

3. Financial Statements

This section presents information in regard to the Financial Statements and Statement of Human Resources. The budget information for the year 2019-20 has been supplemented with projection to 2022-23 extracted from the Strategic Resource Plan.

This section includes the following financial statements prepared in accordance with the Local Government Act 1989 and the Local Government Planning and Reporting regulations 2014.

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Pending Accounting Standards

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

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

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

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

- *AASB 16 Leases* – Introduces a single lessee accounting model whereby the Council will be required to recognise a right of use asset and associated liability for leases longer than 12 months, except those considered to be of low value.
- *AASB 15 Revenue from Contracts with Customers* and *AASB 1058 Income of Not for Profit Entities* – Change the way that councils recognise income and also address matters such as grant funding, contribution of assets and volunteer services. A key change is replacement for some transactions of the criteria of control as a determinant of the timing of income recognition, with the criteria of satisfying performance obligations in an enforceable agreement.

These new standards have the potential to impact the timing of how the City of Greater Geelong recognises income.

Comprehensive Income Statement

For the four years ending 30 June 2023

	Notes	Forecast	Budget	Strategic Resource Plan		
		Actual 2018-19 \$'000	2019-20 \$'000	Projections		
				2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Income						
Rates and charges	4.1.1	238,620	249,024	251,946	261,567	271,260
Statutory fees and fines	4.1.2	14,439	15,297	15,679	16,071	16,473
User fees	4.1.3	56,241	58,421	59,881	61,378	62,913
Grants - Operating	4.1.4	45,244	58,852	60,323	61,831	63,377
Grants - Capital	4.1.4	27,245	12,048	18,465	7,294	6,444
Contributions - monetary	4.1.5	7,897	7,529	5,773	12,973	13,473
Contributions - non-monetary	4.1.5	67,418	56,500	35,000	30,000	30,000
Net gain/(loss) on disposal of property, infrastructure, plant and equipment		(3,302)	(6,043)	(592)	6,846	(3,210)
Fair value adjustments for investment property		-	-	-	-	-
Share of net profits/(losses) of associates and joint ventures		-	-	-	-	-
Other income	4.1.6	8,231	8,014	8,979	9,448	9,622
Total income		462,033	459,641	455,455	467,408	470,352
Expenses						
Employee costs	4.1.7	160,255	167,711	172,928	177,546	181,578
Materials and services	4.1.8	104,819	116,574	120,362	119,946	119,839
Depreciation and amortisation	4.1.9	62,893	67,080	69,931	72,903	78,002
Bad and doubtful debts		900	920	940	960	960
Borrowing costs		2,813	3,466	5,850	9,691	10,705
Other expenses	4.1.10	28,847	25,753	26,332	26,925	27,531
Total expenses		360,527	381,504	396,343	407,971	418,614
Surplus/(deficit) for the year		101,507	78,137	59,113	59,437	51,738
Other comprehensive income						
Items that will not be reclassified to surplus or deficit in future periods						
Net asset revaluation increment /(decrement)		-	-	-	-	-
Share of other comprehensive income of associates and joint ventures		-	-	-	-	-
Items that may be reclassified to surplus or deficit in future periods						
(detail as appropriate)		-	-	-	-	-
Total comprehensive result		101,507	78,137	59,113	59,437	51,738

Balance Sheet

For the four years ending 30 June 2023

	Notes	Forecast	Budget	Strategic Resource Plan		
		Actual		Projections		
		2018-19	2019-20	2020-21	2021-22	2022-23
		\$'000	\$'000	\$'000	\$'000	\$'000
Assets						
Current assets						
Cash and cash equivalents		92,518	109,338	125,399	124,301	110,382
Trade and other receivables		13,000	13,300	13,600	13,900	14,200
Other financial assets		200	200	200	200	200
Inventories		893	958	980	1,003	1,024
Non-current assets classified as held for sale		-	-	-	-	-
Other assets		-	-	-	-	-
Total current assets	4.2.1	<u>106,611</u>	<u>123,796</u>	<u>140,179</u>	<u>139,404</u>	<u>125,806</u>
Non-current assets						
Trade and other receivables		1,569	1,585	1,601	1,617	1,633
Other financial assets		-	-	-	-	-
Investments in associates, joint arrangement and subsidiaries		10,694	10,694	10,694	10,694	10,694
Property, infrastructure, plant and equipment		2,447,118	2,537,410	2,660,138	2,784,816	2,842,513
Investment property		-	-	-	-	-
Intangible assets		-	-	-	-	-
Total non-current assets	4.2.1	<u>2,459,381</u>	<u>2,549,689</u>	<u>2,672,432</u>	<u>2,797,127</u>	<u>2,854,840</u>
Total assets		<u>2,565,992</u>	<u>2,673,485</u>	<u>2,812,611</u>	<u>2,936,530</u>	<u>2,980,646</u>
Liabilities						
Current liabilities						
Trade and other payables		21,575	22,312	22,989	23,125	23,303
Trust funds and deposits		3,000	3,000	3,000	3,000	3,000
Provisions		33,341	35,753	36,858	37,835	38,684
Interest-bearing liabilities	4.2.3	9,055	13,019	39,490	24,766	27,380
Total current liabilities	4.2.2	<u>66,972</u>	<u>74,084</u>	<u>102,338</u>	<u>88,726</u>	<u>92,366</u>
Non-current liabilities						
Provisions		16,173	16,136	15,969	9,790	5,847
Interest-bearing liabilities	4.2.3	56,517	78,797	130,724	214,996	207,676
Total non-current liabilities	4.2.2	<u>72,690</u>	<u>94,933</u>	<u>146,693</u>	<u>224,785</u>	<u>213,523</u>
Total liabilities		<u>139,662</u>	<u>169,017</u>	<u>249,031</u>	<u>313,511</u>	<u>305,889</u>
Net assets		<u>2,426,331</u>	<u>2,504,468</u>	<u>2,563,580</u>	<u>2,623,020</u>	<u>2,674,757</u>
Equity						
Accumulated surplus		1,405,517	1,487,993	1,532,887	1,590,056	1,661,565
Reserves		1,020,814	1,016,475	1,030,693	1,032,964	1,013,192
Total equity		<u>2,426,331</u>	<u>2,504,468</u>	<u>2,563,580</u>	<u>2,623,020</u>	<u>2,674,757</u>

Statement of Changes in Equity

For the four years ending 30 June 2023

	Notes	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2019 Forecast Actual					
Balance at beginning of the financial year		2,324,824	1,281,952	990,542	52,330
Surplus/(deficit) for the year		101,507	101,507	-	-
Net asset revaluation increment/(decrement)		-	-	-	-
Transfers to other reserves		-	(29,960)	-	29,960
Transfers from other reserves		-	52,018	-	(52,018)
Balance at end of the financial year		2,426,331	1,405,517	990,542	30,272
2020 Budget					
Balance at beginning of the financial year		2,426,331	1,405,517	990,542	30,272
Surplus/(deficit) for the year		78,137	78,137	-	-
Net asset revaluation increment/(decrement)		-	-	-	-
Transfers to other reserves	4.3.1	-	(27,055)	-	27,055
Transfers from other reserves	4.3.1	-	31,369	-	(31,369)
Balance at end of the financial year	4.3.2	2,504,468	1,487,968	990,542	25,958
2021					
Balance at beginning of the financial year		2,504,468	1,487,968	990,542	25,958
Surplus/(deficit) for the year		59,113	59,113	-	-
Net asset revaluation increment/(decrement)		-	-	-	-
Transfers to other reserves		-	(45,793)	-	45,793
Transfers from other reserves		-	31,600	-	(31,600)
Balance at end of the financial year		2,563,580	1,532,887	990,542	40,151
2022					
Balance at beginning of the financial year		2,563,580	1,532,887	990,542	40,151
Surplus/(deficit) for the year		59,437	59,437	-	-
Net asset revaluation increment/(decrement)		-	-	-	-
Transfers to other reserves		-	(49,262)	-	49,262
Transfers from other reserves		-	46,993	-	(46,993)
Balance at end of the financial year		2,623,020	1,590,056	990,542	42,420
2023					
Balance at beginning of the financial year		2,623,020	1,590,056	990,542	42,420
Surplus/(deficit) for the year		51,738	51,738	-	-
Net asset revaluation increment/(decrement)		-	-	-	-
Transfers to other reserves		-	(29,490)	-	29,490
Transfers from other reserves		-	49,262	-	(49,262)
Balance at end of the financial year		2,674,757	1,661,566	990,542	22,648

Statement of Cash Flows

For the four years ending 30 June 2023

	Notes	Forecast	Strategic Resource Plan Projections			
		Actual	Budget	2020-21	2021-22	2022-23
		2018-19	2019-20	2020-21	2021-22	2022-23
		\$'000	\$'000	\$'000	\$'000	\$'000
		Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities						
Rates and charges		238,526	248,933	251,873	261,495	271,186
Statutory fees and fines		14,439	15,297	15,679	16,071	16,473
User fees		60,262	62,446	63,933	65,429	66,966
Grants - operating		45,444	58,852	60,523	62,031	63,577
Grants - capital		25,115	12,048	18,465	7,294	6,444
Contributions - monetary		7,897	6,029	5,773	12,973	13,473
Interest received		1,886	1,900	2,200	2,500	2,500
Dividends received		-	-	-	-	-
Trust funds and deposits taken		-	-	-	-	-
Other receipts		6,345	7,814	6,779	6,948	7,122
Net GST refund / payment		11,700	11,700	11,700	11,700	11,700
Employee costs		(157,980)	(165,059)	(171,711)	(176,473)	(180,644)
Materials and services		(145,871)	(142,695)	(143,032)	(143,314)	(143,334)
Trust funds and deposits repaid		-	-	-	-	-
Other payments		(17,873)	(19,030)	(20,142)	(20,598)	(21,034)
Net cash provided by/(used in) operating activities	4.4.1	89,890	98,234	102,040	106,057	114,428
Cash flows from investing activities						
Payments for property, infrastructure, plant and equipment		(131,105)	(116,977)	(168,298)	(185,590)	(111,022)
Proceeds from sale of property, infrastructure, plant and equipment		17,093	12,784	9,770	24,577	1,836
Payments for investments		-	-	-	(6,000)	(3,750)
Proceeds from sale of investments		-	-	-	-	-
Loan and advances made		-	-	-	-	-
Payments of loans and advances		-	-	-	-	-
Net cash provided by/ (used in) investing activities	4.4.2	(114,012)	(104,193)	(158,528)	(167,013)	(112,936)
Cash flows from financing activities						
Finance costs		(2,813)	(3,466)	(5,850)	(9,691)	(10,705)
Proceeds from borrowings		26,022	35,299	91,417	109,038	20,060
Repayment of borrowings		(9,127)	(9,055)	(13,019)	(39,490)	(24,766)
Net cash provided by/(used in) financing activities	4.4.3	14,082	22,778	72,549	59,857	(15,411)
Net increase/(decrease) in cash & cash equivalents		(10,040)	16,819	16,061	(1,098)	(13,919)
Cash and cash equivalents at the beginning of the financial year		102,558	92,518	109,338	125,399	124,301
Cash and cash equivalents at the end of the financial year		92,518	109,338	125,399	124,301	110,382

Statement of Capital Works

For the four years ending 30 June 2023

Notes	Forecast	Budget 2019-20 \$'000	Strategic Resource Plan Projections		
	Actual 2018-19 \$'000		2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Property					
Buildings	10,372	19,123	36,208	56,208	4,093
Community Facilities	34,150	16,709	20,238	24,653	1,987
Land	12,574	8,610	12,109	7,966	8,354
Total Property	57,096	44,441	68,555	88,827	14,434
Plant and equipment					
Fleet	8,577	4,986	4,914	4,335	5,961
Minor Plant & Equipment	413	597	499	499	499
Computers and Telecommunications	4,828	9,317	6,877	2,882	1,642
Total Plant and Equipment	13,818	14,900	12,290	7,716	8,102
Infrastructure					
Parks & Leisure	14,180	8,895	36,811	33,631	23,551
Roads	18,795	27,367	31,410	27,410	18,453
Drainage	11,373	21,842	12,494	10,494	8,176
Footpaths and Bikepaths	4,389	10,699	9,057	9,057	7,988
Kerb & Channel	2,224	2,306	2,224	2,224	2,224
Waste Management	4,653	1,402	678	678	678
Streetscapes	1,299	985	3,996	3,996	3,996
Miscellaneous	3,278	6,424	5,001	3,826	3,648
Total Infrastructure	60,191	79,921	101,671	91,316	68,714
Carryover from prior year	-	-	22,285	36,503	38,772
Carryover to next year	-	(22,285)	(36,503)	(38,772)	(19,000)
Total Capital Works Expenditure	4.5.1 131,105	116,977	168,298	185,590	111,022
Represented by:					
New asset expenditure	86,034	76,574	112,583	132,715	57,327
Asset renewal expenditure	31,142	33,879	34,180	35,270	39,090
Asset upgrade expenditure	13,929	6,524	21,535	17,605	14,605
Total Capital Works Expenditure	4.5.1 131,105	116,977	168,298	185,590	111,022
Funding sources represented by:					
Grants	29,497	12,048	15,271	3,100	4,850
Contributions	9,805	11,059	6,042	6,806	1,223
Council cash	65,781	58,571	55,568	66,646	84,889
Borrowings	26,022	35,299	91,417	109,038	20,060
Total Capital Works Expenditure	4.5.1 131,105	116,977	168,298	185,590	111,022

Statement of Human Resources

For the four years ending 30 June 2023

	Forecast	Budget 2019-20 \$'000	Strategic Resource Plan Projections		
	Actual		2020-21	2021-22	2022-23
	2018-19 \$'000		\$'000	\$'000	\$'000
Staff expenditure					
Employee costs - operating	150,270	161,242	166,294	170,743	174,601
Employee costs - capital	6,336	6,298	6,440	6,585	6,733
Total staff expenditure	156,606	167,540	172,734	177,328	181,334
	FTE	FTE	FTE	FTE	FTE
Staff numbers					
FTE (non-capital)	1,601.0	1,692.8	1,697.8	1,702.8	1,707.8
FTE (capital)	57.8	56.3	56.3	56.3	56.3
Total staff numbers	1,658.8	1,749.1	1,754.1	1,759.1	1,764.1

A summary of human resources expenditure categorised according to the organisational structure of the City is included below:

Department	Budget 2019-20 \$'000	Comprises			
		Permanent Full Time \$'000	Permanent Part time \$'000	Casual \$'000	Temporary \$'000
Chief Executive / Governance, Strategy & Performance	13,235	9,508	1,973	296	1,457
Customer & Corporate Services	13,377	11,324	1,336	-	717
City Services	37,811	26,392	9,581	83	1,755
Community Life	68,626	33,837	20,978	6,222	7,590
Planning, Design & Development	19,201	12,527	5,902	-	772
Economy, Investment & Attraction	8,993	5,886	1,578	643	885
Total permanent staff expenditure	161,242	99,475	41,347	7,245	13,175
Casual staff / Supplementary Labour	3,421				
Capitalised labour costs	6,298				
Total expenditure	170,961				

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

Department	Budget 2019-20 \$'000	Comprises			
		Permanent Full Time \$'000	Permanent Part time \$'000	Casual \$'000	Temporary \$'000
Chief Executive / Governance, Strategy & Performance	111	73	20	4	14
Customer & Corporate Services	120	99	14	-	7
City Services	410	275	116	1	18
Community Life	776	364	233	84	95
Planning, Design & Development	192	119	65	-	8
Economy, Investment & Attraction	84	49	18	9	8
Total permanent	1,693	979	466	98	150
Casual staff / Supplementary Labour	33				
Capitalised labour	56				
Total staff	1,782				