



LONG TERM FINANCIAL PLAN

2020-21 to 2029-30



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 2020-21 to 2029-30, 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 2020-21 to 2029-30);

LTFP Averages

Rate Increase	2.60%
Rates Growth	0.50%
Total Increase in Revenue from Rates	3.10%

Operating Income	14,100K
Operating Expenses	13,350K
Operating Surplus	\$ 750K
Operating Surplus Ratio	7%
Net Financial Liabilities Ratio	48%
Asset Sustainability Ratio	104%
Total Borrowings	\$3.35M

LTFP Totals

Capital Replacement Expenditure	\$55.4M
New Capital Expenditure	\$1.6M
Total Capital Expenditure by Year 10 (2029-30)	\$57.0M

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 2021 year through to 2030. The surplus ratio range will be from 4% in 2020 to 11% in 2030. 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 this 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 2.60% plus growth and 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 \$57.0M over the 10 year period, split between Capital Renewal of \$55.4M and New Capital of \$1.6M.

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 2020-21 include New seals on township unsealed streets (year 4 of 5). 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 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 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 Plant Replacement, Infrastructure renewal 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. \$400K was received in June 2019 as an advance payment for 2019/20 and 2020/21. No allowance has been made for future years.
- Re-sheeting savings due to removal of State government rubble royalty from 2019/20. This has enabled the Re-sheeting budget to be left at the same value as the previous years despite inflation in costs.
- Increased Information Technology allowances to allow for recommendations of a recent Strategic Information Technology review.
- Increase to planned operational building maintenance.
- Investment income can offset Cash Advance Debenture (CAD) overdraft costs for when cash deficits exist
- Lower than previous rate increases at 2.60% (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.

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 76% of Council's annual operating income in 2020-21 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?

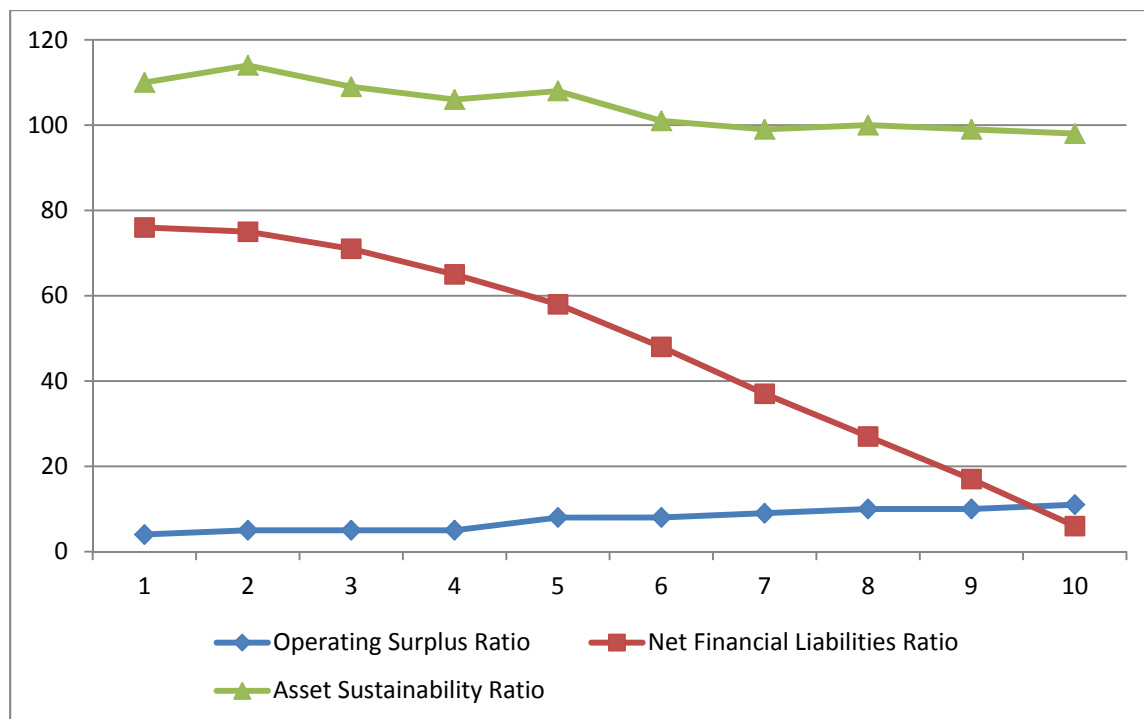
95% to 105% of AMP desired capital spend

Commentary on Projected Performance

Expenditure of renewal and replacement of existing assets over the life of the current plan averages 104% 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 2020/21 to 2029/30



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	2.7	2.5	2.5	3.60	3.75	8.0	0.5	8.5
Base	2019-20	3.0	1.9	2.5	2.5	3.10	4.0	3.25	0.5	3.75
1	2020-21	3.0	1.9	2.5	2.5	3.10	4.0	2.60	0.5	3.10
2	2021-22	3.0	1.9	2.5	2.5		4.5	2.60	0.5	3.10
3	2022-23	3.0	1.9	2.5	2.5		5.0	2.60	0.5	3.10
4	2023-24	3.0	1.9	2.5	2.5		5.0	2.60	0.5	3.10
5	2024-25	3.0	1.9	2.5	2.5		5.0	2.60	0.5	3.10
6	2025-26	3.0	1.9	2.5	2.5		5.0	2.60	0.5	3.10
7	2026-27	3.0	1.9	2.5	2.5		5.0	2.60	0.5	3.10
8	2027-28	3.0	1.9	2.5	2.5		6.0	2.60	0.5	3.10
9	2028-29	3.0	1.9	2.5	2.5		6.0	2.60	0.5	3.10
10	2029-30	3.0	1.9	2.5	2.5		6.0	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 (2.6% in 18/19)
- Consumer Price Index (Adelaide 12 months to Sep'19 1.9%)
- 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 2.60% 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, 10% in 2018/19 and 3.5% in 2019/20 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. 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 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.

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 LTFP 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 4.0% 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 3 of the LTFP).

Funding**Capital Grants**

Capital Grants are based on confirmed external funding levels. As a result no capital grants beyond 2019-20 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 Re-sheeting budget to be left at the same value as previous years 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 \$900K (final year 20/21), New seals of \$150K and \$500K for Infrastructure renewal (Year 2 of 5). 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** - 4.00% 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.

NORTHERN AREAS COUNCIL
BUDGET INCOME STATEMENT
2021/2030

2019 Actual	2020 Original Budget		20/21 FY 2021 \$	2022 \$	2023 \$	2024 \$	2025 \$	2026 \$	2027 \$	2028 \$	2029 \$	2030 \$
INCOME												
8,410,000	8,696,100	Rates	8,956,700	9,232,897	9,517,869	9,811,433	10,114,217	10,426,254	10,747,884	11,079,155	11,420,721	11,772,448
111,000	111,000	Statutory charges	111,000	114,500	117,900	121,500	125,200	129,000	132,700	136,700	140,800	145,100
149,000	171,200	User charges	171,200	176,600	182,000	187,100	192,800	198,900	204,800	210,900	217,100	223,400
2,593,000	2,519,099	Other grants, subsidies and contributions	2,412,800	2,469,600	2,528,200	2,588,500	2,698,629	2,784,622	2,851,904	2,921,231	2,992,297	3,065,305
120,000	85,900	Investment Income	83,400	83,300	82,700	82,300	84,288	84,751	85,717	86,683	87,652	89,821
160,000	250,000	Reimbursements	250,000	256,300	263,900	271,800	280,100	288,700	297,300	306,300	315,300	324,600
382,000	303,100	Other income	307,900	313,200	322,500	332,300	342,400	352,800	363,100	374,100	385,400	396,900
11,925,000	12,136,399	Total Income	12,293,000	12,646,397	13,015,069	13,394,933	13,837,634	14,265,027	14,683,405	15,115,069	15,559,270	16,017,574
EXPENSES												
3,428,000	3,445,900	Employee costs	3,484,700	3,584,300	3,691,800	3,803,400	3,918,100	4,036,400	4,158,400	4,282,600	4,411,700	4,543,200
3,355,000	3,003,960	Materials, contracts & other expenses	3,124,260	3,154,400	3,328,200	3,517,600	3,436,000	3,535,300	3,637,200	3,760,900	3,850,200	3,960,500
404,000	417,600	Finance costs	431,600	423,200	348,300	277,900	235,200	189,000	155,700	118,200	97,100	85,300
4,745,000	4,826,100	Depreciation, amortisation & impairment	4,919,500	5,066,300	5,220,100	5,364,000	5,511,700	5,654,500	5,796,400	5,933,300	6,074,600	6,213,700
11,932,000	11,693,560	Total Expenses	11,960,060	12,228,200	12,588,400	12,962,900	13,101,000	13,415,200	13,747,700	14,095,000	14,433,600	14,802,700
OPERATING SURPLUS / (DEFICIT)												
(7,000)	442,839	BEFORE CAPITAL AMOUNTS	332,940	418,197	426,669	432,033	736,634	849,827	935,705	1,020,069	1,125,670	1,214,874
19,000	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
1,442,000	327,500	Amounts received specifically for new or	216,100	132,066	132,066	0	0	0	0	0	0	0
175,000	0	Physical resources received free of charg	0	0	0	0	0	0	0	0	0	0
1,629,000	870,339	NET SURPLUS / (DEFICIT)	649,040	650,263	658,735	532,033	836,634	949,827	1,035,705	1,120,069	1,225,670	1,314,874

Rate Increase												
1.085	1.0375	1.031	1.031	1.031	1.031	1.031	1.031	1.031	1.031	1.031	1.031	1.031
Operating Position		332,940	418,197	426,669	432,033	736,634	849,827	935,705	1,020,069	1,125,670	1,214,874	
Cash Position		671,744	(255,190)	(848,524)	(1,193,124)	(1,605,336)	(1,148,685)	(545,168)	280,215	1,483,467	2,897,788	
Net Financial Liabilities		9,108,360	9,249,197	8,997,262	8,504,229	7,818,395	6,678,667	5,359,562	4,013,194	2,532,823	936,750	
Operating Surplus Ratio 0-10%		4%	5%	5%	5%	8%	8%	9%	10%	10%	11%	
Net Financial Liabilities Ratio 0-50%		76%	75%	71%	65%	58%	48%	37%	27%	17%	6%	
Asset Sustainability Ratio 95-105%		110%	114%	109%	106%	108%	101%	99%	100%	99%	98%	
Yearly Loan amount		1,550,000	650,000	650,000	500,000	0	0	0	0	0	0	
AMP Capital Renewal		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	5,952,206	
Capital Total		6,038,700	5,857,400	5,626,900	5,403,000	5,662,500	5,464,600	5,513,000	5,707,000	5,819,900	5,932,500	



NORTHERN AREAS COUNCIL
BUDGET BALANCE SHEET
2021/2030

2019 Actual	2020 Forecast Budget		2021 \$	2022 \$	2023 \$	2024 \$	2025 \$	2026 \$	2027 \$	2028 \$	2029 \$	2030 \$
		ASSETS										
		Current Assets										
4,140,000	839,264	Cash and cash equivalents	671,744	(255,190)	(848,524)	(1,193,124)	(1,605,336)	(1,148,685)	(545,168)	280,215	1,483,467	2,897,788
1,598,000	205,629	Trade & other receivables	112,338	115,008	136,227	160,536	188,030	219,778	256,213	293,074	344,251	410,802
0	0	Other financial assets	0	0	0	0	0	0	0	0	0	0
172,000	50,000	Inventories	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
5,910,000	1,094,893	Total Current Assets	834,082	(90,182)	(662,297)	(982,588)	(1,367,306)	(878,907)	(238,955)	623,289	1,877,718	3,358,590
		Non-current Assets										
457,000	168,300	Financial Assets	168,300	168,300	168,300	168,300	168,300	168,300	168,300	168,300	168,300	168,300
67,000	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
167,818,000	175,710,500	Infrastructure Property, Plant and Equipment	176,829,700	177,620,800	178,027,600	178,066,600	178,217,400	178,027,500	177,744,100	177,517,800	177,263,100	176,981,900
168,342,000	175,878,800	Total Non-current assets	176,998,000	177,789,100	178,195,900	178,234,900	178,385,700	178,195,800	177,912,400	177,686,100	177,431,400	177,150,200
174,252,000	176,973,693	Total Assets	177,832,082	177,698,918	177,533,603	177,252,312	177,018,394	177,316,893	177,673,445	178,309,389	179,309,118	180,508,790
		LIABILITIES										
		Current Liabilities										
1,265,000	530,450	Trade & other payables	546,415	562,807	579,692	597,082	614,995	633,445	652,448	672,022	692,182	712,948
2,023,000	1,434,500	Borrowings	1,486,100	1,528,200	1,369,100	1,128,000	710,600	740,100	546,900	290,600	181,800	181,800
978,000	1,123,009	Short-term provisions	1,156,690	1,191,391	1,227,132	1,263,946	1,301,865	1,340,921	1,381,148	1,422,583	1,465,260	1,509,218
0	0	Other current liabilities	0	0	0	0	0	0	0	0	0	0
4,266,000	3,087,959	Total Current Liabilities	3,189,205	3,282,398	3,175,924	2,989,029	2,627,460	2,714,465	2,580,496	2,385,204	2,339,242	2,403,966
		Non-current Liabilities										
0	0	Trade & other payables	0	0	0	0	0	0	0	0	0	0
5,663,000	6,715,500	Long-term Borrowings	6,822,200	5,944,100	5,225,000	4,597,000	3,886,400	3,146,400	2,599,500	2,308,900	2,127,100	1,945,300
80,000	47,895	Long-term Provisions	49,337	50,817	52,342	53,912	55,529	57,195	58,911	60,678	62,499	64,374
0	0	Other non-current liabilities	0	0	0	0	0	0	0	0	0	0
5,743,000	6,763,395	Total Non-current Liabilities	6,871,537	5,994,917	5,277,342	4,650,912	3,941,929	3,203,595	2,658,411	2,369,578	2,189,599	2,009,674
10,009,000	9,851,354	Total Liabilities	10,060,742	9,277,315	8,453,266	7,639,941	6,569,389	5,918,061	5,238,907	4,754,783	4,528,841	4,413,639
164,243,000	167,122,339	NET ASSETS	167,771,340	168,421,603	169,080,338	169,612,371	170,449,005	171,398,833	172,434,538	173,554,606	174,780,277	176,095,150
		EQUITY										
11,480,000	13,539,021	Accumulated Surplus	13,963,122	14,372,467	14,773,683	15,031,998	15,492,224	15,963,051	16,501,056	17,104,525	17,794,395	18,553,668
152,015,000	152,015,000	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
748,000	1,568,318	Other Reserves	1,793,218	2,034,136	2,291,655	2,565,373	2,941,782	3,420,782	3,918,482	4,435,082	4,970,882	5,526,482
164,243,000	167,122,339	TOTAL EQUITY	167,771,340	168,421,603	169,080,338	169,612,371	170,449,005	171,398,833	172,434,538	173,554,606	174,780,277	176,095,150



**2019
Actual**

**2020
Budget
Forecast**

ACCUMULATED SURPLUS

9,411,000 12,965,000 Balance at end of previous reporting period
1,629,000 781,839 Net Surplus / (Deficit) for Year
0 (207,818) Transfers to Other Reserves
0 Transfers from Other Reserves

11,040,000 13,539,021

Balance at end of period

ASSET REVALUATION RESERVE

152,015,000 152,015,000 Balance at end of previous reporting period
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

OTHER RESERVES

1,188,000 1,360,500 Balance at end of previous reporting period
0 0 Transfers to Accumulated Surplus
0 207,818 Transfers from Accumulated Surplus

1,188,000 1,568,318

Balance at end of period

TOTAL EQUITY AT END OF REPORTING PERIOD

NORTHERN AREAS COUNCIL
BUDGET CHANGES IN EQUITY
2021/2030

**2021
\$**

**2022
\$**

**2023
\$**

**2024
\$**

**2025
\$**

**2026
\$**

**2027
\$**

**2028
\$**

**2029
\$**

**2030
\$**

13,539,000 13,963,122 14,372,467 14,773,683 15,031,998 15,492,224 15,963,051 16,501,056 17,104,525 17,794,395
649,040 650,263 658,735 532,033 836,634 949,827 1,035,705 1,120,069 1,225,670 1,314,874
(224,918) (240,918) (257,518) (273,718) (376,409) (479,000) (497,700) (516,600) (535,800) (555,600)
0 0 0 0 0 0 0 0 0 0

13,963,122 14,372,467 14,773,683 15,031,998 15,492,224 15,963,051 16,501,056 17,104,525 17,794,395 18,553,668

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

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

1,568,300 1,793,218 2,034,136 2,291,655 2,565,373 2,941,782 3,420,782 3,918,482 4,435,082 4,970,882
0 0 0 0 0 0 0 0 0 0
224,918 240,918 257,518 273,718 376,409 479,000 497,700 516,600 535,800 555,600

1,793,218 2,034,136 2,291,655 2,565,373 2,941,782 3,420,782 3,918,482 4,435,082 4,970,882 5,526,482

167,771,340 168,421,603 169,080,338 169,612,371 170,449,005 171,398,833 172,434,538 173,554,606 174,780,277 176,095,150



NORTHERN AREAS COUNCIL

BUDGET STATEMENT OF CASH FLOWS **2021/2030**

2019 Actual	2020 Forecast Budget		2021 \$	2022 \$	2023 \$	2024 \$	2025 \$	2026 \$	2027 \$	2028 \$	2029 \$	2030 \$
CASHFLOWS FROM OPERATING ACTIVITIES												
		Receipts										
11,636,000	12,050,500	Operating receipts	12,209,600	12,563,100	12,932,400	13,312,600	13,753,300	14,180,300	14,597,700	15,028,400	15,471,600	15,927,800
120,000	85,900	Investment receipts	83,400	83,300	82,700	82,300	84,288	84,751	85,717	86,683	87,652	89,821
		Payments										
(3,311,000)	(3,445,900)	Employee costs	(3,484,700)	(3,584,300)	(3,691,800)	(3,803,400)	(3,918,100)	(4,036,400)	(4,158,400)	(4,282,600)	(4,411,700)	(4,543,200)
(4,200,000)	(3,004,000)	Materials, contracts & other services	(3,124,300)	(3,154,400)	(3,328,200)	(3,517,600)	(3,436,000)	(3,535,300)	(3,637,200)	(3,760,900)	(3,850,200)	(3,960,500)
(411,000)	(417,600)	Finance costs	(431,600)	(423,200)	(348,300)	(277,900)	(235,200)	(189,000)	(155,700)	(118,200)	(97,100)	(85,300)
3,834,000	5,268,900	Net Cash provided by (or used in) Operating Activities	5,252,400	5,484,500	5,646,800	5,796,000	6,248,288	6,504,351	6,732,117	6,953,383	7,200,252	7,428,621
CASH FLOWS FROM INVESTING ACTIVITIES												
		Receipts										
1,442,000	239,000	Amounts specifically for new or upgraded assets	216,100	132,066	132,066	0	0	0	0	0	0	0
31,000	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										
90,000	47,200	Repayments of loans by community groups	49800	49900	32900	31500	30000	27400	24500	25900	13500	0
12,000		Distributions received from associated entities										
		Payments										
(4,528,000)	(5,299,200)	Expenditure on renewal/replacement of assets	(5,100,800)	(5,443,300)	(5,362,800)	(5,403,000)	(5,662,500)	(5,464,600)	(5,513,000)	(5,707,000)	(5,819,900)	(5,932,500)
(1,595,000)	(1,033,700)	Expenditure on new/upgraded assets	(937,900)	(414,100)	(264,100)	0	0	0	0	0	0	0
0	0	Purchase of investment property										
(6,000)	0	Net purchase of investment securities										
0	0	Development of real estate for sale										
(40,000)	0	Loans made to community groups										
(12,000)	0	Capital contributed to associated entities										
(4,606,000)	(5,946,700)	Net Cash provided by (or used in) Investing Activities	(5,672,800)	(5,575,434)	(5,361,934)	(5,271,500)	(5,532,500)	(5,337,200)	(5,388,500)	(5,581,100)	(5,706,400)	(5,832,500)
CASH FLOWS FROM FINANCING ACTIVITIES												
		Receipts										
0	1,400,000	Proceeds from Borrowings	1,550,000	650,000	650,000	500,000	0	0				
0		Proceeds from of Aged Care Facility deposits										
		Payments										
(1,031,000)	(1,174,100)	Repayments of Borrowings	(1,391,700)	(1,486,000)	(1,528,200)	(1,369,100)	(1,128,000)	(710,500)	(740,100)	(546,900)	(290,600)	(181,800)
0	0	Repayment of Finance Lease Liabilities										
0	0	Repayment of Aged Care Facility deposits										
(1,031,000)	225,900	Net Cash provided by (or used in) Financing Activities	158,300	(836,000)	(878,200)	(869,100)	(1,128,000)	(710,500)	(740,100)	(546,900)	(290,600)	(181,800)
(1,803,000)	(451,900)	Net Increase / (Decrease) in cash held	(262,100)	(926,934)	(593,334)	(344,600)	(412,212)	456,651	603,517	825,383	1,203,252	1,414,321
5,943,000	1,091,164	Cash & cash equivalents at beginning of period	933,844	671,744	(255,190)	(848,524)	(1,193,124)	(1,605,336)	(1,148,685)	(545,168)	280,215	1,483,467
4,140,000	639,264	Cash & cash equivalents at end of period	671,744	(255,190)	(848,524)	(1,193,124)	(1,605,336)	(1,148,685)	(545,168)	280,215	1,483,467	2,897,788



NORTHERN AREAS COUNCIL
BUDGET UNIFORM PRESENTATION OF FINANCES
2021/2030

	2021 \$	2022 \$	2023 \$	2024 \$	2025 \$	2026 \$	2027 \$	2028 \$	2029 \$	2030 \$
Operating Revenues	12,293,000	12,646,397	13,015,069	13,394,933	13,837,634	14,265,027	14,683,405	15,115,069	15,559,270	16,017,574
less Operating Expenses	(11,960,060)	(12,228,200)	(12,588,400)	(12,962,900)	(13,101,000)	(13,415,200)	(13,747,700)	(14,095,000)	(14,433,600)	(14,802,700)
Adjusted Operating Surplus / (Deficit) before Capital Amounts	332,940	418,197	426,669	432,033	736,634	849,827	935,705	1,020,069	1,125,670	1,214,874
less Net Outlays on Existing Assets										
Capital Expenditure on renewal and replacement of Existing Assets	5,100,800	5,443,300	5,362,800	5,403,000	5,662,500	5,464,600	5,513,000	5,707,000	5,819,900	5,932,500
less Depreciation, Amortisation and Impairment	(4,919,500)	(5,066,300)	(5,220,100)	(5,364,000)	(5,511,700)	(5,654,500)	(5,796,400)	(5,933,300)	(6,074,600)	(6,213,700)
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)
	81,300	277,000	42,700	(61,000)	50,800	(289,900)	(383,400)	(326,300)	(354,700)	(381,200)
less Net Outlays on New and Upgraded Assets										
Capital Expenditure on New and Upgraded Assets	937,900	414,100	264,100	-	-	-	-	-	-	-
less Amounts received specifically for New and Upgraded Assets	(216,100)	(132,066)	(132,066)	-	-	-	-	-	-	-
less Proceeds from Sale of Surplus Assets	-	-	-	-	-	-	-	-	-	-
	721,800	282,034	132,034	-	-	-	-	-	-	-
Net Lending / (Borrowing) for Financial Year	(470,160)	(140,837)	251,935	493,033	685,834	1,139,727	1,319,105	1,346,369	1,480,370	1,596,074

**NORTHERN AREAS COUNCIL
BUDGET FINANCIAL INDICATORS
2021/2030**

	TARGET	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Operating Surplus (Deficit) before Capital Revenues	achieve operating breakeven	332,940	418,197	426,669	432,033	736,634	849,827	935,705	1,020,069	1,125,670	1,214,874
Operating Surplus Ratio (=Adjusted Operating Surplus / Rates General & Other)	0% - 10%	4%	5%	5%	5%	8%	8%	9%	10%	10%	11%
Net Financial Liabilities (=Financial Liabilities - Financial Assets)	No more than annual operating revenue	9,108,360	9,249,197	8,997,262	8,504,229	7,818,395	6,678,667	5,359,562	4,013,194	2,532,823	936,750
Net Financial Liabilities Ratio (=Net Financial Liabilities / Total Operating Revenue)	0% - 50%	76%	75%	71%	65%	58%	48%	37%	27%	17%	6%
Net Financial Liabilities Ratio excl CWMS (=Net Financial Liabilities excl CWMS / Total Operating Revenue excl CWMS)	0% - 50%	56%	57%	54%	49%	44%	35%	25%	16%	6%	(4%)
Interest Cover Ratio (=Net Interest Expense / Total Operating Revenue)	0% - 10%	2.9%	2.8%	2.1%	1.5%	1.1%	0.8%	0.5%	0.2%	0.1%	(0.0%)
Asset Sustainability Ratio (=Net Asset Renewals / Depreciation Expense)	95% - 105% of AMP	110%	114%	109%	106%	108%	101%	99%	100%	99%	98%