

Our Place Our Future

Long Term Financial Plan 2019- 2029



Contents

Executive Summary	3
Who we are and the challenges we face	3
What we know	4
Management of Council finances – by separate fund	5
What scenarios have we modelled?	5
What is the recommended approach and why?.....	6
Introduction	7
Purpose of the Long Term Financial Plan.....	7
Long Term Financial Sustainability	7
How do we define long term financial sustainability?.....	7
How is long term financial sustainability measured?	7
Council Performance Improvement Plan.....	11
Financial management principles	11
Asset management	13
Long Term Financial Plan assumptions	14
Market driven planning assumptions	14
Cost and revenue increases	15
Capital Works Program	19
Scenario 1 (Base Case) – General Fund	19
Scenario 2 (Base Case with Improvements) – General Fund	20
Scenario 3 (Sustainable Assets) – General Fund	21
Water and Sewer Fund – Scenario 2	23
Water and Sewer Fund – Scenario 3	24
LTFP Financial Model Scenario 1 – Base Case	25
Introduction	25
Components included in model for Scenario 1.....	25
Summary and assessment – Scenario 1	25
LTFP Financial Model Scenario 2 – Base Case with Improvements.....	27
Introduction	27
Components included in model for Scenario 2.....	27
Summary and assessment – Scenario 2	27
LTFP Financial Model Scenario 3 – Sustainable Assets.....	29
Introduction	29
Components included in model for Scenario 3.....	29
Summary and assessment – Scenario 3	29

Consideration of the Community’s Capacity to Pay a Special Rate Variation	29
Consideration of the Community’s Willingness to Pay a Special Rate Variation.....	31
Performance Measurement	34
Comparison of LTFP scenarios against key performance measures	34
Risks and Sensitivity Analysis	38
Risks.....	38
Sensitivity analysis	38
Summary of this LTFP	39
Conclusion.....	39
Scenario 1 - Financial Statements – 2019-29 LTFP	40
Scenario 2 - Financial Statements – 2019-29 LTFP	48
Scenario 3 - Financial Statements – 2019-29 LTFP	56
Appendix A Performance Improvement Plan – Completed Actions.....	65

Executive Summary

Who we are and the challenges we face

The Lithgow Local Government Area (LGA) has a relatively large geographical area of 4,567 sq km, located about 140 kilometres west of the Sydney CBD and within the eastern part of the Central West Region. The Lithgow LGA is on the western fringe of the Blue Mountains, just two hours from Sydney and at the gateway to the Central West. The Lithgow LGA lies almost wholly within the Wiradjuri Aboriginal nation, with the Gundungurra nation situated to the south and the Darug nation to the east. The Lithgow LGA is made up of one large urban centre, Lithgow, two townships, Portland and Wallerawang, and numerous villages, hamlets and rural localities of varying proximity to Lithgow.

Lithgow City Council was involved in an amalgamation process in 2004 where areas of the former Evans and Rylstone Shires were included in the Lithgow LGA.

The estimated resident population of Lithgow City Council at June 2016 was 21,524. This represents a 6.8% increase from the estimated 20,161 resident population in 2011. Projections from the NSW Department of Planning and Environment indicate that the population is expected to decline slightly to 20,450 by 2036.

In NSW, local government annual rates income is subject to rate pegging with each year's percentage increase determined by the Independent Pricing and Regulatory Tribunal (IPART) under delegation of the Minister for Local Government. In past years, the rate peg has also incorporated a productivity factor.

In addition to the rate peg, Council applied for and was granted a 4.77% SRV for infrastructure improvements for a ten year period on 9 March 2009. This SRV will expire in 2019.

Council is currently in an improving financial position with a strong balance sheet. In 2013, Council was assessed by TCorp as having a sound financial sustainability rating with a negative outlook. Since this time Council has made submissions and has received assessments under the Fit for the Future (FFTF) process. These assessments have stated that Council is 'not fit' based on the fact that the financial projections were dependent on applications for special rate variations, and the fact that Council's consolidated operating performance ratio would be negative in 2020/21. Concern was also raised at that time about the quality of Council's financial projections and its financial management principles and practices.

Council has progressed in addressing its financial sustainability concerns by conducting a Financial Management Maturity Assessment and implementing 37 subsequent recommendations to improve Council's financial and asset management. Council is also implementing a Fit for the Future action plan.

What we know

All councils are required to complete a Long Term Financial Plan (LTFP) as part of the Resourcing Strategy that informs the Community Strategic Plan. There are specific requirements about the financial data to be provided together with a number of ratios which councils must report on.

Lithgow City Council has a strong balance sheet, however there is a level of uncertainty around its operational financial position, given Council has not been able to generate an operating surplus in the base case Scenario 1. Therefore action is required to ensure that Council can demonstrate that it is financially sustainable. We have seen significant increases in the depreciation expense due to asset revaluations and we have now found that some of the assumptions used and the way some expenditure has been classified in the past has tended to overstate our operating costs and thereby overstate the size of our annual operating deficits.

Due to projected constraints on revenue generation, Council continually strives to achieve efficiencies and find better ways to do things. Part of the FFTF process was the identification of a number of improvement opportunities and some of these have been actioned including savings generated on our litter bin collections, cleaning, electricity costs and insurance. These were all achieved by changing the way we do things and by reviewing the level of deductibles on policies.

We have also identified that some asset renewal expenditure has been incorrectly charged as an operating expense in previous years (again overstating our annual operating expenditure). The cost and budget for this has now been moved into our capital expenditure budgets in Scenario 2, thereby providing a further improvement to our actual starting position.

While these actions are of significant benefit to the operating position and therefore to the Operating Performance Ratio, these measures alone do not make Council sustainable in the medium to long term under Scenario 2 (Improvements).

The third of our scenarios, referred to as the Sustainable Assets Scenario, locks in further improvements and also identifies the need to reapply for a special rate variation (SRV) when the existing 4.77% SRV for infrastructure expires in 2019. If Council is successful in an application for a new permanent SRV of 9% in 2019/20, the proposed improvement measures in this plan will enable Council to be financially sustainable and to meet all of the FFTF ratios over the term of this LTFP. The proposed SRV represents the continuation of the existing 4.77% SRV together with a further 4.23% to ensure Council becomes sustainable by meeting all of the fit for the future benchmarks by the end of the LTFP period. Council will continue to consider further measures to improve the financial situation and reduce the reliance on future SRV applications.

Management of Council finances – by separate fund

Council's finances are managed in three separate groupings or funds:

- A water fund
- A sewer fund
(Council has a legislative requirement to maintain separate funds for water and sewer operations and these are reported separately in the annual report)
- A general fund

The general fund represents all other council activities which do not form part of the water or sewer funds.

In this document two sets of financial statements are presented for each scenario:

- Consolidated financial statements (whole of council – including all separate funds)
- General fund financial statements

What scenarios have we modelled?

Council considered a range of options and settled on three scenarios or options. The options considered in developing this LTFP were:

- **Scenario 1 – Base case**

This is the base case and represents the continuation of 'as is' without applying a range of improvement strategies and without the addition of extra asset renewal expenditure to ensure the FFTF asset ratios are achieved. This includes the loss of revenue when the existing SRV for an infrastructure levy ceases in 2019.

- **Scenario 2 – Base case with improvements**

This takes the base case and adjusts the financial projections based on a number of improvement opportunities that have been identified. With the improvements proposed, Council is able to meet the operating performance ratio for the consolidated entity under this scenario but does not have sufficient funds for asset renewal nor to clear the infrastructure backlog. This means that Council is not Fit for the Future in Scenario 2.

- **Scenario 3 – Sustainable assets**

This takes the revised financial projections in Scenario 2 but also provided for a new SRV of 9% in 2019/20. This represents the continuation of the existing 4.77% SRV (Infrastructure Levy) when it ceases on the assumption that a new permanent SRV of the same amount will be applied for and approved commencing in 2019/20. It also includes an additional 4.23% above the current rates charged to residents to provide extra financial capacity so that Council is able to meet the financial sustainability ratios. Scenario 3 also includes significant, additional, asset renewal expenditure over ten years to ensure that the asset benchmarks are met or trending toward meeting the ratios during the term of the LTFP for the general fund.

This scenario enables Council to become financially sustainable.

What is the recommended approach and why?

The preferred scenario is that Council seeks a further SRV of 9% when the existing SRV for infrastructure improvements expires in 2019 (Scenario 3). The new SRV in 2019/20 will mean an additional increase of 4.23% for ratepayers at that time. This, when combined with the other improvement measures included in Scenario 2, enables Council to operate with a surplus which provides additional cash resources to help fund extra infrastructure renewals. This enables Council to meet all seven FFTF benchmarks. These results make the Council 'fit' under the existing guidelines.

Council will continue to operate largely within its existing funding levels and implement a number of improvement initiatives including service reviews to ensure ratepayers receive the appropriate level of service and that the services are provided in an efficient and cost effective manner.

While Scenario 3 does mean that Council will seek another SRV of 9% in 2019/20, the actual impact on ratepayers beyond the forecast rate cap increases is only 4.23%. Instead of a reduction in rates when the ten year infrastructure levy is removed, 2019/20 ratepayers will receive the normal rates cap increase plus a further 4.23% increase in that year.

Scenario 3 places Council in a sound cash position with ongoing capacity to fund asset renewals.

Introduction

Purpose of the Long Term Financial Plan

The Long Term Financial Plan acts as a tool for stakeholders (Council and the community) to use in deciding what resources Council needs to apply to deliver on the outcomes contained within the Lithgow Community Strategic Plan. This Long Term Financial Plan seeks to support Council in addressing the following dilemmas:

- Leading the change required to support a community and economy in transition
- Initiating opportunities for future income and economic growth
- To source revenue to deliver the infrastructure required for a sustainable future

In particular, this plan models the financial implications of the Lithgow Community Strategic Plan and Delivery Program, along with the ability to maintain existing facilities and infrastructure based on a range of assumptions and within known constraints.

Long Term Financial Sustainability

How do we define long term financial sustainability?

A financially sustainable council is one that has the ability to fund ongoing service delivery and the renewal and replacement of assets without imposing excessive debt or rate increases on future generations. This definition has been translated into four key financial sustainability principles which Council is committed to.

- Council must achieve a **fully funded operating position** reflecting that Council collects enough revenue to fund operational expenditure, repayment of debt and depreciation
- Council must **maintain sufficient cash reserves** to ensure that it can meet its short-term working capital requirements
- Council must have an appropriately **funded capital program** where the source of funding is identified and secured for capital renewal, capital upgrade and new capital works
- Council must **maintain its asset base** by renewing ageing infrastructure which is identified, and by ensuring cash reserves are set aside for those works which are yet to be identified

How is long term financial sustainability measured?

Should Council be subject to a Fit for the Future reassessment, it is expected that the process will use the same criteria and benchmarks as IPART's original Fit for the Future assessment. These indicators are in common use to assess the financial sustainability of councils.

Council has reviewed its Long Term Financial Plan against these indicators as part of assessing the long term financial health of the organisation and its capacity to fund the proposed delivery program. The following table shows our starting point.

Ratio	Calculation	What is Being Measured?	Sustainable Target	2017/18 Actual Ratio
Operating Performance	Total operating revenue (excluding capital grants and contributions) less total operating expenditure Divided by continuing operating revenue	Does the Council have a balanced budget?	Greater than zero	-1.99% 
Own Source Operating Revenue	Total continuing operating revenue (excluding capital grants and contributions) Divided by continuing operating revenue	Indicates the level of Council's self-sufficiency.	>60%	73.97% ** 
Asset Renewal Ratio (Buildings and Infrastructure)	Asset renewal expenditure divided by depreciation	Is asset renewal expenditure sufficient to maintain assets in the long-term?	Greater than 100%	86.97% 
Infrastructure Backlog Ratio	Estimated cost to bring assets to a satisfactory condition Divided by total value of infrastructure, building and other structures	Is the asset backlog manageable?	Less than 2%	6.04% 
Asset Maintenance Ratio	Actual asset maintenance divided by required asset maintenance	Are the assets being adequately maintained?	Greater than or equal to 100%	74.89% 
Debt Service Ratio	Interest divided by operating revenue	Indicates whether Council has excessive debt servicing costs relative to operating revenue	< than 0% and > or equal to 20%	5.68% 
Real Operating expenditure per capita	Operating expenditure divided by population	Operating efficiency of the Council	Declining trend over time	\$2,083 per capita

Financial Management in Council

Existing environment and past influences

About Lithgow

The Lithgow Local Government Area (LGA) has a relatively large geographical area of 4,567 sq km, located about 140 kilometres west of the Sydney CBD and within the eastern part of the Central West Region. The Lithgow LGA lies almost wholly within the Wiradjuri Aboriginal nation, with the Gundungurra nation situated to the south and the Darug nation to the east. The Lithgow LGA is made up of one large urban centre, Lithgow, two townships, Portland and Wallerawang, and numerous villages, hamlets and rural localities of varying proximity to Lithgow. Lithgow City Council was involved in an amalgamation process in 2004 where areas of the former Evans and Rylstone shires were included in the Lithgow LGA.

Regulatory environment

Council operates in a highly regulated environment driven by legislation and regulations such as:

- The Local Government Act 1993
 - Defines the scope and boundaries of Council's role and the way it must conduct its business
- The Local Government (General) Regulation 2005
 - Regulations to support the Local Government Act

Financial environment - rate pegging

Council's ability to align rating revenues with the increasing cost of providing local government services has been constrained for a number of years by rate pegging, a legislative instrument whereby the maximum increase in rating revenues is set by IPART NSW.

Financial environment – cost shifting

Cost shifting describes a situation where the responsibility for, or merely the costs of, providing a certain service, concession, asset or regulatory function are 'shifted' from a higher level of government on to a lower level of government without providing corresponding funding or the conferral of corresponding and adequate revenue-raising capacity. Local Government NSW's Cost Shifting Survey is conducted annually and seeks to establish the extent of cost shifting by the Australian and NSW Governments on to NSW Local Government.

The survey results confirm that cost shifting continues to place a significant burden on councils' financial situation. Despite the recognition of cost shifting and its adverse impacts on NSW local government, cost shifting remains at a high level (around 6 per cent of councils' total income before capital amounts).

Contributions to the Fire and Rescue NSW, NSW Rural Fire Services and NSW State Emergency Service, lack of adequate funding for public libraries and the failure to reimburse councils for mandatory pensioner rebates are major examples.

Furthermore, councils are not given sufficient financial resources for their responsibilities to assess development applications, regulate companion animals, manage contaminated land, control noxious weed, manage flood controls, or administer environmental regulation.

Financial environment – the state of the Council's finances

Lithgow City Council has a sound balance sheet and its current operational financial position is improving.

As at 30 June 2018 Council had total general fund assets of \$407 million which included cash assets of \$23.4 million. Total general fund liabilities were \$24.0 million including external borrowings of \$5.0 million. The comparative data for Council's consolidated position (water and sewer fund included) was total assets of \$558 million including cash assets of \$34 million with total liabilities of \$39.4 million including external borrowings of \$19.9 million.

Council has prepared a budget based on the delivery of the activities and targets outlined in its draft 2018/19 budgets, and these activities have been projected for ten years based on a range of assumptions. This forms Scenario 1 (the base case).

The financial impacts based on the adjustments and improvements to these budgets are presented in Scenarios 2 and 3 as outlined in more detail under each Scenario. The improved budget position also forms the basis of the four year delivery program.

Council Performance Improvement Plan

Improvement strategies and actions to make Lithgow City Council financially sustainable into the future

Council has progressed in implementing a Performance Improvement Plan incorporating a range of strategies and actions to improve the Council's financial performance and to build strategic capacity for the future. These improvement strategies include:

- a service review program, with a minimum of three service reviews per year
- a more commercial approach to those services where there is a sole and direct beneficiary of the service
- a review of a range of governance practices and procedures that will deliver organisational efficiencies
- analysis of the long term demand, need and type of facilities that meet the community requirements
- the implementation of an asset management improvement plan prioritised actions
- the implementation of a financial management improvement plan prioritised actions
- the introduction of zero-based budgeting from 2017/18 to provide a more solid foundation for this plan
- provision of additional resources to boost Council's strategic capacity in the areas of asset management and finance.

Refer to Appendix A for a copy of the completed Performance Improvement Actions. At November 2018, 31 of 37 actions have been implemented.

Financial management principles

In preparing the 2019-2029 Long Term Financial Plan, and being mindful of the need to improve our financial management practices, the following underpinning principles have been used:

- Council spending is responsible and sustainable, aligning general revenue and expenses
- Council aims to invest in responsible and sustainable infrastructure for the benefit of the local community
- Council has effective financial and asset management, including sound policies and processes for performance management and reporting, asset maintenance and renewals, funding decisions, and risk management practices
- Council has regard to achieving intergenerational equity, through policy decisions that consider the financial effects on future generations and the current generation funding the cost of its services
- Council will undertake strong engagement with the community

In conjunction with these principles, Council's Long Term Financial Plan is guided by a number of policies and strategies which are outlined below.

Rating income strategy

Rating income is generated by a levy on properties within the council area for the provision of local government services. Council continually reviews its rating system to ensure that it is fair and equitable, where each rating category and property will contribute to the rate levy according to the demands placed on Council's limited resources.

Domestic waste management charges

In addition to rates, Council charges a domestic waste management charge to owners of rateable properties. This covers the cost of kerbside collection, recycling and household clean up and includes the full cost of administration, service provision and tipping fees.

Stormwater management service charges

Council has a stormwater management service charge to owners of rateable properties. This covers services including mainstream flood mitigation works, local drainage and overland flow path upgrades, urban drainage renewal, water quality infrastructure, stormwater maintenance and enhanced pipe drainage maintenance.

Investment principles

Council has an investment policy that reinforces Council's ongoing commitment to maintain a conservative risk/return portfolio, an important component of its ongoing prudent financial management practices. The overall objectives of the policy are to ensure that Council invests its funds:

- in accordance with the requirements of the Local Government Act (1993) and Council's investment policy
- in a conservative manner where preservation of capital is the principal objective
- in a manner that seeks to ensure the security of the Council's cash and investment portfolio, achieve appropriate earnings and manage cash resources to ensure that there is sufficient liquidity to meet Council's business objectives.

Loan borrowings

The Council's policy is that the use of debt (borrowings) is appropriate to fund the cost of major new community assets or to smooth the cost of major asset renewals. However, any minor asset acquisitions and a normal level of asset renewals (up to the level of the annual depreciation charge) should be funded out of operating revenues.

Council also recognises the need to address the issue of intergenerational equity and therefore seeks to match the term of the borrowing with the life of the asset to which the borrowing is related.

Cash reserves and restrictions

Council has a number of cash reserves which are held either as a legislative requirement (externally restricted) or through a Council decision (internally restricted).

The establishment and funding of cash reserves is a financial management strategy to provide funds for future expenditure that could not otherwise be financed during a single year without having a material impact on the budget.

Separate reserves are also maintained for the water and sewer funds.

Section 7.4 and 7.11 developer contributions

Section 7.4 and 7.11 of the Environmental Planning and Assessment Act 1979 enables Council to levy contributions for public amenities and services required as a consequence of development.

Discretionary and regulatory fees and charges

Council has the ability to raise revenues through the adoption of a fee or a charge for services or facilities. Fees and charges are reviewed on an annual basis in conjunction with the preparation of the annual budget.

The fees and charges which Council can charge can be split into two categories:

- 1 Regulatory Fees - These fees are generally determined by state government legislation, and primarily relate to building, development or compliance activities. Council has no control over the calculation, and any annual increases of these fees and charges.
- 2 Discretionary Fees - Council has the capacity to determine the charge or fee for discretionary works or services such as the use of community facilities and access to community services.

The general principles under which Council sets its fees and charges are that Council aims to maximise returns from fees and charges. Fees are set to recover or partially recover the cost of services provided.

Asset disposal and investment strategy

The majority of Council's property assets deliver on services such as:

- transport infrastructure
- environmental services, such as stormwater management
- community facilities
- operational assets, including administration buildings
- waste management.

As part of Scenarios 2 and 3, Council is looking to identify and dispose of any assets which are no longer needed to provide services to the community. Any funds received will be used to reduce Council's borrowing requirements.

Asset management

Lithgow Asset Management Strategy

Lithgow City Council is the custodian of infrastructure assets with a replacement value of \$766 million and a depreciated value of approximately \$512 million. Ensuring these assets are maintained and able to provide the services required of them is an important function of the Council.

The Asset Management Strategy provides a systematic way of accounting for these assets and planning for their operation, maintenance, rehabilitation, disposal and renewal. The strategy also helps Council to review its asset management practices to ensure they are being carried out in the most cost effective manner possible.

The broad purpose of the Asset Management Strategy is:

- to have proper plans and strategies that ensure the assets provided by previous generations continue to be available to provide the services required by future generations
- to be able to plan for new assets confident of our understanding of their impact on Council's long term financial sustainability
- to provide assurance that assets are being created operated, maintained, rehabilitated and renewed in the most cost effective ways possible.

The Lithgow Asset Management Strategy includes revised estimates of the value and useful remaining life of the Council's assets. The strategy also includes a comprehensive program of actions to improve the quality of asset data and asset management systems and practices within Council.

Council is in the process of reviewing and updating its Asset Management Strategy and Plans as part of the implementation of an enterprise Asset Management System. This process will provide Council with an improved understanding of asset conditions, useful life, expected levels of service and funding levels required to adequately maintain replacement and renew infrastructure and other assets.

Lithgow has recently constructed a new aquatic centre and completed a major sewage treatment plant upgrade at Portland. A new sewerage system is in the design phase for Cullen Bullen at a cost of \$8million.

Investment is also required to operate and maintain existing assets, as well as to build new assets to meet the needs and aspirations of the community.

Long Term Financial Plan assumptions

The long term financial model requires Council to identify all material items of revenue and expenditure, and determine the external and internal influences which could significantly impact on Council's finances.

In preparing the 2019-29 Long Term Financial Plan the following underpinning principles have been adopted.

Market driven planning assumptions

Population forecasts

Lithgow's population is currently estimated at 21,524 and this is projected to decrease to 20,450 by 2036. At the same time the number of households in Lithgow is projected to grow from 9,000 to 9,300. This is due to a decline in the average number of occupants in each dwelling.

In this LTFP, conservative estimates have been used to convert the growth in the number of properties into an increase in rateable properties. No allowance has been made for additional rate revenues for Council as a result of population growth.

Council faces a degree of uncertainty in terms of its ongoing rate revenues over the life of the plan. It is for this reason that no major charges (including an allowance for rating base growth) have been included at this stage.

Cost and revenue increases

Factors applied to revenue and expenditure in the long term plan

Assumptions	Year 1 2019/20	Year 2 2020/21	Year 3 2021/22	Year 4 2022/23	Years 5 - 10
Rates Cap	2.7%	2.5%	2.5%	2.5%	2.5%
Stormwater Management Charge	0.0%	0.0%	0.0%	0.0%	0.0%
Special Rates – Sewers	2.5%	2.5%	2.5%	2.5%	2.5%
Annual Charges – Water	2.5%	2.5%	2.5%	2.5%	2.5%
Annual Charges – Sewers	2.5%	2.5%	2.5%	2.5%	2.5%
Annual Charges – Waste and other	2.5%	2.5%	2.5%	2.5%	2.5%
Financial Assistance Grant and Other Grants	1.0%	1.5%	1.5%	1.5%	1.5%
Discretionary Fees and Charges	2.5%	2.5%	2.5%	2.5%	2.5%
Salaries and Wages (incl. on costs)	2.5%	2.5%	2.5%	2.5%	2.5%
Materials and Contracts	1.8%	2.2%	2.2%	2.2%	2.2%
Other Expenses	1.8%	2.0%	2.2%	2.2%	2.2%
Depreciation	1.8%	2.2%	2.2%	2.2%	2.2%
Interest / Investment Revenue	3.0%	3.0%	3.0%	3.0%	3.0%
Interest on Borrowings	4.0%	4.0%	4.0%	4.0%	4.0%

In determining the inflationary increase assumption from 2020/21, Council has used IPART projections. The increases for 2019 onwards also reflect guidance on allowances for increases.

Specific revenue and expenditure assumptions

The following tables outline Council's planning assumptions by revenue and expenditure types. Included within the assumptions is a brief description as to how Council has determined this assumption and the external influences which impact the assumption.

Note: The assumptions included in the following tables are those which could have a material impact on Council finances.

Rates Income	Assumption
Minister's Allowable Increase	As above – 2.7% per annum for 2019/20 then 2.5% for 2020/21 onwards.
Special Rate Variation Income	Scenario 1 and Scenario 2 provide for the existing 4.77% SRV for infrastructure improvements to end in 2019. This results in a drop in rates revenue in the 2019/20 year of \$624,000. Scenario 3 provides for an additional SRV of 4.77% to commence in 2019/20 to replace the existing SRV which expires. This effectively converts the existing SRV into a permanent SRV of 9%.

Other Revenue	
Fees and Charges	Fees and charges are indexed based on the assumptions that service levels will be maintained. Some allowance has been included for small additional increases due to opportunities that have been identified in Scenarios 2 and 3.
Grants and Contributions provided for operating purposes	Financial assistance grant budgets reflect expectations based on guidance from the State and Federal governments. The ten year trend reflected in this LTFP is for operating grants to grow at a slower rate than other income sources (1-1.5% compared to 2.5% for other sources over the last six years of the plan).
Grants and Contributions provided for capital purposes	An assumption is also made that council will continue to receive ongoing grant funding from the Resources for Regions (or equivalent) funding source.

Rate income growth

No allowance has been made for additional revenue from new residential properties added each year.

Expenditure	
Depreciation	An allowance has been made for a projected decrease in the depreciation expense based on comparisons between Lithgow's assumed asset lives and those of comparative councils and on data from 2017 asset revaluations.
Interest Costs	Interest at 4% per annum has been allowed on any new borrowings over the life of this plan.
Operational Costs (staff and materials \ contracts)	Costs reflect the actual costs to deliver services with adjustments for identified cost reductions through the implementation of the FFTF improvement plan strategies and actions in Scenarios 2 and 3. An additional allowance for extra strategic resources has been allowed in Scenarios 2 and 3.
Asset Maintenance	Where appropriate budgets have been adjusted to the level required for maintenance for Lithgow City Council's assets.

Capital Expenditure and Revenue	
Asset Renewals	Renewals reflect the Asset Management Strategy with some additional allowance to ensure Council meets the asset renewals benchmark. Scenario 2 includes an allowance for additional \$22.2 million of asset renewals for the general fund as well as an additional \$12.3 million and \$7.6 million for the water and sewer funds. Scenario 3 then provides for a further \$38 million of asset renewal expenditure across the 10 year plan (average of \$3.8m per year across all three Council funds) to address the asset renewal backlog.
New Works	Reflects proposed expenditure in Capital Works Program.
Proceeds from sale of Assets	Scenarios 2 and 3 make allowance for asset sales of \$3.3 million over the first five years of the LTFP based on opportunities identified by management.

Discussion on the approach to the preparation of the LTFP budgets for key income and expenditure items

The following provides additional background to the preparation of the LTFP budgets for key income and expenditure items.

Rates and annual charges

Rates and annual charges account for a large portion of income in future years. Council relies on the annual rate pegging increase set by the Independent Pricing and Regulatory Tribunal (IPART). The Long Term Financial Plan assumes an annual increase of 2.5% from 2020/21 and for the remaining life of the plan. It is anticipated inflation and the Local Government Cost Index will increase during this period. Indications are that the population of the Local government area will be maintained but with an ageing population base. Council will need to consider the write off of rate income due to pension rebates and as a result issues for rating as a revenue source. The issues may be:

- income from rates and annual charges including general rates from residential, business, farmland, rural and mining, waste, and ongoing special infrastructure rate levy is restricted by annual rate pegging
- the ageing population is likely to limit scope to raise income due to the populations' ability to pay and the fact that more pensioner rebates will be being processed resulting in lower rate revenue.

The constant level of revenue will be required to fund the upgrade of assets and infrastructure from 2019/20 to 2028/29 and as a result Council currently considers it a priority to seek a continuation of the special infrastructure rate levy beyond 2018/19.

Water and sewer charges

The pricing of water and sewerage services is guided by State Government Best Practice Pricing Guidelines. Council has adopted a two part tariff for water supply, consisting of an access charge and a usage charge. Access charges are related to the size of the water meter for non-residential properties and account for approx. 25% of operating income. The guidelines also require that at least 75% of water revenue for residential customers should be generated through the usage component. Sewerage tariffs adopted by Council consist of a uniform sewerage charge for residential properties, a two part tariff for business customers and appropriate fees and charges for liquid trade waste dischargers.

Grants and contributions

Operating grants and contributions, specifically the financial assistance grant, is partly based on the population of the local government area and the current stagnate population could affect the level of funding available in the future. The assumption has been to apply a lower inflator to the levels of operating grants and contributions over the life of the plan. This sees revenues from Grants and Contributions increasing at a rate 1% lower than other costs and revenues in this plan.

Interest and investments

Interest on investments is assumed at 3% for the life of the Long Term Financial Plan. Interest rates across the financial markets have been lower in recent times; a low expectation has been set to ensure conservative revenue forecasts. Interest has been calculated on the average balance of funds invested for the year.

Employee costs

Employee costs make up approximately 35% of the annual projected expenditure. This is reflective of the service based nature of a large proportion of activities as well as the construction and maintenance of infrastructure owned by Council. Movement in employee costs is determined through industry wide award negotiations and market forces and Council is aware unplanned changes may occur with employee costs.

The Long Term Financial Plan assumes employee costs will increase by 2.50% annually. This is in line with Local Government Award expectations.

Council also needs to consider its ability to retain the necessary workforce to achieve the community's expectations for future projects. This will be affected by several internal and external factors such as the rising cost of employment, skills shortages, staff turnover, attraction and retention of Council, an increase in superannuation benefits, parental leave, award increases and changes in service levels.

Borrowing costs

The interest for existing loans is as provided for in the existing agreements and the interest assumed on new loans has been calculated at 4% for loans with a tenure of up to 20 years. This interest rate is typical of the interest rates that were on offer in the market place at the time the Long Term Financial Plan was updated, and is consistent with current Reserve Bank of Australia interest rates.

Materials and contracts

Materials and contracts account for approximately 25% of projected annual expenditure. Considerable pressure is placed on the cost of materials and contracts due to rising raw material costs including fuel and freight. Should unplanned major increases be experienced it will impact on the Long Term Financial Plan. Fuel and energy are subject to pressure from oil prices and market fluctuations. The costs are indexed at 1.80% for year one and at 2.20% per annum from year two onwards.

Other costs

All other expenditure for continuing operations is assumed to increase by 1.80%, 2.00%, and 2.20% from year three onwards.

The Long Term Financial Plan also provides for the additional cost of operations and maintenance of newly constructed or upgraded assets.

Capital Works Program

The following shows a summary of the proposed capital works included for the scenarios in this LTFP.

Scenario 1 (Base Case) – General Fund

Capital Expenditure	2020 Budget	2021 Budget	2022 Budget	2023 Budget	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget
Building and Infrastructure (\$000's)										
New Assets	205	209	214	219	223	228	233	239	244	249
Asset Renewals	3,997	5,759	5,243	5,832	6,014	6,366	6,489	6,567	6,712	6,859
Other Assets (\$000's)										
New Assets	2,297	362	468	294	1,151	297	404	440	427	424
Asset Renewals	691	603	717	630	745	660	775	690	775	741
Total	7,190	6,933	6,642	6,975	8,133	7,551	7,901	7,936	8,158	8,273

Scenario 2 (Base Case with Improvements) – General Fund

Capital Expenditure	2020 Budget	2021 Budget	2022 Budget	2023 Budget	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget
Building and Infrastructure (\$000's)										
New Assets	1,241	209	214	219	223	228	233	239	244	249
Asset Renewals	8,000	8,293	8,310	7,433	7,763	8,154	8,316	8,435	8,620	8,809
Other Assets (\$000's)										
New Assets	2,297	362	468	294	1,151	297	404	440	427	424
Asset Renewals	691	603	717	630	745	660	775	690	775	741
Total	12,229	9,467	9,709	8,576	9,882	9,339	9,728	9,804	10,066	10,223

Scenario 3 (Sustainable Assets) – General Fund

Capital Expenditure	2020 Budget	2021 Budget	2022 Budget	2023 Budget	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget
Building and Infrastructure (\$000's)										
New Assets	1,241	209	214	219	223	228	233	239	244	249
Asset Renewals	11,816	12,102	10,844	12,102	11,121	11,632	12,226	11,467	11,653	12,782
Other Assets (\$000's)										
New Assets	2,297	362	468	294	1,151	297	404	440	427	424
Asset Renewals	691	603	717	630	745	660	775	690	775	741
Total	16,045	13,276	12,243	13,245	13,240	12,817	13,638	12,836	13,099	14,196

Water and Sewer Fund – Scenario 1

Capital Expenditure	2020 Budget	2021 Budget	2022 Budget	2023 Budget	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget
Water (\$000's)										
New Assets	150	250	100	100	4,420	1,950	100	100	100	100
Asset Renewals	700	1,200	500	500	500	650	650	650	650	6,650
Sewer (\$000's)										
New Assets	3,200	7,100	1,400	-	-	-	-	-	-	-
Asset Renewals	610	3,210	1,040	640	540	540	640	640	640	740
Total	10,618	7,860	8,740	2,640	5,460	3,140	1,390	1,390	1,390	7,490

Water and Sewer Fund – Scenario 2

Capital Expenditure	2020 Budget	2021 Budget	2022 Budget	2023 Budget	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget
Water (\$000's)										
New Assets	184	285	136	136	4,457	1,988	139	140	141	142
Asset Renewals	4,632	1,200	1,471	1,493	1,515	1,687	1,710	1,733	1,757	7,781
Sewer (\$000's)										
New Assets	2,534	6,435	1,436	36	37	38	39	40	41	42
Asset Renewals	310	2,910	1,040	1,743	1,667	1,692	1,817	1,843	1,869	1,996
Total	7,660	10,830	4,083	3,408	7,676	5,405	3,705	3,756	3,808	9,961

Water and Sewer Fund – Scenario 3

Capital Expenditure	2020 Budget	2021 Budget	2022 Budget	2023 Budget	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget
Water (\$000's)										
New Assets	184	285	136	136	4,457	1,988	139	140	141	142
Asset Renewals	4,632	1,550	1,901	1,573	1,595	1,687	1,710	1,733	1,757	7,781
Sewer (\$000's)										
New Assets	2,534	6,435	1,436	36	37	38	39	40	41	42
Asset Renewals	310	2,910	1,040	1,843	1,967	1,992	2,117	2,043	2,069	2,196
Total	3,180	15,870	3,991	4,345	3,443	3,519	3,596	3,675	3,756	3,839

LTFP Financial Model Scenario 1 – Base Case

Introduction

This scenario is the base case or ‘business as usual’ option. It models the continuation of Council’s services as currently provided. It is based on the draft 2018/19 budget prior to adjustments based on improvement opportunities council has identified and on the current levels of asset expenditure.

Components included in model for Scenario 1

- The State Government has set an annual rate cap for councils over the last 30 years. This responsibility has now been passed to IPART NSW who has set a rate increase of 2.7% for the 2019/20 year. The formula used by IPART assumes that all councils will continue to achieve operational savings.
- No significant changes to rates revenues over the term of this plan, other than from approved increases (rates cap).
- The existing SRV of 4.77% ceases in 2019 resulting in a reduction in rates revenue commencing in 2019/20. The impact is a loss of revenue in that year of \$624,000.
- The capital maintenance, rehabilitation and new capital expenditure program is as previously proposed. See capital program summary for general fund on page 16.
- Scenario 1 is predicated on the idea that no significant changes will occur in terms of the level and nature of services provided by Council, the amount of funding required for the maintenance, replacement and renewal of assets or the general environment in which council operates. It shows what happens if no action is taken to improve performance against the key fit for the future (FFTF) ratios.

Summary and assessment – Scenario 1

As displayed in the key performance measures in the following table (and in the financial statements), Lithgow City Council is not able to meet many of the performance measure benchmarks over the term of this LTFP under Scenario 1.

This scenario presents a continuation of a ‘status quo’ or ‘do nothing’ situation where Council delivers existing services and continues to invest at the current levels in asset renewals. Based on this scenario Council cannot be considered to be financially sustainable, with general fund cash reserves trending downward, and it is not able to achieve the key fit for the future (FFTF) benchmarks without adopting a range of improvement measures.

Scenario 1 - Base Case (Consolidated)

Key Performance Measures										
for years ended 30 June 2017/18 - 2026/27	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Asset Maintenance Ratio	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
(target is to maintain at 1.00)										
Operating Performance Ratio	-3.99%	-3.92%	-3.41%	-3.28%	-2.95%	-3.05%	-2.57%	-2.35%	-2.17%	-2.25%
(3 year trend - target a positive ratio)										
Own Source Revenue Ratio	74.92%	76.73%	75.60%	77.08%	77.26%	77.42%	77.59%	77.75%	77.91%	78.07%
(3 year trend - Target is more than 60%)										
Debt Service Ratio (3 year trend)	6.88%	6.57%	6.58%	5.85%	5.72%	5.59%	4.12%	4.03%	3.93%	3.84%
(target is to maintain at less than 20%)										
Building and Infrastructure asset renewal ratio	45.93%	90.88%	58.01%	58.88%	58.92%	62.71%	63.95%	63.88%	64.38%	118.22%
(target to maintain at 100%)										
Building and Infrastructure Backlog ratio	0.06%	0.07%	0.08%	0.09%	0.10%	0.11%	0.12%	0.13%	0.14%	0.13%
(target to maintain at less than 2%)										
Real Operating expenditure per capita	2,123.70	2,171.05	2,210.34	2,258.37	2,303.10	2,358.41	2,401.66	2,451.64	2,503.74	2,563.49
(a declining trend over time)										

LTFP Financial Model Scenario 2 – Base Case with Improvements

Introduction

This takes the base case and adjusts the financial projections based on a number of improvement strategies and actions that have been identified. In addition, it also includes provision of \$360,000 per annum for additional resources in asset management and finance to increase council's strategic capabilities as it relates to long term planning for infrastructure assets and the financial impacts of asset related expenditure and decisions. It also includes asset renewal expenditure, however, not all of the asset benchmarks are met during the term of the LTFP.

Components included in model for Scenario 2

- The State Government has set an annual rate cap for councils over the last 30 years. This responsibility has now been passed to IPART NSW who has set a rate increase of 2.7% for the 2019/20 year and an expected 2.5% from 2020/21. The formula used by IPART assumes that all councils will continue to achieve operational savings.
- A range of improvement initiatives have been introduced to more accurately reflect the Council's recent work to improve its financial position and to also demonstrate Council's commitment to generate ongoing operational efficiencies. These include:
 - Improvement to classifying asset expenditure where expenditure on asset renewals had previously been included as maintenance (operational expenditure). This has resulted in \$1.15 million of operating expenditure being reclassified as asset renewals.
 - A range of measures to generate long-term operational efficiencies estimated at \$2.5m in 2019/20 (general fund \$1.9 million and water and sewer fund \$0.6 million). This includes the service review program, a review of a range of governance practices and procedures that will deliver organisational efficiencies, analysis of the long term demand, need and type of facilities that meet the community requirements
 - The implementation of an asset management and financial management improvement plans' prioritised actions
 - The addition of expenditure of \$100,000 per annum to increase the council's strategic capacity. Most of this is directed at managing council's infrastructure assets and in the financial planning and analysis associated with major asset related decisions.
- The capital maintenance, rehabilitation and new capital expenditure program is based on historical trends and known new asset investment requirements. Additional increases in the proposed spend on asset renewals for the general fund (\$22 million) and water and sewer funds (\$20 million) have been made to move toward meeting the key asset ratios.

Summary and assessment – Scenario 2

As displayed in the key performance measures in the following table (and in the financial statements), Lithgow City Council is able to achieve the Operating Performance Ratio KPI. The backlog ratio has not improved and does not achieve the target. The asset renewal ratio is below the benchmark in most years and expenditure per capita is in a rising trend. Other ratios are able to meet the benchmarks during the term of the LTFP.

Scenario 2 - Base with Improvements (Consolidated)

Key Performance Measures										
for years ended 30 June 2017/18 - 2026/27	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Asset Maintenance Ratio	0.80	0.82	0.85	0.87	0.90	0.93	0.96	0.99	1.03	1.06
(target is to maintain at 1.00)										
Operating Performance Ratio (3 year trend)	-1.41%	2.86%	3.95%	4.54%	5.38%	5.27%	5.69%	5.88%	6.03%	5.95%
(3 year trend - target a positive ratio)										
Own Source Revenue Ratio	74.98%	76.83%	77.10%	77.99%	78.28%	78.44%	78.60%	78.76%	78.91%	79.07%
(3 year trend - Target is more than 60%)										
Debt Service Ratio (3 year trend)	6.56%	5.89%	5.73%	5.05%	4.90%	4.79%	3.47%	3.39%	3.31%	3.24%
(target is to maintain at less than 20%)										
Building and Infrastructure asset renewal ratio	117.03%	109.61%	93.02%	90.63%	91.60%	95.23%	96.36%	96.21%	96.59%	147.76
(target to maintain at 100%)										
Building and Infrastructure Backlog ratio	0.05	0.05	0.05	0.05	0.05	0.05	0.06	0.06	0.06	0.06
(target to maintain at less than 2%)										
Real Operating expenditure per capita	2,112.02	2,204.35	2,239.32	2,288.47	2,334.28	2,390.70	2,435.09	2,486.23	2,539.53	2,600.51
(a declining trend over time)										

LTFP Financial Model Scenario 3 – Sustainable Assets

Introduction

This takes the revised financial projections in Scenario 2 and continues the existing SRV (Infrastructure Levy) when it ceases on the assumption that a new permanent SRV of the same amount will be applied for and approved commencing in 2019/20.

Components included in model for Scenario 3

- The State Government has set an annual rate cap for councils over the last 30 years. This responsibility has now been passed to IPART NSW who has set a rate increase of 2.7% for the 2019/20 year and decreases to 2.5% from 2020/21. The formula used by IPART assumes that all councils will continue to achieve operational savings
- The various improvements as outlined in Scenario 2
- The capital maintenance, rehabilitation and new capital expenditure program has been further enhanced, beyond the increases in Scenario 2, due the financial capacity of Council under this scenario leading to an additional \$38 million over ten years
- \$100,000 p.a. of SRV funds will be allocated to additional business improvement initiatives which will either generate additional revenue or reduce long-term costs.
- A proposal to apply for a permanent SRV of 9% when the existing infrastructure SRV of 4.77% expires in 2019. This would mean an extra 4.23% increase for ratepayers. Council will continue to look for further improvements to reduce the reliance on the extra SRV which is proposed in this scenario.

Summary and assessment – Scenario 3

As displayed in the key performance measures in the following table (and in the financial statements), Lithgow City Council is able to meet all of the performance measure benchmarks under this scenario. This is the preferred scenario as it enables Council to meet all key fit for the future (FFTF) ratios during the term of this LTFP without requiring ratepayers to pay any rate increases beyond the single proposed rate cap percentage increase. What it means is they will not receive a reduction when the existing SRV expires.

This scenario delivers an operating surplus and therefore the financial capacity to fund the ongoing renewal program and deliver the service requirements to the community. The challenge for Council is to deliver on the improvement strategies and actions identified in the FFTF Improvement Plan.

Consideration of the Community's Capacity to Pay a Special Rate Variation

In considering making an application for an SRV, Council has considered the community's capacity to pay based on the 2016 SEIFA Indexes, level of the proposed increase and other cost indices.

Lithgow Council's SEIFA indexes indicate that the Lithgow LGA is more socio-economically disadvantaged than neighbouring areas, as indicated in the table below:

Local Government Area	Index of Relative Socio-economic Advantage & Disadvantage		Index of Relative Socio-economic Disadvantage	
	Score	Decile	Score	Decile
Lithgow	908	2	923	2
Blue Mountains	1042	9	1045	9
Bathurst	973	7	986	6
Oberon	951	5	969	5
Mid-Western	942	4	960	5

The only other Central West local government area with a similar SEIFA Index of Relative Socio-economic Advantage & Disadvantage score is Cowra (score 910, decile 2).

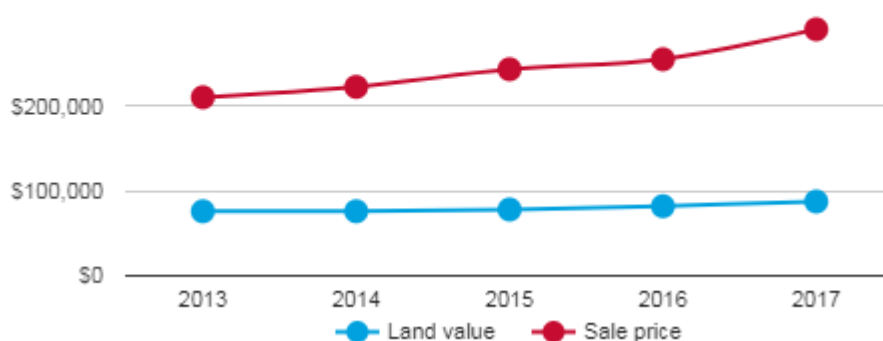
From the OLG Time Series Data 2016-17, Lithgow Council's average residential rates are comparatively higher than other Central West Group 4 councils. Average rates for business and farmland are at the lower end compared with neighbouring councils. Average mining rates are not comparable due to the low number of rating assessments. Lithgow Council's 2016-17 average rates (as per the Time Series calculation method of total rating revenue divided by the number of assessments) are summarised in the table below:

Rating Category	Average Rate
Residential	\$1,406.92
Business	\$3,520.66
Farmland	\$1,350.67
Mining	\$156,307.69

Also from the OLG Time Series Data 2016-17, 2015 average taxable income in the Lithgow Council LGA (\$56,849) is the highest of Central West Group 4 councils.

Median residential land values have been relatively stable (below \$100,000) for the past 5 years, as shown in the chart below (reference 2017 Valuer-General land value summaries).

Median land values and sale prices



The ratio of outstanding rates and annual charges in the 2017/18 financial year was 5.9%. This amount is below the average of 6.07% in the ten areas including Lithgow and its surrounding regions. This demonstrates that Lithgow LGA residents are not experiencing a greater inability to meet the costs of rates and annual charges, than residents in surrounding areas.

Council have taken into consideration, information on the income of community members in order to assess the capacity of rate payers to pay the increase in rates. Analysis of individual income levels in Lithgow City in 2016 compared to Regional NSW shows that there was a similar proportion of people earning a high income (those earning \$1,750 per week or more) and a higher proportion of people earning a low income (those earning less than \$500 per week).

Council The councils listed are those that continued operations and reported for the financial year 1 July 2016 to 30 June 2017	Rates and Annual Charges Outstanding (%)	Debt Service Cover Ratio	Debt Service Ratio	Cash Expense Cover Ratio
Bathurst Regional	5.7	4.1	5.5	10.0
Blayney	2.2	21.1	1.7	15.7
Blue Mountains	3.4	2.6	8.3	4.4
Hawkesbury	5.5	11.5	1.7	8.9
Lithgow	5.8	5.4	5.8	9.1
Mid-Western Regional	3.4	8.7	4.1	16.7
Oberon	7.7	12.1	3.3	11.8
Orange	5.7	6.9	4.5	13.6
Parkes	6.4	4.8	7.2	13.8
Richmond Valley	14.9	5.0	6.7	6.9

Lithgow LGA has a greater number of social housing properties on average, to assist people who are experiencing financial hardship. Lithgow City Council recognises that rate payers may at times experience difficulty paying rates and annual charges, irrespective of their income. Council has a financial hardship policy in place to provide assistance and support to community members who are experiencing financial stress and are unable to cover the costs of rates and annual charges.

In summary, Lithgow Council has recognised its relative socio-economic disadvantage by limiting the proposed additional Special Rate Variation to a 4.23% increase (plus rate peg) and seeking only a one-off, single year increase which does not expire.

Consideration of the Community's Willingness to Pay a Special Rate Variation

Council developed a web-based rates calculator tool (available on www.haveyoursay.lithgow.com) that ratepayers could use to compare their rates under the "no SRV" and "SRV" scenarios, based on their land valuation. The table below summarises the impact of the scenarios on average rates.

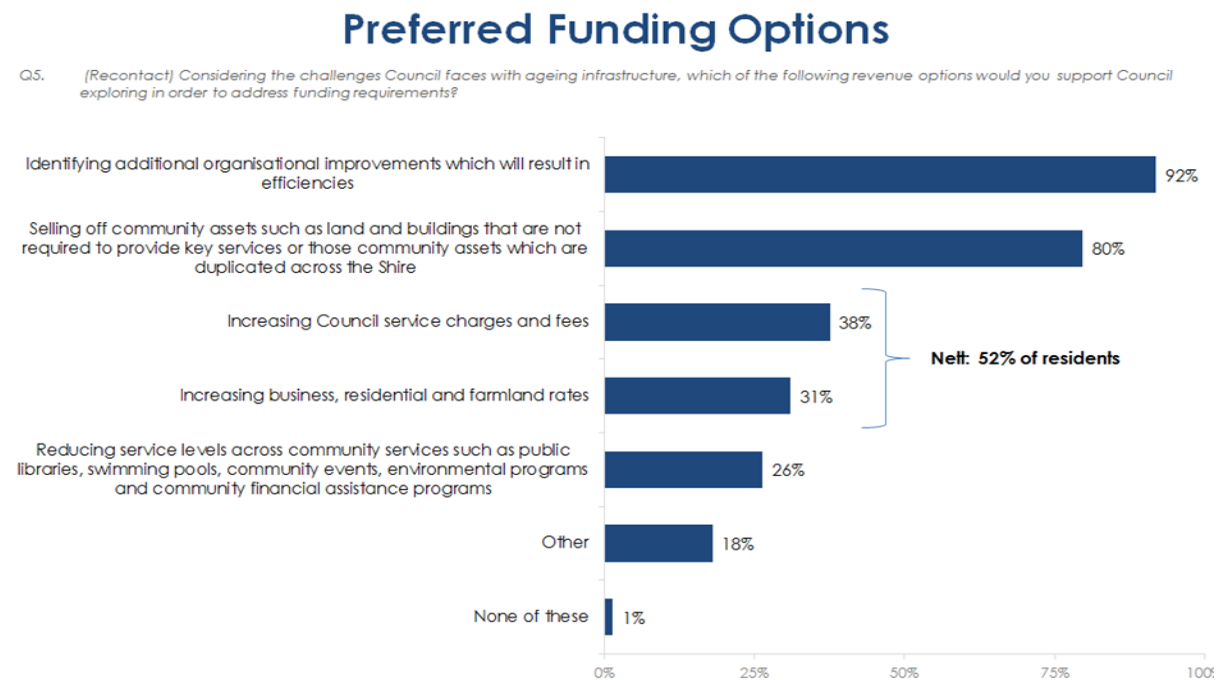
Impact on average rate	Average Rate 2018/19 \$	Average Rate 2019/20 \$	Variance \$ per annum	Variance \$ per week
Residential Rates				
Scenario 1	763.00	747.00	-16.00	
Scenario 2	763.00	815.00	52.00	1.00
Business Rates				
Scenario 1	3,950.00	3,868.00	-82.00	
Scenario 2	3,950.00	4,225.00	275.00	5.29
Farmland Rates				
Scenario 1	1,439.00	1,410.00	-29.00	
Scenario 2	1,439.00	1,539.00	100.00	1.92
Mining Rates				
Scenario 1	160,461.00	157,139.00	-3,322.00	
Scenario 2	160,461.00	171,581.00	11,120.00	213.85

Micromex Research were engaged to undertake a large scale community research project including community survey and report on findings. The survey was conducted using a three stage methodology, commencing with a computer based random selection process and mail out to 631 residents of the Lithgow City Council. The initial mail out contained a selection of pre-measures to ensure that participants were

representative of the Lithgow City Council community. This first stage was followed with a mail out of an information pack explaining the various asset management options that are being considered by Council. In the third stage, Micromex Research conducted telephone interviews with 401 of the initial 631 community residents contacted.

In summary, findings from the survey demonstrate that there are high levels of support for Council to increase investment in order to achieve better outcomes in regards to the quality of assets. Results from the survey demonstrate that half of Lithgow City Council residents accept that they need to pay more, either indirectly via rates or directly via service fees and charges, in order for Council to have the required funding to increase investment in community assets.

The below diagram demonstrates responses to question regarding council services funding options:



The responses show that 52% of residents already accept that they need to pay directly (via rates 31%) or indirectly (via service charges and fees 38%) to allow council to meet these funding requirements in order to improve the quality of community assets.

Scenario Three - Sustainable Assets (Consolidated)

Key Performance Measures										
for years ended 30 June 2017/18 - 2026/27	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Asset Maintenance Ratio	0.80	0.82	0.85	0.87	0.90	0.93	0.96	0.99	1.03	1.06
(target is to maintain at 1.00)										
Operating Performance Ratio (3 year trend)	2.73%	4.09%	5.14%	5.67%	6.42%	6.26%	6.62%	6.76%	6.87%	6.98%
(3 year trend - target a positive ratio)										
Own Source Revenue Ratio	75.29%	77.10%	77.37%	78.25%	78.53%	78.69%	78.84%	79.00%	79.15%	79.30%
(3 year trend - Target is more than 60%)										
Debt Service Ratio (3 year trend)	6.47%	5.82%	5.66%	4.99%	4.84%	4.73%	3.43%	3.35%	3.27%	3.20%
(target is to maintain at less than 20%)										
Building and Infrastructure asset renewal ratio	145.19%	141.03%	109.67%	116.16%	108.17%	112.84%	116.27%	107.04%	106.71%	159.23%
(target to maintain at 100%)										
Building and Infrastructure Backlog ratio	0.04	0.03	0.03	0.03	0.02	0.02	0.02	0.01	0.01	0.01
(target to maintain at less than 2%)										
Real Operating expenditure per capita	2,024.25	2,068.81	2,057.83	2,059.56	2,102.10	2,104.52	2,095.25	2,091.00	2,087.51	2,083.96
(a declining trend over time)										

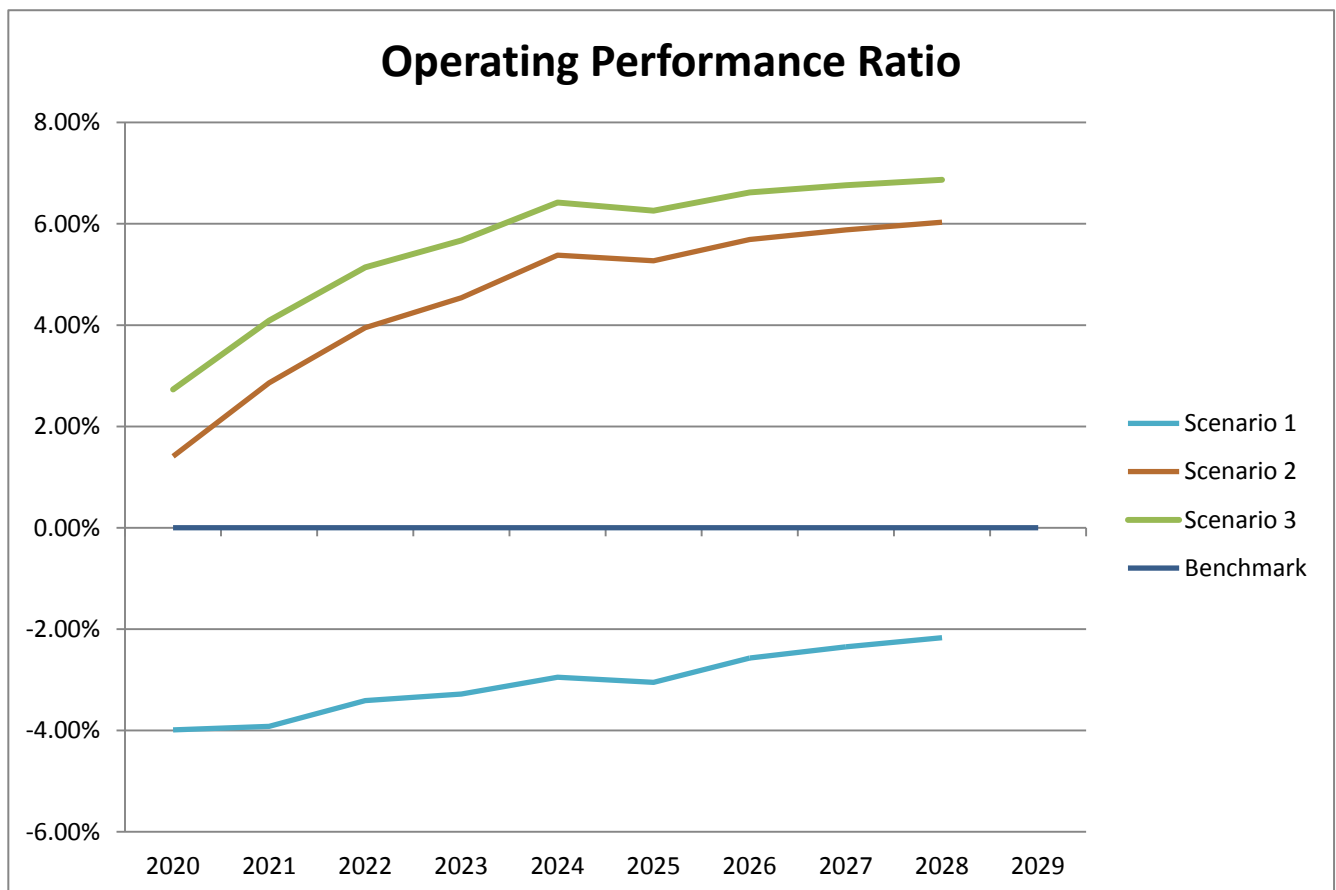
Performance Measurement

Council uses a range of measures to monitor performance. This includes the ratios reported in the Financial Statements notes and the Fit for the Future ratios used to measure financial sustainability. Performance measures allow Council to monitor the state of Council finances and its ability to maintain the community's assets and service levels into the future.

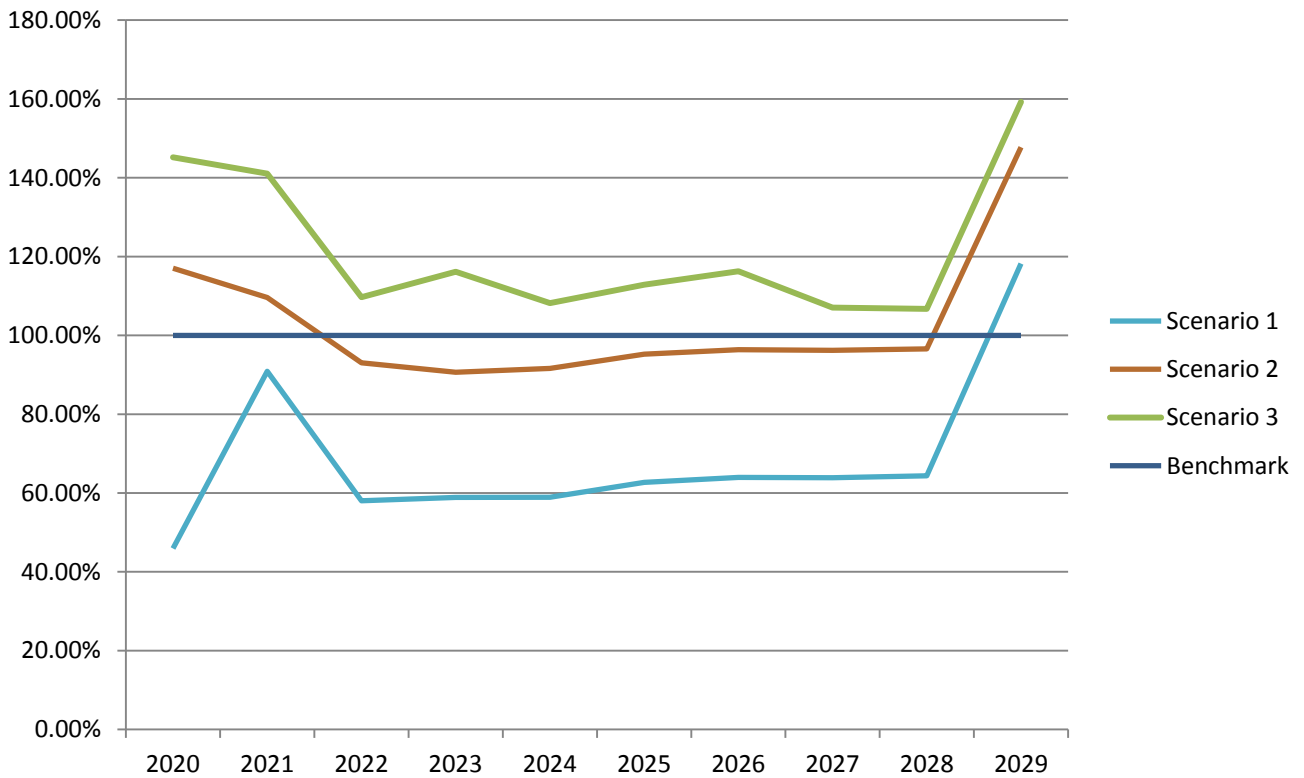
Regular monitoring of progress against LTFP targets and other ratios will allow Council to review and refine its plans and keep the community informed on its progress.

Comparison of LTFP scenarios against key performance measures

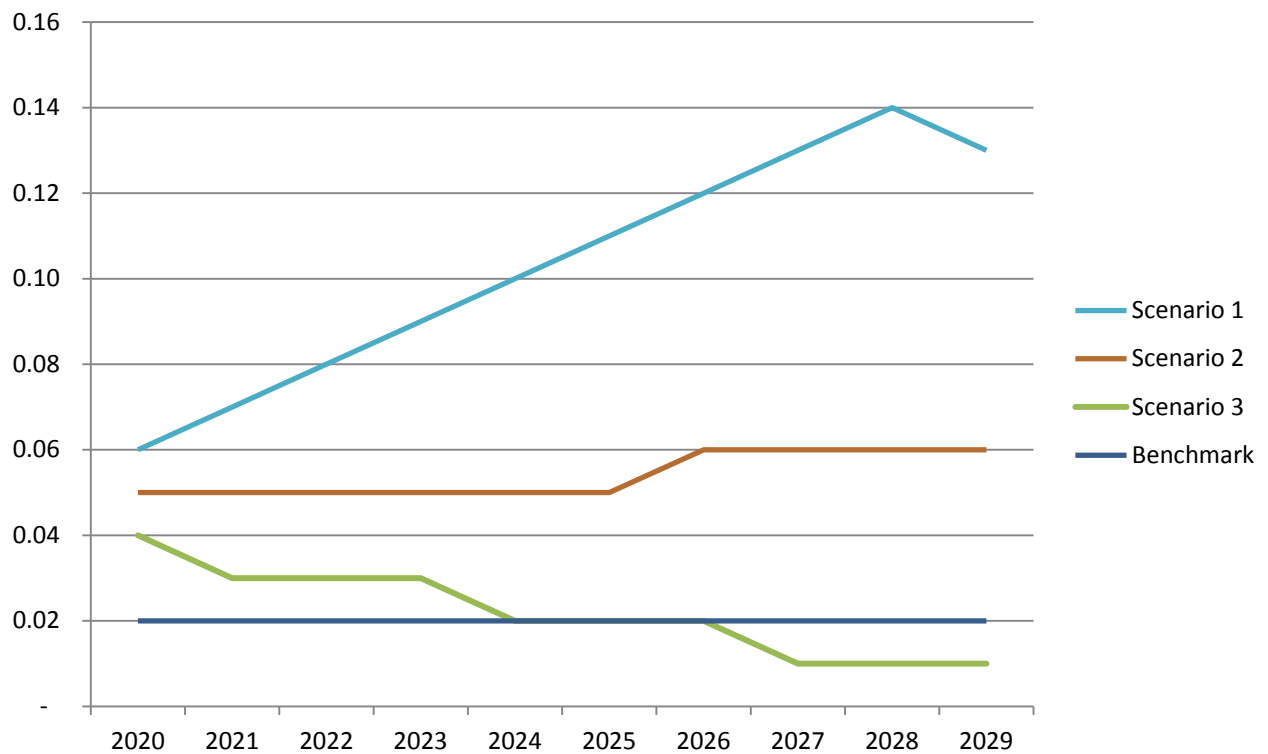
We have used the Fit for the Future measures in determining performance measures for this LTFP. A table is included under each of the scenarios. The following graphs compares the measures for the three scenarios, against each other and against the relevant benchmark. These graphs show the three year average ratios as per the Fit for the Future ratios.

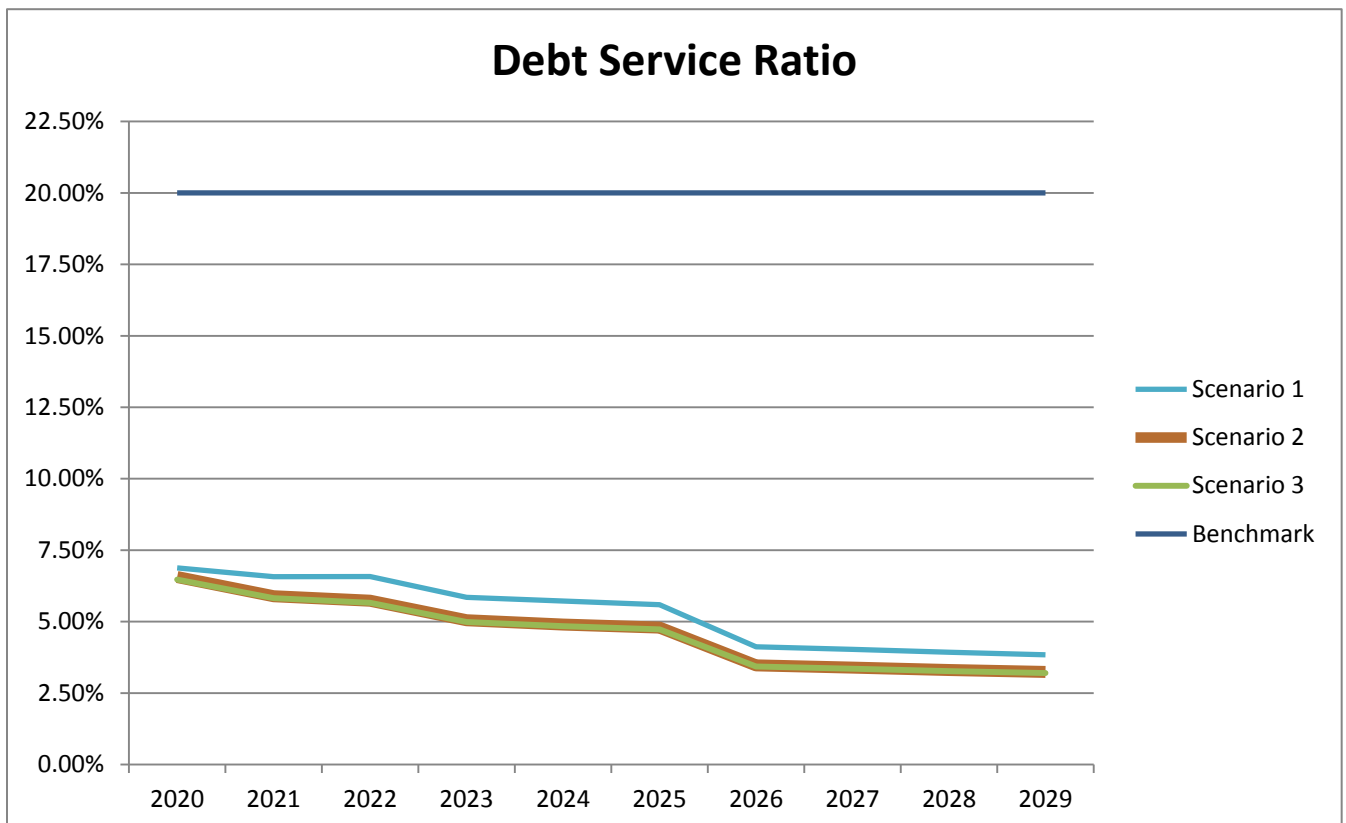
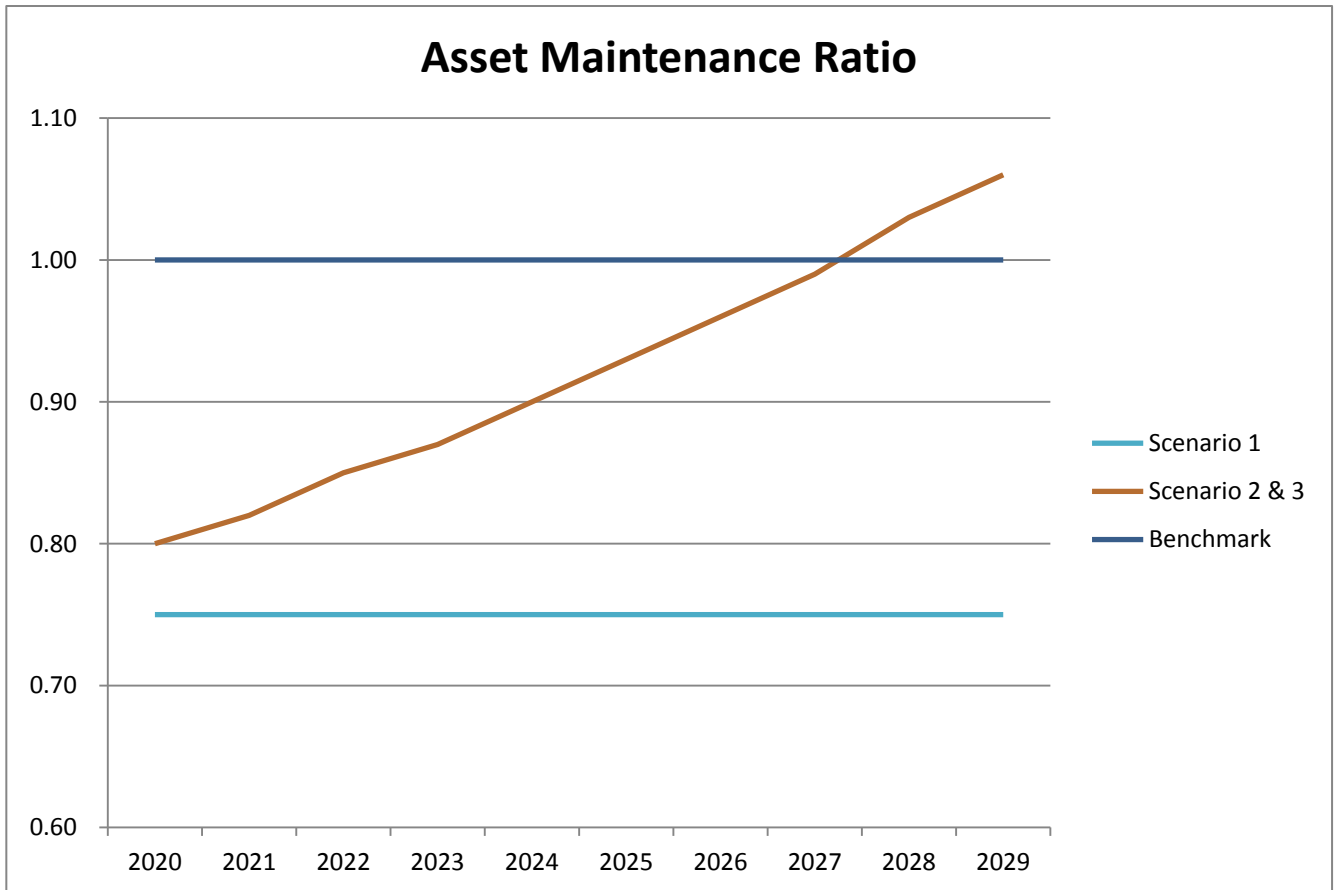


Building and Infrastructure Renewal Ratio

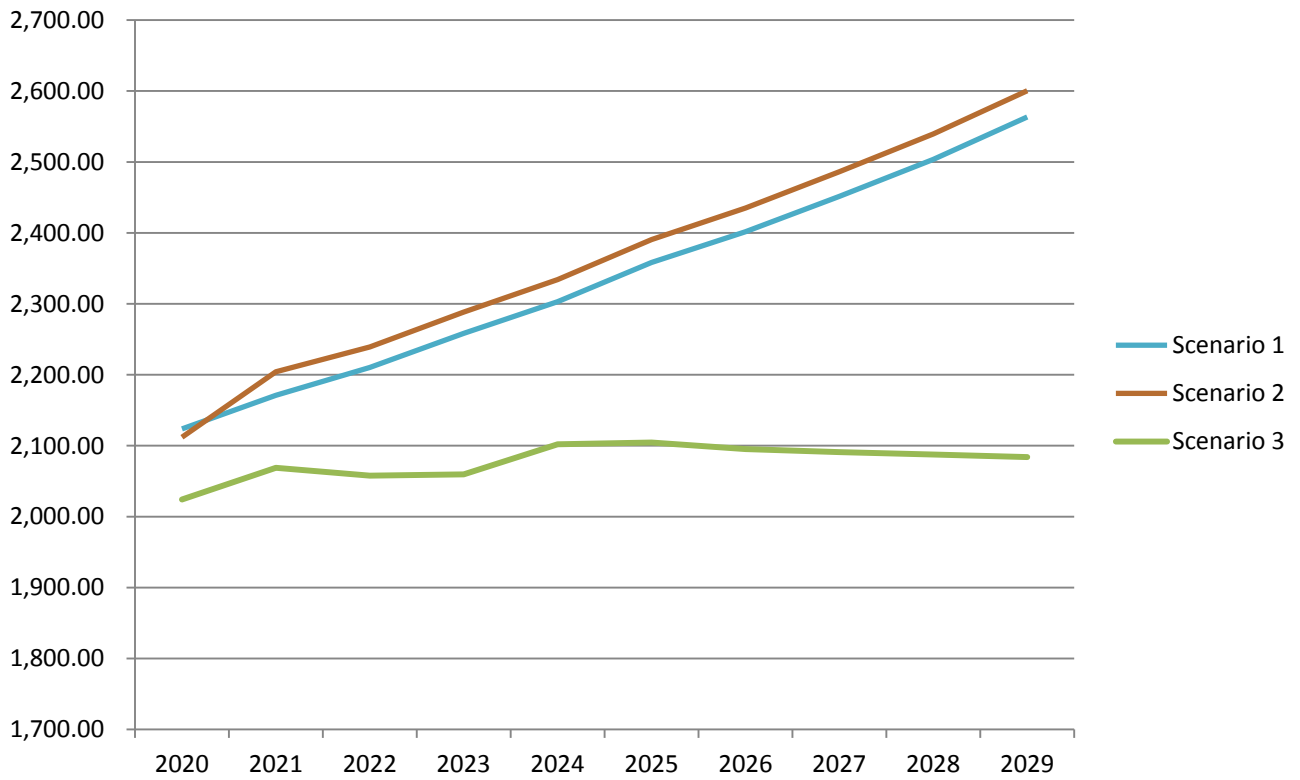


Infrastructure Backlog Ratio





Real Operating Expenditure per Capita Ratio



Risks and Sensitivity Analysis

Risks

The major risk for Council relates to its revenues and the key assumptions which underpin this LTFP.

The major risks relate to

- rates revenue
 - a risk of lower than expected rates cap increases
 - a risk of an erosion in the rating base due to a reduction in activity and a population reduction in the LGA area
- other revenues such as fees and charges and grants
 - the risk that government grant assistance diminishes or does not grow at the assumed rate
 - loss of or reduction to ongoing grant funding especially in relation to road renewal
 - lower than expected growth in other revenues
- operating expenditure increases for key expenses such as employee costs and materials and contracts
 - higher than expected increases in employee costs and in materials\contract costs without an increase in the assumed rates cap
- interest rates on council borrowings
 - increases in the assumed interest rate on borrowings
- failure to deliver on efficiency targets

Sensitivity analysis

In this LTFP Council has outlined three scenarios. Scenario 1 is the 'business as usual' or 'status quo' option. Scenario 2 looks at a range of options to improve Council's financial performance, both in terms of operations and in asset related benchmarks.

Scenario 3 looks at the impact on Scenario 2 if Council is able to apply for a permanent SRV of 9% when the existing 4.77% infrastructure SRV expires in 2019.

The sensitivities and potential impact as outlined in the following paragraphs relate to the general fund financial projections contained in this LTFP.

- Rates revenue
 - Each 1% change in ordinary rates revenue will result in a \$115,000 change in total rates revenue
- Other revenues such as fees and charges and grants
 - Revenue from operating grants is \$7.8 million in 2017/18 which is approximately 28% of total external operating revenues. Each 1% change represents \$78,000
 - It should be noted that the LTFP already assumes a lower growth assumption for revenues from grants (1% less than other revenues and costs). A 1% change in operating grants revenue represents \$78,000 per annum.
- Operating expenditure increases for key expenses such as employee costs and materials and

contracts

- Employee costs and materials and contracts comprise \$15.9 million and \$9.6 million in 2017/18. A 1% movement in these costs represents \$159,000 and \$96,000 (\$255,000 combined effect)
- Interest rates on council borrowings
 - Each 1% increase in council borrowing costs will have the following effect
 - As all scenarios propose the same level of borrowings a 1% increase on the general fund debt of \$5 million will increase costs by \$50,000

Changes to the revenue or expenditure assumptions could have a material effect on the financial projections in the LTFP however council believes the assumptions used are robust. Annual review of the LTFP will ensure that Council is able to react and plan for any changes in costs and revenues over the term of this plan.

Summary of this LTFP

Conclusion

In this LTFP Council has outlined three scenarios.

- Scenario 1 is the base case or ‘do nothing’ option. It models the continuation of Council’s services as currently provided. It is based on the draft 2018/19 budget prior to adjustments based on improvement opportunities Council has identified and on the current levels of asset expenditure.
- Scenario 2 takes the base case and adjusts the financial projections based on a number of improvement strategies that generate an estimated benefit of \$2.5M (\$1.9M general fund) have been identified. In addition, it includes provision of funds for additional resources in asset management and finance to increase Council’s strategic capabilities in particular as it relates to long term planning for infrastructure assets and the financial impacts of asset related expenditure and decisions.
- Scenario 3 takes the revised financial projections in Scenario 2 and proposes that a new permanent SRV of 9% be applied for and approved commencing in 2019/20. This replaces the existing 4.77% infrastructure SRV that expires in 2019. Council to continue to seek further improvements in future years. Scenario 3 also includes sufficient asset renewal expenditure to ensure that the asset benchmarks are met during the term of the LTFP for the general fund.

The analysis in this LTFP concentrates on the financial projections for the Council’s general fund (excluding water and sewer) as this is the focus of all key benchmarks, in particular the various fit for the future (FFTF) ratios.

For completeness and so that readers of this LTFP can assess council’s overall financial position the projected financial statements for both the general fund and consolidated fund are presented in the following pages.

The following financial statements demonstrate the current and long-term position of Council’s finances under each scenario.

Scenario 1 - Financial Statements – 2019-29 LTFP

Income Statement - General Fund For the year	Budget 2018/19	Projected 2019/20	Projected 2020/21	Projected 2021/22	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29
Income from Continuing Operations											
<i>Revenue:</i>											
Rates and Annual Charges	16,679	16,541	16,954	17,378	17,812	18,258	18,714	19,182	19,662	20,153	20,657
User Charges and Fees	1,560	1,599	1,639	1,680	1,722	1,765	1,809	1,855	1,901	1,948	1,997
Interest and Investment Revenue	838	863	889	915	943	971	1,000	1,030	1,061	1,093	1,126
Other Revenue	1,290	1,387	1,425	1,464	1,505	1,546	1,585	1,624	1,665	1,707	1,749
Grants and Contributions provided for Operating Purposes	6,931	7,001	7,106	7,212	7,321	7,430	7,542	7,655	7,770	7,886	8,005
Grants and Contributions provided for Capital Purposes	4,465	3,006	3,036	3,082	3,128	3,175	3,225	3,276	3,327	3,380	3,433
<i>Other Income:</i>											
Net gain from the disposal of assets	335										
Share of interests in joint ventures and associates											
Total Income from Continuing Operations	32,099	30,396	31,049	31,732	32,430	33,145	33,875	34,622	35,386	36,167	36,967
Expenses from Continuing Operations											
Employee Benefits and On-Costs	11,286	11,713	12,005	12,212	12,517	12,830	13,151	13,480	13,817	14,162	14,516
Borrowing Costs	194	156	126	95	66	43	18	10	9	8	8
Materials and Contracts	4,112	4,486	4,412	4,476	4,612	4,671	4,781	4,894	4,979	5,087	5,196
Depreciation and Amortisation	8,364	8,617	8,852	9,054	9,262	9,472	9,703	9,921	10,147	10,378	10,614
Impairment											
Net Losses from the disposal of assets											
Other Expenses	4,551	4,584	4,838	4,818	4,925	5,033	5,284	5,257	5,373	5,491	5,752
Total Expenses from Continuing Operations	28,507	29,556	30,233	30,655	31,383	32,049	32,937	33,562	34,325	35,126	36,085
Operating Result from Continuing Operations	3,592	840	816	1,076	1,047	1,096	939	1,060	1,061	1,041	881
Operations Discontinued Operations											
Net Profit / (Loss) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the Year	3,592	840	816	1,076	1,047	1,096	939	1,060	1,061	1,041	881
Net Operating Result attributable to Council	3,592	840	816	1,076	1,047	1,096	939	1,060	1,061	1,041	881
Net Operating Result attributable to Minority Interests		-	-	-	-	-	-	-	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	(874)	(2,166)	(2,220)	(2,005)	(2,080)	(2,079)	(2,286)	(2,216)	(2,266)	(2,338)	(2,551)
Net Operating Result for the Year	3,592	840	816	1,076	1,047	1,096	939	1,060	1,061	1,041	881

Statement of Cash Flows - General Fund For the year	Budget 2018/19	Projected 2019/20	Projected 2020/21	Projected 2021/22	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29
Cash Flows from Operating Activities											
Receipts:											
Rates and Annual Charges	16,747	16,546	16,939	17,363	17,797	18,242	18,698	19,165	19,644	20,135	20,639
User Charges and Fees	1,437	1,593	1,633	1,674	1,716	1,759	1,803	1,848	1,894	1,941	1,990
Investment and Interest Revenue Received	941	857	869	894	920	953	978	1,005	1,035	1,066	1,099
Grants and Contributions	11,340	10,128	10,130	10,281	10,435	10,591	10,752	10,916	11,082	11,251	11,422
Bonds, Deposits and Retention amounts received	-	-	-	-	-	-	-	-	-	-	-
Other	969	1,415	1,421	1,460	1,500	1,541	1,580	1,620	1,660	1,702	1,745
Payments:											
Employee Benefits and On-Costs	(11,233)	(11,711)	(12,004)	(12,211)	(12,516)	(12,829)	(13,149)	(13,478)	(13,815)	(14,160)	(14,514)
Materials and Contracts	(5,716)	(4,415)	(4,298)	(4,470)	(4,538)	(4,605)	(4,645)	(4,882)	(4,906)	(5,010)	(5,055)
Borrowing Costs	(205)	(163)	(133)	(103)	(73)	(50)	(25)	(10)	(9)	(9)	(8)
Bonds, Deposits and Retention amounts refunded	-	-	-	-	-	-	-	-	-	-	-
Other	(4,548)	(4,974)	(4,888)	(4,994)	(4,925)	(5,033)	(5,284)	(5,257)	(5,373)	(5,491)	(5,752)
Net Cash provided (or used in) Operating Activities	9,732	9,276	9,669	9,892	10,316	10,569	10,708	10,927	11,212	11,427	11,566
Cash Flows from Investing Activities											
Receipts:											
Sale of Investment Securities	-	-	-	-	-	-	-	-	-	-	-
Sale of Investment Property	-	-	-	-	-	-	-	-	-	-	-
Sale of Real Estate Assets	-	-	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	-	-
Payments:											
Purchase of Investment Securities	-	-	-	-	-	-	-	-	-	-	-
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant and Equipment	(16,096)	(7,190)	(6,933)	(6,641)	(6,974)	(8,132)	(7,551)	(7,900)	(7,935)	(8,158)	(8,272)
Purchase of Real Estate Assets	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used) in Investing Activities	(16,096)	(7,190)	(6,933)	(6,641)	(6,974)	(8,132)	(7,551)	(7,900)	(7,935)	(8,158)	(8,272)
Cash Flows from Financing Activities											
Receipts:											
Proceeds from Borrowing and Advances	-	-	-	-	-	-	-	-	-	-	-
Payments:											
Repayment of borrowing and advances	(852)	(705)	(705)	(735)	(624)	(647)	(672)	(17)	(18)	(19)	(19)
Net Cash provided (or used) in Investing Activities	(852)	(705)	(705)	(735)	(624)	(647)	(672)	(17)	(18)	(19)	(19)
Net Increase / (Decrease) in Cash and Cash plus:	(7,216)	1,381	2,031	2,516	2,717	1,790	2,485	3,010	3,259	3,250	3,275
plus: Cash and Cash Equivalents - beginning of year	23,421	16,205	17,587	19,618	22,135	24,852	26,642	29,128	32,137	35,397	38,647
Cash and Cash Equivalents - end of year	16,205	17,587	19,618	22,135	24,852	26,642	29,128	32,137	35,397	38,647	41,921

Balance Sheet - General Fund As at	Budget 2018/19	Projected 2019/20	Projected 2020/21	Projected 2021/22	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29
ASSETS											
Current Assets											
Cash and Cash Equivalents	16,205	17,587	19,618	22,135	24,852	26,642	29,128	32,137	35,397	38,647	41,921
Investments											
Receivables	2,864	2,737	2,803	2,874	2,947	3,016	3,089	3,167	3,247	3,329	3,413
Inventories	630	674	670	681	700	711	727	744	758	744	791
Other	323	337	343	346	355	361	374	378	385	394	407
Total Current Assets	20,023	21,334	23,434	26,035	28,853	30,730	33,318	36,426	39,787	43,144	46,532
Non-Current Assets											
Investments	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant and Equipment	409,617	408,190	406,272	403,859	401,571	400,230	398,079	396,057	393,845	391,625	389,284
Investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-
Investment Property	5,494	5,494	5,494	5,494	5,494	5,494	5,494	5,494	5,494	5,494	5,494
Total Non-Current Assets	415,111	413,684	411,766	409,353	407,065	405,724	403,573	401,551	399,339	397,119	394,778
TOTAL ASSETS	435,134	435,019	435,200	435,388	435,918	436,454	436,891	437,977	439,127	440,263	441,309
LIABILITIES											
Current Liabilities											
Payables	4,776	4,899	5,010	5,022	5,119	5,196	5,356	5,390	5,485	5,588	5,761
Income received in advance	342	359	368	378	388	398	408	418	428	439	450
Borrowings	705	705	735	624	647	672	17	18	19	19	20
Provisions	3,325	3,337	3,338	3,344	3,344	3,344	3,344	3,344	3,344	3,344	3,344
Total Current Liabilities	9,148	9,299	9,451	9,368	9,498	9,610	9,125	9,170	9,276	9,391	9,575
Non-Current Liabilities											
Payables	8	8	8	8	8	8	9	9	9	9	10
Borrowings	3,507	2,802	2,068	1,443	796	124	107	89	70	51	30
Provisions	8,622	8,220	8,169	7,987	7,987	7,987	7,987	7,987	7,987	7,987	7,987
Total Non-Current Liabilities	12,137	11,030	10,244	9,438	8,791	8,119	8,102	8,085	8,066	8,047	8,027
TOTAL LIABILITIES	21,285	20,330	19,695	18,807	18,289	17,730	17,227	17,254	17,342	17,438	17,602
Net Assets	413,849	414,689	415,505	416,581	417,629	418,725	419,663	420,723	421,784	422,826	423,707
EQUITY											
Retained Earnings	161,558	162,398	163,214	164,290	165,338	166,434	167,372	168,432	169,493	170,535	171,416
Revaluation Reserves	252,291	252,291	252,291	252,291	252,291	252,291	252,291	252,291	252,291	252,291	252,291
Total Equity	413,849	414,689	415,505	416,581	417,629	418,725	419,663	420,723	421,784	422,826	423,707

Statement of Changes in Equity - General Fund For the year	Budget 2018/19	Projected 2019/20	Projected 2020/21	Projected 2021/22	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29
RETAINED EARNINGS											
Opening Balance	410,257	413,849	414,689	415,505	416,581	417,629	418,725	419,663	420,723	421,784	422,826
Correction of Prior Period Errors	-	-	-	-	-	-	-	-	-	-	-
Revised Opening Balance	410,257	413,849	414,689	415,505	416,581	417,629	418,725	419,663	420,723	421,784	422,826
Net Operating Result for the Year	3,592	840	816	1,076	1,047	1,096	939	1,060	1,061	1,041	881
Total Comprehensive Income	3,592	840	816	1,076	1,047	1,096	939	1,060	1,061	1,041	881
Balance at End of the Reporting Period	413,849	414,689	415,505	416,581	417,629	418,725	419,663	420,723	421,784	422,826	423,707

Income Statement - Consolidated For the year	Budget 2018/19	Projected 2019/20	Projected 2020/21	Projected 2021/22	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29
Income from Continuing Operations											
<i>Revenue:</i>											
Rates and Annual Charges	25,910	26,003	26,654	27,320	28,003	28,703	29,420	30,156	30,910	31,683	32,475
User Charges and Fees	7,477	7,664	7,855	8,052	8,253	8,459	8,671	8,887	9,110	9,337	9,571
Interest and Investment Revenue	898	925	952	981	1,010	1,041	1,072	1,104	1,137	1,171	1,207
Other Revenue	1,290	1,387	1,425	1,464	1,505	1,546	1,585	1,624	1,665	1,707	1,749
Grants and Contributions provided for Operating Purposes	7,122	7,193	7,301	7,411	7,522	7,635	7,749	7,865	7,983	8,103	8,225
Grants and Contributions provided for Capital Purposes	7,349	4,848	3,887	4,795	4,004	4,064	4,132	4,201	4,271	4,343	4,415
<i>Other Income:</i>											
Net gain from the disposal of assets	335										
Share of interests in joint ventures and associates	-	-	-	-	-	-	-	-	-	-	-
Total Income from Continuing Operations	50,381	48,020	48,074	50,022	50,297	51,448	52,629	53,838	55,076	56,344	57,641
Expenses from Continuing Operations											
Employee Benefits and On-Costs	14,663	15,228	15,609	15,905	16,303	16,710	17,128	17,556	17,995	18,445	18,906
Borrowing Costs	1,054	1,091	1,036	998	919	853	780	724	674	622	567
Materials and Contracts	10,360	10,836	10,898	11,105	11,387	11,595	11,858	12,126	12,370	12,640	12,916
Depreciation and Amortisation	11,834	12,290	12,651	13,040	13,351	13,644	13,959	14,265	14,579	14,900	15,229
Impairment	-	-	-	-	-	-	-	-	-	-	-
Net Losses from the disposal of assets	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	5,401	5,450	5,723	5,722	5,849	5,978	6,249	6,244	6,381	6,521	6,805
Total Expenses from Continuing Operations	43,313	44,895	45,918	46,771	47,810	48,780	49,975	50,915	51,999	53,129	54,423
Operating Result from Continuing Operations	7,068	3,125	2,156	3,252	2,487	2,668	2,655	2,923	3,077	3,214	3,218
Discontinued Operations											
Net Profit / (Loss) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the Year	7,068	3,125	2,156	3,252	2,487	2,668	2,655	2,923	3,077	3,214	3,218
Net Operating Result attributable to Council	7,068	3,125	2,156	3,252	2,487	2,668	2,655	2,923	3,077	3,214	3,218
Net Operating Result attributable to Minority Interests	-	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	(281)	(1,723)	(1,731)	(1,544)	(1,517)	(1,396)	(1,478)	(1,278)	(1,194)	(1,128)	(1,197)
Net Operating Result for the Year	7,068	3,125	2,156	3,252	2,487	2,668	2,655	2,923	3,077	3,214	3,218

Statement of Cash Flows - Consolidated For the year	Budget 2018/19	Projected 2019/20	Projected 2020/21	Projected 2021/22	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29
Cash Flows from Operating Activities											
Receipts:											
Rates and Annual Charges	25,971	25,993	26,623	27,289	27,971	28,670	29,387	30,121	30,874	31,646	32,437
User Charges and Fees	7,003	7,616	7,806	8,001	8,201	8,406	8,616	8,832	9,052	9,279	9,511
Investment and Interest Revenue Received	1,001	919	933	959	988	1,023	1,050	1,079	1,111	1,145	1,179
Grants and Contributions	14,189	12,347	11,351	11,826	11,870	11,681	11,861	12,046	12,234	12,425	12,619
Other	838	1,416	1,422	1,461	1,501	1,543	1,582	1,621	1,662	1,704	1,746
Payments:											
Employee Benefits and On-Costs	(14,609)	(15,226)	(15,607)	(15,904)	(16,301)	(16,709)	(17,127)	(17,555)	(17,994)	(18,444)	(18,905)
Materials and Contracts	(12,128)	(10,764)	(10,783)	(11,099)	(11,312)	(11,528)	(11,721)	(12,113)	(12,296)	(12,562)	(12,733)
Borrowing Costs	(1,065)	(1,098)	(1,044)	(1,005)	(926)	(860)	(787)	(724)	(674)	(622)	(567)
Other	(5,399)	(5,840)	(5,773)	(5,898)	(5,849)	(5,978)	(6,249)	(6,244)	(6,381)	(6,521)	(6,805)
Net Cash provided (or used in) Operating Activities	15,801	15,363	14,927	15,629	16,142	16,248	16,613	17,064	17,589	18,049	18,443
Cash Flows from Investing Activities											
Receipts:											
Sale of Investment Securities	-	-	-	-	-	-	-	-	-	-	-
Sale of Investment Property	-	-	-	-	-	-	-	-	-	-	-
Sale of Real Estate Assets	-	-	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	-	-
Payments:											
Purchase of Investment Securities	-	-	-	-	-	-	-	-	-	-	-
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant and Equipment	(32,293)	(11,850)	(18,693)	(9,681)	(8,214)	(13,592)	(10,691)	(9,290)	(9,325)	(9,548)	(15,762)
Purchase of Real Estate Assets	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used) in Investing Activities	(32,293)	(11,850)	(18,693)	(9,681)	(8,214)	(13,592)	(10,691)	(9,290)	(9,325)	(9,548)	(15,762)
Cash Flows from Financing Activities											
Receipts:											
Proceeds from Borrowing and Advances	9,537	2,000	2,000	-	-	-	-	-	-	-	-
Payments:											
Repayment of borrowing and advances	(1,819)	(1,881)	(1,865)	(1,977)	(1,790)	(1,856)	(1,928)	(1,321)	(1,372)	(1,424)	(1,479)
Net Cash provided (or used) in Investing Activities	7,717	119	135	(1,977)	(1,790)	(1,856)	(1,928)	(1,321)	(1,372)	(1,424)	(1,479)
Net Increase / (Decrease) in Cash and Cash Equivalents	(8,744)	3,632	(3,631)	3,972	6,138	800	3,993	6,452	6,892	7,077	1,202
plus: Cash and Cash Equivalents - beginning of year	33,971	25,197	28,829	25,197	29,169	35,307	36,107	40,100	46,553	53,444	60,522
Total Cash and Cash Equivalents - end of year	25,197	28,829	25,197	29,169	35,307	36,107	40,100	46,553	53,444	60,522	61,723

Balance Sheet - Consolidated As at	Budget 2018/19	Budget 2019/20	Projected 2020/21	Projected 2021/22	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29
ASSETS											
Current Assets											
Cash and Cash Equivalents	25,197	28,829	25,197	29,169	35,307	36,107	40,100	46,553	53,444	60,552	61,723
Investments	-	-	-	-	-	-	-	-	-	-	-
Receivables	5,817	5,564	5,515	6,012	5,789	5,926	6,071	6,221	6,376	6,534	6,695
Inventories	832	879	879	895	919	935	956	978	997	1,019	1,041
Other	323	337	343	346	355	361	374	378	385	394	407
Total Current Assets	32,169	35,608	31,935	36,422	42,370	43,329	47,501	54,129	61,202	68,468	69,866
Non-Current Assets											
Investments	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant and Equipment	532,913	532,473	538,515	535,156	530,018	529,966	526,698	521,723	516,469	511,117	511,650
Investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-
Investment Property	5,494	5,494	5,494	5,494	5,494	5,494	5,494	5,494	5,494	5,494	5,494
Total Non-Current Assets	538,407	537,967	544,009	540,650	535,512	535,460	532,192	527,217	521,963	516,611	517,144
TOTAL ASSETS	570,576	573,575	575,944	577,071	577,882	578,789	579,693	581,346	583,166	585,078	587,010
LIABILITIES											
Current Liabilities											
Payables	5,018	5,146	5,262	5,280	5,382	5,465	5,631	5,670	5,772	5,882	6,061
Income received in advance	395	413	424	435	446	458	469	481	493	505	518
Borrowings	1,831	1,832	1,977	1,790	1,856	1,928	1,321	1,372	1,424	1,479	1,535
Provisions	3,325	3,337	3,338	3,344	3,344	3,344	3,344	3,344	3,344	3,344	3,344
Total Current Liabilities	10,569	10,727	11,001	10,848	11,028	11,195	10,765	10,867	11,033	11,210	11,458
Non-Current Liabilities											
Payables	8	8	8	8	8	8	9	9	9	9	10
Borrowings	25,755	25,874	25,864	24,074	22,218	20,289	18,968	17,596	16,172	14,694	13,158
Provisions	8,622	8,220	8,169	7,987	7,987	7,987	7,987	7,987	7,987	7,987	7,987
Total Non-Current Liabilities	34,385	34,102	34,040	32,069	30,213	28,285	26,964	25,592	24,169	22,690	21,155
TOTAL LIABILITIES	44,955	44,829	45,041	42,917	41,241	39,480	37,729	36,459	35,201	33,900	32,613
Net Assets	525,621	528,746	530,902	534,154	536,641	539,309	541,964	544,887	547,964	551,179	554,397
EQUITY											
Retained Earnings	215,165	218,290	220,446	223,698	226,185	228,853	231,508	234,431	237,508	240,723	243,941
Revaluation Reserves	310,456	310,456	310,456	310,456	310,456	310,456	310,456	310,456	310,456	310,456	310,456
Total Equity	525,621	528,746	530,902	534,154	536,641	539,309	541,964	544,887	547,964	551,179	554,397

Statement of Changes in Equity - Consolidated For the year	Budget 2018/19	Projected 2019/20	Projected 2020/21	Projected 2021/22	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29
RETAINED EARNINGS											
Opening Balance	518,553	525,621	528,746	530,902	534,154	536,641	539,309	541,964	544,887	547,964	551,179
Correction of Prior Period Errors	-	-	-	-	-	-	-	-	-	-	-
Revised Opening Balance	518,553	525,621	528,746	530,902	534,154	536,641	539,309	541,964	544,887	547,964	551,179
Net Operating Result for the Year	7,068	3,125	2,156	3,252	2,487	2,668	2,655	2,923	3,077	3,214	3,218
Total Comprehensive Income	7,068	3,125	2,156	3,252	2,487	2,668	2,655	2,923	3,077	3,214	3,218
Balance at End of the Reporting Period	525,621	528,746	530,902	534,154	536,641	539,309	541,964	544,887	547,964	551,179	554,397

Scenario 2 - Financial Statements – 2019-29 LTFP

Income Statement - General Fund For the year	Budget 2018/19	Projected 2019/20	Projected 2020/21	Projected 2021/22	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29
Income from Continuing Operations											
<i>Revenue:</i>											
Rates and Annual Charges	16,679	17,111	17,549	17,987	18,437	18,898	19,370	19,855	20,351	20,860	21,381
User Charges and Fees	1,560	1,630	3,306	3,599	3,941	4,341	4,450	4,561	4,675	4,792	4,912
Interest and Investment Revenue	838	863	889	915	943	971	1,000	1,030	1,061	1,093	1,126
Other Revenue	1,290	1,387	1,425	1,464	1,505	1,546	1,585	1,624	1,665	1,707	1,749
Grants and Contributions provided for Operating Purposes	6,931	7,501	7,613	7,727	7,843	7,961	8,080	8,202	8,325	8,450	8,576
Grants and Contributions provided for Capital Purposes	4,465	3,006	3,036	3,082	3,128	3,175	3,225	3,276	3,327	3,380	3,433
<i>Other Income:</i>											
Net gain from the disposal of assets	335	-	-	-	-	-	-	-	-	-	-
Share of interests in joint ventures and associates	-	-									
Total Income from Continuing Operations	32,099	31,497	33,817	34,774	35,796	36,892	37,711	38,548	39,404	40,281	41,178
Expenses from Continuing Operations											
Employee Benefits and On-Costs	11,286	11,529	12,540	12,760	13,079	13,406	13,741	14,084	14,436	14,797	15,167
Borrowing Costs	194	156	126	95	66	43	18	10	9	8	8
Materials and Contracts	4,112	4,382	4,612	4,609	4,761	4,825	4,941	5,060	5,151	5,264	5,380
Depreciation and Amortisation	8,364	8,617	8,871	9,074	9,282	9,492	9,722	9,941	10,167	10,398	10,633
Impairment	-	-	-	-	-	-	-	-	-	-	-
Net Losses from the disposal of assets	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	4,551	4,548	4,812	4,803	4,899	5,007	5,257	5,230	5,345	5,462	5,722
Total Expenses from Continuing Operations	28,507	29,232	30,961	31,340	32,088	32,773	33,679	34,325	35,108	35,930	36,911
Operating Result from Continuing Operations	3,592	2,265	2,856	3,434	3,709	4,119	4,031	4,223	4,297	4,351	4,267
Discontinued Operations											
Net Profit / (Loss) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the Year	3,592	2,265	2,856	3,434	3,709	4,119	4,031	4,223	4,297	4,351	4,267
Net Operating Result attributable to Council	3,592	2,265	2,856	3,434	3,709	4,119	4,031	4,223	4,297	4,351	4,267
Net Operating Result attributable to Minority Interests	-	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	(874)	(741)	(180)	353	581	945	806	947	969	971	834
Net Operating Result for the Year	3,592	2,265	2,856	3,434	3,709	4,119	4,031	4,223	4,297	4,351	4,267

Statement of Cash Flows - General Fund For the year	Budget 2018/19	Projected 2019/20	Projected 2020/21	Projected 2021/22	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29
Cash Flows from Operating Activities											
Receipts:											
Rates and Annual Charges	16,747	17,095	17,533	17,971	18,421	18,881	19,353	19,837	20,333	20,841	21,362
User Charges and Fees	1,437	1,620	3,057	3,555	3,890	4,282	4,434	4,545	4,658	4,775	4,894
Investment and Interest Revenue Received	941	858	862	899	914	946	971	998	1,027	1,058	1,091
Grants and Contributions	11,340	10,585	10,637	10,795	10,957	11,121	11,290	11,462	11,637	11,814	11,993
Bonds, Deposits and Retention amounts received	-	-	-	-	-	-	-	-	-	-	-
Other	969	1,405	1,570	1,482	1,527	1,574	1,586	1,626	1,666	1,708	1,751
Payments:											
Employee Benefits and On-Costs	(11,233)	(11,528)	(12,534)	(12,759)	(13,077)	(13,404)	(13,739)	(14,083)	(14,435)	(14,796)	(15,166)
Materials and Contracts	(5,716)	(4,344)	(4,439)	(4,606)	(4,690)	(4,759)	(4,804)	(5,047)	(5,077)	(5,186)	(5,238)
Borrowing Costs	(205)	(163)	(133)	(103)	(73)	(50)	(25)	(10)	(9)	(9)	(8)
Bonds, Deposits and Retention amounts refunded	-	-	-	-	-	-	-	-	-	-	-
Other	(4,548)	(4,938)	(4,862)	(4,979)	(4,899)	(5,007)	(5,257)	(5,230)	(5,345)	(5,462)	(5,722)
Net Cash provided (or used in) Operating Activities	9,732	10,588	11,690	12,256	12,970	13,584	13,809	14,098	14,455	14,743	14,958
Cash Flows from Investing Activities											
Receipts:											
Sale of Investment Securities	0	0	0	0	0	0	0	0	0	0	0
Sale of Investment Property	0	0	0	0	0	0	0	0	0	0	0
Sale of Real Estate Assets	-	-	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant and Equipment	-	1,566	1,476	-	-	-	-	-	-	-	-
Payments:											
Purchase of Investment Securities	-	-	-	-	-	-	-	-	-	-	-
Purchase of Investment Property	0	0	0	0	0	0	0	0	0	0	0
Purchase of Infrastructure, Property, Plant and Equipment	(16,096)	(12,230)	(9,467)	(9,710)	(8,575)	(9,882)	(9,339)	(9,728)	(9,803)	(10,066)	(10,224)
Purchase of Real Estate Assets	0	0	0	0	0	0	0	0	0	0	0
Net Cash provided (or used) in Investing Activities	(16,096)	(10,664)	(7,991)	(9,710)	(8,575)	(9,882)	(9,339)	(9,728)	(9,803)	(10,066)	(10,224)
Cash Flows from Financing Activities											
Receipts:											
Proceeds from Borrowing and Advances	-	-	-	-	-	-	-	-	-	-	-
Payments:											
Repayment of borrowing and advances	(852)	(705)	(705)	(735)	(624)	(647)	(672)	(17)	(18)	(19)	(19)
Net Cash provided (or used) in Investing Activities	(852)	(705)	(705)	(735)	(624)	(647)	(672)	(17)	(18)	(19)	(19)
Net Increase / (Decrease) in Cash and Cash Equivalents	(7,216)	(781)	2,994	1,811	3,770	3,055	3,798	4,352	4,634	4,659	4,715
plus: Cash and Cash Equivalents - beginning of year	23,421	16,205	15,424	18,418	20,230	24,000	27,055	30,853	35,205	39,839	44,498
Total Cash and Cash Equivalents - end of year	16,205	15,424	18,418	20,230	24,000	27,055	30,853	35,205	39,839	44,498	49,213

Balance Sheet - General Fund As at	Budget 2018/19	Projected 2019/20	Projected 2020/21	Projected 2021/22	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29
ASSETS											
Current Assets											
Cash and Cash Equivalents	16,205	15,424	18,418	20,230	24,000	27,055	30,853	35,205	39,839	44,498	49,213
Investments	-	-	-	-	-	-	-	-	-	-	-
Receivables	2,864	2,819	3,184	3,295	3,429	3,570	3,664	3,763	3,865	3,968	4,074
Inventories	630	663	691	695	716	727	744	762	776	793	811
Other	323	332	349	350	359	365	378	382	390	398	412
Total Current Assets	20,023	19,238	22,642	24,570	28,503	31,718	35,639	40,112	44,870	49,658	54,509
Non-Current Assets											
Investments	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant and Equipment	409,617	411,664	410,784	411,421	410,714	411,104	410,720	410,507	410,144	409,812	409,402
Investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-
Investment Property	5,494	5,494	5,494	5,494	5,494	5,494	5,494	5,494	5,494	5,494	5,494
Total Non-Current Assets	415,111	417,158	416,278	416,915	416,208	416,598	416,214	416,001	415,638	415,306	414,896
TOTAL ASSETS	435,134	436,397	438,920	441,484	444,711	448,316	451,854	456,113	460,508	464,964	469,405
LIABILITIES											
Current Liabilities											
Payables	4,776	4,849	5,065	5,066	5,162	5,241	5,402	5,437	5,534	5,639	5,814
Income received in advance	342	362	568	608	654	707	725	743	762	781	800
Borrowings	705	705	735	624	647	672	17	18	19	19	20
Provisions	3,325	3,337	3,338	3,344	3,344	3,344	3,344	3,344	3,344	3,344	3,344
Total Current Liabilities	9,148	9,253	9,706	9,642	9,807	9,964	9,488	9,542	9,659	9,783	9,978
Non-Current Liabilities											
Payables	8	8	8	8	9	9	9	9	9	10	10
Borrowings	3,507	2,802	2,068	1,443	796	124	107	89	70	51	30
Provisions	8,622	8,220	8,169	7,987	7,987	7,987	7,987	7,987	7,987	7,987	7,987
Total Non-Current Liabilities	12,137	11,030	10,244	9,439	8,792	8,120	8,103	8,085	8,066	8,047	8,027
TOTAL LIABILITIES	21,285	20,283	19,951	19,081	18,599	18,084	17,591	17,627	17,725	17,830	18,005
Net Assets	413,849	416,114	418,970	422,404	426,112	430,232	434,263	438,486	442,783	447,133	451,400
EQUITY											
Retained Earnings	161,558	163,823	166,679	170,113	173,821	177,941	181,972	186,195	190,492	194,842	199,109
Revaluation Reserves	252,291	252,291	252,291	252,291	252,291	252,291	252,291	252,291	252,291	252,291	252,291
Total Equity	413,849	416,114	418,970	422,404	426,112	430,232	434,263	438,486	442,783	447,133	451,400

Statement of Changes in Equity - General Fund For the year	Budget 2018/19	Projected 2019/20	Projected 2020/21	Projected 2021/22	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29
Opening Balance	410,257	413,849	416,114	418,970	422,404	426,112	430,232	434,263	438,486	442,783	447,133
Correction of Prior Period Errors	-	-	-	-	-	-	-	-	-	-	-
Revised Opening Balance	410,257	413,489	416,114	418,970	422,404	426,112	430,232	434,263	438,486	442,783	447,133
Net Operating Result for the Year	3,592	2,265	2,856	3,434	3,709	4,119	4,031	4,223	4,297	4,351	4,267
Total Comprehensive Income	3,592	2,265	2,856	3,434	3,709	4,119	4,031	4,223	4,297	4,351	4,267
Balance at End of the Reporting Period	413,849	416,144	418,970	422,404	426,112	430,232	434,263	438,486	422,783	447,133	451,400

Income Statement - Consolidated For the year	Budget 2018/19	Projected 2019/20	Projected 2020/21	Projected 2021/22	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29
Income from Continuing Operations											
<i>Revenue:</i>											
Rates and Annual Charges	25,910	26,573	27,248	27,929	28,627	29,343	30,077	30,828	31,599	32,389	33,199
User Charges and Fees	7,477	8,708	10,560	11,034	11,562	12,154	12,457	12,769	13,088	13,415	13,751
Interest and Investment Revenue	898	925	952	981	1,010	1,041	1,072	1,104	1,137	1,171	1,207
Other Revenue	1,290	1,387	1,425	1,464	1,505	1,546	1,585	1,624	1,665	1,707	1,749
Grants and Contributions provided for Operating Purposes	7,122	7,693	7,809	7,926	8,045	8,165	8,288	8,412	8,538	8,666	8,796
Grants and Contributions provided for Capital Purposes	7,349	4,848	4,312	4,370	4,004	4,064	4,132	4,201	4,271	4,343	4,415
<i>Other Income:</i>											
Net gain from the disposal of assets	335	-	-	-	-	-	-	-	-	-	-
Share of interests in joint ventures and associates	-	-	-	-	-	-	-	-	-	-	-
Total Income from Continuing Operations	50,381	50,134	52,306	53,704	54,753	56,313	57,611	58,939	60,299	61,691	63,117
Expenses from Continuing Operations											
Employee Benefits and On-Costs	14,663	15,121	16,222	16,534	16,947	17,371	17,805	18,250	18,706	19,174	19,653
Borrowing Costs	1,054	1,091	996	920	844	780	711	658	611	562	511
Materials and Contracts	10,360	10,732	11,099	11,238	11,536	11,749	12,018	12,292	12,542	12,818	13,100
Depreciation and Amortisation	11,834	12,290	12,661	13,040	13,351	13,645	13,961	14,267	14,581	14,903	15,232
Impairment	-	-	-	-	-	-	-	-	-	-	-
Net Losses from the disposal of assets	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	5,401	5,414	5,644	5,653	5,768	5,895	6,165	6,157	6,293	6,431	6,713
Total Expenses from Continuing Operations	43,313	44,648	46,622	47,384	48,447	49,440	50,659	51,624	52,733	53,889	55,209
Operating Result from Continuing Operations	7,068	5,486	5,684	6,320	6,306	6,873	6,952	7,315	7,566	7,803	7,908
Discontinued Operations											
Net Profit / (Loss) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the Year	7,068	5,486	5,684	6,320	6,306	6,873	6,952	7,315	7,566	7,803	7,908
Net Operating Result attributable to Council	7,068	5,486	5,684	6,320	6,306	6,873	6,952	7,315	7,566	7,803	7,908
Net Operating Result attributable to Minority Interests	-	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	(281)	637	1,372	1,950	2,302	2,809	2,820	3,114	3,295	3,460	3,493
Net Operating Result for the Year	7,068	5,486	5,684	6,320	6,306	6,873	6,952	7,315	7,566	7,803	7,908

Statement of Cash Flows - Consolidated For the year	Budget 2018/19	Projected 2019/20	Projected 2020/21	Projected 2021/22	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29
Cash Flows from Operating Activities											
Receipts:											
Rates and Annual Charges	25,791	26,542	27,216	27,897	28,595	29,310	30,042	30,793	31,563	32,352	33,161
User Charges and Fees	7,003	8,363	10,260	10,939	11,458	12,039	12,385	12,695	13,012	13,338	13,671
Investment and Interest Revenue Received	1,001	920	926	964	981	1,016	1,043	1,071	1,103	1,137	1,171
Grants and Contributions	14,189	12,803	12,207	12,067	12,317	12,211	12,399	12,592	12,788	12,987	13,190
Other	838	1,415	1,571	1,484	1,529	1,576	1,588	1,628	1,668	1,710	1,753
Payments:											
Employee Benefits and On-Costs	(14,609)	(15,120)	(16,216)	(16,533)	(16,946)	(17,369)	(17,803)	(18,249)	(18,705)	(19,172)	(19,652)
Materials and Contracts	(12,128)	(10,694)	(10,926)	(11,234)	(11,464)	(11,682)	(11,880)	(12,278)	(12,467)	(12,793)	(12,956)
Borrowing Costs	(1,065)	(1,098)	(1,004)	(927)	(851)	(787)	(718)	(658)	(611)	(563)	(511)
Other	(5,399)	(5,804)	(5,694)	(5,829)	(5,768)	(5,895)	(6,165)	(6,157)	(6,293)	(6,431)	(6,712)
Net Cash provided (or used in) Operating Activities	15,801	17,328	18,341	18,828	19,852	20,417	20,892	21,437	22,059	22,619	23,114
Cash Flows from Investing Activities											
Receipts:											
Sale of Investment Securities	-	-	-	-	-	-	-	-	-	-	-
Sale of Investment Property	-	-	-	-	-	-	-	-	-	-	-
Sale of Real Estate Assets	-	-	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant and Equipment	-	1,566	1,476	-	-	-	-	-	-	-	-
Payments:											
Purchase of Investment Securities	-	-	-	-	-	-	-	-	-	-	-
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant and Equipment	(32,293)	(19,890)	(20,296)	(13,792)	(11,984)	(17,559)	(14,745)	(13,434)	(13,560)	(13,875)	(20,186)
Purchase of Real Estate Assets	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used) in Investing Activities	(32,293)	(18,324)	(18,820)	(13,792)	(11,984)	(17,559)	(14,745)	(13,434)	(13,560)	(13,875)	(20,186)
Cash Flows from Financing Activities											
Receipts:											
Proceeds from Borrowing and Advances	9,537	2,000	-	-	-	-	-	-	-	-	-
Payments:											
Repayment of borrowing and advances	(1,819)	(1,881)	(1,832)	(1,909)	(1,719)	(1,782)	(1,852)	(1,241)	(1,289)	(1,337)	(1,389)
Net Cash provided (or used) in Investing Activities	7,717	119	(1,832)	(1,909)	(1,719)	(1,782)	(1,852)	(1,241)	(1,289)	(1,337)	(1,389)
Net Increase / (Decrease) in Cash and Cash Equivalents	(8,774)	(877)	(2,311)	3,127	6,149	1,076	4,296	6,762	7,211	7,407	1,540
plus: Cash and Cash Equivalents - beginning of year	33,971	25,197	24,320	22,009	25,135	31,284	32,361	36,656	43,419	50,630	58,037
Total Cash and Cash Equivalents - end of year	25,197	24,320	22,009	25,135	31,284	32,361	36,656	43,419	50,630	58,037	59,577

Balance Sheet - Consolidated As at	Budget 2018/19	Projected 2019/20	Projected 2020/21	Projected 2021/22	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29
ASSETS											
Current Assets											
Cash and Cash Equivalents	25,197	24,320	22,009	25,135	31,284	32,361	36,656	43,419	50,630	58,037	59,577
Investments	-	-	-	-	-	-	-	-	-	-	-
Receivables	5,817	5,938	6,270	6,665	6,586	6,804	6,976	7,155	7,340	7,529	7,721
Inventories	832	868	901	910	935	951	973	996	1,015	1,038	1,061
Other	323	332	349	350	359	365	378	382	390	398	412
Total Current Assets	32,169	31,458	29,529	33,060	39,164	40,481	44,984	51,952	59,375	67,002	68,770
Non-Current Assets											
Investments	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant and Equipment	532,913	538,947	545,107	545,859	544,491	548,406	549,190	548,357	547,335	546,306	551,259
Investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-
Investment Property	5,494	5,494	5,494	5,494	5,494	5,494	5,494	5,494	5,494	5,494	5,494
Total Non-Current Assets	538,407	544,441	550,601	551,353	549,985	553,900	554,684	553,851	552,829	551,800	556,753
TOTAL ASSETS	570,576	575,899	580,129	584,413	589,150	594,380	599,667	605,803	612,204	618,802	625,524
LIABILITIES											
Current Liabilities											
Payables	5,018	5,096	5,316	5,322	5,424	5,509	5,676	5,717	5,820	5,931	6,112
Income received in advance	395	426	633	675	723	777	797	817	837	858	880
Borrowings	1,831	1,832	1,909	1,719	1,782	1,852	1,241	1,289	1,337	1,389	1,442
Provisions	3,325	3,337	3,338	3,344	3,344	3,344	3,344	3,344	3,344	3,344	3,344
Total Current Liabilities	10,569	10,690	11,196	11,060	11,273	11,481	11,058	11,166	11,339	11,522	11,777
Non-Current Liabilities											
Payables	8	8	8	8	9	9	9	9	9	10	10
Borrowings	25,755	25,874	23,965	22,246	20,464	18,612	17,371	16,082	14,745	13,356	11,915
Provisions	8,622	8,220	8,169	7,987	7,987	7,987	7,987	7,987	7,987	7,987	7,987
Total Non-Current Liabilities	34,385	34,102	32,142	30,242	28,460	26,608	25,367	24,078	22,741	21,353	19,912
TOTAL LIABILITIES	44,955	44,792	43,338	41,301	39,732	38,090	36,425	35,245	34,080	32,875	31,689
Net Assets	525,621	531,107	536,791	543,111	549,418	556,291	563,243	570,558	578,124	585,927	593,835
EQUITY											
Retained Earnings	215,165	220,651	226,335	232,655	238,962	245,835	252,787	260,102	267,668	275,471	283,379
Revaluation Reserves	310,456	310,456	310,456	310,456	310,456	310,456	310,456	310,456	310,456	310,456	310,456
Total Equity	525,621	531,107	536,791	543,111	549,418	556,291	563,243	570,558	578,124	585,927	593,835

Statement of Changes in Equity - Consolidated For the year	Budget 2018/19	Projected 2019/20	Projected 2020/21	Projected 2021/22	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29
RETAINED EARNINGS											
Opening Balance	518,553	525,621	531,107	536,791	543,111	549,418	556,291	563,243	570,558	578,124	585,927
Correction of Prior Period Errors	-	-	-	-	-	-	-	-	-	-	-
Revised Opening Balance	518,553	525,621	531,107	536,791	543,111	549,418	556,291	563,243	570,558	578,124	585,927
Net Operating Result for the Year	7,068	5,486	5,684	6,320	6,306	6,873	6,952	7,315	7,566	7,803	7,908
Total Comprehensive Income	7,068	5,486	5,684	6,320	6,306	6,873	6,952	7,315	7,566	7,803	7,908
Balance at End of the Reporting Period	525,621	531,107	536,791	543,111	549,418	556,291	563,243	570,558	578,124	585,927	593,835

Scenario 3 - Financial Statements – 2019-29 LTFP

Income Statement - General Fund For the year	Budget 2018/19	Projected 2019/20	Projected 2020/21	Projected 2021/22	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29
Income from Continuing Operations											
<i>Revenue:</i>											
Ordinary Rates	11,375	11,567	11,769	12,005	12,275	12,582	12,896	13,219	13,549	13,888	14,235
Ordinary Rates - SRV	551	559	559	1,068	1,081	1,096	1,111	1,126	1,142	1,158	1,174
Special Rates	246	246	250	255	261	268	274	281	288	295	303
Annual Charges	4,038	4,286	4,372	4,459	4,559	4,673	4,790	4,910	5,033	5,158	5,287
Rates and Annual Charges	16,679	17,728	18,176	18,624	19,084	19,555	20,037	20,532	21,039	21,559	22,092
User Charges and Fees	1,560	1,630	3,306	3,599	3,941	4,341	4,450	4,561	4,675	4,792	4,912
Interest and Investment Revenue	838	863	889	915	943	971	1,000	1,030	1,061	1,093	1,126
Other Revenue	1,290	1,387	1,425	1,464	1,505	1,546	1,585	1,624	1,665	1,707	1,749
Grants and Contributions provided for Operating Purposes	6,931	7,501	7,613	7,727	7,843	7,961	8,080	8,202	8,325	8,450	8,576
Grants and Contributions provided for Capital Purposes	4,465	3,006	3,036	3,082	3,128	3,175	3,225	3,276	3,327	3,380	3,433
Internal Revenue											
<i>Other Income:</i>	-	-	-	-	-	-	-	-	-	-	-
Net gain from the disposal of assets	335	-	-	-	-	-	-	-	-	-	-
Share of interests in joint ventures and associates	-	-	-	-	-	-	-	-	-	-	-
Total Income from Continuing Operations	32,099	32,115	34,445	35,411	36,443	37,549	38,378	39,225	40,093	40,980	41,888
Expenses from Continuing Operations											
Employee Benefits and On-Costs	11,286	11,529	12,540	12,760	13,079	13,406	13,741	14,084	14,436	14,797	15,167
Borrowing Costs	194	156	126	95	66	43	18	10	9	8	8
Materials and Contracts	4,112	4,382	4,612	4,609	4,761	4,825	4,941	5,060	5,151	5,264	5,380
Overheads	-	-	-	-	-	-	-	-	-	-	-
Depreciation and Amortisation	8,364	8,617	8,881	9,091	9,317	9,559	9,818	10,062	10,314	10,570	10,690
Impairment	-	-	-	-	-	-	-	-	-	-	-
Net Losses from the disposal of assets	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	4,551	4,548	4,812	4,803	4,899	5,007	5,257	5,230	5,345	5,462	5,722
Total Expenses from Continuing Operations	28,507	29,232	30,971	31,358	32,123	32,840	33,775	34,446	35,255	36,102	36,967
Operating Result from Continuing Operations	3,592	2,883	3,473	4,053	4,320	4,709	4,602	4,779	4,837	4,879	4,921
Discontinued Operations											
Net Profit / (Loss) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the Year	3,592	2,883	3,473	4,053	4,320	4,709	4,602	4,779	4,837	4,879	4,921
Net Operating Result attributable to Council	3,592	2,883	3,473	4,053	4,320	4,709	4,602	4,779	4,837	4,879	4,921
Net Operating Result attributable to Minority Interests		-	-	-	-	-	-	-	-	-	-

Income Statement - General Fund For the year	Budget 2018/19	Projected 2019/20	Projected 2020/21	Projected 2021/22	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	(874)	(123)	437	972	1,192	1,535	1,378	1,504	1,510	1,499	1,488
Net Operating Result for the Year	3,592	2,883	3,473	4,053	4,320	4,709	4,602	4,779	4,837	4,879	4,921

Statement of Cash Flows - General Fund For the year	Budget 2018/19	Projected 2019/20	Projected 2020/21	Projected 2021/22	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29
Cash Flows from Operating Activities											
Receipts:											
Rates and Annual Charges	16,747	17,691	18,160	18,608	19,067	19,538	20,020	20,514	21,021	21,540	22,073
User Charges and Fees	1,437	1,620	3,057	3,555	3,890	4,282	4,434	4,545	4,658	4,775	4,894
Investment and Interest Revenue Received	941	864	879	909	936	960	986	1,015	1,039	1,071	1,108
Grants and Contributions	11,340	10,585	10,637	10,795	10,957	11,121	11,290	11,462	11,637	11,814	11,993
Bonds, Deposits and Retention amounts received	-	-	-	-	-	-	-	-	-	-	-
Other	969	1,405	1,570	1,482	1,527	1,574	1,586	1,626	1,666	1,708	1,751
Payments:											
Employee Benefits and On-Costs	(11,233)	(11,528)	(12,534)	(12,759)	(13,077)	(13,404)	(13,739)	(14,083)	(14,435)	(14,796)	(15,166)
Materials and Contracts	(5,716)	(4,344)	(4,439)	(4,606)	(4,690)	(4,759)	(4,804)	(5,047)	(5,077)	(5,186)	(5,238)
Borrowing Costs	(205)	(163)	(133)	(103)	(73)	(50)	(25)	(10)	(9)	(9)	(8)
Bonds, Deposits and Retention amounts refunded	-	-	-	-	-	-	-	-	-	-	-
Other	(4,548)	(4,938)	(4,862)	(4,979)	(4,899)	(5,007)	(5,257)	(5,230)	(5,345)	(5,462)	(5,722)
Net Cash provided (or used in) Operating Activities	9,732	11,190	12,334	12,902	13,638	14,255	14,491	14,792	15,156	15,455	15,686
Cash Flows from Investing Activities											
Receipts:											
Sale of Investment Securities	-	-	-	-	-	-	-	-	-	-	-
Sale of Investment Property	-	-	-	-	-	-	-	-	-	-	-
Sale of Real Estate Assets	-	-	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant and Equipment	-	1,566	1,476	-	-	-	-	-	-	-	-
Payments:											
Purchase of Investment Securities	-	-	-	-	-	-	-	-	-	-	-
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant and Equipment	(16,096)	(16,045)	(13,276)	(12,243)	(13,245)	(13,240)	(12,817)	(13,638)	(12,836)	(13,099)	(14,196)
Purchase of Real Estate Assets	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used) in Investing Activities	(16,096)	(14,479)	(11,800)	(12,243)	(13,245)	(13,240)	(12,817)	(13,638)	(12,836)	(13,099)	(14,196)
Cash Flows from Financing Activities											
Receipts:											
Proceeds from Borrowing and Advances	-	-	-	-	-	-	-	-	-	-	-
Payments:											
Repayment of borrowing and advances	(852)	(705)	(705)	(735)	(624)	(647)	(672)	(17)	(18)	(19)	(19)
Net Cash provided (or used) in Investing Activities	(852)	(705)	(705)	(735)	(624)	(647)	(672)	(17)	(18)	(19)	(19)
Net Increase / (Decrease) in Cash and Cash Equivalents	(7,216)	(3,994)	(171)	(75)	(232)	368	1,001	1,137	2,302	2,337	1,471
plus: Cash and Cash Equivalents - beginning of year	23,421	16,205	12,211	12,040	11,965	11,733	12,101	13,102	14,239	16,541	18,878
Total Cash and Cash Equivalents - end of year	16,205	12,211	12,040	11,965	11,733	12,101	13,102	14,239	16,541	18,878	20,349

Balance Sheet - General Fund As at	Budget 2018/19	Projected 2019/20	Projected 2020/21	Projected 2021/22	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29
ASSETS											
Current Assets											
Cash and Cash Equivalents	16,205	12,211	12,040	11,965	11,733	12,101	13,102	14,239	16,541	18,878	20,349
Investments	-	-	-	-	-	-	-	-	-	-	-
Receivables	2,864	2,835	3,183	3,285	3,397	3,525	3,604	3,685	3,775	3,867	3,955
Inventories	630	663	691	695	716	727	744	762	776	793	811
Other	323	332	349	350	359	365	378	382	390	398	412
Total Current Assets	20,023	16,041	16,263	16,295	16,205	16,718	17,828	19,068	21,482	23,937	25,527
Non-Current Assets											
Investments	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant and Equipment	409,617	415,479	418,398	421,550	425,478	429,159	432,158	435,734	438,255	440,785	444,291
Investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-
Investment Property	5,494	5,494	5,494	5,494	5,494	5,494	5,494	5,494	5,494	5,494	5,494
Total Non-Current Assets	415,111	420,973	423,892	427,044	430,972	434,653	437,652	441,228	443,749	446,279	449,785
TOTAL ASSETS	435,134	437,015	440,156	443,339	447,177	451,371	455,480	460,296	465,232	470,215	475,311
LIABILITIES											
Current Liabilities											
Payables	4,776	4,849	5,065	5,066	5,162	5,241	5,402	5,437	5,534	5,639	5,814
Income received in advance	342	362	568	608	654	707	725	743	762	781	800
Borrowings	705	705	735	624	647	672	17	18	19	19	20
Provisions	3,325	3,337	3,338	3,344	3,344	3,344	3,344	3,344	3,344	3,344	3,344
Total Current Liabilities	9,148	9,253	9,706	9,642	9,807	9,964	9,488	9,542	9,659	9,783	9,978
Non-Current Liabilities											
Payables	8	8	8	8	9	9	9	9	9	10	10
Borrowings	3,507	2,802	2,068	1,443	796	124	107	89	70	51	30
Provisions	8,622	8,220	8,169	7,987	7,987	7,987	7,987	7,987	7,987	7,987	7,987
Total Non-Current Liabilities	12,137	11,030	10,244	9,439	8,792	8,120	8,103	8,085	8,066	8,047	8,027
TOTAL LIABILITIES	21,285	20,283	19,951	19,081	18,599	18,084	17,591	17,627	17,725	17,830	18,005
Net Assets	413,849	416,732	420,205	424,258	428,578	433,288	437,890	442,669	447,506	452,385	457,306
EQUITY											
Retained Earnings	161,558	164,441	167,914	171,967	176,287	180,997	185,599	190,378	195,215	200,094	205,015
Revaluation Reserves	252,291	252,291	252,291	252,291	252,291	252,291	252,291	252,291	252,291	252,291	252,291
Total Equity	413,849	416,732	420,205	424,258	428,578	433,288	437,890	442,669	447,506	452,385	457,306

Statement of Changes in Equity - General Fund For the year	Budget 2018/19	Projected 2019/20	Projected 2020/21	Projected 2021/22	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29
RETAINED EARNINGS											
Opening Balance	410,257	413,849	416,732	420,205	424,258	428,578	433,288	437,890	442,669	447,506	452,385
Correction of Prior Period Errors	-	-	-	-	-	-	-	-	-	-	-
Revised Opening Balance	410,257	413,849	416,732	420,205	424,258	428,578	433,288	437,890	442,669	447,506	452,385
Net Operating Result for the Year	3,592	2,883	3,473	4,053	4,320	4,709	4,602	4,779	4,837	4,879	4,921
Total Comprehensive Income	3,592	2,883	3,473	4,053	4,320	4,709	4,602	4,779	4,837	4,879	4,921
Balance at End of the Reporting Period	413,849	416,732	420,205	424,258	428,578	433,288	437,890	442,669	447,506	452,385	457,306

Income Statement - Consolidated For the year	Budget 2018/19	Projected 2019/20	Projected 2020/21	Projected 2021/22	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29
Income from Continuing Operations											
<i>Revenue:</i>											
Rates and Annual Charges	25,910	27,191	27,875	28,566	29,274	30,000	30,744	31,506	32,288	33,089	33,910
User Charges and Fees	7,477	8,708	10,560	11,034	11,562	12,154	12,457	12,769	13,088	13,415	13,751
Interest and Investment Revenue	898	925	952	981	1,010	1,041	1,072	1,104	1,137	1,171	1,207
Other Revenue	1,290	1,387	1,425	1,464	1,505	1,546	1,585	1,624	1,665	1,707	1,749
Grants and Contributions provided for Operating Purposes	7,122	7,693	7,809	7,926	8,045	8,165	8,288	8,412	8,538	8,666	8,796
Grants and Contributions provided for Capital Purposes	7,349	4,848	4,312	4,370	4,004	4,064	4,132	4,201	4,271	4,343	4,415
<i>Other Income:</i>											
Net gain from the disposal of assets	335	-	-	-	-	-	-	-	-	-	-
Share of interests in joint ventures and associates	-	-	-	-	-	-	-	-	-	-	-
Total Income from Continuing Operations	50,381	50,752	52,933	54,341	55,400	56,970	58,278	59,617	60,988	62,391	63,828
Expenses from Continuing Operations											
Employee Benefits and On-Costs	14,663	15,121	16,222	16,534	16,947	17,371	17,805	18,250	18,706	19,174	19,653
Borrowing Costs	1,054	1,091	996	920	844	780	711	658	611	562	511
Materials and Contracts	10,360	10,732	11,099	11,238	11,536	11,749	12,018	12,292	12,542	12,818	13,100
Depreciation and Amortisation	11,834	12,290	12,671	13,057	13,387	13,711	14,056	14,388	14,729	15,075	15,289
Impairment	-	-	-	-	-	-	-	-	-	-	-
Net Losses from the disposal of assets	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	5,401	5,414	5,644	5,653	5,768	5,895	6,165	6,157	6,293	6,431	6,713
Total Expenses from Continuing Operations	43,313	44,648	46,632	47,402	48,482	49,507	50,755	51,745	52,881	54,061	55,265
Operating Result from Continuing Operations	7,068	6,103	6,301	6,940	6,918	7,463	7,523	7,872	8,107	8,330	8,562
Discontinued Operations											
Net Profit / (Loss) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-	1
Net Operating Result for the Year	7,068	6,103	6,301	6,940	6,918	7,463	7,523	7,872	8,107	8,330	8,562
Net Operating Result attributable to Council	7,068	6,103	6,301	6,940	6,918	7,463	7,523	7,872	8,107	8,330	8,562
Net Operating Result attributable to Minority Interests	-	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	(281)	1,255	1,989	2,569	2,913	3,399	3,391	3,670	3,836	3,988	4,147
Net Operating Result for the Year	7,068	6,103	6,301	6,940	6,918	7,463	7,523	7,872	8,107	8,330	8,562

Statement of Cash Flows - Consolidated For the year	Budget 2018/19	Projected 2019/20	Projected 2020/21	Projected 2021/22	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29
Cash Flows from Operating Activities											
Receipts:											
Rates and Annual Charges	25,971	27,138	27,843	28,534	29,241	29,966	30,709	31,470	32,251	33,051	33,871
User Charges and Fees	7,003	8,363	10,260	10,939	11,458	12,039	12,385	12,695	13,012	13,338	13,671
Investment and Interest Revenue Received	1,001	926	943	974	1,003	1,030	1,058	1,089	1,115	1,149	1,189
Grants and Contributions	14,189	12,803	12,207	12,067	12,317	12,211	12,399	12,592	12,788	12,987	13,190
Other	838	1,415	1,571	1,484	1,529	1,576	1,588	1,628	1,668	1,710	1,753
Payments:											
Employee Benefits and On-Costs	(14,609)	(15,120)	(16,216)	(16,533)	(16,946)	(17,369)	(17,803)	(18,249)	(18,705)	(19,172)	(19,652)
Materials and Contracts	(12,128)	(10,694)	(10,926)	(11,234)	(11,464)	(11,682)	(11,880)	(12,278)	(12,467)	(12,739)	(12,956)
Borrowing Costs	(1,065)	(1,098)	(1,004)	(927)	(851)	(787)	(718)	(658)	(611)	(563)	(511)
Other	(5,399)	(5,804)	(5,694)	(5,829)	(5,768)	(5,895)	(6,165)	(6,157)	(6,293)	(6,431)	(6,712)
Net Cash provided (or used in) Operating Activities	15,801	17,929	18,985	19,474	20,520	21,088	21,573	22,132	22,760	23,330	23,842
Cash Flows from Investing Activities											
Receipts:											
Sale of Investment Securities	-	-	-	-	-	-	-	-	-	-	-
Sale of Investment Property	-	-	-	-	-	-	-	-	-	-	-
Sale of Real Estate Assets	-	-	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant and Equipment	-	1,566	1,476	-	-	-	-	-	-	-	-
Payments:											
Purchase of Investment Securities	-	-	-	-	-	-	-	-	-	-	-
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant and Equipment	(32,293)	(23,705)	(24,455)	(16,755)	(16,834)	(21,297)	(18,523)	(17,644)	(16,793)	(17,108)	(24,358)
Purchase of Real Estate Assets	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used) in Investing Activities	(32,293)	(22,139)	(22,979)	(16,755)	(16,834)	(21,279)	(18,523)	(17,644)	(16,793)	(17,108)	(24,358)
Cash Flows from Financing Activities											
Receipts:											
Proceeds from Borrowing and Advances	9,537	2,000	-	-	-	-	-	-	-	-	-
Payments:											
Repayment of borrowing and advances	(1,819)	(1,881)	(1,832)	(1,909)	(1,719)	(1,782)	(1,852)	(1,241)	(1,289)	(1,337)	(1,389)
Net Cash provided (or used) in Investing Activities	7,717	119	(1,832)	(1,909)	(1,719)	(1,782)	(1,852)	(1,241)	(1,289)	(1,337)	(1,389)
Net Increase / (Decrease) in Cash and Cash Equivalents	(8,774)	(4,090)	(5,826)	810	1,967	(1,991)	1,199	3,247	4,679	4,886	(1,904)
plus: Cash and Cash Equivalents - beginning of year	33,971	25,197	21,106	15,280	16,091	18,058	16,067	17,266	20,513	25,191	30,077
Cash and Cash Equivalents - end of year	25,197	21,106	15,280	16,091	18,058	16,067	17,266	20,513	25,191	30,077	28,173

Balance Sheet - Consolidated As at	Budget 2018/19	Projected 2019/20	Projected 2020/21	Projected 2021/22	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29
ASSETS											
Current Assets											
Cash and Cash Equivalents	25,197	21,106	15,280	16,091	18,058	16,067	17,266	20,513	25,191	30,077	28,173
Investments	-	-	-	-	-	-	-	-	-	-	-
Receivables	5,817	5,954	6,270	6,655	6,555	6,758	6,916	7,078	7,251	7,427	7,603
Inventories	832	868	901	910	935	951	973	996	1,015	1,038	1,061
Other	323	332	349	350	359	365	378	382	390	398	412
Total Current Assets	32,169	28,261	22,800	24,005	25,906	24,141	25,533	28,969	33,847	38,940	37,248
Non-Current Assets											
Investments	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant and Equipment	532,913	542,762	553,071	556,768	560,216	567,801	572,267	575,523	577,587	579,619	588,688
Investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-
Investment Property	5,494	5,494	5,494	5,494	5,494	5,494	5,494	5,494	5,494	5,494	5,494
Total Non-Current Assets	538,407	548,256	558,565	562,262	565,710	573,295	577,761	581,017	583,081	585,113	594,182
TOTAL ASSETS	570,576	576,517	581,365	586,267	591,616	597,436	603,294	609,986	616,928	624,054	631,430
LIABILITIES											
Current Liabilities											
Payables	5,018	5,096	5,316	5,322	5,424	5,509	5,676	5,717	5,820	5,931	6,112
Income received in advance	395	426	633	675	723	777	797	817	837	858	880
Borrowings	1,831	1,832	1,909	1,719	7,782	1,852	1,241	1,289	1,337	1,389	1,442
Provisions	3,325	3,337	3,338	3,344	3,344	3,344	3,344	3,344	3,344	3,344	3,344
Total Current Liabilities	10,569	10,690	11,196	11,060	11,273	11,481	11,058	11,166	11,339	11,522	11,777
Non-Current Liabilities											
Payables	8	8	8	8	9	9	9	9	9	10	10
Borrowings	25,755	25,874	23,965	22,246	20,464	18,612	17,371	16,082	14,745	13,356	11,915
Provisions	8,622	8,220	8,169	7,987	7,987	7,987	7,987	7,987	7,987	7,987	7,987
Total Non-Current Liabilities	34,385	34,102	32,142	30,242	28,460	26,608	25,367	24,078	22,741	21,353	19,912
TOTAL LIABILITIES	44,955	44,792	43,338	41,301	39,732	38,090	36,425	35,245	34,080	32,875	31,689
Net Assets	525,621	531,725	538,026	544,966	551,883	559,346	566,869	574,741	582,848	591,178	559,741
EQUITY											
Retained Earnings	215,165	221,269	227,570	234,510	241,427	248,890	256,413	264,285	272,392	280,722	289,285
Revaluation Reserves	310,456	310,456	310,456	310,456	310,456	310,456	310,456	310,456	310,456	310,456	310,456
Total Equity	525,621	531,725	538,026	544,966	551,883	559,346	566,869	574,741	582,848	591,178	599,741

Statement of Changes in Equity - Consolidated For the year	Budget 2018/19	Projected 2019/20	Projected 2020/21	Projected 2021/22	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29
RETAINED EARNINGS											
Opening Balance	518,553	525,621	531,725	538,026	544,966	551,883	559,346	566,869	574,741	582,848	591,178
Correction of Prior Period Errors	-	-	-	-	-	-	-	-	-	-	-
Revised Opening Balance	518,553	525,621	531,725	538,026	544,966	551,883	559,346	566,869	574,741	582,848	591,178
Net Operating Result for the Year	7,068	6,103	6,301	6,940	6,918	7,463	7,523	7,872	8,107	8,330	8,562
Total Comprehensive Income	7,068	6,103	6,301	6,940	6,918	7,463	7,523	7,872	8,107	8,330	8,562
Balance at End of the Reporting Period	525,621	531,725	538,026	544,966	551,883	559,346	566,869	574,741	582,848	591,178	599,741

Appendix A Performance Improvement Plan – Completed Actions

Action No.	Responsible Officer	Action	Priority	Details	2017/18 Action Complete
2	Corporate Planning & Comms Officer	Develop a Resourcing Strategy and Operational Plan annual review process to ensure all relevant staff have the opportunity for input and feedback	High	Action completed. The Resourcing Strategy and Operational Plan annual review process is in place.	18-Jul-18
3	General Manager / CFIO	Reactivate the Audit and Risk Committee	High	First meeting of Central Tablelands Alliance Audit Committee scheduled for 15/6.	15-Jun-18
4	General Manager	The Responsible Accounting Officer attend Executive and Audit and Risk committee meetings	High	The Responsible Accounting Officer attend Executive and Audit and Risk committee meetings	19-Jul-17
5	CFIO / Financial Services Manager	Develop a Council wide financial management training and development program	High	Training done and now complete. Recognition of the positive interaction of attendees and this group to be used as a future forum.	Aug-17
6	General Manager	Assist and support Councillors attendance at LGNSW Financial Management forums	High	Assist and support Councillors attendance at LGNSW Financial Management forums.	28-Aug-17
7	CFIO / Financial Services Manager	Improve and embed accountabilities and ownership for budget development, management and monitoring across the whole Council	High	Management reporting undertaken second week of each month (Executive Management Financial Reports).	31-Aug-17
8	Corporate Planning & Comms Officer	Create an Internal Communication plan for the IP&R process.	High	Finance information is already on a separate calendar. Director of Economic Development & Environment said this was supposed to be an internal communication plan which will be an ongoing item on CMT and that satisfied his question. The communication of the documentation will be through CMT.	21-Nov-17

Action No.	Responsible Officer	Action	Priority	Details	2017/18 Action Complete
9	Financial Services Manager / Executive Manager Operations	Review Councils process for the capture and allocation of maintenance and capital works expenditure	High	The Renewal Data Capture SWP has been endorsed and uploaded to the intranet.	18-Apr-18
10	CFIO / Financial Services Manager	Consider additional staff resources for financial planning and asset management areas to enhance Council capacity	High	New positions of Financial Accountant and Asset Maintenance Officer have been approved.	31-Aug-17
11	CFIO / Financial Services Manager	Develop a costing methodology for budget estimating that can be used across the whole Council	High	Zero based budgeting is being used Council-wide to prepare the 2018/19 budget. Budget entry will be finalised by 31/1/18. A review and "lessons learned" process will be held upon completion of the 2018/19 budget.	24-Jan-18
12	Corporate Planning & Comms Officer	Review the Revenue Policy annual fees and charges setting with the objective of optimizing income through cost recovery.	High	Action completed. The Revenue Policy has been set to optimise income through cost recovery.	18-Jul-18
13	CFIO / Financial Services Manager	Develop a management reporting schedule that details frequency, type, format, content and timing of reports	High	Management reporting schedule has been developed.	24-Jan-18
14	Financial Services Manager / CFIO	Provide ongoing financial systems training to budget owners to ensure ease of usability and access to financial information	High	Accountant to run refreshers more frequently covering different topics, and staff can chose the training they need assistance in. Accountant has developed a Training Manual which she will make available to staff.	23-Aug-17
15	Financial Services Manager / CFIO	Develop a comprehensive suite of tailored financial reports (management and users) for internal use that are available electronically with drill down capacity	High	Accountant has identified financial reports.	9-Aug-17
16	Financial Services Manager	Provide training to staff so they can access and use of the financial system; produce, use and understand the financial reports	Medium	See outcome 14.	9-Aug-17

Action No.	Responsible Officer	Action	Priority	Details	2017/18 Action Complete
18	Corporate Planning & Comms Officer	Provide training and support to staff for Councils Project Management Framework	Medium	Comments received from CMT to progress to EMT. EMT endorsed.	11-Oct-17
19	Executive Manager People & Services	Council put in place an Enterprise Risk Management approach with guidelines for assessing and managing Council risks.	Medium	- The Enterprise Risk Management Framework was presented to the Risk Management Steering Committee on 16/5. - The Steering Committee will oversee the implementation of the Risk Management Framework and ongoing risk management. - The insurance due diligence report included recommendations to improve Enterprise Risk Management which will be implemented.	16-May-18
22	Financial Services Manager / Organisational Development	Incorporate Financial Management practices and information into the staff induction program.	Medium	Accountant has prepared a financial management induction guide (including Finance roles and availability of Finance One training). The guide will be uploaded to the intranet and distributed to new staff on commencement. TechOne University training modules are also available. ACTION COMPLETED.	15-Aug-18
23	Corporate Planning & Comms Officer	Improve the alignment between the CSP, Resourcing Strategy, Delivery Program and Operational Plan	Medium	Action to improve the alignment between the CSP, Resourcing Strategy, Delivery Program and Operational Plan is completed. Software development work to link the Pulse Project module with TechOne has been completed.	18-Jul-18
24	Financial Services Manager / CFO	Evaluate the use of debt to decrease backlog to enhance intergenerational equity and improve asset quality and services	Medium	The use of debt to decrease the infrastructure backlog has been assessed as part of the budgeting process. Further debt is not required to reduce the backlog.	24-Jan-18

Action No.	Responsible Officer	Action	Priority	Details	2017/18 Action Complete
25	Corporate Planning & Comms Officer	Develop an approach to incorporate community requests into the IP&R process that maintains equity and Council's strategic direction.	Medium	Process embedded in the budget deliberations. Cost Centre Managers required to link to Community Strategic Plan and Zero Based Budgeting Processes.	21-Nov-17
26	Financial Services Manager / CFIO	Develop a deeper understanding of Council business operations by key staff to ensure budget development is accurate and aligned to IP&R requirements	Medium	Training on service reviews complete. Finance Training for Non- Finance Managers complete. Fees & Charges Training complete. Zero Based Training to commence today 21 Nov. Staff gaining an understanding of the cost structures as part of the process.	21-Nov-17
28	Financial Services Manager / CFIO	Develop and implement a funding strategy for renewal and new asset expenditure allocation	Medium	The funding strategy for renewal and new asset expenditure allocation is complete. Valuations were completed in 2016/17 and it was determined that loan borrowings were not required to address the asset renewal backlog. The Asset Management Module will improve the data on the remaining asset renewal backlog.	21-Feb-18
29	Financial Services Manager / CFIO	Establish a business improvement process that explores new income streams and different cost recovery approaches for current fees and charges	Medium	Development of a business improvement process that explores new income streams and different cost recovery approaches for current fees and charges is complete. There is a process for reviewing the drivers of fees and charges on an annual basis. Service reviews will consider cost recovery approaches. Business improvement is also a priority for the Economic Development Committee and the Operations review.	21-Feb-18

Action No.	Responsible Officer	Action	Priority	Details	2017/18 Action Complete
30	Corporate Planning & Comms Officer	Undertake a review of the alignment and integration of - Finance One, Pulse, project management framework and SWP.	Medium	Software development work to link the Pulse Project module with TechOne has been completed. SWP 5.5 – Major Project Management Framework V2 was updated to include processes and procedures in Pulse. This was adopted by EMT on 25/09/17. The Pulse Project Management User Guide and SWP 5.5 – Major Project Management Framework V2 are both available for viewing or downloading on Council's Intranet.	30-May-18
31	Corporate Planning & Comms Officer	Streamline the Council quarterly report for ease of use and greater clarity.	Medium	The report is now being prepared each six months. The report has been streamlined for ease of use and greater clarity.	13-Apr-18
32	Corporate Planning & Comms Officer	Review Councils Quarterly Report indicators and make them more accessible.	Medium	The report is now being prepared each six months. The report has been streamlined for ease of use and greater clarity. Action completed.	18-Jul-18
33	Corporate Planning & Comms Officer	Review Councils' financial and non-financial measures, targets and indicators for management reporting that create a logical and hierarchical approach.	Medium	The report is now being prepared each six months. The report has been streamlined for ease of use and greater clarity. Action completed.	18-Jul-18
34	Corporate Planning & Comms Officer	Develop a Council wide approach to major project evaluation using the business case approach	Low	This action is complete with the development and implementation of the business case process for evaluating 2018/19 budget bids. Director People & Services will check with the LGNSW Service Reviews Facilitator re staff training in NPV and IR methods (used in cost benefit analysis / project evaluation).	21-Feb-18

Action No.	Responsible Officer	Action	Priority	Details	2017/18 Action Complete
35	Financial Services Manager / CFIO	Develop capacity to create bespoke financial reports to meet specific requests	Low	TechOne is providing capacity to create bespoke financial reports to meet specific requests.	29-Nov-17
36	Financial Services Manager / CFIO	Create a report feedback process for external and internal users that captures comments, improvements and concerns for action/implementation	Low	From 2018, an ad will be placed in the local newspaper Council Column to advertise the Quarterly Report (following adoption by Council). The ad will seek community feedback in relation to the quarterly reports.	13-Dec-17