



# **Warren Shire Council**

## **Long Term Financial Plan**

**2014/15 – 2023/24**



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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 2014/15 to 2023/24.

### 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 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 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.
- 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 LGNSW survey for 2011/12 confirming that cost shifting continues to place significant burden on Council's financial situation. That survey estimates that cost shifting for Rural NSW Councils amounts to 3.95% of total operating income, in Warren Shire Council case this amounts to \$469,120.00 based on the 2014/15 Estimates.

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 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. For example electricity costs have increased significantly, workers compensation insurance increased and superannuation will increase by another 0.25% in 2014/15.

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, 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 2<sup>nd</sup> December 2013 for 2014/15 is 2.3%, where-as the March 2014 CPI (all groups) rose by 2.93%. A forecast rate peg limit of 3.0% has been used for 2015/16 to 2023/24.

### **Interest on Investments**

Forecast investment returns have been averaged at 3.0% in Scenario 1 (Planned Forecast), 7.0% 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 3% 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 financial challenges facing Warren Shire Council. Scenario 1 (Planned) was developed on the average increase of 3% in rates and annual charges from 2015/16 onwards. Scenario 2 (Optimistic) was developed on an average increase of 8% in rates and annual charges from 2015/16 onwards. Scenario 3 (Conservative) was developed with 1% increase in rates and annual charges from 2015/16 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 Charges or Fees 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 9% 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 3.0% 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 24% of total employee entitlement provisions and is forecast to remain at this percentage for the 10 year plan.

### **Borrowing Costs**

The LTFP does not include any new borrowings for the life of the plan however there may be a need to borrow in the Sewerage Services Fund if and when a new treatment works is undertaken.

### **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 rates & annual charges would be reduced by \$472,000 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 an average of \$78,666 each year or a total of \$708,000 over the life 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 \$1,079,000 (or an average of \$119,888 each year) for the last 9 years of the plan.

## **FINANCIAL STRATEGIES UNDERPINNING THE LTFP**

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

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

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

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

### **Identifying Budget Expenditure Reductions**

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

### **Productivity Improvements & Initiatives**

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

## **FINANCIAL MODELLING SCENARIOS**

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

The three (3) scenarios are:

### ***Scenario 1 – (Planned Forecast)***

This scenario is based upon a 2.3% general rate revenue increase in 2014/15 then a 3% increase in all rates and annual charges each year after, interest on investments at 3% and inflation at 3% for the life of the plan.

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

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

This scenario is based upon a 2.3% general rate revenue increase in 2014/15 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 \$30.254m by the end of the plan.

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

This scenario is based upon a 2.3% general rate revenue increase in 2014/15 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 2020/21 with a deficit of \$8.798m by the end of the plan.

## **SUMMARY OF THE LTFP**

This is the third 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

## FINANCIAL MODELLING - SCENARIO No. 1 - (Planned Forecast)

<b>WARREN SHIRE COUNCIL - LONG TERM FINANCIAL PLAN</b>											
<b>Consolidated (All Funds)</b>											
<b>Income Statement - 2014/15 to 2023/24</b>											
<b>Inflated \$'000s</b>											
	Anticipated 2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
<b>REVENUES</b>											
Rates & Annual Charges	5,071	5,200	5,356	5,517	5,682	5,853	6,028	6,209	6,396	6,588	6,785
User Charges & Fees	1,309	1,173	1,208	1,244	1,281	1,320	1,360	1,400	1,441	1,484	1,528
Interest	326	319	317	293	275	245	191	174	163	150	137
Other Revenues	234	263	280	289	297	305	315	323	332	342	353
Operating Grants & Contributions	4,770	4,921	5,067	5,219	5,375	5,535	5,701	5,872	6,048	6,229	6,415
Capital Grants & Contributions	0	0	0	0	0	0	0	0	0	0	0
<b>Total Revenues</b>	<b>11,710</b>	<b>11,876</b>	<b>12,228</b>	<b>12,562</b>	<b>12,910</b>	<b>13,258</b>	<b>13,595</b>	<b>13,978</b>	<b>14,380</b>	<b>14,794</b>	<b>15,218</b>
<b>EXPENSES</b>											
Employee Benefits & Costs	4,464	4,517	4,652	4,792	4,936	5,084	5,236	5,393	5,555	5,722	5,893
Borrowing Costs	32	29	25	22	18	13	0	0	0	0	0
Materials & Contracts	2,743	2,808	2,892	2,979	3,068	3,160	3,255	3,353	3,454	3,557	3,664
Depreciation	3,699	3,965	3,905	3,915	3,925	3,935	3,945	3,955	3,965	4,278	4,278
Other Expenses	1,202	1,112	1,020	1,050	1,082	1,114	1,148	1,182	1,218	1,255	1,292
<b>Total Expenses</b>	<b>12,140</b>	<b>12,431</b>	<b>12,494</b>	<b>12,758</b>	<b>13,029</b>	<b>13,306</b>	<b>13,584</b>	<b>13,883</b>	<b>14,192</b>	<b>14,812</b>	<b>15,127</b>
<b>Operating Result</b>	<b>(430)</b>	<b>(555)</b>	<b>(266)</b>	<b>(196)</b>	<b>(119)</b>	<b>(48)</b>	<b>11</b>	<b>95</b>	<b>188</b>	<b>(18)</b>	<b>91</b>
<b>Op Result less Capital Grants</b>	<b>(430)</b>	<b>(555)</b>	<b>(266)</b>	<b>(196)</b>	<b>(119)</b>	<b>(48)</b>	<b>11</b>	<b>95</b>	<b>188</b>	<b>(18)</b>	<b>91</b>
<b>Rate Pegging Limit</b>	<b>3.4%</b>	<b>2.3%</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>4.5%</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>Water Annual Charge Increase</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>3.0%</b>
<b>Water User Charge Increase</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>3.0%</b>
<b>Sewerage Annual 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>Sewerage User 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>Investment Interest Rates</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>3.0%</b>	<b>3.0%</b>
<b>Inflation Percentages Used</b>	<b>2.5%</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>Loan Borrowing Interest Rates</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>	<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 2019/20.

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

## FINANCIAL MODELLING - SCENARIO No. 1 - (Planned Forecast)

WARREN SHIRE COUNCIL - LONG TERM FINANCIAL PLAN											
Consolidated (All Funds)											
Statement of Cash Flows - 2014/15 TO 2023/24											
Inflated \$'000s											
	Anticipated 2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Rates & Annual Charges	5,046	5,200	5,356	5,517	5,682	5,853	6,028	6,209	6,396	6,587	6,785
User Charges & Fees	1,620	1,173	1,208	1,244	1,281	1,320	1,360	1,400	1,441	1,484	1,528
Interest Earned	326	319	317	293	275	245	191	174	163	150	137
Grants	4,770	4,921	5,067	5,219	5,375	5,535	5,701	5,872	6,048	6,229	6,415
Other Revenues	234	263	280	289	297	305	315	323	332	342	353
<b>Receipts from Operations</b>	<b>11,996</b>	<b>11,876</b>	<b>12,228</b>	<b>12,562</b>	<b>12,910</b>	<b>13,258</b>	<b>13,595</b>	<b>13,978</b>	<b>14,380</b>	<b>14,793</b>	<b>15,218</b>
<b>Payments</b>											
Employee Benefits & Costs	4,223	4,505	4,650	4,790	4,934	5,082	5,233	5,392	5,553	5,780	5,892
Materials & Contracts	2,739	2,808	2,892	2,979	3,068	3,160	3,255	3,353	3,454	3,557	3,664
Borrowing Costs	32	29	25	22	18	13	0	0	0	0	0
Other Expenses	1,202	1,112	1,020	1,050	1,082	1,114	1,148	1,182	1,218	1,255	1,292
<b>Payments from Operations</b>	<b>8,196</b>	<b>8,454</b>	<b>8,587</b>	<b>8,841</b>	<b>9,102</b>	<b>9,369</b>	<b>9,636</b>	<b>9,927</b>	<b>10,225</b>	<b>10,592</b>	<b>10,848</b>
<b>Net Cash from Operations</b>	<b>3,800</b>	<b>3,422</b>	<b>3,641</b>	<b>3,721</b>	<b>3,808</b>	<b>3,889</b>	<b>3,959</b>	<b>4,051</b>	<b>4,155</b>	<b>4,201</b>	<b>4,370</b>
<b>CASH FLOWS FROM CAPITAL ACTIVITIES</b>											
<b>Receipts</b>											
Sale of Assets	374	275	311	321	330	340	351	361	372	383	395
<b>Receipts from Capital Activity</b>	<b>374</b>	<b>275</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>395</b>
<b>Payments</b>											
<b>Acquisition/Renewal of Fixed Assets</b>											
Infrastructure - General Fund	4,015	2,831	2,979	3,453	2,926	3,279	3,377	3,478	3,583	3,690	3,801
Infrastructure - Water Supply Fund	72	105	58	70	62	75	78	44	44	32	20
Infrastructure - Sewerage Services Fund	101	226	251	127	896	1,035	992	92	95	82	86
Plant, Property & Equipment	844	967	1,026	913	1,180	1,515	1,032	1,142	1,302	1,213	840
Other Assets	8	13	370	8	9	9	9	10	10	10	10
<b>Payments from Capital Activity</b>	<b>5,040</b>	<b>4,142</b>	<b>4,684</b>	<b>4,571</b>	<b>5,073</b>	<b>5,913</b>	<b>5,488</b>	<b>4,766</b>	<b>5,034</b>	<b>5,027</b>	<b>4,757</b>
<b>Net Cash from Capital Activity</b>	<b>(4,666)</b>	<b>(3,867)</b>	<b>(4,373)</b>	<b>(4,250)</b>	<b>(4,743)</b>	<b>(5,573)</b>	<b>(5,137)</b>	<b>(4,405)</b>	<b>(4,662)</b>	<b>(4,644)</b>	<b>(4,362)</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	72	74	75	79	83	87	92	96	0	0	0
<b>Payments from Finance Activity</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>0</b>
<b>Net Cash from Financing</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>0</b>
<b>NET CHANGE CASH &amp; INVESTMENTS</b>	<b>(938)</b>	<b>(519)</b>	<b>(807)</b>	<b>(608)</b>	<b>(1,018)</b>	<b>(1,771)</b>	<b>(1,270)</b>	<b>(450)</b>	<b>(507)</b>	<b>(443)</b>	<b>8</b>
<b>Current Year Cash</b>	<b>(938)</b>	<b>(519)</b>	<b>(807)</b>	<b>(608)</b>	<b>(1,018)</b>	<b>(1,771)</b>	<b>(1,270)</b>	<b>(450)</b>	<b>(507)</b>	<b>(443)</b>	<b>8</b>
<b>Cash at Start of Year</b>	<b>12,016</b>	<b>11,078</b>	<b>10,559</b>	<b>9,752</b>	<b>9,144</b>	<b>8,126</b>	<b>6,355</b>	<b>5,085</b>	<b>4,635</b>	<b>4,128</b>	<b>3,685</b>
<b>Cash at End of Year</b>	<b>11,078</b>	<b>10,559</b>	<b>9,752</b>	<b>9,144</b>	<b>8,126</b>	<b>6,355</b>	<b>5,085</b>	<b>4,635</b>	<b>4,128</b>	<b>3,685</b>	<b>3,693</b>

## FINANCIAL MODELLING - SCENARIO No. 1 - (Planned Forecast)

<b>WARREN SHIRE COUNCIL - LONG TERM FINANCIAL PLAN</b>											
<b>Consolidated (All Funds)</b>											
<b>Statement of Financial Position - 2014/15 to 2023/24</b>											
<b><u>Inflated \$'000s</u></b>											
	<b>Anticipated 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>2023/24</b>
<b><u>ASSETS</u></b>											
Cash and Investments	11,078	10,559	9,752	9,144	8,126	6,355	5,085	4,635	4,128	3,685	3,693
Receivables - Rates & Charges	110	110	110	110	110	110	110	110	110	111	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	149,359	153,261	153,829	154,564	155,482	157,120	159,412	160,262	160,959	167,518	148,221
<b>Total Assets</b>	<b>161,582</b>	<b>164,965</b>	<b>164,726</b>	<b>164,853</b>	<b>164,753</b>	<b>164,620</b>	<b>165,642</b>	<b>166,042</b>	<b>166,232</b>	<b>172,349</b>	<b>153,060</b>
<b><u>LIABILITIES</u></b>											
Creditors	285	285	285	285	285	285	285	285	285	294	294
Borrowings	470	397	322	243	160	73	0	0	0	0	0
Provisions	1,506	1,516	1,518	1,520	1,522	1,524	1,525	1,528	1,530	1,592	1,594
<b>Total Liabilities</b>	<b>2,261</b>	<b>2,198</b>	<b>2,125</b>	<b>2,048</b>	<b>1,967</b>	<b>1,882</b>	<b>1,810</b>	<b>1,813</b>	<b>1,815</b>	<b>1,886</b>	<b>1,888</b>
<b>Net Assets</b>	<b>159,321</b>	<b>162,767</b>	<b>162,601</b>	<b>162,805</b>	<b>162,786</b>	<b>162,738</b>	<b>163,832</b>	<b>164,229</b>	<b>164,417</b>	<b>170,463</b>	<b>151,172</b>
<b><u>EQUITY</u></b>											
Accumulated Surplus	90,726	90,172	89,906	89,710	89,591	89,543	89,537	89,534	89,722	89,575	89,665
Asset Revaluation Reserve	68,595	72,595	72,695	73,095	73,195	73,195	74,295	74,695	74,695	80,888	61,507
<b>Total Equity</b>	<b>159,321</b>	<b>162,767</b>	<b>162,601</b>	<b>162,805</b>	<b>162,786</b>	<b>162,738</b>	<b>163,832</b>	<b>164,229</b>	<b>164,417</b>	<b>170,463</b>	<b>151,172</b>
<b><u>Note : Cash &amp; Investments is comprised of :</u></b>											
General Fund Cash & Investme	500	500	500	500	500	500	500	500	500	500	500
External Restrictions	300	250	250	250	250	250	250	250	250	250	250
Water Supply	371	306	386	462	550	630	713	835	964	1,114	1,283
Sewerage Services	2,384	2,191	2,035	1,997	1,190	220	(734)	(796)	(860)	(912)	(966)
Domestic Waste Management	160	10	15	20	25	30	35	40	45	50	55
Internal Restrictions	7,363	7,302	6,566	5,915	5,611	4,725	4,321	3,806	3,229	2,683	2,571
<b>Cash and Investments</b>	<b>11,078</b>	<b>10,559</b>	<b>9,752</b>	<b>9,144</b>	<b>8,126</b>	<b>6,355</b>	<b>5,085</b>	<b>4,635</b>	<b>4,128</b>	<b>3,685</b>	<b>3,693</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 if undertaken.



## FINANCIAL MODELLING - SCENARIO No. 2 - (Optimistic Forecast)

<b>WARREN SHIRE COUNCIL - LONG TERM FINANCIAL PLAN</b>											
<b>Consolidated (All Funds)</b>											
<b>Income Statement - 2014/15 to 2023/24</b>											
<b>Inflated \$'000s</b>											
	Anticipated 2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
<b>REVENUES</b>											
Rates & Annual Charges	5,071	5,200	5,616	6,065	6,551	7,075	7,641	8,252	8,913	9,626	10,395
User Charges & Fees	1,309	1,173	1,267	1,369	1,479	1,597	1,725	1,863	2,012	2,173	2,347
Interest	326	319	844	854	913	986	1,048	1,203	1,484	1,836	2,280
Other Revenues	234	263	277	283	288	293	300	305	311	317	323
Operating Grants & Contributions	4,770	4,921	5,018	5,118	5,220	5,323	5,429	5,537	5,647	5,760	5,875
Capital Grants & Contributions	0	0	0	0	0	0	0	0	0	0	0
<b>Total Revenues</b>	<b>11,710</b>	<b>11,876</b>	<b>13,022</b>	<b>13,689</b>	<b>14,451</b>	<b>15,274</b>	<b>16,143</b>	<b>17,160</b>	<b>18,367</b>	<b>19,712</b>	<b>21,221</b>
<b>EXPENSES</b>											
Employee Benefits & Costs	4,464	4,517	4,608	4,700	4,794	4,890	4,987	5,086	5,188	5,293	5,399
Borrowing Costs	32	29	25	22	18	13	0	0	0	0	0
Materials & Contracts	2,743	2,808	2,864	2,921	2,979	3,038	3,098	3,160	3,223	3,288	3,355
Depreciation	3,699	3,965	3,905	3,915	3,925	3,935	3,945	3,955	3,965	4,278	4,278
Other Expenses	1,202	1,112	1,010	1,030	1,051	1,072	1,094	1,115	1,138	1,161	1,184
<b>Total Expenses</b>	<b>12,140</b>	<b>12,431</b>	<b>12,412</b>	<b>12,588</b>	<b>12,767</b>	<b>12,948</b>	<b>13,124</b>	<b>13,316</b>	<b>13,514</b>	<b>14,020</b>	<b>14,216</b>
<b>Operating Result</b>	<b>(430)</b>	<b>(555)</b>	<b>610</b>	<b>1,101</b>	<b>1,684</b>	<b>2,326</b>	<b>3,019</b>	<b>3,844</b>	<b>4,853</b>	<b>5,693</b>	<b>7,005</b>
<b>Op Result less Capital Grants</b>	<b>(430)</b>	<b>(555)</b>	<b>610</b>	<b>1,101</b>	<b>1,684</b>	<b>2,326</b>	<b>3,019</b>	<b>3,844</b>	<b>4,853</b>	<b>5,693</b>	<b>7,005</b>
<b>Rate Pegging Limit</b>	<b>3.4%</b>	<b>2.3%</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>4.5%</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>2.9%</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>Water User Charge Increase</b>	<b>3.4%</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>Sewerage Annual 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>Sewerage User 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>Investment Interest Rates</b>	<b>3.0%</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>2.5%</b>	<b>2.9%</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>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>	<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 2013/14 being a rate account of \$2,045.00 in 2023/24 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.

## FINANCIAL MODELLING - SCENARIO No. 2 - (Optimistic Forecast)

<b>WARREN SHIRE COUNCIL - LONG TERM FINANCIAL PLAN</b>											
<b>Consolidated (All Funds)</b>											
<b>Statement of Cash Flows - 2014/15 TO 2023/24</b>											
<b>Inflated \$'000s</b>											
	<b>Anticipated 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>2023/24</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>											
<b><u>Receipts</u></b>											
Rates & Annual Charges	5,046	5,200	5,616	6,065	6,551	7,075	7,641	8,252	8,913	9,625	10,395
User Charges & Fees	1,620	1,173	1,267	1,369	1,479	1,597	1,725	1,863	2,012	2,173	2,347
Interest Earned	326	319	844	854	913	986	1,048	1,203	1,484	1,836	2,280
Grants	4,770	4,921	5,018	5,118	5,220	5,323	5,429	5,537	5,647	5,760	5,875
Other Revenues	234	263	277	283	288	293	300	305	311	317	323
<b>Receipts from Operations</b>	<b>11,996</b>	<b>11,876</b>	<b>13,022</b>	<b>13,689</b>	<b>14,451</b>	<b>15,274</b>	<b>16,143</b>	<b>17,160</b>	<b>18,367</b>	<b>19,711</b>	<b>21,221</b>
<b><u>Payments</u></b>											
Employee Benefits & Costs	4,223	4,505	4,606	4,698	4,792	4,888	4,984	5,085	5,186	5,351	5,398
Materials & Contracts	2,739	2,808	2,864	2,921	2,979	3,038	3,098	3,160	3,223	3,288	3,355
Borrowing Costs	32	29	25	22	18	13	0	0	0	0	0
Other Expenses	1,202	1,112	1,010	1,030	1,051	1,072	1,094	1,115	1,138	1,161	1,184
<b>Payments from Operations</b>	<b>8,196</b>	<b>8,454</b>	<b>8,505</b>	<b>8,671</b>	<b>8,840</b>	<b>9,011</b>	<b>9,176</b>	<b>9,360</b>	<b>9,547</b>	<b>9,800</b>	<b>9,937</b>
<b>Net Cash from Operations</b>	<b>3,800</b>	<b>3,422</b>	<b>4,517</b>	<b>5,018</b>	<b>5,611</b>	<b>6,263</b>	<b>6,967</b>	<b>7,800</b>	<b>8,820</b>	<b>9,912</b>	<b>11,284</b>
<b><u>CASH FLOWS FROM CAPITAL ACTIVITIES</u></b>											
<b><u>Receipts</u></b>											
Sale of Assets	374	275	311	321	330	340	351	361	372	379	387
<b>Receipts from Capital Activity</b>	<b>374</b>	<b>275</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>387</b>
<b><u>Payments</u></b>											
<b><u>Acquisition/Renewal of Fixed Assets</u></b>											
Infrastructure - General Fund	4,015	2,831	2,950	3,386	2,842	3,153	3,216	3,281	3,346	3,413	3,481
Infrastructure - Water Supply Fund	72	105	57	69	60	73	74	42	41	30	19
Infrastructure - Sewerage Services Fund	101	226	249	125	870	996	945	87	88	76	79
Plant, Property & Equipment	844	967	1,026	913	1,180	1,515	1,032	1,142	1,302	1,209	832
Other Assets	8	13	367	8	8	9	9	9	9	9	10
<b>Payments from Capital Activity</b>	<b>5,040</b>	<b>4,142</b>	<b>4,649</b>	<b>4,501</b>	<b>4,960</b>	<b>5,746</b>	<b>5,276</b>	<b>4,561</b>	<b>4,786</b>	<b>4,737</b>	<b>4,421</b>
<b>Net Cash from Capital Activity</b>	<b>(4,666)</b>	<b>(3,867)</b>	<b>(4,338)</b>	<b>(4,180)</b>	<b>(4,630)</b>	<b>(5,406)</b>	<b>(4,925)</b>	<b>(4,200)</b>	<b>(4,414)</b>	<b>(4,358)</b>	<b>(4,034)</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>											
<b><u>Receipts</u></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><u>Payments</u></b>											
Repayment of Loans	72	74	75	79	83	87	92	96	0	0	0
<b>Payments from Finance Activity</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>0</b>
<b>Net Cash from Financing</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>0</b>
<b>NET CHANGE CASH &amp; INVESTMENT</b>	<b>(938)</b>	<b>(519)</b>	<b>104</b>	<b>759</b>	<b>898</b>	<b>770</b>	<b>1,950</b>	<b>3,504</b>	<b>4,406</b>	<b>5,554</b>	<b>7,250</b>
<b>Current Year Cash</b>	<b>(938)</b>	<b>(519)</b>	<b>104</b>	<b>759</b>	<b>898</b>	<b>770</b>	<b>1,950</b>	<b>3,504</b>	<b>4,406</b>	<b>5,554</b>	<b>7,250</b>
<b>Cash at Start of Year</b>	<b>12,016</b>	<b>11,078</b>	<b>10,559</b>	<b>10,663</b>	<b>11,422</b>	<b>12,320</b>	<b>13,090</b>	<b>15,040</b>	<b>18,544</b>	<b>22,950</b>	<b>28,504</b>
<b>Cash at End of Year</b>	<b>11,078</b>	<b>10,559</b>	<b>10,663</b>	<b>11,422</b>	<b>12,320</b>	<b>13,090</b>	<b>15,040</b>	<b>18,544</b>	<b>22,950</b>	<b>28,504</b>	<b>35,754</b>

## FINANCIAL MODELLING - SCENARIO No. 2 - (Optimistic Forecast)

<b>WARREN SHIRE COUNCIL - LONG TERM FINANCIAL PLAN</b>											
<b>Consolidated (All Funds)</b>											
<b>Statement of Financial Position - 2014/15 to 2023/24</b>											
<b>Inflated \$'000s</b>											
	<b>Anticipated 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>2023/24</b>
<b><u>ASSETS</u></b>											
Cash and Investments	11,078	10,559	10,663	11,422	12,320	13,090	15,040	18,544	22,950	28,504	35,754
Receivables - Rates & Charges	110	110	110	110	110	110	110	110	110	111	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	149,359	153,261	153,794	154,459	155,264	156,735	158,815	159,460	159,909	166,182	146,557
<b>Total Assets</b>	<b>161,582</b>	<b>164,965</b>	<b>165,602</b>	<b>167,026</b>	<b>168,729</b>	<b>170,970</b>	<b>175,000</b>	<b>179,149</b>	<b>184,004</b>	<b>195,832</b>	<b>183,457</b>
<b><u>LIABILITIES</u></b>											
Creditors	285	285	285	285	285	285	285	285	285	294	294
Borrowings	470	397	322	243	160	73	0	0	0	0	0
Provisions	1,506	1,516	1,518	1,520	1,522	1,524	1,525	1,528	1,530	1,592	1,594
<b>Total Liabilities</b>	<b>2,261</b>	<b>2,198</b>	<b>2,125</b>	<b>2,048</b>	<b>1,967</b>	<b>1,882</b>	<b>1,810</b>	<b>1,813</b>	<b>1,815</b>	<b>1,886</b>	<b>1,888</b>
<b>Net Assets</b>	<b>159,321</b>	<b>162,767</b>	<b>163,477</b>	<b>164,978</b>	<b>166,762</b>	<b>169,088</b>	<b>173,190</b>	<b>177,336</b>	<b>182,189</b>	<b>193,946</b>	<b>181,569</b>
<b><u>EQUITY</u></b>											
Accumulated Surplus	90,726	90,172	90,782	91,883	93,567	95,893	98,895	102,641	107,494	113,058	120,062
Asset Revaluation Reserve	68,595	72,595	72,695	73,095	73,195	73,195	74,295	74,695	74,695	80,888	61,507
<b>Total Equity</b>	<b>159,321</b>	<b>162,767</b>	<b>163,477</b>	<b>164,978</b>	<b>166,762</b>	<b>169,088</b>	<b>173,190</b>	<b>177,336</b>	<b>182,189</b>	<b>193,946</b>	<b>181,569</b>
<b>Note : Cash &amp; Investments is comprised of :</b>											
General Fund Cash & Investme	500	500	500	500	500	500	500	500	500	500	500
External Restrictions	300	250	250	250	250	250	250	250	250	250	250
Water Supply	371	306	434	602	835	1,120	1,479	1,954	2,530	3,229	4,066
Sewerage Services	2,384	2,191	2,171	2,302	1,731	1,023	349	519	747	1,053	1,434
Domestic Waste Management	160	10	15	20	25	30	35	40	45	50	55
Internal Restrictions	7,363	7,302	7,293	7,748	8,979	10,167	12,427	15,281	18,878	23,422	29,449
<b>Cash and Investments</b>	<b>11,078</b>	<b>10,559</b>	<b>10,663</b>	<b>11,422</b>	<b>12,320</b>	<b>13,090</b>	<b>15,040</b>	<b>18,544</b>	<b>22,950</b>	<b>28,504</b>	<b>35,754</b>

## FINANCIAL MODELLING - SCENARIO No. 3 - (Conservative Forecast)

<b>WARREN SHIRE COUNCIL - LONG TERM FINANCIAL PLAN</b>											
<b>Consolidated (All Funds)</b>											
<b>Income Statement - 2014/15 to 2023/24</b>											
<b>Inflated \$'000s</b>											
	Anticipated 2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
<b>REVENUES</b>											
Rates & Annual Charges	5,071	5,200	5,252	5,304	5,357	5,410	5,464	5,518	5,573	5,628	5,684
User Charges & Fees	1,309	1,173	1,185	1,197	1,209	1,221	1,233	1,245	1,257	1,269	1,281
Interest	326	319	211	188	163	123	66	31	6	5	3
Other Revenues	234	263	285	300	314	328	345	361	378	397	416
Operating Grants & Contributions	4,770	4,921	5,165	5,422	5,692	5,975	6,273	6,586	6,915	7,260	7,623
Capital Grants & Contributions	0	0	0	0	0	0	0	0	0	0	0
<b>Total Revenues</b>	<b>11,710</b>	<b>11,876</b>	<b>12,098</b>	<b>12,411</b>	<b>12,735</b>	<b>13,057</b>	<b>13,381</b>	<b>13,741</b>	<b>14,129</b>	<b>14,559</b>	<b>15,007</b>
<b>EXPENSES</b>											
Employee Benefits & Costs	4,464	4,517	4,742	4,980	5,229	5,490	5,765	6,053	6,356	6,673	7,007
Borrowing Costs	32	29	25	22	18	13	0	0	0	0	0
Materials & Contracts	2,743	2,808	2,948	3,095	3,250	3,413	3,584	3,763	3,951	4,148	4,356
Depreciation	3,699	3,965	3,905	3,915	3,925	3,935	3,945	3,955	3,965	4,278	4,278
Other Expenses	1,202	1,112	1,040	1,091	1,146	1,202	1,262	1,324	1,390	1,460	1,532
<b>Total Expenses</b>	<b>12,140</b>	<b>12,431</b>	<b>12,660</b>	<b>13,103</b>	<b>13,568</b>	<b>14,053</b>	<b>14,556</b>	<b>15,095</b>	<b>15,662</b>	<b>16,559</b>	<b>17,174</b>
<b>Operating Result</b>	<b>(430)</b>	<b>(555)</b>	<b>(562)</b>	<b>(692)</b>	<b>(833)</b>	<b>(996)</b>	<b>(1,175)</b>	<b>(1,354)</b>	<b>(1,533)</b>	<b>(2,000)</b>	<b>(2,167)</b>
<b>Op Result less Capital Grants</b>	<b>(430)</b>	<b>(555)</b>	<b>(562)</b>	<b>(692)</b>	<b>(833)</b>	<b>(996)</b>	<b>(1,175)</b>	<b>(1,354)</b>	<b>(1,533)</b>	<b>(2,000)</b>	<b>(2,167)</b>
<b>Rate Pegging Limit</b>	<b>3.4%</b>	<b>2.3%</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>4.5%</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>2.9%</b>	<b>3.0%</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 User Charge Increase</b>	<b>3.4%</b>	<b>3.0%</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 Annual 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>Sewerage User 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>Investment Interest Rates</b>	<b>3.0%</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>2.5%</b>	<b>2.9%</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>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>	<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 2020/21. 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.

## FINANCIAL MODELLING - SCENARIO No. 3 - (Conservative Forecast)

<b>WARREN SHIRE COUNCIL - LONG TERM FINANCIAL PLAN</b>											
<b>Consolidated (All Funds)</b>											
<b>Statement of Cash Flows - 2014/15 TO 2023/24</b>											
<b>Inflated \$'000s</b>											
	Anticipated 2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>											
<b><u>Receipts</u></b>											
Rates & Annual Charges	5,046	5,200	5,252	5,304	5,357	5,410	5,464	5,518	5,573	5,627	5,684
User Charges & Fees	1,620	1,173	1,185	1,197	1,209	1,221	1,233	1,245	1,257	1,269	1,281
Interest Earned	326	319	211	188	163	123	66	31	6	5	3
Grants	4,770	4,921	5,165	5,422	5,692	5,975	6,273	6,586	6,915	7,260	7,623
Other Revenues	234	263	285	300	314	328	345	361	378	397	416
<b>Receipts from Operations</b>	<b>11,996</b>	<b>11,876</b>	<b>12,098</b>	<b>12,411</b>	<b>12,735</b>	<b>13,057</b>	<b>13,381</b>	<b>13,741</b>	<b>14,129</b>	<b>14,558</b>	<b>15,007</b>
<b><u>Payments</u></b>											
Employee Benefits & Costs	4,223	4,505	4,740	4,978	5,227	5,488	5,762	6,052	6,354	6,731	7,006
Materials & Contracts	2,739	2,808	2,948	3,095	3,250	3,413	3,584	3,763	3,951	4,148	4,356
Borrowing Costs	32	29	25	22	18	13	0	0	0	0	0
Other Expenses	1,202	1,112	1,040	1,091	1,146	1,202	1,262	1,324	1,390	1,460	1,532
<b>Payments from Operations</b>	<b>8,196</b>	<b>8,454</b>	<b>8,753</b>	<b>9,186</b>	<b>9,641</b>	<b>10,116</b>	<b>10,608</b>	<b>11,139</b>	<b>11,695</b>	<b>12,339</b>	<b>12,895</b>
<b>Net Cash from Operations</b>	<b>3,800</b>	<b>3,422</b>	<b>3,345</b>	<b>3,225</b>	<b>3,094</b>	<b>2,941</b>	<b>2,773</b>	<b>2,602</b>	<b>2,434</b>	<b>2,219</b>	<b>2,112</b>
<b><u>CASH FLOWS FROM CAPITAL ACTIVITIES</u></b>											
<b><u>Receipts</u></b>											
Sale of Assets	374	275	311	321	330	340	351	361	372	391	410
<b>Receipts from Capital Activity</b>	<b>374</b>	<b>275</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>410</b>
<b><u>Payments</u></b>											
<b><u>Acquisition/Renewal of Fixed Assets</u></b>											
Infrastructure - General Fund	4,015	2,831	3,037	3,588	3,100	3,541	3,718	3,904	4,099	4,304	4,519
Infrastructure - Water Supply Fund	72	105	59	73	66	81	86	50	50	38	24
Infrastructure - Sewerage Services Fund	101	226	256	132	949	1,118	1,092	103	108	96	102
Plant, Property & Equipment	844	967	1,026	913	1,180	1,515	1,032	1,142	1,302	1,221	855
Other Assets	8	13	378	9	9	10	10	11	11	12	12
<b>Payments from Capital Activity</b>	<b>5,040</b>	<b>4,142</b>	<b>4,756</b>	<b>4,715</b>	<b>5,304</b>	<b>6,265</b>	<b>5,938</b>	<b>5,210</b>	<b>5,570</b>	<b>5,671</b>	<b>5,512</b>
<b>Net Cash from Capital Activity</b>	<b>(4,666)</b>	<b>(3,867)</b>	<b>(4,445)</b>	<b>(4,394)</b>	<b>(4,974)</b>	<b>(5,925)</b>	<b>(5,587)</b>	<b>(4,849)</b>	<b>(5,198)</b>	<b>(5,280)</b>	<b>(5,102)</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>											
<b><u>Receipts</u></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><u>Payments</u></b>											
Repayment of Loans	72	74	75	79	83	87	92	96	0	0	0
<b>Payments from Finance Activity</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>0</b>
<b>Net Cash from Financing</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>0</b>
<b>NET CHANGE CASH &amp; INVESTMENTS</b>	<b>(938)</b>	<b>(519)</b>	<b>(1,175)</b>	<b>(1,248)</b>	<b>(1,963)</b>	<b>(3,071)</b>	<b>(2,906)</b>	<b>(2,343)</b>	<b>(2,764)</b>	<b>(3,061)</b>	<b>(2,990)</b>
<b>Current Year Cash</b>	<b>(938)</b>	<b>(519)</b>	<b>(1,175)</b>	<b>(1,248)</b>	<b>(1,963)</b>	<b>(3,071)</b>	<b>(2,906)</b>	<b>(2,343)</b>	<b>(2,764)</b>	<b>(3,061)</b>	<b>(2,990)</b>
<b>Cash at Start of Year</b>	<b>12,016</b>	<b>11,078</b>	<b>10,559</b>	<b>9,384</b>	<b>8,136</b>	<b>6,173</b>	<b>3,102</b>	<b>196</b>	<b>(2,147)</b>	<b>(4,911)</b>	<b>(7,972)</b>
<b>Cash at End of Year</b>	<b>11,078</b>	<b>10,559</b>	<b>9,384</b>	<b>8,136</b>	<b>6,173</b>	<b>3,102</b>	<b>196</b>	<b>(2,147)</b>	<b>(4,911)</b>	<b>(7,972)</b>	<b>(10,962)</b>

## FINANCIAL MODELLING - SCENARIO No. 3 - (Conservative Forecast)

<b>WARREN SHIRE COUNCIL - LONG TERM FINANCIAL PLAN</b>											
<b>Consolidated (All Funds)</b>											
<b>Statement of Financial Position - 2014/15 to 2023/24</b>											
<b>Inflated \$'000s</b>											
	<b>Anticipated 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>2023/24</b>
<b>ASSETS</b>											
Cash and Investments	11,078	10,559	9,384	8,136	6,173	3,102	196	(2,147)	(4,911)	(7,972)	(10,962)
Receivables - Rates & Charges	110	110	110	110	110	110	110	110	110	111	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	149,359	153,261	153,901	154,780	155,929	157,919	160,661	161,955	163,188	170,383	151,826
<b>Total Assets</b>	<b>161,582</b>	<b>164,965</b>	<b>164,430</b>	<b>164,061</b>	<b>163,247</b>	<b>162,166</b>	<b>162,002</b>	<b>160,953</b>	<b>159,422</b>	<b>163,557</b>	<b>142,010</b>
<b>LIABILITIES</b>											
Creditors	285	285	285	285	285	285	285	285	285	294	294
Borrowings	470	397	322	243	160	73	0	0	0	0	0
Provisions	1,506	1,516	1,518	1,520	1,522	1,524	1,525	1,528	1,530	1,592	1,594
<b>Total Liabilities</b>	<b>2,261</b>	<b>2,198</b>	<b>2,125</b>	<b>2,048</b>	<b>1,967</b>	<b>1,882</b>	<b>1,810</b>	<b>1,813</b>	<b>1,815</b>	<b>1,886</b>	<b>1,888</b>
<b>Net Assets</b>	<b>159,321</b>	<b>162,767</b>	<b>162,305</b>	<b>162,013</b>	<b>161,280</b>	<b>160,284</b>	<b>160,192</b>	<b>159,140</b>	<b>157,607</b>	<b>161,671</b>	<b>140,122</b>
<b>EQUITY</b>											
Accumulated Surplus	90,726	90,172	89,610	88,918	88,085	87,089	85,897	84,445	82,912	80,783	78,615
Asset Revaluation Reserve	68,595	72,595	72,695	73,095	73,195	73,195	74,295	74,695	74,695	80,888	61,507
<b>Total Equity</b>	<b>159,321</b>	<b>162,767</b>	<b>162,305</b>	<b>162,013</b>	<b>161,280</b>	<b>160,284</b>	<b>160,192</b>	<b>159,140</b>	<b>157,607</b>	<b>161,671</b>	<b>140,122</b>
<b>Note : Cash &amp; Investments is comprised of :</b>											
General Fund Cash & Investme	500	500	500	500	500	500	500	(1,208)	(3,699)	(6,460)	(9,103)
External Restrictions	300	250	250	250	250	250	250	250	250	250	250
Water Supply	371	306	362	389	405	384	337	302	242	168	78
Sewerage Services	2,384	2,191	1,991	1,893	958	(185)	(1,341)	(1,531)	(1,749)	(1,980)	(2,242)
Domestic Waste Management	160	10	15	20	25	30	35	40	45	50	55
Internal Restrictions	7,363	7,302	6,266	5,084	4,035	2,123	415	0	0	0	0
<b>Cash and Investments</b>	<b>11,078</b>	<b>10,559</b>	<b>9,384</b>	<b>8,136</b>	<b>6,173</b>	<b>3,102</b>	<b>196</b>	<b>(2,147)</b>	<b>(4,911)</b>	<b>(7,972)</b>	<b>(10,962)</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 2020/21 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>											
	<b>Anticipated 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>2023/24</b>
<b>Unrestricted Current Ratio</b>											
Current Assets less External Restrictions	8,409	8,198	7,467	6,821	6,522	5,641	5,242	4,732	4,160	3,620	3,513
Current Liabilities	746	725	701	676	649	621	597	598	599	622	623
<b>Ratio to 1</b>	<b>11.27</b>	<b>11.31</b>	<b>10.65</b>	<b>10.09</b>	<b>10.05</b>	<b>9.08</b>	<b>8.78</b>	<b>7.91</b>	<b>6.94</b>	<b>5.82</b>	<b>5.64</b>
<b>Debt Service Ratio</b>											
Debt Service Cost	104	103	100	101	101	100	92	96	0	0	0
Income from Continuing Operations less Specific Purpose Grants	9,691	9,706	9,912	10,094	10,286	10,474	10,645	10,857	11,083	11,315	11,554
<b>Percentage</b>	<b>1.07%</b>	<b>1.06%</b>	<b>1.01%</b>	<b>1.00%</b>	<b>0.98%</b>	<b>0.95%</b>	<b>0.86%</b>	<b>0.88%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Rates &amp; Annual Charges Coverage Ratio</b>											
Rates & Annual Charges	5,071	5,200	5,356	5,517	5,682	5,853	6,028	6,209	6,396	6,588	6,785
Income from Continuing Operations	11,710	11,876	12,228	12,562	12,910	13,258	13,595	13,978	14,380	14,794	15,218
<b>Percentage</b>	<b>43.30%</b>	<b>43.79%</b>	<b>43.80%</b>	<b>43.92%</b>	<b>44.01%</b>	<b>44.15%</b>	<b>44.34%</b>	<b>44.42%</b>	<b>44.48%</b>	<b>44.53%</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	111	111
Collectable Rates & Annual Charges	5,046	5,200	5,356	5,517	5,682	5,853	6,028	6,209	6,396	6,587	6,785
<b>Percentage</b>	<b>2.18%</b>	<b>2.12%</b>	<b>2.05%</b>	<b>1.99%</b>	<b>1.94%</b>	<b>1.88%</b>	<b>1.82%</b>	<b>1.77%</b>	<b>1.72%</b>	<b>1.69%</b>	<b>1.64%</b>
<b>Renewal Asset Ratio</b>											
Asset Renewals	4,188	3,162	3,288	3,650	3,884	4,389	4,447	3,614	3,722	3,804	3,907
Depreciation	2,799	3,065	3,005	3,015	3,025	3,035	3,045	3,055	3,065	3,378	3,378
<b>Percentage</b>	<b>149.62%</b>	<b>103.16%</b>	<b>109.42%</b>	<b>121.06%</b>	<b>128.40%</b>	<b>144.61%</b>	<b>146.04%</b>	<b>118.30%</b>	<b>121.44%</b>	<b>112.61%</b>	<b>115.66%</b>



## FINANCIAL INDICATORS – SCENARIO 2 – (Optimistic Forecast)

<b>Warren Shire Council - (Consolidated Funds) - Financial Indicators</b>											
	<b>Anticipated 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>2023/24</b>
<b>Unrestricted Current Ratio</b>											
Current Assets less External Restrictions	8,409	8,198	8,194	8,654	9,890	11,083	13,348	16,207	19,809	24,359	30,391
Current Liabilities	746	725	701	676	649	621	597	598	599	622	623
<b>Ratio to 1</b>	<b>11.27</b>	<b>11.31</b>	<b>11.69</b>	<b>12.80</b>	<b>15.24</b>	<b>17.85</b>	<b>22.36</b>	<b>27.10</b>	<b>33.07</b>	<b>39.16</b>	<b>48.78</b>
<b>Debt Service Ratio</b>											
Debt Service Cost	104	103	100	101	101	100	92	96	0	0	0
Income from Continuing Operations less Specific Purpose Grants	9,691	9,706	10,755	11,322	11,982	12,702	13,465	14,374	15,471	16,703	18,096
<b>Percentage</b>	<b>1.07%</b>	<b>1.06%</b>	<b>0.93%</b>	<b>0.89%</b>	<b>0.84%</b>	<b>0.79%</b>	<b>0.68%</b>	<b>0.67%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Rates &amp; Annual Charges Coverage Ratio</b>											
Rates & Annual Charges	5,071	5,200	5,616	6,065	6,551	7,075	7,641	8,252	8,913	9,626	10,395
Income from Continuing Operations	11,710	11,876	13,022	13,689	14,451	15,274	16,143	17,160	18,367	19,712	21,221
<b>Percentage</b>	<b>43.30%</b>	<b>43.79%</b>	<b>43.13%</b>	<b>44.31%</b>	<b>45.33%</b>	<b>46.32%</b>	<b>47.33%</b>	<b>48.09%</b>	<b>48.53%</b>	<b>48.83%</b>	<b>48.99%</b>
<b>Rates &amp; Annual Charges Outstanding Percentage</b>											
Outstanding Rates & Annual Charges	110	110	110	110	110	110	110	110	110	111	111
Collectable Rates & Annual Charges	5,046	5,200	5,616	6,065	6,551	7,075	7,641	8,252	8,913	9,625	10,395
<b>Percentage</b>	<b>2.18%</b>	<b>2.12%</b>	<b>1.96%</b>	<b>1.81%</b>	<b>1.68%</b>	<b>1.55%</b>	<b>1.44%</b>	<b>1.33%</b>	<b>1.23%</b>	<b>1.15%</b>	<b>1.07%</b>
<b>Renewal Asset Ratio</b>											
Asset Renewals	4,188	3,162	3,256	3,580	3,772	4,222	4,235	3,410	3,475	3,519	3,579
Depreciation	2,799	3,065	3,005	3,015	3,025	3,035	3,045	3,055	3,065	3,378	3,378
<b>Percentage</b>	<b>149.62%</b>	<b>103.16%</b>	<b>108.35%</b>	<b>118.74%</b>	<b>124.69%</b>	<b>139.11%</b>	<b>139.08%</b>	<b>111.62%</b>	<b>113.38%</b>	<b>104.17%</b>	<b>105.95%</b>

## FINANCIAL INDICATORS – SCENARIO 3 – (Conservative Forecast)

<b>Warren Shire Council - (Consolidated Funds) - Financial Indicators</b>											
	<b>Anticipated 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>2023/24</b>
<b>Unrestricted Current Ratio</b>											
Current Assets less External Restrictions	8,409	8,198	7,167	5,990	4,946	3,039	1,336	(782)	(3,268)	(6,023)	(8,661)
Current Liabilities	746	725	701	676	649	621	597	598	599	622	623
<b>Ratio to 1</b>	<b>11.27</b>	<b>11.31</b>	<b>10.22</b>	<b>8.86</b>	<b>7.62</b>	<b>4.89</b>	<b>2.24</b>	<b>(1.31)</b>	<b>(5.46)</b>	<b>(9.68)</b>	<b>(13.90)</b>
<b>Debt Service Ratio</b>											
Debt Service Cost	104	103	100	101	101	100	92	96	0	0	0
Income from Continuing Operations less Specific Purpose Grants	9,691	9,706	9,684	9,740	9,794	9,833	9,859	9,906	9,965	10,050	10,135
<b>Percentage</b>	<b>1.07%</b>	<b>1.06%</b>	<b>1.03%</b>	<b>1.04%</b>	<b>1.03%</b>	<b>1.02%</b>	<b>0.93%</b>	<b>0.97%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Rates &amp; Annual Charges Coverage Ratio</b>											
Rates & Annual Charges	5,071	5,200	5,252	5,304	5,357	5,410	5,464	5,518	5,573	5,628	5,684
Income from Continuing Operations	11,710	11,876	12,098	12,411	12,735	13,057	13,381	13,741	14,129	14,559	15,007
<b>Percentage</b>	<b>43.30%</b>	<b>43.79%</b>	<b>43.41%</b>	<b>42.74%</b>	<b>42.07%</b>	<b>41.43%</b>	<b>40.83%</b>	<b>40.16%</b>	<b>39.44%</b>	<b>38.66%</b>	<b>37.88%</b>
<b>Rates &amp; Annual Charges Outstanding Percentage</b>											
Outstanding Rates & Annual Charges	110	110	110	110	110	110	110	110	110	111	111
Collectable Rates & Annual Charges	5,046	5,200	5,252	5,304	5,357	5,410	5,464	5,518	5,573	5,627	5,684
<b>Percentage</b>	<b>2.18%</b>	<b>2.12%</b>	<b>2.09%</b>	<b>2.07%</b>	<b>2.05%</b>	<b>2.03%</b>	<b>2.01%</b>	<b>1.99%</b>	<b>1.97%</b>	<b>1.97%</b>	<b>1.95%</b>
<b>Renewal Asset Ratio</b>											
Asset Renewals	4,188	3,162	3,352	3,793	4,115	4,740	4,896	4,057	4,257	4,438	4,645
Depreciation	2,799	3,065	3,005	3,015	3,025	3,035	3,045	3,055	3,065	3,378	3,378
<b>Percentage</b>	<b>149.62%</b>	<b>103.16%</b>	<b>111.55%</b>	<b>125.80%</b>	<b>136.03%</b>	<b>156.18%</b>	<b>160.79%</b>	<b>132.80%</b>	<b>138.89%</b>	<b>131.38%</b>	<b>137.51%</b>