

Kiama Council
Long term financial plan 2018-2019 to 2027-2028



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1. Executive summary

Kiama Municipal Council's Long Term Financial Plan (LTFP) contains a set of long range financial projections based on a set of assumptions. The LTFP covers a 10-year time period from 2017/2018 to 2026/2027.

Council's previous LTFP modelled a number of Scenarios. In light of Council being deemed "not fit" against several of the Fit for the Future benchmarks, Council has developed a "Strategic" Scenario, which achieves financial sustainability and meets all the Fit for the Future benchmarks, is sustainable and manageable and a "Base Case" scenario which does not.

Both scenarios refine the previous LTFP, increasing the focus on asset renewal and maintenance over new capital expenditure and now integrates financially to Council's Asset Management Plans.

A significant part of the Plans have been the implementation of the previous Improvement Strategy developed by Morrison Low and was part of Council's submission to the delegate.

Council has also implemented an Organisational Development Strategy to conduct ongoing sustainability service reviews to increase productivity, decrease costs and increase customer satisfaction.

1.1 Structure

The Long Term Financial Plan is structured using 2016/2017 and 2017/18 financial results and applying a series of assumptions to these numbers for forward financial years. In addition, asset renewal and maintenance have a direct correlation to Council's Asset Management Plans.

This iteration of the Long Term Financial Plan presents financial forecasts associated with the following assumptions:

- a special variation has been factored into this Plan. The SRV was proposed in Council's Fit for the Future submissions and the quantum of the SRV is consistent with the submission made and the presentations made to the community during the merger proposal. It is proposed (as in the previous LTFP) a 6% SRV (including the rate pegging level) compounding over years 2018/2019, 2019/2020 and 2020/2021, with the additional revenue being retained permanently to fund the required increased asset renewal and maintenance and to improve Council's financial sustainability. The Plan then reverts back to rate pegging at 2.5% for the balance of the horizon.
- 50 new assessments per year
- population growth 1.1% per year (Department of Planning)
- introduction of Stormwater Levy in 2017/2018
- Pensioner Rebate increase of 1.5% per year
- an inflation forecast of 2.5% is applied to most sources of income
- depreciation, asset renewal and asset maintenance aligned and integrated with Asset management Plans
- an efficiency saving of 1% per annum through ongoing service sustainability reviews on an continual business improvement strategy.

It is also important to be conservative with income projections in order to not spend outside of Council's means when forecasting its financial future.

1.2 Sensitivity analysis

Long term financial plans are inherently uncertain given the lengthy period of time which they are required to cover and the assumptions that are required to be made. Some of these assumptions have a relatively limited impact if they are wrong; others can have a major impact on future financial plans. If the assumptions are found to be inaccurate then it will be necessary for Council to reconsider.

Whilst Council's previous Long Term Financial Plan (LTFP) modelled three Scenarios, this Plan has been developed based on two Scenarios – “Strategic Scenario” with comparison to a “Base Case” scenario excluding the special rate variation. The modelling in this Plan is based on actuals from 2017-2018. A special variation has been factored into this Plan. The SRV was proposed in Council's Fit for the Future submissions and the quantum of the SRV is consistent with the submission made and the presentations made to the community during the merger proposal. It is proposed (as in the previous LTFP) a 6% SRV (including the rate pegging level) compounding over years 2018/2019, 2019/2020 and 2020/2021, with the additional revenue being retained permanently to fund the required increased asset renewal and maintenance and to improve Council's financial sustainability. This is consistent with the previously adopted LTFP in 2013.

Given the financial position from which Council has come, it now utilises the Long Term Financial Plan as a management tool. Quarterly budget review amendments that have a permanent impact are processed into the model to assess the effect on the Plan.

Council will also review and update relevant sections and projections of the Long Term Financial Plan on an annual basis.

Objectives

The main objectives that this LTFP is designed to achieve are:

- maintain an operating surplus
- an increased ability to fund asset renewal requirements
- to provide financial targets for the next 10 years
- to ensure that external conditions are considered.

2. Introduction

2.1 Purpose of the Long Term Financial Plan (LTFP)

The Long Term Financial Plan (LTFP) exists primarily to facilitate the delivery of the objectives and strategies expressed in the Community Strategic Plan. The LTFP is not an end in itself but is a means of ensuring the objectives of the integrated planning framework are matched by an appropriate resource plan.

The LTFP will link to the Delivery Program 2017-2021 and the Operational Plans 2017- 2021 as follows:

Delivery Program 2017-2021

- Council will maintain its underlying financial performance to budget at break even or better.
- Council will increase its revenue from non-rates sources
- achieve all FFTF benchmarks
- fund asset renewal and maintenance at >100%

Operational Plans 2017-2021

- review, develop and implement the Long Term Financial Plan.
- review, develop and implement budget processes and financial reporting to Council.
- maintain Council's financial sustainability (measured from external audit, breakeven or surplus).

Therefore it is important to acknowledge that any significant changes to the financial strategies expressed in this document will have a consequent impact on Council's ability to deliver the outcomes expressed in the Delivery Program and the Operational Plans.

In addition to acting as a resource plan, the LTFP further endeavours to:

- 1) Establish a prudent and sound financial framework, combining and integrating financial strategies to achieve a planned outcome.
- 2) Establish a financial framework against which Council's strategies, policies, and financial performance can be measured.
- 3) Ensure that Council complies with sound financial management principles and plans for the long term financial sustainability of Council.
- 4) Allow Council to meet its obligations under the Guiding Principles for Councils (Section 8A) and Principles of Sound Financial Management (Section 8B) of the Local Government Act 1993 as detailed in Section 3.2.

This LTFP represents a comprehensive approach to documenting and integrating the various financial strategies of Council. The development of the long term financial projections represents the output of several strategy areas, that when combined, produce the financial direction of Council as shown below:



Figure 1: Integrated strategic approach

2.2 Objectives of the Long Term Financial Plan

The objectives that this LTFP is designed to achieve are:

- an increased ability to fund asset renewal requirements
- to provide financial targets for the next 10 years
- to allow various assumptions to be modelled
- to ensure that external conditions are considered for example changes in interest rates and population growth
- an enhanced funding level for capital works in general
- to progress Council towards maintaining a position of financial sustainability in the long term
- rate and fee increases that are both manageable and sustainable
- investment and funding strategies which promote intergenerational equity
- to demonstrate Council's ability to be *Fit for the Future*.

For the purposes of this strategy, financial sustainability is defined in the below diagram, modelled essentially on a hierarchy of needs approach.

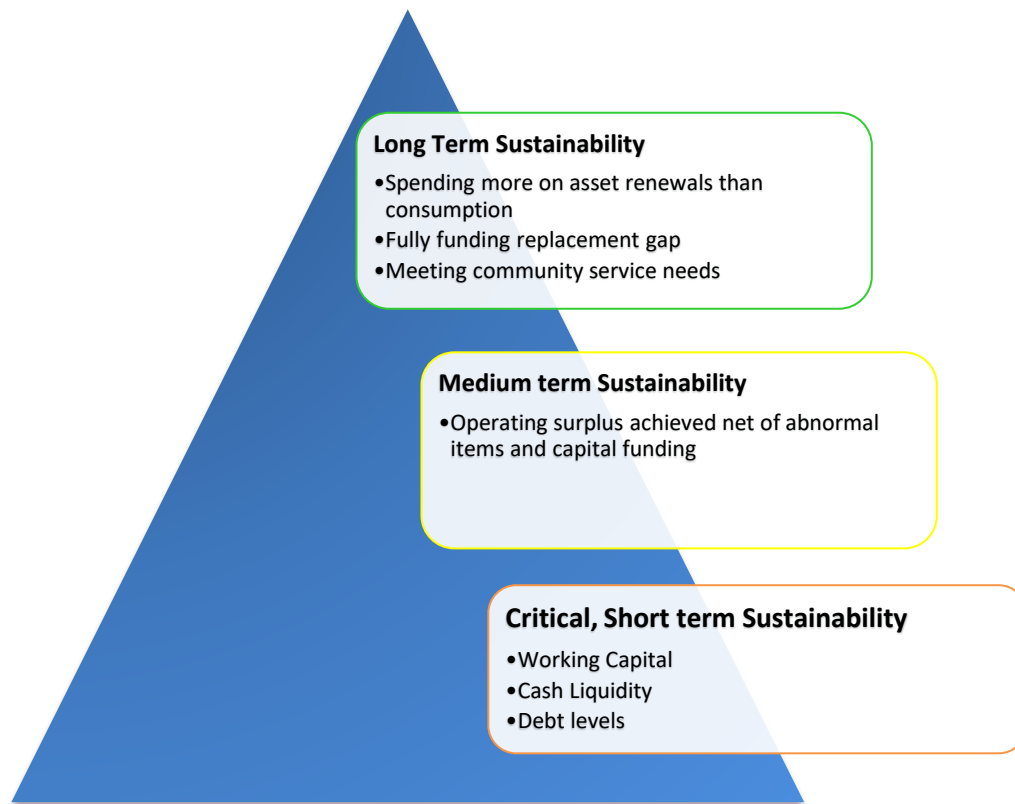


Figure 2: Financial Sustainability – Hierarchy of Needs

Kiama Municipal Council has challenges in meeting asset renewal requirements on an annual basis. However this Plan provides an increased focus on both asset renewal and asset maintenance. Whilst the infrastructure backlog is less than the 2% benchmark, the increased focus on asset renewal and maintenance further reduces the infrastructure backlog ratio.

It is vital to state the importance of meeting community needs both now and in the future in terms of operational services. Council could achieve financial sustainability very readily by ignoring this need and placing all of its emphasis on asset management. Future community service needs are frequently not documented in such a compelling manner as infrastructure requirements and need to be considered in conjunction with asset management strategies.

2.3 Key outcomes of the LTFP

The challenge of financial sustainability is one faced by the majority of NSW councils and Kiama Municipal Council is certainly not immune from this issue. Council, as part of the original submission to IPART, was presented with data on the financial sustainability of this Council that indicate the following:

- up until recently Council was recording an underlying operational deficit. Maintaining a sustainable financial platform to ensure these deficits do not return is a key objective

of Council.

- Council is nearing the point where it can expend more per annum on renewing and upgrading its existing asset base than the annual depreciation charges in respect of these same assets, provided income projections are met.
- over the last several years there has been a change in funding the maintenance and renewal of existing assets to meet the required benchmarks and further reduce the infrastructure backlog. This change has, and will continue to have an impact on the financial sustainability of the organisation and an increased ability to provide services to the community through assets.

In preparing the 2018-2019 to 2028-2029 LTFP, each of the above challenges has been addressed. The LTFP is based on achieving the following outcomes:

- progressively increasing the underlying operating surplus
- achieving a financial structure where new assets or existing asset renewal needs are met from the base operating income of Council
- the retention of service provision at present levels.

In summary, this LTFP presents a responsible financial blueprint for the future of Kiama Municipal Council and its community.

2.4 Sustainability review

Prior to the merger proposal announcement, Kiama Municipal Council engaged a consultant to work with Council in developing an Improvement Strategy (Attachment A) to increase the capability and capacity of the organisation to be financially sustainable now and into the future.

The results of the analysis showed that Kiama Municipal Council could and would meet all financial benchmarks prior to 2019/2020, thus demonstrating that Council would in fact, be Fit for the Future.

Over the past year, Council has been committed to realising the improvements identified within the Council endorsed Improvement Strategy.

Council completed significant work on its 2015/2016 budget during the course of the year. The audited financial statements 2015/2016 show that Council met 6 out of 7 benchmarks for that financial year. Council did not meet Own Source of Revenue (59.86% - Benchmark 60%). This was due to \$6M of Asset Discoveries, which were found as part of the full asset review for the Asset Management Plans.

The 2016/2017 adopted budget focused on two key priorities:

- delivering on all commitments contained in the adopted Delivery Program.
- achieving all seven financial benchmarks required to be Fit for the Future.

Council is committed to realising all identified opportunities for improvement in the Improvement Strategy and working with the community and staff to identify further opportunities.

In 2015 Kiama Municipal Council publicly acknowledged on several occasions that Council's business model required fundamental change. Subsequently, a comprehensive sustainability review process has commenced and will review all services that Council provides. Already, this has resulted in efficiencies and cost savings equivalent to 1.0% efficiency savings. The total anticipated cost savings resulting from the sustainability review have been incorporated into the Long Term Financial Plan.

Now and in the future, Council will be continually undergoing a comprehensive sustainability review process. This review involves analysing services provided so that it is clear ***what services are provided and how the services are delivered***. The purpose is to ensure that Council's services are a reflection of the local community needs and expectations.

3 Link between LTFP and Council's planning framework

3.1 Workforce strategy

In order to deliver our Delivery Program and contribute to the Community Strategic Plan, Council requires a clear workforce resourcing strategy that sets out what type of organisation we need to be and how we plan to get there.

The Workforce Strategy is to be fully integrated with the Long Term Financial Plan. This integration includes:

- compulsory superannuation guarantee rate increase
- vested sick leave
- Long Service Leave liability
- learning and development
- organisational development

3.1.1 Compulsory superannuation guarantee rate increase

The Federal government has changed the phasing of the increases in the superannuation guarantee levy as per the table below. The impact of this change has been factored into the Long Term Financial Plan.

Year	Rate
2015-16	9.50%
2016-17	9.50%
2017-18	9.50%
2018-19	9.50%
2019-20	9.50%
2020-21	9.50%
2021-22	10.00%
2022-23	10.50%
2023-24	11.00%
2024-25	11.50%
2025 & onwards	12.00%

Table 1: Superannuation Guarantee Levy

3.1.2 Vested sick leave

Staff employed by Council prior to or on 3 November 1993, who have not previously waived their right to this provision, continue to have an entitlement for the payment of unused sick leave arising out of the termination of employment. A provision for vested sick leave of \$567,000 has been included as a liability in the Balance Sheet. For the purpose of the forecast, payments from the provision have been estimated when the eligible employee reaches the age of 65.

3.1.3 Long service leave liability

Long Service Leave entitlements are governed primarily by the Long Service Leave Act 1955. Kiama Municipal Council has not actively required employees to take long service leave as it falls due however if the amount of liability becomes excessive it is likely that employees will be encouraged to keep balances within reasonable limits. A provision of \$6.1 million has been included as a liability in the Balance Sheet. For the purpose of the forecast, payments from the provision have been estimated when the eligible employee reaches the age of 65.

3.1.4 Learning and development

Council provides extensive learning and development opportunities; there are education and training opportunities for people of all ages. A yearly expenditure on learning and development has been included in the salaries and wages expense in the Income Statement in this Plan.

3.1.5 Workers compensation

Due to Council's focus on workplace safety, commitment to performing safety observations, reporting near misses and implementing many safe workplace policies Council's workers compensation premiums have been reduced dramatically in recent years. These savings have already been factored into the Long Term Financial Plan and Council is committed to maintaining a commitment to a safe workplace and ensuring that the workers compensation premium remains stable.

3.2 Strategic Asset Management Plan (SAMP)

Kiama Municipal Council is responsible for a large and diverse asset base. These assets include roads, bridges, footpaths, drains, libraries, holiday parks, convention centre, leisure centre, halls, parks, sporting facilities, and fleet, land and information communication technology- related assets. According to the Guiding Principles for councils (Section 8A) and Principles of sound financial management (Section 8B) under the Local Government Act 1993, Council should:

“8A Guiding principles for councils

(1) Exercise of functions generally. The following general principles apply to the exercise of functions by councils:

(a) Councils should provide strong and effective representation, leadership, planning and decision-making.

- (b) Councils should carry out functions in a way that provides the best possible value for residents and ratepayers.*
- (c) Councils should plan strategically, using the integrated planning and reporting framework, for the provision of effective and efficient services and regulation to meet the diverse needs of the local community.*
- (d) Councils should apply the integrated planning and reporting framework in carrying out their functions so as to achieve desired outcomes and continuous improvements.*
- (e) Councils should work cooperatively with other councils and the State government to achieve desired outcomes for the local community.*
- (f) Councils should manage lands and other assets so that current and future local community needs can be met in an affordable way.*
- (g) Councils should work with others to secure appropriate services for local community needs.”*

“8B Principles of sound financial management

The following principles of sound financial management apply to councils:

- (a) Council spending should be responsible and sustainable, aligning general revenue and expenses.*
- (b) Councils should invest in responsible and sustainable infrastructure for the benefit of the local community.*
- (c) Councils should have effective financial and asset management, including sound policies and processes for the following:*
 - (i) performance management and reporting,*
 - (ii) asset maintenance and enhancement,*
 - (iii) funding decisions,*
 - (iv) risk management practices.*
- (d) Councils should have regard to achieving intergenerational equity, including ensuring the following:*
 - (i) policy decisions are made after considering their financial effects on future generations,*
 - (ii) the current generation funds the cost of its services.”*

Over time Kiama Municipal Council has greatly increased its assets, which has consequently increased its depreciation, operation and maintenance costs to an already large sum and contributed to the ageing asset base.

In order to manage this asset base, strategies and plans have been developed which are designed to address issues regarding asset life cycles and risk. Such strategies and plans ensure that their content addresses priorities in line with organisational objectives. Finance and expenditure is also planned and controlled in line with these priorities. Resources are used as effectively and efficiently as possible. Technical levels of service that related to compliance requirements in legislation should be maintained.

The Strategic Asset Management Plan (SAMP) analyses groups of assets in the following categories:

- administration buildings
- Information and Communication Technology (ICT)
- depots
- emergency services
- libraries
- library collection
- community buildings
- cemeteries
- parks and reserves
- playgrounds
- public amenities
- sports facilities
- surf clubs
- aquatic centres
- ocean baths
- waterways
- road pavements
- drainage
- bus facilities
- guardrails
- retaining walls
- bridges (road and footpath)
- footpath and cycleway
- minor assets
- street lighting
- heritage items
- waste
- commercial assets – holiday parks
- commercial assets – investment properties
- visitor information centre
- land (development)

3.2.1 Non-cash operating expenses

Council's major non-cash operating expense is depreciation. Council's property, plant and equipment are depreciated using the straight line method which allocates an assets cost over its estimated useful life. Council has very considerable stocks of assets with long but finite lives. These estimated useful lives are expected to remain constant over the life of this Plan.

A major review of asset life and condition assessment was conducted in 2015/2016, in accordance with the Morrison Low Improvement Strategy. The result of this review resulted in a significant decrease in depreciation expense, through reviewed useful life and detailed condition assessment.

The straight line method of depreciation ensures that there will be no major peaks or troughs in depreciation expense from year to year as this method ensures a uniform rate of depreciation of property, plant and equipment.

For the model, the growth in the depreciation expense is linked to the annual investment in infrastructure, property, plant and equipment.

Land is not depreciated	
Estimated useful lives for Council's infrastructure, property, plant and equipment include:	
Plant and equipment Office equipment Office furniture Vehicles Heavy plant / road marking equipment Other plant and equipment	5 to 10 years 5 to 8 years 5 to 15 years
Other equipment Playground equipment Benches, seats etc.	10 to 15 years 10 to 25 years
Buildings Buildings: masonry Buildings: other	5 to 100 years 20 to 40 years
Stormwater drainage Culverts Drains	80 to 100 years 120 years
Transportation assets Sealed roads: surface Sealed roads: structure Unsealed roads Bridge: concrete Kerb, gutter and paths	12 to 25 years 80 to 100 years 20 years 100 years 50 to 80 years

Other infrastructure	
Bulk earthworks	Infinite
Swimming pools	50 to 100 years
Other open space / recreational assets	15 to 95 years

Table 2: Estimated Useful Lives for Each Asset Category

3.2.2 Infrastructure, property, plant and equipment revaluations

Council's infrastructure, property, plant and equipment are valued at fair value per Australian Accounting Standard 116 Property, Plant and Equipment and the Local Government Code of Accounting Practice and Financial Reporting. Previous years' revaluations are as follows:

Year	Category	Comment
2012/2013	Operational land, buildings, plant and equipment	
2013/2014	No revaluations scheduled	
2014/2015	Roads, bridges, footpaths, drainage and bulk earthworks	
2015/2016	Community land, other assets, other structures, land improvements	

The Local Government Code of Accounting Practice and Financial Reporting states that a comprehensive revaluation of each asset should be performed at a minimum every five years, however councils need to ensure that revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Year	Category	Comment
2016/2017	Water and sewerage networks	Not applicable to Kiama
2017/2018	Operational land, buildings	

As infrastructure, property, plant and equipment are already valued at fair value as opposed to historical cost the periodic revaluations to fair value are not likely to result in a significant difference. Therefore, it is not necessary to factor in any changes in infrastructure, property, plant and equipment values due to revaluations in this Plan.

3.2.3 Infrastructure supplied by developers

Council becomes liable for maintenance of assets and spaces provided and paid for by the developers of residential estates one year after they are created. There are a number of areas that have potential for future growth and potential for new residential estates to be built. Council may become liable for maintenance of assets and spaces provided by the developers of these residential estates:

- 1) Spring Creek
- 2) Cedar Grove
- 3) Kiama
- 4) Jamberoo
- 5) Gerringong

At this stage these maintenance costs have not been quantified. When the costs are quantified, they will be included in future updates of the Long Term Financial Plan.

Due to environmental and conservation constraints of the Kiama LGA there are only limited opportunities for large scale residential and commercial developments. There has been and will continue to be increased infill development. It is expected that the developments mentioned above will eventuate; however, the estimated future increase in the number of rate assessments, as outlined below in 'financial assumptions' has been estimated conservatively with these environmental and conservation constraints in mind.

4 Macro view of Council's financial position

The Long Term Financial Plan is structured on a “Strategic” Scenario which shows a specific financial outlook.

This iteration of the Long Term Financial Plan presents financial forecasts associated with the following Scenario:

Strategic Scenario

- A special variation has been factored into this Plan. The SRV was proposed in Council's Fit for the Future submissions and the quantum of the SRV is consistent with the submission made and the presentations made to the community during the merger proposal. It is proposed (as in the previous LTFP) a 6% SRV (including the rate pegging level) compounding over years 2018/2019, 2019/2020 and 2020/2021, with the additional revenue being retained permanently to fund the required increased asset renewal and maintenance and to improve Council's financial sustainability. The Plan then reverts back to rate pegging at 2.5% for the balance of the horizon.
- 50 new assessments per year
- population growth 1.1% per year (Department of Planning)
- introduction of Stormwater Levy in 2017/2018
- Pensioner Rebate increase of 1.5% per year
- an inflation forecast of 2.5% is applied to most sources of income
- depreciation, asset renewal and asset maintenance aligned and integrated with Asset management Plans
- an efficiency saving of 1% per annum through ongoing service sustainability reviews on an continual business improvement strategy.

The **Strategic Scenario** has been adopted by Council as its preferred Scenario. It is also important to be conservative with income projections in order to not spend outside of Council's means when forecasting its financial future.

The following financial statements portray the projected financial position of Kiama Municipal Council over the next ten years for this Scenario:

- Income Statement
- Balance Sheet
- Cash Flow Statement

A number of financial performance indicators or otherwise known as ratios have been calculated for this Scenario to further portray the projected financial results for each Scenario.

The statements are prepared based on current knowledge and service levels and will no doubt be affected by various events which will occur in future years. It is important that the long term financial outlook is revisited and updated on an annual basis.

4.1 Financial performance indicators

The financial performance indicators are intended to be indicative of the financial health and presence of good business management practices at Kiama Municipal Council.

4.1.1 Underlying operating result

Definition:	The issue for Council is whether underlying operating surpluses are being achieved. This indicator is calculated by taking the income from continuing operations less grants and contributions provided for capital purposes less expenses from continuing operations.
Analysis:	Ideally Council would be operating with a small surplus. Council is committed to at least breaking even on a consistent basis.

Fit for the Future Benchmarks

4.1.2 Operating performance ratio

Definition:	<p>This ratio measures a council's achievement of containing operating expenditure within operating revenue.</p> <p>Ratio = Operating revenue excluding capital grants and contributions – operating expenses / Operating revenue excluding capital grants and contributions.</p>
Analysis:	The Code of Accounting Practice and Financial Reporting uses a benchmark for the operating performance ratio of greater than 0%.

4.1.3 Own source operating revenue ratio

Definition:	<p>It is the degree of reliance on external funding sources such as operating grants and contributions. A council's financial flexibility improves the higher the level of its own source revenue.</p> <p>Ratio = rates, utilities and charges / total operating revenue (inclusive of capital grants and contributions).</p>
Analysis:	NSW Treasury Corporation uses a benchmark for the Own Source Revenue Ratio of greater than 60%.

4.1.4 Building and Infrastructure Asset Renewal Ratio

Definition:	<p>A ratio of 100% indicates that expenditure on asset renewals matches the cost of asset deterioration for the year. A ratio of below 100% indicates an increasing infrastructure backlog as existing assets are deteriorating faster than they are being renewed. A renewals ratio above 100% indicates a diminishing backlog.</p> <p>Ratio = asset renewals (building and infrastructure / depreciation, amortisation and impairment (building and infrastructure)</p>
Analysis:	NSW Treasury Corporation uses a benchmark for the Building and Asset Renewal Ratio of greater than 100%.

4.1.5 Infrastructure Backlog Ratio

Definition:	<p>This ratio measures the estimated cost to bring assets to a satisfactory condition divided by total infrastructure, building, other structure and depreciable land improvement assets.</p> <p>Ratio = estimated cost to bring assets to a satisfactory condition / total (WDV) of infrastructure, buildings, other structures and depreciable land improvement assets.</p>
Analysis:	NSW Treasury Corporation uses a benchmark for the Infrastructure Backlog Ratio of less than 2%.

4.1.6 Asset Maintenance Ratio

Definition:	<p>This ratio reflects the actual asset maintenance expenditure relative to the required asset maintenance. The ratio provides a measure of the rate of asset degradation (or renewal) as it shows whether a council is fulfilling all maintenance requirements, or allowing some assets to degrade.</p> <p>Ratio = actual asset maintenance / required asset maintenance.</p>
Analysis:	NSW Treasury Corporation uses a benchmark for the Asset Maintenance Ratio of greater than 100%.

4.1.7 Debt Service Ratio

Definition:	<p>This ratio assesses the appropriate and affordable level of debt servicing by councils.</p> <p>Ratio = cost of debt service (interest expense and principal repayments) / total continuing operating revenue (exc. Capital grants and contributions)</p>
Analysis:	NSW Treasury Corporation uses a benchmark for the Debt Service Ratio of greater than 0% and less than or equal to 20%.

4.1.8 Real Operating Expenditure

Definition:	<p>This ratio is to ensure that councils seek cost savings which can be invested into infrastructure and ultimately passed on to ratepayers and other community users of council services.</p> <p>Ratio = operating expenditure / population.</p>
Analysis:	NSW Treasury Corporation uses a benchmark for the Real Operating Expenditure Ratio of a decrease in Real Operating Expenditure per capita over time.

TCorp Benchmarks

4.1.9 Cash expense cover ratio

Definition:	<p>This liquidity ratio indicates the number of months a council can continue paying for its immediate expenses without additional cash inflow.</p> <p>Ratio = current year's cash and cash equivalents / total expenses – depreciation – interest costs.</p>
Analysis:	NSW Treasury Corporation uses a benchmark for the cash expense ratio of greater than 3.

4.1.10 Debt service cover ratio

Definition:	<p>This ratio measures the availability of cash to service debt including interest, principal and lease payments.</p> <p>Ratio = operating results before interest and depreciation (EBITDA) / principal repayments (from the Statement of Cash Flows) + borrowing interest costs (from the Income Statement).</p>
Analysis:	Council uses a benchmark for the Debt Service Cover Ratio of greater than zero, but less than 20%.

4.1.11 Interest service cover ratio

Definition:	This ratio is the financial ratio used to measure the organisation's ability to pay the interest on its debt. Ratio = EBIT / interest expense
Analysis:	Council uses a benchmark for the Interest Service Cover Ratio of greater than 3.

4.2 Financial assumptions

The financial assumptions used are as follows:

4.2.1 Operating rates

The rate peg is 1.5% for financial year 2017/2018 as set by the Independent Pricing and Regulatory Tribunal (IPART).

Strategic Scenario: A special variation has been factored into this Plan. The SRV was proposed in Council's Fit for the Future submissions and the quantum of the SRV is consistent with the submission made and the presentations made to the community during the merger proposal. It is proposed (as in the previous LTFP) a 6% SRV (including the rate pegging level) compounding over years 2018/2019, 2019/2020 and 2020/2021, with the additional revenue being retained permanently to fund the required increased asset renewal and maintenance and to improve Council's financial sustainability. The Plan then reverts back to rate pegging at 2.5% for the balance of the horizon plus 50 new assessments (five year average 75).

Base Case: The entire rate peg of 1.5% is applied to rating income for financial year 2017/2018 and then increased to 2.5% plus 50 new assessments (five year average 75).

4.2.2 User charges and fees

Council has and continues to review all discretionary fees and charges to ensure full cost recovery where appropriate is achieved. Considering that the Reserve Bank of Australia has a target band of inflation of between 2% and 3%, the following inflation rates have been used for the Strategic Scenario:

Strategic Scenario: 3% increase

Base Case: 3% increase

4.2.3 Interest and investments

Interest revenue has been calculated as an average of the opening and closing cash positions for the year in question and then multiplied by the expected rate of return on investments.

National Australia Bank has provided interest rate forecasts. Interest rate of 2.5% for financial year 2016/2017 and increasing to 3% for financial year 2017/2018 onwards. The model has taken the conservative assumption of 2.5% across all years.

Strategic Scenario: 2.5% interest rate

Base Case: 2.5% interest rate

4.2.4 Other revenues

Considering that the Reserve Bank of Australia has a target band of inflation of between 2% and 3%, the following inflation rate has been used for the Strategic Scenario:

Strategic Scenario: 2.5% increase

Base Case: 2.5% increase

4.2.5 Grants and contributions

The LTFP has the Financial Assistance Grant (FAG) frozen at current levels. Considering that the Reserve Bank of Australia has a target band of inflation of between 2% and 3%, the following inflation rate has been used for other operating grants and contributions for the Strategic Scenario:

Strategic Scenario: 2.5% increase

Base Case: 2.5% increase

An analysis of Council's Grants and Contributions was conducted as part of the preparation of the Long Term Financial Plan to determine whether or not the grants were recurrent or of a one-off nature.

4.2.6 Grants and contributions provided for capital purposes

Grants and contributions provided for capital purposes have been included in revenue on the Income Statement in this Plan.

Subsequently, on the Income Statements below where the net operating result for the year is displayed, grants and contributions provided for capital purposes have been excluded to give a net operating result before grants and contributions provided for capital purposes.

4.2.7 Net gains for the disposal of assets

Net gains from the disposal of assets can be challenging to forecast as it can vary widely from year to year hence a notional gain of \$650,000 per year has been used generally. Exceptions include known land sales of Spring Creek in 2018/2019 and 2019/2020. The notational gain used is the past five years average.

4.2.8 Employee costs

In line with the Workforce Strategy, Council's focus will be on continuous improvement and ensuring sustainability into the future. An increase in employee costs of 4% for financial year 2017 has been applied and an increase of 4% for financial year 2018 onwards has been applied. This allows for 2.5% award increases and salary system grade and step movements as part of the annual performance review system.

The Federal government has changed the phasing of the increases in the superannuation guarantee levy. The impact of this change has been factored into the Long Term Financial Plan; the increase in salary packages per year has been capped at 3.0% as it is unlikely that increases in base salaries will continue to be provided as the superannuation guarantee levy percentage increases.

4.2.9 Materials and contracts

In the Strategic Scenario an increase of 2.2% is applied. Whilst the average Local Government Cost Index (LGCI) for the past five years is 3.2%, Council has targeted a 1% efficiency saving from the ongoing sustainability reviews.

Strategic Scenario: 2019, 2020 and 2021 will have an increase in maintenance costs from funds raised by the SRV to maintain assets and meet community expectations, then 2.2% for financial year 2022 onwards.

Base Case: 2.2% for all financial years. No SRV will see maintenance costs at levels that may not allow assets to meet community expectations.

4.2.10 Other expenses

In the Strategic Scenario an increase of 2.4% is applied. Whilst the average Local Government Cost Index (LGCI) for the past five years is 3.2%.

Strategic Scenario: 2.4% for financial year 2018 onwards

Base Case: 2.4% for financial year 2018 onwards

4.2.11 Asset Renewals and New Assets

Expenditure includes the completion of works listed in the Capital Works Plan (Attachment B). Total planned capital expenditure (including part renewals) from 2017/18 to 2027/28 is as follows:

The major new assets (including renewal) contained in this LTFP are:

- Kiama Coast Holiday Parks – new and renewal - \$10,000,000
- Gerringong School of Arts and Library - \$3,450,000
- Kiama Aged Care Centre of Excellence - \$104,000,000
- Arts Precinct Development - \$12,000,000

Strategic Scenario: Will allow \$192 million over 10 years. The extra funding will allow renewal of community assets that will meet their expectations. The infrastructure backlog will remain below the benchmark set by the Office of Local Government.

Base Case: Asset renewals will not be at a rate that will allow assets to meet community expectations and eventually the cost to bring to a satisfactory condition will increase above the benchmark set by the community and the Office of Local Government.

4.2.12 Long Term Operating Environment

The long term operating environment over the next 10 years is uncertain. In a worst-case scenario another Global Financial Crisis (GFC) may occur. In a GFC the Council is affected most by the reduction in value of its investments. Council's investments have already been written down to their fair value, which was done in consultation with the Council's auditors. This is a conservative approach that takes into consideration the uncertainty of the long term operating environment.

4.2.13 Future Interest Rates

It is uncertain whether future interest rates will be favourable or unfavourable. To reduce this uncertainty all of the Council's loans are on a fixed interest rate rather than a floating interest rate. The rates used were provided by TCorp in October 2017.

4.2.14 Cash and Cash Equivalents

Any surplus cash will be invested in line with Council's Investment Policy. These investments will be limited to short term deposits which are classified as cash equivalents rather than investments.

4.2.15 Investment Properties

The Office of Local Government has determined that investment properties are to be valued at fair value in all cases. Also, that full revaluations should be done every three years with a desktop valuation performed each year between the full revaluations. An annual growth rate of 3% has been used as an estimate in the value of the investment properties.

4.2.16 Rates Receivable

The rates receivable amount moves in line with total rating income for each year.

4.2.17 Depreciation

Depreciation moves in line with the increase in total infrastructure, property, plant and equipment. Total planned capital expenditure (including renewals) over the next 10 years is as follows:

Strategic Scenario: \$192 million from 2017/18 to 2027/28.

4.2.18 Provisions

In line with the Workforce Strategy, Council has a commitment to pay employee entitlements. Included in Provisions is a liability to pay Annual Leave, Long Service Leave and Sick Leave. It is expected that Annual Leave will be taken within the year that it is earned however the payments of accrued Long Service and Vested Sick Leave entitlements have been factored in when the employee reaches the age of 65.

4.2.19 Unexpected/Abnormal Events

During the next 10 years it is possible that some unexpected or abnormal events may occur. As these events are unknown they cannot be quantified at this time; as events of this nature occur and become quantifiable they will be incorporated annually into the Long Term Financial Plan.

4.2.20 Local Government Elections

To cover the cost of local government elections \$160,000 has been included in financial years 2016/2017, 2020/2021 and 2024/2025. Council has established an internal reserve with an annual transfer of \$40,000 to cover election expenses.

4.2.21 Asset Backlog

As a result of the roads and drains revaluation in 2015, Council's depreciation models were updated in order to align more closely with the actual deterioration of the asset. Council's asset backlog and required maintenance were also re-forecast.

The LTFP assumes that Council's capital and maintenance programs are sufficient in addressing and decreasing the backlog which is already less than the 2% benchmark. Maintenance programs are aimed at achieving 96-105% of the required asset maintenance each year and that the SAMP favours asset renewals which are greater than the depreciation expense incurred.

4.3 Strategic Scenario

4.3.1 Introduction

The Strategic Scenario of the Long Term Financial Plan shows the financial results of applying the following assumptions:

- a special variation has been factored into this Plan. The SRV was proposed in Council's Fit for the Future submissions and the quantum of the SRV is consistent with the submission made and the presentations made to the community during the merger proposal. It is proposed (as in the previous LTFP) a 6% SRV (including the rate pegging level) compounding over years 2018/2019, 2019/2020 and 2020/2021, with the additional revenue being retained permanently to fund the required increased asset renewal and maintenance and to improve Council's financial sustainability. The Plan then reverts back to rate pegging at 2.5% for the balance of the horizon.
- 50 new assessments per year
- population growth 1.1% per year (Department of Planning)
- introduction of Stormwater Levy in 2017/2018
- Pensioner Rebate increase of 1.5% per year
- an inflation forecast of 2.5% is applied to most sources of income
- depreciation, asset renewal and asset maintenance aligned and integrated with Asset Management Plans
- an efficiency saving of 1% per annum through ongoing service sustainability reviews on a continual business improvement strategy.

4.3.2 Financial results

In this Strategic Scenario the underlying operating result for the General Fund is a surplus of \$1,700,000 or more for every year of the Ten Year Plan. This Scenario is sustainable and has been chosen as the preferred Scenario.

The consolidated result includes Council's new aged care facility, the Kiama Aged Care Centre of Excellence (KACCOE). The consolidated financial result, with the inclusion of KACCOE, is an operating surplus of \$2,800,000 or more for every year of the Ten Year Plan.

The table below shows the additional rate revenue Council will receive each year as a result of the special rate variation assuming a permanent increase (ongoing) to Councils rate base as per section 508 of the Local Government Act 1993.

2019 \$,000	2020 \$,000	2021 \$,000	2022 \$,000	2023 \$,000	2024 \$,000	2025 \$,000	2026 \$,000	2027 \$,000	2028 \$,000	Cumulative \$,000
580	1,176	1,821	1,867	1,913	1,961	2,010	2,061	2,112	2,165	17,667

4.4 Base Case Scenario

4.4.1 Introduction

The Strategic Scenario of the Long Term Financial Plan shows the financial results of applying the following assumptions:

- the entire rate peg of 1.5% is applied to rating income for financial year 2017/2018 and then increased to 2.5% for the remainder of the 10 years.
- 50 new assessments per year
- population growth 1.1% per year (Department of Planning)
- introduction of Stormwater Levy in 2017/2018
- Pensioner Rebate increase of 1.5% per year
- an inflation forecast of 2.5% is applied to most sources of income
- depreciation, asset renewal and asset maintenance aligned and integrated with Asset Management Plans
- an efficiency saving of 1% per annum through ongoing service sustainability reviews on a continual business improvement strategy.

4.4.2 Financial results

In this Base Case the underlying operating result for the General Fund has an average deficit of \$971,000 for the Ten Year Plan. This Scenario is not sustainable and has not been chosen as the preferred Scenario.

The consolidated result includes Council's new aged care facility, the Kiama Aged Care Centre of Excellence (KACCOE). The consolidated financial result, with the inclusion of KACCOE, ebbs and flows with an operating surplus in some years and deficits in others.

5 Long term borrowing strategies

The areas covered by this section are:

- background to Council's current debt portfolio
- future loan strategies.

5.1 Background to Council's current debt portfolio

The table below outlines Council's position in respect of all interest bearing liabilities and the break down between loan borrowings during a period of five financial years.

Debt type	30 June 2012 \$'000	30 June 2013 \$'000	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2016 \$'000
Loan borrowings	4,558	6,238	7,283	6,325	4,633

Table 3: Current debt portfolio

Council has been successful in receiving loan funds at a subsidised interest rate as part of the State Government Local Infrastructure Renewal Scheme (LIRS). The initial application was to provide an additional \$2.55 million for an extensive road resealing / rehabilitation program designed to improve the condition of the overall road network, Leisure Centre improvements and Kendalls Beach Holiday Park improvements. The second application was to provide \$2 million for the rehabilitation and re-sheeting of assets.

A summary of the LIRS loans are shown below:

Round One	\$2,553,000 borrowed in August 2012
Round Two	\$2,025,000 borrowed in October 2013

5.2 Future loan strategies

5.2.1 What is Council's philosophy on debt?

Many NSW councils are debt averse and view the achievement of a low level of debt or even debt free status as a primary goal. Others see the use of loan funding as being a critical component of the funding mix to deliver much needed infrastructure to the community.

The use of loans to fund capital expenditure can be an effective mechanism to link the payment for the asset (via debt redemption payments) to the successive councils' populations who receive benefits over the life of that asset. This matching concept is frequently referred to as 'inter-generational equity'.

Historically, Council's policy regarding the use of loan funding has been that loan funding is only available where the proposed expenditure will result in a future revenue stream that will fund the loan repayments. This Long Term Financial Plan advocates an expansion of the existing policy's scope.

5.2.2 Measuring what level of debt is appropriate

The 2006 Allen Inquiry into the Financial Sustainability of NSW Local Government gave significant consideration to the role of borrowings as a funding option for NSW councils. The Allen Inquiry's suggestion of using debt has been used by Council however it is not Council's strategy to use excessive levels of debt.

5.2.3 Future Borrowings

The Long Term Financial Plan proposes borrowings over the 10 year horizon of \$70 million. The projects involved are:

1. Renewal and expansion of five holiday parks - fully funded by increased revenue from those holiday parks.
2. Kiama Aged Care Centre of Excellence (KACCOE) – see section 6 for details of the project – borrowing expenses fully funded by the project.

The timing of these borrowings, the interest rate (provided by TCorp and CBA) and the duration of these loans is as follows:

LOAN	LOAN START	LOAN VALUE	INTEREST	DURATION
Surf Beach Holiday Park	2017/18	\$ 2,500,000	4.15%	10 years
Werri Beach Holiday Park	2019/20	\$ 3,800,000	4.15%	10 years
Seven Mile Beach Holiday Park	2021/22	\$ 2,500,000	4.15%	10 years
Kendalls Beach Holiday Park	2023/24	\$ 1,200,000	4.15%	10 years
Aged Care Facility (KACCOE)	2018/19	\$60,000,000	3.10%	5 years

Table 3: Proposed Debt Portfolio

6 Kiama Aged Care Centre of Excellence (KACCOE)

Council currently operates an existing facility, designed to provide for 30 low care and 52 high care residents. It is over 30 years old in sections, and is no longer able to meet community expectations in regard to size, layout and configuration of rooms, nor is it able to meet expectations for ageing in place. Therefore, to continue to operate, Council is building a facility that can accommodate both its existing 82 residents and 52 new residents. Council also operates 200 Independent Living Units (ILUs) and is adding a further 58 in this development.

Blue Haven is operated as a self-funding unit of Council, not at a cost to ratepayers.

This project will create an aged care facility as part of the overall redevelopment of the Kiama Hospital site. The facility will provide accommodation to meet the current and future expectations of our ageing population. The development will respect the individual lifestyle needs and choices of older people.

As a centre of excellence, there will be opportunities for staff to participate in research activities, provide student learning opportunities and engage in best practice care for all residents. The facility will provide a range of ongoing employment opportunities for nurses, care staff, therapists, maintenance and hospitality staff and engage with a variety of community volunteers.

Construction of a 134 bed Aged Care Facility (ACF). The facility will be two storeys, with residential wings designed in a self-contained 'pod' configuration of 15-18 beds. There will be two specific wings for residents requiring secure dementia care. The building will have predominantly individual rooms with ensuites, but will include eight 2 bed rooms. Each pod will contain its own dining and lounge areas.

The communal area of the facility will include a small cafe, hairdresser, GP/clinic space and chapel/meeting room. An underneath section will contain 'back of house' requirements such as central kitchen for preparation of meals on site, central laundry, secure staff parking, maintenance workshop and waste areas. The building will be serviced by three lifts. The grounds around the wings will be landscaped, including the courtyard areas of the dementia wings.

The redevelopment of the Kiama Hospital site by Kiama Council also includes: 58 two bedroom Independent Living Units; office space for staff of the Blue Haven Care community based age and disability services; community hall and meeting rooms; restoration of the heritage cottage Barroul House to contain public cafe and multi-purpose rooms; car parking and other infrastructure.

The project will generate employment during the construction phase as well as in the ongoing operation of the facility. As the facility will represent an increase in bed numbers of approximately 60% on Council's existing ACF, a range of new employment will be generated across various occupations including qualified nurses, personal carers, domestic, kitchen and garden staff.

Industry estimates indicate that each additional bed creates 1.33 direct new jobs resulting in approximately 69 new ongoing jobs. Direct employment benefits for resources required as part of the project (including labourers, project managers, tradesmen) were estimated using a ratio of 1

job created per \$160,000 of capital investment, being the industry standard. Based on the capital cost of \$86,000,000 the number of jobs created directly during the implementation phase would be approximately 480. The estimated value for output and employment using the ABS multiplier of 2.866 is approximately \$221 million throughout the supply chain and across the broader economy.

During the implementation phases, there will be an indirect benefit to related construction material production industries, the advisory services sector in design and consultancy and nearby food and retail outlets, as well as other associated sectors. Based on a multiplier of 1.6 jobs, the potential employment impact to the broader economy during the implementation period equates to a further 400 jobs. As this is part of a larger project, the economic benefit to the region will be even higher.

The overall development will have a cost of approximately \$86 million and as the construction of the Independent Living Units will be after the development of the ACF, there will be a longer term economic impact beyond this stage of the project. Creating employment in Kiama is important both for Kiama residents and workers across the Illawarra region.

Project funding

Grants:	
Stronger Regional Fund	\$10,000,000
Building Better Regions	\$2,397,000
Community Development Grant	\$1,400,000
Restart Funding	\$4,820,000
Total Grants	\$18,617,000
Loan Funds	\$60,000,000
Equity (Reserves)	\$6,000,000
s 7.11 (s.94) Funds	\$2,200,000
	<u>\$86,817,000</u>

This project will fund with, no ratepayer funds, the repayment of loans (principal and interest), equity all operating and capital costs. In addition, the project will pay an Administration Charge to Council each year. All loans will be repaid in full, with half of the loan liability repaid five years after draw down.

7 Long term restricted asset usage strategies

Councils in NSW have traditionally operated with Restricted Asset funds that are amounts of money set aside for specific purposes in later years. In general, these funds do not have bank accounts of their own but are a theoretical split up of the accumulated cash surplus that a council has on hand.

Background

Local Government will continue into the foreseeable future to be challenged by a tightening cash position through increasing demands for cash for daily operations, restricted rate income levels, increasing demands for expenditure on new infrastructure and the maintenance and rehabilitation of existing infrastructure. Kiama Municipal Council is certainly subject to these same pressures, exacerbated by high growth in population and development activity, significant environmental responsibilities and an added responsibility as a high quality tourist destination.

A strategic financial response to these pressures is necessary for Kiama Municipal Council to remain a sustainable community leader.

Objective

Council will from time to time decide, or be required by legislation, to set aside funds for specific purposes for which clear guidelines are set to ensure Council's Cash Position and Investment Portfolio are adequate and managed responsibly.

Principles

- 1) Council is the custodian of financial and built assets on behalf of the Kiama community.
- 2) Council provides works, services and facilities to the community through limited financial means.
- 3) Council is required to operate within the framework and supporting guidelines of:
 - *Local Government Act (NSW) 1993*
 - Local Government Code of Accounting Practice and Financial Reporting
 - Local Government Asset Accounting Manual
 - Australian Accounting Standards
- 4) A strategic financial plan and associated policies are required to support Council's service delivery and asset management strategies, ensuring long term financial viability.

Policy statement

- Council will set aside funds as required from time to time by specific legislation. These funds will be managed and accounted for so as to comply with the relevant legislation.
- Council will also from time to time set aside additional funds for Council's specific purposes.
- Restricted Funds will be reported in the Annual Financial Statements and reviewed annually against the specified requirements of each fund.
- Restricted Funds will be reviewed at least quarterly against the Annual Budget by the Section Manager accountable for that fund.
- Each specific fund shall be approved by Council and must be supported by a statement which outlines the following:
 - purpose of restricted funds
 - source of funds
 - the apportionment of interest earned on cash held for that fund
 - a specific statement including targets, sinking funds, timeframes for accumulation and expenditure of funds
 - accountability for the collection, management and expenditure of that fund
 - relevant legislation or Council Minute supporting the creation of the fund.
- Creation of all restricted funds shall be in accordance with this policy.
- Expenditure of restricted funds shall be in strict accordance with the approved budget, and expenditure shall not exceed funds available without specific Council resolution.
- Budgeting for the expenditure of profits from land development activities will only occur after the physical receipt of sale proceeds by Council.
- All restricted funds are to be 100% cash backed.

Related Council Policies

- Cash Investment Policy

Review Date

Review of this policy will be undertaken 12 months after the date of its adoption by Council. Should amendments to the relevant legislation occur within that 12-month period, review will take place as near as possible to the commencement of such amendments.

Relevant Legislative Provisions

- *Local Government Act (NSW) 1993*
- *Code of Accounting Practice and Financial Reporting*
- *Environmental Planning and Assessment Act (NSW) 1979*
- *Crown Lands Act (NSW) 1989*
- *Department of Lands – Crown Lands Caravan Park Policy (April 1990)*

Implementation responsibility

Financial Services Section

Definitions

Externally restricted funds refer to those funds which have an external restriction, whether by statute or otherwise, which governs the management of money held within the fund.

Internally restricted funds refer to those funds which Council has adopted to set up, to hold monies for specific purposes. The operation of such funds is purely governed by Council.

Internal loans refer to those monies transferred within Council to cover identified projects, where the money is to be repaid to the restricted fund from a specified source. Internal loans are subject to specific Council approval.

The following section outlines what restricted assets Council currently holds, their purpose and recommendations for their future.

7.1 Nature and purpose of current restricted assets

The more material current restricted asset funds held by Kiama Municipal Council are:

- deposits, retentions and bonds
- bonds held for developers' works
- section 94/94a Developer Contributions
- specific purpose unexpended grants
- domestic waste management
- Crown Holiday Parks
- employee leave entitlements
- election reserve
- IT reserve
- unexpended loan funds

7.1.1 Deposits, Retentions and Bonds

Purpose:	An external restriction is placed on deposits, retentions and bonds held by Council.
Source of Funds:	Any person or company that has paid a deposit, retention monies or bond to Council.

7.1.2 Bonds held for Developer's Works

Purpose:	An external restriction is placed on bonds held by Council.
Source of Funds:	Any developer that has paid a bond to Council.

7.1.3 Section 94/94a Developer Contributions

Purpose:	Section 94 of the <i>Environmental Planning & Assessment Act 1979</i> enables Council to levy contributions as a consequence of development. These contributions are essential in providing quality facilities and services to an expanding local population. The Act requires Council to set these funds aside to be used specifically for the provision of these facilities and services.
Source of Funds:	Developer Contributions as levied in accordance with Council's adopted Section 94 Plan.

7.1.4 Specific Purpose Unexpended Grants

Purpose:	An external restriction is placed on grant funding that has been received for a specific purpose that has not been spent by the end of the financial year.
Source of Funds:	Grant funding that is for a specific purpose is provided to Council from various sources.

7.1.5 Domestic Waste Management

Purpose:	By virtue of Section 496 of the <i>Local Government Act 1993</i> (as amended), Council must levy a separate charge for domestic waste management services, which include garbage and recycling services. Under the legislation Council cannot finance these services from ordinary rates so the charge must be sufficient to recover reasonable costs of providing these services. Council is obliged to set these funds aside and use them for their specific purpose.
Source of Funds:	Domestic Waste Services & Management Levy.

7.1.6 Crown Holiday Parks

Purpose:	Net profits from Holiday Parks on Crown Land are retained for reinvestment back into Holiday Parks on Crown Land.
Source of Funds:	Surplus from the Holiday Parks on Crown Land.

7.1.7 Employee Leave Entitlements

Purpose:	To provide funds for employee leave entitlements which have been accrued but not yet paid.
Source of Funds:	General revenue.

7.1.8 Election Reserve

Purpose:	To provide funds for the Local Government Elections which are conducted every four years.
Source of Funds:	Funds provided annually from general revenue.

7.1.9 IT Reserve

Purpose:	This restricted asset is to fund the information technology needs of Council.
Source of Funds:	General revenue.

7.1.10 Unexpended Loan Funds

Purpose:	To restrict the use of cash which has been borrowed externally for a specific purpose but not yet spent.
Source of Funds:	Funds borrowed from banks.

7.1.11 Blue Haven Care – Self Care

Purpose:	This provides funds for asset renewal and loan licence refunds.
Source of Funds:	Transfer of operating surplus.

7.1.12 Blue Haven Care - Residential

Purpose:	This provides funds for asset renewal and bond refunds.
Source of Funds:	Transfer of operating surplus.

7.1.13 Plant Replacement

Purpose:	To fund plant replacements as scheduled and required.
Source of Funds:	Plant hire charges.

7.1.14 Plant Replacement

Purpose:	<ul style="list-style-type: none">• Revenue generating investments/activities that provide a commercial rate of return whether in short, medium or long term.• All profits/returns generated from investments/activities be returned to the reserve
Source of Funds:	Land sales, investments activities

8 Rating and Annual Charge Strategies

8.1 Assessment of Current Rating Levels

Comparison of Rates with other councils

Comparison of rating between councils is affected by the rating and charging strategies they have each adopted. Some councils rely solely on the ordinary rate for rate income while others levy special rates and annual charges for specific purposes that supplement ordinary rate income.

Income from ordinary rates, special rates and drainage services are subject to State government rate pegging while domestic waste management service annual charges are limited to recovering the reasonable cost of providing those services.

Councils may choose a mix of ordinary and special rates and vary those from year to year, however the annual increase in total rate income from all rates is not to exceed the percentage specified by IPART each year.

The NSW Office of Local Government (OLG) publishes annual comparative information on council rating, financial indicators, service costs and service performance. The information is separated into 11 groups of similar councils based on size and character. Kiama Municipal Council is placed within OLG category 4.

When conducting meaningful rate analysis levels it is important, due to Council having a range of rate mixes and rating strategies, to look at rate increase divided by total number of assessments, rather than individual rate categories.

8.2 Rates and Annual Charges Income

8.2.1 Special Rates

Council currently has no special rates.

8.2.2 Rate Pegging and Special Variation

Councils are subject to rate pegging in New South Wales restricting total rate income to the prior year's notional income plus a percentage increase as allowed by the Independent Pricing and Regulatory Tribunal (IPART). This has been factored into this Plan: refer to Financial Assumptions.

A special variation has been factored into this Plan. The SRV was proposed in Council's Fit for the Future submissions and the quantum of the SRV is consistent with the submission made and the presentations made to the community during the merger proposal. It is proposed (as in the

previous LTFP) a 6% SRV (including the rate pegging level) compounding over years 2018/2019, 2019/2020 and 2020/2021, with the additional revenue being retained permanently to fund the required increased asset renewal and maintenance and to improve Council's financial sustainability.

Despite ongoing sustainability reviews, current operating and satisfaction levels and sound financial management practices, modelling suggests that a special rate variation of this magnitude is warranted, prudent and manageable. Council is very conscious of the potential impact on ratepayers, particularly pensioners. Council will be looking to providing additional pensioner rebate to help offset the financial impact.

RESIDENTIAL	2017/18	2018/19	2019/20	2020/21	3 year cumulative increase
Average General Rates	\$1,413	\$1,498	\$1,588	\$1,683	
SRV increase %		6.00%	6.00%	6.00%	19.10%
Rate Peg %		2.30%	2.70%	2.50%	7.97%
\$ increase per year at SRV		\$84.78	\$89.87	\$95.26	\$269.91
\$ increase per year at rate peg		\$32.50	\$40.44	\$39.69	\$112.63
\$ Impact of SRV above rate peg		\$52.28	\$49.43	\$55.57	\$157.28

RURAL RESIDENTIAL	2017/18	2018/19	2019/20	2020/21	3 year cumulative increase
Average General Rates	\$2,719	\$2,882	\$3,055	\$3,238	
SRV increase %		6.00%	6.00%	6.00%	19.10%
Rate Peg %		2.30%	2.70%	2.50%	7.97%
\$ increase per year at SRV		\$163.14	\$172.93	\$183.30	\$519.37
\$ increase per year at rate peg		\$62.54	\$77.82	\$76.38	\$216.73
\$ Impact of SRV above rate peg		\$100.60	\$95.11	\$106.93	\$302.64

FARMLAND	2017/18	2018/19	2019/20	2020/21	3 year cumulative increase
Average General Rates	\$2,444	\$2,591	\$2,746	\$2,911	
SRV increase %		6.00%	6.00%	6.00%	19.10%
Rate Peg %		2.30%	2.70%	2.50%	7.97%
\$ increase per year at SRV		\$146.63	\$155.43	\$164.76	\$466.82
\$ increase per year at rate peg		\$56.21	\$69.94	\$68.65	\$194.80
\$ Impact of SRV above rate peg		\$90.42	\$85.49	\$96.11	\$272.02

BUSINESS COMM - IND	2017/18	2018/19	2019/20	2020/21	3 year cumulative increase
Average General Rates	\$2,147	\$2,276	\$2,412	\$2,557	
SRV increase %		6.00%	6.00%	6.00%	19.10%
Rate Peg %		2.30%	2.70%	2.50%	7.97%
\$ increase per year at SRV		\$128.81	\$136.54	\$144.73	\$410.08
\$ increase per year at rate peg		\$49.38	\$61.44	\$60.30	\$171.12
\$ Impact of SRV above rate peg		\$79.43	\$75.10	\$84.43	\$238.96

BUSINESS ORDINARY	2017/18	2018/19	2019/20	2020/21	3 year cumulative increase
Average General Rates	\$923	\$979	\$1,037	\$1,099	
SRV increase %		6.00%	6.00%	6.00%	19.10%
Rate Peg %		2.30%	2.70%	2.50%	7.97%
\$ increase per year at SRV		\$55.39	\$58.71	\$62.23	\$176.34
\$ increase per year at rate peg		\$21.23	\$26.42	\$25.93	\$73.58
\$ Impact of SRV above rate peg		\$34.16	\$32.29	\$36.30	\$102.75

8.3 Future Rating and Annual Charge Options

8.3.1 Ordinary Rates

In order to assess the adequacy of rate income to fund Council activities into the future it is necessary to estimate future rate income. This has been performed in this Plan. It is at Council's discretion whether the full rate peg is applied.

8.3.2 Annual Charges

Stormwater Management Services Annual Charges

The maximum amount of individual annual charges for stormwater management services is regulated. Council, now that it has detailed condition assessment and stormwater Management Plan, is preparing to levy from 2017/2018 the stormwater levy.

Appendix 1 - Financial Statements

Income Statement – Consolidated Base Case – Rate Peg

Kiama Municipal Council												
10 Year Financial Plan for the Years ending 30 June 2029												
INCOME STATEMENT - CONSOLIDATED												
Scenario: Rate Peg												
	Actuals	Current Year	Projected Years									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	20,883,000	22,452,501	22,049,118	22,594,998	23,154,524	23,728,039	24,315,891	24,918,440	25,536,053	26,169,106	26,817,985	27,483,086
User Charges & Fees	19,440,000	18,440,829	19,282,884	21,315,297	22,112,664	22,758,111	23,435,201	24,118,922	24,792,302	25,496,871	25,928,993	26,972,487
Interest & Investment Revenue	1,015,000	822,605	1,179,005	2,083,360	2,685,424	2,432,004	2,095,237	1,984,617	2,162,323	2,369,137	2,441,445	2,649,763
Other Revenues	4,354,000	3,766,304	5,340,355	6,632,538	6,685,415	6,739,614	6,795,167	5,721,611	4,650,839	4,804,139	5,007,775	5,081,094
Grants & Contributions provided for Operating Purposes	9,524,000	9,526,418	12,933,769	14,405,469	14,644,488	14,919,672	15,189,442	15,491,916	15,780,791	16,115,126	16,646,538	17,015,286
Grants & Contributions provided for Capital Purposes	6,268,000	20,553,500	4,236,500	1,236,500	1,236,500	1,236,500	1,236,500	1,236,500	1,236,500	1,236,500	1,236,500	1,236,500
Other Income:												
Net gains from the disposal of assets	299,000	370,500	8,190,500	6,696,480	877,500	144,000	335,000	335,000	335,000	335,000	335,000	-
Joint Ventures & Associated Entities	68,000	-	-	-	-	-	-	-	-	-	-	-
Total Income from Continuing Operations	61,851,000	75,932,657	73,212,132	74,964,642	71,396,515	71,957,939	73,402,439	73,807,007	74,493,809	76,525,879	78,414,234	80,438,215
Expenses from Continuing Operations												
Employee Benefits & On-Costs	26,331,000	24,966,550	28,948,890	31,449,101	32,553,382	33,696,829	34,880,842	36,106,868	37,376,411	38,691,022	40,024,169	41,403,556
Borrowing Costs	156,000	160,206	2,414,176	2,387,784	2,387,139	2,351,659	1,209,954	1,085,880	1,022,044	955,637	886,551	814,675
Materials & Contracts	18,762,000	18,628,496	18,876,198	19,669,344	20,203,578	20,698,758	21,180,155	21,747,974	22,277,499	22,818,993	23,222,727	23,788,979
Depreciation & Amortisation	7,121,000	6,991,556	7,538,144	7,658,395	7,863,651	7,945,948	8,114,849	8,200,874	8,329,386	8,420,138	8,500,140	8,580,941
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	3,110,000	3,373,411	3,735,393	3,899,263	3,984,397	4,071,404	4,160,327	4,251,209	4,344,093	4,439,022	4,536,044	4,635,204
Interest & Investment Losses	-	-	-	-	-	-	-	-	-	-	-	-
Net Losses from the Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	55,480,000	54,120,218	61,512,800	65,063,887	66,992,147	68,764,599	69,546,127	71,392,805	73,349,433	75,324,812	77,169,631	79,223,355
Operating Result from Continuing Operations	6,371,000	21,812,439	11,699,331	9,900,755	4,404,368	3,193,340	3,856,312	2,414,202	1,144,376	1,201,066	1,244,603	1,214,861
Discontinued Operations - Profit/(Loss)	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit/(Loss) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the Year	6,371,000	21,812,439	11,699,331	9,900,755	4,404,368	3,193,340	3,856,312	2,414,202	1,144,376	1,201,066	1,244,603	1,214,861
Net Operating Result before Grants and Contributions provided for Capital Purposes												
Capital Purposes	103,000	1,258,939	7,462,831	8,664,254	3,167,868	1,956,840	2,619,812	1,177,702	(92,124)	(35,434)	8,103	(21,640)

Balance Sheet - Consolidated Base Case – Rate Peg

Kiama Municipal Council 10 Year Financial Plan for the Years ending 30 June 2029												
BALANCE SHEET - CONSOLIDATED	Actuals	Current Year	Projected Years									
Scenario: Rate Peg	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS												
Current Assets												
Cash & Cash Equivalents	6,943,000	33,412,422	69,912,721	76,027,387	77,671,494	79,250,808	45,184,518	43,214,298	40,593,929	38,013,417	36,490,936	35,259,035
Investments	26,000,000	22,740,000	26,740,000	41,623,738	45,052,307	42,927,504	42,244,804	43,501,053	44,924,290	46,588,708	46,785,455	47,797,071
Receivables	2,333,000	2,050,673	2,034,857	2,130,092	2,207,371	2,246,593	2,300,210	2,360,703	2,420,395	2,481,924	2,542,313	2,609,202
Inventories	192,000	178,496	15,203,002	2,621,280	202,493	207,823	212,962	218,534	224,230	230,055	236,011	242,100
Other	-	39,695	38,155	39,316	40,186	41,077	41,943	42,873	43,824	44,797	45,791	46,807
Non-current assets classified as "held for sale"	3,750,000	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	39,218,000	58,421,287	113,928,736	122,441,813	125,173,852	124,673,805	89,984,436	89,337,461	88,206,669	87,358,901	86,100,505	85,954,215
Non-Current Assets												
Investments	-	1,760,000	1,760,000	1,760,000	1,760,000	1,760,000	(1,440,000)	-	3,200,000	7,200,000	7,200,000	7,200,000
Receivables	489,000	361,431	363,791	372,896	382,188	391,713	401,476	411,482	421,739	432,253	443,029	454,074
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	354,038,000	432,766,000	416,195,034	416,314,029	415,480,337	414,570,337	412,681,476	410,634,272	408,684,447	406,581,128	404,877,102	401,951,409
Investments Accounted for using the equity method	226,000	226,000	226,000	226,000	226,000	226,000	226,000	226,000	226,000	226,000	226,000	226,000
Investment Property	80,819,000	81,569,000	82,319,000	83,069,000	83,819,000	84,569,000	85,319,000	86,069,000	86,819,000	87,569,000	88,319,000	89,069,000
Intangible Assets	5,350,000	5,350,000	5,350,000	5,350,000	5,350,000	5,350,000	5,350,000	5,350,000	5,350,000	5,350,000	5,350,000	5,350,000
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	440,922,000	522,032,431	506,213,825	507,091,925	507,017,525	506,867,050	502,537,952	502,690,755	504,701,186	507,358,380	506,415,131	504,250,483
TOTAL ASSETS	480,140,000	580,453,718	620,142,561	629,533,738	632,191,377	631,540,855	592,522,388	592,028,216	592,907,855	594,717,281	592,515,636	590,204,699
LIABILITIES												
Current Liabilities												
Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-	-
Payables	72,536,000	90,419,525	115,793,264	116,551,335	113,572,926	110,857,841	108,127,826	106,825,995	108,231,144	110,575,292	108,933,398	107,283,293
Income received in advance	1,769,000	565,363	537,226	553,849	572,460	587,895	603,793	620,167	637,032	654,402	672,293	690,720
Borrowings	892,000	911,422	1,284,272	1,125,965	1,144,212	60,970,721	1,622,916	1,686,751	1,753,159	1,822,245	1,894,120	1,320,185
Provisions	6,928,000	6,955,247	6,955,247	6,955,247	6,955,247	6,955,247	6,955,247	6,955,247	6,955,247	6,955,247	6,955,247	6,955,247
Liabilities associated with assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	82,125,000	98,851,557	124,570,008	125,186,397	122,244,845	179,371,704	117,309,782	116,088,160	117,576,582	120,007,186	118,455,058	116,249,445
Non-Current Liabilities												
Payables	-	-	-	-	-	-	-	-	-	-	-	-
Income received in advance	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	2,458,000	64,259,969	66,531,029	65,405,064	66,599,886	5,629,165	24,816,307	23,129,556	21,376,398	19,554,153	17,660,033	16,339,848
Provisions	128,000	100,753	100,753	100,753	100,753	100,753	100,753	100,753	100,753	100,753	100,753	100,753
Investments Accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities associated with assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	2,586,000	64,360,722	66,631,782	65,505,817	66,700,639	5,729,918	24,917,061	23,230,309	21,477,151	19,654,906	17,760,786	16,440,601
TOTAL LIABILITIES	84,711,000	163,212,279	191,201,791	190,692,214	188,945,484	185,101,622	142,226,843	139,318,469	139,053,732	139,662,092	136,215,844	132,690,046
Net Assets	395,429,000	417,241,439	428,940,770	438,841,525	443,245,893	446,439,233	450,295,545	452,709,747	453,854,123	455,055,189	456,299,792	457,514,653
EQUITY												
Retained Earnings	215,779,000	237,591,439	249,290,770	259,191,525	263,595,893	266,789,233	270,645,545	273,059,747	274,204,123	275,405,189	276,649,792	277,864,653
Revaluation Reserves	179,650,000	179,650,000	179,650,000	179,650,000	179,650,000	179,650,000	179,650,000	179,650,000	179,650,000	179,650,000	179,650,000	179,650,000
Council Equity Interest	395,429,000	417,241,439	428,940,770	438,841,525	443,245,893	446,439,233	450,295,545	452,709,747	453,854,123	455,055,189	456,299,792	457,514,653
Minority Equity Interest	-	-	-	-	-	-	-	-	-	-	-	-
Total Equity	395,429,000	417,241,439	428,940,770	438,841,525	443,245,893	446,439,233	450,295,545	452,709,747	453,854,123	455,055,189	456,299,792	457,514,653

Statement of Cash Flows- Consolidated Base Case – Rate Peg (page 1)

Kiama Municipal Council												
10 Year Financial Plan for the Years ending 30 June 2029												
CASH FLOW STATEMENT - CONSOLIDATED												
Scenario: Rate Peg												
	Actuals	Current Year	Projected Years									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash Flows from Operating Activities												
Receipts:												
Rates & Annual Charges	20,818,000	22,415,119	22,055,288	22,586,649	23,145,967	23,719,268	24,306,901	24,909,225	25,526,607	26,159,424	26,808,061	27,472,914
User Charges & Fees	20,054,000	18,751,559	19,339,902	21,283,375	22,086,668	22,736,666	23,413,113	24,096,172	24,768,869	25,472,735	25,904,132	26,946,881
Interest & Investment Revenue Received	1,040,000	1,002,502	1,088,667	1,987,345	2,661,759	2,440,978	2,090,634	1,975,379	2,154,628	2,361,076	2,436,037	2,639,409
Grants & Contributions	15,758,000	29,983,981	17,194,938	15,683,701	15,879,332	16,153,910	16,424,026	16,725,820	17,015,150	17,349,432	17,880,788	18,249,480
Bonds & Deposits Received	-	20,353,853	28,053,853	4,400,000	687,500	962,500	942,099	1,239,782	2,815,505	3,845,810	-	-
Other	3,821,000	534,680	2,051,006	2,121,913	2,159,866	2,212,343	2,267,822	2,324,323	2,382,645	2,442,241	2,503,328	2,565,944
Payments:												
Employee Benefits & On-Costs	(26,054,000)	(24,966,550)	(28,948,890)	(31,449,101)	(32,553,382)	(33,696,829)	(34,880,842)	(36,106,868)	(37,376,411)	(38,691,022)	(40,024,169)	(41,403,556)
Materials & Contracts	(16,693,000)	(19,861,808)	(19,032,653)	(19,543,708)	(20,115,232)	(20,608,382)	(21,091,704)	(21,653,395)	(22,180,744)	(22,720,012)	(23,121,600)	(23,685,530)
Borrowing Costs	(156,000)	(152,839)	(2,398,651)	(2,395,325)	(2,380,016)	(2,358,378)	(1,209,061)	(1,091,612)	(1,027,978)	(961,778)	(892,908)	(821,256)
Bonds & Deposits Refunded	(82,000)	-	-	-	-	-	-	-	-	-	-	-
Other	(711,000)	(3,373,411)	(3,735,393)	(3,899,263)	(3,984,397)	(4,071,404)	(4,160,327)	(4,251,209)	(4,344,093)	(4,439,022)	(4,536,044)	(4,635,204)
Net Cash provided (or used in) Operating Activities	17,795,000	44,687,087	35,668,067	10,775,586	7,588,066	7,490,671	8,102,660	8,167,616	9,734,179	10,818,883	6,957,625	7,329,083
Cash Flows from Investing Activities												
Receipts:												
Sale of Investment Securities	37,278,000	1,500,000	-	-	-	2,124,803	4,000,000	-	-	-	-	-
Sale of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Real Estate Assets	-	8,260,000	16,750,000	19,089,480	3,046,000	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	1,615,000	1,070,000	473,000	297,000	308,000	277,000	335,000	335,000	335,000	335,000	335,000	-
Payments:												
Purchase of Investment Securities	(25,975,000)	-	(4,000,000)	(14,883,738)	(3,428,569)	-	(117,299)	(2,696,250)	(4,623,236)	(5,664,418)	(196,747)	(1,011,616)
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	(28,384,000)	(90,869,056)	(15,034,678)	(7,879,390)	(7,082,459)	(7,168,948)	(6,225,988)	(6,153,670)	(6,379,561)	(6,316,819)	(6,796,114)	(5,655,248)
Purchase of Real Estate Assets	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Investing Activities	(12,516,000)	(80,039,056)	(1,811,678)	(3,376,648)	(7,157,028)	(4,767,145)	(2,008,287)	(8,514,920)	(10,667,797)	(11,646,237)	(6,657,861)	(6,666,864)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from Borrowings & Advances	-	62,500,000	3,800,000	-	2,500,000	-	21,200,000	-	-	-	-	-
Payments:												
Repayment of Borrowings & Advances	(440,000)	(678,609)	(1,156,090)	(1,284,272)	(1,286,931)	(1,144,212)	(61,360,663)	(1,622,916)	(1,686,751)	(1,753,159)	(1,822,245)	(1,894,120)
Net Cash Flow provided (used in) Financing Activities	(440,000)	61,821,391	2,643,910	(1,284,272)	1,213,069	(1,144,212)	(40,160,663)	(1,622,916)	(1,686,751)	(1,753,159)	(1,822,245)	(1,894,120)
Net Increase/(Decrease) in Cash & Cash Equivalents	4,839,000	26,469,422	36,500,299	6,114,666	1,644,107	1,579,314	(34,066,290)	(1,970,219)	(2,620,369)	(2,580,513)	(1,522,480)	(1,231,901)
plus: Cash, Cash Equivalents & Investments - beginning of year	2,104,000	6,943,000	33,412,422	69,912,721	76,027,387	77,671,494	79,250,808	45,184,518	43,214,298	40,593,929	38,013,417	36,490,936
Cash & Cash Equivalents - end of the year	6,943,000	33,412,422	69,912,721	76,027,387	77,671,494	79,250,808	45,184,518	43,214,298	40,593,929	38,013,417	36,490,936	35,259,035
Cash & Cash Equivalents - end of the year	6,943,000	33,412,422	69,912,721	76,027,387	77,671,494	79,250,808	45,184,518	43,214,298	40,593,929	38,013,417	36,490,936	35,259,035
Investments - end of the year	26,000,000	24,500,000	28,500,000	43,383,738	46,812,307	44,687,504	40,804,804	43,501,053	48,124,290	53,788,708	53,985,455	54,997,071
Cash, Cash Equivalents & Investments - end of the year	32,943,000	57,912,422	98,412,721	119,411,126	124,483,802	123,938,312	85,989,321	86,715,352	88,718,219	91,802,125	90,476,391	90,256,106

Income Statement – General Fund Base Case – Rate Peg

Kiama Municipal Council												
10 Year Financial Plan for the Years ending 30 June 2029												
INCOME STATEMENT - GENERAL FUND												
Scenario: Rate Peg	Actuals	Current Year	Projected Years									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	20,883,000	22,452,501	22,049,118	22,594,998	23,154,524	23,728,039	24,315,891	24,918,440	25,536,053	26,169,106	26,817,985	27,483,086
User Charges & Fees	19,440,000	18,440,829	16,978,980	17,797,402	18,463,904	19,013,712	19,580,013	20,163,303	20,764,092	21,382,905	22,020,283	22,676,781
Interest & Investment Revenue	1,015,000	822,605	1,056,064	1,170,994	1,717,790	1,731,153	1,771,643	1,827,251	1,863,187	1,934,863	2,016,706	2,109,760
Other Revenues	4,354,000	3,766,304	3,774,936	3,837,283	3,881,340	3,926,499	3,972,786	4,020,231	4,068,862	4,118,708	4,169,801	4,222,171
Grants & Contributions provided for Operating Purposes	9,524,000	9,526,418	7,700,406	7,611,427	7,733,983	7,901,414	8,043,254	8,235,413	8,393,883	8,556,315	8,722,808	8,893,463
Grants & Contributions provided for Capital Purposes	5,806,000	4,236,500	4,236,500	1,236,500	1,236,500	1,236,500	1,236,500	1,236,500	1,236,500	1,236,500	1,236,500	1,236,500
Other Income:												
Net gains from the disposal of assets	299,000	370,500	8,190,500	6,696,480	877,500	144,000	335,000	335,000	335,000	335,000	335,000	-
Joint Ventures & Associated Entities	68,000	-	-	-	-	-	-	-	-	-	-	-
Total Income from Continuing Operations	61,389,000	59,615,657	63,986,505	60,945,084	57,065,542	57,681,316	59,255,088	60,736,139	62,197,577	63,733,398	65,319,082	66,621,760
Expenses from Continuing Operations												
Employee Benefits & On-Costs	26,331,000	24,966,550	22,275,656	24,542,304	25,404,848	26,298,096	27,223,153	28,181,160	29,173,303	30,200,806	31,236,795	32,308,624
Borrowing Costs	156,000	160,206	314,176	287,784	287,139	251,659	236,703	210,762	176,525	141,070	104,353	66,329
Materials & Contracts	18,762,000	18,628,496	17,385,193	18,143,755	18,592,575	19,051,491	19,495,753	19,975,547	20,466,133	20,967,754	21,480,659	22,005,101
Depreciation & Amortisation	7,121,000	6,991,556	7,118,144	7,238,395	7,443,651	7,525,948	7,694,849	7,780,874	7,909,386	8,000,138	8,080,140	8,160,941
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	3,110,000	3,373,411	3,342,845	3,497,295	3,572,781	3,649,910	3,728,717	3,809,240	3,891,516	3,975,584	4,061,483	4,149,253
Interest & Investment Losses	-	-	-	-	-	-	-	-	-	-	-	-
Net Losses from the Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	55,480,000	54,120,218	50,436,014	53,709,533	55,300,993	56,777,104	58,379,175	59,957,583	61,616,864	63,285,353	64,963,431	66,690,248
Operating Result from Continuing Operations	5,909,000	5,495,439	13,550,490	7,235,551	1,764,548	904,212	875,913	778,556	580,714	448,045	355,651	(68,488)
Discontinued Operations - Profit/(Loss)	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit/(Loss) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the Year	5,909,000	5,495,439	13,550,490	7,235,551	1,764,548	904,212	875,913	778,556	580,714	448,045	355,651	(68,488)
Net Operating Result before Grants and Contributions provided for Capital Purposes	103,000	1,258,939	9,313,990	5,999,051	528,048	(332,288)	(360,587)	(457,944)	(655,786)	(788,455)	(880,849)	(1,304,988)

Balance Sheet – General Fund Base Case – Rate Peg

Kiama Municipal Council												
10 Year Financial Plan for the Years ending 30 June 2029												
BALANCE SHEET - GENERAL FUND												
Scenario: Rate Peg												
	Actuals	Current Year	Projected Years									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS												
Current Assets												
Cash & Cash Equivalents	6,943,000	1,630,986	12,779,822	13,901,747	14,290,996	14,691,144	15,102,496	15,525,365	15,960,076	16,406,958	16,866,353	17,338,611
Investments	23,800,000	22,300,000	26,300,000	41,183,738	44,612,307	42,487,504	42,604,804	43,501,053	44,124,290	44,788,708	44,985,455	45,997,071
Receivables	2,333,000	2,050,673	2,034,857	2,130,092	2,207,371	2,246,593	4,165,024	4,290,785	4,418,030	4,549,476	4,682,229	2,609,202
Inventories	192,000	178,496	15,203,002	2,621,280	202,493	207,823	212,962	218,534	224,230	230,055	236,011	242,100
Other	-	39,695	38,155	39,316	40,186	41,077	41,943	42,873	43,824	44,797	45,791	46,807
Non-current assets classified as "held for sale"	3,750,000	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	37,018,000	26,199,851	56,355,836	59,876,173	61,353,353	59,674,141	62,127,227	63,578,610	64,770,450	66,019,994	66,815,838	66,233,791
Non-Current Assets												
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	3,535,000	13,407,431	13,409,791	13,418,896	13,428,188	13,437,713	11,582,662	9,662,586	7,675,208	5,618,169	3,489,029	3,500,074
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	336,954,000	340,792,583	324,591,617	325,080,612	324,616,920	324,076,920	322,543,059	320,850,855	319,256,030	317,507,711	316,158,685	313,587,992
Investments Accounted for using the equity method	226,000	226,000	226,000	226,000	226,000	226,000	226,000	226,000	226,000	226,000	226,000	226,000
Investment Property	80,819,000	81,569,000	82,319,000	83,069,000	83,819,000	84,569,000	85,319,000	86,069,000	86,819,000	87,569,000	88,319,000	89,069,000
Intangible Assets	5,350,000	5,350,000	5,350,000	5,350,000	5,350,000	5,350,000	5,350,000	5,350,000	5,350,000	5,350,000	5,350,000	5,350,000
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	426,884,000	441,345,014	425,896,408	427,144,508	427,440,108	427,659,633	425,020,721	422,158,442	419,326,238	416,270,880	413,542,714	411,733,066
TOTAL ASSETS	463,902,000	467,544,865	482,252,245	487,020,681	488,793,461	487,333,774	487,147,948	485,737,052	484,096,688	482,290,874	480,358,552	477,966,857
LIABILITIES												
Current Liabilities												
Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-	-
Payables	72,536,000	70,065,672	68,606,789	67,407,322	66,183,875	64,948,752	63,719,100	62,489,450	61,261,919	60,036,556	58,813,276	57,592,250
Income received in advance	1,769,000	565,363	537,226	553,849	572,460	587,895	603,793	620,167	637,032	654,402	672,293	690,720
Borrowings	892,000	911,422	1,284,272	1,125,965	1,144,212	970,721	976,175	1,010,412	1,045,867	1,082,584	1,120,608	511,273
Provisions	6,928,000	6,955,247	6,955,247	6,955,247	6,955,247	6,955,247	6,955,247	6,955,247	6,955,247	6,955,247	6,955,247	6,955,247
Liabilities associated with assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	82,125,000	78,497,704	77,383,533	76,042,384	74,855,794	73,462,615	72,254,315	71,075,276	69,900,065	68,728,789	67,561,424	65,749,491
Non-Current Liabilities												
Payables	-	-	-	-	-	-	-	-	-	-	-	-
Income received in advance	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	2,458,000	4,259,969	6,531,029	5,405,064	6,599,886	5,629,165	5,775,726	4,765,314	3,719,447	2,636,863	1,516,255	1,004,982
Provisions	128,000	100,753	100,753	100,753	100,753	100,753	100,753	100,753	100,753	100,753	100,753	100,753
Investments Accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities associated with assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	2,586,000	4,360,722	6,631,782	5,505,817	6,700,639	5,729,918	5,876,479	4,866,067	3,820,200	2,737,616	1,617,008	1,105,735
TOTAL LIABILITIES	84,711,000	82,858,426	84,015,316	81,548,201	81,556,433	79,192,533	78,130,794	75,941,343	73,720,265	71,466,406	69,178,432	66,855,226
Net Assets	379,191,000	384,686,439	398,236,929	405,472,480	407,237,028	408,141,240	409,017,154	409,795,709	410,376,423	410,824,468	411,180,120	411,111,632
EQUITY												
Retained Earnings	199,541,000	205,036,439	218,586,929	225,822,480	227,587,028	228,491,240	229,367,154	230,145,709	230,726,423	231,174,468	231,530,120	231,461,632
Revaluation Reserves	179,650,000	179,650,000	179,650,000	179,650,000	179,650,000	179,650,000	179,650,000	179,650,000	179,650,000	179,650,000	179,650,000	179,650,000
Council Equity Interest	379,191,000	384,686,439	398,236,929	405,472,480	407,237,028	408,141,240	409,017,154	409,795,709	410,376,423	410,824,468	411,180,120	411,111,632
Minority Equity Interest	-	-	-	-	-	-	-	-	-	-	-	-
Total Equity	379,191,000	384,686,439	398,236,929	405,472,480	407,237,028	408,141,240	409,017,154	409,795,709	410,376,423	410,824,468	411,180,120	411,111,632

Statement of Cash Flows – General Fund Base Case – Rate Peg (page 1)

Kiama Municipal Council 10 Year Financial Plan for the Years ending 30 June 2029 CASH FLOW STATEMENT - GENERAL FUND Scenario: Rate Peg												
	Actuals 2017/18	Current Year 2018/19	Projected Years									
	\$	\$	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash Flows from Operating Activities												
Receipts:												
Rates & Annual Charges	-	22,415,119	22,055,288	22,586,649	23,145,967	23,719,268	24,306,901	24,909,225	25,526,607	26,159,424	26,808,061	27,472,914
User Charges & Fees	-	18,751,559	17,035,998	17,765,480	18,437,908	18,992,267	19,557,925	20,140,553	20,740,659	21,358,769	21,995,422	22,651,175
Interest & Investment Revenue Received	-	1,002,502	965,726	1,074,979	1,694,125	1,740,127	1,767,040	1,818,013	1,855,492	1,926,803	2,011,298	2,099,406
Grants & Contributions	-	13,666,981	11,961,575	8,889,659	8,968,827	9,135,652	9,277,838	9,469,317	9,628,242	9,790,621	9,957,058	10,127,657
Bonds & Deposits Received	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	534,680	1,706,818	1,769,120	1,798,253	1,841,691	1,887,903	1,934,905	1,983,492	2,033,110	2,083,969	2,136,100
Payments:												
Employee Benefits & On-Costs	-	(24,966,550)	(22,275,656)	(24,542,304)	(25,404,848)	(26,298,096)	(27,223,153)	(28,181,160)	(29,173,303)	(30,200,806)	(31,236,795)	(32,308,624)
Materials & Contracts	-	(19,861,808)	(17,541,648)	(18,018,119)	(18,504,228)	(18,961,115)	(19,407,303)	(19,880,968)	(20,369,378)	(20,868,773)	(21,379,532)	(21,901,652)
Borrowing Costs	-	(152,839)	(298,651)	(295,325)	(280,016)	(258,378)	(235,810)	(216,494)	(182,458)	(147,212)	(110,710)	(72,909)
Bonds & Deposits Refunded	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	(3,373,411)	(3,342,845)	(3,497,295)	(3,572,781)	(3,649,910)	(3,728,717)	(3,809,240)	(3,891,516)	(3,975,584)	(4,061,483)	(4,149,253)
Net Cash provided (or used in) Operating Activities	-	8,016,234	10,266,604	5,732,844	6,283,208	6,261,505	6,202,624	6,184,151	6,117,837	6,076,351	6,067,287	6,054,814
Cash Flows from Investing Activities												
Receipts:												
Sale of Investment Securities	-	1,500,000	-	-	-	2,124,803	-	-	-	-	-	-
Sale of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Real Estate Assets	-	8,260,000	16,750,000	19,089,480	3,046,000	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	-	1,070,000	473,000	297,000	308,000	277,000	335,000	335,000	335,000	335,000	335,000	-
Sale of Interests in Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors Receipts	-	-	-	-	-	-	-	1,864,814	1,930,082	1,997,635	2,067,552	2,139,917
Payments:												
Purchase of Investment Securities	-	-	(4,000,000)	(14,883,738)	(3,428,569)	-	(117,299)	(896,250)	(623,236)	(664,418)	(196,747)	(1,011,616)
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	-	(15,979,639)	(14,984,678)	(7,829,390)	(7,032,459)	(7,118,948)	(6,160,988)	(6,088,670)	(6,314,561)	(6,251,819)	(6,731,114)	(5,590,248)
Purchase of Real Estate Assets	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors & Advances Made	-	(10,000,000)	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Investing Activities	-	(15,149,639)	(1,761,678)	(3,326,648)	(7,107,028)	(4,717,145)	(5,943,287)	(4,785,106)	(4,672,715)	(4,583,602)	(4,525,308)	(4,461,948)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from Borrowings & Advances	-	2,500,000	3,800,000	-	2,500,000	-	1,200,000	-	-	-	-	-
Payments:												
Repayment of Borrowings & Advances	-	(678,609)	(1,156,090)	(1,284,272)	(1,286,931)	(1,144,212)	(1,047,985)	(976,175)	(1,010,412)	(1,045,867)	(1,082,584)	(1,120,608)
Net Cash Flow provided (used in) Financing Activities	-	1,821,391	2,643,910	(1,284,272)	1,213,069	(1,144,212)	152,015	(976,175)	(1,010,412)	(1,045,867)	(1,082,584)	(1,120,608)
Net Increase/(Decrease) in Cash & Cash Equivalents	-	(5,312,014)	11,148,836	1,121,925	389,249	400,148	411,352	422,870	434,710	446,882	459,395	472,258
plus: Cash, Cash Equivalents & Investments - beginning of year	-	6,943,000	1,630,986	12,779,822	13,901,747	14,290,996	14,691,144	15,102,496	15,525,365	15,960,076	16,406,958	16,866,353
Cash & Cash Equivalents - end of the year	-	1,630,986	12,779,822	13,901,747	14,290,996	14,691,144	15,102,496	15,525,365	15,960,076	16,406,958	16,866,353	17,338,611
Cash & Cash Equivalents - end of the year	6,943,000	1,630,986	12,779,822	13,901,747	14,290,996	14,691,144	15,102,496	15,525,365	15,960,076	16,406,958	16,866,353	17,338,611
Investments - end of the year	23,800,000	22,300,000	26,300,000	41,183,738	44,612,307	42,487,504	42,604,804	43,501,053	44,124,290	44,788,708	44,985,455	45,997,071
Cash, Cash Equivalents & Investments - end of the year	30,743,000	23,930,986	39,079,822	55,085,485	58,903,303	57,178,648	57,707,299	59,026,419	60,084,365	61,195,666	61,851,807	63,335,681

Income Statement – KACCOE Base Case – Rate Peg

Kiama Municipal Council												
10 Year Financial Plan for the Years ending 30 June 2029												
INCOME STATEMENT - NEW AGED CARE FACILITY												
Scenario: Rate Peg												
	Actuals	Current Year	Projected Years									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	-	-	-	-	-	-	-	-	-	-	-	-
User Charges & Fees	-	-	2,303,904	3,517,895	3,648,760	3,744,399	3,855,188	3,955,619	4,028,210	4,113,966	3,908,710	4,295,706
Interest & Investment Revenue	-	-	472,941	1,262,366	1,317,634	1,050,851	673,594	507,366	583,867	651,452	572,000	614,900
Other Revenues	-	-	1,565,419	2,795,255	2,804,075	2,813,115	2,822,381	1,701,380	581,978	685,430	837,974	858,923
Grants & Contributions provided for Operating Purposes	-	-	5,233,363	6,794,042	6,910,505	7,018,258	7,146,188	7,256,503	7,386,908	7,558,811	7,923,730	8,121,823
Grants & Contributions provided for Capital Purposes	462,000	16,317,000	-	-	-	-	-	-	-	-	-	-
Other Income:												
Net gains from the disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-	-
Total Income from Continuing Operations	462,000	16,317,000	9,575,627	14,369,558	14,680,974	14,626,623	14,497,351	13,420,868	12,580,963	13,009,659	13,242,414	13,891,352
Expenses from Continuing Operations												
Employee Benefits & On-Costs	-	-	6,673,233	6,906,797	7,148,534	7,398,733	7,657,689	7,925,708	8,203,108	8,490,216	8,787,374	9,094,932
Borrowing Costs	-	-	2,450,000	2,450,000	2,450,000	2,450,000	1,323,251	1,225,117	1,130,251	1,031,745	929,459	823,244
Materials & Contracts	-	-	1,491,005	1,525,589	1,611,003	1,647,267	1,684,402	1,772,427	1,811,366	1,851,238	1,742,068	1,783,878
Depreciation & Amortisation	-	-	420,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	-	-	392,547	401,969	411,616	421,495	431,610	441,969	452,576	463,438	474,561	485,950
Interest & Investment Losses	-	-	-	-	-	-	-	-	-	-	-	-
Net Losses from the Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	-	-	11,426,786	11,704,354	12,041,154	12,337,495	11,516,952	11,785,222	12,017,301	12,256,638	12,353,462	12,608,004
Operating Result from Continuing Operations	462,000	16,317,000	(1,851,159)	2,665,203	2,639,820	2,289,128	2,980,399	1,635,646	563,662	753,021	888,952	1,283,348
Discontinued Operations - Profit/(Loss)	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit/(Loss) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the Year	462,000	16,317,000	(1,851,159)	2,665,203	2,639,820	2,289,128	2,980,399	1,635,646	563,662	753,021	888,952	1,283,348
Net Operating Result before Grants and Contributions provided for Capital Purposes	-	-	(1,851,159)	2,665,203	2,639,820	2,289,128	2,980,399	1,635,646	563,662	753,021	888,952	1,283,348

Balance Sheet - KACCOE Base Case – Rate Peg (page 1)

Kiama Municipal Council 10 Year Financial Plan for the Years ending 30 June 2029 BALANCE SHEET - NEW AGED CARE FACILITY Scenario: Rate Peg												
	Actuals	Current Year	Projected Years									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS												
Current Assets												
Cash & Cash Equivalents	-	31,781,436	57,132,899	62,125,641	63,380,499	64,559,664	30,082,022	27,688,933	24,633,854	21,606,459	19,624,584	17,920,424
Investments	2,200,000	440,000	440,000	440,000	440,000	440,000	(360,000)	-	800,000	1,800,000	1,800,000	1,800,000
Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	2,200,000	32,221,436	57,572,899	62,565,641	63,820,499	64,999,664	29,722,022	27,688,933	25,433,854	23,406,459	21,424,584	19,720,424
Non-Current Assets												
Investments	-	1,760,000	1,760,000	1,760,000	1,760,000	1,760,000	(1,440,000)	-	3,200,000	7,200,000	7,200,000	7,200,000
Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	17,084,000	91,973,417	91,603,417	91,233,417	90,863,417	90,493,417	90,138,417	89,783,417	89,428,417	89,073,417	88,718,417	88,363,417
Investments Accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	17,084,000	93,733,417	93,363,417	92,993,417	92,623,417	92,253,417	88,698,417	89,783,417	92,628,417	96,273,417	95,918,417	95,563,417
TOTAL ASSETS	19,284,000	125,954,853	150,936,316	155,559,058	156,443,916	157,253,081	118,420,439	117,472,350	118,062,271	119,679,876	117,343,001	115,283,841
LIABILITIES												
Current Liabilities												
Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-	-
Payables	-	20,353,853	47,186,475	49,144,013	47,389,051	45,909,089	44,408,726	44,336,545	46,969,225	50,538,736	50,120,122	49,691,043
Income received in advance	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	60,000,000	2,511,555	2,606,421	2,704,927	2,807,213	2,913,428	808,911
Provisions	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities associated with assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	-	20,353,853	47,186,475	49,144,013	47,389,051	105,909,089	46,920,281	46,942,966	49,674,152	53,345,949	53,033,550	50,499,954
Non-Current Liabilities												
Payables	-	-	-	-	-	-	-	-	-	-	-	-
Income received in advance	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	3,046,000	73,046,000	73,046,000	73,046,000	73,046,000	13,046,000	30,221,767	27,615,346	24,910,419	22,103,206	19,189,778	18,380,866
Provisions	-	-	-	-	-	-	-	-	-	-	-	-
Investments Accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities associated with assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	3,046,000	73,046,000	73,046,000	73,046,000	73,046,000	13,046,000	30,221,767	27,615,346	24,910,419	22,103,206	19,189,778	18,380,866
TOTAL LIABILITIES	3,046,000	93,399,853	120,232,475	122,190,013	120,435,051	118,955,089	77,142,048	74,558,312	74,584,571	75,449,155	72,223,328	68,880,820
Net Assets	16,238,000	32,555,000	30,703,841	33,369,045	36,008,865	38,297,992	41,278,391	42,914,038	43,477,700	44,230,721	45,119,673	46,403,021
EQUITY												
Retained Earnings	16,238,000	32,555,000	30,703,841	33,369,045	36,008,865	38,297,992	41,278,391	42,914,038	43,477,700	44,230,721	45,119,673	46,403,021
Revaluation Reserves	-	-	-	-	-	-	-	-	-	-	-	-
Council Equity Interest	16,238,000	32,555,000	30,703,841	33,369,045	36,008,865	38,297,992	41,278,391	42,914,038	43,477,700	44,230,721	45,119,673	46,403,021
Minority Equity Interest	-	-	-	-	-	-	-	-	-	-	-	-
Total Equity	16,238,000	32,555,000	30,703,841	33,369,045	36,008,865	38,297,992	41,278,391	42,914,038	43,477,700	44,230,721	45,119,673	46,403,021

Statement of Cash Flows – KACCOE Base Case – Rate Peg

Kiama Municipal Council 10 Year Financial Plan for the Years ending 30 June 2029 CASH FLOW STATEMENT - NEW AGED CARE FACILITY Scenario: Rate Peg												
	Actuals 2017/18	Current Year 2018/19	Projected Years									
	\$	\$	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash Flows from Operating Activities												
Receipts:												
Rates & Annual Charges	-	-	-	-	-	-	-	-	-	-	-	-
User Charges & Fees	-	-	2,303,904	3,517,895	3,648,760	3,744,399	3,855,188	3,955,619	4,028,210	4,113,966	3,908,710	4,295,706
Interest & Investment Revenue Received	-	-	472,941	1,262,366	1,317,634	1,050,851	673,594	507,366	583,867	651,452	572,000	614,900
Grants & Contributions	-	16,317,000	5,233,363	6,794,042	6,910,505	7,018,258	7,146,188	7,256,503	7,386,908	7,558,811	7,923,730	8,121,823
Bonds & Deposits Received	-	20,353,853	28,053,853	4,400,000	687,500	962,500	942,099	1,239,782	2,815,505	3,845,810	-	-
Other	-	-	344,188	352,793	361,613	370,653	379,919	389,417	399,153	409,131	419,360	429,844
Payments:												
Employee Benefits & On-Costs	-	-	(6,673,233)	(6,906,797)	(7,148,534)	(7,398,733)	(7,657,689)	(7,925,708)	(8,203,108)	(8,490,216)	(8,787,374)	(9,094,932)
Materials & Contracts	-	-	(1,491,005)	(1,525,589)	(1,611,003)	(1,647,267)	(1,684,402)	(1,772,427)	(1,811,366)	(1,851,238)	(1,742,068)	(1,783,878)
Borrowing Costs	-	-	(2,450,000)	(2,450,000)	(2,450,000)	(2,450,000)	(1,323,251)	(1,225,117)	(1,130,251)	(1,031,745)	(929,459)	(823,244)
Bonds & Deposits Refunded	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	(392,547)	(401,969)	(411,616)	(421,495)	(431,610)	(441,969)	(452,576)	(463,438)	(474,561)	(485,950)
Net Cash provided (or used in) Operating Activities	-	36,670,853	25,401,463	5,042,741	1,304,858	1,229,166	1,900,036	1,983,465	3,616,342	4,742,532	890,338	1,274,269
Cash Flows from Investing Activities												
Receipts:												
Sale of Investment Securities	-	-	-	-	-	-	4,000,000	-	-	-	-	-
Payments:												
Purchase of Investment Securities	-	-	-	-	-	-	-	(1,800,000)	(4,000,000)	(5,000,000)	-	-
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	-	(74,889,417)	(50,000)	(50,000)	(50,000)	(50,000)	(65,000)	(65,000)	(65,000)	(65,000)	(65,000)	(65,000)
Net Cash provided (or used in) Investing Activities	-	(74,889,417)	(50,000)	(50,000)	(50,000)	(50,000)	3,935,000	(1,865,000)	(4,065,000)	(5,065,000)	(65,000)	(65,000)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from Borrowings & Advances	-	70,000,000	-	-	-	-	20,000,000	-	-	-	-	-
Payments:												
Repayment of Borrowings & Advances	-	-	-	-	-	-	(60,312,678)	(2,511,555)	(2,606,421)	(2,704,927)	(2,807,213)	(2,913,428)
Net Cash Flow provided (used in) Financing Activities	-	70,000,000	-	-	-	-	(40,312,678)	(2,511,555)	(2,606,421)	(2,704,927)	(2,807,213)	(2,913,428)
Net Increase/(Decrease) in Cash & Cash Equivalents	-	31,781,436	25,351,463	4,992,741	1,254,858	1,179,166	(34,477,642)	(2,393,089)	(3,055,079)	(3,027,395)	(1,981,875)	(1,704,159)
plus: Cash, Cash Equivalents & Investments - beginning of year	-	-	31,781,436	57,132,899	62,125,641	63,380,499	64,559,664	30,082,022	27,688,933	24,633,854	21,606,459	19,624,584
Cash & Cash Equivalents - end of the year	-	31,781,436	57,132,899	62,125,641	63,380,499	64,559,664	30,082,022	27,688,933	24,633,854	21,606,459	19,624,584	17,920,424
Cash & Cash Equivalents - end of the year	-	31,781,436	57,132,899	62,125,641	63,380,499	64,559,664	30,082,022	27,688,933	24,633,854	21,606,459	19,624,584	17,920,424
Investments - end of the year	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	(1,800,000)	-	4,000,000	9,000,000	9,000,000	9,000,000
Cash, Cash Equivalents & Investments - end of the year	2,200,000	33,981,436	59,332,899	64,325,641	65,580,499	66,759,664	28,282,022	27,688,933	28,633,854	30,606,459	28,624,584	26,920,424

Income Statement – Consolidated – Special Rate Variation

Kiama Municipal Council												
10 Year Financial Plan for the Years ending 30 June 2029												
INCOME STATEMENT - CONSOLIDATED												
Scenario: Special Rate Variation												
	Actuals	Current Year	Projected Years									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	20,883,000	22,452,501	23,628,206	24,831,070	25,446,498	26,077,312	26,723,897	27,386,646	28,065,963	28,762,264	29,475,972	30,207,523
User Charges & Fees	19,440,000	18,440,829	19,282,884	21,315,297	22,112,664	22,758,111	23,435,201	24,118,922	24,792,302	25,496,871	25,928,993	26,972,487
Interest & Investment Revenue	1,015,000	822,605	1,179,005	2,083,360	2,685,424	2,432,004	2,095,237	1,984,617	2,162,323	2,369,137	2,441,445	2,649,763
Other Revenues	4,354,000	3,766,304	5,340,355	6,632,538	6,685,415	6,739,614	6,795,167	5,721,611	4,650,839	4,804,139	5,007,775	5,081,094
Grants & Contributions provided for Operating Purposes	9,524,000	9,526,418	12,933,769	14,500,491	14,739,510	15,014,694	15,284,464	15,546,938	15,884,813	16,219,373	16,751,015	17,119,999
Grants & Contributions provided for Capital Purposes	6,268,000	20,553,500	4,236,500	1,236,500	1,236,500	1,236,500	1,236,500	1,236,500	1,236,500	1,236,500	1,236,500	1,236,500
Other Income:												
Net gains from the disposal of assets	299,000	370,500	8,190,500	6,696,480	877,500	144,000	335,000	335,000	335,000	335,000	335,000	-
Joint Ventures & Associated Entities	68,000	-	-	-	-	-	-	-	-	-	-	-
Total Income from Continuing Operations	61,851,000	75,932,657	74,791,220	77,295,736	73,783,511	74,402,234	75,905,466	76,330,234	77,127,741	79,223,284	81,176,699	83,267,366
Expenses from Continuing Operations												
Employee Benefits & On-Costs	26,331,000	24,966,550	28,948,890	31,449,101	32,553,382	33,696,829	34,880,842	36,106,868	37,376,411	38,691,022	40,024,169	41,403,556
Borrowing Costs	156,000	160,206	2,414,176	2,387,784	2,387,139	2,351,659	1,209,954	1,085,880	1,022,044	955,637	886,551	814,675
Materials & Contracts	18,762,000	18,628,496	19,944,663	20,196,691	20,743,494	21,251,542	21,746,115	22,327,425	22,870,761	23,426,398	23,844,612	24,425,689
Depreciation & Amortisation	7,121,000	6,991,556	7,538,144	7,658,395	7,863,651	7,945,948	8,114,849	8,200,874	8,329,386	8,420,138	8,500,140	8,580,941
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	3,110,000	3,373,411	3,735,393	3,899,263	3,984,397	4,071,404	4,160,327	4,251,209	4,344,093	4,439,022	4,536,044	4,635,204
Interest & Investment Losses	-	-	-	-	-	-	-	-	-	-	-	-
Net Losses from the Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	55,480,000	54,120,218	62,581,265	65,591,234	67,532,062	69,317,383	70,112,087	71,972,255	73,942,695	75,932,217	77,791,516	79,860,065
Operating Result from Continuing Operations	6,371,000	21,812,439	12,209,955	11,704,502	6,251,449	5,084,851	5,793,379	4,357,979	3,185,046	3,291,066	3,385,183	3,407,300
Discontinued Operations - Profit/(Loss)	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit/(Loss) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the Year	6,371,000	21,812,439	12,209,955	11,704,502	6,251,449	5,084,851	5,793,379	4,357,979	3,185,046	3,291,066	3,385,183	3,407,300
Net Operating Result before Grants and Contributions provided for Capital Purposes	103,000	1,258,939	7,973,455	10,468,002	5,014,948	3,848,351	4,556,879	3,121,479	1,948,545	2,054,566	2,148,683	2,170,800

Balance Sheet – Consolidated – Special Rate Variation

Kiama Municipal Council												
10 Year Financial Plan for the Years ending 30 June 2029												
BALANCE SHEET - CONSOLIDATED												
Scenario: Special Rate Variation												
	Actuals	Current Year	Projected Years									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS												
Current Assets												
Cash & Cash Equivalents	6,943,000	33,412,422	69,701,023	76,027,387	77,671,494	79,250,808	45,184,518	43,214,298	40,593,929	38,013,417	36,490,936	35,688,114
Investments	26,000,000	22,740,000	26,740,000	41,709,170	45,638,208	43,903,676	43,656,555	45,355,812	47,704,865	50,369,062	51,601,474	53,799,751
Receivables	2,333,000	2,050,673	2,052,808	2,159,377	2,240,204	2,282,406	2,339,291	2,402,376	2,469,173	2,537,338	2,604,597	2,679,268
Inventories	192,000	178,496	15,216,271	2,627,830	209,198	214,688	219,990	225,730	231,598	237,599	243,734	250,007
Other	-	39,695	40,034	40,243	41,136	42,048	42,938	43,892	44,867	45,864	46,884	47,927
Non-current assets classified as "held for sale"	3,750,000	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	39,218,000	58,421,287	113,750,135	122,564,007	125,800,241	125,693,626	91,443,292	91,242,108	91,044,433	91,203,281	90,987,625	92,465,066
Non-Current Assets												
Investments	-	1,760,000	1,760,000	1,760,000	1,760,000	1,760,000	(1,440,000)	-	3,200,000	7,200,000	7,200,000	7,200,000
Receivables	489,000	361,431	372,699	385,511	395,118	404,966	415,060	425,406	436,011	446,882	458,023	469,444
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	354,038,000	432,766,000	417,061,740	418,585,586	419,096,656	419,686,656	419,297,795	418,750,591	417,910,379	416,892,555	416,288,529	414,362,836
Investments Accounted for using the equity method	226,000	226,000	226,000	226,000	226,000	226,000	226,000	226,000	226,000	226,000	226,000	226,000
Investment Property	80,819,000	81,569,000	82,319,000	83,069,000	83,819,000	84,569,000	85,319,000	86,069,000	86,819,000	87,569,000	88,319,000	89,069,000
Intangible Assets	5,350,000	5,350,000	5,350,000	5,350,000	5,350,000	5,350,000	5,350,000	5,350,000	5,350,000	5,350,000	5,350,000	5,350,000
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	440,922,000	522,032,431	507,089,440	509,376,097	510,646,774	511,996,622	509,167,855	510,820,998	513,941,390	517,684,436	517,841,552	516,677,280
TOTAL ASSETS	480,140,000	580,453,718	620,839,575	631,940,103	636,447,015	637,690,249	600,611,147	602,063,105	604,985,824	608,887,717	608,829,178	609,142,346
LIABILITIES												
Current Liabilities												
Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-	-
Payables	72,536,000	90,419,525	115,979,654	116,643,329	113,667,113	110,954,273	108,226,557	106,927,078	108,334,637	110,681,252	109,041,884	107,823,445
Income received in advance	1,769,000	565,363	537,226	553,849	572,460	587,895	603,793	620,167	637,032	654,402	672,293	690,720
Borrowings	892,000	911,422	1,284,272	1,125,965	1,144,212	60,970,721	1,622,916	1,686,751	1,753,159	1,822,245	1,894,120	1,320,185
Provisions	6,928,000	6,955,247	6,955,247	6,955,247	6,955,247	6,955,247	6,955,247	6,955,247	6,955,247	6,955,247	6,955,247	6,955,247
Liabilities associated with assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	82,125,000	98,851,557	124,756,399	125,278,391	122,339,032	179,468,136	117,408,512	116,189,243	117,680,075	120,113,146	118,563,544	116,789,597
Non-Current Liabilities												
Payables	-	-	-	-	-	-	-	-	-	-	-	-
Income received in advance	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	2,458,000	64,259,969	66,531,029	65,405,064	66,599,886	5,629,165	24,816,307	23,129,556	21,376,398	19,554,153	17,660,033	16,339,848
Provisions	128,000	100,753	100,753	100,753	100,753	100,753	100,753	100,753	100,753	100,753	100,753	100,753
Investments Accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities associated with assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	2,586,000	64,360,722	66,631,782	65,505,817	66,700,639	5,729,918	24,917,061	23,230,309	21,477,151	19,654,906	17,760,786	16,440,601
TOTAL LIABILITIES	84,711,000	163,212,279	191,388,181	190,784,208	189,039,671	185,198,054	142,325,573	139,419,553	139,157,225	139,768,052	136,324,330	133,230,198
Net Assets	395,429,000	417,241,439	429,451,394	441,155,895	447,407,344	452,492,195	458,285,574	462,643,553	465,828,598	469,119,665	472,504,848	475,912,148
EQUITY												
Retained Earnings	215,779,000	237,591,439	249,801,394	261,505,895	267,757,344	272,842,195	278,635,574	282,993,553	286,178,598	289,469,665	292,854,848	296,262,148
Revaluation Reserves	179,650,000	179,650,000	179,650,000	179,650,000	179,650,000	179,650,000	179,650,000	179,650,000	179,650,000	179,650,000	179,650,000	179,650,000
Council Equity Interest	395,429,000	417,241,439	429,451,394	441,155,895	447,407,344	452,492,195	458,285,574	462,643,553	465,828,598	469,119,665	472,504,848	475,912,148
Minority Equity Interest	-	-	-	-	-	-	-	-	-	-	-	-
Total Equity	395,429,000	417,241,439	429,451,394	441,155,895	447,407,344	452,492,195	458,285,574	462,643,553	465,828,598	469,119,665	472,504,848	475,912,148

Cash Flow Statement – Consolidated – Special Rate Variation (page 1)

Kiama Municipal Council												
10 Year Financial Plan for the Years ending 30 June 2029												
CASH FLOW STATEMENT - CONSOLIDATED												
Scenario: Special Rate Variation												
	Actuals	Current Year	Projected Years									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash Flows from Operating Activities												
Receipts:												
Rates & Annual Charges	20,818,000	22,415,119	23,610,226	24,812,674	25,437,086	26,067,665	26,714,008	27,376,510	28,055,574	28,751,615	29,465,057	30,196,335
User Charges & Fees	20,054,000	18,751,559	19,339,902	21,283,375	22,086,668	22,736,666	23,413,113	24,096,172	24,768,869	25,472,735	25,904,132	26,946,881
Interest & Investment Revenue Received	1,040,000	1,002,502	1,085,959	1,984,091	2,658,751	2,438,551	2,087,933	1,972,636	2,149,015	2,355,054	2,429,796	2,632,274
Grants & Contributions	15,758,000	29,983,981	17,194,938	15,777,439	15,974,354	16,248,932	16,519,048	16,781,383	17,118,510	17,453,676	17,985,263	18,354,191
Bonds & Deposits Received	-	20,353,853	28,053,853	4,400,000	687,500	962,500	942,099	1,239,782	2,815,505	3,845,810	-	-
Other	3,821,000	534,680	2,051,006	2,121,458	2,159,866	2,212,343	2,267,822	2,324,514	2,382,410	2,442,240	2,503,327	2,995,021
Payments:												
Employee Benefits & On-Costs	(26,054,000)	(24,966,550)	(28,948,890)	(31,449,101)	(32,553,382)	(33,696,829)	(34,880,842)	(36,106,868)	(37,376,411)	(38,691,022)	(40,024,169)	(41,403,556)
Materials & Contracts	(16,693,000)	(19,861,808)	(19,929,875)	(20,157,780)	(20,653,133)	(21,159,104)	(21,655,553)	(22,230,683)	(22,771,793)	(23,325,150)	(23,741,164)	(24,319,864)
Borrowing Costs	(156,000)	(152,839)	(2,398,651)	(2,395,325)	(2,380,016)	(2,358,378)	(1,209,061)	(1,091,612)	(1,027,978)	(961,778)	(892,908)	(821,256)
Bonds & Deposits Refunded	(82,000)	-	-	-	-	-	-	-	-	-	-	-
Other	(711,000)	(3,373,411)	(3,735,393)	(3,899,263)	(3,984,397)	(4,071,404)	(4,160,327)	(4,251,209)	(4,344,093)	(4,439,022)	(4,536,044)	(4,635,204)
Net Cash provided (or used in) Operating Activities	17,795,000	44,687,087	36,323,075	12,477,567	9,433,298	9,380,941	10,038,239	10,110,624	11,769,609	12,904,157	9,093,290	9,944,822
Cash Flows from Investing Activities												
Receipts:												
Sale of Investment Securities	37,278,000	1,500,000	-	-	-	1,734,532	4,000,000	-	-	-	-	-
Sale of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Real Estate Assets	-	8,260,000	16,750,000	19,089,480	3,046,000	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	1,615,000	1,070,000	473,000	297,000	308,000	277,000	335,000	335,000	335,000	335,000	335,000	-
Payments:												
Purchase of Investment Securities	(25,975,000)	-	(4,000,000)	(14,969,170)	(3,929,039)	-	(552,879)	(3,139,257)	(5,549,053)	(6,664,197)	(1,232,411)	(2,198,277)
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	(28,384,000)	(90,869,056)	(15,901,384)	(9,284,241)	(8,427,221)	(8,668,948)	(7,725,988)	(7,653,670)	(7,489,174)	(7,402,314)	(7,896,114)	(6,655,248)
Other Investing Activity Payments	2,950,000	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Investing Activities	(12,516,000)	(80,039,056)	(2,678,384)	(4,866,931)	(9,002,260)	(6,657,416)	(3,943,867)	(10,457,927)	(12,703,227)	(13,731,511)	(8,793,525)	(8,853,525)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from Borrowings & Advances	-	62,500,000	3,800,000	-	2,500,000	-	21,200,000	-	-	-	-	-
Payments:												
Repayment of Borrowings & Advances	(440,000)	(678,609)	(1,156,090)	(1,284,272)	(1,286,931)	(1,144,212)	(61,360,663)	(1,622,916)	(1,686,751)	(1,753,159)	(1,822,245)	(1,894,120)
Net Cash Flow provided (used in) Financing Activities	(440,000)	61,821,391	2,643,910	(1,284,272)	1,213,069	(1,144,212)	(40,160,663)	(1,622,916)	(1,686,751)	(1,753,159)	(1,822,245)	(1,894,120)
Net Increase/(Decrease) in Cash & Cash Equivalents	4,839,000	26,469,422	36,288,601	6,326,364	1,644,107	1,579,314	(34,066,290)	(1,970,219)	(2,620,369)	(2,580,513)	(1,522,480)	(802,823)
plus: Cash, Cash Equivalents & Investments - beginning of year	2,104,000	6,943,000	33,412,422	69,701,023	76,027,387	77,671,494	79,250,808	45,184,518	43,214,298	40,593,929	38,013,417	36,490,936
Cash & Cash Equivalents - end of the year	6,943,000	33,412,422	69,701,023	76,027,387	77,671,494	79,250,808	45,184,518	43,214,298	40,593,929	38,013,417	36,490,936	35,688,114
Cash & Cash Equivalents - end of the year	6,943,000	33,412,422	69,701,023	76,027,387	77,671,494	79,250,808	45,184,518	43,214,298	40,593,929	38,013,417	36,490,936	35,688,114
Investments - end of the year	26,000,000	24,500,000	28,500,000	43,469,170	47,398,208	45,663,676	42,216,555	45,355,812	50,904,865	57,569,062	58,801,474	60,999,751
Cash, Cash Equivalents & Investments - end of the year	32,943,000	57,912,422	98,201,023	119,496,557	125,069,703	124,914,484	87,401,073	88,570,111	91,498,795	95,582,479	95,292,410	96,687,864

Income Statement – General Fund – Special Rate Variation

Kiama Municipal Council 10 Year Financial Plan for the Years ending 30 June 2029 INCOME STATEMENT - GENERAL FUND Scenario: Special Rate Variation												
	Actuals	Current Year	Projected Years									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	20,883,000	22,452,501	23,628,206	24,831,070	25,446,498	26,077,312	26,723,897	27,386,646	28,065,963	28,762,264	29,475,972	30,207,523
User Charges & Fees	19,440,000	18,440,829	16,978,980	17,797,402	18,463,904	19,013,712	19,580,013	20,163,303	20,764,092	21,382,905	22,020,283	22,676,781
Interest & Investment Revenue	1,015,000	822,605	1,056,064	1,170,994	1,717,790	1,731,153	1,771,643	1,827,251	1,863,187	1,934,863	2,016,706	2,109,760
Other Revenues	4,354,000	3,766,304	3,774,936	3,837,283	3,881,340	3,926,499	3,972,786	4,020,231	4,068,862	4,118,708	4,169,801	4,222,171
Grants & Contributions provided for Operating Purposes	9,524,000	9,526,418	7,700,406	7,706,449	7,829,005	7,996,436	8,138,276	8,290,435	8,497,905	8,660,562	8,827,285	8,998,176
Grants & Contributions provided for Capital Purposes	5,806,000	4,236,500	4,236,500	1,236,500	1,236,500	1,236,500	1,236,500	1,236,500	1,236,500	1,236,500	1,236,500	1,236,500
Other Income:												
Net gains from the disposal of assets	299,000	370,500	8,190,500	6,696,480	877,500	144,000	335,000	335,000	335,000	335,000	335,000	-
Joint Ventures & Associated Entities	68,000	-	-	-	-	-	-	-	-	-	-	-
Total Income from Continuing Operations	61,389,000	59,615,657	65,565,593	63,276,178	59,452,537	60,125,611	61,758,115	63,259,366	64,831,510	66,430,803	68,081,547	69,450,911
Expenses from Continuing Operations												
Employee Benefits & On-Costs	26,331,000	24,966,550	22,275,656	24,542,304	25,404,848	26,298,096	27,223,153	28,181,160	29,173,303	30,200,806	31,236,795	32,308,624
Borrowing Costs	156,000	160,206	314,176	287,784	287,139	251,659	236,703	210,762	176,525	141,070	104,353	66,329
Materials & Contracts	18,762,000	18,628,496	18,453,657	18,671,102	19,132,490	19,604,275	20,061,713	20,554,997	21,059,396	21,575,159	22,102,544	22,641,811
Depreciation & Amortisation	7,121,000	6,991,556	7,118,144	7,238,395	7,443,651	7,525,948	7,694,849	7,780,874	7,909,386	8,000,138	8,080,140	8,160,941
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	3,110,000	3,373,411	3,342,845	3,497,295	3,572,781	3,649,910	3,728,717	3,809,240	3,891,516	3,975,584	4,061,483	4,149,253
Interest & Investment Losses	-	-	-	-	-	-	-	-	-	-	-	-
Net Losses from the Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	55,480,000	54,120,218	51,504,479	54,236,880	55,840,909	57,329,888	58,945,135	60,537,033	62,210,126	63,892,757	65,585,315	67,326,958
Operating Result from Continuing Operations	5,909,000	5,495,439	14,061,113	9,039,298	3,611,629	2,795,723	2,812,980	2,722,332	2,621,383	2,538,045	2,496,231	2,123,953
Discontinued Operations - Profit/(Loss)	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit/(Loss) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the Year	5,909,000	5,495,439	14,061,113	9,039,298	3,611,629	2,795,723	2,812,980	2,722,332	2,621,383	2,538,045	2,496,231	2,123,953
Net Operating Result before Grants and Contributions provided for Capital Purposes	103,000	1,258,939	9,824,613	7,802,798	2,375,128	1,559,223	1,576,480	1,485,832	1,384,883	1,301,545	1,259,731	887,453

Balance Sheet – General Fund – Special Rate Variation

Kiama Municipal Council 10 Year Financial Plan for the Years ending 30 June 2029 BALANCE SHEET - GENERAL FUND Scenario: Special Rate Variation												
	Actuals	Current Year	Projected Years									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS												
Current Assets												
Cash & Cash Equivalents	6,943,000	1,630,986	12,568,124	13,901,747	14,290,996	14,691,144	15,102,496	15,525,365	15,960,076	16,406,958	16,866,353	17,338,611
Investments	23,800,000	22,300,000	26,300,000	41,269,170	45,198,208	43,463,676	44,016,555	45,355,812	46,904,865	48,569,062	49,801,474	51,999,751
Receivables	2,333,000	2,050,673	2,052,808	2,159,377	2,240,204	2,282,406	4,204,105	4,332,458	4,466,808	4,604,891	4,744,514	2,679,268
Inventories	192,000	178,496	15,216,271	2,627,830	209,198	214,688	219,990	225,730	231,598	237,599	243,734	250,007
Other	-	39,695	40,034	40,243	41,136	42,048	42,938	43,892	44,867	45,864	46,884	47,927
Non-current assets classified as "held for sale"	3,750,000	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	37,018,000	26,199,851	56,177,236	59,998,366	61,979,742	60,693,962	63,586,083	65,483,257	67,608,215	69,864,374	71,702,958	72,315,563
Non-Current Assets												
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	3,535,000	13,407,431	13,418,699	13,431,511	13,441,118	13,450,966	11,596,246	9,676,510	7,689,480	5,632,798	3,504,023	3,515,444
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	336,954,000	340,792,583	325,458,323	327,352,169	328,233,239	329,193,239	329,159,378	328,967,174	328,481,962	327,819,138	327,570,112	325,999,419
Investments Accounted for using the equity method	226,000	226,000	226,000	226,000	226,000	226,000	226,000	226,000	226,000	226,000	226,000	226,000
Investment Property	80,819,000	81,569,000	82,319,000	83,069,000	83,819,000	84,569,000	85,319,000	86,069,000	86,819,000	87,569,000	88,319,000	89,069,000
Intangible Assets	5,350,000	5,350,000	5,350,000	5,350,000	5,350,000	5,350,000	5,350,000	5,350,000	5,350,000	5,350,000	5,350,000	5,350,000
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	426,884,000	441,345,014	426,772,023	429,428,680	431,069,357	432,789,205	431,650,624	430,288,685	428,566,442	426,596,936	424,969,135	424,159,863
TOTAL ASSETS	463,902,000	467,544,865	482,949,259	489,427,046	493,049,099	493,483,167	495,236,707	495,771,942	496,174,657	496,461,310	496,672,094	496,475,426
LIABILITIES												
Current Liabilities												
Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-	-
Payables	72,536,000	70,065,672	68,793,179	67,499,316	66,278,062	65,045,184	63,817,831	62,590,533	61,365,412	60,142,516	58,921,762	57,703,323
Income received in advance	1,769,000	565,363	537,226	553,849	572,460	587,895	603,793	620,167	637,032	654,402	672,293	690,720
Borrowings	892,000	911,422	1,284,272	1,125,965	1,144,212	970,721	976,175	1,010,412	1,045,867	1,082,584	1,120,608	511,273
Provisions	6,928,000	6,955,247	6,955,247	6,955,247	6,955,247	6,955,247	6,955,247	6,955,247	6,955,247	6,955,247	6,955,247	6,955,247
Liabilities associated with assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	82,125,000	78,497,704	77,569,924	76,134,378	74,949,981	73,559,047	72,353,045	71,176,359	70,003,558	68,834,749	67,669,910	65,860,563
Non-Current Liabilities												
Payables	-	-	-	-	-	-	-	-	-	-	-	-
Income received in advance	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	2,458,000	4,259,969	6,531,029	5,405,064	6,599,886	5,629,165	5,775,726	4,765,314	3,719,447	2,636,863	1,516,255	1,004,982
Provisions	128,000	100,753	100,753	100,753	100,753	100,753	100,753	100,753	100,753	100,753	100,753	100,753
Investments Accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities associated with assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	2,586,000	4,360,722	6,631,782	5,505,817	6,700,639	5,729,918	5,876,479	4,866,067	3,820,200	2,737,616	1,617,008	1,105,735
TOTAL LIABILITIES	84,711,000	82,858,426	84,201,706	81,640,195	81,650,620	79,288,965	78,229,525	76,042,426	73,823,758	71,572,366	69,286,919	66,966,298
Net Assets	379,191,000	384,686,439	398,747,552	407,786,851	411,398,479	414,194,202	417,007,183	419,729,515	422,350,899	424,888,944	427,385,175	429,509,128
EQUITY												
Retained Earnings	199,541,000	205,036,439	219,097,552	228,136,851	231,748,479	234,544,202	237,357,183	240,079,515	242,700,899	245,238,944	247,735,175	249,859,128
Revaluation Reserves	179,650,000	179,650,000	179,650,000	179,650,000	179,650,000	179,650,000	179,650,000	179,650,000	179,650,000	179,650,000	179,650,000	179,650,000
Council Equity Interest	379,191,000	384,686,439	398,747,552	407,786,851	411,398,479	414,194,202	417,007,183	419,729,515	422,350,899	424,888,944	427,385,175	429,509,128
Minority Equity Interest	-	-	-	-	-	-	-	-	-	-	-	-
Total Equity	379,191,000	384,686,439	398,747,552	407,786,851	411,398,479	414,194,202	417,007,183	419,729,515	422,350,899	424,888,944	427,385,175	429,509,128

Cash Flow Statement – General Fund – Special Rate Variation

Kiama Municipal Council 10 Year Financial Plan for the Years ending 30 June 2029 CASH FLOW STATEMENT - GENERAL FUND Scenario: Special Rate Variation												
	Actuals	Current Year	Projected Years									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash Flows from Operating Activities												
Receipts:												
Rates & Annual Charges	-	22,415,119	23,610,226	24,812,674	25,437,086	26,067,665	26,714,008	27,376,510	28,055,574	28,751,615	29,465,057	30,196,335
User Charges & Fees	-	18,751,559	17,035,998	17,765,480	18,437,908	18,992,267	19,557,925	20,140,553	20,740,659	21,358,769	21,995,422	22,651,175
Interest & Investment Revenue Received	-	1,002,502	963,018	1,071,725	1,691,117	1,737,700	1,764,339	1,815,270	1,849,880	1,920,781	2,005,058	2,092,271
Grants & Contributions	-	13,666,981	11,961,575	8,983,397	9,063,849	9,230,674	9,372,860	9,524,880	9,731,602	9,894,865	10,061,533	10,232,368
Bonds & Deposits Received	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	534,680	1,706,818	1,768,665	1,798,253	1,841,691	1,887,903	1,935,097	1,983,257	2,033,109	2,083,967	2,136,099
Payments:												
Employee Benefits & On-Costs	-	(24,966,550)	(22,275,656)	(24,542,304)	(25,404,848)	(26,298,096)	(27,223,153)	(28,181,160)	(29,173,303)	(30,200,806)	(31,236,795)	(32,308,624)
Materials & Contracts	-	(19,861,808)	(18,438,870)	(18,632,191)	(19,042,129)	(19,511,836)	(19,971,151)	(20,458,256)	(20,960,427)	(21,473,912)	(21,999,096)	(22,535,986)
Borrowing Costs	-	(152,839)	(298,651)	(295,325)	(280,016)	(258,378)	(235,810)	(216,494)	(182,458)	(147,212)	(110,710)	(72,909)
Bonds & Deposits Refunded	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	(3,373,411)	(3,342,845)	(3,497,295)	(3,572,781)	(3,649,910)	(3,728,717)	(3,809,240)	(3,891,516)	(3,975,584)	(4,061,483)	(4,149,253)
Net Cash provided (or used in) Operating Activities	-	8,016,234	10,921,612	7,434,825	8,128,440	8,151,776	8,138,203	8,127,159	8,153,267	8,161,625	8,202,952	8,241,475
Cash Flows from Investing Activities												
Receipts:												
Sale of Investment Securities	-	1,500,000	-	-	-	1,734,532	-	-	-	-	-	-
Sale of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Real Estate Assets	-	8,260,000	16,750,000	19,089,480	3,046,000	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	-	1,070,000	473,000	297,000	308,000	277,000	335,000	335,000	335,000	335,000	335,000	-
Sale of Interests in Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors Receipts	-	-	-	-	-	-	-	1,864,814	1,930,082	1,997,635	2,067,552	2,139,917
Payments:												
Purchase of Investment Securities	-	-	(4,000,000)	(14,969,170)	(3,929,039)	-	(552,879)	(1,339,257)	(1,549,053)	(1,664,197)	(1,232,411)	(2,198,277)
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	-	(15,979,639)	(15,851,384)	(9,234,241)	(8,377,221)	(8,618,948)	(7,660,988)	(7,588,670)	(7,424,174)	(7,337,314)	(7,831,114)	(6,590,248)
Purchase of Real Estate Assets	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors & Advances Made	-	(10,000,000)	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Investing Activities	-	(15,149,639)	(2,628,384)	(4,816,931)	(8,952,260)	(6,607,416)	(7,878,867)	(6,728,114)	(6,708,145)	(6,668,876)	(6,660,973)	(6,648,608)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from Borrowings & Advances	-	2,500,000	3,800,000	-	2,500,000	-	1,200,000	-	-	-	-	-
Payments:												
Repayment of Borrowings & Advances	-	(678,609)	(1,156,090)	(1,284,272)	(1,286,931)	(1,144,212)	(1,047,985)	(976,175)	(1,010,412)	(1,045,867)	(1,082,584)	(1,120,608)
Net Cash Flow provided (used in) Financing Activities	-	1,821,391	2,643,910	(1,284,272)	1,213,069	(1,144,212)	152,015	(976,175)	(1,010,412)	(1,045,867)	(1,082,584)	(1,120,608)
Net Increase/(Decrease) in Cash & Cash Equivalents	-	(5,312,014)	10,937,138	1,333,623	389,249	400,148	411,352	422,870	434,710	446,882	459,395	472,258
plus: Cash, Cash Equivalents & Investments - beginning of year	-	6,943,000	1,630,986	12,568,124	13,901,747	14,290,996	14,691,144	15,102,496	15,525,365	15,960,076	16,406,958	16,866,353
Cash & Cash Equivalents - end of the year	-	1,630,986	12,568,124	13,901,747	14,290,996	14,691,144	15,102,496	15,525,365	15,960,076	16,406,958	16,866,353	17,338,611
Cash & Cash Equivalents - end of the year	6,943,000	1,630,986	12,568,124	13,901,747	14,290,996	14,691,144	15,102,496	15,525,365	15,960,076	16,406,958	16,866,353	17,338,611
Investments - end of the year	23,800,000	22,300,000	26,300,000	41,269,170	45,198,208	43,463,676	44,016,555	45,355,812	46,904,865	48,569,062	49,801,474	51,999,751
Cash, Cash Equivalents & Investments - end of the year	30,743,000	23,930,986	38,868,124	55,170,917	59,489,204	58,154,820	59,119,050	60,881,178	62,864,941	64,976,020	66,667,826	69,338,361

Fit for the Future Benchmarks – General Fund

General Fund - Fit for the Future Ratios	Scenarios	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Operating Performance Ratio	Strategic	✓	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Base Case	✓	✗	✓	✓	✗	✗	✗	✗	✗	✗	✗	✗	✗
Own Source Operating Revenue Ratio	Strategic	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Base Case	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Building and Infrastructure Asset Renewal Ratio	Strategic	✓	✗	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Base Case	✓	✗	✗	✗	✗	✗	✓	✓	✗	✗	✗	✗	✗
Asset Backlog Ratio	Strategic	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Base Case	✓	✓	✓	✓	✓	✗	✗	✗	✗	✗	✗	✗	✗
Asset Maintenance Ratio	Strategic	✗	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Base Case	✗	✗	✓	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
Debt Service Cover Ratio	Strategic	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Base Case	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Operating Expenditure per Capita Ratio	Strategic	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Base Case	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓

Note:

The above indicators are based on Kiama Councils General Fund (i.e. excluding the KACCOE Project)

Fit for the Future Benchmarks – Strategic v Base Case (General Fund)

Figure 1 – Operating Performance Ratio

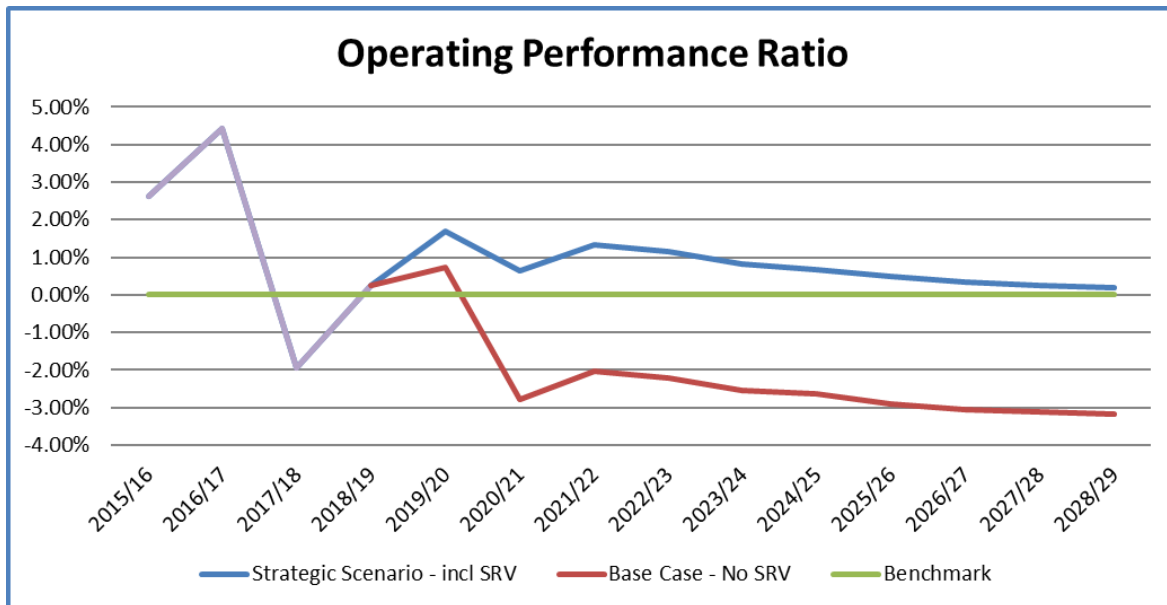


Figure 2 – Own Source Operating Revenue Ratio

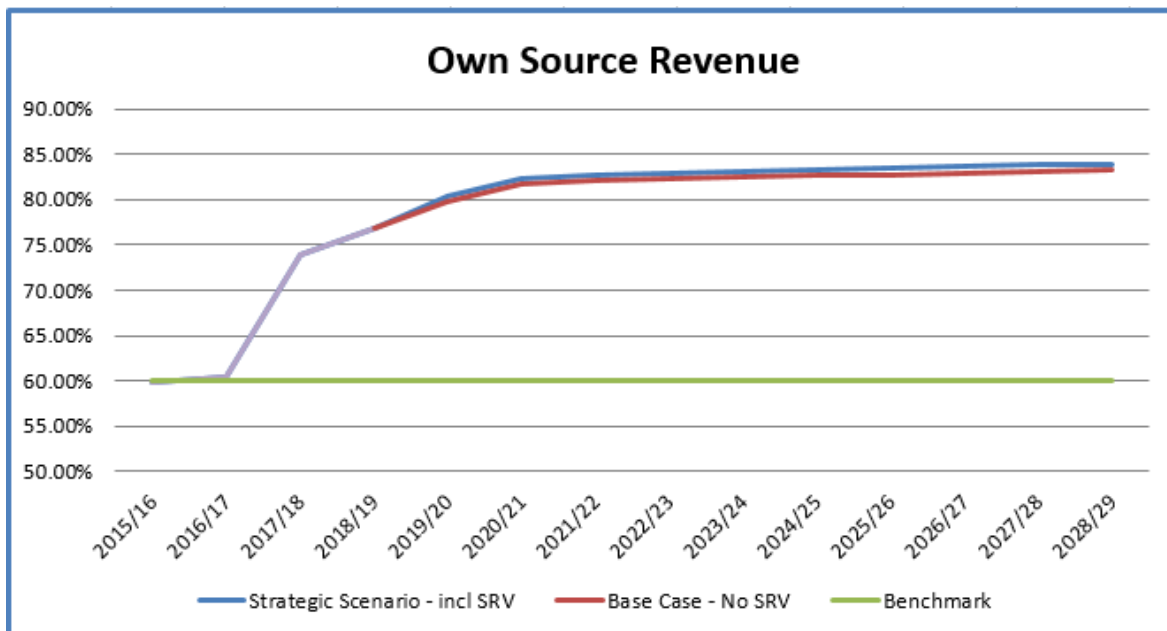


Figure 3 – Debt Service Ratio

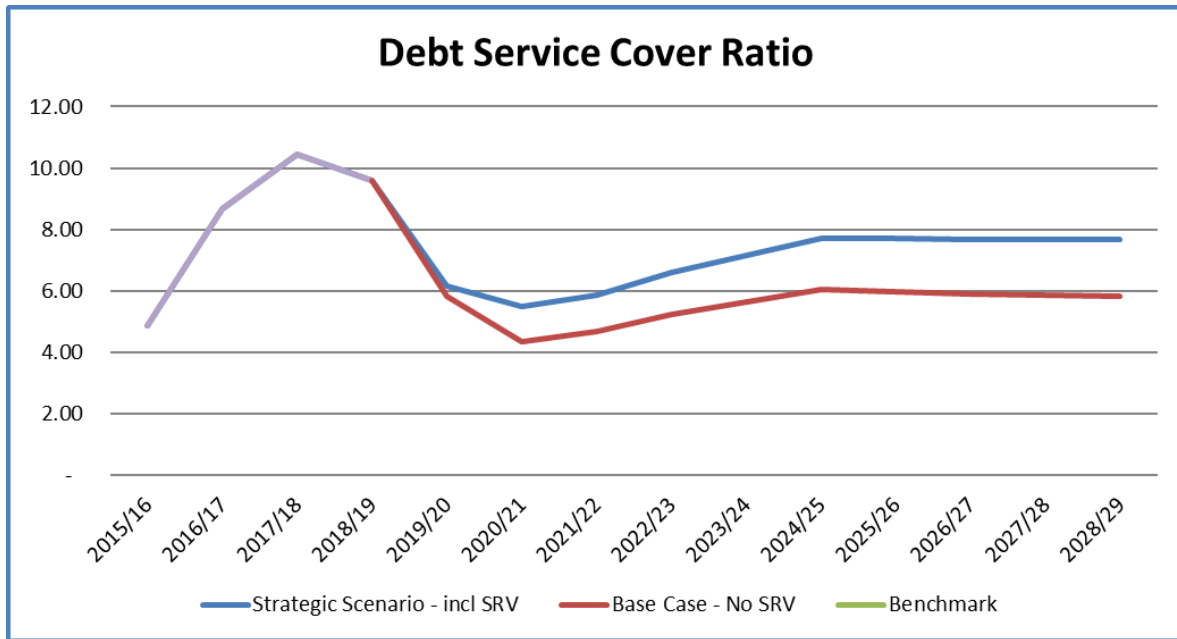


Figure 4 – Strategic Scenario – Asset Maintenance Ratio

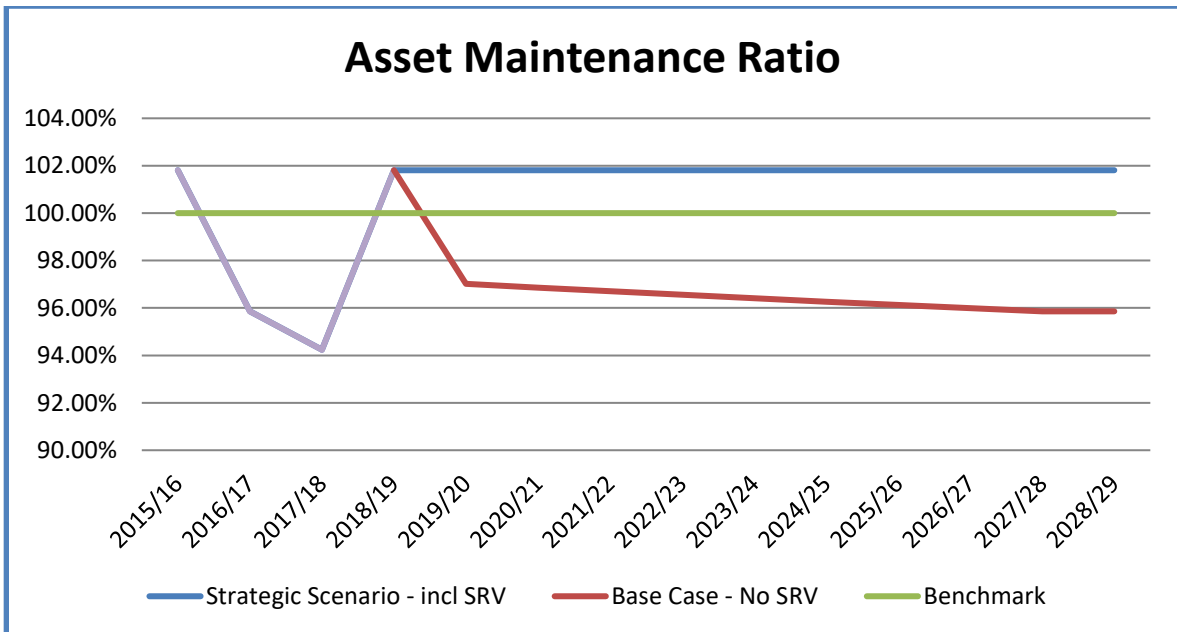


Figure 5 – Strategic Scenario – Building and Infrastructure Asset Renewal Ratio

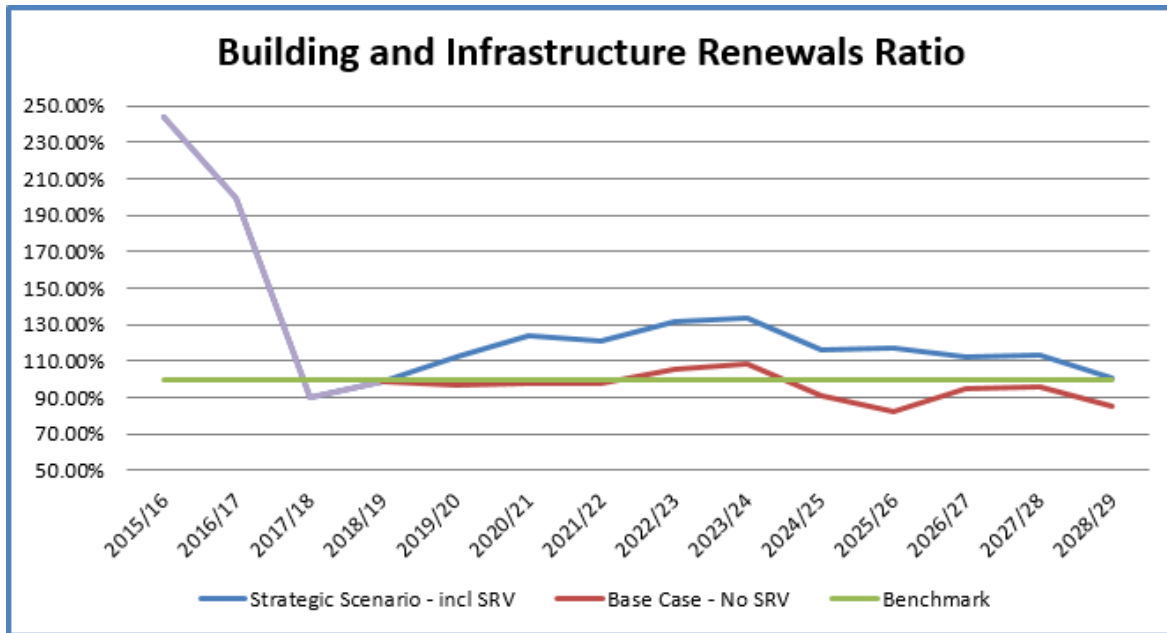


Figure 6 – Strategic Scenario – Infrastructure Backlog Ratio

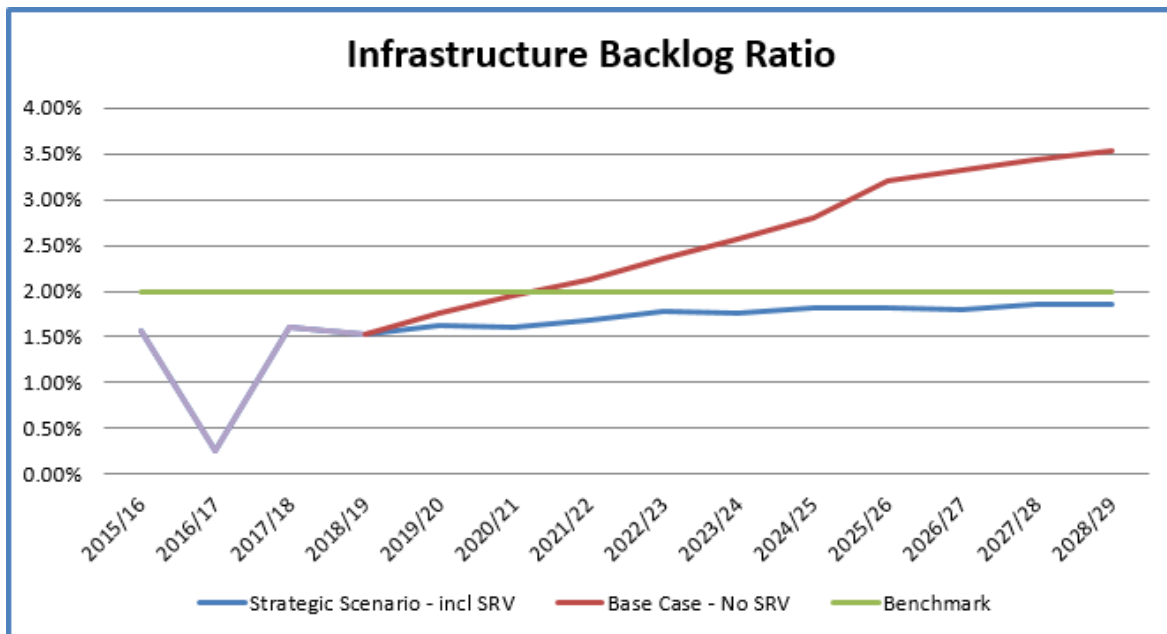
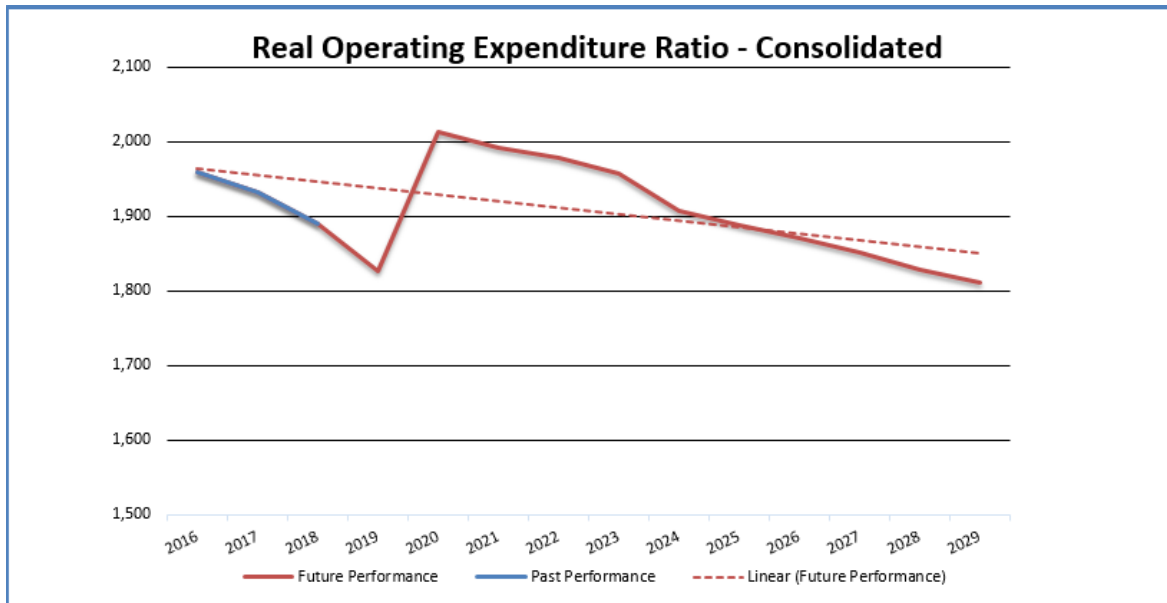


Figure 7 – Real Operating Expenditure Ratio



Additional Ratios

Figure 8 – Cash Expense Cover Ratio

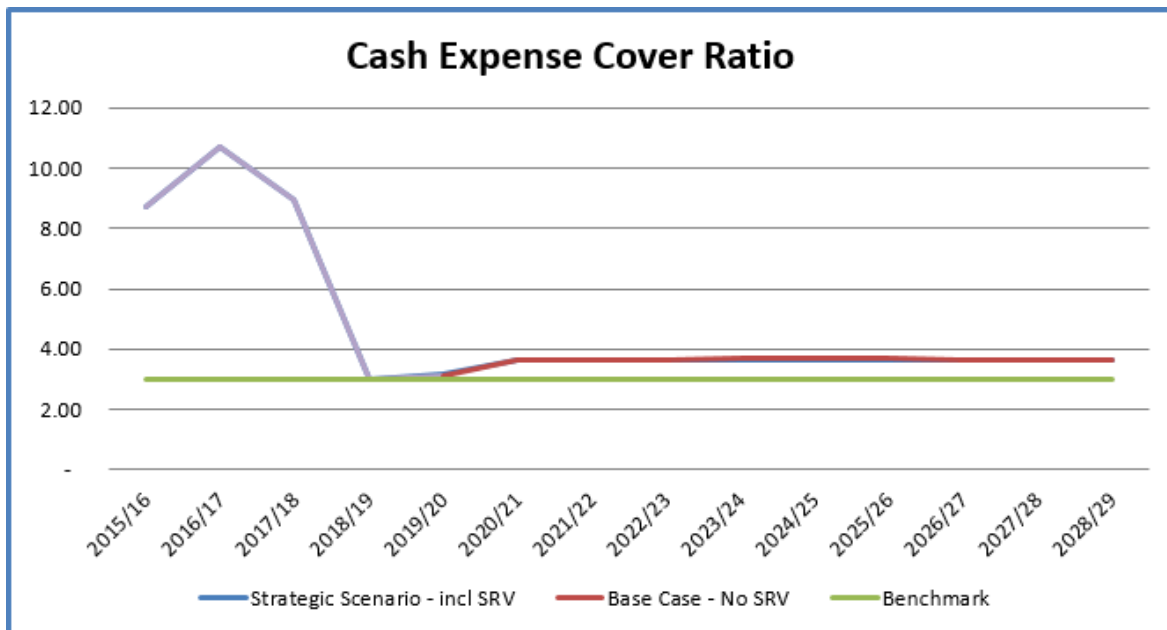
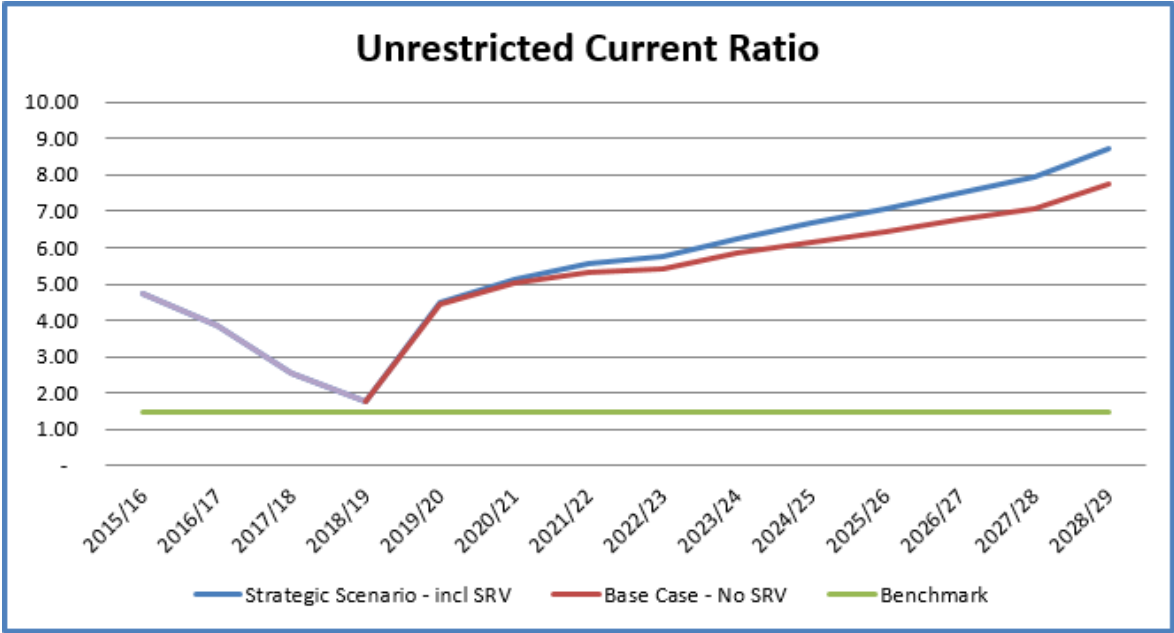


Figure 9 – Unrestricted Current Ratio



Attachment A: Kiama Municipal Council - Improvement Strategy

Improvement Proposal Opportunities Adopted by Council

Improvement Opportunity	Total (\$000)
Increased commercial opportunities	\$50
Holiday Parks additional income	\$100
Sale of additional aged care units	\$80
Rental of old waste site for storage	\$50
Saving on early payment of loans	-\$55
JO Staff sharing	-\$85
Change in Depreciation – buildings	-\$1,200
Change in Depreciation - transports and drainage assets	-\$450
Change in depreciation due to hierarchy of roads (15% of Seal)	-\$50
Change in depreciation non infrastructure assets	-\$265
Movement of funds holiday parks maintenance to renewal	-\$100
Service reviews - Waste	-\$100
Service review - Civil	-\$100
Service Review - Parks	-\$100
Service Review - Office	-\$100
Service Review - IT	-\$85
Rental Saving	-\$50
Capitalisation of loan costs - Spring Creek Development	-\$200
Capitalisation of loan costs - Spring Creek Development	-\$180
Capitalisation of loan costs - Spring Creek Development	-\$87
Reduction in Motor vehicle fleet	-\$20
Return from Blue haven site - for discussion	TBD
Land Sales – for discussions	TBD
Adjustments to fees and charges based on 14/15 result	\$600