



Kiama Council

**Long Term Financial Plan 2017-18 to 2026-27**



KIAMA  
MUNICIPAL  
COUNCIL



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# 1. Executive summary

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

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

This Scenario refines the previous LTFP, increases the focus on asset renewal and maintenance over new capital expenditure and now integrates financially to Council's Asset Management Plans.

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

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

## 1.1 Structure

The Long Term Financial Plan is structured using 2015/2016 audited results and applying a series of assumptions to these numbers for forward financial years. In addition, asset renewal and maintenance have a direct correlation to Council's Asset Management Plans.

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

- the entire rate peg of 1.8% is applied to rating income for financial year 2016/2017 and then increased to 2.25%, with a Special Rate Variation (S508A) of 3% on top of the rate peg for three years 2018/2019, 2019/2020 and 2020/2021 and then retaining permanently the additional rate revenue. The Plan then reverts back to rate pegging at 2.25% for the balance of the horizon.
- 50 new assessments per year
- population growth 1.1% per year (Department of Planning)
- introduction of Stormwater Levy in 2017/2018
- Pensioner Rebate increase of 1.5% per year
- an inflation forecast of 2.5% is applied to most sources of income
- depreciation, asset renewal and asset maintenance aligned and integrated with Asset management Plans
- an efficiency saving of 1% per annum through ongoing service sustainability reviews on an continual business improvement strategy.

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

## **1.2 Sensitivity analysis**

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

Whilst Council's previous Long Term Financial Plan (LTFP) modelled three Scenarios, this Plan has been developed based on one Scenario – "Strategic Scenario". The modelling in this Plan is based on actuals from 2015-2016. The special rate variation of 3% (on top of rate pegging) for three years compounding (2018/2019 – 2021/2021) and then retained permanently and increased by rate pegging limits moving forward. This is consistent with the previously adopted LTFP in 2013.

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

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

### **Objectives**

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

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

## **2. Introduction**

### **2.1 Purpose of the Long Term Financial Plan (LTFP)**

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

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

#### **Delivery Program 2017-2021**

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

#### **Operational Plans 2017-2021**

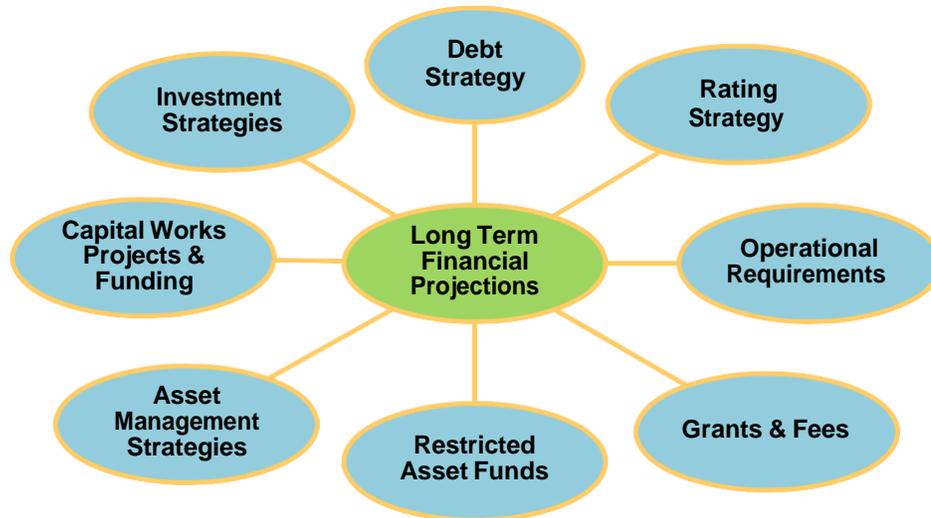
- review, develop and implement the Long Term Financial Plan.
- review, develop and implement budget processes and financial reporting to Council.
- maintain Council's financial sustainability (measured from external audit, breakeven or surplus).

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

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

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

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



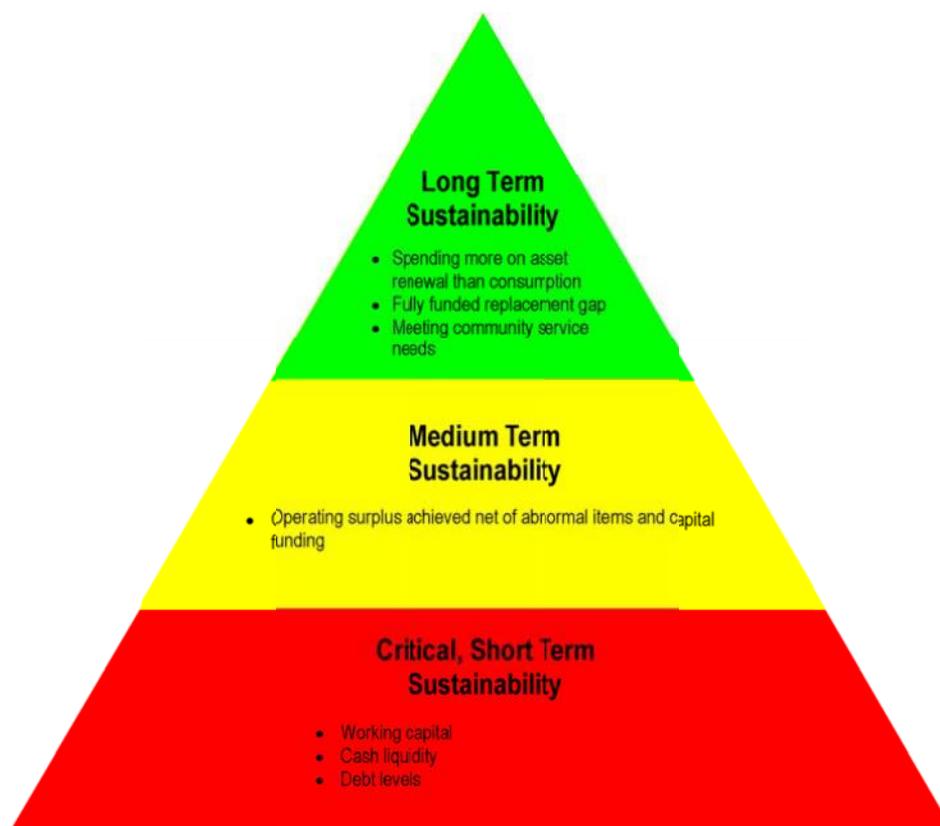
**Figure 1: Integrated strategic approach**

## 2.2 Objectives of the Long Term Financial Plan

The objectives that this LTFP is designed to achieve are:

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

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



**Figure 2: Financial Sustainability – Hierarchy of Needs**

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

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

### **2.3 Key outcomes of the LTFP**

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

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

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

In preparing the 2017-2018 to 2026-2027 LTFP, each of the above challenges has been addressed. The LTFP is based on achieving the following outcomes:

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

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

## **2.4 Sustainability review**

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

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

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

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

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

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

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

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

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

### 3 Link between LTFP and Council's planning framework

#### 3.1 Workforce strategy

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

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

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

##### 3.1.1 Compulsory superannuation guarantee rate increase

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

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

**Table 1: Superannuation Guarantee Levy**

### **3.1.2 Vested sick leave**

Staff employed by Council prior to or on 3 November 1993, who have not previously waived their right to this provision, continue to have an entitlement for the payment of unused sick leave arising out of the termination of employment. A provision for vested sick leave of \$574,000 has been included as a liability in the Balance Sheet. For the purpose of the forecast, payments from the provision have been estimated when the eligible employee reaches the age of 65.

### **3.1.3 Long service leave liability**

Long Service Leave entitlements are governed primarily by the Long Service Leave Act 1955. Kiama Municipal Council has not actively required employees to take long service leave as it falls due however if the amount of liability becomes excessive it is likely that employees will be encouraged to keep balances within reasonable limits. A provision of \$3.9 million has been included as a liability in the Balance Sheet. For the purpose of the forecast, payments from the provision have been estimated when the eligible employee reaches the age of 65.

### **3.1.4 Learning and development**

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

### **3.1.5 Workers compensation**

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

## **3.2 Strategic Asset Management Plan (SAMP)**

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

### ***“8A Guiding principles for councils***

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

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

*(b) Councils should carry out functions in a way that provides the best possible value for residents and ratepayers.*

*(c) Councils should plan strategically, using the integrated planning and reporting framework, for the provision of effective and efficient services and regulation to meet the diverse needs of the local community.*

*(d) Councils should apply the integrated planning and reporting framework in carrying out their functions so as to achieve desired outcomes and continuous improvements.*

*(e) Councils should work cooperatively with other councils and the State government to achieve desired outcomes for the local community.*

*(f) Councils should manage lands and other assets so that current and future local community needs can be met in an affordable way.*

*(g) Councils should work with others to secure appropriate services for local community needs.”*

#### **“8B Principles of sound financial management**

*The following principles of sound financial management apply to councils:*

*(a) Council spending should be responsible and sustainable, aligning general revenue and expenses.*

*(b) Councils should invest in responsible and sustainable infrastructure for the benefit of the local community.*

*(c) Councils should have effective financial and asset management, including sound policies and processes for the following:*

*(i) performance management and reporting,*

*(ii) asset maintenance and enhancement,*

*(iii) funding decisions,*

*(iv) risk management practices.*

*(d) Councils should have regard to achieving intergenerational equity, including ensuring the following:*

*(i) policy decisions are made after considering their financial effects on future generations,*

*(ii) the current generation funds the cost of its services.”*

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

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

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

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

### 3.2.1 Non-cash operating expenses

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

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

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

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

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

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

**Table 2: Estimated Useful Lives for Each Asset Category**

### 3.2.2 Infrastructure, property, plant and equipment revaluations

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

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

The Local Government Code of Accounting Practice and Financial Reporting states that full revaluations are to be undertaken on all assets on a five year cycle.

Year	Category	Comment
2016/2017	Water and sewerage networks	Not applicable to Kiama
2017/2018	Operational land, buildings, plant and equipment	
2018/2019	Land Under Roads (LUR)	

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

### 3.2.3 Infrastructure supplied by developers

Council becomes liable for maintenance of assets and spaces provided and paid for by the developers of residential estates one year after they are created. There are a number of areas

that have potential for future growth and potential for new residential estates to be built. Council may become liable for maintenance of assets and spaces provided by the developers of these residential estates:

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

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

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

## 4 Macro view of Council's financial position

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

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

### Strategic Scenario

- the entire rate peg of 1.8% is applied to rating income for financial year 2016/2017 and then increased to 2.25%, with a Special Rate Variation (S508A) of 3% on top of the rate peg for three years 2018/2019, 2019/2020 and 2020/2021 and then retaining permanently the additional rate revenue. The Plan then reverts back to rate pegging at 2.25% for the balance of the horizon.
- 50 new assessments per year
- population growth 1.1% per year (Department of Planning)
- introduction of Stormwater Levy in 2017/2018
- Pensioner Rebate increase of 1.5% per year
- an inflation forecast of 2.5% is applied to most sources of income
- depreciation, asset renewal and asset maintenance aligned and integrated with Asset management Plans
- an efficiency saving of 1% per annum through ongoing service sustainability reviews on an continual business improvement strategy.

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

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

- Income Statement
- Balance Sheet
- Cash Flow Statement

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

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

The base point used for modelling is the 2015/2016 Audited Statements and the September quarterly budget review for the financial year ended 30 June 2017.

## 4.1 Financial performance indicators

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

### 4.1.1 Underlying operating result

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

## Fit for the Future Benchmarks

### 4.1.2 Operating performance ratio

Definition:	This ratio measures a council's achievement of containing operating expenditure within operating revenue.  Ratio = $\frac{\text{Operating revenue excluding capital grants and contributions} - \text{operating expenses}}{\text{Operating revenue excluding capital grants and contributions}}$
Analysis:	The Code of Accounting Practice and Financial Reporting uses a benchmark for the operating performance ratio of greater than 0%.

### 4.1.3 Own source operating revenue ratio

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

#### 4.1.4 Building and Infrastructure Asset Renewal Ratio

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

#### 4.1.5 Infrastructure Backlog Ratio

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

#### 4.1.6 Asset Maintenance Ratio

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

#### 4.1.7 Debt Service Ratio

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

#### 4.1.8 Real Operating Expenditure

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

### TCorp Benchmarks

#### 4.1.9 Cash expense cover ratio

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

#### 4.1.10 Debt service cover ratio

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

#### 4.1.11 Interest service cover ratio

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

## 4.2 Financial assumptions

The financial assumptions used are as follows:

### 4.2.1 Operating rates

The rate peg is 1.8% for financial year 2016/2017 as set by the Independent Pricing and Regulatory Tribunal (IPART).

**Strategic Scenario:** The entire rate peg of 1.8% is applied to rating income for financial year 2016/2017 and then increased to 2.25%, with a Special Rate Variation (S508A) of 3% on top of the rate peg for three years 2018/2019, 2019/2020 and 2020/2021 and then retaining permanently the additional rate revenue. The Plan then reverts back to rate pegging at 2.25% for the balance of the horizon plus 50 new assessments (five year average 75).

### 4.2.2 User charges and fees

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

**Strategic Scenario:** 3% increase

### 4.2.3 Interest and investments

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

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

**Strategic Scenario:** 2.5% interest rate

#### **4.2.4 Other revenues**

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

**Strategic Scenario:** 2.5% increase

#### **4.2.5 Grants and contributions**

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

**Strategic Scenario:** 2.5% increase

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

#### **4.2.6 Grants and contributions provided for capital purposes**

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

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

#### **4.2.7 Net gains for the disposal of assets**

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

#### **4.2.8 Employee costs**

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

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

increases in base salaries will continue to be provided as the superannuation guarantee levy percentage increases.

#### **4.2.9 Materials and contracts**

The Local Government Cost Index (LGCI) for the year to September 2015 was 1.78%. In the Strategic Scenario an increase of 2.2% is applied. Whilst the average LGCI for the past five years is 3.2%, Council has targeted a 1% efficiency saving from the ongoing sustainability reviews.

**Strategic Scenario:** 1.78% for financial year 2017 then 2.25% for financial year 2018 onwards.

#### **4.2.10 Other expenses**

The Local Government Cost Index (LGCI) for the year to September 2015 is 1.78%. In the Strategic Scenario 1.78% has been used for financial year 2017 and from financial year 2017/2018 onwards an increase of 2.4% is applied.

**Strategic Scenario:** 1.78% for financial year 2016/2017 then 2.4% for financial year 2018 onwards

#### **4.2.11 Asset Renewals and New Assets**

Expenditure includes the completion of works listed in the Capital Works Plan (Attachment B). Total planned capital expenditure (including part renewals) over the next 10 years is as follows:

**Strategic Scenario:** \$161 million over 10 years

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

- Kiama Coast Holiday Parks – new and renewal - \$10,000,000
- Gerringong School of Arts and Library - \$3,450,000
- Kiama Aged Care Centre of Excellence - \$77,000,000
- Arts Precinct Development - \$4,000,000

#### **4.2.12 Long Term Operating Environment**

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

#### **4.2.13 Future Interest Rates**

It is uncertain whether future interest rates will be favourable or unfavourable. To reduce this uncertainty all of the Council's loans are on a fixed interest rate rather than a floating interest rate. The rates used were provided by TCorp in October 2016.

#### **4.2.14 Cash and Cash Equivalents**

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

#### **4.2.15 Investment Properties**

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

#### **4.2.16 Rates Receivable**

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

#### **4.2.17 Depreciation**

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

**Strategic Scenario:** \$161 million over 10 years.

#### **4.2.18 Provisions**

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

#### **4.2.19 Unexpected/Abnormal Events**

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

#### **4.2.20 Local Government Elections**

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

#### **4.2.21 Asset Backlog**

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

The LTFP assumes that Council's capital and maintenance programs are sufficient in addressing and decreasing the backlog which is already less than the 2% benchmark. Maintenance programs are aimed at achieving 98-105% of the required asset maintenance each year and that the SAMP favours asset renewals which are greater than the depreciation expense incurred.

### **4.3 Strategic Scenario**

#### **4.3.1 Introduction**

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

- the entire rate peg of 1.8% is applied to rating income for financial year 2016/2017 and then increased to 2.25%, with a Special Rate Variation (S508A) of 3% on top of the rate peg for three years 2018/2019, 2019/2020 and 2020/2021 and then retaining permanently the additional rate revenue. The Plan then reverts back to rate pegging at 2.25% for the balance of the horizon.
- 50 new assessments per year
- population growth 1.1% per year (Department of Planning)
- introduction of Stormwater Levy in 2017/2018
- Pensioner Rebate increase of 1.5% per year
- an inflation forecast of 2.5% is applied to most sources of income
- depreciation, asset renewal and asset maintenance aligned and integrated with Asset management Plans
- an efficiency saving of 1% per annum through ongoing service sustainability reviews on an continual business improvement strategy.

### **4.3.2 Financial results**

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

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

## 5 Long term borrowing strategies

The areas covered by this section are:

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

### 5.1 Background to Council's current debt portfolio

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

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

**Table 3: Current debt portfolio**

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

A summary of the LIRS loans are shown below:

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

### 5.2 Future loan strategies

#### 5.2.1 What is Council's philosophy on debt?

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

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

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

### 5.2.2 Measuring what level of debt is appropriate

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

### 5.2.3 Future Borrowings

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

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

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

LOAN	LOAN START	LOAN VALUE	INTEREST	DURATION
Surf Beach Holiday Park	2017/18	\$ 2,500,000	3.08%	10 years
Werri Beach Holiday Park	2019/20	\$ 3,800,000	3.08%	10 years
Seven Mile Beach Holiday Park	2021/22	\$ 2,500,000	3.08%	10 years
Kendalls Beach Holiday Park	2023/24	\$ 1,200,000	3.08%	10 years
Aged Care Facility (KACCOE)	2017/18	\$30,000,000	3.08%	10 years
Aged Care Facility (KACCOE)	2018/19	\$30,000,000	2.79%	5 years

**Table 3: Proposed Debt Portfolio**

## 6 Kiama Aged Care Centre of Excellence (KACCOE)

Council currently operates an existing facility, designed to provide for 30 low care and 52 high care residents. It is over 30 years old in sections, and is no longer able to meet community expectations in regard to size, layout and configuration of rooms, nor is it able to meet expectations for ageing in place. Therefore, to continue to operate, Council is building a facility that can accommodate both its existing 82 residents and 52 new residents. Council also operates 200 Independent Living Units (ILUs) and is adding a further 51 in this development.

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

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

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

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

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

The redevelopment of the Kiama Hospital site by Kiama Council also includes: 51 two bedroom Independent Living Units; 16 one bedroom Assisted Living Units; office space for staff of the Blue Haven Care community based age and disability services; community hall and meeting rooms; restoration of the heritage cottage Barroul House to contain public cafe and multi-purpose rooms; car parking and other infrastructure.

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

Industry estimates indicate that each additional bed creates 1.33 direct new jobs resulting in approximately 69 new ongoing jobs. Direct employment benefits for resources required as part of the project (including labourers, project managers, tradesmen) were estimated using a ratio of 1 job created per \$160,000 of capital investment, being the industry standard. Based on the capital cost of \$77,000,000 the number of jobs created directly during the implementation phase would be approximately 480. The estimated value for output and employment using the ABS multiplier of 2.866 is approximately \$221 million throughout the supply chain and across the broader economy.

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

The overall development will have a cost of approximately \$77 million and as the construction of the Independent Living Units will be after the development of the ACF, there will be a longer term economic impact beyond this stage of the project. Creating employment in Kiama is important both for Kiama residents and workers across the Illawarra region.

### **Project funding**

Equity (Reserves)	\$13,500,000
S.94 Funds	\$ 1,500,000
Grants	\$ 2,000,000
Loan Funds	<u>\$60,000,000</u>
	<u>\$77,000,000</u>

This project will fund with, no ratepayer funds, the repayment of loans (principal and interest), equity all operating and capital costs. In addition, the project will pay an Administration Charge to Council each year. All loans will be repaid in full in 10 years after the loans are taken up, with half of the loan liability repaid five years after draw down.

## 7 Long term restricted asset usage strategies

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

### Background

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

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

### Objective

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

### Principles

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

## Policy statement

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

## Related Council Policies

- Cash Investment Policy

## Review Date

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

## Relevant Legislative Provisions

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

## Implementation responsibility

Financial Services Section

## Definitions

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

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

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

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

## 7.1 Nature and purpose of current restricted assets

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

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

### 7.1.1 Deposits, Retentions and Bonds

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

### 7.1.2 Bonds held for Developer's Works

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

### 7.1.3 Section 94/94a Developer Contributions

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

#### 7.1.4 Specific Purpose Unexpended Grants

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

#### 7.1.5 Domestic Waste Management

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

#### 7.1.6 Crown Holiday Parks

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

#### 7.1.7 Employee Leave Entitlements

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

#### 7.1.8 Election Reserve

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

#### 7.1.9 IT Reserve

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

### 7.1.10 Unexpended Loan Funds

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

### 7.1.11 Blue Haven Care – Self Care

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

### 7.1.12 Blue Haven Care - Residential

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

### 7.1.13 Plant Replacement

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

## **8 Rating and Annual Charge Strategies**

### **8.1 Assessment of Current Rating Levels**

#### *Comparison of Rates with other councils*

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

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

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

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

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

### **8.2 Rates and Annual Charges Income**

#### **8.2.1 Special Rates**

Council currently has no special rates.

#### **8.2.2 Rate Pegging and Special Variation**

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

A special variation has been factored into this Plan. It is proposed (as in the previous LTFP) a 3% SRV (in addition to rate peg) compounding of years 2018/2019, 2019/2020 and 2020/2021, with the additional revenue being retained to increase focus on asset renewal. Despite ongoing sustainability reviews, current operating and satisfaction levels and sound financial management practices, modelling suggests that a special rate variation is warranted, prudent and manageable.

## **8.3 Future Rating and Annual Charge Options**

### **8.3.1 Ordinary Rates**

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

### **8.3.2 Annual Charges**

#### *Stormwater Management Services Annual Charges*

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

## Appendix 1 - Financial Statements

## Income Statement – Consolidated

Kiama Municipal Council												
10 Year Financial Plan for the Years ending 30 June 2027												
INCOME STATEMENT - CONSOLIDATED												
Scenario:	Actuals	Current Year	Projected Years									
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Income from Continuing Operations</b>												
<b>Revenue:</b>												
Rates & Annual Charges	18,808,000	19,808,055	20,392,479	21,338,120	22,329,816	23,369,877	23,937,054	24,518,300	25,113,973	25,724,435	26,350,063	26,991,239
User Charges & Fees	17,376,000	16,540,026	17,340,407	19,793,157	20,134,847	20,900,215	21,644,058	22,288,777	22,940,615	23,583,318	24,274,059	24,966,478
Interest & Investment Revenue	1,677,000	1,907,500	1,633,361	1,584,143	1,899,454	2,040,234	2,110,692	2,182,814	1,855,218	1,662,673	1,812,421	2,002,394
Other Revenues	3,435,000	1,896,817	1,912,848	3,241,790	4,491,813	4,528,302	4,579,036	4,672,394	3,598,524	2,844,750	3,034,959	3,222,978
Grants & Contributions provided for Operating Purposes	12,883,000	12,370,734	12,183,215	11,853,308	15,834,408	16,155,666	16,462,450	16,794,598	17,125,582	17,490,654	17,917,503	18,339,292
Grants & Contributions provided for Capital Purposes	14,334,000	3,407,227	4,182,000	682,000	1,682,000	682,000	682,000	682,000	682,000	682,000	682,000	682,000
<b>Other Income:</b>												
Net gains from the disposal of assets	-	5,605,800	2,025,500	5,003,500	5,058,000	632,000	643,000	612,000	670,000	670,000	670,000	670,000
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Income from Continuing Operations</b>	<b>68,513,000</b>	<b>61,536,159</b>	<b>59,669,808</b>	<b>63,496,017</b>	<b>71,430,337</b>	<b>68,308,293</b>	<b>70,058,291</b>	<b>71,750,883</b>	<b>71,985,912</b>	<b>72,657,831</b>	<b>74,741,004</b>	<b>76,874,382</b>
<b>Expenses from Continuing Operations</b>												
Employee Benefits & On-Costs	24,813,000	23,699,339	24,467,013	26,361,920	28,302,287	29,216,806	30,162,456	31,140,317	32,151,501	33,197,164	34,278,500	35,396,745
Borrowing Costs	1,000	235,866	195,116	159,806	1,110,341	1,901,861	1,949,835	1,903,080	1,304,249	1,065,536	1,068,005	1,036,171
Materials & Contracts	17,172,000	17,828,295	17,460,581	18,107,415	19,060,852	19,489,808	19,977,848	20,425,799	20,858,909	21,377,361	21,856,413	22,346,305
Depreciation & Amortisation	6,820,000	6,807,978	6,867,978	6,950,802	7,497,186	7,617,028	7,821,870	7,903,749	8,072,228	8,157,827	8,285,909	8,376,226
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	3,232,000	3,584,307	3,662,819	3,858,996	4,069,391	4,158,625	4,249,833	4,343,057	4,438,343	4,535,738	4,635,287	4,737,039
Interest & Investment Losses	-	-	-	-	-	-	-	-	-	-	-	-
Net Losses from the Disposal of Assets	1,094,000	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	45,000	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses from Continuing Operations</b>	<b>53,177,000</b>	<b>52,155,785</b>	<b>52,653,506</b>	<b>55,438,939</b>	<b>60,040,057</b>	<b>62,384,128</b>	<b>64,161,842</b>	<b>65,716,001</b>	<b>66,825,230</b>	<b>68,333,625</b>	<b>70,124,114</b>	<b>71,892,486</b>
<b>Operating Result from Continuing Operations</b>	<b>15,336,000</b>	<b>9,380,374</b>	<b>7,016,302</b>	<b>8,057,078</b>	<b>11,390,280</b>	<b>5,924,165</b>	<b>5,896,449</b>	<b>6,034,882</b>	<b>5,160,682</b>	<b>4,324,205</b>	<b>4,616,890</b>	<b>4,981,895</b>
Discontinued Operations - Profit/(Loss)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Profit/(Loss) from Discontinued Operations</b>	<b>-</b>											
<b>Net Operating Result for the Year</b>	<b>15,336,000</b>	<b>9,380,374</b>	<b>7,016,302</b>	<b>8,057,078</b>	<b>11,390,280</b>	<b>5,924,165</b>	<b>5,896,449</b>	<b>6,034,882</b>	<b>5,160,682</b>	<b>4,324,205</b>	<b>4,616,890</b>	<b>4,981,895</b>
<b>Net Operating Result before Grants and Contributions provided for Capital Purposes</b>	<b>1,002,000</b>	<b>5,973,147</b>	<b>2,834,302</b>	<b>7,375,078</b>	<b>9,708,280</b>	<b>5,242,165</b>	<b>5,214,449</b>	<b>5,352,882</b>	<b>4,478,682</b>	<b>3,642,205</b>	<b>3,934,890</b>	<b>4,299,895</b>



## Balance Sheet - Consolidated (page 1)

Kiama Municipal Council												
10 Year Financial Plan for the Years ending 30 June 2027												
BALANCE SHEET - CONSOLIDATED												
Scenario:	Actuals	Current Year	Projected Years									
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>ASSETS</b>												
<b>Current Assets</b>												
Cash & Cash Equivalents	418,000	12,101,216	19,114,057	32,057,219	51,497,439	53,091,206	57,770,368	59,811,869	44,453,901	45,690,222	49,276,695	53,540,983
Investments	35,995,000	19,010,244	15,010,244	20,010,244	20,010,244	20,010,244	20,010,244	20,010,244	18,010,244	18,410,244	18,410,244	18,410,244
Receivables	2,602,000	2,239,453	2,356,419	2,272,545	2,244,040	2,291,017	2,362,974	2,426,865	2,492,849	2,560,924	2,630,916	2,702,881
Inventories	227,000	4,728,470	11,723,891	5,974,192	224,386	229,418	234,556	239,809	244,860	250,352	255,967	261,709
Other	58,000	40,383	39,857	39,945	40,028	40,920	41,832	42,764	43,670	44,644	45,640	46,659
Non-current assets classified as "held for sale"	3,729,000	-	-	-	-	-	-	-	-	-	-	-
<b>Rounding adjustment (keep line always hidden!!!!)</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>43,029,000</b>	<b>38,119,766</b>	<b>48,244,468</b>	<b>60,354,144</b>	<b>74,016,136</b>	<b>75,662,805</b>	<b>80,419,973</b>	<b>82,531,550</b>	<b>65,245,524</b>	<b>66,956,386</b>	<b>70,619,462</b>	<b>74,962,476</b>
<b>Non-Current Assets</b>												
Investments	-	984,756	984,756	20,984,756	20,984,756	20,984,756	20,984,756	20,984,756	12,984,756	14,584,756	14,584,756	14,584,756
Receivables	552,000	260,829	266,493	275,428	284,717	294,950	302,213	309,658	317,287	325,107	333,122	341,336
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	337,980,000	350,063,969	377,755,567	407,280,834	426,952,701	427,677,495	427,753,173	428,203,540	427,899,749	427,398,455	426,702,665	425,901,592
Investments Accounted for using the equity method	109,000	109,000	109,000	109,000	109,000	109,000	109,000	109,000	109,000	109,000	109,000	109,000
Investment Property	78,075,000	78,075,000	78,075,000	78,075,000	78,075,000	78,075,000	78,075,000	78,075,000	78,075,000	78,075,000	78,075,000	78,075,000
Intangible Assets	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Non-Current Assets</b>	<b>419,116,000</b>	<b>431,893,554</b>	<b>459,590,816</b>	<b>509,125,018</b>	<b>528,806,174</b>	<b>529,541,201</b>	<b>529,624,143</b>	<b>530,081,954</b>	<b>521,785,792</b>	<b>522,892,318</b>	<b>522,204,543</b>	<b>521,411,684</b>
<b>TOTAL ASSETS</b>	<b>462,145,000</b>	<b>470,013,320</b>	<b>507,835,284</b>	<b>569,479,162</b>	<b>602,822,310</b>	<b>605,204,006</b>	<b>610,044,116</b>	<b>612,613,504</b>	<b>587,031,316</b>	<b>589,848,704</b>	<b>592,824,005</b>	<b>596,374,160</b>

## Balance Sheet - Consolidated (page 2)

Kiama Municipal Council												
10 Year Financial Plan for the Years ending 30 June 2027												
BALANCE SHEET - CONSOLIDATED												
Scenario:	Actuals	Current Year	Projected Years									
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>LIABILITIES</b>												
Current Liabilities												
Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-	-
Payables	64,838,000	64,168,717	63,289,694	62,470,623	61,672,325	60,948,823	60,226,371	59,505,547	58,782,822	58,065,704	57,350,507	56,637,275
Borrowings	843,000	653,252	900,948	934,202	1,306,702	1,146,229	1,164,050	30,987,583	990,831	1,021,703	1,053,536	30,866,104
Provisions	6,391,000	6,491,500	6,491,500	6,491,500	6,491,500	6,491,500	6,491,500	6,491,500	6,491,500	6,491,500	6,491,500	6,491,500
<b>Liabilities associated with assets classified as "held for sale"</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>72,072,000</b>	<b>71,313,469</b>	<b>70,682,141</b>	<b>69,896,325</b>	<b>69,470,528</b>	<b>68,586,552</b>	<b>67,881,922</b>	<b>96,984,629</b>	<b>66,265,152</b>	<b>65,578,907</b>	<b>64,895,543</b>	<b>93,994,879</b>
Non-Current Liabilities												
Payables	-	-	-	25,306,818	45,438,520	43,926,256	42,400,659	40,820,040	40,665,268	40,866,398	40,961,710	41,296,738
Borrowings	3,789,000	3,134,976	34,571,967	63,637,765	65,884,729	64,738,500	65,912,388	34,924,805	35,056,185	34,034,482	32,980,946	2,114,841
Provisions	134,000	33,500	33,500	33,500	33,500	33,500	33,500	33,500	33,500	33,500	33,500	33,500
Investments Accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
<b>Liabilities associated with assets classified as "held for sale"</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>3,923,000</b>	<b>3,168,476</b>	<b>34,605,467</b>	<b>88,978,083</b>	<b>111,356,749</b>	<b>108,698,256</b>	<b>108,346,547</b>	<b>75,778,345</b>	<b>75,754,953</b>	<b>74,934,380</b>	<b>73,976,156</b>	<b>43,445,079</b>
<b>TOTAL LIABILITIES</b>	<b>75,995,000</b>	<b>74,481,945</b>	<b>105,287,608</b>	<b>158,874,408</b>	<b>180,827,276</b>	<b>177,284,808</b>	<b>176,228,469</b>	<b>172,762,974</b>	<b>142,020,105</b>	<b>140,513,287</b>	<b>138,871,699</b>	<b>137,439,958</b>
Net Assets	386,150,000	395,531,374	402,547,676	410,604,754	421,995,034	427,919,198	433,815,647	439,850,530	445,011,211	449,335,417	453,952,306	458,934,201
EQUITY												
Retained Earnings	160,150,000	169,530,374	176,546,676	184,603,754	195,994,034	201,918,198	207,814,647	213,849,530	219,010,211	223,334,417	227,951,306	232,933,201
Revaluation Reserves	226,000,000	226,000,000	226,000,000	226,000,000	226,000,000	226,000,000	226,000,000	226,000,000	226,000,000	226,000,000	226,000,000	226,000,000
Council Equity Interest	386,150,000	395,530,374	402,546,676	410,603,754	421,994,034	427,918,198	433,814,647	439,849,530	445,010,211	449,334,417	453,951,306	458,933,201
<b>Minority Equity Interest</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Equity</b>	<b>386150000</b>	<b>395530374.2</b>	<b>402546676.2</b>	<b>410603753.8</b>	<b>421994033.8</b>	<b>427918198.4</b>	<b>433814647.4</b>	<b>439849529.5</b>	<b>445010211.2</b>	<b>449334416.6</b>	<b>453951306.1</b>	<b>458933201.3</b>

# Statement of Cash Flows- Consolidated (page 1)

Kiama Municipal Council												
10 Year Financial Plan for the Years ending 30 June 2027												
CASH FLOW STATEMENT - CONSOLIDATED												
Scenario:	Actuals	Current Year	Projected Years									
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cash Flows from Operating Activities</b>												
<b>Receipts:</b>												
Rates & Annual Charges	18,726,000	19,805,441	20,381,662	21,320,618	22,311,461	23,350,627	23,926,556	24,507,542	25,102,948	25,713,137	26,338,483	26,979,372
User Charges & Fees	17,998,000	16,637,363	17,307,566	19,801,873	20,153,258	20,874,664	21,617,478	22,266,831	22,918,011	23,560,036	24,250,077	24,941,777
Interest & Investment Revenue Received	2,471,000	1,892,173	1,631,404	1,580,977	1,896,133	2,036,751	2,108,793	2,180,868	1,853,223	1,660,629	1,810,326	2,000,247
Grants & Contributions	27,586,000	15,857,194	16,325,383	12,618,270	17,530,840	16,860,412	17,138,769	17,470,727	17,801,289	18,165,986	18,592,669	19,014,288
Bonds & Deposits Received	14,000	-	-	26,600,445	22,363,966	720,000	720,000	720,000	1,032,683	594,534	637,641	1,023,061
Other	4,335,000	1,522,818	1,034,695	1,131,139	1,468,317	1,466,517	1,500,461	1,542,419	1,580,870	1,620,284	1,660,693	1,702,110
<b>Payments:</b>												
Employee Benefits & On-Costs	(24,882,000)	(23,699,339)	(24,467,013)	(26,361,920)	(28,302,287)	(29,216,806)	(30,162,456)	(31,140,317)	(32,151,501)	(33,197,164)	(34,278,500)	(35,396,745)
Materials & Contracts	(19,696,000)	(17,611,342)	(17,493,532)	(18,105,920)	(19,060,147)	(19,421,389)	(19,907,932)	(20,354,267)	(20,789,089)	(21,302,483)	(21,779,803)	(22,267,922)
Borrowing Costs	(1,000)	(235,866)	(195,116)	(159,806)	(1,110,341)	(1,901,861)	(1,949,835)	(1,903,080)	(1,304,249)	(1,065,536)	(1,068,005)	(1,036,171)
Bonds & Deposits Refunded	-	-	-	-	-	-	-	-	-	-	-	-
Other	(4,201,000)	(3,584,307)	(3,662,819)	(3,858,996)	(4,069,391)	(4,158,625)	(4,249,833)	(4,343,057)	(4,438,343)	(4,535,738)	(4,635,287)	(4,737,039)
<b>Net Cash provided (or used in) Operating Activities</b>	<b>22,350,000</b>	<b>10,584,135</b>	<b>10,862,231</b>	<b>34,566,678</b>	<b>33,181,809</b>	<b>10,610,291</b>	<b>10,742,002</b>	<b>10,947,667</b>	<b>11,605,842</b>	<b>11,213,684</b>	<b>11,528,294</b>	<b>12,222,977</b>
<b>Cash Flows from Investing Activities</b>												
<b>Receipts:</b>												
Sale of Investment Securities	35,425,000	16,000,000	4,000,000	-	-	-	-	-	10,000,000	-	-	-
Sale of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Real Estate Assets	285,000	-	2,000,000	10,000,000	10,000,000	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	749,000	8,835,800	284,000	370,500	335,500	195,000	255,500	144,000	335,000	335,000	335,000	335,000
Sale of Interests in Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Disposal Groups	-	-	-	-	-	-	-	-	-	-	-	-
Distributions Received from Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Other Investing Activity Receipts	-	-	-	-	-	-	-	-	-	-	-	-
<b>Payments:</b>												
Purchase of Investment Securities	(35,995,000)	-	-	(25,000,000)	-	-	-	-	-	(2,000,000)	-	-
Purchase of Investment Property	(236,000)	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	(23,434,000)	(22,892,947)	(34,118,076)	(36,093,069)	(26,696,553)	(7,904,821)	(7,510,049)	(7,886,116)	(7,433,437)	(7,321,533)	(7,255,119)	(7,240,152)
Purchase of Real Estate Assets	(13,000)	-	(7,700,000)	-	-	-	-	-	-	-	-	-
Purchase of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors & Advances Made	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Interests in Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Contributions Paid to Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Other Investing Activity Payments	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Cash provided (or used in) Investing Activities</b>	<b>(23,219,000)</b>	<b>1,942,853</b>	<b>(35,534,076)</b>	<b>(50,722,569)</b>	<b>(16,361,053)</b>	<b>(7,709,821)</b>	<b>(7,254,549)</b>	<b>(7,742,116)</b>	<b>2,901,563</b>	<b>(8,986,533)</b>	<b>(6,920,119)</b>	<b>(6,905,152)</b>



## Statement of Cash Flows - Consolidated (page 2)

Kiama Municipal Council												
10 Year Financial Plan for the Years ending 30 June 2027												
CASH FLOW STATEMENT - CONSOLIDATED												
Scenario:	Actuals	Current Year	Projected Years									
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cash Flows from Financing Activities</b>												
<b>Receipts:</b>												
Proceeds from Borrowings & Advances	-	-	32,500,000	30,000,000	3,800,000	-	2,500,000	-	1,200,000	-	-	-
Proceeds from Finance Leases	-	-	-	-	-	-	-	-	-	-	-	-
Other Financing Activity Receipts	-	-	-	-	-	-	-	-	-	-	-	-
<b>Payments:</b>												
Repayment of Borrowings & Advances	(1,694,000)	(843,772)	(815,313)	(900,948)	(1,180,536)	(1,306,702)	(1,308,291)	(1,164,050)	(31,065,372)	(990,831)	(1,021,703)	(1,053,536)
Repayment of Finance Lease Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Distributions to Minority Interests	-	-	-	-	-	-	-	-	-	-	-	-
Other Financing Activity Payments	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Cash Flow provided (used in) Financing Activities</b>	<b>(1,694,000)</b>	<b>(843,772)</b>	<b>31,684,687</b>	<b>29,099,052</b>	<b>2,619,464</b>	<b>(1,306,702)</b>	<b>1,191,709</b>	<b>(1,164,050)</b>	<b>(29,865,372)</b>	<b>(990,831)</b>	<b>(1,021,703)</b>	<b>(1,053,536)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>(2,563,000)</b>	<b>11,683,216</b>	<b>7,012,841</b>	<b>12,943,162</b>	<b>19,440,220</b>	<b>1,593,767</b>	<b>4,679,162</b>	<b>2,041,501</b>	<b>(15,357,967)</b>	<b>1,236,321</b>	<b>3,586,473</b>	<b>4,264,288</b>
<b>plus: Cash, Cash Equivalents &amp; Investments - beginning of year</b>	<b>2,981,000</b>	<b>418,000</b>	<b>12,101,216</b>	<b>19,114,057</b>	<b>32,057,219</b>	<b>51,497,439</b>	<b>53,091,206</b>	<b>57,770,368</b>	<b>59,811,869</b>	<b>44,453,901</b>	<b>45,690,222</b>	<b>49,276,695</b>
<b>Cash &amp; Cash Equivalents - end of the year</b>	<b>418,000</b>	<b>12,101,216</b>	<b>19,114,057</b>	<b>32,057,219</b>	<b>51,497,439</b>	<b>53,091,206</b>	<b>57,770,368</b>	<b>59,811,869</b>	<b>44,453,901</b>	<b>45,690,222</b>	<b>49,276,695</b>	<b>53,540,983</b>
Cash & Cash Equivalents - end of the year	418,000	12,101,216	19,114,057	32,057,219	51,497,439	53,091,206	57,770,368	59,811,869	44,453,901	45,690,222	49,276,695	53,540,983
Investments - end of the year	35,995,000	19,995,000	15,995,000	40,995,000	40,995,000	40,995,000	40,995,000	40,995,000	30,995,000	32,995,000	32,995,000	32,995,000
<b>Cash, Cash Equivalents &amp; Investments - end of the year</b>	<b>36,413,000</b>	<b>32,096,216</b>	<b>35,109,057</b>	<b>73,052,219</b>	<b>92,492,439</b>	<b>94,086,206</b>	<b>98,765,368</b>	<b>100,806,869</b>	<b>75,448,901</b>	<b>78,685,222</b>	<b>82,271,695</b>	<b>86,535,983</b>
<b>Representing:</b>												
- External Restrictions	6,688,000	5,502,483	4,966,435	5,661,332	6,356,229	7,051,126	7,446,023	7,840,920	8,235,817	8,630,714	8,975,611	9,270,508
- Internal Restrictions	29,441,446	25,377,122	27,663,836	66,754,168	84,261,021	86,637,415	90,004,988	91,972,835	66,647,078	69,832,723	73,108,360	76,993,067
- Unrestricted	283,554	1,216,611	2,478,786	636,719	1,875,189	397,665	1,314,357	993,113	566,007	221,785	187,724	272,408
	<b>36,413,000</b>	<b>32,096,216</b>	<b>35,109,057</b>	<b>73,052,219</b>	<b>92,492,439</b>	<b>94,086,206</b>	<b>98,765,368</b>	<b>100,806,869</b>	<b>75,448,901</b>	<b>78,685,222</b>	<b>82,271,695</b>	<b>86,535,983</b>

## Income Statement – General Fund

Kiama Municipal Council												
10 Year Financial Plan for the Years ending 30 June 2027												
INCOME STATEMENT - GENERAL FUND												
Scenario:	Actuals	Current Year	Projected Years									
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Income from Continuing Operations</b>												
<b>Revenue:</b>												
Rates & Annual Charges	18,808,000	19,808,055	20,392,479	21,338,120	22,329,816	23,369,877	23,937,054	24,518,300	25,113,973	25,724,435	26,350,063	26,991,239
User Charges & Fees	17,376,000	16,540,026	17,340,407	17,127,964	16,679,249	17,301,966	17,949,764	18,484,627	19,035,536	19,602,972	20,187,432	20,789,425
Interest & Investment Revenue	1,677,000	1,907,500	1,207,500	1,158,265	1,108,538	1,119,313	1,130,196	1,141,188	1,174,494	1,220,233	1,303,480	1,418,003
Other Revenues	3,435,000	1,896,817	1,912,848	1,914,413	1,915,361	1,943,245	1,971,826	2,001,122	2,031,150	2,061,929	2,093,477	2,125,814
Grants & Contributions provided for Operating Purposes	12,883,000	12,370,734	12,183,215	10,752,150	9,242,244	9,438,594	9,639,334	9,846,737	10,069,070	10,304,625	10,546,068	10,793,547
Grants & Contributions provided for Capital Purposes	14,334,000	587,227	2,182,000	682,000	1,682,000	682,000	682,000	682,000	682,000	682,000	682,000	682,000
<b>Other Income:</b>												
Net gains from the disposal of assets	-	5,605,800	2,025,500	5,003,500	5,058,000	632,000	643,000	612,000	670,000	670,000	670,000	670,000
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Income from Continuing Operations</b>	<b>68,513,000</b>	<b>58,716,159</b>	<b>57,243,947</b>	<b>57,976,411</b>	<b>58,015,207</b>	<b>54,486,994</b>	<b>55,953,175</b>	<b>57,285,975</b>	<b>58,776,223</b>	<b>60,266,194</b>	<b>61,832,519</b>	<b>63,470,028</b>
<b>Expenses from Continuing Operations</b>												
Employee Benefits & On-Costs	24,813,000	23,699,339	24,467,013	23,419,688	22,270,711	23,034,440	23,825,532	24,644,969	25,493,770	26,372,990	27,283,721	28,227,096
Borrowing Costs	1,000	235,866	195,116	159,806	186,341	140,861	188,835	142,080	170,999	141,536	144,005	112,171
Materials & Contracts	17,172,000	17,828,295	17,460,581	17,484,046	17,499,195	17,891,872	18,292,760	18,702,669	19,096,824	19,525,386	19,963,591	20,411,656
Depreciation & Amortisation	6,820,000	6,807,978	6,867,978	6,950,802	7,077,186	7,197,028	7,401,870	7,483,749	7,652,228	7,737,827	7,865,909	7,956,226
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	3,232,000	3,584,307	3,662,819	3,685,921	3,714,589	3,795,308	3,877,796	3,962,091	4,048,235	4,136,266	4,226,228	4,318,163
Interest & Investment Losses	-	-	-	-	-	-	-	-	-	-	-	-
Net Losses from the Disposal of Assets	1,094,000	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	45,000	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses from Continuing Operations</b>	<b>53,177,000</b>	<b>52,155,785</b>	<b>52,653,506</b>	<b>51,700,263</b>	<b>50,748,022</b>	<b>52,059,509</b>	<b>53,586,793</b>	<b>54,935,559</b>	<b>56,462,055</b>	<b>57,914,005</b>	<b>59,483,454</b>	<b>61,025,312</b>
<b>Operating Result from Continuing Operations</b>	<b>15,336,000</b>	<b>6,560,374</b>	<b>4,590,441</b>	<b>6,276,148</b>	<b>7,267,185</b>	<b>2,427,485</b>	<b>2,366,382</b>	<b>2,350,416</b>	<b>2,314,167</b>	<b>2,352,190</b>	<b>2,349,065</b>	<b>2,444,716</b>
Discontinued Operations - Profit/(Loss)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Profit/(Loss) from Discontinued Operations</b>	<b>-</b>											
<b>Net Operating Result for the Year</b>	<b>15,336,000</b>	<b>6,560,374</b>	<b>4,590,441</b>	<b>6,276,148</b>	<b>7,267,185</b>	<b>2,427,485</b>	<b>2,366,382</b>	<b>2,350,416</b>	<b>2,314,167</b>	<b>2,352,190</b>	<b>2,349,065</b>	<b>2,444,716</b>
<b>Net Operating Result before Grants and Contributions provided for Capital Purposes</b>	<b>1,002,000</b>	<b>5,973,147</b>	<b>2,408,441</b>	<b>5,594,148</b>	<b>5,585,185</b>	<b>1,745,485</b>	<b>1,684,382</b>	<b>1,668,416</b>	<b>1,632,167</b>	<b>1,670,190</b>	<b>1,667,065</b>	<b>1,762,716</b>



## Balance Sheet – General Fund (page 1)

Kiama Municipal Council												
10 Year Financial Plan for the Years ending 30 June 2027												
BALANCE SHEET - GENERAL FUND												
Scenario:	Actuals	Current Year	Projected Years									
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>ASSETS</b>												
<b>Current Assets</b>												
Cash & Cash Equivalents	418,000	12,101,216	11,381,196	21,788,360	31,810,783	31,420,135	34,094,827	34,032,480	35,982,771	37,045,946	38,269,282	39,661,363
Investments	25,764,055	18,764,055	14,764,055	14,764,055	14,764,055	14,764,055	14,764,055	14,764,055	14,764,055	14,764,055	14,764,055	14,764,055
Receivables	2,602,000	2,239,453	2,356,419	2,272,545	2,244,040	2,291,017	2,362,974	2,426,865	2,492,849	2,560,924	2,630,916	2,702,881
Inventories	227,000	4,728,470	11,723,891	5,974,192	224,386	229,418	234,556	239,809	244,860	250,352	255,967	261,709
Other	58,000	40,383	39,857	39,945	40,028	40,920	41,832	42,764	43,670	44,644	45,640	46,659
Non-current assets classified as "held for sale"	3,729,000	-	-	-	-	-	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>32,798,055</b>	<b>37,872,577</b>	<b>40,264,418</b>	<b>44,838,096</b>	<b>49,082,291</b>	<b>48,744,545</b>	<b>51,497,243</b>	<b>51,504,973</b>	<b>53,527,205</b>	<b>54,664,921</b>	<b>55,964,860</b>	<b>57,435,667</b>
<b>Non-Current Assets</b>												
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	552,000	260,829	266,493	275,428	284,717	294,950	302,213	309,658	317,287	325,107	333,122	341,336
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	337,980,000	338,243,969	341,242,567	341,216,084	346,050,951	346,775,745	346,851,423	347,301,790	346,997,999	346,496,705	345,800,915	344,999,842
Investments Accounted for using the equity method	109,000	109,000	109,000	109,000	109,000	109,000	109,000	109,000	109,000	109,000	109,000	109,000
Investment Property	78,075,000	78,075,000	78,075,000	78,075,000	78,075,000	78,075,000	78,075,000	78,075,000	78,075,000	78,075,000	78,075,000	78,075,000
Intangible Assets	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other</b>												
<b>Total Non-Current Assets</b>	<b>419,116,000</b>	<b>419,088,798</b>	<b>422,093,060</b>	<b>422,075,512</b>	<b>426,919,668</b>	<b>427,654,695</b>	<b>427,737,637</b>	<b>428,195,448</b>	<b>427,899,286</b>	<b>427,405,812</b>	<b>426,718,037</b>	<b>425,925,178</b>
<b>TOTAL ASSETS</b>	<b>451,914,055</b>	<b>456,961,375</b>	<b>462,357,478</b>	<b>466,913,608</b>	<b>476,001,959</b>	<b>476,399,240</b>	<b>479,234,880</b>	<b>479,700,421</b>	<b>481,426,491</b>	<b>482,070,733</b>	<b>482,682,897</b>	<b>483,360,845</b>

## Balance Sheet – General Fund (page 2)

Kiama Municipal Council												
10 Year Financial Plan for the Years ending 30 June 2027												
BALANCE SHEET - GENERAL FUND												
Scenario:	Actuals	Current Year	Projected Years									
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>LIABILITIES</b>												
Current Liabilities												
Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-	-
Payables	64,838,000	64,168,717	63,289,694	62,470,623	61,672,325	60,948,823	60,226,371	59,505,547	58,782,822	58,065,704	57,350,507	56,637,275
Borrowings	843,000	653,252	900,948	934,202	1,306,702	1,146,229	1,164,050	987,583	990,831	1,021,703	1,053,536	866,104
Provisions	6,391,000	6,491,500	6,491,500	6,491,500	6,491,500	6,491,500	6,491,500	6,491,500	6,491,500	6,491,500	6,491,500	6,491,500
<b>Liabilities associated with assets classified as "held for sale"</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>72,072,000</b>	<b>71,313,469</b>	<b>70,682,141</b>	<b>69,896,325</b>	<b>69,470,528</b>	<b>68,586,552</b>	<b>67,881,922</b>	<b>66,984,629</b>	<b>66,265,152</b>	<b>65,578,907</b>	<b>64,895,543</b>	<b>63,994,879</b>
Non-Current Liabilities												
Payables	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	3,789,000	3,134,976	4,571,967	3,637,765	5,884,729	4,738,500	5,912,388	4,924,805	5,056,185	4,034,482	2,980,946	2,114,841
Provisions	134,000	33,500	33,500	33,500	33,500	33,500	33,500	33,500	33,500	33,500	33,500	33,500
Investments Accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
<b>Liabilities associated with assets classified as "held for sale"</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>3,923,000</b>	<b>3,168,476</b>	<b>4,605,467</b>	<b>3,671,265</b>	<b>5,918,229</b>	<b>4,772,000</b>	<b>5,945,888</b>	<b>4,958,305</b>	<b>5,089,685</b>	<b>4,067,982</b>	<b>3,014,446</b>	<b>2,148,341</b>
<b>TOTAL LIABILITIES</b>	<b>75,995,000</b>	<b>74,481,945</b>	<b>75,287,608</b>	<b>73,567,590</b>	<b>75,388,756</b>	<b>73,358,552</b>	<b>73,827,810</b>	<b>71,942,934</b>	<b>71,354,837</b>	<b>69,646,889</b>	<b>67,909,989</b>	<b>66,143,220</b>
Net Assets	375,919,055	382,479,429	387,069,870	393,346,018	400,613,203	403,040,688	405,407,070	407,757,486	410,071,653	412,423,843	414,772,908	417,217,624
<b>EQUITY</b>												
Retained Earnings	149,919,055	156,479,429	161,069,870	167,346,018	174,613,203	177,040,688	179,407,070	181,757,486	184,071,653	186,423,843	188,772,908	191,217,624
Revaluation Reserves	226,000,000	226,000,000	226,000,000	226,000,000	226,000,000	226,000,000	226,000,000	226,000,000	226,000,000	226,000,000	226,000,000	226,000,000
Council Equity Interest	375,919,055	382,479,429	387,069,870	393,346,018	400,613,203	403,040,688	405,407,070	407,757,486	410,071,653	412,423,843	414,772,908	417,217,624
<b>Minority Equity Interest</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Equity</b>	<b>375,919,055</b>	<b>382,479,429</b>	<b>387,069,870</b>	<b>393,346,018</b>	<b>400,613,203</b>	<b>403,040,688</b>	<b>405,407,070</b>	<b>407,757,486</b>	<b>410,071,653</b>	<b>412,423,843</b>	<b>414,772,908</b>	<b>417,217,624</b>

## Statement of Cash Flows – General Fund (page 1)

Kiama Municipal Council												
10 Year Financial Plan for the Years ending 30 June 2027												
CASH FLOW STATEMENT - GENERAL FUND												
Scenario:	Actuals	Current Year	Projected Years									
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cash Flows from Operating Activities</b>												
<b>Receipts:</b>												
Rates & Annual Charges	-	19,805,441	20,381,662	21,320,618	22,311,461	23,350,627	23,926,556	24,507,542	25,102,948	25,713,137	26,338,483	26,979,372
User Charges & Fees	-	16,637,363	17,307,566	17,136,680	16,697,660	17,276,415	17,923,184	18,462,681	19,012,932	19,579,690	20,163,450	20,764,724
Interest & Investment Revenue Received	-	1,892,173	1,205,543	1,155,099	1,105,217	1,115,830	1,128,297	1,139,242	1,172,499	1,218,189	1,301,385	1,415,856
Grants & Contributions	-	13,037,194	14,325,383	11,517,112	10,938,676	10,143,340	10,315,653	10,522,866	10,744,777	10,979,957	11,221,234	11,468,543
Bonds & Deposits Received	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	1,522,818	1,034,695	1,097,389	1,124,129	1,113,724	1,138,849	1,171,766	1,200,951	1,230,867	1,261,541	1,292,978
<b>Payments:</b>												
Employee Benefits & On-Costs	-	(23,699,339)	(24,467,013)	(23,419,688)	(22,270,711)	(23,034,440)	(23,825,532)	(24,644,969)	(25,493,770)	(26,372,990)	(27,283,721)	(28,227,096)
Materials & Contracts	-	(17,611,342)	(17,493,532)	(17,482,551)	(17,498,490)	(17,823,452)	(18,222,844)	(18,631,138)	(19,027,004)	(19,450,509)	(19,886,981)	(20,333,273)
Borrowing Costs	-	(235,866)	(195,116)	(159,806)	(186,341)	(140,861)	(188,835)	(142,080)	(170,999)	(141,536)	(144,005)	(112,171)
Bonds & Deposits Refunded	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	(3,584,307)	(3,662,819)	(3,685,921)	(3,714,589)	(3,795,308)	(3,877,796)	(3,962,091)	(4,048,235)	(4,136,266)	(4,226,228)	(4,318,163)
<b>Net Cash provided (or used in) Operating Activities</b>	-	7,764,135	8,436,370	7,478,930	8,507,012	8,205,875	8,317,532	8,423,819	8,494,099	8,620,539	8,745,157	8,930,770
<b>Cash Flows from Investing Activities</b>												
<b>Receipts:</b>												
Sale of Investment Securities	-	7,000,000	4,000,000	-	-	-	-	-	-	-	-	-
Sale of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Real Estate Assets	-	-	2,000,000	10,000,000	10,000,000	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	-	8,835,800	284,000	370,500	335,500	195,000	255,500	144,000	335,000	335,000	335,000	335,000
Sale of Interests in Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Disposal Groups	-	-	-	-	-	-	-	-	-	-	-	-
Distributions Received from Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Other Investing Activity Receipts	-	-	-	-	-	-	-	-	-	-	-	-
<b>Payments:</b>												
Purchase of Investment Securities	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	-	(11,072,947)	(9,425,076)	(6,541,319)	(11,439,553)	(7,484,821)	(7,090,049)	(7,466,116)	(7,013,437)	(6,901,533)	(6,835,119)	(6,820,152)
Purchase of Real Estate Assets	-	-	(7,700,000)	-	-	-	-	-	-	-	-	-
Purchase of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors & Advances Made	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Interests in Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Contributions Paid to Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Other Investing Activity Payments	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Cash provided (or used in) Investing Activities</b>	-	4,762,853	(10,841,076)	3,829,181	(1,104,053)	(7,289,821)	(6,834,549)	(7,322,116)	(6,678,437)	(6,566,533)	(6,500,119)	(6,485,152)

**Statement of Cash Flows – General Fund (page 1)**  
**Statement of Cash Flows – General Fund (page 2)**

Kiama Municipal Council												
10 Year Financial Plan for the Years ending 30 June 2027												
CASH FLOW STATEMENT - GENERAL FUND												
Scenario:	Actuals 2015/16	Current Year 2016/17	Projected Years									
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Other Financing Activity Receipts	-	-	-	-	-	-	-	-	-	-	-	-
<b>Payments:</b>												
Repayment of Borrowings & Advances	-	(843,772)	(815,313)	(900,948)	(1,180,536)	(1,306,702)	(1,308,291)	(1,164,050)	(1,065,372)	(990,831)	(1,021,703)	(1,053,536)
Repayment of Finance Lease Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Distributions to Minority Interests	-	-	-	-	-	-	-	-	-	-	-	-
Other Financing Activity Payments	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Cash Flow provided (used in) Financing Activities</b>	<b>-</b>	<b>(843,772)</b>	<b>1,684,687</b>	<b>(900,948)</b>	<b>2,619,464</b>	<b>(1,306,702)</b>	<b>1,191,709</b>	<b>(1,164,050)</b>	<b>134,628</b>	<b>(990,831)</b>	<b>(1,021,703)</b>	<b>(1,053,536)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>-</b>	<b>11,683,216</b>	<b>(720,020)</b>	<b>10,407,164</b>	<b>10,022,423</b>	<b>(390,648)</b>	<b>2,674,692</b>	<b>(62,347)</b>	<b>1,950,290</b>	<b>1,063,175</b>	<b>1,223,336</b>	<b>1,392,081</b>
<b>plus: Cash, Cash Equivalents &amp; Investments - beginning of year</b>	<b>-</b>	<b>418,000</b>	<b>12,101,216</b>	<b>11,381,196</b>	<b>21,788,360</b>	<b>31,810,783</b>	<b>31,420,135</b>	<b>34,094,827</b>	<b>34,032,480</b>	<b>35,982,771</b>	<b>37,045,946</b>	<b>38,269,282</b>
<b>Cash &amp; Cash Equivalents - end of the year</b>	<b>-</b>	<b>12,101,216</b>	<b>11,381,196</b>	<b>21,788,360</b>	<b>31,810,783</b>	<b>31,420,135</b>	<b>34,094,827</b>	<b>34,032,480</b>	<b>35,982,771</b>	<b>37,045,946</b>	<b>38,269,282</b>	<b>39,661,363</b>
Cash & Cash Equivalents - end of the year	418,000	12,101,216	11,381,196	21,788,360	31,810,783	31,420,135	34,094,827	34,032,480	35,982,771	37,045,946	38,269,282	39,661,363
Investments - end of the year	25,764,055	18,764,055	14,764,055	14,764,055	14,764,055	14,764,055	14,764,055	14,764,055	14,764,055	14,764,055	14,764,055	14,764,055
<b>Cash, Cash Equivalents &amp; Investments - end of the year</b>	<b>26,182,055</b>	<b>30,865,271</b>	<b>26,145,251</b>	<b>36,552,415</b>	<b>46,574,838</b>	<b>46,184,190</b>	<b>48,858,882</b>	<b>48,796,535</b>	<b>50,746,826</b>	<b>51,810,001</b>	<b>53,033,337</b>	<b>54,425,418</b>
<b>Representing:</b>												
- External Restrictions	5,188,000	4,271,538	4,966,435	5,661,332	6,356,229	7,051,126	7,446,023	7,840,920	8,235,817	8,630,714	8,975,611	9,270,508
- Internal Restrictons	20,710,501	25,377,122	18,700,030	30,254,364	38,343,420	38,735,399	40,098,502	39,962,502	41,945,002	42,957,502	43,870,002	44,882,502
- Unrestricted	283,554	1,216,611	2,478,786	636,719	1,875,189	397,665	1,314,357	993,113	566,007	221,785	187,724	272,408
	<b>26,182,055</b>	<b>30,865,271</b>	<b>26,145,251</b>	<b>36,552,415</b>	<b>46,574,838</b>	<b>46,184,190</b>	<b>48,858,882</b>	<b>48,796,535</b>	<b>50,746,826</b>	<b>51,810,001</b>	<b>53,033,337</b>	<b>54,425,418</b>



## Income Statement - KACCOE

Kiama Municipal Council												
10 Year Financial Plan for the Years ending 30 June 2027												
INCOME STATEMENT - NEW AGED CARE FACILITY												
Scenario:	Actuals	Current Year	Projected Years									
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Income from Continuing Operations</b>												
<b>Revenue:</b>												
Rates & Annual Charges	-	-	-	-	-	-	-	-	-	-	-	-
User Charges & Fees	-	-	-	2,665,193	3,455,598	3,598,249	3,694,294	3,804,150	3,905,079	3,980,346	4,086,627	4,177,053
Interest & Investment Revenue	-	-	425,861	425,878	790,916	920,921	980,496	1,041,626	680,724	442,440	508,941	584,391
Other Revenues	-	-	-	1,327,377	2,576,452	2,585,057	2,607,210	2,671,272	1,567,374	782,821	941,482	1,097,164
Grants & Contributions provided for Operating Purposes	-	-	-	1,101,158	6,592,164	6,717,072	6,823,116	6,947,861	7,056,512	7,186,029	7,371,435	7,545,745
Grants & Contributions provided for Capital Purposes	-	2,820,000	2,000,000	-	-	-	-	-	-	-	-	-
<b>Other Income:</b>												
Net gains from the disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Income from Continuing Operations</b>	-	<b>2,820,000</b>	<b>2,425,861</b>	<b>5,519,606</b>	<b>13,415,130</b>	<b>13,821,299</b>	<b>14,105,116</b>	<b>14,464,909</b>	<b>13,209,689</b>	<b>12,391,636</b>	<b>12,908,485</b>	<b>13,404,353</b>
<b>Expenses from Continuing Operations</b>												
Employee Benefits & On-Costs	-	-	-	2,942,232	6,031,576	6,182,365	6,336,925	6,495,348	6,657,731	6,824,175	6,994,779	7,169,648
Borrowing Costs	-	-	-	-	924,000	1,761,000	1,761,000	1,761,000	1,133,250	924,000	924,000	924,000
Materials & Contracts	-	-	-	623,369	1,561,657	1,597,937	1,685,087	1,723,129	1,762,084	1,851,974	1,892,822	1,934,650
Depreciation & Amortisation	-	-	-	-	420,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	-	-	-	173,075	354,802	363,317	372,037	380,966	390,109	399,472	409,059	418,876
Interest & Investment Losses	-	-	-	-	-	-	-	-	-	-	-	-
Net Losses from the Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses from Continuing Operations</b>	-	-	-	<b>3,738,676</b>	<b>9,292,035</b>	<b>10,324,619</b>	<b>10,575,049</b>	<b>10,780,443</b>	<b>10,363,175</b>	<b>10,419,621</b>	<b>10,640,660</b>	<b>10,867,174</b>
<b>Operating Result from Continuing Operations</b>	-	<b>2,820,000</b>	<b>2,425,861</b>	<b>1,780,930</b>	<b>4,123,095</b>	<b>3,496,679</b>	<b>3,530,067</b>	<b>3,684,466</b>	<b>2,846,514</b>	<b>1,972,016</b>	<b>2,267,825</b>	<b>2,537,179</b>
Discontinued Operations - Profit/(Loss)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Profit/(Loss) from Discontinued Operations</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Operating Result for the Year</b>	-	<b>2,820,000</b>	<b>2,425,861</b>	<b>1,780,930</b>	<b>4,123,095</b>	<b>3,496,679</b>	<b>3,530,067</b>	<b>3,684,466</b>	<b>2,846,514</b>	<b>1,972,016</b>	<b>2,267,825</b>	<b>2,537,179</b>
<b>Net Operating Result before Grants and Contributions provided for Capital Purposes</b>	-	-	425,861	1,780,930	4,123,095	3,496,679	3,530,067	3,684,466	2,846,514	1,972,016	2,267,825	2,537,179

## Balance Sheet - KACCOE (page 1)

Kiama Municipal Council												
10 Year Financial Plan for the Years ending 30 June 2027												
BALANCE SHEET - NEW AGED CARE FACILITY												
Scenario:	Actuals	Current Year	Projected Years									
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>ASSETS</b>												
<b>Current Assets</b>												
Cash & Cash Equivalents	-	-	7,732,861	10,268,859	19,686,656	21,671,071	23,675,541	25,779,388	8,471,131	8,644,276	11,007,413	13,879,620
Investments	10,230,945	246,189	246,189	5,246,189	5,246,189	5,246,189	5,246,189	5,246,189	3,246,189	3,646,189	3,646,189	3,646,189
Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>10,230,945</b>	<b>246,189</b>	<b>7,979,050</b>	<b>15,515,048</b>	<b>24,932,845</b>	<b>26,917,260</b>	<b>28,921,730</b>	<b>31,025,577</b>	<b>11,717,320</b>	<b>12,290,465</b>	<b>14,653,602</b>	<b>17,525,809</b>
<b>Non-Current Assets</b>												
Investments	-	984,756	984,756	20,984,756	20,984,756	20,984,756	20,984,756	20,984,756	12,984,756	14,584,756	14,584,756	14,584,756
Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	-	11,820,000	36,513,000	66,064,750	80,901,750	80,901,750	80,901,750	80,901,750	80,901,750	80,901,750	80,901,750	80,901,750
Investments Accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Non-Current Assets</b>	<b>-</b>	<b>12,804,756</b>	<b>37,497,756</b>	<b>87,049,506</b>	<b>101,886,506</b>	<b>101,886,506</b>	<b>101,886,506</b>	<b>101,886,506</b>	<b>93,886,506</b>	<b>95,486,506</b>	<b>95,486,506</b>	<b>95,486,506</b>
<b>TOTAL ASSETS</b>	<b>10,230,945</b>	<b>13,050,945</b>	<b>45,476,806</b>	<b>102,564,554</b>	<b>126,819,351</b>	<b>128,803,766</b>	<b>130,808,236</b>	<b>132,912,083</b>	<b>105,603,826</b>	<b>107,776,971</b>	<b>110,140,108</b>	<b>113,012,315</b>

## Balance Sheet - KACCOE (page 2)

Kiama Municipal Council												
10 Year Financial Plan for the Years ending 30 June 2027												
BALANCE SHEET - NEW AGED CARE FACILITY												
Scenario:	Actuals	Current Year	Projected Years									
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Borrowings	-	-	-	-	-	-	-	30,000,000	-	-	-	30,000,000
Provisions	-	-	-	-	-	-	-	-	-	-	-	-
<b>Liabilities associated with assets classified as "held for sale"</b>	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	-	-	-	-	-	-	-	30,000,000	-	-	-	30,000,000
<b>Non-Current Liabilities</b>												
Payables	-	-	-	25,306,818	45,438,520	43,926,256	42,400,659	40,820,040	40,665,268	40,866,398	40,961,710	41,296,738
Borrowings	-	-	30,000,000	60,000,000	60,000,000	60,000,000	60,000,000	30,000,000	30,000,000	30,000,000	30,000,000	-
Provisions	-	-	-	-	-	-	-	-	-	-	-	-
Investments Accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
<b>Liabilities associated with assets classified as "held for sale"</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Non-Current Liabilities</b>	-	-	<b>30,000,000</b>	<b>85,306,818</b>	<b>105,438,520</b>	<b>103,926,256</b>	<b>102,400,659</b>	<b>70,820,040</b>	<b>70,665,268</b>	<b>70,866,398</b>	<b>70,961,710</b>	<b>41,296,738</b>
<b>TOTAL LIABILITIES</b>	-	-	<b>30,000,000</b>	<b>85,306,818</b>	<b>105,438,520</b>	<b>103,926,256</b>	<b>102,400,659</b>	<b>100,820,040</b>	<b>70,665,268</b>	<b>70,866,398</b>	<b>70,961,710</b>	<b>71,296,738</b>
Net Assets	10,230,945	13,050,945	15,476,806	17,257,736	21,380,831	24,877,510	28,407,577	32,092,043	34,938,558	36,910,573	39,178,398	41,715,577
<b>EQUITY</b>												
Retained Earnings	10,230,945	13,050,945	15,476,806	17,257,736	21,380,831	24,877,510	28,407,577	32,092,043	34,938,558	36,910,573	39,178,398	41,715,577
Revaluation Reserves	-	-	-	-	-	-	-	-	-	-	-	-
Council Equity Interest	10,230,945	13,050,945	15,476,806	17,257,736	21,380,831	24,877,510	28,407,577	32,092,043	34,938,558	36,910,573	39,178,398	41,715,577
Minority Equity Interest	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Equity</b>	<b>10,230,945</b>	<b>13,050,945</b>	<b>15,476,806</b>	<b>17,257,736</b>	<b>21,380,831</b>	<b>24,877,510</b>	<b>28,407,577</b>	<b>32,092,043</b>	<b>34,938,558</b>	<b>36,910,573</b>	<b>39,178,398</b>	<b>41,715,577</b>

# Statement of Cash Flows - KACCOE (page 1)

Kiama Municipal Council												
10 Year Financial Plan for the Years ending 30 June 2027												
CASH FLOW STATEMENT - NEW AGED CARE FACILITY												
Scenario:	Actuals	Current Year	Projected Years									
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cash Flows from Operating Activities</b>												
<b>Receipts:</b>												
Rates & Annual Charges	-	-	-	-	-	-	-	-	-	-	-	-
User Charges & Fees	-	-	-	2,665,193	3,455,598	3,598,249	3,694,294	3,804,150	3,905,079	3,980,346	4,086,627	4,177,053
Interest & Investment Revenue Received	-	-	425,861	425,878	790,916	920,921	980,496	1,041,626	680,724	442,440	508,941	584,391
Grants & Contributions	-	2,820,000	2,000,000	1,101,158	6,592,164	6,717,072	6,823,116	6,947,861	7,056,512	7,186,029	7,371,435	7,545,745
Bonds & Deposits Received	-	-	-	26,600,445	22,363,966	720,000	720,000	720,000	1,032,683	594,534	637,641	1,023,061
Other	-	-	-	33,750	344,188	352,793	361,613	370,653	379,919	389,417	399,153	409,131
<b>Payments:</b>												
Employee Benefits & On-Costs	-	-	-	(2,942,232)	(6,031,576)	(6,182,365)	(6,336,925)	(6,495,348)	(6,657,731)	(6,824,175)	(6,994,779)	(7,169,648)
Materials & Contracts	-	-	-	(623,369)	(1,561,657)	(1,597,937)	(1,685,087)	(1,723,129)	(1,762,084)	(1,851,974)	(1,892,822)	(1,934,650)
Borrowing Costs	-	-	-	-	(924,000)	(1,761,000)	(1,761,000)	(1,761,000)	(1,133,250)	(924,000)	(924,000)	(924,000)
Bonds & Deposits Refunded	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	(173,075)	(354,802)	(363,317)	(372,037)	(380,966)	(390,109)	(399,472)	(409,059)	(418,876)
<b>Net Cash provided (or used in) Operating Activities</b>	-	2,820,000	2,425,861	27,087,748	24,674,797	2,404,415	2,424,470	2,523,847	3,111,742	2,593,146	2,783,137	3,292,207
<b>Cash Flows from Investing Activities</b>												
<b>Receipts:</b>												
Sale of Investment Securities	-	9,000,000	-	-	-	-	-	-	10,000,000	-	-	-
Sale of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Real Estate Assets	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Interests in Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Disposal Groups	-	-	-	-	-	-	-	-	-	-	-	-
Distributions Received from Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Other Investing Activity Receipts	-	-	-	-	-	-	-	-	-	-	-	-
<b>Payments:</b>												
Purchase of Investment Securities	-	-	-	(25,000,000)	-	-	-	-	-	(2,000,000)	-	-
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	-	(11,820,000)	(24,693,000)	(29,551,750)	(15,257,000)	(420,000)	(420,000)	(420,000)	(420,000)	(420,000)	(420,000)	(420,000)
Purchase of Real Estate Assets	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors & Advances Made	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Interests in Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Contributions Paid to Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Other Investing Activity Payments	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Cash provided (or used in) Investing Activities</b>	-	(2,820,000)	(24,693,000)	(54,551,750)	(15,257,000)	(420,000)	(420,000)	(420,000)	9,580,000	(2,420,000)	(420,000)	(420,000)



## Statement of Cash Flows - KACCOE (page 2)

Kiama Municipal Council												
10 Year Financial Plan for the Years ending 30 June 2027												
CASH FLOW STATEMENT - NEW AGED CARE FACILITY												
Scenario:	Actuals 2015/16	Current Year 2016/17	Projected Years									
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Other Financing Activity Receipts	-	-	-	-	-	-	-	-	-	-	-	-
<b>Payments:</b>												
Repayment of Borrowings & Advances	-	-	-	-	-	-	-	-	(30,000,000)	-	-	-
Repayment of Finance Lease Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Distributions to Minority Interests	-	-	-	-	-	-	-	-	-	-	-	-
Other Financing Activity Payments	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Cash Flow provided (used in) Financing Activities</b>	-	-	30,000,000	30,000,000	-	-	-	-	(30,000,000)	-	-	-
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	-	-	7,732,861	2,535,998	9,417,797	1,984,415	2,004,470	2,103,847	(17,308,258)	173,146	2,363,137	2,872,207
<b>plus: Cash, Cash Equivalents &amp; Investments - beginning of year</b>	-	-	-	7,732,861	10,268,859	19,686,656	21,671,071	23,675,541	25,779,388	8,471,131	8,644,276	11,007,413
<b>Cash &amp; Cash Equivalents - end of the year</b>	-	-	<b>7,732,861</b>	<b>10,268,859</b>	<b>19,686,656</b>	<b>21,671,071</b>	<b>23,675,541</b>	<b>25,779,388</b>	<b>8,471,131</b>	<b>8,644,276</b>	<b>11,007,413</b>	<b>13,879,620</b>
Cash & Cash Equivalents - end of the year	-	-	7,732,861	10,268,859	19,686,656	21,671,071	23,675,541	25,779,388	8,471,131	8,644,276	11,007,413	13,879,620
Investments - end of the year	10,230,945	1,230,945	1,230,945	26,230,945	26,230,945	26,230,945	26,230,945	26,230,945	16,230,945	18,230,945	18,230,945	18,230,945
<b>Cash, Cash Equivalents &amp; Investments - end of the year</b>	<b>10,230,945</b>	<b>1,230,945</b>	<b>8,963,806</b>	<b>36,499,804</b>	<b>45,917,601</b>	<b>47,902,016</b>	<b>49,906,486</b>	<b>52,010,333</b>	<b>24,702,076</b>	<b>26,875,221</b>	<b>29,238,358</b>	<b>32,110,565</b>
<b>Representing:</b>												
- External Restrictions	1,500,000	1,230,945	-	-	-	-	-	-	-	-	-	-
- Internal Restrictions	8,730,945	-	8,963,806	36,499,804	45,917,601	47,902,016	49,906,486	52,010,333	24,702,076	26,875,221	29,238,358	32,110,565
- Unrestricted	-	-	-	-	-	-	-	-	-	-	-	-
	<b>10,230,945</b>	<b>1,230,945</b>	<b>8,963,806</b>	<b>36,499,804</b>	<b>45,917,601</b>	<b>47,902,016</b>	<b>49,906,486</b>	<b>52,010,333</b>	<b>24,702,076</b>	<b>26,875,221</b>	<b>29,238,358</b>	<b>32,110,565</b>

## Fit for the Future Benchmarks

Ratio	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	2025/ 2026	2026/ 2027
Operating Performance Ratio	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Own Source Operating Revenue Ratio *	X (59.84%)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Building and Infrastructure Asset Renewal Ratio	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Asset Backlog Ratio	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Asset Maintenance Ratio	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Debt Service Ratio	✓	✓	✓	✓	✓	✓	✓	✓	X***	✓	✓	✓
Operating Expenditure per Capita Ratio **	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

### Note:

\* Impacted in 2015/2016 by \$6M of asset discoveries as part of a complete asset review.

\*\* The base year for the purpose of the discounting the opex per capita is 2014/2015.

\*\*\* Impacted by the repayment of \$30M principal for KACCOE.

### TCorp Benchmarks

Ratio	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	2025/ 2026	2026/ 2027
Cash Expense Cover Ratio	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Debt Service Cover Ratio	✓	✓	✓	✓	✓	✓	✓	✓	X***	✓	✓	✓
Interest Cover Ratio	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

\*\*\* Impacted by the repayment of \$30M principal for KACCOE.



## Fit for the Future Benchmarks

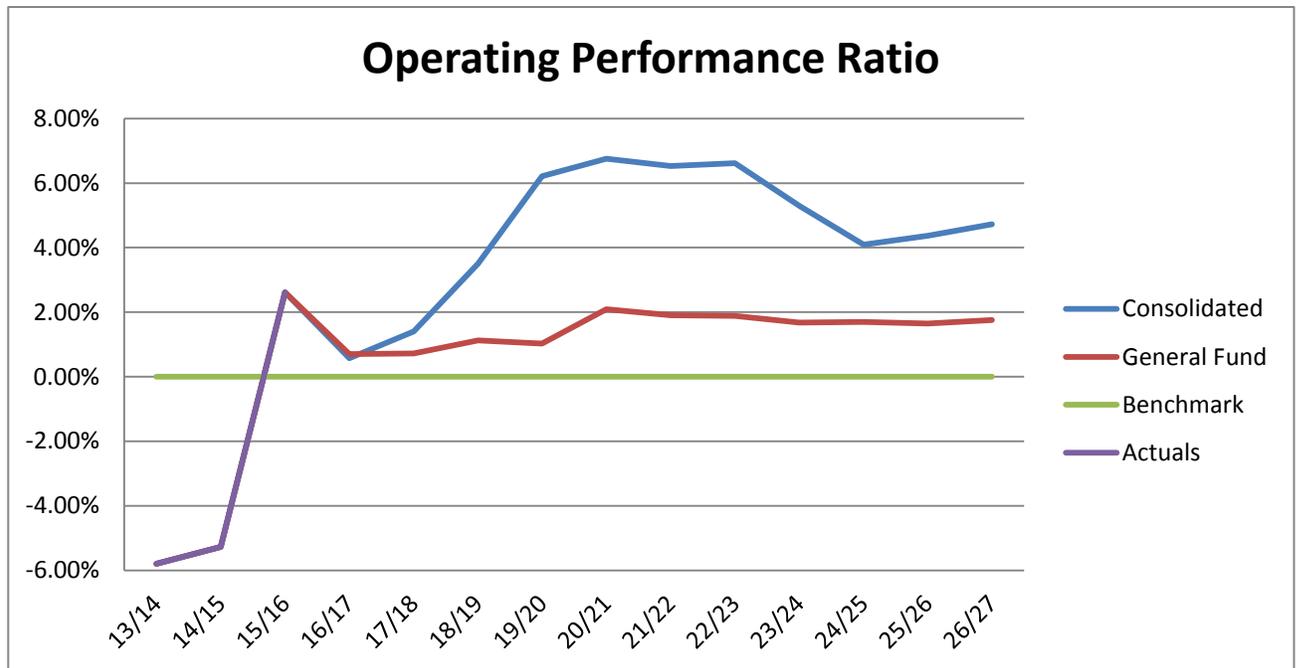


Figure 3 – Strategic Scenario – Operating Performance Ratio

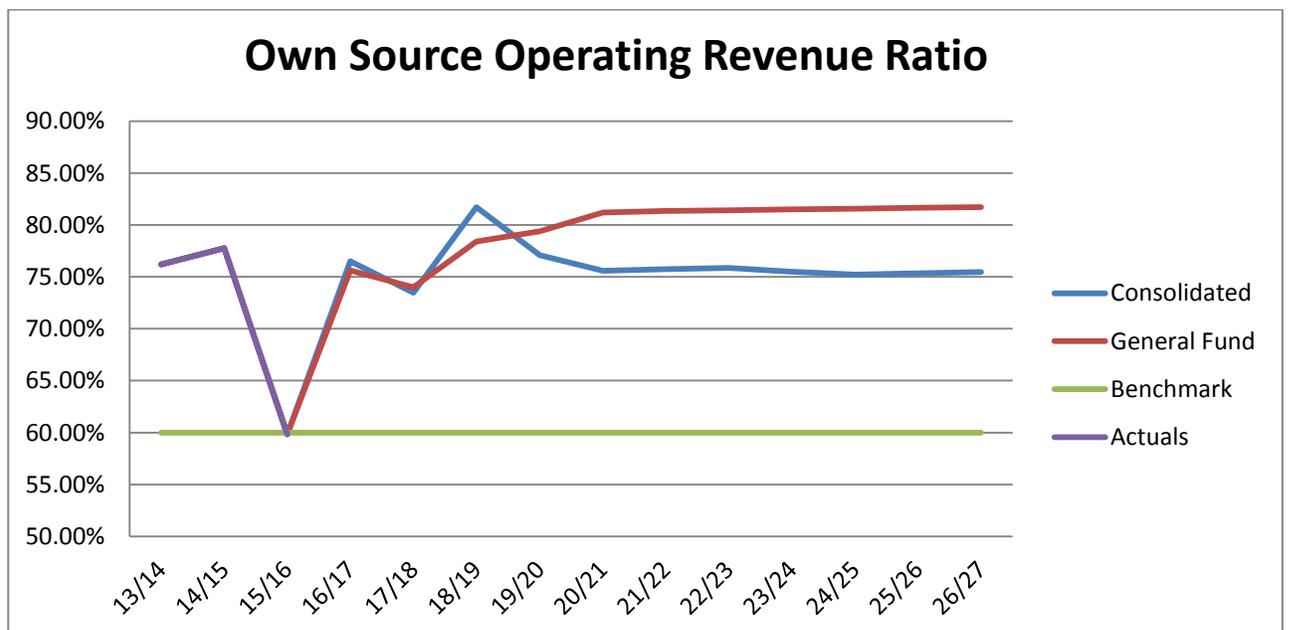
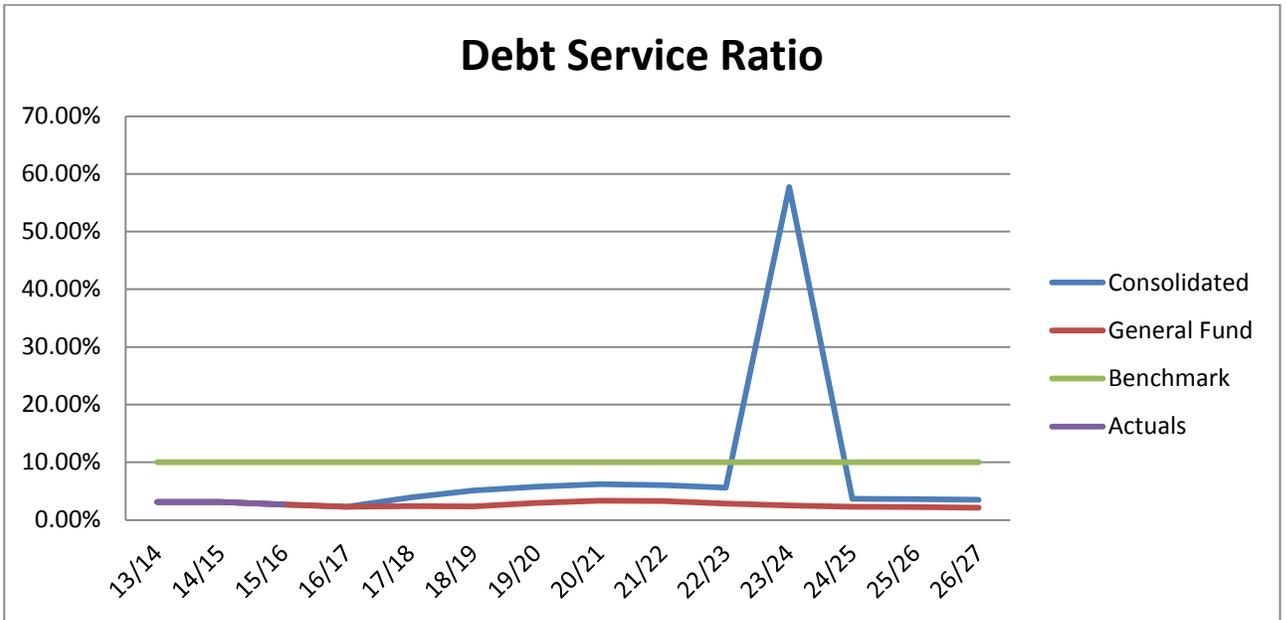
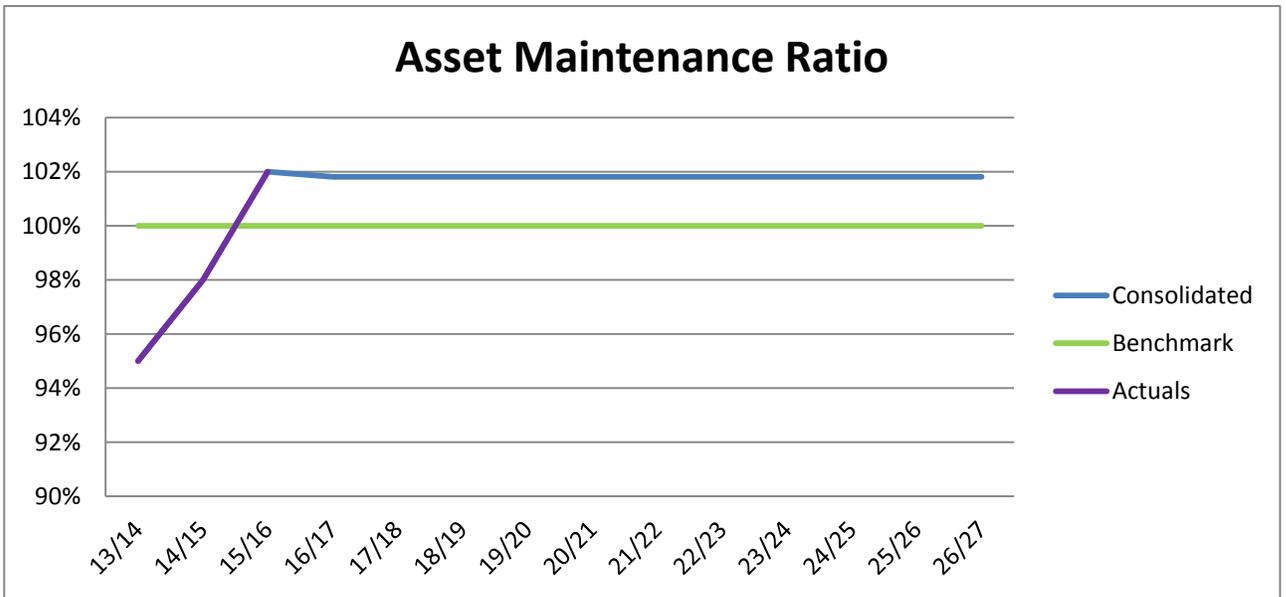


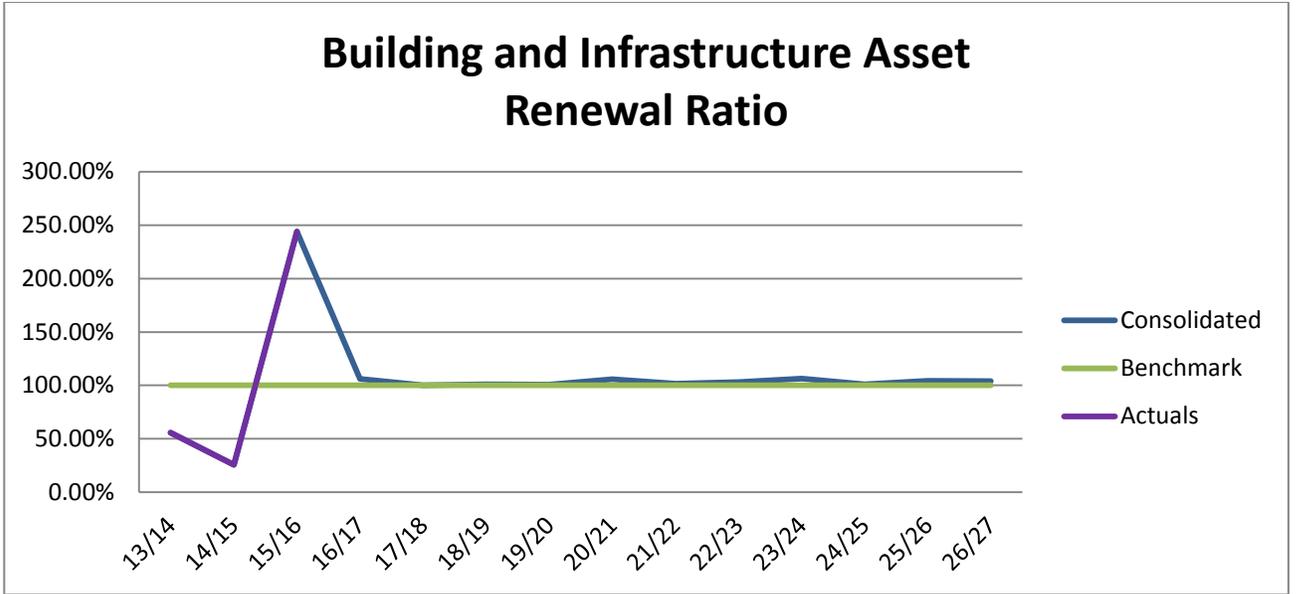
Figure 4 – Strategic Scenario – Own Source Operating Revenue Ratio



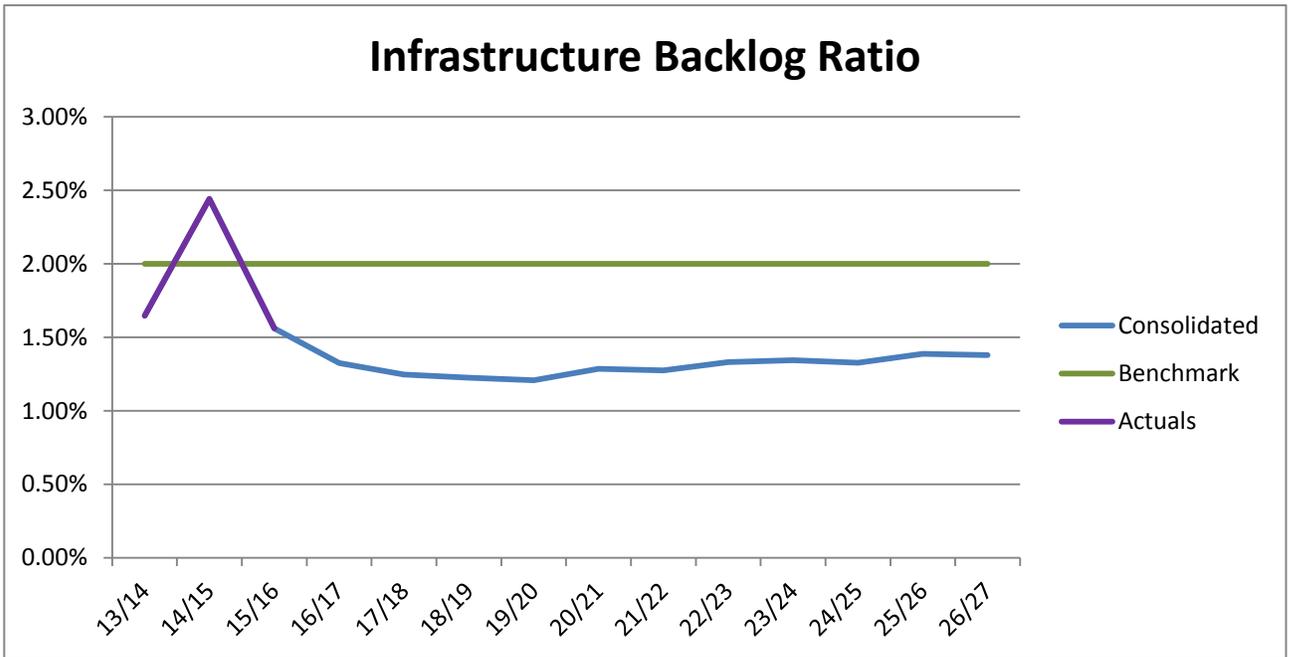
**Figure 5 – Strategic Scenario – Debt Service Ratio**



**Figure 6 – Strategic Scenario – Asset Maintenance Ratio**



**Figure 7 – Strategic Scenario – Building and Infrastructure Asset Renewal Ratio**



**Figure 8 – Strategic Scenario – Infrastructure Backlog Ratio**

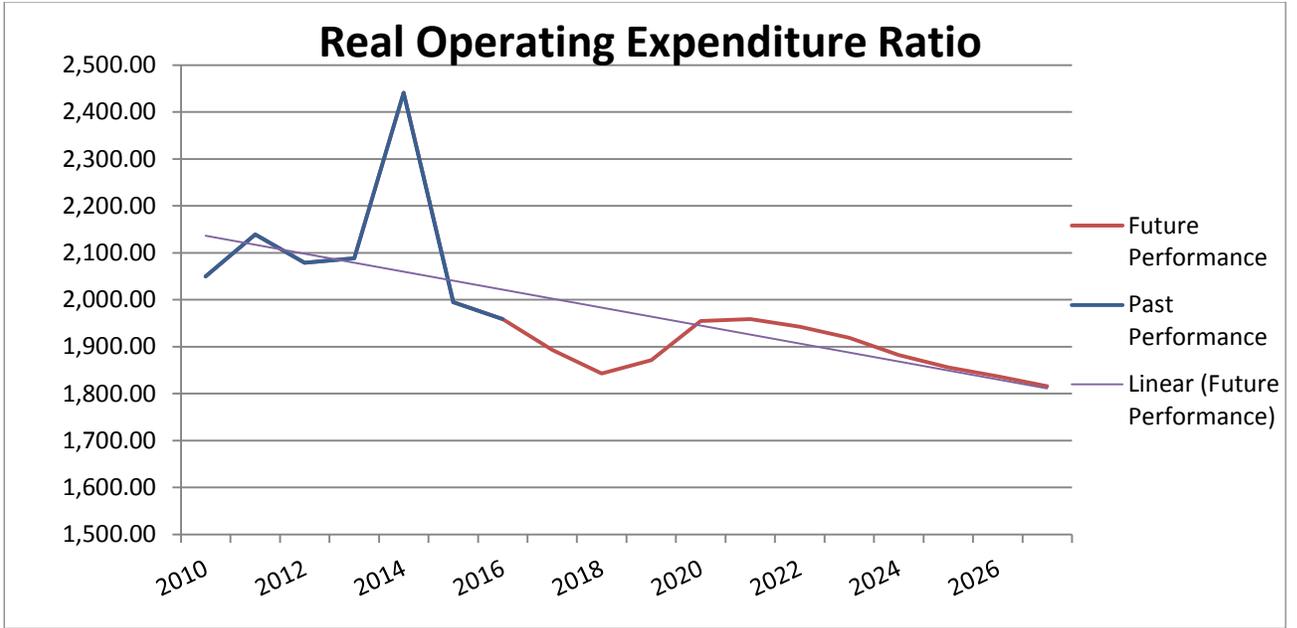


Figure 9 – Strategic Scenario – Real Operating Expenditure Ratio

### Additional Ratios - TCorp

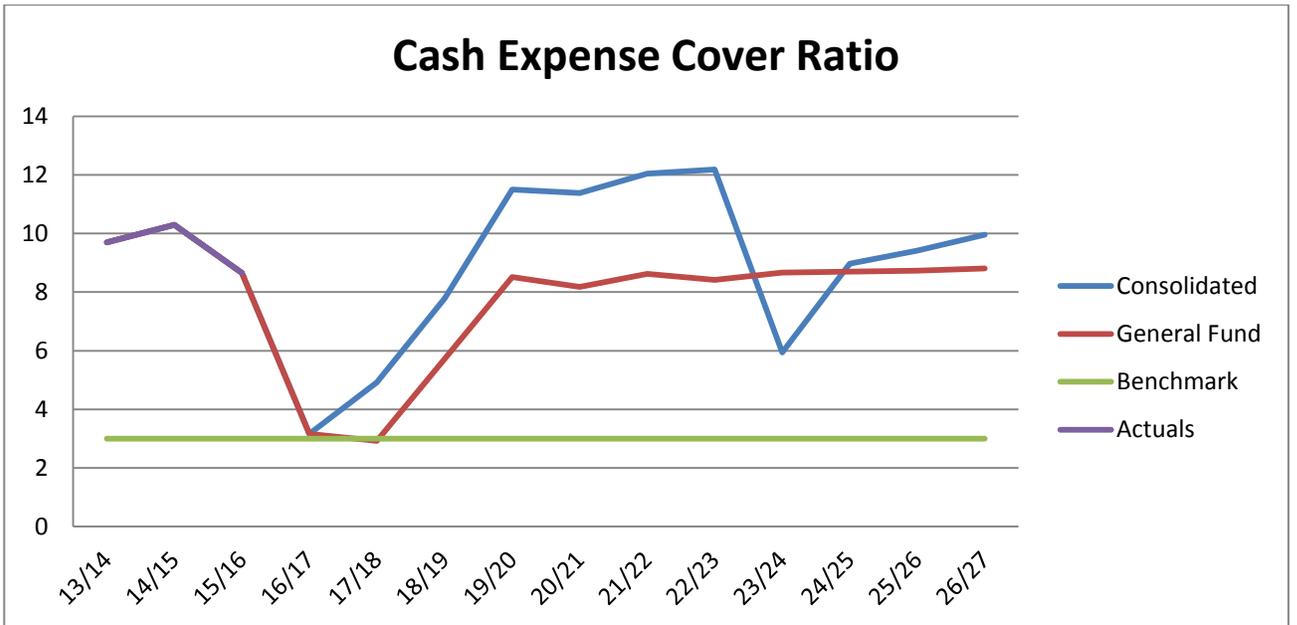
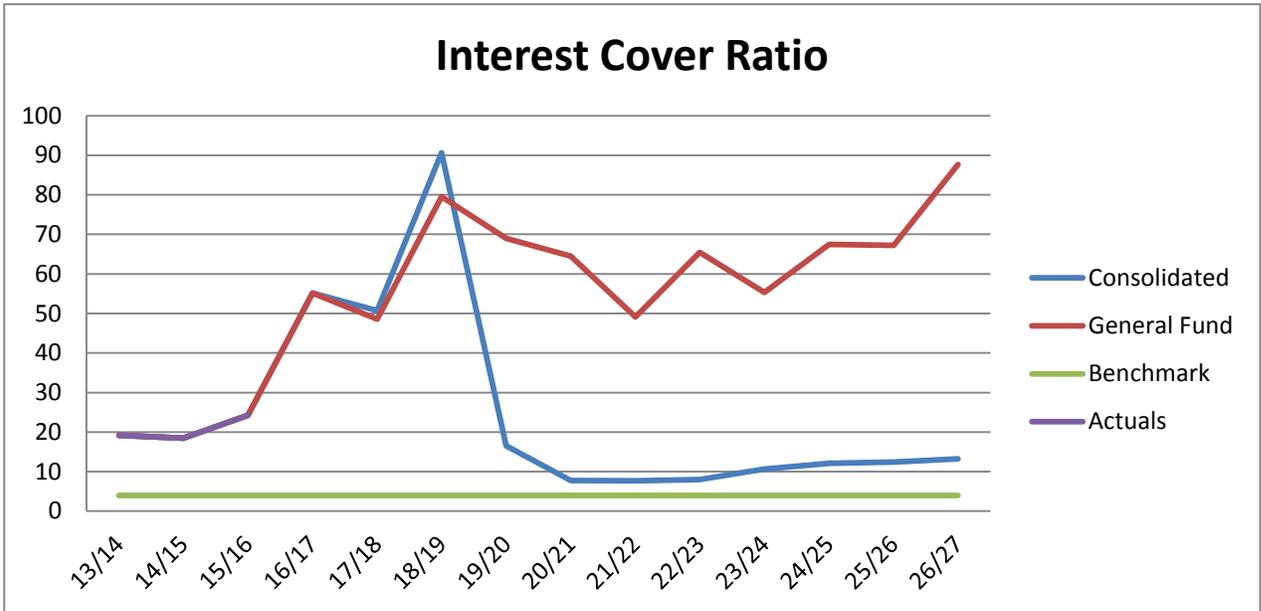
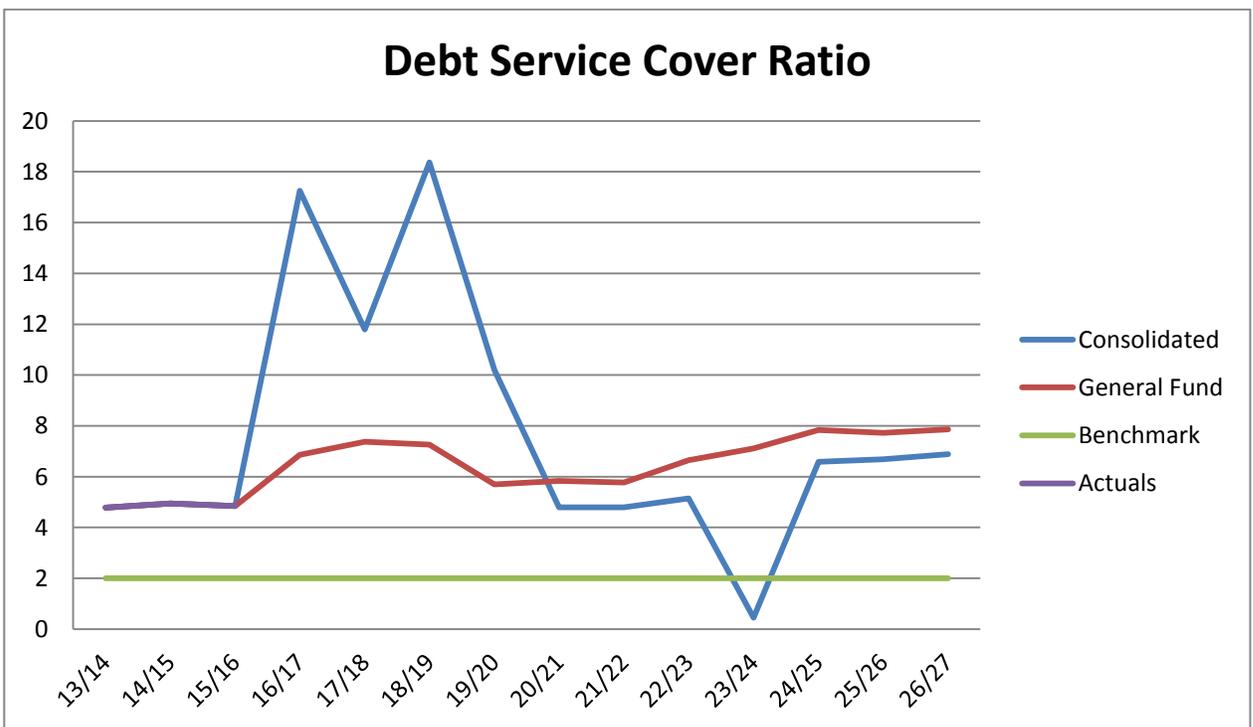


Figure 10 – Strategic Scenario – Cash Expense Cover Ratio



**Figure 11 – Strategic Scenario – Interest Cover Ratio**



**Figure 12 – Strategic Scenario – Debt Service Cover Ratio**



## Attachment A: Kiama Municipal Council - Improvement Strategy

### Improvement Proposal Opportunities Adopted by Council

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