

Financial overview

The 'Financial Report' section in this report includes the comprehensive financial statements. These were prepared in accordance with relevant accounting standards and legislative requirements.

These statements are detailed. As such, some stakeholders and community members may find them difficult to interpret. This overview aims to simplify the key information about our financial performance for the year.

Strategic resource plan

We are guided by the principles of our Strategic Resource Plan 2020-2025. This plan is not intended to be static. It is reviewed each year as part of our planning process and updated to reflect changing circumstances.

The aim of the strategic resource plan is to ensure that we can:

- undertake our strategic and governance role
- maintain and repair our infrastructure assets at the level expected by the community
- deliver essential services.

Operating income

Our total income for the year was \$221.293 million.

There was an increase in income of \$3.842 million (or 1.8%) compared to 2018-19. This was largely due to the growth in rates income. Our major source of income, rates and charges, generated \$159.319 million (or 72.0% of total income).

Other major sources of income include:

- government grants of \$22.850 million (or 10.4% of total income)
- user fees and statutory fees and fines of \$19.380 million (or 8.8% of total income).

Operating expenses

Our total operating expenses for the year were \$190.151 million.

The majority of this was employee costs. This was \$89.608 million (47.2% of total expenses). The next biggest cost was material and services of \$59.186 million (31.2% of total expenses).

We are reporting an accounting surplus of \$31.142 million for the financial year. It is important to note this accounting surplus is not spare funds which build up in the bank. This is surplus funds which are on our balance sheet including our capital works program and loan repayments. Other funds are directed to Reserves which is already committed to future capital works expenditure or other important items that are one-off.

Operating expenditure profile for 2019-20

Operating category	Percentage
Administration	15.1%
Asset depreciation	14.3%
Aged, disability and social services	8.7%
Planning and economic development	8.4%

Operating category	Percentage
Waste collection and recycling	8.0%
Parks and street trees	7.1%
Local laws and regulations	6.5%
Arts, culture and libraries	4.5%
Systems and communications	4.2%
Health and immunisation	3.2%
Roads and footpaths	3.0%
Street cleansing	2.6%
Recreation and leisure	2.5%
Customer service	2.5%
Youth and children's services	2.4%
Transport	1.8%
Asset maintenance	1.8%
Governance	1.3%
Capital works	1.0%
Property services	0.6%
Asset management	0.5%
Total	100.0%

COVID-19 pandemic

There were a number of financial impacts to Moreland Council in the year to 30 June 2020 due to the COVID-19 pandemic. These included:

- increased costs of \$1 million for the closure of leisure centres
- deferral of rates revenue/interest free period of \$0.9 million
- waiver of sporting fees \$0.1 million decrease in revenue
- parking income loss of \$0.1 million
- infringements loss of \$0.9 million
- venue hire income \$0.1 million loss.

The impact of stage 4 restrictions was not fully realised at the time of drafting these statements.

You can read more about the impact of the pandemic in the section 'COVID-19: how we were affected' from page 24.

Capital expenses

Our total completed capital expenditure for the year was \$44.486 million. We spent another \$14.719 million on works in progress.

We continue to address our capital works program across a wide range of projects. Our total completed capital work spend was \$18.571 million above the depreciation for the year.

Capital works by category delivered in 2019-20

Asset class	Amount
Land	\$12.597m
Roads	\$8.923m
Buildings	\$6.122m

Asset class	Amount
Footpaths and cycleways	\$4.471m
Other infrastructure	\$4.280m
Drainage	\$3.831m
Plant, machinery and equipment	\$2.509m
Library collection	\$0.992m
Fixtures, fittings and furniture	\$0.447m
Computers and telecommunications	\$0.268m
Bridges	\$0.046m