

Tri-County Water Board of Management Agenda

June 25, 2024, 7:00 p.m.

Electronic Participation Meeting via Zoom

Pages

1. **Call to Order**

2. **Adoption of Agenda**

Recommendation:

That Tri-County Water Board hereby adopts the agenda for June 11, 2024, as presented.

3. **Disclosure of Pecuniary Interest**

4. **Minutes**

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Recommendation:

That the Tri-County Water Board hereby adopts the minutes of May 21, 2024, as presented.

5. **Business Arising from Minutes**

6. **Presentation of 2023 Financial Statement, Presented by Christine Scrimgeour**

5

Recommendation:

That the Tri-County Water Board hereby accept and approved the Draft Financial Statements for the year ended December 31, 2023.

7. **Dale LeBritton to give Introduction of Sam Sianas**

8. **Adjournment**

Recommendation:

That the Tri-County Water Board hereby adjourn at _____ pm, to meet again at 7:00pm, on August 20, 2024, or at the Call of the Chair.

Tri-County Water Board of Management

Minutes

Date: May 21, 2024, 7:00 p.m.

Location: Council Chambers
160 Main Street
West Lorne

- Present:** Allan Mayhew, Southwest Middlesex
Taraesa Tellier, West Elgin
Amarilis Drouillard, Dutton Dunwich
Bill Denning, West Elgin
Corey Pemberton, Dutton Dunwich
Don McCallum, Southwest Middlesex
Mike Sholdice, Southwest Middlesex
Ryan Statham, West Elgin
Darren Galbraith, Chatham-Kent
Michelle Navackas, West Elgin
- Regrets:** Mike Hentz, Dutton Dunwich
Kevin Derbyshire, Newbury
- Staff Present:** Magda Badura, CAO/Treasurer, West Elgin
Cathy Case, Clerk/Treasurer, Newbury
Robin Trepanier, OCWA
Sam Smith, OCWA
Terri Towstiuc, Recording Secretary/Clerk, West Elgin
- Regrets:** Dale Le Britton, OCWA
Maegan Garber, OCWA
Tracey Johnson, CAO/Treasurer, Dutton Dunwich
- Also Present:** R. Bouchard, General Manager/CEO, Union Water Supply System Inc.

1. Call to Order

Recording Secretary T. Towstiuc called the meeting to order at 7:07 pm.

2. Adoption of Agenda

Moved: Allan Mayhew, Southwest Middlesex

Seconded: Bill Denning, West Elgin

That Tri-County Water Board hereby adopts the Agenda for May 21, 2024, as presented.

Disposition: Carried

3. Disclosure of Pecuniary Interest

No disclosures

4. Minutes

Moved: Don McCallum, Southwest Middlesex

Seconded: Ryan Statham, West Elgin

That the Tri-County Water Board hereby adopts the minutes of February 6, 2024, as presented.

Disposition: Carried

5. Business Arising from Minutes

6. Delegations

6.1 Mr. Rodney Bouchard, General Manager and CEO of the Union Water Supply System Inc.

Mr. Rodney Bouchard, General Manager and CEO of the Union Water Supply System Inc. provided a presentation to the Tri-County Water Board, which detailed the restructuring journey to becoming a Municipal Services Corporation, providing independency for the board to operate, borrow, apply for grants and not affect Municipal debt capacity.

The servicing area for UWSS includes Leamington, Kingsville, Essex and Lakeshore. Board composition is based on % ownership interest and readjusted every 4 years. The board consists of 12 municipal councilors.

7. Staff Reports

7.1 Annual Report 2023

Sent to Tri-County Water Board by email March 18, 2024

Moved: Amarilis Drouillard, Dutton Dunwich

Seconded: Allan Mayhew, Southwest Middlesex

That the Tri-County Water board hereby acknowledge receipt of the Annual Water Report, 2023, previously received by email, March 18, 2023.

Disposition: Carried

7.2 S. Smith - Operations Report Q1

Moved: Amarilis Drouillard, Dutton Dunwich

Seconded: Darren Galbraith, Chatham-Kent

That the Tri-County Water Board hereby receives the Tri County Drinking Water System Operations Report, First Quarter 2024 dated May 17, 2024, from Sam Smith, Sr. Operations Manager, Ontario Clean Water Agency, Southwest Region

Disposition: Carried

7.3 Financials as of April 30, 2024

Moved: Amarilis Drouillard, Dutton Dunwich

Seconded: Allan Mayhew, Southwest Middlesex

That Tri-County Water Board hereby acknowledge receipt of the Financials as of April 30, 2024.

Disposition: Carried

8. Discussion - Servicing Moravian on the Thames

Darren Galbraith, Chatham-Kent, advised that Moravian on the Thames is in need of water, as currently they are down to one well, with no other sources of water on the reserve. Indigenous Affairs is currently seeking funding opportunities, to allow connection to a local water distribution system. The board discussed the potential for Moravian on the Thames to connect to the Tri-County Water System via the Bothwell Water Town. This would require grant funding, and a water modeling study, and would allow water from Chatham-Kent to be sold to Moravian on the Thames.

Sam Smith, OCWA, advised that the system has capacity, and a review of the agreement would be required to confirm this route can be taken. This item will be brought back, if Moravian on the Thames has appetite to explore further.

9. Adjournment

Virtual meeting to Approve the Draft Financial Statements - Tuesday, June 11, 2024, 7:00pm.

Regular Meeting, West Elgin Council Chambers, Tuesday, August 20, 2024,
7:00pm.

Moved: Allan Mayhew, Southwest Middlesex

Seconded: Bill Denning, West Elgin

That the Tri-County Water Board hereby adjourn at 8:04 pm, to meet again at
7:00pm, on Tuesday, June 11, 2024, or at the Call of the Chair.

Disposition: Carried

Corey Pemberton, Chair

Terri Towstiuc, Recording Secretary

TRI-COUNTY WATER BOARD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

**TRI-COUNTY WATER BOARD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

-1-	Independent Auditor's Report
-3-	Statement of Financial Position
-4-	Statement of Operations and Accumulated Surplus
-5-	Statement of Cash Flows
-6-	Statement of Change in Net Financial Assets
-7-	Notes to the Financial Statements
-10-	Schedule 1 - Schedule of Tangible Capital Assets

INDEPENDENT AUDITOR'S REPORT

To the Members of Board, Ratepayers and Inhabitants of the Tri-County Water Board

Opinion

We have audited the accompanying financial statements of Tri-County Water Board (the "Board"), which comprise the Statement of Financial Position as at December 31, 2023, and Statements of Operations and Accumulated Surplus, Cash Flows and Change in Net Financial Assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Tri-County Water Board as at December 31, 2023 and its financial performance and its changes in cash flows and net financial assets for the year then ended in accordance with Canadian public sector accounting standards.

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Board 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 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.

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

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

Auditor's 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 auditor's 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 these 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 Board'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 Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Board 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 represent the underlying transactions and events in a manner that achieves fair presentation.

We 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.

June 25, 2024
London, Canada

LICENSED PUBLIC ACCOUNTANT

**TRI-COUNTY WATER BOARD
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023**

	2023	2022
FINANCIAL ASSETS		
Due from Municipality of West Elgin - operating (note 3)	\$ 711,327	\$ 940,502
NET FINANCIAL ASSETS .	711,327	940,502
NON-FINANCIAL ASSETS		
Tangible capital assets - Schedule 1 (note 2.c)	10,471,192	10,767,050
Capital work in progress	-	53,629
	10,471,192	10,820,679
ACCUMULATED SURPLUS (NOTE 4)	\$ 11,182,519	\$ 11,761,181

The accompanying notes are an integral part of the financial statements

**TRI-COUNTY WATER BOARD
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Budget 2023	Actual 2023	Actual 2022
REVENUES			
Current interest	\$ 10,567	\$ 43,228	\$ 14,330
Water billings	1,465,704	1,302,139	1,428,544
Municipal capital contributions	-	150,000	-
Other revenue	-	-	4,618
	1,476,271	1,495,367	1,447,492
EXPENDITURES			
Amortization	-	1,082,470	715,508
Minor capital expenditures	20,000	37,832	105,485
OCWA contract and callouts	470,000	475,824	481,616
Operating and maintenance	408,257	477,903	435,047
	898,257	2,074,029	1,737,656
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)	578,014	(578,662)	(290,164)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	11,761,181	11,761,181	12,051,345
ACCUMULATED SURPLUS, END OF YEAR	\$ 12,339,195	\$ 11,182,519	\$ 11,761,181

The accompanying notes are an integral part of the financial statements

**TRI-COUNTY WATER BOARD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	2023	2022
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING ACTIVITIES		
Excess of revenue over expenditures (expenditures over revenue) (page 4)	\$ (578,662)	\$ (290,164)
Non-cash charges to operations		
Amortization	1,082,470	715,508
Decrease (increase) in due from Municipality of West Elgin	229,175	29,923
	732,983	455,267
INVESTING ACTIVITIES		
Decrease (increase) in capital assets	(786,612)	(442,514)
Decrease (increase) in capital work in progress	53,629	(12,753)
	(732,983)	(455,267)
Cash provided by operating and investing transactions	-	-
Cash, beginning of year	-	-
CASH, END OF YEAR	\$ -	\$ -

The accompanying notes are an integral part of the financial statements

TRI-COUNTY WATER BOARD
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget 2023	Actual 2023	Actual 2022
Excess of revenue over expenditures (expenditures over revenue) (page 4)	\$ 578,014	\$ (578,662)	\$ (290,164)
Amortization of tangible capital assets	-	1,082,470	715,508
Acquisition of tangible capital assets	(1,040,593)	(786,612)	(442,514)
Net change in work in progress	-	53,629	(12,753)
Increase in net financial assets	(462,579)	(229,175)	(29,923)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	940,502	940,502	970,425
NET FINANCIAL ASSETS, END OF YEAR	\$ 477,923	\$ 711,327	\$ 940,502

The accompanying notes are an integral part of the financial statements

**TRI-COUNTY WATER BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

1. Description of the Board

The Tri-County Water Board (the Board) is a Joint Municipal Service Board in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation. On January 21, 2022, the member municipalities signed a Master Agreement to govern the management of the System. The participating municipalities of the Board are the Municipalities of Dutton-Dunwich, Southwest Middlesex, Chatham-Kent, Newbury and West Elgin. The Municipality of West Elgin is the Administering Municipality. The System was previously operated under a Purchase Capacity Agreement and Management Agreement which were signed in 1991 between the same parties.

2. Significant accounting policies

The financial statements of the Tri-County Water Board have been prepared by management in accordance with Canadian public sector accounting standards. The significant accounting policies are summarized as follows:

a. Revenue recognition

Revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Government grants and transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

b. Use of estimates

The preparation of 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 at the date of the financial statements and the reported amounts of revenue and expenditures during the period. Actual results could differ from these estimates.

c. Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The costs, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	50 years
Infrastructure and equipment	25 years
Waterlines	75 years

d. Budget

The Board set a budget based on the accounting policies adopted previous to PSAB Handbook policy for tangible capital assets.

**TRI-COUNTY WATER BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

2. Significant accounting policies continued

e. Deferred revenue

Revenue received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the Statement of Financial Position. The revenue is recognized in the Statement of Operations and Accumulated Surplus in the year in which it is used for the specified purpose.

f. Asset retirement obligations

An asset retirement obligation is recognized when as at the financial reporting date, all of the following criteria are met:

- there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that the future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

Buildings and underground pipes containing asbestos, are estimated and recognized as a liability and an increase in the cost of the asset at the time of acquisition. The liability is discounted annually over the same useful life as the asset's annual amortization expense, calculated in accordance with the Board's amortization policies. Management has evaluated its tangible capital assets and determined that there is only a short portion of the underground pipe that may contain asbestos and therefore, has not recorded any asset retirement obligation.

3. Continuing operations

All banking activities are administered by the Municipality of West Elgin, on behalf of the Board's activities. The amount due from the Municipality of West Elgin represents the net working capital position between the Municipality and the Board after adding or deducting payments made to or received from the Municipality of West Elgin.

4. Accumulated Surplus

Accumulated surplus consists of the following surplus balance:

	2023	2022
Reserve for future operations	\$ 1,170,375	\$ 1,232,799
Invested in tangible capital assets	10,012,144	10,528,382
	\$ 11,182,519	\$ 11,761,181

**TRI-COUNTY WATER BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

5. Commitment

The Board, through the Municipality of West Elgin, has contracted with OCWA to operate and maintain the System. The annual cost for 2023 was \$475,824 (2022 - \$455,825). Additional costs, agreed to by both parties, are permitted under the agreement.

**TRI-COUNTY WATER BOARD
SCHEDULE 1 - SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023**

		Land	Buildings	Equipment	Waterlines	2023 Total	2022 Total
COST							
Balance, beginning of year	\$	88,735	\$ 4,666,896	\$ 14,505,196	\$ 1,471,992	\$ 20,732,819	20,290,305
Add:							
Additions during the year		-	-	788,944	-	788,944	442,514
Less:							
Disposals during the year		-	(2,332)	-	-	(2,332)	-
BALANCE, END OF YEAR		88,735	4,664,564	15,294,140	1,471,992	21,519,431	20,732,819
ACCUMULATED AMORTIZATION							
Balance, beginning of year		-	1,735,405	7,396,233	834,131	9,965,769	9,250,261
Add:							
Amortization during the year		-	95,322	967,521	19,627	1,082,470	715,508
Less:							
Disposals during the year		-	-	-	-	-	-
BALANCE, END OF YEAR		-	1,830,727	8,363,754	853,758	11,048,239	9,965,769
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS		88,735	\$ 2,833,837	\$ 6,930,386	\$ 618,234	\$ 10,471,192	10,767,050

This schedule is provided for information purposes only