



Long Term Financial Plan

2020/21 – 2029/30

Contents

INTRODUCTION	1
OBJECTIVES OF THE LONG TERM FINANCIAL PLAN	2
FINANCIAL SUSTAINABILITY	2
PLANNING ASSUMPTIONS	4
REVENUE FORECASTS	5
EXPENDITURE FORECASTS	6
SENSITIVITY ANALYSIS.....	7
FINANCIAL STRATEGIES UNDERPINNING THE LTFP	8
FINANCIAL MODELLING SCENARIOS	9
SUMMARY OF THE LTFP	10
FINANCIAL MODELLING OUTPUTS	10
INCOME STATEMENT -SCENARIO No. 1 - (Planned Forecast)	11
STATEMENT OF CASH FLOWS -SCENARIO No. 1 - (Planned Forecast)	12
BALANCE SHEET -SCENARIO No. 1 - (Planned Forecast)	13
INCOME STATEMENT -SCENARIO No. 2 - (Optimistic Forecast).....	14
STATEMENT OF CASH FLOWS -SCENARIO No. 2 - (Optimistic Forecast)	15
BALANCE SHEET -SCENARIO No. 2 - (Optimistic Forecast)	16
INCOME STATEMENT -SCENARIO No. 3 - (Conservative Forecast)	17
STATEMENT OF CASH FLOWS -SCENARIO No. 3 - (Conservative Forecast)	18
BALANCE SHEET -SCENARIO No. 3 - (Conservative Forecast).....	19
FINANCIAL INDICATORS.....	20
FINANCIAL INDICATORS – SCENARIO 1 – (Planned Forecast)	21
FINANCIAL INDICATORS – SCENARIO 2 – (Optimistic Forecast)	22
FINANCIAL INDICATORS – SCENARIO 3 – (Conservative Forecast).....	23

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 2020/21 to 2029/30.

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 12th September 2019 for 2020/21 is 2.6%.

Interest on Investments

Forecast investment returns of 1% in 2020/21, then 1.5% in Scenario 1 (Planned Forecast), 5.0% in Scenario 2 (Optimistic Forecast) and 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 2.5% in Scenario 1 (Planned Forecast), 0% 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 2020/21 onwards. Scenario 2 (Optimistic) was developed on an average increase of 8% in rates and annual charges from 2020/21 onwards. Scenario 3 (Conservative) was developed with 1% increase in rates and annual charges from 2020/21 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 1% in 2020/21, then 1.5% for the life of the plan in Scenario 1 (Planned Forecast), 5.0% in Scenario 2 (Optimistic Forecast) and 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 87% 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 24.5% 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 borrowing for General Fund for Swimming Pool Refurbishment of \$750,000, Water Fund for Capital Improvements of \$750,000 and Sewerage Fund for the Treatment Works upgrade of \$2,500,000 in 2020/21. 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 1.47, the FFTF Benchmark is greater than 0% and less than 20%. Interestingly in TCorp's Financial & Sustainability 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 a total of \$2,483,000 over the last nine years of the plan.

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 \$2,380,000 (or an average of \$264,444,000 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 2.6% general rate revenue increase in 2020/21 then a 2.5% increase in general rates each year, a 5% increase in domestic waste charges in 2020/21 then a 5% increase in each year and an 10% increase water charges, 0% in sewerage charges in 2020/21 and 5% each year after.

Interest on investments has been estimated at 1% in 2020/21, then 1.5% for the life of the plan.

Inflation estimated at 2.5% 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 2.6% general rate revenue increase in 2020/21 then an increase of 8% in all rates and annual charges each year after.

Interest on investments has been estimated at 1% in 2020/21, then 5% for the life of the plan.

Inflation estimated at 2.5% in 2020/21 then 0% for the life of the plan.

The trend of this scenario would see General Fund having a cash balance of \$28,984,000 by the end of the plan.

Scenario 3 – (Conservative Forecast)

This scenario is based upon a 2.6% general rate revenue increase in 2020/21 then a 1% increase in all rates and annual charges each year after.

Interest on investments has been estimated at 1% in 2020/21 then 0% for the life of the plan.

Inflation estimated at 2.5% in 2020/21 then 5% for the life of the plan.

The trend of this scenario would see all General Fund cash being exhausted in 2026/27 with a deficit of \$12,319,000 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 Council's 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 - 2020/21 to 2029/30

Inflated \$'000s

	Estimate 2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
REVENUES										
Rates & Annual Charges	6,179	6,339	6,498	6,660	6,827	7,032	7,243	7,462	7,688	7,922
User Charges & Fees	1,112	1,141	1,170	1,199	1,229	1,274	1,320	1,368	1,418	1,470
Interest	310	311	320	321	326	162	133	113	86	66
Other Revenues	325	334	343	351	360	369	378	388	397	407
Operating Grants & Contributions	6,027	5,827	5,953	6,083	6,216	6,041	6,522	6,355	6,844	6,685
Capital Grants & Contributions	2,550	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	16,503	13,952	14,284	14,614	14,957	14,878	15,596	15,686	16,433	16,550
EXPENSES										
Employee Benefits & Costs	5,995	6,137	6,228	6,320	6,413	6,573	6,738	6,906	7,078	7,255
Borrowing Costs	4	159	154	148	143	135	129	123	116	108
Materials & Contracts	3,658	3,684	3,856	4,019	4,253	4,360	4,470	4,582	4,696	4,813
Depreciation	3,818	3,899	4,015	4,116	4,219	4,238	4,257	4,276	4,295	4,314
Other Expenses	1,306	1,306	1,306	1,338	1,306	1,338	1,372	1,406	1,441	1,477
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	14,781	15,185	15,558	15,941	16,333	16,645	16,965	17,293	17,627	17,968
Operating Result	1,722	(1,233)	(1,274)	(1,327)	(1,375)	(1,767)	(1,369)	(1,607)	(1,194)	(1,418)
Op Result less Capital Grants	(828)	(1,233)	(1,274)	(1,327)	(1,375)	(1,767)	(1,369)	(1,607)	(1,194)	(1,418)
Rate Pegging Limit	2.6%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Annual Garbage Charge Increase	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Water Annual Charge Increase	10.0%	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	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Investment Interest Rates	1.0%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Inflation Percentages Used	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
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 - 2020/21 TO 2029/30

Inflated \$'000s

	Estimate 2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>										
<u>Receipts</u>										
Rates & Annual Charges	6,225	6,419	6,548	6,660	6,827	7,032	7,243	7,461	7,688	7,922
User Charges & Fees	1,671	1,231	1,170	1,199	1,229	1,274	1,320	1,368	1,418	1,470
Interest Earned	310	311	320	321	326	162	133	113	86	66
Grants	8,577	5,827	5,953	6,083	6,216	6,041	6,522	6,355	6,844	6,685
Other Revenues	325	334	343	351	360	369	378	388	397	407
Receipts from Operations	17,108	14,122	14,334	14,614	14,957	14,878	15,596	15,685	16,433	16,550
<u>Payments</u>										
Employee Benefits & Costs	5,760	6,135	6,286	6,319	6,435	6,572	6,738	6,906	7,077	7,255
Materials & Contracts	3,662	3,684	3,856	4,019	4,253	4,360	4,470	4,582	4,696	4,813
Borrowing Costs	4	159	154	148	143	135	129	123	116	108
Other Expenses	1,306	1,306	1,306	1,338	1,306	1,338	1,372	1,406	1,441	1,477
Payments from Operations	10,732	11,284	11,601	11,824	12,136	12,406	12,708	13,017	13,331	13,654
Net Cash from Operations	6,376	2,838	2,733	2,790	2,822	2,472	2,888	2,668	3,102	2,896
<u>CASH FLOWS FROM CAPITAL ACTIVITIES</u>										
<u>Receipts</u>										
Sale of Assets	385	394	404	414	425	435	446	458	469	481
Receipts from Deferred Debtors	0	0	0	0	0	0	0	0	0	0
Receipts from Capital Activity	385	394	404	414	425	435	446	458	469	481
<u>Payments</u>										
<u>Acquisition/Renewal of Fixed Assets</u>										
Infrastructure - General Fund	3,087	2,037	2,123	2,160	2,198	2,845	2,915	2,987	3,060	3,136
Infrastructure - Water Supply Fund	833	54	330	113	127	402	170	286	166	300
Infrastructure - Sewerage Services Fund	5,541	238	258	259	259	265	274	273	280	287
Plant, Property & Equipment	983	1,009	1,034	1,060	1,086	1,113	1,141	1,170	1,199	1,229
Other Assets	84	18	18	44	25	50	27	27	53	54
Payments from Capital Activity	10,528	3,356	3,763	3,636	3,695	4,675	4,527	4,743	4,758	5,006
Net Cash from Capital Activity	(10,143)	(2,962)	(3,359)	(3,222)	(3,270)	(4,240)	(4,081)	(4,285)	(4,289)	(4,525)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>										
<u>Receipts</u>										
Total Loans Required	4,000	0	0	0	0	0	0	0	0	0
Receipts from Finance Activity	4,000	0	0	0	0	0	0	0	0	0
<u>Payments</u>										
Repayment of Loans	97	134	139	144	150	156	162	170	176	183
Payments from Finance Activity	97	134	139	144	150	156	162	170	176	183
Net Cash from Financing	3,903	(134)	(139)	(144)	(150)	(156)	(162)	(170)	(176)	(183)
NET CHANGE CASH & INVESTMENTS	136	(258)	(765)	(576)	(599)	(1,923)	(1,355)	(1,787)	(1,363)	(1,812)
Current Year Cash	136	(258)	(765)	(576)	(599)	(1,923)	(1,355)	(1,787)	(1,363)	(1,812)
Cash at Start of Year	12,868	13,004	12,746	11,980	11,404	10,806	8,882	7,528	5,740	4,377

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

WARREN SHIRE COUNCIL - LONG TERM FINANCIAL PLAN

Consolidated (All Funds)

Statement of Financial Position - 2020/21 to 2029/30

Inflated \$'000s

	Estimate									
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
ASSETS										
Cash and Investments	13,004	12,746	11,980	11,404	10,806	8,882	7,528	5,740	4,377	2,565
Receivables - Rates & Charges	290	210	160	160	160	160	160	161	161	161
Receivables - Other	555	465	465	465	465	465	465	465	465	465
Inventories	800	800	800	800	800	800	800	800	800	800
Other	20	20	20	20	20	20	20	20	20	20
Infrastructure, Property, Plant & Equipment	186,268	185,408	184,830	184,014	183,144	183,225	183,129	183,219	183,294	183,587
Joint Ventures	0	0	0	0	0	0	0	0	0	0
Total Assets	200,937	199,649	198,255	196,863	195,395	193,552	192,102	190,405	189,117	187,598
LIABILITIES										
Creditors	285	285	294	294	294	294	294	294	294	294
Borrowings	3,250	3,141	3,028	2,911	2,789	2,662	2,530	2,392	2,249	2,100
Provisions	1,499	1,501	1,563	1,565	1,568	1,569	1,570	1,570	1,571	1,572
Total Liabilities	5,034	4,927	4,885	4,770	4,651	4,525	4,394	4,256	4,114	3,966
Net Assets	195,903	194,722	193,370	192,093	190,744	189,027	187,708	186,149	185,003	183,632
EQUITY										
Accumulated Surplus	109,706	108,470	107,063	105,731	104,327	102,555	101,181	99,567	98,366	96,940
Asset Revaluation Reserve	86,197	86,252	86,307	86,362	86,417	86,472	86,527	86,582	86,637	86,692
Total Equity	195,903	194,722	193,370	192,093	190,744	189,027	187,708	186,149	185,003	183,632
Note : Cash & Investments is comprised of :										
General Fund Cash & Investment	500	500	500	500	500	500	500	500	500	(736)
External Restrictions	3,500	3,000	2,500	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Water Supply	604	806	669	772	892	768	906	961	1,172	1,292
Sewerage Services	2,371	2,195	1,983	1,788	1,586	1,418	1,258	1,120	1,001	899
Domestic Waste Management	180	150	135	135	110	110	110	110	110	110
Internal Restrictions	5,848	6,095	6,193	7,209	6,718	5,086	3,754	2,049	593	0
Cash and Investments	13,004	12,746	11,980	11,404	10,806	8,882	7,528	5,740	4,377	2,565

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

WARREN SHIRE COUNCIL - LONG TERM FINANCIAL PLAN

Consolidated (All Funds)

Income Statement - 2020/21 to 2029/30

Inflated \$'000s

	Estimate									
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
REVENUES										
Rates & Annual Charges	6,179	6,647	7,147	7,686	8,268	8,929	9,643	10,414	11,247	12,146
User Charges & Fees	1,112	1,151	1,191	1,232	1,276	1,336	1,400	1,469	1,541	1,617
Interest	310	766	810	856	940	891	968	1,116	1,291	1,542
Other Revenues	325	326	327	326	327	327	327	327	327	327
Operating Grants & Contributions	6,027	5,677	5,658	5,640	5,620	5,290	5,620	5,290	5,620	5,290
Capital Grants & Contributions	2,550	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	16,503	14,567	15,133	15,740	16,431	16,773	17,958	18,616	20,026	20,922
EXPENSES										
Employee Benefits & Costs	5,995	5,987	5,925	5,862	5,796	5,796	5,796	5,796	5,796	5,796
Borrowing Costs	4	159	154	148	143	135	129	123	116	108
Materials & Contracts	3,658	3,592	3,672	3,739	3,873	3,873	3,873	3,873	3,873	3,873
Depreciation	3,818	3,899	4,015	4,116	4,219	4,238	4,257	4,276	4,295	4,314
Other Expenses	1,306	1,274	1,241	1,241	1,175	1,175	1,175	1,175	1,175	1,175
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	14,781	14,911	15,007	15,106	15,206	15,217	15,230	15,243	15,255	15,266
Operating Result	1,722	(344)	126	634	1,225	1,556	2,728	3,373	4,771	5,656
Op Result less Capital Grants	(828)	(344)	126	634	1,225	1,556	2,728	3,373	4,771	5,656
Rate Pegging Limit	2.6%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Annual Garbage Charge Increase	5.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Water Annual Charge Increase	10.0%	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	5.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Investment Interest Rates	1.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Inflation Percentages Used	2.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
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 5% and inflation of 0% 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 - 2020/21 TO 2029/30

Inflated \$'000s

	Estimate 2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>										
<u>Receipts</u>										
Rates & Annual Charges	6,225	6,727	7,197	7,686	8,268	8,929	9,643	10,413	11,247	12,146
User Charges & Fees	1,671	1,241	1,191	1,232	1,276	1,336	1,400	1,469	1,541	1,617
Interest Earned	310	766	810	856	940	891	968	1,116	1,291	1,542
Grants	8,577	5,677	5,658	5,640	5,620	5,290	5,620	5,290	5,620	5,290
Other Revenues	325	326	327	326	327	327	327	327	327	327
Receipts from Operations	17,108	14,737	15,183	15,740	16,431	16,773	17,958	18,615	20,026	20,922
<u>Payments</u>										
Employee Benefits & Costs	5,760	5,985	5,983	5,861	5,818	5,795	5,796	5,796	5,795	5,796
Materials & Contracts	3,662	3,592	3,672	3,739	3,873	3,873	3,873	3,873	3,873	3,873
Borrowing Costs	4	159	154	148	143	135	129	123	116	108
Other Expenses	1,306	1,274	1,241	1,241	1,175	1,175	1,175	1,175	1,175	1,175
Payments from Operations	10,732	11,010	11,050	10,989	11,009	10,978	10,973	10,967	10,959	10,952
Net Cash from Operations	6,376	3,727	4,133	4,751	5,422	5,795	6,985	7,648	9,067	9,970
<u>CASH FLOWS FROM CAPITAL ACTIVITIES</u>										
<u>Receipts</u>										
Sale of Assets	385	385	385	385	385	385	385	385	385	385
Receipts from Deferred Debtors	0	0	0	0	0	0	0	0	0	0
Receipts from Capital Activity	385	385	385	385	385	385	385	385	385	385
<u>Payments</u>										
<u>Acquisition/Renewal of Fixed Assets</u>										
Infrastructure - General Fund	3,087	2,037	2,122	2,158	2,194	2,840	2,840	2,840	2,840	2,840
Infrastructure - Water Supply Fund	833	52	314	105	115	355	146	240	136	240
Infrastructure - Sewerage Services Fund	5,541	232	246	240	234	234	236	230	230	230
Plant, Property & Equipment	983	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,009
Other Assets	84	18	18	43	23	48	23	23	48	48
Payments from Capital Activity	10,528	3,348	3,709	3,555	3,575	4,486	4,254	4,342	4,263	4,367
Net Cash from Capital Activity	(10,143)	(2,963)	(3,324)	(3,170)	(3,190)	(4,101)	(3,869)	(3,957)	(3,878)	(3,982)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>										
<u>Receipts</u>										
Total Loans Required	4,000	0	0	0	0	0	0	0	0	0
Receipts from Finance Activity	4,000	0	0	0	0	0	0	0	0	0
<u>Payments</u>										
Repayment of Loans	97	134	139	144	150	156	162	170	176	183
Payments from Finance Activity	97	134	139	144	150	156	162	170	176	183
Net Cash from Financing	3,903	(134)	(139)	(144)	(150)	(156)	(162)	(170)	(176)	(183)
NET CHANGE CASH & INVESTMENTS	136	630	670	1,437	2,082	1,538	2,954	3,521	5,013	5,805
Current Year Cash	136	630	670	1,437	2,082	1,538	2,954	3,521	5,013	5,805
Cash at Start of Year	12,868	13,004	13,633	14,303	15,739	17,821	19,358	22,312	25,832	30,845
Cash at End of Year	13,004	13,633	14,303	15,739	17,821	19,358	22,312	25,832	30,845	36,649

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

WARREN SHIRE COUNCIL - LONG TERM FINANCIAL PLAN

Consolidated (All Funds)

Statement of Financial Position - 2020/21 to 2029/30

Inflated \$'000s

	Estimate									
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
ASSETS										
Cash and Investments	13,004	13,633	14,303	15,739	17,821	19,358	22,312	25,832	30,845	36,649
Receivables - Rates & Charges	290	210	160	160	160	160	160	161	161	161
Receivables - Other	555	465	465	465	465	465	465	465	465	465
Inventories	800	800	800	800	800	800	800	800	800	800
Other	20	20	20	20	20	20	20	20	20	20
Infrastructure, Property, Plant & Equipment	186,268	185,409	184,795	183,926	182,974	182,914	182,603	182,361	182,021	181,766
Joint Ventures	0	0	0	0	0	0	0	0	0	0
Total Assets	200,937	200,537	200,543	201,110	202,240	203,717	206,360	209,639	214,312	219,861
LIABILITIES										
Creditors	285	285	294	294	294	294	294	294	294	294
Borrowings	3,250	3,141	3,028	2,911	2,789	2,662	2,530	2,392	2,249	2,100
Provisions	1,499	1,501	1,563	1,565	1,568	1,569	1,570	1,570	1,571	1,572
Total Liabilities	5,034	4,927	4,885	4,770	4,651	4,525	4,394	4,256	4,114	3,966
Net Assets	195,903	195,610	195,658	196,340	197,589	199,192	201,966	205,383	210,198	215,895
EQUITY										
Accumulated Surplus	109,706	109,358	109,351	109,978	111,172	112,720	115,439	118,801	123,561	129,203
Asset Revaluation Reserve	86,197	86,252	86,307	86,362	86,417	86,472	86,527	86,582	86,637	86,692
Total Equity	195,903	195,610	195,658	196,340	197,589	199,192	201,966	205,383	210,198	215,895

Note : Cash & Investments is comprised of :

General Fund Cash & Investment	500	500	500	500	500	500	500	500	500	500
External Restrictions	3,500	3,000	2,500	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Water Supply	604	865	849	1,108	1,445	1,638	2,136	2,658	3,410	4,207
Sewerage Services	2,371	2,307	2,240	2,223	2,239	2,335	2,493	2,729	3,050	3,459
Domestic Waste Management	180	150	135	135	110	110	110	110	110	110
Internal Restrictions	5,848	6,811	8,079	10,773	12,527	13,775	16,072	18,835	22,775	27,374
Cash and Investments	13,004	13,633	14,303	15,739	17,821	19,358	22,312	25,832	30,845	36,649

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

WARREN SHIRE COUNCIL - LONG TERM FINANCIAL PLAN

Consolidated (All Funds)

Income Statement - 2020/21 to 2029/30

Inflated \$'000s

	Estimate 2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
REVENUES										
Rates & Annual Charges	6,179	6,216	6,247	6,279	6,309	6,373	6,437	6,502	6,567	6,633
User Charges & Fees	1,112	1,112	1,111	1,109	1,106	1,117	1,128	1,139	1,150	1,161
Interest	310	116	129	141	154	0	0	0	0	0
Other Revenues	325	342	361	377	397	416	437	459	481	505
Operating Grants & Contributions	6,027	5,977	6,256	6,551	6,858	6,871	7,544	7,591	8,300	8,385
Capital Grants & Contributions	2,550	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	16,503	13,763	14,104	14,457	14,824	14,777	15,546	15,690	16,499	16,684
EXPENSES										
Employee Benefits & Costs	5,995	6,286	6,539	6,803	7,076	7,430	7,802	8,192	8,602	9,032
Borrowing Costs	4	159	154	148	143	135	129	123	116	108
Materials & Contracts	3,658	3,775	4,044	4,313	4,663	4,897	5,142	5,399	5,669	5,952
Depreciation	3,818	3,899	4,015	4,116	4,219	4,238	4,257	4,276	4,295	4,314
Other Expenses	1,306	1,338	1,372	1,440	1,447	1,519	1,595	1,675	1,758	1,846
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	14,781	15,457	16,123	16,820	17,548	18,219	18,924	19,664	20,440	21,252
Operating Result	1,722	(1,694)	(2,019)	(2,363)	(2,724)	(3,442)	(3,378)	(3,974)	(3,942)	(4,568)
Op Result less Capital Grants	(828)	(1,694)	(2,019)	(2,363)	(2,724)	(3,442)	(3,378)	(3,974)	(3,942)	(4,568)
Rate Pegging Limit	2.6%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Annual Garbage Charge Increase	5.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Water Annual Charge Increase	10.0%	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	5.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Investment Interest Rates	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Inflation Percentages Used	2.5%	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 2026/27. 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 - 2020/21 TO 2029/30

Inflated \$'000s

	Estimate 2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>										
<u>Receipts</u>										
Rates & Annual Charges	6,225	6,296	6,297	6,279	6,309	6,373	6,437	6,501	6,567	6,633
User Charges & Fees	1,671	1,202	1,111	1,109	1,106	1,117	1,128	1,139	1,150	1,161
Interest Earned	310	116	129	141	154	0	0	0	0	0
Grants	8,577	5,977	6,256	6,551	6,858	6,871	7,544	7,591	8,300	8,385
Other Revenues	325	342	361	377	397	416	437	459	481	505
Receipts from Operations	17,108	13,933	14,154	14,457	14,824	14,777	15,546	15,689	16,499	16,684
<u>Payments</u>										
Employee Benefits & Costs	5,760	6,284	6,597	6,802	7,098	7,429	7,802	8,192	8,601	9,032
Materials & Contracts	3,662	3,775	4,044	4,313	4,663	4,897	5,142	5,399	5,669	5,952
Borrowing Costs	4	159	154	148	143	135	129	123	116	108
Other Expenses	1,306	1,338	1,372	1,440	1,447	1,519	1,595	1,675	1,758	1,846
Payments from Operations	10,732	11,556	12,166	12,703	13,351	13,980	14,667	15,388	16,144	16,938
Net Cash from Operations	6,376	2,377	1,988	1,754	1,473	797	879	301	354	(254)
<u>CASH FLOWS FROM CAPITAL ACTIVITIES</u>										
<u>Receipts</u>										
Sale of Assets	385	404	424	445	467	490	515	540	568	596
Receipts from Deferred Debtors	0	0	0	0	0	0	0	0	0	0
Receipts from Capital Activity	385	404	424	445	467	490	515	540	568	596
<u>Payments</u>										
<u>Acquisition/Renewal of Fixed Assets</u>										
Infrastructure - General Fund	3,087	2,037	2,124	2,163	2,202	2,851	2,991	3,138	3,293	3,455
Infrastructure - Water Supply Fund	833	55	346	121	140	454	196	338	201	373
Infrastructure - Sewerage Services Fund	5,541	244	271	278	285	299	317	324	340	357
Plant, Property & Equipment	983	1,009	1,059	1,112	1,168	1,226	1,287	1,352	1,419	1,490
Other Assets	84	18	19	45	27	53	31	32	59	62
Payments from Capital Activity	10,528	3,363	3,819	3,719	3,822	4,883	4,822	5,184	5,312	5,737
Net Cash from Capital Activity	(10,143)	(2,959)	(3,395)	(3,274)	(3,355)	(4,393)	(4,307)	(4,644)	(4,744)	(5,141)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>										
<u>Receipts</u>										
Total Loans Required	4,000	0	0	0	0	0	0	0	0	0
Receipts from Finance Activity	4,000	0	0	0	0	0	0	0	0	0
<u>Payments</u>										
Repayment of Loans	97	134	139	144	150	156	162	170	176	183
Payments from Finance Activity	97	134	139	144	150	156	162	170	176	183
Net Cash from Financing	3,903	(134)	(139)	(144)	(150)	(156)	(162)	(170)	(176)	(183)
NET CHANGE CASH & INVESTMENTS	136	(716)	(1,547)	(1,664)	(2,032)	(3,752)	(3,590)	(4,512)	(4,566)	(5,578)
Current Year Cash	136	(716)	(1,547)	(1,664)	(2,032)	(3,752)	(3,590)	(4,512)	(4,566)	(5,578)
Cash at Start of Year	12,868	13,004	12,287	10,740	9,076	7,044	3,293	(298)	(4,810)	(9,376)
Cash at End of Year	13,004	12,287	10,740	9,076	7,044	3,293	(298)	(4,810)	(9,376)	(14,954)

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

WARREN SHIRE COUNCIL - LONG TERM FINANCIAL PLAN

Consolidated (All Funds)

Statement of Financial Position - 2020/21 to 2029/30

Inflated \$'000s

	Estimate									
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
ASSETS										
Cash and Investments	13,004	12,287	10,740	9,076	7,044	3,293	(298)	(4,810)	(9,376)	(14,954)
Receivables - Rates & Charges	290	210	160	160	160	160	160	161	161	161
Receivables - Other	555	465	465	465	465	465	465	465	465	465
Inventories	800	800	800	800	800	800	800	800	800	800
Other	20	20	20	20	20	20	20	20	20	20
Infrastructure, Property, Plant & Equipment	186,268	185,406	184,865	184,103	183,320	183,557	183,691	184,144	184,680	185,595
Joint Ventures	0	0	0	0	0	0	0	0	0	0
Total Assets	200,937	199,188	197,050	194,624	191,809	188,295	184,838	180,780	176,750	172,087
LIABILITIES										
Creditors	285	285	294	294	294	294	294	294	294	294
Borrowings	3,250	3,141	3,028	2,911	2,789	2,662	2,530	2,392	2,249	2,100
Provisions	1,499	1,501	1,563	1,565	1,568	1,569	1,570	1,570	1,571	1,572
Total Liabilities	5,034	4,927	4,885	4,770	4,651	4,525	4,394	4,256	4,114	3,966
Net Assets	195,903	194,261	192,165	189,854	187,158	183,770	180,444	176,524	172,636	168,121
EQUITY										
Accumulated Surplus	109,706	108,009	105,858	103,492	100,741	97,298	93,917	89,942	85,999	81,429
Asset Revaluation Reserve	86,197	86,252	86,307	86,362	86,417	86,472	86,527	86,582	86,637	86,692
Total Equity	195,903	194,261	192,165	189,854	187,158	183,770	180,444	176,524	172,636	168,121
Note : Cash & Investments is comprised of :										
General Fund Cash & Investments	500	500	500	500	500	500	(1,372)	(5,051)	(8,856)	(13,429)
External Restrictions	3,500	3,000	2,500	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Water Supply	604	753	500	449	355	(77)	(278)	(649)	(914)	(1,382)
Sewerage Services	2,371	2,123	1,803	1,462	1,074	677	242	(219)	(716)	(1,253)
Domestic Waste Management	180	150	135	135	110	110	110	110	110	110
Internal Restrictions	5,848	5,761	5,303	5,531	4,006	1,083	0	0	0	0
Cash and Investments	13,004	12,287	10,740	9,076	7,044	3,293	(298)	(4,810)	(9,376)	(14,954)

As can be seen in the above conservative balance sheet forecast the Council would be in overdraft by the end of the 2026/27 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
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	Benchmarks
Unrestricted Current Ratio											
Current Assets less External Restrictions	7,519	7,566	7,599	8,615	8,099	6,467	5,135	3,431	1,975	146	
Current Liabilities	1,661	1,626	1,612	1,574	1,535	1,493	1,450	1,404	1,358	1,309	
Ratio to 1	4.53	4.65	4.71	5.47	5.28	4.33	3.54	2.44	1.45	0.11	>1.5x
Debt Service Ratio											
Debt Service Cost	101	293	293	292	293	291	291	293	292	291	
Income from Continuing Operations less Specific Purpose Grants	13,227	10,876	11,082	11,282	11,493	11,588	11,825	12,082	12,340	12,616	
Percentage	0.76%	2.69%	2.64%	2.59%	2.55%	2.51%	2.46%	2.43%	2.37%	2.31%	>0% & <20%
Rates & Annual Charges Coverage Ratio											
Rates & Annual Charges	6,179	6,339	6,498	6,660	6,827	7,032	7,243	7,462	7,688	7,922	
Income from Continuing Operations	16,503	13,952	14,284	14,614	14,957	14,878	15,596	15,686	16,433	16,550	
Percentage	37.44%	45.43%	45.49%	45.57%	45.64%	47.26%	46.44%	47.57%	46.79%	47.87%	
Rates & Annual Charges Outstanding Percentage											
Outstanding Rates & Annual Charges	290	210	160	160	160	160	160	161	161	161	
Collectable Rates & Annual Charges	6,225	6,419	6,548	6,660	6,827	7,032	7,243	7,461	7,688	7,922	
Percentage	4.66%	3.27%	2.44%	2.40%	2.34%	2.28%	2.21%	2.16%	2.09%	2.03%	<10%
Asset Renewal Ratio											
Asset Renewals	9,461	2,329	2,711	2,532	2,584	3,512	3,359	3,546	3,506	3,723	
Depreciation	2,918	2,999	3,115	3,216	3,319	3,338	3,357	3,376	3,395	3,414	
Percentage	324.23%	77.66%	87.03%	78.73%	77.85%	105.21%	100.06%	105.04%	103.27%	109.05%	>=100%
Operating Performance Ratio - General Fund Only											
Total Operating Income less Capital Grants and Operating Expenses	(726)	(1,008)	(1,013)	(1,107)	(1,202)	(1,643)	(1,293)	(1,588)	(1,236)	(1,527)	
Total Operating Income less Capital Grants	12,606	12,571	12,838	13,104	13,375	13,221	13,865	13,871	14,531	14,554	> or Equal to Break Even
Percentage	(5.76%)	(8.02%)	(7.89%)	(8.45%)	(8.99%)	(12.42%)	(9.32%)	(11.45%)	(8.50%)	(10.49%)	

FINANCIAL INDICATORS – SCENARIO 2 – (Optimistic Forecast)

Warren Shire Council - (Consolidated Funds) - Financial Indicators

	Estimate										FFTF
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	Benchmarks
Unrestricted Current Ratio											
Current Assets less External Restrictions	7,519	8,282	9,485	12,179	13,908	15,156	17,453	20,217	24,157	28,756	
Current Liabilities	1,661	1,626	1,612	1,574	1,535	1,493	1,450	1,404	1,358	1,309	
Ratio to 1	4.53	5.09	5.88	7.74	9.06	10.15	12.04	14.40	17.79	21.97	>1.5x
Debt Service Ratio											
Debt Service Cost	101	293	293	292	293	291	291	293	292	291	
Income from Continuing Operations less Specific Purpose Grants	13,227	11,641	12,226	12,851	13,562	14,234	15,089	16,077	17,157	18,383	
Percentage	0.76%	2.52%	2.40%	2.27%	2.16%	2.04%	1.93%	1.82%	1.70%	1.58%	>0% & <20%
Rates & Annual Charges Coverage Ratio											
Rates & Annual Charges	6,179	6,647	7,147	7,686	8,268	8,929	9,643	10,414	11,247	12,146	
Income from Continuing Operations	16,503	14,567	15,133	15,740	16,431	16,773	17,958	18,616	20,026	20,922	
Percentage	37.44%	45.63%	47.23%	48.83%	50.32%	53.23%	53.70%	55.94%	56.16%	58.05%	
Rates & Annual Charges Outstanding Percentage											
Outstanding Rates & Annual Charges	290	210	160	160	160	160	160	161	161	161	
Collectable Rates & Annual Charges	6,225	6,727	7,197	7,686	8,268	8,929	9,643	10,413	11,247	12,146	
Percentage	4.66%	3.12%	2.22%	2.08%	1.94%	1.79%	1.66%	1.55%	1.43%	1.33%	<10%
Asset Renewal Ratio											
Asset Renewals	9,461	2,321	2,682	2,503	2,543	3,429	3,222	3,310	3,206	3,310	
Depreciation	2,918	2,999	3,115	3,216	3,319	3,338	3,357	3,376	3,395	3,414	
Percentage	324.23%	77.39%	86.10%	77.83%	76.62%	102.73%	95.98%	98.05%	94.43%	96.95%	>=100%
Operating Performance Ratio - General Fund Only											
Total Operating Income less Capital Grants and Operating Expenses	(726)	(283)	149	545	998	1,174	2,184	2,637	3,825	4,470	
Total Operating Income less Capital Grants	12,606	13,045	13,495	13,991	14,544	14,733	15,757	16,224	17,426	18,084	
Percentage	(5.76%)	(2.17%)	1.10%	3.90%	6.86%	7.97%	13.86%	16.25%	21.95%	24.72%	> or Equal to Break Even

FINANCIAL INDICATORS – SCENARIO 3 – (Conservative Forecast)

Warren Shire Council - (Consolidated Funds) - Financial Indicators

	Estimate											FFTF
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30		Benchmarks
Unrestricted Current Ratio												
Current Assets less External Restrictions	7,519	7,232	6,709	6,937	5,387	2,464	(491)	(4,169)	(7,974)	(12,547)		
Current Liabilities	1,661	1,626	1,612	1,574	1,535	1,493	1,450	1,404	1,358	1,309		
Ratio to 1	4.53	4.45	4.16	4.41	3.51	1.65	(0.34)	(2.97)	(5.87)	(9.59)		>1.5x
Debt Service Ratio												
Debt Service Cost	101	293	293	292	293	291	291	293	292	291		
Income from Continuing Operations less Specific Purpose Grants	13,227	10,537	10,599	10,657	10,717	10,657	10,753	10,851	10,949	11,050		
Percentage	0.76%	2.78%	2.76%	2.74%	2.73%	2.73%	2.71%	2.70%	2.67%	2.63%		>0% & <20%
Rates & Annual Charges Coverage Ratio												
Rates & Annual Charges	6,179	6,216	6,247	6,279	6,309	6,373	6,437	6,502	6,567	6,633		
Income from Continuing Operations	16,503	13,763	14,104	14,457	14,824	14,777	15,546	15,690	16,499	16,684		
Percentage	37.44%	45.16%	44.29%	43.43%	42.56%	43.13%	41.41%	41.44%	39.80%	39.76%		
Rates & Annual Charges Outstanding Percentage												
Outstanding Rates & Annual Charges	290	210	160	160	160	160	160	161	161	161		
Collectable Rates & Annual Charges	6,225	6,296	6,297	6,279	6,309	6,373	6,437	6,501	6,567	6,633		
Percentage	4.66%	3.34%	2.54%	2.55%	2.54%	2.51%	2.49%	2.48%	2.45%	2.43%		<10%
Asset Renewal Ratio												
Asset Renewals	9,461	2,336	2,741	2,562	2,627	3,604	3,504	3,800	3,834	4,185		
Depreciation	2,918	2,999	3,115	3,216	3,319	3,338	3,357	3,376	3,395	3,414		
Percentage	324.23%	77.89%	87.99%	79.66%	79.15%	107.97%	104.38%	112.56%	112.93%	122.58%		>=100%
Operating Performance Ratio - General Fund Only												
Total Operating Income less Capital Grants and Operating Expenses	(726)	(1,351)	(1,561)	(1,868)	(2,188)	(2,864)	(2,755)	(3,302)	(3,219)	(3,792)		
Total Operating Income less Capital Grants	12,606	12,477	12,805	13,144	13,497	13,436	14,191	14,321	15,115	15,286		> or Equal to Break Even
Percentage	(5.76%)	(10.83%)	(12.19%)	(14.21%)	(16.21%)	(21.31%)	(19.41%)	(23.06%)	(21.29%)	(24.81%)		