

# Shire of Kellerberrin

## Long Term Financial Plan 2023 - 2038



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## 1 OVERVIEW AND PURPOSE

## 1.1 Overview of functions & services provided by the Shire

The Shire of Kellerberrin is governed by a local government organisation under the Local Government Act 1995 and Local Government Regulations. Under the Act, our Council has responsibility as a local government to fulfil a number of functions, ranging from governance, through to service delivery, community development, planning, regulatory and compliance and advocacy.

Our Council's aim is to:

- Be a respected leader for the community, make informed decisions that are in the interest of the community;
- Be a representative of the community, acknowledging and recognising the community's views and interests;
- Provide services and facilities for the community in a socially and economically sustainable manner;
- Implement and deliver programs and initiatives to improve the community's well-being and quality of life; and
- Exercise and perform the functions and duties of a local government, as defined by the Local Government Act and relevant legislation.

### 1.1.1 Council structure

Our Council is managed by a group of elected representatives that represent the Council's governing body. Our Shire has seven (7) elected representatives, whose role and objectives are to:

- Represent the community members and encourage and facilitate open communication between community members and the Council;
- Provide information and guidance to the community;
- Be a leader for the community;
- Participate in informed discussions and decision making on items affecting the community, ensuring the views of the community are well represented; and
- Act in a transparent, open, ethical and honest manner, whilst fulfilling its obligations as outlined in the Local Government Act.

Council appoints a Chief Executive Officer, whose role is to manage the day to day operations of the Council and provide advice to the elected representatives on the performance of the Council in meeting its statutory obligations and delivering the objectives of its strategic plans, and management of assets and infrastructure and resources.

### 1.1.2 Services provided by Council

Local Governments across Western Australia provide a variety of services; some are categorised as core services whilst others could be referred to as discretionary services, or services that Councils elect to make available to the community.

Generally, local government provide core services such as roads, stormwater management, waste management, building maintenance and streetscape maintenance, but are now also venturing into the provision of services that benefit the community socially, economically, environmentally and culturally.

In summary, our Council provides the following core services to our community:

- provision and maintenance of recreational facilities, such as public pools, recreation centres, community halls;
- provision of health services being doctors surgery and contributing to a Doctor, such as food and safety, animal welfare / control and noise management;
- provision of community services and assist in provision of a local doctor;
- provision of emergency services;
- environmental management;
- building and facility maintenance and management;
- building inspection and approvals;
- strategic, regional and town planning and development;
- economic development and tourism; and
- provision of arts and cultural services, including maintenance of facilities and buildings, such as libraries, and art galleries.

In addition to these, our Council also provides services to:

- undertake planning at a local and regional level for the long term development of the Shire region;
- represent the community at a regional level, lobbying, advocating, communicating, coordinating and collaborating with other local, state, federal and regional organisation, where appropriate;
- promote, express and communicate the community's vision, objectives, concerns and initiatives to other levels of Government;
- provide facilities, services and programs that improves the welfare of the community and the region, socially, economically and environmentally, as well as enhance the general amenity of the area to attract and benefit the community members and visitors to the area; and
- manage resources efficiently and effectively to deliver services, programs, and infrastructure to the community.

## 1.2 Shire Profile

The history of the Shire is a story similar to most towns in the region, with grazing leases being established in the decades following exploration.

In Kellerberrin's case, Ensign Robert Dale led an exploration party to the area in 1830. In the early 1860's, when Charles Hunt was commissioned by the government to sink wells in the region, he named Killaberrin Hill (although some argue that it was Killaburnin, Killabin or Killaburing, while others argue that Hunt already used the term Kellerberrin in 1864).

The source of Kellerberrin's name is contentious, with two possible sources, both of Aboriginal origin. One theory is that it was named after an aggressive type of ant found on the hill (for which the Aboriginal word for was "Keela)", whereas another theory is that the name means 'camping place near where rainbow birds are found' from the Aboriginal words: 'kalla' meaning 'camping place', 'berrin berrin' meaning 'rainbow bird.'

### A Snapshot of our Shire

- Distance from Perth - 203 kilometres
- Area - 1,917 square kilometres
- Townships – Baandee, Daadening Creek, Doodlakine, Durokoppin Reserve, Kodj Kodjin, North Baandee, Sharks Mouth Rock and Woolundra
- Total Population - 1,082 (as at 2021 Census)
- Demographic Profile
  - Male: 51.4%
  - Female: 48.9%
- Median Age: 52
- Indigenous Population: 85
- Local Industries – Wheat, Sheep grazing, Manufacture of agricultural equipment (i.e., wheat bins, augers, grain silos and trailers) and Retail
- State Government Services - State Roads / Highways, Education / schools, Medical services and Emergency services
- Tourist Attractions - Folk Museum, Mural at Recreation Centre, Mt Stirling, Centenary Park, Mt Caroline, Hill / Lookout, Kokerbin Rock, and Lake Baandee

### 1.3 Purpose of the Long Term Financial Plan

The Shire of Kellerberrin's Long Term Financial Plan (LTFP) details what the Council proposes to do over the next fifteen years as a means of ensuring the Shire's financial sustainability.

It is aligned to other core planning documents by which Council is accountable to the community including the Strategic Community Plan and the Shire's Corporate Business Plan.

Information contained in other strategic plans including the Asset Management Plan and Workforce Plan has informed the LTFP, which will be the basis for preparation of the Shire's Annual Budgets.

The LTFP is a dynamic tool, which analyses financial trends over a fifteen-year period on a range of assumptions and provides the Shire with information to assess resourcing requirements to achieve its strategic objectives and to assist the Shire to ensure its future financial sustainability.

This LTFP covers the period 2022/23 to 2037/38. There is a high level of accuracy and detail in the first 3 years of the LTFP but a number of assumptions underpins this. The remaining twelve years of the LTFP are shown as an overview with reasonable estimates only.

It should be highlighted that the Shire's ability to fund some of the projects identified in the LTFP is reliant on the Shire's ability to obtain various sources of grant funding. As such, some of the projects within the LTFP may be either deferred, or not implemented in the event that funding cannot be obtained.

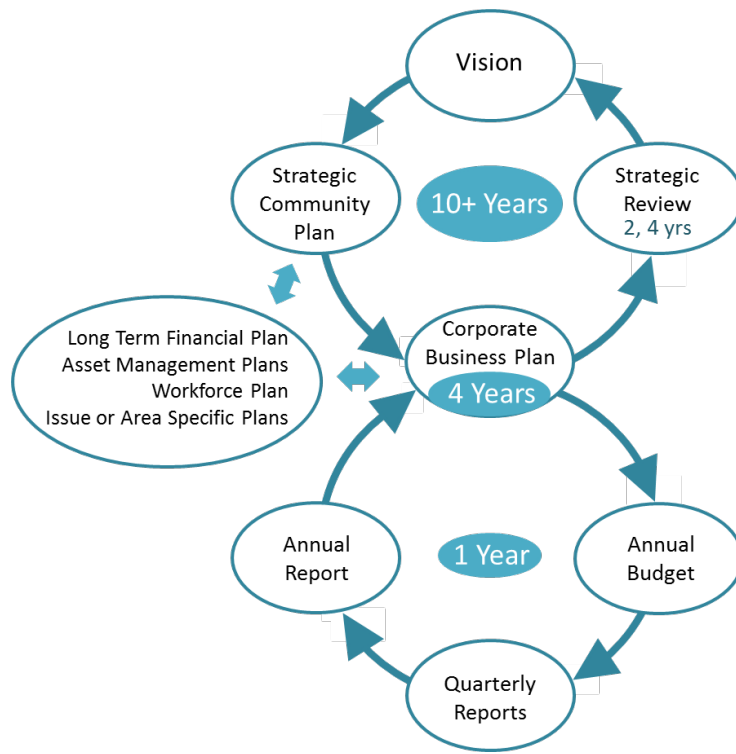
### 1.4 Linkage to the Integrated Planning and Reporting Framework

The Long Term Financial Plan highlights the Shire's capacity to deliver on the goals and aspirations identified in the Community Strategic Plan and Corporate Business Plans. It projects financial information beyond the course of the CBP to cover operations for 15 years and to provide an indicative position of financial sustainability in the future.

The purpose of the LTFP process is to identify if the strategic intent of the various documents prepared as part of the Shire's Strategic Planning Framework are affordable without risking the long-term sustainability of its operations.

It provides information necessary to assess resourcing requirements to achieve long term community objectives in a financially sustainable manner. The assumptions are estimates only and provide an overview of possible outcomes. Changes in the Shire's operations may result in changes to the Corporate Business Plan requiring the Long Term Financial Plan to be constantly updated.

The core components of the Integrated Planning and Reporting Framework consist of the Community Strategic Plan, Corporate Business Plan, Long Term Financial Plan, Asset Management Plans, Workforce Plans, Issue & Area Specific Plans and the Annual Budget. Below is an outline of the Integrated Planning and Reporting Cycle;



## Community Strategic Community Plan

The community had a strong involvement and voice in the development of the Shire's Strategic Community Plan 2022-2032. The plan is one of many tools that will guide the future direction of our Shire and has a strong emphasis on our community's aspirations and goals.

This plan outlines the objectives and strategies that will be followed over the coming years, including a number of major projects. In particular, the plan will deliver our strategic priorities.

The Shire of Kellerberrin will continue to invest resources to deliver and provide support for both Core Services to the Community (including community welfare, health services, inclusivity, volunteering and emergency services), and the renewal and upgrading of Shire's community Facilities and Infrastructure.

## Corporate Business Plan

The Corporate Business Plan is a document responsible for translating the strategic direction of the Shire, articulated within the Shire of Kellerberrin's Community Strategic Plan 2022-2032.

Achieving the community's aspirations and goals requires development of the strategies contained within the Community Strategic Plan. Due to the limitation of financial resources, careful operational planning and prioritisation is required to implement these strategies. This planning process is formalised in the Corporate Business Plan and puts the Strategic Community Plan into action via the Annual Budget.



### **Annual Budget**

The annual budgeting process is driven by the strategic and business planning activities of the Shire, while its timing and execution is informed through legislation, namely, the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996. The budget process is reviewed annually and triggers updates to the Corporate Business Plan and other associated Plans.

### **Workforce Plan**

The Workforce Plan details our resources required to deliver the Community Strategic Plan and the strategies to be implemented to address the challenges facing our workforce. The Workforce Plan provides a strategic approach to addressing current and future needs in the organisation. The objectives of the Workforce Plan are to identify critical skills and positions within the organisation, gaps between our current and future workforce, internal and external challenges facing our workforce and strategies to address these gaps to mitigate risks in addressing these challenges.

### **Asset Management Plan**

The Asset Management Plan identifies the status of the Shire's infrastructure assets. The Asset Management Plan identifies the required asset renewals in order to maintain and/or increase the Shire's level of service to the community.

A whole of life approach is taken to operational, maintenance, renewal and acquisition plans and funding levels, ensuring assets that deliver the required levels of service are identified. Reported levels of service and risks are taken into account in the development of operational, maintenance, renewal, and acquisition plans and the performance of assets is measured and reported as appropriate.

### **Risk Management**

The Shire has in place a Risk Framework which follows the International Standard for Risk Management AS/NZS ISO31000:2018. The framework is proactive to ensure the quality of service delivery is not adversely affected. Risk management is integrated into our business planning process to ensure any exposure to risk is minimised.



## 2 Overview of Corporate Strategies

### 2.1 Service Delivery Strategy

It is proposed that existing service levels will be maintained for all operational areas in the short term, however, a key objective in the Corporate Business Plan which directly impacts future service delivery is to improve existing service levels in the longer term, whilst continuing to achieve annual operating surpluses each year to fund the provision of infrastructure.

Service levels will be reviewed from time to time when future reviews of the LTFP are undertaken and the impact of rapid growth across the municipality can be monitored and assessed.

### 2.2 Asset Management

The Shire has developed a strategic approach to asset management and developed asset management plans based on the total life cycle of assets. The Asset Management Plan will assist the Council in predicting infrastructure consumption and asset renewal needs and identifies the cost required to renew or preserve the asset (renewal gap). This renewal gap is being addressed in the LTFP and will be the focus of future annual budgets.

Funding for the renewal of assets has been increased to ensure sustainability in the longer term. The continued allocation of funding towards the renewal of assets and funding for maintenance and upgrades will result in a positive investment for the community in future. Asset acquisitions and capital works projects are funded from rate revenue, specific cash reserves, and sales of existing land assets, government grants or external borrowings.

As part of the 2022 Review, Council has developed a Plant Replacement Program, which ensures all assets with an original price of \$80,000 or greater are replaced before the end of the plan. The replacement value is deemed at an original price, allowing for 3% growth p.a. The disposal of the existing plant item is calculated at 17.5% of the replacement value.

### 2.3 Capital Works Program

Council has developed a five-year forward capital works program, which covers works associated with the construction of new assets, asset renewals, upgrades and expansions. The works program has been developed to address the following key factors:

- Develop our town;
- Improve social equity;
- Demand;
- Affordability;
- Environment; and
- Risk

Council has programmed to spend significant sums on new, renewal and expansion works in order to retain the community's services and facilities. The LTFP financial section provides a breakdown of the works to be undertaken.

## 2.4 Operations and Maintenance Program

To ensure assets and infrastructure deliver services at the required service levels and quality, Council will undertake regularly scheduled operational and maintenance works. A rolling operations and maintenance works program will be developed that identifies the following:

- Task code (for costing purposes);
- Description of task;
- Type of task (i.e., recurrent, preventative, corrective etc.),
- Frequency of works; and
- Resources to undertake the works (i.e., team/crew responsible for completing the task).

As operations and maintenance works are funded by municipal funds (i.e., rates revenue) Council will utilise the operations and maintenance program to assist with forecasting expenditure costs. For this reason, the operations and maintenance program will be incorporated into the long-term financial plan and annual budget.

## 2.5 Workforce Planning Strategies

The Workforce Plan proposes that net staff levels will remain unchanged in line with current service provision levels. Staff numbers will increase over time to maintain service provision levels as new developments and additional growth occurs. The Workforce Plan proposes building our leadership capability and putting in place a robust framework so that that we have the necessary skills to deliver the required level of service now and into the future.

### 3 Financial Assumptions

Like any plan there are underlying assumptions on which the basis of the plan is derived. It is important to emphasise that the projects identified in the LTFP are to be used as guidance and do not financially commit the Shire to implement those projects identified. Rather, they act as a guide towards drafting the Annual Budget and as such the LTFP, along with other associated plans, will be reviewed each year by Council during the Annual Budget process.

The LTFP is based on some of the following assumptions and principles;

The following principles have been applied within the plan;

- Existing service levels are maintained
- Maintaining a fair and equitable rating strategy that is sustainable into the future
- Sourcing funding opportunities to assist with new and renewed infrastructure
- Maintaining existing infrastructure in line with service level reviews

### 3.1 Key Assumptions

The following tables summarise the key variables applied for the first 10 years within the plan;

#### 3.1.1 General

Variable	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
<b>CPI</b>	6.00%	6.00%	6.00%	5.00%	4.00%	4.00%	3.00%	3.00%	3.00%	2.75%
<b>Discount Rate</b>	4.02%	4.02%	4.02%	3.45%	3.45%	3.45%	2.75%	2.75%	2.75%	2.75%

#### 3.1.2 Revenue

Variable	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
<b>Rates</b>	5.00%	5.00%	5.00%	5.00%	5.00%	3.00%	3.00%	3.00%	3.00%	3.00%
<b>Fees &amp; Charges</b>	5.00%	5.00%	5.00%	5.00%	5.00%	3.00%	3.00%	3.00%	3.00%	3.00%
<b>Operating Grants &amp; Subsidies</b>	6.00%	6.00%	6.00%	5.00%	4.00%	4.00%	3.00%	3.00%	3.00%	2.75%
<b>Capital Grants</b>	6.00%	6.00%	6.00%	5.00%	4.00%	4.00%	3.00%	3.00%	3.00%	2.75%
<b>Interest on Investments</b>	4.00%	4.00%	4.00%	3.00%	2.00%	2.00%	1.00%	1.00%	1.00%	0.75%
<b>Other Revenue</b>	6.00%	6.00%	6.00%	5.00%	4.00%	4.00%	3.00%	3.00%	3.00%	2.75%

### 3.1.3 Expenditure

Variable	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
Employee Costs	6.00%	6.00%	6.00%	5.00%	4.00%	4.00%	3.00%	3.00%	3.00%	2.75%
Materials & Contracts	6.00%	6.00%	6.00%	5.00%	4.00%	4.00%	3.00%	3.00%	3.00%	2.75%
Utility Charges	6.00%	6.00%	6.00%	5.00%	4.00%	4.00%	3.00%	3.00%	3.00%	2.75%
Finance Costs	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Insurance	6.00%	6.00%	6.00%	5.00%	4.00%	4.00%	3.00%	3.00%	3.00%	2.75%
Other Expenditure	6.00%	6.00%	6.00%	5.00%	4.00%	4.00%	3.00%	3.00%	3.00%	2.75%

## 3.2 Revenue

### 3.2.1 Rates

Rates and Annual Charges include general rates and domestic waste management fees. Rates and Annual charges are one of the principal sources of revenue for the Shire of Kellerberrin, representing around 29% of the total revenue before Capital Grants.

Around 71% of rates revenue comes from agricultural ratepayers.

Annual rate increases of 3-5% per annum have been applied. These increases are below the forecast consumer price index figures applied throughout the plan.

### 3.2.2 Fees & Charges

Fees and Charges are currently the largest source of revenue for the Shire of Kellerberrin, representing around 40% of the total revenue before Capital Grants. A small portion of this revenue is generated from statutory services provided by the Shire of Kellerberrin including animal registration, building and town planning application fees.

Other significant sources of revenue for fees and charges will be generated from waste, domestic & commercial bin collection service charges. Revenue generated from operating activities outside of rates will enable Council to utilise the operating surpluses to be reinvested into other strategic projects.

### 3.2.3 Operating Grants & Subsidies

Operating Grants and Subsidies are currently the largest source of revenue for the Shire of Kellerberrin, representing around 40% of the total revenue before Capital Grants.

Some of these grants such as the Commonwealth Financial Assistance grants and the Main Roads direct grant are untied and received on an annual basis, historically increased in line with CPI.

Funding sources such as funding for bush fire control is reliant on the provision of various services being delivered. These grants are consistent from year to year and have been increased in line with CPI.

Other funding sources are considered more project specific and may have more uncertainty around future funding. Where this is the case funding has not been shown in the LTFP outside of the current funding arrangements.

### 3.2.4 Investment Income

In accordance with the Council's investment policy and risk management strategy, the Shire of Kellerberrin invests funds that are surplus to its current needs. Within the LTFP it is presumed surplus funds will be invested in a diversified portfolio of term deposits and securities.

The interest rate applied is 2% lower than the consumer price index figures applied throughout the plan

The LTFP has not sought to speculate on future interest rate volatility.

### 3.2.5 Reimbursements & Other Income

Shire of Kellerberrin receives minor revenue and reimbursements from multiple sources.

Two significant revenue streams include the reimbursement of expenses from the Kellerberrin Resource Centre and the Wheatbelt Secondary Freight Network. This attributes to 84% of the budgeted Reimbursements & Other Income for FY24.

The Shire has an arrangement where salaries for the Resource Centre are paid by the Shire and reimbursed by the Resource Centre. Similarly, the Shire oversees the administration of the Wheatbelt Secondary Freight Network and these costs are recoverable.

In addition to these reimbursements minor recurring revenue sources have been included. Historically insurance recoveries have also been posted to this account. The LTFP does not speculate on future insurance recoveries noting that recoveries would be offset by matching expenses, resulting in no net financial impact.

Other Revenue assumptions are programmed to increase at the same rate as CPI over the duration of the LTFP.

### 3.2.6 Capital Grants & Contributions

Shire of Kellerberrin are provided with regular Capital Grants to fund or subsidise strategic capital projects.

Only those Capital Grants that have some certainty regarding amount, timing and frequency over past periods have been included within the plan.

Some projects over the 15 year life of the plan have been included on the basis that such projects would only be completed if all or a substantial amount of funding was obtained to cover the cost of the project.



### 3.3 Expenditure

#### 3.3.1 Employee Costs

Employee costs include payment of salary and wages, leave entitlements, superannuation, training and workers compensation expenditures. Employee costs are a significant cost to the Shire, representing around 30% of the Shire's forecast FY24 operating expenses.

The CPI rate used in the first year of the LTFP is 6%. For the period ended 31 March 2023, the West Australia Wage Price Index as measured by the Australia Bureau of Statistics was 4.1%. As such, the Shire considers that the CPI rates used in the LTFP are conservative. The CPI rate will be reviewed as part of the annual review process of the LTFP.

#### 3.3.2 Materials & Contracts

Materials and Contractual expenses comprise all expenditures incurred in providing services to the communities and maintaining Shire facilities. Materials and contracts are one of the Shire of Kellerberrin's most significant fixed expense representing around 24% of the Shire's forecast FY24 operating expenses.

All costs have been increased in line with CPI over the life of the LTFP.

#### 3.3.3 Finance Costs

The two components underpinning the finance cost charges include estimated interest rate and projected borrowing requirements.

Current borrowings as at 30 June 2023, being \$1.8m, and proposed new borrowings of \$0.7m are expected to be repaid by the end of FY35.

New borrowings are proposed at the interest rate of 5% per annum with an associated loan term to be no longer than the estimated useful life of the related asset or a maximum of 10 years.

One of the main goals of Council is to keep future external borrowing level at minimum level, whilst not compromising on the funding requirement of strategic capital projects planned for each financial year.

For all the remaining periods, Council is confident in meeting all its operational services and capital projects from own-sourced revenue generated over the course of the plan.

#### 3.3.4 Depreciation

Depreciation is the provision representing the annual consumption or decrease in the value of all the non-current assets held by the Shire of Kellerberrin. For the purposes of the LTFP model, depreciation expense is varied based on the capital expenditure levels and acquisition of new assets over future periods. Estimates related to the new additions to assets have been identified within the proposed Capital Works Program.

The depreciation rate included in the are consistent to the General Purpose Financial Statements. The table below shows the details of the Shire of Kellerberrin's asset classes and useful lives applied to each of them;

Asset Class	Useful Live
Buildings – non specialised	50 – 80 years
Buildings - specialised	50 – 80 years
Furniture and equipment	4 -10 years
Plant and equipment	5 – 15 years
Roads	12 – 50 years
Footpaths	20 – 50 years
Drainage	75 years
Public facilities	5 years

### 3.3.5 Fair Value Adjustments

Shire of Kellerberrin holds non-current assets which are required under Regulation 17A of the Local Government (Financial Management) Regulations 1996 to revalue non-financial assets of the local government at least once every 5 years after the day on which the asset was last valued or revalued. LTFP did not include any projections related to fair value adjustments to avoid an inaccurate representation of the Shire of Kellerberrin's asset base.

### 3.4 Capital Expenditure

The Shire of Kellerberrin has developed a fifteen (15) year Infrastructure Renewal Program which considers proposed expenditure requirements for new infrastructure assets, asset management and maintenance programs and replacement assets. This 15 year plan is not formally approved by Council and is considered an indicative estimate of capital works requirements into the future. The cost and timing estimates and assumptions used to support the Capital Works Plan are made by management on the most recent and accurate available information at the time.

Council's capital works program is funded by a number of sources, which includes:

- Council municipal funds;
- Grants, such as the Roads to Recovery, Regional Road Grants, Regional and Local Community Infrastructure Program, Department of Sports and Recreation, Wheatbelt Development Commission, Lotterywest,
- Reserve funds;
- Borrowings from Western Australian Treasury Corporation

Over the course of the plan it is estimated that the Shire of Kellerberrin will invest a total of \$52.50m in new and existing infrastructure renewal.

Some of the highlights throughout the course of the plan include;

Project	Estimated Cost	Timing
Road Replacement Program	\$28.33m	FY24 – FY38
Plant Replacement Program	\$7.41m	FY24 – FY38
Public Facilities	\$4.23m	FY24 – FY38
Medical Centre	\$3.0m	FY25 – FY26
Land & Buildings Renewal	\$2.20m	FY24 – FY38
Caravan Park	\$1.70m	FY24 – FY38
Recreational Facilities	\$1.70m	FY24 – FY38
Staff Housing	\$1.29m	FY24, FY25 & FY33
Footpath & Drainage	\$0.99m	FY24 – FY38
Furniture & Equipment	\$0.85m	FY24 – FY38
Miscellaneous	\$0.8m	FY24 – FY38

## 4 Financial Reporting

The LTFP and the assumptions and projections used within are supported by a resulting suite of financial statements covering the 15 year period FY23 to FY38.

The financial suite of documents used to support the LTFP includes;

### **(a) Statement of Comprehensive Income**

This statement outlines all Council's sources of income, including Capital Grants and contributions and all operating expenses, including depreciation. This statement does not include capital expenditure.

The net operating result for each year is calculated as total operating income less total operating expenses.

The result is then shown as a surplus or a (deficit) and is a measure of Council's performance.

### **(b) Funding (Rate Setting) Statement**

This is a forecast summary starting with the operating surplus or (deficit) from each year and adding back depreciation being a non-cash item. The summary considers other funding inflows and outflows to display a net cash result which is then managed via the reserves to ensure that Council maintains appropriate funding levels to support activities.

### **(c) Statement of Financial Position**

The Statement of Financial Position details what Council owns (assets) and what it owes (liabilities) at a given point in time. Council's net worth is determined by deducting total liabilities from total assets, which results in Equity.

### **(d) Statement of Cash Flows**

The Statement of Cash Flows summaries the actual flows of cash for each year and explains the change in cash balance held from the start of the year to the end of the year. The report shows where Council has received cash from and what it has then spent it on.

### **(e) Statement of Reserves**

The Statement of Reserves details Council's reserve balances at the start of each year and the end of each year.

Reserves are cash backed assets and investments and the statement indicates which reserves are classified as internally or externally restricted. Reserves are generally held to provide for future upgrade or provision of new infrastructure and assets.

#### 4.1 Statement of Comprehensive Income

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>REVENUE</b>																
Rates	2,472	2,545	2,672	2,805	2,946	3,093	3,186	3,281	3,380	3,481	3,586	3,693	3,804	3,918	4,036	4,157
Operating Grants & Contributions	3,395	258	2,849	2,991	3,141	3,298	3,397	3,499	3,604	3,712	3,823	3,938	4,056	4,178	4,303	4,432
Fees & Charges	977	1,101	1,156	1,214	1,275	1,339	1,379	1,420	1,463	1,507	1,552	1,598	1,646	1,696	1,747	1,799
Interest on Investments	80	93	89	121	119	74	62	36	31	43	40	57	58	74	79	58
Capital Grants & Contributions	2,639	1,893	2,993	2,359	859	890	890	915	915	940	940	940	965	990	990	990
Other Revenue	1,601	1,134	1,202	1,274	1,338	1,391	1,447	1,490	1,535	1,581	1,625	1,673	1,724	1,775	1,829	1,883
Profit on Disposal of Assets	62	88	30	120	230	80	80	95	70	45	45	50	250	90	55	205
<b>TOTAL REVENUE</b>	<b>11,226</b>	<b>7,112</b>	<b>10,991</b>	<b>10,885</b>	<b>9,907</b>	<b>10,165</b>	<b>10,441</b>	<b>10,737</b>	<b>10,998</b>	<b>11,310</b>	<b>11,610</b>	<b>11,950</b>	<b>12,503</b>	<b>12,721</b>	<b>13,038</b>	<b>13,525</b>
<b>EXPENDITURE</b>																
Employee Costs	2,530	2,968	3,116	3,241	3,371	3,472	3,576	3,683	3,784	3,898	4,015	4,135	4,259	4,387	4,519	4,519
Materials & Contracts	2,106	2,052	2,175	2,306	2,421	2,518	2,618	2,697	2,778	2,861	2,940	3,028	3,119	3,213	3,309	3,408
Utility charges	331	373	396	419	440	458	476	490	505	520	535	551	567	584	602	620
Depreciation	2,880	2,889	2,897	2,977	3,066	3,124	3,206	3,276	3,350	3,411	3,504	3,566	3,631	3,694	3,773	3,842
Interest expense	109	97	92	103	89	72	55	39	25	20	16	11	5	1	7	6
Insurance expense	202	216	229	243	255	265	276	284	293	302	310	319	329	339	349	359
Other expenditure	282	330	315	330	343	354	365	374	383	393	401	411	422	432	443	454
<b>TOTAL EXPENDITURE</b>	<b>8,439</b>	<b>8,926</b>	<b>9,220</b>	<b>9,618</b>	<b>9,985</b>	<b>10,263</b>	<b>10,573</b>	<b>10,844</b>	<b>11,118</b>	<b>11,405</b>	<b>11,721</b>	<b>12,021</b>	<b>12,332</b>	<b>12,650</b>	<b>13,001</b>	<b>13,208</b>
<b>Surplus / (Deficit) Position</b>	<b>2,786</b>	<b>(1,814)</b>	<b>1,771</b>	<b>1,267</b>	<b>(78)</b>	<b>(98)</b>	<b>(132)</b>	<b>(107)</b>	<b>(120)</b>	<b>(95)</b>	<b>(111)</b>	<b>(70)</b>	<b>171</b>	<b>71</b>	<b>37</b>	<b>317</b>

## 4.2 Funding (Rate Setting) Statement

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening Surplus / (Deficit)	1,826	2,594	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Result from Operating Activities	2,786	(1,814)	1,771	1,267	(78)	(98)	(132)	(107)	(120)	(95)	(111)	(70)	171	71	37	317
NON-CASH EXCL FROM OPERATING ACTIVITIES																
(Profit) / Loss on Sale of Assets	(62)	(88)	(30)	(120)	(230)	(80)	(80)	(95)	(70)	(45)	(45)	(50)	(250)	(90)	(55)	(205)
Fair value adjustments through profit & loss	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation	2,880	2,889	2,897	2,977	3,066	3,124	3,206	3,276	3,350	3,411	3,504	3,566	3,631	3,694	3,773	3,842
Movements in assets and liabilities	9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Amount attributable to Operating Activities	2,827	2,801	2,867	2,857	2,836	3,044	3,126	3,181	3,280	3,366	3,459	3,516	3,381	3,604	3,718	3,637
INVESTING ACTIVITIES																
Purchase of Property, Plant & Equipment	(1,982)	(1,121)	(2,240)	(2,290)	(995)	(1,085)	(705)	(725)	(941)	(1,230)	(930)	(1,040)	(835)	(935)	(640)	(1,540)
Purchase of Infrastructure	(4,529)	(3,045)	(1,801)	(1,826)	(1,801)	(1,973)	(2,498)	(2,498)	(1,873)	(2,035)	(2,610)	(2,535)	(2,385)	(2,893)	(2,973)	(2,498)
Proceeds from sale of assets	522	300	180	270	380	230	230	245	220	195	545	200	400	240	205	755
Amount attributable to investing activities	(5,989)	(3,866)	(3,861)	(3,846)	(2,416)	(2,828)	(2,973)	(2,978)	(2,594)	(3,070)	(2,995)	(3,375)	(2,820)	(3,588)	(3,408)	(3,283)
FINANCING ACTIVITIES																
Proceeds from Borrowings	750	0	200	500	0	0	0	0	0	0	0	0	0	0	0	0
Proceeds from Self Supporting Loans	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repayment of Borrowings	(231)	(287)	(317)	(371)	(376)	(359)	(316)	(263)	(201)	(76)	(79)	(83)	(62)	0	0	0
Repayment of Lease Liabilities	(9)	(10)	(10)	(11)	(9)	(9)	(10)	(11)	(11)	(13)	(14)	(15)	(16)	(17)	(17)	(19)
Transfers from Reserves	942	704	0	0	135	328	378	236	0	0	0	92	0	0	0	0
Transfers to Reserves	(309)	(123)	(649)	(397)	(93)	(78)	(73)	(58)	(354)	(112)	(261)	(64)	(654)	(70)	(330)	(353)
Amount attributable to financing activities	1,143	285	(777)	(278)	(343)	(118)	(21)	(96)	(566)	(200)	(354)	(70)	(731)	(87)	(347)	(371)
Operating Surplus / (Deficit)	2,594	0	0	0	0	0	0	0	0	0	0	0	0	0	0	300

### 4.3 Statement of Cash Flows

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cashflows from Operating Activities</b>																
Rates	2,438	2,580	2,671	2,805	2,946	3,093	3,186	3,281	3,380	3,481	3,586	3,693	3,804	3,918	4,036	4,157
Operating Grants & Contributions	2,723	388	2,855	2,991	3,141	3,298	3,397	3,499	3,604	3,712	3,823	3,938	4,056	4,178	4,303	4,432
Fees & Charges	977	1,101	1,157	1,214	1,275	1,339	1,379	1,420	1,463	1,507	1,552	1,598	1,646	1,696	1,747	1,799
Other	1,681	1,227	1,283	1,395	1,457	1,465	1,509	1,526	1,566	1,625	1,664	1,731	1,781	1,849	1,908	1,941
Employee Costs	(2,447)	(2,968)	(3,116)	(3,241)	(3,371)	(3,472)	(3,576)	(3,683)	(3,784)	(3,898)	(4,015)	(4,135)	(4,259)	(4,387)	(4,519)	(4,519)
Materials & Contracts	(1,908)	(2,294)	(2,295)	(2,306)	(2,421)	(2,518)	(2,618)	(2,697)	(2,778)	(2,861)	(2,940)	(3,028)	(3,119)	(3,213)	(3,309)	(3,408)
Other	(973)	(1,017)	(1,032)	(1,095)	(1,127)	(1,149)	(1,173)	(1,188)	(1,206)	(1,235)	(1,262)	(1,292)	(1,323)	(1,356)	(1,401)	(1,439)
<b>Net Cash Provided (or Used) in Operating Activities</b>	<b>2,490</b>	<b>(983)</b>	<b>1,522</b>	<b>1,765</b>	<b>1,899</b>	<b>2,056</b>	<b>2,104</b>	<b>2,159</b>	<b>2,245</b>	<b>2,331</b>	<b>2,409</b>	<b>2,505</b>	<b>2,586</b>	<b>2,685</b>	<b>2,765</b>	<b>2,964</b>
<b>Cashflows of Investing Activities</b>																
Proceeds from sale of Property, Plant & Equipment	522	300	180	270	380	230	230	245	220	195	545	200	400	240	205	755
Capital Grants & Contributions	2,639	1,893	2,993	2,359	859	890	890	915	915	940	940	940	965	990	990	990
Payments for purchase of Property, Plant & Equipment	(1,982)	(1,121)	(2,240)	(2,290)	(995)	(1,085)	(705)	(725)	(941)	(1,230)	(930)	(1,040)	(835)	(935)	(640)	(1,540)
Payments for construction of Infrastructure	(4,529)	(3,045)	(1,801)	(1,826)	(1,801)	(1,973)	(2,498)	(2,498)	(1,873)	(2,035)	(2,610)	(2,535)	(2,385)	(2,893)	(2,973)	(2,498)
<b>Net Cash Provided (or Used) in Investing Activities</b>	<b>(3,350)</b>	<b>(1,973)</b>	<b>(868)</b>	<b>(1,487)</b>	<b>(1,557)</b>	<b>(1,938)</b>	<b>(2,083)</b>	<b>(2,063)</b>	<b>(1,679)</b>	<b>(2,130)</b>	<b>(2,055)</b>	<b>(2,435)</b>	<b>(1,855)</b>	<b>(2,598)</b>	<b>(2,418)</b>	<b>(2,293)</b>
<b>Cashflows of Financing Activities</b>																
Proceeds from Borrowings	750	0	200	500	0	0	0	0	0	0	0	0	0	0	0	0
Repayment of Borrowings	(231)	(287)	(317)	(371)	(376)	(359)	(316)	(263)	(201)	(76)	(79)	(83)	(62)	0	0	0
Repayment of Lease Liabilities	(9)	(10)	(10)	(11)	(9)	(9)	(10)	(11)	(11)	(13)	(14)	(15)	(16)	(17)	(17)	(19)
<b>Net Cash Provided (or Used) in Financing Activities</b>	<b>510</b>	<b>(296)</b>	<b>(127)</b>	<b>119</b>	<b>(385)</b>	<b>(368)</b>	<b>(326)</b>	<b>(273)</b>	<b>(212)</b>	<b>(89)</b>	<b>(93)</b>	<b>(98)</b>	<b>(78)</b>	<b>(17)</b>	<b>(17)</b>	<b>(19)</b>
<b>Net increase (decrease) in cash held</b>	<b>(350)</b>	<b>(3,252)</b>	<b>526</b>	<b>397</b>	<b>(42)</b>	<b>(250)</b>	<b>(305)</b>	<b>(177)</b>	<b>354</b>	<b>112</b>	<b>261</b>	<b>(28)</b>	<b>654</b>	<b>70</b>	<b>330</b>	<b>652</b>
Cash and cash equivalents at beginning of year	4,181	3,831	578	1,105	1,502	1,459	1,210	905	728	1,081	1,193	1,454	1,426	2,079	2,149	2,479
Cash and cash equivalents at the end of the year	3,831	578	1,105	1,502	1,459	1,210	905	728	1,081	1,193	1,454	1,426	2,079	2,149	2,479	3,132



#### 4.4 Statement of Financial Position

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>CURRENT ASSETS</b>																
Cash and cash equivalents	3,831	578	1,105	1,502	1,459	1,210	905	728	1,081	1,193	1,454	1,426	2,079	2,149	2,479	3,132
Rate receivables	134	99	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Trade receivables	286	156	150	150	150	150	150	150	150	150	150	150	150	150	150	150
Inventories	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
Other Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Current Assets</b>	<b>4,256</b>	<b>839</b>	<b>1,360</b>	<b>1,757</b>	<b>1,714</b>	<b>1,465</b>	<b>1,160</b>	<b>983</b>	<b>1,336</b>	<b>1,448</b>	<b>1,709</b>	<b>1,681</b>	<b>2,334</b>	<b>2,404</b>	<b>2,734</b>	<b>3,387</b>
<b>NON-CURRENT ASSETS</b>																
Trade and other receivables	43	43	50	50	50	50	50	50	50	50	50	50	50	50	50	50
Other financial assets	58	58	60	60	60	60	60	60	60	60	60	60	60	60	60	60
Property, plant and equipment	23,800	23,847	25,084	26,321	26,204	26,149	25,664	25,177	24,880	24,848	24,105	23,814	23,290	22,846	22,080	21,798
Infrastructure	77,473	78,501	78,268	78,030	77,737	77,585	77,927	78,221	77,841	77,593	77,886	78,052	78,030	78,473	78,948	78,896
Right-of-use assets	30	20	10	50	40	30	20	10	75	60	45	30	15	100	80	60
<b>Total Non Current Assets</b>	<b>101,404</b>	<b>102,470</b>	<b>103,472</b>	<b>104,511</b>	<b>104,091</b>	<b>103,874</b>	<b>103,721</b>	<b>103,518</b>	<b>102,906</b>	<b>102,611</b>	<b>102,146</b>	<b>102,006</b>	<b>101,445</b>	<b>101,529</b>	<b>101,218</b>	<b>100,864</b>
<b>TOTAL ASSETS</b>	<b>105,660</b>	<b>103,308</b>	<b>104,832</b>	<b>106,268</b>	<b>105,805</b>	<b>105,339</b>	<b>104,881</b>	<b>104,500</b>	<b>104,243</b>	<b>104,059</b>	<b>103,855</b>	<b>103,686</b>	<b>103,779</b>	<b>103,933</b>	<b>103,953</b>	<b>104,251</b>

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>CURRENT LIABILITIES</b>																
Trade and other payables	612	370	250	250	250	250	250	250	250	250	250	250	250	250	250	250
Other liabilities	85	85	85	85	85	85	85	85	85	85	85	85	85	85	85	85
Lease liabilities	10	10	11	9	9	10	11	11	13	14	15	16	17	17	19	20
Borrowings	287	301	331	376	359	316	263	201	76	79	83	62	0	0	0	0
Employee related provisions	332	332	332	332	332	332	332	332	332	332	332	332	332	332	332	332
<b>Total Current Liabilities</b>	<b>1,326</b>	<b>1,099</b>	<b>1,009</b>	<b>1,052</b>	<b>1,035</b>	<b>993</b>	<b>940</b>	<b>879</b>	<b>756</b>	<b>760</b>	<b>765</b>	<b>745</b>	<b>684</b>	<b>684</b>	<b>686</b>	<b>687</b>
<b>NON-CURRENT LIABILITIES</b>																
Lease liabilities	21	11	0	41	32	22	11	0	62	48	33	17	0	83	64	44
Borrowings	1,802	1,501	1,355	1,439	1,080	764	501	300	224	145	62	0	0	0	0	0
Employee related provisions	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
Other provisions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Non Current Liabilities</b>	<b>1,843</b>	<b>1,532</b>	<b>1,375</b>	<b>1,500</b>	<b>1,132</b>	<b>806</b>	<b>532</b>	<b>320</b>	<b>306</b>	<b>213</b>	<b>115</b>	<b>37</b>	<b>20</b>	<b>103</b>	<b>84</b>	<b>64</b>
<b>TOTAL LIABILITIES</b>	<b>3,169</b>	<b>2,631</b>	<b>2,383</b>	<b>2,552</b>	<b>2,167</b>	<b>1,799</b>	<b>1,473</b>	<b>1,199</b>	<b>1,062</b>	<b>973</b>	<b>880</b>	<b>782</b>	<b>704</b>	<b>787</b>	<b>770</b>	<b>751</b>
<b>NET ASSETS</b>	<b>102,491</b>	<b>100,678</b>	<b>102,448</b>	<b>103,716</b>	<b>103,638</b>	<b>103,540</b>	<b>103,408</b>	<b>103,301</b>	<b>103,181</b>	<b>103,086</b>	<b>102,975</b>	<b>102,904</b>	<b>103,075</b>	<b>103,146</b>	<b>103,183</b>	<b>103,500</b>
<b>EQUITY</b>																
Retained surplus	38,637	37,405	38,526	39,397	39,361	39,513	39,686	39,756	39,282	39,075	38,704	38,661	38,178	38,179	37,886	37,851
Reserve accounts	965	384	1,033	1,430	1,388	1,138	833	656	1,010	1,121	1,382	1,354	2,008	2,078	2,408	2,760
Revaluation surplus	62,889	62,889	62,889	62,889	62,889	62,889	62,889	62,889	62,889	62,889	62,889	62,889	62,889	62,889	62,889	62,889
<b>TOTAL EQUITY</b>	<b>102,492</b>	<b>100,678</b>	<b>102,449</b>	<b>103,716</b>	<b>103,638</b>	<b>103,540</b>	<b>103,408</b>	<b>103,301</b>	<b>103,181</b>	<b>103,086</b>	<b>102,975</b>	<b>102,905</b>	<b>103,075</b>	<b>103,146</b>	<b>103,183</b>	<b>103,500</b>

## 4.5 Statement of Cash Reserves

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>LEAVE RESERVE</b>																
Opening Balance	77	80	56	89	92	95	97	99	100	101	102	102	103	104	106	107
Transfer to Reserve	3	0	32	4	3	2	2	1	1	1	1	1	1	1	1	1
Transfer from Reserve	0	(24)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Balance at 30 June	80	56	89	92	95	97	99	100	101	102	102	103	104	106	107	108
<b>PLANT RESERVE</b>																
Opening Balance	224	502	198	334	453	466	248	253	20	120	122	224	227	429	433	592
Transfer to Reserve	278	120	136	119	14	9	5	3	100	1	103	2	202	4	158	6
Transfer from Reserve	0	(425)	0	0	0	(228)	0	(236)	0	0	0	0	0	0	0	0
Balance at 30 June	502	198	334	453	466	248	253	20	120	122	224	227	429	433	592	598
<b>COMMUNITY BUS RESERVE</b>																
Opening Balance	68	70	5	56	58	60	61	62	63	63	64	64	65	141	142	143
Transfer to Reserve	2	0	50	2	2	1	1	1	1	1	0	1	76	1	1	1
Transfer from Reserve	0	(65)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Balance at 30 June	70	5	56	58	60	61	62	63	63	64	64	65	141	142	143	145
<b>HOUSING RESERVE</b>																
Opening Balance	193	199	10	160	167	172	175	30	30	130	131	132	134	335	338	447
Transfer to Reserve	6	1	150	6	5	3	4	0	100	1	1	1	201	3	108	4
Transfer from Reserve	0	(190)	0	0	0	0	(149)	0	0	0	0	0	0	0	0	0
Balance at 30 June	199	10	160	167	172	175	30	30	130	131	132	134	335	338	447	451

	2023 \$'000	2024 \$'000	2025 \$'000	2026 \$'000	2027 \$'000	2028 \$'000	2029 \$'000	2030 \$'000	2031 \$'000	2032 \$'000	2033 \$'000	2034 \$'000	2035 \$'000	2036 \$'000	2037 \$'000	2038 \$'000
<b>SWIMMING POOL RESERVE</b>																
Opening Balance	942	19	19	70	122	176	230	184	236	288	341	394	448	502	557	613
Transfer to Reserve	19	0	51	53	54	54	55	52	52	53	53	54	54	55	56	56
Transfer from Reserve	(942)	0	0	0	0	0	(100)	0	0	0	0	0	0	0	0	0
Balance at 30 June	19	19	70	122	176	230	184	236	288	341	394	448	502	557	613	669
<b>SPORT &amp; RECREATION RESERVE</b>																
Opening Balance	35	37	37	88	192	63	64	65	66	164	165	167	168	230	232	235
Transfer to Reserve	1	0	51	104	6	1	1	1	98	2	1	2	62	2	2	2
Transfer from Reserve	0	0	0	0	(135)	0	0	0	0	0	0	0	0	0	0	0
Balance at 30 June	37	37	88	192	63	64	65	66	164	165	167	168	230	232	235	237
<b>PATHWAYS RESERVE</b>																
Opening Balance	51	51	51	103	108	111	113	86	87	88	89	89	90	91	92	93
Transfer to Reserve	0	0	52	4	3	2	2	1	1	1	1	1	1	1	1	1
Transfer from Reserve	0	0	0	0	0	0	(29)	0	0	0	0	0	0	0	0	0
Balance at 30 June	51	51	103	108	111	113	86	87	88	89	89	90	91	92	93	94
<b>SPECIAL PROJECTS RESERVE</b>																
Opening Balance	8	8	8	134	239	246	151	54	55	55	107	209	119	175	177	178
Transfer to Reserve	0	0	126	105	7	5	3	1	1	52	101	2	56	2	2	280
Transfer from Reserve	0	0	0	0	0	(100)	(100)	0	0	0	0	(92)	0	0	0	0
Balance at 30 June	8	8	134	239	246	151	54	55	55	107	209	119	175	177	178	459
<b>TOTAL RESERVES</b>																
Opening Balance	1,599	965	384	1,033	1,430	1,388	1,138	833	656	1,010	1,121	1,382	1,354	2,008	2,078	2,408
Transfer to Reserve	309	123	649	397	93	78	73	58	354	112	261	64	654	70	330	353
Transfer from Reserve	(942)	(704)	0	0	(135)	(328)	(378)	(236)	0	0	0	(92)	0	0	0	0
<b>TOTAL RESERVES AT 30 JUNE</b>	<b>965</b>	<b>384</b>	<b>1,033</b>	<b>1,430</b>	<b>1,388</b>	<b>1,138</b>	<b>833</b>	<b>656</b>	<b>1,010</b>	<b>1,121</b>	<b>1,382</b>	<b>1,354</b>	<b>2,008</b>	<b>2,078</b>	<b>2,408</b>	<b>2,760</b>

## 5 Financial Ratios

The Shire of Kellerberrin recognises that compliance with the legislated ratios is an important focus within this plan, however these prescribed measures do not entirely reflect the Shire's services provided to the community. As such, supplementary performance measures for the Shire's performance are outlined in detail in the Corporate Business Plan.

The graphs below detail the 15 year trend for the legislated ratios as shown in the Long Term Financial Plan. Each ratio tends positively over the 15 year period and comments are provided to explain major changes for each ratio.

### 5.1 Current Ratio

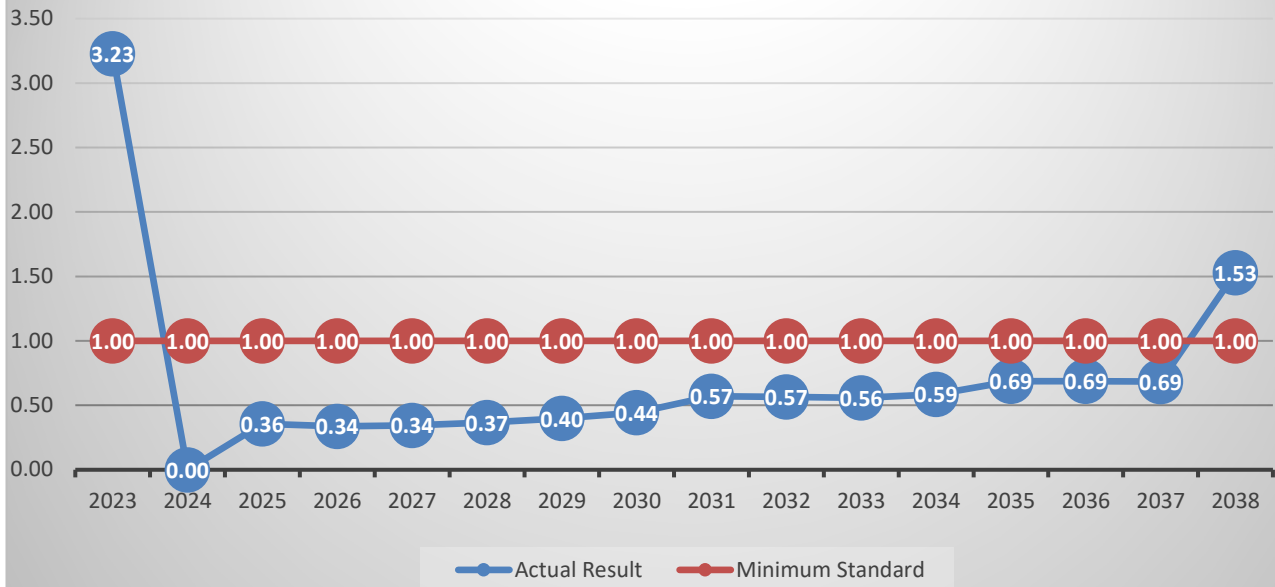
A measure of the local governments ability to meet its short term financial obligations with funds that can be accessed quickly. This is measured as:

$$\frac{\text{Current Assets MINUS Restricted Assets}}{\text{Current Liabilities MINUS Liabilities Associated with Restricted Assets}}$$

The standard is not met if the ratio is less than 1.00. A ratio of greater means that the local government have sufficient assets that can be easily turned into cash to meet its current obligations. It is a concern if the current ratio remains below the industry standard of 1.00 for any extended period of time.

It should also be noted that the LTFP places any surplus funds from FY2025 into Reserves. If these funds were held as unrestricted cash, then this ratio would spike sharply from FY2025 – FY2038.

### Current Ratio



## 5.2 Own Source Revenue Coverage Ratio

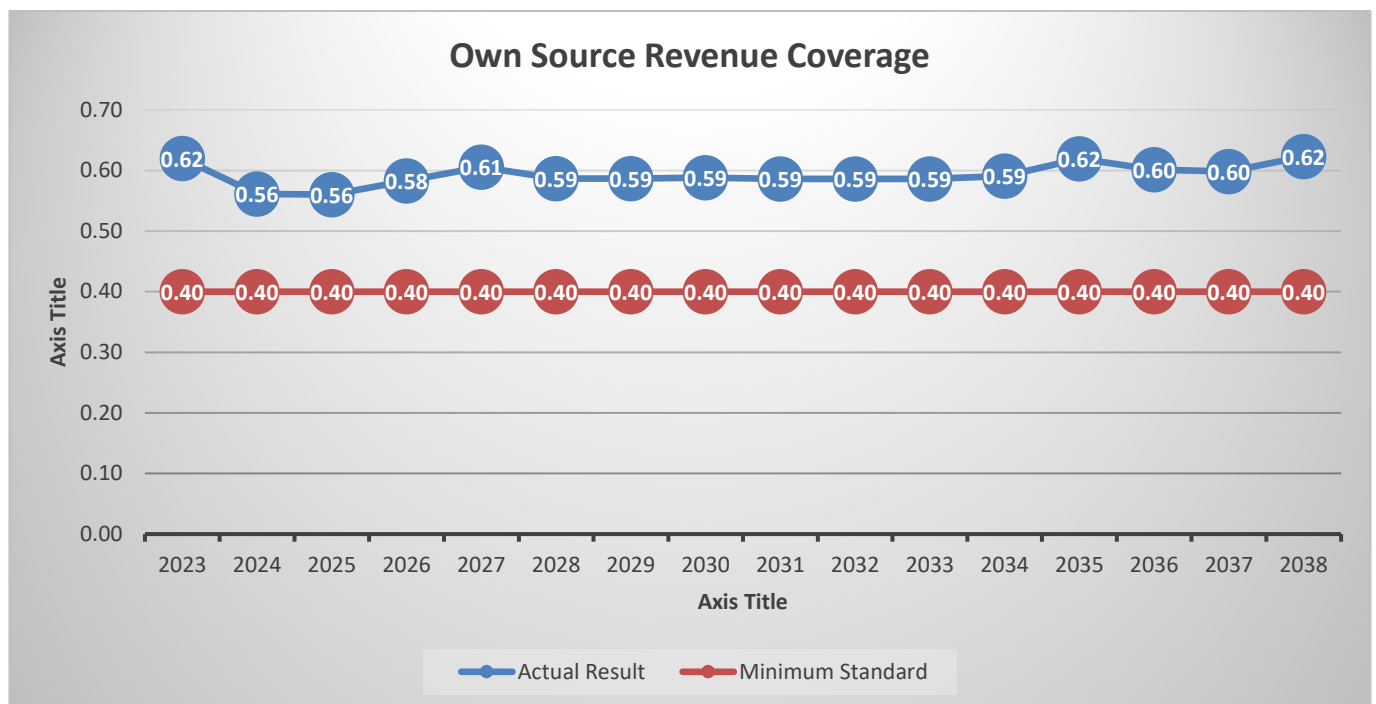
A measure of the local governments ability to cover its operating costs through revenue generated from its own sources (i.e. no grants). This is measured as:

$$\frac{\text{Own Source Operating Revenue}}{\text{Operating Expenses}}$$

The ratio is sitting in or above the Minimum range (between 0.40 - 0.60) over the period of the 15 year plan.

This indicates that the Shire is able to continue to operate in the event that there is a reduction in external grant funding and contributions.

The ratio is largely weighted on the Shire's ability to generate revenue from one of 2 sources, these being Rates & Fees and Charges.





### 5.3 Operating Surplus Ratio

A measure of the local governments ability to cover its operating costs and have money left for capital projects and other purposes. This is measured as:

$$\frac{\text{Operating Revenue MINUS Operating Expense}}{\text{Own Source Operating Revenue}}$$

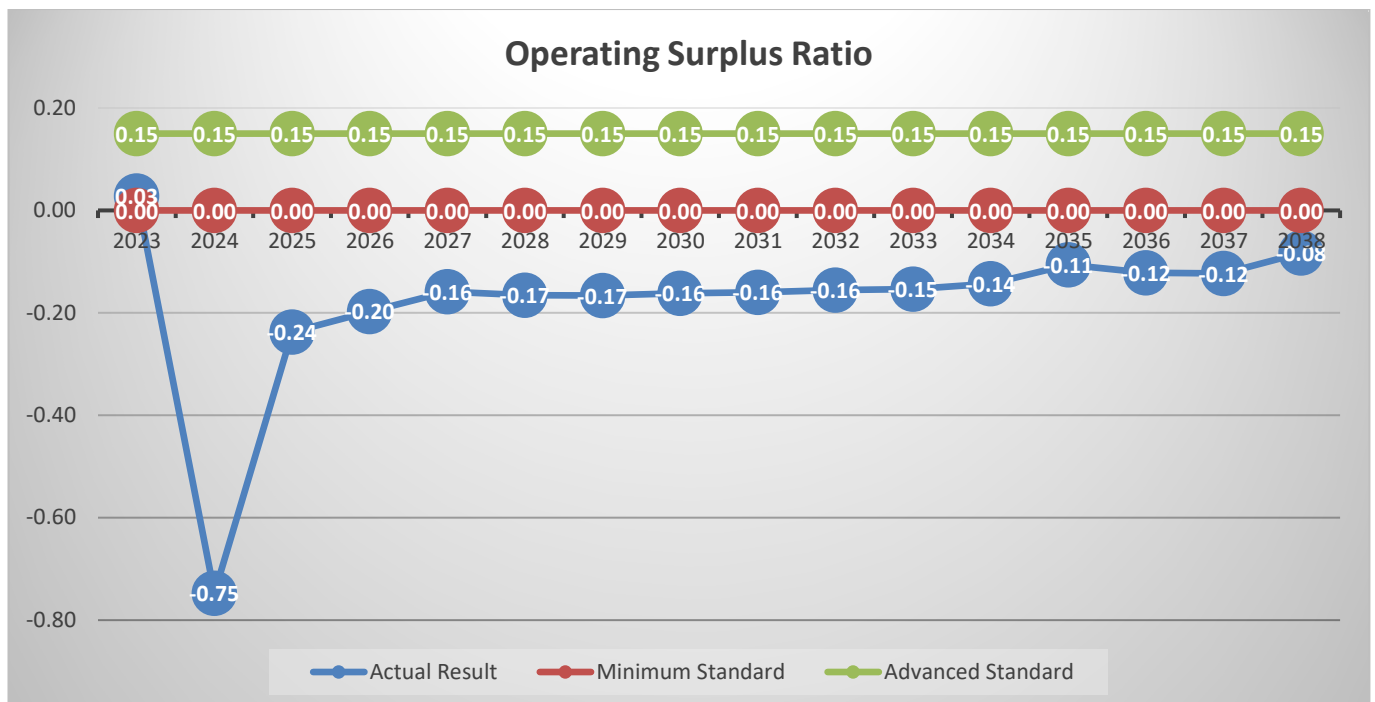
Own Source Operating Revenue

This is the Shire's most difficult ratio to try and meet by simple virtue of the capacity to raise the amount of rates and/or generate other revenue streams. There is a very positive upward trend over the 15 year period resulting from additional fees and charges introduced in FY2023.

Although positive, and the highest recorded ratio over the course of the plan, the result for FY2023 is misleading as the 2023/24 Financial Assistance Grant was paid in full and received in FY2023. Had this payment not been received the adjusted ratio would be -33%.

The Operating Surplus Ratio currently contributes towards 21% of the Financial Health Indicator (FHI), therefore the ability to stay above the recommended minimum standard goes a long way to reporting a high FHI score.

It is worth noting that whilst Council acknowledges the 1% target Operating Service Ratio that is set, Council has previously raised objections to the relevance of this ratio.



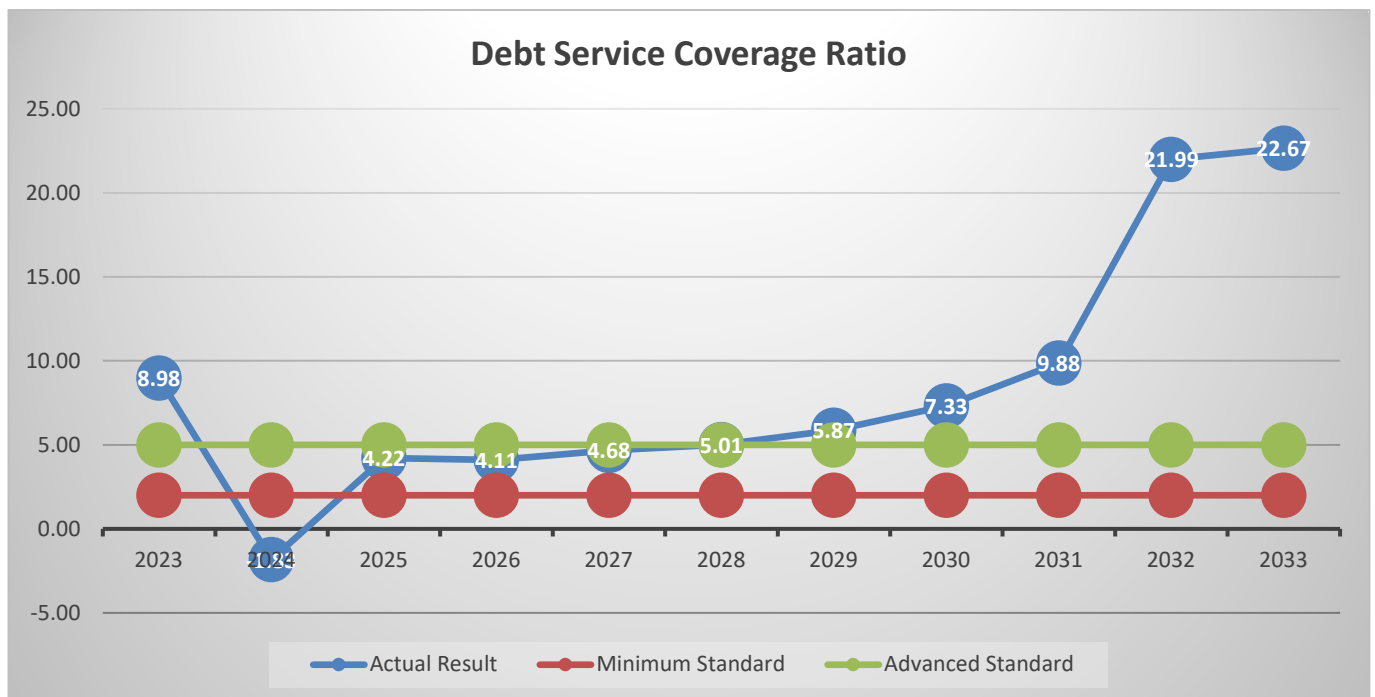
## 5.4 Debt Service Cover Ratio

A measure of the local governments ability to repay its debt based on how much cash it can access compared to total amount of its debt obligations. This is measured as:

$$\frac{\text{Operating Revenue less Operating Expenses except Interest Expense and Depreciation}}{\text{Principal and Interest Expense}}$$

The Basic standard for this ratio is 2.00 or greater, while the Advance Standard is 5.00 or greater.

With the exception of FY2024 (when no Financial Assistance grants have been budgeted), the basic standard is met throughout the plan, with the advanced standard met from FY2028-2038 inclusive.



## 5.5 Asset Sustainability Ratio

This is an indicator of the extent to which assets managed by a local government are being replaced as these reach the end of their useful lives. This is measured as:

$$\frac{\text{Capital Renewal Expenditure}}{\text{Depreciation Expense}}$$

The challenge in achieving this standard is to maintain a level expenditure of capital renewal that is neither too low (less than 0.90) or too high (greater than 1.10) with the optimum level being around 1.00. The ratio is high in several years due to major projects being completed in that year.

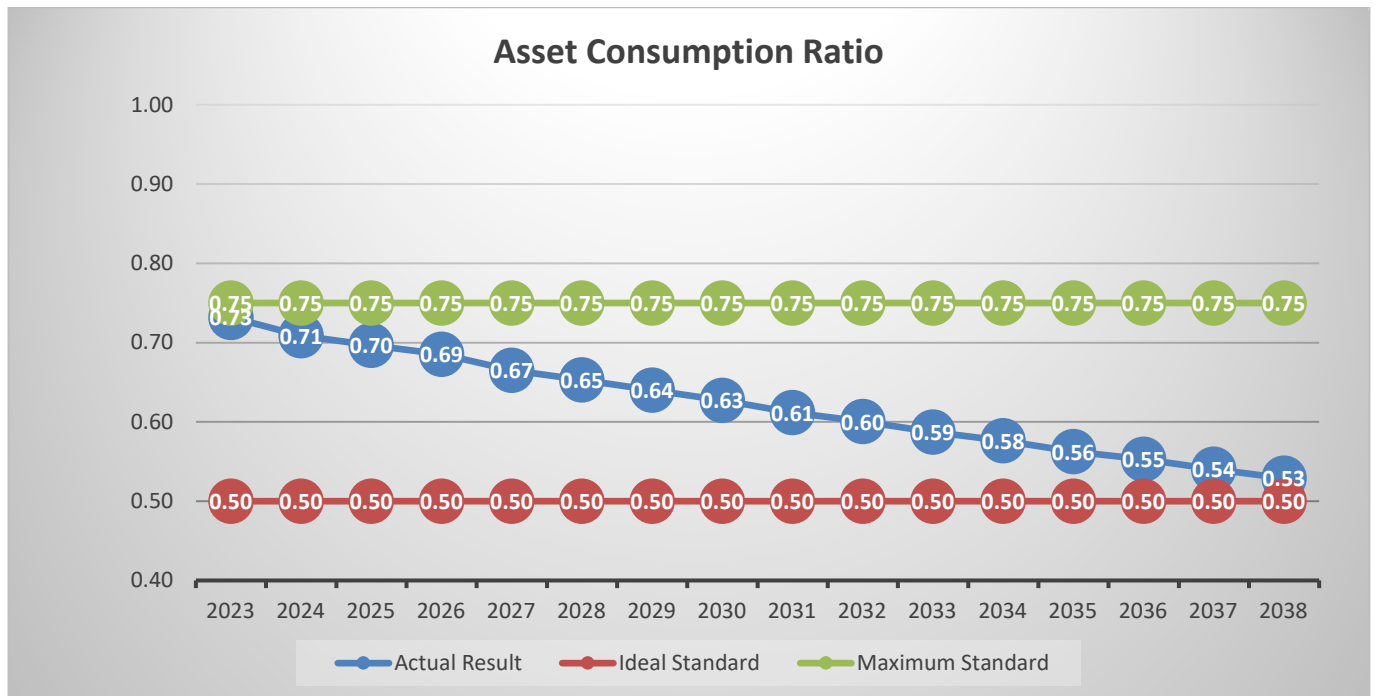


## 5.6 Asset Consumption Ratio

This ratio highlights the aged condition of a local government's physical assets. It is measures as:

$$\frac{\text{Depreciated Replacement Cost of Assets (Written-Down Value)}}{\text{Current Replacement Cost}}$$

If the result is in the centre of the target range, this indicates that the Shire are renewing assets at adequate levels to maintain the average age of assets throughout the course of the plan.

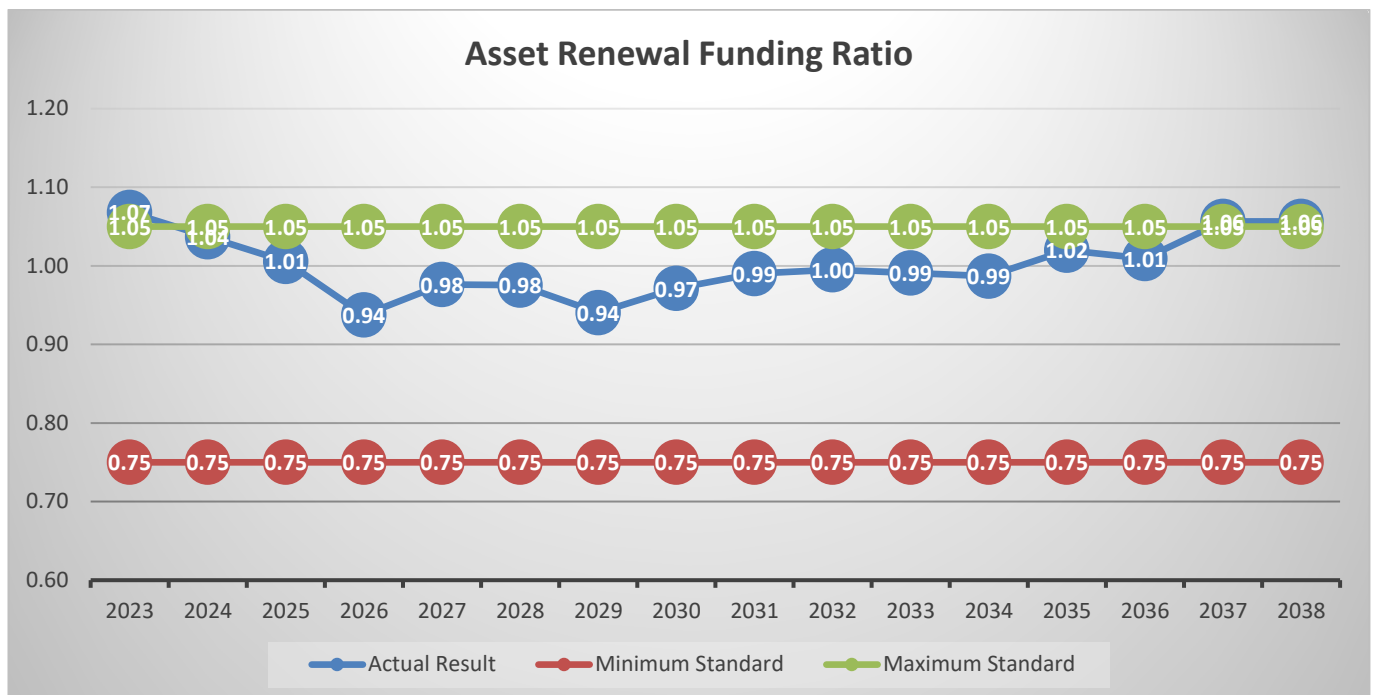


## 5.7 Asset Renewal Funding Ratio

This indicates whether the local government has the financial capacity to fund asset renewal at continued existing service levels. This is measured as:

$$\frac{\text{Net present Value of Planned Renewal Expenditure}}{\text{Net Present Value of Asset Management Plan Projections}}$$

The result is in the centre of the target range. It should be noted that the outcome of this ratio is dependent on the accuracy of the data provided in the Asset Management Plan.



## 5.8 Financial Health Indicator

The Department of Local Government, Sport and Cultural Industries Financial Health Indicator (FHI) is a measurement of a local government's overall financial health.

It is calculated from the seven financial ratios that local governments are required to calculate annually. A FHI result of 70 and above indicates sound financial health. The maximum result achievable is 100.

The FHI is one factor to consider in assessing overall performance. Other factors include: the range of services offered; efficiency of services delivered; and community satisfaction.

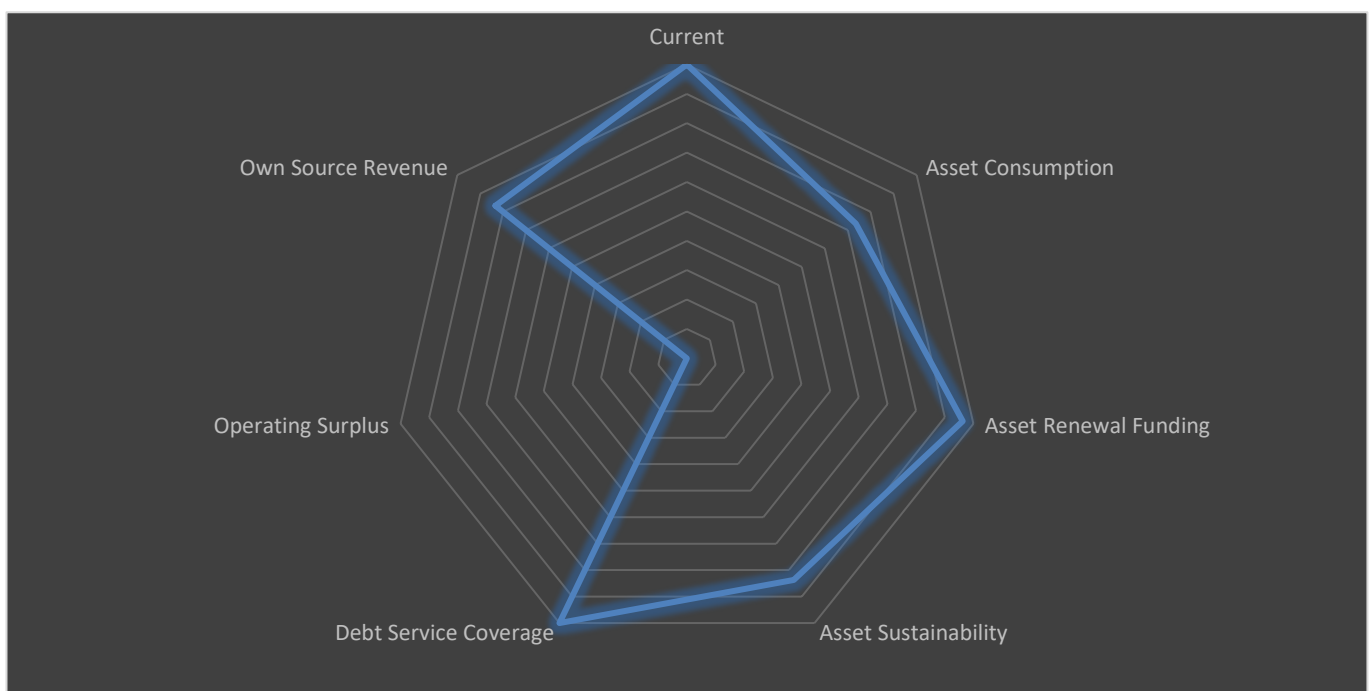
A very high or low FHI may be a prompt for questions to be asked by the community about a local government's revenue, expenses and service delivery. The FHI is best viewed as a trend over time.

The Operating Surplus Ratio currently contributes towards 21% of the Financial Health Indicator (FHI), therefore the ability to stay above the recommended minimum standard goes a long way to reporting a high FHI score.

When interpreting the FHI data on the chart, a larger rounder shape is better than a smaller shape.

Below is a snapshot of the FHI chart for FY2038 which has a forecast rating of 73.

From the graph below you can see that the inability to meet the Operating Surplus ratio has impacted on the Shire's ability to achieve a higher rating.



## 6 Conclusion and review of the Long Term Financial Plan

Council has adopted a financial strategy that endeavours to ensure its future sustainability in the provision of its existing services to the community. The strategy takes a long-term view and achieves all targeted KPI's by the end of the term.

The model selected projects an increase in rates and services each year and still relies greatly on the continued support of both operating and non-operating grants to ensure adequate cash flow to fund the provision of Council's services.

Whilst the projections forecast in the plan should be treated as an estimate only, particularly in the latter years of the plan, the fundamental financial goals of council will remain a constant. Council endeavours to ensure the long-term sustainability of the organisation and plan to achieve this through allocating adequate funds to the reserve accounts.

Council has projected to complete a number of significant capital projects throughout the remainder of the period covered within the LTFP. It is a goal of council for Kellerberrin to be a destination of choice and ensure ratepayers and stakeholders have the necessary infrastructure and amenities in place to enable life as rich as the landscape.

With the exception of FY2038, where a surplus is shown, the remainder of the plan is calculated on the basis on a balanced budget. Any surplus budgets would allow Council to increase either unrestricted cash or cash reserve balances.

It is council's objective to build up the balance of the reserve account. As a result, council will endeavour to fund all capital works, where possible, through the municipal fund. As such, whilst the Rate Setting Statement does not show a significant surplus in the year-end balances, the reserve balance is forecast to grow by approximately \$2.4m by the end of the plan to leave a healthy ending balance of \$2.76m.

It is the intention of senior management to review and update the LTFP on an annual basis as part of the Annual Budget process.