



**City of Burnside
Long Term Financial Plan 2019/20 - 2028/29**



The *Local Government Act 1999* requires that your Council develops and adopts a long-term financial plan for a period of at least 10 years. This document presents the City of Burnside Long Term Financial Plan 2019/20 - 2028/29.

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1. Executive Summary

The City of Burnside's Long Term Financial Plan (LTFP) is critical to Council's financial planning process. It underpins our long term financial sustainability while meeting the needs and expectations of our communities and delivering Council's Strategic Directions highlighted in our strategic community plan *Be the Future of Burnside 2026 – Our Strategic Community Plan*.

The LTFP is pivotal in setting the high level financial parameters that guide the development and refinement of Council's budgeted plans, strategies and actions and generates information that assists decisions about the mix, timing and affordability of future outlays on operating activities, renewal and replacement of existing assets and funding of additional assets. It is also instrumental in ensuring the City of Burnside delivers enhanced services now and in the future by providing optimal value-for-money community outcomes.

In developing the LTFP, a number of key assumptions are applied. For this LTFP, the draft 2019/20 Budgeted Statement of Comprehensive Income forms the basis for Year one of the Plan. Years 2 to 10 present nine inclusive years of financial projections underpinned by the base data.

The model assumes that overall, service levels will remain materially unchanged throughout the planning period. However, there is recognition of some exceptions to this, outlined below:

- additional services totalling \$235k and Operating Projects totalling \$338k have been included in the 2019/20 Annual Business Plan.
- provision has been made for outlays for new/upgraded assets across this ten-year period that will add to service levels (\$35.3m).
- varied or additional services may also be added over time in response to changes in community needs and preferences. It is assumed that any variations in the demand for services will not impact the financial bottom line, unless otherwise stated.
- any grant funding opportunities will be actively pursued as they arise as this is an important source of revenue. This may lead to increased service levels.

With these principles and objectives in mind, this Long Term Financial Plan is based on, and achieves, the following outcomes:

- an Operating Surplus of \$1,032,000 in 2019/20 and surpluses for all remaining years.
- a target efficiency saving in 2019/20 of \$370k with a further \$430k incorporated for savings from the LED Lighting project undertaken in 2018/19. Council initially intended to quarantine these LED Lighting savings to repay the debt faster but Council is now able to give this saving back to the community as well as re-pay the debt faster. If it were not for this saving going back into the community, the rates increase would have been higher.
- total borrowings as at 30 June 2020 now forecast at \$15.4m (Forecast position for 2018/19 is \$16.4m) and at the end of the 10-year period at \$11.4m. Savings in future years will be subject to Council decision made as part of the Strategic Management Planning process.

- financial indicators within acceptable target levels throughout the 10-year period.
- \$573k of Operating Projects and New services in 2019/20.
- Renewal and Replacement of existing assets equalling \$10.0m in 2019/20 and totalling \$99.3m across the 10-year period.
- New and Upgraded assets equalling \$5.8m in 2019/20 and totalling \$35.4m across the 10-year period.
- capital contribution of \$6.2m towards the Brownhill Keswick Creek Project across the 10-year period.





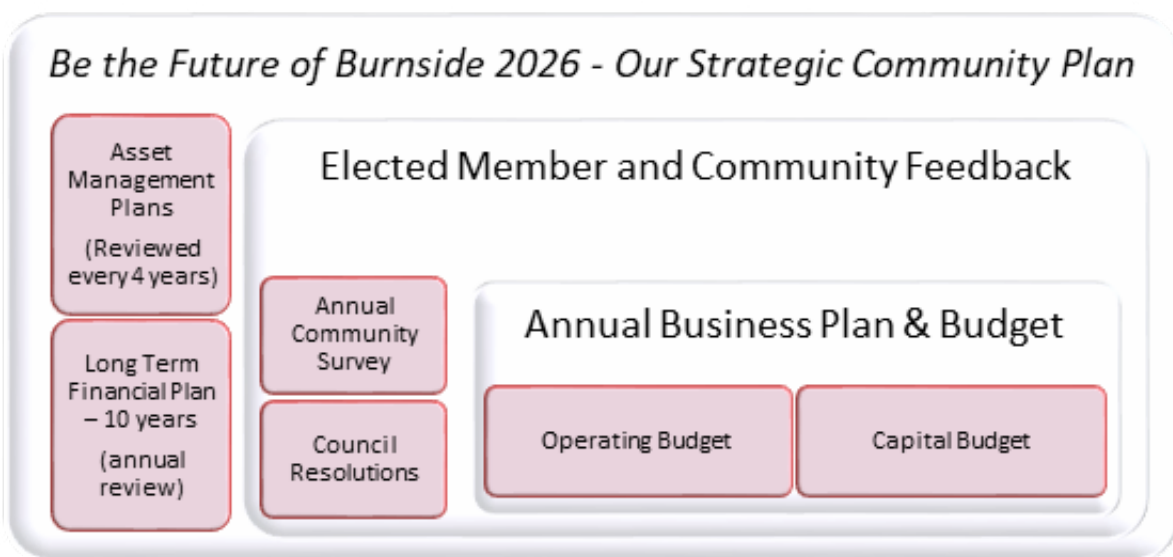
2. Strategic Context

The LTFP is a strategic component of Council's Strategic Management Framework and supports the delivery of the Strategic Community Plan. The Strategic Framework illustrated below outlines our organisational planning framework and highlights the importance of community feedback into this process.

The LTFP is integral to Council's suite of Strategic Management Plans providing the critical link between the:

- Strategic Community Plan;
- Asset Management Plans; and,
- Annual Business Plan and Budget.

It translates the objectives and strategies outlined in the Strategic Community Plan and Asset Management Plans (AMP) into financial outcomes for analysis and community consultation. Optimising the integration between these strategic intentions ensures Council develops and implements a robust and transparent system of financial management aimed to uphold and maintain Council's long term financial sustainability.







3. Key Influences and Risks

This Long Term Financial Plan generates information which is used to guide decisions about Council operations into the future. However as with any long-term plan, the accuracy of this LTFP is subject to many inherent influences. These variables and risks can be divided into three main groups:

3.1 External Influences – items outside of Council’s control

- Unforeseen economic changes or circumstances such as:
 - interest rates fluctuations;
 - localised economic growth – residential development & new business;
 - Consumer Price Index (All Adelaide);
 - Local Government Price Index (LGPI); and,
 - changes if specific programs such as Federal Assistance Grants.
- Unforeseen political changes or circumstances such as:
 - changes to Levies and their conditions (e.g. Environment Protection Authority (SA) Waste Levy);
 - cost of natural resources such as fuel and water;
 - a change in the level of legislative compliance; and,
 - cost shifting (i.e. Increased Emergency Services Levy).
- Variable Climatic Conditions such as:
 - storm or Force Majeure Events (i.e. Storm Event of Feb 2014 and 2016)
 - flooding;
 - bushfire; and,
 - drought.

3.2 Internal Influences – items that Council can control

- agreed service level review outcomes;
- Infrastructure Asset Management;
- depreciation (valuations can be considered an external influence) ;
- rate increases and other financial influences;
- performance Management;
- efficiencies in service delivery and administrative support; and,
- salaries and Wages.

3.3 Community Drivers

- community needs and expectations;
- *Strategic Community Plan – Be the Future of Burnside 2026*; and,
- other key strategies.

In order to minimise the inherent risks of long term financial planning, Council reviews and updates its Long Term Financial Plan on a regular basis and ensures that the most recent economic data and forecasts are being used as the basis for developing Council's Long Term Financial Plan.





4. Basis of Preparation

The LTFP is key to establishing funding requirements of Council's Asset Management Plans and other strategic community planning and implementation, ensuring we continue to operate sustainably. It enables Council to effectively and equitably manage service levels, asset funding and revenue raising decisions, balanced with achieving its financial strategy and key performance indicators.

In developing the LTFP, key financial principles are established that underpins Council's forecast financial performance and position over a 10-year time frame. The LTFP incorporates a number of statutory and discretionary reports and assumptions as part of a statutory requirement (within the Local Government Act 1999). Due to the variable nature of the assumptions focusing on changes in the economy, an annual review of the LTFP provides the Council with the opportunity to review the financial principles to easily adapt to these external influences, changes in proposed service levels or projects. This involves concerted input from Council, the Audit Committee and Administration.

The financial projections contained within the LTFP, provide an indication of Council's direction and financial capacity into the future and are intended to be viewed as a guide to future actions or opportunities. This in turn encourages Council to analyse the future effects and impacts of current decisions made by Council.

For this LTFP, the draft 2019/20 Budgeted Statement of Comprehensive Income forms the basis for Year 1 of the Plan. Years 2 to 10 present nine inclusive years of financial projections underpinned by the base data.

4.1 Finance Strategy

The City of Burnside continues to employ a strategic approach to our financial planning that is influenced by the current and predicted economic environment, our financial position and the impacts on the organisation both internally and externally. Employing this strategic approach is designed to ensure:

- Support of the achievement of the Strategic Community Plan – Be the Future 2026
- Our long term financial sustainability;
- Intergenerational equity;
- Needs and expectations of the Burnside community are met;
- Delivery of appropriate, targeted, effective and efficient services; and,
- Responsible rate increases.

This leads to Council achieving:

- continued funding to ensure Councils infrastructure is replaced and maintained when required (includes roads, footpaths, Council owned properties and open spaces).
- commitment to major projects which span more than one year.
- council continues to fund the full life-cycle costs of any new or enhanced services or construction of new assets through savings, rate increases or grant funding.
- maintaining existing services at current service levels.

4.2 Key Economic Assumptions

It is important that Council's Long Term Financial Plan reflects the most recent economic data and forecasts available. A review is conducted each year to ensure that the underlying parameters and assumptions are reasonable given the current economic conditions and expectations. The key economic indicators and drivers used in this Plan are summarised in the Table 1 below.

Table 1: Key Drivers and Assumptions

		Cost Index used (From Yr. 2 : CPI + 0.5% differential)	Wages	Rates exc Growth	Growth
2019-20	Year 1	Bottom up	2.00%	2.80%	0.85%
2020-21	Year 2	3.00%	2.50%	2.80%	0.50%
2021-22	Year 3	3.00%	2.50%	2.50%	1.00%
2022-23	Year 4	3.00%	2.50%	2.60%	0.50%
2023-24	Year 5	3.20%	2.50%	2.70%	0.50%
2024-25	Year 6	3.20%	2.50%	2.70%	0.50%
2025-26	Year 7	3.50%	2.50%	2.80%	0.50%
2026-27	Year 8	3.50%	2.50%	2.80%	0.50%
2027-28	Year 9	3.80%	2.50%	3.00%	0.50%
2028-29	Year 10	3.80%	2.50%	3.00%	0.50%



4.2.1 Cost Index

The Consumer Price Index (CPI) is regarded as Australia’s key measure of inflation for household consumables. It is designed to provide a general measure of price inflation for the Australian household sector as a whole. While the CPI drives non-rates income, expenditure on materials is based on the Local Government Price Index (LGPI). While the CPI is regarded as a key measure of household expenditure inflation and is designed to provide a general measure of price inflation for household purchases, the LGPI is considered more suitable for measuring the inflation of Local Government sector services.

The materials expenditure for 2019/20 has not automatically increased by the March 2018 Local Government Price Index (LGPI) of 2.1 per cent but instead been worked through a bottom up methodology which adjusts for savings and cost pressures in each area. The South Australian Centre for Economic Studies does not currently project LGPI. The projection for CPI for Australia per the Federal Budget for 2019/20 is 2.75 per cent and per the International Monetary Fund is 2.50 per cent from 2020 to 2023. Council Administration has determined the average differential between these two indices over the past 10 years as being 0.50 per cent (as shown in the table below) and as a result, the projected cost index for Year 2021 onwards has been forecast as 3.00 per cent, increasing steadily to 3.80 per cent.

Table 2: Differential between CPI and LGPI

Financial Year	LGPI (% change from previous year)	CPI - Adelaide (% change from previous year)	Difference Between LGPI and CPI (%)
2018/19	2.1	1.3	0.8
2017/18	2.9	2.3	0.6
2016/17	1.8	1.5	0.3
2015/16	0.9	0.9	0
2014/15	1.7	1.6	0.1
2013/14	2.3	2.6	-0.3
2012/13	2.8	2	0.8
2011/12	3.7	2.6	1.1
2010/11	3.5	3.2	0.3
2009/10	2.8	2.2	0.6
2008/09	4.5	3.2	1.3
10 year Average			0.5

The LTFFP revenue increases have been calculated to closely match projected expenditure increases to result in moderate surpluses in the initial years. This strategy is both prudent and essential in order to produce a balanced and financially sustainable LTFFP. The latter years show much larger increases in surpluses and will be influenced by decisions made by Council with respect to projects and services to be delivered over the medium term.

4.2.2 Salaries and Wages

The 2019/20 forecast for salaries and wages has been undertaken following a bottom up approach and has been fully costed for 161.22 Full Time Equivalents and in line with the endorsed Enterprise Bargaining Agreements for Administration and Field staff. It is expected that there will be savings during the year due to vacancies and this has been factored into the savings target set by Council. Staff costs for Years 2-10 are dependent on the Enterprise Bargaining outcomes and have been assumed at 2-2.5 per cent (including increments).

This LTFFP assumes that the superannuation will increase progressively from 9.5 per cent to 12.0 per cent by 2025/26. Any future changes to the superannuation legislation outside of the current projected trajectory to 12.0 per cent has the potential to impact the Plan and Council's financial position.

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4.2.3 Rates

The LTFFP has used the proposed rates increase of 2.8* per cent for the 2019/20 financial year and rates for years 2-10 of this LTFFP have been tied to below projected LGPI.

Natural growth is projected to increase at a steady historical rate of 0.5 per cent pa except for in year 3 which factors in additional growth of 0.5 per cent to account for the Burnside Shopping Village Development.

There has been a change to the current practice of differentially rating Vacant Land with an increase to the differential rate from 150 per cent to 200 per cent of the Residential Rate in the Dollar; which contributes an additional 1.07 per cent towards overall rates revenue, and growth contributes an additional 0.85 per cent towards overall rate revenue.

*average rates increase for all properties except Vacant Land



4.2.4 Capital Works

The City of Burnside is responsible for the management, operation and maintenance of a diverse asset portfolio that provides services and facilities for our community.

Council has indicated a preference to purchase capital expenditure items through the use of Council borrowings. This iteration of the LTFP has been prepared based on the most up to date capital expenditure forecasts at this time and includes:

- Renewal and Replacement of existing assets totalling \$99.3m across the 10 year period;
- Spending of \$35.3m on New and Upgraded assets across the 10 year period; and,
- Capital contribution of \$6.2m towards the Brownhill Keswick Creek Project.

4.2.5 Debt levels

A major component of services Council provides are asset intensive which often requires a large investment, initially for acquisition of assets and ongoing as a result of maintenance and renewal of those assets. Without the use of debt it is very difficult for Council to finance the acquisition of new assets, while at the same time finance planned and requisite asset renewals. In the absence of adequate debt, Council would have to charge current ratepayers a high charge relative to the benefit derived. This would also lead to issues with intergenerational equity since Council would charge current ratepayers high rates while future ratepayers would continue to derive the benefit of the assets. Using debt, when done equitably and responsibly, will help alleviate these issues of intergenerational equity.

Table 3: Debt

Year	Debt Level (\$'m)	Debt Movement (\$'m)	New Capital Spend Inc. BHKC (\$'m)
2019	16.4		5.4
2020	15.4	-1	6.5
2021	18.9	3.5	4.6
2022	22.9	4	3.5
2023	22.6	-0.3	3.8
2024	22.5	-0.1	3.8
2025	21.2	-1.3	3.8
2026	19.5	-1.7	3.8
2027	17.9	-1.6	4
2028	15	-2.9	3.9
2029	11.4	-3.6	3.9

This current LTFP builds in \$99.3m in asset renewal and replacement, \$35.3m in new and upgraded assets and \$6.2m towards the Brownhill Keswick Creek Project over the 10 year period.

Debt has been built into this LTFP based on a treasury management position of drawing down on loans when required and repaying loans when excess cash is available. The debt projections shown below show a peak in year 3 of \$22.9m and then a reduction in debt levels to \$11.4m by Year 10.

Borrowings have been assumed at a 4.20 - 4.0 per cent interest rate over a 15 year period, which is a conservative and reasonable time frame for Council to aim at repayment of its debt.

Council maintains a Net Financial Liability Ratio between 28 - 55 per cent across this 10 year period. This is significantly lower than the LGA recommended target of less than 100 per cent of Operating Revenue. This demonstrates the affordability of the capital investments currently budgeted for over the next 10 years.

In addition, the 'Debt to Total Income' Ratio is maintained at between 18 - 44 per cent across this 10 year period, with an average of 34 per cent. While the NFL ratio includes trade payables, provisions as well as debt, the Debt to Income Ratio solely focuses on measuring debt as a proportion of income.

This LTFP will be updated periodically to ensure that the most up to date capital projections are being captured and accounted for over the 10 year period.

4.2.6 Council subsidiaries

The 2019/20 LTFP is based on the proposed 2019/20 ABPB with regards to the net gain /loss from Council subsidiaries.

This 2019/20 LTFP only includes \$6.2m towards Brownhill Keswick Creek (BHKC) over the next 10 years which is based on a 20 year financial model. Any changes to estimates will impact Council's financial modelling.

This 2019/20 LTFP also does not include any capital contributions towards ERA Water, on the basis that ERA borrows its own funds guaranteed by the constituent Councils.



5. Key Outcomes

With these principles and objectives in mind, this Long Term Financial Plan is based on, and achieves, the following outcomes:

- an Operating Surplus of \$1,032,000 in 2019/20 and surpluses for all remaining years.
- a target efficiency saving in 2019/20 of \$370k with a further \$430k incorporated for savings from the LED Lighting project undertaken in 2018/19. Council initially intended to quarantine these LED Lighting savings to repay the debt faster but Council is now able to give this saving back to the community as well as re-pay the debt faster. If it were not for this saving going back into the community, the rates increase would have been higher.
- total borrowings as at 30 June 2020 now forecast at \$15.4m (Forecast position for 2018/19 is \$16.4m) and at the end of the 10-year period at \$11.4m. Savings in future years will be subject to Council decision made as part of the Strategic Management Planning process.
- financial indicators within acceptable target levels throughout the 10-year period.
- \$573k of Operating Projects and New services in 2019/20.
- Renewal and Replacement of existing assets equalling \$10.0m in 2019/20 and totalling \$99.3m across the 10-year period.
- New and Upgraded assets equalling \$5.8m in 2019/20 and totalling \$35.4m across the 10-year period.
- capital contribution of \$6.2m towards the Brownhill Keswick Creek Project across the 10-year period.



5.1 Financial Indicators

Council has adopted a suite of Key Financial Indicators that are primarily based on those included in the Model Financial Statements and recommended by the Australian Local Government Association as appropriate for measuring financial sustainability. The following tables provide a summary of Council's financial indicators and provide the industry accepted approach to analysing and comparing Council's performance from year to year.

Table 4: Key Financial Indicators

Ratio	2019/20 - 2028/29	LGA Target	Audit Committee Recommendation
Operating Surplus Ratio - %	Between 1.55% - 2.82%	Average of 0 – 10%	Below 5.0%
Net Financial Liabilities Ratio - %	Between 28% - 55%	Between 0 - 100%	No Recommendation
Interest Cover Ratio - %	Under 1.4%	No Recommendation	Below 2.0%
Asset Sustainability Ratio	Between 97.1% - 124.4%	Greater than 90% but less than 110%	No Recommendation
Debt Repayment Term	15 Years	No Recommendation	20 Years
Debt to Income Ratio	Between 17.5% - 44%	No recommendation	Below 50%



Table 5: Key Financial Indicator Commentary

Financial Indicator (Ratio) Name	Key Financial Indicator Commentary
Net Operating Result	The LTFP currently indicates that an operating surplus will be achieved and maintained throughout the 10 years and will be maintained below the 5.0% threshold recommended by the Audit Committee.
Net Financial Liabilities	Council's projected ratio is comfortably below the LGA recommended maximum target of the value of rates generated. While Council's objective is to minimise its net financial liabilities position, Council is positioned to borrow funds for capital expenditure where required.
Net Financial Liabilities Ratio	Council's ratios across this 10 year plan are comfortably below the LGA recommended maximum target of 100 per cent.
Asset Sustainability Ratio	Council's ratios across this 10 year plan are mostly within the LGA recommended target of 90-110 per cent, expect for in Year 3 (124%) which is due to one-off major project renewals which are not currently included within an Asset Management Plan.
Interest Cover Ratio	The LTFP currently indicates that the Interest Cover Ratio will be maintained across the 10 year period well below the target of 2%.
Debt to Income Ratio	Ratio introduced to measure Council's proportion of debt compared to its income. This LTFP has been based on an average of 34% across the 10 years.





6. Key Financial Statements

6.1 Statement of Comprehensive Income

STATEMENT OF COMPREHENSIVE INCOME	Current Year 2018/19 \$	Year 1 2019/20 \$	Year 2 2020/21 \$	Year 3 2021/22 \$	Year 4 2022/23 \$	Year 5 2023/24 \$	Year 6 2024/25 \$	Year 7 2025/26 \$	Year 8 2026/27 \$	Year 9 2027/28 \$	Year 10 2028/29 \$	
Income												
Rates	\$ 39,302,264	\$ 41,112,064	\$ 41,112	\$ 42,505,426	\$ 43,993,116	\$ 45,356,902	\$ 46,808,323	\$ 48,306,190	\$ 49,900,294	\$ 51,547,003	\$ 53,351,149	\$ 55,218,439
Statutory Charges	\$ 1,282,967	\$ 1,345,124	\$ 1,345	\$ 1,378,752	\$ 1,413,221	\$ 1,448,552	\$ 1,487,663	\$ 1,527,830	\$ 1,569,081	\$ 1,611,446	\$ 1,654,955	\$ 1,699,639
User Charges	\$ 2,243,391	\$ 2,217,331	\$ 2,217	\$ 2,272,764	\$ 2,329,583	\$ 2,387,823	\$ 2,452,294	\$ 2,518,506	\$ 2,586,506	\$ 2,656,341	\$ 2,728,063	\$ 2,801,720
Grants, Subsidies and Contributions	\$ 3,554,031	\$ 3,628,320	\$ 3,628	\$ 3,719,028	\$ 3,812,004	\$ 3,907,304	\$ 4,012,801	\$ 4,121,147	\$ 4,232,418	\$ 4,346,693	\$ 4,464,054	\$ 4,584,583
Investment Income	\$ 40,000	\$ 40,000	\$ 40	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000
Reimbursements	\$ 318,397	\$ 344,650	\$ 345	\$ 344,822	\$ 344,995	\$ 345,167	\$ 345,340	\$ 345,513	\$ 345,685	\$ 345,858	\$ 346,031	\$ 346,204
Other Income	\$ 326,827	\$ 329,867	\$ 330	\$ 329,867	\$ 329,867	\$ 329,867	\$ 329,867	\$ 329,867	\$ 329,867	\$ 329,867	\$ 329,867	\$ 329,867
Net gain - equity accounted Council businesses	\$ 77,974	\$ 33,975	\$ 34	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Income	\$ 47,145,851	\$ 49,051,331	\$ 49,051	\$ 50,590,660	\$ 52,262,786	\$ 53,815,615	\$ 55,476,288	\$ 57,189,051	\$ 59,003,851	\$ 60,877,209	\$ 62,914,118	\$ 65,020,452
Expenses			\$ -									
Employee Costs	\$ 15,998,746	\$ 16,543,348	\$ 16,543	\$ 16,881,277	\$ 17,226,142	\$ 17,578,084	\$ 17,937,251	\$ 18,303,791	\$ 18,761,386	\$ 19,230,420	\$ 19,711,181	\$ 20,203,960
Materials, Contracts & Other Expenses	\$ 20,080,563	\$ 20,877,884	\$ 20,878	\$ 21,619,432	\$ 22,270,265	\$ 23,140,624	\$ 23,677,124	\$ 24,437,193	\$ 25,295,120	\$ 26,408,075	\$ 27,180,882	\$ 28,216,606
Depreciation, Amortisation & Impairment	\$ 9,367,856	\$ 9,840,074	\$ 9,840	\$ 10,316,633	\$ 10,735,964	\$ 11,475,628	\$ 11,790,354	\$ 12,102,487	\$ 13,095,624	\$ 13,407,757	\$ 13,719,122	\$ 14,736,160
Finance Costs	\$ 441,548	\$ 513,129	\$ 513	\$ 512,852	\$ 657,418	\$ 788,392	\$ 767,315	\$ 730,108	\$ 668,855	\$ 604,050	\$ 520,771	\$ 409,058
Net loss - Equity Accounted Council Businesses	\$ 278,506	\$ 244,624	\$ 245	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 46,167,219	\$ 48,019,059	\$ 48,019	\$ 49,330,194	\$ 50,889,789	\$ 52,982,729	\$ 54,172,044	\$ 55,573,579	\$ 57,820,984	\$ 59,650,303	\$ 61,131,956	\$ 63,565,784
			\$ -									
Operating Surplus / (Deficit)	\$ 978,632	\$ 1,032,272	\$ 1,032	\$ 1,260,466	\$ 1,372,997	\$ 832,887	\$ 1,304,244	\$ 1,615,473	\$ 1,182,866	\$ 1,226,907	\$ 1,782,162	\$ 1,454,668
Asset Disposal & Fair Value Adjustments	-\$ 45,384	\$ 150,000	\$ 150	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Amounts Received Specifically for New or Upg	\$ 150,000	\$ 5,235,000	\$ 5,235	\$ 650,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Physical Resources Received Free of Charge	\$ 50,000	\$ 50,000	\$ 50	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Net Surplus / (Deficit)	\$ 1,133,248	\$ 6,467,272	\$ 6,467	\$ 2,110,466	\$ 1,722,997	\$ 1,182,887	\$ 1,654,244	\$ 1,965,473	\$ 1,532,866	\$ 1,576,907	\$ 2,132,162	\$ 1,804,668
Other Comprehensive Income			\$ -									
Changes in Revaluation Surplus - I,PP&E	\$ 89,578,864	\$ -	\$ -	\$ -	\$ 13,279,809	\$ -	\$ -	\$ 14,013,025	\$ -	\$ -	\$ 14,694,822	\$ -
Total Other Comprehensive Income	\$ 89,578,864	\$ -	\$ -	\$ -	\$ 13,279,809	\$ -	\$ -	\$ 14,013,025	\$ -	\$ -	\$ 14,694,822	\$ -
			\$ -									
Total Comprehensive Income	\$ 90,712,112	\$ 6,467,272	\$ 6,467	\$ 2,110,466	\$ 15,002,805	\$ 1,182,887	\$ 1,654,244	\$ 15,978,498	\$ 1,532,866	\$ 1,576,907	\$ 16,826,984	\$ 1,804,668

6.2 Balance Sheet

BALANCE SHEET	Current Year 2018/19	Year 1 2019/20	Year 2 2020/21	Year 3 2021/22	Year 4 2022/23	Year 5 2023/24	Year 6 2024/25	Year 7 2025/26	Year 8 2026/27	Year 9 2027/28	Year 10 2028/29
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS											
Current Assets											
Cash & Cash Equivalents	\$ -	-	-	-	-	-	-	-	-	-	\$ -
Trade & Other Receivables	\$ 1,244,925	1,440,350	1,338,019	1,361,447	1,401,386	1,439,918	1,481,990	1,526,824	1,575,661	1,623,052	\$ 1,674,697
Other Financial Assets	\$ -	-	-	-	-	-	-	-	-	-	\$ -
Inventories	\$ 20,170	20,953	21,694	22,345	22,055	22,565	23,287	22,833	23,835	24,530	\$ 25,462
Non-current assets classified as "Held for Sale"	\$ -	-	-	-	-	-	-	-	-	-	\$ -
Total Current Assets	\$ 1,265,094	\$ 1,461,303	\$ 1,359,714	\$ 1,383,792	\$ 1,423,441	\$ 1,462,482	\$ 1,505,276	\$ 1,549,657	\$ 1,599,496	\$ 1,647,582	\$ 1,700,159
Non-Current Assets											
Financial Assets	\$ 119,483	\$ 121,222	\$ 122,560	\$ 123,990	\$ 125,300	\$ 126,695	\$ 128,134	\$ 129,666	\$ 131,249	\$ 132,982	\$ 134,776
Equity Accounted Investments in Council Busine	\$ 3,770,000	\$ 4,105,848	\$ 4,649,717	\$ 5,195,717	\$ 5,742,717	\$ 6,304,717	\$ 6,899,717	\$ 7,451,717	\$ 8,241,717	\$ 8,924,717	\$ 9,611,717
Infrastructure, Property, Plant & Equipment	\$ 667,790,117	673,769,347	679,076,658	697,493,691	698,001,983	699,096,945	713,214,703	712,570,790	711,917,888	725,152,033	722,757,712
Intangible Assets	\$ 13,841	13,841	13,841	13,841	13,841	13,841	13,841	13,841	13,841	13,841	13,841
Other Non-Current Assets (WIP)	\$ 3,160,212	2,208,263	2,287,280	2,355,898	2,447,914	2,504,226	2,584,361	2,674,814	2,792,438	2,873,633	2,982,831
Total Non-Current Assets	\$ 674,853,653	\$ 680,218,520	\$ 686,150,056	\$ 705,183,137	\$ 706,331,756	\$ 708,046,424	\$ 722,840,757	\$ 722,840,828	\$ 723,097,132	\$ 737,097,206	\$ 735,500,877
TOTAL ASSETS	\$ 676,118,747	\$ 681,679,823	\$ 687,509,770	\$ 706,566,930	\$ 707,755,197	\$ 709,508,906	\$ 724,346,033	\$ 724,390,485	\$ 724,696,628	\$ 738,744,788	\$ 737,201,036
LIABILITIES											
Current Liabilities											
Trade & Other Payables	\$ 4,290,571	\$ 4,456,626	\$ 4,609,588	\$ 4,746,029	\$ 4,923,406	\$ 5,038,392	\$ 5,195,933	\$ 5,373,958	\$ 5,600,575	\$ 5,764,001	\$ 5,977,571
Borrowings	\$ 58,000	\$ 87,098	\$ 111,113	\$ 165,783	\$ 114,322	\$ 110,228	\$ 100,422	\$ 92,396	\$ 136,230	\$ 82,006	\$ 99,812
Provisions	\$ 2,227,964	\$ 2,205,682	\$ 2,236,341	\$ 2,267,001	\$ 2,297,660	\$ 2,328,320	\$ 2,358,979	\$ 2,389,639	\$ 2,420,298	\$ 2,450,958	\$ 2,481,617
Total Current Liabilities	\$ 6,576,535	\$ 6,749,405	\$ 6,957,042	\$ 7,178,813	\$ 7,335,388	\$ 7,476,940	\$ 7,655,334	\$ 7,855,993	\$ 8,157,103	\$ 8,296,965	\$ 8,559,000
Non-Current Liabilities											
Trade & Other Payables	\$ 6,233	\$ 6,445	\$ 6,576	\$ 6,710	\$ 6,847	\$ 6,987	\$ 7,130	\$ 7,308	\$ 7,491	\$ 7,678	\$ 7,870
Borrowings	\$ 16,380,597	\$ 15,356,106	\$ 18,753,409	\$ 22,582,517	\$ 22,427,844	\$ 22,382,278	\$ 21,059,029	\$ 19,366,438	\$ 17,791,041	\$ 14,868,827	\$ 11,254,839
Provisions	\$ 184,036	\$ 240,318	\$ 243,659	\$ 246,999	\$ 250,340	\$ 253,680	\$ 257,021	\$ 260,361	\$ 263,702	\$ 267,042	\$ 270,383
Liability - Equity Accounted Council Businesses	\$ 1,695,832	\$ 1,584,763	\$ 1,695,832	\$ 1,695,832	\$ 1,695,832	\$ 1,695,832	\$ 1,695,832	\$ 1,695,832	\$ 1,695,832	\$ 1,695,832	\$ 1,695,832
Total Non-Current Liabilities	\$ 18,266,697	\$ 17,187,632	\$ 20,699,476	\$ 24,532,059	\$ 24,380,863	\$ 24,338,778	\$ 23,019,012	\$ 21,329,939	\$ 19,758,066	\$ 16,839,380	\$ 13,228,924
TOTAL LIABILITIES	\$ 24,843,233	\$ 23,937,037	\$ 27,656,517	\$ 31,710,871	\$ 31,716,252	\$ 31,815,718	\$ 30,674,346	\$ 29,185,932	\$ 27,915,169	\$ 25,136,345	\$ 21,787,924
Net Assets	\$ 651,275,514	\$ 657,742,786	\$ 659,853,253	\$ 674,856,058	\$ 676,038,945	\$ 677,693,189	\$ 693,671,687	\$ 695,204,553	\$ 696,781,459	\$ 713,608,443	\$ 715,413,112
EQUITY											
Accumulated Surplus	224,745,800	\$ 231,213,071	\$ 233,323,538	\$ 235,046,535	\$ 236,229,421	\$ 237,883,666	\$ 239,849,138	\$ 241,382,005	\$ 242,958,911	\$ 245,091,073	\$ 246,895,742
Asset Revaluation Reserves	425,872,864	\$ 425,872,864	\$ 425,872,864	\$ 439,152,673	\$ 439,152,673	\$ 439,152,673	\$ 453,165,697	\$ 453,165,697	\$ 453,165,697	\$ 467,860,519	\$ 467,860,519
Other Reserves	\$ 656,851	\$ 656,851	\$ 656,851	\$ 656,851	\$ 656,851	\$ 656,851	\$ 656,851	\$ 656,851	\$ 656,851	\$ 656,851	\$ 656,851
Total Equity	\$ 651,275,515	\$ 657,742,786	\$ 659,853,253	\$ 674,856,058	\$ 676,038,945	\$ 677,693,189	\$ 693,671,687	\$ 695,204,553	\$ 696,781,459	\$ 713,608,443	\$ 715,413,112



6.3 Statement of Cash Flows

CASH FLOW STATEMENT	Current Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash Flows from Operating Activities											
Receipts:											
Rates Receipts	39,446,252	41,086,415	42,485,678	43,972,031	45,337,574	46,787,753	48,284,961	49,877,701	51,523,665	53,325,579	55,191,975
Statutory Charges	1,319,158	1,340,740	1,376,380	1,410,790	1,446,060	1,484,904	1,524,996	1,566,171	1,608,458	1,651,886	1,696,487
User Charges	2,270,964	2,219,169	2,268,854	2,325,576	2,383,715	2,447,747	2,513,836	2,581,709	2,651,415	2,723,004	2,796,525
Grants, Subsidies and Contributions (operating purpose)	3,684,323	3,341,121	3,969,209	3,834,661	3,901,999	4,006,928	4,115,115	4,226,224	4,340,332	4,457,521	4,577,874
Investment Receipts	40,211	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Reimbursements	322,602	343,599	344,815	344,988	345,160	345,333	345,506	345,678	345,851	346,024	346,197
Other	200,012	467,353	222,634	325,240	337,134	337,621	337,866	338,360	338,637	339,438	339,768
Payments:											
Payments to Employees	(16,078,364)	(16,500,068)	(16,841,506)	(17,186,252)	(17,538,074)	(17,897,117)	(18,263,532)	(18,719,568)	(19,188,407)	(19,668,967)	(20,161,541)
Payments for Materials, Contracts & Other Expenses	(21,670,699)	(19,812,137)	(21,567,788)	(22,224,206)	(23,078,121)	(23,638,878)	(24,383,365)	(25,233,094)	(26,329,484)	(27,125,830)	(28,143,205)
Finance Payments	(441,548)	(513,129)	(512,852)	(657,418)	(788,392)	(767,315)	(730,108)	(668,855)	(604,050)	(520,771)	(409,058)
Net Cash provided (or used in) Operating Activities	9,092,910	12,013,064	11,785,426	12,185,409	12,387,055	13,146,976	13,785,275	14,354,328	14,726,418	15,567,884	16,275,021
Cash Flows from Investing Activities											
Receipts:											
Amounts Received Specifically for New/Upgraded Assets	150,000	5,235,000	650,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Sale of Replaced Assets	565,316	150,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Repayments of Loans by Community Groups	55,283	-	-	-	-	-	-	-	-	-	-
Payments:											
Expenditure on Renewal/Replacement of Assets	(9,762,856)	(10,013,341)	(11,517,944)	(12,977,661)	(8,773,921)	(9,725,316)	(9,047,220)	(9,291,711)	(9,604,855)	(9,108,446)	(9,191,838)
Expenditure on New/Upgraded Assets	(5,604,550)	(5,755,963)	(4,156,000)	(2,945,527)	(3,260,000)	(3,210,000)	(3,210,000)	(3,210,000)	(3,200,000)	(3,200,000)	(3,200,000)
Capital Contributed to Equity Accounted Council Businesses	(958,700)	(657,566)	(432,800)	(546,000)	(547,000)	(562,000)	(595,000)	(552,000)	(790,000)	(683,000)	(687,000)
Net Cash provided (or used in) Investing Activities	(15,555,507)	(11,041,870)	(15,206,744)	(16,069,188)	(12,180,921)	(13,097,316)	(12,452,220)	(12,653,711)	(13,194,855)	(12,591,446)	(12,678,838)
Cash Flows from Financing Activities											
Receipts:											
Net Proceeds from CAD	1,343,540	-	108,416	294,892	959,649	1,164,662	-	-	-	-	-
Proceeds from Borrowings	3,600,000	-	4,000,000	4,500,000	-	-	-	-	-	-	-
Payments:											
Net Repayments of CAD	-	(310,842)	-	-	-	-	(422,827)	(750,195)	(539,167)	(1,940,208)	(2,514,177)
Repayments of Borrowings	(251,943)	(660,352)	(687,098)	(911,113)	(1,165,783)	(1,214,322)	(910,228)	(950,422)	(992,396)	(1,036,230)	(1,082,006)
Net Cash Flow provided (used in) Financing Activities	4,691,597	(971,194)	3,421,318	3,883,779	(206,134)	(49,660)	(1,333,055)	(1,700,617)	(1,531,563)	(2,976,438)	(3,596,183)
Net Increase/(Decrease) in Cash & Cash Equivalents	(1,771,000)	-	-	-	-	-	-	-	-	-	-
plus: Cash & Cash Equivalents - beginning of year	1,771,000	-	-	-	-	-	-	-	-	-	-
Cash & Cash Equivalents - end of the year	-	-	-	-	-	-	-	-	-	-	-

6.4 Statement of Changes in Equity

EQUITY STATEMENT	Current Year 2018/19	Year 1 2019/20	Year 2 2020/21	Year 3 2021/22	Year 4 2022/23	Year 5 2023/24	Year 6 2024/25	Year 7 2025/26	Year 8 2026/27	Year 9 2027/28	Year 10 2028/29
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening Balance	560,563,403	651,275,515	657,742,786	659,853,253	674,856,058	676,038,945	677,693,189	693,671,687	695,204,553	696,781,459	713,608,443
Net Surplus / (Deficit) for Year	1,133,248	6,467,272	2,110,466	1,722,997	1,182,887	1,654,244	1,965,473	1,532,866	1,576,907	2,132,162	1,804,668
Other Comprehensive Income											
- Gain (Loss) on Revaluation of I,PP&E	89,578,864	-	-	13,279,809	-	-	14,013,025	-	-	14,694,822	-
Other Comprehensive Income	89,578,864	-	-	13,279,809	-	-	14,013,025	-	-	14,694,822	-
Total Comprehensive Income	90,712,112	6,467,272	2,110,466	15,002,805	1,182,887	1,654,244	15,978,498	1,532,866	1,576,907	16,826,984	1,804,668
Equity - Balance at end of the reporting period	651,275,515	657,742,786	659,853,253	674,856,058	676,038,945	677,693,189	693,671,687	695,204,553	696,781,459	713,608,443	715,413,112



6.5 Uniform Presentation of Finances

UNIFORM PRESENTATION OF FINANCES	Current Year 2018/19 \$	Year 1 2019/20 \$	Year 2 2020/21 \$	Year 3 2021/22 \$	Year 4 2022/23 \$	Year 5 2023/24 \$	Year 6 2024/25 \$	Year 7 2025/26 \$	Year 8 2026/27 \$	Year 9 2027/28 \$	Year 10 2028/29 \$
Operating Activities											
Income	47,145,851	49,051,331	50,590,660	52,262,786	53,815,615	55,476,288	57,189,051	59,003,851	60,877,209	62,914,118	65,020,452
less Expenses	46,167,219	48,019,059	49,330,194	50,889,789	52,982,729	54,172,044	55,573,579	57,820,984	59,650,303	61,131,956	63,565,784
Operating Surplus / (Deficit)	978,632	1,032,272	1,260,466	1,372,997	832,887	1,304,244	1,615,473	1,182,866	1,226,907	1,782,162	1,454,668
Capital Activities											
less (Net Outlays) on Existing Assets											
Capital Expenditure on Renewal and Replacement of Existing Assets	(9,762,856)	(10,013,341)	(11,517,944)	(12,977,661)	(8,773,921)	(9,725,316)	(9,047,220)	(9,291,711)	(9,604,855)	(9,108,446)	(9,191,838)
add back Depreciation, Amortisation and Impairment	9,367,856	9,840,074	10,316,633	10,735,964	11,475,628	11,790,354	12,102,487	13,095,624	13,407,757	13,719,122	14,736,160
add back Proceeds from Sale of Replaced Assets	565,316	150,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
(Net Outlays) on Existing Assets	170,316	(23,267)	(951,311)	(1,991,697)	2,951,707	2,315,038	3,305,267	4,053,913	4,052,902	4,860,676	5,794,322
less (Net Outlays) on New and Upgraded Assets											
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(5,604,550)	(5,755,963)	(4,156,000)	(2,945,527)	(3,260,000)	(3,210,000)	(3,210,000)	(3,210,000)	(3,200,000)	(3,200,000)	(3,200,000)
add back Amounts Received Specifically for New and Upgraded Assets	150,000	5,235,000	650,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
add back Proceeds from Sale of Surplus Assets											
(Net Outlays) on New and Upgraded Assets	(5,454,550)	(520,963)	(3,506,000)	(2,795,527)	(3,110,000)	(3,060,000)	(3,060,000)	(3,060,000)	(3,050,000)	(3,050,000)	(3,050,000)
Net Lending / (Borrowing) for Financial Year	(4,305,602)	488,042	(3,196,845)	(3,414,227)	674,594	559,282	1,860,740	2,176,779	2,229,809	3,592,839	4,198,990

6.6 Key Financial Indicators

FINANCIAL PERFORMANCE INDICATORS	Current Year 2018/19	Year 1 2019/20	Year 2 2020/21	Year 3 2021/22	Year 4 2022/23	Year 5 2023/24	Year 6 2024/25	Year 7 2025/26	Year 8 2026/27	Year 9 2027/28	Year 10 2028/29
Operating Surplus Ratio	2.08%	2.10%	2.49%	2.63%	1.55%	2.35%	2.82%	2.00%	2.02%	2.83%	2.24%
Asset Sustainability Ratio*	102.7%	100.4%	117.5%	124.4%	97.1%	104.7%	99.7%	100.0%	103.0%	100.0%	100.1%
Interest Cover Ratio	0.9%	1.0%	0.9%	1.2%	1.4%	1.3%	1.2%	1.1%	0.9%	0.8%	0.6%
Net Financial Liabilities Ratio	46.2%	42.4%	48.4%	54.6%	52.9%	51.5%	47.9%	43.8%	40.3%	34.5%	28.1%
Debt to Income	34.9%	31.5%	37.3%	43.5%	41.9%	40.5%	37.0%	33.0%	29.4%	23.8%	17.5%

* Years 2020/21 and 2021/22 show a higher % than the 110% limit because of additional renewal works expected to be undertaken under the Kensington Gardens and Magill Road projects which are not included in an Asset Management Plan.

