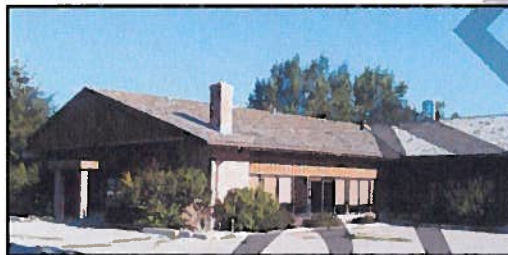


2013 ANNUAL REPORT

Oldman River Regional Services Commission

FINANCIAL STATEMENTS



Year Ending
December 31, 2013

<http://www.orrsc.com>



OLDMAN RIVER REGIONAL SERVICES COMMISSION

CHAIR'S MESSAGE

Dear Members of the Board:

The Oldman River Regional Services Commission continues to deliver on its commitment to provide exceptional service to our member municipalities by generating consistent and professional advice in an effective and efficient manner. In 2013, ORRSC delivered numerous statutory plans, land use bylaws, subdivision recommendations, custom maps and web-based GIS solutions, backed by solid sustainable financials which underscore the strength of the strategy executed by the Board, the Executive Committee, the Finance Committee, ORRSC management and especially ORRSC staff.

We recognize that organizational strategy and its successful execution are key determinants of member municipality value. As a participating Executive, we worked with management on ORRSC's ongoing strategic process with a focus on aligning our municipal objectives with ORRSC's strong desire to deliver on those expectations.

We continue to believe that good governance is the basis for creating sustainable member value. It mitigates risk, fosters a performance culture and provides a solid platform on which to deliver stable financial results coupled with exceptional service.

While my tenure as Chair for 2013 was short and follows on the heels of Terry Michaelis, I have witnessed significant success over my term on the Executive. In addition to regular operations, ORRSC has continued to follow, review and respond to the Province's Land-Use Framework, a review of the Municipal Government Act (MGA), and to the impending roll-out of the South Saskatchewan Regional Plan. This is no small feat considering the process has now extended into its 8th year.

For our new Board Members, it is important to know that the ongoing consultative process represents an opportunity for both rural and urban municipalities to be heard and to shape the impending regional plan and new changes to the MGA.

Another high profile undertaking in 2013 was the roll-out of a new GIS platform complemented by the provision of the highest resolution orthophotos offered to date. This positive, constructive approach to sharing and delivering information is well received and I don't believe there are any organizations doing it better than ORRSC.

Lastly, I think it important for an organization to evolve and for its governing documents to reflect that. ORRSC has matured since it's reincarnation in 1995 and in 2013 we updated our bylaws, will continue to work on further refining our policies and our operations with the Executive and the Board into 2014.

We are proud of the advances made in positioning ORRSC for the long term. I would like to thank my fellow Board Members, the management team and employees of ORRSC for their dedicated service.



Gordon Wolstenholme, Chair
Oldman River Regional Services Commission

BOARD OF DIRECTORS

Membership as at December 31, 2013 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, 2013. Representation from the municipalities is listed below:

MUNICIPALITY	CURRENT MEMBER	FORMER MEMBER (part of 2013)
Arrowwood (Village)	Bill Graff	
Barnwell (Village)	Jane Jensen	
Barons (Village)	Ed Weistra	Alf Olsen
Bassano (Town)	Tom Rose	
Brooks (City)	Fred Rattai	Noel Moriyama
Cardston (County)	Jim Bester	Roger Houghton
Cardston (Town)	Dave Edmonds	Tim Court
Carmangay (Village)	Cecil Sabourin	Doug Smith
Champion (Village)	Jamie Smith	
Claresholm (Town)	Betty Fieguth	Doug MacPherson
Coaldale (Town)	Bill Martens	Henry Pauls
Coalhurst (Town)	Sheldon Watson	Marvin Slingerland
Coutts (Village)	Ken Galts	Tom Butler
Cowley (Village)	Garry Hackler	
Crowsnest Pass (Municipality)	Bill Kovach & Dave Fillipuzzi	Larry Mitchell & Jerry Lonsbury
Fort Macleod (Town)	Gordon Wolstenholme	
Glenwood (Village)	Darrell Edwards	
Granum (Town)	Shirley Murphy	Walter Gripping
Hill Spring (Village)	Monte Christensen	
Lethbridge (County)	Henry Doeve	
Lomond (Village)	Brad Koch	
Magrath (Town)	Richard Van Ee	Dennis Quinton
Milk River (Town)	David Hawco	Terry Michaelis
Milo (Village)	Scott Schroeder	Rafael Zea
Nanton (Town)	Christophe Labrune	Dick Fenton
Newell (County)	Anne Marie Philipsen	
Nobleford (Village)	Pete Pelley	Tony Aleman
Picture Butte (Town)	Teresa Feist	Hank Hurkens
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	Michael Maynes
Taber (Municipal District)	Ben Elfring	
Vauxhall (Town)	Russell Norris	
Vulcan (County)	Rod Ruark	
Vulcan (Town)	Paul Taylor	
Warner (County No. 5)	Don Heggie	Geoffrey Krokosh
Warner (Village)	Jon Hood	Dannie Lien
Willow Creek (M.D. No. 26)	Henry Van Hierden	

CHAIR AND VICE-CHAIR

The Chair and Vice-Chair from January 1 to December 5, 2013 were:

Chair	–	Terry Michaelis (Town of Milk River)
Vice-Chair	–	Gordon Wolstenholme (Town of Fort Macleod)

At the December 5, 2013 Annual Organizational Board of Directors' meeting, the following were elected to the positions of Chair and Vice-Chair for the period December 5, 2013 to December 4, 2014:

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

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, 2013.

The following served on the Executive Committee from January 1 to December 5, 2013:

Terry Michaelis	–	Town of Milk River (Chair)
Gordon Wolstenholme	–	Town of Fort Macleod (Vice-Chair)
Anne Marie Philipsen	–	County of Newell
Henry Van Hierden	–	M.D. of Willow Creek No. 26
Doug MacPherson	–	Town of Claresholm
Don Anderberg	–	Town of Pincher Creek
Larry Mitchell	–	Municipality of Crowsnest Pass

At the December 5, 2013 Annual Organizational Board of Directors' meeting, the following members were elected to serve on the Executive Committee from December 5, 2013 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

STAFF**CURRENT STAFF (as at December 31, 2013)**

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) – from April 1/13
PLANNER	– Diane Horvath (permanent contract)
PLANNER	– Perry Neufeld (permanent contract)
PLANNER	– Gavin Scott (permanent contract)
ASSISTANT PLANNER	– Ryan Dyck (permanent contract) – from April 1/13
ASSISTANT PLANNER	– Leda Kozak Tittsworth (permanent contract) – from April 1/13
ASSISTANT PLANNER	– Katherine Mertz (permanent contract) – 40% part-time
GIS TECHNOLOGIST	– Steven Ellert (permanent contract) – 45% part-time
CAD/GIS TECHNOLOGIST	– Kaylee Kinniburgh (permanent contract) – from February 1/13
CAD/GIS TECHNOLOGIST	– Mladen Kristic (permanent contract)
GIS ANALYST	– Jaime Thomas (permanent contract)
GIS ANALYST	– Jordan Thomas (permanent contract)
EXECUTIVE SECRETARY	– Barb Johnson (permanent)
BOOKKEEPER	– Sherry Johnson (permanent)
SUBDIVISION TECHNICIAN	– Gail Kirkman (permanent contract)

WORK PROGRAM

Focusing on Member Municipalities and Building Value

In 2013, we advanced our focus on our members to provide exceptional and professional core services, earn their trust and be their go-to planners and GIS providers. We did this and achieved solid fiscal year earnings that generated good value for our members.

While the past year presented a challenging environment ORRSC continued to grow, sharpen its strategic edge, and extend its professional position. Our Board, our Executive Committee, our Finance Committee and our staff met the challenge head on and through their hard work have positioned us well for the future.

In fact, the view ahead now seems less foggy — while the first-order effects of the financial crisis are behind us, its consequences still linger and challenge us to be ever vigilant, yet increasingly optimistic. We are seeing signs of this every day!

With renewed optimism our commitment to you remains unchanged — the provision of excellent service, sound professional advice, visionary planning documents that meet all legislative and regulatory requirements, a highly functional and intuitive GIS all delivered by a dedicated, professional staff. Change and transition is inevitable and necessary, but our commitment and continuity of the things that matter will never waiver.

Finally, I wish to express my gratitude to all of you for the important contributions you make and look forward to working with all of you in 2014 and continuing our success.

– Lenze Kuiper, Director

MUNICIPAL PROJECTS

Arrowwood (Village) – Land Use Bylaw (ongoing)

Barnwell (Village) – Municipal Development Plan (adopted)

Barons (Village) – Land Use Bylaw (adopted)

Bassano (Town) – Land Use Bylaw (adopted); Design Concept (ongoing); Intermunicipal Development Plan (commenced)

Brooks (City) – Land Use Bylaw (ongoing)

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

Cardston (Town) – Municipal Development Plan (ongoing)

Carmangay (Village) – Land Use Bylaw (adopted)

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

Claresholm (Town) – Annexation Process (ongoing)

Coaldale (Town) – Growth Study (ongoing); Land Use Bylaw (adopted)

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

Crowsnest Pass (Municipality) – Land Use Bylaw (adopted)

Fort Macleod (Town) – Land Use Bylaw (ongoing); Macleod Meadows Area Structure Plan (ongoing)

Glenwood (Village) – Land Use Bylaw (1st reading)

Lethbridge (County) – Land Use Bylaw (adopted); Intermunicipal Development Plan with Town of Coalhurst (ongoing)

Milo (Village) – Growth Study (completed); Annexation (ongoing)

Nanton (Town) – Parks and Recreation Master Plan (Phase 2 - commenced); Land Use Bylaw (adopted)

Newell (County) – Intermunicipal Development Plan with Village of Duchess (adopted); Intermunicipal Development Plan with Town of Bassano (commenced)

Picture Butte (Town) – South Area Structure Plan (on hold), South East [3A Street South] Subdivision Redesign (on hold); CPR Corridor Development Plan Component 1 (completed); CPR Corridor Development Plan Component 2 (commenced); Land Use Bylaw (ongoing)

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

Pincher Creek (Town) – Municipal Development Plan (adopted)

Raymond (Town) – Intermunicipal Development Plan with County of Warner (adopted)

Stavelly (Town) – Land Use Bylaw (adopted)

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

Vauxhall (Town) – Growth Study (completed)

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

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

Warner (County No. 5) – Intermunicipal Development Plan with Town of Raymond (adopted)

Warner (Village) – Land Use Bylaw (adopted)

Other Projects and Services:

- Secretarial service for 19 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 12 Regional Assessment Review Board hearings.
- Rural Intermunicipal Development Plans Project commenced.

GIS Highlights:

- Town of Bassano joined the project.
- Transitioning 41 municipal GIS sites to a new, multi-function platform.
- New orthophotography was captured between May-August – 7 cm full colour high resolution with building footprints.
- Urban GIS project was featured in GoGeomatics magazine.
- Presented at GIS Day 2013, hosted by the University of Lethbridge.
- Added Kaylee Kinniburgh to the GIS staff in February.

SUBDIVISION
SUMMARY OF APPLICATIONS PROCESSED

A total of 183 subdivision applications were processed during the 2013 calendar year. The status of these applications as at December 31, 2013:

- 167 – Approved or Approved on Condition
- 8 – Refused
- 2 – Withdrawn or Expired
- 6 – Pending

In 2013, a total of 10 subdivisions were appealed:

- 8 – Refused (or Deemed Refused)
- 2 – Appealed Conditions

The outcome of the 10 appeals:

- 6 – Upheld
- 3 – Denied
- 1 – Withdrawn

The following table shows a detailed breakdown of the subdivision applications for 2013.

DETAILS OF SUBDIVISION APPLICATIONS PROCESSED – 2013

ABBREVIATIONS:

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

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	Misc
Arrowwood (Village)	—												
Barnwell (Village)	1	0	1				12						12
Barons (Village)	—												
Bassano (Town)	—												
Brooks (City)	3	0	3				21						21
Cardston (County)	18	5	18							11	8	1	20
Cardston (Town)	2	0	2				4	1					5
Carmangay (Village)	—												
Champion (Village)	—												
Claresholm (Town)	2	2	2				4	1					5
Coaldale (Town)	7	0	7				110		1				111
Coalhurst (Town)	1	0	1					1					1
Coutts (Village)	—												
Cowley (Village)	—												
Crowsnest Pass (Municipality)	7	1	7				11			2			13
Fort Macleod (Town)	2	0	1			1				4			4
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)	36	5	29	4	1	2	2	1	7	52	2	1			65	
Lomond (Village)	—															
Magrath (Town)	7	2	7				9		1			2	1		13	
Milk River (Town)	1	0	1					1							1	
Milo (Village)	—															
Nanton (Town)	2	0	2				2								2	
Newell (County)	16	1	15			1		2	3	128	4				137	
Nobleford (Village)	—															
Picture Butte (Town)	1	0	1				1								1	
Pincher Creek (M.D. No. 9)	11	3	9	1		1				7	8				15	
Pincher Creek (Town)	1	0	1					4							4	
Ranchland (M.D. No. 66)	—															
Raymond (Town)	4	0	3		1		34								34	
Rosemary (Village)	1	0	1				62								62	
Stavely (Town)	1	0	1						1						1	
Stirling (Village)	1	0	1				3								3	
Taber (Municipal District)	14	1	14						1	10	2	1	1		15	
Vauxhall (Town)	—															
Vulcan (County)	18	1	18							17	1				18	
Vulcan (Town)	—															
Warner (County No. 5)	6	0	6						1	8	2				11	
Warner (Village)	2	2	2				2								2	
Willow Creek (M.D. No. 26)	18	3	14	3		1				15	6				21	
TOTAL	183	26	167	8	2	6	278	10	15	254	33	4	2	1	597	

NOTE: Lot count includes Pending Decisions as at December 31, 2013

Financial Statements of

**OLDMAN RIVER REGIONAL
SERVICES COMMISSION**

Year ended December 31, 2013



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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, 2013, 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, 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.

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, 2013, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants

April 10, 2014
Lethbridge, Canada

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Statement of Financial Position

December 31, 2013, with comparative information for 2012

	2013	2012
Assets		
Current assets:		
Cash and short-term investments	\$ 25,067	\$ -
Accounts receivable (note 2)	90,219	45,041
Prepaid expenses and deposits	5,940	4,170
	<u>121,226</u>	<u>49,211</u>
Capital assets (note 3)	677,619	701,032
	<u>\$ 798,845</u>	<u>\$ 750,243</u>
Liabilities and Net Assets		
Current liabilities:		
Cheques issued in excess of funds on deposit	\$ -	\$ 7,151
Operating line of credit	-	159,300
Accounts payable and accrued liabilities	302,564	200,368
Deferred revenue (note 4)	75,165	84,709
Prepaid member fees	-	1,057
	<u>377,729</u>	<u>452,585</u>
Net assets:		
Invested in capital assets	677,619	701,032
Unrestricted	(256,503)	(403,374)
	<u>421,116</u>	<u>297,658</u>
Commitments (note 6)		
	<u>\$ 798,845</u>	<u>\$ 750,243</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, 2013, with comparative information for 2012

	2013 Budget	2013 Actual	2012 Actual
Revenues:			
Municipal contributions	\$ 795,000	\$ 847,058	\$ 505,855
GIS member fees	428,688	412,003	460,077
Subdivision fees	300,000	353,630	303,675
Service fees	200,000	321,312	193,479
Other grant revenue	125,000	249,544	42,396
Other revenue	11,500	19,892	25,484
Interest income	5,000	2,168	1,487
	1,865,188	2,205,607	1,532,453
Expenditures:			
Salaries and benefits	1,478,500	1,581,539	1,567,377
Equipment	45,000	56,889	36,096
Occupancy costs	33,000	38,846	36,921
Staff travel	16,000	17,159	15,205
Telephone	14,500	13,971	13,772
Repairs and maintenance	10,000	4,929	6,225
Printing and duplicating	9,000	8,373	7,880
Staff training and conferences	9,000	5,809	7,669
Professional fees	8,600	9,152	4,316
Postage	7,000	5,834	4,548
Janitorial	6,000	5,384	5,451
Advertising	5,000	6,938	6,398
Public relations	5,000	5,471	3,409
Members' fees	5,000	4,914	17,552
Land titles office	5,000	3,222	4,794
Office and general	4,200	6,411	3,072
Members' travel	3,000	7,625	17,980
Miscellaneous	1,500	6,858	1,061
Interest and bank charges	200	1,552	1,480
Project expenses	-	237,446	15,831
Bad debts	-	314	-
Amortization	-	53,698	55,398
	1,665,500	2,082,334	1,832,435
Excess (deficiency) of revenues over expenditures before the undernoted item	199,688	123,273	(299,982)
Other income:			
Gain on sale of capital assets	-	185	-
Excess (deficiency) of revenues over expenditures \$	199,688 \$	123,458 \$	(299,982)

See accompanying notes to financial statements.

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Statement of Changes in Net Assets

Year ended December 31, 2013, with comparative information for 2012

	Invested in capital assets	Unrestricted	Total 2013	Total 2012
Balance, beginning of year	\$ 701,032	\$ (403,374)	\$ 297,658	\$ 597,640
Excess (deficiency) of revenue over expenses	-	123,458	123,458	(299,982)
Amortization of internally funded capital assets	(53,698)	53,698	-	-
Purchase of capital assets	42,100	(42,100)	-	-
Net book value of disposed capital assets	(11,815)	11,815	-	-
Balance, end of year	\$ 677,619	\$ (256,503)	\$ 421,116	\$ 297,658

See accompanying notes to financial statements.

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Statement of Cash Flows

Year ended December 31, 2013, with comparative information for 2012

	2013	2012
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ 123,458	\$ (299,982)
Items not involving cash:		
Amortization	53,698	55,398
Gain on sale of capital assets	(185)	-
Changes in non-cash operating working capital:		
Accounts receivable	(45,178)	(38,988)
Prepaid expenses and deposits	(1,770)	(4,170)
Accounts payable and accrued liabilities	102,195	(4,467)
Deferred revenue	(9,544)	83,661
Decrease in prepaid member fees	(1,057)	-
	221,617	(208,548)
Capital activities:		
Purchase of capital assets	(42,099)	(19,010)
Proceeds on sale of capital assets	12,000	-
	(30,099)	(19,010)
Financing activities:		
(Decrease) increase in operating line of credit	(159,300)	159,300
Decrease (increase) in cash and short-term investments	32,218	(68,258)
Cash and short-term investments, beginning of year	(7,151)	61,107
Cash and short-term investments, end of year	\$ 25,067	\$ (7,151)

See accompanying notes to financial statements.

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Notes to Financial Statements

Year ended December 31, 2013

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, 2013

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, 2013

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, 2013

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:

	2013	2012
Trade receivables	\$ 74,975	\$ 41,670
Goods and services tax	15,244	3,371
	\$ 90,219	\$ 45,041

3. Capital assets:

	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

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2013

3. Capital assets (continued):

			2012
	Cost	Accumulated amortization	Net book value
Land	\$ 80,000	\$ -	\$ 80,000
Building	773,397	199,830	573,567
General contents	271,436	253,321	18,115
Other equipment	15,844	15,844	-
Vehicles	53,583	38,955	14,628
Computer	99,024	84,302	14,722
	\$ 1,293,284	\$ 592,252	\$ 701,032

4. Deferred revenue:

Deferred revenue relates to provincial grant revenue received that remains unspent as of the year end and prepaid member fees.

	2013	2012
Balance, beginning of year	\$ 84,709	\$ 2,105
Amounts received during the year	240,000	125,000
Amounts recognized as revenue in the year	(249,544)	(42,396)
	\$ 75,165	\$ 84,709

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2013

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 2012.

(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 February, 2015 to February, 2018. The base rent obligation under the leases for the next year is approximately \$19,000.
- (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, 2013

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:

	2013
Total debt limit	\$ 1,102,804
Total debt amount	-
Amount of debt limit unused	\$ 1,102,804
Debt servicing limit	\$ 220,561
Amount of debt servicing limit unused	-
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, 2013

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 10.43% of pensionable payroll up to the year's maximum pensionable earnings under the Canada Pension Plan, and 14.47% on pensionable earnings above this amount.

Employees of Oldman River Regional Services Commission are required to make current service contributions of 9.43% of pensionable salary up to the year's maximum pensionable earnings under the Canada Pension Plan, and 13.47% 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 2013 were \$143,157 (2012 - \$119,871). Total current and past service contributions by the employees of Oldman River Regional Services Commission to the Local Authorities Pension Plan in 2013 were \$131,149 (2012 - \$109,316).

At December 31, 2012 the Plan disclosed an actuarial deficit of \$4.98 billion.

10. Budget information:

The budget information was approved by the Board on December 6, 2012.

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.