



**NORTHERN AREAS
COUNCIL**



LONG TERM FINANCIAL PLAN

2022-23 to 2031-32

Executive Summary

Northern Areas Council comprises 3,070 square kilometres and is situated in the heartland of the Southern Flinders Ranges and is serviced by the major towns of Jamestown, Laura, Gladstone, Spalding, and Georgetown. With a population of around 5,000 and rateable properties of around 4,000, Council is responsible for maintaining the community assets worth in excess of \$168 million.

Under Section 122(1a)(a) of the Local Government Act 1999, Council is required to develop and adopt a Long Term Financial Plan (LTFP) for a period of at least 10 years, which forms part of its suite of Strategic Management Plans.

Under Section 122(4)(a) of the Local Government Act 1999, Council must also undertake a review of the LTFP as soon as practicable after adopting the Annual Business Plan each year.

This document has been developed not only to satisfy this requirement, but to assist in determining the financial projections for Council from 2022-23 to 2031-32, based on information available at the time.

The key objective of Council's LTFP is financial sustainability in the medium to long term, while still achieving the objectives detailed in the Strategic Plan.

The Plan has been developed based on a series of assumptions and information available, which includes:

- Council's Strategic Plan (2020-2027)
- Council's Asset Management Plans (AMP)
- Current and future levels of service
- Projected rating strategies
- Various economic measures and forecasts

The following provides a financial overview of the Plan (from 2022-23 to 2031-32);

LTFP Averages

Rate Increase	2.42%
Rates Growth	0.50%
Total Increase in Revenue from Rates	2.92%

Operating Income	14,440K
Operating Expenses	13,710K
Operating Surplus	\$ 730K
Operating Surplus Ratio	7%
Net Financial Liabilities Ratio	40%
Asset Renewal Funding Ratio	100%
Total Borrowings	\$2.30M

LTFP Totals

Capital Replacement Expenditure	\$56.3M
New Capital Expenditure	\$2.4M
Total Capital Expenditure by Year 10 (2031-32)	\$58.7M

Chief Executive Officer's Report on Financial Sustainability

The review of the Long Term Financial Plan (LTFP) indicates the Council will maintain financial sustainability over the next 10 years with an improvement in some of the financial ratio indicators.

Based on the assumptions listed in this report there will be an operating surplus for the entire plan from the 2023 year through to 2032. The surplus ratio range will be from 3% in 2022 to 9% in 2032. This would indicate there would not be monies available for new services, new capital expenditure, paying off further debt or reducing rates in the short term, but long term there maybe options to increase capital renewal or debt repayment.

Council considered in the 2019/20 Long Term Financial Plan the need to reduce the rate increase (as proposed in previous Long Term Financial Plans) as there was the strong possibility of rate capping being introduced. With rate capping not eventuating at that time Council has considered with the past rate increases and the work carried out to address infrastructure renewal backlogs the rate increase should be left at a lower level of 2.00% plus growth and not at the initial rate set many years ago of 5.5%.

Council's debt profile has been budgeted to be continually reduced over the next 10 years.

To maintain financial sustainability council must continually review the services it provides to the community to ensure the efficiency and effectiveness of the service is achieved. Currently the Senior Management Team is exploring opportunities in current services to improve the efficiencies and effectiveness. Service Level documents are currently being prepared by the Operational Services department that will determine the benchmark level for a number of council services.

The LTFP plan does rely on consistency with Council's Strategic Management Plan and Asset Management Plans.

Strategic Asset Management Plans have now been completed for all areas of council operations. The capital works that have been identified in these Asset Management Plans have been budget costed and transferred in the Long Term Financial Plan values.

Available discretionary monies (monies available for projects at short notice) are almost non-existent and require a degree of discipline from members not to vary from the plan. Only projects that come with substantial grant funding that are outside the plan should be considered, one off new projects should not be considered.

Any new services that council wants to introduce should be fully researched for value, (i.e. does the community really want this service or is it just a lobby group pushing a service) costed, and determine the best way to bring in this service and then referred for financial verification against the Long Term Financial Plan.

Capital Projects

The Long Term Financial Plan (LTFP) provides for a total capital investment of \$56.3M over the 10 year period, split between Capital Renewal of \$58.7M and New Capital of \$2.4M.

Capital Renewal Expenditure

Asset management planning processes are on-going and up to date information is incorporated each year as the Asset Management Plans (AMP) are updated.

Asset Management Plans for all infrastructure and plant asset classifications were developed and adopted by council through the 2016-17 financial year. Many of these are now currently being updated with support from Tonkin Consulting. Updated valuation data has been provided by Tonkin Consulting during the 2020/21 financial year and adopted by Council as part of the annual financial statements. The valuation data will feed into the updated Asset Management Plans due to be completed by June 2022.

Using projections for asset renewal intervals based on current condition assessments, the value within each asset class of assets that are reaching renewal stage are entered into each year within the LTFP.

A Community Waste Water Management (CWMS) AMP undertaken by Gayler Professional Services was also adopted by Council in late 2016. A new AMP is being developed with support from Tonkin Consulting and is due to be completed during 2022.

Based on the best available information, Council has recently adopted Asset Management Plans for Buildings, Bridges, Stormwater and Public Open Space. As such the LTFP now includes average desired capital spending for these categories to achieve asset renewal over the life of the plan.

Now that the required level of Capital renewal spending is entered into the LTFP from AMPs it then becomes a funding scenario to decide if this level of renewal is affordable. If not, it becomes a prioritisation process and some renewal projects may be shifted out to subsequent years of the LTFP.

In effect Council may decide to set a lower standard of service by renewing capital at a rate lower than required by the AMP.

New Capital

Generally relates to grant funded or community driven projects with minimal Council funding due to Councils priority being focused on maintenance and renewal of existing assets.

New Capital works in 2022-23 include New seals on township unsealed streets (year 6 of 6). It is also expected that major storm water projects, in particular Jamestown Flood Mitigation, will continue to draw on funds from grants and council.



What is Financial Sustainability?

In 2005, an independent inquiry into the financial sustainability of local government was undertaken by the LGA. Following this inquiry, the following definition was adopted at the LGA's General Meeting held in 2006:

“Council’s long-term financial performance and position is sustainable where planned long-term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services.”

This definition was subsequently adopted by the Australian Local Government Association at its National Assembly Meeting in December 2006.

In simple terms, the principle of financial sustainability is that each generation ‘pays their way’ for the services and assets that they consume. This is also known as intergenerational equity and occurs when Council records a breakeven operating result (ie. where day to day expenses are equal to day to day income).

Where Council records operating deficits, it means that future generations will be subsidising the current costs of services and will be responsible for addressing the issue of funding the replacement of worn out assets.

Maintaining Financial Sustainability

This plan maintains financial sustainability, by using the following indicators and targets:

Financial Indicator	Long term Target (to be reviewed)
Operating Surplus Ratio	Between 0% and 10%
Net Financial Liabilities Ratio	Between 0% and 50%
Asset Renewal Funding Ratio	Between 95% and 105%

The plan also considers the following:

- Maintaining existing service levels;
- Capital replacement should be in accordance with Council’s Asset Management Plans.
- That Council is making gradual improvements towards a financially sustainable operating position.
- New services may only be introduced through a service review process incorporated as part of the annual business planning process;
- New capital assets may only be considered through a justification process and if they form part of an adopted council strategy;

The plan considers economic data from the following sources:

- Australian Bureau Statistics – Consumer Price Index (CPI);
- The Local Government Price Index (LGPI) ;
- Local Government Finance Authority; and
- Reserve Bank of Australia – Interest rate forecasts

Council has a number of other initiatives that help support financial sustainability. These include:

- Service/Function Reviews

- Shared Service opportunities (including Procurement)
- Asset Management Plans
- Treasury Management Policy

Long Term Financial Plan Assumptions & Comments

The following assumptions have been used in developing the Long Term Financial Plan (LTFP):

- Consistency with Council's Strategic Management Plan and Asset Management Plans
- Consideration of Council's Financial Indicator Targets
- No changes to operating service levels provided by Council
- Use of CPI, LGPI and Interest rate forecasts
- The use of borrowings to fund Infrastructure renewal and one-off Capital projects.
- Borrowing for Plant Replacement ended in 2020/21 (no borrowing for 22/23)
- Additional year 6 of re-seal program has been included
- Supplementary road funding – no allowance has been made for future years.
- Ongoing Re-sheeting savings due to removal of State government rubble royalty from 2019/20.
- Increased Information Technology allowances to allow for recommendations of a recent Strategic Information Technology review.
- Investment income can offset Cash Advance Debenture (CAD) overdraft costs for when cash deficits exist
- The LTFP is currently reviewed yearly at the beginning of the Annual Business Plan & Budget process.
- Annual review of the LTFP ensures the best available financial information and assumptions are incorporated into the plan. Despite this process there are obviously still risks associated with using estimates.
- The LTFP is also reviewed by the Audit Committee as part of the Annual Business Plan & Budget process.
- Strategic Plan project Capital and Operating allowances totalling 100k per year
- Increased Bridge depreciation as per Asset Management data.

Key Financial Ratios and Targets

Under the requirements of Regulation 5(c) of the Local Government (Financial Management) Regulations 2011, there is a requirement for the LTFP (as well as the Annual Financial Statements and Budget) to include:

1. an operating surplus ratio,
2. a Net Financial Liabilities ratio and
3. an Asset Renewal Funding ratio

presented in a manner consistent with the note in the "Model Financial Statements" titled "Financial Indicators".

The Asset Renewal Funding Ratio has changed from previous years. It is now calculated as the net cost of replacing assets compared to the infrastructure and asset management plan required expenditure (since the Model Financial Statements 2014). Previously, the cost of replacing assets was compared to the annual depreciation expense.

Previous versions of the LTFP had continued to include the previous asset sustainability ratio (using annual depreciation) due to AMP's not being finalised.

Operating Surplus Ratio

The percentage by which income varies from day to day expenses.

A positive ratio indicates the percentage of income available to fund New Capital Expenditure, the provision of new services or to pay down existing debt

A negative ratio for this target indicates the percentage that income would need to increase by to achieve a break even operating result.

How is this ratio calculated?

$$\frac{A}{B}$$

A= Operating Surplus

B = Total Operating Income

What is the LTFP Benchmark?

Between 0% and 10% of Operating Income

Commentary on Projected Performance

The continued improving trend will still see the Operating Surplus Ratio remain within the target range for the life of the plan.

Net Financial Liabilities Ratio

How significant the net amount owed by Council is compared with income.

An increase in this ratio indicates that Council requires more of its operating income to fund its financial obligations.

A drop in this ratio indicates that Council's capacity to meet its financial obligations from operating income is strengthening.

How is this ratio calculated?

$$\frac{A}{B}$$

A= Net Financial Liabilities

B = Total Operating Income

What is the LTFP Target?

Between 0% and 50% of Council's annual Operating Income

Commentary on Projected Performance

Council's net financial liabilities will peak at 67% of Council's annual operating income in 2022-23 before reducing over the remaining life of the Plan as our cash position improves. The cash position improves as old loans are repaid and reliance on loan funding reduces.

Asset Renewal Funding Ratio

Are assets being replaced at the rate they are wearing out?

How is this ratio calculated?

$$\frac{A}{B}$$

A= Net Asset Renewals

B = AMP required expenditure

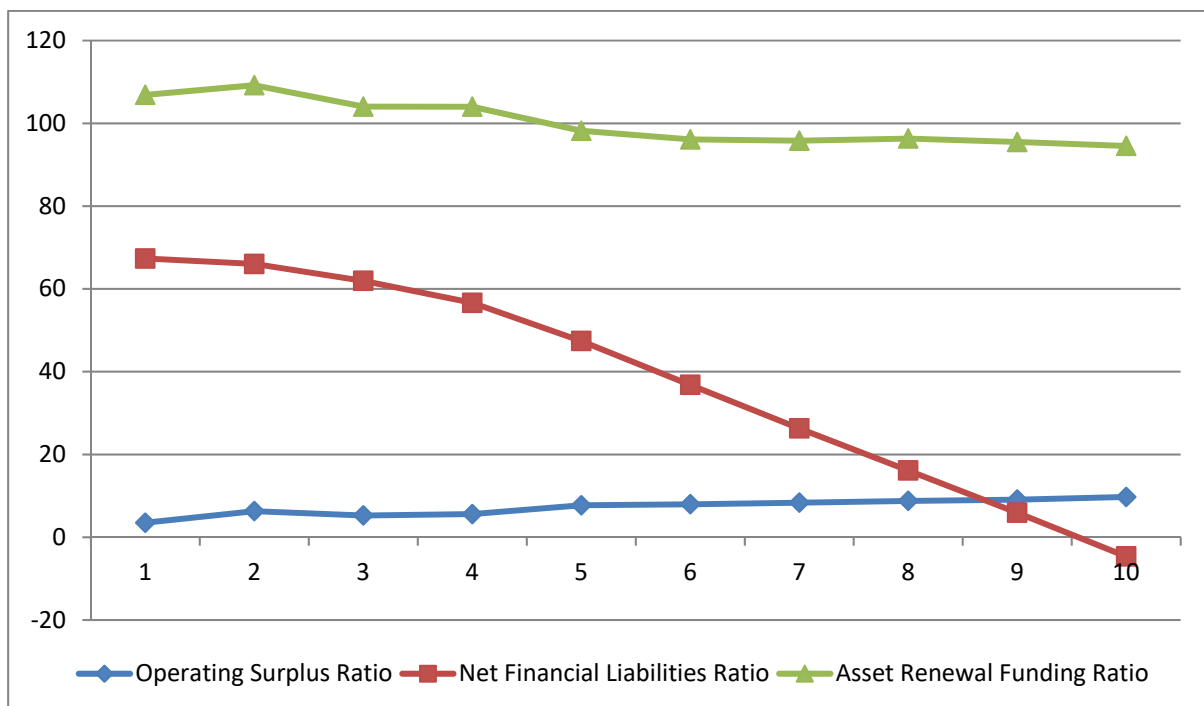
What is the LTFP Target?

95% to 105% of AMP desired capital spend

Commentary on Projected Performance

Expenditure of renewal and replacement of existing assets over the life of the current plan averages 100% which is within the target range. The AMP average desired capital spending totals have been included in the LTFP to provide a realistic picture of the financial position. The following graph plots the current LTFP 10 year trends of the Ratios listed above.

Financial Indicators 2022/23 to 2031/32



Assumptions Table

Northern Areas Council - Long Term Financial Plan - Assumptions Table										
Year	Financial year	LGPI	CPI	ASU	AWU	CAD	Fixed Loan	Rate Increase	Rate Growth	Total Rate Increase
	2018-19	2.6	1.5	2.5	2.5	3.60	3.75	8.0	0.5	8.5
	2019-20	1.4	1.8	2.5	2.5	3.10	2.5	3.25	0.5	3.75
	2020-21	2.0	1.0	2.5	2.5	2.05	2.0	2.60	0.5	3.10
Base	2021-22	2.5	3.3	2.5	2.5		3.0	2.00	0.5	2.50
1	2022-23	2.5	3.0	2.5	2.5		4.0	2.00	0.5	2.50
2	2023-24	2.5	3.0	2.5	2.5		4.0	2.00	0.5	2.50
3	2024-25	3.0	3.0	2.5	2.5		4.0	2.00	0.5	2.50
4	2025-26	3.0	3.0	2.5	2.5		4.5	2.60	0.5	3.10
5	2026-27	3.0	3.0	2.5	2.5			2.60	0.5	3.10
6	2027-28	3.0	3.0	2.5	2.5			2.60	0.5	3.10
7	2028-29	3.0	3.0	2.5	2.5			2.60	0.5	3.10
8	2029-30	3.0	3.0	2.5	2.5			2.60	0.5	3.10
9	2030-31	3.0	3.0	2.5	2.5			2.60	0.5	3.10
10	2031-32	3.0	3.0	2.5	2.5			2.60	0.5	3.10

Economic Influences

The Council's LTFP is affected by various external and internal influences for which assumptions have been made.

External

- Local Government Price Index (12 months to Sep'21 2.5%)
- Consumer Price Index (Adelaide 12 months to Dec'21 3.3%)
- Natural Resources Management Levy
- Utility costs
- Interest costs
- Workforce planning
- Increased compliance costs through new legislation
- Federal & State Government Policy
- Broader economic environment

Internal

- Enterprise Bargaining Agreements
- Treasury Management Policy and decisions on borrowings
- Service Improvement Review Projects
- Risk Management
- Asset Sustainability & Service levels
- Increase/decrease in Services

Overview of Key Assumptions

Operating Revenue

Rates

Rate revenue is the Council's main income source. Prudent financial management determines that the income raised must be equivalent to a high percentage of expenses incurred to maintain current services.

In previous years Council considered average rate increases of CPI + 3% necessary to close the gap between Councils average residential rate and the State Country average residential rate. The CPI historic budget figure is 3.0%.

In this LTFP Council has considered an average increase of LGPI which has been calculated in the order of 2.00% to maintain desired services and servicing of its proposed debt.

No adjustment has been made for any transfer of SA Housing Trust properties to housing associations. This process is not expected to significantly impact on Northern Areas Council.

Rates Growth

Rates Growth over the life of the LTFP has been estimated at 0.5%. This is to take into account new development activity which occurs predominately in the urban zone. In recent years the average number of new dwellings constructed has been approaching 10 per year. In addition there is always various commercial and primary production developments occurring.

Rates – CWMS

In recent years the annual CWMS separate rate for provision of a Community Waste Water Management Scheme has been increasing by CPI allowance of between 2 & 3%. This is the increase currently factored into the LTFP. An Asset Management Plan for this class of asset was adopted by Council in 2016. Expectations as a result of the Asset Management Plan are that the annual separate rate looks to be adequate at this level.

Rates - Waste

The annual separate rate for collection and disposal of waste is set at cost recovery levels. It is influenced by EPA waste levies and travel and disposal costs at licensed landfill sites outside of the Council area. The LTFP allows for an annual CPI increase of 3%.

Regional Landscape Levy

Council acts as a collection agency for the State Government.

Following a 43.5% increase over 4 years from 2016/17 to 2019/20, a decrease of 5% occurred in 2020/21, future year increases assume a 3% rise.

Operating Grants and Subsidies

Operating Grants and Contributions have been based on current funding levels with a projected increase of CPI, where applicable.

Roads to Recovery grants have been provided in the past as an overall total over 5 years, no annual increase has been assumed within this range. The new programme commenced in 2019/20 with a yearly average of \$407,754.

Interest Received

Majority of interest earned is from Community loans, some of which are in turn borrowed from the LGFA when of a larger amount, e.g over \$100K

Any other interest earned will be from short term investments when cash is not required to pay down the cash advance debenture facility.

Statutory Charges

Although statutory charges are not within Council control they tend to flow with level of development activity. The charges are determined by other legislation and regulations. An increase in line with CPI has been allowed.

User Charges

User charges are for the use of Council facilities or services in a fee for use type arrangement. These have been increased by CPI on the assumption that they should be covering any cost increases.

All other revenue

Reimbursements and other revenue increases have been increased by the CPI allowance.

Drought funding

No allowances have been made in the LTFFP for recently announced drought funding. Any funding received will result in an equal capital expenditure with a net zero cash effect.

Operating Expenditure

Finance Costs

Interest on existing loans is obtained from the current loan schedule. In addition financing costs of the proposed future loans to fund capital works are estimated at a rate of 3.0% in the short-term and 4.5% in the long-term.

The final component to finance costs relate to any interest charged on the Cash Advance Debenture during times of low cash flow or when variable rate borrowings are preferred by Council.

Employee Costs

In the short term employee costs are linked to the current ASU & AWU Enterprise Bargaining Agreements, both which schedule wage increases linked to the Fair Pay Commission national wage increase. Current expectations are around 2.5% per annum.

Depreciation

Depreciation has been determined using the Annual Financial Statements which reflect the asset register and recent revaluations. It has been adjusted by CPI on an annual basis to reflect any increase in valuation plus new asset movements.

Materials, Contracts & Other Expenses

Materials, Contracts and Other Expenses have generally been tied to CPI to reflect the increased cost of external providers. Certain spend areas including Insurance, Fuel and Waste management are reviewed closely each year as they can tend to vary above CPI levels.

Local Government Election costs have also been factored in every 4 years (next in year 1 of the LTFFP).

Funding

Capital Grants

Capital Grants are based on confirmed external funding levels. As a result no capital grants beyond 2026-27 have been assumed.

Capital Receipts

Amounts received for the trade-in of plant and equipment that are due to be replaced.

Capital Replacement

Council's Capital Works program in this draft LTFP have been based on information from Council's AMPs where available. In the case of key buildings such as town halls building inspections have been carried out to identify works required.

Re-sheeting savings have occurred due to the removal of State government rubble royalty from 2019/20.

Loans & Borrowings

Repayment of existing loans is from the current loan schedule.

The LTFP indicates that funding through borrowings is required to meet New seals of \$150K (year 6) and \$500K for Infrastructure renewal (Year 3 of 6). Any new capital commitments in the future may also require borrowings.

Council also has LGFA Cash Advance Debenture (CAD) Facilities available to meet unexpected cash flow requirements or for variable borrowings if preferred over a fixed term borrowing.

New Fixed Term Projected Loan Assumptions

- **Term of Loans** – Usually between 7 to 15 Years depending on expected life of loan purpose (i.e. plant or road re-seals)
- **Payments per Year** - 2
- **Rate of Interest** - 3.00% increasing over 5 Years to 4.50%

Interest rates are currently at historic low rates. Loan funding is therefore an attractive method of funding important or urgent capital works.

The LGFA are currently allowing matching borrowing at special rates as low as 1.45% for successful applications to the current State Government LGIPP grants (Local Government Infrastructure Partnership Program).

Amounts Received Specifically for New Assets

Assumption - No income forecast from Year 5 onwards.

Asset Sales

Currently no inclusions for sale of land or buildings.



**NORTHERN AREAS COUNCIL
BUDGET INCOME STATEMENT**

2023/2032

2021 Actual	2022 Original Budget		22/23 FY									
			2023 \$	2024 \$	2025 \$	2026 \$	2027 \$	2028 \$	2029 \$	2030 \$	2031 \$	2032 \$
INCOME												
8,947,000	9,207,900	Rates	9,480,300	9,690,170	9,923,857	10,211,062	10,507,649	10,831,258	11,164,839	11,508,847	11,863,146	12,228,310
147,000	120,200	Statutory charges	120,200	121,400	123,900	126,300	128,800	132,800	136,700	140,700	145,000	149,300
178,000	180,300	User charges	180,300	182,900	186,700	190,200	194,100	199,900	206,000	212,000	218,400	225,100
3,007,000	2,422,900	Other grants, subsidies and contributions	2,454,500	2,472,400	2,511,600	2,550,900	2,638,633	2,721,975	2,787,109	2,853,982	2,922,800	2,993,660
42,000	42,500	Investment Income	27,500	38,700	36,600	34,600	32,900	31,300	29,500	28,900	28,700	28,500
154,000	229,900	Reimbursements	239,800	240,000	245,000	249,600	254,700	262,300	270,300	278,000	286,500	295,200
346,000	346,000	Other income	347,400	346,600	353,600	360,500	368,200	379,100	390,400	401,900	413,800	426,200
12,821,000	12,549,700	Total Income	12,850,000	13,092,170	13,381,257	13,723,162	14,124,982	14,558,633	14,984,848	15,424,329	15,878,346	16,346,270
EXPENSES												
3,482,000	3,658,600	Employee costs	3,747,500	3,778,200	3,854,500	3,930,600	4,010,800	4,130,600	4,253,800	4,381,500	4,512,300	4,646,400
3,128,000	3,280,600	Materials, contracts & other expenses	3,471,100	3,298,000	3,448,100	3,510,100	3,438,500	3,579,300	3,677,600	3,779,200	3,903,500	3,990,400
250,000	409,200	Finance costs	318,900	253,300	228,100	214,900	216,500	186,900	169,500	152,500	136,200	122,600
4,752,000	5,050,000	Depreciation, amortisation & impairment	5,027,100	5,206,700	5,382,500	5,552,900	5,710,500	5,864,200	6,019,000	6,171,800	6,324,100	6,476,100
11,612,000	12,398,400	Total Expenses	12,564,600	12,536,200	12,913,200	13,208,500	13,376,300	13,761,000	14,119,900	14,485,000	14,876,100	15,235,500
OPERATING SURPLUS / (DEFICIT)												
1,209,000	151,300	BEFORE CAPITAL AMOUNTS	285,400	555,970	468,057	514,662	748,682	797,633	864,948	939,329	1,002,246	1,110,770
(566,000)	100,000	Net Gain (loss) on disposal or revaluation	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
0	0	Net Gain (loss) - joint ventures & associa	0	0	0	0	0	0	0	0	0	0
438,000	220,000	Amounts received specifically for new or	220,000	200,000	200,000	100,000	100,000	0	0	0	0	0
0	0	Physical resources received free of charg	0	0	0	0	0	0	0	0	0	0
1,081,000	471,300	NET SURPLUS / (DEFICIT)	605,400	855,970	768,057	714,662	948,682	897,633	964,948	1,039,329	1,102,246	1,210,770
			Rate Increase									
1.031	1.025		1.025	1.025	1.025	1.031	1.031	1.031	1.031	1.031	1.031	1.031
Operating Position			285,400	555,970	468,057	514,662	748,682	797,633	864,948	939,329	1,002,246	1,110,770
Cash Position			(1,172,180)	(1,616,680)	(1,659,180)	(1,156,580)	(670,680)	177,520	1,087,620	2,010,820	3,119,820	4,466,920
Average Net Financial Liabilities			8,525,100	8,556,530	8,248,273	7,782,111	6,772,629	5,503,095	4,155,447	2,777,819	1,305,973	(310,598)
7%	Operating Surplus Ratio 0-10%		3%	6%	5%	5%	7%	8%	8%	8%	9%	9%
40%	Net Financial Liabilities Ratio 0-50%		68%	67%	63%	58%	49%	39%	28%	18%	8%	(2%)
100%	Asset Renewal Funding Ratio 95-105%		107%	109%	104%	104%	98%	96%	96%	96%	95%	95%
Yearly Loan amount			650,000	650,000	500,000	500,000	0	0	0	0	0	0
AMP Capital Renewal			4,839,688	4,984,878	5,134,425	5,288,458	5,447,111	5,610,525	5,778,840	5,952,206	6,130,772	6,314,695
Capital Total			6,339,200	6,094,100	5,842,300	5,801,400	5,649,700	5,492,300	5,636,300	5,833,500	5,954,500	6,070,300



**NORTHERN AREAS COUNCIL
BUDGET BALANCE SHEET
2023/2032**

2021 Actual	2022 Original Budget		2023 \$	2024 \$	2025 \$	2026 \$	2027 \$	2028 \$	2029 \$	2030 \$	2031 \$	2032 \$
ASSETS												
Current Assets												
5,633,000	519,564	Cash and cash equivalents	(1,172,180)	(1,616,680)	(1,659,180)	(1,156,580)	(670,680)	177,520	1,087,620	2,010,820	3,119,820	4,466,920
923,000	135,516	Trade & other receivables	724,046	750,262	780,186	814,595	853,762	893,480	947,474	1,017,077	1,088,792	1,162,594
0	0	Other financial assets	0	0	0	0	0	0	0	0	0	0
121,000	50,000	Inventories	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
6,677,000	705,080	Total Current Assets	(398,134)	(816,418)	(828,994)	(291,985)	233,082	1,121,000	2,085,094	3,077,897	4,258,612	5,679,514
Non-current Assets												
481,000	168,300	Financial Assets	168,300	168,300	168,300	168,300	168,300	168,300	168,300	168,300	168,300	168,300
0	0	Equity accounted investments in Council businesses	0	0	0	0	0	0	0	0	0	0
0	0	Investment property	0	0	0	0	0	0	0	0	0	0
103,496,000	112,333,100	Infrastructure Property, Plant and Equipment	113,645,200	114,532,600	114,992,400	115,240,900	115,180,100	114,808,200	114,425,500	114,087,200	113,717,600	113,311,800
103,977,000	112,501,400	Total Non-current assets	113,813,500	114,700,900	115,160,700	115,409,200	115,348,400	114,976,500	114,593,800	114,255,500	113,885,900	113,480,100
110,654,000	113,206,480	Total Assets	113,415,366	113,884,482	114,331,706	115,117,215	115,581,482	116,097,500	116,678,894	117,333,397	118,144,512	119,159,614
LIABILITES												
Current Liabilities												
1,548,000	700,900	Trade & other payables	855,400	881,062	907,494	934,719	962,760	991,643	1,021,392	1,052,034	1,083,595	1,116,103
3,597,000	1,327,000	Borrowings	1,100,900	886,800	497,100	554,400	453,700	457,800	461,300	369,900	276,800	276,800
1,109,000	1,191,401	Short-term provisions	1,227,142	1,263,956	1,301,875	1,340,931	1,381,159	1,422,594	1,465,272	1,509,230	1,554,507	1,601,142
426,000	0	Other current liabilities	0	0	0	0	0	0	0	0	0	0
6,680,000	3,219,301	Total Current Liabilities	3,183,442	3,031,818	2,706,469	2,830,050	2,797,619	2,872,037	2,947,964	2,931,164	2,914,902	2,994,045
Non-current Liabilities												
0	0	Trade & other payables	0	0	0	0	0	0	0	0	0	0
2,437,000	5,371,700	Long-term Borrowings	5,009,500	4,772,700	4,775,600	4,721,200	4,267,500	3,809,700	3,348,400	2,978,500	2,701,700	2,424,900
24,000	50,779	Long-term Provisions	52,324	53,894	55,511	57,176	58,891	60,658	62,478	64,352	66,282	68,271
0	0	Other non-current liabilities	0	0	0	0	0	0	0	0	0	0
2,461,000	5,422,479	Total Non-current Liabilities	5,061,824	4,826,594	4,831,111	4,778,376	4,326,391	3,870,358	3,410,878	3,042,852	2,767,982	2,493,171
9,141,000	8,641,780	Total Liabilities	8,245,266	7,858,412	7,537,579	7,608,426	7,124,010	6,742,395	6,358,842	5,974,016	5,682,884	5,487,216
101,513,000	104,564,700	NET ASSETS	105,170,100	106,026,070	106,794,127	107,508,789	108,457,471	109,355,105	110,320,053	111,359,381	112,461,627	113,672,398
EQUITY												
12,510,000	14,219,482	Accumulated Surplus	14,529,182	15,085,834	15,459,181	15,684,544	16,133,126	16,513,759	16,943,507	17,429,636	17,959,982	18,579,652
88,284,000	88,284,000	Asset Revaluation Reserve	88,284,000	88,284,000	88,284,000	88,284,000	88,284,000	88,284,000	88,284,000	88,284,000	88,284,000	88,284,000
719,000	2,061,218	Other Reserves	2,356,918	2,656,236	3,050,945	3,540,245	4,040,345	4,557,345	5,092,545	5,645,745	6,217,645	6,808,745
101,513,000	104,564,700	TOTAL EQUITY	105,170,100	106,026,070	106,794,127	107,508,789	108,457,471	109,355,105	110,320,053	111,359,381	112,461,627	113,672,398



NORTHERN AREAS COUNCIL
BUDGET CHANGES IN EQUITY
2023/2032

2021 Actual	2022 Original Budget		2023 \$	2024 \$	2025 \$	2026 \$	2027 \$	2028 \$	2029 \$	2030 \$	2031 \$	2032 \$
ACCUMULATED SURPLUS												
11,810,000	14,032,600	Balance at end of previous reporting period	14,219,500	14,529,182	15,085,834	15,459,181	15,684,544	16,133,126	16,513,759	16,943,507	17,429,636	17,959,982
1,081,000	471,300	Net Surplus / (Deficit) for Year	605,400	855,970	768,057	714,662	948,682	897,633	964,948	1,039,329	1,102,246	1,210,770
(381,000)	(284,418)	Transfers to Other Reserves	(295,718)	(299,318)	(394,709)	(489,300)	(500,100)	(517,000)	(535,200)	(553,200)	(571,900)	(591,100)
		Transfers from Other Reserves	0	0	0	0	0	0	0	0	0	0
12,510,000	14,219,482	Balance at end of period	14,529,182	15,085,834	15,459,181	15,684,544	16,133,126	16,513,759	16,943,507	17,429,636	17,959,982	18,579,652
ASSET REVALUATION RESERVE												
152,015,000	88,284,000	Balance at end of previous reporting period	88,284,000	88,284,000	88,284,000	88,284,000	88,284,000	88,284,000	88,284,000	88,284,000	88,284,000	88,284,000
(63,683,000)	0	Gain on revaluation of infrastructure, property, plant & equipment										
(48,000)	0	Transfer to Accumulated Surplus on sale of infrastructure, property, plant & equipment										
88,284,000	88,284,000	Balance at end of period	88,284,000	88,284,000	88,284,000	88,284,000	88,284,000	88,284,000	88,284,000	88,284,000	88,284,000	88,284,000
OTHER RESERVES												
490,000	1,776,800	Balance at end of previous reporting period	2,061,200	2,356,918	2,656,236	3,050,945	3,540,245	4,040,345	4,557,345	5,092,545	5,645,745	6,217,645
	0	Transfers to Accumulated Surplus	0	0	0	0	0	0	0	0	0	0
229,000	284,418	Transfers from Accumulated Surplus	295,718	299,318	394,709	489,300	500,100	517,000	535,200	553,200	571,900	591,100
719,000	2,061,218	Balance at end of period	2,356,918	2,656,236	3,050,945	3,540,245	4,040,345	4,557,345	5,092,545	5,645,745	6,217,645	6,808,745
101,513,000	104,564,700	TOTAL EQUITY AT END OF REPORTING PERIOD	105,170,100	106,026,070	106,794,127	107,508,789	108,457,471	109,355,105	110,320,053	111,359,381	112,461,627	113,672,398



NORTHERN AREAS COUNCIL

**BUDGET STATEMENT OF CASH FLOWS
2023/2032**

2021 Actual	2022 Original Budget		2023 \$	2024 \$	2025 \$	2026 \$	2027 \$	2028 \$	2029 \$	2030 \$	2031 \$	2032 \$
CASHFLOWS FROM OPERATING ACTIVITIES												
Receipts												
13,329,000	12,507,200	Operating receipts	12,822,500	13,053,500	13,344,700	13,688,600	14,092,100	14,527,300	14,955,300	15,395,400	15,849,600	16,317,800
42,000	42,500	Investment receipts	27,500	38,700	36,600	34,600	32,900	31,300	29,500	28,900	28,700	28,500
Payments												
(3,923,000)	(3,658,600)	Employee costs	(3,747,500)	(3,778,200)	(3,854,500)	(3,930,600)	(4,010,800)	(4,130,600)	(4,253,800)	(4,381,500)	(4,512,300)	(4,646,400)
(2,342,000)	(3,280,600)	Materials, contracts & other services	(3,471,100)	(3,298,000)	(3,448,100)	(3,510,100)	(3,438,500)	(3,579,300)	(3,677,600)	(3,779,200)	(3,903,500)	(3,990,400)
(268,000)	(409,200)	Finance costs	(318,900)	(253,300)	(228,100)	(214,900)	(216,500)	(186,900)	(169,500)	(152,500)	(136,200)	(122,600)
6,838,000	5,201,300	Net Cash provided by (or used in) Operating Activities	5,312,500	5,762,700	5,850,600	6,067,600	6,459,200	6,661,800	6,883,900	7,111,100	7,326,300	7,586,900
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
438,000	220,000	Amounts specifically for new or upgraded assets	220,000	200,000	200,000	100,000	100,000	0	0	0	0	0
34,000	100,000	Sale of replaced assets	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
0		Sale of surplus assets										
0		Sale of investment property										
0		Net disposal of investment securities										
0		Sale of real estate developments										
0	64,600	Repayments of loans by community groups	48300	37800	36000	33500	30800	32400	20300	6900	7100	7300
82,000		Distributions received from associated entities										
Payments												
(3,466,000)	(5,309,500)	Expenditure on renewal/replacement of assets	(5,273,400)	(5,544,100)	(5,442,300)	(5,601,400)	(5,449,700)	(5,492,300)	(5,636,300)	(5,833,500)	(5,954,500)	(6,070,300)
(876,000)	(975,800)	Expenditure on new/upgraded assets	(1,065,800)	(550,000)	(400,000)	(200,000)	(200,000)	0	0	0	0	0
0	0	Purchase of investment property										
(3,000)	0	Net purchase of investment securities										
0	0	Development of real estate for sale										
(44,000)	0	Loans made to community groups										
0	0	Capital contributed to associated entities										
(3,835,000)	(5,900,700)	Net Cash provided by (or used in) Investing Activities	(5,970,900)	(5,756,300)	(5,506,300)	(5,567,900)	(5,418,900)	(5,359,900)	(5,516,000)	(5,726,600)	(5,847,400)	(5,963,000)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
700,000	650,000	Proceeds from Borrowings	650,000	650,000	500,000	500,000	0	0				
0		Proceeds from of Aged Care Facility deposits										
Payments												
(2,178,000)	(1,288,600)	Repayments of Borrowings	(1,238,300)	(1,100,900)	(886,800)	(497,100)	(554,400)	(453,700)	(457,800)	(461,300)	(369,900)	(276,800)
0	0	Repayment of Finance Lease Liabilities										
0	0	Repayment of Aged Care Facility deposits										
(1,478,000)	(638,600)	Net Cash provided by (or used in) Financing Activities	(588,300)	(450,900)	(386,800)	2,900	(554,400)	(453,700)	(457,800)	(461,300)	(369,900)	(276,800)
1,525,000	(1,338,000)	Net Increase / (Decrease) in cash held	(1,246,700)	(444,500)	(42,500)	502,600	485,900	848,200	910,100	923,200	1,109,000	1,347,100
4,108,000	1,100,000	Cash & cash equivalents at beginning of period	74,520	(1,172,180)	(1,616,680)	(1,659,180)	(1,156,580)	(670,680)	177,520	1,087,620	2,010,820	3,119,820
5,633,000	(238,000)	Cash & cash equivalents at end of period	(1,172,180)	(1,616,680)	(1,659,180)	(1,156,580)	(670,680)	177,520	1,087,620	2,010,820	3,119,820	4,466,920



NORTHERN AREAS COUNCIL
BUDGET UNIFORM PRESENTATION OF FINANCES
2023/2032

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Operating Revenues	12,850,000	13,092,170	13,381,257	13,723,162	14,124,982	14,558,633	14,984,848	15,424,329	15,878,346	16,346,270
less Operating Expenses	(12,564,600)	(12,536,200)	(12,913,200)	(13,208,500)	(13,376,300)	(13,761,000)	(14,119,900)	(14,485,000)	(14,876,100)	(15,235,500)
Adjusted Operating Surplus / (Deficit) before Capital Amounts	285,400	555,970	468,057	514,662	748,682	797,633	864,948	939,329	1,002,246	1,110,770
less Net Outlays on Existing Assets										
Capital Expenditure on renewal and replacement of Existing Assets	5,273,400	5,544,100	5,442,300	5,601,400	5,449,700	5,492,300	5,636,300	5,833,500	5,954,500	6,070,300
less Depreciation, Amortisation and Impairment	(5,027,100)	(5,206,700)	(5,382,500)	(5,552,900)	(5,710,500)	(5,864,200)	(6,019,000)	(6,171,800)	(6,324,100)	(6,476,100)
less Proceeds from Sale of Replaced Assets	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
	146,300	237,400	(40,200)	(51,500)	(360,800)	(471,900)	(482,700)	(438,300)	(469,600)	(505,800)
less Net Outlays on New and Upgraded Assets										
Capital Expenditure on New and Upgraded Assets	1,065,800	550,000	400,000	200,000	200,000	-	-	-	-	-
less Amounts received specifically for New and Upgraded Assets	(220,000)	(200,000)	(200,000)	(100,000)	(100,000)	-	-	-	-	-
less Proceeds from Sale of Surplus Assets	-	-	-	-	-	-	-	-	-	-
	845,800	350,000	200,000	100,000	100,000	-	-	-	-	-
Net Lending / (Borrowing) for Financial Year	(706,700)	(31,430)	308,257	466,162	1,009,482	1,269,533	1,347,648	1,377,629	1,471,846	1,616,570



**NORTHERN AREAS COUNCIL
BUDGET FINANCIAL INDICATORS
2023/2032**

	TARGET	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Operating Surplus (Deficit) before Capital Revenues	achieve operating breakeven	285,400	555,970	468,057	514,662	748,682	797,633	864,948	939,329	1,002,246	1,110,770
Operating Surplus Ratio <i>(=Adjusted Operating Surplus / Rates General & Other)</i>	0% - 10%	3%	6%	5%	5%	7%	8%	8%	8%	9%	9%
Net Financial Liabilities <i>(=Financial Liabilities - Financial Assets)</i>	No more than annual operating revenue	8,525,100	8,556,530	8,248,273	7,782,111	6,772,629	5,503,095	4,155,447	2,777,819	1,305,973	(310,598)
Net Financial Liabilities Ratio <i>(=Net Financial Liabilities / Total Operating Revenue)</i>	0% - 50%	68%	67%	63%	58%	49%	39%	28%	18%	8%	(2%)
Net Financial Liabilities Ratio excl CWMS <i>(=Net Financial Liabilities excl CWMS / Total Operating Revenue excl CWMS)</i>	0% - 50%	54%	54%	52%	47%	40%	31%	22%	13%	4%	(6%)
Interest Cover Ratio <i>(=Net Interest Expense / Total Operating Revenue)</i>	0% - 10%	2.3%	1.7%	1.5%	1.3%	1.3%	1.1%	1.0%	0.8%	0.7%	0.6%
Asset Renewal Funding Ratio <i>(=Net Asset Renewals / Depreciation Expense)</i>	95% - 105% of AMP	107%	109%	104%	104%	98%	96%	96%	96%	95%	95%