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LONG TERM FINANCIAL PLAN
2018-2027

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2. Background

The Fleurieu Aquatic Centre (FAC) is a joint initiative of the City of Victor Harbor and the Alexandrina Council (Constituent Councils). The Fleurieu Regional Aquatic Centre Authority (Authority) was established as a regional subsidiary in August 2015 by the Constituent Councils under section 43 of the Local Government Act 1999 (LG Act).

Charter

5.5 Long Term Financial Plan

5.5.1 The Authority must prepare and submit to the Constituent Councils for their approval a Long Term Financial Plan covering a period of at least ten (10) years in a form and including such matters which, as relevant, is consistent with Section 122 of the Act and the Local Government (Financial Management) Regulations 2011 as if the Authority were a council.

5.5.2 The Authority may at any time review the Long Term Financial Plan but must undertake a review of the Long Term Financial Plan as soon as practicable after the annual review of its Business Plan and concurrently with any review of its Strategic Plan.

5.5.3 In any event, the Authority must undertake a comprehensive review of its Long Term Financial Plan every four (4) years.

5.5.4 The Long Term Financial Plan will be taken to form part of the Authority's Strategic Plan.

6.1 Strategic Plan

6.1.2 prepare an Asset Management Plan, with detailed financials for the first ten years;

Local Government Act 1999

In line with section 122 (1a) of the Local Government Act 1999 and its Charter, the Authority must, in conjunction with its strategic management plans develop and adopt a Long Term Financial Plan for a period of at least 10 years and an Infrastructure and Asset Management Plan.

Local Government Financial Management Regulations

5—Long-term financial plans

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

- a summary of proposed operating and capital investment activities presented in a manner consistent with the note in the Model Financial Statements entitled Uniform Presentation of Finances; and
- estimates and target ranges adopted by the council for each year of the long-term financial plan with respect to an operating surplus ratio, a net financial liabilities ratio and an asset sustainability ratio presented in a manner consistent with the note in the Model Financial Statements entitled Financial Indicators.

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

- the purpose of the long-term financial plan; and
- the basis on which it has been prepared; and
- the key conclusions which may be drawn from the estimates, proposals and other information in the plan.

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

3. Overview

The Authority considers that its Long Term Financial Plan (LTFP) is a fundamental instrument of accountability and projections for its planned activities over a ten-year timeframe. The key objective of the LTFP is financial sustainability in the medium to longer term, while still achieving the Authority's objectives as specified in its Charter and Strategic Plan.

The LTFP ensures that we understand the impact of decisions made today on our future. This means ensuring the cost-effective delivery of services, and the appropriate maintenance and renewal of our significant asset (FAC) in a financially sustainable manner.

The purpose of this plan is not to provide specific detail about individual services. The LTFP provides a decision-making tool that allows various assumptions to be applied that will indicate the ability of the Authority to deliver cost effective services to our community in the future in a financially sustainable manner.

The Authority Board has adopted a fee structure for services delivered at FAC based on market research, competitor analysis, recommendations from contracted operational managers YMCA SA (based on its significant industry knowledge and experience); and application of pricing strategies to support establishment of FAC as a greenfield site. The Authority aims to provide an affordable, competitive and equitable fee structure for FAC.

FAC's primary catchment area of 23,157 residents is comprised of a higher than average over 50-year-old population (13,193 or 57%) and lower than average under 15-year-old population (3,140). The catchment area also has lower than average income levels. The weekly household income profile of the catchment area is comparatively lower than all other regions and the highest proportion of low-income households. Specifically, the proportion of low-income households is 6% higher than regional South Australia and 10% higher than South Australia as a whole.

As such, the identified catchment has increased price sensitivities compared to state averages. In line with local demographics, prices are set at the middle end of the competitor pricing continuum. To further address cost barriers, the Aquatic Centre offers discounted membership for older community members and youth; and concession discounts for casual admissions, visit passes and memberships.

The Authority is proposing minimal capital works (\$370,942) over the ten years of the plan in recognition of the age of the facility (construction completed in March 2017) and in line with the Authority Asset Management Plan.

4. Planning framework

This document presents the Long Term Financial Plan for the years 2017/18 to 2027/28. The basis of the LTFP is consistent with the Financial Statements 30 June 2017 and the 2017/18 Annual Business Plan and Budget adopted by the Authority and any authorised amendments. The LTFP is informed by the Authority Strategic Plan 2018-2027, 3-Year Business Plan and any authorised amendments; and the Asset Management Plan 2018-2027 projections for new, upgraded and renewal of assets for 2018 to 2027.

This is a fluid document, which will be updated and amended over time as circumstances change. The Authority will review its LTFP twice each year; once during the review of its 3-Year Business Plan and preparation of its annual Budget; and again, following the financial year end. Other updates are made to the LTFP, where it is considered appropriate. In addition, a full review is required at least every four years (per the Charter).

The 10-year LTFP is prepared based on a number of assumptions (please refer to page 8), with regard to projected fees, charges and Constituent Council contributions and also includes assumptions with regard to future operational and capital expenditure. Given that LTFPs are derived from an estimate of future performance, it should be appreciated that actual results are

likely to vary from the information contained in the LTFP and at times these variations could be material.

It should also be noted that as FAC only commenced operations in March 2017, normalised income and expenditure levels are still to be determined.

The Authority has prepared an Asset Management Plan to assist in determining the funding impact of maintaining and replacing our assets. These projections are based on the current understanding of asset management needs over the next ten years and ensure that assets are maintained at a safe and functional standard that meet community expectations and cater for future growth and demographic changes.

The LTFP includes an allocation of approximately \$371,000 for capital expenditure projects in line with the Asset Management Plan. The Authority currently has no debt. Should any borrowings be considered in the future, this debt will be regarded primarily as a tool to be used in a strategic perspective towards renewal and replacement of assets. Should it be required, debt will be considered:

- in the context of the strategic objectives of the Authority
- in the context of long term financial forecasts and objectives
- as funding for long term infrastructure asset creation
- as a means of spreading the recovery of infrastructure costs over time
- as a mechanism to fund temporary cash shortfalls.

The construction of FAC was funded by the Constituent Councils with funding support from the Federal Government and the South Australian Government's Community, Recreation and Sport Facilities Program; and a generous land donation from Beyond Today. The aim of the State Government funding program is to support the strategic objective of increasing the proportion of South Australians participating in sport or physical recreation at least once per week to 50% by 2020¹. The Australian Government funding was provided for *'the provision of an indoor aquatic centre to provide health, sport and recreation facilities for the growing communities around Victor Harbor and Goolwa'*.

A business case was undertaken by the Constituent Councils in 2013 in respect of establishing a regional aquatic centre which incorporated a health and fitness studio. The business case examined population trends and anticipated demand for a regional aquatic facility, the aquatic and health and fitness markets relevant to a regional aquatic centre and the financial viability of a regional aquatic centre. The Business Case concluded that a regional aquatic facility would operate at a loss in each of the first five years of operation and would require a financial contribution from the Constituent Councils.

Operating cash surpluses will be generated as a result of the Constituent Council operating contributions provided to the Authority including an allocation of funds in line with annual forecast depreciation expense. These funds are invested with the Local Government Financing Authority and will be used to fund capital expenditure on renewal and replacement of assets.

To determine whether this LTFP ensures financial sustainability of the Authority's operations over the long term, appropriate financial indicators have been endorsed by the Authority.

The LTFP is an evolving document that will be renewed over time as a result of changes to the community and constituent Council expectations; changes to income and expenditure projections; and to remain directly linked to the Asset Management Plan. The Authority's 3-Year Business Plan and Annual Budget is prepared on the basis of the LTFP, taking into account any new information and economic factors at the time of preparation.

¹ Target 83, Sport and Recreation, South Australian Strategic Plan (<http://saplan.org.au/targets/83-sport-and-recreation>)

The LTFP estimates are presented as:

- Estimated Uniform Presentation of Finances
- Estimated Key Financial Indicators

Please refer to Appendices A and B.

5. Measuring our performance

Key financial indicators

Key Financial Indicators enable an assessment of the Authority’s long term financial performance and position and will place the Authority on a path to deliver long term sustainability of operations (based on the assumptions used in the modelling) and give it the flexibility to respond to anticipated future costs.

The Local Government (Financial Management) Regulations 2011 Part 2, 5(1) requires that the Authority LTFP includes estimates and target ranges adopted by the Authority for each year of the LTFP with respect to an operating surplus ratio, a net financial liabilities ratio and an asset sustainability ratio. Due to the nature of the Authority funding model, the net financial liabilities ratio is not relevant. This is due to cash reserves (predominantly Depreciation Reserve) being significantly higher than projected liabilities for the life of the plan; and the resultant ratio not being a useful measurement of financial performance for the Authority.

Given the above, an alternate third financial sustainability ratio is proposed for use; that being the ‘*Own Source Income Ratio*’ (please refer below).

The Key Financial Indicators support a positive forward outlook and adherence over the longer term to the Authority’s financial sustainability. The Authority has set targets for its Key Financial Indicators to guide revenue and expenditure decisions; overall budget strategies and future decision making.

Indicator	Target Short Term	Target Medium Term	Target Long Term
Operating Surplus/(Deficit) Ratio - %	0%	0%	0%
Own Source Income Ratio	59-64%	64-65%	66-67%
Asset Renewal Funding Ratio - %	n/a	100%	100%
Net Financial Liabilities Ratio - %	(46)%-(84)%	(102)%-(135)%	(149)%-(195)%

Operating Surplus / (Deficit) Ratio

The Operating Ratio measures the extent to which the Authority’s operating income meets its operating expenditure.

Due to the financial operating model for the Authority, the Operating Surplus/(Deficit) Ratio will always be zero at budget however may be less or greater than zero at year end should the operating result differ from the budget.

Own Source Income Ratio

This ratio is calculated as ‘income excluding Council contributions’ as a percentage of total Authority expenditure. The ratio is forecast to improve from 59% to 67% during the life of the plan. The gradual increase in this ratio will indicate improvement in the Authority’s financial self-sustainability.

Asset Renewal Funding Ratio

The Asset Renewal Funding Ratio is a measure of the Authority's capital expenditure on renewal or replacement of assets relative to the level of such expenditure proposed in the Authority's Asset Management Plan.

The Asset Renewal Funding ratio indicates that the forecast expenditure on the renewal and replacement of assets (based on the Asset Management Plan) and what the Authority's proposes to spend on these assets (budgeted capital expenditure) are aligned. As such, the Asset Sustainability Ratio is not applicable for years in which no expenditure on renewal and replacement of assets is forecast; however, is forecast at 100% over the remaining years of the plan.

Net Financial Liabilities Ratio

The Net Financial Liabilities Ratio indicates the extent to which the net financial liabilities of the Authority could be met by its annual operating revenue. The Net Financial Liabilities Ratio is forecast to be a negative percentage of total operating revenue and escalates annually due to:

- The Authority forecasting nil loan funding for the life of the plan; and
- The forecast balance of *Current Cash & Cash Equivalents* (which predominantly comprises accumulated Depreciation Reserve funds) being significantly higher than *Total Liabilities* (due to renewal and replacement of assets being minimal during the life of the plan).

6. Financing the Plan

The Authority is funded by user-pays charges for services delivered at FAC and by contributions from constituent Councils in line with the Authority Charter.

The Authority Charter provides:

5.2 Financial Contributions

5.2.1 The Constituent Councils will contribute funds to the Authority as set out in the Budget adopted by the Authority and approved by the Constituent Councils.

5.2.2 The Constituent Councils may agree to provide the Authority with additional funds at any time on such terms and conditions, if any, as determined by the Constituent Councils.

Constituent Council contributions to the Authority are forecast in annual budgets and in the LTFP at amounts equivalent to the forecast operating deficit (including depreciation and excluding such contributions).

The table below shows the Authority's estimated net lending/ (borrowing) result for the LTFP. The data is drawn from the Authority's Estimated Uniform Presentation of Finances (refer Appendix A). The Authority LTFP has a net lending result for the life of the plan.

	Q2 Budget Review 2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
OPERATING ACTIVITIES										
Operating Revenues	3,004,585	3,252,353	3,381,490	3,522,990	3,615,028	3,709,474	3,805,764	3,904,723	4,005,420	4,109,186
less Operating Expenses	(3,004,585)	(3,252,353)	(3,381,490)	(3,522,990)	(3,615,028)	(3,709,474)	(3,805,764)	(3,904,723)	(4,005,420)	(4,109,186)
Operating Surplus/ (Deficit)	-	-	-	-	-	-	-	-	-	-
Capital expenditure on renewal and replacement of assets	-	-	-	-	-	32,086	13,207	61,748	125,169	-
less Depreciation	(673,452)	(706,927)	(721,824)	(736,721)	(751,618)	(766,514)	(781,004)	(795,893)	(810,100)	(824,976)
Net Outlays on Existing Assets	(673,452)	(706,927)	(721,824)	(736,721)	(719,532)	(753,308)	(719,256)	(670,724)	(810,100)	(728,085)
Capital expenditure on new & upgraded assets	-	41,840	-	-	-	-	-	-	-	-
Less Amounts specifically for new & upgraded assets	-	(41,840)	-	-	-	-	-	-	-	-
Net outlays on new & upgraded assets	-	-	-	-	-	-	-	-	-	-
Net Lending/ (Borrowing) for Financial Year	673,452	706,927	721,824	736,721	719,532	753,308	719,256	670,724	810,100	728,085
Financing transactions associated with the above net overall deficit, or applying the overall net funding surplus are as follows:										
(Increase)/Decrease in Cash and Investments	(673,452)	(602,927)	(721,824)	(736,721)	(719,532)	(753,308)	(719,256)	(670,724)	(810,100)	(728,085)
Financing Transactions	(673,452)	(602,927)	(721,824)	(736,721)	(719,532)	(753,308)	(719,256)	(670,724)	(810,100)	(728,085)

7. Capital Works Program

Asset Renewal

Below is a list of the planned annual Asset Renewal expenditure requirements to maintain the Authority’s assets to their current standards and service levels. These requirements are in accordance with the Authority’s Asset Management Plan. The forecast expenditure on the renewal and replacement of assets (based on the Authority’s Asset Management Plan) and what the Authority proposes to spend on these assets (budgeted expenditure) are aligned (with indexing of replacement costs reflected in the LTFP).

Year	Furniture & Fittings	Plant & Equipment	Buildings & Other Structures	Total Expenditure
2018	\$0	\$0	\$0	\$0
2019	\$0	\$0	\$0	\$0
2020	\$0	\$0	\$0	\$0
2021	\$0	\$0	\$0	\$0
2022	\$32,086	\$0	\$0	\$32,086
2023	\$0	\$13,207	\$0	\$13,207
2024	\$50,074	\$0	\$11,674	\$61,748
2025	\$125,169	\$0	\$0	\$125,169
2026	\$0	\$0	\$0	\$0
2027	\$73,147	\$23,745	\$0	\$96,892
Total				\$329,102

New or Upgraded Assets

Below is a list of planned annual expenditure on New and Upgraded Assets. This includes spend to upgrade or expand the Authority’s infrastructure to meet increasing demand and capacity requirements.

Year	Furniture & Fittings	Plant & Equipment	Buildings & Other Structures	Total Expenditure
2018	\$0	\$0	\$0	\$0
2019	\$4,750	\$37,090	\$0	\$41,840
2020	\$0	\$0	\$0	\$0
2021	\$0	\$0	\$0	\$0
2022	\$0	\$0	\$0	\$0
2023	\$0	\$0	\$0	\$0
2024	\$0	\$0	\$0	\$0
2025	\$0	\$0	\$0	\$0
2026	\$0	\$0	\$0	\$0
2027	\$0	\$0	\$0	\$0
Total				\$41,840

8. Assumptions

Operating Income

User Charges

User charges relate to the recovery of service delivery costs through the charging of fees to users of FAC. In preparing the FAC 2018-2019 Budget, YMCA and the Authority Executive Officer have reviewed current fees and charges. The fees proposed for 2018-2019 reflect an overall increase of 2.4% on 2017-2018 prices and include new fees and charges for a range of fitness based allied health services. A full year of new children’s programs (Flippa Ball & Synchro) and of Water Polo are reflected; as is increased casual group fitness income based on increased offering.

User charges for year 1 are based on forecast income per the 2017-18 Second Quarter Budget Review and reflect the first full year of FAC operations. User charges for years 2 to 4 include forecast growth based on a combination of increases in fees (approved by the Authority Board annually) and increases in participation per YMCA forecast (please refer below).

	Year 2 2018- 19	Year 3 2019- 20	Year 4 2020- 21
Increase in fees (average)	2.4%	2.8%	2.8%
Overall increase in FAC User Charges (including increase in fees)	17.3%	7.6%	6.3%

Increases in user charges have been indexed by CPI for years 5 to 10 and include no growth allocation. User Charges as a percentage of operating income is an average of 60% for the period of the plan.

Grants and Subsidies

Operating Grants are based on identified grants and include grants and subsidies from all sources but excludes amounts specifically received for new/ upgraded assets (i.e. the acquisition or enhancement of assets). Grants and subsidies as a percentage of operating income is an average of 0% for the period of the plan.

Council contributions

Contributions are received from constituent Councils in line with the Authority Charter (please refer above). Constituent Council contributions to the Authority are forecast in annual budgets and in the LTFP at amounts equivalent to the forecast operating deficit (including depreciation and excluding such contributions).

Investment Income

Investment income for each year is based on cash balances at the end of the previous year.

Amounts Specifically for New / Upgraded Assets

Income for New/ Upgraded Assets is based on funding received from Councils for new assets; subject to Council approval on a case by case basis.

A capital expenditure budget of \$41,840 is proposed for 2018-2019 for new assets that action a number of operational challenges identified during the first year of operations and to support the expansion of the group fitness program; with a forecast of \$0 annually for the remaining life of the plan.

Operating Expenses

FAC operating expenses for years 1 to 4 include a growth allocation based on projections by the FAC operational managers. Indexing of operating expenses for years 5 to 10 is based on forecasts of the South Australian Consumer Price Index. The following year CPI is applied to the preceding years expenditure – in essence calculating a cumulative effect.

The Local Government Price Index (LGPI) measures price movements faced by Local Government in South Australia in respect of their purchases of goods and services.

FAC Operational Management Fees:

The management fee for FAC operational management is fixed until 1 November 2019 with the current Operational Management Agreement due to expire on 31 October 2019. The fee for November 2019 onwards for the remaining life of the plan is currently based on the existing contract fee plus annual indexation. This will be reviewed following future contract negotiations.

Materials, Contracts & Other Expenses

Materials cover payments for physical goods including purchase of consumables, water and energy. Contract services involve payments for the external provision of services. Over the period of the plan, growth and CPI has been applied for indexation purposes.

Materials, Contracts and Other Expenses as a percentage of operating expenditure is an average of 79% for the period of the plan.

Depreciation

Depreciation is an accounting measure, which records the consumption of the Authority's infrastructure, property, plant and equipment and has been based on the Authority's Asset Management Plan. It reflects the combined effect of the impact of depreciable assets created by capital expenditure on new/ upgraded assets, and the ongoing impact of regularly revaluing infrastructure assets on a 'fair value' basis. Depreciation expense as a percentage of operating expenditure is an average of 21% for the period of the plan.

Net Outlays on New and Existing Assets

Asset Renewals are based on the Authority's Asset Management Plan, with allocations of \$0.3 million over the ten years of the plan. New and Upgrade Assets have been based on the Authority's Asset Management Plan. With allocations of \$0.04 million over the ten years of the plan.

Indexing of asset purchases are based on forecasts of the South Australian Consumer Price Index. As expenditure occurs in future years – the CPI applied is the 'cumulative years' rate.

Proceeds & Repayment of Borrowings

The Authority has a Treasury Management Policy to ensure that it maximises the return on surplus funds, taking into consideration the level of risk. Authority funds are preserved and invested in accordance with its legislative and common law responsibilities ensuring that interest cost of borrowings is minimised. All investments and borrowings are to be made exercising the care, diligence and skill that a prudent person of business would exercise in managing the affairs of other persons.

There are no forecast borrowings for the life of the plan.

Balance Sheet

Assets

Trade and Other Receivables are not expected to change significantly and therefore have been based in accordance with the 2017 Financial Statements. Non-Current Assets reflect the

combined effect of all capital expenditure, the depreciation of existing assets, the book value of assets sold and the ongoing revaluation of infrastructure assets on a 'fair value' basis.

Liabilities

Trade, Other Payables and Provisions are not expected to change significantly throughout the life of the plan and have been forecast based on estimated accrual of expenses at year end.

Equity

Authority total equity is forecast to increase in 2019 by \$41,040 reflecting capital expenditure on new assets and then be static for the remaining life of the plan.

9. Planning for the Future

The Authority has mandatory responsibilities under the Local Government Act and other relevant legislation; as well as under its Charter. These include:

- setting fees and charges; preparing an annual budget; and determining longer-term strategic management plans for FAC;
- management of infrastructure including the FAC facility, gardens, internal roads, footpaths, lighting and storm-water drainage

FAC operates on a fee for service basis and provides important community benefits whilst also generating revenue to help deliver a value for money service.

10. Financial Terms Glossary:

Accrual Accounting	An accounting approach by which expenses, revenue, assets and liabilities are recognised in the reporting period to which they relate even though cash may have exchanged hands in different periods. Accrual accounting recognises expenses as they are incurred and revenue when it is earned.
Annual Budget	An entity's statement of: its intended operating expenses, revenue and capital expenditure that give effect to its annual business plan for the reporting period, its cash inflows and outflows associated with intended operating, investing and financing activities, and its projected financial position at the end of the reporting period.
Annual Business Plan (ABP)	An entity's statement of its intended programs and outcomes for the year.
Annual Financial Statements	The Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement prepared in accordance with Australian Accounting Standards together with the notes and certification statements as prescribed in the Model Financial Statements.
Assets	Resources controlled by an entity the value of which can be reliably measured and from which future economic benefits are expected to flow to the entity.
Asset Maintenance Costs	Costs incurred in holding and operating an asset so that it is capable of delivering service levels up to its design capacity over its useful life.
Asset Management Plan (AMP)	Plan that projects the timing and level of cash flows associated with cost-effectively optimising acquisition of replacement and new additional assets and asset maintenance and disposal in order to be able to achieve desired service levels from assets. The Authority is required to

	prepare such a document with a planning period of at least ten years. The plan assists in determining the Authority's funding and financing needs and helps guide the content of the Authority LTFP and Annual Budget.
Asset Renewal/ Replacement Costs	Costs associated with renewing or replacing an asset in order to maintain existing service level capacity.
Asset Renewal Funding Ratio	The ratio of the Authority's capital expenditure on renewal or replacement of assets (net of proceeds from sale of replaced assets) relative to the level of such expenditure proposed in the Authority's Asset Management Plan.
Audit & Risk Management Committee	An Authority committee established pursuant to Schedule 2, Part 2 Clause 30 of the Act and Local Government (Financial Management) Regulations 2011.
Audited Statements	The Annual Financial Statements prepared in accordance with Australian Accounting Standards that have been audited by an external auditor.
Australian Accounting Standards	Accounting Standards issued by the Australian Accounting Standards Board that are equivalent to standards issued by the International Accounting Standards Board. These standards are binding on South Australian Councils and all other bodies established pursuant to the Local Government Act.
Balance Sheet	A financial statement showing the Assets, Liabilities and Equity of an organisation at the end of a reporting period. Also referred to as a Statement of Financial Position.
Capital Expenditure	Expenditure on items which will provide benefits that extend into future financial periods. It includes expenditure to acquire or enhance existing assets to provide expanded, or a higher level of, services.
Cash Flow Statement	A financial statement showing the inflows and outflows of cash and cash equivalents of an organisation during a reporting period. Cash flows are classified as Operating, Investing and/ or Financing activities. Also referred to as Statement of Cashflow.
Depreciation Expenses	The value of the assets of an entity consumed and systematically allocated as an expense to a particular reporting period.
Financial Sustainability	Financial Sustainability occurs when expenditure, revenue raising and service level decisions are made such that planned long-term service and infrastructure levels and standards can be achieved without unplanned increases in rates or disruptive cuts to services.
Forecast Operating Expenses/ Revenue	An estimate of future expenses/ operating revenue for a reporting period as shown in the Statement of Comprehensive Income. Operating expenses are calculated on an accrual accounting basis and include depreciation but exclude expenditure of a capital nature. Operating revenue excludes profit on disposal of non-financial assets and amounts received specifically for new/ upgraded infrastructure and other assets.
Income Statement	Refer to Statement of Comprehensive Income.

Infrastructure	A term used to describe physical assets such as internal roads, buildings and stormwater drainage systems controlled by the Authority.
Key Financial Indicators	Financial measures or ratios that are used in management plans, annual reports and other internal and external reports to guide or assess the financial performance and position of the Authority.
Local Government Finance Authority (LGFA)	Provides investment and loan services and works for the benefit of Councils and other Local Government Bodies within Australia.
Long-Term Financial Plan (LTFP)	A Plan that projects a forecast of the Authority's financial performance and position over a period of at least 10 years. It is one of a suite of documents that collectively make up the Authority's Strategic Management Plan and the Long Term Financial Plan should be consistent with, and express financially, actions expressed or required to give effect to strategies proposed in these other documents.
Model Financial Statements	A template format for the presentation of Annual Financial Statements for South Australian Councils and other bodies established pursuant to the Local Government Act. The Model Financial Statements comply with Australian Accounting Standards and additional requirements imposed under the Local Government (Financial Management) Regulations and are updated annually by the LGA.
Net Financial Liabilities	Net financial liabilities represent what is owed to others less money held, invested or owed to the Authority. Net financial liabilities is the most comprehensive measure of the indebtedness of the Authority as it includes items such as employee long service leave entitlements and other amounts payable as well as taking account of the level of the Authority's cash and investments. It is calculated as total liabilities of the Authority less its financial assets (excluding equity accounted investments in Authority businesses).
Net Financial Liabilities Ratio	The net financial liabilities ratio indicates the extent to which net financial liabilities of the Authority at a point in time could be met by its annual operating revenue. The ratio is calculated by expressing net financial liabilities at the end of a reporting period as a percentage of the Authority's operating revenue for the same reporting period.
Net Lending/ (Borrowing)	The Authority's Net lending/ (borrowing) result in a financial year is calculated as the operating surplus/ (deficit), less capital expenditure on assets, plus depreciation and sale of assets. A 'net borrowing' result therefore represents the extent to which operating expenses (less depreciation) and capital expenditure exceeds funding provided by operating revenue and amounts received specifically for new/ upgraded assets. A net borrowing result increases the Authority's accumulated level of net financial liabilities. A net lending result reduces the level of net financial liabilities.
Operating Surplus/ Deficit Ratio	The operating surplus ratio is calculated by expressing the operating surplus/ deficit shown in a Statement of Comprehensive Income as a percentage of operating income. A negative ratio indicates the percentage increase in total rates that would be required to achieve an operating break-even result (i.e. income is equal to operating expenses).

Statement of Cash Flow	Refer definition for Cash Flow Statement.
Statement of Comprehensive Income	A financial statement included in the Annual Financial Statements that shows all revenue and operating expenses in the reporting period. It highlights the operating surplus/ deficit result, being the extent to which revenue is sufficient or insufficient to fund the cost of services.
Statement of Financial Position	Refer definition for Balance Sheet. Summary Statement including Financing Transactions A high level summary of both operating and capital investment activities of the Authority prepared on a uniform and consistent basis. Amongst other things, this enables meaningful comparisons of the Authority's finances. It also enables financial performance data of the Local Government sector as a whole to be assembled and reported.
Strategic Plan (SP)	A strategic planning document which focuses on the community, rather than the internal operations of the Authority. The Authority must develop and adopt plans (which may take various forms) for the management of its area, to be called collectively the Strategic Management Plans. Section 122 of the Local Government Act specifies some requirements concerning the timing, content and process for developing such plans (which include both LTFPs and AMPs).
Treasury Management Policy	Establishes a decision framework to ensure that: funds are available as required to support approved outlays; interest rate and other risks (e.g. liquidity and investment credit risks) are acknowledged and responsibly managed; and the net interest costs associated with borrowing and investing are reasonably likely to be minimised on average over the longer term.

Appendix A - Estimated Uniform Presentation of Finances

	Q2 Budget Review 2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
OPERATING ACTIVITIES										
Operating Revenues	3,004,585	3,252,353	3,381,490	3,522,990	3,615,028	3,709,474	3,805,764	3,904,723	4,005,420	4,109,186
less Operating Expenses	(3,004,585)	(3,252,353)	(3,381,490)	(3,522,990)	(3,615,028)	(3,709,474)	(3,805,764)	(3,904,723)	(4,005,420)	(4,109,186)
Operating Surplus/ (Deficit)	-	-	-	-	-	-	-	-	-	-
CAPITAL ACTIVITIES										
less Net Outlays on Existing Assets										
Capital Expense on renewal & replacement of Existing Assets	-	-	-	-	-	32,086	13,207	61,748	125,169	-
less Depreciation, Amortisation & Impairment	(673,452)	(706,927)	(721,824)	(736,721)	(751,618)	(766,514)	(781,004)	(795,893)	(810,100)	(824,976)
Net Outlays on Existing Assets	(673,452)	(706,927)	(721,824)	(736,721)	(719,532)	(753,308)	(719,256)	(670,724)	(810,100)	(728,085)
Capital expenditure on new & upgraded assets	-	41,840	-	-	-	-	-	-	-	-
Less Amounts specifically for new & upgraded assets	-	(41,840)	-	-	-	-	-	-	-	-
Net outlays on new & upgraded assets	-	-	-	-	-	-	-	-	-	-
Net Lending/ (Borrowing) for Financial Year	673,452	706,927	721,824	736,721	719,532	753,308	719,256	670,724	810,100	728,085
Financing transactions associated with the above net overall deficit, or applying the overall net funding surplus are as follows:										
(Increase)/Decrease in Cash and Investments	(673,452)	(602,927)	(721,824)	(736,721)	(719,532)	(753,308)	(719,256)	(670,724)	(810,100)	(728,085)
Financing Transactions	(673,452)	(602,927)	(721,824)	(736,721)	(719,532)	(753,308)	(719,256)	(670,724)	(810,100)	(728,085)

Appendix B - Estimated Key Financial Indicators

	Q2 Budget Review									
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Operating Surplus Ratio										
Operating Surplus (\$)	-	-	-	-	-	-	-	-	-	-
Revenues (\$)	3,004,585	3,252,353	3,381,490	3,522,990	3,615,028	3,709,474	3,805,764	3,904,723	4,005,420	4,109,186
Operating Surplus Ratio	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Own Source Income Ratio										
Income - excluding Council Contributions (\$)	1,637,531	1,925,657	2,089,873	2,246,696	2,330,110	2,407,730	2,487,740	2,568,120	2,648,420	2,734,510
Expenditure (\$)	3,004,585	3,252,353	3,381,490	3,522,990	3,615,028	3,709,474	3,805,764	3,904,723	4,005,420	4,109,186
Own Source Income Ratio	55%	59%	62%	64%	64%	65%	65%	66%	66%	67%
Net Financial Liabilities Ratio										
Total Liabilities (\$)	170,246	66,246	66,246	66,246	66,246	66,246	66,246	66,246	66,246	66,246
Less: current cash & cash equivalents (\$)	(867,589)	(1,470,516)	(2,192,339)	(2,929,060)	(3,648,592)	(4,401,900)	(5,121,156)	(5,791,879)	(6,601,979)	(7,330,064)
current trade & other receivables (\$)	(100,101)	(100,101)	(100,101)	(100,101)	(100,101)	(100,101)	(100,101)	(100,101)	(100,101)	(100,101)
non-current other financial assets (\$)	-	-	-	-	-	-	-	-	-	-
non-current financial assets (\$)	-	-	-	-	-	-	-	-	-	-
Net Financial Liabilities (\$)	(797,444)	(1,504,371)	(2,226,194)	(2,962,915)	(3,682,447)	(4,435,755)	(5,155,011)	(5,825,734)	(6,635,834)	(7,363,919)
Total Operating Revenue (\$)	3,004,585	3,252,353	3,381,490	3,522,990	3,615,028	3,709,474	3,805,764	3,904,723	4,005,420	4,109,186
Net Financial Liabilities Ratio	-27%	-46%	-66%	-84%	-102%	-120%	-135%	-149%	-166%	-179%

	Q2 Budget Review 2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Asset Renewal Funding Ratio										
Expenditure on renewal/replacement of assets	-	-	-	-	32,086	13,207	61,748	125,169	-	96,892
Sale of replaced assets	-	-	-	-	-	-	-	-	-	-
Net renewal/replacement of assets	-	-	-	-	32,086	13,207	61,748	125,169	-	96,892
Asset Management Plan amount					32,086	13,207	61,748	125,169	-	96,892
Asset Sustainability Ratio	N/A	N/A	N/A	N/A	100%	100%	100%	100%	N/A	100%

Note on adoption: The Long Term Financial Plan 2018-2027 was adopted by the Authority on 18 May 2018 effective from that date. The Authority prepares its Annual Business Plan and Budget each year, taking into account its long term financial position.

Document History

VERSION	DOCUMENT	ACTION	DATE
0.1	Draft	Considered by Authority Audit & Risk Management Committee (as a draft)	22 March 2018
0.2	Draft	Authority Board endorsement for the purposes of public consultation	18 April 2018
0.3	Final draft	Authority Board endorsement	18 May 2018
1.0	Approved version 1.0	Alexandrina Council – Council endorsement City of Victor Harbor – Council endorsement	3 September 2018 23 July 2018

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