



City of  
Greater Geraldton  
a vibrant future



2015 - 2025

# Long Term Financial Plan



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## Introduction

The City of Greater Geraldton Long Term Financial Plan (LTFP) 2015-2025 is a high level informing strategy that outlines the City's approach to delivering infrastructure and services to the community in a financially sustainable and affordable manner. It also demonstrates the City's commitment to managing its operations in a way that avoids unsustainable rate increases for ratepayers. The Plan is aligned to other core planning documents by which the City is accountable to the community including the Strategic Community Plan and the Corporate Business Plan. Information contained in other strategic plans including the Asset Management Plan and Workforce Plan have been used to inform the LTFP which forms the basis for preparation of the Annual Budgets.

The LTFP is a dynamic tool which analyses financial trends over a ten year period on a range of assumptions and provides the City with information to assess resourcing requirements to achieve its strategic objectives and to assist the City to ensure its future financial sustainability.

The LTFP covers the period 2015/16 to 2024/25. There is a high level of accuracy in the first 3 years of the LTFP but this is underpinned by a number of assumptions. The City undertakes a broad review of its Strategic Community Plan every two years and a full review is planned every four years (2015-16). This LTFP will be reviewed every year and in conjunction with Strategic Community Plan reviews. As Annual Budgets are developed from the LTFP there may be some annual variations between both which will be explained in the Annual Budget.

## 2. Our Integrated Planning Framework

In 2011, the Department of Local Government introduced the *Integrated Planning and Reporting Framework* to encourage a movement towards best Practice strategic planning and reporting standards across the Western Australian local government industry.

A significant component of the Framework is the development of a long term financial plan to inform the resourcing requirements and financial capacity of a local government to achieve its stated objectives and priorities.

The following diagram shows how the components of the Integrated Planning Framework work together to inform and provide resources for achieving the goals of the Community Strategic Plan.



### 3. Key Statistics

The following table shows key statistics for the City of Greater Geraldton.

Distance from Perth	423 kms
Area (sq km)	9,928
Population	37,160
Number of electors	24,078
Total Rates Levied (Budget 2015/16)	\$40.85m
Total Revenue (Budget 2015/16)	\$72.86m
Number of employees FTEs	310

### 4. Who We Are

Greater Geraldton boasts a strong and diverse economy based on fishing, mining, agriculture and tourism. The area around Geraldton enjoys a sunny Mediterranean climate with hot, dry summers and mild winters. The cooling southerly wind keeps the temperature pleasant during the summer months, giving Geraldton its reputation as an international mecca for kite and wind surfing.

Geraldton is the major regional centre of Australia's Coral Coast overlooking the Indian Ocean and is a thriving city steeped in indigenous and pioneering history. The City has all the major services, cultural, shopping and sporting facilities you would expect in a city, yet a more relaxed pace of life, typical of the country. Geraldton is within easy driving distance to Perth, being 424km north of the State capital. It has regular air services and exports to the rest of the world via the Geraldton Port.

The Greenough area, Walkaway area and surrounding district have some of Western Australia's premier heritage buildings. The district reflects the high value agricultural land that has been farmed since its settlement over 170 years ago.

Mullewa and the surrounding district has become one of Western Australia's primary agricultural areas, with broad-acre grain farms producing in excess of 250,000 tonnes annually. The Mt Gibson iron ore mine near Talling Peak has also brought new opportunities and increased tourism to the area. Localities in the Mullewa ward include Tenindewa, Pindar, Tardun, Devils Creek, Wongoondy, Ambania, Nunierra and West Casuarinas. The strong bonds that exist within the Mullewa community make it a town of great pride, culture and history. Situated an hour's drive inland from Geraldton, Mullewa sits in the heart of the wildflower region of Western Australia and is proud to be known as the heart of wildflower country.

From the Australian Government Census statistics 2011, the population of the City of Greater Geraldton was 37,160. By 2021, the City's vision is to have the capacity to sustain a population of 80,000 to 100,000 people and be the focal point for an active and vibrant region containing significant district centres to the north, south and the hinterland.

## 5. Our Services

The City provides an extensive range of services to the community including:

- Building and Planning approvals
- Environmental health services
- Community development, day care and youth services
- Libraries, festivals, concerts, art gallery and other cultural events
- Leisure and recreation services and facilities
- Rangers and community safety
- Waste collection and landfill facilities
- Land development
- Parking facilities
- Airport services
- Tourism services
- Infrastructure including roads, footpaths and street lighting
- Parks and natural areas and management of the environment
- Economic development

## 6. Service Delivery

In 2014-15, the City in consultation with the community undertook an extensive review of its non-mandatory range of services. The outcome of this review was that \$1.12m of savings were identified and incorporated into Year 1 of the plan. A further review of the level of services currently provided by Council will be undertaken in 2015-16. The LTFP does not make any consideration on the impacts of this service review. The City continues via other "in house" initiatives to improve existing service levels and achieve efficiency gains whilst being fiscally responsible in progressing towards achieving annual operating surpluses each year to fund the provision of infrastructure.

Service levels will be reviewed from time to time when future reviews of the LTFP are undertaken and the impact of rapid growth across the municipality can be monitored and assessed.

## **7. Asset Management**

The City has developed a strategic approach to asset management and developed asset management plans based on the total life cycle of assets. The Asset Management Plans will assist the Council in predicting infrastructure consumption and asset renewal needs and identifies the cost required to renew or preserve the asset (renewal gap). This renewal gap is being addressed in the LTFP and will be the focus of future annual budgets. The City in 2014-15 commenced an extensive two year Asset Management Improvement Program to better understand the conditions of existing assets. To date the impact of this program on the LTFP is that in 2015-16 annual depreciation has been increased by \$4m in line with significant movement in asset valuations.

Funding for the renewal of assets is to be increased annually on the basis to be able to fund the City annual renewal expense at a level that equates to a range of 90% to 100% of the City's annual depreciation expense. The continued allocation of funding towards the renewal of assets and funding for maintenance and upgrades will result in a positive investment for the community into the future. Asset acquisitions and capital works projects are funded from general revenue, sales of existing land assets, government grants or external borrowings.

## **8. Financial Strategies and Principles**

### **8.1 Rate increases**

As a result of population growth, it is predicted that future budgets will be impacted by an increasing demand for services and new infrastructure. Levying rate increases at or below CPI is unsustainable in the long term and in the LTFP the City has determined that rate increases would be based on a 3.9% aggregate revenue collection gain plus growth.

### **8.2 Budget surpluses**

The City believes that adopting a balanced budget each year will not improve its financial sustainability or liquidity which is supported by the current revised estimates of the City's net deficit operating position after ordinary activities of \$7.45m for 2014-15. The plan is based on gradually moving out of this deficit position and achieving a positive surplus position within a fiscally responsible timeframe.

### **8.3 Cost recovery of services**

Discretionary Fees and Charges revenue is based upon a unit rate increase of 5% per annum plus an activity growth factor of 0.6% to 0.7% to match estimated additional costs in service delivery. The City does not currently recover the full cost of providing all of its services as a number of these services are sub-vented as they are community and socially based. In Year 1 and 2 of the plan the overall revenue increase has been lowered to a growth factor of 3.5% in consideration of reduction in activity levels in some significant revenue streams such as airport passenger numbers and development activity.

Within function areas relating to building licences, planning and development approvals and health approvals the City is limited by statutory regulations preventing full cost recovery of these services.

#### **8.4 Prudent use of debt finance**

The LTFP gives consideration to where it is an optimum time to take advantage of loan finance predominantly where the cost of fixed interest loans is lower than fixed term investment rates. The LTFP gives consideration to where it is an optimum time to take advantage of loan finance predominantly where the cost of fixed interest loans is lower than fixed term investment rates. Such conditions currently apply and are expected to continue within the short term. In year 1 of the LTFP the City intends to borrow in total \$25m which is to be used to fund major infrastructure projects and development of public open space.

The purpose and timing associated with the use of loan finance is aligned to the following principles:

- To support major infrastructure projects which will have significant community based and economic benefits. The Karloo-Wandina is a prime example of this type of investment into the community by the delivery of key road infrastructure and affordable and social housing lots.
- Development of revenue producing infrastructure (i.e. paid parking).
- Maintain or improve delivery service levels in consideration of growth and the requirements of being a Regional Centre.
- Intergenerational equity in relation to services and infrastructure provided by the City.

#### **8.5 Cash reserves**

As per the adopted budget of 2013-14 all discretionary reserve accounts have been closed. The minimum reserve accounts necessary for specific legal compliance obligations have been retained.

#### **8.6 Land Development**

The City currently holds or is in the process of acquiring land stocks which it develops for sale in order to reduce the burden on ratepayers. As the opportunity arises and through the utilising of State Government land arrangements, the City will continue to hold land for resale provided the associated business cases show a positive benefit to the community.

The City currently holds land stocks which it has developed for sale in order to assist with funding new infrastructure projects after associated debt has been retired.

### **9. Workforce Planning Strategies**

The Workforce Plan proposes that net staff levels will remain unchanged in line with current service provision levels. There is no provision in either the Workforce Plan or the LTFP to increase staff numbers above this level in the initial five years of the LTFP. The increase in staff will be assessed on an annual basis and will be assessed on a number of factors including the level of service required by the community and the ability to fund new positions. The Workforce Plan proposes a range of initiatives to attract, develop and retain employees.



It also proposes building the City's leadership capability and putting in place a robust framework so that the City has the necessary skills to deliver the required level of service now and into the future.

An addendum to the Workforce Plan outlines the City's new organisational structure that evolved from a review undertaken in 2014-15 as part of the City's focus to deliver efficiency gains and a review of the range and level of services (non-mandatory) that the City provided. The new organisational structure accounts for a reduction of 46 FTE's and the LTFP gives consideration to this impact.

## Modelling and Sensitivity Analysis

This scenario was prepared and is the one proposed for adoption by the Council (and detailed in the schedules attached). The assumptions on which this scenario was prepared are detailed within the LTFP. This scenario is considered most beneficial to achieve required service delivery levels and outcomes of the Strategic Community Plan and Corporate Business Plan.

The most sensitive criterion in the adopted model is a variation in the level of proposed rate increases. A 3.9% aggregate collection increase accompanied by a 1.0% growth in the rate base over the life of the LTFP results in:

- Incremental movement from Year 1 of a deficit position from Ordinary Activities Operating to a surplus position within a fiscally responsible timeframe. Current projections indicate this would be achieved within 11 to 12 years.
- Continual positive movements through the life of the LTFP in achieving targeted benchmarks.
- An end of year net cash position that provides sufficient liquidity for Council to continue to pay for its immediate expenses without the need in the short term for any additional cash inflows.
- Incorporation of fair value adjustments on assets every 3 years for the term of the LTFP reflective in adjustment to depreciation costs.

## Key Assumptions Underpinning the Long Term Financial Plan

The estimates in the LTFP are based on a number of assumptions and Council strategies. The base point for the modelling is applied from 2014-15 financial year and assumptions have been applied to the model. The assumptions are:

### **Overarching assumptions:**

The following overarching assumptions were used to develop the LTFP:

- The plan should deliver a net operating surplus from ordinary activities within fiscally responsible timeframe.

- The LTFP should either meet the minimum financial sustainability benchmarks within ten years or alternatively, if a benchmark is not achieved within the ten year timeframe that benchmark should show a continual positive movement in the life of the LTFP to achieving the required target.
- Debt levels should provide the Council with the ability and capacity to manage unexpected peaks in capital expenditure that may result from emergent works or other capital funding opportunities.
- Increases in revenue from rates, fees and charges should be smoothed to avoid revenue raising shocks to the community.
- From a review of range and level of services (non-mandatory) undertaken in 2014-15, identified savings have been built into the LTFP.
- Cash flow should be sufficient to meet the Councils day to day operations.
- Reserves should only be kept where there is a legal or statutory requirement to do so.
- Proceeds from land held for resale and from properties listed within the City's Asset Register will be realised as per profiled in years 1 to 10.
- Interest rates for investment funds will be around 2.5% to 4% over the life of the plan with the dollar return adjusted according to the annual available cash available for short term investment.

### **2015-16 Income and Expenditure Assumptions**

- The aggregate increase in dollar terms for rates revenues levied incorporates an increase of 3.9% plus growth of across all categories of 1.1%.
- The aggregate increase in fees and charges is based upon the draft Schedule of Fees and Charges for 2015-16 and the expected consumption of these services by the community which takes into consideration a reduction in activity levels (based on 2014-15 levels) in specific and significant fees and charges revenue streams. Year 1 also allows for the introduction of new revenue streams in particular relating to tipping charges at the City's landfill site.
- Operating grants and contributions are based upon confirmed and recurrent revenue.
- Interest earnings are calculated upon the likely cash balances during each financial year against current investment rates.
- Employee costs increase allows for 3% rise associated with the Council's Enterprise Bargaining Agreement and 0.5% increase in incremental employment levels. As a result of an organisational restructure that reduced the number of FTE's, employment costs have decreased by 4.3% in comparison to 2014-15.
- Identified efficiency savings has provided 2.6% decrease in materials & contracts based on current service levels.
- Utility charges for water and electricity have been calculated based upon the expected consumption and increases as identified in the State Budget.
- An adjustment increase to annual depreciation of \$4m due to asset revaluations undertaken as part of the City's Asset Management Improvement Program.
- Insurance costs decreased by 11% (compared to 2014-15) as a result of a review and change to premiums structure.
- Interest rates for new borrowings in 2014-15 are based on current indicative prices issued by WATC in June 2014 plus a 0.25% percentage increase to the base cash rate.

## **Years 2 to 10 Income and Expenditure Assumptions**

Years 2 to 10 in the LTFP includes the following assumptions with regards to changes in yearly budgets:

- The aggregate increase in rates across all categories from year 2 to 10 is 3.9%, inclusive of any GRV and UV revaluations plus a 1% growth in the rate base. Rating categories based on Governor Orders (Amalgamation) will be standardised in year 2 per the following:
  - One Residential Category
  - One Non-Residential Category
  - One UV Category
- Fees and Charges revenue is based upon a unit rate increase of 5% per annum with the overall dollar movement reflective of changes to activity levels. There are no new revenue models built into the Plan. For example, the 10yr Capital Plan makes provision in Year 8 for a new Regional Waste Recovery Facility however, the LTFP does not currently make provision for any revenue model associated with this new facility and service.
- Interest earnings are calculated upon the likely cash balances during each financial year against current investment rates and allowing for marginal increases in the base cash rate.
- Operating grants and contributions remain within a range increase of 2.5% to 3.2% per annum based on indexation for the life of the LTFP.
- Employee costs increase allows for 3% rise associated with the Council's Enterprise Bargaining Agreement. Years 2 to 5 do not allow for any change in the organisational FTE's. In years 5 to 10, a growth factor has been applied to Council's staff establishment.
- In year 2, a 2.3% decrease has been built into Materials and Contracts costs. Years 3 to 10 the increase ranges from 2% to 5% taking into consideration "one-off" or cyclical expenditure (i.e. land revaluations & fair value asset valuations).
- Interest rates for new borrowings have been calculated to increase by 0.25 percentage point per annum until 2018-19 and then level out for the remaining years and associated interest costs are based upon estimated debt levels throughout the life of the LTFP.
- Proceeds from properties identified for sale and which are held on the City's asset register disposed of over a ten year period (2015-16 to 2024-25).
- Utility charges are based on State Budget indications for increases.

## **10 YR Capital Plan**

- Funding for the renewal of assets is to be increased annually on the basis to be able to fund the City annual renewal expense in Year 10 of the LTFP at a level that equates to a range of 90% to 100% of the City's annual depreciation expense. The continued allocation of funding towards the renewal of assets and funding for maintenance and upgrades will result in a positive investment for the community into the future. Asset acquisitions and capital works projects are funded from general revenue, sales of existing land assets, government grants or external borrowings.
- Incorporates the City's Project Management Framework delivery strategy in relation to initiation and planning phases. This enables the City to establish a bank of projects that have progressed to the detailed design phase and are "shelf ready" to go when opportunity presents in relation to available funding both internally and externally.

- Proceeds from land sales in relation to both land stocks currently held or proposed to be acquired and properties identified for sale that are currently held on the City's asset register are realised throughout the life and as profiled in the LTFP. If these sale proceeds are not realised, the 10yr Capital Plan would be revised to adjust expenditure levels to reflect available funding.
- In Year 1 to 3 the amount of funding sourced from Non-Operating (Capital) grants and contributions are based on confirmed funding agreements and/or known sources of recurrent funding in relation to road related grants such as Roads to Recovery and Main Roads. In years 4 to 10 apart from recurrent road related grants, assumptions have been made that some projects may attract funding up to 50% of the project cost.
- Due to the level of debt raised in Years 1 to 3 to support new infrastructure projects, the take up on further debt financing does not occur until 2020-21.

## Measuring Sustainability

Several statutory key performance indicators (KPIs) have been prescribed in the *Local Government (Financial Management) Regulations 1995* to measure the financial sustainability of local governments. The LTFP has been assessed against these KPIs and will be compared with KPIs measured from the Annual Budgets and Annual Financial Statements to provide clear targets for the Town to report its progress to the community each year.

The KPIs, target rates and results measured from the LTFP are tabled below:

### Current Ratio

This is a measure of a local government's liquidity and its ability to meet its short term financial obligation out of unrestricted current assets. It is measured as:										
<b>Current Assets less Restricted Assets</b>										
Current Liabilities less Current Liabilities associated with Restricted Assets										
Target – greater than or equal to 1 : 1										
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
<b>Forecast</b>	0.53	0.45	0.44	0.74	0.77	0.71	0.73	0.76	0.76	0.87

The target of greater than or equal to 1 : 1 is below the benchmark for the life of the LTFP plan but per key assumptions this ratio shows a continual improvement towards achieving the target required.

## Operating Surplus Ratio

This is an indicator of the extent to which revenues raised cover operational expenses only or are available for capital funding purposes. This is measured as:

$$\frac{\text{Operating Revenue less Operating Expenses}}{\text{Own Source Revenue (Rates)}}$$

Target – between 0% and 15%

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
<b>Forecast</b>	-18.48%	-18.46%	-16.66%	-13.83%	-11.77%	-9.66%	-6.93%	-6.50%	-5.07%	-1.33%

As per the base principles and assumptions adopted in the LTFP the City has undertaken a fiscally responsible approach to achieve the benchmark within an acceptable timeframe. Current projections indicate this would be achieved between 2026-2027 if the life of the LTFP was extended out.

## Rates Coverage Ratio

This is an indicator of a local government's ability to cover its costs through its own tax revenue efforts. This is measured as:

$$\frac{\text{Total Rates Revenue}}{\text{Total Expenses}}$$

Target – greater than or equal to 40%

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
<b>Forecast</b>	51.27%	51.82%	52.37%	53.38%	53.80%	54.40%	55.21%	55.33%	55.88%	56.91%

The City currently has a rates coverage ratio for 2015/16 of 51.27% which is above the target of 40%. In the LTFP the trend is for this to increase each year to 56.91% in 2024/25. This indicates that the City's rating strategy as outlined under 'Financial Strategies' above allows the City to raise an acceptable level of funds through its rating efforts.

### Debt Service Cover Ratio

This is an indicator of a local government's ability to produce enough cash to cover its debt payments. This is measured as:										
$\frac{\text{Operating Revenue less Operating Expenses except Interest Expense and Depreciation}}{\text{Principal and Interest Expense}}$										
Target – greater than or equal to 2										
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
<b>Forecast</b>	3.82	2.72	2.82	3.16	3.57	4.28	4.67	4.78	5.66	7.15

The City has moderate debt levels and will be utilising debt finance to a significant level in the short term to fund major infrastructure projects and land redevelopments. This ratio currently indicates that in the outer years of the LTFP the City's debt level is such that it provides the ability and capacity to manage unexpected peaks in capital expenditure that may result from emergent works or other capital funding opportunities.

### Asset Sustainability Ratio

This is an indicator of the extent to which assets managed by a local government are being replaced as these reach the end of their useful lives. This is measured as:										
$\frac{\text{Capital Renewal Expenditure}}{\text{Depreciation Expense}}$										

Target – between 90% to 110%										
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
<b>Forecast</b>	93.93%	70.47%	67.55%	71.33%	69.73%	73.33%	74.87%	72.69%	75.69%	87.70%

The benchmark is not achieved within the life of the LTFP. While there is a upward spike in renewal expenditure in Year 1 this is “one-off” due to external funding. Consistent with the City’s fiscal approach to move from both a deficit to surplus position over a financially sustainable period plus provides the required level of liquidity to fund renewal works to a greater and sustainable level this ratio continues to trend upward towards the target benchmark.. This ratio is impacted by triennial fair value adjustments.

### Asset Consumption Ratio

This ratio highlights the aged condition of a local government’s physical assets. It is measures as:										
$\frac{\text{Depreciated Replacement Cost of Assets (Written-Down Value)}}{\text{Current Replacement Cost}}$										
Target – 60% or greater										
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
<b>Forecast</b>	59.61%	59.30%	55.20%	55.77%	55.18%	51.81%	53.01%	52.63%	49.40%	50.54%

The trend is slightly downwards for the term of the LTFP which indicates the amount being spent to maintain assets is insufficient in relation to their aging condition and hence this ratio sits below the target range of greater than 60%. This ratio will be monitored at future LTFP reviews with a view to achieving a positive (not declining) forecast trend. A three year cycle incorporating fair value adjustments underpins a consistent review of asset revaluations.



## Asset Renewal Funding Ratio

This ratio indicates whether the local government has the financial capacity to fund asset renewal at continued existing service levels. This is measured as:

$$\frac{\text{Net present Value of Planned Renewal Expenditure}}{\text{Net Present Value of Asset Management Plan Projections}}$$

Target – between 95% and 105%

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
<b>Forecast</b>	94.98									

The City's ratio of 94.58% is just below the target's 95% lower range. The current ratio is impacted by "one-off" increase in renewal expenditure in year 1. It is expected this figure will drop further below the benchmark target until the City is at the capacity to fund over 100% of its renewal.

## Risk Assessment

The Asset Management Plan identifies assets that are critical to the City's operations and outlines risk management strategies for these.

The major risks associated with long term financial planning relate to the disposal of land and property as this is a critical dependency with the LTFP, delays in approvals for major projects, the viability of a project if it relies on land acquisition which may be affected by land price movements and available funding for projects.

A number of new projects are included in the LTFP. All of these are proposed to be constructed on land owned by the City or Crown Land managed by the City. The developments will not require external approvals and are being funded through debt or external grants funding. The risk associated with these is therefore low. Each of the projects has their own project management plan and inclusive of these plans is a risk management plan specific to that project.

The City has an extensive road renewal program which to a significant extent is externally funded on a recurrent basis from Road to Recovery and Main Roads funding. If that funding reduces or is not made available to the City, then the timing and scope of the works will be required to be reassessed.

Interest rates on borrowings and on investments are predicted to be relatively constant over the life of the LTFP. If adverse changes in rates occur this may impact on the City's revenues and future project costs. The risk is considered low.

## Financial Projections

The financial projections in this LTFP have been developed in a format that conforms to the Local Government (Financial Management) Regulations 1996 and Australian Accounting Standards. This format has been chosen as it allows projections to feed into the statutory format of the Annual Budget and key performance measures in the LTFP to be compared with Annual Budgets and Annual Financial Reports. The Statutory schedules include:

- Statement of Financial Position (Balance Sheet) and Equity Statement
- Statement of Comprehensive Income\*
- Statement of Cash Flows
- Rate Setting Statement

The Statement of Comprehensive Income shows what is expected to happen during the year in terms of revenue, expenses and other adjustments from all activities. The LTFP cycles a continual positive movement from an existing deficit position from Ordinary Operating Activities to a surplus position within a fiscally responsible timeframe that will improve financial sustainability.

The Statement of Financial Position is a snap-shot of the expected financial position of the City at the end of the financial year. It reports what is expected to be owned (assets) and what is expected to be owed (liabilities). The bottom line "Net Assets" represents the net

worth of the Council. The assets and liabilities are separated into current and non-current. Current means those assets or liabilities which will fall due in the next 12 months. Non-current refers to assets and liabilities that are recoverable or which fall due over a longer period than 12 months.

The Statement of Cash Flows shows what is expected to happen during the year in terms of cash. The net cash provided by operating activities shows how much cash is expected to remain after paying for the services provided to the community. This can be used to fund other activities such as capital works and infrastructure. The information in this statement assists in the assessment of the ability to generate cash flows and meet financial commitments as they fall due, including debt repayments. Reflective of the current ratio the City maintains the ability to meet all operating and capital commitments during the term of the LTFP.

In the LTFP, rates assessed and determined are within the accepted range of 90 to 110 % and reflect cyclical movements in cash flow from year to year.

The statements are supported by schedules of:

- capital works
- cash reserves
- loan borrowings and repayments
- depreciation calculations
- assumptions used in the LTFP
- schedule of KPIs

## **Conclusion - Implementation and Review of the LTFP**

Council will consider the content of the LTFP when preparing the Annual Budget for 2015-16 and subsequent years and it is expected that adopted budgets will be closely aligned with the proposals in the LTFP and assumptions underpinning this.

Review of the LTFP will occur each year as budgets are prepared to account for performance information and changing circumstances.

The City is confident that the LTFP will allow the City to set priorities within its resourcing capabilities to sustainably deliver the assets and services required by the community in a fiscally responsible manner.

## Statements and Supporting Schedules

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