

**CORPORATION OF THE TOWN OF TILLSONBURG WATERWORKS
DEPARTMENT**

FINANCIAL STATEMENTS

For the year ended December 31, 2023



**CORPORATION OF THE TOWN OF TILLSONBURG WATERWORKS
DEPARTMENT**

For the year ended December 31, 2023

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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants, and Ratepayers of The Corporation of the Town of Tillsonburg

Opinion

We have audited the financial statements of The Corporation of the Town of Tillsonburg Waterworks Department (the 'Entity'), which comprise the statement of financial position as at December 31, 2023, and the statements of operations and accumulated surplus, changes in net financial assets (debt), and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and its results of operations and its changes in net financial debt 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 Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

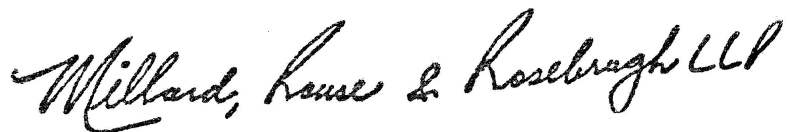
Those charged with governance are responsible for overseeing the Entity's financial reporting process.

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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.



September 4, 2024
Brantford, Ontario

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

**CORPORATION OF THE TOWN OF TILLSONBURG WATERWORKS
DEPARTMENT**

STATEMENT OF FINANCIAL POSITION

As at December 31	2023	2022
FINANCIAL ASSETS		
Accounts receivable	795,723	692,478
LIABILITIES		
Due to the Town of Tillsonburg	563,390	484,846
Due to the County of Oxford	425,243	409,923
	988,633	894,769
NET FINANCIAL DEBT	(192,910)	(202,291)
NON-FINANCIAL ASSETS		
Inventory	192,910	202,291
Net Assets	-	-
Accumulated Surplus	-	-

See accompanying notes



**CORPORATION OF THE TOWN OF TILLSONBURG WATERWORKS
DEPARTMENT**

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended December 31	Budget 2023 (Note 5)	2023	2022
REVENUES			
Direct water billings	3,755,300	4,331,803	4,252,385
Other revenue	84,700	63,214	139,126
	3,840,000	4,395,017	4,391,511
EXPENSES			
Operating and maintenance	1,281,300	1,391,655	1,210,635
Customer service	340,600	353,962	320,333
Bad debt expense	5,000	-	2,270
Equipment and distribution system	345,500	232,030	734,805
	1,972,400	1,977,647	2,268,043
	1,867,600	2,417,370	2,123,468
OTHER EXPENSE			
County of Oxford (Note 4)	1,867,600	2,417,370	2,123,468
ANNUAL SURPLUS			
Accumulated surplus - beginning of year	-	-	-
ACCUMULATED SURPLUS - END OF YEAR	-	-	-

**CORPORATION OF THE TOWN OF TILLSONBURG WATERWORKS
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STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)

For the year ended December 31	Budget 2023 <i>(Note 5)</i>	2023	2022
Annual surplus	-	-	-
Decrease (increase) in inventory	-	9,381	(136,154)
Increase (decrease) in net financial assets	-	9,381	(136,154)
Net financial assets (debt) - beginning of year	-	(202,291)	(66,137)
NET FINANCIAL ASSETS (DEBT) - END OF YEAR	-	(192,910)	(202,291)



**CORPORATION OF THE TOWN OF TILLSONBURG WATERWORKS
DEPARTMENT**

STATEMENT OF CASH FLOWS

For the year ended December 31	2023	2022
Cash Flows From Operating Activities		
Annual surplus (deficit)	-	-
Changes in non-cash working capital:		
Accounts receivable	(103,245)	12,491
Due to the Town of Tillsonburg	78,544	91,277
Due to the County of Oxford	15,320	32,386
Inventory	9,381	(136,154)
INCREASE (DECREASE) IN CASH FLOW	-	-
Opening Cash	-	-
Closing Cash	-	-

See accompanying notes



CORPORATION OF THE TOWN OF TILLSONBURG WATERWORKS DEPARTMENT

NOTES TO THE FINANCIAL STATEMENTS For the year ended December 31, 2023

1. NATURE OF OPERATIONS

The Corporation of the Town of Tillsonburg Waterworks Department (Waterworks Department) is a municipal enterprise in the Province of Ontario, Canada. Its operations are governed by the provisions of provincial statutes. Effective January 1, 2000, responsibility for the Waterworks Department was assumed by the County of Oxford.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Waterworks Department are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of Chartered Professional Accountants of Canada.

Significant aspects of the accounting policies adopted by the Waterworks Department are as follows:

(a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues, expenses and accumulated surplus of the Waterworks Department.

(b) Basis of Presentation

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods and services and the creation of a legal obligation to pay.

(c) Revenue Recognition

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

Direct water billings are recorded on the basis of regular meter readings and the estimates of customer usage since the last meter reading to the end of the year.

(d) Tangible Capital Assets

The Waterworks Department does not own any tangible capital assets or have any asset retirement obligations.

(e) Inventory

Inventory of supplies held for consumption is valued at the lower of cost and replacement value. Cost is determined on an averaged basis.

CORPORATION OF THE TOWN OF TILLSONBURG WATERWORKS DEPARTMENT

NOTES TO THE FINANCIAL STATEMENTS For the year ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Financial Instruments

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method (or effective interest rate method).

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

(g) Measurement uncertainty

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period.

Significant items subject to such estimates and assumptions include accounts receivable, inventory and direct water billings. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the year which they become known.

Actual results could differ from management's best estimates as additional information becomes available in the future.

3. ACCOUNTS RECEIVABLE

The accounts receivable of the Waterworks Department are reported net of an allowance for doubtful accounts in the amount of \$31,956 (2022 - \$31,502).

4. CONTINUING OPERATIONS

All banking activities are administered by the Town of Tillsonburg, on behalf of the Waterworks Department's activities. The amount due to the Town of Tillsonburg represents the net working capital position between the Town of Tillsonburg and the Waterworks Department after adding or deducting payments made to or received from the County of Oxford.

5. BUDGET FIGURES

The operating budget approved by the County of Oxford for 2023 is reflected in these financial statements.

CORPORATION OF THE TOWN OF TILLSONBURG WATERWORKS DEPARTMENT

NOTES TO THE FINANCIAL STATEMENTS For the year ended December 31, 2023

6. EXTRAORDINARY EVENT - COVID-19

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

As at the date of issuance of the financial statements, the Waterworks Department is aware of changes in its operations as a result of the COVID-19 crisis. Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary, however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact on the Waterworks Department's operations as at the date of these financial statements.