1. Reconciliation of Total Comprehensive Income to Balanced Budget

Statement of Other Comprehensive Revenue and Expense

		Council 2021	
For the financial year ended 30 June 2021	**Notes**	**$'000**	
Surplus for the year		17,755	
Other comprehensive revenue and expense			
May be reclassified subsequently to revenue or expense when specific conditions are met			
Gain/(loss) on revaluation	19 (a)	45,160	
Income tax relating to revaluation	19 (a)	-	
Gain/(loss) on cash flow hedging	19 (d)	-	
Realised losses transferred to the statement of financial performance	19 (d)	-	
Income tax relating to cash flow hedging	19 (d)	-	
Total comprehensive income		**62,915**	**Total as reported in 2021 Annual Report**
Less:			
Asset revaluations		-45,160	
Development Contributions		-17,392	
Changes in mark to market value of financial instruments		-2,962	
Vested Assets		-41,971	
Add:			
Gains or Losses on disposal of fixed assets		3,025	
		-41,545	**Shortfall in Balanced Budget requirement as reported**

2. Methodology for Balanced Budget Requirement

Revenue item:
Capital Subsidies - included
Vested Assets - excluded
Asset revaluations - excluded

Depreciation expense for all 3 of above is included in the Balanced Budget Calculation.
This is included because this is the methodology prescribed by the Local Government (Financial Reporting and Prudence) Regulations 2014
QLDC Policy is not to fully fund depreciation however, & can be found in the Revenue & Financing Policy & Financial Strategy of latest LTP
The latest LTP shows around 35% of depreciation funded for the first 3 years which gradually increases to around 39% by year 10.
The impact of this approach is not to charge rates for depreciation unless there is clear justification in terms of asset condition & renewals programmes.

3/4. Targets for Balanced Budget Requirement

Balanced budget benchmark - projected performance from latest LTP

Year	Forecast Revenue		Forecast Expenses		Benchmark		Forecast Result %
2021/22	217,134		179,527		100%		120.9%
2022/23	219,462		190,013		100%		115.5%
2023/24	201,853		208,164		100%		97.0%
2024/25	224,888		222,362		100%		101.1%
2025/26	246,007		236,251		100%		104.1%
2026/27	266,349		249,071		100%		106.9%
2027/28	283,895		260,988		100%		108.8%
2028/29	302,603		275,441		100%		109.9%
2029/30	305,298		287,716		100%		106.1%
2030/31	327,812		300,432		100%		109.1%

5. Actuals for Balanced Budget Result & Total Comprehensive Income for last 5 Years

Year	Actual Revenue		Actual Expenses	Actual Result %		Total Comprehensive Income $000's
2020/21	161,429		202,974	79.5%		62,915
2019/20	148,982		167,057	89.2%		232,020
2018/19	143,841		144,134	99.8%		437,320
2017/18	126,841		124,718	101.7%		58,823
2016/17	119,174		108,889	109.4%		121,552

6. Explanations for Balanced Budget Breaches for last 5 Years

In 2018-19, 2019-20 and 2020-21 Council failed to meet the “Balanced budget benchmark” this relates to unbudgeted expenditure for the year in relation to the defence and resolut

In 2018/19 there was a negative variance of $4.0m which was due to an increase in loss provision to defend and resolve a number of building related legal claims against the Council.
In 2019/20 there was a negative variance of $6.6m which was due to an increase in los provision to defend and resolve a number of building related legal claims against the Council.
Depreciation and amortisation expense higher than budget by $9.0m, largely as a result of updated valuations for infrastructure assets for both 3 waters assets (2019) and roading a:
In 2020/21 there was a negative variance of $22.0m which was due to an increase in costs to defend and resolve a number of building related legal claims against the Council.
Depreciation and amortisation expense higher than budget by $6.8m, largely as a result of updated valuations for infrastructure assets for both 3 waters assets (2019 and 2021) and

7. Explanations for Forecast Balanced Budget Breaches for LTP

There is only one forecast breach in the next 10 years. In Year 3 of the LTP, there is a minor breach with a shortfall of around $6m to fully cover operating expenses.

This has been caused by a reduction in capital subsidies for Year 3 compared to Years 1 & 2. Year 3 also represents the last year before the anticipated Visitor Levy is introduced. From Year 4, it is assumed that a new revenue source will be available to fund visitor related capital & operational expenditure. This will offset the need for excessive rates increases.