

2016 ANNUAL REPORT

Oldman River Regional Services Commission

FINANCIAL STATEMENTS



Year Ending
December 31, 2016

<http://www.orrsc.com>



OLDMAN RIVER REGIONAL SERVICES COMMISSION

CHAIR'S MESSAGE

Dear Members:

On behalf of the Board of Directors and the Executive, it gives me great pleasure to present the 2016 Annual Report and Financial Statements.

This year the focus was on developing and implementing a 10-year Strategic Plan, securing long-term provincial funding for ORRSC to offset municipal member fees, re-financing the Capital and Operating Reserve accounts and ensuring ORRSC continues to provide value and service to its members.

The 10 year Strategic Plan is an important step in setting direction and goals for the continued success of the Commission. Four areas of strategic focus were addressed: Member Services, Fiscal Sustainability, Administrative Leadership and Governance. If you have not had the opportunity to review the Strategic Plan, I would encourage you to do so.

Securing long-term funding to offset municipal membership fees and to recognize the discrepancy between the Capital Region Board and the Calgary Regional Partnership provincial funding allotments was initiated through direct contact with two ministers and two deputy ministers of Municipal Affairs. In this endeavor we received the support of the Alberta Association of Municipal Districts & Counties (AAMD&C) and Southern Alberta Mayors and Reeves. To date we have not been able to persuade the province to favour our request and thus, we will re-evaluate our strategy.

Financially, ORRSC is continuing to meet its budgetary objectives and I am pleased to report that \$25,000 has been added to the Capital & Operating Reserves respectively, for 2016.

I am privileged to continue as Chair into 2017, and to continue work with a returning and dedicated Executive. ORRSC continues to find 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 61 years behind us I have every confidence that we will continue to build on that 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 make our communities better places. And finally, I am truly privileged to work with this team, which brings commitment and enthusiasm to each work day – and carries it forward to enrich all of our communities.



Gordon Wolstenholme, Chair
Oldman River Regional Services Commission

BOARD OF DIRECTORS

Membership as at December 31, 2016 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, 2016. Representation from the municipalities is listed below:

MUNICIPALITY	CURRENT MEMBER	FORMER MEMBER (part of 2016)
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)	Dennis Barnes	
Carmangay (Village)	Stacey Hovde	Cecil Sabourin, Kym Nichols
Champion (Village)	Jamie Smith	
Claresholm (Town)	Betty Fieguth	
Coaldale (Town)	Bill Chapman	
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	
Hill Spring (Village)	Monte Christensen	
Lethbridge (County)	John Willms	Henry Doeve
Lomond (Village)	Brad Koch	
Magrath (Town)	Richard Van Ee	
Milk River (Town)	David Hawco	
Milo (Village)	Louis Myers	Rafael Zea
Nanton (Town)	Christophe Labrune	
Newell (County)	Clarence Amulung	
Nobleford (Village)	Pete Pelley	
Picture Butte (Town)	Henry de Kok	
Pincher Creek (M.D. No. 9)	Quentin Stevick	Fred Schoening
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 (M.D.)	Ben Elfring	
Vauxhall (Town)	Margaret Plumtree	
Vulcan (County)	Derrick Annable	Rod Ruark
Vulcan (Town)	Rick Howard	
Warner (County No. 5)	David Cody	
Warner (Village)	Ian Glendinning	
Willow Creek (M.D. No. 26)	Henry Van Hierden	

CHAIR AND VICE-CHAIR

The Chair and Vice-Chair from January 1 to December 1, 2016 were:

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

At the December 1, 2016 Annual Organizational Board of Directors' meeting, both the Chair and Vice were re-elected to their positions for the period December 1, 2016 to December 7, 2017.

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. Eight meetings were held between January 1 and December 31, 2016.

The following served on the Executive Committee from January 1 to December 1, 2016:

- 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
Tom Rose – Town of Bassano
Barry Johnson – Town of Stavely

At the December 1, 2016 Annual Organizational Board of Directors' meeting, all members were re-elected to serve on the Executive Committee from December 1, 2016 to December 7, 2017.

STAFF**CURRENT STAFF (Years of Service) as at December 31, 2016**

DIRECTOR	–	Lenze Kuiper (11.67 years)
SENIOR PLANNER	–	Mike Burla (36.83 years)
SENIOR PLANNER	–	Steve Harty (18.86 years)
SENIOR PLANNER	–	Bonnie Brunner (9.83 years)
SENIOR PLANNER	–	Diane Horvath (16.5 years)
SENIOR PLANNER	–	Gavin Scott (9.83 years)
PLANNER	–	Spencer Croil (2.77 years) – Resigned January 8/16
PLANNER	–	Ryan Dyck (3.75 years)
ASSISTANT PLANNER	–	Cam Klassen (2.91 years)
ASSISTANT PLANNER	–	Leda Kozak Tittsworth (3.75 years)
GIS TECHNOLOGIST	–	Steven Ellert (11.84 years) – 45% part-time
CAD/GIS TECHNOLOGIST	–	Kaylee Kinniburgh (3.92 years)
CAD/GIS TECHNOLOGIST	–	Mladen Kristic (10.67 years)
GIS ANALYST	–	Jaime Thomas (11.50 years)
GIS ANALYST	–	Jordan Thomas (9.53 years)
EXECUTIVE SECRETARY	–	Barb Johnson (33.35 years) – 80% part-time
BOOKKEEPER	–	Sherry Johnson (34.83 years)
SUBDIVISION TECHNICIAN	–	Gail Kirkman (8.38 years) – Retired January 31/16
SUBDIVISION TECHNICIAN	–	Jennifer Maxwell (0.51 years) – Maternity leave from May 6/16
SUBDIVISION TECHNICIAN	–	Stacy Olsen (0.72 years) – Temporary from April 11/16

DIRECTOR'S MESSAGE

"There is nothing so stable as change." – Bob Dylan

A busy, exciting, and rewarding year has passed and big changes to legislation and regulation are underway. A modernized Municipal Government Act is just around the corner and the past year has seen us providing input to the change and interpreting the fall-out. Stay tuned.

Financially, 2016 was a strong and productive year. **We are viable and are replenishing our reserves!** We continue to budget conservatively, manage our cash flow and leave ourselves with room to expand or contract, as required. A push to secure provincial funding is also underway.

Strategically, 2016 saw the development of a 10-year Plan to guide operations and establish priorities in four focus areas:

- Member Services
- Fiscal Sustainability
- Administrative Leadership
- Governance

We remain committed to providing excellence in the delivery of core services and in meeting the objectives outlined in this important internal document.

Operationally, our staff continue to perform and respond magnificently to the demands and changes at hand. While the yearly number of subdivisions across southern Alberta has remained stable; they are working on and completing various statutory plans and studies on your behalf; they have provided untold advice on land use and development to both yourselves and your constituents; they have collected new information and data and have made it available to our urban members in the GIS partnership; our staff is at your service and they are our greatest resource and they deserve a big thank you for contributing to our continued success.

How do we define success — as I mentioned earlier, we are financially strong and stable. Why? First, I believe it is because we plan our expenditures wisely and we anticipate our revenues conservatively; and second, because our entire office helps prepare our budget and understands the realities, opportunities and constraints inherent to our service.

Success can also be attributed to the services we provide to you – our members. We believe we offer excellent value by way of expertise, advice, education, statutory plan preparation, subdivision processing, land development, assessment review and GIS delivery. We are responding to your needs and adding value to your communities.

The future may present many challenges — but rest assured that we will be with you in meeting those challenges and in representing your interests.

Thank you all for a most wonderful year.

– Lenze Kuiper, Director

MUNICIPAL PROJECTS

- Barnwell (Village)** – Intermunicipal Development Plan with M.D. of Taber (completed)
- Bassano (Town)** – Design Concept (on hold); Intermunicipal Development Plan with County of Newell (adopted); Annexation (commenced)
- Brooks (City)** – Municipal Development Plan (ongoing)
- Cardston (County)** – Land Use Bylaw (on hold); Several Land Use Bylaw Amendments (completed)
- Cardston (Town)** – Land Use Bylaw (completed)
- Champion (Village)** – Land Use Bylaw (adopted), Compliance Review Policy (draft)
- Claresholm (Town)** – Annexation Process (approved); Land Use Bylaw Update (adopted)
- Coaldale (Town)** – Annexation Process (ongoing)
- Coalhurst (Town)** – Municipal Development Plan (commenced)
- Crowsnest Pass (Municipality)** – Land Use Bylaw Amendments (adopted)
- Fort Macleod (Town)** – Macleod Meadows Area Structure Plan (ongoing)
- Glenwood (Village)** – Land Use Bylaw (2nd reading)
- Granum (Town)** – Land Use Bylaw Amendments (completed)
- Lethbridge (County)** – Intermunicipal Development Plan with Town of Picture Butte (ongoing); Section 26 Area Structure Plan (adopted); Intermunicipal Development Plan with City of Lethbridge (adopted); Land Use Bylaw Updates (commenced)
- Magrath (Town)** – Trails Plan (draft); Municipal Development Plan (commenced)
- Milk River (Town)** – Land Use Bylaw (adopted); Municipal Development Plan Update (commenced); Annexation (commenced)
- Milo (Village)** – Annexation (ongoing); Land Use Bylaw (commenced)
- Nanton (Town)** – Municipal Development Plan (ongoing)
- Newell (County)** – Land Use Bylaw Review (ongoing)
- Picture Butte (Town)** – CPR Corridor Development Plan Subdivision Design (completed); Intermunicipal Development Plan with Lethbridge County (ongoing)
- Pincher Creek (M.D. No. 9)** – Castle Mountain Area Structure Plan (draft); Wind Energy Conversion Systems Review (draft)
- Pincher Creek (Town)** – Land Use Bylaw Review (ongoing)
- Ranchland (M.D. No. 66)** – Land Use Bylaw Review (final draft)
- Raymond (Town)** – Land Use Bylaw Review (ongoing)
- Stirling (Village)** – Land Use Bylaw Update (ongoing)
- Taber (M.D.)** – East Vauxhall Area Structure Plan (ongoing); Intermunicipal Development Plan with Village of Barnwell (adopted)
- Vulcan (Town)** – Municipal Development Plan Update (ongoing)
- Warner (County No. 5)** – Annexation Report (commenced); Land Use Bylaw Updates (commenced)
- Warner (Village)** – Road Closure / Block Redesign (ongoing)
- Willow Creek (M.D. No. 26)** – Municipal Development Plan (open house held); Subdivision Policies (reviewed)

GIS Project:

- Ghost Lake and Waiparous added to GIS membership in April 2016
- Applied for an Alberta Community Partnership grant to capture new orthophotography in 2017
- City of Brooks added to GIS membership in November 2016
- Added historical assessment information to GIS

Other Projects and Services:

- Secretarial service for 20 Subdivision and Development Appeal Board hearings
- Clerk service for 9 Regional Assessment Review Board hearings
- Development Officer services for the Town of Coalhurst
- Water Body Setback Modelling Workshop presented by Aquality Consulting Ltd. – March 3, 2016
- Subdivision and Development Appeal Board Training – November 25, 2016
- Strategic Plan 2016 - 2026

SUBDIVISION
SUMMARY OF APPLICATIONS PROCESSED

A total of 188 subdivision applications were processed during the 2016 calendar year. The status of these applications as at December 31, 2016:

178	-	Approved or Approved on Condition
0	-	Refused
1	-	Withdrawn or Expired
9	-	Pending

A total of 2 subdivision applications from 2016 were appealed:

0	-	Refused (or Deemed Refused)
2	-	Appealed Conditions/Parcel Size

The outcome of the 2 appeals was:

2	-	Upheld
0	-	Denied

The following table shows a detailed breakdown of the subdivision applications for 2016.

DETAILS OF SUBDIVISION APPLICATIONS PROCESSED – 2016

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)							Total				
			A / A/C	R	W / E	P	Res	Com	Ind	CR	Ag	Inst	Rec		Misc			
Arrowwood (Village)	—																	
Barnwell (Village)	1		1														2	
Barons (Village)	—																	
Bassano (Town)	—																	
Brooks (City)	—																	
Cardston (County)	14	3	13		1						9	6	2				17	
Cardston (Town)	7	2	7								1						10	
Carmangay (Village)	—																	
Champion (Village)	1		1											12			2	
Claresholm (Town)	1		1											3			3	
Coaldale (Town)	7	1	7								17	36				3	87	
Coalhurst (Town)	2		2								1						2	
Coutts (Village)	—																	
Cowley (Village)	—																	
Crownest Pass (Municipality)	9		6										16				35	
Fort Macleod (Town)	4		4											5			17	
Glenwood (Village)	—																	
Granum (Town)	—																	
Hill Spring (Village)	—																	

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		
Lethbridge (County)	44	1	43		1		6		6	38	10	1					61
Lomond (Village)	—																
Magrath (Town)	5		5				9		1								10
Milk River (Town)	—																
Milo (Village)	—																
Nanton (Town)	4		4				15	8									23
Newell (County)	13	2	13				3	2		4	4					1	14
Nobleford (Village)	1		1				1										1
Picture Butte (Town)	1		1				14										14
Pincher Creek (M.D. No. 9)	10		10							9	2						11
Pincher Creek (Town)	2		2						2								2
Ranchland (M.D. No. 66)	—																
Raymond (Town)	2		1			1	2					1					3
Stavely (Town)	—																
Stirling (Village)	1		1				3										3
Taber (Municipal District)	23	2	23				4		2	25	2	1					34
Vauxhall (Town)	—																
Vulcan (County)	11		11							10	1						11
Vulcan (Town)	—																
Warner (County No. 5)	8		8				4			5	4	1					14
Warner (Village)	1		1				8									1	9
Willow Creek (M.D. No. 26)	16		12			4			2	16	1					1	20
TOTAL	188	11	178	0	1	9	135	18	51	169	30	6	3	5		417	

NOTE: Lot count includes Pending Decisions as at December 31, 2016

Financial Statements of

**OLDMAN RIVER REGIONAL
SERVICES COMMISSION**

Year ended December 31, 2016



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Lethbridge Alberta T1J 4E1
Canada

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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, 2016, 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, 2016, 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 Professional Accountants

April 13, 2017
Lethbridge, Canada

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Statement of Financial Position

December 31, 2016, with comparative information for 2015

	2016	2015
Assets		
Current assets:		
Cash	\$ 280,999	\$ 59,129
Accounts receivable (note 3)	23,374	106,143
Prepaid expenses and deposits	13,799	6,303
	<u>318,172</u>	<u>171,575</u>
Capital assets (note 4)	622,939	635,290
	<u>\$ 941,111</u>	<u>\$ 806,865</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 182,948	\$ 121,670
Net assets:		
Unrestricted	35,319	-
Invested in capital assets	622,939	635,290
Internally restricted	99,905	49,905
	<u>758,163</u>	<u>685,195</u>
Commitments (note 6)		
	<u>\$ 941,111</u>	<u>\$ 806,865</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, 2016, with comparative information for 2015

	2016 Budget	2016 Actual	2015 Actual
Revenues:			
Municipal contributions	\$ 900,000	\$ 900,640	\$ 875,845
GIS member fees	504,798	514,721	487,038
Subdivision fees	305,000	310,730	298,481
Service fees	300,000	221,104	383,240
Other grant revenue	10,000	1,890	-
Other revenue	15,500	17,793	16,840
Interest income	1,000	3,043	2,380
	<u>2,036,298</u>	<u>1,969,921</u>	<u>2,063,824</u>
Expenditures:			
Salaries and benefits	1,777,000	1,664,515	1,614,726
Equipment	49,000	38,752	34,699
Occupancy costs	36,000	32,774	30,705
Staff travel	19,000	18,782	17,422
Telephone	14,500	16,883	16,757
Repairs and maintenance	14,000	5,439	4,640
Printing and duplicating	7,000	8,694	9,330
Staff training and conferences	9,000	3,210	1,629
Professional fees	8,600	11,089	8,991
Postage	7,000	7,625	8,000
Janitorial	6,000	5,125	5,350
Advertising	4,000	6,619	5,028
Public relations	4,000	4,464	5,057
Members' fees	5,000	6,549	5,660
Land titles office	5,000	2,854	4,185
Office and general	4,000	4,307	7,730
Members' travel	8,000	10,184	6,096
Miscellaneous	2,500	5,474	4,509
Interest and bank charges	-	955	1,136
Rural IMDP	-	-	70,642
Amortization	-	41,973	37,192
	<u>1,979,600</u>	<u>1,896,267</u>	<u>1,899,484</u>
Excess of revenues over expenses before the undernoted item	56,698	73,654	164,340
Other income (expense):			
Gain (loss) on sale of capital assets	-	(686)	6,811
Excess of revenues over expenses	\$ 56,698	\$ 72,968	\$ 171,151

See accompanying notes to financial statements.

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Statement of Changes in Net Assets

Year ended December 31, 2016, with comparative information for 2015

	Unrestricted	Internally restricted	Invested in capital assets	Total 2016	Total 2015
Balance, beginning of year	\$ -	\$ 49,905	\$ 635,290	\$ 685,195	\$ 514,044
Excess of revenue over expenses	72,968	-	-	72,968	171,151
Amortization of internally funded capital assets	41,973	-	(41,973)	-	-
Purchase of capital assets	(30,308)	-	30,308	-	-
Net book value of disposed capital assets	686	-	(686)	-	-
Transfers to reserve (note 9)	(50,000)	50,000	-	-	-
Balance, end of year	\$ 35,319	\$ 99,905	\$ 622,939	\$ 758,163	\$ 685,195

See accompanying notes to financial statements.

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Statement of Cash Flows

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 72,968	\$ 171,151
Items not involving cash:		
Amortization	41,973	37,192
Loss (gain) on sale of capital assets	686	(6,811)
Changes in non-cash operating working capital:		
Accounts receivable	82,769	(77,448)
Prepaid expenses and deposits	(7,496)	1,664
Accounts payable and accrued liabilities	61,278	(17,736)
	252,178	108,012
Capital activities:		
Purchase of capital assets	(30,308)	(23,822)
Proceeds on sale of capital assets	-	9,200
	(30,308)	(14,622)
Increase in cash	221,870	93,390
Cash, beginning of year	59,129	(34,261)
Cash, end of year	\$ 280,999	\$ 59,129

See accompanying notes to financial statements.

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Notes to Financial Statements

Year ended December 31, 2016

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, 2016

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%
Vehicles	Declining balance	30%
Computer	Straight-line	4 years
General contents	Straight-line	5 years

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, 2016

1. Significant accounting policies (continued):

(d) Financial instruments:

A contract establishing a financial instrument creates, at its inception, rights and obligations to receive or deliver economic benefits. The financial assets and financial liabilities portray these rights and obligations in the financial statements. The Commission recognizes a financial instrument when it becomes a party to a financial instrument contract.

Financial instruments consist of cash and cash equivalents, accounts receivable, portfolio investments, bank indebtedness, accounts payable and accrued liabilities, debt and other liabilities. Unless otherwise noted, it is management's opinion that the Commission is not exposed to significant credit and liquidity risks, or market risk, which includes currency, interest rate and other price risks.

Portfolio investments in equity instruments quoted in an active market and derivatives are recorded at fair value. All other financial assets and liabilities are recorded at cost or amortized cost and the associated transaction costs are added to the carrying value of items in the cost or amortized cost upon initial recognition. The gain or loss arising from de-recognition of a financial instrument is recognized in the Statement of Operations. Impairment losses such as write-downs or write-offs are reported in the Statement of Operations.

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, 2016

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.

(g) Contaminated Sites Liability:

The Commission uses Public Sector Accounting Standards section 3260 - liability for contaminated sites. Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or retroactive or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring. At December 31, 2016 the Commission did not have any liabilities associated with contaminated sites.

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2016

2. Recent accounting pronouncements:

The following summarizes the upcoming changes to the Public Sector Accounting Standards by the Public Sector Accounting Standards Board (PSAB). In 2017, the Commission will continue to assess the impact and prepare for the adoption of these standards. While the timing of standard adoption can vary, certain standards must be adopted concurrently.

(i) PS 2200 - Related Party Disclosures:

This section provides guidance on the definition of a related party and establishes the disclosure requirements for transactions between related parties. This standard is effective for fiscal years beginning on or after April 1, 2017.

(ii) PS 3420 - Inter- Entity Transactions:

This section provides guidance on the recognition, measurement and presentation of transactions between entities controlled by a government within the government reporting entity from the perspective of both parties. This standard is effective for fiscal years beginning on or after April 1, 2017.

(iii) PS3210 - Assets:

This section provides guidance on the various components related to the definition of an asset and establishes the related disclosure requirements. This standard is effective for fiscal years beginning on or after April 1, 2017.

(iv) PS 3320 - Contingent Assets:

This section provides a general application standard providing guidance on the definition and disclosures standards related to contingent assets. It is noted that specific types of contingent assets are excluded from this standard. This standard is effective for fiscal years beginning on or after April 1, 2017.

(v) PS 3430 - Restructure Transactions:

This section provides guidance on the recognition, measurement and presentation on restructuring transactions by both the transferor and recipients of assets or liabilities, together with related program or operating responsibilities. This section is effective for fiscal years beginning on or after April 1, 2018.

(vi) PS 3380 - Contractual Rights:

This section provides guidance on the disclosure of rights, including their nature, extent, and timing. This section is effective for years beginning on or after April 1, 2017.

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2016

3. Accounts receivable:

	2016		2015	
Trade receivables	\$	20,458	\$	103,759
Goods and services tax		2,916		2,384
	\$	23,374	\$	106,143

4. Capital assets:

			2016	
	Cost	Accumulated amortization		Net book value
Land	\$ 80,000	\$ -	\$	80,000
Building	773,397	286,240		487,157
General contents	298,324	284,856		13,468
Other equipment	13,678	13,097		581
Vehicles	42,392	19,509		22,883
Computer	78,987	60,137		18,850
	\$ 1,286,778	\$ 663,839	\$	622,939

			2015	
	Cost	Accumulated amortization		Net book value
Land	\$ 80,000	\$ -	\$	80,000
Building	773,397	265,942		507,455
General contents	272,688	263,287		9,401
Other equipment	13,678	12,991		687
Vehicles	42,392	19,509		22,883
Computer	88,022	73,158		14,864
	\$ 1,270,177	\$ 634,887	\$	635,290

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2016

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 2015.

(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 January, 2017 to April, 2019. The base rent obligation under the leases for the next year is approximately \$3,520.
- (b) The Commission signed an agreement with Whipcord Ltd. 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.

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2016

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.

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:

	2016	2015
Total debt limit	\$ 984,961	\$ 1,025,662
Total debt	-	-
Debt servicing limit	\$ 196,992	205,132
Debt servicing	-	-
Amount of debt servicing limit unused	\$ 196,992	\$ 205,132

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.

9. Restricted net assets

Restricted net assets is comprised of the following

	2016	2015
Operating reserve fund	49,952	24,952
Capital reserve fund	49,953	24,953
	99,905	49,905

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2016

10. 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 244,621 employees of approximately 426 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 2016 were \$159,324 (2015 - \$164,526). Total current and past service contributions by the employees of Oldman River Regional Services Commission to the Local Authorities Pension Plan in 2016 were \$147,047 (2015 - \$151,847).

At December 31, 2015 the Plan disclosed an actuarial deficit of \$923 million.

11. Budget information:

The budget information was approved by the Board on November 12, 2015.

