



Union Water Supply System Inc.

Board of Directors Meeting

Wednesday, July 16, 2025

9:30 am

ROMA Club

19 Seacliff Drive, Leamington

AGENDA

A. Call to Order:

B. Land Acknowledgement

The Union Water Supply System Inc. Board of Directors acknowledges that this land is the traditional territory of the Three Fires Confederacy of First Nations, comprised of the Ojibway, the Odawa, and the Potawatomie Peoples and specifically, the traditional territory of the Caldwell First Nation. The UWSS Board of Directors values the significant historical and contemporary contributions of local and regional First Nations and all of the Original Peoples of Turtle Island - North America who have been living and working on the land from time immemorial.

C. Welcoming Remarks

D. Disclosures of Pecuniary Interest:

E. Items for Consideration:

1. UWSS/12/25 dated July 11, 2025 re: 2024 Audited Financial Statements
Pages 4 - 5
Draft Financial Statements - under separate cover

F. New Business:

G. Action Items:

H. Comments, Announcements, and Other Business:

I. Adjournment:

J. Date of Next Meeting: September 24th, 2025, Roma Club, 19 Seacliff Drive, Leamington

UWSS/12/25

Report



To: Chair and Members of the Union Water Supply System Board of Directors

From: Rodney Bouchard, CEO
Sabrina Nazzani, Virtual CFO,
Capital Assist (Valuation) Inc.

Date: July 11, 2025

Re: 2024 Audited Financial Statements

Aim:

To present the draft 2024 Audited Financial Statements for Union Water Supply System Inc. (UWSS Inc.) to the Board of Directors for review and approval.

Background:

UWSS Inc. Audited Financial Statements are prepared annually to comply with accounting and reporting requirements for government entities. The Financial Statements enable the four municipal owners to report their share of UWSS Inc. on their municipal financial statements.

The financial statements in the report have been prepared in accordance with International Financial Reporting Standards (IFRS). Effective January 1, 2024, the assets and liabilities of the Union Water Supply System Joint Board of Management were transferred to UWSS Inc., a newly incorporated entity on February 24, 2023.

Discussion:

The draft 2024 Financial Statements have been prepared by Management and audited by the external firm of Baker Tilly Trillium LLP. The draft 2024 Financial Statements are attached to this report and will become final upon approval by the Board.

Highlights of the 2024 Financial Statements:

The 2023 comparative balance sheet, income statement and cash flows are those of UWSS Inc., whose assets and liabilities were transferred from the Union Water Joint Board of Management on January 1, 2024.

Statement of Financial Position

Our commentary in the statement of financial position references the Union Water Supply System Joint Board of Management 2023 closing financial position (herein referred to as 2023 UW Joint Board).

1. Current Assets totalled \$23.8 million, down approximately \$2.4 million (2023 UW Joint Board - \$26.2 million) primarily due to the cash used for property, plant and equipment as discussed below, partially offset by higher interest earned on the bank account and HST recoverable (-\$851k).
2. Property, Plant & Equipment (net of accumulated depreciation) totalled \$59.2 million, an increase of \$4.5 million (2023 UW Joint Board - \$54.7 million) primarily due to additions in:
 - a. Work in progress projects, including but not limited to:
 - the reservoir #3 (~\$2.5m),
 - DAF#2 (~\$1.3m), and
 - flow chamber (~\$108k).
 - b. Capital purchases, including but not limited to:
 - portable generator (~\$398k),
 - low lift travelling screen (~\$242k),
 - communication systems and computers (~\$76k)
 - GMC pickup truck (~\$67k); and,
 - other building improvement costs (~\$174k).
3. Current Liabilities totalled \$4.2 million, down \$4.3 million (2023 UW Joint Board - \$8.5 million) due to the repayment of the SunLife long-term debt \$6.3 million, partially offset by higher payables due to the reservoir project (~\$1.7m), and a slight increase in the ARO. During 2024, there was no draw on the WFCU operating line.
4. Equity closed the year at \$77.5 million.

Statement of Income

Our commentary in the statement of income references UWSS Inc. 2024 Budget.

1. Revenues were higher than budget (~\$14.5m) by approximately \$646k (4.4%) due to lower non-revenue water loss than budgeted.
2. Investment income of \$1.2 million was higher than budget by 51.8%, or \$418k, due to conservative estimates, a consistently strong cash position throughout the year as well as higher than anticipated interest rates.
3. OCWA operating contract costs of \$4.1 million were higher than budget by \$169k (4.3%) due to increased salary and benefit costs (additional personnel) as well as the chemical expenses.
4. Utilities of \$1.6 million were slightly lower than budget by \$88k, or 5.2%, due to energy efficiency gained with a new rooftop unit.
5. Interest on long-term debt of \$758k represents interest paid on the SunLife debt that was \$96k, or 14.5%, higher than budget.
6. Professional services were \$460k, approximately \$102k, or 38.9%, higher than budget due primarily to legal services incurred associated with the negotiation of the WFCU financing agreement, and the payout of the SunLife agreement, not budgeted.
7. Repairs and maintenance expense was \$426k, up 6.5% from budget, due primarily to higher than budgeted watermain repairs.
8. Wages and benefits were lower than budget by \$210k (39.3%) as the 2024 budget anticipated additional staffing resources that were hired late in the year or in early 2025.
9. Administrative fee of \$192k was not budgeted, which represents costs owed to the municipalities for the management of residential customer accounts.
10. Carbon dioxide expense of \$150k was slightly higher than budget (\$40k, or 36.5%) due to a one-time termination fee that was not budgeted.
11. Operational studies of \$145k were lower than budget by 71.8%, or \$370k, due primarily to the deferral of certain programs such as the leak detection (\$125k), and the capitalization of other studies - peaking plant EA and reservoir in work in progress.

Recommendation:

That the 2024 Financial Statements for the Union Water Supply System Inc. be approved.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'R. Bouchard', with a stylized flourish at the end.

Rodney Bouchard, CEO
UWSS Inc.

Encls.