



Annual Report 2016

August 2, 2017

Invitation of the Shareholders of

Newell Regional Services Corporation

Notice of Annual General Meeting

Wednesday, September 20, 2017

Heritage Inn – Brooks

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.

Agenda items to be presented include progress report of a corporate nature and such other business that may arise.

An agenda is attached with this invitation.

We look forward to seeing you, Wednesday, September 20, 2017

Brian Rollag,
Administration Manager



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REGIONAL SERVICES CORP.

NEWELL REGIONAL SERVICES CORPORATION

Annual General Meeting
of the Shareholders

Wednesday, September 20, 2017
7:00pm

Heritage Inn, Brooks.

AGENDA

Call to Order	Chairman: Clarence Amulung
Introduction of the Board of Director's Chairman's Report	Chairman: Clarence Amulung
Minutes of the 2016 AGM	Chairman: Clarence Amulung
Annual Report Highlights	Administration Manager: Brian Rollag
Financial Statements	Administration Manager: Brian Rollag

Question Period

NRSC Board of Directors



Standing Left to Right: Brian de Jong (County of Newell), Darren Drader (Village of Duchess), Dan Klein (City of Brooks)
Seated Left to Right: Kevin Jones (Town of Bassano), Bill Prentice - Vice-Chairman (City of Brooks),
Don Gibb (Village of Rosemary), Clarence Amulung- Chairman of the Board (County of Newell)

The current Board of Directors has been sitting since October 2015. This Board has seen the completion of the project, the acceleration of the Bassano and Duchess connections, has facilitated the County of Newell's Rural Water Project and the completion of 5 year strategic business plan in 2016.

Directors approve water rates, budgets, wage rates, staffing levels and job descriptions. They have also reviewed policies and expenditures, and have set the Strategic Direction of Newell Regional Services Corporation into the future. Newell Regional Services Corporation is now concentrating on maintaining a sustainable, efficient, safe and effective system that all residents within the County of Newell can feel proud of.



Chairman's Message

The Newell Regional Services Corporation board of directors met a total of 9 times for board meetings during 2016. The September board meeting was held in conjunction with our annual meeting where additional representation from all the member municipalities were present. These municipalities include the City of Brooks, Town of Bassano, Villages of Duchess and Rosemary and the County of Newell. The Board continues to function well and is a prime example of what can be accomplished by working together with themselves as well as with management and staff for the benefit of all residents in the member municipalities. 2016 saw the completion of the County of Newell rural water distribution system and all residents within our member municipalities now have access to potable water if they so desire. What was once only a dream of a common water utility for the entire area has now become a reality.

With the main physical building part of NRSC behind us, it does not mean that the corporation should become static. That would be a recipe for failure over time. With that in mind the NRSC team decided it was time to reflect, assess and refocus and took the initiative for a new revitalized strategic plan. With the help of Contigo Business Services, a strategic plan was initiated in 2015 and completed in 2016. The plan identified these 7 strategic priorities:

1. Developing a closer relationship with the municipal partners.
2. Ensuring solid succession plans are in place for the key personnel planning to retire within the next 5 years.
3. Gaining consensus on philosophies for asset management and full cost accounting and incorporating these philosophies into the rate structure and long term restricted surplus strategies.
4. Tightening the design and documentation of key work processes and establishing performance measures which align with the strategic direction and drive efficiency and effectiveness.
5. Completing the emergency management plan, specifically addressing the risk of service interruption.
6. Establishing communication practices that promotes the sharing of relevant information with key stakeholders and encourages involvement of the key stakeholders to achieve overall organizational goals and objectives.
7. Considering new business opportunities.

These priorities are all in various phases of development and will be monitored for constant improvement by the NRSC team in the future.

In closing, I again wish to express my appreciation to my fellow board members, our General Manager and staff, our municipal shareholders, our business partners and suppliers for their co-operation and contributions in allowing NRSC a successful 2016.

Clarence Amulung
Board Chair

Newell Regional Services Corporation
Annual General Meeting
of the Shareholders
Tuesday, September 20, 2016
7:00pm
Heritage Inn, Brooks, AB

The Newell Regional Services Corporation Annual Meeting was held at the Heritage Inn, on September 20, 2016 commencing at 7:00 p.m.

Members Present: See Attached

Non-Voting Members Present: Ralph Havinga – *GM - NRSC*
Brian Rollag – *Administrative Supervisor – NRSC*
Theresa Drake – *Administrative Assistant - NRSC*

1) **Call to Order**

Chairman C. Amulung called the meeting to order at 7:07 p.m.

2) **Comments from Mr. Ike Schroeder**

Mr. Ike Schroeder thanked everyone for the invite and said he was proud to have been a part of the Rural Water Project. He said it turned out better than anyone had expected

3) **Chairman's Report**

C. Amulung began with introducing his fellow Board members. He said 2015 was a very special year. The highlight of the year has to be that since May 5, 2015, the residents of the Town of Bassano have had access to water from our regional plant. Now all our member municipalities have access to a safe, reliable, economic water supply. The County of Newell Water Project continues to give more rural residents access to potable water from our plant. With the commissioning of the Rosemary to Bassano line, Rosemary residents gained access on June 6, 2015. On July 21, 2015 both Div. 4 and Div. 5 residents obtained access to NRSC water. The goal for 2016 is to facilitate access to Div. 6 & 9 in order to complete the vision of universal access of potable regional water to the entire Newell region.

Consumption of water from our plant continues to rise due to additional residents of the region having access. This has allowed the cost of water produced to remain relatively constant over the last number of years.

C. Amulung went on to say that although NRSC is a municipal owned and controlled organization, we should not forget our silent partner, Eastern Irrigation District. They are responsible for the conveyance to and storage of our raw water supply in Lake Newell. The value of having such a large storage reservoir cannot be overestimated in securing a reliable good quality raw water supply. We are indeed grateful that EID took a leading role to promote mandatory boat inspections and awareness throughout Alberta in order to prevent Aquatic

Invasive Species from entering our water supply. It was an action well worthwhile and culminated in mandatory boat inspections being legislated provincially in 2015. Just another living example of what can be accomplished when people work together on all levels.

In June 2015, the Board and Management decided it was an ideal time to re-evaluate the future of NRSC. With the initial building stage almost complete, municipal elections in 2017 and our General Manager retiring in 2018, a little self-evaluation and star gazing was definitely in order. Keeping these things in mind. Tracy Seitz Burkholder with Contigo Business was hired to facilitate a new strategic plan for completion by the first half of 2016.

In closing, C. Amulung went on to express his appreciation to his fellow Board members, the General Manager and staff, the municipal shareholders, business partners and suppliers for their contribution in allowing NRSC a successful year.

4) Minutes from September 16, 2015 meeting

Moved by D. Drader and Seconded by D. Klein that the minutes of the September 16, 2015 meeting be accepted.

Carried

5) GM Report & Annual Report Highlights

R. Havinga said that the project was finished in 2016, and now we have moved on to the maintenance stage. R. Havinga introduced the NRSC staff that was in attendance. R. Havinga highlighted some of the things that happened in 2015 with a PowerPoint slideshow:

- On May 5, 2015 the Town of Bassano was connected to the regional system thus completing all phases of the regional project
- Transitioning from building the system to maintaining a sustainable system, the Board of Directors recognizes the need to update the Corporate Strategic Plan
- Peak day water production is 19,013 m³ on June 28, 2015
- The Board of Directors approved a plan to participate in the NAIT/SAIT Water and Wastewater Technicians Program. Recently we have hired the last student we had.
- In 2015 NRSC Operators connected 416 rural residents bringing the total number of rural connections to 912
- Cost of water remains at \$0.41/m³ including Administration costs
- With the pending addition of some \$50 million in contributed assets, asset maintenance becomes a priority with reserve accounts now holding funds for the future.

R. Havinga went on to say that it is the goal of Newell Regional Services Corporation to meet and exceed all regulatory requirements from water quality to administrative legislation. Our Mission and Vision Statement demonstrates that we confirm our commitment to providing a safe, secure and sustainable system and that we will provide the service that is expected by our member municipalities. R. Havinga thanked everyone for coming and he said, we are on our way to success.

6) Financial Statements (Power Point Presentation)

The Administrative Supervisor B. Rollag gave a presentation on the Financial Statements of 2015. He gave a brief overview of what NRSC had accomplished in 2015.

7) Adjournment

Meeting is adjourned at 8:10 p.m.

Carried

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

**Theresa Drake
Recording Secretary
Newell Regional Services Corporation**



NEWELL
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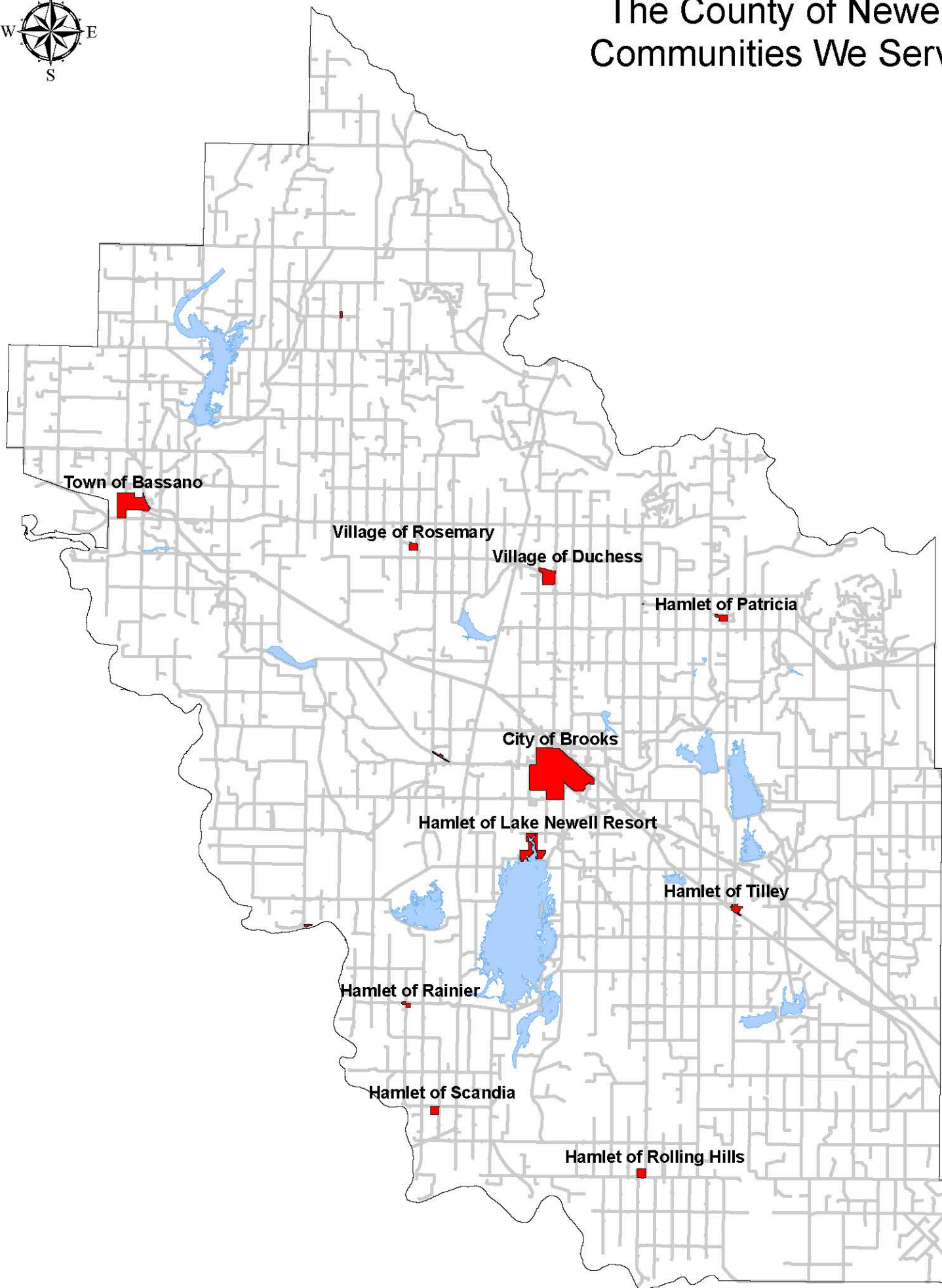
**Annual General
Meeting of the Shareholders
September 20, 2016**

Sign in Sheet

Name	Municipality
Sabine Nasse	Bassano
Yvonne Cosh	Duchess
DARRYL LINDER	Duchess
Bill Rhinell	Brooks
Brian Rolag	NRSC
Dan Klein	city of Brooks
GORD Simpson	COUNTY.
BRIAN de JONG	county
RACHA HAWINGA	NRSC.
IKK SCHRIENER	
Kole Steinley	NRSC
Theresa Orbe	NRSC
Clarence Amador	Newell
Molly Douglass	Newell



The County of Newell Communities We Serve



2016

Review

2016 AT A GLANCE...

Sold 3,005,681 m³ of water in 2016.

Contributed 600hrs of experience for a practicum student towards achieving their Water and Waste Water Technician program Certificate at NAIT.

Completion
of the 5 year
Strategic
Plan.

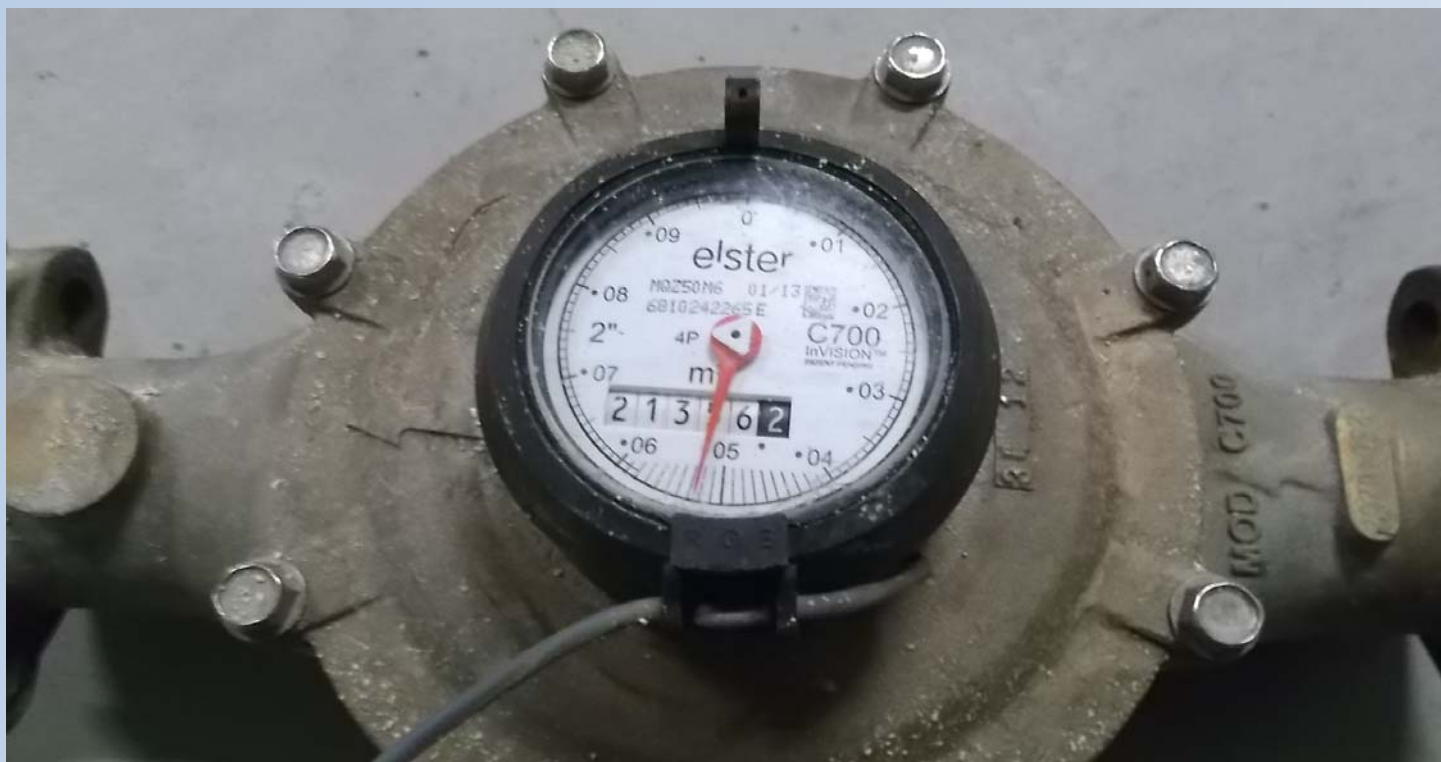


Completion of the County Rural Water system with the last area to be completed in Gem area.

Peak day water production for 2016 was 15,659 m³ on June 7.

Cost of water for the 2016 year was \$0.45. This includes labor, chemical costs, power, gas, telecommunications, repairs to the Water Treatment Plant and administration costs.

Percentage of Water Consumption per Municipality



	<u>2012</u>		<u>2013</u>		<u>2014</u>		<u>2015</u>		<u>2016</u>	
	m3	%	m3	%	m3	%	m3	%	m3	%
Brooks	2,792,014	90.72%	2,585,367	85.02%	2,367,353	80.77%	2,411,745	73.80%	2,143,832	71.33%
Brooks TF	111,714	3.63%	108,825	3.58%	101,727	3.47%	73,472	2.25%	39,856	1.33%
LNR	29,439	0.96%	26,121	0.86%	25,051	0.85%	25,365	0.78%	27,864	0.93%
Tilley	50,954	1.66%	50,073	1.65%	45,516	1.55%	51,741	1.58%	44,495	1.48%
Rainier	7,425	0.24%	7,553	0.25%	6,213	0.21%	9,222	0.28%	5,276	0.18%
Scandia	47,089	1.53%	53,280	1.75%	55,096	1.88%	37,352	1.14%	12,319	0.41%
Rolling Hills	25,715	0.84%	23,765	0.78%	23,733	0.81%	19,696	0.60%	19,984	0.66%
Patricia	13,325	0.43%	20,186	0.66%	18,325	0.63%	16,270	0.50%	13,312	0.44%
Duchess	-	0.00%	125,277	4.12%	180,717	6.17%	187,460	5.74%	164,927	5.49%
Rosemary	-	0.00%	-	0.00%	5,923	0.20%	30,335	0.93%	22,647	0.75%
Bassano	-	0.00%	-	0.00%	-	0.00%	190,500	5.83%	245,911	8.18%
Rural Total	-	0.00%	40,394	1.33%	101,245	3.45%	214,723	6.57%	265,258	8.83%
Total	3,077,675	100.00%	3,040,841	100.00%	2,930,899	100.00%	3,267,881	100.00%	3,005,681	100.00%

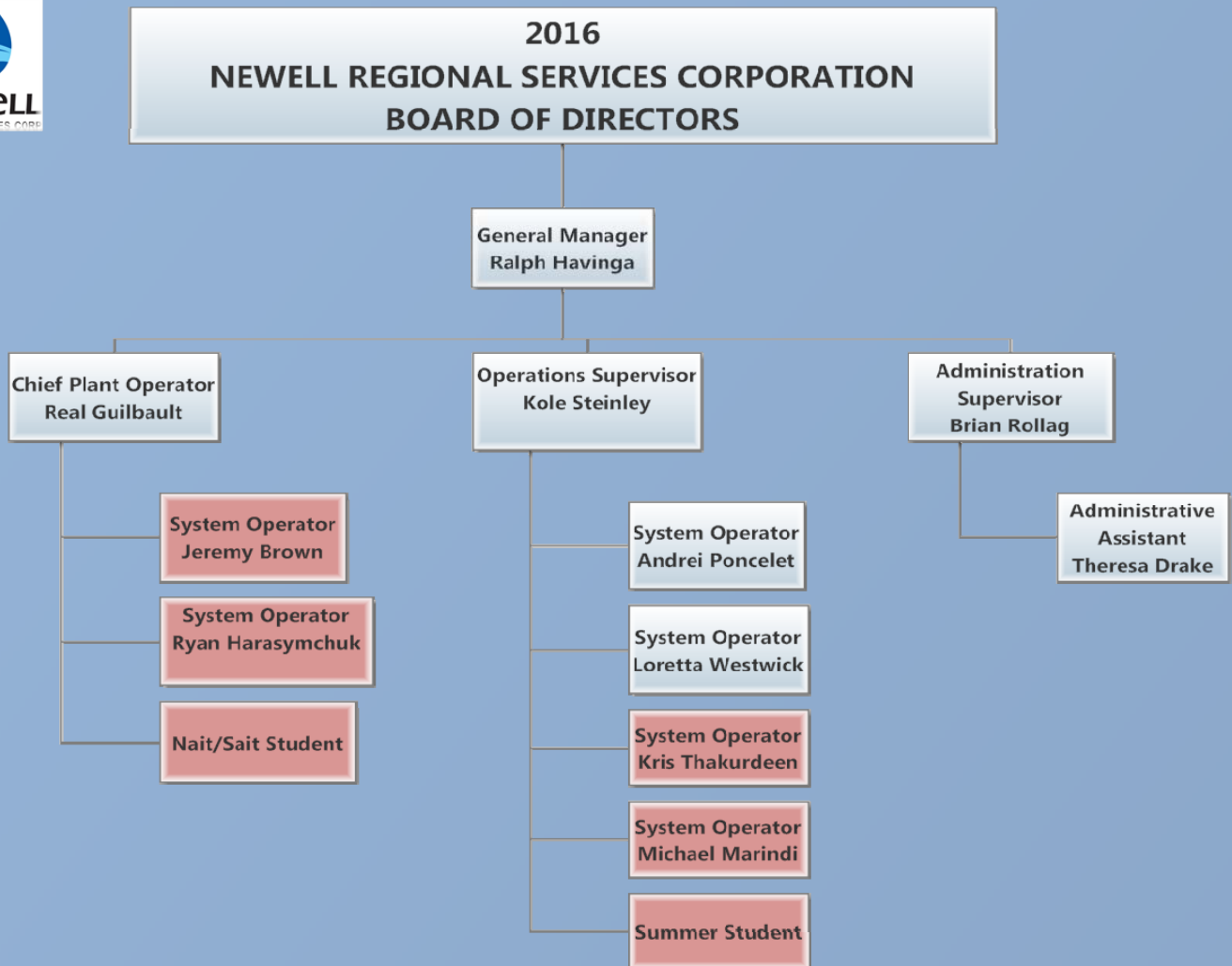
Brooks	94.35%	88.60%	84.24%	76.05%	72.65%
County - Hamlets	5.65%	5.95%	5.93%	4.89%	4.10%
County - Rural	0.00%	1.33%	3.45%	6.57%	8.83%
Village of Duchess	0.00%	4.12%	6.17%	5.74%	5.49%
Village of Rosemary	0.00%	0.00%	0.20%	0.93%	0.75%
Town of Bassano	0.00%	0.00%	0.00%	5.83%	8.18%

Raw Water Summary — 2016



	Allocation (m3)	Actual (m3)
City of Brooks	8,080,152	2,257,831
County of Newell		
Lake Newell Resort	502,857	29,150
Rainier	12,571	4,984
Scandia	49,028	12,884
Rolling Hills	52,780	20,882
Patricia	33,943	13,947
Tilley	139,542	46,409
Rural	1,110,134	269,248
Village of Duchess	320,835	171,625
Village of Rosemary	74,008	23,633
Town of Bassano	840,000	254,661

Organizational Chart 2016



- ⇒ 21,951 hours worked in 2016 to accomplish all NRSC tasks from operations to administration.
- ⇒ Operators drive over 40,000 km's per year.
- ⇒ NAIT Water and Waste Water Technician Program Practicum students gain 600 hours of real world experience at NRSC.
- ⇒ Over 9360 field water quality tests performed in 2016 to ensure the quality of potable water.

Other Highlights from 2016:

The project has been completed and the reconciliation paper work was submitted to Alberta Transportation. Due to the increased scope of the project the grant was split into two portions. One grant was approved in 2016 and the second is waiting for approval in 2017. We are anticipating the asset transfer between municipalities and NRSC will occur in 2017.

On June 24, 2016 our Water Treatment Plant was damaged during a lightning storm. Much of the electronic equipment was damaged and resulted in a claim on our insurance policy.

In order to improve our Data Collections process and aid in the task of Asset Management the organization invested in Water Trax Software. This is a significant investment for NRSC and will aid greatly in the collection and



organization of our Water production, distribution, sampling data and Alberta Environment Reporting. Also included in the Water Trax Software is the ability to implement an asset maintenance and asset condition module that will increase our ability to maintain the assets efficiently and effectively. This software was purchased in 2016 and will be implemented in 2017.

The organization has been working on a 5 year strategic plan and was approved by the Board of Directors in 2016. The process took a considerable amount of time and included many activities such as sustainability assessment, interviews with each employee of NRSC, interviews with each Board Member, feedback from the municipal councils, municipal administrators, Key Stakeholder Analysis and SWOT analysis where conducted. As a result we have revamped our vision and mission statements as well as identified 7 Strategic Priorities for the next 5 years. The Strategic Plan precipitated the development of a new Business Plan to be completed in 2017.

5 year

Strategic

Plan



VISION STATEMENT

To guide the organization into the future, the Board has developed a vision statement which includes the organization's vision, mission and core value statements.

Vision

Through regional collaboration and performance, Newell Regional Services Corporation is a well-managed utility service provider instilling the confidence of our stakeholders. We will be receptive to opportunities presented where our strengths can be utilized.

Mission

Recognizing the value of our precious natural, human and financial resources, the Corporation will exceed regulatory requirements in providing affordable and sustainable utility services to our stakeholders.

Core Values

- ❖ ***Providing quality products***
- ❖ ***Achieving excellence in service provision***
- ❖ ***Developing positive relationships and municipal cooperation***
- ❖ ***Maintaining a safe working environment***
- ❖ ***Developing organizational resources***
- ❖ ***Communicating respectfully with stakeholders for mutual benefit***
- ❖ ***Exercising responsible stewardship of our natural resources***

Our strategic priorities

By placing emphasis on the priorities below, the organization will be further establishing a solid business foundation on which to build. The development of philosophies based on input from each municipal partner and administration, setting rate structure based on these philosophies, formalizing key work processes, and developing strong human resource management and partner relationships will provide a sustainable model with continuity through council terms. The Board is open to considering new business opportunities which leverage the strengths of NRSC and meet criteria for return on investment and align with the vision of the organization.

The ideas which will have the most significant impact strategically and those which most effectively address the issues cited at the onset of the engagement are:

- ❖ ***developing a closer relationship with the municipal partners***
- ❖ ***ensuring solid succession plans are in place for the key personnel planning to retire within the next 5 years***
- ❖ ***gaining consensus on philosophies for asset management and full cost accounting and incorporating these philosophies into the rate structure and long term restricted surplus strategies***
- ❖ ***tightening the design and documentation of key work processes and establishing performance measures which align with the strategic direction and drive efficiency and effectiveness***
- ❖ ***completing the emergency management plan, specifically addressing the risk of service interruption***
- ❖ ***establishing communication practices that promotes the sharing of relevant information with key stakeholders and encourages involvement of the key stakeholders to achieve overall organizational goals and objectives***
- ❖ ***considering new business opportunities***

2016

Audited

Financial

Statement

ORIGINAL

Financial Statements of

**NEWELL REGIONAL
SERVICES CORPORATION**

Year ended December 31, 2016



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400 - 4th Avenue South
Lethbridge AB T1J 4E1
Canada

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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, 2016, 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, 2016, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Chartered Professional Accountants

April 26, 2017
Lethbridge, Canada

NEWELL REGIONAL SERVICES CORPORATION

Balance Sheet

December 31, 2016, with comparative information for 2015

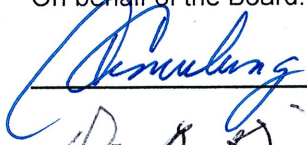
	2016	2015
Assets		
Current assets:		
Cash	\$ 325,194	\$ 334,636
Trade accounts receivable	240,214	192,267
Goods and services tax recoverable	10,421	11,554
Inventory	99,780	114,965
Prepaid expenses	47,208	39,818
	722,817	693,240
Cash - held in reserve	911,327	653,483
Patronage reserve, at cost	11,138	9,858
Property, plant and equipment (note 2):		
Property, plant and equipment	4,315,424	4,309,470
Less accumulated amortization	720,247	625,442
	3,595,177	3,684,028
	<u>\$ 5,240,459</u>	<u>\$ 5,040,609</u>

Liabilities and Shareholders' Equity

Current liabilities:		
Accounts payable and accrued liabilities (note 3)	\$ 264,916	\$ 302,455
Current portion of long-term debt (note 4)	235,714	78,571
	500,630	381,026
Long-term debt (note 4)	-	235,714
Shareholders' equity:		
Share capital (note 5)	5,035,214	5,035,214
Deficit	(295,385)	(611,345)
	4,739,829	4,423,869
	<u>\$ 5,240,459</u>	<u>\$ 5,040,609</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, 2016, with comparative information for 2015

	2016 Budget	2016 Actual	2015 Actual
	(Unaudited)		
Revenue:			
Water supply	\$ 2,893,125	\$ 2,417,400	\$ 2,448,890
Waste water	79,013	81,993	61,237
Operating recovery	379,838	450,433	317,640
	3,351,976	2,949,826	2,827,767
Operating expenses:			
Salaries, wages and benefits	668,685	584,107	515,694
Utilities	403,100	360,884	381,056
Contract services	193,500	286,849	240,418
Chemicals	152,000	138,722	133,400
Automotive	230,990	261,241	227,233
Repairs and maintenance	59,900	95,202	61,276
Supplies	68,750	74,455	64,854
Telecommunications	22,100	13,829	20,472
Testing	14,850	6,755	11,699
Amortization	96,829	93,608	93,343
	1,910,704	1,915,652	1,749,445
	1,441,272	1,034,174	1,078,322
Administrative expenses (Schedule)	607,040	773,023	593,916
Earnings before the undernoted items	834,232	261,151	484,406
Other income:			
Interest income	2,500	8,600	3,943
Other income (note 6)	24,276	46,209	109,469
	26,776	54,809	113,412
Net earnings	861,008	315,960	597,818
Deficit, beginning of year	(611,345)	(611,345)	(1,209,163)
Retained earnings (deficit), end of year	\$ 249,663	\$ (295,385)	\$ (611,345)

See accompanying notes to financial statements.

NEWELL REGIONAL SERVICES CORPORATION

Statement of Cash Flows

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operations:		
Net earnings	\$ 315,960	\$ 597,818
Item not involving cash:		
Amortization	94,804	94,539
Change in non-cash operating working capital:		
Accounts receivable	(47,947)	13,172
Goods and services tax recoverable	1,133	588
Inventory	15,185	(26,812)
Prepaid expenses	(7,390)	9,313
Accounts payable and accrued liabilities	(37,539)	75,594
	334,206	764,212
Financing:		
Repayment of long-term debt	(78,571)	(128,464)
Investing:		
Purchase of property, plant and equipment	(5,953)	-
Repayments on note receivable	-	7,882
Increase in cash held in reserve	(257,844)	(502,552)
Increase in patronage reserve	(1,280)	(2,089)
	(265,077)	(496,759)
Increase (decrease) in cash	(9,442)	138,989
Cash, beginning of year	334,636	195,647
Cash, end of year	\$ 325,194	\$ 334,636

See accompanying notes to financial statements.

NEWELL REGIONAL SERVICES CORPORATION

Notes to Financial Statements

Year ended December 31, 2016

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 Village 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, 2016

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, 2016

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, 2016

2. Property, plant and equipment:

			2016	2015
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 615,534	\$ -	\$ 615,534	\$ 615,534
Buildings	3,012,304	467,920	2,544,384	2,605,561
Water mains and pipeline	431,709	40,293	391,416	397,114
Automotive	243,919	203,663	40,256	61,036
Office equipment	11,958	8,371	3,587	4,783
	\$ 4,315,424	\$ 720,247	\$ 3,595,177	\$ 3,684,028

Amortization for the year amounted to \$94,804. This is composed of \$93,608 (2015 - \$93,343) relating to operating activities and \$1,196 (2015 - \$1,196) relating to administrative expenses.

3. Accounts payable and accrued liabilities:

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

	2016	2015
Trade and other payables	\$ 240,330	\$ 279,625
Government remittances	24,586	22,830
	\$ 264,916	\$ 302,455

NEWELL REGIONAL SERVICES CORPORATION

Notes to Financial Statements

Year ended December 31, 2016

4. Long-term debt:

	2016	2015
County of Newell	\$ 235,714	\$ 314,285
Less current portion of long-term debt	235,714	78,571
	\$ -	\$ 235,714

The long-term debt due to the County of Newell, shareholder of the Company, is non-interest bearing and due December 31, 2017.

5. 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:

	2016	2015
200 Class A common shares	\$ 20	\$ 20
200 Class B common shares	20	20
100 Class C common shares	10	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	\$ 5,035,214

NEWELL REGIONAL SERVICES CORPORATION

Notes to Financial Statements

Year ended December 31, 2016

6. Other income:

	2016	2015
Contractor billings (reimbursements)	\$ -	\$ 97,618
Other	6,822	3,108
Truck fill	17,443	8,743
Insurance proceeds	21,944	-
	\$ 46,209	\$ 109,469

NEWELL REGIONAL SERVICES CORPORATION

Notes to Financial Statements

Year ended December 31, 2016

7. 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:

	2016	2015
City of Brooks	\$ 27,024	\$ 36,742
Village of Dutchess	2,366	2,295
County of Newell	833	3,283
Town of Bassano	3,332	4,267
	\$ 33,555	\$ 46,587

Accounts receivable includes the following amounts:

	2016	2015
City of Brooks	\$ 117,071	\$ 109,351
Village of Rosemary	1,001	1,016
Village of Dutchess	7,302	6,621
Town of Bassano	12,502	9,677
County of Newell	87,723	47,162
	\$ 225,599	\$ 173,827

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

	2016	2015
City of Brooks	\$ 1,787,382	\$ 1,833,106
Village of Rosemary	16,985	21,235
Village of Dutchess	218,812	207,134
Town of Bassano	246,273	176,614
County of Newell	498,134	386,126
	\$ 2,767,586	\$ 2,624,215

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, 2016

8. 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, 2016, trade accounts receivable include approximately \$204,795 (2015 - \$156,691) due from 2 customers (2015 - 2), representing approximately 85% (2015 - 82%) 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 2015.

9. 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, 2016

10. 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 2017.
- (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.

11. Contingent liabilities:

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

12. 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 244,621 people and about 426 employers. It 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% (2015 - 11.39%) of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings ("YMPE") and 15.84% (2015 - 15.84%) for the excess. Employees are required to make current service contributions of 10.39% (2015 - 10.39%) of YMPE plus 14.84% (2015 - 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 2016 were \$92,272 (2015 - \$83,763). Total current and past service contributions by the employees of Newell Regional Services Corporation to the LAPP in 2016 were \$84,944 (2015 - \$77,187).

At December 31, 2015, the LAPP disclosed an actuarial deficiency of \$923 million.

NEWELL REGIONAL SERVICES CORPORATION

Notes to Financial Statements

Year ended December 31, 2016

13. Apex Supplementary Pension Plan

The APEX supplementary pension plan, an Alberta Urban Municipality Association ("AUMA") sponsored defined benefit pension plan covered under the provisions of the Alberta Employment Pensions Plans Act, commenced on January 1, 2003 and provides supplementary pension benefits to a prescribed class of employees. The plan supplements the Local Authorities Pension Plan.

Contributions are made by the prescribed class of employees and the Company. Employees and the Company are required to make current service contributions to APEX of 2.84% (2015 - 2.50%) and 3.78% (2015 - 3.00%) respectively of pensionable earnings up to \$145,722 (2015 - \$140,945).

Total current service contributions by the Company to APEX in 2016 were \$9,187 (2015 - \$8,818). Total current service contributions by the employees of the Company were \$7,662 (2015 - \$7,349).

The cost of post-retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of salary and benefit escalation and retirement ages of employees. The cost of post-retirement benefits are fully funded.

NEWELL REGIONAL SERVICES CORPORATION

Schedule of Administrative Expenses

Year ended December 31, 2016, with comparative information for 2015

	2016 Budget (Unaudited)	2016 Actual	2015 Actual
Salaries, wages and benefits	\$ 373,040	\$ 483,836	\$ 381,291
Professional fees	25,000	17,486	19,646
Insurance	30,000	27,681	30,329
Travel	32,500	42,402	38,674
Office supplies	17,000	20,455	18,892
Computer software and support	40,000	46,586	32,851
Telephone	15,000	29,941	18,501
Workers' Compensation	7,500	6,975	3,611
Repairs and maintenance	36,500	70,306	27,279
Training	25,750	22,311	18,122
Advertising	2,000	3,013	2,454
Bank charges and interest	1,550	835	1,070
Amortization	1,200	1,196	1,196
	\$ 607,040	\$ 773,023	\$ 593,916

ASSETS

3-10-000-113 - Petty Cash	250.01	
3-10-000-120 - Chinook Credit Union	324,938.10	
3-10-000-121 - Chinook Credit Union Share Acc	6.10	
3-10-000-122 - Capital Reserve	860,237.56	
3-10-000-123 - Operational Reserve	51,089.86	
3-10-000-210 - Accounts Receivable	66,877.03	
3-10-000-215 - Utilities Receivable	173,065.38	
3-10-000-220 - Co-Op Equity	11,137.82	
3-10-000-230 - Gst Due From Revenue Canada	9,433.98	
3-10-000-232 - Gst Paid	569.11	
3-10-000-234 - GST Rebate-Paid	418.34	
3-10-000-237 - Federal tax refund	271.91	
3-10-000-310 - Prepaid Expenses	47,207.49	
3-10-000-320 - Chemical Inventory	43,306.44	
3-10-000-330 - Trans. Main Inventory	19,245.99	
3-10-000-340 - WTP Inventory	31,152.02	
3-10-000-350 - Meter Inventory	6,075.88	
3-11-010-605 - Vehicles	243,919.40	
3-11-010-615 - Office Equipment	11,958.00	
3-11-011-620 - Wtp - Structures	2,969,734.33	
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	(203,663.27)	
3-12-000-615 - Accum Amortization - Office Equipment	(8,370.60)	
3-12-000-620 - Accum. Amortization - Structures	(466,287.81)	
3-12-000-670 - Accum Amortization - Mains & Services	(40,292.90)	
3-12-032-621 - Accum. Amort.- Tilley- Structure	(1,631.89)	
Total Assets		5,240,460.99

LIABILITIES

4-10-000-100 - Receiver Gen. Payable	15,276.21	
4-10-000-101 - Lapp-Payable	5,927.25	
4-10-000-103 - Benefits Payable	5,005.09	
4-10-000-109 - Vacation Pay-Payable	32,715.46	
4-10-000-113 - Sick Pay Accrued	47,648.90	
4-10-000-114 - Apex Option 1	(372.39)	
4-10-000-120 - Water Haulers Security Deposits	15,000.00	
4-10-000-270 - Accounts Payable	97,542.01	
4-10-000-275 - Accounts Payable - TEMPORARY	25,719.00	
4-10-000-280 - Accrued Liabilities	19,247.00	
4-11-010-340 - Loan - Payable	235,714.74	
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	
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" -COB	4,950,965.91	
4-25-000-125 - Preferred Shares-Class "h" -CON	84,177.65	
Total Liabilities		5,534,636.83

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Newell Regional Services
Balance Sheet
As of 12/31/2016

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SURPLUS

5-00-000-901 - Current Years Surplus
Net Surplus (Deficit):

(611,345.06)
317,169.22

Total Surplus

(294,175.84)

Total Liabilities and Surplus

5,240,460.99

REVENUE

1-41-001-120 - Lake Newell Resort	\$20,898.00
1-41-001-125 - Tilley	33,371.25
1-41-001-130 - Scandia	9,239.25
1-41-001-135 - Rainier	3,473.25
1-41-001-136 - Rainier Truck Fill	483.75
1-41-001-140 - Brooks	1,588,954.50
1-41-001-141 - Brooks Truck Fill	29,892.00
1-41-001-145 - Rolling Hills	14,988.00
1-41-001-150 - Duchess	123,695.25
1-41-001-155 - Patricia	9,984.00
1-41-001-160 - Rosemary	16,985.25
1-41-001-165 - Bassano	184,433.25
1-41-001-405 - Duchess/Patricia Area	60,920.25
1-41-001-415 - Tilley/Kinbrook Island Area	19,527.00
1-41-001-430 - Brooks West	31,549.73
1-41-001-435 - Brooks North	35,291.25
1-41-001-440 - Rainier/Scandia/Rolling Hills Area	26,404.50
1-41-001-445 - Bassano/Gem/Rosemary Area	25,069.49
1-41-002-120 - Lake Newell Resort Distrib.	22,792.50
1-41-002-125 - Tilley Distrib.	29,857.83
1-41-002-130 - Scandia Distrib.	50,094.60
1-41-002-135 - Rainier Distrib.	33,221.10
1-41-002-140 - Brooks Distrib.	44,442.95
1-41-002-141 - Brooks Truckfill Repairs	13,381.80
1-41-002-142 - Bassano Truckfill Repairs	634.20
1-41-002-145 - Rolling Hills Distrib.	51,749.28
1-41-002-155 - Patricia Distrib.	40,278.15
1-42-001-120 - Lake Newell Resort Coll.	32,666.05
1-42-001-125 - Tilley Ww Coll.	14,868.00
1-42-001-130 - Scandia Ww Coll.	11,222.40
1-42-001-140 - Brooks Ww Coll.	6,638.10
1-42-001-145 - Rolling Hills Ww Coll.	15,147.93
1-42-001-155 - Patricia Ww Coll.	1,450.05
1-44-001-840 - Brooks Truck Fill Billing	2,726.73
1-44-001-841 - County of Newell Truck Fill Billing	267.62
1-44-001-842 - Bassano Truck Fill Billing	432.72
1-44-001-875 - Interest Income	8,599.60
1-44-001-880 - Refunds-Rebates	6,549.93
1-44-001-890 - Other Revenues	375.18
1-44-001-900 - Penny Rounding	0.43
1-45-001-140 - Brooks Stm	459.90
1-65-001-405 - Duchess/Patricia Area Dist Rural Water	34,195.61
1-65-003-415 - Till/ Kinbrook Is. Area Dist Rural Water	25,554.11
1-65-006-430 - Brooks West Dist Rural Water	25,207.61
1-65-007-435 - Brooks North Dist Rural Water	25,405.95
1-65-008-440 - Rain/Scan/RollHill Area Dist Rural Water	30,862.91
1-65-009-445 - Bassano/Gem/Rose Area Dist Rural water	36,770.21
Total Revenue	\$2,801,013.42

EXPENDITURES

2-01-000-110 - Admin.-Salaries	\$198,692.74
2-01-000-111 - Admin.-Wages-Full Time	173,733.01
2-01-000-114 - Admin.-Director's Remuneration	21,000.00

Newell Regional Services

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Income Statement

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For the Period 1/01/2016 - 12/31/2016

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2-01-000-130 - Admin.-Benefits	86,579.39
2-01-000-140 - Admin.-Conferences/Education	17,168.04
2-01-000-145 - Admin.-Travel & Subsistence	28,133.88
2-01-000-150 - Admin.-Memberships & Dues	5,914.84
2-01-000-154 - Admin-Employee Recognition	2,622.43
2-01-000-157 - Admin.-WCB	6,974.72
2-01-000-160 - Admin.-Recruitment Costs	1,803.32
2-01-000-161 - Operations Wages- Unallocated	49,700.68
2-01-000-163 - Operations Unallocated Costs	4,298.00
2-01-000-210 - Admin.-Postage/Courier	3,399.27
2-01-000-215 - Admin.-Advertising/ Subscripti	3,013.49
2-01-000-220 - Admin.-Computer Software	850.00
2-01-000-225 - Admin- Software Renewals and Maint.	40,936.33
2-01-000-230 - Admin.-Office Supply	7,812.17
2-01-000-235 - Admin.-Office Furniture	359.96
2-01-000-245 - Admin.-Entertainment-Meals	6,066.90
2-01-000-250 - Admin.-Governance Costs	8,201.58
2-01-000-260 - Admin.-Photocopy	2,715.49
2-01-000-325 - Admin.-Telecommunications	29,940.93
2-01-000-405 - Outsource-Accounting/Finance	12,375.00
2-01-000-410 - Outsource-Legal	5,110.91
2-01-000-415 - Outsource-Janitorial	2,473.61
2-01-000-445 - Outsource-IT Services	3,021.60
2-01-000-455 - Outsource-Engineering	1,778.00
2-01-000-460 - Admin-Insurance	27,680.90
2-01-000-905 - Bank Payment Charges	733.81
2-01-000-910 - Admin.-Service & Interest Char	101.53
2-01-000-925 - Amortization Expense	72,828.52
2-01-000-930 - Admin- Amortization	1,195.80
2-10-011-111 - WTP-Wages-Full Time	108,572.90
2-10-011-112 - WTP-Wages-Part Time	11,203.36
2-10-011-130 - WTP- Benefits	28,110.67
2-10-011-155 - WTP-Clothing&Coverals	4,721.43
2-10-011-156 - WTP- Safety & Training	3,339.26
2-10-011-205 - WTP-Safety Supply	1,749.83
2-10-011-207 - WTP-Janitorial Supply	3,549.68
2-10-011-254 - Operations-Small Tools	3,898.27
2-10-011-255 - WTP-Other Mat and Supplies.	15,926.86
2-10-011-260 - WTP- Small Tools	2,349.01
2-10-011-305 - WTP-Cost Of Water-EID	62,724.96
2-10-011-310 - WTP-Power	220,540.63
2-10-011-315 - WTP-Gas	34,829.90
2-10-011-320 - WTP-Solid Waste	575.32
2-10-011-325 - WTP- Telecommunications	2,661.48
2-10-011-405 - WTP-Outsource-Proff Testing Fees	2,914.01
2-10-011-436 - WTP- Mechanical	35,990.80
2-10-011-437 - WTP- Electrical	24,715.95
2-10-011-438 - WTP- Instrumentation	31,069.26
2-10-011-439 - WTP- Scada	24,813.84
2-10-011-440 - WTP- Misc Contract Services	14,163.35
2-10-011-505 - WTP-Miscellaneous Chemicals	5,519.56
2-10-011-510 - WTP-Ammonia	23,603.26
2-10-011-515 - WTP-Caustic	24,826.88
2-10-011-520 - WTP-Chlorine	6,542.74
2-10-011-525 - WTP-Citric Acid	11,786.01
2-10-011-530 - WTP-Co2	27,222.14

Newell Regional Services

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2-10-011-535 - WTP-Coagulant	22,171.82
2-10-011-545 - WTP-Potassium Permanganate	2,585.03
2-10-011-550 - WTP-Salt	3,143.64
2-10-011-555 - WTP-Sodium Hypo	5,155.71
2-10-011-560 - WTP- Chemical Freight	6,164.82
2-10-011-605 - Vehicle Amortization	20,779.52
2-10-011-610 - WTP-Vehicle Usage	52,543.44
2-10-011-620 - Operations- Fuel and Oil	55,095.35
2-10-011-630 - Operations- Parts and Tires	3,880.19
2-10-011-640 - Operations- Vehicle Truck Wash	9,331.08
2-10-011-641 - Operations- Vehicle Repair Unit #1	1,981.79
2-10-011-642 - Operations- Vehicle Repair Unit #2	3,985.38
2-10-011-643 - Operations- Vehicle Repair Unit #3	68.63
2-10-011-644 - Operations- Vehicle Repair Unit #4	1,266.74
2-10-011-645 - Operations- Vehicle Repair Unit #5	1,480.16
2-10-011-646 - Operations- Vehicle Repair Unit #6	230.26
2-10-011-647 - Operations- Vehicle Repair Unit #7	225.00
2-10-011-648 - Operations- Vehicle Repair Unit #8	199.25
2-10-011-660 - Operations- Vehicle Insurance	1,255.91
2-10-011-699 - Vehicle Expense Allocation	(182,240.50)
2-10-012-111 - Membranes-Wages-Full Time	11,364.39
2-10-012-130 - Membranes-Benefits	2,838.53
2-10-012-255 - Membranes-Other Material and Supplies	453.35
2-10-012-436 - Membranes-Mechanical Contract	11,435.60
2-10-012-440 - Membranes-Misc Contract Services	4,336.50
2-10-013-111 - WTP Pumps-Wages-Full time	7,473.90
2-10-013-130 - WTP Pumps-Benefits	1,802.99
2-10-013-255 - WTP Pumps-Other Material and Supplies	2,445.56
2-10-013-436 - WTP Pumps-Mechanical Contract	85.00
2-10-013-437 - WTP Pumps-Electrical Contract	1,399.41
2-10-014-111 - Raw Pump Hse.-Wages-Full Time	17,015.23
2-10-014-130 - Raw Pump Hse.-Benefits	3,810.81
2-10-014-255 - Raw Pump Hse.-Other Mat and Supplies	568.03
2-10-014-310 - Raw Pump Hse- Power	34,412.65
2-10-014-315 - Raw Pump Hse- Gas	1,292.79
2-10-014-325 - Raw Pump Hse-Telecommunications	1,245.80
2-10-014-436 - Raw Pump Hse.-Mechanical Contra	23,688.20
2-10-014-437 - Raw Pump Hse.-Electrical Contra	5,246.72
2-10-014-439 - Raw Pump Hse.-Scada	1,240.33
2-10-014-440 - Raw Pump Hse- Misc Contract Services	53,040.64
2-10-014-610 - Raw Pump Hse.-Vehicle Usage	7,528.00
2-11-015-111 - Booster Station-LNR-Wages-Full-Time	4,374.54
2-11-015-130 - Booster Stat- LNR-Benefits	957.16
2-11-015-325 - Booster Stat-LNR-Telecommunications	1,241.84
2-11-015-610 - Booster Stat-LNR-Vehicle Usage	2,026.46
2-11-016-111 - Tilley Control House-Wages Full-Time	4,473.47
2-11-016-130 - Tilley Control House- Benefits	1,081.66
2-11-016-310 - Tilley Control House- Power	903.22
2-11-016-315 - Tilley Control House- Gas	433.20
2-11-016-325 - Tilley Control House- Telecommunications	1,424.23
2-11-016-610 - Tilley Cont Hse- Vehicle Usage	2,141.75
2-11-017-111 - Rosemary Booster Wages Full-Time	2,000.00
2-11-017-325 - Rosemary Booster- Telecommunications	1,329.27
2-11-017-437 - Rosemary Booster - Electrical	297.50
2-11-017-438 - Rosemary Booster - Instrumentation	2,200.00
2-11-018-310 - Duchess Control House - Power	2,165.98

2-11-018-315 - Duchess Control House - Gas	200.35
2-11-018-325 - Duchess Control House- Telecommunication	21.00
2-11-019-310 - Bassano Control House - Power	2,804.67
2-12-016-111 - WTP-Truck Fill- Wages-FullTime	4,683.08
2-12-016-130 - WTP-Truck Fill-Benefits	1,232.83
2-12-016-420 - WTP- Truck Fill- Contract Repairs	4,633.74
2-12-016-610 - Truck Fill- Vehicle Usage	1,993.25
2-21-020-111 - Trans Main-Wages-Full Time	27,714.65
2-21-020-112 - Trans Main-Wages-Part Time	8,026.00
2-21-020-130 - Trans Main-Benefits	6,807.22
2-21-020-255 - Trans Main-Other Mat and Supplies	9,447.53
2-21-020-420 - Trans Main-Repairs	46,451.00
2-21-020-451 - Trans Main-Outsource-Locates	47,505.80
2-21-020-610 - Trans Main-Vehicle Usage	18,106.19
2-21-022-255 - Meters-Other Mat and Supplies	136.63
2-31-031-111 - LNR-SR-Wages-Full Time	3,094.33
2-31-031-130 - LNR-SR-Benefits	767.75
2-31-031-255 - LNR-SR-Other Mat and Supplies	1,813.65
2-31-031-325 - LNR-SR-Telecommunications	324.88
2-31-031-437 - LNR-SR- Electrical	3,667.10
2-31-031-438 - LNR-SR- Instrument	56.25
2-31-031-610 - LNR-SR- Vehicle Usage	1,382.23
2-31-032-111 - Tilley-Wages-Full Time	6,536.94
2-31-032-130 - Tilley-Benefits	1,566.81
2-31-032-255 - Tilley-Other Mat and Supplies	1,976.29
2-31-032-435 - Tilley-Professional Testing Fees	28.43
2-31-032-437 - Tilley-Electrical Contract Ser	1,452.50
2-31-032-438 - Tilley-Instrumentation	1,765.25
2-31-032-610 - Tilley-Vehicle Usage	3,129.04
2-31-033-111 - Scandia-Wages-Full Time	7,498.63
2-31-033-130 - Scandia-Benefits	1,909.44
2-31-033-255 - Scandia-Other Mat and Supplies	1,737.31
2-31-033-325 - Scandia-Telecommunications	1,424.21
2-31-033-435 - Scandia- Professional Testing Fees	231.40
2-31-033-437 - Scandia-Electrical Contract Se	595.00
2-31-033-438 - Scandia-Instrumentation	460.25
2-31-033-439 - Scandia-Scada	115.00
2-31-033-440 - Scandia- Misc Contract Services	11,262.37
2-31-033-610 - Scandia-Vehicle Usage	3,569.09
2-31-034-111 - Rainier-Wages-Full Time	7,466.10
2-31-034-130 - Rainier-Benefits	1,885.20
2-31-034-255 - Rainier-Other Mat and Supplies	1,704.83
2-31-034-325 - Rainier-Telecommunications	1,424.21
2-31-034-437 - Rainier-Electrical Contract	212.50
2-31-034-438 - Rainier-Instrumentation	1,414.40
2-31-034-439 - Rainier-Scada	90.00
2-31-034-610 - Rainier-Vehicle Usage	3,581.17
2-31-035-111 - Brooks-Wages-Full Time	10,384.38
2-31-035-130 - Brooks-Benefits	2,237.37
2-31-035-255 - Brooks-Other Mat and Supplies	40.71
2-31-035-435 - Brooks-Professional Testing Fees	52.47
2-31-035-610 - Brooks-Vehicle Usage	4,839.77
2-31-036-111 - Rolling Hills-Wages-Full Time	6,978.29
2-31-036-130 - Rolling Hills-Benefits	1,712.62
2-31-036-255 - Rolling Hills-Other mat and Supplies	1,490.08
2-31-036-325 - Rolling Hills-Telecommunication	1,424.22

2-31-036-435 - Rolling Hills-Professional Testing Fees	171.70
2-31-036-436 - Rolling Hills-Mechanical Contra	1,302.88
2-31-036-437 - Rolling Hills-Electrical Contra	850.00
2-31-036-438 - Rolling Hills-Instrumentation	460.25
2-31-036-439 - Rolling Hills-Scada	5,088.14
2-31-036-440 - Rolling Hills-Misc Contract Services	7,545.91
2-31-036-610 - Rolling Hills-Vehicle Usage	3,348.83
2-40-041-325 - Dutchess-Telecommunications	62.43
2-40-042-111 - Patricia-Wages-Full Time	9,820.87
2-40-042-130 - Patricia- Benefits	2,255.65
2-40-042-255 - Patricia-Other Mat and Supplies	1,694.18
2-40-042-325 - Patricia-Telecommunications	1,245.84
2-40-042-435 - Patricia-Professional Testing Fees	197.09
2-40-042-437 - Patricia-Electrical Contract	8,395.48
2-40-042-438 - Patricia-Instrumentation	460.25
2-40-042-439 - Patricia-Scada	180.00
2-40-042-610 - Patricia-Vehicle Usage	4,274.05
2-40-044-436 - Bassano-Mechanical Contract	212.50
2-50-051-111 - Distrib. LNR-Wages-Full Time	4,033.03
2-50-051-130 - Distrib. LNR-Benefits	1,287.56
2-50-051-255 - Distrib. LNR-Other Mat and Supplies	1,541.24
2-50-051-420 - Distrib. LNR-Repairs	1,995.00
2-50-051-435 - Distrib LNR-Professional Testing Fees	5.78
2-50-051-610 - Distrib. LNR-Vehicle Usage	1,494.88
2-50-052-111 - Distrib. Tilley-Wages-Full Tim	6,529.61
2-50-052-130 - Distrib. Tilley-Benefits	1,696.74
2-50-052-255 - Distrib. Tilley-Other Mat and Supplies	1,200.67
2-50-052-435 - Distrib.Tilley-Professional Testing Fees	5.78
2-50-052-610 - Distrib. Tilley-Vehicle Usage	2,860.05
2-50-053-111 - Distrib. Scandia-Wages-Full Time	8,005.59
2-50-053-130 - Distrib. Scandia-Benefits	2,171.62
2-50-053-255 - Distrib. Scandia-Other Mat and Supplies	1,541.24
2-50-053-420 - Distrib. Scandia-Repairs	3,425.00
2-50-053-435 - Scandia-Professional Testing Fees	30.27
2-50-053-610 - Distrib. Scandia-Vehicle Usage	3,498.31
2-50-054-111 - Distrib. Rainier-Wages-Full Time	7,045.22
2-50-054-130 - Distrib. Rainier-Benefits	1,877.68
2-50-054-255 - Distrib. Rainier-Other Mat and Supplies	1,541.24
2-50-054-435 - Rainier-Professional Testing Fees	5.78
2-50-054-610 - Distrib. Rainier-Vehicle Usage	3,134.83
2-50-055-111 - Distrib. Brooks-Wages-Full Time	14,853.94
2-50-055-130 - Distrib. Brooks-Benefits	3,046.68
2-50-055-610 - Distrib. Brooks-Vehicle Usage	6,834.19
2-50-056-111 - Distrib. Rolling Hills-Wages-Full Time	7,971.31
2-50-056-130 - Distrib. Rolling Hills-Benefits	2,119.34
2-50-056-255 - Distrib.Rolling Hills-Other Mat and Supp	1,746.64
2-50-056-420 - Distrib. Rolling Hills-Repairs	6,624.38
2-50-056-435 - Rolling Hills-Professional Testing Fees	5.78
2-50-056-610 - Distrib. Rolling Hills-Vehicle Usage	3,401.30
2-60-062-111 - Distrib. Patricia-Wages-Full Time	7,041.02
2-60-062-130 - Distrib. Patricia-Benefits	1,813.02
2-60-062-255 - Distrib. Patricia-Other Mat and Supplies	1,541.24
2-60-062-435 - Patricia-Professional Testing Fees	5.78
2-60-062-610 - Distrib. Patricia-Vehicle Usage	3,075.66
2-65-001-111 - Dutchess/Patricia Area Wages Full-Time	14,940.68
2-65-001-130 - Dutchess/Patricia Area Benefits	3,694.05

2-65-001-255 - Duchess/Pat Area Other Material and Supp	1,208.06
2-65-001-420 - Duchess/Patricia Area Repairs	2,825.00
2-65-001-435 - Duchess/Patricia Area Proff Testing Fees	2,820.78
2-65-001-610 - Duchess/Patricia Area Vehicle Usage	6,513.13
2-65-003-111 - TilleyKinbrook Is Area Wages Full-Time	11,226.62
2-65-003-130 - Tilley/Kinbrook Is Area Benefits	2,910.94
2-65-003-255 - Tilley/Kinbrook Area Other Mat and Supp	1,208.06
2-65-003-420 - Tilley/ Kinbrook Is Area Repairs	3,471.50
2-65-003-435 - TilleyKinbrook Area Prof Testing Fees	5.78
2-65-003-610 - Tilley/Kinbrook Is Area Vehicle Usage	4,943.23
2-65-006-111 - Brooks West Wages Full-Time	13,035.41
2-65-006-130 - Brooks West Benefits	3,383.59
2-65-006-255 - Brooks Area Other Material/Supplies	1,220.82
2-65-006-435 - Brooks West Professional Testing Fees	5.78
2-65-006-610 - Brooks West Vehicle Usage	5,795.29
2-65-007-111 - Brooks North Wages Full-Time	13,170.24
2-65-007-130 - Brooks North Benefits	3,519.99
2-65-007-255 - Brooks North Other Material/Supplies	1,208.06
2-65-007-435 - Brooks Professional Testing Fees	5.78
2-65-007-610 - Brooks North Vehicle Usage	5,716.84
2-65-008-111 - Rain/Scan/Roll Hill Wages Full-Time	13,236.58
2-65-008-130 - Rainier/Scandia/Roll Hill Benefits	3,447.11
2-65-008-255 - Rainier/Scandia/Roll Hill Other Mat/Supp	1,208.06
2-65-008-420 - Rain/Scan/Roll Hill Area Repairs	5,236.76
2-65-008-435 - Rainier/Scan/ Roll HillArea Prof Testing	5.78
2-65-008-610 - Rainier/Scan/Roll Hi Area Vehicle Usage	5,690.35
2-65-009-111 - Bassano/Gem/Rose Area Wages Full-Time	17,832.19
2-65-009-130 - Bassano/Gem/Rosemary Area Benefits	4,453.90
2-65-009-255 - Bassano/Gem/Ros Area Other Material/Supp	1,561.31
2-65-009-420 - Bassano/Gem/Rosemary Area Repairs	3,063.50
2-65-009-435 - Bassano/Gem/Rose Area Prof Testing Fees	5.80
2-65-009-610 - Bassano/Gem/Rose Area Vehicle Usage	7,564.72
2-70-071-111 - WW Coll. LNR-Wages-Full Time	9,456.48
2-70-071-130 - WW Coll. LNR-Benefits	2,449.65
2-70-071-255 - WW Coll. LNR-Other Mat and Supplies	2,240.82
2-70-071-420 - WW Coll. LNR -Repairs	10,344.09
2-70-071-610 - WW Coll. LNR-Vehicle Usage	4,120.94
2-70-072-111 - WW Coll. Tilley-Wages-Full Time	5,612.12
2-70-072-130 - WW Coll. Tilley-Benefits	1,481.48
2-70-072-255 - WW Coll. Tilley-Other Mat and Supplies	9.39
2-70-072-420 - WW Coll. Tilley-Repairs	4,366.52
2-70-072-435 - WW Coll.Tilley-Professional Testing Fees	225.30
2-70-072-610 - WW Coll. Tilley-Vehicle Usage	2,465.23
2-70-073-111 - WW Coll. Scandia-Wages-Full Time	5,430.27
2-70-073-130 - WW Coll. Scandia-Benefits	1,494.47
2-70-073-255 - WW Coll. Scandia-Other Mat and Supplies	9.39
2-70-073-420 - WW Coll. Scandia-Repairs	3,250.73
2-70-073-610 - WW Coll. Scandia-Vehicle Usage	2,528.68
2-70-075-111 - WW Coll. Brooks-Wages-Full Time	3,798.41
2-70-075-130 - WW Coll. Brooks-Benefits	962.01
2-70-075-610 - WW Coll. Brooks-Vehicle Usage	1,559.61
2-70-076-111 - WW Coll. Rolling Hills-Wages-Full Time	4,764.75
2-70-076-130 - WW Coll. Rolling Hills-Benefits	1,317.65
2-70-076-255 - WW Coll. Rolling Hills-Other Mat and Sup	9.39
2-70-076-420 - WW Coll. Rolling Hills-Repairs	6,000.16
2-70-076-435 - WW Coll. Rolling Hills-Prof Testing Fees	25.73

Newell Regional Services

Report Date

Income Statement

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For the Period 1/01/2016 - 12/31/2016

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2-70-076-610 - WW Coll. Rolling Hills-Vehicle Usage	2,109.03	
2-80-082-111 - WW Coll. Patricia-Wages-Full Time	788.47	
2-80-082-130 - WW Coll. Patricia Benefits	226.55	
2-80-082-255 - WW Coll. Patricia-Other Mat and Supplies	9.78	
2-80-082-610 - WW Coll. Patricia-Vehicle Usage	356.82	
2-90-092-111 - Stm Water-Brooks-Wages-Fulltime	263.08	
2-90-092-130 - Stm Water-Brooks-Benefits	61.37	
2-90-092-610 - Stm Water-Brooks-Vehicle Usage	114.14	
Total Expenditures		\$2,483,844.20
Net Surplus (Deficit):		<u>\$317,169.22</u>