

2018

ANNUAL REPORT

Oldman River Regional Services Commission

FINANCIAL STATEMENTS



**Year Ending
December 31, 2018**



OLDMAN RIVER REGIONAL SERVICES COMMISSION

CHAIR'S MESSAGE

"By far the greatest and most admirable form of wisdom is that needed to plan and beautify cities and human communities." — Socrates

Dear Members:

On behalf of the Executive, Board and Commission staff, we are pleased to present to you the 2018 Annual Report of the Oldman River Regional Services Commission (ORRSC).

Year after year, ORRSC continues to meet or exceed service and budgetary objectives and once again we have achieved our objectives, albeit in a time of economic and political uncertainty. Is there room for improvement—of course, and between the Board and Commission staff the continual review of our strategic plan and overall operations will yield results.

ORRSC continues to be a model for success in the delivery of shared municipal services. This speaks to the strength and stability of our local municipal system, our decision making autonomy and our willingness to work together and pool our ever-stretched resources.

We would like to welcome two new members to the Executive—Jennifer Crowson (M.D. of Taber) and Margaret Plumtree (Town of Vauxhall) who along with Jim Bester (Cardston County), Don Anderberg (Town of Pincher Creek), Doug MacPherson (Town of Claresholm), and Ian Sundquist (M.D. of Willow Creek) guide and oversee our operations and represent our municipal members. Also, a big thank you to Morris Zeinstra (Lethbridge County) and Greg Robinson (Town of Raymond) for their contributions towards our success in 2018.

Our core services of Land Use Planning and GIS continue to drive operations and the challenges of meeting all of the new MGA requirements is our prime focus. Other priorities include:

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

We wish to express gratitude, on behalf of the Board and Executive, for the important contributions of our staff in achieving successful results and receiving various accolades in a challenging operating environment. They work diligently to provide you with the best advice, the best GIS, and the best plans. They have brought communities together with strong Intermunicipal & Municipal Development Plans and they have aided in resolving conflicts through the appeal process. Behind the scenes they have provided hours of advice to municipal administrations and have rolled out Land Use Bylaws that implement the policies outlined in the higher order plans.

Lastly, we thank you—each of our member municipalities—for your continued commitment and partnership, and we look forward to being your go-to services commission well into the future.



Gordon Wolstenholme, Chair



Lenze Kuiper, Director

BOARD OF DIRECTORS

Membership as at December 31, 2018 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, 2018. Representation from the municipalities is listed below:

MUNICIPALITY	CURRENT MEMBER	FORMER MEMBER (part of 2018)
Arrowwood (Village)	Kevyn Stevenson	
Barnwell (Village)	Delbert Bodnarek	
Barons (Village)	Ed Weistra	
Bassano (Town)	Tom Rose	
Brooks (City)	Norman Gerestein	
Cardston (County)	Jim Bester	
Cardston (Town)	Richard Bengry	
Carmangay (Village)	Peggy Hovde	
Champion (Village)	Jamie Smith	
Claresholm (Town)	Doug MacPherson	
Coaldale (Town)	Butch (Henry) Pauls	
Coalhurst (Town)	Elizabeth Christensen	Heather Caldwell
Coutts (Village)	Tanya Smith	
Cowley (Village)	Warren Mickels	
Crowsnest Pass (Municipality)	Dave Fillipuzzi & Dean Ward	
Fort Macleod (Town)	Gordon Wolstenholme	
Glenwood (Village)	Gerry Carter	David Rolfson
Granum (Town)	Duncan McLean	Barin Beresford
Hill Spring (Village)	Suzanne French	
Lethbridge (County)	Morris Zeinstra	
Lomond (Village)	Brad Koch	
Magrath (Town)	Richard Van Ee	
Milk River (Town)	Peggy Losey	
Milo (Village)	Sheldon Walker	Louis Myers
Nanton (Town)	Dan McLelland	
Newell (County)	Clarence Amulung	
Nobleford (Town)	Marinus de Leeuw	
Picture Butte (Town)	Henry de Kok	
Pincher Creek (M.D. No. 9)	Bev Everts	
Pincher Creek (Town)	Don Anderberg	
Ranchland (M.D. No. 66)	Ronald Davis	
Raymond (Town)	Stewart Foss	Greg Robinson
Stavely (Town)	Don Norby	
Stirling (Village)	Matthew Foss	
Taber (M.D.)	Jennifer Crowson	
Vauxhall (Town)	Margaret Plumtree	
Vulcan (County)	Jason Schneider	
Vulcan (Town)	Lyle Magnuson	
Warner (County No. 5)	David Cody	
Warner (Village)	Eric Burns	
Willow Creek (M.D. No. 26)	Ian Sundquist	

CHAIR AND VICE-CHAIR

The Chair and Vice-Chair from January 1 to December 6, 2018 were:

Chair	–	Gordon Wolstenholme (Town of Fort Macleod)
Vice-Chair	–	Jim Bester (Cardston County)

At the December 6, 2018 Annual Organizational Board of Directors' meeting, both the Chair and Vice-Chair were re-elected to their positions for the period December 6, 2018 to December 5, 2019.

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, 2018.

The following served on the Executive Committee from January 1 to December 6, 2018:

Gordon Wolstenholme	–	Town of Fort Macleod (Chair)
Jim Bester	–	Cardston County (Vice-Chair)
Don Anderberg	–	Town of Pincher Creek
Doug MacPherson	–	Town of Claresholm
Ian Sundquist	–	M.D. of Willow Creek No. 26
Greg Robinson	–	Town of Raymond
Morris Zeinstra	–	Lethbridge County

At the December 6, 2018 Annual Organizational Board of Directors' meeting, the following were elected to serve on the Executive Committee from December 6, 2018 to December 5, 2019.

Gordon Wolstenholme	–	Town of Fort Macleod (Chair)
Jim Bester	–	Cardston County (Vice-Chair)
Don Anderberg	–	Town of Pincher Creek
Doug MacPherson	–	Town of Claresholm
Ian Sundquist	–	M.D. of Willow Creek No. 26
Jennifer Crowson	–	M.D. of Taber
Margaret Plumtree	–	Town of Vauxhall

STAFFSTAFF employed during 2018

DIRECTOR	Lenze Kuiper
SENIOR PLANNER	Bonnie Brunner
SENIOR PLANNER	Mike Burla
SENIOR PLANNER	Steve Harty
SENIOR PLANNER	Diane Horvath
SENIOR PLANNER	Gavin Scott
PLANNER	Ryan Dyck (90% part-time from February 1/18)
PLANNER	Ian MacDougall
PLANNER	Cameron Mills – resigned June 30/18
ASSISTANT PLANNER	Erin Graham
ASSISTANT PLANNER	Stacy Olsen – resigned August 31/18
ASSISTANT PLANNER	Hailey Winder – started July 9/18
CAD/GIS TECHNOLOGIST	Mladen Kristic
CAD/GIS TECHNOLOGIST	Yueu Majok
CAD/GIS TECHNOLOGIST	Kaylee Sailer
GIS ANALYST	Jaime Thomas
GIS ANALYST	Jordan Thomas
EXECUTIVE SECRETARY	Barb Johnson (80% part-time)
BOOKKEEPER	Sherry Johnson (80% part-time)
SUBDIVISION TECHNICIAN	Jennifer Maxwell

MUNICIPAL PROJECTS

Arrowwood (Village) – Intermunicipal Development Plan with Vulcan County (ongoing); Municipal Development Plan (commenced); Land Use Updates (commenced)

Barnwell (Village) – Land Use Bylaw Rewrite (commenced)

Barons (Village) – Municipal Development Plan (adopted); Land Use Bylaw Updates (completed)

Bassano (Town) – Annexation (ongoing)

Brooks (City) – Municipal Development Plan (adopted); Land Use Bylaw Amendment for Parking Requirements (adopted)

Cardston (County) – Intermunicipal Development Plan with Town of Cardston (commenced); Intermunicipal Development Plan with Town of Magrath Update (commenced)

Cardston (Town) – Intermunicipal Development Plan with Cardston County (commenced)

Carmangay (Village) – Municipal Development Plan (ongoing); Land Use Bylaw Updates (commenced)

Champion (Village) – Compliance Review Policy (completed); Intermunicipal Development Plan with Vulcan County (commenced, Background Report completed); Land Use Bylaw Updates (commenced)

Claresholm (Town) – Municipal Development Plan Rewrite (completed)

Coaldale (Town) – East Coaldale Area Structure Plan (ongoing); Municipal Development Plan (commenced)

Coalhurst (Town) – Lethbridge County and Town of Coalhurst Joint Industrial Area Structure Plan (ongoing); Land Use Bylaw Rewrite (commenced)

Cowley (Village) – Municipal Development Plan (draft completed)

Crowsnest Pass (Municipality) – Municipal Development Plan Background Report (commenced); Intermunicipal Development Plan with M.D. of Ranchland No. 66 (commenced)

Fort Macleod (Town) – Land Use Bylaw Update (completed)

Glenwood (Village) – Municipal Development Plan (draft completed)

Granum (Town) – Intermunicipal Development Plan with M.D. of Willow Creek (commenced); Land Use Bylaw (adopted)

Lethbridge (County) – Intermunicipal Development Plan with Town of Picture Butte (adopted); Hamlet of Monarch Growth Study (completed); Intermunicipal Development Plan with Town of Taber (adopted); Municipal Development Plan Updates (adopted); Joint Industrial Area Structure Plan with Town of Coalhurst (ongoing); Hamlet of Turin Growth Study (commenced); Hamlet of Iron Springs Growth Study (commenced); Intermunicipal Development Plan with Town of Nobleford Update (commenced)

Magrath (Town) – Intermunicipal Development Plan with Cardston County Update (commenced)

Milo (Village) – Municipal Development Plan (commenced); Intermunicipal Development Plan with Vulcan County (commenced)

Nanton (Town) – Municipal Development Plan (completed); Land Use Bylaw Update (completed)

Newell (County) – Intermunicipal Development Plan with Wheatland County Compliance (completed); Intermunicipal Development Plan with Vulcan County Compliance (completed); North Headgates Area Redevelopment Plan (completed)

Nobleford (Town) – Intermunicipal Development Plan with Lethbridge County Update (commenced)

Picture Butte (Town) – Intermunicipal Development Plan with Lethbridge County (adopted); Land Use Bylaw Updates (commenced/adopted); Industrial Growth Study (commenced/completed)

Pincher Creek (M.D. No. 9) – Land Use Bylaw Update (completed); Castle Mountain Area Structure Plan (ongoing); Wind Energy Conversion Systems Review (ongoing); Intermunicipal Development Plan with M.D. of Ranchland (commenced)

Pincher Creek (Town) – Land Use Strategy (commenced)

Ranchland (M.D. No. 66) – Land Use Bylaw (adopted); Intermunicipal Development Plan with the Municipality of Crowsnest Pass (commenced); Intermunicipal Development Plan with the M.D. of Pincher Creek (commenced)

Stavelly (Town) – Land Use Bylaw Update (completed)

Taber (M.D.) – Intermunicipal Development Plan with six adjacent rural municipalities (completed)

Vauxhall (Town) – Municipal Development Plan (adopted)

Vulcan (County) – Intermunicipal Development Plan with Town of Vulcan (ongoing); Intermunicipal Development Plan with Village of Arrowwood (ongoing); Intermunicipal Development Plan with the Village of Champion (commenced); Intermunicipal Development Plan with Lethbridge County (commenced); Intermunicipal Development Plan with Village of Milo (commenced); Land Use Bylaw (commenced)

Vulcan (Town) – Intermunicipal Development Plan with Vulcan County (ongoing)

Warner (County No. 5) – Intermunicipal Development Plan with M.D. of Taber (adopted)

Warner (Village) – Road Closure / Block Redesign (completed); Municipal Development Plan (commenced)

Willow Creek (M.D. No. 26) – Land Use Bylaw (draft completed)

GIS Project:

- Addition of two new clients: Turner Valley and Black Diamond
- Meeting with City of Campbell River to discuss GIS software
- Prepared mapping for all Intermunicipal Development Plans
- Preliminary agreement with new software vendor to upgrade GIS platform

Other Projects and Services:

- Secretarial service for 22 Subdivision and Development Appeal Board hearings
- Clerk service for 9 Regional Assessment Review Board hearings
- Hosted Subdivision and Development Appeal Board Training - November 30, 2018
- Hosted Assessment Review Board Training - April 2018

SUBDIVISION

SUMMARY OF APPLICATIONS PROCESSED

A total of 199 subdivision applications were processed during the 2018 calendar year. The status of these applications as at December 31, 2018:

- 168 – Approved or Approved on Condition
- 3 – Refused
- 4 – Withdrawn or Expired
- 24 – Pending

A total of 2 subdivision applications from 2018 were appealed:

- 1 – Refused (or Deemed Refused)
- 1 – Appealed Conditions

The outcome of the 2 appeals was:

- 2 – Upheld
- 0 – Denied
- 0 – Pending

The following table shows a detailed breakdown of the subdivision applications for 2018.

DETAILS OF SUBDIVISION APPLICATIONS PROCESSED – 2018

ABBREVIATIONS:

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

MEMBER MUNICIPALITY	SUBDIVISION APPLICATIONS	Boundary Line Adjustment	DECISION				NEWLY CREATED LOTS (By Use)								Total		
			A / A/C	R	W / E	P	Res	Com	Ind	CR	Ag	Inst	Rec	Misc			
Arrowwood (Village)	—																
Barnwell (Village)	1		1					1									1
Barons (Village)	—																
Bassano (Town)	—																
Bow Island (Town)*	1		1					3									3
Brooks (City)	1	1	1														0
Cardston (County)	21	2	19		1	1					29	4	2	19			54
Cardston (Town)	1		1					1									1
Carmangay (Village)	1		1							1							1
Champion (Village)	—																
Claresholm (Town)	—																
Coaldale (Town)	6		6					73									73
Coalhurst (Town)	1		1					31									31
Coutts (Village)	—																
Cowley (Village)	1		1										1				1
Crownsnest Pass (Municipality)	4		3				1	4				1					5
Fort Macleod (Town)	4	2	4							4							4
Glenwood (Village)	1	1	1														0
Granum (Town)	—																
Hill Spring (Village)	1		1					1									1

MEMBER MUNICIPALITY	SUBDIVISION APPLICATIONS	Boundary Line Adjustment	DECISION				NEWLY CREATED LOTS (By Use)								Total
			A / A/C	R	W / E	P	Res	Com	Ind	CR	Ag	Inst	Rec	Misc	
Lethbridge (County)	25	1	17	2	1	5		1	1	32	6				40
Lomond (Village)	—														
Magrath (Town)	5		4			1	15								15
Milk River (Town)	—														
Milo (Village)	1		1						2						2
Nanton (Town)	2		2				4		1						5
Newell (County)	15		14			1	1			9	5				15
Nobleford (Town)	—														
Picture Butte (Town)	—														
Pincher Creek (M.D. No. 9)	10	1	6			4				3	7			1	11
Pincher Creek (Town)	3		3				1	2							3
Ranchland (M.D. No. 66)	—														
Raymond (Town)	6		4			2	23	1							24
Stavelly (Town)	—														
Stirling (Village)	1		1					1							1
Taber (Municipal District)	20	3	16		1	3				17	3				20
Vauxhall (Town)	—														
Vulcan (County)	18	1	15			3			2	15	1		1		19
Vulcan (Town)	—														
Warner (County No. 5)	13	2	11			2	4			10	3				17
Warner (Village)	—														
Willow Creek (M.D. No. 26)	36	1	33	1	1	1	2	1	16	26	2				47
TOTAL	199	15	168	3	4	24	164	6	27	141	32	3	20	1	394

* Not a member – subdivision processed as Fee for Service

NOTE: Lot count includes Pending Decisions as at December 31, 2018

Financial Statements of

**OLDMAN RIVER REGIONAL
SERVICES COMMISSION**

Year ended December 31, 2018



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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, 2018
- 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, 2018, 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 and is underlined with a single horizontal stroke.

Chartered Professional Accountants

Lethbridge, Canada

April 11, 2019

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
Assets		
Current assets:		
Cash and short-term deposits	\$ 389,683	\$ 226,434
Accounts receivable (note 4)	31,503	76,740
Prepaid expenses and deposits	10,527	13,723
	431,713	316,897
Cash not available for current operations	199,905	149,905
Capital assets (note 5)	619,638	629,759
	\$ 1,251,256	\$ 1,096,561

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 209,069	\$ 196,206
Deferred revenue (note 6)	-	43,200
	209,069	239,406
Net assets:		
Unrestricted	222,644	77,491
Invested in capital assets	619,638	629,759
Internally restricted	199,905	149,905
	1,042,187	857,155
Commitments (note 8)		
	\$ 1,251,256	\$ 1,096,561

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, 2018, with comparative information for 2017

	2018 Budget	2018 Actual	2017 Actual
Revenues:			
Municipal contributions	\$ 938,000	\$ 938,079	\$ 917,427
GIS member fees	547,680	593,314	554,296
Subdivision fees	315,000	352,688	347,974
Service fees	450,000	445,603	476,574
Alberta Community Partnership Grant revenue recognized (note 6)	3,000	43,200	156,800
Other revenue	15,850	13,428	14,958
Interest income	1,000	11,659	5,229
	2,270,530	2,397,971	2,473,258
Expenditures:			
Salaries and benefits	2,030,500	1,881,894	1,930,419
Equipment	59,000	32,981	55,500
Occupancy costs	33,000	43,351	33,198
Staff travel	19,000	22,040	16,610
Telephone	14,500	20,594	18,814
Repairs and maintenance	14,000	22,547	15,595
Professional fees	9,900	14,789	9,370
Staff training and conferences	9,000	1,596	6,508
Members' travel	8,000	7,230	8,541
Printing and duplicating	7,000	9,195	8,253
Postage	7,000	3,816	5,670
Members' fees	5,000	5,514	4,722
Janitorial	6,000	6,002	5,995
Advertising	5,000	4,531	6,155
Land titles office	5,000	3,394	5,924
Public relations	4,000	6,547	6,268
Office and general	4,000	9,719	5,781
Miscellaneous	1,500	1,623	1,979
Consulting	5,000	41,606	24,036
Alberta Community Partnership project expenses (note 6)	-	25,850	156,800
Interest and bank charges	-	355	612
Amortization	-	51,981	44,778
	2,246,400	2,217,155	2,371,528
Excess of revenues over expenses before the undernoted item	24,130	180,816	101,730
Other expense:			
Gain (loss) on sale of capital assets	12,500	4,216	(2,738)
Excess of revenues over expenses	\$ 36,630	\$ 185,032	\$ 98,992

See accompanying notes to financial statements.

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Statement of Changes in Net Assets

Year ended December 31, 2018, with comparative information for 2017

	Unrestricted	Internally restricted	Invested in capital assets	Total 2018	Total 2017
Balance, beginning of year	\$ 77,491	\$ 149,905	\$ 629,759	\$ 857,155	\$ 758,163
Excess of revenue over expenses	185,032	-	-	185,032	98,992
Amortization of internally funded capital assets	51,981	-	(51,981)	-	-
Purchase of capital assets	(45,144)	-	45,144	-	-
Net book value of disposed capital assets	3,284	-	(3,284)	-	-
Transfers to reserve (note 11)	(50,000)	50,000	-	-	-
Balance, end of year	\$ 222,644	\$ 199,905	\$ 619,638	\$ 1,042,187	\$ 857,155

See accompanying notes to financial statements.

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 185,032	\$ 98,992
Items not involving cash:		
Amortization	51,981	44,778
Loss (gain) on sale of capital assets	(4,216)	2,738
Changes in non-cash operating working capital:		
Accounts receivable	45,237	(53,366)
Prepaid expenses and deposits	3,196	76
Accounts payable and accrued liabilities	12,863	13,258
Deferred revenue	(43,200)	43,200
	250,893	149,676
Capital activities:		
Purchase of capital assets	(45,144)	(56,336)
Proceeds on sale of capital assets	7,500	2,000
	(37,644)	(54,336)
Increase in cash and short-term deposits	213,249	95,340
Cash and short-term deposits, beginning of year	376,339	280,999
Cash, end of year	\$ 589,588	\$ 376,339
Cash is represented by:		
Cash and short-term deposits	\$ 389,683	\$ 226,434
Cash not available for current operations	199,905	149,905
	\$ 589,588	\$ 376,339

See accompanying notes to financial statements.

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Notes to Financial Statements

Year ended December 31, 2018

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, 2018

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, 2018

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, 2018

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, 2018 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 2019, 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, 2021.

(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, 2018

3. Adoption of new accounting standards:

The Commission has prospectively adopted the following standards effective April 1, 2017:

PS 2200 - Related party disclosures, defines a related party and identifies disclosures for related parties and related party transactions, including key management personnel and close family members.

PS 3420 - Inter-entity transactions, establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

PS 3210 - Assets, provides guidance for applying the definition of assets set out in PS 1000 - Financial statement concepts and establishes general disclosure standards for assets.

PS 3320 - Contingent assets, defines and establishes disclosure standards for contingent assets.

PS 3380 - Contractual rights, defines and establishes disclosure standards on contractual rights.

The Commission has prospectively early adopted the following standards:

PS 1201 - Financial statement presentation, requires a new statement of remeasurement gains and losses separate from the statement of operations. This new statement includes the unrealized gains and losses arising from the remeasurement of financial instruments and items denominated in a foreign currency. This standard is effective for fiscal years beginning on or after April 1, 2021.

PS 3450 - Financial instruments, establishes recognition, measurement, and disclosure requirements for derivative and non-derivative instruments. The standard requires fair value measurements of derivative instruments and equity instruments; all other financial instruments can be measured at either cost or fair value depending upon elections made by the government. Unrealized gains and losses will be presented on the new statement of remeasurement gains and losses arising from the adoption of PS 1201. There is also a requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the derecognition of financial liabilities. As the Commission does not invest in derivatives or equity instruments based on its investment policy, the adoption of this standard has a minimal impact on the Commission. This standard is effective for fiscal years beginning on or after April 1, 2021.

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2018

3. Adoption of new accounting standards (continued):

PS 2601 - Foreign currency translation, establishes guidance on the recognition, measurement, presentation and disclosure of assets and liabilities denominated in foreign currencies. The section requires monetary assets and liabilities, denominated in a foreign currency and non-monetary items valued at fair value denominated in a foreign currency to be adjusted to reflect the exchange rates in effect at the financial statement date. The resulting unrealized gains and losses are to be presented in the new statement of remeasurement gains and losses. This standard is effective for fiscal years beginning on or after April 1, 2021.

PS 3041 - Portfolio investments, removes the distinction between temporary and portfolio investments and provides additional guidance on recognition, measurement, presentation and disclosure of portfolio investments. Upon adoption of this section and PS 3450, PS 3040 - Portfolio investments will no longer be applicable. This standard is effective for fiscal years beginning on or after April 1, 2021.

The requirements in PS 1201, PS 3450, PS 2601 and PS 3041 are required to be implemented at the same time.

PS 3430 - Restructuring transactions, provides guidance on the recognition, measurement and presentation on restructuring transactions by both the transferor and recipients of assets and/or liabilities, together with related program or operating responsibilities. This section is effective for fiscal years beginning on or after April 1, 2018.

4. Accounts receivable:

	2018		2017	
Trade receivables	\$	26,235	\$	64,482
Goods and services tax		5,268		12,258
	\$	31,503	\$	76,740

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2018

5. Capital assets:

			2018
	Cost	Accumulated amortization	Net book value
Land	\$ 80,000	\$ -	\$ 80,000
Building	773,397	324,433	448,964
General contents	276,830	256,597	20,233
Other equipment	13,678	13,097	581
Vehicles	75,449	42,496	32,953
Computer	120,241	83,334	36,907
	\$ 1,339,595	\$ 719,957	\$ 619,638

			2017
	Cost	Accumulated amortization	Net book value
Land	\$ 80,000	\$ -	\$ 80,000
Building	773,397	305,726	467,671
General contents	281,519	265,338	16,181
Other equipment	13,678	13,097	581
Vehicles	67,923	44,200	23,723
Computer	110,116	68,513	41,603
	\$ 1,326,633	\$ 696,874	\$ 629,759

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2018

6. Deferred revenue:

	2018	2017
Government contributions (1)	\$ -	\$ 43,200

(1) Government contributions in deferred revenue consists of the following:

	2017 Balance	Grants Received	Grant Revenue	2018 Balance
Alberta Community Partnership Grant (ACP)	\$ 43,200	\$ -	\$ 43,200	\$ -

7. 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 2017.

(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, 2018

8. Commitments:

- (a) The Commission leased equipment under agreements expiring on dates ranging from April, 2019 to January, 2021. The base rent obligation under the leases for the next year is approximately \$3,540.
- (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.

9. 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.

10. 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:

	2018	2017
Total debt limit	\$ 1,171,760	\$ 1,241,792
Total debt	-	-
Debt servicing limit	\$ 234,352	248,358
Debt servicing	-	-
Amount of debt servicing limit unused	\$ 234,352	\$ 248,358

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, 2018

11. Internally restricted net assets:

Internally restricted net assets is comprised of the following:

	2018	2017
Operating reserve fund	99,952	74,952
Capital reserve fund	99,953	74,953
	199,905	149,905

12. 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 259,714 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 10.39% of pensionable payroll up to the year's maximum pensionable earnings under the Canada Pension Plan, and 14.84% on pensionable earnings above this amount.

Employees of Oldman River Regional Services Commission are required to make current service contributions of 9.39% of pensionable salary up to the year's maximum pensionable earnings under the Canada Pension Plan, and 13.84% on pensionable salary above this amount.

Total current and past service contributions by Oldman River Regional Services Commission to the Local Authorities Pension Plan in 2018 were \$143,590 (2017 - \$173,832). Total current and past service contributions by the employees of Oldman River Regional Services Commission to the Local Authorities Pension Plan in 2018 were \$131,325 (2017 - \$160,492).

At December 31, 2017 the Plan disclosed an actuarial surplus of \$4,836 million.

OLDMAN RIVER REGIONAL SERVICES COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2018

13. 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.

14. Budget information:

The budget information was approved by the Board on December 7, 2017.

15. 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.

