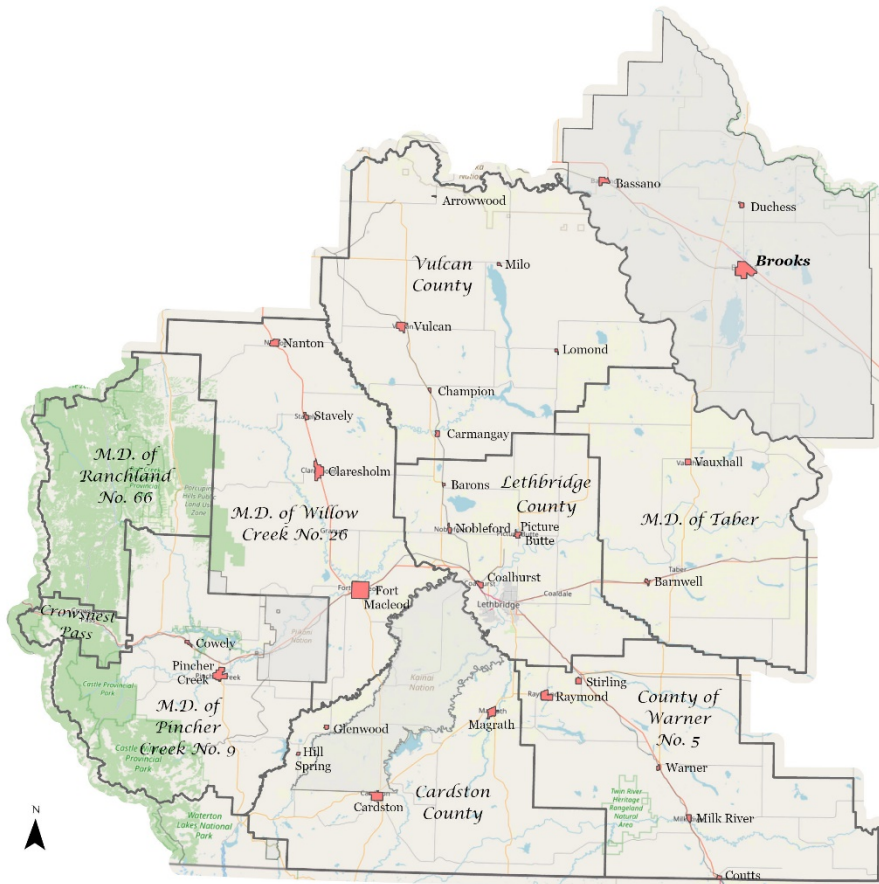


2020 ANNUAL REPORT

Oldman River Regional Services Commission



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For the year ending December 31, 2020



OLDMAN RIVER REGIONAL SERVICES COMMISSION

2020 at a glance

4



9

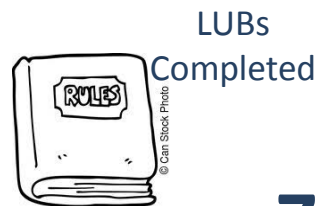


142

Subdivisions
Approved



4



14



16



76

LUB
Amendments



Bill

48



Covid

19



4

Staffing
Changes



MISSION STATEMENT

The Oldman River Regional Services Commission will provide professional municipal planning, geographical information system and regional assessment review services and advice to our municipal members and their rate-payers in a professional manner befitting a non-profit entity.



KEY MESSAGE

By Chair Gordon Wolstenholme and Director Lenze Kuiper

“When everything seems to be going against you, remember that the airplane takes off against the wind, not with it” - Henry Ford

We are pleased to share with you the Oldman River Regional Services Commission (ORRSC) Annual Report for 2020. We hope that you – our members – will agree that this document meets the needs of these taxing times in describing a managing approach that is prudent, cost-effective and sensitive to the regulatory burdens that members bear.

The past 12 months have been a time of significant challenge for ORRSC. While the COVID-19 crisis has been a challenge for all Albertans, ORRSC has demonstrated terrific resiliency and co-operation as we look forward to supporting the recovery and the return to normalcy.

In 2020, the government launched a review of all Commissions. The objective of the government’s review was for Commissions to strengthen their work through a strategy of continuous improvement by streamlining processes, reducing red tape and increasing member confidence. We have responded to the government’s review by fundamentally examining and changing how we work with the ambition of being one of the most effective professional service providers in Alberta. We should emphasize that this does not come at the expense of ensuring the continued fairness of our adjudicative procedures (i.e. SDAB & RARB). New Operating and Procedural Bylaws will be forthcoming in mid-2021 to reflect these changes.

We are proud to say that we are already implementing many identified initiatives, however more work needs to be done. It is clear there is a strong conviction internally about what needs to change, and there is a real energy within ORRSC to communicate these changes and take the opportunity to make ORRSC work better for everyone.

This Annual Report showcases the initiatives and work we have completed in 2020. While we will keep a sharp focus on ensuring the timeliness and accuracy of our work, it is clear that Planning and GIS are undergoing fundamental change, driven by red tape reduction, technological and market changes. This change has caused us to move from an agency that reactively processes applications, to an agency that proactively confronts complex issues that arise during a time of regulatory and competitive change.

In our view, the ORRSC can and should have a role in facilitating the evolution of the Planning and GIS by assisting the members, public, industry and government to understand the options and alternatives, and the implications of the challenges the transition is presenting. Our work in relation to facilitating this transformation is set out in our strategic plan. As we work to develop the processes and structures to meet future challenges, we must ensure that we have both your support and the ability to succeed in that pursuit.



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KEY MESSAGE CONT'D

We must continue to develop and strengthen our team by aligning our hiring and training efforts with our strategic plan and objectives. Since ORRSC can't foresee all issues before they arise, our team must look at circumstances, identify issues and find new approaches and solutions in a rapidly changing environment. We have had good success working beyond the traditional hierarchical structure, allowing us to leverage specialization as projects require.

We will finish by emphasizing that reducing regulatory burden and improving ORRSC efficiency and effectiveness are key objectives for us in the coming year. We want to see ORRSC achieve ongoing and continuous improvement. We can say with confidence that ORRSC is moving to tackle these issues and it will require commitment from all members in the short, medium and long-term to accomplish lasting change. We would like to thank you for your confidence and support as we work to achieve our goals.



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.

Gordon Wolstenholme – Chair

Jim Bester – Vice Chair

Doug MacPherson

Don Anderberg

Jennifer Crowson

Margaret Plumtree

Ian Sundquist



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BOARD OF DIRECTORS From 40 Member Municipalities

Kevyn Stevenson Village of Arrowwood	Brad Koch Village of Lomond
Delbert Bodnarek Village of Barnwell	Richard Van Ee Town of Magrath
Ed Weistra Village of Barons	Peggy Losey Town of Milk River
Tom Rose Town of Bassano	Sheldon Walker Village of Milo
Norman Gerestein City of Brooks	Victor Czap (Beryl West – Former Member) Town of Nanton
Jim Bester Cardston County	Marinus de Leeuw Town of Nobleford
Richard Bengry Town of Cardston	Henry de Kok Town of Picture Butte
Peggy Hovde Village of Carmangay	Bev Everts MD of Pincher Creek No. 9
Jamie Smith Village of Champion	Don Anderberg Town of Pincher Creek
Doug MacPherson Town of Claresholm	Ronald Davis MD of Ranchland No. 66
Henry (Butch) Pauls Town of Coaldale	Stewart Foss Town of Raymond
Elizabeth Christensen Town of Coalhurst	Don Norby Town of Stavely
Tanya Smith Village of Coutts	Matthew Foss Village of Stirling
Warren Mickels Village of Cowley	Jennifer Crowson MD of Taber
Dave Filipuzzi and Dean Ward Municipality of Crowsnest Pass	Margaret Plumtree Town of Vauxhall
Kole Steinley Village of Duchess	Jason Schneider Vulcan County
Gordon Wolstenholme Town of Fort Macleod	Lyle Magnuson Town of Vulcan
Gerry Carter Village of Glenwood	David Cody County of Warner
Suzanne French Village of Hill Spring	Marty Kirby Town of Warner
Morris Zeinstra Lethbridge County	Ian Sundquist MD of Willow Creek No. 26



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STAFFING RESOURCES

DIRECTOR	Lenze Kuiper (2005)
SENIOR PLANNER	Mike Burla (1978)
SENIOR PLANNER	Steve Harty (1998)
SENIOR PLANNER	Diane Horvath (2000)
SENIOR PLANNER	Bonnie Brunner (2007)
SENIOR PLANNER	Gavin Scott (2007)
PLANNER	Ryan Dyck (2013)
PLANNER	Madeleine Baldwin (2019)
ASSISTANT PLANNER	Erin Graham (2017-July 2020)
ASSISTANT PLANNER	Max Kelly (2019)
ASSISTANT PLANNER	Hailey Winder (2018)
CAD/GIS TECHNOLOGIST	Mladen Kistic (2006)
CAD/GIS TECHNOLOGIST	Kaylee Sailer (2013)
CAD/GIS TECHNOLOGIST	Yueu Majok (2017)
GIS ANALYST	Jaime Thomas (2005)
GIS ANALYST	Jordan Thomas (2006)
GIS TECHNICIAN	Carlin Groves (2019)
BOOKKEEPER	Sherry Johnson (1981)
SUBDIVISION TECHNICIAN	Jennifer Maxwell (2015)
EXECUTIVE SECRETARY	Barb Johnson (1975 - 1978, 1984 - September 2020)
EXECUTIVE ASSISTANT	Tara Cryderman (October 2020)
MUNICIPAL PLANNING CLERK	Bonnie Andres – (2019 - July 2020)

MUNICIPAL PROJECTS

Intermunicipal Development Plan:

- Cardston County and Town of Cardston – Ongoing
- Cardston County and Town of Magrath Amendment – Ongoing
- Lethbridge County and Town of Coalhurst – Commenced
- Lethbridge County and Village of Barons – Completed
- Lethbridge County and Town of Coaldale – Completed
- Lethbridge County and Village of Barons – Completed
- Lethbridge County and Town of Nobleford – Completed
- MD of Pincher Creek No. 9 and Municipality of Crowsnest Pass – Completed
- MD of Pincher Creek No. 9 and Village of Cowley - Commenced
- MD of Ranchland No. 66 and Municipality of Crowsnest Pass – Completed
- MD of Ranchland No. 66 and MD of Pincher Creek No. 9 - Completed
- MD of Taber and Town of Taber - Ongoing
- County of Warner No. 5 and Village of Coutts – Completed
- County of Warner No. 5 and Town of Milk River – Completed
- County of Warner No. 5 and Town of Raymond – Completed
- County of Warner No. 5 and Village of Stirling – Completed
- County of Warner No. 5 and Village of Warner - Completed
- MD of Willow Creek and Town of Claresholm – Ongoing
- MD of Willow Creek and Town of Fort Macleod – Ongoing
- MD of Willow Creek and Town of Stavely - Ongoing
- Vulcan County and Village of Arrowwood – Completed
- Vulcan County and Village of Carmangay – Commenced
- Vulcan County and Village of Champion – Commenced
- Vulcan County and Village of Milo – Commenced
- Vulcan County and Village of Lomond – Commenced
- Vulcan County and Town of Vulcan – Completed
- Vulcan County and Lethbridge County – Commenced



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Municipal Development Plan:

- Village of Arrowwood – Completed
- Town of Bassano – Completed
- Village of Carmangay – Completed
- Village of Coutts – Completed
- Village of Cowley – Commenced
- Municipality of Crowsnest Pass – Completed
- Village of Duchess – Ongoing
- Village of Glenwood – Completed
- Village of Lomond – Completed
- Village of Milo – Commenced
- MD of Pincher Creek No. 9 – Ongoing
- Town of Stavely – Background Report Commenced
- Village of Warner – Completed
- MD of Willow Creek - Completed

Land Use Bylaw:

- Cardston County – Ongoing
- City of Brooks – Major Land Use Bylaw Amendments - Completed
- Village of Carmangay – Major Land Use Bylaw Amendments - Completed
- Village of Champion – Major Land Use Bylaw Amendments - Completed
- Village of Duchess – Completed
- Town of Fort Macleod – Ongoing
- Town of Pincher Creek - Ongoing
- Town of Vauxhall – Major Land Use Bylaw Amendments – Ongoing
- Vulcan County – Commenced
- MD of Willow Creek No. 26 - Ongoing

Intermunicipal Collaborative Framework:

- County of Warner No. 5 and Village of Coutts – Completed
- County of Warner No. 5 and Town of Milk River – Completed
- County of Warner No. 5 and Village of Stirling – Completed
- County of Warner No. 5 and Village of Warner - Completed

Other:

Town of Fort Macleod

- Macleod Meadows Area Structure Plan – Ongoing
- Paddock Lands Concept – Ongoing

Lethbridge County

- Joint Industrial Area Structure Plan with Town of Coalhurst – Commenced
- Hamlet of Chin Growth Study – Completed
- Hamlet of Kipp Growth Study – Completed
- Hamlet of Shaughnessy Growth Study - Commenced
- Hamlet of Diamond City Growth Study – Commenced

Town of Nanton

- West Nanton Concept Plan – Ongoing

Town of Picture Butte

- North Industrial Park Area Structure Plan – Ongoing

MD of Pincher Creek No. 9

- Wind Energy Conversion System Review – Ongoing with MDP

Town of Pincher Creek

- Land Use Strategy – Commenced

MD of Willow Creek and Town of Claresholm

- Annexation of Custom Cannabis Parcel – Completed



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GIS PROJECTS

- All GIS members have fully operational internal Geocortex site
- Every municipality has access to custom GIS web applications
- Access to drone image capture

SUBDIVISION

Summary of Applications Processed:

A total of 166 subdivision applications were processed in 2020.

The status of these applications, as of December 31, 2020 are:

- 142 – Approved or Approved on Conditions
- 0 – Refused
- 0 – Withdrawn or Expired
- 24 – Pending

There was one subdivision appealed in 2020.

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

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ABBREVIATIONS:

A or A/C - Approved or Approved with Conditions

R - Refused

W/E - Withdrawn or Expired

P - Pending

Res - Residential

Com - Commercial

Ind - Industrial

CR - Country Residential

Ag - Agricultural

Inst - Institutional

Rec - Recreational

Misc - Miscellaneous

2020 Subdivision Statistics

MEMBER MUNICIPALITY	# of Subdivisions	Boundary Line Adj	DECISION				NEWLY CREATED LOTS (By Use)										TOTAL
			A or A/C	R	W/E	P	Res	Com	Ind	CR	Ag	Inst	Rec	Misc			
Cardston County	19	2	15			4	4			18	4	1	1			28	
City of Brooks	2	1	1			1	1									1	
County of Newell	7	3	7							3	1					4	
County of Warner No. 5	6	1	6							4					1	5	
Lethbridge County	31	10	25			6			1	32	3	1				37	
M.D. of Pincher Creek No. 9	19	4	18			1				9	2	4				15	
M.D. of Willow Creek No. 26	21	2	17			4		1	12	9	3	1				26	
M.D. of Willow Creek No. 26 & Vulcan County	2		2						1	1						1	
Municipal District of Taber	24	7	20			4	1		2	15	3					21	
Municipality of Crowsnest Pass	5	1	5				3						1			4	
Town of Bassano & County of Newell	1		1								1					1	
Town of Cardston	3	2	2			1	1									1	
Town of Claresholm	3	1	3				19					1				20	
Town of Coaldale	1		1				1									1	
Town of Fort Macleod	1					1	1									1	
Town of Magrath	2	1	2				1									1	
Town of Pincher Creek	1		1				1									1	
Town of Raymond	4		4				4						1			5	
Town of Vauxhall	2	1	2						1							1	
Village of Arrowwood	2	1	2				14									14	
Village of Barnwell	1		1				1									1	
Village of Carmangay	1	1	1													0	
Village of Warner	1		1				6									6	
Vulcan County	7	2	5			2				25	1					26	
TOTAL	166	40	142	0	0	24	58	1	17	116	18	8	3	1		222	

NOTE: Lot count includes Pending Decisions as of December 31, 2020



OLDMAN RIVER REGIONAL SERVICES COMMISSION

Financial Statements of

**OLDMAN RIVER
REGIONAL SERVICES
COMMISSION**

And Independent Auditors' Report thereon

Year ended December 31, 2020



KPMG LLP
3410 Fairway Plaza Road South
Lethbridge AB T1K 7T5
Canada
Tel 403-380-5700
Fax 403-380-5760

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Oldman River Regional Services Commission

Opinion

We have audited the financial statements of Oldman River Regional Services Commission (the Commission), which comprise:

- the statement of financial position as at December 31, 2020
- the statement of operations for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2020, and its results of operations, changes in net financial assets, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Commission in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants

Lethbridge, Canada

April 8, 2021

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Assets		
Current assets:		
Cash and short-term deposits	\$ 158,398	\$ 199,447
Accounts receivable (note 3)	66,094	61,266
Prepaid expenses and deposits	8,671	10,574
	233,163	271,287
Cash not available for current operations	340,896	336,762
Capital assets (note 4)	566,815	620,754
	\$ 1,140,874	\$ 1,228,803

Liabilities

Current liabilities:		
Accounts payable and accrued liabilities	\$ 223,945	\$ 228,929
Net assets:		
Unrestricted	9,218	42,358
Invested in capital assets	566,815	620,754
Internally restricted	340,896	336,762
	916,929	999,874
Commitments (note 6)		
	\$ 1,140,874	\$ 1,228,803

See accompanying notes to financial statements.

On behalf of the Board:

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Statement of Operations

Year ended December 31, 2020, with comparative information for 2019

	2020 Budget	2020 Actual	2019 Actual
Revenue:			
Municipal contributions	\$ 981,549	\$ 958,555	\$ 953,084
GIS member fees	600,330	551,993	594,386
Subdivision fees	300,000	239,278	276,180
Service fees	425,000	410,156	329,623
Other revenue	31,900	55,152	63,373
Interest income	12,000	7,981	15,711
	2,350,779	2,223,115	2,232,357
Expenses:			
Salaries and benefits	2,071,531	2,009,284	1,963,921
Software licenses and equipment	74,000	71,197	63,635
Repairs and maintenance	24,000	37,951	26,993
Occupancy costs	39,000	33,322	34,382
Telephone	17,000	19,332	20,602
Staff travel	20,000	16,386	21,144
Professional fees	12,500	9,980	9,880
Office and general	5,500	7,494	8,282
Members' fees	5,000	6,944	6,360
Advertising	5,000	6,381	5,009
Janitorial	6,000	5,366	6,533
Printing and duplicating	7,500	4,029	6,479
Public relations	4,000	3,048	8,882
Postage	6,000	3,029	6,500
Members' travel	8,000	3,011	8,103
Staff training and conferences	9,000	2,601	2,274
Land titles office	4,000	2,152	3,149
Consulting	5,000	1,491	4,600
Miscellaneous	1,500	6,865	12,187
Interest and bank charges	-	512	581
Amortization	-	55,685	63,641
	2,324,531	2,306,060	2,283,137
Excess (deficiency) of revenues over expenses before the undernoted item	26,248	(82,945)	(50,780)
Other income:			
Gain on sale of capital assets	-	-	8,467
Excess (deficiency) of revenues over expenses	\$ 26,248	\$ (82,945)	\$ (42,313)

See accompanying notes to financial statements.

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Statement of Changes in Net Assets

Year ended December 31, 2020, with comparative information for 2019

	Unrestricted	Internally restricted	Invested in capital assets	Total 2020	Total 2019
Balance, beginning of year	\$ 42,358	\$ 336,762	\$ 620,754	\$ 999,874	\$ 1,042,187
Excess (deficiency) of revenue over expenses	(82,945)	-	-	(82,945)	(42,313)
Amortization of internally funded capital assets	55,685	-	(55,685)	-	-
Purchase of capital assets	(1,747)	-	1,747	-	-
Transfers to reserve (note 9)	(4,133)	4,134	(1)	-	-
Balance, end of year	\$ 9,218	\$ 340,896	\$ 566,815	\$ 916,929	\$ 999,874

See accompanying notes to financial statements.

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operations:		
Deficiency of revenue over expenses	\$ (82,945)	\$ (42,313)
Items not involving cash:		
Amortization	55,685	63,641
Gain on sale of capital assets	-	(8,467)
	(27,260)	12,861
Changes in non-cash operating working capital:		
Accounts receivable	(4,828)	(29,763)
Prepaid expenses and deposits	1,903	(47)
Accounts payable and accrued liabilities	(4,983)	19,860
	(35,168)	2,911
Capital activities:		
Purchase of capital assets	(1,747)	(69,290)
Proceeds on sale of capital assets	-	13,000
	(1,747)	(56,290)
Decrease in cash and short-term deposits	(36,915)	(53,379)
Cash and short-term deposits, beginning of year	536,209	589,588
Cash, end of year	\$ 499,294	\$ 536,209
Cash is represented by:		
Cash and short-term deposits	\$ 158,398	\$ 199,447
Cash not available for current operations	340,896	336,762
	\$ 499,294	\$ 536,209

See accompanying notes to financial statements.

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Notes to Financial Statements

Year ended December 31, 2020

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, 2020

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, 2020

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, 2020

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, 2020 the Commission did not have any liabilities associated with contaminated sites.

2. Future accounting pronouncements:

The following summarizes the upcoming changes to the Public Sector Accounting Standards by the Public Sector Accounting Standards Board ("PSAB"). In 2021, 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 3280 - Asset retirement obligations:

This section provides guidance on how to account for and report a liability for retirement of a tangible capital asset. This section is effective for fiscal years beginning on or after April 1, 2022.

(ii) PS 3400 - Revenue:

This section provides guidance on how to account for and report on revenue, specifically addressing revenue arising from exchange transactions and unilateral transactions. This section is effective for fiscal years beginning on or after April 1, 2022.

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2020

3. Accounts receivable:

	2020		2019	
Trade receivables	\$	62,796	\$	56,197
Goods and services tax		3,298		5,069
	\$	66,094	\$	61,266

4. Capital assets:

			2020	
	Cost	Accumulated amortization	Net book value	
Land	\$ 80,000	\$ -	\$	80,000
Building	773,397	359,632		413,765
General contents	282,942	264,976		17,966
Other equipment	13,678	13,097		581
Vehicles	78,942	52,382		26,560
Computer	146,377	110,434		27,943
	\$ 1,375,336	\$ 800,521	\$	566,815

			2019	
	Cost	Accumulated amortization	Net book value	
Land	\$ 80,000	\$ -	\$	80,000
Building	773,397	342,392		431,005
General contents	281,195	260,665		20,530
Other equipment	13,678	13,097		581
Vehicles	78,942	41,000		37,942
Computer	146,377	95,681		50,696
	\$ 1,373,589	\$ 752,835	\$	620,754

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2020

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 2019.

(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.

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2020

6. Commitments:

- (a) The Commission leased equipment under agreements expiring on dates ranging from August, 2021 to June, 2026. The base rent obligation under the leases for the next year is approximately \$7,518.
- (b) The Commission has signed contracts for electricity and natural gas for its facilities, which expired on December 31, 2018, however is to continue on a year to year basis until written notice of termination on December 31, 2023.

7. Economic dependence:

The Commission receives a significant portion of its revenue directly and indirectly from its members, 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:

	2020	2019
Total debt limit	\$ 1,111,557	\$ 1,116,178
Total debt	-	-
Debt servicing limit	\$ 223,311	223,236
Debt servicing	-	-
Amount of debt servicing limit unused	\$ 223,311	\$ 223,236

The debt limit is calculated at 0.5 times revenue of the Commission (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 Commission. Rather, the financial statements must be interpreted as a whole.

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2020

9. Internally restricted net assets:

Internally restricted net assets is comprised of the following:

	2020	2019
Operating reserve fund	170,448	168,381
Capital reserve fund	170,448	168,381
	340,896	336,762

10. Local Authorities Pension Plan:

Employees of the 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 274,151 employees of approximately 420 non-government employer organizations such as municipalities, hospitals, and schools (non-teachers).

The Commission is required to make current service contributions to the Plan of 9.39% of pensionable payroll up to the year's maximum pensionable earnings under the Canada Pension Plan, and 13.84% on pensionable earnings above this amount.

Employees of the Commission are required to make current service contributions of 8.39% of pensionable salary up to the year's maximum pensionable earnings under the Canada Pension Plan, and 12.84% on pensionable salary above this amount.

Total current and past service contributions by the Commission to the Local Authorities Pension Plan in 2020 were \$148,445 (2019 - \$137,062). Total current and past service contributions by the employees of the Commission to the Local Authorities Pension Plan in 2020 were \$134,748 (2019 - \$124,278).

At December 31, 2019 the Plan disclosed an actuarial surplus of \$7.9 billion.

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2020

11. Contractual rights:

Contractual rights are rights of the Commission to economic resources arising from contracts or agreements that will result in both assets and revenues in the future when the terms of those contracts or agreements are met.

The Commission has entered into agreements to provide services to municipal members. The timing and extent of the fees collected in the future depend upon the timing and extent of services provided and as such will vary in the future.

The Commission collects municipal contributions from its members, the amounts collected depend upon participation and population of member communities and as such will vary in the future.

12. Subsequent event:

Subsequent to the year end, the Commission has signed a loan agreement and received a \$60,000 interest-free loan under Community Futures Regional Relief and Recovery Fund Program from Community Futures to assist with covering non-deferrable operating expenses.

\$20,000 of this loan is forgivable if certain repayment terms are met.

13. Budget information:

The budget information was approved by the Board on December 5, 2019.

14. COVID-19 impact:

The World Health Organization declared a global pandemic for the COVID-19 disease on March 11, 2020. Consequently, on March 17, 2020, the Government of Alberta declared a state of public health emergency over the COVID-19 pandemic and enacted measures for its citizens and businesses to follow, intended to minimize the impact of the disease.

The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the operating results and financial position of the Commission in the future. The Commission did not experience any significant financial implications in relation to the COVID-19 pandemic.

There are other factors which may present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect of these items is not practicable at this time.