

**Joint Board of Management Agenda  
Aylmer Area Secondary Water Supply System & Port Burwell Area  
Secondary Water Supply System  
June 18, 2025 – 1:00p.m.**

**Malahide Council Chambers  
51221 Ron McNeil Line, Springfield**

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The Joint Board of Management met at the Springfield & Area Community Services Building, at 51221 Ron McNeil Line, Springfield, at 1:00p.m. The following were present:

(1) Call to Order

\_\_\_\_\_ is appointed Chair and the meeting is called to order at \_\_\_\_p.m.

(2) Disclosure of Pecuniary Interest

(3) Adoption of Minutes of Previous Meeting(s)

**Recommended Motion:**

THAT the minutes of the Aylmer Area Secondary Water Supply System Joint Board of Management meeting held on March 19, 2025 be approved as presented.

**Recommended Motion:**

THAT the minutes of the Port Burwell Area Secondary Water Supply System Joint Board of Management meeting held on March 19, 2025 be approved as presented.

(4) Reports

- AASWSS-25-05- 2025 OCWA First Quarter Operations Report

**Recommended Motion:**

THAT Report No. AASWSS-25-05 entitled “2025 OCWA First Quarter Operations Report” be received.

- PBASWSS-25-05- 2025 OCWA First Quarter Operations Report

**Recommended Motion:**

THAT Report No. PBASWSS-25-05 entitled “2025 OCWA First Quarter Operations Report” be received.

- AASWSS-25-06 – 2024 Draft Financial Statements & Year End Report

**Recommended Motion:**

THAT the 2024 Audited Financial Statements be received;

AND THAT the Chair be authorized to sign all required audit-related correspondence from Graham, Scott, Enns LLP on behalf of the AASWSS Board;

AND THAT the Aylmer Area Secondary Water Supply System 2024 surplus be transferred to the Capital Replacement Reserve.

- PBASWSS-25-06 - 2024 Draft Financial Statements & Year End Report

**Recommended Motion:**

THAT the 2024 Audited Financial Statements be received;

AND THAT the Chair be authorized to sign all required audit-related correspondence from Graham, Scott, Enns LLP on behalf of the PBASWSS Board;

AND THAT the Port Burwell Area Secondary Water Supply System 2024 surplus be transferred to the Capital Replacement Reserve.

- AASWSS-25-07 – Board Governance

**Recommended Motion:**

THAT Report No. AASWSS-25-07 entitled “Board Governance” be received for information;

AND THAT the attached draft letter be approved for issuance to the Town of Aylmer on behalf of the Board.

(5) Correspondence

1. Township of Malahide – Letter of Support for Joint Health and Safety Water Stream (HSWS) Application for Rehabilitation of the Port Burwell Area Secondary System Transmission Main – **Recommended for signing at Malahide Township Council Meeting – June 19, 2025**
2. Municipality of Bayham – Letter of Support – Bayham’s Participation in a Joint Health and Safety Water Stream (HSWS) Application for Rehabilitation of the Port Burwell Area Secondary System Transmission Main
3. Fire Chiefs – Letter of Support - Municipal Housing Infrastructure Program (MHIP) - Health and Safety Water Stream Infrastructure Fund

4. Rob Flack M.P.P. Elgin-Middlesex-London – Support for joint application under the Municipal Housing Infrastructure Program (MHIP) - Health and Safety Water Stream for the Port Burwell Area Secondary Water Supply System(PBASWSS).
5. Southwestern Public Health – Letter of Support for Health and Safety Water Stream (HSWS)
6. Ministry of the Environment, Conservation and Parks - Letter of Support – Health and Safety Water Infrastructure Fund (HSWS)

(6) New Business

- Review and Approval of PBASWSS Draft Letter of Support for Joint MHIP-HSWS Grant Application

**Recommended Motion:**

THAT the PBASWSS supports Malahide's participation in a joint application to the Municipal Housing Infrastructure Program – Health and Safety Water Stream (MHIP-HSWS) for the rehabilitation of the Port Burwell Area Secondary Water Supply System's transmission main on Nova Scotia Line;

AND FURTHER THAT the Board be authorized to sign a Letter of Support for the grant application.

(7) Adjournment

**Recommended Motion:**

THAT the Aylmer Area Secondary Water Supply System Joint Board of Management adjourn at \_\_\_\_\_ p.m. to meet again on September 17, 2025 at 1:00 p.m.

**Recommended Motion:**

THAT the Port Burwell Secondary Water Supply System Joint Board of Management adjourn at \_\_\_\_\_ p.m. to meet again on September 17, 2025 at 1:00 p.m.

**Joint Board of Management Minutes  
Aylmer Area Secondary Water Supply System &  
Port Burwell Area Secondary Water Supply System  
March 19, 2025 – 1:00p.m.**

**Malahide Council Chambers  
51221 Ron McNeil Line, Springfield**

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The Joint Board of Management met at the Springfield & Area Community Services Building, at 51221 Ron McNeil Line, Springfield, at 1:00p.m. The following were present:

**Board Members:**

Municipality of Central Elgin – Norman Watson  
Town of Aylmer – Pete Barbour  
Township of Malahide – Chester Glinski  
Municipality of Bayham - Tim Emerson

**Staff:**

Township of Malahide – Sam Gustavson, Jason Godby, and Allison Adams  
Municipality of Bayham – Thomas Thayer and Ed Roloson

(1) Call to Order

Pete Barbour is appointed chair and the meeting is called to order at 1:03p.m.

(2) Disclosure of Pecuniary Interest

None

(3) Adoption of Minutes of Previous Meeting(s)

**Moved by: Norman Watson**

**Seconded by: Chester Glinski**

THAT the minutes of the Aylmer Area Secondary Water Supply System Joint Board of Management meeting held on December 4, 2024 be approved as presented.

**Carried**

**Moved by: Tim Emerson**  
**Seconded by: Norman Watson**

THAT the minutes of the Port Burwell Area Secondary Water Supply System Joint Board of Management meeting held on December 4, 2024 be approved as presented.

**Carried**

(4) Reports

- AASWSS-25-01- Aylmer Area Secondary Water Supply System (AASWSS): 2024 Flow Consumption and Water Loss

**Moved by: Chester Glinski**  
**Seconded by: Norman Watson**

THAT Report No. AASWSS-25-01 entitled “Aylmer Area Secondary Water Supply System (AASWSS): 2024 Flow Consumption and Water Loss” be received.

**Carried**

- PBASWSS-25-01- Port Burwell Area Secondary Water Supply System (PBASWSS): 2024 Flow Consumption and Water Loss Report

**Moved by: Tim Emerson**  
**Seconded by: Norman Watson**

THAT Report No. PBASWSS-25-01 entitled “Port Burwell Area Secondary Water Supply System (PBASWSS): 2024 Flow Consumption and Water Loss Report” be received.

**Carried**

- AASWSS-25-02 - Aylmer Area Secondary Water Supply System: DWQMS Element 20: 2024 Drinking Water Quality Trends Report

**Moved by: Chester Glinski**  
**Seconded by: Norman Watson**

THAT Report No. AASWSS-25-02 entitled “Aylmer Area Secondary Water Supply System: DWQMS Element 20: 2024 Drinking Water Quality Trends Report” be received.

**Carried**

- PBASWSS-25-02 - Port Burwell Area Secondary Water Supply System: DWQMS Element 20: 2024 Drinking Water Quality Trends Report

**Moved by: Tim Emerson**

**Seconded by: Norman Watson**

THAT Report No. PBASWSS-25-02 entitled "Port Burwell Area Secondary Water Supply System: DWQMS Element 20: 2024 Drinking Water Quality Trends Report" be received.

**Carried**

- AASWSS-25-03 - 2024 Fourth Quarter Operations Report

**Moved by: Chester Glinski**

**Seconded by: Norman Watson**

THAT Report No. AASWSS-25-03 entitled "2024 Fourth Quarter Operations Report" be received.

**Carried**

- PBASWSS-25-03- 2024 Fourth Quarter Operations Report

**Moved by: Tim Watson**

**Seconded by: Chester Glinski**

THAT Report No. PBASWSS-25-03 entitled "2024 Fourth Quarter Operations Report" be received.

**Carried**

- AASWSS-25-04 - Aylmer Area Secondary Water Supply System (AASWSS): 2024 Section 11 Annual Report and Schedule 22 Summary Report

**Moved by: Chester Glinski**

**Seconded by: Norman Watson**

THAT Report No. AASWSS-25-04 entitled "Aylmer Area Secondary Water Supply System (AASWSS): 2024 Section 11 Annual Report and Schedule 22 Summary Report" be received.

**Carried**

- PBASWSS-25-04 - Port Burwell Area Secondary Water Supply System (PBASWSS): 2024 Section 11 Annual Report and Schedule 22 Summary Report

**Moved by: Tim Emerson**

**Seconded by: Norman Watson**

THAT Report No. PBASWSS-25-04 entitled "Port Burwell Area Secondary Water Supply System (PBASWSS): 2024 Section 11 Annual Report and Schedule 22 Summary Report" be received.

**Carried**

(5) Correspondence

**Moved by: Chester Glinski**

**Seconded by: Tim Watson**

That the correspondence items be noted and filed.

1. Township of Malahide – Letter of Support for Joint Canada Housing Infrastructure Fund
2. Municipality of Bayham – Letter of Support for Joint Canada Housing Infrastructure Fund
3. Municipality of Central Elgin – Letter of Support for Joint Canada Housing Infrastructure Fund
4. Southwestern Public Health – Letter of Support for Joint Canada Housing Infrastructure Fund
5. Ministry of the Environment, Conservation and Parks – Letter of Support for Joint Canada Housing Infrastructure Fund
6. Karen Vecchio, M.P.P. Elgin-Middlesex-London – Letter of Support for Joint Canada Housing Infrastructure Fund
7. Fire Chiefs - Letter of Support for Joint Canada Housing Infrastructure Fund
8. Elgin Area Primary Waters Supply System – Notice of Study Commencement
  - a. Township of Malahide - Letter requesting inclusion in future correspondence related to the MCEA

**Carried**

(6) New Business

- PBASWSS Draft Letter of Support for Joint Canada Housing Infrastructure Fund

**Moved by: Chester Glinski**

**Seconded by: Norman Watson**

THAT the PBASWSS supports Malahide's participation in a joint application to the Canada Housing Infrastructure Fund (CHIF) for the rehabilitation of the Port Burwell Area Secondary Water Supply System's transmission main on Nova Scotia Line;

AND FURTHER THAT the Board be authorized to sign a Letter of Support for the CHIF application.

**Carried**

(7) Adjournment

**Moved by: Norman Watson**

**Seconded by: Chester Glinski**

THAT the Aylmer Area Secondary Water Supply System Joint Board of Management adjourn at 1:52p.m. to meet again on June 18, 2025 at 1:00p.m.

**Carried**

**Moved by: Tim Emerson**

**Seconded by: Norman Watson**

THAT the Port Burwell Secondary Water Supply System Joint Board of Management adjourn at 1:52p.m. to meet again on June 18, 2025 at 1:00p.m.

**Carried**





**REPORT NO.           AASWSS-25-05**

**TO:**                   Aylmer Area Secondary Water Supply System- Joint Board of Management

**DEPARTMENT:**   Public Works

**MEETING DATE:**   June 18, 2025

**SUBJECT:**           **2025 OCWA First Quarter Operations Report**

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**RECOMMENDATION:**

THAT Report No. AASWSS-25-05 entitled "2025 OCWA First Quarter Operations Report" be received.

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**PURPOSE & BACKGROUND:**

The Ontario Clean Water Agency (OCWA) and the Staff of the Administering Municipality (Township Staff), formally meet on a quarterly basis to review the operations and maintenance of the AASWSS. OCWA and the Township Staff discuss recommended lifecycle/capital work, bacteriological/chemical sample results, regulatory compliance, and possible emerging issues. OCWA provides detailed operations reports and performance assessment reports at these meetings.

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**COMMENTS & ANALYSIS:**

This report is a summary of the operations and maintenance for the first quarter of 2025. This report is submitted to the Joint Board of Management to satisfy specific requirements of the QEMS Operational Plan for the AASWSS. Additionally, this approach ensures that the Joint Board of Management is kept informed on the operational performance of the water system on a continual basis by Township Staff.

Compliance Summary:

There were no compliance or exceedance issues during the first quarter of 2025.

Inspections:

There were no MECP or MOL inspections during the first quarter of 2025.

QEMS Update:

The Essential/Emergency Service and Supply Contact List was updated on February 11, 2025. The list was updated to include changes to OCWA and Client Staff contacts. The management review was completed on May 20, 2025, with no significant items that require attention.

Performance Assessment:

The average daily flow to the system from the Elgin Area Primary Water Supply System thus far in 2025 was 4,655.6 m<sup>3</sup>/d, which is an 8.1% decrease when compared to the 2024 annual average flow (5,034.4 m<sup>3</sup>/d).

Weekly microbiological samples were taken by OCWA via sampling stations throughout the transmission main. Samples are tested for E. coli, Total coliforms and HPC's. Samples are shipped to SGS laboratories which is an accredited laboratory. There were no adverse sample results during the first quarter of 2025.

OCWA tested for free chlorine residuals throughout the distribution system two times per week. Quarterly samples were collected for Trihalomethanes (THMs) and Halo Acetic Acids (HAAs) in accordance with regulatory requirements. All sample results tested were well below the Maximum Allowable Concentrations (MAC) set forth in O.Reg. 170/03. OCWA continues to meet or exceed the Provincial Regulations pertaining to microbiological sampling requirements.

Further information relating to water sampling results is outlined in the attached report.

Occupational Health & Safety:

Annual health and safety inspections were completed on February 28, 2025. There were no issues identified.

General Maintenance:

OCWA conducted various maintenance activities during the first quarter of 2025. Activities include but are not limited to, the annual inspection and pumping of all

chambers including air release chambers, and monthly alarm testing. Annual flow meter calibrations were completed by Flow Metrix in March of 2025. Further information regarding maintenance completed in the first quarter of 2025 can be found in the attached report.

Alarms:

While alarms did occur in the first quarter of 2025, all were minor in nature and received the appropriate response from OCWA when they occurred.

Complaints & Concerns:

There were no community complaints or concerns that required a response from Township Staff, or OCWA reported during the first quarter of 2025

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**SUMMARY:**

Quarterly meetings with OCWA are an effective tool used to keep the Township Staff well informed as to the operations and maintenance of the drinking water system. The information provided to the Board by OCWA is used to help the Joint Board of Management make well-thought-out decisions in an effort to provide a continual safe supply of potable water.

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**ATTACHMENTS:**

1. Aylmer Area Secondary Water Supply System: Operations Report First Quarter 2025

**Prepared by:** S. Gustavson, Water/Waste Water Operations Manager

**Reviewed by:** J. Godby, Director of Public Works

**Approved by:** N. Dias, Chief Administrative Officer



**Ontario Clean Water Agency**  
**Agence Ontarienne Des Eaux**

# Aylmer Area Secondary Water Supply System Operations Report First Quarter 2025

Ontario Clean Water Agency, Southwest Region  
Vitaliy Talashok, Sr. Operations Manager, Aylmer Cluster  
Date: April 15, 2025

**Facility Description**

Facility Name: Aylmer Area Secondary Water Supply System  
 Regional Manager: Sam Sianas - (519) 319-2233  
 Sr. Operations Manager: Vitaliy Talashok - (226) 378-8986  
 Business Development Manager: Robin Trepanier - (519) 791-2922  
 Facility Type: Municipal  
 Classification: Class 2 Water Distribution  
 Drinking Water System Category: Large Municipal Residential  
 Title Holder: Municipality  
 Operation Status: OCWA

**Service Information**

Area(s) Serviced: Central Elgin, Malahide, and Aylmer  
 Population Serviced: 593  
 Malahide Direct Connections: 53  
 Central Elgin Connections: 175

**Operational Description**

This is an 18" watermain from St. Thomas to Aylmer with booster pumps at the Elgin Middlesex Pumping Station.

## CLIENT CONNECTION MONTHLY CLIENT REPORT

Facility Name: Aylmer Area Secondary Water Supply System  
ORG#: 6614

### SECTION 1: COMPLIANCE SUMMARY

#### FIRST QUARTER:

There were no compliance issues to report for the first quarter.

### SECTION 2: INSPECTIONS

#### FIRST QUARTER:

There were no MECP or MOL inspections conducted during the first quarter.

### SECTION 3: QEMS UPDATE

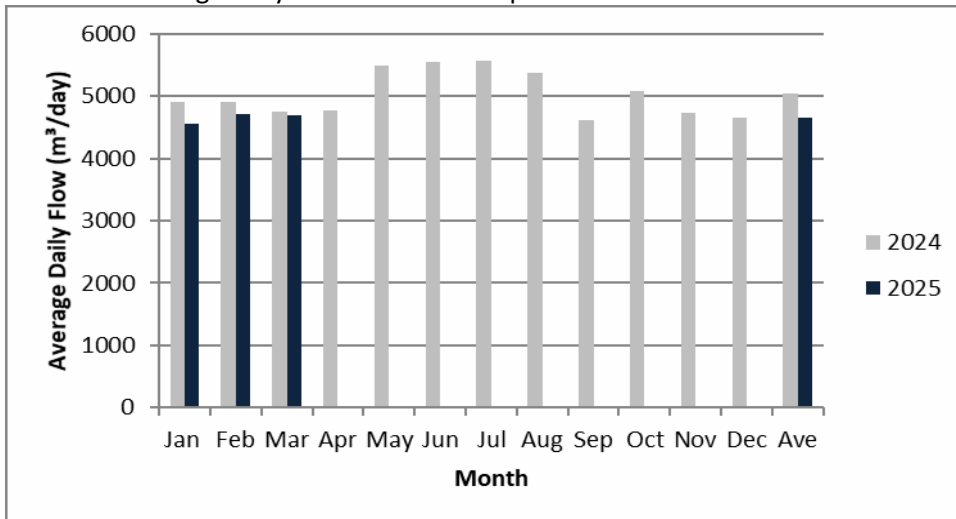
#### FIRST QUARTER:

On February 11<sup>th</sup>, the Essential/Emergency Service and Supply Contact List was updated to include changes to OCWA staff contacts as well as client contacts. The contact list is currently in its 38<sup>th</sup> revision and is reviewed annually.

### SECTION 4: PERFORMANCE ASSESSMENT REPORT

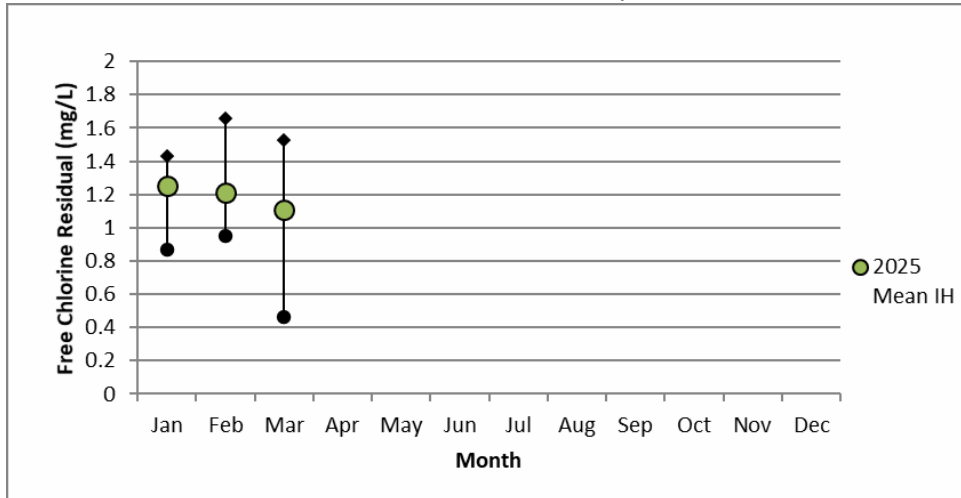
Flows are recorded at various points within the distribution system. The average daily flow to the system from the Elgin Area Primary Water Supply System in 2025 so far was 4,655.6m<sup>3</sup>/d which is down 8.1% when compared to 2024 (5,034.4m<sup>3</sup>/d). Chart 1 below depicts the average daily flows for 2025 compared to 2024.

Chart 1. Average daily flows in 2025 compared to 2024.



Chlorine residuals are obtained throughout the distribution system two times per week, with 4 residuals taken on sample days (usually Monday's) and three residuals taken at least 48 hours after the first set (usually on Friday's) to meet the regulatory requirements. The chart below depicts the minimum, maximum and average chlorine residuals taken in the distribution system for 2025. The concentration of free chlorine varies depending on the location that the sample taken (see chart below).

Chart 2. Free Chlorine Residual in the Distribution System in 2025.



Samples are obtained once per week at three locations along the transmission main. The following table summarizes the results of the microbiological sampling for 2025.

Month	# Samples	E. coli Range (cfu/100mL)	Total Coliform Range (cfu/100mL)	# Samples	Heterotrophic Plate Count Range (cfu/mL)
January	12	0 – 0	0 – 0	4	<10 - <10
February	12	0 – 0	0 – 0	4	<10 - <10
March	15	0 – 0	0 – 0	5	<10 - <10
April	-	-	-	-	-
May	-	-	-	-	-
June	-	-	-	-	-
July	-	-	-	-	-
August	-	-	-	-	-
September	-	-	-	-	-
October	-	-	-	-	-
November	-	-	-	-	-
December	-	-	-	-	-

Trihalomethanes (THMs) are sampled on a quarterly basis; the 2025 current running average is 22.25µg/L. When comparing the current running average to the 2024 average (23.00µg/L) there has been a decrease of 3.3%. The results remain well below the limit of 100 µg/L.

January 2025	-	17
April 2024	-	18
July 2024	-	24
October 2024	-	30
Running Average	100	22.25

Haloacetic Acids (HAAs) are required to be sampled on a quarterly basis. The 2025 current running average is 7.48µg/L. When comparing the current running average to the 2024 average (9.30µg/L) there has been a decrease of 19.6%. The results remain well below the limit of 80µg/L.

	Limit (µg/L)	HAA Result (µg/L)
January 2025	-	6.9
April 2024	-	6.9
July 2024	-	8.3
October 2024	-	7.8
Running Average	80	7.48

## **SECTION 5: OCCUPATIONAL HEALTH & SAFETY**

### **FIRST QUARTER:**

On February 28<sup>th</sup>, the annual occupational health and safety inspection was completed. There were no issues identified. There were no additional Health & Safety issues identified in the first quarter.

## **SECTION 6: GENERAL MAINTENANCE**

### **FIRST QUARTER:**

#### **JANUARY**

2: Chamber inspections and meter reads.

5: Received emergency locate request at 08:36 for 44330 elm line. Arrived on site at 09:40. Received locate instructions from crew on site for water main repair. Completed all clear locate. Sent locate via email at 10:00.

#### **FEBRUARY**

6: Hawkins Electric on site for replacement of cabinet heater

13: Tested flood and power failure alarms at chamber 13 and 16.



MARCH

11: -On site at 47222 Talbot Line for leak repair.

OMEGA and CC dance on site and are beginning to excavate area. Disinfected new stainless steel repair saddle and new service line saddle with 3/4-inch port for installation. Leak now exposed and air gap being maintained. Leaky saddle the reason for leak. Positive pressure being maintained. Throttled down water pressure at site of repair by opening up the 3" bypass isolation valve and closing 18inch watermain. Omega will be sliding on the new repair clamp and service repair clamp while main is at about 30psi. Flushed hydrant on Talbot for 10 minutes to reduce mainline pressure for service repair. Pressure remained above 30 psi. Water leak now repaired.

Two repair clamps now installed, and all repair parts disinfected before being put into place.

Still waiting on live tap for new service line to be installed. Opened back up the isolation valve at chamber 16 and closed 3inch bypass valves. Live tap completed, 10 ft of new PVC service line installed from corporation stop to old curb stop. All parts disinfected before installation.

Obtained a residual through site of repair at 14:07-1.09ppm free.

Excavation area now being filled, everything now returned to normal operation. Refer to service repair form for more details.

-Flowmetrix completed flow meter calibrations at chamber 13, chamber 16 and Rogers Road

19: Completed monthly alarm testing for chamber 16 and 13. All working as intended.

SECTION 7: ALARM SUMMARYFIRST QUARTER:JANUARY

5: Completed emergency locate request for 44330 Elm Line

FEBRUARY

No alarms to report for the month of February.

MARCH

No alarms to report for the month of March.

SECTION 8: COMMUNITY COMPLAINTS & CONCERNSFIRST QUARTER:

There were no complaints or concerns reported during the first quarter.

<b>AASWS01 Locates</b>	
<b>Month</b>	<b># of Locates Completed</b>
January	1
February	2
March	4
April	
May	
June	
July	
August	
September	
October	
November	
December	



**REPORT NO. PBASWSS-25-05**

**TO:** Port Burwell Area Secondary Water Supply System- Joint Board of Management

**DEPARTMENT:** Public Works

**MEETING DATE:** June 18, 2025

**SUBJECT:** **2025 OCWA First Quarter Operations Report**

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**RECOMMENDATION:**

THAT Report No. PBASWSS-25-05 entitled “2025 OCWA First Quarter Operations Report” be received.

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**PURPOSE & BACKGROUND:**

The Ontario Clean Water Agency (OCWA) and the Staff of the Administering Municipality (Township Staff) formally meet on a quarterly basis to review the operations and maintenance of the PBASWSS. OCWA and the Township Staff discuss recommended lifecycle/capital work, bacteriological/chemical sample results, regulatory compliance, and possible emerging issues. OCWA provides detailed operations reports and performance assessment reports at these meetings.

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**COMMENTS & ANALYSIS:**

This report is a summary of the operations and maintenance for the first quarter of 2025. This report is submitted to the Joint Board of Management to satisfy specific requirements of the QEMS Operational Plan for the PBASWSS. Additionally, this approach ensures that the Joint Board of Management is kept informed on the operational performance of the water system on a continual basis by the Township Staff.

Compliance Summary:

There were no compliance or exceedance issues in the first quarter of 2025.

Inspections:

There were no MECP or MOL inspections during the first quarter of 2025.

QEMS Update:

OCWA completed an internal audit on March 25, 2025. There were no non-conformances, and 15 Opportunities for improvement (OFIs) were identified. The management review was completed on May 20, 2025, with no significant items that require attention.

Performance Assessment:

The average daily flow to the system from the Elgin Area Water Supply System (recorded at MV1) thus far in 2025 was 653.5m<sup>3</sup>/d. This is down 13.1% when compared to the 2024 annual average flow (751.8 m<sup>3</sup>/d).

Weekly microbiological samples were taken by OCWA via sampling stations throughout the transmission main. Samples are tested for E. coli, Total coliforms and HPCs. Samples are shipped to SGS laboratories which is an accredited laboratory. There were no adverse sample results during the first quarter of 2025.

OCWA tested for chlorine residuals throughout the distribution system two times per week. There are also three continuous online chlorine analyzers for the system located at the Port Burwell Tower, and the Dexter Line and Lakeview re-chlorination facilities. These analyzers provide continuous data and trends for each facility and are connected to SCADA with the ability to notify operators in the event an alarm occurs, which requires an Operator response. OCWA continues to meet or exceed the Provincial Regulations pertaining to microbiological sampling requirements.

Quarterly samples were collected for Trihalomethanes (THMs) and Halo Acetic Acids (HAAs) in accordance with regulatory requirements. All sample results tested were well below the Maximum Allowable Concentrations (MAC) set forth in O.Reg. 170/03. OCWA continues to meet or exceed the Provincial Regulations pertaining to microbiological sampling requirements.

Further information relating to water sampling results is outlined in the attached report.

Occupational Health & Safety:

Annual health and safety inspections were completed on February 28, 2025. There were no issues identified.

General Maintenance:

OCWA conducted various maintenance activities during the first quarter of 2025. Activities include but are not limited to, regular readings and checks, the inspection and pumping of air release chambers, chemical feed system repairs at re-chlorination facilities, and monthly alarm testing. Annual flow meter calibrations were completed by

Flow Metrix in March of 2025. Further information regarding maintenance completed in 2025 can be found in the attached report.

#### Alarms:

OCWA reported multiple alarms during the first quarter of 2025. Some alarms were a result of communication failures of the SCADA system and power failures. There were also various alarms resulting from the re-chlorination facilities outlined in the attached report. All alarms in the first quarter were minor in nature and were responded to and resolved by OCWA as outlined in the attached report.

Overall, there has been a reduction in after-hours callouts for communication faults at the three (3) re-chlorination facilities, which is not noted in the OCWA report. The implementation and installation of the hybrid bonded cellular failover equipment that was added in after the most recent Execulink contract renewal has significantly improved the stability of the connections and greatly reduced the communication faults at the re-chlorination facilities. This, in turn, has reduced the number of after-hours calls related to communication faults. These types of alarms occurred more frequently in the past and typically required a response from OCWA.

#### Complaints & Concerns:

There were no complaints from the public that required a response from Township Staff OCWA in the first quarter of 2025.

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#### **SUMMARY:**

Quarterly meetings with OCWA are an effective tool used to keep the Township Staff well informed as to the operations and maintenance of the drinking water system. The information provided to the Board by OCWA is used to help the Joint Board of Management make well thought out decisions in an effort to provide a continual safe supply of potable water.

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#### **ATTACHMENTS:**

1. Area Secondary Water Supply System: OCWA Operations Report First Quarter 2025

**Prepared by:** S. Gustavson, Water/Waste Water Operations Manager

**Reviewed by:** J. Godby, Director of Public Works

**Approved by:** N. Dias, Chief Administrative Officer



**Ontario Clean Water Agency**  
**Agence Ontarienne Des Eaux**

Port Burwell Area Secondary  
Water Supply System  
Operations Report  
First Quarter 2025

Ontario Clean Water Agency, Southwest Region  
Vitaliy Talashok, Sr. Operations Manager, Aylmer Cluster  
Date: April 15, 2025

**Facility Description**

Facility Name:	Port Burwell Area Secondary Water Supply System
Regional Manager:	Sam Sianas – 519-319-2233
Sr. Operations Manager:	Vitaliy Talashok – 226-378-8986
Business Development Manager:	Robin Trepanier – 519-791-2922
Facility Type:	Municipal
Classification:	Class 2 Water Distribution
Drinking Water System Category:	Large Municipal Residential
Title Holder:	Municipality
Operation Status:	OCWA

**Service Information**

Area(s) Served:	Municipality of Central Elgin, Malahide & Bayham
Population Served:	730
Malahide Direct Connections:	204
Central Elgin Connections:	75

**Operational Description**

This is a 12-inch watermain from the Elgin Area Water Treatment Plant to Port Burwell including an elevated tank west of Pt. Burwell. Includes re-chlorination at the tower, Dexter and at Lakeview Re-Chlorination Facility.

## CLIENT CONNECTION MONTHLY CLIENT REPORT

Facility Name: Port Burwell Secondary - Lakeview, Dexter, Burwell tower,  
Valve house ORG#: 5911

### SECTION 1: COMPLIANCE SUMMARY

#### FIRST QUARTER:

There were no compliance issues to report for the first quarter.

### SECTION 2: INSPECTIONS

#### FIRST QUARTER:

There were no MECP or MOL inspections conducted during the first quarter.

### SECTION 3: QEMS UPDATE

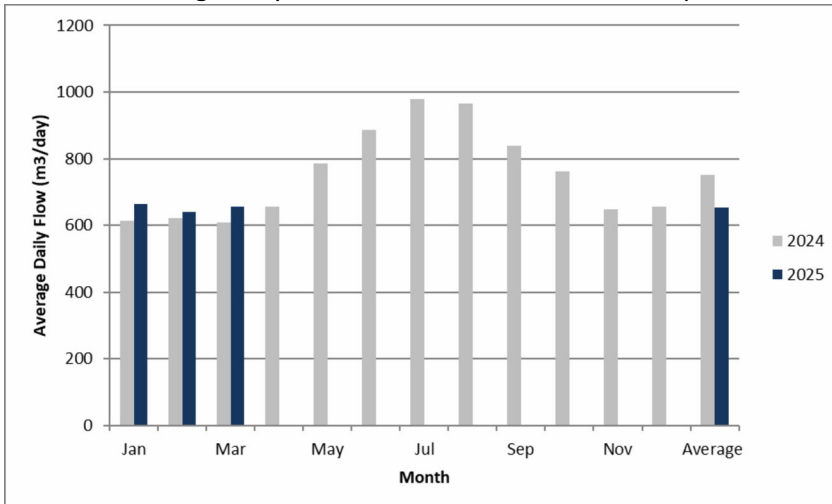
#### FIRST QUARTER:

On March 25<sup>th</sup> the internal audit was completed by Maegan Garber. No non-conformities were identified and fifteen (15) opportunities for improvement (OFI's). The management review is scheduled to be completed in May, 2025.

### SECTION 4: PERFORMANCE ASSESSMENT REPORT

Flows are recorded at various points within the distribution system. The average daily flow to the system from the Elgin Area Primary Water Supply System (recorded at MV1) in 2025 so far is 653.5 m<sup>3</sup>/d. This is down 13.1% when compared to 2024 (751.8 m<sup>3</sup>/d). Chart 1 below depicts the average daily flow in 2025 compared to 2024.

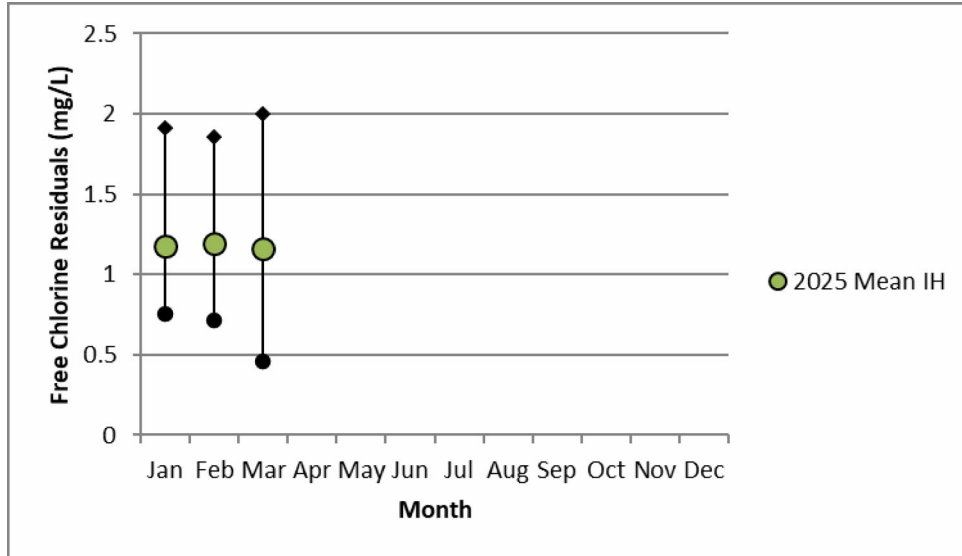
Chart 1. Average daily flow from the EMPS in 2025 compared to 2024.





Chlorine residuals are obtained throughout the distribution system two times per week, with 4 residuals taken on sample days (usually Mondays) and three residuals taken at least 48 hours after the first set (usually on Fridays) to meet the regulatory requirements. Chart 2 below depicts the minimum, maximum and average chlorine residuals taken in the distribution system in 2025. The concentration of free chlorine varies depending on the location of sample taken. All results met regulatory requirements.

Chart 2. Minimum, maximum and average chlorine residuals in 2025.



The chlorine residuals are continuously monitored at the re-chlorination facilities at Dexter Line, the Tower and Lakeview. Chart 3 below provides the monthly average, minimum and maximum free chlorine residuals at the Dexter Line Re-Chlorination Facility in 2025.

Chart 3. Minimum, maximum and average chlorine residuals recorded at Dexter Line Re-chlorination in 2025.

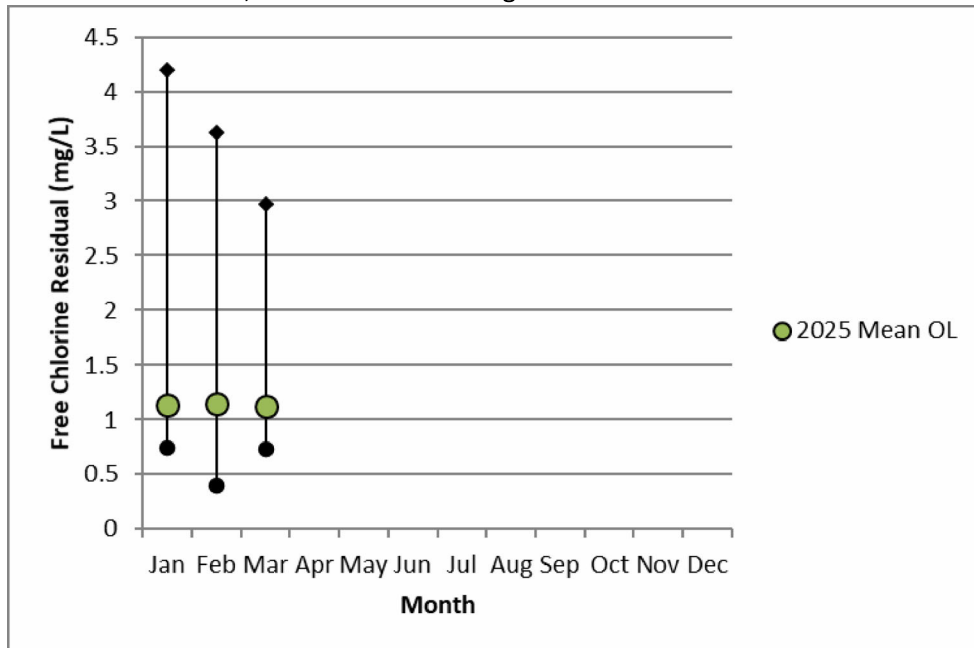


Chart 4 below provides the monthly average, minimum and maximum free chlorine residuals at the Port Burwell Tower in 2025. The residuals at the tower fluctuate depending on the fill cycles.

Chart 4. Minimum, maximum and average chlorine residuals recorded at Port Burwell Tower in 2025.

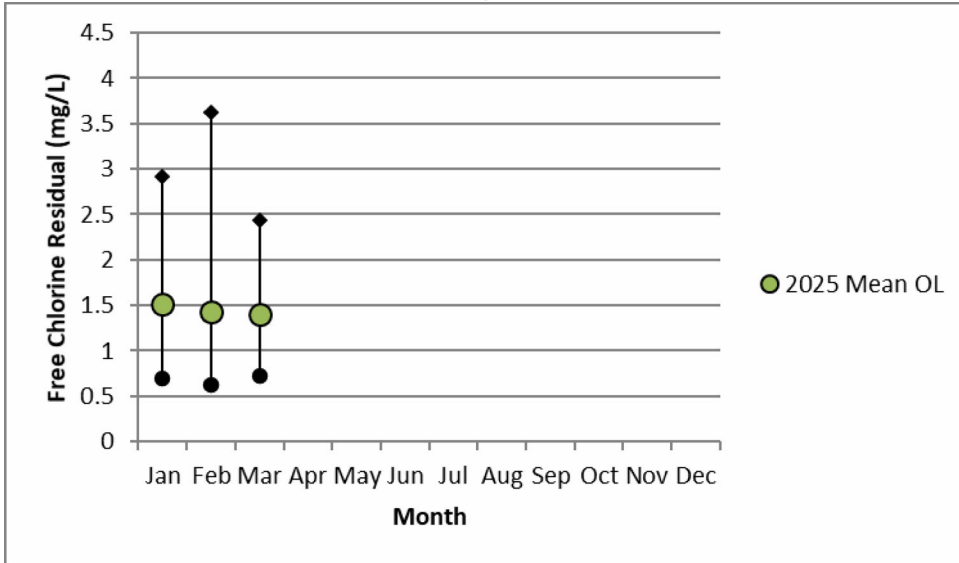
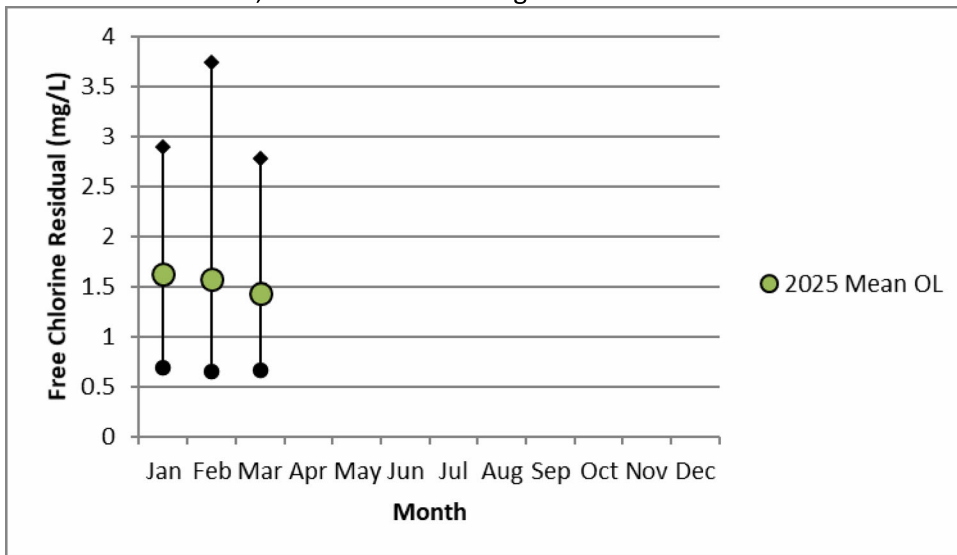


Chart 5 below provides the daily average, minimum and maximum free chlorine residuals at the Lakeview Re-chlorination Facility in 2025.

Chart 5. Minimum, maximum and average chlorine residuals recorded at Lakeview Re-chlorination in 2025.



Samples are obtained once per week at three locations in the distribution system. Table 1 summarizes the results of the microbiological sampling

Table 1. Summary of microbiological sampling in 2025.

Month	# Samples	E. coli Range (cfu/100mL)	Total Coliform Range (cfu/100mL)	# Samples	Heterotrophic Plate Count Range (cfu/mL)
January	8	0 – 0	0 – 0	4	<10 - <10
February	8	0 – 0	0 – 0	4	<10 - <10
March	10	0 – 0	0 – 0	5	<10 - <10
April	-	-	-	-	-
May	-	-	-	-	-
June	-	-	-	-	-
July	-	-	-	-	-
August	-	-	-	-	-
September	-	-	-	-	-
October	-	-	-	-	-
November	-	-	-	-	-
December	-	-	-	-	-

Trihalomethanes (THMs) are sampled on a quarterly basis; the current running average is 35.25µg/L. When comparing the current running average to the 2024 average (37.75µg/L) there has been a decrease of 1.4%. The results are well below the limit of 100 µg/L (refer to Table 2).

Table 2. Summary of THM results.

	Limit (µg/L)	THM Result (µg/L)
<b>Limit</b>		
January 2025		34
April 2024		28
July 2024		32
October 2024		47
Running	100	35.75

Haloacetic Acids (HAAs) are required to be sampled on a quarterly basis. The current 2025 running average is 15.25µg/L (refer to Table 3). When comparing the current running average to the 2024 average (16.23µg/L) there has been a decrease of 6.0%. The results are well below the limit of 80µg/L.

Table 3. Summary of HAA sample result

	Limit (µg/L)	HAA Result (µg/L)
January 2025		18.6
April 2024		9.2
July 2024		21.8
October 2024		11.4
Running Average	80	15.25

## **SECTION 5: OCCUPATIONAL HEALTH & SAFETY**

### **FIRST QUARTER:**

On February 28<sup>th</sup>, the annual occupational health and safety inspection was completed. There were no issues identified. There were no additional Health & Safety issues identified in the first quarter.

## **SECTION 6: GENERAL MAINTENANCE**

### **FIRST QUARTER:**

#### **JANUARY**

- 2: Dexter rechlor - Chlorine pump trending appeared off on scada
  - Pump 2 was running but chlorine residual was not increase
  - When on site pump 2 was running but could not increase residual over 1.20
  - Switched pumps to duty manual and pump 1 increased residual to stop point 1.30
  - While off advanced pump 2 and opened air valve. Looked like large air bubble in line
  - Closed air valve and reset panel valves.
  - Allowed pump 1 to run again
  - When pump 2 ran took a long time to get residual to stopping point 1.30
  - Will continue to monitor pump
- 15: Port Burwell tower, Dexter, Lakeview rechlor – Tested critical alarms
- 17: Landmark on site for annual ladder Safety inspection.
  - : MV1, Dexter, Port Burwell tower and Lakeview rechlor – Tested flood alarms
- 23: MV1 – On site for chlorine delivery

#### **FEBRUARY**

- 05: Installed new chlorine tank at lakeview
- 11: Port Burwell tower, Dexter, Lakeview rechlor – Tested critical alarms
- 12: MV1 and Dexter rechlor – Tested flood alarms
- 25: Logged onto SCADA at 03:10. Tower discharging with level of 9.73. Opened valve to start filling tower upon request from oro due to water plant shutdown. Logged off SCADA 03:25
- 26: Port Burwell tower - Changed hose connection where panel goes to injection hose due to connection leaking
- 27: Lakeview - Changed out hose connection on panel where panel connects to injector hose due to old connection leaking.

#### **MARCH**

- 5: Port Burwell tower - Changed start fill setpoint for port Burwell from 9.0 to 9.31M to start filling tower before today's shutdown at the waterplant.
  - Tower starting to fill at 4-5l/sec, valve opening at MV1. Returned fill setpoint for tower back to 9.0M.
  - : MV1 and Dexter rechlor – Tested flood alarms
- 6: MV1 - On site for chlorine delivery
- 7: Port Burwell tower, Dexter, Lakeview rechlor – Tested critical alarms
- 11: VO01, EO38, Lakeview and Port Burwell tower – Flowmetrix on site to calibrate flow meters
- 12: Dexter rechlor, PB02, Wanetta beach and Dexter and imperial meter chambers - Flowmetrix on site to calibrate flow meters
- 13: Port Burwell tower - Logged onto SCADA to check status of Port Burwell tower due to EAWTP shutdown scheduled for 05:00. Tower at 9.33 m and discharging. Altered tower fill set point at MV1 from 9.00 to

9.40m to call for tower to fill. Once in fill mode returned set point to 9.00m

- 14: Port Burwell tower - Received tower plc communication alarm at 14:43. On call operator confirmed on scada did not have communication. Cycled power at tower back booth at 15:15 and did not resolve issue. Cycled power for tower at Lakeview at 15:25 and communication resolved  
:MV1 – On site for chlorine delivery

## **SECTION 7: ALARMS**

### **FIRST QUARTER:**

#### **JANUARY**

- 01: Received plc communication alarm at Port Burwell Tower 00:28. Logged into SCADA and alarm had already cleared. All appeared normal.
- 18: Received alert from call service for PLC communication failure at Port Burwell Tower. Logged onto SCADA. No alarms present in alarm banner. Phoned dialer and acknowledged alarm. All values present and refreshing. Reviewed trending. No loss of signal
- 19: Received alert from call service for PLC communication failure at Port Burwell Tower. Acknowledged alarm and logged onto SCADA. All values present and refreshing. Reviewed trending. No loss in communication
- 23: 02:10-Received notification of high Cl alarm at Dexter Re-Chlor. Residual spiked at end of chlorine pump cycle and briefly crossed 3.50mg/L from 01:43-01:47
- 27: At 18:43 received alarm for chlorine pump 1 lockout at Dexter. Logged onto SCADA at 18:46 and acknowledged alarm Reset chlorine pump 1 and alarm fault cleared Watched pump run through a few cycles
- 31: Received plc communication alarm at Port Burwell Tower 22:43

#### **FEBRUARY**

- 16: Received alert from call service for power failure at lakeview. Acknowledged alarm and logged onto SCADA. Observed hypochlorite pumps in operation. Site with power as pumps will not run on UPS power
- 19:12- Received alert from call service for UPS fault at dexter. Checked alarm banner on SCADA. Inactive. Alarm repopulated at 19:37. Hypochlorite feedback faults pump 1&2 @ 19:42. In contact with Hydro One. Team being dispatched to site. Estimated time of power restoration 22:00
- 19:18- Received alert from call service for power failure at port Burwell tower. Viewed site on SCADA. Level at 9.53 m and discharging at 8.19 l/s with a residual of 1.70ppm. In contact with Hydro One. Estimated time for power restoration 22:00
- 22:47- Received notification from call service (20:31) Port Burwell tower power now normal. Contacted by Hydro One power has been restored to Dexter Line (20:32) tower still in discharge mode. Checked on sites at 22:47. Tower now in discharge. Hypochlorite pumps running at both sites. Now normal
- 17: 05:25- Received alert from call service for power failure at Port Burwell tower as well as power failure and UPS fault alarms for Dexter. Logged onto SCADA. All alarms “out of alarm “ at 05:25:27.
- 06:11- Received alert from call service for UPS fault at dexter. Reviewed SCADA alarm summary. Out of alarm. In alarm from 06:09:23 to 06:09:31. Continued power flickers due to inclement weather
- 12:42- Received alerts for power failure dexter and port Burwell tower. Checked sites via SCADA. Chlorine pumps in operation at both sites. Suspected power flushed due to inclement weather.

20: 01:28-Received notification of Dexter Re-Chlor pump 2 fault @ 00:42. Reset fault from SCADA iPad and pump returned to function. Continued to monitor pump activity for 20 min - no further issues observed.

22: 07:44- Received notification of Port Burwell Tower PLC comm fault @ 07:41. Accessed Malahide SCADA @ 07:44

18:02- Received notification of PB Tower PLC comm fault @ 18:02.

23: Port Burwell tower - Received notification of PLC comm fault at 07:05 and 15:18. Trending reviewed each time. No loss of communication.

### MARCH

11: Received alert from call service for high level alarm at Port Burwell Tower. Acknowledged and logged onto SCADA. All values present and refreshing. Reviewed trending. No loss off signal. Repeat of earlier alarm.

Tower at 10.37m and discharging.

14: Received tower plc communication alarm at Port Burwell Tower 14:43. On call operator confirmed on scada did not have communication. Cycled power at tower back booth at 15:15 and did not resolve issue. Cycled power for tower at Lakeview at 15:25 and communication resolved.

19: At 08:48 received port Burwell chamber panel failure alarm. Confirmed alarm was from water treatment plant testing their generator.

24: Received alert from call service for power failure at valve house. In contact with EAWTP. Site was running on generator power due to power failure. Site now back on utility power.

31: Received alert from call service for panel power failure at valve house. Acknowledged alarm. Now inactive. Re-entered facility. Operating as intended. In contact with EAWTP. Generator not being tested at this time. Alarm due to power flicker.

### SECTION 8: COMPLAINTS & CONCERNS

#### FIRST QUARTER:

There were no community complaints or concerns during the first quarter.

<b>PBSW01 Locates</b>	
<b>Month</b>	<b># of Locates Completed</b>
January	1
February	2
March	6
April	
May	
June	
July	
August	
September	
October	
November	
December	



**REPORT NO.            AASWSS-25-06**

**TO:**                      Aylmer Area Secondary Water Supply System- Joint Board of Management

**DEPARTMENT:**      Corporate Services

**MEETING DATE:**    June 18, 2025

**SUBJECT:                2024 DRAFT FINANCIAL STATEMENTS & YEAR END REPORT**

**RECOMMENDATION:**

THAT the 2024 Audited Financial Statements be received;

AND THAT the Chair be authorized to sign all required audit-related correspondence from Graham, Scott, Enns LLP on behalf of the AASWSS Board.

AND THAT the Aylmer Area Secondary Water Supply System 2024 surplus be transferred to the Capital Replacement Reserve.

**PURPOSE & BACKGROUND:**

The Aylmer Area Secondary Water Supply System (AASWSS) receives a financial audit each year to comply with its legislative requirements. AASWSS' auditor in 2024 was Graham Scott Enns LLP who has provided the following attached documents for information:

Document	Purpose
Audit Findings Letter	To provide a qualitative report to the board on the outcome of the audit and to inform of any difficulties experienced during the audit.
Draft Financial Statements	To provide the audited financial figures for the year.

**Summary of Audit Findings:**

Graham Scott Enns LLP's full audit findings letter is attached to this report. To briefly summarize its contents:

- No significant matters are required to be brought to the board's attention
- No significant difficulties were encountered during the audit
- No significant uncorrected misstatements
- No significant deficiencies in internal controls

## Interpretation of Financial Statements:

As required by Public Sector Accounting Standards, the AASWSS' financial statements are presented in five separate sections along with additional explanatory notes. An explanation for each section has been provided below to assist board members in reading this year's financial statements.

1. **Statement of Financial Position / Balance Sheet** – summarizes the financial position of the Board at the end of the year.
2. **Statement of Operations and Accumulated Surplus / Income Statement** – explains the change in overall financial position during the year.
3. **Statement of Changes in Net Assets** – details the change between the current prior period for net asset balances.
4. **Statement of Remeasurement Gain & Losses** – explains the change in the overall financial position of the entity during the accounting period due to remeasurement related to unrealized gains and losses on specific financial assets and liabilities.
5. **Statement of Cash Flows** – reconciles the change in cash and cash equivalents from the prior year and provides information on the entity's ability to generate cash to meet its cash requirements.

## Annual Financial Highlights:

### 2024 Financial Performance

Summary of Budget Surplus/(Deficit)	2023	2024
Water Volume	121,183	(90,738)
Investment Income	106,793	213,994
System Operations	3,280	40,577
Other	8,127	5,886
<b>Total Surplus</b>	<b>239,383</b>	<b>169,719</b>

A budget surplus of \$169,719 was generated during the year. The system recorded a net deficit of \$90,738 in water sales, representing the shortfall between water purchased from the primary water system and water sold to partner municipalities. While water sales volumes aligned with budget expectations, the volume of water required to support these sales was higher than anticipated, resulting in a net deficit. This was due to changes in the secondary system's billing methodology implemented in 2024, whereby water losses were no longer billed to benefiting municipalities but instead credited back on final billing statements. As a result, the system absorbed the cost of water losses, increasing the volume of water purchased relative to billable volumes and contributing to a financial shortfall.



The Secondary Board's investments earned \$270,994, \$16,045 from its operating account and investment portfolio earnings of \$254,949 during the year, exceeding budgeted expectations. In addition, unrealized gains, reflecting the increase in value had the investments been liquidated at year-end, further enhanced the AASWSS investment portfolio by \$49,675 to a combined investment market value increase of \$304,624.

The 2024 budget for the Elgin-Middlesex Pumping Station (EMPS) operations resulted in a surplus of \$40,577. This variance is primarily attributable to lower-than-anticipated expenditures in two key areas. First, repair and maintenance costs specific to EMPS operations were under budget, as no major unplanned maintenance or repairs were required during the year. Second, broader system repair and maintenance costs associated with the watermain infrastructure as a whole were also below projections, largely due to the deferral or elimination of several anticipated maintenance activities that ultimately proved unnecessary. Together, these factors contributed to the overall favourable variance reported for the year.

Other net operating costs, including those for wages, OCWA contract and the electronic monitoring system, were a net total of \$5,886 below budget.

#### Reconciliation of Budget Surplus to Financial Statements

Public Sector Accounting Standards require the exclusion of budgeted transfers to reserves and the inclusion of amortization, the estimated degradation of infrastructure, as part of the Board's annual surplus calculation. This conversion translates to a \$410,359 surplus as presented in the 2024 audited financial statements.

<b>2024 Surplus Reconciliation</b>	
Budget Surplus	169,719
Add: Net Contribution to Reserves	340,831
Less: Amortization	(100,191)
<b>Financial Statement Surplus</b>	<b>410,359</b>

AASWSS's 2024 surplus is recommended to be transferred to reserves which can be utilized to fund future capital projects as approved by the Board. A surplus of this magnitude was not included in the secondary system's long-term reserves forecast and, therefore, will have a downward pressure on future rate recommendations.

#### Investment Portfolio

The Aylmer Area Secondary Water Supply System (AASWSS) plans to replace its transmission main by gradually building its reserves over time so they can be drawn upon when replacement is eventually required. This allows the secondary system to plan for its capital needs without significantly impacting water rates in any particular year while minimizing the need to incur debt. While funds are not in use, they are invested to earn income which reduces costs which would otherwise be borne by ratepayers.

The AASWSS established a relationship with ONE Investment in 2015 for the purpose of managing the secondary system's investment portfolio and supplying investment advice to its administrators.

Investment income and unrealized gains on investments increased the value of the AASWSS's investment portfolio by \$304,624, a rate of return of approximately 11.71%. During the same period, non-residential construction prices, measured by the Non-residential Construction Price Index rose by 3.8%

Investment Type	2023 Market Values	Deposits & (Draws)	Earnings & (Losses)	2024 Market Values
Cash Equivalents	0	470,000	12,745	482,745
Government Bonds	688,389	(200,000)	23,500	511,887
Corporate Bonds	664,096	0	30,523	694,619
Equity Funds	898,347	430,000	237,856	1,566,202
<b>Total</b>	<b>2,250,829</b>	<b>700,000</b>	<b>304,624</b>	<b>3,255,453</b>

#### Reserve Continuity

At the end of 2024, AASWSS' reserves total \$3,565,613, inclusive of the 2024 surplus, which can be used to fund unforeseen events or future infrastructure projects at the Board's discretion.

Statement of Reserves	
January 1, 2024 Opening Balance	\$3,050,063
Net Transfers	510,550
<b>December 31, 2024 Closing Balance</b>	<b>\$3,565,613</b>

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#### ATTACHMENTS:

1. Schedule A) 2024 Budget Variances
2. Schedule B) 2024 Draft Financial Statements
3. Schedule C) Audit Findings Letter

**Prepared by:** A. Boylan, Director of Corporate Services/Treasurer

**Approved by:** N. Dias, Chief Administrative Officer

**Schedule A) 2024 Budget Variances**

	<b>2023</b>			<b>2024</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b><u>Expenses</u></b>						
Purchase of Water	\$1,501,163	\$1,721,053	\$219,890	\$1,761,000	\$1,845,033	\$84,033
EMPS Operations	\$188,385	\$174,096	-\$14,289	\$188,500	\$173,214	-\$15,286
OCWA Operations Contract	\$108,639	\$121,493	\$12,854	\$112,600	\$116,868	\$4,268
System Repairs & Maintenance	\$54,678	\$52,145	-\$2,533	\$60,000	\$30,441	-\$29,559
Wages	\$39,484	\$40,171	\$687	\$51,300	\$51,300	\$0
Software (SCADA)	\$16,700	\$9,762	-\$6,938	\$14,500	\$10,149	-\$4,351
Audit Fees	\$6,500	\$3,714	-\$2,786	\$6,300	\$5,265	-\$1,035
Studies & Reports	\$1,500	\$1,429	-\$71	\$0	\$0	\$0
Miscellaneous	\$250	\$418	\$168	\$500	\$0	-\$500
<b>Total Expenses</b>	<b>\$1,917,299</b>	<b>\$2,124,282</b>	<b>\$206,983</b>	<b>\$2,194,700</b>	<b>\$2,232,270</b>	<b>\$37,570</b>
<b>Capital Costs</b>	<b>\$34,000</b>	<b>\$23,159</b>	<b>-\$10,841</b>	<b>\$23,500</b>	<b>\$7,469</b>	<b>-\$16,031</b>
<b><u>Revenue</u></b>						
Water Billings	\$2,088,631	\$2,429,703	\$341,072	\$2,486,000	\$2,479,295	-\$6,705
Investment Income	\$30,600	\$137,393	\$106,793	\$57,000	\$270,994	\$213,994
<b>Total Revenue</b>	<b>\$2,119,231</b>	<b>\$2,567,096</b>	<b>\$447,865</b>	<b>\$2,543,000</b>	<b>\$2,750,289</b>	<b>\$207,289</b>
<b><u>Reserve Transfers</u></b>						
Contributions to Reserves	\$203,432	\$203,432	\$0	\$348,300	\$348,300	\$0
Less: Capital Costs	-\$35,500	-\$23,159	\$12,341	-\$23,500	-\$7,469	\$16,031
Operating Surplus/(Deficit)	\$0	\$239,383	\$239,383	\$0	\$169,719	\$169,719
<b>Net Reserve Transfer</b>	<b>\$167,932</b>	<b>\$419,656</b>	<b>\$251,724</b>	<b>\$324,800</b>	<b>\$510,550</b>	<b>\$185,750</b>
<b>Net Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**AYLMER AREA SECONDARY  
WATER SUPPLY SYSTEM**

**Financial Statements**

**December 31, 2024**

*Draft*

## AYLMER AREA SECONDARY WATER SUPPLY SYSTEM

### Financial Statements

For The Year Ended December 31, 2024

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## **INDEPENDENT AUDITORS' REPORT**

To the Joint Board of Management of **Aylmer Area Secondary Water Supply System**:

### **Opinion**

We have audited the financial statements of **Aylmer Area Secondary Water Supply System**, which comprise the statement of financial position as at December 31, 2024, and the statement of operations and accumulated surplus, statement of changes in net financial assets, statement of remeasurement of gains and losses, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the Aylmer Area Water System's financial statements present fairly, in all material respects, the financial position of the Aylmer Area Water System as at December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

### **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 report. We are independent of the Aylmer Area Water System 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, 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 Aylmer Area Water System'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 Aylmer Area Water System or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Aylmer Area Water System'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 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.



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### **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

#### **Auditors' Responsibilities for the Audit of the Financial Statements (Continued)**

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 Aylmer Area Water System'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 Aylmer Area Water System'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 Aylmer Area Water System 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.

St. Thomas, Ontario

June 18, 2025

*Graham Scott Enns LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS  
Licensed Public Accountants

# AYLMER AREA SECONDARY WATER SUPPLY SYSTEM

## Statement of Financial Position As At December 31, 2024

	2024	2023
	\$	\$
<b><u>ASSETS</u></b>		
<b>FINANCIAL ASSETS</b>		
Cash	273,782	548,507
Investments (Note 3)	3,255,453	2,250,829
Accounts receivable (Note 5)	<u>282,553</u>	<u>409,004</u>
	3,811,788	3,208,340
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	<u>236,312</u>	<u>204,252</u>
<b>NET FINANCIAL ASSETS</b>	3,575,476	3,004,088
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 6, page 17)	<u>3,517,240</u>	<u>3,617,431</u>
<b>TOTAL NET ASSETS</b>	<u>7,092,716</u>	<u>6,621,519</u>
<b>ACCUMULATED SURPLUS (NOTE 7)</b>	7,082,853	6,672,494
<b>ACCUMULATED REMEASUREMENT GAINS (LOSSES)</b>	<u>9,863</u>	<u>(50,975)</u>
	<u>7,092,716</u>	<u>6,621,519</u>

The accompanying notes are an integral part of these financial statements



# AYLMER AREA SECONDARY WATER SUPPLY SYSTEM

## Statement of Operations and Accumulated Surplus For The Year Ended December 31, 2024

	Budget (Note 8) \$	Actual 2024 \$	Actual 2023 \$
<b>REVENUES</b>			
<b>Municipal contributions</b>			
Town of Aylmer	2,426,087	2,421,734	2,374,508
Township of Malahide	15,662	14,543	13,972
Municipality of Central Elgin	44,251	43,018	41,223
	<u>2,486,000</u>	<u>2,479,295</u>	<u>2,429,703</u>
Investment income	<u>57,000</u>	<u>270,994</u>	<u>137,393</u>
Total Revenues	<u>2,543,000</u>	<u>2,750,289</u>	<u>2,567,096</u>
<b>EXPENSES</b>			
Water purchases	1,761,000	1,845,032	1,721,053
Operations and maintenance	410,500	354,019	362,676
Amortization	100,190	100,191	100,191
Administrative	21,700	20,665	17,875
Insurance	<u>20,000</u>	<u>20,022</u>	<u>22,677</u>
Total Expenses	<u>2,313,390</u>	<u>2,339,929</u>	<u>2,224,472</u>
<b>ANNUAL SURPLUS</b>	229,610	410,360	342,624
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>6,672,494</u>	<u>6,672,494</u>	<u>6,329,870</u>
<b>ACCUMULATED SURPLUS, END OF YEAR (NOTE 7)</b>	<u>6,902,104</u>	<u>7,082,854</u>	<u>6,672,494</u>

The accompanying notes are an integral part of these financial statements

# AYLMER AREA SECONDARY WATER SUPPLY SYSTEM

## Statement of Changes in Net Financial Assets For The Year Ended December 31, 2024

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	2024	2023
	<u>\$</u>	<u>\$</u>
<b>ANNUAL SURPLUS</b>	<b>410,360</b>	342,624
Acquisition of tangible capital assets	-	(23,159)
Amortization of tangible capital assets	<b>100,191</b>	100,191
Loss on disposal of investments	<b>11,163</b>	-
Change in accumulated remeasurement gains (losses)	<u><b>49,675</b></u>	<u>68,362</u>
<b>INCREASE IN NET FINANCIAL ASSETS</b>	<b>571,389</b>	488,018
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u><b>3,004,087</b></u>	<u>2,516,070</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u><b>3,575,476</b></u>	<u>3,004,087</u>

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The accompanying notes are an integral part of these financial statements

# AYLMER AREA SECONDARY WATER SUPPLY SYSTEM

## Statement of Remeasurement Gains and Losses For The Year Ended December 31, 2024

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	2024	2023
	<u>\$</u>	<u>\$</u>
<b>ACCUMULATED REMEASUREMENT GAINS (LOSSES), BEGINNING OF YEAR</b>	<u>(50,975)</u>	<u>(119,337)</u>
Unrealized gains (losses) attributable to investments	49,675	68,362
Amounts reclassified to statement of operations through realization of (gains) losses	<u>11,163</u>	<u>-</u>
<b>ACCUMULATED REMEASUREMENT GAINS (LOSSES), END OF YEAR</b>	<u><u>9,863</u></u>	<u><u>(50,975)</u></u>
Accumulated remeasurement gains (losses) is comprised of:		
Investments	<u><u>9,863</u></u>	<u><u>(50,975)</u></u>

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The accompanying notes are an integral part of these financial statements

# AYLMER AREA SECONDARY WATER SUPPLY SYSTEM

## Statement of Cash Flows For The Year Ended December 31, 2024

	2024 <u>\$</u>	2023 <u>\$</u>
<b>OPERATING ACTIVITIES</b>		
Annual surplus	410,360	342,624
Add (deduct) items not involving cash:		
Amortization of tangible capital assets	100,191	100,191
Realized loss on disposal of investments	<u>11,162</u>	<u>-</u>
	521,713	442,815
Change in non-cash items related to operations:		
Accounts receivable	126,451	192,779
Accounts payable and accrued liabilities	<u>32,060</u>	<u>3,799</u>
Net change in cash from operating activities	<u>680,224</u>	<u>639,393</u>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	<u>-</u>	<u>(23,160)</u>
<b>INVESTING ACTIVITIES</b>		
Proceeds on redemption of investments	200,000	-
Purchase of investments	<u>(1,154,949)</u>	<u>(1,157,038)</u>
	<u>(954,949)</u>	<u>(1,157,038)</u>
<b>NET CHANGE IN CASH DURING THE YEAR</b>	<b>(274,725)</b>	<b>(540,805)</b>
<b>CASH, BEGINNING OF YEAR</b>	<u>548,507</u>	<u>1,089,312</u>
<b>CASH, END OF YEAR</b>	<u>273,782</u>	<u>548,507</u>

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The accompanying notes are an integral part of these financial statements

## AYLMER AREA SECONDARY WATER SUPPLY SYSTEM

### Notes to the Financial Statements For The Year Ended December 31, 2024

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#### NATURE AND PURPOSE OF THE ORGANIZATION

Effective November 29, 2000, the Ministry of Environment issued a Transfer Order to transfer ownership and associated properties of the Aylmer Area Secondary Water Supply System from the Ontario Clean Water Agency to area municipalities. As part of the Transfer Order, a Joint Board of Management ("Joint Board") was established to govern the management of the System. The System was renamed the Aylmer Area Secondary Water Supply System ("Aylmer Area Water System"). The Joint Board consists of one representative of the municipal Councils of the Town of Aylmer, Township of Malahide and the Municipality of Central Elgin. The Township of Malahide is the administering municipality on behalf of the Municipalities and the Joint Board. The Joint Board has authority to manage on behalf of the Municipalities the System for the purpose of constructing, operating, repairing and improving the System.

#### 1. CHANGE IN ACCOUNTING POLICY

On January 1, 2023, the Aylmer Area Water System adopted accounting policies to conform to new standards issued under Canadian public sector accounting standards. The Aylmer Area Water System adopted the following standards which had the following impact:

- PS 3400 - Revenue - These standard may impact the timing of the revenue reported by the Municipality. There is no impact on the Aylmer Area Water System's financial reporting as a result of the adoption of this standard.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Aylmer Area Water System are prepared by management in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Aylmer Area Water System are as follows:

##### **Reporting Entity**

The financial statements include the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Municipality and which are 100% owned or controlled by the Aylmer Area Water System.

**AYLMER AREA SECONDARY WATER SUPPLY SYSTEM****Notes to the Financial Statements  
For The Year Ended December 31, 2024**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Basis of Accounting**

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the creation of a legal obligation to pay.

**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 revenues and expenses during the period. In addition, the Aylmer Area Water System's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets. These estimates and assumptions are based on the best information and judgment and may differ significantly from actual results.

**Government Transfers**

Government transfers are recognized in the financial statements as revenues in the financial period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met including performance and return requirements, and reasonable estimates of the amounts can be determined. Any amount received but restricted is recorded as deferred revenue in accordance with Section 3100 of the Public Sector Accounting Handbook and recognized as revenue in the period in which the resources are used for the purpose specified.

**Asset Retirement Obligations**

The Aylmer Area Water System may be exposed to obligations of remediation associated with their tangible capital assets. If a legal obligation exists of remediation for a tangible capital asset then the Aylmer Area Water System would be required to set up an estimated future cost and liability associated with these obligations. As at December 31, 2024 there were no tangible capital assets that Aylmer Area Water System has controlled, constructed, owned or used that would have a legal obligation of remediation.

**AYLMER AREA SECONDARY WATER SUPPLY SYSTEM****Notes to the Financial Statements  
For The Year Ended December 31, 2024**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Financial Instruments**

The Aylmer Area Water System's financial assets and liabilities are measured as follows:

- [i] Cash at fair value;
- [ii] Portfolio investments at fair value;
- [iii] Accounts receivable at amortized cost;
- [iv] Accounts payable and accrued liabilities at amortized cost;

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. When the restricted nature of a financial instrument and any related changes in fair value create a liability, unrealized gains and losses are recognized as deferred revenue.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

For financial instruments measure using amortized cost, the effective interest rate method is used to determine interest revenue or expenses. Transaction costs are a component of cost for financial instruments measured using cost or amortized costs. Transaction costs are expensed for financial instruments measured at fair value. Investment management fees are expensed as incurred. The purchase and sale of cash equivalents and portfolio investments are accounted for using trade-date accounting. The Aylmer Area Water System does not use foreign currency contracts or any other type of derivative financial instruments of trading or speculative purposes.

The Aylmer Area Water System's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Aylmer Area Water System is not exposed to significant interest, currency, or credit risk arising from these financial instruments.

## AYLMER AREA SECONDARY WATER SUPPLY SYSTEM

### Notes to the Financial Statements For The Year Ended December 31, 2024

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#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

##### i) 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 cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Building - structural	50 years
Building - mechanical	20 years
Mains	100 years
Hydrants	35 years

No amortization is charged in the year of acquisition and a full year of amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

##### ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

##### iii) Interest capitalization

The Aylmer Area Water System does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

##### v) Leased tangible capital assets

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.



## AYLMER AREA SECONDARY WATER SUPPLY SYSTEM

### Notes to the Financial Statements For The Year Ended December 31, 2024

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#### 3. INVESTMENTS

Investments are comprised of the following:

	2024		2023	
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
	Cost	Market	Cost	Market
One fund - bond and equity securities	1,736,760	1,746,622	2,301,804	2,250,829
One fund - high interest savings	<u>1,508,831</u>	<u>1,508,831</u>	<u>-</u>	<u>-</u>
	<u><u>3,245,591</u></u>	<u><u>3,255,453</u></u>	<u><u>2,301,804</u></u>	<u><u>2,250,829</u></u>

During the year the Aylmer Area Water System earned total income of \$254,949 (2023 - \$67,037) on its investments and reported unrealized gain (losses) of \$9,862 (2023 - \$68,362) on the schedule of remeasurement gains.

All of the above investments are valued as Level 1 investments. The investments are valued based on the degree to which the fair value is observable as follows:

- [i] Level 1 - Fair value measurements are those derived from quoted prices (in active markets);
- [ii] Level 2 - Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- [iii] Level 3 - Fair value measurements are those derived from valuation techniques that include inputs for the asset that are not based on observable data (unobservable inputs).

**AYLMER AREA SECONDARY WATER SUPPLY SYSTEM****Notes to the Financial Statements  
For The Year Ended December 31, 2024**

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**4. FINANCIAL INSTRUMENT RISKS**Risks and Concentrations

The Aylmer Area Water System is exposed to various risks through its financial instruments. The following analysis provides a measure of the Aylmer Area Water System's risk exposure and concentrations at the balance sheet date.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Aylmer Area Water System is mainly exposed to interest and price risk.

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Aylmer Area Water System is exposed to price risk through its investments in quoted One Fund investments. The following details the Aylmer Area Water System's portfolio sensitivity to a 1.0% increase or decrease in the market prices. At December 31, 2024, if market prices had a 1% increase or decrease with all other variables remaining the same the increase or decrease in accumulated remeasurement gains and losses on the investments for the year would have totalled \$32,700 (2023 - \$22,500).

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Aylmer Area Water System is exposed to interest rate risk on its fixed rate long-term debt. As the interest rates are fixed the Aylmer Area Water System doesn't believe that interest rate risk is a significant risk.

Liquidity Risk

Liquidity risk is the risk that a Aylmer Area Water System will encounter difficulty in meeting obligations associated with financial liabilities. The Aylmer Area Water System is exposed to this risk mainly in respect of its accounts payable, accrued liabilities. The Aylmer Area Water System doesn't believe that liquidity risk is a significant risk.

# AYLMER AREA SECONDARY WATER SUPPLY SYSTEM

## Notes to the Financial Statements For The Year Ended December 31, 2024

### 4. FINANCIAL INSTRUMENT RISKS (CONTINUED)

#### Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Aylmer Area Water System's main credit risks relate to its accounts receivable. The Aylmer Area Water System manages this risk by monitoring active receivable balances.

### 5. ACCOUNTS RECEIVABLE

	2024	2023
	\$	\$
Town of Aylmer	277,935	398,797
Township of Malahide	704	2,951
Municipality of Central Elgin	<u>3,914</u>	<u>7,256</u>
	<u><b>282,553</b></u>	<u><b>409,004</b></u>

### 6. TANGIBLE CAPITAL ASSETS

	Net Book Value	
	2024	2023
	\$	\$
<b>Infrastructure</b>		
Land	40,514	40,514
Building - Structural	208,274	216,408
Building - Mechanical	491,489	542,695
Mains	2,769,769	2,809,911
Hydrants	<u>7,194</u>	<u>7,903</u>
	<b>3,517,240</b>	<b>3,617,431</b>
Assets under construction	<u>-</u>	<u>-</u>
	<u><b>3,517,240</b></u>	<u><b>3,617,431</b></u>

For additional information, see the Schedule of Tangible Capital Assets (Schedule 1).

# AYLMER AREA SECONDARY WATER SUPPLY SYSTEM

## Notes to the Financial Statements For The Year Ended December 31, 2024

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### 7. ACCUMULATED SURPLUS

The accumulated surplus balance is comprised of the current fund, investment in tangible capital assets, and reserves.

	2024 <u>\$</u>	2023 <u>\$</u>
Investment in tangible capital assets	3,517,240	3,617,431
Reserves	<u>3,565,613</u>	<u>3,055,063</u>
	<u><u>7,082,853</u></u>	<u><u>6,672,494</u></u>

### RESERVES CONSIST OF THE FOLLOWING:

Working capital	99,495	99,495
Lifecycle replacement	<u>3,466,118</u>	<u>2,955,568</u>
Total reserves	<u><u>3,565,613</u></u>	<u><u>3,055,063</u></u>

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# AYLMER AREA SECONDARY WATER SUPPLY SYSTEM

## Notes to the Financial Statements For The Year Ended December 31, 2024

### 8. BUDGET FIGURES

The operating budget approved by the board of directors for 2024 is reflected on the statement of operations and accumulated surplus. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements. These adjustments include reserve transfers, capital expenditures and amortization.

	Approved Budget \$	Adjustments \$	PSAB Budget \$
<b>REVENUES</b>			
<b>Municipal contributions</b>			
Town of Aylmer	2,426,087	-	2,426,087
Township of Malahide	15,662	-	15,662
Municipality of Central Elgin	<u>44,251</u>	<u>-</u>	<u>44,251</u>
	2,486,000	-	2,486,000
Interest	<u>57,000</u>	<u>-</u>	<u>57,000</u>
Total Revenues	<u>2,543,000</u>	<u>-</u>	<u>2,543,000</u>
<b>EXPENSES</b>			
Water purchases	1,761,000	-	1,761,000
Operations and maintenance	410,500	-	410,500
Amortization	-	100,190	100,190
Administrative	21,700	-	21,700
Insurance	20,000	-	20,000
Reserve transfers	<u>329,800</u>	<u>(329,800)</u>	<u>-</u>
Total Expenses	<u>2,543,000</u>	<u>(229,610)</u>	<u>2,313,390</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>-</u>	<u>229,610</u>	<u>229,610</u>

## AYLMER AREA SECONDARY WATER SUPPLY SYSTEM

**Schedule of Tangible Capital Assets  
For The Year Ended December 31, 2024**

ASSET TYPE	Opening Historical Cost Balance Jan 1/2024	2024 Acquisitions	2024 Disposals	2024 Write-Offs	Ending Historical Cost Balance Dec 31/2024	Opening Accumulated Amortization Balance Jan 1/2024	2024 Disposals	2024 Amortization	2024 Write-Offs	Ending Accumulated Amortization Balance Dec 31/2024	Ending Net Book Value Dec 31/2024
<b><u>Infrastructure Related</u></b>											
Land	40,514	-	-	-	40,514	-	-	-	-	-	<b>40,514</b>
Buildings -Structural	835,378	-	-	-	835,378	618,970	-	8,134	-	627,104	<b>208,274</b>
Building - Mechanical	1,434,441	-	-	-	1,434,441	891,746	-	51,206	-	942,952	<b>491,489</b>
Mains	4,014,162	-	-	-	4,014,162	1,204,251	-	40,142	-	1,244,393	<b>2,769,769</b>
Hydrants	24,761	-	-	-	24,761	16,858	-	709	-	17,567	<b>7,194</b>
<b>Total Capital Assets Sub-Total</b>	<b><u>6,349,256</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>6,349,256</u></b>	<b><u>2,731,825</u></b>	<b><u>-</u></b>	<b><u>100,191</u></b>	<b><u>-</u></b>	<b><u>2,832,016</u></b>	<b><u>3,517,240</u></b>
Work In Progress	-	-	-	-	-	-	-	-	-	-	-
<b>Total Tangible Capital Assets</b>	<b><u>6,349,256</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>6,349,256</u></b>	<b><u>2,731,825</u></b>	<b><u>-</u></b>	<b><u>100,191</u></b>	<b><u>-</u></b>	<b><u>2,832,016</u></b>	<b><u>3,517,240</u></b>

ASSET TYPE	Opening Historical Cost Balance Jan 1/2023	2023 Acquisitions	2023 Disposals	2023 Write-Offs	Ending Historical Cost Balance Dec 31/2023	Opening Accumulated Amortization Balance Jan 1/2023	2023 Disposals	2023 Amortization	2023 Write-Offs	Ending Accumulated Amortization Balance Dec 31/2023	Ending Net Book Value Dec 31/2023
<b><u>Infrastructure Related</u></b>											
Land	40,514	-	-	-	40,514	-	-	-	-	-	<b>40,514</b>
Buildings -Structural	835,378	-	-	-	835,378	610,836	-	8,134	-	618,970	<b>216,408</b>
Building - Mechanical	1,411,281	23,160	-	-	1,434,441	840,540	-	51,206	-	891,746	<b>542,695</b>
Mains	4,014,162	-	-	-	4,014,162	1,164,109	-	40,142	-	1,204,251	<b>2,809,911</b>
Hydrants	24,761	-	-	-	24,761	16,149	-	709	-	16,858	<b>7,903</b>
<b>Total Capital Assets Sub-Total</b>	<b><u>6,326,096</u></b>	<b><u>23,160</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>6,349,256</u></b>	<b><u>2,631,634</u></b>	<b><u>-</u></b>	<b><u>100,191</u></b>	<b><u>-</u></b>	<b><u>2,731,825</u></b>	<b><u>3,617,431</u></b>
Work In Progress	-	-	-	-	-	-	-	-	-	-	-
<b>Total Tangible Capital Assets</b>	<b><u>6,326,096</u></b>	<b><u>23,160</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>6,349,256</u></b>	<b><u>2,631,634</u></b>	<b><u>-</u></b>	<b><u>100,191</u></b>	<b><u>-</u></b>	<b><u>2,731,825</u></b>	<b><u>3,617,431</u></b>



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June 18, 2025

Aylmer Area Water System  
 87 John Street South  
 Aylmer, Ontario, N5H 2C3

Dear Joint Board of Management:

### **Re: Audit Findings**

This letter has been prepared to assist you with your review of the financial statements of Aylmer Area Water System for the year ending December 31, 2024. We look forward to meeting with you and discussing the matters outlined below.

### **Significant Matters Arising**

#### ***Changes to Audit Plan***

There were no changes to the audit plan (as previously presented to you).

#### ***Other Matters***

We have not identified any other significant matters that we wish to bring to your attention at this time.

### **Significant Difficulties Encountered**

There were no significant difficulties encountered during our audit.

### **Comments on Accounting Practices**

#### ***Accounting Policies***

The significant accounting policies used by the entity are outlined in Note 1 to the financial statements.

- There were no significant changes in accounting policies.
- We did not identify any alternative accounting policies that would have been more appropriate in the circumstances.
- We did not identify any significant accounting policies in controversial or emerging areas.

#### ***Significant Accounting Estimates***

There were no significant estimates/judgements contained in the financial statements.

### ***Significant Financial Statement Disclosures***

We did not identify any financial statement disclosures that are particularly significant, sensitive or require significant judgments, that we believe should be specifically drawn to your attention.

### **Uncorrected Misstatements**

We accumulated no significant uncorrected misstatements during our audit.

### **Significant Deficiencies in Internal Control**

A deficiency in internal control exists when a control is designed, implemented or operated in such a way that it is unable to prevent, or detect and correct, misstatements in the financial statements on a timely basis, or when a control necessary to prevent, or detect and correct, misstatements in the financial statements on a timely basis is missing.

A significant deficiency in internal control is defined as a deficiency or combination of deficiencies in internal control that, in the auditor's professional judgment, is of sufficient importance to merit the attention of those charged with governance.

To identify and assess the risks of material misstatement in the financial statements, we are required to obtain an understanding of internal control relevant to the audit. This understanding is used for the limited purpose of designing appropriate audit procedures. It is not used for the purpose of expressing an opinion on the effectiveness of internal control and, as a result, we do not express any such opinion. The limited purpose also means that there can be no assurance that all significant deficiencies in internal control, or any other control deficiencies, will be identified during our audit.

We did not identify any control deficiencies that, in our judgment, would be considered significant deficiencies.

### **Written Representations**

In a separate communication, as attached, we have requested a number of written representations from management in respect to their responsibility for the preparation of the financial statements in accordance with Canadian public sector accounting standards.

### **Other Audit Matters of Governance Interest**

We did not identify any other matters to bring to your attention at this time.

We would like to thank management and staff for the assistance they provided to us during the audit.

We hope the information in this audit findings letter will be useful. We would be pleased to discuss them with you and respond to any questions you may have.

This letter was prepared for the sole use of those charged with governance of Aylmer Area Water System to carry out and discharge their responsibilities. The content should not be disclosed to any third party without our prior written consent, and we assume no responsibility to any other person.

Sincerely,

**GRAHAM SCOTT ENNS** LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Robert Foster CPA, CA  
Partner



**Acknowledgement of Joint Board of Management:**

We have read and reviewed the above disclosures and understand and agree with the comments therein:

Per: Aylmer Area Water System

Signed: \_\_\_\_\_

Print Name: \_\_\_\_\_



**REPORT NO. PBASWSS-25-06**

**TO:** Port Burwell Area Secondary Water Supply System- Joint Board of Management

**DEPARTMENT:** Corporate Services

**MEETING DATE:** June 18, 2025

**SUBJECT:** **2024 Draft Financial Statements & Year End Report**

---

**RECOMMENDATION:**

THAT the 2024 Audited Financial Statements be received;

AND THAT the Chair be authorized to sign all required audit-related correspondence from Graham, Scott, Enns LLP on behalf of the PBASWSS Board;

AND THAT the Port Burwell Area Secondary Water Supply System 2024 surplus be transferred to the Capital Replacement Reserve.

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**PURPOSE & BACKGROUND:**

The Port Burwell Area Secondary Water Supply System (PBASWSS) receives a financial audit each year to comply with its legislative requirements. PBASWSS' auditor in 2024 was Graham Scott Enns LLP who has provided the following attached documents for information:

Document	Purpose
Draft Financial Statements	To provide the audited financial figures for the year.
Audit Findings Letter	To provide a qualitative report to the board on the outcome of the audit and to inform of any difficulties experienced during the audit.

**Summary of Audit Findings:**

Graham Scott Enns LLP's full audit findings letter is attached to this report. To briefly summarize its contents:

- No significant matters are required to be brought to the board's attention
- No significant difficulties were encountered during the audit
- No significant uncorrected misstatements
- No significant deficiencies in internal controls

## Interpretation of Financial Statements:

As required by Public Sector Accounting Standards, the PBASWSS' financial statements are presented in five separate sections along with additional explanatory notes. An explanation for each section has been provided below to assist board members in reading this year's financial statements.

1. **Statement of Financial Position / Balance Sheet** – summarizes the financial position of the Board at the end of the year.
2. **Statement of Operations and Accumulated Surplus / Income Statement** – explains the change in overall financial position during the year.
3. **Statement of Changes in Net Assets** – details the change between the current prior period for net asset balances.
4. **Statement of Remeasurement Gain & Losses** – explains the change in the overall financial position of the entity during the accounting period due to remeasurement related to unrealized gains and losses on specific financial assets and liabilities.
5. **Statement of Cash Flows** – reconciles the change in cash and cash equivalents from the prior year and provides information on the entity's ability to generate cash to meet its cash requirements.

## Annual Financial Highlights:

### 2024 Financial Performance

Summary of Budget Surplus/(Deficit)	2023	2024
Water Volume	24,537	(\$41,917)
Investment Income	122,714	114,998
System Repairs	(40,373)	(366)
Other	9,190	2,146
<b>Total</b>	<b>\$116,068</b>	<b>\$75,251</b>

A budget surplus of \$75,251 was generated during the year. The system recorded a net deficit of \$41,917 in water sales, representing the shortfall between water purchased from the primary water system and water sold to partner municipalities. While total water volumes purchased aligned with budget expectations, actual sales revenue fell below projections due to a change in how water losses were accounted for. In prior years, water losses were included in billings to municipal partners; however, beginning in 2024, the board revised its approach by issuing a credit for water losses on each municipality's final billing statement. This change directly reduced overall revenue, resulting in the reported deficit.

The Secondary Board's investments earned \$164,998, \$16,674 from its operating

account and investment portfolio earnings of \$148,324 during the year, exceeding budgeted expectations. In addition, unrealized gains, reflecting the increase in value had the investments been liquidated at year-end, further enhanced the AASWSS investment portfolio by \$45,615 to a combined investment market value increase of \$193,939.

Other net operating expenses, including wages, booster station operations, and administrative costs, were below budget by \$2,146.

#### Reconciliation of Budget Surplus to Financial Statements

Public Sector Accounting Standards require the exclusion of budgeted transfers to reserves and the inclusion of amortization, the estimated degradation of infrastructure, as part of the Board's annual surplus calculation. This conversion translates to a \$339,411 surplus as presented in the 2024 audited financial statements.

<b>2024 Surplus Reconciliation</b>	
Budget Surplus	75,251
Add: Net Contribution to Reserves	413,778
Less: Amortization	(149,618)
<b>Financial Statement Surplus</b>	<b>339,411</b>

PBASWSS's 2024 surplus is recommended to be transferred to reserves which can be utilized to fund future capital projects as approved by the Board. A surplus of this magnitude was not included in the secondary system's long-term reserves forecast and therefore will have a downward pressure on future rate recommendations.

#### Investment Portfolio

The Port Burwell Area Secondary Water Supply System (PBASWSS) intends to fund the future replacement of its transmission main by gradually building reserves over time. This approach enables the system to plan for its capital requirements without causing significant fluctuations in water rates in any given year and helps to minimize reliance on debt. While the reserve funds are not immediately needed, they are invested to generate income, thereby offsetting costs that would otherwise be passed on to the partnering municipalities.

The PBASWSS established a relationship with ONE Investment in 2015 for the purpose of managing the secondary system's investment portfolio and supplying investment advice to its administrators.

Investment income and unrealized gains increased the value of the PBASWSS investment portfolio by \$193,939 in 2024, representing an approximate rate of return of 7.88%. Over the same period, non-residential construction prices in Ontario, as measured by the Non-residential Construction Price Index, rose by 3.8%.

Investment Type	2023 Market Values	Deposits & (Draws)	Earnings & (Losses)	2024 Market Values
Cash Equivalents	250,000	575,000	28,070	853,070
Government Bonds	670,092	0	32,519	702,611
Corporate Bonds	681,540	(100,000)	24,875	606,414
Equity Funds	515,465	20,000	108,476	643,941
<b>Total</b>	<b>2,117,097</b>	<b>495,000</b>	<b>193,939</b>	<b>2,806,036</b>

### Reserve Continuity

At the end of 2024, PBASWSS' reserves total \$3,154,007, inclusive of the 2024 surplus, which can be used to fund unforeseen events or future infrastructure projects at the Board's discretion.

Statement of Reserves	
January 1, 2024 Opening Balance	2,695,281
Net Transfers	458,726
<b>December 31, 2024 Closing Balance</b>	<b>3,154,007</b>

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### ATTACHMENTS:

1. Schedule A) 2024 Budget Variances
2. Schedule B) 2024 Draft Financial Statements
3. Schedule C) Audit Findings Letter

**Prepared by:** A. Boylan, Director of Corporate Services/Treasurer

**Approved by:** N. Dias, Chief Administrative Officer

## Schedule A) 2024 Budget Variances

	Budget	2023 Actual	Variance	Budget	2024 Actual	Variance
<b><u>Expenses</u></b>						
Purchase of Water	\$249,642	\$255,529	\$5,887	\$270,000	\$275,600	\$5,600
OCWA Contract	\$108,581	\$155,533	\$46,952	\$119,400	\$130,448	\$11,048
System Repairs & Maintenance	\$62,392	\$55,814	-\$6,578	\$62,500	\$51,818	-\$10,682
Booster Station	\$13,655	\$10,694	-\$2,961	\$11,500	\$11,073	-\$427
Wages	\$42,413	\$43,249	\$836	\$44,300	\$44,391	\$91
SCADA	\$29,000	\$25,956	-\$3,044	\$26,300	\$26,372	\$72
Audit Fees	\$6,500	\$3,714	-\$2,786	\$6,800	\$5,118	-\$1,682
Studies & Reports	\$1,500	\$1,777	\$277	\$20,000	\$20,352	\$352
Miscellaneous	\$200	\$465	\$265	\$200	\$0	-\$200
<b>Total Expenses</b>	<b>\$513,883</b>	<b>\$552,730</b>	<b>\$38,847</b>	<b>\$561,000</b>	<b>\$565,172</b>	<b>\$4,172</b>
<b>Capital Costs</b>	<b>\$64,500</b>	<b>\$49,616</b>	<b>-\$14,884</b>	<b>\$11,800</b>	<b>\$11,880</b>	<b>\$80</b>
<b><u>Revenue</u></b>						
Water Billings	\$843,495	\$873,919	\$30,424	\$937,000	\$901,083	-\$35,917
Investment Income	\$5,000	\$127,714	\$122,714	\$50,000	\$164,988	\$114,988
Other Revenues	\$0	\$3,277	\$3,277	\$0	\$0	\$0
<b>Total Revenue</b>	<b>\$848,495</b>	<b>\$1,004,910</b>	<b>\$156,415</b>	<b>\$987,000</b>	<b>\$1,066,071</b>	<b>\$79,071</b>
<b><u>Reserve Transfers</u></b>						
Contributions to Reserves	\$336,112	\$336,112	\$0	\$446,000	\$446,000	\$0
Less: Capital Costs	-\$66,000	-\$49,616	\$16,384	-\$31,800	-\$32,232	-\$432
<b>Net Reserve Transfer</b>	<b>\$270,112</b>	<b>\$402,564</b>	<b>\$16,384</b>	<b>\$414,200</b>	<b>\$413,768</b>	<b>-\$432</b>
<b>Surplus/(Deficit)</b>	<b>\$0</b>	<b>\$116,068</b>	<b>\$116,068</b>	<b>\$0</b>	<b>\$75,251</b>	<b>\$75,251</b>

**PORT BURWELL AREA SECONDARY  
WATER SUPPLY SYSTEM**

**Financial Statements**

**December 31, 2024**

**DRAFT**

# **PORT BURWELL AREA SECONDARY WATER SUPPLY SYSTEM**

## **Financial Statements**

**For The Year Ended December 31, 2024**

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**GRAHAM SCOTT ENNS** LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

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## **INDEPENDENT AUDITORS' REPORT**

To the Joint Board of Management of **Port Burwell Area Secondary Water Supply System**:

### **Opinion**

We have audited the financial statements of **Port Burwell Area Secondary Water Supply System**, which comprise the statement of financial position as at December 31, 2024, and the statement of operations and accumulated surplus, statement of changes in net financial assets, statement of remeasurement of gains and losses, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the Port Burwell Water System's financial statements present fairly, in all material respects, the financial position of the Port Burwell Water System as at December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **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 report. We are independent of the Port Burwell Water System 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, 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 Port Burwell Water System'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 Port Burwell Water System or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Port Burwell Water System'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 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.



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### **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

#### **Auditors' Responsibilities for the Audit of the Financial Statements (Continued)**

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 Port Burwell Water System'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 Port Burwell Water System'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 Port Burwell Water System 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.

St. Thomas, Ontario

June 18, 2025

*Graham Scott Enns LLP*  
CHARTERED PROFESSIONAL ACCOUNTANTS  
Licensed Public Accountants

# PORT BURWELL AREA SECONDARY WATER SUPPLY SYSTEM

## Statement of Financial Position As At December 31, 2024

	2024	2023
	<u>\$</u>	<u>\$</u>
<b><u>ASSETS</u></b>		
<b>FINANCIAL ASSETS</b>		
Cash	315,670	473,585
Investments (Note 3)	2,806,036	2,117,097
Accounts receivable (Note 5)	<u>134,084</u>	<u>123,826</u>
	3,255,790	2,714,508
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	<u>78,223</u>	<u>46,554</u>
<b>NET FINANCIAL ASSETS</b>	3,177,567	2,667,954
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 6, page 17)	<u>3,326,778</u>	<u>3,446,093</u>
<b>TOTAL NET ASSETS</b>	<u><u>6,504,345</u></u>	<u><u>6,114,047</u></u>
<b>ACCUMULATED SURPLUS (NOTE 7)</b>	6,480,785	6,141,374
<b>ACCUMULATED REMEASUREMENT GAINS (LOSSES)</b>	<u>23,560</u>	<u>(27,327)</u>
	<u><u>6,504,345</u></u>	<u><u>6,114,047</u></u>

The accompanying notes are an integral part of these financial statements

# PORT BURWELL AREA SECONDARY WATER SUPPLY SYSTEM

## Statement of Operations and Accumulated Surplus For The Year Ended December 31, 2024

	Budget (Note 8) \$	2024 Actual \$	2023 Actual \$
<b>REVENUES</b>			
<b>Municipal contributions</b>			
Municipality of Bayham	573,444	545,998	543,573
Township of Malahide	327,013	322,342	297,221
Municipality of Central Elgin	<u>36,543</u>	<u>32,743</u>	<u>33,125</u>
	937,000	901,083	873,919
Interest	50,000	164,998	127,714
Other	<u>-</u>	<u>-</u>	<u>3,277</u>
Total Revenues	<u>987,000</u>	<u>1,066,081</u>	<u>1,004,910</u>
<b>EXPENSES</b>			
Water purchases	270,000	275,600	255,529
Operations and maintenance	255,200	250,807	242,301
Amortization	149,618	149,619	149,023
Insurance	23,000	27,927	33,482
Administrative	<u>24,600</u>	<u>22,717</u>	<u>21,419</u>
Total Expenses	<u>722,418</u>	<u>726,670</u>	<u>701,754</u>
<b>ANNUAL SURPLUS</b>	264,582	339,411	303,156
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>6,141,374</u>	<u>6,141,374</u>	<u>5,838,218</u>
<b>ACCUMULATED SURPLUS, END OF YEAR (NOTE 7)</b>	<u>6,405,956</u>	<u>6,480,785</u>	<u>6,141,374</u>

The accompanying notes are an integral part of these financial statements

# PORT BURWELL AREA SECONDARY WATER SUPPLY SYSTEM

## Statement of Changes in Net Financial Assets For The Year Ended December 31, 2024

---

	2024	2023
	<u>\$</u>	<u>\$</u>
<b>ANNUAL SURPLUS</b>	<b>339,411</b>	303,156
Acquisition of tangible capital assets	<b>(30,303)</b>	(49,615)
Amortization of tangible capital assets	<b>149,618</b>	149,023
Realized loss on disposal of investments	<b>5,272</b>	-
Change in accumulated remeasurement gains (losses)	<u><b>45,615</b></u>	<u>17,367</u>
<b>INCREASE IN NET FINANCIAL ASSETS</b>	<b>509,613</b>	419,931
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u><b>2,667,954</b></u>	<u>2,248,023</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u><b>3,177,567</b></u>	<u>2,667,954</u>

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The accompanying notes are an integral part of these financial statements

# PORT BURWELL AREA SECONDARY WATER SUPPLY SYSTEM

## Statement of Remeasurement Gains and Losses For The Year Ended December 31, 2024

---

	2024 <u>\$</u>	2023 <u>\$</u>
<b>ACCUMULATED REMEASUREMENT GAINS (LOSSES), BEGINNING OF YEAR</b>	<b>(27,327)</b>	<b>(44,694)</b>
Unrealized gains (losses) attributable to investments	<b>45,615</b>	17,367
Amounts reclassified to statement of operations through realization of (gains) losses	<u>5,272</u>	<u>-</u>
Change in accumulated remeasurement gains	<u>50,887</u>	<u>17,367</u>
<b>ACCUMULATED REMEASUREMENT GAINS (LOSSES), END OF YEAR</b>	<b><u>23,560</u></b>	<b><u>(27,327)</u></b>
Accumulated remeasurement gains (loss) is comprised of: Investments	<u>23,560</u>	<u>(27,327)</u>

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The accompanying notes are an integral part of these financial statements

# PORT BURWELL AREA SECONDARY WATER SUPPLY SYSTEM

## Statement of Cash Flows For The Year Ended December 31, 2024

	2024 <u>\$</u>	2023 <u>\$</u>
<b>OPERATING ACTIVITIES</b>		
Annual surplus	339,411	303,156
Add (deduct) items not involving cash:		
Amortization of tangible capital assets	149,618	149,023
Loss on disposal of investments	<u>5,272</u>	<u>-</u>
	494,301	452,179
Change in non-cash items related to operations:		
Accounts receivable	(10,258)	(19,457)
Accounts payable and accrued liabilities	<u>31,669</u>	<u>(31,320)</u>
	<u>515,712</u>	<u>401,402</u>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	<u>(30,303)</u>	<u>(49,615)</u>
<b>INVESTING ACTIVITIES</b>		
Proceeds on redemption of investments	100,000	-
Purchase of investments	<u>(743,324)</u>	<u>(1,639,774)</u>
	<u>(643,324)</u>	<u>(1,639,774)</u>
<b>NET CHANGE IN CASH DURING THE YEAR</b>	(157,915)	(1,287,987)
<b>CASH, BEGINNING OF YEAR</b>	<u>473,585</u>	<u>1,761,572</u>
<b>CASH, END OF YEAR</b>	<u><u>315,670</u></u>	<u><u>473,585</u></u>

The accompanying notes are an integral part of these financial statements

# PORT BURWELL AREA SECONDARY WATER SUPPLY SYSTEM

## Notes to the Financial Statements For The Year Ended December 31, 2024

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### NATURE AND PURPOSE OF THE ORGANIZATION

Effective November 29, 2000, the Ministry of Environment issued a Transfer Order to transfer ownership and associated properties of the Port Burwell Area Secondary Water Supply System from the Ontario Clean Water Agency to area municipalities. As part of the Transfer Order, a Joint Board of Management ("Joint Board") was established to govern the management of the System. The System was renamed the Port Burwell Area Secondary Water Supply System ("Port Burwell Water System"). The Joint Board consists of one representative of the municipal Councils of the Municipality of Bayham, Township of Malahide and the Municipality of Central Elgin. The Township of Malahide is the administering municipality on behalf of the Municipalities and the Joint Board. The Joint Board has authority to manage on behalf of the Municipalities the System for the purpose of constructing, operating, repairing and improving the System.

### 1. CHANGE IN ACCOUNTING POLICIES

On January 1, 2024 Port Burwell Water System adopted accounting policies to conform to new standards issued under Canadian public sector accounting standards. The Port Burwell Water System adopted the following standards which had the following impact:

- PS 3400 - Revenue - These standard may impact the timing of the revenue reported by the Municipality. There is no impact on the Port Burwell Water System's financial reporting as a result of the adoption of this standard.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Port Burwell Water System are prepared by management in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Port Burwell Water System are as follows:

#### Reporting Entity

The financial statements include the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Municipality and which are 100% owned or controlled by the Port Burwell Water System.



# PORT BURWELL AREA SECONDARY WATER SUPPLY SYSTEM

## Notes to the Financial Statements For The Year Ended December 31, 2024

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the creation of a legal obligation to pay.

#### 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 revenues and expenses during the period. In addition, the Port Burwell Water System's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets. These estimates and assumptions are based on the best information and judgment and may differ significantly from actual results.

#### Government Transfers

Government transfers are recognized in the financial statements as revenues in the financial period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met including performance and return requirements, and reasonable estimates of the amounts can be determined. Any amount received but restricted is recorded as deferred revenue in accordance with Section 3100 of the Public Sector Accounting Handbook and recognized as revenue in the period in which the resources are used for the purpose specified.

#### Asset Retirement Obligations

The Port Burwell Water System may be exposed to obligations of remediation associated with their tangible capital assets. If a legal obligation exists of remediation for a tangible capital asset then the Port Burwell Water System would be required to set up an estimated future cost and liability associated with these obligations. As at December 31, 2024 there were no tangible capital assets that Port Burwell Water System has controlled, constructed, owned or used that would have a legal obligation of remediation.

**PORT BURWELL AREA SECONDARY WATER SUPPLY SYSTEM****Notes to the Financial Statements  
For The Year Ended December 31, 2024**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Financial Instruments**

The Port Burwell Water System's financial assets and liabilities are measured as follows:

- [i] Cash at fair value;
- [ii] Portfolio investments at fair value;
- [iii] Accounts receivable at amortized cost;
- [iv] Accounts payable and accrued liabilities at amortized cost;

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. When the restricted nature of a financial instrument and any related changes in fair value create a liability, unrealized gains and losses are recognized as deferred revenue.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

For financial instruments measure using amortized cost, the effective interest rate method is used to determine interest revenue or expenses. Transaction costs are a component of cost for financial instruments measured using cost or amortized costs. Transaction costs are expensed for financial instruments measured at fair value. Investment management fees are expensed as incurred. The purchase and sale of cash equivalents and portfolio investments are accounted for using trade-date accounting. The Port Burwell Water System does not use foreign currency contracts or any other type of derivative financial instruments of trading or speculative purposes.

The Port Burwell Water System's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Port Burwell Water System is not exposed to significant interest, currency, or credit risk arising from these financial instruments.

# PORT BURWELL AREA SECONDARY WATER SUPPLY SYSTEM

## Notes to the Financial Statements For The Year Ended December 31, 2024

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

##### i) 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 cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Building -structural	50 years
Building - mechanical	20 years
Mains	75 to 100 years
Land improvements	20 years

No amortization is charged in the year of acquisition and a full year of amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

##### ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

##### iii) Interest capitalization

The Port Burwell Water System does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

##### v) Leased tangible capital assets

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

# PORT BURWELL AREA SECONDARY WATER SUPPLY SYSTEM

## Notes to the Financial Statements For The Year Ended December 31, 2024

### 3. INVESTMENTS

Investments are comprised of the following:

	2024		2023	
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
	Cost	Market	Cost	Market
One fund - bond and equity securities	<b>1,929,406</b>	<b>1,952,966</b>	1,894,424	1,867,097
One fund - high interest savings	<b><u>853,070</u></b>	<b><u>853,070</u></b>	<u>250,000</u>	<u>250,000</u>
	<b><u>2,782,476</u></b>	<b><u>2,806,036</u></b>	<b><u>2,144,424</u></b>	<b><u>2,117,097</u></b>

During the year the Port Burwell Water System earned total income of \$148,324 (2023 - \$39,774) on its investments and reported unrealized gains (losses) of \$23,560 (2023 - \$17,367) on the schedule of remeasurement gains and losses.

All of the above investments are valued as Level 1 investments. The investments are valued based on the degree to which the fair value is observable, as follows:

- [i] Level 1 - Fair value measurements are those derived from quoted prices (in active markets);
- [ii] Level 2 - Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- [iii] Level 3 - Fair value measurements are those derived from valuation techniques that include inputs for the asset that are not based on observable data (unobservable inputs).

**PORT BURWELL AREA SECONDARY WATER SUPPLY SYSTEM****Notes to the Financial Statements  
For The Year Ended December 31, 2024**

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**4. FINANCIAL INSTRUMENT RISKS**Risks and Concentrations

The Port Burwell Water System is exposed to various risks through its financial instruments. The following analysis provides a measure of the Port Burwell Water System's risk exposure and concentrations at the balance sheet date.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Port Burwell Water System is mainly exposed to interest and price risk.

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Port Burwell Water System is exposed to price risk through its investments in quoted One Fund investments. The following details the Port Burwell Water System's portfolio sensitivity to a 1.0% increase or decrease in the market prices. At December 31, 2024, if market prices had a 1% increase or decrease with all other variables remaining the same the increase or decrease in accumulated remeasurement gains and losses on the investments for the year would have totaled \$28,000 (2023 - \$21,000).

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Port Burwell Water System is exposed to interest rate risk on its fixed rate long-term debt. The Port Burwell Water System doesn't believe that interest rate risk is a significant risk.

Liquidity Risk

Liquidity risk is the risk that a Port Burwell Water System will encounter difficulty in meeting obligations associated with financial liabilities. The Port Burwell Water System is exposed to this risk mainly in respect of its accounts payable, accrued liabilities. The Port Burwell Water System doesn't believe that liquidity risk is a significant risk.

# PORT BURWELL AREA SECONDARY WATER SUPPLY SYSTEM

## Notes to the Financial Statements For The Year Ended December 31, 2024

### 4. FINANCIAL INSTRUMENT RISKS (CONTINUED)

#### Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Port Burwell Water System's main credit risks relate to its accounts receivable. The Port Burwell Water System manages this risk by monitoring active receivable balances.

### 5. ACCOUNTS RECEIVABLE

	2024	2023
	\$	\$
Municipality of Bayham	96,191	69,541
Township of Malahide	37,032	50,609
Municipality of Central Elgin	<u>861</u>	<u>3,676</u>
	<u><u>134,084</u></u>	<u><u>123,826</u></u>

### 6. TANGIBLE CAPITAL ASSETS

	Net Book Value	
	2024	2023
	\$	\$
<b>Infrastructure</b>		
Land	5,932	5,932
Land improvements	3,305	3,718
Building - Structural	540,223	598,887
Building - Mechanical	406,374	451,483
Mains	<u>2,370,944</u>	<u>2,386,073</u>
	<u><u>3,326,778</u></u>	<u><u>3,446,093</u></u>

For additional information, see the Schedule of Tangible Capital Assets (Schedule 1).

# PORT BURWELL AREA SECONDARY WATER SUPPLY SYSTEM

## Notes to the Financial Statements For The Year Ended December 31, 2024

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### 7. ACCUMULATED SURPLUS

The accumulated surplus balance is comprised of investment in tangible capital assets and balances in reserves.

	2024 <u>\$</u>	2023 <u>\$</u>
Investment in tangible capital assets	3,326,778	3,446,093
Reserves	<u>3,154,007</u>	<u>2,695,281</u>
	<u><u>6,480,785</u></u>	<u><u>6,141,374</u></u>

### RESERVES CONSIST OF THE FOLLOWING BALANCES:

Working capital purposes	50,605	50,605
Lifecycle replacement	3,089,068	2,630,342
Rate stabilization purposes	<u>14,334</u>	<u>14,334</u>
Total reserves	<u><u>3,154,007</u></u>	<u><u>2,695,281</u></u>

# PORT BURWELL AREA SECONDARY WATER SUPPLY SYSTEM

## Notes to the Financial Statements For The Year Ended December 31, 2024

### 8. BUDGET FIGURES

The operating budget approved by the board of directors for 2024 is reflected on the statement of operations and accumulated surplus. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements. These adjustments include reserve transfers, capital expenditures and amortization.

	Approved Budget \$	Adjustments \$	PSAB Budget \$
<b>REVENUES</b>			
<b>Municipal contributions</b>			
Municipality of Bayham	573,444	-	573,444
Township of Malahide	327,013	-	327,013
Municipality of Central Elgin	<u>36,543</u>	<u>-</u>	<u>36,543</u>
	937,000	-	937,000
Interest	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total Revenues	<u>987,000</u>	<u>-</u>	<u>987,000</u>
<b>EXPENSES</b>			
Water purchases	270,000	-	270,000
Operations and maintenance	255,200	-	255,200
Amortization	-	149,618	149,618
Administrative	24,600	-	24,600
Insurance	23,000	-	23,000
Reserve transfers	<u>414,200</u>	<u>(414,200)</u>	<u>-</u>
Total Expenses	<u>987,000</u>	<u>(264,582)</u>	<u>722,418</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>-</u>	<u>264,582</u>	<u>264,582</u>



## PORT BURWELL AREA SECONDARY WATER SUPPLY SYSTEM

**Schedule of Tangible Capital Assets**  
**For The Year Ended December 31, 2024**

ASSET TYPE	Opening Historical Cost Balance Jan 1/2024	2024 Acquisitions	2024 Disposals	2024 Adjustments	Ending Historical Cost Balance Dec 31/2024	Opening Accumulated Amortization Balance Jan 1/2024	2024 Disposals	2024 Amortization	2024 Adjustments	Ending Accumulated Amortization Balance Dec 31/2024	Ending Net Book Value Dec 31/2024
<b>Infrastructure Related</b>											
Land	5,932	-	-	-	5,932	-	-	-	-	-	5,932
Land improvements	8,261	-	-	-	8,261	4,543	-	413	-	4,956	3,305
Buildings -Structural	1,271,784	-	-	-	1,271,784	672,897	-	58,664	-	731,561	540,223
Building - Mechanical	1,156,752	-	-	-	1,156,752	705,269	-	45,109	-	750,378	406,374
Mains	3,927,345	30,303	-	-	3,957,648	1,541,272	-	45,432	-	1,586,704	2,370,944
<b>Total Capital Assets Sub-Total</b>	<b>6,370,074</b>	<b>30,303</b>	<b>-</b>	<b>-</b>	<b>6,400,377</b>	<b>2,923,981</b>	<b>-</b>	<b>149,618</b>	<b>-</b>	<b>3,073,599</b>	<b>3,326,778</b>
Work In Progress	-	-	-	-	-	-	-	-	-	-	-
<b>Total Tangible Capital Assets</b>	<b>6,370,074</b>	<b>30,303</b>	<b>-</b>	<b>-</b>	<b>6,400,377</b>	<b>2,923,981</b>	<b>-</b>	<b>149,618</b>	<b>-</b>	<b>3,073,599</b>	<b>3,326,778</b>

ASSET TYPE	Opening Historical Cost Balance Jan 1/2023	2023 Acquisitions	2023 Disposals	2023 Adjustments	Ending Historical Cost Balance Dec 31/2023	Opening Accumulated Amortization Balance Jan 1/2023	2023 Disposals	2023 Amortization	2023 Adjustments	Ending Accumulated Amortization Balance Dec 31/2023	Ending Net Book Value Dec 31/2023
<b>Infrastructure Related</b>											
Land	5,932	-	-	-	5,932	-	-	-	-	-	5,932
Land improvements	8,261	-	-	-	8,261	4,130	-	413	-	4,543	3,718
Buildings -Structural	1,271,784	-	-	-	1,271,784	614,223	-	58,674	-	672,897	598,887
Building - Mechanical	1,107,137	49,615	-	-	1,156,752	660,160	-	45,109	-	705,269	451,483
Mains	3,927,345	-	-	-	3,927,345	1,496,445	-	44,827	-	1,541,272	2,386,073
<b>Total Capital Assets Sub-Total</b>	<b>6,320,459</b>	<b>49,615</b>	<b>-</b>	<b>-</b>	<b>6,370,074</b>	<b>2,774,958</b>	<b>-</b>	<b>149,023</b>	<b>-</b>	<b>2,923,981</b>	<b>3,446,093</b>
Work In Progress	-	-	-	-	-	-	-	-	-	-	-
<b>Total Tangible Capital Assets</b>	<b>6,320,459</b>	<b>49,615</b>	<b>-</b>	<b>-</b>	<b>6,370,074</b>	<b>2,774,958</b>	<b>-</b>	<b>149,023</b>	<b>-</b>	<b>2,923,981</b>	<b>3,446,093</b>

# Schedule C) Audit Findings Letter



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450 Sunset Drive, St. Thomas, ON N5R 5V1

P. 519-773-9265 • F. 519-773-9683  
25 John Street South, Aylmer, ON N5H 2C1

[www.grahamscottenns.com](http://www.grahamscottenns.com)

June 18, 2025

Port Burwell Water System  
87 John Street South  
Aylmer, Ontario, N5H 2C3

Dear Joint Board of Management:

## **Re: Audit Findings**

This letter has been prepared to assist you with your review of the financial statements of Port Burwell Water System for the year ending December 31, 2024. We look forward to meeting with you and discussing the matters outlined below.

## **Significant Matters Arising**

### ***Changes to Audit Plan***

There were no changes to the audit plan (as previously presented to you).

### ***Other Matters***

We have not identified any other significant matters that we wish to bring to your attention at this time.

## **Significant Difficulties Encountered**

There were no significant difficulties encountered during our audit.

## **Comments on Accounting Practices**

### ***Accounting Policies***

The significant accounting policies used by the entity are outlined in Note 1 to the financial statements.

- There were no significant changes in accounting policies.
- We did not identify any alternative accounting policies that would have been more appropriate in the circumstances.
- We did not identify any significant accounting policies in controversial or emerging areas.

### ***Significant Accounting Estimates***

There were no significant estimates/judgements contained in the financial statements.

# Schedule C) Audit Findings Letter

## ***Significant Financial Statement Disclosures***

We did not identify any financial statement disclosures that are particularly significant, sensitive or require significant judgments, that we believe should be specifically drawn to your attention.

## **Uncorrected Misstatements**

We accumulated no significant uncorrected misstatements during our audit.

## **Significant Deficiencies in Internal Control**

A deficiency in internal control exists when a control is designed, implemented or operated in such a way that it is unable to prevent, or detect and correct, misstatements in the financial statements on a timely basis, or when a control necessary to prevent, or detect and correct, misstatements in the financial statements on a timely basis is missing.

A significant deficiency in internal control is defined as a deficiency or combination of deficiencies in internal control that, in the auditor's professional judgment, is of sufficient importance to merit the attention of those charged with governance.

To identify and assess the risks of material misstatement in the financial statements, we are required to obtain an understanding of internal control relevant to the audit. This understanding is used for the limited purpose of designing appropriate audit procedures. It is not used for the purpose of expressing an opinion on the effectiveness of internal control and, as a result, we do not express any such opinion. The limited purpose also means that there can be no assurance that all significant deficiencies in internal control, or any other control deficiencies, will be identified during our audit.

We did not identify any control deficiencies that, in our judgment, would be considered significant deficiencies.

## **Written Representations**

In a separate communication, as attached, we have requested a number of written representations from management in respect to their responsibility for the preparation of the financial statements in accordance with Canadian public sector accounting standards.

## **Other Audit Matters of Governance Interest**

We did not identify any other matters to bring to your attention at this time.

We would like to thank management and staff for the assistance they provided to us during the audit.

We hope the information in this audit findings letter will be useful. We would be pleased to discuss them with you and respond to any questions you may have.

This letter was prepared for the sole use of those charged with governance of Port Burwell Water System to carry out and discharge their responsibilities. The content should not be disclosed to any third party without our prior written consent, and we assume no responsibility to any other person.

Sincerely,

**GRAHAM SCOTT ENNS** LLP

CHARTERED PROFESSIONAL ACCOUNTANTS



Robert Foster CPA, CA

# Schedule C) Audit Findings Letter

Partner

## **Acknowledgement of Joint Board of Management:**

We have read and reviewed the above disclosures and understand and agree with the comments therein:

Per: Port Burwell Water System

Signed: \_\_\_\_\_

Print Name: \_\_\_\_\_



**REPORT NO.           AASWSS-25-07**

**DEPARTMENT:**     Corporate & Financial Services

**MEETING DATE:**   June 18, 2025

**SUBJECT:**           **Board Governance**

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**RECOMMENDATION:**

THAT Report No. AASWSS-25-07 entitled “Board Governance” be received for information;

AND THAT the attached draft letter be approved for issuance to the Town of Aylmer on behalf of the Board.

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**PURPOSE & BACKGROUND:**

On December 4, 2024, the AASWSS Board of Management received a letter from the Town of Aylmer expressing concerns regarding the current governance structure of the Board. The letter proposes a change that would provide the Town with majority voting control, specifically, three of five seats, on the basis of its position as the system’s majority user. A draft response has been prepared and is attached for the Board’s consideration. The rationale for the response is embedded within the letter itself, which addresses the key issues raised by the Town, reaffirms the governance principles set out in the Provincial Transfer Order, and acknowledges the Town’s role as a principal system user while underscoring the need to preserve a balanced and cooperative governance framework.

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**ATTACHMENTS:**

- Draft Response Letter to the Town of Aylmer & Correspondence from the Town of Aylmer “Re: Representation Aylmer Area Secondary Water Supply System Board”

**Prepared by:**       A. Boylan, Director of Corporate Services/Treasurer

**Approved by:**      N. Dias, Chief Administrative Officer

November 7, 2024

Chair Barbour and Members  
of the Aylmer Area Secondary Water Supply System Board

**Re: Representation Aylmer Area Secondary Water Supply System Board**

I am writing on behalf of the Town of Aylmer to address concerns regarding representation on the Aylmer Area Secondary Water System Board (AASWSS).

Before delving into these concerns, I want to first express our satisfaction with the administration of the Secondary Water System and the excellent service provided by the AASWSS staff. In particular, Mr. Gustavson has consistently demonstrated dedication by working closely with area municipalities coordinating regular maintenance, emergency repairs, and supporting the Town during emergencies. We are confident that AASWSS staff are committed to the best interests of both the waterline and the member municipalities.

However, the Town of Aylmer is concerned about the issue of representation on the Board and believes that the current composition does not adequately reflect the usership of the system.

As the Board is aware, the AASWSS was established by Transfer Order at around the same time as the Elgin Area Primary Water Supply System (EAPWSS). The transfer orders are not perfect. Over the years, the EAPWSS has taken steps to rectify errors in its transferring orders to better support its user. For instance, EAPWSS recently acted to clarify the transfer orders to better establish ownership at Elgin-Middlesex Pumping Station (EMPS).

While the EAPWSS transfer orders appear to accurately reflect representation, the AASWSS transfer order does not. The Town is requesting that the AASWSS Board take similar steps to rectify the

AASWSS transfer orders to establish a board member composition that better reflects usership.

As the Board Members are aware, the Primary Board membership is predominantly composed of representatives from the City of London and St. Thomas, holding five of the seven seats (70%). This approach upholds the principle that appointees should represent the usership upon the system.

Schedule 'A' to Transfer Order Aylmer Area W1/1998 does not include provisions to allow for representation to be addressed outside of municipal reorganization or a new municipality utilizing the Aylmer Secondary Line.

The Town of Aylmer funded approximately 96% of the initial construction of the Secondary Line and represents between 95-98% of the annual allocations upon the line. Aylmer's investment and ongoing funding of this system results in the Town holding a greater vested interest and potential financial burden in the Secondary Line.

We believe that Aylmer's interest in the secondary line, along with its financial responsibility for future capital replacements, necessitates fair representation. We are aware of the significant financial challenges facing the other secondary line in the area and believe that Aylmer has a direct interest in ensuring that our line is properly funded and avoiding large spikes in user rates when replacement is required.

Given this, Aylmer is requesting the AASWSS Board support the Town's request to amend the Transfer Order to ensure users are properly represented.

As outlined in section 1 (I) of the transfer order:

'Representatives of the Joint Water Board will act in the best interests of the system as a whole and of the System users.'

Aylmer believes that fair representation is simply not possible when 95% of the usership only carries 1/3 of the vote upon the Joint Board. We are respectfully requesting the AASWSS Board recognize this inequality and support Aylmer in our effort to secure two (2) more seats to be assigned upon the Board. The Town is recommending that the Board's composition include one member from the Township of Malahide, one member from the Municipality of Central Elgin, and three from the Town of Aylmer.

Yours Truly,

Mayor Jack Couckuyt  
on behalf of Aylmer Council





87 John Street South  
Aylmer ON N5H 2C3  
Phone: 519-773-5344

## Aylmer Area Secondary Water Supply System

Date: June 18, 2025

To: Mayor Couckuyt and the Council of the Town of Aylmer

### **Re: Representation of Aylmer Area Secondary Water Supply System Board**

The Board of Management for the Aylmer Area Secondary Water Supply System (AASWSS) wishes to acknowledge receipt of your correspondence regarding matters of governance and administrative oversight of the system. We value your continued engagement and appreciate the opportunity to address the issues raised.

The governance of the AASWSS was established through a Provincial Transfer Order issued under the Municipal Water and Sewage Transfer Act. This Order created a shared governance model among the Town of Aylmer, the Township of Malahide, and the Municipality of Central Elgin, with all municipalities holding equal voting rights. From the inception of the system, the Town of Aylmer has consistently accounted for a majority share of the system's total water consumption; however, the Province deliberately chose not to tie voting rights to consumption.

This distribution was not an oversight or administrative omission. On the contrary, it was a deliberate and important feature of the governance model adopted by the Province. The Transfer Order was designed to ensure that no single municipality could exert unilateral control over a shared regional system. Rather than basing governance on the volume of use, the Province prioritized a balanced approach that recognized the need for collective ownership, decision-making, and interdependence.

The governance structure was intended to reflect the broader regional significance of the infrastructure and the cooperative effort required to make water servicing to the Town of Aylmer possible. The location, financing, and operational integration of the transmission line across multiple jurisdictions necessitated recognizing the role and impact of all participating municipalities. Accordingly, the governance model prioritizes balanced representation to ensure each municipality has a meaningful role in managing this jointly controlled system.

It is also acknowledged that the Town of Aylmer was the primary financier of the watermain's original construction and, accordingly, has significantly benefitted from the service it enabled. However, the successful completion of the project was also made possible only through the cooperation of the other member municipalities. The construction and operation of the transmission line depend on its routing through multiple jurisdictions, and this interdependence

is precisely why the Province embedded a shared governance model in the Transfer Order. The consideration granted to the Town of Aylmer in allowing the infrastructure to proceed, both physically and operationally, was reciprocated by the governance rights afforded to the other municipalities. This balance of mutual benefit and shared authority should not be unilaterally revisited, any more than a member municipality would consider withdrawing its permission for the transmission line to cross its territory. The integrity of the system depends on ongoing recognition of this foundational cooperation.

When comparing AASWSS' governance structure to that of the Elgin Area Primary Water Supply System (EAPWSS), it is important to recognize that the two systems are, in fact, aligned in principle. The AASWSS governance model mirrors the EAPWSS by ensuring that no single municipality can exercise unilateral control of a regional asset. While the City of London and the City of St. Thomas collectively hold a majority of votes on the EAPWSS Board, those votes are distributed across two separate municipal entities. London holds 3 of 7 votes, while accounting for over 50% of system flows, and St. Thomas holds 2 of 7. This distinction is significant: the system preserves a balance of power and safeguards against the concentration of control in one municipality.

By contrast, the Town of Aylmer's proposal would consolidate a majority of voting authority within a single municipality, a material deviation from both the EAPWSS model and the cooperative structure embedded in the AASWSS Transfer Order. This inconsistency highlights an oversight in the Town's primary argument for a governance shift and raises important concerns regarding inter-municipal equity, access to servicing, and the integrity of regional development planning. Removing the foundational balance among member municipalities would risk creating a governance environment in which system decisions are made in the interest of one party rather than the region as a whole.

While we do not doubt the Town's intent to govern the system fairly, it should be noted that changes in governance should not create conditions that could permit future misuse. If a single municipality were to hold full control of system governance, there is an increased risk that water infrastructure could be used to advance local priorities at the expense of broader regional interests, including through preferential servicing, restricted access for neighbouring municipalities, or influencing the pace and direction of regional growth. These are precisely the types of risks the current governance model was designed to avoid, and we believe they underscore the importance of maintaining a balanced and collaborative structure.

With respect to financial management, the AASWSS Board of Management is committed to prudent oversight, transparency, and meaningful collaboration with all partner municipalities. Questions or concerns related to the system's financial structure, including contributions to major infrastructure such as the transmission main, are best addressed through Board representation or direct engagement with the Administrator.

Further, the AASWSS has consistently engaged Watson & Associates to conduct independent rate studies and long-term financial reviews. These analyses inform the system's rate structures, reserve strategies, and capital planning, and are available to all member municipalities. We remain fully open to ongoing dialogue with the Town of Aylmer should there be a desire to review or revisit any aspect of the current financial framework.

To date, concerns regarding financial management from member municipalities have been limited, and no issues have been raised at the staff level concerning the capital financing of the transmission main. The Administrator has coordinated closely with the member municipalities and has remained open and responsive to discussion. We continue to welcome the opportunity to collaborate on future financial arrangements with any member municipality, including Aylmer, whose role as a significant financial contributor to the system is acknowledged and, accordingly, warrants careful consideration of its concerns.

In summary, the Board does not support the Town's proposed governance model change. However, we wish to reaffirm our appreciation for the Town of Aylmer's engagement and its important role as a majority user of the system. We remain committed to ongoing collaboration, to addressing any concerns constructively, and to maintaining the integrity and cooperative spirit of the AASWSS.

Sincerely,

The Aylmer Area Secondary Water Supply System Board of Management



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---

June 6, 2025

**Re: Letter of Support – Bayham’s Participation in a Joint Health and Safety Water Stream (HSWS) Application for Rehabilitation of the Port Burwell Area Secondary System Transmission Main**

The Municipality of Bayham is participating in a joint Health and Safety Water Stream (HSWS) application to rehabilitate a seven-kilometre stretch of water transmission main along Nova Scotia Line. The application also involves the Municipality of Central Elgin and the Township of Malahide as joint owners of the Port Burwell Area Secondary Water Supply System (PBASWSS) and its associated infrastructure. The PBASWSS has reliably served Bayham, Malahide, and Central Elgin for five decades. However, the system is now at a critical stage and requires significant investment.

Without immediate investment, its ongoing deterioration threatens not only the health, safety, and economic vitality of our communities, but also the future growth potential needed to address housing shortages in our area. Failures are becoming ever more common, with approximately one each year. Each break results in disruptions to water supply, boil water advisories, and risks to fire protection—placing residents and critical services in jeopardy.

The current state of the system is becoming an increasing threat to public health and will stifle housing development along the corridor unless properly addressed. The impacts are magnified by the projected rapid growth coming to the region by way of the PowerCo EV plant in St. Thomas.

Funding for this project will address immediate concerns around water supply and safety, and will permit the region to better position itself for growth associated with regional catalysts.

At its June 5, 2025 Regular meeting, Council passed the following resolution in support of the application:

Moved by: Councillor Emerson

Seconded by: Deputy Mayor Weisler

**THAT** Report CAO-27/25 re Letter of Support – Health and Safety Water Stream (HSWS) be received for information;

**AND THAT** the Council of The Corporation of the Municipality of Bayham supports Bayham’s participation in a joint application to the Health and Safety Water Stream (HSWS) for the rehabilitation of the Port Burwell Area Secondary Water Supply System’s transmission main on Nova Scotia Line;

**AND THAT** the Mayor be authorized to prepare and sign a Letter of Support from Bayham for the HSWS application.

CARRIED

Receipt of these funds would significantly improve Bayham's water supply and housing prospects by ensuring timely rehabilitation of critical regional water infrastructure to support existing and potential residential development in Vienna and Port Burwell.

Thank you for your time and attention to this matter. We look forward to your response and hope we can count on your support.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Ed Ketchabaw', with a stylized, cursive script.

Ed Ketchabaw  
Mayor  
Municipality of Bayham  
[eketchabaw@bayham.on.ca](mailto:eketchabaw@bayham.on.ca)



the TOWNSHIP of  
**MALAHIDE**  
A proud tradition, a bright future.



June 18<sup>th</sup>, 2025

Hon. Kinga Surma

Minister of Infrastructure, 777 Bay Street 5<sup>th</sup> floor Room 5E200 , Toronto ON M7A 2J3

**RE: Letter of Support – Municipal Housing Infrastructure Program- Health and Safety Water Stream Infrastructure Fund (MHIP)**

Dear Minister Surma,

We, the undersigned Fire Chiefs of the Municipality of Bayham, Township of Malahide, and Municipality of Central Elgin, are writing to express our strong support for the proposed grant application to the Municipal Housing Infrastructure Program: Health and Safety Water Stream (HSWS) Infrastructure Fund for the rehabilitation of the Port Burwell Area Secondary Water Supply System's transmission main on Nova Scotia Line. This project is crucial to enhancing fire protection capabilities in our municipalities and surrounding rural areas.

This watermain is prone to failures due to pressure transients during hydrant use. Since 2019, there have been four watermain breaks causing a complete loss of service to the Bayham Water Distribution System, leaving this community without water or fire protection until the repairs were completed.

In 2023, while actively fighting a fire in Bayham, a pipeline failure occurred, resulting in a complete loss of water supply to the affected community. These pressure fluctuations have caused pipeline breaks, disrupting firefighting operations at critical moments and directly impacting our ability to respond effectively to emergencies.

The proposed new watermain will address these issues by incorporating design features to better withstand pressure transients, reducing pipeline failures. This will ensure a more stable water supply during fires, minimizing response times and improving firefighting effectiveness, particularly in high-demand situations.

Additionally, the rehabilitated transmission main will allow water to be shuttled to surrounding rural areas, which often struggle with limited water access during emergencies, ensuring adequate firefighting resources for those regions.


The current infrastructure is insufficient to meet these challenges, and the proposed upgrade is crucial to improving the safety and fire protection capabilities of our communities.

We strongly support this project and urge your full backing to enhance the effectiveness of our firefighting efforts. Thank you for your consideration.

Sincerely,

  
**Harry Baranik**  
Fire Chief, Municipality of Bayham

  
**Jeff Spoor**  
Fire Chief, Township of Malahide

  
**Murray Decorte**  
Fire Chief, Municipality of Central Elgin





**Constituency Office**

750 Talbot St., Suite 201, St. Thomas, Ontario N5P 1E2

☎ 519-631-5995 ☎ 1-800-265-7638

📠 519-631-9478 ✉ [rob.flack@pc.ola.org](mailto:rob.flack@pc.ola.org)

🌐 [www.robflackmpp.ca](http://www.robflackmpp.ca)

June 9<sup>th</sup>, 2025

The Hon. Kinga Surma  
Minister of Infrastructure  
5<sup>th</sup> Floor, 777 Bay Street  
Toronto, ON M7A 2J3

Dear Minister Surma,

I am writing to express my full support for the joint application submitted by the Municipality of Bayham, the Township of Malahide, and the Municipality of Central Elgin under the Municipal Housing Infrastructure Program (MHIP) – Health and Safety Water Stream for the Port Burwell Area Secondary Water Supply System (PBASWSS).

This application reflects a strong, cooperative effort by the three municipalities, working together through a Joint Board of Management, to provide reliable, long-term water infrastructure for the residents of Vienna and Port Burwell. The proposed project involves critical upgrades to approximately seven kilometers of aging water transmission main along Nova Scotia Line and Dexter Line, addressing long-standing infrastructure challenges.

Since 2019, this section of the watermain has experienced four major failures, each of which has disrupted service and raised serious concerns about the system's stability. In response, the Joint Board commissioned a Pipeline Desktop Condition Assessment Report, which confirmed the urgent need to replace this section of pipe to ensure continued, safe service delivery.

Investing in this project through MHIP would not only strengthen core infrastructure in a growing rural region, but also support the broader goals of public health, housing development, and service reliability. It represents a proactive and responsible approach to community infrastructure that aligns with our government's commitment to supporting rural municipalities and growing communities.

I commend the local leadership for their coordinated efforts on this initiative and would welcome any further discussion regarding this important application.

Sincerely,

**Rob Flack, MPP**  
Elgin-Middlesex-London

**Ministry of the Environment,  
Conservation and Parks**  
Southwest Region  
733 Exeter Road  
London, ON N6E 1L3  
Phone: 519-873-5000

**Ministère de l'Environnement, de la  
Protection de la nature et des Parcs**  
*Région Sud-Ouest*  
733 rue Exeter  
London, ON N6E 1L3  
Tél: 519-873-5000

June 18, 2025

Letter of Support – Health and Safety Water Infrastructure Fund (HSWS)

To Whom it may concern,

The Municipality of Bayham, including the Village of Port Burwell, is part of the geographic area overseen by the London District Office of the Ministry of the Environment, Conservation and Parks.

London District staff have no ongoing compliance concerns with the Municipality of Bayham or the Port Burwell Area Secondary Water Supply System. The municipality's concerns regarding the condition of the transmission main servicing the Village of Port Burwell and other communities are considered valid based on our knowledge and observations of the system.

To support the health and safety of the residents of the Village of Port Burwell and the other communities whose population receives their drinking water from the Port Burwell Area Secondary Water Supply System, the London District office supports the application from the Municipality of Bayham for funding to rehabilitate the transmission main.

Regards,



Mark Smith

Water Compliance Supervisor  
London District Office  
Drinking Water and Environmental Compliance Division  
Ministry of the Environment, Conservation and Parks





**St. Thomas Site**  
Administrative Office  
1230 Talbot Street  
St. Thomas, ON  
N5P 1G9

**Woodstock Site**  
410 Buller Street  
Woodstock, ON  
N4S 4N2

June 10, 2025

To Whom It May Concern,

**Re. Letter of Support – Health and Safety Water Stream Infrastructure Fund (HSWS)**

This letter is to confirm Southwestern Public Health supports the Municipality of Bayham's participation in the joint application to the Municipal Housing Infrastructure Program for the rehabilitation of the Port Burwell Area Secondary Water Supply System's transmission main on Nova Scotia Line.

Since this transmission line has been the subject of four failures affecting the water system in Bayham since 2019, we feel its rehabilitation is critical to help ensure a safe water supply for the users. These repeat failures strain our community's resources, increase operational costs, and jeopardize the availability of safe and clean drinking water. Without intervention, the risk of system failures and water contamination will only increase. This project is essential to ensure long-term sustainability, reliability, and safety of the community's drinking water supply.

Thank you for considering their application. If you have any questions, please feel free to contact us at 519-631-9900.

Sincerely,

Derek McDonald  
Acting Chief Executive Officer

Dr. Ninh Tran  
Medical Officer of Health



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June 18, 2025

Canada Housing Infrastructure Fund (CHIF)

**RE: Letter of Support- Port Burwell Area Secondary Water Supply System  
Joint Board of Management Member Support for Joint application to the  
Municipal Housing Infrastructure Program (MHIP)- Health and Safety Water  
Stream Fund (MHIP) for Rehabilitation of the Port Burwell Area  
Secondary System Transmission Main**

The Member Representatives of the Joint Board of Management for the Port Burwell Area Secondary Water Supply System (PBASWSS) are writing this letter collectively to seek your urgent support for the PBASWSS-a lifeline for over 3,000 residents and key to unlocking new housing opportunities and densification in our region. This aging system, which is currently stymying any housing development along the corridor, has reached a critical juncture. Without immediate investment, its ongoing deterioration threatens not only the health, safety, and economic vitality of our communities, but also the future growth potential needed to address housing shortages in our area.

For over five decades, the PBASWSS has reliably delivered clean water to families, schools, seniors' homes, businesses, and essential services like fire departments. Yet today, the transmission main, stretching 31.3 kilometers, is showing its age. Failures are becoming increasingly frequent and costly, with the 7-kilometer PVC section alone experiencing an average of one major break per year. Each break results in disruptions to water supply, boil water advisories, and risks to fire protection-placing residents and critical services in jeopardy.

The current state of the system is not only a threat to public health but has also stifled housing development along the corridor. The potential for new housing and increased densification in the region is being undermined by the inadequate infrastructure. Only by rehabilitating and upgrading this critical water supply system can we unlock the potential for future housing development to meet the needs of our growing population.

All Canadians deserve access to clean, safe, and affordable water as a basic human right. However, the system inherited by Malahide, Bayham, and Central Elgin through the Municipal Water and Sewage Transfer Act currently lacks the population density to sustain the necessary investments for long-term growth viability. Our municipalities and residents have paid their fair share, but our water rates are now among the highest in

the province. With the system aging, these rates continue to climb, and without intervention, they risk becoming unaffordable for many households. This financial strain further underscores the urgent need for financial support.

The stakes are particularly high given the rapid growth projected in our region. The forthcoming EV battery factory in St. Thomas will bring thousands of jobs and new residents to the area, placing demand on our already fragile system. To support this growth and ensure that new housing developments can be realized, we must act now.

This project will not only address immediate risks but also secure a sustainable water supply for generations, supporting future housing projects and densification efforts. Replacing the PVC section will reduce service interruptions and public health risks, while realigning critical sections of asbestos cement pipe will mitigate environmental vulnerabilities. These efforts will ensure that families, schools, healthcare facilities, and businesses across the region have reliable access to safe water, while bolstering fire protection, supporting economic development, and enabling housing growth.

We are asking for your support in securing funding to help make this project a reality. Your assistance could make all the difference in ensuring our communities' access to clean, safe water, addressing housing needs, and fostering the growth and prosperity of our region. We would be honored to meet with you to discuss this critical need further and explore how we can work together to ensure a sustainable future for the residents of Malahide, Bayham, and Central Elgin.

Thank you for your time and attention to this pressing matter. We look forward to your response and hope we can count on your support.

Sincerely,

Port Burwell Area Secondary Water Supply System Board Members

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PBASWSS Board Member, Tim Emerson  
Municipality of Bayham Councillor

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PBASWSS Board Member, Chester Glinski  
Township of Malahide Councillor

---

PBASWSS Board Member, Norman Watson  
Municipality of Central Elgin Councillor