DISTRICT COUNCIL OF CLEVE

LONG TERM FINANCIAL PLAN 2024 – 2033

August 2023

CONTENTS

1. INTRODUCTION

The purpose of this Long Term Financial Plan ("LTFP") is to express, in financial terms, the activities that the District Council of Cleve ("Council") proposes to undertake over the medium to longer term to achieve its stated objectives as outlined in its Strategic Management Plan.

It is a guide for future action based on the longer-term impact of revenue and expenditure proposals. The aggregation of future intended outlays and anticipated revenues enables the accumulating overall financial implications to be readily identified and if warranted, for proposed future activities to be revised.

Long-term financial plans are particularly important for local governments as they are responsible for managing a high level of long-lived assets relative to their income base. A council may have long-periods with modest levels of asset renewal requirements and then other periods when very significant outlays are necessary. All councils need to generate revenue in an equitable manner over time and ensure they have capacity to finance peaks in asset management and other outlays when, and including by way of borrowings where, necessary.

The preparation of a LTFP generates improved information to guide decisions about the mix and timing of outlays on operating activities and additional assets and the funding implications of these. Without a soundly based LTFP, an organisation with significant asset management responsibilities is unlikely to have sufficient data to determine sustainable service levels and affordable asset stockholding strategies, appropriate revenue targets or optimal treasury management.

2. RELEVANT LEGISLATION

Local Government Act 1999

122—Strategic management plans

(1b) The financial projections in a long-term financial plan adopted by a council must be consistent with those in the infrastructure and asset management plan adopted by the council.

(4) A council may review its strategic management plans under this section at any time but must—

(a) undertake a review of—

(i) its long-term financial plan on an annual basis

(4a) A council must, for the purposes of a review under subsection (4), take into account—

(a) in relation to a review under subsection (4)(a)(i)—a report from the chief executive officer on the sustainability of the council's long-term financial performance and position taking into account the provisions of the council's annual business plan and strategic management plans

Local Government (Financial Management) Regulations 2011

5—Long-term financial plans

(1) *A long-term financial plan developed and adopted for the purposes of section 122(1a)(a) of the Act must include—*

(b) *a summary of proposed operating and capital investment activities presented in a manner consistent with the note in the Model Financial Statements entitled Uniform Presentation of Finances; and*

(c) *estimates and target ranges adopted by the council for each year of the long-term financial plan with respect to an operating surplus ratio, a net financial liabilities ratio and an asset sustainability ratio presented in a manner consistent with the note in the Model Financial Statements entitled Financial Indicators.*

(2) *A long-term financial plan must be accompanied by a statement which sets out—*

(a) *the purpose of the long-term financial plan; and*

(b) *the basis, including key assumptions, on which it has been prepared; and*

(c) *the key conclusions which may be drawn from the estimates, proposals and other information in the plan.*

(3) *A statement under sub-regulation (2) must be expressed in plain English and must avoid unnecessary technicality and excessive detail.*

The information that follows satisfies the above regulations.

Year 1 of the LTFP is consistent with the recently adopted 2023-24 Annual Business Plan & Budget

3. FINANCIAL STRATEGY

The LTFP is based on Councils current operating service levels as well as projected capital renewal expenditure obtained from Councils 2024-33 Asset Management Plan.

- A 2% plus CPI increase in rate revenue for each of the years ending 30 June 2025 through to the year ending 30 June 2029.
- The increases in rate revenue are required to produce an operating surplus ratio result that is large enough to hedge against operating expenditure inflation risk or any other risk associated with the loss or reduction in grant revenue.
- The strategy of rate revenue increases will be reviewed annually. Should alternative revenue streams be identified that could subsidise rates or further efficiency gains be implemented the rate increases of this nature will not be required. Management will continue to pursue opportunities to create revenue generating assets and reduce expenditure through efficiency gains
- The Council will continue to target grants that will subsidise the construction of income producing assets
- The Council is already undertaking several income producing capital projects. The assumptions in relation to the anticipated revenue are included in the next section.
- Community Wastewater Management Schemes ("CWMS") service charges are set at an appropriate level to ensure whole of life costs are recovered.
- Waste management user charges are set at an appropriate level to ensure the full cost of providing these services is recovered from those who benefit from the service.
- The LTFP and the ten year asset renewal programs will be revised as part of the Annual Business Planning process each year.

4. FUNDING PLAN

Council's approach to funding services and infrastructure of the council

The Uniform presentation of Finances (UPF) in section 7 of this plan identifies future cash surpluses or shortages. This allows a mechanism for Council to make investing and funding decisions independently of one another.

Investing decisions are decisions that determine what services Council will spend its money on whereas funding decisions are decisions made on how best to invest any cash surplus to needs or fund in cash shortages as identified in the UPF.

In most instances it will always be more cost effective to fund a cash shortfall from cash reserves (if available) rather than from debt due to the gap between the investing and lending rates offered by banks. Any cash surpluses that are identified should be applied against debt for the same reason. Councils' treasury management policy allows flexibility in borrowings to enable this offset to occur.

Council's projected total revenue for the period to which the long term financial plan relates

Total forecast Operating revenue across the ten years of the plan is $80M.

Other than year one, no amounts are included specifically for the construction of new assets.

Year one includes $3.1M with $2M of that funding being for the Boarding House project. Readers are referred to Councils' Annual Business Plan and Budget for more information on the projects funded by the of the $3.1M.

Intended sources of $80M operating revenue

Rates - General & Other rates account for 55% of Councils ten year revenue forecast.

General Rates - S146 of the Local Government Act 1999 provides for a Council to raise revenue for the broad purposes of the Council through a general rate. This applies to all rateable properties, using differential rating principles that vary according to the locality of the land and its use, rates are calculated with reference to property capital values plus a fixed charge.

Other Rates - In addition, S146 of the Local Government Act 1999 also allows Council to raise separate rates, service rates and service charges.

Council charges a service rate for Community Wastewater Management Systems and Kerb Side Bin collection services. The rate is set at a level that will recovers the whole of life costs of these services.

43 properties located on the Arno Bay Foreshore properties are charged a separate rate. This separate rate is to be applied over a 10 year period from 30 June 2021 to 30 June 2031 being a fixed charge of $508 to recover capital contribution towards the construction of the Arno Bay Foreshore Community Wastewater Management Scheme.

Statutory Charges account for 0.4% of Councils ten year revenue forecast.

These are charges prescribed in various Acts of parliament.

User charges - account for 4% of Councils ten year revenue forecast.

The Local Government Act 1999 allows Council to levy charges for the reasons outlined in S188 (1). The charges do not need to be based on cost recovery unless the charge is a Statutory Charge. This means Council can subsidise a service or make a profit on the service dependent upon Council policy.

Grants, subsidies and contributions account for 37% of Councils' ten year revenue forecast.

This income represents amounts received from Government and other entities for assist with a range of Councils operating and capital services.

There are four categories that this revenue is separated into. Recurring operating grants, non–recurring operating grants, non–recurring capital grants and amounts specifically for new or upgraded assets.

Financial Assistance Grants, Supplementary Local Roads Funding and Roads to Recovery Funding account for 31% of the ten year revenue forecast of $80M.

Investment income account for 0.3% of Councils ten year revenue forecast.

Council only permitted to invest in term deposits. This revenue is dictated by market forces that set the interest income earning rates.

Reimbursements account for 3% of Councils ten year revenue forecast.

This revenue is related to activities that Council undertake on behalf of other organisations. It is essentially money in, money out.

Other income accounts for 0.3% of Councils ten year revenue forecast.

This income relates to any revenue stream that is not specifically covered by any of the categories explained above.

5. KEY ASSUMPTIONS

The following assumptions have been built into the forecast calculations:

- The content of the LTFP is based on real (2023-24) dollar values for all future years to facilitate comparisons between years.
- Forecast debt and cash reserves in future years have been discounted by 3.25% in the 2024-25, 2.75% in 2025-26 and 2.25% each year after that in recognition of the fact that inflation reduces the real value of financial assets and liabilities.

Economic forecasts

Table 7.1: Key economic indicators — Australia and South Australia real growth rates (per cent per annum, year averages)

	2021-22 Actual	2022-23 Estimate	2023-24 Forecast	2024-25 Projection	2025-26 Projection	2026-27 Projection
Australia[a]						
Gross Domestic Product (GDP)	3.7	3¼	1½	2¼	2¾	2¾
South Australia						
Gross State Product (GSP)	5.1	3½	1	1¾	2	2
State Final Demand (SFD)	5.6	2½	1¼	1¾	2	2
Employment	3.9	3	1	¾	1	1
Adelaide Consumer Price Index (CPI)	4.2	7¾	3¾	3¼	2¾	2½

(a) Australian forecasts from Commonwealth Government's 2023-24 Budget, Budget Strategy and Outlook, Budget Paper No.1.

- Commonwealth Financial Assistance Grant ("FAGs") revenue is not expected to vary over the planning period. Timing of receipt of FAGs revenue has been assumed to be quarterly four times each year. Capital and maintenance expenditure on road renewal and plant and equipment matches expenditure requirements from the 10 year renewal programs.
- Capital expenditure renewal levels have been set to ensure assets are renewed in a timely manner that is consistent with Councils Asset Management Plan.
- Commonwealth Roads to Recovery funding is maintained at current levels throughout the planning period.
- Investment income has been calculated at a rate of 4% p.a. on the previous year's closing cash balance for 2024-25, 2% for 2025-26 and 1% after that
- When fully operational the Boarding house will produce net rental income of $252k and an estimated return on investment of 5% based on total cost of capital construction of $3M. When this is adjusted to include only Council's contribution of $1M a notional Return of Investment (ROI) of 25% is achieved.
- Special Local Roads Program (SLRP) funding will continue to be approved each year as set out in the Council's initial application. This provides grant revenue of $1.4M across the years ending 30 June 2023 to 30 June 2025.
- A reduction in salary & non-salary expenses in relation to operating economic development activities.

6. LONG TERM FINANCIAL SUSTAINABILITY – KEY FINANCIAL INDICATORS

The financial sustainability evaluation of a Council is undertaken with reference to a properly developed and complete LTFP. The financial plan includes the forecast achievement of projected performance against agreed financial sustainability targets. By achieving these targets Council can claim to be operating in a financially sustainable manner.

In order to demonstrate that the financial strategies above are being achieved, Council needs to monitor the operating surplus ratio.

Further to this, two additional ratios will be reported on to demonstrate that assets are being replaced in line with the requirements of the infrastructure and asset management data whilst maintaining sensible debt levels.

These ratios are:

- Net financial liabilities ratio
- Asset renewal funding ratio

The following data has been used to populate the Key Financial Indicator graphs in the sections below:

Year Ending 30 June:	**2023 Year 0 $,000**	**2024 Year 1 $,000**	**2025 Year 2 $,000**	**2026 Year 3 $,000**	**2027 Year 4 $,000**	**2028 Year 5 $,000**	**2029 Year 6 $,000**	**2030 Year 7 $,000**	**2031 Year 8 $,000**	**2032 Year 9 $,000**	**2033 Year 10 $,000**
Operating Surplus Ratio											
Operating Surplus divided by:	507	642	709	103	156	254	329	324	300	279	260
Total Operating Revenue	8,172	9,215	8,176	7,679	7,741	7,832	7,918	7,922	7,921	7,924	7,928
	6.2%	**7.0%**	**8.7%**	**1.3%**	**2.0%**	**3.2%**	**4.2%**	**4.1%**	**3.8%**	**3.5%**	**3.3%**
Net Financial Liabilities Ratio											
Net Financial Liabilities	(2,079)	(1,629)	(1,221)	(436)	(732)	(661)	(1,142)	(1,048)	(1,271)	(1,733)	(2,324)
Total Operating revenue	8,172	9,215	8,176	7,679	7,741	7,832	7,918	7,922	7,921	7,924	7,928
	-25%	**-18%**	**-15%**	**-6%**	**-9%**	**-8%**	**-14%**	**-13%**	**-16%**	**-22%**	**-29%**
Asset Renewal Funding Ratio											
Net Asset Renewal Expenditure per LTFP	4,415	3,536	3,172	2,972	1,975	2,443	1,979	2,148	1,832	1,590	1,456
Net Asset Renewal Expenditure per AMP	4,415	3,536	3,172	2,972	1,975	2,443	1,979	2,148	1,832	1,590	1,456
	100%	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

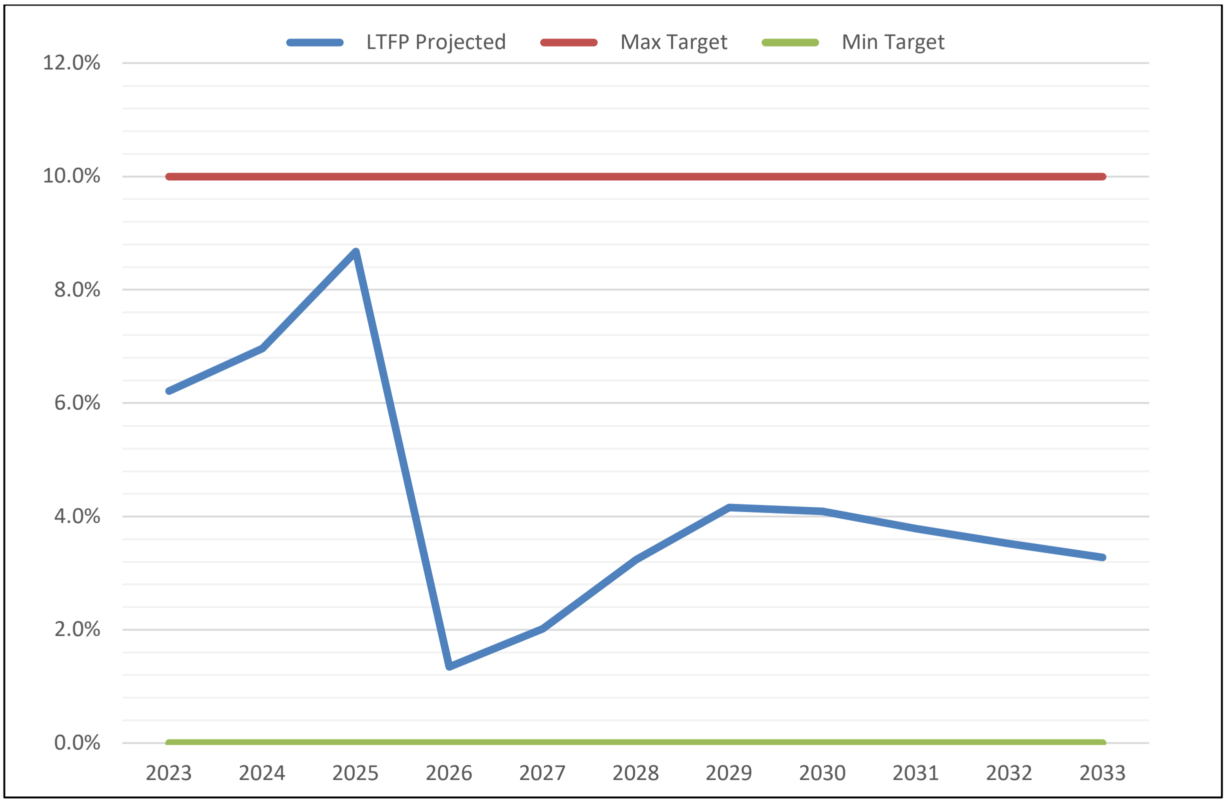
It should be noted that the ratios for year zero & year one varies from that included in the 2023-24 Annual Business Plan and Budget and the Uniform Presentation of Finances later in this plan due to the impact of the June 2023 payment of $1.789M being the entire 2023-24 financial assistance grant. The timing difference the early payment has created has been reversed in year zero so as not to have a potential unplanned cash reduction at some stage in the next ten years when the federal government no longer prepays these grants.

Indicator 1 - Operating Surplus Ratio ("OSR")

The operating surplus ratio expresses the operating surplus (deficit) as a percentage of operating income.

Calculated as: (operating revenue minus operating expense) divided by operating revenue.

The OSR is used to confirm that Council can cover its operating expenditure and depreciation charge from its operating revenue. A negative result indicates that Council is not doing so.



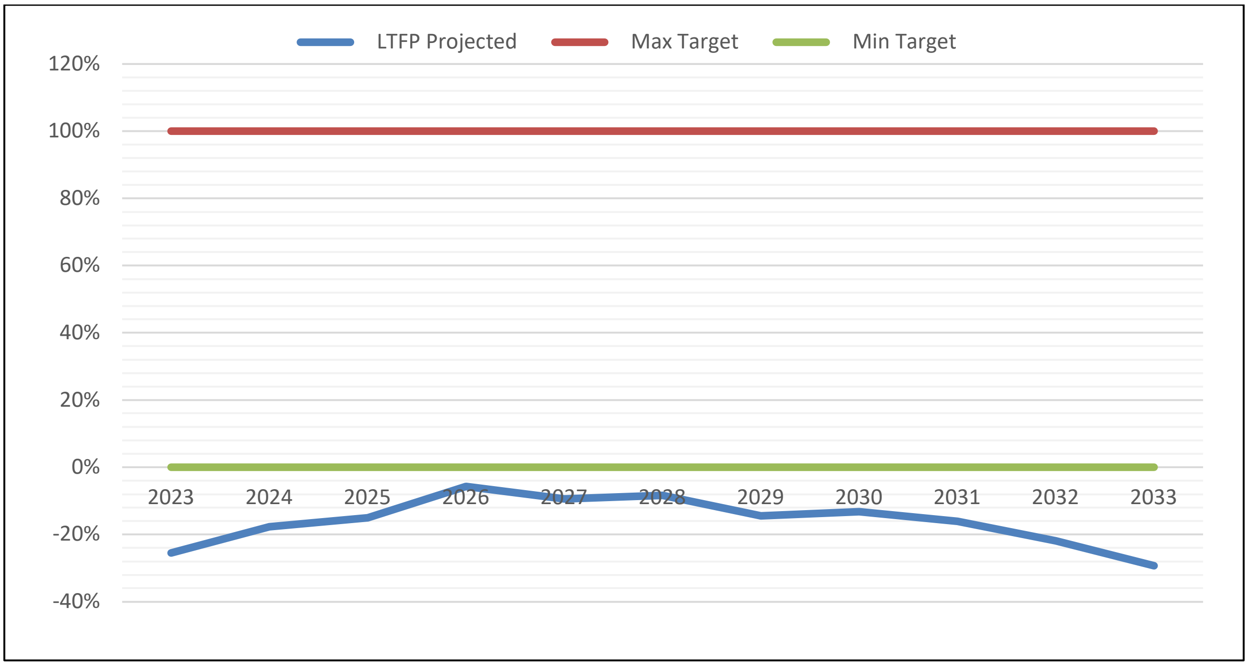
The above information forecasts that Council will be operating in a surplus position throughout the life of the plan. The financial strategy ensure Council moves to a situation where there is a reasonable buffer to hedge against unexpected increases to operating expenditure or alternatively unexpected reductions in non-rate revenue.

The target range has been set at 0% to 10% for the duration of the plan. This is in line target range for this ratio as required by the assessment framework ESCOSA are using for the assessment of this ratio

An additional use of this ratio has been identified by ESCOSA where they use it to understand what is driving a council's operating surplus ratio and the extent to which this indicates potential concerns regarding affordability and cost control risk. This is very similar to how Council have used this ratio to assess its operating performance.

Indicator 2 - Net Financial Liabilities Ratio (NFLR)

Net financial liabilities is a comprehensive measure of the indebtedness of the Council as it includes items such as employee long-service leave entitlements and other amounts payable as well as taking account of the level of Council's available cash and investments. Specifically, Net Financial Liabilities equals total liabilities minus financial assets, where financial assets for this purpose includes cash, cash equivalents, trade and other receivables, and other financial assets, but excludes equity held in Council businesses, inventories and land held for resale.



The NFLR answers the question - Does Council have a manageable level of debt and other liabilities when considering its available revenue and other cash reserves?
The District Council of Cleve is currently in a net cash situation. Accordingly, the NFLR is showing a negative amount (effectively, Council has net financial assets).

The District Council of Cleve is currently in a net financial assets position; accordingly, the net financial liabilities ratio is showing a negative amount.

Council has set a target range for this ratio of between 0% to 100% this is in line target range for this ratio as required by the assessment framework ESCOSA are using for the assessment of this ratio.

Previously the sector had some level of discretion in relation to the key financial indicators to set a target range that is more suitable to the culture and risk aversion profile of the Council, unfortunately this is no longer the case.

In relation to the assessment of Councils financial sustainability a result of less than 0% indicates Council is in a net financial assets position, accordingly there is Council should not be assessed as having a financial sustainability risk due to unmanageable levels of liabilities.

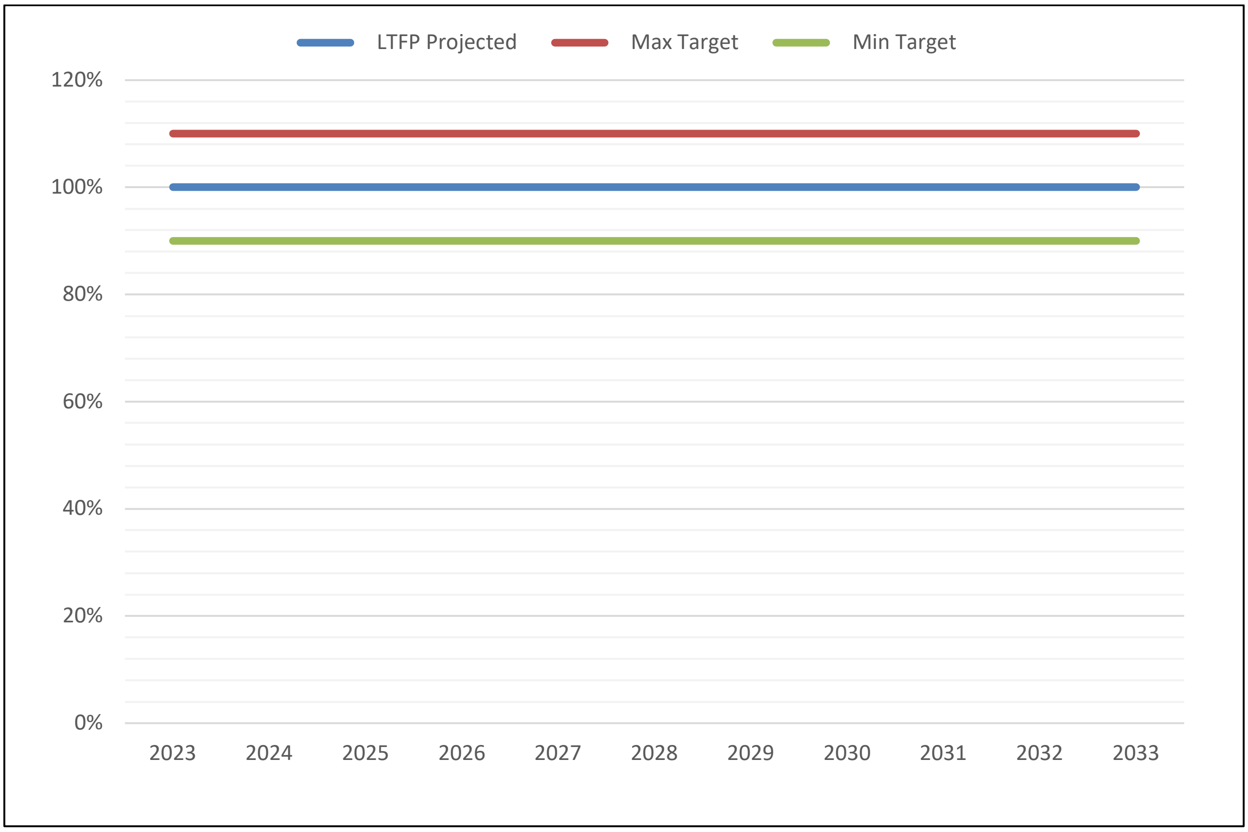
An additional use of this ratio has been identified by ESCOSA where they use it to understand what is driving a council's net financial liabilities ratio and the extent to which this indicates potential concerns regarding financial and service sustainability risk. The results of the ratio indicate there are no concerns.

Indicator 3 - Asset Renewal Funding Ratio ("ARFR")

The ARFR indicates the extent to which existing non-financial assets are being renewed and replaced, compared with what is needed to cost-effectively maintain service levels. It is calculated by measuring capital expenditure on renewal or replacement of assets, relative to the optimal level of such expenditure determined by Councils asset management data.

If capital expenditure on renewing or replacing existing assets is at least equal to the level proposed by Councils asset data, then a Council is ensuring optimal timing of replacement of physical assets to maintain service levels. Any material underspending on renewal and replacement over the medium term is likely to adversely impact on the achievement of preferred, affordable service levels and could potentially progressively undermine a Council's financial sustainability.

It is important to understand the difference between new/upgraded assets and renewal/ replacement assets. Only expenditure on renewal/replacement is included in the calculation of the asset renewal funding ratio. Minimal capital expenditure has been included in this plan to fund the construction of new assets. Refer to the glossary for a full definition of new/upgraded assets and renewal/replacement assets.



The above information indicates that the ARFR is targeted to be 100% for the life of the plan indicating that asset renewal directly reflects the requirements of Councils 10 year asset renewal plans outlined in the following table:

	2024 Year 1 $,000	2025 Year 2 $,000	2026 Year 3 $,000	2027 Year 4 $,000	2028 Year 5 $,000	2029 Year 6 $,000	2030 Year 7 $,000	2031 Year 8 $,000	2032 Year 9 $,000	2033 Year 10 $,000
Sealed Roads	1,020	873	912	126	126	126	168	126	126	126
Unsealed Roads	1,504	1,188	1,320	1,232	1,320	1,232	1,122	1,122	946	1,010
Footpaths, Kerb & Guttering	60	58	50	36	36	61	61	33	54	33
Plant & Equiptment	992	950	591	415	970	440	696	545	477	300
Other Assets	90	65	65	65	65	65	65	65	65	65
Buildings	0	66	66	66	66	66	66	66	66	66
CWMS	0	120	120	120	120	120	120	0	0	0
Total	**3,666**	**3,320**	**3,124**	**2,060**	**2,703**	**2,110**	**2,298**	**1,957**	**1,734**	**1,600**

The ratios table varies to the totals above as the Ratios table shows capital renewal expenditure net of trade ins.

New Assets funded in LTFP 2024-33

New asset construction included in the Annual Business Plan for 2023-24 totalling $2.8M:

Project	$,000
Boarding House	1,462
Dog Park Upgrade	30
Redbanks RV Park	200
Marina Access Road-Oscar Road	483
Marina Upgrade	415
Tree Replacement Program – Jacarandas	30
CWMS Pump Upgrade	10
Stormwater Dam Overflow	12
Playspace (lighting/water/fencing)	25
Cleve RV Park/Showgrounds Toilet Upgrade	145

A future projects fund has been included in the LTFP under new asset construction expenditure. An amount of $300k per annum has been included from the 2024-25 year to the 2028-29 year with an amount of $700k per annum included each year after that. The fund is in acknowledgement of Councils ability to fund future projects contained in its economic development plan which is consistent with Councils strategic Management Plan.

Summary of Council's Long-term Sustainability based on LTFP forecasts

The above key financial indicators point to Council operating in a sustainable manner over the life of the LTFP.

The OSR indicates Council is covering its operating expenses including depreciation over the life of the LTFP.

The LTFP funds capital renewal requirements as calculated based on Councils existing asset data. The ARFR demonstrates that Council is replacing its infrastructure in a timely manner.

The NFLR indicates that Council will remain in a Net Financial Assets position at any stage throughout the 10 years of the plan (as opposed to a Net Financial Liabilities position which is achieved when total liabilities are greater than financial assets.)

It is intended to update the LTFP annually as part of the annual business planning process.

Chief executive officer report on the sustainability of the Council's Long Term Financial performance and position

The analysis of the key financial indicators table and relevant graphs included in this plan demonstrates that the Council is forecasting to operate in a financially sustainable manner throughout the life of the plan.

The operating surplus ratio ranges from 1.3% to 8.7% across the ten years. This equates to an operating surplus ranging between $103k to $709k p.a.

As with all businesses in Australia, Councils' forecast expenditure is exposed to inflation risk. The LTFP assumes CPI is the relevant yardstick to peg future cost increases too. The risk is that CPI is not reflective of Councils actual cost increases and that Councils costs may in reality increase by more than CPI. Even if this were to occur it is unlikely that Council would move into an unsustainable operating deficit position.

Additional risk has been identified in relation to Council's dependence upon recurring grant income, in particular financial assistance grants, supplementary local road funding and roads to recovery funding. In the 2021-22 financial year these three streams of revenue account for 37% of Councils operating income.

Cash and Cash equivalents range from $530k to $2.2M across the life of the LTFP. This does not consider the additional funding that could be directed away from the future projects fund should it be required

The Council is committed to ensuring the ten year asset renewal program as well as the Long Term Financial Plan is continually updated when necessary (and at least annually) to ensure that it will always have appropriate strategies in place to ensure it is operating in a financially sustainable manner. The update of the ten year renewal programs will have a focus on asset conditions with external assistance brought in where required to ensure the renewal programs accurately reflect Councils planned capital expenditure needs.

The 2023-24 Annual Business Plan & Budget as well as the 2024-33 AMP & LTFP are consistent with the strategic goals and principal activities of Councils Strategic Management Plan.

Year one of the 2024-33 IAMP & LTFP is consistent with the 2023-24 adopted Annual Business Plan & Budget. The LTFP funds the capital and maintenance identified in the IAMP.

7. STATEMENT OF UNIFORM PRESENTATION OF FINANCES & PRINCIPAL FINANCIAL STATEMENTS

The Statement of Uniform Presentation of Finances together with the results of the Key Financial Indicators provides a summarised report that focuses on Council's finances at a strategic level.

Readers are strongly encouraged to take the time to comprehend how this report is structured and what the implications of the various lines of this report are for the Key Financial Indicator calculations.

The Statement of Uniform Presentation of Finances highlights the operating surplus / (deficit) measure which is considered the most critical indicator of a Council's financial performance.

The last line or rather the result of this report is the movement in Net Financial Liabilities (net lending / borrowing) for the year based on Council's planned capital and operating budgets for that year.

Achieving a zero result on the net lending / (borrowing) measure in any one year essentially means that the Council has met all its expenditure (both operating and capital) from the current year's income (with income including amounts received specifically for new / upgraded assets).

New / Upgraded vs Renewal / Replacement of Assets

A clear understanding of the difference between expenditure incurred to renew or replace existing assets and expenditure incurred to create new or upgraded assets is essential in order to understand the strategic relevance of the Statement of Uniform Presentation of Finances.

A **new asset** is additional to Council's previous asset complement.

For example, roads constructed as part of a Council owned subdivision are new assets. Similarly, laying footpaths in areas where they did not previously exist are also new assets.

An **upgraded asset** replaces a previously existing asset with enhanced capability or functionality.

Renewal or replacement of an asset occurs where a previously existing asset is replaced without enhancement of the service capability except where this is incidental and unavoidable.

It is possible for capital expenditure to be a combination of renewal as well as upgrade. This is particularly prevalent in this Council region due to the increased volume of B-double traffic experienced in recent times. This has required existing roads to be rebuilt to higher standards.

For example, the replacement of a road that was initially a 6 metre wide sheeted surface with an 8 metre width sheeted surface can be considered part replacement and part upgrade.

UNIFORM PRESENTATION OF FINANCES	2023 Year 0 $'000	2024 Year 1 $'000	2025 Year 2 $'000	2026 Year 3 $'000	2027 Year 4 $'000	2028 Year 5 $'000	2029 Year 6 $'000	2030 Year 7 $'000	2031 Year 8 $'000	2032 Year 9 $'000	2033 Year 10 $'000
Operating Revenues											
Rates	3,790	4,149	4,232	4,316	4,403	4,491	4,581	4,581	4,581	4,581	4,581
Statutory charges	26	28	28	28	28	28	28	28	28	28	28
User charges	100	108	380	380	380	380	380	380	380	380	380
Grants, subsidies and contributions` - Operating	3,942	4,591	3,143	2,610	2,610	2,610	2,610	2,610	2,610	2,610	2,610
Investment income	23	25	79	31	7	9	5	10	9	11	16
Reimbursements	267	288	288	288	288	288	288	288	288	288	288
Other income	23	25	25	25	25	25	25	25	25	25	25
	8,172	9,215	8,176	7,679	7,741	7,832	7,918	7,922	7,921	7,924	7,928
less Operating Expenses											
Employee costs	1,967	2,083	1,963	1,963	1,963	1,963	1,963	1,963	1,963	1,963	1,963
Materials, contracts and other expenses	3,529	4,321	3,083	3,183	3,183	3,183	3,183	3,183	3,183	3,183	3,183
Depreciation, amortisation and impairment	2,151	2,151	2,402	2,412	2,422	2,432	2,442	2,452	2,476	2,499	2,522
Finance Charges	18	18	18	17	17	0	0	0	0	0	0
	7,665	8,573	7,466	7,576	7,585	7,578	7,588	7,598	7,622	7,645	7,668
Operating Surplus/(Deficit) before Capital Amounts	**507**	**642**	**709**	**103**	**156**	**254**	**329**	**324**	**300**	**279**	**260**
LESS: Net Outlays on Existing Assets											
Capital Expenditure on Renewal or Replacement of Existing Assets	4,480	3,666	3,320	3,124	2,060	2,703	2,110	2,298	1,957	1,734	1,600
less Depreciation, Amortisation & Impairment	(2,151)	(2,151)	(2,402)	(2,412)	(2,422)	(2,432)	(2,442)	(2,452)	(2,476)	(2,499)	(2,522)
less Proceeds from Sale of Replaced Assets	(65)	(130)	(148)	(152)	(85)	(260)	(131)	(150)	(125)	(144)	(144)
Net Outlays on Existing Assets	**2,265**	**1,386**	**769**	**560**	**(447)**	**11**	**(463)**	**(304)**	**(644)**	**(909)**	**(1,067)**
LESS: Net Outlays on New or Upgraded Assets											
Capital Expenditure on New/Upgraded Assets	2,044	2,829	300	300	300	300	300	700	700	700	700
less Amounts Specifically for New/Upgraded Assets	(1,057)	(3,123)	0	0	0	0	0	0	0	0	0
less Proceeds from Sale of Surplus Assets	0	0	0	0	0	0	0	0	0	0	0
Net Outlays on New or Upgraded Assets	**987**	**(294)**	**300**	**300**	**300**	**300**	**300**	**700**	**700**	**700**	**700**
EQUALS: Net Lending / (Borrowing) for Financial Year	**(2,744)**	**(450)**	**(360)**	**(756)**	**303**	**(58)**	**493**	**(72)**	**244**	**487**	**626**

It should be noted that the ratios for year zero & year one varies from that included in the 2023-24 Annual Business Plan and Budget and the Uniform Presentation of Finances later in this plan due to the impact of the June 2023 payment of $1.789M being the entire 2023-24 financial assistance grant. The timing difference the early payment has created has been reversed in year zero so as not to have a potential unplanned cash reduction at some stage in the next ten years when the federal government no longer prepays these grants.

Conclusion

The 'Net Lending / (Borrowings) for the Financial Year', represents the movement in Councils' net financial liabilities from one year to the next.

If the result for any given year is in brackets, then this identifies the amount of cash that is required to fund the capital and operating expenditure budgets after considering all available cash inflows for the year. Such a result would lead to a reduction in cash at bank.

Alternatively, any amounts that are not in brackets identify the amount of money that is surplus to Councils needs for the year as the forecast cash inflows would be greater than the forecast operating and capital expenditure requirements. Such a result would lead to an increase in cash at bank.

The above report illustrates the impact the various economic development projects will have on cash reserves. The positive results indicate that Council will be building cash reserves, the years with negative results indicate Council will be utilising cash reserves. The amounts included in the 'Capital Expenditure on New/Upgraded Assets' reflect the future projects fund and demonstrate Councils to undertake further economic development projects as planned.

Explanation / Examples of Components of Summary of Financial Position

Operating Revenue and Expenditure: represent the totals from the relevant lines of the Statement of Comprehensive Income (operating statement) for the year being reported on.

Capital Expenditure on renewal and replacement of Existing Assets: eg, roads reseals, replacement tractor, building renovations, replacement computer hardware.

Proceeds from sale of replaced assets: eg, trade in value of a tractor or motor vehicle being replaced.

Capital Expenditure on New and Upgraded Assets: eg, constructing a new building, constructing a new catchment pond, purchasing a piece of machinery that was not previously on hand.

Amounts specifically for new or upgraded Assets: eg, capital grants to partly fund a new CWMS, funds received to build new footpaths that did not previously exist.

Proceeds from Sale of Surplus Assets: proceeds from the sale of a council building that was no longer required, sale of surplus land.

STATEMENT OF COMPREHSIVE INCOME	2024 Year 1 $,000	2025 Year 2 $,000	2026 Year 3 $,000	2027 Year 4 $,000	2028 Year 5 $,000	2029 Year 6 $,000	2030 Year 7 $,000	2031 Year 8 $,000	2032 Year 9 $,000	2033 Year 10 $,000
Income										
Rates	4,149	4,232	4,316	4,403	4,491	4,581	4,581	4,581	4,581	4,581
Statutory charges	28	28	28	28	28	28	28	28	28	28
User charges	108	380	380	380	380	380	380	380	380	380
Grants, subsidies and contributions	4,591	3,143	2,610	2,610	2,610	2,610	2,610	2,610	2,610	2,610
Investment income	25	79	31	7	9	5	10	9	11	16
Reimbursements	288	288	288	288	288	288	288	288	288	288
Other income	25	25	25	25	25	25	25	25	25	25
Total Operating Revenue	**9,215**	**8,176**	**7,679**	**7,741**	**7,832**	**7,918**	**7,922**	**7,921**	**7,924**	**7,928**
Expenses										
Employee Costs	2,083	1,963	1,963	1,963	1,963	1,963	1,963	1,963	1,963	1,963
Material, Contractors & Other	4,321	3,083	3,183	3,183	3,183	3,183	3,183	3,183	3,183	3,183
Depreciation, Amortisation & Impairment	2,151	2,402	2,412	2,422	2,432	2,442	2,452	2,476	2,499	2,522
Finance Charges	18	18	17	17	0	0	0	0	0	0
Total Operating Expenses	**8,573**	**7,466**	**7,576**	**7,585**	**7,578**	**7,588**	**7,598**	**7,622**	**7,645**	**7,668**
Operating Surplus / (Deficit)	**642**	**709**	**103**	**156**	**254**	**329**	**324**	**300**	**279**	**260**
Amounts Specifically for New or Upgraded Assets	3,123	0	0	0	0	0	0	0	0	0
Net Surplus / (Deficit)	**3,765**	**709**	**103**	**156**	**254**	**329**	**324**	**300**	**279**	**260**
Total Comprehensive Income	**3,765**	**709**	**103**	**156**	**254**	**329**	**324**	**300**	**279**	**260**

STATEMENT OF FINANCIAL POSTION	2023 Year 0 $,000	2024 Year 1 $,000	2025 Year 2 $,000	2026 Year 3 $,000	2027 Year 4 $,000	2028 Year 5 $,000	2029 Year 6 $,000	2030 Year 7 $,000	2031 Year 8 $,000	2032 Year 9 $,000	2033 Year 10 $,000
Assets											
Current Assets											
Cash and Cash Equivalents	2,386	2,037	1,584	677	946	532	1,013	919	1,143	1,605	2,196
Trade & Other Receivables	1,647	832	832	832	832	832	832	832	832	832	832
Inventories	18	18	18	18	18	18	18	18	18	18	18
Total Current Assets	**4,052**	**2,888**	**2,435**	**1,527**	**1,796**	**1,383**	**1,864**	**1,770**	**1,993**	**2,455**	**3,046**
Non Current Assets											
Financial Assets	203	203	203	203	203	203	203	203	203	203	203
Infrastructure, Property, Plant & Equipment	55,606	59,821	60,890	61,750	61,603	61,914	61,751	62,146	62,203	61,994	61,627
Other Non-current Assets	754	754	754	754	754	754	754	754	754	754	754
Total Non-current Assets	**56,563**	**60,778**	**61,847**	**62,707**	**62,560**	**62,871**	**62,708**	**63,103**	**63,159**	**62,951**	**62,584**
Total Assets	**60,615**	**63,665**	**64,282**	**64,234**	**64,356**	**64,254**	**64,571**	**64,873**	**65,152**	**65,406**	**65,630**
Liabilities											
Current Liabilities											
Trade & Other Payables	1,284	600	600	600	600	600	600	600	600	600	600
Borrowings	30	30	111	20	343	0	0	0	0	0	0
Provisions	276	276	276	276	276	276	276	276	276	276	276
Total Current Liabilities	**1,590**	**906**	**987**	**896**	**1,219**	**876**	**876**	**876**	**876**	**876**	**876**
Non-current Liabilities											
Borrowings	538	508	380	350	0	0	0	0	0	0	0
Provisions	30	30	30	30	30	30	30	30	30	30	30
Total Non-Current Liabilities	**567**	**537**	**410**	**380**	**30**	**30**	**30**	**30**	**30**	**30**	**30**
Total Liabilities	**2,157**	**1,443**	**1,397**	**1,276**	**1,248**	**906**	**906**	**906**	**906**	**906**	**906**
Net Assets	**58,457**	**62,222**	**62,884**	**62,958**	**63,108**	**63,348**	**63,665**	**63,967**	**64,247**	**64,500**	**64,725**

STATEMENT OF CHANGES IN EQUITY	2023 Year 0 $,000	2024 Year 1 $,000	2025 Year 2 $,000	2026 Year 3 $,000	2027 Year 4 $,000	2028 Year 5 $,000	2029 Year 6 $,000	2030 Year 7 $,000	2031 Year 8 $,000	2032 Year 9 $,000	2033 Year 10 $,000
Accumulated Surplus											
Balance at end of previous reporting period	26,772	28,336	28,336	29,046	29,149	29,305	29,559	29,888	30,212	30,512	30,790
Net Result for Year	1,564	3,765	709	103	156	254	329	324	300	279	260
Transfer from Reserves	(1,564)	(3,765)	0	0	0	0	0	0	0	0	0
Balance at end of period	**26,772**	**28,336**	**29,046**	**29,149**	**29,305**	**29,559**	**29,888**	**30,212**	**30,512**	**30,790**	**31,050**
Asset Revaluation Reserve											
Balance at end of previous reporting period	29,480	29,480	29,480	29,480	29,480	29,480	29,480	29,480	29,480	29,480	29,480
Balance at end of period	**29,480**	**29,480**	**29,480**	**29,480**	**29,480**	**29,480**	**29,480**	**29,480**	**29,480**	**29,480**	**29,480**
Other Reserves											
Balance at end of previous reporting period	641	641	4,406	4,406	4,406	4,406	4,406	4,406	4,406	4,406	4,406
Transfers to Accumulated Surplus	1,564	3,765	0	0	0	0	0	0	0	0	0
Balance at end of period	**2,205**	**4,406**	**4,406**	**4,406**	**4,406**	**4,406**	**4,406**	**4,406**	**4,406**	**4,406**	**4,406**
Adjustment to Cash & Borrowings for effects of inflation	0	0	(47)	(76)	(83)	(96)	(108)	(130)	(151)	(176)	(211)
Total Equity at End of Reporting Period	**58,457**	**62,222**	**62,884**	**62,958**	**63,108**	**63,348**	**63,665**	**63,967**	**64,247**	**64,500**	**64,725**

STATEMENT OF CASH FLOWS	2023 Year 0 $,000	2024 Year 1 $,000	2025 Year 2 $,000	2026 Year 3 $,000	2027 Year 4 $,000	2028 Year 5 $,000	2029 Year 6 $,000	2030 Year 7 $,000	2031 Year 8 $,000	2032 Year 9 $,000	2033 Year 10 $,000
Cash Flow from Operating Activities											
Receipts											
Operating Receipts	8,149	8,506	8,097	7,648	7,735	7,823	7,912	7,912	7,912	7,912	7,912
Investment Receipts	23	25	79	31	7	9	5	10	9	11	16
Payments											
Operating Payments to Suppliers & Employees	6,312	5,589	5,093	5,175	5,153	5,159	5,158	5,168	5,166	5,171	5,181
Finance Payments	18	18	18	17	17	0	0	0	0	0	0
Net Cash provided by (or used in) Operating Activities	**1,842**	**2,923**	**3,064**	**2,486**	**2,571**	**2,672**	**2,760**	**2,754**	**2,755**	**2,752**	**2,747**
Cash Flow from Investing Activities											
Receipts											
Grants specifically for new or upgraded assets	1,057	3,123	0	0	0	0	0	0	0	0	0
Sale of replaced Assets	65	130	148	152	85	260	131	150	125	144	144
Payments											
Expenditure on renewal/replaced assets	4,480	3,666	3,320	3,124	2,060	2,703	2,110	2,298	1,957	1,734	1,600
Expenditure on new/upgraded assets	2,044	2,829	300	300	300	300	300	700	700	700	700
Net cash provided by (used in) Investing Activities	**(5,402)**	**(3,242)**	**(3,472)**	**(3,272)**	**(2,275)**	**(2,743)**	**(2,279)**	**(2,848)**	**(2,532)**	**(2,290)**	**(2,156)**
Cash Flows from Financing Activities											
Payments											
Repayment of Borrowings	18	30	46	122	28	343	0	0	0	0	0
Net Cash Provided by (used in) Financing Activities	**(18)**	**(30)**	**(46)**	**(122)**	**(28)**	**(343)**	**0**	**0**	**0**	**0**	**0**
Net Increase / (Decrease) in Cash	**(3,578)**	**(349)**	**(453)**	**(907)**	**269**	**(413)**	**481**	**(94)**	**223**	**462**	**591**
Cash and Cash Equivalents at start of reporting period	5,964	2,386	2,037	1,584	677	946	532	1,013	919	1,143	1,605
Cash & Cash Equivalents at the end of the reporting period	**2,386**	**2,037**	**1,584**	**677**	**946**	**532**	**1,013**	**919**	**1,143**	**1,605**	**2,196**

REFERENCE MATERIAL

IPWEA Practice Note 6 – Long-term Financial Planning.

LGA Information Paper 9 – Local Government Financial Indicators

LGA Information Paper 12 – Targets for Local Government Financial Indicators

South Australian Local Government Model Financial Statements