

**THE FOURTH MEETING OF THE 2023 ST. THOMAS AREA SECONDARY WATER  
SUPPLY SYSTEM BOARD OF MANAGEMENT**

**COMMITTEE ROOM #415**

**NOVEMBER 9, 2023**

5:02 p.m. The meeting convened with Councillor Steve Peters, Chair presiding.

**ATTENDANCE**

**Members**

Councillor Steve Peters, City of St. Thomas  
Councillor Norm Watson, Municipality of Central Elgin  
Deputy Mayor Justin Pennings, Southwold Township  
Councillor Jeff Kohler, City of St. Thomas

**Officials**

K. De Leebeeck, Director of Environmental Services and City Engineer, City of St. Thomas  
C. Andrew, Manager Water & Sewer, City of St. Thomas  
K. Kamerman, Environmental Compliance Coordinator, City of St. Thomas  
A. Piggott, Manager of Environmental Services, Municipality of Central Elgin  
S. Reitsma, Manager of Development and Compliance, City of St. Thomas  
A. VanOorspronk, Director of Infrastructure & Development Services, Township of Southwold  
M. Smale, Legislative Services Coordinator, City of St. Thomas

**DISCLOSURES OF INTEREST**

Nil.

**MINUTES**

Motion by Deputy Mayor Pennings - Councillor Kohler:

THAT: The minutes of the meeting held on October 12, 2023, be confirmed.

Carried.

**REPORTS OF COMMITTEE**

**2022 St. Thomas & Area Secondary Water Supply System Draft Financial Statements -  
Appendix "A"**

Christene Scrimgeour, Scrimgeour & Company CPA Professional Corporation presented the draft audited financial statements for 2022.

Motion by Councillor Watson - Deputy Mayor Pennings:

THAT: The 2022 audited financial statements for the St. Thomas Area Secondary Water Supply System be received for information; and further,

THAT: The audited financial statements be approved.

Carried.

**Ford Water Tower - RFP Award - Appendix "B"**

The members inquired when the study would be completed.

The Manager of Development and Compliance advised that a schedule would be available at a future meeting following consultation with R.V. Anderson Associates Ltd.

Motion by Councillor Kohler - Deputy Mayor Pennings:

THAT: Report SWB-07-23, Ford Water Tower RFP Award, be received for information; and further,

CONFIRMED\_\_\_\_\_CHAIR

THAT: The proposal submitted by R.V. Anderson Associates Ltd. (RVA) in the amount of \$59,891.00 excluding HST, be accepted and awarded.

Carried

**NEW BUSINESS**

**Water Discolouration Event**

Deputy Mayor Pennings advised that Southwold had received resident complaints of water discolouration in the days following October 19, 2023.

The Manager of Water and Sewer noted some possible contributing factors including valve testing being completed at the primary treatment facility in Port Stanley.

The members directed that an incident debrief report be provided including a review of communication protocols in the event of any future incidents.

**Municipality of Middlesex Centre Watermain**

Deputy Mayor Pennings advised that Southwold was seeking to clarify a relationship it had with the Municipality of Middlesex Centre related to a watermain servicing customers in that municipality. He discussed the potential of selling water through the secondary water supply system to the adjoining municipality.

The Director of Environmental Services advised that staff could provide a report with options to provide water pending receipt of further information from Southwold.

**UNFINISHED BUSINESS**

**NEXT MEETING**

To be determined.

**ADJOURNMENT**

The meeting adjourned at 5:25 p.m.

**ST. THOMAS AREA SECONDARY WATER SUPPLY  
SYSTEM**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2022**

**ST. THOMAS AREA SECONDARY WATER SUPPLY SYSTEM  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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-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
-9-	Schedule 1 - Schedule of Tangible Capital Assets

## INDEPENDENT AUDITOR'S REPORT

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### To the Members of Board, Inhabitants and Ratepayers of the St. Thomas Area Secondary Water Supply System

#### Opinion

We have audited the accompanying financial statements of St. Thomas Area Secondary Water Supply System (the "Joint Board"), which comprise the Statement of Financial Position as at December 31, 2022, 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 St. Thomas Area Secondary Water Supply System as at December 31, 2022 and its financial performance and its cash flows and change in 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 Joint 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 Joint 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 Joint Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Joint 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 Joint 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 Joint 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 Joint 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.

**October 12, 2023**  
**London, Canada**

**LICENSED PUBLIC ACCOUNTANT**

**ST. THOMAS AREA SECONDARY WATER SUPPLY SYSTEM  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2022**

	2022	2021
<b>FINANCIAL ASSETS</b>		
Due from the City of St. Thomas (note 3)	\$ 4,033,968	\$ 3,020,990
<b>NET FINANCIAL ASSETS</b>	<b>4,033,968</b>	<b>3,020,990</b>
<b>NON-FINANCIAL ASSETS</b>		
Capital assets - Schedule 1 (note 2.c)	1,201,912	1,274,621
	<b>1,201,912</b>	<b>1,274,621</b>
<b>ACCUMULATED SURPLUS (page 4) (note 4)</b>	<b>\$ 5,235,880</b>	<b>\$ 4,295,611</b>

Approved on behalf of the Board:

Approved on behalf of the Board:

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The accompanying notes are an integral part of the financial statements

**ST. THOMAS AREA SECONDARY WATER SUPPLY SYSTEM  
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Budget 2022	Actual 2022	Actual 2021
<b>REVENUE</b>			
Current interest	\$ -	\$ 50,897	\$ 20,890
Water billings	3,250,000	3,727,484	3,411,601
	<b>3,250,000</b>	<b>3,778,381</b>	<b>3,432,491</b>
<b>EXPENDITURES</b>			
Amortization	-	72,709	73,248
OCWA contract and callouts	233,440	269,331	190,745
Operating and maintenance	2,096,090	2,385,619	2,651,138
Wages	96,000	110,453	106,562
	<b>2,425,530</b>	<b>2,838,112</b>	<b>3,021,693</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<b>824,470</b>	<b>940,269</b>	<b>410,798</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>4,295,611</b>	<b>4,295,611</b>	<b>3,884,813</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 5,120,081</b>	<b>\$ 5,235,880</b>	<b>\$ 4,295,611</b>

The accompanying notes are an integral part of the financial statements



**ST. THOMAS AREA SECONDARY WATER SUPPLY SYSTEM  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	2022	2021
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures (page 4)	\$ 940,269	\$ 410,798
Non-cash charges to operations		
Amortization	72,709	73,248
Net change in working capital other than cash (A)	(1,012,978)	(484,046)
Change in cash during the year	-	-
Cash, beginning of year	-	-
<b>CASH, END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>

(A) Consists of changes in and due from the City of St. Thomas.

The accompanying notes are an integral part of the financial statements

**ST. THOMAS AREA SECONDARY WATER SUPPLY SYSTEM  
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	2022	2021
Excess of revenue over expenditures (page 4)	\$ 940,269	\$ 410,798
Amortization of tangible capital assets	72,709	73,248
Increase in net financial assets	1,012,978	484,046
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<b>3,020,990</b>	<b>2,536,944</b>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>\$ 4,033,968</b>	<b>\$ 3,020,990</b>

The accompanying notes are an integral part of the financial statements

**ST. THOMAS AREA SECONDARY WATER SUPPLY SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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**1. Description of the Joint Board**

Effective November 13, 1998, the Ministry of Environment issued a Transfer Order to transfer ownership and associated properties of the St. Thomas Area Secondary Water Supply System (the Joint Board) from the Ontario Clean Water Agency ("OCWA") to area municipalities. As part of the Transfer Order, a Joint Board of Management ("the Joint Board") was established to govern the management of the System. The Joint Board consists of one representative of the Councils of the Municipality of Central Elgin, the Township of Southwold, and two representatives of the Council of the City of St. Thomas. The City of St. Thomas is the administering municipality on behalf of the Municipalities and the Joint Board. The Joint Board has authority to manage the system on behalf of the Municipalities for the purpose of constructing, operating, repairing and improving the System.

**2. Significant accounting policies**

The financial statements of the St. Thomas Area Secondary Water Supply System 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 and disclosure of contingent 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 management's best estimates, as additional information becomes available in the future.

**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:

Equipment	15 to 80 years
Reservoir	100 years
Waterlines	75 years

**ST. THOMAS AREA SECONDARY WATER SUPPLY SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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**2. Significant accounting policies continued**

**d. Budget**

The Joint 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.

**3. Continuing operations**

All banking activities are administered by the City of St. Thomas, on behalf of the Joint Board's activities. The amount due from the City of St. Thomas represents assets of the reserve fund held by the City of St. Thomas.

**4. Accumulated Surplus**

Accumulated surplus consists of the following surplus balance:

	2022	2021
Reserve fund for future operations	\$ 4,033,968	\$ 3,020,990
Invested in tangible capital assets	1,201,912	1,274,621
	<b>\$ 5,235,880</b>	<b>\$ 4,295,611</b>

**5. Commitment**

The Joint Board has contracted with OCWA to operate and maintain their portion of the Elgin Middlesex Pumping Station for a five year term which ending December 31, 2027. The Joint Board is responsible for 28.5% of the overall contracted amount with annual costs for 2022 of \$61,578 (2021 - \$58,983).

**6. Significant event**

In March 2020, the Province of Ontario declared a state of emergency due to the COVID-19 virus. It is unclear the total financial impact the COVID-19 virus will have on the operations of the Joint Board. The Joint Board and management continue to monitor the situation.

**ST. THOMAS AREA SECONDARY WATER SUPPLY SYSTEM  
SCHEDULE 1 - SCHEDULE OF TANGIBLE CAPITAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<b>Equipment</b>	<b>Reservoir</b>	<b>Waterlines</b>	<b>Total</b>
<b>COST</b>				
Balance, beginning of year	\$ 1,216,989	\$ 76,621	\$ 1,433,922	\$ 2,727,532
Add:				
Additions during the year	-	-	-	-
Less:				
Disposals during the year	-	-	-	-
<b>BALANCE, END OF YEAR</b>	<b>1,216,989</b>	<b>76,621</b>	<b>1,433,922</b>	<b>2,727,532</b>
<b>ACCUMULATED AMORTIZATION</b>				
Balance, beginning of year	584,160	41,375	827,376	1,452,911
Add:				
Amortization during the year	41,641	766	30,302	72,709
Less:				
Disposals during the year	-	-	-	-
<b>BALANCE, END OF YEAR</b>	<b>625,801</b>	<b>42,141</b>	<b>857,678</b>	<b>1,525,620</b>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$ 591,188</b>	<b>\$ 34,480</b>	<b>\$ 576,244</b>	<b>\$ 1,201,912</b>

This schedule is provided for information purposes only



Appendix "B"

Report No.

SWB 07-23

File No.

Date Authored:

Meeting Date:  
November 9, 2023

Directed to: St. Thomas Area Secondary Water Board

Department: Environmental Services

Attachment

Prepared By: Shayne Reitsma, P.Eng.  
Manager of Development and Compliance

Subject: Ford Water Tower - RFP Award

**Recommendation:**

THAT: Report No. SWB-07-23, Ford Water Tower RFP Award, be received for information, and further;

THAT: The proposal submitted by R. V. Anderson Associates Ltd. (RVA) in the amount of \$59,891.00 excluding HST, be accepted and awarded to RVA.

**Background:**

As per the June 22<sup>th</sup> 2023 direction of the Secondary Water Board, a Request for Proposal (RFP #2023-032) was issued to seek out a qualified consultant to carry out creative solutions to power supply issues within the Secondary Water Supply System.

**Analysis:**

The above noted RFP closed on September 13, 2023, with 1 consulting firm submitting a proposal to complete the work. The proposal was evaluated by City, Central Elgin and Southwold staff through an evaluation process previously determined before the closing of the RFP.

RVA has an experienced project team that understands the project scope and requirements in the RFP. Their experienced project manager and team is familiar with the challenges in this project since they have been involved in similar projects in the City of St. Thomas and in neighbouring municipalities.

Based on the evaluation criteria and selection process identified in the RFP, the evaluation committee determined that the proposal from RVA was satisfactory and is capable of completing the project.

**Financial Impact:**

Funding for this project will come from Secondary Water Board reserves in the amount of \$59,891.00 excluding HST.

Respectfully,

Shayne Reitsma, P. Eng.  
Manager of Development and Compliance

Reviewed By:

City Engineer

Treasurer