



Union Water Supply System Inc.

Finance & Audit Committee

Monday, October 19, 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 September 9, 2026
Pages 3 - 5
- E. **Items for Consideration:**
 - 1. UWSS Third Quarter Financial Results Summary, to September 30th, 2026
Pages 6 - 10
 - 2. Report UWSS/23/26 dated October 16, 2026 re: Finance & Audit Committee
Vacancy
Pages 11 - 12
 - 3. Report UWSS/24/26 dated October 16, 2026 re: Flows from January 1 - October
15, 2026
Page 13
- F. **Special Closed Meeting of the UWSS Inc. Board of Directors**
(Confidential report provided under separate cover)

Recommendation:

That the UWSS Inc. Board of Directors move into a Special Closed Meeting, pursuant to the Municipal Act for the following items:

Financing for Capital Projects to be heard under Section 239 (2)(k) a position, plan, procedure, criteria or instruction to be applied to any negotiations carried on or to be carried on by or on behalf of the municipality or local board.

- G. Disclosures of Pecuniary Interest and the General Nature Thereof
(closed meeting)
- H. Adjournment of Special Closed Meeting:
- I. Report on Closed Session:
- J. New Business:
- K. Follow Up Items:
 - Any outstanding items to discuss
- L. Adjournment:
- M. Date of Next Meeting: to be determined

/kmj



UWSS Inc. ^{Page 3}
**Finance & Audit
Committee
Meeting**

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

MINUTES

Directors Dennis Rogers
 Wayne Wharram
 Lori Atkinson
 Tim Sunderland

Also in Attendance: Rodney Bouchard, UWSS Inc. Chief Executive Officer
For UWSS Khristine Johnson, UWSS Inc. Office Administrator (Recording Secretary)

Guest The CFO Nazzani, CPA, CA Capital Assist Valuation

Call to Order: 8:58 am

Welcoming Remarks:

Chair Rogers calls the meeting and welcomes everyone. He hopes everyone has enjoyed their summer.

Disclosures of Pecuniary Interest

There are none.

Adoption of the Minutes of June 3, 2026

No. FAC-11-26

Moved by: Director Atkinson

Seconded by: Director Wharram

That the Minutes of the Finance & Audit Committee of June 3rd, 2026 are approved and shall be brought forward on the next Board of Directors meeting

Carried

Business Arising out the Minutes

There was none.

Items to Discuss

The CFO then takes over the discussion. She reminds committee members that the intent for the Finance & Audit Committee (FAC) is to review results on a quarterly basis. She is presenting result to the end of the second quarter, June 30th, 2026. She directs committee members to pertinent information, namely that the 2025 government remittance receivables were filed and the rebate has since been received.

On the revenue side they are a bit lower, due to lower than anticipated flows in 2026. The CEO notes two (2) things contributing to these numbers when creating the budget; namely in 2025 Wheatley was being provided water, which is no longer a factor and secondly, a water loss had been budgeted for Highbury CanCo, however, they are direct billed. Director Wharram seeks clarification on the water loss and would like to see the numbers.

Director Atkinson wonders if UWSS Inc. had an investment policy it might have assisted in closing the gap with monies earned on cash. The CFO notes that she is working on various policies including the investment policy.

The CFO reminds members that the OCWA contract is now based on actuals, which does cause more variance monthly. She then notes that electricity costs are running slightly lower, based on historical trends. The CEO explains the reclassification of UWSS Inc. from Class B to Class A, which may help lower costs.

The CFO then runs through the expenses, including some unexpected new software pertaining to SCADA security. Director Sunderland asks for clarification on the residual ponds maintenance, the CEO explains that the ponds are filling up sooner than expected, so there was an emergency aspect to getting the ponds cleaned out, and then regular maintenance will occur.

There is further discussion on expenses and the potential of a new hire, most likely, early in the new year, for the Asset Management Manager.

The CFO then explained that she has been working on the policies for the FAC and they are now in legal review and will potentially be ready for the next meeting.

The capital budget was then reviewed with comparisons to actuals, and a reminder of some of the changes that have taken place within the budget. The CEO updated the directors on the electrical system upgrades, as well as work taking place on Filter #2. The CEO notes that a lot of the work and therefore invoicing will be coming in later in the year, which is the lower flow season.

The discussion then moves over to operational programs and studies, wherein a short discussion on the WUC redundancy project as well as pressure issues and a potential solution for the Albuna Water Tower, which has never operated as its capacity.

No. FAC-12-26

Moved by: Director Wharram

Seconded by: Director Sunderland

That the financials presented to the end of June are received; and

That the second quarter results to June 30th, 2026 are presented to the Board of Directors.

Carried

New Business

The CEO notes that he has been working on a finance package with our current financial institution, Capital Assist Valuation, Willis Business Law and other entities to create a financial package to allow for our capital program to move forward in the coming years.

This package will include capital works for the UV Filtration and WTP expansion, electrical upgrades and the Cottam watermain replacement. He discusses various aspects of what this financial package might look like and the entities willing to work with UWSS Inc. He notes this will be a combined effort between three (3) financial institutions, which will offer UWSS Inc. the best rates for the size of the capital need.

He further explains that once the package is completed, it will come back to the FAC for review and discussion, prior to moving over to the Board of Directors.

The CFO then notes that she will be completing some interim work with the auditors, in order to complete several items prior to year end.

Adjournment

No. FAC-13-26

Moved by: Director Sunderland

Seconded by: Director Atkinson

Time adjourned: 10:08 am

Date of Next Meeting: October 19, 2026, 9:00 am

/kmj

To: UWSS Inc. Board of Directors

From: Rodney Bouchard, UWSS CEO
Sabrina Nazzani, UWSS Virtual CFO

Date: October 15, 2026

Re: UWSS September 30, 2026 Financial Summary



PURPOSE

The purpose of this memorandum is to provide the Board of Directors with a summary of Union Water Supply System (UWSS) Inc.'s financial position as at September 30, 2026 and operating results for the six-month period then ended.

EXECUTIVE SUMMARY

Overall, UWSS maintained a strong financial position at September 30, 2026. Year-to-date operating results, excluding interest expense, were unfavourable to budget by approximately \$382,000 for the nine months then ended. The unfavourable variance was primarily driven by lower treatment and transmission volumes and reduced other income, as well as higher residual pond maintenance and legal costs. Partially offsetting the decrease in revenue was lower than budgeted operating and general and administrative expenses, reflecting timing differences primarily on operational programs and studies spending, deferred hiring and Board training.

FINANCIAL POSITION - BALANCE SHEET SUMMARY

(\$'000)	September 30, 2026	December 31, 2025	\$ Change	% Change
Cash and Short-Term Investments	\$ 32,539	\$ 24,737	\$ 7,803	32%
Accounts Receivable	3,427	2,316	1,111	48%
Other Current Assets	2,684	4,612	(1,928)	(42%)
Capital Assets	111,958	92,723	19,235	21%
Total Assets	\$ 150,608	\$ 124,388	\$ 26,221	21%
Accounts Payable and Accrued Liabilities	\$ 6,518	\$ 10,135	\$ (3,617)	(36%)
Operating Line	50,536	28,045	22,491	80%
Long-Term Liabilities	1,590	1,590	-	0%
Total Liabilities	\$ 58,644	\$ 39,770	\$ 18,874	47%
Shareholders' Equity	\$ 91,964	\$ 84,618	\$ 7,346	9%

- UWSS' balance sheet and liquidity remain strong, with changes in cash, receivables, payables and other working capital balances consistent with the timing of operations.
- Other current assets include government rebates of \$3.7 million at December 31, 2025 were processed and refunded in August 2026.
- Capital asset and operating line movements reflect planned capital investment and scheduled financing activity.

YTD SEPTEMBER 30, 2026 INCOME STATEMENT SUMMARY - ACTUAL VS. BUDGET

(\$'000)	YTD Actual Sept 30, 2026	YTD Budget Sept 30, 2026	\$ Variance	% Variance
Treatment and Transmission Revenue	\$ 14,160	\$ 15,053	\$ (893)	(6%)
Other Income	646	945	(299)	(32%)
Total Revenue	\$ 14,806	\$ 15,998	\$ (1,192)	(7%)
Operating Expenses				
OCWA operating contract	\$ 3,807	\$ 3,912	\$ (105)	(3%)
Operational Programs and Studies	524	1,001	(477)	(48%)
Residual Pond Maintenance	416	187	229	122%
Other Operating Expenses	1,598	1,761	(163)	(9%)
Total Operating Expenses	\$ 6,345	\$ 6,861	\$ (516)	(8%)
General and Administrative Expenses				
Personnel Costs	\$ 602	\$ 808	\$ (206)	(25%)
Board Costs	112	135	(23)	(17%)
Professional Fees	75	52	23	44%
Other General and Admin Expenses	326	414	(88)	(21%)
Total General and Administrative Expense	\$ 1,115	\$ 1,409	\$ (294)	(21%)
Net Income before Budgeted Interest Expense	\$ 7,346	\$ 7,728	\$ (382)	(5%)

- Total Revenue was unfavourable to budget, primarily due to:
 - Lower treatment and transmission volumes, reflecting the inclusion of Wheatley water supply volumes in the 2026 budget, with no corresponding supply volumes realized in 2026; and
 - Lower other income, driven by reduced interest rates and lower cash and reserve balances.
- Total Operating Expenses were favourable to budget, primarily due to:
 - The timing of OCWA operating contract expenditures; and,
 - The timing of spending on operational programs and studies;
 - Partially offset by higher residual pond maintenance expenditures.
- General and administrative expenses were favourable to budget, primarily reflecting:
 - Lower personnel costs due to the timing of 2026 new hires, not realized;
 - Lower board costs due to the deferral of budgeted 2026 Board training to 2027; and;
 - Partially offset by higher professional fees related to higher legal costs associated with OCWA contract negotiations and other initiatives.
- Interest expense on the operating line related to the Reservoir #3 project has been capitalized (approx. \$984,000) as part of the project cost in accordance with accounting policy. Accordingly, the year-to-date net income presentation is before budgeted interest expense (approx. \$1.1 million).

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



	September 30, 2026	December 31, 2025	Variance to Year- End (\$)	Variance to Year- End (%)	Commentary
	<i>Internal</i>	<i>Audited</i>			
ASSETS					
Cash and short-term investments	\$ 32,539,486	\$ 24,736,568	\$ 7,802,918	31.5%	
Accounts receivable	3,427,249	2,315,991	1,111,258	48.0%	
Government remittances receivable	2,557,588	4,487,937	(1,930,349)	(43.0%)	
Prepaid expenses	126,558	123,923	2,635	2.1%	Prepaid includes legal costs associated with new project financing
Total current assets	38,650,881	31,664,419	6,986,462	22.1%	
Property, plant and equipment	111,956,810	92,724,109	19,232,701	20.7%	
TOTAL ASSETS	\$ 150,607,691	\$ 124,388,528	\$ 26,219,163	21.1%	
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	\$ 6,518,231	\$ 10,134,697	\$ (3,616,466)	(35.7%)	
Operating line	50,535,707	28,045,380	22,490,327	80.2%	
Total current liabilities	57,053,938	38,180,077	18,873,861	49.4%	
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	58,644,036	39,770,175	18,873,861	47.5%	
SHAREHOLDERS' EQUITY					
Class A Shares	100	100	-	0.0%	
Opening retained earnings	84,618,253	71,798,346	12,819,907	17.9%	
Current year earnings	7,345,302	12,819,907	(5,474,605)	(42.7%)	
Total shareholders' equity	91,963,655	84,618,353	7,345,302	8.7%	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 150,607,691	\$ 124,388,528	26,219,163	21.1%	

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



	YTD September 2026 Actuals	YTD September 2026 Budget	Variance to Budget (\$)	Variance to Budget (%)	Actual to Budget Commentary
REVENUES					
Treatment & transmission	\$ 13,440,706	\$ 14,383,649	\$ (942,943)	(7%)	Lower water volumes than budgeted in all municipalities
Non-revenue water loss	(411,801)	(618,311)	206,510	(33%)	Lower water loss than budgeted due to lower actual volumes
Commercial customer revenue	129,298	256,503	(127,205)	(50%)	This represents 6-months of commercial revenue compared to 9-months of budgeted
Reserves	1,001,652	1,031,157	(29,505)	(3%)	
Investment income	604,084	904,125	(300,041)	(33%)	Lower than budgeted cash balances and rates for general and reserve accounts
Other revenue	41,827	40,379	1,448	4%	
Total revenues	14,805,766	15,997,502	(1,191,736)	(7%)	
OPERATING EXPENSES					
OCWA operating contract	3,806,695	3,912,281	(105,586)	(3%)	Timing difference of actuals and budget due to change in OCWA billings in 2026 management fee and chemical costs
Utilities	1,317,856	1,292,800	25,056	2%	
Professional fees - engineering	-	37,500	(37,500)	(100%)	
Carbon dioxide	39,855	49,500	(9,645)	(19%)	
Residual ponds maintenance	416,232	187,500	228,732	122%	Residual pond maintenance actual higher than budget
Operational programs & studies	523,941	1,000,714	(476,773)	(48%)	Timing difference on actuals to budget, net of recovery of costs from WUC (\$95.4k)
Repairs & maintenance	82,058	163,689	(81,631)	(50%)	
Software support & maintenance	60,608	93,225	(32,617)	(35%)	
Insurance	25,332	28,125	(2,793)	(10%)	
Hardware support & maintenance	38,140	48,075	(9,935)	(21%)	
Water quality/corrosion monitoring program	18,750	37,500	(18,750)	(50%)	
Telecommunication expense	10,349	4,500	5,849	130%	Includes one-time non-recurring on demand SCADA support (\$5.5k), not budgeted
Advertising & promotion	1,950	3,750	(1,800)	(48%)	
Shipping, freight, and delivery	3,542	1,875	1,667	0%	Higher than budgeted shipping and freight costs on materials, primarily for reservoir #3, DAF#2 and filter #4 repairs
Total operating expenses	6,345,308	6,861,035	(515,727)	(8%)	

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



	YTD September 2026 Actuals	YTD September 2026 Budget	Variance to Budget (\$)	Variance to Budget (%)	Actual to Budget Commentary
GENERAL AND ADMIN EXPENSES					
Salaried wages	528,263	760,780	(232,517)	(31%)	Budget includes spend for additional hires not yet realized
Benefits	73,733	47,269	26,464	56%	Monthly budget for Manulife lower than actuals due to increase in premiums, and healthcare spending account not budgeted
Board expenses	111,982	135,000	(23,018)	(17%)	Lower than budgeted board expenses due to budgeted board training not realized
Professional Fees	75,428	52,500	22,928	44%	Primarily due to UWSS compensation review (\$14.7k), not budgeted and higher legal costs related to OCWA contract, policy review and general corporate matters.
Municipal administrative charges	146,642	150,000	(3,358)	(2%)	
Conferences	11,272	15,100	(3,828)	(25%)	
Travel & mileage	6,075	765	5,310	694%	Higher fuel costs in actuals than budgeted
Training	1,009	9,000	(7,991)	(89%)	
Property taxes	135,736	135,749	(13)	(0%)	
Dues, memberships and subscriptions	5,459	6,084	(625)	(10%)	
Office expense	8,987	17,850	(8,863)	(50%)	
Vehicle expense	7,384	13,163	(5,779)	(44%)	
Meeting expense	1,376	5,625	(4,249)	(76%)	
Bank charges	810	2,625	(1,815)	(69%)	
Donations	1,000	-	1,000	0%	
Non-recoverable HST	-	57,949	(57,949)	(100%)	Actual non-recoverable HST budgeted in specific expense accounts
Total general and admin expenses	1,115,156	1,409,460	(1,407,749)	(100%)	
Net income before interest expense	7,345,302	7,727,007	(381,705)	(5%)	
Interest expense	-	1,113,445	(1,113,445)	(100%)	Interest capitalized as part of Reservoir #3 construction costs
Net income	\$ 7,345,302	\$ 6,613,562	\$ 731,740	11%	

To: UWSS Inc. Finance & Audit Committee
UWSS Inc. Board of Directors

From: Khristine Johnson, Office Administrator

Date: October 16, 2026

Re: UWSS Inc. Finance Committee Vacancy



Recommendation:

That the Board nominate a 5th member to the UWSS Inc. Finance & Audit Committee, as per the Terms of Reference.

Background:

At the June 19, 2024 UWSS Inc. Board of the Directors meeting, the Board adopted the Terms of Reference for the establishment of a UWSS Inc. Finance & Audit Committee (FAC). The Terms of Reference provide the following guidance on membership within the Committee:

The Committee will consist of 5 “voting” members. Per the concerns raised by the Board we have defined “voting” members as “Members” for the purposes of the terms of reference, and used the definition consistently throughout.

At the UWSS Inc. Board meeting of April 17, 2024 UWSS Inc., the Board appointed the following UWSS Inc. Directors and Officers to the FAC:

Voting Members

- Dennis Rogers - Town of Kingsville Director
- Tom Kissner - Town of Kingsville Director
- Wayne Wharram- Municipality of Leamington Director
- Lori Atkinson - Municipality of Leamington Director
- Mike St. Amant - Municipality of Leamington Director

Non-Voting Members

- Rodney Bouchard - UWSS Inc. CEO

Discussion:

Since its inception, the FAC has worked diligently to establish robust accounting and financial reporting processes, safeguard the integrity of the financial statements, and ensure compliance with legal and regulatory requirements in accordance with its Terms of Reference. The Committee continues to meet regularly to review financial reports, allowing members' insights to be considered before relevant information is presented to the Board of Directors.

In January 2026, UWSS Inc. learned of the passing of Director Kissner, a valued member of the FAC. His insight, water industry knowledge, and understanding of industry financial

Re: UWSS Inc. Finance & Audit Committee Vacancy

reporting provided important guidance during UWSS Inc.'s early years as a corporation and will be greatly missed. Following the resulting vacancy on the FAC, the Town of Kingsville shareholder appointed Director Tim Sunderland to the UWSS Inc. Board of Directors, and he was subsequently nominated to the FAC.

In April 2026, Director St. Amant stepped down from the UWSS Inc. Board of Directors and, consequently, ceased to be a member of the FAC. His departure reduced the Committee's membership to four (4) voting members.

The Finance & Audit Committee Terms of Reference provide that the Committee shall consist of five (5) Directors serving as voting members. At the September 16, 2026 meeting of the Board of Directors, the Board voted to move Director Sunderland to the Governance Committee and appoint Director Wilson to the Finance & Audit Committee. This change, however, still leaves the FAC one (1) voting member short. The current composition of the FAC is as follows:

Voting Members

- Dennis Rogers - Town of Kingsville Director
- Barry Wilson - Town of Kingsville Director
- Wayne Wharram- Municipality of Leamington Director
- Lori Atkinson - Municipality of Leamington Director
- vacancy

Non-Voting Members

- Rodney Bouchard - UWSS Inc. CEO

Accordingly, the current composition of four (4) voting members does not comply with the Terms of Reference.

Given that the Board had previously determined that the Finance & Audit Committee should consist of five (5) voting members, Administration is seeking Board direction as to another director appointment to said committee.

Respectfully submitted,

Approved By:



Khristine M. Johnson, Office Administrator
Union Water Supply System Inc.

/kmj



Rodney Bouchard, CEO
Union Water Supply System Inc.

UW/24/26

To: UWSS Inc. Finance & Audit Committee
UWSS Inc. Board of Directors

From: Khristine Johnson, Office Administrator

Date: October 15, 2026

Re: Flows for January 1 to October 15, 2026

**Recommendation:**

That the Board of Directors receives this report for information.

Discussion:

As our members are likely aware the time from August until early to mid-October are busy times for our local canneries, that process millions of kilograms of our local tomatoes. This process does typically keep our flows up throughout this period. However, the 2026 season is now nearing completion, and we should see our flows trend down into their normal patterns over the coming colder months.

The first chart shows comparative flows for 2022 through 2026 in Mega Litres (ML) and the second chart shows Millions of Imperial Gallons (MIG) for the period January 1st to October 15, 2026.

	2022	2023	2024	2025	2026
Flow to Date (ML)	17,685.1	17,803.3	19,050.2	18,574.9	18,091.5
Max Day (ML)	99.170	108.67	95.07	101.97	101.34
Min Day (ML)	27.57	32.47	33.68	31.65	34.17
Average Day (ML)	61.09	61.45	66.21	63.93	62.81
No of Days	288	288	289	288	288

	2022	2023	2024	2025	2026
Flow to Date (MG)	3890.93	3916.26	4190.54	4085.98	3979.66
Max Day (MGD)	21.815	23.906	20.914	22.433	22.294
Min Day (MGD)	6.066	7.144	7.409	6.857	7.517
Average Day (MGD)	13.510	13.598	14.500	14.138	13.770
No of Days	288	288	289	288	288

Flows to date are down 483 ML (106.32 MIG) or 2.6% from last year. The 2026 flows to date are down 1.02% below the previous 4-year average.

Respectfully submitted,

Approved By:

Khristine M. Johnson
UWSS Inc., Office Administrator

Rodney Bouchard
UWSS Inc., CEO