



## COUNCIL MEETING

Monday 16 November 2020

6:00pm

Via Zoom:

### AGENDA

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Item	Title	Page
1.	Commencement of Meeting, Welcome and Opening Prayer	
2.	Apologies	
3.	Leave of Absence	
4.	Disclosures of Conflicts of Interest	
5.	Officer Reports	
5.1	<b>CERTIFICATION OF FINANCIAL AND PERFORMANCE STATEMENTS 2019/2020</b>	<b>2</b>
6.	Urgent Business	
7.	Meeting Close	

## 5.1. CERTIFICATION OF FINANCIAL AND PERFORMANCE STATEMENTS 2019/2020

**Author:** General Manager Corporate Performance

**Responsible Officer:** General Manager Corporate Performance

*The Officer presenting this report, having made enquiries with relevant members of staff, reports that no disclosable interests have been raised in relation to this report.*

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### SUMMARY/PURPOSE

The purpose of this report is to present Council with final draft Financial and Performance Statements for 2019-2020, to seek approval for the Statements and authorise two Administrators on behalf of Council to certify the Statements in their final form.

### LEGISLATION AND POLICY CONTEXT

Central Goldfields Shire Council's Council Plan 2017-2021 (2018 Refresh) – Our Organisation

Outcome: Central Goldfields Shire is a proactive, well governed, professional and financially sustainable organisation.

4.1 Objective: Ensure the financial sustainability of Council through efficient and effective delivery of services

Initiative: Review budget and financial reporting processes to improve monitoring of financial performance

Council must comply with the following sections of *Local Government Act 1989 (the Act)*.

Section 132 (2) states that:

“The Council, after passing a resolution giving its approval in principle to the performance statement and financial statements, must submit the statements to the auditor for reporting on the audit.”

Section 132 (5) states that:

“The Council must ensure that the performance statement and financial statements, in their final form after any changes recommended or agreed by the auditor have been made are certified in accordance with the regulations by-

- a) 2 Councillors authorised by the Council for the purposes of this subsection and
- b) Any other prescribed persons.”

Section 131 of *the Act* requires Council to prepare an annual report in each financial year.

The annual report must contain the following:

1. A report of Council's operations during the financial year

2. Audited performance statement
3. Audited financial statements
4. A copy of the auditor's report on the performance statement prepared under Section 132 of the Act
5. A copy of the auditor's report on the financial statements under part 3 of the *Audit Act 1997*.

## **BACKGROUND INFORMATION**

Prior to submitting its Financial and Performance Statements to the Minister for Local Government, Council must formally review the Statements and pass a resolution giving in-principle approval.

Council at its meeting on 27 October 2020 considered draft Financial and Performance Statements and authorised Administrators to certify the Statements once amendments or changes requested by the Auditor-General had been made.

That authorisation was subject to receipt of Victorian Auditor-General Office (VAGO) Closing Report, VAGO Management Letter, Management Representation Letter and Governance Checklist and there being no material changes to the Statements and no major issues being identified by VAGO.

Following final review by Council's auditors, a material adjustment has been made to the draft statements which were also presented to the Audit and Risk Committee meeting on 27 October 2020.

In preparing the financial statements, and relying on new accounting standard AASB16 Leases, Council had considered that its contract with Waste Recyclers of Victoria met the requirements for recognition of assets under that contract which meant that its annual waste management costs needed to be recognised both as a liability (the lease) and asset (the "right of use" by Council as the exclusive user of the assets involved).

The auditors have identified that this contract does not need to transition under new accounting standard AASB16 Leases as the contract with Waste Recyclers of Victoria had previously been identified as a contractual commitment and not an operating lease commitment.

The effects on the financial statements may be summarised as follows:

- Income statement – a net increase in expenditure of \$1,109,000 as the waste management costs are expensed (an increase of \$1,555,000), the right of use assets amortisation was reduced by \$350,000 and the lease finance costs were reduced by \$96,000; the net result is now a surplus of \$486,000;
- Balance Sheet – a decrease in accumulated surplus of \$1,109,000, a decrease in Right of Use assets of \$1,398,000 and decrease in non-current lease liability of \$289,000 as the waste contract is excluded from AASB16.

Updated drafts of the financial and performance statements (which are still being reviewed by VAGO) are attached. It is expected that the VAGO clearance, management letter and representation letter will all be available at the meeting.

Council's Audit and Risk Committee had given its in principle support to the Statements at its meeting on 27 October 2020 and recommended its in principle approval by Council subject to any material changes to be discussed with the Chair of the Audit and Risk Committee prior to being presented to Council.

That discussion has taken place and a full explanation of the changes provided in writing to all the Committee members.

The amended statements can now be signed by the Administrators.

## **REPORT**

### Financial Statements

The Financial Statements for the year ended 30 June 2020 report a surplus of \$486k compared to the adopted budgeted surplus of \$677k, a negative variance of \$191k. Income for some items was less than anticipated however these were more than offset by reductions in expenditure. Detailed explanations of variances to budget for income and expenditure can be found in Note 1.1 of the Financial Statements.

Total cash and cash equivalents at 30 June 2020 was \$13.25 million compared with \$12.12 million as at 30 June 2019. The increase is primarily due to grant income being received in advance for projects that will be completed in 2020-21 and noted as Unearned Revenue in Note 5.3.

Detailed explanations of the variances to budget for capital works can be found in Note 1.2 of the Financial Statements

### Performance Statement

The Local Government Performance Reporting Framework is mandatory for reporting by councils as part of the 2019-2020 planning and reporting cycle.

For each service area there are output measures for appropriateness, quality, and cost and one outcome measure. The outcome measures are collated and reported in an Annual Performance Statement which is audited as part of the year-end audit and included in Council's Annual Report.

There are further financial performance indicators and sustainable capacity measures which are also audited and included in the Performance Statement. All other service output measures are reported in the Report of Operations in Council's Annual Report.

### Governance and Management Checklist

The Governance and Management Checklist presents Council's results in the prescribed form of Council's assessment against the prescribed governance and management checklist. These results will be published in the Annual Report and on the Know Your Council website.

## **CONSULTATION/COMMUNICATION**

Once the financial statements and performance report have been finalised, they form part of the Council's annual report which must be submitted to the Minister in accordance with Section 131 of the Act. In 2020 the deadline for that is 30 November 2020.

After the annual report has been submitted to the Minister, Council must also give public notice that the annual report has been prepared and ensure that it is available for inspection by the public in accordance with Section 131 of the Act.

### **FINANCIAL & RESOURCE IMPLICATIONS**

The financial statements and performance report were prepared internally by Council officers. The fee for the audit has been budgeted for within the 2019-2020 budget.

### **RISK MANAGEMENT**

Any risks in relation to this report have been discussed above.

### **CONCLUSION**

It is recommended that Council approve the 2019/2020 Draft Financial and Performance Statements and authorise two Administrators on behalf of Council to certify Statements in their final form.

### **ATTACHMENTS**

1. 2019/2020 Draft Annual Financial Report
2. 2019/2020 Draft Performance Statement
3. 2019/2020 Governance and Management Checklist.

### **RECOMMENDATION**

That Council:

1. Approves the Annual Financial Report, Performance Statement and Governance Checklist for the 2019/2020 financial year.
2. Authorises Administrator Harvey and Administrator Douglas to certify the Financial and Performance Statements in their final form on behalf of, and with the full authority of the Council.



# Central Goldfields Shire Council

Annual Financial Report  
For the year ended 30 June 2020



**CENTRAL  
GOLDFIELDS**  
SHIRE COUNCIL

**Central Goldfields Shire Council**  
**Financial Report**  
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## Certification of the Financial Statements

In my opinion, the accompanying financial statements have been prepared in accordance with the *Local Government Act 1989*, the *Local Government (Planning and Reporting) Regulations 2014*, the Australian Accounting Standards and other mandatory professional reporting requirements.

*David Anderson*

**Principal Accounting Officer**

**Date :** <Date>

*Maryborough*

In our opinion the accompanying financial statements present fairly the financial transactions of Central Goldfields Shire Council for the year ended 30 June 2020 and the financial position of the Council as at that date.

As at the date of signing, we are not aware of any circumstances that would render any particulars in the financial statements to be misleading or inaccurate.

We have been authorised by the Council and by the *Local Government (Planning and Reporting) Regulations 2014* to certify the financial statements in their final form.

*Noel Harvey*

**Chair of Administrators**

**Date :** <Date>

*Maryborough*

*Karen Douglas*

**Administrator**

**Date :** <Date>

*Maryborough*

*Lucy Roffey*

**Chief Executive Officer**

**Date :** <Date>

*Maryborough*



**<INSERT VAGO REPORT - PAGE 1>**

**<INSERT VAGO REPORT - PAGE 2>**

## Comprehensive Income Statement For the Year Ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
<b>Income</b>			
Rates and charges	3.1	15,178	14,692
Statutory fees and fines	3.2	456	551
User fees	3.3	1,580	1,955
Grants - operating	3.4	8,588	8,666
Grants - capital	3.4	2,279	3,642
Contributions - monetary	3.5	113	285
Contributions - non monetary	3.5	-	174
Other income	3.7	961	506
Found and gifted assets	3.8	-	3,040
<b>Total income</b>		<b>29,155</b>	<b>33,511</b>
<b>Expenses</b>			
Employee costs	4.1	(12,062)	(12,499)
Materials and services	4.2	(9,694)	(8,183)
Depreciation	4.3	(6,258)	(8,231)
Amortisation - right of use assets	4.5	(65)	-
Bad and doubtful debts	4.6	(18)	(48)
Borrowing costs	4.7	(66)	(146)
Finance costs - leases	4.8	(13)	-
Net gain (or loss) on disposal of property, infrastructure, plant and equipment	3.6	(14)	(319)
Other expenses	4.9	(479)	(481)
<b>Total expenses</b>		<b>(28,669)</b>	<b>(29,908)</b>
<b>Surplus/(deficit) for the year</b>		<b>486</b>	<b>3,603</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to surplus or deficit in future periods</b>			
Net asset revaluation increment/(decrement)	6.2	(6,262)	(2,686)
Share of other comprehensive income of associates and joint ventures	6.3	-	-
<b>Items that may be reclassified to surplus or deficit in future periods</b>			
<b>Total comprehensive result</b>		<b>(5,776)</b>	<b>917</b>

The above comprehensive income statement should be read in conjunction with the accompanying notes.

## Balance Sheet As at 30 June 2020

	Note	2020 \$'000	2019 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5.1	1,999	1,868
Trade and other receivables	5.1	2,670	3,106
Other financial assets	5.1	11,250	10,250
Inventories	5.2	16	119
Non-current assets classified as held for sale	6.1	245	245
Other assets	5.2	860	217
<b>Total current assets</b>		<b>17,040</b>	<b>15,805</b>
<b>Non-current assets</b>			
Trade and other receivables	5.1		
Other financial assets	5.1		
Investments in associates, joint arrangements and subsidiaries	6.3	-	-
Property, infrastructure, plant and equipment	6.2	308,266	314,616
Right-of-use assets	5.8	271	
<b>Total non-current assets</b>		<b>308,537</b>	<b>314,616</b>
<b>Total assets</b>		<b>325,578</b>	<b>330,421</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	5.3	4,642	2,955
Trust funds and deposits	5.3	565	304
Provisions	5.5	2,070	2,661
Interest-bearing liabilities	5.4	3,321	3,847
Lease liabilities	5.8	-	-
<b>Total current liabilities</b>		<b>10,598</b>	<b>9,767</b>
<b>Non-current liabilities</b>			
Provisions	5.5	168	330
Interest-bearing liabilities	5.4	-	39
Lease liabilities	5.8	271	-
Prepaid Revenue	5.5	124	-
<b>Total non-current liabilities</b>		<b>563</b>	<b>369</b>
<b>Total liabilities</b>		<b>11,162</b>	<b>10,136</b>
<b>Net assets</b>		<b>314,416</b>	<b>320,286</b>
<b>Equity</b>			
Accumulated surplus		126,601	126,115
Reserves	9.1	187,815	194,171
<b>Total Equity</b>		<b>314,416</b>	<b>320,286</b>

The above balance sheet should be read in conjunction with the accompanying notes.

## Statement of Changes in Equity For the Year Ended 30 June 2020

2020	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
Balance at beginning of the financial year		320,286	126,115	193,703	469
Impact of change in accounting policy - AASB 15 Revenue from Contracts with Customers	10	-	-	-	-
Impact of change in accounting policy - AASB 1058 Income of Not-for-Profit Entities	10	-	-	-	-
Impact of change in accounting policy - AASB 16 Leases	5.8	-	-	-	-
Adjusted Opening balance		<u>320,286</u>	<u>126,115</u>	<u>193,703</u>	<u>469</u>
Surplus/(deficit) for the year		486	486	-	-
Net asset revaluation increment/(decrement)	6.2	(6,262)	-	(6,262)	-
Transfers to other reserves	9.1	(95)	-	(91)	(3)
Transfers from other reserves	9.1	-	-	-	-
<b>Balance at end of the financial year</b>		<u><b>314,416</b></u>	<u><b>126,601</b></u>	<u><b>187,349</b></u>	<u><b>465</b></u>

  

2019		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
Balance at beginning of the financial year		319,369	122,521	196,389	460
Surplus/(deficit) for the year		3,603	3,603	-	-
Net asset revaluation increment/(decrement)	6.2	(2,686)	-	(2,686)	-
Transfers to other reserves	9.1	-	-	-	-
Transfers from other reserves	9.1	-	(9)	-	9
<b>Balance at end of the financial year</b>		<u><b>320,286</b></u>	<u><b>126,115</b></u>	<u><b>193,703</b></u>	<u><b>469</b></u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

## Statement of Cash Flows For the Year Ended 30 June 2020

	2020 Inflows/ (Outflows) \$'000	2019 Inflows/ (Outflows) \$'000
<b>Cash flows from operating activities</b>		
Rates and charges	14,359	14,532
User fees, statutory fees and fines	1,480	2,755
Grants - operating	9,938	7,798
Grants - capital	2,279	3,642
Contributions - monetary	124	313
Interest received	88	154
Trust funds and deposits taken	261	-
Other receipts	335	316
Net GST refund/(payment)	1,424	785
Employee costs	(12,815)	(12,609)
Materials and services	(7,809)	(8,771)
Short-term, low value and variable lease payments	-	-
Trust funds and deposits repaid	-	(132)
Other payments	(542)	(582)
<b>Net cash provided by/(used in) operating activities</b>	<b>9,121</b>	<b>8,201</b>
<b>Cash flows from investing activities</b>		
Payments for property, infrastructure, plant and equipment	6.2 (6,541)	(4,944)
Proceeds from sale of property, infrastructure, plant and equipment	-	597
Payments for other financial assets	(1,000)	(8,729)
<b>Net cash provided by/(used in) investing activities</b>	<b>(7,541)</b>	<b>(13,076)</b>
<b>Cash flows from financing activities</b>		
Finance costs	(60)	(147)
Proceeds from borrowings	-	-
Repayment of borrowings	(1,390)	(575)
<b>Net cash provided by/(used in) financing activities</b>	<b>(1,450)</b>	<b>(722)</b>
Net increase (decrease) in cash and cash equivalents	130	(5,596)
Cash and cash equivalents at the beginning of the financial year	1,868	7,464
<b>Cash and cash equivalents at the end of the financial year</b>	<b>1,999</b>	<b>1,868</b>
Financing arrangements	5.6	
Restrictions on cash assets	5.1	

The above statement of cash flows should be read in conjunction with the accompanying notes.

**Statement of Capital Works  
For the Year Ended 30 June 2020**

	Note	2020 \$'000	2019 \$'000
<b>Property</b>			
Land		-	53
Land improvements		280	-
<b>Total land</b>		<b>280</b>	<b>53</b>
Buildings		1,091	453
<b>Total buildings</b>		<b>1,091</b>	<b>453</b>
<b>Total property</b>		<b>1,371</b>	<b>506</b>
<b>Plant and equipment</b>			
Plant, machinery and equipment		433	509
Fixtures, fittings and furniture		595	176
<b>Total plant and equipment</b>		<b>1,028</b>	<b>685</b>
<b>Infrastructure</b>			
Roads		2,713	2,490
Bridges and major culverts		657	662
Footpaths and cycleways		156	140
Drainage		413	184
Kerb and channel		125	141
Minor culverts		58	90
Waste water assets		-	32
Traffic control facilities		-	15
Other infrastructure		20	-
<b>Total infrastructure</b>		<b>4,142</b>	<b>3,754</b>
<b>Total capital works expenditure</b>		<b>6,542</b>	<b>4,945</b>
<b>Represented by:</b>			
New asset expenditure		463	352
Asset renewal expenditure		3,855	3,905
Asset upgrade expenditure		2,223	688
<b>Total capital works expenditure</b>		<b>6,542</b>	<b>4,945</b>

The above statement of capital works should be read in conjunction with the accompanying notes.

## Notes to the Financial Report For the Year Ended 30 June 2020

### OVERVIEW

#### Introduction

The Central Goldfields Shire Council was established by an Order of the Governor in Council on 19 January 1995 and is a body corporate. The Council's main office is located at 22 Nolan Street, Maryborough, Victoria, 3465.

#### Statement of compliance

These financial statements are a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works and Notes accompanying these financial statements. The general purpose financial report complies with the Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1989, and the Local Government (Planning and Reporting) Regulations 2014.

#### Significant accounting policies

##### (a) Basis of accounting

The accrual basis of accounting has been used in the preparation of these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated judgements are based on professional judgement derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AAS's that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of employee provisions (refer to Note 5.5)
- the determination of landfill provisions (refer to Note 5.5)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of *AASB 15 Revenue from Contracts with Customers* or *AASB 1058 Income of Not-for-Profit Entities* (refer to Note 3)
- the determination, in accordance with *AASB 16 Leases*, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.8)
- other areas requiring judgements

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation (except where transitional requirements of *AASB 15 Revenue from Contracts with Customers*, *AASB 16 Leases* and *AASB 1058 Income of Not-for-Profit Entities* do not require restatement of comparatives under the modified retrospective approach adopted by the Council), and disclosure has been made of any material changes to comparatives.

##### (b) Rounding unless otherwise stated

Amounts in the financial report have been rounded to the nearest thousand dollars. Figures in the financial statement may not equate exactly due to rounding.



## Note 1 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 10 percent or \$200,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

In January 2020, the World Health Organisation declared the outbreak of the COVID-19 a public health emergency of international concern and subsequently in March 2020 it was declared a global pandemic. On 16 March 2020, a State of Emergency was declared in Victoria in relation to the COVID-19 pandemic and a national restriction was put in place on gatherings, a nationwide call to work from home and significantly lower levels of activity in the economy and community. A number of Council services required immediate change, including the closure of recreation centres and libraries, cancellation of events and revised health precautions.

At this time, all three levels of Government sought to provide additional resources to the community and adjust for the financial hardship they were facing. The impacts were felt with a loss of income, increased costs due to compliance, changes to service delivery and in some instances cessation of services. On 2 April 2020, Council adopted a COVID-19 Financial Hardship Policy which allowed the deferral of rate payments and interest waivers together with a number of financial support measures for ratepayers and community at large. These measures included the waiver of fees and charges and rentals, refunds of event fees paid, extension of permit expiry dates and dedicated support resources.

Since 30 June 2020, Stage 4 restrictions applied in Metropolitan Melbourne and Stage 3 across the rest of Victoria from 2 August 2020. Council has continued to support the community through the pandemic by the extension and expansion of hardship relief during 2020/2021.

These notes are prepared to meet the requirements of the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

### 1.1 Income and expenditure

	Budget 2020 \$'000	Actual 2020 \$'000	Variance 2020 \$'000	Variance 2020 %	Ref
<b>Income</b>					
Rates and charges	15,205	15,178	(27)	0%	
Statutory fees and fines	467	456	(11)	-2%	
User fees	3,751	1,580	(2,171)	-58%	1
Grants - operating	6,262	8,588	2,326	37%	2
Grants - capital	4,827	2,279	(2,548)	-53%	3
Contributions - monetary	88	113	25	29%	4
Other income	431	961	530	123%	5
<b>Total income</b>	<b>31,031</b>	<b>29,155</b>	<b>(1,876)</b>		
<b>Expenses</b>					
Employee costs	12,745	12,062	(683)	-5%	
Materials and services	10,659	9,694	(965)	-9%	6
Depreciation	6,724	6,258	(466)	-7%	
Amortisation - Right of use assets	-	65	65		
Bad and doubtful debts	20	18	(2)	-10%	
Borrowing costs	159	66	(93)	-58%	7
Finance costs - Leases	-	13	13		7
Net loss on disposal of property, infrastructure, plant and equipment	47	14	(33)	-70%	8
Other expenses	-	479	479		9
<b>Total expenses</b>	<b>30,354</b>	<b>28,669</b>	<b>(1,685)</b>		
<b>Surplus/(deficit) for the year</b>	<b>677</b>	<b>486</b>	<b>(191)</b>		

#### (i) Explanation of material variations

- 1 User charges were less than budget due to the elimination of "internal" plant hire from the financial statements that was included in the budget (\$1,609,000). Energy Breakthrough fees were also \$198,000 less than budget due to the cancellation of the event and childcare fee income was also \$468,000 less than budget, offset by additional government childcare assistance support.
- 2 Operating grants were greater than budget primarily due to the early receipt of the Financial Assistance Grants for the 2020/21 period (\$2,053,000).
- 3 Capital grants were less than budget as the Fixing Country Roads Grant was \$838,000 less than budget and the Carisbrook Drainage Mitigation grant (\$600,000), Maryborough Skate and Scooter Park grant (\$460,000) and Maryborough Outdoor Pool grant (\$300,000) were not received.
- 4 Contributions - Monetary were greater than budget due to Council receiving unbudgeted contributions from Healthy Hearts, Leave contributions from other councils and the Art Gallery Inventory recognition

- 5 Other Income and Other Expenses have been impacted by new accounting standard AASB1058 relating to Volunteer Services. The standard allows recognition as Revenue and Expense the value of Volunteer Services for Cost of Service for Meals, Visitor Information, Energy Breakthrough, Art Gallery and L2P learning to drive program which was not budgeted.
- 6 Materials and Services are less than the budgeted amount primarily due to savings in various program areas and some new initiatives did not proceed as planned.
- 7 Borrowing costs are lower than budget due to these being separated into Borrowing costs and Finance costs under the new accounting standard AASB16 Leases, where interest is calculated on the Right of use asset and no longer as Borrowing costs interest.
- 8 The Net Loss was primarily due to the proceeds from sale of fixed assets vehicles being less than the written down value.
- 9 See Note 5

1.2 Capital works

	Budget 2020 \$'000	Actual 2020 \$'000	Variance \$'000	Variance %	Ref
<b>Property</b>					
Land	124	46	(78)	-63%	1
<b>Total land</b>	<b>124</b>	<b>46</b>	<b>(78)</b>		
Buildings	2,160	818	(1,342)	-62%	2
<b>Total buildings</b>	<b>2,160</b>	<b>818</b>	<b>(1,342)</b>		
<b>Total property</b>	<b>2,284</b>	<b>864</b>	<b>(1,420)</b>		
<b>Plant and equipment</b>					
Plant, machinery and equipment	792	433	(359)	-45%	3
Fixtures, fittings and furniture	215	595	380	177%	4
<b>Total plant and equipment</b>	<b>1,007</b>	<b>1,028</b>	<b>21</b>		
<b>Infrastructure</b>					
Roads	3,400	2,768	(632)	-19%	5
Bridges	850	657	(193)	-23%	6
Footpaths and cycleways	176	156	(20)	-11%	7
Drainage	1,117	412	(705)	-63%	8
Parks, open space and streetscapes	657	657	-		
Off street car parks	180	-	(180)	-100%	9
Other infrastructure	212	-	(212)	-100%	10
<b>Total infrastructure</b>	<b>6,592</b>	<b>4,650</b>	<b>(1,942)</b>		
<b>Total capital works expenditure</b>	<b>9,883</b>	<b>6,542</b>	<b>(3,340)</b>		
<b>Represented by:</b>					
New asset expenditure	319	465	146		
Asset renewal expenditure	7,622	3,855	(3,767)		
Asset expansion expenditure	-	-	-		
Asset upgrade expenditure	1,942	2,222	280		
<b>Total capital works expenditure</b>	<b>9,883</b>	<b>6,542</b>	<b>(3,341)</b>		

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land	Healthy Hearts Infrastructure Goldfields Reservoir path upgrade and Park Run \$147,000 carried forward from 2018-19. Works below budget, include Renewal Ovals \$10,000, Talbot and Dunolly Landfill site rehabilitation \$30,000 unlikely to be completed. Dunolly dump point installation \$11,000, anticipated to be carried forward to 2020-21 following confirmation of location for dump point site.
2	Buildings	Works below budget, include building upgrades Civic Centre \$402,700, MLSC upgrade \$272,400, Maryborough Outdoor Swimming Pool upgrade \$392,161 (scope of works reduced by \$300,000 to \$350,000 due to an unsuccessful grant application), building asset data collection \$88,700, Building Insurance risk reduction upgrades \$18,556 and Bin Roofs Transfer Station \$120,000, anticipated to be carried forward to 2020-21.  Works above budget include Carisbrook Bowls Club synthetic green upgrade \$136,000 carried forward from 2018-19, and COVID Business Continuity Plan Implementation \$86,500 unbudgeted expenses, relating to working from home information technology hardware.
3	Plant, machinery and equipment	Plant and Machinery purchased were below budget including operating plant equipment \$151,050, Vehicles cars \$141,527 and Vehicles utes \$51,104.

4	Fixtures, fittings and furniture	The PC Network renewal \$27,570 and IT Strategy Initiatives Renewal \$315,910 and the Building Energy Efficiency Green initiatives upgrade were below budget for the 2019/20 year
5	Roads	<p>Works below budget, including Rodborough Rd stabilisation works \$433,200, seals renewal reseals \$383,000, Avoca Road Talbot renewal and upgrade Stage 2 Part 1 \$602,000, deferred to September due to COVID-19 suspension of works, and major patches \$71,700. \$170,000 reallocated from seals renewal reseals to Baringhup Road pavement rehabilitation in March 2020 following award of a contract to complete unbudgeted works.</p> <p>Works above budget, including Stage 1 Avoca Road upgrade works design carried forward from 2018-19 \$220,000, Tullaroop Road/Bucknall Street intersection works \$85,600 expended and Rural unsealed roads renewal over budget by \$47,300.</p>
6	Bridges	Works below budget - Porteous Road Wareek Bridge replacement \$208,200 and Major Culvert Program \$26,900.
7	Footpaths and cycleways	Works below budget, including pathways renewals/upgrades \$103,000.
8	Drainage	<p>Works below budget, including drainage renewals \$79,600, Main Drain Maryborough \$17,400 and Carisbrook drainage mitigation \$402,900.</p> <p>Works above budget, including Aerodrome drainage renewal \$46,300.</p>
9	Off street car parks	Maryborough Recreation Centre Carpark Upgrade \$120,000, not proceeding due to no funding available.
10	Other infrastructure	Works below budget, including Traffic Control Facilities new/upgrade/renewal \$32,000, recycled water main replacement \$15,000. Works expended over budget kerb and channel renewal/upgrade \$33,000.

**Note 2 Analysis of Council results by program**

Council delivers its functions and activities through the following programs.

**2 (a) Community**

Operation and maintenance of community buildings, local laws, compliance (incorporating fire prevention, environmental health, school crossings, immunisation and planning compliance), emergency management and Go Goldfields.

**Health & Human Services**

Administration of Goldfields Family Centre (incorporating family day care, long day care, kindergarten and supported playgroup), maternal & child health, aged care services (incorporating personal care, respite care, home maintenance, social support and delivered meals) and youth services.

**Economic Development**

Promotion of tourism, including the Visitor Information Centre, Energy Breakthrough and other events, economic development and strategic planning. Administration of Vic Roads, statutory planning and building control.

**Culture & Heritage**

Operation and maintenance of civic halls, library and arts. Promotion of cultural and heritage activities.

**Recreation & Leisure**

Operation and maintenance of parks and gardens, playgrounds, sporting and natural reserves, indoor recreation centres and swimming pools.

**Transport**

Administration, operation and maintenance of aerodrome, road networks, pathways, kerb & channelling, street beautification, street lighting, bicycle facilities, parking and maintenance of depots and plant, vehicles and machinery, and drainage maintenance.

**Waste**

Administration, operation and maintenance of waste disposal, waste water operation and maintenance, recycling, and public conveniences.

**Administration**

Shire Management including corporate planning, governance, community engagement (including customer service), people and culture services, contract management and purchasing. Corporate services including operation and maintenance of administration office, records management, information technology, property and risk management. Financial services including administration of council finances, bank accounts, investments and loans.

2 (b) Summary of revenues, expenses, assets and capital expenses by program

	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total assets
<b>2020</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Community	1,273	2,149	(876)	1,105	6,922
Health & Human Services	4,032	4,098	(66)	3,149	196
Economic Development	820	2,298	(1,478)	50	5,582
Culture & Heritage	180	829	(649)	167	5,465
Recreation & Leisure	286	2,929	(2,643)	245	24,098
Transport	3,208	7,144	(3,936)	3,102	265,584
Waste & Environment	3,354	2,780	574	105	219
Administration	16,002	6,442	9,560	2,945	17,512
	<b>29,155</b>	<b>28,669</b>	<b>486</b>	<b>10,868</b>	<b>325,578</b>

	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total assets
<b>2019</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Community	2,017	2,047	(30)	2,086	6,997
Health & Human Services	4,141	4,085	56	3,137	198
Economic Development	1,259	2,246	(987)	150	5,643
Culture & Heritage	172	822	(650)	150	5,524
Recreation & Leisure	908	2,920	(2,013)	528	24,360
Transport	3,514	9,047	(5,532)	3,127	269,774
Waste & Environment	3,223	2,942	281	205	222
Administration	18,277	5,799	12,478	2,924	17,703
	<b>33,511</b>	<b>29,908</b>	<b>3,603</b>	<b>12,308</b>	<b>330,422</b>

<b>Note 3 Funding for the delivery of our services</b>	<b>2020</b>	<b>2019</b>
<b>3.1 Rates and charges</b>	<b>\$'000</b>	<b>\$'000</b>

Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is its market value (land and buildings inclusive).

The valuation base used to calculate general rates for 2019/20 was \$2,103 million (2018/19 \$1,930 million). The 2019/20 general rate - cents in the CIV dollar was 0.4950 (2018/19 was 0.5131).

Residential	7,968	7,728
Commercial	1,168	1,188
Industrial	234	207
Farm and Rural	1,994	1,856
Vacant land	650	635
Recreation and Cultural	0	0
Waste management charge	3,097	3,003
Interest on rates and charges	66	74
<b>Total rates and charges</b>	<b>15,178</b>	<b>14,692</b>

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2020, and the valuation will be first applied in the rating year commencing 1 July 2020.

Annual rates and charges are recognised as revenues when Council issues annual rates notices. Supplementary rates are recognised when a valuation and reassessment is completed and a supplementary rates notice issued.

**3.2 Statutory fees and fines**

Infringements and costs	33	29
Court recoveries	-	-
Town planning fees	141	196
Land information and building certificate fees	14	15
Permits	135	163
Registrations	131	146
Other	2	2
<b>Total statutory fees and fines</b>	<b>456</b>	<b>551</b>

Statutory fees and fines (including parking fees and fines) are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

**3.3 User fees**

Rent	42	57
Vic Roads agency fees	279	281
Contract care fees	236	211
Greenwaste fees	94	52
Hire fees	48	66
User charges - Energy Breakthrough	22	200
Community service charges	548	636
Caravan park fees	58	78
Other fees and charges	254	374
<b>Total user fees</b>	<b>1,580</b>	<b>1,955</b>
<b>User fees by timing of revenue recognition</b>		
User fees recognised over time	-	-
User fees recognised at a point in time	1,580	1,955
<b>Total user fees</b>	<b>1,580</b>	<b>1,955</b>

User fees are recognised as revenue at a point in time, or over time, when (or as) the performance obligation is satisfied. Recognition is based on the underlying contractual terms.



**3.4 Funding from other levels of government**

Grants were received in respect of the following:

**Summary of grants**

Commonwealth funded grants	5,927	5,550
State funded grants	4,941	6,758
<b>Total grants received</b>	<b>10,868</b>	<b>12,308</b>

**(a) Operating Grants**

**Recurrent - Commonwealth Government**

Financial assistance grants - unallocated	2,828	2,880
Financial assistance grants - roads	1,254	1,229
Home support program	1,055	901

**Recurrent - State Government**

Community	926	967
Health & human services	2,244	2,236
Heritage & culture	159	150
Economic development	50	150
Recreation	-	42
Transport	72	30
Administration	-	31
Waste & environment	-	51

**Total recurrent operating grants**

	<b>8,588</b>	<b>8,666</b>
<b>Total operating grants</b>	<b>8,588</b>	<b>8,666</b>

**(b) Capital Grants**

**Recurrent - Commonwealth Government**

Roads to recovery	790	540
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**Recurrent - State Government**

Nil	-	-
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**Total recurrent capital grants**

	<b>790</b>	<b>540</b>
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**Non-recurrent - State Government**

Community	30	300
Community - Flood works	-	819
Recreation	215	510
Transport	1,058	1,328
Waste & environment	187	130
Administration	-	14

**Total non-recurrent capital grants**

	<b>1,490</b>	<b>3,101</b>
<b>Total capital grants</b>	<b>2,279</b>	<b>3,642</b>

**(c) Unspent grants received on condition that they be spent in a specific manner**

Balance at start of year	2,548	333
Received during the financial year and remained unspent at balance date	1,553	2,430
Received in prior years and spent during the financial year	(2,548)	(215)
<b>Balance at year end</b>	<b>1,553</b>	<b>2,548</b>

Grant income is recognised at the point in time when the council satisfies its performance obligations as specified in the underlying agreement.

	2020	2019
	\$'000	\$'000
<b>3.5 Contributions</b>		
<i>Monetary:</i>		
Parks, open space and streetscapes	107	9
Contributions from community groups	6	276
<b>Total monetary contributions</b>	<b>113</b>	<b>285</b>
<i>Contributions of non monetary assets were received in relation to the following asset classes:</i>		
Artwork collection	-	12
Mayoral chains	-	100
Gravel contributions	-	63
Land	-	-
Buildings	-	-
Roads	-	-
Other infrastructure	-	-
Other	-	-
<b>Total non-monetary contributions</b>	<b>-</b>	<b>174</b>

Monetary and non monetary contributions are recognised as revenue when Council obtains control over the contributed asset.

### 3.6 Net gain/(loss) on disposal of property, infrastructure, plant and equipment

Proceeds of sale	107	597
Written down value of assets disposed	(121)	(917)
<b>Total net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>	<b>(14)</b>	<b>(319)</b>

The profit or loss on sale of an asset is determined when control of the asset has passed to the buyer.

	2020	2019
	\$'000	\$'000
<b>3.7 Other income</b>		
Interest	154	202
Donations/sponsorships	111	155
Investment property rental	14	20
Special charge scheme	7	59
Reimbursements	51	45
Other	624	24
<b>Total other income</b>	<b>961</b>	<b>506</b>

Interest is recognised as it is earned.

Other income is measured at the fair value of the consideration received or receivable and is recognised when Council gains control over the right to receive the income.

### 3.8 Found and gifted assets

Infrastructure assets	-	126
Land assets	-	1,669
Building assets	-	1,246
<b>Total found and gifted assets</b>	<b>-</b>	<b>3,040</b>

Found assets arise as a result of Council's continuous inspection regime/asset management processes. Where an asset is identified as not being currently recorded in Council's asset management system, it is brought to account in accordance with Council's asset valuation methodology as per Note 6.2.

Note 4 The cost of delivering services

4.1 (a) Employee costs

	2020	2019
	\$'000	\$'000
Wages and salaries	11,120	10,542
Long service leave	(431)	388
WorkCover	218	176
Superannuation	1,006	1,133
Fringe benefits tax	89	114
Other	59	148
<b>Total employee costs</b>	<b>12,061</b>	<b>12,499</b>

(b) Superannuation contributions

Council made contributions to the following funds:

**Defined benefit fund**

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	153	90
Employer contributions - other funds	-	-
	<b>153</b>	<b>90</b>
Employer contributions payable at reporting date.	-	-

**Accumulation funds**

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	621	613
Employer contributions - other funds	381	353
	<b>1,002</b>	<b>966</b>
Employer contributions payable at reporting date.	79	77

Refer to note 9.3 for further information relating to Council's superannuation obligations.

4.2 Materials and services

Contractors	7,225	6,687
Operating lease payments	32	103
Grants and contributions	207	153
Event support - Energy Breakthrough	470	314
Section 86 committees of management	-	153
Other materials and services	1,193	772
<b>Total materials and services</b>	<b>9,126</b>	<b>8,183</b>

4.3 Depreciation

Property	785	1,467
Plant, machinery and equipment	393	309
Fixtures, fittings and furniture	135	114
Infrastructure	4,945	6,341
<b>Total depreciation</b>	<b>6,259</b>	<b>8,231</b>

Refer to note 5.2 (c), 5.8 and 6.2 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.

4.5 Amortisation - Right of use assets

Property	65	-
IT	-	-
Waste	-	-
<b>Total Amortisation - Right of use assets</b>	<b>65</b>	<b>-</b>

4.6 Bad and doubtful debts	2020	2019
	\$'000	\$'000
Parking fine debtors	-	-
Rates debtors	-	-
Other debtors	18	48
<b>Total bad and doubtful debts</b>	<b>18</b>	<b>48</b>

**Movement in provisions for doubtful debts**

Balance at the beginning of the year	(48)	(45)
New provisions recognised during the year	(18)	(36)
Amounts already provided for and written off as uncollectible	-	34
Amounts provided for but recovered during the year	-	-
<b>Balance at end of year</b>	<b>(66)</b>	<b>(48)</b>

Provision for doubtful debt is recognised based on an expected credit loss model. This model considers both historic and forward looking information in determining the level of impairment.

**4.7 Borrowing costs**

Interest - Borrowings	66	146
Less capitalised borrowing costs on qualifying assets	-	-
<b>Total borrowing costs</b>	<b>66</b>	<b>146</b>

Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council.

**4.8 Finance Costs - Leases**

Interest - Lease Liabilities	13	-
<b>Total finance costs</b>	<b>13</b>	<b>-</b>

**4.9 Other expenses**

Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	44	44
Auditors' remuneration - Internal	71	65
Councillors' allowances	364	372
<b>Total other expenses</b>	<b>479</b>	<b>481</b>

**Note 5 Our financial position**

5.1 Financial assets	2020	2019
	\$'000	\$'000
<b>(a) Cash and cash equivalents</b>		
Cash on hand	39	1
Cash at bank	1,959	1,867
Term deposits	-	-
<b>Total cash and cash equivalents</b>	<b>1,999</b>	<b>1,868</b>
<b>(b) Other financial assets</b>		
Term deposits - current	11,250	10,250
Term deposits - non-current	-	-
<b>Total other financial assets</b>	<b>11,250</b>	<b>10,250</b>
<b>Total financial assets</b>	<b>13,249</b>	<b>12,118</b>

Councils cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:

- Trust funds and deposits (Note 5.3)	565	304
- Unexpended grants (note 3.4)	1,553	2,548
<b>Total restricted funds</b>	<b>2,118</b>	<b>2,852</b>
<b>Total unrestricted cash and cash equivalents</b>	<b>(119)</b>	<b>(984)</b>

**Intended allocations**

Although not externally restricted the following amounts have been allocated for specific future purposes by Council:

- cash held to fund carried forward capital works	-	-
- include details of other allocated amounts	-	-
Total funds subject to intended allocations	<u>-</u>	<u>-</u>

Cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of 90 days or less, net of outstanding bank overdrafts.

Other financial assets are valued at fair value, at balance date. Term deposits are measured at original cost. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.

5.1 Financial assets (continued)	2020	2019
(c) Trade and other receivables	\$'000	\$'000
<b>Current</b>		
<i>Statutory receivables</i>		
Rates debtors	2,162	1,343
Australian Tax Office - Net GST receivable	8	186
Special charge scheme	-	-
Infringement debtors	12	12
Provision for doubtful debts - infringements	-	-
<i>Non statutory receivables</i>		
Victorian government grant debtors	128	1,381
Employee related debtors	18	5
Families and child care	66	93
Private works	179	13
Aged care	86	45
Other debtors	78	76
Provision for doubtful debts - other debtors	(66)	(48)
Total current trade and other receivables	<u>2,670</u>	<u>3,106</u>
<b>Non-current</b>		
<i>Statutory receivables</i>		
Special charge scheme	-	-
<i>Non statutory receivables</i>		
Loans and advances to community organisations	-	-
Total non-current trade and other receivables	<u>-</u>	<u>-</u>
<b>Total trade and other receivables</b>	<b><u>2,670</u></b>	<b><u>3,106</u></b>

Short term receivables are carried at invoice amount. A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred. Long term receivables are carried at amortised cost using the effective interest rate method.

**(d) Ageing of Receivables**

The ageing of the Council's trade and other receivables (excluding statutory receivables) that are not impaired was:

Current (not yet due)	371	1,510
Past due by up to 30 days	45	183
Past due between 31 and 180 days	27	57
Past due between 181 and 365 days	124	42
Past due by more than 1 year	-	20
Total trade and other receivables	<u>567</u>	<u>1,811</u>

**(e) Ageing of individually impaired Receivables**

At balance date, other debtors representing financial assets with a nominal value of \$65k (2019: \$48k) were impaired. The amount of the provision raised against these debtors was \$65k (2019: \$48k) as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

The ageing of receivables that have been individually determined as impaired at reporting date was:

Current (not yet due)	-	-
Past due by up to 30 days	-	-
Past due between 31 and 180 days	-	-
Past due between 181 and 365 days	-	-
Past due by more than 1 year	-	-
Total trade & other receivables	<u>-</u>	<u>-</u>

5.2 Non-financial assets	2020	2019
(a) Inventories	\$'000	\$'000
Inventories held for distribution	16	119
<b>Total inventories</b>	<b>16</b>	<b>119</b>

Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential. All other inventories, including land held for sale, are measured at the lower of cost and net realisable value. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

**(b) Other assets**

Prepayments	254	151
Accrued income	132	66
Other	472	-
<b>Total other assets</b>	<b>859</b>	<b>217</b>

5.3 Payables	2020	2019
(a) Trade and other payables	\$'000	\$'000
Trade payables	2,325	2,705
Accrued salaries and wages	460	233
Unearned revenue	1,709	7
Accrued interest	149	10
Net GST payable	-	-
<b>Total trade and other payables</b>	<b>4,642</b>	<b>2,955</b>

**(b) Trust funds and deposits**

Refundable deposits	168	62
Fire services levy	273	16
Retention amounts	124	226
Other refundable deposits	-	-
<b>Total trust funds and deposits</b>	<b>565</b>	<b>304</b>

**(c) Unearned income**

Grants received in advance - operating	553	304
Grants received in advance - capital	1,000	2,548
Other	-	-
<b>Total unearned income</b>	<b>1,553</b>	<b>2,852</b>

Amounts received as deposits and retention amounts controlled by Council are recognised as trust funds until they are returned, transferred in accordance with the purpose of the receipt, or forfeited. Trust funds that are forfeited, resulting in council gaining control of the funds, are to be recognised as revenue at the time of forfeit.

**Purpose and nature of items**

Fire Service Levy - Council is the collection agent for fire services levy on behalf of the State Government. Council remits amounts received on a quarterly basis. Amounts disclosed here will be remitted to the state government in line with that process.

Retention Amounts - Council has a contractual right to retain certain amounts until a contractor has met certain requirements or a related warrant or defect period has elapsed. Subject to the satisfactory completion of the contractual obligations, or the elapsing of time, these amounts will be paid to the relevant contractor in line with Council's contractual obligations.

5.4 Interest-bearing liabilities	2020	2019
	\$'000	\$'000
<b>Current</b>		
Bank overdraft	-	-
Borrowings - secured	3,321	3,841
Finance lease	-	6
	<u>3,321</u>	<u>3,847</u>
<b>Non-current</b>		
Borrowings - secured	-	39
	<u>-</u>	<u>39</u>
<b>Total</b>	<u>3,321</u>	<u>3,885</u>

Borrowings are secured by a charge over the general rates of the Council.

(a) The maturity profile for Council's borrowings is:

Not later than one year	3,321	3,841
Later than one year and not later than five years	-	39
Later than five years	-	-
	<u>3,321</u>	<u>3,880</u>

Borrowings are initially measured at fair value, being the cost of the interest bearing liabilities, net of transaction costs. The measurement basis subsequent to initial recognition depends on whether the Council has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through the profit and loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method.

The classification depends on the nature and purpose of the interest bearing liabilities. The Council determines the classification of its interest bearing liabilities at initial recognition.

(b) The maturity profile for Council's finance lease liability is:

Not later than one year	-	6
<b>Total</b>	<u>-</u>	<u>6</u>

#### 5.5 Provisions

	Employee	Gravel pit rehabilitation	Other	Total
	\$ '000	\$ '000	\$ '000	\$ '000
<b>2020</b>				
Balance at beginning of the financial year	2,902	89	-	2,991
Additional provisions	146	-	-	146
Amounts used	(18)	-	-	(18)
Change in the discounted amount arising because of time and the effect of any change in the discount rate		20	-	20
<b>Balance at the end of the financial year</b>	<u>3,030</u>	<u>109</u>	<u>-</u>	<u>3,140</u>

<b>2019</b>				
Balance at beginning of the financial year	3,032	69	-	3,101
Additional provisions	996	-	-	996
Amounts used	(1,148)	-	-	(1,148)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	22	20	-	42
<b>Balance at the end of the financial year</b>	<u>2,902</u>	<u>89</u>	<u>-</u>	<u>2,991</u>



	2020	2019
	\$'000	\$'000
<b>(a) Employee provisions</b>		
<b>Current provisions expected to be wholly settled within 12</b>		
Annual leave	636	599
Long service leave	1,333	1,931
	<b>1,969</b>	<b>2,530</b>
<b>Current provisions expected to be wholly settled after 12</b>		
Annual leave	102	110
Long service leave	-	-
	<b>102</b>	<b>110</b>
<b>Total current employee provisions</b>	<b>2,070</b>	<b>2,640</b>
<b>Non-current</b>		
Long service leave	99	262
Annual leave	-	-
<b>Total non-current employee provisions</b>	<b>99</b>	<b>262</b>
Aggregate carrying amount of employee provisions:		
Current	2,070	2,640
Non-current	99	262
<b>Total aggregate carrying amount of employee provisions</b>	<b>2,170</b>	<b>2,902</b>

The calculation of employee costs and benefits includes all relevant on-costs and are calculated as follows at reporting date.

*Wages and salaries and annual leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick leave expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and measured at their nominal values.

Liabilities that are not expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities, measured at the present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

*Long service leave*

Liability for long service leave (LSL) is recognised in the provision for employee benefits. LSL is measured at present value. Unconditional LSL is disclosed as a current liability. Conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non-current liability.

Key assumptions:

- discount rate	0.872%	1.324%
- index rate	4.250%	4.313%
- average long service leave settlement period	15 years	15 years

	2020	2019
	\$'000	\$'000
<b>(b) Gravel pit rehabilitation</b>		
Current	-	20
Non-current	68	68
	<b>68</b>	<b>89</b>

Council is obligated to restore the Dunolly and Daisy Hill Gravel Pit sites to a particular standard once all gravel has been exhausted. The provision for Gravel pit restoration is based on liability calculations performed by the Manager Infrastructure Services, approved by DELWP. The liability is based on discounted values as the majority of works are expected to be undertaken beyond the next 12 months. Council does not expect to receive reimbursement from a third party.

Key assumptions:

- discount rate	1.400%	0.000%
- index rate	4.313%	0.000%

**(c) Other Non Current Liabilities - Prepaid Revenue**

Current	-	-
Non-current	125	-
	<b>125</b>	<b>-</b>

5.6 Financing arrangements	2020 \$'000	2019 \$'000
The Council has the following funding arrangements in place as at 30 June.		
Bank overdraft	-	-
Credit card facilities	50	50
Interest bearing loans and borrowings	3,321	3,885
<b>Total facilities</b>	<b>3,371</b>	<b>3,935</b>
Used facilities	-	15
<b>Unused facilities</b>	<b>3,371</b>	<b>3,920</b>

### 5.7 Commitments

Council has entered into the following commitments. Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value and presented inclusive of the GST payable.

2020	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
<b>Operating</b>					
Management of council facilities	687	-	-	-	687
Waste services	2,030	4,214	-	-	6,244
Open space management	-	-	-	-	-
Consultancies	-	-	-	-	-
Home care services	-	-	-	-	-
Cleaning contracts for council buildings	-	-	-	-	-
Meals for delivery	-	-	-	-	-
<b>Total operating commitments</b>	<b>2,717</b>	<b>4,214</b>	<b>-</b>	<b>-</b>	<b>6,931</b>

2019	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
<b>Operating</b>					
Management of council facilities	673	687	-	-	1,360
Waste services	1,980	2,030	4,214	-	8,224
<b>Total operating commitments</b>	<b>2,653</b>	<b>2,717</b>	<b>4,214</b>	<b>-</b>	<b>9,584</b>

### 5.8 Leases

#### Policy applicable before 1 July 2019

As a lessee, Council classifies leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to council.

Operating lease payments, including any contingent rentals, were recognised as an expense in the comprehensive income statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset was not recognised in the balance sheet.

All incentives for the agreement of a new or renewed operating lease were recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives were received to enter into operating leases, the aggregate cost of incentives were recognised as a reduction of rental expense over the lease term on a straight-line basis, unless another systematic basis was more representative of the time pattern in which economic benefits from the leased asset were consumed.

**Policy applicable after 1 July 2019**

Council has applied AASB 16 Leases using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information. The council applied the approach consistently to all leases in which it is a lessee.

On transition to AASB 16 Leases, Council elected to apply the practical expedient to 'grandfather' the assessment of which transactions are leases. The council has applied this practical expedient to all of its contracts and therefore applied AASB 16 Leases only to contracts that were previously identified as leases.

At inception of a contract, all entities would assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To identify whether a contract conveys the right to control the use of an identified asset, it is necessary to assess whether:

- The contract involves the use of an identified asset;
- The customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The customer has the right to direct the use of the asset.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

As a lessee, Council recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any lease incentives received; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an appropriate incremental borrowing rate. Generally, Council uses an appropriate incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that Council is reasonably certain to exercise, lease payments in an optional renewal period if Council is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless Council is reasonably certain not to terminate early.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Council has elected to apply the temporary option available under AASB 16 Leases which allows not-for-profit entities to not measure right-of-use assets at initial recognition at fair value in respect of leases that have significantly below-market terms.

<b>Right-of-Use Assets</b>	Property \$'000	IT \$'000	Waste \$'000	Total \$'000
Balance at 1 July 2019	336	-	-	336
Additions	-	-	-	-
Amortisation charge	(65)	-	-	(65)
Balance at 30 June 2020	<u>271</u>	<u>-</u>	<u>-</u>	<u>271</u>

<b>Lease Liabilities</b>	2020 \$'000
Maturity analysis - contractual undiscounted cash flows	\$'000
Less than one year	-
One to five years	-
More than five years	-
Total undiscounted lease liabilities as at 30 June:	<u>-</u>

Lease liabilities included in the Balance Sheet at 30 June:

Current	-
Non-current	271
Total lease liabilities	<u>271</u>

**Short-term and low value leases**

Council has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets (individual assets worth less than existing capitalisation thresholds for a like asset up to a maximum of AUD\$10,000), including IT equipment. Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

<b>Expenses relating to:</b>	2020 \$'000
Short-term leases	17
Leases of low value assets	-
Total	<u>17</u>
Variable lease payments (not included in measurement of lease liabilities)	-

**Non-cancellable lease commitments - Short-term and low-value leases**

Commitments for minimum lease payments for short-term and low-value leases are payable as follows:

Payable:	
Within one year	-
Later than one year but not later than five years	-
Total lease commitments	<u>-</u>

i. Leases classified as operating leases under AASB 117 Leases

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at Council's incremental borrowing rate as at 1 July 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. Council applied this approach to all applicable leases.

Council used the following practical expedients when applying AASB 16 Leases to leases previously classified as operating leases under AASB 117

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Adjusted the right-of-use assets by the amount of AASB 137 Provisions, Contingent Liabilities and Contingent Assets onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

ii. Leases previously classified as finance leases

For leases that were classified as finance leases under AASB 117 Leases, the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 are determined at the carrying amount of the lease asset and lease liability under AASB 117 Leases immediately before that date.

Council is not required to make any adjustments on transition to AASB 16 Leases for leases in which it acts as a lessor, except for a sub-lease. Council accounted for its leases in accordance with AASB 16 Leases from the date of initial application.

**Impact on financial statements**

On transition to AASB 16 Leases, Council recognised an additional \$271,395 of right-of-use assets and \$271,395 of lease liabilities, recognising the difference in retained earnings.

When measuring lease liabilities, Council discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted-average rate applied is 6%.

	2019
	\$'000
Operating lease commitment at 30 June 2019 as disclosed in Council's financial statements	904
Discounted using the incremental borrowing rate at 1 July 2019	-
<b>Finance lease liability recognised as at 30 June 2019</b>	<b>904</b>
- Recognition exemption for:	
short-term leases	-
leases of low-value assets	-
- Extension and termination options reasonably certain to be exercised	-
- Residual value guarantees	-
<b>Lease liabilities recognised as at 1 July 2019</b>	<b>-</b>

	2020	2019
	\$'000	\$'000
<b>Note 6 Assets we manage</b>		
<b>6.1 Non current assets classified as held for sale</b>		
Industrial land - cost of acquisition	245	245
Capitalised development costs (eg roads, drainage)	-	-
Borrowing costs capitalised during development	-	-
<b>Total non current assets classified as held for sale</b>	<b>245</b>	<b>245</b>
Capitalisation rate used in the allocation of borrowing costs	0%	0%

Non-current assets classified as held for sale (including disposal groups) are measured at the lower of its carrying amount and fair value less costs of disposal, and are not subject to depreciation. Non-current assets, disposal groups and related liabilities and assets are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale (or disposal group sale) is expected to be completed within 12 months from the date of classification.

6.2 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2019	Additions	Contributions	Revaluation	Depreciation	Disposal	Write-off	Transfers	At Fair Value 30 June 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	11,673	-	-	-	-	-	-	-	11,673
Buildings	88,750	-	-	-	(56,750)	-	-	76	32,075
Plant and equipment	11,961	2,500	-	-	(7,595)	(194)	-	595	4,770
Infrastructure	352,604	-	-	(6,262)	(93,596)	-	155	4,745	257,645
Work in progress	1,287	6,541	-	-	-	-	(155)	(5,572)	2,102
	466,275	6,544	-	(6,262)	(157,942)	(194)	-	(156)	308,266

Summary of Work in Progress

	Opening WIP	Additions	Write-off	Transfers	Closing WIP
	\$'000	\$'000	\$'000	\$'000	\$'000
Land	-	280	(0)	(273)	7
Buildings	82	1,091	(2)	(76)	1,095
Plant and equipment	-	1,028	(90)	(939)	0
Infrastructure	1,206	4,142	(63)	(4,285)	1,000
Total	1,287	6,541	(155)	(5,572)	2,102

Notes to the Financial Report  
For the Year Ended 30 June 2020

(a) Property

	Land under roads - specialised	Land - non specialised	Land improvements	Total Land & Land Improvements	Heritage buildings	Buildings - specialised	Total Buildings	Work in progress	Total Property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2019	381	11,292	-	11,673	-	88,750	88,750	101	100,524
Accumulated depreciation at 1 July 2019	-	-	-	-	-	(55,283)	(55,283)	-	(55,283)
	381	11,292	-	11,673	-	33,466	33,466	101	45,241
<b>Movements in fair value</b>									
Additions	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-	-
Write-off	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	76	76	-	76
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	76	76	-	76
<b>Movements in accumulated depreciation</b>									
Depreciation and amortisation	-	-	-	-	-	(1,467)	(1,467)	-	(1,467)
Accumulated depreciation of disposals	-	-	-	-	-	-	-	-	-
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	(1,467)	(1,467)	-	(1,467)
At fair value 30 June 2020	381	11,292	-	11,673	-	88,825	88,825	101	100,600
Accumulated depreciation at 30 June 2020	-	-	-	-	-	(56,750)	(56,750)	-	(56,750)
	381	11,292	-	11,673	-	32,075	32,075	101	43,850

(b) Plant and Equipment

	Plant machinery and equipment	Fixtures fittings and furniture	Artwork collection	Library collection	Works in progress	Total Plant and Equipment
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2019	7,573	3,836	223	329	-	11,961
Accumulated depreciation at 1 July 2019	(3,672)	(3,465)	-	-	-	(7,137)
	3,901	371	223	329	-	4,824
<b>Movements in fair value</b>						
Additions	359.28	-	2.50	-	-	361.78
Contributions	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Disposal	(192.53)	-	-	(1.19)	-	(193.72)
Write-off	-	-	-	-	-	-
Transfers	-	594.97	-	-	-	594.97
Impairment losses recognised in operating result	-	-	-	-	-	-
	166.75	594.97	2.50	(1.19)	-	763.03
<b>Movements in accumulated depreciation</b>						
Depreciation and amortisation	(322.14)	(135.52)	-	-	-	(457.65)
Accumulated depreciation of disposals	-	-	-	-	-	-
Impairment losses recognised in operating result	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
	(322.14)	(135.52)	-	-	-	(457.65)
At fair value 30 June 2020	7,740	4,431	225	328	-	12,724
Accumulated depreciation at 30 June 2020	(3,994)	(3,600)	-	-	-	(7,595)
	3,745	831	225	328	-	5,129

(c) Infrastructure

	Roads	Bridges	Footpaths and cycleways	Drainage	Other structures	Work in progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2019	246,669	42,706	9,228	21,784	32,217	1,287	353,892
Accumulated depreciation at 1 July 2019	(55,550)	(13,752)	(3,496)	(6,488)	(9,951)	-	(89,239)
	191,119	28,953	5,731	15,296	22,266	1,287	264,653
<b>Movements in fair value</b>							
Additions	-	-	-	-	-	6,541	6,541
Contributions	-	-	-	-	-	-	-
Revaluation	(5,241)	(1,124)	103	-	-	-	(6,262)
Disposal	-	-	-	-	-	-	-
Write-off	-	-	-	-	-	-	-
Transfers	2,532	639	156	242	442	(4,838)	(827)
Impairment losses recognised in operating result	-	-	-	-	-	-	-
	(2,709)	(484)	259	242	442	1,704	(548)
<b>Movements in accumulated depreciation</b>							
Depreciation and amortisation	(4,215)	270	(413)	-	-	-	(4,358)
Accumulated depreciation of disposals	-	-	-	-	-	-	-
Impairment losses recognised in operating result	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
	(4,215)	270	(413)	-	-	-	(4,358)
At fair value 30 June 2020	243,960	42,221	9,486	22,026	32,659	2,991	353,344
Accumulated depreciation at 30 June 2020	(59,766)	(13,482)	(3,909)	(6,488)	(9,951)	-	(93,596)
	184,194	28,739	5,577	15,538	22,708	2,991	259,747



6.2 Property, infrastructure, plant and equipment (continued)

*Acquisition*

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date.

Where assets are constructed by Council, cost includes all materials used in construction, direct labour, borrowing costs incurred during construction, and an appropriate share of directly attributable variable and fixed overheads.

In accordance with Council's policy, the threshold limits have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

Asset recognition thresholds and depreciation periods	Depreciation Period		Threshold Limit
	2020	2019	\$'000
Land & land improvements			
land		-	0
land improvements		5-100 years	2
Buildings			
buildings		25-250 years	5
building and leasehold improvements		15-125 years	2
Plant and Equipment			
plant, machinery and equipment		2-40 years	2
fixtures, fittings and furniture		2-20 years	2
computers and telecommunications		2-10 years	2
artworks		-	0
Infrastructure			
roads - pavements and seals		15-60 years	10
kerb and channel		20-50 years	1
pathways		30-50 years	1
bridges and major culverts		70-100 years	10
drainage		40-100 years	3
minor culverts		80 years	1
monuments		200 years	2
waste water assets		20-60 years	10
traffic control facilities		50 years	5

*Land under roads*

Council recognises land under roads it controls at fair value.

*Depreciation and amortisation*

Buildings, land improvements, plant and equipment, infrastructure, and other assets having limited useful lives are systematically depreciated over their useful lives to the Council in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation rates and methods are reviewed annually.

Where assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and residual values and a separate depreciation rate is determined for each component.

Road earthworks are not depreciated on the basis that they are assessed as not having a limited useful life.

Straight line depreciation is charged based on the residual useful life as determined each year.

Depreciation periods used are listed above and are consistent with the prior year unless otherwise stated.

*Repairs and maintenance*

Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

*Leasehold improvements*

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter. At balance date, leasehold improvements are amortised over a 10 year period.

6.2 Property, infrastructure, plant and equipment (continued)

**Valuation of land and buildings**

Valuation of land and buildings were undertaken by a qualified independent valuer VRC Property Pty Ltd (Michael Marsiglio API Member No. 63349 as at 30 June 2019). The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Specialised land is valued at fair value using site values adjusted for englobo (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Any significant movements in the unobservable inputs for land and land under roads will have a significant impact on the fair value of these assets.

The date of the current valuation is detailed in the following table. An indexed based revaluation was conducted in the current year, this valuation was based on rate per square metre, a full revaluation of these assets will be conducted in 2020/21.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2020 are as follows:

	Level 1	Level2	Level 3	Date of Valuation
Land	-	-	11,292,000	6/30/2020
Specialised land	-	-	381,486	6/30/2020
Land Improvements	-	-	280,077	6/30/2020
Buildings	-	-	88,825,477	6/30/2020
Building improvements	-	-	1,090,130	6/30/2020
Total	-	-	<b>101,869,170</b>	

**Valuation of infrastructure**

Valuation of infrastructure assets has been determined in accordance with an independent valuation undertaken by Kathie Teasdale CPA Managing Partner RSD Audit

The date of the current valuation is detailed in the following table. An indexed based revaluation was conducted in the current year, this valuation was based on rate per square metre; a full revaluation of these assets will be conducted in 2020/21.

The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2020 are as follows:

	Level 1	Level2	Level 3	Date of Valuation
Roads	-	-	244,271,681	6/30/2020
Bridges	-	-	42,406,101	6/30/2020
Footpaths and cycleways	-	-	9,486,098	6/30/2020
Drainage	-	-	22,054,707	6/30/2020
Other structures	-	-	32,680,873	6/30/2020
Total	-	-	<b>350,899,460</b>	

6.2 Property, infrastructure, plant and equipment (continued)

*Description of significant unobservable inputs into level 3 valuations*

**Specialised land and land under roads** is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 5% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$71 and \$117 per square metre.

**Specialised buildings** are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs are calculated on a square metre basis and ranges from \$250 to \$5000 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 15 years to 250 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

**Infrastructure assets** are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 2 years to 200 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2020	2019
	\$'000	\$'000
Reconciliation of specialised land		
Land under roads	381	381
<b>Total specialised land</b>	<b>381</b>	<b>381</b>

### 6.3 Investments in associates, joint arrangements and subsidiaries

#### (a) Investments in associates

Council does not have any investments in associates, joint arrangements or subsidiaries.

#### Committees of management

All entities controlled by Council that have material revenues, expenses, assets and liabilities, such as committees of management, have been included in this financial report. Any transactions between these entities and Council have been eliminated in full.

The following *Local Government Act 1989* Section 86 Committees of Council have been consolidated into this financial report:  
Energy Breakthrough and the Tullaroop Leisure Centre.

- a) Adelaide Lead Hall;
- b) Daisy Hill Community Hall;
- c) Dunolly Historic Precinct Management;
- d) Energy Breakthrough;
- e) Talbot Community Homes;
- f) Talbot Town Hall;
- g) Tullaroop Leisure Centre;

**Note 7 People and relationships**

**7.1 Council/Administrators and key management remuneration**

**(a) Related Parties**

Parent entity

#REF!

Subsidiaries and Associates

As at 30 June 2020, Council does not have any interests in any subsidiaries and/or associates.

**(b) Key Management Personnel**

Details of persons holding the position of Administrator or other members of key management personnel at any time during the year are:

**Administrators** Chair of Administrators - Noel Harvey  
Administrator - Hugh Delahunty  
Administrator - Karen Douglas

**Chief Executive Officer and other Key Management Personnel**

Lucy Roffey - Chief Executive Officer  
Rebecca Stockfeld - General Manager Infrastructure Assets & Planning  
Paul Brumby - General Manager Corporate Performance  
Martin Collins - General Manager Community Wellbeing

	2020	2019
	No.	No.
Total Number of Administrators	3	3
Total of Chief Executive Officer and other Key Management Personnel	4	6
<b>Total Number of Key Management Personnel</b>	<b>7</b>	<b>9</b>

**(c) Remuneration of Key Management Personnel**

	2020	2019
	\$	\$
Total remuneration of key management personnel was as follows:		
Short-term benefits	937,772	1,123,961
Long-term benefits	100,998	31,745
Post employment benefits	-	-
Termination benefits	-	-
<b>Total Remuneration of Key Management Personnel</b>	<b>1,038,770</b>	<b>1,155,706</b>

The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:

	2020	2019
	No.	No.
\$10,000 - \$19,999	-	1
\$40,000 - \$49,999	-	1
\$70,000 - \$89,999	2	2
\$90,000 - \$99,999	-	-
\$100,000 - \$119,999	-	-
\$120,000 - \$129,999	-	-
\$130,000 - \$139,999	1	1
\$150,000 - \$159,999	-	1
\$180,000 - \$189,999	3	1
\$190,000 - \$199,999	-	1
\$200,000 - \$239,999	-	-
\$240,000 - \$249,999	1	1
<b>Total Key Management Personnel</b>	<b>7</b>	<b>9</b>

**(d) Senior Officer Remuneration**

A Senior Officer is an officer of Council, other than Key Management Personnel, who:

- a) has management responsibilities and reports directly to the Chief Executive; or
- b) whose total annual remuneration exceeds \$151,000.

The number of Senior Officers are shown below in their relevant income bands:

	2020	2019
Income Range:	No.	No.
\$90,000 - \$99,999	1	1
\$100,000 - \$119,999	-	1
\$140,000 - \$149,999	-	1
\$150,000 - \$159,999	-	1
\$200,000 - \$210,999	-	1
	<u>1</u>	<u>5</u>

	\$	\$
Total Remuneration for the reporting year for Senior Officers included above, amounted to:	94,794	915,396

	2020	2019
	\$'000	\$'000

## 7.2 Related party disclosure

### (a) Transactions with related parties

During the period Council entered into the following transactions with related parties:

Purchase of goods and services under normal trading terms		
- Payments to Coliban Water (CEO Lucy Roffey is Chair of the Board)	25	28
<b>Total transactions with related parties as at 30 June</b>	<u>25</u>	<u>28</u>

All of the above transactions were at arms length and in the normal course of Council's business.

### (b) Outstanding balances with related parties

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties.

Purchase of goods and services under normal trading terms	-	-
<b>Total outstanding balances with related parties as at 30 June</b>	<u>-</u>	<u>-</u>

### (c) Loans to/from related parties

The aggregate amount of loans in existence at balance date that have been made, guaranteed or secured by the council to a related party as follows:

*Include aggregate details of original amount of loan, repayments received in period, outstanding balance and details of the terms and conditions applicable.*

	-	-
<b>Total loans to/from related parties as at 30 June</b>	<u>-</u>	<u>-</u>

### (d) Commitments to/from related parties

The aggregate amount of commitments in existence at balance date that have been made, guaranteed or secured by the council to a related party are as follows:

*Include aggregated details of commitments to or from related parties.*

	-	-
<b>Total commitments to/from related parties as at 30 June</b>	<u>-</u>	<u>-</u>

**Note 8 Managing uncertainties**

**8.1 Contingent assets and liabilities**

**Operating lease receivables**

The Council has entered into commercial property leases on its investment property, consisting of surplus freehold office complexes. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 10 years. All leases include a CPI based revision of the rental charge annually.

Future undiscounted minimum rentals receivable under non-cancellable operating leases are as follows:

	2020 \$'000	2019 \$'000
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-
	<u>-</u>	<u>-</u>

**(a) Contingent assets**

Developer contributions are to be received in respect of land currently under development. At this point in time their timing and potential amount can not be reliably assessed.

**(b) Contingent liabilities**

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed and if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable, respectively.

**The following are potential contingencies are to be considered by Council:**

**Superannuation**

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme, matters relating to this potential obligation are outlined below. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists.

*Future superannuation contributions*

In addition to the disclosed contributions, Central Goldfields Shire Council has paid unfunded liability payments to Vision Super totalling \$153k during the 2019/20 year] (2018/19 \$90k). There were \$0 contributions outstanding and \$0 loans issued from or to the above schemes as at 30 June 2020. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2021 are \$100k.

**Landfill**

Council operates a landfill. Council will have to carry out site rehabilitation works in the future. At balance date Council is unable to accurately assess the financial implications of such works.

**Insurance claims**

Council to include details of any major insurance claims that could have a material impact on future operations.

**Legal matters**

Council to include details of any major legal matters that could have a material impact on future operations.

**Building cladding**

Council should disclose any potential contingents that may exist in relation to rectification works or other matters associated with building cladding that may have the potential to adversely impact on Council.

**Liability Mutual Insurance**

Council is a participant of the MAV Liability Mutual Insurance (LMI) Scheme. The LMI scheme provides public liability and professional indemnity insurance cover. The LMI scheme states that each participant will remain liable to make further contributions to the scheme in respect of any insurance year in which it was a participant to the extent of its participant's share of any shortfall in the provision set aside in respect of that insurance year, and such liability will continue whether or not the participant remains a participant in future insurance years.

**MAV Workcare**

Council is / (was) a participant of the MAV WorkCare Scheme. The MAV WorkCare scheme provides workers compensation insurance. The MAV WorkCare Scheme states that each participant will remain liable to make further contributions to the scheme in respect of any insurance year in which it was a participant to the extent of its participant's share of any shortfall in the provision set aside in respect of that insurance year, and such liability will continue whether or not the participant remains a participant in future insurance years

**(c) Guarantees for loans to other entities**

The amount disclosed for financial guarantee in this note is the nominal amount of the underlying loan that is guaranteed by the Council, not the fair value of the financial guarantee.

Financial guarantee contracts are not recognised as a liability in the balance sheet unless the lender has exercised their right to call on the guarantee or Council has other reasons to believe that it is probable that the right will be exercised.

	2020 \$'000	2019 \$'000
<b>(1) Reinstatement of quarries</b>		
Council has provided a bank guarantee to DELWP for the reinstatement of quarries. At balance date the Council's exposure as a result of these guarantees is:		
Bank guarantee - Department of Environment, Land, Water and Planning	61	61
<b>(2) Waste disposal site rehabilitation</b>		
The Council operated a waste disposal site at the Carisbrook landfill. This has now been rehabilitated in accordance with EPA requirements. A separate bank guarantee is provided for any remedial works if they are required in the future.	460	460

The Council is not aware of any other contingent liabilities as at the date of this report.

## 8.2 Change in accounting standards

The following new AAS's have been issued that are not mandatory for the 30 June 2020 reporting period. Council has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

### **AASB 1059 Service Concession Arrangements: Grantors (AASB 1059) (applies 2020/21 for LG Sector)**

AASB 1059 addresses the accounting for a service concession arrangement by a grantor that is a public sector entity by prescribing the accounting for the arrangement from the grantor's perspective. It requires the grantor to:

- recognise a service concession asset constructed, developed or acquired from a third party by the operator, including an upgrade to an existing asset of the grantor, when the grantor controls the asset;
- reclassify an existing asset (including recognising previously unrecognised identifiable intangible assets and land under roads) as a service concession asset when it meets the criteria for recognition as a service concession asset;
- initially measure a service concession asset constructed, developed or acquired by the operator or reclassified by the grantor at current replacement cost in accordance with the cost approach to fair value in *AASB 13 Fair Value Measurement*. Subsequent to the initial recognition or reclassification of the asset, the service concession asset is accounted for in accordance with *AASB 116 Property, Plant and Equipment* or *AASB 138 Intangible Assets*, as appropriate, except as specified AASB 1059;
- recognise a corresponding liability measured initially at the fair value (current replacement cost) of the service concession asset, adjusted for any other consideration between the grantor and the operator; and
- disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of assets, liabilities, revenue and cash flows arising from service concession arrangements.

Based on the Council's current assessment, there is expected to be no impact on the transactions and balances recognised in the financial statements as the Council is not a grantor in a service concession arrangement. [OR]

Based on the Council's current assessment, there is expected to be no material impact on the transactions and balances recognised in the financial statements.

- (a) a description of the arrangements;
- (b) significant terms of the arrangements that may affect the amount, timing and uncertainty of future cash flows (e.g. the period of the arrangement, re-pricing dates and the basis upon which re-pricing or renegotiation is determined);
- (c) the nature and extent (e.g. quantity, time period, or amount, as appropriate) of:
  - (i) rights to receive specified services from the operator;
  - (ii) the carrying amount of service concession assets as at the end of the reporting period, including separate disclosure for existing assets of the grantor reclassified as service concession assets during the reporting period;
  - (iii) rights to receive specified assets at the end of an arrangement;
  - (iv) renewal and termination options;
  - (v) other rights and obligations (e.g. major overhaul of service concession assets); and
  - (vi) obligations to provide the operator with access to service concession assets or other revenue-generating assets; and
- (d) changes in arrangements occurring during the reporting period.

### **AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material (applies 2020/21 for LG Sector)**

The Standard principally amends *AASB 101 Presentation of Financial Statements* and *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors*. The amendments refine the definition of material in AASB 101. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. The impacts on the local government sector are expected to be minimal.

### **AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework (applies 2020/21 for LG Sector)**

This Standard sets out amendments to Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the Conceptual Framework for Financial Reporting (Conceptual Framework) by the AASB. The impacts on the local government sector are expected to be minimal.



### 8.3 Financial instruments

#### (a) Objectives and policies

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and bank borrowings. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in the notes of the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

#### (b) Market risk

Market risk is the risk that the fair value or future cash flows of council financial instruments will fluctuate because of changes in market prices. The Council's exposure to market risk is primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk.

#### Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Council's interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes council to fair value interest rate risk / Council does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 1989*. Council manages interest rate risk by adopting an investment policy that ensures:

- diversification of investment product;
- monitoring of return on investment; and
- benchmarking of returns and comparison with budget.

There has been no significant change in the Council's exposure, or its objectives, policies and processes for managing interest rate risk or the methods used to measure this risk from the previous reporting period.

Interest rate movements have not been sufficiently significant during the year to have an impact on the Council's year end result.

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#### (c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss. Council have exposure to credit risk on some financial assets included in the balance sheet. Particularly significant areas of credit risk exist in relation to outstanding fees and fines as well as loans and receivables from sporting clubs and associations. To help manage this risk:

- council have a policy for establishing credit limits for the entities council deal with;
- council may require collateral where appropriate; and
- council only invest surplus funds with financial institutions which have a recognised credit rating specified in council's investment policy.

Receivables consist of a large number of customers, spread across the ratepayer, business and government sectors. Credit risk associated with the council's financial assets is minimal because the main debtor is secured by a charge over the rateable property.

There are no material financial assets which are individually determined to be impaired.

Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when council provide a guarantee for another party. Details of our contingent liabilities are disclosed in Note 8.1(b).

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. Council does not hold any collateral.

#### (d) Liquidity risk

Liquidity risk includes the risk that, as a result of council's operational liquidity requirements it will not have sufficient funds to settle a transaction when required or will be forced to sell a financial asset at below value or may be unable to settle or recover a financial asset.

To help reduce these risks Council:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 8.1(c), and is deemed insignificant based on prior periods' data and current assessment of risk.

There has been no significant change in Council's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from the previous reporting period.

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 5.4.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

**(e) Sensitivity disclosure analysis**

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Council believes the following movements are 'reasonably possible' over the next 12 months:

- A parallel shift of + 2.0% and -1.0% in market interest rates (AUD) from year-end rates of 0.25% (2.2% at 30 June 2019).

These movements will not have a material impact on the valuation of Council's financial assets and liabilities, nor will they have a material impact on the results of Council's operations.

#### 8.4 Fair value measurement

##### *Fair value hierarchy*

Council's financial assets and liabilities are not valued in accordance with the fair value hierarchy, Council's financial assets and liabilities are measured at amortised cost.

Council measures certain assets and liabilities at fair value where required or permitted by Australian Accounting Standards. AASB 13 Fair value measurement, aims to improve consistency and reduce complexity by providing a definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within a fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, Council has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, Council determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

##### *Revaluation*

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, are measured at their fair value, being the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date. At balance date, the Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date, the class of asset was revalued.

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 3 to 5 years. The valuation is performed either by experienced council officers or independent experts.

Where the assets are revalued, the revaluation increments are credited directly to the asset revaluation reserve except to the extent that an increment reverses a prior year decrement for that class of asset that had been recognised as an expense in which case the increment is recognised as revenue up to the amount of the expense. Revaluation decrements are recognised as an expense except where prior increments are included in the asset revaluation reserve for that class of asset in which case the decrement is taken to the reserve to the extent of the remaining increments. Within the same class of assets, revaluation increments and decrements within the year are offset.

##### *Impairment of assets*

At each reporting date, the Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

#### 8.5 Events occurring after balance date

No matters have occurred after balance date that require disclosure in the financial report.

Note 9 Other matters

9.1 Reserves	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
<b>(a) Asset revaluation reserves</b>			
<b>2020</b>			
<b>Property</b>			
Land and land improvements	4,813	-	4,813
Buildings	12,968	-	12,968
	<u>17,782</u>	<u>-</u>	<u>17,782</u>
<b>Plant and equipment</b>			
Library book stock	29	(1)	28
	<u>29</u>	<u>(1)</u>	<u>28</u>
<b>Infrastructure</b>			
Roads	127,537	(5,819)	121,718
Kerb and channel	10,193	-	10,193
Pathways	4,234	(97)	4,137
Bridges and major culverts	20,336	(423)	19,914
Drainage	5,716	-	5,716
Minor culverts	7,198	-	7,198
Monuments	323	(19)	304
Waste water assets	263	-	263
Traffic control facilities	90	-	90
	<u>175,891</u>	<u>(6,358)</u>	<u>169,533</u>
<b>Total asset revaluation reserves</b>	<b>193,702</b>	<b>(6,360)</b>	<b>187,342</b>
<b>2019</b>			
<b>Property</b>			
Land and land improvements	4,015	798	4,813
Buildings	16,606	(3,637)	12,968
	<u>20,621</u>	<u>(2,839)</u>	<u>17,782</u>
<b>Plant and equipment</b>			
Library book stock	49	(20)	29
	<u>49</u>	<u>(20)</u>	<u>29</u>
<b>Infrastructure</b>			
Roads	127,537	-	127,537
Kerb and channel	10,193	-	10,193
Pathways	4,234	-	4,234
Bridges and major culverts	20,336	-	20,336
Drainage	5,545	171	5,716
Minor culverts	7,198	-	7,198
Monuments	323	-	323
Waste water assets	260	2	263
Traffic control facilities	90	-	90
	<u>175,717</u>	<u>174</u>	<u>175,891</u>
<b>Total asset revaluation reserves</b>	<b>196,388</b>	<b>(2,686)</b>	<b>193,702</b>

The asset revaluation reserve is used to record the increased (net) value of Council's assets over time.

	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
<b>(b) Other reserves</b>				
<b>2020</b>				
Unfunded superannuation	450	-	-	450
Open space	19	3	-	22
<b>Total other reserves</b>	<b>469</b>	<b>3</b>	<b>-</b>	<b>472</b>

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2019				
Unfunded superannuation	450	-	-	450
Open space	11	9	-	19
<b>Total other reserves</b>	<b>461</b>	<b>9</b>	<b>-</b>	<b>469</b>

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The nature and purpose of each reserve is listed below:

*Unfunded Superannuation*

This reserve is used to assist in funding future liabilities related to Defined Benefits Superannuation. Transfers to and from the reserve are based on the budgeted reserve position at the end of the reporting period.

*Open Space*

This reserve contains contributions paid by developers undertaking the subdivision of residential land. These funds are required to be expended on the creation or expansion of recreational opportunities for the community, and are held until such time the relevant expenditure is incurred.

	2020 \$'000	2019 \$'000
<b>9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)</b>		
<b>Surplus/(deficit) for the year</b>	<b>486</b>	<b>3,603</b>
Depreciation	6,323	8,231
(Profit)/loss on disposal of property, infrastructure, plant and equipment	-	319
Works in progress expensed during the year	155	2
Borrowing costs	79	146
Impairment losses	-	-
Fair value adjustments for investment property	-	-
Contributions - non-monetary assets	-	(174)
Found assets	-	(3,040)
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(491)	(1,119)
(Increase)/decrease in prepayments	(103)	113
Increase/(decrease) in accrued income	(67)	(48)
Increase/(decrease) in trade and other payables	1,548	431
(Decrease)/increase in other liabilities	-	-
(Increase)/decrease in inventories	103	(21)
Increase/(decrease) in provisions	(753)	(110)
Increase/(decrease) in trust funds and deposits	261	(132)
<b>Net cash provided by/(used in) operating activities</b>	<b>7,541</b>	<b>8,201</b>

### 9.3 Superannuation

Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense in Comprehensive Operating Statement when they are made or due.

#### **Accumulation**

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2020, this was 9.5% as required under Superannuation Guarantee (SG) legislation).

#### **Defined Benefit**

Council does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan.

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Central Goldfields Council in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

#### **Funding arrangements**

Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary. A triennial actuarial review is currently underway for the Defined Benefit category as at 30 June 2020 and is expected to be completed by 31 December 2020.

As at 30 June 2019, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 107.1%. The financial assumptions used to calculate the VBIs were:

- Net investment returns 6.0% pa
- Salary information 3.5% pa
- Price inflation (CPI) 2.0% pa.

Vision Super has advised that the estimated VBI at June 2020 quarter end was 104.6%.

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2019 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

#### **Employer contributions**

##### *Regular contributions*

On the basis of the results of the 2017 full actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2020, this rate was 9.5% of members' salaries (9.5% in 2018/2019). This rate is expected to increase in line with any increases in the SG contribution rate and reviewed as part of the 30 June 2020 triennial valuation.

In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

### Funding calls

If the Defined Benefit category is in an unsatisfactory financial position at an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the Defined Benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Central Goldfields Council) are required to make an employer contribution to cover the shortfall. Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up.

If there is a surplus in the Fund, the surplus cannot be returned to the participating employers.

In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

### The 2019 interim actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the Defined Benefit category of which Council is a contributing employer. Generally, a full actuarial investigation conducted every three years and interim actuarial investigations are conducted for each intervening year. An interim investigation was conducted as at 30 June 2019 and the last full actuarial investigation was conducted as at 30 June 2017.

The Fund's actuarial investigations as at 30 June 2019 identified the following for the Defined Benefit category of which Council is a contributing employer:

	2020 \$m	2019 \$m
- A VBI Surplus	97.6	151.3
- A total service liability surplus	200.0	233.4
- A discounted accrued benefits surplus	215.4	256.4

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2019.

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2019.

The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2019.

Council was notified of the 30 June 2019 VBI during August 2019 (2018: August 2018).

### The 2020 triennial actuarial investigation

A triennial actuarial investigation is being conducted for the Fund's position as at 30 June 2020. It is anticipated that this actuarial investigation will be completed by 31 December 2020. The financial assumptions for the purposes of this investigation are:

	2020 Triennial investigation	2017 Triennial investigation
Net investment return	5.6%	6.5%
Salary inflation	2.5% for the first two years and 2.75% pa thereafter	3.5%
Price inflation	2.0%	2.5%

### Superannuation contributions

Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2020 are detailed below:

Scheme	Type of Scheme	Rate	2020 \$,000	2019 \$,000
Vision Super	Defined benefits	9.50%	153	90
Vision Super	Accumulation fund	9.50%	621	613

There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2020.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2021 is \$100k

## 10 Change in accounting policy

Council has adopted AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income of Not-for-Profit Entities*, from 1 July 2019. This has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

Due to the transition methods chosen by Council in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards except in relation to contracts that were not complete at 1 July 2019. The transition impact of these are detailed below.

### a) AASB 15 Revenue from Contracts with Customers - Impact of Adoption

AASB 15 *Revenue from Contracts with Customers* applies to revenue transactions where Council provides services or goods under contractual arrangements.

Council adopted AASB 15 *Revenue from Contracts with Customers* using the modified (cumulative catch up) method. Revenue for 2019 as reported under AASB 118 *Revenue* is not adjusted, because the new standard is only applied from the date of initial application.

AASB 15 *Revenue from Contracts with Customers* requires revenue from contracts with customers to be recognised as Council satisfies the performance obligations under the contract.

### b) AASB 16 Leases

AASB 16 *Leases* requires right of use assets and related liabilities for all lease agreements to be recognised on the balance sheet. The Statement of Comprehensive Income is to separately recognise the amortisation of the right of use asset, and the finance costs relating to the lease. Council has elected to adopt the modified (cumulative catch up) method under the standard and as such has not adjusted 2019 disclosures. The transition impact of these are detailed below.

### c) AASB 1058 Income of Not-for-Profit Entities

AASB 1058 *Income of Not-for-Profit Entities* applies to income received where no contract is in place. This includes statutory charges (such as rates) as well as most grant agreements.

Council adopted AASB 1058 *Income of Not-for-Profit Entities* using the modified (cumulative catch up) method. Income for 2019 is not adjusted, because the new standard is only applied from the date of initial application.

AASB 1058 *Income of Not-for-Profit Entities* requires income to be recognised as Council satisfies the performance obligations under the contract.

### d) Transition impacts

The following table summarises the impact of transition to the new standards on retained earnings at 1 July 2019.

	2019 \$'000
Retained earnings at 30 June 2019	320,286
Revenue adjustment - impact of AASB 15 <i>Revenue from Contracts with Customers</i>	-
Income Adjustment - impact of AASB 1058 <i>Income of Not-for-Profit Entities</i> [revenue adjustment]	-
<b>Retained earnings at 1 July 2019</b>	<b>320,286</b>

Council adopted the practical expedient of deeming the lease asset to be equal in value to the lease liability at 1 July 2019. As such there was no impact on retained earnings on the adoption of AASB 16

The following table summarises the impacts of transition to the new standards on Council's balance sheet for the year ending 30 June 2019.

	As reported 30 June 2019 \$'000	Adjustments \$'000	Post adoption \$'000
<b>Assets</b>			
Right of use assets	-	-	-
Grants receivable	-	-	-
	-	-	-
<b>Liabilities</b>			
Unearned income - operating grants	-	-	-
Unearned income - capital grants	-	-	-
Lease liability - current	-	-	-
Lease liability - non-current	-	-	-
	-	-	-





# Central Goldfields Shire Council

Performance Statement  
For the year ended 30 June 2020



**CENTRAL  
GOLDFIELDS**  
SHIRE COUNCIL

## **Performance Statement**

For the year ended 30 June 2020

### **Description of municipality**

Located at the geographical centre of Victoria, Central Goldfields Shire covers 1,532 square kilometres and has an approximate population of 13,000 people.

Maryborough is the shire's major business centre with a population of around 7,900. Maryborough has gained recognition in recent years as having some of the finest sporting facilities in regional Victoria, together with significant historical buildings dating back to the goldmining era of the 1850's.

Other towns in the shire include, Bealiba, Carisbrook, Dunolly, Majorca, Talbot and Timor-Bowenvale and the rural districts surrounding these centres. All are famous for their heritage architecture and significant agricultural industries.

The shire is currently experiencing significant growth with key infrastructure projects and residential developments reaching fruition.

The State Government's commitment to the shire has seen investments in the areas of health, education, and law and order, together with assistance to economic development activities initiated by Council.

The shire is located within one hour's drive from main provincial centres of Ballarat and Bendigo and just two hours from Melbourne.

The first democratically elected council for Central Goldfields Shire was elected on 15 March, 1997. In 2005, the Minister for Local Government determined that the number of Councillors to represent the shire be increased from five to seven.

Central Goldfields Shire Council, by virtue of an Order in Council provided for under the Local Government (Central Goldfields Shire Council) Act 2017, currently has three appointed Administrators.

The next election will be held in October 2020 with Councillors being elected for a four-year term.

### **COVID-19**

In January 2020, the World Health Organisation declared the outbreak of the COVID-19, a public health emergency of international concern and subsequently in March 2020 it was declared a global pandemic. On 16 March 2020, a State of Emergency was declared in Victoria in relation to the COVID-19 pandemic and a national restriction was put in place on gatherings, a nationwide call to work from home and significantly lower levels of activity in the economy and community. A number of Council services required immediate change, including the closure of recreation centres and libraries, cancellation of events and revised health precautions.

At this time, all three levels of Government sought to provide additional resources to the community and adjust for the financial hardship they were facing. The impacts were felt with a loss of income, increased costs due to compliance, changes to service delivery and in some instances cessation of services. On 2 April 2020, Council adopted a COVID-19 Financial Hardship Policy which allowed the deferral of rate payments and interest waivers together with a number of financial support measures for the ratepayers and community at large. These measures included the waiver of fees and charges and rentals, refunds of event fees paid, extension of permit expiry dates and dedicated support resources.

Since 30 June 2020, Stage 4 restrictions applied in Metropolitan Melbourne and Stage 3 across the rest of Victoria from 2 August 2020.

Council has continued to support the community through the pandemic by the extension and expansion of hardship relief during 2020/2021.

## Sustainable Capacity Indicators

For the year ended 30 June 2020

<i>Indicator / measure</i>	Results	Results	Results	Results		Comments
	2017	2018	2019	2020		
<b>Population</b>						
C1 <i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$2,239.01	\$2,293.89	\$2,287.69	\$2,174.20		Reduced expenditure in 2020 and minor population increase
C2 <i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$22,877.53	\$23,609.58	\$23,173.26	\$22,493.02		No material change
C3 <i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	9.60	10.25	10.22	10.30		No material change
<b>Own-source revenue</b>						
C4 <i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,326.14	\$1,297.94	\$1,586.78	\$1,378.36		Own source revenue was down in 2020 partially due to the effects of COVID-19
<b>Recurrent grants</b>						
C5 <i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$863.85	\$737.24	\$704.20	\$711.13		No material change
<b>Disadvantage</b>						
C6 <i>Relative Socio-Economic Disadvantage</i> [Index of Relative Socio-Economic Disadvantage by decile]	1.00	1.00	1.00	1.00		No change

**Workforce turnover**

C7 <i>Percentage of staff turnover</i>	7.9%	12.4%	17.6%	14.5%	Turnover is expected to continue to decline in future years as the implementation of the organisation restructure undertaken in 2018/19 is now finalised.
[Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100					

## Service Performance Indicators

For the year ended 30 June 2020

<b>Service/indicator/measure</b>	<b>Results 2017</b>	<b>Results 2018</b>	<b>Results 2019</b>	<b>Results 2020</b>	<b>Comments</b>
<b>Aquatic Facilities Utilisation</b>  AF6 <i>Utilisation of aquatic facilities</i>  [Number of visits to aquatic facilities / Municipal population]	7.29	7.58	7.55	5.69	The Maryborough Sports and Leisure Centre was closed for 3 months due to Covid-19.
<b>Animal Management Health and safety</b>  AM7 <i>Animal management prosecutions</i>  [Number of successful animal management prosecutions]	New in 2020	New in 2020	New in 2020	0%	No prosecutions in 2020.
<b>Food Safety Health and safety</b>  FS4 <i>Critical and major non-compliance outcome notifications</i>	100.00%	0.00%	0.00%	75.00%	Council only encountered 4 critical or major non-compliant outcomes at food premises. All 4 items were successfully resolved. However, data relating to one incident could not be verified. This is an improvement compared to the previous 12 months and demonstrates that only 4 % of all food premises assessed either identified items as critical or major non-compliant requiring further investigation.

	[Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100					
	<b>Governance</b> <b>Satisfaction</b>					
G5	<i>Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	51.00	42.00	52.00	49.00	Minor reduction only
	<b>Libraries</b> <b>Participation</b>					
LB4	<i>Active library borrowers in municipality</i>  [Number of active library borrowers in the last three years / The sum of the population for the last three years] x100	15.22%	13.98%	14.87%	11.16%	Due to Covid-19 the library was closed to the public for 11 weeks this prevented the library from gaining new borrowers
	<b>Maternal and Child Health (MCH)</b> <b>Participation</b>					
MC4	<i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	79.26%	86.14%	84.20%	82.97%	Slight decline in attendance because of COVID-19
MC5	<i>Participation in the MCH service by Aboriginal children</i>	69.23%	96.61%	87.32%	81.58%	Due to the small number of children, variations in results can occur from year to year

	[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					
	<b>Roads</b> <b>Satisfaction</b>					
R5	<i>Satisfaction with sealed local roads</i>  [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	51.00	48.00	48.00	51.00	The result is in line with previous years
	<b>Statutory Planning</b> <b>Decision making</b>					
SP4	<i>Council planning decisions upheld at VCAT</i>  [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	0.00%	0.00%	100.00%	100.00%	There were four planning decisions upheld by VCAT during the year
	<b>Waste Collection</b> <b>Waste diversion</b>					
WC5	<i>Kerbside collection waste diverted from landfill</i>  [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	42.88%	42.70%	42.96%	45.07%	Council adopted a Waste Strategy in 2020 which includes a target to reduce waste to landfill and expects to see this result continue to improve in future years



BP **Definitions**

"Aboriginal child" means a child who is an Aboriginal person

"Aboriginal person" has the same meaning as in the Aboriginal Heritage Act 2006

"active library member" means a member of a library who has borrowed a book from the library

"annual report" means an annual report prepared by a council under sections 131, 132 and 133 of the Act

"CALD" means culturally and linguistically diverse and refers to persons born outside Australia in a country whose national language is not English

"class 1 food premises" means food premises, within the meaning of the *Food Act 1984*, that have been declared as class 1 food premises under section 19C of that Act

"class 2 food premises" means food premises, within the meaning of the *Food Act 1984*, that have been declared as class 2 food premises under section 19C of that Act

"critical non-compliance outcome notification" means a notification received by council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to council by an authorized officer under that Act, of a deficiency that poses an immediate serious threat to public health

"food premises" has the same meaning as in the *Food Act 1984*

"local road" means a sealed or unsealed road for which the council is the responsible road authority under the *Road Management Act 2004*

"major non-compliance outcome notification" means a notification received by a council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to council by an authorized officer under that Act, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken

"MCH" means the Maternal and Child Health Service provided by a council to support the health and development of children within the municipality from birth until school age

"population" means the resident population estimated by council

"WorkSafe reportable aquatic facility safety incident" means an incident relating to a council aquatic facility that is required to be notified to the Victorian WorkCover Authority under Part 5 of the *Occupational Health and Safety Act 2004*.

## Financial Performance Indicators

For the year ended 30 June 2020

Dimension/ <i>indicator</i> /measure	Results	Results	Results	Results	Forecasts				Material Variations and Comments
	2017	2018	2019	2020	2021	2022	2023	2024	
<b>Efficiency</b>									
<b>Expenditure level</b>									
E2 <i>Expenses per property assessment</i>	\$3,539.88	\$3,748.50	\$3,738.38	\$3,385.97	\$3,442.24	\$3,273.22	\$3,271.19	\$3,269.76	Expenditure in 2020 was less due to reduction in depreciation charge after review of infrastructure useful lives
[Total expenses / Number of property assessments]									
<b>Revenue level</b>									
E4 <i>Average rate per property assessment</i>	New in 2020	New in 2020	New in 2020	\$1,419.04	\$1,455.13	\$1,467.85	\$1,481.61	\$1,495.66	In line with the Fair Go Rate System rate cap increase
[General rates and Municipal charges / Number of property assessments]									

	<b>Liquidity</b>									
	<b>Working capital</b>									
L1	<i>Current assets compared to current liabilities</i>	145.77%	139.38%	161.82%	160.79%	201.23%	233.64%	258.77%	280.89%	Council's Strategic Resource Plan aims to maintain this ratio within the low risk range of the VAGO financial sustainability risk ratios of great than 100%
	[Current assets / Current liabilities] x100									
	<b>Unrestricted cash</b>									
L2	<i>Unrestricted cash compared to current liabilities</i>	57.90%	78.12%	-10.07%	-1.12%	12.11%	33.74%	49.16%	62.14%	Reduced in 2020 due to an increase in restricted grants where Council has future performance obligations. In future years Council forecasts an annual increase in cash held. Does not include term deposits which can be converted to cash
	[Unrestricted cash / Current liabilities] x100									

<b>Obligations</b>										
<b>Loans and borrowings</b>										
O2	<i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x100	45.65%	31.86%	26.45%	21.88%	22.97%	18.29%	13.76%	9.40%	Council has reduced its loans and borrowings annually
O3	<i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	11.63%	5.22%	4.91%	4.16%	21.22%	4.39%	4.27%	4.16%	Reflects Council's reduced debt over past three years. Council plans to increase borrowings in 2021 and then pay down loans in following years
<b>Indebtedness</b>										
O4	<i>Non-current liabilities compared to own source revenue</i> [Non-current liabilities / Own source revenue] x100	12.08%	11.95%	1.78%	3.10%	19.12%	15.45%	11.43%	7.57%	Own source revenue was reduced in 2020. Non-current liabilities will increase in future years as Council refinances loans
<b>Asset renewal and upgrade</b>										
O5	<i>Asset renewal and upgrade compared to depreciation</i>	New in 2020	New in 2020	New in 2020	97.12%	186.45%	74.22%	75.04%	86.12%	2021 reflects increased external funding for capital projects

	[Asset renewal and asset upgrade expense / Asset depreciation] x100									
	<b>Operating position</b> <b>Adjusted underlying result</b>									
OP 1	Adjusted underlying surplus (or deficit)	-1.01%	-11.10%	1.08%	-3.63%	0.85%	-0.59%	-0.26%	0.07%	Reduced in 2020 due to one-off reduction in revenue and future forecasts are consistent in middle of acceptable range.
	[Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100									
	<b>Stability</b> <b>Rates concentration</b>									
S1	Rates compared to adjusted underlying revenue	39.30%	51.86%	48.59%	54.86%	53.65%	57.66%	57.93%	58.19%	Impacted by a one-off reduction in underlying revenue in 2020 due to capital grants not being received
	[Rate revenue / Adjusted underlying revenue] x100									
	<b>Rates effort</b>									
S2	Rates compared to property values	0.63%	0.79%	0.76%	0.72%	0.69%	0.67%	0.66%	0.64%	This result is consistent with previous years
	[Rate revenue / Capital improved value of rateable properties in the municipality] x100									

<b>Retired measures Service / indicator / measure</b>		<b>Results 2017</b>	<b>Results 2018</b>	<b>Results 2019</b>		<b>Comments</b>
AM 4	<b>Animal Management Health and safety</b> <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	#N/A	#N/A	#N/A	Retired in 2020	This measure was replaced by AM7 from 1 July 2019.
E1	<b>Efficiency Revenue level</b> <i>Average residential rate per residential property assessment</i> [Residential rate revenue / Number of residential property assessments]	#N/A	#N/A	#N/A	Retired in 2020	This measure was replaced by E4 from 1 July 2019.
O1	<b>Obligations Asset renewal</b> <i>Asset renewal compared to depreciation</i> [Asset renewal expense / Asset depreciation] x100	#N/A	#N/A	#N/A	Retired in 2020	This measure was replaced by O5 in 1 July 2019.

BP

**Definitions**

"adjusted underlying revenue" means total income other than:

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and
- (c) contributions to fund capital expenditure from sources other than those referred to above

"adjusted underlying surplus (or deficit)" means adjusted underlying revenue less total expenditure

"asset renewal expenditure" means expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability

"current assets" has the same meaning as in the AAS

"current liabilities" has the same meaning as in the AAS

"non-current assets" means all assets other than current assets

"non-current liabilities" means all liabilities other than current liabilities

"non-recurrent grant" means a grant obtained on the condition that it be expended in a specified manner and is not expected to be received again during the period covered by a council's Strategic Resource Plan

"own-source revenue" means adjusted underlying revenue other than revenue that is not under the control of council (including government grants)

"population" means the resident population estimated by council

"rate revenue" means revenue from general rates, municipal charges, service rates and service charges

"recurrent grant" means a grant other than a non-recurrent grant

"residential rates" means revenue from general rates, municipal charges, service rates and service charges levied on residential properties

"restricted cash" means cash and cash equivalents, within the meaning of the AAS, that are not available for use other than for a purpose for which it is restricted, and includes cash to be used to fund capital works expenditure from the previous financial year

"unrestricted cash" means all cash and cash equivalents other than restricted cash.

## Other Information

For the year ended 30 June 2020

BP

### 1. Basis of preparation

Council is required to prepare and include a performance statement within its annual report. The performance statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures together with a description of the municipal district and an explanation of material variations in the results. This statement has been prepared to meet the requirements of the *Local Government Act 1989* and Local Government (Planning and Reporting) Regulations 2014.

Where applicable the results in the performance statement have been prepared on accounting bases consistent with those reported in the Financial Statements. The other results are based on information drawn from council information systems or from third parties (e.g. Australian Bureau of Statistics).

The performance statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by the Council's strategic resource plan. The Local Government (Planning and Reporting) Regulations 2014 requires explanation of any material variations in the results contained in the performance statement. Council has adopted materiality thresholds relevant to each indicator and measure and explanations have not been provided for variations below the materiality thresholds unless the variance is considered to be material because of its nature.

The forecast figures included in the performance statement are those adopted by Council in its strategic resource plan on 25 August 2020 and which forms part of the Council plan. The strategic resource plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The strategic resource plan can be obtained by contacting Council.



## Certification of the Performance Statement

R18(1) In my opinion, the accompanying performance statement has been prepared in accordance with the *Local*  
R18(2) *Government Act 1989* and the Local Government (Planning and Reporting) Regulations 2014.

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David Anderson  
**Principal Accounting Officer**  
**Dated:**

In our opinion, the accompanying performance statement of the Central Goldfields Shire Council for the year ended 30 June 2020 presents fairly the results of Council's performance in accordance with the *Local Government Act 1989* and the Local Government (Planning and Reporting) Regulations 2014.

The performance statement contains the relevant performance indicators, measures and results in relation to service performance, financial performance and sustainable capacity.

At the date of signing, we are not aware of any circumstances that would render any particulars in the performance statement to be misleading or inaccurate.

We have been authorised by the council and by the Local Government (Planning and Reporting) Regulations 2014 to certify this performance statement in its final form.

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Noel Harvey, OAM  
**Chairperson of the panel of Administrators**  
**Dated:**

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Karen Douglas  
**Administrator**  
**Dated:**

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Lucy Roffey  
**Chief Executive Officer**  
**Dated:**

## GOVERNANCE AND MANAGEMENT CHECKLIST 2019/2020

	Governance and Management Item	YES or NO	Date if YES	Date if YES (multiple items/dates)
GC1	Community engagement policy	YES	24/03/2020	Engaging Central Goldfields: A Community Engagement Framework 343154
GC2	Community engagement guidelines	YES	24/03/2020	Engaging Central Goldfields: A Community Engagement Framework 343154
GC3	Strategic Resource Plan	YES	25/06/2019	Included in Council's Annual Budget Document. 297625 299608
GC4	Annual budget	YES	25/06/2019	Council's Annual Budget Document. 297625 299608
GC5	Asset management plans	YES		Asset Management Policy 23/07/2019 305947 Asset Recognition Policy 23/07/2019 305949 Asset Valuation and Revaluation Policy 23/07/2019 305951 Operational Asset Management Plan - Roads 25/10/2016 16722 Road Management Plan V6 20/11/2017 178951 Public Road Register Policy 9/06/2011 197563
GC6	Rating strategy	YES	23/04/2019	Rating Strategy 2019-2021 adopted at Council Meeting 23/04/2019 361277 292418
GC7	Risk policy	YES	24/03/2020	Risk Management Policy 342957
GC8	Fraud policy	YES	24/04/2018	Prevention of Fraud and Corruption Policy 214075
GC9	Municipal emergency management plan	YES	17/10/2017	Integrated MEMP 198661
GC10	Procurement policy	YES	23/06/2020	357286
GC11	Business continuity plan	YES	29/10/2018	257478
GC12	Disaster recovery plan	YES	29/10/2018	257478. The Disaster Recovery Plan and the Business Continuity Plan are the one document.
GC13	Risk management framework	YES	24/03/2020	Risk Management Policy provides a framework 342957
GC14	Audit Committee	YES	26/09/2017	Committee established in accordance with section 139 of the Act Council Meeting 26/09/2017 Charter updated 28/04/2020 352313 and 349262
GC15	Internal audit	YES	30/10/2017	Letter of acceptance 195553
GC16	Performance reporting framework	YES	1/07/2014	Set through the Local Government (Planning and Reporting) Regulations 2014
GC17	Council Plan reporting	YES	26/05/2020	Council Plan Action 2019-2020 Progress Report Mar 2020 350102
GC18	Financial reporting	YES		24/09/2019 22/10/2019 26/11/2019 17/12/2019 25/02/2020 24/03/2020 28/04/2020 26/05/2020 23/06/2020 Monthly reports to Council 312616 316963 319962 325932 335345 341006 346615 349852 354491

GC19	Risk reporting	YES		09/09/2019 03/12/2019 02/03/2020 01/06/2020 Audit and Risk Committee Meeting Agendas 310508 323192 337028 352157
GC20	Performance reporting	YES		24/09/2019 22/10/2019 26/11/2019 17/12/2019 25/02/2020 24/03/2020 28/04/2020 26/05/2020 23/06/2020 Monthly reports to Council 312616 316963 319962 325932 335345 341006 346615 349852 354491
GC21	Annual report	YES	22/10/2019	324931
GC22	Councillor Code of Conduct	YES	14/02/2017	Councillor Code of Conduct 2017 242728
GC23	Delegations	YES		s5 13/12/2017 s6 28/05/2019 s7 08/11/2018 s13 08/11/2018 298854 259218 259217 200837
GC24	Meeting procedures		27/10/2015	2015 Adopted Code of Meetings Procedure 209229