LITCHFIELD COUNCIL

LONG TERM FINANCIAL PLAN

2019/20 to 2028/29

Contents

Executive Summary

This Long Term Financial Plan is designed to ensure that the financial sustainability of Litchfield Council continues to improve over the next 10 Years by supporting sound financial decision making.

Sustainability in the context of Litchfield means the community has well maintained facilities and infrastructure and receives good quality services at an affordable level of property rates both now and into the future.

Council currently has strong cash reserves and no debt which provides a good foundation in the short term. In the long term however, Council faces several challenges including:

- operating deficits due to depreciation;
- dependency of external funding due to insufficient own-source revenue; and
- inadequate funding for capital expenditure to maintain the existing asset base.

These challenges are not easily resolved and can only be addressed through a long term, disciplined approach to the allocation of financial resources.

The Long Term Financial Plan is based on the following strategies:

- Constrain growth in operating costs
- Advocate strongly for grants from other levels of Government
- Improve the approach to Asset Management
- Use discretionary Reserves to increase capital spend in the short term
- Increase rate income to fund sustainable capital spend

The combination of these strategies will improve the sustainability of Litchfield gradually over time with the key objective of increasing the level of capital expenditure which is currently inadequate.

A ten year Operating Statement, Cash Flow Statement and Balance Sheet has been prepared based on a series of assumptions about the movement of each income and expenditure type. This ten-year view provides the context for the annual Municipal Plan and budget process and reports against the Key Performance Indicator of the Strategic Plan.

The necessity of having a Long Term Financial Plan

The Local Government Act requires Council to prepare and maintain a Long Term Financial Plan (LTFP). The Plan must cover a minimum period of four years however, many of the decisions that Council makes have impacts that go well beyond this time horizon. Litchfield Council has therefore developed a ten-year plan to ensure that the decisions made today are truly sustainable in the long term.

A long-term financial plan provides a framework to consider:

- The level of funding required to deliver services for the community
- The funding of new or upgraded assets
- What income sources are available and how can these be maximised?
- What property rating strategy should be adopted?

The goal of the LTFP is to ensure financial sustainability which can be defined as:

'…a government's ability to manage its finances so it can meet its spending commitments, both now and in the future. It ensures future generations of taxpayers do not face an unmanageable bill for government services provided to the current generation.' (Commonwealth Government, Intergenerational Report, May 2002)

Sustainability in the context of Litchfield means the community has well maintained facilities and infrastructure and receives good quality services at an affordable level of property rates both now and into the future.

The directions of the LTFP are informed by Council's Strategic Plan and Asset Management Plans. The LTFP also provides the context and financial limits that need to be considered in the development of long term plans and the management of expectations about what can be achieved.

The LTFP is developed using a series of assumptions about future growth in income and expenses. These assumptions have been based on the best available information and will be reviewed on an annual basis in conjunction with the an development of the Municipal Plan. The strategies contained in the Plan will help set the parameters for the development of the annual budget.

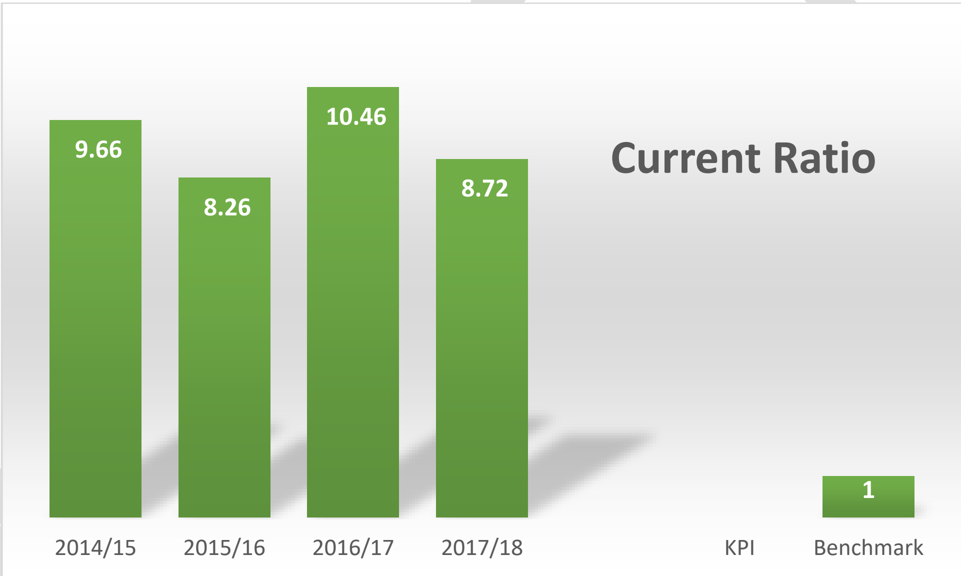
Current Financial Position

The following section of the Plan provides analysis of Council's current financial situation based on a set of criteria that are generally accepted measures of sustainability. The measures reported are measures used in a report by the accounting firm Deloitte in its Review of Councils Financial Sustainability in the Northern Territory (December 2013). These measures match with the three financial Key Performance Indicators (KPI) used in Council's Strategic Plan 2018-2022.

Current Ratio

The current ratio compares current assets to current liabilities and is an indicator of Council's capacity to meet its short term financial obligations. The ratio should be greater than 1 to provide assurance that Council has sufficient funds to meet short term debts.

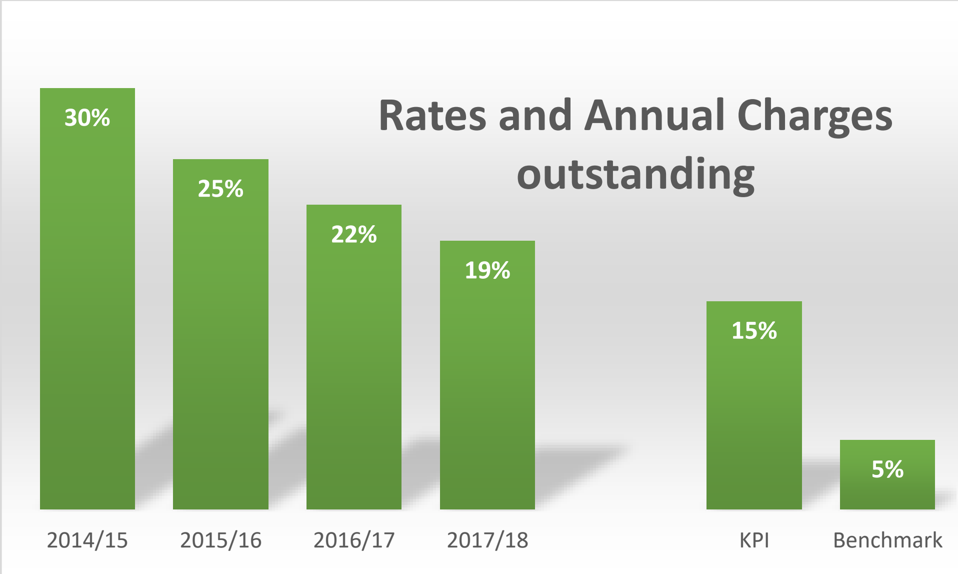
Council has strong cash reserves and minimal short term liabilities, which provides Council with a strong ratio, well above local government benchmark as shown below. As this ratio is strong for Council, it is not a current KPI within Council's 2018-2022 Strategic Plan.



Rates and Annual Charges Outstanding Ratio

A Local Government indicator for the success of Council's collection of debt is the Rates and Annual Charges Outstanding ratio. This measure gives the percentage of Rates and Charges outstanding over Rates and Charges Income. Historically Council has had difficulty with debt collection , but with recent efforts to recover these debts, the ratio hase increased. The current economic environment also impacts the outstanding rates and charges for Council.

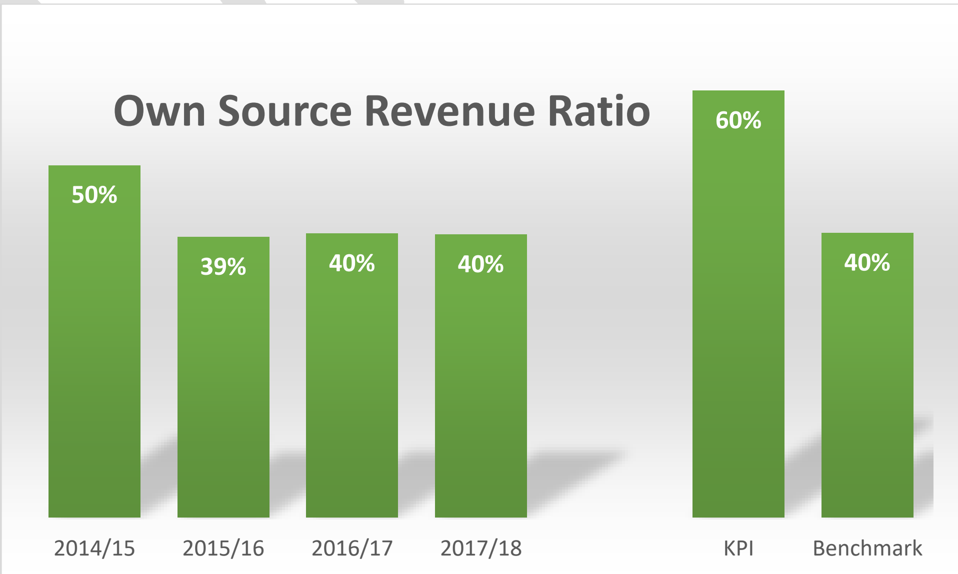
Council continues to work through these legacy issues and recognises that it is not realistic to achieve the local government benchmark of 5% within the current Strategic Plan timeframe and has set the KPI at 15%.



Whilst Council's debt is above the local government benchmark this indicator does not raise concerns of financial unsustainability as Council remains to have a strong cash positions as shown in the current ratio. This ratio does clearly identify though, that Council needs to remain focussed on the collection over the coming years.

Own Source Revenue Ratio

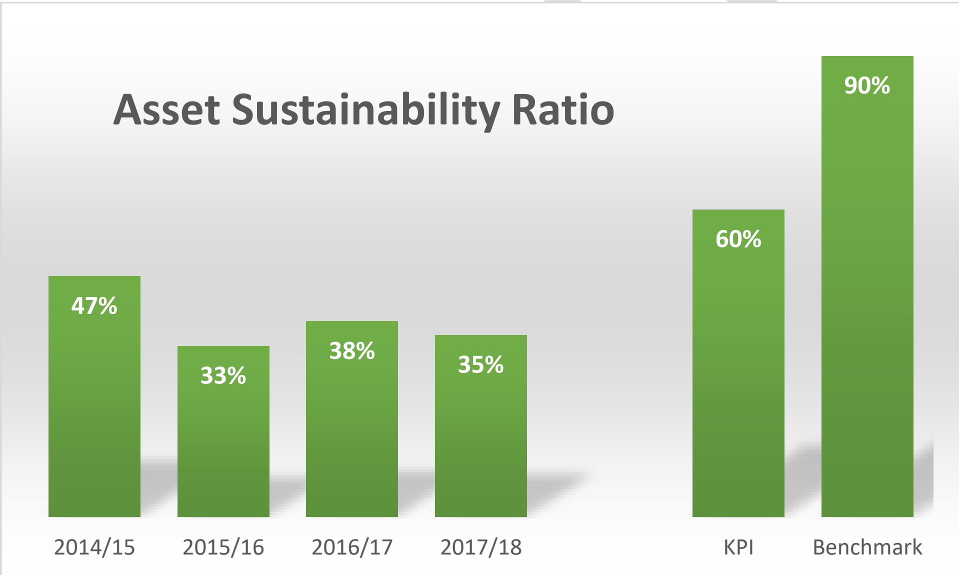
The Own Source Revenue Ratio indicates Council's ability to fund operational expenditures through funding sourced by its own revenue-raising efforts, being rates and charges and other revenue, but excluding grants and subsidies received. The higher the percentage, the more self-reliant Council is and the lower the risk is of external impacts on Council's financial sustainability. A ratio of greater than 40% is considered a basic local government standard and low risk. With almost stagnate ongoing federal assistance funding over the past years and limited opportunities for territory funding, Council set its KPI at the intermediate local government benchmark of 60% to reduce the risk of essential services being reliant on external funding.



The reduction in this ratio in 15/16 relates to the large increase in the depreciation expense in these years. The ratio is currently sitting at around 40% which indicates that Council is quite dependent on external sources of revenue, mainly government grants. This does present some risks to Council if the territory of federal Governments could reduce or freeze grants, which would result in a negative financial impact on Council.

Asset Sustainability Ratio

This ratio indicates Council's performance in replacing assets as they reach the end of their useful life to ensure that services continue to be delivered at agreed levels. The Asset Sustainability Ratio compares the level of capital works expenditure to depreciation. A ratio of greater than 100% means that Council is increasing the value of its asset base and delivering above the set service level. A ratio of less than 100% means that Council's asset stock is losing value as it is deteriorating more quickly than it is being renewed and the service level may not be achieved.



Council is spending substantially less on capital works than the depreciation expense with a sustainability ratio of around 40%. If the ratio is any lower than the benchmark of 90% Council is not fulfilling the service levels set for assets or the service level is unrealistic for the financial capacity of the Council. Council recognises its gap and has set a KPI to achieve 60% by 2022.

Summary of Financial Position

Litchfield Council has strong cash reserves and no debt which means in the short term it will be able to continue to deliver services and a limited amount of capital works to its community.

In the long term however, Litchfield faces several challenges including very large operating deficits and inadequate funding for capital expenditure to maintain the existing asset base.

Emerging Issues

The Impact of Growth

Litchfield municipality has experienced substantial growth in population over the last 10 years with the addition of 5,137 estimated resident population (ABS 2011 to 2016) a growth of over 25%. The Greater Darwin Land Use Plan estimates that 500 dwellings will be required to meet likely growth in population in Litchfield over the next 5-10 years.

Population growth can impact on the financial position of Council in a number of ways. Additional properties provide more income to Council through property rates and waste management charges. Whilst pressure on existing services and infrastructure increase. Another impact of growth noted over the past years is increasing community expectations for an expanded range and quality of services, for example library services or an aquatic facility. Managing these expectations can be challenging as funding new service standards may be beyond the financial capacity of Council with rate income generated through additional properties not increasing proportionally.

Asset Management

Council has an extensive network of infrastructure assets with a current replacement value of approximately $499million. Maintaining these assets in good order and renewing them as they approach the end of their useful life requires substantial expenditure each year.

Depreciation provides an estimate of the value of assets consumed during each financial year. The Asset Sustainability Ratio mentioned above highlighted Council's inability to fund the usage of infrastructure asset annually. This means Council is not replacing assets as they are due for renewal in line with current service levels. This asset funding gap will create long term sustainability challenges for Litchfield Council and pressure for future ratepayers.

Other Potential Pressures

The financial performance of **Thorak Regional Cemetery** is dependent on in income from cremations, burials,and other charges relevant to the cemetery.,. On the current trajectory, the Cemetery will become a financial burden for Litchfield ratepayers as assets reach the end of their useful life, as current income is meeting operational costs only, and not ongoing capital costs. Ongoing advocacy to the Northern Territory Government is being undertaken to ensure a more equitable funding model for the cemetery given the majority of burials and cremations are for people from outside the Litchfield municipality. The LTFP continues to include the cost for Thorak Regional Cemetery whilst it is still under the full control and management by Council.

An **Aquatic Facility** needs analysis has determined the need for a 25 metre learn-to-swim facility within the municipality. A feasibility study will be undertaken in 2019 to determine the cost of the service to allow Council to make an informed decision. The LTFP has not included the cost for building and operation of an aquatic pool as at this stage Council has not resolved to build a facility.

The Way Ahead – Improving Long Term Sustainability

As indicted in the section of this Long Term Financial Plan relating to the current financial position, Council has strong cash reserves and no debt which means in the short term it will be able to continue to deliver services and a limited amount of capital works to its community.

In the long term however, Litchfield Council faces several challenges including very large operating deficits and inadequate funding for capital expenditure required to maintain its existing asset base. These long term challenges will require a concerted and disciplined approach to the management of financial resources so that sustainability can be improved.

The aim of the Long Term Financial Plan is to improve sustainability by:

1. Decreasing the size of the operating deficit
2. Increasing the funding available for capital expenditure

The following strategies are designed to address both of these challenges.

Constrain Growth in Operating Costs

The major expenditure categories to which this strategy applies are Employee costs, Contractors and Materials. The Northern Territory is experiencing very low inflation and the LTFP assumptions reflect these trends The growth in operating costs are expected to be much lower in the coming years than has historically been the case. The LTFP allows for 2.9% growth in employee costs in line with the current Enterprise Agreement and legal superannuation increments. This cost increase allows Council to maintain current staffing levels.

The LTFP provides for a small pool of New Initiative funds to be allocated to high priority one-off projects and activities each year. Whilst the amount is modest, it does provide a small amount of flexibility in what will otherwise be a constrained budget. Recurrent increases in operating expenditure must be funded from matching income sources or reductions in expenditure in another part of the budget.

Advocate Strongly for Grants from other levels of Government

Council has received substantial grants for one-off capital projects in recent years and continues to advocate strongly for grants relating to works on the road network and recreation reserves.

Given the uncertainty about the allocation of grant funding, the LTFP has taken a conservative approach to forecasting future grant income. However, advocacy efforts and grant applications will be stepped-up to ensure that any available funding that is consistent with meeting Council's strategic objectives is targeted.

Improve the Approach to Asset Management

Council has an extensive network of infrastructure assets and the ongoing maintenance and renewal of these assets is one of its biggest challenges. To ensure that decisions about the allocation of funding to infrastructure works is sustainable, ongoing work will continue to improve the data and analysis of asset condition, valuation and useful life.

Council continues to work on the development and implementation of Asset Management Plans which will in future provide more reliable data for projection of costs. The current LTFP makes assumptions on asset renewal and includes the cost for major new and upgraded assets.

Use Discretionary Reserves to Increase Capital Spend in the Short Term

Council has very strong cash reserves made up of a number of specific purpose reserves. These reserves provide a short term opportunity to deliver a higher level of capital works but do not represent a long term solution. Whilst Council will use reserves to fund renewal of assets, it will not draw down on the reserves completely to ensure financial long term sustainability.

Increase Rate Income to fund Increased Levels of Capital Expenditure

Rates and the waste management charge provide approximately 55% of the total revenue for Council and is the most stable and predictable source of revenue for Council.

The growth in the number of properties will generate some additional revenue over the coming years and a review of the rating system is currently underway to ensure that the rating system is structured in a fair and equitable manner.

This Review presents potential opportunities to create a more sustainable rate base. The current level of rates is insufficient to fund the level of capital expenditure required to maintain the condition of existing assets and over time this will lead to noticeable deterioration of the asset stock, particularly roads. Without a fundamental change to the rating system, long term financial sustainability will be a very difficult outcome to achieve.

The LTFP has been based on annual increase in Rates of 5% on existing properties, with an allowance for growth in the number of rateable assessments. The waste charge has been indexed to reflect the full recovery of the costs of maintaining waste management services.

Assumptions

The LTFP has been prepared on the assumption that Council will continue to provide services that are currently in place and has made the following specific assumptions.

Operating income and expenditures

ITEM	Increment (Annual)
INCOME	
Rates Income	5.0% plus $25,000 growth in rateable properties
Waste Charge	3.0% plus $10,000 growth in chargeable properties
Statutory Charges	2.0%
User Charges	5.0%
Grants, Subsidies and Contributions	1.0%
EXPENSES	
Employee Costs	2.9%
Elected Member Expenses	2.5%
Election Expenses	10% every four years
Energy	2.0%
Insurance	2.0%
Other expenses	1.5%

Capital Income and Expenditures

Assumptions of capital works have been made in lieu of detailed Asset Management Plans for some asset classes of Council. Furthermore, capital grants have been predicted for the development of new assets.

ITEM	Increment (Annual)
CAPITAL INCOME	
2020	$7m grant for the establishment of a Community and Business Hub
2021 to 2023	Total of $20m grant income for the Mango Strategic Roads Project sealing 15.2 km of road
CAPITAL WORKS	
Thorak Regional Cemetery	Annual renewal $80,000
Council Buildings	Annual renewal $50,000
Sealing of roads	Annual upgrade $500,000
Seal/Pavement renewal	2021 $1,430,000 plus 5% increase annually
Other roads and drainage upgrades	Annual upgrade $1,617,000
Motor Vehicles and Plant	Annual renewal $300,000
Public Lighting	2021 to 2023 annual upgrade $70,000 2024 to 2029 annual upgrade $30,000
Waste Management Plant and Equipment	Annual renewal $35,000
Major once off Capital Works	
2020	Establishment of Community and Business Hub
2021 to 2023	Mango Strategic Roads Project

10 Year Income Statement

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
$'000's	Actual	Budget	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Income from Continuing Operations												
Revenue:												
Rates & annual charges	9,812	10,243	10,794	11,307	11,837	12,392	12,975	13,586	14,227	14,900	15,690	16,522
Rates	*7,057*	*7,230*	*7,853*	*8,269*	*8,707*	*9,169*	*9,655*	*10,167*	*10,705*	*11,273*	*11,870*	*12,499*
Waste	*2,755*	*3,013*	*2,941*	*3,038*	*3,129*	*3,223*	*3,320*	*3,419*	*3,522*	*3,628*	*3,736*	*3,849*
Statutory Charges	64	70	112	114	115	115	115	116	116	116	117	117
User charges & fees	1,175	1,143	1,208	1,268	1,332	1,398	1,468	1,542	1,619	1,700	1,785	1,874
Interest & investment revenue	758	686	694	555	535	518	512	515	527	545	578	625
Other revenues	210	60	71	72	74	75	77	78	80	82	83	85
Grants & contributions for operating purposes	5,704	3,020	4,701	4,748	4,795	4,843	4,892	4,941	4,990	5,040	5,091	5,141
TOTAL INCOME FROM CONTINUING OPERATIONS	**17,723**	**15,222**	**17,580**	**18,065**	**18,688**	**19,342**	**20,039**	**20,778**	**21,560**	**22,384**	**23,344**	**24,364**
Expenses from Continuing Operations												
Employee benefits & costs	5,737	6,121	6,761	6,957	7,159	7,366	7,580	7,800	8,026	8,259	8,498	8,745
Borrowing costs	-	-	3	40	38	36	34	31	29	26	24	21
Materials, contracts and other expenses	7,876	7,775	7,888	8,006	8,263	8,248	8,372	8,498	8,763	8,754	8,886	9,019
New Initiatives			341	200	200	200	200	200	200	200	200	200
Depreciation, amortisation & Impairment	16,615	16,750	11,558	11,744	11,903	12,062	12,208	12,269	12,331	12,395	12,459	12,525
TOTAL EXPENSES FROM CONTINUING OPERATIONS	***30,228***	***30,646***	***26,551***	***26,948***	***27,562***	***27,913***	***28,394***	***28,797***	***29,349***	***29,634***	***30,067***	***30,510***
OPERATING RESULT FOR THE YEAR	***(12,505)***	***(15,424)***	***(8,971)***	***(8,882)***	***(8,875)***	***(8,570)***	***(8,355)***	***(8,020)***	***(7,789)***	***(7,250)***	***(6,724)***	***(6,146)***
OPERATING RESULT FOR THE YEAR excluding Depreciation		*1,326*	*2,583*	*2,813*	*2,977*	*3,437*	*3,797*	*4,191*	*4,481*	*5,081*	*5,735*	*6,380*

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
$'000's	Actual	Budget	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Changes in Revaluation Surplus - I,P,P& E	52,548	-	-	-	-	-	-	-	-	-	-	-
Asset Disposal & Fair Value Adjustments	(14)	-	100	-	-	-	-	-	-	-	-	-
Amounts received specifically for new or upgraded assets	2,128	3,503	6,398	7,398	7,398	6,398	398	398	398	398	398	398
Physical resources received free of charge	1,352	-	-									
TOTAL COMPREHENSIVE INCOME / (LOSS)	***43,509***	***(11,921)***	***(2,473)***	***(1,484)***	***(1,477)***	***(2,172)***	***(7,957)***	***(7,622)***	***(7,391)***	***(6,852)***	***(6,326)***	***(5,748)***

10 Year Statement of Cash Flows

$ '000	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
	Actual	Budget based on Actual 2018	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Cash Flows from Operating Activities												
Receipts:												
Rates & annual charges	10,067	11,043	10,902	11,307	11,837	12,392	12,975	13,586	14,227	14,900	15,690	16,522
User charges & fees	1,390	1,213	1,307	1,369	1,432	1,498	1,568	1,641	1,717	1,798	1,882	1,971
Investment & interest revenue received	751	686	614	555	535	518	512	515	527	545	578	625
Grants & contributions	6,132	6,522	4,701	4,748	4,795	4,843	4,892	4,941	4,990	5,040	5,091	5,141
Other	211	60	70	72	73	75	76	78	79	81	82	84
Payments:												
Employee benefits & costs	(5,774)	(6,121)	(6,761)	(6,957)	(7,159)	(7,366)	(7,580)	(7,800)	(8,026)	(8,259)	(8,498)	(8,745)
Materials, contracts & other expenses	(7,657)	(7,775)	(7,888)	(8,006)	(8,263)	(8,248)	(8,372)	(8,498)	(8,763)	(8,754)	(8,886)	(9,019)
Finance Payments	-	-	(3)	(40)	(38)	(36)	(34)	(31)	(29)	(26)	(24)	(21)
Other operating payments	(81)	-	-	-	-	-	-	-	-	-	-	-
NET CASH PROVIDED (OR USED IN) OPERATING ACTIVITIES	***5,039***	***5,628***	***2,942***	***3,048***	***3,213***	***3,676***	***4,037***	***4,432***	***4,723***	***5,326***	***5,914***	***6,559***
Cash Flows from Investing Activities												
Receipts:												
Sale of investment securities	-	986	2,800	800	700	200	-	-	-	-	-	-
Sale of infrastructure, property, plant & equipment	20	-	-	-	-	-	-	-	-	-	-	-
Deferred debtors receipts	-	-	-	-	-	-	-	-	-	-	-	-
Amounts specifically for new or upgraded assets	2,127	-	6,398	7,398	7,398	6,398	398	398	398	398	398	398
Payments:												

$ '000	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
	Actual	Budget based on Actual 2018	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Purchase of investment securities	(1,012)	-		-	-	-	-	-			-	-
Purchase of infrastructure, property, plant & equipment	(5,889)	(6,589)	(13,037)	(11,082)	(11,154)	(10,229)	(4,267)	(4,350)	(4,437)	(4,528)	(4,624)	(4,725)
NET CASH PROVIDED (OR USED IN) INVESTING ACTIVITIES	***(4,754)***	***(5,603)***	***(3,839)***	***(2,884)***	***(3,056)***	***(3,631)***	***(3,869)***	***(3,952)***	***(4,039)***	***(4,130)***	***(4,226)***	***(4,327)***
Cash Flows from Financing Activities												
Receipts:												
Proceeds from borrowings & advances	-	-	1,000	-	-	-	-	-	-	-	-	-
Payments:												
Repayment of borrowings & advances	-	-	(4)	(49)	(51)	(54)	(56)	(58)	(61)	(63)	(66)	(69)
NET CASH PROVIDED (OR USED IN) FINANCING ACTIVITIES	***-***	***-***	***996***	***(49)***	***(51)***	***(54)***	***(56)***	***(58)***	***(61)***	***(63)***	***(66)***	***(69)***
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	***285***	***25***	***99***	***115***	***106***	***(9)***	***111***	***422***	***622***	***1,132***	***1,622***	***2,163***
plus: CASH & CASH EQUIVALENTS - beginning of year	***1,930***	***2,215***	***2,240***	***2,339***	***2,453***	***2,560***	***2,551***	***2,663***	***3,084***	***3,707***	***4,839***	***6,462***
plus: INVESTMENTS ON HAND - end of year	***20,587***	***19,601***	***16,801***	***16,001***	***15,301***	***15,101***	***15,101***	***15,101***	***15,101***	***15,101***	***15,101***	***15,101***
CASH & CASH EQUIVALENTS & INVESTMENTS - end of year	**22,802**	**21,841**	**19,140**	**18,454**	**17,861**	**17,652**	**17,764**	**18,185**	**18,808**	**19,940**	**21,563**	**23,726**

10 Year Statement of Financial Position

$ '000	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
	Actual	Budget based on Actual 2018	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Assets												
Current Assets:												
Cash & cash equivalents	2,215	2,240	2,339	2,453	2,560	2,551	2,663	3,084	3,707	4,839	6,462	8,625
Investments	20,587	19,601	16,801	16,001	15,301	15,101	15,101	15,101	15,101	15,101	15,101	15,101
Receivables	2,179	1,379	1,284	1,298	1,312	1,327	1,343	1,359	1,377	1,396	1,415	1,435
TOTAL CURRENT ASSETS	***24,981***	***23,220***	***20,424***	***19,752***	***19,173***	***18,980***	***19,106***	***19,544***	***20,185***	***21,336***	***22,978***	***25,161***
Non-Current Assets:												
Infrastructure, property, plant & equipment	315,501	305,340	306,819	306,157	305,408	303,574	295,634	287,715	279,821	271,955	264,120	256,319
Work in progress	3,042	750	-	-	-	-	-	-	-	-	-	-
TOTAL NON-CURRENT ASSETS	***318,543***	***306,090***	***306,819***	***306,157***	***305,408***	***303,574***	***295,634***	***287,715***	***279,821***	***271,955***	***264,120***	***256,319***
TOTAL ASSETS	***343,524***	***329,310***	***327,243***	***325,909***	***324,581***	***322,554***	***314,740***	***307,259***	***300,006***	***293,291***	***287,098***	***281,480***
Liabilities												
Current Liabilities:												
Payables	2,245	2,683	2,836	2,893	2,951	3,010	3,070	3,131	3,194	3,258	3,323	3,389
Provisions	621	621	621	639	658	677	696	716	737	759	781	803
TOTAL CURRENT LIABILITIES	***2,866***	***3,304***	***3,457***	***3,532***	***3,608***	***3,686***	***3,766***	***3,848***	***3,931***	***4,016***	***4,103***	***4,192***

$ '000	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
	Actual	Budget based on Actual 2018	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Non-Current Liabilities:												
Borrowings	-		996	1,045	1,096	1,150	1,206	1,264	1,325	1,388	1,454	1,523
Provisions	388	388	388	399	411	423	435	448	461	474	488	502
TOTAL NON-CURRENT LIABILITIES	***388***	***388***	***1,384***	***1,444***	***1,507***	***1,573***	***1,641***	***1,712***	***1,786***	***1,862***	***1,942***	***2,025***
TOTAL LIABILITIES	***3,254***	***3,692***	***4,841***	***4,976***	***5,115***	***5,259***	***5,407***	***5,559***	***5,717***	***5,878***	***6,045***	***6,217***
NET ASSETS	**340,270**	**325,618**	**322,402**	**320,933**	**319,466**	**317,295**	**309,333**	**301,700**	**294,289**	**287,413**	**281,053**	**275,263**
Equity												
Retained earnings/(accumulated deficit)	22,734	9,843	9,576	8,854	8,042	6,143	(1,866)	(9,856)	(17,824)	(25,766)	(33,681)	(41,565)
Other Reserves	21,677	19,916	16,967	16,221	15,565	15,293	15,340	15,697	16,254	17,320	18,875	20,968
Revaluation reserves	295,859	295,859	295,859	295,859	295,859	295,859	295,859	295,859	295,859	295,859	295,859	295,859
Council equity interest	***340,270***	***325,618***	***322,402***	***320,933***	***319,466***	***317,295***	***309,333***	***301,700***	***294,289***	***287,413***	***281,053***	***275,263***
TOTAL EQUITY	***340,270***	***325,618***	***322,402***	***320,933***	***319,466***	***317,295***	***309,333***	***301,700***	***294,289***	***287,413***	***281,053***	***275,263***

Financial Ratios

	2018 Actual	2019 Budget based on Actual 2018	2020 Forecast	2021 Forecast	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast
Current Ratio	8.72	7.03	5.91	5.59	5.31	5.15	5.07	5.08	5.13	5.31	5.60	6.00

This ratio represents Council's ability to meet debt payments as they fall due. It should be noted that Council's externally restricted assets will not be available as operating funds and as such can significantly impact Council's ability to meet its liabilities.

Benchmark - Greater than 1.0

current assets / current liabilities

	2018 Actual	2019 Budget based on Actual 2018	2020 Forecast	2021 Forecast	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast
Asset Sustainability Ratio	35%	39%	52%	94%	94%	85%	35%	35%	36%	37%	37%	38%

This ratio indicates the extent to which Council is replacing its existing asset base with capital renewals of existing assets.

Benchmark - Greater than 90% *Strategic Plan 2018-2022 KPI - Greater than 60%*

annual capital expenditure on renewals / annual depreciation

	2018 Actual	2019 Budget based on Actual 2018	2020 Forecast	2021 Forecast	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast
Rates and Annual Charges Outstanding	22.2%	13.5%	11.9%	11.5%	11.1%	10.7%	10.3%	10.0%	9.7%	9.4%	9.0%	8.7%

This measure gives the percentage of Rates and Charges outstanding over the Rates and Charges Income.

Benchmark - Smaller than 5% *Strategic Plan 2018-2022 KPI - Smaller than 15%*

Rates and Annual Charges collected/Total Rates and Annual Charges raised

	2018 Actual	2019 Budget based on Actual 2018	2020 Forecast	2021 Forecast	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast
Own Source Revenue Coverage Ratio	40%	40%	49%	49%	50%	52%	53%	55%	56%	59%	61%	63%

Indicates Council's ability to fund operational expenditures through funding sourced by its own revenue-raising efforts.

Benchmark - Greater than 40% *Strategic Plan 2018-2022 KPI - Greater than 60%*

Total own source revenue/total operating expenditure including depreciation