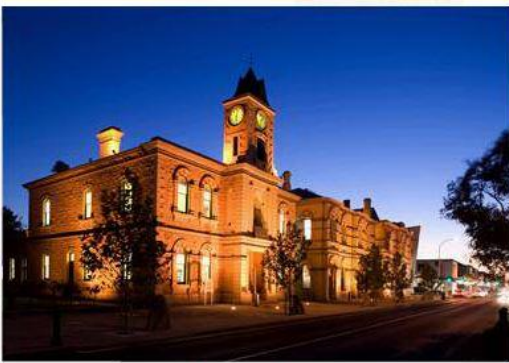




City of
Mount Gambier



FY2022-FY2031 Long Term Financial Plan

Adopted 16 February 2021

FY2022-FY2031 LONG TERM FINANCIAL PLAN

Contents

Introduction.....	3
LTFP FY2022-FY2031	4
LTFP Assumptions	4
LTFP reports	5
Funding the LTFP	5
Conclusion	6
Appendix A FY2022-FY2031 LTFP Income Statement.....	7
Appendix B FY2022-FY2031 LTFP Balance Sheet.....	8
Appendix C FY2022-FY2031 LTFP Cash Flow Statement.....	9
Appendix D FY2022-FY2031 LTFP Ratios.....	10
Glossary.....	12



Introduction

The Long Term Financial Plan (LTFP) provides Council with the long term presentation of the financial implications and plans. Council's first LTFP was adopted in March 2019. Since that time the City of Mount Gambier has adopted the Strategic Plan 2020-2024. Another input in the LTFP are Council's AMPs, which are reviewed every second year.

Every year, in preparation for the Annual Business Plan and Budget (ABP&B) Council reviews and its LTFP to confirm the financial viability of its plans long term. Every second year the LTFP is to be fully reviewed and adopted.

Council's Strategic Plan and Council's LTFP need to be in sync. The Strategic Plan indicates the direction that Council is heading, where the LTFP aids Council in determining the financial viability of its Strategic plan project considering all financial repercussions of its commitments. The LTFP highlights where Council has additional or reduced scope to take on new projects, as well as the need to raise additional revenue, reduce expenditure, change the cash outflows or inflows in order to operate within its means. Some of these measures set by Council internally while others are requirements that come from third parties.

Managing the Strategic Plan, the AMPs and the LTFP is a delicate balancing act of resource allocation to priority projects.

At a high level, the LTFP projects:

- Profit & loss: the operating surplus / (deficit), the comprehensive surplus deficit,
- Balance sheet: the outcomes to the balance sheet and its impacts on some of the financial ratios, including the financial sustainability ratio
- Cash Flow statement: projection of cash position before and after borrowings, and the overall capital and loan positions.

These outcomes then impact the scope and size of the Strategic Plan's options for Council and vice versa.

To model the LTFP Council uses an excel based third party tool, used by multiple Council's in South Australia as well as in other States.

The LTFP model upload is aligned to Council's internal reporting to portfolio's. This consistency in reporting structure for management reporting and LTFP improves understanding.

As we are projecting out 10 years from today, regarding the assumptions applied to the data uploaded Council has aimed to find a balance between detail and high-level assumptions. This creates clarity on the assumptions in the model, rather than have to rely on additional detailed documents to confirm its assumptions.

The Strategic Plan 2020-2024, the AMPs and the LTFP are all available from Council's website: www.mountgambier.sa.gov.au .

The LTFP is a requirement of Section 122 (1) of the Local Government Act 1999. The purpose is to translate the vision, objectives and strategies of the Strategic Plan (also known as Community Plan) into financial terms and to guide the direction of Council in a financially sustainable manner.

The Council's LTFP was adopted in March 2019 and the reviewed LTFP FY2021 adopted in June 2020.

The Council's financial projections over the long-term planning horizon are not a prediction of financial position or performance, rather an indication of direction and financial capacity.

LTFP FY2022-FY2031

The LTFP for this year has been reviewed in preparation for the ABP&B process start. With the construction of the Community and Recreation Hub commenced in 2020 the assumptions for the construction and the operating model for this facility have been updated and included in the LTFP model.

The LTFP has various inputs, including:

- Historical Council financials. These drive assumptions about depreciation, prepayments, accounts receivable and payable balances, etc. and forms a starting point for the LTFP to which other assumptions are applied
- The latest budget which drives, in the profit & loss statement, the starting point for the LTFP to which other assumptions (see below) are applied
- The latest budget review data, when available, replaces the budget data as starting point for the LTFP
 - as Council is managing its performance against budget with the aim of achieving budget, the budget review data is currently not uploaded into the model
- Assumptions on inflation of the various revenue and expense lines for the future years
- Once off 'known' impacts on the forecast (e.g. four yearly election expenses)
- The Asset Management Plans
- The Community and Recreation Hub financial assumptions for both construction and the operating model, based on 28 November 2020 assumptions on timing and overall costs.

Every year, as a first step in the preparation for the budget process, the LG Solutions LTFP model is updated for the above.

The Asset Management Plans impact on what the community sees from Council in infrastructure (Infrastructure (Roads) AMP, Buildings & structures AMP, Plant & equipment AMP) and services (Caroline landfill AMP, Library, IT and other AMP), are derived from Council's Strategic Plan, as well as provide an important input into the LTFP.

AMPs are long-term plans and are not aimed to identify the particular projects (which is what is done within the bi-annual works programme compilation process), but to set the long-term trajectory, with only major projects included when this leads to a deviation from the average trend over the 10 years of its horizon. The works programme is that reviewed against the AMPs to ensure Council's short-term plan fits within the Council determined longer term AMP.

LTFP Assumptions

The major assumptions in the LTFP include the following:

- Rates – General Rates:
 - 4.5% increase for the years 2021/22 to 2030/31
- Other Charges & Other Rates & Reimbursements:
 - 2.41% to 2.55% annual increases for all
- Operating Expenditure: Employee Costs, Materials, Contracts & Other Expenses:
 - 2.41% to 2.55% annual increase
- Employee costs:
 - 2.41% to 2.55% annual increase
 - includes both salary growth and FTE growth
 - Superannuation – LTFP assumes increase to 12% by 2024/25
- Election expenses in FY23 (\$130,000) and FY27 (\$140,000)
- December 2020 WRCC Cash Flow Forecast, including both the Centre's construction as its operations based on June 2020 projections
- Continuation of existing Council services, therefore the current year's budget (FY2021) forms the starting point for the future years
- Updated AMPs to reflect current capital expenditure long term

The LTFP Model is normally based on the latest budget year, i.e. FY2021. To adjust for unique FY2021 budget items, which should not form the basis for the future 10 years of the LTFP, further adjustments were made to the LTFP assumptions to normalize the starting year FY2021 budget.

LTFP reports

The four major LTFP reports, included in the attachments, are the following:

- Income Statement – Appendix A
- Balance Sheet – Appendix B
- Cash Flow Statement – Appendix C
- Ratio analysis – Appendix D

Financial sustainability

Financial sustainability in local government ensures that each generation pays their way rather than any one generation living off their assets and leaving the responsibility for infrastructure/asset renewal to future generations.

South Australian local government has developed a set of indicators to measure councils' Financial Sustainability. Financial Sustainability Indicators and their targets are used by the Council as a guide in the LTFP. The principal indicators are derived from the Council's Audited Financial Statements being:

- Operating surplus / (deficit);
- Net financial liabilities; and
- Asset renewal funding (or asset sustainability).

The financial indicators represent the following:

- Operating surplus / (deficit) ratio - expresses the operating surplus (or deficit) as a percentage of general and other rates, net of rebates.
- Net financial liabilities ratio - indicates the extent to which net financial liabilities of the Council can be met by the Council's total operating revenue. Where the ratio is falling it indicates the Council's capacity to meet its financial obligations from operating revenues is strengthening. Where the ratio is increasing it indicates a greater amount of Council's operating revenue is required to service its financial obligations.
- Asset renewal funding ratio (or asset sustainability ratio) - indicates whether the Council is renewing or replacing existing physical assets at the rate at which they are wearing out. Councils with a high ratio are replacing and renewing capital assets at a rate comparable to depreciation/wear.

Funding the LTFP

General Rates

Council continues to rely heavily on rate revenue to fund its annual activities. General rate revenue contributes between 64.4% to 67.9% of Council's operating revenue for the LTFP.

User charges, investment income and other income

Statutory and user charges, grants, subsidies and contributions and other income provide the remainder of Councils operating revenue. The LTFP shows additional revenue from the Community and Recreation Hub starting late in the 2021/22 financial year.

Borrowings

Borrowings provide an alternative source of funding to enable Council to achieve its objectives and a means by which cash flows can be averaged out over a longer timeframe. Borrowings and cash flow are reviewed considering the LTFP and the objective of financial sustainability.

Debt is considered an appropriate and sound source of funding:

- In achieving strategic objectives of Council and within the context of long term financial sustainability.
- In creating long term infrastructure and the spreading of expenses/costs over the life of the asset and future users.
- To fund major capital expenditure only and not as a funding source for operating/recurrent expenditure commitments.

Council's Treasury Management Policy stipulates borrowing and investment direction. Borrowings can be a mixture of fixed and variable interest loans designed to manage liquidity and interest rate risk.

Existing borrowings are with the Local Government Finance Authority (LGFA), being the preferred financial institution of Local Government and its funding being guaranteed by the SA Government.

Conclusion

The LTFP indicates that the Council projects its income to cover its expenses over the longer term, which is required in order to meet its financial obligations and targets over the term of the plan. Council has the financial capacity to continue to meet the service demands of the community, together with the flexibility to respond to changing circumstances.

The LTFP projects five years where Council's net financial liabilities ratio will be at 100% or over, up to 132% in FY2022 at the conclusion of the construction of the Community and Recreation Hub. In FY2026 this ratio is project to be 95%.

The projections indicate that, based on the above LTFP assumptions, the Council will return to a net surplus situation from FY2026.

Appendix A FY2022-FY2031 LTFP Income Statement

City of Mount Gambier
 10 Year Financial Plan for the Years ending 30 June 2031
INCOME STATEMENT - GENERAL FUND
 Scenario: Base Plan (rolled over from V11 - 19/20)

	Actuals 2019/20	Current Year 2020/21	Projected Years									
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Income												
Rates	22,138,000	22,808,652	23,810,512	24,857,706	25,951,914	27,094,874	28,288,766	29,535,740	30,838,302	32,198,802	33,619,831	35,104,095
Statutory Charges	523,000	320,056	327,769	335,898	344,363	353,075	362,043	371,239	380,706	390,414	400,369	410,579
User Charges	5,318,000	5,344,075	5,772,867	5,908,594	6,049,931	6,195,404	6,345,147	6,498,694	6,656,761	6,818,858	6,985,089	7,155,559
Grants, Subsidies and Contributions	4,227,000	4,679,893	4,792,678	4,911,537	5,035,308	5,162,701	5,293,833	5,428,297	5,566,718	5,708,670	5,854,241	6,003,524
Reimbursements	38,000	52,060	53,315	54,637	56,014	57,431	58,890	60,385	61,925	63,504	65,124	66,784
Other Income	439,000	240,000	795,629	2,513,638	2,565,931	2,619,428	2,674,154	2,730,140	2,787,413	2,846,003	2,905,942	2,967,258
Net gain - equity accounted Council businesses	-	-	-	-	-	-	-	-	-	-	-	-
Total Income	32,738,000	33,444,736	35,552,771	38,582,010	40,003,460	41,482,913	43,022,834	44,624,495	46,291,825	48,026,251	49,830,596	51,707,798
Expenses												
Employee Costs	12,230,000	13,172,175	14,163,176	16,029,721	16,491,820	16,968,475	17,394,242	17,830,704	18,279,683	18,739,980	19,211,881	19,695,676
Materials, Contracts & Other Expenses	13,263,000	14,154,055	13,636,433	14,733,515	14,969,479	15,346,018	15,733,472	16,270,721	16,539,511	16,958,658	17,388,438	17,829,120
Depreciation, Amortisation & Impairment	7,625,000	7,498,481	7,823,216	8,951,518	8,936,385	9,157,953	9,157,953	9,305,538	9,305,538	9,544,204	9,544,204	9,544,204
Finance Costs	170,000	212,859	463,633	1,161,520	1,109,363	971,350	924,224	874,503	815,409	756,535	693,173	618,014
Net loss - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	33,288,000	35,037,570	36,086,458	40,876,273	41,507,047	42,443,796	43,209,891	44,281,467	44,940,141	45,999,377	46,837,695	47,687,014
Operating Surplus / (Deficit)	(550,000)	(1,592,834)	(533,688)	(2,294,263)	(1,503,587)	(960,884)	(187,058)	343,028	1,351,684	2,026,874	2,992,901	4,020,784
Asset Disposal & Fair Value Adjustments	(472,000)	(13,000)	(13,000)	(13,000)	(13,000)	(13,000)	(13,000)	(13,000)	(13,000)	(13,000)	(13,000)	(13,000)
Amounts Received Specifically for New or Upgraded Assets	-	8,175,000	17,175,000	-	-	-	-	-	-	-	-	-
Net Surplus / (Deficit)	(285,000)	6,569,166	16,628,312	(2,307,263)	(1,516,587)	(973,884)	(200,058)	330,028	1,338,684	2,013,874	2,979,901	4,007,784
Other Comprehensive Income												
Amounts which will not be reclassified subsequently to operating result												
Changes in Revaluation Surplus - I,PP&E	-	-	3,443,150	-	6,178,592	-	3,084,265	-	5,736,714	-	-	-
Total Other Comprehensive Income	(327,000)	-	3,443,150	-	6,178,592	-	3,084,265	-	5,736,714	-	-	-
Total Comprehensive Income	(612,000)	6,569,166	20,071,462	(2,307,263)	4,662,006	(973,884)	2,884,207	330,028	7,075,398	2,013,874	2,979,901	4,007,784

Appendix B FY2022-FY2031 LTFP Balance Sheet

City of Mount Gambier
 10 Year Financial Plan for the Years ending 30 June 2031
BALANCE SHEET - GENERAL FUND
 Scenario: Base Plan (rolled over from V11 - 19/20)

	Actuals 2019/20	Current Year 2020/21	2021/22	2022/23	2023/24	2024/25	Projected Years					2030/31
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS												
Current Assets												
Cash & Cash Equivalents	4,406,000	-	5,600,653	5,149,393	1,882,823	893,482	-	-	577,334	-	-	1,575,192
Trade & Other Receivables	2,034,000	1,188,195	1,313,275	1,310,332	1,355,412	1,403,123	1,452,725	1,505,120	1,557,813	1,613,460	1,671,272	1,731,335
Inventories	55,000	44,319	42,694	46,133	46,871	48,050	49,263	50,946	51,787	53,099	54,445	55,824
Total Current Assets	6,495,000	1,232,513	6,956,622	6,505,858	3,285,106	2,344,655	1,501,988	1,556,066	2,186,933	1,666,559	1,725,716	3,362,352
Non-Current Assets												
Infrastructure, Property, Plant & Equipment	244,262,000	271,025,185	312,333,996	309,386,468	313,529,341	311,451,795	314,058,538	312,249,837	315,460,720	315,891,005	316,708,190	315,118,080
Other Non-Current Assets	2,581,000	2,581,000	2,581,000	2,581,000	2,581,000	2,581,000	2,581,000	2,581,000	2,581,000	2,581,000	2,581,000	2,581,000
Total Non-Current Assets	246,843,000	273,606,185	314,914,996	311,967,468	316,110,341	314,032,795	316,639,538	314,830,837	318,041,720	318,472,005	319,289,190	317,699,080
TOTAL ASSETS	253,338,000	274,838,698	321,871,618	318,473,326	319,395,447	316,377,450	318,141,527	316,386,903	320,228,654	320,138,564	321,014,907	321,061,432
LIABILITIES												
Current Liabilities												
Cash Advance Debenture	-	1,572,243	-	-	-	-	975,245	1,011,070	-	451,672	1,272,937	-
Trade & Other Payables	2,849,000	3,194,376	3,437,428	4,636,878	4,724,800	4,839,371	4,954,708	5,098,253	5,194,318	5,318,746	5,446,253	5,576,915
Borrowings	558,000	218,875	2,311,469	1,719,901	2,180,748	2,233,336	2,287,220	2,342,432	2,704,460	3,077,349	2,844,640	6,288,033
Provisions	2,557,000	2,548,118	2,548,118	2,548,118	2,548,118	2,548,118	2,548,118	2,548,118	2,548,118	2,548,118	2,548,118	2,548,118
Total Current Liabilities	5,964,000	7,533,612	8,297,015	8,904,897	9,453,666	9,620,825	10,765,291	10,999,873	10,446,895	11,395,885	12,111,948	14,413,066
Non-Current Liabilities												
Cash Advance Debenture	-											
Borrowings	2,189,000	15,522,038	41,699,610	39,979,709	35,669,537	33,436,201	31,148,981	28,806,549	26,102,089	23,024,740	20,180,100	13,892,067
Provisions	3,863,000	3,891,882	3,912,364	3,933,354	3,954,873	3,976,936	3,999,560	4,022,759	4,046,548	4,070,945	4,095,964	4,121,620
Total Non-Current Liabilities	6,052,000	19,413,921	45,611,974	43,913,063	39,624,410	37,413,137	35,148,541	32,829,308	30,148,637	27,095,685	24,276,064	18,013,687
TOTAL LIABILITIES	12,016,000	26,947,533	53,908,989	52,817,960	49,078,076	47,033,962	45,913,832	43,829,180	40,595,533	38,491,570	36,388,012	32,426,753
Net Assets	241,322,000	247,891,166	267,962,628	265,655,365	270,317,371	269,343,488	272,227,695	272,557,723	279,633,121	281,646,995	284,626,895	288,634,679
EQUITY												
Accumulated Surplus	64,986,000	71,555,166	88,183,478	85,876,215	84,359,628	83,385,745	83,185,687	83,515,716	84,854,400	86,868,274	89,848,175	93,855,958
Asset Revaluation Reserves	175,462,000	175,462,000	178,905,150	178,905,150	185,083,743	185,083,743	188,168,007	188,168,007	193,904,721	193,904,721	193,904,721	193,904,721
Other Reserves	874,000	874,000	874,000	874,000	874,000	874,000	874,000	874,000	874,000	874,000	874,000	874,000
Total Equity	241,322,000	247,891,166	267,962,628	265,655,365	270,317,371	269,343,488	272,227,695	272,557,723	279,633,121	281,646,995	284,626,895	288,634,679

Appendix C FY2022-FY2031 LTFP Cash Flow Statement

City of Mount Gambier

10 Year Financial Plan for the Years ending 30 June 2031

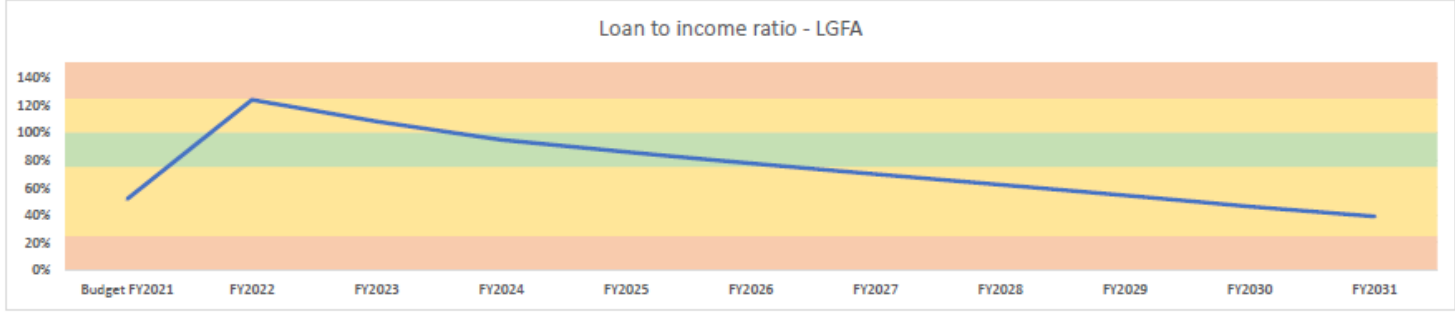
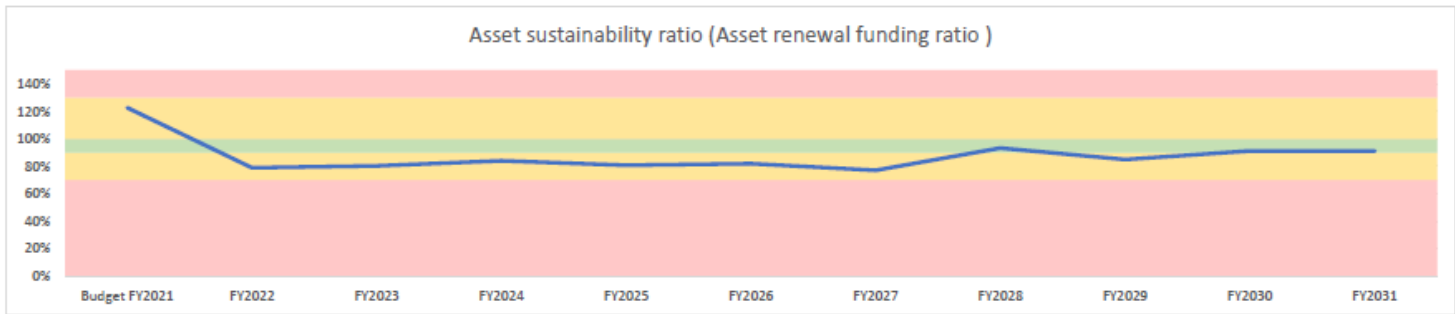
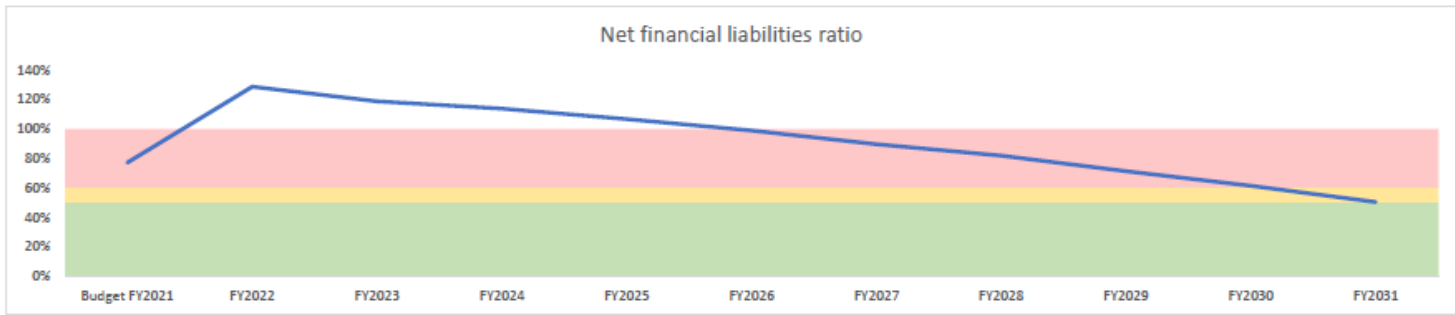
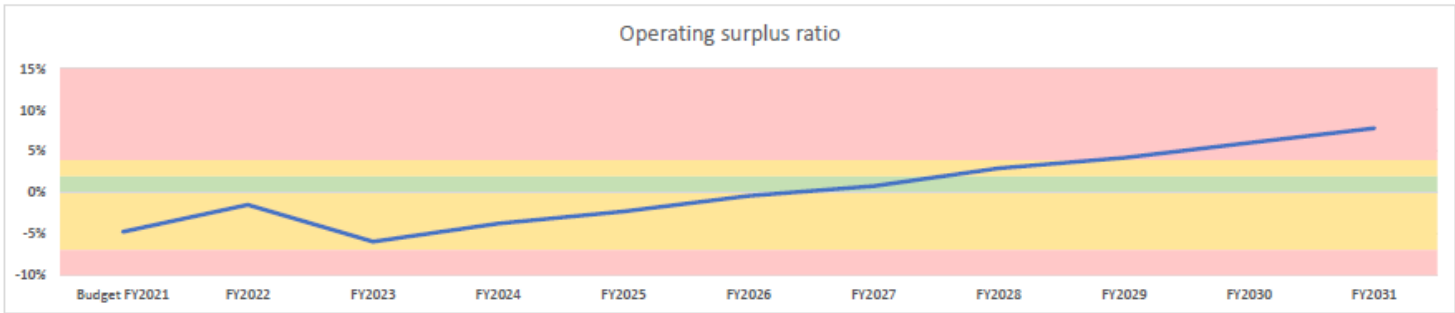
CASH FLOW STATEMENT - GENERAL FUND

Scenario: Base Plan (rolled over from V11 - 19/20)

	Actuals	Current Year	Projected Years									
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash Flows from Operating Activities												
Receipts:												
Rates Receipts	21,957,000	23,033,717	23,781,414	24,827,291	25,920,134	27,061,677	28,254,090	29,499,522	30,800,470	32,159,287	33,578,558	35,060,985
Statutory Charges	524,000	358,157	327,488	335,601	344,054	352,757	361,716	370,903	380,360	390,059	400,006	410,206
User Charges	5,696,000	5,655,190	5,757,208	5,903,638	6,044,769	6,190,092	6,339,679	6,493,087	6,650,988	6,812,939	6,979,019	7,149,333
Grants, Subsidies and Contributions (operating purpose)	4,227,000	4,624,283	4,468,443	5,518,400	5,030,904	5,158,168	5,289,168	5,423,513	5,561,793	5,703,619	5,849,061	5,998,212
Investment Receipts	57,000	5,228	-	-	-	-	-	-	-	-	-	-
Reimbursements	42,000	54,117	53,277	54,597	55,972	57,388	58,846	60,341	61,879	63,457	65,075	66,735
Other	1,002,000	350,754	1,340,818	2,892,884	2,592,651	2,646,763	2,702,117	2,758,747	2,816,678	2,875,941	2,936,569	2,998,589
Payments:												
Payments to Employees	(11,915,000)	(13,248,693)	(14,130,467)	(15,969,515)	(16,475,179)	(16,951,307)	(17,378,956)	(17,815,033)	(18,263,561)	(18,723,451)	(19,194,935)	(19,678,302)
Payments for Materials, Contracts & Other Expenses	(14,293,000)	(13,492,384)	(13,704,941)	(14,524,177)	(14,907,522)	(15,259,374)	(15,644,396)	(16,155,343)	(16,469,655)	(16,862,373)	(17,289,707)	(17,727,881)
Finance Payments	(170,000)	(212,859)	(463,633)	(1,161,520)	(1,109,363)	(971,350)	(924,224)	(874,503)	(815,409)	(756,535)	(693,173)	(618,014)
Net Cash provided (or used in) Operating Activities	7,127,000	7,127,510	7,429,606	7,877,199	7,496,421	8,284,815	9,058,041	9,761,232	10,723,544	11,662,943	12,630,474	13,659,862
Cash Flows from Investing Activities												
Receipts:												
Amounts Received Specifically for New/Upgraded Assets	-	8,175,000	17,175,000	-	-	-	-	-	-	-	-	-
Sale of Replaced Assets	385,000	-	-	-	-	-	-	-	-	-	-	-
Sale of Surplus Assets	72,000	-	-	-	-	-	-	-	-	-	-	-
Repayments of Loans by Community Groups	18,000	-	-	-	-	-	-	-	-	-	-	-
Expenditure on Renewal/Replacement of Assets	(5,627,000)	(9,008,683)	(7,140,274)	(5,235,217)	(6,210,272)	(6,372,429)	(7,954,429)	(6,752,359)	(6,016,293)	(9,191,664)	(9,558,669)	(7,130,980)
Expenditure on New/Upgraded Assets	(3,813,000)	(25,265,983)	(38,561,602)	(781,774)	(703,393)	(720,978)	(739,003)	(757,478)	(776,415)	(795,825)	(815,721)	(836,114)
Net Cash provided (or used in) Investing Activities	(8,965,000)	(26,099,666)	(28,526,876)	(6,016,991)	(6,913,666)	(7,093,408)	(8,693,432)	(7,509,837)	(6,792,708)	(9,987,489)	(10,374,389)	(7,967,093)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from Borrowings	175,000	13,200,000	29,300,000	-	3,200,000	-	-	-	-	-	-	-
Repayments of Borrowings	-	(206,086)	(1,029,834)	(2,311,469)	(7,049,325)	(2,180,748)	(2,233,336)	(2,287,220)	(2,342,432)	(2,704,460)	(3,077,349)	(2,844,640)
Net Cash Flow provided (used in) Financing Activities	175,000	12,993,914	28,270,166	(2,311,469)	(3,849,325)	(2,180,748)	(2,233,336)	(2,287,220)	(2,342,432)	(2,704,460)	(3,077,349)	(2,844,640)
Net Increase/(Decrease) in Cash & Cash Equivalents	(1,663,000)	(5,978,243)	7,172,896	(451,260)	(3,266,570)	(989,341)	(1,868,727)	(35,825)	1,588,404	(1,029,006)	(821,265)	2,848,129
plus: Cash & Cash Equivalents - beginning of year	6,069,000	4,406,000	(1,572,243)	5,600,653	5,149,393	1,882,823	893,482	(975,245)	(1,011,070)	577,334	(451,672)	(1,272,937)
Cash & Cash Equivalents - end of the year	4,406,000	(1,572,243)	5,600,653	5,149,393	1,882,823	893,482	(975,245)	(1,011,070)	577,334	(451,672)	(1,272,937)	1,575,192
Cash & Cash Equivalents - end of the year	4,406,000	(1,572,243)	5,600,653	5,149,393	1,882,823	893,482	(975,245)	(1,011,070)	577,334	(451,672)	(1,272,937)	1,575,192
Cash, Cash Equivalents & Investments - end of the year	4,406,000	(1,572,243)	5,600,653	5,149,393	1,882,823	893,482	(975,245)	(1,011,070)	577,334	(451,672)	(1,272,937)	1,575,192
Representing:												
- External Restrictions	-	-	-	-	-	-	-	-	-	-	-	-
- Reserves	874,000	874,000	874,000	874,000	874,000	874,000	874,000	874,000	874,000	874,000	874,000	874,000
- Unrestricted	3,532,000	(2,446,243)	4,726,653	4,275,393	1,008,823	19,482	(1,849,245)	(1,885,070)	(296,666)	(1,325,672)	(2,146,937)	701,192
	4,406,000	(1,572,243)	5,600,653	5,149,393	1,882,823	893,482	(975,245)	(1,011,070)	577,334	(451,672)	(1,272,937)	1,575,192

Appendix D FY2022-FY2031 LTFP Ratios

City of Mount Gambier											
10 Year Financial Plan for the Years ending 30 June 2031											
FINANCIAL PERFORMANCE INDICATORS - GENERAL FUND											
Scenario: Base Plan (rolled over from V11 - 19/20)											
	Current Year	Projected Years					Projected Years				
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Note 15 Ratios											
Operating Surplus Ratio	-4.8%	-1.5%	-5.9%	-3.8%	-2.3%	-0.4%	0.8%	2.9%	4.2%	6.0%	7.8%
Adjusted Operating Surplus Ratio	-4.8%	-1.5%	-5.9%	-3.8%	-2.3%	-0.4%	0.8%	2.9%	4.2%	6.0%	7.8%
Net Financial Liabilities Ratio	77.0%	132.2%	120.2%	114.6%	107.8%	103.3%	94.8%	83.1%	76.8%	69.7%	56.3%
Asset Renewal Funding Ratio	122.6%	93.5%	91.3%	92.6%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest Cover Ratio	0.6%	1.3%	3.0%	2.8%	2.3%	2.1%	2.0%	1.8%	1.6%	1.4%	1.2%
Asset Consumption Ratio	64.8%	66.6%	64.9%	63.2%	61.7%	60.3%	59.0%	57.5%	56.6%	55.8%	54.9%
Old Note 15 Ratios											
Operating Surplus Ratio	-6.98%	-2.24%	-9.23%	-5.79%	-3.55%	-0.66%	1.16%	4.38%	6.29%	8.90%	11.45%
Adjusted Operating Surplus Ratio	-7.0%	-2.2%	-9.2%	-5.8%	-3.5%	-0.7%	1.2%	4.4%	6.3%	8.9%	11.5%
Other Ratios											
not used	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
not used	-	-	-	-	-	-	-	-	-	-	-
Operating surplus / (deficit)	(1,592,834)	(533,688)	(2,294,263)	(1,503,587)	(960,884)	(187,058)	343,028	1,351,684	2,026,874	2,992,901	4,020,784
Asset Renewal Funding Ratio											
Infrastructure & Asset Management Plan required expenditure	7346000	7640000	5735000	6710000	6372000	7954000	6752000	6016000	9192000	9559000	7131000
Total Borrowings, including CAD	17,313,156	44,011,079	41,699,610	37,850,285	35,669,537	34,411,446	32,160,051	28,806,549	26,553,761	24,297,677	20,180,100
Total Income	33,444,736	35,552,771	38,582,010	40,003,460	41,482,913	43,022,834	44,624,495	46,291,825	48,026,251	49,830,596	51,707,798
Borrowings/Income	52%	124%	108%	95%	86%	80%	72%	62%	55%	49%	39%
Rates Revenue											
		67.0%	64.4%	64.9%	65.3%	65.8%	66.2%	66.6%	67.0%	67.5%	67.9%
CAPEX											
		37,892,102	95,536	-	-	-	-	-	-	-	-
CAPEX											
		6,549,292	6,604,933	7,124,582	6,973,279	7,223,407	7,082,513	8,580,071	7,969,647	8,836,848	9,051,017
		7640000	5735000	6710000	6372000	7954000	6752000	6016000	9192000	9559000	7131000
Asset renewal & new ratio		85.7%	115.2%	106.2%	109.4%	90.8%	104.9%	142.6%	86.7%	92.4%	126.9%



Glossary

Term	Definition
Asset Sustainability Ratio (ASR)	Asset Sustainability Ratio indicates whether the Council is renewing or replacing existing non-financial assets at the same rate as its assets are used or 'consumed'. The ratio is calculated by measuring capital expenditure on renewal and replacement of assets relative to the level of depreciation. Where a Council has a soundly based Asset Management Plans, a more meaningful asset sustainability ratio would be calculated by measuring the actual level of capital expenditure on renewal and replacement of assets (or proposed in the budget) with the optimal level identified in the plan.
Financial Assets	Financial Assets include cash, investments, loans to community groups, receivables and prepayments, but excludes equity held in Council businesses, inventories and land held for resale.
Financial Sustainability	Financial Sustainability is where planned long-term service and infrastructure levels and standards are met without unplanned and disruptive increases in rates or cuts to services.
Asset Management Plans (AMPs)	An operational plan for Council's Landfill, Building and Structures, Infrastructure (Roads), Plant and Equipment and Library, IT & other physical assets with the objective of providing the required level of service, maintenance and renewal of such assets in the most cost effective and efficient manner.
Net Financial Liabilities Ratio (NFLR)	Net Financial Liabilities Ratio expresses Net Financial Liabilities as a percentage of total operating revenue. The ratio allows interested parties to readily equate the outstanding level of the Council's accumulated financial obligations against the level of one-year's operating revenue. Where the ratio reduces over time, it generally indicates that the Council's capacity to meet its financial obligations is strengthening.
Net lending / (borrowing)	Net Lending / (Borrowing) equals Operating surplus / (deficit), less net outlays on non-financial assets. The Net lending / (borrowing) result is a measure of the Council's overall (i.e. Operating and Capital) budget on an accrual basis. Achieving a zero result on the Net lending / (borrowing) measure in any one year essentially means that the Council has met all of its expenditure (both operating and capital) from the current year's revenues.
Non-financial or physical asset	Non-financial or physical assets refers to infrastructure, land, buildings, plant, equipment, furniture and fittings, library books and inventories.
Operating deficit	Operating Deficit is where operating revenues are less than operating expenses (i.e. operating revenue is therefore not sufficient to cover all operating expenses).
Operating expenses	Operating expenses are operating expenses shown in the Income Statement, including depreciation, but excluding losses on disposal or revaluation of non-financial assets.
Operating revenues	Operating revenues are incomes shown in the Income Statement but exclude profit on disposal of non-financial assets and amounts received specifically for new/upgraded assets (e.g. from a developer). For ratios calculated where the denominator specified is total operating revenue or rate revenue, the Landscape board levy revenue is excluded.
Operating surplus	Operating surplus is where operating revenues are greater than operating expenses (i.e. operating revenue is therefore sufficient to cover all operating expenses).
Operating Surplus Ratio (OSR)	Operating Surplus Ratio expresses the operating surplus (deficit) as a percentage of general and other rates.