



Warren Shire Council

Long Term Financial Plan

2017/18 – 2026/27

Adopted: 29th June 2017 – Res No: 164.6.17

Contents

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

INTRODUCTION

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

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

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

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

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

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

This LTFP covers the 10 year planning period from 2017/18 to 2026/27.

Integrated Planning & Reporting Framework



OBJECTIVES OF THE LONG TERM FINANCIAL PLAN

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

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

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

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

FINANCIAL SUSTAINABILITY

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

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

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

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

- cost shifting from other levels of Government, with local government being forced to take on increased responsibilities without being provided appropriate funding to meet these additional responsibilities,
- increase in regulatory compliance and reporting (red tape),
- freezing of the Financial Assistance Grant for 3 years – 2014/15 to 2016/17

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 2013/14 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 3.64% of total operating income, in Warren Shire Council case this amounted to \$515,061 or 4.71% of total operating income.

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

Cost Increases

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

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

An example of this is Rate Pegging Maximum increase of 1.5% when CPI is assessed at 2.13% (ABS – March 2017) and wages have been increased by 2.35% for 2017/18.

Infrastructure Renewals and Backlog

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

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

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

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

PLANNING ASSUMPTIONS

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

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

Rate Pegging Increases in Rates

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

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

The rate peg announced by IPART on 29th November 2016 for 2017/18 is 1.5%.

Interest on Investments

Forecast investment returns of 2.5% in 2018/19 then 3% in Scenario 1 (Planned Forecast), 7.0% in Scenario 2 (Optimistic Forecast) and 1.0% in Scenario 3 (Conservative Forecast) per annum per year over the life of the plan.

Inflation *Consumer Price Index (CPI)*

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

REVENUE FORECASTS

Rates & Annual Charges

In preparing this LTFP, a number of scenarios were modelled to identify possible strategies to address the financial challenges facing Warren Shire Council. Scenario 1 (Planned) was developed on the average increase of 3% in rates and annual charges from 2018/19 onwards. Scenario 2 (Optimistic) was developed on an average increase of 8% in rates and annual charges from 2018/19 onwards. Scenario 3 (Conservative) was developed with 1% increase in rates and annual charges from 2018/19 onwards.

User Charges and Fees

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

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

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

Interest

Interest income has been calculated by multiplying an interest rate of 2.5% in 2018/19 then 3% for the life of the plan in Scenario 1 (Planned Forecast), 7.0% in Scenario 2 (Optimistic Forecast) and 1.0% in Scenario 3 (Conservative Forecast) by the previous year's projected total cash in the Balance Sheet.

Operating Grants & Contributions

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

Capital Grants & Contributions

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

EXPENDITURE FORECASTS

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

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

Employee Costs

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

Salaries and wages make up the majority of employee cost and combined with employee leave entitlements represent 87% of this expenditure item.

As part of its financial strategy, Council sets aside a reserve to enable any 'spikes' in employee leave entitlements, particularly resulting from the retirement or resignation of long serving employees, to be funded. The reserve currently represents 27% of total employee entitlement provisions and is forecast to remain at this percentage for the 10 year plan.

Borrowing Costs

The LTFP includes one new borrowing for the Sewerage Treatment Works upgrade of \$2M in 2018/19 this will be dependent on the tender outcome. Council does have the ability if it chooses to borrow money for projects in any given year. Warren Shire Council current Debt Service Ratio is 0.95%, the FFTF Benchmark is greater than 0% and less than 20%. Interestingly in TCorp's Financial & Sustainability Assessment in 2013 it stated Council could borrow up to \$8.9M in 2013.

Materials, Contracts and Other Operating Costs

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

Capital Works – Asset Acquisitions/Renewals

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

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

SENSITIVITY ANALYSIS

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

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

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

Rate Pegging

The impact of a 1% reduction in rate pegging each year from Scenario 1 (Planned Forecast) was modelled the analysis indicated that the general fund rates would be reduced by \$787,000 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 \$114,000 at the end of 10 years.

Inflation

The impact of a 1% increase in inflation over the estimate each year resulted in materials, contracts and other expenses compounding to an extra \$1,542,000 (or an average of \$171,333 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 1.5% general rate revenue increase in 2017/18 then a 3% increase in general rates each year, a 4% increase in domestic waste charges in 2017/18 then a 5% increase in each year and a 3% increase water charges, sewerage charges in 2017/18 and 5% each year after.

Interest on investments has been estimated at 2.2% in 2017/18, 2.5% in 2018/19 then 3% for the life of the plan.

Inflation estimated at 2% in 2017/18, 2.5% in 2018/19 then 3% for the life of the plan.

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

Scenario 2 – (Optimistic Forecast)

This scenario is based upon a 1.5% general rate revenue increase in 2017/18 then an increase of 8% in all rates and annual charges each year after.

Interest on investments has been estimated at 2.2% in 2017/18, then 8% for the life of the plan.

Inflation estimated at 2% for the life of the plan.

The trend of this scenario would see General Fund having a cash balance of \$24.6M by the end of the plan.

Scenario 3 – (Conservative Forecast)

This scenario is based upon a 1.5% general rate revenue increase in 2017/18 then a 1% increase in all rates and annual charges each year after.

Interest on investments has been estimated at 2.2% in 2017/18 then 1% for the life of the plan.

Inflation estimated at 2% in 2017/18 then 5% for the life of the plan.

The trend of this scenario would see all General Fund cash being exhausted in 2021/22 with a deficit of \$10.5M by the end of the plan.

SUMMARY OF THE LTFP

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

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

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

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

FINANCIAL MODELLING OUTPUTS

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

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

INCOME STATEMENT - SCENARIO No. 1 - (Planned Forecast)

WARREN SHIRE COUNCIL - LONG TERM FINANCIAL PLAN											
Consolidated (All Funds)											
Income Statement - 2017/18 to 2026/27											
Inflated \$'000s											
	Anticipated 2016/17	Estimate 2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
REVENUES											
Rates & Annual Charges	5,455	5,563	5,750	5,943	6,143	6,351	6,566	6,789	7,020	7,259	7,506
User Charges & Fees	1,202	1,187	1,229	1,273	1,319	1,367	1,417	1,467	1,519	1,574	1,631
Interest	260	298	212	199	138	115	100	90	98	95	105
Other Revenues	296	304	321	331	340	350	360	371	382	393	405
Operating Grants & Contributions	6,044	5,915	5,111	5,264	5,421	5,583	5,750	5,922	6,100	6,282	6,470
Capital Grants & Contributions	27	500	2,250	250	0	0	0	0	0	0	0
Gain on Disposal of Assets	0	0	0	0	0	0	0	0	0	0	0
Joint Ventures Gain	0	0	0	0	0	0	0	0	0	0	0
Total Revenues	13,284	13,767	14,873	13,260	13,361	13,766	14,194	14,639	15,119	15,603	16,117
EXPENSES											
Employee Benefits & Costs	4,973	5,009	5,135	5,289	5,447	5,610	5,779	5,952	6,130	6,315	6,505
Borrowing Costs	22	18	13	127	113	99	88	77	66	53	40
Materials & Contracts	2,576	2,633	2,700	2,781	2,865	2,951	3,039	3,130	3,224	3,321	3,421
Depreciation	3,600	3,670	3,664	3,700	3,737	3,774	3,811	3,849	3,887	4,356	4,360
Other Expenses	1,154	1,175	1,080	1,113	1,146	1,181	1,216	1,253	1,291	1,329	1,369
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
Total Expenses	12,325	12,505	12,592	13,010	13,308	13,615	13,933	14,261	14,598	15,375	15,695
Operating Result	959	1,262	2,281	250	53	151	260	378	521	229	422
Op Result less Capital Grants	932	762	31	0	53	151	260	378	521	229	422
Rate Pegging Limit	1.8%	1.5%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Annual Garbage Charge Increase	0.0%	4.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Water Annual Charge Increase	5.0%	3.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Water User Charge Increase	5.0%	3.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Sewerage Annual Charge Increase	5.0%	3.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Sewerage User Charge Increase	5.0%	3.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Investment Interest Rates	2.3%	2.2%	2.5%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Inflation Percentages Used	2.0%	2.0%	2.5%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Loan Borrowing Interest Rates	5.0%	5.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%

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

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

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

WARREN SHIRE COUNCIL - LONG TERM FINANCIAL PLAN

Consolidated (All Funds)

Statement of Cash Flows - 2017/18 TO 2026/27

Inflated \$'000s

	Anticipated 2016/17	Estimate 2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>											
<u>Receipts</u>											
Rates & Annual Charges	5,456	5,560	5,747	5,940	6,140	6,348	6,563	6,786	7,017	7,256	7,503
User Charges & Fees	1,666	1,187	1,229	1,273	1,319	1,367	1,417	1,467	1,519	1,574	1,631
Interest Earned	260	298	212	199	138	115	100	90	98	95	105
Grants	6,071	6,415	7,361	5,514	5,421	5,583	5,750	5,922	6,100	6,282	6,470
Other Revenues	296	304	321	331	340	350	360	371	382	393	405
Receipts from Operations	13,749	13,764	14,870	13,257	13,358	13,763	14,191	14,636	15,116	15,600	16,114
<u>Payments</u>											
Employee Benefits & Costs	4,634	5,007	5,133	5,286	5,446	5,608	5,837	5,951	6,145	6,314	6,505
Materials & Contracts	2,575	2,633	2,700	2,781	2,865	2,951	3,039	3,130	3,224	3,321	3,421
Borrowing Costs	22	18	13	127	113	99	88	77	66	53	40
Other Expenses	1,154	1,175	1,080	1,113	1,146	1,181	1,216	1,253	1,291	1,329	1,369
Payments from Operations	8,385	8,833	8,926	9,307	9,570	9,839	10,180	10,411	10,726	11,018	11,335
Net Cash from Operations	5,364	4,931	5,944	3,950	3,788	3,924	4,010	4,225	4,390	4,583	4,779
<u>CASH FLOWS FROM CAPITAL ACTIVITIES</u>											
<u>Receipts</u>											
Sale of Assets	272	272	423	370	375	386	398	409	422	434	447
Receipts from Deferred Debtors	0	0	0	0	0	0	0	0	0	0	0
Receipts from Capital Activity	272	272	423	370	375	386	398	409	422	434	447
<u>Payments</u>											
<u>Acquisition/Renewal of Fixed Assets</u>											
Infrastructure - General Fund	4,752	4,571	3,538	4,186	3,402	3,164	3,229	3,326	3,426	3,528	3,634
Infrastructure - Water Supply Fund	222	383	58	49	62	41	31	19	36	38	42
Infrastructure - Sewerage Services Fund	179	1,144	4,927	589	87	90	78	82	76	79	84
Plant, Property & Equipment	1,053	1,245	1,592	1,276	1,142	1,302	1,213	840	1,323	979	1,212
Other Assets	101	11	9	9	9	9	10	10	10	10	11
Payments from Capital Activity	6,307	7,354	10,124	6,109	4,702	4,606	4,561	4,277	4,871	4,634	4,983
Net Cash from Capital Activity	(6,035)	(7,082)	(9,701)	(5,739)	(4,327)	(4,220)	(4,164)	(3,867)	(4,450)	(4,199)	(4,536)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>											
<u>Receipts</u>											
Total Loans Required	0	0	2,000	0	0	0	0	0	0	0	0
Receipts from Finance Activity	0	0	2,000	0	0	0	0	0	0	0	0
<u>Payments</u>											
Repayment of Loans	79	83	87	243	256	170	180	191	203	216	229
Payments from Finance Activity	79	83	87	243	256	170	180	191	203	216	229
Net Cash from Financing	(79)	(83)	1,913	(243)	(256)	(170)	(180)	(191)	(203)	(216)	(229)
NET CHANGE CASH & INVESTMENTS	(750)	(2,234)	(1,844)	(2,032)	(795)	(466)	(333)	167	(263)	168	15
Current Year Cash	(750)	(2,234)	(1,844)	(2,032)	(795)	(466)	(333)	167	(263)	168	15
Cash at Start of Year	11,456	10,706	8,473	6,629	4,597	3,801	3,335	3,002	3,169	2,906	3,074
Cash at End of Year	10,706	8,473	6,629	4,597	3,801	3,335	3,002	3,169	2,906	3,074	3,088

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

WARREN SHIRE COUNCIL - LONG TERM FINANCIAL PLAN											
Consolidated (All Funds)											
Statement of Financial Position - 2017/18 to 2026/27											
Inflated \$'000s											
	Anticipated 2016/17	Estimate 2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
ASSETS											
Cash and Investments	10,706	8,473	6,629	4,597	3,801	3,335	3,002	3,169	2,906	3,074	3,088
Receivables - Rates & Charges	133	136	139	142	145	148	151	154	157	160	163
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	169,190	175,669	181,774	183,881	184,540	185,055	185,477	185,565	186,198	186,112	186,359
Joint Ventures	0	0	0	0	0	0	0	0	0	0	0
Total Assets	181,064	185,313	189,577	189,655	189,521	189,573	189,665	189,923	190,296	190,381	190,645
LIABILITIES											
Creditors	285	285	285	285	285	285	294	294	294	294	294
Borrowings	243	160	2,073	1,849	1,689	1,519	1,339	1,148	945	729	500
Provisions	1,491	1,493	1,495	1,496	1,499	1,501	1,563	1,565	1,568	1,569	1,570
Total Liabilities	2,019	1,938	3,853	3,630	3,473	3,305	3,196	3,007	2,807	2,592	2,364
Net Assets	179,045	183,375	185,724	186,025	186,048	186,268	186,469	186,916	187,489	187,789	188,281
EQUITY											
Accumulated Surplus	94,691	95,966	98,260	98,506	98,474	98,639	98,785	99,177	99,695	99,940	100,377
Asset Revaluation Reserve	84,354	87,409	87,464	87,519	87,574	87,629	87,684	87,739	87,794	87,849	87,904
Total Equity	179,045	183,375	185,724	186,025	186,048	186,268	186,469	186,916	187,489	187,789	188,281
Note : Cash & Investments is comprised of :											
General Fund Cash & Investment	500	500	500	500	500	500	500	500	500	500	500
External Restrictions	250	250	250	250	250	250	250	250	100	100	100
Water Supply	520	153	210	295	387	521	690	897	1,116	1,362	1,639
Sewerage Services	2,317	1,775	1,225	749	523	303	105	(87)	(277)	(435)	(580)
Domestic Waste Management	135	135	135	135	135	135	135	135	110	110	110
Internal Restrictions	6,984	5,660	4,309	2,668	2,006	1,626	1,322	1,475	1,358	1,437	1,320
Cash and Investments	10,706	8,473	6,629	4,597	3,801	3,335	3,002	3,169	2,906	3,074	3,088

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

WARREN SHIRE COUNCIL - LONG TERM FINANCIAL PLAN											
Consolidated (All Funds)											
Income Statement - 2017/18 to 2026/27											
Inflated \$'000s											
	Anticipated 2016/17	Estimate 2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
REVENUES											
Rates & Annual Charges	5,455	5,563	6,007	6,488	7,007	7,567	8,173	8,828	9,535	10,297	11,120
User Charges & Fees	1,202	1,187	1,239	1,294	1,353	1,415	1,481	1,550	1,623	1,701	1,784
Interest	260	298	678	593	518	569	688	866	1,143	1,452	1,872
Other Revenues	296	304	319	326	331	337	344	351	359	366	373
Operating Grants & Contributions	6,044	5,915	5,082	5,183	5,286	5,391	5,499	5,609	5,721	5,836	5,952
Capital Grants & Contributions	27	500	2,250	250	0	0	0	0	0	0	0
Gain on Disposal of Assets	0	0	0	0	0	0	0	0	0	0	0
Joint Ventures Gain	0	0	0	0	0	0	0	0	0	0	0
Total Revenues	13,284	13,767	15,575	14,134	14,495	15,279	16,185	17,205	18,381	19,652	21,101
EXPENSES											
Employee Benefits & Costs	4,973	5,009	5,109	5,211	5,315	5,422	5,531	5,642	5,754	5,869	5,986
Borrowing Costs	22	18	13	127	113	99	88	77	66	53	40
Materials & Contracts	2,576	2,633	2,686	2,740	2,795	2,851	2,908	2,966	3,026	3,086	3,147
Depreciation	3,600	3,670	3,664	3,700	3,737	3,774	3,811	3,849	3,887	4,356	4,360
Other Expenses	1,154	1,175	1,075	1,097	1,119	1,142	1,165	1,188	1,212	1,236	1,261
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
Total Expenses	12,325	12,505	12,547	12,875	13,079	13,288	13,502	13,722	13,945	14,600	14,794
Operating Result	959	1,262	3,028	1,259	1,416	1,991	2,683	3,483	4,436	5,051	6,307
Op Result less Capital Grants	932	762	778	1,009	1,416	1,991	2,683	3,483	4,436	5,051	6,307
Rate Pegging Limit	1.8%	1.5%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Annual Garbage Charge Increase	0.0%	4.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Water Annual Charge Increase	5.0%	3.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Water User Charge Increase	5.0%	3.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Sewerage Annual Charge Increase	5.0%	3.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Sewerage User Charge Increase	5.0%	3.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Investment Interest Rates	2.3%	2.2%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Inflation Percentages Used	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Loan Borrowing Interest Rates	5.0%	5.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%

The above income statement has been forecast to increase general rates, garbage, water and sewerage annual charges by 8% for the last 9 years of the plan, as can be seen the operating result would turn into large surpluses over the years that could potentially enable a vast increase in the levels of service in all operations of Council. This would however result in a rate account of \$1,000.00 in 2017/18 being a rate account of \$2,000.00 in 2026/27 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.

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

WARREN SHIRE COUNCIL - LONG TERM FINANCIAL PLAN											
Consolidated (All Funds)											
Statement of Cash Flows - 2017/18 TO 2026/27											
Inflated \$'000s											
	Anticipated 2016/17	Estimate 2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
CASH FLOWS FROM OPERATING ACTIVITIES											
Receipts											
Rates & Annual Charges	5,456	5,560	6,004	6,485	7,004	7,564	8,170	8,825	9,532	10,294	11,117
User Charges & Fees	1,666	1,187	1,239	1,294	1,353	1,415	1,481	1,550	1,623	1,701	1,784
Interest Earned	260	298	678	593	518	569	688	866	1,143	1,452	1,872
Grants	6,071	6,415	7,332	5,433	5,286	5,391	5,499	5,609	5,721	5,836	5,952
Other Revenues	296	304	319	326	331	337	344	351	359	366	373
Receipts from Operations	13,749	13,764	15,572	14,131	14,492	15,276	16,182	17,202	18,378	19,649	21,098
Payments											
Employee Benefits & Costs	4,634	5,007	5,107	5,208	5,314	5,420	5,589	5,641	5,769	5,868	5,986
Materials & Contracts	2,575	2,633	2,686	2,740	2,795	2,851	2,908	2,966	3,026	3,086	3,147
Borrowing Costs	22	18	13	127	113	99	88	77	66	53	40
Other Expenses	1,154	1,175	1,075	1,097	1,119	1,142	1,165	1,188	1,212	1,236	1,261
Payments from Operations	8,385	8,833	8,881	9,172	9,341	9,512	9,749	9,872	10,073	10,243	10,434
Net Cash from Operations	5,364	4,931	6,691	4,959	5,151	5,764	6,433	7,330	8,305	9,405	10,664
CASH FLOWS FROM CAPITAL ACTIVITIES											
Receipts											
Sale of Assets	272	272	423	370	374	386	393	401	409	417	426
Receipts from Deferred Debtors	0	0	0	0	0	0	0	0	0	0	0
Receipts from Capital Activity	272	272	423	370	374	386	393	401	409	417	426
Payments											
Acquisition/Renewal of Fixed Assets											
Infrastructure - General Fund	4,752	4,571	3,520	4,125	3,320	3,057	3,090	3,152	3,215	3,279	3,345
Infrastructure - Water Supply Fund	222	383	57	49	61	40	29	18	34	35	39
Infrastructure - Sewerage Services Fund	179	1,144	4,903	580	85	87	75	77	72	73	77
Plant, Property & Equipment	1,053	1,245	1,592	1,276	1,142	1,302	1,209	832	1,312	963	1,192
Other Assets	101	11	8	9	9	9	9	9	10	10	10
Payments from Capital Activity	6,307	7,354	10,080	6,039	4,617	4,495	4,412	4,088	4,643	4,360	4,663
Net Cash from Capital Activity	(6,035)	(7,082)	(9,657)	(5,669)	(4,243)	(4,109)	(4,019)	(3,687)	(4,234)	(3,942)	(4,237)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Total Loans Required	0	0	2,000	0	0	0	0	0	0	0	0
Receipts from Finance Activity	0	0	2,000	0	0	0	0	0	0	0	0
Payments											
Repayment of Loans	79	83	87	243	256	170	180	191	203	216	229
Payments from Finance Activity	79	83	87	243	256	170	180	191	203	216	229
Net Cash from Financing	(79)	(83)	1,913	(243)	(256)	(170)	(180)	(191)	(203)	(216)	(229)
NET CHANGE CASH & INVESTMENTS	(750)	(2,234)	(1,053)	(953)	652	1,485	2,234	3,452	3,869	5,247	6,198
Current Year Cash	(750)	(2,234)	(1,053)	(953)	652	1,485	2,234	3,452	3,869	5,247	6,198
Cash at Start of Year	11,456	10,706	8,473	7,419	6,466	7,119	8,603	10,837	14,289	18,158	23,405
Cash at End of Year	10,706	8,473	7,419	6,466	7,119	8,603	10,837	14,289	18,158	23,405	29,603

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

WARREN SHIRE COUNCIL - LONG TERM FINANCIAL PLAN											
Consolidated (All Funds)											
Statement of Financial Position - 2017/18 to 2026/27											
Inflated \$'000s											
	Anticipated 2016/17	Estimate 2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
<u>ASSETS</u>											
Cash and Investments	10,706	8,473	7,419	6,466	7,119	8,603	10,837	14,289	18,158	23,405	29,603
Receivables - Rates & Charges	133	136	139	142	145	148	151	154	157	160	163
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	169,190	175,669	181,730	183,767	184,341	184,745	185,022	184,929	185,345	185,001	184,948
Joint Ventures	0	0	0	0	0	0	0	0	0	0	0
Total Assets	181,064	185,313	190,323	191,410	192,640	194,531	197,045	200,407	204,695	209,601	215,749
<u>LIABILITIES</u>											
Creditors	285	285	285	285	285	285	294	294	294	294	294
Borrowings	243	160	2,073	1,849	1,689	1,519	1,339	1,148	945	729	500
Provisions	1,491	1,493	1,495	1,496	1,499	1,501	1,563	1,565	1,568	1,569	1,570
Total Liabilities	2,019	1,938	3,853	3,630	3,473	3,305	3,196	3,007	2,807	2,592	2,364
Net Assets	179,045	183,375	186,470	187,780	189,167	191,226	193,849	197,400	201,888	207,009	213,385
<u>EQUITY</u>											
Accumulated Surplus	94,691	95,966	99,006	100,261	101,593	103,597	106,165	109,661	114,094	119,160	125,481
Asset Revaluation Reserve	84,354	87,409	87,464	87,519	87,574	87,629	87,684	87,739	87,794	87,849	87,904
Total Equity	179,045	183,375	186,470	187,780	189,167	191,226	193,849	197,400	201,888	207,009	213,385
Note : Cash & Investments is comprised of :											
General Fund Cash & Investment	500	500	500	500	500	500	500	500	500	500	500
External Restrictions	250	250	250	250	250	250	250	250	100	100	100
Water Supply	520	153	241	387	580	860	1,231	1,703	2,265	2,945	3,756
Sewerage Services	2,317	1,775	1,363	1,006	904	829	806	827	890	1,031	1,241
Domestic Waste Management	135	135	135	135	135	135	135	135	110	110	110
Internal Restrictions	6,984	5,660	4,930	4,188	4,750	6,029	7,915	10,874	14,293	18,720	23,896
Cash and Investments	10,706	8,473	7,419	6,466	7,119	8,603	10,837	14,289	18,158	23,405	29,603

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

WARREN SHIRE COUNCIL - LONG TERM FINANCIAL PLAN											
Consolidated (All Funds)											
Income Statement - 2017/18 to 2026/27											
Inflated \$'000s											
	Anticipated 2016/17	Estimate 2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
REVENUES											
Rates & Annual Charges	5,455	5,563	5,618	5,673	5,729	5,786	5,845	5,904	5,964	6,024	6,084
User Charges & Fees	1,202	1,187	1,199	1,212	1,225	1,238	1,251	1,264	1,277	1,290	1,303
Interest	260	298	85	61	33	13	1	0	0	0	0
Other Revenues	296	304	328	345	361	378	397	416	437	458	481
Operating Grants & Contributions	6,044	5,915	5,259	5,521	5,796	6,085	6,388	6,708	7,043	7,395	7,764
Capital Grants & Contributions	27	500	2,250	250	0	0	0	0	0	0	0
Gain on Disposal of Assets	0	0	0	0	0	0	0	0	0	0	0
Joint Ventures Gain	0	0	0	0	0	0	0	0	0	0	0
Total Revenues	13,284	13,767	14,739	13,062	13,144	13,500	13,882	14,292	14,721	15,167	15,632
EXPENSES											
Employee Benefits & Costs	4,973	5,009	5,260	5,523	5,799	6,088	6,393	6,713	7,048	7,400	7,770
Borrowing Costs	22	18	13	127	113	99	88	77	66	53	40
Materials & Contracts	2,576	2,633	2,765	2,904	3,050	3,203	3,363	3,531	3,707	3,893	4,088
Depreciation	3,600	3,670	3,664	3,700	3,737	3,774	3,811	3,849	3,887	4,356	4,360
Other Expenses	1,154	1,175	1,106	1,161	1,218	1,279	1,343	1,410	1,481	1,555	1,632
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
Total Expenses	12,325	12,505	12,808	13,415	13,917	14,443	14,997	15,580	16,189	17,257	17,890
Operating Result	959	1,262	1,931	(353)	(773)	(943)	(1,115)	(1,288)	(1,468)	(2,089)	(2,258)
Op Result less Capital Grants	932	762	(319)	(603)	(773)	(943)	(1,115)	(1,288)	(1,468)	(2,089)	(2,258)
Rate Pegging Limit	1.8%	1.5%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Annual Garbage Charge Increase	0.0%	4.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Water Annual Charge Increase	5.0%	3.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Water User Charge Increase	5.0%	3.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Sewerage Annual Charge Increase	5.0%	3.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Sewerage User Charge Increase	5.0%	3.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Investment Interest Rates	2.3%	2.2%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Inflation Percentages Used	2.0%	2.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Loan Borrowing Interest Rates	5.0%	5.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%

The above conservative income statement with increases in rates and annual charges of 1% and inflation at 5% for the term of the plan shows that Council would be operating in deficits each year which is not sustainable and would have no cash by the year ending 2021/22. The only way Council could survive under this scenario would be dramatically cut staff and therefore levels of service in all operations of Council.

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

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

WARREN SHIRE COUNCIL - LONG TERM FINANCIAL PLAN											
Consolidated (All Funds)											
Statement of Cash Flows - 2017/18 TO 2026/27											
Inflated \$'000s											
	Anticipated 2016/17	Estimate 2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>											
<u>Receipts</u>											
Rates & Annual Charges	5,456	5,560	5,615	5,670	5,726	5,783	5,842	5,901	5,961	6,021	6,081
User Charges & Fees	1,666	1,187	1,199	1,212	1,225	1,238	1,251	1,264	1,277	1,290	1,303
Interest Earned	260	298	85	61	33	13	1	0	0	0	0
Grants	6,071	6,415	7,509	5,771	5,796	6,085	6,388	6,708	7,043	7,395	7,764
Other Revenues	296	304	328	345	361	378	397	416	437	458	481
Receipts from Operations	13,749	13,764	14,736	13,059	13,141	13,497	13,879	14,289	14,718	15,164	15,629
<u>Payments</u>											
Employee Benefits & Costs	4,634	5,007	5,258	5,520	5,798	6,086	6,451	6,712	7,063	7,399	7,770
Materials & Contracts	2,575	2,633	2,765	2,904	3,050	3,203	3,363	3,531	3,707	3,893	4,088
Borrowing Costs	22	18	13	127	113	99	88	77	66	53	40
Other Expenses	1,154	1,175	1,106	1,161	1,218	1,279	1,343	1,410	1,481	1,555	1,632
Payments from Operations	8,385	8,833	9,142	9,712	10,179	10,667	11,244	11,730	12,317	12,900	13,530
Net Cash from Operations	5,364	4,931	5,594	3,347	2,962	2,830	2,635	2,559	2,401	2,265	2,099
<u>CASH FLOWS FROM CAPITAL ACTIVITIES</u>											
<u>Receipts</u>											
Sale of Assets	272	272	423	371	375	387	407	427	448	471	494
Receipts from Deferred Debtors	0	0	0	0	0	0	0	0	0	0	0
Receipts from Capital Activity	272	272	423	371	375	387	407	427	448	471	494
<u>Payments</u>											
<u>Acquisition/Renewal of Fixed Assets</u>											
Infrastructure - General Fund	4,752	4,571	3,624	4,372	3,622	3,433	3,572	3,751	3,938	4,135	4,342
Infrastructure - Water Supply Fund	222	383	59	52	66	45	34	22	41	44	51
Infrastructure - Sewerage Services Fund	179	1,144	5,047	615	93	97	86	92	88	92	100
Plant, Property & Equipment	1,053	1,245	1,592	1,276	1,142	1,302	1,221	855	1,348	1,012	1,256
Other Assets	101	11	9	9	10	10	11	11	12	12	13
Payments from Capital Activity	6,307	7,354	10,331	6,324	4,933	4,887	4,924	4,731	5,427	5,295	5,762
Net Cash from Capital Activity	(6,035)	(7,082)	(9,908)	(5,953)	(4,558)	(4,500)	(4,517)	(4,304)	(4,978)	(4,825)	(5,268)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>											
<u>Receipts</u>											
Total Loans Required	0	0	2,000	0	0	0	0	0	0	0	0
Receipts from Finance Activity	0	0	2,000	0	0	0	0	0	0	0	0
<u>Payments</u>											
Repayment of Loans	79	83	87	243	256	170	180	191	203	216	229
Payments from Finance Activity	79	83	87	243	256	170	180	191	203	216	229
Net Cash from Financing	(79)	(83)	1,913	(243)	(256)	(170)	(180)	(191)	(203)	(216)	(229)
NET CHANGE CASH & INVESTMENTS	(750)	(2,234)	(2,401)	(2,849)	(1,852)	(1,840)	(2,062)	(1,936)	(2,781)	(2,776)	(3,397)
Current Year Cash	(750)	(2,234)	(2,401)	(2,849)	(1,852)	(1,840)	(2,062)	(1,936)	(2,781)	(2,776)	(3,397)
Cash at Start of Year	11,456	10,706	8,473	6,072	3,223	1,371	(469)	(2,531)	(4,467)	(7,248)	(10,024)
Cash at End of Year	10,706	8,473	6,072	3,223	1,371	(469)	(2,531)	(4,467)	(7,248)	(10,024)	(13,421)

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

WARREN SHIRE COUNCIL - LONG TERM FINANCIAL PLAN											
Consolidated (All Funds)											
Statement of Financial Position - 2017/18 to 2026/27											
Inflated \$'000s											
	Anticipated 2016/17	Estimate 2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
<u>ASSETS</u>											
Cash and Investments	10,706	8,473	6,072	3,223	1,371	(469)	(2,531)	(4,467)	(7,248)	(10,024)	(13,421)
Receivables - Rates & Charges	133	136	139	142	145	148	151	154	157	160	163
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	169,190	175,669	181,981	184,303	185,193	185,989	186,766	187,293	188,457	188,999	189,981
Joint Ventures	0	0	0	0	0	0	0	0	0	0	0
Total Assets	181,064	185,313	189,227	188,703	187,744	186,703	185,421	184,015	182,401	180,170	177,758
<u>LIABILITIES</u>											
Creditors	285	285	285	285	285	285	294	294	294	294	294
Borrowings	243	160	2,073	1,849	1,689	1,519	1,339	1,148	945	729	500
Provisions	1,491	1,493	1,495	1,496	1,499	1,501	1,563	1,565	1,568	1,569	1,570
Total Liabilities	2,019	1,938	3,853	3,630	3,473	3,305	3,196	3,007	2,807	2,592	2,364
Net Assets	179,045	183,375	185,374	185,073	184,271	183,398	182,225	181,008	179,594	177,578	175,394
<u>EQUITY</u>											
Accumulated Surplus	94,691	95,966	97,910	97,554	96,697	95,769	94,541	93,269	91,800	89,729	87,490
Asset Revaluation Reserve	84,354	87,409	87,464	87,519	87,574	87,629	87,684	87,739	87,794	87,849	87,904
Total Equity	179,045	183,375	185,374	185,073	184,271	183,398	182,225	181,008	179,594	177,578	175,394
<u>Note : Cash & Investments is comprised of :</u>											
General Fund Cash & Investment	500	500	500	500	500	(694)	(2,322)	(3,779)	(5,822)	(7,990)	(10,705)
External Restrictions	250	250	250	250	250	250	250	250	100	100	100
Water Supply	520	153	169	170	132	89	32	(42)	(165)	(320)	(515)
Sewerage Services	2,317	1,775	1,049	460	119	(249)	(626)	(1,031)	(1,472)	(1,924)	(2,412)
Domestic Waste Management	135	135	135	135	135	135	135	135	110	110	110
Internal Restrictions	6,984	5,660	3,969	1,708	235	0	0	0	0	0	0
Cash and Investments	10,706	8,473	6,072	3,223	1,371	(469)	(2,531)	(4,467)	(7,248)	(10,024)	(13,421)

As can be seen in the above conservative balance sheet forecast the Council would be in overdraft by the end of the 2021/22 financial year.

FINANCIAL INDICATORS

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

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

Local Government Benchmark:

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

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

FFTF Benchmark:

Greater than 0% and Less than 20%

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

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

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

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

FFTF Benchmark is 100% or greater.

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

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

FFTF Benchmark is break even or better.

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

FINANCIAL INDICATORS – SCENARIO 1 – (Planned Forecast)

Warren Shire Council - (Consolidated Funds) - Financial Indicators												
	Anticipated 2016/17	Estimate 2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	FFTF Benchmark
Unrestricted Current Ratio												
Current Assets less External Restrictions	8,028	6,707	5,359	3,721	3,062	2,685	2,384	2,540	2,401	2,483	2,369	
Current Liabilities	666	640	1,271	1,198	1,146	1,091	1,055	992	926	855	780	
Ratio to 1	12.05	10.48	4.22	3.11	2.67	2.46	2.26	2.56	2.59	2.90	3.04	
Debt Service Ratio												
Debt Service Cost	101	101	100	370	369	269	268	268	269	269	269	
Income from Continuing Operations less Specific Purpose Grants	9,991	10,603	12,513	10,747	10,691	10,934	11,194	11,468	11,770	12,072	12,398	
Percentage	1.01%	0.95%	0.80%	3.44%	3.45%	2.46%	2.39%	2.34%	2.29%	2.23%	2.17%	0% to 20%
Rates & Annual Charges Coverage Ratio												
Rates & Annual Charges	5,455	5,563	5,750	5,943	6,143	6,351	6,566	6,789	7,020	7,259	7,506	
Income from Continuing Operations	13,284	13,767	14,873	13,260	13,361	13,766	14,194	14,639	15,119	15,603	16,117	
Percentage	41.06%	40.41%	38.66%	44.82%	45.98%	46.14%	46.26%	46.38%	46.43%	46.52%	46.57%	
Rates & Annual Charges Outstanding Percentage												
Outstanding Rates & Annual Charges	133	136	139	142	145	148	151	154	157	160	163	
Collectable Rates & Annual Charges	5,456	5,560	5,747	5,940	6,140	6,348	6,563	6,786	7,017	7,256	7,503	
Percentage	2.44%	2.45%	2.42%	2.39%	2.36%	2.33%	2.30%	2.27%	2.24%	2.21%	2.17%	<10%
Asset Renewal Ratio - General Fund Only												
Asset Renewals	4,752	4,571	3,538	4,186	3,402	3,164	3,229	3,326	3,426	3,528	3,634	
Depreciation	3,145	3,205	3,221	3,253	3,286	3,319	3,352	3,386	3,420	3,885	3,885	
Percentage	151.10%	142.62%	109.84%	128.68%	103.53%	95.33%	96.33%	98.23%	100.18%	90.81%	93.54%	> 100%
Operating Performance Ratio - General Fund Only												
Total Operating Income less Capital Grants and Operating Expenses	932	762	31	0	53	151	260	378	521	229	422	
Total Operating Income less Capital Grants and Operating Expenses	12,032	13,267	12,623	13,010	13,361	13,766	14,194	14,639	15,119	15,603	16,117	> or Equal to Break Even
Percentage	7.75%	5.74%	0.25%	0.00%	0.40%	1.10%	1.83%	2.59%	3.44%	1.47%	2.62%	

FINANCIAL INDICATORS – SCENARIO 2 – (Optimistic Forecast)

Warren Shire Council - (Consolidated Funds) - Financial Indicators												
	Anticipated 2016/17	Estimate 2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	FFTF Benchmark
Unrestricted Current Ratio												
Current Assets less External Restrictions	8,028	6,707	5,980	5,241	5,806	7,088	8,977	11,939	15,336	19,766	24,945	
Current Liabilities	666	640	1,271	1,198	1,146	1,091	1,055	992	926	855	780	
Ratio to 1	12.05	10.48	4.70	4.37	5.07	6.50	8.51	12.04	16.56	23.12	31.98	
Debt Service Ratio												
Debt Service Cost	101	101	100	370	369	269	268	268	269	269	269	
Income from Continuing Operations less Specific Purpose Grants	9,991	10,603	13,244	11,702	11,960	12,639	13,437	14,346	15,411	16,567	17,900	
Percentage	1.01%	0.95%	0.76%	3.16%	3.09%	2.13%	1.99%	1.87%	1.75%	1.62%	1.50%	0% to 20%
Rates & Annual Charges Coverage Ratio												
Rates & Annual Charges	5,455	5,563	6,007	6,488	7,007	7,567	8,173	8,828	9,535	10,297	11,120	
Income from Continuing Operations	13,284	13,767	15,575	14,134	14,495	15,279	16,185	17,205	18,381	19,652	21,101	
Percentage	41.06%	40.41%	38.57%	45.90%	48.34%	49.53%	50.50%	51.31%	51.87%	52.40%	52.70%	
Rates & Annual Charges Outstanding Percentage												
Outstanding Rates & Annual Charges	133	136	139	142	145	148	151	154	157	160	163	
Collectable Rates & Annual Charges	5,456	5,560	6,004	6,485	7,004	7,564	8,170	8,825	9,532	10,294	11,117	
Percentage	2.44%	2.45%	2.32%	2.19%	2.07%	1.96%	1.85%	1.75%	1.65%	1.55%	1.47%	<10%
Asset Renewal Ratio - General Fund Only												
Asset Renewals	4,752	4,571	3,520	4,125	3,320	3,057	3,090	3,152	3,215	3,279	3,345	
Depreciation	3,145	3,205	3,221	3,253	3,286	3,319	3,352	3,386	3,420	3,885	3,885	
Percentage	151.10%	142.62%	109.28%	126.81%	101.03%	92.11%	92.18%	93.09%	94.01%	84.40%	86.10%	> 100%
Operating Performance Ratio - General Fund Only												
Total Operating Income less Capital Grants and Operating Expenses	932	762	778	1,009	1,416	1,991	2,683	3,483	4,436	5,051	6,307	
Total Operating Income less Capital Grants and Operating Expenses	12,032	13,267	13,325	13,884	14,495	15,279	16,185	17,205	18,381	19,652	21,101	> or Equal to Break Even
Percentage	7.75%	5.74%	5.84%	7.27%	9.77%	13.03%	16.58%	20.24%	24.14%	25.70%	29.89%	

FINANCIAL INDICATORS – SCENARIO 3 – (Conservative Forecast)

Warren Shire Council - (Consolidated Funds) - Financial Indicators												
	Anticipated 2016/17	Estimate 2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	FFTF Benchmark
Unrestricted Current Ratio												
Current Assets less External Restrictions	8,028	6,707	5,019	2,761	1,291	(135)	(1,760)	(3,214)	(5,279)	(7,444)	(10,156)	
Current Liabilities	666	640	1,271	1,198	1,146	1,091	1,055	992	926	855	780	
Ratio to 1	12.05	10.48	3.95	2.30	1.13	(0.12)	(1.67)	(3.24)	(5.70)	(8.71)	(13.02)	
Debt Service Ratio												
Debt Service Cost	101	101	100	370	369	269	268	268	269	269	269	
Income from Continuing Operations less Specific Purpose Grants	9,991	10,603	12,231	10,292	10,099	10,166	10,245	10,335	10,429	10,523	10,619	
Percentage	1.01%	0.95%	0.82%	3.60%	3.65%	2.65%	2.62%	2.59%	2.58%	2.56%	2.53%	0% to 20%
Rates & Annual Charges Coverage Ratio												
Rates & Annual Charges	5,455	5,563	5,618	5,673	5,729	5,786	5,845	5,904	5,964	6,024	6,084	
Income from Continuing Operations	13,284	13,767	14,739	13,062	13,144	13,500	13,882	14,292	14,721	15,167	15,632	
Percentage	41.06%	40.41%	38.12%	43.43%	43.59%	42.86%	42.11%	41.31%	40.51%	39.72%	38.92%	
Rates & Annual Charges Outstanding Percentage												
Outstanding Rates & Annual Charges	133	136	139	142	145	148	151	154	157	160	163	
Collectable Rates & Annual Charges	5,456	5,560	5,615	5,670	5,726	5,783	5,842	5,901	5,961	6,021	6,081	
Percentage	2.44%	2.45%	2.48%	2.50%	2.53%	2.56%	2.58%	2.61%	2.63%	2.66%	2.68%	<10%
Asset Renewal Ratio - General Fund Only												
Asset Renewals	4,752	4,571	3,624	4,372	3,622	3,433	3,572	3,751	3,938	4,135	4,342	
Depreciation	3,145	3,205	3,221	3,253	3,286	3,319	3,352	3,386	3,420	3,885	3,885	
Percentage	151.10%	142.62%	112.51%	134.40%	110.23%	103.43%	106.56%	110.78%	115.15%	106.44%	111.76%	> 100%
Operating Performance Ratio - General Fund Only												
Total Operating Income less Capital Grants and Operating Expenses	932	762	(319)	(603)	(773)	(943)	(1,115)	(1,288)	(1,468)	(2,089)	(2,258)	
Total Operating Income less Capital Grants and Operating Expenses	12,032	13,267	12,489	12,812	13,144	13,500	13,882	14,292	14,721	15,167	15,632	> or Equal to Break Even
Percentage	7.75%	5.74%	(2.55%)	(4.71%)	(5.88%)	(6.99%)	(8.03%)	(9.01%)	(9.97%)	(13.78%)	(14.44%)	