

Long Term Financial Plan **2018-2028**



Introduction

The Integrated Planning and Reporting Framework requires every NSW council to undertake long term planning that is based on community engagement and ensures that its activities are informed by long term plans for their finances, assets and workforces.

The Integrated Planning and Reporting framework is designed so that the council and community both have a clear picture of:

1. Where we want to go (Community Strategic Plan);
2. How we plan to get there (Delivery Program, Operational Plan and Resourcing Strategy, including the Long Term Financial Plan); and
3. How we will measure our progress (quarterly and annual reporting and the End of Term Report).

The planning and reporting process ensures that Council's planning is aligned with the community's vision for the future, and that the planning process and the implementation of the Delivery Plan is transparent and those charged with its delivery held accountable.



The Long Term Financial Plan (LTFP) is an important part of Council's strategic planning process. The LTFP is where Council projects the financial realities of its ability to contribute to the community's vision for the future. It outlines the pressures and economic drivers behind Council's expected long-term future. Expected growth rates are aligned with community expectations of service delivery and community projects and the social outcomes outlined in the Community Strategic Plan.

Council will seek to answer the following questions with the LTFP:

- Can we survive the pressures of the future?
- What are the opportunities for future income and economic growth?
- Can we afford what the community wants?
- What efficiencies are we aiming for?
- How can we achieve these outcomes?

When developing the LTFP, consideration is given to:

- Planning assumptions used to develop the plan;
- Projected income and expenditure, balance sheet and cash flow statement;
- Sensitivity analysis (factors/assumptions most likely to affect the plan);
- Financial modelling for different scenarios; and
- Methods of monitoring financial performance.

The LTFP must be for a minimum of 10 years and is updated annually as part of the development of the Operational Plan. It will also be reviewed in detail as part of the four-yearly review of the Delivery Program as part of the Community Strategic Plan.

The objectives of the Kempsey Shire Council LTFP are to:

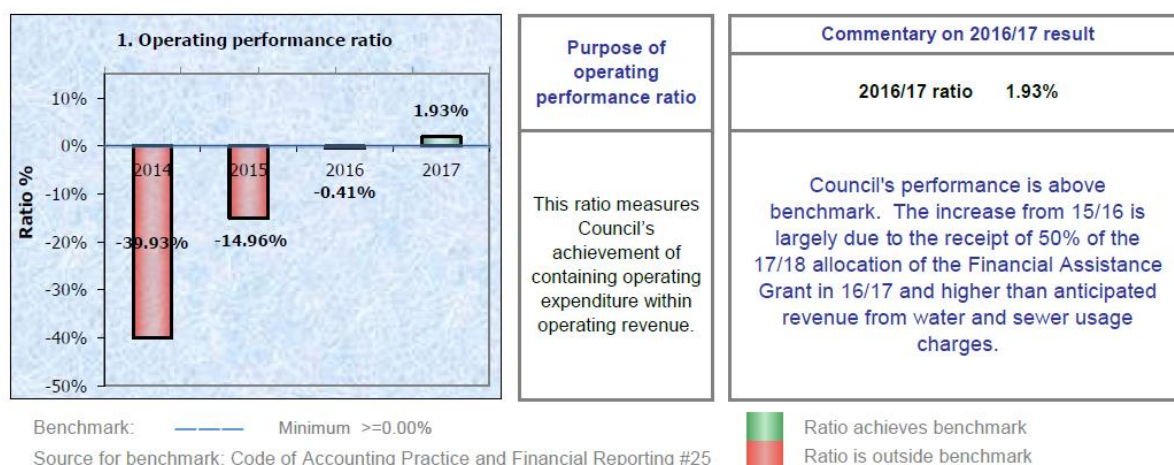
- Respond to the changing aspirations and needs of the Macleay Valley, particularly as they are identified and prioritised in the Community Strategic Plan;
- Reflect the true financial position based on the current service levels;
- Ensure the financial sustainability of Council's services for the community;
- Support the implementation of Council's Community Strategic Plan and Delivery Program as an integral component of Council's Resourcing Strategy;
- Guide our future Operational Plan and Council ability to invest in new services and infrastructure, and maintain existing assets; and
- Address Council's legislative requirements for integrated planning and reporting.

Current Financial Position

In March 2013 NSW Treasury Corporation issued a report on the independent assessment of Kempsey Shire Council's financial capacity and its future sustainability.

The report observed that Kempsey Shire Council was in a weak and deteriorating operating position. This observation was largely a factor of consecutive operating deficits that had been posted (when capital grants and contributions were excluded). Additionally, NSW Treasury Corporation noted that there had been an increase in the Infrastructure Backlog and that the Asset Maintenance was consistently below benchmark.

Since the time of the NSW Treasury Corporation report a 37.54% cumulative increase in rates, as agreed with the community, has been implemented. The rate rise was approved by IPART to sustain service levels to the community and to meet infrastructure maintenance costs (particularly the road network). This, along with some operating expenditure reductions, has resulted in an improved operating performance as depicted below.



Source: 2016-17 Annual Report.

Note: The above chart reflects the consolidated result for all three funds (General, Water and Sewer).

Audited Financial Position

Council's audited financial reports for the year ended 30 June 2017 provide the starting point for reviewing the LTFP. The following tables summarise Council's most recently audited financial position:

Income Statement	2016-17 \$'000	2015-16 \$'000
Income	73,268	69,136
Expenses	72,884	66,900
Net Operating Result for the Year	384	2,236
Net Operating Result before Grants and Contributions provided for Capital purposes	(3,836)	(2,285)

Statement of Financial Position	2016-17 \$'000	2015-16 \$'000
Total Assets	1,064,919	1,098,365
Total Liabilities	58,965	61,131
Total Equity	1,005,954	1,037,234

Statement of Cash Flows	2016-17 \$'000	2015-16 \$'000
Cash and Cash Equivalents - Opening Balance	35,550	39,292
Cash and Cash Equivalents - Closing Balance	41,931	35,550
Movement for Year	6,381	(3,742)

Note: The above tables reflect the consolidated results

Financial Performance Indicators

Included within the audited Financial Statements are the following ratios which indicate Council's performance compared to the previous year, together with the associated benchmarks.

Indicator	2016-17	2015-16	Benchmark
Operating performance ratio	1.9%	(0.4)%	> 0%
Own source operating revenue ratio	72.6%	72.7%	> 60%
Unrestricted current ratio	2.65	2.06	> 1.5
Debt service cover ratio	3.81	3.04	> 2.0
Rates and annual charges outstanding ratio	6.7%	6.5%	< 10%
Cash expense cover ratio	9.28	8.41	> 3.0
Building and infrastructure renewal ratio	38.9%	62.4%	> 100%
Infrastructure backlog ratio	10.6%	11.7%	< 2%
Asset maintenance	107.0%	97.0%	> 100%

Note: The above indicators reflect consolidated results

While financial improvements have been made and recent performance has been sound, further improvements are needed in the future to ensure Kempsey Shire Council is financially sustainable on a longer-term basis.

Kempsey Shire Council has recently embarked on a “Rebuilding the Shire” organisational transformation program. This program involves a restructure of the Kempsey Shire Council organisation and the implementation of a number of initiatives to:

- Define appropriate service levels
- Better align service delivery functions
- Achieve efficiencies and cost savings
- Improve asset management
- Invest in building and developing internal capabilities

A key component of the Rebuilding the Shire program will be a detailed review of each business area within Kempsey Shire Council’s operations. These reviews will consider the structures of these business units, strategic and future financial plans and service delivery levels and models. Consequently, the outcomes from this program may result in changes to LTFP forecasts.

Longer Term Financial Position

The above results, along with the *Rebuilding the Shire* program, informed the strategies included within this LTFP.

The goals of the Kempsey Shire Council LTFP are to achieve the following:

- Modest operating surpluses to insulate Council from unforeseen events across the three funds
- The provision of current service levels and where appropriate increased service levels to meet community expectations
- Reduce or eliminate the infrastructure backlog
- Maintain adequate levels of debt/equity funding
- A program of activity that see Council’s assets appropriately leveraged for the long-term benefit of the Macleay Valley community
- Ensure appropriate levels of cash reserves are maintained for future projects and asset renewal management
- Ensure appropriate investment in the maintenance of assets

Financial Sustainability

A detailed *Financial Sustainability Plan*, which identifies Council’s key strategies to ensure the long-term sustainability of Kempsey Shire Council and the key initiatives underpinning these strategies is in the process of being developed.

Financial sustainability is a key challenge facing local government 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.

The Financial Sustainability Plan once completed and adopted by Council, along with outcomes from the Rebuilding the Shire program, will be the basis of the 2019-20 Long Term Financial Plan.

Assumptions

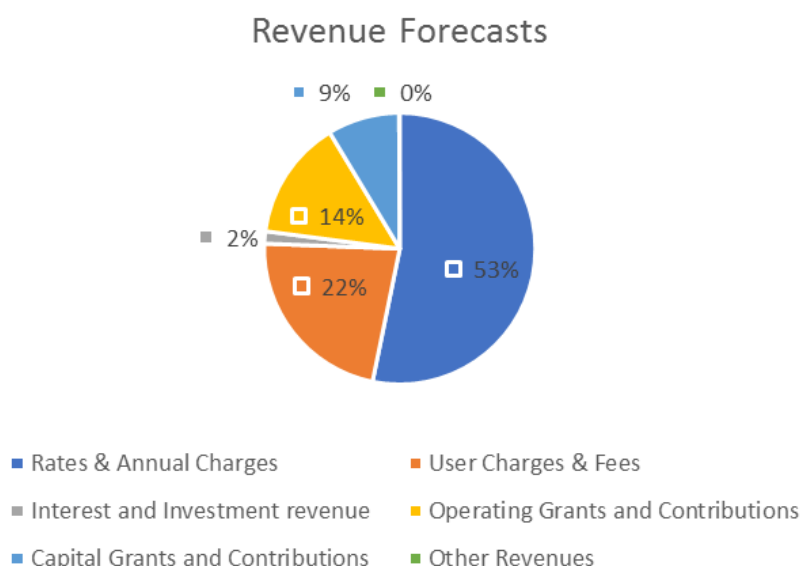
In addressing the future projected financial position outcomes, the review of the LTFP included several options for consideration. Each of the options has been built on the same underlying planning assumptions as detailed below:

Planning Assumption	Assumption Basis
Population*	Population growth within the local government area has been forecast to remain static over the life of the LTFP. This is a conservative financial planning assumption for the purpose of the LTFP.
Economic Growth*	Economic growth within the local government area has been forecast to remain static over the life of the LTFP. This is a conservative financial planning assumption for the purpose of the LTFP.
Inflation	The LTFP is based on a CPI of 2.5% which is consistent with longer term economic forecasts.
Interest Rate Movements	While inflation remains low, interest rates will also remain low. A borrowing cost of 4.9% has been used as the basis for determining all new borrowing costs. Existing loans are forecast at their existing rate. A loan review, in conjunction with the development of the Financial Sustainability Plan, will be undertaken to access low cost loan arrangements.

*** Note:** These assumptions, for the purposes of the LTFP, will be reviewed once an improved long term financial forecasting modelling tool is implemented

Revenue Forecasts and Assumptions

The following chart shows the composition of Council's revenue for 2018-19 and provides an indication of the reliance of the various revenue streams.



Key revenue related assumptions within the LTFP include the following:

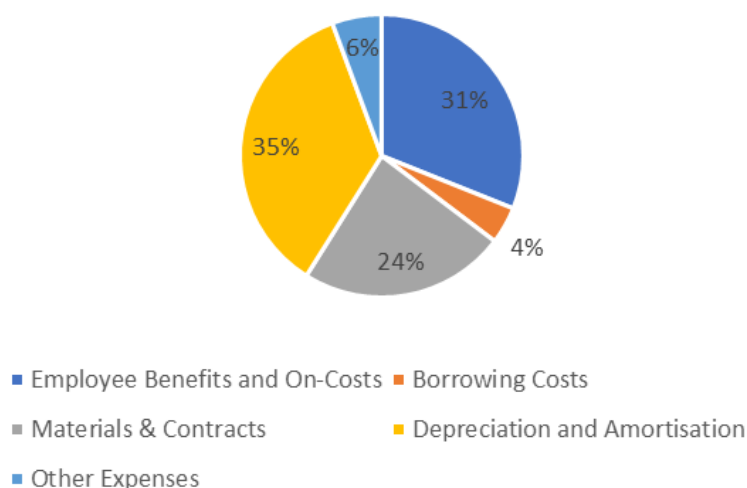
Revenue area	Assumption Basis
Rates and Annual Charges	Rating is a major component of Council's revenue base, contributing approximately 53% of Council's revenue. The preparation of the LTFP includes an assessment of the community's capacity and willingness to pay rates and whether there is potential for change in that capacity. Council has undertaken a number of engagement strategies to talk to the community regarding the financial options available for Council to continue to meet the community's identified priorities in the long term financial plan.
(i) General Fund	In 2018-19 Council has applied for a Special Rate Variation of 6.5%, inclusive of the rate peg amount of 2.3% approved by IPART, to continue the expiring Environmental Levy. This will not result in an increase to what ratepayers are currently paying, but rather is a continuation of the existing levy. From 2019-20 onwards, the maximum expected rate peg amount of 2.5% has been applied. The planned scenario assumes that Council receives the Special Rate Variation for the continuation of the existing Environmental Levy. Scenario 2, which is a conservative financial forecast assumes that the levy isn't received.

Revenue area	Assumption Basis
(ii) Water Fund	An increase of 5% has been assumed for 2018-19. From 2018-19 proposed annual increases are assumed to be between 5% and 7% per annum
(iii) Sewage Fund	An increase of 7% has been assumed for 2018-19. From 2018-19 proposed annual increases are assumed to average 6.2% per annum
User Charges and Fees	Council annually establishes its fees and charges in accordance with the provisions of the Local Government Act 1993. Most fees and charges have been increased in line with the CPI inflation assumption. A detailed review of User Charges and Fees has been scheduled to occur during 2018-19.
Grants – Operating and Capital	Council receives general purpose Financial Assistance Grants from the Commonwealth Government along with other grants and subsidies specific to programs. The LTFP assumes that the Federal Government Financial Assistance and the Roads to Recovery Program will continue indefinitely based on the current arrangements. Other specific project grant income is included in the LTFP according to the year that the grant is forecast to be expended.
Interest on Investments	Interest on investments will vary depending on the amount of Council investments at any point in time. The LTFP calculates the interest on investments based on an average of the beginning and ending investment balance in any one year. An assumed interest rate of 2.5% over the life of the plan has been applied to all of Council's investments.
Other Revenues	Other revenue income has been budgeted based on increases in line with the CPI forecast.

Expenditure Forecasts and Assumptions

The following chart shows the composition of Council's expenditure for 2018-19. Much of Council's expenditure is regular and on-going.

Expenditure Forecasts



Key expenditure related assumptions within the LTFP include the following:

Expenditure area	Assumption Basis
Employee Costs	Employee costs cover wages, all leave types, training, superannuation and associated costs. The LTFP assumes growth in employee costs of 2.5% per annum over the life of the LTFP.
Materials and Contracts	Materials and contracts costs have generally been indexed in line with CPI. These costs cover all materials used in operational activities and major ongoing operational contracts, such as the domestic waste contract.
Depreciation	Council is required to revalue its assets on a five-year rolling program. The LTFP assumes that depreciation expense remains constant over the life of the plan. Determining depreciation forecasts is currently the subject of industry debate given the annual revaluation processes and re-assessment of useful lives. Further modelling and analysis of forecast depreciation expenses is currently being undertaken.
Borrowing Costs	Borrowing costs for each of Council's current loans have been calculated for each year and included in the LTFP. Borrowing costs for new loans assume an interest rate of 4.9%
Other Expenses	Generally, other expenses have been budgeted to increase in line with the CPI forecast.

Scenarios and Sensitivities

Long-term financial plans are inherently uncertain as they contain a wide range of assumptions that are influenced by market forces beyond Council's control (for example interest rates and inflation). While some assumptions have a relatively limited impact if they are wrong, others could have a major impact on future financial plans.

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, growth is half that forecast, or investment returns are 1% less than forecast in plan.

Should the assumptions be inaccurate, Council will need to reconsider the current strategies on expenditure and revenue and realign the LTFP to fund any changes in expenses or revenues.

The following includes key areas of assumptions for potential impact in the 2018-19 LTFP.

Rates and Annual Charges

Rates and annual charges make up over 50% of the budgeted 2018-19 operating revenue for Council. Council is generally limited to a maximum increase for Rates and Annual Charges in line with the rate peg limit determined by the Independent Pricing and Regulatory Tribunal (IPART) unless approval is given for a Special Rate Variation (SRV).

In 2018-19 Council has applied for a special rate variation of 6.5%, inclusive of the rate peg amount of 2.3% to continue the expiring Environmental Levy. This is subject to approval from IPART. If not approved, an adjustment in expenditure is expected. From 2019-20 onwards, the maximum expected rate peg amount of 2.5% has been applied.

Investments and Interest on Investments

The downturn in the investment market will continue to place pressure on Council's forecast investment revenues for some time.

Grants and Contributions

Council relies on income from both grants and contributions. The Federal Government Financial Assistance and the Roads to Recovery grant programs combined constitute approximately 10% of Councils total revenue.

Money provided under the Roads to Recovery Program is not intended to replace council spending on roads but to assist councils in their local road construction or maintenance. The Roads to Recovery Program is based on a five-year program which is due to expire in 2021. However, due to the heavy reliance of this program throughout NSW, there has been much lobbying for the continuation of this program.

The LTFP has been prepared with the assumption that the Federal Government Financial Assistance and the Roads to Recovery Program will continue indefinitely based on the current arrangements.

Employee Expenses

Employee costs make up 31% of the projected 2018-19 operating expenditure. This is reflective of the service-based nature of a significant proportion of Councils activities as well as the construction and maintenance of the considerable infrastructure owned and operated by Council.

Councils ability to engage the necessary workforce to achieve the community's expectations is affected by internal and external forces. These include:

- Rising cost of employment
- Skills Shortage
- Staff turnover
- Attraction and retention of quality staff
- Projected superannuation increases
- Movements in rates of pay being determined through industry wide award negotiations.
- Award salary increases above CPI and rate pegging
- Changes in service levels

Any significant changes in expenditure related to employee expenses will have a significant impact of Councils LTFP. Council will need to quickly adapt its original planned operations and offset a movement in this area.

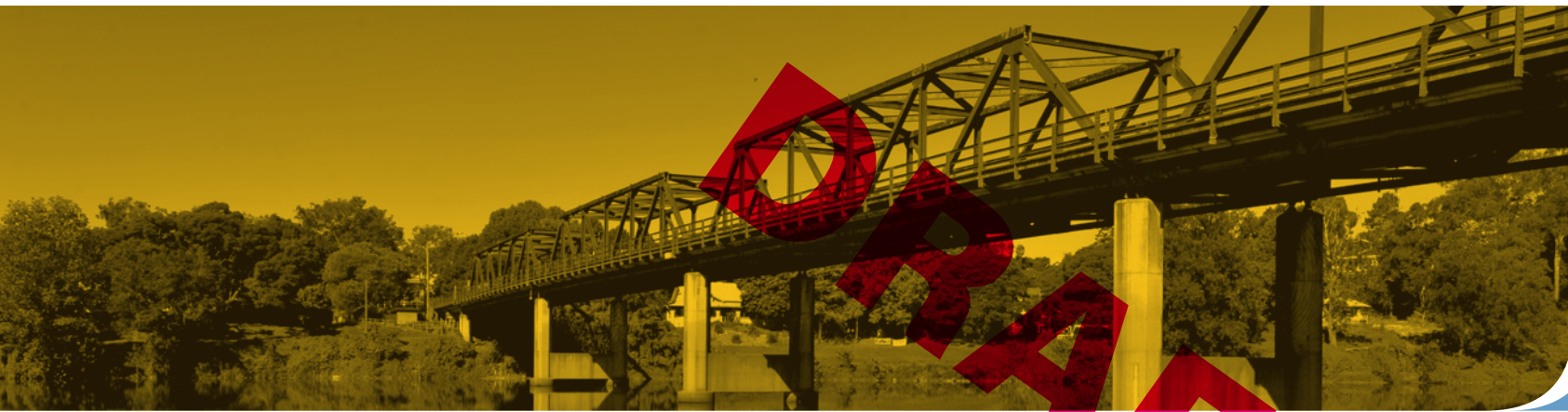
Materials and Contracts

Materials and contracts make up a significant portion of projected 2018-19 operating expenditure. This is reflective of the considerable number of assets maintained by the Council and places the Council under considerable pressure from rising material costs including fuel. Any major unplanned increases in these costs will also impact on the LTFP. Local government expenditure usually includes relatively high levels of materials and contracts expenditure. This places the Council under considerable pressure if things such as oil prices rise which impacts on both fuel and material prices. In addition, any new assets constructed or acquired will also increase material and contracts expenditure due to increased maintenance requirements.

Council Capital Works Program

The capital works program reflected in the LTFP is particularly sensitive to changes in the construction index. The construction index measures changes over time in the price of new construction, other than houses. Given that the renewal and construction of new infrastructure forms a substantial proportion of the budget any variations in the underlying pressures have the potential to significantly impact on Councils LTFP and / or the ability to deliver the capital works program.

Long Term Financial Plan Appendices **2018-2028**



Appendix 1

Ratios

Kempsey Shire Council - Consolidated 10 Year Financial Plan for the Years ending 30 June 2028 Key Performance Indicators - Consolidated

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Operating performance ratio	(3.1)%	(0.1)%	1.7%	3.3%	5.6%	7.8%	8.8%	11.2%	12.3%	12.3%
Benchmark > 0.0%	✗	✗	✓	✓	✓	✓	✓	✓	✓	✓
Own source operating revenue ratio	77.1%	77.8%	77.5%	83.1%	84.3%	84.7%	85.0%	85.2%	85.3%	85.4%
Benchmark > 60%	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Unrestricted current ratio	2.8	2.6	2.5	2.3	2.3	2.3	2.1	2.4	2.7	3.1
Benchmark > 1.5 x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Debt service cover ratio	3.3	3.3	3.4	3.1	3.2	3.2	3.3	3.4	3.4	3.3
Benchmark > 2.0 x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Building and infrastructure renewal ratio	80.0%	71.8%	71.4%	74.0%	73.5%	68.8%	65.9%	67.1%	67.1%	66.8%
Benchmark > 100%	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
Infrastructure backlog ratio	8.9%	8.3%	7.7%	7.0%	6.4%	14.2%	14.2%	14.3%	14.3%	14.4%
Benchmark < 2.0%	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
Asset maintenance	89.7%	90.2%	91.3%	92.5%	93.7%	94.9%	96.2%	96.8%	98.1%	99.4%
Benchmark > 100%	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗

Appendix 2

Income Statement

Kempsey Shire Council
Income Statement
Ten Year Financial Plan - General, Water & Sewer Funds

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income from Continuing Operations										
Rates & Annual Charges	38,613	40,781	42,548	44,412	46,472	48,748	50,717	52,305	53,790	55,315
User Charges & Fees	16,222	16,954	17,726	18,546	19,414	20,302	21,254	22,191	23,005	23,537
Interest and Investment revenue	1,065	1,077	1,100	1,123	1,147	1,171	1,197	1,224	1,252	1,281
Operating Grants and Contributions	10,367	10,539	10,652	10,879	11,111	11,351	11,596	11,845	12,102	12,368
Capital Grants and Contributions	6,227	6,214	7,135	2,189	1,341	1,356	1,321	1,337	1,353	1,320
Other Revenues	48	50	51	52	53	55	56	57	59	60
Total Income from Continuing Operations	72,542	75,615	79,212	77,202	79,539	82,984	86,141	88,961	91,562	93,882
Expenses from Continuing Operations										
Employee Benefits and On-Costs	21,238	21,772	22,328	22,898	23,481	22,419	22,990	23,575	24,175	24,782
Borrowing Costs	2,897	3,322	3,681	4,307	4,841	4,962	5,261	5,004	4,682	4,773
Materials & Contracts	16,151	16,211	16,259	16,899	16,962	19,217	20,497	20,500	21,397	22,638
Depreciation and Amortisation	24,211	24,211	24,211	24,211	24,211	24,211	24,211	24,211	24,211	24,211
Other Expenses	3,874	3,984	4,337	4,223	4,335	4,459	4,380	4,547	4,679	4,814
Total Expenses from Continuing Operations	68,371	69,500	70,817	72,537	73,830	75,268	77,339	77,838	79,143	81,218
Operating Result from Continuing Operations	4,171	6,115	8,395	4,664	5,709	7,716	8,803	11,123	12,418	12,663
Net Operating Result before Capital Grants & Contributions	(2,056)	(100)	1,261	2,475	4,368	6,360	7,481	9,786	11,065	11,343

**Kempsey Shire Council
Income Statement
General Fund**

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income from Continuing Operations										
Rates & Annual Charges	23,685	24,273	24,875	25,492	26,125	26,773	27,393	28,119	28,817	29,526
User Charges & Fees	8,161	8,330	8,505	8,685	8,869	9,058	9,447	9,486	9,708	9,865
Interest and Investment revenue	928	949	969	990	1,012	1,034	1,057	1,081	1,107	1,132
Operating Grants and Contributions	9,860	10,088	10,306	10,529	10,757	10,992	11,233	11,480	11,734	11,993
Capital Grants and Contributions	3,039	1,298	1,052	1,176	991	1,006	1,021	1,037	1,053	1,070
Other Revenues	48	50	51	52	53	55	56	57	59	60
Income from Continuing Operations	45,722	44,988	45,758	46,924	47,807	48,917	50,208	51,261	52,478	53,647
Expenses from Continuing Operations										
Employee Benefits and On-Costs	17,362	17,808	18,264	18,732	19,211	18,041	18,502	18,974	19,458	19,954
Borrowing Costs	317	521	586	649	556	461	379	313	243	211
Materials & Contracts	7,251	7,907	7,720	8,141	7,925	9,890	10,856	10,873	11,463	12,363
Depreciation and Amortisation	14,343	14,343	14,343	14,343	14,343	14,343	14,343	14,343	14,343	14,343
Other Expenses	2,832	2,857	3,211	3,063	3,139	3,228	3,112	3,241	3,334	3,429
Expenses from Continuing Operations	42,105	43,437	44,124	44,928	45,175	45,963	47,193	47,745	48,841	50,300
Operating Result from Continuing Operations	3,617	1,551	1,634	1,996	2,632	2,954	3,015	3,516	3,637	3,347
Net Operating Result before Capital Grants & Contributions	578	253	581	819	1,641	1,948	1,994	2,479	2,584	2,277

**Kempsey Shire Council
Income Statement
Water Fund**

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income from Continuing Operations										
Rates & Annual Charges	4,126	4,415	4,724	5,055	5,409	5,787	6,193	6,595	6,925	7,271
User Charges & Fees	6,961	7,449	7,963	8,512	9,100	9,728	10,400	11,068	11,616	11,947
Interest and Investment revenue	111	103	106	108	110	113	115	118	121	124
Operating Grants and Contributions	384	327	223	226	228	231	234	237	240	247
Capital Grants and Contributions	380	150	150	150	150	150	150	150	150	100
Other Revenues	-	-	-	-	-	-	-	-	-	-
Total Income from Continuing Operations	11,963	12,445	13,166	14,051	14,997	16,009	17,092	18,168	19,051	19,689
Expenses from Continuing Operations										
Employee Benefits and On-Costs	1,992	2,033	2,084	2,136	2,189	2,244	2,300	2,357	2,416	2,477
Borrowing Costs	1,533	1,820	2,144	2,585	2,578	2,789	2,882	2,831	2,727	3,002
Materials & Contracts	4,220	3,853	4,044	4,123	4,258	4,397	4,580	4,674	4,826	4,999
Depreciation and Amortisation	5,603	5,603	5,603	5,603	5,603	5,603	5,603	5,603	5,603	5,603
Other Expenses	511	563	563	580	598	615	634	653	672	693
	13,860	13,872	14,439	15,027	15,226	15,649	15,999	16,119	16,245	16,773
Operating Result from Continuing Operations	(1,897)	(1,427)	(1,273)	(976)	(229)	360	1,093	2,049	2,806	2,916
Net Operating Result before Capital Grants & Contributions	(2,277)	(1,577)	(1,423)	(1,126)	(379)	210	943	1,899	2,656	2,816

**Kempsey Shire Council
Income Statement
Sewer Fund**

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income from Continuing Operations										
Rates & Annual Charges	10,801	12,093	12,949	13,865	14,939	16,188	17,131	17,591	18,049	18,518
User Charges & Fees	1,100	1,174	1,258	1,349	1,446	1,516	1,406	1,638	1,680	1,724
Interest and Investment revenue	25	25	25	25	25	25	25	25	25	25
Operating Grants and Contributions	123	123	124	124	125	129	129	129	129	129
Capital Grants and Contributions	2,808	4,766	5,933	863	200	200	150	150	150	150
Other Revenues	-	-	-	-	-	-	-	-	-	-
Total Income from Continuing Operations	14,857	18,181	20,289	16,227	16,735	18,058	18,841	19,532	20,033	20,546
Expenses from Continuing Operations										
Employee Benefits and On-Costs	1,884	1,931	1,980	2,030	2,082	2,134	2,188	2,244	2,300	2,352
Borrowing Costs	1,047	982	951	1,073	1,706	1,712	2,000	1,860	1,711	1,560
Materials & Contracts	4,681	4,451	4,495	4,634	4,780	4,930	5,061	4,954	5,109	5,276
Depreciation and Amortisation	4,264	4,264	4,264	4,264	4,264	4,264	4,264	4,264	4,264	4,264
Other Expenses	531	563	563	580	598	616	634	653	673	693
	12,406	12,191	12,254	12,581	13,429	13,656	14,147	13,975	14,058	14,145
Operating Result from Continuing Operations	2,451	5,990	8,035	3,645	3,306	4,402	4,695	5,558	5,975	6,400
Net Operating Result before Capital Grants & Contributions	(357)	1,224	2,102	2,782	3,106	4,202	4,545	5,408	5,825	6,250

Appendix 3

Financial Position

Kempsey Shire Council
Statement of Financial Position
Consolidated - General, Water & Sewer Funds

	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Current Assets										
Cash & Investments	34,019	30,906	30,551	29,732	29,785	30,971	29,753	34,436	36,197	39,966
Receivables	8,030	8,349	8,768	8,704	9,032	9,472	11,402	11,884	13,791	14,257
Inventories & other Assets	410	389	370	351	334	317	301	286	272	258
Total Current Assets	42,460	39,645	39,688	38,788	39,151	40,760	41,456	46,605	50,260	54,482
Non Current Assets										
Receivables	434	415	394	372	349	325	298	298	298	298
Infrastructure, Property, Plant & Equipment	1,045,529	1,068,009	1,082,948	1,093,095	1,098,151	1,106,986	1,111,296	1,115,921	1,128,893	1,143,266
Total Non-Current Assets	1,045,963	1,068,423	1,083,343	1,093,467	1,098,500	1,107,311	1,111,594	1,116,219	1,129,191	1,143,565
TOTAL ASSETS	1,088,422	1,108,068	1,123,031	1,132,255	1,137,651	1,148,071	1,153,050	1,162,825	1,179,451	1,198,047
Current Liabilities										
Payables	4,112	3,913	3,935	3,851	3,899	4,013	4,196	4,263	4,204	4,280
Borrowings	5,111	4,928	5,724	5,682	6,144	5,961	6,485	7,179	7,370	7,440
Provisions	7,915	8,258	8,234	8,605	8,428	8,664	8,621	8,693	9,141	9,869
Total Current Liabilities	17,138	17,099	17,894	18,137	18,471	18,638	19,302	20,134	20,715	21,589
Non Current Liabilities										
Payables	556	550	545	539	534	528	523	518	513	508
Borrowings	59,068	72,639	78,415	82,734	82,090	84,628	80,144	77,965	81,595	86,655
Provisions	291	294	297	300	303	306	309	312	315	318
Total Non-Current Liabilities	59,914	73,484	79,257	83,573	82,926	85,463	80,976	78,795	82,423	87,481
TOTAL LIABILITIES	77,052	90,583	97,151	101,710	101,397	104,101	100,278	98,929	103,138	109,070
NET ASSETS	1,011,370	1,017,485	1,025,880	1,030,545	1,036,254	1,043,970	1,052,772	1,063,895	1,076,314	1,088,977
OPENING EQUITY	1,007,199	1,011,370	1,017,485	1,025,880	1,030,545	1,036,254	1,043,970	1,052,772	1,063,895	1,076,314
Operating Result	4,171	6,115	8,395	4,664	5,709	7,716	8,803	11,123	12,418	12,663
CLOSING EQUITY	1,011,370	1,017,485	1,025,880	1,030,545	1,036,254	1,043,970	1,052,772	1,063,895	1,076,314	1,088,977

**Kempsey Shire Council
Statement of Financial Position
General Fund**

	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Current Assets										
Cash & Investments	24,646	24,119	24,351	24,283	24,950	26,154	27,462	28,932	32,222	36,386
Receivables	4,660	4,597	4,703	4,855	4,977	5,125	5,295	5,412	5,548	5,678
Inventories & other Assets	410	389	370	351	334	317	301	286	272	258
Total Current Assets	29,716	29,105	29,424	29,490	30,260	31,596	33,058	34,630	38,041	42,322
Non Current Assets										
Receivables	434	415	394	372	349	325	298	298	298	298
Infrastructure, Property, Plant & Equipment	709,224	712,783	715,515	715,804	715,625	715,629	715,973	716,670	715,837	714,202
Total Non-Current Assets	709,658	713,198	715,909	716,176	715,974	715,954	716,271	716,969	716,136	714,501
TOTAL ASSETS	739,374	742,303	745,332	745,666	746,234	747,549	749,330	751,599	754,177	756,823
Current Liabilities										
Payables	3,854	3,632	3,625	3,485	3,471	3,563	3,708	3,793	3,760	3,824
Borrowings	1,742	1,571	1,889	1,871	1,965	1,335	1,402	1,472	1,491	1,389
Provisions	7,915	8,258	8,234	8,605	8,428	8,664	8,621	8,693	9,141	9,869
Total Current Liabilities	13,511	13,462	13,749	13,961	13,863	13,562	13,731	13,958	14,392	15,082
Non Current Liabilities										
Payables	556	550	545	539	534	528	523	518	513	508
Borrowings	10,671	12,100	13,211	11,340	9,375	8,040	6,639	5,167	3,676	2,287
Provisions	291	294	297	300	303	306	309	312	315	318
Total Non-Current Liabilities	11,517	12,944	14,053	12,179	10,212	8,875	7,471	5,997	4,504	3,113
TOTAL LIABILITIES	25,028	26,406	27,802	26,140	24,075	22,437	21,202	19,955	18,896	18,195
NET ASSETS	714,346	715,897	717,531	719,526	722,159	725,113	728,128	731,644	735,281	738,629
OPENING EQUITY	710,729	714,346	715,897	717,531	719,526	722,159	725,113	728,128	731,644	735,281
Operating Result	3,617	1,551	1,634	1,996	2,632	2,954	3,015	3,516	3,637	3,347
CLOSING EQUITY	714,346	715,897	717,531	719,526	722,159	725,113	728,128	731,644	735,281	738,629

**Kempsey Shire Council
Statement of Financial Position
Water Fund**

	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Current Assets										
Cash & Investments	5,636	3,416	2,771	2,156	1,588	1,277	1,212	635	345	(547)
Receivables	2,034	2,116	2,238	2,389	2,549	2,722	2,906	3,088	3,239	3,347
Inventories & other Assets	-	-	-	-	-	-	-	-	-	-
Total Current Assets	7,670	5,532	5,009	4,545	4,137	3,999	4,118	3,723	3,584	2,800
Non Current Assets										
Receivables	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	206,096	212,691	214,609	217,932	221,423	223,485	223,755	228,168	238,580	251,067
Total Non-Current Assets	206,096	212,691	214,609	217,932	221,423	223,485	223,755	228,168	238,580	251,067
TOTAL ASSETS	213,766	218,222	219,618	222,476	225,560	227,484	227,873	231,892	242,164	253,867
Current Liabilities										
Payables	153	182	214	258	258	279	288	283	273	300
Borrowings	2,145	1,864	2,209	2,186	2,458	2,713	3,025	3,524	3,739	3,955
Provisions	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	2,299	2,046	2,424	2,445	2,716	2,992	3,313	3,807	4,012	4,255
Non Current Liabilities										
Payables	-	-	-	-	-	-	-	-	-	-
Borrowings	27,694	33,830	36,121	39,935	42,977	44,264	43,239	44,715	51,976	60,521
Provisions	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	27,694	33,830	36,121	39,935	42,977	44,264	43,239	44,715	51,976	60,521
TOTAL LIABILITIES	29,993	35,876	38,545	42,380	45,693	47,256	46,552	48,522	55,988	64,776
NET ASSETS	183,773	182,346	181,073	180,097	179,868	180,228	181,321	183,370	186,176	189,092
OPENING EQUITY	185,670	183,773	182,346	181,073	180,097	179,868	180,228	181,321	183,370	186,176
Operating Result	(1,897)	(1,427)	(1,273)	(976)	(229)	360	1,093	2,049	2,806	2,916
CLOSING EQUITY	183,773	182,346	181,073	180,097	179,868	180,228	181,321	183,370	186,176	189,092

**Kempsey Shire Council
Statement of Financial Position
Sewer Fund**

	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Current Assets										
Cash & Investments	3,737	3,372	3,429	3,293	3,247	3,540	1,078	4,869	3,630	4,127
Receivables	1,337	1,636	1,826	1,460	1,506	1,625	3,202	3,383	5,005	5,232
Inventories & other Assets	-	-	-	-	-	-	-	-	-	-
Total Current Assets	5,074	5,008	5,255	4,753	4,753	5,166	4,280	8,252	8,635	9,360
Non Current Assets										
Receivables	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	130,208	142,535	152,825	159,359	161,103	167,872	171,567	171,082	174,476	177,996
Total Non-Current Assets	130,208	142,535	152,825	159,359	161,103	167,872	171,567	171,082	174,476	177,996
TOTAL ASSETS	135,282	147,542	158,081	164,112	165,856	173,037	175,847	179,334	183,110	187,356
Current Liabilities										
Payables	105	98	95	107	171	171	200	186	171	156
Borrowings	1,223	1,494	1,626	1,625	1,721	1,913	2,058	2,183	2,140	2,096
Provisions	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	1,328	1,592	1,721	1,732	1,892	2,084	2,258	2,369	2,311	2,252
Non Current Liabilities										
Payables	-	-	-	-	-	-	-	-	-	-
Borrowings	20,703	26,709	29,083	31,458	29,737	32,324	30,266	28,083	25,943	23,847
Provisions	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	20,703	26,709	29,083	31,458	29,737	32,324	30,266	28,083	25,943	23,847
TOTAL LIABILITIES	22,031	28,301	30,804	33,191	31,629	34,408	32,524	30,452	28,254	26,099
NET ASSETS	113,251	119,241	127,276	130,922	134,227	138,629	143,324	148,882	154,856	161,257
OPENING EQUITY	110,801	113,251	119,241	127,276	130,922	134,227	138,629	143,324	148,882	154,856
Operating Result	2,451	5,990	8,035	3,645	3,306	4,402	4,695	5,558	5,975	6,400
CLOSING EQUITY	113,251	119,241	127,276	130,922	134,227	138,629	143,324	148,882	154,856	161,257

Appendix 4

Cash Flow Statement

Kempsey Shire Council
Statement of Cash Flows
Consolidated - General Water & Sewer Funds

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash Flow from Operating Activities										
Receipts:	55,855	58,607	61,115	64,207	66,844	69,947	71,719	75,407	76,616	79,846
Rates & Annual Charges	38,503	40,617	42,405	44,556	46,397	48,627	49,802	52,154	52,864	55,149
User Charges & Fees	16,213	16,840	17,544	18,463	19,233	20,083	20,653	21,961	22,432	23,347
Interest	1,069	1,079	1,096	1,117	1,143	1,166	1,191	1,220	1,247	1,277
Grants & Contributions	16,592	16,710	17,698	13,076	12,385	12,614	12,508	13,087	13,053	13,583
Other Revenues	70	70	70	71	71	71	72	73	73	74
Payments:										
Employee Expenses	(20,706)	(21,382)	(22,071)	(23,148)	(23,167)	(22,255)	(22,790)	(23,761)	(23,616)	(24,215)
Borrowing Costs	(2,887)	(3,310)	(3,652)	(4,257)	(4,779)	(4,937)	(5,217)	(5,020)	(4,709)	(4,758)
Materials & Contracts	(16,172)	(16,410)	(16,270)	(17,026)	(16,980)	(19,141)	(20,375)	(20,430)	(21,431)	(22,587)
Other Expenses	(3,874)	(3,984)	(4,337)	(4,223)	(4,335)	(4,459)	(4,380)	(4,547)	(4,679)	(4,814)
Net Cash provided by(or used in) Operating Activities	28,808	30,231	32,483	28,630	29,968	31,769	31,465	34,736	35,234	37,054
Cash Flow From Investing Activities										
Receipts:										
Deferred Debtor Repayments	18	19	20	22	23	25	26	-	-	-
Payments:										
Purchase of Infrastructure, Property, Plant and Equipment	(47,457)	(46,691)	(39,150)	(34,357)	(29,267)	(33,046)	(28,520)	(28,836)	(37,183)	(38,584)
Net Cash provided by(or used in) Investing Activities	(47,439)	(46,671)	(39,130)	(34,335)	(29,244)	(33,021)	(28,494)	(28,836)	(37,183)	(38,584)
Cash Flow From Financing Activities										
Receipts:										
Proceeds from Borrowings & Advances	19,756	18,500	11,500	10,000	5,500	8,500	2,000	5,000	11,000	12,500
Payments:										
Repayment of Borrowings & Advances	(4,634)	(5,111)	(4,928)	(5,724)	(5,682)	(6,144)	(5,961)	(6,485)	(7,179)	(7,370)
Net Cash provided by(or used in) Financing Activities	15,122	13,389	6,572	4,276	(182)	2,356	(3,961)	(1,485)	3,821	5,130
Net Increase (Decrease) in Cash	(3,508)	(3,051)	(76)	(1,429)	542	1,103	(990)	4,415	1,872	3,600
plus: Cash & Cash Equivalents - beginning of the year	37,981	34,472	31,421	31,346	29,917	30,459	31,562	30,572	34,987	36,859
Cash & Cash Equivalents - End of the year	34,472	31,421	31,346	29,917	30,459	31,562	30,572	34,987	36,859	40,460

**Kempsey Shire Council
Statement of Cash Flows
General Fund**

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash Flow from Operating Activities										
Receipts:										
Rates & Annual Charges	23,709	24,285	24,855	25,464	26,102	26,745	27,362	28,097	28,792	29,501
User Charges & Fees	8,209	8,354	8,465	8,627	8,822	9,001	9,382	9,441	9,656	9,816
Interest	933	951	965	985	1,007	1,028	1,051	1,077	1,102	1,127
Grants & Contributions	12,949	11,411	11,316	11,645	11,700	11,939	12,187	12,471	12,734	13,012
Other Revenues	70	70	70	71	71	71	72	73	73	74
Payments:										
Employee Expenses	(16,831)	(17,417)	(18,007)	(18,982)	(18,896)	(17,877)	(18,302)	(19,160)	(18,899)	(19,387)
Borrowing Costs	(318)	(531)	(587)	(655)	(557)	(457)	(374)	(310)	(245)	(208)
Materials & Contracts	(7,271)	(8,106)	(7,731)	(8,269)	(7,942)	(9,814)	(10,734)	(10,802)	(11,496)	(12,312)
Other Expenses	(2,832)	(2,857)	(3,211)	(3,063)	(3,139)	(3,228)	(3,112)	(3,241)	(3,334)	(3,429)
Net Cash provided by(or used in) Operating Activities	18,618	16,160	16,136	15,823	17,168	17,409	17,533	17,645	18,383	18,195
Cash Flow From Investing Activities	-	-	-	-	-	-	-	-	-	-
Receipts:										
Deferred Debtor Repayments	18	19	20	22	23	25	26	-	-	-
Payments:										
Purchase of Infrastructure, Property, Plant and Equipment	(21,787)	(17,902)	(17,075)	(14,633)	(14,164)	(14,348)	(14,688)	(15,041)	(13,510)	(12,708)
Net Cash provided by(or used in) Investing Activities	(21,769)	(17,883)	(17,054)	(14,611)	(14,141)	(14,323)	(14,661)	(15,041)	(13,510)	(12,708)
Cash Flow From Financing Activities										
Receipts:										
Proceeds from Borrowings & Advances	5,756	3,000	3,000	-	-	-	-	-	-	-
Payments:										
Repayment of Borrowings & Advances	(1,562)	(1,742)	(1,571)	(1,889)	(1,871)	(1,965)	(1,335)	(1,402)	(1,472)	(1,491)
Net Increase (Decrease) in Cash	1,044	(466)	511	(678)	1,156	1,121	1,537	1,202	3,401	3,995
plus: Cash & Cash Equivalents - beginnin	24,056	25,099	24,634	25,145	24,468	25,624	26,745	28,281	29,484	32,884
Cash & Cash Equivalents - End of the year	25,099	24,634	25,145	24,468	25,624	26,745	28,281	29,484	32,884	36,879

**Kempsey Shire Council
Statement of Cash Flows
Water Fund**

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Cash Flow from Operating Activities	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Receipts:										
Rates & Annual Charges	4,127	4,401	4,703	5,029	5,381	5,758	6,161	6,564	6,899	7,253
User Charges & Fees	6,966	7,386	7,869	8,396	8,976	9,595	10,258	10,927	11,501	11,864
Interest	111	103	106	108	110	113	115	118	121	124
Grants & Contributions	765	472	365	367	369	371	373	376	381	340
Other Revenues										
Payments:										
Employee Expenses	(1,992)	(2,033)	(2,084)	(2,136)	(2,189)	(2,244)	(2,300)	(2,357)	(2,416)	(2,477)
Borrowing Costs	(1,515)	(1,791)	(2,112)	(2,541)	(2,579)	(2,768)	(2,873)	(2,836)	(2,738)	(2,975)
Materials & Contracts	(4,220)	(3,853)	(4,044)	(4,123)	(4,258)	(4,397)	(4,580)	(4,674)	(4,826)	(4,999)
Other Expenses	(511)	(563)	(563)	(580)	(598)	(615)	(634)	(653)	(672)	(693)
Net Cash provided by(or used in) Operating Activities	3,732	4,123	4,240	4,521	5,213	5,813	6,521	7,464	8,249	8,438
Cash Flow From Investing Activities										
Receipts:										
Payments:										
Purchase of Infrastructure, Property, Plant and Equipment	(12,249)	(12,198)	(7,521)	(8,926)	(9,095)	(7,666)	(5,873)	(10,017)	(16,014)	(18,091)
Net Cash provided by(or used in) Investing Activities	(12,249)	(12,198)	(7,521)	(8,926)	(9,095)	(7,666)	(5,873)	(10,017)	(16,014)	(18,091)
Cash Flow From Financing Activities										
Receipts:										
Proceeds from Borrowings & Advances	8,500	8,000	4,500	6,000	5,500	4,000	2,000	5,000	11,000	12,500
Payments:										
Repayment of Borrowings & Advances	(1,914)	(2,145)	(1,864)	(2,209)	(2,186)	(2,458)	(2,713)	(3,025)	(3,524)	(3,739)
Net Cash provided by(or used in) Financing Activities	6,586	5,855	2,636	3,791	3,314	1,542	(713)	1,975	7,476	8,761
Net Increase (Decrease) in Cash	(1,931)	(2,220)	(645)	(615)	(568)	(311)	(65)	(577)	(290)	(892)
plus: Cash & Cash Equivalents - beginnin	7,568	5,636	3,416	2,771	2,156	1,588	1,277	1,212	635	345
Cash & Cash Equivalents - End of the	5,636	3,416	2,771	2,156	1,588	1,277	1,212	635	345	(547)

**Kempsey Shire Council
Statement of Cash Flows
Sewer Fund**

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Cash Flow from Operating Activities	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Receipts:										
Rates & Annual Charges	10,667	11,931	12,846	14,062	14,914	16,123	16,280	17,493	17,173	18,395
User Charges & Fees	1,037	1,099	1,211	1,440	1,435	1,487	1,012	1,592	1,275	1,667
Interest	25	25	25	25	25	25	25	25	25	25
Grants & Contributions	2,878	4,826	6,017	1,064	316	304	(53)	240	(62)	231
Other Revenues	-	-	-	-	-	-	-	-	-	-
Payments:										
Employee Expenses	(1,884)	(1,931)	(1,980)	(2,030)	(2,082)	(2,134)	(2,188)	(2,244)	(2,300)	(2,352)
Borrowing Costs	(1,053)	(988)	(954)	(1,061)	(1,643)	(1,711)	(1,971)	(1,874)	(1,726)	(1,575)
Materials & Contracts	(4,681)	(4,451)	(4,495)	(4,634)	(4,780)	(4,930)	(5,061)	(4,954)	(5,109)	(5,276)
Other Expenses	(531)	(563)	(563)	(580)	(598)	(616)	(634)	(653)	(673)	(693)
Net Cash provided by(or used in) Operating Activities	6,459	9,948	12,106	8,287	7,587	8,547	7,411	9,627	8,602	10,422
Cash Flow From Investing Activities	-	-	-	-	-	-	-	-	-	-
Receipts:										
Deferred Debtor Repayments	-	-	-	-	-	-	-	-	-	-
Payments:										
Purchase of Infrastructure, Property, Plant and Equipment	(13,421)	(16,590)	(14,555)	(10,798)	(6,008)	(11,033)	(7,959)	(3,779)	(7,658)	(7,784)
Net Cash provided by(or used in) Investing Activities	(13,421)	(16,590)	(14,555)	(10,798)	(6,008)	(11,033)	(7,959)	(3,779)	(7,658)	(7,784)
Cash Flow From Financing Activities										
Receipts:										
Proceeds from Borrowings & Advances	5,500	7,500	4,000	4,000	-	4,500	-	-	-	-
Payments:										
Repayment of Borrowings & Advances	(1,158)	(1,223)	(1,494)	(1,626)	(1,625)	(1,721)	(1,913)	(2,058)	(2,183)	(2,140)
Net Cash provided by(or used in) Financing Activities	4,342	6,277	2,506	2,374	(1,625)	2,779	(1,913)	(2,058)	(2,183)	(2,140)
Net Increase (Decrease) in Cash	(2,620)	(365)	58	(136)	(46)	293	(2,462)	3,790	(1,239)	498
plus: Cash & Cash Equivalents - beginning of the year	6,357	3,737	3,372	3,429	3,293	3,247	3,540	1,078	4,869	3,630
Cash & Cash Equivalents - End of the	3,737	3,372	3,429	3,293	3,247	3,540	1,078	4,869	3,630	4,127

Appendix 5

Scenario Financial Statements - Consolidated

Kempsey Shire Council
Income Statement
Ten Year Financial Plan - General, Water & Sewer Funds

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income from Continuing Operations										
Rates & Annual Charges	37,825	39,974	41,720	43,564	45,603	47,857	49,804	51,369	52,831	54,338
User Charges & Fees	16,222	16,954	17,726	18,546	19,414	20,302	21,254	22,191	23,005	23,537
Interest and Investment revenue	1,065	1,077	1,100	1,123	1,147	1,171	1,197	1,224	1,252	1,281
Operating Grants and Contributions	10,367	10,539	10,652	10,879	11,111	11,351	11,596	11,845	12,102	12,368
Capital Grants and Contributions	6,227	6,214	7,135	2,189	1,341	1,356	1,321	1,337	1,353	1,320
Other Revenues	48	50	51	52	53	55	56	57	59	60
Total Income from Continuing Operations	71,754	74,808	78,385	76,353	78,669	82,092	85,228	88,025	90,602	92,904
Expenses from Continuing Operations										
Employee Benefits and On-Costs	21,238	21,772	22,328	22,898	23,481	22,419	22,990	23,575	24,175	24,782
Borrowing Costs	2,897	3,322	3,681	4,307	4,841	4,962	5,261	5,004	4,682	4,773
Materials & Contracts	15,751	15,711	15,759	16,399	16,462	18,717	19,997	20,000	20,897	22,138
Depreciation and Amortisation	24,211	24,211	24,211	24,211	24,211	24,211	24,211	24,211	24,211	24,211
Other Expenses	3,874	3,984	4,337	4,223	4,335	4,459	4,380	4,547	4,679	4,814
Total Expenses from Continuing Operations	67,971	69,000	70,317	72,037	73,330	74,768	76,839	77,338	78,643	80,718
Operating Result from Continuing Operations	3,783	5,807	8,068	4,316	5,340	7,325	8,389	10,687	11,959	12,186
Net Operating Result before Capital Grants & Contributions	(2,444)	(407)	933	2,127	3,999	5,969	7,068	9,350	10,605	10,866

Kempsey Shire Council
Statement of Financial Position
Consolidated - General, Water & Sewer Funds

	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Current Assets										
Cash & Investments	34,037	30,924	30,570	29,751	29,804	30,991	29,773	34,457	36,218	39,988
Receivables	7,943	8,259	8,675	8,610	8,935	9,372	11,301	11,779	13,684	14,148
Inventories & other Assets	410	389	370	351	334	317	301	286	272	258
Total Current Assets	42,389	39,573	39,615	38,712	39,073	40,681	41,375	46,522	50,174	54,395
Non Current Assets										
Receivables	434	415	394	372	349	325	298	298	298	298
Infrastructure, Property, Plant & Equipment	1,045,141	1,067,314	1,081,926	1,091,724	1,096,411	1,104,855	1,108,751	1,112,940	1,125,452	1,139,348
Total Non-Current Assets	1,045,575	1,067,728	1,082,320	1,092,096	1,096,760	1,105,179	1,109,049	1,113,238	1,125,751	1,139,647
TOTAL ASSETS	1,087,965	1,107,301	1,121,935	1,130,809	1,135,833	1,145,860	1,150,424	1,159,760	1,175,925	1,194,042
Current Liabilities										
Payables	4,042	3,841	3,861	3,775	3,822	3,933	4,114	4,179	4,118	4,193
Borrowings	5,111	4,928	5,724	5,682	6,144	5,961	6,485	7,179	7,370	7,440
Provisions	7,915	8,258	8,234	8,605	8,428	8,664	8,621	8,693	9,141	9,869
Total Current Liabilities	17,067	17,027	17,820	18,062	18,393	18,559	19,220	20,051	20,630	21,502
Non Current Liabilities										
Payables	556	550	545	539	534	528	523	518	513	508
Borrowings	59,068	72,639	78,415	82,734	82,090	84,628	80,144	77,965	81,595	86,655
Provisions	291	294	297	300	303	306	309	312	315	318
Total Non-Current Liabilities	59,914	73,484	79,257	83,573	82,926	85,463	80,976	78,795	82,423	87,481
TOTAL LIABILITIES	76,982	90,511	97,077	101,635	101,320	104,022	100,196	98,846	103,052	108,983
NET ASSETS	1,010,983	1,016,790	1,024,858	1,029,174	1,034,514	1,041,838	1,050,227	1,060,914	1,072,873	1,085,059
OPENING EQUITY	1,007,199	1,010,983	1,016,790	1,024,858	1,029,174	1,034,514	1,041,838	1,050,227	1,060,914	1,072,873
Operating Result	3,783	5,807	8,068	4,316	5,340	7,325	8,389	10,687	11,959	12,186
CLOSING EQUITY	1,010,983	1,016,790	1,024,858	1,029,174	1,034,514	1,041,838	1,050,227	1,060,914	1,072,873	1,085,059

Kempsey Shire Council
Statement of Cash Flows
Consolidated - General Water & Sewer Funds

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash Flow from Operating Activities										
Receipts:	55,120	57,801	60,289	63,360	65,976	69,058	70,807	74,473	75,658	78,870
Rates & Annual Charges	37,732	39,810	41,578	43,708	45,528	47,736	48,890	51,218	51,905	54,172
User Charges & Fees	16,246	16,841	17,545	18,464	19,234	20,084	20,654	21,962	22,433	23,347
Interest	1,073	1,079	1,096	1,118	1,143	1,166	1,191	1,220	1,247	1,277
Grants & Contributions	16,627	16,711	17,699	13,077	12,386	12,614	12,509	13,088	13,054	13,584
Other Revenues	70	70	70	71	71	71	72	73	73	74
Payments:										
Employee Expenses	(21,165)	(21,444)	(22,350)	(22,537)	(23,657)	(22,172)	(23,018)	(23,494)	(23,727)	(24,046)
Borrowing Costs	(2,889)	(3,310)	(3,653)	(4,257)	(4,779)	(4,937)	(5,217)	(5,020)	(4,709)	(4,758)
Materials & Contracts	(15,834)	(15,911)	(15,772)	(16,528)	(16,481)	(18,643)	(19,876)	(19,932)	(20,933)	(22,088)
Other Expenses	(3,874)	(3,984)	(4,337)	(4,223)	(4,335)	(4,459)	(4,380)	(4,547)	(4,679)	(4,814)
Net Cash provided by(or used in) Operating Activities	27,985	29,862	31,876	28,893	29,109	31,461	30,824	34,568	34,664	36,747
Cash Flow From Investing Activities										
Receipts:										
Deferred Debtor Repayments	18	19	20	22	23	25	26	-	-	-
Payments:										
Purchase of Infrastructure, Property, Plant and Equipment	(47,069)	(46,383)	(38,823)	(34,009)	(28,898)	(32,655)	(28,107)	(28,400)	(36,723)	(38,107)
Net Cash provided by(or used in) Investing Activities	(47,051)	(46,364)	(38,802)	(33,987)	(28,875)	(32,630)	(28,080)	(28,400)	(36,723)	(38,107)
Cash Flow From Financing Activities										
Receipts:										
Proceeds from Borrowings & Advances	19,756	18,500	11,500	10,000	5,500	8,500	2,000	5,000	11,000	12,500
Payments:										
Repayment of Borrowings & Advances	(4,634)	(5,111)	(4,928)	(5,724)	(5,682)	(6,144)	(5,961)	(6,485)	(7,179)	(7,370)
Net Cash provided by(or used in) Financing Activities	15,122	13,389	6,572	4,276	(182)	2,356	(3,961)	(1,485)	3,821	5,130
Net Increase (Decrease) in Cash	(3,944)	(3,113)	(355)	(818)	53	1,187	(1,218)	4,683	1,762	3,770
plus: Cash & Cash Equivalents - beginning of the year	37,981	34,037	30,924	30,570	29,751	29,804	30,991	29,773	34,457	36,218
Cash & Cash Equivalents - End of the year	34,037	30,924	30,570	29,751	29,804	30,991	29,773	34,457	36,218	39,988

Appendix 6

Loan Borrowings

Job	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Turners Flat Bridge	1,995,615	-	-	-	-	-	-	-	-	-
Water Capital Program	8,500,000	8,000,000	4,500,000	6,000,000	5,500,000	4,000,000	2,000,000	5,000,000	11,000,000	12,500,000
Sewer Capital Program	5,500,000	7,500,000	4,000,000	4,000,000	-	4,500,000	-	-	-	-
4 Shore Caravan Parks - work on adjacent Reserves	3,000,000	2,000,000	1,500,000	-	-	-	-	-	-	-
SWR Caravan Park - work on adjacent Reserves	-	1,000,000	1,500,000	-	-	-	-	-	-	-
Corporate Business System	760,773	-	-	-	-	-	-	-	-	-
Grand Total	19,756,388	18,500,000	11,500,000	10,000,000	5,500,000	8,500,000	2,000,000	5,000,000	11,000,000	12,500,000

Appendix 7

Ratio Explanations

Ratio	Description
Operating Performance	The purpose of this ratio is to measure a council's achievement in containing operating expenditure within operating revenue.
Own Source Revenue	This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions. A Council's financial flexibility improves the higher the level of its own source revenue.
Unrestricted Current Ratio	This ratio is designed to represent Council's ability to meet short term obligations as they fall due.
Debt Service Cover	This ratio measures the availability of operating cash to service debt including interest, principal and lease payments.
Cash Expenses Cover	This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash flow.
Rates and annual charges outstanding percentage	This ratio assesses the impact of uncollected rates and annual charges on liquidity and the adequacy of recovery efforts.
Infrastructure Backlog Ratio	This ratio shows what proportion the backlog is against the total value of Council's infrastructure.
Asset Maintenance	This ratio compares actual versus required annual maintenance, as detailed in Special Schedule 7 (of the annual financial statements).
Building and Infrastructure Renewals Ratio	This ratio compares the proportion spent on infrastructure asset renewals and each asset's deterioration measured by its accounting depreciation.