

TRI-COUNTY WATER BOARD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

**TRI-COUNTY WATER BOARD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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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, 2024, 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, 2024 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.

July 15, 2025
London, Canada

LICENSED PUBLIC ACCOUNTANT

**TRI-COUNTY WATER BOARD
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024**

	2024	2023
FINANCIAL ASSETS		
Due from Municipality of West Elgin - operating (note 3)	\$ 365,601	\$ 711,327
NET FINANCIAL ASSETS	365,601	711,327
NON-FINANCIAL ASSETS		
Tangible capital assets - Schedule 1 (note 2.c)	10,582,909	10,471,192
	10,582,909	10,471,192
ACCUMULATED SURPLUS (NOTE 4)	\$ 10,948,510	\$ 11,182,519

Approved by:

Approved by:

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, 2024

	Budget 2024	Actual 2024	Actual 2023
REVENUES			
Current interest	\$ 26,504	\$ 44,341	\$ 43,228
Water billings	1,540,262	1,509,886	1,302,139
Municipal capital contributions	150,000	150,000	150,000
Other revenue	-	11,400	-
	1,716,766	1,715,627	1,495,367
EXPENDITURES			
Amortization	-	840,242	1,082,470
Minor capital expenditures	84,532	94,121	37,832
OCWA contract and callouts	491,985	491,985	475,824
Operating and maintenance	508,987	523,288	477,903
	1,085,504	1,949,636	2,074,029
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)	631,262	(234,009)	(578,662)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	11,182,519	11,182,519	11,761,181
ACCUMULATED SURPLUS, END OF YEAR	\$ 11,813,781	\$ 10,948,510	\$ 11,182,519

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, 2024**

	2024	2023
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING ACTIVITIES		
Excess of revenue over expenditures (expenditures over revenue) (page 4)	\$ (234,009)	\$ (578,662)
Non-cash charges to operations		
Amortization	840,242	1,082,470
Decrease (increase) in due from Municipality of West Elgin	345,726	229,175
	951,959	732,983
INVESTING ACTIVITIES		
Net decrease (increase) in capital assets	(951,959)	(786,612)
Decrease (increase) in capital work in progress	-	53,629
	(951,959)	(732,983)
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, 2024

	Budget 2024	Actual 2024	Actual 2023
Excess of revenue over expenditures (expenditures over revenue) (page 4)	\$ 631,262	\$ (234,009)	\$ (578,662)
Amortization of tangible capital assets	-	840,242	1,082,470
Acquisition of tangible capital assets	(1,040,593)	(951,959)	(786,612)
Net change in work in progress	-	-	53,629
Increase (decrease) in net financial assets	(409,331)	(345,726)	(229,175)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	711,327	711,327	940,502
NET FINANCIAL ASSETS, END OF YEAR	\$ 301,996	\$ 365,601	\$ 711,327

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, 2024

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. During 2024, based on a consultant's report issued in 2024, a net adjustment was made to the Board's financial system for revised estimates of flow consumptions from 2021 to 2024. This resulted in a reduction to revenue to the system of \$122,696 and has been recorded in 2024 as a change in estimate.

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:

Land improvements	15 years
Buildings	50 years
Infrastructure and equipment	25 years
Waterlines	75 years

**TRI-COUNTY WATER BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

2. Significant accounting policies continued

d. Budget

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

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.

TRI-COUNTY WATER BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

4. Accumulated Surplus

Accumulated surplus consists of the following surplus balance:

	2024	2023
Reserve for future operations	\$ 824,649	\$ 1,170,375
Invested in tangible capital assets	10,123,861	10,012,144
	\$ 10,948,510	\$ 11,182,519

5. Commitment

The Board, through the Municipality of West Elgin, has contracted with OCWA to operate and maintain the System. The annual cost for 2024 was \$491,985 (2023 - \$475,824). 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, 2024

	Land and Land				2024	2023
	Improvements	Buildings	Equipment	Waterlines	Total	Total
COST						
Balance, beginning of year	\$ 88,735	\$ 4,664,564	\$ 15,294,140	\$ 1,471,992	\$ 21,519,431	20,732,819
Add:						
Additions during the year	122,345	52,316	777,298	-	951,959	788,944
Less:						
Disposals during the year	-	-	-	-	-	(2,332)
BALANCE, END OF YEAR	211,080	4,716,880	16,071,438	1,471,992	22,471,390	21,519,431
ACCUMULATED AMORTIZATION						
Balance, beginning of year	-	1,830,727	8,363,754	853,758	11,048,239	9,965,769
Add:						
Amortization during the year	408	97,799	722,409	19,626	840,242	1,082,470
Less:						
Disposals during the year	-	-	-	-	-	-
BALANCE, END OF YEAR	408	1,928,526	9,086,163	873,384	11,888,481	11,048,239
NET BOOK VALUE OF						
TANGIBLE CAPITAL ASSETS	210,672	\$ 2,788,354	\$ 6,985,275	\$ 598,608	\$ 10,582,909	10,471,192

This schedule is provided for information purposes only