



Newell
REGIONAL SERVICES CORP.

2017 Annual Report



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August 14, 2018

Invitation to the Shareholders of Newell Regional Services Corporation

Notice of Annual General Meeting

Tuesday, September 18, 2018
@7p.m.

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, Tuesday, September 18, 2018

Brian Rollag,
General Manager



newELL
REGIONAL SERVICES CORP.

NEWELL REGIONAL SERVICES CORPORATION

Annual General Meeting
of the Shareholders

Tuesday, September 18, 2018
7:00pm

Heritage Inn, Brooks.

AGENDA

Call to Order	Chairman: Clarence Amulung
Introduction of the Board of Director's	Chairman: Clarence Amulung
Chairman's Report	
Minutes of the 2017 AGM	Chairman: Clarence Amulung
Annual Report Highlights	General Manager: Brian Rollag
Financial Statements	General Manager: Brian Rollag

Question Period

NRSC Board of Directors

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 a 5 year strategic business plan. In 2017 the Board oversaw the transfer of assets from the project with contributions from the County of Newell, City of Brooks and Government of Alberta, as well as the succession plan and preparation for the impending retirement of Ralph Havinga, the General Manager.

Directors approve water rates, budgets, wage rates, staffing levels and job descriptions. They also review 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.



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)

NRSC 2017 Chairman's Message

2017 was another milestone year for Newell Regional Services Corporation. It was a year where construction costs were finally reconciled and allocated. This resulted in the City of Brooks receiving \$6,119,782.74 and the County of Newell \$2,986,085.12 in preferred shares. In addition the province contributed \$43,323,674.81 to the total asset value of \$52,540,765.67. The difference in these totals is the small amount contributed by NRSC itself.

In addition it was also a year for record water sales and hence a healthy profit margin of \$837,710.67. With the additional volume our cost of production per cubic meter dropped close to \$.38 from around \$.42 over the last three years. This again emphasizes the correlation between volume and cost in this business and the advantages and the necessity of municipalities to pool their resources for efficient service delivery to their ratepayers. Yearend saw NRSC with \$247,851.32 in our current bank account and \$1,420,838.73 in our operating and capital reserves. Certainly a much better position than a number of years ago when it was necessary to borrow from our member municipalities to stay afloat. Speaking of which, 2017 was also the year the last of these loans were fully paid back.

Reserves in NRSC are necessary to safeguard against years where volume may be down or unforeseen expenses occur. We are fortunate to be drawing a high quality of raw water from Lake Newell that has extended our membranes' life as well as contributing to a lower operating cost. A major upkeep will happen in the next 5 to 10 years when it becomes necessary to replace the membranes and our present reserves are not sufficient to cover those costs. The board has thus seen fit to continue our policy of a yearly \$.05 increase in order to build up reserves as well as covering inflationary costs. The charge to our member municipalities for 2018 is \$.85 per cubic meter.

During the 2017 year, your Board has had 7 board meetings which compares to 9 in 2016. This number will most likely be reduced further in 2018. The luxury of being able to meet less frequently is due to continued confidence in our management and staff as well a sign of a maturing organization where unforeseen circumstances needing board direction are being minimized.

Civic elections in October of 2017 saw two of our past board members, Don Gibb representing Rosemary and Darren Drader representing Duchess, not seek re-election. On behalf of our Board and staff, I would like to acknowledge and thank both of these gentlemen for their commitment and contributions to NRSC. Joining our Board now from Rosemary is Bill Marshall and from Duchess is Deborah Reid-Mickler.

The health of our general manager, Ralph Havinga who has been with us since the inception of NRSC, continued to be a concern in 2017 and accelerated the planned transition of his role to Brian Rollag in full by mid December. The transition was smooth and seamless and the performance of NRSC was not affected. A big thank you to all staff but mostly Brian, Kole and Theresa for leading and embracing the transition. We would be amiss in not recognizing Ralph for preparing and guiding all concerned to be up to this challenge.

Ralph's leadership in the formation and evolvement of NRSC to its present state is immeasurable. Keeping first six and later five municipalities focused and working to a common goal from scratch is a challenging and sometimes disheartening task. Through it all, Ralph remained positive, focused and driven. Those attributes along with his knowledge have been instrumental in the NRSC we have today. For that we are truly thankful.

On behalf of the NRSC Board,
Clarence Amulung

Newell Regional Services Corporation
Annual General Meeting
Of the Shareholders
Wednesday, September 20, 2017
7:00pm
Heritage Inn, Brooks, AB

The Newell Regional Services Corporation Annual Meeting was held at the Heritage Inn, on September 20th, 2017 commencing at 7:00 p.m.

Members Present: See Attached

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

1) **Call to Order**

Chairman C. Amulung called the meeting to order at 7:01 p.m.

2) **Chairman's Report**

C. Amulung began with introducing his fellow Board members. He said 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 communities. 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. C. Amulung went on to say that even tho the main physical part of NRSC is now 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 revitalized strategic plan. With the help of Contigo Business Services, a strategic plan was initiated in 2015 and completed in 2016. The plan identified 7 Strategic priorities:

1. Develop a closer relationship with the municipal partners
2. Ensure 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 encourage involvement of the key stakeholders to achieve overall organizational goals and objectives
7. Considering new business opportunities

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 in 2016. C. Amulung also acknowledged the members of the Board who will not be returning next year. D. Gibb and D. Drader will not be seeking re-election. R. Havinga will also be retiring early in the New Year. C. Amulung on behalf of himself and his fellow Board members wished them all the best in their future endeavors.

Minutes from September 20, 2016 meeting

Moved by K. Christman and Seconded by G. Simpson that the minutes of the September 20th, 2016 meeting be accepted.

Carried

3) Annual Report Highlights – Brian Rollag

B. Rollag presented a slide show of 2016 in review. Some of the highlights were:

- Sold 3,005,681 m³ of water in 2016
- Completion of the 5 year Strategic Plan
- Contributed 600 hrs. for a practicum student towards achieving their certificate at NAIT
- Completion of the County Rural Water system with the last area to be completed in Gem
- Peak water production for 2016 was 15,659 m³ on June 7
- Cost of Water for 2016 was \$0.45. This includes labor, chemical costs, power, gas, telecommunications, repairs to the Water Treatment Plant and administrative costs.
- 21,951 hours worked in 2016 to accomplish all NRSC tasks from operations to administration
- Operators drive over 40,000 km's per year
- Operators performed over 9360 field water tests
- The project has been completed and the Reconciliation paper work has been submitted to Alberta Transportation
- On June 24, 2016 a lightning strike damaged the Water Treatment Plant. An Insurance claim took care of most of the damages.
- Purchased WaterTraxx software for asset maintenance and data collection

4) Financial Statements (Power Point Presentation) – Brian Rollag

The Administrative Manager B. Rollag gave a presentation on the Financial Statements of 2016. He gave a brief overview of what NRSC had accomplished in 2016.

Some of the highlights were:

- Audit performed by KPMG
- Total Revenue was \$2,949,826.00
- Combined asset value of \$5,240,459.00
- Net book value of property, plant and equipment was \$3,595,177.00
- Total expenses for 2016 was \$2,688,675.00
- Total current and long term liability at the end of 2016 was \$500,630.00
- Current outstanding debt was \$235,714.00
- Accounts Payable and accrued liabilities totaled \$ 264,916.00 at year end
- NRSC saved \$257,844.00 for future capital expenditures
- Total cash in reserve as of December 31st, 2016 was \$860,237.56
- Currently have \$5,035,214.00 in outstanding shares
- Total cash at year end was \$325,194.00
- Utilities expenses for 2016 were \$360,884.00
- Earned \$8600.00 in interest

5) Question Period: B. Rollag opened the floor for questions:

1.) K. Stephenson inquired if NRSC has a Drought Management Plan in place. B. Rollag said we are currently following the plan EID has in place. R. Havinga said he was the one that was working on an Emergency Response Plan and Drought is part of it. Part of NRSC's response plan will work with the communities because they will need their own emergency response plan. He said it would happen over a period of time and the Province of Alberta would be issuing warnings concerning water supply and would be advising communities on levels of response. R. Havinga said in the case of long term disaster, water for drinking purposes would be required. NRSC has no jurisdiction or authority to declare a state of emergency or dictates who uses water. All the municipalities will have to work together with EID and the Province.

2.) B. deJong asked B. Rollag to share with the room some of the details why our water was such good quality and how it has affected operations in our plant.

B. Rollag responded that the biggest advantage was we pull out of a reservoir. Its sitting water, so water over time has a chance to settle. There is not much turbidity in the water when we pull in into our system right from the beginning. Because of the high quality of water from Lake Newell it is extending the life of the membranes at the plant. Basically it's a lake and not a moving body of water is the reason the water is such good quality.

5) Adjournment

Meeting is adjourned at 7:33 p.m.

Carried

Brian Rollag
General Manager
Newell Regional Services Corporation

Theresa Drake
Recording Secretary
Newell Regional Services Corporation

DRAFT



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**Annual General
Meeting of the Shareholders
September 20, 2017**

Sign in Sheet

Name	Municipality
BRIAN de JONG	county of Newell
DAN KLEIN	CITY OF BROOKS
R. Haringa	NRSC
H. Jones	Bassano.
Therese Drake	NRSC
Clarence Amulung	NRSC
Don Gibb	Rosemary
Kevin Stephenson	County
Brian Rollag	NRSC
Bill Marshall	Rosemary
Yvonne Cook	Hutchins
Kelly Christman	Newell
Yoko Fujimori	ROSEMARY
Coed Simpson	NEWELL
Bill Portno	City of Brooks

Ane Marie Philipsen

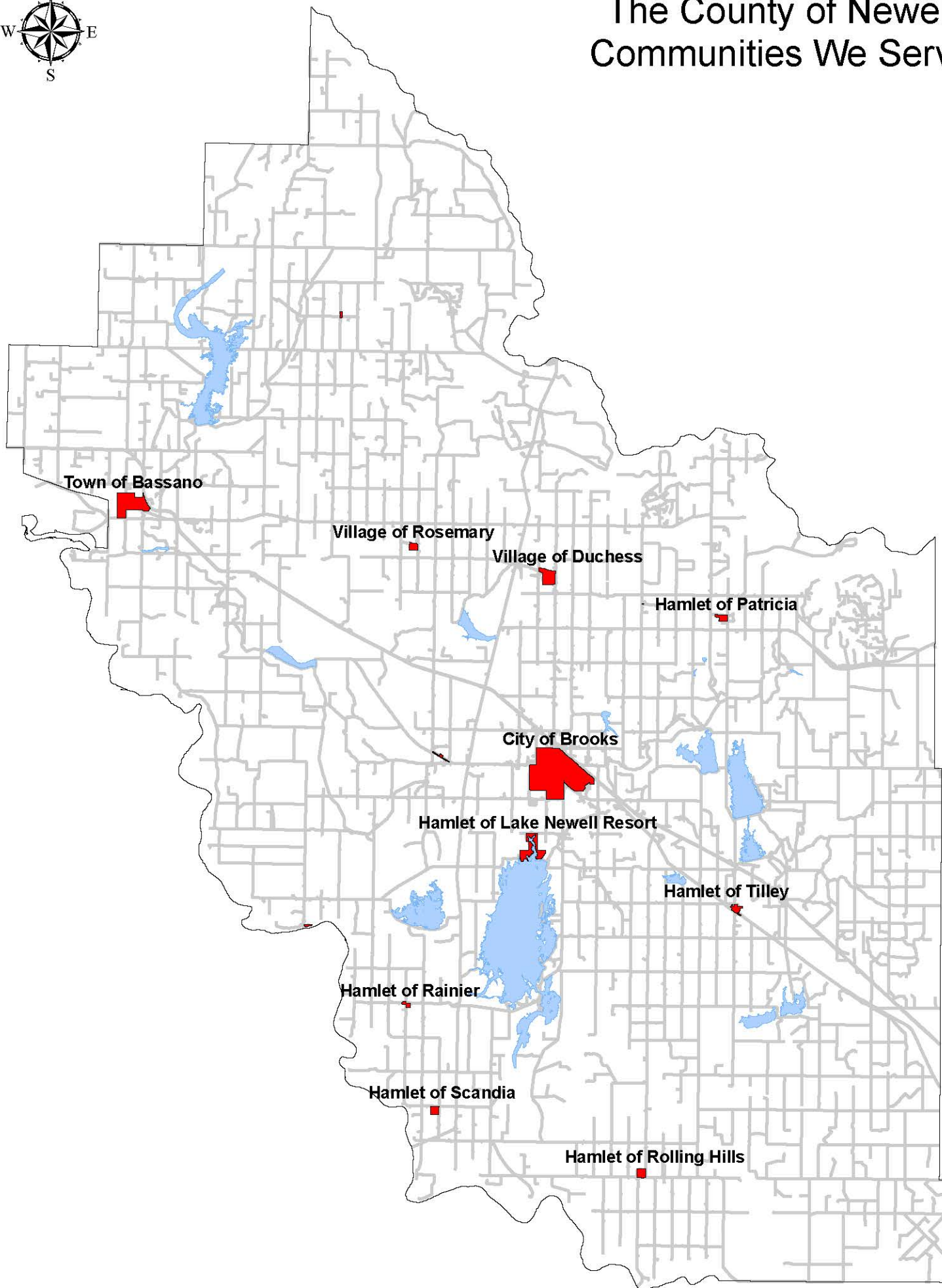
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Geoff Tiffin.

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The County of Newell Communities We Serve



2017 Review

2017 AT A GLANCE...

Peak day water production for
2017 was 21,532m³ on July 17

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



Sold 3,385,155m³ of water in 2017

Cost of water for 2017 year was \$0.37 per cubic meter. This
in-cludes labor, chemical costs, power, gas,
telecommunications, repairs to the Water Treatment Plant and
administration costs

Percentage of Water Consumption per Municipality



	2013		2014		2015		2016		2017	
	m3	%	m3	%	m3	%	m3	%	m3	%
Brooks	2,585,367	85.02%	2,367,353	80.77%	2,411,745	73.80%	2,143,832	71.33%	2,433,619	71.91%
Brooks TF	108,825	3.58%	101,727	3.47%	73,472	2.25%	39,856	1.33%	36,936	1.09%
LNR	26,121	0.86%	25,051	0.85%	25,365	0.78%	27,864	0.93%	30,591	0.90%
Tilley	50,073	1.65%	45,516	1.55%	51,741	1.58%	44,495	1.48%	45,366	1.34%
Rainier	7,553	0.25%	6,213	0.21%	9,222	0.28%	5,276	0.18%	4,860	0.14%
Scandia	53,280	1.75%	55,096	1.88%	37,352	1.14%	12,319	0.41%	11,341	0.34%
Rolling Hills	23,765	0.78%	23,733	0.81%	19,696	0.60%	19,984	0.66%	22,054	0.65%
Patricia	20,186	0.66%	18,325	0.63%	16,270	0.50%	13,312	0.44%	14,994	0.44%
Duchess	125,277	4.12%	180,717	6.17%	187,460	5.74%	164,927	5.49%	182,393	5.39%
Rosemary	-	0.00%	5,923	0.20%	30,335	0.93%	22,647	0.75%	27,760	0.82%
Bassano	-	0.00%	-	0.00%	190,500	5.83%	245,911	8.18%	259,527	7.67%
Rural Total	40,394	1.33%	101,245	3.45%	214,723	6.57%	265,258	8.83%	314,828	9.30%
Total	3,040,841	100.00%	2,930,899	100.00%	3,267,881	100.00%	3,005,681	100.00%	3,384,269	100.00%

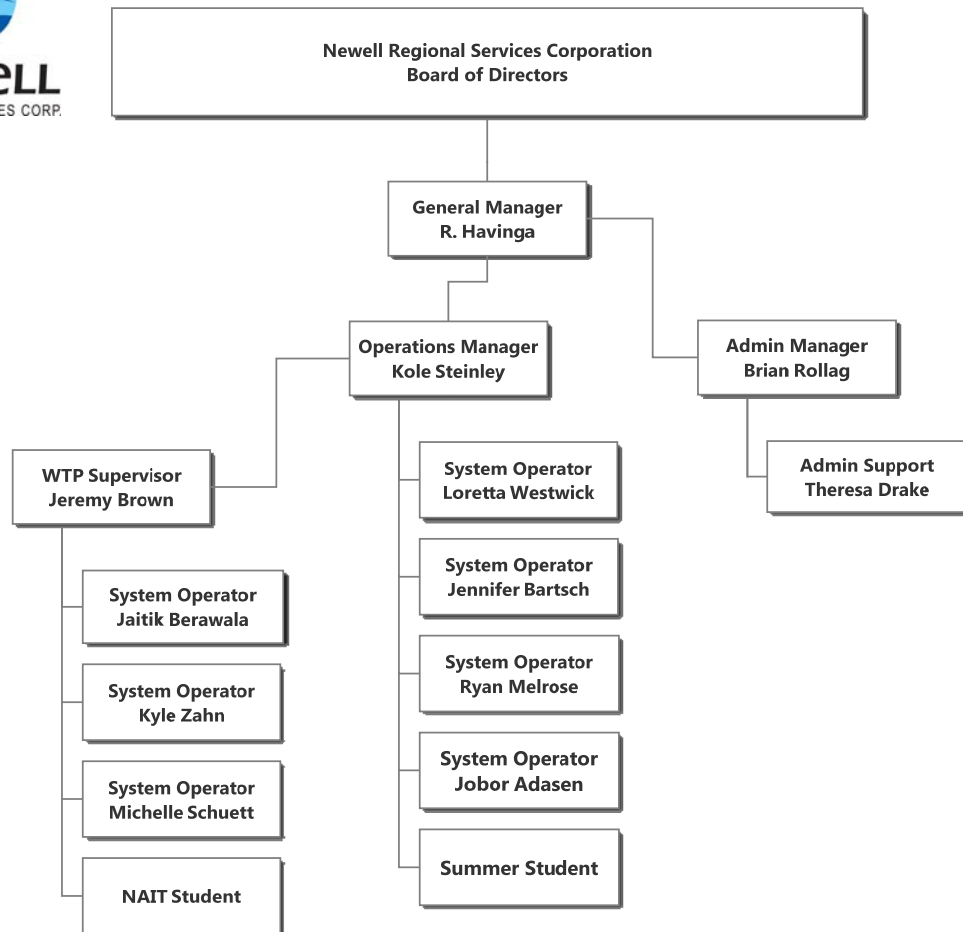
Brooks	88.60%	84.24%	76.05%	72.65%	73.00%
County - Hamlets	5.95%	5.93%	4.89%	4.10%	3.82%
County - Rural	1.33%	3.45%	6.57%	8.83%	9.30%
Village of Duchess	4.12%	6.17%	5.74%	5.49%	5.39%
Village of Rosemary	0.00%	0.20%	0.93%	0.75%	0.82%
Town of Bassano	0.00%	0.00%	5.83%	8.18%	7.67%

Raw Water Summary



*View from inside the
Raw Water
Pump house located
at Lake Newell.*

Raw Water Summary - 2017		
	Allocation (m3)	Actual (m3)
City of Brooks	8,080,152	2,470,555
County of Newell		
Lake Newell Resort	502,857	30,591
Rainier	12,571	4,860
Scandia	49,028	11,341
Rolling Hills	52,780	22,054
Patricia	33,943	14,994
Tilley	139,542	45,366
Rural	1,110,134	314,828
Village of Duchess	320,835	182,393
Village of Rosemary	74,008	27,760
Town of Bassano	840,000	259,527



-23,479 hours worked in 2017 to accomplish all NRSC tasks from operations to administration.

-Operators drive over 40,000km per year.

-NAIT Water and Wastewater Technician Program Practicum student gains 600 hours of real world experience at NRSC.

-Over 9300 field water quality tests performed in 2017 to ensure the quality of potable water.

-Ralph Havinga, General Manager retired at the end of 2017. Replaced by Brian Rollag.

Other Highlights from 2017:

In 2017 we completed the asset reconciliation with the Province of Alberta and transferred assets from the County of Newell and City of Brooks to Newell Regional Services Corporation. The total cost of the project to construct the Water Treatment Plant and the Transmission Mains that supply Towns, Villages, Hamlets and Rural Area customers was \$52,429,515. Preferred shares were issued to the City of Brooks in the amount of \$6,119,782 and the County of Newell in the amount of \$2,986,058 for their contribution to Newell Regional Services Corporation. All assets produced by the project are now under the ownership of NRSC.

In December of 2017 the General Manager, Ralph Havinga retired. The Board of Directors had a succession plan in place and Brian Rollag replaced Ralph on December 18th. Ralph Havinga was instrumental in the development of Newell Regional Services Corporation. He oversaw the completion of the project and the setup of the Corporation at its very beginnings. Toward the end of his time at NRSC he worked hard to ensure that the corporation would be sustainable and that succession planning was in place so the corporation was set up for future success.

Completion of Water Trax data management software. This project took considerable amount of effort and time to complete as every testing parameter and each location had to be populated into the Water Trax software. This software has made the access and analysis of data much more readily available with improved data collection available electronically instead of paper record collection that we previously used.

We retired the debt owed to the County of Newell as per our agreement. In 2017 we paid \$235,715 to clear this liability to the County of Newell off our Balance Sheet. This loan was originally provided by the County of Newell to NRSC to cover the cost of operating the corporation in the early days of NRSC. At that time NRSC did not have the funds to maintain operations due to its recent inception. The City of Brooks and County of Newell provided loans to NRSC to see us through those difficult times. The debt to the City of Brooks was paid in full prior to 2017.

2017 Audited Financial Statements

Financial Statements of

**NEWELL REGIONAL
SERVICES CORPORATION**

Year ended December 31, 2017



KPMG LLP
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Canada
Tel 403-380-5700
Fax 403-380-5760

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, 2017, the statements of earnings and retained earnings 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.



In our opinion, the financial statements present fairly, in all material respects, the financial position of Newell Regional Services Corporation as at December 31, 2017, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants

May 30, 2018
Lethbridge, Canada

NEWELL REGIONAL SERVICES CORPORATION

Balance Sheet

December 31, 2017, with comparative information for 2016



	2017	2016
Assets		
Current assets:		
Cash	\$ 248,107	\$ 325,194
Trade accounts receivable	235,059	240,214
Goods and services tax recoverable	9,365	10,421
Inventory	107,924	99,780
Prepaid expenses	52,088	47,208
	652,543	722,817
Cash - held in reserve	1,420,839	911,327
Patronage reserve, at cost	12,193	11,138
Property, plant and equipment (note 2):		
Property, plant and equipment	56,915,181	4,315,424
Less accumulated amortization	979,596	720,247
	55,935,585	3,595,177
	<u>\$ 58,021,160</u>	<u>\$ 5,240,459</u>

Liabilities and Shareholders' Equity

Current liabilities:		
Accounts payable and accrued liabilities (note 3)	\$ 244,666	\$ 264,916
Current portion of long-term debt	-	235,714
	244,666	500,630
Deferred revenue (note 4)	43,093,114	-
Shareholders' equity:		
Share capital (note 5)	14,141,054	5,035,214
Retained earnings (deficit)	542,326	(295,385)
	14,683,380	4,739,829
Commitments (note 10)		
	<u>\$ 58,021,160</u>	<u>\$ 5,240,459</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 Retained Earnings

Year ended December 31, 2017, with comparative information for 2016

	2017 Budget (Unaudited)	2017 Actual	2016 Actual
Revenue:			
Water supply	\$ 2,933,120	\$ 2,862,803	\$ 2,417,400
Waste water	78,225	75,003	81,993
Operating recovery	418,478	551,751	450,433
Capital contributions	-	230,560	-
	3,429,823	3,720,117	2,949,826
Operating expenses:			
Salaries, wages and benefits	769,369	678,767	584,107
Utilities	397,107	413,881	360,884
Contract services	208,850	249,863	286,849
Chemicals	175,000	117,198	138,722
Automotive	258,450	241,350	261,241
Repairs and maintenance	86,200	134,980	95,202
Supplies	73,130	116,135	74,455
Telecommunications	15,600	16,078	13,829
Testing	14,800	7,503	6,755
Amortization	510,000	340,233	93,608
	2,508,506	2,315,988	1,915,652
	921,317	1,404,129	1,034,174
Administrative expenses (Schedule)	633,132	633,414	773,023
Earnings before the undernoted items	288,185	770,715	261,151
Other income:			
Gain on disposal of property, plant and equipment	-	39,454	-
Interest income	8,000	10,497	8,600
Other income (note 6)	26,225	17,045	46,209
	34,225	66,996	54,809
Net earnings	322,410	837,711	315,960
Deficit, beginning of year	(295,385)	(295,385)	(611,345)
Retained earnings (deficit), end of year	\$ 27,025	\$ 542,326	\$ (295,385)

See accompanying notes to financial statements.

NEWELL REGIONAL SERVICES CORPORATION

Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operations:		
Net earnings	\$ 837,711	\$ 315,960
Item not involving cash:		
Amortization	341,429	94,804
Capital contributions	(230,560)	-
Gain on disposal of property, plant and equipment	(39,454)	-
Change in non-cash operating working capital:		
Accounts receivable	5,155	(47,947)
Goods and services tax recoverable	1,056	1,133
Inventory	(8,144)	15,185
Prepaid expenses	(4,880)	(7,390)
Accounts payable and accrued liabilities	(20,250)	(37,539)
	882,063	334,206
Financing:		
Repayment of long-term debt	(235,714)	(78,571)
Investing:		
Purchase of property, plant and equipment	(270,497)	(5,953)
Proceeds on disposal of property, plant and equipment	57,628	-
Increase in cash held in reserve	(509,512)	(257,844)
Increase in patronage reserve	(1,055)	(1,280)
	(723,436)	(265,077)
Decrease in cash	(77,087)	(9,442)
Cash, beginning of year	325,194	334,636
Cash, end of year	\$ 248,107	\$ 325,194
Non-cash transactions related to financing and investing activities:		
Contributed assets	(52,429,514)	-
Deferred revenue	43,323,674	-
Issuance of share capital	9,105,840	-
	-	-

See accompanying notes to financial statements.

NEWELL REGIONAL SERVICES CORPORATION

Notes to Financial Statements

Year ended December 31, 2017

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, 2017

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.

Contributions related to capital expenditures or contributions in-kind are deferred and amortized to income over the life of the related assets.

(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, 2017

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, 2017

2. Property, plant and equipment:

			2017	2016
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 615,534	\$ -	\$ 615,534	\$ 615,534
Buildings	28,038,491	674,726	27,363,765	2,544,384
Water mains and pipeline	28,000,782	138,048	27,862,734	391,416
Automotive	248,416	157,256	91,160	40,256
Office equipment	11,958	9,566	2,392	3,587
	\$ 56,915,181	\$ 979,596	\$ 55,935,585	\$ 3,595,177

Amortization for the year amounted to \$341,429. This is composed of \$340,233 (2016 - \$94,804) relating to operating activities and \$1,196 (2016 - \$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:

	2017	2016
Trade and other payables	\$ 219,259	\$ 240,330
Government remittances	25,407	24,586
	\$ 244,666	\$ 264,916

4. Deferred revenue:

Deferred revenue represents the portion of the water treatment plant project contributed to the Company for which grant funding was received on its behalf. The contributions are being deferred and recognized as revenue over the life of the related assets.

	2017	2016
Balance, beginning of year	\$ -	\$ -
Contributions received	43,323,674	-
Capital contributions recognized as revenue	(230,560)	-
Balance, end of year	\$ 43,093,114	\$ -

NEWELL REGIONAL SERVICES CORPORATION

Notes to Financial Statements

Year ended 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:

	2017	2016
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
11,070.749 Class G preferred shares, non-voting (\$11,070,749 in aggregate)	11,070,749	4,950,966
3,070.235 Class H preferred shares, non-voting (\$3,070,235 in aggregate)	3,070,235	84,178
	\$ 14,141,054	\$ 5,035,214

In the current year, the Company issued 6,119.78274 (\$6,119,783 in aggregate) Class G preferred shares to the City of Brooks and 2,986.05812 (\$2,986,058 in aggregate) Class H preferred shares to the County of Newell, related to their respective contributions of the water treatment plant assets.

6. Other income:

	2017	2016
Other	\$ 5,476	\$ 6,822
Truck fill	11,569	17,443
Insurance proceeds	-	21,944
	\$ 17,045	\$ 46,209

NEWELL REGIONAL SERVICES CORPORATION

Notes to Financial Statements

Year ended December 31, 2017

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:

	2017	2016
City of Brooks	\$ 29,689	\$ 27,024
Village of Dutchess	-	2,366
Village of Rosemary	5,473	-
County of Newell	3,984	833
Town of Bassano	177	3,332
	<u>\$ 39,323</u>	<u>\$ 33,555</u>

Accounts receivable includes the following amounts:

	2017	2016
City of Brooks	\$ 126,259	\$ 117,071
Village of Rosemary	1,013	1,001
Village of Dutchess	7,004	7,302
Town of Bassano	10,375	12,502
County of Newell	74,409	87,723
	<u>\$ 219,060</u>	<u>\$ 225,599</u>

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

	2017	2016
City of Brooks	\$ 2,145,816	\$ 1,787,382
Village of Rosemary	22,208	16,985
Village of Dutchess	247,673	218,812
Town of Bassano	296,976	246,273
County of Newell	602,547	498,134
	<u>\$ 3,315,220</u>	<u>\$ 2,767,586</u>

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, 2017

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, 2017, trade accounts receivable include approximately \$200,668 (2016 - \$204,795) due from 2 customers (2016 - 2), representing approximately 86% (2016 - 85%) 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 2016.

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.

10. Commitments:

- (a) The Company is committed to paying \$1,228 monthly towards an equipment lease and servicing fee agreement with Air Liquide Canada Inc. which expires in 2018.
- (b) The company has signed a contract with Alberta Municipal Services Corporation and TransAlta Energy Marketing Corp. that locks in the rate for their electricity and natural gas which expires December 31, 2018.

NEWELL REGIONAL SERVICES CORPORATION

Notes to Financial Statements

Year ended December 31, 2017

11. 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 253,862 people and about 417 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% (2016 - 11.39%) of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings ("YMPE") and 15.84% (2016 - 15.84%) for the excess. Employees are required to make current service contributions of 10.39% (2016 - 10.39%) of YMPE plus 14.84% (2016 - 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 2017 were \$91,616 (2016 - \$92,272). Total current and past service contributions by the employees of Newell Regional Services Corporation to the LAPP in 2017 were \$84,395 (2016 - \$84,944).

At December 31, 2016, the LAPP disclosed an actuarial deficiency of \$637 million.

12. 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% (2016 - 2.84%) and 3.78% (2016 - 3.78%) respectively of pensionable earnings up to \$145,722 (2016 - \$145,722).

Total current service contributions by the Company to APEX in 2017 were \$9,774 (2016 - \$9,187). Total current service contributions by the employees of the Company were \$7,343 (2016 - \$7,622).

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

Notes to Financial Statements

Year ended December 31, 2017

13. 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, 2017, with comparative information for 2016

	2017 Budget (Unaudited)	2017 Actual	2016 Actual
Salaries, wages and benefits	\$ 381,155	\$ 390,539	\$ 483,836
Professional fees	25,000	18,165	17,486
Insurance	25,041	27,051	27,681
Travel	31,000	33,367	42,402
Office supplies	18,176	18,793	20,455
Computer software and support	60,000	67,310	46,586
Telephone	25,000	26,814	29,941
Workers' Compensation	8,260	10,852	6,975
Repairs and maintenance	27,500	12,423	70,306
Training	26,750	25,316	22,311
Advertising	2,500	767	3,013
Bank charges and interest	1,550	821	835
Amortization	1,200	1,196	1,196
	\$ 633,132	\$ 633,414	\$ 773,023

ASSETS

3-10-000-113 - Petty Cash	250.01
3-10-000-120 - Chinook Credit Union	247,851.32
3-10-000-121 - Chinook Credit Union Share Acc	6.10
3-10-000-122 - Capital Reserve	1,370,585.82
3-10-000-123 - Operational Reserve	50,252.91
3-10-000-210 - Accounts Receivable	55,810.33
3-10-000-215 - Utilities Receivable	178,879.75
3-10-000-220 - Co-Op Equity	12,192.52
3-10-000-230 - Gst Due From Revenue Canada	8,929.64
3-10-000-234 - GST Rebate-Paid	435.49
3-10-000-237 - Federal tax refund	369.09
3-10-000-310 - Prepaid Expenses	52,087.73
3-10-000-320 - Chemical Inventory	49,843.36
3-10-000-330 - Trans. Main Inventory	19,245.99
3-10-000-340 - WTP Inventory	32,758.30
3-10-000-350 - Meter Inventory	6,075.88
3-11-010-605 - Vehicles	248,415.76
3-11-010-615 - Office Equipment	11,958.00
3-11-011-620 - Wtp - Structures	8,865,030.62
3-11-011-630 - Wtp - Mechanical	3,262,716.59
3-11-011-640 - Wtp - Electrical	10,507,254.26
3-11-011-650 - Wtp - Land	615,256.00
3-11-014-620 - Raw Water Pump Hse. - Structures	387,313.40
3-11-014-630 - Raw Water Pump Hse. - Mechanical	392,622.15
3-11-014-640 - Raw Water Pump Hse. - Electrical	218,123.41
3-11-014-650 - Raw Water Pump Hse. - Land	46.00
3-11-015-620 - Lnr - Structures	342,619.13
3-11-015-630 - Lnr - Mechanical	178,166.66
3-11-015-640 - Lnr - Electrical	140,586.21
3-11-016-620 - Rosemary Booster Station - Structures	246,559.33
3-11-016-630 - Rosmary Booster Station - Mechanical	106,931.16
3-11-016-640 - Rosemary Booster Station - Electrical	279,494.26
3-11-021-660 - Mains and Serv. - Contrib.	431,709.33
3-11-021-665 - Mains and Services	27,569,072.20
3-11-022-620 - Meter Vaults - Structures	444,351.15
3-11-032-620 - Tilley - Structures	131,930.16
3-11-032-630 - Tilley - Mechancial	63,152.64
3-11-032-640 - Tilley - Electrical	49,831.93
3-11-032-650 - Tilley - Land	231.55
3-11-033-620 - Scandia - Structures	157,993.08
3-11-033-630 - Scandia - Mechanical	82,158.57
3-11-033-640 - Scandia - Electrical	64,828.97
3-11-034-620 - Rainier - Structures	155,118.13
3-11-034-630 - Rainier - Mechanical	80,663.57
3-11-034-640 - Rainier - Electrical	63,649.30
3-11-036-620 - Rolling Hills - Structures	169,247.41
3-11-036-630 - Rolling Hills - Mechanical	88,010.98
3-11-036-640 - Rolling Hills - Electrical	69,446.95
3-11-041-620 - Duchess - Structures	336,879.75
3-11-041-630 - Duchess - Mechanical	158,005.35
3-11-041-640 - Duchess - Electrical	114,864.67
3-11-042-620 - Patricia - Structures	76,268.18
3-11-042-630 - Patricia - Mechanical	29,727.62
3-11-042-640 - Patricia - Electrical	111,942.15

Newell Regional Services

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Balance Sheet

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3-11-044-620 - Bassano - Structures	351,416.95	
3-11-044-630 - Bassano - Mechanical	196,884.46	
3-11-044-640 - Bassano - Electrical	114,702.20	
3-12-000-605 - Accum. Amortization - Vehicles	(157,256.47)	
3-12-000-615 - Accum Amortization - Office Equipment	(9,566.40)	
3-12-000-620 - Accum. Amortization - Structures	(672,861.47)	
3-12-000-670 - Accum Amortization - Mains & Services	(138,048.04)	
3-12-032-621 - Accum. Amort.- Tilley- Structure	(1,864.94)	
Total Assets		58,021,157.11
LIABILITIES		
4-10-000-100 - Receiver Gen. Payable	15,858.86	
4-10-000-101 - Lapp-Payable	7,599.04	
4-10-000-103 - Benefits Payable	(111.08)	
4-10-000-109 - Vacation Pay-Payable	23,812.23	
4-10-000-113 - Sick Pay Accrued	54,508.02	
4-10-000-114 - Apex Option 1	(372.52)	
4-10-000-120 - Water Haulers Security Deposits	17,000.00	
4-10-000-270 - Accounts Payable	108,780.78	
4-10-000-280 - Accrued Liabilities	17,587.11	
4-11-010-360 - Deferred Asset Revenue	43,093,114.35	
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	11,070,748.65	
4-25-000-125 - Preferred Shares-Class "h" -CON	3,070,235.77	
Total Liabilities		57,478,831.21
SURPLUS		
5-00-000-901 - Current Years Surplus	(295,384.77)	
Net Surplus (Deficit):	837,710.67	
Total Surplus		542,325.90
Total Liabilities and Surplus		58,021,157.11

REVENUE

1-41-001-120 - Lake Newell Resort	\$24,472.80
1-41-001-125 - Tilley	36,292.80
1-41-001-130 - Scandia	9,072.80
1-41-001-135 - Rainier	3,888.00
1-41-001-136 - Rainier Truck Fill	708.80
1-41-001-140 - Brooks	1,924,053.12
1-41-001-141 - Brooks Truck Fill	29,548.80
1-41-001-145 - Rolling Hills	17,643.20
1-41-001-150 - Duchess	145,914.40
1-41-001-155 - Patricia	11,995.20
1-41-001-160 - Rosemary	22,208.00
1-41-001-165 - Bassano	207,621.60
1-41-001-405 - Duchess/Patricia Area	62,757.76
1-41-001-415 - Tilley/Kinbrook Island Area	20,545.92
1-41-001-430 - Brooks West	61,844.88
1-41-001-435 - Brooks North	26,560.08
1-41-001-440 - Rainier/Scandia/Rolling Hills Area	38,489.84
1-41-001-445 - Bassano/Gem/Rosemary Area	44,848.95
1-41-002-120 - Lake Newell Resort Distrib.	22,237.95
1-41-002-125 - Tilley Distrib.	80,930.71
1-41-002-130 - Scandia Distrib.	40,795.89
1-41-002-135 - Rainier Distrib.	38,270.75
1-41-002-140 - Brooks Distrib.	37,108.00
1-41-002-141 - Brooks Truckfill Repairs	6,512.45
1-41-002-142 - Bassano Truckfill Repairs	1,551.90
1-41-002-145 - Rolling Hills Distrib.	74,681.87
1-41-002-155 - Patricia Distrib.	50,582.65
1-42-001-120 - Lake Newell Resort Coll.	28,536.90
1-42-001-125 - Tilley Ww Coll.	11,514.30
1-42-001-130 - Scandia Ww Coll.	9,321.90
1-42-001-140 - Brooks Ww Coll.	5,868.10
1-42-001-145 - Rolling Hills Ww Coll.	16,412.55
1-42-001-155 - Patricia Ww Coll.	3,349.50
1-44-001-840 - Brooks Truck Fill Billing	2,961.74
1-44-001-841 - County of Newell Truck Fill Billing	359.35
1-44-001-842 - Bassano Truck Fill Billing	183.41
1-44-001-875 - Interest Income	10,497.24
1-44-001-880 - Refunds-Rebates	2,153.33
1-44-001-890 - Other Revenues	2,610.03
1-44-001-895 - Gain/Loss of Property and Equipment	39,454.00
1-44-001-900 - Penny Rounding	0.17
1-44-001-950 - Contributed Asset Recognized Revenue	230,560.46
1-45-001-140 - Brooks Stm	712.95
1-65-001-405 - Duchess/Patricia Area Dist Rural Water	39,001.20
1-65-003-415 - Till/ Kinbrook Is. Area Dist Rural Water	33,569.55
1-65-006-430 - Brooks West Dist Rural Water	25,165.35
1-65-007-435 - Brooks North Dist Rural Water	35,667.45
1-65-008-440 - Rain/Scan/RollHill Area Dist Rural Water	29,233.47
1-65-009-445 - Bassano/Gem/Rose Area Dist Rural water	44,505.90

Total Revenue

\$3,612,777.97

EXPENDITURES

2-01-000-110 - Admin.-Salaries	\$241,005.38
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Newell Regional Services

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Income Statement

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2-01-000-111 - Admin.-Wages-Full Time	51,502.87
2-01-000-114 - Admin.-Director's Remuneration	21,000.00
2-01-000-130 - Admin.-Benefits	73,299.73
2-01-000-140 - Admin.-Conferences/Education	18,276.58
2-01-000-145 - Admin.-Travel & Subsistence	21,712.61
2-01-000-150 - Admin.-Memberships & Dues	3,755.24
2-01-000-154 - Admin.-Employee Recognition	3,730.81
2-01-000-157 - Admin.-WCB	10,851.93
2-01-000-161 - Operations Wages- Unallocated	68,104.58
2-01-000-163 - Operations Unallocated Costs	(1,281.88)
2-01-000-210 - Admin.-Postage/Courier	2,491.96
2-01-000-215 - Admin.-Advertising/ Subscripti	767.16
2-01-000-220 - Admin.-Computer Software	1.29
2-01-000-225 - Admin- Software Renewals and Maint.	41,816.27
2-01-000-230 - Admin.-Office Supply	8,381.39
2-01-000-232 - Computer Purchases	2,534.89
2-01-000-235 - Admin.-Office Furniture	1,208.97
2-01-000-245 - Admin.-Entertainment-Meals	4,357.65
2-01-000-250 - Admin.-Governance Costs	7,296.78
2-01-000-260 - Admin.-Photocopy	2,956.88
2-01-000-325 - Admin.-Telecommunications	26,813.81
2-01-000-405 - Outsource-Accounting/Finance	14,285.00
2-01-000-410 - Outsource-Legal	3,880.47
2-01-000-445 - Outsource-IT Services	14,135.68
2-01-000-455 - Outsource-Engineering	8,821.50
2-01-000-460 - Admin-Insurance	27,050.93
2-01-000-905 - Bank Payment Charges	762.32
2-01-000-910 - Admin.-Service & Interest Char	58.62
2-01-000-925 - Amortization Expense	304,561.85
2-01-000-930 - Admin- Amortization	1,195.80
2-10-011-111 - WTP-Wages-Full Time	195,799.21
2-10-011-112 - WTP-Wages-Part Time	13,927.44
2-10-011-130 - WTP- Benefits	32,431.23
2-10-011-155 - WTP-Clothing&Coverals	6,832.34
2-10-011-156 - WTP- Safety & Training	7,039.46
2-10-011-205 - WTP-Safety Supply	4,115.12
2-10-011-207 - WTP-Janitorial Supply	4,063.06
2-10-011-254 - Operations-Small Tools	3,053.59
2-10-011-255 - WTP-Other Mat and Supplies.	23,207.06
2-10-011-260 - WTP- Small Tools	1,544.44
2-10-011-305 - WTP-Cost Of Water-EID	71,199.49
2-10-011-310 - WTP-Power	227,821.11
2-10-011-315 - WTP-Gas	39,275.88
2-10-011-320 - WTP-Solid Waste	675.42
2-10-011-325 - WTP- Telecommunications	3,003.74
2-10-011-405 - WTP-Outsource-Proff Testing Fees	6,262.36
2-10-011-436 - WTP- Mechanical	37,825.06
2-10-011-437 - WTP- Electrical	12,386.89
2-10-011-438 - WTP- Instrumentation	19,897.11
2-10-011-439 - WTP- Scada	26,538.32
2-10-011-440 - WTP- Misc Contract Services	14,934.58
2-10-011-505 - WTP-Miscellaneous Chemicals	10,623.95
2-10-011-510 - WTP-Ammonia	18,927.32
2-10-011-515 - WTP-Caustic	22,619.28
2-10-011-520 - WTP-Chlorine	23,322.78
2-10-011-525 - WTP-Citric Acid	2,053.09

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2-10-011-530 - WTP-Co2	10,000.56
2-10-011-535 - WTP-Coagulant	2,277.43
2-10-011-540 - WTP-Pac	1,425.00
2-10-011-545 - WTP-Potassium Permanganate	3,908.84
2-10-011-550 - WTP-Salt	1,738.15
2-10-011-555 - WTP-Sodium Hypo	12,201.57
2-10-011-560 - WTP- Chemical Freight	8,099.93
2-10-011-605 - Vehicle Amortization	35,671.20
2-10-011-610 - WTP-Vehicle Usage	51,231.89
2-10-011-620 - Operations- Fuel and Oil	52,505.97
2-10-011-630 - Operations- Parts and Tires	1,691.81
2-10-011-640 - Operations- Vehicle Truck Wash	3,351.04
2-10-011-642 - Operations- Vehicle Repair Unit #2	1,479.10
2-10-011-643 - Operations- Vehicle Repair Unit #3	149.00
2-10-011-644 - Operations- Vehicle Repair Unit #4	824.68
2-10-011-645 - Operations- Vehicle Repair Unit #5	4,138.55
2-10-011-646 - Operations- Vehicle Repair Unit #6	655.24
2-10-011-649 - Operations - Vehicle Repair Unit # 9	385.00
2-10-011-650 - Operations - Vehicle Repair Unit # 10	162.95
2-10-011-660 - Operations- Vehicle Insurance	1,133.34
2-10-011-699 - Vehicle Expense Allocation	(174,336.50)
2-10-012-111 - Membranes-Wages-Full Time	13,363.26
2-10-012-130 - Membranes-Benefits	3,206.03
2-10-012-255 - Membranes-Other Material and Supplies	221.50
2-10-012-436 - Membranes-Mechanical Contract	15,393.82
2-10-012-438 - Membranes-Instrumentation	4,908.00
2-10-012-440 - Membranes-Misc Contract Services	4,336.50
2-10-013-111 - WTP Pumps-Wages-Full time	11,939.44
2-10-013-130 - WTP Pumps-Benefits	2,835.04
2-10-013-255 - WTP Pumps-Other Material and Supplies	47.90
2-10-013-436 - WTP Pumps-Mechanical Contract	36,017.61
2-10-013-437 - WTP Pumps-Electrical Contract	127.50
2-10-014-111 - Raw Pump Hse.-Wages-Full Time	12,752.76
2-10-014-130 - Raw Pump Hse.-Benefits	2,806.17
2-10-014-255 - Raw Pump Hse.-Other Mat and Supplies	9,862.82
2-10-014-310 - Raw Pump Hse- Power	43,150.93
2-10-014-315 - Raw Pump Hse- Gas	1,774.80
2-10-014-325 - Raw Pump Hse-Telecommunications	1,294.06
2-10-014-436 - Raw Pump Hse.-Mechanical Contra	3,537.85
2-10-014-437 - Raw Pump Hse.-Electrical Contra	1,095.68
2-10-014-439 - Raw Pump Hse.-Scada	1,667.95
2-10-014-440 - Raw Pump Hse- Misc Contract Services	4,024.94
2-10-014-610 - Raw Pump Hse.-Vehicle Usage	6,130.09
2-11-015-111 - Booster Station-LNR-Wages-Full-Time	5,101.05
2-11-015-130 - Booster Stat- LNR-Benefits	1,189.96
2-11-015-325 - Booster Stat-LNR-Telecommunications	1,294.06
2-11-015-436 - Booster Stat-LNR-Mechanical	398.30
2-11-015-610 - Booster Stat-LNR-Vehicle Usage	2,485.49
2-11-016-111 - Tilley Control House-Wages Full-Time	4,300.52
2-11-016-130 - Tilley Control House- Benefits	1,044.56
2-11-016-255 - Tilley Cont House-Other Mat and Supplies	537.14
2-11-016-310 - Tilley Control House- Power	957.29
2-11-016-315 - Tilley Control House- Gas	486.41
2-11-016-325 - Tilley Control House- Telecommunications	1,615.31
2-11-016-440 - Tilley Cont Hse- Contract Services	805.00
2-11-016-610 - Tilley Cont Hse- Vehicle Usage	2,151.84

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2-11-017-255 - Rosemary Booster Other Materials/Supply	1,363.95
2-11-017-310 - Rosemary Booster - Power	28,080.94
2-11-017-315 - Rosemary Booster - Gas	458.96
2-11-017-325 - Rosemary Booster- Telecommunications	1,404.06
2-11-017-436 - Rosemary Booster- Mechanical	712.40
2-11-017-438 - Rosemary Booster - Instrumentation	290.00
2-11-018-325 - Duchess Control House- Telecommunication	27.50
2-11-018-438 - Duchess Booster - Instrumentation	1,078.00
2-12-016-111 - WTP-Truck Fill- Wages-FullTime	3,963.89
2-12-016-130 - WTP-Truck Fill-Benefits	1,020.07
2-12-016-420 - WTP- Truck Fill- Contract Repairs	300.00
2-12-016-610 - Truck Fill- Vehicle Usage	1,733.81
2-21-020-111 - Trans Main-Wages-Full Time	16,383.78
2-21-020-130 - Trans Main-Benefits	3,651.28
2-21-020-255 - Trans Main-Other Mat and Supplies	369.34
2-21-020-420 - Trans Main-Repairs	12,423.35
2-21-020-425 - Trans Main - Misc. Contracted Services	6,300.00
2-21-020-451 - Trans Main-Outsource-Locates	53,488.29
2-21-020-610 - Trans Main-Vehicle Usage	8,078.54
2-31-031-111 - LNR-SR-Wages-Full Time	1,658.55
2-31-031-130 - LNR-SR-Benefits	383.06
2-31-031-255 - LNR-SR-Other Mat and Supplies	2,548.86
2-31-031-325 - LNR-SR-Telecommunications	577.34
2-31-031-436 - LNR-SR- Mechanical	912.09
2-31-031-437 - LNR-SR- Electrical	85.00
2-31-031-438 - LNR-SR- Instrument	808.00
2-31-031-440 - LNR-SR- Misc Contract Service	3,147.91
2-31-031-610 - LNR-SR- Vehicle Usage	794.17
2-31-032-111 - Tilley-Wages-Full Time	7,557.42
2-31-032-130 - Tilley-Benefits	1,816.32
2-31-032-255 - Tilley-Other Mat and Supplies	25,631.04
2-31-032-325 - Tilley-Telecommunications	465.75
2-31-032-436 - Tilley-Mechanical Contract Ser	1,110.70
2-31-032-437 - Tilley-Electrical Contract Ser	7,617.06
2-31-032-438 - Tilley-Instrumentation	2,380.49
2-31-032-440 - Tilley-Misc Contract Services	5,799.24
2-31-032-610 - Tilley-Vehicle Usage	3,637.51
2-31-033-111 - Scandia-Wages-Full Time	6,867.90
2-31-033-130 - Scandia-Benefits	1,426.30
2-31-033-255 - Scandia-Other Mat and Supplies	6,140.52
2-31-033-325 - Scandia-Telecommunications	1,640.62
2-31-033-438 - Scandia-Instrumentation	2,135.92
2-31-033-440 - Scandia- Misc Contract Services	1,000.00
2-31-033-610 - Scandia-Vehicle Usage	3,427.97
2-31-034-111 - Rainier-Wages-Full Time	6,916.17
2-31-034-130 - Rainier-Benefits	1,434.87
2-31-034-255 - Rainier-Other Mat and Supplies	2,554.45
2-31-034-325 - Rainier-Telecommunications	1,820.62
2-31-034-438 - Rainier-Instrumentation	404.00
2-31-034-440 - Rainier- Misc Contract Services	1,170.00
2-31-034-610 - Rainier-Vehicle Usage	3,456.00
2-31-035-111 - Brooks-Wages-Full Time	9,731.62
2-31-035-130 - Brooks-Benefits	2,030.19
2-31-035-435 - Brooks-Professional Testing Fees	720.27
2-31-035-610 - Brooks-Vehicle Usage	4,870.91
2-31-036-111 - Rolling Hills-Wages-Full Time	7,313.73

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2-31-036-130 - Rolling Hills-Benefits	1,473.06
2-31-036-255 - Rolling Hills-Other mat and Supplies	2,706.45
2-31-036-325 - Rolling Hills-Telecommunication	1,640.73
2-31-036-435 - Rolling Hills-Professional Testing Fees	28.27
2-31-036-436 - Rolling Hills-Mechanical Contra	2,437.49
2-31-036-437 - Rolling Hills-Electrical Contra	1,434.83
2-31-036-438 - Rolling Hills-Instrumentation	808.00
2-31-036-440 - Rolling Hills-Misc Contract Services	1,378.27
2-31-036-610 - Rolling Hills-Vehicle Usage	3,776.44
2-40-042-111 - Patricia-Wages-Full Time	8,916.15
2-40-042-130 - Patricia- Benefits	2,066.66
2-40-042-255 - Patricia-Other Mat and Supplies	2,972.97
2-40-042-325 - Patricia-Telecommunications	1,294.06
2-40-042-437 - Patricia-Electrical Contract	2,087.62
2-40-042-438 - Patricia-Instrumentation	808.00
2-40-042-440 - Patricia- Misc Contract Services	3,151.41
2-40-042-610 - Patricia-Vehicle Usage	4,503.39
2-40-044-440 - Bassano- Misc Contract Services	1,478.36
2-50-051-111 - Distrib. LNR-Wages-Full Time	5,287.00
2-50-051-130 - Distrib. LNR-Benefits	1,768.48
2-50-051-255 - Distrib. LNR-Other Mat and Supplies	956.82
2-50-051-420 - Distrib. LNR-Repairs	287.74
2-50-051-435 - Distrib LNR-Professional Testing Fees	6.39
2-50-051-610 - Distrib. LNR-Vehicle Usage	2,142.23
2-50-052-111 - Distrib. Tilley-Wages-Full Tim	10,694.00
2-50-052-130 - Distrib. Tilley-Benefits	2,962.97
2-50-052-255 - Distrib. Tilley-Other Mat and Supplies	1,117.42
2-50-052-420 - Distrib. Tilley-Repairs	2,130.93
2-50-052-435 - Distrib.Tilley-Professional Testing Fees	6.39
2-50-052-610 - Distrib. Tilley-Vehicle Usage	4,390.52
2-50-053-111 - Distrib. Scandia-Wages-Full Time	8,195.24
2-50-053-130 - Distrib. Scandia-Benefits	2,376.62
2-50-053-255 - Distrib. Scandia-Other Mat and Supplies	904.58
2-50-053-435 - Scandia-Professional Testing Fees	6.39
2-50-053-610 - Distrib. Scandia-Vehicle Usage	3,475.87
2-50-054-111 - Distrib. Rainier-Wages-Full Time	8,174.85
2-50-054-130 - Distrib. Rainier-Benefits	2,306.77
2-50-054-255 - Distrib. Rainier-Other Mat and Supplies	956.83
2-50-054-420 - Distrib. Rainier-Repairs	4,679.27
2-50-054-435 - Rainier-Professional Testing Fees	6.39
2-50-054-610 - Distrib. Rainier-Vehicle Usage	3,439.56
2-50-055-111 - Distrib. Brooks-Wages-Full Time	10,380.92
2-50-055-130 - Distrib. Brooks-Benefits	1,995.65
2-50-055-255 - Distrib. Brooks-Other Mat and Supplies	520.00
2-50-055-610 - Distrib. Brooks-Vehicle Usage	5,229.76
2-50-056-111 - Distrib. Rolling Hills-Wages-Full Time	9,261.68
2-50-056-130 - Distrib. Rolling Hills-Benefits	2,477.62
2-50-056-255 - Distrib.Rolling Hills-Other Mat and Supp	1,269.29
2-50-056-420 - Distrib. Rolling Hills-Repairs	28,980.69
2-50-056-435 - Rolling Hills-Professional Testing Fees	6.39
2-50-056-610 - Distrib. Rolling Hills-Vehicle Usage	3,983.15
2-60-062-111 - Distrib. Patricia-Wages-Full Time	10,314.81
2-60-062-130 - Distrib. Patricia-Benefits	3,040.75
2-60-062-255 - Distrib. Patricia-Other Mat and Supplies	974.83
2-60-062-420 - Distrib. Patricia-Repairs	127.50
2-60-062-435 - Patricia-Professional Testing Fees	6.39

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2-60-062-610 - Distrib. Patricia-Vehicle Usage	4,598.23
2-65-001-111 - Duchess/Patricia Area Wages Full-Time	18,747.65
2-65-001-130 - Duchess/Patricia Area Benefits	4,929.80
2-65-001-255 - Duchess/Pat Area Other Material and Supp	1,976.00
2-65-001-420 - Duchess/Patricia Area Repairs	2,710.00
2-65-001-435 - Duchess/Patricia Area Proff Testing Fees	11.93
2-65-001-610 - Duchess/Patricia Area Vehicle Usage	8,767.87
2-65-003-111 - TilleyKinbrook Is Area Wages Full-Time	11,504.05
2-65-003-130 - Tilley/Kinbrook Is Area Benefits	3,393.88
2-65-003-255 - Tilley/Kinbrook Area Other Mat and Supp	1,941.39
2-65-003-420 - Tilley/ Kinbrook Is Area Repairs	10,050.93
2-65-003-435 - TilleyKinbrook Area Prof Testing Fees	11.93
2-65-003-610 - Tilley/Kinbrook Is Area Vehicle Usage	5,067.99
2-65-006-111 - Brooks West Wages Full-Time	11,538.37
2-65-006-130 - Brooks West Benefits	3,356.68
2-65-006-255 - Brooks Area Other Material/Supplies	1,976.01
2-65-006-420 - Brooks West Repairs	2,190.00
2-65-006-435 - Brooks West Professional Testing Fees	11.96
2-65-006-610 - Brooks West Vehicle Usage	4,889.78
2-65-007-111 - Brooks North Wages Full-Time	14,591.51
2-65-007-130 - Brooks North Benefits	4,158.22
2-65-007-255 - Brooks North Other Material/Supplies	1,947.07
2-65-007-420 - Brooks North Repairs	6,816.80
2-65-007-435 - Brooks Professional Testing Fees	11.93
2-65-007-610 - Brooks North Vehicle Usage	6,442.48
2-65-008-111 - Rain/Scan/Roll Hill Wages Full-Time	12,061.94
2-65-008-130 - Rainier/Scandia/Roll Hill Benefits	3,293.39
2-65-008-255 - Rainier/Scandia/Roll Hill Other Mat/Supp	1,993.25
2-65-008-420 - Rain/Scan/Roll Hill Area Repairs	5,044.16
2-65-008-435 - Rainier/Scan/ Roll HillArea Prof Testing	11.93
2-65-008-610 - Rainier/Scan/Roll Hi Area Vehicle Usage	5,323.38
2-65-009-111 - Bassano/Gem/Rose Area Wages Full-Time	20,543.45
2-65-009-130 - Bassano/Gem/Rosemary Area Benefits	5,226.78
2-65-009-255 - Bassano/Gem/Ros Area Other Material/Supp	1,966.75
2-65-009-420 - Bassano/Gem/Rosemary Area Repairs	5,000.20
2-65-009-435 - Bassano/Gem/Rose Area Prof Testing Fees	38.66
2-65-009-610 - Bassano/Gem/Rose Area Vehicle Usage	9,702.83
2-70-071-111 - WW Coll. LNR-Wages-Full Time	6,121.23
2-70-071-130 - WW Coll. LNR-Benefits	1,840.01
2-70-071-255 - WW Coll. LNR-Other Mat and Supplies	399.99
2-70-071-420 - WW Coll. LNR -Repairs	19,967.51
2-70-071-610 - WW Coll. LNR-Vehicle Usage	2,451.48
2-70-072-111 - WW Coll. Tilley-Wages-Full Time	5,047.36
2-70-072-130 - WW Coll. Tilley-Benefits	1,677.80
2-70-072-420 - WW Coll. Tilley-Repairs	2,103.55
2-70-072-435 - WW Coll.Tilley-Professional Testing Fees	200.65
2-70-072-610 - WW Coll. Tilley-Vehicle Usage	1,933.24
2-70-073-111 - WW Coll. Scandia-Wages-Full Time	4,427.58
2-70-073-130 - WW Coll. Scandia-Benefits	1,460.70
2-70-073-420 - WW Coll. Scandia-Repairs	1,273.55
2-70-073-610 - WW Coll. Scandia-Vehicle Usage	1,715.10
2-70-075-111 - WW Coll. Brooks-Wages-Full Time	3,343.80
2-70-075-130 - WW Coll. Brooks-Benefits	746.30
2-70-075-610 - WW Coll. Brooks-Vehicle Usage	1,501.69
2-70-076-111 - WW Coll. Rolling Hills-Wages-Full Time	4,963.88
2-70-076-130 - WW Coll. Rolling Hills-Benefits	1,591.65

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2-70-076-420 - WW Coll. Rolling Hills-Repairs	7,261.41	
2-70-076-435 - WW Coll. Rolling Hills-Prof Testing Fees	155.10	
2-70-076-610 - WW Coll. Rolling Hills-Vehicle Usage	1,966.54	
2-80-081-111 - WW Coll. Duchess-Wages-Full Time	(0.36)	
2-80-081-130 - WW Coll. Duchess-Benefits	(0.34)	
2-80-081-610 - WW Coll. Duchess-Vehicle Usage	(0.09)	
2-80-082-111 - WW Coll. Patricia-Wages-Full Time	1,841.23	
2-80-082-130 - WW Coll. Patricia Benefits	472.38	
2-80-082-610 - WW Coll. Patricia-Vehicle Usage	877.72	
2-90-092-111 - Stm Water-Brooks-Wages-Fulltime	416.47	
2-90-092-130 - Stm Water-Brooks-Benefits	103.56	
2-90-092-610 - Stm Water-Brooks-Vehicle Usage	159.12	
Total Expenditures		<u>\$2,775,067.30</u>
Net Surplus (Deficit):		<u><u>\$837,710.67</u></u>