

2014 ANNUAL REPORT

Oldman River Regional Services Commission

FINANCIAL STATEMENTS



Year Ending
December 31, 2014

<http://www.orrsc.com>



OLDMAN RIVER REGIONAL SERVICES COMMISSION

CHAIR'S MESSAGE

Dear Municipal Members:

Our Board, our Executive and our Staff continued to work hard in 2014 to achieve solid results for our member municipalities. We increased our focus on member services, leadership and professional advice, financial accountability and performance. These are key areas that we know drive stronger service results and have the greatest impact on member and municipal value.

ORRSC's proven strategy (65 years strong) – well executed by a committed and professional staff – contributed to consistent service, solid advice, good land use plans and customized web-based geographic information services for all members.

GUIDED BY GOVERNANCE

Effective municipal governance is an important foundation for ORRSC's strong performance and is fundamental to our success. Governance provides proper oversight and accountability, strengthens internal and external relationships, builds trust with our members and promotes the long-term interests of those members and ultimately their citizens.

In 2014, your Board expanded its commitment to financial sustainability. In fact, a commitment to more stable funding and tackling reserve dedications is a reflection of our recent policy review.

We also continued our focus on Board training with attendance at the Community Planning Association of Alberta Conference in Red Deer and in-house workshops and information sharing sessions.

A HISTORY OF STRONG LEADERSHIP

I am honoured to continue as Chair into 2015, and to welcome three new members – Bill Chapman, David Hawco, and Tom Rose to the Executive table. We stand to benefit from the leadership and expertise of each one of them. Also, we wish to thank departing Executive members Bill Martens, David Edmonds and Anne Marie Philipsen for their excellent contributions to the Commission in 2014.

POSITIONED FOR LONG-TERM SUCCESS

ORRSC continues to be a model for success in the delivery of shared municipal services. This speaks to the strength and stability of our local municipal system, our decision making autonomy and our willingness to work together and pool our ever-stretched resources. With ORRSC's sound strategy and strong leaders, I have every confidence that we will continue to build on our 65-year record of success.

I would like to thank our Staff, our Board and our Municipalities around southern Alberta (along with our GIS partners in central Alberta) who ultimately help our communities to be better places. And finally, I am truly privileged to work with this team, which brings commitment and enthusiasm to work each day – and carries it forward to enrich their communities.



**Gordon Wolstenholme, Chair
Oldman River Regional Services Commission**

BOARD OF DIRECTORS

Membership as at December 31, 2014 consisted of the following 41 municipalities, all of which had appointed members to the Board of Directors. Four Board of Directors' meetings were held between January 1 and December 31, 2014. Representation from the municipalities is listed below:

MUNICIPALITY	CURRENT MEMBER	FORMER MEMBER (part of 2014)
Arrowwood (Village)	Bill Graff	
Barnwell (Village)	Jane Jensen	
Barons (Village)	Ed Weistra	
Bassano (Town)	Tom Rose	
Brooks (City)	Fred Rattai	
Cardston (County)	Jim Bester	
Cardston (Town)	Dave Edmonds	
Carmangay (Village)	Cecil Sabourin	
Champion (Village)	Jamie Smith	
Claresholm (Town)	Betty Fieguth	
Coaldale (Town)	Bill Chapman	Bill Martens
Coalhurst (Town)	Sheldon Watson	
Coutts (Village)	Ken Galts	
Cowley (Village)	Garry Hackler	
Crowsnest Pass (Municipality)	Bill Kovach & Dave Fillipuzzi	
Fort Macleod (Town)	Gordon Wolstenholme	
Glenwood (Village)	Darrell Edwards	
Granum (Town)	John Connor	Shirley Murphy
Hill Spring (Village)	Monte Christensen	
Lethbridge (County)	Henry Doeve	
Lomond (Village)	Brad Koch	
Magrath (Town)	Richard Van Ee	
Milk River (Town)	David Hawco	
Milo (Village)	Rafael Zea	Scott Schroeder
Nanton (Town)	Christophe Labrune	
Newell (County)	Gordon Simpson	Anne Marie Philipsen
Nobleford (Village)	Pete Pelley	
Picture Butte (Town)	Teresa Feist	
Pincher Creek (M.D. No. 9)	Garry Marchuk	
Pincher Creek (Town)	Don Anderberg	
Ranchland (M.D. No. 66)	Ronald Davis	
Raymond (Town)	Greg Robinson	
Stavely (Town)	Barry Johnson	
Stirling (Village)	Ben Nilsson	
Taber (Municipal District)	Ben Elfiring	
Vauxhall (Town)	Margaret Plumtree	Russell Norris / Linda English
Vulcan (County)	Rod Ruark	
Vulcan (Town)	Rick Howard	Paul Taylor
Warner (County No. 5)	David Cody	Don Heggie
Warner (Village)	Ian Glendinning	Jon Hood
Willow Creek (M.D. No. 26)	Henry Van Hierden	

CHAIR AND VICE-CHAIR

The Chair and Vice-Chair from January 1 to December 4, 2014 were:

- Chair** – Gordon Wolstenholme (Town of Fort Macleod)
Vice-Chair – Henry Van Hierden (M.D. of Willow Creek No. 26)

At the December 4, 2014 Annual Organizational Board of Directors' meeting, both the Chair and Vice were re-elected to their positions for the period December 4, 2014 to December 3, 2015.

EXECUTIVE COMMITTEE

The Executive Committee is responsible for financial and administrative concerns including budget preparation, approval of accounts, procedures and policies for hiring and dismissal of staff, and specific issues affecting administration or policy. Seven meetings were held between January 1 and December 31, 2014.

The following served on the Executive Committee from January 1 to December 4, 2014:

- Gordon Wolstenholme – Town of Fort Macleod (**Chair**)
 Henry Van Hierden – M.D. of Willow Creek No. 26 (**Vice-Chair**)
 Anne Marie Philipsen – County of Newell
 Don Anderberg – Town of Pincher Creek
 Jim Bester – Cardston County
 Dave Edmonds – Town of Cardston
 Bill Martens – Town of Coaldale

At the December 4, 2014 Annual Organizational Board of Directors' meeting, the following members were elected to serve on the Executive Committee from December 4, 2014 to December 3, 2015:

- Gordon Wolstenholme – Town of Fort Macleod (**Chair**)
 Henry Van Hierden – M.D. of Willow Creek No. 26 (**Vice-Chair**)
 Don Anderberg – Town of Pincher Creek
 Jim Bester – Cardston County
 Bill Chapman – Town of Coaldale
 David Hawco – Town of Milk River
 Tom Rose – Town of Bassano

STAFF**CURRENT STAFF (as at December 31, 2014)**

DIRECTOR	– Lenze Kuiper (permanent contract)
SENIOR PLANNER	– Mike Burla (permanent)
SENIOR PLANNER	– Steve Harty (permanent contract)
PLANNER	– Bonnie Brunner (permanent contract)
PLANNER	– Spencer Croil (permanent contract)
PLANNER	– Ryan Dyck (permanent contract)
PLANNER	– Diane Horvath (permanent contract) – maternity leave to June 30/14
PLANNER	– Perry Neufeld (permanent contract) – to April 30/14
PLANNER	– Gavin Scott (permanent contract)
ASSISTANT PLANNER	– Cam Klassen (contract) – from January 27/14
ASSISTANT PLANNER	– Leda Kozak Tittsworth (permanent contract)
ASSISTANT PLANNER	– Katherine Mertz (permanent contract) – 40% part-time to May 31/14
GIS TECHNOLOGIST	– Steven Ellert (permanent contract) – 45% part-time
CAD/GIS TECHNOLOGIST	– Kaylee Kinniburgh (permanent contract)
CAD/GIS TECHNOLOGIST	– Mladen Kristic (permanent contract)
GIS ANALYST	– Jaime Thomas (permanent contract)
GIS ANALYST	– Jordan Thomas (permanent contract)
EXECUTIVE SECRETARY	– Barb Johnson (permanent contract) – 80% part-time
BOOKKEEPER	– Sherry Johnson (permanent)
SUBDIVISION TECHNICIAN	– Gail Kirkman (permanent contract)

DIRECTOR'S MESSAGE

2014 was a productive year for ORRSC. Our financial performance stabilized and important steps were taken to become a more dynamic, transparent and even better services commission. Over the past year I met many board members, municipal councils, administrators and citizens and these interactions make it clear that ORRSC is widely viewed as having a strong regional presence with excellent opportunities for delivering value and expertise. Our strategy is clear and well-understood. Our municipalities appreciate the knowledge, expertise and commitment of our professional staff and there is great pride in being one of Alberta's strongest land use planning and geographic information system providers.

For more than 60 years, ORRSC has successfully operated with a meaningful regional footprint. Today we have 41 member municipalities in addition to 10 central and southern Alberta GIS partners. We use this footprint to help all our members arrive at good land use planning decisions and allow them to see their communities in new and graphic ways. Increasingly, we add value to our member municipalities by delivering the full capabilities of ORRSC in key areas of expertise.

In recent years, municipal services around the province have experienced several difficult challenges. We are proud of our successful track record of balancing the interests of our municipalities, including elected officials, administrators, staff and communities in which we work. We have a strong foundation of integrity, trust and ethical behavior which allows us to prudently advise rural and urban municipalities of all sizes. By doing so we hope to make your respective communities better places to live, work and play today and into the future.

In all aspects of our operations, we are committed to having a positive impact and to being full participants. Last year, we set out to focus on those areas that will have the greatest impact and drive long-term value and sustainable results. We refer to these as focus priorities:

1. Being more focused on municipal needs;
2. Being more focused on economic sustainability and financial transparency; and
3. Being better organized to serve municipalities while keeping operational costs to a minimum.

We will continue to make progress in these areas and we expect to further benefit from our current operating model, which is designed to mitigate the impact of the volatility of subdivision revenue to more stable funding sources (a similar exercise unfolding at the provincial level with dependence on oil resource royalty revenue). While we came through 2014 with some optimism, that has now been severely tempered with new fiscal realities and government reforms in Alberta as a whole.

Other challenges of the past year include increasing competition from private planning/engineering firms and GIS providers, coupled with increased legislation, regulation and compliance issues. We have been responsive in addressing these changes and will continue to adapt as required. Notwithstanding increased challenges, we must remain well positioned to make the necessary investments in people, processes and technology to deliver on the needs of our municipalities. We have a strong foundation to continue to build from; we have a shared pride in our performance; we have a successful history; and our footprint is cooperative, unique and coveted by many municipalities around the province and possibly even the country.

At ORRSC, our staff place great value on working together and sharing a desire to serve our member municipalities. By executing our strategy well, and making meaningful progress against our focus priorities we are in good stead.

In closing, I would like to thank all of our municipalities, our board, our executive, our staff — it is a privilege to work with you all. Together, our future is bright.

— Lenze Kuiper, Director

MUNICIPAL PROJECTS

Arrowwood (Village) – Land Use Bylaw (ongoing)

Bassano (Town) – Design Concept (ongoing); Intermunicipal Development Plan (ongoing)

Brooks (City) – Land Use Bylaw (completed and adopted)

Cardston (County) – Land Use Bylaw (on hold)

Cardston (Town) – Municipal Development Plan (ongoing)

Champion (Village) – Land Use Bylaw (draft completed)

Claresholm (Town) – Annexation Process (ongoing)

Coaldale (Town) – Growth Study (ongoing)

Coalhurst (Town) – Annexation (ongoing); Intermunicipal Development Plan with County of Lethbridge (adopted)

Crowsnest Pass (Municipality) – Land Use Bylaw Amendments (completed)

Fort Macleod (Town) – Land Use Bylaw (ongoing); Macleod Meadows Area Structure Plan (ongoing); Municipal Development Plan Update (commenced)

Glenwood (Village) – Land Use Bylaw (2nd reading)

Granum (Town) – Land Use Bylaw Amendments (completed)

Lethbridge (County) – Intermunicipal Development Plan with Town of Coalhurst (adopted); Intermunicipal Development Plan with the Town of Picture Butte (commenced); Industrial Land Use Study (commenced); Pater Area Structure Plan Amendment (commenced)

Milo (Village) – Annexation (ongoing)

Nanton (Town) – Parks and Recreation Master Plan (Phase 2 - ongoing)

Newell (County) – Intermunicipal Development Plan with Town of Bassano (ongoing); Land Use Bylaw Review (commenced)

Picture Butte (Town) – South Area Structure Plan (on hold), South East [3A Street South] Subdivision Redesign (on hold); CPR Corridor Development Plan Component 2 (ongoing); Land Use Bylaw (draft completed); Intermunicipal Development Plan with Lethbridge County (commenced)

Pincher Creek (M.D. No. 9) – Castle Mountain Area Structure Plan (ongoing)

Pincher Creek (Town) – Land Use Bylaw Review (commenced)

Ranchland (M.D.) – Land Use Bylaw Review (commenced)

Taber (Municipal District) – East Vauxhall Area Structure Plan (ongoing)

Vulcan (County) – Land Use Bylaw Updates (ongoing); Rural Intermunicipal Development Plan Project (ongoing)

Vulcan (Town) – Land Use Bylaw (complete); Lagoon Area Concept Plan (draft submitted)

Willow Creek (M.D.) – Land Use Bylaw Amendments (completed)

Other Projects and Services:

- Secretarial service for 18 Subdivision and Development Appeal Board hearings
- Development Officer services for the Town of Coalhurst and on an interim basis for the Municipality of Crowsnest Pass, Town of Vauxhall, Village of Carmangay and Village of Champion
- Clerk service for 4 Regional Assessment Review Board hearings
- Rural Intermunicipal Development Plans Project commenced
- Municipal Government Act Review participation

GIS Highlights:

- All 41 client sites are complete and operating on new GIS system
- Working on allowing user to create spatial data in GIS
- Designing forms that allow user editing of attribute data
- Completed module that allows easy attachments of documents to parcels
- Talked to an additional three municipalities about joining the project
- Provided technical advice to Parkland Community Planning Services regarding GIS start-up
- Updated all AMDSP members' datasets
- Hosted GIS Day in November 2015

SUBDIVISION
SUMMARY OF APPLICATIONS PROCESSED

A total of 189 subdivision applications were processed during the 2014 calendar year. The status of these applications as at December 31, 2014:

166	–	Approved or Approved on Condition
1	–	Refused
0	–	Withdrawn or Expired
22	–	Pending

In 2014, a total of 5 subdivisions were appealed:

2	–	Refused (or Deemed Refused)
3	–	Appealed Conditions/Parcel Size

The outcome of the 5 appeals:

3	–	Upheld
2	–	Denied
0	–	Withdrawn

The following table shows a detailed breakdown of the subdivision applications for 2014.

DETAILS OF SUBDIVISION APPLICATIONS PROCESSED – 2014

ABBREVIATIONS:
 A – Approved
 A/C – Approved with conditions
 R – Refused
 W – Withdrawn
 E – Expired
 P – Pending
 Res – Residential
 Com – Commercial
 Ind – Industrial
 CR – Country Residential
 Ag – Agricultural
 Inst – Institutional
 Rec – Recreational
 Misc – Miscellaneous

MEMBER MUNICIPALITY	SUBDIVISION APPLICATIONS	Boundary Line Adjustment	DECISION				NEWLY CREATED LOTS (By Use)										
			A / A/C	R	W / E	P	Res	Com	Ind	CR	Ag	Inst	Rec	Misc	Total		
Arrowwood (Village)	—																
Barnwell (Village)	—																
Barons (Village)	—																
Bassano (Town)	2		1		1	9	5			1							15
Brooks (City)	4	1				2			1								4
Cardston (County)	19	2	15		4						29	9	1	1			40
Cardston (Town)	2	1	2			4											4
Carmangay (Village)	—																
Champion (Village)	—																
Clareholm (Town)	—																
Coaldale (Town)	3		3			25											25
Coalhurst (Town)	—																
Coutts (Village)	1		1				1										1
Cowley (Village)	—																
Crownest Pass (Municipality)	11	6	9		2	6	1			1	3						11
Fort Macleod (Town)	2		2			1			1								2
Glenwood (Village)	—																
Granum (Town)	—																
Hill Spring (Village)	—																

MEMBER MUNICIPALITY	SUBDIVISION APPLICATIONS	Boundary Line Adjustment	DECISION				NEWLY CREATED LOTS (By Use)								Total		
			A / A/C	R	W / E	P	Res	Com	Ind	CR	Ag	Inst	Rec	Misc			
Lethbridge (County)	27	5	23	1		3	4	1		28	2						35
Lomond (Village)	1	1	1				2										2
Magrath (Town)	3	1	3				1		4	6							11
Milk River (Town)	1		1				2										2
Milo (Village)	—																
Nanton (Town)	—																
Newell (County)	20	1	17			3	2	1		23	6						32
Nobleford (Village)	1		1				38										38
Picture Butte (Town)	1		1				1										1
Pincher Creek (M.D. No. 9)	9	1	9							6	3						9
Pincher Creek (Town)	1		1				1										1
Ranchland (M.D. No. 66)	—																
Raymond (Town)	1		1				1										1
Rosemary (Village)	—																
Stavely (Town)	1		1			1	1										1
Stirling (Village)	—																
Taber (Municipal District)	16	2	15			1	24	7	1	11	3						46
Vauxhall (Town)	—																
Vulcan (County)	21	2	18			3	4			20	1				47		72
Vulcan (Town)	2		2				2	3									5
Warner (County No. 5)	12	2	11			1				12	2						14
Warner (Village)	—																
Willow Creek (M.D. No. 26)	28	3	25			3			1	80	3						84
TOTAL	189	28	166	1	0	22	130	19	8	218	29	4	48	0		456	

NOTE: Lot count includes Pending Decisions as at December 31, 2014



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INDEPENDENT AUDITORS' REPORT

To the Members of Oldman River Regional Services Commission

We have audited the accompanying financial statements of Oldman River Regional Services Commission, which comprise the statement of financial position as at December 31, 2014, the statements of revenue and expenses, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, including the 4200 series of standards for government not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.



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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Oldman River Regional Services Commission as at December 31, 2014, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards, including the 4200 series of standards for government not-for-profit organizations.

KPMG LLP

Chartered Accountants

April 9, 2015
Lethbridge, Canada

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Statement of Financial Position

December 31, 2014, with comparative information for 2013

	2014	2013
Assets		
Current assets:		
Cash on hand	\$ -	\$ 25,067
Accounts receivable (note 2)	28,695	90,219
Prepaid expenses and deposits	7,967	5,940
	<u>36,662</u>	<u>121,226</u>
Capital assets (note 3)	651,049	677,619
	<u>\$ 687,711</u>	<u>\$ 798,845</u>

Liabilities and Net Assets

Current liabilities:		
Cheques issued in excess of funds on deposit	\$ 34,261	\$ -
Accounts payable and accrued liabilities	139,406	302,564
Deferred revenue (note 4)	-	75,165
	<u>173,667</u>	<u>377,729</u>
Net assets:		
Invested in capital assets	651,049	677,619
Unrestricted	(137,005)	(256,503)
	<u>514,044</u>	<u>421,116</u>
Commitments (note 6)		
	<u>\$ 687,711</u>	<u>\$ 798,845</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Members

_____ Members

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Statement of Revenue and Expenses

Year ended December 31, 2014, with comparative information for 2013

	2014 Budget	2014 Actual	2013 Actual
Revenues:			
Municipal contributions	\$ 873,000	\$ 859,486	\$ 847,058
GIS member fees	466,356	464,825	412,003
Subdivision fees	300,000	325,956	353,630
Service fees	250,000	273,859	321,312
Other grant revenue	-	75,165	249,544
Other revenue	13,000	16,523	19,892
Interest income	1,000	2,636	2,168
	<u>1,903,356</u>	<u>2,018,450</u>	<u>2,205,607</u>
Expenditures:			
Salaries and benefits	1,556,500	1,561,230	1,581,539
Equipment	78,000	35,882	56,889
Occupancy costs	35,000	37,093	38,846
Staff travel	19,000	13,160	17,159
Telephone	14,500	16,481	13,971
Repairs and maintenance	10,000	10,632	4,929
Printing and duplicating	9,000	4,356	8,373
Staff training and conferences	9,000	2,109	5,809
Professional fees	8,600	8,675	9,152
Postage	7,000	4,511	5,834
Janitorial	6,000	5,660	5,384
Advertising	7,000	4,376	6,938
Public relations	5,000	3,568	5,471
Members' fees	5,000	5,151	4,914
Land titles office	5,000	3,895	3,222
Office and general	3,700	6,136	6,411
Members' travel	8,000	12,224	7,625
Miscellaneous	1,500	2,536	6,858
Interest and bank charges	200	928	1,552
Project expenses	-	73,345	237,446
Bad debts	-	-	314
Rural IMDP	-	84,485	-
Amortization	-	36,678	53,698
	<u>1,788,000</u>	<u>1,933,111</u>	<u>2,082,334</u>
Excess of revenues over expenditures before the undernoted item	115,356	85,339	123,273
Other income:			
Gain on sale of capital assets	-	7,589	185
Excess of revenues over expenditures	\$ 115,356	\$ 92,928	\$ 123,458

See accompanying notes to financial statements.

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Statement of Changes in Net Assets

Year ended December 31, 2014, with comparative information for 2013

	Invested in capital assets	Unrestricted	Total 2014	Total 2013
Balance, beginning of year	\$ 677,619	\$ (256,503)	\$ 421,116	\$ 297,658
Excess of revenue over expenses	-	92,928	92,928	123,458
Amortization of internally funded capital assets	(36,678)	36,678	-	-
Purchase of capital assets	33,431	(33,431)	-	-
Net book value of disposed capital assets	(23,323)	23,323	-	-
Balance, end of year	\$ 651,049	\$ (137,005)	\$ 514,044	\$ 421,116

See accompanying notes to financial statements.

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Statement of Cash Flows

Year ended December 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 92,928	\$ 123,458
Items not involving cash:		
Amortization	36,678	53,698
Gain on sale of capital assets	(7,589)	(185)
Changes in non-cash operating working capital:		
Accounts receivable	61,524	(45,178)
Prepaid expenses and deposits	(2,027)	(1,770)
Accounts payable and accrued liabilities	(163,158)	102,195
Deferred revenue	(75,165)	(9,544)
Decrease in prepaid member fees	-	(1,057)
	(56,809)	221,617
Capital activities:		
Purchase of capital assets	(33,431)	(42,099)
Proceeds on sale of capital assets	30,912	12,000
	(2,519)	(30,099)
Financing activities:		
Decrease in operating line of credit	-	(159,300)
(Decrease) increase in cash on hand	(59,328)	32,218
Cash on hand, beginning of year	25,067	(7,151)
Cash and short-term investments, end of year	\$ (34,261)	\$ 25,067
Cash and short-term investments consist of:		
Cash on hand	\$ -	\$ 25,067
Cheques issued in excess of funds on deposit	(34,261)	-
	\$ (34,261)	\$ 25,067

See accompanying notes to financial statements.

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Notes to Financial Statements

Year ended December 31, 2014

Nature of operations:

Oldman River Regional Services Commission (the "Commission") is a regional planning commission created by an order in Council of the province of Alberta on October 21, 2003. It was created pursuant to the Municipal Government Act of Alberta. Members of the Commission are restricted to municipal authorities. The Commission is exempt from income tax under Section 149 of the Canadian Income Tax Act.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations. The Commission's significant accounting policies are as follows:

(a) Revenue recognition:

The Commission follows the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

Approval fees, sales of maps revenue and fee for service revenue are recognized as revenue in the period in which the service is delivered or in which the transaction or events that gave rise to the revenue occurred.

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2014

1. Significant accounting policies (continued):

(b) Capital assets:

Capital assets are stated at cost, less accumulated amortization. Amortization is provided using the following methods and annual rates:

Asset	Basis	Rate
Building	Declining balance	4%
General contents	Straight-line	5 years
Computer	Straight-line	4 years
Vehicles	Declining balance	30%

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the asset no longer has any long-term service potential to the Commission. Any such impairment is measured by a comparison of the carrying amount of an asset to estimated residual value.

(c) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short-term deposits, which are highly liquid with original maturities of less than three months from the date of acquisition. These financial assets are convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2014

1. Significant accounting policies (continued):

(d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Commission has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Commission determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Commission expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

There are no remeasurement gains or losses, and as such a statement of remeasurement gains and losses has not been prepared.

(e) Employee future benefits:

The Commission participates in a multi-employer defined pension plan call the Local Authorities Pension Plan (LAPP). This pension plan is a multi-employer defined benefit pension plan that provides pension benefits for the Commission's participating employees, based on years of service and earnings.

The plan is accounted for as a defined contribution plan whereby contributions are expensed as incurred.

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2014

1. Significant accounting policies (continued):

(f) Use of estimates:

The preparation of the financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amounts of capital assets. Actual results could differ from those estimates.

2. Accounts receivable:

	2014	2013
Trade receivables	\$ 24,613	\$ 74,975
Goods and services tax	4,082	15,244
	\$ 28,695	\$ 90,219

3. Capital assets:

	2014		
	Cost	Accumulated amortization	Net book value
Land	\$ 80,000	\$ -	\$ 80,000
Building	773,397	244,798	528,599
General contents	272,233	263,201	9,032
Other equipment	13,678	12,991	687
Vehicles	53,519	41,808	11,711
Computer	88,022	67,002	21,020
	\$ 1,280,849	\$ 629,800	\$ 651,049

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2014

3. Capital assets (continued):

			2013
	Cost	Accumulated amortization	Net book value
Land	\$ 80,000	\$ -	\$ 80,000
Building	773,397	222,773	550,624
General contents	271,436	265,995	5,441
Other equipment	15,844	15,844	-
Vehicles	51,291	25,797	25,494
Computer	55,450	39,390	16,060
	\$ 1,247,418	\$ 569,799	\$ 677,619

4. Deferred revenue:

Deferred revenue relates to provincial grant revenue that was spent in full in 2014.

	2014		2013
Balance, beginning of year	\$ 75,165	\$	84,709
Amounts received during the year	-		240,000
Amounts recognized as revenue in the year	(75,165)		(249,544)
	\$ -	\$	75,165

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2014

5. Financial risks and concentration of risk:

(a) Liquidity risk:

Liquidity risk is the risk that the Commission will be unable to fulfil its obligations on a timely basis or at a reasonable cost. The Commission manages its liquidity risk by monitoring its operating requirements. There has been no change to the risk exposures from 2013.

(b) Market risk:

Market risk is the risk that changes in market price such as interest rates will affect the Commission's income or value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters.

(c) Interest rate risk:

The Commission is exposed to interest rate risk on its fixed interest rate financial instruments and floating rate operating line of credit loan.

(d) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Commission is exposed to credit risk with respect to accounts receivable and has processes in place to monitor accounts receivable balances. The Commission believes that it is not exposed to significant credit risk arising from its financial instruments.

6. Commitments:

(a) The Commission leased equipment under agreements expiring on dates ranging from June, 2016 to February, 2018. The base rent obligation under the leases for the next year is approximately \$11,400.

(b) The Commission signed an agreement with BlackBridge Networks for data services. The obligation under the agreement for the next year is approximately \$4,524.

(c) The Commission has signed contracts for electricity and natural gas for its facilities, which expire December, 2018.

7. Economic dependence:

The Commission receives a significant portion of its revenue directly and indirectly from its members. As such the Commission is economically dependent on its members.

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2014

8. Debt limits:

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 76/2000 for the Commission be disclosed as follows:

	2014
Total debt limit	\$ 1,102,804
Total debt	-
Amount of debt limit unused	\$ 1,102,804
Debt servicing limit	\$ 220,561
Debt servicing	-
Amount of debt servicing limit unused	\$ 220,561

The debt limit is calculated at 0.5 times revenue of the municipality (as defined in Alberta Regulation 76/2000) and the debt service limit is calculated at 0.1 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2014

9. Local Authorities Pension Plan:

Employees of Oldman River Regional Services Commission participate in the Local Authorities Pension Plan, which is one of the plans covered by the Public Sector Pension Plans Act. The plan covers approximately 224,000 employees of approximately 420 non-government employer organizations such as municipalities, hospitals, and schools (non-teachers).

Oldman River Regional Services Commission is required to make current service contributions to the Plan of 11.39% of pensionable payroll up to the year's maximum pensionable earnings under the Canada Pension Plan, and 15.84% on pensionable earnings above this amount.

Employees of Oldman River Regional Services Commission are required to make current service contributions of 10.39% of pensionable salary up to the year's maximum pensionable earnings under the Canada Pension Plan, and 14.84% on pensionable salary above this amount.

Total current and past service contributions by Oldman River Regional Services Commission to the Local Authorities Pension Plan in 2014 were \$153,167 (2013 - \$143,157). Total current and past service contributions by the employees of Oldman River Regional Services Commission to the Local Authorities Pension Plan in 2014 were \$141,944 (2013 - \$131,149).

At December 31, 2013 the Plan disclosed an actuarial deficit of \$4.86 billion.

10. Budget information:

The budget information was approved by the Board on December 5, 2013.

11. Comparative amounts:

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year's earnings.