

10.0 ADOPTION OF BUDGET

Reporting Officer: Acting Chief Executive Officer, Joanne Morris

Report

Statutory Requirements for Annual Budget

In accordance with Section 169 of the *Local Government Regulation 2012*, Council is required to prepare a budget for each financial year, and it must be prepared on an accrual basis.

The budget must include financial statements for the budget year and the next two financial years:

- financial position;
- cash flow;
- income and expenditure;
- changes in equity.

Furthermore, the budget must contain:

- a long-term financial forecast
- relevant measures of financial sustainability – 10 year financial ratios
- revenue statement
- revenue policy
- value of the change as a percentage in rates and utility charges

The budget must be consistent with the Council's 5 year Corporate Plan and its Annual Operational Plan.

Operating Budget Result

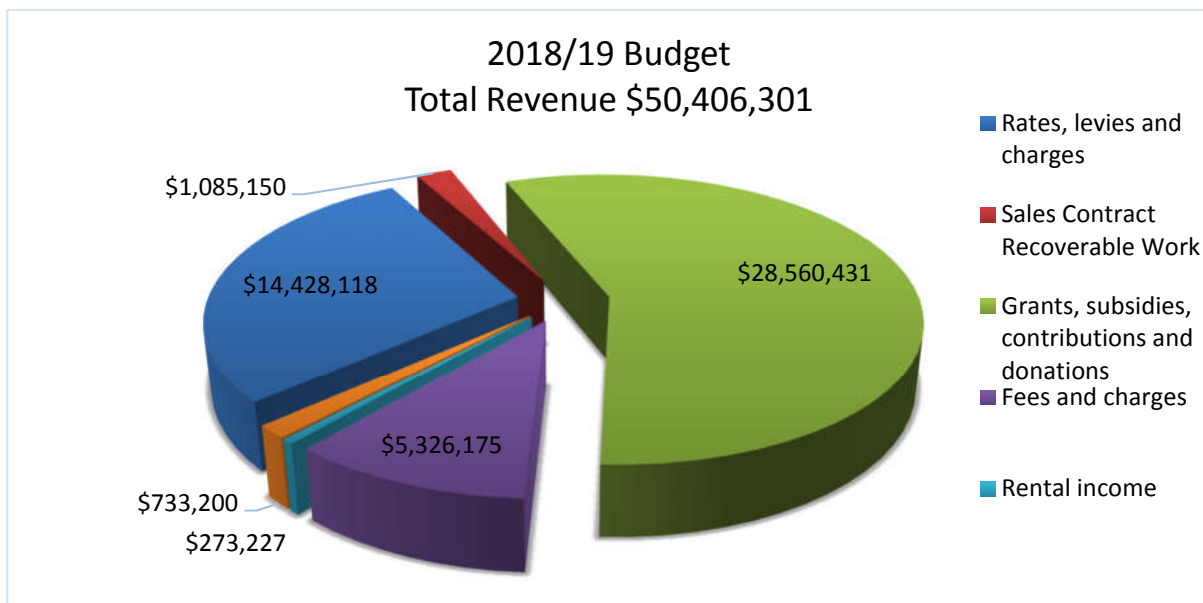
The 2018/19 Revenue and Expenditure budget provides for a net surplus of \$21,640,000, which includes \$21,639,000 of capital revenue. With the exclusion of capital revenue,

Council's operating surplus is projected to be break-even at \$1,306 which is an operational surplus ratio of 0.0%. The operating surplus is the net result that Council will produce excluding any capital revenues earned from funding.

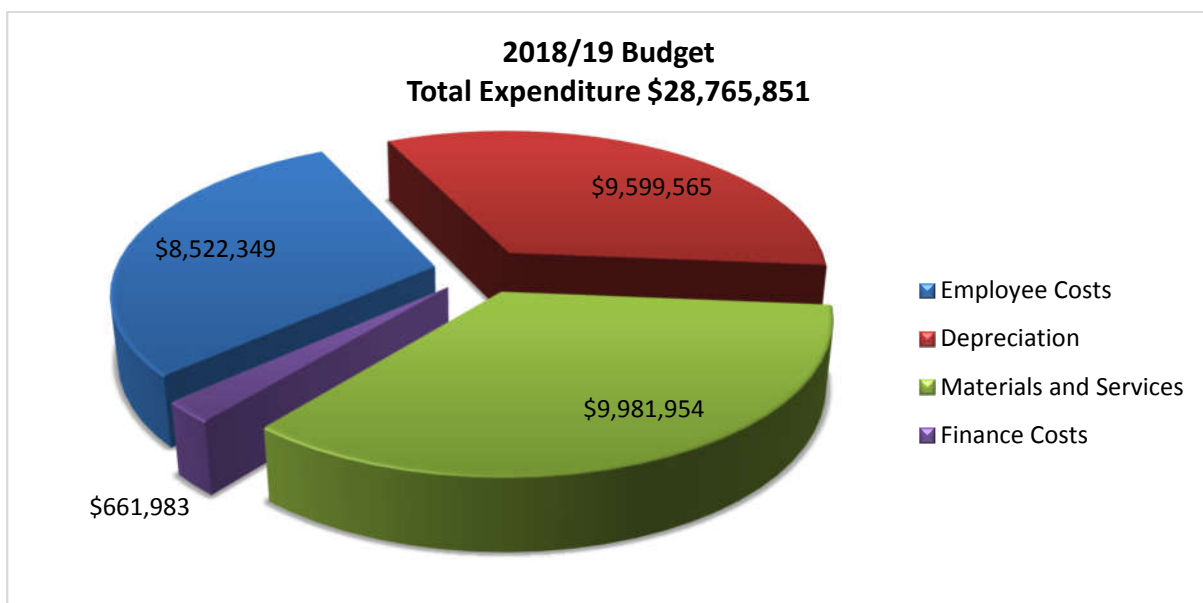
The following table details revenue and expenditure by Directorate.

	2018/19 Budget		
	Revenue	Expenditure	Original Budgeted Surplus
Corporate Services	\$20,863,112	\$(7,520,545)	\$13,342,567
Community Development	\$903,182	\$(4,976,015)	\$(4,072,833)
Works and Enviro Services	\$28,640,007	\$(16,269,291)	\$12,370,716
Total	\$50,406,301	\$(28,765,851)	\$21,640,450
Less: Capital Revenue	\$21,639,144		
Operating Result	\$28,767,156	\$(28,765,851)	\$1,306
Operating Surplus Ratio	0.0%		

Council's two main revenue streams are from Grants and Rates, as illustrated in the graph below.



The following graphs illustrates where Council's expenditure is incurred.



Capital Expenditure Budget

The Council is planning to undertake an extensive Capital Expenditure Program in 2018/19 totalling \$21,417,333 with an additional \$12,327,000 contingent upon funding allocations. If funding approvals are successful, this will increase the Capital Expenditure Program to a total of \$33,744,333.

This capital expenditure program focuses heavily on core infrastructure with \$17,721,138 of the full budget being allocated to the Works & Environmental Services Directorate. Major areas of expenditure will be on Sheaffe Street – Stage 3 \$4.9m; Eastern Stormwater Mitigation - Stage 4 \$620k; Sewerage Treat Plant Upgrade – Stage 3 \$4.3m; Carl Katter Bridge Upgrade \$2.5m; Roads/Footpath/Water/Sewerage capital programs \$1.85m and the Plant Replacement Program \$1,590,800.

Community Development for 2018/19 capital expenditure is \$2,755,000. This includes projects such as Florence Clarke Park Redevelopment \$1m, which will include new amenities, seating, BBQ, water park and skate park, improvements to the town ascetics \$100k; a new toilet block for Dajarra \$150k and the commencement of John Flynn Place and Recreational Grounds Precinct design \$400k.

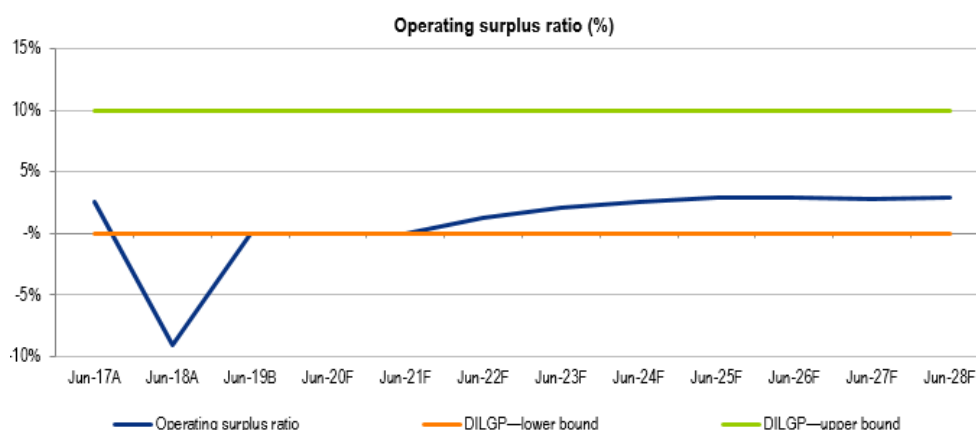
Corporate Services capital expenditure program is \$941,195. This includes the acquisition of Corella Dam \$140k; a new enterprise system \$400,000; upgrades for the child care centre \$145k which includes kitchen upgrades, door/window upgrades and new playground area for the toddlers.

The Capital Expenditure budget also has provision for an additional \$12,327,000 of projects to go ahead if funding applications are successful. This includes NDRRA flood damage for the 2018 event of \$10m, upgrades to the heavy vehicle set-down area of \$1.9m and upgrades to the tennis courts and netball courts at \$180k each.

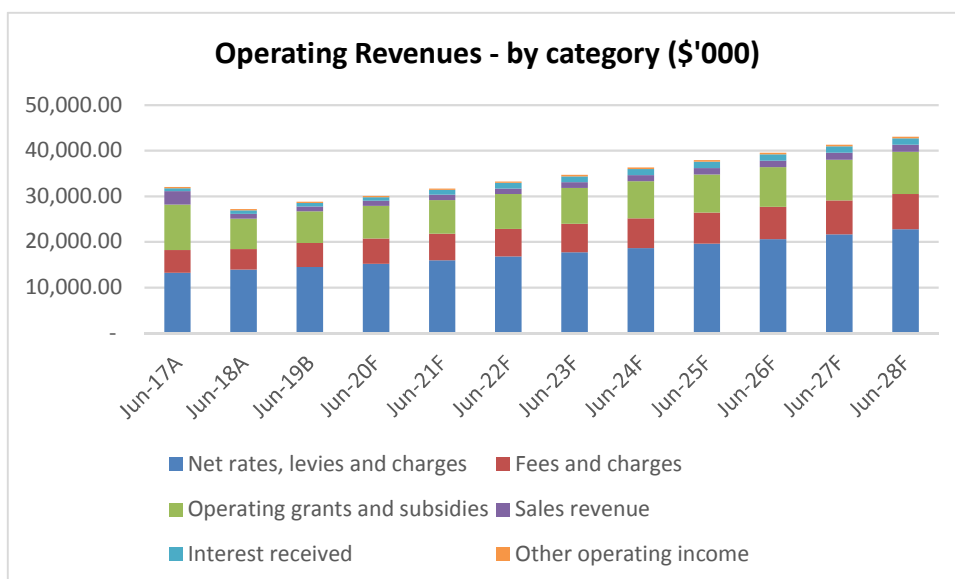
Long Term Financial Forecast

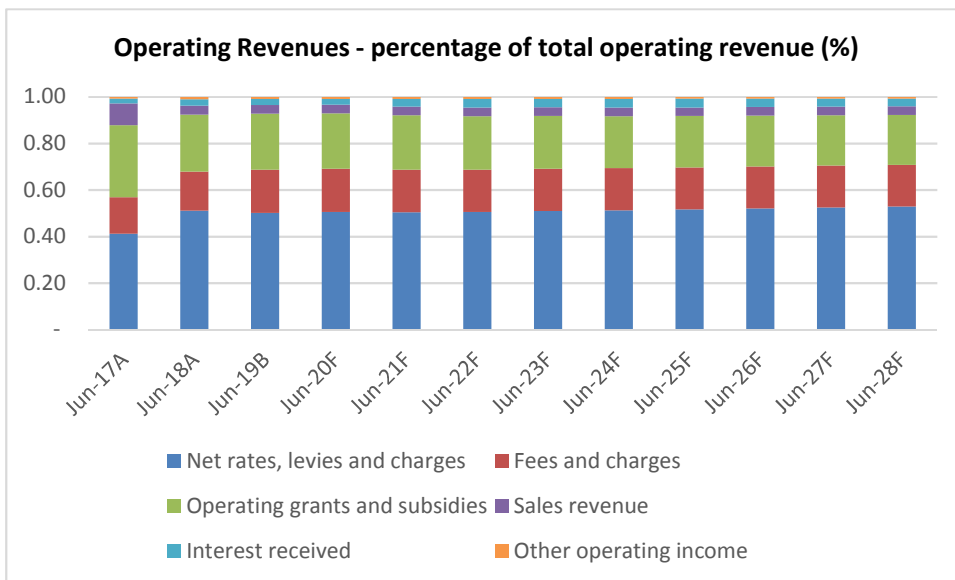
Council is required to maintain a 10 year long term financial forecast. Not only is this forecast a legislative requirement it is also a tool to assist Council ensure it has strong financial management.

The following graph highlights Council’s operating surplus ratio projections for 2018/19 to 2027/28.

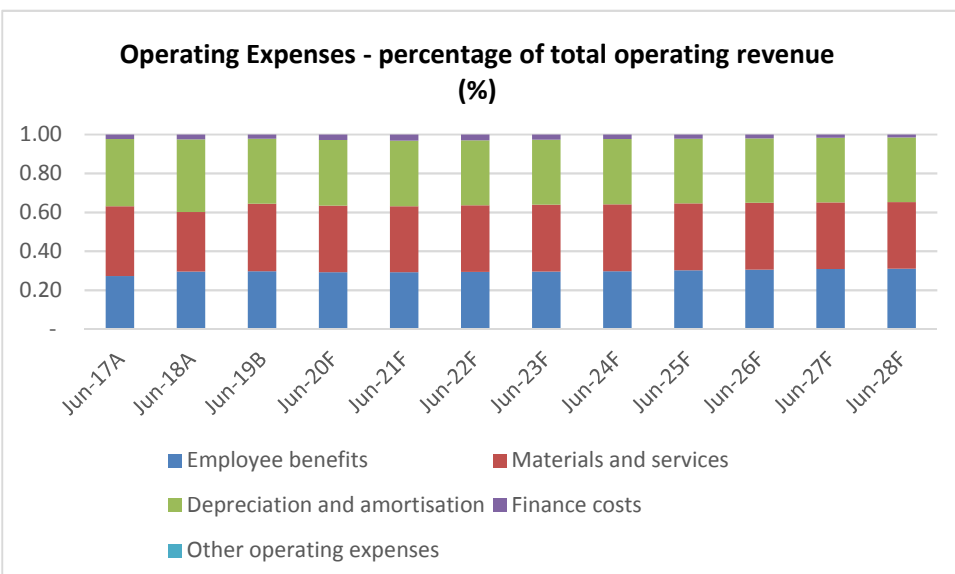
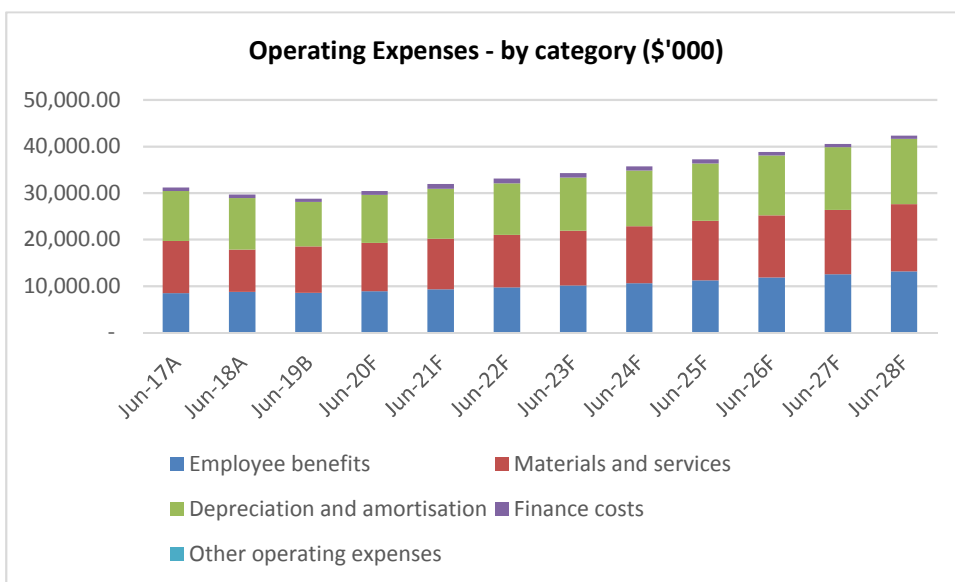


The following graphs identify the value of Council’s operating revenue streams and how they are generated.





The following graphs identify the value of Council’s operating expenditure and where it is spent.



Council Policy

There appears to be no policy implications

Legal Implications

Local Government Act 2009

Local Government Regulation 2012

Financial Implications

As presented in the 2018/19 Annual Budget

Recommendation

That pursuant to section 107A of the Local Government Act and sections 169 and 170 of the *Local Government Regulation 2012* Council's Budget for the 2018/2019 financial year, incorporating:

- 1. The statement of income and expenditure;**
- 2. The statement of financial position;**
- 3. The statement of cash flow;**
- 4. The statement of changes in equity;**
- 5. The long term financial forecast;**
- 6. The revenue statement;**
- 7. The revenue policy (adopted by Council resolution on 19 June 2018);**
- 8. The relevant measures of financial sustainability; and**
- 9. The total value of the change, expressed as a percentage, in the rates and utility charges levied for the financial year compared with the rates and utility charges levied in the previous budget,**

as tabled, be adopted by Council.