



Long Term Financial Plan

2018/19 – 2027/28

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INTRODUCTION

The Long Term Financial plan forms part of Warren Shire Council’s overall Resourcing Strategy. The Resourcing Strategy consists of Council’s Long Term Financial Plan, Workplace Management Strategy and Asset Management Strategic Plan.

These documents give consideration of the capacity of Warren Shire Council to deliver on items identified in the “Warren Shire 2027” Community Strategic Plan and to prioritise items into the four year Delivery Program and the one year Operational Plan.

The Long Term Financial Plan (LTFP) also provides a means of determining service levels and the rate of infrastructure renewal possible based on different funding scenarios. Council will further develop this aspect as Council’s Asset Management Strategic Plan is being implemented.

Council’s LTFP covers all areas of Council operations and considers the high degree of infrastructure renewal required.

The LTFP will be subject to continuous review and adjustment as circumstances and priorities change as driven by the “Warren Shire 2027” Community Strategic Plan and other factors which impact upon Council’s resourcing plans.

The LTFP enables Council to model the financial impacts of various activities, initiatives, service levels and programs as well as perform risk analysis in terms of measuring the impacts of changing assumptions such as inflation, rate pegging, interest rates etc.

This LTFP covers the 10 year planning period from 2018/19 to 2027/28.

Integrated Planning & Reporting Framework



OBJECTIVES OF THE LONG TERM FINANCIAL PLAN

This is the third comprehensive LTFP developed by Warren Shire Council under the new integrated planning guidelines. Accordingly, the plan will be subject to further refinement as the Asset Management Plans are further developed.

The LTFP has taken into considered areas of priority that are consistent with the “Warren Shire 2027” Community Strategic Plan and Asset Management Plans with identified service level objectives.

The LTFP sets the basis of resourcing Council’s activities that are included in Council’s Delivery Program 2017/18 to 2020/21. The Delivery Program sets the program of actions for Council over that period. The Operational Plan is be prepared based on Council’s known resourcing strategy that defines the limits of Council’s capacity to deliver services and renew and provide infrastructure.

The aim of the LTFP is to put in place a financial structure for strategic financial decision making based on guiding principles for the short and long term periods.

FINANCIAL SUSTAINABILITY

Financial sustainability is a key challenge facing Council and Local Government in general due to several contributing factors including:

- increased demand for services beyond those traditionally provided,
- cost shifting from other levels of government,
- ageing infrastructure and constraints on revenue growth,
- rate pegging constraints,
- uncertainty over grant income,
- increased maintenance due to an ageing infrastructure network,
- cost increases in major inputs in excess of CPI

The financial modelling underpinning this LTFP confirms that if Council is to maintain current service levels, ensure existing assets are maintained and renewed as required and the demand for new facilities is met it is not financially sustainable in the long term given its current level of resourcing.

The financial challenges identified have emerged over a number of years and can be attributed to:

- cost shifting from other levels of Government, with local government being forced to take on increased responsibilities without being provided appropriate funding to meet these additional responsibilities,
- increase in regulatory compliance and reporting (red tape),
- freezing of the Financial Assistance Grant for 3 years – 2014/15 to 2016/17 this has a multiplier effect each year i.e.: the gap is increasing each year and will never be caught up.

Cost Shifting

Cost shifting describes the situation where the responsibility for, or the cost of, providing a certain service, concession, facility or regulatory function are 'shifted' from a higher level of Government without the provision of corresponding funding or an ability to raise revenue to adequately fund the shifted responsibility.

There have been several enquiries and surveys of cost shifting over the years with the latest LGNSW survey for 2015/16 confirming that cost shifting continues to place significant burden on Council's financial situation. Warren Shire Council's estimated cost amounted to \$581,045 or 4.17% of total operating income.

Contributions to the Fire & Rescue NSW, NSW Rural Fire Service and State Emergency Service, lack of adequate funding for public libraries, the NSW Government's failure to reimburse the full mandatory pensioner rebates, the cost of regulation of companion animals, swimming pool compliance, and administration of environmental regulations are all examples of cost shifting that impact on Council's financial performance and place additional pressure on its financial sustainability.

Cost Increases

Council has experienced cost increases well in excess of inflation for a number of major expenditure items over the past few years, a trend that is expected to continue.

Therefore, Council's expenditure base has increased at a significantly higher rate than its revenue base.

An example of this is Rate Pegging Maximum increase of 2.3% when wages will increase by 2.5% for 2018/19.

Infrastructure Renewals and Backlog

The issue of financial sustainability of local government has been identified as a major issue in a number of State based and National inquiries and studies into the issue over many years. Each has identified a shortfall in infrastructure renewal expenditure and a substantial backlog in infrastructure spending as the major issue facing the industry, primarily due to limited funding opportunities available, coupled with the diverse and increasing demand on Council's resources.

Council is constantly developing asset management plans and indications are that current levels of maintenance and renewals currently adequate of that required to maintain the assets in a satisfactory condition.

The asset management plans will quantify the level of spending required to maintain existing infrastructure assets and address any infrastructure backlog.

Further detail of this issue, including its impacts and associated risks if not addressed, is contained in Council's Asset Management Plans.

PLANNING ASSUMPTIONS

The LTFP is based on a number of planning assumptions. These assumptions were used to model and formulate the plan and test a range of scenarios, a process which ultimately formed the basis of the proposed LTFP.

The key planning assumptions considered in the development of the LTFP are detailed below.

Rate Pegging Increases in Rates

On 4 June 2010 the NSW Government announced a number of new functions for the Independent Pricing and Regulatory Tribunal (IPART) relating to Local Government.

The new functions include IPART determining the peg for Councils general rate revenue, and reviewing Council's applications for special variations and minimum rate increases under the Local Government Act 1993. Part of this new framework includes IPART establishing a Local Government Cost Index (LGCI), which will be used in the setting of the maximum allowable increase in general revenue.

The rate peg announced by IPART on 28th November 2017 for 2018/19 is 2.3%.

Interest on Investments

Forecast investment returns of 2.2% in 2018/19, 2.5% in 2019/20 then 3% in Scenario 1 (Planned Forecast), 8.0% in Scenario 2 (Optimistic Forecast) and 1.0% in Scenario 3 (Conservative Forecast) per annum per year over the life of the plan.

Inflation *Consumer Price Index (CPI)*

Forecast CPI at a rate of 2.1% in 2018/19, 2.5% in 2019/20 then 3% in Scenario 1 (Planned Forecast), 1% in Scenario 2 (Optimistic Forecast) and 5.0% in Scenario 3 (Conservative Forecast) per annum over the 10 year period is utilised as the inflator for items of operating revenue and expenditure.

REVENUE FORECASTS

Rates & Annual Charges

In preparing this LTFP, a number of scenarios were modelled to identify possible strategies to address the financial challenges facing Warren Shire Council. Scenario 1 (Planned) was developed on the average increase of 3% in rates and annual charges from 2019/20 onwards. Scenario 2 (Optimistic) was developed on an average increase of 8% in rates and annual charges from 2019/20 onwards. Scenario 3 (Conservative) was developed with 1% increase in rates and annual charges from 2019/20 onwards.

User Charges and Fees

User Fees and Charges include fees for use of Council facilities and fees for private works undertaken.

No new User Charges or Fees opportunities have been identified as part of the development of the Community Strategic Plan. These services are assumed to be provided on the same pricing basis and are forecast to increase in line with inflation.

Given that User Charges and Fees represent around between 8.5% of total revenues the potential error margin of this assumption, and resultant impact on financial position, is not considered material to Council's operations.

Interest

Interest income has been calculated by multiplying an interest rate of 2.2% in 2018/19, 2.5% in 2019/20 then 3% for the life of the plan in Scenario 1 (Planned Forecast), 8.0% in Scenario 2 (Optimistic Forecast) and 1.0% in Scenario 3 (Conservative Forecast) by the previous year's projected total cash in the Balance Sheet.

Operating Grants & Contributions

In reviewing operating grants and contributions it is considered prudent not to forecast an increase, other than for CPI, over the period of the plan. It is unlikely that there will be any increase in grants, or provision of new grants, for current services. Any reduction or discontinuance of grants will be offset by a corresponding reduction in expenditure.

Capital Grants & Contributions

As with the operating grants and contributions it is considered prudent not to forecast an increase, other than for CPI, over the period of the plan. It is unlikely that there will be any increase in grants, or provision of new grants, for capital works. Any reduction or discontinuance of grants will be offset by a corresponding reduction in expenditure.

EXPENDITURE FORECASTS

Much of Council's expenditure is ongoing and regular. Expenditure forecasts are regularly reviewed through the quarterly budget review process and as a part of the annual review and updating of the LTFP. This process identifies any changes in services provided, service levels, commitments and changes to costs for goods and services consumed.

The basis of the forecasts for major expenditure items are detailed below.

Employee Costs

Employee costs consist of salaries and wages, employee leave entitlements, Council's contribution to superannuation schemes, workers compensation insurance, fringe benefits tax and employee training costs.

Salaries and wages make up the majority of employee cost and combined with employee leave entitlements represent 89% of this expenditure item.

As part of its financial strategy, Council sets aside a reserve to enable any 'spikes' in employee leave entitlements, particularly resulting from the retirement or resignation of long serving employees, to be funded. The reserve currently represents 37.75% of total employee entitlement provisions and is forecast to remain at this percentage for the 10 year plan.

Borrowing Costs

The LTFP includes one new borrowings for General Fund for Swimming Pool Refurbishment of \$750K, Water Fund for Capital Improvements of \$1M and Sewerage Fund for the Treatment Works upgrade of \$1M in 2018/19. Council does have the ability if it chooses to borrow money for projects in any given year. Warren Shire Council's current Debt Service Ratio is 1.6%, the FFTF Benchmark is greater than 0% and less than 20%. Interestingly in TCorp's Financial & Stainability Assessment in 2013 it stated Council could borrow up to \$8.9M in 2013.

Materials, Contracts and Other Operating Costs

Expenditure on materials, contracts and other operating cost has been generally based on CPI.

Capital Works – Asset Acquisitions/Renewals

The capital works program in this plan have been taken from rolling works programs, Plant Replacement Program, Water & Sewerage Strategic Plan, Buildings Asset Management Plan, Recreation Asset Management Plan, Stormwater Asset Management Plan and other know works scheduled. Some capital works are fully funded by grant funding (i.e.: Roads & Maritime Services - Block Grant, Supplementary Block Grant and Repair Program) if the funding is not received the capital works will not be undertaken.

The plan assumes the Roads to Recovery Program will be in place for the next 10 years.

SENSITIVITY ANALYSIS

The LTFP is based on a number of underlying assumptions. Sensitivity analysis identifies the impact on Council's financial position any changes in these assumptions will affect outcomes of the plan.

Sensitivity analysis looks at 'what if' scenarios. For example, what happens to Council's financial position if salary and wages increases are 1% higher than forecast; or investment returns are 1% less than forecast in the LTFP Plan.

The major underlying assumptions underpinning the LTFP have been subject to sensitivity analysis which has identified the following impacts:

Rate Pegging

The impact of a 1% reduction in rate pegging each year from Scenario 1 (Planned Forecast) was modelled the analysis indicated that the general fund rates would be reduced by \$662,000 at the end of 10 years.

Inflation

The impact of a 1% increase in inflation over the estimate each year resulted in materials, contracts and other expenses compounding to an extra \$1,169,000 (or an average of \$129,888 each year) for the last 9 years of the plan.

FINANCIAL STRATEGIES UNDERPINNING THE LTFP

This LTFP identifies possible strategies that need to be addressed to ensure Council is financially sustainable into the future. The key strategies underpinning the LTFP are:

- achieving balanced cash budgets
- maintaining a sound financial position
- maintaining a positive unrestricted cash and investment balance
- maintaining service levels
- progressively increasing funding for asset maintenance and renewal
- maintaining a fair and equitable rating structure

Without the identification of appropriate financial strategies, Council is clearly not financially sustainable in the long term and as a result, the community aspirations identified and articulated in the CSP would not be able to be achieved.

The financial challenges faced by Council, as measured in the scenarios below, will require an innovative multi-faceted financial strategy if Council is to continue to deliver the level of services currently provided and satisfy the demand for additional facilities and existing asset renewals.

Identifying Budget Expenditure Reductions

In response to the financial challenges highlighted in this LTFP each department within Council will undertake an ongoing annual review of its current activities and service levels to identify possible opportunities to reduce budget expenditures without significant reductions in service levels.

Productivity Improvements & Initiatives

The continued pursuit of productivity improvements over the period of the plan is a critical component of the strategy developed to deliver financial sustainability. As previously indicated, Warren Shire Council is committed to a process of continuous improvement and organisational development and this process will continue to deliver productivity improvements that will contribute to addressing unexpected funding gaps that may occur.

FINANCIAL MODELLING SCENARIOS

In preparing this LTFP, three (3) scenarios have been modelled to inform the community of the financial implications of the activities and the level of services under different strategies.

The three (3) scenarios are:

Scenario 1 – (Planned Forecast)

This scenario is based upon a 2.3% general rate revenue increase in 2018/19 then a 3% increase in general rates each year, a 6% increase in domestic waste charges in 2018/19 then a 5% increase in each year and an 8% increase water charges, 0% in sewerage charges in 2018/19 and 5% each year after.

Interest on investments has been estimated at 2.2% in 2018/19, 2.5% in 2019/20 then 3% for the life of the plan.

Inflation estimated at 2.1% in 2018/19, 2.5% in 2019/20 then 3% for the life of the plan.

The trend of this scenario shows significant drop in internal restrictions to fund both operational and capital expenses by the end of the plan.

Scenario 2 – (Optimistic Forecast)

This scenario is based upon a 2.3% general rate revenue increase in 2018/19 then an increase of 8% in all rates and annual charges each year after.

Interest on investments has been estimated at 2.2% in 2018/19, then 8% for the life of the plan.

Inflation estimated at 2.1% in 2018/19 then 1% for the life of the plan.

The trend of this scenario would see General Fund having a cash balance of \$32.5M by the end of the plan.

Scenario 3 – (Conservative Forecast)

This scenario is based upon a 2.3% general rate revenue increase in 2018/19 then a 1% increase in all rates and annual charges each year after.

Interest on investments has been estimated at 2.2% in 2018/19 then 1% for the life of the plan.

Inflation estimated at 2.1% in 2018/19 then 5% for the life of the plan.

The trend of this scenario would see all General Fund cash being exhausted in 2023/24 with a deficit of \$15M by the end of the plan.

SUMMARY OF THE LTFP

This is the fourth comprehensive LTFP prepared by Council under the new Integrated Planning and Reporting guidelines.

The plan has been prepared based on Council's known financial position together with financial forecasts.

The plan has highlighted that Council cannot maintain services in the general fund without operating on a funding deficit that is projected for the next 10 years. This indicates that Councils forecast financial position is not sustainable without some corrective action being taken in the short to medium term.

The LTFP will to be monitored and amended each year in line with Council's actual situation, the economic climate and forecast, and future changes in Council's priorities.

FINANCIAL MODELLING OUTPUTS

Following are the financial modelling outputs for each of the three (3) scenarios being:

- i) Projected (Consolidated Funds) Income Statement
- ii) Projected (Consolidated Funds) Statement of Cash Flows
- iii) Projected (Consolidated Funds) Statement of Financial Position

INCOME STATEMENT - SCENARIO No. 1 - (Planned Forecast)
WARREN SHIRE COUNCIL - LONG TERM FINANCIAL PLAN

Consolidated (All Funds)

Income Statement - 2018/19 to 2027/28

Inflated \$'000s

<u>Estimate</u>										
2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	
<u>REVENUES</u>										
Rates & Annual Charges	5,779	5,980	6,187	6,401	6,623	6,852	7,085	7,327	7,578	7,837
User Charges & Fees	1,148	1,178	1,214	1,252	1,290	1,336	1,384	1,435	1,488	1,543
Interest	300	279	246	218	198	148	131	109	90	107
Other Revenues	408	416	429	442	456	470	484	498	514	529
Operating Grants & Contributions	7,615	5,424	5,586	5,753	5,925	5,772	6,276	6,134	6,648	6,518
Capital Grants & Contributions	2,899	0	0	0	0	0	0	0	0	0
Gain on Disposal of Assets	0	0	0	0	0	0	0	0	0	0
Joint Ventures Gain	0	0	0	0	0	0	0	0	0	0
Total Revenues	18,149	13,277	13,662	14,066	14,493	14,578	15,360	15,503	16,318	16,534
<u>EXPENSES</u>										
Employee Benefits & Costs	5,375	5,459	5,620	5,784	5,953	6,131	6,315	6,504	6,699	6,900
Borrowing Costs	13	119	110	102	98	94	91	85	80	77
Materials & Contracts	3,639	2,832	3,199	3,285	3,372	3,472	3,577	3,684	3,794	3,909
Depreciation	3,744	3,837	3,952	4,071	4,193	4,234	4,275	4,429	4,433	4,437
Other Expenses	1,228	1,260	1,297	1,336	1,376	1,417	1,460	1,504	1,549	1,595
Loss on Asset Disposal	0	0	0	0	0	0	0	0	0	0
Joint Ventures Loss	0	0	0	0	0	0	0	0	0	0
Total Expenses	13,999	13,507	14,178	14,578	14,991	15,349	15,717	16,205	16,555	16,918
Operating Result	4,150	(230)	(516)	(512)	(499)	(770)	(358)	(702)	(237)	(384)
Op Result less Capital Grants	1,251	(230)	(516)	(512)	(499)	(770)	(358)	(702)	(237)	(384)
Rate Pegging Limit	2.3%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Annual Garbage Charge Increase	6.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Water Annual Charge Increase	8.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Water User Charge Increase	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Sewerage Annual Charge Increase	0.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Sewerage User Charge Increase	0.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Investment Interest Rates	2.2%	2.5%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Inflation Percentages Used	2.1%	2.5%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Loan Borrowing Interest Rates	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%

The above Income Statement is consistent with the normal ongoing operations of Warren Shire Council, it provides for existing levels of service in all operations of Council.

The Income Statement does not forecast for any profit or loss on the disposal of assets.

STATEMENT OF CASH FLOWS - SCENARIO No. 1 - (Planned Forecast)

WARREN SHIRE COUNCIL - LONG TERM FINANCIAL PLAN

Consolidated (All Funds)

Statement of Cash Flows - 2018/19 TO 2027/28

Inflated \$'000s

	Estimate 2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>										
<u>Receipts</u>										
Rates & Annual Charges	5,779	5,980	6,187	6,401	6,622	6,852	7,085	7,327	7,578	7,836
User Charges & Fees	1,148	1,178	1,214	1,252	1,290	1,336	1,384	1,435	1,488	1,543
Interest Earned	300	279	246	218	198	148	131	109	90	107
Grants	10,514	5,424	5,586	5,753	5,925	5,772	6,276	6,134	6,648	6,518
Other Revenues	408	416	429	442	456	470	484	498	514	529
Receipts from Operations	18,149	13,277	13,662	14,066	14,492	14,578	15,360	15,503	16,318	16,533
<u>Payments</u>										
Employee Benefits & Costs	5,373	5,456	5,619	5,782	6,011	6,130	6,335	6,503	6,699	6,900
Materials & Contracts	3,639	2,832	3,199	3,285	3,372	3,472	3,577	3,684	3,794	3,909
Borrowing Costs	13	119	110	102	98	94	91	85	80	77
Other Expenses	1,228	1,260	1,297	1,336	1,376	1,417	1,460	1,504	1,549	1,595
Payments from Operations	10,253	9,667	10,225	10,505	10,856	11,114	11,462	11,775	12,122	12,481
Net Cash from Operations	7,896	3,610	3,437	3,561	3,635	3,465	3,897	3,728	4,196	4,052
<u>CASH FLOWS FROM CAPITAL ACTIVITIES</u>										
<u>Receipts</u>										
Sale of Assets	660	308	317	326	336	346	356	367	378	390
Receipts from Deferred Debtors	0	0	0	0	0	0	0	0	0	0
Receipts from Capital Activity	660	308	317	326	336	346	356	367	378	390
<u>Payments</u>										
<u>Acquisition/Renewal of Fixed Assets</u>										
Infrastructure - General Fund	9,504	3,466	3,241	3,678	3,572	3,166	3,261	3,359	2,540	2,616
Infrastructure - Water Supply Fund	990	133	137	163	146	150	166	171	76	65
Infrastructure - Sewerage Services Fund	4,130	119	137	144	162	162	159	164	96	91
Plant, Property & Equipment	1,088	740	1,107	1,056	1,383	791	1,273	927	1,159	1,171
Other Assets	28	8	8	9	9	9	10	10	10	10
Payments from Capital Activity	15,740	4,466	4,630	5,050	5,272	4,278	4,869	4,631	3,881	3,953
Net Cash from Capital Activity	(15,080)	(4,158)	(4,313)	(4,724)	(4,936)	(3,932)	(4,513)	(4,264)	(3,503)	(3,563)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>										
<u>Receipts</u>										
Total Loans Required	2,750	0	0	0	0	0	0	0	0	0
Receipts from Finance Activity	2,750	0	0	0	0	0	0	0	0	0
<u>Payments</u>										
Repayment of Loans	87	185	193	99	104	107	113	117	122	128
Payments from Finance Activity	87	185	193	99	104	107	113	117	122	128
Net Cash from Financing	2,663	(185)	(193)	(99)	(104)	(107)	(113)	(117)	(122)	(128)
NET CHANGE CASH & INVESTMENTS	(4,521)	(733)	(1,069)	(1,262)	(1,405)	(574)	(729)	(653)	571	361
Current Year Cash	(4,521)	(733)	(1,069)	(1,262)	(1,405)	(574)	(729)	(653)	571	361
Cash at Start of Year	13,930	9,409	8,676	7,607	6,345	4,940	4,366	3,637	2,985	3,556
Cash at End of Year	9,409	8,676	7,607	6,345	4,940	4,366	3,637	2,985	3,556	3,916

BALANCE SHEET - SCENARIO No. 1 - (Planned Forecast)

WARREN SHIRE COUNCIL - LONG TERM FINANCIAL PLAN

Consolidated (All Funds)

Statement of Financial Position - 2018/19 to 2027/28

Inflated \$'000s

	Estimate 2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
<u>ASSETS</u>										
Cash and Investments	9,409	8,676	7,607	6,345	4,940	4,366	3,637	2,985	3,556	3,916
Receivables - Rates & Charges	110	110	110	110	111	111	111	111	111	112
Receivables - Other	300	300	300	300	300	300	300	300	300	300
Inventories	630	630	630	630	630	630	630	630	630	630
Other	105	105	105	105	105	105	105	105	105	105
Infrastructure, Property, Plant & Equipment	186,139	186,515	186,931	187,639	188,437	188,190	188,483	188,373	187,498	186,679
Joint Ventures	0	0	0	0	0	0	0	0	0	0
Total Assets	196,693	196,336	195,683	195,129	194,523	193,702	193,266	192,504	192,200	191,742
<u>LIABILITIES</u>										
Creditors	285	285	285	285	294	294	294	294	294	294
Borrowings	2,073	1,932	1,862	1,790	1,714	1,636	777	735	691	645
Provisions	1,503	1,504	1,507	1,509	1,571	1,573	1,568	1,569	1,570	1,570
Total Liabilities	3,861	3,721	3,654	3,584	3,579	3,503	2,639	2,598	2,555	2,509
Net Assets	192,832	192,615	192,029	191,545	190,944	190,199	190,627	189,906	189,645	189,233
<u>EQUITY</u>										
Accumulated Surplus	103,865	103,593	102,952	102,413	101,757	100,957	101,330	100,554	100,238	99,771
Asset Revaluation Reserve	88,967	89,022	89,077	89,132	89,187	89,242	89,297	89,352	89,407	89,462
Total Equity	192,832	192,615	192,029	191,545	190,944	190,199	190,627	189,906	189,645	189,233
<u>Note : Cash & Investments is comprised of :</u>										
General Fund Cash & Investment	500	500	500	500	500	500	500	500	500	500
External Restrictions	300	250	250	250	250	250	100	100	100	100
Water Supply	400	366	348	323	337	371	413	478	670	907
Sewerage Services	785	649	533	413	287	178	62	(22)	(23)	(2)
Domestic Waste Management	250	200	180	150	135	135	110	110	110	110
Internal Restrictions	7,174	6,711	5,796	4,709	3,431	2,932	2,453	1,818	2,199	2,302
Cash and Investments	9,409	8,676	7,607	6,345	4,940	4,366	3,637	2,985	3,556	3,916

INCOME STATEMENT - SCENARIO No. 2 - (Optimistic Forecast)

WARREN SHIRE COUNCIL - LONG TERM FINANCIAL PLAN

Consolidated (All Funds)

Income Statement - 2018/19 to 2027/28

Inflated \$'000s

<u>Estimate</u>	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
<u>REVENUES</u>										
Rates & Annual Charges	5,779	6,248	6,750	7,294	7,881	8,515	9,196	9,932	10,727	11,585
User Charges & Fees	1,148	1,233	1,324	1,424	1,530	1,652	1,783	1,926	2,080	2,247
Interest	300	301	679	706	777	900	1,125	1,413	1,794	2,357
Other Revenues	408	410	415	419	424	428	432	436	441	445
Operating Grants & Contributions	7,615	5,310	5,363	5,416	5,470	5,195	5,577	5,303	5,686	5,413
Capital Grants & Contributions	2,899	0	0	0	0	0	0	0	0	0
Gain on Disposal of Assets	0	0	0	0	0	0	0	0	0	0
Joint Ventures Gain	0	0	0	0	0	0	0	0	0	0
Total Revenues	18,149	13,502	14,531	15,259	16,082	16,690	18,114	19,011	20,728	22,047
<u>EXPENSES</u>										
Employee Benefits & Costs	5,375	5,379	5,439	5,489	5,539	5,595	5,652	5,709	5,766	5,824
Borrowing Costs	13	119	110	102	98	94	91	85	80	77
Materials & Contracts	3,639	2,782	3,092	3,112	3,131	3,162	3,194	3,225	3,257	3,290
Depreciation	3,744	3,837	3,952	4,071	4,193	4,234	4,275	4,429	4,433	4,437
Other Expenses	1,228	1,243	1,255	1,268	1,281	1,293	1,306	1,319	1,333	1,346
Loss on Asset Disposal	0	0	0	0	0	0	0	0	0	0
Joint Ventures Loss	0	0	0	0	0	0	0	0	0	0
Total Expenses	13,999	13,360	13,848	14,042	14,242	14,379	14,518	14,768	14,869	14,974
Operating Result	4,150	142	683	1,217	1,840	2,311	3,596	4,243	5,859	7,073
Op Result less Capital Grants	1,251	142	683	1,217	1,840	2,311	3,596	4,243	5,859	7,073
Rate Pegging Limit	2.3%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Annual Garbage Charge Increase	6.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Water Annual Charge Increase	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Water User Charge Increase	5.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Sewerage Annual Charge Increase	0.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Sewerage User Charge Increase	0.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Investment Interest Rates	2.2%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Inflation Percentages Used	2.1%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Loan Borrowing Interest Rates	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%

The above income statement has been forecast to increase general rates, garbage, water and sewerage annual charges by 8% for the last 9 years of the plan, as can be seen the operating result would turn into large surpluses over the years that could potentially enable a vast increase in the levels of service in all operations of Council.

Investment interest of 8% and inflation of 1% per year is also unrealistic.

The Income Statement does not forecast for any profit or loss on the disposal of assets.

STATEMENT OF CASH FLOWS - SCENARIO No. 2 - (Optimistic Forecast)

WARREN SHIRE COUNCIL - LONG TERM FINANCIAL PLAN

Consolidated (All Funds)

Statement of Cash Flows - 2018/19 TO 2027/28

	<u>Inflated \$'000s</u>									
	Estimate 2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>										
<u>Receipts</u>										
Rates & Annual Charges	5,779	6,248	6,750	7,294	7,880	8,515	9,196	9,932	10,727	11,584
User Charges & Fees	1,148	1,233	1,324	1,424	1,530	1,652	1,783	1,926	2,080	2,247
Interest Earned	300	301	679	706	777	900	1,125	1,413	1,794	2,357
Grants	10,514	5,310	5,363	5,416	5,470	5,195	5,577	5,303	5,686	5,413
Other Revenues	408	410	415	419	424	428	432	436	441	445
Receipts from Operations	18,149	13,502	14,531	15,259	16,081	16,690	18,114	19,011	20,728	22,046
<u>Payments</u>										
Employee Benefits & Costs	5,373	5,376	5,438	5,487	5,597	5,594	5,672	5,708	5,766	5,824
Materials & Contracts	3,639	2,782	3,092	3,112	3,131	3,162	3,194	3,225	3,257	3,290
Borrowing Costs	13	119	110	102	98	94	91	85	80	77
Other Expenses	1,228	1,243	1,255	1,268	1,281	1,293	1,306	1,319	1,333	1,346
Payments from Operations	10,253	9,520	9,895	9,969	10,107	10,144	10,263	10,338	10,436	10,537
Net Cash from Operations	7,896	3,982	4,636	5,290	5,974	6,546	7,851	8,673	10,292	11,509
<u>CASH FLOWS FROM CAPITAL ACTIVITIES</u>										
<u>Receipts</u>										
Sale of Assets	660	308	317	326	336	339	343	346	350	353
Receipts from Deferred Debtors	0	0	0	0	0	0	0	0	0	0
Receipts from Capital Activity	660	308	317	326	336	339	343	346	350	353
<u>Payments</u>										
<u>Acquisition/Renewal of Fixed Assets</u>										
Infrastructure - General Fund	9,504	3,415	3,131	3,485	3,318	2,884	2,913	2,942	2,182	2,204
Infrastructure - Water Supply Fund	990	131	133	155	135	137	149	150	65	55
Infrastructure - Sewerage Services Fund	4,130	117	133	136	151	147	142	144	82	77
Plant, Property & Equipment	1,088	740	1,107	1,056	1,383	784	1,260	906	1,131	1,134
Other Assets	28	8	8	8	8	8	8	9	9	9
Payments from Capital Activity	15,740	4,411	4,512	4,840	4,995	3,960	4,472	4,151	3,469	3,479
Net Cash from Capital Activity	(15,080)	(4,103)	(4,195)	(4,514)	(4,659)	(3,621)	(4,129)	(3,805)	(3,119)	(3,126)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>										
<u>Receipts</u>										
Total Loans Required	2,750	0	0	0	0	0	0	0	0	0
Receipts from Finance Activity	2,750	0	0	0	0	0	0	0	0	0
<u>Payments</u>										
Repayment of Loans	87	185	193	99	104	107	113	117	122	128
Payments from Finance Activity	87	185	193	99	104	107	113	117	122	128
Net Cash from Financing	2,663	(185)	(193)	(99)	(104)	(107)	(113)	(117)	(122)	(128)
NET CHANGE CASH & INVESTMENTS	(4,521)	(306)	248	677	1,211	2,818	3,609	4,751	7,051	8,255
Current Year Cash	(4,521)	(306)	248	677	1,211	2,818	3,609	4,751	7,051	8,255
Cash at Start of Year	13,930	9,409	9,103	9,351	10,028	11,239	14,057	17,666	22,417	29,468
Cash at End of Year	9,409	9,103	9,351	10,028	11,239	14,057	17,666	22,417	29,468	37,723

BALANCE SHEET - SCENARIO No. 2 - (Optimistic Forecast)

WARREN SHIRE COUNCIL - LONG TERM FINANCIAL PLAN

Consolidated (All Funds)

Statement of Financial Position - 2018/19 to 2027/28

Inflated \$'000s

	Estimate									
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
<u>ASSETS</u>										
Cash and Investments	9,409	9,103	9,351	10,028	11,239	14,057	17,666	22,417	29,468	37,723
Receivables - Rates & Charges	110	110	110	110	111	111	111	111	111	112
Receivables - Other	300	300	300	300	300	300	300	300	300	300
Inventories	630	630	630	630	630	630	630	630	630	630
Other	105	105	105	105	105	105	105	105	105	105
Infrastructure, Property, Plant & Equipment	186,139	186,460	186,758	187,256	187,777	187,219	187,128	186,559	185,300	184,044
Joint Ventures	0	0	0	0	0	0	0	0	0	0
Total Assets	196,693	196,708	197,254	198,429	200,162	202,422	205,940	210,122	215,914	222,914
<u>LIABILITIES</u>										
Creditors	285	285	285	285	294	294	294	294	294	294
Borrowings	2,073	1,932	1,862	1,790	1,714	1,636	777	735	691	645
Provisions	1,503	1,504	1,507	1,509	1,571	1,573	1,568	1,569	1,570	1,570
Total Liabilities	3,861	3,721	3,654	3,584	3,579	3,503	2,639	2,598	2,555	2,509
Net Assets	192,832	192,987	193,600	194,845	196,583	198,919	203,301	207,524	213,359	220,405
<u>EQUITY</u>										
Accumulated Surplus	103,865	103,965	104,523	105,713	107,396	109,677	114,004	118,172	123,952	130,943
Asset Revaluation Reserve	88,967	89,022	89,077	89,132	89,187	89,242	89,297	89,352	89,407	89,462
Total Equity	192,832	192,987	193,600	194,845	196,583	198,919	203,301	207,524	213,359	220,405
<u>Note : Cash & Investments is comprised of :</u>										
General Fund Cash & Investment	500	500	500	500	500	500	500	500	500	500
External Restrictions	300	250	250	250	250	250	100	100	100	100
Water Supply	400	415	483	593	794	1,080	1,451	1,935	2,633	3,494
Sewerage Services	785	675	603	560	545	620	736	938	1,279	1,718
Domestic Waste Management	250	200	180	150	135	135	110	110	110	110
Internal Restrictions	7,174	7,063	7,335	7,975	9,015	11,472	14,769	18,834	24,846	31,801
Cash and Investments	9,409	9,103	9,351	10,028	11,239	14,057	17,666	22,417	29,468	37,723

INCOME STATEMENT - SCENARIO No. 3 - (Conservative Forecast)

WARREN SHIRE COUNCIL - LONG TERM FINANCIAL PLAN

Consolidated (All Funds)

Income Statement - 2018/19 to 2027/28

Inflated \$'000s

Estimate	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
REVENUES										
Rates & Annual Charges	5,779	5,843	5,905	5,969	6,033	6,098	6,159	6,221	6,283	6,346
User Charges & Fees	1,148	1,152	1,156	1,161	1,164	1,175	1,186	1,197	1,208	1,219
Interest	300	273	82	67	59	14	0	0	0	0
Other Revenues	408	426	448	470	495	519	545	572	601	631
Operating Grants & Contributions	7,615	5,614	5,894	6,188	6,497	6,492	7,146	7,173	7,861	7,924
Capital Grants & Contributions	2,899	0	0	0	0	0	0	0	0	0
Gain on Disposal of Assets	0	0	0	0	0	0	0	0	0	0
Joint Ventures Gain	0	0	0	0	0	0	0	0	0	0
Total Revenues	18,149	13,308	13,485	13,855	14,248	14,298	15,036	15,163	15,953	16,119
EXPENSES										
Employee Benefits & Costs	5,375	5,594	5,857	6,145	6,447	6,769	7,109	7,464	7,837	8,230
Borrowing Costs	13	119	110	102	98	94	91	85	80	77
Materials & Contracts	3,639	2,912	3,339	3,495	3,658	3,841	4,033	4,234	4,446	4,668
Depreciation	3,744	3,837	3,952	4,071	4,193	4,234	4,275	4,429	4,433	4,437
Other Expenses	1,228	1,289	1,352	1,420	1,491	1,566	1,644	1,726	1,812	1,903
Loss on Asset Disposal	0	0	0	0	0	0	0	0	0	0
Joint Ventures Loss	0	0	0	0	0	0	0	0	0	0
Total Expenses	13,999	13,751	14,610	15,233	15,887	16,504	17,151	17,938	18,608	19,315
Operating Result	4,150	(443)	(1,125)	(1,378)	(1,639)	(2,206)	(2,115)	(2,775)	(2,655)	(3,196)
Op Result less Capital Grants	1,251	(443)	(1,125)	(1,378)	(1,639)	(2,206)	(2,115)	(2,775)	(2,655)	(3,196)
Rate Pegging Limit	2.3%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Annual Garbage Charge Increase	6.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Water Annual Charge Increase	8.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Water User Charge Increase	5.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Sewerage Annual Charge Increase	0.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Sewerage User Charge Increase	0.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Investment Interest Rates	2.2%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Inflation Percentages Used	2.1%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Loan Borrowing Interest Rates	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%

The above conservative income statement with increases in rates and annual charges of 1% and inflation at 5% for the term of the plan shows that Council would be operating in deficits each year which is not sustainable and would have no cash by the year ending 2023/24. The only way Council could survive under this scenario would be dramatically cut staff and therefore levels of service in all operations of Council.

The Income Statement does not forecast for any profit or loss on the disposal of assets.

STATEMENT OF CASH FLOWS - SCENARIO No. 3 - (Conservative Forecast)

WARREN SHIRE COUNCIL - LONG TERM FINANCIAL PLAN

Consolidated (All Funds)

Statement of Cash Flows - 2018/19 TO 2027/28

	<u>Inflated \$'000s</u>									
	Estimate 2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>										
<u>Receipts</u>										
Rates & Annual Charges	5,779	5,843	5,905	5,969	6,032	6,098	6,159	6,221	6,283	6,345
User Charges & Fees	1,148	1,152	1,156	1,161	1,164	1,175	1,186	1,197	1,208	1,219
Interest Earned	300	273	82	67	59	14	0	0	0	0
Grants	10,514	5,614	5,894	6,188	6,497	6,492	7,146	7,173	7,861	7,924
Other Revenues	408	426	448	470	495	519	545	572	601	631
Receipts from Operations	18,149	13,308	13,485	13,855	14,247	14,298	15,036	15,163	15,953	16,118
<u>Payments</u>										
Employee Benefits & Costs	5,373	5,591	5,856	6,143	6,505	6,768	7,129	7,463	7,837	8,230
Materials & Contracts	3,639	2,912	3,339	3,495	3,658	3,841	4,033	4,234	4,446	4,668
Borrowing Costs	13	119	110	102	98	94	91	85	80	77
Other Expenses	1,228	1,289	1,352	1,420	1,491	1,566	1,644	1,726	1,812	1,903
Payments from Operations	10,253	9,911	10,657	11,160	11,752	12,269	12,896	13,508	14,175	14,878
Net Cash from Operations	7,896	3,397	2,828	2,695	2,495	2,029	2,140	1,655	1,778	1,240
<u>CASH FLOWS FROM CAPITAL ACTIVITIES</u>										
<u>Receipts</u>										
Sale of Assets	660	308	317	326	336	353	370	389	408	429
Receipts from Deferred Debtors	0	0	0	0	0	0	0	0	0	0
Receipts from Capital Activity	660	308	317	326	336	353	370	389	408	429
<u>Payments</u>										
<u>Acquisition/Renewal of Fixed Assets</u>										
Infrastructure - General Fund	9,504	3,550	3,384	3,916	3,876	3,502	3,677	3,861	2,977	3,126
Infrastructure - Water Supply Fund	990	137	143	174	158	166	188	197	89	78
Infrastructure - Sewerage Services Fund	4,130	122	143	153	176	179	180	189	112	109
Plant, Property & Equipment	1,088	740	1,107	1,056	1,383	798	1,287	949	1,189	1,210
Other Assets	28	8	9	9	10	10	11	11	12	12
Payments from Capital Activity	15,740	4,557	4,786	5,308	5,603	4,655	5,343	5,207	4,379	4,535
Net Cash from Capital Activity	(15,080)	(4,249)	(4,469)	(4,982)	(5,267)	(4,302)	(4,973)	(4,818)	(3,971)	(4,106)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>										
<u>Receipts</u>										
Total Loans Required	2,750	0	0	0	0	0	0	0	0	0
Receipts from Finance Activity	2,750	0	0	0	0	0	0	0	0	0
<u>Payments</u>										
Repayment of Loans	87	185	193	99	104	107	113	117	122	128
Payments from Finance Activity	87	185	193	99	104	107	113	117	122	128
Net Cash from Financing	2,663	(185)	(193)	(99)	(104)	(107)	(113)	(117)	(122)	(128)
NET CHANGE CASH & INVESTMENTS	(4,521)	(1,037)	(1,834)	(2,386)	(2,876)	(2,380)	(2,946)	(3,280)	(2,315)	(2,994)
Current Year Cash	(4,521)	(1,037)	(1,834)	(2,386)	(2,876)	(2,380)	(2,946)	(3,280)	(2,315)	(2,994)
Cash at Start of Year	13,930	9,409	8,372	6,538	4,152	1,276	(1,104)	(4,050)	(7,330)	(9,645)
Cash at End of Year	9,409	8,372	6,538	4,152	1,276	(1,104)	(4,050)	(7,330)	(9,645)	(12,639)

BALANCE SHEET - SCENARIO No. 3 - (Conservative Forecast)

WARREN SHIRE COUNCIL - LONG TERM FINANCIAL PLAN

Consolidated (All Funds)

Statement of Financial Position - 2018/19 to 2027/28

Inflated \$'000s

	Estimate									
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
<u>ASSETS</u>										
Cash and Investments	9,409	8,372	6,538	4,152	1,276	(1,104)	(4,050)	(7,330)	(9,645)	(12,639)
Receivables - Rates & Charges	110	110	110	110	111	111	111	111	111	112
Receivables - Other	300	300	300	300	300	300	300	300	300	300
Inventories	630	630	630	630	630	630	630	630	630	630
Other	105	105	105	105	105	105	105	105	105	105
Infrastructure, Property, Plant & Equipment	186,139	186,606	187,178	188,144	189,273	189,396	190,149	190,593	190,186	189,910
Joint Ventures	0	0	0	0	0	0	0	0	0	0
Total Assets	196,693	196,123	194,861	193,441	191,695	189,438	187,245	184,409	181,687	178,418
<u>LIABILITIES</u>										
Creditors	285	285	285	285	294	294	294	294	294	294
Borrowings	2,073	1,932	1,862	1,790	1,714	1,636	777	735	691	645
Provisions	1,503	1,504	1,507	1,509	1,571	1,573	1,568	1,569	1,570	1,570
Total Liabilities	3,861	3,721	3,654	3,584	3,579	3,503	2,639	2,598	2,555	2,509
Net Assets	192,832	192,402	191,207	189,857	188,116	185,935	184,606	181,811	179,132	175,909
<u>EQUITY</u>										
Accumulated Surplus	103,865	103,380	102,130	100,725	98,929	96,693	95,309	92,459	89,725	86,447
Asset Revaluation Reserve	88,967	89,022	89,077	89,132	89,187	89,242	89,297	89,352	89,407	89,462
Total Equity	192,832	192,402	191,207	189,857	188,116	185,935	184,606	181,811	179,132	175,909

Note : Cash & Investments is comprised of :

General Fund Cash & Investment	500	500	500	500	500	(827)	(3,000)	(5,634)	(7,428)	(9,850)
External Restrictions	300	250	250	250	250	250	100	100	100	100
Water Supply	400	321	213	49	(127)	(338)	(601)	(901)	(1,126)	(1,374)
Sewerage Services	785	612	437	223	(35)	(324)	(659)	(1,005)	(1,301)	(1,624)
Domestic Waste Management	250	200	180	150	135	135	110	110	110	110
Internal Restrictions	7,174	6,489	4,958	2,980	553	0	0	0	0	0
Cash and Investments	9,409	8,372	6,538	4,152	1,276	(1,104)	(4,050)	(7,330)	(9,645)	(12,639)

As can be seen in the above conservative balance sheet forecast the Council would be in overdraft by the end of the 2023/24 financial year.

FINANCIAL INDICATORS

Financial indicators are a benchmark tool to assess actual performance against performance targets, the most common tools used are included in the General Purpose Financial Statements in Note 13 – Statement of Performance Measurement - Indicators.

Unrestricted Current Ratio – this ratio measures Councils council’s ability to meet its financial obligations in the short term, such as paying for goods and services supplied.

Local Government Benchmark:

Greater than 2	Financially Sustainable
Between 1 and 2	Corrective Action required for long term sustainability
Less than 1	Financially Unsustainable

Debt Service Ratio – this ratio measures the cost of paying debt (principal & interest) as a percentage of income from continuing operations.

FFTF Benchmark:

Greater than 0% and Less than 20%

Rates & Annual Charges Coverage Ratio – this ratio measures percentage of rates and annual charges levied compared to the total income from continuing operations.

Rates & Annual Charges Outstanding Percentage – this ratio measures the percentage of all rates and annual charges collectable for the year against the actual collections for the year.

Local Government Benchmark of acceptability for Rural Councils is <10%

Asset Renewal Ratio (General Fund) – this ratio measures Councils rate at which assets are being renewed against the rate at which they are depreciating.

FFTF Benchmark is 100% or greater.

A percentage of 100% indicates that the renewal of assets equals the amount of depreciation.

Operating Performance Ratio (General Fund) – this ratio measures Councils ability to generate continuing income to meet its continuous expenses each year.

FFTF Benchmark is break even or better.

On the following pages are tables of the above ratios using all scenarios.

FINANCIAL INDICATORS – SCENARIO 1 – (Planned Forecast)

Warren Shire Council - (Consolidated Funds) - Financial Indicators

	Estimate										FFTF
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Benchmarks
Unrestricted Current Ratio											
Current Assets less External Restrictions	8,310	7,797	6,862	5,745	4,453	3,954	3,450	2,815	3,196	3,300	
Current Liabilities	1,274	1,228	1,206	1,183	1,181	1,156	871	857	843	828	
Ratio to 1	6.52	6.35	5.69	4.86	3.77	3.42	3.96	3.29	3.79	3.99	>1.5x
Debt Service Ratio											
Debt Service Cost	100	304	303	201	202	201	204	202	202	205	
Income from Continuing Operations less Specific Purpose Grants	13,285	10,604	10,827	11,064	11,318	11,557	11,835	12,120	12,421	12,767	
Percentage	0.75%	2.87%	2.80%	1.82%	1.78%	1.74%	1.72%	1.67%	1.63%	1.61%	>0% & <20%
Rates & Annual Charges Coverage Ratio											
Rates & Annual Charges	5,779	5,980	6,187	6,401	6,623	6,852	7,085	7,327	7,578	7,837	
Income from Continuing Operations	18,149	13,277	13,662	14,066	14,493	14,578	15,360	15,503	16,318	16,534	
Percentage	31.84%	45.04%	45.29%	45.51%	45.70%	47.00%	46.13%	47.26%	46.44%	47.40%	
Rates & Annual Charges Outstanding Percentage											
Outstanding Rates & Annual Charges	110	110	110	110	111	111	111	111	111	112	
Collectable Rates & Annual Charges	5,779	5,980	6,187	6,401	6,622	6,852	7,085	7,327	7,578	7,836	
Percentage	1.90%	1.84%	1.78%	1.72%	1.68%	1.62%	1.57%	1.51%	1.46%	1.43%	<10%
Asset Renewal Ratio											
Asset Renewals	12,074	3,718	3,515	3,985	3,880	3,478	3,586	3,694	2,712	2,772	
Depreciation	2,844	2,937	3,052	3,171	3,293	3,334	3,375	3,529	3,533	3,537	
Percentage	424.54%	126.59%	115.17%	125.67%	117.83%	104.32%	106.25%	104.68%	76.76%	78.37%	>=100%
Operating Performance Ratio - General Fund Only											
Total Operating Income less Capital Grants and Operating Expenses	1,770	108	(223)	(228)	(238)	(548)	(170)	(557)	(140)	(339)	
Total Operating Income less Capital Grants	13,971	11,955	12,295	12,645	13,002	13,014	13,723	13,788	14,518	14,640	> or Equal to Break Even
Percentage	12.67%	0.90%	(1.81%)	(1.80%)	(1.83%)	(4.21%)	(1.24%)	(4.04%)	(0.96%)	(2.32%)	

FINANCIAL INDICATORS – SCENARIO 2 – (Optimistic Forecast)

Warren Shire Council - (Consolidated Funds) - Financial Indicators

	Estimate										FFTF
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Benchmarks
Unrestricted Current Ratio											
Current Assets less External Restrictions	8,310	8,149	8,401	9,011	10,037	12,494	15,766	19,831	25,843	32,799	
Current Liabilities	1,274	1,228	1,206	1,183	1,181	1,156	871	857	843	828	
Ratio to 1	6.52	6.64	6.97	7.62	8.50	10.81	18.10	23.14	30.66	39.61	>1.5x
Debt Service Ratio											
Debt Service Cost	100	304	303	201	202	201	204	202	202	205	
Income from Continuing Operations less Specific Purpose Grants	13,285	10,943	11,919	12,594	13,363	14,246	15,287	16,458	17,793	19,385	
Percentage	0.75%	2.78%	2.54%	1.60%	1.51%	1.41%	1.33%	1.23%	1.14%	1.06%	>0% & <20%
Rates & Annual Charges Coverage Ratio											
Rates & Annual Charges	5,779	6,248	6,750	7,294	7,881	8,515	9,196	9,932	10,727	11,585	
Income from Continuing Operations	18,149	13,502	14,531	15,259	16,082	16,690	18,114	19,011	20,728	22,047	
Percentage	31.84%	46.27%	46.45%	47.80%	49.00%	51.02%	50.77%	52.24%	51.75%	52.55%	
Rates & Annual Charges Outstanding Percentage											
Outstanding Rates & Annual Charges	110	110	110	110	111	111	111	111	111	112	
Collectable Rates & Annual Charges	5,779	6,248	6,750	7,294	7,880	8,515	9,196	9,932	10,727	11,584	
Percentage	1.90%	1.76%	1.63%	1.51%	1.41%	1.30%	1.21%	1.12%	1.03%	0.97%	<10%
Asset Renewal Ratio											
Asset Renewals	12,074	3,663	3,397	3,776	3,604	3,168	3,204	3,236	2,329	2,336	
Depreciation	2,844	2,937	3,052	3,171	3,293	3,334	3,375	3,529	3,533	3,537	
Percentage	424.54%	124.72%	111.30%	119.08%	109.44%	95.02%	94.93%	91.70%	65.92%	66.04%	>=100%
Operating Performance Ratio - General Fund Only											
Total Operating Income less Capital Grants and Operating Expenses	1,770	409	854	1,305	1,825	2,125	3,256	3,724	5,133	6,100	
Total Operating Income less Capital Grants	13,971	12,122	13,067	13,689	14,385	14,810	16,066	16,773	18,272	19,331	> or Equal to Break Even
Percentage	12.67%	3.37%	6.54%	9.53%	12.69%	14.35%	20.26%	22.20%	28.09%	31.56%	

FINANCIAL INDICATORS – SCENARIO 3 – (Conservative Forecast)

Warren Shire Council - (Consolidated Funds) - Financial Indicators

	Estimate										FFTF
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Benchmarks
Unrestricted Current Ratio											
Current Assets less External Restrictions	8,310	7,575	6,024	4,016	1,575	(305)	(2,503)	(5,137)	(6,931)	(9,352)	
Current Liabilities	1,274	1,228	1,206	1,183	1,181	1,156	871	857	843	828	
Ratio to 1	6.52	6.17	5.00	3.39	1.33	(0.26)	(2.87)	(5.99)	(8.22)	(11.29)	>1.5x
Debt Service Ratio											
Debt Service Cost	100	304	303	201	202	201	204	202	202	205	
Income from Continuing Operations less Specific Purpose Grants	13,285	10,445	10,342	10,418	10,502	10,557	10,641	10,741	10,843	10,947	
Percentage	0.75%	2.91%	2.93%	1.93%	1.92%	1.90%	1.92%	1.88%	1.86%	1.87%	>0% & <20%
Rates & Annual Charges Coverage Ratio											
Rates & Annual Charges	5,779	5,843	5,905	5,969	6,033	6,098	6,159	6,221	6,283	6,346	
Income from Continuing Operations	18,149	13,308	13,485	13,855	14,248	14,298	15,036	15,163	15,953	16,119	
Percentage	31.84%	43.91%	43.79%	43.08%	42.34%	42.65%	40.96%	41.03%	39.38%	39.37%	
Rates & Annual Charges Outstanding Percentage											
Outstanding Rates & Annual Charges	110	110	110	110	111	111	111	111	111	112	
Collectable Rates & Annual Charges	5,779	5,843	5,905	5,969	6,032	6,098	6,159	6,221	6,283	6,345	
Percentage	1.90%	1.88%	1.86%	1.84%	1.84%	1.82%	1.80%	1.78%	1.77%	1.77%	<10%
Asset Renewal Ratio											
Asset Renewals	12,074	3,809	3,670	4,243	4,210	3,847	4,045	4,247	3,178	3,313	
Depreciation	2,844	2,937	3,052	3,171	3,293	3,334	3,375	3,529	3,533	3,537	
Percentage	424.54%	129.69%	120.25%	133.81%	127.85%	115.39%	119.85%	120.35%	89.95%	93.67%	>=100%
Operating Performance Ratio - General Fund Only											
Total Operating Income less Capital Grants and Operating Expenses	1,770	(30)	(695)	(881)	(1,082)	(1,592)	(1,448)	(2,053)	(1,876)	(2,352)	
Total Operating Income less Capital Grants	13,971	12,040	12,225	12,595	12,977	13,021	13,746	13,860	14,637	14,790	> or Equal to Break Even
Percentage	12.67%	(0.25%)	(5.69%)	(6.99%)	(8.34%)	(12.23%)	(10.53%)	(14.81%)	(12.81%)	(15.90%)	