

LODDON SHIRE COUNCIL

BUDGET FOR YEAR ENDED 30 JUNE 2020



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Please note: This is version two of the Loddon Shire Council - 2019/20 Budget . The first version had a mistatement in the figure populated for the general rate in the dollar. The correct value is 0.4074, (as adopted by Council on 23 April 2019) instead it stated 0.4704. This value is correct in all other sections and calculations. An updated version has been published to Council's website along with notification sent to the Minister for Local Government.

4.1.1 (b) 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	2018/19 cents/\$CIV	2019/20 cents/\$CIV	Change
General	0.4283	0.4074	-4.9%
Rural	0.3813	0.3585	-6.0%

MAYOR INTRODUCTION

The Councillors and I are pleased to present the 2019/20 Budget to the community. This budget continues with 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 3), sets out our strategic plan to deliver our vision over the full term of the Council. As this is the third 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, along with delivery of key identified projects.

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 opinions 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 and organisational improvements that don't impact negatively on its services, to provide increased value for money to ratepayers.

The budget includes a rate increase of 2.5 per cent. This is in line with the Fair Go Rates System which has capped rate increases 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;
- assessing the demand for services from the community;
- Council's desire to continue to support Community Planning to drive strategic outcomes from a community level.

Some of the highlights contained in the 2019/20 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 \$13.68 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. Cheryl McKinnon
Mayor

CEO INTRODUCTION

Council has prepared a budget for 2019/20 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 \$149K for 2019/20, however, it should be noted that the adjusted underlying result is a deficit of \$1.05 million after adjusting for capital grants and contributions (refer to Section 4.1.13).

1 Key things we are funding

- ongoing delivery of services to the Loddon Shire Council community
- continued investment in capital projects (\$13.68M). This includes roads (\$4.71M); urban and road drainage (\$0.92M); footpaths (\$0.26M); recreational, leisure and community facilities (\$4.51M) and parks, open space and streetscapes (\$0.55M).

2 Rates and charges increase

- the average rate rise will be 2.5% in line with the order by the Minister for Local Government on 20 December 2018 under the Fair Go Rates System;
- from 2018/19, each year is a revaluation year, therefore, valuations will be as per the General Revaluation dated 1 January 2019;
- the waste service charges will increase by 2.5% per collection item;
- refer to Section 4.1.1 for further details.

3 Key statistics

Total revenue is \$26.51 million (2018/19 \$49.41 million)

Total operating expenditure is \$31.32 million (2018/19 \$50.87 million)

Underlying operating result is \$1.05 million deficit (\$0.9 million surplus in 2018/19)

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 \$0.15 million surplus (\$3.59 million surplus in 2018/19)

(Refer Capital Expenditure Statement in Appendix D)

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

Capital works program of \$13.68 million (\$13.62 million in 2018/19)

\$3.79 million from Council operations

\$3.32 million from reserves

No borrowings

\$0.27 million from asset sales

\$6.3 million from external grants.

Phil Pinyon

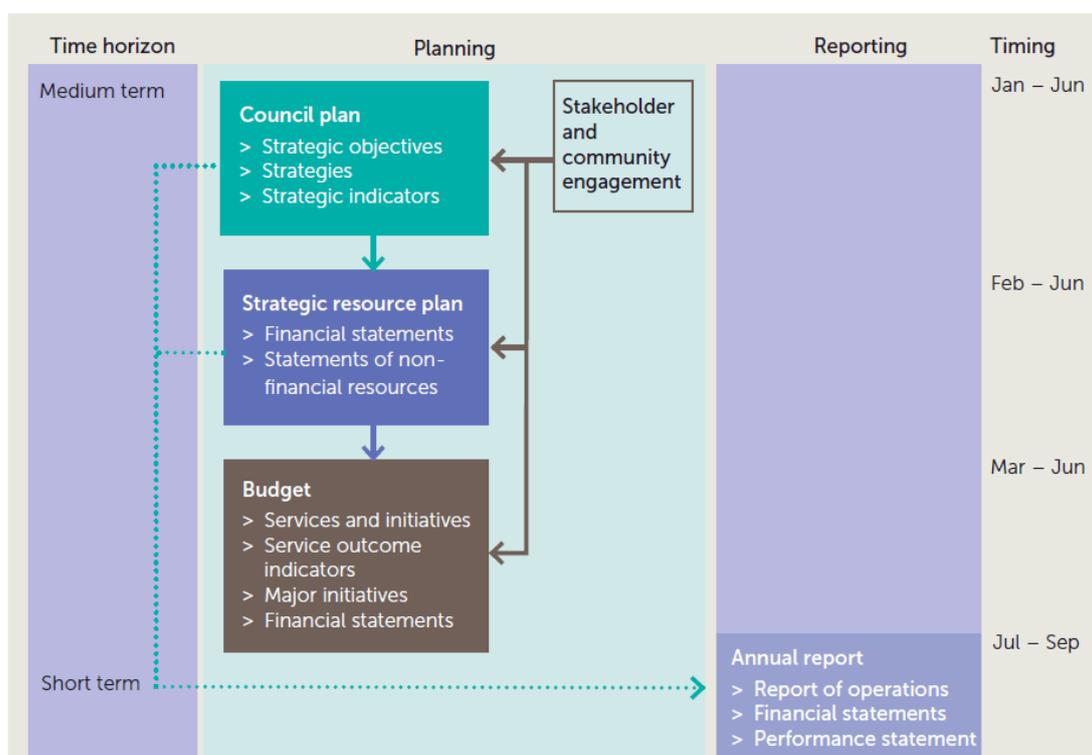
Chief Executive Officer

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 2019/20 to 2028/29), 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, considering 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.

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

We work towards achieving our vision while demonstrating our values.

Integrity

We are open, honest and fair.

Accountability

We will be consistent and responsible in our actions.

Impartiality

We will make decisions based on being informed without fear, favour or bias.

Respect

We treat everyone with respect and dignity at all times.

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 2019/20. They are considered high priority projects towards achieving 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

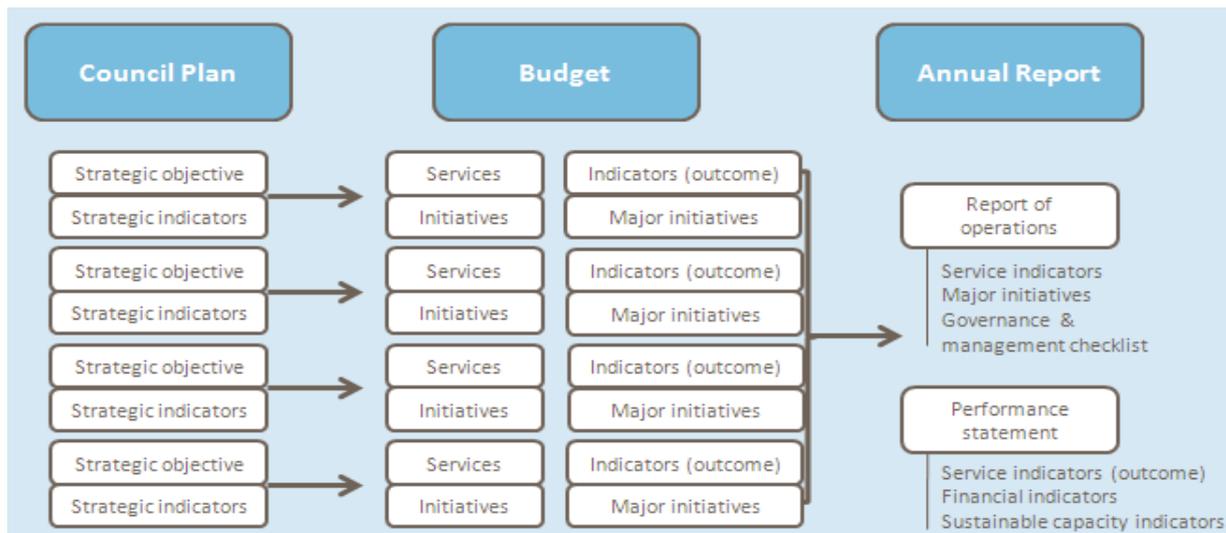
To promote and enhance the natural and built environment for the enjoyment of future generations.

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 2019/20 year and how these will contribute to achieving the strategic platforms specified in the Council Plan. It also describes several initiatives and service performance outcome indicators for key areas of Council's operations. Council is required by legislation to identify major initiatives and service performance outcome indicators in the Budget and report against them in their 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:

- a) population growth and diversity - develop a more balanced and sustainable demographic profile
- b) quality childcare services - optimise the potential for all residents to pursue employment opportunities and lifestyle choices
- c) infrastructure, amenities and services - support community needs with high standard infrastructure, facilities, services and programs
- d) attractive housing policies - encourage population growth by improving the ease of transition for new residents
- e) 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 2019/20.

2.2.1 Strategic theme 1

Key priority

Prepare a Settlement Strategy to promote a suitable supply of residential land in and around towns.

Major initiative

Provision of vacant land zones for residential development in and around towns.

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 initiatives

Complete a review of the Tourism Strategy.

2.2.2 Strategic theme 3

Key priority

Provide support to existing businesses to encourage take up of self-improvement activities.

Major initiative

Provide communication and training opportunities about available grants and tender processes.

2 SERVICES, INITIATIVES AND SERVICE PERFORMANCE INDICATORS (Continued)

2.2 Major initiatives (continued)

2.2.4 Strategic theme 4

Key priority

Create better opportunities for the community to access council information, services and support.

Major initiative

Review the Communication and Community Engagement Policy.

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
Governance		
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
Statutory planning		
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
Roads		
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
Libraries		
Participation	Active library members (Percentage of the municipal population that are active library members)	[Number of active library members / municipal population] x100

2 SERVICES, INITIATIVES AND SERVICE PERFORMANCE INDICATORS (Continued)

2.3 Service performance outcome indicators

Indicator	Performance measure	Computation
<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>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>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
<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)

2.4 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	121,000	(35,000)	156,000
111. ECONOMIC DEVELOPMENT	285,180	-	285,180
121. TOURISM	220,243	-	220,243
122. TOURISM INITIATIVES	85,333	-	85,333
123. CARAVAN PARKS	712,299	(380,777)	1,093,076
125. LODDON DIS TOURS	-	(23,511)	23,511
131. PROMOTIONAL INITIATIVES	10,000	-	10,000
132. INDUSTRIAL SITES	(4,778)	(13,825)	9,047
141. CONTRIBUTIONS	4,400	-	4,400
142. ECONOMIC DEVELOPMENT	(11,219)	(19,706)	8,487
151. BUILDING CONTROL	28,942	(101,411)	130,353
161. COUNCIL RESIDENCES	13,570	(2,500)	16,070
181. STANDPIPES & TRUCKWASHES	(1,000)	(46,844)	45,844
191. ACQUISITION & DISPOSAL	(120,000)	(120,000)	-
211. COUNCILLOR COSTS	358,463	-	358,463
212. EXECUTIVE	890,628	-	890,628
221. LOCAL LAWS	71,651	(5,432)	77,083
230. DEVELOPMENT SERVICES	229,644	-	229,644
232. COMMUNITY LEADERSHIP	19,000	(50,000)	69,000
251. RECORDS MANAGEMENT	144,783	-	144,783
281. MUN EMERGENCY MAN	10,993	(6,786)	17,779
311. STAFF ONCOSTS	(90,687)	(1,555,981)	1,465,294
320. TECHNICAL SERVICES	1,053,027	(75,000)	1,128,027
321. PLANT OPERATING	(1,962,879)	(4,149,754)	2,186,875
322. FLEET	(315,731)	(504,000)	188,269
331. LOCAL ROADS MAINT	6,157,874	-	6,157,874
333. RESEALS	1,095,897	-	1,095,897
339. ROADS TO RECOVERY	(2,387,726)	(2,387,726)	-
340. WORKS DEPARTMENT	407,620	-	407,620
341. MAIN RDS ROUTINE PAVEMENT MAINT	(100,033)	(524,064)	424,031
349. LOCAL RD AMENITY PROGRAM	116,733	-	116,733
350. LOCAL RD SAFETY PROGRAM	127,345	-	127,345
351. LOCAL RD CONSTRUCTION	1,625,772	-	1,625,772
352. LOCAL RD GRAVEL RESHEETS	327,914	-	327,914
353. LOCAL RD SHOULDER SHEETS	371,421	-	371,421
354. LOCAL BRIDGES/CULVERTS	585,954	(445,500)	1,031,454
356. TOWNSHIP/STREETS IMP	261,057	-	261,057
371. URBAN DRAINAGE WORKS	350,000	-	350,000
381. GRAVEL PITS	(84,970)	(126,746)	41,776
383. DEPOTS	(4,593)	(140,425)	135,832
384. ROAD OPENINGS ETC	7,051	(10,007)	17,058

2 SERVICES, INITIATIVES AND SERVICE PERFORMANCE INDICATORS (Continued)

2.4 Services (continued)

Activity	Net cost of activity \$	Income \$	Expenditure \$
385. TRAFFIC CONTROL	40,163	-	40,163
386. PRIVATE WORKS	(3,824)	(38,919)	35,095
391. ACQUISITION & DISPOSAL	1,036,230	(274,533)	1,310,763
410. GOOD MANAGEMENT STRATEGIES	400,000	-	400,000
411. RATES INCOME	(9,625,609)	(9,625,609)	-
421. VGC INCOME	(4,521,084)	(4,521,084)	-
431. INTEREST INCOME	(375,125)	(375,125)	-
432. OTHER INCOME	(12,622)	(18,070)	5,448
434. INFORMATION TECHNOLOGY	1,016,717	-	1,016,717
435. PRINTING & STATIONERY	29,625	-	29,625
436. ADMINISTRATION	619,452	(56,271)	675,723
437. INSURANCE	225,758	(10,965)	236,723
439. CUSTOMER SERVICE	159,042	-	159,042
440. FINANCE	647,627	-	647,627
441. CORPORATE SERVICES	499,253	-	499,253
442. OPERATIONS	298,978	-	298,978
443. OCC HEALTH & SAFETY	32,452	-	32,452
444. ORGANISATIONAL DEVELOPMENT	395,352	-	395,352
450. BUILDING RENEWAL	-	-	-
451. WEDDERBURN OFFICE	216,502	-	216,502
452. SERPENTINE OFFICE	40,952	(600)	41,552
453. BRIC	6,216	-	6,216
454. TELEPHONE CHARGES	44,542	-	44,542
461. RESERVE TRANSFERS	(5,195,108)	(7,812,974)	2,617,866
462. LONG SERVICE LEAVE PROV	272,134	-	272,134
471. SUBSCRIPTIONS, DONATIONS, & MEMBERSHIPS	67,525	-	67,525
491. ACQUISITION & DISPOSAL	368,028	-	368,028
510. ENVIRONMENT STRATEGIES	15,000	-	15,000
511. TIPS	646,863	(102,770)	749,633
512. GARBAGE COLLECTION	(569,918)	(1,401,666)	831,748
532. TOWN PLANNING	136,433	(71,750)	208,183
541. HERITAGE & CULTURE	4,000	-	4,000
561. FIRE PROTECTION	92,948	(16,331)	109,279
582. ENVIRONMENT	-	-	-
592. CONSTRUCTION/IMPROVE	250,000	(324,000)	574,000
610. COMM SERVICES & REC STRATEGIES	304,896	-	304,896
611. INFANT WELFARE CENTRES	93,756	(197,491)	291,247
614. PRE-SCHOOL MAINTENANCE	27,205	-	27,205
615. EDUCATION	84,376	(39,025)	123,401
616. BOORT PRE-SCHOOL	-	(148,955)	148,955
617. DINGEE PRE-SCHOOL	-	(139,627)	139,627
618. INGLEWOOD PRE-SCHOOL	-	(134,308)	134,308
619. WEDDERBURN PRE-SCHOOL	-	(115,113)	115,113

2 SERVICES, INITIATIVES AND SERVICE PERFORMANCE INDICATORS (Continued)

2.4 Services (continued)

Activity	Net cost of activity \$	Income \$	Expenditure \$
620. DISABILITY ACCESS PROGRAMS	25,000	-	25,000
621. HEALTH CONTROL	92,140	(53,535)	145,675
622. PYRAMID HILL PRE-SCHOOL	-	(109,587)	109,587
623. OTHER HEALTH	5,000	-	5,000
624. MUNICIPAL PUBLIC HEALTH WELLBEING	500	(500)	1,000
625. OCCASIONAL CARE PROGRAM	(3,128)	(9,800)	6,672
631. HACC SERVICES	80,222	(987,493)	1,067,715
632. COMMUNITY SERVICES	219,120	(38,039)	257,159
633. SENIOR CITIZENS CENTRES	34,403	(62,801)	97,204
634. ELDERLY PERSONS UNITS	(16,523)	(65,309)	48,786
635. HACC ONCOSTS	3,491	(238,104)	241,595
636. EXTERNALLY BROKERED SERVICES	(32,222)	(318,500)	286,278
637. LSC PACKAGED CARE PROGRAM	-	-	-
641. RECREATION & COMMUNITY DEVELOPMENT	474,040	-	474,040
642. RECREATION RESERVES	174,833	-	174,833
643. SWIMMING POOLS	515,785	-	515,785
644. BEACHES	48,861	-	48,861
645. TOWNSCAPE SERVICES	1,083,077	-	1,083,077
649. OTHER RECREATION	20,000	-	20,000
650. MAJOR EVENTS GRANTS	25,000	-	25,000
651. COMMUNITY GRANTS	200,000	-	200,000
652. REGIONAL LIBRARY	211,222	-	211,222
653. PUBLIC HALLS	49,784	-	49,784
655. YOUTH INITIATIVES	6,000	(53,000)	59,000
661. DOMESTIC ANIMALS	31,990	(46,819)	78,809
662. LIVESTOCK	52,835	(1,000)	53,835
670. COMMUNITY PLAN STRATEGY	500,000	-	500,000
671. BOORT COMMUNITY PLANS	50,000	-	50,000
676. WEDDERBURN COMMUNITY PLANS	50,000	-	50,000
677. INGLEWOOD COMMUNITY PLANS	50,000	-	50,000
678. TERRICK COMMUNITY PLANS	50,000	-	50,000
679. TARNAGULLA COMMUNITY PLANS	50,000	-	50,000
681. COMMUNITY PROTECTION	14,386	(10,781)	25,167
682. OTHER COMMUNITY	76,139	-	76,139
690. FUNDED COMMUNITY PROJECTS	150,000	(150,000)	300,000
691. ACQUISITION & DISPOSAL	15,000	-	15,000
692. CONSTRUCTION/IMPROVE	756,567	(2,814,670)	3,571,237
998. (SURPLUS)/DEFICIT C/F	(3,591,683)	(3,591,683)	-
Total	(149,248)	(44,701,802)	44,552,554

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 2018/19 Annual Report. The Performance Statement will also include reporting on prescribed indicators of financial performance (outlined in Section 5) 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	1,343,970	(743,574)	2,087,544
Leadership	1,725,162	(62,218)	1,787,380
Works and Infrastructure	8,613,615	(10,232,655)	18,846,270
Good management	(14,389,393)	(22,420,698)	8,031,305
Environment	575,326	(1,916,517)	2,491,843
Community services and recreation	5,573,755	(5,734,457)	11,308,212
Deficit before funding sources	3,442,435	(41,110,119)	44,552,554
Carried forward surplus	(3,591,683)	(3,591,683)	-
Total funding sources	(3,591,683)	(3,591,683)	-
Surplus for the year	(149,248)	(44,701,802)	44,552,554

3 FINANCIAL STATEMENTS

This section presents information in regard to the Financial Statements and Statement of Human Resources. The budget information for the year 2019/20 has been supplemented with projections to 2022/23 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

Pending Accounting Standards

The 2019/20 Budget has been prepared based on the accounting standards applicable at the date of preparation. This means that pending accounting standards that will be in effect from the 2019/20 financial year have not been considered in the development of the budget.

Standards that are likely to impact on the 2019/20 financial statements, not considered in the preparation of the budget include:

- * *AASB 16 Leases*
- * *AASB 15 Revenue from Contracts with Customers, and*
- * *AASB 1058 Income for Not for Profit Entities.*

While it is not possible to determine the precise impact of these standards at this time, the broad impact on Council is estimated to be as follows:

* *AASB 16 Leases* - Introduces a single lessee accounting model whereby Council will be required to recognise a right of use asset and associated liability for leases longer than 12 months, except those considered to be of low value.

* *AASB 15 Revenue from Contracts with Customers and AASB 1058 Income for Not for Profit Entities* - Change the way that Councils recognise income and also addresses matters such as grant funding, contribution of assets and volunteer services. A key change is replacement for some transactions of the criteria of control as a determinant of the timing of income recognition, with the criteria of satisfying performance obligations in an enforceable agreement. These new standards have the potential to impact the timing of how Council recognises income.

3.1 COMPREHENSIVE INCOME STATEMENT
FOR THE FOUR YEARS ENDED 30 JUNE 2023

	NOTES	Forecast	Budget	Strategic Resource Plan Projections		
		Actual 2018/19 \$	2019/20 \$	2020/21 \$	2021/22 \$	2022/23 \$
Income						
Rates and charges	4.1.1	10,750,845	11,027,275	11,211,028	11,463,022	11,721,449
Statutory fees and fines	4.1.2	264,304	241,877	182,654	187,126	183,420
User fees	4.1.3	1,506,226	1,594,127	1,590,683	1,629,627	1,597,356
Grants - operating	4.1.4	30,454,562	6,297,978	10,923,426	11,190,597	11,464,385
Grants - capital	4.1.4	5,107,671	5,841,828	2,350,089	2,093,422	2,146,756
Contributions - monetary	4.1.5	-	310,000	40,000	483,333	500,000
Reimbursements	4.1.6	374,983	295,833	304,766	312,385	320,196
Vic Roads	4.1.7	548,178	524,064	561,101	575,128	589,506
Net gain/(loss) on disposal of property, infrastructure, plant and equipment		-	-	-	-	-
Other income	4.1.8	401,658	375,125	378,750	380,663	382,575
Total income		49,408,426	26,508,108	27,542,497	28,315,303	28,905,643
Expenses						
Employee costs	4.1.9	11,677,567	12,125,227	12,488,984	12,863,653	13,249,563
Materials and services	4.1.10	29,681,243	9,455,317	8,669,797	8,769,159	8,899,871
Bad and doubtful debts		-	-	-	-	-
Depreciation and amortisation	4.1.11	9,200,989	9,431,014	9,666,789	9,908,462	10,156,171
Borrowing costs		-	-	-	-	-
Other expenses	4.1.12	306,172	310,797	320,761	328,330	336,088
Total expenses		50,865,971	31,322,355	31,146,331	31,869,604	32,641,693
Surplus/(deficit) for the year		(1,457,545)	(4,814,247)	(3,603,834)	(3,554,301)	(3,736,050)
Other comprehensive income						
Other comprehensive income		-	-	-	-	-
Total comprehensive result		(1,457,545)	(4,814,247)	(3,603,834)	(3,554,301)	(3,736,050)

3 BUDGETED FINANCIAL STATEMENTS (Continued)

3.2 BALANCE SHEET
FOR THE FOUR YEARS ENDED 30 JUNE 2023

	NOTES	Forecast	Budget	Strategic Resource Plan		
		Actual 2018/19 \$	2019/20 \$	Projections		
				2020/21 \$	2021/22 \$	2022/23 \$
Assets						
Current assets						
Cash and cash equivalents		19,656,604	10,911,513	8,610,593	6,007,816	4,539,038
Trade and other receivables		962,872	497,911	527,158	540,943	552,267
Other financial assets		1,979,130	1,979,130	1,979,130	1,979,130	1,979,130
Inventories		41,316	39,250	37,287	35,423	33,652
Non-current assets classified as held for sale		690,322	690,322	690,322	690,322	690,322
Total current assets	4.2.1	23,330,244	14,118,126	11,844,490	9,253,634	7,794,409
Non-current assets						
Trade and other receivables		2,400	1,200	-	-	-
Property, infrastructure, plant and equipment		352,310,918	366,401,705	376,273,184	386,830,804	396,401,828
Intangible assets		271,480	271,480	271,480	271,480	271,480
Total non-current assets	4.2.1	352,584,798	366,674,385	376,544,664	387,102,284	396,673,308
Total assets		375,915,042	380,792,511	388,389,154	396,355,918	404,467,717
Liabilities						
Current liabilities						
Trade and other payables		929,496	323,522	312,563	317,327	323,159
Trust funds and deposits		356,974	339,125	322,169	306,060	290,757
Provisions		2,329,124	2,261,090	2,188,439	2,113,611	2,036,536
Interest bearing loans and borrowings	4.2.4	-	-	-	-	-
Total current liabilities	4.2.2	3,615,594	2,923,737	2,823,171	2,736,998	2,650,452
Non-current liabilities						
Provisions		1,917,620	2,188,701	2,476,984	2,775,316	3,084,078
Interest bearing loans and borrowings	4.2.4	-	-	-	-	-
Total non-current liabilities	4.2.2	1,917,620	2,188,701	2,476,984	2,775,316	3,084,078
Total liabilities		5,533,214	5,112,438	5,300,155	5,512,314	5,734,530
NET ASSETS		370,381,828	375,680,073	383,088,999	390,843,604	398,733,187
Equity						
Accumulated surplus		99,154,345	99,057,341	95,207,942	91,919,485	88,019,363
Asset revaluation reserve		257,551,326	268,141,363	279,154,123	290,463,029	302,088,662
Other reserves		13,676,157	8,481,369	8,726,934	8,461,090	8,625,162
TOTAL EQUITY	4.2.4	370,381,828	375,680,073	383,088,999	390,843,604	398,733,187

3 BUDGETED FINANCIAL STATEMENTS (Continued)

3.3 STATEMENT OF CHANGES IN EQUITY FOR THE FOUR YEARS ENDED 30 JUNE 2023

2019 Forecast Actual	Total \$	Accumulated surplus \$	Revaluation reserve \$	Other reserves \$
Balance at beginning of the financial year	361,675,414	95,354,472	247,387,367	18,933,575
Surplus/ (deficit) for the year	(1,457,545)	(1,457,545)	-	-
Net asset revaluation increment / (decrement)	10,163,959	-	10,163,959	-
Transfer to other reserves	-	(10,206,085)	-	10,206,085
Transfer from other reserves	-	15,463,504	-	(15,463,504)
Balance at end of financial year	370,381,828	99,154,346	257,551,326	13,676,156

2020 Budget	Total \$	Accumulated surplus \$	Revaluation reserve \$	Other reserves \$
Balance at beginning of the financial year	370,381,828	99,154,345	257,551,326	13,676,157
Surplus/ (deficit) for the year	(4,814,247)	(4,814,247)	-	-
Net asset revaluation increment / (decrement)	10,590,037	-	10,590,037	-
Transfer to other reserves	-	(2,618,186)	-	2,618,186
Transfer from other reserves	-	7,812,973	-	(7,812,973)
Balance at end of financial year	376,157,618	99,534,885	268,141,363	8,481,370

2021 SRP	Total \$	Accumulated surplus \$	Revaluation reserve \$	Other reserves \$
Balance at beginning of the financial year	376,157,618	99,534,885	268,141,363	8,481,370
Surplus/ (deficit) for the year	(3,603,834)	(3,603,834)	-	-
Net asset revaluation increment / (decrement)	11,012,760	-	11,012,760	-
Transfer to other reserves	-	(2,229,224)	-	2,229,224
Transfer from other reserves	-	2,470,734	-	(2,470,734)
Balance at end of financial year	383,566,544	96,172,561	279,154,123	8,239,860

2022 SRP	Total \$	Accumulated surplus \$	Revaluation reserve \$	Other reserves \$
Balance at beginning of the financial year	383,566,544	96,172,561	279,154,123	8,239,860
Surplus/ (deficit) for the year	(3,554,301)	(3,554,301)	-	-
Net asset revaluation increment / (decrement)	11,308,906	-	11,308,906	-
Transfer to other reserves	-	(2,125,629)	-	2,125,629
Transfer from other reserves	-	1,798,628	-	(1,798,628)
Balance at end of financial year	391,321,149	92,291,260	290,463,029	8,566,861

2023 SRP	Total \$	Accumulated surplus \$	Revaluation reserve \$	Other reserves \$
Balance at beginning of the financial year	391,321,149	92,291,260	290,463,029	8,566,861
Surplus/ (deficit) for the year	(3,736,050)	(3,736,050)	-	-
Net asset revaluation increment / (decrement)	11,625,633	-	11,625,633	-
Transfer to other reserves	-	(2,046,311)	-	2,046,311
Transfer from other reserves	-	1,896,987	-	(1,896,987)
Balance at end of financial year	399,210,732	88,405,887	302,088,662	8,716,185

3 BUDGETED FINANCIAL STATEMENTS (Continued)

3.4 STATEMENT OF CASH FLOWS FOR THE FOUR YEARS ENDED 30 JUNE 2023

	NOTES	Forecast	Budget	Strategic Resource Plan		
		Actual 2018/19 \$	2019/20 \$	Projections		
				2020/21 \$	2021/22 \$	2022/23 \$
Cash flows from operating activities						
Receipts						
Rates and charges		11,066,438	11,363,012	11,199,199	11,454,690	11,713,979
Statutory fees and fines		262,447	293,211	181,573	187,516	184,140
User fees		1,902,403	2,369,787	2,183,468	2,243,960	2,227,320
Grants - operating		31,063,653	6,423,938	11,141,895	11,414,409	11,693,673
Grants - capital		6,837,589	5,471,569	2,397,091	2,135,290	2,189,691
Contributions - monetary		-	316,200	40,800	493,000	510,000
Interest received		400,000	375,125	378,750	380,663	382,575
Trust funds and deposits taken		-	-	-	-	-
Other receipts		1,939,775	301,750	310,861	318,633	326,600
Net GST refund/payment		(236,628)	(182,686)	(103,642)	(108,614)	(111,162)
Operating receipts		53,235,677	26,731,906	27,729,995	28,519,547	29,116,816
Payments						
Employee costs		(11,677,491)	(11,922,180)	(12,273,352)	(12,640,150)	(13,017,876)
Materials and services		(29,872,676)	(10,295,607)	(8,895,538)	(8,981,759)	(9,114,765)
Trust funds and deposits repaid		(18,788)	(17,849)	(16,956)	(16,109)	(15,303)
Other payments		(306,172)	(310,797)	(320,761)	(328,330)	(336,088)
Operating payments		(41,875,127)	(22,546,433)	(21,506,607)	(21,966,348)	(22,484,032)
Net cash provided by/(used in) operating activities	4.4.1	11,360,550	4,185,473	6,223,388	6,553,199	6,632,784
Cash flows from investing activities						
Payments for property, infrastructure, plant and equipment		(13,233,653)	(12,929,364)	(8,523,108)	(9,155,976)	(8,101,562)
Decrease in term deposits		17,791,312	-	-	-	-
Loans and advances made		-	-	-	-	-
Payments of loans and advances		76,200	(1,200)	(1,200)	-	-
Net cash provided by/(used in) investing activities	4.4.2	4,633,859	(12,930,564)	(8,524,308)	(9,155,976)	(8,101,562)
Cash flows from financing activities						
Finance costs		-	-	-	-	-
Net cash provided by (used in) financing activities	4.4.3	-	-	-	-	-
Net increase/(decrease) in cash and cash equivalents		15,994,409	(8,745,091)	(2,300,920)	(2,602,777)	(1,468,778)
Cash and cash equivalents at the beginning of the year		3,662,195	19,656,604	10,911,513	8,610,593	6,007,816
Cash and cash equivalents at the end of the year		19,656,604	10,911,513	8,610,593	6,007,816	4,539,038

3 BUDGETED FINANCIAL STATEMENTS (Continued)

3.5 STATEMENT OF CAPITAL WORKS FOR THE FOUR YEARS ENDED 30 JUNE 2023

	NOTES	Forecast	Budget	Strategic Resource Plan		
		Actual 2018/19 \$	2019/20 \$	Projections		
				2020/21 \$	2021/22 \$	2022/23 \$
Capital works areas						
Carried forward works from previous years		-	4,983,686	-	-	-
Land and buildings		641,887	1,011,800	707,500	1,317,500	1,557,500
Office furniture and equipment		784,450	122,500	595,000	595,000	95,000
Plant and equipment		2,739,204	1,275,763	1,630,275	1,713,856	1,156,104
Footpaths		578,312	261,057	278,928	288,580	275,988
Roadworks		4,817,046	4,711,536	3,420,739	3,571,495	3,708,633
Urban and road drainage		1,027,220	350,000	380,000	520,000	350,000
Recreation, leisure and community facilities		2,293,275	417,500	340,000	-	-
Parks, open space and streetscapes		742,502	550,000	1,567,000	1,506,500	1,119,000
Other infrastructure		-	-	-	-	-
Total capital works	4.5.1	13,623,896	13,683,842	8,919,442	9,512,931	8,262,225
Represented by:						
New asset expenditure		3,528,654	2,464,585	2,320,275	2,963,856	1,311,104
Asset renewal expenditure		5,940,329	6,036,593	2,912,579	3,007,347	3,058,516
Asset expansion expenditure		825,572	3,891,164	1,467,000	1,406,500	1,019,000
Asset upgrade expenditure		3,329,341	1,291,500	2,219,588	2,135,228	2,873,605
Total capital works expenditure		13,623,896	13,683,842	8,919,442	9,512,931	8,262,225

	Forecast	Budget	Strategic Resource Plan		
	Actual 2018/19 \$	2019/20 \$	Projections		
			2020/21 \$	2021/22 \$	2022/23 \$
Expenditure type					
Labour	297,359	215,281	336,811	359,843	389,004
Oncost	172,994	116,255	200,868	214,906	232,295
Plant	479,675	417,350	592,558	631,132	681,215
Creditors	8,062,065	5,091,973	3,358,333	3,551,260	3,403,878
Contractors	4,611,803	7,842,983	4,430,872	4,755,790	3,555,833
Total capital works expenditure	13,623,896	13,683,842	8,919,442	9,512,931	8,262,225

3 BUDGETED FINANCIAL STATEMENTS (Continued)

3.6 STATEMENT OF HUMAN RESOURCES FOR THE FOUR YEARS ENDED 30 JUNE 2023

	Forecast	Budget	Strategic Resource Plan		
	Actual 2018/19 \$	2019/20 \$	Projections		
			2020/21 \$	2021/22 \$	2022/23 \$
Staff expenditure					
Employee labour - operating	11,380,208	11,909,946	12,152,173	12,503,810	12,860,559
Employee labour - capital	297,359	215,281	336,811	359,843	389,004
Total staff expenditure*	11,677,567	12,125,227	12,488,984	12,863,653	13,249,563
Staff numbers EFT**	EFT	EFT	EFT	EFT	EFT
Employees	142.17	141.17	140.17	140.17	140.17
Total staff numbers EFT	142.17	141.17	140.17	140.17	140.17

* 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 2019/20	Permanent Full Time	Permanent Part Time
Staff cost			
Economic development and tourism	534,539	354,275	180,264
Leadership	364,986	309,502	55,484
Works and infrastructure	3,659,663	3,659,663	-
Good management	3,541,272	2,308,576	1,232,696
Environment	378,164	275,630	102,534
Community services and recreation	3,431,322	1,500,343	1,930,979
Total permanent staff expenditure	11,909,946	8,407,989	3,501,957
Casuals and other expenditure	-		
Capitalised labour costs	215,281		
Total expenditure	12,125,227		

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

Department	Budget 2019/20	Permanent Full Time	Permanent Part Time
Staff EFT			
Economic development and tourism	5.05	3.00	2.05
Leadership	3.60	3.00	0.60
Works and infrastructure	42.00	42.00	0.00
Good management	34.15	20.00	14.15
Environment	4.26	3.00	1.26
Community services and recreation	48.11	16.00	32.11
Total permanent staff EFT	137.17	87.00	50.17
Casuals and other	0.00		
Capitalised labour	5.00		
Total EFT	142.17		

3 BUDGETED FINANCIAL STATEMENTS (Continued)

**3.7 STATEMENT OF RESERVES
FOR THE FOUR YEARS ENDED 30 JUNE 2023**

	NOTES	Forecast	Budget	Strategic Resource Plan		
		Actual 2018/19 \$	2019/20 \$	Projections		
				2020/21 \$	2021/22 \$	2022/23 \$
Discretionary						
Land and buildings reserve		54,624	209,624	279,624	79,624	159,624
Professional development reserve		6,564	14,564	22,564	30,564	38,564
Unspent grants reserve		5,123,346	602,262	602,261	602,261	602,261
Capital expenditure reserve		2,234,884	960,000	960,000	960,000	960,000
Information technology reserve		433,314	296,814	191,814	86,814	(18,186)
Valuations reserve		2,667	2,667	2,667	2,667	2,667
Units reserve		111,210	127,733	144,534	161,615	178,976
Economic development reserve		291,655	226,655	261,655	246,655	226,655
Skinner's flat reserve		15,565	15,565	15,565	15,565	15,565
Community planning reserve		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Plant replacement reserve		1,140,736	1,178,283	931,414	955,504	1,093,133
Fleet replacement reserve		523,757	622,171	797,820	609,377	699,400
GSP restoration reserve		519,473	604,443	694,003	785,735	879,692
Urban drainage reserve		440,938	640,938	640,939	640,939	640,939
Landfill rehabilitation reserve		352,207	337,217	371,907	406,597	441,287
Lake Boort water reserve		34,525	34,525	34,525	34,525	34,525
Reserves improvement reserve		100,000	100,000	100,000	100,000	100,000
Caravan park development reserve		(39,720)	26,304	92,846	159,851	(12,736)
Superannuation liability reserve		797,616	898,808	1,000,000	1,000,000	1,000,000
Unspent contributions reserve		-	-	-	-	-
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		179,796	179,796	179,796	179,796	179,796
Unightly premises enforcement provision reserve		100,000	100,000	100,000	100,000	100,000
Swimming pool major projects reserve		150,000	200,000	200,000	200,000	200,000
Total discretionary reserves	4.3.2	13,676,157	8,481,369	8,726,934	8,461,089	8,625,162

4 NOTES TO THE FINANCIAL STATEMENTS

This section presents detailed information on material components of the financial statements.

4.1 Comprehensive income statement

4.1.1 Rates and charges

Rates and charges are required by the Act and Regulations 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. 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 2019/20 the FGRS cap has been set at 2.5%. 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.

To achieve these objectives while maintaining service levels and a strong capital expenditure program, the average general rate and the municipal charge will increase by 2.5% in line with the rate cap. The kerbside and recycling collection charges will also increase by 2.5% inline with similar expected expenditure 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 2019/20 of \$11.03 million.

4.1.1 (a) The reconciliation of the total rates and charges to the Comprehensive Income Statement is as follows:

	Forecast Actual 2018/19 \$	Budget 2019/20 \$	Change \$	Change %
General rates*	8,191,047	8,389,143	198,096	2.4%
Municipal charge*	1,199,791	1,236,466	36,675	3.1%
Garbage charge	1,002,700	1,030,560	27,860	2.8%
Kerbside recycling charge	357,307	371,106	13,799	3.9%
Total rates and charges	10,750,845	11,027,275	276,430	2.6%
Interest on rates and charges	25,000	25,125	125	0.5%

* These items are subject to the rate cap established under the FGRS.

4.1.1 (b) 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	2018/19 cents/\$CIV	2019/20 cents/\$CIV	Change
General	0.4283	0.4074	-4.9%
Rural	0.3813	0.3585	-6.0%

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.1 Comprehensive income statement (continued)

4.1.1 (c) 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	2018/19 \$	2019/20 \$	Change
General	2,409,093	2,416,997	0.3%
Rural	5,763,589	5,972,146	3.6%
Total amount to be raised by rates	8,172,682	8,389,143	2.6%

4.1.1 (d) 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	2018/19 number	2019/20 number	Change
General	4,194	4,230	0.9%
Rural	3,575	3,584	0.3%
Total number of assessments	7,769	7,814	0.6%

4.1.1 (e) The basis of valuation is the Capital Improved Value (CIV).

4.1.1 (f) 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	2018/19 \$	2019/20 \$	Change
General	562,510,600	593,221,700	5.5%
Rural	1,511,709,700	1,665,668,700	10.2%
Total value of land	2,074,220,300	2,258,890,400	8.9%

4.1.1 (g) The municipal charge under Section 159 of the Act compared with the previous financial year

Type of charge	Per rateable property 2018/19 \$	Per rateable property 2019/20 \$	Change
Municipal	212	217	2.4%

4.1.1 (h) The estimated total amount to be raised by municipal charges compared with the previous financial year

Type of charge	2018/19 \$	2019/20 \$	Change
Municipal	1,196,740	1,236,466	3.3%

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.1 Comprehensive income statement (continued)

4.1.1 (i) 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 2018/19 \$	Per rateable property 2019/20 \$	Change
Garbage collection 140 litre	273	280	2.6%
Garbage collection 240 litre	370	380	2.7%
Kerbside recycling 240 litre	103	106	2.9%

4.1.1 (j) 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	2018/19 \$	2019/20 \$	Change
Garbage charge	996,397	1,030,560	3.4%
Kerbside recycling charge	357,307	371,106	3.9%
Total	1,353,704	1,401,666	3.5%

4.1.1 (k) The estimated total amount to be raised by all rates and charges compared with the previous financial year

	2018/19 \$	2019/20 \$	Change
General rates	8,172,682	8,389,143	2.6%
Municipal charge	1,196,740	1,236,466	3.3%
Garbage and kerbside recycling charge	1,353,704	1,401,666	3.5%
Total rates and charges	10,723,126	11,027,275	2.8%

4.1.1 (l) Fair Go Rates System Compliance

Loddon Shire Council is fully compliant with the State Government's Fair Go Rates System.

	2018/19 \$	2019/20 \$
Total rates base	9,163,249	9,390,838
Number of rateable properties	7,769	7,814
Base average rate	1,179.46	1,201.80
Maximum rate increase (set by State Government)	2.25%	2.50%
Capped average rate	1,206.00	1,231.84
Maximum general rates and municipal charges revenue	9,369,422	9,625,609
Budgeted general rates and municipal charges revenue	9,369,422	9,625,609

4.1.1 (m) 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 vice versa
- changes in use of land such that general rateable land becomes rural rateable land and vice versa.

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.1 Comprehensive income statement (continued)

4.1.1 (n) Differential rates

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 0.4074 cents in the dollar of CIV for all rateable general properties
- a rural rate of 0.3585 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.

For the 2019/20 Budget, Council has defined a differential rate split of 12%, with rural rates having a rate in the dollar of 88% 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.

4.1.2 Statutory fees and fines

	Forecast Actual 2018/19 \$	Budget 2019/20 \$	Change \$	Change %
Building services	97,157	99,411	2,254	2.3%
Health Act	46,454	47,615	1,161	2.5%
Local laws	37,591	7,226	(30,366)	-80.8%
Other	13,101	15,875	2,774	21.2%
Town planning fees	70,000	71,750	1,750	2.5%
Total statutory fees and fines	264,304	241,877	(22,426)	-8.5%

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 8.5% or \$22K compared to 2018/19.

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.1 Comprehensive income statement (continued)

4.1.3 User fees

	Forecast Actual 2018/19 \$	Budget 2019/20 \$	Change \$	Change %
Aged services fees	483,332	532,344	49,012	10.1%
Animal management	47,427	46,025	(1,402)	-3.0%
Building services	2,000	2,000	-	0.0%
Caravan park fees	371,490	380,777	9,287	2.5%
Emergency service	12,635	6,786	(5,849)	-46.3%
Gravel pit fees	60,000	126,746	66,746	111.2%
Other	33,372	22,432	(10,940)	-32.8%
Pre-schools	135,013	191,371	56,358	41.7%
Private works	121,886	48,926	(72,960)	-59.9%
Rental income	106,709	100,865	(5,844)	-5.5%
Standpipes and truckwashes	45,037	46,844	1,807	4.0%
Tips and recycling fees	62,187	65,500	3,313	5.3%
Tourism	25,138	23,511	(1,627)	-6.5%
Total user fees	1,506,226	1,594,127	87,901	5.8%

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 increase by 5.8% or \$88K from 2018/19. The main reductions include private works of \$73K and emergency service fees of \$6K. The main increases include gravel pit fees of \$67K and aged services fees of \$49K. Overall amongst other areas, Council plans to increase user charges for all areas by 2.5% in line with expected inflationary trends over the budget period to maintain parity between user charges and the costs of service delivery.

4.1.4 Grants

Grants are required by the Act and Regulations to be disclosed in Council's budget.

	Forecast Actual 2018/19 \$	Budget 2019/20 \$	Change \$	Change %
Grants were received in respect of the following:				
Summary of grants				
Commonwealth funded grants	30,823,370	6,908,810	(23,914,560)	-77.6%
State funded grants	4,738,863	5,230,996	492,133	10.4%
Total grants received	35,562,233	12,139,806	(23,422,427)	-65.9%

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.1 Comprehensive income statement (continued)

4.1.4 Grants (Continued)

	Forecast Actual 2018/19 \$	Budget 2019/20 \$	Change \$	Change %
(a) Operating grants				
Recurrent - Commonwealth Government				
Victoria Grants Commission - local roads	3,694,940	1,873,381	(1,821,559)	-49.3%
Victoria Grants Commission - general	5,340,910	2,647,703	(2,693,207)	-50.4%
Flood recovery	19,034,639	-	(19,034,639)	-100.0%
Recurrent - State Government				
Aged services	899,914	874,489	(25,425)	-2.8%
Community safety	15,425	15,811	386	2.5%
Environment management	150,000	-	(150,000)	-100.0%
Fire protection	5,000	5,000	-	100.0%
Fire Services Property Levy	42,655	43,721	1,066	2.5%
Maternal and child health	137,039	197,491	60,452	44.1%
Pre-schools	537,813	505,044	(32,769)	-6.1%
Tips / landfills	7,159	7,338	179	2.5%
Youth initiatives	53,000	53,000	-	0.0%
Total recurrent grants	29,918,494	6,222,978	- 23,695,516	-79.2%
Non-recurrent State Government				
Community safety	62,440	-	(62,440)	-100.0%
Environment management	49,570	75,000	25,430	51.3%
Flood mitigation	29,750	-	(29,750)	-100.0%
Halls, sports and community centres	12,000	-	(12,000)	-100.0%
Maternal and child health	20,000	-	(20,000)	-100.0%
Parks and streetscapes	109,040	-	(109,040)	-100.0%
Strategies and plans	78,000	-	(78,000)	-100.0%
Tourism	50,000	-	(50,000)	-100.0%
Valuations	30,209	-	(30,209)	-100.0%
Waterways	95,058	-	(95,058)	-100.0%
Total non-recurrent grants	536,067	75,000	(461,067)	-86.0%
Total operating grants	30,454,562	6,297,978	- 24,156,584	-79.3%

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.1 Comprehensive income statement (continued)

4.1.4 Grants (Continued)

	Forecast Actual 2018/19 \$	Budget 2019/20 \$	Change \$	Change %
(b) Capital grants				
Recurrent - Commonwealth Government				
Roads to Recovery	2,752,881	2,387,726	(365,155)	-13.3%
Recurrent - State Government				
Nil	-	-	-	0.0%
Total - recurrent capital grants	2,752,881	2,387,726	(365,155)	-13.3%
Non-recurrent - Commonwealth Government				
Nil	-	-	-	0.0%
Non-recurrent - State Government				
Caravan parks	611,809	-	(611,809)	100.0%
Community facilities	140,000	2,504,670	2,364,670	100.0%
Flood mitigation	166,333	324,000	157,667	94.8%
Road projects	1,227,000	445,500	(781,500)	-63.7%
Streetscape projects	30,000	-	(30,000)	-100.0%
Swimming pools	59,920	-	(59,920)	-100.0%
Tips / landfills	119,728	29,932	(89,796)	-75.0%
Waterways	-	150,000	150,000	0.0%
Total - non-recurrent capital grants	2,354,790	3,454,102	1,099,312	46.7%
Total - capital grants	5,107,671	5,841,828	734,157	14.4%

Operating Grants include all monies received from State and Federal sources for the purposes of funding the delivery of Council's services to ratepayers.

Capital Grants include all monies received from State and Federal sources for the purposes of funding the capital works program.

4.1.5 Contributions

	Forecast Actual 2018/19 \$	Budget 2019/20 \$	Change \$	Change %
Monetary	-	310,000	310,000	100.0%
Non-monetary	-	-	-	0.0%
Total contributions	-	310,000	310,000	100.0%

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

Contributions are budgeted to increase by \$310K from 2018/19 to 2019/20.

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.1 Comprehensive income statement (continued)

4.1.6 Reimbursements

	Forecast Actual 2018/19 \$	Budget 2019/20 \$	Change \$	Change %
Fuel rebate	137,000	140,425	3,425	2.5%
Insurance claims	66,667	68,334	1,667	2.5%
Other	46,852	7,074	(39,778)	-84.9%
Staff reimbursement	94,463	50,000	(44,463)	-47.1%
Workcover	30,000	30,000	-	0.0%
Total reimbursements	374,983	295,833	(79,150)	-21.1%

Reimbursements include diesel fuel rebates from the Taxation Office, insurance rebates, Workcover reimbursements, and training reimbursements. Reimbursements are projected to decrease by \$80K to just under \$0.3 million in 2019/20.

4.1.7 Vic Roads

	Forecast Actual 2018/19 \$	Budget 2019/20 \$	Change \$	Change %
Routine maintenance	477,444	489,064	11,620	2.4%
Approved maintenance	47,480	20,000	(27,480)	-57.9%
Provisional sum items	23,254	15,000	(8,254)	-35.5%
Total Vic Roads	548,178	524,064	(24,114)	-4.4%

Council's contract with Vic Roads includes an "as of right" amount for routine maintenance works. Income from Vic Roads is projected to decrease by 4.4% or \$24K in 2019/20 in line with expected works requires for this income source. This will be offset by a decrease in expenditure in this area.

4.1.8 Other income

	Forecast Actual 2018/19 \$	Budget 2019/20 \$	Change \$	Change %
Interest	375,000	350,000	(25,000)	-6.7%
Reversal of impairment losses	1,658	-	(1,658)	-100.0%
Total other income	376,658	350,000	(26,658)	-7.1%

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

Other income is forecast to decrease by 7.1% or \$27K compared to 2018/19. This is mainly due to a forecast reduction in Council's available cash reserves during 2019/20 to fund major infrastructure projects.

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.1 Comprehensive income statement (continued)

4.1.9 Employee costs

	Forecast Actual 2018/19 \$	Budget 2019/20 \$	Change \$	Change %
Wages and salaries	10,375,591	10,796,480	420,889	4.1%
Workcover	162,326	175,785	13,459	8.3%
Superannuation	1,032,850	1,043,592	10,742	1.0%
Fringe benefits tax	106,800	109,370	2,570	2.4%
Total employee costs	11,677,567	12,125,227	447,660	3.8%

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 3.8% or \$448K from 2018/19 to 2019/20.

4.1.10 Materials, services and contracts

	Forecast Actual 2018/19 \$	Budget 2019/20 \$	Change \$	Change %
Aged services	297,156	220,365	(76,790)	-25.8%
Animal management	18,172	18,626	454	2.5%
Building control	11,512	11,800	288	2.5%
Building maintenance	291,293	181,221	(110,071)	-37.8%
Caravan parks	355,607	301,536	(54,071)	-15.2%
Commercial and rental properties	61,887	65,692	3,805	6.1%
Community support	546,420	428,013	(118,408)	-21.7%
Disability access	116,396	25,000	(91,396)	-78.5%
Early years	453,251	140,575	(312,676)	-69.0%
Economic development and tourism	299,131	269,333	(29,798)	-10.0%
Emergency management	18,717,133	11,531	(18,705,602)	-99.9%
Environment	250,868	14,500	(236,368)	-94.2%
Fire prevention	65,505	58,688	(6,818)	-10.4%
Governance and administration	757,600	730,014	(27,586)	-3.6%
Gravel pits	26,360	26,887	527	2.0%
Halls and community centres	254,983	55,558	(199,425)	-78.2%
Health control	24,860	25,482	622	2.5%
Heritage and culture	39,825	4,000	(35,825)	-90.0%
Information systems	567,853	610,815	42,962	7.6%
Library	206,070	211,222	5,152	2.5%
Local laws	7,025	7,201	176	2.5%
Parks and streetscapes	587,666	527,890	(59,776)	-10.2%
Planning services	16,100	16,503	403	2.5%
Plant operating	1,325,266	1,876,027	550,762	41.6%
Recreation support	195,012	147,488	(47,524)	-24.4%
Road maintenance	388,992	588,600	199,608	51.3%
Sporting reserves	273,993	2,000	(271,993)	-99.3%
Staff costs	293,759	287,837	(5,922)	-2.0%
Standpipes	39,924	41,611	1,687	4.2%

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.1 Comprehensive income statement (continued)

4.1.10 Materials, services and contracts (continued)

	Forecast Actual 2018/19 \$	Budget 2019/20 \$	Change \$	Change %
Strategies and plans	790,225	282,909	(507,316)	-64.2%
Street lighting	63,251	190,163	126,912	200.6%
Swimming pools	461,882	447,261	(14,621)	-3.2%
Tips / transfer stations	559,520	455,125	(104,395)	-18.7%
Valuations	205,497	181,794	(23,703)	-11.5%
Waste collection	766,261	785,114	18,853	2.5%
Waterways	198,438	62,725	(135,713)	-68.4%
Workshop and depots	69,943	85,213	15,270	21.8%
Youth initiatives	76,607	59,000	(17,607)	-23.0%
Total materials, services and contracts	29,681,243	9,455,317	(20,225,926)	-68.1%

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 68.1% or \$20.2 million compared to 2018/19. 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 to the completion of the flood restoration program, resulting in a reduction of \$18.71M from 2018/19.

4.1.11 Depreciation and amortisation

	Forecast Actual 2018/19 \$	Budget 2019/20 \$	Change \$	Change %
Roads	5,025,456	5,151,092	125,636	2.5%
Buildings	1,780,134	1,824,637	44,503	2.5%
Plant and equipment	1,234,310	1,265,168	30,858	2.5%
Bridges	333,549	341,888	8,339	2.5%
Urban drains	229,280	235,012	5,732	2.5%
Furniture and equipment	106,918	109,591	2,673	2.5%
Footpaths	181,030	185,556	4,526	2.5%
Kerb and channel	117,801	120,746	2,945	2.5%
Landfills	160,377	164,386	4,009	2.5%
Street furniture	29,758	30,502	744	2.5%
Quarries	2,376	2,435	59	2.5%
Total depreciation and amortisation	9,200,989	9,431,014	230,025	2.5%

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 2.5% or \$230K for 2019/20 is due mainly to the completion of the 2018/19 capital works program and the full year effect of depreciation on the 2019/20 program.

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.1 Comprehensive income statement (continued)

4.1.12 Other expenses

	Forecast Actual 2018/19 \$	Budget 2019/20 \$	Change \$	Change %
Councillors' emoluments	221,089	226,166	5,077	2.3%
Internal audit remuneration	42,029	40,500	(1,529)	-3.6%
External audit remuneration	43,054	44,131	1,077	2.5%
Impairment of interest free loans	-	-	-	0.0%
Total other expenses	306,172	310,797	4,625	1.5%

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

Other expenses are forecast to increase by 1.5% or \$5K compared to 2018/19.

4.1.13 Adjusted underlying surplus

This section analyses the operating budget including expected income and expenses of the Council for the 2019/20 year.

Details	Ref	Forecast 2018/19 \$	Budget 2019/20 \$	Variance \$
Total income		49,408,426	26,508,108	- 22,900,319
Total expenditure		(50,865,971)	(31,322,355)	19,543,616
Surplus (deficit) for the year		(1,457,545)	(4,814,247)	- 3,356,702
Grants - capital non-recurrent	4.1.4	2,354,790	3,454,102	1,099,312
Capital contributions	4.1.5	-	310,000	310,000
Adjusted underlying surplus (deficit)		897,245	(1,050,145)	- 1,947,390

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 2019/20 year is a deficit of \$1.05 million which is a decrease of \$1.95 million from the 2018/19 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.

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.2 Balance sheet

4.2.1 Assets

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 \$8.7 million during the year mainly due the expectation to have most capital projects complete by 30 June and the 50% prepayment of the grants commission return in 2018/19.

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 \$14.09 million increase in this balance is attributable to the net result of the capital works program (\$13.62 million in 2018/19 and \$13.68 million in 2019/20), depreciation of assets (\$9.20 million in 2018/19 and \$9.43 million in 2019/20) and the income through sale of property, plant and equipment.

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.

4.2.2 Liabilities

Trade and other payables are those to whom Council owes money as at 30 June. These liabilities are budgeted to reduce by \$0.61 million in 2019/20 levels due to a reduction in material and services costs incurred in 2018/19 for flood restoration projects.

Employee benefits include accrued long service leave, annual leave and rostered days off owing to employees. These employee entitlements are expected to decrease by \$0.07 million (current liability) and increase by \$0.27 million (non current liability) due to increases in employee service years.

4.2.3 Equity

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. \$0.97 million is the decrease in accumulated surplus results directly from the surplus for the year. This is offset by an amount of \$5.19 million net is budgeted to be transferred to and 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.

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.2 Balance sheet (continued)

4.2.4 Borrowings

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

	Forecast Actual 2018/19 \$	Budget 2019/20 \$
Total amount borrowed as at 30 June of the prior year	-	-
Total amount to be borrowed	-	-
Total amount projected to be redeemed	-	-
Total amount proposed to be borrowed as at 30 June	-	-

In developing the Strategic Resource Plan (SRP) borrowings may be 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 which finalises all of Council's borrowings.

For the 2019/20 year, Council has decided not to take out any new borrowings to fund the capital works program.

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.3 Statement of changes in equity

4.3.1 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.

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.

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.

Skinners Flat water reserve

The Skinners Flat Water Reserve is used to fund major repairs and capital works at the Skinners 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.

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.3 Statement of changes in equity (continued)

4.3.1 Reserves (continued)

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.

GSP reserve

The Gravel and Sand Pit (GSP) Reserve is used to fund land purchase, development and 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 purchasing new sites, development and 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.

Waste management reserve

The Waste Management Reserve has been established to assist with the cost of strategic projects, compliance and long term planning for Council's landfills and transfer stations. 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 strategic projects, compliance and long term planning within Council landfills and transfer stations.

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.

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.3 Statement of changes in equity (continued)

4.3.1 Reserves (continued)

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 significant 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.

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.

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.3 Statement of changes in equity (continued)

4.3.2 Transfers to and from reserves

The following is a summary of the projected reserves position for the year ended 30 June 2019:

2018/19 reserves - as per projected forecast				
Name of reserve	Balance at 1 July 2018 \$	Transfers to reserves \$	Transfers from reserves \$	Balance at 30 June 2019 \$
Land and buildings reserve	632,946	200,000	778,322	54,624
Professional development reserve	(1,436)	8,000	-	6,564
Unspent grants reserve	7,731,738	5,123,345	7,731,737	5,123,346
Capital expenditure reserve	2,160,830	2,234,884	2,160,830	2,234,884
Information technology reserve	1,133,398	185,000	885,084	433,314
Valuation reserve	42,667	-	40,000	2,667
Units reserve	94,965	16,245	-	111,210
Economic development reserve	235,655	171,000	115,000	291,655
Skinner's Flat reserve	15,565	-	-	15,565
Community planning reserve	1,003,063	500,000	503,063	1,000,000
Plant replacement reserve	2,349,664	873,031	2,081,959	1,140,736
Fleet replacement reserve	461,737	218,375	156,355	523,757
GSP restoration reserve	488,719	60,000	29,246	519,473
Urban drainage reserve	692,866	370,000	621,928	440,938
Waste management reserve	317,517	34,690	-	352,207
Lake Boort water reserve	34,525	-	-	34,525
Reserves improvement reserve	100,000	-	-	100,000
Caravan park development reserve	259,937	60,323	359,980	(39,720)
Superannuation liability reserve	696,424	101,192	-	797,616
Unspent contributions reserve	-	-	-	-
War memorial reserve	3,000	-	-	3,000
Heritage loan scheme	100,000	-	-	100,000
Major projects reserve	179,796	-	-	179,796
Unightly premises enforcement	100,000	-	-	100,000
Swimming pool major projects	100,000	50,000	-	150,000
TOTAL	18,933,576	10,206,085	15,463,504	13,676,157

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.3 Statement of changes in equity (continued)

4.3.2 Transfers to and from reserves (continued)

The following is a summary of the budgeted reserves position for the year ended 30 June 2020:

2019/20 reserves - as per budget				
Name of reserve	Balance at 1 July 2019 \$	Transfers to reserves \$	Transfers from reserves \$	Balance at 30 June 2020 \$
Land and buildings reserve	54,624	155,000	-	209,624
Professional development reserve	6,564	8,000	-	14,564
Unspent grants reserve	5,123,346	-	4,521,084	602,262
Capital expenditure reserve	2,234,884	-	1,274,884	960,000
Information technology reserve	433,314	285,000	421,500	296,814
Valuation reserve	2,667	-	-	2,667
Units reserve	111,210	16,523	-	127,733
Economic development reserve	291,655	100,000	165,000	226,655
Skinner's Flat reserve	15,565	-	-	15,565
Community planning reserve	1,000,000	-	-	1,000,000
Plant replacement reserve	1,140,736	895,357	857,810	1,178,283
Fleet replacement reserve	523,757	221,834	123,420	622,171
GSP restoration reserve	519,473	126,746	41,776	604,443
Urban drainage reserve	440,938	550,000	350,000	640,938
Waste management reserve	352,207	35,010	50,000	337,217
Lake Boort water reserve	34,525	-	-	34,525
Reserves improvement reserve	100,000	-	-	100,000
Caravan park development reserve	(39,720)	73,524	7,500	26,304
Superannuation liability reserve	797,616	101,192	-	898,808
Unspent contributions reserve	-	-	-	-
War memorial reserve	3,000	-	-	3,000
Heritage loan scheme	100,000	-	-	100,000
Major projects reserve	179,796	-	-	179,796
Unightly premises enforcement	100,000	-	-	100,000
Swimming pool major projects	150,000	50,000	-	200,000
TOTAL	13,676,157	2,618,186	7,812,974	8,481,369

By including the above transfers from reserves it is expected that reserve levels decrease by approximately \$5.2 million, leaving a balance of \$8.5 million in the reserves account.

4.3.3 Details of reserves

The following schedule provides details of each of the reserve transfers for 2019/20:

Land and buildings reserve			
Opening balance			54,624
ADD transfer to reserve			
Sale of housing estate land	Activity 110	35,000	
Sale and land and buildings	Activity 191	120,000	155,000
LESS transfer from reserve			
Nil	N/A		-
Closing balance			209,624

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.3 Statement of changes in equity (continued)

4.3.3 Details of reserves (continued)

Professional development reserve			
Opening balance			6,564
ADD transfer to reserve			
Annual allocation	Activity 461	8,000	8,000
LESS transfer from reserve			
Nil	N/A	-	-
Closing balance			14,564
Unspent grants reserve			
Opening balance			5,123,346
ADD transfer to reserve			
Nil	N/A	-	-
LESS transfer from reserve			
Grants Commission 50% upfront payment	Activity 421	(4,521,084)	(4,521,084)
Closing balance			602,262
Capital expenditure reserve			
Opening balance			2,234,884
ADD transfer to reserve			
Nil	N/A	-	-
LESS transfer from reserve			
Donaldson Park	Activity 690	(496,562)	
Purchase caravan parks	Activity 123	(778,322)	(1,274,884)
Closing balance			960,000
Information technology reserve			
Opening balance			433,314
ADD transfer to reserve			
Annual allocations for major purchases	Activity 461	285,000	285,000
LESS transfer from reserve			
Server Replacement	Activity 434	(50,000)	
Other upgrades	Activity 491	(30,000)	
IT strategy implementation	Activity 434	(283,000)	
PC replacement	Activity 491	(53,500)	
Asset Edge devices	Activity 491	(5,000)	(421,500)
Closing balance			296,814
Valuation reserve			
Opening balance			2,667
ADD transfer to reserve			
Nil	N/A	-	-
LESS transfer from reserve			
Nil	N/A	-	-
Closing balance			2,667

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.3 Statement of changes in equity (continued)

4.3.3 Details of reserves (continued)

Units reserve			
Opening balance			111,210
ADD transfer to reserve			
Surplus for 2018/19	Activity 634	16,523	16,523
LESS transfer from reserve			
Nil	N/A	-	-
Closing balance			127,733
Economic development reserve			
Opening balance			291,655
ADD transfer to reserve			
Yearly allocation	Activity 461	100,000	100,000
LESS transfer from reserve			
Project scoping	Activity 110	(15,000)	
Scar trees campaign	Activity 110	(60,000)	
Agribusiness Forum	Activity 131	(10,000)	
Economic development strategy	Activity 131	(80,000)	(165,000)
Closing balance			226,655
Skinner's flat reserve			
Opening balance			15,565
ADD transfer to reserve			
Nil	N/A	-	-
LESS transfer from reserve			
Nil	N/A	-	-
Closing balance			15,565
Community planning reserve			
Opening balance			1,000,000
ADD transfer to reserve			
Nil	N/A	-	-
LESS transfer from reserve			
Nil	N/A	-	-
Closing balance			1,000,000
Plant replacement reserve			
Opening balance			1,140,736
ADD transfer to reserve			
Annual allocation to reserve	Activity 461	895,357	895,357
LESS transfer from reserve			
Net cost of plant replacement	Activity 391	(857,810)	(857,810)
Closing balance			1,178,283

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.3 Statement of changes in equity (continued)

4.3.3 Details of reserves (continued)

Fleet replacement reserve			
Opening balance			523,757
ADD transfer to reserve			
Annual allocation to reserve	Activity 461	221,834	221,834
LESS transfer from reserve			
Net cost of fleet replacement	Activity 391	(123,420)	(123,420)
Closing balance			622,171
GSP restoration reserve			
Opening balance			519,473
ADD transfer to reserve			
Income from gravel pits	Activity 380	126,746	126,746
LESS transfer from reserve			
Expenditure from gravel pits	Activity 380	(41,776)	(41,776)
Closing balance			604,443
Urban drainage reserve			
Opening balance			440,938
ADD transfer to reserve			
Annual allocation	Activity 461	550,000	550,000
LESS transfer from reserve			
Drainage program	Activity 371	(350,000)	(350,000)
Closing balance			640,938
Waste management reserve			
Opening balance			352,207
ADD transfer to reserve			
Kerbside collection	Activity 512	35,010	35,010
LESS transfer from reserve			
Waste facility fencing	Activity 511	(50,000)	(50,000)
Closing balance			337,217
Reserves improvement reserve			
Opening balance			100,000
ADD transfer to reserve			
Nil	N/A	-	-
LESS transfer from reserve			
Nil	N/A	-	-
Closing balance			100,000

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.3 Statement of changes in equity (continued)

4.3.3 Details of reserves (continued)

Lake Boort water reserve			
Opening balance			34,525
ADD transfer to reserve			
Nil	N/A	-	-
LESS transfer from reserve			
Nil	N/A	-	-
Closing balance			<u>34,525</u>
Caravan park development reserve			
Opening balance			(39,720)
ADD transfer to reserve			
Surplus of caravan park operations	Activity 123	73,524	73,524
LESS transfer from reserve			
Tree works	Activity 123	(7,500)	(7,500)
Closing balance			<u>26,304</u>
Superannuation liability reserve			
Opening balance			797,616
ADD transfer to reserve			
Wedderburn streetscape return funds	Activity 461	101,192	101,192
LESS transfer from reserve			
Nil	N/A	-	-
Closing balance			<u>898,808</u>
Unspent contributions reserve			
Opening balance			-
ADD transfer to reserve			
Nil	N/A	-	-
LESS transfer from reserve			
Nil	N/A	-	-
Closing balance			<u>-</u>
War memorial reserve			
Opening balance			3,000
ADD transfer to reserve			
Nil	N/A	-	-
LESS transfer from reserve			
Nil	N/A	-	-
Closing balance			<u>3,000</u>

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.3 Statement of changes in equity (continued)

4.3.3 Details of reserves (continued)

Major projects reserve			
Opening balance			179,796
ADD transfer to reserve			
Nil	N/A	-	-
LESS transfer from reserve			
Nil	N/A	-	-
Closing balance			179,796
Unsightly premises enforcement provision			
Opening balance			100,000
ADD transfer to reserve			
Nil	N/A	-	-
LESS transfer from reserve			
Nil	N/A	-	-
Closing balance			100,000
Swimming pool major projects reserve			
Opening balance			150,000
ADD transfer to reserve			
Annual allocation to reserve	Activity 461	50,000	50,000
LESS transfer from reserve			
Nil	N/A	-	-
Closing balance			200,000

4.3.4 Equity

Total equity always equals net assets and is made up of the asset revaluation reserve, other reserves and the accumulated surplus.

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.3 Statement of changes in equity (continued)

4.3.5 Working capital (\$3.41 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 2018/19 \$	Budget 2019/20 \$	Variance \$
Current assets	23,330,244	14,118,126	9,212,118
Current liabilities	3,615,594	2,923,737	691,857
Working capital	19,714,650	11,194,389	8,520,261
Intended allocation assets			
- Discretionary reserves	(13,676,157)	(8,481,369)	(5,194,788)
- Long service leave	(1,809,316)	(1,909,316)	100,000
Restricted allocation assets			
- Trust funds and deposits	(356,974)	(339,125)	(17,849)
Unrestricted working capital	3,872,203	464,579	3,407,624

In addition to the restricted assets above, Council is also projected to hold \$8.48 million in discretionary reserves at 30 June 2020. 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.

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.4 Statement of cash flows

This section of the report analyses the expected cash flows from the operating, investing and financing activities of Council for the 2019/20 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.

4.4.1 Net cash flows provided by / (used in) operating activities

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.

The decrease in cash flows from operating activities is due mainly to a \$24.64 million decrease in operating grants in line with the expected completion of the flood restoration program. There is also a \$1.37 million decrease in capital grants, which is partially offset by a slight increase in rates and charges,

4.4.2 Net cash flows provided by / (used in) investing activities

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.

The large decrease in payments for investing activities represents a decrease in capital works expenditure. Term deposits are also expected to decrease by \$17.79 million.

4.4.3 Net cash flows provided by / (used in) financing activities

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.

Council's borrowings were fully extinguished in the 2015/16 financial year. No new are borrowings are budgeted in 2019/20.

4.4.4 Cash and cash equivalents at the end of the year

Overall, total cash and investments is forecast to decrease by \$8.75 million to \$10.91 million as at 30 June 2020, 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.

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 2020 it will have unrestricted cash and investments of \$0.2 million, which has been restricted as shown in the following table.

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.4 Statement of cash flows (continued)

4.4.4 Cash and cash equivalents at the end of the year (continued)

	Ref	Forecast Actual 2018/19 \$	Budget 2019/20 \$	Variance \$
Total cash and investments		19,656,604	10,911,513	(8,745,091)
Intended allocation assets				
Long service leave	4.4.5	(1,809,316)	(1,909,316)	(100,000)
Discretionary reserves	4.4.6	(13,676,157)	(8,481,369)	5,194,788
Restricted allocation assets				
Trust funds and deposits		(356,974)	(339,125)	17,849
Unrestricted cash adjusted for discretionary reserves	4.4.7	3,814,157	181,703	(3,632,454)

4.4.5 Long service leave

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.

4.4.6 Discretionary reserves

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.

4.4.7 Unrestricted cash and investments

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.

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.5 Capital works program

This section presents a listing of the capital works projects that will be undertaken for the 2019/20 year.

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

- new works for 2019/20
- works carried forward from the 2018/19 year.

4.5.1 New works by asset expenditure type

Capital works area	Project cost	Asset expenditure types			
		New \$	Renewal \$	Upgrade \$	Expansion \$
Property					
Land	-	-	-	-	-
Land improvements	55,000	55,000	-	-	-
Total land	55,000	55,000	-	-	-
Buildings	500,000	-	500,000	-	-
Building improvements	456,800	-	456,800	-	-
Total buildings	956,800	-	956,800	-	-
Total property	1,011,800	55,000	956,800	-	-
Plant and equipment					
Plant, machinery and equipment	1,275,763	1,275,763	-	-	-
Computers and telecommunications	122,500	122,500	-	-	-
Fixtures fittings and furniture	-	-	-	-	-
Total plant and equipment	1,398,263	1,398,263	-	-	-
Infrastructure					
Roads	3,680,082	-	3,680,082	-	-
Bridges	1,031,454	-	1,031,454	-	-
Footpaths	261,057	-	261,057	-	-
Drainage	350,000	-	-	350,000	-
Recreation leisure and community facilities	417,500	-	-	67,500	350,000
Parks, open space and streetscapes	550,000	-	100,000	250,000	200,000
Other infrastructure	-	-	-	-	-
Total infrastructure	6,290,093	-	5,072,593	667,500	550,000
Total new works	8,700,156	1,453,263	6,029,393	667,500	550,000

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.5 Capital works program (continued)

4.5.2 New works by funding source

Capital works area	Project cost	Funding sources			
		Grants \$	Reserves \$	Council funded \$	Sale of assets \$
Property					
Land	-	-	-	-	-
Land improvements	55,000	-	50,000	5,000	-
Total land	55,000	-	50,000	5,000	-
Buildings	500,000	-	-	500,000	-
Building improvements	456,800	-	-	456,800	-
Total buildings	956,800	-	-	956,800	-
Total property	1,011,800	-	50,000	961,800	-
Plant and equipment					
Plant, machinery and equipment	1,275,763	-	986,123	20,000	269,640
Computers and telecommunications	122,500	-	118,500	4,000	-
Fixtures fittings and furniture	-	-	-	-	-
Total plant and equipment	1,398,263	-	1,104,623	24,000	269,640
Infrastructure					
Roads	3,680,082	1,986,215	-	1,693,867	-
Bridges	1,031,454	585,954	-	445,500	-
Footpaths	261,057	261,057	-	-	-
Drainage	350,000	-	350,000	-	-
Recreation leisure and community facilities	417,500	300,000	7,500	110,000	-
Parks, open space and streetscapes	550,000	-	-	550,000	-
Other infrastructure	-	-	-	-	-
Total infrastructure	6,290,093	3,133,226	357,500	2,799,367	-
Total new works	8,700,156	3,133,226	1,512,123	3,785,167	269,640

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.5 Capital works program (continued)

4.5.3 Works carried forward from the 2018/19 year by asset expenditure type

Capital works area	Project cost	Asset expenditure types			
		New \$	Renewal \$	Upgrade \$	Expansion \$
Property					
Land	-	-	-	-	-
Land improvements	29,932	-	-	-	29,932
Total land	29,932	-	-	-	29,932
Buildings					
Buildings	-	-	-	-	-
Building improvements	7,200	-	7,200	-	-
Total buildings	7,200	-	7,200	-	-
Total property	37,132	-	7,200	-	29,932
Plant and equipment					
Plant, machinery and equipment	-	-	-	-	-
Computers and telecommunications	283,000	283,000	-	-	-
Fixtures fittings and furniture	-	-	-	-	-
Total plant and equipment	283,000	283,000	-	-	-
Infrastructure					
Roads	-	-	-	-	-
Bridges	-	-	-	-	-
Footpaths	-	-	-	-	-
Drainage	574,000	-	-	574,000	-
Recreation leisure and community facilities	4,089,554	778,322	-	-	3,311,232
Parks, open space and streetscapes	-	-	-	-	-
Other infrastructure	-	-	-	-	-
Total infrastructure	4,663,554	778,322	-	574,000	3,311,232
Total carried forward works	4,983,686	1,061,322	7,200	574,000	3,341,164

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.5 Capital works program (continued)

4.5.4 Works carried forward from the 2018/19 year by funding source

Capital works area	Project cost	Funding sources			
		Grants \$	Reserves \$	Council funded \$	Sale of assets \$
Property					
Land	-	-	-	-	-
Land improvements	29,932	29,932	-	-	-
Total land	29,932	29,932	-	-	-
Buildings	-	-	-	-	-
Building improvements	7,200	-	-	7,200	-
Total buildings	7,200	-	-	7,200	-
Total property	37,132	29,932	-	7,200	-
Plant and equipment					
Plant, machinery and equipment	-	-	-	-	-
Computers and telecommunications	283,000	-	283,000	-	-
Fixtures fittings and furniture	-	-	-	-	-
Total plant and equipment	283,000	-	283,000	-	-
Infrastructure					
Roads	-	-	-	-	-
Bridges	-	-	-	-	-
Footpaths	-	-	-	-	-
Drainage	574,000	324,000	250,000	-	-
Recreation leisure and community facilities	4,089,554	2,814,670	1,274,884	-	-
Parks, open space and streetscapes	-	-	-	-	-
Other infrastructure	-	-	-	-	-
Total infrastructure	4,663,554	3,138,670	1,524,884	-	-
Total carried forward works	4,983,686	3,168,602	1,807,884	7,200	-

5 FINANCIAL PERFORMANCE INDICATORS

Indicator	Measure	Notes	Actual	Forecast	Budget	Trend
			2017/18	2018/19	2019/20	+ / O / -
Operating position						
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	1	-4.51%	-8.30%	-34.18%	-
Liquidity						
Working capital	Current assets / Current liabilities	2	742.25%	645.27%	482.88%	-
Unrestricted cash	Unrestricted cash / Current liabilities		91.92%	105.49%	6.21%	-
Obligations						
Loan and borrowings	Loans and borrowings / Rate revenue	3	0.00%	0.00%	0.00%	O
Loan and borrowings	Interest and principal repayments on interest bearing loans and borrowings / Rate revenue		0.00%	0.00%	0.00%	O
Indebtedness	Non-current liabilities / Own source revenue		11.76%	14.84%	16.53%	+
Asset renewal	Asset renewal expenses / Asset depreciation	4	35.98%	64.56%	64.01%	O
Stability						
Rates concentration	Rates revenue / Adjusted underlying revenue	5	32.31%	23.39%	43.94%	O
Rates effort	Rate revenue / CIV of rateable properties in the municipality		0.50%	0.52%	0.49%	O
Efficiency						
Expenditure level	Total expenses / No. of property assessments		\$4,339	\$6,547	\$4,008	O
Revenue level	Residential rate revenue / No. of residential property assessments		\$1,012	\$1,037	\$1,055	O
Workforce turnover	No. of permanent staff resignations and terminations / Average no. of permanent staff for the financial year		12.29	7.03	7.08	-

5 FINANCIAL PERFORMANCE INDICATORS (Continued)

Indicator	Measure	Notes	Strategic Resource Plan Projections			Trend
			2020/21	2021/22	2022/23	+ / O / -
Operating position						
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	1	-20.57%	-16.53%	-16.87%	O
Liquidity						
Working capital	Current assets / Current liabilities	2	419.55%	338.09%	294.08%	-
Unrestricted cash	Unrestricted cash / Current liabilities		-86.70%	-177.88%	-248.49%	-
Obligations						
Loan and borrowings	Loans and borrowings / Rate revenue	3	0.00%	0.00%	0.00%	O
Loan and borrowings	Interest and principal repayments on interest bearing loans and borrowings / Rate revenue		0.00%	0.00%	0.00%	O
Indebtedness	Non-current liabilities / Own source revenue		18.54%	20.32%	22.21%	+
Asset renewal	Asset renewal expenses / Asset depreciation	4	30.13%	30.35%	30.11%	O
Stability						
Rates concentration	Rates revenue / Adjusted underlying revenue	5	42.58%	41.92%	41.75%	O
Rates effort	Rate revenue / CIV of rateable properties in the municipality		0.49%	0.49%	0.49%	O
Efficiency						
Expenditure level	Total expenses / No. of property assessments		\$3,986	\$4,079	\$4,177	+
Revenue level	Residential rate revenue / No. of residential property assessments		\$1,073	\$1,097	\$1,121	+
Workforce turnover	No. of permanent staff resignations and terminations / Average no. of permanent staff for the financial year		7.13	7.13	7.13	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

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.

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 2019/20 year.

This full document is located on Council's website.

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 2019/20 Budget, which is included in this report, is for the year 1 July 2019 to 30 June 2020 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 2020 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 31 August 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 and Jan - Officers update Council's long term financial projections
Jan and 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 and May - Council advertises "Draft Budget"
May and June - 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 2019/20 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 2019/20 financial year.

C.1 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 trees				7,500			7,500
Purchase caravan parks				778,322			778,322
Council properties fencing						5,000	5,000
Works and infrastructure							
Local roads reseals	565,257					530,640	1,095,897
Local road amenity program	116,733						116,733
Local road safety program	127,345						127,345
Local road construction	477,545					1,148,227	1,625,772
Local road resheets	327,914						327,914
Local road shoulder sheets	371,421						371,421
Local bridges and culverts	585,954					445,500	1,031,454
Township street improvements	261,057						261,057
Urban drainage				350,000			350,000
Boundary entrance signage park and locality						15,000	15,000
Fleet replacement		67,527		128,313			195,840
Plant replacement		202,113		857,810			1,059,923
Minor plant and equipment						20,000	20,000

APPENDIX C - CAPITAL WORKS PROGRAM (Continued)

C.1 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				5,000			5,000
Photocopier / scanner				10,000			10,000
PC replacement				53,500			53,500
IT Strategy implementation				283,000			283,000
Office furniture and equipment						4,000	4,000
Wedderburn Office refurbishment						130,000	130,000
Building Asset Management Plan allocation						334,000	334,000
Enviornment							
Waste facility fencing				50,000			50,000
Flood mitigation works Pyramid Hill	324,000			250,000			574,000
Boort Ewaste grant	18,380						18,380
Inglewood Ewaste grant	11,552						11,552
Community services and recreation							
Parks and gardens strategy						100,000	100,000
Skinners Flat masterplan						50,000	50,000
Donaldson Park pavilion	2,814,670			496,562			3,311,232
Inglewood Sports Centre						60,000	60,000
Pyramid Hill streetscape						200,000	200,000
Bridgewater Foreshore	300,000						300,000
Community planning allocations						750,000	750,000
Total	6,301,828	269,640	-	3,320,007	-	3,792,367	13,683,842

APPENDIX C - CAPITAL WORKS PROGRAM (Continued)

C.2 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
Building asset management plan	326,800				7,200	334,000
Wedderburn Office refurbishment	130,000					130,000
Boort Ewaste grant				18,380		18,380
Inglewood Ewaste grant				11,552		11,552
Strategic fund	500,000					500,000
Waste facility fencing			50,000			50,000
Total land and buildings	956,800	5,000	50,000	29,932	7,200	1,048,932
Furniture and equipment						
Server replacement		50,000				50,000
PC replacement		53,500				53,500
Office furniture and equipment		4,000				4,000
Photocopier / scanner		10,000				10,000
Asset Edge devices		5,000				5,000
IT Strategy implementation					283,000	283,000
Total furniture and equipment	-	122,500	-	-	283,000	405,500
Plant and equipment						
Minor plant and equipment		20,000				20,000
Fleet replacement		195,840				195,840
Plant replacement		1,059,923				1,059,923
Total plant and equipment	-	1,275,763	-	-	-	1,275,763
Footpaths						
Township street improvements	261,057					261,057
Total footpaths	261,057	-	-	-	-	261,057
Roadworks						
Local road reseals	1,095,897					1,095,897
Local road amenity	116,733					116,733
Local road safety	127,345					127,345
Local road construction	1,625,772		-			1,625,772
Local road resheets	327,914					327,914
Local road shoulder sheets	371,421					371,421
Local bridges and culverts	1,031,454					1,031,454
Boundary entrance signage parks and locality	15,000					15,000
Total roadworks	4,711,536	-	-	-	-	4,711,536

APPENDIX C - CAPITAL WORKS PROGRAM (Continued)

C.2 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			924,000			924,000
Total urban and road drainage	-	-	924,000	-	-	924,000
Recreation, leisure and community facilities						
Skidders Flat master plan				50,000		50,000
Caravan park trees			7,500			7,500
Inglewood Sports Centre upgrade			60,000			60,000
Purchase caravan parks					778,322	778,322
Bridgewater Foreshore				300,000		300,000
Donaldson Park pavilion upgrade					3,311,232	3,311,232
Total recreation, leisure and community facilities	-	-	67,500	350,000	4,089,554	4,507,054
Parks, open space and streetscapes						
Parks and gardens strategy	100,000					100,000
Pyramid Hill streetscape				200,000		200,000
Community planning allocations			250,000			250,000
Total parks, open space and streetscapes	100,000	-	250,000	200,000	-	550,000
Total	6,029,393	1,403,263	1,291,500	579,932	4,379,754	13,683,842

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 2018/19 Forecast Actuals, the 2019/20 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 2018/19 \$	Budget 2019/20 \$	Variance \$
Revenues from ordinary activities			
Rates and charges	10,750,845	11,027,275	276,430
Statutory and user fees	1,770,530	1,836,005	65,475
Operating grants	30,454,562	6,297,978	(24,156,584)
Capital grants	5,107,671	5,841,828	734,157
Operating contributions	-	310,000	310,000
Capital contributions	-	-	-
Vic Roads	548,178	524,064	(24,114)
Reversal of impairment losses	1,658	-	-
Reimbursements	374,983	295,833	(79,150)
Interest	400,000	375,125	(24,875)
Total revenues	49,408,426	26,508,108	(22,900,319)
Expenses from ordinary activities			
Labour	10,375,590	10,796,481	420,891
Materials and services	9,950,168	8,638,751	(1,311,417)
Contracts	20,579,169	1,638,038	(18,941,131)
Utilities	453,883	507,274	53,391
Depreciation	9,200,989	9,431,014	230,025
Interest expense	-	-	-
Other expenses	306,172	310,797	4,625
Total expenses	50,865,971	31,322,355	(19,543,616)
Net (gain) / loss on sale of assets	-	-	-
Surplus / (deficit) for the year	(1,457,545)	(4,814,247)	(3,356,702)

APPENDIX D - AUDIT COMMITTEE FINANCIALS (Continued)

COMPREHENSIVE INCOME STATEMENT BY KEY DIRECTION AREA

	Forecast actual 2018/19 \$	Budget 2019/20 \$	Variance \$
Revenues from ordinary activities			
Rates and charges	10,750,845	11,027,275	276,430
Operating grants	30,454,562	6,297,978	(24,156,584)
Capital grants	5,107,671	5,841,828	734,157
Operating contributions	-	310,000	310,000
Capital contributions	-	-	-
User fees	1,770,530	1,836,005	65,475
Reimbursements	374,983	295,833	(79,150)
Reversal of impairment losses	1,658	-	-
Vic Roads	548,178	524,064	(24,114)
Interest	400,000	375,125	(24,875)
Total revenues	49,408,426	26,508,108	(22,900,319)
Expenses from ordinary activities			
Economic development and tourism	1,513,780	1,449,827	(63,953)
Leadership	20,779,088	1,688,427	(19,090,661)
Works and infrastructure	13,531,386	14,542,505	1,011,119
Good management	4,524,931	4,353,730	(171,201)
Environment	2,546,586	2,287,172	(259,414)
Community services and recreation	7,970,201	7,000,694	(969,507)
Total expenses	50,865,972	31,322,355	(19,543,617)
Net (gain) / loss on sale of assets	-	-	-
Surplus / (deficit) for the year	(1,457,546)	(4,814,247)	(3,356,702)

APPENDIX D - AUDIT COMMITTEE FINANCIALS (Continued)

CAPITAL EXPENDITURE STATEMENT

	Forecast actual 2018/19 \$	Budget 2019/20 \$	Variance \$
Surplus / (deficit) for the year-as per income statement	(1,457,546)	(4,814,247)	(3,356,702)
Less non-cash income			
Reversal of impairment losses	(1,658)	-	1,658
Add non-cash expenditure			
Net gain on sale of assets	-	-	-
Loan interest accrued	-	-	-
Depreciation	9,200,989	9,431,014	230,025
Total funds available for capital expenditure	7,741,785	4,616,766	- 3,125,019
Capital expenditure, transfers and loans			
Economic development and tourism	1,263,598	790,822	(472,776)
Leadership	-	-	-
Works and infrastructure	8,716,782	6,598,356	(2,118,426)
Good management	1,093,984	869,500	(224,484)
Environment	604,728	653,932	49,204
Community services and recreation	1,944,804	4,771,232	2,826,428
Total capital works	13,623,896	13,683,842	59,946
Transfers to reserves	10,206,085	2,618,186	(7,587,899)
Loan repayments	-	-	-
Total capital, transfers and loans	23,829,981	16,302,028	(7,527,953)
Capital expenditure, transfers and loans will be financed by:			
Asset sales	655,244	429,533	(225,711)
Transfers from reserves	15,463,504	7,812,974	(7,650,530)
Accumulated cash surplus brought forward from previous year	3,561,131	3,591,683	30,552
Total financing of capital, transfers, and loans	19,679,879	11,834,190	(7,845,689)
Total accumulated cash surplus	3,591,683	148,928	(3,442,755)