



**LONG TERM
FINANCIAL PLAN
2020 TO 2030
*NOVEMBER 2020***

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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 1% above inflation for 3 years
- Wage increase of 1% above inflation for next 10 years
- Interest Received estimated as 0.2% pa on previous years cash balance
- R2R identified as additional income for renewal of road & bridge assets
- Calculations based on approximately 6350 Rateable properties
- See the Financial Indicators & 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
- TasWater Dividends 50% for 2020/2021 and 2021/2022
- FAGs grant expected to continue to be received 50% in advance

4 SUMMARY STATEMENT

Summary of Financial Performance and Position for the Years Ending 30 June 2020 to the 30 June 2030

Year Ending 30 June:	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	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
Operating Revenues	14,715	14,058	14,013	14,377	14,555	14,636	14,717	14,797	14,881	14,966	15,050
less Operating Expenses	14,263	14,591	14,789	14,729	14,766	14,784	14,829	14,860	14,899	14,936	14,972
Operating Surplus/(Deficit) before Capital Amounts	452	(533)	(775)	(352)	(212)	(148)	(112)	(63)	(18)	30	78
LESS: Net Outlays on Existing Assets											
Capital Expenditure on Renewal or Replacement of Existing Assets	4,062	4,028	2,679	1,875	2,118	2,695	3,491	2,268	2,698	3,240	3,578
less Depreciation, Amortisation & Impairment	(3,723)	(3,821)	(3,847)	(3,749)	(3,747)	(3,726)	(3,733)	(3,727)	(3,728)	(3,727)	(3,727)
less Proceeds from Sale of Replaced Assets	(160)	(110)	(80)	(80)	(80)	(80)	(80)	(80)	(80)	(80)	(80)
Net Outlays on Existing Assets	179	97	(1,248)	(1,954)	(1,709)	(1,111)	(322)	(1,539)	(1,110)	(567)	(229)
LESS: Net Outlays on New or Upgraded Assets											
Capital Expenditure on New/Upgraded Assets	3,959	7,540	1,548	1,583	253	601	240	343	303	303	303
less Amounts Specifically for New/Upgraded Assets	(5,393)	(4,091)	(1,007)	(647)	(647)	(897)	(697)	(647)	(647)	(647)	(647)
Net Outlays on New or Upgraded Assets	(1,434)	3,449	541	936	(394)	(296)	(457)	(304)	(344)	(344)	(344)
EQUALS: Net Lending / (Borrowing) for Financial Year	1,707	(4,079)	(68)	666	1,892	1,259	667	1,780	1,436	941	651

5 ESTIMATED INCOME STATEMENT

Year Ending 30 June:	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	Actual	Budget	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating Revenue											
Rates and Charges	9,654	9,731	9,877	10,025	10,175	10,226	10,278	10,329	10,381	10,432	10,485
User Charges	1,100	831	856	882	908	935	963	992	1,022	1,053	1,084
Commercial Revenue (TasWater)	194	194	194	388	388	388	388	388	388	388	388
Grants - FAG	2,893	2,950	2,877	2,877	2,877	2,877	2,877	2,877	2,877	2,877	2,877
Grants - Non FAG	241	50	50	50	50	50	50	50	50	50	50
Investment Income	212	150	7	4	4	7	9	9	12	14	14
Other	421	152	152	152	152	152	152	152	152	152	152
FAG's received prior year in advance											
Total Operating Revenue	14,715	14,058	14,013	14,377	14,555	14,636	14,717	14,797	14,881	14,966	15,050
Operating Expenses											
Salaries & Wages	4,743	5,512	5,567	5,623	5,679	5,736	5,793	5,851	5,910	5,969	6,028
Materials & Services	4,215	4,562	4,562	4,562	4,562	4,562	4,562	4,562	4,562	4,562	4,562
Depreciation	3,733	3,659	3,847	3,749	3,747	3,726	3,733	3,727	3,728	3,727	3,727
Finance Charges (Loan Interest)	322	335	289	273	255	237	218	198	177	155	132
Other	1,250	523	523	523	523	523	523	523	523	523	523
Total Operating Expenses	14,263	14,591	14,789	14,729	14,766	14,784	14,829	14,860	14,899	14,936	14,972
Operating Surplus / (Deficit)	452	(533)	(775)	(352)	(212)	(148)	(112)	(63)	(18)	30	78
Amounts specifically for new or upgraded assets											
Amounts specifically for new or upgraded assets	5,392	4,091	1,007	647	647	897	697	647	647	647	647
Asset disposal & fair value adjustments	(319)	25	80	80	80	80	80	80	80	80	80
Net Surplus / (Deficit)	5,525	3,583	312	375	515	829	665	664	709	757	805

6 ESTIMATED BALANCE SHEET

As at 30 June:	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	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											
Financial Assets											
Cash and Cash Equivalents	10,257	3,737	1,784	2,049	3,523	4,345	4,555	5,859	6,798	7,220	7,330
Current Trade & Other Receivables	1,093	750	750	750	750	750	750	750	750	750	750
Current Other Financial Assets	60	45	45	45	45	45	45	45	45	45	45
Non-Current Other Financial Assets	0	0	0	0	0	0	0	0	0	0	0
Total Financial Assets	11,410	4,532	2,579	2,844	4,318	5,140	5,350	6,654	7,593	8,015	8,125
Non-Financial Assets											
Inventories	64	120	120	120	120	120	120	120	120	120	120
Infrastructure, Property, Plant & Equipment	154,922	148,149	148,529	148,238	146,861	146,431	146,429	145,314	144,587	144,403	144,557
Other assets	176	95	95	95	95	95	95	95	95	95	95
Taswater	29,583	38,673	38,673	38,673	38,673	38,673	38,673	38,673	38,673	38,673	38,673
Total Non-Financial Assets	184,745	187,037	187,417	187,126	185,749	185,319	185,317	184,202	183,475	183,291	183,445
Total Assets	196,155	191,569	189,996	189,970	190,067	190,459	190,668	190,856	191,068	191,306	191,569
LIABILITIES											
Current Liabilities											
Trade & Other Payables	1,521	950	950	950	950	950	950	950	950	950	950
Borrowings	356	356	1,872	389	407	425	444	464	485	507	530
Provisions	829	854	854	854	854	854	854	854	854	854	854
Other Current Liabilities	556	0	540	540	540	540	540	540	540	540	540
	3,262	2,160	4,216	2,733	2,751	2,769	2,788	2,808	2,829	2,851	2,874
Non-current Liabilities											
Trade & Other Payables	0	0	0	0	0	0	0	0	0	0	0
Borrowings	8,128	8,128	4,384	5,478	5,054	4,611	4,147	3,663	3,157	2,628	2,075
Provisions	550	540	540	540	540	540	540	540	540	540	540
Other Non-current Liabilities	29	29	29	29	29	29	29	29	29	29	29
	8,707	8,697	4,953	6,047	5,623	5,180	4,716	4,232	3,726	3,197	2,644
Total Liabilities	11,969	10,857	9,169	8,780	8,373	7,949	7,504	7,040	6,555	6,048	5,518
Net Assets	184,185	180,712	180,827	181,190	181,694	182,510	183,163	183,815	184,512	185,258	186,051

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	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
EQUITY											
Accumulated Surplus	38,734	34,862	32,446	32,809	33,313	34,129	34,782	35,434	36,131	36,877	37,670
Asset Revaluation Reserves	144,972	145,385	147,974	147,974	147,974	147,974	147,974	147,974	147,974	147,974	147,974
Other Reserves	479	465	407	407	407	407	407	407	407	407	407
Adjustment to Cash & Borrowings for effects of inflation											
Total Equity	184,185	180,712	180,827	181,190	181,694	182,510	183,163	183,815	184,512	185,258	186,051

7 ESTIMATED STATEMENT OF CHANGES IN EQUITY

Year Ending 30 June:	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	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
Accumulated Surplus											
Balance at beginning of period	33,517	39,042	42,625	42,937	43,312	43,827	44,656	45,321	45,985	46,694	47,451
Comprehensive Result	5,525	3,583	312	375	515	829	665	664	709	757	805
Transfers to Reserve											
Transfers from Reserve											
Balance at End of Period	39,042	42,625	42,937	43,312	43,827	44,656	45,321	45,985	46,694	47,451	48,256
Asset Revaluation Reserve											
Balance at beginning of period	147,974	147,974	147,974	147,974	147,974	147,974	147,974	147,974	147,974	147,974	147,974
Fair Value adjustments											
Net Asset Revaluation											
Balance at End of Period	147,974	147,974	147,974	147,974	147,974	147,974	147,974	147,974	147,974	147,974	147,974
Other Reserves											
Balance at beginning of period	407	407	407	407	407	407	407	407	407	407	407
Transfers from Accumulated Surplus											
Transfers to Accumulated Surplus	0	0	0	0	0	0	0	0	0	0	0
Balance at End of Period	407	407	407	407	407	407	407	407	407	407	407
Total Equity at End of Period	187,423	191,006	191,318	191,693	192,208	193,037	193,702	194,366	195,075	195,832	196,637

8 ESTIMATED CASH FLOW STATEMENT

Year Ending 30 June:	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	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
Cash Flows from Operating											
Receipts	14,801	14,058	14,013	14,377	14,555	14,636	14,717	14,797	14,881	14,966	15,050
Payments	(10,458)	(10,932)	(10,941)	(10,980)	(11,019)	(11,058)	(11,096)	(11,134)	(11,171)	(11,208)	(11,245)
Net Cash Provided from Operating	4,343	3,126	3,072	3,397	3,536	3,578	3,621	3,664	3,710	3,757	3,805
Cash Flows from Investing											
Receipts											
Sale of property, P&E	18	25	80	80	80	80	80	80	80	80	80
Capital Grants	5,578	4,091	1,007	647	647	897	697	647	647	647	647
Payments											
Payment for Property, Plant and Equipment	(8,021)	(10,795)	(4,227)	(3,458)	(2,371)	(3,296)	(3,731)	(2,611)	(3,001)	(3,543)	(3,881)
Net Cash Flow from Investing	(2,425)	(6,679)	(3,140)	(2,731)	(1,644)	(2,319)	(2,954)	(1,884)	(2,274)	(2,816)	(3,154)
Cash flows from Financing											
Receipts											
Proceeds from Borrowings											
Repayment of Borrowings	(341)	(356)	(1,872)	(389)	(407)	(425)	(444)	(464)	(485)	(507)	(530)
Repayment of Lease Liabilities	(12)	0	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(12)
Net Cash from Financing	(353)	(356)	(1,884)	(401)	(419)	(437)	(456)	(476)	(497)	(519)	(542)
Net Increase (Decrease) in Cash	1,565	(3,909)	(1,952)	265	1,473	822	211	1,304	939	422	109
Cash at Beginning of Period	8,692	7,646	3,737	1,784	2,049	3,523	4,345	4,555	5,859	6,798	7,220
Cash at End of Period	10,257	3,737	1,784	2,049	3,523	4,345	4,555	5,859	6,798	7,220	7,330

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:	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	Year 0 Actual \$'000	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
Financial Liabilities	11,507	11,969	10,857	9,169	8,780	8,373	7,949	7,504	7,040	6,555	6,048	5,518
Financial Assets	9,661	11,410	4,532	2,579	2,844	4,318	5,140	5,350	6,654	7,593	8,015	8,125
Net Financial Liabilities	(1,846)	(560)	(6,325)	(6,590)	(5,936)	(4,056)	(2,809)	(2,154)	(387)	1,038	1,967	2,606

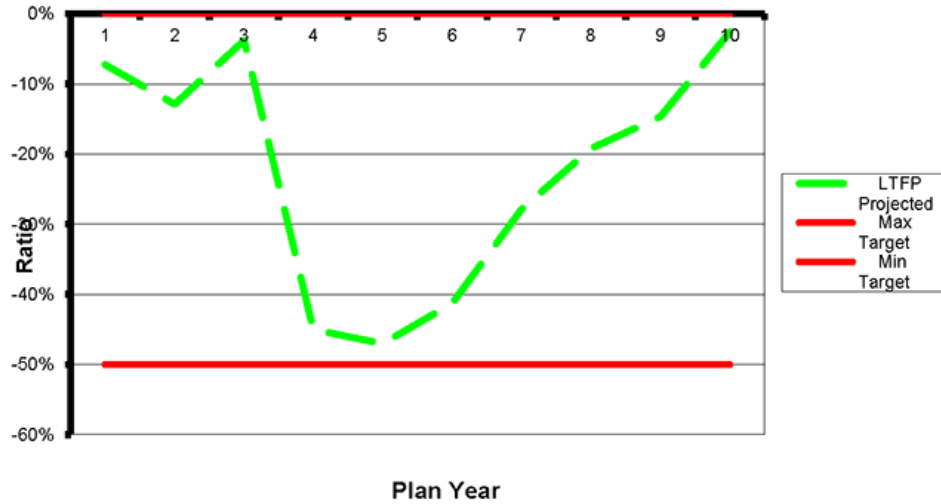
10 NET FINANCIAL LIABILITIES RATIO

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:	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	Year 0 Actual \$'000	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
Net Financial Liabilities	(1,846)	(560)	(6,325)	(6,590)	(5,936)	(4,056)	(2,809)	(2,154)	(387)	1,038	1,967	2,606
Operating Revenue	14,313	14,715	14,058	14,013	14,377	14,555	14,636	14,717	14,797	14,881	14,966	15,050
Net Financial Liabilities Ratio	-13%	-4%	-45%	-47%	-41%	-28%	-19%	-15%	-3%	7%	13%	17%

**Break O'Day Council - Net Financial Liabilities Ratio
from FYE 2020 to FYE 2030**



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:	2019 Year 0 Actual \$'000	2020 Year 0 Actual \$'000	2021 Year 1 Budget \$'000	2022 Year 2 Plan \$'000	2023 Year 3 Plan \$'000	2024 Year 4 Plan \$'000	2025 Year 5 Plan \$'000	2026 Year 6 Plan \$'000	2027 Year 7 Plan \$'000	2028 Year 8 Plan \$'000	2029 Year 9 Plan \$'000	2030 Year 10 Plan \$'000
Recurrent income	14,313	14,715	14,058	14,013	14,377	14,555	14,636	14,717	14,797	14,881	14,966	15,050
Recurrent expenses	13,114	14,263	14,591	14,789	14,729	14,766	14,784	14,829	14,860	14,899	14,936	14,972
Underlying Surplus/(Deficit)	1,199	452	(533)	(775)	(352)	(212)	(148)	(112)	(63)	(18)	30	78

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:	2019 Year 0 Actual \$'000	2020 Year 0 Actual \$'000	2021 Year 1 Budget \$'000	2022 Year 2 Plan \$'000	2023 Year 3 Plan \$'000	2024 Year 4 Plan \$'000	2025 Year 5 Plan \$'000	2026 Year 6 Plan \$'000	2027 Year 7 Plan \$'000	2028 Year 8 Plan \$'000	2029 Year 9 Plan \$'000	2030 Year 10 Plan \$'000
Underlying Surplus (Deficit)	1,199	452	(533)	(775)	(352)	(212)	(148)	(112)	(63)	(18)	30	78
Recurrent income	14,313	14,715	14,058	14,013	14,377	14,555	14,636	14,717	14,797	14,881	14,966	15,050
Operating Surplus Ratio	8%	3%	-4%	-6%	-2%	-1%	-1%	-1%	0%	0%	0%	1%

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.

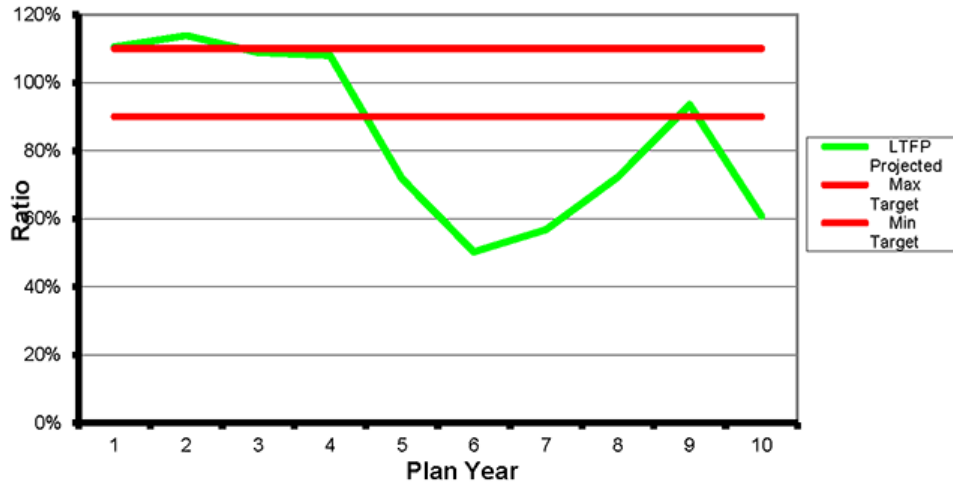
Year Ending 30 June:	2019 Year 0 Actual \$'000	2020 Year 0 Actual \$'000	2021 Year 1 Budget \$'000	2022 Year 2 Plan \$'000	2023 Year 3 Plan \$'000	2024 Year 4 Plan \$'000	2025 Year 5 Plan \$'000	2026 Year 6 Plan \$'000	2027 Year 7 Plan \$'000	2028 Year 8 Plan \$'000	2029 Year 9 Plan \$'000	2030 Year 10 Plan \$'000
Assets as new value	204,809	208,768	216,308	217,856	219,439	219,692	220,293	220,533	220,876	221,179	221,482	221,785
Assets written down value	144,850	154,922	148,149	148,529	148,238	146,861	146,431	146,429	145,314	144,587	144,403	144,557
Asset Consumption Ratio	71%	74%	68%	68%	68%	67%	66%	66%	66%	65%	65%	65%

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	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	Year 0 Actual	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	\$'000
Asset Management Plan recommended Capital Expenditure on Renewal/Replacement of Existing Assets	3,442	3,732	3,732	3,732	3,732	3,732	3,732	3,732	3,732	3,732	3,732	3,732
Capital Expenditure on Renewal/Replacement of Existing Assets accommodated in LTFP	3,918	4,062	4,028	2,679	1,875	2,118	2,695	3,491	2,268	2,698	3,240	3,578
Difference in Asset Renewal/Replacement proposed in AMP and accommodated in LTFP	476	330	296	(1,053)	(1,857)	(1,614)	(1,037)	(241)	(1,464)	(1,034)	(492)	(154)

Break O'Day Council - Asset Renewal Funding Ratio for FYE 2020 to FYE 2030



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:	2019 Year 0 Actual \$'000	2020 Year 0 Actual \$'000	2021 Year 1 Budget \$'000	2022 Year 2 Plan \$'000	2023 Year 3 Plan \$'000	2024 Year 4 Plan \$'000	2025 Year 5 Plan \$'000	2026 Year 6 Plan \$'000	2027 Year 7 Plan \$'000	2028 Year 8 Plan \$'000	2029 Year 9 Plan \$'000	2030 Year 10 Plan \$'000
Capital Expenditure on renewal or replacement	3,918	4,062	4,028	2,679	1,875	2,118	2,695	3,491	2,268	2,698	3,240	3,578
Depreciation	3,442	3,733	3,659	3,847	3,749	3,747	3,726	3,733	3,727	3,728	3,727	3,727
Asset Sustainability Ratio	114%	109%	110%	70%	50%	57%	72%	94%	61%	72%	87%	96%

16 LOAN REPAYMENT SCHEDULE

Summary of Borrowings & Repayments for the Years Ending 30 June 2019 to 30 June 2036

Year Ending 30 June:	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
	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	2031 \$'000	2032 \$'000	2033 \$'000	2034 \$'000	2035 \$'000	2036 \$'000
Borrowings																	
Balance at beginning of period	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	341	33
Loans drawn down	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Principal Repayments	(341)	(356)	(1,872)	(389)	(407)	(425)	(444)	(464)	(485)	(507)	(530)	(554)	(579)	(605)	(526)	(308)	(16)
Total Borrowings at End of Period	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	341	33	17
Repayments																	
Interest repayments	321	305	289	273	255	237	218	198	177	155	132	108	83	56	30	10	1
Principal Repayments	341	356	1,872	389	407	425	444	464	485	507	530	554	579	605	526	308	16
Total Loan Repayments	662	662	2,162	662	662	662	662	662	662	662	662	662	662	662	556	318	17

17 DEPRECIATION SCHEDULE

As at 30 June:	2020 Year 0 Actual \$'000	2021 Year 1 Budget \$'000	2022 Year 2 Plan \$'000	2023 Year 3 Plan \$'000	2024 Year 4 Plan \$'000	2025 Year 5 Plan \$'000	2026 Year 6 Plan \$'000	2027 Year 7 Plan \$'000	2028 Year 8 Plan \$'000	2029 Year 9 Plan \$'000	2030 Year 10 Plan \$'000
Historical Assets											
Depreciation											
Renewal											
New											
Buildings											
Depreciation	247	248	254	248	248	247	255	248	248	247	247
Renewal	758	290	105	360	65	155	130	120	100	120	70
New	67	448	70	40	-	500	50	40	-	-	-
Roads & Streets											
Depreciation	1,887	1,890	1,932	1,911	1,903	1,887	1,889	1,889	1,889	1,889	1,889
Renewal	1,855	2,387	1,728	930	1,360	1,360	1,360	1,360	1,360	1,360	1,360
New	178	2,711	1,445	960	-	90	90	90	90	90	90
Bridges											
Depreciation	451	451	451	451	451	451	451	451	451	451	451
Renewal	532	522	253	83	-	392	1,213	-	450	972	1,360
New	-	-	-	-	-	-	-	-	-	-	-
Plant & Equipment											
Depreciation	373	421	390	373	373	373	373	373	373	373	373
Renewal	467	255	272	373	373	373	373	373	373	373	373
New	339	120	-	-	-	-	-	-	-	-	-
Stormwater Infrastructure											
Depreciation	375	376	379	375	379	378	375	376	378	378	378
Renewal	192	50	50	50	50	50	50	50	50	50	50
New	83	312	30	280	250	10	100	213	213	213	213
Furniture & IT											
Depreciation	151	155	153	151	151	151	151	151	151	151	151
Renewal	54	54	52	59	52	151	151	151	151	151	151
New	55	24	3	3	3	1	-	-	-	-	-
Land Improvements											
Depreciation	214	254	263	214	218	214	214	214	214	214	214
Renewal	204	470	219	20	218	214	214	214	214	214	214
New	3,237	3,925	-	300	-	-	-	-	-	-	-
Amortisation of Municipal Valuation											
Renewal	25	25	25	25	25	25	25	25	25	25	25
						150					
Total Depreciation	3,723	3,821	3,847	3,749	3,747	3,726	3,733	3,727	3,728	3,727	3,727
Total Renewal	4,062	4,028	2,679	1,875	2,118	2,695	3,491	2,268	2,698	3,240	3,578
Total New	3,959	7,540	1,548	1,583	253	601	240	343	303	303	303
Total New & Renewal	8,021	11,568	4,227	3,458	2,371	3,296	3,731	2,611	3,001	3,543	3,881