



**LONG TERM
FINANCIAL PLAN
2018 TO 2028
*MARCH 2019***

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1 LONG TERM FINANCIAL PLANNING DEFINED

1.1 Purpose

The purpose of a long-term financial plan (LTFP) is to guide the future direction of Council in a sustainable manner.

It is linked with Council's objectives, goals and desired outcomes in financial terms.

It is a guideline for future action and encourages Council to think about the future impact decisions made today have on Council's long-term sustainability.

1.2 Principles

Section 70(1), (2) and (3) of the Tasmanian Local Government Act 1993 requires Councils to prepare a long-term financial plan for the municipal area for at least a ten (10) year period.

The long-term financial plan is to:

- a) be consistent with the strategic plan for the municipal area;
- b) refer to the long-term strategic asset management plan for the municipal area and
- c) contain at least the matters that are specified in an order made under section 70F as required to be included in a long-term financial plan.

The Local Government (Content of Plans and Strategies) Order 2014, Section 5 (2) requires the long-term financial plan to include the following matters, for each year of the plan:

- a) the estimated revenues and expenses including the revenues and expenses in relation to each of the following matters:
 - i. all capital works
 - ii. all capital expenditure
 - iii. all asset management requirements identified, as required under clause 7(2)(b), in the long-term strategic asset management plan
- b) a statement of comprehensive income, including estimates of –
 - i. recurrent revenue
 - ii. recurrent expense
 - iv. underlying surplus or deficit
 - iv. net surplus or net deficit
 - v. comprehensive result
- c) a statement of financial position, including estimates of –
 - i. current and non-current assets
 - ii. current and non-current liabilities
 - iii. net assets
 - iv. equity, including reserves
- d) a cash flow statement, including estimates of –
 - i. receipts, payments, dividends and net cash from operational activities, financial activities including loan borrowings, and investment activities
 - ii. net increases or net decreases in cash held
 - iii. cash and cash equivalents held at the beginning of the period
 - v. cash and cash equivalents held at the end of the period

Also required are:

- a) A description of the financial management strategies to be adopted by the Council, including financial targets and their rationale;
- b) A comparison of projected financial performance against targets (determined by the Council) for financial indicators, including those indicators specified in an order made under section 84(2A) of the Act, for each financial year included in the long-term financial plan;
- c) All assumptions used in the development of the estimates referred to in the LTFP.

Estimates are to include separate estimates in respect of renewal, upgrade and new capital expenditure.

The first projected year of the LTFP is consistent with the Annual Budget adopted for the current financial year.

2 IMPACTS UPON THE CURRENT PLANNING ENVIRONMENT

2.1 The Planning Period

Whilst the LTFP is for a ten (10) year period it incorporates the Infrastructure and Asset Management Plan (IAMP). Due to the long lived nature of many Council assets the IAMP may consider different periods.

2.2 Depreciation

Depreciation is the difference between the value of the Council's assets at the beginning of a stipulated period and the end. If no maintenance is performed on assets they have a finite life. That is they will depreciate over time and their value will decrease. With ongoing maintenance the life of these assets is extended. For some assets, if components are renewed on a regular basis, the life can be further extended.

It is recommended that an amount be spent on renewing or replacing asset components equivalent to depreciation expense. This would ensure their value is maintained.

Therefore, in line with the mandated LTFP requirements, operating expenditure includes any depreciation expense. Capital expenditure on asset renewal or replacement is then shown net of depreciation. That is if an amount equivalent to depreciation is spent then net capital expenditure is nil. If spending is less than the depreciation expense then the net expenditure will show as income for the purposes of the model.

For example;

The operating cost of maintaining roads per annum is \$0.8m which includes \$0.4m of depreciation expense. If the amount spent on road renewal and replacement equates to the depreciation expense then the rates required to maintain roads would be \$0.8m. If only \$0.2m was spent on road renewal then this would mean the road value would reduce by \$0.2m during the year. This is because insufficient rates have been used to renew roads at the rate that they are being consumed.

2.3 Accounting Standards

Annually the Council has to produce a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. This report is externally audited.

2.4 Presentation of Council Budgets

Both the Annual Budget and LTFP's are required to be summarised in a similar format as that in the annual financial report. The Income Statement describes revenues and expenses by type such as Statutory Charges and Employee costs. Council considers its budget by function or program. The LTFP is driven from Council's existing functional or program budget. It is then summarised and linked to the annual financial report format.

3 FINANCIAL STRATEGY

3.1 Councils Vision/Mission

Vision Statement

A naturally beautiful environment that speaks to our heart.
A diverse and thriving community; a place of opportunity.
A place where everyone feels safe, welcome and connected.

Values Statement

Working as a **TEAM** with **OPEN & HONEST COMMUNICATION**; we act with **INTEGRITY** whilst showing **RESPECT** and being **POSITIVE** and proactive in our actions

3.2 Strategic Plans

Council has adopted a Strategic Plan for the period 2017 - 2027. The Long Term Financial Plan and the Infrastructure and Asset Management Plans form part of the delivery of the intent of the Strategic Plan.

3.3 Roles and Responsibilities

The Local Government Act 1993 specifies the services that Councils are to provide. Sometimes Councils provide additional services on behalf of State or Federal Governments. Grants, subsidies or reimbursements are provided to fund these services. When funding is insufficient or ceases Council has to determine whether it will fund the shortfall or continue to provide the service.

3.4 Revenue and Financing Strategy

Council needs to continue to identify services and facilities that are provided to specific groups rather than the general community. Rate funding of these services needs to be considered where user charges or where applicable grant funding could be increased.

3.5 Rating Strategy

Historically sufficient rates were raised to "balance" the budget. The tendency now is to adopt a rating policy that limits the annual increase in rates revenue with an allowance for new property development. Council rating policy also considers who bears the rates burden. Whilst property valuations are the main factor, minimum rates, service charges and selective capping can shift some of the burden between ratepayer classes based on the perceived ability to pay.

Council generally is increasing rates above the rate of inflation until the operating deficit is eliminated and the significant infrastructure maintenance backlog is addressed. Council has a separate Rating Policy (LG40 Rates & Charges Policy) that should be referred to.

3.6 Treasury Strategy

Holding cash whilst also borrowing may result in an interest differential cost to Council. It depends on what interest rate Council is currently paying on its existing loans compared to what interest could be earned on investing surplus funds. If Council was currently earning 6.5% on its invested cash there would be no financial benefit in paying off any existing loans where the interest rate is less than 6.5% having regard to minimum cash we wish to hold into the future.

Generational equity for assets with long lives will also be a factor in borrowing strategies.

Council will use borrowings to fund the backlog of infrastructure maintenance needs until assets and operating deficits achieve sustainability. Subsequently, borrowings may be used similarly to address identified infrastructure backlogs or for acquisition of new assets.

3.7 Performance Indicators

Council's strategic plans, including the Long Term Financial Plan, should state the measures (financial and non-financial) that are to be used to monitor and assess the performance of the Council against its objectives.

There are difference types of indicators some of which are identified below. In general, Council will report using legislated Management (Asset and Finance) Ratios, consistently for all financial and budget reporting, supplemented by other indicators as appropriate.

3.8 Service Levels

These are measures of the levels of service being provided. As indicated above some of these levels are externally determined. Others depend on Council policy. For instance if Council wishes to construct new assets, this is an increase in service level.

3.9 Population

Expressing Council net expenditure for a particular function or program, as a factor of population is a good relative indicator of where Council's resources are being spent. An alternative would be to use the number of rateable properties. However, unless the average number of persons resident in households changes significantly, the comparison would be similar.

3.10 Operating Efficiency - Infrastructure

This is the money being spent per km on infrastructure assets. If more money is spent per km this may ensure more efficient maintenance of infrastructure assets in the longer term. Council's Infrastructure and Asset Management Strategy should indicate optimal expenditure levels to ensure long term asset sustainability.

3.11 Explanation of Management Indicators

For the purposes of Section 84(2A) of the Local Government Act, Local Government (Management indicators) Order (S.R.2014, No. 36) has specified the following indicators; the Tasmanian Audit Office has identified benchmarks for each:

- Asset consumption ratio: greater than 60% (in total and possibly by asset class)
- Asset renewal funding ratio: at least 90%
- Asset sustainability ratio: at least 100%
- Net financial liabilities ratio: between negative 50% and zero
- Underlying surplus or deficit and ratio: greater than zero

Financial

Net Financial Liabilities

What is owed to others less money held, invested or owed to Council

Calculated as:

Total Liabilities or Net financial liabilities (from Balance Sheet/Statement of Financial Position)

Less: Financial Assets (Current cash and cash equivalents, Current trade & other receivables, Current other financial assets, Non-current financial assets)

Net Financial Liabilities Ratio

Calculated as:

Net financial liabilities (as above)

Divided by:

Financial Assets (as above)

Underlying Surplus/(Deficit)

The difference between recurrent income (not including income received specifically for new or upgraded assets, physical resources received free of charge or other income of a capital nature) for a financial year less the recurrent expenses for the financial year.

Underlying Surplus Ratio

The underlying surplus or deficit for a financial year divided by the recurrent income (not including income received specifically for new or upgraded assets, physical resources received free of charge or other income of a capital nature) of a council for the financial year

Assets

Asset Consumption Ratio

Written down value of depreciable infrastructure, property, plant and/or equipment

Divided by:

Reported value of depreciable infrastructure, property, plant and/or equipment before accumulated depreciation

Asset Renewal Funding Ratio

Means an amount that is the current value of projected capital funding outlays for an asset divided by the value of projected capital expenditure funding for the asset

Asset Sustainability Ratio

Means an amount that is capital expenditure in a financial year on the replacement and renewal of existing council plant, equipment and infrastructure assets divided by the annual depreciation expense of the plant, equipment and assets for the financial year

Calculated as:

Expenditure on renewal/replacement of assets (Cash Flow Statement)

Less: Sale of replaced assets (Cash Flow Statement)

Divided by:

Depreciation, amortisation & impairment expense (Income Statement)

3.12 Explanation of Terms

Below is a brief explanation of some of the terms used in the Long Term Financial Plan.

Operating Expenses – this is what it costs to operate the Council services including financing costs and depreciation. Financing costs represent the interest on loans taken out to fund capital expenditure. Assets purchased to aid with the provision of a service only have a limited life before they need to be replaced. Depreciation expense represents the cost of using the asset over its life.

Support Services Allocation – external financial reports produced by Council must include an appropriate allocation of administrative overhead for each service.

Operating Income – this represents any revenue generated by the provision of the service including any service rates and charges raised.

Operating Surplus/(Deficit) before capital amounts- income less expenditure before capital amounts.

Capital Expenditure on Renewal Replacement of Existing Assets - Council expenditure on assets has two parts. The first is maintenance. This is included in operating expenditure. The second is capital. That is expenditure on the renewal of Council assets. This is not shown under operating expenditure. It is included in the Balance Sheet of the Council as an asset. Generally the asset is subsequently depreciated. As indicated above this depreciation expense is included in the operating expenses.

Less Depreciation, Amortisation & Impairment – depreciation is an expense that recognises the consumption of Council assets. It is considered that councils should spend an amount, equivalent to the depreciation expense, each year on renewing assets. This would ensure that the values of Council's assets are maintained.

Capital Expenditure on New/Upgraded Assets - the amount spent on new or upgraded assets, that is, long lived plant, equipment or infrastructure that provides a new or enhanced level of service. Clearly, a new building is Expenditure on a New Asset. Replacing an existing stormwater pipe with a "bigger" pipe will be Capital Expenditure on Upgraded Assets for the increased service level provided by the larger pipe.

Amounts Received Specifically For New or Upgraded Assets – Generally this would be grants received from State or Commonwealth governments to help fund new assets. It would also include any contributions made by the private sector or community organisations towards capital works.

Cash and Cash Equivalents - Cash Assets include all amounts readily convertible to cash on hand at Council's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

Loans Received – loans drawn down and received during the year.

Loan Repayments – loan principal repaid during the year.

Net Lending/(Borrowing) for the financial year - Net lending / (borrowing) is a 'flow' measure that takes account of both operating and capital activities for the financial year. Achieving a zero result on the net lending / (borrowing) measure in any one year essentially means that the Council has met all of its expenditure (both operating and capital) from the current year's income (with income including amounts received specifically for new / upgraded assets). It does not allow for funds set aside by way of reserves.

Net Impact on Budget – this is the surplus that can be used to fund other services or the final deficit after capital expenditure. It allows for any reserves that Council may wish to set aside for future capital expenditure.

Reserves – Council may elect to nominate funds that will be required for specified future capital expenditure. Until these funds are required they may be used to fund other capital expenditure that would otherwise require a loan.

3.13 Assumptions

- Inflation has not been factored into any future amounts.
- Rates growth of 0.5% per annum.
- Rates increase of 2% above inflation for years 2018/2021.
- Wage increase of 1% above inflation for next 10 years.
- Interest Received estimated as 2.5% pa on previous years cash balance.
- Roads to Recovery (R2R) identified as additional income for renewal of road and bridge assets.
- Calculations based on approximately 6,350 rateable properties.
- See the Financial Indicators and Data sheet for target level % used in the graphs.
- Interest free borrowings of \$1.5M drawn 2017/2018 to accelerate capital projects from future years – to be repaid 2021/2022.

4 SUMMARY STATEMENT

Summary of Financial Performance and Position for the Years Ending 30 June 2018 to the 30 June 2028

Year Ending 30 June:	2018 Year 0 Actual \$'000	2019 Year 1 Budget \$'000	2020 Year 2 Plan \$'000	2021 Year 3 Plan \$'000	2022 Year 4 Plan \$'000	2023 Year 5 Plan \$'000	2024 Year 6 Plan \$'000	2025 Year 7 Plan \$'000	2026 Year 8 Plan \$'000	2027 Year 9 Plan \$'000	2028 Year 10 Plan \$'000
Operating Revenues	13,956	12,228	13,805	14,066	14,143	14,195	14,289	14,384	14,485	14,588	14,693
less Operating Expenses	13,109	13,435	13,642	13,695	13,743	13,784	13,823	13,861	13,897	13,935	13,973
Operating Surplus/(Deficit) before Capital Amounts	847	(1,207)	164	371	400	411	466	523	588	653	720
LESS: Net Outlays on Existing Assets											
Capital Expenditure on Renewal or Replacement of Existing Assets	3,918	5,107	3,457	3,410	3,330	3,324	3,413	3,342	3,210	3,250	3,260
less Depreciation, Amortisation & Impairment	(3,546)	(3,498)	(3,628)	(3,646)	(3,659)	(3,665)	(3,670)	(3,673)	(3,676)	(3,680)	(3,685)
less Proceeds from Sale of Replaced Assets	(156)	(80)	(160)	(110)	(80)	(80)	(80)	(80)	(80)	(80)	(80)
Net Outlays on Existing Assets	216	1,529	(331)	(346)	(409)	(421)	(336)	(411)	(546)	(510)	(504)
LESS: Net Outlays on New or Upgraded Assets											
Capital Expenditure on New/Upgraded Assets	1,685	7,728	730	800	385	270	240	150	290	290	290
less Amounts Specifically for New/Upgraded Assets	(2,300)	(4,949)	(518)	(518)	(518)	(518)	(518)	(518)	(518)	(518)	(518)
less Proceeds from Sale of Surplus Assets	0	0	0	0	0	0	0	0	0	0	0
Net Outlays on New or Upgraded Assets	(615)	2,779	212	282	(133)	(248)	(278)	(368)	(228)	(228)	(228)
EQUALS: Net Lending / (Borrowing) for Financial Year	1,246	(5,515)	283	435	941	1,080	1,081	1,302	1,361	1,391	1,452

5 ESTIMATED INCOME STATEMENT

Year Ending 30 June:	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	Year 0 Actual \$'000	Year 1 Budget \$'000	Year 2 Plan \$'000	Year 3 Plan \$'000	Year 4 Plan \$'000	Year 5 Plan \$'000	Year 6 Plan \$'000	Year 7 Plan \$'000	Year 8 Plan \$'000	Year 9 Plan \$'000	Year 10 Plan \$'000

Operating Revenue

Rates and Charges	8,770	9,234	9,465	9,701	9,750	9,799	9,848	9,897	9,946	9,996	10,046
User Charges	959	825	850	875	901	929	956	985	1,015	1,045	1,076
Commercial Revenue (TasWater)	584	388	388	388	388	388	388	388	388	388	388
Grants - FAG	2,831	1,460	2,837	2,837	2,837	2,837	2,837	2,837	2,837	2,837	2,837
Grants - Non FAG	136	19	19	19	19	19	19	19	19	19	19
Investment Income	268	150	95	93	95	72	89	106	128	151	174
Other	408	152	152	152	152	152	152	152	152	152	152
Total Operating Revenue	13,956	12,228	13,805	14,066	14,143	14,195	14,289	14,384	14,485	14,588	14,693

Operating Expenses

Salaries & Wages	4,314	4,998	5,048	5,098	5,149	5,201	5,253	5,305	5,359	5,412	5,466
Materials & Services	3,760	4,210	4,210	4,210	4,210	4,210	4,210	4,210	4,210	4,210	4,210
Depreciation	3,546	3,457	3,628	3,646	3,659	3,665	3,670	3,673	3,676	3,680	3,685
Finance Charges (Loan Interest)	350	335	321	305	289	273	255	237	218	198	177
Other	1,139	435	435	435	435	435	435	435	435	435	435
Total Operating Expenses	13,109	13,435	13,642	13,695	13,743	13,784	13,823	13,861	13,897	13,935	13,973
Operating Surplus / (Deficit)	847	(1,207)	164	371	400	411	466	523	588	653	720

Amounts specifically for new or upgraded assets	2,300	4,949	518	518	518	518	518	518	518	518	518
Asset disposal & fair value adjustments	140	40	160	110	80	80	80	80	80	80	80
Net Surplus / (Deficit)	3,287	3,782	842	999	998	1,009	1,064	1,121	1,186	1,251	1,318

6 ESTIMATED BALANCE SHEET

As at 30 June:	2018 Year 0 Actual \$'000	2019 Year 1 Budget \$'000	2020 Year 2 Plan \$'000	2021 Year 3 Plan \$'000	2022 Year 4 Plan \$'000	2023 Year 5 Plan \$'000	2024 Year 6 Plan \$'000	2025 Year 7 Plan \$'000	2026 Year 8 Plan \$'000	2027 Year 9 Plan \$'000	2028 Year 10 Plan \$'000
ASSETS											
Financial Assets											
Cash and Cash Equivalents	9,665	3,782	3,724	3,803	2,872	3,563	4,237	5,115	6,032	6,959	7,926
Current Trade & Other Receivables	600	600	600	600	600	600	600	600	600	600	600
Current Other Financial Assets	30	30	30	30	30	30	30	30	30	30	30
Non-Current Other Financial Assets	0	0	0	0	0	0	0	0	0	0	0
Total Financial Assets	10,295	4,412	4,354	4,433	3,502	4,193	4,867	5,745	6,662	7,589	8,556
Non-Financial Assets											
Inventories	120	120	120	120	120	120	120	120	120	120	120
Infrastructure, Property, Plant & Equipment	139,851	149,229	149,788	150,352	150,408	150,337	150,320	150,139	149,964	149,824	149,690
Intangible Assets	50	50	50	50	50	50	50	50	50	50	50
Other Non-current Assets	33,286	33,286	33,286	33,286	33,286	33,286	33,286	33,286	33,286	33,286	33,286
Total Non-Financial Assets	173,307	182,685	183,244	183,808	183,864	183,793	183,776	183,595	183,420	183,280	183,146
Total Assets	183,602	187,097	187,598	188,241	187,366	187,986	188,644	189,340	190,082	190,869	191,702
LIABILITIES											
Current Liabilities											
Trade & Other Payables	1,092	1,092	1,092	1,092	1,092	1,092	1,092	1,092	1,092	1,092	1,092
Borrowings	326	341	356	1,872	389	407	425	444	464	485	507
Provisions	585	585	585	585	585	585	585	585	585	585	585
Other Current Liabilities	237	237	237	237	237	237	237	237	237	237	237
	2,240	2,255	2,270	3,786	2,303	2,321	2,339	2,358	2,378	2,399	2,421

As at 30 June:	2018 Year 0 Actual \$'000	2019 Year 1 Budget \$'000	2020 Year 2 Plan \$'000	2021 Year 3 Plan \$'000	2022 Year 4 Plan \$'000	2023 Year 5 Plan \$'000	2024 Year 6 Plan \$'000	2025 Year 7 Plan \$'000	2026 Year 8 Plan \$'000	2027 Year 9 Plan \$'000	2028 Year 10 Plan \$'000
Non-current Liabilities											
Trade & Other Payables	0	0	0	0	0	0	0	0	0	0	0
Borrowings	8,825	8,484	8,128	6,256	5,867	5,460	5,036	4,591	4,127	3,642	3,135
Provisions	521	521	521	521	521	521	521	521	521	521	521
Other Non-current Liabilities	0	0	0	0	0	0	0	0	0	0	0
	9,346	9,005	8,649	6,777	6,388	5,981	5,557	5,112	4,648	4,163	3,656
Total Liabilities	11,587	11,260	10,919	10,563	8,691	8,302	7,895	7,471	7,026	6,562	6,077
Net Assets	172,015	175,837	176,679	177,677	178,675	179,684	180,748	181,870	183,056	184,307	185,625
EQUITY											
Accumulated Surplus	30,300	34,122	34,964	35,962	36,960	37,969	39,033	40,155	41,341	42,592	43,910
Asset Revaluation Reserves	141,017	141,017	141,017	141,017	141,017	141,017	141,017	141,017	141,017	141,017	141,017
Other Reserves	698	698	698	698	698	698	698	698	698	698	698
Adjustment to Cash & Borrowings for effects of inflation											
Total Equity	172,015	175,837	176,679	177,677	178,675	179,684	180,748	181,870	183,056	184,307	185,625

7 ESTIMATED STATEMENT OF CHANGES IN EQUITY

Year Ending 30 June:	2018 Year 0 Actual \$'000	2019 Year 1 Budget \$'000	2020 Year 2 Plan \$'000	2021 Year 3 Plan \$'000	2022 Year 4 Plan \$'000	2023 Year 5 Plan \$'000	2024 Year 6 Plan \$'000	2025 Year 7 Plan \$'000	2026 Year 8 Plan \$'000	2027 Year 9 Plan \$'000	2028 Year 10 Plan \$'000
Accumulated Surplus											
Balance at beginning of period	27,196	30,483	34,265	35,107	36,105	37,103	38,112	39,176	40,298	41,483	42,735
Comprehensive Result	3,287	3,782	842	999	998	1,009	1,064	1,121	1,186	1,251	1,318
Transfers to Reserve											
Transfers from Reserve											
Balance at End of Period	30,483	34,265	35,107	36,105	37,103	38,112	39,176	40,298	41,483	42,735	44,053
Asset Revaluation Reserve											
Balance at beginning of period	141,017	141,017	141,017	141,017	141,017	141,017	141,017	141,017	141,017	141,017	141,017
Fair Value adjustments											
Net Asset Revaluation											
Balance at End of Period	141,017	141,017	141,017	141,017	141,017	141,017	141,017	141,017	141,017	141,017	141,017
Other Reserves											
Balance at beginning of period	698	698	698	698	698	698	698	698	698	698	698
Transfers from Accumulated Surplus											
Transfers to Accumulated Surplus	0	0	0	0	0	0	0	0	0	0	0
Balance at End of Period	698	698	698	698	698	698	698	698	698	698	698
Total Equity at End of Period	172,198	175,980	176,822	177,820	178,818	179,827	180,891	182,013	183,198	184,450	185,768

8 ESTIMATED CASH FLOW STATEMENT

Year Ending 30 June:	2018 Year 0 Actual \$'000	2019 Year 1 Budget \$'000	2020 Year 2 Plan \$'000	2021 Year 3 Plan \$'000	2022 Year 4 Plan \$'000	2023 Year 5 Plan \$'000	2024 Year 6 Plan \$'000	2025 Year 7 Plan \$'000	2026 Year 8 Plan \$'000	2027 Year 9 Plan \$'000	2028 Year 10 Plan \$'000
Cash Flows from Operating											
Receipts	13,956	12,228	13,805	14,066	14,143	14,195	14,289	14,384	14,485	14,588	14,693
Payments	(9,563)	(9,978)	(10,014)	(10,049)	(10,084)	(10,119)	(10,153)	(10,187)	(10,221)	(10,255)	(10,288)
Net Cash Provided from Operating	4,393	2,250	3,791	4,017	4,059	4,077	4,136	4,197	4,264	4,333	4,405
Cash Flows from Investing											
Receipts											
Sale of property, P&E	156	80	160	110	80	80	80	80	80	80	80
Capital Grants	2,300	4,949	518	518	518	518	518	518	518	518	518
Payments											
Payment for Property, Plant and Equipment	(5,603)	(12,835)	(4,187)	(4,210)	(3,715)	(3,594)	(3,653)	(3,492)	(3,500)	(3,540)	(3,550)
Net Cash Flow from Investing	(3,147)	(7,806)	(3,509)	(3,582)	(3,117)	(2,996)	(3,055)	(2,894)	(2,902)	(2,942)	(2,952)
Cash flows from Financing											
Receipts											
Proceeds from Borrowings	1,500										
Repayment of Borrowings	(312)	(326)	(341)	(356)	(1,872)	(389)	(407)	(425)	(444)	(464)	(485)
Net Cash from Financing	1,188	(326)	(341)	(356)	(1,872)	(389)	(407)	(425)	(444)	(464)	(485)
Net Increase (Decrease) in Cash	2,434	(5,882)	(58)	79	(931)	691	674	877	917	927	967
Cash at Beginning of Period	7,231	9,665	3,782	3,724	3,803	2,872	3,563	4,237	5,115	6,032	6,959
Cash at End of Period	9,665	3,782	3,724	3,803	2,872	3,563	4,237	5,115	6,032	6,959	7,926

9 NET FINANCIAL LIABILITIES

What is owed to others less money held, invested or owed to Council

Calculated as:

Total Liabilities or Net financial liabilities (from Balance Sheet/Statement of Financial Position)

Less: Financial Assets (Current cash and cash equivalents, Current trade & other receivables, Current other financial assets, Non-current financial assets)

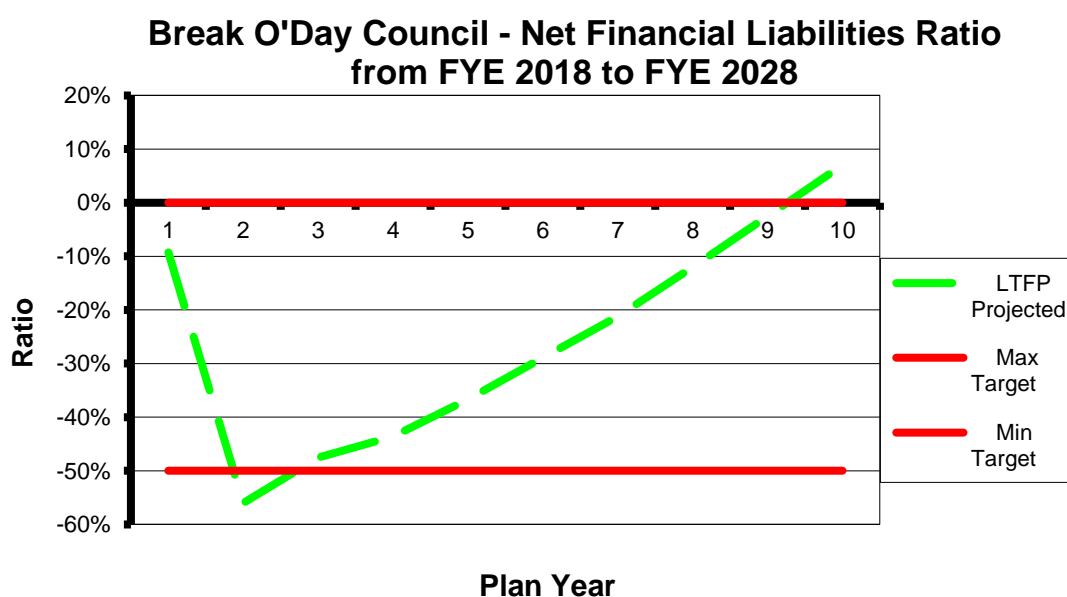
Year Ending 30 June:	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	Year 0 Actual	Year 1 Budget	Year 2 Plan	Year 3 Plan	Year 4 Plan	Year 5 Plan	Year 6 Plan	Year 7 Plan	Year 8 Plan	Year 9 Plan	Year 10 Plan
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Liabilities	11,587	11,260	10,919	10,563	8,691	8,302	7,895	7,471	7,026	6,562	6,077
Financial Assets	10,295	4,412	4,354	4,433	3,502	4,193	4,867	5,745	6,662	7,589	8,556
Net Financial Liabilities	(1,292)	(6,848)	(6,565)	(6,130)	(5,189)	(4,109)	(3,028)	(1,726)	(364)	1,027	2,479

10 NET FINANCIAL LIABILITIES RATIO

How significant is the net amount owed compared with income.

This ratio indicates the extent to which net financial liabilities of a Council could be met by its operating revenue. Where the ratio is falling over time indicates that the Council's capacity to meet its financial obligations from operating revenue is strengthening. However a Council with a healthy operating surplus may decide to allow its net liabilities ratio to increase in order to provide additional services to its community through the acquisition of additional assets without detracting from its financial sustainability.

Year Ending 30 June:	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	Year 0 Actual	Year 1 Budget	Year 2 Plan	Year 3 Plan	Year 4 Plan	Year 5 Plan	Year 6 Plan	Year 7 Plan	Year 8 Plan	Year 9 Plan	Year 10 Plan
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net Financial Liabilities	(1,292)	(6,848)	(6,565)	(6,130)	(5,189)	(4,109)	(3,028)	(1,726)	(364)	1,027	2,479
Operating Revenue	13,956	12,228	13,805	14,066	14,143	14,195	14,289	14,384	14,485	14,588	14,693
Net Financial Liabilities Ratio	-9%	-56%	-48%	-44%	-37%	-29%	-21%	-12%	-3%	7%	17%



11 UNDERLYING SURPLUS/(DEFICIT)

The difference between recurrent income (not including income received specifically for new or upgraded assets, physical resources received free of charge or other income of a capital nature) for a financial year less the recurrent expenses for the financial year.

Year Ending 30 June:	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	Year 0 Actual	Year 1 Budget	Year 2 Plan	Year 3 Plan	Year 4 Plan	Year 5 Plan	Year 6 Plan	Year 7 Plan	Year 8 Plan	Year 9 Plan	Year 10 Plan
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Recurrent income	13,956	12,228	13,805	14,066	14,143	14,195	14,289	14,384	14,485	14,588	14,693
Recurrent expenses	13,109	13,435	13,642	13,695	13,743	13,784	13,823	13,861	13,897	13,935	13,973
Underlying Surplus/(Deficit)	847	(1,207)	164	371	400	411	466	523	588	653	720

12 UNDERLYING SURPLUS RATIO

The underlying surplus or deficit for a financial year divided by the recurrent income (not including income received specifically for new or upgraded assets, physical resources received free of charge or other income of a capital nature) of a council for the financial year

Year Ending 30 June:	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	Year 0 Actual	Year 1 Budget	Year 2 Plan	Year 3 Plan	Year 4 Plan	Year 5 Plan	Year 6 Plan	Year 7 Plan	Year 8 Plan	Year 9 Plan	Year 10 Plan
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Underlying Surplus (Deficit)	847	(1,207)	164	371	400	411	466	523	588	653	720
Recurrent income	13,956	12,228	13,805	14,066	14,143	14,195	14,289	14,384	14,485	14,588	14,693
Operating Surplus Ratio	6%	-10%	1%	3%	3%	3%	3%	4%	4%	4%	5%

13 ASSET CONSUMPTION RATIO

The average proportion of “as new condition” left in assets.

This ratio shows the written down current value of Council’s depreciable assets relative to their “as new” value in up to date prices.

This ratio highlights the aged condition of Council’s assets. If a Council is responsibly maintaining and renewing and replacing its assets then the ratio would be relatively high. However, it makes no sense financially to replace perfectly serviceable assets just because they are old. Providing a Council is operating sustainably it will be in a strong financial position to be able to fund the future renewal or replacement of assets when necessary.

Council’s Target – between 40% and 80%. That is Council’s assets have between 80% and 40% of their useful life left.

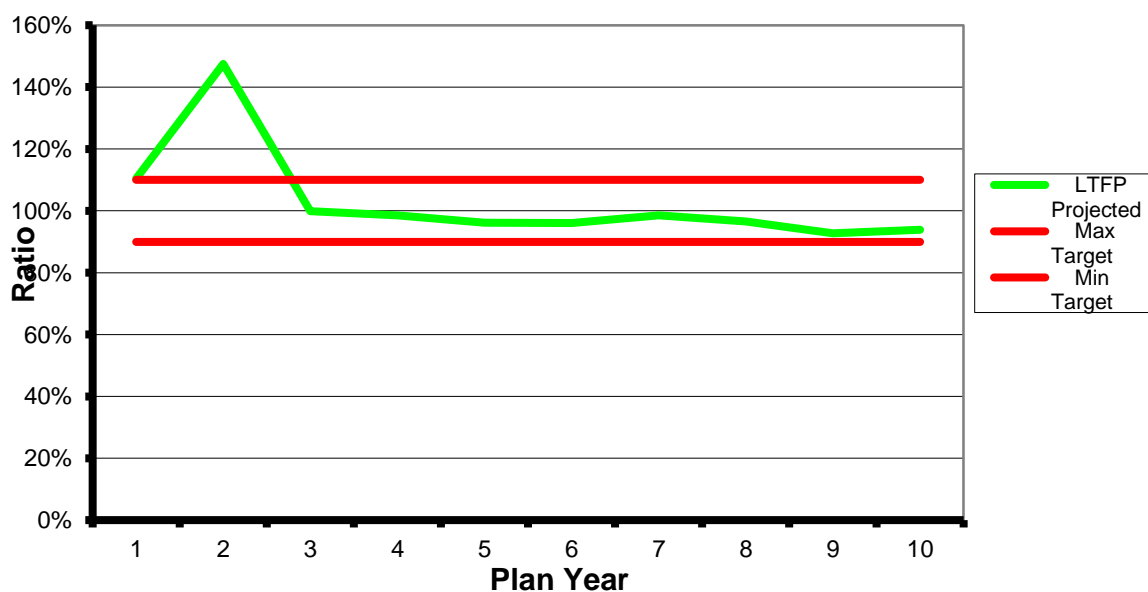
Year Ending 30 June:	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	Year 0 Actual	Year 1 Budget	Year 2 Plan	Year 3 Plan	Year 4 Plan	Year 5 Plan	Year 6 Plan	Year 7 Plan	Year 8 Plan	Year 9 Plan	Year 10 Plan
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets as new value	201,581	209,309	210,039	210,839	211,224	211,494	211,734	211,884	212,174	212,464	212,754
Assets written down value	139,851	149,229	149,788	150,352	150,408	150,337	150,320	150,139	149,964	149,824	149,690
Asset Consumption Ratio	69%	71%	71%	71%	71%	71%	71%	71%	71%	71%	70%

14 ASSET RENEWAL FUNDING RATIO

Means an amount that is the current value of projected capital funding outlays for an asset divided by the value of projected capital expenditure funding for the asset.

Year Ending 30 June:	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	Year 0 Actual	Year 1 Budget	Year 2 Plan	Year 3 Plan	Year 4 Plan	Year 5 Plan	Year 6 Plan	Year 7 Plan	Year 8 Plan	Year 9 Plan	Year 10 Plan
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Asset Management Plan recommended Capital Expenditure on Renewal/Replacement of Existing Assets	3,546	3,462	3,462	3,462	3,462	3,462	3,462	3,462	3,462	3,462	3,462
Capital Expenditure on Renewal/Replacement of Existing Assets accommodated in LTFF	3,918	5,107	3,457	3,410	3,330	3,324	3,413	3,342	3,210	3,250	3,260
Difference in Asset Renewal/Replacement proposed in AMP and accommodated in LTFF	372	1,645	(5)	(52)	(132)	(138)	(49)	(120)	(252)	(212)	(202)

**Break O'Day Council - Asset Renewal Funding Ratio
for FYE 2018 to FYE 2028**



15 ASSET SUSTAINABILITY RATIO

Are assets being replaced at the rate they are wearing out.

This ratio indicates whether Council is renewing or replacing existing non-financial assets at the same rate the assets are wearing out. It is calculated by measuring capital expenditure on renewal or replacement of assets relative to the recorded rate of depreciation of assets for the same period.

If capital expenditure on renewing or replacing existing assets is at least equal to depreciation on average over time then a Council is ensuring the value of its assets is maintained. If capital expenditure on existing assets is less than depreciation it is likely it is under spending on renewal and replacement of assets and will eventually be confronted with failed assets and a significant renewal and replacement costs that cannot be accommodated for within a short period.

Council's Target – is 100%. That is Council spending an amount each year equivalent to the depreciation expenses on asset renewal.

Year Ending 30 June:	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	Year 0 Actual	Year 1 Budget	Year 2 Plan	Year 3 Plan	Year 4 Plan	Year 5 Plan	Year 6 Plan	Year 7 Plan	Year 8 Plan	Year 9 Plan	Year 10 Plan
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital Expenditure on renewal or replacement	3,918	5,107	3,457	3,410	3,330	3,324	3,413	3,342	3,210	3,250	3,260
Depreciation	3,546	3,457	3,628	3,646	3,659	3,665	3,670	3,673	3,676	3,680	3,685
Asset Sustainability Ratio	110%	148%	95%	94%	91%	91%	93%	91%	87%	88%	88%

16 LOAN REPAYMENT SCHEDULE

Summary of Borrowings & Repayments for the Years Ending 30 June 2018 to 30 June 2035

Year Ending 30 June:	2017 Year 0 Actual \$'000	2018 Year 0 Actual \$'000	2019 Year 1 Budget \$'000	2020 Year 2 Plan \$'000	2021 Year 3 Plan \$'000	2022 Year 4 Plan \$'000	2023 Year 5 Plan \$'000	2024 Year 6 Plan \$'000	2025 Year 7 Plan \$'000	2026 Year 8 Plan \$'000	2027 Year 9 Plan \$'000	2028 Year 10 Plan \$'000	2029 0 \$'000	2030 0 \$'000	2031 0 \$'000	2032 0 \$'000	2033 0 \$'000	2034 0 \$'000	2035 0 \$'000
Borrowings																			
Balance at beginning of period	8,263	7,964	9,152	8,825	8,484	8,128	6,256	5,867	5,460	5,036	4,591	4,127	3,642	3,135	2,605	2,051	1,472	867	372
Loans drawn down	0	1,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Principal Repayments	(299)	(312)	(326)	(341)	(356)	(1,872)	(389)	(407)	(425)	(444)	(464)	(485)	(507)	(530)	(554)	(579)	(605)	(495)	(276)
Total Borrowings at End of Period	7,964	9,152	8,825	8,484	8,128	6,256	5,867	5,460	5,036	4,591	4,127	3,642	3,135	2,605	2,051	1,472	867	372	96
Repayments																			
Interest repayments	363	349	335	321	305	289	273	255	237	218	198	177	155	127	103	73	47	22	8
Principal Repayments	299	312	326	341	356	1,872	389	407	425	444	464	485	507	530	554	579	605	495	276
Total Loan Repayments	662	662	662	662	662	2,162	662	662	662	662	662	662	662	657	657	652	652	516	284

17 DEPRECIATION SCHEDULE

As at 30 June:	2018 Year 0 Actual \$'000	2019 Year 1 Budget \$'000	2020 Year 2 Plan \$'000	2021 Year 3 Plan \$'000	2022 Year 4 Plan \$'000	2023 Year 5 Plan \$'000	2024 Year 6 Plan \$'000	2025 Year 7 Plan \$'000	2026 Year 8 Plan \$'000	2027 Year 9 Plan \$'000	2028 Year 10 Plan \$'000
Historical Assets											
Depreciation											
Renewal											
New											
Buildings											
Depreciation	241	215	220	223	228	230	233	234	234	236	238
Renewal	208	288	360	275	345	300	370	200	80	120	130
New	143	256	230	255	130	170	50	50	100	100	100
Roads & Streets											
Depreciation	1,836	1,732	1,748	1,754	1,762	1,765	1,767	1,768	1,770	1,771	1,773
Renewal	1,914	2,328	1,340	1,460	1,360	1,360	1,360	1,360	1,360	1,360	1,360
New	278	963	390	470	205	90	90	90	90	90	90
Bridges											
Depreciation	445	445	445	445	445	445	445	445	445	445	445
Renewal	1,028	1,120	817	782	687	726	745	844	832	832	832
New	-	-	-	-	-	-	-	-	-	-	-
Plant & Equipment											
Depreciation	287	334	359	366	366	366	366	366	366	366	366
Renewal	442	846	412	365	410	410	410	410	410	410	410
New	18	180	50	-	-	-	-	-	-	-	-
Stormwater Infrastructure											
Depreciation	330	337	353	354	355	356	356	357	357	358	360
Renewal	16	-	50	50	50	50	50	50	50	50	50
New	428	1,282	60	75	50	10	100	10	100	100	100
Furniture & IT											
Depreciation	206	226	232	232	232	232	232	232	232	232	232
Renewal	77	48	232	232	232	232	232	232	232	232	232
New	196	93	-	-	-	-	-	-	-	-	-
Land Improvements											
Depreciation	179	184	246	246	246	246	246	246	246	246	246
Renewal	233	477	246	246	246	246	246	246	246	246	246
New	622	4,954	-	-	-	-	-	-	-	-	-
Amortisation of Municipal Valuation	22	25	25	25	25	25	25	25	25	25	25
Renewal	22	150						150			
Total Depreciation	3,546	3,498	3,628	3,646	3,659	3,665	3,670	3,673	3,676	3,680	3,685
Total Renewal	3,918	5,107	3,457	3,410	3,330	3,324	3,413	3,342	3,210	3,250	3,260
Total New	1,685	7,728	730	800	385	270	240	150	290	290	290
Total New & Renewal	5,603	12,835	4,187	4,210	3,715	3,594	3,653	3,492	3,500	3,540	3,550