

2015-2016 ANNUAL BUSINESS PLAN AND BUDGET

(Including Supporting Financial Statements)



Adopted 14th July 2015

**DISTRICT COUNCIL OF KAROONDA EAST MURRAY
2015-2016 ANNUAL BUSINESS PLAN AND BUDGET**

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2015-2016 ANNUAL BUSINESS PLAN & BUDGET FOR COMMUNITY CONSULTATION

9 July 2015

Your Worship the Mayor and Elected Members,

Enclosed please find Council's 2015-2016 Annual Business Plan & Budget to be adopted on 14th July 2015 as required under the Local Government Act 1999.

As indicated in the document title, the report is two-fold namely (i) 2015-2016 Annual Business Plan and (ii) 2015-2016 Budget and Financial Statements.

Please note that this Annual Business Plan & Budget's formulation reflects an increasing strategic planning methodology, with focus on decisions impacting on future budgets and Council's financial sustainability, eg. significant capital expenditure which will have a long term impact.

In 2014/2015, Council like all other councils within South Australia has felt the impact of the 2014 Budget handed down by the Federal government. Not only has Supplementary Local Roads funds being withdrawn, the Financial Assistance Grants is also no longer indexed annually. This obviously has impacts on Council's long term financial position and place Council in a position where borrowing may be considered in the future to fund capital expenditure.

It is to be noted that Council's 2015/16 Budget assumes that four quarterly instalments of Federal Government Financial Assistance Grants (both general purpose and untied local roads components) will be received in 2015/16. This anticipates that the Federal Government will provide, in June 2016, an advance payment of two quarters of Financial Assistance Grants otherwise payable in 2016/17 (similar to the arrangements which recently occurred in June 2015). This budgeting approach ensures that the main focus remains on Council's underlying operating result, which on average will include four quarterly instalments of Financial Assistance Grants.

The 2014-2019 Roads to Recovery funding round announced for Council was \$1,455,167 broken down over the 5 years. This was recently increased to \$2,221,611 as result of the Federal Government announcement of new funding from fuel excise change. Roads to Recovery funding supplements Council's income base to fund roads projects. The 2015/2016 allocation is now \$693,140 due to this change, up from \$485,056.

On a different note, a major project which has been carried forward previously is the Memorabilia Building, which was further considered by Council on 9 June 2015. An amount of \$400,000 has been included in the 2015/16 Budget to enable this project to proceed.

1.0 2015-2016 Annual Business Plan

This Annual Business Plan (ABP) provides the Community with information regarding Council's operations and services. It also provides the Community with Council's intended objectives for the 2015-2016 financial year, and accompanied by details of income and expenditure that will assist Council to achieve these objectives.

Changing priorities or different circumstances may necessitate changes to the ABP. Council will notify the Community when any major change is required through its Community Newsletter, DCKEM Website and Facebook page.

Council will measure performance against objectives by the successful completion where possible of projects on time and within budget.

Each year Council reviews its previous year objectives and updates the Community on what was achieved for that year. A summary of key results accompany the first rate notice issued each year.

Given the Council adoption at the 14 July 2015 meeting, and as required by the Local Government Act 1999, a copy of this DCKEM Annual Business Plan & Budget for 2015-2016 will be made available via Council website, www.dckem.sa.gov.au for easy access to ratepayers, as well as via copies that can be viewed for free at the Council office, 11 Railway Terrace, Karoonda. Any request for printed copies may attract a minimal fee, and can be arranged via the Council office at the address mentioned earlier, or by contacting telephone 8578 1004.

1.1 DCKEM Long Term Strategic Planning

In conjunction with the ABP, Council has also developed and adopted a range of longer term management plans which collectively not only supplement the Council's current Strategic Management Plan (SMP), but specifically addresses various aspects of the SMP.

These complimentary long term management plans consist of the Long Term Financial Plan (LTFP) and the Infrastructure and Asset Management Plan (I&), which are being reviewed in 2015/16. These plans assist Council in determining the optimal period for renewing/replacing its major assets and Infrastructure in a way which minimises whole of life cycle costs. They also assist Council in determining expenditure priorities now and in to the future, and ensuring Council's long-term financial sustainability. The Strategic Plan's objectives and strategies relative to the ABP are summarised below in pages 11 to 14.

1.2 Council Profile

The District Council of Karoonda East Murray is located in the Murraylands region of South Australia. Karoonda is approximately 150 Kilometres East of Adelaide and is located on the Karoonda Highway. The District Council of Karoonda East Murray shares its boundaries with Coorong and Southern Mallee Council's to the South, Loxton Waikerie Council to the North East, Mid Murray Council to the North West and the Rural City of Murray Bridge to the West.

District Population is approximately 1,033 as at the last Census and the Council area is 4,415 square kilometres with a large road network of some 1,298 kilometres of roads of which approximately 123 kilometres are sealed.

1.3 Council Services and Responsibilities

Councils are required to provide certain services under various Acts of Parliament including the Local Government Act.

Services that Council is required to provide include Planning, Building and Development and Dog & Cat Management (*Regulatory Services*); Environmental Health (*Health Services*) and Fire Prevention services (*Public Order & Safety*)

In addition to the above, the District Council of Karoonda East Murray also provides a number of other services for the benefit of the ratepayers and the community including:

- *Administration*
 - Governance, Finance, Purchasing, Customer Service, Grants application, Justice of the Peace
- *Health*
 - Including Immunisation Support, Health Services
- *Community Support*

- Community grants, Volunteer Groups assistances, Retirement units, Healthy lifestyle, Youth
- *Community Amenities*
 - Public Convenience, Street Lighting, Community Wastewater Management Scheme (CWMS), and Cemeteries
- *Environment*
 - Including Roadside Vegetation maintenance, Rubbish Collection and Recycling, Waste Management Facilities
- *Recreation*
 - Including Recreation Facilities, Reserves and Picnic Areas, Playgrounds
- *Culture*
 - Including Community /School Libraries Support, Australia Day, Memorabilia and Historical amenities
- *Transport & Communication*
 - Including Council Plant & Equipment, Roads Construction & Maintenance, Stormwater Drainage, Footpaths
- *Business Undertakings*
 - Caravan Park, Accommodation
- *Economic Development*
 - Economic Development & Tourism

Refer for more details from pages 15 to 20.

1.4 How does Council determine that Services are provided?

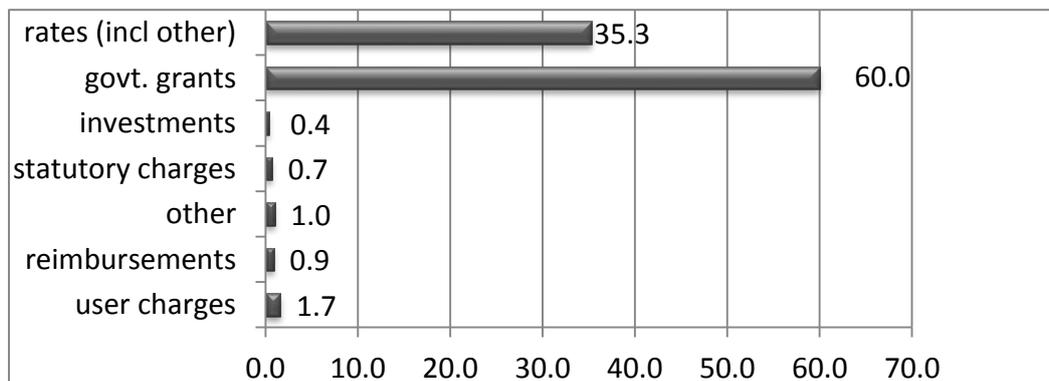
Council's suite of strategic management plans mentioned earlier, outline the longer-term objectives and priorities for the Community, as well as assist to determine the infrastructure needs and services Council will provide.

1.5 How does Council pay for all these Services?

Council has limited options to pay for these services. It receives substantial State and Federal grants and subsidies. Income can be raised by some fee-paying activities (e.g. hire of community facilities, maintenance fees, private works and rentals). However, Council's primary source of raising income is a property-based tax - Council Rates.

1.6 Council's Revenue

Council general rate revenue comprises 32.3% and other rates (CWMS & NRM) 3% of total annual revenue. Other sources of income include government grants 60%, user charges 1.7%, reimbursements 0.9%, statutory charges 0.7%, investments 0.4%, and other income 1%.



1.7 Rates Revenue - How does Council determine what rates I will pay?

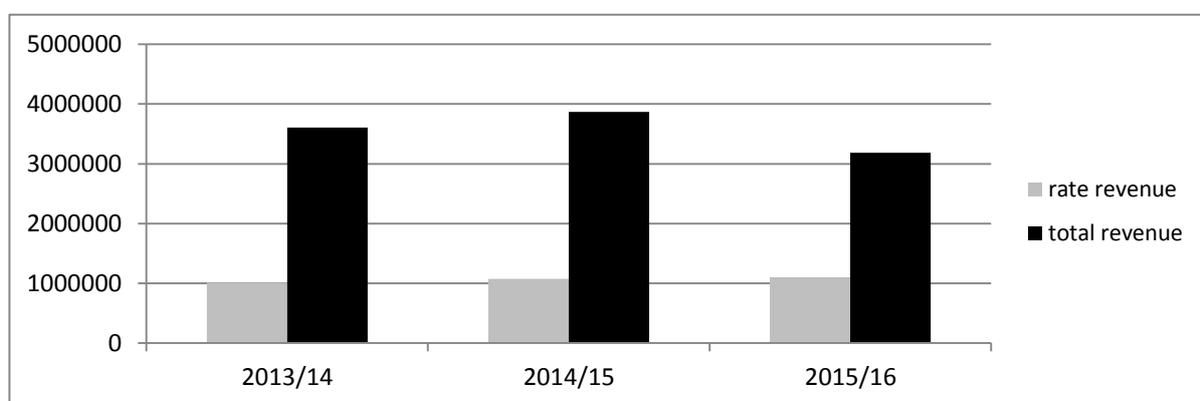
Council adopts capital values of properties as the basis for distributing its rate revenue target among ratepayers. Values are provided by the State Government Valuer Generals Department. The mechanism used by Council is to declare one rate in the dollar for all rateable properties.

For example -: a property has a capital value of \$200,000 and Council declares a rate in the dollar (2015-2016) of 0.4410 cents that property will pay \$200,000 x 0.4410 cents rounded = \$882.

Council reduces or increases the rate in the dollar to meet Council Budget revenue targets.

In 2014/2015 Council's general rate revenue was \$1,080,166 (excluding discount) and in the 2015-2016 financial year the approved 3.25% increase will raise rate revenue to \$1,115,271 (excluding estimated fines income \$4,500 and projected rates discount of \$18,500).

1.8 Rates Revenue 2013/14, 2014/15 and for 2015/16 (after projected discount)



1.9 Rating Considerations for 2015-2016

In setting its rates for the 2015-2016 financial year the Council has considered the following:

- The current economic climate and relevant factors such as consumer price index, inflation and interest rates.
- The farming community continues to have varied returns as a result of fluctuating seasonal conditions and commodity prices.
- The need to continue to replace and upgrade infrastructure assets that include both plant and machinery and Council's road network.
- The financial contribution to the East Murray and Karoonda Area School's Community Library Services.
- The objective of attracting and continuing to attract and support business activity to generate economic development.
- Council's Strategic Plan and the meeting of those objectives.
- The budget for the 2015-2016 financial year and the long-term financial plans.
- Householders, businesses and primary producers.
- The broad principal of achieving equity in the charging of rates.
- Minimising the level of general rates required by levying fees and charges for goods and services where that is possible.
- Taking into account increases on Council valuations by the Valuer-General.

Council regularly conducts public consultation on a broad range of issues as required by its Public Consultation Policy. The 2015/16 Annual Business Plan & Budget was advertised for the benefit of ratepayers via two regional newspapers, Council website and Facebook page; with the invitation to submit written feedback and comments prior to adoption. There was also provision on Council's Website, for ratepayers to ask and answer questions to Council and from which to receive submissions. The Council sets aside time at its Council meeting to hear any submissions if required.

1.9.1 Method Used to Value Land

The Council may adopt one of three valuation methodologies to value the properties in its area. They are:

- Capital Value – the value of the land and all improvements on the land.
- Site Value – the value of the land and any improvements which permanently affect the amenity of use of the land, such as drainage works, but excluding the value of buildings and other improvements.
- Annual Value – a valuation of the rental potential of the property.

The District Council of Karoonda East Murray has decided to continue to use capital value as the basis for valuing land within its Council area. Council considers that the method of valuing land provides the fairest method of distributing the rate burden across all ratepayers on the following basis:

- The equity principle of taxation requires that ratepayers of similar wealth pay similar taxes and ratepayers of greater wealth pay more tax than ratepayers of lesser wealth.
- Property value is a relatively good indicator of wealth and capital value, which closely approximates the market value of a property and provides the best indicator of overall property value.
- The distribution of property values throughout the Council area is such that some ratepayers will pay more and some less depending on fluctuations of property value.
- Please note that Council is adopting an increase in rate revenue of 3.25% this year comprising of LG CPI of 1.3% recurring (1.7% capital) and properties valuation growth of 0.9%.

1.9.2 Adoption of Valuations

The Council will be adopting the valuations made by the Valuer-General effective as at 1 July 2015. If a ratepayer is dissatisfied with the valuation made by the Valuer-General then the ratepayer may object to the Valuer-General in writing, within 60 days after the date of service of the Rates notice, explaining the basis for the objection to **State Valuation Office, GPO Box 1354, Adelaide SA 5001** Email objections@saugov.sa.gov.au

1.9.3 Business Impact Statement

The Council has considered the impact of rates on all businesses in the Council area, and in particular primary production. Council has also considered the equity of the distribution of the rate burden between Ratepayers; Council's policy on facilitating local economic development; current local, state and national economic conditions; changes in the valuation of business and primary production properties; and specific Council projects for the coming year and specific infrastructure maintenance issues.

1.9.4 Council's Revenue Raising Powers

All land within a Council area, except for land specifically exempt (eg Crown land, Council occupied land and other land prescribed in the Local Government Act 1999 – refer Section 147 of the Act, is rateable. The Local Government Act provides for a Council to raise revenue for the broad purposes of the Council through a general rate, which applies to all rateable properties, or through differential general rates, which apply to classes of properties. In addition, Council can raise separate rates, for specific areas of the Council or service rates or charges for specific services. Council also raises revenue through fees and charges, which are set giving consideration to the cost of the service provided and any equity issues. The list of applicable fees and charges is available at the Council Offices, 11 Railway Terrace, Karoonda.

1.9.5 General Rates

The Local Government Act provides for a Council to raise revenue for the broad purposes of the Council through a general rate that applies to all rateable property.

Council collects and pays on behalf of the State Government a Natural Resources Management Levy that replaces the previous levy Council paid to the Animal and Plant Control Board. This levy is shown on the Council rate notice. The total Levy collected is estimated to be \$27,300 for 2015-2016. The previous year the actual levy was \$26,600.

A rate modelling exercise has been undertaken to assess the impact on individual rates for this year.

Valuations have slightly increased approximately 0.9% overall with the town valuations remaining virtually unchanged from the previous year. Proposed individual rates increase will average \$22 per property in the Karoonda township and an average increase of \$40.00 for all other areas. However if your Capital Value has increased significantly the rate increase will be higher.

1.9.6 Minimum Rate

Council has set a minimum rate proposed at \$210 compared to \$190 charged last year. The minimum rate is levied against the whole of an allotment and only one minimum rate is levied against two or more pieces of adjoining land owned by the same owner and occupied by the same occupier. Council considers it is appropriate that all rateable properties make a contribution to the cost of creating and maintaining physical infrastructure as well as other Services provided by Council.

1.9.7 Service Charge

The Council provides a Community Wastewater Management System in the township of Karoonda only. Council's Service Charge for 2014/2015 financial year was \$325.00 per unit in relation to a building and \$300.00 for a vacant block. Income from this charge was \$75,681 in the 2014/2015 financial year.

This year the charge proposed will be \$335.00 per unit in relation to a building and \$310.00 for a vacant block. Income estimated at \$77,950.

Council's CWMS (effluent) drainage system has been repaired and upgraded at a significant cost during recent two years.

The effluent water can now, also after filtering, be harvested and recycled to provide irrigation to reserves, road-works and for other Council and Community purposes. Users pay a service charge to contribute to the running of this service.

1.9.8 Payment of Rates

In accordance with the Local Government Act 1999 Council is required to offer to its Ratepayers the opportunity to pay Rates in four equal instalments. The proposed instalment dates are the 19 September 2015, 19 December 2015, 19 March 2016 and 19 June 2016. Rates may be paid by any of the following means:

- Using B Pay see front of rate notice for Bpay Biller Code and Reference number.
- EFTPOS by telephone or in person.
- Via Internet using your Bankcard, Visa or Master Card at www.dckem.sa.gov.au.
- In person at 11 Railway Terrace Karoonda 9.00am to 5.00pm Monday to Friday.
- By mail: make cheques payable to District Council of Karoonda East Murray and mark not negotiable. Mail payments with bottom section of notice to District Council of Karoonda East Murray, PO Box 58, Karoonda SA 5307.

1.9.9 Late Payment of Rates

The Local Government Act provides that Councils impose a fine of 2% on any instalment unpaid after the due date. At the expiration of each full month from the due date, interest is charged at the prescribed percentage of the total in arrears and unpaid rates. This does not include interest from previous months.

Council issues a final notice for payment of rates when rates are overdue ie. unpaid by the due date. Should rates remain unpaid more than 21 days after the issue of the final notice then the Council can refer the debt to a debt collection agency for collection. The debt collection agency charges collection fees that are recoverable from the ratepayer.

When Council receives a payment in respect of overdue rates Council applies the money received as follows:

- First – to satisfy any costs awarded in connection with court proceedings;
- Second – to satisfy any interest costs;
- Third – in payment of any fines imposed;
- Fourth – in payment of rates, in chronological order (starting with the oldest account first).

1.9.10 CWMS Concession (removal of Rate Concession)

As result of the 2014 Federal Budget announcement that the National Partnership Agreement on certain concessions for Pensioner Concession Card and Senior Card Holders being cut, and the State Government discontinuing the concessions payable to these cardholders from 30 June 2015; the rate concession will no longer be available. Commencing 1 July 15, the State Government has elected to replace these concessions with a single “Cost of Living Concession (CLC)” payment provided directly to those entitled. This payment may be used to offset Council rates. Note that not all former recipients of rates concessions will be entitled to the new payment. Check your eligibility by contacting the Department for Communities and Social Inclusion (DCSI) Concessions Hotline 1800 307 758 or at www.sa.gov.au/.

The advice given is that the concession for CWMS service charge, which currently amounts to \$110 to the relevant cardholders, is still available and will be reflected on the front of your rate notice as usual.

Ratepayers should not withhold payment of Rates that are due as penalties apply to overdue rates. A refund will be paid to the eligible person if Council is advised that a concession applies and the CWMS charge has already been paid.

1.9.11 Postponement of Rates for Seniors

New Section 182A of the Local Government Act 1999, that allows eligible Senior Ratepayers to postpone a proportion of their council rates each financial year commencing 2007-08, provides for a threshold amount of rates that cannot be postponed. The threshold is set at \$500.00 or if a pension concession is provided that would be reduced to a \$310.00 threshold annually. The outstanding rates will attract interest (i.e. the scheme is non-concessional) and will remain a charge on the property until the property is sold or that person no longer lives on the property or becomes ineligible to continue the postponement. For further information and application forms and details please contact the Manager, Corporate Services or the Chief Executive Officer, District Council of Karoonda East Murray PO Box 58 Karoonda SA 5307 on 85781004.

1.9.12 Incentive for Early Payment

As per Council’s current rate Payment Policy, incentive for full payment of annual rates (plus any arrears) is a discount percentage to be determined by Council. It is recommended that a discount of 3% will be deducted from total amount, as long as payment is received into Council bank account by **19 September 2015** the due date of the first instalment. Please allow for at least 2 business days for any payment made by internet, BPay, Eftpos or via phone banking.

1.9.13 Sale of Land for Non-Payment of Rates

The Local Government Act 1999 provides that Council may sell any property where the Rates have been in arrears for three years or more. Council is required to notify the owner of the land of its intention to sell the land. Provide the owner with details of the outstanding amounts and advise the owner of its intention to sell the land if payment is not received within one month.

Except in extraordinary circumstances or approval has been granted for postponement of Rates the Council enforces the sale of land for non-payment of Rates.

1.9.14 Rebate of Rates

The Local Government Act 1999 requires Council's to rebate the rates payable on some land. Specific provision is made for land used for Health Services, Community Services, Religious purposes, Public cemeteries and Education institutions.

The Council under Section 166 of the Local Government Act 1999 may apply discretionary rebates.

(Note – the State Government funds a range of remissions on council rates. The remissions are administered by various State Government agencies that determine eligibility and pay the remissions direct to the council on behalf of the ratepayer. Remissions are available only on the principal place of residence. Further details are provided on the back of the Rate Notice.

1.9.15 Difficulty in Paying Rates

Rates are payable in full or by four separate quarterly instalments.

However, Section 182 of the Local Government Act 1999 permits the Council on the application of a Ratepayer to partially or wholly remit Rates or to postpone Rates on the basis of hardship.

If any Ratepayer is experiencing financial difficulties and would like to discuss an alternative agreeable payment plan this flexibility is also available.

Please contact the Manager, Corporate Services, or the Chief Executive Officer on 85781004 for a confidential discussion.

1.9.16 Rate Capping Policy

Council has adopted a Rate Capping Policy. That Policy will ensure no ratepayer will pay more than 15% than was paid in the previous year. A rebate of the difference will apply. However you are not entitled to the rebate if ownership of the property has changed since 1 January 2015, or improvements have been made on the property since 1 January 2015 with a value in excess of \$10,000 or if there has been a change in land use and or other valuation error that occurred in the previous year that has led to the increased valuation for the current year.

The rebate should be applied for in writing to Council, and application must be received by the 30 September 2015, addressing the Chief Executive Officer, District Council of Karoonda East Murray PO Box 58 Karoonda SA 5307.

1.10 The Annual Business Plan (ABP) Reflects Council Objectives & Strategies

The purpose of the Annual Business Plan is to translate the key objectives of the Strategic Plan into direct actions which may be accomplished in each financial year. The Annual Business Plan summarizes the operational objectives for the near future (usually one year) and shows how they will be achieved. Refer to the following tables. Furthermore, it serves as a blueprint to guide the Council's policies and strategies, and is continually modified as conditions change and new opportunities and/or threats emerge.

Objective 1 – Expand the economic prosperity of our community in a sustainable manner

Strategy No.	Strategy	Annual Business Plan 2015/16 – Actions	Budget 2015/16 Income	Budget 2015/16 Opex	Budget 2015/16 Capex
1.1	Recognise and promote the value of primary industries and associated businesses and provide advocacy and assistance where practicable.	<p>On an annual basis Council is to have regard to the impact of rates taking into account seasonal conditions and commodity prices.</p> <p>Continue to give support to the Murraylands & Riverland RDA (M&R RDA) to investigate processing and value-adding opportunities.</p> <p>Support to the community group for the establishment of a trade weighbridge.</p> <p>Continue to support Farm fair at Karoonda Oval facilities</p>		<p>Riverland RDA membership \$8K</p> <p>Donation for weighbridge \$50K; ad hoc support for local industry & business \$5K</p> <p>Farm fair various assistance \$5K</p>	

Objective 2 – Optimise and improve the districts capital and physical infrastructure

Strategy No.	Strategy	Annual Business Plan 2015/16 - Actions	Budget 2015/16 Income	Budget 2015/16 Opex	Budget 2015/16 Capex
2.1	Implement improved capital works, including the road network and other infrastructure in accord with the long term Infrastructure and Asset Management and Long Term Financial Plans.	<p>Review and adoption of the Long Term Infrastructure Plan, Asset Management Plan and Long Term Financial Plans annually.</p> <p>Explore new and emerging technologies and innovative practices for the construction and maintenance of roads and footpaths.</p> <p>Utilise Roads to Recovery funds to maintain existing council roads based on 2014/2019 funding round. Various roads identified for 2015/16 Budget.</p>	<p>Local Roads Grant \$330K</p> <p>Rent & user charges \$35K</p> <p>Roads to Recovery Grant \$693K</p>	<p>Roads Maintenance \$620K; Street & Footpath Maintenance \$21K; Stormwater Mtce \$5K; Kerb & Watertable \$2K; Traffic Control \$16K; Various Signs \$31K; Street Lighting \$13K</p> <p>Council chamber & Council buildings/house/Institute /Masonic hall mtce \$43K; Cemeteries \$10K; Public Toilets \$30K</p>	<p>Unsealed Roads \$1,497K (incl Roads to Recovery); Stormwater \$120K; Footpath \$12.5K; CWMS pump & chamber Kulkami Rd \$35K</p> <p>Plant replacement \$394K excluding Garbage truck (net of trade in)</p>

2.2	Manage the collection, storage and recycling of waste in the most effective and efficient manner.	Continue to place a priority on recycling of waste and options available to Council in 2015/16. Annual Business Plan to reflect costs of existing services. Also explore a mechanised monthly recycle collection by use of wheelie bins.		Garbage Collection contract with SMDC \$86K; Other Garbage \$34K; Disposal Bins \$16K; Recycling \$13K	Planned replacement Garbage truck \$150K
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Objective 3 – Provide open and effective leadership in close cooperation with the community

Strategy No.	Strategy	Annual Business Plan 2015/16 - Actions	Budget 2015/16 Income	Budget 2015/16 Opex	Budget 2015/16 Capex
3.1	Provide effective leadership to the community through the Council governance framework, policies and practices.	<p>Council services, leadership through governance, policies and practices</p> <p>Conduct community discussion forums on major projects and issues within the District.</p> <p>Ensure Council's website and Facebook page is current and provide news and relevant information to stakeholders.</p> <p>The Strategic Plan to be the basis for formulation for Budgets and the Annual Business Plan. Review and adoption of the Long Term Infrastructure Plan, Asset Management Plan and Long Term Financial Plans annually.</p>	<p>General Rates \$1,101K (net of 3% discount \$19K)</p> <p>Financial Assistance Grants \$1,222K</p> <p>Bank investment interest \$15K; Other \$2K</p> <p>Regulatory services: Dogs Management \$9K</p>	<p>Elected members expenses \$85K; Governance \$121K; IT & Records \$102K; Administration \$262K; Customer service \$35K; Registration, Insurance & W/comp \$183K</p> <p>Dogs Management \$5.2K; General Inspectorial \$1K</p> <p>LGA, MMLGA and other subs \$16K; Contribution for MMLGA video conferencing \$17K</p> <p>Website upgrade \$10K</p> <p>Strategic planning & Annual Report \$40K; Financial assisted review of strategic plans (I&AMP & LTFP) \$6K; CWMS asset revaluation \$10K</p>	Various admin & office IT equipment \$9K
3.2	Actively encourage provision of leadership development programs with a focus on youth in conjunction with business and community groups.	Continue to sponsor Youth Leadership Programs.		Youth Opportunities Program \$6K	Continue to sponsor Youth Leadership Programs.
3.3	Ensure that community needs and aspirations are reflected in discussions and negotiations within	Council to continue to represent the needs of the area in a variety of forums and actively contribute to and work with other Councils and			

	the region and with other tiers of government.	regional organisations ensuring adequate Council representation on Committees and Boards.			
3.4	Enhance community governance and engagement strategies and practices.	On an as needs basis continue to carry out community consultation.	Newsletter income \$1.5K EAS library income \$1.4K & KAS income \$0.5K	Community newsletter \$8K Support for provision of community libraries (includes new furniture & RFID \$1.5K each):- at East Murray \$6K & Karoonda \$10K	
3.5	Promote safety in the workplace through best practice Workplace Health & Safety plans, policies and actions.	Continued allocation of resources to the WH&S Program and continue to participate in the One System Implementation Program with a specific focus on risk assessment.	WHS & other rebate \$14K	WHS costs \$16K	

Objective 4 – Encourage and support healthy lifestyles, community safety and improved well being

Strategy No.	Strategy	Annual Business Plan 2015/16 – Actions	Budget 2015/16 Income	Budget 2015/16 Opex	Budget 2015/16 Capex
4.1	Advocate for the provision of relevant and accessible health facilities and acute and primary health care services to the broad community	Continue to advocate for the retention and improvement of provision of health services.	Immunisation & other Income \$2K	Health Inspection and Immunisation \$10K Aged Care \$8K	
4.2	Recognise the value of volunteers in the district and continue to advocate for and where possible support sustainable community organisations.	Council be aware of the Volunteer Strategy for South Australia 2014 to 2020 and relevance of Council's policy. Plan an annual event that recognises the importance and value of volunteers and provide an annual budget allocation including volunteer recognition.		Recognition of volunteers \$5K	
4.3	Promote and foster opportunities for the growth of local sporting groups and organisations	Fees and charges for all Council owned facilities to be retained at a realistic level. Provide Council resources where appropriate (plant and equipment) to support upgrading and maintenance of sporting facilities.	Fees and charges \$1K	Community Grants \$10K; Karoonda Football oval and Recreation \$37K; Wynarka Recreation \$3K	
4.4	Provide appropriate standard streetscapes, parks and reserves which support safe and healthy lifestyles	Continue the Railway Terrace upgrade and ongoing expenditure reflected in the 2015/16 Budget.		Playgrounds \$7K; Town Reserves \$9K; Other reserves \$41K	Railway Terrace Upgrade \$50K
4.5	Continue to advocate and support programs that contribute to the health and wellbeing of the community.	Provision of funds to continue programs as established under Healthy Murraylands. 2015/16 Budget allocation of \$10,000		Healthy Murraylands Program – Community Gym \$5K; Support for Kindergym \$5K ;	

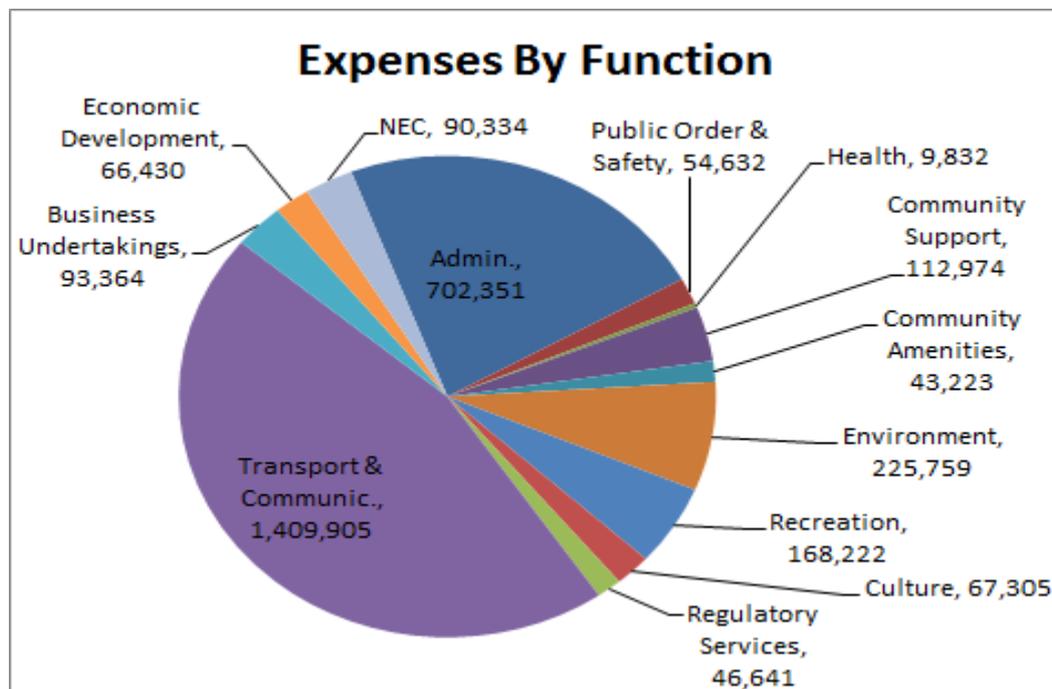
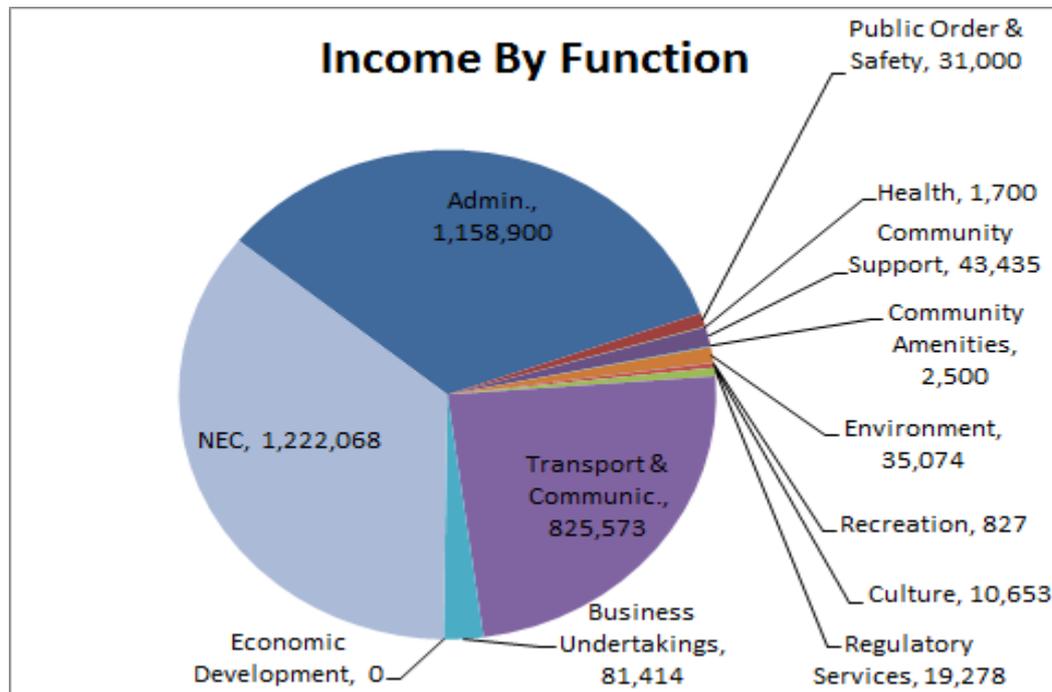
		which includes support for the Community Gym and Kindergym if required.		Star Club subscription \$2.1K School community swimming pools \$15K	
		Provision of Retirement Units and ongoing maintenance.	Retirement village maintenance fees \$15K	Retirement village maintenance \$30K	Ongoing RV capital upgrade \$20K
4.6	Advocate for the provision of relevant and accessible health facilities and acute and primary health care services to the broad community	Continue to advocate for the retention and improvement of provision of health services.	Immunisation & other Income \$2K	Health Inspection and Immunisation \$10K Aged Care \$8K	

Objective 5 – Protect and enhance our natural and built environment and heritage in partnership with our community

Strategy No.	Strategy	Annual Business Plan 2015/16 - Actions	Budget 2015/16 Income	Budget 2015/16 Opex	Budget 2015/16 Capex
5.1	Provide support and programs for climate change adaptation, risk management strategies and natural resource management and work collaboratively with Federal State agencies.	Integration of climate change strategies into Council practices along with risk management and natural resource management. Where applicable seek grant funding to assist with implementation.	NRM Levy collected \$27.3K	Fire Protection \$21K; State Emergency Service \$3K NRM Levy \$27.3K	
5.2	Recognise the value of the districts history both recent and past by supporting sustainable initiatives and programs.	Continue to maintain and update the MOSAIC program. Advance the Historical Preservation Report which includes the provision of a Memorabilia Building and/or archival storage and identified actions at Pioneer Park.		MOSAIC and Memorabilia Advisory expenses \$11K; Railway Station \$1.2K; Karoonda & Dist Historical Group \$8.4K WW 1&2 Memorial Gates \$20K	Memorabilia Building \$400K Railway Station building improvements \$3K
5.3	Establish and maintain policies and procedures to adequately protect and conserve our natural environment.	Give credence to Council's Roadside Vegetation Management Plan and continue to work collaboratively with the NRM for the conservation of the natural environment	Building & Planning fees \$11.2K	Building, planning & development expenses \$38K	
5.4	Adopt ecologically sustainable development principles in all Council's activities where possible.	Where applicable integrate ecologically sustainable practices of Council across the activities of Council. Provision of Wastewater Irrigation Management Plan (WIMP) for CWMS water re-use.		Water re-use initiative; Water Irrigation Management Plan \$12K	

1.12 Main Objectives & Strategies By Council Functions

The overall functions and responsibilities of Council are listed under 1.3 and also detailed below. It is always the aim of Council to provide ratepayers sufficient information of the spread of Council resources. A diagrammatical representation of both income and expenditure are as follows. The corresponding report is found in page 32. Note NEC or "Not Elsewhere Classified" comprise of general plant, depot and general organisational on-costs.



Administration & NEC

The Administration function of Council comprise of the administration requirements, such as support work for all Council services whether for regulatory requirement or for service delivery, as well as preparing strategic plans for the area, maintaining an office, supporting the mandatory work of Chief Executive Officer and the elected Council.

All the SMP Objective & Strategies drive this function and in particular the following:

Objective 3 – Provide open and effective leadership in close cooperation with the community

Strategy No.	Strategy	2015-16 Income to be derived (if any)	2015-16 Operating Exp Budget	2015-16 Capital Exp Budget
3.1 to 3.5	Provide effective leadership to the community through the Council governance framework, policies and practices.	Rates \$1,101K Grants \$1,222K Investment \$15K Other \$24K Gain on disposal of asset \$20K	General Opex incl payroll, training, elected members, governance & WHS \$1,125K Insurance \$183K (allocated across Council)	Other IT \$9K

Public Order & Safety

The Public Order & Safety function of Council undertakes the supervision and management of fire prevention and protection regulatory requirements that Council fulfils under the legislation on behalf of the Chief Executive Officer and the elected Council.

Objective 3 particularly drives this function:

Objective 3 – Provide open and effective leadership in close cooperation with the community

Strategy No.	Strategy	2015-16 Income to be derived (if any)	2015-16 Operating Exp Budget	2015-16 Capital Exp Budget
3.1	Provide effective leadership to the community through the Council governance framework, policies and practices.	Fire protection income \$30K Other \$1K	General Opex \$54K	Nil
3.4	Enhance community governance and engagement strategies and practices.			

Health

The Health function of Council undertakes the supervision and management of health inspection, immunisation and other health-related regulatory requirements that Council fulfils under the legislation on behalf of the Chief Executive Officer and the elected Council.

Objective 4 particularly drives this function:

Objective 4 – Encourage and support healthy lifestyles, community safety and improved well being

Strategy No.	Strategy	2015-16 Income to be derived (if any)	2015-16 Operating Exp Budget	2015-16 Capital Exp Budget

4.1 & 4.6	Advocate for the provision of relevant and accessible health facilities and acute and primary health care services to the broad community Continue to advocate and support programs that contribute to the health and wellbeing of the community.	General Income & grant \$1.7K	General Opex \$10K	Nil
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Community Support

The Community function of Council is usually an instigative work through the community feedback, requests made either directly to the elected members or the Chief Executive Officer, whereby after Council discussion and approval, the programs, requests or donations are made in line with the strategic planning and budget affordability. A significant portion of this function also deals with making available buildings and retirement village units for community support priorities. Council as part of forward planning and further formulation of Long Term Financial Plans and Infrastructure & Asset Management Plans is considering building further Retirement Units. These could be either outright purchase or rental arrangements.

Objective 4 particularly drives this function:

Objective 4 – Encourage and support healthy lifestyles, community safety and improved well being

Strategy No.	Strategy	2015-16 Income to be derived (if any)	2015-16 Operating Exp Budget	2015-16 Capital Exp Budget
All	All	General Income from rent and other \$43K	General Opex \$113K	RV refurbishment \$20K

Community Amenities

The Community Amenities function of Council involves the management and services for public convenience and management of Council cemeteries.

Objectives 2 & 3 particularly drives this function:

Objective 2 – Optimise and improve the districts capital and physical infrastructure

Objective 3 – Provide open and effective leadership in close cooperation with the community

Strategy No.	Strategy	2015-16 Income to be derived (if any)	2015-16 Operating Exp Budget	2015-16 Capital Exp Budget
2.1	Implement improved capital works, including the road network and other infrastructure in accord with the long term Infrastructure and Asset Management and Long Term Financial Plans.	General Income from rent and other \$2.5K	General Opex \$43K	Nil
3.1	Provide effective leadership to the community through the Council governance framework, policies and practices.			

Environment

The Environment function of Council undertakes the supervision and management of environmental-related regulatory requirements that Council fulfils under the legislation on behalf of the Chief Executive Officer and the elected Council. Such services include stormwater maintenance, sanitation, garbage collection, waste management and recycling services. The work of the Natural Resources Management (NRM) also comes under this function only in the context of Council collecting the NRM levy.

Objective 5 particularly drives this function:

Objective 5 – Protect and enhance our natural and built environment and heritage in partnership with our community

Strategy No.	Strategy	2015-16 Income to be derived (if any)	2015-16 Operating Exp Budget	2015-16 Capital Exp Budget
5.1	Provide support and programs for climate change adaptation, risk management strategies and natural resource management and work collaboratively with Federal State agencies.	General Income and NRM levy \$35K	General Opex & NRM \$140K	Stormwater construction \$120K
5.3	Establish and maintain policies and procedures to adequately protect and conserve our natural environment.		SMDC Garbage collection contract \$86K	
5.4	Adopt ecologically sustainable development principles in all Council's activities where possible.			

Recreation

The Recreation function of Council is usually an instigative work through the community feedback, requests made either directly to the elected members or the Chief Executive Officer, whereby after Council discussion and approval of the programs, requests or donations are made in line with the strategic planning and budget affordability. A significant portion of this function also deals with management and upkeep of playground and reserves. The Community Healthy Programs (including Community Gym and Kinder Gym) also comes under this function as well as assistance given to the School/Community Swimming Pools.

Objective 4 particularly drives this function:

Objective 4 – Encourage and support healthy lifestyles, community safety and improved well being

Strategy No.	Strategy	2015-16 Income to be derived (if any)	2015-16 Operating Exp Budget	2015-16 Capital Exp Budget
4.3	Promote and foster opportunities for the growth of local sporting groups and organisations	General Income from rent and other \$0.8K	General Opex 106K	Railway Tce upgrade c/fwd \$50K
4.3	Promote and foster opportunities for the growth of local sporting groups and organisations		Karoonda Rec & Oval \$37K	
4.5	Provide appropriate standard streetscapes, parks and reserves which support safe and healthy lifestyles		Community Healthy Programs \$10K	
4.6	Continue to advocate and support programs that contribute to the health and		School Pools \$15K	

	wellbeing of the community.			
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Culture

The Culture function of Council deals with a range of services including community events such as Australia Day and involves making available buildings for cultural and activities of historical interest such as Pioneer Park, Railway Station, Memorabilia, the Institute and Masonic buildings. Assurances given to the School/Community Libraries also come under this function.

Objectives 4 & 5 particularly drives this function:

Objective 4 – Encourage and support healthy lifestyles, community safety and improved well being

Objective 5 – Protect and enhance our natural and built environment and heritage in partnership with our community

Strategy No.	Strategy	2015-16 Income to be derived (if any)	2015-16 Operating Exp Budget	2015-16 Capital Exp Budget
4.2	Recognise the value of volunteers in the district and continue to advocate for and where possible support sustainable community organisations.	General Income from rent and other \$11K	General Opex \$47K World Wars Memorial Gate \$20K	Memorabilia Building \$400K
5.2	Recognise the value of the districts history both recent and past by supporting sustainable initiatives and programs.			

Regulatory Services

The Regulatory Services function of Council undertakes the supervision and management of dog, building and planning regulatory requirements that Council fulfils under the legislation on behalf of the Chief Executive Officer and the elected Council.

Objective 3 particularly drives this function:

Objective 3 – Provide open and effective leadership in close cooperation with the community

Strategy No.	Strategy	2015-16 Income to be derived (if any)	2015-16 Operating Exp Budget	2015-16 Capital Exp Budget
3.1	Provide effective leadership to the community through the Council governance framework, policies and practices.	Dog Mangement, Building, Development & Planning income \$19K	General Opex \$47K	Nil
3.4	Enhance community governance and engagement strategies and practices.			

Transport & Communication

The Transport & Communication function is by far the largest service function of Council in terms of service levels expectation, focussed political interest and budget allocation representing about 70% of the total expenditure budget (including plant & depot under NEC function). Work budget allocation is carefully based on strategic management and infrastructure planning. It is also usually result of an instigative work through the community feedback, requests

made either directly to the elected members or the Chief Executive Officer, whereby after Council discussion and approval; the requests or complaints are handled in line with Council policies, the strategic planning and budget affordability. A significant portion of grants funding support from Federal and State governments are usually directed at this function of Council.

Objective 2 particularly drives this function:

Objective 2 – Optimise and improve the districts capital and physical infrastructure

Strategy No.	Strategy	2015-16 Income to be derived (if any)	2015-16 Operating Exp Budget	2015-16 Capital Exp Budget
All	All	Grants Income for Roads and other \$826K	General Opex incl depot & net plant & excl depreciation \$1,034K Tree Trimming \$104K Cat 3 & 4 Contracting \$100K Infrastructure depreciation \$803K	Plant (net) \$544K Unsealed \$1,497K Stormwater \$120K Footpath \$12.5K *(Refer to detailed Capital Listing in page 30)

Business Undertakings & Economic Development

This function is an important one of Council, in terms of economic growth and sustainable development for our District. Council is committed to the ongoing development of our primary industries and supportive of the work of the Murraylands & Riverland RDA which investigates and progress valued-added business and development processes and opportunities for the District. The provision of the Community Water Management System (CWMS) on a service charge basis is also included in this function of Council, as well as the Caravan Park that Council recognises has a significant business potential for the future.

Objective 1 particularly drives this function:

Objective 1 – Expand the economic prosperity of our community in a sustainable manner

Strategy No.	Strategy	2015-16 Income to be derived (if any)	2015-16 Operating Exp Budget	2015-16 Capital Exp Budget
All	All	General income incl CWMS \$77.9K Caravan Park \$4K	General Opex \$109qK Donation to community group re Trade Weighbridge \$50K	CWMS Pump & Chamber Kulkami Rd \$35K

1.13 DCKEM Financial Sustainability

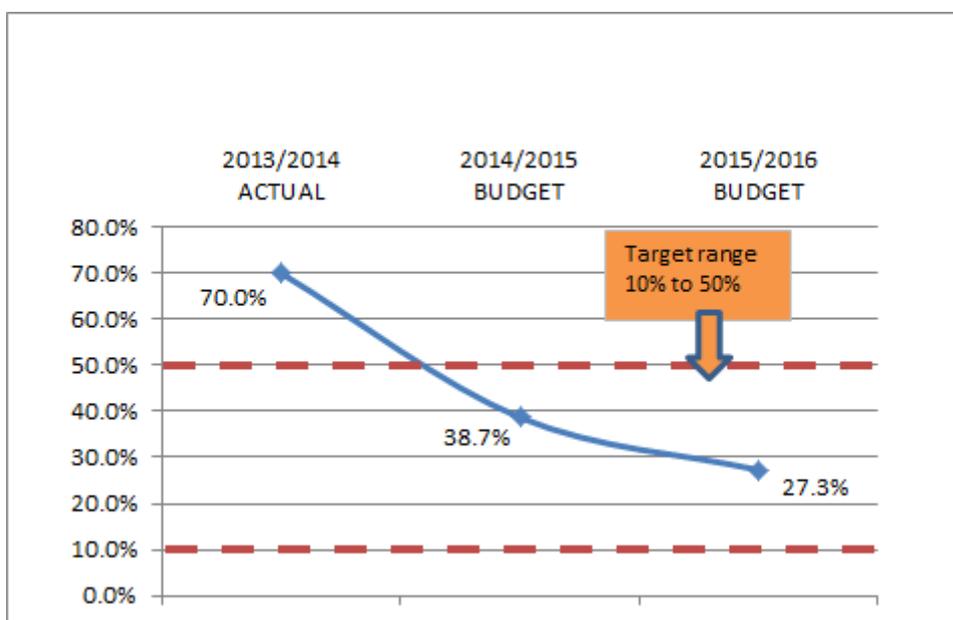
In 2005 an independent inquiry into the financial sustainability of Local Government handed down a report highlighting the need for Council's to place greater emphasis on their financial management practices and ability to operate sustainably into the future.

As a result of this inquiry a standard set of financial indicators has been recommended to be adopted to focus attention on factors that the inquiry identified as a key to securing a Council's long - term financial security.

The District Council of Karoonda East Murray revised financial performance position and proposed targets are summarised below using these key measures. It provides information on both operating and capital investment and has been prepared on a uniform and consistent basis.

	2013/2014	2014/2015	2015/2016
Financial Indicators	Actual	Revised Budget	Draft Budget
Operating Surplus/Deficit Ratio	70.0%	38.7%	27.3%
Net Financial Liabilities Ratio	1.0%	-16.0%	18.1%
Asset Sustainability Ratio	87.0%	128.7%	163.5%

Operating Surplus/Ratio



This expresses the operating surplus/deficit as a percentage of general and other rates net of rebates.

Interpretation

Where an operating deficit exists this measure indicates the percentage increase needed in rate revenue to achieve a break – even operating result. Equally, a break–even operating result could be achieved by decreasing operating expenses.

Proposed Target

To achieve an operating surplus of between 10% and 50% over a five year period.

Net Financial Liabilities

Means total liabilities less financial assets

Interpretation

This ratio is a direct means of a Council's indebtedness taking into account financial assets. Net financial liabilities is a more comprehensive measure than net debt as it includes for example creditors and provisions for employee entitlements.

Proposed Target

There is no right or wrong target. It depends on individual Council circumstances. The Local Government target is that net financial liabilities be no greater than its operating revenue.

Net Financial Liabilities Ratio

Net financial liabilities divided by total revenue.

Interpretation

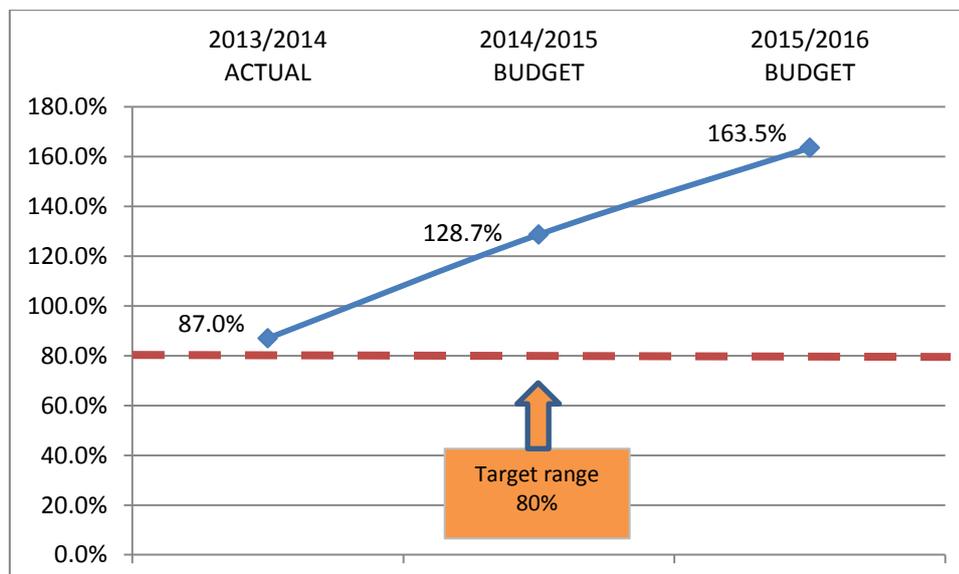
This measure allows interested parties to readily equate the outstanding level of a Council's financial obligations against the level of one year's operating revenue. This measure also indicates the capacity of a Council to meet its financial obligations from revenue streams. Where the ratio is falling it indicates that a Council's capacity to meet its financial obligations from revenue streams is strengthening. Where the ratio is increasing it indicates the Council's capacity to meet its financial obligations is deteriorating.

Proposed Target

An ongoing negative ratio implies that Council may be placing a higher priority on investments in financial assets rather than applying ratepayer funds to services and or infrastructure renewal.

Council will need to review the target for this indicator, given the growing need to fund the infrastructure investments it has undertaken over past years.

Asset Sustainability Ratio



This is capital expenditure on renewal or replacement of existing depreciable assets/depreciation expenses.

Interpretation

This ratio is an indicator of whether the Council is renewing or replacing existing non-financial assets at the rate of consumption. If capital expenditure on renewing or replacing existing assets is at least equal to

depreciation on average over time then a Council is ensuring the value of its existing stock or physical assets is maintained.

Proposed Target

The proposed target is for this ratio on average over the next five years to be greater than 80%.

Council continues to implement the recommendations of the independent enquiry into the sustainability of Local Government Council's. Council will be reviewing its' Long Term Financial and Asset and Infrastructure Management Plans. The Council Audit Committee continues to meet on a regular basis.

Council always aims to be financially sustainable, whilst embarking on major capital expenditure projects in the upcoming 2015-2016 financial years.

2.0 Budget 2015-2016

The following 2015-2016 Budget are submitted for Council's consideration and adoption. The budget is prepared including FCA (Full Cost Attribution)

The proposal on hand is that an increase of 3.25 % to general rate revenue from the previous year, made up of 0.9% growth and 1.9% LG combined CPI. Council Members have been notified of the increase to Council's valuation supplied by the Valuer General in June of this year. The Capital valuation has increased 0.88% from \$261,635,920 in 2014-2015 to \$263,926,420 for the 2015-2016 financial year.

Revenue from general rates "net of discount and fines", is \$1,101,271 for 2015-2016 compared to \$1,075,134 from the previous 2014/2015 year. A 3.25% increase in gross rates revenue is budgeted with a resultant 2.85% increase in the rate in the dollar from 0.4288c to 0.4410c. Minimum Council rates for 2015-2016 will be \$210, compared to previous year at \$190.00.

Previous rate increases over past 5 years

2011/2012	-	5.0% increase and rate in \$ of .003974
2012/2013	-	4.0% increase and rate in \$ of .003955
2013/2014	-	5.0% increase and rate in \$ of .004094
2014/2015	-	4.2% increase and rate in \$ of .004288
2015/2016	-	3.25% increase and rate in \$ of .004410

CWMS service charges are \$335.00 per unit in relation to buildings and \$310.00 per vacant allotment. The service charge for the previous years, were \$325.00 and \$300.00 respectively.

Financial Requirement

The 2015-2016 Budget has been framed to allow for a 3.25% increase in the rates raised this year.

Projected operating income is sufficient to meet projected operating expenses for the 2015-2016 financial year. The 2015-2016 Budget involves estimated operating expenses (including depreciation and Full Cost Attribution) of \$3,090,972. After taking into account income from expected rates, grants and other operating income totalling \$3,412,423, the Council is targeting an operating surplus of \$321,451 and net surplus of \$341,451 after capital income amount.

A copy of the 2015-2016 Annual Business Plan and Budget is available for viewing Karoonda during normal office hours. Copies will also be posted on Council's website www.dckem.sa.gov.au.

Budget Statement of Comprehensive Income

This statement shows Council financial performance.

	2015-16	2014-15
INCOME		
	\$	\$
Rates General	1,101,271	1,075,134
Rates Other	104,419	101,830
Statutory Charges	23,189	22,746
User Charges	55,122	51,096
Operating Grants & Subsidies	2,047,252	2,443,621
Investment Income	15,000	20,000
Reimbursements	30,445	28,082
Other	35,724	51,226
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TOTAL REVENUES	3,412,423	3,793,735
EXPENSES		
Employee Costs	760,606	711,149
Contractual Services	482,931	645,571
Materials	480,947	470,783
Finance Charges	3,800	3,755
Depreciation, Amortisation & Impairment	1,250,660	1,218,433
Insurance & Registration	184,158	160,450
Other	(72,130)	(9,517)
	<hr/>	<hr/>
TOTAL EXPENSES	3,090,972	3,200,624
OPERATING SURPLUS/(DEFICIT)	321,451	593,111
Gain from Asset Disposal	20,000	20,000
	<hr/>	<hr/>
NET SURPLUS (DEFICIT)	341,451	613,111
TOTAL COMPREHENSIVE INCOME	341,451	613,111

Budget Balance Sheet

This statement shows Council financial position.

	\$
CURRENT ASSETS	
Cash and cash equivalents	46,002
Trade & other receivables	41,372
Inventory	50,746
	<hr/>
TOTAL CURRENT ASSETS	138,120
CURRENT LIABILITIES	
Trade & Other Payables	518,617
Borrowings	-
Provisions	143,176
	<hr/>
TOTAL CURRENT LIABILITIES	661,793
Net Current Assets/(Current Liabilities)	(523,673)
NON CURRENT ASSETS	
Financial Assets	4,000
Land Held for Resale	409,671
Land	1,661,703
Buildings	2,565,961
Infrastructure	28,120,612
Equipment	1,889,771
Furniture and Fittings	1,684,404
Other	206,299
	<hr/>
TOTAL NON CURRENT ASSETS	36,542,420
NON CURRENT LIABILITIES	
Provisions	41,930
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TOTAL NON CURRENT LIABILITIES	41,930
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NET ASSETS	<u>35,976,817</u>
EQUITY	
Accumulated Surplus	15,105,544
Reserves	20,871,273
	<hr/>
TOTAL EQUITY	<u>35,976,817</u>

Budget Statement of Changes in Equity

This statement shows Council's equity movement and balance.

	\$
ACCUMULATED SURPLUS	
Balance at beginning of period	14,770,594
Net Operating Surplus/(Deficit)	<u>334,950</u>
Balance at end of period	15,105,544
ASSET REVALUATION RESERVE	
Balance at beginning of period	20,871,273
Revaluation increment	<u>20,871,273</u>
Balance at end of period	20,871,273
TOTAL EQUITY	<u><u>35,976,817</u></u>

Budget Statement of Cash Flows

This statement shows details of Cash Flow from operating, finance and Investment activities.

	\$
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Receipts	3,397,423
Operating Payments	<u>(1,836,512)</u>
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES	<u>1,560,911</u>
CASH FLOW FROM FINANCING ACTIVITIES	
Receipts	
Interest Received	15,000
Loan Received	
Payments	
Bank Charges	(3,800)
Loan Principal Repayment	
NET CASH PROVIDED FROM/(USED IN) FINANCING ACTIVITIES	<u>11,200</u>
CASH FLOWS FROM INVESTMENT ACTIVITIES	
Receipts	
Sale of Replaced Plant Assets	207,000
Repayments of Loans by Community Groups	4,000
Payments	
Purchase of Land & Buildings	(455,000)
Purchase of Infrastructure	(1,629,500)
Purchase of Equipment	(751,000)
Purchase of Office Equipment, Furniture & Fittings	(8,900)
Purchase of Other Assets	<u>(53,000)</u>
	(2,897,400)
NET CASH PROVIDED FROM/(USED IN) INVESTMENT ACTIVITIES	<u>(2,686,400)</u>
NET INCREASE/(DECREASE) IN CASH HELD	(1,114,289)
CASH AT BEGINNING OF REPORTING PERIOD	<u>1,160,291</u>
CASH AT END OF REPORTING PERIOD	<u>46,002</u>

Budget Financial Performance Indicators
Statement showing mandated Financial Ratios.

	ACTUAL 2013/2014	BUDGET 2014/2015	BUDGET 2015/2016
OPERATING SURPLUS RATIO <u>OPERATING SURPLUS</u> RATES GENERAL AND OTHER - NRM LEVY	70.0%	49.3%	27.3%
NET FINANCIAL LIABILITIES RATIO <u>NET FINANCIAL LIABILITIES</u> TOTAL OPERATING REVENUE - NRM LEVY	1.0%	-16.0%	18.1%
ASSET SUSTAINABILITY RATIO <u>NET ASSET RENEWALS</u> DEPRECIATION EXPENSE	87.0%	128.7%	163.5%

EXPLANATORY NOTES ON THE ABOVE FINANCIAL RATIOS

Operating Surplus Ratio expresses the Operating Surplus/Deficit as a percentage of general and other rates, net of rebates. Where an operating deficit exists, this measure indicates the percentage increase needed in rate revenue to achieve a break-even operating result. Equally, a break -even operating result could be targeted by decreasing operating expenses.

Net Financial Liabilities Ratio expresses Net Financial Liabilities as a percentage of Total Operating Revenue. This measure allows interested parties to readily equate the outstanding level of a council's financial obligations against the level of one-year's operating revenue. The measure also indicates the capacity of a council to meet its financial obligations from revenue streams. Where the ratio is falling, it indicates that a council's capacity to meet its financial obligations from revenue streams is strengthening. Conversely, where this ratio is increasing, it indicates that a council's capacity to meet its financial obligations is deteriorating.

Asset Sustainability Ratio expresses net capital expenditure on renewal and replacement of existing assets as a percentage of the optimal level for such expenditure as shown in a council's infrastructure and Asset Management Plan (where the latter level of expenditure is not available for an asset class, depreciation is used as a proxy). Alternatively, a council may choose to calculate this ratio by expressing net capital expenditure on renewal and replacement of existing assets as a percentage of depreciation expenses. Either way, this measure can assist in identifying the potential decline or improvement in asset condition and standards. A percentage less than 100 on an ongoing basis indicates that capital expenditure levels are not being optimised so as to minimise whole of life cycle costs of assets (having regard to the infrastructure and Asset Management Plan) or that assets may be deteriorating at a greater rate than spending on their

Budget Statement for the Determination of Rates

		VARIANCE TO OPERATING BUDGET
REVENUE	\$	\$
Operating Items:		
Statutory Charges	23,189	
User Charges	55,122	
Operating Grants & Subsidies	2,047,252	
Investment Income	15,000	
Reimbursements	30,445	
Gain on Disposal of Assets	20,000	
Other	35,724	
Non Operating Items:		
Capital Revenue	-	-
TOTAL REVENUE	2,226,732	-
EXPENDITURE		
Operating		
Employee Costs	760,606	
Contractual Services	482,931	
Materials	480,947	
Finance Charges	3,800	
Depreciation		1,250,660
Insurance & Registration	184,158	
Other	(72,130)	
Operating Expenditure (excluding depreciation)	1,840,312	
Non Operating		
Capital Expenditure		
Buildings	455,000	(455,000)
<u>Infrastructure</u>		
Infrastructure: Council Constructed	1,629,500	(1,629,500)
Plant & Equipment	751,000	(751,000)
Office Furniture and Equipment	8,900	(8,900)
Other Assets	53,000	(53,000)
Capital Expenditure	2,897,400	
TOTAL Expenditure	4,737,712	(1,646,740)
Cash Surplus / (Deficit): Accumulated Fund	(1,305,289)	1,305,289
GENERAL & OTHER RATE REVENUE REQUIRED	1,205,690	
OPERATING SURPLUS / (DEFICIT)		341,451

Budget Capital Expenditure & Sales Listing (C/F – Carried Forward from previous year)

	<u>Purchases</u>	<u>Sales</u>	<u>Net</u>
Plant and Equipment			
Replace CAT 12M Parol BGrader (Plant 4)	300,000	115,000	185,000
Replace Works Manager Toyota Hilux D/Cab (Plant 25)	35,000	10,000	25,000
Replace Fuso Truck Tipper 6x4 (Plant 28)	199,000	75,000	124,000
Replace Garbage Truck (Plant 14)	152,000	2,000	150,000
Replace Broons Combination Roller	60,000	5,000	55,000
3 Point Linkage Slasher	5,000		5,000
Total Plant and Equipment	751,000	207,000	544,000
Office Equipment			
Replacement Computer (CEO)	2,500		2,500
Minor Office Equipment	1,000		1,000
Office equipment - C/F	5,000		5,000
Android Tablet & Cover - C/F	400		400
Total Office Equipment	8,900		8,900
Land and Buildings			
Memorabilia Building - Building	280,000		-
Memorabilia Building - Fitouts, furniture & fittings	120,000	400,000	400,000
Retirement Village Refurbishment - C/F		20,000	20,000
CWMS Chamber Kulkami Road (plus pump C/F)		35,000	35,000
Total Land and Buildings	455,000		455,000
Other			
Karoonda Railway Station Improvements (incl furniture) - C/F	3,000		3,000
Railway Terrace Upgrade (further work) - C/F	50,000		50,000
Total Other	53,000		53,000
Infrastructure			
Unsealed			
	KMs		
Goondooloo Road Seg 42/66 Cat 1, 9Kms - C/F	9	250,000	250,000
Walker Flat Road Seg 58 Cat 2, 6Kms	6	150,000	150,000
Francis Road Seg 132 Cat 3 - Contractual - Roads To Recovery	3	70,000	70,000
Claypan Road Seg 24 Cat 3 - Contractual	5	120,000	120,000
Bakara to Blackpost Rd Seg 18 Cat 3 - 8Kms - Contractual	8	260,000	260,000
Parakie North Road Seg 370 Cat 2 - Roads To Recovery	8	208,000	208,000
Dart Road Seg 134/136 Cat 3, 6Kms - Contractual - Roads To Recovery	6	210,000	210,000
Hummell Street, 0.6Kms - Contractual	0.6	16,000	16,000
Walker Flat Road Seg 19 Cat 2, 5Kms - C/F of balance from 2014/15	5	120,000	120,000
Tower Drive - Contractor to seal	0.48	40,000	40,000
(includes 28.6Km Council + 22.48Km Contractual)	51.08		
Crushed Rock		53,000	53,000
Total Unsealed		1,497,000	1,497,000
Total Roads		1,497,000	1,497,000
Stormwater Construction Stage 4 - North Tce Bodey St to Angas St - C/F		120,000	120,000
Total Stormwater		120,000	120,000
Chutney - Aberle - Farr Streets - both sides		12,500	12,500
Total Footpath		12,500	12,500
Total Infrastructure		1,629,500	1,629,500
TOTAL CAPITAL PURCHASES/SALES 2015/2016		2,897,400	2,690,400

Statement of Uniform Presentation of Finances

	Note	Full-Year Budget
		\$
OPERATING ACTIVITIES		
Operating Income	1	3,412,423
less Operating Expenses	2	<u>3,090,972</u>
Operating Surplus/(Deficit) (a)	2(a)	<u>321,451</u>
CAPITAL ACTIVITIES		
Net Outlays on Existing Assets (b)		
Capital Expenditure on renewal and replacement of Existing Assets	3	2,251,900
less Depreciation, Amortisation and Impairment	4	1,250,660
less Proceeds from Sale of Replaced Assets	5	207,000
Net Outlays on Existing Assets (b)	6	<u>794,240</u>
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets	7	645,500
less Amounts received specifically for New and Upgraded Assets		
less Proceeds from Sale of Surplus Assets		
Net Outlays on New and Upgraded Assets('c)	8	<u>645,500</u>
Net Lending / (Borrowing) (a)-(b)-('c)	9	<u>(1,118,289)</u>

Explanation of Terms

Note 1: Income available for delivery of services. Includes all grants except those receive specifically to acquire or enhance assets.

Note 2: Cost of services including depreciation expenses

Note 2(a): Operating Surplus/Deficit - Measure of the extent to which operating revenue is or is not sufficient to meet all of the costs of providing Council services which includes depreciation. Where an operating deficit exists some costs being incurred in the current year are not being met by todays ratepayers, thus not operating sustainably. Proposed target is to always achieve an operating break even result or better each year.

Note 3: Expenditure that returns the service potential of existing assets up towards that which they had originally.

Note 4: Depreciation and Amortisation expenses represent the systematic allocation of the depreciable amount of assets over their useful lives. Impairment recognises other deminutions in the carrying amount of assets.

Note 5: Sale proceeds from Sale of replaced assets

Note 6: Consistent negative net outlays on existing assets (bracketed) indicates that overall, existing assets may be deteriorating at a greater rate than expenditure on their renewal or replacement.

Note 7: Expenditure to acquire new assets or enhance existing assets to provide expanded or a higher level of services.

Note 8: Net cost of acquiring or enhancing assets.

Note 9: The Net lending/Borrowing result is a measure of the Council's overall (ie 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 opeating and Capital) from the current years revenue. Net lending reduces a Council's accumulated level of net financial liabilities.

Statement of Operating Budget by Function

Operating Statement detailed according to each function of Council providing estimated Income less Expenses to reveal net cost to Council of each function.

FUNCTION	01	05	10	15	20	25	28	30	45	50	60	70	75/78	TOTAL
	Admin.	Public Order & Safety	Health	Community Support	Community Amenities	Environment	Recreation	Culture	Regulatory Services	Transport & Communic.	Business Undertakings	Economic Development	MEC	
Income														
Rates: General	1,101,271	0	0	0	0	0	0	0	0	0	0	0	0	1,101,271
Rates: Other	0	0	0	0	0	27,300	0	0	0	0	77,119	0	0	104,419
Statutory Charges	2,573	0	1,429	0	0	0	0	0	19,187	0	0	0	0	23,189
User Charges	500	1,000	0	43,435	2,500	390	827	2,175	0	0	4,295	0	0	56,122
Operating Grants	0	0	0	0	0	0	0	0	0	825,128	0	0	1,222,068	2,047,196
Investment Income	15,000	0	0	0	0	0	0	0	0	0	0	0	0	15,000
Reimbursements	0	30,000	0	0	0	0	0	0	0	445	0	0	0	30,445
Gain on Disposal	20,000	0	0	0	0	0	0	0	0	0	0	0	0	20,000
Other	19,556	0	271	0	0	7,384	0	8,478	91	0	0	0	0	36,780
Total Income	1,158,900	31,000	1,700	43,435	2,500	35,074	827	10,653	19,278	825,573	81,414	0	1,222,068	3,432,423
Expenses														
Employee Costs	351,115	40,000	1,000	11,200	7,200	12,000	51,200	17,680	9,480	246,051	9,600	4,080	0	760,606
Contractual Services	157,235	0	1,743	16,612	13,797	96,000	2,977	0	25,228	30,000	19,709	5,290	114,340	482,931
Materials	32,600	1,000	6,000	17,610	11,700	21,700	21,470	31,010	300	43,320	11,217	0	283,020	480,947
Finance Charges	3,800	0	0	0	0	0	0	0	0	0	0	0	0	3,800
Insurance	15,850	510	0	9,200	1,760	2,200	7,920	9,270	1,100	30,238	2,800	0	103,310	184,158
Depreciation	48,600	0	0	44,000	2,000	15,500	34,500	6,524	0	802,600	37,500	800	258,636	1,250,660
Other	93,151	13,122	1,089	14,352	6,766	78,359	50,155	2,820	10,533	257,697	12,538	56,260	(668,972)	(72,130)
Total Expenses	702,351	54,632	9,832	112,974	43,223	225,759	168,222	67,305	46,641	1,409,905	93,364	66,430	90,334	3,090,972
NET	456,549	(23,632)	(8,132)	(69,539)	(40,723)	(190,685)	(167,395)	(56,652)	(27,363)	(584,332)	(11,950)	(66,430)	1,131,734	341,451