



WildeandCompany
Chartered Accountants

P.O. BOX 70
4902 - 50 STREET
VEGREVILLE, AB T9C 1R1

TELEPHONE (780) 632-3673
TOLL FREE 1-800-808-0998
FAX (780) 632-6133
E-MAIL office@wildeandco.com

AUDITORS' REPORT

To the Chairman and Members of the Thorhild Regional Water Services Commission

We have audited the statement of financial position of the Thorhild Regional Water Services Commission as at December 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the commission as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Vegreville, AB
June 21, 2010

WildeandCompany
Chartered Accountants

THORHILD REGIONAL WATER SERVICES COMMISSION
STATEMENT OF FINANCIAL POSITION
As at December 31, 2009

	2009 \$	2008 \$
ASSETS		
Current		
Cash	11,377	41,960
Receivable from Commission members	76,073	66,218
GST receivable	3,249	2,335
Investments (Note 3)	284,954	288,114
	375,653	398,627
Capital assets (Note 4)	2,866,893	2,866,893
Total Assets	3,242,546	3,265,520
LIABILITIES		
Current		
Accounts payable and accrued liabilities	17,268	33,781
Current portion of long term debt (Note 5)	57,859	53,095
	75,127	86,876
Long term debt (Note 5)	222,077	279,936
Total Liabilities	297,204	366,812
NET ASSETS		
Net assets internally restricted (Note 6)	358,385	364,846
Net assets invested in capital assets (Note 7)	2,586,957	2,533,862
Total Net Assets	2,945,342	2,898,708
Total Liabilities and Net Assets	3,242,546	3,265,520

See accompanying notes

THORHILD REGIONAL WATER SERVICES COMMISSION
STATEMENT OF OPERATIONS
For the year ended December 31, 2009

	Budget 2009 (unaudited) \$	2009 \$	2008 \$
Revenues			
Service fees charged to Commission members (Note 11)	185,000	207,199	181,853
Other sales and user charges	35,000	26,028	35,747
	220,000	233,227	217,600
Less: purchase of water	65,000	87,722	62,795
Gross Profit	155,000	145,505	154,804
Other Revenue			
Investment income	11,000	6,864	11,902
Step program		113	1,365
	166,000	152,482	168,071
Expenses			
Salaries, wages and benefits	10,600	7,750	10,655
Contracted and general services	35,000	53,733	33,011
Materials, goods, and utilities	20,000	14,945	10,042
Provision for allowances		2,253	
Bank charges and short term interest	80	187	460
Interest on long term debt	28,000	26,980	31,477
	93,680	105,848	85,645
Excess of revenue over expenses	72,320	46,634	82,426
Net assets, beginning of year	2,898,708	2,898,708	2,816,282
Net Assets, End of Year	2,971,028	2,945,342	2,898,708

THORHILD REGIONAL WATER SERVICES COMMISSION
 STATEMENT OF CHANGES IN NET ASSETS
 For the year ended December 31, 2009

	Invested in Capital Assets \$	Internally Restricted \$	Unrestricted \$	2009 Total \$	2008 Total \$
Net assets at beginning of year	2,533,862	364,846	-	2,898,708	2,816,282
Excess of revenues over expenses			46,634	46,634	82,426
Principal repayments of long-term debt	53,095	-	(53,095)	-	-
Appropriation for internally restricted purposes	-	(6,461)	6,461	-	-
Net assets at end of year	2,586,957	358,385	-	2,945,342	2,898,708

THORHILD REGIONAL WATER SERVICES COMMISSION
STATEMENT OF CASH FLOWS

For the year ended December 31, 2009

	2009 \$	2008 \$
Cash flows from operating activities		
Excess of revenue over expenses	46,634	82,426
Net changes in non-cash working capital balances		
Increase in receivable from Commission members	(9,855)	(26,126)
Increase in GST receivables	(914)	(1,351)
Decrease (increase) in accounts payable and accrued liabilities	(16,513)	546
	(27,282)	(26,931)
	19,352	55,495
Cash flows from investing activities		
Decrease in investments	3,160	23,492
	3,160	23,492
Cash flows from operating activities		
Purchases of capital	-	(32,073)
Repayment of long term debt	(53,095)	(48,724)
	(53,095)	(80,797)
Change in cash during the year	(30,583)	(1,810)
Cash position at beginning of year	41,960	43,770
Cash position at end of year	11,377	41,960

THORHILD REGIONAL WATER SERVICES COMMISSION
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2009

1. NATURE OF THE ORGANIZATION

The Thorhild Regional Water Services Commission is constituted under the *Municipal Government Act* and was approved by the Minister of Municipal Affairs on December 3, 1992 for the purpose of supplying water services.

Effective April 1, 2009 the Village of Thorhild amalgamated with the County of Thorhild No. 7. The County of Thorhild No. 7 is the now only member of the commission.

The commission is exempt from income taxation under Section 149 of the Canada Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Presentation

The financial statements of the Thorhild Regional Water Services Commission are prepared by management in accordance with Canadian generally accepted accounting principles for not-for-profit published by the Canadian Institute of Chartered Accountants ("CICA").

b) Budget Amounts

The budget amounts present on the statement of operations are taken from the commission's annual budget prepared in December 2009.

c) Revenue Recognition

Service fees and sales of goods are recognized as revenue in the period in which the service is delivered or in which the transaction or events occurred that gave rise to the revenue.

The commission follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year which the related expense are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount is to be received can be reasonably estimated and collection is reasonably assured.

Contributions specified for capital purposes are recorded as deferral capital asset contributions. These deferred contributions are taken into income as the related capital costs are amortized.

d) Capital Assets

Purchased capital assets are recorded to cost. Contributed capital assets are recorded at fair value at the date of contributions.

Government contributions for the acquisition of capital assets are reported as a reduction to the related assets costs.

Capital assets are not amortized.

THORHILD REGIONAL WATER SERVICES COMMISSION
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2009

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 reports amounts of revenue and expenses during the year. Actual results could differ from those estimates.

f) Financial Instruments

The financial instruments of the commission consist of cash, investments, accounts receivables, accounts payables and accrued liabilities, and long term debt. The commission has chosen not to adopt CICA Handbook Sections 3862 and 3863 however, in accordance with Section 3855 (Financial Instruments - Recognition and Measurement) of the Canadian Institute of Chartered Accountants (CICA) handbook, these financial instruments are designated and measured as follows:

<u>Financial Instruments</u>	<u>Category</u>	<u>Measurement</u>
Cash	Held-for-trading	Fair value
Investments	Held-for-trading	Fair Value
Accounts receivable	Loans and receivables	Amortized Cost
Accounts payable and accrued liabilities	Other financial liabilities	Amorized Cost
Long term debt	Other financial liabilities	Amortized Cost

All financial instruments must initially be recognized at fair value on the statement of financial position. Subsequent measurement of the financial instruments is based on their category classification.

3. INVESTMENTS

	2009	2008
	\$	\$
Short term investments	284,954	288,114

Short term investments have an effective interest rate of 0.40% to 4.23% (2008 - 3.25% to 4.35%) and mature in less than one year.

Council has designated funds of \$358,385 (2008 - \$364,846) included in the above amounts for operations and rate stabilization.

4. CAPITAL ASSETS

	2009	2008
	Cost	Cost
	\$	\$
Water Lines	2,866,893	2,866,893

5. LONG TERM DEBT

	2009 \$	2008 \$
Debentures	279,936	333,031
Less portion due within one year	57,859	53,095
Long term debt due beyond one year	222,077	279,936

Principal and interest repayments are as follows:

	Principal	Interest	Total
2010	57,859	25,238	83,097
2011	63,052	20,045	83,097
2012	68,713	14,384	83,097
2013	74,884	8,213	83,097
2014	15,428	1,485	16,913
	279,936	69,365	349,301

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 8% to 9.625% per annum and matures in periods 2013 through 2014. Debenture debt is issued on the credit and security of the commission at large.

Interest on long term debt amounted to \$26,980 (2008 - \$31,477).

The Commission's total cash payment for interest in 2009 was \$26,980 (2008 - \$31,477).

Section 3 of the Municipal Government Act requires that debt and debt limits as defined by Alberta Government Regulation 76/2000 for Thorhild Regional Water Services Commission be disclosed as follows:

	2009 \$	2008 \$
Total debt limit	480,408	459,003
Total debt	(279,936)	(333,031)
Total debt limit unused	200,472	125,972
Debt servicing limit	84,071	80,326
Debt servicing	83,097	83,096
Amount of debt servicing limit unused	974	(2,770)

The debt limit is calculated at 2.0 times revenue of the Commission (as defined in Alberta Regulation 76/2000) 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 commissions that 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.

6. NET ASSETS INTERNALLY RESTRICTED

	2009	2008
	\$	\$
Rate stabilization reserve	50,000	50,000
Operating reserve	308,385	314,846
Total net assets internally restricted	358,385	364,846

The rate stabilization reserve is used to provide funds for use in stabilizing the price of water.

The operating reserve is used to provide funds for use in general operations. Appropriations to the rate stabilization reserve and the operating reserve from unrestricted net assets are established in the annual operating budget.

7. NET ASSETS INVESTED IN CAPITAL ASSETS

Net assets invested in capital assets is calculated as the following:

	2009	2008
	\$	\$
Capital assets	2,866,893	2,866,893
Long term debt	279,936	333,031
Total net assets invested in capital assets	2,586,957	2,533,862

8. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for Board Members as required by Alberta Regulation 313/2000 is as follows:

	2009		2008	
	Salary \$	Allowances \$	Total \$	Total \$
	i)	ii)		
Henry Zolkewski	100	-	100	300
Charles Newell	300	-	300	300
Shelly Hanasyk	300	-	300	300
Kevin Grumetza	300	-	300	300
	1,000	-	1,000	1,200

i) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria, and any other direct cash remuneration.

ii) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition.

THORHILD REGIONAL WATER SERVICES COMMISSION
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2009

9. FINANCIAL INSTRUMENTS

The commission's financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities, and long term debt. It is management's opinion that the commission is not exposed to significant interest or current risk arising from these instruments.

The commission is subject to credit risk with respect to trade and other receivables. Credit risk arises from the possibility that customers and entities to which the commission provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

10. NET ASSETS

The commission manages its capital to ensure that it will be able to continue as a going concern and to provide returns to its members while ensuring the consistent delivery of services. The commission's overall strategy remain unchanged from 2009.

The capital structure of the commission consists of net assets internally restricted for operations and net assets invested in capital assets.

11. RELATED PARTY TRANSACTIONS

Effective April 1, 2009 the Village of Thorhild amalgamated with the County of Thorhild No. 7. The County of Thorhild No. 7 is the now only member of the commission.

Service fees based on the budgets net operating costs of the commission and are allocated among the commission members based on actual service utilization during the year. Service fees charges to commission members are as follows:

	2009	2008
	\$	\$
Thorhild County No.7	176,240	55,706
Village of Thorhild	30,959	126,147
	207,199	181,853

Amounts due from the commission members are payable on receipt of the invoice and have arisen from the service fee charged during the year. Amounts due from commission members at the end of the year are as follows:

	2009	2008
	\$	\$
Thorhild County No.7	76,073	32,718
Village of Thorhild	-	33,500
	76,073	66,218

THORHILD REGIONAL WATER SERVICES COMMISSION
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2009

12. SUBSEQUENT EVENTS

The Thorhild Regional Water Services Commission is expected to either dissolve or transform into the Highway 28/63 Water Services Commission. This change is still in progress and is expected to be resolved in 2010.

13. BUDGET FIGURES

Budget figures are included for information purposes only and are not audited.

14. APPROVAL OF FINANCIAL STATEMENTS

The Board and management have approved these financial statements.