

A thin, olive-green line that meanders across the page, starting from the left edge, dipping slightly, then rising to a peak before ending on the right side.

Long Term Financial Plan 2015-25

Introduction

The Long Term Financial Plan (LTFP) serves as an important function in Council's strategic planning process. The LTFP is one component of the Resourcing Strategy Council is required to have under the Integrated Planning and Reporting requirements of the Local Government Act 1993 (Sect 403) and covers the next 10 years from 2015-16 to 2024-25.

The purpose of the LTFP is to provide a guide for future action. It is a tool to assess the community's aspirations and goals against financial realities. It will be used to inform decision making during the development of the Delivery Program (DP) and Operational Plan (OP).

The LTFP includes:

1. Council's financial objectives
2. Current financial position
3. Financial strategies
4. Scenario analysis and projected financial statements
5. Key assumptions
6. Sensitivity analysis.

Eurobodalla Shire Council (ESC) has three main operating funds: General Fund (includes Environment and Waste), Water Fund and Sewer Fund. Separate rates are raised to fund general, environmental, waste, sewer and water services and can only be spent on these specific services requiring the need for separate accountability.

The LTFP provides Financial Statements and Performance Measures for the whole of Council (Consolidated) and the three funds separately. For the Special Rate Variation (SRV) we have provided three different scenarios as follows:

1. Base case – business as usual (only the rate peg amount estimated at 3%)
2. Original SRV case – general rate increase of 5% for three years above the rate peg amount (estimated 3%) with associated community and transport infrastructure program.
3. Adopted SRV case – general rate increase of 3.5% for three years above the rate peg amount (estimated 3%) with associated community and transport infrastructure program.

It is noted that during the preparation of this report on 3 December 2014 the Independent Pricing and Regulatory Tribunal (IPART) announced it had set the Local Council Rate Peg for 2015-16 at 2.4%. This is 0.6% less than the 3% previously advised by IPART and will worsen the 'Base' case used in this report and negatively affect Council's financial sustainability.

It is highlighted that the SRV is only to be applied to residential, business and farmland rates; these are known as your general rates. The SRV is not to be applied to other charges such as the environmental levy, water, sewerage, waste and stormwater.

In accordance with legislation, the LTFP is updated on an annual basis as more information becomes known during the development of the Operational Plan, and reviewed in detail as part of the four yearly review of the Community Strategic Plan (CSP) following the most recent council elections. This current version has been updated as part of the IPART Special Rate Variation application requirements.

1. Council's Financial Objectives

Eurobodalla Shire Council's financial objective is to be financially sustainable.

The New South Wales Treasury Corporation (TCorp) defines financial sustainability as *"where a council is able to generate sufficient funds over the long term to provide for the planned level and scope of services and infrastructure for communities as identified through the CSP process"*.

Council's goal is to achieve a break even operating result to provide adequate service delivery. This would include funding of maintenance and renewal programs to maintain the condition of infrastructure and funding to upgrade the existing infrastructure to meet community expectations.

In 2013, the Local Government Review Panel made a number of recommendations to reform local government in NSW and to lay the foundations for a stronger system of local government and stronger local communities. The Office of Local Government (OLG) has released a program for making NSW local government "Fit for the Future". The program is asking councils to make the transition to become financially sustainable, efficient and to provide effective infrastructure and service management. The report noted that many councils are financially unsustainable. Council must demonstrate to OLG by 30 June 2015 how it will meet the criteria.

Council is also responsible to the community for sound financial and asset management as well as effective and efficient delivery of service and outcomes as per the CSP. Council has a responsibility both to its community and the state government.

The Fit for the Future criteria provides financial indicators and benchmarks to assess financial sustainability, effective infrastructure and service provision and efficiency. The indicators are relevant to council's objective to be financially sustainable and the SRV proposal. The criteria were released during the current SRV process and Council has responded by structuring the financial analysis around the requirements. They are as follows:

1.1 Financial Sustainability indicators

a. Operating Performance ratio

Benchmark – minimum of 0%

The operating performance ratio is calculated by dividing the operating result, excluding capital grants and contributions by operating revenue, excluding capital grants and contributions.

This ratio measures a council's ability to generate sufficient revenues to address expenditure requirements for the delivery of services and infrastructure. This includes the adequate funding for required maintenance and renewals measured by the consumption of assets (depreciation).

b. Building and infrastructure asset renewal ratio

Benchmark – 100%

The building and infrastructure asset renewal ratio is calculated by dividing the renewal expenditure on buildings and infrastructure assets by depreciation. Depreciation measures the wear and tear or consumption of assets and to maintain the condition of infrastructure, an equivalent amount of funds needs to be set aside for renewal programs.

A ratio of less than 100% may indicate that the infrastructure backlog is increasing. Whilst Council has adopted the benchmark by IPART, there may be periods where the renewal requirements are lower than depreciation so that the backlog is not increasing. As long as the funds are being set aside then it is still achieving the objective of this indicator. For example, cash is accumulating in the Water Fund due to renewal of major items being required beyond the current short term planning period.

1.2 Effective infrastructure and service management

a. Infrastructure backlog ratio

Benchmark – less than 2% averaged over three years

The infrastructure backlog ratio measures the estimated cost to bring assets to a satisfactory condition divided by the total infrastructure, building, other structure and depreciable land improvement assets.

The ratio measures the size of Council's backlog relative to its asset base and assesses if council can reduce it.

b. Asset Maintenance Ratio

Benchmark – greater than 1

The asset maintenance ratio reflects the actual asset maintenance expenditure relative to the required asset maintenance.

This ratio indicates whether councils are allowing their assets to degrade by not undertaking all the maintenance requirements and thereby adding to the backlog.

c. Debt Service Ratio

Benchmark – greater than 0% and less than 20%

The debt service ratio is calculated by dividing debt service costs (interest expenses and principal repayments) by operating revenue excluding capital grants and contributions.

Debt is seen as an effective method in financing infrastructure needs and Local Government has been encouraged to make more use of debt to reduce backlogs. Council proposes to use debt to leverage against its revenue to deliver the SRV infrastructure program in a more timely manner.

Council also aims to achieve inter-generational equity for ratepayers. This means that today's ratepayers are not paying for services tomorrow's ratepayers will receive and vice versa. Debt funding of long lived infrastructure assets is an effective strategy to match both the costs and benefits of these assets so that ratepayers only pay for services they receive.

1.3 Efficiency

a. Efficiency ratio

Benchmark – improving over time

This ratio is calculated by dividing total expenditure by total population.

The efficiency ratio reflects Council's trend in real operational expenditure per capita. Whilst Council has used this criterion it does not agree on the reliability of this ratio in adequately tracking efficiency improvements. Both IPART and OLG acknowledge that many factors affect efficiency and that it is difficult to measure. The measure assumes a constant level of service. However, typically service levels are increasing to meet community expectations. For transparency and consistency with the Fit for the Future criteria Council has included this measure.

2. Current Financial Position

Council's current financial performance is not that dissimilar to many other councils. Particularly, the significant operating deficits in the General Fund. For example, NSW councils averaged an operating deficit ratio of 6% for 2012/13 according to data from OLG. Eurobodalla Shire Council's General Fund deficit ratio was 4.8% for 2013/14, which does not meet the Fit for the Future benchmark.

Table 1 below shows the recent history in operating performance for the General Fund. The General Fund consists of services funded from the general rate, environment rate and waste charges. The general rated element of the fund shows significant operating deficits before capital revenue. The operating results after capital revenue have been surpluses. However, capital revenues typically fund new or upgraded capital works and do not fund renewals or operating expenditure including depreciation.

The exception to this has been grant funding in the boating area used to replace existing ramps in poor condition and one black spot funded project which resulted in the reconstruction of the road pavement on Tomakin Road. Renewal expenditure has typically been around 60%.

Table 1
Operating Performance – General Fund breakdown

Operating Result (after capital revenue)

| | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 |
|--------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | \$'000's | \$'000's | \$'000's | \$'000's | \$'000's |
| Environment | (537) | (99) | (396) | (483) | (164) |
| Waste | 1,600 | 1,012 | 1,552 | 1,757 | 1,297 |
| General | 3,709 | 4,354 | 2,266 | 3,246 | 585 |
| Total | 4,772 | 5,267 | 3,422 | 4,520 | 1,718 |

Operating Result (before capital revenue)

| | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 |
|--------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | \$'000's | \$'000's | \$'000's | \$'000's | \$'000's |
| Environment | (537) | (164) | (396) | (483) | (244) |
| Waste | 1,581 | 994 | 1,506 | 1,734 | 1,281 |
| General | (851) | (1,548) | (1,821) | (2,160) | (4,028) |
| Total | 193 | (718) | (711) | (909) | (2,991) |

In contrast to the General Fund, the Waste, Sewer and Water Funds are in a sound financial position. They have the financial flexibility to maintain that position as they have separate charges and user fees to recover the cost of their capital base and recurrent operating costs of service provision. These funds are not rate pegged with their rates and charges set based on the cost of delivering the service.

The General Fund is unable to cover the full cost of the various services it provides and in particular the cost of maintaining and renewing the existing level of infrastructure. There are various reasons for this such as:

- rate pegging by the NSW government
- cost shifting by the Federal and State Government
- ageing long lived infrastructure
- increased community expectations for service delivery in a variety of areas
- costs faced by Local Government increasing faster than rate pegging (as identified in the NSW Local Road Construction Cost Forecasts 2010-2020 – IPWEA (Institute of Public Works Engineering Australia) NSW Roads and Transport Directorate).

TCorp in 2012 completed an assessment of NSW Council's financial sustainability and their findings support Council's own assessment. The report comments on the Consolidated and General Fund. The key findings in their report are:

- Council's Consolidated financial sustainability rating was assessed as moderate and this means:

- a local government with an adequate capacity to meet its financial commitments in the short to medium term and an acceptable capacity in the long term
- while it has a record of reporting minor to moderate deficits they may also have recently reported a significant operating deficit
- Council is likely to be able to address its operating deficits, manage unforeseen financial shocks and any adverse changes in its business, with moderate revenue and/or expense adjustments. The expense adjustments are likely to result in a number of changes to the range of and/or quality of services offered
- its capacity to manage core business risks is moderate.
- Council is underspending on asset renewal and maintenance and if this continues then the backlog of infrastructure works will increase.
- General Fund results adversely affect the Consolidated results.
- The forecast highlights deficit positions in the General Fund are expected in all ten years when capital grants and contributions are excluded. This indicates Council could face financial sustainability issues in the medium to long term.
- TCorp assessed Council's Consolidated outlook as neutral and this means:
 - there are no known foreseeable events that would have a direct impact on the financial sustainability of the Council.
 - it may be possible for a rating upgrade or a downgrade to occur from a neutral outlook, if warranted by an event or circumstance.

It is important to note that the TCorp financial sustainability rating and outlook refers to the Consolidated entity and not the General Fund by itself.

In summary, Council's recent history and its current financial performance of the Consolidated position is relatively satisfactory due the sound position of the Waste, Water and Sewer Funds. However the financial sustainability and medium to long term outlook for the General Fund are not satisfactory and without change, the Fit for the Future criteria will not be met.

3. Financial Strategies

Council has been striving to find alternative funding sources, such as grants to deliver services and employing strategies to find efficiencies and drive productivity. Service reviews, strategic plans for business development, recreation services and property management, energy efficiency initiatives, technological improvements and organisational restructures are part of this overall financial strategy. The operating deficits are significant and to address the infrastructure funding shortfall, Council is considering a special rate variation to increase revenue. This will be a major step forward noting Council will continue to review its service delivery model in order to be fit for the future.

4. Scenarios analysis and projected financial statements

Council has projected the financial position over the next ten years under three separate scenarios.

The base case scenario models business as usual and the SRV cases model a proposed general rate increase.

1. Base case – business as usual (only the rate peg amount estimated at 3%).
2. Original SRV case – general rate increase of 5% for three years above the rate peg amount (estimated 3%) with associated community and transport infrastructure program.
3. Adopted SRV case – general rate increase of 3.5% for three years above the rate peg amount (estimated 3%) with associated community and transport infrastructure program.

Table 2 presents the ten year average impacts on the key indicators for the Base Case and SRV case (see page 35 for details).

Table 2
Consolidated Summary
10 year averages

| Measure | Scenario | | | Benchmark |
|------------------------------|----------|---------------|------------|------------------|
| | Base | SRV (Adopted) | Difference | |
| Operating Performance Ratio | -5% | -4% | 1% | 0% |
| Own Source Revenue Ratio | 82% | 83% | 1% | >60% |
| Infrastructure Renewal Ratio | 36% | 41% | 5% | 100% |
| Debt Service Ratio | 11% | 11% | 0% | <20% |
| Asset Maintenance Ratio | 1 | 1 | 0 | 1 |
| Infrastructure Backlog Ratio | 6.9% | 6.1% | 0.8% | <2% over 3 years |
| Efficiency Ratio | \$2,526 | \$2,548 | -\$22 | improving |

General Fund Summary
10 year averages

| Measure | Scenario | | | Benchmark |
|------------------------------|----------|---------------|------------|------------------|
| | Base | SRV (Adopted) | Difference | |
| Operating Performance Ratio | -8.7% | -6.9% | 1.8% | 0% |
| Own Source Revenue Ratio | 75% | 76% | 1% | >60% |
| Infrastructure Renewal Ratio | 39% | 48% | 9% | 100% |
| Debt Service Ratio | 13% | 13% | 0% | <20% |
| Asset Maintenance Ratio | 1 | 1 | 0 | 1 |
| Infrastructure Backlog Ratio | 13.4% | 11.9% | 1.5% | <2% over 3 years |
| Efficiency Ratio | \$1,648 | \$1,672 | -\$24 | improving |

In considering the above scenarios, it is important to highlight the following differences between the two.

BASE CASE

Council's base case was developed from the objectives of the Eurobodalla 2030 Community Strategic Plan. The base case maintains critical and priority infrastructure, significantly slowing the increase in the backlog of works but with unchanged levels of revenue. The gap between revenue and expenditure or the funding gap was identified and clearly explained during the process. Under the base case Council will face the need to increase renewal expenditure to manage ageing assets in the future. It is widely understood across Councils in NSW that the real cost of maintaining assets and infrastructure is not able to be met by existing rating income. Eurobodalla's situation is not unique.

Base Case - Consolidated Result

Modelling shows that revenue will fall short of the cost of providing services by an average of \$5.5 million (net operating result before Capital Grants and Contributions) per year. This result is heavily influenced by the General Fund. The level of renewal expenditure is less than half that of the consumption of assets (depreciation). Further as cost increases for infrastructure work continues above rate pegging the infrastructure gap will continue to widen with time.

The following statements show the Consolidated projected Operating Result, Balance Sheet and Cash Flows for the ten years 2015-25 for the base case scenario. Financial indicators are shown for both the base and SRV case further below in the SRV case (page 34).

Eurobodalla Shire Council

10 Year Financial Plan for the Years ending 30 June 2025

INCOME STATEMENT - CONSOLIDATED

Scenario: Base Case

| | Projected Years | | | | | | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Income from Continuing Operations | | | | | | | | | | |
| Revenue: | | | | | | | | | | |
| Rates & Annual Charges | 54,118,013 | 55,613,474 | 57,087,882 | 58,370,586 | 59,713,109 | 61,086,511 | 62,491,501 | 63,928,805 | 65,399,168 | 66,903,349 |
| User Charges & Fees | 21,088,286 | 21,714,032 | 22,436,549 | 23,024,060 | 23,645,710 | 24,284,144 | 24,939,816 | 25,613,191 | 26,304,747 | 27,014,975 |
| Interest & Investment Revenue | 3,087,506 | 3,170,871 | 3,256,490 | 3,344,407 | 3,434,706 | 3,527,443 | 3,622,684 | 3,720,497 | 3,820,950 | 3,924,116 |
| Other Revenues | 2,024,470 | 2,086,038 | 2,156,198 | 2,214,415 | 2,274,204 | 2,335,608 | 2,398,669 | 2,463,433 | 2,529,946 | 2,598,255 |
| Grants & Contributions provided for Operating Purposes | 15,273,839 | 15,581,253 | 16,044,031 | 16,482,746 | 16,927,780 | 17,384,830 | 17,854,220 | 18,336,284 | 18,831,364 | 19,339,811 |
| Grants & Contributions provided for Capital Purposes | 4,919,330 | 1,887,966 | 1,613,981 | 1,587,451 | 1,630,312 | 1,674,330 | 1,719,537 | 1,765,965 | 1,813,646 | 1,862,614 |
| Other Income: | | | | | | | | | | |
| Net gains from the disposal of assets | - | - | - | - | - | - | - | - | - | - |
| Total Income from Continuing Operations | 100,511,444 | 100,053,634 | 102,595,131 | 105,023,665 | 107,625,821 | 110,292,866 | 113,026,427 | 115,828,175 | 118,699,820 | 121,643,119 |
| Expenses from Continuing Operations | | | | | | | | | | |
| Employee Benefits & On-Costs | 36,085,317 | 37,023,037 | 38,091,649 | 39,115,981 | 40,172,113 | 41,256,760 | 42,370,692 | 43,514,701 | 44,689,598 | 45,896,217 |
| Borrowing Costs | 4,348,253 | 4,590,408 | 5,000,052 | 4,646,558 | 4,308,440 | 4,076,788 | 3,996,524 | 3,597,187 | 3,230,180 | 3,317,395 |
| Materials & Contracts | 19,419,567 | 20,415,671 | 20,465,809 | 21,163,797 | 21,790,952 | 22,865,447 | 23,243,697 | 23,980,128 | 24,671,174 | 25,337,295 |
| Depreciation & Amortisation | 32,004,153 | 33,574,692 | 35,041,035 | 35,878,598 | 36,881,341 | 38,266,768 | 39,413,483 | 40,462,809 | 41,540,467 | 42,662,060 |
| Other Expenses | 7,266,594 | 7,461,905 | 7,608,776 | 7,814,213 | 8,025,197 | 8,241,877 | 8,464,407 | 8,692,947 | 8,927,656 | 9,168,703 |
| Net Losses from the Disposal of Assets | - | - | - | - | - | - | - | - | - | - |
| Total Expenses from Continuing Operations | 99,123,884 | 103,065,713 | 106,207,320 | 108,619,147 | 111,178,042 | 114,707,639 | 117,488,804 | 120,247,771 | 123,059,075 | 126,381,670 |
| Net Operating Result for the Year | 1,387,561 | (3,012,079) | (3,612,189) | (3,595,482) | (3,552,220) | (4,414,774) | (4,462,377) | (4,419,597) | (4,359,255) | (4,738,551) |
| Net Operating Result before Grants and Contributions provided for Capital Purposes | (3,531,769) | (4,900,046) | (5,226,171) | (5,182,933) | (5,182,532) | (6,089,104) | (6,181,914) | (6,185,561) | (6,172,900) | (6,601,165) |

Eurobodalla Shire Council

10 Year Financial Plan for the Years ending 30 June 2025

BALANCE SHEET - CONSOLIDATED

Scenario: Base Case

| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | Projected Years | | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | \$ | \$ | \$ | \$ | 2019/20 | 2020/21 | \$ | \$ | \$ | \$ |
| ASSETS | | | | | | | | | | |
| Current Assets | | | | | | | | | | |
| Cash & Cash Equivalents | 21,941,576 | 27,524,541 | 33,828,656 | 42,701,365 | 32,606,430 | 39,701,375 | 49,815,593 | 61,502,362 | 73,979,905 | 86,532,938 |
| Investments | 43,122,129 | 43,117,585 | 43,117,585 | 43,117,585 | 39,736,120 | 39,693,581 | 39,693,581 | 39,693,581 | 39,693,581 | 39,693,581 |
| Receivables | 9,918,043 | 10,190,323 | 10,521,246 | 10,746,823 | 11,011,574 | 11,289,495 | 11,564,616 | 11,859,854 | 12,167,868 | 12,167,868 |
| Inventories | 512,588 | 537,275 | 520,850 | 541,243 | 553,880 | 588,143 | 584,194 | 601,891 | 616,166 | 616,166 |
| Other | 306,215 | 307,203 | 333,653 | 330,300 | 339,007 | 350,220 | 357,561 | 367,420 | 377,130 | 377,130 |
| Non-current assets classified as "held for sale" | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 |
| Total Current Assets | 75,842,552 | 81,718,928 | 88,363,991 | 97,479,316 | 84,289,012 | 91,664,813 | 102,057,544 | 114,067,108 | 126,876,650 | 139,429,683 |
| Non-Current Assets | | | | | | | | | | |
| Investments | 215,396 | 215,370 | 215,370 | 215,370 | 215,370 | 215,370 | 215,370 | 215,370 | 215,370 | 215,370 |
| Receivables | 40,814 | 19,800 | - | - | - | - | - | - | - | - |
| Infrastructure, Property, Plant & Equipment | 1,236,797,640 | 1,231,583,127 | 1,218,172,013 | 1,199,408,548 | 1,205,117,948 | 1,192,930,372 | 1,172,097,719 | 1,150,730,922 | 1,128,815,559 | 1,105,286,008 |
| Total Non-Current Assets | 1,237,053,850 | 1,231,818,297 | 1,218,387,383 | 1,199,623,918 | 1,205,333,319 | 1,193,145,742 | 1,172,313,089 | 1,150,946,292 | 1,129,030,929 | 1,105,501,378 |
| TOTAL ASSETS | 1,312,896,402 | 1,313,537,226 | 1,306,751,374 | 1,297,103,234 | 1,289,622,331 | 1,284,810,556 | 1,274,370,634 | 1,265,013,400 | 1,255,907,579 | 1,244,931,061 |
| LIABILITIES | | | | | | | | | | |
| Current Liabilities | | | | | | | | | | |
| Payables | 4,496,000 | 4,621,191 | 4,643,038 | 4,755,746 | 4,854,959 | 5,009,624 | 5,071,355 | 5,188,690 | 5,299,488 | 5,299,488 |
| Borrowings | 9,919,411 | 9,537,567 | 8,760,939 | 8,119,928 | 5,892,381 | 10,105,785 | 7,155,410 | 6,073,969 | 6,296,124 | 6,296,124 |
| Provisions | 9,084,764 | 9,084,764 | 9,084,764 | 9,084,764 | 9,084,764 | 9,084,764 | 9,084,764 | 9,084,764 | 9,084,764 | 9,084,764 |
| Total Current Liabilities | 23,500,176 | 23,243,523 | 22,488,742 | 21,960,438 | 19,832,104 | 24,200,173 | 21,311,530 | 20,347,423 | 20,680,376 | 20,680,376 |
| Non-Current Liabilities | | | | | | | | | | |
| Borrowings | 57,299,198 | 61,208,752 | 58,789,872 | 53,175,517 | 51,195,168 | 46,070,097 | 42,531,195 | 38,017,665 | 32,308,145 | 26,070,179 |
| Provisions | 2,005,236 | 2,005,236 | 2,005,236 | 2,005,236 | 2,005,236 | 2,005,236 | 2,005,236 | 2,005,236 | 2,005,236 | 2,005,236 |
| Total Non-Current Liabilities | 59,304,433 | 63,213,988 | 60,795,108 | 55,180,753 | 53,200,404 | 48,075,333 | 44,536,431 | 40,022,901 | 34,313,381 | 28,075,415 |
| TOTAL LIABILITIES | 82,804,609 | 86,457,511 | 83,283,849 | 77,141,191 | 73,032,508 | 72,275,506 | 65,847,961 | 60,370,324 | 54,993,757 | 48,755,791 |
| Net Assets | 1,230,091,794 | 1,227,079,715 | 1,223,467,525 | 1,219,962,043 | 1,216,589,823 | 1,212,535,049 | 1,208,522,673 | 1,204,643,076 | 1,200,913,822 | 1,196,175,270 |
| EQUITY | | | | | | | | | | |
| Retained Earnings | 711,091,794 | 708,079,715 | 704,467,525 | 700,962,043 | 697,589,823 | 693,535,049 | 689,522,673 | 685,643,076 | 681,913,822 | 677,175,270 |
| Revaluation Reserves | 519,000,000 | 519,000,000 | 519,000,000 | 519,000,000 | 519,000,000 | 519,000,000 | 519,000,000 | 519,000,000 | 519,000,000 | 519,000,000 |
| Total Equity | 1,230,091,794 | 1,227,079,715 | 1,223,467,525 | 1,219,962,043 | 1,216,589,823 | 1,212,535,049 | 1,208,522,673 | 1,204,643,076 | 1,200,913,822 | 1,196,175,270 |

Eurobodalla Shire Council

10 Year Financial Plan for the Years ending 30 June 2025

CASH FLOW STATEMENT - CONSOLIDATED

| Scenario: Base Case | Projected Years | | | | | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Cash Flows from Operating Activities | | | | | | | | | | |
| Receipts: | | | | | | | | | | |
| Rates & Annual Charges | 54,072,568 | 55,567,538 | 57,037,516 | 58,328,363 | 59,669,131 | 61,041,521 | 62,445,476 | 63,881,722 | 65,351,002 | 66,854,075 |
| User Charges & Fees | 20,939,754 | 21,566,946 | 22,272,896 | 22,880,360 | 23,495,243 | 24,129,614 | 24,781,114 | 25,450,204 | 26,137,359 | 26,843,068 |
| Interest & Investment Revenue Received | 3,103,530 | 3,163,656 | 3,244,885 | 3,325,486 | 3,411,093 | 3,496,996 | 3,601,539 | 3,685,908 | 3,780,433 | 3,882,505 |
| Grants & Contributions | 20,186,461 | 17,457,444 | 17,639,954 | 18,055,833 | 18,540,502 | 19,041,095 | 19,555,205 | 20,083,195 | 20,625,442 | 21,182,329 |
| Other | 1,983,060 | 2,040,014 | 2,086,839 | 2,196,208 | 2,236,205 | 2,296,557 | 2,358,539 | 2,422,193 | 2,487,565 | 2,554,729 |
| Payments: | | | | | | | | | | |
| Employee Benefits & On-Costs | (36,085,317) | (37,023,037) | (38,091,649) | (39,115,981) | (40,172,113) | (41,256,760) | (42,370,692) | (43,514,701) | (44,689,598) | (45,896,217) |
| Materials & Contracts | (19,401,225) | (20,329,846) | (20,473,085) | (20,987,874) | (21,546,352) | (22,409,858) | (22,749,301) | (23,364,643) | (23,969,012) | (24,616,175) |
| Borrowing Costs | (4,102,549) | (4,338,070) | (4,740,901) | (4,380,409) | (4,035,105) | (3,796,073) | (3,708,231) | (3,301,110) | (2,926,109) | (3,005,114) |
| Other | (7,266,594) | (7,461,905) | (7,608,776) | (7,814,213) | (8,025,197) | (8,241,877) | (8,464,407) | (8,692,947) | (8,927,656) | (9,168,703) |
| Net Cash provided (or used in) Operating Activities | 33,429,688 | 30,642,741 | 31,367,681 | 32,487,774 | 33,573,407 | 34,301,216 | 35,449,240 | 36,649,821 | 37,869,427 | 38,630,497 |
| Cash Flows from Investing Activities | | | | | | | | | | |
| Receipts: | | | | | | | | | | |
| Sale of Investment Securities | 2,543,298 | 4,570 | - | - | 3,381,466 | 42,539 | - | - | - | - |
| Sale of Infrastructure, Property, Plant & Equipment | 501,735 | 767,242 | 455,641 | 1,510,160 | 510,434 | 510,716 | 511,005 | 511,302 | 511,608 | 525,421 |
| Deferred Debtors Receipts | 19,924 | 20,462 | 21,014 | 21,582 | 22,164 | 22,763 | 23,377 | 24,009 | 24,657 | 25,322 |
| Payments: | | | | | | | | | | |
| Purchase of Infrastructure, Property, Plant & Equipment | (35,164,522) | (29,127,421) | (22,085,562) | (18,625,293) | (43,101,176) | (26,589,908) | (19,091,835) | (19,607,314) | (19,854,179) | (20,390,241) |
| Net Cash provided (or used in) Investing Activities | (32,099,565) | (28,335,148) | (21,608,907) | (17,093,551) | (39,187,112) | (26,013,890) | (18,557,452) | (19,072,003) | (19,317,914) | (19,839,498) |
| Cash Flows from Financing Activities | | | | | | | | | | |
| Receipts: | | | | | | | | | | |
| Proceeds from Borrowings & Advances | 14,153,112 | 13,194,784 | 6,082,908 | 2,239,425 | 3,638,698 | 4,700,000 | 3,328,215 | 1,264,362 | - | - |
| Payments: | | | | | | | | | | |
| Repayment of Borrowings & Advances | (10,900,208) | (9,919,411) | (9,537,567) | (8,760,939) | (8,119,928) | (5,892,381) | (10,105,785) | (7,155,410) | (6,073,969) | (6,237,966) |
| Net Cash Flow provided (used in) Financing Activities | 3,252,904 | 3,275,373 | (3,454,659) | (6,521,514) | (4,481,230) | (1,192,381) | (6,777,570) | (5,891,049) | (6,073,969) | (6,237,966) |
| Net Increase/(Decrease) in Cash & Cash Equivalents | 4,583,027 | 5,582,965 | 6,304,115 | 8,872,709 | (10,094,934) | 7,094,944 | 10,114,218 | 11,686,769 | 12,477,543 | 12,553,033 |
| plus: Cash, Cash Equivalents & Investments - beginning of year | 17,358,548 | 21,941,576 | 27,524,541 | 33,828,656 | 42,701,365 | 32,606,430 | 39,701,375 | 49,815,593 | 61,502,362 | 73,979,905 |
| Cash & Cash Equivalents - end of the year | 21,941,576 | 27,524,541 | 33,828,656 | 42,701,365 | 32,606,430 | 39,701,375 | 49,815,593 | 61,502,362 | 73,979,905 | 86,532,938 |
| Cash & Cash Equivalents - end of the year | 21,941,576 | 27,524,541 | 33,828,656 | 42,701,365 | 32,606,430 | 39,701,375 | 49,815,593 | 61,502,362 | 73,979,905 | 86,532,938 |
| Investments - end of the year | 43,337,525 | 43,332,956 | 43,332,956 | 43,332,956 | 39,951,490 | 39,908,951 | 39,908,951 | 39,908,951 | 39,908,951 | 39,908,951 |
| Cash, Cash Equivalents & Investments - end of the year | 65,279,101 | 70,857,497 | 77,161,612 | 86,034,321 | 72,557,921 | 79,610,326 | 89,724,544 | 101,411,313 | 113,888,856 | 126,441,890 |
| Representing: | | | | | | | | | | |
| - External Restrictions | 35,609,669 | 41,732,628 | 47,912,871 | 56,439,208 | 42,349,322 | 48,158,950 | 57,930,706 | 68,074,692 | 78,487,246 | 89,047,302 |
| - Internal Restrictions | 10,504,667 | 10,503,728 | 10,767,396 | 10,338,137 | 9,897,289 | 9,164,538 | 8,699,562 | 8,222,032 | 7,731,609 | 9,950,724 |
| - Unrestricted | 19,164,765 | 18,621,141 | 18,481,344 | 19,256,975 | 20,311,309 | 22,286,838 | 23,094,276 | 25,114,590 | 27,670,002 | 27,443,863 |
| | 65,279,101 | 70,857,497 | 77,161,612 | 86,034,321 | 72,557,921 | 79,610,326 | 89,724,544 | 101,411,313 | 113,888,856 | 126,441,890 |

Base Case - General Fund

The base case includes limited new capital works and is substantially a maintenance and renewal only budget. The infrastructure gap (the difference between what council should be spending and what council is spending on asset maintenance and renewals) is partially addressed, excluding road pavement annual renewals. The transport program's backlog (sum of all the work council should have but has not done to maintain and renew our assets) is not addressed.

The modelling shows that if Council continues with the current situation the result is an average annual operating deficit of \$5.9 million or an average annual operating deficit ratio of 9% with renewal expenditure that is on average 42% of depreciation. To balance the annual cash budgets renewal works are deferred as there are insufficient funds to cover all the required works, thereby increasing the backlog of infrastructure works.

When infrastructure is not maintained the condition deteriorates at an increasing rate and can potentially end up costing more. The outcome of Council's General Fund being financially unsustainable is deteriorating infrastructure. This also increases the risk to public safety and functionality of the assets which can also lead to reduced utilisation and user income.

Sufficient funds are required on an ongoing basis to cover the maintenance and renewal works to keep the infrastructure in its current condition. If Council's operating result is break even then Council has sufficient funds to cover both the requirements for renewal and maintenance. Annual reactive and preventative maintenance programs keep the assets in working order and renewal programs replace assets when they reach the end of their useful life.

The following statements show the General Fund projected Operating Result, Balance Sheet and Cash flows for the ten years 2015-25 for the base case scenario.

Eurobodalla Shire Council

10 Year Financial Plan for the Years ending 30 June 2025

INCOME STATEMENT - GENERAL FUND

Scenario: Base Case

| | Projected Years | | | | | | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Income from Continuing Operations | | | | | | | | | | |
| Revenue: | | | | | | | | | | |
| Rates & Annual Charges | 30,161,798 | 30,942,992 | 31,799,533 | 32,517,582 | 33,265,487 | 34,030,593 | 34,813,297 | 35,614,002 | 36,433,125 | 37,271,086 |
| User Charges & Fees | 10,860,600 | 11,210,190 | 11,649,081 | 11,945,363 | 12,267,888 | 12,599,120 | 12,939,297 | 13,288,658 | 13,647,451 | 14,015,933 |
| Interest & Investment Revenue | 2,486,711 | 2,553,854 | 2,622,814 | 2,693,622 | 2,766,350 | 2,841,041 | 2,917,749 | 2,996,529 | 3,077,435 | 3,160,526 |
| Other Revenues | 1,935,121 | 1,994,276 | 2,061,959 | 2,117,632 | 2,174,808 | 2,233,528 | 2,293,833 | 2,355,766 | 2,419,372 | 2,484,695 |
| Grants & Contributions provided for Operating Purposes | 14,852,829 | 15,140,228 | 15,582,037 | 16,009,703 | 16,441,965 | 16,885,898 | 17,341,817 | 17,810,046 | 18,290,918 | 18,784,772 |
| Grants & Contributions provided for Capital Purposes | 657,280 | 675,027 | 693,255 | 641,865 | 659,196 | 676,994 | 695,273 | 714,045 | 733,324 | 753,124 |
| Other Income: | | | | | | | | | | |
| Net gains from the disposal of assets | - | - | - | - | - | - | - | - | - | - |
| Total Income from Continuing Operations | 60,954,339 | 62,516,567 | 64,408,679 | 65,925,767 | 67,575,693 | 69,267,174 | 71,001,265 | 72,779,046 | 74,601,625 | 76,470,136 |
| Expenses from Continuing Operations | | | | | | | | | | |
| Employee Benefits & On-Costs | 29,963,392 | 30,778,005 | 31,612,995 | 32,466,411 | 33,343,004 | 34,243,265 | 35,167,833 | 36,117,365 | 37,092,533 | 38,094,032 |
| Borrowing Costs | 2,954,991 | 3,141,998 | 3,317,577 | 3,183,062 | 2,957,333 | 2,716,690 | 2,518,690 | 2,239,752 | 2,002,483 | 2,056,550 |
| Materials & Contracts | 7,109,422 | 7,315,388 | 6,573,002 | 7,320,041 | 7,573,415 | 8,264,037 | 8,248,049 | 8,579,597 | 8,854,828 | 9,093,909 |
| Depreciation & Amortisation | 18,232,645 | 19,348,311 | 20,467,134 | 20,914,512 | 21,513,225 | 22,093,163 | 22,688,760 | 23,300,438 | 23,928,631 | 24,574,704 |
| Other Expenses | 6,716,287 | 6,896,740 | 7,028,352 | 7,218,117 | 7,413,006 | 7,613,157 | 7,818,713 | 8,029,818 | 8,246,623 | 8,469,282 |
| Net Losses from the Disposal of Assets | - | - | - | - | - | - | - | - | - | - |
| Total Expenses from Continuing Operations | 64,976,738 | 67,480,442 | 68,999,060 | 71,102,144 | 72,799,982 | 74,930,313 | 76,442,045 | 78,266,970 | 80,125,098 | 82,288,476 |
| Net Operating Result for the Year | (4,022,399) | (4,963,874) | (4,590,381) | (5,176,377) | (5,224,290) | (5,663,138) | (5,440,779) | (5,487,923) | (5,523,474) | (5,818,340) |
| Net Operating Result before Grants and Contributions provided for Capital Purposes | (4,679,679) | (5,638,902) | (5,283,635) | (5,818,242) | (5,883,485) | (6,340,132) | (6,136,052) | (6,201,968) | (6,256,798) | (6,571,464) |

Eurobodalla Shire Council

10 Year Financial Plan for the Years ending 30 June 2025

BALANCE SHEET - GENERAL FUND

Scenario: Base Case

| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | Projected Years | | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | \$ | \$ | \$ | \$ | 2019/20 | 2020/21 | \$ | \$ | \$ | \$ |
| ASSETS | | | | | | | | | | |
| Current Assets | | | | | | | | | | |
| Cash & Cash Equivalents | - | - | 317,892 | 1,585,549 | 3,145,195 | 5,359,679 | 6,700,084 | 9,267,754 | 12,385,303 | 15,441,485 |
| Investments | 37,994,129 | 37,989,585 | 37,989,585 | 37,989,585 | 37,989,585 | 37,989,585 | 37,989,585 | 37,989,585 | 37,989,585 | 37,989,585 |
| Receivables | 6,511,963 | 6,692,275 | 6,928,743 | 7,057,333 | 7,222,469 | 7,398,084 | 7,568,137 | 7,755,469 | 7,952,665 | 7,952,665 |
| Inventories | 459,141 | 481,099 | 463,674 | 483,290 | 494,362 | 527,018 | 521,418 | 537,421 | 549,955 | 549,955 |
| Other | 145,601 | 138,414 | 135,240 | 128,898 | 132,168 | 137,796 | 139,401 | 143,370 | 147,030 | 147,030 |
| Non-current assets classified as "held for sale" | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 |
| Total Current Assets | 45,152,834 | 45,343,374 | 45,877,135 | 47,286,656 | 49,025,780 | 51,454,162 | 52,960,625 | 55,735,600 | 59,066,539 | 62,122,721 |
| Non-Current Assets | | | | | | | | | | |
| Investments | 215,396 | 215,370 | 215,370 | 215,370 | 215,370 | 215,370 | 215,370 | 215,370 | 215,370 | 215,370 |
| Receivables | 40,814 | 19,800 | - | - | - | - | - | - | - | - |
| Infrastructure, Property, Plant & Equipment | 726,364,580 | 722,172,284 | 716,332,204 | 706,266,542 | 695,908,585 | 685,285,383 | 674,389,773 | 663,214,399 | 651,751,709 | 639,150,137 |
| Total Non-Current Assets | 726,620,790 | 722,407,454 | 716,547,575 | 706,481,912 | 696,123,956 | 685,500,753 | 674,605,143 | 663,429,770 | 651,967,080 | 639,365,508 |
| TOTAL ASSETS | 771,773,624 | 767,750,828 | 762,424,709 | 753,768,568 | 745,149,735 | 736,954,915 | 727,565,768 | 719,165,370 | 711,033,619 | 701,488,229 |
| LIABILITIES | | | | | | | | | | |
| Current Liabilities | | | | | | | | | | |
| Payables | 4,419,383 | 4,539,662 | 4,557,914 | 4,671,033 | 4,767,959 | 4,920,275 | 4,979,594 | 5,094,451 | 5,202,705 | 5,202,705 |
| Borrowings | 6,634,649 | 6,836,899 | 5,922,308 | 5,310,167 | 3,743,999 | 4,870,385 | 4,221,007 | 3,629,065 | 3,794,150 | 3,794,150 |
| Provisions | 9,084,764 | 9,084,764 | 9,084,764 | 9,084,764 | 9,084,764 | 9,084,764 | 9,084,764 | 9,084,764 | 9,084,764 | 9,084,764 |
| Total Current Liabilities | 20,138,797 | 20,461,325 | 19,564,987 | 19,065,964 | 17,596,721 | 18,875,425 | 18,285,365 | 17,808,280 | 18,081,619 | 18,081,619 |
| Non-Current Liabilities | | | | | | | | | | |
| Borrowings | 36,584,190 | 37,202,740 | 37,363,340 | 34,292,598 | 32,187,297 | 28,016,912 | 24,208,604 | 21,233,214 | 17,721,598 | 13,994,548 |
| Provisions | 2,005,236 | 2,005,236 | 2,005,236 | 2,005,236 | 2,005,236 | 2,005,236 | 2,005,236 | 2,005,236 | 2,005,236 | 2,005,236 |
| Total Non-Current Liabilities | 38,589,426 | 39,207,976 | 39,368,576 | 36,297,834 | 34,192,533 | 30,022,148 | 26,213,840 | 23,238,450 | 19,726,833 | 15,999,784 |
| TOTAL LIABILITIES | 58,728,222 | 59,669,301 | 58,933,562 | 55,363,798 | 51,789,255 | 48,897,573 | 44,499,205 | 41,046,730 | 37,808,452 | 34,081,403 |
| Net Assets | 713,045,402 | 708,081,528 | 703,491,147 | 698,404,770 | 693,360,481 | 688,057,342 | 683,066,563 | 678,118,640 | 673,225,167 | 667,406,826 |
| EQUITY | | | | | | | | | | |
| Retained Earnings | 449,125,402 | 444,161,528 | 439,571,147 | 434,484,770 | 429,440,481 | 424,137,342 | 419,146,563 | 414,198,640 | 409,305,166 | 403,486,826 |
| Revaluation Reserves | 263,920,000 | 263,920,000 | 263,920,000 | 263,920,000 | 263,920,000 | 263,920,000 | 263,920,000 | 263,920,000 | 263,920,000 | 263,920,000 |
| Total Equity | 713,045,402 | 708,081,528 | 703,491,147 | 698,404,770 | 693,360,481 | 688,057,342 | 683,066,563 | 678,118,640 | 673,225,166 | 667,406,826 |

Eurobodalla Shire Council

10 Year Financial Plan for the Years ending 30 June 2025

CASH FLOW STATEMENT - GENERAL FUND

Scenario: Base Case

| | Projected Years | | | | | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------|
| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Cash Flows from Operating Activities | | | | | | | | | | |
| Receipts: | | | | | | | | | | |
| Rates & Annual Charges | 30,116,353 | 30,897,056 | 31,749,167 | 32,475,360 | 33,221,509 | 33,985,603 | 34,767,272 | 35,566,920 | 36,384,959 | 37,221,813 |
| User Charges & Fees | 10,801,615 | 11,155,072 | 11,579,883 | 11,898,649 | 12,217,037 | 12,546,897 | 12,885,663 | 13,233,575 | 13,590,882 | 13,957,836 |
| Interest & Investment Revenue Received | 2,502,735 | 2,546,639 | 2,611,209 | 2,674,701 | 2,742,737 | 2,810,594 | 2,896,604 | 2,961,940 | 3,036,918 | 3,118,915 |
| Grants & Contributions | 15,503,400 | 15,803,479 | 16,257,234 | 16,637,205 | 17,083,571 | 17,544,827 | 18,018,537 | 18,505,038 | 19,004,674 | 19,517,800 |
| Other | 1,893,711 | 1,948,252 | 1,992,600 | 2,099,425 | 2,136,808 | 2,194,477 | 2,253,702 | 2,314,526 | 2,376,991 | 2,441,170 |
| Payments: | | | | | | | | | | |
| Employee Benefits & On-Costs | (29,963,392) | (30,778,005) | (31,612,995) | (32,466,411) | (33,343,004) | (34,243,265) | (35,167,833) | (36,117,365) | (37,092,533) | (38,094,032) |
| Materials & Contracts | (7,087,987) | (7,223,572) | (6,553,247) | (7,139,942) | (7,324,099) | (7,803,605) | (7,748,679) | (7,959,005) | (8,147,421) | (8,367,401) |
| Borrowing Costs | (2,954,991) | (3,141,998) | (3,317,577) | (3,183,062) | (2,957,333) | (2,716,690) | (2,518,690) | (2,239,752) | (2,002,483) | (2,056,550) |
| Other | (6,716,287) | (6,896,740) | (7,028,352) | (7,218,117) | (7,413,006) | (7,613,157) | (7,818,713) | (8,029,818) | (8,246,623) | (8,469,282) |
| Net Cash provided (or used in) Operating Activities | 14,095,156 | 14,310,184 | 15,677,923 | 15,777,809 | 16,364,219 | 16,705,681 | 17,567,863 | 18,236,059 | 18,905,364 | 19,270,269 |
| Cash Flows from Investing Activities | | | | | | | | | | |
| Receipts: | | | | | | | | | | |
| Sale of Investment Securities | 2,543,298 | 4,570 | - | - | - | - | - | - | - | - |
| Sale of Infrastructure, Property, Plant & Equipment | 501,735 | 767,242 | 455,641 | 1,510,160 | 510,434 | 510,716 | 511,005 | 511,302 | 511,608 | 525,421 |
| Deferred Debtors Receipts | 19,924 | 20,462 | 21,014 | 21,582 | 22,164 | 22,763 | 23,377 | 24,009 | 24,657 | 25,322 |
| Payments: | | | | | | | | | | |
| Purchase of Infrastructure, Property, Plant & Equipment | (20,044,001) | (15,923,256) | (15,082,696) | (12,359,010) | (11,665,703) | (11,980,677) | (12,304,155) | (12,636,367) | (12,695,016) | (13,037,781) |
| Net Cash provided (or used in) Investing Activities | (16,979,044) | (15,130,983) | (14,606,041) | (10,827,268) | (11,133,104) | (11,447,198) | (11,769,772) | (12,101,056) | (12,158,751) | (12,487,038) |
| Cash Flows from Financing Activities | | | | | | | | | | |
| Receipts: | | | | | | | | | | |
| Proceeds from Borrowings & Advances | 5,691,139 | 7,455,449 | 6,082,908 | 2,239,425 | 1,638,698 | 700,000 | 412,699 | 653,675 | - | - |
| Payments: | | | | | | | | | | |
| Repayment of Borrowings & Advances | (2,807,252) | (6,634,649) | (6,836,899) | (5,922,308) | (5,310,167) | (3,743,999) | (4,870,385) | (4,221,007) | (3,629,065) | (3,727,049) |
| Net Cash Flow provided (used in) Financing Activities | 2,883,887 | 820,800 | (753,991) | (3,682,883) | (3,671,469) | (3,043,999) | (4,457,686) | (3,567,332) | (3,629,065) | (3,727,049) |
| Net Increase/(Decrease) in Cash & Cash Equivalents | 0 | 0 | 317,892 | 1,267,658 | 1,559,646 | 2,214,484 | 1,340,405 | 2,567,670 | 3,117,548 | 3,056,182 |
| plus: Cash, Cash Equivalents & Investments - beginning of year | (0) | (0) | (0) | 317,892 | 1,585,549 | 3,145,195 | 5,359,679 | 6,700,084 | 9,267,754 | 12,385,303 |
| Cash & Cash Equivalents - end of the year | (0) | (0) | 317,892 | 1,585,549 | 3,145,195 | 5,359,679 | 6,700,084 | 9,267,754 | 12,385,303 | 15,441,485 |
| Cash & Cash Equivalents - end of the year | (0) | (0) | 317,892 | 1,585,549 | 3,145,195 | 5,359,679 | 6,700,084 | 9,267,754 | 12,385,303 | 15,441,485 |
| Investments - end of the year | 38,209,525 | 38,204,956 | 38,204,956 | 38,204,956 | 38,204,956 | 38,204,956 | 38,204,956 | 38,204,956 | 38,204,956 | 38,204,956 |
| Cash, Cash Equivalents & Investments - end of the year | 38,209,525 | 38,204,956 | 38,522,847 | 39,790,505 | 41,350,151 | 43,564,635 | 44,905,040 | 47,472,710 | 50,590,258 | 53,646,441 |
| Representing: | | | | | | | | | | |
| - External Restrictions | 8,540,093 | 9,080,087 | 9,274,107 | 10,195,392 | 11,141,553 | 12,113,259 | 13,111,202 | 14,136,089 | 15,188,648 | 16,251,853 |
| - Internal Restrictitons | 10,504,667 | 10,503,728 | 10,767,396 | 10,338,137 | 9,897,289 | 9,164,538 | 8,699,562 | 8,222,032 | 7,731,609 | 8,272,821 |
| - Unrestricted | 19,164,765 | 18,621,141 | 18,481,344 | 19,256,975 | 20,311,309 | 22,286,838 | 23,094,276 | 25,114,590 | 27,670,002 | 29,121,766 |
| 38,209,525 | 38,204,956 | 38,522,847 | 39,790,505 | 41,350,151 | 43,564,635 | 44,905,040 | 47,472,710 | 50,590,258 | 53,646,441 | |

Base Case – Water Fund

The base case assumes existing services continue at similar levels including treatment, disinfection and fluoridation and includes only limited new water capital works. Council is currently reviewing its Integrated Water Cycle Management Strategy (IWCMS) and this could impact the extent of new capital works required. The review is due for completion by June 2015 and will be factored into the LTFP next year. Renewal expenditure is less than depreciation. However, it is sufficient considering the age and condition of the network and maintenance expenditure is satisfactory. The infrastructure backlog ratio is within benchmark as per Special Schedule 7 of the Financial Statements 2013-14.

The base case results in net operating surpluses in all years, both before and after capital revenue. The cash balance is accumulating to significant levels during the LTFP period due to the renewal of major items not required within the planning period. Any new capital requirements resulting from the IWCMS review would ideally be funded from the cash reserves to limit borrowing, provided this is timed such that it does not impact the funds needed for future renewals.

A provision for a dividend to the general fund is included in the LTFP, as the net operating results predict sufficient surplus in most years. Borrowings have been reduced to make use of the available cash balances. This strategy will reduce borrowing costs, improving profitability and thereby reducing the pressure on rates.

Best practice pricing compliance is maintained in this LTFP with an indicative stable steadily increasing pricing path.

The Water Fund with consistent and reasonable operating surpluses, a stable pricing path and positive cash balances indicates it is in a sound financial position.

The following statements show the Water Fund projected Operating Result, Balance Sheet and Cash flows for the ten years 2015-25.

Eurobodalla Shire Council

10 Year Financial Plan for the Years ending 30 June 2025

INCOME STATEMENT - WATER FUND

Scenario: Base Case

| | Projected Years | | | | | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Income from Continuing Operations | | | | | | | | | | |
| Revenue: | | | | | | | | | | |
| Rates & Annual Charges | 6,006,143 | 6,166,003 | 6,329,792 | 6,472,933 | 6,621,810 | 6,774,112 | 6,929,917 | 7,089,305 | 7,252,359 | 7,419,163 |
| User Charges & Fees | 9,498,516 | 9,754,984 | 10,018,391 | 10,288,856 | 10,566,655 | 10,851,954 | 11,144,957 | 11,445,871 | 11,754,909 | 12,072,292 |
| Interest & Investment Revenue | 292,695 | 300,598 | 308,714 | 317,049 | 325,610 | 334,401 | 343,430 | 352,702 | 362,225 | 372,005 |
| Other Revenues | 48,269 | 49,572 | 50,911 | 52,285 | 53,697 | 55,147 | 56,636 | 58,165 | 59,735 | 61,348 |
| Grants & Contributions provided for Operating Purposes | 216,240 | 226,520 | 237,290 | 242,965 | 249,525 | 256,263 | 263,182 | 270,288 | 277,585 | 285,080 |
| Grants & Contributions provided for Capital Purposes | 513,500 | 527,365 | 541,603 | 556,227 | 571,245 | 586,668 | 602,508 | 618,776 | 635,483 | 652,641 |
| Other Income: | | | | | | | | | | |
| Net gains from the disposal of assets | - | - | - | - | - | - | - | - | - | - |
| Total Income from Continuing Operations | 16,575,362 | 17,025,042 | 17,486,700 | 17,930,315 | 18,388,542 | 18,858,545 | 19,340,629 | 19,835,107 | 20,342,297 | 20,862,530 |
| Expenses from Continuing Operations | | | | | | | | | | |
| Employee Benefits & On-Costs | 5,398,348 | 5,501,920 | 5,715,477 | 5,865,788 | 6,024,164 | 6,186,817 | 6,353,861 | 6,525,415 | 6,701,601 | 6,882,545 |
| Borrowing Costs | 166,101 | 65,762 | 63,298 | 54,522 | 50,771 | 46,794 | 42,658 | 36,251 | 32,296 | 33,168 |
| Materials & Contracts | 3,069,665 | 3,226,381 | 3,823,779 | 3,883,005 | 3,987,846 | 4,095,518 | 4,206,097 | 4,319,661 | 4,436,292 | 4,556,072 |
| Depreciation & Amortisation | 6,568,259 | 6,772,086 | 6,727,079 | 6,925,853 | 7,112,851 | 7,304,898 | 7,502,131 | 7,704,688 | 7,912,715 | 8,126,358 |
| Other Expenses | 89,279 | 91,690 | 94,165 | 96,708 | 99,319 | 102,000 | 104,754 | 107,583 | 110,488 | 113,471 |
| Net Losses from the Disposal of Assets | - | - | - | - | - | - | - | - | - | - |
| Total Expenses from Continuing Operations | 15,291,653 | 15,657,837 | 16,423,798 | 16,825,875 | 17,274,951 | 17,736,027 | 18,209,501 | 18,693,598 | 19,193,391 | 19,711,613 |
| Net Operating Result for the Year | 1,283,709 | 1,367,205 | 1,062,902 | 1,104,440 | 1,113,590 | 1,122,518 | 1,131,128 | 1,141,509 | 1,148,906 | 1,150,917 |
| Net Operating Result before Grants and Contributions provided for Capital Purposes | 770,209 | 839,841 | 521,299 | 548,213 | 542,346 | 535,850 | 528,620 | 522,732 | 513,423 | 498,276 |

Eurobodalla Shire Council

10 Year Financial Plan for the Years ending 30 June 2025

BALANCE SHEET - WATER FUND

Scenario: Base Case

| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | Projected Years | | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | \$ | \$ | \$ | \$ | 2019/20 | 2020/21 | \$ | \$ | \$ | \$ |
| ASSETS | | | | | | | | | | |
| Current Assets | | | | | | | | | | |
| Cash & Cash Equivalents | 10,202,244 | 15,349,150 | 20,023,838 | 24,690,326 | 29,461,235 | 34,341,695 | 39,334,105 | 44,454,298 | 49,691,976 | 55,042,061 |
| Investments | 745,000 | 745,000 | 745,000 | 745,000 | 745,000 | 745,000 | 745,000 | 745,000 | 745,000 | 745,000 |
| Receivables | 3,264,716 | 3,352,866 | 3,443,401 | 3,536,362 | 3,631,843 | 3,729,903 | 3,830,611 | 3,934,037 | 4,040,256 | 4,040,256 |
| Inventories | 53,448 | 56,177 | 57,176 | 57,953 | 59,518 | 61,125 | 62,775 | 64,470 | 66,211 | 66,211 |
| Other | 155,420 | 163,249 | 192,763 | 195,802 | 201,089 | 206,518 | 212,094 | 217,820 | 223,702 | 223,702 |
| Total Current Assets | 14,420,827 | 19,666,441 | 24,462,177 | 29,225,443 | 34,098,685 | 39,084,241 | 44,184,585 | 49,415,626 | 54,767,144 | 60,117,230 |
| Non-Current Assets | | | | | | | | | | |
| Infrastructure, Property, Plant & Equipment | 270,487,330 | 266,539,811 | 262,739,479 | 259,011,174 | 255,182,206 | 251,249,855 | 247,211,331 | 243,063,767 | 238,804,219 | 234,546,126 |
| Total Non-Current Assets | 270,487,330 | 266,539,811 | 262,739,479 | 259,011,174 | 255,182,206 | 251,249,855 | 247,211,331 | 243,063,767 | 238,804,219 | 234,546,126 |
| TOTAL ASSETS | 284,908,157 | 286,206,252 | 287,201,656 | 288,236,618 | 289,280,891 | 290,334,097 | 291,395,917 | 292,479,393 | 293,571,363 | 294,663,356 |
| LIABILITIES | | | | | | | | | | |
| Current Liabilities | | | | | | | | | | |
| Payables | 11,588 | 12,172 | 14,373 | 14,599 | 14,994 | 15,398 | 15,814 | 16,241 | 16,680 | 16,680 |
| Borrowings | 69,693 | 69,699 | 69,705 | 69,711 | 69,717 | 565,628 | 259,493 | 57,375 | 60,281 | 60,281 |
| Total Current Liabilities | 81,282 | 81,871 | 84,077 | 84,310 | 84,711 | 581,027 | 275,307 | 73,616 | 76,960 | 76,960 |
| Non-Current Liabilities | | | | | | | | | | |
| Borrowings | 1,066,691 | 996,992 | 927,288 | 857,577 | 787,859 | 222,231 | 458,642 | 602,301 | 542,020 | 483,096 |
| Total Non-Current Liabilities | 1,066,691 | 996,992 | 927,288 | 857,577 | 787,859 | 222,231 | 458,642 | 602,301 | 542,020 | 483,096 |
| TOTAL LIABILITIES | 1,147,973 | 1,078,863 | 1,011,365 | 941,887 | 872,570 | 803,258 | 733,949 | 675,916 | 618,980 | 560,057 |
| Net Assets | 283,760,184 | 285,127,389 | 286,190,291 | 287,294,731 | 288,408,321 | 289,530,839 | 290,661,968 | 291,803,476 | 292,952,382 | 294,103,300 |
| EQUITY | | | | | | | | | | |
| Retained Earnings | 148,330,184 | 149,697,389 | 150,760,291 | 151,864,731 | 152,978,321 | 154,100,839 | 155,231,968 | 156,373,476 | 157,522,382 | 158,673,300 |
| Revaluation Reserves | 135,430,000 | 135,430,000 | 135,430,000 | 135,430,000 | 135,430,000 | 135,430,000 | 135,430,000 | 135,430,000 | 135,430,000 | 135,430,000 |
| Total Equity | 283,760,184 | 285,127,389 | 286,190,291 | 287,294,731 | 288,408,321 | 289,530,839 | 290,661,968 | 291,803,476 | 292,952,382 | 294,103,300 |

Eurobodalla Shire Council

10 Year Financial Plan for the Years ending 30 June 2025

CASH FLOW STATEMENT - WATER FUND

Scenario: Base Case

| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | Projected Years | | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | \$ | \$ | \$ | \$ | 2019/20 | 2020/21 | \$ | \$ | \$ | \$ |
| Cash Flows from Operating Activities | | | | | | | | | | |
| Receipts: | | | | | | | | | | |
| Rates & Annual Charges | 6,006,143 | 6,166,003 | 6,329,792 | 6,472,933 | 6,621,810 | 6,774,112 | 6,929,917 | 7,089,305 | 7,252,359 | 7,419,163 |
| User Charges & Fees | 9,412,686 | 9,666,834 | 9,927,856 | 10,195,895 | 10,471,173 | 10,753,895 | 11,044,250 | 11,342,444 | 11,648,690 | 11,963,205 |
| Interest & Investment Revenue Received | 292,695 | 300,598 | 308,714 | 317,049 | 325,610 | 334,401 | 343,430 | 352,702 | 362,225 | 372,005 |
| Grants & Contributions | 729,740 | 753,885 | 778,893 | 799,192 | 820,770 | 842,931 | 865,690 | 889,064 | 913,068 | 937,721 |
| Other | 48,269 | 49,572 | 50,911 | 52,285 | 53,697 | 55,147 | 56,636 | 58,165 | 59,735 | 61,348 |
| Payments: | | | | | | | | | | |
| Employee Benefits & On-Costs | (5,398,348) | (5,501,920) | (5,715,477) | (5,865,788) | (6,024,164) | (6,186,817) | (6,353,861) | (6,525,415) | (6,701,601) | (6,882,545) |
| Materials & Contracts | (3,074,222) | (3,236,354) | (3,852,091) | (3,886,594) | (3,994,303) | (4,102,149) | (4,212,907) | (4,326,656) | (4,443,475) | (4,563,449) |
| Borrowing Costs | (166,101) | (65,762) | (63,298) | (54,522) | (50,771) | (46,794) | (42,658) | (36,251) | (32,296) | (33,168) |
| Other | (89,279) | (91,690) | (94,165) | (96,708) | (99,319) | (102,000) | (104,754) | (107,583) | (110,488) | (113,471) |
| Net Cash provided (or used in) Operating Activities | 7,761,581 | 8,041,166 | 7,671,134 | 7,933,742 | 8,124,503 | 8,322,725 | 8,525,741 | 8,735,776 | 8,948,219 | 9,160,811 |
| Cash Flows from Investing Activities | | | | | | | | | | |
| Payments: | | | | | | | | | | |
| Purchase of Infrastructure, Property, Plant & Equipment | (2,694,848) | (2,824,567) | (2,926,747) | (3,197,549) | (3,283,883) | (3,372,548) | (3,463,606) | (3,557,124) | (3,653,166) | (3,751,802) |
| Net Cash provided (or used in) Investing Activities | (2,694,848) | (2,824,567) | (2,926,747) | (3,197,549) | (3,283,883) | (3,372,548) | (3,463,606) | (3,557,124) | (3,653,166) | (3,751,802) |
| Cash Flows from Financing Activities | | | | | | | | | | |
| Receipts: | | | | | | | | | | |
| Proceeds from Borrowings & Advances | - | - | - | - | - | - | 495,904 | 201,034 | - | - |
| Payments: | | | | | | | | | | |
| Repayment of Borrowings & Advances | (1,509,688) | (69,693) | (69,699) | (69,705) | (69,711) | (69,717) | (565,628) | (259,493) | (57,375) | (58,924) |
| Net Cash Flow provided (used in) Financing Activities | (1,509,688) | (69,693) | (69,699) | (69,705) | (69,711) | (69,717) | (69,724) | (58,460) | (57,375) | (58,924) |
| Net Increase/(Decrease) in Cash & Cash Equivalents | 3,557,045 | 5,146,906 | 4,674,688 | 4,666,488 | 4,770,909 | 4,880,460 | 4,992,410 | 5,120,192 | 5,237,678 | 5,350,086 |
| plus: Cash, Cash Equivalents & Investments - beginning of year | 6,645,199 | 10,202,244 | 15,349,150 | 20,023,838 | 24,690,326 | 29,461,235 | 34,341,695 | 39,334,105 | 44,454,298 | 49,691,976 |
| Cash & Cash Equivalents - end of the year | 10,202,244 | 15,349,150 | 20,023,838 | 24,690,326 | 29,461,235 | 34,341,695 | 39,334,105 | 44,454,298 | 49,691,976 | 55,042,061 |
| Cash & Cash Equivalents - end of the year | 10,202,244 | 15,349,150 | 20,023,838 | 24,690,326 | 29,461,235 | 34,341,695 | 39,334,105 | 44,454,298 | 49,691,976 | 55,042,061 |
| Investments - end of the year | 745,000 | 745,000 | 745,000 | 745,000 | 745,000 | 745,000 | 745,000 | 745,000 | 745,000 | 745,000 |
| Cash, Cash Equivalents & Investments - end of the year | 10,947,244 | 16,094,150 | 20,768,838 | 25,435,326 | 30,206,235 | 35,086,695 | 40,079,105 | 45,199,298 | 50,436,976 | 55,787,061 |
| Representing: | | | | | | | | | | |
| - External Restrictions | 5,538,236 | 5,467,567 | 5,391,403 | 5,308,343 | 5,219,011 | 5,123,026 | 5,019,986 | 4,909,466 | 4,791,017 | 4,920,374 |
| - Internal Restrictitons | - | - | - | - | - | - | - | - | - | - |
| - Unrestricted | 5,409,008 | 10,626,583 | 15,377,435 | 20,126,983 | 24,987,224 | 29,963,669 | 35,059,119 | 40,289,832 | 45,645,959 | 50,866,687 |
| | 10,947,244 | 16,094,150 | 20,768,838 | 25,435,326 | 30,206,235 | 35,086,695 | 40,079,105 | 45,199,298 | 50,436,976 | 55,787,061 |

Base Case – Sewer Fund

The base case for the Sewer Fund includes the following major capital works:

- Small towns sewer schemes at Bodalla and Rosedale/Guerrilla Bay over three years costing approximately \$15 million
- Batemans Bay Treatment Plant upgrade in 2015/16 with an estimated cost of \$5 million
- Tomakin Treatment Plant upgrade in 2019/20 estimated to cost \$20 million
- Malua Bay diversion in 2020/21 estimated to cost \$8 million.

The small town's schemes will attract subsidies of \$4 million. Developer contributions, borrowings and available cash balances are expected to fund the remainder of the capital program. Available cash is taken into account to minimise the need for borrowing.

The base case results in net operating surpluses after capital revenue in most years. There are anticipated small deficits before capital revenue in the years following significant capital investment. This is due to high borrowing costs associated with the early stages of loan repayments. Cash balances remain significant during the LTFP period apart from the use of cash to fund capital works in the later years.

A provision for a dividend to the General Fund has been included in the years with surpluses.

The major capital works place pressure on the operating result. Increased borrowing, depreciation, operational and maintenance costs stretch the ability of rates to cover the net operating expenses. Council intends to continue compliance with best practice pricing by maintaining a stable pricing path. The capital works in 2019/20 and 2020/21 in particular, may require an adjustment to the pricing path.

The Sewer Fund with an indicative stable pricing path, close to break-even operating results and positive cash balances indicates it is in a reasonable financial position. Close monitoring of financial performance and position will be required to maintain a satisfactory result.

The following statements show the Sewer Fund projected Operating Result, Balance Sheet and Cash flows for the ten years 2015-25.

Eurobodalla Shire Council

10 Year Financial Plan for the Years ending 30 June 2025

INCOME STATEMENT - SEWER FUND

Scenario: Base Case

| | Projected Years | | | | | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Income from Continuing Operations | | | | | | | | | | |
| Revenue: | | | | | | | | | | |
| Rates & Annual Charges | 17,950,072 | 18,504,478 | 18,958,557 | 19,380,071 | 19,825,812 | 20,281,806 | 20,748,287 | 21,225,498 | 21,713,684 | 22,213,099 |
| User Charges & Fees | 729,170 | 748,858 | 769,077 | 789,842 | 811,168 | 833,069 | 855,562 | 878,662 | 902,386 | 926,750 |
| Interest & Investment Revenue | 308,100 | 316,419 | 324,962 | 333,736 | 342,747 | 352,001 | 361,505 | 371,266 | 381,290 | 391,585 |
| Other Revenues | 41,080 | 42,189 | 43,328 | 44,498 | 45,700 | 46,933 | 48,201 | 49,502 | 50,839 | 52,211 |
| Grants & Contributions provided for Operating Purposes | 204,771 | 214,506 | 224,704 | 230,077 | 236,290 | 242,669 | 249,221 | 255,950 | 262,861 | 269,958 |
| Grants & Contributions provided for Capital Purposes | 3,748,550 | 685,574 | 379,123 | 389,359 | 399,871 | 410,668 | 421,756 | 433,143 | 444,838 | 456,849 |
| Other Income: | | | | | | | | | | |
| Net gains from the disposal of assets | - | - | - | - | - | - | - | - | - | - |
| Total Income from Continuing Operations | 22,981,742 | 20,512,024 | 20,699,752 | 21,167,583 | 21,661,587 | 22,167,147 | 22,684,532 | 23,214,021 | 23,755,898 | 24,310,453 |
| Expenses from Continuing Operations | | | | | | | | | | |
| Employee Benefits & On-Costs | 723,576 | 743,112 | 763,177 | 783,782 | 804,944 | 826,678 | 848,998 | 871,921 | 895,463 | 919,641 |
| Borrowing Costs | 1,227,160 | 1,382,647 | 1,619,177 | 1,408,974 | 1,300,336 | 1,313,304 | 1,435,175 | 1,321,183 | 1,195,402 | 1,227,678 |
| Materials & Contracts | 9,240,479 | 9,873,903 | 10,069,028 | 9,960,751 | 10,229,691 | 10,505,893 | 10,789,552 | 11,080,870 | 11,380,053 | 11,687,315 |
| Depreciation & Amortisation | 7,203,249 | 7,454,296 | 7,846,821 | 8,038,233 | 8,255,265 | 8,868,706 | 9,222,592 | 9,457,683 | 9,699,121 | 9,960,998 |
| Other Expenses | 461,027 | 473,475 | 486,259 | 499,388 | 512,872 | 526,719 | 540,940 | 555,546 | 570,546 | 585,950 |
| Net Losses from the Disposal of Assets | - | - | - | - | - | - | - | - | - | - |
| Total Expenses from Continuing Operations | 18,855,492 | 19,927,434 | 20,784,462 | 20,691,127 | 21,103,108 | 22,041,300 | 22,837,258 | 23,287,203 | 23,740,585 | 24,381,581 |
| Net Operating Result for the Year | 4,126,251 | 584,590 | (84,711) | 476,455 | 558,479 | 125,847 | (152,726) | (73,182) | 15,313 | (71,129) |
| Net Operating Result before Grants and Contributions provided for Capital Purposes | 377,701 | (100,984) | (463,834) | 87,097 | 158,608 | (284,821) | (574,482) | (506,325) | (429,525) | (527,977) |

Eurobodalla Shire Council

10 Year Financial Plan for the Years ending 30 June 2025

BALANCE SHEET - SEWER FUND

Scenario: Base Case

| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | Projected Years | | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | \$ | \$ | \$ | \$ | 2019/20 | 2020/21 | \$ | \$ | \$ | \$ |
| ASSETS | | | | | | | | | | |
| Current Assets | | | | | | | | | | |
| Cash & Cash Equivalents | 11,739,332 | 12,175,392 | 13,486,927 | 16,425,489 | - | - | 3,781,403 | 7,780,309 | 11,902,627 | 16,049,392 |
| Investments | 4,383,000 | 4,383,000 | 4,383,000 | 4,383,000 | 1,001,534 | 958,996 | 958,996 | 958,996 | 958,996 | 958,996 |
| Receivables | 141,365 | 145,182 | 149,102 | 153,128 | 157,262 | 161,508 | 165,869 | 170,348 | 174,947 | 174,947 |
| Inventories | - | - | - | - | - | - | - | - | - | - |
| Other | 5,194 | 5,539 | 5,651 | 5,600 | 5,751 | 5,906 | 6,066 | 6,229 | 6,398 | 6,398 |
| Total Current Assets | 16,268,891 | 16,709,113 | 18,024,679 | 20,967,217 | 1,164,548 | 1,126,410 | 4,912,334 | 8,915,882 | 13,042,967 | 17,189,732 |
| Non-Current Assets | | | | | | | | | | |
| Infrastructure, Property, Plant & Equipment | 239,945,730 | 242,871,032 | 239,100,330 | 234,130,832 | 254,027,157 | 256,395,134 | 250,496,615 | 244,452,756 | 238,259,631 | 231,589,744 |
| Total Non-Current Assets | 239,945,730 | 242,871,032 | 239,100,330 | 234,130,832 | 254,027,157 | 256,395,134 | 250,496,615 | 244,452,756 | 238,259,631 | 231,589,744 |
| TOTAL ASSETS | 256,214,621 | 259,580,145 | 257,125,009 | 255,098,048 | 255,191,704 | 257,521,544 | 255,408,949 | 253,368,638 | 251,302,598 | 248,779,476 |
| LIABILITIES | | | | | | | | | | |
| Current Liabilities | | | | | | | | | | |
| Payables | 65,028 | 69,357 | 70,751 | 70,113 | 72,006 | 73,950 | 75,947 | 77,998 | 80,104 | 80,104 |
| Borrowings | 3,215,069 | 2,630,970 | 2,768,926 | 2,740,050 | 2,078,666 | 4,669,772 | 2,674,910 | 2,387,530 | 2,441,693 | 2,441,693 |
| Total Current Liabilities | 3,280,097 | 2,700,327 | 2,839,677 | 2,810,163 | 2,150,672 | 4,743,722 | 2,750,857 | 2,465,528 | 2,521,797 | 2,521,797 |
| Non-Current Liabilities | | | | | | | | | | |
| Borrowings | 19,648,317 | 23,009,020 | 20,499,244 | 18,025,343 | 18,220,011 | 17,830,954 | 17,863,949 | 16,182,150 | 14,044,528 | 11,592,535 |
| Total Non-Current Liabilities | 19,648,317 | 23,009,020 | 20,499,244 | 18,025,343 | 18,220,011 | 17,830,954 | 17,863,949 | 16,182,150 | 14,044,528 | 11,592,535 |
| TOTAL LIABILITIES | 22,928,414 | 25,709,347 | 23,338,922 | 20,835,506 | 20,370,683 | 22,574,676 | 20,614,807 | 18,647,677 | 16,566,325 | 14,114,332 |
| Net Assets | 233,286,208 | 233,870,798 | 233,786,087 | 234,262,542 | 234,821,021 | 234,946,868 | 234,794,142 | 234,720,960 | 234,736,273 | 234,665,144 |
| EQUITY | | | | | | | | | | |
| Retained Earnings | 113,636,208 | 114,220,798 | 114,136,087 | 114,612,542 | 115,171,021 | 115,296,868 | 115,144,142 | 115,070,960 | 115,086,273 | 115,015,144 |
| Revaluation Reserves | 119,650,000 | 119,650,000 | 119,650,000 | 119,650,000 | 119,650,000 | 119,650,000 | 119,650,000 | 119,650,000 | 119,650,000 | 119,650,000 |
| Total Equity | 233,286,208 | 233,870,798 | 233,786,087 | 234,262,542 | 234,821,021 | 234,946,868 | 234,794,142 | 234,720,960 | 234,736,273 | 234,665,144 |

Eurobodalla Shire Council

10 Year Financial Plan for the Years ending 30 June 2025

CASH FLOW STATEMENT - SEWER FUND

Scenario: Base Case

| | Projected Years | | | | | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|------------------|----------------|------------------|------------------|-------------------|-------------------|
| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Cash Flows from Operating Activities | | | | | | | | | | |
| Receipts: | | | | | | | | | | |
| Rates & Annual Charges | 17,950,072 | 18,504,478 | 18,958,557 | 19,380,071 | 19,825,812 | 20,281,806 | 20,748,287 | 21,225,498 | 21,713,684 | 22,213,099 |
| User Charges & Fees | 725,453 | 745,041 | 765,157 | 785,816 | 807,033 | 828,823 | 851,201 | 874,184 | 897,787 | 922,027 |
| Interest & Investment Revenue Received | 308,100 | 316,419 | 324,962 | 333,736 | 342,747 | 352,001 | 361,505 | 371,266 | 381,290 | 391,585 |
| Grants & Contributions | 3,953,321 | 900,080 | 603,827 | 619,436 | 636,161 | 653,337 | 670,977 | 689,094 | 707,699 | 726,807 |
| Other | 41,080 | 42,189 | 43,328 | 44,498 | 45,700 | 46,933 | 48,201 | 49,502 | 50,839 | 52,211 |
| Payments: | | | | | | | | | | |
| Employee Benefits & On-Costs | (723,576) | (743,112) | (763,177) | (783,782) | (804,944) | (826,678) | (848,998) | (871,921) | (895,463) | (919,641) |
| Materials & Contracts | (9,239,016) | (9,869,919) | (10,067,746) | (9,961,338) | (10,227,949) | (10,504,104) | (10,787,715) | (11,078,983) | (11,378,116) | (11,685,325) |
| Borrowing Costs | (981,456) | (1,130,309) | (1,360,026) | (1,142,825) | (1,027,002) | (1,032,590) | (1,146,882) | (1,025,106) | (891,330) | (915,396) |
| Other | (461,027) | (473,475) | (486,259) | (499,388) | (512,872) | (526,719) | (540,940) | (555,546) | (570,546) | (585,950) |
| Net Cash provided (or used in) Operating Activities | 11,572,951 | 8,291,391 | 8,018,624 | 8,776,223 | 9,084,685 | 9,272,810 | 9,355,636 | 9,677,987 | 10,015,844 | 10,199,417 |
| Cash Flows from Investing Activities | | | | | | | | | | |
| Receipts: | | | | | | | | | | |
| Sale of Investment Securities | - | - | - | - | 3,381,466 | 42,539 | - | - | - | - |
| Payments: | | | | | | | | | | |
| Purchase of Infrastructure, Property, Plant & Equipment | (12,425,673) | (10,379,598) | (4,076,119) | (3,068,734) | (28,151,590) | (11,236,683) | (3,324,074) | (3,413,824) | (3,505,997) | (3,600,659) |
| Net Cash provided (or used in) Investing Activities | (12,425,673) | (10,379,598) | (4,076,119) | (3,068,734) | (24,770,125) | (11,194,144) | (3,324,074) | (3,413,824) | (3,505,997) | (3,600,659) |
| Cash Flows from Financing Activities | | | | | | | | | | |
| Receipts: | | | | | | | | | | |
| Proceeds from Borrowings & Advances | 8,461,973 | 5,739,335 | - | - | 2,000,000 | 4,000,000 | 2,419,612 | 409,653 | - | - |
| Payments: | | | | | | | | | | |
| Repayment of Borrowings & Advances | (6,583,268) | (3,215,069) | (2,630,970) | (2,768,926) | (2,740,050) | (2,078,666) | (4,669,772) | (2,674,910) | (2,387,530) | (2,451,993) |
| Net Cash Flow provided (used in) Financing Activities | 1,878,705 | 2,524,266 | (2,630,970) | (2,768,926) | (740,050) | 1,921,334 | (2,250,160) | (2,265,257) | (2,387,530) | (2,451,993) |
| Net Increase/(Decrease) in Cash & Cash Equivalents | 1,025,983 | 436,059 | 1,311,535 | 2,938,563 | (16,425,489) | - | 3,781,403 | 3,998,906 | 4,122,317 | 4,146,765 |
| plus: Cash, Cash Equivalents & Investments - beginning of year | 10,713,350 | 11,739,332 | 12,175,392 | 13,486,927 | 16,425,489 | - | - | 3,781,403 | 7,780,309 | 11,902,627 |
| Cash & Cash Equivalents - end of the year | 11,739,332 | 12,175,392 | 13,486,927 | 16,425,489 | - | - | 3,781,403 | 7,780,309 | 11,902,627 | 16,049,392 |
| Cash & Cash Equivalents - end of the year | 11,739,332 | 12,175,392 | 13,486,927 | 16,425,489 | - | (0) | 3,781,403 | 7,780,309 | 11,902,627 | 16,049,392 |
| Investments - end of the year | 4,383,000 | 4,383,000 | 4,383,000 | 4,383,000 | 1,001,534 | 958,996 | 958,996 | 958,996 | 958,996 | 958,996 |
| Cash, Cash Equivalents & Investments - end of the year | 16,122,332 | 16,558,392 | 17,869,927 | 20,808,489 | 1,001,534 | 958,996 | 4,740,399 | 8,739,305 | 12,861,622 | 17,008,388 |
| Representing: | | | | | | | | | | |
| - External Restrictions | 10,176,557 | 10,147,899 | 10,116,275 | 10,079,558 | 2,137,194 | 1,678,343 | 1,193,720 | 681,927 | 141,492 | 151,396 |
| - Internal Restrictions | 2,724,300 | 3,673,556 | 4,648,442 | 5,649,650 | 1,677,891 | 1,677,894 | 1,677,897 | 1,677,900 | 1,677,903 | 1,677,903 |
| - Unrestricted | 3,221,475 | 2,736,936 | 3,105,210 | 5,079,281 | (2,813,550) | (2,397,241) | 1,868,782 | 6,379,478 | 11,042,228 | 15,179,088 |
| | 16,122,332 | 16,558,392 | 17,869,927 | 20,808,489 | 1,001,534 | 958,996 | 4,740,399 | 8,739,305 | 12,861,622 | 17,008,388 |

ORIGINAL SRV CASE

This scenario proposes an increase above rate pegging in the general rate only (residential, business and farming rate) and hence impacts the General Fund. It is not applied to any other rates or charges that are included on the rate notice so the Water and Sewer Fund projections are unchanged from the base case.

The SRV proposal aims to:

- Assist in addressing the long term financial sustainability of Council by providing funding for infrastructure renewal
- Provide for a broad range of new and upgraded community infrastructure to:
 - support the needs of our community as identified in our key strategies, plans and in feedback from the community.
 - help promote economic development and employment within Eurobodalla. These works include the proposed upgrade of Batemans Bay CBD, Corrigans Beach reserve upgrade, and viewing platforms and accessibility improvements.

The Original SRV proposal is a 5% rate increase in addition to the estimated 3% IPART rate peg amount over three years. The general rate is to increase by a total of 8% for three years and thereafter is to increase by the IPART rate peg amount. The cumulative increase over the three years is 25.97% compared to 9.27% without the SRV. It is important to note that the SRV becomes a permanent and not temporary part of the rate base after the third year. The rate peg amount in year four is added to the new increased rate amount. The estimated income generated from this increase is approximately \$1.1million, \$2.42million and \$3.84million at years one, two and three and beyond respectively.

The additional revenue will fund a community and transport infrastructure program to be delivered over four years costing \$21.4 million including approximately \$1.2 million annually of ongoing renewals. The program will deliver:

- Increased annual funding to help address the gap in funding for infrastructure renewal, particularly for short lived assets (useful life less than 20 years)
- A capital renewal program for existing infrastructure in poor condition (eg bridges)
- A capital program to upgrade existing infrastructure (eg improvements to existing roads, reserves and community facilities) including funding for on-going 'whole of life costs'
- In addition, the SRV will replace funds as a result of the flat lining of Federal Assistance Grants, a decision of the Federal Government June 2013.

The SRV will help to close the current general rate gap between Eurobodalla and other comparative councils noting that Eurobodalla's general rate is 20% below the Group 4 average (2012/13) and to assist with progress towards meeting the Fit for the Future criteria.

To leverage the benefit for the community and minimise the impact on ratepayers, the financing strategy for the SRV includes:

- cash funding renewal of short lived infrastructure (less than 20 year life) to address the annual infrastructure funding gap
- borrowings of \$15.7 million to be repaid over 20 years to match the benefits and costs of long lived infrastructure to ratepayers
- ensuring that the 'whole of life costs' of any new or upgraded assets are covered including maintenance, operations and depreciation costs.

The targeted infrastructure program of \$21.4 million will provide:

- Community infrastructure including:
 - Approximately \$3.9 million for upgrades and new infrastructure to sportsgrounds, local reserves and parks to improve amenities and increase year round use and capacity
 - \$560,000 to improve local community halls and improve amenities to increase year round use
 - \$50,000 additional recurrent funding for new pathways
 - \$300,000 upgrade to Corrigan's Beach Reserve Batehaven, Gundry Oval Moruya and Rotary Park Narooma to include playgrounds with special accessibility elements
- Economic and tourism infrastructure including
 - \$1.8 million to create a multi-use exhibition space with meeting rooms at Moruya Library to increase community usage and support events to promote economic activity
 - \$1.25 million to upgrade Batemans Bay CBD (North and Orient Street north) to increase town centre vitality and economic activity
 - \$270,000 to upgrade Moruya Airport terminal building, car park and plane holding area to improve accessibility and user amenity
 - \$350,000 for the provision of accessible toilets (seven) at high profile public sites across Eurobodalla
 - \$300,000 for the provision of accessible viewing platforms and walks at high profile sites to improve visitor experiences and beach access
- Transport infrastructure including
 - \$1.0 million for Caseys Beach Rock wall renewal
 - Approximately \$5.9 million for reconstruction and sealing of a number of higher trafficked gravel roads and upgrading of bridges and culverts
- Project management costs of \$750,000 to deliver the projects funded by the SRV
- Approximately \$1.2 million of annual renewal funding to further address the infrastructure backlog

The increased renewal funding allows a significant reduction in the annual infrastructure gap. It is intended to direct a significant proportion of this renewal to short lived assets (useful lives less than 20 years). By taking a longer term approach, this allows the cycle of renewal activities to progressively reduce the backlog of works using a risk management approach.

For high risk assets such as bridges, it is proposed to loan fund replacement works to allow them to be addressed with greater urgency and remove these from the backlog of existing works.

The program of works for the SRV includes capital expenditure on renewing and upgrading existing assets. These works are planned for the first four years of the ten year cycle which will increase the renewal ratios in those years.

In both the base and SRV case, Council is:

- directing the whole of its roads to recovery funding to addressing the backlog and annual infrastructure gap from 2015/16 (as flagged several years ago)
- undertaking capital improvements to roads under the Section 94 Rural Roads Plan to meet its legal commitment to reconstruct and seal lead-in roads. This will take approximately ten years to complete.

In the longer term, a greater percentage of long lived assets such as road pavements will begin to fail, resulting in a need to move additional funds from rural roads reconstruction and sealing to renewal of transport assets to help arrest the decline in condition.

Council is continuing to improve the level of asset management with time. In particular further work is being undertaken on the condition assessment of buildings and stormwater. This work may identify additional issues not fully covered by the current SRV proposal. From 2016/17 onwards the amount of funding available for stormwater renewal will be increased by redirecting current capital funding for stormwater to renewal/replacement works to aid in addressing issues identified from the condition assessment and analysis of existing stormwater systems.

If Council decides to progress the SRV and IPART approves the application, Council will be fully transparent in accounting for the expenditure of the SRV funds.

A specific reserve will show the balance by accounting for all revenue and expenditure items. All residual cash is to be allocated to priority renewals or maintenance programs in the following year. In addition to external audit, it will also be reviewed and monitored by Council's Audit Committee.

The balance of the reserve will be reported annually in Note 6 (c) of the Financial Statements as well as more detailed accountability requirements in the Annual Report.

Under the Original SRV, Council's financial indicators significantly improve. Table 2 above provides a summary of the Adopted SRV impact.

Infrastructure maintenance/renewal and reduce infrastructure backlogs

Council's asset planning processes have highlighted an ongoing annual infrastructure funding gap (\$4 million for the 2013/14 and growing) as well as a considerable backlog of infrastructure renewal, in the order of \$78 million (as identified in Special Schedule 7 2013/14). If this issue is not addressed, the community will continue to experience a steady decline in the condition of its infrastructure over time, leading to reduced levels of service, reduced public safety, higher risks of infrastructure failure and higher maintenance and renewal costs.

The Original SRV proposal will assist in addressing the infrastructure funding gap as well as addressing immediate high risk backlog issues. This is vital in the short term to remove the infrastructure gap for short lived assets and address high risks to ensure the current level of service is sustained and the risks of failure is kept to acceptable levels.

Additionally, beyond the ten year horizon, the level of infrastructure renewal is expected to increase. As loans for new infrastructure are paid down, it is essential, and therefore proposed, that any funds becoming available from the Adopted SRV proposal are restricted for infrastructure renewal in the long term. It is also vital that the rate component of the SRV be restricted from any new lots created so that the funds available for renewal increases with the increasing size of the infrastructure required to service that development.

Beyond the ten year horizon, Council will need to reduce capital expenditure and redirect increased funding to renewal of ageing long lived assets (such as road pavements and bridges). Any additional income coming available as loan are paid down, or through increased growth will be directed to renewal of infrastructure.

In all measures the indicator is significantly improved when the SRV is included. It is feasible with further efficiency and service delivery model reviews that other indicator criteria will be satisfied. This is a major step forward and in the long term, Council will need to review its service delivery model in order to be fit for the future.

The following statements show the Consolidated and General Fund projected Operating Result, Balance Sheet and Cash flows for the ten years 2015-25 for the Original SRV case. Projected financial indicators for the Consolidated and General Fund are shown for both the base and SRV case.

Eurobodalla Shire Council

10 Year Financial Plan for the Years ending 30 June 2025

INCOME STATEMENT - CONSOLIDATED

Scenario : Original SRV Case

| | Projected Years | | | | | | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Income from Continuing Operations | | | | | | | | | | |
| Revenue: | | | | | | | | | | |
| Rates & Annual Charges | 55,267,972 | 58,039,887 | 60,928,400 | 62,326,319 | 63,787,515 | 65,283,149 | 66,814,037 | 68,381,018 | 69,984,947 | 71,626,701 |
| User Charges & Fees | 21,088,286 | 21,714,032 | 22,436,549 | 23,024,060 | 23,645,710 | 24,284,144 | 24,939,816 | 25,613,191 | 26,304,747 | 27,014,975 |
| Interest & Investment Revenue | 3,087,506 | 3,170,871 | 3,256,490 | 3,344,407 | 3,434,706 | 3,527,443 | 3,622,684 | 3,720,497 | 3,820,950 | 3,924,116 |
| Other Revenues | 2,024,470 | 2,086,038 | 2,156,198 | 2,214,415 | 2,274,204 | 2,335,608 | 2,398,669 | 2,463,433 | 2,529,946 | 2,598,255 |
| Grants & Contributions provided for Operating Purposes | 14,971,240 | 15,122,115 | 15,574,332 | 15,998,956 | 16,429,477 | 16,871,578 | 17,325,571 | 17,791,775 | 18,270,520 | 18,762,141 |
| Grants & Contributions provided for Capital Purposes | 6,019,330 | 1,965,216 | 1,693,549 | 1,587,451 | 1,855,413 | 1,674,330 | 1,719,537 | 1,765,965 | 1,813,646 | 1,862,614 |
| Total Income from Continuing Operations | 102,458,804 | 102,098,159 | 106,045,518 | 108,495,609 | 111,427,026 | 113,976,252 | 116,820,314 | 119,735,878 | 122,724,755 | 125,788,802 |
| Expenses from Continuing Operations | | | | | | | | | | |
| Employee Benefits & On-Costs | 36,085,317 | 37,023,037 | 38,091,649 | 39,115,981 | 40,172,113 | 41,256,760 | 42,370,692 | 43,514,701 | 44,689,598 | 45,896,217 |
| Borrowing Costs | 4,348,253 | 4,862,489 | 5,717,885 | 5,789,640 | 5,517,669 | 5,253,516 | 5,138,185 | 4,701,010 | 4,293,176 | 4,336,337 |
| Materials & Contracts | 19,419,567 | 20,465,435 | 20,583,910 | 21,347,152 | 22,046,634 | 23,128,800 | 23,514,950 | 24,259,518 | 24,958,946 | 25,633,701 |
| Depreciation & Amortisation | 32,004,153 | 33,693,837 | 35,328,618 | 36,282,017 | 37,397,045 | 38,864,773 | 40,029,428 | 41,097,233 | 42,193,924 | 43,335,120 |
| Other Expenses | 7,266,594 | 7,461,905 | 7,608,776 | 7,814,213 | 8,025,197 | 8,241,877 | 8,464,407 | 8,692,947 | 8,927,656 | 9,168,703 |
| Total Expenses from Continuing Operations | 99,123,884 | 103,506,703 | 107,330,837 | 110,349,003 | 113,158,657 | 116,745,725 | 119,517,663 | 122,265,408 | 125,063,299 | 128,370,077 |
| Net Operating Result for the Year | 3,334,921 | (1,408,544) | (1,285,319) | (1,853,395) | (1,731,631) | (2,769,474) | (2,697,348) | (2,529,530) | (2,338,544) | (2,581,276) |
| Net Operating Result before Grants and Contributions provided for Capital Purposes | (2,684,409) | (3,373,760) | (2,978,868) | (3,440,845) | (3,587,045) | (4,443,804) | (4,416,885) | (4,295,494) | (4,152,190) | (4,443,890) |

Eurobodalla Shire Council

10 Year Financial Plan for the Years ending 30 June 2025

BALANCE SHEET - CONSOLIDATED

Scenario : Original SRV Case

| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | Projected Years | | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | \$ | \$ | \$ | \$ | 2019/20 | 2020/21 | \$ | \$ | \$ | \$ |
| ASSETS | | | | | | | | | | |
| Current Assets | | | | | | | | | | |
| Cash & Cash Equivalents | 21,941,576 | 27,524,541 | 34,565,237 | 43,706,870 | 33,651,192 | 41,072,974 | 51,286,098 | 63,361,144 | 76,389,153 | 88,942,187 |
| Investments | 42,634,489 | 42,548,717 | 42,548,717 | 42,548,717 | 39,167,251 | 39,124,713 | 39,124,713 | 39,124,713 | 39,124,713 | 38,801,617 |
| Receivables | 9,918,043 | 10,190,323 | 10,521,246 | 10,746,823 | 11,011,574 | 11,289,495 | 11,564,616 | 11,859,854 | 12,167,868 | 12,167,868 |
| Inventories | 512,588 | 537,275 | 520,850 | 541,243 | 553,880 | 588,143 | 584,194 | 601,891 | 616,166 | 616,166 |
| Other | 306,215 | 307,203 | 333,653 | 330,300 | 339,007 | 350,220 | 357,561 | 367,420 | 377,130 | 377,130 |
| Non-current assets classified as "held for sale" | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 |
| Total Current Assets | 75,354,912 | 81,150,060 | 88,531,703 | 97,915,953 | 84,764,905 | 92,467,544 | 102,959,181 | 115,357,022 | 128,717,030 | 140,946,967 |
| Non-Current Assets | | | | | | | | | | |
| Investments | 215,396 | 215,370 | 215,370 | 215,370 | 215,370 | 215,370 | 215,370 | 215,370 | 215,370 | 215,370 |
| Receivables | 40,814 | 19,800 | - | - | - | - | - | - | - | - |
| Infrastructure, Property, Plant & Equipment | 1,243,142,640 | 1,245,204,383 | 1,238,719,806 | 1,222,255,760 | 1,229,333,487 | 1,218,018,865 | 1,198,371,758 | 1,177,988,338 | 1,156,983,979 | 1,135,331,505 |
| Total Non-Current Assets | 1,243,398,850 | 1,245,439,553 | 1,238,935,176 | 1,222,471,130 | 1,229,548,857 | 1,218,234,235 | 1,198,587,129 | 1,178,203,708 | 1,157,199,349 | 1,135,546,875 |
| TOTAL ASSETS | 1,318,753,763 | 1,326,589,613 | 1,327,466,879 | 1,320,387,083 | 1,314,313,763 | 1,310,701,779 | 1,301,546,310 | 1,293,560,730 | 1,285,916,379 | 1,276,493,842 |
| LIABILITIES | | | | | | | | | | |
| Current Liabilities | | | | | | | | | | |
| Payables | 4,496,000 | 4,621,191 | 4,643,038 | 4,755,746 | 4,854,959 | 5,009,624 | 5,071,355 | 5,188,690 | 5,299,488 | 5,299,488 |
| Borrowings | 9,919,411 | 9,537,567 | 8,760,939 | 8,119,928 | 5,892,381 | 10,105,785 | 7,155,410 | 6,073,969 | 6,296,124 | 6,296,124 |
| Provisions | 9,084,764 | 9,084,764 | 9,084,764 | 9,084,764 | 9,084,764 | 9,084,764 | 9,084,764 | 9,084,764 | 9,084,764 | 9,084,764 |
| Total Current Liabilities | 23,500,176 | 23,243,523 | 22,488,742 | 21,960,438 | 19,832,104 | 24,200,173 | 21,311,530 | 20,347,423 | 20,680,376 | 20,680,376 |
| Non-Current Liabilities | | | | | | | | | | |
| Borrowings | 61,209,198 | 70,710,244 | 73,627,611 | 68,839,514 | 66,446,158 | 60,875,579 | 56,856,101 | 51,824,158 | 45,555,398 | 38,714,136 |
| Provisions | 2,005,236 | 2,005,236 | 2,005,236 | 2,005,236 | 2,005,236 | 2,005,236 | 2,005,236 | 2,005,236 | 2,005,236 | 2,005,236 |
| Total Non-Current Liabilities | 63,214,433 | 72,715,480 | 75,632,847 | 70,844,749 | 68,451,393 | 62,880,815 | 58,861,337 | 53,829,394 | 47,560,633 | 40,719,372 |
| TOTAL LIABILITIES | 86,714,609 | 95,959,003 | 98,121,589 | 92,805,187 | 88,283,498 | 87,080,988 | 80,172,867 | 74,176,817 | 68,241,010 | 61,399,748 |
| Net Assets | 1,232,039,154 | 1,230,630,610 | 1,229,345,291 | 1,227,581,896 | 1,226,030,265 | 1,223,620,791 | 1,221,373,443 | 1,219,383,913 | 1,217,675,369 | 1,215,094,094 |
| EQUITY | | | | | | | | | | |
| Retained Earnings | 713,039,154 | 711,630,610 | 710,345,291 | 708,581,896 | 707,030,265 | 704,620,791 | 702,373,443 | 700,383,913 | 698,675,369 | 696,094,094 |
| Revaluation Reserves | 519,000,000 | 519,000,000 | 519,000,000 | 519,000,000 | 519,000,000 | 519,000,000 | 519,000,000 | 519,000,000 | 519,000,000 | 519,000,000 |
| Total Equity | 1,232,039,154 | 1,230,630,610 | 1,229,345,291 | 1,227,581,896 | 1,226,030,265 | 1,223,620,791 | 1,221,373,443 | 1,219,383,913 | 1,217,675,369 | 1,215,094,094 |

Eurobodalla Shire Council

10 Year Financial Plan for the Years ending 30 June 2025

CASH FLOW STATEMENT - CONSOLIDATED

Scenario : Original SRV Case

| | Projected Years | | | | | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Cash Flows from Operating Activities | | | | | | | | | | |
| Receipts: | | | | | | | | | | |
| Rates & Annual Charges | 55,222,527 | 57,993,951 | 60,878,034 | 62,284,097 | 63,743,537 | 65,238,159 | 66,768,013 | 68,333,935 | 69,936,781 | 71,577,428 |
| User Charges & Fees | 20,939,754 | 21,566,946 | 22,272,896 | 22,880,360 | 23,495,243 | 24,129,614 | 24,781,114 | 25,450,204 | 26,137,359 | 26,843,068 |
| Interest & Investment Revenue Received | 3,103,530 | 3,163,656 | 3,244,885 | 3,325,486 | 3,411,093 | 3,496,996 | 3,601,539 | 3,685,908 | 3,780,433 | 3,882,505 |
| Grants & Contributions | 20,983,862 | 17,075,556 | 17,249,824 | 17,572,044 | 18,267,301 | 18,527,843 | 19,026,555 | 19,538,686 | 20,064,597 | 20,604,659 |
| Other | 1,983,060 | 2,040,014 | 2,086,839 | 2,196,208 | 2,236,205 | 2,296,557 | 2,358,539 | 2,422,193 | 2,487,565 | 2,554,729 |
| Payments: | | | | | | | | | | |
| Employee Benefits & On-Costs | (36,085,317) | (37,023,037) | (38,091,649) | (39,115,981) | (40,172,113) | (41,256,760) | (42,370,692) | (43,514,701) | (44,689,598) | (45,896,217) |
| Materials & Contracts | (19,401,225) | (20,379,610) | (20,591,186) | (21,171,229) | (21,802,033) | (22,673,211) | (23,020,554) | (23,644,034) | (24,256,784) | (24,912,580) |
| Borrowing Costs | (4,102,549) | (4,610,151) | (5,458,734) | (5,523,492) | (5,244,335) | (4,972,802) | (4,849,891) | (4,404,932) | (3,989,104) | (4,024,056) |
| Other | (7,266,594) | (7,461,905) | (7,608,776) | (7,814,213) | (8,025,197) | (8,241,877) | (8,464,407) | (8,692,947) | (8,927,656) | (9,168,703) |
| Net Cash provided (or used in) Operating Activities | 35,377,048 | 32,365,420 | 33,982,134 | 34,633,281 | 35,909,701 | 36,544,521 | 37,830,214 | 39,174,312 | 40,543,594 | 41,460,833 |
| Cash Flows from Investing Activities | | | | | | | | | | |
| Receipts: | | | | | | | | | | |
| Sale of Investment Securities | 3,030,938 | 85,798 | - | - | 3,381,466 | 42,539 | - | - | - | 323,096 |
| Sale of Infrastructure, Property, Plant & Equipment | 501,735 | 767,242 | 455,641 | 1,510,160 | 510,434 | 510,716 | 511,005 | 511,302 | 511,608 | 525,421 |
| Deferred Debtors Receipts | 19,924 | 20,462 | 21,014 | 21,582 | 22,164 | 22,763 | 23,377 | 24,009 | 24,657 | 25,322 |
| Payments: | | | | | | | | | | |
| Purchase of Infrastructure, Property, Plant & Equipment | (41,509,522) | (36,522,821) | (29,299,682) | (21,328,131) | (44,985,206) | (28,060,867) | (20,893,327) | (21,225,115) | (21,418,640) | (22,940,379) |
| Net Cash provided (or used in) Investing Activities | (37,956,925) | (35,649,319) | (28,823,027) | (19,796,390) | (41,071,142) | (27,484,850) | (20,358,945) | (20,689,804) | (20,882,375) | (22,066,540) |
| Cash Flows from Financing Activities | | | | | | | | | | |
| Receipts: | | | | | | | | | | |
| Proceeds from Borrowings & Advances | 18,063,112 | 18,880,384 | 11,642,024 | 3,425,034 | 3,638,698 | 4,700,000 | 3,328,215 | 1,264,362 | - | - |
| Payments: | | | | | | | | | | |
| Repayment of Borrowings & Advances | (10,900,208) | (10,013,519) | (9,760,436) | (9,120,291) | (8,532,935) | (6,337,889) | (10,586,360) | (7,673,824) | (6,633,210) | (6,841,261) |
| Net Cash Flow provided (used in) Financing Activities | 7,162,904 | 8,866,865 | 1,881,588 | (5,695,257) | (4,894,237) | (1,637,889) | (7,258,145) | (6,409,462) | (6,633,210) | (6,841,261) |
| Net Increase/(Decrease) in Cash & Cash Equivalents | 4,583,027 | 5,582,965 | 7,040,695 | 9,141,634 | (10,055,678) | 7,421,782 | 10,213,124 | 12,075,046 | 13,028,009 | 12,553,033 |
| plus: Cash, Cash Equivalents & Investments - beginning of year | 17,358,548 | 21,941,576 | 27,524,541 | 34,565,237 | 43,706,870 | 33,651,192 | 41,072,974 | 51,286,098 | 63,361,144 | 76,389,153 |
| Cash & Cash Equivalents - end of the year | 21,941,576 | 27,524,541 | 34,565,237 | 43,706,870 | 33,651,192 | 41,072,974 | 51,286,098 | 63,361,144 | 76,389,153 | 88,942,187 |
| Cash & Cash Equivalents - end of the year | 21,941,576 | 27,524,541 | 34,565,237 | 43,706,870 | 33,651,192 | 41,072,974 | 51,286,098 | 63,361,144 | 76,389,153 | 88,942,187 |
| Investments - end of the year | 42,849,885 | 42,764,087 | 42,764,087 | 42,764,087 | 39,382,622 | 39,340,083 | 39,340,083 | 39,340,083 | 39,340,083 | 39,016,987 |
| Cash, Cash Equivalents & Investments - end of the year | 64,791,461 | 70,288,629 | 77,329,324 | 86,470,958 | 73,033,814 | 80,413,057 | 90,626,181 | 102,701,227 | 115,729,236 | 127,959,173 |
| Representing: | | | | | | | | | | |
| - External Restrictions | 35,122,029 | 41,163,760 | 48,080,583 | 56,875,845 | 42,825,216 | 48,961,681 | 58,832,343 | 69,364,606 | 80,327,626 | 90,564,587 |
| - Internal Restrictions | 10,504,667 | 10,503,728 | 10,767,396 | 10,338,137 | 9,897,289 | 9,164,538 | 8,699,562 | 8,222,032 | 7,731,609 | 8,272,821 |
| - Unrestricted | 19,164,765 | 18,621,141 | 18,481,344 | 19,256,975 | 20,311,309 | 22,286,838 | 23,094,276 | 25,114,590 | 27,670,002 | 29,121,766 |
| | 64,791,461 | 70,288,629 | 77,329,324 | 86,470,958 | 73,033,814 | 80,413,057 | 90,626,181 | 102,701,227 | 115,729,236 | 127,959,174 |

Eurobodalla Shire Council

10 Year Financial Plan for the Years ending 30 June 2025

INCOME STATEMENT - GENERAL FUND

Scenario : Original SRV Case

| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | Projected Years | | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | \$ | \$ | \$ | \$ | 2019/20 | 2020/21 | \$ | \$ | \$ | \$ |
| Income from Continuing Operations | | | | | | | | | | |
| Revenue: | | | | | | | | | | |
| Rates & Annual Charges | 31,311,757 | 33,369,405 | 35,640,051 | 36,473,316 | 37,339,892 | 38,227,231 | 39,135,833 | 40,066,215 | 41,018,904 | 41,994,439 |
| User Charges & Fees | 10,860,600 | 11,210,190 | 11,649,081 | 11,945,363 | 12,267,888 | 12,599,120 | 12,939,297 | 13,288,658 | 13,647,451 | 14,015,933 |
| Interest & Investment Revenue | 2,486,711 | 2,553,854 | 2,622,814 | 2,693,622 | 2,766,350 | 2,841,041 | 2,917,749 | 2,996,529 | 3,077,435 | 3,160,526 |
| Other Revenues | 1,935,121 | 1,994,276 | 2,061,959 | 2,117,632 | 2,174,808 | 2,233,528 | 2,293,833 | 2,355,766 | 2,419,372 | 2,484,695 |
| Grants & Contributions provided for Operating Purposes | 14,550,230 | 14,681,090 | 15,112,339 | 15,525,914 | 15,943,662 | 16,372,646 | 16,813,168 | 17,265,537 | 17,730,073 | 18,207,103 |
| Grants & Contributions provided for Capital Purposes | 1,757,280 | 752,277 | 772,822 | 641,865 | 884,297 | 676,994 | 695,273 | 714,045 | 733,324 | 753,124 |
| Total Income from Continuing Operations | 62,901,699 | 64,561,092 | 67,859,066 | 69,397,711 | 71,376,897 | 72,950,560 | 74,795,153 | 76,686,750 | 78,626,560 | 80,615,819 |
| Expenses from Continuing Operations | | | | | | | | | | |
| Employee Benefits & On-Costs | 29,963,392 | 30,778,005 | 31,612,995 | 32,466,411 | 33,343,004 | 34,243,265 | 35,167,833 | 36,117,365 | 37,092,533 | 38,094,032 |
| Borrowing Costs | 2,954,991 | 3,414,080 | 4,035,410 | 4,326,145 | 4,166,562 | 3,893,418 | 3,660,351 | 3,343,575 | 3,065,478 | 3,075,492 |
| Materials & Contracts | 7,109,422 | 7,365,152 | 6,691,102 | 7,503,397 | 7,829,097 | 8,527,389 | 8,519,301 | 8,858,987 | 9,142,600 | 9,390,314 |
| Depreciation & Amortisation | 18,232,645 | 19,467,455 | 20,754,717 | 21,317,931 | 22,028,929 | 22,691,169 | 23,304,706 | 23,934,862 | 24,582,088 | 25,247,765 |
| Other Expenses | 6,716,287 | 6,896,740 | 7,028,352 | 7,218,117 | 7,413,006 | 7,613,157 | 7,818,713 | 8,029,818 | 8,246,623 | 8,469,282 |
| Total Expenses from Continuing Operations | 64,976,738 | 67,921,431 | 70,122,577 | 72,832,001 | 74,780,598 | 76,968,399 | 78,470,904 | 80,284,607 | 82,129,323 | 84,276,884 |
| Net Operating Result for the Year | (2,075,039) | (3,360,339) | (2,263,510) | (3,434,289) | (3,403,701) | (4,017,838) | (3,675,751) | (3,597,856) | (3,502,763) | (3,661,064) |
| Net Operating Result before Grants and Contributions provided for Capital Purposes | (3,832,319) | (4,112,617) | (3,036,332) | (4,076,154) | (4,287,998) | (4,694,832) | (4,371,023) | (4,311,902) | (4,236,087) | (4,414,189) |

Eurobodalla Shire Council

10 Year Financial Plan for the Years ending 30 June 2025

BALANCE SHEET - GENERAL FUND

Scenario : Original SRV Case

| BALANCE SHEET - GENERAL FUND | | | | Projected Years | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Scenario : Original SRV Case | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| ASSETS | | | | | | | | | |
| Current Assets | | | | | | | | | |
| Cash & Cash Equivalents | - | (0) | 1,054,472 | 2,591,055 | 4,189,957 | 6,731,279 | 8,170,590 | 11,126,537 | 14,794,551 |
| Investments | 37,506,489 | 37,420,717 | 37,420,717 | 37,420,717 | 37,420,717 | 37,420,717 | 37,420,717 | 37,420,717 | 37,420,717 |
| Receivables | 6,511,963 | 6,692,275 | 6,928,743 | 7,057,333 | 7,222,469 | 7,398,084 | 7,568,137 | 7,755,469 | 7,952,665 |
| Inventories | 459,141 | 481,099 | 463,674 | 483,290 | 494,362 | 527,018 | 521,418 | 537,421 | 549,955 |
| Other | 145,601 | 138,414 | 135,240 | 128,898 | 132,168 | 137,796 | 139,401 | 143,370 | 147,030 |
| Non-current assets classified as "held for sale" | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 |
| Total Current Assets | 44,665,194 | 44,774,505 | 46,044,847 | 47,723,293 | 49,501,673 | 52,256,893 | 53,862,262 | 57,025,515 | 60,906,919 |
| Non-Current Assets | | | | | | | | | |
| Investments | 215,396 | 215,370 | 215,370 | 215,370 | 215,370 | 215,370 | 215,370 | 215,370 | 215,370 |
| Receivables | 40,814 | 19,800 | - | - | - | - | - | - | - |
| Infrastructure, Property, Plant & Equipment | 732,709,580 | 735,793,540 | 736,879,997 | 729,113,754 | 720,124,124 | 710,373,876 | 700,663,812 | 690,471,815 | 679,920,130 |
| Total Non-Current Assets | 732,965,790 | 736,028,710 | 737,095,368 | 729,329,124 | 720,339,494 | 710,589,246 | 700,879,182 | 690,687,185 | 680,135,500 |
| TOTAL ASSETS | 777,630,984 | 780,803,216 | 783,140,214 | 777,052,418 | 769,841,167 | 762,846,139 | 754,741,445 | 747,712,700 | 741,042,419 |
| LIABILITIES | | | | | | | | | |
| Current Liabilities | | | | | | | | | |
| Payables | 4,419,383 | 4,539,662 | 4,557,914 | 4,671,033 | 4,767,959 | 4,920,275 | 4,979,594 | 5,094,451 | 5,202,705 |
| Borrowings | 6,634,649 | 6,836,899 | 5,922,308 | 5,310,167 | 3,743,999 | 4,870,385 | 4,221,007 | 3,629,065 | 3,794,150 |
| Provisions | 9,084,764 | 9,084,764 | 9,084,764 | 9,084,764 | 9,084,764 | 9,084,764 | 9,084,764 | 9,084,764 | 9,084,764 |
| Total Current Liabilities | 20,138,797 | 20,461,325 | 19,564,987 | 19,065,964 | 17,596,721 | 18,875,425 | 18,285,365 | 17,808,280 | 18,081,619 |
| Non-Current Liabilities | | | | | | | | | |
| Borrowings | 40,494,190 | 46,704,232 | 52,201,079 | 49,956,594 | 47,438,287 | 42,822,394 | 38,533,510 | 35,039,707 | 30,968,850 |
| Provisions | 2,005,236 | 2,005,236 | 2,005,236 | 2,005,236 | 2,005,236 | 2,005,236 | 2,005,236 | 2,005,236 | 2,005,236 |
| Total Non-Current Liabilities | 42,499,426 | 48,709,468 | 54,206,315 | 51,961,830 | 49,443,523 | 44,827,630 | 40,538,746 | 37,044,943 | 32,974,086 |
| TOTAL LIABILITIES | 62,638,222 | 69,170,793 | 73,771,302 | 71,027,794 | 67,040,244 | 63,703,055 | 58,824,111 | 54,853,223 | 51,055,705 |
| Net Assets | 714,992,762 | 711,632,423 | 709,368,913 | 706,024,623 | 702,800,923 | 699,143,084 | 695,917,334 | 692,859,477 | 689,986,714 |
| EQUITY | | | | | | | | | |
| Retained Earnings | 451,072,762 | 447,712,423 | 445,448,913 | 442,104,623 | 438,880,923 | 435,223,084 | 431,997,334 | 428,939,477 | 426,066,714 |
| Revaluation Reserves | 263,920,000 | 263,920,000 | 263,920,000 | 263,920,000 | 263,920,000 | 263,920,000 | 263,920,000 | 263,920,000 | 263,920,000 |
| Total Equity | 714,992,762 | 711,632,423 | 709,368,913 | 706,024,623 | 702,800,923 | 699,143,084 | 695,917,334 | 692,859,477 | 689,986,714 |

Eurobodalla Shire Council

10 Year Financial Plan for the Years ending 30 June 2025

CASH FLOW STATEMENT - GENERAL FUND

Scenario : Original SRV Case

| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Cash Flows from Operating Activities | | | | | | | | | | |
| Receipts: | | | | | | | | | | |
| Rates & Annual Charges | 31,266,312 | 33,323,469 | 35,589,685 | 36,431,093 | 37,295,914 | 38,182,241 | 39,089,809 | 40,019,133 | 40,970,738 | 41,945,165 |
| User Charges & Fees | 10,801,615 | 11,155,072 | 11,579,883 | 11,898,649 | 12,217,037 | 12,546,897 | 12,885,663 | 13,233,575 | 13,590,882 | 13,957,836 |
| Interest & Investment Revenue Received | 2,502,735 | 2,546,639 | 2,611,209 | 2,674,701 | 2,742,737 | 2,810,594 | 2,896,604 | 2,961,940 | 3,036,918 | 3,118,915 |
| Grants & Contributions | 16,300,801 | 15,421,591 | 15,867,103 | 16,153,416 | 16,810,370 | 17,031,575 | 17,489,888 | 17,960,529 | 18,443,830 | 18,940,131 |
| Payments: | | | | | | | | | | |
| Employee Benefits & On-Costs | (29,963,392) | (30,778,005) | (31,612,995) | (32,466,411) | (33,343,004) | (34,243,265) | (35,167,833) | (36,117,365) | (37,092,533) | (38,094,032) |
| Materials & Contracts | (7,087,987) | (7,273,337) | (6,671,348) | (7,323,297) | (7,579,781) | (8,066,958) | (8,019,932) | (8,238,395) | (8,435,193) | (8,663,806) |
| Borrowing Costs | (2,954,991) | (3,414,080) | (4,035,410) | (4,326,145) | (4,166,562) | (3,893,418) | (3,660,351) | (3,343,575) | (3,065,478) | (3,075,492) |
| Other | (6,716,287) | (6,896,740) | (7,028,352) | (7,218,117) | (7,413,006) | (7,613,157) | (7,818,713) | (8,029,818) | (8,246,623) | (8,469,282) |
| Net Cash provided (or used in) Operating Activities | 16,042,516 | 16,032,863 | 18,292,376 | 17,923,315 | 18,700,513 | 18,948,986 | 19,948,837 | 20,760,549 | 21,579,532 | 22,100,605 |
| Cash Flows from Investing Activities | | | | | | | | | | |
| Receipts: | | | | | | | | | | |
| Sale of Investment Securities | 3,030,938 | 85,798 | - | - | - | - | - | - | - | 323,096 |
| Sale of Infrastructure, Property, Plant & Equipment | 501,735 | 767,242 | 455,641 | 1,510,160 | 510,434 | 510,716 | 511,005 | 511,302 | 511,608 | 525,421 |
| Deferred Debtors Receipts | 19,924 | 20,462 | 21,014 | 21,582 | 22,164 | 22,763 | 23,377 | 24,009 | 24,657 | 25,322 |
| Payments: | | | | | | | | | | |
| Purchase of Infrastructure, Property, Plant & Equipment | (26,389,001) | (23,318,656) | (22,296,816) | (15,061,848) | (13,549,733) | (13,451,636) | (14,105,647) | (14,254,167) | (14,259,477) | (15,587,919) |
| Net Cash provided (or used in) Investing Activities | (22,836,404) | (22,445,155) | (21,820,161) | (13,530,107) | (13,017,135) | (12,918,158) | (13,571,265) | (13,718,856) | (13,723,212) | (14,714,079) |
| Cash Flows from Financing Activities | | | | | | | | | | |
| Receipts: | | | | | | | | | | |
| Proceeds from Borrowings & Advances | 9,601,139 | 13,141,049 | 11,642,024 | 3,425,034 | 1,638,698 | 700,000 | 412,699 | 653,675 | - | - |
| Payments: | | | | | | | | | | |
| Repayment of Borrowings & Advances | (2,807,252) | (6,728,757) | (7,059,768) | (6,281,660) | (5,723,174) | (4,189,506) | (5,350,961) | (4,739,421) | (4,188,305) | (4,330,344) |
| Net Cash Flow provided (used in) Financing Activities | 6,793,887 | 6,412,292 | 4,582,256 | (2,856,626) | (4,084,476) | (3,489,506) | (4,938,262) | (4,085,746) | (4,188,305) | (4,330,344) |
| Net Increase/(Decrease) in Cash & Cash Equivalents | - | 0 | 1,054,472 | 1,536,583 | 1,598,902 | 2,541,322 | 1,439,311 | 2,955,947 | 3,668,014 | 3,056,182 |
| plus: Cash, Cash Equivalents & Investments - beginning of year | - | - | - | 1,054,472 | 2,591,055 | 4,189,957 | 6,731,279 | 8,170,590 | 11,126,537 | 14,794,551 |
| Cash & Cash Equivalents - end of the year | - | 0 | 1,054,472 | 2,591,055 | 4,189,957 | 6,731,279 | 8,170,590 | 11,126,537 | 14,794,551 | 17,850,733 |
| Cash & Cash Equivalents - end of the year | - | - | 1,054,472 | 2,591,055 | 4,189,957 | 6,731,279 | 8,170,590 | 11,126,537 | 14,794,551 | 17,850,733 |
| Investments - end of the year | 37,721,885 | 37,636,087 | 37,636,087 | 37,636,087 | 37,636,087 | 37,636,087 | 37,636,087 | 37,636,087 | 37,636,087 | 37,312,991 |
| Cash, Cash Equivalents & Investments - end of the year | 37,721,885 | 37,636,087 | 38,690,559 | 40,227,142 | 41,826,044 | 44,367,366 | 45,806,677 | 48,762,624 | 52,430,638 | 55,163,725 |
| Representing: | | | | | | | | | | |
| - External Restrictions | 8,052,453 | 8,511,219 | 9,441,819 | 10,632,030 | 11,617,446 | 12,915,990 | 14,012,839 | 15,426,003 | 17,029,028 | 17,769,138 |
| - Internal Restrictitons | 10,504,667 | 10,503,728 | 10,767,396 | 10,338,137 | 9,897,289 | 9,164,538 | 8,699,562 | 8,222,032 | 7,731,609 | 8,272,821 |
| - Unrestricted | 19,164,765 | 18,621,141 | 18,481,344 | 19,256,975 | 20,311,309 | 22,286,838 | 23,094,276 | 25,114,590 | 27,670,002 | 29,121,766 |
| | 37,721,885 | 37,636,087 | 38,690,559 | 40,227,142 | 41,826,044 | 44,367,366 | 45,806,677 | 48,762,624 | 52,430,638 | 55,163,725 |

ADOPTED SRV CASE

The differences to the Original SRV scenario are that this Adopted SRV case proposes:

- a smaller rate increase
- utilisation of Council's cash reserves
- draws on savings that were identified during the exhibition of the Original SRV, and
- eliminates two projects from the community and transport infrastructure program (which were identified during the consultation phase, by the community, as being not as highly ranked compared to other projects).

The Adopted SRV proposal aims to:

- Assist in addressing the long term financial sustainability of Council by providing funding for infrastructure renewal
- Provide for a broad range of new and upgraded community infrastructure to:
 - support the needs of our community as identified in our key strategies, plans and in feedback from the community.
 - help promote economic development and employment within Eurobodalla.

The general rate is to increase by a total of 6.5% (including rate peg) for three years and thereafter is to increase by the IPART rate peg amount. The cumulative increase over the three years is 20.78% compared to 9.27% without the SRV. It is important to note that the SRV becomes a permanent and not temporary part of the rate base after the third year. The rate peg amount in year four is added to the new increased rate amount. The estimated income generated from this increase is approximately \$0.8million, \$1.7million and \$2.6 million at years one, two and three and beyond respectively.

The additional revenue will fund a community and transport infrastructure program to be delivered over four years costing \$17.5 million including approximately \$0.9 million annually of ongoing renewals. The program will deliver:

- Increased annual funding to help address the gap in funding for infrastructure renewal, particularly for short lived assets (useful life less than 20 years)
- A capital renewal program for existing infrastructure in poor condition (eg bridges)
- A capital program to upgrade existing infrastructure (eg improvements to existing roads, reserves and community facilities) including funding for on-going 'whole of life costs'
- In addition, the SRV will replace funds as a result of the flat lining of Federal Assistance Grants, a decision of the Federal Government June 2013.

The SRV will help to close the current general rate gap between Eurobodalla and other comparative councils noting that Eurobodalla's general rate is 20% below the Group 4 average (2012/13) and to assist with progress towards meeting the Fit for the Future criteria.

To leverage the benefit for the community and minimise the impact on ratepayers, the financing strategy for the SRV includes:

- cash funding renewal of short lived infrastructure (less than 20 year life) to address the annual infrastructure funding gap
- borrowings of \$11.1 million to be repaid over 20 years to match the benefits and costs of long lived infrastructure to ratepayers
- Utilisation of Councils cash reserves of \$2 million
- ensuring that the 'whole of life costs' of any new or upgraded assets are covered including maintenance, operations and depreciation costs.

The targeted infrastructure program of \$17.5 million will provide:

- Community infrastructure including:
 - Approximately \$3.1 million for upgrades and new infrastructure to sportsgrounds, local reserves and parks to improve amenities and increase year round use and capacity
 - \$560,000 to improve local community halls and improve amenities to increase year round use
 - \$50,000 additional recurrent funding for new pathways
 - \$300,000 upgrade to Corrigan's Beach Reserve Batehaven, Gundry Oval Moruya and Rotary Park Narooma to include playgrounds with special accessibility elements
- Economic and tourism infrastructure including
 - \$1.25 million to upgrade Batemans Bay CBD (North and Orient Street north) to increase town centre vitality and economic activity
 - \$270,000 to upgrade Moruya Airport terminal building, car park and plane holding area to improve accessibility and user amenity
 - \$350,000 for the provision of accessible toilets (seven) at high profile public sites across Eurobodalla
 - \$300,000 for the provision of accessible viewing platforms and walks at high profile sites to improve visitor experiences and beach access
- Transport infrastructure including
 - \$1.0 million for Caseys Beach Rock wall renewal
 - Approximately \$5.9 million for reconstruction and sealing of a number of higher trafficked gravel roads and upgrading of bridges and culverts
- Project management costs of \$750,000 to deliver the projects funded by the SRV
- Approximately \$0.9 million of annual renewal funding to further address the infrastructure backlog

The increased renewal funding allows a reduction in the annual infrastructure gap. It is intended to direct a significant proportion of this renewal to short lived assets (useful lives less than 20 years). By taking a longer term approach, this allows the cycle of renewal activities to progressively reduce the backlog of works using a risk management approach.

For high risk assets such as bridges, it is proposed to loan fund replacement works to allow them to be addressed with greater urgency and remove these from the backlog of existing works.

The program of works for the SRV includes capital expenditure on renewing and upgrading existing assets. These works are planned for the first four years of the ten year cycle which will increase the renewal ratios in those years.

In both the base and Adopted SRV case, Council is:

- directing the whole of its roads to recovery funding to addressing the backlog and annual infrastructure gap from 2015/16 (as flagged several years ago)
- undertaking capital improvements to roads under the Section 94 Rural Roads Plan to meet its legal commitment to reconstruct and seal lead-in roads. This will take approximately ten years to complete.

In the longer term, a greater percentage of long lived assets such as road pavements will begin to fail, resulting in a need to move additional funds from rural roads reconstruction and sealing to renewal of transport assets to help arrest the decline in condition.

Council is continuing to improve the level of asset management with time. In particular further work is being undertaken on the condition assessment of buildings and stormwater. This work may identify additional issues not fully covered by the current SRV proposal. From 2016/17 onwards the amount of funding available for stormwater renewal will be increased by redirecting current capital funding for stormwater to renewal/replacement works to aid in addressing issues identified from the condition assessment and analysis of existing stormwater systems.

If IPART approves the application, Council will be fully transparent in accounting for the expenditure of the SRV funds. A specific reserve will show the balance by accounting for all revenue and expenditure items. All residual cash is to be allocated to priority renewals or maintenance programs in the following year. In addition to external audit, it will also be reviewed and monitored by Council's Audit Committee.

The balance of the reserve will be reported annually in Note 6 (c) of the Financial Statements as well as more detailed accountability requirements in the Annual Report.

Table 2 above provides a summary of the Adopted SRV impacts. The table shows the average for each key indicator for the ten year modelling period. Under the SRV, the financial indicators significantly improve.

The financial indicators show an improvement in the Financial Sustainability indicators. This is particularly evident for the General Fund. The General Fund operating deficit ratio is 6.9% which is a significant improvement from 8.7%, however is still not within benchmark. The own source revenue ratio benchmark is met under both scenarios. The average renewal ratio is 48% with a 9% improvement. Therefore approximately half of the annual depreciation expense is being matched by renewals, whereas the benchmark is 100%.

The asset maintenance ratio is satisfactory with programs being sufficient to cover the required routine maintenance.

The debt service ratio being less than 20% is well within the target range. It does reach nearly 20% in the period 2016/17 to 2019/20 but it does not exceed the benchmark in any one year. The debt service ratio is an indicator of infrastructure service provision and not financial sustainability. Debt is being used effectively to finance the community and transport infrastructure program.

The efficiency indicator does achieve the benchmark of improving over time. The expenditure per capita for all cases is decreasing each year as per the projected financial indicators shown below. The SRV program increases the level of service by upgrading and providing infrastructure identified as a priority to the community. This does increase maintenance, operational and depreciation costs with the SRV model allowing to cover these extra whole of life costs.

In all measures the indicator is significantly improved when the SRV is included. It is feasible with further efficiency and service delivery model reviews that other indicator criteria will be satisfied. This is a major step forward and in the long term, Council will need to review its service delivery model in order to be fit for the future.

The following statements show the Consolidated and General Fund projected Operating Result, Balance Sheet and Cash flows for the ten years 2015-25 for the Adopted SRV case. Projected financial indicators for the Consolidated and General Fund are shown for both the base and Adopted SRV case.

Eurobodalla Shire Council

10 Year Financial Plan for the Years ending 30 June 2025

INCOME STATEMENT - CONSOLIDATED

Scenario : Adopted SRV Case

| | Projected Years | | | | | | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Income from Continuing Operations | | | | | | | | | | |
| Revenue: | | | | | | | | | | |
| Rates & Annual Charges | 54,923,227 | 57,300,398 | 59,738,709 | 61,100,937 | 62,525,371 | 63,983,140 | 65,475,029 | 67,001,839 | 68,564,393 | 70,163,531 |
| User Charges & Fees | 21,088,286 | 21,714,032 | 22,436,549 | 23,024,060 | 23,645,710 | 24,284,144 | 24,939,816 | 25,613,191 | 26,304,747 | 27,014,975 |
| Interest & Investment Revenue | 3,087,506 | 3,170,871 | 3,256,490 | 3,344,407 | 3,434,706 | 3,527,443 | 3,622,684 | 3,720,497 | 3,820,950 | 3,924,116 |
| Other Revenues | 2,024,470 | 2,086,038 | 2,156,198 | 2,214,415 | 2,274,204 | 2,335,608 | 2,398,669 | 2,463,433 | 2,529,946 | 2,598,255 |
| Grants & Contributions provided for Operating Purposes | 14,971,240 | 15,122,115 | 15,574,332 | 15,998,956 | 16,429,477 | 16,871,578 | 17,325,571 | 17,791,775 | 18,270,520 | 18,762,141 |
| Grants & Contributions provided for Capital Purposes | 5,319,330 | 1,965,216 | 1,693,549 | 1,587,451 | 1,855,413 | 1,674,330 | 1,719,537 | 1,765,965 | 1,813,646 | 1,862,614 |
| Total Income from Continuing Operations | 101,414,060 | 101,358,670 | 104,855,826 | 107,270,227 | 110,164,882 | 112,676,243 | 115,481,306 | 118,356,700 | 121,304,201 | 124,325,631 |
| Expenses from Continuing Operations | | | | | | | | | | |
| Employee Benefits & On-Costs | 36,085,317 | 37,023,037 | 38,091,649 | 39,115,981 | 40,172,113 | 41,256,760 | 42,370,692 | 43,514,701 | 44,689,598 | 45,896,217 |
| Borrowing Costs | 4,348,253 | 4,674,447 | 5,340,846 | 5,255,360 | 4,970,108 | 4,717,630 | 4,615,271 | 4,192,494 | 3,800,619 | 3,861,451 |
| Materials & Contracts | 19,419,567 | 20,453,318 | 20,557,225 | 21,308,907 | 22,018,496 | 23,099,818 | 23,485,099 | 24,228,771 | 24,927,276 | 25,601,081 |
| Depreciation & Amortisation | 32,004,153 | 33,676,854 | 35,288,767 | 36,231,671 | 37,342,421 | 38,821,787 | 39,985,153 | 41,051,629 | 42,146,952 | 43,286,739 |
| Other Expenses | 7,266,594 | 7,461,905 | 7,608,776 | 7,814,213 | 8,025,197 | 8,241,877 | 8,464,407 | 8,692,947 | 8,927,656 | 9,168,703 |
| Total Expenses from Continuing Operations | 99,123,884 | 103,289,561 | 106,887,262 | 109,726,132 | 112,528,335 | 116,137,871 | 118,920,622 | 121,680,541 | 124,492,101 | 127,814,191 |
| Net Operating Result for the Year | 2,290,176 | (1,930,891) | (2,031,436) | (2,455,905) | (2,363,453) | (3,461,628) | (3,439,317) | (3,323,842) | (3,187,900) | (3,488,560) |
| Net Operating Result before Grants and Contributions provided for Capital Purposes | (3,029,154) | (3,896,107) | (3,724,984) | (4,043,356) | (4,218,866) | (5,135,958) | (5,158,854) | (5,089,806) | (5,001,545) | (5,351,174) |

Eurobodalla Shire Council

10 Year Financial Plan for the Years ending 30 June 2025

BALANCE SHEET - CONSOLIDATED

Scenario : Adopted SRV Case

| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | Projected Years | | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | \$ | \$ | \$ | \$ | 2019/20 | 2020/21 | \$ | \$ | \$ | \$ |
| ASSETS | | | | | | | | | | |
| Current Assets | | | | | | | | | | |
| Cash & Cash Equivalents | 21,941,576 | 27,524,541 | 34,163,113 | 43,214,509 | 33,149,990 | 40,306,371 | 50,513,978 | 62,327,048 | 74,927,899 | 87,552,739 |
| Investments | 40,589,745 | 40,329,790 | 40,329,790 | 40,329,790 | 36,948,325 | 36,905,786 | 36,905,786 | 36,905,786 | 36,905,786 | 36,905,786 |
| Receivables | 9,918,043 | 10,190,323 | 10,521,246 | 10,746,823 | 11,011,574 | 11,289,495 | 11,564,616 | 11,859,854 | 12,167,868 | 12,167,868 |
| Inventories | 512,588 | 537,275 | 520,850 | 541,243 | 553,880 | 588,143 | 584,194 | 601,891 | 616,166 | 616,166 |
| Other | 306,215 | 307,203 | 333,653 | 330,300 | 339,007 | 350,220 | 357,561 | 367,420 | 377,130 | 377,130 |
| Non-current assets classified as "held for sale" | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 |
| Total Current Assets | 73,310,168 | 78,931,133 | 85,910,653 | 95,204,665 | 82,044,776 | 89,482,014 | 99,968,135 | 112,103,999 | 125,036,849 | 137,661,688 |
| Non-Current Assets | | | | | | | | | | |
| Investments | 215,396 | 215,370 | 215,370 | 215,370 | 215,370 | 215,370 | 215,370 | 215,370 | 215,370 | 215,370 |
| Receivables | 40,814 | 19,800 | - | - | - | - | - | - | - | - |
| Infrastructure, Property, Plant & Equipment | 1,241,642,640 | 1,242,073,365 | 1,234,408,604 | 1,217,499,375 | 1,224,025,147 | 1,212,366,473 | 1,192,078,589 | 1,171,272,903 | 1,149,972,376 | 1,127,161,417 |
| Total Non-Current Assets | 1,241,898,850 | 1,242,308,535 | 1,234,623,974 | 1,217,714,745 | 1,224,240,518 | 1,212,581,843 | 1,192,293,959 | 1,171,488,274 | 1,150,187,747 | 1,127,376,787 |
| TOTAL ASSETS | 1,315,209,018 | 1,321,239,668 | 1,320,534,627 | 1,312,919,410 | 1,306,285,294 | 1,302,063,857 | 1,292,262,093 | 1,283,592,272 | 1,275,224,596 | 1,265,038,475 |
| LIABILITIES | | | | | | | | | | |
| Current Liabilities | | | | | | | | | | |
| Payables | 4,496,000 | 4,621,191 | 4,643,038 | 4,755,746 | 4,854,959 | 5,009,624 | 5,071,355 | 5,188,690 | 5,299,488 | 5,299,488 |
| Borrowings | 9,919,411 | 9,537,567 | 8,760,939 | 8,119,928 | 5,892,381 | 10,105,785 | 7,155,410 | 6,073,969 | 6,296,124 | 6,296,124 |
| Provisions | 9,084,764 | 9,084,764 | 9,084,764 | 9,084,764 | 9,084,764 | 9,084,764 | 9,084,764 | 9,084,764 | 9,084,764 | 9,084,764 |
| Total Current Liabilities | 23,500,176 | 23,243,523 | 22,488,742 | 21,960,438 | 19,832,104 | 24,200,173 | 21,311,530 | 20,347,423 | 20,680,376 | 20,680,376 |
| Non-Current Liabilities | | | | | | | | | | |
| Borrowings | 58,709,198 | 66,927,391 | 69,008,567 | 64,287,559 | 61,965,230 | 56,477,352 | 52,553,548 | 47,631,675 | 41,488,945 | 34,791,385 |
| Provisions | 2,005,236 | 2,005,236 | 2,005,236 | 2,005,236 | 2,005,236 | 2,005,236 | 2,005,236 | 2,005,236 | 2,005,236 | 2,005,236 |
| Total Non-Current Liabilities | 60,714,433 | 68,932,627 | 71,013,803 | 66,292,795 | 63,970,465 | 58,482,588 | 54,558,784 | 49,636,911 | 43,494,181 | 36,796,621 |
| TOTAL LIABILITIES | 84,214,609 | 92,176,150 | 93,502,545 | 88,253,233 | 83,802,570 | 82,682,761 | 75,870,314 | 69,984,334 | 64,174,557 | 57,476,997 |
| Net Assets | 1,230,994,409 | 1,229,063,518 | 1,227,032,083 | 1,224,666,177 | 1,222,482,724 | 1,219,381,096 | 1,216,391,780 | 1,213,607,938 | 1,211,050,038 | 1,207,561,478 |
| EQUITY | | | | | | | | | | |
| Retained Earnings | 711,994,409 | 710,063,518 | 708,032,083 | 705,666,177 | 703,482,724 | 700,381,096 | 697,391,780 | 694,607,938 | 692,050,038 | 688,561,478 |
| Revaluation Reserves | 519,000,000 | 519,000,000 | 519,000,000 | 519,000,000 | 519,000,000 | 519,000,000 | 519,000,000 | 519,000,000 | 519,000,000 | 519,000,000 |
| Total Equity | 1,230,994,409 | 1,229,063,518 | 1,227,032,083 | 1,224,666,177 | 1,222,482,724 | 1,219,381,096 | 1,216,391,780 | 1,213,607,938 | 1,211,050,038 | 1,207,561,478 |

Eurobodalla Shire Council

10 Year Financial Plan for the Years ending 30 June 2025

CASH FLOW STATEMENT - CONSOLIDATED

Scenario : Adopted SRV Case

| | Projected Years | | | | | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Cash Flows from Operating Activities | | | | | | | | | | |
| Receipts: | | | | | | | | | | |
| Rates & Annual Charges | 54,877,782 | 57,254,462 | 59,688,342 | 61,058,714 | 62,481,393 | 63,938,151 | 65,429,005 | 66,954,757 | 68,516,227 | 70,114,257 |
| User Charges & Fees | 20,939,754 | 21,566,946 | 22,272,896 | 22,880,360 | 23,495,243 | 24,129,614 | 24,781,114 | 25,450,204 | 26,137,359 | 26,843,068 |
| Interest & Investment Revenue Received | 3,103,530 | 3,163,656 | 3,244,885 | 3,325,486 | 3,411,093 | 3,496,996 | 3,601,539 | 3,685,908 | 3,780,433 | 3,882,505 |
| Grants & Contributions | 20,283,862 | 17,075,556 | 17,249,824 | 17,572,044 | 18,267,301 | 18,527,843 | 19,026,555 | 19,538,686 | 20,064,597 | 20,604,659 |
| Other | 1,983,060 | 2,040,014 | 2,086,839 | 2,196,208 | 2,236,205 | 2,296,557 | 2,358,539 | 2,422,193 | 2,487,565 | 2,554,729 |
| Payments: | | | | | | | | | | |
| Employee Benefits & On-Costs | (36,085,317) | (37,023,037) | (38,091,649) | (39,115,981) | (40,172,113) | (41,256,760) | (42,370,692) | (43,514,701) | (44,689,598) | (45,896,217) |
| Materials & Contracts | (19,401,225) | (20,367,493) | (20,564,501) | (21,132,984) | (21,773,896) | (22,644,229) | (22,990,703) | (23,613,287) | (24,225,114) | (24,879,961) |
| Borrowing Costs | (4,102,549) | (4,422,109) | (5,081,694) | (4,989,212) | (4,696,774) | (4,436,915) | (4,326,978) | (3,896,416) | (3,496,547) | (3,549,170) |
| Other | (7,266,594) | (7,461,905) | (7,608,776) | (7,814,213) | (8,025,197) | (8,241,877) | (8,464,407) | (8,692,947) | (8,927,656) | (9,168,703) |
| Net Cash provided (or used in) Operating Activities | 34,332,304 | 31,826,091 | 33,196,167 | 33,980,424 | 35,223,255 | 35,809,381 | 37,043,970 | 38,334,396 | 39,647,267 | 40,505,168 |
| Cash Flows from Investing Activities | | | | | | | | | | |
| Receipts: | | | | | | | | | | |
| Sale of Investment Securities | 3,075,683 | 259,980 | - | - | 3,381,466 | 42,539 | - | - | - | - |
| Sale of Infrastructure, Property, Plant & Equipment | 501,735 | 767,242 | 455,641 | 1,510,160 | 510,434 | 510,716 | 511,005 | 511,302 | 511,608 | 525,421 |
| Deferred Debtors Receipts | 19,924 | 20,462 | 21,014 | 21,582 | 22,164 | 22,763 | 23,377 | 24,009 | 24,657 | 25,322 |
| Payments: | | | | | | | | | | |
| Purchase of Infrastructure, Property, Plant & Equipment | (40,009,522) | (34,874,821) | (28,079,647) | (20,832,601) | (44,378,628) | (27,673,829) | (20,208,274) | (20,757,246) | (21,075,499) | (21,733,513) |
| Net Cash provided (or used in) Investing Activities | (36,412,180) | (33,827,137) | (27,602,992) | (19,300,860) | (40,464,564) | (27,097,811) | (19,673,891) | (20,221,935) | (20,539,235) | (21,182,769) |
| Cash Flows from Financing Activities | | | | | | | | | | |
| Receipts: | | | | | | | | | | |
| Proceeds from Borrowings & Advances | 15,563,112 | 17,541,384 | 10,740,259 | 3,425,034 | 3,638,698 | 4,700,000 | 3,328,215 | 1,264,362 | - | - |
| Payments: | | | | | | | | | | |
| Repayment of Borrowings & Advances | (10,900,208) | (9,957,372) | (9,694,862) | (9,053,201) | (8,461,908) | (6,255,189) | (10,490,687) | (7,563,753) | (6,507,180) | (6,697,560) |
| Net Cash Flow provided (used in) Financing Activities | 4,662,904 | 7,584,012 | 1,045,397 | (5,628,167) | (4,823,210) | (1,555,189) | (7,162,472) | (6,299,391) | (6,507,180) | (6,697,560) |
| Net Increase/(Decrease) in Cash & Cash Equivalents | 2,583,027 | 5,582,965 | 6,638,572 | 9,051,396 | (10,064,520) | 7,156,381 | 10,207,607 | 11,813,069 | 12,600,852 | 12,624,839 |
| plus: Cash, Cash Equivalents & Investments - beginning of year | 17,358,548 | 19,941,576 | 25,524,541 | 32,163,113 | 41,214,509 | 31,149,990 | 38,306,371 | 48,513,978 | 60,327,048 | 72,927,899 |
| Cash & Cash Equivalents - end of the year | 19,941,576 | 25,524,541 | 32,163,113 | 41,214,509 | 31,149,990 | 38,306,371 | 48,513,978 | 60,327,048 | 72,927,899 | 85,552,739 |
| Cash & Cash Equivalents - end of the year | 19,941,576 | 25,524,541 | 32,163,113 | 41,214,509 | 31,149,990 | 38,306,371 | 48,513,978 | 60,327,048 | 72,927,899 | 85,552,739 |
| Investments - end of the year | 40,805,141 | 40,545,160 | 40,545,160 | 40,545,160 | 37,163,695 | 37,121,156 | 37,121,156 | 37,121,156 | 37,121,156 | 37,121,156 |
| Cash, Cash Equivalents & Investments - end of the year | 60,746,717 | 66,069,702 | 72,708,274 | 81,759,670 | 68,313,685 | 75,427,527 | 85,635,134 | 97,448,204 | 110,049,055 | 122,673,895 |
| Representing: | | | | | | | | | | |
| - External Restrictions | 35,077,284 | 40,944,833 | 47,459,533 | 56,164,557 | 42,105,086 | 47,976,151 | 57,841,297 | 68,111,582 | 78,647,445 | 89,279,308 |
| - Internal Restrictions | 10,504,667 | 10,503,728 | 10,767,396 | 10,338,137 | 9,897,289 | 9,164,538 | 8,699,562 | 8,222,032 | 7,731,609 | 8,272,821 |
| - Unrestricted | 17,164,765 | 16,621,141 | 16,481,344 | 17,256,975 | 18,311,309 | 20,286,838 | 21,094,276 | 23,114,590 | 25,670,002 | 27,121,766 |
| | 62,746,717 | 68,069,702 | 74,708,274 | 83,759,670 | 70,313,685 | 77,427,527 | 87,635,134 | 99,448,204 | 112,049,055 | 124,673,896 |

Eurobodalla Shire Council

10 Year Financial Plan for the Years ending 30 June 2025

INCOME STATEMENT - GENERAL FUND

Scenario : Adopted SRV Case

| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | Projected Years | | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | \$ | \$ | \$ | \$ | 2019/20 | 2020/21 | \$ | \$ | \$ | \$ |
| Income from Continuing Operations | | | | | | | | | | |
| Revenue: | | | | | | | | | | |
| Rates & Annual Charges | 30,967,012 | 32,629,916 | 34,450,359 | 35,247,934 | 36,077,748 | 36,927,223 | 37,796,825 | 38,687,037 | 39,598,350 | 40,531,268 |
| User Charges & Fees | 10,860,600 | 11,210,190 | 11,649,081 | 11,945,363 | 12,267,888 | 12,599,120 | 12,939,297 | 13,288,658 | 13,647,451 | 14,015,933 |
| Interest & Investment Revenue | 2,486,711 | 2,553,854 | 2,622,814 | 2,693,622 | 2,766,350 | 2,841,041 | 2,917,749 | 2,996,529 | 3,077,435 | 3,160,526 |
| Other Revenues | 1,935,121 | 1,994,276 | 2,061,959 | 2,117,632 | 2,174,808 | 2,233,528 | 2,293,833 | 2,355,766 | 2,419,372 | 2,484,695 |
| Grants & Contributions provided for Operating Purposes | 14,550,230 | 14,681,090 | 15,112,339 | 15,525,914 | 15,943,662 | 16,372,646 | 16,813,168 | 17,265,537 | 17,730,073 | 18,207,103 |
| Grants & Contributions provided for Capital Purposes | 1,057,280 | 752,277 | 772,822 | 641,865 | 884,297 | 676,994 | 695,273 | 714,045 | 733,324 | 753,124 |
| Total Income from Continuing Operations | 61,856,955 | 63,821,603 | 66,669,375 | 68,172,329 | 70,114,753 | 71,650,552 | 73,456,144 | 75,307,572 | 77,206,006 | 79,152,649 |
| Expenses from Continuing Operations | | | | | | | | | | |
| Employee Benefits & On-Costs | 29,963,392 | 30,778,005 | 31,612,995 | 32,466,411 | 33,343,004 | 34,243,265 | 35,167,833 | 36,117,365 | 37,092,533 | 38,094,032 |
| Borrowing Costs | 2,954,991 | 3,226,037 | 3,658,370 | 3,791,865 | 3,619,001 | 3,357,532 | 3,137,438 | 2,835,059 | 2,572,921 | 2,600,606 |
| Materials & Contracts | 7,109,422 | 7,353,035 | 6,664,418 | 7,465,151 | 7,800,959 | 8,498,407 | 8,489,450 | 8,828,240 | 9,110,931 | 9,357,695 |
| Depreciation & Amortisation | 18,232,645 | 19,450,473 | 20,714,866 | 21,267,585 | 21,974,305 | 22,648,183 | 23,260,430 | 23,889,258 | 24,535,116 | 25,199,384 |
| Other Expenses | 6,716,287 | 6,896,740 | 7,028,352 | 7,218,117 | 7,413,006 | 7,613,157 | 7,818,713 | 8,029,818 | 8,246,623 | 8,469,282 |
| Total Expenses from Continuing Operations | 64,976,738 | 67,704,290 | 69,679,002 | 72,209,129 | 74,150,275 | 76,360,545 | 77,873,863 | 79,699,740 | 81,558,125 | 83,720,997 |
| Net Operating Result for the Year | (3,119,783) | (3,882,686) | (3,009,627) | (4,036,800) | (4,035,522) | (4,709,993) | (4,417,719) | (4,392,168) | (4,352,119) | (4,568,349) |
| Net Operating Result before Grants and Contributions provided for Capital Purposes | (4,177,064) | (4,634,964) | (3,782,449) | (4,678,665) | (4,919,820) | (5,386,987) | (5,112,992) | (5,106,214) | (5,085,443) | (5,321,473) |

Eurobodalla Shire Council
10 Year Financial Plan for the Years ending 30 June 2025

BALANCE SHEET - GENERAL FUND

Scenario : Adopted SRV Case

| BALANCE SHEET - GENERAL FUND | | | | Projected Years | | | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Scenario : Adopted SRV Case | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| ASSETS | | | | | | | | |
| Current Assets | | | | | | | | |
| Cash & Cash Equivalents | (0) | (0) | 652,349 | 2,098,694 | 3,688,755 | 5,964,676 | 7,398,470 | 10,092,440 |
| Investments | 35,461,745 | 35,201,790 | 35,201,790 | 35,201,790 | 35,201,790 | 35,201,790 | 35,201,790 | 35,201,790 |
| Receivables | 6,511,963 | 6,692,275 | 6,928,743 | 7,057,333 | 7,222,469 | 7,398,084 | 7,568,137 | 7,755,469 |
| Inventories | 459,141 | 481,099 | 463,674 | 483,290 | 494,362 | 527,018 | 521,418 | 537,421 |
| Other | 145,601 | 138,414 | 135,240 | 128,898 | 132,168 | 137,796 | 139,401 | 143,370 |
| Non-current assets classified as "held for sale" | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 |
| Total Current Assets | 42,620,449 | 42,555,579 | 43,423,796 | 45,012,006 | 46,781,544 | 49,271,363 | 50,871,216 | 53,772,491 |
| Non-Current Assets | | | | | | | | |
| Investments | 215,396 | 215,370 | 215,370 | 215,370 | 215,370 | 215,370 | 215,370 | 215,370 |
| Receivables | 40,814 | 19,800 | - | - | - | - | - | - |
| Infrastructure, Property, Plant & Equipment | 731,209,580 | 732,662,522 | 732,568,796 | 724,357,369 | 714,815,785 | 704,721,484 | 694,370,642 | 683,756,381 |
| Total Non-Current Assets | 731,465,790 | 732,897,692 | 732,784,166 | 724,572,739 | 715,031,155 | 704,936,854 | 694,586,013 | 683,971,751 |
| TOTAL ASSETS | 774,086,240 | 775,453,271 | 776,207,962 | 769,584,744 | 761,812,699 | 754,208,217 | 745,457,228 | 737,744,242 |
| LIABILITIES | | | | | | | | |
| Current Liabilities | | | | | | | | |
| Payables | 4,419,383 | 4,539,662 | 4,557,914 | 4,671,033 | 4,767,959 | 4,920,275 | 4,979,594 | 5,094,451 |
| Borrowings | 6,634,649 | 6,836,899 | 5,922,308 | 5,310,167 | 3,743,999 | 4,870,385 | 4,221,007 | 3,629,065 |
| Provisions | 9,084,764 | 9,084,764 | 9,084,764 | 9,084,764 | 9,084,764 | 9,084,764 | 9,084,764 | 9,084,764 |
| Total Current Liabilities | 20,138,797 | 20,461,325 | 19,564,987 | 19,065,964 | 17,596,721 | 18,875,425 | 18,285,365 | 17,808,280 |
| Non-Current Liabilities | | | | | | | | |
| Borrowings | 37,994,190 | 42,921,379 | 47,582,035 | 45,404,640 | 42,957,359 | 38,424,167 | 34,230,957 | 30,847,225 |
| Provisions | 2,005,236 | 2,005,236 | 2,005,236 | 2,005,236 | 2,005,236 | 2,005,236 | 2,005,236 | 2,005,236 |
| Total Non-Current Liabilities | 39,999,426 | 44,926,615 | 49,587,271 | 47,409,876 | 44,962,595 | 40,429,403 | 36,236,193 | 32,852,461 |
| TOTAL LIABILITIES | 60,138,222 | 65,387,940 | 69,152,258 | 66,475,840 | 62,559,316 | 59,304,827 | 54,521,558 | 50,660,740 |
| Net Assets | 713,948,018 | 710,065,331 | 707,055,704 | 703,108,904 | 699,253,382 | 694,903,389 | 690,935,670 | 687,083,502 |
| EQUITY | | | | | | | | |
| Retained Earnings | 450,028,018 | 446,145,331 | 443,135,704 | 439,188,904 | 435,333,382 | 430,983,389 | 427,015,670 | 423,163,502 |
| Revaluation Reserves | 263,920,000 | 263,920,000 | 263,920,000 | 263,920,000 | 263,920,000 | 263,920,000 | 263,920,000 | 263,920,000 |
| Total Equity | 713,948,018 | 710,065,331 | 707,055,704 | 703,108,904 | 699,253,382 | 694,903,389 | 690,935,670 | 687,083,502 |

Eurobodalla Shire Council

10 Year Financial Plan for the Years ending 30 June 2025

CASH FLOW STATEMENT - GENERAL FUND

Scenario : Adopted SRV Case

| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Cash Flows from Operating Activities | | | | | | | | | | |
| Receipts: | | | | | | | | | | |
| Rates & Annual Charges | 30,921,567 | 32,583,981 | 34,399,993 | 35,205,711 | 36,033,770 | 36,882,233 | 37,750,801 | 38,639,954 | 39,550,184 | 40,481,995 |
| User Charges & Fees | 10,801,615 | 11,155,072 | 11,579,883 | 11,898,649 | 12,217,037 | 12,546,897 | 12,885,663 | 13,233,575 | 13,590,882 | 13,957,836 |
| Interest & Investment Revenue Received | 2,502,735 | 2,546,639 | 2,611,209 | 2,674,701 | 2,742,737 | 2,810,594 | 2,896,604 | 2,961,940 | 3,036,918 | 3,118,915 |
| Grants & Contributions | 15,600,801 | 15,421,591 | 15,867,103 | 16,153,416 | 16,810,370 | 17,031,575 | 17,489,888 | 17,960,529 | 18,443,830 | 18,940,131 |
| Payments: | | | | | | | | | | |
| Employee Benefits & On-Costs | (29,963,392) | (30,778,005) | (31,612,995) | (32,466,411) | (33,343,004) | (34,243,265) | (35,167,833) | (36,117,365) | (37,092,533) | (38,094,032) |
| Materials & Contracts | (7,087,987) | (7,261,219) | (6,644,664) | (7,285,052) | (7,551,643) | (8,037,976) | (7,990,081) | (8,207,648) | (8,403,524) | (8,631,187) |
| Borrowing Costs | (2,954,991) | (3,226,037) | (3,658,370) | (3,791,865) | (3,619,001) | (3,357,532) | (3,137,438) | (2,835,059) | (2,572,921) | (2,600,606) |
| Other | (6,716,287) | (6,896,740) | (7,028,352) | (7,218,117) | (7,413,006) | (7,613,157) | (7,818,713) | (8,029,818) | (8,246,623) | (8,469,282) |
| Net Cash provided (or used in) Operating Activities | 14,997,772 | 15,493,534 | 17,506,409 | 17,270,458 | 18,014,067 | 18,213,846 | 19,162,593 | 19,920,634 | 20,683,204 | 21,144,940 |
| Cash Flows from Investing Activities | | | | | | | | | | |
| Receipts: | | | | | | | | | | |
| Sale of Investment Securities | 3,075,683 | 259,980 | - | - | - | - | - | - | - | - |
| Sale of Infrastructure, Property, Plant & Equipment | 501,735 | 767,242 | 455,641 | 1,510,160 | 510,434 | 510,716 | 511,005 | 511,302 | 511,608 | 525,421 |
| Deferred Debtors Receipts | 19,924 | 20,462 | 21,014 | 21,582 | 22,164 | 22,763 | 23,377 | 24,009 | 24,657 | 25,322 |
| Payments: | | | | | | | | | | |
| Purchase of Infrastructure, Property, Plant & Equipment | (24,889,001) | (21,670,656) | (21,076,781) | (14,566,318) | (12,943,155) | (13,064,598) | (13,420,594) | (13,786,299) | (13,916,337) | (14,381,052) |
| Net Cash provided (or used in) Investing Activities | (21,291,659) | (20,622,973) | (20,600,126) | (13,034,577) | (12,410,557) | (12,531,119) | (12,886,211) | (13,250,988) | (13,380,072) | (13,830,309) |
| Cash Flows from Financing Activities | | | | | | | | | | |
| Receipts: | | | | | | | | | | |
| Proceeds from Borrowings & Advances | 7,101,139 | 11,802,049 | 10,740,259 | 3,425,034 | 1,638,698 | 700,000 | 412,699 | 653,675 | - | - |
| Payments: | | | | | | | | | | |
| Repayment of Borrowings & Advances | (2,807,252) | (6,672,610) | (6,994,193) | (6,214,570) | (5,652,147) | (4,106,806) | (5,255,287) | (4,629,350) | (4,062,275) | (4,186,643) |
| Net Cash Flow provided (used in) Financing Activities | 4,293,887 | 5,129,439 | 3,746,066 | (2,789,536) | (4,013,449) | (3,406,806) | (4,842,588) | (3,975,675) | (4,062,275) | (4,186,643) |
| Net Increase/(Decrease) in Cash & Cash Equivalents | (2,000,000) | 0 | 652,349 | 1,446,345 | 1,590,061 | 2,275,921 | 1,433,794 | 2,693,971 | 3,240,857 | 3,127,988 |
| plus: Cash, Cash Equivalents & Investments - beginning of year | - | - | - | 652,349 | 2,098,694 | 3,688,755 | 5,964,676 | 7,398,470 | 10,092,440 | 13,333,297 |
| Cash & Cash Equivalents - end of the year | - | 0 | 652,349 | 2,098,694 | 3,688,755 | 5,964,676 | 7,398,470 | 10,092,440 | 13,333,297 | 16,461,285 |
| Cash & Cash Equivalents - end of the year | (0) | - | 652,349 | 2,098,694 | 3,688,755 | 5,964,676 | 7,398,470 | 10,092,440 | 13,333,297 | 16,461,285 |
| Investments - end of the year | 35,677,141 | 35,417,160 | 35,417,160 | 35,417,160 | 35,417,160 | 35,417,160 | 35,417,160 | 35,417,160 | 35,417,160 | 35,417,160 |
| Cash, Cash Equivalents & Investments - end of the year | 35,677,141 | 35,417,160 | 36,069,509 | 37,515,854 | 39,105,915 | 41,381,836 | 42,815,630 | 45,509,601 | 48,750,457 | 51,878,446 |
| Representing: | | | | | | | | | | |
| - External Restrictions | 8,007,709 | 8,292,292 | 8,820,769 | 9,920,742 | 10,897,317 | 11,930,460 | 13,021,792 | 14,172,979 | 15,348,847 | 16,483,859 |
| - Internal Restrictions | 10,504,667 | 10,503,728 | 10,767,396 | 10,338,137 | 9,897,289 | 9,164,538 | 8,699,562 | 8,222,032 | 7,731,609 | 8,272,821 |
| - Unrestricted | 17,164,765 | 16,621,141 | 16,481,344 | 17,256,975 | 18,311,309 | 20,286,838 | 21,094,276 | 23,114,590 | 25,670,002 | 27,121,766 |
| | 35,677,141 | 35,417,160 | 36,069,509 | 37,515,854 | 39,105,915 | 41,381,836 | 42,815,630 | 45,509,601 | 48,750,457 | 51,878,447 |

Eurobodalla Shire Council

FINANCIAL PERFORMANCE INDICATORS

| FINANCIAL PERFORMANCE INDICATORS | | | | | Projected Years | | | | | | | | | | |
|---|-----------------------------|-----|-----|-----|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | | | | | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | Average |
| Financial Sustainability | | | | | | | | | | | | | | | |
| Operating Ratio | | | | | | | | | | | | | | | |
| Benchmark - between 5% surplus and -3% deficit average over 3 years | | | | | | | | | | | | | | | |
| Consolidated | | | | | | | | | | | | | | | |
| | Base | -4% | -5% | -5% | -5% | -5% | -6% | -6% | -5% | -5% | -6% | -5% | -6% | -5% | |
| | Original SRV | -3% | -3% | -3% | -3% | -3% | -4% | -4% | -4% | -3% | -4% | -3% | -4% | -3% | |
| | Adopted SRV | -3% | -4% | -4% | -4% | -4% | -5% | -5% | -4% | -4% | -4% | -4% | -4% | -4% | |
| | Difference (Base - Adopted) | 1% | 1% | 2% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | |
| General Fund | | | | | | | | | | | | | | | |
| | Base | -8% | -9% | -8% | -9% | -9% | -9% | -9% | -9% | -8% | -9% | -8% | -9% | -8.7% | |
| | Original SRV | -6% | -6% | -5% | -6% | -6% | -7% | -6% | -6% | -5% | -6% | -5% | -6% | -5.9% | |
| | Adopted SRV | -7% | -7% | -6% | -7% | -7% | -8% | -7% | -7% | -7% | -7% | -7% | -7% | -6.9% | |
| | Difference (Base - Adopted) | 1% | 2% | 3% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 1.8% | |
| Own Source Revenue Ratio | | | | | | | | | | | | | | | |
| Benchmark - greater than 60% average over 3 years | | | | | | | | | | | | | | | |
| Consolidated | | | | | | | | | | | | | | | |
| | Base | 80% | 83% | 83% | 83% | 83% | 83% | 83% | 83% | 83% | 83% | 83% | 83% | 82% | |
| | Original SRV | 80% | 83% | 84% | 84% | 84% | 84% | 84% | 84% | 84% | 84% | 84% | 84% | 83% | |
| | Adopted SRV | 80% | 83% | 84% | 84% | 83% | 84% | 84% | 83% | 83% | 83% | 83% | 83% | 83% | |
| | Difference (Base - Adopted) | 0% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | |
| General Fund | | | | | | | | | | | | | | | |
| | Base | 75% | 75% | 75% | 75% | 75% | 75% | 75% | 75% | 75% | 74% | 74% | 75% | 75% | |
| | Original SRV | 74% | 76% | 77% | 77% | 76% | 77% | 77% | 77% | 77% | 77% | 76% | 76% | 76% | |
| | Adopted SRV | 75% | 76% | 76% | 76% | 76% | 76% | 76% | 76% | 76% | 76% | 76% | 76% | 76% | |
| | Difference (Base - Adopted) | 0% | 1% | 1% | 2% | 1% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 1% | |
| Infrastructure Renewal Ratio | | | | | | | | | | | | | | | |
| Benchmark - 100% average over 3 years | | | | | | | | | | | | | | | |
| Consolidated | | | | | | | | | | | | | | | |
| | Base | 41% | 51% | 35% | 34% | 34% | 34% | 34% | 34% | 34% | 34% | 34% | 34% | 36% | |
| | Original SRV | 50% | 62% | 47% | 38% | 38% | 37% | 38% | 37% | 37% | 37% | 39% | 42% | 42% | |
| | Adopted SRV | 50% | 61% | 46% | 37% | 36% | 36% | 36% | 36% | 36% | 36% | 37% | 41% | 41% | |
| | Difference (Base - Adopted) | 8% | 10% | 11% | 3% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 4% | |
| General Fund | | | | | | | | | | | | | | | |
| | Base | 56% | 40% | 39% | 38% | 38% | 38% | 38% | 38% | 38% | 38% | 38% | 38% | 39% | |
| | Original SRV | 74% | 62% | 62% | 45% | 46% | 44% | 46% | 44% | 44% | 44% | 48% | 50% | 50% | |
| | Adopted SRV | 72% | 60% | 61% | 43% | 42% | 42% | 42% | 42% | 42% | 42% | 43% | 48% | 48% | |
| | Difference (Base - Adopted) | 16% | 20% | 22% | 5% | 5% | 4% | 4% | 4% | 4% | 5% | 5% | 5% | 8% | |



Eurobodalla Shire Council

FINANCIAL PERFORMANCE INDICATORS

| Financial Performance Indicators | | Projected Years | | | | | | | | | | |
|--|-----------------------------|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | Average |
| Effective Infrastructure and Service Management | | | | | | | | | | | | |
| Infrastructure Backlog ratio | | | | | | | | | | | | |
| Benchmark - less than 2% averaged over three years or an improvement | | | | | | | | | | | | |
| Consolidated | Base | 7.9% | 7.7% | 7.5% | 7.3% | 7.0% | 6.6% | 6.5% | 6.3% | 6.2% | 6.0% | 6.9% |
| | Adopted SRV | 7.8% | 7.3% | 7.0% | 6.7% | 6.2% | 5.8% | 5.6% | 5.3% | 5.1% | 4.7% | 6.1% |
| | Difference (Base - Adopted) | 0.1% | 0.3% | 0.5% | 0.7% | 0.8% | 0.8% | 0.9% | 1.0% | 1.1% | 1.3% | 0.8% |
| General Fund | Base | 14.8% | 14.5% | 14.2% | 13.9% | 13.6% | 13.3% | 13.0% | 12.7% | 12.4% | 12.1% | 13.4% |
| | Adopted SRV | 14.5% | 13.9% | 13.3% | 12.7% | 12.1% | 11.6% | 11.0% | 10.5% | 9.9% | 9.4% | 11.9% |
| | Difference (Base - Adopted) | 0.3% | 0.6% | 0.9% | 1.2% | 1.4% | 1.7% | 2.0% | 2.2% | 2.4% | 2.7% | 1.6% |
| Asset Maintenance Ratio | | | | | | | | | | | | |
| Benchmark - greater than 1 | | | | | | | | | | | | |
| Consolidated | Base | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | Original SRV | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | Adopted SRV | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | Difference (Base - Adopted) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| General Fund | Base | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | Original SRV | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | Adopted SRV | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | Difference (Base - Adopted) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Debt Service ratio | | | | | | | | | | | | |
| Benchmark - greater than 0% and less than 20% | | | | | | | | | | | | |
| Consolidated | Base | 12% | 11% | 12% | 14% | 13% | 10% | 14% | 10% | 8% | 6% | 11% |
| | Original SRV | 12% | 11% | 12% | 15% | 14% | 11% | 15% | 11% | 10% | 7% | 12% |
| | Adopted SRV | 12% | 11% | 12% | 15% | 13% | 11% | 14% | 11% | 9% | 7% | 11% |
| | Difference (Base - Adopted) | 0% | 0% | 0% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% |
| General Fund | Base | 11% | 18% | 18% | 16% | 14% | 11% | 12% | 10% | 9% | 7% | 13% |
| | Original SRV | 11% | 18% | 19% | 18% | 16% | 13% | 14% | 12% | 11% | 9% | 14% |
| | Adopted SRV | 11% | 18% | 19% | 17% | 15% | 12% | 13% | 11% | 10% | 8% | 13% |
| | Difference (Base - Adopted) | 0% | 0% | 0% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% |

Eurobodalla Shire Council

FINANCIAL PERFORMANCE INDICATORS

Projected Years

| | | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | Average |
|--|----|---------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Efficiency | | | | | | | | | | | | |
| <i>Benchmark - improving over time</i> | | | | | | | | | | | | |
| Efficiency ratio | | | | | | | | | | | | |
| Consolidated | | | | | | | | | | | | |
| Base | \$ | 2,627 | \$ 2,631 | \$ 2,612 | \$ 2,573 | \$ 2,539 | \$ 2,524 | \$ 2,491 | \$ 2,457 | \$ 2,423 | \$ 2,397 | \$ 2,526 |
| Original SRV | \$ | 2,627 | \$ 2,642 | \$ 2,639 | \$ 2,614 | \$ 2,584 | \$ 2,569 | \$ 2,534 | \$ 2,498 | \$ 2,462 | \$ 2,435 | \$ 2,559 |
| Adopted SRV | \$ | 2,627 | \$ 2,637 | \$ 2,628 | \$ 2,599 | \$ 2,570 | \$ 2,556 | \$ 2,521 | \$ 2,486 | \$ 2,451 | \$ 2,424 | \$ 2,548 |
| Difference (Base - Adopted) | \$ | - | -\$ 6 | -\$ 17 | -\$ 26 | -\$ 31 | -\$ 31 | -\$ 30 | -\$ 29 | -\$ 28 | -\$ 27 | 23 |
| General Fund | | | | | | | | | | | | |
| Base | \$ | 1,722 | \$ 1,723 | \$ 1,697 | \$ 1,684 | \$ 1,662 | \$ 1,649 | \$ 1,621 | \$ 1,599 | \$ 1,577 | \$ 1,561 | \$ 1,648 |
| Original SRV | \$ | 1,722 | \$ 1,734 | \$ 1,724 | \$ 1,725 | \$ 1,708 | \$ 1,694 | \$ 1,659 | \$ 1,640 | \$ 1,617 | \$ 1,598 | \$ 1,681 |
| Adopted SRV | \$ | 1,722 | \$ 1,728 | \$ 1,713 | \$ 1,711 | \$ 1,693 | \$ 1,680 | \$ 1,659 | \$ 1,628 | \$ 1,606 | \$ 1,588 | \$ 1,672 |
| Difference (Base - Adopted) | \$ | - | -\$ 6 | -\$ 17 | -\$ 26 | -\$ 31 | -\$ 31 | -\$ 39 | -\$ 29 | -\$ 28 | -\$ 27 | 24 |

5. Key Assumptions

Planning assumptions

General

The projected statements and financial indicators have been prepared based on a number of assumptions.

Council approaches budgeting and modelling in a conservative manner. The explanation of revenue and expenditure forecasts outlines any relevant considerations. Only budget items that can be reliably estimated are included in the projected statements and significant items that cannot be are disclosed in the narrative so the reader is aware of them.

The current level of service is assumed to be maintained over the planning period consistent with the current CSP developed in 2011 and applicable till 2016. Reducing the level of service to the community is a way of reducing costs. However this would need to be an option presented to the community in the next review of the CSP in 2017. Whilst the next CSP period does fit within the modelling period it is assumed that the level of service will remain the same.

The Fit for the Future criteria assess the scale and capacity of councils as a criteria for potential amalgamation. Eurobodalla has not been recommended for amalgamation and hence no part or complete amalgamation is assumed.

Population growth is assumed to be 0.02%. Rates revenue has been adjusted accordingly and it is assumed that this level of growth and demographical changes over the next ten years will not significantly impact the expenditure required for delivery of services.

The indexation factor applied to the figures to allow for inflation is based on the consumer price index forecast of between 2.7% and 3%. The projected estimates are shown in nominal and not real dollars.

Revenue forecasts

Rates

- The General rate is indexed by the IPART rate peg. The IPART rate peg is not released until December of the preceding rating year. The estimate of IPART for 2015-16 and the modelling period is 3%. Water, Sewer and Waste rates are set to achieve break even operating results and to satisfy state government best practice requirements. The indexation applied to the Water, Sewer and Waste rates is 3% with no additional increases required based on satisfactory financial performance projected. The small town's sewer schemes in Bodalla, Guerilla Bay and Rosedale will bring on new ratepayers for sewer charges and the additional revenue is included.

It is noted that during the preparation of this report on 3 December 2014, IPART announced it had set the Local Council Rate Peg for 2015-16 at 2.4%. This is 0.6% less than the 3% previously advised.

User Charges

- Fees and Charges are reviewed each year in line with the recovery principle applicable for the goods or services being provided. Fees and charges either seek a commercial return, cost recovery or are a subsidised service. The fees and charges have been increased by 2.7%.

Interest on investments

- Investment revenue is based on the estimate of the returns expected on Council's investment portfolio mainly being term deposits in accordance with the Minister's investment order and Council's investment policy. The projected return is between 3% and 5%.

Grants and contributions

- Only specifically known grant funds are included. Non recurrent grant funds are included in the first few years, however in the later years there are only a few successful grant projects that Council is aware of. Ongoing recurrent grant funds included are the Financial Assistance Grants and Roads to Recovery program. Conversely, the associated grant funded expenditure is also recognised where applicable. Council has an excellent reputation with its grants programs and typically receives significant additional grants in each financial year over and above the original estimates. Grants provide excellent leveraging to the services being provided by Council as evidenced by environmental, community care, recreation and other programs run by Council. These programs are mostly funded by grants. However, apart from recurrent grants, they generally do not save Council money as they do not contribute to the basic services already provided and some grants require a matching component.

Other Revenues

- Other revenues (indexed by 2.7%) are assumed to be recurrent and applied consistently over the projected period. Known specific items have also been included.

Net Gain on Disposal of Assets

- Disposal of plant and investments are assumed to be for nil gain as they are assets that meet operational needs and are not of a commercial nature.
- The remaining value of infrastructure assets on Council's books which have been renewed has been significant and the resulting write-off has impacted the operating result. It is anticipated that improvements to depreciation modelling and the annual review of useful life of infrastructure assets will reduce this write-off. The modelling assumes no write-off of the remaining book value of renewed assets.
- Land sales in most cases will have an estimated gain on disposal as the sales proceeds are expected to exceed the book value. Land sales have only been budgeted where there is a high probability of sale in a financial year. Typically, the timing of land sales can be difficult to predict. Land sales have been budgeted at \$5.8 million. The Recreation and Open Space Strategy (2010) rationalises the number of facilities, providing upgrades to the remaining to streamline services and save costs. Upgrades are funded from the surplus recreation land sales.

Borrowings

- Borrowings are utilised to finance Council's infrastructure programs and enables the benefits and costs of long-life assets to be shared equitably between current and future generations of ratepayers. The SRV scenario utilises borrowings to ensure the program is delivered within a short time frame.

- Council complies with its borrowing policy. Council funds its capital program from its cash reserves before borrowing from external financial institutions where there are sufficient reserves. The Water Fund has seen debt reduced to take advantage of building cash reserves due to low renewal requirements in the short to medium term. The adopted SRV case utilises cash reserves to minimise borrowings whilst still meeting liquidity benchmarks (unrestricted current ratio 1.5X).
- Council has been successful in applying for two rounds of the Local Infrastructure Replacement Scheme (LIRS) that provides subsidised loan funding to accelerate renewal works.
- Council projects its borrowing costs using the actual interest rates on existing loans and between 6% - 8% for future loans. Whilst the current interest rate environment is soft it is expected to tighten in the near future.

Expenditure Forecasts

Employee costs

- Salary and wages costs are estimated based on Council's approved organisational chart and applicable rates of pay. Increases based on an estimate of annual award increase and annual performance for grade and step increases are considered. Award increases are estimated to be similar to CPI and 2.7% has been assumed. The budget is estimated using a prudent approach as it is based on full capacity. Typically, there are vacancy savings due to staff turnover which is difficult to reliably measure, so a conservative amount has been forecast. Salaries and wages normally are under budget by year end and the modelled figures are more than likely to be at the higher end of the expenditure range.

Materials, contracts and other operating costs

- Expenditure has been budgeted for specific projects (normally grant funded) only where they are certain and for the recurrent service areas and programs. Maintenance programs are indexed for growth in the relevant asset class. Indexed based on CPI estimates of between 2.7% and 3%.

Depreciation

- Depreciation is estimated based on current infrastructure and the projected asset expenditure in the future, and is calculated using the straight line basis over the estimated useful life of the asset. Depreciation takes into account the expected asset value at the end of its useful life where applicable. This is commonly known as salvage value and an example is a truck where there is a trade in value.
- It is assumed that when assets are renewed assets they will have been fully depreciated to their salvage value. As a result there is no write-off of the book value required.
- An assets useful life is dependent on the associated service level being provided by the asset in accordance with community expectations.
- Depreciation is indexed by CPI and hence the effect of revaluations which update assets values to current replacement cost is taken into account.

6. Sensitivity Analysis

The adopted SRV community and transport infrastructure program is highly leveraged to borrowings. The capital outlay for the four year program, including recurrent renewals will be approximately \$17.5 million with borrowings of \$11.1 million.

Changes in interest rates will impact the modelled improvement in operating performance compared to the base case. For instance a low interest rate scenario (5%) will improve the operating deficit by \$0.3 million and the operating performance ratio by approximately 0.5% per year.

Conversely, a high interest rate scenario (8% to 10%) will reduce the benefit of the SRV by \$0.2 million operating deficit or 0.34% operating ratio.

The purpose of sensitivity analysis is to identify significant risks to the projections provided. Council's financial objective is to be financially sustainable and the key aspects are operating performance and the condition of its infrastructure. Financial parameters including CPI, rate pegging, growth and interest rates will impact the operating performance. However, the potential range that these parameters will realistically move by will not significantly alter revenue or expenditure to the point where the underlying situation of operating deficits will change without Council working towards improving.

Risks to the projected condition of infrastructure such as environmental events can seriously impact the condition of the transport network and community infrastructure. This has occurred in northern NSW where bridges and road pavements have been seriously impacted by flood events. These events cause damage to road pavements, excessive potholing, bridge failure etc and thereby increase the amount of work that needs to be done, ie, the infrastructure backlog. If Eurobodalla Shire had a significant event it could increase the infrastructure backlog and potentially render a substantial portion of the community and transport network unsatisfactory. Such an event would significantly change the infrastructure ratios modelled.