



ANNUAL BUSINESS PLAN AND BUDGET

2019-20

Adopted on 12 June 2019

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1. Introduction

The draft Annual Business Plan (“the plan”) outlines the District Council of Kimba’s (“Council”) planned services, projects and major expenditure for the 2019-20 financial year. After taking into account feedback from the community, Council will finalise the plan and budget for the corresponding period.

The plan aims to maintain efficient and desired services and facilities for the community, without imposing an unrealistic rate burden on ratepayers. The provision of services by Council is a reflection of both meeting Council’s obligations under legislation, and making policy choices on behalf of the community to achieve Council’s longer-term goals. Council also has taken account of the current economic and seasonal conditions.

2. District Profile

The District Council of Kimba is located on the Eyre Highway, National Highway One, and covers an area of approximately 3,500 square kilometres and has an estimated resident population of 1,083. Kimba is 475km from Adelaide, 155km west of Port Augusta and 315km east of Ceduna. Neighbouring towns are Cleve (69 km), Kyancutta (90 km), Cowell (90km) and Whyalla (145km). The district has an extensive road network, with some 1,716km of roads, 100km of which are sealed.

3. Strategic Directions

Council reviewed and adopted its revised 2016-2020 Strategic Directions Plan in June 2016. Among other things, the plan considered regional, state and national objectives and strategies relevant to the social, physical, environmental development and management of Council’s area of responsibility. This plan identifies key issues and projects which will provide for a range of affordable services and facilities, while ensuring the ongoing sustainability and prosperity of Kimba. In addition, it incorporates emerging challenges and opportunities. Following the November 2018 election a full review of the 2016-2020 Strategic Directions Plan will commence in July 2019, pursuant to section 122(4)(b) of the *Local Government Act 1999* (“the Act”).

In reviewing this plan, Council adopted the following vision statement, believing it reflects Council’s aspirations for the Kimba community.

VISION

“WE AIM TO IMPROVE THE QUALITY OF LIFE FOR ALL RESIDENTS OF THE KIMBA DISTRICT.”

MISSION

“PROGRESSIVE AND RESPONSIBLE LEADERSHIP.”

VALUES AND PRINCIPLES

The values and principles which guide all decisions of Council are reflected in the 2016-2020 Strategic Directions Plan can be summarised as follows:

- We will deliver quality and progressive Council services and programs;
- We will facilitate a growing and sustainable economy and employment base to ensure the long-term survival and prosperity of the community;
- We promote a cohesive and dynamic rural community;
- We promote a stable and cohesive Council and organisation;
- We will maintain excellent relationships with the community through open communication and consultation;

- We preserve and enhance our heritage and the environment; and
- We will ensure the long-term financial security of Council through excellent forward planning and management.

STRATEGIC PLAN GOALS

To support the development of the Kimba township and district, Council has identified five thematic areas to focus its energies and resources on that will assist in supporting business growth and improving services to the community and its visitors. The goals are reflective of current and future issues and pressures facing the district of Kimba. These goals are supported by a number of strategies designed to achieve each goal. The detailed strategies are shown on Council's website or are available from the Council office.

GOAL 1: INFRASTRUCTURE

- **Quality in construction and maintenance.**

GOAL 2: ECONOMY

- **Dynamic, sustainable, diversified and growing.**

GOAL 3: BUILT AND NATURAL ENVIRONMENT

- **Enhanced appreciation and management.**

GOAL 4: COMMUNITY AND CULTURE

- **Vibrant, cohesive and diverse participation.**

GOAL 5: BUSINESS GOVERNANCE

- **Excellence in leadership and financial management.**

4. Significant Influences and Priorities

The 2019-20 financial year will be another busy period for Council on the back of a frenetic 12 months, during which myriad key projects were delivered for the community. These achievements include the \$750,000 Roora Stormwater Catchment Project, upgrades to the Kimba Soldiers Memorial Institute and Kimba Peace Memorial Swimming Pool which will provide much more user-friendly infrastructure to host a range of community events, and the construction of new two-bedroom units at the Kimba Pioneer Memorial Village, assets that allow senior members of our community to continue living independently. A comprehensive list of Council's achievements for the 2018-19 financial year can be found in Appendix C.

Significant projects for the coming financial year include the replacement of the heavily-utilised public toilets at The Gums, and the replacement of more than \$350,000 worth of Council's fleet. Roads again feature as a priority for Council, with resealing and re-sheeting capital works valued at almost \$500,000 scheduled. Tourism and economic development projects designed to enhance the capacity of Kimba are also being explored, and it is anticipated that a number of additional specific projects will be identified through Council's Community and Economic Development Strategy when it is released.

A number of other significant factors have influenced the preparation of the Council's 2019-20 Annual Business Plan, including:

- Council's current financial position and Long-Term Financial Management Strategy;
- Consumer Price Index and Local Government Price Index increases on existing goods and services of 1.8% for the year (December quarter 2018);
- Requirements to maintain and improve infrastructure assets to sustainable standards;
- Service delivery needs for the community;
- State and Commonwealth grant funding not keeping pace with the increased costs;
- Facilitating the future financial sustainability of Council by ensuring the financial operations remain within policy targets adopted for such purpose;
- Provision of sufficiently qualified experienced and trained staff; and
- The need to establish sound strategic plans and policies to achieve long-term sustainability.

5. Continuing Services

The services provided by Council can be loosely separated into three categories: Mandatory, Traditional and Elective. The below table illustrates the allocation of services against these categories.

Mandatory: Services that are either required by legislation or required for the unimpeded operational function of Council.

Traditional: Services that are traditionally provided by Council to service the community needs.

Elective: Services that are provided based on previous community demands or request that over and above the traditional services provided by Council.

Function	Mandatory	Traditional	Elective
Administration	Administration general		
	Governance		
	Financial management		
	Payroll		
	WHS and strategic risk		
	Rate administration		
	Asset management		
	Elected Member support		
Community Services	Cemetery	Public conveniences	Social media
			Website
			Community events
			Community Grants Program
Culture			Advocacy for improved medical services and infrastructure
			Kimba Pioneer Memorial Village (independent living facilities)
		Community library (financial assistance)	
		Kimba Memorial Soldiers Institute	
		Support of cultural events	
Economic Development			Tourism
			Visitor Information Centre
			Community and Economic Development Strategy

			Regional Development
			Silo art viewing platform
Environment	Fire prevention/hazard management	Waste management facility	
	Storm water and drainage	Weed spraying	
	Sewerage/CWMS	Waste management collection	
		Recycling depot	
		Drum Muster	
		e-waste collection	
Recreation		Recreation reserve	Rooru Walking Trail
		Parks and gardens	Whites Knob Lookout
		Playgrounds	
Regulatory Services	Animal management		
	Development		
	Environmental health		
Transport		Roads – rural sealed maintenance	Community bus
		Roads – town sealed maintenance	
		Roads – unsealed maintenance and patrol grading	
		Footpaths and kerbing	
		Storm damage	
		Aerodrome	
		Traffic management	
Business Activities			Private works
			Gravel pits/quarries

5.1 Community Grants Program

As part of its annual budgeting process, Council allocates funding to facilitate its Community Grants Program, which is designed to support local community groups to develop local projects of a community, cultural, recreational, environmental or sporting nature which demonstrate benefits to Kimba. Grants were available for up to \$3,000 to not-for-profit and non-government organisations, with a total funding allocation of \$20,000 available for the 2019-20 financial year.

The funding recipients for 2019-20 are:

Harvest Christian Centre/Kimba RSL Sub-Branch	Car park upgrade	\$2,493.50
Kimba Community Development Group	Art Prize mosaic project	\$3,000.00
Kimba Community Development Group	Annual volunteer insurance	\$1,000.00
Kimba and Gawler Ranges Historical Society	Heritage tanks	\$2,050.00
Kimba Districts Football and Netball Club	Defibrillator for school gym	\$2,000.00
Kimba Hospital Auxiliary	Palliative care air conditioning	\$3,000.00
Kimba Fitness Centre	Defibrillator	\$2,500.00
Kimba Uniting Church	Defibrillator	\$ 982.00

6. Capital Expenditure – Work Program

The following summarises capital projects for the year and allocated budget.

Item	\$,000	\$,000	Comment
Road Re-sheeting:			
Tola Road (Cat 1) - 2km	63		
Tola Road (Cat 1) - 1km	33		
Buckleboo Road (Cat 1)	48		
Old Eyre Highway (Cat 2) - 4km	106		
Whipper Road (Cat 3a) - 1km	24		
Bucks Road (Cat 3a) - 3km	74		
yet to be allocated	35	383	
Re-sealing of Roads		100	Roads to be sealed will be listed in due course. Consultant will advise.
Office Equipment		15	Photocopier
Minor Plant		15	
Toyota Hilux (P417)		30	
WM vehicle (P424)		30	
Mack (P504)		250	Indicative quote only. Will be refined in due course
Workshop vehicle (P415)		40	
Aerodrome fence		12	
Gums toilet replacement		35	50% renewal / 50% new
Depot fence		9	
Total Renewal / Replacement Capital Expenditure		918	
Footways Construction		40	
Lifting jib and scales (P511 - Cat Loader)		20	
Gums toilet replacement		35	50% renewal / 50% new
New / Upgraded Capital Expenditure		95	
Total Capital Expenditure		1,013	

7. Financial Sustainability/Financial Performance Measures

All Councils, pursuant to the Act, are required to develop and maintain a Long-Term Financial Management Plan and Asset Management Plan to ensure sound strategic planning principles to assist with decision making are in place.

Council is committed to ensuring its long-term financial sustainability. Council's financial sustainability is dependent on ensuring that, on average over time, its expenses are at least matched by its revenue. In addition, capital expenditure on existing infrastructure and other assets should be optimised in accordance with the Infrastructure and Asset Management Plan so as to minimise whole-of-life-cycle costs of assets.

7.1 Operating Surplus Ratio (OSR)

"Is Council covering its operating expenditure and depreciation charge from its operating revenue?"

The operating surplus ratio expresses the operating surplus / (deficit) as a percentage of total operating revenue. A result of greater than 0% would indicate that Council is covering its operating expenditure and depreciation charge from its operating revenue. This is not the situation at present. Council is in an operating deficit situation; however with the implementation of the financial strategy outlined in the long term financial plan Council will move into a surplus position in the near future.

The operating surplus ratio from the proposed budgeted activity for the year is a deficit of (2%). This result arises because operating income is budgeted to be \$84,000 less than Council's operating expenses for the year.

7.2 Asset Sustainability Ratio (ASR)

"Is Council replacing its assets at the same rate the assets are wearing out?"

The Asset Sustainability Ratio indicates whether the Council is renewing or replacing existing non-financial assets at the same rate as its overall stock of assets is wearing out.

The ratio is calculated by measuring capital expenditure on renewal and replacement of assets relative to Council's Asset Management Plan.

A result in the range of 90% to 110% would indicate that Council is replacing its assets in a timely manner. The forecast asset sustainability ratio for the 2019-20 is 100% which indicates that sufficient funds have been allocated to replace assets in the 2019-20 financial year.

7.3 Net Financial Liabilities and Net Financial Liabilities Ratio

"Does Council have a manageable level of debt and other liabilities when considering its available revenue and other cash reserves?"

Net financial liabilities is a comprehensive measure of the indebtedness of the Council as it includes items such as employee long-service leave entitlements and other amounts payable as well as taking account of the level of Council's available cash and investments. Specifically, net financial liabilities equals total liabilities less financial assets, where financial assets for this purpose includes cash, cash equivalents, trade and other receivables, and other financial assets, but excludes equity held in Council businesses, inventories and land held for resale. The following table sets the budget estimates as at 30 June 2020:

Calculation of Net Financial Liabilities	Estimated 30/06/20 \$,000
Gross borrowings	0
Less: Cash and investments	2,502
Equals: Net debt	(2,502)
Add: Trade and other payables	100
Add: Provisions for employee entitlements	341
Less: Trade and other receivables	118
Equals: Net financial liabilities	(2,179)
Operating Income	3,941
Net Financial Liabilities/(Assets) Ratio	(55%)

The current estimate of Council's net financial liabilities at 30 June 2020 is negative \$2.2M (i.e. the level of Council's cash and investments will exceed borrowings). In the context of Council's infrastructure and other assets valued at approximately \$39 million, this maintains Council in a very sound financial position.

For many years, successive Councils at Kimba have taken an extremely prudent approach to the use of borrowings. Council is in a financial position to be able to either make more use of borrowings or draw on its cash and investments to fund any future high-cost new capital projects, as well as any outstanding infrastructure spending identified in its Infrastructure and Asset Management Plan. How these projects will be funded is assessed by Council on a case-by-case basis and considers whether utilising existing cash and investments, or undertaking a borrowing, represents the best value. At the same time, Council has a prudent policy in place of ensuring that net financial liabilities expressed as a percentage of operating revenue does not exceed an upper limit of 50 per cent.

7.4 Overall Assessment of Council's Financial Sustainability (based on the above ratios)

The above ratios indicate that the proposed Annual Business Plan and the associated Budget that underpins it, is financially sustainable over the following 12 months is in accordance with the Long-Term Financial Plan and Strategy.

The operating deficit situation is improving and will continue to improve in the long term as identified in the Long-Term Financial Plan. The financial strategy will ensure that Council achieves an operating surplus on an ongoing basis.

The target Asset Sustainability Ratio of 100% is within the target ranges set by Council in the Long-Term Financial Plan. Council's Net Financial Liabilities are within the target ranges set by Council in the Long-Term Financial Plan.

8. Non-Financial Performance Measures – 2019-20

In addition to the legislative financial performance measures, Council is required to develop non-financial performance measures. The following are performance measures will be used to assess Councils' 2019-20 achievements as outlined in this plan:

Implementation of Key Strategic Principles:

- Completion of operating and capital projects within established time frames;
- Completion of operating and capital projects and key services delivered to the community in accordance with developed standards and outcomes;
- Legislation compliance associated with key measures including Adoption of Annual Business Plan and Budget, Review of Budgets, Preparation and Adoption of Annual Financial Statements, Adoption of Annual Report, and Preparation of Council meeting Agendas and Minutes;
- Adoption of revised Strategic Management Plan by 30 June 2020; and
- By 30 June 2020, identification of priority goals from the Community and Economic Development Strategy and, where appropriate, creation of action plans to address them.

9. Grant Funding

Local Government receives three types of grant funding:

- FINANCIAL ASSISTANCE GRANTS, BOTH GENERAL PURPOSE AND LOCAL ROADS GRANTS (sourced from Federal Government)
 - ➔ Council has complete discretion as to expenditure of funds received.
- SPECIFIC PURPOSE GRANTS (State and Federal Governments)
 - ➔ Which are to be spent on specific projects or programs.

For example, in Council's case:

- Special Local Roads Program (Federal Government)
- CORE ROADS TO RECOVERY GRANTS (Federal Government)
 - ➔ While funds received are to be spent on road projects, Council has complete discretion on whether funding is applied towards maintaining, renewing or upgrading roads.

Grant Funding – Operating/Ongoing	Amount \$,000
Local Roads (Grants Commission)	314
General Purpose (Grants Commission)	974
Supplementary Road Funding	150
Roads to Recovery (Standard annual allocation)	245
Other	4
Total Operating Grant Funding	1,687

10. Funding the Business Plan

An operating deficit of \$84,000 is being forecast for 2019-20. The operating deficit measures the difference between operating revenue and expenses for the period. The Council's long-term financial sustainability is dependent on ensuring that, on average over time, its expenses are less than its revenue, as outlined in the Long-Term Financial Plan.

Council's revenue in 2019-20 includes \$1.7 million proposed to be raised from general and other rates. This is based on an increase of 3.8%, being 2% plus CPI of 1.8% in accordance with the Long-Term Financial Plan financial strategy included at Section 4 – Long Term Financial Strategy. There is little forecast growth expected for the region. Accordingly, no increases to rates revenue have been factored in for growth.

Rate Revenue Components	
Rates	(1,655)
Cwms	(102)
Waste Management Levy	(70)
Natural Resource Management Levy	(70)
Rates Remitted	23
Rates Discount	12
Rates Fines	(6)
Total General and Other Rates	(1,867)

Other sources of proposed revenue for Council are:

- User charges and commercial revenue;
- Statutory charges set by State Government;
- Grants; and
- Other revenue.

11. Uniform Presentation of Council Finances

The Uniform Presentation of Council Finances together with the results of the Key Financial Indicators provides a summarised report that focuses on Council's finances at a strategic level.

Readers are strongly encouraged to take the time to comprehend how this report is structured and what the implications of the various lines of this report are for the Key Financial Indicator calculations. Definitions and examples of the key components of this report are included in the glossary at the end of this document.

The Summary of Financial Position report highlights the operating surplus/ (deficit) measure which is considered the most critical indicator of a Council's financial performance.

The last line, or rather the result of this report, is the movement in Net Financial Liabilities (Net Lending/Borrowing) for the year based on Council's planned capital and operating budgets for that year.

Achieving a zero result on the net lending/(borrowing) measure in any one year essentially means that the Council has met all of its expenditure (both operating and capital) from the current year's income (with income including amounts received specifically for new/upgraded assets).

The result of (\$47,00) indicates that Council is effectively proposing a balanced budget for the year ending 30 June 2020.

UNIFORM PRESENTATION OF FINANCES	Forecast 2018-19 \$000	Budget 2019-20 \$000
Operating Revenue	4,449	3,941
less Operating Expense	(4,383)	(4,025)
Operating Surplus / (Deficit) before Capital Amounts	66	(84)
less Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	1,293	919
less Depreciation, Amortisation and Impairment	(972)	(1,050)
less Proceeds from Sale of Replaced Assets	0	0
	321	(132)
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets	1,603	95
less Amounts specifically for new or upgraded Assets	(883)	0
less Proceeds from Sale of Surplus Assets	0	0
	720	95
Net Lending/ (Borrowing) for Financial year	(975)	(47)

A full explanation of the components to the above Uniform Presentation of Finances is contained in Appendix A.

12. Rating Arrangements 2019-20

This plan aims to strike a balance between the level of services for the community and the need to ensure the long-term financial sustainability of Council. Council has limited options to generate the income required to pay for services which it provides to the community. Apart from the Federal and State Government grants mentioned above, some income can be raised through user charges, investment of surplus cash, hire of community facilities and other minor receipts. However, the primary source of income for Council is a property-based tax rate.

Rate income is generated by the broad application of fundamental principles of taxation (fairness and equity, simplicity, ability to pay and efficiency) with a view to achieving an equitable distribution of the rates burden among ratepayers. Council has decided to continue to use site value as the basis for distributing Council's overall rate revenue target. Council considers this provides a fair and equitable method of distributing the rate burden across all ratepayers. A national report on Local Government revenue released during 2013 by the Australian Centre of Excellence for Local Government endorsed the use of site value by councils as the most appropriate basis for distribution of the rate burden.

In making a final decision about setting rates for the 2019-20 financial year, Council will carefully consider the impact of rates on the community, including:

- The equity of the distribution of the rate burden between householders, businesses and primary producers;
- the broad principle that the rate in the dollar should be the same for all properties except where there is clearly a different level of services available to ratepayers or some other circumstance which warrants variation from the broad principle;
- minimising the level of general rates required by levying fees and charges for goods and services on a user pays basis, where that is appropriate to recover the full cost of operating or providing the service or goods, with provision for concessions to those members of the community unable to meet the full cost; and
- Community feedback on this draft plan.

For the 2019-20 financial year, Council’s current plan is to increase overall rate revenue by 3.8%. As articulated in section 8 above this is in line with Councils’ long-term financial strategy. The above CPI increase will assist Council in moving to a surplus operating result in the near future. The cent in the dollar rates for the three zones, and the revenue forecast to be raised for the 2019-20 financial year are:

	<i>2019-20</i>	<i>2018-19 comparison</i>	<i>Revenue raised</i>
Bulk Handling Zone (cents in the dollar)	18.17	17.50	\$58,961.65
Rural Zone (cents in the dollar)	0.5539	0.5350	\$1,082,108.90
All Other Zones (cents in the dollar)	3.36	3.24	\$521,862.20

MINIMUM RATE

A Council may impose a minimum amount payable by way of rates, provided that it has not imposed a fixed charge. Where two or more adjoining properties have the same owner and are occupied by the same occupier, only one minimum rate is payable by the ratepayer. Where a Council imposes a minimum rate it must not apply to more than 35% of properties in the Council area.

For 2019-20, Council plans to impose a minimum rate of \$300 (the same rate charge in 2018-19). Council considers it appropriate that all rateable properties make a base level contribution to the cost of Council’s activities, including the cost of maintaining the physical infrastructure that supports each property. Kimba’s minimum rate is one of the lowest in the State and significantly less than half of the average rate charged by other councils.

SERVICE CHARGES

Council provides services for the benefit of specific properties for which service rates and/or annual charges are levied. Where a service that is subject to a service charge is available to non-rateable land, a service charge is levied against that land. Service rates and/or charges may be raised to cover the cost of establishing, operating, maintaining, improving and replacing such services. Funds raised must not be utilised for any other purpose, noting that some funds may not be immediately required until future capital expenditure is required on renewing or replacing assets employed in the provision of the service.

Council plans to impose the following services rates and/or charges for the 2019-20 financial year:

Kimba Community Wastewater Management System (CMWS)

All connected properties \$250

Waste Management fee

All Township Properties \$185

Council charges all properties within the township of Kimba which are serviced by waste collection a base fee. The fee is chargeable regardless of whether the property is residential or commercial. This fee covers the collection costs of one green-lidded waste bin per property. Should further green-lidded bins be required, an additional amount of \$185 will be charged per bin per year through the rating system. Recycling bins will be collected free of charge regardless of the number of bins, however, only one bin will be provided to each property free of charge.

More detailed aspects of Council's rating structure and the policy currently adopted is shown on Council's website or is available from the Council office. That material includes:

- Method used to value land;
- Council's revenue raising powers;
- Use of Differential rates;
- Remission and Postponement of rates;
- Postponement of rates for State Seniors (as a right);
- Rebate of rates.

Should Council refer the debt to a debt collection agency for collection, then any debt collection charges will be recoverable from the ratepayer. When the Council receives a payment in respect of overdue rates Council applies the money received as follows,

- to satisfy any costs awarded in connection with court proceedings to satisfy any interest costs
- payment of any fines imposed, and
- payment of rates, in chronological order, starting with the oldest account first.

Remission and Postponement of Rates

The Act permits Council, on the application of a ratepayer, to partially or wholly remit rates or to postpone rates, on the basis of hardship. Where a ratepayer is suffering hardship in paying rates they are invited to contact Council to discuss the matter, with all such inquiries being treated confidentially

As part of this rating strategy, Council will make available extended payment arrangements by entering into a payment agreement where the payment of rates will cause a ratepayer demonstrable hardship.

Recovery of Outstanding Rates

The Council has adopted a policy and procedure approach to the recovering of outstanding rates. The policy is based on the forwarding of reminder notices when a rate installment is unpaid, and a further reminder notice after two rate installments remain unpaid. If the rate installments outstanding remain unpaid after the reminder notice payment date then the outstanding amount is referred to Council's debt collection agent for recovery action.

Sale of Land for Non-Payment of Rates

The Act provides that a 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 amount[s], and advise the owner of its intention to sell the land if payment is not received within one month.

APPENDIX A – EXPLANATION OF UNIFORM PRESENTATION OF FINANCES

(example only for explanation purposes – left blank intentionally)

UNIFORM PRESENTATION OF FINANCES	2017 Forecast \$'000	2018 Budget \$'000
Income		
less Expenses		
Operating Surplus/(Deficit)	-	-
Less: Net Outlays on Existing Assets		
Capital Expenditure on Renewal/Replacement of Existing Assets		
less Depreciation, Amortisation and Impairment Expenses		
less Proceeds from Sale of Replaced Assets		
Net Outlays on Existing Assets	-	-
Less: Net Outlays on New and Upgraded Assets		
Capital Expenditure on New/Upgraded Assets		
less Amounts received specifically for New/Upgraded Assets		
less Proceeds from Sale of Surplus Assets		
Net Outlays on New and Upgraded Assets	-	-
Net Lending/(Borrowing) for Financial Year	-	-

Explanation/Examples of Components of Uniform Presentation of Finances

Operating Revenue and Expenditure: Represent the totals from the relevant lines of the Statement of Comprehensive Income (operating statement) for the year being reported on.

Capital Expenditure on renewal and replacement of Existing Assets: e.g. Roads reseals, replacement tractor, building renovations, replacement computer hardware.

Proceeds from sale of replaced assets: e.g. trade in value of a tractor or motor vehicle being replaced.

Capital Expenditure on New and Upgraded Assets: e.g. constructing a new building, constructing a new catchment pond, purchasing a piece of machinery that was not previously on hand.

Amounts specifically for new or upgraded Assets: e.g. Capital grants to partly fund a new CWMS, funds received to build new footpaths that did not previously exist.

Proceeds from Sale of Surplus Assets: Proceeds from the sale of a council building that was no longer required, sale of surplus land.

New/Upgraded vs Renewal/Replacement of Assets

The following definitions have been obtained from the South Australian Local Government Model Financial Statements (see <http://www.lga.sa.gov.au/site/page.cfm?u=769#e4291>).

A *new asset* is additional to Council's previous asset complement (e.g. roads constructed as part of a Council-owned subdivision are new assets. Similarly laying footpaths in areas where they did not previously exist are also new assets).

An *upgraded asset* replaces a previously existing asset with enhanced capability or functionality.

Renewal or replacement of an asset occurs where a previously existing asset is replaced without enhancement of the service capability except where this is incidental and unavoidable.

It is possible for capital expenditure to be a *combination of renewal as well as upgrade*. This is particularly prevalent in this Council region due to the increased volume of B-double traffic experienced in recent times. This has required existing roads to be rebuilt to higher standards (e.g. the replacement of a road that was initially was a 6 metre wide sheeted surface with an 8 metre width sheeted surface can be considered part replacement and part upgrade).

The important point to understand is that if Council is not able to replace its existing assets in a timely manner then new assets should not be built unless essential. By building new assets Council is effectively building new liabilities as the assets usually don't generate revenue (e.g. roads), cannot be sold, and will need to be maintained and eventually replaced.

APPENDIX B - STATUTORY STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME	Forecast 2018-19 \$,000	Budget 2019-20 \$,000	Movement \$,000
INCOME			
Rates - General & Other	1,806	1,867	62
Statutory Charges	33	29	(4)
User Charges	221	190	(31)
Grants & Subsidies	1,768	1,687	(81)
Investment Income	40	20	(20)
Reimbursements	409	65	(344)
Other Revenues	172	83	(89)
Total Operating Income	4,449	3,941	(508)
EXPENDITURE			
Employee Costs	1,204	1,189	(16)
Materials, Contracts & Other Expenses	2,202	1,785	(418)
Depreciation	972	1,050	78
Finance Charges	4	1	(3)
Total Operating Expenditure	4,383	4,025	(358)
OPERATING SURPLUS/(DEFICIT)	66	(84)	(150)
Gain / Loss on Disposal of Assets	0	0	0
Grants - Roads to Recovery Additional	0	0	0
Amounts Recieved Specifically for New Assets	883	0	(883)
NET SURPLUS / (DEFICIT) transferred to Equity Statement	949	(84)	(1,033)

STATEMENT OF FINANCIAL POSITION	Forecast 2018-19 \$,000	Budget 2019-20 \$,000
ASSETS		
CURRENT ASSETS		
Cash & Cash Equivalents	2,562	2,502
Trade & Other Receivables	118	118
Inventories	50	50
Total Current Assets	2,730	2,670
NON-CURRENT ASSETS		
Financial Assets		
Infrastructure, Property, Plant & Equipment	40,714	40,677
Other	302	302
Total Non-Current Assets	41,016	40,979
TOTAL ASSETS	43,746	43,649
LIABILITIES		
CURRENT LIABILITIES		
Trade & Other Payables	100	100
Borrowings	13	0
Short Term Provisions	338	338
Total Current Liabilities	450	438
NON-CURRENT LIABILITIES		
Long Term Borrowings	0	0
Long Term Provisions	3	3
Total Non-Current Liabilities	3	3
TOTAL LIABILITIES	453	440
NET ASSETS	43,293	43,208
EQUITY		
Accumulated Surplus	14,851	14,766
Asset Revaluation Reserve	28,165	28,165
Other Reserves	277	277
TOTAL EQUITY	43,293	43,208

STATEMENT OF CASH FLOWS	Forecast 2018-19 \$,000	Budget 2019-20 \$,000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Operating Receipts	4,409	3,921
Investment Receipts	40	20
Payments		
Operating Payments to Suppliers & Employees	3,418	2,973
Finance Payments	4	1
Net Cash provided by (or used in) Operating Activities	1,027	967
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts		
Grants Specifically for new or upgraded assets	883	0
Payments		
Expenditure on renewal/replaced assets	1,293	919
Expenditure on new/upgraded assets	1,603	95
Net cash provided by (used in) Investing Activities	(2,013)	(1,014)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments		
Repayment of Borrowings	13	13
Net Cash Provided by (Used in) Financing Activities	(13)	(13)
Net Increase / Decrease in Cash	(999)	(60)
Cash and Cash Equivalents at start of reporting period	3,561	2,562
Cash & Cash Equivalents at the end of the reporting period	2,562	2,502

STATEMENT OF CHANGES IN EQUITY	Forecast 2018-19 \$,000	Budget 2019-20 \$,000
ACCUMULATED SURPLUS		
Balance at end of previous reporting period	13,902	14,850
Net Result for Year	949	(84)
Transfer from Reserves	0	0
Transfer to Other Reserves	0	0
Balance at end of period	14,851	14,766
ASSET REVALUATION RESERVE		
Balance at end of previous reporting period	28,165	28,165
Gain on Revaluation of Property Plant & Equipment	0	0
Balance at end of period	28,165	28,165
OTHER RESERVES		
Balance at end of previous reporting period	277	277
Transfers from Accumulated Surplus	0	0
Transfers to Accumulated Surplus	0	0
Balance at end of period	277	277
TOTAL EQUITY AT END OF REPORTING PERIOD	43,293	43,208

Appendix C – Achievements 2018-19

Council considers it important that this draft Annual Business Plan for 2019-20 takes the opportunity to provide an assessment of the extent to which Council's objectives for 2018-19 are being attained. The following provides a progress report on the more significant items identified in the 2018-19 Annual Business Plan and Budget:

• Total cost of Waste Pickup, Recycling and Refuse Depot	\$164,000
• Parks, Gardens, Playgrounds, Recreation Reserve and Oval	\$115,000
• Road Maintenance, Kerbing and Footpaths	\$615,000
• Cost of Maintaining Plant	\$420,000
• Community and Economic Development Strategy	\$ 70,000
• EPLGA Conference	\$ 85,000
• Road Re-sheeting and Road Resealing	\$483,000
• Replacement of Kimba Pioneer Memorial Village Units	\$385,000
• Sealing of Recreation Reserve Road	\$ 50,000
• Footways Construction	\$ 40,000
• Institute Upgrades and Maintenance	\$249,000
• Community Wastewater Management Scheme – Upgraded Manholes	\$ 65,000
• Fencing and Upgrade to Lions Apex Central Park Playground	\$140,000
• Installation of Amenities Block at the Recreation Reserve	\$195,000
• Design and Survey of Buckleboo Road	\$ 20,000
• Purchase of Replacement Loader	\$250,000
• Wi-Fi Hot Spot	\$ 39,000

Additional Items Achieved in 2018-19

• Rooraa Reserve Storm water Catchment Project	\$750,000
• Swimming Pool Change rooms Upgrade	\$250,000
• Commencement of Implementation of MAGIQ Software	\$ 99,000