



# 2024 Water Financial Plan

**No. 071-301A**

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## Introduction

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### Purpose

The County of Oxford (County) Water Financial Plan is comprised as one of five elements required by the Ministry to issue or renew a municipal drinking water licence in accordance with the Safe Drinking Water Act, 2002. The five elements include:



1. **Drinking water works permit (DWWP):** a permit to establish or alter a drinking-water system.
2. **Financial Plan:** prepared in accordance with the prescribed requirements in the Financial Plans Regulation, including an indication that the drinking water system is viable.
3. **Accepted operational plan:** the Drinking-Water Quality Management Standard (DWQMS) will be the standard upon which operational plans will be based. The plan will document an operating authority's quality management system (QMS).
4. **Accredited operating authority:** a third-party audit of an operating authority's QMS will be the basis for accreditation.
5. **Permit to take water (PTTW):** requirements as outlined in the Ontario Water Resources Act.

The County 2024-2030 Financial Plan is prepared in accordance with the Safe Drinking Water Act, 202 (O. Reg. 453/07).

## Financial Plan Requirements

O.Reg. 453/07 provides details regarding the Financial Plans for existing water systems, summarized as follows:

- Must indicate financial viability of the system;
- Must be approved by resolution of Council (or governing body);
- Must apply to a period of at least six years (commencing the year of license expiry);
- Details of the proposed or projected financial position;
- Details of the proposed or projected financial operations;
- Details of the proposed or projected gross cash receipts and gross cash payments;
- Financial plans applicable to two or more solely-owned drinking water systems can be prepared as if they are for one drinking water system;
- Financial plans are to be made available to the public upon request and at no charge;
- Made available to the public through publication on the internet;
- Notice of availability to be given to the public; and
- Submitted to the Ministry of Municipal Affairs and Housing.

## Oxford Municipal Drinking Water Systems Background

The County currently operates an amalgamated water system that serves 21 communities with approximately 36,762 connections. These communities are grouped into four systems for financial accounting including: Woodstock, Tillsonburg, Ingersoll, and Township systems. Currently, each of the four financial water systems is managed as an independent fiscal entity with unique service charges, revenues, debts and operating expenses.

The previous water financial plan was approved by County Council in 2019. A revised financial plan is required six months prior to the expiration of the County’s municipal drinking water licences. The County maintains 17 municipal drinking water licences, all of which are set to expire between May and June 2025.

A summary of the water systems is detailed below:

Table 1: Oxford County Drinking Water Systems

Water Financial System	Water System Name	Connections
<b>Woodstock</b>	City of Woodstock	16,846
<b>Tillsonburg</b>	Town of Tillsonburg	7,080
<b>Ingersoll</b>	Town of Ingersoll	5,390
<b>Townships</b>	Beachville	73
	Bright	159
	Brownsville	127
	Dereham Centre	20
	Drumbo-Princeton	531
	Embro	358
	Hickson	38

	Innerkip	588
	Lakeside	112
	Mount Elgin	281
	Oxford South	2,043
	Plattsville	593
	Tavistock	1,310
	Thamesford	1,213
<b>TOTAL</b>		<b>36,762</b>

## Sustainable Financial Planning

### Introduction

The “Towards Financial Sustainable Drinking-Water and Wastewater Systems” guide provides guiding principles to develop Financial Plans.

*Achieving financial sustainability in Ontario’s municipal water and wastewater sector is a long-term goal. Systems are aging, there is a growing amount of deferred maintenance, and many assets are nearing, or even beyond, the end of their useful lives and in need of replacement.*

*Financial sustainability is needed to ensure that Ontarians continue to enjoy clean and safe drinking water, that water and wastewater services are reliable in the long term, and that environmental protection is maintained.*

The following principles have been considered in the context of the County of Oxford Water Systems Financial Plan.

#### **Principle 1** *On-going public engagement and transparency can build support for, and confidence in, financial plans and the system(s) to which they relate.*

The County undertook an extensive public process to draft the 2024 Water and Wastewater Master Plan. Public participation and feedback played an important role in identifying the servicing needs and priorities of communities throughout Oxford County. This process included on-line surveys; several public consultation sessions; Indigenous community consultation; advertising on social media; and, an extended 75-day informal review period for Area Municipal partners.

As part of the annual budget process, the County encourages the public to participate through an online budget survey and follow public council meetings. Information is posted for the public on the County’s website.

#### **Principle 2** *An integrated approach to planning among water, wastewater, and storm water systems is desirable given the inherent relationship among these services.*

The exercise to compile historical information on linear water, wastewater, road, and other assets has provided invaluable information that supports an integrated approach to the renewal of these assets. At the organizational level, the County’s asset management program involves collaboration among various divisions and programs – transportation, water, wastewater, waste management, facilities, information systems, planning, finance, and more.

The County aligns asset management planning with the Province of Ontario's land use planning framework, including any relevant policy statement issued under section 3(1) of the Planning Act and any Provincial Plans that are in effect and with the County's Official Plan. The objective is to ensure that assets and public service facilities are provided in a coordinated, efficient, and cost-effective manner and that planning for assets and public service facilities is coordinated and integrated with land use planning so that they are financially viable over their lifecycle and available to meet current and projected needs.

**Principle 3 Revenues collected for the provision of water and wastewater services should ultimately be used to meet the needs of those services.**

Oxford County water systems are financially self-sustaining with all revenues directed to the system operations and capital requirements.

On October 25, 2023, County Council approved the [Water and Wastewater Rates Policy](#), that outlines the basis for how rates are calculated and recommended. This policy lays out the need to consider total operating costs, debt obligations and Asset Management Plan contributions for each system when recommending and setting Water and Wastewater rates. The 2024 Water and Wastewater rates were set using this new policy, and rates will be reviewed annually using this methodology, ensuring system financial sustainability.

**Principle 4 Lifecycle planning with mid-course corrections is preferable to planning over the short-term, or not planning at all.**

The County's asset management planning process begins with the Strategic Plan, aligned with the public's expectations and government regulations. The process evaluates the state of our assets, which is determined by current conditions and performance assessment for each asset component. This information will be amended or updated continuously as conditions change. This assists in forecasting a sustainable funding level and serves as a framework for the County's long-term capital plan, including reconstruction and rehabilitation strategies, maintenance, repair activities, ongoing operations, and financial planning.

A financial plan is a critical component of the Asset Management Plan (AMP) and brings the AMP into action. A sound financial plan demonstrates that the County has integrated the AMP into financial planning and annual budgets, and that it has utilized all available funding tools. The County reviews and updates population, household and employment forecasts for the 25-year planning period on a regular basis in order to update its long-term plans.

**Principle 5 An asset management plan is a key input to the development of a financial plan.**

To make good decisions, we need good data. We also need to know how the County may grow over time and what levels of service our residents expect from the assets we operate, maintain, replace and repair. The [Strategic Asset Management Policy](#) outlines the principals and objectives the County uses in developing its assets to ensure long-term sustainability and fiscal stewardship, while balancing levels of service and risk, through asset lifecycle management. Oxford County's 2024 Asset Management Plan supports the County's Strategic Plan as we continually strive to work together for a healthy, vibrant and sustainable future. The plan helps ensure we are responding to

changing needs in a fiscally responsible manner. The County adopted the 2024 Asset Management Plan on June 12, 2024 which continues to enhance the annual review of the 10 year capital plan. As the County continues to implement its asset management program, the level of sophistication and detail for lifecycle needs is expected to increase. In addition, the integration between asset management planning and capital budgeting will only get stronger. Overall this will help ensure the best possible decisions are being made regarding assets, using evidence based decisions and long term financial forecasts that support sustainability.

**Principle 6 A sustainable level of revenue allows for reliable service that meets or exceeds environmental protection standards, while providing sufficient resources for future rehabilitation and replacement needs.**

Oxford County's water and wastewater rates aim to achieve full cost recovery while promoting customer control and water conservation measures.

The County provides municipal water services to 21 communities, 11 of which also receive wastewater (sanitary sewer) services. Oxford County sets its water and wastewater rates every year. Both water and wastewater rates are calculated based on factors that consider water consumption levels; budgeted operating and maintenance costs; planned AMP contributions; and, other fees, charges and grant funding that impact water and wastewater services, such as federal program funding, source water protection, construction charges, etc.

**Principle 7 Ensuring users pay for the services they are provided leads to equitable outcomes and can improve conservation. In general, metering and the use of rates can help ensure users pay for services received.**

Council acknowledges the benefits of user pay and improved conservation. All water systems servicing the County have been metered; less than 0.03% of the County remains unmetered.

Further, the County utilizes a "hump-back" consumption rate system. This system provides a rate structure that makes higher levels of water consumption more expensive per cubic metre than lower consumption, incentivizing water conservation at the user level.

**Principle 8 Financial Plans are "living" documents that require continuous improvement. Comparing the accuracy of financial projections with actual results can lead to improved planning in the future.**

Oxford County staff monitor actual results on a quarterly basis as part of the integrated business planning and budget process and provide updates to Council which will continually improve future projections.

The County's Long Term Financial Sustainability Plan ensures an annual comprehensive financial planning process is carried out and concludes with an approved Budget and Business Plan based on full cost principles towards sustainable financial planning. The Budget and Business Plan forms the basis for determining Water and Wastewater rates for fiscal year.

Additionally, Oxford County's Long Term Financial Sustainability Plan Policy ensures that sufficient funding and resources are provided over the long term. Enabling the County to ensure that services and infrastructure will be sustained at the required level to maximize value to citizens.

**Principal 9    *Financial plans benefit from the close collaboration of various groups, including engineers, accountants, auditors, utility staff, and municipal council.***

This Financial Plan has been developed and prepared internally as a joint effort by various departmental staff utilizing information provided from the following internal and external reports:

- 2024 County of Oxford Operating Budget
- 2024 County of Oxford 10 Year Capital Plan
- 2019 Development Charges Background Study<sup>1</sup>
- 2024 Asset Management Plan

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<sup>1</sup> The 2024 Development Charge Background Study was passed June 12, 2024; this financial plan is based on the 2024 Budget which was prepared using the 2019 Development Charges Background Study.



## Approach

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### Overview

The 2024 Council approved budget has been used as a starting point to prepare the Water Financial Plan. The budget was prepared on a modified cash basis, and therefore conversion to a full accrual financial plan was required for the purposes of this plan. The following sections outline the conversion process.

### Tangible Capital Asset Balances

As part of the Public Sector Accounting Board (PSAB) PSAB 3150 – Tangible Capital Assets, municipalities are required to calculate their tangible capital assets (TCA) balances for existing assets only. For the purpose of the Water Financial Plan, the TCA balances include new and replacement asset needs, along with the disposal of replaced assets.

Future asset needs were assessed and estimated within the 2024 Budget and Business Plan. Additionally, assets that are contributed to the County by developers as part of development agreements, will form part of the County's infrastructure moving forward. At this time, the date and value of these assets remain unknown, and thus these potential assets have not been included within this financial plan. As information becomes available future water financial plans will be adjusted as required.

For all assets, existing and planned, the following formula has been used to calculate the tangible capital asset balances for each year of the forecast period:

- Historical Cost (to end of prior year)
- Plus – Acquisition Cost of New Assets
- Plus – Gain on Disposal(s)
- Less – Accumulated Amortization to end of prior year
- Less – Current Year Amortization
- Less – Loss on Disposal(s)
- Net Book Value

The TCA balances are reported on the Statement of Financial Position and Schedule of Tangible Capital Assets.

### Statement of Operations and Accumulated Surplus

To convert the Statement of Operations from a modified cash to full accrual basis, of the following adjustments were required:

- Debt Repayment
  - The principal portion of the payment needs to be removed under the accrual basis
  - The principal payments are reported on the Statement of Financial Position
- Transfers to and from Reserves
  - These transfers are represented by changes in cash and cash equivalents and accumulated surplus
- Tangible Capital Asset related Transactions
  - Amortization and gains/losses on disposals are reported on the Statement of Operations reflecting costs related to operating activities over their useful lives

## Statement of Financial Position

In accordance with PSAB 1202 – Financial Statement Presentation, the opening balances for the: accounts receivable, accounts payable, outstanding debt (principal only) and deferred revenue have been recorded and classified.

It is noted that for accounts payable it is difficult to isolate the water only portion. This was estimated using the County-wide accounts payable balance as a percent of County-wide expenses, applied to water-only expenses.

## Statement of Cash Flow

The Statement of Cash Flow, summarizes how the County finances its activities. The statement relies on the Statement of Financial Position, the Statement of Operations and other available data.

## Verification

The Financial Plan is a summary of the water operations programs approved by Council for the current budget year (2024) with projected expenditures to 2030.

The Projected Statement of Operations and Accumulated Surplus included in the Water System Financial Plan includes the day-to-day operations of maintaining and administering the drinking water systems. These revenue and expenditures were forecasted in detail for the period 2024 through 2028, during the 2024 Budget process. Revenues and expenditures for 2029 and 2030 were estimated based on an inflation adjustment of 2%.

The revenue assumptions include projected growth in customer base across the systems, and rate increases on standardized rate structures. Where consumption data was not available, projections were based on a typical customer profile.

The expenditure projections include overhead and operating costs with an inflation adjustment. A provision for unanticipated repairs and maintenance and an estimate for additional costs due to system expansion were included.

## Capital Plan

The County's long term capital plan has been reflected in the Projected Statement of Cash Flows. This plan incorporates the addition of new water supply and distribution assets to allow for future growth of the systems and provides for the replacement of the deteriorating infrastructure for both treatment and linear assets.

The Province requires municipalities to record and report their tangible capital assets on their balance sheets and amortize their historical values in accordance with PSAB 3150. Additionally, the Province encourages municipalities to use their asset inventories to strategically plan future replacements and improvements using an AMP framework.

# Financial Plan

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## Introduction

This Financial Plan includes Actual and Projected Financial Statements for the Water Systems, for the periods ending from December 31, 2023 projected to December 31, 2030.

As required, these statements are prepared in accordance with the Public Sector Accounting Standards. It is important to note that the financial statements included are projected based on assumptions determined by management of the water systems. Actual financial results will vary from the projections herein and the differences may be material.

## Projected Statement of Operations and Accumulated Surplus

This statement summarizes the revenues and expenditures generated by the water systems. Where revenues exceed expenses, this indicates that the systems are generating sufficient revenue to cover the costs of operating and maintaining the water systems. Conversely, where expenses exceed revenues, the systems are not generating enough revenue to operate and maintain the systems.

Table 1 illustrates the County's ratio of expenses to revenues fluctuates between 74% and 81%, with the annual surplus varying between \$5.4 million and \$7.4 million over the forecast period. It is imperative that a system generates an annual surplus to ensure that funding is available for non-expense costs including tangible capital asset improvements and acquisitions; reserve transfers; and, debenture principal payments.

The second financial indicator highlighted in Table 1 speaks to the ability of the systems to meet its debt servicing obligations. The Debt Coverage ratio shows how many times the systems' debt payments (found in Table 2) can be made with the available revenues in excess of expenses. While this number is declining, by 2030 the systems are still showing a strong ratio of almost 4 times more annual surplus compared to debt repayment obligations. While there is no prescribed rate for debt coverage, typically anything higher than 2 times is considered quite strong, showing the ability to comfortably meet debt obligations with room to spare.

Accumulated surplus is also an indicator of a system's available resources. An accumulated deficit indicates that resources are insufficient to support the needs of the system moving forward. Tables 1 and 2 indicate that the County anticipates adding approximately \$42.7 million to its accumulated surplus over the financial plan period.

Table 1: Projected Statement of Operations and Accumulated Surplus

<b>COUNTY OF OXFORD WATER SYSTEMS</b> PROJECTED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS AS AT DECEMBER 31, 2023, PROJECTED 2024 TO 2030								
	2023	2024	2025	2026	2027	2028	2029	2030
	ACTUAL	BUDGET	PROJECTED BUDGET	PROJECTED BUDGET	PROJECTED BUDGET	PROJECTED BUDGET	PROJECTED BUDGET	PROJECTED BUDGET
<b>REVENUES</b>								
Rate Revenue	20,336,616	22,395,703	23,134,404	24,112,916	25,134,001	26,192,905	26,847,728	27,518,921
Capital Billing Revenue	8,028	11,102	11,031	9,138	7,950	7,866	8,063	8,264
Earned Development Charge Revenue	772,393	1,379,187	3,530,998	3,013,502	1,917,126	1,994,177	2,199,782	2,558,307
Interest Earned on Reserves	2,517,544	1,717,358	1,065,528	618,711	531,346	407,553	327,344	286,123
Other Revenue	383,967	547,049	562,201	565,131	567,928	555,790	569,685	583,927
	<b>24,018,548</b>	<b>26,050,399</b>	<b>28,304,162</b>	<b>28,319,398</b>	<b>28,158,351</b>	<b>29,158,291</b>	<b>29,952,601</b>	<b>30,955,542</b>
<b>EXPENSES</b>								
Operations	13,840,667	15,449,438	15,993,777	16,113,365	16,524,957	17,045,094	17,471,221	17,908,002
Interest	173,875	400,923	549,953	933,905	1,069,519	1,197,609	1,227,549	1,258,238
DC Exemptions	617,375	120,000	120,000	120,000	120,000	120,000	122,400	124,848
Amortization	3,795,788	3,979,832	4,289,944	4,679,233	4,918,220	5,140,774	5,499,791	5,678,034
Loss on Disposal of TCA	171,948	0	0	0	0	0	0	0
	<b>18,599,653</b>	<b>19,950,193</b>	<b>20,953,674</b>	<b>21,846,503</b>	<b>22,632,696</b>	<b>23,503,477</b>	<b>24,320,962</b>	<b>24,969,122</b>
<b>EXCESS REVENUES OVER EXPENSES</b>	<b>5,418,895</b>	<b>6,100,206</b>	<b>7,350,488</b>	<b>6,472,895</b>	<b>5,525,655</b>	<b>5,654,814</b>	<b>5,631,639</b>	<b>5,986,420</b>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	215,649,172	221,068,067	227,168,273	234,518,762	240,991,656	246,517,312	252,172,126	257,803,765
ACCUMULATED SURPLUS, END OF YEAR	221,068,067	227,168,273	234,518,762	240,991,656	246,517,312	252,172,126	257,803,765	263,790,186
<b>Financial Indicators</b>								
	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	
Expense to Revenue Ratio	76.6%	74.0%	77.1%	80.4%	80.6%	81.2%	80.7%	
Debt Coverage	14.8	14.6	9.5	6.3	5.3	3.7	3.7	
Increase/(Decrease) in Accumulated Surplus	6,100,207	7,350,488	6,472,895	5,525,655	5,654,814	5,631,639	5,986,420	

Table 2: Projected Liabilities and Accumulated Surplus

<b>COUNTY OF OXFORD WATER SYSTEMS</b> LIABILITIES AND ACCUMULATED SURPLUS AS AT DECEMBER 31, 2023, PROJECTED 2024 TO 2030								
	2023	2024	2025	2026	2027	2028	2029	2030
	ACTUAL	BUDGET	PROJECTED BUDGET	PROJECTED BUDGET	PROJECTED BUDGET	PROJECTED BUDGET	PROJECTED BUDGET	PROJECTED BUDGET
<b>LIABILITIES</b>								
Total Debentures								
Opening Balance	6,111,940	9,955,729	12,472,871	19,238,356	21,780,706	24,582,982	32,797,972	31,556,130
New Debentures	4,169,880	2,930,000	7,268,000	3,225,000	3,683,000	9,277,100	300,000	3,192,000
Debt Repayment	(326,091)	(412,858)	(502,515)	(682,650)	(880,724)	(1,062,110)	(1,541,842)	(1,616,558)
Closing Debt Position	9,955,729	12,472,871	19,238,356	21,780,706	24,582,982	32,797,972	31,556,130	33,131,572
<b>ACCUMULATED SURPLUS</b>								
Net Investment in Tangible Capital Assets	169,415,179	185,551,566	201,664,208	211,158,444	221,824,659	234,835,824	244,168,715	256,787,906
Reserves/Reserve Funds	51,652,888	41,616,707	32,854,553	29,833,212	24,692,652	17,336,301	13,635,050	7,002,280
	221,068,067	227,168,273	234,518,762	240,991,656	246,517,312	252,172,126	257,803,765	263,790,186
<b>Financial Indicators</b>								
	<b>Total Change</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Annual Surplus/(Deficit)	42,722,119	6,100,207	7,350,488	6,472,895	5,525,655	5,654,814	5,631,639	5,986,420

## Projected Statement of Cash Flows

This statement summarizes how the water systems are expected to generate and use cash resources during the financial plan period. The statement of cash flows focuses on the cash aspects of the activities of a water systems, as opposed to accrual-based accounting.

Table 3 illustrates that the cash position of the water systems is anticipated to decrease by approximately \$45.8 million over the forecast period. This is the result of significant investment in tangible capital assets (TCA). The statement shows that over the forecast period investment in TCA will be approximately \$144 million. In order to finance this investment, debt is anticipated to finance \$23 million with the remaining balance funded by current reserve balances and cash generated from operations over the forecast period. Current system reserves have been accumulated to \$54 million in anticipation of this required investment. Further, operations are forecasted to generate between \$10.2 million and \$11.7 million in cash annually over the forecast period. With a cumulative operational cash generation of \$75.7 million. This significant investment still leaves an ending cash balance of \$8.7 million by the end of 2030 for future investment.

Table 3: Projected Statement of Cash Flows

<b>COUNTY OF OXFORD WATER SYSTEMS</b> PROJECTED CASH FLOW STATEMENT AS AT DECEMBER 31, 2023, PROJECTED 2024 TO 2030								
	2023	2024	2025	2026	2027	2028	2029	2030
	ACTUAL	BUDGET	PROJECTED BUDGET	PROJECTED BUDGET	PROJECTED BUDGET	PROJECTED BUDGET	PROJECTED BUDGET	PROJECTED BUDGET
<b>OPERATING</b>								
Excess Revenues Over Expenses	5,418,895	6,100,206	7,350,488	6,472,895	5,525,655	5,654,814	5,631,639	5,986,420
Amortization	3,795,788	3,979,832	4,289,944	4,679,233	4,918,220	5,140,774	5,499,791	5,678,034
(Gain)/Loss on Diposal of Tangible Capital Assets	171,948	0	0	0	0	0	0	0
Net Change in Deferred Revenue	1,093,430	207,258	(1,462,883)	(907,783)	282,367	352,141	294,292	92,207
Change in Accounts Receivable (Increase)/Decrease	(71,924)	(269,350)	(88,546)	(115,278)	(120,262)	(122,951)	(78,546)	(80,509)
Change in Accounts Payable Increase/(Decrease)	268,684	331,040	112,010	24,608	84,694	107,029	87,685	89,877
<b>Net Change in Cash from Operations</b>	<b>10,676,821</b>	<b>10,348,986</b>	<b>10,201,013</b>	<b>10,153,675</b>	<b>10,690,674</b>	<b>11,131,807</b>	<b>11,434,861</b>	<b>11,766,029</b>
<b>CAPITAL</b>								
Tangible Capital Assets Purchases	(9,945,923)	(22,695,050)	(27,191,535)	(16,625,149)	(18,351,143)	(26,351,007)	(13,599,979)	(19,882,034)
<b>FINANCING</b>								
Long Term Debt Issued	4,169,880	2,930,000	7,268,000	3,225,000	3,683,000	9,277,100	300,000	3,192,000
Long Term Debt Principal Payments	(326,091)	(412,858)	(502,515)	(682,650)	(880,724)	(1,062,110)	(1,541,842)	(1,616,558)
<b>Net Change in Cash from Financing Activities</b>	<b>3,843,789</b>	<b>2,517,142</b>	<b>6,765,485</b>	<b>2,542,350</b>	<b>2,802,276</b>	<b>8,214,990</b>	<b>(1,241,842)</b>	<b>1,575,442</b>
<b>Net Increase / (Decrease) in Cash</b>	<b>4,574,687</b>	<b>(9,828,923)</b>	<b>(10,225,037)</b>	<b>(3,929,124)</b>	<b>(4,858,193)</b>	<b>(7,004,210)</b>	<b>(3,406,960)</b>	<b>(6,540,563)</b>
Cash and Cash Equivalents, Beginning of Year	49,944,153	54,518,840	44,689,917	34,464,880	30,535,756	25,677,563	18,673,353	15,266,394
<b>Cash and Cash Equivalents, End of Year</b>	<b>54,518,840</b>	<b>44,689,917</b>	<b>34,464,880</b>	<b>30,535,756</b>	<b>25,677,563</b>	<b>18,673,353</b>	<b>15,266,394</b>	<b>8,725,831</b>
<b>Summary</b>								
	<b>Total</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Cash from Operations	75,727,045	10,348,986	10,201,013	10,153,675	10,690,674	11,131,807	11,434,861	11,766,029
Cash Used for TCA	(144,695,897)	(22,695,050)	(27,191,535)	(16,625,149)	(18,351,143)	(26,351,007)	(13,599,979)	(19,882,034)
Cash from Financing	23,175,843	2,517,142	6,765,485	2,542,350	2,802,276	8,214,990	(1,241,842)	1,575,442
	<b>(45,793,009)</b>	<b>(9,828,923)</b>	<b>(10,225,037)</b>	<b>(3,929,124)</b>	<b>(4,858,193)</b>	<b>(7,004,210)</b>	<b>(3,406,960)</b>	<b>(6,540,563)</b>

## Projected Schedule of Tangible Capital Assets

The opening tangible capital asset balances are presented in the County's audited 2023 Consolidated Financial Statements. The planned future TCA additions have been added based on the 2024 capital plan and forecasts. It was assumed that assets would be acquired/constructed within the year of planned expenditure. Projects listed as work-in-process at the end of 2023, were assumed to be completed in 2024.

TCA additions are amortized using the straight-line method over 50 years for water treatment assets and over 80 years for water distribution assets, in accordance with our Tangible Capital Asset Policy. All assets were assumed to be fully amortized at the time of disposal, no gain or loss was assumed on disposal.

As illustrated in Table 4, there is significant investment in TCA over the forecast period. The cumulative investment is anticipated to be \$144 million.

The Net Book Value of the Water Systems assets is anticipated to increase from \$180 million in 2023 to \$290 million by 2030, showing the investment in TCA outpacing the uses (amortization) of TCA.



Table 4: Projected Schedule of Tangible Capital Assets

<b>COUNTY OF OXFORD WATER SYSTEMS</b> PROJECTED SCHEDULE OF TANGIBLE CAPITAL ASSETS AS AT DECEMBER 31, 2023, PROJECTED 2024 TO 2030								
	2023	2024	2025	2026	2027	2028	2029	2030
	ACTUAL	BUDGET	PROJECTED BUDGET	PROJECTED BUDGET	PROJECTED BUDGET	PROJECTED BUDGET	PROJECTED BUDGET	PROJECTED BUDGET
<b>WATER TREATMENT - TANGIBLE CAPITAL ASSETS</b>								
<b>Historical Cost</b>								
Opening Balance	63,972,696	64,064,829	67,934,806	74,922,806	79,232,406	80,906,306	87,455,906	92,445,506
Additions	93,422	3,869,977	6,988,000	4,309,600	1,673,900	6,549,600	4,989,600	7,638,000
Disposals	(1,289)	0	0	0	0	0	0	0
Closing Balance	64,064,829	67,934,806	74,922,806	79,232,406	80,906,306	87,455,906	92,445,506	100,083,506
<b>Accumulated Amortization</b>								
Opening Balance	17,616,564	18,579,897	19,576,025	20,649,294	21,861,811	23,159,371	24,484,823	25,925,112
Amortization Expense	963,874	996,128	1,073,269	1,212,518	1,297,559	1,325,452	1,440,289	1,510,969
Amortization on Disposals	(541)	0	0	0	0	0	0	0
Closing Balance	18,579,897	19,576,025	20,649,294	21,861,811	23,159,371	24,484,823	25,925,112	27,436,081
<b>Net Book Value</b>	<b>45,484,932</b>	<b>48,358,781</b>	<b>54,273,512</b>	<b>57,370,594</b>	<b>57,746,935</b>	<b>62,971,083</b>	<b>66,520,394</b>	<b>72,647,425</b>
<b>WATER DISTRIBUTION - TANGIBLE CAPITAL ASSETS</b>								
<b>Historical Cost</b>								
Opening Balance	188,464,882	197,852,066	216,677,139	236,880,674	249,196,223	265,873,466	285,674,873	294,285,252
Additions	9,852,501	18,825,073	20,203,535	12,315,549	16,677,243	19,801,407	8,610,379	12,244,034
Disposals	(465,317)	0	0	0	0	0	0	0
Closing Balance	197,852,066	216,677,139	236,880,674	249,196,223	265,873,466	285,674,873	294,285,252	306,529,286
<b>Accumulated Amortization</b>								
Opening Balance	61,005,721	63,543,518	66,527,222	69,743,897	73,210,613	76,831,273	80,646,594	84,706,097
Amortization Expense	2,831,914	2,983,704	3,216,675	3,466,716	3,620,660	3,815,322	4,059,502	4,167,065
Amortization on Disposals	(294,117)	0	0	0	0	0	0	0
Closing Balance	63,543,518	66,527,222	69,743,897	73,210,613	76,831,273	80,646,594	84,706,097	88,873,161
<b>Net Book Value</b>	<b>134,308,548</b>	<b>150,149,917</b>	<b>167,136,777</b>	<b>175,985,611</b>	<b>189,042,193</b>	<b>205,028,279</b>	<b>209,579,156</b>	<b>217,656,125</b>
<b>TOTAL NET BOOK VALUE</b>	<b>179,793,480</b>	<b>198,508,698</b>	<b>221,410,289</b>	<b>233,356,205</b>	<b>246,789,129</b>	<b>267,999,362</b>	<b>276,099,550</b>	<b>290,303,550</b>

## Projected Statement of Financial Position

The Statement of Financial Position (Table 5) combines information from the prior four schedules to provide a view of the annual financial state of the Water systems. It includes multiple indicators to help assess the financial health of the systems. The first indicator is change in Net Financial Assets. This shows the systems' year-over-year change in cash vs debt. In 2023 the systems had significantly more financial assets than liabilities. This is due to an accumulation of cash reserves and minimal debt issuance. As discussed earlier, over the forecast period there is significant investment in TCA. This draws down the available cash reserves, while increasing debt. However, it is important to note that at the end of the forecast period, cash and accounts receivables are still greater than \$12 million, allowing for future investment requirements. The increase in liabilities is due to incurring long-term debt however it remains manageable due to the level of investment.

The second financial indicator is Debt to TCA Ratio. This metric shows what percentage of TCA is financed by long-term debt. While this metric is increasing, it is still at a relatively low level of 11.4% by 2030. This indicates that 88.6% of TCA has been financed by system generated surpluses.

The third financial indicator provides the change in Tangible Capital Assets. An increase in TCAs indicates the County plans to invest in tangible capital assets greater than the anticipated use of existing assets over the forecast period. Between 2024 to 2030 the County plans to invest \$110 million in excess of TCA use (depreciated life).

Table 5: Projected Statement of Financial Position

<b>COUNTY OF OXFORD WATER SYSTEMS</b>								
PROJECTED STATEMENT OF FINANCIAL POSITION								
AS AT DECEMBER 31, 2023, PROJECTED 2024 TO 2030								
	2023	2024	2025	2026	2027	2028	2029	2030
	ACTUAL	BUDGET	PROJECTED BUDGET	PROJECTED BUDGET	PROJECTED BUDGET	PROJECTED BUDGET	PROJECTED BUDGET	PROJECTED BUDGET
<b>FINANCIAL ASSETS</b>								
Cash and Cash Equivalents	54,518,840	44,689,917	34,464,880	30,535,756	25,677,563	18,673,353	15,266,394	8,725,831
Accounts Receivable	2,425,447	2,694,797	2,783,343	2,898,621	3,018,883	3,141,834	3,220,380	3,300,889
	56,944,287	47,384,714	37,248,223	33,434,377	28,696,446	21,815,187	18,486,774	12,026,720
<b>LIABILITIES</b>								
Accounts Payable	2,848,018	3,179,058	3,291,068	3,315,676	3,400,370	3,507,399	3,595,084	3,684,961
Debentures (Principal)	9,955,729	12,472,871	19,238,356	21,780,706	24,582,982	32,797,972	31,556,130	33,131,572
Deferred Revenue	2,865,952	3,073,210	1,610,327	702,544	984,911	1,337,052	1,631,344	1,723,551
	15,669,700	18,725,139	24,139,751	25,798,926	28,968,263	37,642,423	36,782,558	38,540,084
<b>NET FINANCIAL ASSETS / (DEBT)</b>	<b>41,274,587</b>	<b>28,659,575</b>	<b>13,108,472</b>	<b>7,635,451</b>	<b>(271,817)</b>	<b>(15,827,236)</b>	<b>(18,295,784)</b>	<b>(26,513,364)</b>
<b>NON-FINANCIAL ASSETS</b>								
Tangible Capital Assets	179,793,480	198,508,698	221,410,289	233,356,205	246,789,129	267,999,362	276,099,550	290,303,550
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>179,793,480</b>	<b>198,508,698</b>	<b>221,410,289</b>	<b>233,356,205</b>	<b>246,789,129</b>	<b>267,999,362</b>	<b>276,099,550</b>	<b>290,303,550</b>
<b>ACCUMULATED SURPLUS</b>	<b>221,068,067</b>	<b>227,168,273</b>	<b>234,518,762</b>	<b>240,991,656</b>	<b>246,517,312</b>	<b>252,172,126</b>	<b>257,803,765</b>	<b>263,790,186</b>
<b>Financial Indicators</b>								
	<b>Total Change</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Increase/(Decrease) in Net Financial Assets	(67,787,951)	(12,615,012)	(15,551,103)	(5,473,021)	(7,907,268)	(15,555,419)	(2,468,549)	(8,217,580)
Debt to TCA Ratio		6.3%	8.7%	9.3%	10.0%	12.2%	11.4%	11.4%
Increase/(Decrease) in Tangible Capital Assets	110,510,070	18,715,218	22,901,591	11,945,916	13,432,923	21,210,233	8,100,188	14,204,000
Increase/(Decrease) in Accumulated Surplus	42,722,119	6,100,207	7,350,488	6,472,895	5,525,655	5,654,814	5,631,639	5,986,420

## Summary

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Through the process of developing this Financial Plan, County management set out to achieve the following:

- Continue to provide safe drinking;
- Financial viability;
- Provide economical and affordable water services;
- Enable the long-term plan for capital asset renewal to be realized;
- Achieve full cost recovery based on lifecycle analysis; and
- Meet the requirements of Ontario Regulation 170/03.