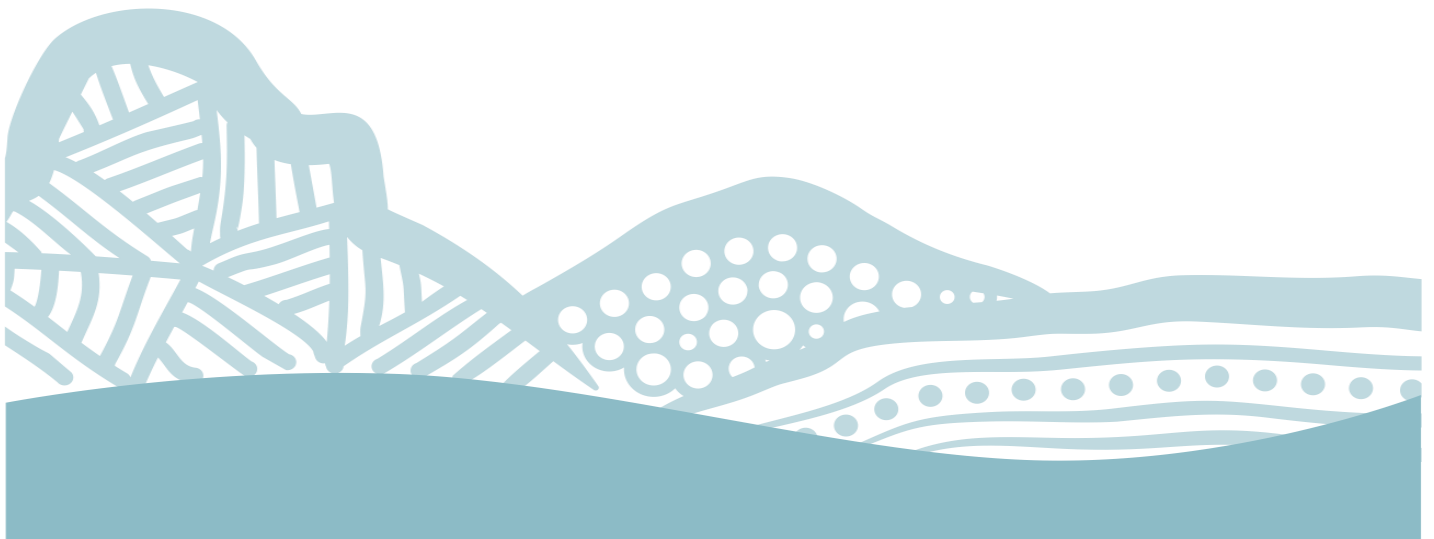


Kyogle Council

Long Term Financial Plan

2021/2034

Adopted June 2020



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1 Introduction

Local councils in NSW are required to undertake their planning and reporting activities in accordance with the Integrated Planning and Reporting (IP&R) Framework set down by the NSW Government. The highest-level element in the framework is the Community Strategic Plan. The Kyogle Council Community Strategic Plan 2016-2026 “Ready to Grow” was last adopted in December 2016.

As part of the IP&R Framework Council is required to prepare and review a Long Term Financial Plan (LTFP) for a minimum 10 year period. Council has a LTFP covering the period 2015/2034 which was adopted in December 2014 and amended in February 2015. As part of the ongoing review of the IP&R documents, this review of the LTFP was undertaken in 2020. In addition to the LTFP, the Resourcing Strategy component of the IP&R Framework for Kyogle Council consists of the following discrete documents;

- Workforce Management Strategy (last adopted May 2017)
- Asset Management Plans covering Roads, Bridges, Buildings, Sewer, Water, Stormwater (adopted May 2019)
- Asset Management Strategy updated (adopted August 2019)
- Core Infrastructure Risk Management Plan (adopted August 2019)

This review of the LTFP is founded on the detailed information contained in these Resource Strategy documents. In addition to these, planning assumptions and action plans from a range of other strategic documents were considered in this review of the LTFP, including;

- Sustainable Councils and Communities Action Plan (June 2019)
- Climate Change Assessment and Adaptation Initiatives (July 2019)
- Tabulam Floodplain Risk Management Study and Plan (Dec 2019)
- Integrated Water Cycle Management Strategy Issues Paper (Jan 2020)
- Local Strategic Planning Statement (draft Feb 2020)
- Visions of Village Life Master Plans (July 2018) for the villages of Woodenbong, Wiangaree, Bonalbo, Old Bonalbo, Tabulam and Mallanganee

This review consolidates the delivery of the first five years of the 20 year LTFP adopted by Council in 2014. The plan provided Council and the community with a robust strategic direction to ensure the long term financial sustainability of the area. The plan included an above rate pegging Special Rate Variation that was approved by IPART, had a heavy reliance on external grant funding, and required the delivery of an ambitious capital works program over the first few years to address the infrastructure backlog. At this point, Council has exceeded expectations in relation to levels of external funding, and has delivered on an ambitious capital works program, and is well on the way to reducing its infrastructure backlog to the target levels in the coming years.

The next phase in the delivery of the LTFP is focused on the long term sustainability of Council without the need for further above rate pegging increases, minimal borrowings, and a reduction in the reliance on external grant funding. The Base Case developed as part of this review has been established on these foundations. The Base Case still includes a conservative level of ongoing external grant funding, and some major projects are subject to assumed levels of funding in order to be completed. Council will continue to focus on the planning and preparation required to ensure that we are ready to deliver for our community and funding partners when opportunities arise.

The Base Case put forward in this LTFP review includes the following highlights;

- Investigation and construction for the Tabulam, Mallanganee and Wiangaree sewerage schemes projects, with detailed design included in 2019/20 and construction planned to commence in 2022/23 and finish in 2025/26 at a total cost of \$8.98 million with assumed 75% subsidy as per NSW Governments Safe & Secure Water program
- Investigation and construction for the Tabulam water supply project, with options investigations included in 2019/20 and construction planned to commence in 2021/22 and finish in 2023/24 at a total cost of \$2.6 million with assumed 75% subsidy as per NSW Governments Safe & Secure Water program
- Funding for a new indoor sports complex in Kyogle in 2022/23, with \$5 million allocated at 50% external funding to allow for gym, indoor basketball/netball court, and indoor pool in complex
- Additional capital works budgets of \$410,000 per year from 2020/21 and ongoing, across the community infrastructure and parks and gardens budgets to help with delivery of the Visions of Village Life plans, the site-specific Master Plans, and projects identified in the Review of Climate Change Assessment and Adaptation Initiatives.
- Funding for the Kyogle main street landscaping and beautification project in 2021/22, with \$3 million allocated at 50% external funding
- Funding for Kyogle Memorial Institute Hall improvements in 2022/23 with \$800,000 allocated at 50% external funding for stage 2 of the redevelopment of the hall to allow for new amenities and improvements to the supper room
- An initial sealing program targeted to reduce the cost of maintaining sections of unsealed road and to remove isolated sections of sealed road worth \$2m over the next four years from 2020/21, and \$500,000 per year from 2029/30 and ongoing
- Funding of \$140,000 in 2022/23 to allow for LED changeover for street lighting to help Council meet its renewable energy targets and reduce operating costs
- Additional funding of \$520,000 in footpath renewals over the four years from 2020/21, to address backlog by replacing existing footpaths in poor condition.
- Increased budget allocation for delivery of action plans included in adopted floodplain risk management plans, including voluntary house purchases, with \$250,000 per year added for the life of the plan, at the current 80% external subsidy level.
- Additional funding of \$400,000 in stormwater renewals over the next four years from 2020/21, to address backlog of poor condition stormwater in urban areas
- Funding to allow Council to meet the renewable energy targets included in the Sustainable Council and Community Action Plan, following delivery of \$400,000 of solar PV installations in 2020, with the 2030 target of 100% renewables to be funded from energy savings over the period from 2020/21 to 2029/30.

2 Background

The following background information is taken from the Integrated Planning and Reporting Manual for Local Government in NSW, published by the NSW Division of Local Government in March 2013 in relation to the LTFP component of the Resourcing Strategy;



The Long Term Financial Plan is an important part of council's strategic planning process. This is the point where long term community aspirations and goals are tested against financial realities. It is also where the council and the community may decide what resources councils need to influence and work with other parties so that they might deliver on responsibilities. The Community Strategic Planning process will provide the council with valuable information about the future. From the exercise, both the council and the community will have a better understanding of:

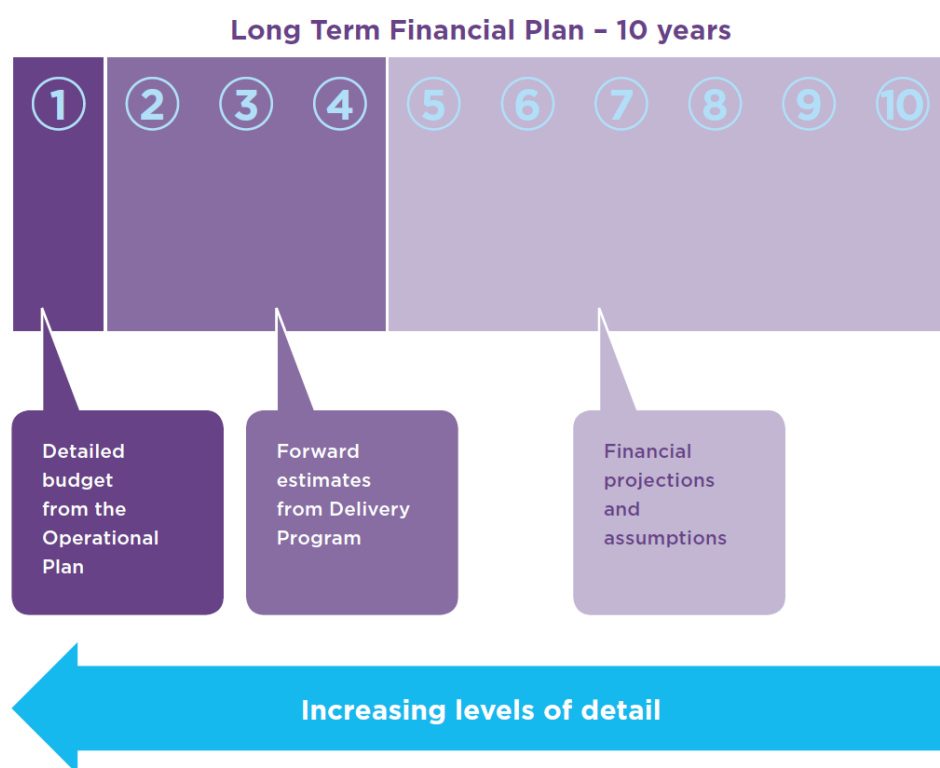
- *Expected pressures that will affect the community socially, environmentally and economically and the drivers behind this change*
- *Expected economic growth rates*
- *The community's aspirations and priorities for improving its economic, environmental and social outcomes*
- *The community's priorities in terms of expected levels of service and community projects.*

The Long Term Financial Plan will seek to answer the questions:

- *Can we survive the pressures of the future?*
- *What are the opportunities for future income and economic growth?*
- *Can we afford what the community wants?*
- *How can we go about achieving these outcomes?*

The Long Term Financial Plan is a decision-making and problem-solving tool. It is not intended that the Long Term Financial Plan is set in concrete – it is a guide for future action. The modelling that occurs as part of the plan will help councils to weather unexpected events. It will also provide an opportunity for the

council to identify financial issues at an earlier stage and gauge the effect of these issues in the longer term. The longer the planning horizon, the more general the plan will be in the later years. For example, it is not expected that the 10th year of a 10 year plan will include specific detail.



As decisions are made, more detail can be added to the Long Term Financial Plan. For example, as the council finalises its Delivery Program, the first four years of the Long Term Financial Plan will become firmer. As the Operational Plan is completed, the detailed budget will form the first year of the Long Term Financial Plan. The diagram following shows the relationships. Planning for major infrastructure, storm

water drainage and water supply and sewerage may require a longer planning horizon. For example, the Integrated Water Cycle Management Guidelines (IWCM) required preparation of a 30 year IWCM strategy. Similarly, the planning horizon for water supply and sewerage strategic Business Plans must be at least 20 years.

The Long Term Financial Plan must include:

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

3 Methodology and Monitoring of Financial Performance

The current 20yr LTFP model was originally prepared in 2014 and covers the period 2014/15 to 2033/34. The model includes 5 years' worth of actual data (2014/15-2018/19) and the current year budget (2019/20).

Each year as part of the annual budget process, the full 20 year LTFP model is reviewed following the input of the actual data from the previous year. This annual review is heavily focused on ensuring that the financial sustainability benchmarks are able to be achieved in line with adopted policy, and that

the bank balances remain at or above those required to maintain the cumulative value of our minimum reserve levels.

The current financial sustainability targets set by Council in the Kyogle Council Financial Management Policy are a combination of minimum cash reserve levels, and key performance indicators.

The current key performance indicators and targets provide a path towards long term financial sustainability and a way to measure performance against the relevant targets. These are detailed in the Table below.

Key Performance Indicator	Benchmark
Operating Performance Ratio = Net continuing operating result (excl capital grants and contributions) as a % of total continuing operating revenue (excl capital grants and contributions)	Greater than or equal to breakeven average over 3 years
Own Source Revenue = total continuing operating revenue (excl all grants and contributions) as a % of total continuing operating revenue (incl capital grants and contributions)	Greater than 60% average over 3 years
Debt Service Ratio = Cost of debt service (interest expense and principal repayments) as a % of total continuing operating revenue (excl capital grants and contributions)	Greater than 0% and less than or equal to 20% average over 3 years
Building & Infrastructure Asset Renewal Ratio = Asset renewals (building and infrastructure) as a % of Depreciation, amortisation and impairment (building and infrastructure)	Greater than 100% average over 3 years
Infrastructure Backlog Ratio = Estimated cost to bring assets to satisfactory condition as a % of total written down value of infrastructure, buildings, other structures, depreciable land, and improvement assets	Less than 2%

Table 1 – Key Performance Indicators from the Kyogle Council Financial Management Policy

The minimum reserve levels (cash at bank) are summarised as follows;

- Employee Leave entitlements – 100% of Long Service Leave entitlements
- Plant Replacement - \$500,000
- Quarries – value of the existing rehabilitation liability
- Transport operations (State Highways) - \$250,000
- Roads and Bridges - \$1,000,000
- Emergency Works - \$500,000
- Commercial/Other Waste - value of the share of the existing rehabilitation liability

4 Income Assumptions

4.1 Ordinary Rates

Over the last five years the general rates have been increased as per IPART approved Special rate Variation, with the last of this approved variation being 5.44% in 2019/20, as shown below;

Table 1.1 IPART's decision on Kyogle Council's application for a special variation in 2015-16

	2015-16	2016-17	2017-18	2018-19	2019-20
Percentage increase approved	12.43 ^a	5.43	5.43	5.44	5.44

^a This amount includes 0.01% for a crown land adjustment and 1.98% for the Stormwater and Flood special rate. The council's original application did not include the crown land adjustment and was for a special variation increase of 12.42% in 2015-16.

Note: The rate peg in 2015-16 is 2.4%.

Source: Kyogle Council, *Application Part A*, Worksheet 1 and IPART calculations.

From the 2020/21 financial year, rates are proposed to increase in line with the rate peg for NSW councils set by IPART each year. For the 2020/21 financial year IPART have set this figure at 2.6%. The LTFP model assumes a figure of 2.3% from 2021/22 onwards.

4.2 Stormwater and Flood Special Rate

Over the last five years the Stormwater and Flood Special Rate has increased as per IPART approved Special Rate Variation, with the last of this approved variation being implemented in 2019/20, as shown below;

Table 1.2 IPART's decision on Kyogle Council's application to set and increase the minimum amount of the Stormwater and Flood special rate from 2015-16 to 2019-20

	2015-16	2016-17	2017-18	2018-19	2019-20
Amount approved (\$)	86	88	91	93	96

Source: Kyogle Council, *Application Part A*, Worksheet 5a.

From the 2020/21 financial year, this Special Rate is proposed to increase in line with the rate peg for NSW councils set by IPART each year. For the 2020/21 financial year IPART have set this figure at 2.6%. The LTFP model assumes a figure of 2.3% from 2021/22 onwards.

4.3 Waste Management Charges

No changes are proposed to the current assumed increases in waste charges included in the LTFP. The increases for the 2020/21 financial year are;

- Increase in Commercial Waste and Landfill Management Charges of 3%
- Increase in waste facilities gate charges of 10%
- Increase of Domestic Waste charges by 4%

It is proposed to continue with the extended waste voucher system that includes all properties paying either the Landfill Management Charge or the Waste Management Service Availability Charge.

Additional charges were previously added to the Domestic Waste Management area to allow for more choice for those with access to the waste collection services. These are planned to continue into the foreseeable future, as there has been no impact on the budget from these additional service level choices that would require changes to the LTFP.

4.4 Water Supply and Sewerage Charges

No changes are proposed to the current assumed increases in the OSSM or Sewerage charges included in the LTFP. There is a proposed change to the Water Supply charges, with the increases in 2021/22 and 2022/23 changed from 3% to 4% each year to ensure that the Water Fund is able to maintain a positive bank balance following the completion of the major capital works project associated with the construction of the new Tabulam Water Supply in 2021/22 through to 2023/24. The increases for the 2020/21 financial year are;

- On Site Sewerage Management Charges 3%
- Water Supply Charges 5%
- Sewerage Charges 5%

4.5 Miscellaneous and Fees and Charges

No changes are proposed to the current assumed increases in sundry expenses and income. The increases for the 2020/21 financial year are;

- General increase 3% (with rounding)
- Operational income increases at 3%

4.6 Bank Interest

Changes have been made to the original bank interest assumptions due to the currently lower than anticipated bank interest rates. The interest earned over the last five years has reduced from 2.46% to 1.34% in 2019/20 and then as low as 0.5% during the COVID-19 Pandemic. The original LTFP had assumed interest rates at 3.08% to 2.4%. The bank interest for 2020/21 has been assumed at 0.5%, with an average annual increase of 0.2% included from the following year onwards.

4.7 Financial Assistance Grants

No changes are proposed to the current assumed increases in Financial Assistance Grants. The current LTFP assumes an annual increase of 3% from 2020/21 onwards. It should be noted that the original LTFP model assumed a total increase of 7.5% for the period 2014/15 to 2019/20 and the actual increase over this period has been 16.9%, with the increase averaging 4.71% over the last three years. This is due to changes in the methodology used by the NSW Local Government Grants Commission to assist councils with the highest need. This rate of increase is not expected to be maintained into the medium to long term, and as such a more conservative annual increase has been assumed in the LTFP.

4.8 Other External Grant Funding

The LTFP is dependent on a number of external funding sources. There are a number of projects and programs that have assumed levels of external grant funding, and these are documented in the capital

works program. In these cases, the expenditure budget is linked to the requirement to firstly secure the amount of external grant funding nominated.

Other external grants such as Fixing Country Roads, Federal Bridge Renewal Fund, Building Better Regions, and Black Spot Funding are competitive grants which are not determined in most cases until the financial year has begun. In these circumstances the expenditure associated with them is restricted until the outcome of the grant application processes is known.

There are also capital works projects where the level of assumed external funding is shown, however the actual source of grant funding is not specifically mentioned. In these cases, there are usually a number of grant funding opportunities available.

Where specific projects have been identified and linked to external grant funding, the main goal is to focus on the development of these projects to allow detailed funding applications to be submitted. For the most part this will be done by Council staff and community partners without the need for additional budgets, but in some cases, there will need to be an allocation made initially to help complete the development of the project and to build the case for funding.

4.8.1 Roads to Recovery Funding

The Roads to Recovery funding is a recurrent funding source with the allocations for July 2019 to June 2024 advised in December 2018 of \$4,096,625, and an additional \$1,024,156 allocated to this as part of the Australian Governments 2019-20 Budget Road Safety Announcement in 2019, and a further \$1,024,156 added as part of the Drought Communities Extension Program, making a total allocation of \$6,144,935 over the period of the 2019/20 to 2023/24 financial years (average \$1,228,987 per year). This income is distributed across the Rural Local Roads, Regional Roads and Bridges budget areas. The assumption for the 2024/25 financial year is an annual income of \$855,107 then indexed at 3% per annual from the following year onwards.

4.8.1 Regional Roads Funding

There are two main funding streams for the Regional Roads, a Block Grant for maintenance of the Regional Road network, and a Repair Program for capital improvements that requires a 1:1 matching allocation from Council. The Regional Roads Repair Program grant amounts have been advised for the four years from 2019/20 to 2022/23. The Repair Program assumption for the 2023/24 financial year is an annual amount of \$205,873 then indexed at 3% per annual from the following year onwards. The Block Grant assumption for the 2021/22 financial year is an annual amount of \$1,105,921 then indexed at 3% per annual from the following year onwards.

4.8.1 Black Spot Funding

The capital budgets associated with Black Spot funding remain unchanged from the current LTFP model. These are not usually known until the financial year has started, so any expenditure associated with these grants is conditional on the grant being confirmed. The average income from Black Spot Programs has been \$310,764 over the period 2014/15 to 2019/20. The assumptions in the LTFP for Regional Roads is \$126,159 in 2024/25, then indexed at 3% per annual from the following year onwards. The assumptions in the LTFP for Rural Local Roads is nil in 2020/21, then \$179,108 in 2021/22, then indexed at 3% per annual from the following year onwards.

4.8.2 Fixing Country Roads

Funding already secured for the current and future years has been included in the LTFP for Bridges and Regional Roads up till 2020/21. The Rural Local Roads capital budget includes an assumed level of funding from Fixing Country Roads of \$179,108 in 2021/22, then indexed at 3% per annual from the following year onwards. This estimated funding has not yet been secured and the associated expenditure budget is subject to this funding being obtained each year.

Council has submitted an application for \$33 million under the Fixing Country Roads Program for the improvements to the Clarence Way between the Bruxner Highway and the village of Woodenbong. The total project cost is \$37 million, with Councils contribution to be funded from the capital works allocations that are currently in the LTFP. The \$33 million of grant income has not been included in the LTFP at this point.

4.8.3 Other Australian Government Funding (Building Better Regions/Community Development Grants/Regional Jobs and Infrastructure Package)

The funding secured for the initial Sealing of MR150 has been included in the 2019/20 budgets. No additional funding through this program is included in the forward estimates.

4.8.4 Bridge Renewal Program

Funding already secured for the current and future years has been included in the LTFP up till 2021/22. There is an estimated unsecured level of funding in the Bridges capital budget of \$510,000 in 2022/23, then indexed at 3% per annual from the following year onwards.

4.8.5 Other NSW Government;

The Stronger Country Communities funding from Round Two has all been included in the current 2018/19 budget. Projects applied for under Round 3 have not been included in the LTFP.

There are a number of applications pending for projects under a variety of other funding schemes. The LTFP model does not include any assumptions for additional funding under these programs on an ongoing basis, however there are a number of major projects where funding assumptions have been made. These are detailed in the discussion on the various expenditure budgets.

4.8.6 New Programs – Fixing Local Roads and Bridges

There are also two separate funding programs that have been announced recently by the NSW Government that have not been included in the current external grant funding assumptions in the LTFP. These are;

- Fixing Local Roads (\$500 million)
- Fixing Local Bridges (\$500 million)

These programs are discussed further under the Scenario Development and Assessment section of the document. The Base Case for the LTFP does not currently include any assumed funding under these programs.

4.8.7 New Programs - Local Roads and Community Infrastructure Program

Council was advised in late May 2020 of a new Australian Government funding program called the *Local Roads and Community Infrastructure Program* which was developed as part of the COVID-19

economic stimulus and recovery package. This program provides funding for local road and community infrastructure projects that involve the construction, maintenance and/or improvements to council-owned assets that are generally accessible to the public.

The program was announced on May 22, 2020 and the allocation for Kyogle Council included in the initial information provided was \$1,024,156. Further details of the program guidelines and approval process were not available at the time this LTFP was prepared. As such, this additional grant income and associated expenditure has not been incorporated into the Base Case for the LTFP. This is planned to be included in the Operational Plan & Delivery Program once a decision has been made by Council on how this funding is to be used.

4.9 Borrowings

The current LTFP includes a loan of \$5M which was taken out in the 2019/20 financial year, as well as a \$5M loan in 2021/2022. The longer these loans can be deferred the better this will be for Councils overall financial position. In addition to these loans, Council currently has the following loans;

- Sewer Fund – 30 year loan at 7.35% interest, taken out in 2007, \$810k remaining, expires 2037
- Water Fund – 10 year loan at 4.56% interest taken out in 2014, \$166k remaining, expires 2025
- Water Fund – 10 year loan at 4.56% (with 3% of interest paid by NSW Govt through Local Infrastructure Renewals Subsidy) taken out in 2014, \$1.099 million remaining, expires 2025
- General Fund (waste) – 10 year loan at 4.55% interest taken out in 2015, \$166k remaining, expires 2025

No changes have been proposed to the current borrowings in the LTFP.

5 Expenditure Budgets

5.1 General Assumptions

No changes proposed to the following general assumptions;

- General operational expenditure increases at 1.5% (efficiency dividend of 1.5%)
- Depreciation increased at 2.5%

5.2 General Changes

Changes were made across a number of budget areas as follows;

- Removal of income from developer contributions for the two years from 2020/21 and 2021/22
- All depreciation figures adjusted to match the figures from the Financial Statements as at June 30, 2019
- All infrastructure renewals budgets adjusted to match the rates of depreciation for the life of the plan

5.3 General Managers Department

5.3.1 Governance

- Additional \$30k added in consultants' budget in 2020/21 for external consultants to assist with review of CSP

5.3.2 Administration

- Additional IT costs allocated, \$12k per year for IT security software, and additional \$25k per year for IT consulting services from 2020/21 onwards
- Additional \$30k per year for two years for record scanning and archiving of old paper records added to Admin budget 2020/21 and 2021/22
- Additional \$50k per year for the period 2020/21 to 2022/23 for new IT Trainee role

5.3.3 Human Resources

- Additional \$40k HR consultancy resource in 2020/21 to finalise the implementation of the Local Government Capability Framework and Training Program changes.

5.3.4 Finance

- No changes.

5.3.5 Crown reserves

- No changes.

5.4 Planning and Environment Department

5.4.1 Town Planning

- Additional \$40k in 2020/21 and \$20k in 2021/22 for external consultants to complete actions in the Local Strategic Planning Statement

5.4.2 Environmental Health

- Additional \$20k per year added to operational budget for contributions to On-ground Projects in partnership with ROUS, LLS and Landcare

5.4.3 Building Control

- No changes.

5.4.4 Regulatory Control

- Allowance for additional \$90k per year to cover planning position for the period 2020/21 to 2021/22 to allow for transition to retirement for current regulatory position.

5.4.5 Other Waste

- Revised Domestic Waste share of Other Waste costs, removed the requirement for Domestic Waste to contribute directly to capital works projects which create Other Waste assets. Adjusted the last five years capital works contributions so there is a 50% payback from Other Waste to Domestic Waste, with an adjustment needed in 2019/20 current year quarterly review process to account for this change.
- Increased recycling income by \$10k to \$68k per year from 2020/21

5.4.6 Domestic Waste

- There has been an increase in costs in the Domestic Waste area associated with the “China Sword” policy which limits the purchase of co-mingled recyclables by the Chinese and thus lowering the market value of these materials, and hence increasing the overall cost of processing these materials for the changing market. This has resulted in an increase in the cost of the domestic waste contracted operations from \$378k to \$458k per year ongoing.

5.4.7 Strategic, Community & Cultural Services

- No changes.

5.4.8 Pre Schools

- No changes.

5.4.9 Public Libraries

- Increased library revenue by \$40k per year from 2020/21 to reflect additional grants, with the contribution to the regional library increased by the same amount to cover the costs of associated increases in services.

5.5 Assets and Infrastructure Department

5.5.1 Regional Roads

- No changes.

5.5.2 Urban Streets

- Street lighting annual operating costs decreased \$20k to reflect outcomes of reverse auction for electricity supply contract
- Additional \$130k per year in footpath renewals to address backlog over next four years from 2020/21, total \$520k.

- Kyogle main street beautification project added, total value \$3 million assumes \$1.5 million external grants in 2021/22

5.5.3 Rural Local Roads

- Initial sealing program for additional four years from 2020/21 at \$500k per year, and then again from 2029/30 at \$500k and indexed ongoing

5.5.4 Bridges

- Cedar Point Bridge added to 2020/21 based on Fixing Country Roads funding, \$2,620,339 total project cost made up of FCR \$2,108,534; Council \$300,000; and donated materials from Grahams to the value of \$211,805. Note the donated materials are not included in the expenditure budget figures, the value of these materials will be added as a donated asset at end of project

5.5.5 Emergency Services

- Emergency Services Contributions updated to match latest advice from Revenue NSW, resulting in significant increase in ongoing annual RFS contributions. This contribution was up 42.7% from the previous year, which was up 20% from the year before, changing the annual contribution from \$313k to \$469k per year from 2021/22 onwards. The increase for 2020/21 is to be funded by the NSW Government as part of a COVID-19 relief package.

5.5.6 Swimming Pools

- Extra \$80k per year in capital renewals program to match depreciation expense

5.5.7 Parks and Gardens

- Extra \$160k per year in capital renewals program to match depreciation expense

5.5.8 Community Buildings

- Extra \$160k per year in capital renewals program to match depreciation expense
- Existing indoor sports complex budget of \$3 million at 50% external funding in 2030/31 brought forward to 2022/23 and increased to \$5 million at 50% funding to allow for indoor pool in complex as per Council resolutions, operating costs increased \$78k per year from 2023/24 onwards
- Existing KMI Hall improvements budget of \$600k at 50% external funding in 2025/26 brought forward to 2022/23 and increased to \$800k at 50% funding for stage 2 of the redevelopment of the hall

5.5.9 Public Cemeteries

- Extra \$10k per year in capital renewals program to match depreciation expense

5.5.10 Stormwater/Flood Management

- Additional budget for delivery of action plans included in adopted floodplain risk management plans, including voluntary purchases, \$250k per year for the life of the plan assuming 80% subsidy.
- Additional \$100k per year in stormwater renewals over next four years to address backlog, total \$400k.

5.5.11 Engineering Administration

- No changes.

5.5.12 State Highways

- State Highways Ordered Works level of activity increased from \$2.6 million in 2020/21 to \$3 million, average for previous five years is \$3.6 million

5.5.13 Quarries

- Quarry figures updated to include increased sales figures for roadside pits and Medhursts quarry associated with the completion of MR150 initial seal in 2020/21

5.5.14 Plant and Depots

- No changes.

5.5.15 Water Fund

- No changes.
- Note capital improvements for Tabulam water supply project included in 2019/20 to 2023/24 at a total cost of \$2.6 million with assumed 75% subsidy as per NSW Governments Safe & Secure Water program, additional operating costs and income added from 2024/25

5.5.16 Sewer Fund

- No changes.
- Note capital improvements for Tabulam/Mallanganee/Wiangaree sewerage schemes projects have delivery from 2019/20 to 2025/26 at a total cost of \$8.98 million with assumed 75% subsidy as per NSW Governments Safe & Secure Water program, and additional operating costs and income added from 2025/26

5.6 Other Considerations

5.6.1 Visions of Village Life Master Plans

The additional provisions made in the parks and gardens and community buildings budgets will allow for gradual implementation of these plans. Once the site-specific master plans are completed, there will be a need to compile a list of priority projects and develop a detailed delivery program for these works.

5.6.2 Renewable Energy Targets

The renewable energy targets included in the Sustainable Council and Community Action Plan are able to be met through the funding provided in the revised LTFP, assuming the completion of the solar PV projects included in the 2019/20 budget under the Drought Communities Extension Program are completed. A reverse auction for the major electricity sites has been undertaken and the savings from this process has allowed for the purchase of 25% renewable “green” power. Combined these two projects will allow the 2025 targets of 25% solar and 50% renewables to be met by 2020/21, with the 2030 target of 100% renewables expected to be funded from savings over the period from 2020/21 to 2029/30.

5.6.3 Climate Change Adaptation

The projects listed in the action plan from the Review of Climate Change Assessment and Adaptation Initiatives are covered across a number of budget areas and are summarised as follows;

- Provision of shade and lighting in public open spaces (Parks and Gardens budget)
- Improvements to community buildings such as air conditioning and water supplies (Community Buildings budget)
- Improvements to water supplies, drought security and provision of new water supply at Tabulam (Water Supply budget)
- Sewerage treatment system improvements and inflow and infiltration controls (Sewerage budget)
- Urban stormwater system upgrades and flood studies and plans (Stormwater and Flood Management budget)

The provisions made in these various budgets will allow for gradual implementation of these actions. Once the LTFP is adopted, there will be a need to compile a list of priority projects and develop a detailed delivery program for these works.

5.6.4 Integrated Water Cycle Management Strategy Issues Paper

An Integrated Water Cycle Management (IWCM) Strategy is a local water utility's (LWU's) long term strategy for the provision of appropriate, affordable, cost-effective and sustainable urban water services that meet community needs and protect public health and the environment.

The IWCM Issues Paper prepared in January 2020 identifies the IWCM issues facing Kyogle Council and its customers and is the first component of the IWCM Strategy development. An IWCM issue is defined as an unacceptable risk of failure to meet statutory requirements or the adopted Levels of Service now or within the 30-year planning horizon.

The original 2006 IWCM Strategy was prepared for the town of Kyogle only, as this was the only township large enough to require the preparation of an IWCM Strategy. This IWCM review includes all water and wastewater responsibilities of Council across the Local Government Area (LGA).

IWCM issues that have been identified have been prioritised based on the risks to human health and the environment as well as noncompliance with regulatory requirements and ranked as high, medium or low priority. The IWCM issues Paper also documents Council's current response to each issue and any additional requirements to be considered in the IWCM Strategy development.

The key issue to be addressed in the IWCM Strategy is the provision of water supply and sewerage services to currently un-serviced areas, which includes the following major projects;

- a water supply for the village of Tabulam (possibly a joint water supply with the Aboriginal community of Jubullum) and
- sewerage services for the villages of Tabulam, Wiangaree and Mallanganee.

Based on the information obtained during the preparation of the IWCM Issues Paper, Council has also successfully applied for grant funding under the Department of Planning, Industry and Environment

(DPIE – Water) Safe and Secure Water Program to progress the Tabulam Water Supply Options Report and the Three Villages Sewerage Scheme Business Case over the next two years.

The IWCM Issues Paper also highlights a series of issues associated with service levels and operational efficiency and effectiveness of the existing water supply and sewerage systems servicing the township of Kyogle, the village of Bonalbo and the communities of Woodenbong and Muli Muli. All of these issues have been included in the current review of the LTFP, with the current response considered to be appropriate to address these issues.

6 Sensitivity analysis

Council has undertaken an assessment of the risk and sensitivity associated with the assumptions made in the review of the LTFP model. Where there is a risk or significant potential for variance, there is a need to consider the assessment of additional “scenarios” in the LTFP model development. There were two main areas where the need for further investigation, and consideration of possible additional scenarios, were identified. These are discussed further in this section.

6.1 Regional Roads Funding

In considering the Regional Road network currently under Council ownership, it is important to recognise that the NSW Government have made a significant announcement that could impact on the way these roads are accounted for and maintained into the future. The following extract is taken from the RMS website in relation to this announcement;

In February 2019, the NSW Government announced the transfer of up to 15,000 kilometres of regional roads to the State as part of a broader package of support for local councils to better manage and maintain the rural road network.

Future Transport 2056 identifies the NSW Road Classification Review (Classification Review) as a key initiative to make adjustments to the classification policy framework and update the road network to align with the ‘Hub and Spoke’ Transport Network Model and the ‘Movement and Place’ Framework.

Combining the transfer of regional roads with the Classification Review will ensure equity and transparency in all changes and support the development of an integrated road transport network.

An Independent Panel, chaired by Ms Wendy Machin, has been established to make recommendations for consideration by the NSW Government.

Terms of Reference for the Independent Panel have been developed and are currently being consulted on with local councils in NSW.

The Independent Panel is comprised of:

- Ms Wendy Machin (Chair)
- Mr Peter Duncan AM
- Ms Jillian Kilby
- Mr Peter Tegart
- Mr John Roydhouse
- Mr Michael Kilgariff.

Kyogle Council has the following Regional Roads under its control at present;

- Main Road 141 Kyogle Road (26.5km in length)
 - approx. 1,200 vehicles per day
- Main Road 544 Bentley Road (11.35km in length)
 - approx. 1,900 vehicles per day
- Main Road 622 Mount Lindesay Road (5.21km in length)
 - approx. 750 vehicles per day
- Main Road 150 Clarence Way (14.83km in length)
 - approx. 100 vehicles per day (prior to initial sealing in 2020)

- Main Road 361 Clarence Way (68.83km in length)
 - approx. 400 to 750 vehicles per day (varies along length)

The issues with the ownership of Regional Roads in NSW, and the impact this has on local governments' financial sustainability due to the need to cover the depreciation of these assets, has long been known and discussed. This is one of the single largest costs that has been shifted to Local Government by the state. This proposed transfer back of the Regional Roads to the NSW Government is seen as a very positive move and, an opportunity for a resetting of the relationship between state and local government in delivering transport infrastructure for our communities.

The most significant impact of the current situation is that Council “owns” these Regional Roads, and therefore must account for the depreciation, maintenance and renewal costs. The transfer of ownership is critical. This review has the potential to deliver an outcome that would mean any Regional Roads that are not recommended for transfer back to the State would be “de-classified” and become Local Roads from that point onwards.

There is some concern about the potential loss of jobs if these transfers were to result in Councils no longer doing the maintenance and renewal works on these roads. The preferred position is for Council to continue to do the maintenance and capital works as per the Road Maintenance Council Contracts (RMCC) arrangements in place for the other state-owned roads, such as the Summerland Way and Pacific Highway. To this end it is critical to align the RMCC contract arrangements and the Regional Roads Handback processes together.

The intent of the NSW Government, and reflected in the draft Terms of Reference recently released, seems to be to support local government and provide an improved financial outcome for local government. Depending on the outcome of this process, there is potential for this to have a significant impact on the LTFP. The Base Case has not assumed any changes based on this possible handback, but further analysis and consideration of the impact of this decision is warranted as part of the LTFP review process.

6.2 New Programs – Fixing Local Roads and Bridges

There are also two separate funding programs that have been announced by the NSW Government that have not been included in the Base Case. These are;

- Fixing Local Roads (\$500 million)
- Fixing Local Bridges (\$500 million)

The grant funding guidelines have been published for Round 1 of the Fixing Local Roads Program, and Council has lodged applications for \$6.7 million worth of projects under this program in December 2019, requesting a total grant funding of **\$5 million**. Based on the number of eligible entities under this program (95) it is anticipated that this would represent a reasonable assumption for the assumed level of funding to Kyogle Council under the life of this program. The Base Case does not include any assumed funding under this program.

The Fixing Local Bridges Program has not had guidelines released yet. Based on the original announcement for this program, it is expected that this program will target the poor condition timber bridges that remain across NSW, as reported in the IPWEA 2017 Timber Bridge Management Report

which identified 417 timber bridges to be in poor condition out of a total inventory of 1,771 timber bridges in total across NSW. On those figures, Kyogle Council has around 7.6% of the state's timber bridges (136 in total as at January 2020). If this was to extrapolate to 7.6% of the total Fixing Local Bridges Program, this would be equivalent to around \$38 million.

The total state bridge inventory by deck area is 152,961m², and Kyogle Council timber bridge inventory by deck area is 8,041m² as at January 2020. On those figures, Kyogle Council has around 5.2% of the state's timber bridges by deck area. If this was to extrapolate to 5.2% of the total Fixing Local Bridges Program, this would be equivalent to around \$26 million.

Without any published guidelines it is difficult to estimate what a reasonable assumption on the level of funding to Kyogle Council under this program might be. However, based on what is currently known, it would seem that an estimate of around **\$20 million** would not be unreasonable. The Base Case does not currently include any assumed funding under this program.

6.3 Additional Scenarios

The information available identified the need to undertake further analysis of three extra scenarios which are outlined as follows;

- **Scenario 1** - Include the Fixing Local Roads and Fixing Local Bridges capital grant funding assumptions in the model
- **Scenario 2** – Include the transfer of Regional Roads to the state;
 - a. All Regional Roads
 - b. Kyogle Road and Bentley Road are transferred, but the Clarence Way and Mount Lindesay Highway are not
- **Scenario 3** - Scenarios 1 and 2 (a & b) combined

7 Scenario Development and Analysis

7.1 Base case

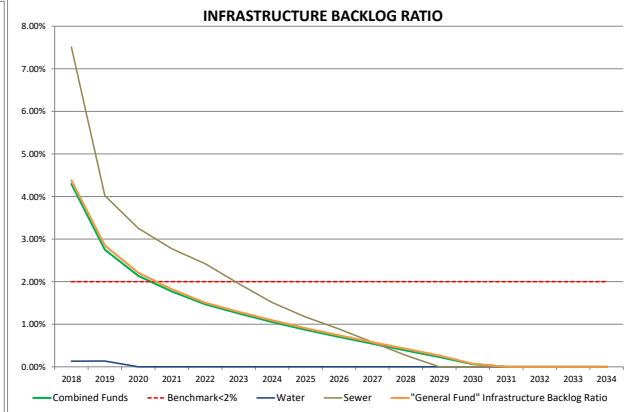
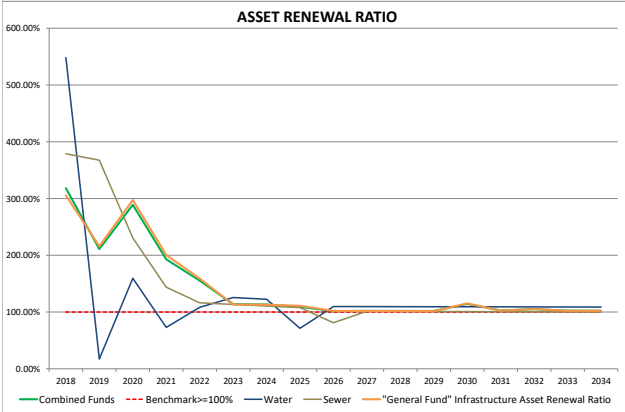
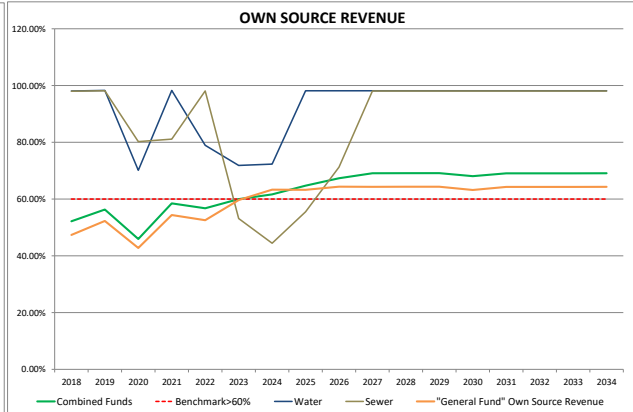
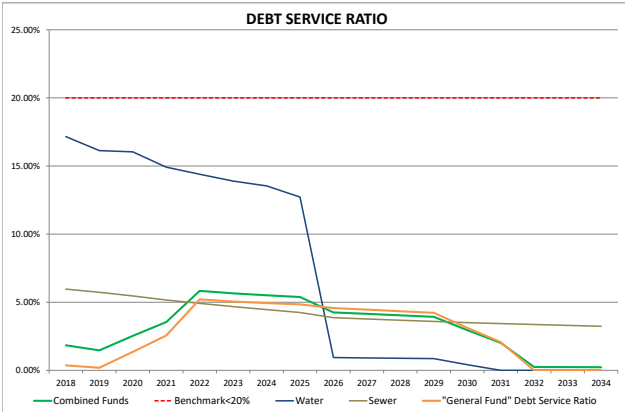
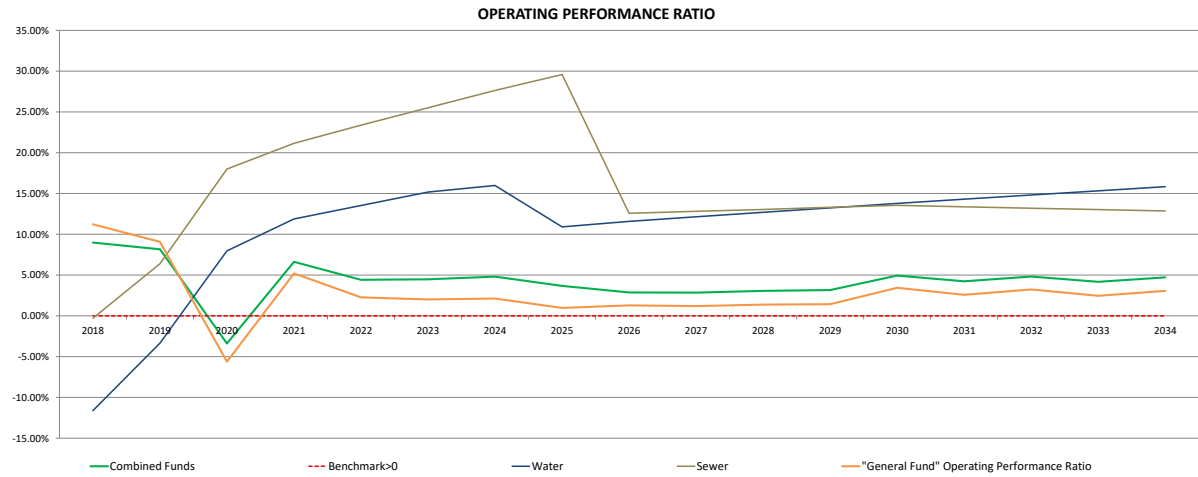
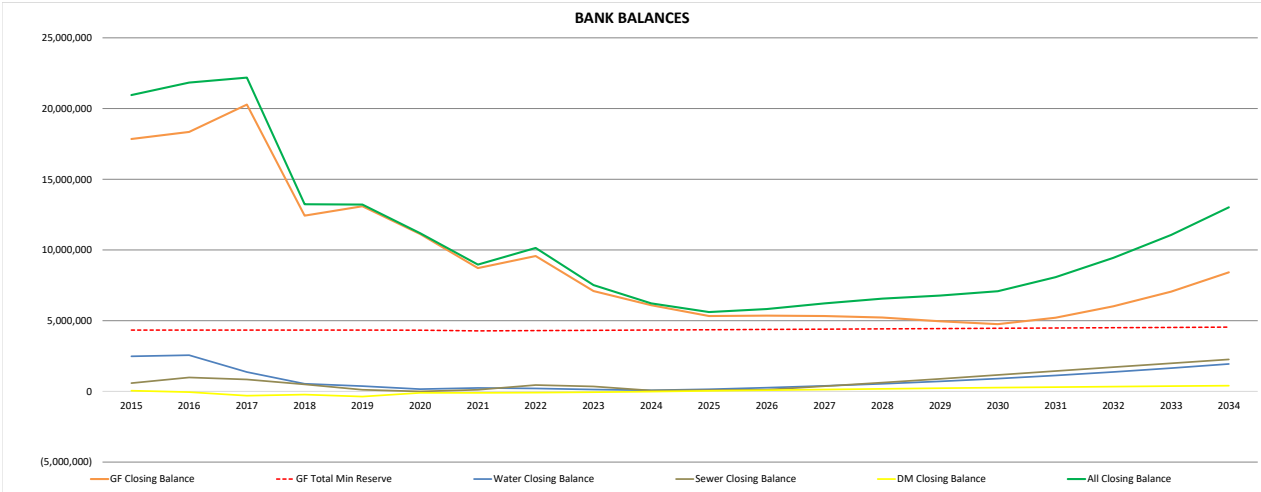
7.1.1 Base Case Development

The Base Case is described in detail in this LTFP.

7.1.2 Base Case Assessment

The analysis of the Base Case against the Financial Sustainability targets included in the adopted Financial Management Policy is summarised as follows, and shown graphically on the next page of this document.

- Financial sustainability criteria notes;
 - General Fund and Combined Funds Own Source Revenue target met in 2024
 - Sewer Fund Own Source Revenue target not met from 2023 to 2025 due to capital grants
 - Water Asset Renewal Ratio target not met in 2021 due to reduced bank balance and in 2025 due to Tabulam Water Supply capital improvements construction
 - Sewer Asset Renewal Ratio target not met in 2026 due to three villages sewerage scheme capital improvements construction
 - Infrastructure Backlog Ratio target met in 2021
- \$5million loan required in 2022
- Final bank balance of \$13 million in 2034



7.2 Scenario 1 - Fixing Local Roads and Bridges Additional Funding

7.2.1 Scenario 1 Development

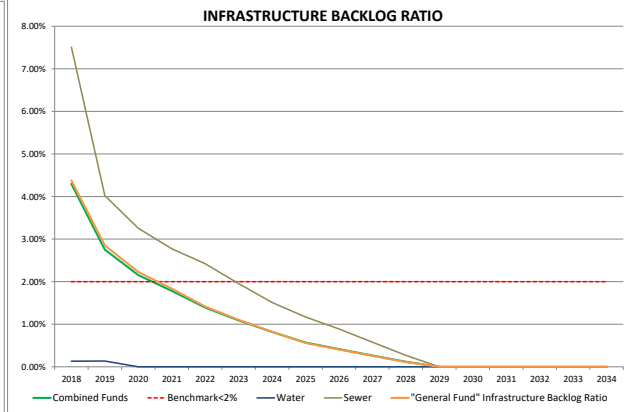
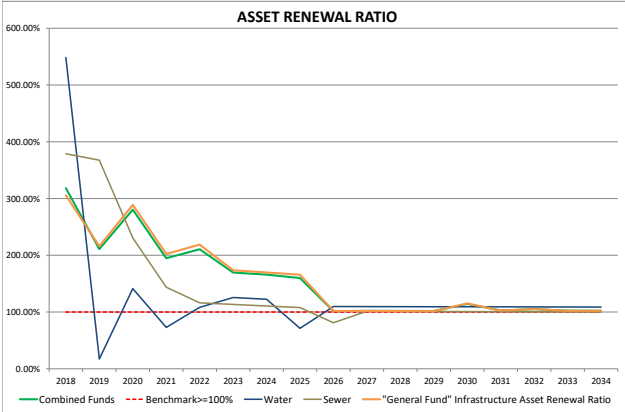
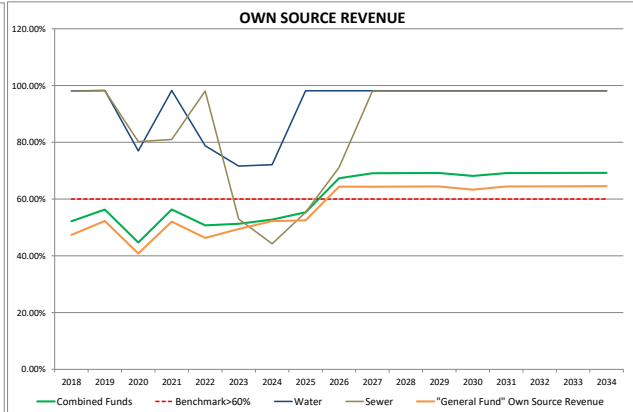
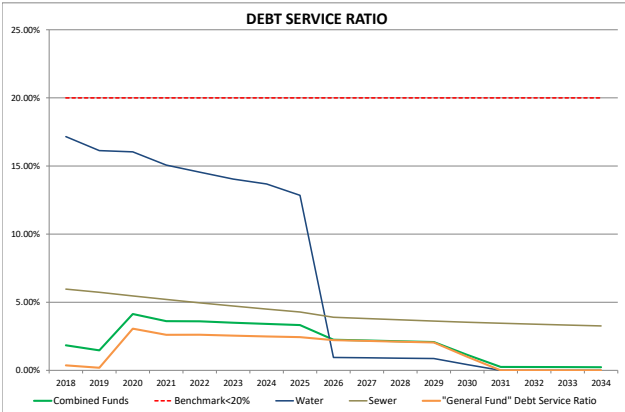
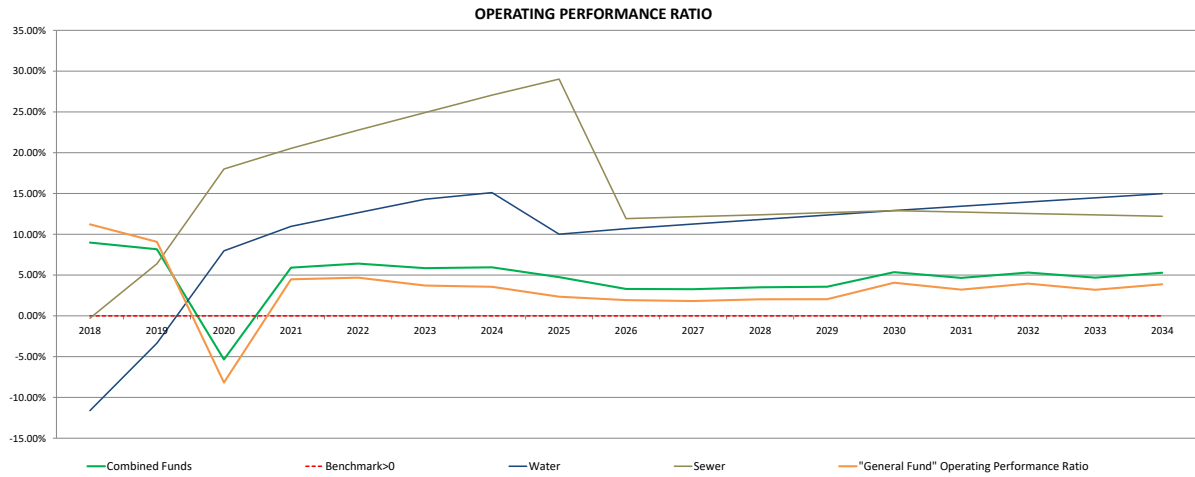
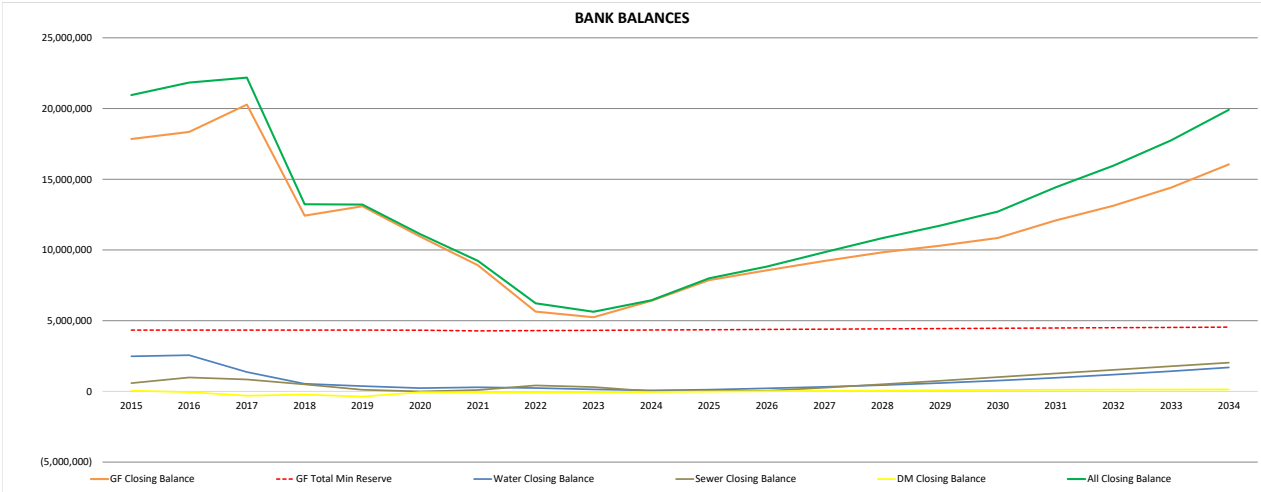
The following changes to the original Base Case were made to develop this scenario;

- add in \$20m in bridge capital income, \$2m in 2021, \$3m in 2022, \$5m in 2023, \$5m in 2024, \$5m in 2025
- remove assumed/unsecured Federal Bridge program funding and associated expenditure subject to same from 2023 to 2025
- added in additional bridge capital expenditure to match additional FLB funding in 2021, 2022 and 2023 to ensure existing Federal commitments and Council shares are covered, for 2024 and 2025 years the total capex is equal to FLB funding plus any committed nominated structures (\$90k Chestnut)
- moved R2R funding from bridges to Rural Local Roads for the period 2021 to 2025
- extra \$300k Council funds in 2021 to cover the Council contribution to the Cedar Point Bridge replacement under FCR
- Change FCR income to FLR income, total \$1m per year for three years 2021 to 2025
- change FCR expenditure from 2xFCR income to the same as the FLR income for the years 2021 to 2025
- remove \$5m loan in 2022

7.2.2 Scenario 1 Assessment

The analysis of the scenario against the Financial Sustainability targets included in the adopted Financial Management Policy is summarised as follows, and shown graphically on the next page of this document.

- Financial sustainability criteria notes;
 - General Fund and Combined Funds Own Source Revenue target met in 2026
 - Sewer Fund Own Source Revenue target not met from 2023 to 2025 due to capital grants
 - Water Asset Renewal Ratio target not met in 2021 due to reduced bank balance and in 2025 due to Tabulam Water Supply capital improvements construction
 - Sewer Asset Renewal Ratio target not met in 2026 due to three villages sewerage scheme capital improvements construction
 - Infrastructure Backlog Ratio target met in 2021
- \$5million loan no longer required in 2022
- Final bank balance of \$19.9 million in 2034



7.3 Scenario 2a - All Regional Roads Handed Back

7.3.1 Scenario 2a Development

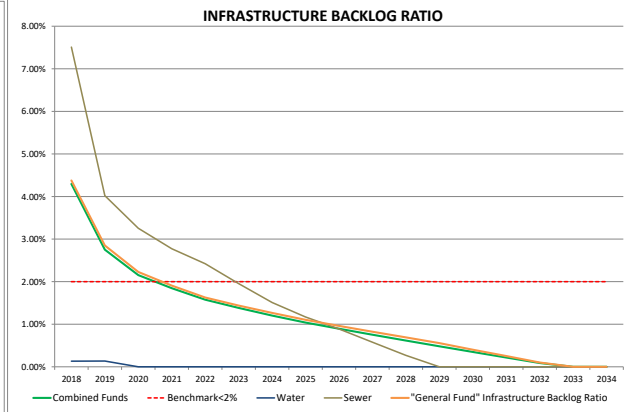
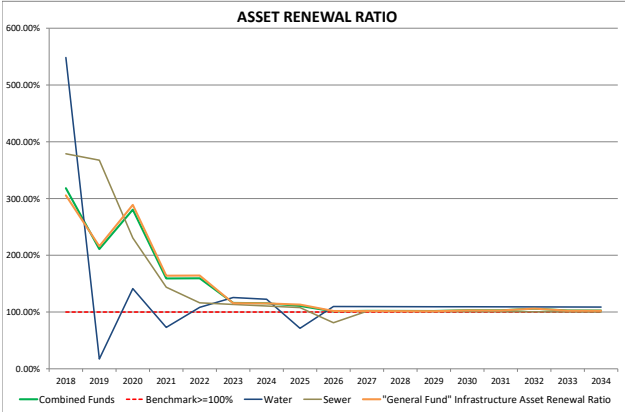
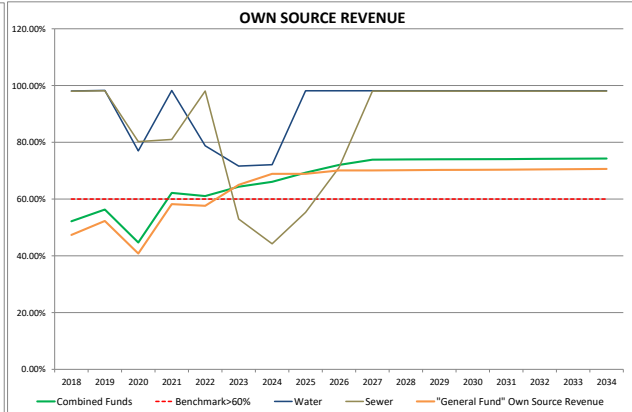
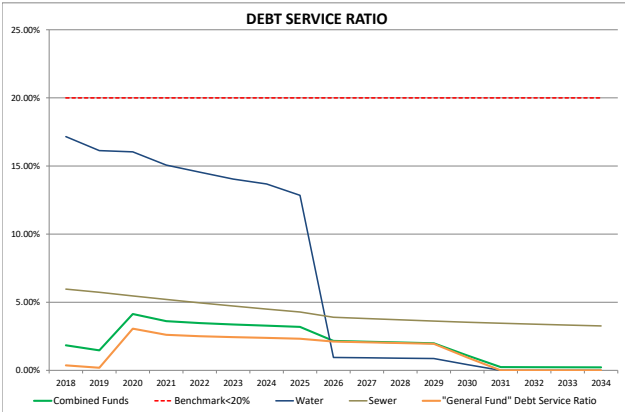
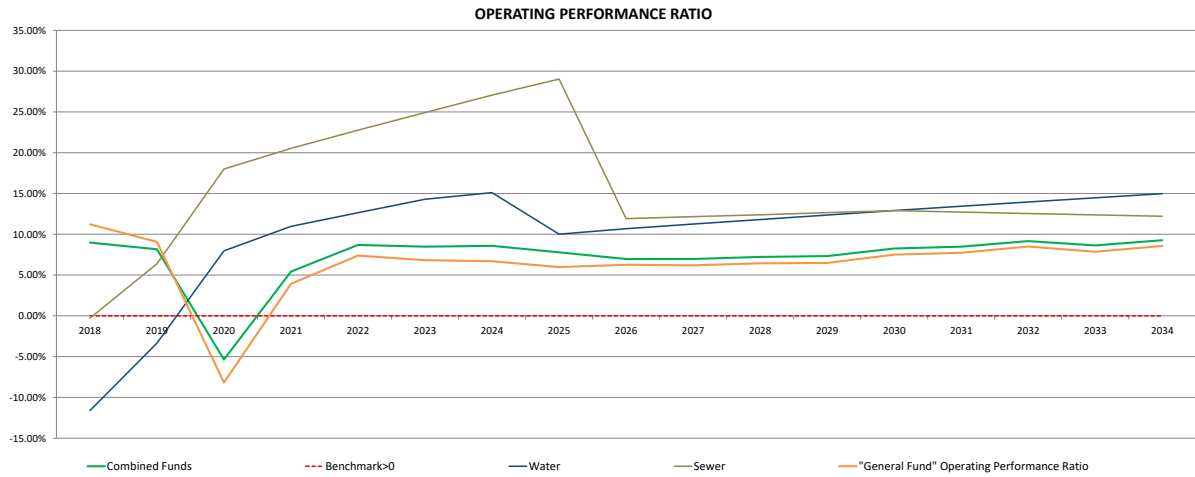
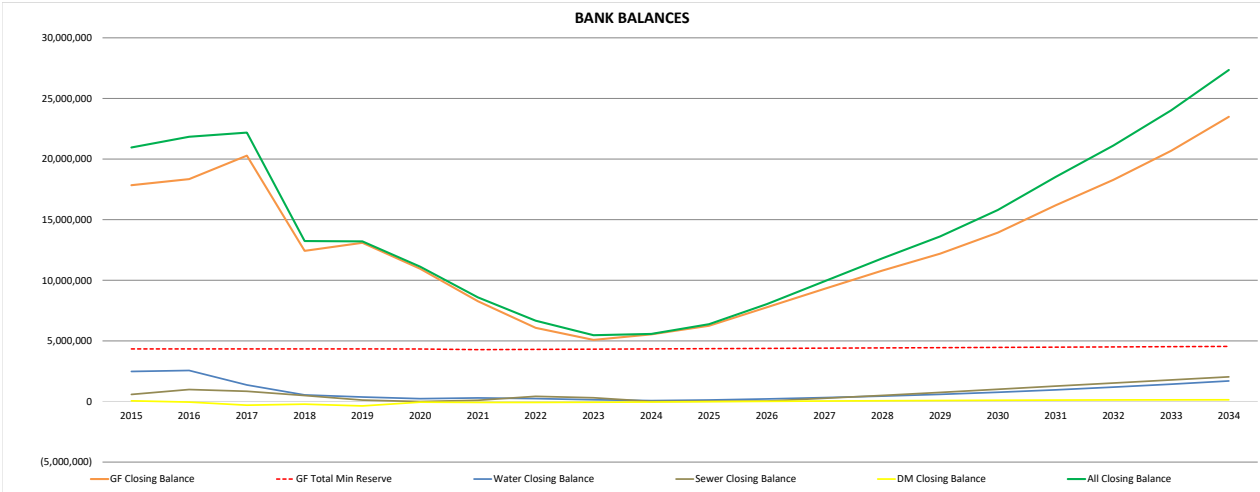
The following changes to the original Base Case were made to develop this scenario;

- move Regional Roads R2R funding allocations for 2022, 2023, 2024 to Rural Local Roads, no R2R for Regional Roads budgeted beyond 2024
- Additional income added to State Highways Ordered Works equivalent to the annual depreciation for the Regional Roads, plus margin of 8.9%, from 2022 onwards
- Additional income added to State Highways Routine Maintenance equivalent to the current annual spend for the Regional Roads, with no margin from 2022 onwards
- Moved State Highways contribution from Regional Roads to Rural Local Roads budget from 2022 onwards
- Zero all other income and expenditure figures in Regional Roads from 2022 onwards
- Remove \$5 million loan in 2022

7.3.2 Scenario 2a Assessment

The analysis of the scenario against the Financial Sustainability targets included in the adopted Financial Management Policy is summarised as follows, and shown graphically on the next page of this document.

- Financial sustainability criteria notes;
 - Combined Funds Own Source Revenue target met in 2021, General Fund target met in 2023
 - Sewer Fund Own Source Revenue target not met from 2023 to 2025 due to capital grants
 - Water Asset Renewal Ratio target not met in 2021 due to reduced bank balance and in 2025 due to Tabulam Water Supply capital improvements construction
 - Sewer Asset Renewal Ratio target not met in 2026 due to three villages sewerage scheme capital improvements construction
 - Infrastructure Backlog Ratio target met in 2021
- \$5million loan no longer required in 2022
- Final bank balance of \$27.3 million in 2034



7.4 Scenario 2b - All Regional Roads Handed Back Except Mt Lindsay Rd and Clarence Way

7.4.1 Scenario 2b Development

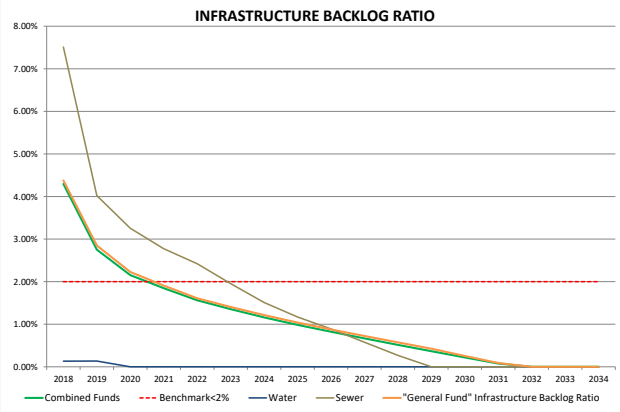
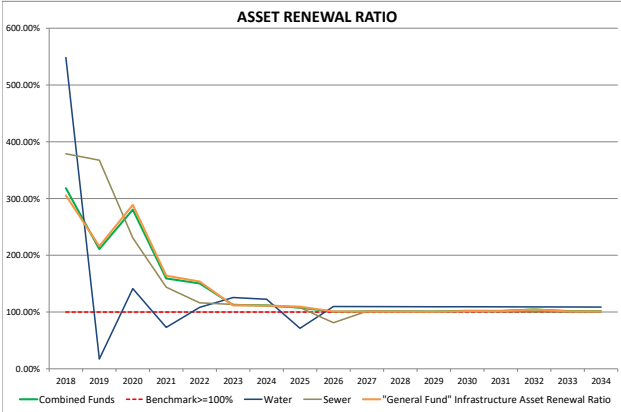
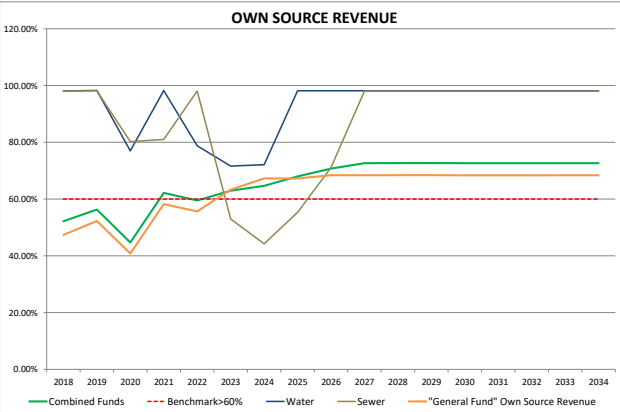
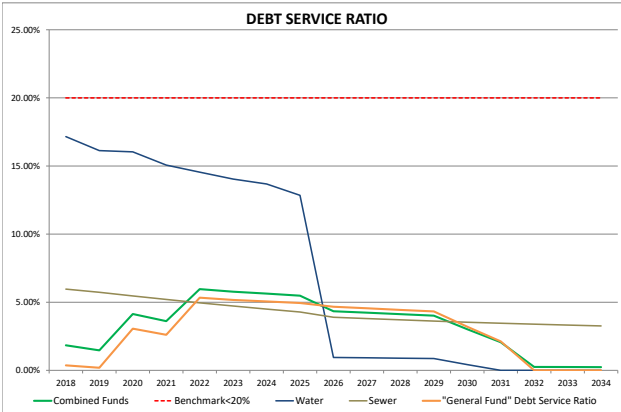
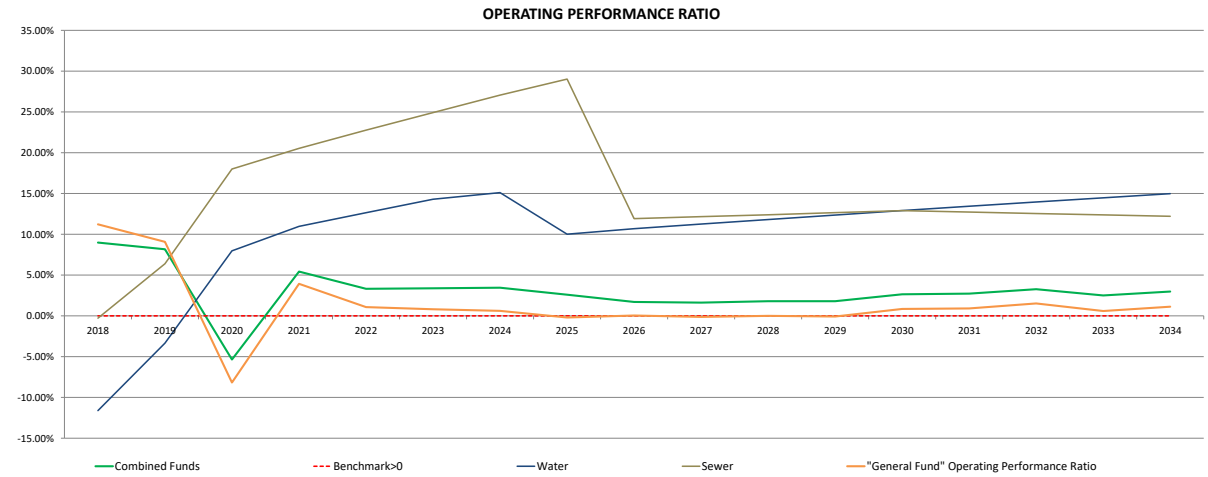
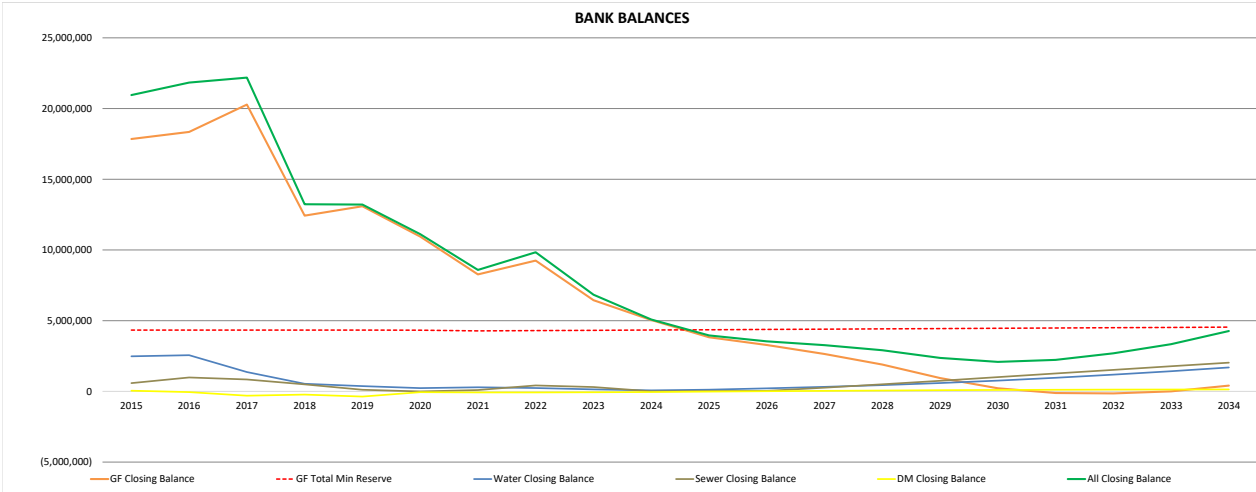
The following changes to the original Base Case were made to develop this scenario;

- move Regional Roads R2R funding allocations for 2022, 2023, 2024 to Rural Local Roads, no R2R for Regional Roads budgeted beyond 2024
- Additional income added to State Highways Ordered Works equivalent to the annual depreciation for the Regional Roads handed back (MR544 and MR141), plus margin of 8.9%, from 2022 onwards
- Additional income added to State Highways Routine Maintenance equivalent to the current annual spend for the Regional Roads handed back (MR544 and MR141), with no margin from 2022 onwards
- Added Depreciation figures for the Regional Roads not handed back (MR150, MR361, MR622) to Rural Local Roads, Urban Streets and Bridges from 2022
- Added maintenance figures for the Regional Roads not handed back (MR150, MR361, MR622) to Rural Local Roads, Urban Streets and Bridges from 2022
- Additional \$80k per year in bridge renewals from 2026 onwards to ensure bridge renewal expenditure exceeds annual depreciation figures
- Additional \$750k per year in sealed roads renewals from 2026 onwards to ensure Rural Local Roads renewal expenditure exceeds annual depreciation figures
- Moved State Highways contribution from Regional Roads to Rural Local Roads budget from 2022 onwards
- Zero all other income and expenditure figures in Regional Roads from 2022 onwards

7.4.2 Scenario 2b Assessment

The analysis of the scenario against the Financial Sustainability targets included in the adopted Financial Management Policy is summarised as follows, and shown graphically on the next page of this document.

- Financial sustainability criteria notes;
 - General Fund and Combined Funds bank balance falls below minimum target amount from 2025 onwards
 - Negative General Fund bank balance from 2029 onwards
 - Operating Performance Ratio very close to the 0% target from 2025 to 2029, and less than 0% in 2025, 2027, and 2029
 - General Fund Own Source Revenue target met in 2023
 - Sewer fund Own Source Revenue target not met from 2023 to 2025 due to capital grants
 - Water Asset Renewal Ratio target not met in 2021 due to reduced bank balance and in 2025 due to Tabulam Water Supply capital improvements construction
 - Sewer Asset Renewal Ratio target not met in 2026 due to three villages sewerage scheme capital improvements construction
 - Infrastructure Backlog Ratio target met in 2021
- \$5million loan still included in 2022
- Final bank balance of \$4,270 in 2034, with the General Fund in overdraft by \$493,735



7.5 Scenario 3a – All Regional Roads Handed Back combined with Fixing Local Roads and Bridges Additional Funding

7.5.1 Scenario 3a Development

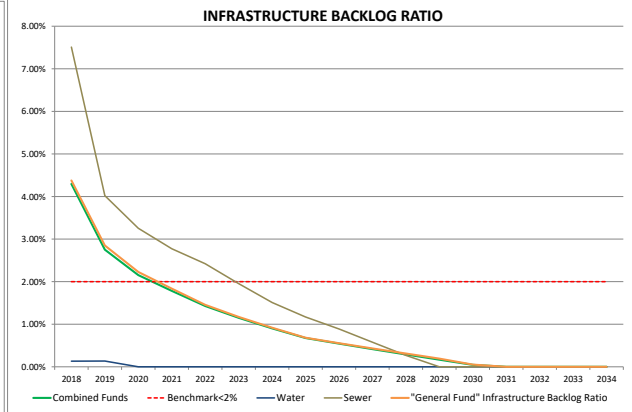
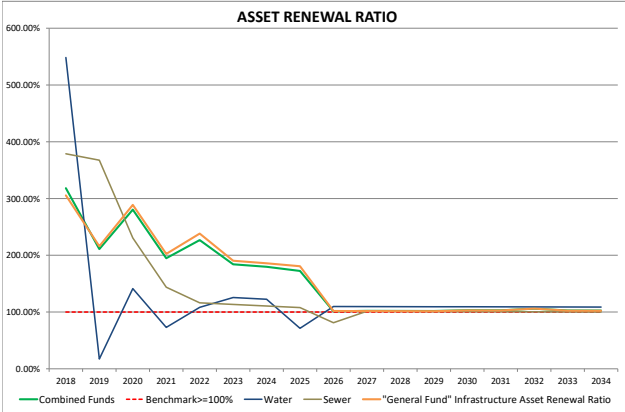
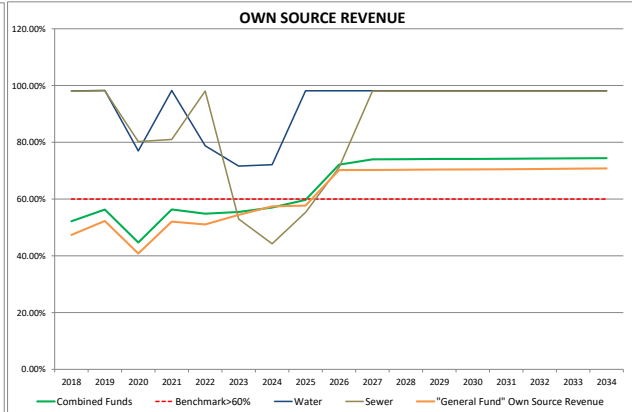
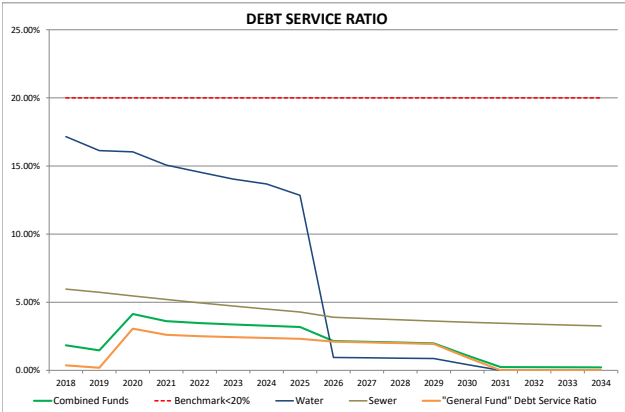
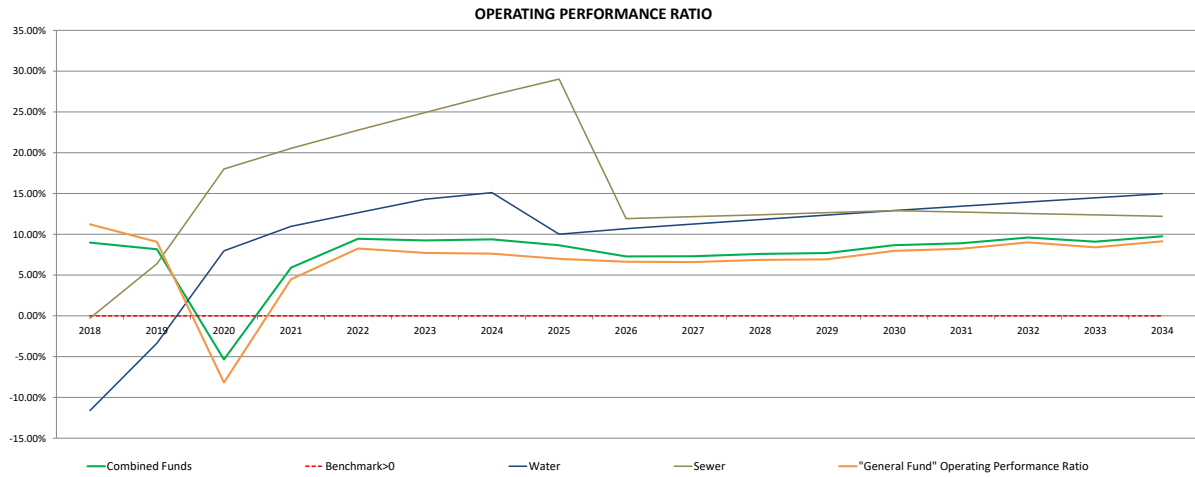
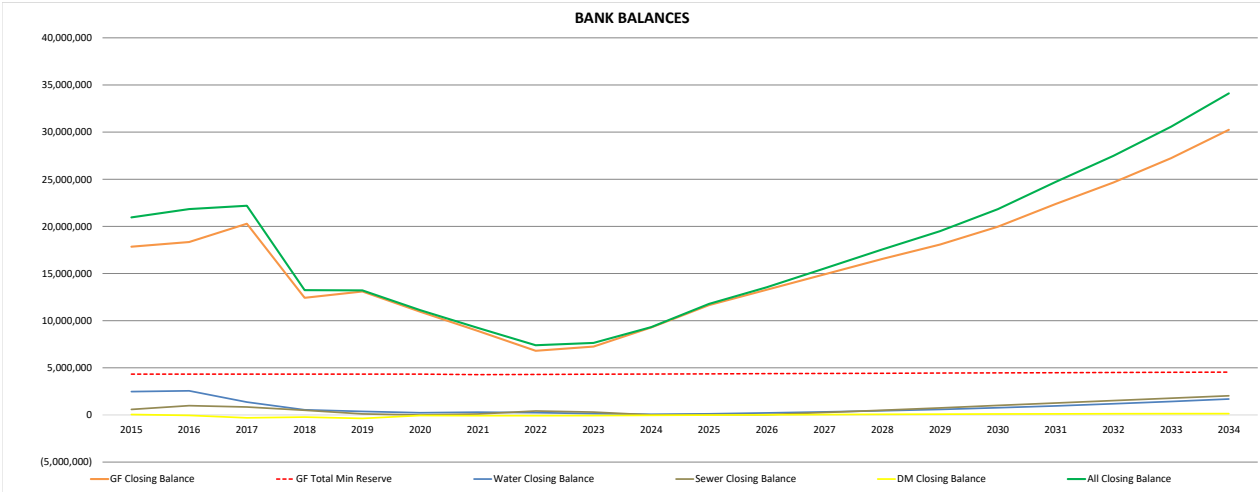
The following changes to Scenario 2a were made to develop this scenario, based on the changes made to the original Base Case to produce Scenario 1;

- add in \$20m in bridge capital income, \$2m in 2021, \$3m in 2022, \$5m in 2023, \$5m in 2024, \$5m in 2025
- remove assumed/unsecured Federal Bridge program funding and associated expenditure subject to same from 2023 to 2025
- added in additional bridge capital expenditure to match additional FLB funding in 2021, 2022 and 2023 to ensure existing Federal commitments and Council shares are covered, for 2024 and 2025 years the total capex is equal to FLB funding plus any committed nominated structures (\$90k Chestnut)
- moved R2R funding from bridges to Rural Local Roads for the period 2021 to 2025
- extra \$300k Council funds in 2021 to cover the Council contribution to the Cedar Point Bridge replacement under FCR
- Change FCR income to FLR income, total \$1m per year for three years 2021 to 2025
- change FCR expenditure from 2xFCR income to the same as the FLR income for the years 2021 to 2025

7.5.2 Scenario 3a Assessment

The analysis of the scenario against the Financial Sustainability targets included in the adopted Financial Management Policy is summarised as follows, and shown graphically on the next page of this document.

- Financial sustainability criteria notes;
 - General Fund Own Source Revenue target met in 2026
 - Sewer fund Own Source Revenue target not met from 2023 to 2025 due to capital grants
 - Water Asset Renewal Ratio target not met in 2021 due to reduced bank balance and in 2025 due to Tabulam Water Supply capital improvements construction
 - Sewer Asset Renewal Ratio target not met in 2026 due to three villages sewerage scheme capital improvements construction
 - Infrastructure Backlog Ratio target met in 2021
- \$5million loan no longer required in 2022
- Final bank balance of \$34.1 million in 2034



7.6 Scenario 3b – All Regional Roads Handed Back Except Mt Lindsay Rd and Clarence Way combined with Fixing Local Roads and Bridges Additional Funding

7.6.1 Scenario 3b Development

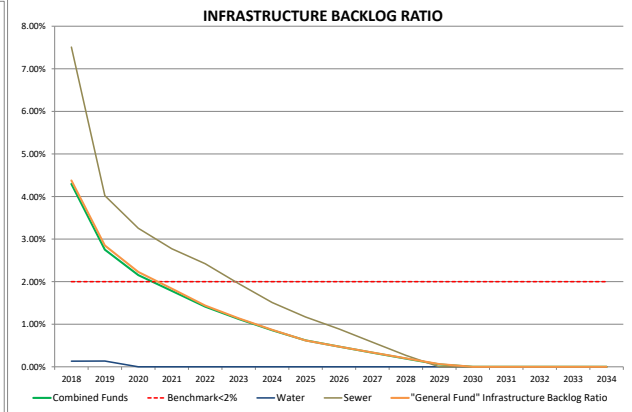
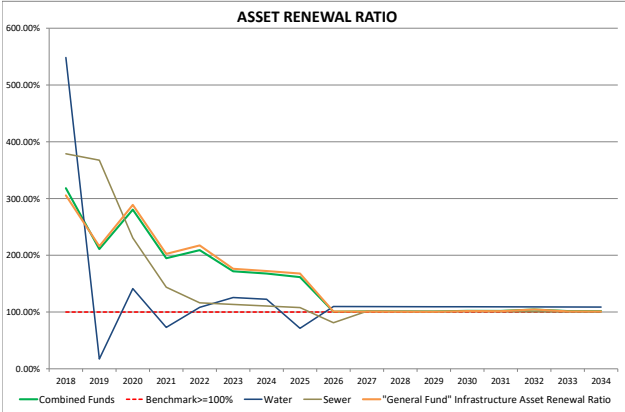
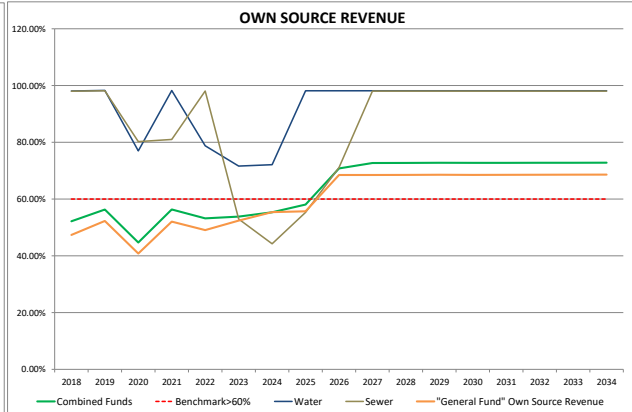
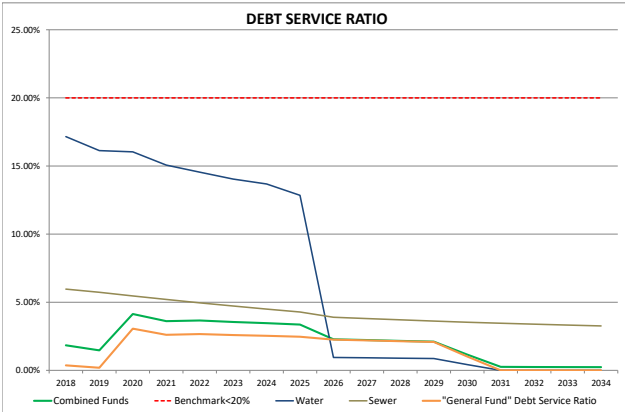
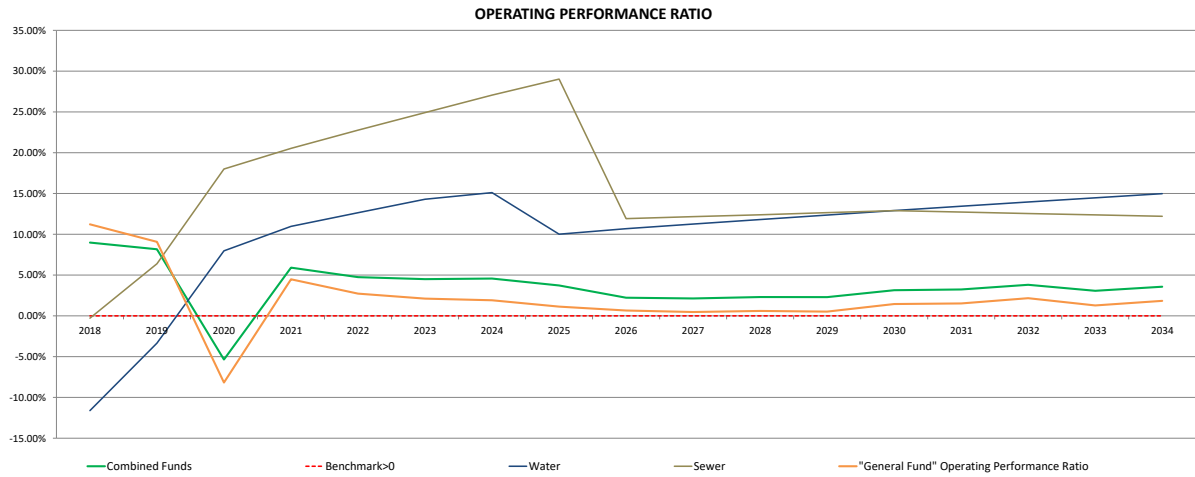
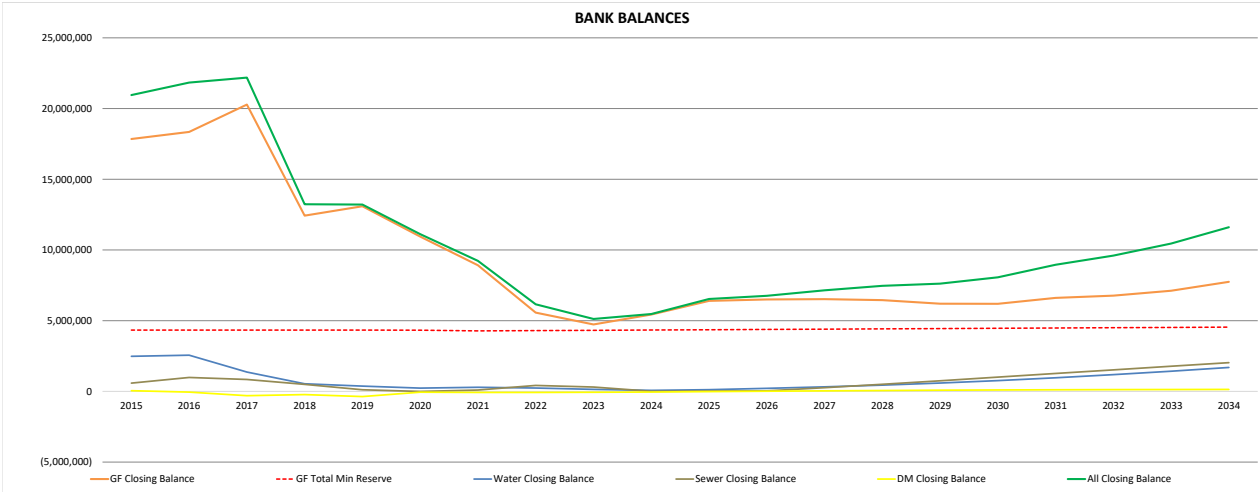
The following changes to Scenario 2b were made to develop this scenario, based on the changes made to the original Base Case to produce Scenario 1;

- add in \$20m in bridge capital income, \$2m in 2021, \$3m in 2022, \$5m in 2023, \$5m in 2024, \$5m in 2025
- remove assumed/unsecured Federal Bridge program funding and associated expenditure subject to same from 2023 to 2025
- added in additional bridge capital expenditure to match additional FLB funding in 2021, 2022 and 2023 to ensure existing Federal commitments and Council shares are covered, for 2024 and 2025 years the total capex is equal to FLB funding plus any committed nominated structures (\$90k Chestnut)
- moved R2R funding from bridges to Rural Local Roads for the period 2021 to 2025
- extra \$300k Council funds in 2021 to cover the Council contribution to the Cedar Point Bridge replacement under FCR
- Change FCR income to FLR income, total \$1m per year for three years 2021 to 2025
- change FCR expenditure from 2xFCR income to the same as the FLR income for the years 2021 to 2025
- remove \$5m loan in 2022

7.6.2 Scenario 3b Assessment

The analysis of the scenario against the Financial Sustainability targets included in the adopted Financial Management Policy is summarised as follows, and shown graphically on the next page of this document.

- Financial sustainability criteria notes;
 - General Fund Own Source Revenue target met in 2026
 - Sewer fund Own Source Revenue target not met from 2023 to 2025 due to capital grants
 - Water Asset Renewal Ratio target not met in 2021 due to reduced bank balance and in 2025 due to Tabulam Water Supply capital improvements construction
 - Sewer Asset Renewal Ratio target not met in 2026 due to three villages sewerage scheme capital improvements construction
 - Infrastructure Backlog Ratio target met in 2021
- \$5million loan no longer required in 2022
- Final bank balance of \$11.6 million in 2034



8 Final LTFP Model

The scenario development and assessment highlighted the importance of the outcomes of the Regional Roads Handback, and the need to continually monitor external grant funding levels, particularly the Fixing Local Roads and Fixing Local Bridges funding programs. The Regional Roads Handback is expected to take at least two years before the outcomes might be known with any level of certainty, so changing the LTFP model now in anticipation of a particular outcome would be premature.

The outcomes in relation to the external funding may be realised sooner, but there is already a longer term assumed level of external funding. This means that variations from one year to the next may not be sufficient to affect the LTFP in any material way. As such, changing the LTFP Base Case at this point in time in anticipation of a variation in the levels of external funding would also be premature.

In relation to the annual and ongoing review of the LTFP, it will still be critical to monitor the external funding levels on a regular basis. Where these exceed expectations from year to year, it will be in Council's interest to reassess the need for, or ability to, defer any borrowings.

With these outcomes in mind, the final LTFP model recommended for adoption is the Base Case as described in this LTFP. The assumptions used in the LTFP model for the Base Case, the statements of Income, Cash Flow and the Balance Sheet, and the output from the model for the measurement and monitoring of financial sustainability, are all presented in the attachments to this document.

Attachment 1 – Assumptions from the Final LTFP Model

LONG TERM FINANCIAL PLAN ASSUMPTIONS																				
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Sundry Expenses Indexation		1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	2.00%	2.00%	2.00%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%
Sundry Income Indexation		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
General Rates Indexation		10.34%	5.50%	5.43%	5.44%	5.44%	2.60%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%
Bank Interest		2.46%	2.06%	1.38%	1.78%	1.11%	0.50%	0.70%	0.90%	1.10%	1.30%	1.50%	1.70%	1.90%	2.10%	2.30%	2.50%	2.70%	2.90%	3.10%
Employee Costs Indexation		2.70%	2.80%	2.35%	2.50%	2.50%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%
FAG Grant Indexation		0.46%	1.39%	4.34%	5.54%	4.25%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Projected FAG Grant Income	\$3,877,876	\$3,895,602	\$3,949,938	\$4,121,421	\$4,349,797	\$4,534,467	\$4,670,500	\$4,810,615	\$4,954,933	\$5,103,581	\$5,256,689	\$5,414,390	\$5,576,821	\$5,744,126	\$5,916,450	\$6,093,943	\$6,276,761	\$6,465,064	\$6,659,016	\$6,858,787
Domestic Waste Charges Indexation		0.72%	0.99%	2.83%	2.73%	5.83%	4.00%	4.00%	3.00%	3.00%	3.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
DWM Tonnage Percentage					50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Waste Gate Charges Indexation		19.21%	15.90%	7.62%	6.07%	4.97%	10.00%	3.00%	3.00%	3.00%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%
Other Waste Charges Indexation		4.27%	3.54%	2.43%	3.61%	8.96%	3.00%	3.00%	3.00%	3.00%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%
Stormwater Charges Indexation		251.71%	3.17%	3.39%	2.58%	1.89%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%
Water Charges Indexation		1.11%	10.36%	6.82%	7.12%	1.30%	5.00%	4.00%	4.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Sewer Charges Indexation		3.57%	6.08%	4.98%	4.06%	5.01%	5.00%	5.00%	5.00%	5.00%	5.00%	4.00%	2.50%	2.50%	2.50%	2.50%	2.00%	2.00%	2.00%	2.00%
Regional Roads Block Grant Indexation		1.75%	1.72%	1.95%	1.83%	2.91%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Projected RRBG Income	\$971,000	\$988,000	\$1,005,000	\$1,024,563	\$1,043,363	\$1,073,710	\$1,105,921	\$1,139,099	\$1,173,272	\$1,208,470	\$1,244,724	\$1,282,066	\$1,320,528	\$1,360,144	\$1,400,948	\$1,442,977	\$1,486,266	\$1,530,854	\$1,576,779	\$1,624,083
Regional Roads Repair Program Indexation		417.60%	-6.11%	1.71%	6.84%	0.63%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Projected RRRP Income	\$35,444	\$183,459	\$172,241	\$175,179	\$187,161	\$188,348	\$192,115	\$195,957	\$199,877	\$205,873	\$212,050	\$218,411	\$224,963	\$231,712	\$238,664	\$245,823	\$253,198	\$260,794	\$268,618	\$276,677
Roads to Recovery Indexation		171.51%	22.70%	-66.78%	-87.86%	1318.18%	3.00%	3.00%	3.00%	3.00%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Projected R2R Income	\$833,093	\$2,261,912	\$2,775,255	\$921,881	\$111,908	\$1,587,052	\$1,536,234	\$1,024,156	\$1,024,156	\$973,338	\$855,107	\$859,383	\$863,680	\$867,998	\$872,338	\$876,700	\$881,083	\$885,489	\$889,916	\$894,366
Timber Bridges Program Indexation							3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Projected Timber Bridges Income	\$0	\$269,516	\$1,306,139	\$1,674,898	\$1,321,470	\$2,529,477	\$2,290,000	\$2,310,000	\$510,000	\$520,200	\$531,644	\$100,000	\$102,200	\$104,448	\$106,746	\$609,095	\$111,495	\$113,948	\$116,454	\$119,016
Black Spot Funding Indexation							3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Projected Black Spot Income	\$147,483	\$333,133	\$534,418	\$25,560	\$497,446	\$326,543	\$0	\$179,108	\$184,481	\$190,016	\$321,875	\$331,532	\$341,478	\$351,722	\$362,273	\$373,142	\$384,336	\$395,866	\$407,742	\$419,974
Fixing Country Roads Indexation							3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Projected FCR Income	\$0	\$703,001	\$0	\$45,597	\$2,634,272	\$4,548,031	\$0	\$179,108	\$184,481	\$190,016	\$195,716	\$201,588	\$207,635	\$213,864	\$220,280	\$226,889	\$233,695	\$240,706	\$247,927	\$255,365
National Stronger Regions Fund							3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Projected NSRF Income	\$0	\$0	\$933,040	\$96,263	\$1,650,810	\$3,550,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation Indexation		-10.70%	0.09%	-2.39%	10.27%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Developer Contributions Indexation						0.00%	0.00%	0.00%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%
RMS RMCC Works Income Indexation		-20.13%	-4.68%	5.46%	71.12%	-25.32%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

Attachment 2 – Income Statement, Balance Sheet and Cashflow Statement from the Final LTFP Model

LONG TERM FINANCIAL PLAN

INCOME STATEMENT

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Operating Budget																				
Operating Revenue																				
Rates and annual charges	7,739,000	8,436,000	8,922,000	9,569,000	10,083,000	10,371,917	10,807,940	11,126,180	11,444,302	11,762,720	12,128,431	12,553,100	12,849,550	13,153,068	13,463,825	13,781,994	14,098,128	14,421,603	14,752,593	15,091,274
User charges and fees	6,952,000	6,586,000	6,886,000	6,388,000	6,806,000	9,147,088	7,576,614	7,434,043	7,670,940	7,906,865	8,182,396	8,427,896	8,675,269	8,929,939	9,192,121	9,462,039	9,737,877	10,021,822	10,314,114	10,615,001
Operating grants and contributions	6,374,000	7,743,000	10,959,000	6,648,000	6,906,000	6,763,904	7,797,789	7,465,178	7,649,862	7,788,966	7,866,122	8,072,776	8,290,430	8,514,469	8,745,081	8,982,464	9,226,604	9,477,915	9,736,605	10,002,901
Capital grants and contributions	2,567,000	6,786,000	5,684,000	8,229,000	8,475,000	15,918,592	5,128,149	6,464,173	4,966,880	4,295,197	3,003,206	1,904,559	1,120,442	1,147,079	1,174,494	1,702,709	1,231,746	1,261,631	1,292,389	1,324,044
All other operating revenue	670,000	814,000	544,000	559,000	308,000	106,434	303,128	193,978	306,719	303,641	267,497	285,922	271,112	309,946	354,855	332,200	353,528	389,292	435,764	491,959
Total operating revenue	24,312,000	30,365,000	32,995,000	31,403,000	35,578,000	42,307,934	31,613,621	32,683,551	32,038,703	32,057,389	31,447,653	31,244,253	31,206,803	32,054,501	32,930,377	34,261,406	34,647,883	35,572,262	36,531,466	37,525,180
Operating Expenses																				
Cost of services (excl interest and depreciation)	10,800,000	12,438,000	13,840,000	12,722,000	13,617,000	14,642,831	11,774,806	11,761,646	12,384,224	12,704,162	13,361,471	13,950,665	14,386,910	14,817,102	15,297,153	15,175,813	15,889,902	16,192,741	16,922,704	17,257,681
Borrowing costs	119,000	202,000	193,000	185,000	146,000	177,179	204,916	345,423	309,749	272,215	233,671	196,741	167,302	137,262	105,441	73,030	48,284	30,351	26,301	22,159
Maintenance expense	6,290,000	5,894,000	5,644,000	4,291,000	6,487,000	4,459,895	4,500,800	4,501,034	4,503,540	4,573,596	4,726,862	4,980,662	5,071,324	5,165,871	5,264,297	5,366,602	5,472,790	5,582,872	5,696,863	5,814,785
Depreciation expense	7,758,000	6,928,000	6,934,000	6,768,000	7,463,000	8,003,886	8,250,549	8,453,566	8,662,651	8,876,966	9,078,473	9,371,585	9,603,627	9,841,473	10,085,266	10,335,155	10,591,294	10,853,838	11,122,947	11,398,787
Total Operating Expenses	24,967,000	25,462,000	26,611,000	23,966,000	27,713,000	27,283,792	24,731,071	25,061,668	25,860,165	26,426,939	27,400,477	28,499,653	29,229,163	29,961,708	30,752,157	30,950,600	32,002,270	32,659,802	33,768,816	34,493,412
Operating Surplus/(Deficit)	(655,000)	4,903,000	6,384,000	7,437,000	7,865,000	15,024,142	6,882,550	7,621,883	6,178,538	5,630,450	4,047,176	2,744,600	1,977,640	2,092,792	2,178,220	3,310,806	2,645,613	2,912,460	2,762,650	3,031,768
Capital Budget																				
Reserve Tfirs out	2,469,000	2,871,000	4,901,000	(1,178,000)	4,697,000	(2,900,000)	(3,775,337)	(2,408,764)	(2,000,651)	(2,124,893)	(2,110,206)	(2,487,633)	(2,482,228)	(2,327,312)	(2,196,774)	(2,894,653)	(2,712,490)	(2,893,793)	(2,812,577)	(2,864,861)
Reserve Tfirs in	0	0	0	0	0	2,900,000	3,775,337	2,408,764	2,000,651	2,124,893	2,110,206	2,487,633	2,482,228	2,327,312	2,196,774	2,894,653	2,712,490	2,893,793	2,812,577	2,864,861
Loan Proceeds	2,549,000	0	0	0	0	5,000,000	0	5,000,000	0	0	0	0	0	0	0	0	0	0	0	0
WDV of Disposed Assets	438,000	457,000	566,000	643,000	367,000	423,750	586,875	240,000	511,875	516,375	406,875	450,000	368,250	438,000	525,000	412,500	424,875	437,621	450,750	464,272
Accumulated Depn Cr	7,758,000	6,928,000	6,934,000	6,768,000	7,463,000	8,003,886	8,250,549	8,453,566	8,662,651	8,876,966	9,078,473	9,371,585	9,603,627	9,841,473	10,085,266	10,335,155	10,591,294	10,853,838	11,122,947	11,398,787
Total capital receipts	13,214,000	10,256,000	12,401,000	6,233,000	12,527,000	13,427,636	8,837,424	13,693,566	9,174,526	9,393,341	9,485,348	9,821,585	9,971,877	10,279,473	10,610,266	10,747,655	11,016,169	11,291,459	11,573,697	11,863,059
Capital Expenses																				
Infrastructure Upgrade expenditure	0	6,592,000	1,066,000	1,825,000	3,317,000	8,664,222	1,290,259	6,690,933	6,567,370	4,674,178	2,671,235	1,681,226	610,236	619,482	628,970	1,038,707	1,048,700	1,290,954	1,069,478	1,080,279
Infrastructure Renewal expenditure	6,100,000	7,466,000	17,139,000	20,557,000	16,846,000	19,508,161	13,438,554	11,089,456	8,320,202	8,484,452	8,371,949	8,034,294	8,285,116	8,479,408	8,678,319	9,981,960	9,190,445	9,635,892	9,622,421	9,846,155
Plant & I. T.	0	0	0	0	0	1,617,880	2,474,203	1,173,721	1,871,468	1,902,213	1,804,000	1,584,850	1,577,215	1,823,060	2,124,951	1,841,452	1,799,932	1,860,431	1,972,035	1,949,791
Total Capital Expenses	6,100,000	14,058,000	18,205,000	22,382,000	20,163,000	29,990,263	17,203,016	18,954,110	16,759,040	15,060,843	12,847,184	11,300,370	10,472,568	10,921,950	11,432,240	12,862,119	12,039,077	12,787,278	12,663,935	12,876,225
Loan Principal Repayments	277,000	221,000	231,000	241,000	252,000	490,159	734,204	1,184,805	1,220,477	1,258,011	1,296,556	1,050,992	1,080,432	1,110,472	1,142,293	888,009	626,060	52,886	56,936	61,078
Total Loan Repayments	277,000	221,000	231,000	241,000	252,000	490,159	734,204	1,184,805	1,220,477	1,258,011	1,296,556	1,050,992	1,080,432	1,110,472	1,142,293	888,009	626,060	52,886	56,936	61,078
Capital Surplus/(Deficit)	6,837,000	(4,023,000)	(6,035,000)	(16,390,000)	(7,888,000)	(17,052,786)	(9,099,796)	(6,445,349)	(8,804,991)	(6,925,513)	(4,658,392)	(2,529,777)	(1,581,122)	(1,752,949)	(1,964,267)	(3,002,473)	(1,648,967)	(1,548,704)	(1,147,173)	(1,074,244)
OVERALL SURPLUS/(DEFICIT)	6,182,000	880,000	349,000	(8,953,000)	(23,000)	(2,028,644)	(2,217,246)	1,176,534	(2,626,453)	(1,295,063)	(611,216)	214,823	396,518	339,843	213,952	308,334	996,646	1,363,755	1,615,477	1,957,524

LONG TERM FINANCIAL PLAN																					
BALANCE SHEET																					
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
ASSETS																					
Current Assets																					
Cash and Cash Equivalents	14,776,000	20,957,827	21,838,000	22,187,248	13,234,180	13,211,301	11,182,657	8,965,410	10,141,944	7,515,491	6,220,428	5,609,212	5,824,035	6,220,552	6,560,395	6,774,347	7,082,681	8,079,326	9,443,082	11,058,558	13,016,083
Receivables	5,562,000	4,364,873	3,944,000	5,189,000	7,108,342	4,381,536	4,381,536	4,381,536	4,381,536	4,381,536	4,381,536	4,381,536	4,381,536	4,381,536	4,381,536	4,381,536	4,381,536	4,381,536	4,381,536	4,381,536	4,381,536
Inventories	971,000	2,048,930	2,172,000	1,945,000	1,272,730	1,370,482	1,370,482	1,370,482	1,370,482	1,370,482	1,370,482	1,370,482	1,370,482	1,370,482	1,370,482	1,370,482	1,370,482	1,370,482	1,370,482	1,370,482	1,370,482
Total Current Assets	21,309,000	27,371,630	27,954,000	29,321,248	21,615,252	18,963,319	16,934,675	14,717,428	15,893,962	13,267,509	11,972,446	11,361,230	11,576,053	11,972,570	12,312,413	12,526,365	12,834,699	13,831,344	15,195,100	16,810,576	18,768,101
Non-Current Assets																					
Infrastructure, Property, Plant & Equipment	292,541,000	340,931,898	344,301,000	369,692,000	402,690,163	442,798,938	475,431,538	495,682,919	518,335,537	538,878,439	558,017,902	575,330,185	591,192,225	606,472,720	622,277,016	638,655,915	656,736,776	674,178,103	692,528,374	710,931,821	729,718,282
Total Non-Current Assets	292,541,000	340,931,898	344,301,000	369,692,000	402,690,163	442,798,938	475,431,538	495,682,919	518,335,537	538,878,439	558,017,902	575,330,185	591,192,225	606,472,720	622,277,016	638,655,915	656,736,776	674,178,103	692,528,374	710,931,821	729,718,282
TOTAL ASSETS	313,850,000	368,303,528	372,255,000	399,013,248	424,305,415	461,762,257	492,366,213	510,400,347	534,229,499	552,145,948	569,990,348	586,691,415	602,768,277	618,445,290	634,589,428	651,182,280	669,571,475	688,009,447	707,723,474	727,742,397	748,486,383
LIABILITIES																					
Current Liabilities																					
Payables	1,288,000	2,043,489	1,382,000	2,869,000	2,638,937	3,178,782	3,178,782	3,178,782	3,178,782	3,178,782	3,178,782	3,178,782	3,178,782	3,178,782	3,178,782	3,178,782	3,178,782	3,178,782	3,178,782	3,178,782	3,178,782
Borrowings	271,000	220,873	231,000	241,000	252,128	262,960	734,204	1,184,805	1,220,477	1,258,011	1,296,556	1,050,992	1,080,432	1,110,472	1,142,293	888,009	626,060	52,886	56,936	61,078	64,355
Provisions	1,688,000	1,695,537	2,485,000	2,508,000	2,316,803	2,510,712	2,510,712	2,510,712	2,510,712	2,510,712	2,510,712	2,510,712	2,510,712	2,510,712	2,510,712	2,510,712	2,510,712	2,510,712	2,510,712	2,510,712	2,510,712
Total Current Liabilities	3,247,000	3,959,899	4,098,000	5,618,000	5,207,868	5,952,454	6,423,698	6,874,299	6,909,971	6,947,505	6,986,050	6,740,486	6,769,926	6,799,966	6,831,787	6,577,503	6,315,554	5,742,380	5,746,430	5,750,572	5,753,849
Non-Current Liabilities																					
Payables	145,000	137,399	94,000	113,000	200,000	138,000	138,000	138,000	138,000	138,000	138,000	138,000	138,000	138,000	138,000	138,000	138,000	138,000	138,000	138,000	138,000
Borrowings	907,000	3,229,057	2,998,000	2,757,000	2,505,394	2,242,434	6,281,031	5,096,226	8,875,749	7,617,738	6,321,183	5,270,191	4,189,759	3,079,287	1,936,993	1,048,984	422,924	370,038	313,102	252,024	187,669
Provisions - LSL	149,000	140,969	136,000	180,000	181,566	136,797	136,797	136,797	136,797	136,797	136,797	136,797	136,797	136,797	136,797	136,797	136,797	136,797	136,797	136,797	136,797
Provisions -Remediation & Restoration	1,426,000	1,545,858	1,187,000	1,305,000	1,434,457	714,241	714,241	714,241	714,241	714,241	714,241	714,241	714,241	714,241	714,241	714,241	714,241	714,241	714,241	714,241	714,241
Total Current Liabilities	2,627,000	5,053,283	4,415,000	4,355,000	4,321,417	3,231,472	7,270,069	6,085,264	9,864,787	8,606,776	7,310,221	6,259,229	5,178,797	4,068,325	2,928,031	2,038,022	1,411,962	1,359,076	1,302,140	1,241,062	1,176,707
TOTAL LIABILITIES	5,874,000	9,013,182	8,513,000	9,973,000	9,529,285	9,183,926	13,693,767	12,959,563	16,774,758	15,554,281	14,296,270	12,999,715	11,948,723	10,868,291	9,757,819	8,615,525	7,727,516	7,101,456	7,048,570	6,991,634	6,930,556
Net Assets	307,976,000	359,290,346	363,742,000	389,040,248	414,776,130	452,578,331	478,672,446	497,440,784	517,454,741	536,591,667	555,694,078	573,691,701	590,819,555	607,577,000	624,831,610	642,566,755	661,843,959	680,907,991	700,674,904	720,750,763	741,555,827
EQUITY																					
Retained Earnings	142,022,000	141,366,699	144,829,000	151,213,248	158,649,793	166,514,386	181,538,528	188,421,077	196,042,961	202,221,499	207,851,948	211,899,124	214,643,724	216,621,363	218,714,156	220,892,375	224,203,182	226,848,795	229,761,255	232,523,905	235,555,673
Revaluation Reserves	165,954,000	217,923,647	218,913,000	237,827,000	256,126,337	286,063,945	297,133,918	309,019,707	321,411,780	334,370,168	347,842,129	361,792,577	376,175,831	390,955,637	406,117,455	421,674,380	437,640,778	454,059,198	470,913,650	488,226,860	506,000,155
Total Equity	307,976,000	359,290,346	363,742,000	389,040,248	414,776,130	452,578,331	478,672,446	497,440,784	517,454,740	536,591,667	555,694,078	573,691,701	590,819,555	607,577,000	624,831,611	642,566,756	661,843,960	680,907,992	700,674,905	720,750,764	741,555,828

LONG TERM FINANCIAL PLAN**STATEMENT OF CASH FLOWS**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Cash Flows from Operating Activities																				
<u>Receipts</u>																				
Rates and Annual Charges	8,250,000	8,428,000	8,910,000	9,347,000	10,053,000	10,371,917	10,807,940	11,126,180	11,444,302	11,762,720	12,128,431	12,553,100	12,849,550	13,153,068	13,463,825	13,781,994	14,098,128	14,421,603	14,752,593	15,091,274
User Charges and Fees	7,334,000	6,865,000	7,938,000	5,867,000	10,784,000	9,147,088	7,576,614	7,434,043	7,670,940	7,906,865	8,182,396	8,427,896	8,675,269	8,929,939	9,192,121	9,462,039	9,737,877	10,021,822	10,314,114	10,615,001
Investment Interest and Revenue	688,000	587,000	533,000	428,000	287,000	147,142	40,258	45,186	65,720	59,523	58,223	60,579	71,286	85,097	99,193	112,183	127,488	157,062	197,172	246,827
Grants and Contributions (Operating)	6,518,000	7,743,000	10,959,000	6,228,000	8,449,000	6,763,904	7,797,789	7,465,178	7,649,862	7,788,966	7,866,122	8,072,776	8,290,430	8,514,469	8,745,081	8,982,464	9,226,604	9,477,913	9,736,605	10,002,901
Grants and Contributions (Capital)	2,567,000	6,786,000	5,684,000	8,229,000	8,475,000	15,918,592	5,128,149	6,464,173	4,966,880	4,295,197	3,003,206	1,904,559	1,120,442	1,147,079	1,174,494	1,702,709	1,231,746	1,261,631	1,292,389	1,324,044
Other	30,000	226,000	0	379,000	256,000	(40,708)	262,871	148,792	240,999	244,118	209,274	225,343	199,826	224,848	255,662	220,017	226,040	232,230	238,593	245,132
<u>Payments</u>																				
Cost of Services	(15,728,000)	(15,907,000)	(17,076,950)	(13,887,068)	(15,899,879)	(19,102,726)	(16,275,606)	(16,262,680)	(16,887,764)	(17,277,758)	(18,088,333)	(18,931,327)	(19,458,234)	(19,982,973)	(20,561,451)	(20,542,415)	(21,362,692)	(21,775,613)	(22,619,567)	(23,072,466)
Borrowing Costs (interest only)	(87,000)	(170,000)	(156,000)	(151,000)	(138,000)	(177,179)	(204,916)	(345,423)	(309,749)	(272,215)	(233,671)	(196,741)	(167,302)	(137,262)	(105,441)	(73,030)	(48,284)	(30,351)	(26,301)	(22,159)
Net Cash provided (or used in) Operating Activities	9,572,000	14,558,000	16,791,050	16,439,932	22,266,121	23,028,028	15,133,098	16,075,449	14,841,190	14,507,415	13,125,649	12,116,185	11,581,267	11,934,265	12,263,485	13,645,962	13,236,907	13,766,298	13,885,598	14,430,555
Cash Flows from Investing Activities																				
<u>Receipts</u>																				
Sale of Infrastructure, Property, Plant and Equipment	438,000	457,000	566,000	643,000	367,000	423,750	586,875	240,000	511,875	516,375	406,875	450,000	368,250	438,000	525,000	412,500	424,875	437,621	450,750	464,272
<u>Payments</u>																				
Purchase of Infrastructure, Property, Plant and Equipment	(6,100,000)	(13,914,000)	(16,777,000)	(25,795,000)	(22,404,000)	(29,990,263)	(17,203,016)	(18,954,110)	(16,759,040)	(15,060,843)	(12,847,184)	(11,300,370)	(10,472,568)	(10,821,950)	(11,432,240)	(12,862,119)	(12,039,077)	(12,787,278)	(12,663,935)	(12,876,225)
Net Cash provided (or used in) Investing Activities	(5,662,000)	(13,457,000)	(16,211,000)	(25,152,000)	(22,037,000)	(29,566,513)	(16,616,141)	(18,714,110)	(16,247,165)	(14,544,468)	(12,440,309)	(10,850,370)	(10,104,318)	(10,483,950)	(10,907,240)	(12,449,619)	(11,614,202)	(12,349,657)	(12,213,185)	(12,411,952)
Cash Flows from Financing Activities																				
<u>Receipts</u>																				
Proceeds from Borrowings	2,549,000	0	0	0	0	5,000,000	0	5,000,000	0	0	0	0	0	0	0	0	0	0	0	0
<u>Payments</u>																				
Repayment of Borrowings and Advances	(277,000)	(220,629)	(231,000)	(241,000)	(252,000)	(490,159)	(734,204)	(1,184,805)	(1,220,477)	(1,258,011)	(1,296,556)	(1,050,992)	(1,080,432)	(1,110,472)	(1,142,293)	(888,009)	(626,060)	(52,886)	(56,936)	(61,078)
Net Cash provided (or used in) Financing Activities	2,272,000	(220,629)	(231,000)	(241,000)	(252,000)	4,509,841	(734,204)	3,815,195	(1,220,477)	(1,258,011)	(1,296,556)	(1,050,992)	(1,080,432)	(1,110,472)	(1,142,293)	(888,009)	(626,060)	(52,886)	(56,936)	(61,078)
Net Increase (Decrease) in Cash and Cash Equivalents	6,182,000	880,371	349,050	(8,953,068)	(22,879)	(2,028,644)	(2,217,246)	1,176,534	(2,626,453)	(1,295,063)	(611,216)	214,823	396,518	339,843	213,952	308,334	996,646	1,363,755	1,615,477	1,957,524
Cash and Cash Equivalents at start of year	14,775,827	20,957,827	21,838,198	22,187,248	13,234,180	13,211,301	11,182,657	8,965,410	10,141,944	7,515,491	6,220,428	5,609,212	5,824,035	6,220,552	6,560,395	6,774,347	7,082,681	8,079,326	9,443,082	11,058,558
Cash and Cash Equivalents - end of year	20,957,827	21,838,198	22,187,248	13,234,180	13,211,301	11,182,657	8,965,410	10,141,944	7,515,491	6,220,428	5,609,212	5,824,035	6,220,552	6,560,395	6,774,347	7,082,681	8,079,326	9,443,082	11,058,558	13,016,083
Projected Bank Balances	20,957,827	21,838,198	22,187,248	13,234,180	13,211,301	11,182,657	8,965,410	10,141,944	7,515,491	6,220,428	5,609,212	5,824,035	6,220,552	6,560,395	6,774,347	7,082,681	8,079,326	9,443,082	11,058,558	13,016,083

Attachment 2 – Bank Balances and Summary by Function from the Final LTFP Model

LONG TERM FINANCIAL PLAN																				
BANK BALANCES																				
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
General																				
Opening Balance						9,597,302	7,967,836	7,441,042	8,317,554	5,859,371	4,885,296	4,145,263	4,197,073	4,197,965	4,117,601	3,886,054	3,712,315	4,201,116	5,041,010	6,115,804
Movement						(1,629,466)	(526,794)	876,511	(2,458,182)	(974,075)	(740,033)	51,810	892	(80,364)	(231,547)	(173,740)	488,801	839,894	1,074,794	1,399,448
Closing Balance	8,765,376	15,403,764	16,372,798	10,332,577	9,597,302	7,967,836	7,441,042	8,317,554	5,859,371	4,885,296	4,145,263	4,197,073	4,197,965	4,117,601	3,886,054	3,712,315	4,201,116	5,041,010	6,115,804	7,515,251
Employee Leave				1,248,351	1,380,882	1,415,404	1,455,035	1,495,776	1,537,658	1,580,713	1,624,972	1,670,472	1,717,245	1,765,328	1,814,757	1,865,570	1,917,806	1,971,505	2,026,707	2,083,455
Roads and Bridges						1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Emergency Works						500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Reinstatement Reserve						139,886	70,992	72,412	73,860	75,338	76,995	78,688	80,420	82,189	83,997	85,845	87,734	89,664	91,637	93,653
Min Reserve						3,055,290	3,026,028	3,068,188	3,111,518	3,156,050	3,201,967	3,249,161	3,297,665	3,347,517	3,398,754	3,451,416	3,505,540	3,561,169	3,618,344	3,677,107
State Highways																				
Opening Balance						964,845	530,033	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Movement						(434,812)	(280,033)	0	0	0	0	0	0	0	0	0	0	0	0	0
Closing Balance	967,045	602,197	1,595,641	114,322	964,845	530,033	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Min Reserve						250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Quarries																				
Opening Balance						1,052,337	1,219,488	526,189	504,701	482,099	458,347	434,158	408,646	381,765	353,466	323,697	292,406	259,541	225,046	188,864
Movement						167,152	(693,299)	(21,488)	(22,602)	(23,753)	(24,189)	(25,511)	(26,881)	(28,300)	(29,769)	(31,290)	(32,865)	(34,495)	(36,182)	(37,928)
Closing Balance	1,121,071	322,398	592,435	662,432	1,052,337	1,219,488	526,189	504,701	482,099	458,347	434,158	408,646	381,765	353,466	323,697	292,406	259,541	225,046	188,864	150,936
Min Reserve						525,477	501,786	479,573	456,226	431,708	406,788	380,525	352,873	323,781	293,199	261,074	227,352	191,976	154,890	116,034
Plant																				
Opening Balance						1,479,147	1,410,960	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Movement						(68,187)	(910,960)	0	0	0	0	0	0	0	0	0	0	0	0	0
Closing Balance	6,993,032	2,017,333	1,719,031	1,315,985	1,479,147	1,410,960	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Min Reserve						500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total General Fund																				
Opening Balance						13,093,631	11,128,317	8,717,232	9,572,255	7,091,471	6,093,643	5,329,421	5,355,719	5,329,730	5,221,066	4,959,751	4,754,721	5,210,657	6,016,056	7,054,668
Movement						(1,965,313)	(2,411,086)	855,023	(2,480,784)	(997,828)	(764,222)	26,298	(25,989)	(108,664)	(261,316)	(205,030)	455,936	805,399	1,038,611	1,361,520
GF Closing Balance	17,846,524	18,345,692	20,279,905	12,425,317	13,093,631	11,128,317	8,717,232	9,572,255	7,091,471	6,093,643	5,329,421	5,355,719	5,329,730	5,221,066	4,959,751	4,754,721	5,210,657	6,016,056	7,054,668	8,416,187
GF Total Min Reserve	4,334,910	4,334,910	4,334,910	4,334,910	4,334,910	4,330,767	4,277,813	4,297,761	4,317,745	4,337,758	4,358,755	4,379,686	4,400,538	4,421,298	4,441,953	4,462,490	4,482,892	4,503,145	4,523,234	4,543,142
Water Supply																				
Opening Balance						371,424	163,061	241,167	206,569	131,105	78,207	147,562	261,204	391,673	539,763	706,297	902,167	1,128,261	1,375,463	1,644,728
Movement						(208,363)	78,106	(34,598)	(75,463)	(52,899)	69,355	113,642	130,469	148,090	166,534	195,870	226,094	247,202	269,265	292,320
Water Closing Balance	2,477,311	2,558,680	1,367,361	538,715	371,424	163,061	241,167	206,569	131,105	78,207	147,562	261,204	391,673	539,763	706,297	902,167	1,128,261	1,375,463	1,644,728	1,937,048
Sewer Fund																				
Opening Balance						113,310	(4,723)	111,178	447,402	347,513	62,698	95,358	120,673	365,044	619,801	885,241	1,161,672	1,437,574	1,712,736	1,986,940
Movement						(118,033)	115,901	336,224	(99,889)	(284,815)	32,660	25,316	244,371	254,757	265,441	276,431	275,902	275,162	274,204	273,016
Sewer Closing Balance	584,190	983,594	843,066	495,059	113,310	(4,723)	111,178	447,402	347,513	62,698	95,358	120,673	365,044	619,801	885,241	1,161,672	1,437,574	1,712,736	1,986,940	2,259,956
Domestic Waste Fund																				
Opening Balance						(367,063)	(103,999)	(104,166)	(84,281)	(54,598)	(14,119)	36,872	86,438	134,105	179,765	223,058	264,120	302,834	338,826	372,223
Movement						263,064	(167)	19,884	29,684	40,479	50,991	49,567	47,667	45,660	43,293	41,062	38,713	35,993	33,396	30,669
DM Closing Balance	49,802	(49,768)	(303,085)	(224,911)	(367,063)	(103,999)	(104,166)	(84,281)	(54,598)	(14,119)	36,872	86,438	134,105	179,765	223,058	264,120	302,834	338,826	372,223	402,891
Reinstatement Reserve						0	70,992	72,412	73,860	75,338	76,995	78,689	80,420	82,189	83,997	85,845	87,734	89,664	91,637	93,653
TOTALS																				
Opening Balance						13,211,301	11,182,657	8,965,410	10,141,944	7,515,491	6,220,428	5,609,212	5,824,035	6,220,552	6,560,395	6,774,347	7,082,681	8,079,326	9,443,082	11,058,558
Movement						(2,028,645)	(2,217,246)	1,176,534	(2,626,453)	(1,295,063)	(611,216)	214,823	396,517	339,843	213,953	308,333	996,645	1,363,756	1,615,476	1,957,525
All Closing Balance	20,957,827	21,838,198	22,187,248	13,234,180	13,211,301	11,182,657	8,965,410	10,141,944	7,515,491	6,220,428	5,609,212	5,824,035	6,220,552	6,560,395	6,774,347	7,082,681	8,079,326	9,443,082	11,058,558	13,016,083

Attachment 4 – Long Term Financial Plan KPI Monitoring Graphs from the Final LTFP Model

