







### OVERVIEW

The Essential Services Commission finds the District Council of Kimba's current and projected financial performance **mostly sustainable** taking into account that the Council's future performance outcomes are reliant on continued support from grant income, the planned increases in rates income per property (in line with inflation of 2.6% p.a.), and continued monitoring of its cost growth

### RISKS IMPACTING SUSTAINABILITY

-  Assumptions in the long-term financial plan and annual business plan are not sufficiently detailed, and are not in nominal terms
-  If cost growth levels exceed forecast and CPI levels, this would put pressure on the Council's operating performance
-  Asset valuations not being completed following the completion of road restoration works in 2024-25

### CONTINUE

-  Identifying, consulting and seeking funding on community priorities for new and upgraded assets
-  Monitoring the growth in expenses in its budgeting
-  Reviewing the extent of cash reserve forecasts in the context of its financial sustainability outlook

### COMMISSION'S RECOMMENDATIONS

- Improve the transparency around assumptions and state explicitly the basis for preparation of annual business plans, budgets and the long-term financial plan
- Provide a version of the long-term financial plan in nominal terms when developed in real terms, for the benefit of ratepayers
- Provide further information on the financial (and ratepayer) implications in the long-term financial plans and annual business plans
- Consider monitoring and reporting actual and projected cost savings in the annual budget and long-term financial plan
- Consider the intended uses of accumulated funds
- Review the estimates of asset lives (and valuations) informing its forecast rate of asset consumption (and depreciation expenses) and asset renewal needs in the long-term financial plan and asset management plans
- Improve the transparency of the rate projections and associated indexation assumptions in the long-term financial plan, to enable comparisons across different planning periods

### KEY FACTS

- Population in 2021 was **1,037**
- Council covers **3,986 square kilometres**
- **891** rateable properties in 2022-23
- **\$2.1 million of rate income** in 2022-23
- Value of assets held in 2022-23 equals **\$48.6 million**

