



EASTERN REGIONAL SERVICE BOARD
Financial Statements
Year Ended December 31, 2015



HARRIS RYAN



EASTERN REGIONAL SERVICE BOARD

Index to Financial Statements

Year Ended December 31, 2015

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Changes in Accumulated Surplus	3
Statement of Changes in Net Financial Assets	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 13
Administrative expenses (<i>Schedule 1</i>)	14
Regional waste management operating expenses (<i>Schedule 2</i>)	15
Waste collection operating expenses (<i>Schedule 3</i>)	16

HARRIS RYAN



INDEPENDENT AUDITOR'S REPORT

To the Members of Eastern Regional Service Board

We have audited the accompanying financial statements of Eastern Regional Service Board, which comprise the statement of financial position as at December 31, 2015 and the statements of operations, changes in net financial assets, changes in accumulated surplus 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 qualified audit opinion.

Basis for Qualified Opinion

Eastern Regional Service Board derives revenue from waste management fees, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Eastern Regional Service Board. Therefore, we were not able to determine whether any adjustments might be necessary to waste management fee revenue, annual surplus, and cash flows from operations for the year ended December 31, 2015, current assets and net assets as at December 31, 2015.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Eastern Regional Service Board as at December 31, 2015 and the results of its operations and its cash flows for the years then ended in accordance with Public Sector Accounting Standards.

St. John's, Newfoundland and Labrador
June 2, 2016



CHARTERED PROFESSIONAL ACCOUNTANTS

EASTERN REGIONAL SERVICE BOARD

Statement of Financial Position

December 31, 2015

FINANCIAL ASSETS

Cash and cash equivalents	\$ 4,081,951	\$ 7,333,922
Guaranteed investment certificates	1,430,546	-
Accounts receivable (Note 3)	659,865	390,326
Harmonized sales tax recoverable	169,818	635,924
	6,342,180	8,360,172

LIABILITIES

Accounts payable (Note 5)	830,715	1,565,658
Employee deductions payable	32,761	1,901
Deferred income (Note 6)	2,544,758	4,820,626
Obligations under capital lease (Note 8)	513,944	632,834
	3,922,178	7,021,019

NET FINANCIAL ASSETS

2,420,002 **1,339,153**

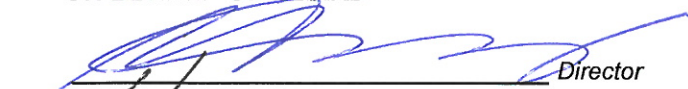
NON-FINANCIAL ASSETS

Prepaid expenses	72,662	34,762
Tangible capital assets (Note 4)	4,629,325	1,859,316
	4,701,987	1,894,078

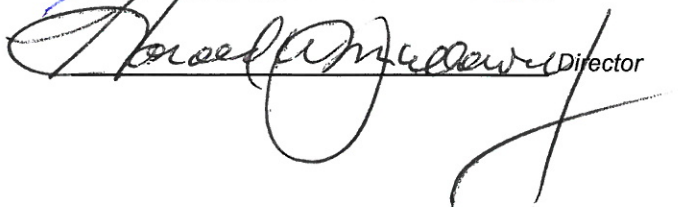
ACCUMULATED SURPLUS

\$ 7,121,987 **\$ 3,233,229**

ON BEHALF OF BOARD



Director



Director

EASTERN REGIONAL SERVICE BOARD
Statement of Changes in Accumulated Surplus
Year Ended December 31, 2015

	2015	2014
ACCUMULATED SURPLUS - BEGINNING OF YEAR	\$ 3,233,229	\$ 2,585,176
SURPLUS FOR THE YEAR	3,888,758	648,053
ACCUMULATED SURPLUS - END OF YEAR <i>(Note 9)</i>	\$ 7,121,987	\$ 3,233,229

EASTERN REGIONAL SERVICE BOARD
Statement of Changes in Net Financial Assets
Year Ended December 31, 2015

	2015	2014
ANNUAL SURPLUS	\$ 3,888,758	\$ 648,053
Purchase of tangible capital assets	(3,737,313)	(1,353,056)
Amortization of tangible capital assets	731,972	359,992
Proceeds on disposal of tangible capital assets	206,673	-
Loss on disposal of tangible capital assets	28,658	-
Increase in prepaid expenses	(37,899)	(10,809)
	(2,807,909)	(1,003,873)
INCREASE (DECREASE) NET FINANCIAL ASSETS	1,080,849	(355,820)
Net financial assets - beginning of year	1,339,153	1,694,973
NET FINANCIAL ASSETS - END OF YEAR	\$ 2,420,002	\$ 1,339,153

See notes to financial statements

EASTERN REGIONAL SERVICE BOARD

Statement of Operations

For the Year Ended December 31, 2015

	Budget 2015	Total 2015	Total 2014
REVENUES			
Government grants <i>(Note 6)</i>	\$ -	\$ 382,831	\$ 468,893
Capital government grants <i>(Note 6)</i>	3,614,266	3,702,917	-
Tipping fees <i>(Note 7)</i>	2,863,765	2,863,765	2,952,328
Waste management fees	4,425,298	4,061,491	3,108,854
Metals recycling revenue	60,000	103,307	57,721
	10,963,329	11,114,311	6,587,796
OPERATING EXPENSES			
Administrative expenses <i>(Schedule 1)</i>	1,345,528	1,405,480	1,317,368
Regional waste management operating expenses <i>(Schedule 2)</i>	1,163,931	1,453,336	1,262,734
Waste collection operating expenses <i>(Schedule 3)</i>	4,070,816	4,283,166	3,046,863
Transfer station - site development <i>(Note 6)</i>	-	236,817	306,505
Waste recovery facilities - site development <i>(Note 6)</i>	-	22,156	9,918
Waste site closures <i>(Note 6)</i>	-	108,791	160,118
	6,580,275	7,509,746	6,103,506
SURPLUS FROM OPERATIONS	4,383,054	3,604,565	484,290
OTHER INCOME			
Interest income	20,000	268,599	149,253
Miscellaneous revenue	3,000	15,594	14,510
	23,000	284,193	163,763
ANNUAL SURPLUS	\$ 4,406,054	\$ 3,888,758	\$ 648,053

See notes to financial statements

EASTERN REGIONAL SERVICE BOARD**Statement of Cash Flows****Year Ended December 31, 2015**

	2015	2014
OPERATING ACTIVITIES		
Surplus	\$ 3,888,758	\$ 648,053
Items not affecting cash:		
Amortization of tangible capital assets	731,972	359,992
Loss on disposal of tangible capital assets	28,658	-
	4,649,388	1,008,045
Changes in non-cash working capital:		
Accounts receivable	(269,539)	(137,840)
Accounts payable	(734,943)	1,070,384
Prepaid expenses	(37,899)	(10,808)
Harmonized sales tax recoverable	466,106	(181,905)
Employee deductions payable	30,860	1,901
	(545,415)	741,732
Cash flow from operating activities	4,103,973	1,749,777
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(3,737,313)	(1,353,056)
Proceeds on disposal of tangible capital assets	206,673	-
Deferred income	(2,275,868)	3,378,927
Guaranteed investment certificates	(1,430,546)	-
Cash flow from (used by) investing activities	(7,237,054)	2,025,871
FINANCING ACTIVITY		
Repayment of obligations under capital lease	(118,890)	(113,209)
Cash flow used by financing activity	(118,890)	(113,209)
INCREASE (DECREASE) IN CASH FLOW	(3,251,971)	3,662,439
Cash - beginning of year	7,333,922	3,671,483
CASH - END OF YEAR	\$ 4,081,951	\$ 7,333,922

See notes to financial statements

EASTERN REGIONAL SERVICE BOARD

Notes to Financial Statements

Year Ended December 31, 2015

1. DESCRIPTION OF OPERATIONS

The Eastern Regional Service Board (the "organization") was established in September of 2011 by the Province of Newfoundland under the authority of the Regional Services Board Act, 2012. Prior to its formal incorporation it operated as a Ministerial Committee in order to develop a regional plan and oversee the modernization of the solid waste management system for the eastern portion of the island. The authority of the Board covers the area from St. John's to Clarenville. As a committee Eastern Waste Management was not able to enter into contracts and carry out operations. In an effort to further the implementation of the Provincial Waste Management Strategy in the region it facilitated and guided the development of not for profit corporations that were comprised of the municipalities, local service districts and unincorporated areas in smaller geographic areas of the eastern region. Six not for profit corporations were established in order to be the contracting entity for the communities. Each operated as a separate entity with its own board of directors nominated by the member communities. Eastern Waste Management acted as the "Business Manager" for each of these entities. With the formal establishment of the Eastern Regional Service Board (ERSB) the not for profit corporations were not necessary. Starting in 2012 contracts for waste collection started to expire and were retendered and awarded by ERSB. Contracts that had not expired were transferred to the ERSB along with all remaining receivables and cash assets of the organizations as they ceased to operate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian public sector accounting standards (PSAS).

Revenue recognition

Government transfers with stipulations restricting their use are recognized as revenue when the transfer is authorized and the eligibility criteria are met, except when and to the extent the transfer gives rise to an obligation that constitutes a liability. When the transfer gives rise to an obligation that constitutes a liability, the transfer is recognized in revenue when the liability is settled.

Government transfers received with associated stipulations relating to the purchase of capital assets, are recognized as revenue when the related assets are acquired.

Tipping fee revenues are provided to the extent required in the organization's annual budget and are recognized as revenue when received. Tipping fees received in advance are recorded as deferred income.

Waste management fee revenues are invoiced annually and are recognized as revenue when invoiced to customers. Metals recycling revenues are also recognized as revenue when invoiced.

Cash and cash equivalents

Cash and cash equivalents include balances with the bank and investments held in cashable guaranteed investment certificates. Cashable guaranteed investment certificates are valued at cost plus accrued interest.

(continues)

EASTERN REGIONAL SERVICE BOARD

Notes to Financial Statements

Year Ended December 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Guaranteed investment certificates

Guaranteed investment certificates include those certificates which are locked in and have maturities beyond one year. These investments are carried at cost plus accrued interest.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Land		non-depreciable
Buildings	4%	declining balance method
Furniture and equipment	20%	declining balance method
Computer equipment	55%	declining balance method
Computer software	100%	declining balance method
Heavy equipment	30%	declining balance method
Heavy equipment under capital lease	30%	declining balance method
Leasehold improvements	5 years	straight-line method
Motor vehicles	30%	declining balance method

The organization regularly reviews its tangible capital assets to eliminate obsolete items.

Leases

Leases are classified as either capital or operating leases. A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset is recorded with its related long-term obligation to reflect the acquisition and financing. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

Non-financial assets

Non-financial assets include all assets of a fixed or permanent nature, claims to goods and services, and consumable goods.

Deferred income

Deferred income is comprised of the unspent portions of government grants designated for the construction and engineering of the Clarendville waste transfer station, waste recovery facilities, as well as costs associated with the closure of various dump sites previously used in the eastern region. Due to the nature of this liability, these amounts will be recognized into income as the funds are spent on approved projects.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

EASTERN REGIONAL SERVICE BOARD

Notes to Financial Statements

Year Ended December 31, 2015

3. ACCOUNTS RECEIVABLE

	2015	2014
Waste management fees receivable	\$ 934,651	\$ 648,817
Other receivables	5,089	-
Allowance for doubtful accounts	(279,875)	(258,491)
	\$ 659,865	\$ 390,326

4. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Land	\$ 548,115	\$ -	\$ 548,115	\$ -
Buildings	1,338,276	1,098	1,337,178	6,235
Computer equipment	33,092	26,514	6,578	6,593
Computer software	4,489	4,003	486	486
Furniture and equipment	57,096	28,161	28,935	36,169
Heavy equipment	3,033,942	729,122	2,304,820	1,284,516
Heavy equipment under capital lease	874,864	619,797	255,067	364,381
Leasehold improvements	3,106	932	2,174	2,795
Motor vehicles	240,152	94,180	145,972	158,141
	\$ 6,133,132	\$ 1,503,807	\$ 4,629,325	\$ 1,859,316

At December 31, 2015 buildings include an amount of \$1,331,192 that has been spent on a government funded building under construction at the Clarenville Transfer Station. This building remains under construction at year end and amortization will commence when put into operational use.

5. ACCOUNTS PAYABLE

	2015	2014
Trade payables	\$ 714,861	\$ 1,490,672
Other accruals	115,854	74,986
	\$ 830,715	\$ 1,565,658

EASTERN REGIONAL SERVICE BOARD

Notes to Financial Statements

Year Ended December 31, 2015

6. DEFERRED REVENUE

	2015	2014
Deferred income - beginning of year	\$ 4,820,626	\$ 1,441,699
Government funding	1,794,915	3,895,429
Prior year spending with government approval in current year	-	23
Transfer station - site development	(236,817)	(306,505)
Waste recovery facilities - site development	(22,156)	(9,918)
Waste site closures	(108,791)	(160,118)
Revenue recognized for government funded capital assets	(3,702,917)	-
Funding overpayment from City of St. John's	767,167	812,469
Funding overpayment from City of St. John's - prior year	(812,469)	(852,453)
Regional Water/Wastewater Operator	45,200	-
	\$ 2,544,758	\$ 4,820,626

During the year, the organization received government funding in the amount of \$1,794,915 for the construction and engineering of waste recovery facilities, costs associated with the closure of various dump sites previously used in the eastern region, construction and engineering of the Clarenville Transfer Station, and the purchase of land in Whitbourne where the organization is planning to build a depot for its trucks near the Whitbourne waste recovery facility. This deferred income will be recognized as revenue when spent on approved projects.

During the year, the organization also received \$60,267 from the Provincial government to fund a Regional Water/Wastewater Operator Pilot Program. At December 31, 2015, \$45,200 of this funding remained unspent.

Deferred income has also been recognized with respect to tipping fee revenue described in Note 7. During the year, funding received from the City of St. John's exceeded the amount determined by the organization's annual budget. The excess has been included in deferred revenue at year end.

7. TIPPING FEES

The Government of Newfoundland and Labrador has officially designated the Robin Hood Bay Waste Management Facility, which is owned and operated by the City of St. John's, as the site for the Eastern Region's Integrated Waste Management Facility. Eastern Regional Service Board contracts with the City of St. John's to provide waste disposal services for other municipalities in the Eastern Region.

Tipping fees charged per tonne at the Robin Hood Bay Waste Management Facility are determined annually by Eastern Regional Service Board based on estimated tonnage and budgeted costs to operate both Eastern Regional Service Board and the Robin Hood Bay Waste Management Facility. Operational funding is provided to Eastern Regional Service Board from tipping fees collected from facility users to the extent required in its annual budget.

EASTERN REGIONAL SERVICE BOARD**Notes to Financial Statements****Year Ended December 31, 2015**

8. OBLIGATIONS UNDER CAPITAL LEASE

	2015	2014
TD Equipment Finance lease bearing interest at 4.78% per annum, repayable in monthly blended payments of \$12,274. The lease matures on November 1, 2019 and is secured by equipment.	\$ 513,944	\$ 632,834

Future minimum capital lease payments are approximately:

2016	\$ 147,289
2017	147,289
2018	147,289
2019	<u>122,991</u>
Total minimum lease payments	564,858
Less: amount representing interest at 5%	<u>(50,914)</u>
	<u>\$ 513,944</u>

9. ACCUMULATED SURPLUS

	2015	2014
Accumulated net assets from operations	\$ 3,006,606	\$ 2,006,747
Net assets invested in tangible capital assets	4,115,381	1,226,482
Accumulated surplus	\$ 7,121,987	\$ 3,233,229

10. LEASE COMMITMENTS

The organization has a long term lease with respect to its premises, which expires April 1, 2017. Future minimum lease payments as at December 31, 2015, are as follows:

2016	\$ 88,317
2017	<u>29,439</u>
	<u>\$ 117,756</u>

EASTERN REGIONAL SERVICE BOARD

Notes to Financial Statements

Year Ended December 31, 2015

11. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2015.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from customers. In order to reduce its credit risk, the organization reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The organization has a significant number of customers which minimizes concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, obligations under capital leases, and accounts payable.

Market risk

Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The organization is not exposed to market rate risk.

EASTERN REGIONAL SERVICE BOARD**Notes to Financial Statements****Year Ended December 31, 2015****12. EXPENSES BY OBJECT**

	2015	2014
Advertising and promotion	\$ 115,919	\$ 162,699
Amortization	731,972	359,992
Bad debts	21,384	64,568
Business taxes, licenses and memberships	25,959	16,301
Directors fees	89,773	84,145
Insurance	58,803	32,609
Interest and bank charges	17,289	13,920
Interest on obligations under capital lease	28,399	34,080
Loss on disposal of tangible capital assets	28,658	-
Office	44,513	32,406
Professional fees	73,389	58,374
Regional waste management operations	278,245	317,083
Rental	144,617	110,228
Repairs and maintenance	42,652	82,479
Salaries and wages	1,550,140	919,533
Telephone	28,672	27,201
Training	37,477	33,244
Transfer station - site development	236,817	306,505
Regional travel and professional development	66,657	53,748
Vehicle	661,682	177,492
Waste collection operations	3,095,782	3,046,863
Waste recovery facilities - site development	22,156	9,918
Waste site closures	108,791	160,118
	\$ 7,509,746	\$ 6,103,506

EASTERN REGIONAL SERVICE BOARD**Administrative expenses****(Schedule 1)****Year Ended December 31, 2015**

	2015	2014
Advertising and promotion	\$ 115,919	\$ 162,699
Amortization	13,930	15,489
Bad debts	21,384	64,568
Business taxes, licenses and memberships	25,959	16,301
Directors fees	89,773	84,145
Insurance	58,803	32,609
Interest and bank charges	17,291	13,920
Office	44,513	32,406
Professional fees	73,389	58,374
Rental	144,617	110,228
Repairs and maintenance	5,500	5,711
Salaries and wages	661,596	606,725
Telephone	28,672	27,201
Training	37,477	33,244
Regional travel and professional development	66,657	53,748
	\$ 1,405,480	\$ 1,317,368

EASTERN REGIONAL SERVICE BOARD
Regional waste management operating expenses
Year Ended December 31, 2015

(Schedule 2)

	2015	2014
Amortization - transfer station	\$ 274,074	\$ -
Amortization - waste recovery facilities	194,152	344,503
Contractor costs	188,259	194,521
Household hazardous waste	89,986	122,562
Interest on obligations under capital lease	28,399	34,080
Loss on disposal of tangible capital assets	28,658	-
Repairs and maintenance	32,439	76,768
Salaries and wages	380,113	312,808
Vehicle	237,256	177,492
	\$ 1,453,336	\$ 1,262,734

EASTERN REGIONAL SERVICE BOARD**Waste collection operating expenses****(Schedule 3)****Year Ended December 31, 2015**

	2015	2014
Amortization - waste collection	\$ 249,815	\$ -
Contractor costs	2,052,701	2,191,618
GPS monitoring	19,049	14,779
Repairs and maintenance	4,713	-
Salaries and wages	508,431	-
Supplies	27,836	-
Tipping fees	996,195	840,466
Vehicle	424,426	-
	\$ 4,283,166	\$ 3,046,863



OVERVIEW RESERVE ACCOUNTS ESTABLISHED BY THE EASTERN REGIONAL SERVICE BOARD

INTRODUCTION

The Eastern Regional Service Board (ERSB) was formally established through the *Regional Service Board Act* in 2011. The Board is tasked with the implementation and delivery of regional municipal services in the eastern region of Newfoundland and Labrador.

The ERSB publishes a budget and financial statements annually per its legislative requirements as an arms-length agency of the Government of Newfoundland and Labrador. Since 2015, the ERSB has worked diligently in creating a strong financial position for itself by utilizing operational surpluses to fund capital and operational reserve accounts. These accounts are categorized as a Capital Reserve and an Operational Reserve. Under the Capital Reserve, funding is allocated for Regional Operations and Curbside Operations.

Why are reserves required? Well, the answer is simple. The ERSB must ensure it can continue to operate in the event of unforeseen circumstances. You can't simply stop delivering municipal services. To appreciate the scope of the day to day cost of the delivery of these services, note that ERSB requires over \$800,000 a month to operate (pay contractors and staff, maintain equipment, tipping fees at the Regional Waste Management Facility at Robin Hood Bay, etc.). Without a reserve fund, the ERSB would have much more risk in the event of an emergency or impact to its revenue stream.

WHAT DO THESE RESERVES COVER

The capital and operational reserves of the ERSB may contribute to the following purposes (if required based on the purpose of reserve accounts outlined above):

1. **Regional Capital Reserve (for regional waste recovery facilities):** Building replacements (operational buildings such as transfer station attendant hut and sheds); Equipment replacements (grapple trucks, walking floor trailers, floats, backhoes, pick-up trucks, shipping containers) and future site closures.

Curbside Capital Reserve (for curbside waste collection): Garbage trucks, as well as pick-up trucks and trailers related to curbside waste collection activities.

2. **Operational Reserve:** year-to-year operational funding for use if cost of delivering regional waste management services is higher than the fees collected from property owners.

Currently the Board has tangible capital assets (land, buildings, heavy equipment, computer equipment, etc...) with an invested cost of \$8,098,007. Heavy equipment represents \$5,256,498 of the total invested in assets. Each year this equipment depreciates in value and at the end of 2017 had a value of \$4,726,647. At the end of 2018 ERSB will have sufficient reserve funds to replace up to 30% of its current assets or invest in new assets.

WHY IS IT DIFFICULT TO SEE THE RESERVES ON THE ERSB FINANCIAL STATEMENTS

Unfortunately, the ERSB’s current and historical financial statements do not capture the balance of its reserves clearly or effectively. Financial statements are not the tool many portray them to be, primarily because they are difficult to interpret effectively unless you know how each account connects to the day-to-day operation of the organization. For example, the ERSB financial statements regularly show a cash surplus, when in fact this “surplus” is (in part) the reserves the ERSB has established as well as the value of the property and equipment held by the Board.

So why do the financial statements not portray the ERSB reserve accounts in a way that the general public can understand. The reason is that ERSB must, as an arms-length government agency, follow the Public Sector Accounting Board (PSAB) accounting standards for the public sector. These independently set financial reporting standards are critical to promoting confidence in public sector entities. High-quality accounting standards contribute to transparent and accountable information that is made available to the public, as well as quality financial information to support decision making.

WHAT IS THE CURRENT VALUE OF THE ERSB’S RESERVE ACCOUNTS

The following chart outlines the annual operating and capital budget of the ERSB since capital and operating reserves were implemented.

Year	Operating Budget	Capital Budget	Contribution to Capital Reserve (Regional)	Contribution to Capital Reserve (Curbside)	Contribution to Operational Reserve	Total Contribution (by year)
2015	6,994,546.92	4,204,643.63	366,233.74			366,234
2016	9,609,547.32		170,000.00	130,000	390,000.00	690,000
2017	9,609,251.73	3,004,000.00	320,000.00	150,000	350,000.00	820,000
2018 (Budgeted)	9,079,894.70	1,950,000.00	320,000.00	150,000		470,000
Total Contribution (by account)						2,346,234

WHO CAN I CONTACT IF I HAVE QUESTIONS ABOUT RESERVES

The Manager of Corporate Services and Chief Administrative Officer are responsible for all financial matters related to the operation of the ERSB. Please call 709-579-7960, or e-mail info@ersbnl.ca, if you have questions.