried

3) Comments from Jason Hale – MLA

J. Hale took the opportunity to thank everybody involved with the NRSC for their dedication and the continued production of quality water.

4) Introduction of the Board of Directors

Chairman, Clarence Amulung introduced the 2014 Board of Directors of Newell Regional Services Corporation.

5) Chairman's Report

C. Amulung began with how he believes the NRSC is one of the best concrete examples of how municipalities within the County of Newell can come together with a common goal to achieve the delivery of cost effective and quality services. C. Amulung thanked retired and current Board Members for the commitment and contribution to the success of the NRSC. C. Amulung discussed some of the achievements and challenges the corporation has experienced over the last couple of years. C. Amulung thanked R. Havinga and the NRSC staff for their service and making NRSC a great place to work.

6) GM Report & Annual Report Highlights

R. Havinga began with the introduction of NRSC operating and administrative staff in attendance. He discussed the Dissolution of the Village of Tilley into the County of Newell, how the Board of Directors have determined a financial framework that will allow NRSC to pay off start-up costs and invest in future expansion while keeping water at an affordable rate. R. Havinga presented some facts about employees, hours worked, certification and technology they use. R. Havinga stated that he is proud that NRSC staff continues to meet or exceed all quality standards and service expectations. NRSC will continue to provide outstanding services and a system that is safe, secure and sustainable in the future. R. Havinga gave a quick slide show that contained highlight from the NRSC. Some of those highlight include the organizational chart, funding status, statistics on water consumption, and memorable moments at the NRSC. R. Havinga answered questions from NRSC members.

7) Appointment of Auditors

C. Amulung gave some background information on KPMG.

Moved by C. Amulung that KPMG be appointed as auditors of the NRSC financial statements for the next 5 years.

Carried

8) Adjournment

Meeting is adjourned at 7:51 p.m.

Carried

**Ralph Havinga
General Manager
Newell Regional Services Corporation**

**Brian Rollag
Recording Secretary
Newell Regional Services Corporation**

Sept 18, 2014



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REGIONAL SERVICES CORP.

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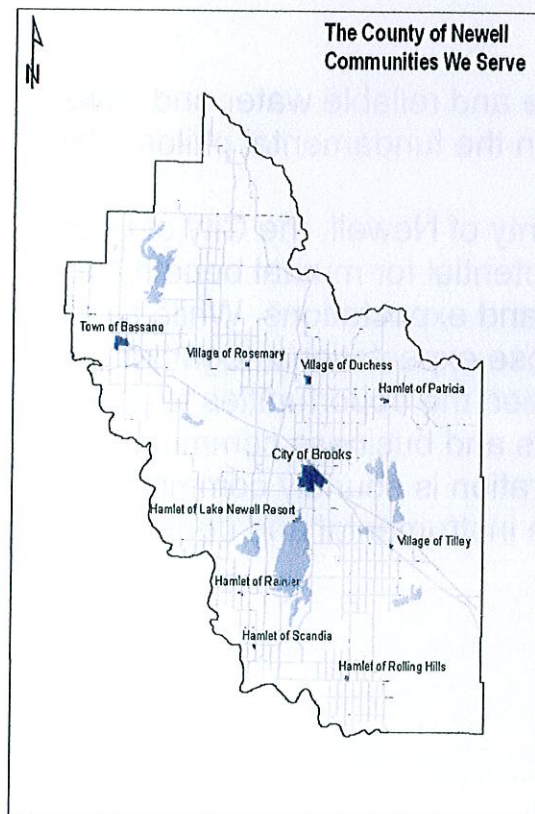
Sign in Sheet

<u>Name</u>	<u>Municipality</u>
Rach Hwang	NRSC
Brian Rolag	NRSC
Sandra Stonway	brooks bulletin
Kell Christman	County of Newell
Ellen Lunn	County of Newell
Leon MacWilliam	TOWN OF BASSANO
Paul Rattay	Coon Butte
Anne Marie Philipsen	County of Newell
Brian de Jong	County of Newell
Bill Marshall	Village Rosemary
DAW, KLEIN	CITY OF BROOKS
GILL PHILLIPS	CITY of Brooks
Kevin Stephenson	County
Clarence Amulung	NRSC
Kevin Jones	Bassano
Kyle Steinley	NRSC
Wayne Hammen	County Newell

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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.

2014 General Manager's Report

2014 should be a memorable year for Newell Regional Services Corporation.

It is the year that the project envisioned by the original Partnership Committee, was completed. This also paves the way for the County of Newell to continue the County of Newell Rural Water Project.

Despite contract challenges that delayed 2 of the tendered segments of pipeline, the project has been completed early. The Town of Bassano and the Village of Duchess had joined the Partnership however there were not any plans for completion and connection until later years. Changing circumstances dictated that it would be for the best to apply for an extension of the grant and move ahead with installing infrastructure to connect the two communities. Today, every community is connected by the transmission main and the County of Newell Water Project is over 50% complete.

Without leadership and decision making from the Board of Director's and the assistance of groups such as the Eastern Irrigation District, Alberta Environment and Alberta Infrastructure and landowners that allowed the installation of the pipeline; we would not be discussing the completion of this mission.

Another very significant indication of the willingness to move ahead is the cooperation of the Member Municipalities at the Board of Director's level.

It has been 6 years that the Water Treatment Plant has been functioning. Our yearly inspections with Alberta Environment have indicated a high level of compliance in meeting our approval and reporting issues that have arisen. Our goal is to have each operator certified in as many disciplines as we can. The Board has also provided the resources for attraction of operators and the continuing education of NRSC operators. We should be reaching our maximum required number of operators based on current conditions. Plant efficiency is still maintained at a high level and we have no indication of deterioration of the membranes.

Field staff not only continue to meet and exceed environmental and health compliance standards, but they meet customer needs and expectations. Newell Regional Services Corporation has a component of operating staff that are integral to meeting Corporate goals of outstanding service and maintaining a safe, secure and sustainable system. I also believe although we all take our jobs very seriously, we do have fun together.

We look forward to providing good services to our shareholders and the people that they represent.

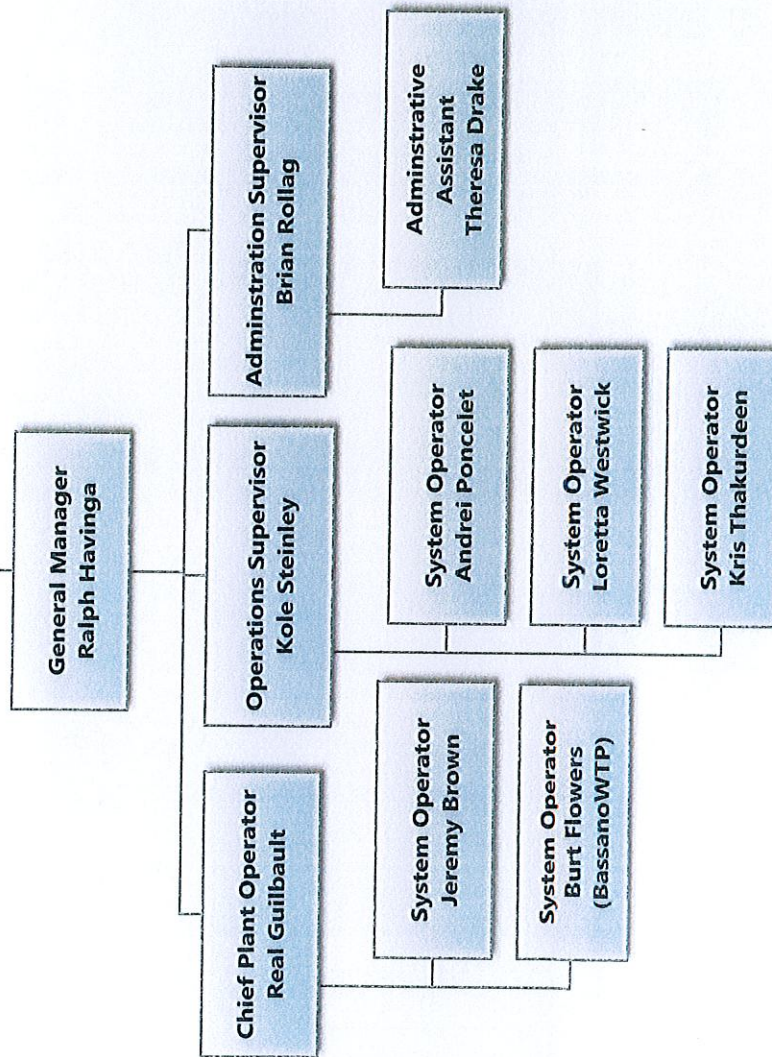
Ralph Havinga C.Tech

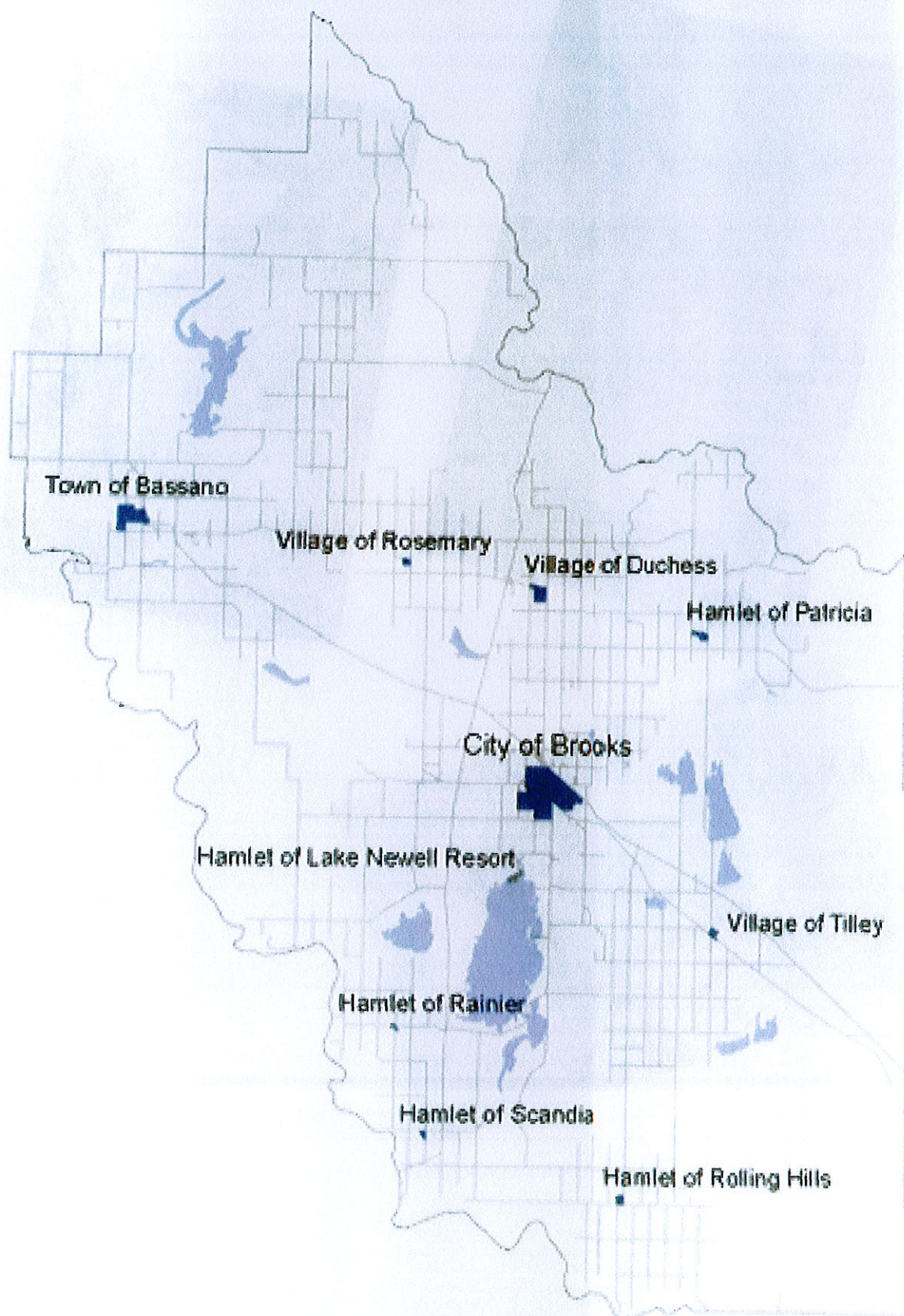


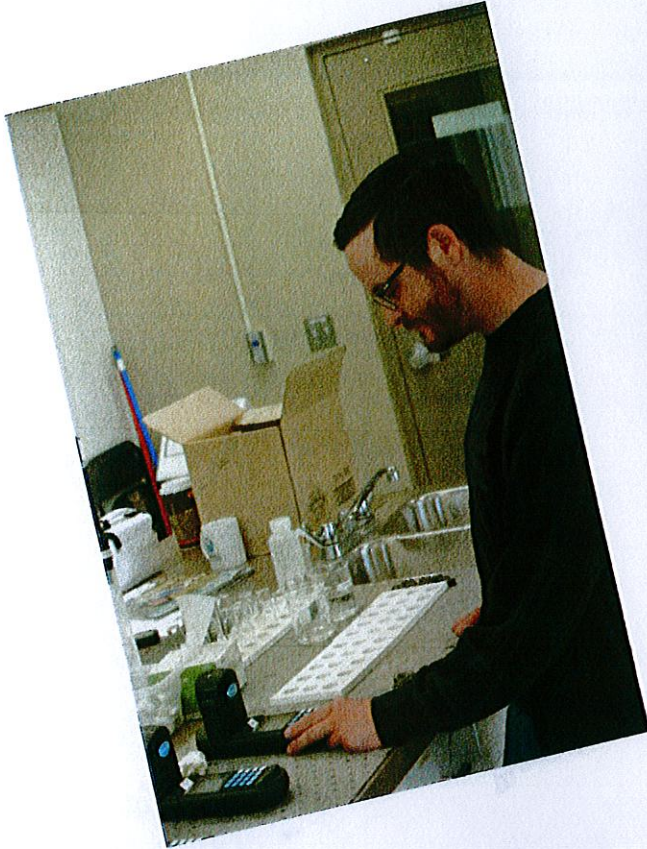
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2014

**NEWELL REGIONAL SERVICES CORPORATION
BOARD OF DIRECTORS**










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
Peak Day Production- 2014	July	17,733 m3
Lowest Day's Production 2014	December 25	4,418 m3
Kilometers driven by NRSC operators per year		400,000 km
Water samples and quality testing per week		155
WTP Efficiency		97%

Operations Overview

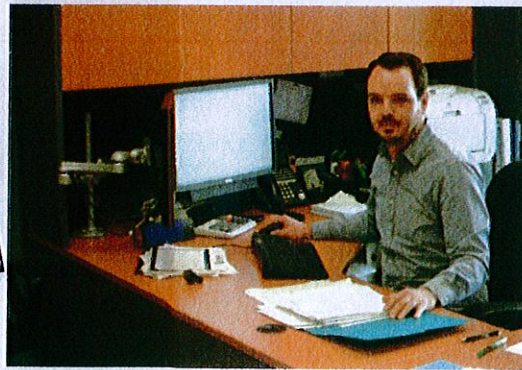
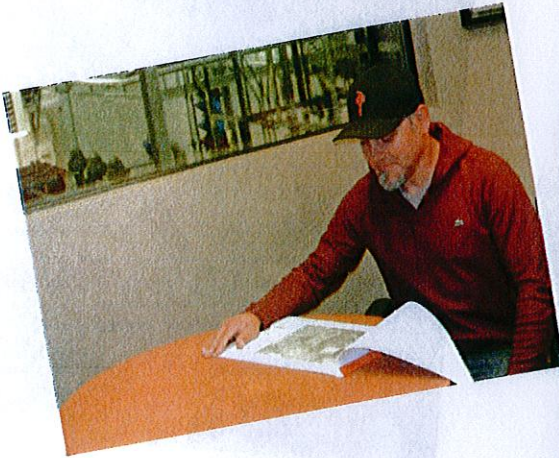
Most of NRSC revenue comes from the treatment of raw water and resale to our Municipal Members. Each of the Members raw water use is reported by NRSC on the Alberta Environment's Water Use Reporting System (WURS) web page. NRSC also pays the EID for conveyance of raw water to our intake pipe in Lake Newell. The cost of treated water to communities includes power, chemicals, maintenance and repair of all of the components at the Water Treatment Plant.

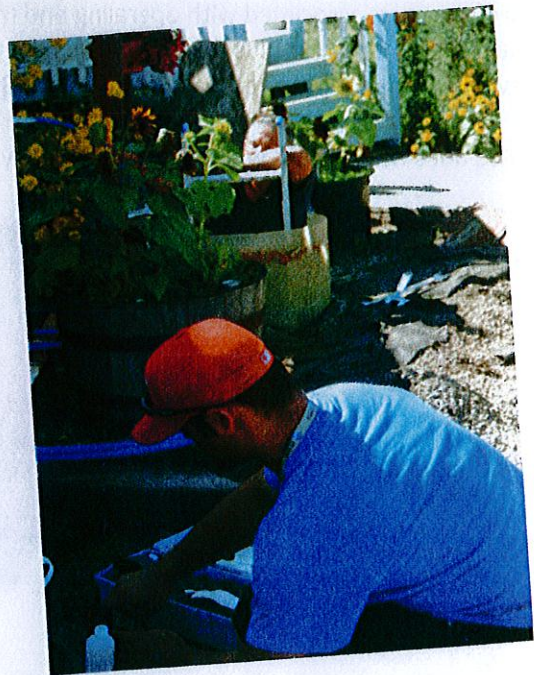
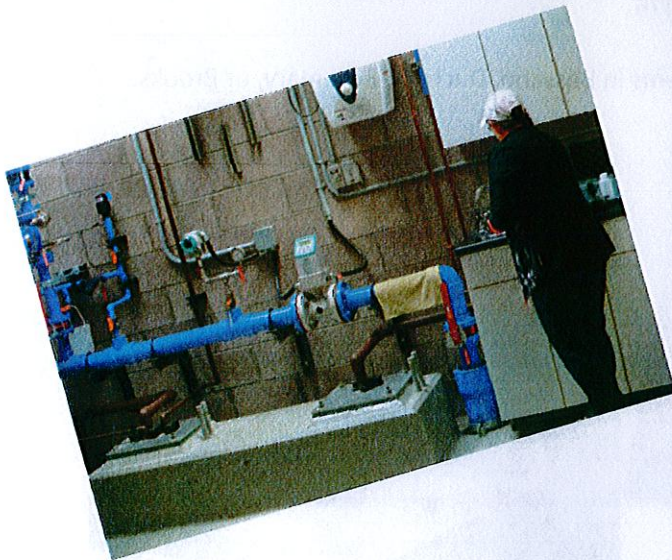
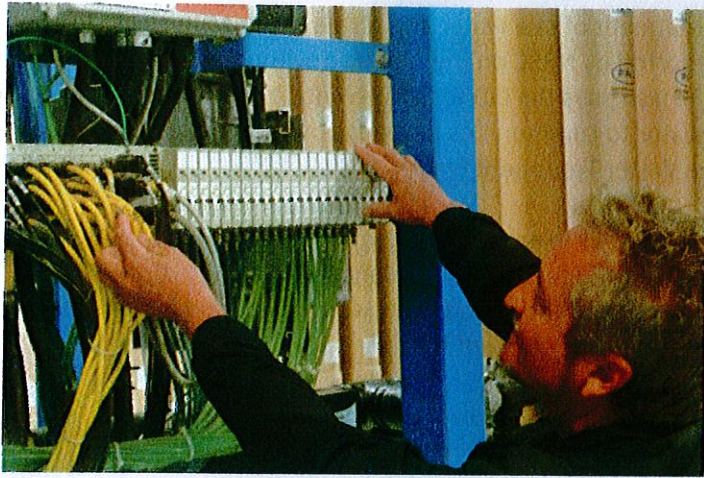
Our Field Operators sample and test potable water in each of the Hamlets and also for the City of Brooks. The rural water system is also sampled and tested in accordance with the various Codes of Practice. Once a rural area has been completed and the contractor's warranty period is over, NRSC operators operates and maintains that area for the County of Newell.

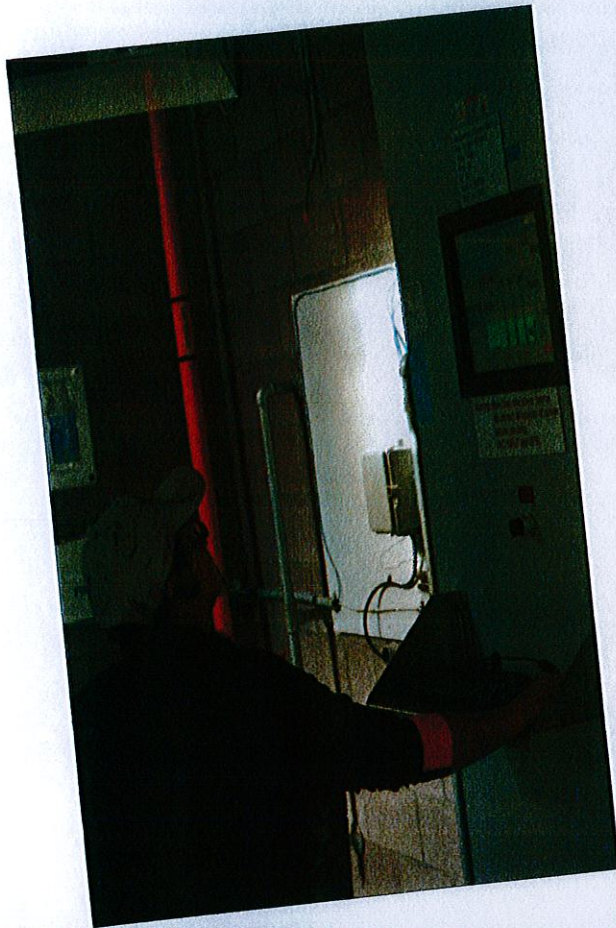
In each of the Hamlets of Lake Newell Resort, Rainier, Scandia, Rolling Hills and Patricia; NRSC operators operates and maintains the distribution and wastewater collection systems.

All of the costs associated with operating and maintaining these systems is recovered from the Municipality on a cost plus 5% basis. In 2014 revenue from the sale of water was \$1,909,250 and revenue from operating other systems was \$488,475.

NRSC does not operate water or wastewater systems in Bassano, Duchess, Rosemary, or Brooks.







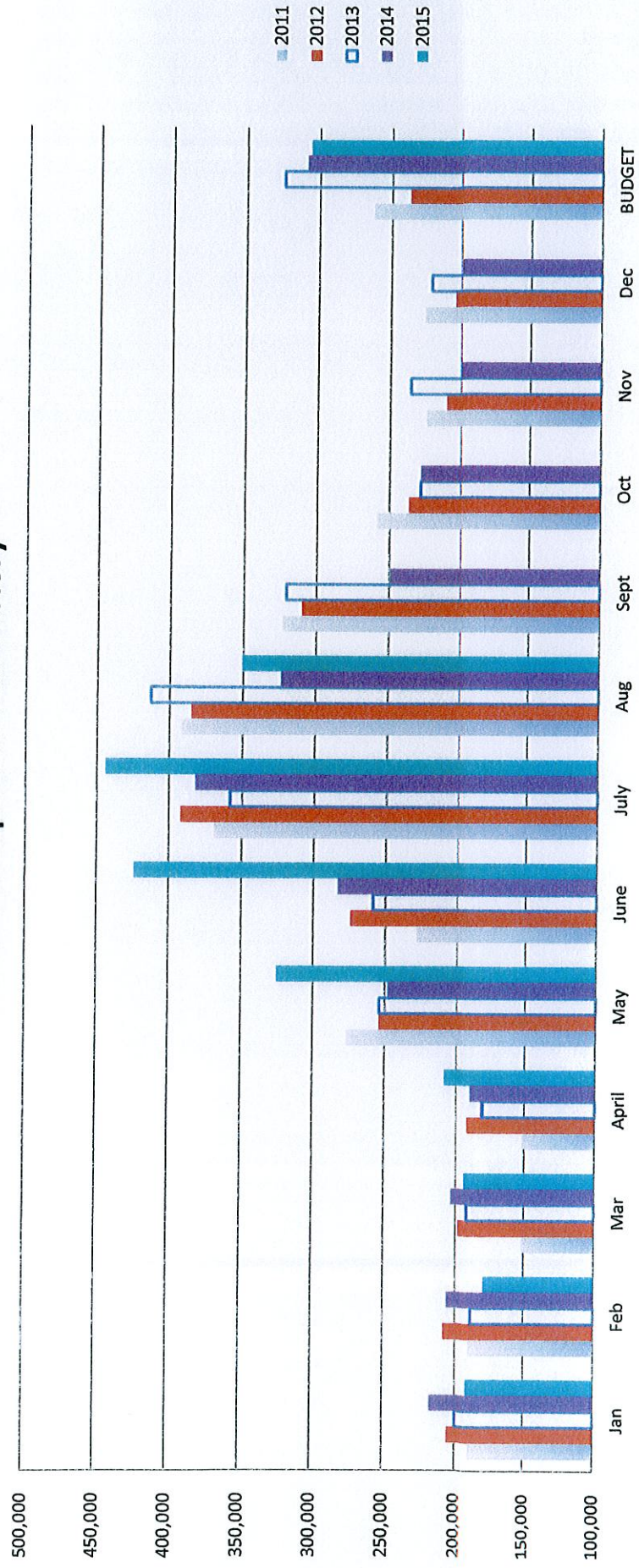
Raw Water Summary-2014

	Allocation	Actual	
City of Brooks	8080152	2596064	
County of Newell			
Lake Newell Resort	502854	25051	
Rainier	12571	6213	
Scandia	49028	55096	
Rolling Hills	52780	23773	
Patricia	33943	18325	
Tilley	139542	45516	
Rural	1110134	101245	
Village of Duchess	320835	180717	
Village of Rosemary	74008	5923	Connected September 24, 2014
	10375847	3057923	

Percentage of Total Consumption

As of December 31,2014	2012		2013		2014	
Brooks	2792014	90.72%	2585367	84.74%	2367353	80.8%
Brooks TF	111714	3.63%	108825	3.57%	101727	3.5%
LNR	29439	0.96%	26121	0.86%	25051	0.9%
Tilley	50954	1.66%	50073	1.64%	45516	1.6%
Rainier	7425	0.24%	7553	0.25%	6213	0.2%
Scandia	47089	1.53%	63280	2.07%	55096	1.9%
Rolling Hills	25715	0.84%	23765	0.78%	23733	0.8%
Patricia	13325	0.43%	20186	0.66%	18325	0.6%
Duchess	0		125277	4.11%	180717	6.2%
Rosemary	0		0		5923	0.2%
Bassano	0		0		0	
Rural	0		40394	1.32%	101245	3.5%
Total	3077675	100.00%	3050841	100.00%	2930899	100.0%
Brooks		94.35%		88.31%		84.2%
County- Hamlets		5.65%		6.26%		5.9%
County- Rural				1.32%		2.1%
Duchess				4.11%		7.5%
Rosemary						0.2%
		100.00%		100.00%		100.00%

Water Consumption 5 Year History





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2014 Financial Statements
as audited by
KPMG

Report Date
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Newell Regional Services
Income Statement
For the Period 1/01/2014 - 12/31/2014

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REVENUE

1-41-001-120 - Lake Newell Resort	\$16,231.15
1-41-001-125 - Tilley	29,585.40
1-41-001-130 - Scandia	35,896.25
1-41-001-135 - Rainier	4,046.90
1-41-001-136 - Rainier Truck Fill	1,818.70
1-41-001-140 - Brooks	1,538,778.80
1-41-001-141 - Brooks Truck Fill	66,122.55
1-41-001-145 - Rolling Hills	15,452.45
1-41-001-150 - Duchess	117,464.75
1-41-001-155 - Patricia	11,911.25
1-41-001-160 - Rosemary	3,849.95
1-41-001-165 - Bassano	120,196.80
1-41-001-405 - Duchess/Patricia Area	31,620.77
1-41-001-410 - Rolling Hills Area	6,624.83
1-41-001-415 - Tilley/Kinbrook Island Area	17,996.52
1-41-001-425 - Patricia Area	5,765.55
1-41-001-430 - Brooks West	75.40
1-41-001-435 - Brooks North	6,007.30
1-41-002-120 - Lake Newell Resort Distrib.	21,290.85
1-41-002-125 - Tilley Distrib.	21,224.70
1-41-002-130 - Scandia Distrib.	28,593.10
1-41-002-135 - Rainier Distrib.	23,568.30
1-41-002-140 - Brooks Distrib.	31,359.30
1-41-002-141 - Brooks Truckfill Repairs	2,187.15
1-41-002-145 - Rolling Hills Distrib.	40,008.15
1-41-002-155 - Patricia Distrib.	26,356.05
1-42-001-120 - Lake Newell Resort Coll.	29,629.16
1-42-001-125 - Tilley Ww Coll.	39,224.70
1-42-001-130 - Scandia Ww Coll.	14,261.10
1-42-001-140 - Brooks Ww Coll.	4,544.40
1-42-001-145 - Rolling Hills Ww Coll.	14,889.00
1-42-001-155 - Patricia Ww Coll.	2,638.65
1-44-001-840 - Brooks Truck Fill Billing	7,833.57
1-44-001-841 - County of Newell Truck Fill Billing	192.39
1-44-001-875 - Interest Income	1,648.66
1-44-001-880 - Refunds-Rebates	4,905.49
1-44-001-890 - Other Revenues	(4,315.00)
1-45-001-140 - Brooks Stm	547.05
1-65-001-405 - Duchess/Patricia Area Dist Rural Water	22,201.20
1-65-002-410 - Rolling Hills Area Dist Rural Water	15,550.50
1-65-003-415 - Till/ Kinbrook Is. Area Dist Rural Water	18,379.20
1-65-004-420 - Kinbrook Island Area Dist. Rural Water	250.95
1-65-005-425 - Patricia Area Dist. Rural Water	3,965.02
1-65-007-435 - Brooks North Dist Rural Water	8,155.35
Total Revenue	\$2,408,534.31

EXPENDITURES

2-01-000-110 - Admin.-Salaries	\$174,996.63
2-01-000-111 - Admin.-Wages-Full Time	96,931.65
2-01-000-114 - Admin.-Director's Remuneration	21,000.00
2-01-000-130 - Admin.-Benefits	32,064.76
2-01-000-140 - Admin.-Conferences/Education	11,970.94
2-01-000-145 - Admin.-Travel & Subsistence	19,594.09

Report Date
8/20/2015 12:06 PM

Newell Regional Services
Income Statement
For the Period 1/01/2014 - 12/31/2014

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2-01-000-150 - Admin.-Memberships & Dues	6,234.36
2-01-000-154 - Admin-Employee Recognition	4,850.83
2-01-000-157 - Admin.-WCB	4,109.80
2-01-000-160 - Admin.-Recruitment Costs	1,323.74
2-01-000-161 - Operations Wages- Unallocated	64,484.08
2-01-000-162 - Operations Benefits- Unallocated	1,742.88
2-01-000-210 - Admin.-Postage/Courier	3,605.13
2-01-000-215 - Admin.-Advertising/ Subscripti	1,216.00
2-01-000-220 - Admin.-Computer Software	9,749.59
2-01-000-225 - Admin- Software Renewals and Maint.	1,777.75
2-01-000-230 - Admin.-Office Supply	8,272.12
2-01-000-232 - Computer Purchases	40,372.77
2-01-000-235 - Admin.-Office Furniture	1,872.60
2-01-000-245 - Admin.-Entertainment-Meals	2,901.11
2-01-000-250 - Admin.-Governance Costs	107.62
2-01-000-260 - Admin.-Photocopy	2,314.96
2-01-000-325 - Admin.-Telecommunications	16,476.19
2-01-000-405 - Outsource-Accounting/Finance	12,058.00
2-01-000-410 - Outsource-Legal	11,448.99
2-01-000-415 - Outsource-Janitorial	82.66
2-01-000-440 - Outsource-Computer Program Ser	4,300.82
2-01-000-445 - Outsource-IT Services	25,421.05
2-01-000-450 - Outsource-GIS/Mapping	627.00
2-01-000-455 - Outsource-Engineering	4,950.00
2-01-000-460 - Admin-Insurance	26,645.43
2-01-000-905 - Bank Payment Charges	1,640.13
2-01-000-910 - Admin.-Service & Interest Char	1,841.02
2-01-000-925 - Amortization Expense	72,563.72
2-01-000-930 - Admin- Amortization	1,195.80
2-10-011-111 - WTP-Wages-Full Time	126,623.72
2-10-011-130 - WTP- Benefits	58,228.81
2-10-011-155 - WTP-Clothing&Coverals	5,161.15
2-10-011-156 - WTP- Safety & Training	2,450.00
2-10-011-205 - WTP-Safety Supply	1,181.55
2-10-011-207 - WTP-Janitorial Supply	4,524.99
2-10-011-254 - Operations-Small Tools	5,921.74
2-10-011-255 - WTP-Other Mat and Supplies.	24,664.66
2-10-011-260 - WTP- Small Tools	784.28
2-10-011-305 - WTP-Cost Of Water-EID	58,004.21
2-10-011-310 - WTP-Power	238,184.40
2-10-011-315 - WTP-Gas	33,926.00
2-10-011-320 - WTP-Solid Waste	554.77
2-10-011-325 - WTP- Telecommunications	5,420.24
2-10-011-405 - WTP-Outsource-Proff Testing Fees	5,792.89
2-10-011-436 - WTP- Mechanical	81,691.51
2-10-011-437 - WTP- Electrical	10,651.77
2-10-011-438 - WTP- Instrumentation	20,766.64
2-10-011-439 - WTP- Scada	35,083.52
2-10-011-440 - WTP- Misc Contract Services	7,972.86
2-10-011-505 - WTP-Miscellaneous Chemicals	27,136.85
2-10-011-510 - WTP-Ammonia	14,475.55
2-10-011-515 - WTP-Caustic	33,097.76
2-10-011-520 - WTP-Chlorine	8,668.82
2-10-011-525 - WTP-Citric Acid	5,184.63
2-10-011-530 - WTP-Co2	15,210.56
2-10-011-535 - WTP-Coagulant	16,803.13

Report Date
8/20/2015 12:06 PM

Newell Regional Services
Income Statement
For the Period 1/01/2014 - 12/31/2014

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2-10-011-540 - WTP-Pac	2,645.00
2-10-011-545 - WTP-Potassium Permanganate	2,938.90
2-10-011-550 - WTP-Salt	2,366.05
2-10-011-555 - WTP-Sodium Hypo	3,613.00
2-10-011-560 - WTP- Chemical Freight	7,573.04
2-10-011-605 - Vehicle Amortization	42,725.89
2-10-011-610 - WTP-Vehicle Usage	38,965.81
2-10-011-620 - Operations- Fuel and Oil	66,566.89
2-10-011-630 - Operations- Parts and Tires	8,036.71
2-10-011-640 - Operations- Vehicle Repairs	11,553.71
2-10-011-660 - Operations- Vehicle Insurance	2,937.97
2-10-011-699 - Vehicle Expense Allocation	(144,762.50)
2-10-012-111 - Membranes-Wages-Full Time	5,214.41
2-10-012-130 - Membranes-Benefits	1,359.07
2-10-012-255 - Membranes-Other Material and Supplies	6,118.00
2-10-012-436 - Membranes-Mechanical Contract	15,144.32
2-10-012-438 - Membranes-Instrumentation	1,051.38
2-10-012-440 - Membranes-Misc Contract Services	3,826.50
2-10-013-111 - WTP Pumps-Wages-Full time	2,485.28
2-10-013-130 - WTP Pumps-Benefits	636.68
2-10-014-111 - Raw Pump Hse.-Wages-Full Time	17,454.04
2-10-014-130 - Raw Pump Hse.-Benefits	3,062.56
2-10-014-255 - Raw Pump Hse.-Other Mat and Supplies	369.34
2-10-014-310 - Raw Pump Hse- Power	40,409.48
2-10-014-315 - Raw Pump Hse- Gas	2,208.24
2-10-014-325 - Raw Pump Hse-Telecommunications	1,161.29
2-10-014-436 - Raw Pump Hse.-Mechanical Contra	3,285.92
2-10-014-437 - Raw Pump Hse.-Electrical Contra	832.00
2-10-014-440 - Raw Pump Hse- Misc Contract Services	1,677.50
2-10-014-610 - Raw Pump Hse.-Vehicle Usage	5,214.85
2-11-015-111 - Booster Station-LNR-Wages-Full-Time	2,851.79
2-11-015-130 - Booster Stat- LNR-Benefits	617.85
2-11-015-325 - Booster Stat-LNR-Telecommunications	1,163.28
2-11-015-610 - Booster Stat-LNR-Vehicle Usage	1,397.27
2-11-016-111 - Tilley Control House-Wages Full-Time	2,259.93
2-11-016-130 - Tilley Control House- Benefits	532.87
2-11-016-255 - Tilley Cont House-Other Mat and Supplies	30.00
2-11-016-310 - Tilley Control House- Power	1,443.69
2-11-016-315 - Tilley Control House- Gas	547.36
2-11-016-325 - Tilley Control House- Telecommunications	3,741.95
2-11-016-435 - Tilley Control Hse-Proff Testing Fees	42.12
2-11-016-610 - Tilley Cont Hse- Vehicle Usage	1,048.93
2-11-017-310 - Rosemary Booster - Power	776.75
2-11-017-315 - Rosemary Booster - Gas	152.20
2-11-017-325 - Rosemary Booster- Telecommunications	1,098.09
2-11-017-438 - Rosemary Booster - Instrumentation	485.00
2-11-018-310 - Duchess Control House - Power	997.24
2-11-018-315 - Duchess Control House - Gas	80.89
2-12-016-111 - WTP-Truck Fill- Wages-FullTime	1,278.85
2-12-016-130 - WTP-Truck Fill-Benefits	339.88
2-12-016-610 - Truck Fill- Vehicle Usage	463.60
2-21-020-111 - Trans Main-Wages-Full Time	7,739.32
2-21-020-130 - Trans Main-Benefits	1,701.53
2-21-020-255 - Trans Main-Other Mat and Supplies	20,211.31
2-21-020-420 - Trans Main-Repairs	22,756.09
2-21-020-450 - Trans Main-Outsource-GIS/Mapping	460.50

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Newell Regional Services
Income Statement
For the Period 1/01/2014 - 12/31/2014

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2-70-071-420 - WW Coll. LNR -Repairs	18,785.06	
2-70-071-610 - WW Coll. LNR-Vehicle Usage	2,415.62	
2-70-072-111 - WW Coll. Tilley-Wages-Full Time	7,415.75	
2-70-072-130 - WW Coll. Tilley-Benefits	1,630.90	
2-70-072-255 - WW Coll. Tilley-Other Mat and Supplies	357.00	
2-70-072-420 - WW Coll. Tilley-Repairs	22,468.63	
2-70-072-435 - WW Coll. Tilley-Professional Testing Fees	92.95	
2-70-072-610 - WW Coll. Tilley-Vehicle Usage	3,158.83	
2-70-073-111 - WW Coll. Scandia-Wages-Full Time	5,868.11	
2-70-073-130 - WW Coll. Scandia-Benefits	1,283.22	
2-70-073-420 - WW Coll. Scandia-Repairs	3,478.43	
2-70-073-435 - WW Coll. Scandia-Professional Testing Fees	567.00	
2-70-073-610 - WW Coll. Scandia-Vehicle Usage	2,383.62	
2-70-075-111 - WW Coll. Brooks-Wages-Full Time	2,007.21	
2-70-075-130 - WW Coll. Brooks-Benefits	561.85	
2-70-075-435 - WW Coll. Brooks-Professional Testing Fees	22.59	
2-70-075-610 - WW Coll. Brooks-Vehicle Usage	692.51	
2-70-076-111 - WW Coll. Rolling Hills-Wages-Full Time	5,633.52	
2-70-076-130 - WW Coll. Rolling Hills-Benefits	1,208.05	
2-70-076-255 - WW Coll. Rolling Hills-Other Mat and Sup	282.99	
2-70-076-420 - WW Coll. Rolling Hills-Repairs	4,424.91	
2-70-076-435 - WW Coll. Rolling Hills-Prof Testing Fees	154.50	
2-70-076-610 - WW Coll. Rolling Hills-Vehicle Usage	2,408.63	
2-80-082-111 - WW Coll. Patricia-Wages-Full Time	1,043.07	
2-80-082-130 - WW Coll. Patricia Benefits	225.68	
2-80-082-255 - WW Coll. Patricia-Other Mat and Supplies	269.20	
2-80-082-420 - WW Coll. Patricia-Repairs	157.93	
2-80-082-435 - WW Coll. Patricia-Prof Testing Fees	343.33	
2-80-082-610 - WW Coll. Patricia-Vehicle Usage	470.98	
2-80-084-111 - WW Coll. Bassano-Wages-Full Time	186.43	
2-80-084-130 - WW Coll. Bassano-Benefits	59.91	
2-80-084-610 - WW Coll. Bassano-Vehicle Usage	98.80	
2-90-090-111 - Stormwtr. Coll.-Wages-Full Time	174.72	
2-90-090-130 - Stormwtr. Coll.-Benefits	25.70	
2-90-090-610 - Stormwtr. Vehicle Usage	80.13	
2-90-091-435 - Patricia-Professional Testing Fees	11.20	
2-90-092-111 - Stm Water-Brooks-Wages-Fulltime	302.79	
2-90-092-130 - Stm Water-Brooks-Benefits	76.78	
2-90-092-610 - Stm Water-Brooks-Vehicle Usage	130.67	
Total Expenditures		\$2,304,221.27
Net Surplus (Deficit):		\$104,313.04

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Newell Regional Services
Balance Sheet
As of 12/31/2014

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ASSETS

3-10-000-113 - Petty Cash	250.00
3-10-000-120 - Chinook Credit Union	195,391.66
3-10-000-121 - Chinook Credit Union Share Acc	5.38
3-10-000-122 - Capital Reserve	125,776.06
3-10-000-123 - Operational Reserve	25,155.22
3-10-000-210 - Accounts Receivable	36,202.78
3-10-000-215 - Utilities Receivable	168,081.87
3-10-000-216 - Photo Radar Receivables	(0.60)
3-10-000-220 - Co-Op Equity	7,768.75
3-10-000-230 - Gst Due From Revenue Canada	11,963.74
3-10-000-232 - Gst Paid	58.16
3-10-000-234 - GST Rebate-Paid	120.31
3-10-000-237 - Federal tax refund	1,155.00
3-10-000-310 - Prepaid Expenses	49,131.44
3-10-000-320 - Chemical Inventory	55,709.27
3-10-000-330 - Trans. Main Inventory	19,245.99
3-10-000-340 - WTP Inventory	13,197.82
3-10-000-400 - Notes Receivable	7,882.38
3-11-010-605 - Vehicles	243,919.40
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	(162,104.23)
3-12-000-615 - Accum Amortization - Office Equipment	(5,979.00)
3-12-000-620 - Accum. Amortization - Structures	(332,872.88)
3-12-000-670 - Accum Amortization - Mains & Services	(28,780.60)
3-12-032-621 - Accum. Amort.- Tilley- Structure	(1,165.87)
Total Assets	4,495,662.51

LIABILITIES

4-10-000-001 - Accts Payable-COB-TF-RES	14,097.63
4-10-000-002 - Accts Payable-COB-TF-COMM	3,658.18
4-10-000-003 - Accts Payable-CON-TF-RES	1,195.28
4-10-000-004 - Accts Payable-CON-TF-COMM	1,401.87
4-10-000-100 - Receiver Gen. Payable	5,604.84
4-10-000-101 - Lapp-Payable	(152.69)
4-10-000-103 - Benefits Payable	3,765.81
4-10-000-109 - Vacation Pay-Payable	35,883.85
4-10-000-113 - Sick Pay Accrued	58,309.88
4-10-000-114 - Apex Option 1	(329.35)
4-10-000-120 - Water Haulers Security Deposits	13,000.00
4-10-000-270 - Accounts Payable	47,577.79
4-10-000-275 - Accounts Payable - TEMPORARY	25,719.00
4-10-000-280 - Accrued Liabilities	17,131.00
4-10-000-345 - Current - Long Term Debt	128,462.63
4-11-010-340 - Loan - Payable	314,285.74
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

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Newell Regional Services
Balance Sheet
As of 12/31/2014

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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	
4-25-000-125 - Preferred Shares-Class "h"	84,177.65	
Total Liabilities		5,704,825.02
SURPLUS		
5-00-000-901 - Current Years Surplus	(1,313,475.55)	
Net Surplus (Deficit):	104,313.04	
Total Surplus		(1,209,162.51)
Total Liabilities and Surplus		4,495,662.51

INDEPENDENT AUDITORS' REPORT

Financial Statements of

NEWELL REGIONAL SERVICES CORPORATION

Year ended December 31, 2014



KPMG LLP
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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, 2014, 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.



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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, 2014, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

KPMG LLP

Chartered Accountants

April 22, 2015

Lethbridge, Canada

NEWELL REGIONAL SERVICES CORPORATION

Balance Sheet

December 31, 2014, with comparative information for 2013

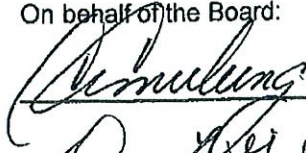
	2014	2013
Assets		
Current assets:		
Cash	\$ 195,647	\$ 200,962
Trade accounts receivable	205,439	344,741
Goods and services tax recoverable	12,142	12,656
Inventory	88,153	48,752
Prepaid expenses	49,131	37,766
Current portion of note receivable (note 3)	7,882	25,682
	<u>558,394</u>	<u>670,559</u>
Cash - held in reserve	150,931	-
Patronage reserve, at cost	7,769	2,105
Property, plant and equipment (note 2):		
Property, plant and equipment	4,309,470	4,279,180
Less accumulated amortization	<u>530,903</u>	<u>414,417</u>
	<u>3,778,567</u>	<u>3,864,763</u>
	<u>\$ 4,495,661</u>	<u>\$ 4,537,427</u>

Liabilities and Shareholders' Equity

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 226,861	\$ 225,639
Current portion of long-term debt (note 5)	128,463	147,292
	<u>355,324</u>	<u>372,931</u>
Long-term debt (note 5)	314,286	442,748
Shareholders' equity:		
Share capital (note 6)	5,035,214	5,035,224
Deficit	<u>(1,209,163)</u>	<u>(1,313,476)</u>
	<u>3,826,051</u>	<u>3,721,748</u>
	<u>\$ 4,495,661</u>	<u>\$ 4,537,427</u>

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, 2014, with comparative information for 2013

	2014 Budget (Unaudited)	2014 Actual	2013 Actual
Revenue:			
Water supply	\$ 2,587,010	\$ 2,174,208	\$ 2,116,201
Waste water	86,500	105,187	110,004
Operating recovery	285,550	260,903	266,756
	2,959,060	2,540,298	2,492,961
Operating expenses:			
Salaries, wages and benefits	608,750	571,700	578,178
Utilities	451,550	377,285	392,446
Contract services	114,750	238,872	156,414
Chemicals	153,000	139,713	139,310
Automotive	206,200	233,888	206,077
Repairs and maintenance	71,750	81,722	91,433
Supplies	43,500	80,243	56,293
Telecommunications	38,900	20,566	37,118
Testing	22,500	12,547	8,526
Amortization	103,000	115,290	107,929
	1,813,900	1,871,826	1,773,724
	1,145,160	668,472	719,237
Administrative expenses (Schedule)	543,670	577,159	482,321
Earnings before the undernoted items	601,490	91,313	236,916
Other income:			
Gain on foreign exchange	500	1,649	681
Other income (note 7)	18,470	11,351	25,498
	18,970	13,000	26,179
Net earnings	620,460	104,313	263,095
Deficit, beginning of year	(1,313,476)	(1,313,476)	(1,576,571)
Deficit, end of year	\$ (693,016)	\$ (1,209,163)	\$ (1,313,476)

See accompanying notes to financial statements.

NEWELL REGIONAL SERVICES CORPORATION

Statement of Cash Flows

Year ended December 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operations:		
Net earnings	\$ 104,313	\$ 263,095
Item not involving cash:		
Amortization	116,486	109,125
Change in non-cash operating working capital:		
Accounts receivable	139,302	(75,158)
Goods and services tax recoverable	514	(2,046)
Inventory	(39,401)	38,585
Prepaid expenses	(11,365)	(13,102)
Accounts payable and accrued liabilities	1,222	(62,412)
	311,071	258,087
Financing:		
Repayment of long-term debt	(147,291)	(147,292)
Redemption of share capital	(10)	-
	(147,301)	(147,292)
Investing:		
Purchase of property, plant and equipment	(30,290)	(73,607)
Repayments on note receivable	17,800	17,800
Increase in cash held in reserve	(150,931)	-
Decrease (increase) in patronage reserve	(5,664)	1,327
	(169,085)	(54,480)
Increase in cash	(5,315)	56,315
Cash, beginning of year	200,962	144,647
Cash, end of year	\$ 195,647	\$ 200,962

See accompanying notes to financial statements.

NEWELL REGIONAL SERVICES CORPORATION

Notes to Financial Statements

Year ended December 31, 2014

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, 2014

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, 2014

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, 2014

2. Property, plant and equipment:

			2014	2013
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 615,534	\$ -	\$ 615,534	\$ 615,534
Buildings	3,006,350	334,039	2,672,311	2,739,118
Water mains and pipeline	431,709	28,780	402,929	408,685
Automotive	243,919	162,105	81,814	94,251
Office equipment	11,958	5,979	5,979	7,175
	\$ 4,309,470	\$ 530,903	\$ 3,778,567	\$ 3,864,763

Amortization for the year amounted to \$116,486. This is composed of \$115,290 (2013 - \$107,929) relating to operating activities and \$1,196 (2013 - \$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 2015.

4. Accounts payable and accrued liabilities:

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

	2014	2013
Trade payables	\$ 218,768	\$ 214,145
Government remittances	8,093	11,494
	\$ 226,861	\$ 225,639

NEWELL REGIONAL SERVICES CORPORATION

Notes to Financial Statements

Year ended December 31, 2014

5. Long-term debt:

	2014	2013
County of Newell	\$ 392,858	\$ 471,429
City of Brooks, payable \$49,891 annually, due 2015	49,891	99,782
City of Brooks	-	18,829
	442,749	590,040
Less current portion of long-term debt	128,463	147,292
	\$ 314,286	\$ 442,748

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 2015 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:

2015	\$ 128,463
2016	78,571
2017	235,715
	\$ 442,749

NEWELL REGIONAL SERVICES CORPORATION

Notes to Financial Statements

Year ended December 31, 2014

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:

	2014	2013
200 Class A common shares	\$ 20	\$ 20
200 Class B common shares	20	20
100 Class C common shares	10	10
100 Class D common shares	-	10
100 Class E common shares	10	10
100 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
73.4601 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
	\$ 5,035,214	\$ 5,035,224

During the year, the Village of Tilley sold 100 Class D common shares back to the Company.

7. Other income:

	2014	2013
Contractor billings (reimbursements)	\$ (3,768)	\$ 12,381
Other	4,906	3,013
Truck fill	10,213	10,104
	\$ 11,351	\$ 25,498

NEWELL REGIONAL SERVICES CORPORATION

Notes to Financial Statements

Year ended December 31, 2014

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 the following amounts:

	2014	2013
City of Brooks	\$ 17,836	\$ 17,253
Village of Duchess	1,078	4,977
Village of Rosemary	929	-
County of Newell	2,597	2,046
	<u>\$ 22,440</u>	<u>\$ 24,276</u>

Accounts receivable includes the following amounts:

	2014	2013
City of Brooks	\$ 109,309	\$ 241,878
Village of Duchess	6,412	6,337
Town of Bassano	10,545	25,665
County of Newell	38,027	27,601
	<u>\$ 164,293</u>	<u>\$ 301,481</u>

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

	2014	2013
City of Brooks	\$ 1,655,043	\$ 1,623,747
Village of Tilley(i)	-	60,515
Village of Rosemary	3,850	89
Village of Duchess	171,287	162,304
Town of Bassano	120,197	147,879
County of Newell	445,158	319,988
	<u>\$ 2,395,535</u>	<u>\$ 2,314,522</u>

NEWELL REGIONAL SERVICES CORPORATION

Notes to Financial Statements

Year ended December 31, 2014

8. Related party transactions (continued):

(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.

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, 2014, trade accounts receivable include approximately \$147,366 (2013 - \$269,365) due from 2 customers (2013 - 2), representing approximately 72% (2013 - 78%) 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 2013.

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.

NEWELL REGIONAL SERVICES CORPORATION

Notes to Financial Statements

Year ended December 31, 2014

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 2015.
- (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.

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 230,534 people and about 418 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 11.39% of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings ("YMPE") and 15.84% for the excess. Employees are required to make current service contributions of 10.39% of YMPE plus 14.84% of any portion of pensionable salary over YMPE.

Total current and past service contributions by Newell Regional Services Corporation to the LAPP in 2014 were \$75,622 (2013 - \$65,735). Total current and past service contributions by the employees of Newell Regional Services Corporation to the LAPP in 2014 were \$69,610 (2013 - \$60,042).

At December 31, 2013, the LAPP disclosed an actuarial deficiency of \$4.86 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, 2014, with comparative information for 2013

	2014 Budget	2014 Actual	2013 Actual
	(Unaudited)		
Salaries, wages and benefits	\$ 313,470	\$ 329,844	\$ 260,205
Professional fees	18,000	23,507	29,325
Insurance	32,000	26,645	27,816
Travel	21,500	22,603	19,126
Office supplies	20,200	22,298	15,326
Computer software and support	60,000	87,199	58,450
Telephone	20,000	16,476	17,598
Workers' Compensation	10,300	4,110	8,574
Repairs and maintenance	25,750	22,839	24,339
Training	18,500	15,745	14,548
Advertising	1,500	1,216	3,487
Bank charges and interest	1,250	3,481	2,331
Amortization	1,200	1,196	1,196
	\$ 543,670	\$ 577,159	\$ 482,321