

**CENTRAL REGIONAL SERVICE BOARD**

**Financial Statements**

**Year Ended December 31, 2022**

**CENTRAL REGIONAL SERVICE BOARD**

**Index to Financial Statements**

**Year Ended December 31, 2022**

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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The financial statements of Central Regional Service Board have been prepared in accordance with Canadian public sector accounting standards (PSAS) When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Central Regional Service Board's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Finance Committee. The Finance Committee is appointed by the Board and meets periodically with management and the directors' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Finance Committee reports to the Board of Directors prior to its approval of the financial statements. The Committee also considers, for review by the Board and approval by the directors, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the directors by Richard K Power, CPA, Professional Corporation, in accordance with Canadian public sector accounting standards (PSAS)

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Mr Robert Elliott, Chairperson

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Mr Edward Evans, CAO

Norris Arm, NL  
June 22, 2023



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## INDEPENDENT AUDITOR'S REPORT

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### To the Directors of Central Regional Service Board

#### Opinion

I have audited the financial statements of Central Regional Service Board (the organization), which comprise the statement of financial position as at December 31, 2022, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

#### Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the organization in accordance with ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, 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.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

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Independent Auditor's Report to the To the Directors of Central Regional Service Board *(continued)*

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Clarenville, Newfoundland and Labrador  
June 22, 2023

Chartered Professional Accountant  
Richard K Power, FCPA, Professional Corporation

**CENTRAL REGIONAL SERVICE BOARD****Statement of Financial Position****December 31, 2022**

	2022	2021
<b>FINANCIAL ASSETS</b>		
Cash (Note 2)	\$ 1,233,146	\$ 1,241,855
Accounts receivable (Note 3)	1,731,407	1,331,451
Long term investments (Note 4)	4,198,223	4,794,948
	<b>7,162,776</b>	7,368,254
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 5)	1,026,648	848,716
Current portion of long term debt (Note 6)	150,000	150,000
Long term debt (Note 6)	1,787,500	1,937,500
Landfill closure and post closure care (Note 7)	1,716,000	1,573,000
Deferred capital reserve (Note 8)	293,628	213,477
	<b>4,973,776</b>	4,722,693
<b>NET FINANCIAL ASSETS</b>	<b>2,189,000</b>	2,645,561
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 1)	42,466,882	44,233,978
<b>ACCUMULATED SURPLUS</b>	<b>\$ 44,655,882</b>	\$ 46,879,538

**ON BEHALF OF THE BOARD**\_\_\_\_\_  
*Chairperson*\_\_\_\_\_  
*Treasurer*

**CENTRAL REGIONAL SERVICE BOARD**  
**Statement of Operations and Accumulated Surplus**  
**Year Ended December 31, 2022**

	Budget (Schedule 2) 2022	2022	2021
<b>REVENUES</b>			
Collections fees	\$ 1,560,151	\$ 1,544,882	\$ 1,547,129
Disposal fees (Note 10)	6,461,600	6,284,569	5,934,613
Grants	638,916	638,916	1,063,171
Interest income	19,025	19,025	22,943
Other (Note 11)	1,945,932	91,917	107,966
	10,625,624	8,579,309	8,675,822
<b>EXPENSES</b>			
Advertising and promotion	106,000	25,912	34,140
Amortization	3,576,986	3,576,986	4,752,115
Bad debts	-	(77,890)	6,462
Environmental landfill expenses	25,000	100,339	183,380
Fuel and related transportation services	120,000	183,391	128,034
Household hazardous waste handling	50,000	43,184	77,330
Insurance	177,000	169,934	160,189
Interest and bank charges	9,000	15,268	22,559
Interest on long term debt	38,347	38,347	43,030
Landfill closure & post-closure care	143,000	143,000	143,000
Material recovery facility	1,109,400	991,031	950,414
Memberships	8,000	1,146	2,244
Office	46,487	31,588	36,020
Professional fees	150,000	129,661	232,825
Repairs and maintenance	1,446,822	1,306,039	1,310,742
Salaries and wages	2,914,082	2,929,292	2,753,993
Telephone	85,000	71,505	71,556
Travel	30,900	32,850	15,712
Utilities	148,000	114,508	121,144
Vehicle	441,600	671,556	454,786
Wood fibre expense	-	305,319	735,881
	10,625,624	10,802,966	12,235,556
<b>ANNUAL DEFICIT</b>	-	(2,223,657)	(3,559,734)
ACCUMULATED SURPLUS - BEGINNING OF YEAR	46,879,539	46,879,539	50,439,272
<b>ACCUMULATED SURPLUS - END OF YEAR</b>	\$ 46,879,539	\$ 44,655,882	\$ 46,879,538

The accompanying notes are an integral part of these financial statements

**CENTRAL REGIONAL SERVICE BOARD**  
**Statement of Changes in Net Financial Assets**  
**Year Ended December 31, 2022**

	Budget (Schedule 2) 2022	2022	2021
<b>ANNUAL DEFICIT</b>	\$ -	\$ (2,223,657)	\$ (3,559,734)
Amortization of tangible capital assets	3,576,986	<b>3,576,986</b>	4,752,115
Purchase of tangible capital assets	-	<b>(1,809,890)</b>	(1,062,822)
	3,576,986	<b>1,767,096</b>	3,689,293
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	3,576,986	<b>(456,561)</b>	129,559
<b>NET FINANCIAL ASSETS - BEGINNING OF YEAR</b>	2,645,561	<b>2,645,561</b>	2,516,002
<b>NET FINANCIAL ASSETS - END OF YEAR</b>	\$ 6,222,547	\$ <b>2,189,000</b>	\$ 2,645,561

The accompanying notes are an integral part of these financial statements



**CENTRAL REGIONAL SERVICE BOARD****Statement of Cash Flows****Year Ended December 31, 2022**

	2022	2021
<b>OPERATING ACTIVITIES</b>		
Annual Deficit	\$ (2,223,657)	\$ (3,559,734)
Item not affecting cash:		
Amortization of tangible capital assets	3,576,986	4,752,115
	<b>1,353,329</b>	1,192,381
Changes in non-cash working capital:		
Accounts receivable	(399,956)	958,196
Accounts payable	177,932	(946,245)
Landfill closure and post closure care	143,000	143,000
	<b>(79,024)</b>	154,951
Cash flow from operating activities	<b>1,274,305</b>	1,347,332
<b>CAPITAL ACTIVITY</b>		
Purchase of tangible capital assets	(1,809,890)	(1,062,822)
Purchase of long term investments	(1,214,375)	(1,427,156)
Proceeds from sale of long term investments	1,811,100	1,033,332
Cash flow used by capital activity	<b>(1,213,165)</b>	(1,456,646)
<b>FINANCING ACTIVITIES</b>		
Deferred capital reserve	80,151	81,110
Deferred income	-	(20,000)
Repayment of long term debt	(150,000)	(150,000)
Cash flow used by financing activities	<b>(69,849)</b>	(88,890)
<b>DECREASE IN CASH FLOW</b>	<b>(8,709)</b>	(198,204)
Cash - beginning of year	1,241,855	1,440,059
<b>CASH - END OF YEAR</b>	<b>\$ 1,233,146</b>	<b>\$ 1,241,855</b>
<b>CASH CONSISTS OF:</b>		
Cash - operating bank account	\$ 949,133	\$ 957,842
Cash - capital bank account	284,013	284,013
	<b>\$ 1,233,146</b>	<b>\$ 1,241,855</b>

The accompanying notes are an integral part of these financial statements

# CENTRAL REGIONAL SERVICE BOARD

## Notes to Financial Statements

Year Ended December 31, 2022

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### 1. Nature of operations

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 and is designated a municipality under the Excise Tax Act of Canada.

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### 2. Summary of significant accounting policies

#### Basis of presentation

The financial statements were prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada and reflect the following significant accounting policies:

#### Basis of accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon the receipt of goods and services or the creation of an obligation to pay.

#### Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in treasury bills and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

#### Non-financial assets

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, provides the change in net financial assets for the year.

#### Revenue recognition policy

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

#### 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.

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# CENTRAL REGIONAL SERVICE BOARD

## Notes to Financial Statements

Year Ended December 31, 2022

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### 2. Summary of significant accounting policies (continued)

#### 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:

Land	Indefinite	straight-line method
Land improvements	10 to 50 years	straight-line method
Buildings	25 to 40 years	straight-line method
Machinery and equipment	5 to 10 years	straight-line method
Computer hardware and software	4 years	straight-line method
Furniture and fixtures	5 years	straight-line method
Road surface	5 to 20 years	straight-line method
Road grade	30 years	straight-line method

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

#### Financial instruments policy

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.

#### Use of estimates

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.

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### 3. Accounts receivable

	2022	2021
Trade accounts receivable	\$ 1,605,398	\$ 1,197,126
Harmonized sales tax	181,225	149,931
	<b>1,786,623</b>	1,347,057
Allowance for Doubtful Accounts	(55,216)	(15,606)
	<b>\$ 1,731,407</b>	\$ 1,331,451

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**CENTRAL REGIONAL SERVICE BOARD****Notes to Financial Statements****Year Ended December 31, 2022****4. Long term investments**

Long term investments consist of guarantee investment certificates with a maturity date of greater than a year. Long term investments are restricted for the following purposes.

	<b>2022</b>	2021
Capital projects	\$ 383,162	\$ 379,789
Capital reserve - Landfill equipment	525,736	1,300,363
Capital reserve - Collection equipment	1,184,784	1,323,900
Capital reserve - Landfill construction	722,910	554,883
Capital reserve - Landfill close and post closure	1,080,504	1,035,921
Capital reserve - MRF	301,127	200,092
	<b>\$ 4,198,223</b>	<b>\$ 4,794,948</b>

Capital projects investments relates to funds advanced by the Department of Municipal Affairs for capital projects for the completion of facilities and other capital projects.

Capital reserves relates to replacement of equipment, collection trucks and landfill cell construction and capping. The board reserved \$1,214,375 including interest in 2022 for its capital reserves. During the year, \$396,520 was drawn down from the collection truck reserve and \$1,414,580 from the equipment reserve.

**5. Accounts payable and accrued liabilities**

	<b>2022</b>	2021
Accounts payable	\$ 705,557	\$ 663,267
Accruals	321,091	185,449
	<b>\$ 1,026,648</b>	<b>\$ 848,716</b>

**6. Long term debt**

	<b>2022</b>	2021
Bank of Montreal loan bearing interest at 5.9% per annum, repayable in monthly principal payments of \$12,500 plus interest. The loan matures on November 30, 2035 and is secured by a government guarantee by the Province of Newfoundland and Labrador.	\$ 1,937,500	\$ 2,087,500
Amounts payable within one year	(150,000)	(150,000)
	<b>\$ 1,787,500</b>	<b>\$ 1,937,500</b>

Principal repayment terms are approximately:

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# CENTRAL REGIONAL SERVICE BOARD

## Notes to Financial Statements

Year Ended December 31, 2022

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6. **Long term debt** *(continued)*

2023	\$ 150,000
2024	150,000
2025	150,000
2026	150,000
2027	150,000
Thereafter	<u>1,037,500</u>
	<u>\$ 1,787,500</u>

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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 regard closure and post-closure care of each site.

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.

As of December 31, 2022, cash reserves of \$1,080,504 (2021 - \$1,035,921) (Note 4) were set aside for closure and post-closure activities. 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 include estimated total capacity of the landfill, 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, 2022 for the current year closure and post-closure liability is \$143,000 (2021 - \$143,000). The total amount accrued for future liability for closure and post-closure care costs is \$1,716,000 (2021 - \$1,573,000).

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8. **Deferred capital reserve**

Deferred capital reserve relates to funds received from the Western Regional Service Board as a reserve for equipment replacement. No funds from the reserve were utilized during the year.

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9. **Financial instruments**

The Board, as part of its operations, carries a number of financial instruments. It is management's opinion the Board is not exposed to significant interest, currency or credit risk arising from these financial instruments, except as otherwise disclosed. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

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**CENTRAL REGIONAL SERVICE BOARD****Notes to Financial Statements****Year Ended December 31, 2022****10. Disposal fees**

	<b>2022</b>	2021
Disposal	<b>\$ 5,670,524</b>	\$ 5,448,988
Sale of recyclable materials	<b>614,045</b>	485,625
	<b>\$ 6,284,569</b>	\$ 5,934,613

**11. Other revenue**

	<b>2022</b>	2021
Water specialist grant	<b>\$ 80,000</b>	\$ 100,000
Other	<b>11,917</b>	7,966
	<b>\$ 91,917</b>	\$ 107,966

**CENTRAL REGIONAL SERVICE BOARD**

**Schedule of Tangible Capital Assets**

**Year Ended December 31, 2022**

*(Schedule 1)*

	General Capital Assets						Totals	
	Land and Improvements	Buildings	Vehicles and Heavy Equipment	Roads and Parking Areas	Furniture and Fixtures	Computers and Data Management	2022	2021
<b>Cost</b>								
Opening cost	\$ 21,820,837	\$ 27,647,631	\$ 20,677,958	\$ 11,840,763	\$ 150,112	\$ 766,360	<b>\$ 82,903,661</b>	\$ 81,840,839
Additions during the year	96,126	-	1,713,764	-	-	-	<b>1,809,890</b>	1,062,822
Closing costs	21,916,963	27,647,631	22,391,722	11,840,763	150,112	766,360	<b>84,713,551</b>	82,903,661
<b>Accumulated Amortization</b>								
Opening accum'd amortization	1,586,914	10,241,507	14,636,792	11,293,557	150,112	760,801	<b>38,669,683</b>	33,917,567
Amortization	471,022	1,124,446	1,642,763	335,049	-	3,706	<b>3,576,986</b>	4,752,115
Closing accum'd amortization	2,057,936	11,365,953	16,279,555	11,628,606	150,112	764,507	<b>42,246,670</b>	38,669,683
<b>Net Book Value of TCA</b>	<b>\$ 19,859,027</b>	<b>\$ 16,281,678</b>	<b>\$ 6,112,167</b>	<b>\$ 212,157</b>	<b>\$ -</b>	<b>\$ 1,853</b>	<b>\$ 42,466,882</b>	<b>\$ 44,233,978</b>

The accompanying notes are an integral part of these financial statements

**CENTRAL REGIONAL SERVICE BOARD****Reconciliation of the Financial Budget to PSAB Budget***(Schedule 2)***Year Ended December 31, 2022**

	Budget	PSAB Changes	PSAB Budget
<b>Revenue</b>			
Collections	\$ 1,560,151	\$ -	\$ 1,560,151
Disposal	6,461,600	-	6,461,600
Grants	-	638,916	638,916
Interest	-	19,025	19,025
Other	-	1,945,932	1,945,932
	8,021,751	2,603,873	10,625,624
<b>Expenses</b>			
Advertising and promotion	106,000	-	106,000
Amortization	-	3,576,986	3,576,986
Environment landfill expenses	25,000	-	25,000
Fuel and related transportation services	120,000	-	120,000
Household hazardous waste handling	50,000	-	50,000
Insurance	177,000	-	177,000
Interest and bank charges	9,000	-	9,000
Interest on long term debt	-	38,347	38,347
Landfill closure and post closure	-	143,000	143,000
Material recycling facility	1,109,400	-	1,109,400
Memberships	8,000	-	8,000
Office	46,487	-	46,487
Professional fees	150,000	-	150,000
Repairs and maintenance	1,446,822	-	1,446,822
Salaries and wages	2,914,082	-	2,914,082
Telephone	85,000	-	85,000
Utilities	148,000	-	148,000
Vehicle	441,600	-	441,600
Travel	30,900	-	30,900
Capital reserves	956,460	(956,460)	-
Loan repayment	198,000	(198,000)	-
	8,021,751	2,603,873	10,625,624
<b>Revised budget</b>	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements



**CENTRAL REGIONAL SERVICE BOARD  
STATEMENT OF OPERATIONS BY PROGRAM  
YEAR ENDED DECEMBER 31, 2022**

**SCHEDULE 3**

	Disposal Program		Collection Program		Capital		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>REVENUE</b>								
Collections			\$ 1,544,882	\$ 1,547,129			\$ 1,544,882	\$ 1,547,129
Deposal fees	\$ 6,284,569	\$ 5,934,613					6,284,569	5,934,613
Grants					638,916	1,063,171	638,916	1,063,171
Interest					19,025	22,943	19,025	22,943
Other	91,917	107,966					91,917	107,966
<b>Total revenue</b>	<b>6,376,486</b>	<b>6,042,579</b>	<b>1,544,882</b>	<b>1,547,129</b>	<b>657,941</b>	<b>1,086,114</b>	<b>8,579,309</b>	<b>8,675,822</b>
<b>EXPENSES</b>								
Advertising and promotion	18,693	25,157	7,219	8,983			25,912	34,140
Amortization					3,576,986	4,752,115	3,576,986	4,752,115
Bad debt	(77,890)	6,462					(77,890)	6,462
Environment landfill expenses	74,606	158,201	25,733	25,179			100,339	183,380
Fuel and related transportation services	183,391	128,034					183,391	128,034
Household hazardous waste handling	43,184	77,330					43,184	77,330
Insurance	146,934	138,189	23,000	22,000			169,934	160,189
Interest and bank charges	15,268	22,559					15,268	22,559
Interest on long term debt	38,347	43,030					38,347	43,030
Landfill closure and post closure	143,000	143,000					143,000	143,000
Material recycling facility	991,031	950,414					991,031	950,414
Memberships	1,146	2,244					1,146	2,244
Office	31,325	35,990	263	30			31,588	36,020
Professional fees	129,661	232,825					129,661	232,825
Repairs and maintenance	1,117,123	1,063,277	188,916	247,465			1,306,039	1,310,742
Salaries and wages	2,146,598	1,989,824	782,694	764,169			2,929,292	2,753,993
Telephone	60,488	63,234	11,017	8,322			71,505	71,556
Travel	32,067	13,803	783	1,910			32,850	15,712
Utilities	114,508	121,144					114,508	121,144
Vehicle	314,511	212,544	357,045	242,242			671,556	454,786
Wood fibre expense	305,319	735,881					305,319	735,881
	<b>5,829,309</b>	<b>6,163,142</b>	<b>1,396,671</b>	<b>1,320,299</b>	<b>3,576,986</b>	<b>4,752,115</b>	<b>10,802,966</b>	<b>12,235,556</b>
<b>Surplus (Deficit) per Statement of Operations</b>	<b>547,177</b>	<b>(120,563)</b>	<b>148,211</b>	<b>226,830</b>	<b>(2,919,045)</b>	<b>(3,666,001)</b>	<b>(2,223,657)</b>	<b>(3,559,734)</b>
Capital reserve allocation (See Note 4)								
Equipment	734,226	534,400	250,000	300,000			984,226	834,400
Landfill construction	206,460	553,800					206,460	553,800
	<b>940,686</b>	<b>1,088,200</b>	<b>250,000</b>	<b>300,000</b>			<b>1,190,686</b>	<b>1,388,200</b>
<b>Surplus (Deficit) after capital reserve allocation</b>	<b>\$ (393,509)</b>	<b>\$ (1,208,763)</b>	<b>\$ (101,789)</b>	<b>\$ (73,170)</b>	<b>\$ (2,919,045)</b>	<b>\$ (3,666,001)</b>	<b>(3,414,343)</b>	<b>(4,947,934)</b>

The accompanying notes are an integral part of these financial statements

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# CENTRAL REGIONAL SERVICE BOARD

P.O. Box 254, Route 3-1-09  
Norris Arm, NL  
A0G 3M0

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June 22, 2023

Confidential

Richard K Power, CPA, Professional Corporation  
221E Memorial Drive  
Cormack Building  
Clarenville Newfoundland and Labrador A5A 1R3

Attention: Richard K Power, FCPA, FCA

Dear Sir:

Re: Management representations letter (Dec 14, 2017)

This representation letter is provided in connection with your audit of the financial statements of Central Regional Service Board for the year ended December 31, 2022, for the purpose of you expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian public sector accounting standards.

In making the representations outlined below, we took the time necessary to appropriately inform ourselves on the subject matter through inquiries of entity personnel with relevant knowledge and experience, and, where appropriate, by inspecting supporting documentation.

We confirm that (to the best of our knowledge and belief):

## **Financial Statements**

We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated January 11, 2023 for:

Preparing and fairly presenting the financial statements in accordance with Canadian public sector accounting standards;

Providing you with:

Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as:

- A. Accounting records, supporting data and other relevant documentation,
  - B. Minutes of meetings (such as shareholders, board of directors and audit committees) or summaries of actions taken for which minutes have not yet been prepared, and
  - C. Information on any other matters, of which we are aware, that is relevant to the preparation of the financial statements;
- ii) Additional information that you have requested from us for the purpose of the audit; and
  - iii) Unrestricted access to persons within the entity from whom you determine it necessary to obtain audit evidence.
- c) Ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements; and
  - d) Designing and implementing such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We have also communicated to you any deficiencies in the design and implementation or the maintenance of internal control over financial reporting of which management is aware.

(continued)

## **Fraud and Non Compliance**

We have disclosed to you:

- a. All of our knowledge in relation to actual, alleged or suspected fraud affecting the entity's financial statements involving:
  - i. Management;
  - ii. Employees who have significant roles in internal control; or
  - iii. Others where the fraud could have a material effect on the financial statements;
- b. All of our knowledge in relation to allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators or others;
- c. All known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements that should be considered when preparing the financial statements;
- d. All known, actual, or possible litigation and claims that should be considered when preparing the financial statements; and
- e. The results of our risk assessments regarding possible fraud or error in the financial statements.

## **Related Parties**

We confirm that there were no related-party relationships or transactions that occurred during the period.

## **Estimates**

We acknowledge our responsibility for determining the accounting estimates required for the preparation of the financial statements in accordance with Canadian public sector accounting standards. Those estimates reflect our judgment based on our knowledge and experience of past and current events, and on our assumptions about conditions we expect to exist and courses of action we expect to take. We confirm that the significant assumptions and measurement methods used by us in making accounting estimates, including those measured at fair value, are reasonable.

## **Subsequent Events**

All events subsequent to the date of the financial statements and for which Canadian public sector accounting standards requires adjustment or disclosure have been adjusted or disclosed.

## **Commitments and Contingencies**

There are no commitments, contingent liabilities/assets or guarantees (written or oral) that should be disclosed in the financial statements. This includes liabilities arising from contract terms, illegal acts or possible illegal acts, and environmental matters that would have an impact on the financial statements.

## **Adjustments**

We have reviewed, approved and recorded all of your proposed adjustments to our accounting records. This includes journal entries, changes to account coding, classification of certain transactions and preparation of, or changes to, certain accounting records.

## **Misstatements**

The effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole.

## **Journal entries**

We have approved all journal entries and other adjustments proposed by you, and they have been included in our financial statements.

## **Long-term investments**

All long-term investments owned by our organization are recorded in the accounts. The long-term investments are valued at cost, and an appropriate impairment loss has been recognized in earnings when a significant adverse change in the expected timing or amount of future cash flows from investments has been identified. When the extent of such an impairment has decreased, a reversal of the previously recognized impairment loss has been recognized in earnings.

*(continued)*

All income earned for the period ended December 31, 2022 on those long-term investments has been recorded in the accounts.

**Property, plant and equipment**

Property, plant and equipment are recorded at cost. We have good and valid title to all items of property and equipment reflected in the accounts relating thereto, and there are no liens or encumbrances on our assets. During the period ended December 31, 2022, no material amounts relating to additions or improvements of property, plant and equipment were charged to expense. The provision for amortization is based on the cost and expected economic useful lives of the property using the straight-line method.

**Receivables**

The accounts receivable reflected in the accounts constitute valid claims against customers and other debtors. They do not include amounts for goods shipped on consignment, approval or under repurchase commitments, or for goods shipped after December 31, 2022.

Receivables known to be uncollectible have been written off, and adequate provision has been made for anticipated adjustments or losses in connection with the collection of receivables.

**Subsequent events**

There have been no events between the balance sheet date and the date of this letter that would require recognition or disclosure in the financial statements.

There have been no events subsequent to the balance sheet date of the comparative financial statements that would require adjustment or disclosure in the current financial statements.

Acknowledged and agreed on behalf of Central Regional Service Board by:

\_\_\_\_\_  
Mr Robert Elliott, Chairperson

\_\_\_\_\_  
Mr Edward Evans, CAO

\_\_\_\_\_  
June 22, 2023

\_\_\_\_\_  
June 22, 2023

Date signed

Date signed

**Central Regional Service Board**

Year End: December 31, 2022

Adjusting Journal Entries

Date: 2022-01-01 To 2022-12-31

Prepared by	Plan Review	Final Review
JP 2023-04-06		RKP 2023-05-04

5D

Number	Date	Name	Account No	Reference	Debit	Credit	Recurrence	Misstatement
1	2022-12-31	Investment Contract Bond	1008 OPR	40	557,664.03			
1	2022-12-31	Investment Landfill Const	1009 OPR	40	166,140.00			
1	2022-12-31	Investment Cell Capping	1010 OPR	40	40,320.00			
1	2022-12-31	Investment Collection Trucks	1011 OPR	40	250,000.00			
1	2022-12-31	Investment Equipment WRWM	1012 OPR	40	76,562.25			
1	2022-12-31	Investment	1013 OPR	40	379,789.29			
1	2022-12-31	Investment.	1017 OPR	40		379,789.29		
1	2022-12-31	Investment MRF	1018 OPR	40	100,000.00			
1	2022-12-31	Equipment - Capital Reserve	5810 OPR	40		557,664.03		
1	2022-12-31	Landfill Cell Const. - Capital Reserve	5812 OPR	40		166,140.00		
1	2022-12-31	Landfill Cell Capping - Capital Reserve	5814 OPR	40		40,320.00		
1	2022-12-31	Collection Trucks (10) - Capital Reserve	5816 OPR	40		250,000.00		
1	2022-12-31	Capital reserve - equipment - WRWM	5820 OPR	40		76,562.25		
1	2022-12-31	Capital Reserve - MRF	5825 OPR	40		100,000.00		
To redistribute capital reserves.								
2	2022-12-31	Investment Contract Bond	1008 OPR	N		1,158,379.10		
2	2022-12-31	Investment Equipment WRWM	1012 OPR	N		174,037.00		
2	2022-12-31	Equipment - Holding	1016 OPR	N	1,158,379.10			
2	2022-12-31	Investment WRWM Equipment	1019 OPR	N	174,037.00			
To redistribute capital reserve drawdowns.								
3	2022-12-31	Investment Contract Bond	1008 OPR	N. 9	7,220.75			
3	2022-12-31	Investment Equipment WRWM	1012 OPR	N. 9		7,220.75		
To reallocate May reserve received from Western to the equipment capital reserve, as this payment was used as reimbursement for short funds for Western's portion of Beaumag purchase.								
4	2022-12-31	Investment Contract Bond	1008 OPR	N. 7	5,166.75			
4	2022-12-31	Investment Landfill Const	1009 OPR	N. 7	1,887.52			
4	2022-12-31	Investment Cell Capping	1010 OPR	N. 7	4,263.08			
4	2022-12-31	Investment Collection Trucks	1011 OPR	N. 7	7,404.36			
4	2022-12-31	Investment Equipment WRWM	1012 OPR	N. 7	559.53			
4	2022-12-31	Investment	1013 OPR	N. 7	3,372.13			
4	2022-12-31	Investment MRF	1018 OPR	N. 7	1,035.24			
4	2022-12-31	Accrued interest revenue	4015 OPR	N. 7		23,688.61		
To record interest accrued on investments.								
5	2022-12-31	Accounts Receivable - Year End	1201 OPR	20. 9	165,752.63			
5	2022-12-31	Heavy Equipment	1895 OPR	20. 9	377,040.89			
5	2022-12-31	Revenue - Grants	4050 OPR	20. 9		377,040.89		
5	2022-12-31	Revenue - Grants	4050 OPR	20. 9		165,752.63		
To redistribute funding for grapple truck and trailer and to set up receivable.								
6	2022-12-31	Accounts Payable - Year End	2101 OPR	BB	173,449.32			
6	2022-12-31	Wages & Salaries	5410 OPR	BB		108,172.06		
6	2022-12-31	EI Expense	5420 OPR	BB		1,174.12		
6	2022-12-31	CPP Expense	5430 OPR	BB		4,016.83		
6	2022-12-31	RRSP Expense	5451 OPR	BB		2,170.89		
6	2022-12-31	Medical Plan Expense	5452 OPR	BB		2,548.90		
6	2022-12-31	Advertising & Promotion	5610 OPR	BB		489.33		
6	2022-12-31	Fuel Expense- Regional Site	5660 OPR	BB		2,624.24		
6	2022-12-31	Landfill Expenses	5696 OPR	BB		3,217.19		
6	2022-12-31	Professional Fees	5710 OPR	BB		1,029.68		
6	2022-12-31	Professional Fees	5710 OPR	BB		834.32		
6	2022-12-31	Repair & Maintenance - Transfer Stations	5769 OPR	BB		1,290.59		
6	2022-12-31	Safety Clothes Allowance	5772 OPR	BB		643.39		
6	2022-12-31	Expense - Wood Fiber	5775 OPR	BB		20,215.20		
6	2022-12-31	Telephone Expense	5780 OPR	BB		586.94		
6	2022-12-31	Wireless Expense	5781 OPR	BB		285.72		
6	2022-12-31	Transportation of Waste	5785 OPR	BB		4,936.29		
6	2022-12-31	Utilities - Regional Site	5790 OPR	BB		19,213.63		

**Central Regional Service Board**

Year End: December 31, 2022

Adjusting Journal Entries

Date: 2022-01-01 To 2022-12-31

Prepared by	Plan Review	Final Review
JP 2023-04-06		RKP 2023-05-04

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Number	Date	Name	Account No	Reference	Debit	Credit	Recurrence	Misstatement
To reverse prior year accrued liabilities.								
7	2022-12-31	Bank Loans	2620 OPR	KK. 2	150,000.00			
7	2022-12-31	Loan Payment Expense	5745 OPR	KK. 2		150,000.00		
To redistribute principal loan payments.								
8	2022-12-31	Deferred capital reserve - WRSB	2233 OPR	N. 1		80,151.03		
8	2022-12-31	Landfill Closure & Post-Closure Care Liability	2640 OPR	N. 1		143,000.00		
8	2022-12-31	Revenue - equipment capital reserve WRWM	4075 OPR	N. 1	80,151.03			
8	2022-12-31	Landfill Closure & Post-Closure Care	5818 OPR	N. 1	143,000.00			
To record current portion of landfill closure and post-closure liability and to redistribute western's portion.								
9	2022-12-31	Heavy Equipment	1895 OPR	40. 6	15,225.29			
9	2022-12-31	Repairs & Maintenance - Regional Site	5765 OPR	40. 6		15,225.29		
To capitalize Foam Pro System for fire truck.								
10	2022-12-31	Land Improvements-Accum Amortization	1950 OPR	U. 2		471,021.75		
10	2022-12-31	Building-Accum Amortization	1951 OPR	U. 2		1,124,445.82		
10	2022-12-31	Heavy Equip/Moto Veh-Accum Amortization	1952 OPR	U. 2		1,642,763.52		
10	2022-12-31	Computer/Data Mgmt-Accum Amortization	1953 OPR	U. 2		3,706.02		
10	2022-12-31	Asphalt Paving areas-Accum Amortization	1954 OPR	U. 2		335,048.77		
10	2022-12-31	Amortization expense	5060 OPR	U. 2	3,576,985.88			
To record depreciation expense for 2022.								
11	2022-12-31	Accounts Payable - Year End	2101 OPR	BB. 4		68,396.12		
11	2022-12-31	Salary-Water Specialist	5415 OPR	BB. 4	2,005.58			
11	2022-12-31	Advertising & Promotion	5610 OPR	BB. 4	265.31			
11	2022-12-31	Advertising & Promotion	5610 OPR	BB. 4	150.15			
11	2022-12-31	Fuel - Curbside Collection	5665 OPR	BB. 4	21,246.70			
11	2022-12-31	Garbage Collection - Other	5695 OPR	BB. 4	1,998.20			
11	2022-12-31	Professional Fees	5710 OPR	BB. 4	2,740.91			
11	2022-12-31	Repairs & Maintenance - Regional Site	5765 OPR	BB. 4	573.80			
11	2022-12-31	Repair & Maintenance - Transfer Stations	5769 OPR	BB. 4	4,332.41			
11	2022-12-31	Sand/Salt/Snow Clearing	5771 OPR	BB. 4	547.52			
11	2022-12-31	Sand/Salt/Snow Clearing	5771 OPR	BB. 4	111.00			
11	2022-12-31	Maintenance & Repairs - Trailers	5773 OPR	BB. 4	15,141.42			
11	2022-12-31	Telephone Expense	5780 OPR	BB. 4	662.86			
11	2022-12-31	Wireless Expense	5781 OPR	BB. 4	308.02			
11	2022-12-31	Board Travel	5784 OPR	BB. 4	133.27			
11	2022-12-31	Utilities - Regional Site	5790 OPR	BB. 4	16,239.39			
11	2022-12-31	Utilities - Transfer Stations	5791 OPR	BB. 4	1,939.58			
To record accrued liabilities for 2022.								
12	2022-12-31	Revenue - Grants	4050 OPR	20. 9. 5		96,122.12		
12	2022-12-31	Landfill Cell #3 Construction	5815 OPR	20. 9. 5	96,122.12			
To redistribute cell 3 construction funding.								
13	2022-12-31	Cell #3 - Land improvements	1867 OPR	U. 2	96,125.76			
13	2022-12-31	Landfill Cell #3 Construction	5815 OPR	U. 2		96,125.76		
To capitalize cell 3 construction.								
14	2022-12-31	Allowance for Doubtful Accounts	1205 OPR	C. 9	117,500.00			
14	2022-12-31	Bad Debt Expense	5900 OPR	C. 9		117,500.00		
To redistribute payment received								

**Central Regional Service Board**

Year End: December 31, 2022

Adjusting Journal Entries

Date: 2022-01-01 To 2022-12-31

Prepared by	Plan Review	Final Review
JP 2023-04-06		RKP 2023-05-04

5D-2

Number	Date	Name	Account No	Reference	Debit	Credit	Recurrence	Misstatement
from settlement with MTL Disposal.								
15	2022-12-31	Allowance for Doubtful Accounts	1205 OPR	C. 2		39,609.69		
15	2022-12-31	Bad Debt Expense	5900 OPR	C. 2	39,609.69			
To adjust allowance for doubtful accounts for 2022.								
					8,033,159.76	8,033,159.76		
Net Income (Loss)			-2,223,657.40					

Approved by \_\_\_\_\_

Date \_\_\_\_\_