

Financial Strategy

The theme of this ten year long-term plan is financial sustainability. The financial strategy is a cornerstone of the council achieving the goal of living within its means, and ensuring sufficient funding is available for key projects over the coming ten years.

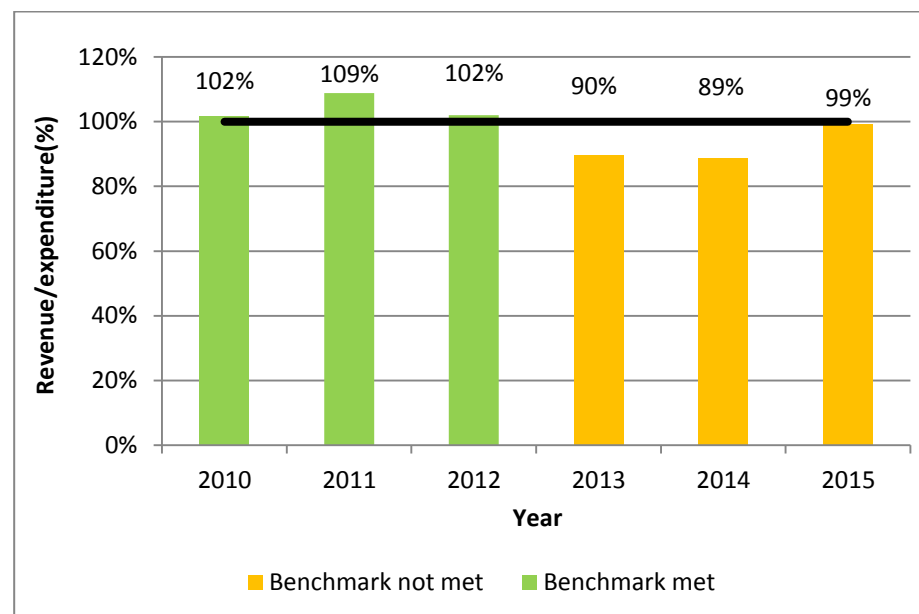
The financial strategy outlines key financial parameters and limits, which the council will operate within. It provides insight into Council's current financial health and makes clear how this will be improved over the next 10 years. The long-term plan has been developed to meet these financial strategy goals. The council will report against the financial strategy when preparing its pre-election report in 2016.

Recent changes to the Local Government Act introduced new financial prudence parameters. The purpose of these parameters is to disclose the financial performance of Council via benchmarks which are easy to understand by our community. These were first introduced in the 2014 Annual Report.

Two new mandatory measures are the balanced budget benchmark which shows the council's revenues as a percentage of operating expenditure, and the operations control benchmark which shows council's net cash flows from operations as a proportion of its planned net cash flows.

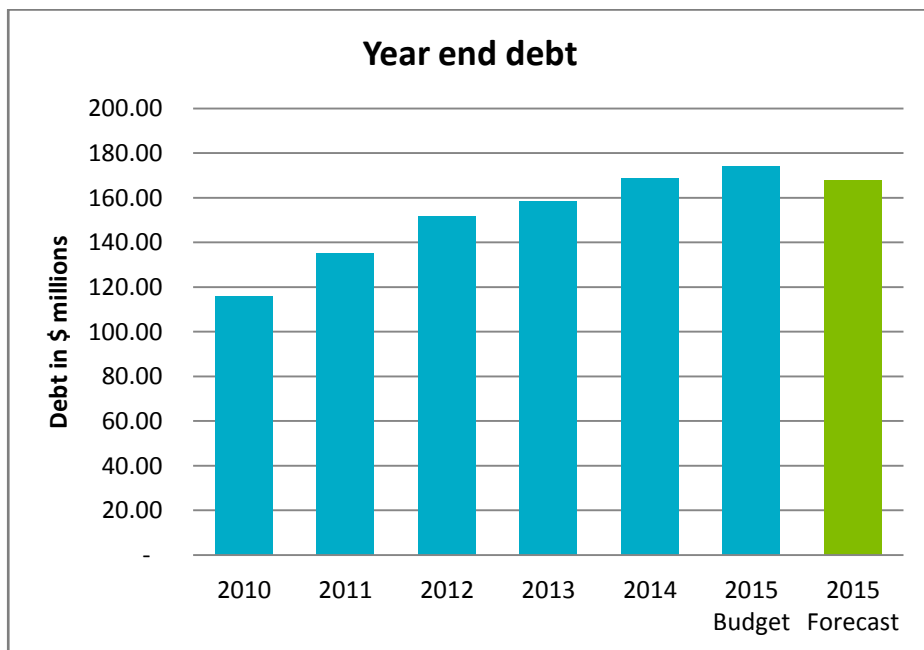
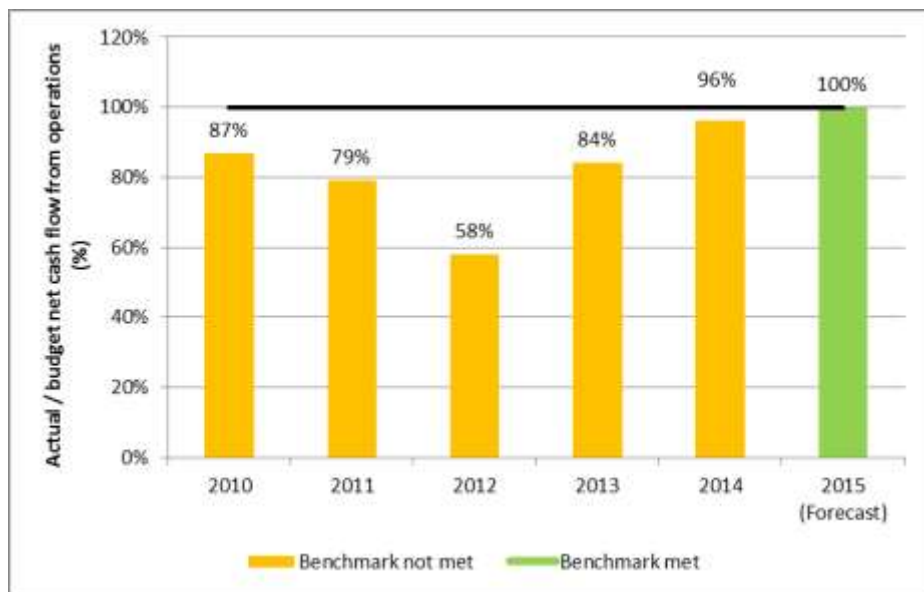
Balanced Budget

Under section 100 of the Local Government Act 2002, the balanced budget requirement means operating revenues are set at a level sufficient to meet that year's operating expenses.



Council has not produced a balanced budget for the last three years. During the last six years we have seen revenues from fees and charges fall, operating expenditure increase, and rates held low.

While Council's budget was balanced for three of the last six years, cash flows fell well short of what was planned to fund operating and capital expenditure. The following graph shows that even during times when the budget was balanced (2010 to 2012), Council was not generating sufficient cash flows to pay for all its costs. These cash shortfalls have driven Council's debt from \$100.8m at the end of 2009 to \$168.7m for 2014. During this period, Council's revenues did not increase at the same levels as debt. This meant a larger portion of our income is now required to service debt than back in 2009.



Following the 2013 elections a comprehensive review of Council’s financial position was undertaken. In December 2013, the outcome was reported. This review highlighted that Council’s overall financial position was not as strong as it should be, and that debt levels were considered too high when considered against future projects and proposals. Rates increases had been kept artificially low to help residents during hard economic times, but this compounded future sustainability issues.

A new sustainable financial framework was introduced. This included:

- Holding debt increases to a minimum
- Annual rate increases of approximately 3% (except for revaluation years)
- Property sales to balance capital spend
- Constraining capital spend to approximately \$22 million per annum
- Introducing a strong efficiency programme to reduce costs

This framework was modelled forward 30 years. The modelling showed the following:

- Balanced budget would not be achieved until early 2030 due to current funding gap in three activities
- Capital expenditure would need to remain constrained until early 2030
- Debt would increase at the rate of inflation (2.5%)

Council reviewed the modelling and felt it was not prudent to wait such a long period to balance its budget as well as constraining capital expenditure, considering the number of significant projects coming up over the next 10 years. Increasing debt to fund this expenditure was not seen as prudent or sustainable.

In preparation of this long-term plan, the council has been mindful of the balance between overall debt levels, levels of service, a balanced budget and the resulting rate increases.

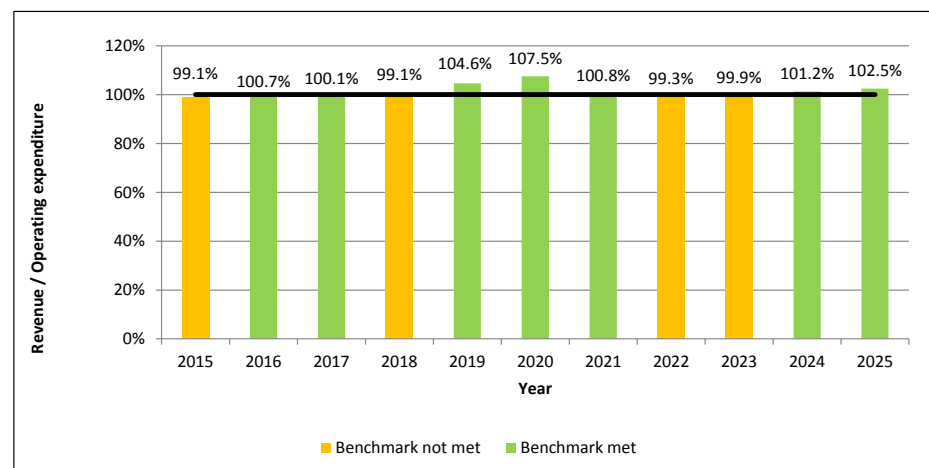
Following a careful and focussed planning process the council has agreed on a level of rates increases for ratepayers for each of the next ten years.

These increases will see reduced debt, improved cash flows and a balanced budget across the next ten years. This will enable core services to continue, our assets to be maintained, and the district to continue growing with capacity for new projects.

It is the council’s view that implementation of this financial strategy in the long-term plan is prudent and sustainable as it delivers a balanced budget across the 10 years. Three of the next ten years will not be balanced, but overall the next ten years will see revenues exceed operating expenditure by \$19.5million. The years where the budget is not balanced will be largely due to not funding all of our depreciation costs in the respective year.

This will have no significant impact on Council’s services, capital spend or debt. Rates will remain at an affordable level, borrowing will be under control and the council will continue providing the services needed to attain the district’s Rotorua 2030 vision.

Balanced Budget Ratio



The following sections outline the individual core components of the financial strategy.

Reduced Spending

To achieve these financial strategy goals the council has previously cut operating expenditure by \$8.3m, reflected in the level of operating expenditure in the 2015 Annual Plan. This cut in costs was achieved by reviewing the organisational structure and services provided. The cuts were achieved by Council becoming more efficient, i.e. doing the same or more with less. On a day-to-day basis the cuts had no impact on services provided to our community.

Council’s corporate services were reviewed as part of the organisation’s realignment process. Its shape and size reflect the current needs of the organisation and the information systems it is using. The costs of these services are higher than what Council believes to be a fair level. A process of continual improvement, and a review and potential replacement of our core system, is programmed into the early years of the plan, and is targeting \$1.0m of savings.

The level of operating expenditure has little reactive capacity included. Council believes no further efficiency savings of significance can be found without looking at the level of the service it provides. This means the council will find it difficult to respond to new initiatives or challenges without looking for additional funding or diverting current funding from existing services.

Sources of Income

Council has a number of ways it can fund its activities. The most common are rates, subsidies from central government, and fees and charges from users of services and facilities. Every three years Council reviews its policy on what proportion of its income comes from these sources, and sets the level of rates to balance the budget.

Fees and charges

Over the last six years, revenue from fees and charges has declined as a proportion of income. This was a result of less revenue from users, and fees being held low to ensure services and access to facilities remained affordable to the community. As a result, revenue from fees and charges sits at the low end of Council’s funding policy limits. This means more of the cost of these services is funded by rates rather than user fees.

Council does not believe it can significantly increase revenues from fees and charges to help deliver a balanced budget, and has therefore decided to retain the current funding proportions. This means that fees and charges will increase in proportion to any increase in the services cost base or rates required. As an example, a 5% increase in the cost of providing building consents will mean a 5% increase in user fees.

This will result in the proportion of revenue required to fund certain activities being at the low end of Council’s funding policy for the next 10 years.

Rates

The council intends to provide certainty to ratepayers over their rates bills. With that in mind the following rates rises are proposed for each of the next 10 years.

The higher year 1 one-off increase is required to achieve a balanced budget. Council believes it is prudent to deliver a balanced budget early and believes it is better to have a high rate increase in one year rather than spreading it over multiple years. Rate increases in the following years will be at a rate that matches the increase to our cost base from inflation.

Year 1 will see the following increases to targeted rates:

Water	10%
Sewage	15%
Refuse	79%

These activities have been under-funded for a number of years and the increases are required to provide the right level of funding for the service provided.

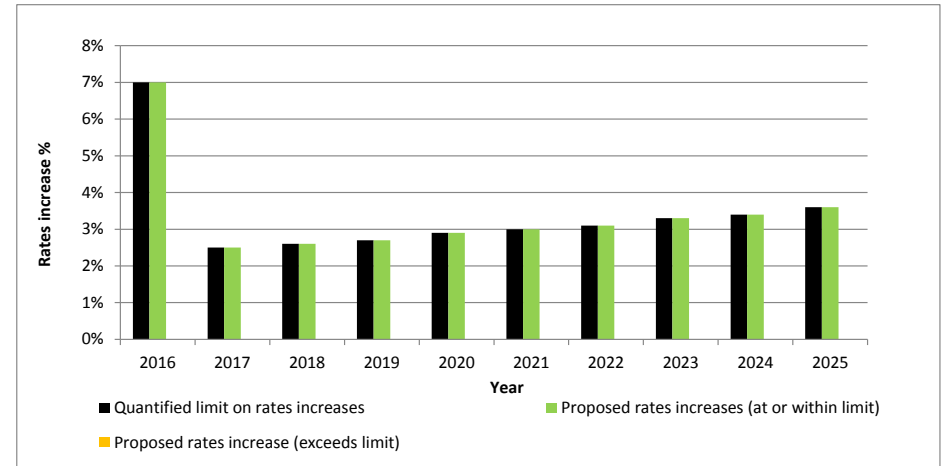
All other rates will be increased to provide an average 7% increase to rates overall.

Limits to Rates Increase

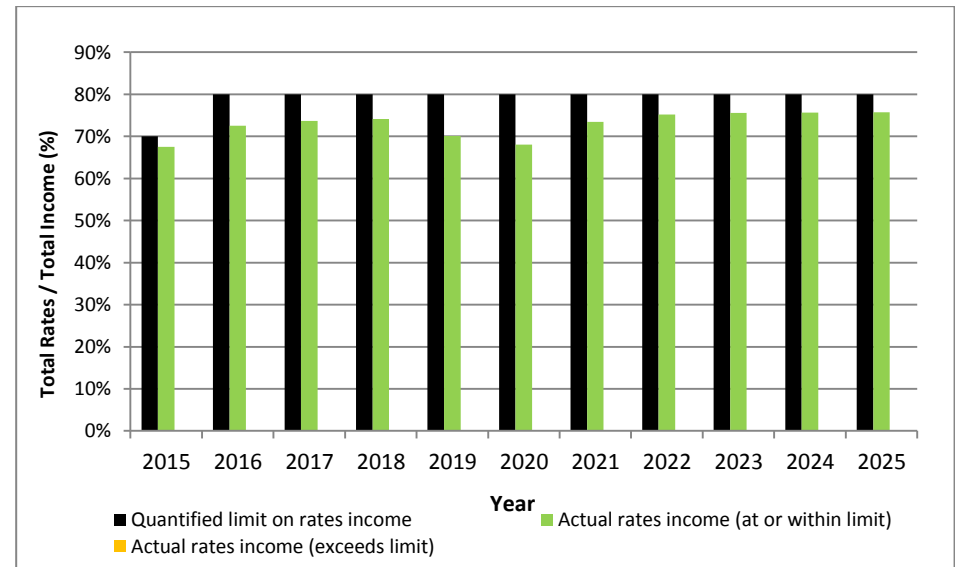
Year 1 : 7%

Year 2 onwards : at the prevailing rate of inflation applied to our cost base.

The rate limits are the average across existing ratepayers.



Council will limit total rates as a proportion of total revenue to less than 80%.



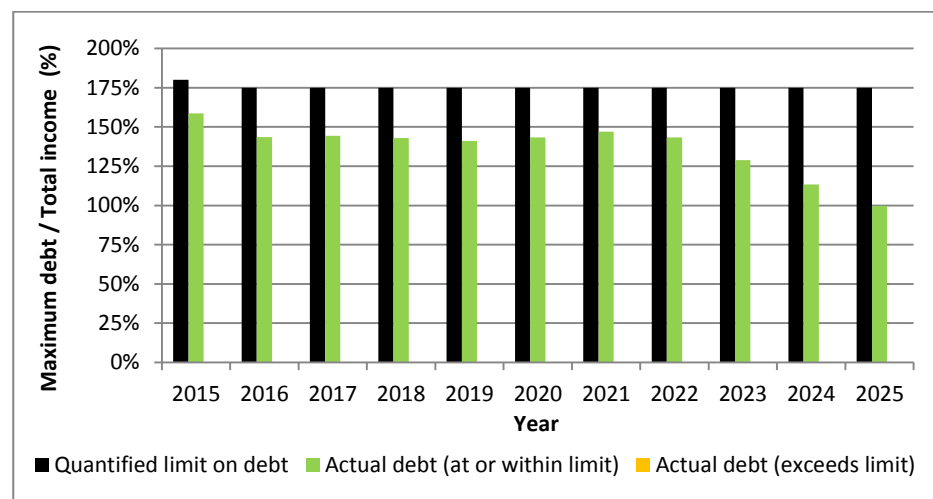
Debt

To remain sustainable and live within our means we need to reduce spending. Debt has grown from \$100.96m in 2009 to \$168.7m at 30 June 2014. While the level of debt we currently have is sustainable, this will not be the case with the capital expenditure ahead of us and debt funding required.

Unlike residential and business borrowing which is secured against assets, the council's borrowings are secured against its revenues, in particular its ability to rate. A prudent level of debt is considered to be 175% of income. Going over this level means an increase in the cost of borrowing unless Council applies for a credit rating.

The following graph illustrates the effect our increased debt, in combination with minimal increases in revenues, has on our capacity to borrow in the future.

Graph: Debt to Revenue Ratio



The council believes it is prudent to change from 180% to 175%. A lower ratio means Council has the capacity (within market prudential financial limits) to increase debt to provide funding in the event of unbudgeted disasters and emergencies, and other unforeseen events. Council's liquidity ratio also ensures that there are funding sources and cash immediately available in excess of 110% of external debt. Preserving the capacity to

borrow debt in exceptional circumstances is part of a long term strategy to be financially sustainable, and to be able to fund a response to emergencies and disasters.

Future debt capacity also provides Council with an opportunity to consider new infrastructural and community asset investment.

Council will be applying for a credit rating for two reasons. The first is the good practice and disciplines this brings into the organisation. The second is to ensure Council has future borrowing capacity should a disaster or project of significance arise.

Limits to Debt

The debt to revenue ratio will remain under 175% over the ten years. Note the drop in the ratio between 2015 and 2016, related to the transfer of \$18.6 million of debt to the airport company along with approximately \$46.5 million of assets.

Funding of capital expenditure

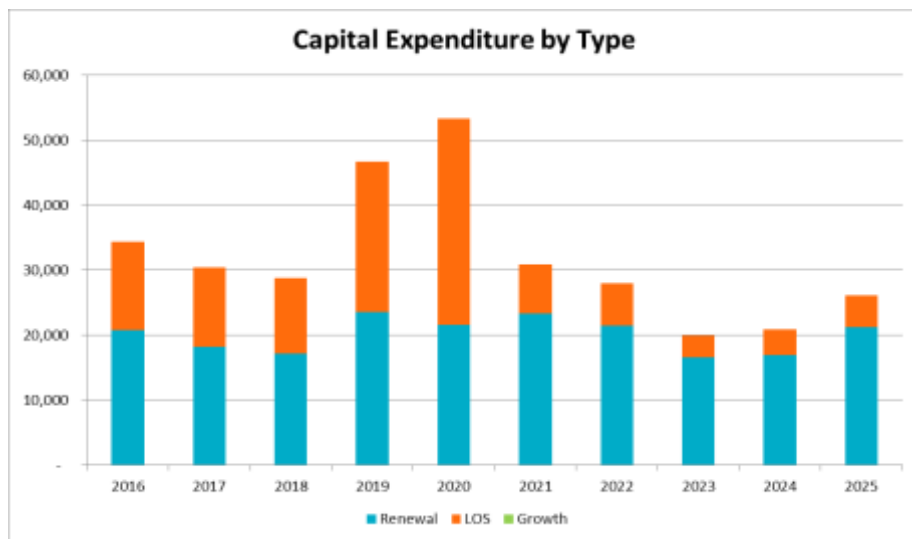
To curb increases in debt borrowing we will pay for more of our asset spending from rates and operating surpluses. Over recent years Council has funded a large proportion of its capital expenditure from debt rather than from operating surpluses. Council believes it is prudent to utilise operating surpluses to fund capital expenditure in the future, to ensure debt levels are controlled.

The rate increase set for year 1 is intended to fund activities correctly and provide an operating surplus to pay for most of our annual asset spending. This will still see debt increase, but only at the rate of inflation.

Capital Expenditure

The long term plan provides for \$320m of funding for the replacement of existing assets that are near the end of their economic lives, and new assets required to improve the existing levels of service. This spend is based on information held in our asset management systems which group assets, holds condition assessments, applies assumptions and averages, which in turn determines estimated useful lives and expected replacement dates and values. This forms the basis of our capital expenditure program for the next 10 years.

During the last 6 years, Council has achieved an average completion rate of 74% of our capital expenditure programs and budgets. This is due to a number of factors which can include delaying projects, reduction in the cost of projects, or determining the capital spend is no longer required. As such Council has elected to fund 85% of the full program. This will be managed by strengthening our capital expenditure monitoring programme and targeting improvements to our asset management planning. These improvements will enable Council to have a dynamic work programme ensuring capital spend occurs at the appropriate time to meet the long term plan objectives, while living within the funding available. There is a risk that this may not be possible in every year, and if this did occur Council would either need to reduce its program or borrow to fund a shortfall. The Council has sufficient borrowing capacity to fund the shortfall if required, and would still remain within borrowing limits. Reducing the spend could impact on the level of service the community receives from these assets, where an increase in borrowing would see an increase in rates.



The total spend includes \$210m on network infrastructure required to maintain and improve the level of service provided by our infrastructure assets.

Asset Sales

The council is investigating selling some assets in order to reduce levels of debt. Council has budgeted for sales of \$1 million per year for the next ten years. These assets will only be sold if the council gets a fair price. Council is prepared to wait until it can get a fair return.

Growth

Growth in population has been assessed to 0.33% per annum for the next 20 years. This rate of growth means it is highly unlikely new assets related to growth will be required.

Number of rateable properties

Years	Rateable properties
2015	28,700
2016	28,800
2017	28,900
2018	29,000
2019	29,100
2020	29,200
2021	29,300
2022	29,400
2023	29,500
2024	29,600
2025	29,700

Policy on Securities

In order to borrow money the council has to offer our lenders some security, as residents do with their mortgages. Like most councils, we secure our debt against our rates income. The council is gradually moving its borrowings towards the NZ Local Government Funding Agency as this provides long term borrowing at lower rates than commercial banks or private lenders. Rates will continue to be used as security for all borrowing. Lenders accept this as security and it helps keep our interest rates low. Giving rates as security means our lenders can make us rate residents more to repay debt in the remote chance that we default on payments.

In some circumstances Council may offer other security. However physical assets will only be pledged in certain circumstances. The council currently

has no loans secured by way of mortgage over properties but may do so if the situation arises. The full policy on securities can be found in our Treasury Policy on the council’s website.

Investments

The council holds investments in companies and cash.

Investments in Companies

The council is an equity holder in eight companies. The reason for holding equity interest in the companies is principally to achieve efficiency and community outcomes, rather than to receive a financial return on investment. The council holds shares in the following companies:

Council’s Shareholdings Company	Shareholding	Principal reason for Investment	Budgeted return
Grow Rotorua Limited	100%	Economic Development	Nil
Rotorua Regional Airport Limited	100%	Economic development	Nil
Rotorua Contracting (formal name to be determined)	100%	Efficient Government	Nil
TERAX 2013 Limited	50%	Efficient Government	Nil
Local Authority Shared Services Limited	6.14%	Efficient Government	Nil
BOP LASS Limited	16.13%	Efficient Government	Nil
New Zealand Local Government Insurance Corporation Ltd	<1%	Risk management	Nil
Mountain Bike Events Limited	49%	Economic Development	Nil

Cash Investments

From time-to-time the council has surplus cash. Surplus cash is invested for short periods to maximise returns. The council aims to meet the average 90 day bank bill rate.

Generally the council’s cash management practice is to use surplus cash to minimise external debt. The long-term plan includes an assumption that Council holds \$1 million in cash at any one time.

Council’s Treasury

Council considers it prudent to hold cash at a level that supports the balance of restricted reserves (this amount of cash is not available to offset external debt). Any cash held above the level of restricted reserves is to ensure strong lines of liquidity and access to cash remain available to Council.

Cash is supplemented by the use of committed banking facilities. The \$32 million is based on the level of cash that Council currently holds, and a further amount to ensure liquidity of funding. In present financial markets, holding cash is a cheaper option than is available through the use of committed facilities.

Other Investments

As part of borrowing from the Local Government Funding Agency, the council is required to invest in financial bonds with the agency. The council will receive interest on these bonds equivalent to the cost of borrowing.

Insurance

Council fully insures water and wastewater treatment plants, along with its buildings, plant and equipment, and vehicles.

Below ground infrastructure (primarily water reticulation, waste water, and storm water networks) are insured for significant natural disasters. A key assumption is that the government will provide 60% of the funding to meet reinstatement costs following a significant natural disaster. Aon has conducted a risk assessment on the likelihood of significant natural disasters, and these were assessed as being low.

Council has tested insurance cover for infrastructural assets. Cover is currently obtained by direct placements into the London insurance markets. Cover is based on modelling identifying our maximum probable loss under a number of scenarios. Modelling and recommended cover is provided by our Insurance brokers, Aon.

Purpose of financial statements

General Information

The prospective financial statements are for Rotorua Lakes Council, the parent only. The council publishes group accounts for the annual report. For the purpose of the council's Long-term Plan (LTP), it is only the parent accounts that are relevant for public consultation. This prospective financial information has been prepared to meet the requirements of the Local Government Act 2002. This information may not be suitable for use in any other context. These prospective financial statements are for the period 1 July 2015 to 30 June 2025.

The actual results achieved for the period covered by this plan are likely to vary from information presented in this document, and the variations may be material. The reforecast statement of financial position as at 30 June 2015 has been used to give an opening position for the prospective statement of financial position.

The elected council is responsible for the prospective financial information presented in this document, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures. The prospective financial statements comply with Public Benefit Entity Financial Reporting Standard 42 Prospective Financial Statements. The council does not intend to update the prospective financial statements subsequent to presentation.

Funding Impact Statements

Funding impact statements are required under the Local Government Act 2002 and conform to clause

5 of the Local Government (Financial Reporting) Regulations 2011. They cover the ten year period from 1 July 2015 to 30 June 2025, and outline the council's sources of funding and plans to apply them. Generally accepted accounting practice does not apply to the preparation of the funding impact statements, as stated in section 111(2) of the Local Government Act.

Key divergences from generally accepted accounting practice are the exclusion of depreciation in all funding impact statements and the inclusion of internal revenue and expenditure.

Prospective Statement of Comprehensive Revenue and Expense

This financial statement discloses the net surplus or deficit and the components of net surplus (deficit), arising from activities or events during the period that are significant for the assessment of both past and future financial performance.

Prospective Statement of Changes in Equity

This financial statement presents a measure of comprehensive income. Equity is measured as the difference between the total value of assets and total liabilities. Accumulated Equity represents the community's investment in publicly owned assets, resulting from past surpluses.

Prospective Statement of Financial Position

This financial statement provides information about the economic resources controlled by Council. Its capacity to modify those resources is useful in assessing Council's ability to generate cash and/or provide services in the future. Information about the financing structure is useful

in assessing borrowing needs, and how future surpluses and cashflows may be distributed among those with an interest in the Council. The information is also useful in assessing how successful the council is likely to be in raising future finance.

Prospective Statement of Cashflows

This statement reflects Council's cash receipts and cash payments during the period and provides useful information about Council's activities in generating cash through operations to:

- Repay debt, or
- Re-invest to maintain or expand operating capacity.

Statement of Accounting Policies

The accounting policies adopted by Council can have a significant impact on the financial and service performance, financial position and cashflows that are reported in Councils financial reports. Therefore, for proper appreciation of those reports, users need to be aware of:

- a) the measurement system underlying the preparation of the financial reports, and
- b) the accounting policies followed in respect of individual items in the financial reports, especially where there are acceptable alternatives for dealing with any such items.
- c) Any changes in the measurement system, assumptions or particular accounting policies.

Notes to the Financial Statements

These provide further explanation of accounting policies adopted by the council and the assumptions used in preparing the financial statements.

Prospective statement of comprehensive revenue and expense

For the year ended:	Annual Plan					Long-term Plan					
	2014/2015 (\$'000)	2015/2016 (\$'000)	2016/2017 (\$'000)	2017/2018 (\$'000)	2018/2019 (\$'000)	2019/2020 (\$'000)	2020/2021 (\$'000)	2021/2022 (\$'000)	2022/2023 (\$'000)	2023/2024 (\$'000)	2024/2025 (\$'000)
Revenue											
Rates, excluding targeted water supply rates	70,164	75,291	77,406	79,657	82,053	84,685	88,422	91,404	94,667	98,142	101,940
Targeted Rates for water supply	3,814	4,090	4,206	4,329	4,460	4,604	4,758	4,921	5,099	5,290	5,497
Development and financial Contributions	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants (Incl Capital Subsidies)	12,937	9,962	8,458	7,865	14,746	19,139	10,040	7,361	6,916	7,030	7,156
Other revenue	22,655	19,995	20,695	21,440	22,090	22,803	23,562	24,371	25,255	26,197	27,227
Finance Income	-	50	50	50	50	50	50	50	50	50	50
Gains	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	109,569	109,389	110,814	113,341	123,399	131,282	126,833	128,105	131,988	136,708	141,870
Expenditure											
Personnel Costs	34,089	26,784	27,284	27,837	28,415	29,047	29,705	30,415	31,178	31,994	32,862
Depreciation and amortisation expense	27,404	25,023	25,762	26,527	27,345	28,307	29,390	30,358	31,425	32,526	33,736
Other expenses	39,238	48,509	49,127	50,993	52,410	53,907	55,522	57,192	58,858	60,751	62,917
Finance Costs	9,878	8,293	8,563	9,020	9,748	10,865	11,240	11,105	10,610	9,755	8,900
Total operating expenditure	110,609	108,610	110,736	114,376	117,919	122,126	125,857	129,069	132,070	135,025	138,414
Surplus/ (deficit) for the period	(1,040)	779	78	(1,036)	5,480	9,156	976	(963)	(82)	1,683	3,456
<i>Loss for the period from discontinued operations</i>	-	-	-	-	-	-	-	-	-	-	-
Surplus/(deficit) before tax	(1,040)	779	78	(1,036)	5,480	9,156	976	(963)	(82)	1,683	3,456
Income tax expense	-	-	-	-	-	-	-	-	-	-	-
Surplus/(deficit) after tax	(1,040)	779	78	(1,036)	5,480	9,156	976	(963)	(82)	1,683	3,456
Other Comprehensive Income											
Revaluation on property, plant and equipment	-	24,123	27,031	28,910	30,839	34,550	37,499	39,930	43,713	46,103	50,023
Revaluation on intangibles	-	-	-	-	-	-	-	-	-	-	-
Net change in fair value of investments	-	-	-	-	-	-	-	-	-	-	-
Net change in fair value of hedges	-	-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income	0	24,123	27,031	28,910	30,839	34,550	37,499	39,930	43,713	46,103	50,023
Total Other Comprehensive Income	(1,040)	24,902	27,109	27,874	36,319	43,706	38,475	38,967	43,631	47,786	53,479

Prospective statement of financial position

For the year ended:	Annual Plan					Long-term Plan					
	2014/2015 (\$000)	2015/2016 (\$000)	2016/2017 (\$000)	2017/2018 (\$000)	2018/2019 (\$000)	2019/2020 (\$000)	2020/2021 (\$000)	2021/2022 (\$000)	2022/2023 (\$000)	2023/2024 (\$000)	2024/2025 (\$000)
Assets											
Current Assets											
Cash & Cash Equivalents	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Debtors & other receivables	23,389	8,769	8,883	9,086	9,892	10,524	10,167	10,269	10,580	10,958	11,372
Inventories	1,325	1,328	1,361	1,396	1,434	1,476	1,520	1,567	1,619	1,674	1,734
Derivative Financial Instruments	-	-	-	-	-	-	-	-	-	-	-
Non-Current Assets held for sale	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	25,714	11,097	11,244	11,482	12,326	13,000	12,687	12,836	13,199	13,632	14,106
Non-Current Assets											
Loans & Receivables	-	-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	1,120,704	1,133,225	1,163,906	1,194,163	1,243,341	1,301,922	1,340,016	1,376,592	1,407,924	1,441,500	1,483,031
Investment Property	-	-	-	-	-	-	-	-	-	-	-
Intangible Assets	3,600	2,559	2,559	2,559	2,559	2,559	2,559	2,559	2,559	2,559	2,559
Other Financial Assets	3,570	31,470	31,470	31,470	31,470	31,470	31,470	31,470	31,470	31,470	31,470
Total Non-Current Assets	1,127,874	1,167,254	1,197,935	1,228,192	1,277,370	1,335,951	1,374,045	1,410,621	1,441,953	1,475,529	1,517,060
Total Assets	1,153,588	1,178,351	1,209,179	1,239,674	1,289,696	1,348,951	1,386,732	1,423,457	1,455,152	1,489,161	1,531,166
Liabilities											
Current Liabilities											
Creditors and Other Payables	19,100	17,027	17,558	17,975	19,463	20,776	21,335	21,826	23,102	24,017	25,713
Provisions	750	672	689	707	726	747	769	793	819	847	877
Employee Benefit Liabilities	5,300	6,121	6,235	6,361	6,493	6,637	6,787	6,949	7,123	7,309	7,507
Borrowings	36,150	36,150	36,150	36,150	36,150	36,150	36,150	36,150	36,150	36,150	36,150
Derivative Financial Instruments	-	-	-	-	-	-	-	-	-	-	-
Taxation Payable	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	61,300	59,970	60,632	61,193	62,832	64,310	65,041	65,718	67,194	68,323	70,247
Non-current liabilities											
Borrowings	137,756	120,925	123,925	125,925	137,925	151,925	150,425	147,425	133,925	118,925	105,425
Provisions	2,600	2,075	2,127	2,182	2,241	2,306	2,375	2,449	2,530	2,616	2,710
Employee Benefit Liabilities	500	254	259	264	269	275	281	288	295	303	311
Total Non-current liabilities	140,856	123,254	126,311	128,371	140,435	154,506	153,081	150,162	136,750	121,844	108,446
Total Liabilities	202,156	183,224	186,943	189,564	203,267	218,816	218,122	215,880	203,944	190,167	178,693
Net Assets	951,432	995,127	1,022,236	1,050,110	1,086,429	1,130,135	1,168,610	1,207,577	1,251,208	1,298,994	1,352,473
Net Assets/ Equity											
<i>Capital Contributed by</i>											
Accumulated comprehensive revenue and Expenses	714,724	733,757	733,480	731,781	738,005	747,645	747,912	746,277	745,488	746,757	749,422
Restricted Equity	3,973	4,513	4,867	5,530	4,786	4,302	5,012	5,683	6,391	6,804	7,595
Reserves	232,735	256,858	283,889	312,799	343,638	378,188	415,687	455,617	499,330	545,433	595,456
Minority Interest	-	-	-	-	-	-	-	-	-	-	-
Total Net Assets/ Equity	951,432	995,127	1,022,236	1,050,110	1,086,429	1,130,135	1,168,610	1,207,577	1,251,208	1,298,994	1,352,473

Prospective statement of changes in net assets/ equity

For the year ended:	Annual Plan					Long Term Plan					
	2014/2015 (\$000)	2015/2016 (\$000)	2016/2017 (\$000)	2017/2018 (\$000)	2018/2019 (\$000)	2019/2020 (\$000)	2020/2021 (\$000)	2021/2022 (\$000)	2022/2023 (\$000)	2023/2024 (\$000)	2024/2025 (\$000)
Balance as at 1 July	952,472	970,225	995,127	1,022,236	1,050,110	1,086,429	1,130,135	1,168,610	1,207,577	1,251,208	1,298,994
Total Comprehensive Income as stated	(1,040)	24,902	27,109	27,874	36,319	43,706	38,475	38,967	43,631	47,786	53,479
Balance at 30 June	951,432	995,127	1,022,236	1,050,110	1,086,429	1,130,135	1,168,610	1,207,577	1,251,208	1,298,994	1,352,473
Total Comprehensive Income attributable to:	(1,040)	24,902	27,109	27,874	36,319	43,706	38,475	38,967	43,631	47,786	53,479

Footnote: Opening position of equity has been reforecast from budget to achieve a more reliable starting point.

Prospective statement of cashflows

For the year ended:	Annual Plan					Long-term Plan					
	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Cash flows from operating activities											
Receipts from rates revenue	76,271	79,381	81,611	83,986	86,514	89,290	93,180	96,324	99,766	103,431	107,437
Receipts from customers and other services	26,104	19,995	20,695	21,440	22,090	22,803	23,562	24,371	25,255	26,197	27,227
Receipts from Grants and Subsidies	9,488	9,962	8,458	7,865	14,746	19,139	10,040	7,361	6,916	7,030	7,156
Goods and Services Tax (Net)	-	-	-	-	-	-	-	-	-	-	-
Interest received	-	50	50	50	50	50	50	50	50	50	50
Dividends received	-	-	-	-	-	-	-	-	-	-	-
Payments to suppliers	(41,960)	(47,953)	(48,696)	(50,917)	(52,027)	(53,700)	(55,268)	(57,618)	(58,908)	(61,440)	(63,089)
Payments to employees	(34,089)	(26,784)	(27,170)	(27,597)	(28,043)	(28,531)	(29,039)	(29,587)	(30,176)	(30,806)	(31,476)
Interest paid	(9,449)	(8,293)	(8,563)	(9,020)	(9,748)	(10,865)	(11,240)	(11,105)	(10,610)	(9,755)	(8,900)
Income tax refund/(paid)	-	-	-	-	-	-	-	-	-	-	-
Net cash from operating activities	26,365	26,358	26,385	25,807	33,580	38,187	31,286	29,796	32,295	34,708	38,406
Cash flows from investing activities											
Proceeds from medium term investments	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of property, plant and equipment	1,000	1,000	1,025	1,051	1,078	1,107	1,137	1,167	1,200	1,234	1,270
Proceeds from community loan repayments	-	-	-	-	-	-	-	-	-	-	-
Purchase of property, plant and equipment	(31,596)	(34,358)	(30,411)	(28,858)	(46,658)	(53,294)	(30,924)	(27,963)	(19,994)	(20,942)	(26,176)
Purchase of intangible assets	-	-	-	-	-	-	-	-	-	-	-
Purchase of other investments	-	-	-	-	-	-	-	-	-	-	-
Net cash from investing activities	(30,596)	(33,358)	(29,386)	(27,807)	(45,580)	(52,187)	(29,787)	(26,796)	(18,794)	(19,708)	(24,906)
Cash flows from financing activities											
Proceeds from borrowings	4,231	7,000	3,000	2,000	12,000	14,000					
Repayment of borrowings							(1,500)	(3,000)	(13,500)	(15,000)	(13,500)
Net cash from financing activities	4,231	7,000	3,000	2,000	12,000	14,000	(1,500)	(3,000)	(13,500)	(15,000)	(13,500)
Net increase/(decrease) in cash and cash equivalents and bank overdraft	-	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents and bank overdraft at beginning of the year	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Cash and cash equivalents and bank overdrafts at end of the year	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000

Council-wide funding impact statement

Council Wide	Annual Plan Budget										
	2014/15	2015/16	2016/17	2017/18	2018/19	Long-term Plan Budget					2024/25
	2019/20	2020/21	2021/22	2022/23	2023/24						
Sources of operating funding											
General Rates, uniform annual charges, rates penalties	48,128	47,019	48,350	49,767	51,276	52,932	54,695	56,572	58,626	60,813	63,204
Targeted Rates	27,893	32,362	33,262	34,218	35,238	36,357	38,485	39,753	41,141	42,618	44,234
Subsidies and grants for operating purposes	3,449	3,236	3,302	3,372	3,447	3,529	3,617	3,710	3,813	3,922	4,042
Fees and charges	3,864	6,635	6,868	7,114	7,330	7,567	7,818	8,085	8,380	8,692	9,033
Interest and Dividends from Investments	-	50	50	50	50	50	50	50	50	50	50
Local Authorities, fuel tax, fines, infringements fees and other receipts	18,195	13,362	13,830	14,327	14,760	15,238	15,745	16,286	16,876	17,507	18,194
Total operating funding (A)	101,529	102,664	105,662	108,848	112,101	115,673	120,410	124,456	128,886	133,602	138,757
Applications of operating funding											
Payments to staff and suppliers	75,981	75,295	76,407	78,829	80,826	82,953	85,227	87,606	90,034	92,745	95,778
Finance Cost	8,997	8,291	8,563	9,020	9,747	10,865	11,238	11,105	10,610	9,755	8,898
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	84,978	83,586	84,970	87,849	90,573	93,818	96,465	98,711	100,644	102,500	104,676
Surplus (deficit) of operating funding (A-B)	16,551	19,078	20,692	20,999	21,528	21,855	23,945	25,745	28,242	31,102	34,081
Sources of capital funding											
Subsidies and grants for capital expenditure	10,330	6,727	5,156	4,493	11,299	15,610	6,423	3,649	3,104	3,108	3,114
Development and financial contributions	158	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	7,000	3,000	2,000	12,000	14,000	(1,500)	(3,000)	(13,500)	(15,000)	(13,500)
Gross proceeds from sale of assets	-	1,000	1,025	1,051	1,078	1,107	1,137	1,167	1,200	1,234	1,270
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	10,488	14,727	9,181	7,544	24,377	30,717	6,060	1,816	(9,196)	(10,658)	(9,116)
Application of capital funding											
Capital expenditure	-	-	-	-	-	-	-	-	-	-	-
- to meet additional demand	1,769	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	13,673	13,540	12,121	11,664	23,103	31,707	7,519	6,428	3,358	3,982	4,960
- to replace existing assets	15,658	20,818	18,290	17,194	23,553	21,586	23,403	21,534	16,638	16,959	21,215
Increase (decrease) in reserves	-	(553)	(538)	(315)	(751)	(721)	(917)	(401)	(950)	(497)	(1,210)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	31,080	33,805	29,873	28,543	45,905	52,572	30,005	27,561	19,046	20,444	24,965
Surplus (deficit) of capital fundig (C-D)	(20,592)	(19,078)	(20,692)	(20,999)	(21,528)	(21,855)	(23,945)	(25,745)	(28,242)	(31,102)	(34,081)
Funding balance ((A-B)+(C-D))	(4,041)	-	-	-	-	-	-	-	-	-	-