

LODDON SHIRE COUNCIL

BUDGET FOR YEAR ENDED 30 JUNE 2021



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MAYOR INTRODUCTION

The Councillors and I are pleased to present the 2020/21 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 4), sets out our strategic plan to deliver our vision over the full term of the Council. As this is the fourth and final year of the current Council term, the focus over the next year will be on the planning and design activities required to deliver the remaining 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 2.0 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 2020/21 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 \$7.24 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 2020/21 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 increase limits mandated by the State Government.

1 Key things we are funding

- \$400K allocation to a community support package to assist residents to recover from the impacts of COVID-19; this is funded by the 2.0% rate increase with additional Council allocation
- ongoing delivery of services to the Loddon Shire Council community
- continued investment in capital projects (\$7.24M). This includes roads (\$3.38M); urban and road drainage (\$0.35M); footpaths (\$0.28M); recreational, leisure and community facilities (\$0.08M) and parks, open space and streetscapes (\$0.8M).

2 Rates and charges increase

- the average rate rise will be 2.0% in line with the order by the Minister for Local Government on 13 December 2019 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 2020
- the waste service charges will increase by 15.0% per collection item
- refer to Section 4.1.1 for further details.

3 Key statistics

Total revenue is \$23.31 million (2019/20 \$34.25 million)

Total operating expenditure is \$33.87 million (2019/20 \$34.57 million)

Cash result is \$0.1 million surplus (\$3.64 million surplus in 2019/20)

(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 \$7.24 million (\$20.11 million in 2019/20)

\$2.71 million from Council operations

\$1.59 million from reserves

No borrowings

\$0.35 million from asset sales

\$2.59 million from external grants.

Phil Pinyon

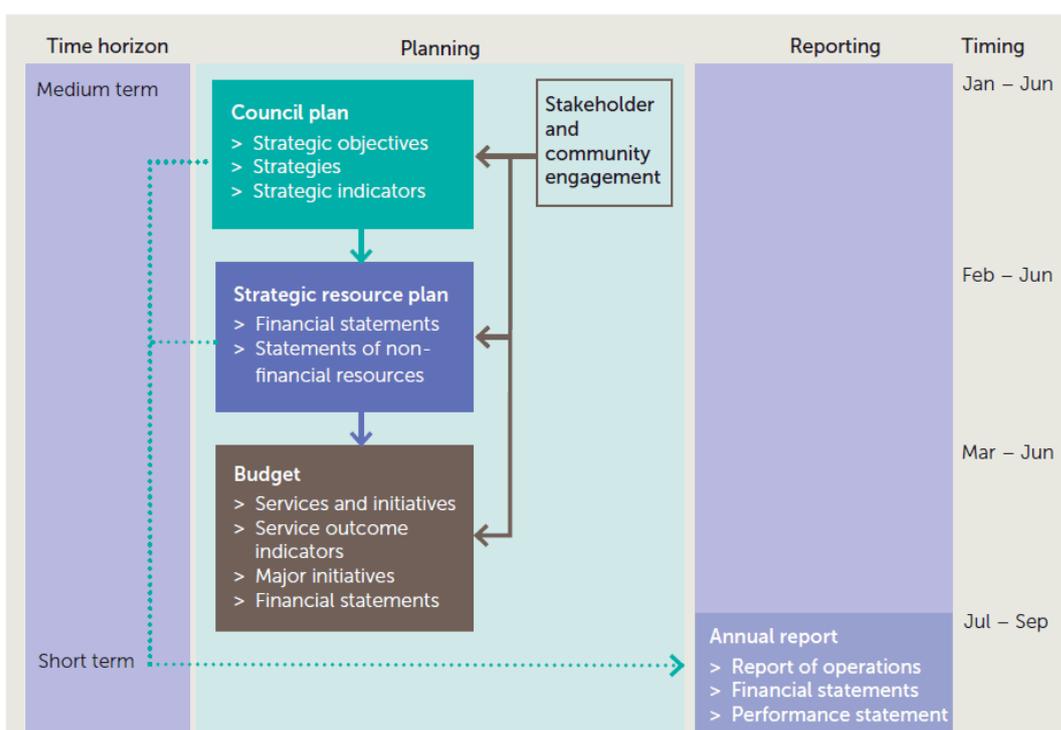
Chief Executive Officer

1 LINK 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), 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

Feeding in to the above, Council has a long term plan which articulates a community vision, mission and values. The Council Plan is prepared with reference to Council's long term Community Plan.

The timing of each component of the planning framework is critical to the successful achievement of the planned outcomes.

1. LINK TO THE COUNCIL PLAN (Continued)

1.2 Service level planning

Although councils have a legal obligation to provide some services - such as animal management, local roads, food safety and statutory planning - most council services are not legally mandated, including some services closely associated with councils, such as libraries, building permits and sporting facilities. Further, over time, the needs and expectations of communities can change. Therefore councils need to have robust processes for service planning and review to ensure all services continue to provide value for money and are in line with community expectations. In doing so, councils should engage with communities to determine how to prioritise resources and balance service provision against other responsibilities such as asset maintenance and capital works.

1.3 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. LINK TO THE COUNCIL PLAN (Continued)

1.4 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.

1.5 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

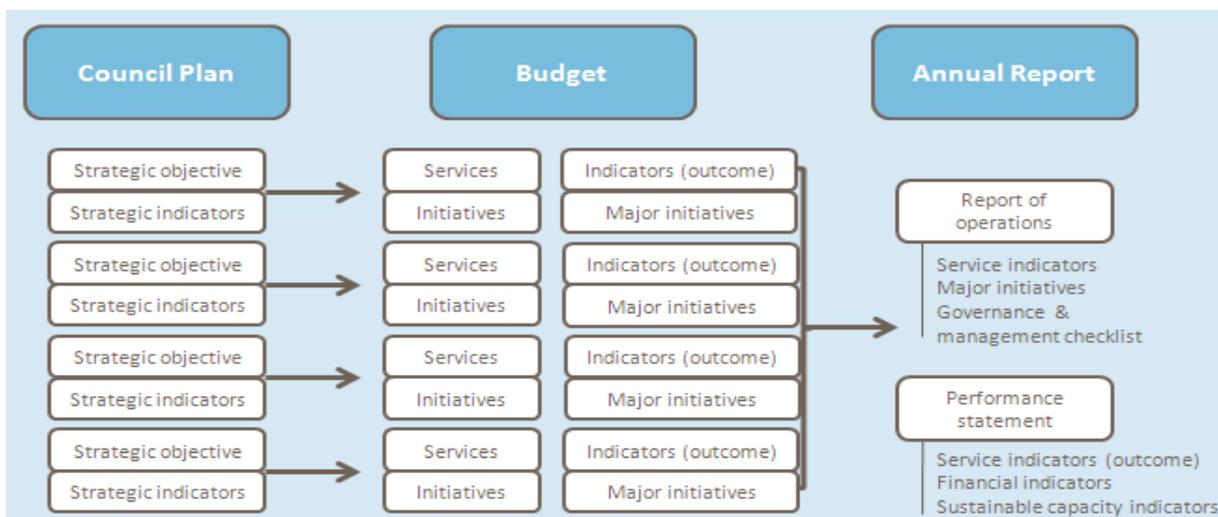
Sustainability - Provide leadership which contributes to the sustainability of our region

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 2020/21. They are considered high priority projects towards achieving the strategic platform objectives.

2 SERVICES SERVICE PERFORMANCE INDICATORS

This section provides a description of the services and initiatives to be funded in the Budget for the 2020/21 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.

2.1.2 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

2 SERVICES AND SERVICE PERFORMANCE INDICATORS (Continued)

2.1 Strategic themes (continued)

2.1.2 Strategic theme 2 - Economic prosperity (continued)

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.

2.1.5 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 SERVICES AND SERVICE PERFORMANCE INDICATORS **(Continued)**

2.2 Major initiatives

This section provides a description of the individual key activities and initiatives to be funded in the Budget for 2020/21.

2.2.1 Strategic theme 1

Key priority

Maintain high quality roads, buildings, parks and gardens, and provide quality amenities and recreation facilities.

Major initiative

Complete reviews of Asset Management Plans.

2.2.2 Strategic theme 2

Key priority

Attract new business opportunities and maintain support for traditional industries.

Major initiatives

Maintain and enhance resources to ensure timely processing of planning and building applications.

2.2.2 Strategic theme 3

Key priority

Identify appropriate levels of service across all infrastructure categories within relevant Asset Management Plans.

Major initiative

Develop a plan for rationalisation of unnecessary assets with a direction towards future use of multi-purpose facilities.

2.2.4 Strategic theme 4

Key priority

Extend the community planning focus to develop a holistic and realistic longer term vision for Loddon Shire communities.

Major initiative

Complete a long term community plan for Loddon Shire.

2.2.5 Strategic theme 5

Key priority

Continue to develop a high-performance culture.

Major initiative

Complete a Workforce Strategy.

2.2.6 Strategic theme 6

Key priority

Continue to develop a high-performance culture.

Major initiative

Implement changes to comply with the Local Government Act 2020.

2 SERVICES AND SERVICE PERFORMANCE INDICATORS (Continued)

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
Waste collection		
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
Aquatic facilities		
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
Animal management		
Health and safety	Animal management prosecutions (Number of successful animal management prosecutions)	Number of successful animal management prosecutions

2 SERVICES AND SERVICE PERFORMANCE INDICATORS (Continued)

2.3 Service performance outcome indicators (continued)

Indicator	Performance measure	Computation
Food safety		
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
Maternal and child health		
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

2.4 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	182,000	-	182,000
111. ECONOMIC DEVELOPMENT	185,808	-	185,808
121. TOURISM	252,214	-	252,214
122. TOURISM INITIATIVES	88,063	(10,710)	98,773
123. CARAVAN PARKS	(67,664)	(388,482)	320,818
125. LODDON DISC TOURS	-	(24,023)	24,023
131. PROMOTIONAL INITIATIVES	10,000	-	10,000
132. INDUSTRIAL SITES	(4,736)	(14,102)	9,365
141. CONTRIBUTIONS	4,400	-	4,400
142. ECONOMIC DEVELOPMENT	(11,363)	(20,010)	8,648
151. BUILDING CONTROL	46,978	(80,114)	127,092
161. COUNCIL RESIDENCES	10,741	(2,500)	13,241
181. STANDPIPES & TRUCKWASHES	9,000	(10,000)	19,000
211. COUNCILLOR COSTS	470,923	-	470,923
212. EXECUTIVE	923,230	-	923,230

2 SERVICES AND SERVICE PERFORMANCE INDICATORS
(Continued)

2.4 Services (continued)

Activity	Net cost of activity \$	Income \$	Expenditure \$
221. LOCAL LAWS	97,208	(1,153)	98,361
230. DEVELOPMENT SERVICES	388,721	-	388,721
232. COMMUNITY LEADERSHIP	419,000	(50,000)	469,000
251. RECORDS MANAGEMENT	167,123	-	167,123
281. MUN EMERGENCY MAN	10,290	(6,955)	17,245
311. STAFF ONCOSTS	(56,147)	(1,596,736)	1,540,589
320. TECHNICAL SERVICES	1,004,242	-	1,004,242
321. PLANT OPERATING	(1,912,776)	(4,213,414)	2,300,637
322. FLEET	(306,506)	(504,000)	197,494
331. LOCAL ROADS MAINT	6,297,632	-	6,297,632
339. ROADS TO RECOVERY	(2,387,726)	(2,387,726)	-
340. WORKS DEPARTMENT	429,002	-	429,002
341. MAIN RDS ROUTINE PAVEMENT MAINT	(75,782)	(510,474)	434,692
381. GRAVEL PITS	(86,568)	(129,280)	42,713
383. DEPOTS	10,560	(120,000)	130,560
384. ROAD OPENINGS ETC	3,034	(10,208)	13,242
385. TRAFFIC CONTROL	42,171	-	42,171
386. PRIVATE WORKS	(3,898)	(39,697)	35,800
391. ACQUISITION & DISPOSAL	25,000	-	25,000
410. GOOD MANAGEMENT STRATEGIES	66,000	-	66,000
411. RATES INCOME	(9,834,287)	(9,834,287)	-
421. VGC INCOME	(4,585,214)	(4,585,214)	-
431. INTEREST INCOME	(375,200)	(375,200)	-
432. OTHER INCOME	(12,861)	(18,425)	5,564
434. INFORMATION TECHNOLOGY	1,059,872	-	1,059,872
435. PRINTING & STATIONERY	30,112	-	30,112
436. ADMINISTRATION	955,313	(2,601)	957,914
437. INSURANCE	285,031	(11,177)	296,209
439. CUSTOMER SERVICE	177,272	-	177,272
440. FINANCE	665,905	-	665,905
441. CORPORATE SERVICES	726,767	-	726,767
442. OPERATIONS	302,084	-	302,084
443. OCC HEALTH & SAFETY	132,095	(45,599)	177,694
444. ORGANISATIONAL DEVELOPMENT	441,111	-	441,111
451. WEDDERBURN OFFICE	89,016	-	89,016
452. SERPENTINE OFFICE	42,368	(100)	42,468
453. BRIC	6,794	-	6,794
454. TELEPHONE CHARGES	56,846	-	56,846
462. LONG SERVICE LEAVE	282,264	-	282,264
471. SUBSCRIPTIONS, DONATIONS, & MEMBERSHIPS	64,001	-	64,001
491. ACQUISITION & DISPOSAL	32,534	-	32,534
511. TIPS	856,895	(74,287)	931,182
512. GARBAGE COLLECTION	(628,488)	(1,626,720)	998,232
532. TOWN PLANNING	134,514	(75,593)	210,107
541. HERITAGE & CULTURE	2,000	-	2,000
561. FIRE PROTECTION	41,070	(11,558)	52,628
582. ENVIRONMENT	-	(75,000)	75,000

2 SERVICES AND SERVICE PERFORMANCE INDICATORS
(Continued)

2.4 Services (continued)

Activity	Net cost of activity \$	Income \$	Expenditure \$
610. COMM SERVICES & REC STRATEGIES	216,855	-	216,855
611. INFANT WELFARE CENTRES	188,110	(197,491)	385,601
614. PRE-SCHOOL MAINTENANCE	28,246	-	28,246
615. EDUCATION	118,385	(48,110)	166,495
616. BOORT PRE-SCHOOL	-	(121,251)	121,251
617. DINGEE PRE-SCHOOL	-	(134,504)	134,505
618. INGLEWOOD PRE-SCHOOL	-	(136,769)	136,770
619. WEDDERBURN PRE-SCHOOL	-	(117,455)	117,454
620. DISABILITY ACCESS PROGRAMS	25,000	-	25,000
621. HEALTH CONTROL	97,173	(48,162)	145,335
622. PYRAMID HILL PRE-SCHOOL	-	(113,201)	113,201
623. OTHER HEALTH	5,000	-	5,000
624. MUN PUBLIC HEALTH WELLBEING	1,000	(1,000)	2,000
625. OCCASIONAL CARE PROGRAM	-	(7,167)	7,167
631. HACC SERVICES	50,092	(914,587)	964,679
632. COMMUNITY SERVICES	60,637	(56,760)	117,397
633. SENIOR CITIZENS CENTRES	39,797	(60,293)	100,090
634. ELDERLY PERSONS UNITS	(15,794)	(66,615)	50,821
635. HACC ONCOSTS	(11,350)	(224,647)	213,297
636. EXTERNALLY BROKERED SERVICES	(44,022)	(339,450)	295,428
641. RECREATION & COMMUNITY DEVELOPMENT	588,980	-	588,980
642. RECREATION RESERVES	222,941	-	222,941
643. SWIMMING POOLS	538,314	-	538,314
644. BEACHES	37,849	(11,000)	48,849
645. TOWNSCAPE SERVICES	1,104,379	-	1,104,379
649. OTHER RECREATION	20,000	-	20,000
650. MAJOR EVENTS GRANTS	26,000	-	26,000
651. COMMUNITY GRANTS	200,000	-	200,000
652. REGIONAL LIBRARY	216,502	-	216,502
653. PUBLIC HALLS	57,638	-	57,638
655. YOUTH INITIATIVES	6,000	(24,500)	30,500
661. DOMESTIC ANIMALS	34,160	(48,544)	82,704
662. LIVESTOCK	48,842	(4,848)	53,690
681. COMMUNITY PROTECTION	19,662	(13,501)	33,163
682. OTHER COMMUNITY	25,393	-	25,393
691. ACQUISITION & DISPOSAL	15,000	-	15,000
692. CONSTRUCTION/IMPROVE	(200,000)	(200,000)	-

2 SERVICES 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 2020/21 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	705,441	(549,941)	1,255,381
Leadership	2,476,495	(58,108)	2,534,603
Works and Infrastructure	2,982,237	(9,511,535)	12,493,773
Good management	(9,392,178)	(14,872,604)	5,480,426
Environment	405,991	(1,863,158)	2,269,150
Community services and recreation	3,720,791	(2,889,855)	6,610,646
Total	898,778	(29,745,202)	30,643,979
Add transfers from reserves	(6,466,816)		
Less transfers to reserves	2,341,772		
Add proceeds from sale of assets	(471,181)		
Add capital expenditure	7,242,358		
Add carried forward surplus	(3,640,629)		
Net cash (surplus)/deficit)for the year	(95,718)		

3 FINANCIAL STATEMENTS

This section presents information in regard to the Financial Statements and Statement of Human Resources. The budget information for the year 2020/21 has been supplemented with projections to 2023/24 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 (Planning and Reporting) Regulations 2014.

- 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 2020/21 Budget has been prepared based on the accounting standards applicable at the date of preparation. It has been updated to include the impact of *AASB 16 Leases*, *AASB 15 Revenue from Contracts with Customers* and *AASB 1058 Income of Not-for-Profit Entities*, but pending accounting standards that will be in effect from the 2020-21 financial year have not been considered in the development of the budget.

Standards that are likely to impact on the 2020/21 financial statements, not considered in the preparation of the budget include:

* *AASB 1059 Service Concession Arrangements: Grantors*

3 FINANCIAL STATEMENTS (Continued)

**3.1 COMPREHENSIVE INCOME STATEMENT
 FOR THE FOUR YEARS ENDED 30 JUNE 2024**

	NOTES	Forecast	Budget	Strategic Resource Plan Projections		
		Actual 2019/20 \$	2020/21 \$	2021/22 \$	2022/23 \$	2023/24 \$
Income						
Rates and charges	4.1.1	11,049,483	11,461,007	11,658,637	11,891,809	12,129,646
Statutory fees and fines	4.1.2	364,316	215,586	195,796	199,381	205,088
User fees	4.1.3	1,680,085	1,526,932	1,705,133	1,736,354	1,786,057
Grants - operating	4.1.4	11,355,589	6,352,271	11,214,188	11,420,452	11,629,946
Grants - capital	4.1.4	8,191,911	2,487,726	2,387,726	3,576,059	2,887,726
Contributions - monetary	4.1.5	421,626	100,000	-	-	-
Reimbursements	4.1.6	275,408	277,411	307,075	312,991	318,908
Vic Roads	4.1.7	515,027	510,474	543,977	554,460	564,941
Net gain/(loss) on disposal of property, infrastructure, plant and equipment		-	-	-	-	-
Other income	4.1.8	400,125	375,200	377,001	378,126	378,876
Total income		34,253,570	23,306,607	28,389,533	30,069,632	29,901,188
Expenses						
Employee costs	4.1.9	12,003,590	12,579,010	12,956,380	13,345,072	13,745,424
Materials and services	4.1.10	12,825,416	11,292,136	10,271,321	10,405,071	10,595,023
Bad and doubtful debts		-	-	-	-	-
Depreciation	4.1.11	9,431,014	9,666,789	9,911,995	10,157,202	10,411,839
Borrowing costs		-	-	-	-	-
Finance costs - leases		-	-	-	-	-
Other expenses	4.1.12	310,797	334,239	321,923	327,779	333,635
Total expenses		34,570,816	33,872,174	33,461,619	34,235,124	35,085,921
Surplus/(deficit) for the year		(317,246)	(10,565,567)	(5,072,086)	(4,165,492)	(5,184,733)
Other comprehensive income						
Other comprehensive income		-	-	-	-	-
Total comprehensive result		(317,246)	(10,565,567)	(5,072,086)	(4,165,492)	(5,184,733)

3 FINANCIAL STATEMENTS (Continued)

3.2 BALANCE SHEET FOR THE FOUR YEARS ENDED 30 JUNE 2024

	NOTES	Forecast	Budget	Strategic Resource Plan		
		Actual 2019/20 \$	2020/21 \$	2021/22 \$	2022/23 \$	2023/24 \$
Assets						
Current assets						
Cash and cash equivalents		17,434,648	10,026,088	7,449,297	2,955,807	123,742
Trade and other receivables		662,460	444,070	543,230	576,481	572,770
Other financial assets		2,146,453	2,146,453	2,146,453	2,146,453	2,146,453
Inventories		38,265	36,352	34,533	32,807	31,166
Non-current assets classified as held for sale		556,092	556,092	556,092	556,092	556,092
Total current assets	4.2.1	20,837,918	13,209,055	10,729,605	6,267,640	3,430,223
Non-current assets						
Trade and other receivables		1,200	-	-	-	-
Property, infrastructure, plant and equipment		375,352,934	383,837,910	392,944,697	405,257,948	415,308,059
Right of use assets		-	-	-	-	-
Intangible assets		269,672	269,672	269,672	269,672	269,672
Total non-current assets	4.2.1	375,623,806	384,107,582	393,214,369	405,527,620	415,577,731
Total assets		396,461,724	397,316,637	403,943,974	411,795,260	419,007,954
Liabilities						
Current liabilities						
Trade and other payables		426,157	380,523	350,844	356,079	363,023
Trust funds and deposits		323,711	307,525	292,149	277,541	263,664
Provisions		2,544,682	2,471,127	2,395,622	2,317,840	2,237,710
Interest bearing loans and borrowings	4.2.4	-	-	-	-	-
Lease liabilities		-	-	-	-	-
Total current liabilities	4.2.2	3,294,550	3,159,175	3,038,615	2,951,460	2,864,397
Non-current liabilities						
Provisions		2,081,957	2,377,224	2,682,068	2,997,661	3,324,412
Interest bearing loans and borrowings	4.2.4	-	-	-	-	-
Lease liabilities		-	-	-	-	-
Total non-current liabilities	4.2.2	2,081,957	2,377,224	2,682,068	2,997,661	3,324,412
Total liabilities		5,376,507	5,536,399	5,720,683	5,949,121	6,188,809
NET ASSETS		391,085,217	391,780,238	398,223,291	405,846,139	412,819,145
Equity						
Accumulated surplus		103,679,690	97,239,167	92,287,689	88,965,317	83,436,335
Asset revaluation reserve		276,071,373	287,331,961	298,847,100	310,635,440	322,793,179
Other reserves		11,334,154	7,209,110	7,088,502	6,245,382	6,589,631
TOTAL EQUITY	4.2.4	391,085,217	391,780,238	398,223,291	405,846,139	412,819,145

3 FINANCIAL STATEMENTS (Continued)

**3.3 STATEMENT OF CHANGES IN EQUITY
FOR THE FOUR YEARS ENDED 30 JUNE 2024**

2019 Forecast Actual	Total \$	Accumulated surplus \$	Revaluation reserve \$	Other reserves \$
Balance at beginning of the financial year	380,773,764	93,620,654	265,442,674	21,710,436
Surplus/ (deficit) for the year	(317,246)	(317,246)	-	-
Net asset revaluation increment / (decrement)	10,628,699	-	10,628,699	-
Transfer to other reserves	-	(7,411,659)	-	7,411,659
Transfer from other reserves	-	17,787,941	-	(17,787,941)
Balance at end of financial year	391,085,217	103,679,690	276,071,373	11,334,154

2020 Budget	Total \$	Accumulated surplus \$	Revaluation reserve \$	Other reserves \$
Balance at beginning of the financial year	391,085,217	103,679,690	276,071,373	11,334,154
Surplus/ (deficit) for the year	(10,565,567)	(10,565,567)	-	-
Net asset revaluation increment / (decrement)	11,260,588	-	11,260,588	-
Transfer to other reserves	-	(2,341,772)	-	2,341,772
Transfer from other reserves	-	6,466,816	-	(6,466,816)
Balance at end of financial year	391,780,238	97,239,167	287,331,961	7,209,110

2021 SRP	Total \$	Accumulated surplus \$	Revaluation reserve \$	Other reserves \$
Balance at beginning of the financial year	391,780,238	97,239,167	287,331,961	7,209,110
Surplus/ (deficit) for the year	(5,072,086)	(5,072,086)	-	-
Net asset revaluation increment / (decrement)	11,515,139	-	11,515,139	-
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	398,223,291	92,408,591	298,847,100	6,967,600

2022 SRP	Total \$	Accumulated surplus \$	Revaluation reserve \$	Other reserves \$
Balance at beginning of the financial year	398,223,291	92,408,591	298,847,100	6,967,600
Surplus/ (deficit) for the year	(4,165,492)	(4,165,492)	-	-
Net asset revaluation increment / (decrement)	11,788,340	-	11,788,340	-
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	405,846,139	87,916,099	310,635,440	7,294,601

2023 SRP	Total \$	Accumulated surplus \$	Revaluation reserve \$	Other reserves \$
Balance at beginning of the financial year	405,846,139	87,916,099	310,635,440	7,294,601
Surplus/ (deficit) for the year	(5,184,733)	(5,184,733)	-	-
Net asset revaluation increment / (decrement)	12,157,739	-	12,157,739	-
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	412,819,145	82,582,043	322,793,179	7,443,925

3 FINANCIAL STATEMENTS (Continued)

3.4 STATEMENT OF CASH FLOWS FOR THE FOUR YEARS ENDED 30 JUNE 2024

	NOTES	Forecast	Budget	Strategic Resource Plan		
		Actual 2019/20 \$	2020/21 \$	2021/22 \$	2022/23 \$	2023/24 \$
Cash flows from operating activities						
Receipts						
Rates and charges		11,138,071	11,753,037	11,705,576	11,882,750	12,134,843
Statutory fees and fines		406,209	241,737	199,157	200,044	209,561
User fees		3,457,254	1,655,746	1,736,739	1,756,118	1,823,448
Grants - operating		11,582,701	6,479,316	11,344,860	11,648,861	11,862,545
Grants - capital		8,687,811	2,537,481	2,435,481	3,647,580	2,945,481
Contributions - monetary		430,059	102,000	-	-	-
Interest received		583,420	375,200	377,001	378,126	378,876
Trust funds and deposits taken		-	-	-	-	-
Other receipts		940,634	803,643	868,073	884,800	901,526
Net GST refund/payment		(165,717)	(140,859)	(119,730)	(101,771)	(86,505)
Operating receipts		37,060,442	23,807,301	28,547,157	30,296,508	30,169,775
Payments						
Employee costs		(11,818,634)	(12,386,285)	(12,756,608)	(13,137,420)	(13,529,565)
Materials and services		(13,508,312)	(11,589,174)	(10,526,398)	(10,628,078)	(10,820,552)
Trust funds and deposits repaid		(17,037)	(16,186)	(15,376)	(14,608)	(13,877)
Short-term, low value and variable lease payments		-	-	-	-	-
Other payments		(310,797)	(334,239)	(321,923)	(327,779)	(333,635)
Operating payments		(25,654,780)	(24,325,884)	(23,620,305)	(24,107,885)	(24,697,629)
Net cash provided by/(used in) operating activities	4.4.1	11,405,662	(518,583)	4,926,852	6,188,623	5,472,146
Cash flows from investing activities						
Payments for property, infrastructure, plant and equipment		(19,865,243)	(6,891,177)	(7,503,643)	(10,682,113)	(8,304,211)
Decrease in term deposits		-	-	-	-	-
Loans and advances made		-	-	-	-	-
Payments of loans and advances		1,097	1,200	-	-	-
Net cash provided by/(used in) investing activities	4.4.2	(19,864,146)	(6,889,977)	(7,503,643)	(10,682,113)	(8,304,211)
Cash flows from financing activities						
Finance costs		-	-	-	-	-
Repayment of lease liabilities		-	-	-	-	-
Net cash provided by (used in) financing activities	4.4.3	-	-	-	-	-
Net increase/(decrease) in cash and cash equivalents		(8,458,484)	(7,408,560)	(2,576,791)	(4,493,490)	(2,832,065)
Cash and cash equivalents at the beginning of the year		25,893,132	17,434,648	10,026,088	7,449,297	2,955,807
Cash and cash equivalents at the end of the year		17,434,648	10,026,088	7,449,297	2,955,807	123,742

3 FINANCIAL STATEMENTS (Continued)

**3.5 STATEMENT OF CAPITAL WORKS
FOR THE FOUR YEARS ENDED 30 JUNE 2024**

	NOTES	Forecast	Budget	Strategic Resource Plan		
		Actual 2019/20 \$	2020/21 \$	Projections		
				2021/22 \$	2022/23 \$	2023/24 \$
Capital works areas						
Land and buildings		1,246,808	785,000	635,000	1,225,000	655,000
Office furniture and equipment		358,000	185,000	599,000	105,500	105,500
Plant and equipment		1,588,990	1,452,900	1,392,920	2,498,233	1,960,104
Footpaths		1,139,459	278,928	287,666	274,120	249,578
Roadworks		5,044,573	3,383,030	3,517,912	3,759,447	4,419,927
Urban and road drainage		3,044,987	350,000	350,000	350,000	350,000
Recreation, leisure and community facilities		6,461,990	7,500	157,500	1,407,500	107,500
Parks, open space and streetscapes		1,227,902	800,000	820,500	1,567,000	774,000
Other infrastructure		-	-	-	-	-
Total capital works	4.5.1	20,112,709	7,242,358	7,760,498	11,186,800	8,621,609
Represented by:						
New asset expenditure		2,730,312	1,642,900	1,996,920	3,008,733	2,070,604
Asset renewal expenditure		7,461,101	4,541,958	4,805,578	4,633,567	5,769,505
Asset expansion expenditure		4,939,378	-	80,000	220,000	50,000
Asset upgrade expenditure		4,981,918	1,057,500	878,000	3,324,500	731,500
Total capital works expenditure		20,112,709	7,242,358	7,760,498	11,186,800	8,621,609

	Forecast	Budget	Strategic Resource Plan		
	Actual 2019/20 \$	2020/21 \$	Projections		
			2021/22 \$	2022/23 \$	2023/24 \$
Expenditure type					
Labour	349,409	215,200	68,525	70,221	71,968
Oncost	188,903	116,506	37,007	37,923	38,866
Plant	646,195	416,879	172,810	175,619	178,480
Creditors	7,770,641	3,894,900	3,881,405	5,244,326	3,961,435
Contractors	11,157,561	2,598,873	3,600,751	5,658,711	4,370,860
Total capital works expenditure	20,112,709	7,242,358	7,760,498	11,186,800	8,621,609

	Forecast	Budget	Strategic Resource Plan		
	Actual 2019/20 \$	2020/21 \$	Projections		
			2021/22 \$	2022/23 \$	2023/24 \$
Funding sourced represented by					
Grants	10,847,041	2,587,726	2,437,726	3,942,726	2,887,726
Council cash	4,899,645	2,709,232	2,813,352	3,187,841	3,035,779
Reserves	4,118,556	1,594,219	2,252,566	3,551,546	2,380,706
Sale of assets	247,467	351,181	256,854	504,687	317,398
Total capital works expenditure	20,112,709	7,242,358	7,760,498	11,186,800	8,621,609

3 FINANCIAL STATEMENTS (Continued)

3.6 STATEMENT OF HUMAN RESOURCES FOR THE FOUR YEARS ENDED 30 JUNE 2024

	Forecast Actual 2019/20 \$	Budget 2020/21 \$	Strategic Resource Plan Projections		
			2021/22 \$	2022/23 \$	2023/24 \$
Staff expenditure					
Employee labour - operating	11,654,181	12,363,810	12,887,855	13,274,851	13,673,456
Employee labour - capital	349,409	215,200	68,525	70,221	71,968
Total staff expenditure*	12,003,590	12,579,010	12,956,380	13,345,072	13,745,424
Staff numbers EFT**	EFT	EFT	EFT	EFT	EFT
Employees	139.97	143.17	143.17	143.17	143.17
Total staff numbers EFT	139.97	143.17	143.17	143.17	143.17

* 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 2020/21	Permanent Full Time	Permanent Part Time
Staff cost			
Economic development and tourism	330,275	100,929	229,346
Leadership	133,937	76,870	57,067
Works and infrastructure	3,459,941	3,459,941	-
Good management	2,617,177	1,805,120	812,057
Environment	662,037	501,302	160,735
Community services and recreation	5,160,443	1,684,855	3,475,588
Total permanent staff expenditure	12,363,810	7,629,017	4,734,793
Casuals and other expenditure	-		
Capitalised labour costs	215,200		
Total expenditure	12,579,010		

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

Department	Budget 2020/21	Permanent Full Time	Permanent Part Time
Staff EFT			
Economic development and tourism	3.38	1.00	2.38
Leadership	1.57	1.00	0.57
Works and infrastructure	41.00	41.00	0.00
Good management	35.78	27.00	8.78
Environment	6.74	5.00	1.74
Community services and recreation	49.70	20.00	29.70
Total permanent staff EFT	138.17	95.00	43.17
Casuals and other	0.00		
Capitalised labour	5.00		
Total EFT	143.17		

3 FINANCIAL STATEMENTS (Continued)

**3.7 STATEMENT OF RESERVES
 FOR THE FOUR YEARS ENDED 30 JUNE 2024**

	NOTES	Forecast	Budget	Strategic Resource Plan		
		Actual 2019/20 \$	2020/21 \$	2021/22 \$	2022/23 \$	2023/24 \$
Discretionary						
Land and buildings reserve		103,567	223,567	343,567	63,567	143,567
Professional development reserve		11,619	17,619	23,619	29,619	35,619
Unspent grants reserve		4,680,597	-	800,000	800,000	800,000
Capital expenditure reserve		-	-	-	-	-
Information technology reserve		800,000	800,000	(405,000)	(316,000)	(227,000)
Valuations reserve		-	-	-	-	-
Units reserve		60,000	60,000	76,423	92,780	109,035
Economic development reserve		272,410	180,410	180,410	90,410	175,410
Skinner's flat reserve		7,535	7,535	7,535	7,535	7,535
Community planning reserve		850,000	850,000	850,000	850,000	850,000
Plant replacement reserve		1,225,045	1,396,067	1,303,306	592,556	187,379
Fleet replacement reserve		540,091	462,471	612,916	553,212	568,853
GSP restoration reserve		400,000	400,000	488,153	577,977	669,459
Urban drainage reserve		500,000	500,000	400,000	400,000	400,000
Landfill rehabilitation reserve		300,000	300,000	335,010	370,020	405,030
Lake Boort water reserve		17,069	17,069	17,069	17,069	17,069
Reserves improvement reserve		100,000	100,000	100,000	100,000	100,000
Caravan park development reserve		57,211	117,376	178,499	239,641	60,632
Superannuation liability reserve		898,808	1,200,000	1,200,000	1,200,000	1,200,000
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		73,996	73,996	73,996	73,996	73,996
Unsightly 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
Boundary and township signage reserve		83,206	100,000	100,000	100,000	100,000
Total discretionary reserves	4.3.2	11,334,154	7,209,110	7,088,503	6,245,382	6,079,584

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 2020/21 the FGRS cap has been set at 2.0%. The cap applies to general rates and municipal charges and is calculated on the basis of Council's average rates and charges.

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

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 2.0% in line with the rate cap. The kerbside and recycling collection charges will increase by 15.0% in line with expected expenditure increases in waste collection services and landfill operations with the continuation of Council's decision for this activity to remain cost neutral.

This will raise total rates and charges for 2020/21 of \$11.46 million.

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

	Forecast Actual 201/9/20 \$	Budget 2020/21 \$	Change \$	Change %
General rates*	8,403,204	8,564,421	161,217	1.9%
Municipal charge*	1,238,254	1,269,866	31,612	2.6%
Garbage charge	1,043,572	1,195,816	152,244	14.6%
Kerbside recycling charge	364,453	430,904	66,451	18.2%
Total rates and charges	11,049,483	11,461,007	411,524	3.7%
Interest on rates and charges	25,125	25,200	75	0.3%

* 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	2019/20 cents/\$CIV	2020/21 cents/\$CIV	Change
General	0.4074	0.3928	-3.6%
Rural	0.3585	0.3457	-3.6%

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	2019/20 \$	2020/21 \$	Change
General	2,416,997	2,508,770	3.8%
Rural	5,972,146	6,055,651	1.4%
Total amount to be raised by rates	8,389,143	8,564,421	2.1%

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	2019/20 number	2020/21 number	Change
General	4,230	4,248	0.4%
Rural	3,584	3,585	0.0%
Total number of assessments	7,814	7,833	0.2%

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	2019/20 \$	2020/21 \$	Change
General	593,221,700	638,611,200	7.7%
Rural	1,665,668,700	1,751,676,500	5.2%
Total value of land	2,258,890,400	2,390,287,700	5.8%

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 2019/20 \$	Per rateable property 2020/21 \$	Change
Municipal	217	221	1.8%

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

Type of charge	2019/20 \$	2020/21 \$	Change
Municipal	1,236,466	1,269,866	2.7%

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 2019/20 \$	Per rateable property 2020/21 \$	Change
Garbage collection 140 litre	280	322	15.0%
Garbage collection 240 litre	380	437	15.0%
Kerbside recycling 240 litre	106	122	15.1%

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	2019/20 \$	2020/21 \$	Change
Garbage charge	1,030,560	1,195,816	16.0%
Kerbside recycling charge	371,106	430,904	16.1%
Total	1,401,666	1,626,720	16.1%

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

	2019/20 \$	2020/21 \$	Change
General rates	8,403,204	8,564,421	1.9%
Municipal charge	1,238,254	1,269,866	2.6%
Garbage and kerbside recycling charge	1,408,025	1,626,720	15.5%
Total rates and charges	11,049,483	11,461,007	3.7%

4.1.1 (l) Fair Go Rates System Compliance

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

	2019/20 \$	2020/21 \$
Total rates base	9,390,838	9,641,458
Number of rateable properties	7,814	7,833
Base average rate	1,201.80	1,230.88
Maximum rate increase (set by State Government)	2.50%	2.00%
Capped average rate	1,231.84	1,255.49
Maximum general rates and municipal charges revenue	9,625,609	9,834,287
Budgeted general rates and municipal charges revenue	9,625,609	9,834,287

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 0.3928 cents in the dollar of CIV for all rateable general properties
- a rural rate of 0.3457 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 2020/21 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 2019/20 \$	Budget 2020/21 \$	Change \$	Change %
Building services	77,517	78,074	557	0.7%
Health Act	41,305	42,130	825	2.0%
Local laws	3,525	3,597	72	2.0%
Other	15,875	16,193	318	2.0%
Town planning fees	226,094	75,593	(150,501)	-66.6%
Total statutory fees and fines	364,316	215,586	(148,729)	-40.8%

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.

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.1 Comprehensive income statement (continued)

4.1.3 User fees

	Forecast Actual 2019/20 \$	Budget 2020/21 \$	Change \$	Change %
Aged services fees	532,344	492,447	(39,896)	-7.5%
Animal management	49,949	50,948	999	2.0%
Building services	2,000	2,040	40	2.0%
Caravan park fees	380,865	388,482	7,617	2.0%
Emergency service	20,533	6,955	(13,578)	-66.1%
Gravel pit fees	146,998	129,280	(17,718)	-12.1%
Other	31,031	34,325	3,294	10.6%
Pre-schools	193,830	158,725	(35,105)	-18.1%
Private works	48,926	49,905	979	2.0%
Rental income	100,165	102,280	2,115	2.1%
Standpipes and truckwashes	46,844	10,000	(36,844)	-78.7%
Tips and recycling fees	77,589	66,810	(10,779)	-13.9%
Tourism	49,011	34,733	(14,278)	-29.1%
Total user fees	1,680,085	1,526,932	(153,154)	-9.1%

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.

4.1.4 Grants

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

	Forecast Actual 2019/20 \$	Budget 2020/21 \$	Change \$	Change %
Grants were received in respect of the following:				
Summary of grants				
Commonwealth funded grants	11,446,281	6,972,940	(4,473,341)	-39.1%
State funded grants	8,101,219	1,867,057	(6,234,162)	-77.0%
Total grants received	19,547,500	8,839,997	(10,707,503)	-54.8%

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.1 Comprehensive income statement (continued)

4.1.4 Grants (Continued)

	Forecast Actual 2019/20 \$	Budget 2020/21 \$	Change \$	Change %
(a) Operating grants				
Recurrent - Commonwealth Government				
Victoria Grants Commission - local roads	3,794,873	1,845,062	(1,949,811)	-51.4%
Victoria Grants Commission - general	5,261,324	2,740,152	(2,521,172)	-47.9%
Recurrent - State Government				
Aged services	904,489	878,643	(25,846)	-2.9%
Community safety	18,267	18,614	347	1.9%
Environment management	75,000	75,000	-	0.0%
Fire protection	5,000	-	(5,000)	-100.0%
Fire Services Property Levy	43,721	-	(43,721)	-100.0%
Halls, sports and community centres	42,283	-	(42,283)	-100.0%
Maternal and child health	223,439	197,491	(25,948)	-11.6%
Pre-schools	495,044	519,733	24,689	5.0%
Tips / landfills	7,338	7,477	139	1.9%
Youth initiatives	53,000	24,500	(28,500)	-53.8%
Total recurrent grants	10,923,779	6,306,672	- 4,617,106	-42.3%
Non-recurrent State Government				
Community safety	133,694	45,599	(88,095)	-65.9%
Environment management	56,000	-	(56,000)	-100.0%
Flood mitigation	29,750	-	(29,750)	-100.0%
Halls, sports and community centres	170,966	-	(170,966)	-100.0%
Maternal and child health	4,797	-	(4,797)	-100.0%
Pre-schools	36,603	-	(36,603)	-100.0%
Total non-recurrent grants	431,810	45,599	(386,211)	-89.4%
Total operating grants	11,355,589	6,352,271	- 5,003,318	-44.1%

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.1 Comprehensive income statement (continued)

4.1.4 Grants (Continued)

	Forecast Actual 2019/20 \$	Budget 2020/21 \$	Change \$	Change %
(b) Capital grants				
Recurrent - Commonwealth Government				
Roads to Recovery	2,390,084	2,387,726	(2,358)	-0.1%
Recurrent - State Government				
Nil	-	-	-	0.0%
Total - recurrent capital grants	2,390,084	2,387,726	(2,358)	-0.1%
Non-recurrent - Commonwealth Government				
Nil	-	-	-	0.0%
Non-recurrent - State Government				
Caravan parks	611,809	-	(611,809)	-100.0%
Community facilities	2,624,670	100,000	(2,524,670)	-96.2%
Flood mitigation	552,133	-	(552,133)	-100.0%
Road projects	1,789,024	-	(1,789,024)	-100.0%
Streetscape projects	30,000	-	(30,000)	-100.0%
Swimming pools	-	-	-	0.0%
Tips / landfills	44,191	-	(44,191)	-100.0%
Waterways	150,000	-	(150,000)	-100.0%
Total - non-recurrent capital grants	5,801,827	100,000	(5,701,827)	-98.3%
Total - capital grants	8,191,911	2,487,726	(5,704,185)	-69.6%

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 2019/20 \$	Budget 2020/21 \$	Change \$	Change %
Monetary	421,626	100,000	(321,626)	100.0%
Non-monetary	-	-	-	0.0%
Total contributions	421,626	100,000	- 321,626	100.0%

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

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.1 Comprehensive income statement (continued)

4.1.6 Reimbursements

	Forecast Actual 2019/20 \$	Budget 2020/21 \$	Change \$	Change %
Fuel rebate	120,000	120,000	-	0.0%
Insurance claims	7,074	7,208	134	1.9%
Staff reimbursement	50,000	50,000	-	0.0%
Workcover	98,334	100,202	1,868	1.9%
Total reimbursements	275,408	277,411	2,003	0.7%

Reimbursements include diesel fuel rebates from the Taxation Office, insurance rebates, Workcover reimbursements, and training reimbursements.

4.1.7 Vic Roads

	Forecast Actual 2019/20 \$	Budget 2020/21 \$	Change \$	Change %
Routine maintenance	477,444	477,444	-	0.0%
Approved maintenance	25,181	20,380	(4,801)	-19.1%
Provisional sum items	12,402	12,650	248	2.0%
Total Vic Roads	515,027	510,474	(4,553)	-0.9%

Council's contract with Vic Roads includes an "as of right" amount for routine maintenance works.

4.1.8 Other income

	Forecast Actual 2019/20 \$	Budget 2020/21 \$	Change \$	Change %
Interest	375,000	350,000	(25,000)	-6.7%
Reversal of impairment losses	-	-	-	0.0%
Total other income	375,000	350,000	(25,000)	-6.7%

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

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.1 Comprehensive income statement (continued)

4.1.9 Employee costs

	Forecast Actual 2019/20 \$	Budget 2020/21 \$	Change \$	Change %
Wages and salaries	10,623,784	11,187,051	563,267	5.3%
Workcover	226,467	199,221	(27,246)	-12.0%
Superannuation	1,043,969	1,080,392	36,423	3.5%
Fringe benefits tax	109,370	112,346	2,976	2.7%
Total employee costs	12,003,590	12,579,010	575,420	4.8%

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.

4.1.10 Materials, services and contracts

	Forecast Actual 2019/20 \$	Budget 2020/21 \$	Change \$	Change %
Aged services	869,868	210,061	(659,806)	-75.9%
Animal management	18,742	19,102	360	1.9%
Building control	6,798	5,974	(824)	-12.1%
Building maintenance	231,662	202,381	(29,281)	-12.6%
Caravan parks	331,624	314,952	(16,672)	-5.0%
Commercial and rental properties	67,547	70,082	2,535	3.8%
Community support	618,837	820,140	201,303	32.5%
Disability access	135,472	25,000	(110,472)	-81.5%
Early years	491,196	225,692	(265,504)	-54.1%
Economic development and tourism	430,482	309,151	(121,332)	-28.2%
Emergency management	10,992	10,839	(154)	-1.4%
Environment	89,500	89,500	-	0.0%
Fire prevention	56,740	52,628	(4,112)	-7.2%
Governance and administration	835,216	1,110,456	275,241	33.0%
Gravel pits	20,232	27,398	7,166	35.4%
Halls and community centres	211,738	55,264	(156,474)	-73.9%
Health control	22,301	22,497	196	0.9%
Heritage and culture	51,909	2,000	(49,909)	-96.1%
Information systems	760,389	725,703	(34,686)	-4.6%
Library	211,222	216,502	5,281	2.5%
Local laws	8,050	8,000	(50)	-0.6%
Parks and streetscapes	973,596	551,156	(422,440)	-43.4%
Planning services	16,503	16,332	(171)	-1.0%
Plant operating	1,433,122	1,998,273	565,151	39.4%
Recreation support	166,093	189,641	23,548	14.2%
Road maintenance	564,731	573,179	8,448	1.5%
Sporting reserves	502,077	-	(502,077)	-100.0%
Staff costs	403,619	385,499	(18,120)	-4.5%
Standpipes	41,612	19,000	(22,612)	-54.3%

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.1 Comprehensive income statement (continued)

4.1.10 Materials, services and contracts (continued)

	Forecast Actual 2019/20 \$	Budget 2020/21 \$	Change \$	Change %
Strategies and plans	914,490	569,166	(345,324)	-37.8%
Street lighting	40,163	42,171	2,008	5.0%
Swimming pools	499,134	468,699	(30,434)	-6.1%
Tips / transfer stations	453,523	710,758	257,235	56.7%
Valuations	130,000	121,900	(8,100)	-6.2%
Waste collection	855,962	950,398	94,436	11.0%
Water and drainage	40,000	-	(40,000)	-100.0%
Waterways	161,623	63,680	(97,943)	-60.6%
Workshop and depots	79,837	78,462	(1,375)	-1.7%
Youth initiatives	68,815	30,500	(38,315)	-55.7%
Total materials, services and contracts	12,825,416	11,292,136	(1,533,280)	-12.0%

Materials, services and contracts include the purchase of consumables, payments to contractors for the provision of services and utility costs.

4.1.11 Depreciation

	Forecast Actual 2019/20 \$	Budget 2020/21 \$	Change \$	Change %
Roads	5,151,092	5,279,870	128,777	2.5%
Buildings	1,824,637	1,870,253	45,616	2.5%
Plant and equipment	1,265,168	1,296,797	31,629	2.5%
Bridges	341,888	350,435	8,547	2.5%
Urban drains	235,012	240,887	5,875	2.5%
Furniture and equipment	109,591	112,331	2,740	2.5%
Footpaths	185,556	190,195	4,639	2.5%
Kerb and channel	120,746	123,765	3,019	2.5%
Landfills	164,386	168,496	4,110	2.5%
Street furniture	30,502	31,264	763	2.5%
Quarries	2,435	2,496	61	2.5%
Total depreciation and amortisation	9,431,014	9,666,789	235,775	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.

4.1.12 Other expenses

	Actual 2020/21 \$	%
Councillors' emoluments	226,166	9.7%
Internal audit remuneration	40,500	1.9%
External audit remuneration	44,131	1.9%
Impairment of interest free loans	-	0.0%
Total other expenses	310,797	7.5%

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

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 \$7.4 million during the year mainly due the expectation to have most capital projects complete by 30 June and the prepayment of 50% of the Victoria Grants Commission funding.

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 \$8.5 million increase in this balance is attributable to the net result of the capital works program (\$20.11 million in 2019/20 and \$7.24 million in 2020/21), depreciation of assets (\$9.43 million in 2019/20 and \$9.67 million in 2020/21) 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 \$0.05 million in 2020/21 levels due to a reduction in material and services costs incurred during the financial year.

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 \$0.30 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. \$6.44 million is the decrease in accumulated surplus results directly from the surplus for the year. This is offset by an amount of \$4.1 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 2019/20 \$	Budget 2020/21 \$
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 2020/21 year, Council has decided not to take out any new borrowings.

4.2.5 Leases by category

As a result of the introduction of AASB16 Leases, right-of-use assets and lease liabilities have been recognised as outlined in the table below.

	Forecast Actual 2019/20 \$	Budget 2020/21 \$
Right-of-use assets	-	-
Property	-	-
Total right-of-use assets	-	-
Lease liabilities		
Current lease liabilities	-	-
Land and buildings	-	-
Total current lease liabilities	-	-
Non-current lease liabilities	-	-
Land and buildings	-	-
Total non-current lease liabilities	-	-
Total lease liabilities	-	-

Where the interest rate applicable to a lease is not expressed in the lease agreements, Council applied the average incremental borrowing rate in the calculation of lease liabilities. The current incremental borrowing rate is 0.25%

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. This reserve was closed in 2019/20.

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.

Skinnners Flat water reserve

The Skinnners Flat Water Reserve is used to fund major repairs and capital works at the Skinnners 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. This reserve was closed in 2019/20.

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. This reserve was closed in 2019/20.

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.

Boundary and township signage reserve

The Boundary and Township Signage Reserve is used to fund replacement of Council's boundary and township signage.

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 2020:

2019/20 reserves - as per projected forecast				
Name of reserve	Balance at 1 July 2019 \$	Transfers to reserves \$	Transfers from reserves \$	Balance at 30 June 2020 \$
Land and buildings reserve	726,889	155,000	778,322	103,567
Professional development reserve	3,619	8,000	-	11,619
Unspent grants reserve	8,688,189	4,680,597	8,688,189	4,680,597
Capital expenditure reserve	3,436,895	-	3,436,895	-
Information technology reserve	1,115,596	285,000	600,596	800,000
Valuation reserve	123,206	-	123,206	-
Units reserve	113,744	15,941	69,685	60,000
Economic development reserve	385,410	100,000	213,000	272,410
Skinner's Flat reserve	7,535	-	-	7,535
Community planning reserve	1,625,220	-	775,220	850,000
Plant replacement reserve	1,410,711	895,357	1,081,023	1,225,045
Fleet replacement reserve	523,757	221,834	205,500	540,091
GSP restoration reserve	558,192	146,998	305,190	400,000
Urban drainage reserve	800,598	550,000	850,598	500,000
Waste management reserve	352,207	35,010	87,217	300,000
Lake Boort water reserve	17,069	-	-	17,069
Reserves improvement reserve	100,000	-	-	100,000
Caravan park development reserve	361,187	43,524	347,500	57,211
Superannuation liability reserve	797,616	101,192	-	898,808
Unspent contributions reserve	-	-	-	-
War memorial reserve	3,000	-	-	3,000
Heritage loan scheme reserve	100,000	-	-	100,000
Major projects reserve	259,796	-	185,800	73,996
Unightly premises enforcement	100,000	-	-	100,000
Swimming pool major projects reserve	100,000	50,000	-	150,000
Boundary and township signage	-	123,206	40,000	83,206
TOTAL	21,710,436	7,411,659	17,787,941	11,334,154

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 2021:

2020/21 reserves - as per budget				
Name of reserve	Balance at 1 July 2020 \$	Transfers to reserves \$	Transfers from reserves \$	Balance at 30 June 2021 \$
Land and buildings reserve	103,567	120,000	-	223,567
Professional development reserve	11,619	6,000	-	17,619
Unspent grants reserve	4,680,597	-	4,680,597	-
Capital expenditure reserve	-	-	-	-
Information technology reserve	800,000	185,000	185,000	800,000
Valuation reserve	-	-	-	-
Units reserve	60,000	-	-	60,000
Economic development reserve	272,410	100,000	192,000	180,410
Skinner's Flat reserve	7,535	-	-	7,535
Community planning reserve	850,000	-	-	850,000
Plant replacement reserve	1,225,045	917,741	746,719	1,396,067
Fleet replacement reserve	540,091	227,380	305,000	462,471
GSP restoration reserve	400,000	-	-	400,000
Urban drainage reserve	500,000	350,000	350,000	500,000
Waste management reserve	300,000	-	-	300,000
Lake Boort water reserve	17,069	-	-	17,069
Reserves improvement reserve	100,000	-	-	100,000
Caravan park development reserve	57,211	67,665	7,500	117,376
Superannuation liability reserve	898,808	301,192	-	1,200,000
Unspent contributions reserve	-	-	-	-
War memorial reserve	3,000	-	-	3,000
Heritage loan scheme	100,000	-	-	100,000
Major projects reserve	73,996	-	-	73,996
Unightly premises enforcement	100,000	-	-	100,000
Swimming pool major projects reserve	150,000	50,000	-	200,000
Boundary and township signage	83,206	16,794	-	100,000
TOTAL	11,334,154	2,341,772	6,466,816	7,209,110

By including the above transfers from reserves it is expected that reserve levels increase by approximately \$4.12 million, leaving a balance of \$7.2 million in the reserves account.

4.3.3 Details of reserves

The following schedule provides details of each of the reserve transfers for 2020/21:

Land and buildings reserve			
Opening balance			103,567
ADD transfer to reserve			
Sale of housing estate land	Activity 110	-	
Sale and land and buildings	Activity 191	120,000	120,000
LESS transfer from reserve			
Nil	N/A		-
Closing balance			223,567

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			11,619
ADD transfer to reserve			
Annual allocation	Activity 461	6,000	6,000
LESS transfer from reserve			
Nil	N/A	-	-
Closing balance			17,619
Unspent grants reserve			
Opening balance			4,680,597
ADD transfer to reserve			
Nil	N/A	-	-
LESS transfer from reserve			
Grants Commission funding	421	(4,680,597)	(4,680,597)
Closing balance			-
Capital expenditure reserve			
Opening balance			-
ADD transfer to reserve			
Nil	N/A	-	-
LESS transfer from reserve			
Nil	N/A	-	-
Closing balance			-
Information technology reserve			
Opening balance			800,000
ADD transfer to reserve			
Annual allocations for major purchases	Activity 461	185,000	185,000
LESS transfer from reserve			
Server replacement	Activity 434	(50,000)	
Photocopier / scanner	Activity 491	(10,000)	
IT strategy implementation	Activity 434	(60,000)	
PC replacement	Activity 491	(60,000)	
Asset Edge devices	Activity 491	(5,000)	(185,000)
Closing balance			800,000
Valuation reserve			
Opening balance			-
ADD transfer to reserve			
Nil	N/A	-	-
LESS transfer from reserve			
Nil	N/A	-	-
Closing balance			-

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			60,000
ADD transfer to reserve			
Nil	N/A	-	-
LESS transfer from reserve			
Nil	N/A	-	-
Closing balance			60,000
Economic development reserve			
Opening balance			272,410
ADD transfer to reserve			
Yearly allocation	Activity 461	100,000	100,000
LESS transfer from reserve			
Project scoping	Activity 110	(15,000)	
Agribusiness Forum	Activity 131	(10,000)	
Economic development strategy	Activity 131	(167,000)	(192,000)
Closing balance			180,410
Skinner's flat reserve			
Opening balance			7,535
ADD transfer to reserve			
Nil	N/A	-	-
LESS transfer from reserve			
Nil	N/A	-	-
Closing balance			7,535
Community planning reserve			
Opening balance			850,000
ADD transfer to reserve			
Nil	N/A	-	-
LESS transfer from reserve			
Nil	N/A	-	-
Closing balance			850,000
Plant replacement reserve			
Opening balance			1,225,045
ADD transfer to reserve			
Annual allocation to reserve	Activity 461	917,741	917,741
LESS transfer from reserve			
Net cost of plant replacement	Activity 391	(746,719)	(746,719)
Closing balance			1,396,067

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			540,091
ADD transfer to reserve			
Annual allocation to reserve	Activity 461	227,380	227,380
LESS transfer from reserve			
Net cost of fleet replacement	Activity 391	(305,000)	(305,000)
Closing balance			462,471
GSP restoration reserve			
Opening balance			400,000
ADD transfer to reserve			
Nil	N/A	-	-
LESS transfer from reserve			
Nil	N/A	-	-
Closing balance			400,000
Urban drainage reserve			
Opening balance			500,000
ADD transfer to reserve			
Annual allocation	Activity 461	350,000	350,000
LESS transfer from reserve			
Drainage program	Activity 371	(350,000)	(350,000)
Closing balance			500,000
Waste management reserve			
Opening balance			300,000
ADD transfer to reserve			
Nil	N/A	-	-
LESS transfer from reserve			
Nil	N/A	-	-
Closing balance			300,000
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			17,069
ADD transfer to reserve			
Nil	N/A	-	-
LESS transfer from reserve			
Nil	N/A	-	-
Closing balance			17,069
Caravan park development reserve			
Opening balance			57,211
ADD transfer to reserve			
Surplus of caravan park operations	Activity 123	67,665	67,665
LESS transfer from reserve			
Tree works	Activity 123	(7,500)	(7,500)
Closing balance			117,376
Superannuation liability reserve			
Opening balance			898,808
ADD transfer to reserve			
Additional allocated - COVID-19 response	Activity 461	200,000	
Wedderburn streetscape return funds	Activity 461	101,192	301,192
LESS transfer from reserve			
Nil	N/A	-	-
Closing balance			1,200,000
Unspent contributions reserve			
Opening balance			-
ADD transfer to reserve			
Nil	N/A	-	-
LESS transfer from reserve			
Nil	N/A	-	-
Closing balance			-
War memorial reserve			
Opening balance			3,000
ADD transfer to reserve			
Nil	N/A	-	-
LESS transfer from reserve			
Nil	N/A	-	-
Closing balance			3,000

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			73,996
ADD transfer to reserve			
Nil	N/A	-	-
LESS transfer from reserve			
Nil	N/A	-	-
Closing balance			73,996

Unightly 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

Boundary and township entrance signage			
Opening balance			83,206
ADD transfer to reserve			
Annual allocation to reserve	Activity 461	16,794	16,794
LESS transfer from reserve			
Nil	N/A	-	-
Closing balance			100,000

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

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 2019/20 \$	Budget 2020/21 \$	Variance \$
Current assets	20,837,918	13,209,055	7,628,863
Current liabilities	3,294,550	3,159,175	135,375
Working capital	17,543,368	10,049,880	7,493,488
Intended allocation assets			
- Discretionary reserves	(11,334,154)	(7,209,110)	(4,125,044)
- Long service leave	(1,893,538)	(1,993,538)	100,000
Restricted allocation assets			
- Trust funds and deposits	(323,711)	(307,525)	(16,186)
Unrestricted working capital	3,991,965	539,707	3,452,258

In addition to the restricted assets above, Council is also projected to hold \$7.21 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 2020/21 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 an increase in operating costs offset by a decrease in grants. This is partially offset by a slight increase in rates and charges, which includes an increase in rates of 2.0% and garbage related charges of 15.0%.

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 decrease in payments for investing activities represents a decrease in capital works expenditure. Term deposits are also expected to decrease.

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 2020/21.

4.4.4 Cash and cash equivalents at the end of the year

Overall, total cash and investments is forecast to decrease by \$7.41 million to \$10.03 million as at 30 June 2021, 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 2021 it will have unrestricted cash and investments of \$0.5 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 2019/20 \$	Budget 2020/21 \$	Variance \$
Total cash and investments		17,434,648	10,026,088	(7,408,560)
Intended allocation assets				
Long service leave	4.4.5	(1,893,538)	(1,993,538)	(100,000)
Discretionary reserves	4.4.6	(11,334,154)	(7,209,110)	4,125,044
Restricted allocation assets				
Trust funds and deposits		(323,711)	(307,525)	16,186
Unrestricted cash adjusted for discretionary reserves	4.4.7	3,883,245	515,915	(3,367,330)

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 2020/21 year.

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

- new works for 2020/21
- works carried forward from the 2019/20 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	5,000	5,000	-	-	-
Total land	5,000	5,000	-	-	-
Buildings					
Building improvements	650,000	-	650,000	-	-
Total buildings	650,000	-	650,000	-	-
Total property	655,000	5,000	650,000	-	-
Plant and equipment					
Plant, machinery and equipment	1,452,900	1,452,900	-	-	-
Computers and telecommunications	185,000	185,000	-	-	-
Fixtures fittings and furniture	-	-	-	-	-
Total plant and equipment	1,637,900	1,637,900	-	-	-
Infrastructure					
Roads	3,239,065	-	3,239,065	-	-
Bridges	143,965	-	143,965	-	-
Footpaths	278,928	-	278,928	-	-
Drainage	350,000	-	-	350,000	-
Recreation leisure and community facilities	7,500	-	-	7,500	-
Parks, open space and streetscapes	800,000	-	100,000	700,000	-
Other infrastructure	-	-	-	-	-
Total infrastructure	4,819,458	-	3,761,958	1,057,500	-
Total new works	7,112,358	1,642,900	4,411,958	1,057,500	-

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	5,000	-	-	5,000	-
Total land	5,000	-	-	5,000	-
Buildings					
Building improvements	650,000	-	-	650,000	-
Total buildings	650,000	-	-	650,000	-
Total property	655,000	-	-	655,000	-
Plant and equipment					
Plant, machinery and equipment	1,452,900	-	1,051,719	50,000	351,181
Computers and telecommunications	185,000	-	185,000	-	-
Fixtures fittings and furniture	-	-	-	-	-
Total plant and equipment	1,637,900	-	1,236,719	50,000	351,181
Infrastructure					
Roads	3,239,065	1,964,833	-	1,274,232	-
Bridges	143,965	143,965	-	-	-
Footpaths	278,928	278,928	-	-	-
Drainage	350,000	-	350,000	-	-
Recreation leisure and community facilities	7,500	-	7,500	-	-
Parks, open space and streetscapes	800,000	200,000	-	600,000	-
Other infrastructure	-	-	-	-	-
Total infrastructure	4,819,458	2,587,726	357,500	1,874,232	-
Total new works	7,112,358	2,587,726	1,594,219	2,579,232	351,181

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.5 Capital works program (continued)

4.5.3 Works carried forward from the 2019/20 year by asset expenditure type

Capital works area	Project cost	Asset expenditure types			
		New \$	Renewal \$	Upgrade \$	Expansion \$
Property					
Land	-	-	-	-	-
Land improvements	-	-	-	-	-
Total land	-	-	-	-	-
Buildings	-	-	-	-	-
Building improvements	130,000	-	130,000	-	-
Total buildings	130,000	-	130,000	-	-
Total property	130,000	-	130,000	-	-
Plant and equipment					
Plant, machinery and equipment	-	-	-	-	-
Computers and telecommunications	-	-	-	-	-
Fixtures fittings and furniture	-	-	-	-	-
Total plant and equipment	-	-	-	-	-
Infrastructure					
Roads	-	-	-	-	-
Bridges	-	-	-	-	-
Footpaths	-	-	-	-	-
Drainage	-	-	-	-	-
Recreation leisure and community facilities	-	-	-	-	-
Parks, open space and streetscapes	-	-	-	-	-
Other infrastructure	-	-	-	-	-
Total infrastructure	-	-	-	-	-
Total carried forward works	130,000	-	130,000	-	-

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.5 Capital works program (continued)

4.5.4 Works carried forward from the 2019/20 year by funding source

Capital works area	Project cost	Funding sources			
		Grants \$	Reserves \$	Council funded \$	Sale of assets \$
Property					
Land	-	-	-	-	-
Land improvements	-	-	-	-	-
Total land	-	-	-	-	-
Buildings	-	-	-	-	-
Building improvements	130,000	-	-	130,000	-
Total buildings	130,000	-	-	130,000	-
Total property	130,000	-	-	130,000	-
Plant and equipment					
Plant, machinery and equipment	-	-	-	-	-
Computers and telecommunications	-	-	-	-	-
Fixtures fittings and furniture	-	-	-	-	-
Total plant and equipment	-	-	-	-	-
Infrastructure					
Roads	-	-	-	-	-
Bridges	-	-	-	-	-
Footpaths	-	-	-	-	-
Drainage	-	-	-	-	-
Recreation leisure and community facilities	-	-	-	-	-
Parks, open space and streetscapes	-	-	-	-	-
Other infrastructure	-	-	-	-	-
Total infrastructure	-	-	-	-	-
Total carried forward works	130,000	-	-	130,000	-

5 FINANCIAL PERFORMANCE INDICATORS

Indicator	Measure	Notes	Actual	Forecast	Budget	Trend
			2018/19	2019/20	2020/21	+/-
Operating position						
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	1	-2.87%	-23.33%	-46.59%	-
Liquidity						
Working capital	Current assets / Current liabilities	2	503.88%	632.50%	418.12%	-
Unrestricted cash	Unrestricted cash / Current liabilities		-156.79%	117.87%	16.33%	-
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		12.57%	15.43%	17.51%	+
Asset renewal	Asset renewal expenses / Asset depreciation	4	19.86%	79.11%	46.99%	-
Stability						
Rates concentration	Rates revenue / Adjusted underlying revenue	5	24.87%	39.42%	49.60%	+
Rates effort	Rate revenue / CIV of rateable properties in the municipality		0.52%	0.49%	0.48%	O
Efficiency						
Expenditure level	Total expenses / No. of property assessments		\$5,685	\$4,424	\$4,324	O
Revenue level	Residential rate revenue / No. of residential property assessments		\$1,008	\$1,057	\$1,092	O
Workforce turnover	No. of permanent staff resignations and terminations / Average no. of permanent staff for the financial		10.32	7.14	6.98	-

5 FINANCIAL PERFORMANCE INDICATORS (Continued)

Indicator	Measure	Notes	Strategic Resource Plan Projections			Trend
			2021/22	2022/23	2023/24	+ / O / -
Operating position						
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	1	-17.87%	-18.54%	-19.34%	O
Liquidity						
Working capital	Current assets / Current liabilities	2	353.11%	212.36%	119.75%	-
Unrestricted cash	Unrestricted cash / Current liabilities		-66.64%	-195.18%	-297.20%	+
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		19.24%	21.10%	22.93%	+
Asset renewal	Asset renewal expenses / Asset depreciation	4	48.48%	45.62%	55.41%	+
Stability						
Rates concentration	Rates revenue / Adjusted underlying revenue	5	41.07%	41.17%	41.26%	O
Rates effort	Rate revenue / CIV of rateable properties in the municipality		0.48%	0.48%	0.48%	O
Efficiency						
Expenditure level	Total expenses / No. of property assessments		\$4,272	\$4,371	\$4,479	+
Revenue level	Residential rate revenue / No. of residential property assessments		\$1,111	\$1,133	\$1,156	+
Workforce turnover	No. of permanent staff resignations and terminations / Average no. of permanent staff for the financial		6.98	6.98	6.98	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 2020/21 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 2020/21 Budget, which is included in this report, is for the year 1 July 2020 to 30 June 2021 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 2021 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 2020/21 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 2020/21 financial year.

C.1 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	400,000					400,000
Community planning strategic fund	250,000					250,000
Wedderburn Office refurbishment					130,000	130,000
Total land and buildings	650,000	5,000	-	-	130,000	785,000
Furniture and equipment						
Server replacement		50,000				50,000
PC replacement		60,000				60,000
Photocopier / scanner		10,000				10,000
Asset Edge devices		5,000				5,000
IT Strategy implementation		60,000				60,000
Total furniture and equipment	-	185,000	-	-	-	185,000
Plant and equipment						
Minor plant and equipment		15,000				15,000
Fleet replacement		522,000				522,000
Recreation reserve mowers		35,000				35,000
Plant replacement		880,900				880,900
Total plant and equipment	-	1,452,900	-	-	-	1,452,900
Footpaths						
Township street improvements	278,928					278,928
Total footpaths	278,928	-	-	-	-	278,928
Roadworks						
Local road reseals	1,096,003					1,096,003
Local road amenity	129,892					129,892
Local road safety	162,365					162,365
Local road construction	1,132,224					1,132,224
Local road resheets	324,730					324,730
Local road shoulder sheets	378,851					378,851
Local bridges and culverts	143,965					143,965
Boundary entrance signage parks and locality	15,000					15,000
Total roadworks	3,383,030	-	-	-	-	3,383,030

APPENDIX C - CAPITAL WORKS PROGRAM (Continued)

C.1 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			350,000			350,000
Total urban and road drainage	-	-	350,000	-	-	350,000
Recreation, leisure and community facilities						
Caravan park trees			7,500			7,500
Total recreation, leisure and community facilities	-	-	7,500	-	-	7,500
Parks, open space and streetscapes						
Parks and gardens strategy	100,000					100,000
Boort Lake precinct			500,000			500,000
Community planning allocations			200,000			200,000
Total parks, open space and streetscapes	100,000	-	700,000	-	-	800,000
Total	4,411,958	1,642,900	1,057,500	-	130,000	7,242,358

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 2019/20 Forecast Actuals, the 2020/21 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 2019/20 \$	Budget 2020/21 \$	Variance \$
Revenues from ordinary activities			
Rates and charges	11,049,483	11,461,007	411,524
Statutory and user fees	2,044,401	1,742,518	(301,883)
Operating grants	11,355,589	6,352,271	(5,003,318)
Capital grants	8,191,911	2,487,726	(5,704,185)
Operating contributions	421,626	100,000	(321,626)
Capital contributions	-	-	-
Vic Roads	515,027	510,474	(4,553)
Reversal of impairment losses	-	-	-
Reimbursements	275,408	277,411	2,003
Interest	400,125	375,200	(24,925)
Total revenues	34,253,570	23,306,607	(10,946,963)
Expenses from ordinary activities			
Labour	10,623,783	11,187,051	563,268
Materials and services	11,879,675	10,359,240	(1,520,435)
Contracts	1,807,754	1,797,721	(10,033)
Utilities	517,793	527,134	9,341
Depreciation	9,431,014	9,666,789	235,775
Interest expense	-	-	-
Other expenses	310,797	334,239	23,442
Total expenses	34,570,816	33,872,174	(698,642)
Net (gain) / loss on sale of assets	-	-	-
Surplus / (deficit) for the year	(317,246)	(10,565,567)	(10,248,321)

APPENDIX D - AUDIT COMMITTEE FINANCIALS (Continued)

COMPREHENSIVE INCOME STATEMENT BY KEY DIRECTION AREA

	Forecast actual 2019/20 \$	Budget 2020/21 \$	Variance \$
Revenues from ordinary activities			
Rates and charges	11,049,483	11,461,007	411,524
Operating grants	11,355,589	6,352,271	(5,003,318)
Capital grants	8,191,911	2,487,726	(5,704,185)
Operating contributions	421,626	100,000	(321,626)
Capital contributions	-	-	-
User fees	2,044,401	1,742,518	(301,883)
Reimbursements	275,408	277,411	2,003
Reversal of impairment losses	-	-	-
Vic Roads	515,027	510,474	(4,553)
Interest	400,125	375,200	(24,925)
Total revenues	34,253,570	23,306,607	(10,946,963)
Expenses from ordinary activities			
Economic development and tourism	1,679,456	1,413,391	(266,065)
Leadership	1,743,929	2,435,725	691,796
Works and infrastructure	14,062,327	14,869,668	807,341
Good management	4,940,989	5,270,392	329,403
Environment	2,381,447	2,732,641	351,194
Community services and recreation	9,762,668	7,150,357	(2,612,311)
Total expenses	34,570,816	33,872,174	(698,642)
Net (gain) / loss on sale of assets	-	-	-
Surplus / (deficit) for the year	(317,246)	(10,565,567)	(10,248,321)

APPENDIX D - AUDIT COMMITTEE FINANCIALS (Continued)

CAPITAL EXPENDITURE STATEMENT

	Forecast actual 2019/20 \$	Budget 2020/21 \$	Variance \$
Surplus / (deficit) for the year-as per income statement	(317,246)	(10,565,567)	(10,248,321)
Less non-cash income			
Reversal of impairment losses	-	-	-
Add non-cash expenditure			
Net gain on sale of assets	-	-	-
Loan interest accrued	-	-	-
Depreciation	9,431,014	9,666,789	235,775
Total funds available for capital expenditure	9,113,768	(898,778)	- 10,012,546
Capital expenditure, transfers and loans			
Economic development and tourism	2,029,440	12,500	(2,016,940)
Leadership	-	-	-
Works and infrastructure	9,369,544	5,464,858	(3,904,686)
Good management	939,229	715,000	(224,229)
Environment	1,547,375	-	(1,547,375)
Community services and recreation	6,227,121	1,050,000	(5,177,121)
Total capital works	20,112,709	7,242,358	(12,870,351)
Transfers to reserves	7,411,659	2,341,772	(5,069,887)
Loan repayments	-	-	-
Total capital, transfers and loans	27,524,368	9,584,130	(17,940,238)
Capital expenditure, transfers and loans will be financed by:			
Asset sales	402,467	471,181	68,714
Transfers from reserves	17,787,946	6,466,816	(11,321,130)
Accumulated cash surplus brought forward from previous year	3,860,817	3,640,629	(220,188)
Total financing of capital, transfers, and loans	22,051,230	10,578,626	(11,472,604)
Total accumulated cash surplus	3,640,629	95,718	(3,544,911)