



**Union Water Supply System
Inc.
Annual Shareholders
Meeting**

Wednesday, August 14th, 2024
9:00 am
Kingsville Arena, 1741 Jasperson

AGENDA

- A. Call to Order:**
- B. Welcoming Remarks**
- C. Appointment of the Auditor**
- D. Report of the Auditor and Approval of Annual Financial Statements**
 - Page 2 Report UWSS SH/01/24
 - Page 3 - 7 Financial Information for UWSS Inc. 2023
- E. Special Business**
 - i. Approval of UWSS Inc Dividend Policy No. UWSS F02
Pages 8 - 9
- F. Adjournment:**

/kmj

To: UWSS Inc. Shareholders
From: Rodney Bouchard, UWSS Inc. CEO
Date: August 9th, 2024
Re: Appointment of UWSS Inc. External Financial Auditors



Purpose:

The purpose of this report is to seek the Shareholders' appointment of the UWSS Inc. Board appointed external auditor, Baker Tilly Trillium LLP.

Background:

The statutory audit requirements for a corporation in Ontario are established under the Ontario Business Corporations Act ("Act") and various accounting and auditing standards. Sections 149-154 of the Act require a corporation to appoint an independent auditor of the Corporation on an annual basis. Section 148 of the Act identifies some exceptions to this requirement under certain circumstances.

Discussion:

As per the Ontario Business Corporation's Act, shareholders of a corporation are to appoint the external auditor for the Corporation.

It should be noted that at the September 14th, 2023 UWSS Inc. Board of Directors meeting, the Board approved UWSS Inc. Administration's recommendation to retain Baker Tilly Trillium LLP as UWSS Inc.'s external auditor.

Further, the shareholders are to be provided with an annual statement of finances prepared by the appointed Auditor for approval by shareholders at the Annual Shareholders meeting. The draft statement of Financial Information prepared by Baker Tilly Trillium LLP for UWSS Inc. for fiscal year ending December 31st, 2023 is included in Item D of the Agenda for the 2024 UWSS Inc. Annual Shareholders Meeting.

Respectfully submitted,



Rodney Bouchard, CEO
Union Water Supply System Inc.

/kmj

UNION WATER SUPPLY SYSTEM INC.

Financial Information

December 31, 2023

Draft for discussion purposes only



Baker Tilly Trillium LLP

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COMPILATION ENGAGEMENT REPORT

To Management of Union Water Supply System Inc.

On the basis of information provided by management, we have compiled the balance sheet of Union Water Supply System Inc. as at December 31, 2023, and the statement of income and retained earnings for the 311 day period then ended, and Note 1, which describes the basis of accounting applied in the preparation of the compiled financial information ("financial information").

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, *Compilation Engagements*, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.

Chartered Professional Accountants
Licensed Public Accountants
Leamington, Ontario
July 4, 2024

AUDIT • TAX • ADVISORY

Baker Tilly Trillium LLP is a member of Baker Tilly Canada Cooperative, which is a member of the global network of Baker Tilly International Limited. All members of Baker Tilly Canada Cooperative and Baker Tilly International Limited are separate and independent legal entities.

UNION WATER SUPPLY SYSTEM INC.

Balance Sheet

As at December 31, 2023

ASSETS

CURRENT

Due from The Corporation of the Municipality of Leamington	\$	5,300
Due from The Corporation of the Town of Kingsville		3,872
Due from The Corporation of the Town of Essex		492
Due from Municipality of Lakeshore		<u>336</u>
	\$	<u>10,000</u>

SHAREHOLDERS' EQUITY

Share capital		
Issued:		
10,000 Class A Special shares	\$	10,000
Retained earnings		<u>-</u>
	\$	<u>10,000</u>

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ON BEHALF OF THE BOARD

_____ Director

_____ Director

See accompanying notes to financial information

UNION WATER SUPPLY SYSTEM INC.
Statement of Income and Retained Earnings
For the 311 Day Period Ended December 31, 2023

REVENUES	\$ <u> -</u>
NET INCOME AND RETAINED EARNINGS, END OF YEAR	<u> -</u>

Draft for discussion purposes only

UNION WATER SUPPLY SYSTEM INC.

Notes to Financial Information

311 Day Period Ended December 31, 2023

1. BASIS OF ACCOUNTING

The basis of accounting applied in the preparation of the balance sheet of Union Water Supply System Inc. as at December 31, 2023, and the statement of income and retained earnings for the 311 day period then ended is the historical cost basis and reflects cash transactions.

Draft for discussion purposes only



The Union Water Supply System Inc.

Policy No. UWSS F02: Dividend Policy

Date Adopted: September 14th, 2023

Date Amended:

UNION WATER SUPPLY SYSTEM INC. DIVIDEND POLICY

THIS DIVIDEND POLICY is adopted by the Board of Directors for Union Water Supply System Inc. (the “Board”) as of the 14th day of September, 2023 and approved by the shareholders as of the 14th day of August, 2024.

1. SCOPE OF POLICY

- 1.1 This Dividend Policy applies with respect to dividends which are permitted to be issued by Union Water Supply System Inc. (the “Corporation”) to its shareholders under its constating documents.

2. APPLICABLE LEGAL REQUIREMENTS

- 2.1 Pursuant to Article 7(4) of the Corporation’s Articles of Incorporation, to the extent that there are any retained earnings in the Corporation, the Shareholders are entitled to receive dividends (if any), to the extent declared, in an amount determined by the Board from time to time and in accordance with this Dividend Policy.
- 2.2 Pursuant to Section 19.1 of General By-Law No. 1, to the extent there are any retained earnings in the Corporation, such earnings shall be retained by the Corporation and reinvested into the System, as defined in General By-Law No. 1, by way of capital works, reserves or otherwise. Dividends shall only be paid to the extent there are surplus funds that are not required for the System as determined in accordance with this Dividend Policy. To the extent that any dividends are declared and paid, same shall be in an amount determined by the Board from time to time, and in accordance with this Dividend Policy.
- 2.3 In furtherance of the Corporation’s obligations under applicable legislation and the Water Service Agreement to be entered into by the Corporation with its shareholders, any dividends declared or paid to the Corporation’s shareholders shall not impair the operations of the Corporation or its ability to provide potable water to the shareholders and their end customers.

3. ISSUANCE OF DIVIDENDS

- 3.1 The Board has determined at the time of drafting of this Dividend Policy that there will be no surplus funds for the foreseeable future and therefore Dividends shall not be paid to the shareholders. In making this determination, the Board has undertaken a holistic assessment of the System and considered the following, without limitation, in consultation with the appointed

auditors of the Corporation as necessary: projected annual revenues, Board-approved capital expenditures, capital expenditures projected for the period after the Board-approved capital expenditure plan, short to long term financial conditions, annual increases or decreases to end user rates, and/or fluctuations in water treatment and transmission demands.

- 3.3 This Dividend Policy shall be subject to detailed review and future amendment should the Board contemplate the payment of dividends at a later date.