

Agenda

For the Unscheduled Council Meeting

Location: Council Chambers, Municipal Offices
62-68 Ovens Street, Wangaratta (online)

Date: Monday, 5 October 2020

Time: 3PM



RURAL CITY OF
WANGARATTA

Brendan McGrath
Chief Executive Officer

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1. ACKNOWLEDGEMENT OF TRADITIONAL OWNERS

We acknowledge the traditional owners of the land on which we are meeting. We pay our respects to their Elders past, present and emerging and to Elders from other communities who may be here today.

2. OPENING PRAYER

Almighty God, we humbly ask thee to bless and guide this council in its deliberations so that we may truly preserve the welfare of the people whom we serve. Amen

3. PRESENT**4. ABSENT**

Alan Clark, Director Infrastructure Services
Stephen Swart, Director Development Services

5. ACCEPTANCE OF APOLOGIES & GRANTING OF LEAVE OF ABSENCE

Nil.

ORDER OF BUSINESS**6. CONFLICT OF INTEREST DISCLOSURE**

In accordance with sections 77A, 77B, 78 and 79 of the *Local Government Act 1989* Councillors are required to disclose a ‘*conflict of interest*’ in a decision if they would receive, or could reasonably be perceived as receiving, a direct or indirect financial or non-financial benefit or detriment (other than as a voter, resident or ratepayer) from the decision.

Disclosure must occur immediately before the matter is considered or discussed.

PRESENTATION OF REPORTS**OFFICERS’ REPORTS**

7. EXECUTIVE SERVICES

7.1 AMENDMENT TO SCHEDULE OF COUNCIL MEETINGS 2020

Meeting Type: Special Council Meeting
Date of Meeting: 5 October 2020
Author: Executive Service Coordinator
File No: IC20/1583

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

Executive Summary

This report is presented to Council to consider the amendment of the 2020 schedule of Ordinary Council meeting dates.

RECOMMENDATION:

That Council:

- 1. Relocate the October Ordinary Council meeting from Springhurst to the Council Chambers at the Wangaratta Government Centre;***
- 2. publishes the amended venue in the Wangaratta Chronicle and Council's website.***

Background

The October Council meeting scheduled for the 20th October should be relocated to a suitable venue that allows council to meet the social distancing requirements set out by State Government as well as successfully livestream the meeting to the community.

The meeting is currently scheduled to be held in the Springhurst Hall however this venue is not suitable for these purposes. It is therefore recommended that Council relocate the meeting to the Council Chambers at the Wangaratta Government Centre.

In accordance with Section 8.1 of Councils Governance Rules, Council by resolution, or the Chief Executive Officer, may change the date, time, and place of, or cancel, any scheduled Council meeting and must provide notice of such change to the public.

Implications

Policy Considerations

Section 8.1 of Councils Governance Rules provide that, Council by resolution, or the Chief Executive Officer, may change the date, time, and place of, or cancel, any scheduled Council meeting and must provide notice of such change to the public.

Financial/Economic Implications

There are no financial or economic implications identified for the subject of this report.

Legal/Statutory

Council's Governance rules provide that Council by resolution, or the Chief Executive Officer, may change the date, time, and place of, or cancel, any scheduled Council meeting and must provide notice of such change to the public.

Social

There are no social impacts identified for the subject of this report.

Environmental/Sustainability Impacts

There are no environmental/ sustainability impacts identified for this subject of this report.

2017 2021 Council Plan (2020 Revision)

This report supports the 2017 - 2021 Council Plan:

Goal

We are connected

We will plan and make decisions for the future:

The non-negotiables

We consult and engage effectively with the community and provide information that is clear, accessible and easy to understand about local decision making.

Strategic Links

a) Rural City of Wangaratta 2030 Community Vision

N/A

b) Other strategic links

N/A

Risk Management

There are no risks identified for the subject of this report.

Consultation/Communication

Public notification will be provided of Council's 2020 Ordinary Meeting dates and venues.

Officers believe that appropriate consultation has occurred, and the matter is now ready for Council consideration.

Conclusion

It is recommended that Council relocate the October Council meeting from Springhurst to the Council Chambers at the Wangaratta Government Centre.

Attachments

Nil

8. CORPORATE SERVICES

8.1 FINANCIAL STATEMENTS & PERFORMANCE STATEMENT 2019/20 (ADOPT IN PRINCIPLE)

Meeting Type: Special Council Meeting
Date of Meeting: 5 October 2020
Author: Manager Finance
File No: IC20/1101

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

Executive Summary

This report is presented to Council to consider 'in principle' approval of the Financial Statements 2019/20, Performance Statement 2019/20 and the Governance and Management Checklist, prior to forwarding the statements to the Victorian Auditor-General.

RECOMMENDATION:

That Council:

- 1. Approves 'in principle' the Financial Statements and Performance Statement for the Wangaratta Rural City Council for the Financial Year ending 30 June 2020 as endorsed by the Audit & Risk Committee on 29 September 2020.***
- 2. Authorises the Mayor, Cr Dean Rees, and Deputy Mayor, Cr Dave Fuller, to certify the Financial Statements and Performance Statement for the Wangaratta Rural City Council for the Financial Year ending 30 June 2020 in their final form after any changes recommended or agreed to by the Victorian Auditor-General have been made.***
- 3. Adopts the Governance and Management Checklist for the Wangaratta Rural City Council for the Financial Year ending 30 June 2020.***
- 4. Authorises the Mayor, Cr Dean Rees, to certify the Governance and Management Checklist for the Wangaratta Rural City Council for the Financial Year ending 30 June 2020.***

Background

The Local Government Act 1989 (the Act) requires Council to prepare an Annual Report at the conclusion of each financial year, including a Report of Operations, audited Financial Statements and Performance Statement.

Council must submit for auditing, the Financial Statements 2019/20 (Financial Statements) and Performance Statement 2019/20 (Performance Statement) in their finalised form, to the Auditor appointed by the Victorian Auditor-General's Office (VAGO), as soon as possible after the end of the financial year and be certified in the manner prescribed.

After completion of the initial audit, Council is required to consider the audited Financial Statements and Performance Statement and provide 'in principle' approval for the statements, which are then submitted to VAGO.

VAGO's auditors must then prepare a report on the submitted Financial Statements and Performance Statement and provide it to Council, as well as provide a copy to the Minister for Local Government.

VAGO cannot sign the audit reports unless the Financial Statements and Performance Statement are in their final form, inclusive of any changes recommended or agreed by the Auditor and are certified in accordance with the Local Government (Planning and Reporting) Regulations 2014 (Regulations), by two Councillors authorised by Council, The Chief Executive Officer and Principal Accounting Officer.

The Governance and Management Checklist and Performance Indicators have been prepared in accordance with the Regulations.

The Audit & Risk Committee, at its meeting held Tuesday, 29 September 2020 recommended that Council approves 'in principle' the Financial Statements and Performance Statement, subject to any further changes by the Auditor.

Implications

Policy Considerations

There are no specific Council policies or strategies that relate to this report.

Financial/Economic Implications

The Financial Statements consist of:

- Comprehensive Income Statement
- Balance Sheet
- Statement of Changes in Equity
- Statement of Cash Flows
- Statement of Capital Works
- Notes to the Financial Statements

The 2019/20 financial statements include the effects of COVID-19. There are no material impacts or disclosures in the financial statements specifically relating to COVID-19. This is partly due to the fact that Council implemented a range of measures during the last quarter of 2019/20 to offset the cash flow related impacts of COVID-19. Additionally, the defined benefit category of the Vision Super fund remains in a satisfactory position and no change is needed to the funding arrangements from prior years.

Noteworthy impacts of COVID-19 for 2019/20 are:

- increase in rates and garbage debtors of \$812,000 compared to the same time in 2019. This is expected due to the deferred payment date for the fourth instalment for 2019/20. The relative increase in the debtors is less than Council's forecasts in April and May 2020 which is pleasing. The Property & Revenue team are implementing strategies to assist ratepayers in arrears to ensure the debtors does not increase substantially more in the coming months and years.
- reduction in user fee income from closed services (i.e. Wangaratta Performing Arts and Convention Centre and parking meters) and reduction in user fee income for Children's Services due to the Federal Government's changes to the childcare subsidy.

The reduction in income and negative cash flow impacts have been offset by a reduction in planned capital works expenditure of over \$2.5 million for 2019/20. It is expected that the financial impact of COVID-19 will be more severe in 2020/21 than in 2019/20 due to the lockdown restrictions that have been in place in Regional Victoria and Metropolitan Melbourne, and the announced easing of the Job Seeker and Job Keeper programs.

Comprehensive Income Statement

The comprehensive income statement shows Council's revenue and expenses plus other comprehensive income. It does not include the cost of asset purchases, loan repayments or reserve funds. It does include the depreciation of asset values as an expense.

The following table summarises the comprehensive income statement.

	2019/20 \$'000	2018/19 \$'000	Increase/ (decrease) \$'000
Income	78,187	65,572	12,615
Expenses	71,951	61,951	10,000
Surplus/(deficit) for the period	6,236	3,621	2,615
Other Comprehensive Income	328	5,329	(5,001)
Total Comprehensive Result	6,564	8,950	(2,386)

Total income has increased by \$12.615 million. Some of the key movements between income categories were:

- Rates and charges increased by \$1.607 million. The increase was due to a 2.5% increase in rates and 6% increase in waste charges, together with the roll out of the organic bin service to Glenrowan, Oxley and Milawa.
- User fees increased by \$2.6 million and this is largely attributable to Council receiving substantial volumes of waste from the January 2020 bushfires.
- Grants - Capital increased by \$3.184 million. The increase is mainly due to Council receiving large parts of the State and Federal funding for the Aquatics Plan and Railway Precinct works.
- Contributions - non-monetary increased by \$1.264 million. Non-monetary asset income generally relates to the transfer of infrastructure by developers to Council following the completion of subdivisions. These assets become the property of Council and hence increase Council's asset levels. The value of the assets is recorded as income when the transfer of ownership takes place. The total value of assets transferred varies considerably from year to year depending on the level of development in the municipality and subsequent transfer of infrastructure to Council.
- Other Income increased by \$1.784 million. This was due to the favourable movement in discount rates in the landfill rehabilitation provision.

Total expenditure has increased by \$10 million. Some of the key movements between expenditure categories were:

- Materials and services increased by \$4.081 million. This increase is in line with budgeted expenditure for items such as the operating costs associated with the ICT strategy implementation, new grant funded projects such as Grit and Resilience and implementation and the commencement of Council's marketing and branding works. In addition, Council incurred approximately \$500,000 more in emergency response and asset restoration costs when compared to the 2018/19 year. This is due to the ongoing asset restoration costs from the 2018 floods and the emergency response provided to the January 2020 bushfires. Expenditure to service the increase in Aged and Community Care services has also occurred with an increase in expenses of almost \$1m.
- Depreciation and amortisation decreased by \$1.898 million. The decrease is due to an overstatement of depreciation on road assets in 2018/19.
- Borrowing costs decreased by \$1.183 million. The 2018/19 results included an increase in the landfill provision arising from changes in the discount rates of \$1.187 million. No equivalent increase in the landfill provision exists for 2019/20 as a result of changes in discount rates. Instead, the change in discount rates in 2019/20 has resulted in income of \$2.689 million (refer to comments above in other income). Excluding the landfill provision impacts borrowings costs are stable between 2019/20 and 2020/21.
- Other expenses increased by \$7.322 million. Three non-recurring expenses are included in the 2019/20 results (i) revaluation of library books of \$196,000; (ii) write off of \$1.64 million capital works in progress (WIP) expenditure due to expenditure not meeting capitalisation requirements; and (iii) increase in landfill provision of \$5.4 million due to increasing unit rate costs for closed landfill sites.

Other comprehensive income decreased by \$5.001 million; in the prior year Council processed a revaluation of the Wangaratta Aerodrome. The amount of \$328,000

for 2019/20 was due to asset revaluations of Council artwork collection and library books for the year ended 30 June 2020.

Balance Sheet

The Balance Sheet shows what Council owns as assets and what it owes as liabilities. The bottom line of this statement is Total Equity which is an accumulation over time of the net worth of Council.

	2019/20 \$'000	2018/19 \$'000	Increase/ (decrease) \$'000
Current Assets	29,909	31,136	(1,227)
Non-Current Assets	581,251	557,612	23,639
Current Liabilities	21,028	15,360	5,668
Non-Current Liabilities	34,427	24,246	10,181
Equity	555,705	549,142	6,563

- Current assets decreased by \$1.227 million. The decrease in current assets is mainly due to the level of financial assets (investments) being used for the completion of the capital works program and the deferral of loan borrowings which are used to fund the capital program until 2020/21.
- Non-current assets have increased by \$23.639 million. Non-current assets are assets which are not expected to be converted into cash within the next 12 months. The increase is mainly due to ongoing large capital works program. A revaluation of land and building and infrastructure assets will be completed in 2020/21.
- Current liabilities have increased by \$5.668 million. This is mainly due to an increase in trade and other payables including materials and contracts and unearned income and a portion of Council's landfill provision is now recognised as a current liability due to the scheduled rehabilitation of Bowser cells 2 and 8 during 2020/21.
- Non-current liabilities have increased by \$10.181 million. This is mainly due to new borrowings drawn down during the financial year and an increase in the landfill provision (non-current portion) of \$1.389 million.
- Total equity is the term used to describe the value of the Council to its ratepayers and is divided between the accumulated surplus (the value of all net assets over time), the asset revaluation reserve, and other reserves (funds reserved for specific future expenditure). Total equity increased by \$6.563 million, and is due to:
 - accumulated surplus of \$6.564 million (comprehensive result)
 - net transfers to reserves for future expenditure requirements of \$7.4 million
 - asset revaluation of \$328,000.

Statement of Cash Flows

The Statement of Cash Flows is a record of cash received and cash paid by Council for the financial year. It excludes non-cash expenses such as depreciation that are included in the Comprehensive Income Statement and includes items such as capital expenditure and proceeds from loans or repayment of loans that are not included in the Comprehensive Income Statement.

Overall, the statement of cash flows shows that cash on hand was \$16.065 million at the end of the year. The level of cash is higher than 2018/19.

There are significant future obligations for which the cash and investments will be directed, and Council's forecast financial performance indicate a reduction in working capital over the next three – five years.

Budget Comparison

A budget comparison with actual performance is provided at Note 1. The *Local Government (Planning and Reporting) Regulations 2014* require explanation of any material variances. Council has adopted a materiality threshold of ten percent and positive or negative \$200,000. Refer to Note 1 in the attached Financial Statements.

Legal/Statutory

This report has been prepared in accordance with the Act and the Regulations.

Social

There are no social impacts identified for the subject of this report.

Environmental/Sustainability Impacts

There are no environmental/ sustainability impacts identified for this subject of this report.

2017-2021 Council Plan (2020 Revision)

This report supports the 2017-2021 Council Plan (2020 Revision):

Pillar

We are Sustainable
Our team will make the best and most efficient use of Council's resources.

Risk Management

Risks	Likelihood	Consequence	Rating	Mitigation Action
Financial reports not prepared in accordance with statutory requirements	Low	Medium	Medium	Consultation with external auditors, Local Government Victoria and FinPro for the latest updates and changes

Consultation/Communication

Extensive consultation has been undertaken with the Auditor appointed by the Victorian Auditor-General's Office, Johnsons MME, during the preparation of the Financial Statements and Performance Statement.

Options for Consideration

There are no options for consideration given that production of an Annual Report containing the Financial Statements and Performance Statement is required by the Act and the process is prescribed.

Conclusion

The production of the Financial Statements, Performance Statement and the Governance and Management Checklist is a critical component in the management of Council's operations to ensure accountability and public disclosure in the delivery of services and programs to residents of the municipality.

Attachments

- 1 2019/20 Financial Statements [↓](#) 
- 2 2019/20 Performance Statement [↓](#) 
- 3 Governance and Management Checklist [↓](#) 

9. CLOSURE OF MEETING

ATTACHMENTS

**Wangaratta Rural City Council
Financial Report
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Wangaratta Rural City Council
2019/2020 Financial Report

Certification of the Consolidated Financial Statements

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

Anthea Sloan, Bachelor of Business (Accounting), Chartered Accountant
Principal Accounting Officer

Date :

Wangaratta

In our opinion the accompanying consolidated financial statements present fairly the financial transactions of Wangaratta Rural City Council and its controlled entity for the year ended 30 June 2020 and the financial position of the Council and its controlled entity as at that date.

As at the date of signing, we are not aware of any circumstances that would render any particulars in the consolidated 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.

Dean Rees

Councillor

Date :

Wangaratta

Dave Fuller

Councillor

Date :

Wangaratta

Brendan McGrath

Chief Executive Officer

Date :

Wangaratta

***Wangaratta Rural City Council
2019/2020 Financial Report***

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Wangaratta Rural City Council
2019/2020 Financial Report

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

	Consolidated		Note	Council	
	2020 \$'000	2019 \$'000		2020 \$'000	2019 \$'000
Income					
Rates and charges	33,796	32,189	3.1	33,796	32,189
Statutory fees and fines	1,139	1,202	3.2	1,139	1,202
User fees	11,215	8,613	3.3	10,696	8,041
Grants - operating	17,160	15,082	3.4(a)	17,160	15,082
Grants - capital	7,728	4,544	3.4(b)	7,728	4,544
Contributions - monetary	407	593	3.5	407	593
Contributions - non monetary	2,439	1,175	3.5	2,439	1,175
Net gain (or loss) on disposal of property, infrastructure, plant and equipment	289	(56)	3.6	289	(56)
Other income	4,014	2,230	3.7	4,025	2,230
Total income	78,187	65,572		77,679	65,000
Expenses					
Employee costs	25,015	23,415	4.1	24,827	23,227
Materials and services	23,524	19,443	4.2	23,300	19,268
Depreciation	15,032	16,789	4.3	15,008	16,783
Amortisation - intangible assets	105	315	4.4	105	315
Amortisation - right of use assets	69	-	4.5	62	-
Bad and doubtful debts	94	28	4.6	94	28
Borrowing costs	375	1,558	4.7	375	1,558
Finance costs - leases	12	-	4.8	10	-
Other expenses	7,725	403	4.9	7,725	403
Total expenses	71,951	61,951		71,506	61,582
Surplus for the year	6,236	3,621		6,173	3,418
Other comprehensive income					
Items that will not be reclassified to surplus or deficit in future periods					
Net asset revaluation increment/(decrement)	328	5,329	6.2	328	5,329
Total comprehensive result	6,564	8,950		6,501	8,747

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

Wangaratta Rural City Council
2019/2020 Financial Report

Balance Sheet
As at 30 June 2020

	Consolidated			Note	Council	
	2020 \$'000	2019 \$'000			2020 \$'000	2019 \$'000
Assets						
Current assets						
Cash and cash equivalents	16,065	6,453	5.1(a)	15,744	6,129	
Trade and other receivables	7,028	7,122	5.1(c)	6,991	7,085	
Other financial assets	4,000	14,810	5.1(b)	4,000	14,810	
Inventories	5	-	5.2(a)	1	-	
Non-current assets classified as held for sale	2,386	2,110	6.1	2,386	2,110	
Other assets	426	641	5.2(b)	426	641	
Total current assets	29,909	31,136		29,548	30,775	
Non-current assets						
Trade and other receivables	-	4	5.1(c)	-	4	
Other financial assets	10	10	5.1 (b)	10	10	
Property, infrastructure, plant and equipment	577,676	556,229	6.2	577,572	556,176	
Right-of-use assets	1,064	-	5.8	956	-	
Intangible assets	2,501	1,369	5.2(c)	2,501	1,369	
Total non-current assets	581,251	557,612		581,039	557,559	
Total assets	611,161	588,748		610,587	588,334	
Liabilities						
Current liabilities						
Trade and other payables	6,812	6,593	5.3(a)	6,784	6,547	
Trust funds and deposits	1,578	1,488	5.3(b)	1,578	1,488	
Unearned income	3,186	1,627	5.3(c)	3,186	1,627	
Provisions	8,102	5,210	5.5(a)	8,085	5,197	
Interest-bearing liabilities	1,170	442	5.4	1,170	442	
Lease liabilities	180	-	5.8	169	-	
Total current liabilities	21,028	15,360		20,972	15,301	
Non-current liabilities						
Provisions	17,982	16,503	5.5	17,981	16,503	
Interest-bearing liabilities	15,558	7,743	5.4	15,558	7,743	
Lease liabilities	887	-	5.8	788	-	
Total non-current liabilities	34,427	24,246		34,327	24,246	
Total liabilities	55,456	39,606		55,299	39,547	
Net assets	555,705	549,142		555,288	548,787	
Equity						
Contributed Equity	152	152		-	-	
Accumulated surplus	177,372	178,564		177,106	178,361	
Reserves	378,181	370,426	9.1	378,182	370,426	
Total Equity	555,705	549,142		555,288	548,787	

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

Wangaratta Rural City Council
2019/2020 Financial Report

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

Consolidated	Note	Total Equity		Accumulated Surplus		Asset Revaluation Reserve		Other Reserves		Contributed Equity	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		549,142	540,040	178,564	175,550	358,358	353,029	12,068	11,461	152	-
		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
		549,142	540,040	178,564	175,550	358,358	353,029	12,068	11,461	152	-
		6,236	3,621	6,236	3,621	-	-	-	-	-	-
		-	152	-	-	-	-	-	-	-	152
		328	5,329	-	-	328	5,329	-	-	-	-
		-	-	(12,628)	(6,477)	-	-	12,628	6,477	-	-
		-	-	5,201	5,870	-	-	(5,201)	(5,870)	-	-
		555,705	549,142	177,372	178,564	358,686	358,358	19,496	12,068	152	152

Council	Note	Total Equity		Accumulated Surplus		Asset Revaluation Reserve		Other Reserves		Other Reserves	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		548,787	540,040	178,361	175,550	358,358	353,029	12,068	11,461	-	-
		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
		548,787	540,040	178,361	175,550	358,358	353,029	12,068	11,461	-	-
		6,173	3,418	6,173	3,418	-	-	-	-	-	-
		328	5,329	-	-	328	5,329	-	-	-	-
		-	-	(12,628)	(6,477)	-	-	12,628	6,477	-	-
		-	-	5,201	5,870	-	-	(5,201)	(5,870)	-	-
		555,288	548,787	177,106	178,361	358,686	358,358	19,496	12,068	-	-

The Statements of Change in Equity should be read in conjunction with the accompanying notes.

Wangaratta Rural City Council
2019/2020 Financial Report

Statement of Cash Flows
For the Year Ended 30 June 2020

	Consolidated		Note	Council	
	2020 \$'000	2019 \$'000		2020 \$'000	2019 \$'000
Cash flows from operating activities					
Rates and charges	32,984	32,119		32,984	32,119
Statutory fees and fines	1,070	1,202		1,070	1,202
User charges	10,591	5,616		10,017	5,023
Grants - operating	18,305	15,082		18,305	15,082
Grants - capital	8,142	4,544		8,142	4,544
Contributions - monetary	407	593	3.5	407	593
Interest received	404	705		404	705
Trust funds and deposits taken	90	251		90	251
Reimbursements	1,428	1,312		1,428	1,312
Other receipts	30	48		41	48
Net GST (payment)/refund	477	616		473	616
Employee costs	(24,293)	(23,027)		(24,293)	(23,027)
Materials and services	(23,921)	(17,206)		(23,430)	(16,845)
Short-term, low value and variable lease payments	(115)	-	5.8	(115)	-
Net cash provided by operating activities	25,599	21,855	9.2	25,523	21,623
Cash flows from investing activities					
Payments for property, infrastructure, plant and equipment	(37,100)	(32,844)		(37,030)	(32,826)
Proceeds from sale of property, infrastructure, plant and equipment	2,216	1,092		2,216	1,092
Net (increase)/decrease in other financial assets	10,810	5,023		10,810	5,023
Net cash used in investing activities	(24,074)	(26,729)		(24,004)	(26,711)
Cash flows from financing activities					
Finance costs	(375)	(371)	4.7	(375)	(371)
Contributed capital	-	110		-	-
Proceeds from borrowings	8,984	-		8,984	-
Repayment of borrowings	(441)	(552)		(441)	(552)
Interest paid - lease liability	(12)	-		(10)	-
Repayment of lease liabilities	(70)	-		(62)	-
Net cash used in financing activities	8,087	(813)		8,096	(923)
Net increase in cash and cash equivalents	9,612	(5,687)		9,615	(6,011)
Cash and cash equivalents at the beginning of the financial year	6,453	12,140		6,129	12,140
Cash and cash equivalents at the end of the financial year	16,065	6,453	5.1(a)	15,744	6,129
Financing arrangements			5.6		
Restrictions on cash assets			5.1		

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

Wangaratta Rural City Council
2019/2020 Financial Report

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

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Land				
Land improvements	4,004	85	4,004	85
Total land	4,004	85	4,004	85
Buildings				
Buildings	1,337	1,473	1,337	1,473
Building improvements	-	-	-	-
Leasehold improvements	-	-	-	-
Total Buildings	1,337	1,473	1,337	1,473
Total Property	5,341	1,558	5,341	1,558
Plant and equipment				
Plant, machinery and equipment	2,539	1,346	2,465	1,346
Fixtures, fittings and furniture	246	159	246	159
Computers and telecommunications	522	310	522	310
Art Collection	10	-	10	-
Library books	185	183	185	183
Total plant and equipment	3,502	1,998	3,428	1,998
Infrastructure				
Roads	7,389	17,942	7,389	17,942
Bridges	132	446	132	446
Footpaths and cycleways	427	554	427	554
Drainage	2,016	1,621	2,016	1,621
Recreational, leisure and community facilities	12,904	1,944	12,904	1,944
Waste management	3,681	2,307	3,681	2,307
Parks, open space and streetscapes	320	2,877	320	2,877
Aerodromes	655	16	655	16
Off street car parks	1	54	1	54
Other infrastructure	45	1,513	45	1,513
Total infrastructure	27,570	29,274	27,570	29,274
Total capital works expenditure	36,413	32,830	36,339	32,830
Represented by:				
New asset expenditure	21,363	19,063	21,289	19,063
Asset renewal expenditure	9,396	10,694	9,396	10,694
Asset expansion expenditure	-	113	-	113
Asset upgrade expenditure	5,654	2,960	5,654	2,960
Total capital works expenditure	36,413	32,830	36,339	32,830

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

Wangaratta Rural City Council
2019/2020 Financial Report

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

OVERVIEW

Introduction

The Wangaratta Rural City Council was established by an Order of the Governor in Council on 18 November 1994 and is a body corporate. The Council's main office is located at 62-68 Ovens Street, Wangaratta.

Statement of compliance

These financial statements are a consolidated general purpose financial report of Wangaratta Rural City Council and its controlled entity, 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 consolidated 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)
- other areas requiring judgments
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within scope of AASB 15 Revenue from Contracts with Customers or AASB 1058 Income of Not-for-Profit entities (refer note 3).
- the determination in accordance with AASB 16 Leases of the lease term, estimation of discount rate when not implicit in the lease and whether the arrangement is in substance short-term or low value (refer note 5.8).

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, AASB 16 and AASB 1058 do not require restatement of comparatives under the modified retrospective approach adopted by Council), and disclosure has been made of any material changes to comparatives.

Wangaratta Rural City Council
2019/2020 Financial Report

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

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 and \$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.

The budget figures detailed below are those adopted by Council on 18 June 2019. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for income and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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	Actual	Variance	Variance	Ref
	2020	2020	2020	%	
	\$'000	\$'000	\$'000		
Income					
Rates and charges	33,656	33,796	140	0%	
Statutory fees and fines	1,204	1,139	(65)	-5%	
User fees	7,810	10,696	2,886	37%	1
Grants - operating	15,432	17,160	1,728	11%	2
Grants - capital	7,572	7,728	156	2%	
Contributions - monetary	275	407	132	48%	3
Contributions - non monetary	-	2,439	2,439		4
Net gain/(loss) on disposal of property, infrastructure, plant and	819	289	(530)	-65%	5
Other income	701	4,025	3,324	474%	6
Total income	67,469	77,679	10,210	15%	
Expenses					
Employee costs	24,163	24,827	(664)	-3%	7
Materials and services	20,058	23,300	(3,242)	-16%	8
Depreciation	18,822	15,008	3,814	20%	9
Amortisation - Intangible assets	-	105	(105)		
Amortisation - Right of use assets	-	62	(62)		
Bad and doubtful debts	-	94	(94)		
Borrowing costs	645	375	270	42%	10
Finance costs - Leases	-	10	(10)		
Other expenses	104	7,725	(7,621)	-7328%	11
Total expenses	63,792	71,506	(7,714)	-12%	
Surplus for the year	3,677	6,173	2,496	68%	

Wangaratta Rural City Council
2019/2020 Financial Report

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

Note 1 Performance against budget (cont'd)

1.1 Income and expenditure (cont'd)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	User fees	Commercial waste income received at Bowser Landfill exceeded budget by \$2.8m due to Council receiving substantial volumes of waste from the January 2020 bushfires.
2	Grants - operating	Council's Aged and Community Care operations have received approximately \$1.4m of additional operating grant money. This grant money fluctuates based on Government funded care packages and the assessed need for Council's clients. Council has also received a number of non-recurring grants due to the January 2020 bushfires.
3	Contributions - monetary	Council has received approximately \$150,000 in additional cash contributions in connection with developments approved by the Planning team.
4	Contributions - non monetary	Council does not budget for the contribution of non-monetary assets. The income relates to the value of assets transferred from developers to Council during the year. In 2019/20 Council had three subdivisions completed with assets worth \$2.4 million transferred by 30 June 2020.
5	Net gain/(loss) on disposal of property, infrastructure, plant and equipment	The budgeted gain on sale of assets did not include the capitalised development costs shown at Note 6.1.
6	Other income	Other income includes \$648,000 of found artwork items and income of \$2.689m associated with the favourable movement in discount rates for the landfill provision. Both of these amounts were not budgeted.
7	Employee costs	There are no individually significant reasons for the 3% variance to adopted budget. It is noted that Council's employees supported the January 2020 bushfire emergency response and in some instances additional costs were incurred during this time. No significant changes to organisation structure or headcount occurred during the 2019/20 year.
8	Materials and services	Ongoing asset restoration work from the 2018 floods has resulted in an increase in expenditure of \$2m compared to the adopted budget. The budget was finalised before the full extent of the asset restoration works were known. Expenditure to service the increase in Aged and Community Care income has also occurred with an increase in expenses of almost \$1m.
9	Depreciation and amortisation	Council has recently identified some road assets have been over-depreciated in the 2018/19 year. The 2019/20 budget was prepared without this knowledge and therefore depreciation was overstated in the budget. A revaluation of the road assets will be completed in the 2020/21 year and Council will also reassess the useful life of these assets.
10	Borrowing costs	An interim loan facility was executed at lower interest rates than budgeted and a portion of new borrowings deferred to 2020/21.
11	Other expenses	Council's landfill rehabilitation provision has increased during 2019/20 due to increasing costs of rehabilitation. Council will commence rehabilitation of two cells in 2020/21 and the increase in provision reflects these higher costs. The underlying increase in the provision for closed landfill cells and sites is \$5.4m. This was unbudgeted. In addition, Council has identified \$1.6m of Work In Progress which does not meet the asset recognition criteria and these costs have been expensed to the Income Statement.

Wangaratta Rural City Council
2019/2020 Financial Report

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

Note 1 Performance against budget (cont'd)

1.2 Capital works

	Budget	Actual	Variance	Variance	Ref
	2020 \$'000	2020 \$'000	2020 \$'000	%	
Land					
Land improvements	-	4,004	4,004		1
Total Land	-	4,004	4,004		
Buildings					
Buildings	1,156	1,337	181	16%	2
Total Buildings	1,156	1,337	181	16%	
Total Property	1,156	5,341	4,185	362%	
Plant and Equipment					
Plant, machinery and equipment	1,634	2,465	831	51%	3
Fixtures, fittings and furniture	452	246	(206)	-46%	4
Computers and telecommunications	745	522	(223)	-30%	5
Art Collection	6	10	4	67%	
Library books	187	185	(2)	-1%	
Total Plant and Equipment	3,024	3,428	404	13%	
Infrastructure					
Roads	8,344	7,389	(955)	-11%	6
Bridges	294	132	(162)	-55%	7
Footpaths and cycleways	731	427	(304)	-42%	8
Drainage	2,045	2,016	(29)	-1%	
Recreational, leisure and community facilities	15,892	12,904	(2,988)	-19%	9
Waste management	2,796	3,681	885	32%	10
Parks, open space and streetscapes	2,854	320	(2,534)	-89%	11
Aerodromes	990	655	(335)	-34%	12
Off street car parks	1,564	1	(1,563)	-100%	13
Other infrastructure	-	45	45		
Total Infrastructure	35,510	27,570	(7,940)	-22%	
Total Capital Works Expenditure	39,690	36,339	(3,351)	-8%	
Represented by:					
New asset expenditure	20,925	21,289	364	2%	
Asset renewal expenditure	12,001	9,396	(2,605)	-22%	
Asset expansion expenditure	-	-	-		
Asset upgrade expenditure	6,764	5,654	(1,110)	-16%	
Total Capital Works Expenditure	39,690	36,339	(3,351)	-8%	

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

Note 1 Performance against budget (cont'd)

1.2 Capital works (cont'd)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land improvements	Council reclassified works from Parks, open space and streetscapes to Land improvements after adoption of the budget. Works associated with the CBD Masterplan: Railway Precinct project exceeded delivery expectations for 2019/20. These increases in timing of expenditure were approved through budget variations at Council.
2	Buildings	No individually significant project accounts for this difference. It is noted that the budget adjustment and carry over process does make changes to the budget for capital works program and therefore variances to the adopted budget exist.
3	Plant, machinery and equipment	Council has reclassified some elements of the organics processing plant works as plant, machinery and equipment.
4	Fixtures, fittings and furniture	The street banners program for 2019/20 was delivered under budget and delivered savings of \$174,000 in 2019/20.
5	Computers and telecommunications	Council paused work on a broad range of technology projects and instead have developed a comprehensive ICT Strategy with a 5 year implementation plan which is now included in Council's Strategic Resource Plan and Long Term Financial Plan.
6	Roads	In response to COVID-19 and the uncertain economic conditions Council chose to pause work on a number of foot path projects. These projects were identified in the May 2020 Council resolution. During the 2019/20 year Council resolved to increase the road capital works budget through carry overs and budget review resulting in expenditure on the Wangaratta-Eldorado Road and Bourke Road intersection (\$220,000) and road street reconstruction (\$270,000) that was not included in the Adopted Budget.
7	Bridges	Bridge design works were delivered under budget by \$50,000 and Council has deferred part of the Sinclair Lane major culvert works to 2020/21.
8	Footpaths and cycleways	In response to COVID-19 and the uncertain economic conditions Council chose to pause work on a number of foot path projects. These projects were identified in the May 2020 Council resolution.
9	Recreational, leisure and community facilities	Works associated with the Aquatics Plan were impacted by the COVID-19 work and travel restrictions and some of this work will now be completed in the 2020/21 year. A number of other smaller projects were paused for 2019/20 due to the initial assessment of how COVID-19 would impact the broader community.
10	Waste management	Completion of the organisation processing plant occurred in 2019/20 and there were some cost increases associated with this project and its associated machinery. A carry over of \$560,000 was approved in September 2019.
11	Parks, open space and streetscapes	The North Wangaratta Reserve Lighting Upgrade for \$516,000 has been deferred pending receipt of a Funding Agreement from the Commonwealth Government. Progress with the delivery of the Mitchell Avenue Children's Garden was delayed and \$300,000 of this project expenditure has been reallocated to 2020/21. Further, as noted above at the explanation for land improvements, some projects were reclassified.
12	Aerodromes	Delivery of the aerodrome works was partly deferred and scheduled for completion in 2020/21. No change to the project scope or costs has occurred.
13	Off street car parks	The car park works at the HP Barr Reserve have been consolidated into the larger Aquatic Plan which is reported under recreation, leisure and community facilities. This variance is solely due to a reclassification of the works.

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

Note 2 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

2 (a)

Executive Services

Executive Services has the responsibility for the overall management of operation in accordance with the strategic directions of the Council Plan.

Corporate Services

Corporate Services provides efficient, effective and proactive support services across council to enable the delivery of policy commitments, council vision and mission. The provision of these services includes finance services, property and revenue, payroll, human resources, learning and development, occupational health and safety and risk, media communications, business governance, customer services, information technology, records, business systems and procurement.

Development Services

Development Services provides building, planning and development service to the municipality. These services include building compliance, planning, local laws, environmental health, school crossings, immunisation, natural resource management and sustainability, economic development, tourism and aerodrome management.

Community Wellbeing

Community Wellbeing provides high quality community focused programs, service delivery and communication to residents. Community Wellbeing is comprised of arts, culture and events, community engagement, recreation, family and early childhood service, aged and disability services. Community Wellbeing also comprises marketing.

Infrastructure Services

Infrastructure Services is responsible for constructing new infrastructure and maintaining existing infrastructure across a very diverse range of assets that underpin the wellbeing of the community. Infrastructure services comprise of asset planning and inspection, design and development, project management, contract delivery, arboriculture, vegetation management, parks and gardens, turf management, cemetery, waste management and emergency management.

Wangaratta Rural City Council
2019/2020 Financial Report

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

Note 2 Analysis of Council results by program

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

	Income	Expenses	Surplus / (Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2020					
Executive Services	13	933	(920)	-	-
Corporate Services	44,464	26,985	17,479	7,428	1,200
Development Services	3,995	5,653	(1,658)	218	-
Community Wellbeing	12,954	16,435	(3,481)	8,797	2,248
Infrastructure Services	13,517	18,764	(5,247)	8,445	607,139
	74,943	68,770	6,173	24,888	610,587
	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2019					
Executive Services	7	985	(978)	-	-
Corporate Services	43,945	23,962	19,983	7,453	1,004
Development Services	2,385	5,969	(3,584)	289	-
Community Wellbeing	10,883	14,930	(4,047)	7,230	1,592
Infrastructure Services	7,780	15,736	(7,956)	4,654	585,738
	65,000	61,582	3,418	19,626	588,334

Wangaratta Rural City Council
2019/2020 Financial Report

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

Note 3 Funding for the delivery of our services

3.1 Rates and charges

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

The valuation base used to calculate general rates for 2019/20 was \$5,939,802,000 (2018/19 \$5,525,378,000).

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
General Rates	11,816	11,641	11,816	11,641
Rural	6,140	5,704	6,140	5,704
Rural residential	4,857	4,657	4,857	4,657
Commercial/Industrial	112	115	112	115
Commercial	2,919	2,839	2,919	2,839
Industrial	1,178	1,129	1,178	1,129
Cultural and recreational	22	21	22	21
Garbage	3,046	2,860	3,046	2,860
Recycling	1,926	1,722	1,926	1,722
Organics	1,464	1,320	1,464	1,320
Supplementary rates and rate adjustments	316	181	316	181
Total rates and charges	33,796	32,189	33,796	32,189

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2019, and the valuation was applied in the rating year commencing 1 July 2019.

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

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Animal Registrations	354	369	354	369
Vehicle Crossing	68	25	68	25
Health fees	153	156	153	156
Infringements and costs	151	341	151	341
Land information certificates	28	28	28	28
Planning and building fees	376	269	376	269
Election Fines	3	4	3	4
Library Fines	6	10	6	10
Total statutory fees and fines	1,139	1,202	1,139	1,202

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.

Wangaratta Rural City Council
2019/2020 Financial Report

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

Note 3 Funding for the delivery of our services (cont'd)

3.3 User fees

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Aged and disability services	1,240	1,073	1,240	1,073
Aerodrome	6	6	6	6
Building and planning fees	300	288	300	288
Cemetery	283	298	283	298
Children's services	2,227	2,221	2,227	2,221
Community compliance	7	15	7	15
Events	-	9	-	9
Engineering fees	102	158	102	158
External private works	50	42	50	42
Landfill and transfer station charges	4,788	1,858	4,788	1,858
Library	72	136	72	136
Livestock exchange fees	519	607	-	35
Parking	287	398	287	398
Performing arts and culture	541	584	541	584
Regional Certification	33	9	33	9
Rental properties	372	603	372	603
Tourism	21	27	21	27
Other	367	281	367	281
Total user fees	11,215	8,613	10,696	8,041

User fees are recognised as revenue at a point in time or over time based on when 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 :

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Summary of grants				
Commonwealth funded grants	17,467	13,061	17,467	13,061
State funded grants	7,421	6,565	7,421	6,565
Total grants received	24,888	19,626	24,888	19,626

(a) Operating Grants

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Recurrent - Commonwealth Government				
Community Support North East - Commonwealth funded programs	6,301	4,392	6,301	4,392
Financial Assistance Grants - local roads	2,512	2,398	2,512	2,398
Financial Assistance Grants - unallocated	4,916	5,056	4,916	5,056
Recurrent - State Government				
Aged and disability	504	478	504	478
Culture and recreation	115	172	115	172
Emergency	60	60	60	60
Environment	35	33	35	33
Family day care	538	580	538	580
Library	236	230	236	230
Maternal and child health	460	435	460	435
Youth Services	23	70	23	70
Other	60	186	60	186
Total recurrent operating grants	15,760	14,090	15,760	14,090

Wangaratta Rural City Council
2019/2020 Financial Report

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

3.4 Funding from other levels of government (cont'd)

(a) Operating Grants (cont'd)

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Non-recurrent - Commonwealth Government				
Community Wellbeing	10	-	10	-
Non-recurrent - State Government				
Community Wellbeing	356	-	356	-
Cultural development	202	627	202	627
Age and disability	-	-	-	-
Environmental enhancement	53	108	53	108
Waste	-	-	-	-
Corporate Services	81	82	81	82
Children's Services	84	118	84	118
Levy bank repairs	-	14	-	14
Economic development	10	-	10	-
Events	3	5	3	5
People and Culture	-	2	-	2
Planning	18	1	18	1
Tourism projects	-	35	-	35
Other	583	-	583	-
Total non-recurrent operating grants	1,400	992	1,400	992
Total operating grants	17,160	15,082	17,160	15,082

(b) Capital Grants

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Recurrent - Commonwealth Government				
Roads to recovery	1,554	1,076	1,554	1,076
Total recurrent capital grants	1,554	1,076	1,554	1,076

Wangaratta Rural City Council
2019/2020 Financial Report

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

3.4 Funding from other levels of government (cont'd)

(b) Capital Grants (cont'd)

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Non-recurrent - Commonwealth Government				
Aquatics plan - WSAC Development	2,165	129	2,165	129
Wangaratta Aerodrome - Commercial Hangars	-	10	-	10
Showgrounds Electronic Switchboard	9	-	9	-
Non-recurrent - State Government				
Wangaratta-Eldorado Road / Bourke Road Intersection	132	710	132	710
Coronation Pre School	-	335	-	335
Railway Precinct	2,163	300	2,163	300
Organics processing plant	319	236	319	236
Bus Shelter Construction	22	204	22	204
Mitchell Avenue Children's Garden Construction	180	180	180	180
E-waste infrastructure	-	98	-	98
Wangaratta Flood Mitigation Strategy and Design - Areas Prot	-	590	-	590
Sisely Avenue / Swan Street Intersection	231	116	231	116
Design - Greta Rd/Mason St Roundabout Improvement	334	153	334	153
Safe pedestrian crossings	50	30	50	30
South Wangaratta Reserve Lighting Upgrade	219	207	219	207
Bridge Renewal	-	10	-	10
Appin Park Lighting	-	10	-	10
WJ Findlay Oval Lighting	141	150	141	150
Kyamba Foundation	10	-	10	-
Moyhu Road & Drainage Renewal	2	-	2	-
Moyhu Recreation Reserve Female Friendly Facility	9	-	9	-
Flood Event 13 Dec 2018	136	-	136	-
Premier's Reading Challenge	8	-	8	-
19/20 New Footpath/Shared Path Program	44	-	44	-
Total non-recurrent capital grants	6,174	3,468	6,174	3,468
Total capital grants	7,728	4,544	7,728	4,544

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

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Operating				
Balance at start of year	424	197	424	197
Received during the financial year and remained unspent at balance date	521	424	521	424
Received in prior years and spent during the financial year	(374)	(197)	(374)	(197)
Balance at year end	571	424	571	424
Capital				
Balance at start of year	1,323	2,322	1,323	2,322
Received during the financial year and remained unspent at balance date	429	1,323	429	1,323
Received in prior years and spent during the financial year	(1,338)	(2,322)	(1,338)	(2,322)
Balance at year end	414	1,323	414	1,323

Operating grant revenue with sufficiently specific performance obligations are recognised over time in accordance with AASB 15 as the performance obligations specified in the underlying agreements are met. Where performance obligations are not sufficiently specific, grant revenue is recognised in accordance with AASB 1058 on the earlier of receipt or when an unconditional right to receive the income has been established.

Capital grant revenue is recognised overtime in accordance with AASB 1058 when the obligations under the agreement are met. This is normally in line with the stage of completion of the underlying asset being constructed.

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3.5 Contributions

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Monetary	407	593	407	593
Non-monetary	2,439	1,175	2,439	1,175
Total contributions	2,846	1,768	2,846	1,768
<i>Contributions of non monetary assets were received in relation to the following asset classes.</i>				
Artwork	-	-	-	-
Drainage	729	505	729	505
Paths	321	60	321	60
Roads (including Kerbing)	1,389	610	1,389	610
Total non-monetary contributions	2,439	1,175	2,439	1,175

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

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Proceeds of sale	2,216	1,092	2,216	1,092
Written down value of assets disposed	(1,927)	(1,148)	(1,927)	(1,148)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	289	(56)	289	(56)

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

3.7 Other income

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Interest	329	705	329	705
Reimbursements - other	224	104	224	104
Reimbursements - Natural disasters	94	1,208	94	1,208
Decrease in provision for landfill arising from changes in discount rates	2,689	-	2,689	-
Found Assets - Paths & Artwork Assets	648	165	648	165
Other	30	48	41	48
Total other income	4,014	2,230	4,025	2,230

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. A substantial change in the long term discount rates applied in the calculation of rehabilitation provisions for Council's landfills has resulted in a decrease to the landfill provision of \$2.689 million.

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Note 4 The cost of delivering services

4.1 (a) Employee costs

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Wages and salaries	19,326	17,994	19,157	17,834
Annual leave and long service leave	2,934	2,940	2,930	2,927
WorkCover	225	199	224	198
Superannuation	2,220	1,885	2,205	1,871
Redundancy	46	115	46	115
Other	265	282	265	282
Total employee costs	25,015	23,415	24,827	23,227

(b) Superannuation

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Council made contributions to the following funds:				
Defined benefit fund				
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	65	94	65	94
	65	94	65	94
Employer contributions payable at reporting date.	-	-	-	-
Accumulation funds				
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	1,211	1,293	1,211	1,293
Employer contributions - other funds	785	694	785	680
	1,996	1,987	1,996	1,973
Employer contributions payable at reporting date.	106	87	106	87

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

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4.2 Materials and services

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Contract payments	6,469	6,053	6,469	6,053
Plant operating	3,421	3,462	3,421	3,462
Packaged care brokerage	2,428	1,526	2,428	1,526
Other materials and services	3,422	1,474	3,422	1,474
Utilities	1,141	1,106	1,141	1,106
Community grants and contributions	636	979	636	979
Consultants	1,028	842	1,028	842
Levies and licences	1,065	1,036	1,065	1,036
Software maintenance	669	477	669	477
Insurance	489	472	489	472
Staff development	413	324	413	324
Advertising and promotion	570	246	570	246
Security	211	208	211	208
Packaged care unspent funds transferred	290	181	290	181
Telephone	290	127	290	127
Brokerage fees - HACC	167	123	167	123
Legal Expenses	52	102	52	102
Natural disasters	29	89	29	89
Postage	85	87	85	87
Bank charges	72	74	72	74
Minor equipment	138	72	138	72
Printing and stationery	64	71	64	71
Subscriptions & publications	95	64	95	64
Building maintenance	21	31	21	31
Valuation Contract	35	24	35	24
Plant and equipment maintenance	-	18	-	18
Livestock exchange	224	175	-	-
Total materials and services	23,524	19,443	23,300	19,268

4.3 Depreciation

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Property	1,250	1,252	1,250	1,252
Plant and equipment	2,479	2,493	2,456	2,487
Infrastructure	11,303	13,044	11,303	13,044
Total depreciation	15,032	16,789	15,008	16,783

2020: Refer to note 5.2(c), 5.8 and 6.2 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.

4.4 Amortisation - Intangible assets

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Landfill airspace	105	315	105	315
Total Amortisation - Intangible assets	105	315	105	315

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4.5 Amortisation - Right of use assets

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Property	7	-	-	-
Vehicles	62	-	62	-
Total Amortisation - Right of use assets	69	-	62	-

4.6 Bad and doubtful debts

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Parking fine debtors	48	28	48	28
Other debtors	46	-	46	-
Total bad and doubtful debts	94	28	94	28

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Movement in provisions for doubtful debts				
Balance at the beginning of the year	155	127	155	127
New Provisions recognised during the year	94	28	94	28
Balance at end of year	249	155	249	155

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

4.7 Borrowing costs

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Interest - Borrowings	375	371	375	371
Increase in provision for landfill arising from changes in discount rates	-	1,187	-	1,187
Total borrowing costs	375	1,558	375	1,558

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

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Interest - Lease Liabilities	12	-	10	-
Total finance costs	12	-	10	-

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4.9 Other expenses

	Consolidated		Council	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	62	39	62	39
Auditors' remuneration - Internal	23	43	23	43
Councillors' allowances	267	271	267	271
Revaluation of library books	196	-	196	-
Write off of non-capital items from WIP	1,643	-	1,643	-
Recognition of additional landfill provision - closed sites	5,432	-	5,432	-
Pension rebate -Recycling	44	43	44	43
Other expenses	51	-	51	-
New industry rate assistance	7	7	7	7
Total other expenses	7,725	403	7,725	403

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Note 5 Our financial position

5.1 Financial assets

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
(a) Cash and cash equivalents				
Cash on hand	5	6	5	6
Cash at bank	504	804	183	480
Money market at call account	15,556	5,643	15,556	5,643
Term deposits	-	-	-	-
Total cash and cash equivalents	16,065	6,453	15,744	6,129
(b) Other financial assets				
Term deposits - current	4,000	14,810	4,000	14,810
Municipal Association Purchasing Scheme (MAPS) at cost	10	10	10	10
Total other financial assets	4,010	14,820	4,010	14,820
Total financial assets	20,075	21,273	19,754	20,949

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

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
- Grants (Note 3.4)	985	1,747	985	1,747
- Unearned income (Note 5.3)	2,201	1,627	2,201	1,627
- Trust funds and deposits (Note 5.3)	1,578	1,488	1,578	1,488
Total restricted funds	4,764	4,862	4,764	4,862
Total unrestricted cash and cash equivalents	11,301	1,591	10,980	1,267

Intended allocations

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

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
- reserve funds allocated for specific future purposes (Note 9.1(b))	19,496	12,067	19,496	12,067
Total funds subject to intended allocations	19,496	12,067	19,496	12,067

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.

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5.1 Financial assets (cont'd)

(c) Trade and other receivables

Current	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Statutory receivables				
Rates and garbage debtors	1,833	1,021	1,833	1,021
Fire services property levy	224	141	224	141
Cemetery	42	40	42	40
Net GST receivable	544	1,017	544	1,017
Parking and animal infringement debtors	619	587	619	587
Less provision for doubtful debts - parking infringements	(203)	(155)	(203)	(155)
Interest on rates and garbage receivable and investments	55	130	55	130
Non statutory receivables				
Natural disaster reimbursements	472	1,582	472	1,582
Livestock Exchange	37	37	-	-
Other debtors	3,447	2,718	3,447	2,718
Less provision for doubtful debts - other debtors	(46)	-	(46)	-
Loans and advances to community organisations	4	4	4	4
Total current trade and other receivables	7,028	7,122	6,991	7,085
Non-current				
Non statutory receivables				
Loans and advances to community organisations	-	4	-	4
Total non-current trade and other receivables	-	4	-	4
Total trade and other receivables	7,028	7,126	6,991	7,089

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 & other receivables (excluding statutory receivables) that are not impaired was:

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Current (not yet due)	3,625	3,721	3,599	3,690
Past due by up to 30 days	15	425	8	420
Past due between 31 and 180 days	314	147	310	147
Past due between 181 and 365 days	1	18	1	17
Past due by more than 1 year	5	30	5	30
Total trade & other receivables	3,960	4,341	3,923	4,304

(e) Ageing of individually impaired Receivables

At balance date other debtors representing financial assets with a nominal value of \$806k (2019: \$620k) were past due but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of default.

The amount of the provision raised against these debtors was \$46k (2019: Nil). They have individually been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collection agency or are on payment terms.

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

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
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	(46)	-	(46)	-
Total trade & other receivables	(46)	-	(46)	-

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5.2 Non-financial assets

(a) Inventories

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Inventories held for distribution	5	-	1	-
Total inventories	5	-	1	-

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

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Prepayments	426	641	426	641
Total other assets	426	641	426	641

(c) Intangible assets

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Landfill air space	2,501	1,369	2,501	1,369
Total intangible assets	2,501	1,369	2,501	1,369
	Landfill \$'000	Total \$'000	Landfill \$'000	Total \$'000
Gross carrying amount				
Balance at 1 July 2019	2,273	2,273	2,273	2,273
Additions from internal developments	-	-	-	-
Other additions	1,237	-	1,237	-
Balance at 1 July 2020	3,510	2,273	3,510	2,273
Accumulated amortisation and impairment				
Balance at 1 July 2019	904	589	904	589
Amortisation expense	105	315	105	315
Balance at 1 July 2020	1,009	904	1,009	904
Net book value at 30 June 2019	1,369	1,684	1,369	1,684
Net book value at 30 June 2020	2,501	1,369	2,501	1,369

Intangible assets with finite lives are amortised as an expense on a systematic basis over the assets useful life. Amortisation is generally calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives and amortisation method are reviewed at least annually, and adjustments made where appropriate.

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5.3 Payables

(a) Trade and other payables

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Current				
Materials and contracts	5,018	5,196	5,009	5,179
Employee costs	1,293	1,144	1,293	1,144
Accrued expenses	484	232	482	224
June BAS Livestock	17	21	-	-
Total trade and other payables	6,812	6,593	6,784	6,547

(b) Trust funds and deposits

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Retention contract deposits	306	382	306	382
Refundable subdivision securities	501	522	501	522
Refundable relocate dwellings	31	31	31	31
Fire Services Property Levy	468	337	468	337
Wangaratta Performing Arts Centre	190	171	190	171
Other	82	45	82	45
Total trust funds and deposits	1,578	1,488	1,578	1,488

(c) Unearned income

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Grants in advance operating	571	-	571	-
Grants in advance capital	414	-	414	-
Funding held for Aged & Disability customers	2,201	1,627	2,201	1,627
Total unearned income	3,186	1,627	3,186	1,627

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

Refundable deposits - Deposits are taken by Council as a form of surety in a number of circumstances, including in relation to building works, tender deposits, contract deposits and the use of civic facilities.

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.

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5.4 Interest-bearing liabilities

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Current				
Borrowings - secured	1,170	442	1,170	442
Non-current				
Borrowings - secured	15,558	7,743	15,558	7,743
Total	16,728	8,185	16,728	8,185
(a) The maturity profile for Council's borrowings is:				
Not later than one year	1,170	442	1,170	442
Later than one year and not later than five years	11,733	691	11,733	691
Later than five years	3,825	7,052	3,825	7,052
Total	16,728	8,185	16,728	8,185

Borrowings are secured over the rates & charges of Council.

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.

5.5 Provisions

	Employee \$ '000	Landfill restoration \$ '000	Total \$ '000
2020			
Balance at beginning of the financial year	5,836	15,864	21,700
Additional provisions	2,989	6,670	9,659
Amounts used	(2,507)	-	(2,507)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(97)	(2,689)	(2,786)
Balance at the end of the financial year	6,221	19,845	26,066
2019			
Balance at beginning of the financial year	5,675	14,677	20,352
Additional provisions	2,982	-	2,982
Amounts used	(2,821)	-	(2,821)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	-	1,187	1,187
Balance at the end of the financial year	5,836	15,864	21,700

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5.5 Provisions (cont'd)

(a) Employee provisions

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Current provisions expected to be wholly settled within 12 months				
Annual leave	2,259	1,982	2,246	1,972
Long service leave	338	266	337	266
Accumulated time	243	-	243	-
Rostered days off	-	254	-	254
Time accrued	4	139	-	136
	2,843	2,641	2,826	2,628
Current provisions expected to be wholly settled after 12 months				
Annual leave	36	82	36	82
Long service leave	2,631	2,487	2,631	2,487
	2,667	2,569	2,667	2,569
Total current employee provisions	5,510	5,210	5,493	5,197
Non-current				
Long service leave	729	639	728	639
Total non-current employee provisions	729	639	728	639
Aggregate carrying amount of employee provisions:				
Current	5,510	5,210	5,493	5,197
Non-current	728	639	728	639
Total aggregate carrying amount of employee provisions	6,238	5,849	6,221	5,836

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.

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(a) Employee provisions (cont'd)

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:

	Consolidated		Council	
	2020	2019	2020	2019
- discount rate	0.87%	2.30%	0.87%	2.30%
- index rate	-	-	-	-
- inflation rate	1.50%	1.50%	1.50%	1.50%
- settlement rate	-	-	-	-

Probabilities of staff reaching their entitlements are based on managements best estimate and history.

(b) Landfill restoration

	Consolidated		Council	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Current	2,592	-	2,592	-
Non-current	17,253	15,864	17,253	15,864
	19,845	15,864	19,845	15,864

Council is obligated to restore Bowser landfill to a particular standard. The forecast life of the site is based on current estimates of remaining capacity and the forecast rate of infill. The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

Key assumptions:

	Consolidated		Council	
	2020	2019	2020	2019
- index rate	1.04%	2.91%	1.04%	2.91%
- discount rate	0.43%	1.61%	0.43%	1.61%

Annual discount rates are taken from the Millman Research, Group of 100 Discount Rate, Research Report July 2020

5.6 Financing arrangements

Council has the following funding arrangements in place as at 30 June 2020.

	Consolidated		Council	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Bank overdraft	400	400	400	400
Credit card facilities	213	213	213	213
Total facilities	613	613	613	613
Used facilities	26	29	26	29
Unused facilities	587	584	587	584

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5.7 Commitments

The 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.

Council 2020	Not later than	Later than 1	Later than 2	Later than 5	Total
	1 year	year and not later than 2 years	years and not later than 5 years	years	
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Recycling contract	996	996	-	-	1,992
Co Store car park licence	470	476	1,472	4,832	7,250
Pound Services	175	175	88	-	438
Interest on borrowings	499	465	1,688	102	2,754
Management of pools	207	-	-	-	207
Environmental Monitoring - Bowser Landfill	234	-	-	-	234
HVAC Services maintenance	107	-	-	-	107
Information Technology Licences	275	-	-	-	275
Security	95	95	95	-	285
Payroll Software	83	41	41	-	165
Cleaning	210	210	105	-	525
Environmental Health Services	115	115	115	-	344
MAV WorkCare Capital Recovery Contribution	33	33	33	33	132
Total	3,498	2,607	3,637	4,967	14,709
Capital					
WSAC aquatics	8,193	-	-	-	8,193
Railway precinct	4,168	-	-	-	4,168
Bank Stabilisation Hodgson Creek	684	-	-	-	684
Mitchell Avenue Reserve Children's Garden	575	-	-	-	575
Ely Street Drainage	64	-	-	-	64
Mason St Footpath	61	-	-	-	61
Wangaratta Airport Stage 1 & 2	304	-	-	-	304
Wangaratta Airport Hangar	352	-	-	-	352
Sinclair Lane Bridge Culvert	142	-	-	-	142
New Bridge Hodgson Creek	726	-	-	-	726
Cussack and Spearing Street Drainage	197	-	-	-	197
Pump track	236	-	-	-	236
Wareena Park Master Plans	35	-	-	-	35
Total	15,737	-	-	-	15,737

Wangaratta Rural City Council
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Notes to the Financial Report
For the Year Ended 30 June 2020

5.7 Commitments (cont'd)

Council 2019	Not later than	Later than 1	Later than 2	Later than 5	Total
	1 year	year and not later than 2 years	years and not later than 5 years	years	
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Recycling contract	996	996	996	-	2,987
Co Store car park licence	462	470	1,450	5,001	7,382
Interest on borrowings	377	343	948	616	2,285
Management of pools	382	-	-	-	382
Environmental Monitoring - Bowser Landfill	234	234	-	-	469
HVAC Services maintenance	107	107	-	-	213
High Country Library Network - Operations Contribution	176	-	-	-	176
Total	2,734	2,149	3,394	5,617	13,893
Capital					
WSAC aquatics	12,174	6,020	-	-	18,194
Road reconstruction Eldorado	31	-	-	-	31
Major Patchings	222	-	-	-	222
Female friendly change room - Glenrowan Rec Reserve	452	-	-	-	452
Female friendly change room - Moyhu Rec Reserve	125	-	-	-	125
Osboldstone & Sisley Avenue Interchange Upgrade	334	-	-	-	334
Cruse Street	590	-	-	-	590
Williams Road Kerb & Channel	237	-	-	-	237
Wangaratta-Eldorado Road, Bourke Road Intersection	200	-	-	-	200
Supply and Installation of Light Towers Sth Wang Reserve	315	-	-	-	315
Construction of Organic Plant - Bowser East, Nth Wang	2,947	-	-	-	2,947
Glenrowan - Netball Court Construction	303	-	-	-	303
High Country Library Network - Book Contribution	199	-	-	-	199
Appin Street Drainage	54	-	-	-	54
Total	18,183	6,020	-	-	24,204

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

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.

Wangaratta Rural City Council
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Notes to the Financial Report
For the Year Ended 30 June 2020

5.8 Leases (cont'd)

Right-of-Use Assets

Balance at 1 July 2019
Additions
Amortisation charge
Balance at 30 June 2020

Consolidated			
\$'000	\$'000	\$'000	\$'000
Property	Vehicles	Other, etc.	Total
-	-	-	-
115	1,018	-	1,133
(7)	(62)	-	(69)
108	956	-	1,064

Balance at 1 July 2019
Additions
Amortisation charge
Balance at 30 June 2020

Council			
\$'000	\$'000	\$'000	\$'000
Property	Vehicles	Other, etc.	Total
-	-	-	-
-	1,018	-	1,018
-	(62)	-	(62)
-	956	-	956

Lease Liabilities

Maturity analysis - contractual undiscounted cash flows
Less than one year
One to five years
More than five years
Total undiscounted lease liabilities as at 30 June:

Consolidated		Council	
2020	2019	2020	2019
\$'000	\$'000	\$'000	\$'000
224	-	213	-
994	-	895	-
-	-	-	-
1,218	-	1,108	-

Lease liabilities included in the Balance Sheet at 30 June:

Current
Non-current
Total lease liabilities

180	-	169	-
887	-	788	-
1,067	-	957	-

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.

Expenses relating to:

Short-term leases
Leases of low value assets
Total

Consolidated		Council	
2020	2019	2020	2019
\$'000	\$'000	\$'000	\$'000
-	-	-	-
124	-	115	-
124	-	115	-

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

Consolidated		Council	
2020	2019	2020	2019
\$'000	\$'000	\$'000	\$'000
58	-	47	-
99	-	-	-
157	-	47	-

Wangaratta Rural City Council
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Notes to the Financial Report
For the Year Ended 30 June 2020

5.8 Leases (cont'd)

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 Leases:

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- 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.

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 Nil right-of-use assets and Nil lease liabilities.

	2019 \$'000
Operating lease commitment at 30 June 2019 as disclosed in Council's financial statements	114
Discounted using the incremental borrowing rate at 1 July 2019	-
Finance lease liability recognised as at 30 June 2019	<u>114</u>
- Recognition exemption for:	
short-term leases	-
leases of low-value assets	(114)
- Extension and termination options reasonably certain to be exercised	-
- Residual value guarantees	-
- Lease liabilities recognised as at 1 July 2019	<u>-</u>

Note 6 Assets we manage

6.1 Non current assets classified as held for sale

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Balance at start of year	2,110	3,788	2,110	3,788
Less assets disposed	(1,414)	(677)	(1,414)	(677)
Less assets no longer held for sale	-	(1,001)	-	(1,001)
Assets transferred from IPP&E	1,126	-	1,126	-
Capitalised development costs (eg roads, drainage)	564	-	564	-
Total non current assets classified as held for sale	2,386	2,110	2,386	2,110

At 30 June 2020 assets held for sale include industrial land of \$874,000, the old Ovens College site of \$1,260,462 and Max Parkinson land, land improvements and buildings of \$252,2014.

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.

Wangaratta Rural City Council
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Notes to the Financial Report
For the Year Ended 30 June 2020

6.2 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

Consolidated

Category	Fair Value 30 June 2019 \$'000	Additions \$'000	Contributions \$'000	Revaluation \$'000	Found Assets \$'000	Depreciation \$'000	Disposal \$'000	Write-off \$'000	Transfers \$'000	Transfers WIP \$'000	Fair Value 30 June 2020 \$'000
Property	95,832	-	-	(2)	-	(1,250)	-	-	(1,126)	(2,707)	90,747
Plant and equipment	11,655	811	-	207	648	(2,479)	(216)	-	-	1,908	12,534
Infrastructure	427,556	-	2,430	123	-	(11,303)	(355)	-	-	11,309	429,760
Work in progress	21,186	35,602	-	-	-	-	-	(1,643)	-	(10,510)	44,635
	556,229	36,413	2,430	328	648	(15,032)	(571)	(1,643)	(1,126)	-	577,676

Council

Category	Fair Value 30 June 2019 \$'000	Additions \$'000	Contributions \$'000	Revaluation \$'000	Found Assets \$'000	Depreciation \$'000	Disposal \$'000	Write-off \$'000	Transfers \$'000	Transfers WIP \$'000	Fair Value 30 June 2020 \$'000
Property	95,832	-	-	(2)	-	(1,250)	-	-	(1,126)	(2,707)	90,747
Plant and equipment	11,602	737	-	207	648	(2,456)	(216)	-	-	1,908	12,430
Infrastructure	427,556	-	2,430	123	-	(11,303)	(355)	-	-	11,309	429,760
Work in progress	21,186	35,602	-	-	-	-	-	(1,643)	-	(10,510)	44,635
	556,176	36,339	2,430	328	648	(15,008)	(571)	(1,643)	(1,126)	-	577,572

Summary of Work in Progress

Council/Consolidated

Category	Balance 30 June 2019 \$'000	Additions \$'000	Write Offs \$'000	Transfers \$'000	Balance 30 June 2020 \$'000
Property	695	5,341	(301)	1,754	7,489
Plant and equipment	286	2,691	(53)	(1,908)	1,016
Infrastructure	20,205	27,570	(1,289)	(10,356)	36,130
Total	21,186	35,602	(1,643)	(10,510)	44,635

Wangaratta Rural City Council
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6.2 Property, infrastructure, plant and equipment (cont'd)

(a) Property

Council/Consolidated

	Land				Buildings			Work In Progress	Property Total
	Specialised	Non-specialised	Improvements	Total	Heritage	Non-specialised	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
At fair value 30 June 2019	23,884	30,453	20,856	75,193	2,751	85,682	88,433	695	164,321
Accumulated depreciation at 30 June 2019	-	-	(12,630)	(12,630)	(2,355)	(52,809)	(55,164)	-	(67,794)
Fair value 30 June 2019	23,884	30,453	8,226	62,563	396	32,873	33,269	695	96,527
Movements in fair value									
Additions	-	-	-	-	-	-	-	5,341	5,341
Contributions	-	-	-	-	-	-	-	-	-
Revaluation	-	-	(2)	(2)	-	-	-	-	(2)
Disposal	-	-	-	-	-	-	-	-	-
Write-off	-	-	-	-	-	-	-	(301)	(301)
Transfer to assets held for sale	-	(1,100)	(21)	(1,121)	-	(32)	(32)	-	(1,153)
Transfers from WIP	510	-	(2,228)	(1,718)	-	(989)	(989)	1,754	(953)
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-
Total	510	(1,100)	(2,251)	(2,841)	-	(1,021)	(1,021)	6,794	2,932
Movements in accumulated depreciation									
Depreciation and amortisation	-	-	(172)	(172)	(19)	(1,059)	(1,078)	-	(1,250)
Revaluation	-	-	-	-	-	-	-	-	-
Accumulated depreciation of disposals	-	-	-	-	-	-	-	-	-
Transfer to assets held for sale	-	-	11	11	-	16	16	-	27
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Total	-	-	(161)	(161)	(19)	(1,043)	(1,062)	-	(1,223)
At fair value 30 June 2020	24,394	29,353	18,605	72,352	2,751	84,661	87,412	7,489	167,253
Accumulated depreciation at 30 June 2020	-	-	(12,791)	(12,791)	(2,374)	(53,852)	(56,226)	-	(69,017)
Fair Value/Written Down Value 30 June 2020	24,394	29,353	5,814	59,561	377	30,809	31,186	7,489	98,236

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For the Year Ended 30 June 2020

6.2 Property, infrastructure, plant and equipment (cont'd)

(b) Plant and Equipment

Consolidated

	Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecomms	Library books	Art Collection	Total plant and equipment	Work In Progress	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2019	20,638	1,587	3,991	1,686	846	28,748	286	29,034
Accumulated depreciation at 1 July 2019	(12,189)	(977)	(2,987)	(940)	-	(17,093)	-	(17,093)
Fair Value 30 June 2019	8,449	610	1,004	746	846	11,655	286	11,941
Movements in fair value								
Additions	811	-	-	-	-	811	2,691	3,502
Revaluation	-	-	-	(30)	237	207	-	207
Disposal	(793)	-	-	(385)	-	(1,178)	-	(1,178)
Write-off	-	-	-	-	-	-	(53)	(53)
Transfers from WIP	1,202	26	514	164	2	1,908	(1,908)	-
Found Assets	-	-	-	-	648	648	-	648
Total	1,220	26	514	(251)	887	2,397	730	3,127
Movements in accumulated depreciation								
Depreciation and amortisation	(1,963)	(29)	(318)	(169)	-	(2,479)	-	(2,479)
Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation of disposals	773	-	-	189	-	962	-	962
Total	(1,190)	(29)	(318)	20	-	(1,517)	-	(1,517)
At fair value 30 June 2020	21,858	1,613	4,505	1,435	1,733	31,145	1,016	32,161
Accumulated depreciation at 30 June 2020	(13,379)	(1,006)	(3,305)	(920)	-	(18,610)	-	(18,610)
Fair Value/Written Down Value 30 June 2020	8,479	607	1,200	515	1,733	12,534	1,016	13,550

Wangaratta Rural City Council
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Notes to the Financial Report
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6.2 Property, infrastructure, plant and equipment (cont'd)

(b) Plant and Equipment (cont'd)

Council

	Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecomms	Library books	Art Collection	Total plant and equipment	Work In Progress	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2019	20,579	1,587	3,991	1,686	846	28,689	286	28,975
Accumulated depreciation at 1 July 2019	(12,183)	(977)	(2,987)	(940)	-	(17,087)	-	(17,087)
Fair Value 30 June 2019	8,396	610	1,004	746	846	11,602	286	11,888
Movements in fair value								
Additions	737	-	-	-	-	737	2,691	3,428
Revaluation	-	-	-	(30)	237	207	-	207
Disposal	(793)	-	-	(385)	-	(1,178)	-	(1,178)
Write-off	-	-	-	-	-	-	(53)	(53)
Transfers from WIP	1,202	26	514	164	2	1,908	(1,908)	-
Found Assets	-	-	-	-	648	648	-	648
Total	1,146	26	514	(251)	887	2,322	730	3,052
Movements in accumulated depreciation								
Depreciation and amortisation	(1,940)	(29)	(318)	(169)	-	(2,456)	-	(2,456)
Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation of disposals	773	-	-	189	-	962	-	962
Total	(1,167)	(29)	(318)	20	-	(1,494)	-	(1,494)
At fair value 30 June 2020	21,725	1,613	4,505	1,435	1,733	31,011	1,016	32,027
Accumulated depreciation at 30 June 2020	(13,350)	(1,006)	(3,305)	(920)	-	(18,581)	-	(18,581)
Fair Value/Written Down Value 30 June 2020	8,375	607	1,200	515	1,733	12,430	1,016	13,446

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

6.2 Property, infrastructure, plant and equipment (cont'd)

(c) Infrastructure

Council/Consolidated

	Roads	Bridges	Footpaths and cycleways	Drainage	Recreational, leisure and community	Waste Management	Parks open spaces and streetscapes	Aerodromes	Off street car parks	Other Infrastructure	Work In Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2019	425,043	89,815	24,705	53,909	42,273	17,894	7,848	6,729	3,501	-	20,205	691,922
Accumulated depreciation at 1 July 2019	(148,378)	(23,797)	(9,151)	(16,103)	(22,072)	(16,367)	(6,328)	(952)	(1,013)	-	-	(244,161)
Fair Value 30 June 2019	276,665	66,018	15,554	37,806	20,201	1,527	1,520	5,777	2,488	-	20,205	447,761
Movements in fair value												
Additions	-	-	-	-	-	-	-	-	-	-	27,570	27,570
Contributions	1,380	-	321	729	-	-	-	-	-	-	-	2,430
Revaluation	20	-	-	103	-	-	-	-	-	-	-	123
Disposal	(345)	-	(92)	(194)	-	-	-	-	-	-	-	(631)
Write-off	-	-	-	-	-	-	-	-	-	-	(1,289)	(1,289)
Transfers from WIP	5,961	1,622	1,038	3,349	(1,971)	-	1,257	-	-	53	(10,356)	953
Total	7,016	1,622	1,267	3,987	(1,971)	-	1,257	-	-	53	15,925	29,156
Movements in accumulated depreciation												
Depreciation and amortisation	(7,560)	(992)	(719)	(743)	(666)	(227)	(217)	(135)	(44)	-	-	(11,303)
Revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation of disposals	153	-	61	62	-	-	-	-	-	-	-	276
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-	-	-
Total	(7,407)	(992)	(658)	(681)	(666)	(227)	(217)	(135)	(44)	-	-	(11,027)
At fair value 30 June 2020	432,059	91,437	25,972	57,896	40,302	17,894	9,105	6,729	3,501	53	36,130	721,078
Accumulated depreciation at 30 June 2020	(155,785)	(24,789)	(9,809)	(16,784)	(22,738)	(16,594)	(6,545)	(1,087)	(1,057)	-	-	(255,188)
Fair Value/Written Down Value 30 June 2020	276,274	66,648	16,163	41,112	17,564	1,300	2,560	5,642	2,444	53	36,130	465,890

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

6.2 Property, infrastructure, plant and equipment (cont'd)

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
		\$'000
Property		
Land		
land improvements	20-90 years	5
land fill assets	1-11 years	1
Buildings		
Plant and Equipment		
plant, machinery and equipment	5-20 years	2
fixtures, fittings and furniture	2-33 years	2
computers and telecommunications	2-33 years	2
library books	6-12 years	Nil
Infrastructure		
road pavements and seals	80 years	10
road formation	200 years	10
road kerb, channel and minor culverts	110 years	10
bridges	20-80 years	10
footpaths	10-110 years	5
bikepaths	15-20 years	3
drainage	100 years	5
recreational, leisure and community facilities	10-100 years	5
parks, open space and streetscapes	10-100 years	5
waste management	1-11 years	5
off street car parks	80 years	5
aerodromes	80 years	5
other infrastructure	30 years	5
Intangibles		3-8

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.

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

6.2 Property, infrastructure, plant and equipment (cont'd)

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.

Valuation of land and buildings

Valuation of land (excluding land under roads) and buildings was undertaken in 2017 by a qualified independent valuer - Valpac Pty Ltd. 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.

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

Council	Level 1	Level 2	Level 3	Date of Valuation
	\$'000	\$'000	\$'000	
Non-specialised land	-	3,710	25,643	Jun-17
Specialised land	-	-	24,394	Jun-17
Land Improvements	-	-	5,814	Jun-17
Total land	-	3,710	55,851	
Heritage Buildings	-	-	377	Jun-17
Non-specialised buildings	-	-	30,809	Jun-17
Total buildings	-	-	31,186	

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For the Year Ended 30 June 2020

6.2 Property, infrastructure, plant and equipment (cont'd)

Valuation of infrastructure

Valuation of infrastructure assets Roads, Bridges, Drainage, Footpaths and Cycleways was undertaken in 2018. The values were determined in accordance with a valuation undertaken by Nicole O'Keefe - Asset Engineer. The valuation was performed based on the depreciated replacement cost of the assets.

The date of the current valuation is detailed in the following table.

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:

Council	Level 1	Level 2	Level 3	Date of Valuation
	\$'000	\$'000	\$'000	
Roads	-	-	276,274	May-18
Bridges	-	-	66,648	May-18
Footpaths and cycleways	-	-	16,163	May-18
Drainage	-	-	41,112	May-18
Recreational, leisure and community facilities	-	-	17,564	Jun-17
Waste management	-	-	1,300	Jun-17
Parks, open space and streetscapes	-	-	2,560	Jun-17
Aerodromes	-	-	5,642	Jun-19
Off street carparks	-	-	2,444	Jun-17
Other infrastructure	-	-	53	
Total Infrastructure	-	-	429,760	

Description of significant unobservable inputs into level 3 valuations

Non specialised land, 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 \$2 and \$210 per square metre.

Non specialised buildings and 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 is calculated on a square metre basis and ranges from \$75 to \$4,500 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 10 years to 100 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 10 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.

Reconciliation of specialised land

	2020	2019
	\$'000	\$'000
Land under roads	24,394	23,884
Total specialised land	24,394	23,884

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

6.3 Investments in subsidiaries

Principles of consolidation

The consolidated financial statements of Council incorporate all entities controlled by Council as at 30 June 2020, and their income and expenses for that part of the reporting period in which control existed.

Subsidiaries are all entities over which Council has control. Council controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Council. They are deconsolidated from the date that control ceases.

Where dissimilar accounting policies are adopted by entities and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

Entities consolidated into Council include:
Wangaratta Livestock Exchange Pty Ltd

Committees of management

All entities controlled by Council that have material revenues, expenses, assets or 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.

Subsidiaries

Wangaratta Livestock Exchange
Background

On 1 August 2018, the operations of the Saleyards was taken over by Wangaratta Livestock Exchange Pty Ltd (WLE). WLE manages the Wangaratta Saleyards on the terms set out in a Management Service Agreement between Council and the WLE. WLE operates the Saleyards as a going concern for the purpose of providing livestock auction facilities and related services.

	2020	2019
	\$'000	\$'000
Summarised financial information		
Summarised statement of comprehensive income		
Total income	519	573
Total expenses	445	370
Surplus/(deficit) for the year	74	203
Other comprehensive income	-	-
Total comprehensive result	74	203
Summarised balance sheet		
Current assets	362	361
Non-current assets	211	54
Total assets	573	415
Current liabilities	55	59
Non-current liabilities	100	-
Total liabilities	155	59
Net Assets	418	356
Summarised statement of cash flows		
Net cash provided by / (used in) operating activities	83	232
Net cash provided by / (used in) investing activities	(74)	(18)
Net cash provided by / (used in) financing activities	(11)	110
Net increase / (decrease) in cash and cash equivalents	(2)	324
Other financial information		
Profit attributable to non controlling interests	-	-
Accumulated non controlling interests at the end of the reporting period	-	-
Significant restrictions		
There were no significant restrictions		

**Wangaratta Rural City Council
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**Notes to the Financial Report
For the Year Ended 30 June 2020**

Note 7 People and relationships

7.1 Council and key management remuneration

(a) Related Parties

Parent entity

Wangaratta Rural City Council is the parent entity.

Subsidiaries

Interests in subsidiaries are detailed in Note 6.3.

(b) Key Management Personnel

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

Councillors (including dates if not full year)

Name	Dates
Dean Rees (Mayor)	
David Fuller (Deputy Mayor)	
Harvey Benton	
Harry Bussell	
Ken Clarke OAM	
Ashlee Fitzpatrick	
Mark Currie	

Chief Executive Officer and other Key Management Personnel

Position	Name
Chief Executive Officer	Brendan McGrath
Director - Infrastructure	Alan Clark
Director - Community Wellbeing	Jaime Chubb
Director - Corporate Services	Sarah Brindley
Director - Development Services	Stephen Swart

	2020	2019
Total Number of Councillors	7	7
Total of Chief Executive Officer and other Key Management Personnel	5	8
Total Number of Key Management Personnel	12	15

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

7.1 Council and key management remuneration (cont'd)

(c) Remuneration of Key Management Personnel

Total remuneration of key management personnel was as follows:

	2020	2019
	\$'000	\$'000
Short-term benefits	1,267	1,188
Post-employment benefits	84	203
Long-term benefits	23	89
Termination benefits	-	120
Total	1,374	1,600

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

	2020	2019
\$20,000 - \$29,999	4	3
\$30,000 - \$39,999	2	2
\$40,000 - \$49,999	-	1
\$50,000 - \$59,999	-	1
\$70,000 - \$79,999	-	2
\$100,000 - \$109,999	1	-
\$120,000 - \$129,999	-	1
\$130,000 - \$139,999	-	1
\$150,000 - \$159,999	-	1
\$180,000 - \$189,999	1	1
\$190,000 - \$199,999	2	-
\$210,000 - \$219,999	1	-
\$220,000 - \$229,999	-	1
\$280,000 - \$299,999	1	1
	12	15

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

7.1 Council and key management remuneration (cont'd)

(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:

Income Range:	Consolidated		Council	
	2020	2019	2020	2019
\$151,000 - \$159,999	2	2	2	2
	2	2	2	2
	\$'000	\$'000	\$'000	\$'000
Total Remuneration for the reporting year for Senior Officers included above, amounted to	306	302	306	302

7.2 Related party disclosure

(a) Transactions with related parties

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

1. Contributions paid to Tourism North East \$158,773 (2018/19 \$180,710).
2. Contributions and fees paid to LG Pro \$41,340 (2018/19 \$2,535).
3. Contributions and fees paid to Alpine Shire \$363,050 (2018/19 \$387,773). A key management person has a family member in a key management position at Alpine Shire.
4. Contributions and fees paid to Community Accessibility \$98,702. A key management person is in a management position at the related party.
5. Contributions paid to Business Wangaratta \$Nil (2018/19 \$4,400).
6. Contributions paid to Wangaratta Jazz Festival \$Nil (2018/19 \$155,000).

All purchases were at arms length and were in the normal course of Council's operations. Where not stated a key management person was a board member as a result of their position at Council.

(b) Outstanding balances with related parties

There are no balances outstanding at the end of the reporting period in relation to transactions with related parties.

(c) Loans to/from related parties

Council does not make loans to or receive loans from related parties. No guarantees have been provided.

(d) Commitments to/from related parties

Council has no outstanding commitments to/from other related parties.

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

Note 8 Managing uncertainties

8.1 Contingent assets and liabilities

(a) Contingent assets

A contingent asset is a possible asset whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Council and the inflow of economic benefits is probable but not virtually certain.

Developer Contribution Plans (DCPs)

On 17 October 2019 the Minister for Planning approved the Wangaratta North-West Growth Area and Wangaratta South Growth Area DCPs. A DCP imposes a binding obligation on Council to provide the infrastructure set out in the DCP and also allows for the collection of levies (charges) on the residential and commercial developable areas. The future inflow of levies for the DCPs is expected to be \$29.4m and \$6.5m for the North-West and South Growth Area DCPs respectively.

Operating lease receivables

The Council has entered into commercial property leases on for 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 minimum rentals receivable under non-cancellable operating leases are as follows:

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Not later than one year	338	313	338	313
Later than one year and not later than five years	437	661	437	661
Later than five years	475	503	475	503
	1,250	1,477	1,250	1,477

(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.

A contingent liability is a possible obligation arising from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Council. A contingent liability may also be a present obligation arising from past events but is not recognised on the basis that an outflow of economic resources to settle the obligation is not viewed as probable, or the amount of the obligation cannot be reliably measured.

When Council has a present obligation, an outflow of economic resources is assessed as probable and the Group can reliably measure the obligation, a provision is recognised.

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

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

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. No such shortfall exists at 30 June 2020.

MAV Workcare

Council is 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.

At 30 June 2020 The MAV WorkCare Scheme has a shortfall of \$2.4 million of which Council's share is 1.38%. The Scheme has notified Council of a 5 year Capital Recovery Contribution (CRC) and this is disclosed as a Commitment in Note 5.7. Any further increase above the notified CRC is not known at this time, but will be monitored given the economic conditions.

**Notes to the Financial Report
For the Year Ended 30 June 2020**
8.1 Contingent assets and liabilities (cont'd)**(c) Guarantees for loans to other entities**

Council has a \$5,000 bank guarantee with the Department of Natural Resources & Energy.

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.

(d) Development Contribution Plans (DCPs)

On 17 October 2019 the Minister for Planning approved the Wangaratta North-West Growth Area and Wangaratta South Growth Area DCPs. A DCP imposes a binding obligation on Council to provide the infrastructure set out in the DCP. It also allows for the collection of levies (referred to disclosure in contingent assets). The approved DCPs impose an obligation on Council to construct infrastructure of \$35.2m and \$6.6m for the North-West and South Growth Area DCPs respectively. Council is required to submit an annual return to the Minister for Planning and the 2019/20 return to demonstrate the DCP funds expended. DCP funds expended up to 30 June 2020 on the North-West DCP are \$7,602,414.80. At 30 June 2020 Council has an obligation to construct infrastructure of \$27.6m and \$6.6m for the North-West and South Growth Area DCPs respectively.

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.

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.

**Notes to the Financial Report
For the Year Ended 30 June 2020**
8.3 Financial instruments**(a) Objectives and policies**

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. 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 with respect to Council's cash balances.

(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.

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

8.3 Financial instruments (cont'd)

(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 readily accessible standby facilities and other funding arrangements in place; and
- monitor budget to actual performance on a regular basis.

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 + 1% and -1% in market interest rates (AUD) from year-end rates of 1.50%.

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.

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

8.4 Fair value measurement (cont'd)

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.

Council has assessed the impacts of COVID-19 on the fair value assessments of land, buildings and infrastructure assets and considered the effect cannot yet be fully understood. In the absence of evidence to undermine the reliability of indices applied, management have not altered their fair value assessment.

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 1 to 3 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

The COVID-19 Pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future maybe materially different from those estimated by Council at balance date. As responses by Government continues to evolve management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the Pandemic after reporting date. The state of emergency in Victoria was extended on 13 September 2020 to 11 October 2020 and the state of disaster remains in place.

No other matters have occurred since balance date that required disclosure in the financial report.

Wangaratta Rural City Council
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Notes to the Financial Report
For the Year Ended 30 June 2020

Note

9 Other matters

9.1 Reserves

9.1(a) Asset revaluation reserve

Consolidated/Council	Balance at beginning of 2019 \$'000	Increment (Decrement) \$'000	Balance at end of 2019 \$'000	Increment (Decrement) \$'000	Balance at end of 2020 \$'000
Property					
Land & land improvements	24,936	-	24,936	(2)	24,934
Buildings	2,131	-	2,131	-	2,131
Plant & Equipment					
Library books	-	29	29	(29)	-
Art Collection	239	-	239	236	475
Infrastructure					
Roads	236,768	-	236,768	20	236,788
Bridges	55,185	-	55,185	-	55,185
Footpaths and cycleways	4,603	-	4,603	-	4,603
Drainage	24,789	-	24,789	103	24,892
Recreational, leisure and community facilities	125	-	125	-	125
Parks, open space and streetscapes	2,365	-	2,365	-	2,365
Aerodromes	-	5,300	5,300	-	5,300
Off-street car parks	1,888	-	1,888	-	1,888
	353,029	5,329	358,358	328	358,686

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

Wangaratta Rural City Council
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Notes to the Financial Report
For the Year Ended 30 June 2020

9.1 Reserves (cont'd)

(b) Other reserves

	Balance at beginning of reporting period	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting period
2020	\$'000	\$'000	\$'000	\$'000
Cemetery	37	22	-	59
Loans	839	-	-	839
Developers' contributions	90	-	-	90
Developers' contribution for recreation	79	-	-	79
CSNE integration	135	-	-	135
HACC	147	291	(3)	435
Industrial land	(605)	109	-	(496)
Performing arts centre	7	106	-	113
Replacement of plant	3,449	1,567	(1,567)	3,450
Replacement of plant - CSNE	4	-	-	4
Regional playground	1	-	-	1
Waste and Landfill	6,663	10,533	(3,451)	13,745
Livestock selling complex	90	-	-	90
Unfunded superannuation	610	-	-	610
Municipal Fire & Emergency Mgt Resourcing	125	-	(76)	49
North Wangaratta Recreation Reserve	240	-	(93)	147
Wangaratta Showgrounds	33	-	-	33
WISAC	123	-	(11)	112
Total Other reserves	12,068	12,628	(5,201)	19,496

The cemetery reserve exists to support future operating and capital improvements at the Wangaratta Cemetery.

The loans reserve is to cover the future principal repayments of interest only loan via the Local Government Funding Vehicle. Council has not allocated funds to the Loans reserve account for a number of years and it is proposed that this reserve account is reduced to Nil in 2020/21. The reserve is no longer required as Council's budget, strategic resource plan and long term financial plan appropriately identify and plan for cash outflows of principal repayments.

The reserves for developer contributions will, upon completion of developments, be utilised to develop recreation and other facilities for residents in the respective development areas.

The CSNE reserve supported the integration of Community Support North East into Council operations. There is no intended future allocation for this reserve and it is proposed to be reduced to Nil in 2020/21. In doing so Council will verify that no statutory obligation exists in relation to this reserve that would prevent its reduction to Nil.

The HACC reserve exists to support the delivery of home and community care services.

The industrial land reserve exists to support the future acquisition and development of industrial land across the municipality.

The performing arts centre reserve exists to support future programming and capital works expenditure of the Wangaratta Performing Arts and Convention Centre.

Replacement of plant reserve is for purchase of plant and equipment per the plant replacement program.

The regional playground reserve is no longer required. It is proposed to reduce this reserve to Nil in 2020/21. In doing so Council will verify that no statutory obligation exists in relation to this reserve that would prevent its reduction to Nil.

The Waste and Landfill reserve is for future capital works and rehabilitation of landfill sites.

The Livestock reserve was created in 2017/18 to fund the incorporation costs and capitalisation of the Wangaratta Livestock Exchange Pty Ltd. This reserve will be reduced to Nil in 2020/21 as the reserve is no longer required.

Unfunded superannuation reserve is for possible future defined benefit superannuation calls.

The Municipal Fire & Emergency Management Resourcing reserve is for ongoing fire and emergency management resourcing from State Government funding.

The reserve for the North Wangaratta Recreation Reserve is the unspent funds from \$2 million grant funding received to date from the federal government for remediation as a result of lead contamination.

The Wangaratta Showgrounds reserve is a legacy reserve no longer being utilised, with significant capital improvements being funded from Council's budget instead.

The reserve existed to support the former Committee of Management and is no longer required after the dissolution of the committee in December 2017. The reserve for the Wangaratta Showgrounds is proposed to be reduced to Nil in 2020/21.

The WISAC reserve will fund capital improvements and upgrades to the facilities at the Wangaratta Indoor Sports & Aquatic Centre. The reserve will stop being utilised in future years as the reserve was funded from the YMCA contract profit share arrangements which have ceased at 30 June 2020.

Wangaratta Rural City Council
2019/2020 Financial Report

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

9.1 Reserves (cont'd)

(b) Other reserves

	Balance at beginning of reporting period	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting period
2019	\$'000	\$'000	\$'000	\$'000
Cemetery	61	26	(50)	37
Loans	839	-	-	839
Developers' contributions	100	-	(10)	90
Developers' contribution for recreation	16	126	(63)	79
CSNE integration	135	-	-	135
HACC	147	-	-	147
Industrial land	337	667	(1,609)	(605)
Performing arts centre	3	4	-	7
Replacement of plant	2,692	2,055	(1,298)	3,449
Replacement of plant - CSNE	4	-	-	4
Regional playground	1	-	-	1
Waste and Landfill	5,168	3,510	(2,015)	6,663
Livestock selling complex	90	-	-	90
Unfunded superannuation	544	66	-	610
Municipal Fire & Emergency Mgt Resourcing	163	-	(38)	125
North Wangaratta Recreation Reserve	977	-	(737)	240
Wangaratta Showgrounds	33	-	-	33
WISAC	150	23	(50)	123
Total Other reserves	11,460	6,477	(5,870)	12,067

The cemetery reserve exists to support future operating and capital improvements at the Wangaratta Cemetery.

The loans reserve is to cover the future principal repayments of interest only loan via the Local Government Funding Vehicle. Council has not allocated funds to the Loans reserve account for a number of years and it is proposed that this reserve account is reduced to Nil in 2020/21. The reserve is no longer required as Council's budget, strategic resource plan and long term financial plan appropriately identify and plan for cash outflows of principal repayments.

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The HACC reserve exists to support the delivery of home and community care services.

The industrial land reserve exists to support the future acquisition and development of industrial land across the municipality.

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Wangaratta Rural City Council
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Notes to the Financial Report
For the Year Ended 30 June 2020

9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Surplus/(deficit) for the year	6,236	3,621	6,173	3,418
Depreciation and amortisation	15,206	17,104	15,175	17,098
Profit/(loss) on disposal of property, infrastructure, plant and equipment	(289)	(56)	(289)	(56)
Finance costs	385	371	385	371
Decrease in provision for landfill arising from changes in discount rates	(2,689)	-	(2,689)	-
Recognition of additional landfill provision - closed sites	5,432	-	5,432	-
Impacts of asset revaluations	196	-	196	-
Assets written-off / impaired	1,643	-	1,643	-
Contributions - Non-monetary assets	(2,439)	(1,175)	(2,439)	(1,175)
Found Assets	(648)	(165)	(648)	(165)
Bad Debts		28		28
Change in assets and liabilities				
(Increase)/decrease in trade and other receivables	98	(3,054)	98	(3,018)
(Increase)/decrease in other assets	215	(239)	215	(239)
(Increase)/decrease in inventories	(5)	1	(1)	1
Increase/(decrease) in trade and other payables	219	3,807	237	3,761
Increase/(decrease) in trust funds and deposits	90	251	90	251
Increase/(decrease) in unearned income	1,559	-	1,559	-
Increase/(decrease) in provisions	389	1,361	385	1,348
Net cash provided by/(used in) operating activities	25,599	21,855	25,523	21,623

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

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 the 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 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. For the year ended 30 June 2020, this rate was 9.5% of members' salaries (2019: 9.5%).

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% as at 30 June 2019 (106.0% at 30 June 2018). The financial assumptions used to calculate the VBI were:

	30 June 2019	30 June 2018
Net investment returns	6.0% pa	6.0% pa
Salary information	3.5% pa	3.5% pa
Price inflation (CPI)	2.0% pa	2.0% pa

Vision Super has advised that the actual VBI at 30 June 2020 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 2019 interim 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

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

9.3 Superannuation (cont'd)

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 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.

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

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 identified the following for the Defined Benefit category of which Council is a contributing employer:

	2019	2017
	\$m	\$m
A VBI surplus	151.3	\$69.8
A total service liability surplus	233.4	\$193.5
A discounted accrued benefits surplus	256.7	\$228.8

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 2020 VBI during August 2020 (2019: August 2019).

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

9.4 Impact of COVID-19 crisis on Council operations and 2019/20 financial statements

On 30 January 2020, COVID 19 was declared as a global pandemic by the World Health Organisation. Since then, various measures have been taken by all three levels of Government in Australia to reduce the spread of COVID-19. This crisis and measures taken to mitigate it has impacted council operations in the 2019/20 financial year with a number of Council services closed, or with significantly reduced service delivery. Council expects the economic impacts of COVID-19 will be more significant in the 2020/21 financial year due to the further lock down restrictions and the expected easing of Federal Government support. It is likely that Council's income will lower than budgeted for 2020/21 and the number of ratepayers in arrears will increase. The broader economic challenges may impact on Council's obligations under the Vision Super defined benefit superannuation fund, with Vision Super providing regular updates of any foreseeable contributions.

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

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

There were no transitional adjustments required on 1 July 2019 on application of the new accounting standards.

WANGARATTA RURAL CITY COUNCIL PERFORMANCE STATEMENT – FOR THE YEAR ENDED 30 JUNE 2020

Description of the municipality

One of Victoria's most geographically diverse and scenic regions, the municipality offers a blend of city life and welcoming villages, native bushland, pastoral landscapes, and snow-capped peaks. Located in the heart of north east Victoria, Wangaratta is a leading regional city in an area of breathtaking beauty.

There are over 29,000 residents living in the municipality which covers an area of 3,639 square kilometres. The largest urban centre in the municipality is Wangaratta. Prominent townships and villages include Boorhaman, Cheshunt, Eldorado, Everton, Glenrowan, Oxley, Milawa, Moyhu, Peechelba, Springhurst, Tarrawingee, Whitfield and Whorouly.

The regional economy is exceptionally diverse including major agricultural, manufacturing, transport and distribution activities as well as being the regional headquarters for several state government agencies.

Basis of preparation

Council is required to prepare and include a performance statement within the 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* (the Act) 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 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 of + / - 10% for each indicator and explanations have not been provided for variations below the materiality thresholds unless the variance is material because of its nature.

The forecast figures included in the performance statement are those adopted in the strategic resource plan on 30 June 2020. 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 financial statements.

The performance statement includes the effects of COVID-19 experienced in 2020. COVID-19 impacts to indicators are discussed for those that have experienced material variations due to virus control actions.

**WANGARATTA RURAL CITY COUNCIL
PERFORMANCE STATEMENT – FOR THE YEAR ENDED 30 JUNE 2020**

Sustainable capacity

<i>Indicator / measure</i> [formula]	Results 2017	Results 2018	Results 2019	Results 2020	Comments
Population <i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$2,134.63	\$1,893.21	\$2,117.17	\$2,449.93	Other expenses includes \$7m of non-recurring expenses. Council's landfill rehabilitation provision has increased during 2019-20 due to increasing costs of rehabilitation. Council will commence rehabilitation of two cells in 2020-21 and the increase in provision reflects these higher costs. The underlying increase in the provision for closed landfill cells and sites is \$5.4m. Further, Council has identified \$1.6m of Work In Progress which does not meet the asset recognition criteria and these costs have been expensed to the Income Statement. There has been no substantial change to the size of the municipal population.
<i>Infrastructure per head of municipal population</i> [Value of infrastructure ^l / Municipal population]	\$15,466.31	\$16,480.26	\$17,253.03	\$17,748.00	The steady increase reflects an ongoing annual \$20m to \$30m capital works program.
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads ^l]	13.89	14.54	14.67	14.69	The population density per length of local roads is consistent with prior years as a result of only a 100 person increase in population and only a 3-kilometre increase in the length of local roads.
Own-source revenue <i>Own-source revenue per head of municipal population</i> [Own-source revenue ^{ll} / Municipal population ^{ll}]	\$1,416.45	\$1,449.45	\$1,499.16	\$1,711.21	Council's user fee income is higher in 2019-20 due to the bushfire waste received at the Bowser landfill site. This increase in own-source revenue will not be recurring and a decrease is expected for future years.
Recurrent grants <i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$736.72	\$582.47	\$521.40	\$593.21	Council's Aged and Community Care operations have received approximately \$1.4m of additional operating grant money compared to 2018-19. This grant money fluctuates based on Government funded care packages and the assessed need for Council's clients.
Disadvantage <i>Relative Socio-Economic Disadvantage</i> [Index of Relative Socio-Economic Disadvantage ^y by decile]	4.00	4.00	4.00	4.00	There has been no change in our relative socio-economic disadvantage index over the last 4 years.
Workforce turnover ^{vi} <i>Percentage of staff turnover</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	13.6%	12.8%	10.0%	10.0%	The workforce turnover rate result is consistent with last financial year.

**WANGARATTA RURAL CITY COUNCIL
PERFORMANCE STATEMENT – FOR THE YEAR ENDED 30 JUNE 2020**

Service Performance

<i>Service/indicator/measure</i>	Results 2017	Results 2018	Results 2019	Results 2020	Comments
Aquatic Facilities Utilisation <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	4.95	4.73	4.63	9.81	COVID-19 restrictions caused the closure of the indoor facility for significant periods in the last quarter of 2019-20 resulting in lower facility utilisation. Prior year results have not counted non-swim visits to our indoor facility.
Animal Management Health and safety <i>Animal management prosecutions</i> [The percentage of successful animal management prosecutions]	New in 2020	New in 2020	New in 2020	0%	There were no animal management prosecutions in 2019-20.
<i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	0	0	0	-	Discontinued in 2020
Food Safety Health and safety <i>Critical and major non-compliance outcome notifications</i> [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises ⁴¹ followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100	100.00%	54.55%	68.18%	78.57%	The result shows a year on year improvement due to increased inspections. Not all issues can be dealt with quickly, but they are monitored throughout the process until a conclusion is reached.
Governance Satisfaction <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]	50.00	51.00	51.00	52.00	The result reflects improvements in the way decisions are made and in particular how the community is consulted and engaged in the decision-making process.
Libraries Participation <i>Active library borrowers in municipality</i> [Number of active library borrowers ⁴² in the last three years / The sum of the population for the last three years] x100	16.42%	14.84%	13.87%	13.64%	Wangaratta Library was closed for 10 weeks from 26 March to 9 June 2020. A Click and Collect and Library@Home service was provided, accounting for some active users.

**WANGARATTA RURAL CITY COUNCIL
PERFORMANCE STATEMENT – FOR THE YEAR ENDED 30 JUNE 2020**

<i>Service/indicator/measure</i>	Results 2017	Results 2018	Results 2019	Results 2020	Comments
Maternal and Child Health (MCH)^{2a}					
Participation					
<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	77.56%	79.51%	73.97%	80.62%	The increase in participation may be due to the overall number of enrolments being reduced this year when compared to last year. There was an increase of participation over the first COVID-19 lockdown through online service provision, but we also had more births in this time than the same time last year. People have quickly moved back to face-to-face as the preferred method.
Participation					
<i>Participation in the MCH service by Aboriginal children</i> [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	79.07%	68.29%	75.00%	85.05%	The increase in participation may be due to the overall number of enrolments being reduced this year when compared to last year. There was an increase of participation over the first COVID-19 lockdown through online service provision, but we also had more births in this time than the same time last year. People have quickly moved back to face-to-face as the preferred method.
Roads					
Satisfaction					
<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 ²]	56.00	56.00	57.00	57.00	Results from the annual JWS Community Satisfaction Survey report the same community satisfaction of sealed roads as previous year. This result aligns with the same level of customer service requests experienced year on year.
Statutory Planning					
Decision making					
<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%	66.67%	83.33%	5 of the 6 planning permit decisions challenged in VCAT were not set aside by the tribunal. On average less than 2% of our planning decisions are appealed at VCAT.
Waste Collection					
Waste diversion					
<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	60.51%	60.66%	60.10%	61.83%	Our diversion of waste from landfill to productive uses is consistent with the last 3 financial years reflecting a successful organics program.

**WANGARATTA RURAL CITY COUNCIL
PERFORMANCE STATEMENT – FOR THE YEAR ENDED 30 JUNE 2020**

Financial Performance

Dimension/indicator/measure	Results 2017	Results 2018	Results 2019	Results 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024	Material Variations and Comments
Efficiency									
Expenditure level									
<i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$3,818.89	\$3,546.73	\$3,991.06	\$4,564.99	\$4,444.32	\$4,287.09	\$4,335.58	\$4,328.75	Other expenses includes \$7m of non-recurring expenses. Council's landfill rehabilitation provision has increased during 2019-20 due to increasing costs of rehabilitation. Council will commence rehabilitation of two cells in 2020/21 and the increase in provision reflects these higher costs. The underlying increase in the provision for closed landfill cells and sites is \$5.4m. Further, Council has identified \$1.6m of Work In Progress which does not meet the asset recognition criteria and these costs have been expensed to the Income Statement.
Revenue level									
<i>Average rate per property assessment</i> [General rates and Municipal charges / Number of property assessments]	New in 2020	New in 2020	New in 2020	\$1,725.10	\$1,795.58	\$1,831.88	\$1,922.89	\$1,961.34	Waste service costs are forecast to continue to rise.
<i>Average residential rate per residential property assessment</i> [General rates and Municipal charges / Number of residential property assessments]	\$1,713	\$1,750	\$1,949	-	-	-	-	-	Discontinued in 2020
Liquidity									
Working capital ²⁰									
<i>Current assets compared to current liabilities</i> [Current assets / Current liabilities] x100	250.03%	357.77%	201.13%	140.89%	227.58%	159.16%	139.11%	100.42%	Council will commence rehabilitation of two Bowser landfill cells during 2020-21. As such, a portion of the landfill provision is now recognised as a current liability, whereas in prior years the entire balance of the landfill was disclosed as a non-current liability.
Unrestricted cash²⁰									
<i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash / Current liabilities] x100	26.59%	74.56%	18.91%	52.36%	143.76%	81.95%	59.00%	21.80%	Council's unrestricted cash is fluctuating based on the timing of borrowings drawn down and grant money received to support Council's largest capital works program. The medium-term forecasts reflect an unfavourable movement in this indicator.

**WANGARATTA RURAL CITY COUNCIL
PERFORMANCE STATEMENT – FOR THE YEAR ENDED 30 JUNE 2020**

Dimension/indicator/measure	Results 2017	Results 2018	Results 2019	Results 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024	Material Variations and Comments
Obligations									
Loans and borrowings									
<i>Loans and borrowings compared to rates</i> <small>(Interest bearing loans and borrowings / Rate revenue) x100</small>	32.49%	28.42%	25.43%	49.40%	97.48%	94.22%	82.37%	74.38%	The increase in borrowings is due to a significant capital works program, with the construction of new aquatic facilities, road and bridge assets and the revitalisation of the Wangaratta central business district. Council's loans and borrowings will increase further in 2020/21.
<i>Loans and borrowings repayments compared to rates</i> <small>(Interest and principal repayments on interest bearing loans and borrowings / Rate revenue) x100</small>	5.20%	4.20%	2.87%	2.41%	2.42%	5.33%	8.85%	8.53%	Council's cost of borrowings continues to decrease in line with market rates. Additionally, Council has a material interest only loan which is not due to be repaid and therefore principal repayments are lower as existing principal and interest loans are repaid.
Indebtedness ²¹¹									
<i>Non-current liabilities compared to own source revenue</i> <small>(Non-current liabilities / Own source revenue) x100</small>	58.74%	56.24%	55.60%	68.73%	96.80%	95.80%	86.08%	76.88%	The increase in the landfill rehabilitation provision of almost \$4m has resulted in an increase in this indicator in 2019-20.
Asset renewal and upgrade ²¹²									
<i>Asset renewal and upgrade compared to depreciation</i> <small>(Asset renewal and asset upgrade expense / Asset depreciation) x100</small>	New in 2020	New in 2020	New in 2020	100.28%	117.56%	98.41%	106.11%	106.11%	Assets are consistently renewed or upgraded at the end of their useful life.
<i>Asset renewal compared to depreciation</i> <small>(Asset renewal expense / Asset depreciation) x100</small>	44%	54%	63%	-	-	-	-	-	Discontinued in 2020
Operating position									
Adjusted underlying result ²¹³									
<i>Adjusted underlying surplus (or deficit)</i> <small>(Adjusted underlying surplus (deficit) / Adjusted underlying revenue) x100</small>	1.85%	7.67%	-3.04%	-4.15%	0.16%	1.21%	3.66%	5.81%	In 2019-20 Council has benefited from significant capital grants to support capital works renewal and new asset expenditure. Costs associated with the restoration of Council assets following the December 2018 floods continues to be spent and this expenditure is contributing to the adjusted underlying deficit. Council did not impair the assets at the time of the December 2018 floods and therefore the expenditure has been reported in the Income Statement.
Stability									
Rates concentration ²¹⁴									
<i>Rates compared to adjusted underlying revenue</i> <small>(Rate revenue / Adjusted underlying revenue) x100</small>	49.43%	52.00%	53.86%	49.32%	50.17%	52.99%	53.84%	54.14%	
Rates effort ²¹⁵									
<i>Rates compared to property values</i> <small>(Rate revenue / Capital improved value of rateable properties in the municipality) x100</small>	0.59%	0.62%	0.58%	0.57%	0.56%	0.58%	0.61%	0.62%	

**WANGARATTA RURAL CITY COUNCIL
PERFORMANCE STATEMENT – FOR THE YEAR ENDED 30 JUNE 2020****Certification**

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

Anthea Sloan, Bachelor of Business (Accounting) Chartered Accountant

Principal Accounting Officer

Dated:

In our opinion, the accompanying performance statement of the Wangaratta Rural City 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.

Cr Dean Rees

Mayor

Dated:

Cr Dave Fuller

Deputy Mayor

Dated:

Brendan McGrath

Chief Executive Officer

Dated:

WANGARATTA RURAL CITY COUNCIL PERFORMANCE STATEMENT – FOR THE YEAR ENDED 30 JUNE 2020

Definitions

- ⁱ **"infrastructure"** means non-current property, plant and equipment excluding land
- ⁱⁱ **"local road"** means a sealed or unsealed road for which the council is the responsible road authority under the Road Management Act 2004 and includes right-of- ways and laneways
- ⁱⁱⁱ **"own-source revenue"** means adjusted underlying revenue other than revenue that is not under the control of council (including government grants). **"adjusted underlying revenue"** means total income other than—
- non-recurrent grants used to fund capital expenditure; and
 - non-monetary asset contributions; and
 - contributions to fund capital expenditure from sources other than those referred to in paragraphs (a) and (b)
- ^{iv} **"municipal population"** means the resident population estimated by council
- ^v **"relative socio-economic disadvantage"**, in relation to a municipality, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipality is located according to the Index of Relative Socio-Economic Disadvantage (Catalogue Number 2033.0.55.001) of SEIFA. "SEIFA" means the Socio-Economic Indexes for Areas published from time to time by the Australian Bureau of Statistics on its Internet website
- ^{vi} **"resignations and terminations"** means all permanent employees (including senior officers on contract) that leave the council and includes resignations, terminations, retirements and redundancies
- ^{vii} **"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.
- "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 authorised officer under that Act, if it relates to a deficiency that does not pose an immediate serious threat to public health but which may do so if no remedial action is taken Typically auditor notifications that fall into this category will be received under section 19N(4) at the conclusion of the audit process.
- "food premises"** has the same meaning as in the Food Act 1984
- ^{viii} **"active library member"** means a borrower of a library who has borrowed a book or other resource from the library
- ^{ix} **"MCH service"** 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
- "Aboriginal child"** means a child who is an Aboriginal person. "Aboriginal person" has the same meaning as in the Aboriginal Heritage Act 2006
- ^x **"sealed local roads"** means sealed roads under the control of the municipality and includes the road pavement and road seal (and kerb and channel where applicable)
- ^{xi} **"current assets"** has the same meaning as in the Australian Accounting Standards (AAS)
- "current liabilities"** has the same meaning as in the AAS
- ^{xii} **"unrestricted cash"** means all cash and cash equivalents other than restricted cash. "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
- ^{xiii} **"non-current liabilities"** means all liabilities other than current liabilities
- ^{xiv} **"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
- "asset upgrade expenditure"** means expenditure that enhances an existing asset to provide a higher level of service or increases the life of the asset beyond its original life
- ^{xv} **"adjusted underlying surplus (or deficit)"** means adjusted underlying revenue less total expenditure
- "adjusted underlying revenue"** means total income other than—
- non-recurrent grants used to fund capital expenditure; and
 - non-monetary asset contributions; and
 - contributions to fund capital expenditure from sources other than those referred to in paragraphs (a) and (b)
- ^{xvi} **"rate revenue"** means revenue from general rates, municipal charges, service rates and service charges
- ^{xvii} **"capital improved value"** means the market value of a property and is measured at the end of the year and includes all valuation adjustments (e.g. supplementary valuations)

GOVERNANCE AND MANAGEMENT CHECKLIST

The following are the results in the prescribed form of council's assessment against the prescribed governance and management checklist.

Governance and Management Items	Assessment
<p>1 Community engagement policy (policy outlining Council's commitment to engaging with the community on matters of public interest)</p>	<p>Current policy in operation Date of operation of current policy: 20 February 2018</p>
<p>2. Community engagement guidelines (guidelines to assist staff to determine when and how to engage with the community)</p>	<p>Current guidelines in operation Date of operation of current guidelines: 20 February 2018</p>
<p>3 Strategic Resource Plan (plan under section 126 of the Act outlining the financial and non-financial resources required for at least the next 4 financial years)</p>	<p>Adopted in accordance with section 126 of the Act Date of adoption: 30 June 2020</p>
<p>4 Annual budget (plan under section 130 of the Act setting out the services to be provided and initiatives to be undertaken over the next 12 months and the funding and other resources required)</p>	<p>Adopted in accordance with section 130 of the Act Date of adoption: 30 June 2020</p>
<p>5 Asset management plans (plans that set out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years)</p>	<p>Plans are in place as follows: Date of operation of current plans: Plans adopted 20/08/2019: Road Asset Management Plan; Bridge Asset Management Plan; Drainage Asset Management Plan Plans to be adopted FY2020-21: Building Asset Management Plan; Path Network Asset Management Plan to be adopted FY2021-22: Open Space Asset Management Plan.</p>
<p>6 Rating strategy (strategy setting out the rating structure of Council to levy rates and charges)</p>	<p>Current strategy in operation Date of operation of current strategy: 19 June 2018</p>
<p>7 Risk policy (policy outlining Council's commitment and approach to minimising the risks to Council's operations)</p>	<p>Current policy in operation Date of operation of current policy: 25 February 2020</p>
<p>8 Fraud policy (policy outlining Council's commitment and approach to minimising the risk of fraud)</p>	<p>Current policy in operation Date of operation of current policy: 20 August 2019</p>

Governance and Management Items	Assessment
<p>9 Municipal emergency management plan (plan under section 20 of the Emergency Management Act 1986 for emergency prevention, response and recovery)</p>	<p>Prepared and maintained in accordance with section 20 of the Emergency Management Act 1986</p> <p>Date of preparation: 20 November 2018</p>
<p>10 Procurement policy (policy under section 186A of the Local Government Act 1989 outlining the matters, practices and procedures that will apply to all purchases of goods, services and works)</p>	<p>Prepared and approved in accordance with section 186A of the Local Government Act 1989</p> <p>Date of approval: 26 May 2020</p>
<p>11 Business continuity plan (plan setting out the actions that will be taken to ensure that key services continue to operate in the event of a disaster)</p>	<p>Current plan in operation</p> <p>Date of operation of current plan: 16 September 2014</p>
<p>12 Disaster recovery plan (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)</p>	<p>Current plan in operation</p> <p>Date of operation of current plan: 16 December 2018</p>
<p>13 Risk management framework (framework outlining Council's approach to managing risks to the Council's operations)</p>	<p>Current framework in operation</p> <p>Date of operation of current framework: 22 April 2020</p>
<p>14 Audit Committee (advisory committee of Council under section 139 of the Act whose role is to oversee the integrity of a Council's financial reporting, processes to manage risks to the Council's operations and for compliance with applicable legal, ethical, and regulatory requirements)</p>	<p>Established in accordance with section 139 of the Act</p> <p>Date of establishment: 19 August 1997</p>
<p>15 Internal audit (independent accounting professionals engaged by the Council to provide analyses and recommendations aimed at improving Council's governance, risk and management controls)</p>	<p>Internal auditor engaged</p> <p>Date of engagement of current provider: 20 January 2020</p>
<p>16 Performance reporting framework (a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 131 of the Act)</p>	<p>Current framework in operation</p> <p>Date of operation of current framework: 25 October 2018</p>
<p>17 Council Plan reporting (report reviewing the performance of the Council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the financial year)</p>	<p>Current report</p> <p>Date of report: 25 February 2020</p>

Governance and Management Items	Assessment
<p>18 Financial reporting</p> <p>(quarterly statements to Council under section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure)</p>	<p>Statements presented to Council in accordance with section 138(1) of the Act</p> <p>Dates statements presented:</p> <p>Quarterly statement No. 1 15 October 2019; Quarterly statement No. 2 19 November 2019; Quarterly statement No. 3 25 February 2020; Quarterly statement No. 4 5 May 2020</p>
<p>19 Risk reporting</p> <p>(six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies)</p>	<p>Reports prepared and presented</p> <p>Date of reports:</p> <p>Six-monthly report No. 1 - 3 December 2019; Six-monthly report No. 2 - 2 June 2020</p>
<p>20 Performance reporting</p> <p>(six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in section 131 of the Act)</p>	<p>Reports prepared and presented</p> <p>Date of reports:</p> <p>Six-monthly report No. 1 - 15 October 2019; Six-monthly report No. 2 - 25 February 2020</p>
<p>21 Annual report</p> <p>(annual report under sections 131, 132 and 133 of the Act to the community containing a report of operations and audited financial performance statements)</p>	<p>Considered at meeting of the Council in accordance with section 134 of the Act</p> <p>Date of consideration:</p> <p>15 October 2019</p>
<p>22 Councillor Code of Conduct</p> <p>(Code under section 76C of the Act setting out the conduct principles and the dispute resolution processes to be followed by Councillors)</p>	<p>Reviewed in accordance with section 76C of the Act</p> <p>Date reviewed:</p> <p>6 February 2017</p>
<p>23 Delegations</p> <p>(a document setting out the powers, duties and functions of Council and the Chief Executive Officer that have been delegated to members of staff)</p>	<p>Reviewed in accordance with section 98(6) of the Act</p> <p>Date of review:</p> <p>Council to CEO 23 August 2017; Council to staff 16 October 2018; CEO to staff 20 March 2020</p>
<p>24 Meeting procedures</p> <p>(a local law governing the conduct of meetings of Council and special committees)</p>	<p>Meeting procedures local law made in accordance with section 91(1) of the Act</p> <p>Date local law made:</p> <p>16 October 2016</p>

I certify that this information presents fairly the status of Council's governance and management arrangements.

Brendan McGrath
Chief Executive Officer
Date: xx Mmmm 2020

Cr Dean Rees
Mayor
Date: xx Mmmm 2020