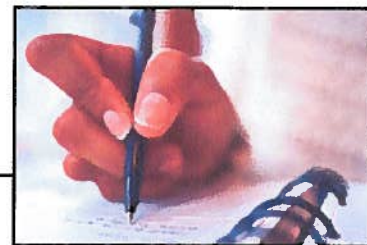


2012 ANNUAL REPORT

Oldman River Regional Services Commission

FINANCIAL STATEMENTS



**Year Ending
December 31, 2012**



OLDMAN RIVER REGIONAL SERVICES COMMISSION

CHAIRMAN'S MESSAGE

Dear Members of the Board:

Against a backdrop of long-term economic uncertainty and stagnant growth in the development marketplace, ORRSC continues to provide sound expert services and excellent value to its members, albeit with diminished financial resources in 2012.

Year in Review

Our core services continued to drive operations and our success in providing sound planning advice, statutory plans and GIS is underpinned by our unique leadership position in service and convenience. Our professional staff is readily available to work with your municipality and the expert advice you receive is unparalleled. These are ORRSC hallmarks that enable us to offer you value year in year out.

In recognition that our capacity to sustain ourselves on a volatile subdivision revenue stream was severely diminished, ORRSC along with the finance committee embarked on a review of our funding model with the outcome being a re-calculation of fees based on current total equalized assessment figures rather than 1993 figures. While this caused much discussion and some opposition, the new fee structure was implemented for 2013.

2012 also saw a growth in membership for ORRSC with the Town of Bassano and Village of Glenwood committing to membership. Talks with the City of Brooks will also see them joining as members in 2013.

Where do we go from here?

We are focused solidly on the future. Our new finance committee is in place and working on providing long-term, sustainable funding solutions to ensure our municipalities find value in ORRSC and that ORRSC has the resources to provide the excellent services our members have come to expect. As a shared service we recognize that finding an equitable funding solution is challenging while at the same time ensuring our commission has the resources available to them to provide continued service excellence.

Looking ahead, we will continue to face a prolonged period of slow economic growth. The housing market is cooling, consumer loan growth is moderating and legislative/regulatory uncertainty remains a concern. To succeed we must together aggressively deal with the challenges ahead.

I am confident that the resilience of our Commission model, combined with the capacity of our management team and the dedication of our professional staff, will not only see ORRSC through these challenging times, but sustain us into the future.



Terry Michaelis, Chair
Oldman River Regional Services Commission

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Terry Michaelis, Chair
Oldman River Regional Services Commission

BOARD OF DIRECTORS

Membership as at December 31, 2012 consisted of the following 40 municipalities, all of which had appointed members to the Board of Directors. Five Board of Directors' meetings were held between January 1 and December 31, 2012. Representation from the municipalities is listed below:

MUNICIPALITY	CURRENT MEMBER	FORMER MEMBER (part of 2012)
ARROWWOOD (Village)	Bill Graff	
BARNWELL (Village)	Jane Jensen	
BARONS (Village)	Alf Olsen	
BASSANO (Town)	Tom Rose	
CARDSTON (County)	Roger Houghton	
CARDSTON (Town)	Tim Court	
CARMANGAY (Village)	Doug Smith	
CHAMPION (Village)	Jamie Smith	Dick Ellis
CLARESHOLM (Town)	Doug MacPherson	
COALDALE (Town)	Henry Pauls	
COALHURST (Town)	Marvin Slingerland	
COUTTS (Village)	Tom Butler	
COWLEY (Village)	Garry Hackler	
CROWSNEST PASS (Municipality)	Larry Mitchell / Jerry Lonsbury	
FORT MACLEOD (Town)	Gordon Wolstenholme	
GLENWOOD (Village)	Darrell Edwards	
GRANUM (Town)	Walter Gripping	
HILL SPRING (Village)	Monte Christensen	
LETHBRIDGE (County)	Henry Doeve	
LOMOND (Village)	Brad Koch	
MAGRATH (Town)	Dennis Quinton	
MILK RIVER (Town)	Terry Michaelis	
MILO (Village)	Rafael Zea	
NANTON (Town)	Dick Fenton	
NEWELL (County)	Anne Marie Philipsen	
NOBLEFORD (Village)	Tony Aleman	Pete Pelley
PICTURE BUTTE (Town)	Hank Hurkens	
PINCHER CREEK (M.D. No. 9)	Garry Marchuk	Bjorn Berg
PINCHER CREEK (Town)	Don Anderberg	
RANCHLAND (M.D. No. 66)	Ronald Davis	
RAYMOND (Town)	Greg Robinson	
STAVELY (Town)	Barry Johnson	
STIRLING (Village)	Michael Maynes	Gary Bikman
TABER (Municipal District)	Ben Elfring	
VAUXHALL (Town)	Russell Norris	Tony Dunphy
VULCAN (County)	Rod Ruark	
VULCAN (Town)	Paul Taylor	
WARNER (County No. 5)	Geoffrey Krokosh	Phil Jensen
WARNER (Village)	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 6, 2012 were:

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

At the December 6, 2012 Annual Organizational Board of Directors' meeting, both the Chair and Vice-Chair were re-elected to their positions for the period December 6, 2012 to December 5, 2013.

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, 2012.

The following served on the Executive Committee from January 1 to December 6, 2012:

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
Walter Gripping	–	Town of Granum
Dick Fenton	–	Town of Nanton

At the December 6, 2012 Annual Organizational Board of Directors' meeting, the following members were elected to serve on the Executive Committee from December 6, 2012 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

STAFF**CURRENT STAFF (as at December 31, 2012)**

DIRECTOR	– Lenze Kuiper (permanent contract)
SENIOR PLANNER	– Mike Burla (permanent)
SENIOR PLANNER	– Steve Harty (permanent contract)
PLANNER	– Diane Horvath (permanent contract)
PLANNER	– Bonnie Brunner (permanent contract)
PLANNER	– Gavin Scott (permanent contract)
PLANNER	– Perry Neufeld (permanent contract)
ASSISTANT PLANNER	– Katherine Mertz (permanent part-time contract) – from Sep. 1/12
SR. GRAPHICS TECHNOLOGIST	– Cal Kembel (permanent part-time contract) – retired Dec. 31/12
CAD/GIS TECHNOLOGIST	– Mladen Kristic (permanent contract)
GIS TECHNOLOGIST	– Steven Ellert (permanent contract)
GIS ANALYST	– Jaime Thomas (permanent contract)
GIS ANALYST	– Jordan Thomas (permanent contract)
SUBDIVISION TECHNICIAN	– Gail Kirkman (permanent contract)
BOOKKEEPER	– Sherry Johnson (permanent)
EXECUTIVE SECRETARY	– Barb Johnson (permanent)

FORMER STAFF (part of 2012)

PLANNER	– Michelle Grenwich (permanent contract) – to September 30/12
PLANNER	– Jonathan Schmidt (permanent contract) – to December 14/12
INTERN PLANNER	– Breelyn Gray (contract) – to July 13/12

WORK PROGRAM

“As sure as the spring will follow the winter, prosperity and economic growth will follow recession.”

– Bo Bennett

“Rule No. 1: Never lose money. Rule No. 2: Never forget Rule No. 1.”

– Warren Buffett

“It’s far better to buy a wonderful company at a fair price than a fair company at a wonderful price.”

– Warren Buffett

This past year has proven challenging for both you – the municipality, as an investing member and client of ORRSC and for us – the management and staff, charged with operating this shared service for our mutual benefit. While the Commission Model itself is fundamentally sound, the Funding Model required to sustain this entity requires some adjustment and tweaking. In 2012 we saw some tweaking take place and as a continuing commitment to bring you value, more tweaking will take place for 2013 and beyond with long-term recommendations from ORRSC’s Finance Committee being developed.

Against the backdrop of economic headwinds and an increasingly complex regulatory environment, ORRSC continues to provide professional planning and GIS services while dealing with diminishing revenues in our highly volatile and cyclical subdivision revenue stream. This revenue is key to operating our Commission and this shortfall (largely due to slow economic growth, a cooling housing market and moderating consumer loan growth) means we need to make up ground somewhere.

We have done this by adding new members, by adding new services, by adding new products and by making some cuts to expenses, where possible. We have operated a very lean Commission since its reincarnation in 1995 and so lastly, we come to you the member and we ask you to make up a portion of this shortfall in both member fees and in fee-for-service products purchased. We are asking you to “buy a wonderful company at a fair price rather than a fair company at a wonderful price”. We thank you for your support.

Our commitment to you is 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. This commitment comes with a cost, a cost that should have advantages over going it alone. We promise to minimize those costs and keep your advantage with us.

Finally, I wish to express my gratitude to all of you – the Executive, the Board, the Municipalities and their administrations, the staff at ORRSC for the important contributions you all make towards our continuing success. Without you where would we be?

– Lenze Kuiper, Director

MUNICIPAL PROJECTS

- **Arrowwood (Village)** – [Land Use Bylaw](#) (ongoing)
- **Barnwell (Village)** – [Municipal Development Plan](#) (commenced)
- **Barons (Village)** – [Land Use Bylaw](#) (commenced)
- **Bassano (Town)** – [Land Use Bylaw](#) (commenced); [Design Concept](#) (commenced)
- **Cardston (County)** – [Intermunicipal Development Plan with Town of Magrath](#) (completed); [Land Use Bylaw](#) (ongoing)
- **Cardston (Town)** – [Municipal Development Plan](#) (ongoing)

- Carmangay (Village) – Land Use Bylaw (draft completed)
- Champion (Village) – Land Use Bylaw (ongoing)
- Claresholm (Town) – Annexation Process (commenced)
- Coaldale (Town) – Annexation Study (ongoing); Land Use Bylaw (ongoing)
- Coalhurst (Town) – Land Use Bylaw (completed); Annexation (ongoing); Intermunicipal Development Plan with County of Lethbridge (commenced)
- Crowsnest Pass (Municipality) – Land Use Bylaw (draft completed)
- Fort Macleod (Town) – Land Use Bylaw (ongoing); Macleod Meadows Area Structure Plan (ongoing)
- Glenwood (Village) – Land Use Bylaw (draft completed)
- Granum (Town) – Land Use Bylaw (adopted)
- Lethbridge (County) – Land Use Bylaw (ongoing); Intermunicipal Development Plan with Village of Nobleford (completed and adopted); Intermunicipal Development Plan with Town of Coalhurst (commenced)
- Magrath (Town) – Intermunicipal Development Plan with Cardston County (completed); Annexation (completed)
- Milo (Village) – Annexation (commenced)
- Nanton (Town) – Parks and Recreation Master Plan (Phase 1 - completed); Land Use Bylaw (draft)
- Newell (County) – Land Use Bylaw (adopted)
- Nobleford (Village) – Intermunicipal Development Plan with County of Lethbridge (completed)
- Picture Butte (Town) – South Area Structure Plan (ongoing), South East [3A Street South] Subdivision Redesign (on hold); CPR Corridor Land Use Concept (commenced); Land Use Bylaw (commenced)
- Pincher Creek (M.D. No. 9) – Burmis Lundbreck Corridor Area Structure Plan (completed and adopted)
- Pincher Creek (Town) – Municipal Development Plan (draft and open house)
- Ranchland (M.D. No. 66) – Municipal Development Plan Amendment (completed)
- Raymond (Town) – Intermunicipal Development Plan with County of Warner (ongoing)
- Stavely (Town) – Land Use Bylaw (draft completed); Annexation (completed and submitted to MGB; no Board Order)
- Taber (M.D.) – East Vauxhall Area Structure Plan (ongoing)
- Vauxhall (Town) – Land Use Bylaw Updates (adopted); Growth Study (commenced)
- Vulcan (County) – Intermunicipal Development Plan with Town of Vulcan (ongoing); Municipal Development Plan (completed); Land Use Bylaw Updates (ongoing)
- Vulcan (Town) – Intermunicipal Development Plan with Vulcan County (ongoing); Lagoon Area Concept Plan (commenced)
- Warner (County No. 5) – Intermunicipal Development Plan with Town of Raymond (ongoing)
- Warner (Village) – Land Use Bylaw (commenced)
- Willow Creek (M.D. No. 26) – Land Use Bylaw (major amendment completed)

Other Projects and Services:

- 32 Regional Assessment Review Board Hearings
- Provided Development Officer services for the Town of Coalhurst and on an interim basis for Cardston County, Town of Vauxhall and Village of Carmangay
- Finance Committee Review and Recommendations

GIS:

- Two new participants in the Urban GIS Project – Town of Sundre and Village of Alix (bringing total municipalities to 40)
- In May 2012, GIS staff attended GeoAlberta in Calgary, a provincial conference held annually that brings geospatial practitioners together for a variety of presentations
- Submitted an application to Municipal Affairs for the “2013 Oldman River Region Urban Orthophotography Project” – the Town of Milk River stepped forward as the sponsoring municipality
- On November 14, 2012 ORRSC played host to GIS Day, a gathering of local geospatial users demonstrating a variety of GIS applications being used in the region

SUBDIVISION
SUMMARY OF APPLICATIONS PROCESSED

A total of 228 subdivision applications were processed during the 2012 calendar year. The status of these applications as at December 31, 2012:

199	–	Approved or Approved on Condition
8	–	Refused
4	–	Withdrawn or Expired
17	–	Pending

In 2012, a total of 4 subdivisions were appealed:

3	–	Refused (or Deemed Refused)
1	–	Parcel Size

The outcome of the 4 appeals:	2	–	Upheld
	2	–	Denied

The following table shows a detailed breakdown of the subdivision applications for 2012.

DETAILS OF SUBDIVISION APPLICATIONS PROCESSED – 2012

ABBREVIATIONS:

A – Approved
A/C – Approved with conditions
R – Refused
W – Withdrawn
E – Expired
P – Pending

Res – Residential
Com – Commercial
Ind – Industrial
CR – Country Residential

Ag – Agricultural
Inst – Institutional
Rec – Recreational
Misc – Miscellaneous

MEMBER MUNICIPALITY	SUBDIVISION APPLICATIONS	Boundary Line Adjustment	DECISION				NEWLY CREATED LOTS (By Use)									
			A / A/C	R	W / E	P	Res	Com	Ind	CR	Ag	Inst	Rec	Misc	Total	
Arrowwood (Village)	—															
Barnwell (Village)	3	0	3					10								10
Barons (Village)	—															
Bassano (Town)	1	0	1							2						2
Cardston (County)	22	2	22					1	1	1	21	6				30
Cardston (Town)	2	2	2					2	2							4
Carmanagay (Village)	—															
Champion (Village)	—															
Clareholm (Town)	3	0	2				1	4	1	6						11
Coaldale (Town)	5	1	5					2		31						33
Coalhurst (Town)	1	0	1					1								1
Coutts (Village)	1	0	1									2				2
Cowley – Village	—															
Crowsnest Pass (Municipality)	6	2	4	1			1	11			2					13
Fort Macleod (Town)	4	0	4					2		3			1			6
Glenwood (Village)	2	1	1				1	1					1			2
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)	42	9	32	5			5	2		12	36	10	3	3	3	69
Lomond (Village)	—															
Magrath (Town)	6	0	6					6	1	1						8
Milk River (Town)	1	1	1					6								6
Milo (Village)	—															
Nanton (Town)	—															
Newell (County)	22	4	18	1	1	2				1	21	4	1		2	29
Nobleford (Village)	—															
Picture Butte (Town)	—															
Pincher Creek (M.D. No. 9)	19	6	17		1	1					39	7	1		4	51
Pincher Creek (Town)	2	0	2					2	1							3
Ranchland (M.D. No. 66)	—															
Raymond (Town)	3	0	3					2		3						5
Stavely (Town)	1	0	1							2						2
Stirling (Village)	—															
Taber (Municipal District)	21	2	19				2	1			20	2	2			25
Vauxhall (Town)	2	0	1				1	12								12
Vulcan (County)	18	0	17				1	117			16					133
Vulcan – Town	5	1	4			1		4					4			8
Warner (County No. 5)	17	1	15				2				15	3				18
Warner (Village)	—															
Willow Creek (M.D. No. 26)	19	0	17	1	1					1	18					19
TOTAL	228	32	199	8	4	17		186	6	63	188	34	13	3	9	502

NOTE: Lot count includes Pending Decisions as at December 31, 2012

Financial Statements of

**OLDMAN RIVER REGIONAL
SERVICES COMMISSION**

Years ended December 31, 2012 and 2011



KPMG LLP
Chartered Accountants
500 Lethbridge Centre Tower
400 - 4th Avenue South
Lethbridge AB T1J 4E1
Canada

Telephone (403) 380-5700
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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, 2012, December 31, 2011 and January 1, 2011, the statements of revenue and expenses, changes in net assets and cash flows for the years ended December 31, 2012 and December 31, 2011, 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 audits. We conducted our audits 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 audits 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, 2012, December 31, 2011 and January 1, 2011, and its results of operations, changes in net assets and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants

May 9, 2013
Lethbridge, Canada

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Statement of Financial Position

December 31, 2012, December 31, 2011 and January 1, 2011

	December 31, 2012	December 31, 2011	January 1, 2011
Assets			
Current assets:			
Cash and short-term investments (note 4)	\$ -	\$ 61,107	\$ -
Accounts receivable (note 2)	45,041	6,053	62,120
Prepaid expenses and deposits	4,170	-	2,715
	49,211	67,160	64,835
Cash not available for current operations	-	-	417,557
Capital assets (note 3)	701,032	737,420	793,049
	\$ 750,243	\$ 804,580	\$ 1,275,441

Liabilities and Net Assets

Current liabilities:			
Excess of cheques issued in excess of funds on deposit (note 4)	\$ 7,151	\$ -	\$ -
Operating line of credit	159,300	-	-
Accounts payable and accrued liabilities	200,368	204,835	182,155
Deferred revenue (note 5)	85,766	2,105	5,084
	452,585	206,940	187,239
Net assets:			
Invested in capital assets	701,032	737,421	793,049
Unrestricted	(403,374)	(139,780)	(222,355)
Internally restricted	-	-	517,508
	297,658	597,641	1,088,202
Commitments (note 7)			
	\$ 750,243	\$ 804,581	\$ 1,275,441

See accompanying notes to financial statements.

On behalf of the Board:

_____ Members

_____ Members

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Statements of Revenue and Expenses

Years ended December 31, 2012 and 2011

	Budget (unaudited)	2012	2011
Revenues:			
Municipal contributions	\$ 488,547	\$ 505,855	\$ 464,513
Subdivision fees	400,000	303,675	339,180
Service fees	200,000	193,479	141,113
GIS member fees	392,362	460,077	355,258
Interest income	10,000	1,487	9,386
Other revenue	10,500	25,484	14,142
Other grant revenue	250,000	42,396	21,979
Gain on sale of capital assets	-	-	965
	1,751,409	1,532,453	1,346,536
Expenses:			
Salaries and benefits	1,620,000	1,567,377	1,583,195
Occupancy costs	32,000	36,921	34,593
Equipment	35,000	36,096	28,828
Professional fees	13,600	20,147	18,637
Members' travel	12,000	17,980	13,178
Members' fees	12,000	17,552	13,074
Staff travel	16,000	15,205	15,851
Telephone	14,500	13,772	19,015
Printing and duplicating	9,000	7,880	7,192
Staff training and conferences	10,000	7,669	9,685
Advertising	5,000	6,398	4,330
Repairs and maintenance	10,000	6,225	12,567
Janitorial	5,500	5,451	4,925
Land titles office	5,000	4,794	6,319
Postage	7,000	4,548	5,020
Public relations	5,000	3,409	3,776
Office and general	4,200	3,072	5,021
Miscellaneous	1,500	1,061	1,332
Interest and bank charges	200	1,480	636
Amortization	-	55,398	49,924
	1,817,500	1,832,435	1,837,098
Deficiency of revenues over expenses	\$ (66,091)	\$ (299,982)	\$ (490,562)

See accompanying notes to financial statements.

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Statements of Changes in Net Assets

Years ended December 31, 2012 and 2011

	Invested in capital assets	Internally restricted	Unrestricted	Total 2012	Total 2011
Balance, beginning of years	\$ 737,420	\$ -	\$ (139,780)	\$ 597,640	\$ 1,088,202
Deficiency of revenue over expenses	-	-	(299,982)	(299,982)	(490,562)
Amortization of internally funded capital assets	(55,398)	-	55,398	-	-
Purchase of capital assets	19,010	-	(19,010)	-	-
Balance, end of years	\$ 701,032	\$ -	\$ (403,374)	\$ 297,658	\$ 597,640

See accompanying notes to financial statements.

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Statements of Cash Flows

Years ended December 31, 2012 and 2011

	2012	2011
Cash provided by (used in):		
Operations:		
Deficiency of revenues over expenses	\$ (299,982)	\$ (490,562)
Items not involving cash:		
Amortization	55,398	49,924
Gain on sale of capital assets	-	(965)
Changes in non-cash operating working capital:		
Accounts receivable	(38,988)	56,067
Prepaid expenses and deposits	(4,170)	2,715
Increase in operating line of credit	159,300	-
Accounts payable and accrued liabilities	(4,467)	22,680
Deferred revenue	83,661	(2,979)
	(49,248)	(363,120)
Capital activities:		
Purchase of capital assets	(19,010)	(330)
Proceeds on sale of capital assets	-	7,000
	(19,010)	6,670
Investments:		
Change in restricted operating cash	-	417,557
(Decrease) increase in cash and short-term investments	(68,258)	61,107
Cash and short-term investments, beginning of years	61,107	-
Cash and short-term investments, end of years	\$ (7,151)	\$ 61,107

See accompanying notes to financial statements.

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Notes to Financial Statements

Years ended December 31, 2012 and 2011

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 the Section 149 of the Canadian Income tax Act.

On January 1, 2011, the Commission adopted Canadian public sector accounting standards. The Commission has elected to apply the 4200 standards for government not-for-profit organizations. These are the first financial statements prepared in accordance with these public sector accounting standards.

In accordance with the transitional provisions in public sector accounting standards, the Commission has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is January 1, 2011 and all comparative information provided has been presented by applying public sector accounting standards.

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)

Years ended December 31, 2012 and 2011

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 content	Straight-line	5 years
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 and deposits with original maturities less than 90 days held with Canadian financial institutions.

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Notes to Financial Statements (continued)

Years ended December 31, 2012 and 2011

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 effective interest rate 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.

(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 contributors are expensed as incurred.

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Notes to Financial Statements (continued)

Years ended December 31, 2012 and 2011

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:

	December 31, 2012	December 31, 2011	January 1, 2011
Trade receivables	\$ 41,670	\$ 3,885	\$ 57,252
Goods and services tax	3,371	2,168	4,868
	\$ 45,041	\$ 6,053	\$ 62,120

3. Capital assets:

	December 31, 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

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Notes to Financial Statements (continued)

Years ended December 31, 2012 and 2011

3. Capital assets (continued):

			December 31, 2011
	Cost	Accumulated amortization	Net book value
Land	\$ 80,000	\$ -	\$ 80,000
Building	773,397	175,931	597,466
General contents	271,436	240,580	30,856
Other equipment	15,844	15,844	-
Vehicles	53,583	32,685	20,898
Computer	80,014	71,814	8,200
	\$ 1,274,274	\$ 536,854	\$ 737,420

			January 1, 2011
	Cost	Accumulated amortization	Net book value
Land	\$ 80,000	\$ -	\$ 80,000
Building	773,397	151,037	622,360
General contents	271,436	227,979	43,457
Other equipment	15,844	15,844	-
Vehicles	74,283	44,679	29,604
Computer	79,684	62,056	17,628
	\$ 1,294,644	\$ 501,595	\$ 793,049

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Notes to Financial Statements (continued)

Years ended December 31, 2012 and 2011

4. Cash and short-term investments:

The major components of cash and short-term investments are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011
Excess of cheques issued over funds on deposit	\$ (7,151)	\$ -	\$ -
Cash	-	61,107	-
	\$ (7,151)	\$ 61,107	\$ -

5. Deferred revenue:

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

	December 31, 2012	December 31, 2011	January 1, 2011
Balance, beginning of year	\$ 2,105	\$ 5,084	\$ 28,869
Amounts recognized as revenue in the year	(42,396)	(21,979)	(66,785)
Amounts received during the year	126,057	19,000	43,000
	\$ 85,766	\$ 2,105	\$ 5,084

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Notes to Financial Statements (continued)

Years ended December 31, 2012 and 2011

6. Financial risks and concentration of risk:

(a) Liquidity risk:

Liquidity risk is the risk that the Commission will be unable to fulfill 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 2011.

(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 at 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.

7. Commitments:

The Commission leased equipment under agreements expiring on dates ranging from February 2015 to January, 2017. The base rent obligation under the leases for the next year is approximately \$14,566.

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

8. 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)

Years ended December 31, 2012 and 2011

9. Debt limits:

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Commission be disclosed as follows:

	December 31, 2012	December 31, 2011	January 1, 2011
Total debt limit	\$ 3,064,904	\$ 2,691,142	\$ 3,007,886
Total debt amount	159,300	-	-
Amount of debt limit unused	3,224,204	2,691,142	3,007,886
Debt servicing limit	536,358	470,950	526,380
Amount of debt servicing limit unused	\$ 3,760,562	\$ 3,162,092	\$ 3,534,266

The debt limit is calculated at two times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.35 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)

Years ended December 31, 2012 and 2011

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 214,000 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 years 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 years 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 2012 were \$119,871 (2011 - \$123,931). Total current and past service contributions by the employees of Oldman River Regional Services Commission to the Local Authorities Pension Plan in 2012 were \$109,316 (2011 - \$109,700).

At December 31, 2011 the Plan disclosed an actuarial deficit of \$4.64 billion.