



Central Regional Service Board

2012 Annual Report



Message from the Chairperson



I am very pleased to present the second Annual Report on the 2011-13 Business Plan for the Central Regional Service Board (CRSB). This report covers the period January 1, 2012 to December 31, 2012. The CRSB is a category 2 government entity within the context of the Province's *Transparency and Accountability Act*.

In preparing its Business Plan, careful consideration was given to the strategic directions of government, as communicated by the Minister of Municipal Affairs. During 2012, the Board made contributions to both of the Minister's strategic directions: *Appropriate Infrastructure Investment* and *Local Government Sustainability*. With regard to *Appropriate Infrastructure Investment*, the Board contributed to the component: *Solid Waste Management*. With regard to *Local Government Sustainability*, the Board made a contribution to *Community Cooperation*.

The Board made these contributions by making significant strides on its two strategic issues: Waste Management and Curb Side Collection. On the Waste Management side, the Regional Site opened on February 6, and the seven local waste management sites were all phased into operation by April 13, 2012. This allowed for the closure of 42 dumpsites in Central Newfoundland.

In late 2012 CRSB's Curb Side Collection program moved into 70 Towns collecting just under 16,000 homes. CRSB will continue to grow its Curb Side Collection in 2013.

The Board met nine times in 2012 to carry out its mandate and work towards its goals and objectives.

My signature below is indicative of the entire Board's accountability for the preparation of this report and the results reported.

Sincerely,

A handwritten signature in black ink, appearing to read "Allan Scott". The signature is written in a cursive style and is positioned above a horizontal line.

Allan Scott
Chair, Central Regional Service Board

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1.0 Overview

The Central Regional Service Board was created February 2008 and the first appointments to this Board were made in December 2008. The Central Regional Service Board is governed under the Provincial *Regional Service Boards Act*, and the Board developed the Central Newfoundland Governance Model to ensure representation of residents of the region served by the Board. The Board's power includes the construction and operation of the regional Solid Waste disposal site and seven local Waste Management Facilities. It is empowered to set and charge user fees to municipal authorities, local service districts, unincorporated areas, other entities benefitting from a regional facility and other waste management services provided by the Board.

The CRSB also provides a Curb Side Collection program for 70 towns and 15,815 homes. We presently operate 10 collection trucks.

The Board shall meet no fewer than 6 times a year for the disposition of general business. Special board meetings may be called by the Chairperson, or on the written request of four members.

The Board's Governance Model delineates the number of members and representation of towns and zones within the board's geographic boundaries. As per the Governance Model, a full board includes a Chairperson and twelve Board members. Listed below are the current Board members. The boundaries of the Central Regional Service Board are from Terra Nova National Park (park included) in the East, Buchan's in the West and Fogo Island/Twillingate in the North (see map, page 4). Coast of Bays is not within the Central Regional Service Board boundaries.

The current Board members are as follows:

Name	Town/Zone Represented
Mr. Allan Scott	Chairperson
Mr. Keith Higdon	Buchan's Junction (Zone 1)
Mr. Robert Elliott	Point Leamington (Zone 2)
Mr. Larry Peddle	New World Island/Twillingate (Zone 3)
Mr. Gerald McKenna	Fogo Island (Zone 4)
Mr. Sam Winsor	Gander Bay (Zone 5)
Mr. G. Clyde Pickett	New-Wes-Valley/Indian Bay (Zone 6)
Mr. Glenn Arnold	Terra Nova Area (Zone 7)
Mr. Bruce Moores	Town of Grand Falls – Windsor
Mr. Derrick Luff	Local Service District – Centroid Area
Mr. Angus McLoughlin	Norris Arm/Norris Arm North
Mr. Norman Austin	Towns of Bishops Falls/Botwood/Lewisporte
Mr. Claude Elliott	Town of Gander

The Central Regional Service Board's Office is now located at the Regional site, Route 3-01-09 Norris Arm North Access Road. Staffing levels have reached 30 positions; five at the Administration Building, nine at the Regional Site, seven at the Local Waste Management Sites and nine Collection Drivers. Contact information: Ph: 709 653-2900; Fax: 709 653 – 2920; Email: info@cnwmc.com

Budget and Expenditures

The Board's budget for 2012 was \$ 16,595,560. Expenditures reflected \$11,503,060 in Capital and \$5,542,500 in operation.

Board Boundaries and Amount of Waste per Year

Regional Site (Centroid)

Route 3-01-09

Norris Arm North Access Road

Local Waste Management Facilities

Buchans Area – Zone 1

Point Leamington Area– Zone 2

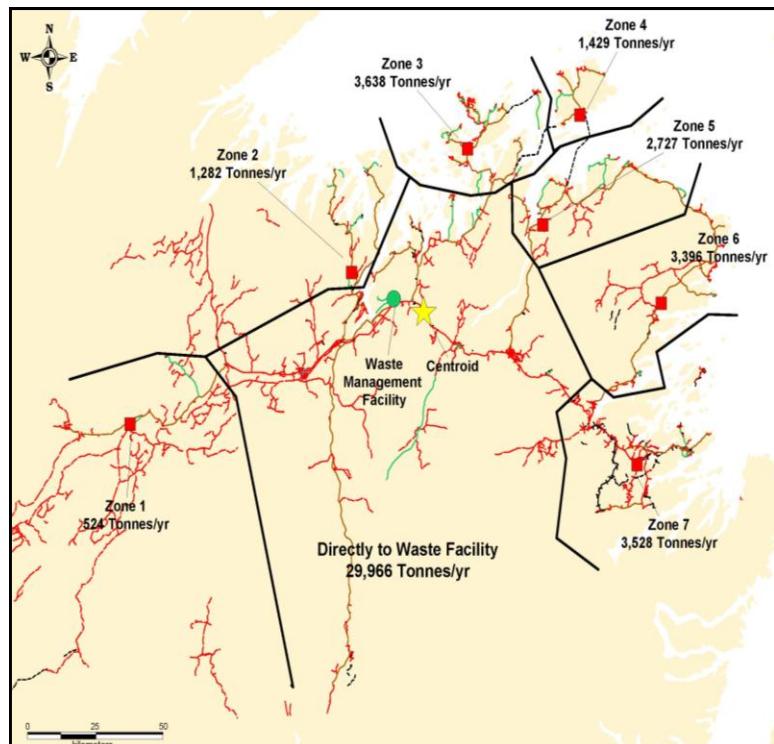
New World Island/Twillingate – Zone 3

Fogo Island – Zone 4

Gander Bay – Zone 5

Indian Bay – Zone 6

Terra Nova – Zone 7



2.0 Mandate

In accordance with section 3 of the *Central Regional Service Board Regulations*, the mandate for the Central Regional Service Board is to:

- construct, acquire, maintain and operate solid waste disposal sites and solid waste management facilities and systems within the central region.

The boundaries of the Central Regional Service Board are from Terra Nova National Park (park included) in the East, Buchan's in the West and Fogo Island/Twillingate in the North. Coast of Bays is not within the CRSB.

To view the regulations in their entirety from which the Board derives its mandate, please see Appendix A (Central Regional Service Board Regulations)

The entire *Regional Service Board Act* may be accessed through the House of Assembly website at www.assembly.nl.ca/legislation.

3.0 Lines of Business

1) Education and promotion of the Provincial Waste Management Strategy within the area of Central Newfoundland:

The Board oversees the education of the Central region's 70,500 residents and business community regarding the new waste disposal system and any costs associated with the services. The Board educates the public and business community through meetings with the local Chambers of Commerce and community councils and by developing and distributing marketing materials for residents and commercial businesses outlining the collection system. The Board will continue to provide educational materials to the local councils and general public through local and provincial newspapers, radio, the CRSB web site www.cnwmc.com, and the annual information calendar. The CRSB will continue along with the Multi Material Stewardship Board to encourage their program including the use of the Green Depots and backyard/community composting.

2) Operation and management of regional solid waste disposal sites:

The Board oversees the continued construction of the Central regional site at Norris Arm North and 7 local waste management facilities (transfer stations). As well, the Board monitors the day to day operations of these sites.

4.0 Values

The Central Regional Service Board is committed to continuously educating our citizens about our modern, environmentally friendly Waste Management System that we have adopted here in Central Newfoundland. The values of the Board offer a guiding framework for all employees as they work in their various capacities. As such, the following have been identified by the CRSB as the core values as we work to achieve the objectives set out in this plan.

Professionalism

Each individual is committed to providing quality services through the efficient use of our resources while keeping costs down.

Respect for the environment

Each individual will carry out day to day activities keeping in view at all times the conservation and preservation of the environment, carrying out the protection and preservation activities promoted by the Board to its clients.

Respect

Each individual will treat people with courtesy and tolerance.

Innovation

Each individual will seek out new and better ways to maximize revenue opportunities while minimizing operational costs.

Each individual will seek out new and better ways to dispose of waste.

5.0 Primary Clients

The Central Regional Service Board identifies its primary clients as those individuals, groups, or organizations who are the principal users and/or beneficiaries of the Board's lines of business, and include the following:

- Communities within the Central Region;
- Local Waste Management Authorities and Committees;
- All residents of Central Newfoundland; and
- All institutional, commercial and industrial entities in Central Newfoundland.

With the inclusion of all our user groups, the Central Regional Service Board will bring to Central Newfoundland a modern, efficient and environmentally friendly Waste Management System. Only with good direction and cooperation from all will we meet the goals and objectives of the Provincial Waste Management Strategy and make our Province a cleaner and safer place to live.

6.0 Shared Commitments

The Central Regional Service Board works closely with a number of major partners on the implementation of the Central Newfoundland Waste Management Strategy, including several government departments. The Department of Municipal Affairs provides funding towards the construction of the regional and local waste management sites, and assists with engineering project management. The Board works in cooperation with the Department of Environment and Conservation to ensure compliance with all environmental regulations. Service NL provides guidance to ensure closeout of existing dumpsites meets all government regulations.

The Multi Material Stewardship Board (MMSB) has been an important partner in providing operational funding identified under the Regional Capacity Building Program, including funding towards education and promotion of new waste management practices and systems under the Central Newfoundland Waste Management Strategy.

By working with government departments and the MMSB, the Central Regional Service Board has contributed to Government's strategic directions of *Appropriate Infrastructure Investment and Local Government Sustainability*.

The Board also considers communities, businesses and the general public to be critical partners. Through their engagement in educational initiatives, and active participation in new waste management practices, they are essential to ensuring that the Central Newfoundland Waste Management Strategy is met.

7.0 Vision

The vision of the Central Regional Service Board is of a clean and healthy environment in Central Newfoundland founded on a professional, modern waste management system that incorporates effective waste diversion practices and behaviours on the part of residents, businesses and communities in the Central region.

Today



Tomorrow



8.0 Mission

In 2011, the Board tabled a three year plan (January 1, 2011 – December 31, 2013). As part of this plan, the Board developed a mission for the period January 1, 2011 to December 31, 2016:

By December 31, 2016, the Central Regional Service Board will have improved municipal waste management services to achieve a cleaner and healthier environment.

Measure: Improved municipal waste management services.

Indicators:

- Implemented waste management strategies consistent with modern environmental standards.
- Increased waste diversion by 50% in compliance with the Provincial Waste Management Strategy.

Progress and Accomplishments

The Board has contributed to improved municipal waste management service in the Central region through its wise management of funding received from the Department of Municipal Affairs to develop regional solid waste management sites. Capital funding was used towards the continued construction of a new regional full service waste management site at Norris Arm North and towards the completion of the seven new local waste management facilities.

In February 2012 CRSB commenced operation by accepting waste from all residents of its region and disposing of it into a modern day engineered landfill with leachate treatment. This allowed for the closure of 42 dumps within its region.

The Material Recovery Facility, which will be instrumental in increasing waste diversion, is under design. A request for proposals for the equipment required for this facility was developed and a successful bidder identified. Once the equipment requirements were established, the building was designed to accommodate the equipment. The Material Recovery Facility will be constructed in 2013.

The CRSB will continue its participation in the selection of a compost process and site with the Department of Municipal Affairs.

9.0 Report on Performance

Issue 1: Waste Management:

In May 2007, Government announced the implementation of the \$200 million multi-year Provincial Solid Waste Management Strategy to ensure effective and efficient management of solid waste in Newfoundland and Labrador. The Central Regional Service Board has developed its own regional waste management strategy and plays the lead role in implementing the Provincial Strategy in the central region of the Province. In developing its Business Plan for 2011 - 2013, the Board took into consideration the strategic directions of the Department of Municipal Affairs, as designated in the Department's 2011-2014 Strategic Plan. Through implementation of the Provincial Waste Management Strategy, the Board contributed to the Department's strategic direction of *Appropriate Infrastructure Investment*. Specifically, the Board contributed to the component: *Solid Waste Management*.

In 2012, the CRSB continued the extensive capital construction required to meet the Provincial Waste Management Strategy. The Facilities at both the Regional site and the seven Local Waste Management sites were prepared for operations. Operational plans were developed and staff were hired and trained to commence operation. Staffing levels went from a three person operation to thirty.

The commencement of CRSB's operation has allowed for the 42 dump sites in Central to be closed down. Final closure as required by the Department of Environment will be co-ordinated through CRSB.

Goal: **By December 31, 2013, the Central Regional Service Board will have implemented a modern, environmentally friendly waste management system.**

2012 Objective: **By December 31, 2012 the Central Regional Service Board will have commenced waste diversion.**

Measure: **Commenced Waste Diversion.**

Indicators:

- **Commenced operation of regional engineered landfill site**

On February 6th, 2012, Central Regional Service Board began operations of the Regional Engineered Landfill site. Communities in the direct haul / centroid region as well as the Fogo Island transfer station commenced hauling residential and commercial waste to the Regional site. Sixty-five percent of all Central communities had their local dump sites closed and began using the new waste management facilities in Central.

Municipalities throughout the region were provided with an estimated cost of operating an engineered landfill. In 2012, with the commencement of operations, the municipalities were provided with updated budgets and operational costs on a quarterly basis. All operational revenues and costs are in line with projected estimates. Municipalities were notified in October of 2012 that CRSB was within budget and they were not required to increase taxes for waste management services.

- **Commenced operation of seven local waste management facilities (LWMF)**

The LWMF on Fogo Island (Zone IV) moved its disposal operations on February 6th, 2012 from the Gander Landfill site to the new regional waste management facility.

The following schedule saw the additional six LWMF sites come on stream:

March 5 th	-	Buchan's Junction	-	Zone I
March 12 th	-	Point Leamington	-	Zone II
March 19 th	-	Gander Bay	-	Zone V
March 26 th	-	Indian Bay	-	Zone VI
April 2 nd	-	NWI/Twillingate	-	Zone III
April 9 th	-	Terra Nova	-	Zone VII

- **Commenced separation of construction and demolition/bulk materials at the Regional Site and seven local waste management facilities**

By May 1st, 2012 all eight sites began separation of construction and demolition/bulk materials at each of their sites. This separation included wood, shingles, gyproc/panel board, asphalt, soils/rock, concrete, tires and metals.

- **Commenced separation of Household Hazardous Waste (HHW) materials at the Regional site and seven local waste management facilities**

Because of the complexity and training requirements, the HHW program was delayed until the Spring/Summer 2013.

- **Commenced construction of the Materials Recovery (Recycling) Facility**

Because of the complexity and cost of this facility, construction will be delayed until the Spring/Summer of 2013.

- **Developed and distributed educational materials**

Central Regional Service Board continued to produce and mail out the 2012 annual calendar which provided information to the general public, communities and commercial enterprise on waste reduction and diversion.

- **Continued the closeout of the local dump sites**

Central Regional Service Board permanently closed out seven local dump sites in 2012.

2013 Objective: By December 31, 2013 the Central Regional Service Board will have expanded waste diversion.

Measure: Expanded waste diversion

Indicators:

- Commenced separation of Household Hazardous Waste materials at the Regional Site and seven local waste management facilities.
- Design of Material Recovery (Recycling) Facility completed.
- Contract awarded for the construction of Material Recovery (Recycling) Facility.
- Commenced construction of the Material Recovery (Recycling) Facility.
- Continued close out of remaining local dump sites.

Issue 2: Curb Side Collection

In 2012, the Central Regional Service Board identified options for curb side collection in the central region. The Board assessed opportunities for curb side collection, chose areas for expansion, and began curb side collection in select areas of the region.

The Board also acquired additional resources for curb side collection in the region. Following the acceptance of a Business Plan by the Department of Municipal Affairs, the Board purchased ten 37 cubic yard, split stream collection trucks and now collects residential waste from 70 towns (15,815 homes) in the CRSB region. This action has reduced the greenhouse gases (GHG) from vehicle emissions from past collection practices.

Through the pilot project and the Board's examination of the curb side collection issue, the Board contributed to the Department of Municipal Affairs' strategic direction of *Local Government Sustainability*, specifically the *Community Cooperation* component.

Goal: By December 31, 2013, the Central Regional Service Board will have addressed curb side collection.

2012 Objective: By December 31, 2012 the Central Regional Service Board will have identified options for curb side collection.

Measure: Identified options for curb side collection.

Indicators:

- **Assessed opportunities for expanded curb side collection**

Central Regional Service Board undertook a review of the potential Curb Side Collection program for the central region. CRSB conducted a series of Regional Meetings, letter writing and electronic communication which provided CRSB with the support from the area to offer this program. A total of 48 towns, representing 15,358 households responded positively. CRSB was already providing collection services for 30 communities representing 2,400 homes.

Seventeen towns representing 8,648 did not want to participate in the Curb Side Collection program. Forty eight towns with a total of 7,423 homes did not respond.

With residents being required within the next two years to separate their garbage into a

two stream (wet/dry) system, CRSB felt very positive in providing a Curb Side Collection service.

- **Selected areas for expansion of curb side collection services**

A total of 48 towns, representing 15,358 households were selected for expansion of curb side collection services. Central Regional Service Board, through its review, began a planning process to allocate split stream collection trucks in the central area. CRSB presented the Department of Municipal Affairs with the Central Regional Service Board Business Plan on Curb Side Collection. CRSB will require a minimum of ten collection trucks to carry out its plan.

- **Acquired resources for expansion of curb side collection services**

In April of 2012, Central Regional Service Board, from the CRSB Business Plan for Curb Side Collection, acquired from the Department of Municipal Affairs funding to purchase 10 split stream collection trucks. A tender was called and by early September 2012 the new vehicles were delivered to the CRSB Regional Site.

- **Began curb side collection in selected areas in Central Newfoundland**

Central Regional Service Board began the process to advertise, screen, interview and hire ten collection drivers. Training was provided on the operation of these new vehicles.

With signed MOU's with the participating communities, CRSB assigned their collection truck to the various routes. By December 31, 2012, CRSB was collecting from 70 communities, 15,815 households, and 39,917 people.

2013 Objective: By December 31, 2013, the CRSB will have addressed curb side collection.

Measure: Addressed Curb Side Collection.

Indicators:

- Additional communities in Central Newfoundland having curb side collection provided by CRSB
- The costs and revenues identified in the Business Plan with the implementation of the Curb Side Collection program in line with the actuals after a full year of operation
- Full review of curb side collection services to determine if all potential customer needs are addressed.

10.0 Opportunities and Challenges Ahead

2013 will bring another significant year for the CRSB. Refining and reviewing the operations will become an important tool to magnify opportunities and reduce risk.

2013 will bring the following:

- Start of construction of the new Material Recovery (Recycling) Facility (MRF). We expect this facility to become operational in Fall 2013/Winter 2014.

With its facility in operations, residents will begin separation of their residential waste into dry stream recyclables and wet stream – organics.

With source separation CRSB will see an increase of usage of the Curb Side Collection services with the split stream truck playing a major role

- Residential Household Hazardous Waste (HHW) program begins.

The Regional Site and seven LWMF sites will have the HHW canister in place to receive HHW materials. CRSB staff will be trained with the Hazwoper program to accept and package this waste stream. A full program of collection and disposal will be put in place.

- Closeout of all 42 local dump sites.

Liabilities associated with the old dump sites rest with the Municipalities. To reduce costs and ensure compliance with Department of Environment and Conservation regulations, CRSB was requested to co-ordinate all closeouts.

All sites will be classified according to close out requirements, surveyed and tender packages developed for each group of sites in the particular regions. Contracts will be awarded and supervised under a client agreement with CRSB.

- Paving of the rest of the LWMF.

Fogo, Indian Bay, Terra Nova require paving with New World Island/Twillingate requiring the final surface coat.

- Compost Facility Construction.

CRSB is participating in the Province's RFP for composting options. We expect to see this review completed in the Fall of 2013. The results of this study is expected to identify the type of cost effective composting options for the region.

- Public Education.

The Board will continue to provide public education. This will come in the form of Regional Meetings, website updates and the use of local radio stations and print media. Consideration will be given to staffing a position to conduct Public Education.

Appendix A
Legislated Mandate

NEWFOUNDLAND AND LABRADOR
REGULATION 7/13

Central Regional Service Board Regulations, 2013
under the
Regional Service Boards Act, 2012

(Filed January 23, 2013)

Under the authority of section 19 of the *Regional Service Boards Act, 2012* , I make the following regulations.

Dated at St. John's , January 15, 2013.

Kevin O'Brien
Minister of Municipal Affairs

REGULATIONS

Analysis

Short title

1. These regulations may be cited as the *Central Regional Service Board Regulations, 2013* .

Definition

2. In these regulations, "board" means the Central Regional Service Board.

Prescribed services

3. The board has the power to construct, acquire, maintain and operate a waste management system within the Central Region.

Recovery of debt

4. An amount owing under section 24 of the Act is a debt due to the board and the board may recover it by civil action in a court.

Withdrawal of service

5. The board may stop providing a service to a municipal authority, user or other person where the municipal authority, user or other person fails to comply with a policy of the board respecting the service.

6. **The *Central Regional Service Board Regulations* , Newfoundland and Labrador Regulation 54/08, are repealed.**

Appendix B
Financial Statements
2012 Audit

CENTRAL REGIONAL SERVICE BOARD
*(Operating as Central Newfoundland Regional
Waste Management Authority)*

Financial Statements
For the Year Ended December 31, 2012

CENTRAL REGIONAL SERVICE BOARD
Financial Statements
For the Year Ended December 31, 2012

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Independent Auditor's Report

To the Board of Directors of the Central Regional Service Board

We have audited the accompanying financial statements of the Central Regional Service Board, which comprise the statement of financial position as at December 31, 2012, and the statements of operations and surplus, change in net financial assets and cash flows for the year then ended, and 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 public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 the auditor's 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, the auditor considers 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 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 the Central Regional Service Board as at December 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.


Clarenville, Newfoundland and Labrador
May 23, 2013


Chartered Accountants

CENTRAL REGIONAL SERVICE BOARD
STATEMENT OF FINANCIAL POSITION
As at December 31, 2012

	2012	2011
FINANCIAL ASSETS		
Cash (Note 3)	\$ 4,004,387	\$ 3,906,817
Short term investments	19,893,300	6,818,925
Amounts receivable (Note 4)	1,057,150	1,210,449
	\$ 24,954,837	\$ 11,936,191
 LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	\$ 1,996,230	\$ 6,927,519
Deferred revenue (Note 6)	22,362,335	5,188,474
Landfill closure and post-closure care (Note 7)	143,000	-
	24,501,565	12,115,993
NET FINANCIAL ASSETS (Net Debt)	\$ 453,272	\$ (179,802)
 NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	\$ 45,515,369	\$ 41,366,227
ACCUMULATED SURPLUS	\$ 45,968,641	\$ 41,186,425

Approved on behalf of Board:



Chairperson



Treasurer

CENTRAL REGIONAL SERVICE BOARD
STATEMENT OF OPERATIONS AND SURPLUS
Year Ended December 31, 2012

	2012 Actual	2011 Actual
REVENUE		
Department of Municipal Affairs - capital	\$ 6,299,454	\$ 10,443,226
Department of Municipal Affairs - operating	7,790	28,445
Multi Materials Stewardship Board grant	-	170,855
Department of Human Resources, Labour and Employment grant	545	6,005
Collections fees	425,689	179,649
Disposal fees	3,795,932	-
Interest	117,932	87,201
Other	38,415	6,387
	<u>10,685,757</u>	<u>10,921,768</u>
EXPENSES		
Advertising and promotion	217,607	13,933
Amortization	2,161,857	-
Business licenses and memberships	5,667	16,760
Close old dump sites	742,501	-
Engineering fees	233,816	175,669
Fogo Island waste management expense	62,345	62,629
Fuel	206,577	-
Insurance	83,305	35,162
Interest and bank charges	3,234	350
Landfill closure and post-closure care (Note 7)	143,000	-
Landfill expense	36,336	-
Legal fees	-	60,668
Legal settlement (Note 8)	993	497,259
Meetings and conventions	2,699	11,500
Miscellaneous	5,377	-
Office	24,682	4,411
Professional fees	12,746	3,294
Rentals	56,399	-
Repairs and maintenance	248,130	11,881
Salaries and wages	1,057,076	211,965
Telephone	70,169	36,202
Transfer station expense	398,197	-
Travel	25,998	20,937
Utilities	104,830	34,252
	<u>5,903,541</u>	<u>1,196,872</u>
ANNUAL SURPLUS	<u><u>4,782,216</u></u>	<u><u>9,724,896</u></u>

CENTRAL REGIONAL SERVICE BOARD
STATEMENT OF OPERATIONS AND SURPLUS (CONTINUED)
Year Ended December 31, 2012

	2012 Actual	2011 Actual
ANNUAL SURPLUS (CONTINUED)	4,782,216	9,724,896
ACCUMULATED SURPLUS, BEGINNING OF YEAR	41,186,425	31,461,529
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 45,968,641</u>	<u>\$ 41,186,425</u>

CENTRAL REGIONAL SERVICE BOARD
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year Ended December 31, 2012

	<u>2012</u>	<u>2011</u>
ANNUAL SURPLUS	\$ 4,782,216	\$ 9,724,896
Acquisition of tangible capital assets	(6,310,999)	(11,322,497)
Amortization of tangible capital assets	<u>2,161,857</u>	<u>-</u>
	<u>(4,149,142)</u>	<u>(11,322,497)</u>
CHANGE IN NET FINANCIAL ASSETS (NET DEBT)	633,074	(1,597,601)
NET FINANCIAL ASSETS (NET DEBT), BEGINNING OF YEAR	<u>(179,802)</u>	<u>1,417,799</u>
NET FINANCIAL ASSETS (NET DEBT), END OF YEAR	<u>\$ 453,272</u>	<u>\$ (179,802)</u>

CENTRAL REGIONAL SERVICE BOARD
STATEMENT OF CASH FLOWS
Year Ended December 31, 2012

	<u>2012</u>	<u>2011</u>
OPERATING TRANSACTIONS		
Annual surplus	\$ 4,782,216	\$ 9,724,896
Add: Amortization of capital assets	<u>2,161,857</u>	<u>-</u>
	6,944,073	9,724,896
Changes in non-cash items:		
Decrease in accounts receivable	153,299	4,386,799
Decrease in accounts payable and accrued liabilities	(4,931,289)	1,717,927
Increase in landfill closure and post closure liabilities	143,000	-
Increase in deferred revenue	<u>17,173,861</u>	<u>5,128,850</u>
Cash provided by operating transactions	<u>19,482,944</u>	<u>20,958,472</u>
INVESTMENT ACTIVITIES		
Purchase of tangible capital assets	(6,310,999)	(11,322,497)
Purchase of short term investments	(19,893,300)	(6,818,925)
Proceeds from sale of short term investments	<u>6,818,925</u>	<u>-</u>
	<u>(19,385,374)</u>	<u>(18,141,422)</u>
INCREASE IN CASH	97,570	2,817,050
CASH, BEGINNING OF YEAR	<u>3,906,817</u>	<u>1,089,767</u>
CASH, END OF YEAR	<u><u>\$ 4,004,387</u></u>	<u><u>\$ 3,906,817</u></u>

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

CENTRAL REGIONAL SERVICE BOARD
NOTES TO THE FINANCIAL STATEMENTS
As at December 31, 2012

1. Status of the Board

The Central Regional Service Board was created under the authority of the Regional Service Board Act on February 26, 2008. The Board operates under the name *Central Newfoundland Regional Waste Management Authority*, and is responsible for the maintenance and operation of solid waste disposal sites and solid waste management facilities within the central region of Newfoundland.

The Board is exempt from income tax under the Income Tax Act of Canada.

2. Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants and reflect the following significant accounting policies:

a) Short Term Investments

Short investments include guaranteed investment certificates recorded at cost.

b) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Assets under construction are not amortized until the asset is put into use and one-half of the annual amortization is charged in the year of acquisition and in the year of disposal. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

General Tangible Capital Assets

Land	Indefinite
Land Improvements	10 to 50 years
Buildings	25 to 40 years
Vehicles and Equipment	
Vehicles	5 years
Machinery, equipment and furniture	5 years
Maintenance and road construction equipment	10 years
Computer Hardware and Software	4 years
Furniture & Fixtures	5 years

Infrastructure Assets

Transportation	
Land	Indefinite
Road surface	5 to 20 years
Road grade	30 years

CENTRAL REGIONAL SERVICE BOARD
NOTES TO THE FINANCIAL STATEMENTS
As at December 31, 2012

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses (expenses over revenue), provides the change in net financial assets for the year.

d) Landfill Closure and Post-closure Care

Landfill closure and post-closure care costs are recognized annually as the landfill site's capacity is used, with usage being measured on a metric ton basis. The estimated total expenditure represents the sum of the estimated cash flows associated with closure and post-closure care activities, discounted at a rate equal to the estimated average long-term borrowing rate available to the Board.

d) Measurement Uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles for the public sector requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

e) Revenue Recognition

Service revenue is recognized when delivery has occurred or services have been rendered, persuasive evidence of an arrangement exists, the price is fixed or determinable, and collectibility is reasonably assured.

Government transfers are recognized as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, the amount can be reasonably estimated, any eligibility criteria have been met and there are no stipulations that give rise to a possible obligation.

f) Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired.

CENTRAL REGIONAL SERVICE BOARD
NOTES TO THE FINANCIAL STATEMENTS
As at December 31, 2012

3. Cash

Cash is comprised of the following:

	2012	2011
Cash - operating bank accounts	\$ 1,814,259	\$ 45,542
Cash - capital bank account	2,180,152	3,834,128
Cash - Fogo Island bank account	9,976	27,147
	\$ 4,004,387	\$ 3,906,817

The operating bank account includes amounts totalling \$374,735 which have been internally designated for future expenditures of equipment, landfill cell construction, landfill cell capping and collection trucks. Subsequent to year end, the amounts were transferred from the operating account to designated investment accounts.

4. Accounts receivable

	2012	2011
Department of Municipal Affairs - capital	\$ -	\$ 1,038,803
Harmonized sales tax	84,114	142,100
Operating	973,036	29,546
	\$ 1,057,150	\$ 1,210,449

5. Accounts payable and accrued liabilities

	2012	2011
Capital construction of regional disposal sites and facilities	\$ 1,160,137	\$ 6,108,594
Contract security to vendor	833,336	818,925
Vacation	2,757	-
	\$ 1,996,230	\$ 6,927,519

6. Deferred revenue

Deferred revenue relates to funds advanced from the Department of Municipal Affairs for future capital expenditure.

7. Landfill closure and post-closure care

The Board operates one solid waste landfill site. Phase 1 of the landfill site began accepting solid waste in 2012. The agreement with the Province of Newfoundland and Labrador for the operations of the landfill sites require that the Board take responsibility for certain obligations regarding closure and post-closure care of each site.

CENTRAL REGIONAL SERVICE BOARD
NOTES TO THE FINANCIAL STATEMENTS
As at December 31, 2012

7. Landfill closure and post-closure care (continued)

Closure activities include all activities related to closing the landfill site. Through a proactive closure plan, many closure costs will be incurred on an on-going basis and will be included in the yearly fiscal operating budget. Taking this into consideration, it is assumed that closure costs incurred at the actual closure date will be reduced significantly.

Post-closure activities include all activities related to monitoring the site once it can no longer accept waste. These costs are expected to last for an indeterminate time period, but at a minimum, would exceed 15 years.

Beginning in the fourth quarter of 2012, the Board has budgeted an annual reserve from operations of \$218,000 to fund closure and post-closure activities. As of year end, cash reserves of \$54,500 were set aside for closure and post-closure activities. Phase 1 has a remaining capacity of approximately 2,200,000 tons and is estimated to have a remaining life of approximately 47 years. The Board recognizes a future liability for closure and post-closure care costs. The liability is based on the best available information at the reporting date, which included estimated costs in 2008 dollars for both closure and post-closure care, an estimated inflation rate of 2.5%, a discount rate of 4%, estimated total capacity of the phase, estimated capacity used and expected future cash outflows as outlined in the Board's proactive closure plan. The amount estimated and accrued at December 31, 2012 for the current year closure and post-closure liability is \$143,000 (2011 - nil). The total estimated future expenditures for closure and post-closure costs of \$13,359,000 (2011 - nil), of which \$13,216,000 has yet to be accrued, will be incurred between 2015 and 2060.

8. Legal settlement

In 2012, the Board received a legal judgment regarding a statement of claim for wrongful termination of a contract in 2011. The judgment awarded \$561,088 to the contractor which included the judgment award, taxes and legal costs. An expense of \$497,259 was recognized in the prior year. This amount was net of HST rebate.

9. Financial instruments

The Board is exposed through its operations to following financial risk:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. The company is exposed to normal credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations. The company's financial instruments that are exposed to concentration of credit risk relate primarily to other accounts receivable. The risk has not changed from the previous period.

**CENTRAL REGIONAL SERVICE BOARD
NOTES TO THE FINANCIAL STATEMENTS
As at December 31, 2012**

10 Contingent liability

Bluebird Investments Ltd. has commenced actions in the Supreme Court of Newfoundland and Labrador for losses and additional costs alleged to have been caused by the Central Regional Service Board in connection with the Plaintiff's construction of seven waste management facilities. As the allegations in the Statement of Claim are neither substantiated nor proven at this date, an estimation of the amount of a contingent loss is not determinable.

SCHEDULE 1

CENTRAL REGIONAL SERVICE BOARD
SCHEDULE OF TANGIBLE CAPITAL ASSETS
Year Ended December 31, 2012

	Land and Land Improvements	Buildings and Leasehold Improvements	Motor Vehicles and Heavy Equipment	Asphalt and Parking Areas	Furniture and Fixtures	Computers and Data Management	2012	2011
Cost								
Opening costs	10,696,605	18,380,576	2,921,051	8,990,086	69,916	307,993	41,366,227	30,043,730
Additions during the year	128,657	566,902	4,617,602	544,065	80,196	373,577	6,310,999	11,322,497
Disposals and write downs	-	-	-	-	-	-	-	-
Closing costs	10,825,262	18,947,478	7,538,653	9,534,151	150,112	681,570	47,677,226	41,366,227
Accumulated Amortization								
Opening accum'd amortization	-	-	-	-	-	-	-	-
Amortization	15,509	684,348	479,403	849,028	20,182	113,387	2,161,857	-
Disposals and write downs	-	-	-	-	-	-	-	-
Closing accum'd amortization	15,509	684,348	479,403	849,028	20,182	113,387	2,161,857	-
Net Book Value of Tangible Capital Assets	10,809,753	18,263,130	7,059,250	8,685,123	129,930	568,183	45,515,369	41,366,227