LONG TERM FINANCIAL PLAN

2016/17 to 2025/26

Updated June 2018

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EXECUTIVE SUMMARY

The Long Term Financial Plan (LTFP) is an important component of the Council's financial management framework which will ensure that the Council can deliver on the strategies detailed in the Kingborough Strategic Plan 2015-2025. The Strategic Plan provides the necessary direction for the future delivery of services by the Council.

The key priority areas detailed in the 2015 Strategic Plan are;

- A safe, healthy and supportive community
- Sustainable land use and infrastructure management
- A healthy natural environment
- A vibrant local economy
- Community leadership
- A well administered organisation

The LTFP is a guiding document to consider when developing the annual plan and budget estimates rather than a document that is dictating future decisions of Council, or what Council will spend. The LTFP reflects the estimated amount of funds Council will have at its discretion in future years based on a number of specific planning assumptions.

The LTFP also establishes greater transparency and accountability of Council to the community.

Financial sustainability is a key challenge facing local government due to several contributing factors including increased demand for services, aging infrastructure, constraints on revenue growth, continuing population growth, and cost increases in excess of CPI.

The LTFP aims to improve Council's overall financially sustainability into the future. The key principles underpinning the LTFP are:

- Maintain a fair and equitable rating structure
- Maintain current service levels
- Continuous improvement in Council's financial performance, so as to achieve operating surpluses
- Progressively increasing funding for asset maintenance and renewal
- Continuous improvement in Council's financial position.

It is important to note that movements in the underlying assumptions to the LTFP can have a significant effect on the financial results of the Council. Section 8 on page 22, outlines the impact of changes to assumptions in key areas such as general rates and expenditure levels.

The LTFP covers the 10 year planning horizon from 2016/17 to 2025/26. The planning assumptions used in the development of the LTFP are explained within section 2.2.

Strategic Planning Framework

The LTFP is an important part of Council's overall financial management framework. The following table demonstrates the context of how the LTFP fits into Council's overall financial management framework.

Long Term Planning (10 years +)	***Our Vision***	Core Values Long Term Financial Plan Long Term Asset Management Plan
Medium Term Planning (3-5 years)	***Strategic Plan***	Goals and Key Objectives Strategic Plan 2010 – 2020 Strategic Delivery Plan 2010 – 2015
Short Term Planning (12 months)	***Annual Plan and Estimates***	Financial Statements Activities and Initiatives Key Strategic Activities Other Information
Accountability (yearend)	***Audited Statements / Annual Report***	Financial Statements Performance Statement

Current financial performance and position

An analysis of Council's underlying financial performance during the period from 2009/10 showed that there is an unsustainable gap between operating expenditure and revenue. The transfer of water and sewerage functions and activities to the newly formed Southern Water Corporation (now TasWater) had a significant impact on Council's financial outlook. Allowing an operational deficit to continue into the long term would ultimately jeopardize the adequate funding of capital expenditure and Council's capacity to maintain and replace existing community assets.

Based on current service levels and the assumptions detailed in section 2.2, Council is intending to close the gap between projected expenditures and projected income in the short term.

Council has attempted to curtail capital expenditure for new assets instead focusing on the renewal and rehabilitation of existing assets. Council aims to maintain its infrastructure and assets at an acceptable standard. This involves developing and integrating long-term infrastructure and asset management plans with the LTFP to provide for the continued investment in maintenance, renewal and replacement of asset stock.

A key project for Council over the next ten years will be the development of the Kingston Park site. This project will have an impact on the financial performance over the period of the project due to the need to borrow funds to allow for capital expenditure on the site. At different stages through the project, land will be released for sale to allow for a reduction in borrowings to minimise the cost impact. Despite the receipt of grant funds, there is a possibility that the project will leave Council with some borrowings that will need to be paid off over future years.

Long Term Asset Management Plan

Infrastructure and Asset Management Plans have been developed to ensure that Council continues to provide effective and comprehensive management of its infrastructure asset portfolios. The Asset Management Plans are separate documents to the LTFP, however high level details are provided below as the funding for the capital works program is generated through an effective LTFP.

Council should strive toward ensuring asset renewal and replacement expenditure that on average matches depreciation for long term financial sustainability. However given the current financial position and the need to move to an underlying surplus, Council is only able to afford to fund asset renewal at a rate of 70% to 80% of depreciation. This level of expenditure can only be sustained for a short period of time otherwise infrastructure will deteriorate to the point where significant expenditure is required to restore the assets.

The asset management plans indicate that over the next 10 years Council should be spending a minimum of $7.0M (unadjusted for inflation) per annum on asset capital renewal. An annual capital works program of $7.0M would maintain Council's current infrastructure at a reasonable standard in the short term. From 2021 onwards, the LTFP enables Council to fund 100% of depreciation on capital renewal projects which in today's dollars would equate to $8.8 million.

Capital funding in excess of the $7.0M for capital renewal purposes is available for upgrading or new infrastructure projects. This funding is limited to $1.0M plus funds provided under the Roads to Recovery program.

Further details on annual capital spend and funding is located within Section 5.3 – 'Cash Flows from Investing Activities'.

LONG TERM FINANCIAL PLAN OVERVIEW

Underlying Result

When evaluating an entities financial performance it is important to distinguish between operating and capital items, as well as non-recurring one-off items.

The table below breaks down Council's overall result to assist in assessing Council's underlying financial performance over the ten year period of the LTFP.

STATEMENT OF COMPREHENSIVE INCOME										
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
	$'m	$'m	$'m	$'m	$'m	$'m	$'m	$'m	$'m	$'m
Total Recurring Revenue	38.7	36.9	39.0	40.6	42.5	44.0	45.6	47.2	48.8	50.4
Total Recurring Expenses	38.0	38.2	39.6	40.9	42.1	43.3	44.7	46.1	47.5	48.9
Underlying Surplus (Deficit) before Capital items	(0.4)	(0.2)	(0.6)	(0.3)	0.4	0.6	0.9	1.2	1.4	1.4
Capital Grants	1.9	1.5	2.1	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Contributions - non cash	2.7	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Other Non-Recurring Items	1.1	(1.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NET SURPLUS (DEFICIT)	5.2	0.4	1.7	0.3	1.0	1.2	1.5	1.8	2.0	2.0

Note: Amounts in the tables have been rounded to the nearest hundred thousand.

Council's underlying surplus before capital items is estimated to improve from a deficit of $0.4M in 2016/17 to a surplus of $0.4M in 2020/21.

The 2016/17 overall net result, a net surplus of $5.2M, is due to the receipt of $2.7 million in non-monetary assets and $1.9 million in grants for capital projects.

The development of the Kingston park site will result in Council requiring borrowings over the ten year period of the LTFP, which in turn will add an interest cost to expenditure. The LTFP includes borrowings of $14.5M in 2018 and 2019 to fund the construction of the main road through the site, the community hub building and public open space. Council will also receive $2.8 million in grant funds in four payments in 2018/19. The LTFP is predicated on a scenario that Council will have around $5.0M debt from the project in 2026 with the final stages of land still to be sold.

An underlying surplus by 2020/21 would be a strong achievement in light of the loss of $0.6 million in dividends from Taswater and increasing depreciation expense as a result of asset revaluations and componentisation. A surplus by 2020/21 is dependent on the effective management of services and related costs.

The LTFP expresses Council's commitment towards striving to improve the underlying result and ensure depreciation is fully funded and break-even overall results are consistently achieved in future financial years.

The following sections discuss the planning assumptions used in deriving the LTFP and provide further explanations on each of Council's main revenue and expenditure line items. The final section provides a trend analysis using a number of financial sustainability indicators and ratios.

Kingborough Demographics

The 2016 census identified that Kingborough's population was then 35,853. The 2016 Census indicated that Kingborough is one the fastest growing municipalities in the state with a population increase of 5.8% during the period 2011 to 2016. This is higher than the overall Tasmanian population increase within the same period of 2.95% and less than the Australian average of 8.8%.

The population growth for Kingborough is essentially being driven by migration into the municipality, which is motivated by both personal choice (based on the area's natural attractions) and economic factors (such as the availability of suitable residential land and housing). The 2016 Census shows that the largest groups moving to Kingborough in the last five years came from other states and territories (2,266) and from within Tasmania (6,558).

Kingborough continues to experience the impacts of the 'sea change' phenomena. New residents are coming to retire or to live in the naturally beautiful environment. Kingborough offers opportunities for new residents with residential land within relatively easy commuting distance to Hobart. This convenience, together with increasing retail, service and educational opportunities and pleasant urban and rural surroundings, is a strong attraction for new residents.

Australian Bureau of Statistics data shows that the median age of Kingborough residents was 42, which is also the median age for Tasmania overall. There were 6,629 people over the age of 65 in Kingborough which represents 18.5% of the total population.

Some of the other population and social characteristics for Kingborough that are expected to continue into the future include:

- A relatively high median household income. The median weekly household income for Kingborough was reported as $1,364, significantly higher than the $1,100 for Tasmania.
- Relatively low unemployment rates. The unemployment rate for Kingborough on Census night was 5% compared to 7% in Tasmania. In Kingborough, 48% of residents were in the labour force, compared to 45.7% in Tasmania. Residents were employed in education, government administration and services industries. The most common occupations included Professionals 26%, Clerical and Administrative Workers 14.7%, Technicians and Trades Workers 13.3%, Managers 13%, and Community and Personal Service Workers 11.6%.
- Relatively high education standards. In Tasmania, 53.4% of the population had year 12 and above qualifications, compared to 66.5% in Kingborough.
- Relatively high internet use. Nearly 86.5% of households were connected to the internet, compared to 78% in Tasmania.
- More affluent socio-economic profile, as the Census results show that Hobart and Kingborough are the most advantaged local government areas in Tasmania. However, there are pockets of disadvantage in the municipality at the local level.

There are other statistical results that are also relevant. For example, Kingborough displays relatively high commuter characteristics with over 60% of the labour force travelling for work outside of Kingborough. Only 5% of residents travel to work by public transport (bus) with most travelling by car.

The next Census will be conducted in 2021.

Key Statistics (2016 Census)

	Kingborough	Tasmania
Population	35,853	528,000
Population increase 2006-2011	5.8%	3.0%
Median age	42	42
% aged over 65	18.5%	19.5%
Dwellings with internet access	87%	78%
Rent payments >30% of household income	8.0%	10.2%
Mortgage payments >30% of household income	5.7%	5.1%
Median weekly household income	$1,364	$1,100
Households with gross weekly income <$650	19.7%	26.3%
Households with gross weekly income >$3,000	12.6%	8.3%
Unemployment	5.0%	7.0%

Source: ABS census 2016

Planning Assumptions

The base for the preparation of the LTFP is the Annual Plan Estimates for 2017/18, with one-off or non-recurring events adjusted for.

The LTFP has been prepared by setting percentage increases for various classes of expenditure and income and then reviewing each line item where a variance to the pattern is likely to occur. In many instances the straight use of the below percentage will therefore not produce the same outcome as shown below.

The planning assumptions used in the development of the LTFP are summarized in the table below.

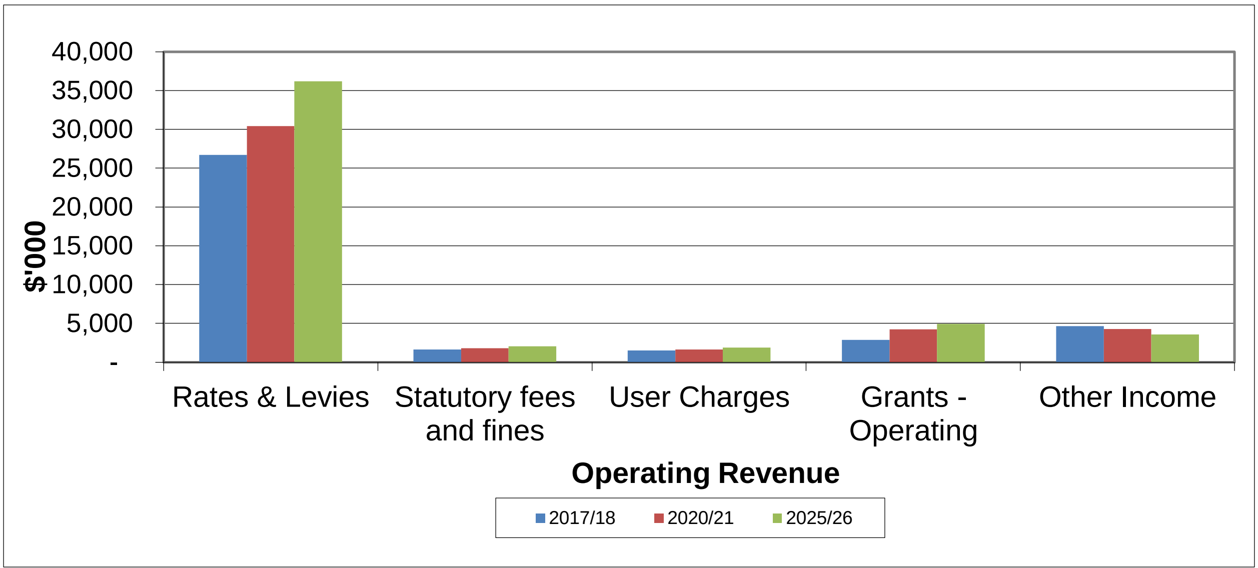
REVENUE CATEGORY	COMMENTARY
Rates and Levies	Indexed at 4.0% for 2018 to 2021 and then 3.0% annually An increase in the garbage rate of $40 in 2018/19
Rates Growth	Annual increase of 0.75% in rate revenue from growth
User Charges	Indexed at 3.0% annually
Operating and Capital Grants	Indexed at 3.0% annually
Interest Revenue	Based on expected return of 2.5% of Council's year-end cash balance
Other Revenue and Contributions	Indexed at 3.0% annually

EXPENDITURE CATEGORY	COMMENTARY
Materials and Contracts	The plan currently assumes a flat increase across all materials and contract expenditure of 1.5% (2.5% less 1.0% achieved through savings) to 2021
Employee Costs	Indexed to allow for performance based progression and annual award movements. Combined index estimated at 3.0%
Depreciation	Indexed to reflect increase in valuation of infrastructure assets (3.0%) and annual capital work program additions
Other Expenses	Indexed at 2.5% annually

OPERATING REVENUES

This section analyses the projected revenues of Council from 2017/18 to 2025/26. The table and graph below summaries movements in Council's key revenue streams over the period.

Revenue Type	2017/18 $'000	2020/21 $'000	2025/26 $'000
Rates & Levies	26,748	31,410	37,777
Statutory fees and fines	1,629	1,501	1,740
User Charges	1,548	1,709	1,981
Grants - Operating	2,207	3,155	3,658
Other Income	4,811	4,662	5,192
Total Operating Revenue	**36,943**	**42,437**	**50,348**
Grants - Capital	1,500	1,100	400
Non Cash Contributions	200	200	200
Net Gain From Sale of Assets	-	-	-
Total Revenue	**38,643**	**43,737**	**50,948**



Rates and Levies

The LTFP assumes the annual general rate increase from 2018/19 to 2020/21 will be 4%. This assumption is in line with the increases for the past nine years and is designed to ensure Council delivers an underlying surplus by 2021.

The LTFP includes a Stormwater Rate of $58 per household in 2017/18. The Stormwater Rate is being used to fund the essential upgrades to the current stormwater system which is struggling to cope with the increased usage that it being placed on it. This charge will be indexed in line with the increases to the general rate.

The LTFP assumes a 0.75% annual increase in rate revenue through growth in the number of rateable properties. For example in 2017/18 Council estimates that $150,000 of additional revenue will be received through supplementary rating. This assumption is based on the average growth in rateable properties in Kingborough over the past 3 years.

The increase in expenditure due to increase in demand for services from population growth is addressed within section 4 below.

There are a number of properties which are public, educational, religious or charitable in use or ownership and which are in part, or in full, exempt from general rates. The level of annual remissions estimated in the LTFP is consistent with recent decisions regarding exemptions provided to charitable institutions.

Garbage collection charges and recycling charges are estimated to increase by 4% annually over the period. An additional increase of $40 has been included in 2018/19 to cover the increase in garbage collection and garbage disposal costs that will be incurred in that year.

The increase in the three fire rate levies that Council collects on behalf of the Tasmanian Fire Commission are also offset by an identical increase in the related expenditure payment.

User Charges and Statutory Fees

User charges relate to the recovery of service delivery costs through the charging of fees to users of Council's services. These include the hire of halls and sporting grounds, Kingborough Sports Centre fees, engineering fees and private works recoveries. The key principle in setting user fees has been to ensure that increases approximate CPI increases or market levels.

Statutory fees and fines relate mainly to those levied in accordance with legislative requirements. They include, building fees, planning fees, health related fees, parking fines, and animal registrations.

Council's user charges and statutory fees may be influenced by growth in the municipality, CPI movements and additional operating revenue streams.

The LTFP assumes an increase in user charges and statutory fees consistent with an estimated CPI of around 3%.

Grants - Operating

Operating grants are funds received from both the State and Federal Government for the purpose of delivering Council services.

The main source of grant revenue is from the State Grants Commission (SGC) in the form of Financial Assistance Grants (FAG). Council has little control over the level of FAG received with changes likely to occur as a result of a change in population or distribution methodologies.

The FAG's are fixed for a three year period until 2017/18 after which time it they will grow by an expected 3% over the period of the LTFP. It is unlikely that there will be any increase in grants, or provision of new grants, for current services. Any reduction or discontinuance of grants will need to be offset by a corresponding reduction in expenditure.

Other Income

Other Council revenue has been increased 3% annually in line with projected CPI and comprises:

- government rates remission reimbursements,
- reimbursement for State Government works,

- motor tax reimbursement,
- salary and other reimbursements.

Interest and Dividends

Estimated interest income over the ten year period is derived from Council's expected cash position at the end of each financial year using an estimated market rate of 2.5%.

The level of interest revenue fluctuates from 2018 to 2021 due to the withdrawal of funds for the capital works program. Interest revenue then gradually increases from $0.37M in 2020/21 to $0.54M in 2025/26 in line with Council's cash balance.

As part owner of the Tasmanian Water & Sewerage Corporation Pty Ltd, Council is entitled to receive dividends. It is expected that the level of dividends declared will be $1.8m in 2017/18 and then reduce to $1.2 million from 2018/19 due to TasWater retaining funds to complete its water and sewerage upgrades.

Grants - capital

Capital grants include all monies received from State, Federal and community sources for the purposes of funding the capital works program. The LTFP reflects the Commonwealth Roads to Recovery funding and grant funds for the Kingston Park project. There is $1.5M in 2017/18 and $1.4M in 2018/19 before reducing back to $1.1M from 2019/20.

In accordance with Council's budget principles the capital grant income related to potential grant applications in the future were not factored into the LTFP.

Any additional Capital funding received will not impact on the underlying operating result as the funds will be expended on new capital projects.

Contributions, Non Cash Contributions, Net Gain on Sale and Other Revenue

The revenue reported under contributions relate to external funds received from developers under the Public Open Space and Tree Preservation policies, or other contributions received from the public for capital works or operational purposes. The level of contributions from 2017/18 to 2025/26 reflects a conservative estimate, and reflects an annual CPI adjustment of 3.0%.

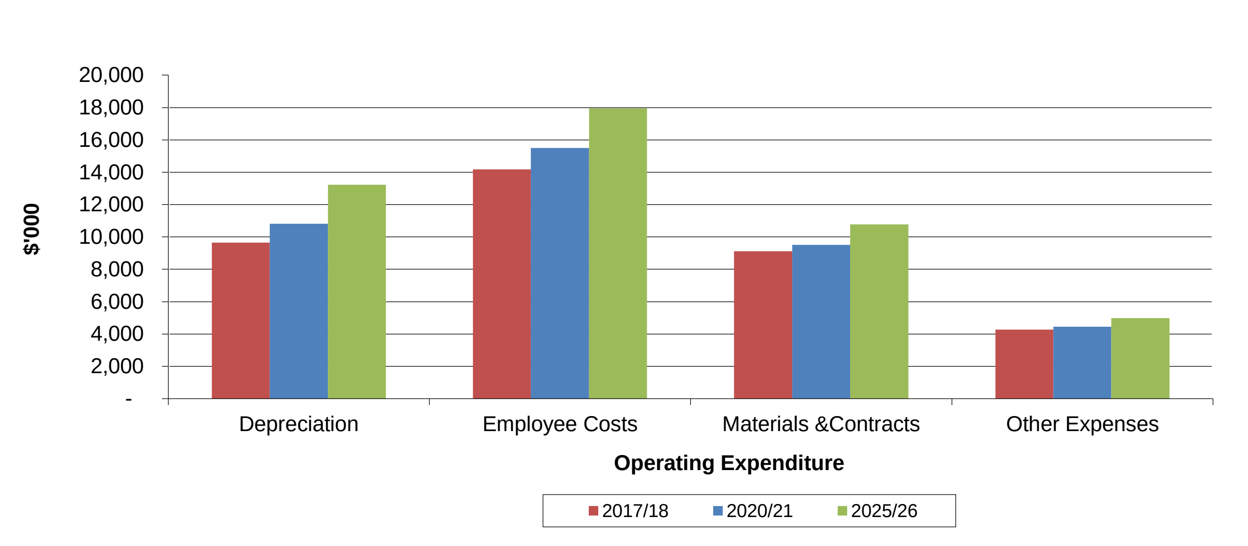
Non cash contributions are made up of assets donated to Council from property developers in the form of infrastructure (roads and storm water etc) where at the completion of the development Council assumes responsibility for maintaining and replacing the infrastructure. As developer contributions are non-cash and capital in nature they do not affect the underlying operating result and have therefore been excluded from the LTFP

Should Council dispose of any property during the ten year period this would be considered as additional revenue. Other revenue reflects non-recurring revenue such as FAG's paid in advance.

OPERATING EXPENDITURE

This section analyses the expected expenditure of Council from 2017/18 to 2025/26. The table and graph below summarises the movements in Council's key expenditure items over the period.

Expenditure Type	2017/18 $'000	2020/21 $'000	2025/26 $'000
Depreciation	9,744	10,760	13,162
Employee Costs	13,810	15,405	17,859
Materials &Contracts	8,354	9,383	10,616
Other Expenses	4,760	4,470	5,005
Borrowing Costs	40	298	195
Levies to State Government	1,485	1,761	2,117
Total Operating Expenditure	**38,193**	**42,078**	**48,954**



Depreciation

Depreciation is an accounting measure which allocates the value of assets over their useful lives.

Council's infrastructure assets are held at depreciated replacement cost to ensure adequate provision for renewal of existing infrastructure through depreciation expense. The amount spent on asset renewal in any given year is determined by Council's longer term capital works program.

Depreciation is estimated to increase $3.5m or 36% from $9.7M in 2017/18 to $13.2M in 2025/26. The increase reflects the additional depreciation expense for capital projects completed as part of the annual capital works program. In particular, the capital expenditure on Kingston Park will have a significant impact. Infrastructure contributions from developers and the annual revaluation of infrastructure (estimated at 3.0%) also increase the level of Council's depreciation expense.

Employee costs

Employee costs include all salaries and wages and all employment related expenses including payroll tax, employer superannuation, leave entitlements, fringe benefits tax, workers compensation insurance and professional development.

Employee costs are estimated to increase $4.1m or 30% from $13.8M in 2017/18 to $17.9m in 2025/26. The increase in Council employee costs reflect an estimated Enterprise Bargaining Agreement percentage increase and a percentage increase for performance based progression.

Employee numbers and costs need to be carefully managed into the future. Council is currently developing a Workforce Plan to guide long-term planning in this area. Increased staff numbers as a result of implementing new services and enhancing existing services need to be funded through additional revenue or kept to a minimum. The LTFP assumes that staff costs are maintained at 2017/18 levels with only increases in line with the Enterprise Agreement.

Materials and contracts, Other Expenses

Materials and contracts include the purchase of consumables, payments to contractors for the provision of services, insurances, and utility costs. Utility costs relate to telecommunications, water, sewerage, and electricity.

Materials and contracts, and other expenses are estimated to increase $2.2m or 26% from $8.4M in 2017/18 to $10.6M in 2025/26.

As part of the productivity drive throughout Council, material and contracts costs have only been increased by 1.5% up until 2021.This equates to a $100k savings per annum if inflation increases are around the expected 2.5% Reserve Bank target. To achieve this result, careful control will be required over discretionary expenditure on materials and contracts.

Despite the significant service delivery pressures, through controlling cost increases Council aims to maintain the level of growth in materials and contracts expenditure to 2.5% from 2021 onwards.

The three quarters of a percent growth in rates through increased rateable properties, including new houses is not expected to have a significant impact on the level of 'non-recoverable' service costs. It is reasonable to assume new subdivisions would require minimal maintenance over the period up to 2021. Street lighting and street sweeping are potential 'new' costs which are not directly recoverable, however these are expected to be minimal.

Cost of Assets Retired

The cost of assets retired represents the write off of infrastructure assets as a result of the renewal or upgrade of the asset. On occasions, assets deteriorate at a greater rate than the expected life of the asset and there is a need for capital expenditure to restore the asset to full capacity. In this scenario, there is a write-off of the remaining asset which becomes an expense to Council. The write-off for 2017/18 is expected to be $1.0M and this is expected to reduce over time once the new asset management system is providing reliable data to allow depreciation to be accelerated on these types of assets.

Levies to State Government

Levies to State Government include land tax and state fire levies. State fire levies are collected on behalf of the State Fire Commission. These funds are passed directly to the State Fire Commission and Council has no control over the levies.

ANALYSIS OF ESTIMATED CASH POSITION

Estimated Cash Flow Statement

This section analyses the projected cash flows from the operating, investing and financing activities of Council from 2016/17 to 2025/26. The cash flow from operating activities is a key factor in determining the level of capital expenditure that can be sustained without using existing cash reserves.

The analysis is based on three main categories of cash flows:

1. OPERATING ACTIVITIES

Refers to the cash generated or used in the normal service delivery functions of Council. Cash remaining after paying for the provision of services to the community may be available for investment in capital works, or repayment of debt.

2. INVESTING ACTIVITIES

Refers to cash generated or used in the enhancement or creation of infrastructure and other assets. These activities also include the acquisition and sale of other assets such as vehicles, property and equipment.

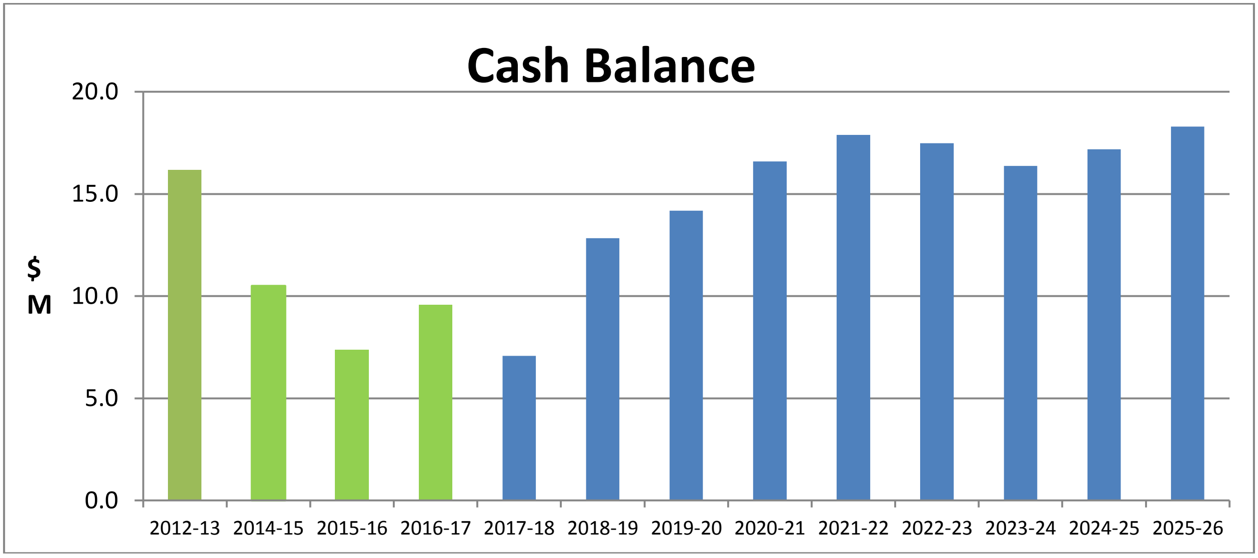
3. FINANCING ACTIVITIES

Refers to cash generated or used in the financing of Council functions and include borrowings from financial institutions and advancing of repayable loans to other organisations. These activities also include repayment of the principal component of loan repayments for the year.

The table below summarises Council's net cash flows over the ten year period.

STATEMENT OF CASH FLOWS	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
	$'m	$'m	$'m	$'m	$'m	$'m	$'m	$'m	$'m	$'m
Net Cash Flow from Operating Activities	8.5	8.7	8.8	9.6	10.7	11.3	12.1	12.8	13.4	14.1
Net Cash Flow used in Investing Activities	(8.2)	(18.2)	(14.2)	(9.4)	(8.7)	(10.5)	(8.9)	(8.8)	(13.1)	(13.4)
Net Cash Flow from Financing Activities	1.9	7.0	10.4	1.1	0.4	0.4	(3.6)	(5.1)	0.4	0.4
NET (DECREASE)/INCREASE IN CASH HELD	**2.2**	**(2.5)**	**5.1**	**1.3**	**2.4**	**1.3**	**(0.5)**	**(1.1)**	**0.8**	**1.1**
Cash at the Beginning of the Year	7.4	9.6	7.1	12.1	13.5	15.9	17.1	16.7	15.5	16.3
CASH AT THE END OF THE YEAR	**9.6**	**7.1**	**12.1**	**13.5**	**15.9**	**17.1**	**16.7**	**15.5**	**16.3**	**17.4**
Statutory Reserves	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
Descretionary Reserves	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)
Other Commitments	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
Carried Forwards	(4.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
UNRESTRICTED CASH AT YEAR END	**1.6**	**2.1**	**7.1**	**8.5**	**10.9**	**12.1**	**11.7**	**10.5**	**11.3**	**12.4**

The graph below shows the cash balance over the past four years and the projections to 2025/26. There is a declining trend in cash balances due to ongoing underlying deficits and the need to invest in new capital works. This trend will continue until 2017/18 where cash will fall to $7.1M and then will start to climb to be between $15M to $20M from 2022 until 2026. Given Council has around $4M in statutory and discretionary reserves, it needs to maintain a cash balance above $5M at a minimum.



Cash flows from operating activities

The net cash flow from operating activities is estimated to increase from $8.5M in 2016/17 to $14.1M in 2025/26. The increase comprises an increase in receipts from ratepayers and user charges of $11.7M, which is partially offset by an increase in payments to suppliers and staff of $3.8M. There is also a reduction of $0.6M resulting from the loss of the Taswater dividend.

The net cash flow from operating activities in important as it allows appropriate funding foe asset renewals and the development of upgraded or new assets.

Cash flows from investing activities

Funds required for the capital works program (including carry forwards) are estimated to be between $9.3M and $19.2M during the ten year period with fluctuations due primarily to works on the Kingston Park site. This is offset by proceeds from asset sales from the sale of land at the Kingston Park site commencing in 2021.

This capital expenditure funding allows for the renewal and upgrade of existing assets and the creation of new assets.

The increase in the capital works program is primarily funded by increased cash from operating activities. There will however be some borrowings to fund the new works at the Kingston Park site.

The asset management plans indicate that over the next 10 years Council should be spending approximately $7.0M (unadjusted for inflation) per annum on asset renewal. Additional funds will be spent on new or upgraded assets.

Cash flows from financing activities

To fund the capital works on the Kingston Park site, Council will need to borrow funds during the early stages of the project. Once land is sold, the borrowings will be repaid commencing from 2021 onwards until the debt is finalised.

Over the period 2016/17 to 2025/26, Council's available cash balance is estimated to fall to $7.1M in 2018/19 and then increase back to $17.3 in 2025/26. The increased cash would provide options for Council to potentially fund new assets into the future, subject to appropriate levels of liquidity being maintained.

Restricted and unrestricted cash and investments

Cash and cash equivalents held by Council are restricted in part, and not fully available for Council's operations. The forecasted unrestricted cash balance is detailed at the bottom of the Statement of Cash Flows.

Statutory reserves

Statutory reserves are funds that must be used in accordance with legislative and contractual obligations. These funds are not available for any other purpose. It is estimated that Council will have subdivision infrastructure related deposits of $1.0M throughout the ten year period.

Discretionary reserves

Discretionary funds are set aside by Council for a specific purpose and unless there is a Council resolution these funds should only be used for those purposes. The estimated discretionary reserve balances for the financial year ends are shown in the below table. For the purposes of the LTFP the reserve balances are maintained at the same level throughout the ten year period as detailed below.

RESERVE	
	$'000
Public Open Space	1,500
Car Parking	50
Boronia Hill Reserve	10
Plant Replacement	100
Office Equipment Replacement	80
Hall Equipment Replacement	70
Sports Centre Equipment Replacement	100
Emergency Reserve	50
Emergency Services Reserve	10
Tree Preservation Reserve	800
IT Reserve	40
Administration Reserve	90
TOTAL	**2,900**

Cash at end of year

Overall the total unrestricted cash at year end is forecasted to increase from $1.0M in 2018/19 to $4.0M in 2025/26. Maintaining an unrestricted cash balance above $2M is considered reasonable in light of Council's annual operational and capital spend.

ANALYSIS OF ESTIMATED FINANCIAL POSITION

Estimated Financial Position

This section analyses the projected movements in assets, liabilities and equity from 2016/17 to 2025/26.

STATEMENT OF FINANCIAL POSITION										
	2016-17	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26**
	$'m	**$'m**	**$'m**	**$'m**	**$'m**	**$'m**	**$'m**	**$'m**	**$'m**	**$'m**
Total Current Assets	10.5	8.2	13.9	15.3	17.7	19.0	18.6	17.5	18.3	19.4
Total Non-Current Assets	597.2	627.3	660.7	689.5	719.7	754.0	789.9	826.3	864.4	904.1
TOTAL ASSETS	**607.7**	**635.5**	**674.7**	**704.8**	**737.4**	**773.0**	**808.5**	**843.7**	**882.7**	**923.5**
Total Current Liabilities	6.8	8.4	8.4	8.5	8.6	8.6	8.7	8.7	8.8	8.9
Total Non-Current Liabilities	0.7	4.2	13.3	13.3	13.3	13.3	9.3	3.9	3.9	3.9
TOTAL LIABILITIES	**7.5**	**12.6**	**21.7**	**21.8**	**21.9**	**21.9**	**18.0**	**12.6**	**12.7**	**12.8**
NET ASSETS	**600.2**	**622.9**	**653.0**	**683.0**	**715.5**	**751.1**	**790.5**	**831.1**	**870.0**	**910.7**
TOTAL COMMUNITY EQUITY	**600.2**	**622.9**	**653.0**	**683.0**	**715.5**	**751.1**	**790.5**	**831.1**	**870.0**	**910.7**

Current Assets and Non-Current Assets

Current assets comprise cash, investments and receivables. Current assets are estimated to fluctuate between $10M and $19M for the life of the LTFP. The variation is primarily due to changes in Council's cash and investment balance.

Non-current assets primarily include infrastructure assets. Non-current assets are estimated to increase $307M. This movement is primarily due to the 3.0% annual revaluation of assets as well as the capital expenditure on the Kingston Park site.

Current Liabilities and Non-Current Liabilities

Liabilities include creditors, employee provisions and other liabilities.

The balance of payables is difficult to predict as it depends mainly on the progress and timing of capital works.

It has been assumed that the level of staff positions will remain reasonably static and that leave balances will be managed so that leave provisions remain constant.

Loan borrowings will fluctuate between $5M and $14.5M over the life of the LTFP reaching the peak in 2018/19 as construction of the main road and community hub are completed.

KEY FINANCIAL INDICATORS

Key Indicators and Financial Sustainability Benchmarks

The following graphs illustrate the key financial indicators over the ten year period of the LTFP.

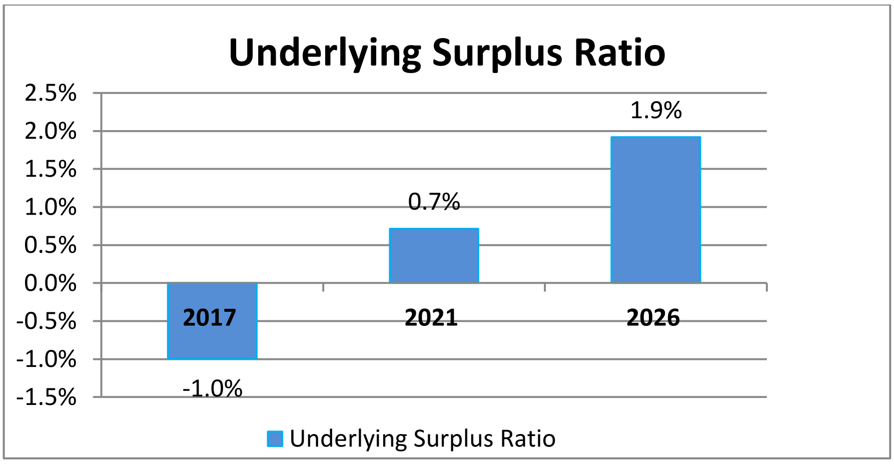
It is important to note that the ratios are only indicators of financial performance and should not be considered in isolation when determining financial sustainability. It is important to consider the ratios over time to consider trends. The results taken together over time indicate financial performance.

The Auditor General compared the financial sustainability of Councils by using generally accepted key financial ratios. The Auditor General uses the following ratios to measure the sustainability of a local government entity which are interrelated and enable both self-analysis and comparative analysis with other local government entities. The ratios used are below.

Underlying Result Ratio

The underlying surplus ratio expresses the operating surplus as a percentage or the recurring operating income. A result greater than 0.0% indicates a surplus, the larger the surplus the stronger the result and therefore stronger assessment of sustainability. A negative result indicates a deficit which cannot be sustained in the long term.

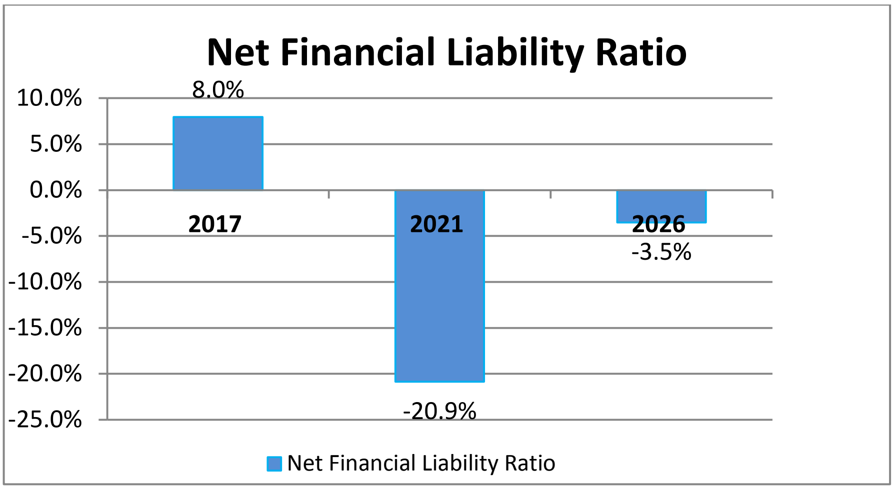
The underlying surplus ratio is calculated from using revenue from the comprehensive income statement adjusted for capital grants income, developer contributions and any other material one-off (non-recurring) items of revenue.



The underlying surplus ratio for 2016/17 is below the Benchmark of 0.0% and indicates Council is not currently fully funding its depreciation expense. However over a four year period the ratio is trending upwards and an underlying surplus ratio above 0.0% is achieved by 2020/21. The result in 2025/26 of a 1.9% operating surplus ratio results from the continued financial improvement from 2020/21.

Net Financial Liability Ratio

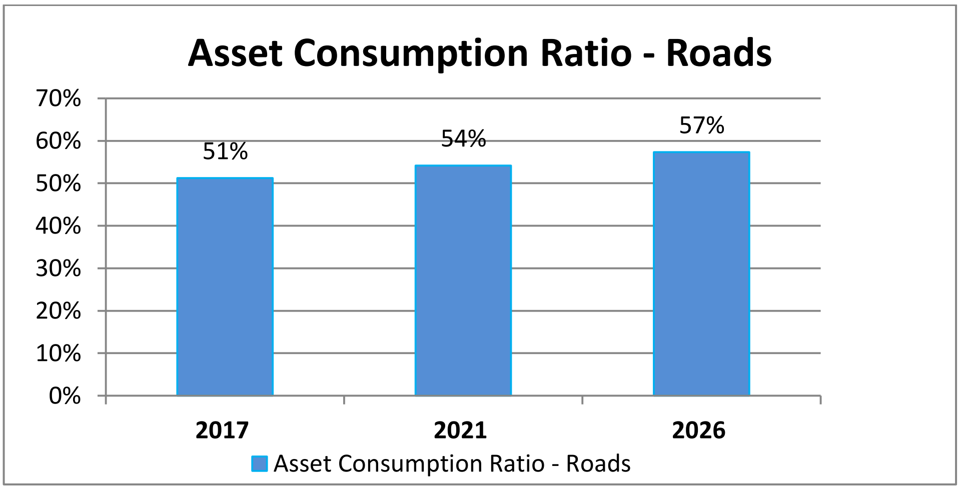
This measure shows whether Council's total liabilities can be met by its liquid assets. An excess of total liabilities over liquid assets means that, if all the liabilities fell due at once, additional revenue would be needed to fund the shortfall.



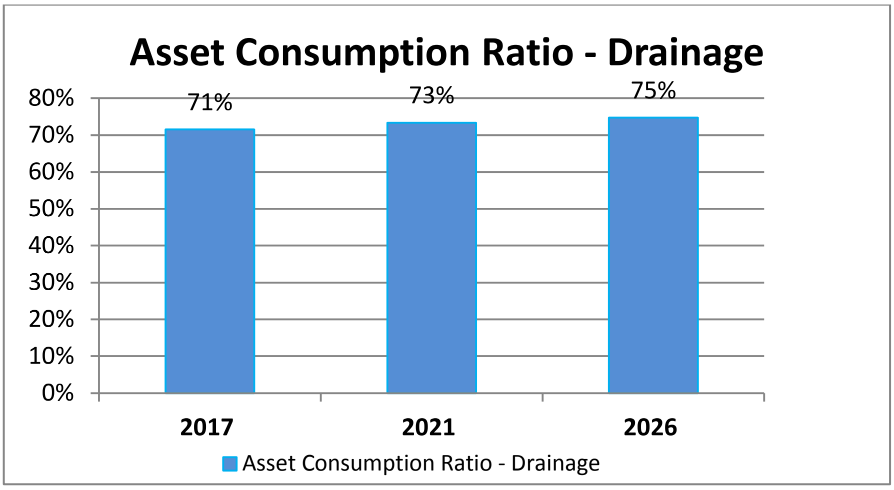
Whilst Council's percentage in 2016/17 is over the 0.0% benchmark, the borrowings associated with the construction at the Kingston Park site lead to the negative ratio in 2020/21. The repayment of the majority of the debt from 2021, leads to improved ratio in 2025/26.

Asset Consumption Ratio

The asset consumption ratio indicates the level of service potential available in Council's existing asset base. The ratio is calculated by dividing the depreciated replacement cost over the current replacement cost and is an indicator of the remaining useful life of the infrastructure asset. The benchmark for this ratio is between 50% and 80%.



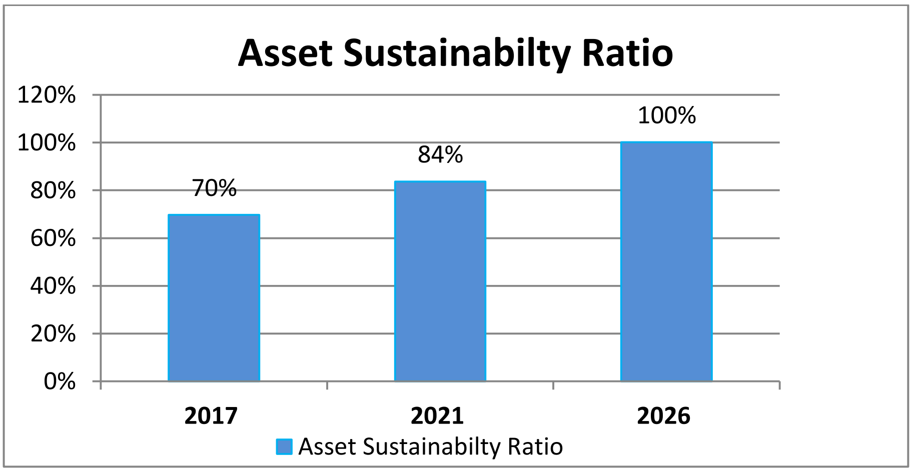
The above ratio for Council's roads, indicate that there is a reasonable level of service potential available within the existing asset base. Also a positive sign is that the ratio is increasing over the ten year period as a result of capital expenditure on the road network.



The asset consumption ratio for drainage assets shows a high level of service potential as well as an increasing ratio over the ten year period. This is a reflection of the capital expenditure program to update drainage infrastructure.

Asset Sustainability Ratio

The asset sustainability ratio indicates whether a Council has been maintaining existing assets at a consistent rate. The ratio is calculated as the total capital renewal expenditure divided by depreciation expense. A result of greater than 100% indicates that spending on existing assets is greater than the rate of depreciation base. The benchmark result is 100%.



The above graph shows that Council is struggling to meet the 100% benchmark for capital expenditure on asset renewal. While this shortfall is sustainable in the short term, it would be of a concern if the trend continued over an extended period.

This ratio highlights the need for Council to continue to build cash reserves, through the generation of an underlying surplus, to allow increased expenditure on asset infrastructure. Once this is achieved, an asset sustainability ratio of 100% will be delivered.

SENSITIVITY ANALYSES

Inflation Adjusted Expenditure

The assumptions related to the revenue streams and expenditure line items may have a significant impact on the long term forecast result of Council. The level of inflation adjusted expenditure is likely to be the most subjective and has the greatest potential to significantly impact the LTFP.

The below analysis demonstrates the sensitivity of the LTFP to changes in the level of expenditure that is increased by the inflation rate.

The LTFP assumes that certain expenditure increase in line with the expected inflation rate of 2.5%. If the rate of inflation is 1.0% above the assumed rate, then the effect will be as follows:

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	$	$	$	$	$	$	$	$	$
Yearly Variance	127,796	260,054	395,984	535,669	680,145	829,542	983,999	1,143,655	1,308,652
Accum Variance	127,796	387,850	783,834	1,319,503	1,999,647	2,829,190	3,813,189	4,956,844	6,265,496
Operating Surplus	(503)	(644)	(1,075)	(853)	(507)	(479)	(507)	(526)	(628)

Over a 9 year period Council would have generated $6.3M less in cash flow as a result of the inflation rate being 1.0% greater than expected.

The impact on the underlying operating result would be significant as the underlying deficit would continue for the life of the LTFP.

This outcome is considered unsatisfactory and clearly demonstrates the importance of limiting the level of annual increases in expenditure to 2.5%.

General Rates

The below analysis demonstrates the sensitivity of the LTFP to changes in the level of rates income.

The LTFP assumes a 4.0% annual increase in rates to 2021 and then a 3.0% increase from that date. If the assumption is changed to 3.0 % and 2.0%, the dollar impact is calculated as follows:

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	$ (000)	$ (000)	$ (000)	$ (000)	$ (000)	$ (000)	$ (000)	$ (000)	$ (000)
Yearly Variance	(252,125)	(507,249)	(776,291)	(1,059,902)	(1,356,004)	(1,665,060)	(1,987,549)	(2,323,967)	(2,674,828)
Accum Variance	(252,125)	(759,374)	(1,535,665)	(2,595,567)	(3,951,572)	(5,616,632)	(7,604,181)	(9,928,148)	(12,602,975)
Operating Surplus	(627)	(891)	(1,456)	(1,377)	(1,183)	(1,314)	(1,511)	(1,707)	(1,994)

Over the nine year period Council would have generated $12.6M less in cash as a result of a 3.0% annual increase in rates than 4.0% to 2025/26. This would result in Council needing to borrow funds to continue operating as a going concern.

Also no underlying operating surplus would be achieved during the life of the LTFP.

Asset Revaluation

The LTFP is based on annual asset revaluations averaging 3.0% over the life of the LTFP.

This assumption is based on past results, but the revaluation rate can be quite volatile and is very much dependent on market conditions at the time.

The following shows the impact on depreciation expense of a 4.0% increase in the average level of asset revaluation over the life of the LTFP:

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	$	$	$	$	$	$	$	$	$
Yearly Variance	(114,061)	(233,416)	(358,540)	(488,702)	(624,130)	(765,570)	(913,281)	(1,067,316)	(1,227,986)
Accum Variance	(114,061)	(347,478)	(706,018)	(1,194,719)	(1,818,850)	(2,584,419)	(3,497,701)	(4,565,016)	(5,793,003)
Operating Surplus	(489)	(618)	(1,038)	(806)	(451)	(415)	(436)	(450)	(547)

Over the nine year period Council would generate $5.8 million less in cash as a result of the increased level of asset revaluation.

No underlying operating surplus would be achieved over the life of the LTFP.

Dividend

The State Government commenced a process to take over Taswater. The legislation to enable this takeover, was passed by the lower house, but was rejected by the upper house. The Government has since indicated that they are seeking to purchase a share of Taswater and continue to pay dividends to Council.

The following is the impacts of the Government deciding to remove dividends paid to Council from the end of the current agreement in 2025:

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	$	$	$	$	$	$	$	$	$
Yearly Variance	0	0	0	0	0	0	0	0	(1,220,000)
Accum Variance	0	0	0	0	0	0	0	0	(1,220,000)
Operating Surplus	(384)	(679)	(317)	173	351	477	617	681	(457)

The figure indicate that Council will deliver an underlying operating deficit of $457k if no dividend is received in 2025/26.

APPENDIX A - STATEMENT OF COMPREHENSIVE INCOME

	Actual 2016-17	Forecast 2017-18	Budget 2018-19	LTFP 2019-20	LTFP 2020-21	LTFP 2021-22	LTFP 2022-23	LTFP 2023-24	LTFP 2024-25	LTFP 2025-26
Recurring Revenue										
Rates	23,870	25,263	27,035	28,302	29,649	30,764	31,921	33,122	34,368	35,660
Fire Service Levies	1,441	1,485	1,605	1,681	1,761	1,827	1,896	1,967	2,040	2,117
Total Rates & Fire Levies	***25,311***	***26,748***	***28,640***	***29,983***	***31,410***	***32,591***	***33,817***	***35,089***	***36,408***	***37,777***
Satutory Fees & Fines	1,790	1,629	1,415	1,457	1,501	1,546	1,593	1,640	1,690	1,740
User Charges	1,364	1,548	1,611	1,659	1,709	1,760	1,813	1,867	1,923	1,981
Grants - Operating	4,820	2,207	2,974	3,063	3,155	3,250	3,347	3,448	3,551	3,658
Contributions - cash	844	603	635	635	635	635	635	635	635	635
Interest	192	234	168	218	366	431	565	582	550	542
Other Income	2,114	1,927	2,093	2,156	2,221	2,287	2,356	2,427	2,499	2,574
Gain from Sale of Assets	128	0	0	0	0	0	0	0	0	0
Dividends - TasWater	1,848	1,848	1,240	1,240	1,240	1,240	1,240	1,240	1,240	1,240
Share of profit (loss) in associate/subsidiary	257	200	200	200	200	200	200	200	200	200
Total Operating Income	**38,669**	**36,943**	**38,976**	**40,612**	**42,437**	**43,941**	**45,566**	**47,127**	**48,696**	**50,348**
Recurring Expenses										
Materials and Contracts	9,055	8,354	9,108	9,244	9,383	9,618	9,858	10,104	10,357	10,616
Employee Costs	13,753	13,810	14,521	14,957	15,405	15,867	16,344	16,834	17,339	17,859
Depreciation	9,097	9,744	9,766	10,375	10,760	11,157	11,654	12,143	12,639	13,162
Levies to State Government	1,437	1,485	1,605	1,681	1,761	1,827	1,896	1,967	2,040	2,117
Borrowing Costs	0	40	200	298	298	298	306	250	190	195
Other Expenses	4,015	3,760	3,874	3,971	4,070	4,172	4,276	4,383	4,493	4,605
Carrying Amount of Assets Retired	637	1,000	500	400	400	400	400	400	400	400
Total Operating Expenses	**37,995**	**38,193**	**39,574**	**40,925**	**42,078**	**43,339**	**44,733**	**46,081**	**47,459**	**48,954**
Unusual Items										
Grants in Advance	(1,049)	1,049	0	0	0	0	0	0	0	0
Underlying Surplus (Deficit) before Capital items	**(375)**	**(201)**	**(598)**	**(314)**	**360**	**602**	**833**	**1,047**	**1,238**	**1,394**
Capital and Non-Recurring Items										
Capital Grants	1,854	1,500	1,400	1,100	400	400	400	400	400	400
Contributions - non cash	2,710	200	200	200	200	200	200	200	200	200
Net Gain from Sale of Assets	(231)	0	0	0	0	0	0	0	0	0
Grants in Advance	1,050	(1,050)	0	0	0	0	0	0	0	0
NET SURPLUS (DEFICIT)	**5,008**	**449**	**1,002**	**986**	**960**	**1,202**	**1,433**	**1,647**	**1,838**	**1,994**

APPENDIX B - STATEMENT OF FINANCIAL POSITION

	Actual 2016-17	Forecast 2017-18	Budget 2018-19	LTFP 2019-20	LTFP 2020-21	LTFP 2021-22	LTFP 2022-23	LTFP 2023-24	LTFP 2024-25	LTFP 2025-26
Current Assets										
Cash	4,348	2,348	2,348	2,348	2,348	2,348	2,348	2,348	2,348	2,348
Investments	5,225	4,723	9,791	11,115	13,502	14,768	14,314	13,170	13,933	15,007
Receivables	830	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Other	69	100	100	100	100	100	100	100	100	100
Total Current Assets	**10,472**	**8,171**	**13,239**	**14,563**	**16,950**	**18,216**	**17,762**	**16,618**	**17,381**	**18,455**
Non-Current Assets										
Land and Buildings	167,610	173,063	178,838	182,354	186,016	190,034	194,227	198,605	203,176	207,946
Plant and Vehicles	4,884	5,003	5,208	5,428	5,664	6,060	6,492	6,961	7,472	8,028
Furniture and Equipment	173	193	229	265	302	366	431	497	565	634
Infrastructure Assets	329,109	353,654	381,015	406,765	432,982	462,902	494,130	525,600	558,632	592,913
Intangible Assets	164	164	164	164	164	164	164	164	164	164
Receivables	373	373	373	373	373	373	373	373	373	373
Investment - Copping Waste Author	1,220	1,220	1,220	1,220	1,220	1,220	1,220	1,220	1,220	1,220
Investment - Southern Water	93,676	93,676	93,676	93,676	93,676	93,676	93,676	93,676	93,676	93,676
Total Non-Current Assets	**597,209**	**627,345**	**660,722**	**690,244**	**720,397**	**754,795**	**790,713**	**827,097**	**865,277**	**904,955**
TOTAL ASSETS	**607,681**	**635,516**	**673,961**	**704,808**	**737,347**	**773,011**	**808,475**	**843,715**	**882,658**	**923,410**
Current Liabilities										
Creditors	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221
Provisions	2,113	2,166	2,220	2,275	2,332	2,391	2,450	2,512	2,574	2,639
Loan Borrowings	0	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Trust Funds & Deposits	1,418	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,001	1,002
Total Current Liabilities	**6,752**	**8,387**	**8,441**	**8,496**	**8,553**	**8,612**	**8,671**	**8,733**	**8,796**	**8,862**
Non-Current Liabilities										
Loan Borrowings	0	3,500	12,500	12,500	12,500	12,500	8,500	3,000	3,000	3,000
Provisions	729	747	766	785	805	825	845	867	888	910
Total Non-Current Liabilities	**729**	**4,247**	**13,266**	**13,285**	**13,305**	**13,325**	**9,345**	**3,867**	**3,888**	**3,910**
TOTAL LIABILITIES	**7,481**	**12,634**	**21,707**	**21,782**	**21,858**	**21,936**	**18,017**	**12,599**	**12,685**	**12,772**
NET ASSETS	**600,199**	**622,881**	**652,253**	**683,025**	**715,488**	**751,074**	**790,457**	**831,114**	**869,973**	**910,636**
Community Equity										
Reserves	340,040	362,272	390,643	420,428	451,931	486,315	524,266	563,276	600,296	638,966
Accumulated Surplus	260,159	260,608	261,611	262,597	263,557	264,759	266,192	267,838	269,676	271,670
TOTAL COMMUNITY EQUITY	**600,199**	**622,881**	**652,253**	**683,025**	**715,488**	**751,074**	**790,457**	**831,114**	**869,973**	**910,636**

APPENDIX C - STATEMENT OF CASH FLOWS

	Actual 2016-17	Forecast 2017-18	Budget 2018-19	LTFP 2019-20	LTFP 2020-21	LTFP 2021-22	LTFP 2022-23	LTFP 2023-24	LTFP 2024-25	LTFP 2025-26
CASH FLOWS FROM OPERATING ACTIVITIES										
Receipts from Ratepayers & Users	32,346	31,851	33,759	35,255	36,841	38,185	39,578	41,023	42,520	44,073
Payments to Suppliers & Staff	(29,286)	(25,924)	(27,503)	(28,172)	(28,859)	(29,657)	(30,478)	(31,321)	(32,189)	(33,080)
Interest	192	234	168	218	366	431	565	582	550	542
Operating Grants	4,820	2,207	2,974	3,063	3,155	3,250	3,347	3,448	3,551	3,658
Dividends - TasWater	1,848	1,848	1,240	1,240	1,240	1,240	1,240	1,240	1,240	1,240
Borrowing Costs	0	(40)	(200)	(298)	(298)	(298)	(306)	(250)	(190)	(195)
Contributions - cash	0	0	0	0	0	0	0	0	0	1
Payments to Government	(1,437)	(1,485)	(1,605)	(1,681)	(1,761)	(1,827)	(1,896)	(1,967)	(2,040)	(2,117)
Net Cash Flow from Operating Activities	**8,483**	**8,692**	**8,833**	**9,626**	**10,685**	**11,324**	**12,052**	**12,754**	**13,442**	**14,122**
CASH FLOWS FROM INVESTING ACTIVITIES										
Proceeds from the Sale of Assets	269	400	585	400	855	2,445	4,499	3,959	400	400
Investment in KWS	0	0	0	0	0	0	0	0	0	0
Developer Contributions	844	603	635	635	635	635	635	635	635	635
Acquisition of Capital Assets (incl Plant)	(9,320)	(19,195)	(15,385)	(10,437)	(10,188)	(13,538)	(14,040)	(13,393)	(14,114)	(14,483)
Net Cash Flow used in Investing Activities	**(8,207)**	**(18,192)**	**(14,164)**	**(9,402)**	**(8,698)**	**(10,458)**	**(8,905)**	**(8,799)**	**(13,079)**	**(13,448)**
CASH FLOWS FROM FINANCING ACTIVITIES										
Repayment of Borrowings	0	0	0	0	0	0	(4,000)	(5,500)	0	0
Repayment of Community Service Loan	34	0	0	0	0	0	0	0	0	0
Receipts from Government - Capital	1,854	1,500	1,400	1,100	400	400	400	400	400	400
Loan proceeds	0	5,500	9,000	0	0	0	0	0	0	0
Net Cash Flow from Financing Activities	**1,888**	**7,000**	**10,400**	**1,100**	**400**	**400**	**(3,600)**	**(5,100)**	**400**	**400**
NET (DECREASE)/INCREASE IN CASH HELD	**2,164**	**(2,500)**	**5,069**	**1,324**	**2,387**	**1,266**	**(454)**	**(1,144)**	**763**	**1,074**
Cash at the Beginning of the Year	7,407	9,571	7,071	12,139	13,463	15,850	17,116	16,662	15,518	16,281
CASH AT THE END OF THE YEAR	**9,571**	**7,071**	**12,139**	**13,463**	**15,850**	**17,116**	**16,662**	**15,518**	**16,281**	**17,355**
Statutory Reserves	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Descretionary Reserves	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Other Commitments	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Carry Forwards	(4,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
UNRESTRICTED CASH AT YEAR END	**1,571**	**2,071**	**7,139**	**8,463**	**10,850**	**12,116**	**11,662**	**10,518**	**11,281**	**12,355**