

LODDON SHIRE COUNCIL

BUDGET FOR YEAR ENDED 30 JUNE 2018



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MAYOR'S INTRODUCTION

The Councillors and I are pleased to present the 2017/18 Budget to the community. This budget builds on our Council Plan 2017-21 vision of "A prosperous, vibrant and engaged community and focuses on the following five key themes:

- Population;
- Economic prosperity;
- Liveability;
- Sustainability;
- High performance organisation.

The Council Plan 2017-21 (Year 1), sets out our strategic plan to deliver our vision over the full term of the Council. As this is the first year of the current Council term, part of the focus over the next year will be on the planning and design activities required to deliver current commitments.

The budget details the resources required over the next year to fund a large range of services we provide to the community. It also includes details of proposed capital expenditure allocations to improve and renew our Shire's road infrastructure, buildings and operational assets as well as funding for a range of projects.

As Councillors, it is our job to listen to community sentiment and understand your priorities. During and following the Council elections in 2016 we have consistently heard that Council's services are valued by the community, and that Council also needs to be financially responsible. In response, Council has continued an organisation wide approach to identify savings that don't impact on its services, to provide increased value for money to ratepayers. Council will continue to focus on identifying sustainable cost savings that will enable it to deliver on our Council Plan to deliver high quality, responsive and accessible services to the community.

The budget includes a rate increase of 2.0 per cent. This is in line with the Fair Go Rates System which has capped rate increase by Victorian Councils. Council has also identified a number of significant cost and revenue impacts during the budget process which it has had to take into consideration. These include:

- the changes in financial support provided by the Victorian Government within the Home and Community Care area;
- the increasing demand for services from the community and an expectation that at least all services will be maintained at their present standard;
- Council's desire to continue to support Community Planning to drive strategic outcomes from a community level.

Some of the highlights contained in the 2017/18 Budget include:

- full funding of Council's ongoing commitment of community planning of \$750K;
- an increased commitment to investment in information technology;
- strong investment in local road and related infrastructure maintenance;
- \$400K allocation for works associated with the Building Asset Management Plan;
- continued support for the aged services and early years programs;
- capital expenditure program of \$9.36 million;
- no loan repayments with Council remaining debt free;
- continuation of a strong cash position.

This budget was developed through a rigorous process of consultation and review and Council endorses it as financially responsible. I encourage the community to read through this document, in conjunction with the Council Plan 2017-21.

Cr. Neil Beattie
Mayor

EXECUTIVE SUMMARY

Council has prepared a budget for 2017/18 which is aligned to the vision in the Council Plan 2017-21. It seeks to maintain and improve services and infrastructure as well as deliver projects and services that are valued by our community, and do this within rate increases mandated by the State Government.

This budget projects a cash surplus of \$0.207 million for 2017/18, however, it should be noted that the adjusted underlying result is a surplus of \$0.46 million after adjusting for capital grants and contributions (refer Sections 5 and 10.1).

1 Key things we are funding

- ongoing delivery of services to the Loddon Shire Council community
- continued investment in capital projects (\$9.36M). This includes roads (\$3.77M); urban and road drainage (\$1.56M); footpaths (\$0.29M); recreational, leisure and community facilities (\$1.12M) and parks, open space and streetscapes (\$0.35M).

2 The rate rise

- the average rate will rise be 2.0% in line with the order by the Minister for Local Government on 19 December 2016 under the Fair Go Rates System
- this year is not a revaluation year, therefore, valuations will be as per the General Revaluation dated 1 January 2016 (as amended by supplementary valuations)
- the waste service charges will increase by 10.0% per collection item
- refer to Section 7 for further Rates and Charges details.

3 Key statistics

Total revenue is \$22.62 million (2016/17 \$33.80 million)

Total operating expenditure is \$28.70 million (2016/17 \$29.48 million)

Accounting result is \$6.07 million deficit (2016/17 \$4.32 million surplus)

(Refer Income Statement in Section 3)

Note: Based on total income of \$22.62 million which includes capital grants and contributions.

Underlying operating result is \$4.5 million surplus (\$5.48 million deficit in 2016/17)

(Refer Analysis of operating budget in Section 10.1)

Note: Underlying operating result is an important measure of financial sustainability as it excludes income which is to be used for capital.

Cash result is \$0.21 million surplus (\$1.80 million surplus in 2016/17)

(Refer Capital Expenditure Statement in Appendix E)

Note: This is the net funding result after considering the funding requirements to meet reserve transfers.

Capital works program of \$9.36 million (\$17.69 million in 2016/17)

\$3.89 million from Council operations

\$1.58 million from reserves

No borrowings

\$0.16 million from asset sales

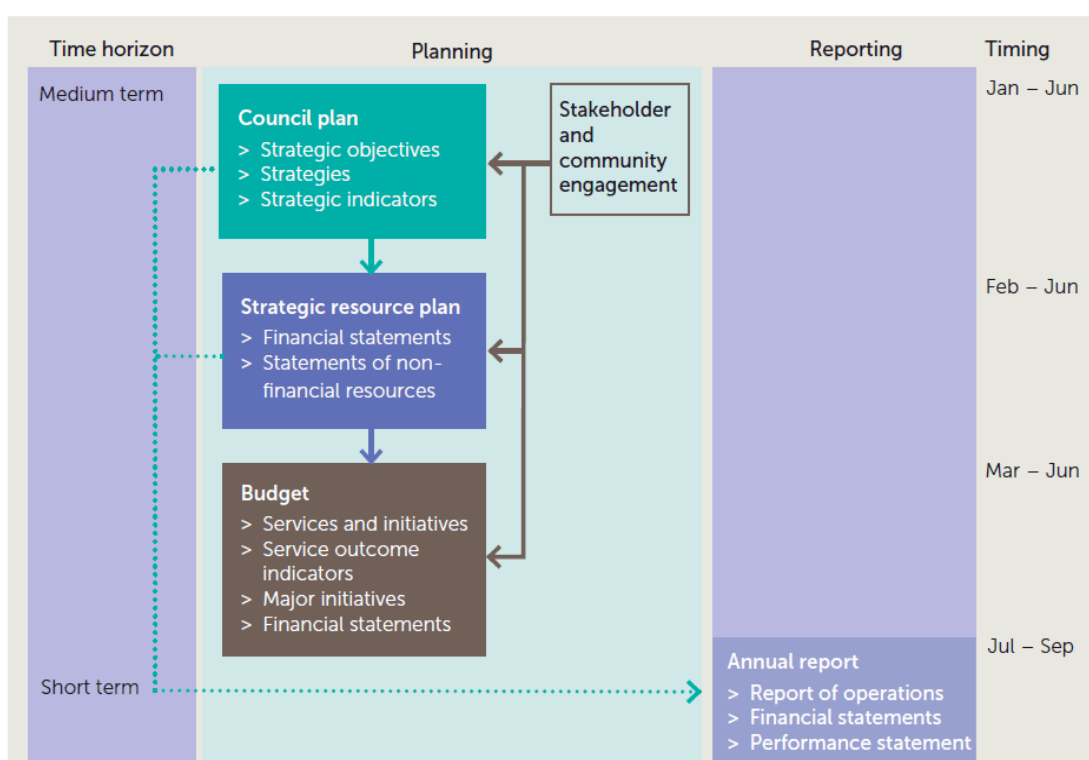
\$3.1 million from external grants.

1 LINKAGE TO THE COUNCIL PLAN

This section describes how the Budget links to the achievement of the Council Plan within an overall planning and reporting framework. This framework guides the Council in identifying community needs and aspirations over the long term (Long Term Financial Plan 2017/18 to 2026/27), medium term (Council Plan) and short term (Budget) and then holding itself accountable (Annual Report).

1.1 Planning and accountability framework

The Strategic Resource Plan, part of and prepared in conjunction with the Council Plan, is a rolling four year plan that outlines the financial and non-financial resources that Council requires to achieve the strategic objectives described in the Council Plan. The Budget is framed within the Strategic Resource Plan, taking into account the services and initiatives which contribute to achieving the strategic objectives specified in the Council Plan. The diagram below depicts the planning and accountability framework that applies to local government in Victoria.



Source: Department of Environment, Land, Water and Planning

The timing of each component of the planning framework is critical to the successful achievement of the planned outcomes. The Council Plan, including the Strategic Resource Plan, is required to be completed by 30 June following a general election and is reviewed each year in advance of the commencement of the Budget process.

1. LINKAGE TO THE COUNCIL PLAN (Continued)

1.2 Our purpose

Our Vision

"Loddon Shire Council's vision is to be a prosperous, vibrant and engaged community"

Our Mission

"Its mission is to enhance the sustainability and liveability of Loddon Shire"

Our Values

Leadership

Means acting ethically, dealing with suspected wrongdoing, doing the right thing even in the face of adversity, giving proper advice fearlessly, taking initiative, being innovative and acting strategically.

Integrity

Means obeying the law, following the intention of policies and procedures, fully disclosing actual or potential conflicts of interest, acting honestly and responsibly and observing organisational values and codes of conduct.

Accountability

Means having justifiable reasons for decision and actions, obtaining value for money, continuously improving, keeping proper records, and submitting to scrutiny.

Impartiality

Means being fair by being fully informed, considering only relevant matters, and dispassionately assessing without fear, favour or bias.

Respect

Means being open to feedback and other views, communicating with clarity and sensitivity, giving all relevant information, providing reasons for decisions, collaborating and working effectively in teams, being courteous and being punctual.

1. LINKAGE TO THE COUNCIL PLAN (Continued)

1.3 Core business of Council

In preparing the Council Plan, the Council has articulated the scope of its role in:

1 - Leadership

Providing vision and leadership in planning for our community's longer term future.

2 - Provision of well being services

Cost effectively providing for the basic needs of our communities.

3 - Planning for future needs

Anticipating and planning for demographic and economic shifts.

4 - Economic development

Supporting the growth and diversification of our economy, based on areas of competitive advantage.

5 - Providing quality infrastructure

Developing and maintaining both built and natural assets appropriate to community priorities.

6 - Financial stability

Planning and managing for long-term financial needs and keeping our rate payers informed about the financial situation.

7 - Education and life-long learning

Advocating for better youth engagement and life-long learning outcomes.

8 - Compliance

Ensuring we are compliant with all legislative reporting requirements.

9 - Regulation

Ensuring community compliance with local regulations.

10 - Advocacy and partnerships

Collaborating internally and externally to achieve our region's goals and promoting the interests and position of our Council.

1.4 Strategic themes

In addition Council has identified five high level strategic themes which are priority activities for the Council over the next four years. These are:

Population - Grow and invigorate Loddon's population

Economic prosperity - Support development of a prosperous and diverse economy

Liveability - Develop attractive, vibrant and well- serviced communities

Sustainability - Provide leadership which contributes to the sustainability of our region

High performance organisation - Implement frameworks which enable sound decision making and support a high performing and customer-focused organisation.

The Budget includes major initiatives that sit under the strategic themes that will be delivered in 2017/18. They are considered high priority projects in attempting to achieve the strategic platform objectives.

1. LINKAGE TO THE COUNCIL PLAN (Continued)

1.6 Reporting framework

Council has retained its current reporting structure, which includes six Key Direction Areas, as follows:

1 - Economic development and tourism

To promote economic growth through the retention and development of agriculture and business, and the development and promotion of tourism.

2 - Leadership

To provide Loddon Shire with strategic direction, representation and advocacy to promote good government, realisation of opportunities and to build confidence, pride and unity within the community.

3 - Works and infrastructure

Infrastructure to be provided in an efficient manner that meets the needs of the community.

4 - Good management

Ensure best practice management of human, physical and financial resources.

5 - Environment

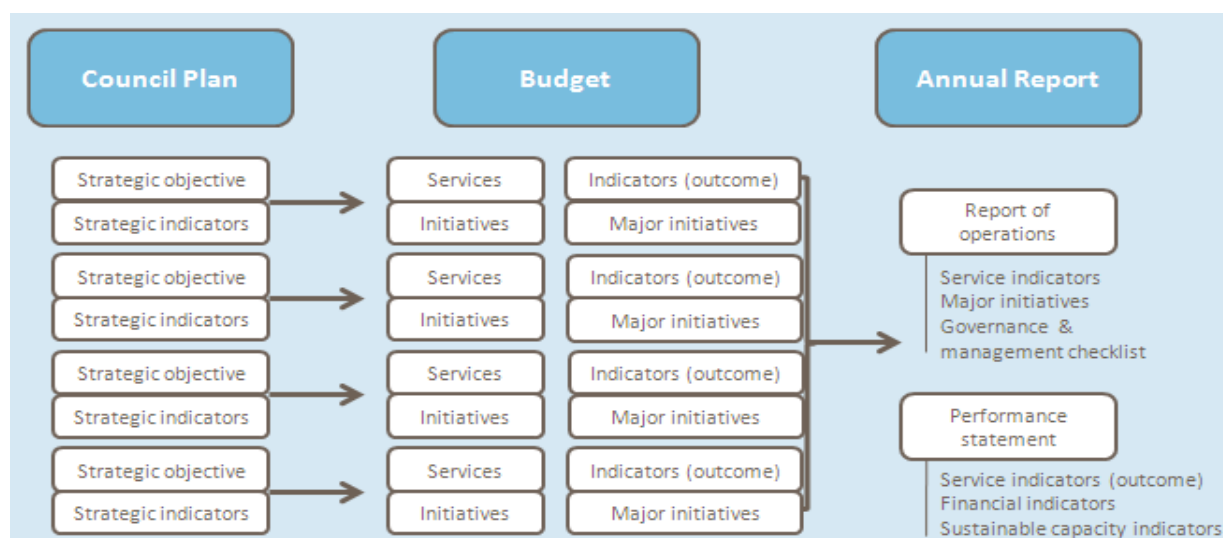
To promote and enhance the natural and built environment for the enjoyment of future generations.

6 - Community services and recreation

To enhance the quality of life of all ages through the provision of community services and support of community organisations.

2 SERVICES, INITIATIVES AND SERVICE PERFORMANCE INDICATORS

This section provides a description of the services and initiatives to be funded in the Budget for the 2017/18 year and how these will contribute to achieving the strategic platforms specified in the Council Plan. It also describes a number of major initiatives and service performance outcome indicators for key areas of Council's operations. Council is required by legislation to identify major initiatives, initiatives and service performance outcome indicators in the Budget and report against them in the Annual Report to support transparency and accountability. The relationship between these accountability requirements in the Council Plan, the Budget and the Annual Report is shown below.



Source: Department of Environment, Land, Water and Planning

2.1 Strategic themes

The following provides a brief outline of the strategic themes outlined within the Council Plan.

2.1.1 Strategic theme 1 - Population

Objective:

Grow and invigorate Loddon's population

Key priorities:

- population growth and diversity - develop a more balanced and sustainable demographic profile
- quality childcare services - optimise the potential for all residents to pursue employment opportunities and lifestyle choices
- infrastructure, amenities and services - support community needs with high standard infrastructure, facilities, services and programs
- attractive housing policies - encourage population growth by improving the ease of transition for new residents
- public transport services - improve the mobility and accessibility of residents to lifestyle needs and choices.

2 SERVICES, INITIATIVES AND SERVICE PERFORMANCE INDICATORS (Continued)

2.1 Strategic themes (continued)

2.1.2 Strategic theme 2 - Economic prosperity

Objective:

Support development of a prosperous and diverse economy

Key priorities:

- a) tourism - realise Loddon's tourism potential by supporting and promoting our natural, historical and cultural assets
- b) economic development - encourage economic development by providing support which facilitates business initiatives and growth
- c) water security - secure adequate water access to maintain the viability of diverse economic activities
- d) economic infrastructure - support the delivery of key public infrastructure that facilitates improved economic returns
- e) business capability - facilitate improvement in the business capabilities of Loddon traders and entrepreneurs.

2.1.3 Strategic theme 3 - Liveability

Objective:

Develop attractive, vibrant and well-serviced communities

Key priorities:

- a) township appearance - ensure our townships are presented to a high standard
- b) community engagement - build relationships and foster community engagement, pride and resilience
- c) lifestyle infrastructure - provide quality infrastructure which supports the desired lifestyles of our residents
- d) water security - secure adequate water access with supports lifestyle needs and recreational choices.

2.1.4 Strategic theme 4 - Sustainability

Objective:

Provide leadership which contributes to the sustainability of our region

Key priorities:

- a) economic sustainability - ensure the ongoing economic viability of Loddon Shire Council operations
- b) environmental sustainability - deliver adequate, efficient and sustainable environment and waste management services
- c) social sustainability - Actively promote policies and activities which facilitate community health, harmony and engagement.

2 SERVICES, INITIATIVES AND SERVICE PERFORMANCE INDICATORS (Continued)

2.1 Strategic themes (continued)

2.1.5 Strategic theme 5 - High performance organisation

Objective:

Implement frameworks which enable sound decision making and support a high performing and customer-focused organisation

Key priorities:

- a) financial management - practise responsible and sustainable financial behaviours
- b) quality customer service - improve communication with community and customers
- c) IT infrastructure - improve internal and external service delivery
- d) leadership and representation - deliver results in line with the direction of Council
- e) organisational development - develop the necessary culture and capabilities to achieve Council's strategic and operational objectives
- f) compliance and reporting - meet our legislative requirements and improve internal efficiencies.

2.2 Major initiatives

This section provides a description of the individual key activities and initiatives to be funded in the Budget for 2017/18.

2.2.1 Strategic theme 1

Key priority

Advocate for the provision of quality facilities and services which attract and retain families.

Major initiative

Implement the Donaldson Park Master Plan.

2.2.2 Strategic theme 2

Key priority

Develop a comprehensive, cohesive and compelling story which positions and promotes Loddon Shire as 'Victoria's Natural Playground'.

Major initiative

Complete a review of the Tourism Strategy.

2.2.2 Strategic theme 3

Key priority

Improve character and quality of townships.

Major initiative

Implement streetscape improvements in key townships.

2.2.4 Strategic theme 4

Key priority

Promote multi-purpose facility sharing opportunities which meet community needs.

Major initiative

Review the Small Towns Policy.

2 SERVICES, INITIATIVES AND SERVICE PERFORMANCE INDICATORS (Continued)

2.2 Major initiatives (continued)

2.2.6 Strategic theme 5

Key priority

Implement the software purchases and upgrades as identified within the IT strategy.

Major initiative

Replace phone system.

2.3 Service performance outcome indicators

These service performance outcome indicators are those prescribed in accordance with the Regulations and are reported within Council's Performance Statement.

Indicator	Performance measure	Computation
<i>Governance</i>		
Satisfaction	Satisfaction with Council Decisions (Community satisfaction rating out of 100 with how Council has performed in making decisions in the interests of the community)	Community satisfaction rating out of 100 with the performance of Council in making decisions in the interest of the community
<i>Home and community care</i>		
Participation	Participation in HACC Service (Percentage of the municipal target population that receive a HACC service)	[Number of people who received a HACC service / Municipal target population for HACC services] x100
Participation	Participation in HACC service by CALD people (Percentage of the municipal target population in relation to CALD people who receive a HACC service)	[Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100
<i>Maternal and child health</i>		
Participation	Participation in the MCH service (percentage of children enrolled who participate in the MCH service)	[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x 100
Participation	Participation in MCH service by Aboriginal children (Percentage of Aboriginal children enrolled who participate in the MCH service)	[Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100

2 SERVICES, INITIATIVES AND SERVICE PERFORMANCE INDICATORS (Continued)

2.3 Service performance outcome indicators

Indicator	Performance measure	Computation
<i>Libraries</i>		
Participation	Active library members (Percentage of the municipal population that are active library members)	[Number of active library members / municipal population] x100
<i>Aquatic facilities</i>		
Utilisation	Utilisation of aquatic facilities (The number of visits to aquatic facilities per head of municipal population)	Number of visits to aquatic facilities / Municipal population
<i>Statutory planning</i>		
Decision making	Council planning decisions upheld at VCAT (percentage of planning application decisions subject to review by VCAT and that were not set aside)	[Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100
<i>Waste collection</i>		
Waste diversion	Kerbside collection waste diverted from landfill (Percentage of garbage, recyclables and green organics collected from kerbside bins that is diverted from landfill)	[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100
<i>Roads</i>		
Satisfaction	Satisfaction with sealed local roads (Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads)	Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads
<i>Animal management</i>		
Health and safety	Animal management prosecutions (Number of successful animal management prosecutions)	Number of successful animal management prosecutions
<i>Food safety</i>		
Health and safety	Critical and major non-compliance notifications (Percentage of critical and major non-compliance outcome notifications that are followed up by Council)	[Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x100

2 SERVICES, INITIATIVES AND SERVICE PERFORMANCE INDICATORS (Continued)

2.4 Services

Section 127(2)(b) and (c) of the Act required the budget to contain a description of the services funded in the budget. This is in further detail below:

Activity	Net cost of activity	Income	Expenditure
110. ECO DEV & TOURISM STRATEGIES	\$208,011	(\$35,000)	\$243,011
111. ECONOMIC DEVELOPMENT	\$206,784	\$0	\$206,784
121. TOURISM	\$212,341	\$0	\$212,341
122. TOURISM INITIATIVES	\$93,273	\$0	\$93,273
123. CARAVAN PARKS	\$230,745	(\$870,032)	\$1,100,776
125. LODDON DISCOVERY TOURS	\$0	(\$23,752)	\$23,752
131. PROMOTIONAL INITIATIVES	\$10,000	\$0	\$10,000
132. INDUSTRIAL SITES	(\$3,580)	(\$12,240)	\$8,660
141. CONTRIBUTIONS	\$4,400	\$0	\$4,400
142. ECONOMIC DEVELOPMENT	(\$10,791)	(\$18,544)	\$7,753
151. BUILDING CONTROL	\$12,659	(\$120,959)	\$133,618
161. COUNCIL RESIDENCES	\$11,720	(\$2,500)	\$14,220
181. STANDPIPES & TRUCKWASHES	(\$1,000)	(\$43,525)	\$42,525
191. ACQUISITION & DISPOSAL	(\$300,000)	(\$300,000)	\$0
211. COUNCILLOR COSTS	\$361,755	\$0	\$361,755
212. EXECUTIVE	\$360,856	\$0	\$360,856
221. LOCAL LAWS	\$141,805	(\$929)	\$142,735
230. DEVELOPMENT SERVICES	\$151,971	\$0	\$151,971
232. COMMUNITY LEADERSHIP	\$17,000	(\$50,491)	\$67,491
251. RECORDS MANAGEMENT	\$99,054	\$0	\$99,054
281. MUN EMERGENCY MAN	\$7,500	(\$53,444)	\$60,944
311. STAFF ONCOSTS	(\$222,585)	(\$1,575,575)	\$1,352,990
320. TECHNICAL SERVICES	\$674,552	\$0	\$674,552
321. PLANT OPERATING	(\$2,155,741)	(\$3,994,259)	\$1,838,518
322. FLEET	(\$287,077)	(\$504,000)	\$216,923
331. LOCAL ROADS MAINT	\$5,413,334	\$0	\$5,413,334
333. RESEALS	\$1,224,000	\$0	\$1,224,000
339. ROADS TO RECOVERY	(\$1,763,197)	(\$1,763,197)	\$0
341. MAIN RDS ROUTINE PAVEMENT MAINT	(\$155,181)	(\$710,647)	\$555,466
349. LOCAL RD AMENITY PROGRAM	\$37,125	\$0	\$37,125
350. LOCAL ROAD SAFETY PROGRAM	\$302,280	\$0	\$302,280
351. LOCAL RD CONSTRUCTION	\$1,246,240	\$0	\$1,246,240
352. LOCAL RD GRAVEL RESHEETS	\$346,912	\$0	\$346,912
353. LOCAL RD SHOULDER SHEETS	\$339,895	\$0	\$339,895
354. LOCAL BRIDGES/CULVERTS	\$251,000	\$0	\$251,000
356. TOWNSHIP/STREETS IMP	\$293,755	\$0	\$293,755
371. URBAN DRAINAGE WORKS	\$458,000	\$0	\$458,000
381. GRAVEL PITS	\$279,091	(\$123,039)	\$402,130
383. DEPOTS	\$308,403	(\$153,000)	\$461,403
384. ROAD OPENINGS ETC	(\$1,996)	(\$9,715)	\$7,719
385. TRAFFIC CONTROL	\$31,500	\$0	\$31,500

2 SERVICES, INITIATIVES AND SERVICE PERFORMANCE INDICATORS (Continued)

2.4 Services (continued)

Activity	Net cost of activity	Income	Expenditure
386. PRIVATE WORKS	(\$3,842)	(\$37,781)	\$33,939
391. ACQUISITION & DISPOSAL	\$748,434	(\$155,666)	\$904,100
410. GOOD MANAGEMENT STRATEGIES	\$351,500	\$0	\$351,500
411. RATES INCOME	(\$9,126,787)	(\$9,126,787)	\$0
421. VGC INCOME	(\$4,060,524)	(\$4,060,524)	\$0
431. INTEREST INCOME	(\$378,000)	(\$378,000)	\$0
432. OTHER INCOME	(\$9,312)	(\$14,607)	\$5,294
434. INFORMATION TECHNOLOGY	\$712,042	\$0	\$712,042
435. PRINTING & STATIONERY	\$34,000	\$0	\$34,000
436. ADMINISTRATION	\$634,209	(\$56,229)	\$690,439
437. INSURANCE	\$218,493	(\$9,420)	\$227,913
440. FINANCE	\$651,886	\$0	\$651,886
441. CORPORATE SERVICES	\$689,447	\$0	\$689,447
442. OPERATIONS	\$818,781	\$0	\$818,781
443. OCC HEALTH & SAFETY	\$30,200	\$0	\$30,200
444. ORGANISATIONAL DEVELOPMENT	\$319,227	\$0	\$319,227
450. BUILDING MAINTENANCE	\$83,626	\$0	\$83,626
451. WEDDERBURN OFFICE	\$87,129	\$0	\$87,129
452. SERPENTINE OFFICE	\$52,670	(\$1,300)	\$53,970
453. BRIC	\$6,206	\$0	\$6,206
454. TELEPHONE CHARGES	\$30,000	\$0	\$30,000
461. RESERVE TRANSFERS	(\$4,374,696)	(\$6,557,088)	\$2,182,392
462. LONG SERVICE LEAVE PROV	\$248,753	\$0	\$248,753
471. SUBSCRIPTIONS, DONATIONS, & MEMBERSHIPS	\$55,934	\$0	\$55,934
491. ACQUISITION & DISPOSAL	\$270,000	\$0	\$270,000
511. TIPS	\$531,506	(\$106,195)	\$637,701
512. GARBAGE COLLECTION	(\$554,388)	(\$1,280,078)	\$725,690
532. TOWN PLANNING	\$94,462	(\$50,000)	\$144,462
541. HERITAGE & CULTURE	\$2,000	\$0	\$2,000
561. FIRE PROTECTION	\$17,573	(\$21,407)	\$38,980
582. ENVIRONMENT	(\$15,000)	(\$50,000)	\$35,000
592. CONSTRUCTION/IMPROVE	\$416,667	(\$833,333)	\$1,250,000
610. COMM SERVICES & REC STRATEGIES	\$451,877	(\$230,000)	\$681,877
611. INFANT WELFARE CENTRES	\$99,697	(\$133,700)	\$233,397
614. PRE-SCHOOL MAINTENANCE	\$32,229	\$0	\$32,229
615. EDUCATION	\$74,725	(\$28,885)	\$103,610
616. BOORT PRE-SCHOOL	\$0	(\$110,966)	\$110,966
617. DINGEE PRE-SCHOOL	(\$0)	(\$124,506)	\$124,506
618. INGLEWOOD PRE-SCHOOL	(\$0)	(\$103,932)	\$103,932
619. WEDDERBURN PRE-SCHOOL	(\$0)	(\$113,531)	\$113,531
620. DISABILITY ACCESS PROGRAMS	\$107,133	\$0	\$107,133
621. HEALTH CONTROL	\$109,202	(\$40,754)	\$149,956

2 SERVICES, INITIATIVES AND SERVICE PERFORMANCE INDICATORS (Continued)

2.4 Services (continued)

Activity	Net cost of activity	Income	Expenditure
622. PYRAMID HILL PRE-SCHOOL	\$0	(\$104,129)	\$104,129
623. OTHER HEALTH	\$5,000	\$0	\$5,000
624. MUN PUBLIC HEALTH WELLBEING	(\$240)	(\$240)	\$0
625. OCCASIONAL CARE PROGRAM	(\$31,539)	(\$48,406)	\$16,867
631. HACC SERVICES	\$96,089	(\$978,043)	\$1,074,132
632. COMMUNITY SERVICES	\$266,079	(\$37,209)	\$303,288
633. SENIOR CITIZENS CENTRES	\$17,109	(\$62,048)	\$79,157
634. ELDERLY PERSONS UNITS	(\$7,727)	(\$63,399)	\$55,672
635. HACC ONCOSTS	(\$7,185)	(\$209,571)	\$202,387
636. EXTERNALLY BROKERED SERVICES	(\$17,338)	(\$118,438)	\$101,100
637. LSC PACKAGED CARE PROGRAM	(\$13,110)	(\$135,780)	\$122,670
641. RECREATION & COMMUNITY DEVELOPMENT	\$351,716	\$0	\$351,716
642. RECREATION RESERVES	\$171,056	\$0	\$171,056
643. SWIMMING POOLS	\$471,741	\$0	\$471,741
644. BEACHES	\$45,390	\$0	\$45,390
645. TOWNSCAPE SERVICES	\$948,635	\$0	\$948,635
649. OTHER RECREATION	\$20,000	\$0	\$20,000
650. MAJOR EVENTS GRANTS	\$20,000	\$0	\$20,000
651. COMMUNITY GRANTS	\$200,000	\$0	\$200,000
652. REGIONAL LIBRARY	\$203,491	\$0	\$203,491
653. PUBLIC HALLS	\$46,303	\$0	\$46,303
655. YOUTH INITIATIVES	\$6,000	(\$53,000)	\$59,000
661. DOMESTIC ANIMALS	\$45,066	(\$44,759)	\$89,824
662. LIVESTOCK	\$36,986	(\$234)	\$37,221
670. COMMUNITY PLAN STRATEGY	\$500,000	\$0	\$500,000
671. BOORT COMMUNITY PLANS	\$50,000	\$0	\$50,000
676. WEDDERBURN COMMUNITY PLANS	\$50,000	\$0	\$50,000
677. INGLEWOOD COMMUNITY PLANS	\$50,000	\$0	\$50,000
678. TERRICK COMMUNITY PLANS	\$50,000	\$0	\$50,000
679. TARNAGULLA COMMUNITY PLANS	\$50,000	\$0	\$50,000
681. COMMUNITY PROTECTION	\$16,029	(\$9,602)	\$25,632
682. OTHER COMMUNITY	\$13,856	(\$5,000)	\$18,856
691. ACQUISITION & DISPOSAL	\$15,000	\$0	\$15,000
692. CONSTRUCTION/IMPROVE	\$35,000	\$0	\$35,000
998. (SURPLUS)/DEFICIT C/F	(\$1,802,528)	(\$1,802,528)	\$0
Total	(\$207,248)	(\$37,661,921)	\$37,454,672

2 SERVICES, INITIATIVES AND SERVICE PERFORMANCE INDICATORS (Continued)

2.5 Performance Statement

The service performance indicators details in the preceding pages will be reported on in the Performance Statement which is prepared at the end of the year as required by Section 132 of the Act and included in the 2017/18 Annual Report. The Performance Statement will also include reporting on prescribed indicators of financial performance (outlined in Section 8) and sustainable capacity, which are not included in this budget report. The prescribed performance indicators contained in the Performance Statement are audited each year by the Victorian Auditor General who issues an audit opinion on the Performance Statement. The major initiatives detailed in the preceding pages will be reported in the Annual Report in the form of a statement of progress in the Report of Operations.

2.6 Reconciliation with budgeted operating result

Activity	Net cost of activity	Income	Expenditure
Economic development and tourism	\$674,562	(\$1,426,551)	\$2,101,113
Leadership	\$1,139,940	(\$104,864)	\$1,244,804
Works and Infrastructure	\$7,364,902	(\$9,026,879)	\$16,391,781
Good management	(\$12,655,215)	(\$20,203,955)	\$7,548,740
Environment	\$492,820	(\$2,341,013)	\$2,833,833
Community services and recreation	\$4,578,270	(\$2,756,131)	\$7,334,401
Deficit before funding sources	\$1,595,280	(\$35,859,393)	\$37,454,672
Carried forward surplus	(\$1,802,528)	(\$1,802,528)	\$0
Total funding sources	(\$1,802,528)	(\$1,802,528)	\$0
Surplus for the year	(\$207,248)	(\$37,661,921)	\$37,454,672

3 BUDGETED FINANCIAL STATEMENTS

This section presents information in regards to the Financial Statements and Statement of Human Resources. The budget information for the years 2018/19 to 2020/21 has been extracted from the Strategic Resource Plan.

This section includes the following financial statements in accordance with the Local Government Act 1989 and the Local Government Model Financial Report:

- 3.1 Comprehensive Income Statement
- 3.2 Balance Sheet
- 3.3 Statement of Changes in Equity
- 3.4 Statement of Cash Flows
- 3.5 Statement of Capital Works
- 3.6 Statement of Human Resources
- 3.7 Statement of Reserves

3.1 COMPREHENSIVE INCOME STATEMENT FOR THE FOUR YEARS ENDED 30 JUNE 2021

	Forecast 2016/17	Budget 2017/18	Strategic Resource Plan Projections		
			2018/19	2019/20	2020/21
Income					
Rates and charges	\$10,105,251	\$10,406,865	\$10,537,935	\$10,767,370	\$11,002,049
Statutory fees and fines	\$257,417	\$248,670	\$254,887	\$261,259	\$267,790
User fees	\$1,744,874	\$1,432,607	\$1,213,297	\$1,246,296	\$1,280,391
Grants - operating	\$14,004,302	\$5,830,781	\$9,830,312	\$10,025,832	\$10,225,262
Grants - capital	\$6,150,476	\$3,296,530	\$7,134,608	\$2,733,422	\$2,496,756
Contributions - monetary	\$115,331	\$15,000	\$384,000	\$100,000	\$108,000
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	\$0	\$0	\$0	\$0	\$0
Share of net profits/(losses) of associates and joint ventures	\$0	\$0	\$0	\$0	\$0
Other income	\$1,424,947	\$1,393,967	\$1,434,965	\$1,443,995	\$1,453,211
Total income	\$33,802,598	\$22,624,420	\$30,790,004	\$26,578,174	\$26,833,459
Expenses					
Employee costs	\$10,212,285	\$10,809,393	\$11,135,429	\$11,587,133	\$12,050,383
Materials and services	\$10,212,014	\$8,606,761	\$7,773,026	\$7,849,834	\$8,309,711
Bad and doubtful debts	\$0	\$0	\$0	\$0	\$0
Depreciation and amortisation	\$8,757,634	\$8,976,575	\$9,200,989	\$9,431,017	\$9,666,790
Borrowing costs	\$0	\$0	\$0	\$0	\$0
Other expenses	\$299,116	\$304,738	\$310,473	\$316,322	\$322,289
Total expenses	\$29,481,049	\$28,697,467	\$28,419,917	\$29,184,306	\$30,349,173
Surplus/(deficit) for the year	\$4,321,549	(\$6,073,047)	\$2,370,087	(\$2,606,132)	(\$3,515,714)
Other comprehensive income					
Net asset revaluation increment/(decrement)	\$0	\$0	\$0	\$0	\$0
Shares of other comprehensive income of associates and joint ventures	\$0	\$0	\$0	\$0	\$0
Total comprehensive result	\$4,321,549	(\$6,073,047)	\$2,370,087	(\$2,606,132)	(\$3,515,714)

3 BUDGETED FINANCIAL STATEMENTS (Continued)

3.2 BALANCE SHEET FOR THE FOUR YEARS ENDED 30 JUNE 2021

	Forecast Actual 2016/17	Budget 2017/18	Strategic Resource Plan Projections		
			2018/19	2019/20	2020/21
Assets					
Current assets					
Cash and cash equivalents	\$14,496,633	\$9,005,797	\$6,255,484	\$4,394,899	\$1,218,284
Trade and other receivables	\$732,553	\$511,609	\$587,101	\$502,684	\$507,605
Other financial assets	\$0	\$0	\$0	\$0	\$0
Inventories	\$62,523	\$59,397	\$56,427	\$53,606	\$50,926
Non-current assets classified as held for sale	\$190,356	\$190,356	\$190,356	\$190,356	\$190,356
Total current assets	\$15,482,065	\$9,767,159	\$7,089,368	\$5,141,545	\$1,967,171
Non-current assets					
Trade and other receivables	\$87,000	\$0	\$0	\$0	\$0
Investments in associates and joint ventures	\$362,225	\$362,225	\$362,225	\$362,225	\$362,225
Property, infrastructure, plant and equipment	\$320,537,638	\$330,056,407	\$345,217,039	\$355,162,013	\$365,745,441
Intangible assets	\$1,654,362	\$1,654,362	\$1,654,362	\$1,654,362	\$1,654,362
Total non-current assets	\$322,641,225	\$332,072,994	\$347,233,626	\$357,178,600	\$367,762,028
Total assets	\$338,123,290	\$341,840,153	\$354,322,994	\$362,320,145	\$369,729,199
Liabilities					
Current liabilities					
Trade and other payables	\$339,721	\$292,895	\$272,191	\$275,995	\$291,291
Trust funds and deposits	\$263,239	\$250,077	\$237,573	\$225,695	\$214,410
Provisions	\$2,064,708	\$1,999,895	\$1,932,291	\$1,861,983	\$1,788,863
Interest bearing loans and borrowings	\$0	\$0	\$0	\$0	\$0
Total current liabilities	\$2,667,668	\$2,542,867	\$2,442,055	\$2,363,673	\$2,294,564
Non-current liabilities					
Provisions	\$2,605,475	\$2,898,347	\$3,204,510	\$3,523,953	\$3,857,259
Interest bearing loans and borrowings	\$0	\$0	\$0	\$0	\$0
Total non-current liabilities	\$2,605,475	\$2,898,347	\$3,204,510	\$3,523,953	\$3,857,259
Total liabilities	\$5,273,143	\$5,441,214	\$5,646,565	\$5,887,626	\$6,151,823
NET ASSETS	\$332,850,147	\$336,398,939	\$348,676,429	\$356,432,519	\$363,577,376
Equity					
Accumulated surplus	\$104,969,130	\$103,270,779	\$104,631,429	\$101,597,035	\$98,593,222
Asset revaluation reserve	\$217,766,528	\$227,388,368	\$237,295,771	\$247,657,993	\$258,318,564
Other reserves	\$10,114,488	\$5,739,792	\$6,749,229	\$7,177,491	\$6,665,590
TOTAL EQUITY	\$332,850,146	\$336,398,939	\$348,676,429	\$356,432,519	\$363,577,376

3 BUDGETED FINANCIAL STATEMENTS (Continued)

3.3 STATEMENT OF CHANGES IN EQUITY FOR THE FOUR YEARS ENDED 30 JUNE 2021

2018	Total	Accumulated surplus	Revaluation reserve	Other reserves
Balance at beginning of the financial year	\$332,850,146	\$104,969,130	\$217,766,528	\$10,114,488
Surplus/ (deficit) for the year	(\$6,073,047)	(\$6,073,047)	\$0	\$0
Net asset revaluation increment / (decrement)	\$9,621,840	\$0	\$9,621,840	\$0
Transfer to other reserves	\$0	(\$2,182,392)	\$0	\$2,182,392
Transfer from other reserves	\$0	\$6,557,088	\$0	(\$6,557,088)
Balance at end of financial year	\$336,398,939	\$103,270,779	\$227,388,368	\$5,739,792

2019	Total	Accumulated surplus	Revaluation reserve	Other reserves
Balance at beginning of the financial year	\$336,398,939	\$103,270,779	\$227,388,368	\$5,739,792
Surplus/ (deficit) for the year	\$2,370,087	\$2,370,087	\$0	\$0
Net asset revaluation increment / (decrement)	\$9,907,403	\$0	\$9,907,403	\$0
Transfer to other reserves	\$0	(\$2,405,871)	\$0	\$2,405,871
Transfer from other reserves	\$0	\$1,396,434	\$0	(\$1,396,434)
Balance at end of financial year	\$348,676,429	\$104,631,429	\$237,295,771	\$6,749,229

2020	Total	Accumulated surplus	Revaluation reserve	Other reserves
Balance at beginning of the financial year	\$348,676,429	\$104,631,429	\$237,295,771	\$6,749,229
Surplus/ (deficit) for the year	(\$2,606,132)	\$2,606,132	\$0	\$0
Net asset revaluation increment / (decrement)	\$10,362,222	\$0	\$10,362,222	\$0
Transfer to other reserves	\$0	(\$2,031,303)	\$0	\$2,031,303
Transfer from other reserves	\$0	\$1,603,041	\$0	(\$1,603,041)
Balance at end of financial year	\$356,432,519	\$106,809,299	\$247,657,993	\$7,177,491

2021	Total	Accumulated surplus	Revaluation reserve	Other reserves
Balance at beginning of the financial year	\$356,432,519	\$106,809,299	\$247,657,993	\$7,177,491
Surplus/ (deficit) for the year	(\$3,515,714)	(\$3,515,714)	\$0	\$0
Net asset revaluation increment / (decrement)	\$10,660,571	\$0	\$10,660,571	\$0
Transfer to other reserves	\$0	(\$1,986,437)	\$0	\$1,986,437
Transfer from other reserves	\$0	\$2,498,338	\$0	(\$2,498,338)
Balance at end of financial year	\$363,577,376	\$103,805,486	\$258,318,564	\$6,665,590

3 BUDGETED FINANCIAL STATEMENTS (Continued)

3.4 STATEMENT OF CASH FLOWS FOR THE FOUR YEARS ENDED 30 JUNE 2021

	Forecast Actual 2016/17	Budget 2017/18	Strategic Resource Plan Projections		
			2018/19	2019/20	2020/21
Cash flows from operating activities					
Receipts					
Rates and charges	\$10,108,261	\$10,585,996	\$10,394,599	\$10,809,043	\$11,015,627
Statutory fees and fines	\$408,553	\$275,938	\$243,736	\$274,926	\$272,654
User fees	\$1,667,621	\$1,561,584	\$1,164,441	\$1,309,210	\$1,303,785
Grants - operating	\$14,290,291	\$5,899,468	\$10,026,919	\$10,226,349	\$10,429,767
Grants - capital	\$6,723,111	\$3,410,389	\$7,277,300	\$2,788,090	\$2,546,691
Contributions - monetary	\$117,638	\$15,300	\$391,680	\$102,000	\$110,160
Interest received	\$497,078	\$378,000	\$378,759	\$380,653	\$382,557
Trust funds and deposits taken	\$0	\$0	\$0	\$0	\$0
Other receipts	\$1,153,419	\$1,036,285	\$1,077,329	\$1,084,608	\$1,092,066
Net GST refund/payment	(\$145,017)	(\$100,428)	(\$132,926)	(\$116,043)	(\$117,027)
Operating receipts	\$34,820,955	\$23,062,532	\$30,821,837	\$26,858,836	\$27,036,280
Payments					
Employee costs	(\$10,165,275)	(\$10,619,581)	(\$10,935,882)	(\$11,377,790)	(\$11,830,785)
Materials and services	(\$10,253,154)	(\$8,827,383)	(\$7,946,073)	(\$7,999,662)	(\$8,458,889)
Trust funds and deposits repaid	(\$13,855)	(\$13,162)	(\$12,504)	(\$11,878)	(\$11,285)
Other payments	(\$299,662)	(\$304,738)	(\$310,473)	(\$316,322)	(\$322,289)
Operating payments	(\$20,731,946)	(\$19,764,864)	(\$19,204,932)	(\$19,705,652)	(\$20,623,248)
Net cash provided by/(used in) operating activities	\$14,089,009	\$3,297,668	\$11,616,905	\$7,153,184	\$6,413,032
Cash flows from investing activities					
Payments for property, infrastructure, plant and equipment	(\$17,368,087)	(\$8,873,504)	(\$14,454,218)	(\$9,013,769)	(\$9,589,647)
Proceeds from sales of property, infrastructure, plant and equipment	\$0	\$0	\$0	\$0	\$0
Decrease in term deposits	\$1,750,000	\$0	\$0	\$0	\$0
Payments of loans and advances	\$69,000	\$79,000	\$87,000	\$0	\$0
Net cash provided by/(used in) investing activities	(\$15,543,087)	(\$8,788,504)	(\$14,367,218)	(\$9,013,769)	(\$9,589,647)
Cash flows from financing activities					
Finance costs	\$0	\$0	\$0	\$0	\$0
Proceeds from borrowings	\$0	\$0	\$0	\$0	\$0
Repayment of borrowings	\$0	\$0	\$0	\$0	\$0
Net cash provided by (used in) financing activities	\$0	\$0	\$0	\$0	\$0
Net increase/(decrease) in cash and cash equivalents	(\$1,454,078)	(\$5,490,836)	(\$2,750,313)	(\$1,860,585)	(\$3,176,615)
Cash and cash equivalents at the beginning of the year	\$15,950,711	\$14,496,633	\$9,005,797	\$6,255,484	\$4,394,899
Cash and cash equivalents at the end of the year	\$14,496,633	\$9,005,797	\$6,255,484	\$4,394,899	\$1,218,284

3 BUDGETED FINANCIAL STATEMENTS (Continued)

3.5 STATEMENT OF CAPITAL WORKS FOR THE FOUR YEARS ENDED 30 JUNE 2021

	Forecast Actual 2016/17	Budget 2017/18	Strategic Resource Plan Projections		
			2018/19	2019/20	2020/21
Capital works areas					
Carried forward works from previous years	\$6,143,370	\$645,500	\$0	\$0	\$0
Land and buildings	\$1,035,325	\$793,500	\$410,000	\$410,000	\$1,660,000
Office furniture and equipment	\$253,353	\$317,363	\$92,101	\$92,154	\$92,208
Plant and equipment	\$1,763,077	\$844,100	\$834,100	\$1,251,681	\$1,620,275
Footpaths	\$497,467	\$293,755	\$249,699	\$261,057	\$278,185
Roadworks	\$7,153,362	\$3,767,452	\$3,470,988	\$3,268,521	\$3,307,913
Urban and road drainage	\$254,650	\$1,558,000	\$5,250,000	\$350,000	\$350,000
Recreation, leisure and community facilities	\$187,380	\$790,000	\$3,163,000	\$420,000	\$1,045,000
Parks, open space and streetscapes	\$404,600	\$354,500	\$1,215,000	\$3,270,000	\$1,630,000
Other infrastructure	\$0	\$0	\$0	\$0	\$0
Total capital works	\$17,692,584	\$9,364,170	\$14,684,888	\$9,323,413	\$9,983,581
Represented by:					
New asset expenditure	\$2,086,777	\$1,051,100	\$846,201	\$1,263,835	\$1,632,483
Asset renewal expenditure	\$4,727,261	\$3,488,562	\$2,474,904	\$2,327,273	\$2,451,617
Asset expansion expenditure	\$7,048,293	\$4,469,008	\$5,815,000	\$2,920,000	\$2,130,000
Asset upgrade expenditure	\$3,830,253	\$355,500	\$5,548,783	\$2,812,305	\$3,769,481
Total capital works expenditure	\$17,692,584	\$9,364,170	\$14,684,888	\$9,323,413	\$9,983,581

	Forecast Actual 2016/17	Budget 2017/18	Strategic Resource Plan Projections		
			2018/19	2019/20	2020/21
Expenditure type					
Labour	\$269,940	\$316,989	\$273,461	\$267,294	\$269,751
Oncost	\$190,995	\$183,966	\$144,400	\$141,155	\$142,449
Plant	\$585,619	\$639,733	\$577,317	\$561,064	\$564,845
Creditors	\$6,765,690	\$4,231,651	\$4,576,604	\$3,406,205	\$4,300,556
Contractors	\$9,880,340	\$3,991,831	\$9,113,106	\$4,947,695	\$4,705,980
Total capital works expenditure	\$17,692,584	\$9,364,170	\$14,684,888	\$9,323,413	\$9,983,581

3 BUDGETED FINANCIAL STATEMENTS (Continued)

3.6 STATEMENT OF HUMAN RESOURCES FOR THE FOUR YEARS ENDED 30 JUNE 2021

	Forecast Actual 2016/17	Budget 2017/18	Strategic Resource Plan Projections		
			2018/19	2019/20	2020/21
Staff expenditure					
Employee labour - operating	\$9,942,345	\$10,492,404	\$10,861,968	\$11,319,839	\$11,780,632
Employee labour - capital	\$269,940	\$316,989	\$273,461	\$267,294	\$269,751
Total staff expenditure*	\$10,212,285	\$10,809,393	\$11,135,429	\$11,587,133	\$12,050,383
Staff numbers EFT**	EFT	EFT	EFT	EFT	EFT
Employees	135.09	135.09	135.09	135.09	135.09
Total staff numbers EFT	135.09	135.09	135.09	135.09	135.09

* Excludes employee oncost

** Equivalent Full Time

A summary of human resources expenditure categories according to the organisation structure of Council is included below:

Department	Budget 2017/18	Permanent Full Time	Permanent Part Time
Staff cost			
Economic development and tourism	\$569,861	\$331,298	\$238,563
Leadership	\$367,876	\$272,262	\$95,614
Works and infrastructure	\$3,024,421	\$3,024,421	\$0
Good management	\$2,794,073	\$2,010,192	\$783,881
Environment	\$342,799	\$251,634	\$91,165
Community services and recreation	\$3,393,374	\$1,240,596	\$2,152,778
Total permanent staff expenditure	\$10,492,404	\$7,130,403	\$3,362,001
Casuals and other expenditure	\$0		
Capitalised labour costs	\$316,989		
Total expenditure	\$10,809,393		

A summary of the number of equivalent (FTE) Council staff in relation to the above expenditure is included below:

Department	Budget 2017/18	Permanent Full Time	Permanent Part Time
Staff EFT			
Economic development and tourism	5.63	3.00	2.63
Leadership	4.23	3.00	1.23
Works and infrastructure	42.00	42.00	0.00
Good management	28.95	19.00	9.95
Environment	4.26	3.00	1.26
Community services and recreation	45.02	15.00	30.02
Total permanent staff EFT	130.09	85.00	45.09
Casuals and other	0.00		
Capitalised labour	5.00		
Total EFT	135.09		

3 BUDGETED FINANCIAL STATEMENTS (Continued)

3.7 STATEMENT OF RESERVES FOR THE FOUR YEARS ENDED 30 JUNE 2021

	Forecast Actual 2016/17	Budget 2017/18	Strategic Resource Plan Projections		
			2018/19	2019/20	2020/21
Discretionary					
Land and buildings reserve	\$283,400	\$618,400	\$653,400	\$653,400	\$203,400
Professional development reserve	\$27,919	\$35,919	\$43,919	\$51,919	\$59,919
Unspent grants reserve	\$4,060,524	\$0	\$0	\$0	\$0
Capital expenditure reserve	\$0	\$0	\$0	\$0	\$0
Rates reserve	\$0	\$0	\$0	\$0	\$0
Information technology reserve	\$1,113,000	\$955,000	\$1,014,000	\$1,073,000	\$1,132,000
Valuations reserve	\$202,914	\$57,914	\$19,914	\$114,914	\$76,914
Units reserve	\$72,955	\$80,682	\$88,195	\$95,472	\$102,491
Economic development reserve	\$178,180	\$118,180	\$203,180	\$288,180	\$233,180
Skinner's flat reserve	\$12,908	\$12,908	\$12,908	\$12,908	\$12,908
Community planning reserve	\$0	\$0	\$0	\$0	\$0
Plant replacement reserve	\$610,518	\$912,078	\$1,234,888	\$1,270,109	\$1,020,856
Fleet replacement reserve	\$513,120	\$543,126	\$558,132	\$582,276	\$672,382
GSP restoration reserve	\$786,698	\$507,607	\$989,676	\$1,071,159	\$1,154,215
Urban drainage reserve	\$316,127	\$108,127	\$108,127	\$108,127	\$108,127
Landfill rehabilitation reserve	\$274,047	\$308,417	\$375,657	\$375,657	\$409,277
Lake Boort water reserve	\$17,815	\$17,815	\$17,815	\$17,815	\$17,815
Reserves improvement reserve	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Caravan park development reserve	\$246,567	\$15,823	\$15,242	\$14,759	\$14,310
Superannuation liability reserve	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Unspent contributions reserve	\$0	\$0	\$0	\$0	\$0
War memorial reserve	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Heritage loan scheme reserve	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Major projects reserve	\$44,796	\$44,796	\$44,796	\$44,796	\$44,796
Unsuitably premises enforcement provision reserve	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Swimming pool major projects reserve	\$50,000	\$100,000	\$100,000	\$100,000	\$100,000
Total discretionary reserves	\$10,114,488	\$5,739,792	\$6,782,849	\$7,177,491	\$6,665,590

4 FINANCIAL PERFORMANCE INDICATORS

Indicator	Measure	Notes	Actual	Forecast Actual	Budget	Strategic Resource Plan Projections			Trend
			2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	+/-
Operating position									
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	1	-37.73%	9.67%	-36.16%	-2.08%	-36.11%	-15.65%	+/-
Liquidity									
Working capital	Current assets / Current liabilities	2	641.06%	580.36%	384.10%	290.30%	217.52%	85.73%	-
Unrestricted cash	Unrestricted cash / Current liabilities		281.60%	85.74%	42.64%	-114.52%	-217.46%	-344.01%	-
Obligations									
Loan and borrowings	Loans and borrowings / Rate revenue	3	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	O
Loan and borrowings	Interest and principal repayments on interest bearing loans and borrowings / Rate revenue		1.39%	0.00%	0.00%	0.00%	0.00%	0.00%	O
Indebtedness	Non-current liabilities / Own source revenue		17.58%	19.25%	21.50%	23.84%	25.69%	27.55%	O
Asset renewal	Asset renewal expenses / Asset depreciation	4	24.12%	53.98%	38.86%	26.90%	24.68%	25.36%	O
Stability									
Rates concentration	Rates revenue / Adjusted underlying revenue	5	50.58%	30.96%	49.38%	37.85%	50.22%	41.93%	O
Rates effort	Rate revenue / CIV of rateable properties in the municipality		0.56%	0.58%	0.60%	0.60%	0.61%	0.62%	O
Efficiency									
Expenditure level	Total expenses / No. of property assessments		\$3,442	\$3,824	\$3,709	\$3,673	\$3,772	\$3,923	O
Revenue level	Residential rate revenue / No. of residential property assessments		\$941	\$937	\$960	\$972	\$993	\$1,015	O
Workforce turnover	No. of permanent staff resignations and terminations / Average no. of permanent staff for the financial year		12.75%	7.40%	7.40%	7.40%	7.40%	7.40%	O

4 FINANCIAL PERFORMANCE INDICATORS (Continued)

Key to forecast trend:

- + Forecasts improvement in Council's financial performance / financial position indicator
- O Forecasts that Council's financial performance / financial position indicator will be steady
- Forecasts deterioration in Council's financial performance / financial position indicator

Notes to indicators

1 Adjusted underlying result - An indicator of the sustainable operating result required to enable Council to continue provide core services and meet its objectives. Improvement in financial performance is expected over the period, although continued losses means reliance on Council's cash reserves or increased debt to maintain services.

2 Working capital – The proportion of current liabilities represented by current assets. Working capital is forecast to decrease in future years as cash and cash equivalents decrease.

3 Debt compared to rates - Council has repaid its final loan liability in 2015/16.

4 Asset renewal - This percentage indicates the extent of Council's renewal of assets against its depreciation charge (an indication of the decline in value of its existing capital assets). A percentage greater than 100 indicates that Council is maintaining its existing assets, while a percentage less than 100 means its assets are deteriorating faster than they are being renewed and future capital expenditure will be required to renew assets.

5 Rates concentration - Reflects the extent of reliance on rate revenues to fund all of Council's on-going services. Trend indicates that Council will become more reliant on rate revenue compared to all other revenue sources.

5 OTHER BUDGET INFORMATION

This section presents other budget related information required by the Regulations.

This section includes the following statements and reports:

- 5.1 Grants operating
- 5.2 Grants capital
- 5.3 Statement of borrowings

5.1 Grants - operating (\$0.52 million decrease)

Operating Grants include all monies received from State and Federal sources for the purposes of funding the delivery of Council's services to ratepayers. Overall the level of operating grants is projected to decrease by 58% or \$8.17 million in 2017/18 mainly due to 50% upfront payment of the Victoria Grants Commission 2017/18 allocation. Significant grant funding sources are summarised below:

Operating grants	Forecast 2016/17	Budget 2017/18	Variance
Recurrent - Commonwealth Government			
Victoria Grants Commission - local roads	\$5,197,855	\$1,755,567	(\$3,442,288)
Victoria Grants Commission - general	\$6,824,481	\$2,304,957	(\$4,519,524)
Recurrent - State Government			
Tourism promotion	\$19,000	\$0	(\$19,000)
School crossings	\$9,414	\$9,602	\$188
Drum Muster	\$6,393	\$5,000	(\$1,393)
Fire Services Property Levy	\$40,421	\$41,229	\$808
HACC services	\$809,474	\$821,913	\$12,439
Maternal and child health	\$133,701	\$133,700	(\$1)
Weed and pest management	\$50,000	\$50,000	\$0
Fire protection	\$0	\$5,980	\$5,980
Pre-schools	\$435,412	\$518,703	\$83,291
Senior citizens	\$48,823	\$49,748	\$925
Tobacco reform	\$3,465	\$4,392	\$927
Youth initiatives	\$53,000	\$53,000	\$0
Total recurrent grants	\$13,631,439	\$5,753,792	-\$7,877,647
Non-recurrent State Government			
Strategies and plans	\$0	\$30,000	\$30,000
Pre-schools	\$52,126	\$0	(\$52,126)
Streetscapes	\$12,000	\$0	(\$12,000)
Flood prevention	\$29,750	\$0	(\$29,750)
Flood recovery	\$0	\$46,989	\$46,989
Staff training	\$1,200	\$0	(\$1,200)
Planning development	\$28,250	\$0	(\$28,250)
Weed and pest management	\$40,000	\$0	(\$40,000)
Heritage	\$13,358	\$0	(\$13,358)
Recreation	\$173,679	\$0	(\$173,679)
Youth initiatives	\$22,500	\$0	(\$22,500)
Total non-recurrent grants	\$372,863	\$76,989	(\$295,874)
Total operating grants	\$14,004,302	\$5,830,781	(\$8,173,521)

5 OTHER BUDGET INFORMATION (Continued)

5.2 Grants - capital (\$2.85 million decrease)

Capital Grants include all monies received from State and Federal sources for the purposes of funding the capital works program. Capital grants are projected to decrease by 86.6% or \$2.85 million in 2017/18. Significant grant funding sources are summarised below:

Grant funding types	Forecast 2016/17	Budget 2017/18	Variance
Recurrent - Commonwealth Government			
Roads to Recovery	\$5,099,198	\$1,763,197	(\$3,336,001)
Recurrent - State Government			
Nil	\$0	\$0	\$0
Total - recurrent capital grants	\$5,099,198	\$1,763,197	(\$3,336,001)
Non-recurrent - Commonwealth Government			
Nil	\$0	\$0	\$0
Non-recurrent - State Government			
Rivers and foreshores	\$120,000	\$0	(\$120,000)
Tip and landfill works	\$140,000	\$0	(\$140,000)
Community centres	\$100,000	\$0	(\$100,000)
Flood prevention	\$0	\$833,333	\$833,333
Caravan parks	\$0	\$500,000	\$500,000
Swimming pools	\$8,538	\$200,000	\$191,462
Recreation	\$132,740	\$0	(\$132,740)
Streetscape projects	\$550,000	\$0	(\$550,000)
Total - non-recurrent capital grants	\$1,051,278	\$1,533,333	\$482,055
Total - capital grants	\$6,150,476	\$3,296,530	(\$2,853,946)

The major decreases relates to \$3.34 million for a one off increase in the Roads to Recovery program in 2016/17.

5.3 Statement of borrowings

The table below shows information on borrowings specifically required by the Regulations.

Borrowings	Forecast 2016/17	Budget 2017/18
Total amount borrowed as at 30 June of the prior year	\$131,145	\$0
Total amount to be borrowed	\$0	\$0
Total amount projected to be redeemed	(\$131,145)	\$0
Total amount proposed to be borrowed as at 30 June	\$0	\$0

6 DETAILED LIST OF CAPITAL WORKS

This section presents a listing of the capital works projects that will be undertaken for the 2017/18 year.

The capital works projects are grouped by class and include the following:

- new works for 2017/18
- works carried forward from the 2016/17 year.

6.1 New works by asset expenditure type

Capital works area	Project cost	Asset expenditure types			
		New	Renewal	Upgrade	Expansion
Property					
Land	\$0	\$0	\$0	\$0	\$0
Land improvements	\$0	\$0	\$0	\$0	\$0
Total land	\$0	\$0	\$0	\$0	\$0
Buildings	\$30,000	\$0	\$0	\$30,000	\$0
Building improvements	\$763,500	\$0	\$763,500	\$0	\$0
Total buildings	\$793,500	\$0	\$763,500	\$30,000	\$0
Total property	\$793,500	\$0	\$763,500	\$30,000	\$0
Plant and equipment					
Plant, machinery and equipment	\$844,100	\$844,100	\$0	\$0	\$0
Computers and telecommunications	\$317,363	\$2,000	\$90,000	\$225,363	\$0
Fixtures fittings and furniture	\$0	\$0	\$0	\$0	\$0
Total plant and equipment	\$1,161,463	\$846,100	\$90,000	\$225,363	\$0
Infrastructure					
Roads	\$3,516,452	\$0	\$1,930,807	\$1,585,645	\$0
Bridges	\$251,000	\$0	\$251,000	\$0	\$0
Footpaths	\$293,755	\$0	\$293,755	\$0	\$0
Drainage	\$1,558,000	\$0	\$0	\$1,558,000	\$0
Recreation leisure and community facilities	\$790,000	\$40,000	\$0	\$750,000	\$0
Parks, open space and streetscapes	\$354,500	\$0	\$104,500	\$250,000	\$0
Other infrastructure	\$0	\$0	\$0	\$0	\$0
Total infrastructure	\$6,763,707	\$40,000	\$2,580,062	\$4,143,645	\$0
Total new works	\$8,718,670	\$886,100	\$3,433,562	\$4,399,008	\$0

6 DETAILED LIST OF CAPITAL WORKS (Continued)

6.2 New works by funding source

Capital works area	Project cost	Funding sources			
		Grants	Reserves	Council funded	Sale of assets
Property					
Land	\$0	\$0	\$0	\$0	\$0
Land improvements	\$0	\$0	\$0	\$0	\$0
Total land	\$0	\$0	\$0	\$0	\$0
Buildings	\$30,000	\$0	\$0	\$30,000	\$0
Building improvements	\$763,500	\$0	\$0	\$763,500	\$0
Total buildings	\$793,500	\$0	\$0	\$793,500	\$0
Total property	\$793,500	\$0	\$0	\$793,500	\$0
Plant and equipment					
Plant, machinery and equipment	\$844,100	\$0	\$668,434	\$20,000	\$155,666
Computers and telecommunications	\$317,363	\$0	\$312,000	\$5,363	\$0
Fixtures fittings and furniture	\$0	\$0	\$0	\$0	\$0
Total plant and equipment	\$1,161,463	\$0	\$980,434	\$25,363	\$155,666
Infrastructure					
Roads	\$3,516,452	\$1,611,197	\$0	\$1,905,255	\$0
Bridges	\$251,000	\$152,000	\$0	\$99,000	\$0
Footpaths	\$293,755	\$0	\$0	\$293,755	\$0
Drainage	\$1,558,000	\$833,333	\$308,000	\$416,667	\$0
Recreation leisure and community facilities	\$790,000	\$500,000	\$290,000	\$0	\$0
Parks, open space and streetscapes	\$354,500	\$0	\$0	\$354,500	\$0
Other infrastructure	\$0	\$0	\$0	\$0	\$0
Total infrastructure	\$6,763,707	\$3,096,530	\$598,000	\$3,069,177	\$0
Total new works	\$8,718,670	\$3,096,530	\$1,578,434	\$3,888,040	\$155,666

6 DETAILED LIST OF CAPITAL WORKS (Continued)

6.3 Works carried forward from the 2016/17 year by asset expenditure type

Capital works area	Project cost	Asset expenditure types			
		New	Renewal	Upgrade	Expansion
Property					
Land	\$0	\$0	\$0	\$0	\$0
Land improvements	\$45,000	\$5,000	\$40,000	\$0	\$0
Total land	\$45,000	\$5,000	\$40,000	\$0	\$0
Buildings	\$41,500	\$0	\$0	\$0	\$41,500
Building improvements	\$225,000	\$160,000	\$15,000	\$50,000	\$0
Total buildings	\$266,500	\$160,000	\$15,000	\$50,000	\$41,500
Total property	\$311,500	\$165,000	\$55,000	\$50,000	\$41,500
Plant and equipment					
Plant, machinery and equipment	\$0	\$0	\$0	\$0	\$0
Computers and telecommunications	\$0	\$0	\$0	\$0	\$0
Fixtures fittings and furniture	\$0	\$0	\$0	\$0	\$0
Total plant and equipment	\$0	\$0	\$0	\$0	\$0
Infrastructure					
Roads	\$0	\$0	\$0	\$0	\$0
Bridges	\$0	\$0	\$0	\$0	\$0
Footpaths	\$0	\$0	\$0	\$0	\$0
Drainage	\$0	\$0	\$0	\$0	\$0
Recreation leisure and community facilities	\$334,000	\$0	\$0	\$20,000	\$314,000
Parks, open space and streetscapes	\$0	\$0	\$0	\$0	\$0
Other infrastructure	\$0	\$0	\$0	\$0	\$0
Total infrastructure	\$334,000	\$0	\$0	\$20,000	\$314,000
Total carried forward works	\$645,500	\$165,000	\$55,000	\$70,000	\$355,500

6 DETAILED LIST OF CAPITAL WORKS (Continued)

6.3 Works carried forward from the 2016/17 year by funding source

Capital works area	Project cost	Funding sources			
		Grants	Reserves	Council funded	Sale of assets
Property					
Land	\$0	\$0	\$0	\$0	\$0
Land improvements	\$45,000	\$0	\$40,000	\$5,000	\$0
Total land	\$45,000	\$0	\$40,000	\$5,000	\$0
Buildings	\$41,500	\$0	\$41,500	\$0	\$0
Building improvements	\$225,000	\$0	\$210,000	\$15,000	\$0
Total buildings	\$266,500	\$0	\$251,500	\$15,000	\$0
Total property	\$311,500	\$0	\$291,500	\$20,000	\$0
Plant and equipment					
Plant, machinery and equipment	\$0	\$0	\$0	\$0	\$0
Computers and telecommunications	\$0	\$0	\$0	\$0	\$0
Fixtures fittings and furniture	\$0	\$0	\$0	\$0	\$0
Total plant and equipment	\$0	\$0	\$0	\$0	\$0
Infrastructure					
Roads	\$0	\$0	\$0	\$0	\$0
Bridges	\$0	\$0	\$0	\$0	\$0
Footpaths	\$0	\$0	\$0	\$0	\$0
Drainage	\$0	\$0	\$0	\$0	\$0
Recreation leisure and community facilities	\$334,000	\$200,000	\$15,000	\$119,000	\$0
Parks, open space and streetscapes	\$0	\$0	\$0	\$0	\$0
Other infrastructure	\$0	\$0	\$0	\$0	\$0
Total infrastructure	\$334,000	\$200,000	\$15,000	\$119,000	\$0
Total carried forward works	\$645,500	\$200,000	\$306,500	\$139,000	\$0

7 RATES AND CHARGES

This section presents information about rates and charges which the Act and the Regulations require to be disclosed in Council's annual budget.

In developing the Strategic Resource Plan, rates and charges were identified as an important source of revenue, accounting for 39.0% of the total revenue received by Council annually. Planning for future rate increases has therefore been an important component of the Strategic Resource Planning process. The State Government have introduced the *Fair Go Rates System (FGRS)* which sets out the maximum amount councils may increase rates in a year. For 2017/18 the FGRS cap has been set at 2.0%. The cap applies to general rates and municipal charges and is calculated on the basis of Council's average rates and charges.

The level of required rates and charges has been considered in this context, with reference to Council's other sources of income and the planned expenditure on services and works to be undertaken for the Victorian community.

In order to achieve Council's objectives while maintaining service levels and a strong capital expenditure program, the average general rate and the municipal charge will increase by 2.0% in line with the rate cap. The kerbside and recycling collection charges will increase by 10.0% due to increases in the cost of landfill operations and the continuation of Council's decision for this activity to remain cost neutral. This will raise total rates and charges for 2017/18 of \$10.41 million.

7.1.1 The rate in the dollar to be levied as general rates under Section 158 of the Act for each type or class of land compared with the previous financial year

Type or class of land	2016/17 cents/\$CIV	2017/18 cents/\$CIV	Change
General	0.4892	0.4977	1.7%
Rural	0.4355	0.4431	1.7%

7.1.2 The estimated total amount to be raised by general rates in relation to each type or class of land, and the estimated total amount to be raised by general rates, compared with the previous financial year

Type or class of land	2016/17 \$	2017/18 \$	Change
General	2,491,942	2,558,205	2.7%
Rural	5,307,433	5,408,554	1.9%
Total amount to be raised by rates	7,799,375	7,966,759	2.1%

7.1.3 The number of assessments in relation to each type or class of land, and the total number of assessments, compared with the previous financial year

Type or class of land	2016/17 number	2017/18 number	Change
General	4,146	4,167	0.5%
Rural	3,563	3,570	0.2%
Total number of assessments	7,709	7,737	0.4%

7.1.4 The basis of valuation

Basis of valuation is the Capital Improved Value (CIV).

7 RATES AND CHARGES (Continued)

7.1.5 The estimated total value of each type or class of land, and the estimated total value of land, compared with the previous financial year

Type or class of land	2016/17 \$	2017/18 \$	Change
General	509,344,700	514,019,000	0.9%
Rural	1,218,750,500	1,220,740,500	0.2%
Total value of land	1,728,095,200	1,734,759,500	0.4%

7.1.6 The municipal charge under Section 159 of the Act compared with the previous financial year

Type of charge	Per rateable property 2016/17 \$	Per rateable property 2017/18 \$	Change
Municipal	203	207	2.0%

7.1.7 The estimated total amount to be raised by municipal charges compared with the previous financial year

Type of charge	2016/17 \$	2017/18 \$	Change
Municipal	1,132,537	1,160,028	2.4%

7.1.8 The rate or unit amount to be levied for each type or service rate or charge under Section 162 of the Act compared with the previous financial year

Type of charge	Per rateable property 2016/17 \$	Per rateable property 2017/18 \$	Change
Garbage collection 140 litre	236	260	10.2%
Garbage collection 240 litre	320	352	10.0%
Kerbside recycling 240 litre	89	98	10.1%
Total	645	710	10.1%

7.1.9 The estimated total amount to be raised by each type of service rate or charge, and the estimated total amount to be raised by service rates and charges, compared with the previous financial year

Type of charge	2016/17 \$	2017/18 \$	Change
Garbage charge	851,652	943,252	10.8%
Kerbside recycling charge	299,752	336,826	12.4%
Total	1,151,404	1,280,078	11.2%

7.1.10 The estimated total amount to be raised by all rates and charges compared with the previous financial year

	2016/17 \$	2017/18 \$	Change
General rates	7,799,375	7,966,759	2.1%
Municipal charge	1,132,537	1,160,028	2.4%
Garbage and kerbside recycling charge	1,151,404	1,280,078	11.2%
Total rates and charges	10,083,316	10,406,865	3.2%

7 RATES AND CHARGES (Continued)

7.1.11 Any significant changes that may affect the estimated amounts to be raised by rates and charges

There are no known significant changes which may affect the estimated amounts to be raised by rates and charges. However, the total amount to be raised by rates and charges may be affected by:

- the making of supplementary valuations
- the variation of returned levels of value (e.g. valuation objections)
- changes in use of land such that rateable land becomes non-rateable land and visa versa
- changes in use of land such that general rateable land becomes rural rateable land and vice versa.

7.2 Differential rates

7.2.1 Rates to be levied

The existing rating structure comprises one differential rate (rural properties) and a rate for general properties (residential and commercial). These rates are structured in accordance with the requirements of Section 161 "Differential Rates" of the Local Government Act.

The rate and amount of rates payable in relation to land in each category of differential are:

- a general rate of 0.4977 cents in the dollar of CIV for all rateable general properties
- a rural rate of 0.4431 cents in the dollar of CIV for all rateable rural properties.

Each differential rate will be determined by multiplying the Capital Improved Value of the rateable land by the relevant cents in the dollar indicated above.

Council's rating strategy since 2002/03 was targeted at a rate distribution of 70:30 for Rural (70) and Urban (30) properties. From 2014/15 Council has defined a differential rate split of 11%, with rural rates having a rate in the dollar of 89% of the general rate. Council considers this as a fair allocation of rates across property types.

Under the Cultural and Recreation Lands Act 1963, provision is made for a Council to grant a rating concession to any "recreational lands" which meet the test of being "rateable land" under the Local Government Act 1989. Council has exempted all rateable recreation land from the payment of rates.

7.3 Fair Go Rates system compliance

Council is full compliant with the State Government's Fair Go Rates System.

Base average rates (2016/17)	\$	1,156.50
Maximum rate increase (as set by the State Government)		2.00%
Capped average rates (2017/18)	\$	1,179.63
Maximum general rates and municipal charges revenue	\$	9,126,787
Budgeted general rates and municipal charges revenue		9,126,787

BUDGET ANALYSIS

The following reports provide detailed analysis to support and explain the budget reports in the previous section.

This section includes the following analysis and information:

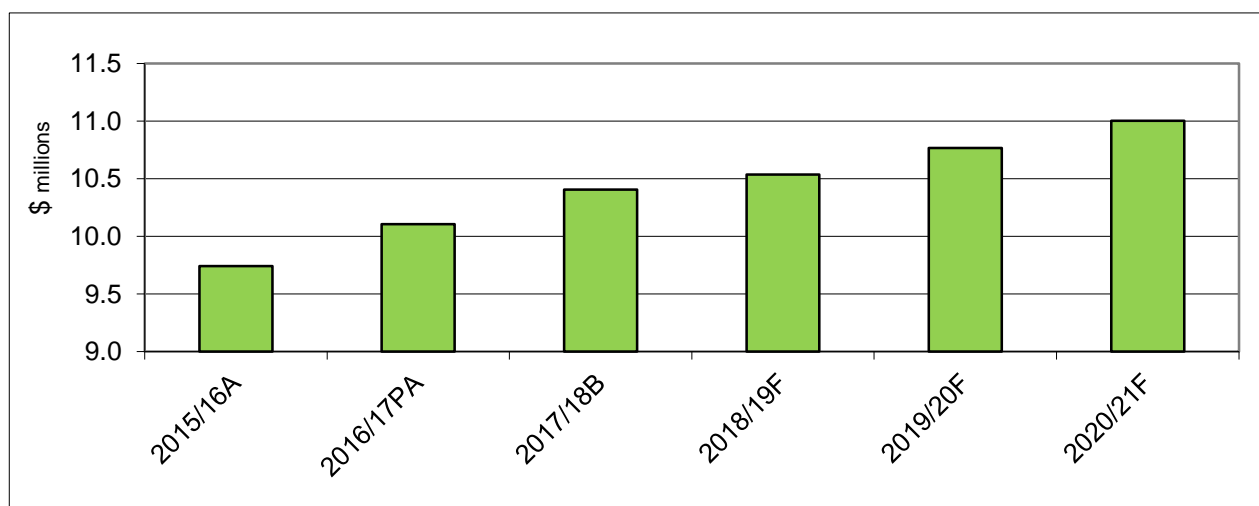
- 8 Summary of financial position
- 9 Budget influences
- 10 Analysis of operating budget
- 11 Analysis of budgeted cash position
- 12 Analysis of capital budget
- 13 Analysis of budgeted financial position
- 14 Strategic resource plan
- 15 Summary of other strategies
- 16 Rating strategy

8 SUMMARY OF FINANCIAL POSITION

Council has prepared a budget for the 2017/18 financial year which seeks to balance the demand for services and infrastructure with the community's capacity to pay. Key budget information is provided below about the rate increase, operating result, services, cash and investments, capital works, financial position, financial sustainability and strategic objectives of Council.

The graphs presented below show trends over a number of financial years. The years are marked with letters to indicate actual results (A), projected actuals for the current year (PA), budgets (B) and strategic resource plan estimates (F).

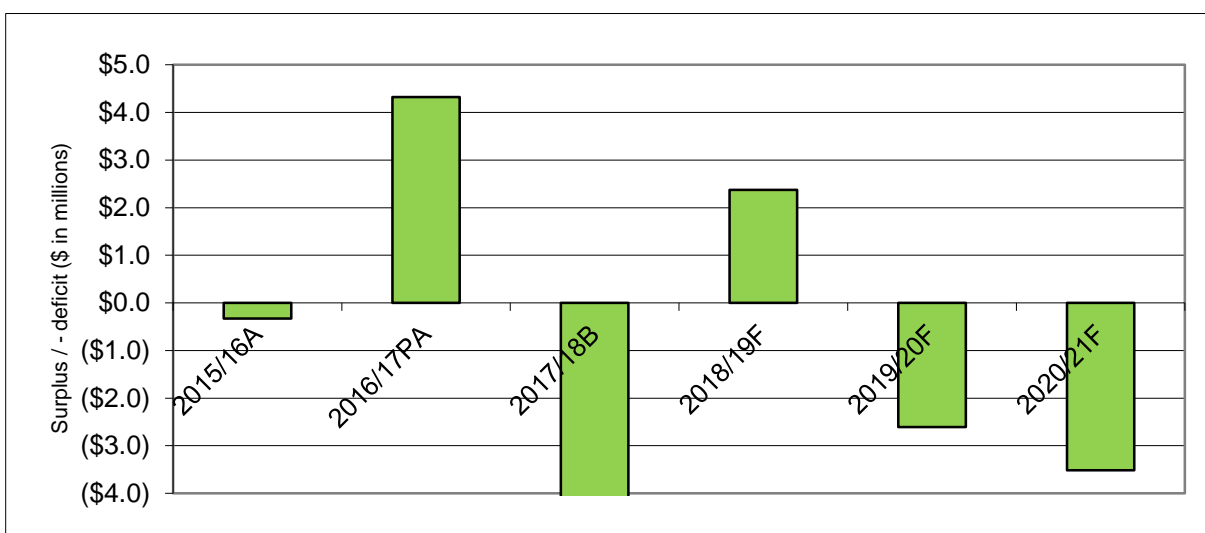
8.1 Total rates and charges



It is proposed that general rates increase by 2.0% for the 2017/18 year, raising total rates by \$0.29 million. This will result in an increase in total revenue from rates and service charges of 3.2%, due to an increase in garbage and kerbside recycling clients and rates. This rate increase is in line with the rate cap set by the Minister for Local Government. (The rate increase for the 2016/17 year was 2.5%). Refer to Sections 7 and 10 for more information.

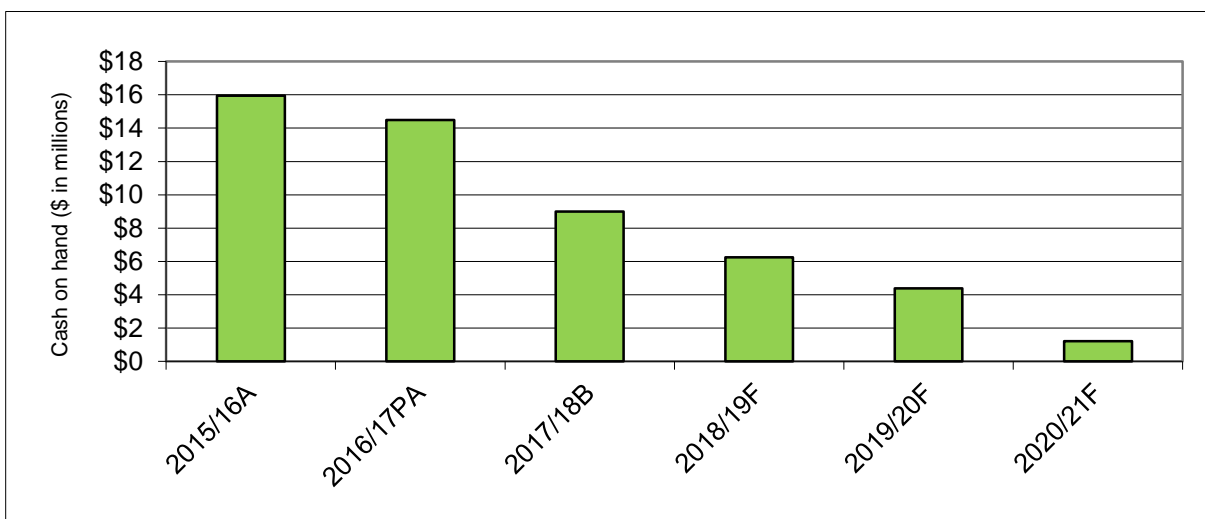
8 SUMMARY OF FINANCIAL POSITION (Continued)

8.2 Operating result



The expected operating result for the 2017/18 year is a **deficit** of \$6.07 million compared to a surplus of \$4.32 million in 2016/17. The change in operating result is due mainly to capital projects where works are not yet complete but grants have been received in advance and the Victoria Grants Commission 50% upfront payment of 2017/18 income in 2016/17.

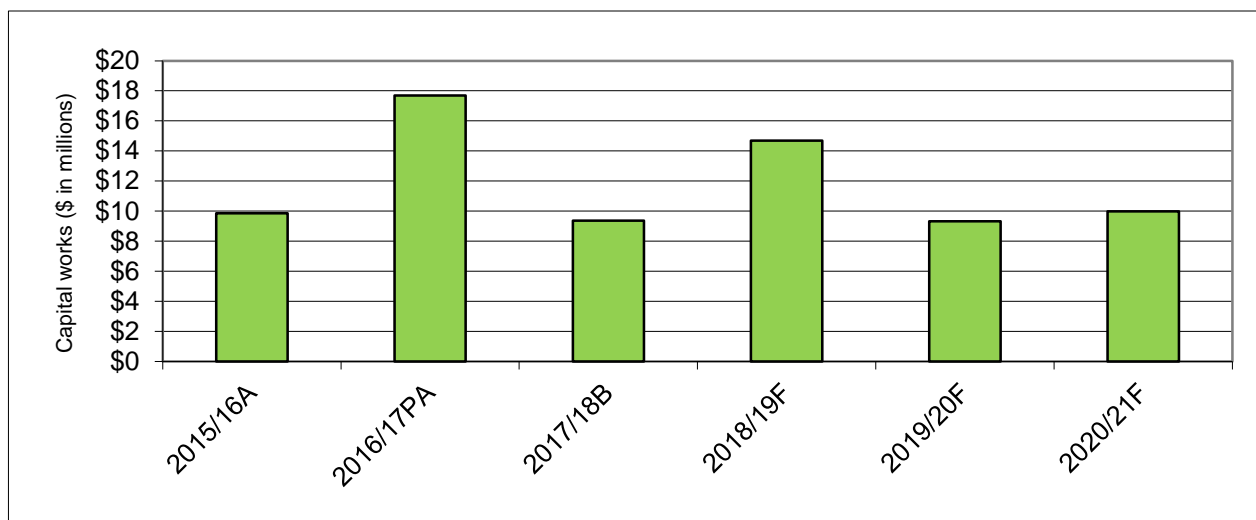
8.3 Cash and investments



Cash and investments is expected to decrease by \$5.49 million during the year to \$9.01 million as at June 2018. This is due mainly to the carried forward component of the 2016/17 capital works program and a number of major building projects. Refer also to Section 4 for the Statement of Cash Flows and Section 11 for an analysis of the cash position.

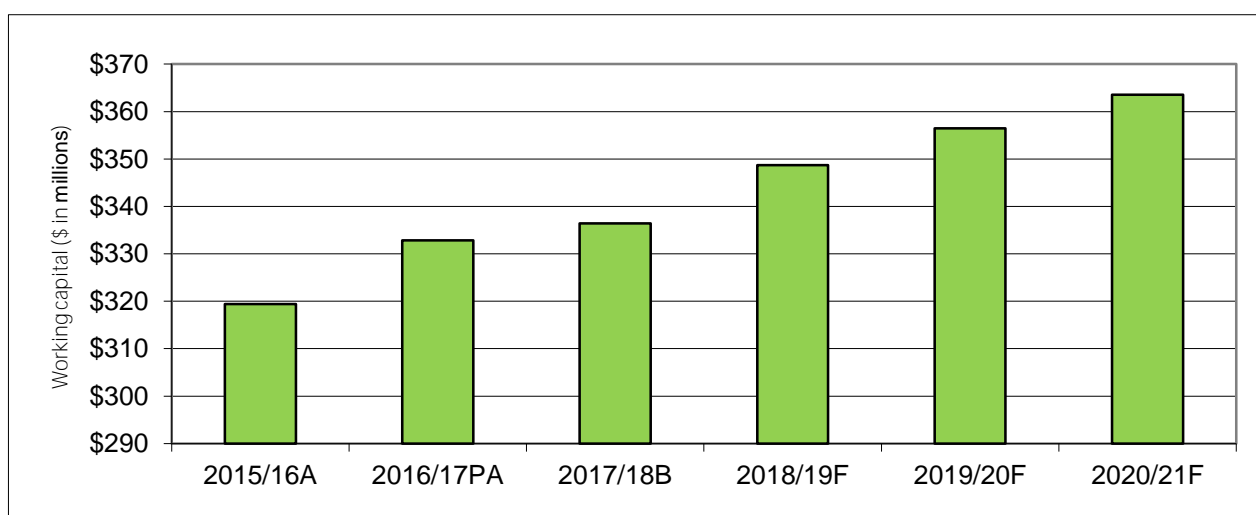
8 SUMMARY OF FINANCIAL POSITION (Continued)

8.4 Capital works



The capital works program for the 2016/17 year is projected to be \$17.69 million while the capital works program for 2017/18 is expected to be \$9.36 million. Both the 2016/17 and 2017/18 years include capital works carried forward from the year before. In 2017/18, of the capital funding required, \$3.89 million will come from Council operations, \$3.1 million from external grants and contributions, \$0.16 million from the sale of assets, and the balance of \$2.22 million from reserves.

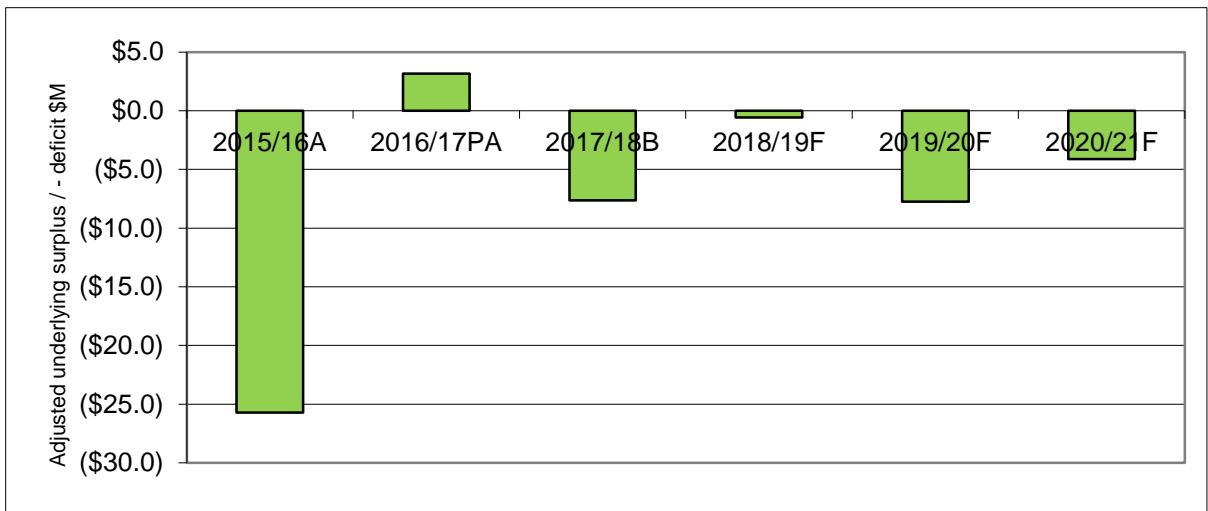
8.5 Financial position



Net assets (the net worth of Council) is expected to increase by \$3.55 million to \$336.4 million during the 2017/18 financial year. Net current assets (current assets less current liabilities, otherwise known as working capital) is expected to decrease by \$5.59 million to \$7.22 million. Net current assets outlines Council's ability to meet its commitments in the short term.

8 SUMMARY OF FINANCIAL POSITION (Continued)

8.6 Financial sustainability



The underlying surplus/(deficit) is calculated by deducting capital grants and contributions and the net gain or loss on disposal of assets from the operating surplus/(deficit). By taking these items from the operating surplus/(deficit) those items which recur normally every year are isolated from those items which can occur in some years and not others.

Council's underlying deficit is budgeted to be \$7.62 million in 2017/18.

9 BUDGET INFLUENCES

This section sets out the key budget influences arising from the internal and external environment within which the Council operates.

9.1 Snapshot of Loddon Shire Council

Loddon Shire Council is located in Central Victoria approximately 40 minutes drive from the regional centre of Bendigo. The municipality covers an area of 6,700 square kilometres making it the seventh largest local government area in Victoria. The Council operates its main administrative office in the township of Wedderburn and conducts Council Meetings from its Community Services Office in Serpentine. The Council also provides Maternal and Child Health, Waste Management, Road Maintenance and Home Care services throughout the municipality in the townships of Pyramid Hill, Boort, Inglewood, Tarnagulla, Bridgewater, Newbridge and Mitiamo.

Population

The municipality services a population of approximately 7,283 residents (estimated resident population 2015). Loddon is a rural municipality which is made up of fifteen small rural communities. Unlike many other local government areas, Loddon does not have a regional centre. Census data indicates that Loddon's population is ageing and has also been in steady decline in the past, although this decline is now slowing.

Ageing population

After the 2011 census was completed, an analysis was undertaken to assist in the development of the Loddon Aged and Disability Strategy Plan. The document highlights the following items:

- 1) People aged 50 and over account for 50.3% of Loddon's total population
- 2) This is expected to increase to 51.3% in the year 2021
- 3) People aged 50 years and over increased from 39% of the population in 2001 to 50.3% in 2011
- 4) Of the total population aged over 50, 35% are aged 50-59, 32% are 60-69, 20% are 70-79, 12% are 80-89 and 2% are 90-99.

Births

Statistics provided by the Council's Maternal and Child Health service recorded 59 births in Loddon from 1 April 2016 to 31 March 2017. It is anticipated that this number will remain steady in 2017/18.

Workforce

The Council has a workforce of 216 employees equating to an Effective Full Time (EFT) workforce of 135.09. The workforce is divided into three major categories with staff operating under the administrative, works and community services departments.

9 BUDGET INFLUENCES (Continued)

9.2 External influences

In preparing the 2017/18 Budget, a number of external influences have been taken into consideration, because they are likely to impact significantly on the services delivered by Council in the period. These include:

- Consumer Price Index (CPI) increases on goods and services of 1.4% through the year to the September quarter 2016 (ABS release 24 October 2016). State-wide CPI forecast to be 2.0% for the 2017/18 year (Victorian Budget Papers 2016/17)
- the removal of the "pausing" of any increase to Victorian Grants Commission (VGC) funding for the Financial Assistance Grant and Local Roads Funding that existed in 2015/16 and 2016/17
- 50% upfront payment of the VGC funding for 2017/18 received late in 2016/17
- the continuation by the State Government of rate capping linked to inflation, commencing in the 2016/17 financial year
- ongoing commitment from the Federal Government to the Roads to Recovery Program
- cost shifting occurs where Local Government provides a service to the community on behalf of the State and Federal Government. Over time the funds received by local governments do not increase in line with real costs increases. Examples of services that are subject to Cost Shifting include school crossing supervision, library services and home and community care for aged residents. In all these services the level of payment received by Council from the State Government does not reflect the real cost of providing the service to the community
- Councils across Australia raise approximately 3.5% of the total taxation collected by all levels of Government in Australia. In addition Councils are entrusted with the maintenance of more than 30% of all the Australian public assets including roads, bridges, parks, footpaths and public buildings. This means that a large proportion of Council's income must be allocated to the maintenance and replacement of these valuable public assets in order to ensure the quality of public infrastructure is maintained at satisfactory levels
- the Fire Services Property Levy will continue to be collected by Council on behalf of the State Government.

9.3 Internal influences

As well as external influences, there were also a number of internal influences arising from the 2016/17 year which have had a significant impact on the preparation of the 2017/18 Budget. These include:

- near completion of a restructure of the indoor management staff that have shown productivity improvements in service delivery in 2016/17 and should provide further improvements in 2017/18
- a 3.0% increase to salaries and wages effective the first pay period after 1 August 2017. Council's Enterprise Bargaining Agreement came into effect on 21 May 2014 and will expire during 2017/18 with a new EBA proposed prior to December 2017
- a 1.0% increase to salaries and wages is included, which relates to normal banding increases
- no loan repayments or further borrowings proposed in 2017/18
- funding for Community Planning with a \$50K allocation to each of the five wards, and \$500K for the strategic fund
- Council's decision to increase waste and recycling charges to 10% to ensure a full cost recovery of the service
- a considerable amount of work that has been undertaken in calculating historical costs over the past 5 years, and where appropriate, this indexation has been applied to the 2016/17 Budget.

9 BUDGET INFLUENCES (Continued)

9.4 Budget principles

In response to these influences, guidelines were prepared and distributed to all Council officers with budget responsibilities. The guidelines set out the key budget principles upon which the officers were to prepare their budgets. Responsible Officers were then asked to present their budgets to the Management Executive Group prior to being approved for inclusion into the budget. The principles used to define this budget are as follows:

- existing fees and charges to be increase in line with CPI or market levels
- grants to be based on confirmed funding levels
- service levels to be maintained at the 2016/17 levels
- an ongoing commitment to the Community Planning process with an allocation of \$750K in addition to the provision of staff members to assist community planning groups to deliver these projects
- real savings in expenditure and increases in revenue identified in 2016/17 to be preserved
- new initiatives or employee proposals to be justified through the Project Management Framework.

9.5 Long term strategies

The Budget includes consideration of a number of long term strategies and contextual information to assist Council to prepare the Budget in a proper financial management context. These include a Strategic Resource Plan (Section 14), Rating Information (Section 15) and Summary of Other Strategies (Section 16) including borrowings, discretionary reserves, infrastructure and service delivery.

10 ANALYSIS OF OPERATING BUDGET

This section analyses the operating budget including expected income and expenses of the Council for the 2017/18 year.

10.1 Budgeted income statement

Details	Ref	Forecast 2016/17	Budget 2017/18	Variance
Total income	10.2	(\$33,802,598)	(\$22,624,420)	\$11,178,178
Total expenditure	10.3	\$29,481,049	\$28,697,467	(\$783,582)
Surplus (deficit) for the year		(\$4,321,549)	\$6,073,047	\$10,394,596
Grants - capital non-recurrent	5.1	(\$1,051,278)	(\$1,533,333)	(\$482,055)
Capital contributions	10.2.4	(\$115,331)	(\$15,000)	\$100,331
Adjusted underlying surplus (deficit)		(\$5,488,158)	\$4,524,714	\$10,012,872

10.1.1 Adjusted underlying surplus (\$10.01 million increase)

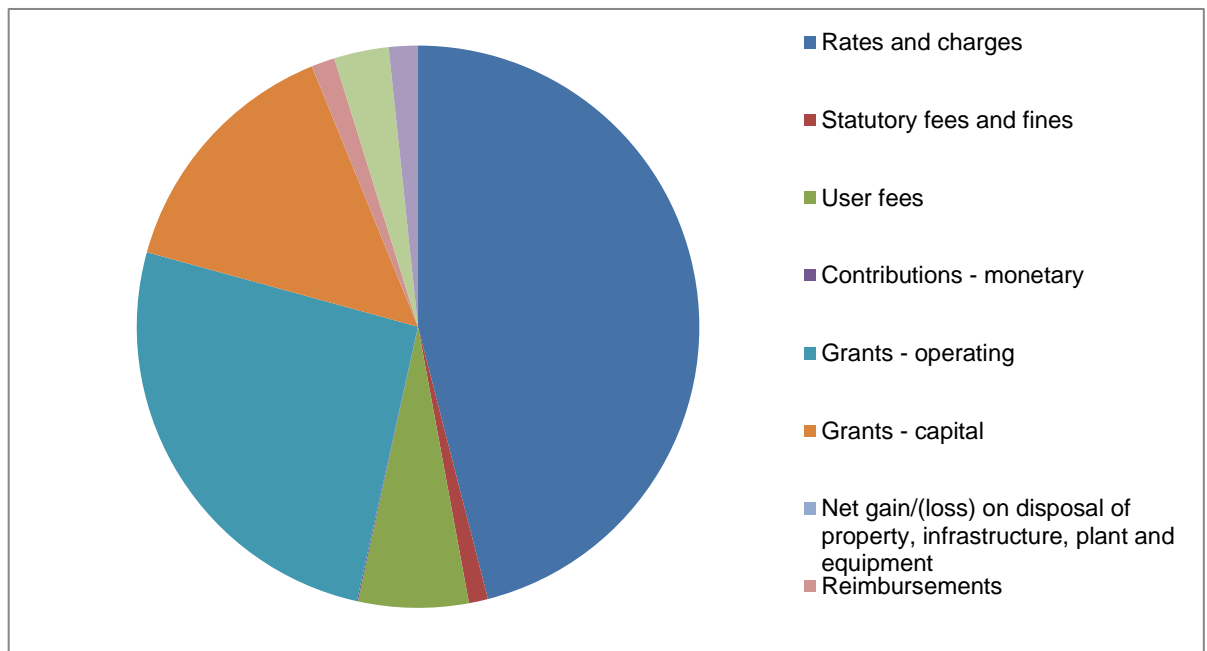
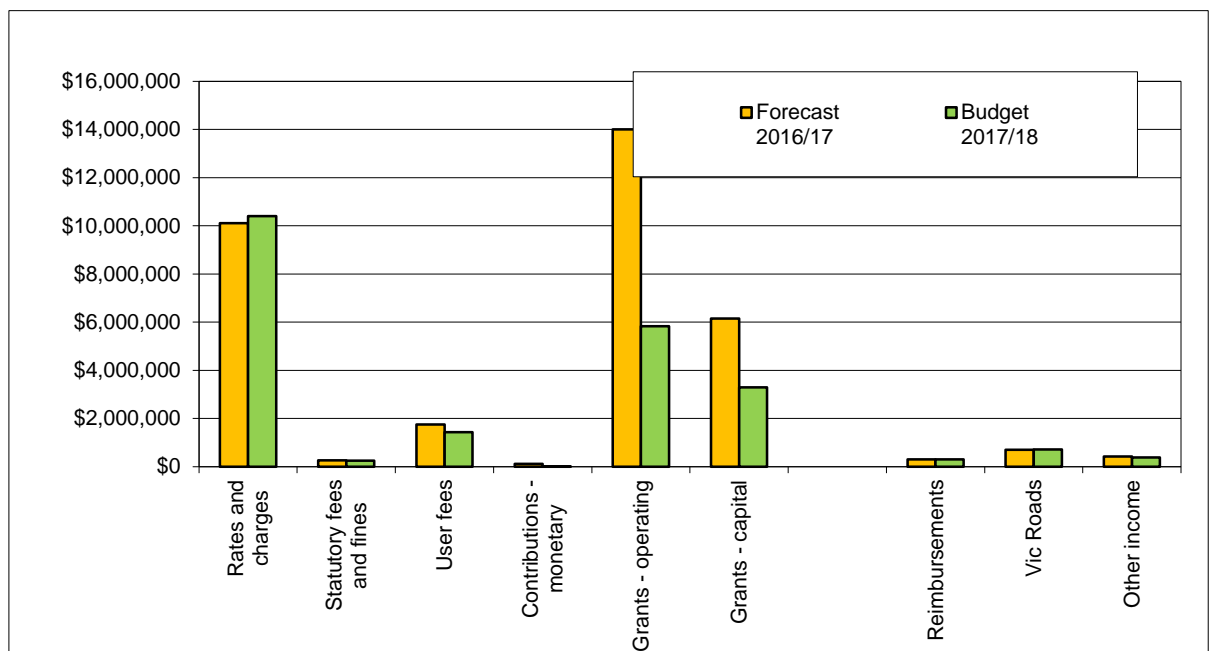
The adjusted underlying result is the net surplus or deficit for the year adjusted for non-recurrent capital grants, non-monetary asset contributions and capital contributions from other sources. It is a measure of financial sustainability and Council's ability to achieve its service delivery objectives as it is not impacted by capital income items which can often mask the operating result. The underlying result for the 2017/18 year is a surplus of \$4.52 million which is a increase of \$10.01 million from the 2016/17 year. In calculating the adjusted underlying result, Council has excluded grants received for capital purposes which are non-recurrent and capital contributions from other sources. Contributions of non-monetary assets are excluded as the value of assets assumed by Council is dependent on the level of development activity each year.

10.2 Income

Income types	Ref	Forecast 2016/17	Budget 2017/18	Variance
Rates and charges	10.2.1	\$10,105,251	\$10,406,865	\$301,614
Statutory fees and fines	10.2.2	\$257,417	\$248,670	(\$8,747)
User fees	10.2.3	\$1,744,874	\$1,432,607	(\$312,267)
Contributions - monetary	10.2.4	\$115,331	\$15,000	(\$100,331)
Grants - operating	5.1.1	\$14,004,302	\$5,830,781	(\$8,173,521)
Grants - capital	5.1.2	\$6,150,476	\$3,296,530	(\$2,853,946)
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	10.2.5	\$0	\$0	\$0
Reimbursements	10.2.6	\$296,718	\$305,320	\$8,602
Vic Roads	10.2.7	\$700,063	\$710,647	\$10,584
Other income	10.2.8	\$428,166	\$378,000	(\$50,166)
Total income		\$33,802,598	\$22,624,420	(\$11,178,178)

10 ANALYSIS OF OPERATING BUDGET (Continued)

10.2 Income (continued)



10.2.1 Rates and charges (\$0.30 million increase)

It is proposed that income raised by all rates and charges be increased by 2.0% or \$0.30 million over the 2016/17 to \$10.41 million. This includes general rates, municipal charge, kerbside and recycling collection charges.

10 ANALYSIS OF OPERATING BUDGET (Continued)

10.2 Income (continued)

10.2.2 Statutory fees and fines (\$0.01 million decrease)

Statutory fees relate mainly to fees and fines levied in accordance with legislation and include Public Health and Wellbeing Act 2008 registrations, Planning and Environment Act 1987 registrations, Building Act 1993 registrations, the Country Fire Authority Act 1958 registrations, and Domestic (Feral and Nuisance) Animals Act 1994 registrations. Increases in statutory fees are made in accordance with legislative requirements.

Statutory fees are forecast to decrease by 3.5% or \$0.01 million compared to 2016/17.

10.2.3 User fees (\$0.31million decrease)

User charges relate mainly to the recovery of service delivery costs through the charging of fees to users of Council's services. These include home and community care services, caravan park fees, gravel pit fees and royalties, Loddon Discovery Tour fees, rental from Council owned properties, and private works. A detailed listing of statutory fees and Council charges is available on Council's web site and can also be inspected at Council's customer service centre. In setting the budget, the key principle for determining the level of user charges has been to ensure that increases do not exceed CPI increases or market levels. Council has many varied sources of user charges.

User charges are projected to decrease by 21.8% or \$0.31 million from 2016/17. Due to a change in the operations of the home and community care packages, where now Council only receives funds for costs incurred, there is projected to be a reduction of \$230K in 2017/18. Other reductions include caravan park income of \$121K. Overall amongst other areas, Council plans to increase user charges for all areas by 2.0% in line with expected inflationary trends over the budget period to maintain parity between user charges and the costs of service delivery.

10.2.4 Contributions - monetary (\$0.01 million decrease)

Contributions relate to monies paid by community groups and external parties towards capital and recurrent related projects.

Contributions are budgeted to decrease slightly from 2016/17 to 2017/18.

10.2.5 Net gain/(loss) on disposal of property, infrastructure, plant and equipment (no change)

Net gain/(loss) on disposal of Council assets relates mainly to the planned cyclical replacement of part of the plant and vehicle fleet.

Although it is difficult to predict the result of these transactions, historically Council has made little or no profit on sale of plant, so no budget has been made in the 2017/18 year for a gain or loss on sale.

10.2.6 Reimbursements (\$0.009 million increase)

Reimbursements include diesel fuel rebates from the Taxation Office, insurance rebates, Workcover reimbursements, and training reimbursements. Reimbursements are projected to increase by \$9K to almost \$0.31 million in 2017/18.

10 ANALYSIS OF OPERATING BUDGET (Continued)

10.2 Income (continued)

10.2.7 Vic Roads (\$0.011 million increase)

Council's contract with Vic Roads includes an "as of right" amount for routine maintenance works. Income from Vic Roads is projected to increase by 1.5% or \$11K in 2017/18 in line with expected CPI for this income source. This will be offset by an increase in expenditure in this area.

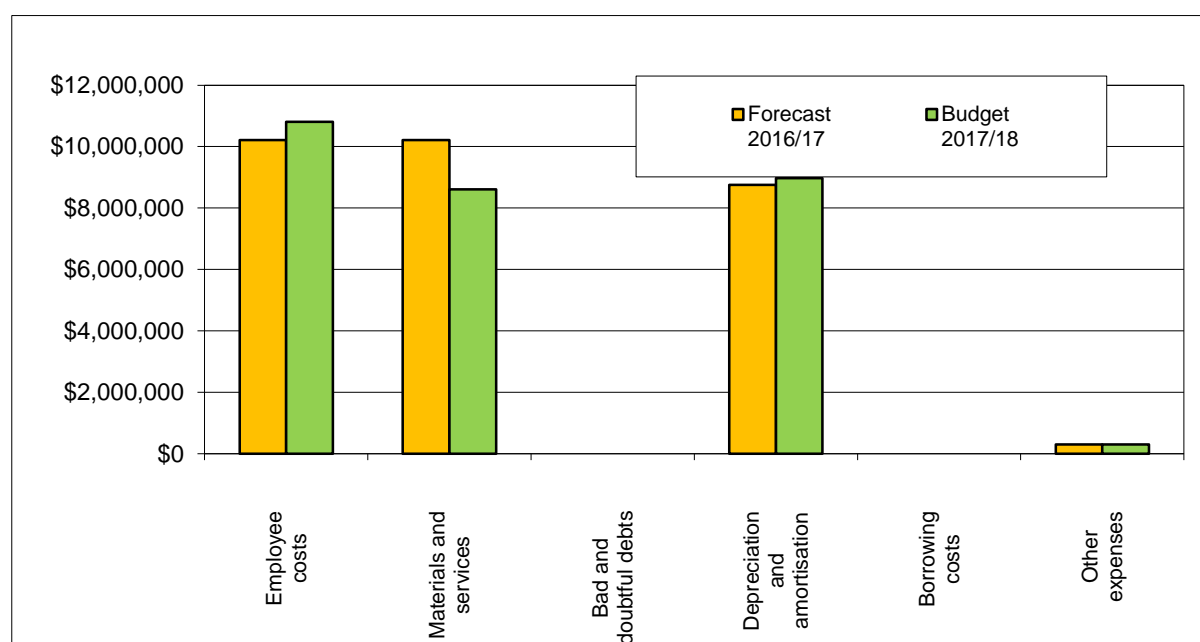
10.2.8 Other income (\$0.05 million decrease)

Other income relates to a range of items such as interest revenue on investments and rate arrears.

Other income is forecast to decrease by 13.3% or \$0.05 million compared to 2016/17. This is mainly due to a forecast reduction in Council's available cash reserves during 2017/18 to fund major infrastructure projects. Interest on unpaid rates is forecast to remain the same as 2016/17.

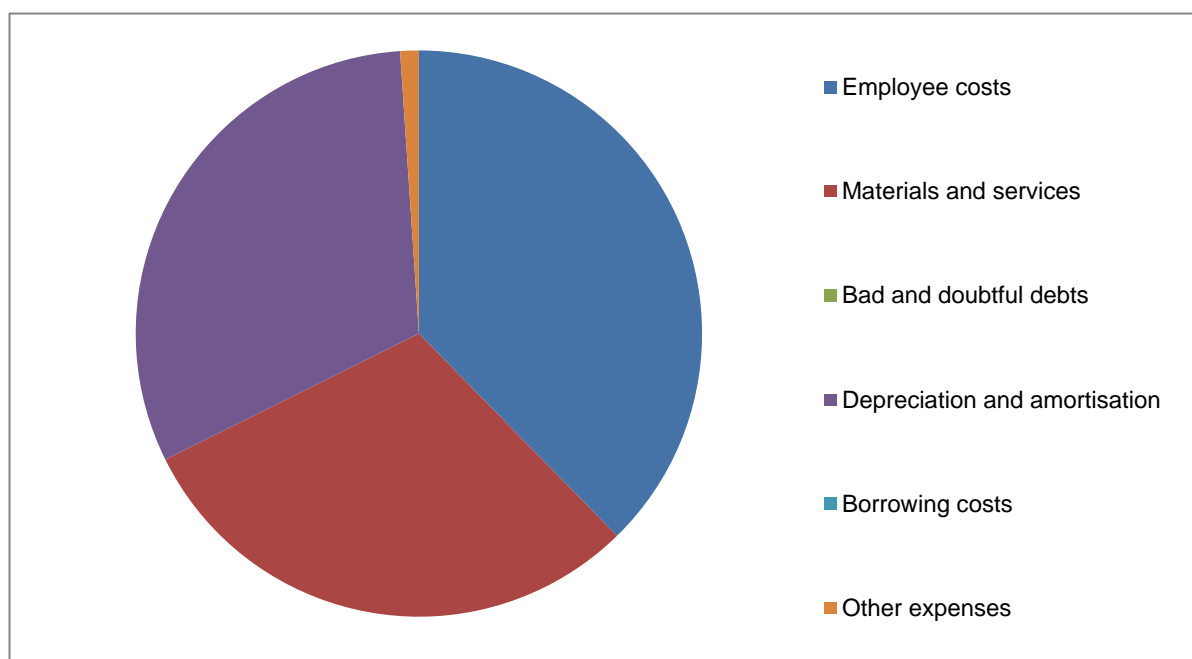
10.3 Expenses

Expense types	Ref	Forecast 2016/17	Budget 2017/18	Variance
Employee costs	10.3.1	\$10,212,285	\$10,809,393	\$597,108
Materials and services	10.3.2	\$10,212,014	\$8,606,761	(\$1,605,253)
Bad and doubtful debts	10.3.3	\$0	\$0	\$0
Depreciation and amortisation	10.3.4	\$8,757,634	\$8,976,575	\$218,941
Borrowing costs	10.3.5	\$0	\$0	\$0
Other expenses	10.3.6	\$299,116	\$304,738	\$5,622
Total expenses		\$29,481,049	\$28,697,467	(\$783,582)



10 ANALYSIS OF OPERATING BUDGET (Continued)

10.3 Expenses (continued)



10.3.1 Employee costs (\$0.6 million increase)

Employee costs include all labour related expenditure such as wages and salaries and on-costs such as allowances, leave entitlements, employee superannuation, rostered days off, Workcover premium and Fringe Benefits Tax for all salaries and wages. Salaries and wages that relate to capital works are not included in operating expenditure but is included in the tables below for full transparency.

Employee costs are projected to increase by approximately 5.5% or \$597K from 2016/17 to 2017/18.

The impact on total operating salaries and wages in relation to the Enterprise Bargaining Agreement (EBA) and increase in banding have been built into the 2017/18 Budget including the expected EBA increase of 3.0%, effective August 2017. In 2016/17 there has been a continuation in Council's superannuation contribution of 9.5% in line with legislation.

A summary of the planned human resources expenditure categorised according to the organisational structure of Council is included below and includes both capital and operating components:

Department	Budget 2017/18 \$	Permanent full time	Permanent part time
Economic development and tourism	\$569,861	\$331,298	\$238,563
Leadership	\$367,876	\$272,262	\$95,614
Works and infrastructure	\$3,341,410	\$3,341,410	\$0
Good management	\$2,794,073	\$2,010,192	\$783,881
Environment	\$342,799	\$251,634	\$91,165
Community services and recreation	\$3,393,374	\$1,240,596	\$2,152,778
Total	\$10,809,393	\$7,447,392	\$3,362,001

10 ANALYSIS OF OPERATING BUDGET (Continued)

10.3 Expenses (continued)

10.3.1 Employee costs (continued)

A summary of the number of full time equivalent (FTE) Council staff in relation to the above expenditure is included below:

Department	Budget FTE	Permanent full time	Permanent part time
Economic development and tourism	5.63	3.00	2.63
Leadership	4.23	3.00	1.23
Works and infrastructure	47.00	47.00	0.00
Good management	28.95	19.00	9.95
Environment	4.26	3.00	1.26
Community services and recreation	45.02	15.00	30.02
Total	135.09	90.00	45.09

10.3.2 Materials, services and contracts (\$1.61 million decrease)

Materials, services and contracts include the purchase of consumables, payments to contractors for the provision of services and utility costs. Materials, services and contracts are forecast to decrease by 18.7% or \$1.61 million compared to 2016/17. They relate to operating expenditure only, **and do not include the purchase of goods, services, or consumables, or payments to contractors for capital works projects.**

The decrease is largely due reductions in the carry over amounts for packaged care services of \$304K, reduction in spending for the weed and pest program of \$194K and completion of the Serpentine Pavilion works of \$1.0M. Projected increases are expected in the gravel and sand pit crushing works of \$369K and introduction of a urban drainage strategy of \$150K.

10.3.3 Bad and doubtful debts (\$ nil movement)

Bad and doubtful debts is projected to have no movement from 2016/17 to 2017/18.

10.3.4 Depreciation and amortisation (\$0.22 million increase)

Depreciation is an accounting measure which attempts to allocate the value of an asset over its useful life for Council's property, plant and equipment including infrastructure assets such as roads and drains. The increase of 2.44% or \$0.22 million for 2017/18 is due mainly to the completion of the 2016/17 capital works program and the full year effect of depreciation on the 2017/18 program. Refer to Section 6 for a more detailed analysis of Council's capital works program for the 2017/18 year.

10.3.5 Borrowing costs (no movement)

Council currently has no borrowings and has not included borrowings in the 2017/18 Budget.

10.3.6 Other expenses (\$0.01 million increase)

Other expenses include councillors' costs, auditors' remuneration and other minor expenses.

Other expenses are forecast to increase by 1.8% or \$0.01 million compared to 2016/17.

11 ANALYSIS OF BUDGETED CASH POSITION

This section of the report analyses the expected cash flows from the operating, investing and financing activities of Council for the 2017/18 year. Budgeting cash flows for Council is a key factor in setting the level of rates and providing a guide to the level of capital expenditure that can be sustained with or without using existing cash reserves.

The analysis is based on three main categories of cash flows:

Operating activities - Refers to the cash generated or used in the normal service delivery functions of Council. Cash remaining after paying for the provision of services to the community may be available for investment in capital works, or repayment of debt.

Investing activities - Refers to cash generated or used in the enhancement or creation of infrastructure and other assets. These activities also include the acquisition and sale of other assets such as vehicles, property and equipment.

Financing activities - Refers to cash generated or used in the financing of Council functions and include borrowings from financial institutions and advancing of repayable loans to other organisations. These activities include repayment of the principle component of loan repayments for the year.

11.1 Budgeted cash flow statement

	Ref	Forecast actual 2016/17	Budget 2017/18	Variance
Cash flows from operating activities	11.1.1			
Receipts				
Rates and charges		\$10,108,261	\$10,585,996	\$477,735
Statutory fees and fines		\$408,553	\$275,938	(\$132,615)
User fees		\$1,667,621	\$1,561,584	(\$106,037)
Grants - operating		\$14,290,291	\$5,899,468	(\$8,390,823)
Grants - capital		\$6,723,111	\$3,410,389	(\$3,312,722)
Contributions - monetary		\$117,638	\$15,300	(\$102,338)
Interest received		\$497,078	\$378,000	(\$119,078)
Trust funds and deposits		\$0	\$0	\$0
Other receipts		\$1,153,419	\$1,036,285	(\$117,134)
Net GST refund / payment		(\$145,017)	(\$100,428)	\$44,589
Operating receipts		\$34,820,955	\$23,062,532	(\$11,758,423)
Payments				
Employee costs		(\$10,165,275)	(\$10,619,581)	(\$454,306)
Materials and services (including GST)		(\$10,253,154)	(\$8,827,383)	\$1,425,771
Trust funds and deposits repaid		(\$13,855)	(\$13,162)	\$693
Other payments		(\$299,662)	(\$304,738)	(\$5,076)
Operating payments		(\$20,731,946)	(\$19,764,864)	\$967,082
Net cash provided by operating activities		\$14,089,009	\$3,297,668	(\$10,791,341)
Cash flows from investing activities	11.1.2			
Payments for property, infrastructure, plant and equipment		(\$17,368,087)	(\$8,873,504)	\$8,494,583
Proceeds from sales of property, infrastructure, plant and equipment		\$0	\$0	\$0
Decrease in term deposits		\$1,750,000	\$0	(\$1,750,000)
Proceeds from sale of investments		0	0	\$0
Loans and advances made		\$6,000	6000	\$0
Repayment of loans and advances		\$69,000	\$79,000	\$10,000
Net cash provided by/(used in) investing activities		(\$15,543,087)	(\$8,788,504)	\$6,754,583

11 ANALYSIS OF BUDGETED CASH POSITION (Continued)

11.1 Budgeted cash flow statement (continued)

	Ref	Forecast actual 2016/17	Budget 2017/18	Variance
Cash flows from financing activities	11.1.3			
Proceeds from borrowing		\$0	\$0	\$0
Repayment of borrowings		\$0	\$0	\$0
Interest expense		\$0	\$0	\$0
Net cash provided by / (used in) financing activities		\$0	\$0	\$0
Net increase / (decrease) in cash and cash equivalents		(\$1,454,078)	(\$5,490,836)	(\$4,036,758)
Cash and cash equivalents at the beginning of the year		\$15,950,711	\$14,496,633	(\$1,454,078)
Cash and cash equivalents at the end of the year		\$14,496,633	\$9,005,797	(\$5,490,836)

11.1.1 Operating activities (\$10.79 million decrease)

The decrease in cash flows from operating activities is due mainly to a \$8.4 million decrease in operating grants and \$3.3 million in capital grants, which is partially offset by a \$0.47 million increase in rates and charges, which is in line with the increase in rates of 2.0% and garbage related charges of 10.0%.

11.1.2 Investing activities (\$6.75 million decrease)

The large decrease in payments for investing activities represents a decrease in capital works expenditure disclosed in Section 10 of this budget report. Term deposits are also expected to decrease by \$1.75 million.

11.1.3 Financing activities (\$0.0 movement)

Council's borrowings were fully extinguished in the 2015/16 financial year. No new are borrowings are budgeted in 2017/18.

11.1.4 Cash and cash equivalents at the end of the year (\$5.49 million decrease)

Overall, total cash and investments is forecast to decrease by \$5.49 million to \$9.0 million as at 30 June 2018, although the cash position will be determined by a number of factors including collection of outstanding amounts during the year, payment cycle for Council's creditors and movement in trust funds.

11 ANALYSIS OF BUDGETED CASH POSITION (Continued)

11.2 Restricted and unrestricted cash and investments

Cash and cash equivalents held by Council are restricted in part, and not fully available for Council's operations. The budgeted cash flow statement above indicates that Council is estimating at 30 June 2017 it will have unrestricted cash and investments of \$1.03 million, which has been restricted as shown in the following table.

	Ref	Forecast actual 2016/17	Budget 2017/18	Variance
Total cash and investments		\$14,496,633	\$9,005,797	(\$5,490,836)
Intended allocation assets				
Long service leave	11.2.1	(\$1,831,723)	(\$1,931,723)	(\$100,000)
Discretionary reserves	11.2.2	(\$10,114,488)	(\$5,739,792)	\$4,374,696
Restricted allocation assets				
Trust funds and deposits		(\$263,239)	(\$250,077)	\$13,162
Unrestricted cash adjusted for discretionary reserves	11.2.3	\$2,287,183	\$1,084,205	(\$1,202,978)

11.2.1 Long service leave (\$0.1 million increase)

Council has continued to treat funds set aside for employees long service leave as restricted cash. The increase in the variance is due to increased years of service by employees and increases in wage rates through the enterprise bargaining agreement.

11.2.2 Discretionary reserves (\$0.31 million decrease)

These funds are shown as a discretionary reserve as, although not restricted by a statutory purpose, Council has made decision regarding the future use of these funds and unless there is a Council resolution these funds should be used for those earmarked purposes. The decisions about future use of these funds has been reflected in Council's Strategic Resource Plan and any changes in future use of the funds will be made in the context of the future funding requirements set out in the plan.

11.2.3 Unrestricted cash and investments (\$1.37 million decrease)

These funds are free of all specific Council commitments and represent funds available to meet daily cash flow requirements, unexpected short term needs and any budget commitments which will be expended in the following year such as grants and contributions. Council regards these funds as the minimum necessary to ensure that it can meet its commitments as and when they fall due without borrowing further funds.

12 ANALYSIS OF CAPITAL BUDGET

This section analyses the planned capital works expenditure budget for the 2017/18 year and the sources of funding for the capital budget. Further detail on the capital works program can be found in Section 6.

12.1 Capital works expenditure

Capital works area	Ref	Forecast actual 2016/17 \$	Budget 2017/18 \$	Variance \$
Works carried forward	12.1.1			
Property				
Land		\$0	\$0	\$0
Land improvements		\$95,630	\$45,000	(\$50,630)
Total land		\$95,630	\$45,000	(\$50,630)
Buildings		\$635,750	\$41,500	(\$594,250)
Building improvements		\$75,000	\$225,000	\$150,000
Total buildings		\$710,750	\$266,500	(\$444,250)
Total property		\$806,380	\$311,500	(\$494,880)
Plant and equipment				
Plant, machinery and equipment		\$0	\$0	\$0
Computers and telecommunications		\$0	\$0	\$0
Fixtures fittings and furniture		\$0	\$0	\$0
Total plant and equipment		\$0	\$0	\$0
Infrastructure				
Roads		\$940,205	\$0	(\$940,205)
Bridges		\$0	\$0	\$0
Footpaths		\$302,079	\$0	(\$302,079)
Drainage		\$426,961	\$0	(\$426,961)
Recreation leisure and community facilities		\$785,056	\$334,000	(\$451,056)
Parks, open space and streetscapes		\$2,882,689	\$0	(\$2,882,689)
Other infrastructure		\$0	\$0	\$0
Total infrastructure		\$5,336,990	\$334,000	(\$5,002,990)
Total works carried forward		\$6,143,370	\$645,500	(\$5,497,870)

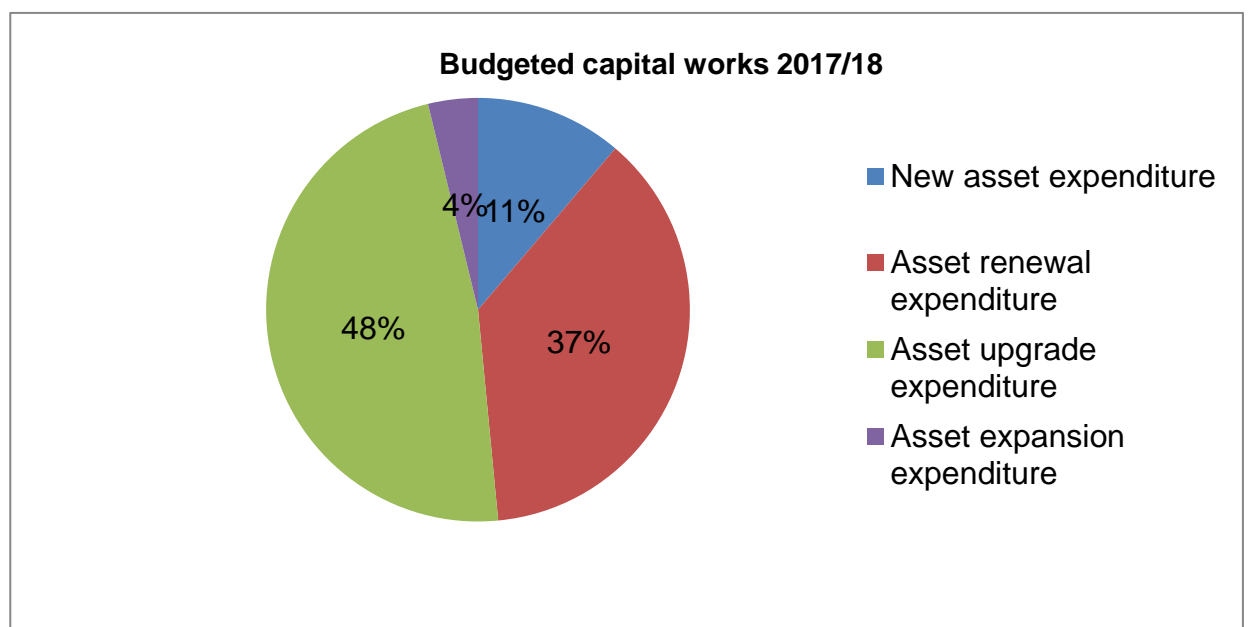
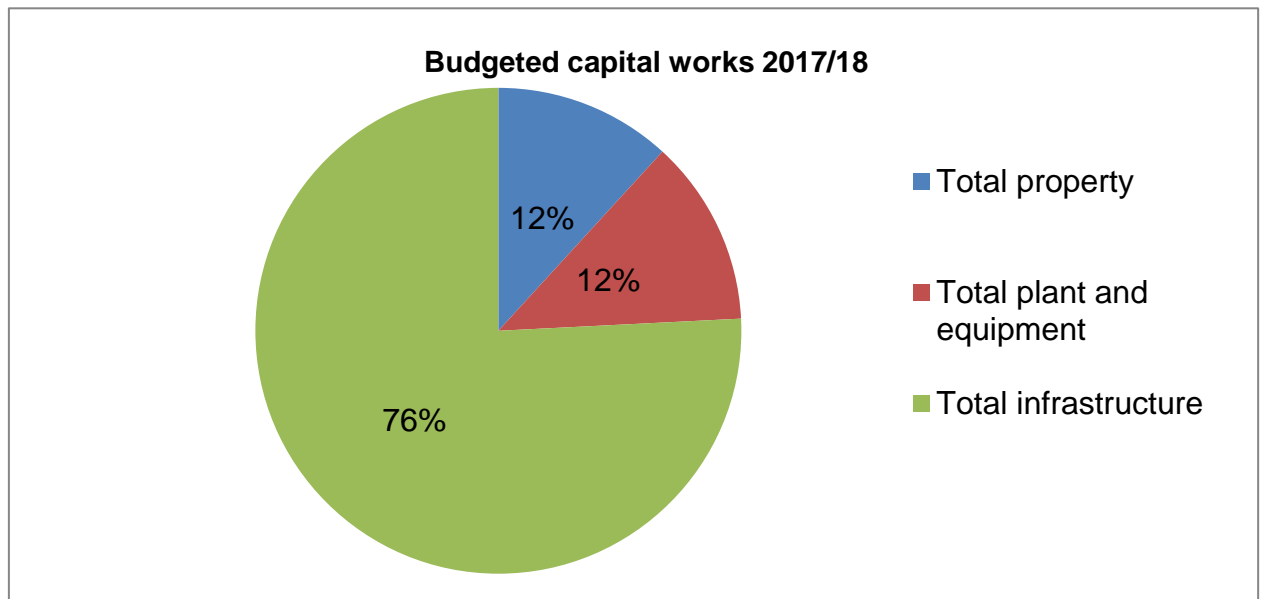
12 ANALYSIS OF CAPITAL BUDGET (Continued)

12.1 Capital works expenditure (continued)

Capital works area	Ref	Forecast actual 2016/17 \$	Budget 2017/18 \$	Variance \$
New works				
Property	12.1.2			
Land		\$0	\$0	\$0
Land improvements		\$20,000	\$0	(\$20,000)
Total land		\$20,000	\$0	(\$20,000)
Buildings		\$345,000	\$30,000	(\$315,000)
Building improvements		\$670,325	\$763,500	\$93,175
Total buildings		\$1,015,325	\$793,500	(\$221,825)
Total property		\$1,035,325	\$793,500	(\$241,825)
Plant and equipment	12.1.3			
Plant, machinery and equipment		\$1,763,077	\$844,100	(\$918,977)
Computers and telecommunications		\$253,353	\$317,363	\$64,010
Fixtures fittings and furniture		\$0	\$0	\$0
Total plant and equipment		\$2,016,430	\$1,161,463	(\$854,967)
Infrastructure	12.1.4			
Roads		\$6,661,152	\$3,516,452	(\$3,144,700)
Bridges		\$492,210	\$251,000	(\$241,210)
Footpaths		\$497,467	\$293,755	(\$203,712)
Drainage		\$254,650	\$1,558,000	\$1,303,350
Recreation leisure and community facilities		\$187,380	\$790,000	\$602,620
Parks, open space and streetscapes		\$404,600	\$354,500	(\$50,100)
Other infrastructure		\$0	\$0	\$0
Total infrastructure		\$8,497,459	\$6,763,707	(\$1,733,752)
Total new works		\$11,549,214	\$8,718,670	(\$2,830,544)
Total capital works expenditure		\$17,692,584	\$9,364,170	(\$8,328,414)
Represented by:				
New asset expenditure	12.1.5	\$2,086,777	\$1,051,100	(\$1,035,677)
Asset renewal expenditure	12.1.5	\$4,727,261	\$3,488,562	(\$1,238,699)
Asset upgrade expenditure	12.1.5	\$7,048,293	\$4,469,008	(\$2,579,285)
Asset expansion expenditure	12.1.5	\$3,830,253	\$355,500	(\$3,474,753)
Total capital works expenditure		\$17,692,584	\$9,364,170	(\$8,328,414)

12 ANALYSIS OF CAPITAL BUDGET (Continued)

12.1 Capital works expenditure (continued)



12.1.1 Carried forward works (\$0.65 million)

At the end of each financial year there are projects which are either incomplete or not commenced due to factors including planning issues, weather delays and extended consultation. For the 2016/17 year it is forecast that \$0.65 million of capital works will be incomplete and be carried forward into the 2017/18 year. The more significant projects include the swimming pool solar project of \$0.3 million and various depot works valued at a further \$0.3 million.

12 ANALYSIS OF CAPITAL BUDGET (Continued)

12.1 Capital works expenditure (continued)

12.1.2 Property (\$0.79 million)

The property class comprises buildings and building improvements including community facilities, municipal offices, sports facilities and pavilions.

For the 2017/18 year, \$0.79 million will be expenses on building and building improvement projects. The more significant projects include strategic fund works of \$0.5 million and an allocation for various Building Asset Management Plan works totalling \$0.27 million.

12.1.3 Plant and equipment (\$1.16 million)

Plant and equipment includes plant, machinery and equipment along with computers and telecommunications.

For the 2017/18 year, \$1.16 million will be expensed on plant, equipment and other projects. The more significant projects include ongoing cyclical replacement of plant and vehicle fleet of \$0.82 million.

12.1.4 Infrastructure (\$6.76 million)

Infrastructure includes roads, bridges, footpaths and cycleways, drainage, recreation, leisure and community facilities, parks, open space and streetscapes, off street car parks and other structures.

For the 2017/18 year, \$3.77 million will be expended on road projects. The more significant projects include local road construction of \$1.6 million, local road reseals of \$1.22 million and local road resheet program of \$0.35 million.

\$0.31 million will be expended on drainage projects.

\$1.25 million will be expended on flood mitigation drainage works at Boort (\$0.5 million) and Pyramid Hill (\$0.75 million).

\$0.35 million will be expended on parks, open space and streetscapes and includes the allocation of \$0.1 million for the parks and gardens strategy.

\$0.79 million will be expended on recreation, leisure and community facilities. The projects include various caravan park works of \$0.79 million.

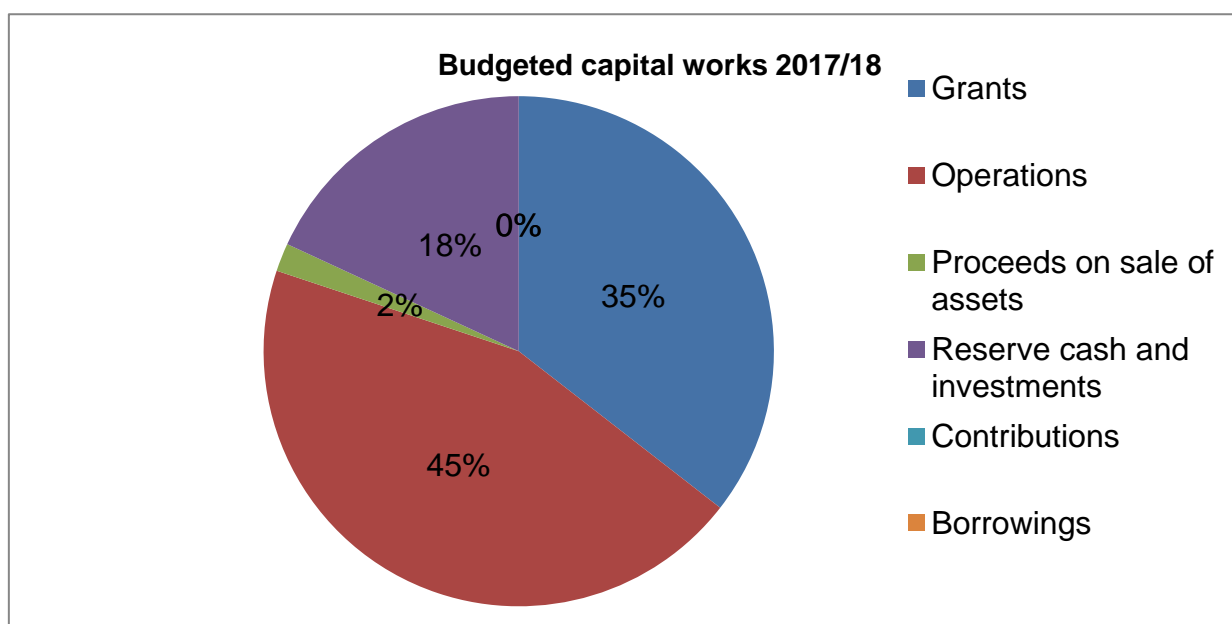
12.1.5 Asset renewal (\$3.5 million), new assets (\$1.1 million), upgrade (\$4.7 million) and expansion (\$0.4 million)

A distinction is made between expenditure on new assets, asset renewal, upgrade and expansion. Expenditure on asset renewal is expenditure on an existing asset, or on replacing an existing asset that returns the service of the asset to its original capability. Expenditure on new assets does not have any element of expansion or upgrade of existing assets but will result in an additional burden for future operation, maintenance and capital renewal.

12 ANALYSIS OF CAPITAL BUDGET (Continued)

12.2 Funding sources

Sources of funding	Ref	Forecast actual 2016/17 \$	Budget 2017/18 \$	Variance \$
Works carried forward				
Current year funding				
Grants		\$1,640,865	\$200,000	(\$1,440,865)
Contributions		\$0	\$0	\$0
Borrowings		\$0	\$0	\$0
Council cash				
- operations		\$702,760	\$139,000	(\$563,760)
- proceeds on sale of assets		\$0	\$0	\$0
- reserve cash and investments		\$3,799,745	\$306,500	(\$3,493,245)
Total works carried forward	12.2.1	\$6,143,370	\$645,500	(\$5,497,870)
New works				
Current year funding				
Grants	12.2.2	\$3,085,634	\$3,096,530	\$10,896
Contributions		\$0	\$0	\$0
Borrowings		\$0	\$0	\$0
Council cash				
- operations	12.2.3	\$5,846,994	\$3,888,040	(\$1,958,954)
- proceeds on sale of assets	12.2.4	\$0	\$155,666	\$155,666
- reserve cash and investments	12.2.5	\$2,616,586	\$1,578,434	(\$1,038,152)
Total new works		\$11,549,214	\$8,718,670	(\$2,830,544)
Total funding sources		\$17,692,584	\$9,364,170	(\$8,328,414)



12.2.1 Carried forward works (\$0.65 million)

At the end of each financial year there are projects which are either incomplete or not commenced due to factors including planning issues, weather delays and extended consultation.

12 ANALYSIS OF CAPITAL BUDGET (Continued)

12.2 Funding sources (continued)

12.2.2 Grants (\$3.1 million)

Capital grants include all monies received from State and Federal sources for the purposes of funding the capital works program. Significant grants are budgeted to be received for various Roads to Recovery projects of \$1.76 million.

12.2.3 Council cash - operations (\$3.89 million)

Council generates cash from its operating activities, which is used as a funding source for the capital works program. It is forecast the \$3.89 million will be generated from operations to fund the 2017/18 capital works program.

12.2.4 Council cash - proceeds from sale of assets (\$0.16 million)

Proceeds from sale of assets include motor vehicles and other plant in accordance with Council's replacement program of \$0.16 million.

12.2.5 Council cash - reserve cash and investments (\$1.58 million)

Council has significant cash reserves, which it is currently using to fund its annual capital works program. The reserves include monies set aside for specific purposes such as plant and fleet replacement, caravan park infrastructure and information technology upgrades. Council also has grants and contributions that have been received in advance and are set aside in an unspent grants reserve.

13 ANALYSIS OF BUDGETED FINANCIAL POSITION

This section analyses the movements in assets, liabilities and equity between 2016/17 and 2017/18. It also considers a number of key performance indicators.

13.1 Budgeted balance sheet

	Forecast actual 2016/17	Budget 2017/18	Variance
Assets			
Current assets 13.1.1			
Cash and cash equivalents	\$14,496,633	\$9,005,797	(\$5,490,836)
Trade and other receivables	\$732,553	\$511,609	(\$220,944)
Financial assets	\$0	\$0	\$0
Inventories	\$62,523	\$59,397	(\$3,126)
Non current assets held for resale	\$190,356	\$190,356	\$0
Total current assets	\$15,482,065	\$9,767,159	(\$5,714,906)
Non-current assets 13.1.1			
Trade and other receivables	\$87,000	\$0	(\$87,000)
Investments in associates and joint ventures	\$362,225	\$362,225	\$0
Property, infrastructure, plant and equipment	\$320,537,638	\$330,056,407	\$9,518,769
Intangible assets	\$1,654,362	\$1,654,362	\$0
Total non-current assets	\$322,641,225	\$332,072,994	\$9,431,769
Total assets	\$338,123,290	\$341,840,153	\$3,716,863
Liabilities			
Current liabilities 13.1.2			
Trade and other payables	\$339,721	\$292,895	(\$46,826)
Trust funds and deposits	\$263,239	\$250,077	(\$13,162)
Provisions	\$0	\$0	\$0
Employee benefit	\$2,064,708	\$1,999,895	(\$64,813)
Interest bearing loans and borrowings	\$0	\$0	\$0
Total current liabilities	\$2,667,668	\$2,542,867	(\$124,801)
Non-current liabilities 13.1.2			
Provisions	\$1,968,604	\$2,067,034	\$98,430
Employee benefit	\$636,871	\$831,313	\$194,442
Interest bearing loans and borrowings	\$0	\$0	\$0
Total non-current liabilities	\$2,605,475	\$2,898,347	\$292,872
Total liabilities	\$5,273,143	\$5,441,214	\$168,071
Net assets	\$332,850,147	\$336,398,939	\$3,548,792
Equity			
Accumulated surplus	\$104,969,130	\$103,270,779	(\$1,698,351)
Asset revaluation reserve	\$217,766,528	\$227,388,368	\$9,621,840
Other reserves	\$10,114,488	\$5,739,792	(\$4,374,696)
Total equity	\$332,850,146	\$336,398,939	\$3,548,793

13 ANALYSIS OF BUDGETED FINANCIAL POSITION (Continued)

13.1 Budgeted balance sheet (continued)

13.1.1 Current assets (\$5.71 million decrease) and non-current assets (\$9.43 million increase)

Cash and cash equivalents include cash and investments such as cash held in the bank and in petty cash and the value of investments in deposits or other highly liquid investments with short term maturities of three months or less. These balances are projected to decrease by \$5.5 million during the year mainly due the 50% upfront payment of the Victoria Grants Commission funding along with the requirement to fund the capital works program during the year.

Trade and other receivables are monies owed to Council by ratepayers and others. Short term debtors are not expected to change significantly in the budget. Long term debtors (non-current) relating to loans to community organisations will decrease slightly in accordance with agreed repayment terms.

Other assets includes items such as prepayments for expenses that Council has paid in advance of service delivery, inventories or stocks held for sale or consumption in Council's services and other revenues due to be received in the next 12 months.

Property, infrastructure, plant and equipment is the largest component of Council's worth and represents the value of all land, buildings, roads, vehicles, equipment, etc. which has been built up by Council over many years. The \$9.52 million increase in this balance is attributable to the net result of the capital works program (\$17.69 million in 2016/17 and \$9.36 million in 2017/18), depreciation of assets (\$8.76 million in 2016/17 and \$8.98 million in 2017/18) and the income through sale of property, plant and equipment (\$0.32 million in 2016/17 and \$0.49 million in 2017/18).

Investments in associates and joint ventures represents Council's equity in the North Central Regional Goldfields Library. The change in equity has been inconsistent in the past with some years increasing and other years decreasing, so for budgeting purposes, the equity has not been changed. Non-current assets held for resale is land and/or buildings that Council can confidently state will be sold within a short period of time.

13.1.2 Current liabilities (\$0.12 million decrease and non-current liabilities (\$0.29 million increase)

Trade and other payables are those to whom Council owes money as at 30 June. These liabilities are budgeted to reduce by \$0.13million in 2017/18 levels due to a reduction in material and services costs.

Employee benefit include accrued long service leave, annual leave and rostered days off owing to employees. These employee entitlements are expected to decrease by \$0.06 million (current liability) and increase by \$0.19 million (non current liability) due to increases in employee service years and enterprise bargaining increases.

Interest bearing loans and borrowings are borrowings of Council. The Council has repaid the balance of all loans in the 2015/16 financial year.

13 ANALYSIS OF BUDGETED FINANCIAL POSITION (Continued)

13.1 Budgeted balance sheet (continued)

13.1.3 Working capital (\$5.59 million decrease)

Working capital is the excess of current assets above current liabilities. The calculation recognises that although Council has current assets, some of those assets are committed to the future settlement of liabilities and therefore are not available for discretionary spending.

Some of Council's cash assets are restricted in that they are required by legislation to be held in reserve for specific purposes or are held to fund carry forward capital works from the previous financial year.

	Forecast actual 2016/17	Budget 2017/18	Variance
Current assets	\$15,482,065	\$9,767,159	\$5,714,906
Current liabilities	\$2,667,668	\$2,542,867	\$124,801
Working capital	\$12,814,397	\$7,224,292	\$5,590,105
Intended allocation assets			
- Discretionary reserves	(\$10,114,488)	(\$5,739,792)	(\$4,374,696)
- Long service leave	(\$1,831,723)	(\$1,931,723)	\$100,000
Restricted allocation assets			
- Trust funds and deposits	(\$263,239)	(\$250,077)	(\$13,162)
Unrestricted working capital	\$604,947	(\$697,300)	\$1,302,247

In addition to the restricted assets above, Council is also projected to hold \$5.74 million in discretionary reserves at 30 June 2018. Although not restricted by a statutory purpose, Council has made decisions regarding the future use of these funds and unless there is a Council resolution, these funds are to be used for those earmarked purposes.

13.1.4 Equity (\$3.55 million increase)

Total equity always equals net assets and is made up of the following components:

- asset revaluation reserve which represents the difference between the previously recorded value of assets and their current valuations
- other reserves that are funds that Council wishes to separately identify as being set aside to meet a specific purpose in the future and to which there is no existing liability. These amounts are transferred from the Accumulated Surplus of the Council to be separately disclosed
- accumulated surplus which is the value of all net assets less reserves that have accumulated over time. \$1.7 million of the \$3.55 million increase in accumulated surplus results directly from the surplus for the year. An amount of \$4.37 million net is budgeted to be transferred from other reserves to accumulated surplus. This reflects the usage of Council's reserves to partly fund the capital works program and other specified projects. This is a transfer between equity balances and does no impact on the total balance of equity.

13 ANALYSIS OF BUDGETED FINANCIAL POSITION (Continued)

13.2 Key assumptions

In preparing the Budgeted Balance Sheet for the Year Ended 30 June 2018 it was necessary to make a number of assumptions about assets, liabilities, and equity balances. The key assumptions are as follows:

- Council will not collect all of its revenue in one financial year due to the time lag between invoices and payments, and these will be received in the next financial year
- Council will not collect all of its rate revenue in each financial year (2% is budgeted to remain outstanding)
- Council will collect all monies from interest received and reimbursements in the one financial year
- Council will not pay all of its expenditure in one financial year due to the time lag between invoices and payments and the remaining invoices will be paid in the next financial year
- all capital works and carried forward projects will be completed in the financial year
- reserve transfers will be undertaken in line with Council's Reserves Policy
- Council's interest free loans owed by external parties will be repaid in accordance with existing repayment schedules
- where applicable the Long Term Financial Plan forecasts have been stated
- no attempt has been made to forecast the movement in water rights and library equity.

14 STRATEGIC RESOURCE PLAN

This section includes an extract from the adopted Strategic Resource Plan (SRP) to provide information on the long term financial projects of the Council.

14.1 Plan development

The Act requires a SRP to be prepared describing both financial and non-financial resources (including human resources) for at least the next four financial years to achieve the strategic objectives in the Council Plan. In preparing the SRP, Council must take into account all other plans and strategies in regard to the services and initiatives which commit financial and non-financial resources for the period of the SRP.

Council has prepared a Strategic Resource Plan for the four years 2017/18 to 2020/21 as part of its ongoing financial planning to assist in adopting a budget within a longer term framework. The SRP takes the strategic objectives and strategies as specified in the Council Plan and expresses them in financial terms for the next four years.

The key objective, which underlines the development of the Plan, is financial sustainability in the medium to long term, whilst still achieving Council's strategic objectives as specified in the Council Plan. The key financial objectives, which underpin the Strategic Resource Plan, are:

- maintain existing service levels
- achieve a balanced budget on a cash basis
- the continuation of rate capping which was implemented in the 2016/17 financial year
- maintain a capital expenditure program appropriate to cash flows
- include Asset Management Plans and all strategies adopted by Council
- full funding of Council's ongoing commitment to community planning of \$750K
- an increased commitment to investment in information technology.

In preparing the SRP, Council has also been mindful of the need to comply with the following Principles of Sound Financial Management as contained in the Act:

- prudently manage financial risks relating to debt, assets and liabilities
- provide reasonable stability in the level of rate burden
- consider the financial effects of Council decision on future generations
- provide full, accurate and timely disclosure of financial information.

The SRP is updated annually through a rigorous process of consultation with Councillors and staff followed by a detailed sensitivity analysis to achieve the key financial objectives.

14 STRATEGIC RESOURCE PLAN (Continued)

14.2 Financial resources

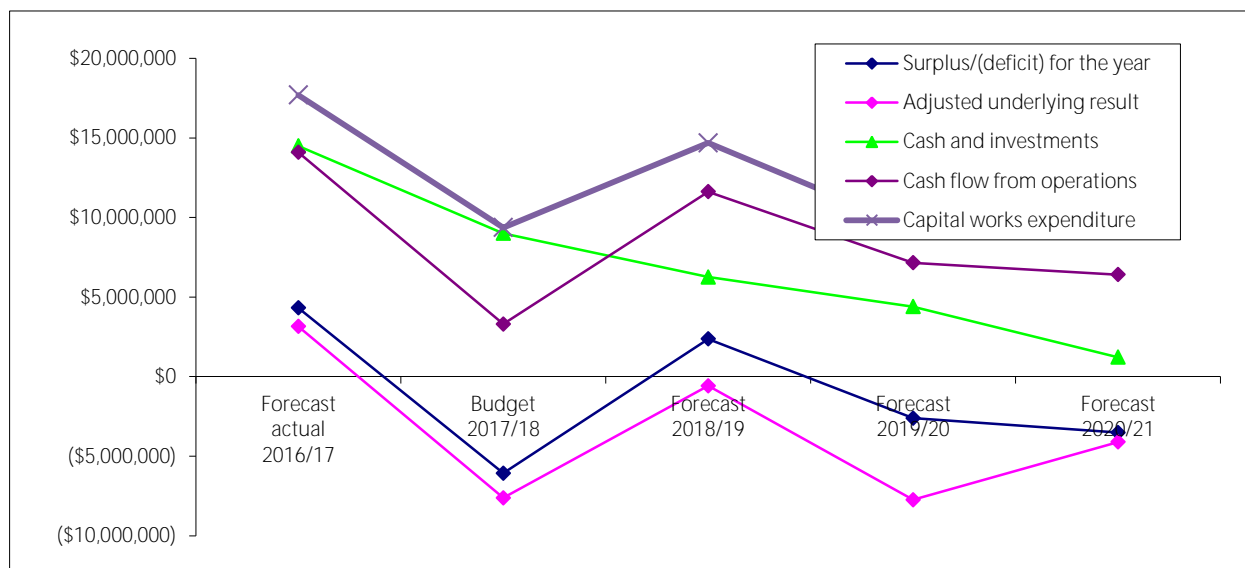
The following table summaries the key financial results for the next four years as set out in the SRP for years 2017/18 to 2020/21. Section 3 includes a more detailed analysis of the financial resources to be used over the four year period.

Indicator	Forecast actual 2016/17	Budget 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Trend
Surplus/(deficit) for the year	\$4,321,549	(\$6,073,047)	\$2,370,087	(\$2,606,132)	(\$3,515,714)	O
Adjusted underlying result	\$3,154,940	(\$7,621,380)	(\$578,912)	(\$7,742,799)	(\$4,107,047)	O
Cash and investments	\$14,496,633	\$9,005,797	\$6,255,484	\$4,394,899	\$1,218,284	-
Cash flow from operations	\$14,089,009	\$3,297,668	\$11,616,905	\$7,153,184	\$6,413,032	-
Capital works expenditure	\$17,692,584	\$9,364,170	\$14,684,888	\$9,323,413	\$9,983,581	O

Key to forecast trend:

- + Forecasts improvement in Council's financial performance / financial position indicator
- O Forecasts that Council's financial performance / financial position indicator will be steady
- Forecasts deterioration in Council's financial performance / financial position indicator

The following graph shows the general financial indicators over the four year period:



The key outcomes of the SPR are as follows:

- **Adjusted underlying result:** An indicator of the sustainable operating result required to enable Council to provide core services and meet its objectives. Improvement in financial performance is expected over the period, although continued losses means reliance on Council's cash reserves or increased debt to maintain services.
- **Rating levels (Section 15):** Modest rate increases are forecast over the four years in line with the State Governments imposed rate capping schedule
- **Borrowing strategy (Section 16):** There are no forecast borrowings in the four year period.

15 RATING INFORMATION

This section contains information on Council's past and foreshadowed rating levels along with Council's rating structure and the impact of changes in property valuations. This section should be read in conjunction with Council's Rating Strategy which is available on Council's website.

15.1 Rating context

In developing the Strategic Resource Plan (referred to in Section 14), rates and charges were identified as an important source of revenue, accounting for over one third of the total revenue received by Council annually. Planning for future rate increases has been an important component of the Strategic Resource Plan process. The level of required rates and charges was considered in context, with reference to Council's other sources of income and the planned expenditure on services and works to be undertaken for the Loddon community.

Council no longer has discretion over general rates and municipal charges, so the increase in rates for 2016/17 and 2018/19 is in line with the State Government's imposed rate cap of 2.5% and 2.0%. The increase in rates and charges for 2015/16 was in line with Council's previous rating strategy and long term financial plan.

15.2 Current year rates and charges

The following table sets out future proposed increases in revenue from rates and charges and the total rates to be raised, based on forecast financial position of Council as at 30 June 2018.

Year	General rate increase %	Municipal charge increase %	Garbage charge increase %	Recycling charge increase %	Total rates raised \$
2015/16	5.5	5.5	7.0	7.0	9,701,598
2016/17	2.5	2.5	2.5	2.5	10,406,865
2017/18	2.0	2.0	10.0	10.0	10,537,935
2018/19	2.0	2.0	2.0	2.0	10,767,370
2019/20	2.0	2.0	2.0	2.0	11,002,049
2020/21	2.0	2.0	2.0	2.0	267,790

15.3 Rating structure

Council has established a rating structure, which is comprised of three elements. These are:

- property values, which form the central basis of rating under the Local Government Act 1989
- a 'user pays' component to reflect usage of certain services provided by Council
- a fixed municipal charge per property to cover some of the administrative costs of Council.

Striking a proper balance between these elements provides equity in the distribution of rate burden across residents.

Council makes a further distinction within the property value component of rates based on the purpose for which the property is used, that is, whether the property is used for general purposes (includes residential and commercial) or rural purposes.

Having reviewed the various valuation bases for determining the property value component of rates, since 2002 Council has determined to apply a Capital Improved Value (CIV) basis on the grounds that it provides the most equitable distribution of rates across the municipality. There are currently no plans to change that basis, but Council does review its rating structure every four years.

15 RATING INFORMATION

15.3 Rating structure (continued)

The existing rating structure comprises one differential rate (rural properties) and a rate for general properties (residential and commercial). These rates are structured in accordance with the requirements of Section 161 "Differential Rates" of the Local Government Act.

Under the Cultural and Recreation Lands Act 1963, provision is made for a Council to levy the rate for recreational lands at 'such amount as the municipal council thinks reasonable having regard to the services provided by the municipal council in relation to such lands and having regard to the benefit to the community derived from such recreational lands'. Council has exempted all rateable recreation land from the payment of rates.

Council has reaffirmed its intention to maintain the existing rating relativities. Council also has a municipal charge, garbage charge and a kerbside recycling collection charge as allowed under the Act.

The following table summaries the rates to be determined for the 2017/18 year. A more detailed analysis of the rates to be raised is contained in Section 7 'Statutory Disclosures'.

Rate type	How applied	2016/17	2017/18	Total raised \$000's	Change
General rates	Cents in \$ of CIV	0.4892	0.4977	\$2,558	1.73%
Rural rates	Cents in \$ of CIV	0.4355	0.4431	\$5,409	1.73%
Municipal charge	\$ per property	\$203	\$207	\$1,160	1.97%
Kerbside collection charge 140 litre	\$ per property	\$236	\$260	\$943	10.17%
Recycling charge 240 litre	\$ per property	\$89	\$98	\$337	10.11%

Council has adopted a formal Rating Strategy that contains expanded information on Council's rating structure and the reasons behind its choices in applying the rating mechanism it has used.

15.4 General revaluation of properties

During the 2015/16 year, a revaluation of all properties within the municipality was carried out and applied from 1 July 2016 for the 2016/17 and 2017/18 financial years. The outcome of the 2016 general revaluation was a moderate change in property valuations throughout the municipality.

15 RATING INFORMATION

15.4 General revaluation of properties (continued)

The following table shows the valuations of urban and rural properties over the past eight years:

Financial year	General	Rural	Total
2008/09	\$370,868,473	\$1,023,552,048	\$1,394,420,521
% Split	26.6%	73.4%	100.0%
2009/10	\$373,422,273	\$1,007,723,048	\$1,381,145,321
% Split	27.0%	73.0%	100.0%
2010/11	\$386,838,400	\$1,087,616,600	\$1,474,455,000
% Split	26.2%	73.8%	100.0%
2011/12	\$388,588,300	\$1,075,905,600	\$1,464,493,900
% Split	26.5%	73.5%	100.0%
2012/13	\$415,445,900	\$1,107,773,700	\$1,523,219,600
% Split	27.3%	72.7%	100.0%
2013/14	\$418,602,400	\$1,102,582,700	\$1,521,185,100
% Split	27.5%	72.5%	100.0%
2014/15	\$445,725,800	\$1,157,562,000	\$1,603,287,800
% Split	27.8%	72.2%	100.0%
2015/16	\$454,898,700	\$1,159,608,000	\$1,614,506,700
% Split	28.2%	71.8%	100.0%
2016/17	\$509,344,700	\$1,218,750,500	\$1,728,095,200
% Split	29.5%	70.5%	100.0%
2017/18	\$514,019,000	\$1,220,740,500	\$1,734,759,500
% Split	29.6%	70.4%	100.0%
The change in valuation from 2016/17 to 2017/18 is:			
	0.92%	0.16%	0.39%

15.5 Split of rates between rural and general

In 2015/16, Council set a rate differential between rural and urban properties. Rural properties have a rate in the dollar 11% less than urban properties. This has been continued into the 2017/18 rating year.

Type of property	2017/18	2016/17
General	1.00	1.00
Rural	0.89	0.89

16 SUMMARY OF OTHER STRATEGIES

This section sets out summaries of the strategies that have been developed and incorporated into the Strategic Resource Plan including borrowings, infrastructure and service delivery.

16.1 Borrowings

In developing the Strategic Resource Plan (SRP) (see Section 14), borrowings was identified as an important funding source for capital works programs. In the past Council has borrowed to finance large projects and since then has been in a phase of debt reduction. This has resulted in a reduction in debt servicing costs, but has meant that cash and investment reserves have been used as an alternate funding source to maintain robust capital works programs.

In general, Council has adopted a policy to remain debt free except for situations where funding was required to deliver significant capital projects. The Council has elected to not borrow any further funds at this time.

In 2015/16 final loan payments were made for this project which finalises all of Council's borrowings.

For the 2017/18 year, Council has decided not to take out any new borrowings to fund the capital works program.

The table below shows information on borrowings specifically required by the Regulations.

	Forecast Actual 2016/17	Budget 2017/18
Borrowings		
Total amount borrowed as at 30 June of the prior year	\$0	\$0
Total amount to be borrowed	\$0	\$0
Total amount projected to be redeemed	\$0	\$0
Total amount proposed to be borrowed as at 30 June	\$0	\$0

16.2 Reserves

Council undertakes Reserves budgeting in order to provide for future expenditure while reducing the impact of purchases on the current year budget.

The following reserves are currently in use by Council:

Land and buildings reserve

The Land and Buildings Reserve is used to fund the acquisition of land and buildings. Funds received from the sale of Council owned land and buildings are transferred to the reserve.

Professional development reserve

The Professional Development Reserve is used to fund professional development undertaken by executive officers of Council. An annual allocation is provided to each officer and that amount is transferred to the reserve annually, while the cost of professional development undertaken during the year is transferred from the reserve.

Unspent grants reserve

The Unspent Grants Reserve has been established for situations where Council has received funding via an external party and those funds remain unspent at the end of the financial year.

16 SUMMARY OF OTHER STRATEGIES (Continued)

16.2 Reserves (continued)

Capital expenditure reserve

The Capital Expenditure Reserve is used to set aside funds that have been budgeted for capital works projects in one financial year but will not be fully expended by the end of that year. The funds will be transferred to the reserve in the budget year, and transferred from the reserve in the following financial year, or in the year that the funds are expended for the specific project.

Rates reserve

The Rates Reserve has been established to offset the effect of unbundling of water rights from Council valuations from 1 July 2007, and the subsequent effect that this will have on Council's ability to raise rates on the affected properties in the 2009/10 and future rating periods.

Information technology reserve

The Information Technology Reserve is used to set aside monies for the purchase of information technology assets. The reserve outlines the annual cost of information technology for Council and the amounts required to be set aside in reserve for future asset purchases.

Valuations reserve

The Valuations Reserve is used to fund the cost of Council's bi-annual valuations for rating purposes. Council transfers from the reserve the net cost of valuations and transfers to the reserve an annual allocation to ensure the reserve remains high enough to fund future revaluations.

Units reserve

The Units Reserve is used to fund the purchase or improvement of Council owned elderly persons' units. The surplus generated from rental income is transferred to the reserve annually. The cost of major improvements is transferred from the reserve annually.

Economic development reserve

The Economic Development Reserve is used to set aside funds to assist with economic development initiatives that Council wishes to financially support. Council transfers to the reserve a set amount determined during the budget process and transfers from the reserve the cost of economic development initiatives within the year.

Skidders Flat water reserve

The Skidders Flat Water Reserve is used to fund major repairs and capital works at the Skidders Flat Water Supply. The surplus on operations of the water supply is transferred to reserve annually and the cost of major repairs and capital works is transferred from the reserve.

Community planning reserve

The Community Planning Reserve has been established for situations where projects are budgeted in one year but for various reasons are unable to be delivered and are therefore deferred until the following year.

Plant replacement reserve

The Plant Replacement Reserve is used to fund plant purchases. Council transfers to the reserve a fixed amount annually and transfers from the reserve the net cost of plant purchases for the year.

Fleet replacement reserve

The Fleet Replacement Reserve is used to fund the replacement of office vehicles. Council transfers to the reserve a fixed amount annually and transfers from the reserve the net cost of fleet purchases for the year.

16 SUMMARY OF OTHER STRATEGIES (Continued)

16.2 Reserves (continued)

GSP reserve

The GSP Reserve is used to fund the restoration of gravel and sand pits used by Council for the extraction of gravel. The budgeted surplus on operations of the pits is transferred to the reserve annually and the cost of restoration of the pits is transferred from the reserve.

Urban drainage reserve

The Urban Drainage Reserve is used to fund urban drainage works in the towns within the Shire. Council transfers to the reserve annually a budgeted amount, and transfers from the reserve the cost of urban drainage works for the year.

Landfill rehabilitation reserve

The Landfill Rehabilitation Reserve has been established to assist with the cost of rehabilitating Council's landfills. Council transfers to the reserve annually \$10 per kerbside collection levy (or a pro-rata amount for a pro-rata collection). Council transfers from the reserve the cost of landfill rehabilitation.

Reserves improvement reserve

The Reserves Improvement Reserve is an allocation of funds used to provide interest free loans to community groups. Usually there are no transfers to or from this reserve.

Lake Boort water reserve

The Lake Boort Water Reserve was established with funds generated from sale of water allocations not required for immediate use in Little Lake Boort. The reserve is used to purchase replacement water at an appropriate time, or may be used for other purposes specific to Lake Boort.

Caravan park development reserve

The Caravan Park Development Reserve has been established to assist with funding major projects at Council's caravan parks. Council transfers to the reserve annually the surplus on operations of its caravan parks, and transfers from the reserve the cost of major projects undertaken at Council's caravan parks during the year.

Unfunded superannuation liability reserve

The Unfunded Superannuation Liability Reserve is used to repay any potential unfunded superannuation liability arising from the LAS Defined Benefits Plan Scheme. Council transfers to the reserve amounts allocated in the budget, and transfers from the reserve payments made to Vision Super Pty. Ltd. for the unfunded superannuation liability.

Unspent contributions reserve

The Unspent Contributions Reserve is used to set aside contributions received for a specific purpose in one financial year that will not be expended until a later financial year. The funds will be transferred to the reserve in the year the funds are received, and transferred from the reserve in the year that the funds are expended for that purpose.

War memorial reserve

The War Memorial Reserve is used to fund the cost of maintaining and renewing war memorials across the Shire. Council transfers funds to the reserve as required and transfers the cost of works to war memorials from reserve.

Heritage loan scheme reserve

The Heritage Loan Scheme Reserve is used to provide land owners of properties located in significance heritage precincts, heritage registered buildings or structures of local heritage significance, with loans to enable repair and maintenance of those buildings with the aims of quality appearance and public safety.

16 SUMMARY OF OTHER STRATEGIES (Continued)

16.2 Reserves (continued)

Major projects reserve

The Major Projects Reserve is used to assist with the funding of major projects identified by Council. Council transfers funds to the reserve annually an amount determined during the budget process as sufficient to fund the major projects program and transfers the funds required to finance major works undertaken at Council's discretion.

Unightly premises enforcement provision reserve

The Unightly Premises Enforcement Provision Reserve is used to provide funds to assist with the enforcement and rectification works on determined unightly premises with costs recouped via legal or other action.

Swimming pool major projects reserve

The Swimming Pool Major Projects Reserve is used to fund unplanned major repairs and capital works at the various swimming pool sites across the Shire.

16.2.1 Transfers to and from reserves

The following is a summary of the projected reserves position for the year ended 30 June 2017:

Name of reserve	2016/17 reserves - as per projected actuals			
	Balance at 1 July 2016	Transfers to reserves	Transfers from reserves	Balance at 30 June 2017
Land and buildings reserve	\$ 303,400	\$ -	\$ 20,000	\$ 283,400
Professional development reserve	\$ 19,919	\$ 8,000	\$ -	\$ 27,919
Unspent grants reserve	\$ 5,225,729	\$ 4,060,524	\$ 5,225,729	\$ 4,060,524
Capital expenditure reserve	\$ 3,037,963	\$ -	\$ 3,037,963	\$ -
Rates reserve	\$ 229,206	\$ -	\$ 229,206	\$ -
Information technology reserve	\$ 977,623	\$ 485,000	\$ 349,623	\$ 1,113,000
Valuation reserve	\$ 122,967	\$ 94,947	\$ 15,000	\$ 202,914
Units reserve	\$ 64,994	\$ 7,961	\$ -	\$ 72,955
Economic development reserve	\$ 163,180	\$ 100,000	\$ 85,000	\$ 178,180
Skinner's Flat reserve	\$ 12,908	\$ -	\$ -	\$ 12,908
Community planning reserve	\$ 476,514	\$ -	\$ 476,514	\$ -
Plant replacement reserve	\$ 1,075,344	\$ 850,000	\$ 1,314,826	\$ 610,518
Fleet replacement reserve	\$ 427,424	\$ 291,000	\$ 205,304	\$ 513,120
GSP restoration reserve	\$ 719,738	\$ 93,771	\$ 26,811	\$ 786,698
Urban drainage reserve	\$ 528,588	\$ 254,650	\$ 467,111	\$ 316,127
Landfill rehabilitation reserve	\$ 263,527	\$ 33,620	\$ 23,100	\$ 274,047
Lake Boort water reserve	\$ 17,815	\$ -	\$ -	\$ 17,815
Reserves improvement reserve	\$ 100,000	\$ -	\$ -	\$ 100,000
Caravan park development reserve	\$ 85,982	\$ 196,739	\$ 36,154	\$ 246,567
Superannuation liability reserve	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000
Unspent contributions reserve	\$ -	\$ -	\$ -	\$ -
War memorial reserve	\$ 3,000	\$ -	\$ -	\$ 3,000
Heritage loan scheme	\$ 72,610	\$ 27,390	\$ -	\$ 100,000
Major projects reserve	\$ 95,752	\$ -	\$ 50,956	\$ 44,796
Unightly premises enforcement provision reserve	\$ -	\$ 100,000	\$ -	\$ 100,000
Swimming pool major projects reserve	\$ -	\$ 50,000	\$ -	\$ 50,000
TOTAL	\$ 15,024,183	\$ 6,653,602	\$ 11,563,297	\$ 10,114,488

16 SUMMARY OF OTHER STRATEGIES (Continued)

16.2.1 Transfers to and from reserves (continued)

The following is a summary of the budgeted reserves position for the year ended 30 June 2018:

Name of reserve	2017/18 reserves			
	Balance at 1 July 2017	Transfers to reserves	Transfers from reserves	Balance at 30 June 2018
Land and buildings reserve	\$ 283,400	\$ 335,000	\$ -	\$ 618,400
Professional development reserve	\$ 27,919	\$ 8,000	\$ -	\$ 35,919
Unspent grants reserve	\$ 4,060,524	\$ -	\$ 4,060,524	\$ -
Capital expenditure reserve	\$ -	\$ -	\$ -	\$ -
Rates reserve	\$ -	\$ -	\$ -	\$ -
Information technology reserve	\$ 1,113,000	\$ 185,000	\$ 343,000	\$ 955,000
Valuation reserve	\$ 202,914	\$ 15,000	\$ 160,000	\$ 57,914
Units reserve	\$ 72,955	\$ 7,727	\$ -	\$ 80,682
Economic development reserve	\$ 178,180	\$ 100,000	\$ 160,000	\$ 118,180
Skinner's Flat reserve	\$ 12,908	\$ -	\$ -	\$ 12,908
Community planning reserve	\$ -	\$ -	\$ -	\$ -
Plant replacement reserve	\$ 610,518	\$ 850,000	\$ 548,440	\$ 912,078
Fleet replacement reserve	\$ 513,120	\$ 150,000	\$ 119,994	\$ 543,126
GSP restoration reserve	\$ 786,698	\$ 123,039	\$ 402,130	\$ 507,607
Urban drainage reserve	\$ 316,127	\$ 250,000	\$ 458,000	\$ 108,127
Landfill rehabilitation reserve	\$ 274,047	\$ 34,370	\$ -	\$ 308,417
Lake Boort water reserve	\$ 17,815	\$ -	\$ -	\$ 17,815
Reserves improvement reserve	\$ 100,000	\$ -	\$ -	\$ 100,000
Caravan park development reserve	\$ 246,567	\$ 74,256	\$ 305,000	\$ 15,823
Superannuation liability reserve	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000
Unspent contributions reserve	\$ -	\$ -	\$ -	\$ -
War memorial reserve	\$ 3,000	\$ -	\$ -	\$ 3,000
Heritage loan scheme	\$ 100,000	\$ -	\$ -	\$ 100,000
Major projects reserve	\$ 44,796	\$ -	\$ -	\$ 44,796
Unightly premises enforcement provision reserve	\$ 100,000	\$ -	\$ -	\$ 100,000
Swimming pool major projects reserve	\$ 50,000	\$ 50,000	\$ -	\$ 100,000
TOTAL	\$ 10,114,488	\$ 2,182,392	\$ 6,557,088	\$ 5,739,792

By including the above transfers from reserves it is expected that reserve levels remain steady during 2017/18, leaving a balance of \$5.74 million in the reserves account.

10.2.2 Details of reserves

The following schedule provides details of each of the reserve transfers for 2017/18:

Land and buildings reserve			
Opening balance			\$283,400
ADD transfer to reserve			
Tresise Street Serpentine house sales	Activity 191	\$300,000	
Ridge Street Wedderburn land sale	Activity 110	\$35,000	\$335,000
LESS transfer from reserve			
Nil	N/A		\$0
Closing balance			\$618,400

16 SUMMARY OF OTHER STRATEGIES (Continued)

16.2.1 Transfers to and from reserves (continued)

Professional development reserve			
Opening balance			\$27,919
ADD transfer to reserve	Activity 461	\$8,000	\$8,000
Annual allocation			
LESS transfer from reserve			
Nil	N/A	\$0	\$0
Closing balance			\$35,919
Unspent grants reserve			
Opening balance			\$4,060,524
ADD transfer to reserve			
Nil	N/A	\$0	\$0
LESS transfer from reserve			
VGC 50% upfront payment returned to surplus	N/A	(\$4,060,524)	(\$4,060,524)
Closing balance			\$0
Capital expenditure reserve			
Opening balance			\$0
ADD transfer to reserve			
Nil	N/A	\$0	\$0
LESS transfer from reserve			
Nil	N/A	\$0	\$0
Closing balance			\$0
Rates reserve			
Opening balance			\$0
ADD transfer to reserve			
Nil	N/A	\$0	\$0
LESS transfer from reserve			
Nil	N/A	\$0	\$0
Closing balance			\$0
Information technology reserve			
Opening balance			\$1,113,000
ADD transfer to reserve			
Annual allocations for major purchases	Activity 461	\$185,000	\$185,000
LESS transfer from reserve			
Server Replacement	Activity 434	(\$50,000)	
IT strategy implementation	Activity 434	(\$220,000)	
Software licenses	Activity 434	(\$31,000)	
Minor Information technology expenditure	Activity 434 and 491	(\$42,000)	(\$343,000)
Closing balance			\$955,000

16 SUMMARY OF OTHER STRATEGIES (Continued)

16.2.1 Transfers to and from reserves (continued)

Valuation reserve			
Opening balance			\$202,914
ADD transfer to reserve			
Income from sale of data	Activity 436	\$15,000	\$15,000
LESS transfer from reserve			
Expenditure for 2015/16	Activity 436	(\$160,000)	(\$160,000)
Closing balance			\$57,914
Units reserve			
Opening balance			\$72,955
ADD transfer to reserve			
Surplus for 2015/16	Activity 634	\$7,727	\$7,727
LESS transfer from reserve			
Nil	N/A	\$0	\$0
Closing balance			\$80,682
Economic development reserve			
Opening balance			\$178,180
ADD transfer to reserve			
Yearly allocation	Activity 461	\$100,000	\$100,000
LESS transfer from reserve			
Scar trees campaign	Activity 110	(\$60,000)	
Project scoping	Activity 110	(\$15,000)	
Agribusiness Forum	Activity 131	(\$10,000)	
Economic development strategy	Activity 131	(\$75,000)	(\$160,000)
Closing balance			\$118,180
Skinner's flat reserve			
Opening balance			\$12,908
ADD transfer to reserve			
Nil	N/A	\$0	\$0
LESS transfer from reserve			
Nil	N/A	\$0	\$0
Closing balance			\$12,908
Community planning reserve			
Opening balance			\$0
ADD transfer to reserve			
Nil	N/A	\$0	\$0
LESS transfer from reserve			
Nil	N/A	\$0	\$0
Closing balance			\$0

16 SUMMARY OF OTHER STRATEGIES (Continued)

16.2.1 Transfers to and from reserves (continued)

Plant replacement reserve			
Opening balance			\$610,518
ADD transfer to reserve			
Annual allocation to reserve	Activity 461	\$850,000	\$850,000
LESS transfer from reserve			
Net cost of plant replacement	Activity 391	(\$548,440)	(\$548,440)
Closing balance			\$912,078
Fleet replacement reserve			
Opening balance			\$513,120
ADD transfer to reserve			
Annual allocation to reserve	Activity 461	\$150,000	\$150,000
LESS transfer from reserve			
Net cost of fleet replacement	Activity 391	(\$119,994)	(\$119,994)
Closing balance			\$543,126
GSP restoration reserve			
Opening balance			\$786,698
ADD transfer to reserve			
Income from gravel pits	Activity 380	\$123,039	\$123,039
LESS transfer from reserve			
Expenditure from gravel pits	Activity 380	(\$402,130)	(\$402,130)
Closing balance			\$507,607
Urban drainage reserve			
Opening balance			\$316,127
ADD transfer to reserve			
Annual allocation	Activity 461	\$250,000	\$250,000
LESS transfer from reserve			
Drainage program	Activity 371	(\$458,000)	(\$458,000)
Closing balance			\$108,127
Landfill rehabilitation reserve			
Opening balance			\$274,047
ADD transfer to reserve			
Kerbside collection	Activity 512	\$34,370	\$34,370
LESS transfer from reserve			
Nil	N/A	\$0	\$0
Closing balance			\$308,417
Reserves improvement reserve			
Opening balance			\$100,000
ADD transfer to reserve			
Nil	N/A	\$0	\$0
LESS transfer from reserve			
Nil	N/A	\$0	\$0
Closing balance			\$100,000

16 SUMMARY OF OTHER STRATEGIES (Continued)

16.2.1 Transfers to and from reserves (continued)

Lake Boort water reserve			
Opening balance			\$17,815
ADD transfer to reserve			
Nil	N/A	\$0	\$0
LESS transfer from reserve			
Nil	N/A	\$0	\$0
Closing balance			\$17,815
Caravan park development reserve			
Opening balance			\$246,567
ADD transfer to reserve			
Surplus of caravan park operations	Activity 123	\$74,256	\$74,256
LESS transfer from reserve			
Capital works program	Activity 123	(\$250,000)	
Purchase mowers	Activity 123	(\$40,000)	(\$40,000)
Wedderburn entrance works	Activity 123	(\$15,000)	(\$265,000)
Closing balance			\$15,823
Superannuation liability reserve			
Opening balance			\$1,000,000
ADD transfer to reserve			
Allocation for 2014/15	N/A	\$0	\$0
LESS transfer from reserve			
Nil	N/A	\$0	\$0
Closing balance			\$1,000,000
Unspent contributions reserve			
Opening balance			\$0
ADD transfer to reserve			
Nil	N/A	\$0	\$0
LESS transfer from reserve			
Nil	N/A	\$0	\$0
Closing balance			\$0
War memorial reserve			
Opening balance			\$3,000
ADD transfer to reserve			
Nil	N/A	\$0	\$0
LESS transfer from reserve			
Nil	N/A	\$0	\$0
Closing balance			\$3,000

16 SUMMARY OF OTHER STRATEGIES (Continued)

16.2.1 Transfers to and from reserves (continued)

Major projects reserve			
Opening balance			\$44,796
ADD transfer to reserve			
Nil	N/A	\$0	\$0
LESS transfer from reserve			
Nil	N/A	\$0	\$0
Closing balance			\$44,796
Unsightly premises enforcement provision reserve			
Opening balance			\$100,000
ADD transfer to reserve			
Nil	N/A	\$0	\$0
LESS transfer from reserve			
Nil	N/A	\$0	\$0
Closing balance			\$100,000
Swimming pool major projects reserve			
Opening balance			\$50,000
ADD transfer to reserve			
Annual allocation to reserve	Activity 461	\$50,000	\$50,000
LESS transfer from reserve			
Nil	N/A	\$0	\$0
Closing balance			\$100,000

APPENDIX A - FEES AND CHARGES SCHEDULE

Council's fees and charges schedule contains the fees and charges of a statutory and non-statutory nature which will be charged in respect to various goods and service provided during the 2017/18 year.

This document is located on Council's website and was adopted by Council on 28 March 2017.

APPENDIX B - BUDGET PROCESSES

This section lists the budget processes to be undertaken in order to adopt the Budget in accordance with the *Local Government Act 1989* (the Act) and *Local Government (Planning and Reporting) Regulations 2014* (the Regulations).

Under the Act, Council is required to prepare and adopt an annual budget for each financial year. The budget is required to include certain information about rates and charges that Council intends to levy as well as a range of other information required by the Regulations which support the Act.

The 2017/18 Budget, which is included in this report, is for the year 1 July 2017 to 30 June 2018 and is prepared in accordance with the Act and Regulations. The Budget includes financial statements being a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and a Statement of Capital Works. These statements have been prepared for the year ended 30 June 2018 in accordance with the Act and Regulations, and consistent with the annual financial statements which are prepared in accordance with Australian Accounting Standards and the Local Government Model Accounts. The budget also includes information about the rates and charges to be levied, the capital works program to be undertaken, the human resources required, and other financial information which Council requires in order to make an informed decision about the adoption of the Budget.

A 'proposed' budget is prepared in accordance with the Act and submitted to Council in April for approval 'in principle'. Council is then required to give 28 days notice of its intention to adopt the proposed budget and make the budget available for inspection at its offices and on its website. Council also provides copies of the proposed budget at post offices and neighbourhood houses/community resource centres within the municipality. A person has the right to make a submission on any proposal contained in the Budget and any submission must be considered before adoption of the budget by Council.

With the introduction of the State Government's rate capping legislation in 2015, Councils are now unable to determine the level of rate increase and instead must use a maximum rate increase determined by the Minister for Local Government which is announced in December for application in the following year.

If Council wishes to seek a rate increase above the maximum allowable it must submit a rate variation submission to the Essential Services Commission (ESC). The ESC will determine whether the rate increase variation submission has been successful by 31 May. In many cases this will require Council to undertake 'public notice' on two separate proposed budgets simultaneously, i.e. the Minister's maximum rate increase and the Council's required rate increase.

The final step is for Council to adopt the budget after receiving and considering any submissions from interested parties. The budget is required to be adopted by 30 June and a copy submitted to the Minister within 28 days after adoption. The key dates for the budget process are summarised below:

Dec - Minister for Local Government announces maximum rate increase
Dec - Officers update Council's long term financial projections
Jan/Feb - Council to advise ESC if it intends to make a rate variation submission
April - Proposed budget distributed to Councillors
April - Council meets to consider the proposed budget
April - Council resolves to advertise the proposed budget
April - Council advertises "Draft Budget"
April and May - Proposed budget available for public inspection and comment
June - Council meets to consider public submissions and adopt the budget
June - Council gives public notice that the budget has been adopted
July - Council provides a copy of the 2017/18 Budget to the Minister

APPENDIX C - CAPITAL WORKS PROGRAM

This appendix presents a listing of the capital works projects that will be undertaken for the 2017/18 financial year.

C1. Capital works by key direction area

The following table shows capital expenditure by key direction area, as per the Council Plan, and shows how the capital works have been funded.

Project	External funding			Internal funding			Total funding sources
	Grants and contrib.	Sale of assets	Loan funds	Reserves	Working capital	Operating activities	
Economic development and tourism							
Caravan park improvements	\$500,000			\$250,000			\$750,000
Wedderburn Caravan Park entrance				\$15,000			\$15,000
Caravan park equipment				\$40,000			\$40,000
Council properties fencing						\$5,000	\$5,000
Works and infrastructure							
Local roads reseals						\$1,224,000	\$1,224,000
Local road construction	\$1,548,520					\$37,125	\$1,585,645
Local road resheets	\$62,677					\$284,235	\$346,912
Local road shoulder sheets						\$339,895	\$339,895
Local bridges and culverts	\$152,000					\$99,000	\$251,000
Township street improvements						\$293,755	\$293,755
Urban drainage				\$308,000			\$308,000
Depot wash point				\$110,000			\$110,000
Depot automated gates				\$50,000			\$50,000
Pyramid Hill wash point				\$50,000			\$50,000
Workshop expansion				\$41,500			\$41,500
Reseal Wedderburn Depot				\$40,000			\$40,000
Boundary entrance signage park and locality						\$20,000	\$20,000
Fleet replacement		\$68,606		\$119,994			\$188,600
Plant replacement		\$87,060		\$548,440			\$635,500
Minor plant and equipment						\$20,000	\$20,000

APPENDIX C - CAPITAL WORKS PROGRAM (Continued)

C1. Capital works by key direction area (continued)

Project	External funding			Internal funding			Total funding sources
	Grants and contrib.	Sale of assets	Loan funds	Reserves	Working capital	Operating activities	
Good management							
Server replacement				\$50,000			\$50,000
Asset Edge devices				\$2,000			\$2,000
PC replacement				\$30,000			\$30,000
Photocopier / scanner				\$10,000			\$10,000
IT Strategy implementation				\$220,000			\$220,000
Building Asset Management Plan allocation						\$263,500	\$263,500
Building safety audit						\$15,000	\$15,000
Environment							
Flood mitigation works - Boort	\$333,333					\$166,667	\$500,000
Flood mitigation works - Pyramid Hill	\$500,000					\$250,000	\$750,000
Community services and recreation							
Parks and gardens strategy						\$104,500	\$104,500
Community planning strategic fund						\$500,000	\$500,000
Swimming pool solar power	\$200,000					\$114,000	\$314,000
Wedderburn kinder capital						\$5,363	\$5,363
Upgrade public toilets						\$30,000	\$30,000
Community planning allocations						\$250,000	\$250,000
Trails signage						\$5,000	\$5,000
Total	\$3,296,530	\$155,666	\$0	\$1,884,934	\$0	\$4,027,040	\$9,364,170

APPENDIX C - CAPITAL WORKS PROGRAM (Continued)

C2. Capital expenditure by classification

This table shows the projects by classification, and shows whether the works are for asset renewal or provide Council with new assets.

Project	Asset renewal	New asset	Asset upgrade	Asset expansion	Carried forward	Total project
Land and buildings						
Council properties fencing					\$5,000	\$5,000
Depot wash point					\$110,000	\$110,000
Pyramid Hill depot wash point					\$50,000	\$50,000
Depot automated gates					\$50,000	\$50,000
Workshop extension					\$41,500	\$41,500
Reseal Wedderburn Depot					\$40,000	\$40,000
Building asset management plan	\$263,500					\$263,500
Building safety audit					\$15,000	\$15,000
Strategic fund	\$500,000					\$500,000
Upgrade public toilets			\$30,000			\$30,000
Total land and buildings	\$763,500	\$0	\$30,000	\$0	\$311,500	\$1,105,000
Furniture and equipment						
Server replacement	\$50,000					\$50,000
PC replacement	\$30,000					\$30,000
Photocopier / scanner	\$10,000					\$10,000
Asset Edge devices		\$2,000				\$2,000
IT Strategy implementation			\$220,000			\$220,000
Wedderburn kinder capital			\$5,363			\$5,363
Total furniture and equipment	\$90,000	\$2,000	\$225,363	\$0	\$0	\$317,363
Plant and equipment						
Minor plant and equipment		\$20,000				\$20,000
Fleet replacement		\$188,600				\$188,600
Plant replacement		\$635,500				\$635,500
Total plant and equipment	\$0	\$844,100	\$0	\$0	\$0	\$844,100
Footpaths						
Township street improvements	\$293,755					\$293,755
Total footpaths	\$293,755	\$0	\$0	\$0	\$0	\$293,755
Roadworks						
Local road reseals	\$1,224,000					\$1,224,000
Local road construction			\$1,585,645			\$1,585,645
Local road resheets	\$346,912					\$346,912
Local road shoulder sheets	\$339,895					\$339,895
Local bridges and culverts	\$251,000					\$251,000
Boundary entrance signage parks and locality	\$20,000					\$20,000
Total roadworks	\$2,181,807	\$0	\$1,585,645	\$0	\$0	\$3,767,452

APPENDIX C - CAPITAL WORKS PROGRAM (Continued)

C2. Capital expenditure by classification (continued)

Project	Asset renewal	New asset	Asset upgrade	Asset expansion	Carried forward	Total project
Urban and road drainage						
Urban drainage program			\$308,000			\$308,000
Flood mitigation works Boort			\$500,000			\$500,000
Flood mitigation works Pyramid Hill			\$750,000			\$750,000
Total urban and road drainage	\$0	\$0	\$1,558,000	\$0	\$0	\$1,558,000
Recreation, leisure and community facilities						
Caravan park improvements			\$750,000			\$750,000
Wedderburn Caravan Park entrance					\$15,000	\$15,000
Caravan park equipment	\$40,000					\$40,000
Swimming pool solar power					\$314,000	\$314,000
Trails signage					\$5,000	\$5,000
Total recreation, leisure and community facilities	\$40,000	\$0	\$750,000	\$0	\$334,000	\$1,124,000
Parks, open space and streetscapes						
Parks and gardens strategy	\$104,500					\$104,500
Community planning allocations			\$250,000			\$250,000
Total parks, open space and streetscapes	\$104,500	\$0	\$250,000	\$0	\$0	\$354,500
Total	\$3,473,562	\$846,100	\$4,399,008	\$0	\$645,500	\$9,364,170

C3. Capital funding in detail

C3.1 Grants and contributions

Program	Type or source of grant or contribution	Amount
Caravan park improvements	Regional Development Victoria	\$500,000
Local road construction	Roads to Recovery	\$1,548,520
Local road resheets	Roads to Recovery	\$62,677
Local bridges and culverts	Roads to Recovery	\$152,000
Flood mitigation works - Boort	Natural Disaster Recovery Grants	\$166,667
Flood mitigation works - Pyramid Hill	Natural Disaster Recovery Grants	\$250,000
Flood mitigation works - Boort	Department Environment and Primary Industries	\$166,666
Flood mitigation works - Pyramid Hill	Department Environment and Primary Industries	\$250,000
Swimming pool solar power	Sustainability Victoria	\$200,000
Total		\$3,296,530

APPENDIX C - CAPITAL WORKS PROGRAM (Continued)

C3. Capital funding in detail (continued)

C3.2 Sale of assets

Key direction area	Asset classification	Amount
Works and infrastructure	Fleet/Plant	\$155,666
Total		\$155,666

C3.3 Loans

Key direction area	Source of income and project	Amount
Nil		\$0

C3.4 Reserves

Program	Type of reserve	Amount
Caravan Park improvements	Caravan park reserve	\$250,000
Caravan park equipment	Caravan park reserve	\$40,000
Wedderburn Caravan Park entrance	Caravan park reserve	\$15,000
Depot wash point	Capital expenditure reserve	\$110,000
Pyramid Hill wash point	Capital expenditure reserve	\$50,000
Depot automated gates	Capital expenditure reserve	\$50,000
Workshop extension	Capital expenditure reserve	\$41,500
Reseal Wedderburn Depot	Capital expenditure reserve	\$40,000
Plant replacement	Plant replacement reserve	\$548,440
Fleet replacement	Fleet replacement reserve	\$119,994
Server replacement	Information technology reserve	\$50,000
PC replacement and other equipment	Information technology reserve	\$32,000
Photocopier purchase	Information technology reserve	\$10,000
IT strategy implementation	Information technology reserve	\$220,000
Urban drainage program	Urban drainage reserve	\$308,000
Total		\$1,884,934

C3.5 Working capital

Key direction area	Source of income and project	Amount
Nil		\$0

C3.6 Operating activities

All other capital works projects, that have not been funded externally or from another internal source of income, are funded from operating activities.

APPENDIX D - AUDIT COMMITTEE FINANCIALS

In 2002 Council's Internal Audit Committee created a reporting format that it considered appropriate for reporting Council's results on a monthly basis. That format has been used by Council since then.

The following reports show the 2016/17 Forecast Actuals, the 2017/18 Budgets, and the variance between the two.

The reports include:

- Comprehensive Income Statement by expense type
- Comprehensive Income Statement by key direction area
- Capital Expenditure Statement

COMPREHENSIVE INCOME STATEMENT BY EXPENSE TYPE

	Forecast actual 2016/17	Budget 2017/18	Variance
Revenues from ordinary activities			
Rates and charges	\$10,105,251	\$10,406,865	\$301,614
User fees	\$2,002,291	\$1,681,277	(\$321,014)
Operating grants	\$14,004,302	\$5,830,781	(\$8,173,521)
Capital grants	\$6,150,476	\$3,296,530	(\$2,853,946)
Operating contributions	\$115,331	\$15,000	(\$100,331)
Capital contributions	\$0	\$0	\$0
Vic Roads	\$700,063	\$710,647	\$10,584
Reversal of impairment losses	\$166	\$0	\$0
Reimbursements	\$296,718	\$305,320	\$8,602
Interest	\$428,000	\$378,000	(\$50,000)
Total revenues	\$33,802,598	\$22,624,420	(\$11,178,178)
Expenses from ordinary activities			
Labour	\$9,100,252	\$9,652,976	\$552,724
Materials and services	\$8,516,564	\$7,767,258	(\$749,306)
Contracts	\$2,392,589	\$1,565,480	(\$827,109)
Utilities	\$414,894	\$430,439	\$15,545
Depreciation	\$8,757,634	\$8,976,575	\$218,941
Interest expense	\$0	\$0	\$0
Other expenses	\$299,116	\$304,739	\$5,623
Total expenses	\$29,481,049	\$28,697,467	(\$783,582)
Net (gain) / loss on sale of assets	\$0	\$0	\$0
Surplus / (deficit) for the year	\$4,321,549	(\$6,073,047)	(\$10,394,596)

APPENDIX D - AUDIT COMMITTEE FINANCIALS (Continued)

COMPREHENSIVE INCOME STATEMENT BY KEY DIRECTION AREA

	Forecast actual 2016/17	Budget 2017/18	Variance
Revenues from ordinary activities			
Rates and charges	\$10,105,251	\$10,406,865	\$301,614
Operating grants	\$14,004,302	\$5,830,781	(\$8,173,521)
Capital grants	\$6,150,476	\$3,296,530	(\$2,853,946)
Operating contributions	\$115,331	\$15,000	(\$100,331)
Capital contributions	\$0	\$0	\$0
User fees	\$2,002,291	\$1,681,277	(\$321,014)
Reimbursements	\$296,718	\$305,320	\$8,602
Reversal of impairment losses	\$166	\$0	\$0
Vic Roads	\$700,063	\$710,647	\$10,584
Interest	\$428,000	\$378,000	(\$50,000)
Total revenues	\$33,802,598	\$22,624,420	(\$11,178,178)
Expenses from ordinary activities			
Economic development and tourism	\$1,384,704	\$1,419,980	\$35,276
Leadership	\$1,552,752	\$1,218,296	(\$334,456)
Works and infrastructure	\$11,539,983	\$12,931,291	\$1,391,308
Good management	\$4,343,154	\$4,549,875	\$206,721
Environment	\$2,080,773	\$2,056,061	(\$24,712)
Community services and recreation	\$8,579,683	\$6,521,964	(\$2,057,719)
Total expenses	\$29,481,049	\$28,697,467	(\$783,582)
Net (gain) / loss on sale of assets	\$0	\$0	\$0
Surplus / (deficit) for the year	\$4,321,549	(\$6,073,047)	(\$10,394,596)

APPENDIX D - AUDIT COMMITTEE FINANCIALS (Continued)

CAPITAL EXPENDITURE STATEMENT

	Forecast actual 2016/17	Budget 2017/18	Variance
Surplus / (deficit) for the year-as per income statement	\$4,321,549	(\$6,073,047)	(\$10,394,596)
Less non-cash income			
Reversal of impairment losses	(\$166)	\$0	\$166
Add non-cash expenditure			
Net gain on sale of assets	\$0	\$0	\$0
Loan interest accrued	\$0	\$0	
Depreciation	\$8,757,634	\$8,976,575	\$218,941
Total funds available for capital expenditure	\$13,079,017	\$2,903,528	(\$10,175,489)
Capital expenditure, transfers and loans			
Economic development and tourism	\$59,854	\$810,000	\$750,146
Leadership	\$0	\$0	\$0
Works and infrastructure	\$11,583,229	\$5,504,807	(\$6,078,422)
Good management	\$433,184	\$590,500	\$157,316
Environment	\$300,000	\$1,250,000	\$950,000
Community services and recreation	\$5,316,317	\$1,208,863	(\$4,107,454)
Total capital works	\$17,692,584	\$9,364,170	(\$8,328,414)
Transfers to reserves	\$6,653,601	\$2,182,392	(\$4,471,209)
Loan repayments	\$0	\$0	\$0
Total capital, transfers and loans	\$24,346,185	\$11,546,562	(\$12,799,623)
Capital expenditure, transfers and loans will be financed by:			
Asset sales	\$324,492	\$490,666	\$166,174
Transfers from reserves	\$11,563,297	\$6,557,088	(\$5,006,209)
Accumulated cash surplus brought forward from previous year	\$1,181,908	\$1,802,528	\$620,620
Total financing of capital, transfers, and loans	\$13,069,697	\$8,850,282	(\$4,219,415)
Total accumulated cash surplus	\$1,802,529	\$207,248	(\$1,595,281)