

## Overview

The Annual Budget describes how the services to be delivered, activities and projects undertaken will be funded.

### Budget snapshot

<b>Operating Income</b>	<b>\$26.1 million</b>
<b>Operating Expenses</b>	<b>\$25.6 million</b>
<b>Capital Income</b>	<b>\$1.6 million</b>
<b>Capital Works</b>	<b>\$9.2 million</b>
<b>Total Grants</b>	<b>\$7.3 million</b>
<b>New Loans</b>	<b>\$2.0 million</b>

## Budget Summary

The proposed Annual Budget for 2018/19 has an operating surplus of \$377k and a capital program of \$9.2 million. It includes capital income of \$2.0 million, reserve transfers of \$15k and a new loan of \$2.0 million. The Operating result is a small surplus of \$0.38 million which will be directed towards the funding of the capital works program for 2018/19.

BUDGET SECTION	EXPENSES (\$ mill)	INCOME (\$ mill)	NET (\$ mill)
Capital	\$9.18	\$0.29	(\$8.89)
Operating	\$25.64	\$26.11	\$0.47
Reserve Transfers	\$0.07	\$0.08	\$0.01
Grant for new assets		\$2.00	\$2.00
New Loan		\$2.00	\$2.00
Loan Repayments	\$0.41	\$0.05	(\$0.36)
Depreciation (unfunded)	(\$6.88)		\$6.88
<b>TOTAL</b>	<b>\$28.42</b>	<b>\$30.54</b>	<b>\$2.11</b>

### What capital works are planned?

The proposed capital works program for 2018/19 is \$9.2 million in total, of which \$3.9 million is allocated for new assets and the remainder of \$5.3 million for the renewal and upgrade of existing assets. This will be funded by grant income, new loan borrowings and the sale of surplus assets.

The planned capital projects include the final year of the redevelopment of the Port Pirie Sporting Precinct. Other capital works include the final stage of the redevelopment of the Crystal Brook Library and Office to provide a more functional community centre to encourage broader use.

Service Area	Amount (\$)
Roads	\$2,585,000
Kerbing and footpaths	\$350,000
Street Services	\$420,000
Parks and Recreation	\$430,000
Sport Precinct	\$3,000,000
Cemeteries	\$100,000
Stormwater drainage and Environment	\$110,000
Township entrance statements	\$100,000
Community Wastewater System	\$80,000
Crystal Brook Library & Community Centre	\$240,000
Equipment, Building Fittings & Furniture	\$873,000
Major Plant & Vehicles	\$865,000
Other	\$29,701
<b>TOTAL</b>	<b>\$9,182,701</b>
Income (including proposed new loan)	\$4,291,300
<b>NET COST</b>	<b>\$4,891,401</b>

## Daily ongoing services

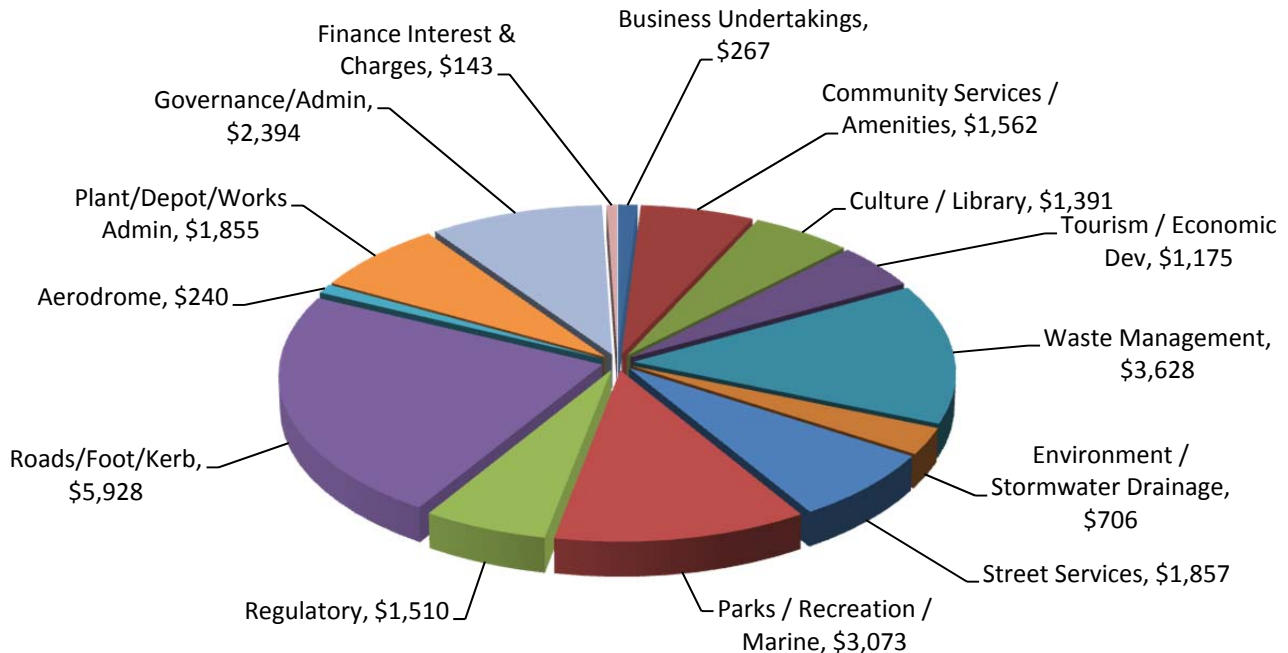
The usual extensive range of services that you have come to expect from Council, such as waste collection, maintained streets and footpaths, library, animal control, parklands and sporting and recreation facilities will continue to be delivered.

The total operating expenses for 2018/19 are estimated to be \$25.6 million. Operating expenses include payments for employees, contractors, materials, plant & equipment maintenance, loan interest and an amount for asset depreciation.

The following projects and initiatives are included in the operating budget for 2018/19:

- Increased service levels for sport and recreation facilities;
- Ongoing roadside tree planting, including Port Pirie and township entrances;
- Contributions to community groups and sporting organisations for upgrade of sporting facilities and community assistance grants to support community events;
- Continuing maintenance of park structures and swimming pools;
- Ongoing services of public conveniences;
- Programmed maintenance of community halls and buildings;
- Promotion of the Visitor Information Centre to support regional tourism;
- Stormwater Drainage surveys; and
- Asset management.

## EXPENSES BY ACTIVITY (\$'000's)



## Operating Income

Income is raised from property rates, fees and charges, investment income and other income including reimbursements and contributions, donations and sale of surplus assets.

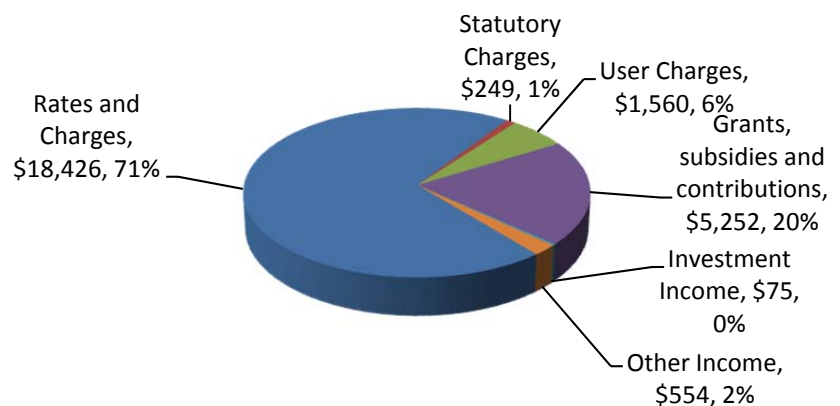
The total operating income for 2018/19 is estimated to be \$26.1 million.

The estimated amount of operating income from each source is:

- Rates & Charges \$18.43m
- Statutory Fees \$0.25m
- User Charges \$1.55m
- Grants & subsidies \$5.23m
- Investment Income \$0.07m
- Other \$0.53m

**Cost of service delivery \$25.6 million**  
**Less Operating Income \$26.1 million**  
**Operating Surplus \$0.47 million**

### INCOME BY SOURCE



## Loans and Loan Repayments

A new loan of \$2.0 million is proposed to support the completion of the Port Pirie Sports Precinct redevelopment. Council only borrows funds to support major capital works projects as set out in the long term financial plan. This will mean that the projected total loans will be \$14.267 million as at 30 June 2019. The annual loan repayment amount is \$676,461 and all loans should be fully repaid by 2025.

Compared to the average residential property of \$175,000 this is equivalent to a mortgage of \$9,625 with an annual repayment amount of \$456 which is just under \$9 per week.

## Financial Performance

The financial performance of the council business is monitored by three key indicators. The financial impact of all planned activities is assessed against the targets as part of the preparation and the quarterly review of the Budget. The forecast result is monitored to ensure that it is consistent with the long term target for each indicator.

The table shows the recent actual and planned budget performance compared with the long term target ranges for each of the indicators. Although the long term financial performance aligns with the Long Term Financial Plan, the Operating Surplus Ratio and the Asset Renewal Ratio are below the minimum target range for 2018/19.

FINANCIAL SUSTAINABILITY RATIO	2016/17 Actual	2017/18 Budget	2018/19 Budget	LTFP Target Range
Operating Surplus Ratio*	0%	3%	0%	1-5%
Net Financial Liabilities Ratio	2%	62%	55%	30-70%
Asset Renewal Ratio	65%	109%	75%	80-110%

\*adjusted for financial assistance grant prepayments