



**LONG TERM
FINANCIAL PLAN
2017/2018
TO
2027/2028**

ADOPTED DECEMBER 2017

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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. Debt and reserves then become the "balancing item". Surplus funds could be set aside in reserves for future capital expenditure. Deficits in the future could be funded from these reserves. Debt could also be used with loan repayments being funded from future budgets. 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 increase of 2% above inflation for years 2018/2023.
- 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 \$500,000 2019/2020 and \$1M 2021/2022.

4 SUMMARY STATEMENT

Summary of Financial Performance and Position for the Years Ending 30 June 2018 to the 30 June 2027

Year Ending 30 June:	2017 Year 0 Actual \$'000	2018 Year 1 Budget \$'000	2019 Year 2 Plan \$'000	2020 Year 3 Plan \$'000	2021 Year 4 Plan \$'000	2022 Year 5 Plan \$'000	2023 Year 6 Plan \$'000	2024 Year 7 Plan \$'000	2025 Year 8 Plan \$'000	2026 Year 9 Plan \$'000	2027 Year 10 Plan \$'000
Operating Revenues	13,756	13,317	13,466	13,667	13,853	14,081	14,286	14,328	14,372	14,414	14,459
less Operating Expenses	13,553	13,158	13,571	13,612	13,660	13,701	13,734	13,768	13,801	13,833	13,866
Operating Surplus/(Deficit) before Capital Amounts	203	159	(106)	55	193	380	551	561	571	581	593
LESS: Net Outlays on Existing Assets											
Capital Expenditure on Renewal or Replacement of Existing Assets	5,198	5,545	3,657	3,928	3,092	3,226	3,587	3,587	3,587	3,587	3,587
less Depreciation, Amortisation & Impairment	(3,533)	(3,636)	(3,762)	(3,769)	(3,782)	(3,789)	(3,789)	(3,789)	(3,789)	(3,789)	(3,789)
less Proceeds from Sale of Replaced Assets	(98)	(239)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)
Net Outlays on Existing Assets	1,567	1,670	(154)	110	(741)	(613)	(252)	(252)	(252)	(252)	(252)
LESS: Net Outlays on New or Upgraded Assets											
Capital Expenditure on New/Upgraded Assets	2,973	6,293	265	440	413	563	413	413	493	413	413
less Amounts Specifically for New/Upgraded Assets	(1,283)	(3,082)	(441)	(441)	(441)	(441)	(441)	(441)	(441)	(441)	(441)
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	1,690	3,211	(176)	(1)	(28)	122	(28)	(28)	52	(28)	(28)
EQUALS: Net Lending / (Borrowing) for Financial Year	(3,054)	(4,722)	225	(54)	961	871	831	840	771	860	873

5 ESTIMATED INCOME STATEMENT

Year Ending 30 June:

2017 Year 0 Actual \$'000	2018 Year 1 Budget \$'000	2019 Year 2 Plan \$'000	2020 Year 3 Plan \$'000	2021 Year 4 Plan \$'000	2022 Year 5 Plan \$'000	2023 Year 6 Plan \$'000	2024 Year 7 Plan \$'000	2025 Year 8 Plan \$'000	2026 Year 9 Plan \$'000	2027 Year 10 Plan \$'000
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Operating Revenue

Rates and Charges	8,614	8,614	8,786	8,962	9,141	9,324	9,511	9,511	9,511	9,511	9,511
User Charges	934	895	922	950	978	1,007	1,038	1,069	1,101	1,134	1,168
Commercial Revenue (TasWater)	596	582	582	582	582	582	582	582	582	582	582
Grants - FAG	4,056	2,733	2,733	2,733	2,733	2,733	2,733	2,733	2,733	2,733	2,733
Grants - Non FAG	396	159	159	159	159	159	159	159	159	159	159
Investment Income	267	137	87	85	63	79	67	78	90	99	110
Other	270	197	197	197	197	197	197	197	197	197	197
Total Operating Revenue	15,133	13,317	13,466	13,667	13,853	14,081	14,286	14,328	14,372	14,414	14,459

Operating Expenses

Salaries & Wages	3,935	4,837	4,885	4,934	4,984	5,033	5,084	5,135	5,186	5,238	5,290
Materials & Services	4,655	4,196	4,196	4,196	4,196	4,196	4,196	4,196	4,196	4,196	4,196
Depreciation	3,359	3,405	3,784	3,791	3,804	3,811	3,811	3,811	3,811	3,811	3,811
Finance Charges (Loan Interest)	362	349	335	321	305	289	273	255	237	218	198
Other	1,242	371	371	371	371	371	371	371	371	371	371
Total Operating Expenses	13,553	13,158	13,571	13,612	13,660	13,701	13,734	13,768	13,801	13,833	13,866
FAGs received in advance	(1,377)										
Operating Surplus / (Deficit)	203	159	(106)	55	193	380	551	561	571	581	593

Amounts specifically for new or upgraded assets	1,283	3,082	441	441	441	441	441	441	441	441	441
Asset disposal & fair value adjustments	49	40	50	50	50	50	50	50	50	50	50
Net Surplus / (Deficit)	1,535	3,281	385	546	684	871	1,042	1,052	1,062	1,072	1,084

Rate Increase above inflation	2%	2%	2%	2%	2%	2%	2%	0%	0%	0%	0
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6 ESTIMATED BALANCE SHEET

As at 30 June:

2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
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	7,231	3,466	3,386	2,513	3,141	2,661	3,125	3,581	3,949	4,387	4,818
Current Trade & Other Receivables	1,067	600	600	600	600	600	600	600	600	600	600
Current Other Financial Assets	80	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	8,378	4,096	4,016	3,143	3,771	3,291	3,755	4,211	4,579	5,017	5,448

Non-Financial Assets											
Inventories	138	120	120	120	120	120	120	120	120	120	120
Investment Property	0	0	0	0	0	0	0	0	0	0	0
Infrastructure, Property, Plant & Equipment	137,794	146,227	146,366	146,943	146,644	146,622	146,811	147,000	147,270	147,459	147,648
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	171,268	179,683	179,822	180,399	180,100	180,078	180,267	180,456	180,726	180,915	181,104
Total Assets	179,646	183,779	183,838	183,543	183,870	183,369	184,022	184,667	185,304	185,932	186,552

As at 30 June:

2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
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

LIABILITIES

Current Liabilities											
Trade & Other Payables	1,349	1,092	1,092	1,092	1,092	1,092	1,092	1,092	1,092	1,092	1,092
Borrowings	312	326	841	356	1,372	389	407	425	444	464	485
Provisions	664	585	585	585	585	585	585	585	585	585	585
Other Current Liabilities	237	237	237	237	237	237	237	237	237	237	237
	2,562	2,240	2,755	2,270	3,286	2,303	2,321	2,339	2,358	2,378	2,399

Non-current Liabilities											
Trade & Other Payables	0	0	0	0	0	0	0	0	0	0	0
Borrowings	7,652	8,825	7,984	7,628	6,256	5,867	5,460	5,036	4,591	4,127	3,642
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
	8,173	9,346	8,505	8,149	6,777	6,388	5,981	5,557	5,112	4,648	4,163
Total Liabilities	10,735	11,587	11,260	10,419	10,063	8,691	8,302	7,895	7,471	7,026	6,562
Net Assets	168,911	172,192	172,577	173,123	173,807	174,678	175,720	176,772	177,834	178,905	179,990

EQUITY

Accumulated Surplus	27,196	30,477	30,862	31,408	32,092	32,963	34,005	35,057	36,119	37,190	38,275
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	168,911	172,192	172,577	173,123	173,807	174,678	175,720	176,772	177,834	178,905	179,990

7 ESTIMATED STATEMENT OF CHANGES IN EQUITY

Year Ending 30 June:	2017 Year 0 Actual \$'000	2018 Year 1 Budget \$'000	2019 Year 2 Plan \$'000	2020 Year 3 Plan \$'000	2021 Year 4 Plan \$'000	2022 Year 5 Plan \$'000	2023 Year 6 Plan \$'000	2024 Year 7 Plan \$'000	2025 Year 8 Plan \$'000	2026 Year 9 Plan \$'000	2027 Year 10 Plan \$'000
Accumulated Surplus											
Balance at beginning of period	24,073	27,196	30,477	30,862	31,408	32,092	32,963	34,005	35,057	36,119	37,190
Comprehensive Result	2,897	3,281	385	546	684	871	1,042	1,052	1,062	1,072	1,084
Transfers to Reserve	226										
Transfers from Reserve											
Balance at End of Period	27,196	30,477	30,862	31,408	32,092	32,963	34,005	35,057	36,119	37,190	38,275
Asset Revaluation Reserve											
Balance at beginning of period	134,713	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	6,304										
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	925	698	698	698	698	698	698	698	698	698	698
Transfers from Accumulated Surplus											
Transfers to Accumulated Surplus	(227)	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	168,911	172,192	172,577	173,123	173,807	174,678	175,720	176,772	177,834	178,905	179,990

8 ESTIMATED CASH FLOW STATEMENT

Year Ending 30 June:	2017 Year 0 Actual \$'000	2018 Year 1 Budget \$'000	2019 Year 2 Plan \$'000	2020 Year 3 Plan \$'000	2021 Year 4 Plan \$'000	2022 Year 5 Plan \$'000	2023 Year 6 Plan \$'000	2024 Year 7 Plan \$'000	2025 Year 8 Plan \$'000	2026 Year 9 Plan \$'000	2027 Year 10 Plan \$'000
Cash Flows from Operating											
Receipts	15,270	13,317	13,466	13,667	13,853	14,081	14,286	14,328	14,372	14,414	14,459
Payments	(9,858)	(9,753)	(9,788)	(9,822)	(9,856)	(9,890)	(9,923)	(9,957)	(9,990)	(10,022)	(10,055)
Operating Payments											
Net Cash Provided from Operating	5,412	3,564	3,678	3,845	3,997	4,191	4,362	4,372	4,382	4,392	4,404
Cash Flows from Investing											
Receipts											
Sale of property, P&E	334	239	50	50	50	50	50	50	50	50	50
Capital Grants	960	3,082	441	441	441	441	441	441	441	441	441
Payments	(30)										
Payment for Property, Plant and Equipment	(6,217)	(11,838)	(3,922)	(4,368)	(3,505)	(3,789)	(4,000)	(4,000)	(4,080)	(4,000)	(4,000)
Net Cash Flow from Investing	(4,953)	(8,517)	(3,431)	(3,877)	(3,014)	(3,298)	(3,509)	(3,509)	(3,589)	(3,509)	(3,509)
Cash flows from Financing											
Receipts											
Proceeds from Borrowings		1,500									
Repayment of Borrowings	(299)	(312)	(326)	(841)	(356)	(1,372)	(389)	(407)	(425)	(444)	(464)
Net Cash from Financing	(299)	1,188	(326)	(841)	(356)	(1,372)	(389)	(407)	(425)	(444)	(464)
Net Increase (Decrease) in Cash	160	(3,765)	(79)	(873)	627	(479)	464	456	368	438	431
Cash at Beginning of Period	7,071	7,231	3,466	3,386	2,513	3,141	2,661	3,125	3,581	3,949	4,387
Cash at End of Period	7,231	3,466	3,386	2,513	3,141	2,661	3,125	3,581	3,949	4,387	4,818

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:	2017 Year 0 Actual \$'000	2018 Year 1 Budget \$'000	2019 Year 2 Plan \$'000	2020 Year 3 Plan \$'000	2021 Year 4 Plan \$'000	2022 Year 5 Plan \$'000	2023 Year 6 Plan \$'000	2024 Year 7 Plan \$'000	2025 Year 8 Plan \$'000	2026 Year 9 Plan \$'000	2027 Year 10 Plan \$'000
Financial Liabilities	10,735	11,587	11,260	10,419	10,063	8,691	8,302	7,895	7,471	7,026	6,562
Financial Assets	8,378	4,096	4,016	3,143	3,771	3,291	3,755	4,211	4,579	5,017	5,448
Net Financial Liabilities	2,357	7,491	7,244	7,276	6,293	5,400	4,547	3,684	2,892	2,009	1,114

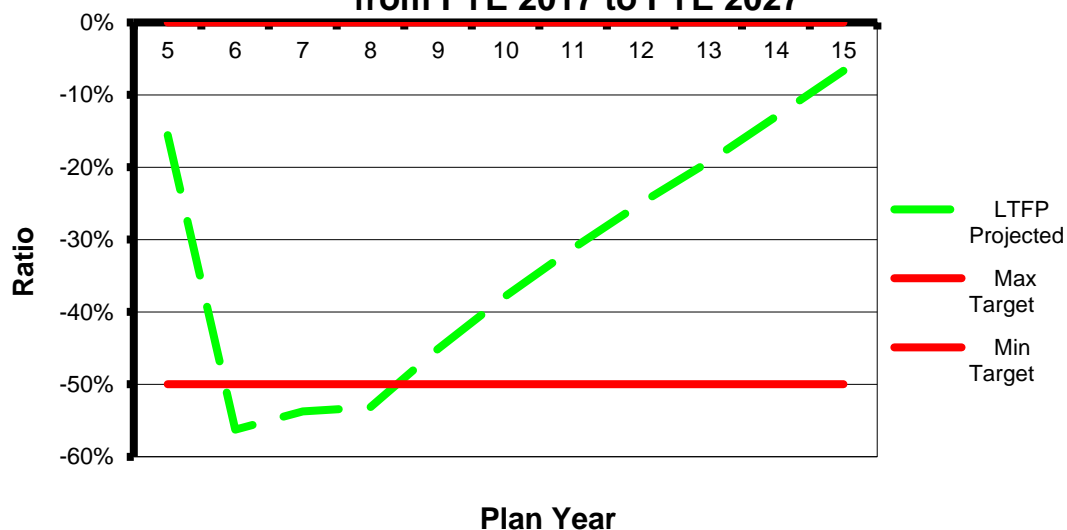
10 NET FINANCIAL LIABILITIES RATIO

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:	2017 Year 0 Actual \$'000	2018 Year 1 Budget \$'000	2019 Year 2 Plan \$'000	2020 Year 3 Plan \$'000	2021 Year 4 Plan \$'000	2022 Year 5 Plan \$'000	2023 Year 6 Plan \$'000	2024 Year 7 Plan \$'000	2025 Year 8 Plan \$'000	2026 Year 9 Plan \$'000	2027 Year 10 Plan \$'000
Net Financial Liabilities	(2,357)	(7,491)	(7,238)	(7,264)	(6,252)	(5,323)	(4,457)	(3,581)	(2,774)	(1,877)	(967)
Operating Revenue	13,756	13,317	13,466	13,667	13,853	14,082	14,288	14,331	14,374	14,417	14,462
Net Financial Liabilities Ratio	-17%	-56%	-54%	-53%	-45%	-38%	-31%	-25%	-19%	-13%	-7%

**Break O'Day Council - Net Financial Liabilities Ratio
from FYE 2017 to FYE 2027**



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.

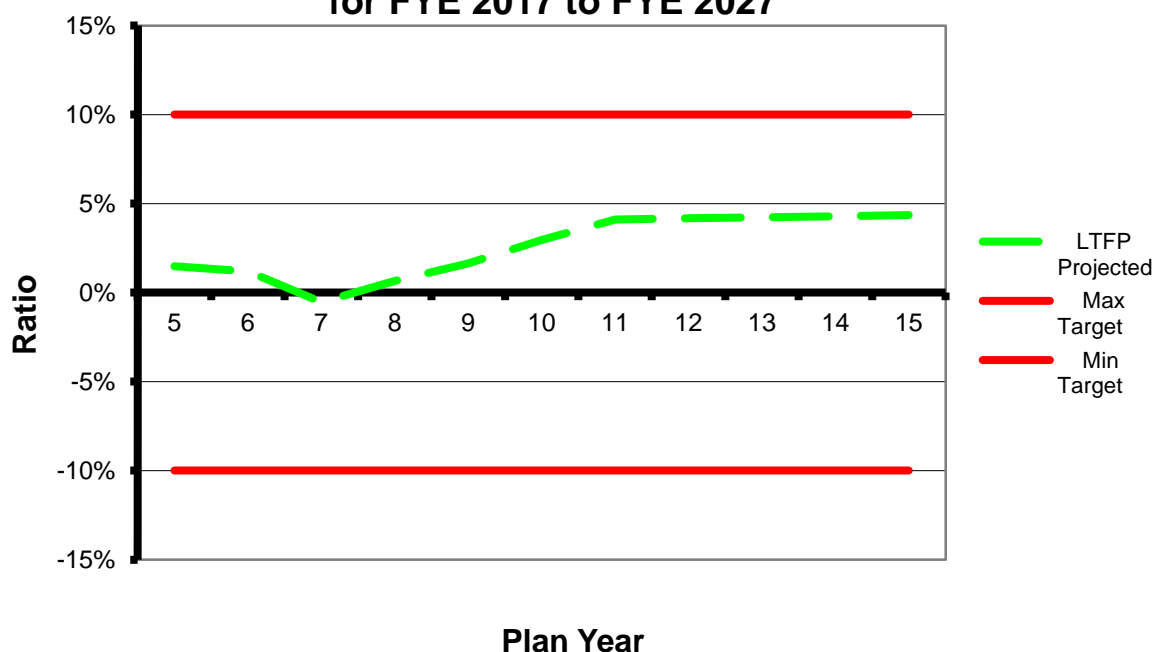
Year Ending 30 June:	2017 Year 0 Actual \$'000	2018 Year 1 Budget \$'000	2019 Year 2 Plan \$'000	2020 Year 3 Plan \$'000	2021 Year 4 Plan \$'000	2022 Year 5 Plan \$'000	2023 Year 6 Plan \$'000	2024 Year 7 Plan \$'000	2025 Year 8 Plan \$'000	2026 Year 9 Plan \$'000	2027 Year 10 Plan \$'000
Recurrent income	13,756	13,317	13,466	13,667	13,853	14,081	14,286	14,328	14,372	14,414	14,459
Recurrent expenses	13,553	13,158	13,571	13,612	13,660	13,701	13,734	13,768	13,801	13,833	13,866
Underlying Surplus/(Deficit)	203	159	(106)	55	193	380	551	561	571	581	593

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:	2017 Year 0 Actual \$'000	2018 Year 1 Budget \$'000	2019 Year 2 Plan \$'000	2020 Year 3 Plan \$'000	2021 Year 4 Plan \$'000	2022 Year 5 Plan \$'000	2023 Year 6 Plan \$'000	2024 Year 7 Plan \$'000	2025 Year 8 Plan \$'000	2026 Year 9 Plan \$'000	2027 Year 10 Plan \$'000
Underlying Surplus (Deficit)	203	159	(106)	55	193	380	551	561	571	581	593
Recurrent income	13,756	13,317	13,466	13,667	13,853	14,081	14,286	14,328	14,372	14,414	14,459
Operating Surplus Ratio	1%	1%	-1%	0%	1%	3%	4%	4%	4%	4%	4%

**Break O'Day Council - Underlying Surplus Ratio
for FYE 2017 to FYE 2027**



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:	2017 Year 0 Actual \$'000	2018 Year 1 Budget \$'000	2019 Year 2 Plan \$'000	2020 Year 3 Plan \$'000	2021 Year 4 Plan \$'000	2022 Year 5 Plan \$'000	2023 Year 6 Plan \$'000	2024 Year 7 Plan \$'000	2025 Year 8 Plan \$'000	2026 Year 9 Plan \$'000	2027 Year 10 Plan \$'000
Assets as new value	192,517	198,062	201,719	205,648	208,739	211,965	215,553	219,140	222,727	226,315	229,902
Assets written down value	137,794	146,227	146,366	146,943	146,644	146,622	146,811	147,000	147,270	147,459	147,648
Asset Consumption Ratio	72%	74%	73%	71%	70%	69%	68%	67%	66%	65%	64%

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:	2017 Year 0 Actual \$'000	2018 Year 1 Budget \$'000	2019 Year 2 Plan \$'000	2020 Year 3 Plan \$'000	2021 Year 4 Plan \$'000	2022 Year 5 Plan \$'000	2023 Year 6 Plan \$'000	2024 Year 7 Plan \$'000	2025 Year 8 Plan \$'000	2026 Year 9 Plan \$'000	2027 Year 10 Plan \$'000
Asset Management Plan recommended Capital Expenditure on Renewal/Replacement of Existing Assets	3,337	3,384	3,384	3,384	3,384	3,384	3,384	3,384	3,384	3,384	3,384
Capital Expenditure on Renewal/Replacement of Existing Assets accommodated in LTFP	5,198	5,545	3,657	3,928	3,092	3,226	3,587	3,587	3,587	3,587	3,587
Difference in Asset Renewal/Replacement proposed in AMP and accommodated in LTFP	1,861	2,161	273	544	(292)	(158)	203	203	203	203	203

Break O'Day Council - Asset Renewal Funding Ratio for FYE 2017 to FYE 2027



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:	2017 Year 0 Actual \$'000	2018 Year 1 Budget \$'000	2019 Year 2 Plan \$'000	2020 Year 3 Plan \$'000	2021 Year 4 Plan \$'000	2022 Year 5 Plan \$'000	2023 Year 6 Plan \$'000	2024 Year 7 Plan \$'000	2025 Year 8 Plan \$'000	2026 Year 9 Plan \$'000	2027 Year 10 Plan \$'000
Capital Expenditure on renewal or replacement	5,198	5,545	3,657	3,928	3,092	3,226	3,587	3,587	3,587	3,587	3,587
Depreciation	3,359	3,405	3,784	3,791	3,804	3,811	3,811	3,811	3,811	3,811	3,811
Asset Sustainability Ratio	155%	163%	97%	104%	81%	85%	94%	94%	94%	94%	94%

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 1 Budget \$'000	2019 Year 2 Plan \$'000	2020 Year 3 Plan \$'000	2021 Year 4 Plan \$'000	2022 Year 5 Plan \$'000	2023 Year 6 Plan \$'000	2024 Year 7 Plan \$'000	2025 Year 8 Plan \$'000	2026 Year 9 Plan \$'000	2027 Year 10 Plan \$'000	2028 Year 11 Plan \$'000	2029 Year 12 Plan \$'000	2030 Year 13 Plan \$'000	2031 Year 14 Plan \$'000	2032 Year 15 Plan \$'000	2033 Year 16 Plan \$'000	2034 Year 17 Plan \$'000	2035 Year 18 Plan \$'000
Borrowings																			
Balance at beginning of period	8,263	7,964	9,152	8,825	7,984	7,628	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)	(841)	(356)	(1,372)	(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	7,984	7,628	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	841	356	1,372	389	407	425	444	464	485	507	530	554	579	605	495	276
Total Loan Repayments	662	662	662	1,162	662	1,662	662	662	662	662	662	662	662	657	657	652	652	516	284

17 DEPRECIATION SCHEDULE

As at 30 June:	2017 Year 0 Actual \$'000	2018 Year 1 Budget \$'000	2019 Year 2 Plan \$'000	2020 Year 3 Plan \$'000	2021 Year 4 Plan \$'000	2022 Year 5 Plan \$'000	2023 Year 6 Plan \$'000	2024 Year 7 Plan \$'000	2025 Year 8 Plan \$'000	2026 Year 9 Plan \$'000	2027 Year 10 Plan \$'000
Historical Assets											
Depreciation											
Renewal											
New											
Buildings											
Depreciation	274	272	277	278	279	279	279	279	279	279	279
Renewal	61	148	320	470	279	279	279	279	279	279	279
New	286	320	65	40							
Roads & Streets											
Depreciation	1,744	1,746	1,766	1,769	1,775	1,782	1,782	1,782	1,782	1,782	1,782
Renewal	1,681	1,849	1,239	1,234	1,090	1,219	1,369	1,369	1,369	1,369	1,369
New	148	1,173	180	350	413	563	413	413	413	413	413
Bridges											
Depreciation	428	458	458	458	458	458	458	458	458	458	458
Renewal	2,136	1,702	743	674	458	458	458	458	458	458	458
New	-	-	-								
Plant & Equipment											
Depreciation	301	321	325	328	335	335	335	335	335	335	335
Renewal	633	1,223	448	513	335	335	335	335	335	335	335
New	12	29	20	50							
Stormwater Infrastructure											
Depreciation	358	364	390	390	390	390	390	390	390	390	390
Renewal	111	50	390	390	390	390	390	390	390	390	390
New	208	1,541							80		
Furniture & IT											
Depreciation	216	221	231	231	231	231	231	231	231	231	231
Renewal	150	59	231	231	231	231	231	231	231	231	231
New	35	142		-							
Land Improvements											
Depreciation	212	219	280	280	280	280	280	280	280	280	280
Renewal	427	514	280	280	280	280	280	280	280	280	280
New	330	3,088									
Amortisation of Municipal Valuation	22	22	22	22	22	22	22	22	22	22	22
	22	22	22	22	22	22	22	22	22	22	22
Total Depreciation	3,555	3,623	3,749	3,756	3,770	3,777	3,777	3,777	3,777	3,777	3,777
Total Renewal	5,199	5,545	3,651	3,792	3,063	3,192	3,342	3,342	3,342	3,342	3,342
Total New	1,019	6,293	265	440	413	563	413	413	493	413	413
Total New & Renewal	6,218	11,838	3,916	4,232	3,476	3,755	3,755	3,755	3,835	3,755	3,755