



# **LONG TERM FINANCIAL PLAN**

2011/12 – 2021/22

June 2012

Part of Walgett Shire Council's Resourcing Strategy

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# 1. Long Term Financial Plan Introduction

Part 7 of the Local Government Act 1989 requires Council to comply with the following principles of sound financial management:

- Prudently manage financial risks relating to debt, assets and liabilities;
- Provide reasonable stability in the level of rate burden;
- Consider the financial effects of Council decisions on future generations; and
- Provide full, accurate and timely disclosure of financial information.

A key component of sound financial management is the preparation of the Long Term Financial Plan. Council has prepared forward budgets for the ten years to 2021/2011 that include a detailed 10 year capital expenditure program.

The Long Term Financial Plan is made up of the following components:

- I. Projected income and expenditure, balance sheet and cash flow statements
- II. Planning assumptions used to develop the Plan
- III. Sensitivity analysis – risks/factors most likely to affect the Plan
- IV. Financial modeling for different scenarios e.g. Planned/optimistic/conservative
- V. Methods of monitoring financial performance.

The first projected year of the LTFP is consistent with the Annual Budget adopted for the current 2012/2013 year. It assumes that council intends to maintain the existing asset stock in a sustainable manner and that council wants to maintain current service levels. It also includes a number of new initiatives and plans endorsed by Council to date which create new or upgraded facilities within the Shire.

The Long Term Financial Plan is not a standalone document. It is prepared as part of the wider Resourcing Strategy which forms an integral part of the Integrated Planning and Reporting Framework set out by the Department of Local Government. Other Plans included within the integrated reporting framework are as follows:

- a) A 10 year Community Strategic Plan
- b) A four year delivery program
- c) Asset Management Plans (covering a minimum period of 10 years) for each class of asset (including an overall Asset policy and Strategy)
- d) A four year workforce plan

Therefore the Long Term Financial Plan should be reviewed in conjunction with these other plans. This is discussed further in section 2.

The Long Term Financial Plan will be used to inform decision making during the review of the community strategic plan, and the development of the delivery program and it will be reviewed annually as part of the development of the annual operational plan.

## Long Term Financial Plan Introduction cont.

Also the Long Term financial Plan will be used to monitor financial performance within Council to ensure that Council are operating in the most efficient manner, and that Council works towards becoming sustainable. This is discussed further in sections 7 and 8.

## 2. Links to other Plans prepared under the Integrated Reporting Framework



Local Government Planning and Reporting framework  
Taken from the IPR Manual available on the Division of Local Government website

The Community Strategic Plan and delivery program sets out what the community (and Council) would like to achieve in the Shire. It is made up of:

- Very broad objectives which detail the area's Council would like to focus on, and what they would like to achieve in those areas.
- Strategies attached to those objectives, which show how Council is going to reach those objectives.
- Then the delivery program sets out actions which fall under each strategy. It is these actions which make up the work completed by Council on a yearly basis, and it is these

actions which become influenced by factors included in the resourcing strategy, which as well as the long term financial plan, also includes:

- The Workforce Management Plan and
- Asset Management Plans

*EXAMPLE:*

**OBJECTIVE:** Develop a connected, informed and resilient community  
**STRATEGY:** Provide Youth Centre and Library services that respond to identified community needs  
**ACTION:** Run Regular Youth Centre Sessions in Walgett, Lightning Ridge and Collarenebri throughout the year.

**This action is then influenced and limited by:**

- a) Number of Youth workers available to work throughout the year (identified through the workforce strategy)
- b) Finance available to pay for wages, materials, building maintenance and running costs (identified through the long term financial plan)
- c) A safe, comfortable working environment for local Youths to meet (identified through the asset management plan, the costs of which will also be included in the long term financial plan).

***Service Delivery***

The current service level will be the number of youth workers available (as to keep the relevant legislative required ratio of workers to youths) and the number of hours the centre is open. Therefore if the community would like the service to increase (e.g. longer youth sessions) this has a direct impact on the operational costs and therefore Long Term Financial Plan. The plan has been prepared in line with current service levels.

Walgett Shire Council's plans produced starting with the 2012/2013 year are not fully integrated with one another. They do however lay the foundations which will be built upon in the coming years, and will eventually be fully integrated with one another to give a full and true financial position Council is in, taking into consideration all Council asset's and renewal expenditures.

### 3. Revenue Policy and Key Assumptions

Finance is only a resource of Council to complete its set objectives included within the Community Strategic Plan.

Finance is raised for operating expenses through the following methods:

- Rates payments made by landholders in the Shire
- Government grants
- Private works completed for individuals and the RTA

Council will ensure that all rates, charges and fees are set so as to provide adequate cash flows to meet operating costs and to assist in the provision of funding capital works. Council will pursue all cost effective opportunities in order to maximize its revenue base and to seek an acceptable commercial rate of return on investments, subject of course to community service obligations.

Council's Revenue policy for all fees and charges is that fee's are charged on a cost recovery 'User Pays' basis. However in reality there are currently many instances of fee's being charged below cost (for example community hall hire, or some library services). The reason for this is to keep charges at equitable levels for the community, but the consequences are that these services become subsidized by Council's general revenue, which then cannot be used to fund alternate objectives.

Council's ability to finance its operations is discussed in more detail in section 5 of this document.

A number of assumptions are required to be made in the compilation of a 10 year financial plan. Some of these assumptions impact the Long Term Financial Plan, and for this reason we have gone through the process to identify and document all assumptions made, and where they impact financial results, include them in the Long Term Financial Plan. However Council stresses that the future is to a large extent unknown, and any assumptions made are subject to change both in the shorter or longer term.

These assumptions used are listed on the table on the following pages.

Title	Assumption	Data source	Evidence Results	Conclusion
<b>Population forecast and number of ratable dwellings</b>	The number of ratable dwellings will remain constant over the next 20 years	NSW Transport and Population Data Centre 2007	Population is forecast to decline by 0.6% between 2011 and 2031.	Therefore, there is evidence to suggest that the number of ratable properties will remain consistent throughout the 10 year forecast period.
<b>General Government Grant income</b>	That grant income will increase in line with inflation		Federal and State Government have been in favor of supporting regional Council's, and although they have reigned in expenditure, no major cuts have been advertised for regional Australia.	We expect grant income to at least match inflation, if not exceed it. We have increased it by 3.5% in the first year (2012/13 year) and then increased it in line with our predicted inflation rate of 2.5%.
<b>General Rates and Rate Pegging</b>	Rate pegging will continue, and will be in line with CPI growth	RBA website	IPART has published the 2012-2013 rate to be 3.6% - this takes into consideration an increase due to the carbon tax being introduced. In future it is not regarded that the increase will be as high. In the 2011-2012 year it was only 2.8% which was slightly below inflation.	As it is difficult to assess what will happen with Rate Pegging in the future, we have taken a conservative approach and said that rate pegging will continue in line with rates published for the 2011-2012 year. However we understand it is IPART's plan as part of the integrated planning to eventually abolish rate pegging to give council's more leeway to set their own annual rate increases.
<b>Interest Rate movements (for investments)</b>	Interest rates available on short term investments are currently between 5.2-6.05%.	Bank Quotes given from CUA, IMB, Newcastle Permanent, LGFS, and Bankwest	The official interest rate has recently decreased to 3.75%. Rates offered by the major institutions are currently between 4- 5.8%. The economic forecast is unknown due to a number of world event factors.	It is reasonable to assess that interest rates offered by the banks will remain around 5-6%, as this has been the case for the last two years, and the banks have marked a departure from the federal bank's rate.
<b>Interest Rate movements (for borrowing)</b>	Interest rates currently available for borrowing with security on non-real estate assets range from 8-12%	Recent loans taken out from CBA to the value of \$2.8m	Rates offered by the major institutions are currently around 7% for both fixed and variable rates. The economic forecast is improving over the next 10 years and the best rates could easily rise to 10%. However the State Government has given an offer to clear the infrastructure backlog with funding by loan, by granting the first 4% of interest to councils.	It is reasonable to assess that interest rates offered by banks for borrowing will remain around 7%. It is noted that State Government is currently offering a grant worth 4% of any interest payable on loans over \$1m spread over a 10 year term. Council have applied to take advantage of this grant on two Capital projects included within the Long Term Financial Plan. However the DLG advise that the program has been oversubscribed and will announce is projects have been successful or not in June 2012.

Title	Assumption	Data source	Evidence Results	Conclusion
<b>Rental Values</b>	Rental values will remain stable for the foreseeable future only increasing in line with CPI			Rental prices will increase with CPI
<b>Wages Award increases</b>	Wage costs will continue to increase at an average of 3.25% per year and there is an added 0.25% included to cover costs of job progression.	LG Award 2010	for the years of 2012 and 2013 the percentage increase is 3.25%	The published award rates are a good indication that wage increases will be similar in the following years. And a 0.25% allowance is a nominal amount included for job progression as personnel move on in their roles, plus the results of any organizational restructures which may occur. Therefore 3.5% has been used.
<b>Inflation for cost of goods and services</b>	CPI is currently 3.01%	RBA website	The RBA targets are to maintain inflation rates between 2-3%.	CPI will remain on average around 2.5%. Council assume all non pegged rates, fees and charges income, as well as all costs other than those separately identified in this table will increase by CPI year on year.
<b>Increase in energy prices</b>	Energy prices are set to increase with the introduction of the Carbon Tax	IPART	Energy prices are set to increase by more than inflation between 18.7%- 23.2% in the 2012-2013 year. After this increase it is likely energy cost increases will flatten out back to inflation levels.	We will increase energy budgets by 20% in the 2012-13 year, and then put increases at inflation levels until further evidence of increases becomes available.
<b>Debt recovery rates</b>	Debt recovery needs to remain an important focus within the council. Outstanding Rates left at the yearend should remain below 8% of total receivables collected during the year.	Hill Rogers Spencer Steer report for year ended 30 June 2010	The NSW Average per the Local Government Comparative statistics is 6.73%	Only a few rates balances are written off, the remaining go into debt recovery or are recovered through 713 Sales. However any debts not recovered represent general cash not received which in turn affects the budgeted cash flow. Therefore all efforts must be made to aim for a level of outstanding rates not exceeding 6%.



## 4. General Fund Results

### a. Income Statement

Walgett Shire Council 10 Year Financial Plan for the Years ending 30 June 2022											
INCOME STATEMENT - GENERAL FUND											
Scenario: Base Case	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Income from Continuing Operations</b>											
<b>Revenue:</b>											
Rates & Annual Charges	5,145,532	5,330,771	5,477,251	5,627,763	5,782,418	5,941,330	6,104,617	6,272,399	6,444,801	6,621,949	6,803,974
User Charges & Fees	4,673,832	4,840,018	4,961,018	5,085,044	5,212,170	5,342,474	5,476,036	5,612,937	5,753,260	5,897,092	6,044,519
Interest & Investment Revenue	133,100	300,409	307,920	315,618	323,508	331,596	339,886	348,383	357,092	366,020	375,170
Other Revenues	363,151	365,864	324,876	332,998	341,323	349,856	358,602	367,567	376,757	386,176	395,830
Grants & Contributions provided for Operating Purposes	9,349,488	7,500,377	7,687,886	7,880,083	8,077,086	8,279,013	8,485,988	8,698,138	8,915,591	9,138,481	9,366,943
Grants & Contributions provided for New Capital Purposes	1,822,891	1,960,000	6,069,110	6,873,010	6,951,109	7,226,110	6,226,109	6,226,110	6,226,110	6,226,109	7,786,119
Grants & Contributions provided for Capital Renewal Purposes	1,678,964	1,357,143	3,862,857	4,245,714	-	-	-	-	-	-	-
<b>Total Income from Continuing Operations</b>	<b>23,166,958</b>	<b>21,654,583</b>	<b>28,690,918</b>	<b>30,360,230</b>	<b>26,687,614</b>	<b>27,470,379</b>	<b>26,991,238</b>	<b>27,525,534</b>	<b>28,073,611</b>	<b>28,635,826</b>	<b>30,772,556</b>
<b>Expenses from Continuing Operations</b>											
Employee Benefits & On-Costs	6,378,335	7,434,796	7,695,014	7,964,340	8,243,092	8,531,600	8,830,206	9,139,263	9,459,137	9,790,207	10,132,864
Borrowing Costs	187,334	189,830	296,869	285,045	290,134	266,749	242,870	218,617	193,802	168,392	126,079
Materials & Contracts	8,656,175	6,486,733	6,492,015	6,771,088	7,057,138	7,350,340	7,650,871	7,958,916	8,274,661	8,598,301	8,930,031
Depreciation & Amortisation	5,391,647	5,623,097	5,763,674	5,907,766	6,055,460	6,206,846	6,362,018	6,521,068	6,684,095	6,851,197	7,022,477
Other Expenses	1,921,993	1,448,177	1,484,382	1,521,491	1,559,529	1,598,517	1,638,480	1,679,442	1,721,428	1,764,463	1,808,575
<b>Total Expenses from Continuing Operations</b>	<b>22,535,484</b>	<b>21,182,633</b>	<b>21,731,954</b>	<b>22,449,730</b>	<b>23,205,352</b>	<b>23,954,052</b>	<b>24,724,444</b>	<b>25,517,306</b>	<b>26,333,123</b>	<b>27,172,561</b>	<b>28,020,026</b>
<b>Net Operating Result for the Year</b>	<b>631,474</b>	<b>471,950</b>	<b>6,958,964</b>	<b>7,910,499</b>	<b>3,482,261</b>	<b>3,516,327</b>	<b>2,266,794</b>	<b>2,008,228</b>	<b>1,740,489</b>	<b>1,463,265</b>	<b>2,752,529</b>
<b>Net Operating Result before Grants and Contributions provided for NEW Capital Purposes</b>	<b>(1,191,417)</b>	<b>(1,488,050)</b>	<b>889,854</b>	<b>1,037,489</b>	<b>(3,468,848)</b>	<b>(3,709,783)</b>	<b>(3,959,315)</b>	<b>(4,217,882)</b>	<b>(4,485,621)</b>	<b>(4,762,844)</b>	<b>(5,033,590)</b>

## b. Balance Sheet

Walgett Shire Council 10 Year Financial Plan for the Years ending 30 June 2022											
BALANCE SHEET - GENERAL FUND Scenario: Base Case	Year 0 2011/12	Year 1 2012/13	Year 2 2013/14	Year 3 2014/15	Year 4 2015/16	Year 5 2016/17	Year 6 2017/18	Year 7 2018/19	Year 8 2019/20	Year 9 2020/21	Year 10 2021/22
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>ASSETS</b>											
<b>Current Assets</b>											
Cash & Cash Equivalents	1,171,533	1,939,996	255,258	420,702	1,234,016	1,929,866	2,738,278	2,787,410	2,268,835	3,488,084	3,504,887
Investments	1,774,000	1,774,000	1,774,000	1,774,000	1,774,000	1,774,000	1,774,000	1,774,000	1,774,000	1,774,000	1,774,000
Receivables	2,219,468	2,193,588	2,749,179	2,891,465	2,606,034	2,687,550	2,664,021	2,718,140	2,768,271	2,834,149	3,018,896
Inventories	1,494,987	1,393,725	1,393,928	1,407,227	1,420,857	1,434,829	1,449,149	1,463,828	1,478,874	1,494,296	1,510,103
Other	204,481	169,525	170,071	174,323	178,681	183,148	187,726	192,420	197,230	202,161	207,215
<b>Total Current Assets</b>	<b>6,864,468</b>	<b>7,470,834</b>	<b>6,342,436</b>	<b>6,667,716</b>	<b>7,213,588</b>	<b>8,009,393</b>	<b>8,813,175</b>	<b>8,935,797</b>	<b>8,487,210</b>	<b>9,792,689</b>	<b>10,015,101</b>
<b>Non-Current Assets</b>											
Receivables	231,867	239,841	244,595	251,288	258,163	265,228	272,486	279,943	287,605	295,476	303,564
Infrastructure, Property, Plant & Equipment	291,676,745	294,661,280	302,297,217	310,068,961	312,557,662	314,867,758	315,889,586	317,321,171	319,033,934	318,728,051	321,005,958
<b>Total Non-Current Assets</b>	<b>291,908,611</b>	<b>294,901,121</b>	<b>302,541,812</b>	<b>310,320,248</b>	<b>312,815,826</b>	<b>315,132,986</b>	<b>316,162,072</b>	<b>317,601,114</b>	<b>319,321,539</b>	<b>319,023,527</b>	<b>321,309,522</b>
<b>TOTAL ASSETS</b>	<b>298,773,080</b>	<b>302,371,955</b>	<b>308,884,249</b>	<b>316,987,964</b>	<b>320,029,414</b>	<b>323,142,379</b>	<b>324,975,247</b>	<b>326,536,912</b>	<b>327,808,749</b>	<b>328,816,216</b>	<b>331,324,623</b>
<b>LIABILITIES</b>											
<b>Current Liabilities</b>											
Payables	2,624,870	2,206,817	2,138,338	2,199,250	2,216,462	2,274,802	2,323,163	2,381,974	2,442,313	2,504,037	2,580,216
Borrowings	188,013	420,524	441,652	502,500	507,290	529,016	553,270	578,082	567,843	371,881	274,164
Provisions	1,702,862	1,702,862	1,702,862	1,702,862	1,702,862	1,702,862	1,702,862	1,702,862	1,702,862	1,702,862	1,702,862
<b>Total Current Liabilities</b>	<b>4,515,745</b>	<b>4,330,203</b>	<b>4,282,852</b>	<b>4,404,612</b>	<b>4,426,614</b>	<b>4,506,679</b>	<b>4,579,295</b>	<b>4,662,918</b>	<b>4,713,017</b>	<b>4,578,779</b>	<b>4,557,242</b>
<b>Non-Current Liabilities</b>											
Borrowings	2,211,723	5,200,390	4,758,738	4,786,804	4,279,514	3,750,499	3,197,228	2,619,147	2,051,304	1,679,423	1,405,258
Provisions	585,138	626,438	668,771	712,162	756,637	802,225	848,952	896,847	945,940	996,260	1,047,838
<b>Total Non-Current Liabilities</b>	<b>2,796,861</b>	<b>5,826,828</b>	<b>5,427,509</b>	<b>5,498,965</b>	<b>5,036,151</b>	<b>4,552,723</b>	<b>4,046,180</b>	<b>3,515,994</b>	<b>2,997,243</b>	<b>2,675,682</b>	<b>2,453,096</b>
<b>TOTAL LIABILITIES</b>	<b>7,312,606</b>	<b>10,157,031</b>	<b>9,710,361</b>	<b>9,903,577</b>	<b>9,462,765</b>	<b>9,059,402</b>	<b>8,625,475</b>	<b>8,178,911</b>	<b>7,710,261</b>	<b>7,254,462</b>	<b>7,010,338</b>
<b>Net Assets</b>	<b>291,460,474</b>	<b>292,214,924</b>	<b>299,173,888</b>	<b>307,084,387</b>	<b>310,566,649</b>	<b>314,082,977</b>	<b>316,349,772</b>	<b>318,358,000</b>	<b>320,098,489</b>	<b>321,561,754</b>	<b>324,314,284</b>
<b>EQUITY</b>											
Retained Earnings	264,941,474	265,695,924	272,654,888	280,565,387	284,047,649	287,563,977	289,830,772	291,839,000	293,579,489	295,042,754	297,795,284
Revaluation Reserves	26,519,000	26,519,000	26,519,000	26,519,000	26,519,000	26,519,000	26,519,000	26,519,000	26,519,000	26,519,000	26,519,000
<b>Total Equity</b>	<b>291,460,474</b>	<b>292,214,924</b>	<b>299,173,888</b>	<b>307,084,387</b>	<b>310,566,649</b>	<b>314,082,977</b>	<b>316,349,772</b>	<b>318,358,000</b>	<b>320,098,489</b>	<b>321,561,754</b>	<b>324,314,284</b>

## c. Cash Flow Statement

Walgett Shire Council 10 Year Financial Plan for the Years ending 30 June 2022											
CASH FLOW STATEMENT - GENERAL FUND	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Scenario: Base Case	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cash Flows from Operating Activities</b>											
<b>Receipts:</b>											
Rates & Annual Charges	5,192,344	5,329,045	5,475,886	5,626,361	5,780,977	5,939,850	6,103,096	6,270,836	6,443,195	6,620,298	6,802,278
User Charges & Fees	4,177,613	4,789,804	4,924,458	5,047,569	5,173,758	5,303,102	5,435,680	5,571,572	5,710,861	5,853,633	5,999,973
Interest & Investment Revenue Received	249,978	283,939	311,938	312,454	315,032	317,430	328,511	341,573	355,438	349,817	367,798
Grants & Contributions	13,733,450	11,187,315	17,078,610	18,894,803	15,358,086	15,474,643	14,784,780	14,915,648	15,132,886	15,355,556	17,017,329
Other	438,329	357,513	398,266	342,824	303,161	351,476	348,780	366,685	375,854	385,252	408,861
<b>Payments:</b>											
Employee Benefits & On-Costs	(6,429,369)	(7,420,103)	(7,784,674)	(7,964,340)	(8,243,092)	(8,531,600)	(8,830,206)	(9,139,263)	(9,459,137)	(9,790,207)	(10,132,864)
Materials & Contracts	(7,291,387)	(6,718,254)	(6,489,969)	(6,696,643)	(6,980,832)	(7,272,126)	(7,570,702)	(7,876,743)	(8,190,434)	(8,511,968)	(8,841,540)
Borrowing Costs	(202,505)	(206,166)	(294,737)	(285,496)	(287,585)	(264,176)	(240,187)	(215,811)	(190,870)	(165,513)	(124,192)
Other	(1,921,993)	(1,448,177)	(1,484,382)	(1,521,491)	(1,559,529)	(1,598,517)	(1,638,480)	(1,679,442)	(1,721,428)	(1,764,463)	(1,808,575)
<b>Net Cash provided (or used in) Operating Activities</b>	7,946,462	6,154,916	12,135,397	13,756,040	9,859,976	9,720,082	8,721,273	8,555,055	8,456,365	8,332,405	9,689,068
<b>Cash Flows from Investing Activities</b>											
<b>Receipts:</b>											
Sale of Infrastructure, Property, Plant & Equipment	410,000	997,500	424,500	1,038,000	785,300	433,500	310,000	642,100	443,800	764,500	683,000
<b>Payments:</b>											
Purchase of Infrastructure, Property, Plant & Equipment	(8,163,392)	(9,605,132)	(13,824,110)	(14,717,510)	(9,329,461)	(8,950,442)	(7,693,845)	(8,594,754)	(8,840,658)	(7,309,813)	(9,983,385)
<b>Net Cash provided (or used in) Investing Activities</b>	(7,753,392)	(8,607,632)	(13,399,610)	(13,679,510)	(8,544,161)	(8,516,942)	(7,383,845)	(7,952,654)	(8,396,858)	(6,545,313)	(9,300,385)
<b>Cash Flows from Financing Activities</b>											
<b>Receipts:</b>											
Proceeds from Borrowings & Advances	-	3,500,000	-	540,000	-	-	-	-	-	-	-
<b>Payments:</b>											
Repayment of Borrowings & Advances	(177,537)	(278,822)	(420,524)	(451,087)	(502,500)	(507,290)	(529,016)	(553,270)	(578,082)	(567,843)	(371,881)
<b>Net Cash Flow provided (used in) Financing Activities</b>	(177,537)	3,221,178	(420,524)	88,913	(502,500)	(507,290)	(529,016)	(553,270)	(578,082)	(567,843)	(371,881)
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	15,533	768,463	(1,684,738)	165,444	813,315	695,850	808,412	49,131	(518,574)	1,219,249	16,802
<b>plus: Cash, Cash Equivalents &amp; Investments - beginning</b>	1,156,000	1,171,533	1,939,996	255,258	420,702	1,234,016	1,929,866	2,738,278	2,787,410	2,268,835	3,488,084
<b>Cash &amp; Cash Equivalents - end of the year</b>	1,171,533	1,939,996	255,258	420,702	1,234,016	1,929,866	2,738,278	2,787,410	2,268,835	3,488,084	3,504,887
Cash & Cash Equivalents - end of the year	1,171,533	1,939,996	255,258	420,702	1,234,016	1,929,866	2,738,278	2,787,410	2,268,835	3,488,084	3,504,887
Investments - end of the year	1,774,000	1,774,000	1,774,000	1,774,000	1,774,000	1,774,000	1,774,000	1,774,000	1,774,000	1,774,000	1,774,000
<b>Cash, Cash Equivalents &amp; Investments - end of the year</b>	2,945,533	3,713,996	2,029,258	2,194,702	3,008,016	3,703,866	4,512,278	4,561,410	4,042,835	5,262,084	5,278,887
<b>Representing:</b>											
- External Restrictions	994,000	994,000	994,000	994,000	994,000	994,000	994,000	994,000	994,000	994,000	994,000
- Internal Restrictitons	1,888,000	2,488,000	938,000	938,000	938,000	938,000	938,000	938,000	938,000	938,000	938,000
- Unrestricted	63,533	231,996	97,258	262,702	1,076,016	1,771,866	2,580,278	2,629,410	2,110,835	3,330,084	3,346,887
	2,945,533	3,713,996	2,029,258	2,194,702	3,008,016	3,703,866	4,512,278	4,561,410	4,042,835	5,262,084	5,278,887

### d. Overview of Total Asset Expenditure

Fleet	v		695,000	1,558,000	1,480,000	1,317,000	1,151,000	985,000	571,000	1,145,000	570,000	1,772,000	1,216,500
Office Equipment	v		30,000	31,000	32,000	33,000	34,000	35,000	36,000	37,000	38,000	39,000	40,000
Roads and Bridges		v	800,000	2,330,000	7,171,110	6,226,110	6,226,110	6,226,110	6,226,110	6,226,110	6,226,110	6,226,110	7,786,120
Buildings and Amenities	v		90,000	145,000	80,000	200,000	-	-	50,000	-	-	-	-
Buildings and Amenities		v	1,106,488	2,323,259	-	620,000	-	1,000,000	-	-	-	-	-
Economic Affairs	v		25,000	45,000	60,000	70,000	25,000	-	-	-	-	-	-
Economic Affairs		v	36,731	1,000,000	1,004,500	-	-	-	-	-	-	-	-
Stormwater (inc Levee)	v		1,367,476	1,090,000	2,614,667	3,922,000	-	-	-	-	-	-	-
Footpaths	v		68,237	414,614	356,411	382,099	782,657	411,858	411,824	557,975	1,245,776	580,803	614,456
Footpaths		v	15,000	-	-	-	-	-	-	-	-	-	-
Recreation and Culture		v	45,000	126,667	40,500	720,400	537,000	-	100,000	-	-	-	-
Recreation and Culture	v		288,484	288,333	710,833	946,834	287,500	-	-	-	-	-	-
Kerbs and Guttering	v		-	-	-	-	-	-	-	323,160	448,500	-	-
	-	-	4,567,416	9,351,873	13,550,020	14,437,442	9,043,267	8,657,968	7,394,934	8,289,245	8,528,386	8,617,913	9,657,076

## Specific Capital Projects over \$500,000 included in forecast financial results

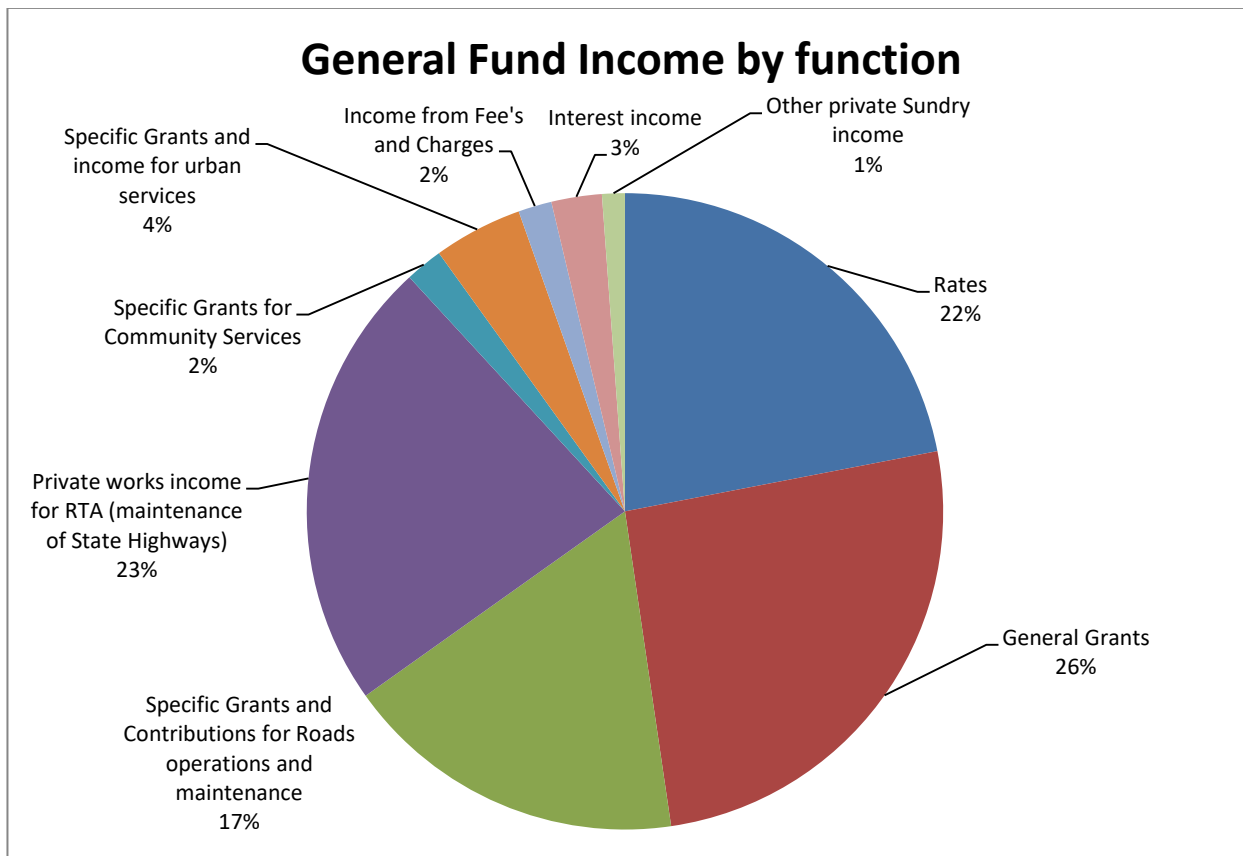
Project	New / Renewal works	No of years work	Commencement year	Total Cost	External Funding	Loan	Funded by Rates
Walgett Levee	Upgrade of existing asset	4	2011/2012	8,500,000	7,285,714		1,214,286
Walgett Aerodrome	Upgrade of existing asset	2	2012/2013	2,000,000	1,000,000	1,000,000	-
Burren to Piliga Road	Upgrade of existing asset	9	2013/2014	7,200,000	7,200,000		-
Collarenebri to Lightning Ridge Road	Upgrade of existing asset	10	2012/2013	19,680,000	19,680,000		-
Come by Chance Road	Upgrade of existing asset	11	2010/2011	15,750,000	15,750,000		-
Collarenebri to Mungendai	Upgrade of existing asset	10	2012/2013	12,800,000	12,630,000		170,000
Billibingbone road	Upgrade of existing asset	10	2013/2014	4,100,000	4,100,000		-
Wangan Bridge	Renewal	2	2012/2013	1,000,000		1,000,000	-
Walgett Depot	NEW asset (replacement)	2	2012/2013	2,000,000	500,000	1,500,000	-
Walgett Aged Care Facility	NEW asset	1	2016/2017	1,000,000	1,000,000		-
Ridge Road Cycleway footpath replacement	Renewal	1	2019/2020	596,904			596,904
Ridge Road Cycleway footpath replacement	Renewal	1	2019/2020	601,836			601,836
Fred Reece Way Cycleway (Airport)	Renewal	1	2020/2021	565,488			565,488
Replacement of Talaba creek bridge	Renewal	1	2013/2014	980,000	980,000		-
Replacement of Black bridge Carinda	Renewal	1	2013/2014	560,000	560,000		-
<b>TOTAL</b>				<b>79,384,228</b>	<b>73,185,714</b>	<b>3,500,000</b>	<b>3,148,514</b>

## **e. Notes, and Key Matters of General Interest**

- 1) The Long Term Financial Plan has been completed with all currently known information, and on the basis that it will be updated after further analysis of Council's assets, and alignment of expenditure when results from Asset Management Plans, and the Community Strategic Plan become available. Therefore this is just the start of a long process to capture Council's true financial state, to communicate this to the Councillors and to the public, and to put in place measures to make Council financially sustainable in the coming years.
- 2) The Income statement has split its grants between grants for Renewal assets, which fund the depreciation expense, and grants for new assets which are additional to Council's asset register. The result showing net of Capital income for new assets is Council's true result, and it shows that with exception to the 2013/14 year, and the 2014/15 year, Council is running at a large deficit each year. It is Council's target to run with a small operating surplus each year, and this has been identified in section 7 as a financial indicator.
- 3) Council's balance sheet is representative only. It shows Council is able to pay its financial liabilities at the end of the year. What it does not show is how much of the Cash and investments is grant / loan income, tied to specific expenditure, which may not be shown in the payables. This information can be found in the cash flow schedules. The Balance Sheet also shows Council to be in a comfortable positive net asset position. This is mainly due to the requirement to value Council assets at replacement cost, not sales cost, and bears no regard to the condition of the asset. As the cost to replace the asset always increases, so does the asset value on re-valuation, and therefore the assets on the balance sheet.
- 4) The plan is based on new loans being taken out to the value of \$3.5m in the 2012/2013 year. \$2m of these are to fund the replacement of existing assets only and they are costed on the basis that Council will be successful in its application for State Government assistance through the LIRS (Local Infrastructure Renewal Scheme) where State Government will grant the first 4% interest repayable on the loan. Another loan worth \$1.5m for the upgrade of the Walgett Aerodrome is also included in the 2012/2013 year which will be repayable over 20 years at 7% interest. Also in 2014/15 another loan of \$540k has been forecast to pay for the remaining Levee construction, to ensure Council take advantage of the Government 6:1 grant it is currently offering for work completed within the next 3 years.
- 5) A number of Road upgrades and other new assets such as a new aged care facility have been included in the plan which is shown to be fully funded through external grants. Although grants become available periodically, grants have not necessarily been sourced to cover these asset projects, and if come the time, no grant is available, then the project will be delayed until such funds do become available. It is also noted that extra maintenance and operational costs associated with any new asset have not been included in the operating statement at this time.
- 6) The plan includes a number of cash incomes from the sale of council owned assets. \$460k in the 2012/13 year from the Sale of Council owned buildings, \$320k in the 2014/15 year and \$320k in the 2015/16 year from the sale of land. The Long Term Financial Plan's Worst case scenario includes not being able to sell these assets.

## 5. Key Risk Factors

### a) Grant Funding



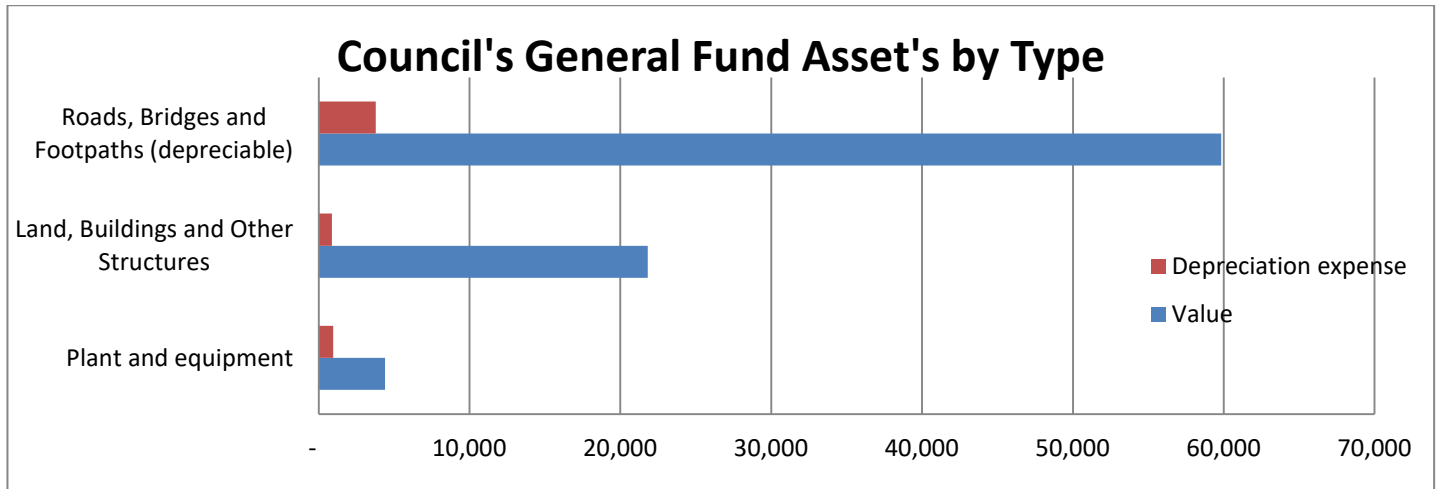
General Grant income consists mainly of the Federal Assistance Grant. In 2011 this came to a total of \$4,958,000. Council also receives specific grants and contributions from Government Agencies for ongoing operations and maintenance of roading infrastructure. In 2011 this totaled \$3,371,000. Together this grant assistance for the provision of on-going general services to the Shire came to 43%.

Both State and Federal Government have an ongoing interest to ensure that regional Shires are well serviced, as they often play a part in wider population strategies, and national income sustainability. However to be so reliant on handouts makes accurate financial planning difficult, and leaves the provision of ongoing Council services at the mercy of government policy change.

In the Long Term Financial Plan we have forecast that general assistance grants will increase in line with inflation (predicted at 2.5%). We have conducted sensitivity analysis on this in the next section to show how little this percentage needs to decrease before Council falls into financial hardship.

## b) Over Committing Council with the Purchase of new assets

Council's General Fund (i.e. not including Water or Sewer's) Asset register is currently sitting at \$301 million. Out of these assets \$204 million relate to land and land structures. The remaining balance of \$97m will have to be replaced at sometime in the future. To fund the renewal of these assets, an estimated cost in the form of depreciation is charged to the accounts each year. This charge is currently \$6.3m per year, or 7% of the total depreciable asset cost.



If Council builds or buys new assets, the total asset cost increases, along with the depreciation charge to fund the renewal of the asset. On top of this cost, other operational and maintenance costs are added to council's expenses on a yearly basis (e.g. a new toilet block needs cleaning and needs to be kept in working order to benefit the community).

On average, it has been estimated that there is an increase in operational and maintenance spend of 0.5% the cost of every new asset added to Council's asset register.

Based on Council's current asset register, for Council to become fully sustainable by fully funding its depreciation charge Council's rates revenue, and this would mean a 59% increase in everyone in the Shire's general yearly rates bill. In the 2011/2012 year Walgett's residential average general rates bill was \$448. This would increase to \$712 if the Shire were to fund all its **currently held** assets.



Over the last 5 years Council has committed to adding the following Assets with a cost over \$100,000 to Council's balance sheet (\$ values have been rounded to the nearest \$10,000)

Facility	Construction Value	Estimated life of asset	Yearly Depreciation Cost	Yearly estimated Average Operations and Maintenance Cost (including rates)	Total ongoing yearly cost to Council	Yearly income	Yearly Total Expense
HACC centre Lightning Ridge	1,230,000	75	16,400	10,000	26,400	10,000	16,400
Dementia Centre Lightning Ridge	700,000	75	9,333	10,000	19,333	10,000	9,333
Public Toilets Lightning Ridge	140,000	75	1,867	8,000	9,867	-	9,867
Skate Park and Shelter Lightning Ridge	100,000	5	20,000	2,000	22,000	-	22,000
* Gilbert/Arthur Street Units Walgett	1,850,000	75	24,667	24,800	49,467	37,570	11,897
Skate Park and Basket Ball facility Walgett	100,000	5	20,000	2,000	22,000	**500	21,500
Apex Park Childrens playground Walgett	100,000	5	20,000	2,000	22,000	-	22,000
Skate Park and Shelter Collarenebri	100,000	5	20,000	2,000	22,000	-	22,000
Evaporation Ponds Burren Junction	100,000	n/a	-	500	500	-	500
	4,420,000		132,267	61,300	193,567	57,570	135,497

\* The Gilbert Street units are a block of 8 units built for staff housing, one of the units has been sold and had a construction cost of \$250,000 (and was sold below this cost). The total cost of construction was \$2,100,000, therefore the cost for council is \$1,850,000.

\*\* The Skate park and Basket ball facility is part of the wider sports oval grounds which is hired out as one facility. The total estimated income for the entire reserve is \$2,500pa. \$500 has been estimated for use of the basket ball court, no income for the Skate park.

Currently Council is only funding part of its depreciation expense, and when an asset comes up for renewal (for example the Walgett Depot), Council has to labour to find adequate sources of finance to pay for it. If grants are not available, then Council must fund the works itself. This can be in one hit during the year (or years) of construction, or over a longer period with an external loan. The issue with funding assets in arrears is that it is difficult to forward plan, especially over a 10 year time period. However when Council continues to purchase or build brand new assets, it is certain that less capital will be available in the years to come to share around the ever increasing number of assets.

The asset management plans currently being developed will allow more accurate management of assets and the renewal funding required in future years.

### **c.i Legislative compliance for Risk management in the community**

This risk is related to Council's commitment to keep the Shire's public areas in a safe and orderly manner, minimizing any risks of harm to any persons (including employees) or property within the Shire. This includes (but is not limited to) the following:

- Maintaining Council run assets (such as public parks, halls and sporting facilities) to a standard which minimizes the risk of harm due to natural deterioration or vandalism of the asset.
- Maintaining vegetation around the Shire to minimize the risk of harmful bush fire.
- Maintain public roads and footpaths to a safe level
- Ensuring public order and safety services are well resourced and managed (e.g. dog catchers)
- Maintaining stormwater assets (including the levee), to ensure the risk of harmful flooding is kept at a minimum
- Ensuring Council has enough resources to foresee and deal with any environmental planning issues, and dealing with environmental legislation changes.

If funds are limited to the extent that any of the above cannot fully take place, the financial implications for Council would come in the form of litigation and fines for breach of legislation, and even administration.

### **c.ii Legislative compliance for Governance**

Council must comply with numerous administrative legislations, code of conduct, Local Government Act, and it must be heading towards complying with best practice guidelines in how it administers Council assets. If any of the prescribed legislations are breached on a continued basis, Council may again face financial penalties and administration.

Therefore Council must not underestimate its responsibilities to comply with legislation, and must prioritise funds to service these responsibilities above any new asset or asset improvements.

## 6. Scenario's

### a. Sensitivity Analysis

This is the investigation into how projected performance varies along with changes in the key assumptions on which the projections are based. In Council's analysis we have varied key assumptions, and found the following to be the most sensitive, with results as follows:

- **General Government Grant income increase**
  - ✚ Our findings have indicated that if this income source did not increase in line with inflation, and instead only increased by 1.5%, Council would experience financial hardship. In the 2012/13 year Council would be have unrestricted cash deficits (and therefore over-committing its cash funds) by \$43k, and this figure increases further in the following years.
  
- **Changes in employee expenses**
  - ✚ Employee expenses have been assumed to increase by 3.5% per annum. If this increased to 4%, Council would have short term cash flow difficulties, if it increased to 5% per annum there would be unrestricted cash deficits of \$3.15m in 2021/22.
  
- **Increase in Asset renewal cost due to legislative change**
  - ✚ Council is currently not able to cash back its restoration provisions. If Council were to cash back them for the tip provisions alone, an amount of around \$200k per year should be reserved. If this was to be the case, Council would find themselves in financial difficulty in 2013/14 in the current Long Term Financial Plan, and have \$149k negative unrestricted funds.
  
- **Increase in Utility (electric) prices**
  - ✚ Predictions have been made that electric prices are set to rise between 16-23% over the next year due to the Carbon Tax pricing. Council's total electric bill is currently around \$630k a year. An increase of 20% means an increase of \$126k. The Long Term financial Plan has increased all operating costs by an extra 0.75% to counter the Carbon tax, however costs could easily escalate above this increase, and compounded, energy prices only need to rise by 40% over 2 years to wipe out any unrestricted funds shown in the Long Term Financial Plan.

## **b. Scenario 1 – a likely unfavorable outcome**

The following profit and loss and cash flow schedules have been adapted from the Base case scenario with the following factors in place:

- Council has been unsuccessful in its bid for the LIRS scheme (which grants the first 4% interest in infrastructure backlog capital projects). Therefore interest for these projects has been increased to 7%, this is based on the fact these projects cannot be delayed due to their current condition.
- Council has been unable to sell its property or land which it has forecast to sell in the 2012/13 year, the 2014/15 and 2015/16 years.
- Council has found no alternative to disposing of its waste but to construct a new tip to service both Lightning Ridge and Walgett. The cost of this tip is to be \$6m payable in the 2013/14 year which has to be financed by a loan repayable over 20 years at 7% interest. Also restoration amounting to \$2m becomes payable, spread equally over 10 years to restore both the Lightning Ridge tip and the Walgett Tip's.
- No extra income is obtained from any source other than that existing in the base case scenario.

### **Results**

- Net operating result before New Capital grant income has increased in average deficit by \$522k from the base case scenario. The Average deficit is \$3.2m
- The cash flow statement shows Council going into deficit in 2018/19 with a loan/overdraft needed to cover operational costs worth \$633k. This only increases in the years past 2019, and is mainly due to the expenditure needed to replace Council's plant.

### **Strategy to mitigate losses**

- Council would need to revisit all capital expenditure, and see if any alternatives could be taken. This could see a drop in service level.
- All operations would need to be analysed to see where efficiencies could be made (as will be happening, and could result in the 3% savings in expenditure as shown in scenario 2 – best case).
- All donations and grants Council awards to the community would need to be revisited

### **Other factors which could be included in an unfavourable situation, but Council is still in the process of quantifying:**

- Any asset renewals after 2014/15. This information will be gathered from the asset management plans, once they have been updated onto Council's asset management system. It is highly likely that the asset renewal figures will be much higher than what Council is able to afford. Once quantified Council will go through the process of identifying assets which do not add value to the community strategic plan's objectives and goals. These assets will then either be removed, or replaced with less burdening assets.

<b>Walgett Shire Council 10 Year Financial Plan for the Years ending 30 June 2022</b>											
<b>INCOME STATEMENT - WORST CASE</b>	<b>Year 0</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
<b>Scenario: Base Case</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Income from Continuing Operations</b>											
<b>Revenue:</b>											
Rates & Annual Charges	5,145,532	5,330,771	5,477,251	5,627,763	5,782,418	5,941,330	6,104,617	6,272,399	6,444,801	6,621,949	6,803,974
User Charges & Fees	4,673,832	4,840,018	4,961,018	5,085,044	5,212,170	5,342,474	5,476,036	5,612,937	5,753,260	5,897,092	6,044,519
Interest & Investment Revenue	133,100	300,409	307,920	315,618	323,508	331,596	339,886	348,383	357,092	366,020	375,170
Other Revenues	363,151	365,864	324,876	332,998	341,323	349,856	358,602	367,567	376,757	386,176	395,830
Grants & Contributions provided for Operating Purposes	9,349,488	7,500,377	7,687,886	7,880,083	8,077,086	8,279,013	8,485,988	8,698,138	8,915,591	9,138,481	9,366,943
Grants & Contributions provided for New Capital Purposes	1,822,891	1,960,000	6,069,110	6,873,010	6,951,109	7,226,110	6,226,109	6,226,110	6,226,110	6,226,109	7,786,119
Grants & Contributions provided for Capital Renewal Purposes	1,678,964	1,357,143	3,862,857	4,245,714	-	-	-	-	-	-	-
<b>Total Income from Continuing Operations</b>	<b>23,166,958</b>	<b>21,654,583</b>	<b>28,690,918</b>	<b>30,360,230</b>	<b>26,687,614</b>	<b>27,470,379</b>	<b>26,991,238</b>	<b>27,525,534</b>	<b>28,073,611</b>	<b>28,635,826</b>	<b>30,772,556</b>
<b>Expenses from Continuing Operations</b>											
Employee Benefits & On-Costs	6,378,335	7,434,796	7,695,014	7,964,340	8,243,092	8,531,600	8,830,206	9,139,263	9,459,137	9,790,207	10,132,864
Borrowing Costs	187,334	239,444	601,284	784,962	771,752	728,565	683,269	635,863	586,031	533,604	462,124
Materials & Contracts	8,656,175	6,399,179	6,602,272	6,884,102	7,172,977	7,469,075	7,772,574	8,083,662	8,402,526	8,729,362	9,064,369
Depreciation & Amortisation	5,391,647	5,623,097	5,763,674	5,907,766	6,055,460	6,206,846	6,362,018	6,521,068	6,684,095	6,851,197	7,022,477
Other Expenses	1,921,993	1,448,177	1,484,382	1,521,491	1,559,529	1,598,517	1,638,480	1,679,442	1,721,428	1,764,463	1,808,575
<b>Total Expenses from Continuing Operations</b>	<b>22,535,484</b>	<b>21,144,694</b>	<b>22,146,626</b>	<b>23,062,660</b>	<b>23,802,810</b>	<b>24,534,603</b>	<b>25,286,546</b>	<b>26,059,297</b>	<b>26,853,216</b>	<b>27,668,834</b>	<b>28,490,409</b>
<b>Net Operating Result for the Year</b>	<b>631,474</b>	<b>509,889</b>	<b>6,544,292</b>	<b>7,297,569</b>	<b>2,884,804</b>	<b>2,935,776</b>	<b>1,704,692</b>	<b>1,466,237</b>	<b>1,220,395</b>	<b>966,992</b>	<b>2,282,146</b>
<b>Net Operating Result before Grants and Contributions provided for NEW Capital Purposes</b>	<b>(1,191,417)</b>	<b>(1,450,111)</b>	475,182	424,559	<b>(4,066,305)</b>	<b>(4,290,334)</b>	<b>(4,521,417)</b>	<b>(4,759,873)</b>	<b>(5,005,715)</b>	<b>(5,259,117)</b>	<b>(5,503,973)</b>

<b>Walgett Shire Council 10 Year Financial Plan for the Years ending 30 June 2022</b>											
<b>CASH FLOW STATEMENT - WORST CASE</b>	<b>YEAR 0</b>	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b>	<b>YEAR 4</b>	<b>YEAR 5</b>	<b>YEAR 6</b>	<b>YEAR 7</b>	<b>YEAR 8</b>	<b>YEAR 9</b>	<b>YEAR 10</b>
<b>Scenario: Base Case</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Cash Flows from Operating Activities</b>											
<b>Receipts:</b>											
Rates & Annual Charges	5,192,344	5,329,045	5,475,886	5,626,361	5,780,977	5,939,850	6,103,096	6,270,836	6,443,195	6,620,298	6,802,278
User Charges & Fees	4,177,613	4,789,804	4,924,458	5,047,569	5,173,758	5,303,102	5,435,680	5,571,572	5,710,861	5,853,633	5,999,973
Interest & Investment Revenue Received	249,978	287,434	315,477	321,228	323,598	323,402	334,528	347,613	361,502	355,906	373,912
Grants & Contributions	13,733,450	10,927,718	17,055,707	18,894,803	15,358,086	15,474,643	14,784,780	14,915,648	15,132,886	15,355,556	17,017,329
Other	438,329	354,982	400,797	342,824	303,161	351,476	348,780	366,685	375,854	385,252	408,861
<b>Payments:</b>											
Employee Benefits & On-Costs	(6,429,369)	(7,420,103)	(7,784,674)	(7,964,340)	(8,243,092)	(8,531,600)	(8,830,206)	(9,139,263)	(9,459,137)	(9,790,207)	(10,132,864)
Materials & Contracts	(7,291,387)	(6,639,154)	(6,581,528)	(6,809,401)	(7,096,409)	(7,390,592)	(7,692,130)	(8,001,206)	(8,318,009)	(8,642,732)	(8,975,573)
Borrowing Costs	(202,505)	(255,884)	(629,403)	(784,801)	(768,499)	(725,188)	(679,672)	(632,026)	(581,941)	(529,429)	(458,795)
Other	(1,921,993)	(1,448,177)	(1,484,382)	(1,521,491)	(1,559,529)	(1,598,517)	(1,638,480)	(1,679,442)	(1,721,428)	(1,764,463)	(1,808,575)
<b>Net Cash provided (or used in) Operating Activities</b>	<b>7,946,462</b>	<b>5,925,666</b>	<b>11,692,339</b>	<b>13,152,752</b>	<b>9,272,052</b>	<b>9,146,576</b>	<b>8,166,376</b>	<b>8,020,417</b>	<b>7,943,783</b>	<b>7,843,813</b>	<b>9,226,546</b>
<b>Cash Flows from Investing Activities</b>											
<b>Receipts:</b>											
Sale of Investment Securities	-	-	623,644	878,467	233,531	36,379	-	1,979	-	-	-
Sale of Investment Property	-	-	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	410,000	537,500	424,500	718,000	465,300	433,500	310,000	642,100	443,800	764,500	683,000
<b>Payments:</b>											
Purchase of Infrastructure, Property, Plant & Equipment	(8,163,392)	(9,336,873)	(19,824,110)	(14,717,510)	(9,329,461)	(8,950,442)	(7,693,845)	(8,594,754)	(8,840,658)	(7,309,813)	(9,983,385)
<b>Net Cash provided (or used in) Investing Activities</b>	<b>(7,753,392)</b>	<b>(8,799,373)</b>	<b>(18,775,966)</b>	<b>(13,121,042)</b>	<b>(8,630,630)</b>	<b>(8,480,563)</b>	<b>(7,383,845)</b>	<b>(7,950,675)</b>	<b>(8,396,858)</b>	<b>(6,545,313)</b>	<b>(9,300,385)</b>
<b>Cash Flows from Financing Activities</b>											
<b>Receipts:</b>											
Proceeds from Borrowings & Advances	-	3,500,000	6,000,000	540,000	-	-	-	-	-	-	-
Repayment of Borrowings & Advances	(177,537)	(258,513)	(455,686)	(571,710)	(641,421)	(666,013)	(709,157)	(756,564)	(806,393)	(823,171)	(656,375)
<b>Net Cash Flow provided (used in) Financing Activities</b>	<b>(177,537)</b>	<b>3,241,487</b>	<b>5,544,314</b>	<b>(31,710)</b>	<b>(641,421)</b>	<b>(666,013)</b>	<b>(709,157)</b>	<b>(756,564)</b>	<b>(806,393)</b>	<b>(823,171)</b>	<b>(656,375)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>15,533</b>	<b>367,780</b>	<b>(1,539,313)</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	<b>73,374</b>	<b>(686,822)</b>	<b>(1,259,467)</b>	<b>475,329</b>	<b>(730,214)</b>
<b>plus: Cash, Cash Equivalents &amp; Investments - beginning of year</b>	<b>1,156,000</b>	<b>1,171,533</b>	<b>1,539,313</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>73,374</b>	<b>(613,448)</b>	<b>(1,872,915)</b>	<b>(1,397,586)</b>
<b>Cash &amp; Cash Equivalents - end of the year</b>	<b>1,171,533</b>	<b>1,539,313</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>73,374</b>	<b>(613,448)</b>	<b>(1,872,915)</b>	<b>(1,397,586)</b>	<b>(2,127,800)</b>
Cash & Cash Equivalents - end of the year	1,171,533	1,539,313	0	0	0	0	73,374	(613,448)	(1,872,915)	(1,397,586)	(2,127,800)
Investments - end of the year	1,774,000	1,774,000	1,150,356	271,888	38,357	1,979	1,979	-	-	-	-
<b>Cash, Cash Equivalents &amp; Investments - end of the year</b>	<b>2,945,533</b>	<b>3,313,313</b>	<b>1,150,356</b>	<b>271,888</b>	<b>38,357</b>	<b>1,979</b>	<b>75,353</b>	<b>(613,448)</b>	<b>(1,872,915)</b>	<b>(1,397,586)</b>	<b>(2,127,800)</b>
<b>Representing:</b>											
- External Restrictions	994,000	994,000	994,000	994,000	994,000	994,000	994,000	994,000	994,000	994,000	994,000
- Internal Restrictitons	1,888,000	2,488,000	938,000	938,000	938,000	938,000	938,000	938,000	938,000	938,000	938,000
- Unrestricted	63,533	(168,687)	(781,644)	(1,660,112)	(1,893,643)	(1,930,021)	(1,856,647)	(2,545,448)	(3,804,915)	(3,329,586)	(4,059,800)
	<b>2,945,533</b>	<b>3,313,313</b>	<b>1,150,356</b>	<b>271,888</b>	<b>38,357</b>	<b>1,979</b>	<b>75,353</b>	<b>(613,448)</b>	<b>(1,872,915)</b>	<b>(1,397,586)</b>	<b>(2,127,800)</b>

### **c. Scenario 2 - Best case**

The following profit and loss and cash flow schedules have been adapted from the Base case scenario with the following factors in place:

- A Rates variation of 5% per annum for 3 years starting in the 2013/14 financial year.
- Extra revenue is found through the sale of council owned assets, over and above those already included, to the sum of \$300,000 in the 2012/13 year
- Savings in operations are made, reducing expenditure by 3% on wages, materials and contracts, and other expenses in the 2013/14 year.
- No further expenditures are needed – a strategy is found for the solid waste which can be implemented using the existing provisions within the budget.

#### **Results**

- The loan of \$540k which is needed in the base case is not required under this scenario, and has therefore been taken out, saving any interest needed to be paid on this loan.
- It is noted that unrestricted cash balances grow considerably. This is needed to fund the replacement of assets.
- Although large incomes before grants and contributions provided for New asset expenditure are seen in the 2013/14 and 2014/15 years, which net out the losses made in the prior two years, going forward into 2015/16 and beyond, large losses (starting at \$2.5m) are still being made. This shows that Council still cannot fund all its asset replacements.

#### **Measures which could be taken**

- Council is dependent on grant income for the replacement of its assets, it should be a priority to seek out these grants and take full advantage of them, but only for the RENEWAL of assets.
- Council is constantly looking for where efficiencies can be made in operations. With a full management team in place, Council will be focusing on where these savings can be made, with no loss to service level.
- It is not in Council's interest to propose a rate variation, however where it becomes apparent that a service level needs to be increased, and the funding cannot be found through reduction of other services provided by Council, or donations made by Council, then Council will consider the option of introducing a rate variation.

<b>Walgett Shire Council 10 Year Financial Plan for the Years ending 30 June 2022</b>											
<b>INCOME STATEMENT</b>	<b>Year 0</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
<b>Scenario: Best Case</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Income from Continuing Operations</b>											
<b>Revenue:</b>											
Rates & Annual Charges	5,145,532	5,330,771	5,574,130	5,829,077	6,096,178	6,263,875	6,436,193	6,613,260	6,795,205	6,982,165	7,174,276
User Charges & Fees	4,673,832	4,840,018	4,961,018	5,085,044	5,212,170	5,342,474	5,476,036	5,612,937	5,753,260	5,897,092	6,044,519
Interest & Investment Revenue	133,100	300,409	307,920	315,618	323,508	331,596	339,886	348,383	357,092	366,020	375,170
Other Revenues	363,151	365,864	324,876	332,998	341,323	349,856	358,602	367,567	376,757	386,176	395,830
Grants & Contributions provided for Operating Purposes	9,349,488	7,500,377	7,687,886	7,880,083	8,077,086	8,279,013	8,485,988	8,698,138	8,915,591	9,138,481	9,366,943
Grants & Contributions provided for New Capital Purposes	1,822,891	1,960,000	6,069,110	6,873,010	6,951,109	7,226,110	6,226,109	6,226,110	6,226,110	6,226,109	7,786,119
Grants & Contributions provided for Capital Renewal Purposes	1,678,964	1,357,143	3,862,857	4,245,714	-	-	-	-	-	-	-
<b>Total Income from Continuing Operations</b>	<b>23,166,958</b>	<b>21,654,583</b>	<b>28,787,797</b>	<b>30,561,544</b>	<b>27,001,373</b>	<b>27,792,924</b>	<b>27,322,815</b>	<b>27,866,395</b>	<b>28,424,016</b>	<b>28,996,042</b>	<b>31,142,857</b>
<b>Expenses from Continuing Operations</b>											
Employee Benefits & On-Costs	6,378,335	7,434,796	7,464,164	7,725,410	7,995,799	8,275,652	8,565,300	8,865,086	9,175,364	9,496,501	9,828,879
Borrowing Costs	187,334	189,830	296,869	275,595	254,014	233,462	212,619	191,621	170,293	148,623	110,317
Materials & Contracts	8,656,175	6,399,179	6,210,204	6,482,232	6,761,061	7,046,860	7,339,805	7,640,073	7,947,847	8,263,316	8,586,672
Depreciation & Amortisation	5,391,647	5,623,097	5,763,674	5,907,766	6,055,460	6,206,846	6,362,018	6,521,068	6,684,095	6,851,197	7,022,477
Other Expenses	1,921,993	1,448,177	1,439,851	1,475,847	1,512,743	1,550,562	1,589,326	1,629,059	1,669,785	1,711,530	1,754,318
<b>Total Expenses from Continuing Operations</b>	<b>22,535,484</b>	<b>21,095,079</b>	<b>21,174,762</b>	<b>21,866,850</b>	<b>22,579,077</b>	<b>23,313,383</b>	<b>24,069,067</b>	<b>24,846,906</b>	<b>25,647,385</b>	<b>26,471,168</b>	<b>27,302,663</b>
<b>Net Operating Result for the Year</b>	<b>631,474</b>	<b>559,504</b>	<b>7,613,034</b>	<b>8,694,694</b>	<b>4,422,296</b>	<b>4,479,541</b>	<b>3,253,747</b>	<b>3,019,488</b>	<b>2,776,631</b>	<b>2,524,873</b>	<b>3,840,194</b>
<b>Net Operating Result before Grants and Contributions provided for NEW Capital Purposes</b>	<b>(1,191,417)</b>	<b>(1,400,496)</b>	1,543,924	1,821,684	<b>(2,528,813)</b>	<b>(2,746,569)</b>	<b>(2,972,362)</b>	<b>(3,206,622)</b>	<b>(3,449,479)</b>	<b>(3,701,236)</b>	<b>(3,945,925)</b>



<b>Walgett Shire Council 10 Year Financial Plan for the Years ending 30 June 2022</b>											
<b>CASH FLOW STATEMENT</b>	<b>YEAR 0</b>	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b>	<b>YEAR 4</b>	<b>YEAR 5</b>	<b>YEAR 6</b>	<b>YEAR 7</b>	<b>YEAR 8</b>	<b>YEAR 9</b>	<b>YEAR 10</b>
<b>Scenario: Best Case</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Cash Flows from Operating Activities</b>											
<b>Receipts:</b>											
Rates & Annual Charges	5,192,344	5,329,045	5,571,863	5,826,702	6,093,689	6,262,313	6,434,588	6,611,610	6,793,510	6,980,423	7,172,486
User Charges & Fees	4,177,613	4,789,804	4,924,458	5,047,569	5,173,758	5,303,102	5,435,680	5,571,572	5,710,861	5,853,633	5,999,973
Interest & Investment Revenue Received	249,978	280,973	300,806	307,053	303,204	309,013	319,831	332,660	346,287	340,420	358,147
Grants & Contributions	13,733,450	10,927,718	17,055,707	18,894,803	15,358,086	15,474,643	14,784,780	14,915,648	15,132,886	15,355,556	17,017,329
Other	438,329	354,982	401,230	343,292	303,664	351,515	348,821	366,726	375,897	385,296	408,907
<b>Payments:</b>											
Employee Benefits & On-Costs	(6,429,369)	(7,420,103)	(7,553,824)	(7,725,410)	(7,995,799)	(8,275,652)	(8,565,300)	(8,865,086)	(9,175,364)	(9,496,501)	(9,828,879)
Materials & Contracts	(7,291,387)	(6,639,154)	(6,232,155)	(6,408,599)	(6,685,586)	(6,969,499)	(7,260,509)	(7,558,795)	(7,864,538)	(8,177,924)	(8,499,145)
Borrowing Costs	(202,505)	(206,166)	(294,737)	(273,355)	(251,665)	(231,103)	(210,166)	(189,061)	(167,626)	(146,026)	(108,734)
Other	(1,921,993)	(1,448,177)	(1,439,851)	(1,475,847)	(1,512,743)	(1,550,562)	(1,589,326)	(1,629,059)	(1,669,785)	(1,711,530)	(1,754,318)
<b>Net Cash provided (or used in) Operating Activities</b>	<b>7,946,462</b>	<b>5,968,923</b>	<b>12,733,498</b>	<b>14,536,208</b>	<b>10,786,608</b>	<b>10,673,769</b>	<b>9,698,398</b>	<b>9,556,216</b>	<b>9,482,128</b>	<b>9,383,345</b>	<b>10,765,766</b>
<b>Cash Flows from Investing Activities</b>											
<b>Receipts:</b>											
Sale of Infrastructure, Property, Plant & Equipment	410,000	1,297,500	724,500	1,038,000	785,300	433,500	310,000	642,100	443,800	764,500	683,000
<b>Payments:</b>											
Purchase of Infrastructure, Property, Plant & Equipment	(8,163,392)	(9,336,873)	(13,824,110)	(14,717,510)	(9,329,461)	(8,950,442)	(7,693,845)	(8,594,754)	(8,840,658)	(7,309,813)	(9,983,385)
<b>Net Cash provided (or used in) Investing Activities</b>	<b>(7,753,392)</b>	<b>(8,039,373)</b>	<b>(13,099,610)</b>	<b>(13,679,510)</b>	<b>(8,544,161)</b>	<b>(8,516,942)</b>	<b>(7,383,845)</b>	<b>(7,952,654)</b>	<b>(8,396,858)</b>	<b>(6,545,313)</b>	<b>(9,300,385)</b>
<b>Cash Flows from Financing Activities</b>											
<b>Receipts:</b>											
Proceeds from Borrowings & Advances	-	3,500,000	-	-	-	-	-	-	-	-	-
<b>Payments:</b>											
Repayment of Borrowings & Advances	(177,537)	(278,822)	(420,524)	(441,652)	(463,080)	(465,037)	(483,727)	(504,727)	(526,050)	(512,072)	(312,103)
<b>Net Cash Flow provided (used in) Financing Activities</b>	<b>(177,537)</b>	<b>3,221,178</b>	<b>(420,524)</b>	<b>(441,652)</b>	<b>(463,080)</b>	<b>(465,037)</b>	<b>(483,727)</b>	<b>(504,727)</b>	<b>(526,050)</b>	<b>(512,072)</b>	<b>(312,103)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>15,533</b>	<b>1,150,728</b>	<b>(786,637)</b>	<b>415,046</b>	<b>1,779,366</b>	<b>1,691,790</b>	<b>1,830,826</b>	<b>1,098,835</b>	<b>559,220</b>	<b>2,325,959</b>	<b>1,153,278</b>
<b>plus: Cash, Cash Equivalents &amp; Investments - beginning of year</b>	<b>1,156,000</b>	<b>1,171,533</b>	<b>2,322,261</b>	<b>1,535,624</b>	<b>1,950,671</b>	<b>3,730,037</b>	<b>5,421,827</b>	<b>7,252,653</b>	<b>8,351,489</b>	<b>8,910,709</b>	<b>11,236,669</b>
<b>Cash &amp; Cash Equivalents - end of the year</b>	<b>1,171,533</b>	<b>2,322,261</b>	<b>1,535,624</b>	<b>1,950,671</b>	<b>3,730,037</b>	<b>5,421,827</b>	<b>7,252,653</b>	<b>8,351,489</b>	<b>8,910,709</b>	<b>11,236,669</b>	<b>12,389,947</b>
Cash & Cash Equivalents - end of the year	1,171,533	2,322,261	1,535,624	1,950,671	3,730,037	5,421,827	7,252,653	8,351,489	8,910,709	11,236,669	12,389,947
Investments - end of the year	1,774,000	1,774,000	1,774,000	1,774,000	1,774,000	1,774,000	1,774,000	1,774,000	1,774,000	1,774,000	1,774,000
<b>Cash, Cash Equivalents &amp; Investments - end of the year</b>	<b>2,945,533</b>	<b>4,096,261</b>	<b>3,309,624</b>	<b>3,724,671</b>	<b>5,504,037</b>	<b>7,195,827</b>	<b>9,026,653</b>	<b>10,125,489</b>	<b>10,684,709</b>	<b>13,010,669</b>	<b>14,163,947</b>
<b>Representing:</b>											
- External Restrictions	994,000	994,000	994,000	994,000	994,000	994,000	994,000	994,000	994,000	994,000	994,000
- Internal Restrictitons	1,888,000	2,488,000	938,000	938,000	938,000	938,000	938,000	938,000	938,000	938,000	938,000
- Unrestricted	63,533	614,261	1,377,624	1,792,671	3,572,037	5,263,827	7,094,653	8,193,489	8,752,709	11,078,669	12,231,947
	<b>2,945,533</b>	<b>4,096,261</b>	<b>3,309,624</b>	<b>3,724,671</b>	<b>5,504,037</b>	<b>7,195,827</b>	<b>9,026,653</b>	<b>10,125,489</b>	<b>10,684,709</b>	<b>13,010,669</b>	<b>14,163,947</b>

## 7. Financial Strategy

### a. Overview

It is clear that any decisions made by Council today have large impacts on Council in the future. One purpose of the Long Term Financial Plan is to ensure Council and the Community is aware of the financial impacts in the future. This is especially true for any new assets which are proposed for Council to take ownership over, even when they are given a full grant to be constructed.

As Council's current situation is unsustainable with large losses before capital grants and contributions being made, Council must implement a financial strategy to become sustainable in the future.

Although the current Long Term Financial Plan does not reflect these financial targets being met, Council will revise the plan in the coming year, to ensure that targets are attainable, and that measures taken to meet them have the least impact on service level's as possible.

### b. Financial Indicators

Council will proceed with implementing the following financial targets using the following indicators, which have been recommended by the IPWEA (Institute of Public Works Engineering Australia) in their Australian Infrastructure Financial Management Guidelines.

#### 1) Operating Surplus Ratio

*'The operating Result (net of capital revenues) expressed as a percentage of total operating income'*

This ratio is calculated as follows: 
$$\frac{\text{Surplus/Deficit before capital revenues}}{\text{Total Operating Income}}$$

This ratio shows us how sufficient Council's income is to meet its expenditures, a suitable target for Council would be 5% which would provide some free funds in case of any unexpected expenditures.

#### 2) Net financial liabilities ratio

*'The significance of net amount owed by an entity compared with its operating income for the period'*

This ratio is calculated as follows: 
$$\frac{\text{Total liabilities less financial assets}}{\text{Total Operating Income}}$$

This ratio shows how capable Council is in meeting its financial obligations, and should not exceed 100% of operating income.

#### 3) Asset sustainability ratio

*'The ratio of asset replacement expenditure relative to depreciation for a period. Measures whether assets are being replaced at a rate they are wearing out'*

This ratio is calculated as follows: 
$$\frac{\text{Capital replacement expenditure}}{\text{Depreciation expense}}$$

If a ratio is 100% on average, then Council is ensuring it's value of existing physical assets is being maintained.

**4) Asset renewal funding ratio**

*'The ratio of net present value (NPV) of asset renewal funding accommodated over a 10 year period in a LTFP relative to the NPV of projected asset renewal expenditures identified in an Asset Management Plan for the same period'.*

This is a long term financial target and is calculated as follows:

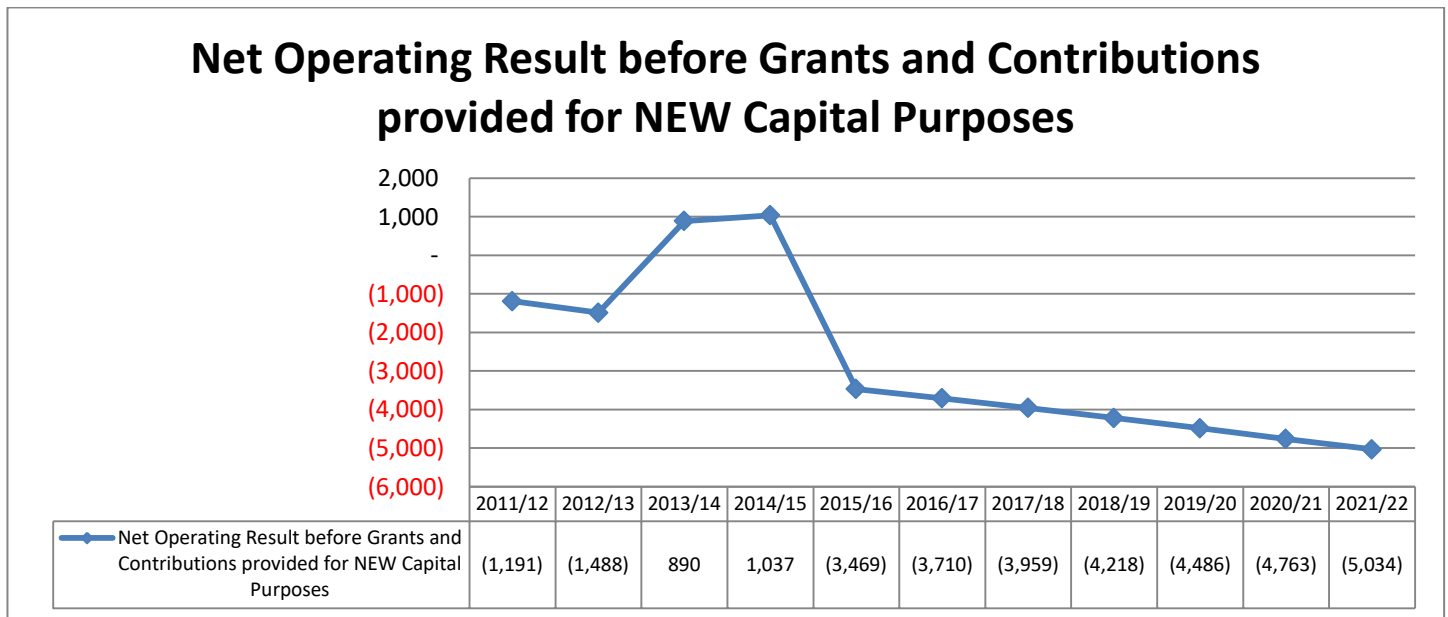
**NPV of Asset Renewal expenditure as set out in LTFP**

**NPV of projected asset renewal expenditure needed as per the Asset Management Plans**

This ratio is a measure of the ability of Council to fund its projected asset renewals/replacements into the future, and a target should be 100%.

**c. Results**

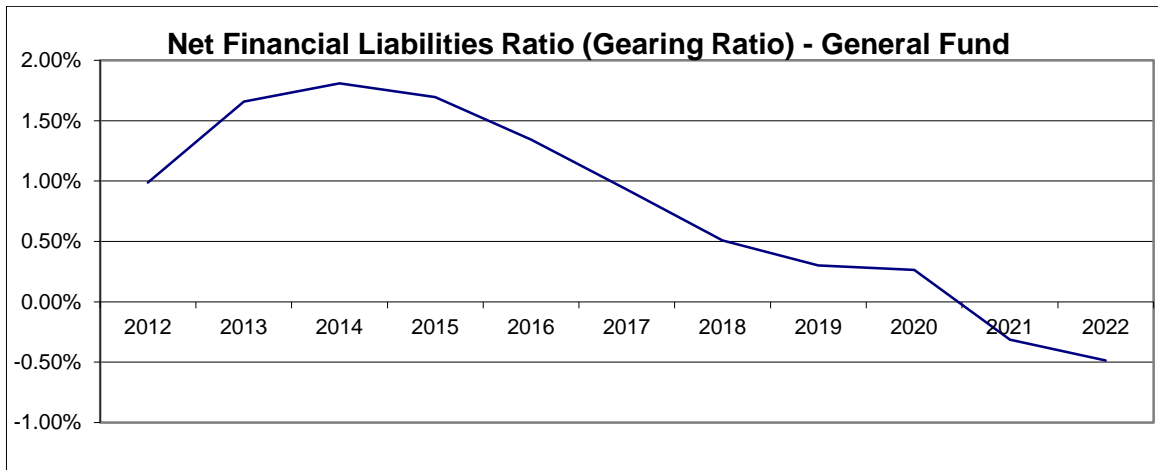
**1) Operating Surplus Ratio**



If this ratio were to be calculated net of all capital grants, the results would be far worse than these currently predicted results. Therefore we have adapted the ratio, and deducted only capital income for new or upgrades to assets, in recognition that Council will not be able to become independent in the near future without the aide of Capital grants to renew existing infrastructure. However Council should be able to attain the target of 5% on average with the adapted ratio.

It is noted that current results show an increasing deficit, which will be looked at in the near future, to see if results can be improved. It is assumed this review will be completed alongside the reconciliation of the asset management plans to the Long Term Financial Plan.

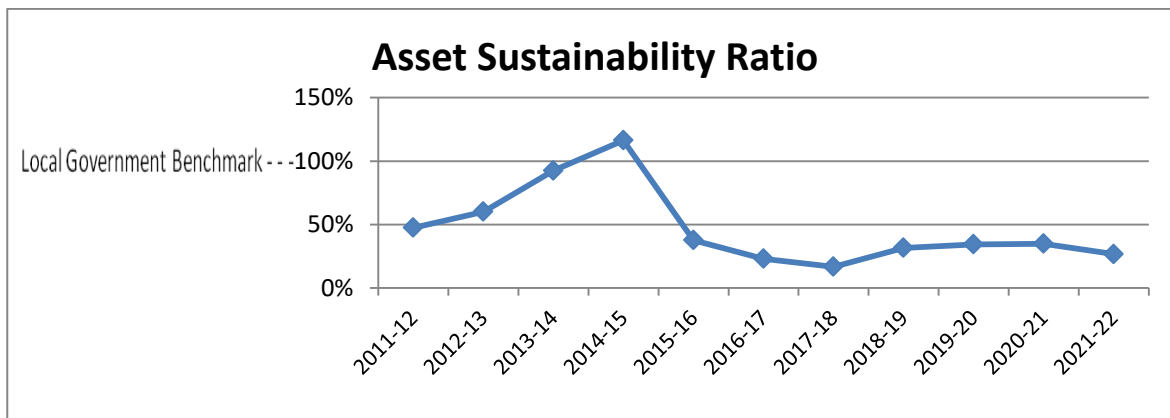
## 2) Net Financial Liabilities Ratio



This chart shows that Council is in a healthy position to pay its debts.

As the result fall's the better the ratio becomes, however the Long Term Financial Plan currently omits a lot of expenditure which is required for the renewal of its assets. This information will be added once the asset management plans are reconciled to the long term financial plan.

## 3) Asset sustainability ratio



This shows that over the next 4 years the replacement of assets increases to be more inline with the depreciation expense. However after these initial years the ratio drops dramatically. This is due to the plan not containing information from the asset management plans, which will detail what expenditure is required to be spent in these later years.

## 4) Asset renewal Funding Ratio

Council at present is unable to compute this ratio due to the information still outstanding from the asset management plans. This information will be gleaned from the asset management plans in the coming months, and this ratio will be completed on a quarterly basis to ensure Council is correctly budgeting for asset renewals into the future.

## **8. Water Fund**

### **a. Key issues of interest**

There are a number of issues arising within the Water fund in the coming years

#### **i) Water billing**

This is where Council is changing the structure of its pricing of water from an annual charge, to a user pays charge where a portion of the bill will be based on the actual usage taken from the meter reads, which are currently planned to take place three times a year. There will still be a portion of the bill which is an access fee, so even if water is not connected to your property, but a water mains pipe runs closer than 225 from the property, an access fee will be charged.

#### **ii) Water Pricing**

The pricing for the 2012/13 year is still under review at the time of producing the Long Term Financial Plan. It has been estimated in the plan that overall prices will increase by 3.6%. This is to lessen the burden on rate payers due to the change of pricing structure which will see assessments with no meters attached receive a lower bill, and those with two or more meters attached will bare more of the cost. It is noted thought, that with this increase alone the water fund can not cover its costs and is in effect running at a loss. Therefore it is likely that prices will be reviewed again next year.

#### **iii) New Water Treatments plant**

Walgett is receiving a new 1.5 mega litre a day treatment plant constructed which includes an upgrade to the water infrastructure in Walgett in the 2012/13 year. This should increase efficiencies in the water fund in coming years as less maintenance should be required in the new plant. There are also current plans to replace a lot of the water mains within Walgett which have reached the end of the current useful lives.

#### **iv) New Bore**

Lightning Ridge has recently received a new bore which will act as the new primary bore, leaving the existing bore as a backup. This is a useful new asset for the Lightning Ridge community, also from a financial perspective it is important to note that this asset also comes with additional costs for the Lightning Ridge water fund.

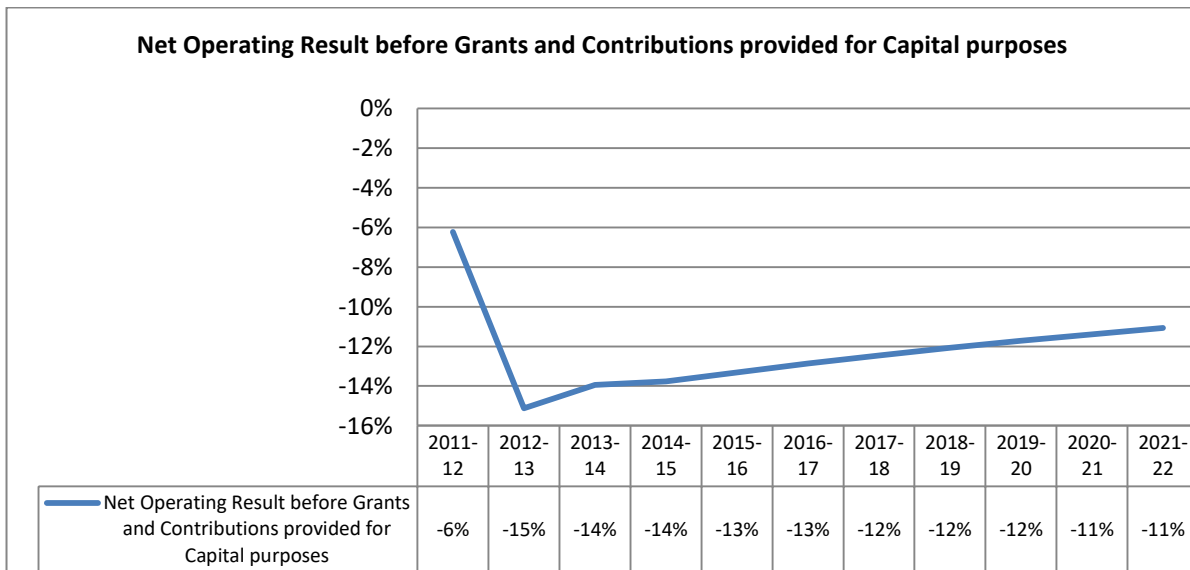
#### **v) Revaluation of Water and Sewer assets in the 2011/12 year**

All water and sewer assets are in the midst of being revalued. This revaluation will have a major impact on the depreciation expense charged to the profit and loss, and may bring to the forefront any immediate repairs which cannot be delayed for health and safety reasons. The revaluation needs to be completed before the end of the 2011/12 financial year, and will be reflected in the asset management plans, and the yearend financial statements, it is however not included in this Long Term Financial Plan.

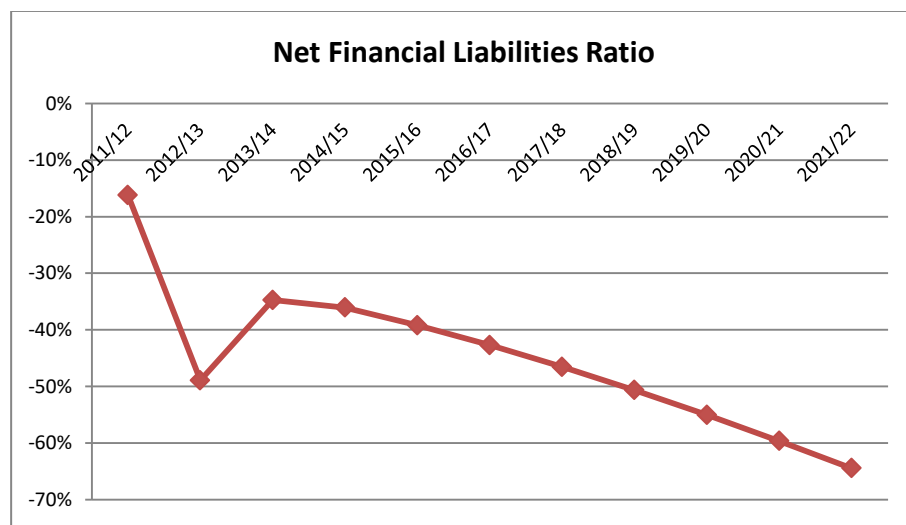
The Long Term Financial Plan has been compiled on a consolidated basis, due to the interdependency of the funds. It is noted that capital expenditure after the first four years has only been estimated in the

absence of the financial information in the Water asset management plan. The asset management plan will be reconciled to the water plan in the coming year.

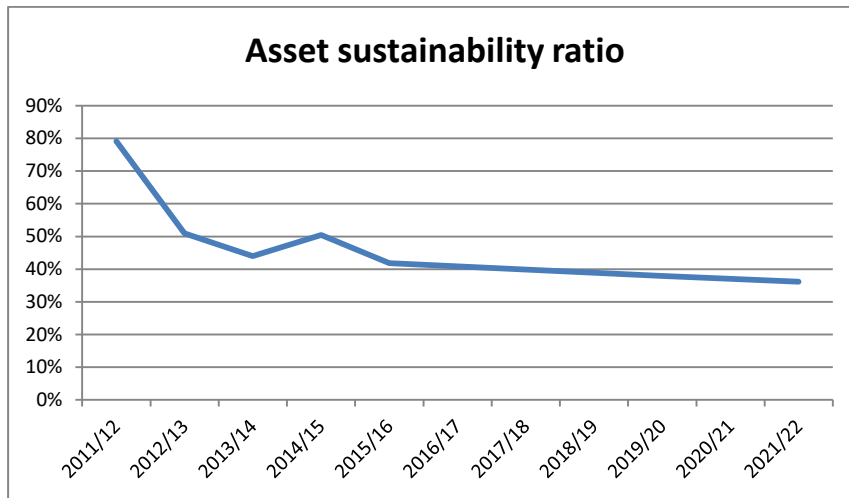
**b. Financial Indicator results**



It is clear that currently the Water fund fall’s well below its target of 0%. This shows that the current water rates cannot fund the future replacement of the infrastructure. However it is clear that the grant received for the new treatment plant in Walgett is part replacement and part upgrade, and therefore funds some of the depreciation expense within the 2012/13 year. This however is a one off grant and Council cannot rely on such grants to pay for all its infrastructure renewals.



It is clear that the Water fund is easily able to meet all its liabilities on time. This is mainly due to a lot of the administration expenses being paid by the general fund, and then passed on to the water fund through an on cost charged to the water fund, and therefore no liability is generated.



The Asset Sustainability ratio is clearly lacking in the renewal expenditure required to ensure the Water assets are being kept in a reasonable servicing condition. This is mainly due to the following reasons:

- Renewal expenditure is missing in the long term financial plan, and will be updated with financial information from the asset management plans
- The new treatment plant in Walgett has been classified as New works, when it is a mix of renewal and upgrade works.

It is expected that once the asset management plans are reconciled to the long term financial plan, that the ratio will dramatically improve.

### c. Water Statements

<b>Walgett Shire Council 10 Year Financial Plan for the Years ending 30 June 2022</b>											
<b>INCOME STATEMENT - WATER FUND</b>	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Scenario: Base Case</b>	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Income from Continuing Operations</b>											
<b>Revenue:</b>											
Rates & Annual Charges	1,335,484	1,375,549	1,409,938	1,445,187	1,481,316	1,518,349	1,556,308	1,595,216	1,635,096	1,675,973	1,717,873
User Charges & Fees	11,789	12,393	12,703	13,021	13,346	13,680	14,022	14,373	14,732	15,100	15,478
Interest & Investment Revenue	114,427	20,525	21,039	21,564	22,104	22,656	23,223	23,803	24,398	25,008	25,633
Other Revenues	288,399	256,231	262,637	269,203	275,933	282,831	289,902	297,149	304,578	312,193	319,997
Grants & Contributions provided for Capital Purposes	4,310,000	-	80,000	40,000	40,000	41,000	42,025	43,076	44,153	45,256	46,388
<b>Total Income from Continuing Operations</b>	<b>6,060,099</b>	<b>1,664,699</b>	<b>1,786,317</b>	<b>1,788,975</b>	<b>1,832,699</b>	<b>1,878,516</b>	<b>1,925,479</b>	<b>1,973,616</b>	<b>2,022,957</b>	<b>2,073,531</b>	<b>2,125,369</b>
<b>Expenses from Continuing Operations</b>											
Employee Benefits & On-Costs	339,574	406,131	420,345	435,057	450,284	466,044	482,356	499,238	516,711	534,796	553,514
Borrowing Costs	5,546	4,603	3,660	2,715	1,866	1,151	678	267	60	-	-
Materials & Contracts	1,338,473	1,062,147	1,076,694	1,091,604	1,106,887	1,122,553	1,138,609	1,155,068	1,171,937	1,189,229	1,206,953
Depreciation & Amortisation	443,496	443,496	454,583	465,948	477,597	489,537	501,775	514,319	527,177	540,357	553,866
<b>Total Expenses from Continuing Operations</b>	<b>2,127,089</b>	<b>1,916,377</b>	<b>1,955,282</b>	<b>1,995,324</b>	<b>2,036,634</b>	<b>2,079,284</b>	<b>2,123,418</b>	<b>2,168,892</b>	<b>2,215,886</b>	<b>2,264,382</b>	<b>2,314,333</b>
<b>Net Operating Result for the Year</b>	<b>3,933,010</b>	<b>(251,677)</b>	<b>(168,965)</b>	<b>(206,350)</b>	<b>(203,935)</b>	<b>(200,768)</b>	<b>(197,939)</b>	<b>(195,276)</b>	<b>(192,929)</b>	<b>(190,851)</b>	<b>(188,964)</b>
<b>Net Operating Result before Grants and Contributions provided for</b>											
<b>Capital Purposes</b>	<b>(376,990)</b>	<b>(251,677)</b>	<b>(248,965)</b>	<b>(246,350)</b>	<b>(243,935)</b>	<b>(241,768)</b>	<b>(239,964)</b>	<b>(238,351)</b>	<b>(237,082)</b>	<b>(236,108)</b>	<b>(235,351)</b>



<b>Walgett Shire Council 10 Year Financial Plan for the Years ending 30 June 2022</b>											
<b>BALANCE SHEET - WATER FUND</b>	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>ASSETS</b>											
<b>Current Assets</b>											
Cash & Cash Equivalents	680,798	484,807	266,539	268,112	320,793	387,273	464,351	553,824	655,166	766,903	888,092
Receivables	281,956	290,415	297,675	305,117	312,745	320,564	328,578	336,792	345,212	353,843	362,689
<b>Total Current Assets</b>	<b>962,754</b>	<b>775,222</b>	<b>564,214</b>	<b>573,229</b>	<b>633,538</b>	<b>707,837</b>	<b>792,929</b>	<b>890,616</b>	<b>1,000,378</b>	<b>1,120,745</b>	<b>1,250,780</b>
<b>Non-Current Assets</b>											
Receivables	94,939	97,787	100,232	102,737	105,306	107,938	110,637	113,403	116,238	119,144	122,122
Infrastructure, Property, Plant & Equipment	17,860,535	17,778,039	17,802,956	17,572,008	17,294,411	17,009,874	16,718,224	16,419,283	16,112,868	15,798,793	15,476,866
<b>Total Non-Current Assets</b>	<b>17,955,474</b>	<b>17,875,826</b>	<b>17,903,187</b>	<b>17,674,745</b>	<b>17,399,717</b>	<b>17,117,813</b>	<b>16,828,861</b>	<b>16,532,686</b>	<b>16,229,106</b>	<b>15,917,937</b>	<b>15,598,988</b>
<b>TOTAL ASSETS</b>	<b>18,918,228</b>	<b>18,651,048</b>	<b>18,467,401</b>	<b>18,247,974</b>	<b>18,033,255</b>	<b>17,825,650</b>	<b>17,621,790</b>	<b>17,423,302</b>	<b>17,229,484</b>	<b>17,038,682</b>	<b>16,849,769</b>
<b>LIABILITIES</b>											
<b>Current Liabilities</b>											
Payables	3,784	3,003	3,044	3,086	3,129	3,174	3,219	3,266	3,313	3,362	3,412
Borrowings	14,722	14,722	13,120	10,827	6,882	5,966	3,259	936	-	-	-
<b>Total Current Liabilities</b>	<b>18,506</b>	<b>17,725</b>	<b>16,164</b>	<b>13,913</b>	<b>10,011</b>	<b>9,140</b>	<b>6,478</b>	<b>4,202</b>	<b>3,313</b>	<b>3,362</b>	<b>3,412</b>
<b>Non-Current Liabilities</b>											
Borrowings	55,712	40,990	27,870	17,043	10,161	4,195	936	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>55,712</b>	<b>40,990</b>	<b>27,870</b>	<b>17,043</b>	<b>10,161</b>	<b>4,195</b>	<b>936</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>74,218</b>	<b>58,715</b>	<b>44,034</b>	<b>30,956</b>	<b>20,172</b>	<b>13,335</b>	<b>7,414</b>	<b>4,202</b>	<b>3,313</b>	<b>3,362</b>	<b>3,412</b>
<b>Net Assets</b>	<b>18,844,010</b>	<b>18,592,333</b>	<b>18,423,367</b>	<b>18,217,018</b>	<b>18,013,083</b>	<b>17,812,315</b>	<b>17,614,376</b>	<b>17,419,101</b>	<b>17,226,171</b>	<b>17,035,320</b>	<b>16,846,356</b>
<b>EQUITY</b>											
Retained Earnings	12,824,010	12,572,333	12,403,367	12,197,018	11,993,083	11,792,315	11,594,376	11,399,101	11,206,171	11,015,320	10,826,356
Revaluation Reserves	6,020,000	6,020,000	6,020,000	6,020,000	6,020,000	6,020,000	6,020,000	6,020,000	6,020,000	6,020,000	6,020,000
<b>Total Equity</b>	<b>18,844,010</b>	<b>18,592,333</b>	<b>18,423,367</b>	<b>18,217,018</b>	<b>18,013,083</b>	<b>17,812,315</b>	<b>17,614,376</b>	<b>17,419,101</b>	<b>17,226,171</b>	<b>17,035,320</b>	<b>16,846,356</b>

<b>Walgett Shire Council 10 Year Financial Plan for the Years ending 30 June 2022</b>											
<b>CASH FLOW STATEMENT - WATER FUND</b>	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Scenario: Base Case</b>	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cash Flows from Operating Activities</b>											
<b>Receipts:</b>											
Rates & Annual Charges	1,324,589	1,364,242	1,400,233	1,435,239	1,471,120	1,507,898	1,545,595	1,584,235	1,623,841	1,664,437	1,706,048
User Charges & Fees	11,789	12,393	12,703	13,021	13,346	13,680	14,022	14,373	14,732	15,100	15,478
Interest & Investment Revenue Received	114,427	20,525	21,039	21,564	22,104	22,656	23,223	23,803	24,398	25,008	25,633
Grants & Contributions	4,310,000	-	80,000	40,000	40,000	41,000	42,025	43,076	44,153	45,256	46,388
Other	288,399	256,231	262,637	269,203	275,933	282,831	289,902	297,149	304,578	312,193	319,997
<b>Payments:</b>											
Employee Benefits & On-Costs	(339,574)	(406,131)	(420,345)	(435,057)	(450,284)	(466,044)	(482,356)	(499,238)	(516,711)	(534,796)	(553,514)
Materials & Contracts	(1,337,533)	(1,062,928)	(1,076,653)	(1,091,562)	(1,106,844)	(1,122,508)	(1,138,564)	(1,155,021)	(1,171,890)	(1,189,180)	(1,206,903)
Borrowing Costs	(5,546)	(4,603)	(3,660)	(2,715)	(1,866)	(1,151)	(678)	(267)	(60)	-	-
<b>Net Cash provided (or used in) Operating Activities</b>	4,366,551	179,730	275,954	249,693	263,508	278,362	293,169	308,110	323,041	338,018	353,128
<b>Cash Flows from Investing Activities</b>											
<b>Payments:</b>											
Purchase of Infrastructure, Property, Plant & Equipment	(5,858,031)	(361,000)	(479,500)	(235,000)	(200,000)	(205,000)	(210,125)	(215,378)	(220,763)	(226,282)	(231,939)
<b>Net Cash provided (or used in) Investing Activities</b>	(5,858,031)	(361,000)	(479,500)	(235,000)	(200,000)	(205,000)	(210,125)	(215,378)	(220,763)	(226,282)	(231,939)
<b>Cash Flows from Financing Activities</b>											
<b>Payments:</b>											
Repayment of Borrowings & Advances	(14,722)	(14,722)	(14,722)	(13,120)	(10,827)	(6,882)	(5,966)	(3,259)	(936)	-	-
<b>Net Cash Flow provided (used in) Financing Activities</b>	(14,722)	(14,722)	(14,722)	(13,120)	(10,827)	(6,882)	(5,966)	(3,259)	(936)	-	-
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	(1,506,202)	(195,992)	(218,268)	1,573	52,681	66,480	77,078	89,473	101,342	111,737	121,189
<b>plus: Cash, Cash Equivalents &amp; Investments - beginning of year</b>	2,187,000	680,798	484,807	266,539	268,112	320,793	387,273	464,351	553,824	655,166	766,903

## **9. Sewer Fund**

### **a. Key Issues of interest**

#### **i. Sewer Billing**

The sewer bill will remain as an annual charge. Council will be reviewing the charge in the coming year, to come more in line with best practice. It has been assessed that the sewer fund is currently running at a loss, and income needs to rise above inflation to cover the increasing operational costs due to an ageing infrastructure and utility bill increases. The Long Term Financial Plan assumes an increase of 10% for Walgett and Collarenebri, and 3.6% for Lightning Ridge.

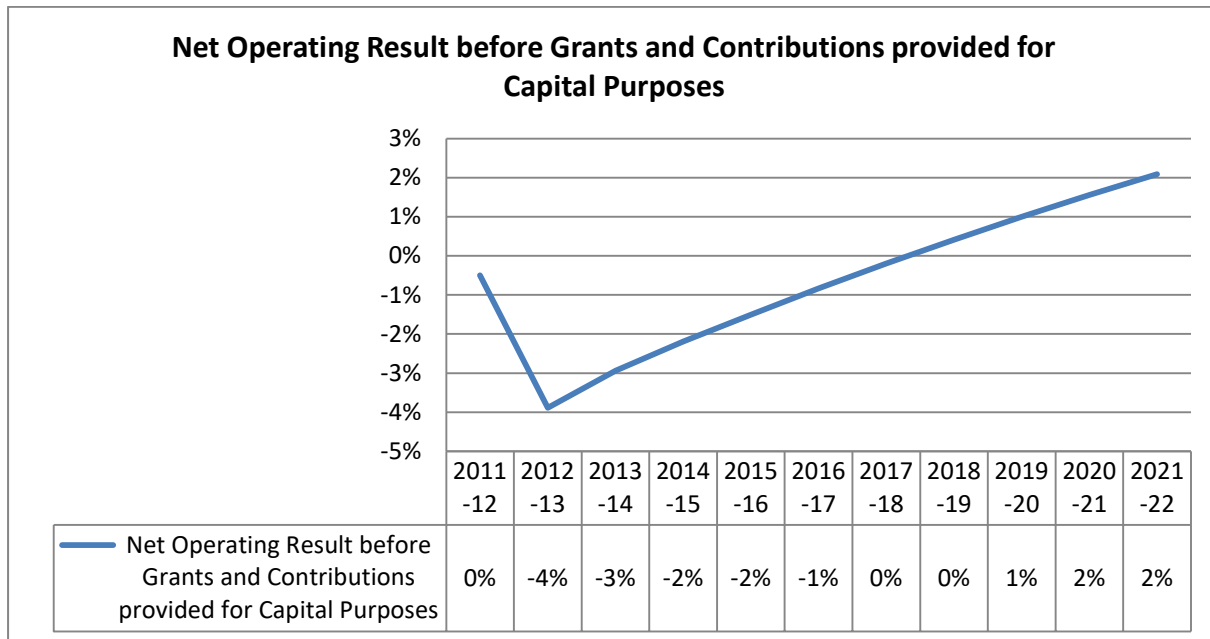
#### **ii. Namoi Village Sewer**

Council has received a grant to install a sewer network into Namoi Village. This includes some upgrades to the Walgett infrastructure to be able to cope with the extra load. This work should be completed in the 2012/13 year, and will reap benefits for the walgett sewer infrastructure.

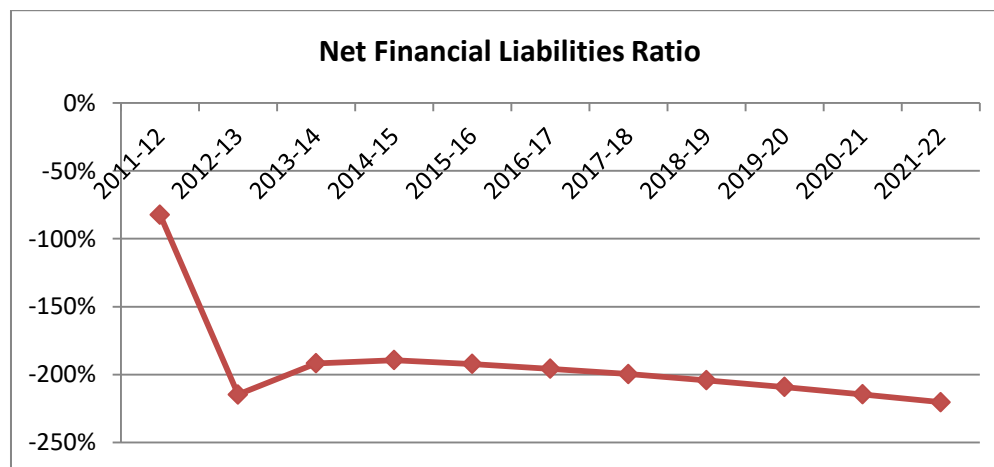
#### **iii. Sewer Revaluation**

All Water and Sewer infrastructure will be revalued in the 2011/12 year. This will cause a change to the depreciation expense in the Sewer fund. The results of this revaluation will be included in the Asset management Plan, but has not been released in time to be included within the Long Term Financial plan. Also the Walgett Sewer mains are to be replaced (separate to the granted expense to be used for the Namoi Village Sewer) in the 2012/13 year.

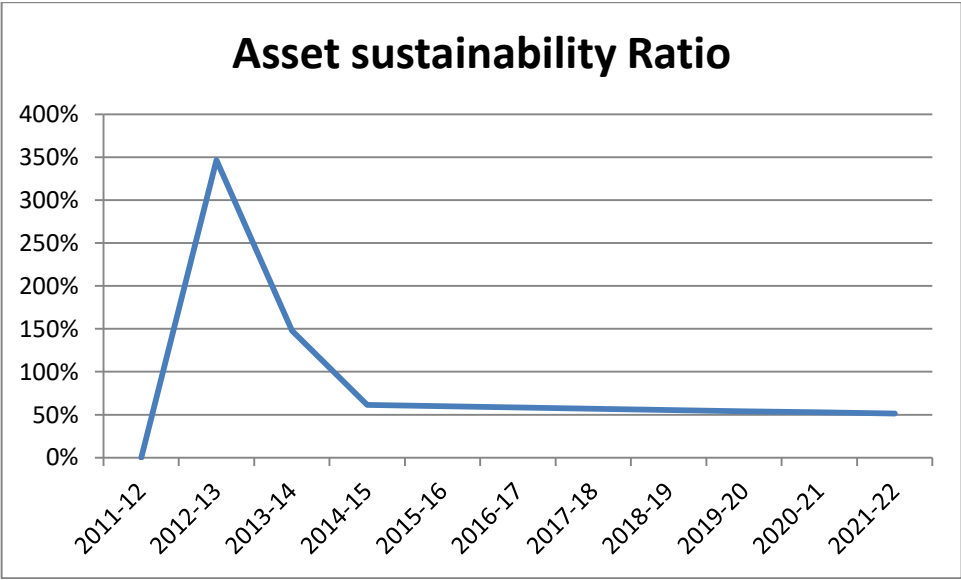
## b. Financial Indicator Results



The Sewer fund is set to make a small loss for the next 5 years, however after this time it should start to cover its costs. It is noted that once the Sewer infrastructure is revalued, the depreciation charge is likely to be increased, which was cause this ratio to fall further.



It is clear that the Sewer fund has almost zero liabilities at present. Most of the expenses are met through the general fund, and on-costed in the sewer fund through an internal recharge. This means this ratio looks very healthy in the Sewer fund.



This ratio shows that in the next three years Council will be spending over its depreciation expense, however in the years to follow there are currently few capital expenditure plans. This will change once the Asset Management Plan is put into action, and reconciled to the Long Term Financial Plan. It is also noted that this ratio must be looked at on an averages basis, as it is not expected to always spend the depreciated amount on capital renewals each year.

### c. Statements

Walgett Shire Council 10 Year Financial Plan for the Years ending 30 June 2022											
<b>INCOME STATEMENT - SEWER FUND</b>	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Scenario: Base Case</b>	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Income from Continuing Operations</b>											
<b>Revenue:</b>											
Rates & Annual Charges	708,384	725,209	743,339	761,923	780,971	800,495	820,508	841,020	862,046	883,597	905,687
User Charges & Fees	78,552	85,083	87,210	89,390	91,625	93,915	96,263	98,670	101,136	103,665	106,257
Interest & Investment Revenue	94,544	14,326	14,684	15,051	15,428	15,813	16,209	16,614	17,029	17,455	17,891
Grants & Contributions provided for Capital Purposes	1,855,000	-	-	-	-	-	-	-	-	-	-
<b>Total Income from Continuing Operations</b>	<b>2,736,480</b>	<b>824,618</b>	<b>845,233</b>	<b>866,364</b>	<b>888,023</b>	<b>910,224</b>	<b>932,980</b>	<b>956,304</b>	<b>980,212</b>	<b>1,004,717</b>	<b>1,029,835</b>
<b>Expenses from Continuing Operations</b>											
Employee Benefits & On-Costs	263,883	265,604	274,900	284,522	294,480	304,787	315,454	326,495	337,923	349,750	361,991
Borrowing Costs	1,013	600	187	-	-	-	-	-	-	-	-
Materials & Contracts	447,044	407,017	406,945	408,120	409,324	410,558	411,823	413,120	414,449	415,811	417,208
Depreciation & Amortisation	183,193	183,446	188,032	192,733	197,551	202,490	207,552	212,741	218,059	223,511	229,099
<b>Total Expenses from Continuing Operations</b>	<b>895,133</b>	<b>856,667</b>	<b>870,064</b>	<b>885,374</b>	<b>901,355</b>	<b>917,835</b>	<b>934,830</b>	<b>952,356</b>	<b>970,431</b>	<b>989,072</b>	<b>1,008,297</b>
<b>Operating Result from Continuing Operations</b>	<b>1,841,347</b>	<b>(32,049)</b>	<b>(24,831)</b>	<b>(19,010)</b>	<b>(13,332)</b>	<b>(7,611)</b>	<b>(1,850)</b>	<b>3,948</b>	<b>9,781</b>	<b>15,645</b>	<b>21,538</b>
<b>Net Operating Result for the Year</b>	<b>1,841,347</b>	<b>(32,049)</b>	<b>(24,831)</b>	<b>(19,010)</b>	<b>(13,332)</b>	<b>(7,611)</b>	<b>(1,850)</b>	<b>3,948</b>	<b>9,781</b>	<b>15,645</b>	<b>21,538</b>
<b>Net Operating Result before Grants and Contributions provided for Capital Purposes</b>	<b>(13,653)</b>	<b>(32,049)</b>	<b>(24,831)</b>	<b>(19,010)</b>	<b>(13,332)</b>	<b>(7,611)</b>	<b>(1,850)</b>	<b>3,948</b>	<b>9,781</b>	<b>15,645</b>	<b>21,538</b>

<b>Walgett Shire Council 10 Year Financial Plan for the Years ending 30 June 2022</b>											
<b>BALANCE SHEET - SEWER FUND</b>	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>ASSETS</b>											
<b>Current Assets</b>											
Cash & Cash Equivalents	2,040,313	1,543,346	1,384,620	1,399,455	1,459,639	1,527,382	1,602,770	1,685,886	1,776,815	1,875,636	1,982,430
Receivables	163,046	166,919	171,092	175,369	179,753	184,247	188,853	193,574	198,414	203,374	208,459
<b>Total Current Assets</b>	<b>2,203,359</b>	<b>1,710,265</b>	<b>1,555,711</b>	<b>1,574,823</b>	<b>1,639,392</b>	<b>1,711,629</b>	<b>1,791,623</b>	<b>1,879,461</b>	<b>1,975,229</b>	<b>2,079,011</b>	<b>2,190,888</b>
<b>Non-Current Assets</b>											
Receivables	61,397	62,855	64,426	66,037	67,688	69,380	71,115	72,893	74,715	76,583	78,497
Infrastructure, Property, Plant & Equipment	11,869,807	12,322,361	12,447,329	12,407,597	12,328,046	12,246,506	12,162,927	12,077,260	11,989,450	11,899,446	11,807,191
<b>Total Non-Current Assets</b>	<b>11,931,204</b>	<b>12,385,216</b>	<b>12,511,756</b>	<b>12,473,634</b>	<b>12,395,734</b>	<b>12,315,886</b>	<b>12,234,042</b>	<b>12,150,152</b>	<b>12,064,165</b>	<b>11,976,028</b>	<b>11,885,688</b>
<b>TOTAL ASSETS</b>	<b>14,134,563</b>	<b>14,095,481</b>	<b>14,067,467</b>	<b>14,048,457</b>	<b>14,035,126</b>	<b>14,027,515</b>	<b>14,025,665</b>	<b>14,029,613</b>	<b>14,039,394</b>	<b>14,055,039</b>	<b>14,076,577</b>
<b>LIABILITIES</b>											
<b>Current Liabilities</b>											
Borrowings	7,033	3,183	-	-	-	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>7,033</b>	<b>3,183</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Non-Current Liabilities</b>											
Borrowings	3,183	-	-	-	-	-	-	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>3,183</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>10,216</b>	<b>3,183</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Assets</b>	<b>14,124,347</b>	<b>14,092,298</b>	<b>14,067,467</b>	<b>14,048,457</b>	<b>14,035,126</b>	<b>14,027,515</b>	<b>14,025,665</b>	<b>14,029,613</b>	<b>14,039,394</b>	<b>14,055,039</b>	<b>14,076,577</b>
<b>EQUITY</b>											
Retained Earnings	10,982,347	10,950,298	10,925,467	10,906,457	10,893,126	10,885,515	10,883,665	10,887,613	10,897,394	10,913,039	10,934,577
Revaluation Reserves	3,142,000	3,142,000	3,142,000	3,142,000	3,142,000	3,142,000	3,142,000	3,142,000	3,142,000	3,142,000	3,142,000
<b>Total Equity</b>	<b>14,124,347</b>	<b>14,092,298</b>	<b>14,067,467</b>	<b>14,048,457</b>	<b>14,035,126</b>	<b>14,027,515</b>	<b>14,025,665</b>	<b>14,029,613</b>	<b>14,039,394</b>	<b>14,055,039</b>	<b>14,076,577</b>

<b>Walgett Shire Council 10 Year Financial Plan for the Years ending 30 June 2022</b>											
<b>CASH FLOW STATEMENT - SEWER FUND</b>	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cash Flows from Operating Activities</b>											
<b>Receipts:</b>											
Rates & Annual Charges	711,190	719,878	737,595	756,035	774,936	794,309	814,167	834,521	855,384	876,769	898,688
User Charges & Fees	78,552	85,083	87,210	89,390	91,625	93,915	96,263	98,670	101,136	103,665	106,257
Interest & Investment Revenue Received	94,544	14,326	14,684	15,051	15,428	15,813	16,209	16,614	17,029	17,455	17,891
Grants & Contributions	1,855,000	-	-	-	-	-	-	-	-	-	-
<b>Payments:</b>											
Employee Benefits & On-Costs	(263,883)	(265,604)	(274,900)	(284,522)	(294,480)	(304,787)	(315,454)	(326,495)	(337,923)	(349,750)	(361,991)
Materials & Contracts	(447,044)	(407,017)	(406,945)	(408,120)	(409,324)	(410,558)	(411,823)	(413,120)	(414,449)	(415,811)	(417,208)
Borrowing Costs	(1,013)	(600)	(187)	-	-	-	-	-	-	-	-
<b>Net Cash provided (or used in) Operating Activities</b>	2,027,346	146,066	157,457	167,835	178,184	188,693	199,361	210,190	221,179	232,328	243,637
<b>Cash Flows from Investing Activities</b>											
<b>Payments:</b>											
Purchase of Infrastructure, Property, Plant & Equipment	(2,073,000)	(636,000)	(313,000)	(153,000)	(118,000)	(120,950)	(123,974)	(127,073)	(130,250)	(133,506)	(136,844)
<b>Net Cash provided (or used in) Investing Activities</b>	(2,073,000)	(636,000)	(313,000)	(153,000)	(118,000)	(120,950)	(123,974)	(127,073)	(130,250)	(133,506)	(136,844)
<b>Cash Flows from Financing Activities</b>											
<b>Payments:</b>											
Repayment of Borrowings & Advances	(7,033)	(7,033)	(3,183)	-	-	-	-	-	-	-	-
<b>Net Cash Flow provided (used in) Financing Activities</b>	(7,033)	(7,033)	(3,183)	-	-	-	-	-	-	-	-
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	(52,687)	(496,967)	(158,726)	14,835	60,184	67,743	75,388	83,117	90,929	98,822	106,794
<b>plus: Cash, Cash Equivalents &amp; Investments - beginning of year</b>	2,093,000	2,040,313	1,543,346	1,384,620	1,399,455	1,459,639	1,527,382	1,602,770	1,685,886	1,776,815	1,875,636
<b>Cash &amp; Cash Equivalents - end of the year</b>	<b>2,040,313</b>	<b>1,543,346</b>	<b>1,384,620</b>	<b>1,399,455</b>	<b>1,459,639</b>	<b>1,527,382</b>	<b>1,602,770</b>	<b>1,685,886</b>	<b>1,776,815</b>	<b>1,875,636</b>	<b>1,982,430</b>