Union Water Supply System Inc.
Finance & Audit Committee

Wednesday, September 9, 2026
9:00 am
1615 Union Avenue, Ruthven
Water Treatment Plant – Board Room

AGENDA

A. Call to Order:

B. Welcoming Remarks

C. Disclosures of Pecuniary Interest:

D. Approval of the Minutes:

Minutes of the Finance & Audit Committee meeting held on June 3, 2026 (enclosed)

E. Items for Consideration:

1. UWSS Second Quarter Financial Results, to June 30th, 2026 (enclosed)

2. UWSS 2026 Income Statement Forecast vs 2026 Budget (enclosed)

3. Update on Reserve Policies

4. Update on Capital Budget

F. Other Business:

G. Follow Up Items:

June 3rd, 2026 Finance & Audit Committee meeting

H. Adjournment:

I. Date of Next Meeting: to be determined

/kmj

UWSS Inc.
Finance & Audit Committee Meeting

Wednesday, June 3, 2026
9:00 am
1615 Union Ave, Ruthven WTP
Board Room

MINUTES

Directors	Dennis Rogers Wayne Wharram Lori Atkinson Tim Sunderland
Also in Attendance: For UWSS	Rodney Bouchard, UWSS Inc. Chief Executive Officer Khristine Johnson, UWSS Inc. Office Administrator (Recording Secretary)
Guest	The CFO Nazzani, CPA, CA Capital Assist Valuation

Call to Order: 9:00 am

Welcoming Remarks:

Chair Rogers calls the meeting and welcomes everyone. He notes the fantastic weather that has arrived in our area.

Disclosures of Pecuniary Interest

There are none.

Adoption of the Minutes of April 8, 2026

No. FAC-08-26

Moved by: **Director Wharram**

Seconded by: **Director Atkinson**

That the Minutes of the Finance & Audit Committee of April 8th, 2026 are approved and shall be brought forward on the next Board of Directors meeting

Carried

Business Arising out the Minutes

Director Wharram asks for follow up on previous minutes. The CEO notes there is follow up further down the agenda, which hopefully covers all of his concerns.

Items to Discuss

The CFO then takes over the discussion and notes that she is presenting internals, as we are still waiting for a draft Financial Statements from Baker Tilly. We are unsure of what the delay is but working closely to push for these documents.

She reminds members that Finance & Audit Committee (FAC) members have not seen any financial reports since December 2025. She reviews the Notes attached to the draft financial statements. The recording secretary will upload these to the Director Portal.

The CFO notes that the HST audit for 2024 has been completed and she is waiting on the 2025 audit information, and potential refunds. She also explains that our rebates will be significant due to the Reservoir #3 construction.

She reviews the OCWA true up information received for 2025 and then reviews the Income Statement side, which includes revenues, interest on long term debt and reclassification into fixed assets from work in progress (WIP).

Director Atkinson seeks clarification on the Bad Debt expense. The CEO notes that this is due to a greenhouse bankruptcy in Leamington. He further notes that UWSS has filed a claim and is unsure if any of the bad debt expense is recoverable. If this is the case this will be reflected in next year’s rate structure. Director Atkinson further notes a few formatting errors to be looked at, which occurred when moving from excel to PDF. She then seeks clarification on dividends, which the CEO notes UWSS does not participate in. Any profits are returned back to the system.

The CFO moves onto the quarterly results for UWSS Inc. She notes that revenues are below budget, which could be because of several factors, shift in the greenhouse growing seasons, more efficiencies in the water meters, no longer feeding the Wheatley Water Treatment Plant, and weather.

She also notes that investment income is also down slightly, due to lower rates throughout 2025.

She then explains that OCWA is now billing under actuals, which includes details on the chemical actuals, as well as the operations & maintenance actuals. Those invoices are slightly behind, but they are coming in now and we should catch up as the year progresses.

There is a discussion on the funds recovered from the Windsor Utilities Commission, for the redundancy study project. Director Atkinson feels that the monies should be netted again the original costs, like other revenues. This is taken as direction to staff.

Director Atkinson feels that there should also be an investment policy, which the CEO confirms that the County of Essex has shared their policy in order to create one for UWSS Inc.

The CEO then provides a verbal update on the capital budget, wherein he proposes significant changes. He is suggesting that the changes are brought forward at the June 17th meeting. The reasons include significant issues that have occurred at the WTP over the past few months which will require some costs. He notes several of the items including the chemical feed system (now moving into the new filtration building), SCADA upgrades to be pushed into 2027 (as a newer version is coming out next year), the Administration Building will be removed entirely from the budget (as administrative space will be included in the new filtration building), and the electrical upgrades required (which will be phased in over several years)

The removal of the administration building from the budget will allow for significant savings in the 2026 budget. He further explains that UWSS Inc. staff will move into this new build, which will also house the new board room, allowing for directors meeting space and seven (7) staff members.

The CEO explains that the DAF #2 had a central column collapse, and that filter #2 has had a underdrain collapse, which was significant reason to review the budget to find some savings to cover the cost, without going into reserves.

The directors were favourable for the changes.

No. FAC-09-26

Moved by: Director Wharram

Seconded by: Director Sunderland

That the revised 2026 Capital Budget is presented to the Board of Directors on June 3, 2026;

Carried

Follow up Items from April 8, 2026 meeting

The CEO explains that he is working with a team at OCWA to collaborate on completing the Risk Management evaluation. OCWA is presenting to their EMT in the coming week and he should have more details shortly.

The CFO notes that the OCWA audit had not been completed at our last meeting, but it is now basically complete, as was noted in her presentation.

The investment policy for UWSS Inc. should be ready to present to the FAC at the next meeting.

There is then a discussion regarding the Operating Line of Credit. The CFO notes that at the April meeting Director Atkinson suggested that perhaps a portion could be converted to a loan, as rates seem favourable at this time. However, the CFO explains that the current operating line does not allow for any conversion until the project is complete and would require an entire new negotiation, therefore, she feels this is not worth it at this point of the project.

The CFO also indicates that she did not receive any comments regarding the previously supplied financial policies and would have the recording secretary send them out once again.

New Business

There is a small discussion on the Director Portal. Many of the members do not have access to it yet, which the recording secretary would look into immediately. The Chair asked about security of the portal, which is managed through our IT services and only directors can access it.

There is a brief discussion regarding funding for future projects and the CEO notes that he is working with Canadian Infrastructure Bank (CIB) and WFCU, hoping to work collaboratively with these partners. The Chair asks whether the CEO had an opportunity to discuss this opportunity with Infrastructure Ontario (IO) and the CEO explains that he did have a meeting, but this option may still require municipal sign off, as their policies have not yet been updated to reflect changing times.

Director Wharram asks if there was any feedback on the second Public Information Centre (PIC) for the redundancy project. We are unaware of any additional feedback at this time but will wait for the engineers to close out the portal on the website to review.

The administrative staff receives additional direction to bring forward all of the resignations to the meeting for June 17th, 2026.

Adjournment
No. FAC-10-26

Moved by: Director Atkinson

Seconded by: Director Wharram

Time adjourned: 10:25 am

Date of Next Meeting: to be determined

/kmj

UNION WATER SUPPLY SYSTEM INC.
INTERNAL BALANCE SHEET
AS OF JUNE 30, 2026

		JUNE 30, 2026		December 31, 2025		Variance to Year-End ($)	Variance to Year-End (%)	Commentary
		Internal		*Audited*				
ASSETS								
Cash and short-term investments	$	29,330,038	$	24,736,568	$	4,593,470	15.7%	
Accounts receivable		2,305,680		2,315,991		(10,311)	(0.4%)	
Government remittances receivable		5,141,407		4,487,937		653,470	12.7%	2025 rebates of $3.7 million received in August 2026
Prepaid expenses		78,245		123,923		(45,678)	(58.4%)	
Total current assets		36,855,370		31,664,419		5,190,951	14.1%	
Property, plant and equipment		98,951,950		92,724,109		6,227,841	6.3%	
TOTAL ASSETS	$	135,807,320	$	124,388,528	$	11,418,792	8.4%	
LIABILITIES								
Current liabilities								
Accounts payable and accrued liabilities		5,579,950		10,134,697	$	(4,554,747)	(81.6%)	
Operating line		39,612,549		28,045,380		11,567,169	29.2%	
Total current liabilities		45,192,499		38,180,077		7,012,422	15.5%	
Long-term liabilities								
Asset retirement obligation		1,262,198		1,262,198		-	0.0%	
Retirement provision		327,900		327,900		-	0.0%	
Total long-term liabilities		1,590,098		1,590,098		-	0.0%	
Total liabilities		46,782,597		39,770,175		7,012,422	15.0%	
SHAREHOLDERS' EQUITY								
Class A Shares		100		100		-	0.0%	
Opening retained earnings		84,618,253		71,798,346		12,819,907	15.2%	
Current year earnings		4,429,420		12,819,907		(8,390,487)	(189.4%)	
Total Shareholders' Equity		89,047,773		84,618,353		4,429,420	5.0%	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$	135,830,370	$	124,388,528		11,441,842	8.4%	

UNION WATER SUPPLY SYSTEM INC.
INTERNAL INCOME STATEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2026

	YTD June 2026 Actuals	YTD June 2026 Budget	Variance to Budget ($)	Variance to Budget (%)	Actual to Budget Commentary
REVENUES					
Treatment & Transmission	$ 8,062,572	$ 8,484,992	$ (422,421)	(5%)	Lower water volumes than budgeted in all municipalities
Non-Revenue Water Loss	(240,546)	(352,426)	111,880	(32%)	Lower water loss than budgeted due to lower actual volumes
Commercial customer revenue	-	132,591	165,859	125%	
Reserves	522,378	526,498	(4,120)	(1%)	
Investment income	380,710	577,808	(197,098)	(34%)	Lower than budgeted cash balances and rates for general and reserve accounts
Other revenue	27,254	26,919	335	1%	
Total revenues	8,752,368	9,396,382	(511,424)	(5%)	
OPERATING EXPENSES					
OCWA Operating Contract	2,262,017	2,608,188	(346,171)	(13%)	Timing difference of actuals and budget due to change in OCWA billings in 2026 management fee and chemical costs
Utilities	707,008	875,200	(168,192)	(19%)	
Professional Fees - Engineering	-	25,000	(25,000)	(100%)	
Carbon Dioxide	23,677	33,000	(9,323)	(28%)	
Residuals Ponds Maintenance	166,902	125,000	41,902	34%	
Operational Programs & Studies	254,625	529,286	(274,661)	(52%)	Timing difference on actuals to budget, net of recovery of costs from WUC ($95.4k)
Repairs & Maintenance	58,362	101,933	(43,571)	(43%)	
Software Support & Maintenance	40,081	62,150	(22,069)	(36%)	
Insurance	15,773	18,750	(2,977)	(16%)	
Hardware Support & Maintenance	28,392	32,050	(3,658)	(11%)	
Water Quality/Corrosion Monitoring Program	-	25,000	(25,000)	(100%)	
Telecommunication Expense	5,460	3,000	2,460	82%	
Advertising & Promotion	1,702	2,500	(798)	(32%)	
Shipping, Freight, and Delivery	3,392	1,250	2,142	0%	Higher than budgeted shipping and freight costs on materials, primarily for DAF#2 and filter #4 repairs
Total operating expenses	3,567,391	4,442,306	(874,915)	(20%)	

UNION WATER SUPPLY SYSTEM INC.
INTERNAL INCOME STATEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2026

	YTD June 2026 Actuals	YTD June 2026 Budget	Variance to Budget ($)	Variance to Budget (%)	Actual to Budget Commentary
GENERAL AND ADMIN EXPENSES					
Salaried Wages	339,757	458,791	(119,034)	(26%)	Budget includes spend for additional hires not yet realized
Benefits	46,934	30,752	16,182	53%	Monthly budget for Manulife lower than actuals due to increase in premiums, and healthcare spending account not budgeted
Board Expenses	74,314	99,750	(25,436)	(25%)	Lower than budgeted board expenses due to budgeted board training not realized
Professional Fees	71,776	35,000	36,776	105%	Primarily due to higher legal costs related to OCWA contract, new project financing, policy review and general corporate matters.
Municipal administrative charges	97,892	100,000	(2,108)	(2%)	
Conferences	10,214	7,350	2,864	39%	Actual includes prepaid travel and accommodations for budgeted late summer conference
Travel & Mileage	3,867	510	3,357	658%	Higher fuel costs in actuals than budgeted
Training	1,009	6,000	(4,991)	(83%)	
Property Tax	90,490	90,500	(10)	(0%)	
Dues, Memberships and Subscriptions	3,748	4,056	(308)	(8%)	
Office Expense	7,051	11,900	(4,849)	(41%)	
Interest Expense	-	642,595	(642,595)	(100%)	Interest capitalized as part of Reservoir #3 construction costs
Vehicle Expenses	5,452	8,775	(3,323)	(38%)	
Meeting Expense	1,291	3,750	(2,459)	(66%)	
Bank Charges	760	1,750	(990)	(57%)	
Donations	1,000	-	1,000	0%	
Non-Recoverable HST	-	36,283	(36,283)	(100%)	Actual non-recoverable HST budgeted in specific expense accounts
Total general and admin expenses	755,555	1,537,762	(782,207)	(51%)	
Net Income	$ 4,429,420	$ 3,416,314	$ 1,013,106	30%	

UNION WATER SUPPLY SYSTEM INC.
2026 FORECASTED STATEMENT OF EARNINGS

	2026 Forecast	2027 Budget	Variance to Forecast ($)	Variance to Forecast (%)	Commentary
Revenue					
Treatment & Transmission	$ 16,519,599	$ 17,094,647	$ (575,048)	(3%)	Reflects lower projected volumes based on actual run rate
Lifecycle Rate Adjustment	352,572	356,548	(3,976)	(1%)	
Capital and Major Maintenance	725,523	972,421	(246,898)	(25%)	
Reservoir / Treatment Plant Expansion	347,324	329,627	17,697	5%	
Investment income	821,456	1,219,661	(398,205)	(33%)	Reflects lower project investment income due to lower rates and balances
Other income	54,173	53,838	335	1%	
Total Revenue	18,820,647	20,026,742	(1,206,095)	(6%)	
% Increase (Decrease)					
Operating expenses					
OCWA Operating Contract	5,218,110	5,216,375	1,735	0%	
Utilities	1,649,608	1,652,800	(3,192)	(0%)	
Operational Programs & Studies	1,225,000	1,225,000	-	0%	Reflects operational studies to be on budget
Professional Fees - Engineering	50,000	50,000	-	0%	
Property Tax	180,990	180,999	(9)	(0%)	
Municipal administrative charges	204,200	200,000	4,200	2%	
Repairs & Maintenance	570,022	460,380	109,642	24%	Reflects higher costs repairs and maintenance on residual ponds
Carbon Dioxide	56,677	66,000	(9,323)	(14%)	
Hardware Support & Maintenance	60,442	64,100	(3,658)	(6%)	
Insurance	34,523	37,500	(2,977)	(8%)	
Software Support & Maintenance	102,231	124,300	(22,069)	(18%)	
Water Quality/Corrosion Monitoring Program	50,000	50,000	-	0%	
Telecommunication Expense	26,152	24,300	1,852	8%	
Advertising & Promotion	5,202	5,000	202	4%	
Shipping, Freight, and Delivery	6,782	2,500	4,282	171%	Reflects higher shipping costs in actuals
Total Operating Expenses	9,439,939	9,359,254	80,685	1%	
% Total Revenue	*50%*	*47%*			

UNION WATER SUPPLY SYSTEM INC.
2026 FORECASTED STATEMENT OF EARNINGS

	2026 Forecast	2027 Budget	Variance to Forecast ($)	Variance to Forecast (%)	Commentary
General and admin expenses					
Salaried Wages	702,702	993,669	(290,967)	(29%)	Reflects no additional hires for the remainder of the year
Benefits	90,928	56,788	34,141	60%	Reflects higher health benefits costs consistent with actuals
Professional Fees	150,000	120,000	30,000	25%	Reflects higher legal costs based on going new project financing not budgeted
Board expenses	150,314	151,800	(1,486)	(1%)	
Conferences	21,014	20,000	1,014	5%	
Training	7,009	12,000	(4,991)	(42%)	Reflects lower staff training than budgeted in 2026
Vehicle Maintenance	10,816	17,551	(6,735)	(38%)	
Bank charges	2,510	3,500	(990)	(28%)	
Office Expenses	19,897	5,500	14,397	262%	Reflects higher office expense based on actuals
Meeting Expenses	5,041	7,500	(2,459)	(33%)	
Dues, Memberships and Subscriptions	7,804	8,112	(308)	(4%)	
Travel & Mileage	9,867	1,020	8,847	867%	
Total General and admin expenses	1,177,903	1,397,440	(219,537)	(16%)	
% Total Revenue	*6%*	*7%*			
EBITDA	8,202,805	9,270,049	(1,067,244)	(12%)	
% Total Revenue	*44%*	*46%*			
Other expenses					
Non-recoverable HST	48,120	74,076	(25,956)	(35%)	
Net income before interest	8,154,685	9,195,973	(1,041,288)	(11%)	
% Total Revenue	*43%*	*46%*			
Interest expense	-	1,733,341	(1,733,341)	(100%)	Reflects capitalization of interest on WFCU line of credit to Reservoir #3 costs
Net income	8,154,685	7,462,632	692,053	9%	
	43%	*37%*			