



LONG TERM FINANCIAL PLAN 2019-20 to 2028-29



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 \$166 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 2019-20 to 2028-29, 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 (2018-2020)
- 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 2019-20 to 2028-29);

LTFP Averages

Rate Increase	3.25%
Rates Growth	0.50%
Total Increase in Revenue from Rates	3.75%

Operating Income	13,800K
Operating Expenses	13,000K
Operating Surplus	\$800K
Operating Surplus Ratio	8%
Net Financial Liabilities Ratio	36%
Asset Sustainability Ratio	100%
Total Borrowings	\$1.9M

LTFP Totals

Capital Replacement Expenditure	\$53.4M
New Capital Expenditure	\$1.3M
Total Capital Expenditure by Year 10 (2028-29)	\$54.7M

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 from the 2020 year through to 2029. The surplus ratio range will be from 6% in 2020 to 14% in 2029. 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 2018/19 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 this time Council has considered with the past rate increases and the work carried to address infrastructure renewal backlogs the rate increase should be left at 3.75% not at the initial rate set 6 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.

If council do want to introduce new projects, a deletion of another project needs to occur to ensure the budget is still balanced. No "off" the floor suggestions should be considered unless of an emergency nature.

Capital Projects

The Long Term Financial Plan (LTFP) provides for a total capital investment of \$54.7M over the 10 year period, split between Capital Renewal of \$53.4M and New Capital of \$1.3M.

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.

Council first engaged Moloney Asset Management Systems to provide an Infrastructure AMP (roads, kerbs, footpaths, etc) in 2012. The process involves independent engineers assessing infrastructure assets and giving them a rating between 0 and 10 (where 0 is excellent condition and 10 requires immediate replacement). A subsequent revised Infrastructure AMP was adopted by Council in December 2016 following road inspections in September 2016.

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.

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 2019-20 include New seals on township unsealed streets (year 3 of 5). It is expected that major storm water projects will continue to draw on funds from grants and council funds as details for these works is developed. The requirements for these is currently being established.



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 Sustainability 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 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 Plant Replacement and one-off Capital projects.
- Borrowing for Plant Replacement will end in 2020/21.
- Grants Commission Indexation recommenced in 2017/18 (previously paused for 3 years)
- Supplementary road funding of approx. \$200K each year not included after 2019/20.
- Re-sheeting savings due to removal of State government rubble royalty from 2019/20. This has enabled the Year 1 Re-sheeting budget to be left at the same value as the previous year despite inflation in costs.
- Increased Information Technology allowances to allow for recommendations of a recent Strategic Information Technology review.
- Administration wage savings through WHS Collaboration
- Increase to planned operational building maintenance in-line with the recent workshop held.
- Investment income can offset Cash Advance Debenture (CAD) overdraft costs for when cash deficits exist
- Lower than previous rate increases at 3.25% (excluding 0.5% Growth).
- 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.

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 Sustainability ratio

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

The Asset Sustainability 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. This LTFP version will be the first to use AMP required expenditure as the ratio denominator.

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 until later years 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 74% of Council's annual operating income in 2019-20 before reducing over the remaining life of the Plan as our cash position improves.

Asset Sustainability 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?

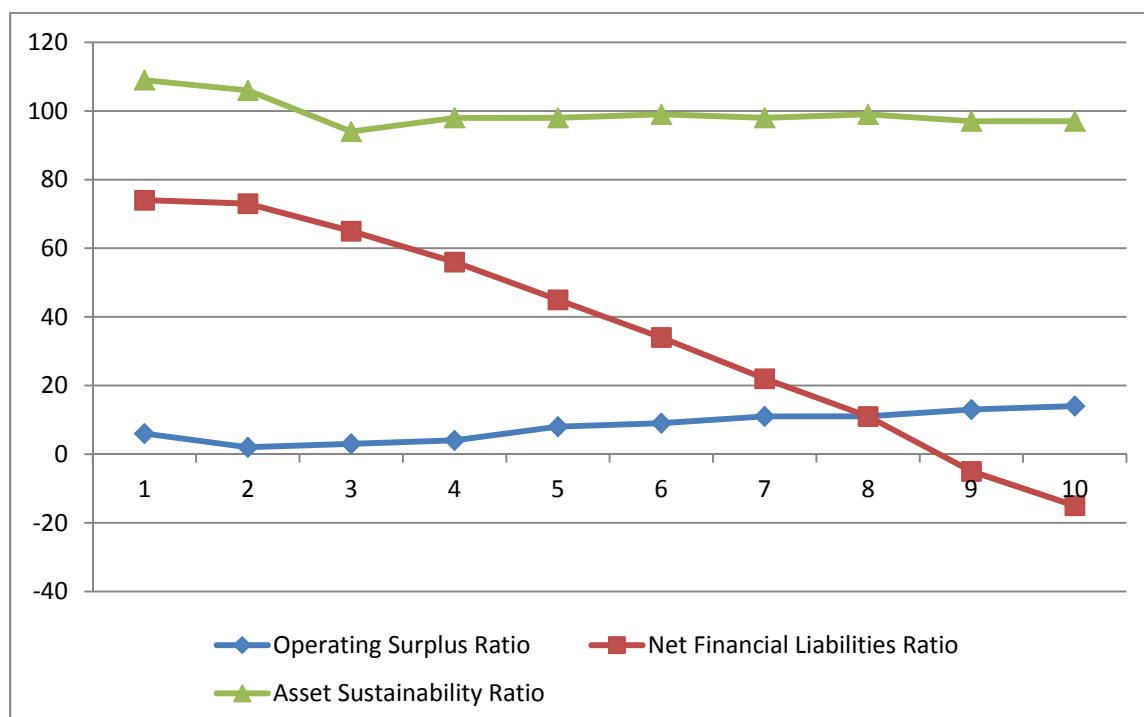
95% to 105% of AMP desired capital spend

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 2019/20 to 2028/29



Assumptions Table

Northern Areas Council - Long Term Financial Plan - Assumptions Table									
Year	Financial year	CPI	ASU	AWU	CAD	Fixed Loan	Rate Increase	Rate Growth	Total Rate Increase
	2017-18	3.0	2.5	2.5	3.75	3.75	8.0	0.5	8.5
Base	2018-19	3.0	2.5	2.5	3.75	4.5	8.0	0.5	8.5
1	2019-20	3.0	2.5	2.5	3.60	4.5	3.25	0.5	3.75
2	2020-21	3.0	2.5	2.5		5.5	3.25	0.5	3.75
3	2021-22	3.0	2.5	2.5		6.0	3.25	0.5	3.75
4	2022-23	3.0	2.5	2.5		6.0	3.25	0.5	3.75
5	2023-24	3.0	2.5	2.5		6.0	3.25	0.5	3.75
6	2024-25	3.0	2.5	2.5		6.0	3.25	0.5	3.75
7	2025-26	3.0	2.5	2.5		6.0	3.25	0.5	3.75
8	2026-27	3.0	2.5	2.5		6.0	3.25	0.5	3.75
9	2027-28	3.0	2.5	2.5		6.0	3.25	0.5	3.75
10	2028-29	3.0	2.5	2.5		6.0	3.25	0.5	3.75

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
- Consumer Price Index
- 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 CPI which has been calculated in the order of 3.25% 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 of 3.0%. This is the increase currently factored into the LTFP. An Asset Management Plan for this class of asset was recently adopted by Council. Current 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%.

NRM Levy

Council acts as a collection agency for the State Government.

Following a 25% increase in 2016/17, 5% for 2017/18 and 10% in 2018/19 future year increases assume a 3% CPI.

Operating Grants and Subsidies

Operating Grants and Contributions have been based on current funding levels with a projected increase of CPI, where applicable. In 2014/15 the Federal Government paused annual increases for financial assistance grants for a period of 3 years. CPI increases recommenced in 2017/18.

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 commences in 2019/20 with a yearly average of \$326,203.

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.

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.

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 4.5% in the short-term and 6.0% 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.

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.

There have also been administration wage savings through WHS collaboration.

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 4 of the LTFFP).

Funding**Capital Grants**

Capital Grants are based on confirmed external funding levels. As a result no capital grants beyond 2018-19 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. This has enabled the Year 1 Re-sheeting budget to be left at the same value as the previous year despite inflation in costs.

New Capital

New Capital only relates to known projects and their associated confirmed funding streams.

Loans & Borrowings

Repayment of existing loans is from the current loan schedule.

The LTFP indicates that funding through borrowings is required to meet Net Plant Purchases of \$700K per year. 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

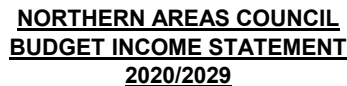
- **Term of Loans** – Usually between 7 to 15 Years depending on expected life of loan purpose (i.e. plant or road re-seals)
- **Payments per Year** - 2
- **Rate of Interest** - 4.50% increasing over 10 Years to 6.00%

Amounts Received Specifically for New Assets

Assumption - No income forecast from Year 4 onwards.

Asset Sales

Currently no inclusions for sale of land or buildings.

[illegible]

	Cash Position									
	646,704	104,604	(557,496)	(1,080,596)	(1,000,908)	(567,057)	456,560	1,700,843	3,353,295	5,248,216
Scenario -										
Operating Surplus Ratio 0-10%	6%	2%	3%	4%	8%	9%	11%	11%	13%	14%
Net Financial Liabilities Ratio 0-50%	74%	73%	65%	56%	45%	34%	22%	11%	(2%)	(15%)
Asset Sustainability Ratio 95-105%	109%	106%	94%	98%	98%	99%	98%	99%	97%	97%
Yearly Loan amount	900,000	850,000	150,000	0	0	0	0	0	0	0
AMP Capital Renewal	4,429,000	4,561,870	4,698,726	4,839,688	4,984,879	5,134,425	5,288,458	5,447,111	5,610,525	5,778,840
Capital Total	5,567,900	5,562,900	5,151,500	5,019,200	5,202,500	5,383,100	5,504,200	5,685,000	5,720,000	5,908,400



NORTHERN AREAS COUNCIL
BUDGET BALANCE SHEET
2020/2029

2018 Actual	2019 Forecast Budget		2020 \$	2021 \$	2022 \$	2023 \$	2024 \$	2025 \$	2026 \$	2027 \$	2028 \$	2029 \$
		ASSETS										
		Current Assets										
5,943,000	764,764	Cash and cash equivalents	646,704	104,604	(557,496)	(1,080,596)	(1,000,908)	(567,057)	456,560	1,700,843	3,353,295	5,248,216
656,000	529,575	Trade & other receivables	465,281	466,494	469,167	490,455	514,757	542,237	574,020	610,431	647,307	698,416
0	0	Other financial assets	0	0	0	0	0	0	0	0	0	0
107,000	50,000	Inventories	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
6,706,000	1,344,339	Total Current Assets	1,161,985	621,098	(38,329)	(540,141)	(436,151)	25,180	1,080,580	2,361,274	4,050,602	5,996,632
		Non-current Assets										
477,000	168,300	Financial Assets	168,300	168,300	168,300	168,300	168,300	168,300	168,300	168,300	168,300	168,300
55,000	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
165,856,000	174,203,700	Infrastructure Property, Plant and Equipment	174,962,100	175,576,200	175,640,400	175,437,300	175,284,000	175,175,000	175,051,400	174,972,400	174,797,600	174,676,800
166,388,000	174,372,000	Total Non-current assets	175,130,400	175,744,500	175,808,700	175,605,600	175,452,300	175,343,300	175,219,700	175,140,700	174,965,900	174,845,100
173,094,000	175,716,339	Total Assets	176,292,385	176,365,598	175,770,371	175,065,459	175,016,149	175,368,480	176,300,280	177,501,974	179,016,502	180,841,732
		LIABILITIES										
		Current Liabilities										
766,000	515,000	Trade & other payables	530,450	546,364	562,754	579,637	597,026	614,937	633,385	652,387	671,958	692,117
1,886,000	1,193,800	Borrowings	1,462,400	1,459,800	1,438,000	1,157,600	938,600	515,200	379,300	246,700	97,300	97,300
936,000	1,090,255	Short-term provisions	1,123,009	1,156,699	1,191,400	1,227,142	1,263,957	1,301,875	1,340,931	1,381,159	1,422,594	1,465,272
0	0	Other current liabilities	0	0	0	0	0	0	0	0	0	0
3,588,000	2,799,055	Total Current Liabilities	3,115,859	3,162,863	3,192,155	2,964,379	2,799,583	2,432,012	2,353,617	2,280,246	2,191,852	2,254,689
		Non-current Liabilities										
0	0	Trade & other payables	0	0	0	0	0	0	0	0	0	0
6,831,000	7,480,300	Long-term Borrowings	6,828,600	6,218,900	4,930,900	3,773,300	2,834,600	2,319,400	1,940,100	1,693,400	1,596,100	1,498,800
61,000	46,453	Long-term Provisions	47,895	49,332	50,812	52,336	53,906	55,523	57,189	58,905	60,672	62,492
0	0	Other non-current liabilities	0	0	0	0	0	0	0	0	0	0
6,892,000	7,526,753	Total Non-current Liabilities	6,876,495	6,268,232	4,981,712	3,825,636	2,888,506	2,374,923	1,997,289	1,752,305	1,656,772	1,561,292
10,480,000	10,325,808	Total Liabilities	9,992,354	9,431,095	8,173,866	6,790,015	5,688,089	4,806,936	4,350,906	4,032,551	3,848,624	3,815,981
162,614,000	165,390,531	NET ASSETS	166,300,031	166,934,503	167,596,505	168,275,444	169,328,060	170,561,545	171,949,374	173,469,423	175,167,878	177,025,751
		EQUITY										
9,411,000	11,710,013	Accumulated Surplus	12,759,013	13,213,867	13,681,650	14,151,771	14,980,069	15,888,645	16,849,874	17,926,423	19,164,678	20,544,551
152,015,000	151,966,600	Asset Revaluation Reserve	152,015,000	152,015,000	152,015,000	152,015,000	152,015,000	152,015,000	152,015,000	152,015,000	152,015,000	152,015,000
1,188,000	1,713,918	Other Reserves	1,526,018	1,705,636	1,899,855	2,108,673	2,332,991	2,657,900	3,084,500	3,528,000	3,988,200	4,466,200
162,614,000	165,390,531	TOTAL EQUITY	166,300,031	166,934,503	167,596,505	168,275,444	169,328,060	170,561,545	171,949,374	173,469,423	175,167,878	177,025,751



**2018
Actual**

**2019
Budget
Forecast**

NORTHERN AREAS COUNCIL
BUDGET CHANGES IN EQUITY
2020/2029

2020 **2021** **2022** **2023** **2024** **2025** **2026** **2027** **2028** **2029**
\$ **\$** **\$** **\$** **\$** **\$** **\$** **\$** **\$** **\$**

ACCUMULATED SURPLUS

9,109,000	9,411,000	Balance at end of previous reporting period	12,015,000	12,759,013	13,213,867	13,681,650	14,151,771	14,980,069	15,888,645	16,849,874	17,926,423	19,164,678
302,000	2,776,531	Net Surplus / (Deficit) for Year	909,531	634,472	662,001	678,939	1,052,616	1,233,485	1,387,830	1,520,049	1,698,455	1,857,873
0	(172,518)	Transfers to Other Reserves	(165,518)	(179,618)	(194,218)	(208,818)	(224,318)	(324,909)	(426,600)	(443,500)	(460,200)	(478,000)
0		Transfers from Other Reserves	0	0	0	0	0	0	0	0	0	0

9,411,000	12,015,013	Balance at end of period	12,759,013	13,213,867	13,681,650	14,151,771	14,980,069	15,888,645	16,849,874	17,926,423	19,164,678	20,544,551
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ASSET REVALUATION RESERVE

152,015,000	152,015,000	Balance at end of previous reporting period	152,015,000	152,015,000	152,015,000	152,015,000	152,015,000	152,015,000	152,015,000	152,015,000	152,015,000	152,015,000
0	0	Gain on revaluation of infrastructure, property, plant & equipment										
0	0	Transfer to Accumulated Surplus on sale of infrastructure, property, plant & equipment										

152,015,000	152,015,000	Balance at end of period	152,015,000	152,015,000	152,015,000	152,015,000	152,015,000	152,015,000	152,015,000	152,015,000	152,015,000	152,015,000
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OTHER RESERVES

1,188,000	1,188,000	Balance at end of previous reporting period	1,360,500	1,526,018	1,705,636	1,899,855	2,108,673	2,332,991	2,657,900	3,084,500	3,528,000	3,988,200
	0	Transfers to Accumulated Surplus	0	0	0	0	0	0	0	0	0	0
0	172,518	Transfers from Accumulated Surplus	165,518	179,618	194,218	208,818	224,318	324,909	426,600	443,500	460,200	478,000

1,188,000	1,360,518	Balance at end of period	1,526,018	1,705,636	1,899,855	2,108,673	2,332,991	2,657,900	3,084,500	3,528,000	3,988,200	4,466,200
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162,614,000	165,390,531	TOTAL EQUITY AT END OF REPORTING PERIOD	166,300,031	166,934,503	167,596,505	168,275,444	169,328,060	170,561,545	171,949,374	173,469,423	175,167,878	177,025,751
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NORTHERN AREAS COUNCIL

BUDGET STATEMENT OF CASH FLOWS **2020/2029**

2018 Actual	2019 Forecast Budget		2020 \$	2021 \$	2022 \$	2023 \$	2024 \$	2025 \$	2026 \$	2027 \$	2028 \$	2029 \$
CASHFLOWS FROM OPERATING ACTIVITIES												
		Receipts										
11,988,000	11,462,300	Operating receipts	11,997,700	12,177,800	12,585,400	13,007,900	13,445,100	13,914,200	14,381,900	14,866,500	15,367,900	15,886,600
115,000	88,500	Investment receipts	85,900	85,500	85,400	84,800	86,588	86,651	87,217	88,083	89,252	90,221
		Payments										
(3,403,000)	(3,430,000)	Employee costs	(3,457,600)	(3,563,800)	(3,671,700)	(3,782,200)	(3,896,700)	(4,014,300)	(4,135,100)	(4,259,400)	(4,386,600)	(4,518,300)
(3,041,000)	(2,848,100)	Materials, contracts & other services	(2,854,700)	(3,107,800)	(3,269,300)	(3,388,400)	(3,303,200)	(3,398,300)	(3,496,100)	(3,616,200)	(3,700,400)	(3,806,300)
(415,000)	(466,100)	Finance costs	(468,300)	(440,400)	(412,500)	(320,900)	(223,400)	(162,700)	(122,300)	(94,900)	(76,900)	(65,100)
5,244,000	4,806,600	Net Cash provided by (or used in) Operating Activities	5,303,000	5,151,300	5,317,300	5,601,200	6,108,388	6,425,551	6,715,617	6,984,083	7,293,252	7,587,121
CASH FLOWS FROM INVESTING ACTIVITIES												
		Receipts										
194,000	466,000	Amounts specifically for new or upgraded assets	116,000	132,000	132,000	0	0	0	0	0	0	0
72,000	300,000	Sale of replaced assets	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
0		Sale of surplus assets										
0		Sale of investment property										
0		Net disposal of investment securities										
0		Sale of real estate developments										
54,000	44,600	Repayments of loans by community groups	47200	49800	49900	32900	31500	30000	27400	24500	25900	13500
7,000		Distributions received from associated entities										
		Payments										
(4,251,000)	(5,389,200)	Expenditure on renewal/replacement of assets	(5,135,900)	(5,148,900)	(4,737,500)	(5,019,200)	(5,202,500)	(5,383,100)	(5,504,200)	(5,685,000)	(5,720,000)	(5,908,400)
(587,000)	(910,000)	Expenditure on new/upgraded assets	(432,000)	(414,000)	(414,000)	0	0	0	0	0	0	0
0	0	Purchase of investment property										
(13,000)	0	Net purchase of investment securities										
0	0	Development of real estate for sale										
(51,000)	0	Loans made to community groups										
(55,000)	0	Capital contributed to associated entities										
(4,630,000)	(5,488,600)	Net Cash provided by (or used in) Investing Activities	(5,104,700)	(5,081,100)	(4,669,600)	(4,686,300)	(4,871,000)	(5,053,100)	(5,176,800)	(5,360,500)	(5,394,100)	(5,594,900)
CASH FLOWS FROM FINANCING ACTIVITIES												
		Receipts										
1,160,000	950,000	Proceeds from Borrowings	900,000	850,000	150,000	0	0					
0		Proceeds from of Aged Care Facility deposits										
		Payments										
(928,000)	(1,020,700)	Repayments of Borrowings	(1,283,100)	(1,462,300)	(1,459,800)	(1,438,000)	(1,157,700)	(938,600)	(515,200)	(379,300)	(246,700)	(97,300)
0	0	Repayment of Finance Lease Liabilities										
0	0	Repayment of Aged Care Facility deposits										
232,000	(70,700)	Net Cash provided by (or used in) Financing Activities	(383,100)	(612,300)	(1,309,800)	(1,438,000)	(1,157,700)	(938,600)	(515,200)	(379,300)	(246,700)	(97,300)
846,000	(752,700)	Net Increase / (Decrease) in cash held	(184,800)	(542,100)	(662,100)	(523,100)	79,688	433,851	1,023,617	1,244,283	1,652,452	1,894,921
5,097,000	1,297,864	Cash & cash equivalents at beginning of period	831,504	646,704	104,604	(557,496)	(1,080,596)	(1,000,908)	(567,057)	456,560	1,700,843	3,353,295
5,943,000	545,164	Cash & cash equivalents at end of period	646,704	104,604	(557,496)	(1,080,596)	(1,000,908)	(567,057)	456,560	1,700,843	3,353,295	5,248,216

**NORTHERN AREAS COUNCIL
BUDGET FINANCIAL INDICATORS
2020/2029**

	TARGET	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Operating Surplus (Deficit) before Capital Revenues	achieve operating breakeven	493,531	202,472	230,001	378,939	752,616	933,485	1,087,830	1,220,049	1,398,455	1,557,873
Operating Surplus Ratio (=Adjusted Operating Surplus / Rates General & Other)	0% - 10%	6%	2%	3%	4%	8%	9%	11%	11%	13%	14%
Net Financial Liabilities (=Financial Liabilities - Financial Assets)	No more than annual operating revenue	8,712,069	8,691,697	8,093,895	7,211,856	6,005,940	4,663,455	3,152,026	1,552,977	(320,278)	(2,298,951)
Net Financial Liabilities Ratio (=Net Financial Liabilities / Total Operating Revenue)	0% - 50%	74%	73%	65%	56%	45%	34%	22%	11%	(2%)	(15%)
Net Financial Liabilities Ratio excl CWMS (=Net Financial Liabilities excl CWMS / Total Operating Revenue excl CWMS)	0% - 50%	53%	53%	48%	39%	30%	19%	9%	(2%)	(14%)	(26%)
Interest Cover Ratio (=Net Interest Expense / Total Operating Revenue)	0% - 10%	3.3%	3.0%	2.7%	1.9%	1.0%	0.6%	0.2%	0.0%	(0.1%)	(0.2%)
Asset Sustainability Ratio (=Net Asset Renewals / Depreciation Expense)	95% - 105% of AMP	109%	106%	94%	98%	98%	99%	98%	99%	97%	97%



NORTHERN AREAS COUNCIL
BUDGET UNIFORM PRESENTATION OF FINANCES
2020/2029

	2020 \$	2021 \$	2022 \$	2023 \$	2024 \$	2025 \$	2026 \$	2027 \$	2028 \$	2029 \$
Operating Revenues	12,083,631	12,263,272	12,670,801	13,092,739	13,531,716	14,000,885	14,469,130	14,954,549	15,457,155	15,976,773
<i>less</i> Operating Expenses	(11,590,100)	(12,060,800)	(12,440,800)	(12,713,800)	(12,779,100)	(13,067,400)	(13,381,300)	(13,734,500)	(14,058,700)	(14,418,900)
Adjusted Operating Surplus / (Deficit) before Capital Amounts	493,531	202,472	230,001	378,939	752,616	933,485	1,087,830	1,220,049	1,398,455	1,557,873
<i>less</i> Net Outlays on Existing Assets										
Capital Expenditure on renewal and replacement of Existing Assets	5,135,900	5,148,900	4,737,500	5,019,200	5,202,500	5,383,100	5,504,200	5,685,000	5,720,000	5,908,400
<i>less</i> Depreciation, Amortisation and Impairment	(4,809,500)	(4,948,800)	(5,087,300)	(5,222,300)	(5,355,800)	(5,492,100)	(5,627,800)	(5,764,000)	(5,894,800)	(6,029,200)
<i>less</i> Proceeds from Sale of Replaced Assets	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)
	26,400	(99,900)	(649,800)	(503,100)	(453,300)	(409,000)	(423,600)	(379,000)	(474,800)	(420,800)
<i>less</i> Net Outlays on New and Upgraded Assets										
Capital Expenditure on New and Upgraded Assets	432,000	414,000	414,000	-	-	-	-	-	-	-
<i>less</i> Amounts received specifically for New and Upgraded Assets	(116,000)	(132,000)	(132,000)	-	-	-	-	-	-	-
<i>less</i> Proceeds from Sale of Surplus Assets	-	-	-	-	-	-	-	-	-	-
	316,000	282,000	282,000	-	-	-	-	-	-	-
Net Lending / (Borrowing) for Financial Year	151,131	20,372	597,801	882,039	1,205,916	1,342,485	1,511,430	1,599,049	1,873,255	1,978,673