



# **Warren Shire Council**

## **Long Term Financial Plan**

**2013/14 – 2022/23**



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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 2022” 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 Draft Asset Management Strategic Plan is being developed.

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 2022” 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 2013/14 to 2022/23.

## Integrated Planning & Reporting Framework



## **OBJECTIVES OF THE LONG TERM FINANCIAL PLAN**

This is the second 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 2022” 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 2013/14 to 2016/17. The Delivery Program sets the program of actions for Council over that period. The Operational Plan will 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.
- significant increases in excess of inflation in a number of major expenditure items such as electricity, insurance and superannuation which have generally not been offset by rate pegging increases.
- a shortfall in infrastructure renewals expenditure required to maintain infrastructure assets in a satisfactory condition.
- a backlog of infrastructure works to be undertaken.

## **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 a number of enquiries and surveys of cost shifting over the years with the latest Local Government and Shires Association survey confirming that cost shifting continues to place significant burden on Council's financial situation. That survey estimates that cost shifting amounts to 5.74% of Local Government's total operating income. This ratio is consistent with ratios established for previous years.

Contributions to the Fire & Rescue, NSW Rural Fire Service and State Emergency Service, lack of adequate funding for public libraries, the NSW Government's failure to reimburse mandatory pensioner rebates, the cost of regulation of companion animals 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 at least for the next few years. For example over the past 4 years electricity costs have increased, workers compensation insurance increased and superannuation expense will increase by another 0.25% gradually increasing to 12% in 2019/20.

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

## ***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 fall short 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, will be 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) income, 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 for 2013/14 is 3.4%. A forecast rate peg limit of 3.0% has been used for 2014/15 to 2021/23.

### **Interest on Investments**

Forecast investment returns have been averaged at 4.0% in Scenario 1 (Planned Forecast), 8.0% in Scenario 2 (Optimistic Forecast) and 2.0% 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), 2.0% 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 LTFFP, a number of scenarios were modelled to identify possible strategies to address the significant financial challenges facing Warren Shire Council. Scenario 1 (Planned) was developed on the average increase of 3% in rates and annual charges from 2014/15 onwards. Scenario 2 (Optimistic) was developed on an average increase of 8% in rates and annual charges from 2014/15 onwards. Scenario 3 (Conservative) was developed with 1% increase in rates and annual charges from 2014/15 onwards.

### **User Charges and Fees**

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

No significant new User Charge or Fee opportunities have been identified as part of the development of the CSP. 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 & 15% of total revenues the potential error margin of this assumption, and resultant impact on financial position, is considered material to Council's operations.

### **Interest**

Interest income has been calculated by multiplying an interest rate of 4.0% in Scenario 1 (Planned Forecast), 8.0% in Scenario 2 (Optimistic Forecast) and 2.0% 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 82% 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 20% of total employee entitlement provisions and is forecast to remain at this percentage for the 10 year plan.

### **Borrowing Costs**

It has been assumed that no future loans will be taken out in each scenario of the 10 year plans.

### **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 and other know works scheduled. Some capital works are fully funded by grant funding (i.e.: Roads & Maritime Services - Block Grant, Repair Program and 3X3) 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 rates & annual charges would be reduced by \$484,000 at the end of 10 years.

### **Investment Returns**

The impact of a reduction in investment returns of 1% was modelled and the analysis indicated that the investment revenue would reduce by up to \$78,000 each year.

### **Inflation**

The impact of a 1% increase in inflation each year modelled and resulted in a compounded increase in expenses of \$85,000 from 2014/15 onwards or \$1,011,000 difference in year 10 of the LTFP 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 3.4% general rate revenue increase in 2013/14 then a 3% increase in all rates and annual charges each year after, interest on investments at 4% and inflation at 3% for the life of the plan.

The trend of this scenario would see all General Fund cash being exhausted in 2017/18 with a deficit of \$6.911m by the end of the plan.

### ***Scenario 2 – (Optimistic Forecast)***

This scenario is based upon a 3.4% general rate revenue increase in 2013/14 then an 8% increase in all rates and annual charges each year after, interest on investments at 8% and inflation at 2% for the life of the plan.

The trend of this scenario would see General Fund having a cash balance of \$5.719m by the end of the plan.

### ***Scenario 3 – (Conservative Forecast)***

This scenario is based upon a 3.4% general rate revenue increase in 2013/14 then a 1% increase in all rates and annual charges each year after, interest on investments at 2% and inflation at 5% for the life of the plan.

The trend of this scenario would see all General Fund cash being exhausted in 2016/17 with a deficit of \$16.901m by the end of the plan.

## **SUMMARY OF THE LTFP**

This is the first 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**

**For each of the three (3) scenarios following financial modelling outputs are provided:**

- i) Projected (Consolidated Funds) Income Statement
- ii) Projected (Consolidated Funds) Statement of Cash Flows
- iii) Projected (Consolidated Funds) Balance Sheet

## SCENARIO No. 1 - (Planned Forecast)

<b>WARREN SHIRE COUNCIL - LONG TERM FINANCIAL PLAN</b>											
<b>Consolidated (All Funds)</b>											
<b>Income Statement - 2013/14 to 2022/23</b>											
<b>Inflated \$'000s</b>											
	Anticipated 2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
<b>REVENUES</b>											
Rates & Annual Charges	4,907	5,064	5,217	5,374	5,535	5,701	5,873	6,050	6,231	6,418	6,611
User Charges & Fees	1,267	1,309	1,349	1,390	1,432	1,475	1,519	1,565	1,612	1,660	1,709
Interest	583	326	354	299	246	218	169	105	68	62	57
Other Revenues	195	234	250	256	264	272	279	288	295	303	312
Operating Grants & Contributions	4,735	4,713	4,853	4,998	5,147	5,301	5,459	5,622	5,790	5,963	6,141
Capital Grants & Contributions	0	40	0	0	0	0	0	0	0	0	0
Gain on Disposal of Assets	200	0	0	0	0	0	0	0	0	0	0
<b>Total Revenues</b>	<b>11,887</b>	<b>11,686</b>	<b>12,023</b>	<b>12,317</b>	<b>12,624</b>	<b>12,967</b>	<b>13,299</b>	<b>13,630</b>	<b>13,996</b>	<b>14,406</b>	<b>14,831</b>
<b>EXPENSES</b>											
Employee Benefits & Costs	4,651	4,444	4,577	4,715	4,857	5,002	5,152	5,306	5,465	5,629	5,798
Borrowing Costs	35	32	29	25	22	18	13	8	3	0	0
Materials & Contracts	3,074	2,764	2,847	2,933	3,021	3,112	3,206	3,302	3,400	3,502	3,608
Depreciation	3,653	3,700	3,895	3,905	3,915	3,925	3,935	3,945	3,955	3,965	3,998
Other Expenses	908	1,202	1,070	1,103	1,136	1,171	1,206	1,243	1,280	1,319	1,359
Loss on Asset Disposal	0	0	0	0	0	0	0	0	0	0	0
<b>Total Expenses</b>	<b>12,321</b>	<b>12,142</b>	<b>12,418</b>	<b>12,681</b>	<b>12,951</b>	<b>13,228</b>	<b>13,512</b>	<b>13,804</b>	<b>14,103</b>	<b>14,415</b>	<b>14,762</b>
<b>Operating Result</b>	<b>(434)</b>	<b>(456)</b>	<b>(395)</b>	<b>(364)</b>	<b>(327)</b>	<b>(261)</b>	<b>(213)</b>	<b>(174)</b>	<b>(107)</b>	<b>(9)</b>	<b>68</b>
<b>Op Result less Capital Grants</b>	<b>(434)</b>	<b>(496)</b>	<b>(395)</b>	<b>(364)</b>	<b>(327)</b>	<b>(261)</b>	<b>(213)</b>	<b>(174)</b>	<b>(107)</b>	<b>(9)</b>	<b>68</b>
<b>Rate Pegging Limit</b>	<b>3.6%</b>	<b>3.4%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>
<b>Annual Garbage Charge Increase</b>	<b>0.0%</b>	<b>0.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>
<b>Water Annual Charge Increase</b>	<b>3.6%</b>	<b>2.9%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>
<b>Water User Charge Increase</b>	<b>3.6%</b>	<b>3.4%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>
<b>Sewerage Annual Charge Increase</b>	<b>3.6%</b>	<b>0.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>
<b>Sewerage User Charge Increase</b>	<b>3.6%</b>	<b>0.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>
<b>Investment Interest Rates</b>	<b>4.0%</b>	<b>3.0%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>4.0%</b>
<b>Inflation Percentages Used</b>	<b>3.0%</b>	<b>2.5%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>
<b>Loan Borrowing Interest Rates</b>	<b>7.0%</b>	<b>6.0%</b>	<b>6.0%</b>	<b>6.0%</b>	<b>6.0%</b>	<b>6.0%</b>	<b>6.0%</b>	<b>6.0%</b>	<b>6.0%</b>	<b>6.0%</b>	<b>6.0%</b>

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 forecast indicates a downward trend in the Operating Deficit until an Operating Surplus in 2022/23.

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

## SCENARIO No. 1 - (Planned Forecast - Continued)

### WARREN SHIRE COUNCIL - LONG TERM FINANCIAL PLAN

#### Consolidated (All Funds)

#### Statement of Cash Flows - 2013/14 TO 2022/23

	Inflated \$'000s										
	Anticipated 2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Rates & Annual Charges	4,871	5,064	5,217	5,374	5,535	5,701	5,873	6,050	6,231	6,418	6,610
User Charges & Fees	1,873	1,309	1,349	1,390	1,432	1,475	1,519	1,565	1,612	1,660	1,709
Interest Earned	583	326	354	299	246	218	169	105	68	62	57
Grants	4,735	4,753	4,853	4,998	5,147	5,301	5,459	5,622	5,790	5,963	6,141
Other Revenues	195	234	250	256	264	272	279	288	295	303	312
<b>Receipts from Operations</b>	<b>12,257</b>	<b>11,686</b>	<b>12,023</b>	<b>12,317</b>	<b>12,624</b>	<b>12,967</b>	<b>13,299</b>	<b>13,630</b>	<b>13,996</b>	<b>14,406</b>	<b>14,830</b>
<b>Payments</b>											
Employee Benefits & Costs	4,651	4,444	4,575	4,715	4,856	5,002	5,152	5,304	5,466	5,629	5,857
Materials & Contracts	3,074	2,764	2,847	2,933	3,021	3,112	3,206	3,302	3,400	3,502	3,608
Borrowing Costs	35	32	29	25	22	18	13	8	3	0	0
Other Expenses	908	1,202	1,070	1,103	1,136	1,171	1,206	1,243	1,280	1,319	1,359
<b>Payments from Operations</b>	<b>8,668</b>	<b>8,442</b>	<b>8,521</b>	<b>8,776</b>	<b>9,035</b>	<b>9,303</b>	<b>9,577</b>	<b>9,857</b>	<b>10,149</b>	<b>10,450</b>	<b>10,823</b>
<b>Net Cash from Operations</b>	<b>3,589</b>	<b>3,244</b>	<b>3,502</b>	<b>3,541</b>	<b>3,589</b>	<b>3,664</b>	<b>3,722</b>	<b>3,773</b>	<b>3,847</b>	<b>3,956</b>	<b>4,006</b>
<b>CASH FLOWS FROM CAPITAL ACTIVITIES</b>											
<b>Receipts</b>											
Sale of Assets	285	363	302	311	321	330	340	351	361	372	383
<b>Receipts from Capital Activity</b>	<b>285</b>	<b>363</b>	<b>302</b>	<b>311</b>	<b>321</b>	<b>330</b>	<b>340</b>	<b>351</b>	<b>361</b>	<b>372</b>	<b>383</b>
<b>Payments</b>											
<b>Acquisition/Renewal of Fixed Assets</b>											
Infrastructure Renewals - General	5,909	4,015	3,415	3,779	3,430	3,018	2,997	2,997	2,997	2,997	2,997
Infrastructure Renewals - Water	80	72	90	58	68	59	69	69	38	37	26
Infrastructure Renewals - Sewer	50	101	231	251	124	845	948	882	79	79	67
Plant & Equipment	1,232	844	1,360	1,026	913	1,180	1,515	1,032	1,142	1,302	1,213
Other Assets	63	8	8	8	9	9	9	10	10	10	10
<b>Payments from Capital Activity</b>	<b>7,334</b>	<b>5,040</b>	<b>5,104</b>	<b>5,122</b>	<b>4,544</b>	<b>5,111</b>	<b>5,538</b>	<b>4,990</b>	<b>4,266</b>	<b>4,425</b>	<b>4,313</b>
<b>Net Cash from Capital Activity</b>	<b>(7,049)</b>	<b>(4,677)</b>	<b>(4,802)</b>	<b>(4,811)</b>	<b>(4,223)</b>	<b>(4,781)</b>	<b>(5,198)</b>	<b>(4,639)</b>	<b>(3,905)</b>	<b>(4,053)</b>	<b>(3,930)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Total Loans Required	0	0	0	0	0	0	0	0	0	0	0
<b>Receipts from Finance Activity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Payments</b>											
Repayment of Loans	69	72	74	75	79	83	87	92	96	0	0
<b>Payments from Finance Activity</b>	<b>69</b>	<b>72</b>	<b>74</b>	<b>75</b>	<b>79</b>	<b>83</b>	<b>87</b>	<b>92</b>	<b>96</b>	<b>0</b>	<b>0</b>
<b>Net Cash from Financing</b>	<b>(69)</b>	<b>(72)</b>	<b>(74)</b>	<b>(75)</b>	<b>(79)</b>	<b>(83)</b>	<b>(87)</b>	<b>(92)</b>	<b>(96)</b>	<b>0</b>	<b>0</b>
<b>NET CHANGE CASH &amp; INVESTMENTS</b>	<b>(3,529)</b>	<b>(1,505)</b>	<b>(1,374)</b>	<b>(1,345)</b>	<b>(713)</b>	<b>(1,200)</b>	<b>(1,563)</b>	<b>(958)</b>	<b>(154)</b>	<b>(97)</b>	<b>76</b>
<b>Current Year Cash</b>	<b>(3,529)</b>	<b>(1,505)</b>	<b>(1,374)</b>	<b>(1,345)</b>	<b>(713)</b>	<b>(1,200)</b>	<b>(1,563)</b>	<b>(958)</b>	<b>(154)</b>	<b>(97)</b>	<b>76</b>
<b>Cash at Start of Year</b>	<b>13,882</b>	<b>10,353</b>	<b>8,848</b>	<b>7,474</b>	<b>6,129</b>	<b>5,416</b>	<b>4,216</b>	<b>2,653</b>	<b>1,695</b>	<b>1,541</b>	<b>1,444</b>
<b>Cash at End of Year</b>	<b>10,353</b>	<b>8,848</b>	<b>7,474</b>	<b>6,129</b>	<b>5,416</b>	<b>4,216</b>	<b>2,653</b>	<b>1,695</b>	<b>1,541</b>	<b>1,444</b>	<b>1,520</b>

## SCENARIO No. 1 - (Planned Forecast - Continued)

<b>WARREN SHIRE COUNCIL - LONG TERM FINANCIAL PLAN</b>											
<b>Consolidated (All Funds)</b>											
<b>Balance Sheet - 2013/14 to 2022/23</b>											
<b>Inflated \$'000s</b>											
	<b>Anticipated 2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
<b>ASSETS</b>											
Cash and Investments	10,353	8,848	7,474	6,129	5,416	4,216	2,653	1,695	1,541	1,444	1,520
Receivables - Rates & Charges	110	110	110	110	110	110	110	110	110	110	111
Receivables - Other	300	300	300	300	300	300	300	300	300	300	300
Inventories	630	630	630	630	630	630	630	630	630	630	630
Other	105	105	105	105	105	105	105	105	105	105	105
Infrastructure, Property, Plant & Equipment	149,087	150,064	154,971	155,977	156,685	157,641	158,904	160,698	161,048	161,136	167,261
Joint Ventures	0	0	0	0	0	0	0	0	0	0	0
<b>Total Assets</b>	<b>160,585</b>	<b>160,057</b>	<b>163,590</b>	<b>163,251</b>	<b>163,246</b>	<b>163,002</b>	<b>162,702</b>	<b>163,538</b>	<b>163,734</b>	<b>163,725</b>	<b>169,927</b>
<b>LIABILITIES</b>											
Creditors	285	285	285	285	285	285	285	285	285	285	294
Borrowings	563	513	452	392	327	256	176	96	0	0	0
Provisions	1,506	1,506	1,506	1,506	1,506	1,506	1,506	1,506	1,506	1,506	1,567
<b>Total Liabilities</b>	<b>2,354</b>	<b>2,304</b>	<b>2,243</b>	<b>2,183</b>	<b>2,118</b>	<b>2,047</b>	<b>1,967</b>	<b>1,887</b>	<b>1,791</b>	<b>1,791</b>	<b>1,861</b>
<b>Net Assets</b>	<b>158,231</b>	<b>157,753</b>	<b>161,347</b>	<b>161,068</b>	<b>161,128</b>	<b>160,955</b>	<b>160,735</b>	<b>161,651</b>	<b>161,943</b>	<b>161,934</b>	<b>168,066</b>
<b>EQUITY</b>											
Accumulated Surplus	89,731	89,253	88,847	88,468	88,128	87,855	87,635	87,451	87,343	87,334	87,273
Asset Revaluation Reserve	68,500	68,500	72,500	72,600	73,000	73,100	73,100	74,200	74,600	74,600	80,793
<b>Total Equity</b>	<b>158,231</b>	<b>157,753</b>	<b>161,347</b>	<b>161,068</b>	<b>161,128</b>	<b>160,955</b>	<b>160,735</b>	<b>161,651</b>	<b>161,943</b>	<b>161,934</b>	<b>168,066</b>
<b>Note : Cash &amp; Investments is comprised of :</b>											
General Fund Cash & Investmen	500	500	500	500	500	500	500	500	500	500	500
External Restrictions	350	300	250	200	150	100	100	100	100	100	100
Water Supply	428	342	352	397	438	491	536	585	669	761	869
Sewerage Services	2,306	2,279	2,197	2,093	2,113	1,415	587	(204)	(223)	(241)	(246)
Domestic Waste Management	110	110	110	110	110	110	110	110	110	110	110
Internal Restrictions	6,659	5,317	4,065	2,829	2,105	1,600	820	604	385	214	187
<b>Cash and Investments</b>	<b>10,353</b>	<b>8,848</b>	<b>7,474</b>	<b>6,129</b>	<b>5,416</b>	<b>4,216</b>	<b>2,653</b>	<b>1,695</b>	<b>1,541</b>	<b>1,444</b>	<b>1,520</b>

As the LTFP does not include any new borrowing at this stage, the above table shows that the Sewerage Services Fund would go into deficit in 2019/20 this is due to the replacement of the sewerage treatment works to be undertaken over a stage period of years identified in the 2011 Water & Sewerage Strategic Business Plan. Total projected costs for the replacement in 2011/12 dollars is \$3 million, no detailed plans and cost estimates have been obtained at this stage once this has been done the LTFP will be adjusted accordingly and there may be a need to borrow to complete the project.



## SCENARIO No. 2 - (Optimistic Forecast)

<b>WARREN SHIRE COUNCIL - LONG TERM FINANCIAL PLAN</b>											
<b>Consolidated (All Funds)</b>											
<b>Income Statement - 2013/14 to 2022/23</b>											
<b>Inflated \$'000s</b>											
	Anticipated 2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
<b>REVENUES</b>											
Rates & Annual Charges	4,907	5,064	5,470	5,909	6,382	6,893	7,444	8,040	8,683	9,377	10,126
User Charges & Fees	1,267	1,309	1,414	1,527	1,650	1,782	1,924	2,078	2,244	2,423	2,617
Interest	583	326	707	657	641	712	790	891	1,099	1,441	1,868
Other Revenues	195	234	248	252	258	263	267	273	277	282	287
Operating Grants & Contributions	4,735	4,713	4,806	4,902	5,000	5,100	5,201	5,305	5,411	5,519	5,629
Capital Grants & Contributions	0	40	0	0	0	0	0	0	0	0	0
Gain on Disposal of Assets	200	0	0	0	0	0	0	0	0	0	0
Joint Ventures Gain	0	0	0	0	0	0	0	0	0	0	0
<b>Total Revenues</b>	<b>11,887</b>	<b>11,686</b>	<b>12,645</b>	<b>13,247</b>	<b>13,931</b>	<b>14,750</b>	<b>15,626</b>	<b>16,587</b>	<b>17,714</b>	<b>19,042</b>	<b>20,527</b>
<b>EXPENSES</b>											
Employee Benefits & Costs	4,651	4,444	4,533	4,624	4,716	4,810	4,907	5,005	5,105	5,207	5,311
Borrowing Costs	35	32	29	25	22	18	13	8	3	0	0
Materials & Contracts	3,074	2,764	2,820	2,877	2,935	2,994	3,054	3,115	3,177	3,241	3,306
Depreciation	3,653	3,700	3,895	3,905	3,915	3,925	3,935	3,945	3,955	3,965	3,998
Other Expenses	908	1,202	1,059	1,081	1,102	1,125	1,147	1,171	1,194	1,218	1,242
Loss on Asset Disposal	0	0	0	0	0	0	0	0	0	0	0
Joint Ventures Loss	0	0	0	0	0	0	0	0	0	0	0
<b>Total Expenses</b>	<b>12,321</b>	<b>12,142</b>	<b>12,336</b>	<b>12,512</b>	<b>12,690</b>	<b>12,872</b>	<b>13,056</b>	<b>13,244</b>	<b>13,434</b>	<b>13,631</b>	<b>13,857</b>
<b>Operating Result</b>	<b>(434)</b>	<b>(456)</b>	<b>309</b>	<b>735</b>	<b>1,241</b>	<b>1,878</b>	<b>2,570</b>	<b>3,343</b>	<b>4,280</b>	<b>5,411</b>	<b>6,670</b>
<b>Op Result less Capital Grants</b>	<b>(434)</b>	<b>(496)</b>	<b>309</b>	<b>735</b>	<b>1,241</b>	<b>1,878</b>	<b>2,570</b>	<b>3,343</b>	<b>4,280</b>	<b>5,411</b>	<b>6,670</b>
<b>Rate Pegging Limit</b>	<b>3.6%</b>	<b>3.4%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>
<b>Annual Garbage Charge Increase</b>	<b>0.0%</b>	<b>0.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>
<b>Water Annual Charge Increase</b>	<b>3.6%</b>	<b>2.9%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>
<b>Water User Charge Increase</b>	<b>3.6%</b>	<b>3.4%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>
<b>Sewerage Annual Charge Increase</b>	<b>3.6%</b>	<b>0.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>
<b>Sewerage User Charge Increase</b>	<b>3.6%</b>	<b>0.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>
<b>Investment Interest Rates</b>	<b>4.0%</b>	<b>3.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>
<b>Inflation Percentages Used</b>	<b>3.0%</b>	<b>2.5%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>
<b>Loan Borrowing Interest Rates</b>	<b>7.0%</b>	<b>6.0%</b>	<b>6.0%</b>	<b>6.0%</b>	<b>6.0%</b>	<b>6.0%</b>	<b>6.0%</b>	<b>6.0%</b>	<b>6.0%</b>	<b>6.0%</b>	<b>6.0%</b>

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. This would however result in a rate account of \$1,000.00 in 2012/13 being a rate account of \$2,066.00 in 2022/23 over a 100% increase. Investment interest of 8% and inflation of 2% per year is also unrealistic.

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

## SCENARIO No. 2 - (Optimistic Forecast - Continued)

### WARREN SHIRE COUNCIL - LONG TERM FINANCIAL PLAN

Consolidated (All Funds)

### Statement of Cash Flows - 2013/14 TO 2022/23

	Inflated \$'000s										
	Anticipated 2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Rates & Annual Charges	4,871	5,064	5,470	5,909	6,382	6,893	7,444	8,040	8,683	9,377	10,125
User Charges & Fees	1,873	1,309	1,414	1,527	1,650	1,782	1,924	2,078	2,244	2,423	2,617
Interest Earned	583	326	707	657	641	712	790	891	1,099	1,441	1,868
Grants	4,735	4,753	4,806	4,902	5,000	5,100	5,201	5,305	5,411	5,519	5,629
Other Revenues	195	234	248	252	258	263	267	273	277	282	287
<b>Receipts from Operations</b>	<b>12,257</b>	<b>11,686</b>	<b>12,645</b>	<b>13,247</b>	<b>13,931</b>	<b>14,750</b>	<b>15,626</b>	<b>16,587</b>	<b>17,714</b>	<b>19,042</b>	<b>20,526</b>
<b>Payments</b>											
Employee Benefits & Costs	4,651	4,444	4,531	4,624	4,715	4,810	4,907	5,003	5,106	5,207	5,370
Materials & Contracts	3,074	2,764	2,820	2,877	2,935	2,994	3,054	3,115	3,177	3,241	3,306
Borrowing Costs	35	32	29	25	22	18	13	8	3	0	0
Other Expenses	908	1,202	1,059	1,081	1,102	1,125	1,147	1,171	1,194	1,218	1,242
<b>Payments from Operations</b>	<b>8,668</b>	<b>8,442</b>	<b>8,439</b>	<b>8,607</b>	<b>8,774</b>	<b>8,947</b>	<b>9,121</b>	<b>9,297</b>	<b>9,480</b>	<b>9,666</b>	<b>9,918</b>
<b>Net Cash from Operations</b>	<b>3,589</b>	<b>3,244</b>	<b>4,206</b>	<b>4,640</b>	<b>5,157</b>	<b>5,803</b>	<b>6,505</b>	<b>7,290</b>	<b>8,234</b>	<b>9,376</b>	<b>10,608</b>
<b>CASH FLOWS FROM CAPITAL ACTIVITIES</b>											
<b>Receipts</b>											
Sale of Assets	285	363	302	311	321	330	340	351	361	372	379
<b>Receipts from Capital Activity</b>	<b>285</b>	<b>363</b>	<b>302</b>	<b>311</b>	<b>321</b>	<b>330</b>	<b>340</b>	<b>351</b>	<b>361</b>	<b>372</b>	<b>379</b>
<b>Payments</b>											
<b>Acquisition/Renewal of Fixed Assets</b>											
Infrastructure Renewals - General	5,909	4,015	3,381	3,742	3,396	2,988	2,968	2,968	2,968	2,968	2,968
Infrastructure Renewals - Water	80	72	90	57	67	58	68	68	38	36	26
Infrastructure Renewals - Sewer	50	101	228	249	122	836	938	873	79	79	66
Plant & Equipment	1,232	844	1,360	1,026	913	1,180	1,515	1,032	1,142	1,302	1,209
Other Assets	63	8	8	8	9	9	9	10	10	10	10
<b>Payments from Capital Activity</b>	<b>7,334</b>	<b>5,040</b>	<b>5,067</b>	<b>5,082</b>	<b>4,507</b>	<b>5,071</b>	<b>5,498</b>	<b>4,951</b>	<b>4,237</b>	<b>4,395</b>	<b>4,279</b>
<b>Net Cash from Capital Activity</b>	<b>(7,049)</b>	<b>(4,677)</b>	<b>(4,765)</b>	<b>(4,771)</b>	<b>(4,186)</b>	<b>(4,741)</b>	<b>(5,158)</b>	<b>(4,600)</b>	<b>(3,876)</b>	<b>(4,023)</b>	<b>(3,900)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Total Loans Required	0	0	0	0	0	0	0	0	0	0	0
<b>Receipts from Finance Activity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Payments</b>											
Repayment of Loans	69	72	74	75	79	83	87	92	96	0	0
<b>Payments from Finance Activity</b>	<b>69</b>	<b>72</b>	<b>74</b>	<b>75</b>	<b>79</b>	<b>83</b>	<b>87</b>	<b>92</b>	<b>96</b>	<b>0</b>	<b>0</b>
<b>Net Cash from Financing</b>	<b>(69)</b>	<b>(72)</b>	<b>(74)</b>	<b>(75)</b>	<b>(79)</b>	<b>(83)</b>	<b>(87)</b>	<b>(92)</b>	<b>(96)</b>	<b>0</b>	<b>0</b>
<b>NET CHANGE CASH &amp; INVESTMENTS</b>	<b>(3,529)</b>	<b>(1,505)</b>	<b>(633)</b>	<b>(206)</b>	<b>892</b>	<b>979</b>	<b>1,260</b>	<b>2,598</b>	<b>4,262</b>	<b>5,353</b>	<b>6,708</b>
<b>Current Year Cash</b>	<b>(3,529)</b>	<b>(1,505)</b>	<b>(633)</b>	<b>(206)</b>	<b>892</b>	<b>979</b>	<b>1,260</b>	<b>2,598</b>	<b>4,262</b>	<b>5,353</b>	<b>6,708</b>
<b>Cash at Start of Year</b>	<b>13,882</b>	<b>10,353</b>	<b>8,848</b>	<b>8,215</b>	<b>8,009</b>	<b>8,901</b>	<b>9,880</b>	<b>11,140</b>	<b>13,738</b>	<b>18,000</b>	<b>23,353</b>
<b>Cash at End of Year</b>	<b>10,353</b>	<b>8,848</b>	<b>8,215</b>	<b>8,009</b>	<b>8,901</b>	<b>9,880</b>	<b>11,140</b>	<b>13,738</b>	<b>18,000</b>	<b>23,353</b>	<b>30,061</b>

## SCENARIO No. 2 - (Optimistic Forecast - Continued)

<b>WARREN SHIRE COUNCIL - LONG TERM FINANCIAL PLAN</b>											
<b>Consolidated (All Funds)</b>											
<b>Balance Sheet - 2013/14 to 2022/23</b>											
<b>Inflated \$'000s</b>											
	<b>Anticipated 2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
<b><u>ASSETS</u></b>											
Cash and Investments	10,353	8,848	8,215	8,009	8,901	9,880	11,140	13,738	18,000	23,353	30,061
Receivables - Rates & Charges	110	110	110	110	110	110	110	110	110	110	111
Receivables - Other	300	300	300	300	300	300	300	300	300	300	300
Inventories	630	630	630	630	630	630	630	630	630	630	630
Other	105	105	105	105	105	105	105	105	105	105	105
Infrastructure, Property, Plant & Equipment	149,087	150,064	154,934	155,900	156,571	157,487	158,710	160,465	160,786	160,844	166,939
Joint Ventures	0	0	0	0	0	0	0	0	0	0	0
<b>Total Assets</b>	<b>160,585</b>	<b>160,057</b>	<b>164,294</b>	<b>165,054</b>	<b>166,617</b>	<b>168,512</b>	<b>170,995</b>	<b>175,348</b>	<b>179,931</b>	<b>185,342</b>	<b>198,146</b>
<b><u>LIABILITIES</u></b>											
Creditors	285	285	285	285	285	285	285	285	285	285	294
Borrowings	563	513	452	392	327	256	176	96	0	0	0
Provisions	1,506	1,506	1,506	1,506	1,506	1,506	1,506	1,506	1,506	1,506	1,567
<b>Total Liabilities</b>	<b>2,354</b>	<b>2,304</b>	<b>2,243</b>	<b>2,183</b>	<b>2,118</b>	<b>2,047</b>	<b>1,967</b>	<b>1,887</b>	<b>1,791</b>	<b>1,791</b>	<b>1,861</b>
<b>Net Assets</b>	<b>158,231</b>	<b>157,753</b>	<b>162,051</b>	<b>162,871</b>	<b>164,499</b>	<b>166,465</b>	<b>169,028</b>	<b>173,461</b>	<b>178,140</b>	<b>183,551</b>	<b>196,285</b>
<b><u>EQUITY</u></b>											
Accumulated Surplus	89,731	89,253	89,551	90,271	91,499	93,365	95,928	99,261	103,540	108,951	115,492
Asset Revaluation Reserve	68,500	68,500	72,500	72,600	73,000	73,100	73,100	74,200	74,600	74,600	80,793
<b>Total Equity</b>	<b>158,231</b>	<b>157,753</b>	<b>162,051</b>	<b>162,871</b>	<b>164,499</b>	<b>166,465</b>	<b>169,028</b>	<b>173,461</b>	<b>178,140</b>	<b>183,551</b>	<b>196,285</b>
<b>Note : Cash &amp; Investments is comprised of :</b>											
General Fund Cash & Investmen	500	500	500	500	500	500	500	500	500	500	500
External Restrictions	350	300	250	200	150	100	100	100	100	100	100
Water Supply	428	342	394	519	684	912	1,192	1,545	2,011	2,574	3,257
Sewerage Services	2,306	2,279	2,315	2,363	2,575	2,126	1,576	1,092	1,407	1,800	2,292
Domestic Waste Management	110	110	110	110	110	110	110	110	110	110	110
Internal Restrictions	6,659	5,317	4,646	4,317	4,882	6,132	7,662	10,391	13,872	18,269	23,802
<b>Cash and Investments</b>	<b>10,353</b>	<b>8,848</b>	<b>8,215</b>	<b>8,009</b>	<b>8,901</b>	<b>9,880</b>	<b>11,140</b>	<b>13,738</b>	<b>18,000</b>	<b>23,353</b>	<b>30,061</b>

## SCENARIO No. 3 - (Conservative Forecast)

<b>WARREN SHIRE COUNCIL - LONG TERM FINANCIAL PLAN</b>											
<b>Consolidated (All Funds)</b>											
<b>Income Statement - 2013/14 to 2022/23</b>											
<b>Inflated \$'000s</b>											
	Anticipated 2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
<b>REVENUES</b>											
Rates & Annual Charges	4,907	5,064	5,115	5,166	5,218	5,270	5,323	5,376	5,430	5,484	5,538
User Charges & Fees	1,267	1,309	1,322	1,335	1,349	1,363	1,377	1,391	1,405	1,419	1,433
Interest	583	326	178	141	101	70	26	(32)	(82)	(120)	(165)
Other Revenues	195	234	255	266	280	293	306	322	336	352	370
Operating Grants & Contributions	4,735	4,713	4,947	5,194	5,453	5,725	6,009	6,309	6,624	6,954	7,301
Capital Grants & Contributions	0	40	0	0	0	0	0	0	0	0	0
Gain on Disposal of Assets	200	0	0	0	0	0	0	0	0	0	0
Joint Ventures Gain	0	0	0	0	0	0	0	0	0	0	0
<b>Total Revenues</b>	<b>11,887</b>	<b>11,686</b>	<b>11,817</b>	<b>12,102</b>	<b>12,401</b>	<b>12,721</b>	<b>13,041</b>	<b>13,366</b>	<b>13,713</b>	<b>14,089</b>	<b>14,477</b>
<b>EXPENSES</b>											
Employee Benefits & Costs	4,651	4,444	4,666	4,899	5,144	5,401	5,671	5,955	6,252	6,565	6,894
Borrowing Costs	35	32	29	25	22	18	13	8	3	0	0
Materials & Contracts	3,074	2,764	2,902	3,046	3,198	3,358	3,526	3,702	3,887	4,082	4,286
Depreciation	3,653	3,700	3,895	3,905	3,915	3,925	3,935	3,945	3,955	3,965	3,998
Other Expenses	908	1,202	1,090	1,145	1,201	1,261	1,323	1,389	1,457	1,530	1,607
Loss on Asset Disposal	0	0	0	0	0	0	0	0	0	0	0
Joint Ventures Loss	0	0	0	0	0	0	0	0	0	0	0
<b>Total Expenses</b>	<b>12,321</b>	<b>12,142</b>	<b>12,582</b>	<b>13,020</b>	<b>13,480</b>	<b>13,963</b>	<b>14,468</b>	<b>14,999</b>	<b>15,554</b>	<b>16,142</b>	<b>16,785</b>
<b>Operating Result</b>	<b>(434)</b>	<b>(456)</b>	<b>(765)</b>	<b>(918)</b>	<b>(1,079)</b>	<b>(1,242)</b>	<b>(1,427)</b>	<b>(1,633)</b>	<b>(1,841)</b>	<b>(2,053)</b>	<b>(2,308)</b>
<b>Op Result less Capital Grants</b>	<b>(434)</b>	<b>(496)</b>	<b>(765)</b>	<b>(918)</b>	<b>(1,079)</b>	<b>(1,242)</b>	<b>(1,427)</b>	<b>(1,633)</b>	<b>(1,841)</b>	<b>(2,053)</b>	<b>(2,308)</b>
<b>Rate Pegging Limit</b>	<b>3.6%</b>	<b>3.4%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>
<b>Annual Garbage Charge Increase</b>	<b>0.0%</b>	<b>0.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>
<b>Water Annual Charge Increase</b>	<b>3.6%</b>	<b>2.9%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>
<b>Water User Charge Increase</b>	<b>3.6%</b>	<b>3.4%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>
<b>Sewerage Annual Charge Increase</b>	<b>3.6%</b>	<b>0.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>
<b>Sewerage User Charge Increase</b>	<b>3.6%</b>	<b>0.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>
<b>Investment Interest Rates</b>	<b>4.0%</b>	<b>3.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>
<b>Inflation Percentages Used</b>	<b>3.0%</b>	<b>2.5%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>5.0%</b>
<b>Loan Borrowing Interest Rates</b>	<b>7.0%</b>	<b>6.0%</b>	<b>6.0%</b>	<b>6.0%</b>	<b>6.0%</b>	<b>6.0%</b>	<b>6.0%</b>	<b>6.0%</b>	<b>6.0%</b>	<b>6.0%</b>	<b>6.0%</b>

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 massive deficits each year which is not sustainable and would have no cash by the year ending 2018/19. 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.

## SCENARIO No. 3 - (Conservative Forecast - Continued)

<b>WARREN SHIRE COUNCIL - LONG TERM FINANCIAL PLAN</b>											
<b>Consolidated (All Funds)</b>											
<b>Statement of Cash Flows - 2013/14 TO 2022/23</b>											
<b>Inflated \$'000s</b>											
	Anticipated 2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>											
<b>Receipts</b>											
Rates & Annual Charges	4,871	5,064	5,115	5,166	5,218	5,270	5,323	5,376	5,430	5,484	5,537
User Charges & Fees	1,873	1,309	1,322	1,335	1,349	1,363	1,377	1,391	1,405	1,419	1,433
Interest Earned	583	326	178	141	101	70	26	(32)	(82)	(120)	(165)
Grants	4,735	4,753	4,947	5,194	5,453	5,725	6,009	6,309	6,624	6,954	7,301
Other Revenues	195	234	255	266	280	293	306	322	336	352	370
<b>Receipts from Operations</b>	<b>12,257</b>	<b>11,686</b>	<b>11,817</b>	<b>12,102</b>	<b>12,401</b>	<b>12,721</b>	<b>13,041</b>	<b>13,366</b>	<b>13,713</b>	<b>14,089</b>	<b>14,476</b>
<b>Payments</b>											
Employee Benefits & Costs	4,651	4,444	4,664	4,899	5,143	5,401	5,671	5,953	6,253	6,565	6,953
Materials & Contracts	3,074	2,764	2,902	3,046	3,198	3,358	3,526	3,702	3,887	4,082	4,286
Borrowing Costs	35	32	29	25	22	18	13	8	3	0	0
Other Expenses	908	1,202	1,090	1,145	1,201	1,261	1,323	1,389	1,457	1,530	1,607
<b>Payments from Operations</b>	<b>8,668</b>	<b>8,442</b>	<b>8,685</b>	<b>9,115</b>	<b>9,564</b>	<b>10,038</b>	<b>10,533</b>	<b>11,052</b>	<b>11,600</b>	<b>12,177</b>	<b>12,846</b>
<b>Net Cash from Operations</b>	<b>3,589</b>	<b>3,244</b>	<b>3,132</b>	<b>2,987</b>	<b>2,837</b>	<b>2,683</b>	<b>2,508</b>	<b>2,314</b>	<b>2,113</b>	<b>1,912</b>	<b>1,630</b>
<b><u>CASH FLOWS FROM CAPITAL ACTIVITIES</u></b>											
<b>Receipts</b>											
Sale of Assets	285	363	302	311	321	330	340	351	361	372	391
<b>Receipts from Capital Activity</b>	<b>285</b>	<b>363</b>	<b>302</b>	<b>311</b>	<b>321</b>	<b>330</b>	<b>340</b>	<b>351</b>	<b>361</b>	<b>372</b>	<b>391</b>
<b>Payments</b>											
<b>Acquisition/Renewal of Fixed Assets</b>											
Infrastructure Renewals - General	5,909	4,015	3,481	3,852	3,496	3,076	3,055	3,055	3,055	3,055	3,055
Infrastructure Renewals - Water	80	72	92	59	69	60	70	70	39	37	27
Infrastructure Renewals - Sewer	50	101	235	256	126	861	966	899	81	81	68
Plant & Equipment	1,232	844	1,360	1,026	913	1,180	1,515	1,032	1,142	1,302	1,221
Other Assets	63	8	8	8	9	9	9	10	10	10	10
<b>Payments from Capital Activity</b>	<b>7,334</b>	<b>5,040</b>	<b>5,176</b>	<b>5,201</b>	<b>4,613</b>	<b>5,186</b>	<b>5,615</b>	<b>5,066</b>	<b>4,327</b>	<b>4,485</b>	<b>4,381</b>
<b>Net Cash from Capital Activity</b>	<b>(7,049)</b>	<b>(4,677)</b>	<b>(4,874)</b>	<b>(4,890)</b>	<b>(4,292)</b>	<b>(4,856)</b>	<b>(5,275)</b>	<b>(4,715)</b>	<b>(3,966)</b>	<b>(4,113)</b>	<b>(3,990)</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>											
<b>Receipts</b>											
Total Loans Required	0	0	0	0	0	0	0	0	0	0	0
<b>Receipts from Finance Activity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Payments</b>											
Repayment of Loans	69	72	74	75	79	83	87	92	96	0	0
<b>Payments from Finance Activity</b>	<b>69</b>	<b>72</b>	<b>74</b>	<b>75</b>	<b>79</b>	<b>83</b>	<b>87</b>	<b>92</b>	<b>96</b>	<b>0</b>	<b>0</b>
<b>Net Cash from Financing</b>	<b>(69)</b>	<b>(72)</b>	<b>(74)</b>	<b>(75)</b>	<b>(79)</b>	<b>(83)</b>	<b>(87)</b>	<b>(92)</b>	<b>(96)</b>	<b>0</b>	<b>0</b>
<b>NET CHANGE CASH &amp; INVESTMENTS</b>	<b>(3,529)</b>	<b>(1,505)</b>	<b>(1,816)</b>	<b>(1,978)</b>	<b>(1,534)</b>	<b>(2,256)</b>	<b>(2,854)</b>	<b>(2,493)</b>	<b>(1,949)</b>	<b>(2,201)</b>	<b>(2,360)</b>
<b>Current Year Cash</b>	<b>(3,529)</b>	<b>(1,505)</b>	<b>(1,816)</b>	<b>(1,978)</b>	<b>(1,534)</b>	<b>(2,256)</b>	<b>(2,854)</b>	<b>(2,493)</b>	<b>(1,949)</b>	<b>(2,201)</b>	<b>(2,360)</b>
<b>Cash at Start of Year</b>	<b>13,882</b>	<b>10,353</b>	<b>8,848</b>	<b>7,032</b>	<b>5,054</b>	<b>3,520</b>	<b>1,264</b>	<b>(1,590)</b>	<b>(4,083)</b>	<b>(6,032)</b>	<b>(8,233)</b>
<b>Cash at End of Year</b>	<b>10,353</b>	<b>8,848</b>	<b>7,032</b>	<b>5,054</b>	<b>3,520</b>	<b>1,264</b>	<b>(1,590)</b>	<b>(4,083)</b>	<b>(6,032)</b>	<b>(8,233)</b>	<b>(10,593)</b>

## SCENARIO No. 3 - (Conservative Forecast - Continued)

<b>WARREN SHIRE COUNCIL - LONG TERM FINANCIAL PLAN</b>											
<b>Consolidated (All Funds)</b>											
<b>Balance Sheet - 2013/14 to 2022/23</b>											
<b>Inflated \$'000s</b>											
	<b>Anticipated 2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
<b><u>ASSETS</u></b>											
Cash and Investments	10,353	8,848	7,032	5,054	3,520	1,264	(1,590)	(4,083)	(6,032)	(8,233)	(10,593)
Receivables - Rates & Charges	110	110	110	110	110	110	110	110	110	110	111
Receivables - Other	300	300	300	300	300	300	300	300	300	300	300
Inventories	630	630	630	630	630	630	630	630	630	630	630
Other	105	105	105	105	105	105	105	105	105	105	105
Infrastructure, Property, Plant & Equipment	149,087	150,064	155,043	156,128	156,905	157,936	159,276	161,146	161,557	161,705	167,890
Joint Ventures	0	0	0	0	0	0	0	0	0	0	0
<b>Total Assets</b>	<b>160,585</b>	<b>160,057</b>	<b>163,220</b>	<b>162,327</b>	<b>161,570</b>	<b>160,345</b>	<b>158,831</b>	<b>158,208</b>	<b>156,670</b>	<b>154,617</b>	<b>158,443</b>
<b><u>LIABILITIES</u></b>											
Creditors	285	285	285	285	285	285	285	285	285	285	294
Borrowings	563	513	452	392	327	256	176	96	0	0	0
Provisions	1,506	1,506	1,506	1,506	1,506	1,506	1,506	1,506	1,506	1,506	1,567
<b>Total Liabilities</b>	<b>2,354</b>	<b>2,304</b>	<b>2,243</b>	<b>2,183</b>	<b>2,118</b>	<b>2,047</b>	<b>1,967</b>	<b>1,887</b>	<b>1,791</b>	<b>1,791</b>	<b>1,861</b>
<b>Net Assets</b>	<b>158,231</b>	<b>157,753</b>	<b>160,977</b>	<b>160,144</b>	<b>159,452</b>	<b>158,298</b>	<b>156,864</b>	<b>156,321</b>	<b>154,879</b>	<b>152,826</b>	<b>156,582</b>
<b><u>EQUITY</u></b>											
Accumulated Surplus	89,731	89,253	88,477	87,544	86,452	85,198	83,764	82,121	80,279	78,226	75,789
Asset Revaluation Reserve	68,500	68,500	72,500	72,600	73,000	73,100	73,100	74,200	74,600	74,600	80,793
<b>Total Equity</b>	<b>158,231</b>	<b>157,753</b>	<b>160,977</b>	<b>160,144</b>	<b>159,452</b>	<b>158,298</b>	<b>156,864</b>	<b>156,321</b>	<b>154,879</b>	<b>152,826</b>	<b>156,582</b>
<b><u>Note : Cash &amp; Investments is comprised of :</u></b>											
General Fund Cash & Investmen	500	500	500	500	500	(225)	(2,029)	(3,477)	(5,162)	(7,049)	(9,060)
External Restrictions	350	300	250	200	150	100	100	100	100	100	100
Water Supply	428	342	324	321	291	249	173	73	(22)	(142)	(282)
Sewerage Services	2,306	2,279	2,130	1,942	1,863	1,030	56	(889)	(1,058)	(1,252)	(1,461)
Domestic Waste Management	110	110	110	110	110	110	110	110	110	110	110
Internal Restrictions	6,659	5,317	3,718	1,981	606	0	0	0	0	0	0
<b>Cash and Investments</b>	<b>10,353</b>	<b>8,848</b>	<b>7,032</b>	<b>5,054</b>	<b>3,520</b>	<b>1,264</b>	<b>(1,590)</b>	<b>(4,083)</b>	<b>(6,032)</b>	<b>(8,233)</b>	<b>(10,593)</b>

As can be seen in the above conservative balance sheet forecast the general fund of Council would be in overdraft by the end of the 2017/18 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.

Local Government Benchmark:

<10%	Satisfactory
10%-20%	Fair
>20%	Could be of concern

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

Local Government Average for Rural Agricultural Medium Councils (RAM) in 2009/10 was 25.81% and in 2010/11 was 23.15%

**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** – this ratio measures Councils rate at which assets are being renewed against the rate at which they are depreciating.

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

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

## Financial indicators – Scenario 1 – (Planned Forecast)

<b>Warren Shire Council - (Consolidated Funds) - Financial Indicators</b>											
	Anticipated 2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
<b>Unrestricted Current Ratio</b>											
Current Assets less External Restrictions	7,655	6,313	5,061	3,825	3,101	2,596	1,816	1,600	1,381	1,210	1,184
Current Liabilities	777	760	740	720	699	676	649	623	591	591	614
<b>Ratio to 1</b>	<b>9.85</b>	<b>8.31</b>	<b>6.84</b>	<b>5.31</b>	<b>4.44</b>	<b>3.84</b>	<b>2.80</b>	<b>2.57</b>	<b>2.34</b>	<b>2.05</b>	<b>1.93</b>
<b>Debt Service Ratio</b>											
Debt Service Cost	84	82	90	85	87	89	93	88	99	0	0
Income from Continuing Operations less Specific Purpose Grants	9,903	9,724	9,921	10,070	10,228	10,417	10,591	10,759	10,957	11,194	11,440
<b>Percentage</b>	<b>0.85%</b>	<b>0.84%</b>	<b>0.91%</b>	<b>0.84%</b>	<b>0.85%</b>	<b>0.85%</b>	<b>0.88%</b>	<b>0.82%</b>	<b>0.90%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Rates &amp; Annual Charges Coverage Ratio</b>											
Rates & Annual Charges	4,907	5,064	5,217	5,374	5,535	5,701	5,873	6,050	6,231	6,418	6,611
Income from Continuing Operations	11,887	11,686	12,023	12,317	12,624	12,967	13,299	13,630	13,996	14,406	14,831
<b>Percentage</b>	<b>41.28%</b>	<b>43.33%</b>	<b>43.39%</b>	<b>43.63%</b>	<b>43.85%</b>	<b>43.97%</b>	<b>44.16%</b>	<b>44.39%</b>	<b>44.52%</b>	<b>44.55%</b>	<b>44.58%</b>
<b>Rates &amp; Annual Charges Outstanding Percentage</b>											
Outstanding Rates & Annual Charges	110	110	110	110	110	110	110	110	110	110	111
Collectable Rates & Annual Charges	4,871	5,064	5,217	5,374	5,535	5,701	5,873	6,050	6,231	6,418	6,610
<b>Percentage</b>	<b>2.26%</b>	<b>2.17%</b>	<b>2.11%</b>	<b>2.05%</b>	<b>1.99%</b>	<b>1.93%</b>	<b>1.87%</b>	<b>1.82%</b>	<b>1.77%</b>	<b>1.71%</b>	<b>1.68%</b>
<b>Renewal Asset Ratio</b>											
Asset Renewals	5,287	4,612	4,737	4,746	4,158	4,716	5,133	4,574	3,840	3,988	3,865
Depreciation	3,653	3,700	3,895	3,905	3,915	3,925	3,935	3,945	3,955	3,965	3,998
<b>Percentage</b>	<b>144.73%</b>	<b>124.65%</b>	<b>121.62%</b>	<b>121.54%</b>	<b>106.21%</b>	<b>120.15%</b>	<b>130.44%</b>	<b>115.94%</b>	<b>97.09%</b>	<b>100.58%</b>	<b>96.67%</b>



## Financial indicators – Scenario 2 – (Optimistic Forecast)

<b>Warren Shire Council - (Consolidated Funds) - Financial Indicators</b>											
	Anticipated 2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
<b>Unrestricted Current Ratio</b>											
Current Assets less External Restrictions	7,655	6,313	5,642	5,313	5,878	7,128	8,658	11,387	14,868	19,265	24,799
Current Liabilities	777	760	740	720	699	676	649	623	591	591	614
<b>Ratio to 1</b>	<b>9.85</b>	<b>8.31</b>	<b>7.62</b>	<b>7.38</b>	<b>8.41</b>	<b>10.54</b>	<b>13.34</b>	<b>18.28</b>	<b>25.16</b>	<b>32.60</b>	<b>40.39</b>
<b>Debt Service Ratio</b>											
Debt Service Cost	84	82	90	85	87	89	93	88	99	0	0
Income from Continuing Operations less Specific Purpose Grants	9,903	9,724	10,590	11,096	11,682	12,401	13,176	14,033	15,054	16,274	17,649
<b>Percentage</b>	<b>0.85%</b>	<b>0.84%</b>	<b>0.85%</b>	<b>0.77%</b>	<b>0.74%</b>	<b>0.72%</b>	<b>0.71%</b>	<b>0.63%</b>	<b>0.66%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Rates &amp; Annual Charges Coverage Ratio</b>											
Rates & Annual Charges	4,907	5,064	5,470	5,909	6,382	6,893	7,444	8,040	8,683	9,377	10,126
Income from Continuing Operations	11,887	11,686	12,645	13,247	13,931	14,750	15,626	16,587	17,714	19,042	20,527
<b>Percentage</b>	<b>41.28%</b>	<b>43.33%</b>	<b>43.26%</b>	<b>44.61%</b>	<b>45.81%</b>	<b>46.73%</b>	<b>47.64%</b>	<b>48.47%</b>	<b>49.02%</b>	<b>49.24%</b>	<b>49.33%</b>
<b>Rates &amp; Annual Charges Outstanding Percentage</b>											
Outstanding Rates & Annual Charges	110	110	110	110	110	110	110	110	110	110	111
Collectable Rates & Annual Charges	4,871	5,064	5,470	5,909	6,382	6,893	7,444	8,040	8,683	9,377	10,125
<b>Percentage</b>	<b>2.26%</b>	<b>2.17%</b>	<b>2.01%</b>	<b>1.86%</b>	<b>1.72%</b>	<b>1.60%</b>	<b>1.48%</b>	<b>1.37%</b>	<b>1.27%</b>	<b>1.17%</b>	<b>1.10%</b>
<b>Renewal Asset Ratio</b>											
Asset Renewals	5,287	4,612	4,700	4,706	4,121	4,676	5,093	4,535	3,811	3,958	3,835
Depreciation	3,653	3,700	3,895	3,905	3,915	3,925	3,935	3,945	3,955	3,965	3,998
<b>Percentage</b>	<b>144.73%</b>	<b>124.65%</b>	<b>120.67%</b>	<b>120.51%</b>	<b>105.26%</b>	<b>119.13%</b>	<b>129.43%</b>	<b>114.96%</b>	<b>96.36%</b>	<b>99.82%</b>	<b>95.92%</b>

## Financial indicators – Scenario 3 – (Conservative Forecast)

<b>Warren Shire Council - (Consolidated Funds) - Financial Indicators</b>											
	Anticipated 2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
<b>Unrestricted Current Ratio</b>											
Current Assets less External Restrictions	7,655	6,313	4,714	2,977	1,602	271	(1,533)	(2,981)	(4,666)	(6,553)	(8,563)
Current Liabilities	777	760	740	720	699	676	649	623	591	591	614
<b>Ratio to 1</b>	<b>9.85</b>	<b>8.31</b>	<b>6.37</b>	<b>4.13</b>	<b>2.29</b>	<b>0.40</b>	<b>(2.36)</b>	<b>(4.78)</b>	<b>(7.90)</b>	<b>(11.09)</b>	<b>(13.95)</b>
<b>Debt Service Ratio</b>											
Debt Service Cost	84	82	90	85	87	89	93	88	99	0	0
Income from Continuing Operations less Specific Purpose Grants	9,903	9,724	9,621	9,659	9,699	9,747	9,783	9,808	9,840	9,886	9,927
<b>Percentage</b>	<b>0.85%</b>	<b>0.84%</b>	<b>0.94%</b>	<b>0.88%</b>	<b>0.90%</b>	<b>0.91%</b>	<b>0.95%</b>	<b>0.90%</b>	<b>1.01%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Rates &amp; Annual Charges Coverage Ratio</b>											
Rates & Annual Charges	4,907	5,064	5,115	5,166	5,218	5,270	5,323	5,376	5,430	5,484	5,538
Income from Continuing Operations	11,887	11,686	11,817	12,102	12,401	12,721	13,041	13,366	13,713	14,089	14,477
<b>Percentage</b>	<b>41.28%</b>	<b>43.33%</b>	<b>43.29%</b>	<b>42.69%</b>	<b>42.08%</b>	<b>41.43%</b>	<b>40.82%</b>	<b>40.22%</b>	<b>39.60%</b>	<b>38.92%</b>	<b>38.25%</b>
<b>Rates &amp; Annual Charges Outstanding Percentage</b>											
Outstanding Rates & Annual Charges	110	110	110	110	110	110	110	110	110	110	111
Collectable Rates & Annual Charges	4,871	5,064	5,115	5,166	5,218	5,270	5,323	5,376	5,430	5,484	5,537
<b>Percentage</b>	<b>2.26%</b>	<b>2.17%</b>	<b>2.15%</b>	<b>2.13%</b>	<b>2.11%</b>	<b>2.09%</b>	<b>2.07%</b>	<b>2.05%</b>	<b>2.03%</b>	<b>2.01%</b>	<b>2.00%</b>
<b>Renewal Asset Ratio</b>											
Asset Renewals	5,287	4,612	4,809	4,825	4,227	4,791	5,210	4,650	3,901	4,048	3,925
Depreciation	3,653	3,700	3,895	3,905	3,915	3,925	3,935	3,945	3,955	3,965	3,998
<b>Percentage</b>	<b>144.73%</b>	<b>124.65%</b>	<b>123.47%</b>	<b>123.56%</b>	<b>107.97%</b>	<b>122.06%</b>	<b>132.40%</b>	<b>117.87%</b>	<b>98.63%</b>	<b>102.09%</b>	<b>98.17%</b>