

# City of Marion Long Term Financial Plan 2022-2032



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## Purpose of the LTFP

The Long Term Financial Plan (LTFP) is an integral part of Council's suite of strategic management plans that links Council's Business Plans and Asset Management Plans and translates the outcomes and strategies of Council's Business Plans into financial terms. Council's LTFP provides the basis for the preparation of Council's Annual Business Plan. The LTFP also reflects the known impacts of projects included in Council's 4 Year Business Plan 2019-2023.



The LTFP ensures that long term financial sustainability can be maintained while meeting the needs and expectations of our communities and delivering Council's objectives as specified in the 30 Year Community Vision – 'Towards 2040', and related strategies.

Reviewing the LTFP on an annual basis concurrently with Council's Annual Budget ensures confidence in the long-term financial sustainability of the organisation.

Part of this process includes conducting an environmental scan. Environmental scanning is an ongoing process, keeping us future focussed, aware of the bigger picture and mindful of emerging risks and opportunities. An extensive review of opportunities and challenges from current and emerging internal and external trends and influences is conducted annually with key issues being identified in Council's Annual Business Plan. This supports the consideration of strategic priorities and responses considering emerging priority pressures and opportunities. The criticality of each issue and opportunity was assessed. Responses targeting what council has in place or will do differently have been developed for all critical issues and opportunities.

Because of the nature of the estimates and assumptions made and the uncertainty of changes within the economy, the LTFP requires regular review and updating. This process involves input from management, Council and the Finance Risk and Audit Committee.

The review and updating of Council's Asset Management Plans assist in providing accurate information for the renewal and ongoing maintenance of Council's existing assets.

## CEO Statement on Financial Sustainability

This LTFP demonstrates that Council is in a strong financial position to not only enable a 2% average rate increase in 2022-23 but incorporates a proposed 2% average rate increase, along with appropriate debt and treasury management, over the 10 year term of the LTFP.

The key financial indicators used to assess Council's long-term financial sustainability include the operating surplus ratio, asset renewal funding ratio, asset consumption ratio, net financial liabilities ratio and debt servicing ratio. These ratios are in line with Council's established benchmarks to ensure the sustainability of Council's long-term financial performance and position.

Continually improving the integration between City of Marion's suite of Strategic Plans which include Council's Business Plans, Asset Management Plans, LTFP and Annual Business Planning processes ensures the Council develops and implements a robust and transparent system of financial management aligned to the longer term aspirations for the city as expressed in the 30 Year Community Vision - 'Towards 2040'.

The LTFP is the mechanism by which the funding requirements for these Strategic Plans are implemented to ensure we continue to operate in a financially sustainable way by progressively establishing, maintaining and assessing our long-term financial sustainability.

The Council ensures we have the financial capacity to continue to provide service levels which meet the needs of our community in a financially sustainable way by:



- Striving to continually improve our efficiency in the provision of existing and future services without affecting service delivery levels.
- Maintaining an operating surplus over the life of the LTFP while continually investing in the renewal and upgrade of community assets.
- Continuously improving our Asset Management Plans to ensure we are appropriately maintaining around \$1.2billion of assets by renewing vital infrastructure and facilities.
- Taking out new borrowings where appropriate in accordance with our Treasury Management Policy and maintaining our debt and interest costs within Council's established benchmarks and ensuring our capacity to service and repay this debt into the future.
- Operating within the key financial indicators and benchmarks over the life of the LTFP to ensure we maintain a sound financial position.

Consideration, however, must also be given to numerous risks with the potential to influence the outcomes and affect Council's long-term financial position. The following key risks may fall into this category:

- Council's rates assume an average rate increase of less than the RBA targeted CPI throughout the 10-year term of the LTFP. Council will continue to monitor the appropriateness of forecast rate increases in the LTFP. This must however be sustainable and balanced with the real cost of service provision, capital maintenance and service demand from the community.
- Although the 2% increase in average rates forecasts a financially sustainable position for 2022-23 and beyond, the current economic climate is highly volatile and exposes council to a high risk and it is expected that some projects and programs may deliver outcomes that place additional pressure on the budget.
- Competing priorities and community expectations - There are currently several unfunded aspirational strategic projects identified for further investigation across the City as well as several unfunded and unprioritised initiatives. It is crucial that these initiatives are prudently assessed with appropriate due diligence and in a disciplined manner to ensure Council's long term financial sustainability is preserved.
- Increasing levels of community housing transfers across the City of Marion resulting in increasing levels of rate rebates.
- Changes to Local Government funding programs and potential risk in relation to cost shifting from the Federal and State Government to Local Government.
- In the area of asset renewal and infrastructure management there are challenges that will need to be addressed. Council's LTFP currently indicates there is sufficient funding to meet the renewal requirements of its Asset Management Plans, however timing of funds and works for different asset classes will be refined with annual iterations of the asset management plans that further inform the LTFP.

Long term financial planning is an iterative process and the assumptions applied are reviewed annually using updated information. This ensures the Council continually reviews its financial performance and remains firmly focussed on maintaining long term financial sustainability.

## Basis of Preparation

Council's LTFP provides the basis for the preparation of its Annual Business Plan. The LTFP also reflects the known impacts of projects included in Council's 4 Year Business Plan 2019-2023.

## Plan Framework

The LTFP has been prepared under the following framework:

- Supports the achievement of the City of Marion's Strategic Directions.
- Addresses issues arising and opportunities identified from internal audit reviews, service reviews and business excellence assessments.
- Maintains, on average, a break-even or positive funding (cash) position over the LTFP.
- Continues to improve the maintenance of assets in accordance with Council's Asset Management Plans, with a priority on maintenance before renewal, and renewal before new when it is cost effective to do so.
- Reviews existing services and assets to ensure they meet prioritised community needs.
- Council only approve new Major Projects where it has the identified funding capacity to do so.
- Maintains Council's position for an average residential rate which remains among the lower rating metropolitan councils.

## Assumptions

In developing the LTFP, several key assumptions and variables were applied:

**Service Levels** - Changes to service delivery, prioritised and approved by Council subject to financial capacity have been incorporated into the 2022-23 Annual Business Plan and Long Term Financial Plan. Where no other endorsement exists, service delivery levels are maintained at current levels.

**Rate Revenue** – The LTFP is prepared based on a 2% average rate increase across the 10 years of the LTFP. This increment will continue to be monitored in light of global and local economic forecasts and the financial impact that those circumstances may have on Marion ratepayers and their capacity to pay. Rateable property growth or new properties from development is forecast on achieving the continued historical trend of 1%

**Indexation** – Operating income and expenses for 2022-23 (first year of the LTFP) have been based on actual income and expenditure levels in 2021-22 indexed where appropriate by CPI for 2022-23. With cost pressures being experienced, coupled with supply chain shortages and strong demand conditions it is now expected that CPI will remain in the higher end of the RBA inflation target of 2 – 3%. The LTFP has factored indexation at the upper end of the RBA inflation target over the coming 3 years before reverting back to a longer-term forecast of 2.5%.

**Employee Costs** – have been increased in alignment with Council's Enterprise Agreement provisions. In addition, costs relating to Council approved staff resources to meet operational requirements or Council endorsed initiatives have been included. The pickup in inflation and an ongoing tight labour market is expected to translate into moderately stronger wages growth

over time. The remaining 4 scheduled annual increases of 0.5% to the Superannuation Guarantee are also incorporated into the LTFP.

**Interest expenses** - are directly related to Council existing and forecast borrowings and cash flows.

**Interest revenue** - is directly related to Council investments and cash flows and is carefully monitored in line with interest rate movements.

**Non recurrent Costs/Revenues** - An adjustments schedule is used to account for any future variations in operating activities (e.g. an adjustment is made for election expenses to reflect that they only occur once every four years).

**Capital Grants, subsidies and monetary contributions** - reflect tied monies received in relation to the purchase/construction of new assets and are budgeted in accordance with information known at the time of preparing the ABP/LTFP.

## Key Outcomes/Conclusions

### Overview

The major outcomes and projects contained within the LTFP include:

- **Marion Cultural Centre Plaza**  
A plan to revitalise the Marion Cultural Centre Plaza area with a recreation space that will transform the area to bring people together for events.  
The Federal Government have partnered with Council to support this project.
- **Alternative Water Supply Project**  
A 12km pipe will be installed to divert treated stormwater from the Oaklands Wetlands to irrigate local reserves and schools.  
Council has committed \$1.8m to the project, additional grant funding from the Federal Government supports the project.
- **Coastal Walkway**  
Work will continue on the 1.6km section of the Coastal Walkway trail at the Grey and Kurnabinna Gullies at Hallett Cove.  
The State Government have partnered with Council to support this project.
- **Flinders Bikeway**  
The Flinders Bikeway is a key connection between Flinders University, Tonsley and further north to the Marino Rocks Greenway (bike way).  
A \$40,000 concept design that includes landscaping and engineering considerations will be developed.  
Community consultation will inform support to the project. If supported, proposed implementation of the new bikeway will occur in 2023-2024.
- **Cove Sports and Community Club**  
A multi-stage upgrade is planned for this ageing sporting infrastructure. Stage 1 development includes demolition of the existing BMX track, expansion of the playing field, and expanded northern car park.

Redevelopment of the netball facility is also part of Stage 1 and includes an upgrade to the netball courts.

The State Government have partnered with Council to support this project.

- **Tennis and Netball Courts – Open Space at Tarnham Road Reserve**

Council will replace eight ageing tennis courts with two multi-use tennis/netball courts and two tennis courts. A 'ninja adventure' style course and climbing wall supports running, climbing and jumping activity. A skate area and public toilet will be installed.

- **Marino Hall**

A rebuild of the ageing hall will commence to support a new vibrant centre that attracts a broad range of community groups. The new pavilion style hall will include meeting spaces, a performance area, art gallery and studio. A café and expanded car park will also support the site as an accessible creative and community events hub.

The State and Federal Governments have partnered with Council to support this project.

- **Living Kurna Cultural Centre Coach House**

Significant restoration work will continue at the state heritage listed Coach House so that it can be used by the community as a venue and hall facility, and further complement the educational opportunities of the area's history.

The State Government have partnered with Council to support this project.

## **The Community's Capacity to Pay**

CPI, and ultimately average wage movements, is a guide of the ability of most residents to pay. Those residents whose financial position does not necessarily move with CPI (e.g. pensioners) may not have the ability or capacity to afford the full payment of rates. This is in part dealt with by Council's existing rating policy which provides multiple forms of financial assistance to these people: -

- Postponement of Rates – Hardship
- Postponement of Rates – Seniors
- Payment on Terms
- Rate Capping
- Large variety of payment options

## **Other Potential Revenue Sources/ Opportunities**

- Grant funding is Council's second largest operating revenue source representing between 6% and 7% of operating income over the term of the LTFP. Council's ability and opportunity to attract State and Federal Government funding for major projects and service improvements is critical to the long-term financial sustainability of the organisation.
- Shared services – entering shared service arrangements with other councils and the LGA in order to achieve economies of scale. Partnering with not-for-profit entities to provide services and facilities for the community is another option.
- Potential sale of surplus land and buildings – Whilst the LTFP is prepared on the basis that there is no reliance on gains from the disposal of assets to fund essential services, consideration should be given to this potential revenue source when considering the funding options for major strategic redevelopment projects.



- Exploring community governance and community capacity building opportunities – that is empowering the community to explore, fund and manage projects with minimal council assistance.

## Asset Management

The City of Marion's Asset Management Vision is:

'To maintain the City of Marion's assets to agreed levels of service which maximise community value throughout an asset's life'.

Council's Asset Management Plans detail information about our assets and define the services to be provided, how the services are provided, and what funds are required to provide the services. All City of Marion assets are audited annually and frequently inspected on a rolling inspection regime.

Large proportions of Council's assets have been in existence for many years. Council has also received several 'gifted' assets from developers, which attract ongoing operational and maintenance costs over their life. At the same time, demographic change is challenging the capacity of existing assets to meet the increasing demands of the environment in which they are located. The community's expectations too are increasing, which affects the ability of existing purpose-built assets to meet the changing needs of future residents. As community assets have a lengthy useful life, it is a complex task to monitor the cost and timing of their renewal.

Asset management is a critical tool in ensuring appropriate provision is made for the long-term management of community assets, and their impacts on all areas of service planning and delivery.



Our assets enable the provision of services to the community and businesses for current and future generations. Assets play a vital role in the local economy and on residents' quality of life.

## Financial Indicators

### Key Financial Indicators

#### Operating Surplus Ratio

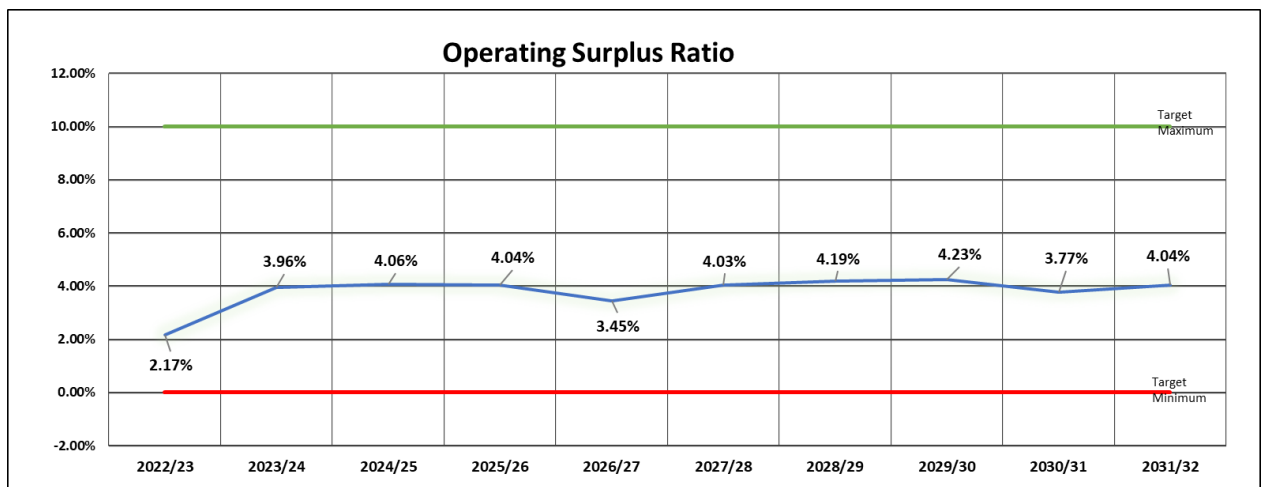
The Operating Surplus ratio expresses the level of operating surplus before capital expenditure as a percentage of rates. It gives an indication of Council's ability to service its operations from expected rate income and maintain financial sustainability in the long term.

#### Target

An operating surplus ratio averaging between 0% and 10% over any consecutive five-year period.

#### LTFP Commentary

The Operating Surplus Ratio is within the adopted target range of 0 – 10%. The forecast surplus is required to provide the funding necessary to meet the costs of delivering services and projects to the community including the renewal and upgrade of existing community assets over time to maintain community service standards and expectations, along with the ability to fund future major projects.



## Net Financial Liability Ratio

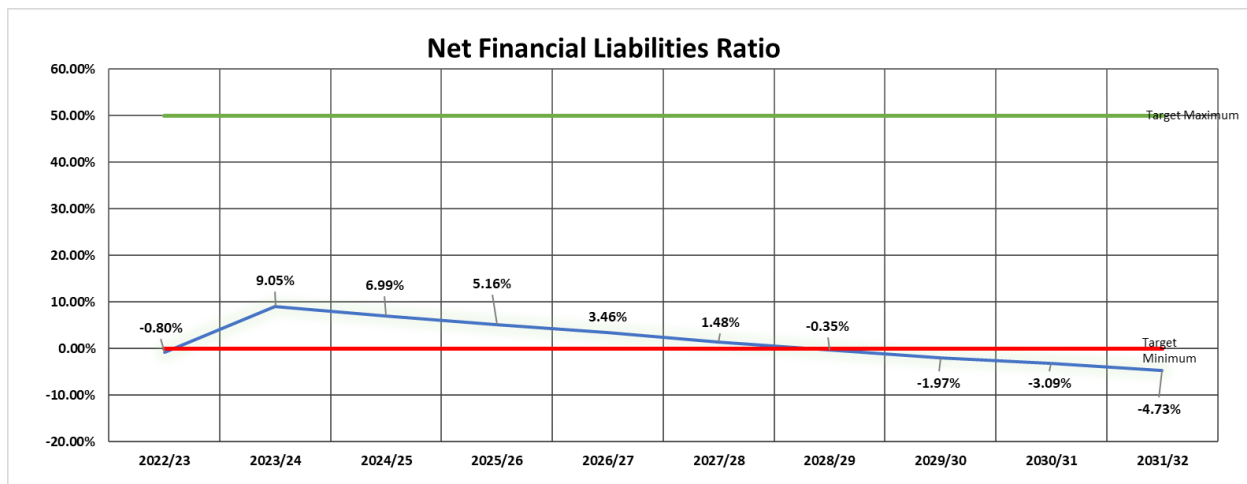
Net Financial Liabilities Ratio expresses Net Financial Liabilities – This comprises total liabilities less financial assets (where financial assets for this purpose includes cash, investments, loans to community groups, receivables and prepayments) expressed as a percentage of total operating revenue. This indicates Council's capacity to meet its financial obligations from operating revenue.

### Target

The desirable target range for this indicator is between 0% and 50%

### LTFP Commentary

The net financial liability ratio is forecast to be -0.08% in 2022-23 increasing with the additional forecast borrowings projected in 2022-23 and 2023-24 to peak at 9.05% in 2023-24 and then decreasing across the LTFP as loan repayments are made. A negative ratio means Council is in a financially favourable position with more financial assets than liabilities (more cash than debt).



## Asset Renewal Funding Ratio

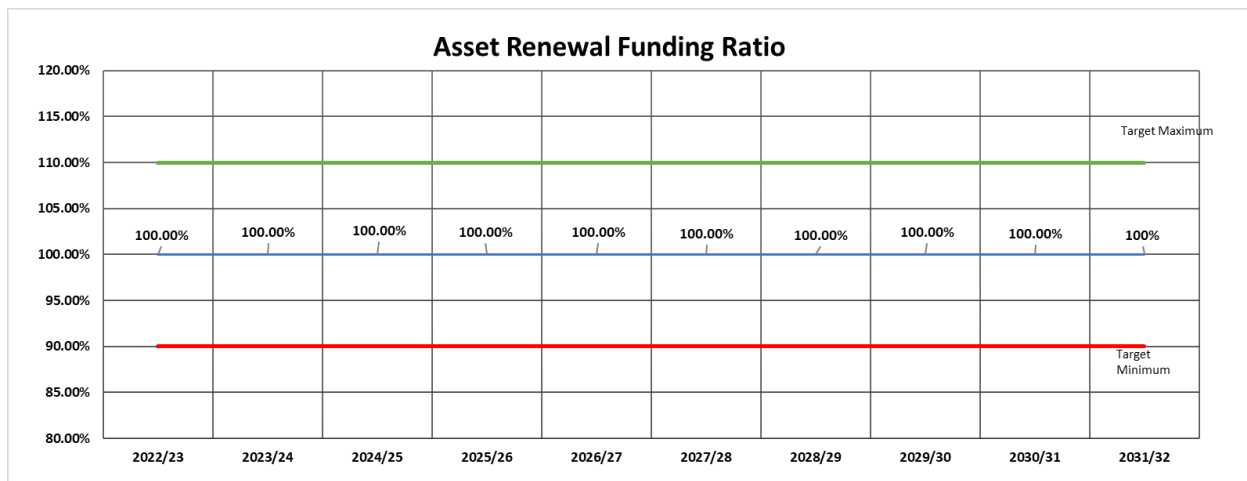
The Asset Renewal Funding ratio is calculated by measuring capital expenditure on renewal and replacement of assets relative to the Infrastructure and Asset Management Plan required expenditure. This indicates whether Council is renewing or replacing existing non-financial assets in accordance with its future Asset Management renewal requirements.

### Target

It is suggested that a long-term asset sustainability index between 90 - 110% is acceptable as per Council's Asset Management Policy

### LTFP Commentary

With the Renewal Expenditure identified within the Asset Management Plans fully funded within the Long Term Financial Plan, Council's Asset Renewal Funding Ratio is projected to sit exactly on target over the life of the LTFP. This indicates that Council's asset base is being renewed in keeping with the desired expenditure from the Asset Management Plans. Actual expenditure may vary in any given year between the 90% minimum and 110% maximum for strategic and/or timing reasons associated with the replacement of significant long lived assets.



## Other Financial Indicators

While the Key Financial Indicators are those that are required by the Regulations, a number of other ratios can be used to measure financial performance. The two other indicators that Council has elected to use are as follows:

### Debt Servicing Ratio

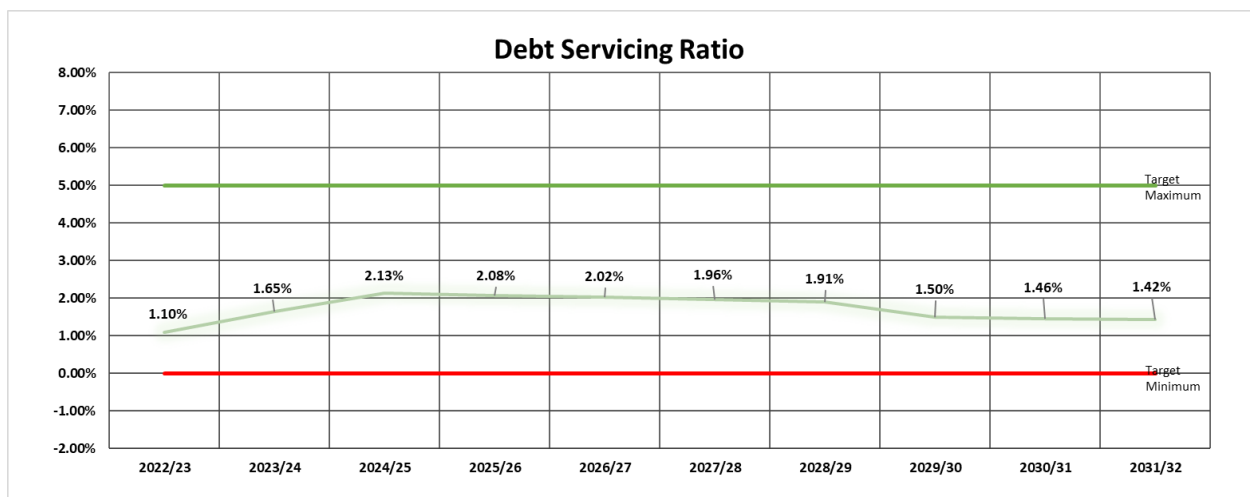
The Debt Servicing ratio expresses forecast debt servicing costs (principal and interest) compared to rates revenue. This indicates the ability of Council to service fixed borrowings from forecast rate income.

#### Target

This indicator has a desired target range between 0% and 5%

#### LTFP Commentary

With forecast new borrowings within the LTFP of \$4.4m required in 2022-23, and additional borrowings of \$9.5m in 2023-24 to fund capital expenditure, the Debt Servicing Ratio is set to peak at 2.13% in 2024-25, before declining as debt is reduced again. Council's Debt Servicing Ratio is set to remain within the target range over the course of the LTFP. This indicates a moderate capacity to further borrow and remain within the ratio bandwidths, noting that related borrowing capacity ratios should be considered before making this decision.





## Asset Consumption Ratio

The Asset Consumption ratio is calculated by measuring the written down value (depreciated value) of the assets against their replacement cost. It illustrates the amount of asset life or 'as new' condition remaining in the depreciable assets. Depreciation represents the reduction in value of the assets each year and therefore accumulated depreciation is the total reduction in the carrying value of the assets.

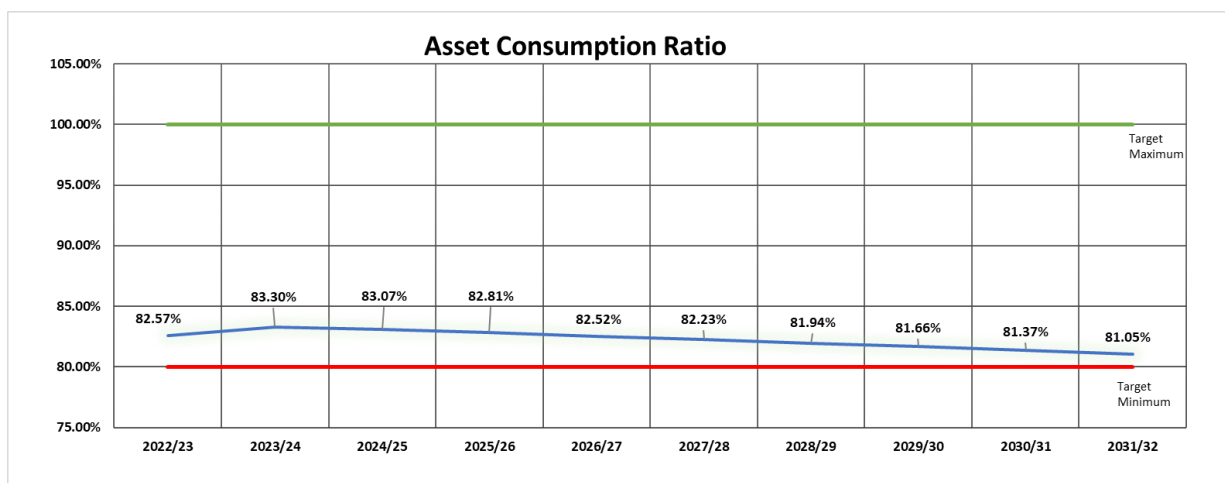
### Target

The average proportion of 'as new condition' left in assets is greater than 80% and less than 100%.

### LTFP Commentary

The Asset Consumption Ratio highlights the potential service level remaining in Council's assets. If the Asset Consumption Ratio is high, this indicates that Council's assets are in good condition - that is they are either relatively new or have been maintained in good condition. If the Asset Consumption Ratio is low, this indicates that Council's assets are in relatively poor condition - that is assets have not been renewed at a time when renewal was expected to occur and the future service levels expected from these assets is also low.

Council's Asset Consumption ratio falls within its desired target range, however with many long-lived assets and steady renewal programs this is showing a marginal decline slowly over time, until significant long-lived assets are renewed. This indicates that Council's asset base is still being renewed adequately and the potential service level of the assets remains above the targeted 80% minimum over the LTFP. With continuing work and refinement to the Asset Management Plans and strategies relating to specific asset classes this ratio should remain within the target bandwidth in the longer term.



## Financial Statements

### Uniform Presentation of Finances

City of Marion 10 Year Financial Plan for the Years ending 30 June 2032 UNIFORM PRESENTATION OF FINANCES - GENERAL FUND											
	2022/23	2023/24	2024/25	2025/26	Projected Years						
Scenario: LTFP 2022-2032	\$'000	\$'000	\$'000	\$'000	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Operating Activities</b>											
Income	98,538	100,587	103,154	106,150	109,234	112,405	115,671	119,033	122,487	126,056	
less Expenses	(96,397)	(96,601)	(98,968)	(101,866)	(105,466)	(107,870)	(110,824)	(113,992)	(117,867)	(120,966)	
Operating Surplus / (Deficit)	2,141	3,986	4,186	4,284	3,768	4,535	4,847	5,041	4,620	5,089	
<b>Capital Activities</b>											
less (Net Outlays) on Existing Assets											
Capital Expenditure on Renewal and Replacement of Existing Assets	(10,548)	(15,387)	(15,892)	(15,127)	(16,303)	(15,871)	(16,875)	(17,393)	(17,931)	(18,309)	
add back Depreciation, Amortisation and Impairment	16,651	17,317	18,010	18,730	19,479	20,258	21,069	21,912	22,788	23,700	
(Net Outlays) on Existing Assets	6,103	1,930	2,117	3,603	3,177	4,388	4,194	4,519	4,857	5,390	
less (Net Outlays) on New and Upgraded Assets											
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(29,847)	(23,440)	(4,502)	(5,788)	(4,869)	(6,458)	(6,602)	(7,257)	(7,657)	(7,950)	
add back Amounts Received Specifically for New and Upgraded Assets	6,651	8,945	-	-	-	-	-	-	-	-	
(Net Outlays) on New and Upgraded Assets	(23,196)	(14,496)	(4,502)	(5,788)	(4,869)	(6,458)	(6,602)	(7,257)	(7,657)	(7,950)	
less Share of Profit in Equity Accounted Investments (excl dividend)	(365)	(365)	(365)	(365)	(365)	(365)	(365)	(365)	(365)	(365)	
Net Lending / (Borrowing) for Financial Year	(15,317)	(8,944)	1,437	1,734	1,711	2,100	2,073	1,938	1,455	2,165	

## Budgeted Funding Statement

City of Marion 10 Year Financial Plan for the Years ending 30 June 2032 BUDGET SUMMARY - GENERAL FUND Scenario: LTFP 2022-2032										
	2022/23	2023/24	2024/25	2025/26	Projected Years		2028/29	2029/30	2030/31	2031/32
	\$'000	\$'000	\$'000	\$'000	2026/27	2027/28	\$'000	\$'000	\$'000	\$'000
<b>Rates Indexation</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>
<b>Income</b>										
Rates	84,146	86,660	89,249	91,916	94,662	97,490	100,403	103,403	106,493	109,675
Statutory Charges	2,194	2,253	2,314	2,372	2,431	2,492	2,555	2,618	2,684	2,751
User Charges	2,765	2,834	2,555	2,619	2,685	2,752	2,821	2,891	2,964	3,038
Grants, Subsidies and Contributions	6,929	6,176	6,331	6,489	6,651	6,817	6,988	7,163	7,342	7,525
Investment Income	200	358	365	380	395	407	421	435	443	465
Reimbursements	1,159	1,188	1,218	1,249	1,280	1,312	1,345	1,378	1,413	1,448
Other Income	780	752	756	761	765	770	774	779	784	789
Net gain - equity accounted Council businesses	365	365	365	365	365	365	365	365	365	365
<b>Total Income</b>	<b>98,538</b>	<b>100,587</b>	<b>103,154</b>	<b>106,150</b>	<b>109,234</b>	<b>112,405</b>	<b>115,671</b>	<b>119,033</b>	<b>122,487</b>	<b>126,056</b>
<b>Expenses</b>										
Employee Costs	41,584	43,216	44,117	45,440	46,804	48,208	49,654	51,144	52,678	54,258
Materials, Contracts & Other Expenses	37,959	35,698	36,087	37,010	38,577	38,880	39,665	40,585	42,120	42,801
Depreciation, Amortisation & Impairment	16,651	17,317	18,010	18,730	19,479	20,258	21,069	21,912	22,788	23,700
Finance Costs	202	370	754	685	606	524	436	352	281	208
<b>Total Expenses</b>	<b>96,397</b>	<b>96,601</b>	<b>98,968</b>	<b>101,866</b>	<b>105,466</b>	<b>107,870</b>	<b>110,824</b>	<b>113,992</b>	<b>117,867</b>	<b>120,966</b>
<b>Operating Surplus</b>	<b>2,141</b>	<b>3,986</b>	<b>4,186</b>	<b>4,284</b>	<b>3,768</b>	<b>4,535</b>	<b>4,847</b>	<b>5,041</b>	<b>4,620</b>	<b>5,089</b>
<b>Operating Surplus Ratio</b>	<b>2.17%</b>	<b>3.96%</b>	<b>4.06%</b>	<b>4.04%</b>	<b>3.45%</b>	<b>4.03%</b>	<b>4.19%</b>	<b>4.23%</b>	<b>3.77%</b>	<b>4.04%</b>
Amounts Received Specifically for New or Upgraded Assets	6,651	8,945	-	-	-	-	-	-	-	-
<b>Net Surplus / (Deficit) for the Year</b>	<b>8,792</b>	<b>12,931</b>	<b>4,186</b>	<b>4,284</b>	<b>3,768</b>	<b>4,535</b>	<b>4,847</b>	<b>5,041</b>	<b>4,620</b>	<b>5,089</b>
<b>Capital (Balance Sheet) and Reserve Movements</b>										
Capital Expenditure	(40,395)	(38,827)	(20,394)	(20,915)	(21,172)	(22,329)	(23,477)	(24,649)	(25,588)	(26,259)
Loan Repayments (External)	(876)	(1,281)	(1,437)	(1,512)	(1,591)	(1,674)	(1,761)	(1,432)	(1,503)	(1,576)
New Loan Borrowings (External)	4,400	9,500	-	-	-	-	-	-	-	-
Net Transfers (to)/from Reserves	11,817	809	(86)	(86)	(86)	(86)	(86)	(86)	(86)	(86)
<b>Total Capital (Balance Sheet) and Reserve Movements</b>	<b>(25,055)</b>	<b>(29,799)</b>	<b>(21,917)</b>	<b>(22,513)</b>	<b>(22,849)</b>	<b>(24,089)</b>	<b>(25,325)</b>	<b>(26,168)</b>	<b>(27,177)</b>	<b>(27,922)</b>
<b>Net Result (including Depreciation &amp; Other non-cash items)</b>	<b>(16,263)</b>	<b>(16,868)</b>	<b>(17,731)</b>	<b>(18,229)</b>	<b>(19,081)</b>	<b>(19,554)</b>	<b>(20,478)</b>	<b>(21,127)</b>	<b>(22,557)</b>	<b>(22,832)</b>
Add back Depreciation Expense (non-cash)	16,651	17,317	18,010	18,730	19,479	20,258	21,069	21,912	22,788	23,700
Less Other Income (non-cash)	(365)	(365)	(365)	(365)	(365)	(365)	(365)	(365)	(365)	(365)
<b>Cash Budget Surplus</b>	<b>23</b>	<b>84</b>	<b>(86)</b>	<b>136</b>	<b>34</b>	<b>340</b>	<b>226</b>	<b>419</b>	<b>(134)</b>	<b>502</b>

## Budgeted Income Statement

<b>City of Marion</b> <b>10 Year Financial Plan for the Years ending 30 June 2032</b> <b>INCOME STATEMENT - GENERAL FUND</b> <b>Scenario: LTFP 2022-2032</b>										
	2022/23	2023/24	2024/25	2025/26	Projected Years		2028/29	2029/30	2030/31	2031/32
	\$'000	\$'000	\$'000	\$'000	2026/27	2027/28	\$'000	\$'000	\$'000	\$'000
<b>Income</b>										
Rates	84,146	86,660	89,249	91,916	94,662	97,490	100,403	103,403	106,493	109,675
Statutory Charges	2,194	2,253	2,314	2,372	2,431	2,492	2,555	2,618	2,684	2,751
User Charges	2,765	2,834	2,555	2,619	2,685	2,752	2,821	2,891	2,964	3,038
Grants, Subsidies and Contributions	6,929	6,176	6,331	6,489	6,651	6,817	6,988	7,163	7,342	7,525
Investment Income	200	358	365	380	395	407	421	435	443	465
Reimbursements	1,159	1,188	1,218	1,249	1,280	1,312	1,345	1,378	1,413	1,448
Other Income	780	752	756	761	765	770	774	779	784	789
Net gain - equity accounted Council businesses	365	365	365	365	365	365	365	365	365	365
<b>Total Income</b>	<b>98,538</b>	<b>100,587</b>	<b>103,154</b>	<b>106,150</b>	<b>109,234</b>	<b>112,405</b>	<b>115,671</b>	<b>119,033</b>	<b>122,487</b>	<b>126,056</b>
<b>Expenses</b>										
Employee Costs	41,584	43,216	44,117	45,440	46,804	48,208	49,654	51,144	52,678	54,258
Materials, Contracts & Other Expenses	37,959	35,698	36,087	37,010	38,577	38,880	39,665	40,585	42,120	42,801
Depreciation, Amortisation & Impairment	16,651	17,317	18,010	18,730	19,479	20,258	21,069	21,912	22,788	23,700
Finance Costs	202	370	754	685	606	524	436	352	281	208
<b>Total Expenses</b>	<b>96,397</b>	<b>96,601</b>	<b>98,968</b>	<b>101,866</b>	<b>105,466</b>	<b>107,870</b>	<b>110,824</b>	<b>113,992</b>	<b>117,867</b>	<b>120,966</b>
<b>Operating Surplus</b>	<b>2,141</b>	<b>3,986</b>	<b>4,186</b>	<b>4,284</b>	<b>3,768</b>	<b>4,535</b>	<b>4,847</b>	<b>5,041</b>	<b>4,620</b>	<b>5,089</b>
Amounts Received Specifically for New or Upgraded Assets	6,651	8,945	-	-	-	-	-	-	-	-
<b>Net Surplus / (Deficit) for the Year</b>	<b>8,792</b>	<b>12,931</b>	<b>4,186</b>	<b>4,284</b>	<b>3,768</b>	<b>4,535</b>	<b>4,847</b>	<b>5,041</b>	<b>4,620</b>	<b>5,089</b>

## Budgeted Statement of Financial Position

<b>City of Marion</b> <b>10 Year Financial Plan for the Years ending 30 June 2032</b> <b>BALANCE SHEET - GENERAL FUND</b> <b>Scenario: LTFP 2022-2032</b>										
	2022/23	2023/24	2024/25	2025/26	Projected Years		2028/29	2029/30	2030/31	2031/32
	\$'000	\$'000	\$'000	\$'000	2026/27	2027/28	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>										
<b>Current Assets</b>										
Cash & Cash Equivalents	16,701	15,233	15,961	16,308	16,675	17,103	17,509	18,132	18,318	18,975
Trade & Other Receivables	5,099	5,280	4,685	4,817	4,961	5,090	5,229	5,374	5,532	5,681
Inventories	299	299	281	284	291	303	306	312	319	331
<b>Total Current Assets</b>	<b>22,099</b>	<b>20,812</b>	<b>20,927</b>	<b>21,409</b>	<b>21,927</b>	<b>22,496</b>	<b>23,043</b>	<b>23,818</b>	<b>24,169</b>	<b>24,988</b>
<b>Non-Current Assets</b>										
Equity Accounted Investments in Council Businesses	7,357	7,722	8,087	8,452	8,817	9,182	9,547	9,912	10,277	10,642
Infrastructure, Property, Plant & Equipment	1,181,434	1,202,944	1,205,328	1,207,513	1,209,205	1,211,275	1,213,684	1,216,422	1,219,222	1,221,781
<b>Total Non-Current Assets</b>	<b>1,188,791</b>	<b>1,210,666</b>	<b>1,213,415</b>	<b>1,215,965</b>	<b>1,218,022</b>	<b>1,220,457</b>	<b>1,223,231</b>	<b>1,226,334</b>	<b>1,229,499</b>	<b>1,232,423</b>
<b>TOTAL ASSETS</b>	<b>1,210,890</b>	<b>1,231,478</b>	<b>1,234,342</b>	<b>1,237,373</b>	<b>1,239,949</b>	<b>1,242,954</b>	<b>1,246,274</b>	<b>1,250,152</b>	<b>1,253,668</b>	<b>1,257,411</b>
<b>LIABILITIES</b>										
<b>Current Liabilities</b>										
Trade & Other Payables	7,087	7,232	6,676	5,668	6,245	6,608	6,928	6,990	7,180	7,183
Borrowings	876	1,463	1,538	1,617	1,700	1,787	1,458	1,529	1,602	1,680
Provisions	6,424	6,616	6,815	6,985	7,160	7,339	7,522	7,710	7,903	8,101
<b>Total Current Liabilities</b>	<b>14,387</b>	<b>15,311</b>	<b>15,029</b>	<b>15,350</b>	<b>15,818</b>	<b>16,019</b>	<b>15,909</b>	<b>16,229</b>	<b>16,686</b>	<b>16,963</b>
<b>Non-Current Liabilities</b>										
Borrowings	6,211	13,870	12,358	10,767	9,094	7,332	5,900	4,397	2,821	1,168
Provisions	708	730	751	772	791	811	831	852	873	895
<b>Total Non-Current Liabilities</b>	<b>6,919</b>	<b>14,599</b>	<b>13,109</b>	<b>11,539</b>	<b>9,885</b>	<b>8,143</b>	<b>6,731</b>	<b>5,249</b>	<b>3,694</b>	<b>2,062</b>
<b>TOTAL LIABILITIES</b>	<b>21,306</b>	<b>29,910</b>	<b>28,138</b>	<b>26,889</b>	<b>25,702</b>	<b>24,162</b>	<b>22,640</b>	<b>21,478</b>	<b>20,380</b>	<b>19,026</b>
<b>Net Assets</b>	<b>1,189,584</b>	<b>1,201,567</b>	<b>1,206,204</b>	<b>1,210,484</b>	<b>1,214,246</b>	<b>1,218,791</b>	<b>1,223,635</b>	<b>1,228,674</b>	<b>1,233,289</b>	<b>1,238,385</b>
<b>EQUITY</b>										
Accumulated Surplus	447,696	460,488	465,038	469,232	472,908	477,367	482,124	487,077	491,606	496,616
Asset Revaluation Reserves	732,120	732,120	732,120	732,120	732,120	732,120	732,120	732,120	732,120	732,120
Other Reserves	9,768	8,959	9,046	9,132	9,218	9,304	9,391	9,477	9,563	9,649
<b>Total Equity</b>	<b>1,189,584</b>	<b>1,201,567</b>	<b>1,206,204</b>	<b>1,210,484</b>	<b>1,214,246</b>	<b>1,218,791</b>	<b>1,223,635</b>	<b>1,228,674</b>	<b>1,233,289</b>	<b>1,238,385</b>



## Budgeted Statement of Cashflows

City of Marion 10 Year Financial Plan for the Years ending 30 June 2031 CASH FLOW STATEMENT - GENERAL FUND Scenario: LTFP 2021-2031												
	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	Projected Years		2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000
Cash Flows from Operating Activities												
Receipts:	97,637	99,869	103,418	105,697	108,778	111,947	115,210	118,568	122,020	125,585		
Payments:	(81,505)	(79,675)	(80,859)	(82,923)	(85,649)	(87,516)	(89,565)	(91,863)	(94,743)	(97,093)		
Net Cash provided (or used in) Operating Activities	16,132	20,194	22,559	22,774	23,129	24,431	25,644	26,705	27,277	28,492		
Cash Flows from Investing Activities												
Receipts:												
Amounts Received Specifically for New/Upgraded Assets	6,651	8,945	-	-	-	-	-	-	-	-	-	-
Payments:												
Expenditure on Renewal/Replacement of Assets	(10,548)	(15,387)	(15,892)	(15,127)	(16,303)	(15,871)	(16,875)	(17,393)	(17,931)	(18,309)		
Expenditure on New/Upgraded Assets	(29,847)	(23,440)	(4,502)	(5,788)	(4,869)	(6,458)	(6,602)	(7,257)	(7,657)	(7,950)		
Net Cash provided (or used in) Investing Activities	(33,744)	(29,882)	(20,394)	(20,915)	(21,172)	(22,329)	(23,477)	(24,649)	(25,588)	(26,259)		
Cash Flows from Financing Activities												
Receipts:												
Proceeds from Borrowings	4,400	9,500	-	-	-	-	-	-	-	-	-	-
Payments:												
Repayments of Borrowings	(876)	(1,281)	(1,437)	(1,512)	(1,591)	(1,674)	(1,761)	(1,432)	(1,503)	(1,576)		
Net Cash Flow provided (used in) Financing Activities	3,524	8,219	(1,437)	(1,512)	(1,591)	(1,674)	(1,761)	(1,432)	(1,503)	(1,576)		
Net Increase/(Decrease) in Cash & Cash Equivalents	(14,088)	(1,468)	728	347	367	428	406	623	186	657		
plus: Cash & Cash Equivalents - beginning of year	30,789	16,701	15,233	15,961	16,308	16,675	17,103	17,509	18,132	18,318		
Cash & Cash Equivalents - end of the year	16,701	15,233	15,961	16,308	16,675	17,103	17,509	18,132	18,318	18,975		

## Glossary

### ***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.

### ***Interest Cover Ratio***

Interest Cover Ratio indicates the extent to which Council's commitment to interest expenses are met by total operating revenues. The ratio is calculated by measuring net interest expense to total operating revenue (excluding Land Services levy).

### ***Net Lending/ (Borrowing)***

Net Lending/ (Borrowing) equals Operating Surplus / (Deficit), less net outlays on non-financial assets. This result is a measure of the Council's overall (i.e. Operating and Capital) budget on an accrual basis. Achieving a zero result in any one year essentially means that the Council has met all of all its expenditure (both operating and capital) from the current year's revenues.

### ***Non-financial or Physical Assets***

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, Regional Landscape 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) but does not take into account any capital expenditure.