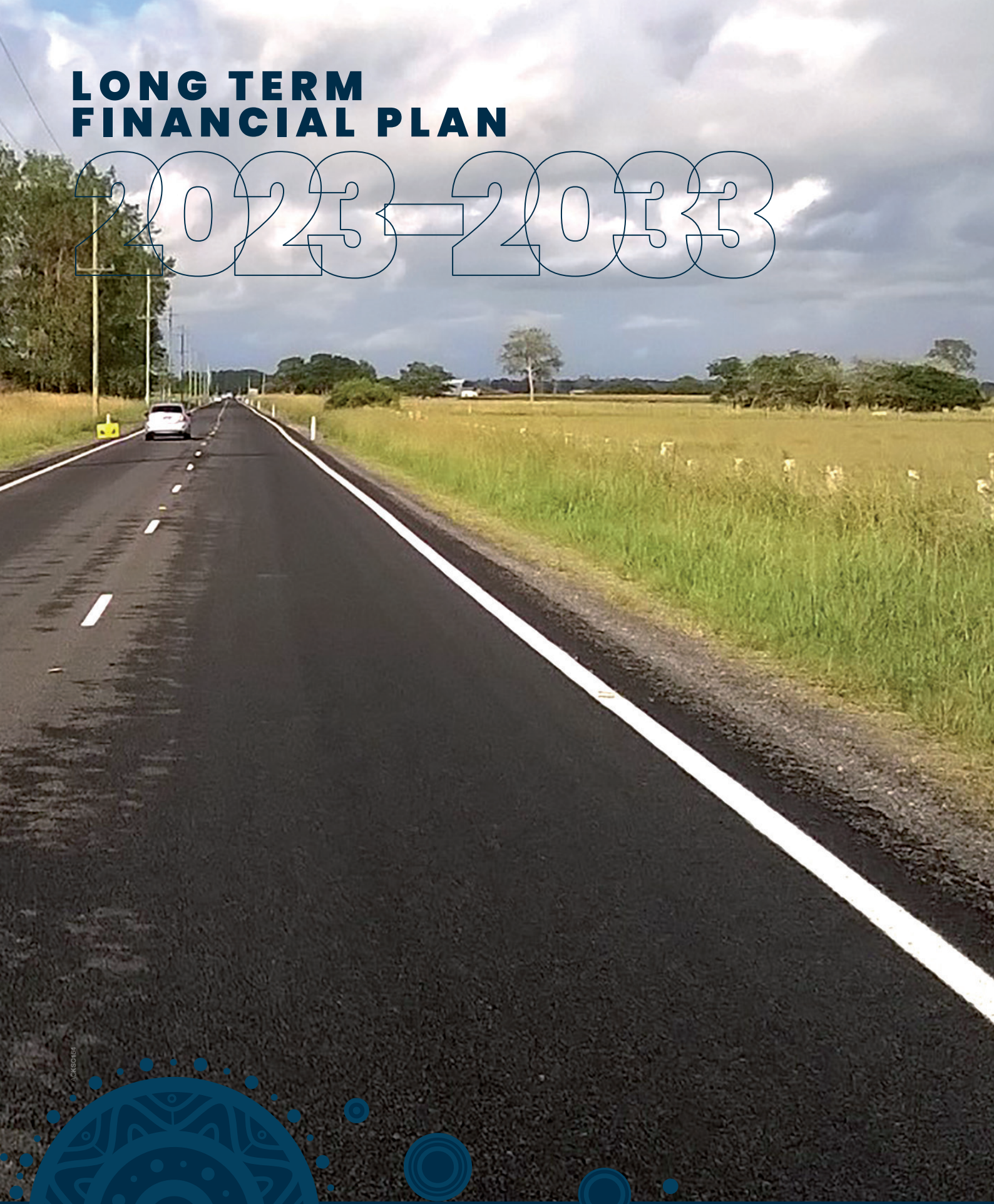
LONG TERM FINANCIAL PLAN

2023–2033



KEMPSEY.NSW.GOV.AU

KEMPSEY Shire Council

Table of Contents

Introduction 3
Current and Historical Financial Position 5
Audited Financial Position 6
Financial Performance Indicators 6
Longer Term Financial Position 7
Financial Sustainability 8
Figure 1: Financial Sustainability Strategy core themes 9
Assumptions 13
Revenue Forecasts and Assumptions 14
Expenditure Forecasts and Assumptions 16
Scenarios and Sensitivities 18
Rates and Annual Charges 18
Grants and Contributions 18
Employee Expenses 18
Materials and Contracts 19
Council Capital Works Program 19
Scenarios 20
Appendix 1 22
General Fund Financial Sustainability Program – Key Initiatives 22
Appendix 2 25
Ratios 25
Appendix 3 26
Income Statement 26
Appendix 4 30
Financial Position 30
Appendix 5 34
Cash Flow Statement 34
Appendix 6 38
Scenario Financial Statements – General Fund 38
Appendix 7 41
Ratio Explanations 41

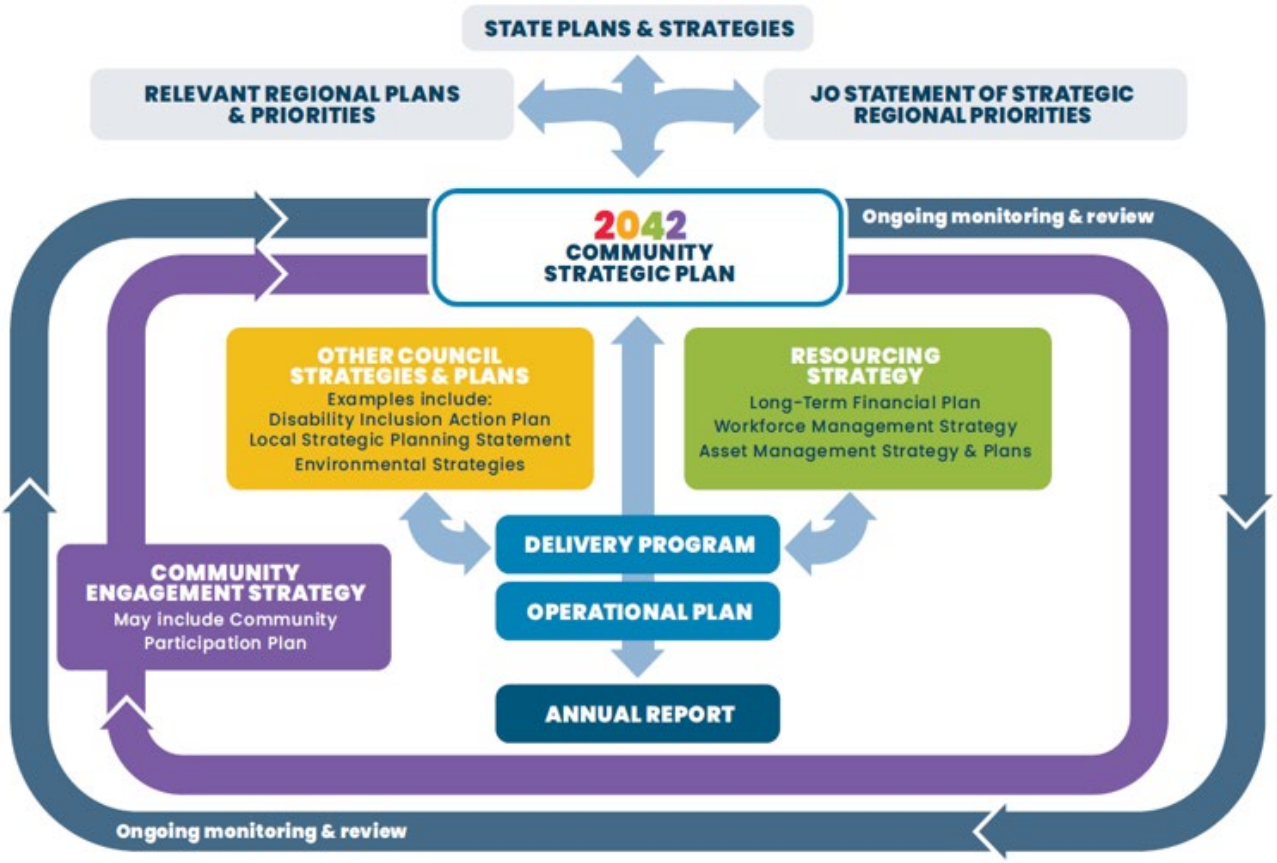
Introduction

The Integrated Planning and Reporting Framework requires every NSW council to undertake strategic 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, Operating 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 Program 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 implications of delivering the community's vision for the future; and the aspirations and goals of the community are tested against financial realities. 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 the anticipated 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. The LTFP is also 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's ability to invest in new services and infrastructure, and maintain existing assets; and
- Address Council's legislative requirements for integrated planning and reporting.

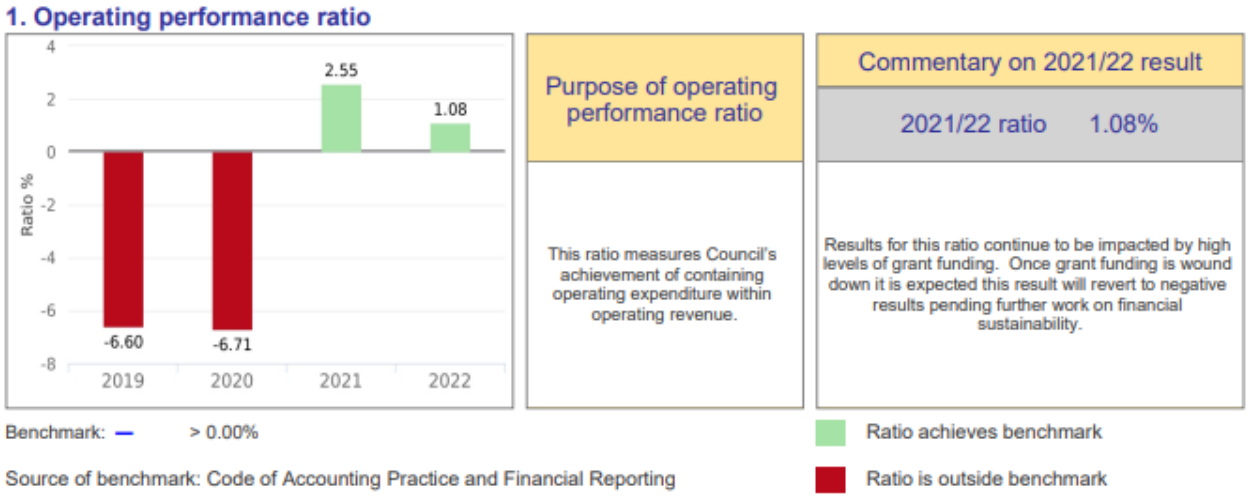
Current and Historical Financial Position

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 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 the Independent Pricing and Regulatory Tribunal (IPART) to sustain service levels to the community and to meet infrastructure maintenance costs (particularly the road network). This, along with lower operating expenditure levels as Council embarked on organisational transformation, resulted in an improved operating performance over the 2016-17 and 2017-18 financial years. However, the Operating Performance Ratio deteriorated in 2018-19 and 2019-20 due in part to timing of the receipt of operating grants and cost increases associated with historical staff competency assessments, as well as Council adequately resourcing critical functions, such as asset management.

The Operating Performance Ratio improved in 2020-21 and 2021-22 and exceeded the benchmark as detailed below. This improved result was principally due to the timing of operating grant funding relating to Natural Disaster Recovery, rather than any permanent underlying financial improvements. Additionally, these results are consolidated for all three funds consequently, the stronger operating result in the Sewer Fund offsets the General Fund deficit result.



Source: 2021-22 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 2022 provide the starting point for reviewing the LTFP. The following tables summarise Council's most recently audited financial position:

Income Statement	2021-22 $'000	2020-21 Restated $'000
Income	116,248	99,686
Expenses	85,360	78,688
Net Operating Result for the Year	30,888	20,998
Net Operating Result before Grants and Contributions provided for Capital purposes	(3,644)	(769)

Statement of Financial Position	2021-22 $'000	2020-21 Restated $'000
Total Assets	1,326,197	1,221,977
Total Liabilities	107,088	92,752
Total Equity	1,219,109	1,129,225

Statement of Cash Flows	2021-22 $'000	2020-21 Restated $'000
Cash, Cash Equivalents and Investments - Opening Balance	87,987	55,068
Cash, Cash Equivalents and Investments - Closing Balance	104,720	87,987
Movement for Year	16,733	32,919

Note: The above tables reflect consolidated financial 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	2021-22	2020-21 Restated	Benchmark
Operating performance ratio	1.1%	2.6%	> 0%
Own source operating revenue ratio	57.5%	63.7%	> 60%
Unrestricted current ratio	3.18	2.61	> 1.5
Debt service cover ratio	4.04	4.70	> 2.0
Rates and annual charges outstanding ratio	9.6%	8.3%	< 10%
Cash expense cover ratio (in months)	13.24	10.17	> 3.0
Building and infrastructure renewal ratio	37.3%	37.3%	> 100%
Infrastructure backlog ratio	8.6%	8.8%	< 2%
Asset maintenance	96.5%	94.1%	> 100%

Note: The above indicators reflect consolidated results.

Consistently achieving a positive operating performance ratio is one of Council's major challenges. This is made even more difficult due to the asset maintenance ratio being below benchmark which means more operating costs are required to meet this target which in turn will further negatively impact the operating performance ratio.

Significant financial improvements are needed in the future to ensure Council is financially sustainable on a longer-term basis. Current forecasts within the LTFP are consistent with historical financial performance trends, where operating expenditure exceeds operating revenue in the General Fund, and the Net Operating Result excluding Capital Grants and Contributions is in a deficit position. These financial outcomes cannot be sustained, and a range of measures are required to return the financial result to a surplus position that will enable Council to build longer term financial strength.

Financial sustainability is a key issue for a number of NSW councils regardless of their size or location (urban vs regional vs rural), and 38% of Councils reported deficits in the 2021-22 year[1].

Longer Term Financial Position

The outlook of Council's Long-Term Financial Plan highlights continued significant challenges ahead for Council and requires a holistic improvement program to be implemented for Council to achieve financial sustainability. Council's longer term financial goals are:

- Modest operating surpluses to insulate Council from unforeseen events.
- 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.

On a consolidated basis, operating surpluses are forecast for the initial two years of the LTFP before deficits are recorded from 2025-26 onwards. The increasing deficits are principally the result of the General Fund operating performance.

The LTFP forecasts accumulated Net Operating results (excluding Capital Grants and Contributions) for the next 10 years from 2023-24 to 2032-33 as follows:

- Consolidated: $62M deficit, driven by General and Sewer Funds. The 2023-24 year has a capital program of $117M across all three funds and close to $700M over the next 10 years, requiring over $388M in new loans to fund the 10-year program.

- General Fund: $103M deficit. Given current and forecast rate pegs, combined with increasing costs, it will not be possible for the General Fund to return to surplus, which is consistent with actual historical financial results. While a number of financial sustainability initiatives are being implemented, a Special Rate Variation (SRV), which would allow Council to raise rates above rate peg, is the only realistic way to return the General Fund to a surplus position without substantial service reductions and significant reductions in

[1] Excludes IPP&E fair value movements through the income statement (as per LG Debits and Credits March 2023)

asset maintenance.

- Water Fund: $15M surplus. Water fund has a sustainable revenue base and can afford to fund its $92M Capital program over the next 10 years.

- Sewer Fund: $26M surplus. Sewer fund is forecasting a sizeable capital program nearing $250M over the next 10 years. The Sewer fund has been steadily increasing rates and charges in recent years to fund this large capital program. Recently, this program has been re-estimated resulting in a significant increase in these forecasts. This level of expenditure would require significant borrowings of about $170M, but to meet the loan repayments, rates would still need to be increased by another 40% over the next 5 years. This would put Council's rates for sewer among, if not the highest in NSW. Council is currently reviewing options for the Sewer Fund, including additional funding options from the State and / or Federal governments.

Financial Sustainability

In response to ongoing net operating deficits, and as an outcome from the organisational transformation that commenced in 2018, Council developed a Financial Sustainability Strategy to deliver long term financial sustainability. This strategy and the associated Financial Sustainability Roadmap were adopted by Council in April 2019.
The key objectives of the adopted Financial Sustainability Strategy were to:

1. To provide Council and the Executive Leadership Team with a program that will deliver financial sustainability for Kempsey Shire Council; and
2. To achieve financial sustainability for Council through:
    - the integration and alignment of service and financial outcomes through the Long-Term Financial Plan, the Community Strategic Plan and Delivery Program;
    - enabling a culture of innovation, financial literacy, and accountability to ensure decision making at every level is aligned to positive community outcomes;
    - working with the community on determining service level expectations and agreed associated funding sources; and
    - the development of better practices, enabling systems and processes.

Council's Financial Sustainability Strategy and Financial Sustainability Roadmap identified 28 key initiatives designed to deliver long term financial sustainability and were organised into three core themes as summarised below.

Figure 1: Financial Sustainability Strategy core themes



Strong progress in implementing the various financial improvement initiatives was achieved across the following key categories of the financial sustainability strategy and associated roadmap:

- Financial
- Asset management
- Information systems
- Strategic alignment
- Service delivery

Updates on the progress of implementing the Financial Sustainability Strategy were reported to Council on a quarterly basis. A number of financial sustainability initiatives were progressed to the point of being either complete or have become part of normal operations and where continuous improvement in these areas is now a normal part of business-as-usual activity. There are longer term initiatives that continue to progress as planned, such as asset management capability and water and sewer business planning and strategic alignment initiatives.

These initiatives delivered a number of significant foundational financial improvements, including the following:

- Implementation of a new finance system.
- Substantially improved budgeting and forecasting processes.
- Significantly improved financial management reporting to budget owners, the Executive Leadership Team and Council, enabling improved financial understanding, budget management and decision making.
- Implementation of asset management improvements, including strategy, increasing internal capability and systems to improve asset data capture and reporting.
- Implementation of a Project Management Office, including the development of a project management framework to assist in project prioritisation, governance and reporting related to project delivery and the establishment of a team of skilled project managers to deliver Council's significant capital program.
- A range of process improvements and training leveraging existing technologies.
- Engagement of an external investment advisor to better manage Council's cash and investments.

- Improved management of Council's commercial businesses resulting in Kempsey Regional Saleyards being leased to a private operator and significant capital and operating expenditure, and therefore, revenue improvements to the Council's Macleay Valley Coast Holiday Parks.
- Financial and environmental benefits have been recognised through:
    - Renegotiation of cheaper electricity contracts with locked in long term fixed prices.
    - Savings from rooftop solar projects at Council's Civic Centre and Slim Dusty Centre.
    - The replacement of streetlights with LED globes that use less energy and last longer.
- Significantly increased integration in Council's annual strategic planning processes.
- Development of master plans and key strategies.
- Establishment of a highly functioning internal audit function and Audit, Risk & Improvement Committee.
- A service review framework and toolkit has been developed and is in the process of being implemented.

Additionally, the implementation of the organisational transformation program, which was endorsed by Council in 2017 and commenced with the recruitment of the new Executive Leadership Team in 2018, over the past 6 years has delivered significant operational performance improvements, including:

- Stronger working relationships with the elected council representatives.
- Increased community satisfaction with council's performance and services.
- Increased employee engagement outcomes and improved organisational culture (as recognised with being awarded the Employer of Choice at the 2019 and 2021 Macleay Valley Business Awards).
- Greater financial management understanding and awareness.
- Improved risk management and corporate governance.
- Significantly improved work, health and safety outcomes – resulting in our employees being safer and lower costs through workers compensation claims and premiums.
- Better asset management practices leading to improved financial performance, better asset decision making, a decrease in risk, an improvement in service outcomes, and therefore maximising the assets contribution to the community.
- Technology improvements across the organisation.
- A 25% reduction in Executive Leadership Team positions (five reduced to four) and 38% reduction in Senior Leadership Team positions (18 reduced to 13).

Despite these improvements being implemented and cost savings in a number of areas being achieved, Council is still forecasting General Fund operating deficits into the future.

This can be attributed to two primary factors:

- those operating items impacting ongoing **financial sustainability;** and
- the inclusion of capital and operating expenditure to address the **asset backlog**.

The factors impacting ongoing **financial sustainability** are:

- Costs growing at a faster rate than income. This is due to the following factors:
    - Council's rate revenue within the General Fund is pegged each financial year with the rate peg representing the maximum percentage amount councils may increase their general income in any given financial year. Councils must not increase their general income by more than the rate peg unless IPART approves a special variation. Rate pegs

have been historically low with councils across NSW and peak Local Government Industry bodies for many years expressing concern around the methodology of rate pegging. As detailed in the following sections of the LTFP, we have conservatively assumed a rate peg of 2.5% over the remainder of the 10-year LTFP. It is to be noted that IPART are currently reviewing the Rate Peg methodology and recently released a draft report recommending simplification of the method, and ways to more accurately reflect the changes in costs that Councils incur in providing their services. Council's Executive Leadership Team members have participated in and contributed to this review.

  - Labour costs represent approximately 42% of council's total General Fund costs, and even without any growth in underlying employee numbers, increase at a rate greater than the rate peg. Council's labour costs increase in line with the new Local Government (State) Award which comes into effect on 1 July 2023. Council has used the proposed Award increases of 4.5%, 3.5% and 3.0% over the next three years and added 0.5% to each year for salary progression and then assumed 3.0% per annum over the remaining life of the LTFP, all in excess of the future rate peg. The LTFP also includes a $1,000 one off payment to staff in both the 2024-25 and 2025-26 financial years, in line with the new Award as well as the legislated increases in the Superannuation Guarantee Charges (SGC)
  - Other costs growing at rates significantly in excess of the rate peg in recent years with a continued outlook for high inflation in coming years. The LTFP assumes a CPI for 2023-24 of 6.3% as published by the RBA in November 2022[2] and 2024-25 of 3.5% which is slightly more conservative than the RBA forecast of 4.2%.

- The absence of, and limited opportunity to develop, own source revenue streams. While Council has several commercial businesses, these are:
  - either loss making or have limited ability to generate operating surpluses (e.g., Kempsey Airport, Kempsey Regional Saleyards, Slim Dusty Centre, Commercial Waste operations); or
  - require funds to be ringfenced with profits maintained in reserves with restrictions as to how those funds can be used (e.g., Macleay Valley Coast Holiday Parks and Domestic Waste Operations).
- The need for continued greater investment in key functions such as asset management, project management resourcing, strategic planning, risk management, internal audit, community engagement, information technology and cyber security. Historically, limited funds were allocated to these functions. Appropriate funding has been included within the LTFP in relation to these important corporate governance related functions. However, this results in an increased operating cost base going forward.
- Increasing borrowing costs due to the combination of both forecast increased borrowings and the increasing cost of debt due to the recent run of interest rate increases. Given the projected future operating deficits, Council will not generate sufficient cash flows to fund all its projected capital expenditure and consequently, a portion of the annual capital program will need to be funded through loan borrowings. The LTFP forecasts General Fund borrowings of approximately $190M over the 10-year period. This level of borrowings combined with higher borrowing / interest rates results in projected annual borrowing costs increasing from around $0.3M in 2023-24 to $8.7M in 2032-33.

The inclusion of increased capital and operating costs in the LTFP to address the identified **asset backlog** relates to:

[2] The latest RBA forecast in February 2023 showed CPI impacting the 2023-24 at 6.7% and 3.6% for the 2024-25 year. No changes in CPI have been made to the final LTFP.

- Improved asset management systems and data which has enabled the more accurate identification and quantification of those assets requiring repair and / or replacement.
- Addressing the asset backlog will maintain Council's assets in a 'stable' condition. This approach will not significantly improve the overall quality of Council's assets but will result in them being maintained and prevent further deterioration. The projected asset condition based on addressing the backlog is depicted in the chart below.
- Addressing the backlog increases required expenditure by $7.3M in annual capital asset replacement and $0.7M in annual repairs and maintenance costs. If the backlog is not addressed, these assets will deteriorate even further and cost even more to repair or replace in the future.
- In order to fund the backlog, Council will need to take out new loans as the current financial operating result does not generate sufficient cash flow to fund these costs.



Note: Service State 1 = Very good, whereas Service State 5 = Very poor

Continuing to forecast General Fund operating deficits into the future is not sustainable. To address these projected deficits a revised 'Financial Sustainability Program' was developed and adopted as a critical part of the 2021-22 LTFP. This focuses on the critical items that will deliver the step change in performance needed to return Council's General Fund to a financially sustainable position. The revised Financial Sustainability Program remains aligned to the key objectives of the Financial Sustainability Strategy adopted by Council in 2019, as detailed earlier within this document.

The revised Financial Sustainability Program is largely focused on the General Fund given the large operating deficits forecast for that fund going forward. Additionally, the development of the Integrated Water Cycle Management (IWCM) plan, which is currently being developed, will address the future planning, including financial sustainability, needed in relation to the Water and Sewer funds.

Appendix 1 contains the detailed Financial Sustainability Program actions which have been reported on a quarterly basis to Council over the course of the 2022-23 financial year. The Financial Sustainability Program actions have been organised in accordance with the three core themes from the Financial Sustainability Strategy adopted in April 2019 (as noted in the chart on page 9), being:

1. Delivering best value to our community;
2. Striving to deliver better practices; and
3. Excellence in financial management.

Some actions from the adopted Financial Sustainability Strategy were carried forward and included

within the revised Financial Sustainability Program, where they were identified as a priority future action to address Council's financial sustainability issues.

Given the importance of the LTFP as a key component of Council's Integrated Planning & Reporting document suite, which is reviewed and updated annually, it is considered more appropriate to include financial sustainability strategies, initiatives, and actions within the LTFP going forward rather than within a separate strategy document. Consequently, future LTFPs will continue to incorporate Council's latest Financial Sustainability Program.

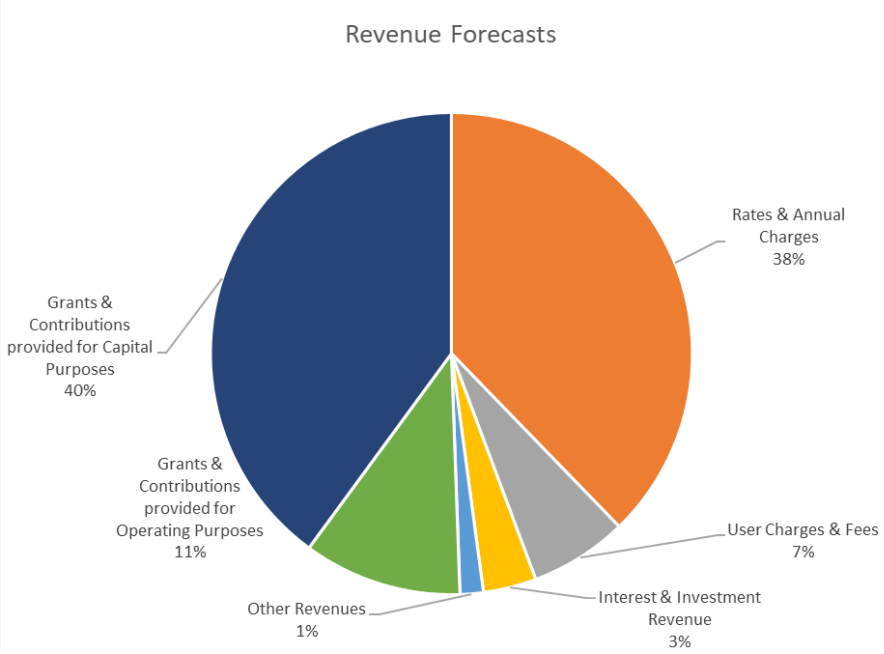
Assumptions

In seeking to project future 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 and is consistent with IPART population growth factor assumptions.
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 assumes a CPI for 2023-24 of 6.3% published by the RBA in November 2022 and 2024-25 of 3.5% which is slightly more conservative than the RBA forecast of 4.2%. Beyond 2025-26 a standard 2.5% CPI rate has been applied across the remaining years of the LTFP.
Interest Rate Movements	While there is an expectation that interest rates will increase in the medium term, borrowing costs have used a long-term average of 6% for all new loans. Existing loans are forecast at their existing fixed rates. Interest on investments is assumed to be 1.5% less than borrowing costs (based on historical experience) at 4.5%.

Revenue Forecasts and Assumptions

The following chart shows the composition of Council's revenue for 2023-24 and provides an indication of the reliance on the various revenue streams.



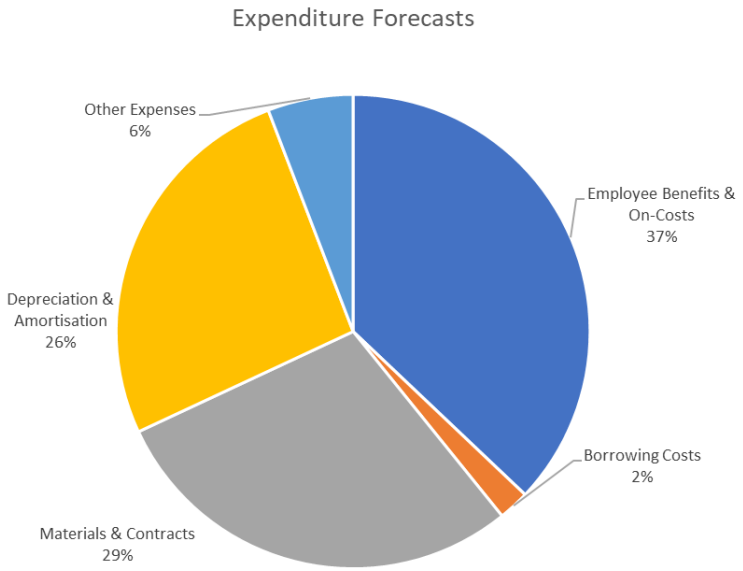
Key revenue related assumptions within the LTFP include the following:

Revenue area	Assumption Basis
Rates and Annual Charges	Rating is a major component of Council's revenue base, comprising of approximately 38% of Council's revenue. It has been assumed that a continuation of the Environmental Levy Special Rate Variation, which is due to expire 30 June 2028, is approved.
(i) General Fund	In 2023-24 the LTFP includes the approved rate peg of 3.7%. From 2024-25 onwards, a rate peg amount of 2.5% has been assumed. The "Scenarios" section and Appendix 6 assume a Special Rate Variation (SRV) over a three-year timeframe starting from 2024-25. The scenarios are illustrative only and show what price increases would be required to bring the General Fund Net Operating Result (excluding Capital Grants and Contributions) from a deficit back to an average $1M surplus.
(ii) Water Fund	An increase of CPI of 6.3% for the 2023-24 year, 3.5% for the 2024-25 year and then 2.5% thereafter.
(iii) Sewage Fund	An increase of 13.3% (6.3% CPI and 7% real price increases) in the 2023-24 year and then 5.0% (including CPI) year on year for the following 4 years and then reverts to 2.5% CPI increases thereafter.
User Charges and Fees	Council annually establishes its fees and charges in accordance with the provisions of the *Local Government Act 1993*. A review of fees and charges has been undertaken with most fees and charges increasing at or around the CPI assumption of 6.3%. Some fees and charges remained at 2023-24 levels due to legislative or other reasons, while certain categories of fees and charges increased by greater than CPI to reflect the cost of providing the service.
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 Grants and the Roads to Recovery Program will continue

Revenue area	Assumption Basis
	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 received and expended.
Interest on Investments	Interest on investments will vary depending on the amount of Council investments held 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 4.5% for all years has been applied for all years in the LTFP.
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 2023-24. Much of Council's expenditure is regular and on-going.



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 in accordance with the new Local Government (State) Award taking effect on 1 July 2023. Council has used the new Award increases of 4.5%, 3.5% and 3.0% for the next three years and then added 0.5% for salary progression in each year, then 2.5% + 0.5% salary progression per annum over the remaining life of the LTFP. It also includes a $1,000 one off payment to staff in the 2024-25 and 2025-26 financial years in line with the new Award.
Materials and Contracts	Materials and contracts costs cover all materials used in operational activities and major ongoing operational contracts, such as the domestic waste contract. These costs have been increased at CPI. In prior years, the first year of the LTFP had not had any CPI increase applied. This enforced an efficiency target on Council to find savings across all ten years of the LTFP. Due to recent inflationary increases, an efficiency target is not realistic for 2023-24 and therefore CPI has been applied.
Depreciation	Council is required to revalue its assets on a five-year rolling program. Additionally, on an annual basis Council is required to undertake an assessment of the fair value of its assets in accordance with Australian Accounting Standards. This fair value assessment will impact depreciation to the extent that asset values increase or decrease. For the 2023-24 financial year the depreciation has been indexed using the latest available values and the outer years have assumed a 3.4% depreciation increase each year to account for increased replacement costs which are

Expenditure area	Assumption Basis
	a factor in the asset revaluations. New asset depreciation has also been factored in to the LTFP. Improvements in the accuracy of our asset management data means Council has and will continue to refine its depreciation budget.
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 assumes an average long-term standard interest rate of 6%.
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 inexpenses or revenues.

The following includes key areas of assumptions for potential impact in the 2023-33 LTFP.

Rates and Annual Charges

Rates and annual charges make up approximately 38% of the consolidated budgeted 2023-24 operating revenue for Council. Council is generally limited to a maximum increase for Rate 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) for General Fund rate income.

Grants and Contributions

Council relies on income from both grants and contributions. The Federal Government Financial Assistance Grants and the Roads to Recovery grant programs combined constitute approximately 10% of Councils general fund revenue (excluding Capital Grant 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 LTFP has been prepared with the assumption that the Federal Government Financial Assistance Grants and the Roads to Recovery Program will continue indefinitely based on the current arrangements.

Employee Expenses

Employee costs make up 37% of the consolidated projected 2023-24 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.

Council's ability to engage the necessary workforce to achieve the community's expectations are 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 on 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 2023-24 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 events that increase 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. Many construction projects budgets have almost doubled since they were set a couple of years ago. This is most pronounced in the revised Sewer Fund capital program which has almost doubled from prior estimates of $120M to $244M.

Scenarios

Several scenarios have been included within Appendix 6 of the LTFP. These scenarios,as detailed in the table below, relate to the General Fund and are projections only.

Description	Proposed case	Scenario 1	Scenario 2	Scenario 3
What will this address?	• Asset backlog at current levels of service[3]	• **Proposed case +** • Financial sustainability	• **Scenario 1 +** • Improve the overall condition of Council owned assets	• **Scenario 2 +** • Improve the standard of roads and bridges when they are replaced
Rationale	• If the asset backlog is not addressed, Council's assets will deteriorate even more over time and cost a lot more in the future when the assets are in an even worse condition. • Currently asset replacement times have been pushed out as Council has not had the financial capacity or resources to replace assets in line with recommended asset replacement times.	• **Proposed case +** • Council has to be financially sustainable to be able to keep providing its current levels of service.	• **Scenario 1 +** • Assets are replaced in line with recommended asset replacement times.	• **Scenario 2 +** • By replacing roads with thicker more durable materials and using concrete instead of timber for bridges means they will handle the increases in future wear and tear better.
Financial outcome	$103M in cumulative deficits over the 10-year forecast period	Moderate surplus of $1M on average over the 2025-26 to 2032-33 period		
Annual rate peg increase	2.5%	2.5%	2.5%	2.5%
Annual SRV increase each year for 3 years[4]	0%	12%	20%	22%
Annual Rate peg + SRV increase each year	**2.5%**	**14.5%**	**22.5%**	**24.5%**
Cumulative increase after 3 years[5]	**8%**	**51%**	**85%**	**94%**

The scenarios have been included in the LTFP for illustrative purposes only to demonstrate the increase that would be required, outside of other financial improvement strategies, to reduce the forecast

[3] Our current adopted Strategic Asset Management Plan (SAMP) is not based on recommended asset replacement times but on extended replacement times as Council currently cannot afford to replace assets at the recommended times, meaning that Council's assets will still be slowly going backwards under this scenario.

[4] from 2024-25 to 2026-27

[5] Note the cumulative price change after 3 years is not simply 3 x Annual rate peg + SRV change. This is due to the impacts of year-on-year compounding which means the cumulative increase is greater than simply the addition of three annual increases.

General Fund operating deficit back to a modest budget position.

As detailed above, it is expected that Council's Financial Sustainability Program will deliver efficiencies and operating expenditure reductions in future years, however, the extent of these is difficult to accurately quantify. At the April 2023 meeting, Council approved to start investigation work in relation to a future SRV submission. Before any SRV application is lodged significant community education and engagement would be conducted. The scenarios here will form the basis of the community education and engagement.

Appendix 1

General Fund Financial Sustainability Program – Key Initiatives

#	Theme	Program	Initiative(s)	Outcome(s)	Responsible Department
1	Delivering Best Value to our Community	Asset management	Implementation of actions identified within Council's adopted Strategic Asset Management Plan (SAMP)	Better asset management practices that lead to improved financial performance, better asset decision making, a decrease in risk, an improvement in service outcomes, and therefore maximising the assets contribution to the community	Strategic & Asset Planning
2	Delivering Best Value to our Community	Service reviews	Development and implementation of a prioritised service review framework	A service review process that ensures service delivery is undertaken in the most efficient and effective manner, demonstrating value for money to the community	Corporate Performance
3	Excellence in Financial Management	Treasury management	1. Establish and adopt a Restricted Assets Policy 2. Develop a Debt Policy outlining how debt will be used, linking intergenerational equity and the consumption of assets across the useful life 3. Develop an Investment Strategy that outlines how Council will invest available resources	1. An appropriate level of cash and reserves is available to fund working capital requirements and internally restricted reserves are supported by Council resolutions to ensure optimal use of available cash 2. The use of debt is understood and accepted by Council and the community as a way of funding long term assets that are consumed by current and future residents, thereby balancing asset costs across generations 3. Investment strategy is developed that maximises the investment returns to Council	Financial Services
4	Excellence in Financial Management	Grants	Grant funding strategy, policy and framework is developed to clearly align with long-term financial sustainability objectives	All grant applications are prioritised, align with adopted Delivery Programs and Operational Plans, consider impact on the LTFP, and are approved by ELT, and where required Council, prior to submission	Financial Services
5	Striving to Deliver Better Practices	Own source revenue	Investigate opportunities for new and increased own source revenue streams	New or increased own source revenue streams are identified and subject to assessment and appropriate approval processes implemented to increase income and reduce the operating deficit	Commercial Business

#	Theme	Program	Initiative(s)	Outcome(s)	Responsible Department
6	Excellence in Financial Management	Corporate governance	Audit, Risk & Improvement Committee (ARIC) scope is extended to include an increased focus on longer term financial sustainability outcomes	ARIC plays an active governance role in the delivery of Council's Financial Sustainability Program	Director Corporate & Commercial and Internal Audit
7	Delivering Best Value to our Community	Community surveys	Future community surveys have an expanded focus on financial sustainability and associated impacts	Community survey feedback provides meaningful input into the development of future of Financial Sustainability Programs	Corporate Performance
8	Excellence in Financial Management	Financial management	Continuous improvements are made to Council's budgeting and forecasting processes	Surplus budgets are progressively worked towards; the capital program is sized appropriately to meet the capability and capacity of the workforce; and asset renewal and maintenance is prioritised over new builds within the budget in accordance with the SAMP	Corporate Performance
9	Striving to Deliver Better Practices	Innovation portal	Develop and implement an innovation portal to allow capture and refinement of business improvement initiatives from staff across the organisation, inclusive of cost reduction opportunities.	Innovation is seen as a key attribute across Council, staff are empowered to identify and nominate improvement opportunities and the improvements are delivering value across the organisation.	Corporate Performance
10	Delivering Best Value to our Community	Procurement & Contract Management	1. Develop a procurement strategy to support sustainable service delivery, reduction in third party costs and improved supplier relationships 2. Implement a contract management framework to support sustainable service delivery, reduction in third party costs and improved supplier relationships	Improved supplier relationships and management, and reduced procurement and contract management risks, while driving down third party spend	Financial Services

#	Theme	Program	Initiative(s)	Outcome(s)	Responsible Department
11	Delivering Best Value to our Community	Development Contribution Plans	Develop rolling program of review and refinement of Developer Contribution Plans to ensure future development pays for growth related infrastructure.	Developer Contribution Plans are in place, up to date and balance the future costs of asset provision between the existing and future populations	Strategic & Asset Planning
12	Striving to Deliver Better Practices	Project Management	Embed the Project Management Office (PMO) and improve project management outcomes across the organisation	Improved project management resulting in the delivery of projects on time, within budget and to the quality standard required	Corporate Performance
13	Delivering Best Value to our Community	Organisational structure	Undertake a review of the organisational structure	Council's organisational structure balances the objectives of delivering services to the community at the cost, quality, and frequency they desire, and support the health, well-being, and overall engagement of Council's employees, while being financially affordable	Organisational Development
14	Delivering Best Value to our Community	Special Rate Variation (SRV)	Commence planning for a SRV application to IPART to address Council's underlying financial sustainability issues	A detailed SRV report, detailing available options including potential rate rises and/or service reductions is reported to Council	Corporate Performance

Notes:

1. These Financial Sustainability Program actions do not have specific Operational Plan actions, but rather fall within the financial sustainability related action "*Implement financial sustainability strategies, initiatives and actions as detailed within the Long-Term Financial Plan*".
2. There are a number of other initiatives that are in the process of being delivered as part of existing business as usual activities. Other initiatives may be introduced into the Financial Sustainability Program as and when they are identified as being a priority.

Appendix 2

Ratios

Kempsey Shire Council
10 Year Financial Plan for the Years ending 30 June 2033
KEY PERFORMANCE INDICATORS - CONSOLIDATED
Scenario: Proposed

		Current Year	Projected Years								
		2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Council's Target Benchmarks												
New Note 13 Ratios												
Operating Performance Ratio 1)	Snapshot	—	—	—	↓	↓	↓	↓	↓	↓	↓	↓
	Actual Ratio	2.41%	5.46%	4.40%	-0.11%	-2.68%	-6.72%	-9.95%	-10.56%	-10.95%	-11.52%	-12.61%
Own Source Operating Revenue Ratio 1)	Snapshot	↓	↓	—	—	—	—	—	—	—	—	—
	Actual Ratio	57.05%	53.44%	65.56%	72.01%	72.53%	72.50%	78.77%	80.00%	80.07%	80.11%	80.16%
Unrestricted Current Ratio	Snapshot	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
	Actual Ratio	1.28	0.31	-2.13	-3.33	-4.39	-5.48	-5.93	-6.42	-6.77	-6.87	-7.16
Debt Service Cover Ratio 1)	Snapshot	—	—	—	—	↓	↓	↓	↓	↓	↓	↓
	Actual Ratio	4.24	4.70	4.39	2.70	1.93	1.42	1.19	1.18	1.14	1.10	1.04
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	Snapshot	—	—	—	—	—	—	—	—	—	—	—
	Actual Ratio	8.90%	8.94%	8.89%	8.87%	8.85%	8.83%	8.83%	8.83%	8.83%	8.83%	8.83%
Cash Expense Cover Ratio 1)	Snapshot	—	—	—	—	↓	↓	↓	↓	↓	↓	↓
	Actual Ratio	3.47	3.36	3.41	3.12	2.88	2.61	2.40	1.75	1.70	1.64	1.58

Within green benchmark (green min and/or green max)
Within amber benchmark (amber min and/or amber max)
Not within benchmark (amber min and/or amber max)

— Within green benchmark
↗ above green maximum and below amber maximum
↘ below green minimum and above amber minimum
↑ above amber maximum
↓ below amber minimum

1) **different** Calculation to TCorp's calculation for same ratio

Appendix 3

Income Statement

Kempsey Shire Council 10 Year Financial Plan for the Years ending 30 June 2033 INCOME STATEMENT - CONSOLIDATED Scenario: Proposed	Actuals 2021/22 $'000	Current Year 2022/23 $'000	Projected Years 2023/24 $'000	2024/25 $'000	2025/26 $'000	2026/27 $'000	2027/28 $'000	2028/29 $'000	2029/30 $'000	2030/31 $'000	2031/32 $'000	2032/33 $'000
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	45,871	47,618	52,127	53,958	55,733	57,573	59,482	60,969	62,494	64,056	65,657	67,299
User Charges & Fees	17,915	19,560	20,951	21,653	22,184	22,729	23,289	23,840	24,406	24,986	25,580	26,189
Other Revenues	2,300	2,109	2,154	2,229	2,285	2,342	2,400	2,460	2,522	2,585	2,649	2,716
Grants & Contributions provided for Operating Purposes	14,844	20,575	14,695	13,349	13,681	14,023	14,369	14,733	15,101	15,479	15,866	16,262
Grants & Contributions provided for Capital Purposes	34,532	33,916	55,146	29,310	18,535	18,361	19,018	9,768	8,198	8,278	8,360	8,444
Interest & Investment Revenue	786	3,091	4,921	3,360	2,681	2,881	2,840	3,663	3,799	3,800	3,715	3,598
Total Income from Continuing Operations	116,248	126,869	149,995	123,858	115,099	117,909	121,399	115,435	116,520	119,183	121,828	124,508
Expenses from Continuing Operations												
Employee Benefits & On-Costs	26,520	29,513	33,240	35,158	36,532	37,144	38,258	39,406	40,588	41,806	43,060	44,352
Borrowing Costs	1,895	2,091	1,889	2,566	5,202	8,501	12,771	16,677	17,642	17,919	18,311	18,922
Materials & Contracts	26,014	32,018	25,894	23,379	24,659	25,266	25,899	26,712	27,051	27,722	28,409	29,461
Depreciation & Amortisation	23,667	23,153	23,415	24,280	25,150	26,050	26,940	27,860	28,811	29,796	30,814	31,867
Impairment of receivables	59	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	2,737	3,939	5,229	5,006	5,131	5,259	5,391	5,526	5,664	5,805	5,950	6,099
Net Losses from the Disposal of Assets	4,123	-	-	-	-	-	-	-	-	-	-	-
Revaluation decrement/impairment of IPPE	345	-	-	-	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	85,360	90,713	89,667	90,389	96,674	102,220	109,259	116,181	119,756	123,048	126,543	130,700
Net Operating Result for the Year	30,888	36,156	60,329	33,469	18,425	15,690	12,140	(746)	(3,236)	(3,865)	(4,716)	(6,193)
Net Operating Result before Grants and Contributions provided for Capital Purposes	(3,644)	2,240	5,182	4,159	(110)	(2,672)	(6,878)	(10,514)	(11,434)	(12,143)	(13,076)	(14,636)

Kempsey Shire Council
10 Year Financial Plan for the Years ending 30 June 2033
INCOME STATEMENT - GENERAL FUND
Scenario: Proposed

	Actuals	Current Year	Projected Years									
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	27,414	28,249	30,193	31,013	31,788	32,583	33,397	34,232	35,088	35,965	36,864	37,786
User Charges & Fees	8,211	8,461	9,071	9,389	9,623	9,864	10,110	10,363	10,622	10,888	11,160	11,439
Other Revenues	1,915	2,085	2,128	2,202	2,258	2,314	2,372	2,431	2,492	2,554	2,618	2,684
Grants & Contributions provided for Operating Purposes	14,466	20,077	14,315	12,952	13,274	13,606	13,942	14,295	14,652	15,019	15,394	15,779
Grants & Contributions provided for Capital Purposes	27,876	30,306	50,395	18,225	9,199	6,556	6,595	6,635	6,676	6,718	6,761	6,805
Interest & Investment Revenue	638	2,125	2,733	1,946	1,585	1,660	1,661	1,674	1,673	1,661	1,659	1,608
Total Income from Continuing Operations	80,520	91,303	108,835	75,726	67,728	66,583	68,077	69,630	71,203	72,804	74,456	76,100
Expenses from Continuing Operations												
Employee Benefits & On-Costs	21,060	23,249	25,651	27,145	28,207	28,667	29,527	30,413	31,325	32,265	33,233	34,230
Borrowing Costs	17	356	306	861	2,253	3,485	4,499	5,239	5,949	6,683	7,557	8,681
Materials & Contracts	16,132	21,479	14,675	13,375	14,406	14,721	15,091	15,634	15,696	16,083	16,479	17,233
Depreciation & Amortisation	13,762	13,695	14,941	15,477	16,008	16,557	17,125	17,713	18,320	18,948	19,598	20,271
Impairment of receivables	59	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	2,737	3,939	5,229	5,006	5,131	5,259	5,391	5,526	5,664	5,805	5,950	6,099
Net Losses from the Disposal of Assets	3,335	-	-	-	-	-	-	-	-	-	-	-
Revaluation decrement/impairment of IPPE	345	-	-	-	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	57,447	62,718	60,802	61,864	66,004	68,690	71,633	74,524	76,954	79,785	82,817	86,513
Net Operating Result for the Year	23,073	28,585	48,033	13,862	1,724	(2,107)	(3,556)	(4,894)	(5,751)	(6,981)	(8,362)	(10,414)
Net Operating Result before Grants and Contributions provided for Capital Purposes	(4,803)	(1,722)	(2,362)	(4,362)	(7,476)	(8,663)	(10,151)	(11,529)	(12,427)	(13,699)	(15,122)	(17,218)

Kempsey Shire Council
10 Year Financial Plan for the Years ending 30 June 2033

INCOME STATEMENT - WATER FUND	Actuals	Current Year	Projected Years									
Scenario: Proposed	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	5,294	5,448	5,895	6,101	6,254	6,410	6,570	6,735	6,903	7,076	7,253	7,434
User Charges & Fees	8,162	9,327	9,917	10,264	10,521	10,784	11,054	11,330	11,613	11,904	12,201	12,506
Other Revenues	147	19	20	21	21	22	23	23	24	24	25	25
Grants & Contributions provided for Operating Purposes	268	290	234	243	249	255	262	268	275	282	289	296
Grants & Contributions provided for Capital Purposes	2,299	1,214	3,829	8,755	3,251	870	892	914	937	960	984	1,009
Interest & Investment Revenue	83	493	1,061	554	704	1,120	1,080	1,048	1,040	1,061	1,086	1,116
Total Income from Continuing Operations	16,253	16,791	20,957	25,939	21,000	19,462	19,880	20,318	20,792	21,306	21,838	22,386
Expenses from Continuing Operations												
Employee Benefits & On-Costs	2,813	3,038	3,879	4,095	4,254	4,333	4,463	4,597	4,735	4,877	5,023	5,174
Borrowing Costs	1,079	1,004	924	1,131	2,101	2,486	2,327	2,171	2,038	1,918	1,793	1,658
Materials & Contracts	4,688	5,583	5,854	5,507	5,645	5,821	5,966	6,115	6,268	6,425	6,585	6,750
Depreciation & Amortisation	5,802	5,627	4,357	4,527	4,702	4,883	5,049	5,221	5,398	5,581	5,771	5,967
Impairment of receivables	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Net Losses from the Disposal of Assets	740	-	-	-	-	-	-	-	-	-	-	-
Revaluation decrement/impairment of IPPE	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	15,122	15,251	15,015	15,260	16,703	17,523	17,806	18,104	18,439	18,801	19,172	19,549
Net Operating Result for the Year	1,131	1,540	5,941	10,678	4,297	1,939	2,074	2,213	2,353	2,505	2,666	2,837
Net Operating Result before Grants and Contributions provided for Capital Purposes	(1,168)	325	2,112	1,923	1,047	1,069	1,182	1,299	1,416	1,545	1,681	1,828

Kempsey Shire Council
10 Year Financial Plan for the Years ending 30 June 2033

INCOME STATEMENT - SEWER FUND	Actuals	Current Year	Projected Years									
Scenario: Proposed	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	13,163	13,921	16,039	16,844	17,691	18,580	19,515	20,003	20,503	21,015	21,541	22,079
User Charges & Fees	1,542	1,773	1,963	2,000	2,040	2,081	2,124	2,147	2,171	2,194	2,219	2,244
Other Revenues	238	5	5	6	6	6	6	6	6	6	7	7
Grants & Contributions provided for Operating Purposes	110	209	147	154	158	162	166	170	174	179	183	188
Grants & Contributions provided for Capital Purposes	4,357	2,396	922	2,330	6,085	10,935	11,532	2,219	586	600	615	631
Interest & Investment Revenue	65	473	1,127	860	392	100	100	942	1,086	1,078	970	874
Total Income from Continuing Operations	19,475	18,776	20,203	22,193	26,371	31,865	33,442	25,487	24,525	25,073	25,534	26,022
Expenses from Continuing Operations												
Employee Benefits & On-Costs	2,647	3,226	3,709	3,918	4,071	4,144	4,268	4,396	4,528	4,664	4,804	4,948
Borrowing Costs	799	731	659	575	848	2,530	5,945	9,267	9,654	9,318	8,961	8,582
Materials & Contracts	5,194	4,955	5,365	4,496	4,608	4,724	4,842	4,963	5,087	5,214	5,344	5,478
Depreciation & Amortisation	4,103	3,832	4,116	4,276	4,440	4,609	4,765	4,927	5,094	5,266	5,445	5,629
Impairment of receivables	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Net Losses from the Disposal of Assets	48	-	-	-	-	-	-	-	-	-	-	-
Revaluation decrement/impairment of IPPE	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	12,791	12,744	13,849	13,265	13,967	16,007	19,820	23,553	24,363	24,462	24,554	24,638
Net Operating Result for the Year	6,684	6,032	6,354	8,928	12,404	15,857	13,622	1,934	162	611	980	1,385
Net Operating Result before Grants and Contributions provided for Capital Purposes	2,327	3,637	5,432	6,599	6,319	4,922	2,091	(285)	(424)	11	365	754

Appendix 4

Financial Position

Kempsey Shire Council 10 Year Financial Plan for the Years ending 30 June 2033 BALANCE SHEET - CONSOLIDATED Scenario: Proposed	Actuals 2021/22 $'000	Current Year 2022/23 $'000	Projected Years 2023/24 $'000	2024/25 $'000	2025/26 $'000	2026/27 $'000	2027/28 $'000	2028/29 $'000	2029/30 $'000	2030/31 $'000	2031/32 $'000	2032/33 $'000
ASSETS												
Current Assets												
Cash & Cash Equivalents	36,712	20,000	20,000	20,000	20,000	20,000	20,000	20,000	15,000	15,000	15,000	15,000
Investments	68,008	86,148	65,933	61,723	68,356	68,780	68,616	69,155	72,448	71,640	74,641	72,823
Receivables	25,726	14,008	15,777	13,466	13,427	14,033	14,430	13,781	13,928	14,253	14,600	14,936
Inventories	530	951	769	720	729	746	765	790	799	820	840	873
Contract assets and contract cost assets	2,240	2,186	2,186	2,186	2,186	2,186	2,186	2,186	2,186	2,186	2,186	2,186
Other	430	449	393	370	376	385	395	407	413	423	434	449
Total Current Assets	133,646	123,742	105,058	98,466	105,074	106,129	106,392	106,320	104,773	104,322	107,701	106,267
Non-Current Assets												
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	18	206	264	127	92	82	84	85	87	89	90	92
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Contract assets and contract cost assets	-	54	54	54	54	54	54	54	54	54	54	54
Infrastructure, Property, Plant & Equipment	1,191,116	1,228,107	1,321,985	1,393,269	1,458,844	1,544,878	1,622,363	1,636,555	1,639,191	1,642,298	1,644,567	1,647,786
Intangible Assets	1,378	1,378	1,378	1,378	1,378	1,378	1,378	1,378	1,378	1,378	1,378	1,378
Right of use assets	39	39	39	39	39	39	39	39	39	39	39	39
Total Non-Current Assets	1,192,551	1,229,784	1,323,720	1,394,867	1,460,407	1,546,431	1,623,918	1,638,111	1,640,749	1,643,857	1,646,129	1,649,349
TOTAL ASSETS	1,326,197	1,353,526	1,428,777	1,493,333	1,565,482	1,652,560	1,730,310	1,744,431	1,745,522	1,748,179	1,753,829	1,755,616
LIABILITIES												
Current Liabilities												
Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-	-
Payables	10,704	12,781	12,062	12,209	12,942	13,774	14,531	15,090	15,476	15,998	16,606	17,274
Income received in advance	-	-	-	-	-	-	-	-	-	-	-	-
Contract liabilities	26,545	19,350	24,671	12,140	9,119	8,654	8,851	8,162	8,167	8,323	8,484	8,649
Lease liabilities	15	-	-	-	-	-	-	-	-	-	-	-
Borrowings	4,391	4,593	4,493	5,997	7,992	10,358	12,022	12,072	13,173	14,419	15,877	16,843
Employee benefit provisions	5,593	5,810	5,810	5,810	5,810	5,810	5,810	5,810	5,810	5,810	5,810	5,810
Other provisions	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	47,248	42,534	47,037	36,155	35,862	38,597	41,214	41,134	42,626	44,551	46,778	48,577
Non-Current Liabilities												
Payables	-	681	594	559	567	581	596	614	623	639	654	678
Income received in advance	-	-	-	-	-	-	-	-	-	-	-	-
Contract liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Lease liabilities	43	58	58	58	58	58	58	58	58	58	58	58
Borrowings	51,769	47,176	57,683	99,686	153,694	222,336	285,314	300,243	303,069	307,650	315,773	321,930
Employee benefit provisions	1,094	877	877	877	877	877	877	877	877	877	877	877
Other provisions	6,934	6,934	6,934	6,934	6,934	6,934	6,934	6,934	6,934	6,934	6,934	6,934
Total Non-Current Liabilities	59,840	55,726	66,147	108,114	162,131	230,786	293,779	308,726	311,561	316,158	324,297	330,477
TOTAL LIABILITIES	107,088	98,260	113,183	144,269	197,993	269,383	334,992	349,860	354,187	360,708	371,074	379,054
Net Assets	1,219,109	1,255,265	1,315,594	1,349,063	1,367,488	1,383,178	1,395,318	1,394,572	1,391,335	1,387,471	1,382,755	1,376,562
EQUITY												
Retained Earnings	526,981	563,137	623,466	656,935	675,360	691,050	703,190	702,444	699,207	695,343	690,627	684,434
Revaluation Reserves	692,128	692,128	692,128	692,128	692,128	692,128	692,128	692,128	692,128	692,128	692,128	692,128
Other Reserves	-	-	-	-	-	-	-	-	-	-	-	-
Council Equity Interest	1,219,109	1,255,265	1,315,594	1,349,063	1,367,488	1,383,178	1,395,318	1,394,572	1,391,335	1,387,471	1,382,755	1,376,562
Non-controlling equity interests	-	-	-	-	-	-	-	-	-	-	-	-
Total Equity	1,219,109	1,255,265	1,315,594	1,349,063	1,367,488	1,383,178	1,395,318	1,394,572	1,391,335	1,387,471	1,382,755	1,376,562

Kempsey Shire Council 10 Year Financial Plan for the Years ending 30 June 2033 BALANCE SHEET - GENERAL FUND Scenario: Proposed	Actuals 2021/22 $'000	Current Year 2022/23 $'000	Projected Years 2023/24 $'000	2024/25 $'000	2025/26 $'000	2026/27 $'000	2027/28 $'000	2028/29 $'000	2029/30 $'000	2030/31 $'000	2031/32 $'000	2032/33 $'000
ASSETS												
Current Assets												
Cash & Cash Equivalents	14,837	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Investments	44,054	52,105	39,645	35,056	34,800	34,745	34,182	33,870	33,574	33,859	37,728	36,480
Receivables	19,815	8,991	10,491	7,845	7,264	7,207	7,372	7,541	7,715	7,895	8,093	8,276
Inventories	530	951	769	720	729	746	765	790	799	820	840	873
Contract assets and contract cost assets	2,024	2,024	2,024	2,024	2,024	2,024	2,024	2,024	2,024	2,024	2,024	2,024
Other	420	443	387	364	370	378	388	400	406	416	426	442
Total Current Assets	81,680	69,514	58,316	51,009	50,187	50,101	49,731	49,626	49,518	50,013	54,111	53,095
Non-Current Assets												
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	18	206	264	127	92	82	84	85	87	89	90	92
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Contract assets and contract cost assets	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	883,127	917,598	989,906	1,021,477	1,041,586	1,055,845	1,065,257	1,072,687	1,079,555	1,087,093	1,093,978	1,102,053
Intangible Assets	1,378	1,378	1,378	1,378	1,378	1,378	1,378	1,378	1,378	1,378	1,378	1,378
Right of use assets	39	39	39	39	39	39	39	39	39	39	39	39
Total Non-Current Assets	884,562	919,221	991,587	1,023,021	1,043,095	1,057,344	1,066,758	1,074,189	1,081,059	1,088,599	1,095,485	1,103,562
TOTAL ASSETS	966,242	988,735	1,049,904	1,074,030	1,093,281	1,107,445	1,116,489	1,123,815	1,130,576	1,138,612	1,149,596	1,156,656
LIABILITIES												
Current Liabilities												
Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-	-
Payables	10,535	12,637	11,917	12,010	12,589	13,147	13,638	14,172	14,588	15,143	15,786	16,491
Income received in advance	-	-	-	-	-	-	-	-	-	-	-	-
Contract liabilities	26,534	19,100	24,531	11,819	8,520	7,643	7,785	7,934	8,085	8,240	8,399	8,561
Lease liabilities	15	-	-	-	-	-	-	-	-	-	-	-
Borrowings	1,440	1,490	1,081	1,761	2,425	3,049	3,481	4,063	4,708	5,472	6,417	7,392
Employee benefit provisions	5,593	5,810	5,810	5,810	5,810	5,810	5,810	5,810	5,810	5,810	5,810	5,810
Other provisions	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	44,117	39,037	43,340	31,399	29,344	29,649	30,714	31,979	33,191	34,665	36,412	38,254
Non-Current Liabilities												
Payables	-	681	594	559	567	581	596	614	623	639	654	678
Income received in advance	-	-	-	-	-	-	-	-	-	-	-	-
Contract liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Lease liabilities	43	58	58	58	58	58	58	58	58	58	58	58
Borrowings	15,720	14,230	23,149	45,388	64,964	80,915	92,435	103,371	114,663	128,191	145,774	161,382
Employee benefit provisions	1,094	877	877	877	877	877	877	877	877	877	877	877
Other provisions	6,934	6,934	6,934	6,934	6,934	6,934	6,934	6,934	6,934	6,934	6,934	6,934
Total Non-Current Liabilities	23,791	22,780	31,612	53,816	73,400	89,365	100,899	111,854	123,155	136,698	154,297	169,929
TOTAL LIABILITIES	67,908	61,817	74,952	85,215	102,744	119,014	131,613	143,834	156,346	171,364	190,709	208,183
Net Assets	898,334	926,919	974,952	988,814	990,538	988,431	984,875	979,981	974,230	967,249	958,887	948,473
EQUITY												
Retained Earnings	402,958	431,543	479,576	493,438	495,162	493,055	489,499	484,605	478,854	471,873	463,511	453,097
Revaluation Reserves	495,376	495,376	495,376	495,376	495,376	495,376	495,376	495,376	495,376	495,376	495,376	495,376
Other Reserves	-	-	-	-	-	-	-	-	-	-	-	-
Council Equity Interest	898,334	926,919	974,952	988,814	990,538	988,431	984,875	979,981	974,230	967,249	958,887	948,473
Non-controlling equity interests	-	-	-	-	-	-	-	-	-	-	-	-
Total Equity	898,334	926,919	974,952	988,814	990,538	988,431	984,875	979,981	974,230	967,249	958,887	948,473

Kempsey Shire Council
10 Year Financial Plan for the Years ending 30 June 2033

BALANCE SHEET - WATER FUND	Actuals	Current Year	Projected Years									
Scenario: Proposed	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
ASSETS												
Current Assets												
Cash & Cash Equivalents	13,013	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Investments	13,399	20,560	15,605	15,151	20,255	19,900	19,636	19,854	20,697	21,643	22,676	23,849
Receivables	2,935	3,219	3,438	3,561	3,647	3,737	3,830	3,926	4,024	4,125	4,228	4,333
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Contract assets and contract cost assets	216	162	162	162	162	162	162	162	162	162	162	162
Other	5	5	5	5	5	5	5	6	6	6	6	6
Total Current Assets	29,568	28,946	24,210	23,879	29,069	28,805	28,634	28,947	29,888	30,936	32,072	33,351
Non-Current Assets												
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Contract assets and contract cost assets	-	54	54	54	54	54	54	54	54	54	54	54
Infrastructure, Property, Plant & Equipment	183,055	183,483	197,438	224,550	231,051	230,234	229,325	228,349	227,301	226,179	225,004	223,721
Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Right of use assets	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	183,055	183,537	197,492	224,604	231,105	230,288	229,379	228,403	227,355	226,233	225,058	223,775
TOTAL ASSETS	212,623	212,483	221,702	248,483	260,174	259,093	258,013	257,350	257,244	257,169	257,130	257,126
LIABILITIES												
Current Liabilities												
Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-	-
Payables	102	84	91	123	139	134	129	124	120	116	112	107
Income received in advance	-	-	-	-	-	-	-	-	-	-	-	-
Contract liabilities	-	16	44	97	38	12	12	13	13	13	14	14
Lease liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	1,678	1,758	1,982	2,563	2,990	3,148	2,872	2,456	2,576	2,701	2,836	2,600
Employee benefit provisions	-	-	-	-	-	-	-	-	-	-	-	-
Other provisions	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	1,780	1,858	2,117	2,783	3,167	3,294	3,013	2,593	2,709	2,830	2,961	2,721
Non-Current Liabilities												
Payables	-	-	-	-	-	-	-	-	-	-	-	-
Income received in advance	-	-	-	-	-	-	-	-	-	-	-	-
Contract liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Lease liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	23,654	21,897	24,915	40,352	47,362	44,214	41,342	38,886	36,310	33,609	30,773	28,173
Employee benefit provisions	-	-	-	-	-	-	-	-	-	-	-	-
Other provisions	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	23,654	21,897	24,915	40,352	47,362	44,214	41,342	38,886	36,310	33,609	30,773	28,173
TOTAL LIABILITIES	25,434	23,755	27,032	43,135	50,528	47,508	44,355	41,478	39,019	36,439	33,734	30,894
Net Assets	187,189	188,729	194,670	205,348	209,646	211,585	213,658	215,872	218,224	220,730	223,395	226,232
EQUITY												
Retained Earnings	63,049	64,589	70,530	81,208	85,506	87,445	89,518	91,732	94,084	96,590	99,255	102,092
Revaluation Reserves	124,140	124,140	124,140	124,140	124,140	124,140	124,140	124,140	124,140	124,140	124,140	124,140
Other Reserves	-	-	-	-	-	-	-	-	-	-	-	-
Council Equity Interest	187,189	188,729	194,670	205,348	209,646	211,585	213,658	215,872	218,224	220,730	223,395	226,232
Non-controlling equity interests	-	-	-	-	-	-	-	-	-	-	-	-
Total Equity	187,189	188,729	194,670	205,348	209,646	211,585	213,658	215,872	218,224	220,730	223,395	226,232

Kempsey Shire Council
10 Year Financial Plan for the Years ending 30 June 2033
BALANCE SHEET - SEWER FUND
Scenario: Proposed

	Actuals	Current Year	Projected Years									
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
ASSETS												
Current Assets												
Cash & Cash Equivalents	8,862	10,000	10,000	10,000	10,000	10,000	10,000	10,000	5,000	5,000	5,000	5,000
Investments	10,555	13,483	10,683	11,517	13,301	14,134	14,798	15,431	18,177	16,137	14,237	12,493
Receivables	2,976	1,798	1,847	2,060	2,516	3,089	3,229	2,314	2,189	2,234	2,280	2,327
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Contract assets and contract cost assets	-	-	-	-	-	-	-	-	-	-	-	-
Other	5	1	1	1	1	1	1	1	1	1	1	1
Total Current Assets	22,398	25,282	22,531	23,578	25,818	27,224	28,027	27,747	25,367	23,372	21,518	19,821
Non-Current Assets												
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Contract assets and contract cost assets	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	124,934	127,026	134,640	147,242	186,208	258,799	327,781	335,520	332,335	329,025	325,586	322,012
Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Right of use assets	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	124,934	127,026	134,640	147,242	186,208	258,799	327,781	335,520	332,335	329,025	325,586	322,012
TOTAL ASSETS	**147,332**	**152,307**	**157,171**	**170,820**	**212,026**	**286,023**	**355,808**	**363,266**	**357,702**	**352,398**	**347,104**	**341,833**
LIABILITIES												
Current Liabilities												
Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-	-
Payables	67	60	54	76	214	493	764	795	768	739	709	677
Income received in advance	-	-	-	-	-	-	-	-	-	-	-	-
Contract liabilities	11	234	96	224	562	999	1,053	215	68	70	72	74
Lease liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	1,273	1,345	1,430	1,674	2,577	4,162	5,669	5,552	5,889	6,246	6,624	6,851
Employee benefit provisions	-	-	-	-	-	-	-	-	-	-	-	-
Other provisions	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	1,351	1,640	1,579	1,973	3,352	5,653	7,486	6,562	6,725	7,055	7,405	7,602
Non-Current Liabilities												
Payables	-	-	-	-	-	-	-	-	-	-	-	-
Income received in advance	-	-	-	-	-	-	-	-	-	-	-	-
Contract liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Lease liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	12,395	11,049	9,619	13,946	41,369	97,207	151,538	157,986	152,096	145,851	139,226	132,375
Employee benefit provisions	-	-	-	-	-	-	-	-	-	-	-	-
Other provisions	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	12,395	11,049	9,619	13,946	41,369	97,207	151,538	157,986	152,096	145,851	139,226	132,375
TOTAL LIABILITIES	**13,746**	**12,689**	**11,199**	**15,919**	**44,721**	**102,861**	**159,024**	**164,548**	**158,822**	**152,906**	**146,631**	**139,977**
Net Assets	**133,586**	**139,618**	**145,972**	**154,901**	**167,305**	**183,162**	**196,784**	**198,719**	**198,881**	**199,492**	**200,472**	**201,857**
EQUITY												
Retained Earnings	60,974	67,006	73,360	82,289	94,693	110,550	124,172	126,107	126,269	126,880	127,860	129,245
Revaluation Reserves	72,612	72,612	72,612	72,612	72,612	72,612	72,612	72,612	72,612	72,612	72,612	72,612
Other Reserves	-	-	-	-	-	-	-	-	-	-	-	-
Council Equity Interest	133,586	139,618	145,972	154,901	167,305	183,162	196,784	198,719	198,881	199,492	200,472	201,857
Non-controlling equity interests	-	-	-	-	-	-	-	-	-	-	-	-
Total Equity	**133,586**	**139,618**	**145,972**	**154,901**	**167,305**	**183,162**	**196,784**	**198,719**	**198,881**	**199,492**	**200,472**	**201,857**

Appendix 5

Cash Flow Statement

Kempsey Shire Council 10 Year Financial Plan for the Years ending 30 June 2033 CASH FLOW STATEMENT - CONSOLIDATED Scenario: Proposed	Actuals 2021/22 $'000	Current Year 2022/23 $'000	Projected Years 2023/24 $'000	2024/25 $'000	2025/26 $'000	2026/27 $'000	2027/28 $'000	2028/29 $'000	2029/30 $'000	2030/31 $'000	2031/32 $'000	2032/33 $'000
Cash Flows from Operating Activities												
Receipts:												
Rates & Annual Charges	45,397	47,254	51,832	53,837	55,618	57,455	59,359	60,875	62,397	63,957	65,556	67,195
User Charges & Fees	18,553	18,771	20,664	21,511	22,075	22,617	23,174	23,729	24,292	24,868	25,460	26,066
Investment & Interest Revenue Received	646	3,136	4,922	3,393	2,674	2,879	2,842	3,664	3,800	3,799	3,701	3,602
Grants & Contributions	56,665	49,092	74,309	32,341	29,426	31,585	33,496	24,740	23,443	23,883	24,355	24,839
Other	8,479	12,484	1,880	2,744	2,407	2,361	2,376	2,436	2,497	2,559	2,623	2,689
Payments:												
Employee Benefits & On-Costs	(27,705)	(29,386)	(33,227)	(35,151)	(36,527)	(37,142)	(38,254)	(39,401)	(40,583)	(41,801)	(43,055)	(44,346)
Materials & Contracts	(24,877)	(30,112)	(26,761)	(23,762)	(24,564)	(25,118)	(25,737)	(26,509)	(26,956)	(27,550)	(28,235)	(29,204)
Borrowing Costs	(1,862)	(1,875)	(1,719)	(2,053)	(4,644)	(7,896)	(12,267)	(16,422)	(17,435)	(17,667)	(17,976)	(18,628)
Net Cash provided (or used in) Operating Activities	71,195	65,963	86,670	47,848	41,356	41,498	39,620	27,613	25,811	26,268	26,503	26,144
Cash Flows from Investing Activities												
Receipts:												
Sale of Investment Securities	-	-	20,215	5,044	255	409	828	312	296	2,040	1,901	2,992
Payments:												
Purchase of Investment Securities	(3,288)	(18,140)	-	(834)	(6,888)	(833)	(664)	(851)	(3,589)	(1,232)	(4,902)	(1,173)
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	(58,424)	(60,144)	(117,292)	(95,565)	(90,726)	(112,083)	(104,425)	(42,052)	(31,447)	(32,903)	(33,083)	(35,086)
Net Cash provided (or used in) Investing Activities	(65,601)	(78,284)	(97,077)	(91,355)	(97,359)	(112,507)	(104,261)	(42,591)	(34,740)	(32,095)	(36,084)	(33,268)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from Borrowings & Advances	-	-	15,000	48,000	62,000	79,000	75,000	27,000	16,000	19,000	24,000	23,000
Payments:												
Repayment of Borrowings & Advances	(4,635)	(4,391)	(4,593)	(4,493)	(5,997)	(7,992)	(10,358)	(12,022)	(12,072)	(13,173)	(14,419)	(15,877)
Net Cash Flow provided (used in) Financing Activities	(4,649)	(4,391)	10,407	43,507	56,003	71,008	64,642	14,978	3,928	5,827	9,581	7,123
Net Increase/(Decrease) in Cash & Cash Equivalents	945	(16,712)	0	-	-	-	-	0	(5,000)	-	0	(0)
plus: Cash & Cash Equivalents - beginning of year	35,767	36,712	20,000	20,000	20,000	20,000	20,000	20,000	20,000	15,000	15,000	15,000
Cash & Cash Equivalents - end of the year	36,712	20,000	20,000	20,000	20,000	20,000	20,000	20,000	15,000	15,000	15,000	15,000
Cash & Cash Equivalents - end of the year	36,712	20,000	20,000	20,000	20,000	20,000	20,000	20,000	15,000	15,000	15,000	15,000
Investments - end of the year	68,008	86,148	65,933	61,723	68,356	68,780	68,616	69,155	72,448	71,640	74,641	72,823
Cash, Cash Equivalents & Investments - end of the year	104,720	106,148	85,933	81,723	88,356	88,780	88,616	89,155	87,448	86,640	89,641	87,823
Representing:												
- External Restrictions	95,226	94,043	67,363	67,743	75,387	76,603	77,692	79,250	78,563	78,212	78,105	78,314
- Internal Restrictions	8,119	5,215	5,215	5,215	5,366	5,514	5,652	5,793	5,938	6,086	6,238	6,394
- Unrestricted	1,375	6,890	13,355	8,766	7,603	6,663	5,272	4,112	2,947	2,342	5,298	3,114
	104,720	106,148	85,933	81,723	88,356	88,780	88,616	89,155	87,448	86,640	89,641	87,823

Kempsey Shire Council
10 Year Financial Plan for the Years ending 30 June 2033
CASH FLOW STATEMENT - GENERAL FUND
Scenario: Proposed

	Actuals	Current Year	Projected Years									
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cash Flows from Operating Activities												
Receipts:												
Rates & Annual Charges	-	28,133	30,105	30,975	31,753	32,547	33,360	34,194	35,049	35,925	36,823	37,744
User Charges & Fees	-	8,093	8,993	9,348	9,593	9,833	10,079	10,331	10,589	10,854	11,125	11,404
Investment & Interest Revenue Received	-	2,170	2,734	1,979	1,578	1,659	1,662	1,675	1,674	1,659	1,644	1,612
Grants & Contributions	-	43,402	69,132	20,826	19,787	19,449	20,652	21,051	21,451	21,862	22,284	22,716
Other	-	12,238	1,863	2,719	2,381	2,335	2,349	2,408	2,468	2,530	2,593	2,658
Payments:												
Employee Benefits & On-Costs	-	(23,122)	(25,639)	(27,137)	(28,202)	(28,665)	(29,522)	(30,408)	(31,320)	(32,260)	(33,228)	(34,224)
Materials & Contracts	-	(19,614)	(15,543)	(13,758)	(14,311)	(14,575)	(14,930)	(15,432)	(15,602)	(15,912)	(16,307)	(16,976)
Borrowing Costs	-	(79)	(136)	(403)	(1,848)	(3,153)	(4,260)	(5,009)	(5,710)	(6,398)	(7,186)	(8,350)
Net Cash provided (or used in) Operating Activities	-	47,820	66,279	19,539	15,623	14,186	14,022	13,311	12,955	12,480	11,824	10,515
Cash Flows from Investing Activities												
Receipts:												
Sale of Investment Securities	-	-	12,460	4,590	255	55	564	312	296	-	-	1,248
Payments:												
Purchase of Investment Securities	-	(8,051)	-	-	-	-	-	-	-	(285)	(3,869)	-
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	-	(48,166)	(87,249)	(47,048)	(36,117)	(30,816)	(26,537)	(25,142)	(25,188)	(26,487)	(26,483)	(28,346)
Net Cash provided (or used in) Investing Activities	-	(56,217)	(74,790)	(42,458)	(35,862)	(30,762)	(25,974)	(24,830)	(24,892)	(26,772)	(30,352)	(27,098)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from Borrowings & Advances	-	-	10,000	24,000	22,000	19,000	15,000	15,000	16,000	19,000	24,000	23,000
Payments:												
Repayment of Borrowings & Advances	-	(1,440)	(1,490)	(1,081)	(1,761)	(2,425)	(3,049)	(3,481)	(4,063)	(4,708)	(5,472)	(6,417)
Net Cash Flow provided (used in) Financing Activities	-	(1,440)	8,510	22,919	20,239	16,575	11,951	11,519	11,937	14,292	18,528	16,583
Net Increase/(Decrease) in Cash & Cash Equivalents	-	(9,837)	(0)	-	-	-	0	-	-	-	-	-
plus: Cash & Cash Equivalents - beginning of year	-	14,837	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Cash & Cash Equivalents - end of the year	-	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Cash & Cash Equivalents - end of the year	14,837	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Investments - end of the year	44,054	52,105	39,645	35,056	34,800	34,745	34,182	33,870	33,574	33,859	37,728	36,480
Cash, Cash Equivalents & Investments - end of the year	**58,891**	**57,105**	**44,645**	**40,056**	**39,800**	**39,745**	**39,182**	**38,870**	**38,574**	**38,859**	**42,728**	**41,480**
Representing:												
- External Restrictions	49,397	45,000	26,075	26,075	26,831	27,569	28,258	28,965	29,689	30,431	31,192	31,972
- Internal Restrictions	8,119	5,215	5,215	5,215	5,366	5,514	5,652	5,793	5,938	6,086	6,238	6,394
- Unrestricted	1,375	6,890	13,355	8,766	7,603	6,663	5,272	4,112	2,947	2,342	5,298	3,114
	58,891	**57,105**	**44,645**	**40,056**	**39,800**	**39,745**	**39,182**	**38,870**	**38,574**	**38,859**	**42,728**	**41,480**

Kempsey Shire Council
10 Year Financial Plan for the Years ending 30 June 2033

CASH FLOW STATEMENT - WATER FUND	Actuals	Current Year	Projected Years									
Scenario: Proposed	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cash Flows from Operating Activities												
Receipts:												
Rates & Annual Charges	-	5,453	5,833	6,073	6,233	6,389	6,548	6,712	6,880	7,052	7,228	7,409
User Charges & Fees	-	9,033	9,761	10,173	10,453	10,714	10,982	11,257	11,538	11,827	12,122	12,426
Investment & Interest Revenue Received	-	493	1,061	554	704	1,120	1,080	1,048	1,040	1,061	1,086	1,116
Grants & Contributions	-	1,525	4,089	9,049	3,443	1,101	1,153	1,182	1,212	1,242	1,273	1,305
Other	-	19	20	21	21	22	23	23	24	24	25	25
Payments:												
Employee Benefits & On-Costs	-	(3,038)	(3,879)	(4,095)	(4,254)	(4,333)	(4,463)	(4,597)	(4,735)	(4,877)	(5,023)	(5,174)
Materials & Contracts	-	(5,547)	(5,853)	(5,508)	(5,644)	(5,819)	(5,965)	(6,114)	(6,267)	(6,424)	(6,584)	(6,749)
Borrowing Costs	-	(1,058)	(918)	(1,098)	(2,086)	(2,492)	(2,334)	(2,177)	(2,043)	(1,923)	(1,798)	(1,664)
Net Cash provided (or used in) Operating Activities	-	6,880	10,115	15,167	8,870	6,702	7,024	7,334	7,649	7,982	8,329	8,694
Cash Flows from Investing Activities												
Receipts:												
Sale of Investment Securities	-	-	4,955	454	-	355	264	-	-	-	-	-
Payments:												
Purchase of Investment Securities	-	(7,161)	-	-	(5,105)	-	-	(217)	(843)	(947)	(1,033)	(1,173)
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	-	(6,055)	(18,312)	(31,639)	(11,203)	(4,067)	(4,141)	(4,244)	(4,350)	(4,459)	(4,595)	(4,685)
Net Cash provided (or used in) Investing Activities	-	(13,216)	(13,357)	(31,185)	(16,307)	(3,712)	(3,876)	(4,462)	(5,193)	(5,406)	(5,628)	(5,858)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from Borrowings & Advances	-	-	5,000	18,000	10,000	-	-	-	-	-	-	-
Payments:												
Repayment of Borrowings & Advances	-	(1,677)	(1,758)	(1,982)	(2,563)	(2,990)	(3,148)	(2,872)	(2,456)	(2,576)	(2,701)	(2,836)
Net Cash Flow provided (used in) Financing Activities	-	(1,677)	3,242	16,018	7,437	(2,990)	(3,148)	(2,872)	(2,456)	(2,576)	(2,701)	(2,836)
Net Increase/(Decrease) in Cash & Cash Equivalents	-	(8,013)	-	-	-	(0)	0	0	-	-	(0)	(0)
plus: Cash & Cash Equivalents - beginning of year	-	13,013	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Cash & Cash Equivalents - end of the year	-	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Cash & Cash Equivalents - end of the year	13,013	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Investments - end of the year	13,399	20,560	15,605	15,151	20,255	19,900	19,636	19,854	20,697	21,643	22,676	23,849
Cash, Cash Equivalents & Investments - end of the year	**26,412**	**25,560**	**20,605**	**20,151**	**25,255**	**24,900**	**24,636**	**24,854**	**25,697**	**26,643**	**27,676**	**28,849**
Representing:												
- External Restrictions	7,777	25,560	20,605	20,151	25,255	24,900	24,636	24,854	25,697	26,643	27,676	28,849
- Internal Restrictions	-	-	-	-	-	-	-	-	-	-	-	-
- Unrestricted	18,635	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
	26,412	**25,560**	**20,605**	**20,151**	**25,255**	**24,900**	**24,636**	**24,854**	**25,697**	**26,643**	**27,676**	**28,849**

Kempsey Shire Council
10 Year Financial Plan for the Years ending 30 June 2033
CASH FLOW STATEMENT - SEWER FUND
Scenario: Proposed

	Actuals	Current Year	Projected Years									
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cash Flows from Operating Activities												
Receipts:												
Rates & Annual Charges	-	13,668	15,894	16,789	17,633	18,519	19,451	19,969	20,468	20,980	21,505	22,042
User Charges & Fees	-	1,645	1,909	1,990	2,029	2,069	2,112	2,141	2,164	2,188	2,212	2,237
Investment & Interest Revenue Received	-	473	1,127	860	392	100	100	942	1,086	1,078	970	874
Grants & Contributions	-	4,165	1,088	2,466	6,196	11,036	11,690	2,507	780	779	798	818
Other	-	226	(3)	4	4	4	4	5	5	5	6	6
Payments:												
Employee Benefits & On-Costs	-	(3,226)	(3,709)	(3,918)	(4,071)	(4,144)	(4,268)	(4,396)	(4,528)	(4,664)	(4,804)	(4,948)
Materials & Contracts	-	(4,951)	(5,365)	(4,496)	(4,608)	(4,724)	(4,842)	(4,963)	(5,087)	(5,214)	(5,344)	(5,478)
Borrowing Costs	-	(738)	(665)	(552)	(710)	(2,251)	(5,674)	(9,236)	(9,681)	(9,346)	(8,991)	(8,614)
Net Cash provided (or used in) Operating Activities	-	11,263	10,276	13,141	16,863	20,610	18,573	6,968	5,207	5,806	6,350	6,936
Cash Flows from Investing Activities												
Receipts:												
Sale of Investment Securities	-	-	2,800	-	-	-	-	-	-	2,040	1,901	1,744
Payments:												
Purchase of Investment Securities	-	(2,928)	-	(834)	(1,784)	(833)	(664)	(634)	(2,746)	-	-	-
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	-	(5,923)	(11,730)	(16,878)	(43,406)	(77,200)	(73,747)	(12,665)	(1,909)	(1,956)	(2,005)	(2,056)
Net Cash provided (or used in) Investing Activities	-	(8,851)	(8,931)	(17,712)	(45,190)	(78,033)	(74,411)	(13,299)	(4,655)	83	(105)	(312)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from Borrowings & Advances	-	-	-	6,000	30,000	60,000	60,000	12,000	-	-	-	-
Payments:												
Repayment of Borrowings & Advances	-	(1,274)	(1,345)	(1,430)	(1,674)	(2,577)	(4,162)	(5,669)	(5,552)	(5,889)	(6,246)	(6,624)
Net Cash Flow provided (used in) Financing Activities	-	(1,274)	(1,345)	4,570	28,326	57,423	55,838	6,331	(5,552)	(5,889)	(6,246)	(6,624)
Net Increase/(Decrease) in Cash & Cash Equivalents	-	1,138	0	-	-	-	-	0	(5,000)	0	0	(0)
plus: Cash & Cash Equivalents - beginning of year	-	8,862	10,000	10,000	10,000	10,000	10,000	10,000	10,000	5,000	5,000	5,000
Cash & Cash Equivalents - end of the year	-	10,000	10,000	10,000	10,000	10,000	10,000	10,000	5,000	5,000	5,000	5,000
Cash & Cash Equivalents - end of the year	8,862	10,000	10,000	10,000	10,000	10,000	10,000	10,000	5,000	5,000	5,000	5,000
Investments - end of the year	10,555	13,483	10,683	11,517	13,301	14,134	14,798	15,431	18,177	16,137	14,237	12,493
Cash, Cash Equivalents & Investments - end of the year	**19,417**	**23,483**	**20,683**	**21,517**	**23,301**	**24,134**	**24,798**	**25,431**	**23,177**	**21,137**	**19,237**	**17,493**
Representing:												
- External Restrictions	4,727	23,483	20,683	21,517	23,301	24,134	24,798	25,431	23,177	21,137	19,237	17,493
- Internal Restrictions	-	-	-	-	-	-	-	-	-	-	-	-
- Unrestricted	14,690	0	0	0	0	0	0	0	0	0	0	0
	19,417	**23,483**	**20,683**	**21,517**	**23,301**	**24,134**	**24,798**	**25,431**	**23,177**	**21,137**	**19,237**	**17,493**

Appendix 6

Scenario Financial Statements – General Fund

Kempsey Shire Council 10 Year Financial Plan for the Years ending 30 June 2033 INCOME STATEMENT - GENERAL FUND Scenario: 1-Proposed + 12% SRV on top of 2.5% rate peg (total of 14.5%) starting in 2024-25 for 3 years (51% cumulative) to achieve a $1.0M average ongoing surplus	Actuals	Current Year	Projected Years									
	2021/22 $'000	2022/23 $'000	2023/24 $'000	2024/25 $'000	2025/26 $'000	2026/27 $'000	2027/28 $'000	2028/29 $'000	2029/30 $'000	2030/31 $'000	2031/32 $'000	2032/33 $'000
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	27,414	28,249	30,193	33,928	38,123	42,917	43,990	45,089	46,216	47,372	48,556	49,770
User Charges & Fees	8,211	8,461	9,071	9,389	9,623	9,864	10,110	10,363	10,622	10,888	11,160	11,439
Other Revenues	1,915	2,085	2,128	2,202	2,258	2,314	2,372	2,431	2,492	2,554	2,618	2,684
Grants & Contributions provided for Operating Purposes	14,466	20,077	14,315	12,952	13,274	13,606	13,942	14,295	14,652	15,019	15,394	15,779
Grants & Contributions provided for Capital Purposes	27,876	30,306	50,395	18,225	9,199	6,556	6,595	6,635	6,676	6,718	6,761	6,805
Interest & Investment Revenue	638	2,125	2,733	1,946	1,585	1,660	1,661	1,674	1,673	1,661	1,659	1,608
Total Income from Continuing Operations	**80,520**	**91,303**	**108,835**	**78,642**	**74,063**	**76,917**	**78,669**	**80,487**	**82,332**	**84,211**	**86,148**	**88,084**
Expenses from Continuing Operations												
Employee Benefits & On-Costs	21,060	23,249	25,651	27,145	28,207	28,667	29,527	30,413	31,325	32,265	33,233	34,230
Borrowing Costs	17	356	306	861	2,075	2,896	3,214	3,279	3,276	3,204	3,182	3,267
Materials & Contracts	16,132	21,479	14,675	13,375	14,406	14,721	15,091	15,634	15,696	16,083	16,479	17,233
Depreciation & Amortisation	13,762	13,695	14,941	15,477	16,008	16,557	17,125	17,713	18,320	18,948	19,598	20,271
Impairment of receivables	59	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	2,737	3,939	5,229	5,006	5,131	5,259	5,391	5,526	5,664	5,805	5,950	6,099
Net Losses from the Disposal of Assets	3,335	-	-	-	-	-	-	-	-	-	-	-
Revaluation decrement/impairment of IPPE	345	-	-	-	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	**57,447**	**62,718**	**60,802**	**61,864**	**65,826**	**68,101**	**70,348**	**72,563**	**74,281**	**76,306**	**78,442**	**81,099**
Operating Result from Continuing Operations	**23,073**	**28,585**	**48,033**	**16,778**	**8,237**	**8,816**	**8,321**	**7,924**	**8,051**	**7,905**	**7,706**	**6,984**
Discontinued Operations - Profit/(Loss)	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit/(Loss) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the Year	**23,073**	**28,585**	**48,033**	**16,778**	**8,237**	**8,816**	**8,321**	**7,924**	**8,051**	**7,905**	**7,706**	**6,984**
Net Operating Result before Grants and Contributions provided for Capital Purposes	**(4,803)**	**(1,722)**	**(2,362)**	**(1,447)**	**(963)**	**2,260**	**1,727**	**1,289**	**1,375**	**1,187**	**945**	**180**

Kempsey Shire Council
10 Year Financial Plan for the Years ending 30 June 2033
INCOME STATEMENT - GENERAL FUND

Scenario: 2-Proposed + 20% SRV on top of 2.5% rate peg (total of 22.5%) starting in 2024-25 for 3 years (85% cumulative) to achieve a $1.0M average ongoing surplus

	Actuals	Current Year	Projected Years									
	2021/22 $'000	2022/23 $'000	2023/24 $'000	2024/25 $'000	2025/26 $'000	2026/27 $'000	2027/28 $'000	2028/29 $'000	2029/30 $'000	2030/31 $'000	2031/32 $'000	2032/33 $'000
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	27,414	28,249	30,193	35,834	42,649	50,984	52,259	53,565	54,904	56,277	57,684	59,126
User Charges & Fees	8,211	8,461	9,071	9,389	9,623	9,864	10,110	10,363	10,622	10,888	11,160	11,439
Other Revenues	1,915	2,085	2,128	2,202	2,258	2,314	2,372	2,431	2,492	2,554	2,618	2,684
Grants & Contributions provided for Operating Purposes	14,466	20,077	14,315	12,952	13,274	13,606	13,942	14,295	14,652	15,019	15,394	15,779
Grants & Contributions provided for Capital Purposes	27,876	30,306	50,395	18,225	9,199	6,556	6,595	6,635	6,676	6,718	6,761	6,805
Interest & Investment Revenue	638	2,125	2,733	1,946	1,585	1,660	1,661	1,674	1,673	1,661	1,659	1,608
Total Income from Continuing Operations	**80,520**	**91,303**	**108,835**	**80,547**	**78,589**	**84,985**	**86,938**	**88,963**	**91,019**	**93,116**	**95,275**	**97,440**
Expenses from Continuing Operations												
Employee Benefits & On-Costs	21,060	23,249	25,651	27,145	28,207	28,667	29,527	30,413	31,325	32,265	33,233	34,230
Borrowing Costs	17	356	306	861	2,372	3,422	3,725	3,773	3,813	3,839	3,852	3,851
Materials & Contracts	16,132	21,479	14,675	14,175	15,226	15,562	15,953	16,517	16,601	17,011	17,430	18,207
Depreciation & Amortisation	13,762	13,695	14,941	21,507	22,189	22,892	23,619	24,368	25,142	25,941	26,766	27,618
Impairment of receivables	59	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	2,737	3,939	5,229	5,006	5,131	5,259	5,391	5,526	5,664	5,805	5,950	6,099
Net Losses from the Disposal of Assets	3,335	-	-	-	-	-	-	-	-	-	-	-
Revaluation decrement/impairment of IPPE	345	-	-	-	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	**57,447**	**62,718**	**60,802**	**68,694**	**73,124**	**75,803**	**78,214**	**80,597**	**82,545**	**84,862**	**87,232**	**90,005**
Net Operating Result for the Year	**23,073**	**28,585**	**48,033**	**11,853**	**5,465**	**9,182**	**8,724**	**8,366**	**8,474**	**8,254**	**8,044**	**7,435**
Net Operating Result before Grants and Contributions provided for Capital Purposes	**(4,803)**	**(1,722)**	**(2,362)**	**(6,371)**	**(3,734)**	**2,626**	**2,130**	**1,731**	**1,798**	**1,536**	**1,283**	**630**

Kempsey Shire Council
10 Year Financial Plan for the Years ending 30 June 2033
INCOME STATEMENT - GENERAL FUND
Scenario: 3-Scenario 2 + 22% SRV on top of 2.5% rate peg (total of 24.5%) starting in 2024-25 for 3 years (94% cumulative) to achieve a $1.0M average ongoing surplus

	Actuals	Current Year	Projected Years									
	2021/22 $'000	2022/23 $'000	2023/24 $'000	2024/25 $'000	2025/26 $'000	2026/27 $'000	2027/28 $'000	2028/29 $'000	2029/30 $'000	2030/31 $'000	2031/32 $'000	2032/33 $'000
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	27,414	28,249	30,193	36,301	43,805	53,131	54,459	55,820	57,216	58,646	60,112	61,615
User Charges & Fees	8,211	8,461	9,071	9,389	9,623	9,864	10,110	10,363	10,622	10,888	11,160	11,439
Other Revenues	1,915	2,085	2,128	2,202	2,258	2,314	2,372	2,431	2,492	2,554	2,618	2,684
Grants & Contributions provided for Operating Purposes	14,466	20,077	14,315	12,952	13,274	13,606	13,942	14,295	14,652	15,019	15,394	15,779
Grants & Contributions provided for Capital Purposes	27,876	30,306	50,395	18,225	9,199	6,556	6,595	6,635	6,676	6,718	6,761	6,805
Interest & Investment Revenue	638	2,125	2,733	1,946	1,585	1,660	1,661	1,674	1,673	1,661	1,659	1,608
Total Income from Continuing Operations	**80,520**	**91,303**	**108,835**	**81,014**	**79,745**	**87,131**	**89,138**	**91,218**	**93,331**	**95,485**	**97,704**	**99,929**
Expenses from Continuing Operations												
Employee Benefits & On-Costs	21,060	23,249	25,651	27,145	28,207	28,667	29,527	30,413	31,325	32,265	33,233	34,230
Borrowing Costs	17	356	306	861	2,609	3,831	4,360	4,567	4,700	4,934	5,027	5,397
Materials & Contracts	16,132	21,479	14,675	14,175	15,226	15,562	15,953	16,517	16,601	17,011	17,430	18,207
Depreciation & Amortisation	13,762	13,695	14,941	22,688	23,400	24,133	24,891	25,672	26,479	27,311	28,170	29,057
Impairment of receivables	59	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	2,737	3,939	5,229	5,006	5,131	5,259	5,391	5,526	5,664	5,805	5,950	6,099
Net Losses from the Disposal of Assets	3,335	-	-	-	-	-	-	-	-	-	-	-
Revaluation decrement/impairment of IPPE	345	-	-	-	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	**57,447**	**62,718**	**60,802**	**69,875**	**74,572**	**77,453**	**80,121**	**82,695**	**84,769**	**87,327**	**89,810**	**92,990**
Net Operating Result for the Year	**23,073**	**28,585**	**48,033**	**11,139**	**5,173**	**9,678**	**9,018**	**8,523**	**8,562**	**8,158**	**7,893**	**6,938**
Net Operating Result before Grants and Contributions provided for Capital Purposes	**(4,803)**	**(1,722)**	**(2,362)**	**(7,086)**	**(4,027)**	**3,122**	**2,423**	**1,888**	**1,886**	**1,441**	**1,133**	**134**

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 suchas 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.
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.
Cash Expenses Cover	This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash flow.