



# Mornington Shire Council 2019-2020 Annual Report





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### **Disclaimer**

*Information contained in this document is based on available information at the time of writing. All figures and diagrams are indicative only and should be referred to as such. While the Mornington Shire Council has exercised, reasonable care in preparing this document to represent that it is totally accurate or complete. Council or its officers accept no responsibility for any loss occasioned to any person acting or refraining from acting in reliance upon any material.*

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*Cover photo contributed by Rohan Gibbs*





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## OUR WELCOME

Welcome to the Mornington Shire Council's Annual Report 2019-2020. This report describes council's achievements in delivering services to the Mornington Shire region and shows progress in delivering the actions set out from the Corporate Plan 2017-2022 and the Operational Plan 2019-2020. The annual report is one of the ways council connects with the community and is the culmination of regular reporting.

### It shows

- Council's commitment to achieve its vision for the region
- The result of actioning the Corporate and Operational plans
- Details of Council's achievements
- Details of the services that have been provided to the region

### About this report

Aimed to foster a vibrant, culturally rich community where local government services and facilities are delivered in a way that is responsive to the needs and the aspirations of the community. This Annual Report compares our performance against what we said we'd do in the 2019-2020 financial year.

Our quality of life is dependent on a strong economy and in planning for the future we need to be aware of the constraints and opportunities arising from global financial conditions.

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*The region's economic base has been built upon its geography, natural resources and, it's remote lifestyle.*

*Council, through its economic development strategies, will continue to broaden this base to include creative and knowledge-based industries, eco-tourism, construction and retail –while promoting clean, green businesses that lead to high value jobs and career opportunities.*

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## MESSAGE FROM THE MAYOR

*Kyle Yanner*

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A lot has happened in the world during the 2019-2020 financial year and things likely to only be experienced once in a generation or more like the Covid-19 Pandemic. If you can call it fortunate, the impacts of Covid-19 to our community have been more from the economic impact position than from a personal human cost. Reflecting on this, I am truly grateful for that.

The Mornington Shire Council 2019-2020 Annual Report will give you some insight into the year in review. I understand it is providing you with some new and relevant information within the statutory information and the financial details sections. I encourage you to read the report.

As you know, I have been the Mayor since the Local Government Election in March this year. So a review of 2019-2020 as a reporting year is a little difficult. The Council elections in March 2020 saw significant change occurring at the elected level of Council. There are four new Councillors including myself as Mayor being recently elected. The new Council has formed a solid working relationship based on honesty and mutual respect. Though we may not always agree, we acknowledge this a democracy and respect alternative points of view. We have some clear ideas for what we would like to achieve over the next term of Council.

I acknowledge the efforts of the past elected Council, though with significant change, the current councillors are now looking forward to effecting change during our term of Council.

On behalf of my fellow Councillors, I would like to thank Council's Leadership Team and the Staff for their efforts during 2019-2020 year, particularly during COVID-19 pandemic. I am particularly proud that as a Council we were able to keep all of our employees in work during this difficult time. I encourage our staff with their continuing efforts of making Mornington a better place.





I understand the importance and privilege as serving as the Mayor for our community. I personally look forward to serving and effecting positive change with my fellow Councillors for the community. Afterall, we will strive for the best for our people and continue to fight the good fight.

Kyle

Mayor Cr Kyle Yanner

[Mayor@Mornington.qld.gov.au](mailto:Mayor@Mornington.qld.gov.au)





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# **MESSAGE FROM THE ACTING CHIEF EXECUTIVE OFFICER**

**Peter Stewart**

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Although only employed as the Acting Chief Executive Officer with Mornington Shire Council since mid-September 2020, my early observations are of a Council focused on the wellbeing of its people, who reside on an incredibly beautiful island but are faced with very complex and difficult social challenges.

I understand the Covid-19 pandemic has affected all communities and the Mornington community was and continues to be no different. The challenges for Council in striving forward to meet its' Corporate Plan Objectives and also complete works and services identified in the 2019/2020 Operational Plan in a situation many would have not experienced in their lifetimes was evident.

With delays in materials, contract staff and project contractors largely having not been able to travel here for the last quarter of 2019-2020, the completion of works and projects identified in the works program was higher than might have been expected. With these challenges a number of projects outlined in the 2019-2020 Operational Plan require finalisation in early 2020-2021. In summation, I believe the Council has progressed as well as it could in meeting the outlined objectives within these Corporate documents during these challenging times. I also know the Councilors are committed to this occurring.

The Council is focused on maintaining our Community facilities and working to improve critical infrastructure, particularly inadequate housing on the Island. Council must also continue to be active in supporting and advocating for improved community health.

Mornington Island is very reliant on both Federal and State funding, without which we could not progress, and it is important we maintain a strong relationship with all levels of Government.

Within Council's operations and works programs, of which we have far more direct control over, a proactive approach to coaching and mentoring our staff to become more self-reliant and skilled, is critical if we are to move ahead and reduce the high staff turnover and absenteeism.







It needs to be a key goal of our organisation to work towards filling more senior positions with 'On Island' staff and not relying on external professionals to manage and control Council's operations.

This requires a commitment to learn and then take responsibility and I do hope we can work together to improve the work culture and allow greater career opportunities.

I very much thank those staff that work very hard to strengthen our Council's culture and performance and whose goals are to enhance the quality of life for everyone.

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Peter Stewart  
Acting Chief Executive Officer, Mornington Shire Council





## MORNINGTON SHIRE COUNCIL REGION

Mornington Shire incorporates twenty-two islands of the Wellesley Group in the Gulf of Carpentaria. The Wellesley Islands are remnants of the mainland now submerged by the syncline that formed the Gulf of Carpentaria and are essentially flat platforms with little relief. There are substantial areas of intertidal flats and fringing reefs associated with most Islands.

Mornington Island is the largest island in the group covering an area of 700 square kilometres, is located 16°30' south and 139°30' east in the Gulf of Carpentaria, about 125kms north-west of Burketown, 200kms west of Karumba and 444kms from Mt Isa. The Shire has an area of 1,248.4 sq. kms.

Gununa (a Lardil people word), which was founded in 1914, is the primary residence of majority of the Shire's population. Public utilities in Gununa are well developed with reticulated power, water, sewerage and storm water drainage. Town streets are bitumen-sealed. The aerodrome is of an all-weather standard and Regional Express Airlines services the Island from Mt Isa and Cairns Monday to Friday. Council operates the barge shed and works with Carpentaria Freight, which operates the barges service from Karumba.

### Aspirations

We aspire to be one of Australia's most sustainable regions-culturally diverse, pristine and viable in every sense.

According to our corporate Plan, Mornington Shire aims to be a community where:

- Our people are happy, healthy and safe
- Our natural environment is valued and well managed
- Our culture is retained
- We have quality infrastructure
- We have a sustainable local economy
- Governance and ownership of community direction is by Council
- We have a transparency of government and open communication between the three tiers of government.





## OUR COUNCILLORS

The role of elected councillors, as part of the governing body of a council, is spelled out in section 12 of the *Local Government Act 2009*. It is to:

- Represent the current and future interests of the residents of Mornington Shire Council
- Ensuring Mornington Shire discharges its responsibilities under the Act, achieves its corporate plan and complies with all laws that apply to the Shire
- Providing high quality leadership to the Shire and the community
- Participating in Council Meeting, policy development and decision making for the benefit of Mornington Shire
- Being accountable to the Community for the Shire's performance

Councillors play a very important policy-making role, requiring the identification of community needs, setting objectives to meet those needs, establishing priorities between competing demands and allocating resources.

The 2020 Local Government Quadrennial Elections saw significant change in the elected representatives for Mornington Shire Council. There are four new Councillors (including the Mayor). With the first issue of steering Council through the Covid 19 pandemic without incident, the focus for Council continues on making the community a strong and proud place to live. This will involve significant and difficult decisions for economic and social prosperity for the community.



Pictured are Mornington Shire Councillors at their Post-Election Meeting having taken their declarations of office as Councillors for the next four years. From left to right – Cr David Barnes, Cr Roxanne Thomas, Mayor Kyle Yanner, Deputy Mayor Dwayne Rogers and Cr Robert (Bob) Thompson.







## GOVERNANCE

Mornington Shire Council aims for great governance. To make this achievable, our emerging priorities include:

- Ethical, accountable and transparent decision-making
- Effective business management
- Strong financial management
- Highly skilled, engaged and valued local workforce (currently at 80% indigenous staff)
- Advocacy and partnerships
- An informed and engaged community
- Excellence in customer service.

Council aspires to be recognised as a highly regarded and reputable organisation.

We have an obligation to show leadership and engage with the community, operate according to the law, ensure professional and ethical standards and plan services to meet the needs of current and future generations. Great governance will allow council to achieve these goals and build community trust and pride in our organisation.

### Statutory Information

*Local Government Act 2009*

#### Section 45 Significant Business Activities

- a) During the period Council operated the following Business Activities:

Council and Executive Leadership Team, Financial Services, Governance, Infrastructure/Technical Services and Human Services.

- b) None of these activities satisfied the statutory threshold for a significant business activity.
- c) Council applied the competitive neutrality principle to these business activities.
- d) None of these business activities commenced operations during the period.





### Section 201 *Local Government Act 2009*

#### Remuneration paid to Senior Management Employees

The number of Senior Management Employees paid within following remunerations bands was:

| EFFECTIVE 30/6/2020    | NUMBER OF SENIOR MANAGEMENT STAFF |
|------------------------|-----------------------------------|
| \$100,000 to \$199,999 | 3*                                |
| \$200,000 to \$299,999 | 2*                                |

The total remuneration for senior management was \$1,034,392.

\*Some positions in this band were filled by more than one officer during the reporting period.

### *Local Government Regulation 2012*

#### Section 183 Financial Statements

The general purpose financial statement is shown on pages 33 to 71.

The current year financial sustainability statement is shown on page 75.

The long term financial sustainability statement is shown on page 80.

The Auditor-General's audit reports about the general purpose financial statements and the current year sustainability statement is shown on pages 72 to 74 and pages 77 to 79 respectively.

#### Section 184 Community Financial Report

The Community Financial Report for the period is shown on pages 20 to 32.

#### Section 185 Particular Resolutions

The Council has retained previous decisions made as it relates to Sections 206(2) and 250(1) of the *Local Government Regulation 2012*.





## Section 186 Councillors

### Councillor Remuneration

a) Remuneration and Superannuation payments to Councillors during 2019-2020 were as follows:

| COUNCILLOR               | REMUNERATION | SUPERANNUATION | TOTAL  |
|--------------------------|--------------|----------------|--------|
| Bradley Wilson #~        | 86,512       | 10,382         | 96,894 |
| Robert Thompson~         | 52,985       | 7,935          | 60,920 |
| Maureen (Jane) Ah Kit #~ | 47,020       | 22,844         | 69,864 |
| Sarah Isaacs^~           | 16,715       | 20,905         | 37,621 |
| Kyle Yanner*             | 21,628       | 2,055          | 23,683 |
| Roxanne Thomas*          | 11,494       | 1,092          | 12,586 |
| Dwayne Rogers*           | 12,242       | 1,352          | 13,594 |
| David Barnes*            | 10,389       | 987            | 11,376 |

b) The cost of expenses incurred by, and the facilities provided to Councillors in 2019-2020 were as follows:

| COUNCILLOR              | MOBILE<br>DEVICES | COUNCIL<br>VEHICLES | TRAINING &<br>CONFERENCES | TOTAL  |
|-------------------------|-------------------|---------------------|---------------------------|--------|
| Bradley Wilson #        | 401               | 18,050              | 14,673                    | 33,124 |
| Robert Thompson         | 534               |                     | 8,867                     | 9,401  |
| Maureen (Jane) Ah Kit # | 401               |                     | 7,581                     | 7,982  |
| Sarah Isaacs^           | 134               |                     | 877                       | 1,011  |
| Kyle Yanner*            | 134               | 6,650               | 700                       | 7,484  |
| Roxanne Thomas*         | 134               |                     |                           | 134    |
| Dwayne Rogers*          | 134               |                     |                           | 134    |
| David Barnes*           | 134               |                     |                           | 134    |







c) Attendance at Council Meetings and Special Meetings:

| COUNCILLOR              | ORDINARY MEETINGS    |          | SPECIAL MEETINGS     |          |
|-------------------------|----------------------|----------|----------------------|----------|
|                         | REQUIRING ATTENDANCE | ATTENDED | REQUIRING ATTENDANCE | ATTENDED |
| Bradley Wilson #        | 9                    | 8        | 3                    | 3        |
| Robert Thompson         | 12                   | 12       | 5                    | 5        |
| Maureen (Jane) Ah Kit # | 9                    | 9        | 3                    | 3        |
| Sarah Isaacs^           | 3                    | 2        | 2                    | 2        |
| Kyle Yanner*            | 3                    | 3        | 2                    | 2        |
| Dwayne Rogers*          | 3                    | 3        | 2                    | 2        |
| Roxanne Thomas*         | 3                    | 3        | 2                    | 2        |
| David Barnes*           | 3                    | 3        | 2                    | 2        |

# concluded term in office following declaration of the 28 March 2020 quadrennial local government elections

^ resigned from position of Councillor (and Deputy Mayor) effective 30 September 2019

\*commenced term in office following declaration of the 28 March 2020 quadrennial local government elections

~ includes back payments of superannuation which was not paid to the Councillor in prior reporting periods





### Section 186 (1) Statistics for Complaints made against Councillors for 2019-2020

The *Local Government Act 2009* provides a framework for assessing complaints about the conduct or performance of Councillors. It is a requirement under the *Local Government Regulation 2012* that the Annual Report contains details of complaints received about Councillors conduct or performance. Orders and complaints about Councillors during the financial year are shown in the table.

| FOR FINANCIAL YEAR 2019-2020                                                                                                                                                                             | NUMBER |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| <b>1. The Total Number of the Following</b>                                                                                                                                                              |        |
| (i) orders made under section 150I(2) of the Act                                                                                                                                                         | -      |
| (ii) orders made under section 150AH(1) of the Act                                                                                                                                                       | -      |
| (iii) decisions, orders and recommendations made under section 150AR(1) of the Act                                                                                                                       | -      |
| <b>2. Each of the Following during the Financial Year</b>                                                                                                                                                |        |
| (i) the name of each councillor for whom a decision, order or recommendation mentioned in paragraph 1                                                                                                    | -      |
| (ii) a description of the unsuitable meeting conduct, inappropriate conduct or misconduct engaged in by each of the councillors                                                                          | -      |
| (iii) a summary of the decision, order or recommendation made for each councillor                                                                                                                        | -      |
| <b>3. The Number of Each of the Following during the Financial Year</b>                                                                                                                                  |        |
| (i) complaints referred to the assessor under section 150P(2)(a) of the Act by local government entities for the local government                                                                        | -      |
| (ii) matters, mentioned in section 150P(3) of the Act, notified to the Crime and Corruption Commission                                                                                                   | 3      |
| (iii) notices given under section 150R(2) of the Act                                                                                                                                                     | 7      |
| (iv) notices given under section 150S(2)(a) of the Act                                                                                                                                                   | -      |
| (v) decisions made under section 150V(1)(a), (b) and (e) of the Act                                                                                                                                      | 9      |
| (vi) referral notices accompanied by a recommendation mentioned in section 150AC(3)(a) of the Act                                                                                                        | -      |
| (vii) occasions information was given under section 150AF(4)(a) of the Act                                                                                                                               | -      |
| (viii) occasions the local government asked another entity to investigate, under chapter 5A, part 3, division 5 of the Act for the local government, the suspected inappropriate conduct of a councillor | -      |
| (ix) applications heard by the conduct tribunal about the alleged misconduct or inappropriate conduct of a councillor                                                                                    | -      |





### Section 187 Administrative Action Complaints

Local Governments are committed to providing a level of customer service expected by their communities and Council acknowledges and respects the right of affected persons to provide feedback both positive and negative about decisions or actions made by it. Also acknowledged is the rights of a person to lodge a complaint about a decision or other action the Council has taken.

The complaints process ensures that any complaint is dealt with fairly, promptly, professionally, in confidence (subject to legal requirements) and in a manner respectful to the complainant.

The Council gives equal weight to complaints that are received anonymously.

Under the *Local Government Act 2009*, issues which are within the scope of Administrative Action Complaints about councils include:

- a decision, or a failure to make a decision, including a failure to provide a written statement of reasons for a decision
- an act, or a failure to act
- the formulation of a proposal or intention, or
- the making of a recommendation.

Council did not receive any complaints in accordance with this provision during 2019-2020.

Council has during 2019-2020 implemented a new internal policy as it relates to complaints and will extend this to reviewing its external complaints process during 2020-2021.

### Section 188 – Overseas Travel

The Annual Report for a financial year must contain information about any overseas travel made by a Councillor or Local Government employee in an official capacity during the financial year.

No overseas travel was undertaken by the Councillors or Council employees in an official capacity during 2019-2020.

### Section 189 Expenditure on Grants to Community Organisations

(1) Grants from Council Programs were:

|                              |         |
|------------------------------|---------|
| Sports and Recreation Grants | \$4,808 |
|------------------------------|---------|

(2) Council did not allocate a budget towards discretionary funds for Councillors







## Section 190 Other Matters

- 1(a) The Chief Executive Officer's assessment of the local government's progress towards implementing its five-year corporate plan and annual operation plan.

The assessment of Council's implementation of the Corporate Plan and the Operational Plan 2019-2020 is included in the Acting Chief Executive Officer's message.

- 1(b) Particulars of other issues relevant to making an informed assessment of the local government's operations and performance in the financial year.

The Acting Chief Executive Officer's message provided an assessment of Council's operations and performance for the year.

- 1(c) An annual operations report for each commercial business unit.

Council created Mundalbe Enterprises Ltd during 2019-2020, though it did not operate as an entity during that time.

- 1(d) Details of any action taken for, and expenditure on, a service, facility or activity supplied by another local government under an agreement for conducting a joint government activity and for which the local government levied special rates or charges for the financial year.

Council did not levy any special rates or charges for a service, facility or activity supplied by another local government during 2019-2020.

- 1(e) The number of invitations to change tenders under Section 228(7) during the financial year.

No invitations to change tenders were issued during 2019-2020.

- 1(f) List of Registers kept by the local government

Registers kept include:

|                                                                     |                          |
|---------------------------------------------------------------------|--------------------------|
| Assets Register                                                     | Roads Register           |
| Register Fees & Charges                                             | Local Laws Register      |
| Delegations Register                                                | Related Parties Register |
| Register of Interests – Councillors and Related Persons             |                          |
| Register of Interests - CEO, Snr Management Staff & Related Persons |                          |





- I(g) Summary of concessions for rates and charges granted by the local government.

Not applicable

- I(h) Internal Audit for the financial year.

Council's internal audit conducted reviews of the following business activities:

- Workshop and Plant operations
- Store and Warehousing operations; and
- Waste Management Services; and
- Airport operations.

These reviews identified deficiencies of current operations as it related to risk with outcomes being to offer strategies and actions to address operational improvements and mitigate risks for these activities.

- I(i) Summary of investigation notices given under Section 49 for competitive neutrality complaints.

No investigations notices were issued for competitive neutrality complaints.

- I(j) The local government's responses in the financial year on the QCA's recommendations on any competitive neutrality complaints under section 52(3).

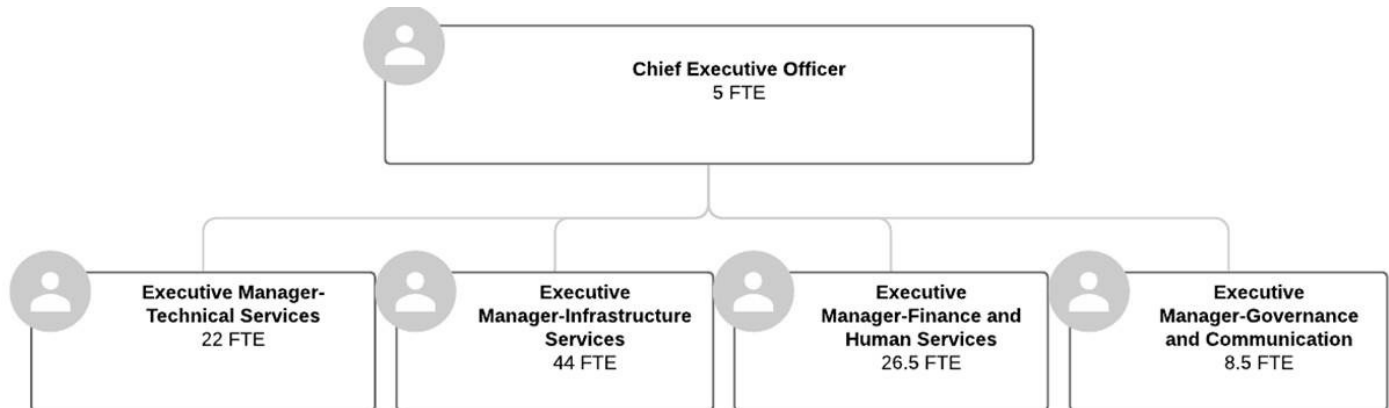
No complaints were received.





## OUR EXECUTIVE STRUCTURE

The Chief Executive Officer and the Executive Team make up Council's Executive Leadership Team. This team has the shared responsibility for providing the organisation with leadership and direction to achieve the outcomes determined by Council.







## IMPROVEMENTS TO OUR INFRASTRUCTURE AND EQUIPMENT

During 2019-2020 Council undertook a number of capital works projects that will have lasting positive effects for our community and the environment. The outfall pipe for the wastewater treatment plant was one project. With affected flow rate on the old infrastructure, Council installed new piping and valves to ensure correct operation and stopped blockages previously experienced.

Council has also completed improvements at the sewer pump station through upgrades to the pump wells. The upgrades to replace older metal componentry with more resilient stainless steel will ultimately reduce Council's maintenance costs.

In the water treatment operations, Council has replaced the outdated gas chlorination method of treating water with a newer lower cost liquidated system. The project removed some older infrastructure which was providing challenges in maintaining licencing and will reduce operational maintenance costs over the longer term.



The above photograph is during construction of the new outfall pipe.

Council also procured two new zero turn lawn mowers during 2019-2020. These are new items (not replacements) which will assist the Parks and Gardens section with higher grass cutting productivity.





## Our Community Financial Report

The 2019-2020 Community Financial Report provides an analysis of Council's fiscal performance for the year as detailed in the audited financial statements published from page 33 onwards.

Council is required to prepare a Community Financial Report each year in accordance with Section 179 of the *Local Government Regulation 2012*.

The Community Financial Report is required to:

- a) contain a summary and analysis of Council's financial performance and position for the financial year;
- b) be consistent with the general-purpose financial statement for the financial year;
- c) include the relevant measures of financial sustainability for the financial year; and
- d) be written in a way that can be easily understood by the community.

This Community Financial Report complies with the above requirements and covers the financial performance and position of Mornington Shire Council for the financial year ended 30 June 2020.

### FINANCIAL STATEMENTS

Council is required to prepare a set of general-purpose financial statements each year in accordance with the requirements of the *Local Government Act 2009*, *Local Government Regulation 2012* and *Australian Accounting Standards*. The financial statements are required to be independently audited. The audited financial statements, on page 33 onwards, set out the financial performance, financial position, cash flows and net wealth of Council for the financial year ended 30 June 2020, incorporating four financial statements and accompanying notes.

### Statement of Comprehensive Income

This statement outlines:

- All sources of Council's income (revenue)
- All recurrent expenditure, and
- Capital expenses relating to the write off of non-current assets.

Both recurrent revenue and capital revenue are reported in the Statement of Comprehensive Income, but only recurrent expenditure is recognized. Capital expenditure is recognized in the Statement of Financial Position. 'Recurrent' is also referred to as 'operating' because the income and expenditure relate to operations and maintenance and not capital, although depreciation of assets is included.







### Statement of Financial Position

This statement outlines what Council owns (assets) and what it owes (liabilities) at a point in time. Council's net wealth is determined by deducting total liabilities from total assets, the larger the net equity, the stronger the financial position.

### Statement of Cash Flows

This statement summarises the actual cash flows of cash for a period and explains the change in the cash balance held from the start of the period through to the end of the reporting period. Cash Flows are separated into operating, investing, and financing activities.

Operating activities include the normal transactions of conducting Council's day-to-day business while investing activities include the purchase and sale of assets and receipt of capital grants, subsidies, and contributions. Financing activities include loan income and repayment of debt. The 'cash at the end of the reporting period' equals the amount reported as 'cash and cash equivalents' in the Statement of Financial Position.

### Statement of Changes in Equity

This statement summarises the change in Council's real worth throughout the financial year. Council's net worth can change as a result of:

- A surplus or deficit as recorded in the Statement of Comprehensive Income; and
- An increase or decrease in the net value of non-current assets resulting from a revaluation of those assets.

### OVERVIEW

Council's key financial results for the financial year ended 30 June 2020:

| KEY RESULTS                   |  | 2019-2020<br>\$ Million |
|-------------------------------|--|-------------------------|
| Total Income                  |  | 25.8                    |
| Total Expenses                |  | 24.1                    |
| Net Result                    |  | 1.7                     |
| Operating surplus / (deficit) |  | (3.6)                   |
|                               |  |                         |
| Total assets                  |  | 125.8                   |
| Total liabilities             |  | 5.7                     |
| NET ASSETS                    |  | 120.1                   |





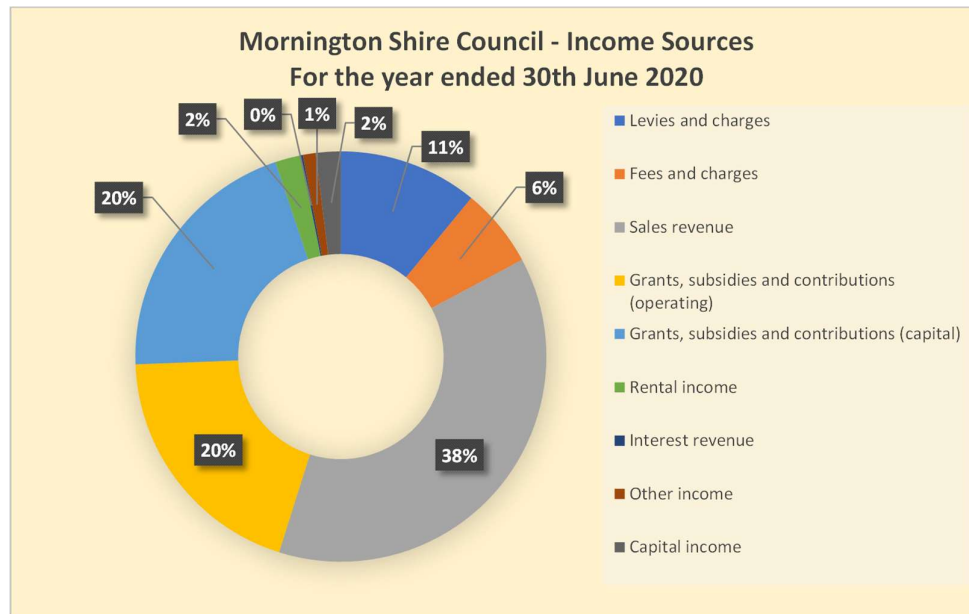


## FINANCIAL PERFORMANCE

### Total Income

Council's income is derived from various sources and a breakdown of Council 2019-2020 income is shown below.

Sales (including recoverable works) revenue are Council's main source of recurrent income. However, other types of income such as fees and charges, levies and charges, grants, subsidies, and contributions (recurrent and capital)



| TOTAL INCOME                                     | 2017-2018<br>(\$m) | 2018-2019<br>(\$m) | 2019-2020<br>(\$m) |
|--------------------------------------------------|--------------------|--------------------|--------------------|
| Levies and charges                               | 1.877              | 2.052              | 2.821              |
| Fees and charges                                 | 0.431              | 1.342              | 1.608              |
| Sales revenue                                    | 4.997              | 10.866             | 9.709              |
| Grants, subsidies, and contributions – operating | 5.361              | 5.128              | 5.034              |
| Grants, subsidies, and contributions – capital   | 9.023              | 16.634             | 5.270              |
| Rental income                                    | 1.368              | 0.443              | 0.518              |
| Interest revenue                                 | 0.189              | 0.076              | 0.047              |
| Other income                                     | 0.101              | 0.062              | 0.259              |
| Capital income                                   | 1.362              | 0.376              | 0.504              |
| <b>TOTAL INCOME</b>                              | <b>24.709</b>      | <b>36.979</b>      | <b>25.770</b>      |





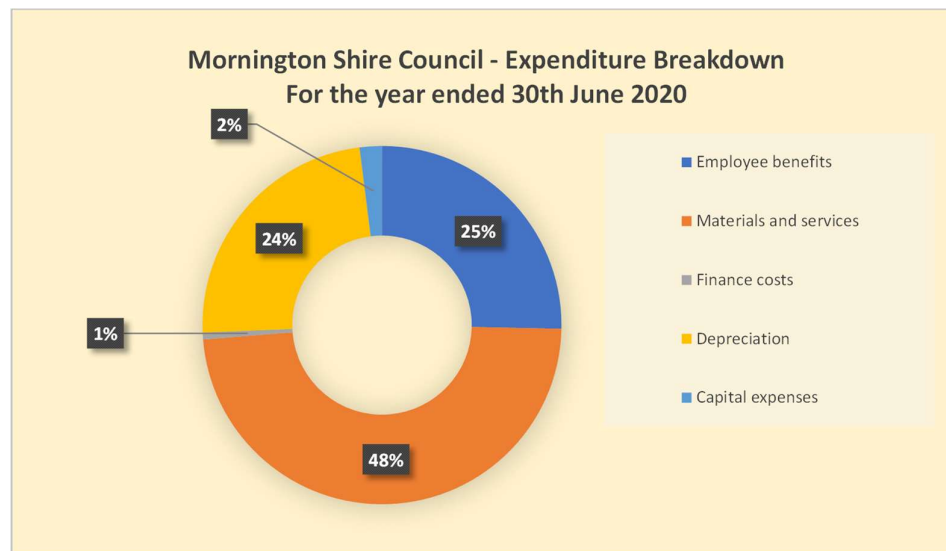
Total income received during 2019-2020 was \$25.770 million, which is a decrease of \$11.209 million from the previous year.

Levies and charges were \$0.769 million higher than the previous year, and fees and charges were \$0.267 million higher than the previous year. Sales revenue were \$1.157 million lower than the previous year, and interest received was \$0.029 million lower as investment rates decreased during the year.

Capital grants, subsidies and contributions were \$11.364 million lower than the previous year predominantly due to difference in disaster recovery funding received in 2019-2020.

### Total expenses

Council provides a wide range of services to the community and, in doing so, incurs a variety of expenses. A breakdown of Council's 2019-2020 expenses is shown below.



| TOTAL EXPENSES         | 2017-2018<br>(\$m) | 2018-2019<br>(\$m) | 2019-2020<br>(\$m) |
|------------------------|--------------------|--------------------|--------------------|
| Employee benefits      | 6.906              | 8.876              | 6.103              |
| Materials and services | 7.330              | 14.142             | 11.658             |
| Finance costs          | 0.156              | 0.062              | 0.147              |
| Depreciation           | 5.980              | 6.111              | 5.703              |
| Capital expenses       | 0.062              | 1.665              | 0.482              |
| <b>TOTAL EXPENSES</b>  | <b>20.434</b>      | <b>30.856</b>      | <b>24.093</b>      |





Employee benefits have decreased by \$2.773 million and materials and services have decreased by \$2.484 million respectively as compared to the previous year. This is in line with a decrease in sales revenue, and improvements made in pro-actively monitoring and controlling expenditure during 2019-2020.

Depreciation expenses are non-cash and represent the reduction of the value of non-current assets as a result of wear and tear, age, or obsolescence. Non-current assets are shown in the Statement of Financial Position. These have increased by \$0.157 million from the previous year due to asset upgrades and improvements.

### OPERATING RESULT

| OPERATING RESULT               | 2017-<br>2018<br>(\$m) | 2018-<br>2019<br>(\$m) | 2019-<br>2020<br>(\$m) |
|--------------------------------|------------------------|------------------------|------------------------|
| Operating surplus / (deficits) | (\$6.047)              | (\$9.223)              | (\$3.616)              |

The operating surplus/(deficit) is the net result excluding capital items related to income and expenses. A surplus indicates that revenue raised covers operational expenses and there is an amount available to the surplus for capital funding purposes or other purposes. A deficit indicates that revenue raised does not cover operating expenditure. In 2019-2020 this was (\$3.616 million) as compared to an operating deficit in 2018-19 of (\$9.223 million).

### FINANCIAL POSITION

#### Total assets

Assets consists of current assets, which can be converted to cash in less than one year and non-current assets, which would most likely take longer than a year to convert to cash. A breakdown of Council's assets is shown below:

| TOTAL ASSETS                   | 2017-<br>2018<br>(\$m) | 2018-<br>2019<br>(\$m) | 2019-<br>2020<br>(\$m) |
|--------------------------------|------------------------|------------------------|------------------------|
| Cash and cash equivalents      | 7.403                  | 2.181                  | 3.860                  |
| Trade and other receivables    | 2.025                  | 1.570                  | 1.309                  |
| Inventories                    | 0.500                  | 0.573                  | 0.630                  |
| Contract asset                 | -                      | -                      | 0.304                  |
| Leases – Current               | 0.201                  | 0.208                  | 0.208                  |
| Leases – Non-Current           | 5.871                  | 5.910                  | 6.199                  |
| Property, plant, and equipment | 112.981                | 113.117                | 113.274                |
| <b>TOTAL ASSETS</b>            | <b>128.981</b>         | <b>123.559</b>         | <b>125.784</b>         |







Cash and cash equivalents have increased from the previous year by \$1.679 million.

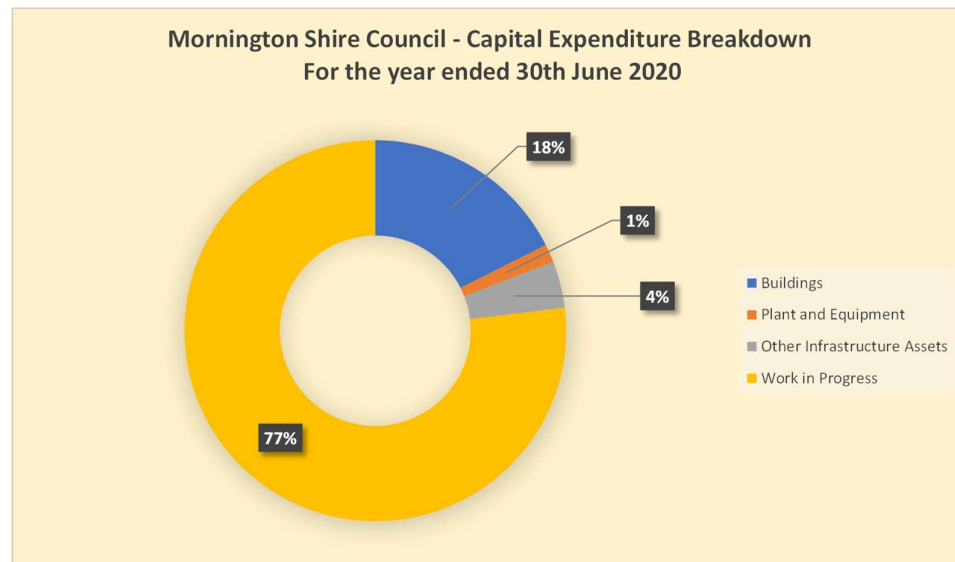
Trade and other receivables decreased by \$0.261 million from the previous year which relates to an improvement in collections of debts associated with recoverable works in the latter half of 2019-2020. Contract assets of \$0.304 million in 2019-2020 is due to the first-time recognition of contract assets due to the introduction of new revenue Accounting Standards. Contract assets represents capital grant revenue receivable due to work performed on these programs at year end.

The written down value of property, plant, and equipment increased by \$0.157 million from the previous year. Property, plant, and equipment accounts for 90 per cent of Council's total assets.

### 2019-20 capital expenditure

Capital works of \$7.137 million were undertaken during 2019-2020.

| <b>CAPITAL EXPENDITURE</b>       |  | <b>2019-2020<br/>\$m</b> |
|----------------------------------|--|--------------------------|
| Buildings                        |  | 1.254                    |
| Plant and Equipment              |  | 0.110                    |
| Roads and Drainage Network       |  | -                        |
| Water                            |  | -                        |
| Sewerage                         |  | -                        |
| Other Infrastructure Assets      |  | 0.282                    |
| Work in Progress                 |  | 5.491                    |
| <b>TOTAL CAPITAL EXPENDITURE</b> |  | <b>7.137</b>             |





### Total liabilities

Liabilities consist of current liabilities, which are expected to be paid or settled in less than one year and non-current liabilities, expected to be paid or settled in more than one year.

A breakdown of Council's liabilities is shown below:

| <b>TOTAL LIABILITIES</b> | <b>2017-2018<br/>(\$m)</b> | <b>2018-2019<br/>(\$m)</b> | <b>2019-2020<br/>(\$m)</b> |
|--------------------------|----------------------------|----------------------------|----------------------------|
| Trade and other payables | 6.272                      | 2.073                      | 1.500                      |
| Contract liability       | -                          | -                          | 2.623                      |
| Provisions – Current     | 0.079                      | 0.084                      | 0.025                      |
| Provisions – Non-Current | 0.053                      | 1.216                      | 1.550                      |
| <b>TOTAL LIABILITIES</b> | <b>6.404</b>               | <b>3.373</b>               | <b>5.698</b>               |

Trade and other payables decreased by \$0.573 million from the previous year. Non-current provisions increased by \$0.334 million as compared to the previous year. Contract liabilities of \$2.623 million as at 30<sup>th</sup> June 2020 is due to the first-time recognition due to the introduction of new revenue Accounting Standards. A contract liability is recognized when a payment has been received before a related performance obligation is satisfied or completed.

### Net community assets and equity

Net community assets and equity are represented by what we own (total assets) less what is owed (total liabilities).

| <b>NET COMMUNITY ASSETS</b> | <b>2017-2018<br/>(\$m)</b> | <b>2018-2019<br/>(\$m)</b> | <b>2019-2020<br/>(\$m)</b> |
|-----------------------------|----------------------------|----------------------------|----------------------------|
| Net assets                  | 122.577                    | 120.187                    | 120.086                    |

| <b>COMMUNITY EQUITY</b>   | <b>2017-2018<br/>(\$m)</b> | <b>2018-2019<br/>(\$m)</b> | <b>2019-2020<br/>(\$m)</b> |
|---------------------------|----------------------------|----------------------------|----------------------------|
| Asset revaluation surplus | 107.673                    | 99.160                     | 99.160                     |
| Retained surplus          | 14.904                     | 21.027                     | 20.926                     |
| <b>TOTAL EQUITY</b>       | <b>122.577</b>             | <b>120.187</b>             | <b>120.086</b>             |

Community equity decreased by \$0.101 million from the previous year, which consists of the value of total comprehensive income from the Statement of Comprehensive Income of \$1.676 million and a decrease as a result of the initial application of new revenue accounting standards of \$1.777 million.





## CASH FLOWS

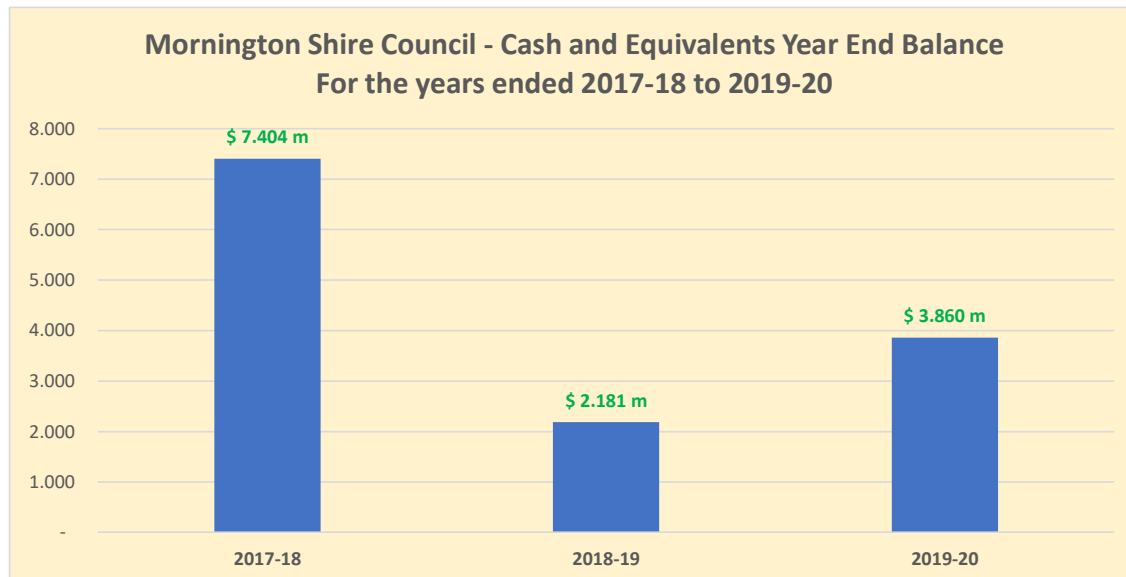
The Statement of Cash Flows shows where Council received its cash and where this was subsequently spent.

| CASH FLOWS                                    | 2017-<br>2018<br>(\$m) | 2018-<br>2019<br>(\$m) | 2019-<br>2020<br>(\$m) |
|-----------------------------------------------|------------------------|------------------------|------------------------|
| <b>NET CASH INFLOW / (OUTFLOWS) FROM:</b>     |                        |                        |                        |
| Operating activities                          | (0.459)                | (1.937)                | 1.705                  |
| Investing activities                          | (0.612)                | (3.285)                | (0.026)                |
| Financing activities                          | -                      | -                      | -                      |
| <b>NET INCREASE / (DECREASE) IN CASH HELD</b> | <b>(1.071)</b>         | <b>(5.222)</b>         | <b>1.679</b>           |

Net cash inflow from operating activities was \$1.705 million for 2019-2020 as compared to a net cash outflow from operating activities of (\$1.937) million in the previous year.

Net cash used in investing activities was (\$0.026) million in 2019-2020 in comparison to (\$3.285) million in the previous year.

## Year-end cash balance



Council's year-end cash balance was \$3.860 million as at 30 June 2020.







## FINANCIAL SUSTAINABILITY INDICATORS

Section 104(2) of the *Local Government Act 2009* provides the following definition of financial sustainability:

A local government is financially sustainable if the local government is able to maintain its financial capital and infrastructure capital over the long term.

Financial sustainability is a strategy and ratios are used as point in-time measurements to assess the outcomes of the strategy. The Department of Infrastructure, Local Government and Planning has developed financial sustainability indicators to assist in the assessment of the long-term financial sustainability of councils.

Section 169(5) of the *Local Government Regulation 2012* outlines the three relevant measures of financial sustainability that all Queensland local governments must report on:

- a) Asset Sustainability Ratio
- b) Net Financial Liabilities Ratio, and
- c) Operating Surplus Ratio.

The measurement of the above ratios is in accordance with the Financial Management (Sustainability) Guideline 2013.

### **Why is financial sustainability important?**

Local governments are responsible for directly providing residents with a wide range of public services and community infrastructure and facilities. This requires local governments to hold and maintain a significant base of infrastructure assets, which necessitates not only substantial initial investments but also continued expenditure to maintain and renew assets over the course of their respective useful lives.

The outcomes of Council's financial sustainability strategy are as follows:

- To allow for the adequate provision for programs (including capital expenditure) and services into the future without having to introduce substantial or disruptive revenue (and expenditure) adjustments; and
- To allow for the equitable distribution of the costs of establishing and maintaining community assets and services between current and future residents.





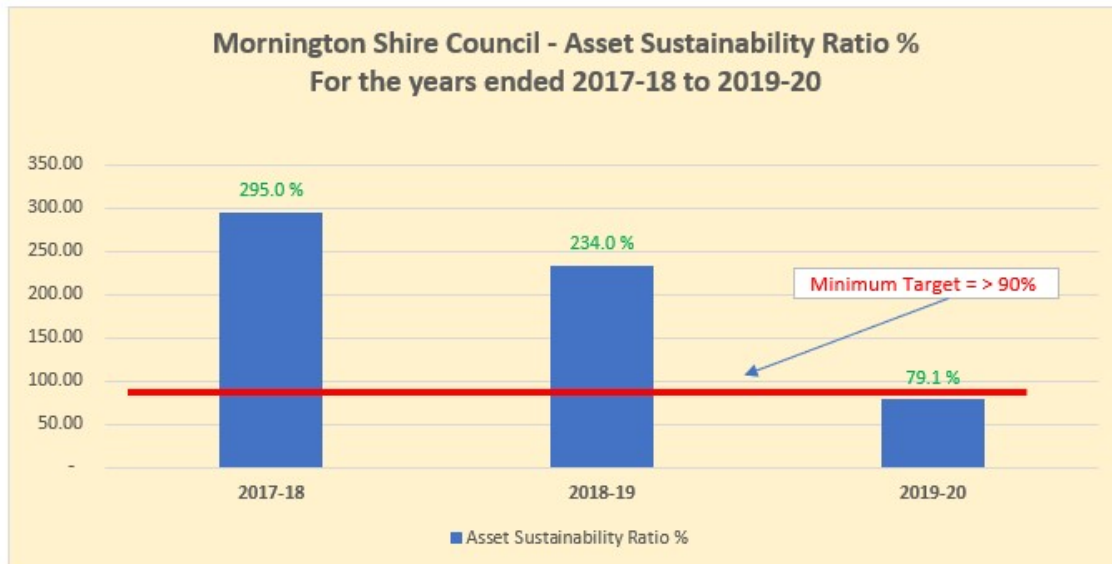
### ASSET SUSTAINABILITY RATIO

**Definition:** An approximation of the extent to which the infrastructure assets managed by Council are being replaced as they reach the end of their useful lives.

**How is it calculated?** Capital expenditure on replacement of assets (renewals) divided by depreciation expenditure.

**Why is it important?** Assists in identifying Council's asset base consumption and renewal levels and capacity to fund the level of investment needed over the long term.

**Target:** Greater than 90 per cent per annum (on average over the long term)



Council's asset sustainability ratio for 2019-20 was 79.1 per cent. Council's five-year average asset sustainability ratio is 178%. This is within the target range. This means that Council is likely to be sufficiently maintaining, replacing, or renewing existing infrastructure assets as they reach the end of their useful life. Council has monitored its assets in line with its asset management plans and have adequately replaced its assets as they near the end of their useful life. This suggests that Council has managed its asset replacement in line with its service potential.





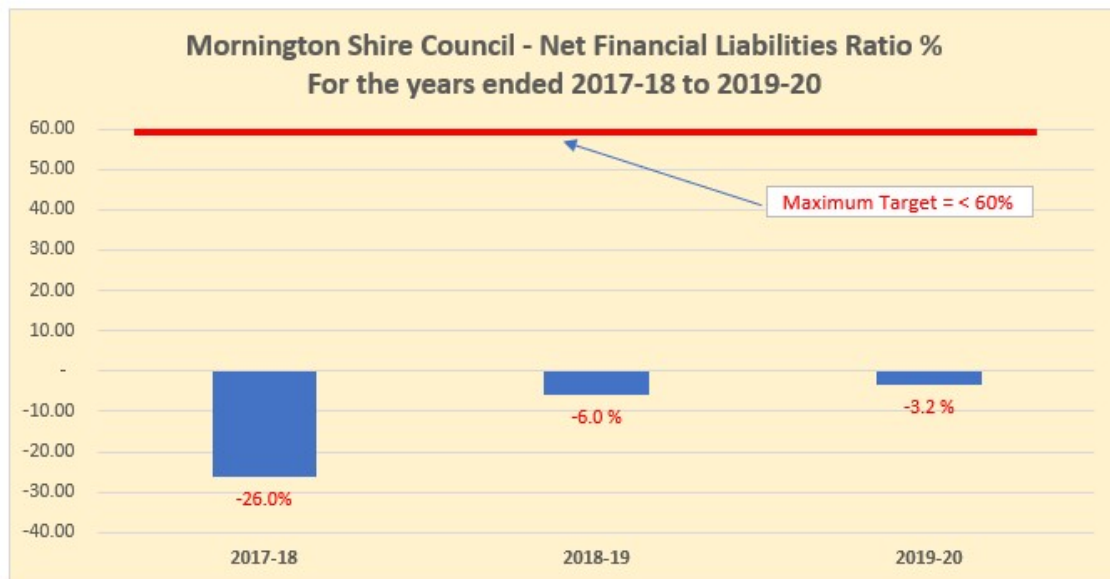
## NET FINANCIAL LIABILITIES RATIO

**Definition:** An indicator of the extent to which the net financial liabilities of Council can be serviced by its operating revenues.

**How is it calculated?** Total liabilities less current assets divided by total operating revenue (excluding capital items).

**Why is it important?** Assists in identifying Council's financial capacity and the ability to fund ongoing operations over the long term.

**Target:** Less than 60 per cent per annum (on average over the long term).



Council's net financial liabilities ratio for 2019-20 was **-3.20** per cent. This means that Council has the capacity to comfortably fund its liabilities. A negative indicator means that current assets exceed total liabilities, and that Council has the capacity to increase loan borrowings if required. The net financial liabilities ratio indicates that while Council's capital structure appears adequate, the low operating surplus ratio can add pressure to service any additional borrowings that Council may need for future capital projects.







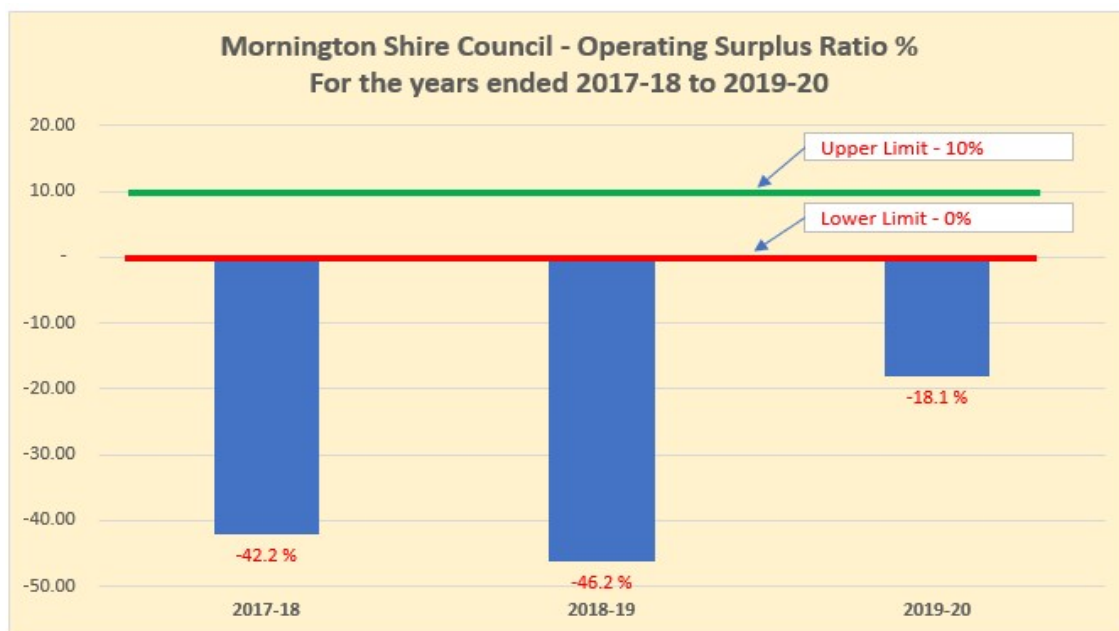
## OPERATING SURPLUS RATIO

**Definition:** An indicator of the extent to which revenue raised covers operational expenses only or are available for capital funding purposes or other purposes.

**How is it calculated?** Net result (excluding capital items) divided by total operating revenue (excluding capital items).

**Why is it important?** Assists in identifying Council's financial capacity and the ability to fund ongoing operations over the long term.

**Target:** Between zero per cent and 10 per cent per annum (on average over the long term).



Council's Operating Surplus Ratio for 2019-2020 was **-18.1** per cent. Council was forecasting an operating surplus ratio of **-15.6** per cent for 2019-2020.

Council's five-year average operating ratio is **-30** per cent. This is outside the target range. The average operating surplus ratio indicates that Council is unable to generate enough funding from its own source revenue. There is significant reliance on grants and contributions from various sources, in the absence of which Council may not be able to sustain its ongoing operations. This also indicates that Council has no ability to fund any capital projects without capital grants and contributions. Council will continue to look at options to increase its revenue and reduce its spending levels in the short-term.





## Measures of Financial Sustainability

The *Local Government Regulation 2012* requires that Council report its results for the financial year against selected financial sustainability ratios. These ratios, their definitions and Council's results as at 30 June 2020 are stated below.

| Ratio                           | How the measure is calculated                                                                      | Target    | Actual |
|---------------------------------|----------------------------------------------------------------------------------------------------|-----------|--------|
| Operating Surplus Ratio         | Net result (excluding capital) divided by total operating revenue (excluding capital)              | 0% to 10% | -18.1% |
| Asset Sustainability Ratio      | Capital expenditure on the replacement of assets (renewals) divided by depreciation expense        | >90%      | 79.1%  |
| Net Financial Liabilities Ratio | Total liabilities less current assets divided by total operating revenue (excluding capital items) | <60%      | -3.2%  |

Council's current year financial sustainability statement, the Auditor-General's report on it and Council's long-term financial sustainability statement are located following Council's Annual Financial Statements in this report.





**Mornington Shire Council**  
**Financial Statements**  
for the year ended 30 June 2020







# Mornington Shire Council

## Financial Statements

For the year ended 30 June 2020

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**Mornington Shire Council**  
**Statement of Comprehensive Income**  
For the year ended 30 June 2020

|                                                      | Note     | Council             |                     |
|------------------------------------------------------|----------|---------------------|---------------------|
|                                                      |          | 2020<br>\$          | 2019<br>\$          |
| <b>Income</b>                                        |          |                     |                     |
| <b>Revenue</b>                                       |          |                     |                     |
| Recurrent revenue                                    |          |                     |                     |
| Levies and charges                                   | 3(a)     | 2,821,145           | 2,051,943           |
| Fees and charges                                     | 3(b)     | 1,607,553           | 1,342,131           |
| Sales revenue                                        | 3(c)     | 9,709,264           | 10,866,027          |
| Grants, subsidies and contributions                  | 3(d)(i)  | 5,033,643           | 5,127,652           |
|                                                      |          | <u>19,171,605</u>   | <u>19,387,753</u>   |
| Capital revenue                                      |          |                     |                     |
| Grants, subsidies and contributions                  | 3(d)(ii) | 5,270,214           | 16,634,018          |
| <b>Total capital revenue</b>                         |          | <u>5,270,214</u>    | <u>16,634,018</u>   |
| Rental income                                        | 13       | 517,719             | 443,226             |
| Interest revenue                                     | 4(b)     | 46,952              | 76,304              |
| Other income                                         | 4(a)     | 258,973             | 61,711              |
| Capital income                                       | 5        | 504,624             | 375,826             |
| <b>Total income</b>                                  |          | <u>25,770,087</u>   | <u>36,978,838</u>   |
| <b>Expenses</b>                                      |          |                     |                     |
| Recurrent expenses                                   |          |                     |                     |
| Employee benefits                                    | 6        | (6,102,777)         | (8,875,705)         |
| Materials and services                               | 7        | (11,658,427)        | (14,141,963)        |
| Finance costs                                        | 8        | (147,224)           | (62,480)            |
| Depreciation                                         | 14       | (5,702,727)         | (6,111,477)         |
|                                                      |          | <u>(23,611,155)</u> | <u>(29,191,625)</u> |
| Capital expenses                                     | 9        | (482,171)           | (1,664,717)         |
| <b>Total expenses</b>                                |          | <u>(24,093,326)</u> | <u>(30,856,342)</u> |
| <b>Net result</b>                                    |          | <u>1,676,761</u>    | <u>6,122,496</u>    |
| <b>Other comprehensive income</b>                    |          |                     |                     |
| Items that will not be reclassified to net result    |          |                     |                     |
| Movement in asset revaluation surplus                | 18       | -                   | (8,512,693)         |
| <b>Total other comprehensive income for the year</b> |          | <u>-</u>            | <u>(8,512,693)</u>  |
| <b>Total comprehensive income for the year</b>       |          | <u>1,676,761</u>    | <u>(2,390,197)</u>  |

*The above statement should be read in conjunction with the accompanying notes and Significant Accounting Policies.*





**Mornington Shire Council  
Statement of Financial Position  
as at 30 June 2020**

|                                      |      | Council            |                    |
|--------------------------------------|------|--------------------|--------------------|
|                                      | Note | 2020<br>\$         | 2019<br>\$         |
| <b>Current assets</b>                |      |                    |                    |
| Cash and cash equivalents            | 10   | 3,860,376          | 2,181,213          |
| Trade and other receivables          | 11   | 1,308,961          | 1,570,189          |
| Inventories                          |      | 629,560            | 573,239            |
| Contract asset                       | 12   | 303,551            | -                  |
| Leases                               | 13   | 208,092            | 208,092            |
| <b>Total current assets</b>          |      | <b>6,310,540</b>   | <b>4,532,733</b>   |
| <b>Non-current assets</b>            |      |                    |                    |
| Leases                               | 13   | 6,199,478          | 5,909,712          |
| Property, plant and equipment        | 14   | 113,274,150        | 113,117,099        |
| <b>Total non-current assets</b>      |      | <b>119,473,628</b> | <b>119,026,811</b> |
| <b>Total assets</b>                  |      | <b>125,784,168</b> | <b>123,559,544</b> |
| <b>Current liabilities</b>           |      |                    |                    |
| Trade and other payables             | 16   | 1,500,451          | 2,072,592          |
| Contract liability                   | 12   | 2,622,740          | -                  |
| Provisions                           | 17   | 24,902             | 84,208             |
| <b>Total current liabilities</b>     |      | <b>4,148,093</b>   | <b>2,156,800</b>   |
| <b>Non-current liabilities</b>       |      |                    |                    |
| Provisions                           | 17   | 1,549,816          | 1,215,975          |
| <b>Total non-current liabilities</b> |      | <b>1,549,816</b>   | <b>1,215,975</b>   |
| <b>Total liabilities</b>             |      | <b>5,697,909</b>   | <b>3,372,775</b>   |
| <b>Net Community assets</b>          |      | <b>120,086,259</b> | <b>120,186,769</b> |
| <b>Community Equity</b>              |      |                    |                    |
| Asset revaluation surplus            | 18   | 99,160,205         | 99,160,205         |
| Retained surplus                     |      | 20,926,054         | 21,026,564         |
| <b>Total Community equity</b>        |      | <b>120,086,259</b> | <b>120,186,769</b> |

*The above statement should be read in conjunction with the accompanying notes and Significant Accounting Policies.*







Mornington Shire Council  
Statement of Cash Flows  
For the year ended 30 June 2020

|                                                                    | Note | Council<br>2020<br>\$ | 2019<br>\$         |
|--------------------------------------------------------------------|------|-----------------------|--------------------|
| <b>Cash flows from operating activities</b>                        |      |                       |                    |
| Receipts from customers                                            |      | 14,328,973            | 14,666,332         |
| Payments to suppliers and employees                                |      | (18,222,034)          | (22,250,788)       |
|                                                                    |      | (3,893,061)           | (7,584,456)        |
| Rental Income                                                      |      | 517,719               | 443,226            |
| Interest received                                                  |      | 48,952                | 76,304             |
| Operating grants and contributions                                 |      | 5,033,643             | 5,127,652          |
| <b>Net cash inflow (outflow) from operating activities</b>         | 19   | <u>1,705,253</u>      | <u>(1,937,274)</u> |
| <b>Cash flows from investing activities</b>                        |      |                       |                    |
| Payments for property, plant and equipment                         |      | (5,887,185)           | (20,249,026)       |
| Proceeds from sale of property plant and equipment                 | 9    | 81,955                | -                  |
| Lease receipts                                                     | 13   | 214,857               | 329,622            |
| Grants, subsidies, contributions and donations                     |      | 5,564,283             | 16,634,018         |
| <b>Net cash inflow (outflow) from investing activities</b>         |      | <u>(26,090)</u>       | <u>(3,285,386)</u> |
| <b>Net increase (decrease) in cash and cash equivalent held</b>    |      | <u>1,679,163</u>      | <u>(5,222,660)</u> |
| <b>Cash and equivalents at the beginning of the financial year</b> |      | 2,181,213             | 7,403,873          |
| <b>Cash and equivalents at end of the financial year</b>           | 10   | <u>3,860,376</u>      | <u>2,181,213</u>   |

The above statement should be read in conjunction with the accompanying notes and Significant Accounting Policies.





**Mornington Shire Council**  
**Statement of Changes in Equity**  
For the year ended 30 June 2020

|                                                         | Note | Asset<br>Revaluation<br>Surplus<br>18<br>\$ | Retained<br>Surplus<br>\$ | Total<br>\$ |
|---------------------------------------------------------|------|---------------------------------------------|---------------------------|-------------|
| Balance as at 1 July 2019                               |      | 99,160,205                                  | 21,026,564                | 120,186,769 |
| Adjustment on initial application of AASB 15/ AASB 1058 |      |                                             | (1,777,271)               | (1,777,271) |
| Restated balance at 1 July 2019                         |      | 99,160,205                                  | 19,249,293                | 118,409,498 |
| Net operating surplus                                   |      | -                                           | 1,676,761                 | 1,676,761   |
| Other comprehensive income for the year                 |      |                                             |                           |             |
| Increase / (decrease) in asset revaluation surplus      | 18   | -                                           | -                         | -           |
| Balance as at 30 June 2020                              |      | 99,160,205                                  | 20,926,054                | 120,086,259 |
| Balance as at 1 July 2018                               |      | 107,672,898                                 | 14,904,068                | 122,576,966 |
| Net operating surplus                                   |      | -                                           | 6,122,496                 | 6,122,496   |
| Other comprehensive income for the year                 |      |                                             |                           |             |
| Increase / (decrease) in asset revaluation surplus      |      | (8,512,693)                                 | -                         | (8,512,693) |
| Balance as at 30 June 2019                              |      | 99,160,205                                  | 21,026,564                | 120,186,769 |

*The above statement should be read in conjunction with the accompanying notes and Significant Accounting Policies.*







**Morrington Shire Council**  
**Notes to the Financial Statements**  
For the year ended 30 June 2020

**1 Significant Accounting Policies**

**1.A Basis of Preparation**

Morrington Shire Council is constituted under the *Queensland Local Government Act 2009* and is domiciled in Australia.

These general purpose financial statements are for the period 1 July 2019 to 30 June 2020 and have been prepared in accordance with the *Local Government Act 2009* and the *Local Government Regulation 2012*.

These financial statements comply with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB). Council is a not-for-profit entity for financial reporting purposes and complies with Australian Accounting Standards as applicable to not-for-profit entities.

These financial statements have been prepared under the historical cost convention except for the revaluation of certain classes of non-current assets.

**Current/ Non-Current Classification**

Assets and liabilities are presented as "current" or "non-current" in the Statement of Financial Position on the following basis:

Current assets and liabilities include financial and non-financial items which are either held primarily for the purpose of trading or is expected to arise and be realised or settled in the normal course of the operating cycle, or does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Non-current assets and liabilities include financial and non-financial items which are either not expected to be realised or settled in the normal course of the operating cycle, or contain an unconditional right to defer settlement for a period greater than 12 months.

**Recurrent/Capital Classification**

Revenue and expenditure are presented as "recurrent" or "capital" in the Statement of Comprehensive Income on the following basis:

Capital Revenue includes grants and subsidies received which are tied to specific projects for the replacement or upgrade of existing non-current assets and/or investment in new assets. It also includes non-cash contributions which are usually infrastructure assets received from developers and fair value gains on infrastructure assets or housing leases.

The following transactions are classified as either "Capital Income" or "Capital Expenses" depending on whether they result in accounting gains or losses:

- disposal of non-current assets
- revaluations of infrastructure assets
- revaluation of housing leases

All other revenue and expenses have been classified as "recurrent".

**1.B Adoption of New and Revised Accounting Standards**

Council has adopted all standards which became mandatorily effective for annual reporting periods beginning on 1 July 2019, the standards which had an impact on reported position, performance and cash flows were those relating to revenue.

Refer to the change in accounting policy Note 24 for transition disclosures for AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not for Profit Entities*.







**Mornington Shire Council**  
**Notes to the Financial Statements**  
For the year ended 30 June 2020

**1.C Standards Issued Not Yet Effective**

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2020, these standards have not been adopted by Council and will be included in the financial statements on their effective date. The standards are not expected to have a material impact upon Council's future financial statements.

**1.D Critical Accounting Judgements and Key Sources of Estimation Uncertainty**

Councils make a number of judgements, estimates and assumptions in preparing these financial statements. These are based on the best information available to Council at the time, however due to the passage of time, these assumptions may change and therefore the recorded balances may not reflect the final outcomes. These significant judgements, estimates and assumptions relate to the following items and specific information is provided in the relevant note:

| Judgements, Estimates and Assumptions                       | Note   |
|-------------------------------------------------------------|--------|
| Valuation and depreciation of property, plant and equipment | 14, 15 |
| Impairment of property, plant and equipment                 | 14     |
| Provisions                                                  | 17     |
| Valuation of finance leases                                 | 13     |
| Contingent liabilities                                      | 22     |
| Financial instruments and financial liabilities             | 20     |

**1.E Inventories**

Stores and raw materials held for resale are valued at the lower of cost and net realisable value. Costs are assigned on the basis of weighted average cost.

**1.F National Competition Policy**

The Council has reviewed its activities and has identified that there are no business activities to which the code of competitive conduct applies.

**1.G Rounding and Comparatives**

The financial statements have been rounded to the nearest \$1. Comparative information is restated where necessary to be consistent with disclosures in the current reporting period.

**1.H Taxation**

Income of local authorities and public authorities is exempt from Commonwealth taxation except for Fringe Benefits Tax and Goods and Services Tax ('GST'). The net amount of GST recoverable from the ATO or payable to the ATO is shown as an asset or liability respectively.





Morrington Shire Council  
Notes to the Financial Statements  
For the year ended 30 June 2020

## 2. Analysis of Results by Function

### 2(a) Components of Council Functions

The activities relating to the Council's components reported on in Note 2(b) are as follows :

#### Council and Executive Leadership Team

Council's current structure consists of three departments each headed by an Executive Manager. The Executive Managers, along with the Chief Executive Officer form the Executive Leadership Team.

#### Financial Services

This comprises the support functions for the management of Council's finances, information technology and financial reporting obligations.

#### Governance

The Governance department advises on legal, human resources and governance issues and is responsible for managing the service delivery reform program and ensuring the good governance of Council. Activities performed by Governance were previously the responsibility of the Council and Executive Leadership Team Function.

#### Infrastructure/ Technical Services

To provide and maintain infrastructure such as roads, drainage, footpaths, aerodromes, marine facilities, water supply and services, sewerage, plant and machinery, and the construction and maintenance of community buildings and facilities.

#### Human Services

The Human Services function includes:

- Administration
- Bakery
- Council Warehouse
- Grants
- Payroll
- Property Management (Residential and Commercial)
- Sports and Recreation
- Workplace Health and Safety





**Mornington Shire Council**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

- 2 Analysis of Results by Function  
 (b) Income and expenses defined between recurring and capital are attributed to the following functions:

| Year ended 30 June 2020<br>Functions  |           | Gross program income |           |         |      |            |       |              |             |        |       | Total income |             | Gross program expenses |             | Total expenses | Net result from recurrent operations |      | Net Result |      | Assets |      |      |      |      |
|---------------------------------------|-----------|----------------------|-----------|---------|------|------------|-------|--------------|-------------|--------|-------|--------------|-------------|------------------------|-------------|----------------|--------------------------------------|------|------------|------|--------|------|------|------|------|
|                                       |           | Recurrent            |           |         |      | Capital    |       |              |             | Grants | Other | 2020         | 2020        | 2020                   | 2020        |                | 2020                                 | 2020 | 2020       | 2020 | 2020   |      |      |      |      |
|                                       |           | Grants               | Other     | 2020    | 2020 | Grants     | Other | 2020         | 2020        |        |       |              |             |                        |             |                |                                      |      |            |      |        |      |      |      |      |
|                                       |           |                      |           |         |      |            |       |              |             |        |       |              |             |                        |             |                |                                      |      |            |      |        | 2020 | 2020 | 2020 | 2020 |
|                                       |           |                      |           |         |      |            |       |              |             |        |       |              |             |                        |             |                |                                      |      |            |      |        |      |      |      |      |
| \$                                    | \$        | \$                   | \$        | \$      | \$   | \$         | \$    | \$           | \$          | \$     | \$    | \$           | \$          | \$                     | \$          | \$             | \$                                   | \$   | \$         | \$   |        |      |      |      |      |
| Council and Executive Leadership Team | -         | 57,509               | -         | -       | -    | -          | -     | 57,509       | (1,893,943) | -      | -     | -            | (1,893,943) | (1,836,434)            | (1,836,434) | (1,836,434)    | 16,068,694                           |      |            |      |        |      |      |      |      |
| Financial Services                    | 4,603,773 | 1,118,249            | 53,794    | 504,624 | -    | 6,280,441  | -     | (3,243,187)  | 2,478,835   | -      | -     | (3,243,187)  | 2,478,835   | 3,037,254              | 7,226       |                |                                      |      |            |      |        |      |      |      |      |
| Governance                            | 114,000   | 15,791               | -         | -       | -    | 129,791    | -     | (504,757)    | (374,965)   | -      | -     | (504,757)    | (374,965)   | (374,965)              | 267,133     |                |                                      |      |            |      |        |      |      |      |      |
| Infrastructure/ Technical Services    | 315,870   | 11,893,573           | 3,500,200 | -       | -    | 15,709,643 | -     | (14,853,547) | (482,171)   | -      | -     | (15,135,719) | (2,444,104) | 573,924                | 81,422,179  |                |                                      |      |            |      |        |      |      |      |      |
| Human Services                        | -         | 1,876,483            | 1,716,220 | -       | -    | 3,592,703  | -     | (3,315,721)  | (1,430,238) | -      | -     | (3,315,721)  | (1,430,238) | 276,982                | 28,028,946  |                |                                      |      |            |      |        |      |      |      |      |
| Total Council                         | 5,033,643 | 14,961,606           | 5,270,214 | 504,624 | -    | 25,770,087 | -     | (23,611,155) | (482,171)   | -      | -     | (24,093,326) | (3,615,906) | 1,676,761              | 125,784,188 |                |                                      |      |            |      |        |      |      |      |      |

| Year ended 30 June 2019               |                      |            |            |         |              |                        |             |                |                                      |             |             |        |      |
|---------------------------------------|----------------------|------------|------------|---------|--------------|------------------------|-------------|----------------|--------------------------------------|-------------|-------------|--------|------|
| Functions                             |                      |            |            |         |              |                        |             |                |                                      |             |             |        |      |
|                                       | Gross program income |            |            |         | Total income | Gross program expenses |             | Total expenses | Net result from recurrent operations |             | Net Result  | Assets |      |
|                                       | Recurrent            |            | Capital    |         |              | Capital                | 2019        |                | 2019                                 | 2019        |             |        | 2019 |
|                                       | Grants               | Other      | Grants     | Other   |              |                        |             |                |                                      |             |             |        |      |
|                                       | 2019                 | 2019       | 2019       | 2019    | 2019         | 2019                   | 2019        | 2019           | 2019                                 | 2019        | 2019        | 2019   |      |
|                                       | \$                   | \$         | \$         | \$      | \$           | \$                     | \$          | \$             | \$                                   | \$          | \$          | \$     |      |
| Council and Executive Leadership Team | 3,080                | 443,225    | -          | -       | 446,305      | (1,729,230)            | (1,282,925) | (1,729,230)    | (1,282,925)                          | (1,282,925) | 10,442,440  |        |      |
| Financial Services                    | 4,670,641            | 89,496     | 715,000    | 375,826 | 5,850,963    | (2,025,451)            |             | (2,025,451)    | 2,734,888                            | 3,825,512   | -           |        |      |
| Infrastructure/ Technical Services    | 322,173              | 12,877,036 | 15,191,818 | -       | 28,391,027   | (20,917,213)           | (1,684,716) | (22,581,929)   | (7,718,004)                          | 5,809,098   | 86,845,022  |        |      |
| Human Services                        | 131,758              | 1,431,583  | 727,200    | -       | 2,290,541    | (4,519,730)            | (2,956,359) | (2,956,359)    | (2,239,189)                          | 26,172,075  |             |        |      |
| Total Council                         | 5,127,652            | 14,841,339 | 16,834,018 | 375,826 | 36,978,838   | (30,856,342)           | (1,684,716) | (30,856,342)   | (9,222,632)                          | 6,122,496   | 126,560,537 |        |      |



**Morrington Shire Council  
Notes to the Financial Statements  
For the year ended 30 June 2020**

**3 Revenue**

|                                                             | AASB 15<br>\$     | AASB 1058<br>\$   |
|-------------------------------------------------------------|-------------------|-------------------|
| <b>Revenue recognised at a point in time</b>                |                   |                   |
| Levies and charges                                          | -                 | 2,821,145         |
| Fees and charges                                            | 81,530            | 400,444           |
| Grants, subsidies, donations and contributions              |                   | 5,383,109         |
| Sale of goods and services                                  | 1,926,618         | -                 |
|                                                             | <u>2,008,148</u>  | <u>8,604,698</u>  |
| <b>Revenue recognised over time</b>                         |                   |                   |
| Fees and charges                                            | 1,087,427         | 38,152            |
| Revenue relating to grants for assets controlled by Council | 201,934           | 4,718,814         |
| Sale of goods and services                                  | 7,712,968         | 69,678            |
|                                                             | <u>9,002,329</u>  | <u>4,826,644</u>  |
| <b>Total Revenue</b>                                        | <u>11,010,477</u> | <u>13,431,342</u> |

**(a) Levies and Charges**

2020 accounting policy: Levies and annual charges are recognised as revenue when the council obtains control over the assets comprising these receipts which is the beginning of the rating period to which they relate.

Service charges are levied annually based on the quantity of the specified unit of measure associated with each property. The charge and corresponding unit of measure are set out in Council's Fees & Charges.

2019 accounting policy: Where monies are received prior to the commencement of the levying period, the amount is recognised as revenue in the period in which they are received.

|                         | 2020<br>\$       | 2019<br>\$       |
|-------------------------|------------------|------------------|
| Water                   | 1,091,165        | 908,652          |
| Sewerage                | 558,070          | 553,503          |
| Garbage charges         | 523,910          | 589,788          |
| General service charges | 648,000          | -                |
|                         | <u>2,821,145</u> | <u>2,051,943</u> |

**(b) Fees and Charges**

2020 accounting policy: Revenue arising from fees and charges is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods/ services being provided.

The performance obligation relates to the specific services which are provided to the customers and generally the payments are within 30 days of the provision of services or in some cases paid upfront. There is no material obligation for Council in relation to refunds or returns.

Airport landing fees are measured based on the number of passengers and recognised net of amounts not expected to be recoverable.

Accommodation fees consists of revenue from bookings at Council run Motel and Visitor Accommodation Centre and other accommodation which is not subject to a commercial leasing arrangement. Revenue is recognised at the time of occupancy of the premises (subject to conditions of cancellation policies) and measured at the prices listed in the Fees and Charges.

2019 accounting policy: Fees and charges relate to local government levy, levy on staff houses and airport landing fees. Levels of fees and charges are determined by Council at the commencement of each year and recognised as revenue upon receipt.

|                        | 2020<br>\$       | 2019<br>\$       |
|------------------------|------------------|------------------|
| Airport landing fees   | 400,443          | 428,828          |
| Accommodation fees     | 1,125,580        | 843,857          |
| Other fees and charges | 81,530           | 69,446           |
|                        | <u>1,607,553</u> | <u>1,342,131</u> |

**Mornington Shire Council  
Notes to the Financial Statements  
For the year ended 30 June 2020**

**(c) Sales Revenue**

Sale of goods revenue is recognised when the customer has taken delivery of the goods. Revenue from services is recognised when the service is rendered.

Contract and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. The revenue and the associated costs are recognised by reference to the stage of completion of the contract activity based on costs incurred at the reporting date. Where consideration is received for the service in advance it is included in other liabilities and is recognised as revenue in the period when the service is performed. Council has a number of contracts in progress at year end (2019: nil). The contract work carried out is not subject to retentions.

|                         | 2020<br>\$       | 2019<br>\$        |
|-------------------------|------------------|-------------------|
| <b>Sale of Services</b> |                  |                   |
| Contract works          | 6,196,187        | 8,072,578         |
| Other recoverable works | 2,546,011        | 1,746,025         |
|                         | <u>8,742,198</u> | <u>9,818,603</u>  |
| <b>Sale of goods</b>    |                  |                   |
| Sale of goods           | 967,066          | 1,047,424         |
|                         | <u>967,066</u>   | <u>1,047,424</u>  |
|                         | <u>9,709,264</u> | <u>10,866,027</u> |

**(d) Grants, Subsidies and Contributions**

2020 accounting policy:

Grant income under AASB 1058

Assets arising from grants in the scope of AASB 1058 is recognised at the assets fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

Capital grants

Capital grants received to enable Council to acquire or construct an item of property, plant and equipment to identified specifications which will be under Council's control and which is enforceable are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is

deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

Where assets are donated or purchased for significantly below fair value, the revenue is recognised when the asset is acquired and controlled by the Council.

2019 accounting policy:

Grants, subsidies, donations and contributions that are non-reciprocal in nature are recognised as revenue when Council obtains control over them, which is usually upon receipt of funds.

Where grants are received that are reciprocal in nature, revenue is recognised as the various performance obligations under the funding agreement are fulfilled. Council does not currently have any reciprocal grants.

**(i) Recurrent**

|                                              | 2020<br>\$       | 2019<br>\$       |
|----------------------------------------------|------------------|------------------|
| Commonwealth government subsidies and grants | -                | 3,080            |
| General purpose grants                       | 4,553,276        | 4,777,713        |
| State government subsidies and grants        | 395,575          | 325,062          |
| Other                                        | 84,792           | 21,797           |
|                                              | <u>5,033,643</u> | <u>5,127,652</u> |

Grants and contributions are to be classified as recurrent or capital depending on the purpose for which they were received and not on the purpose for which they were spent. General purpose grants and contributions are all classified as operating regardless of how they are spent.





**Mornington Shire Council  
Notes to the Financial Statements  
For the year ended 30 June 2020**

**(ii) Capital**

Capital Revenue includes grants and subsidies received which are tied to specific projects for the replacement or upgrade of existing non-current assets and/or investment in new assets.

Non-cash contributions with a value in excess of the recognition thresholds, are recognised as revenue and as non-current assets. Non-cash contributions below the thresholds are recorded as revenue and expenses.

|                                              |                  |                   |
|----------------------------------------------|------------------|-------------------|
| Commonwealth government subsidies and grants | -                | 900,000           |
| NDRRA/ DRFA funding                          | 2,051,246        | 12,590,151        |
| State government subsidies and grants        | 2,687,568        | 3,143,867         |
| Other contributions - Non cash               | 551,400          | -                 |
|                                              | <u>5,270,214</u> | <u>16,634,018</u> |

**(iii) Conditions over Grants**

Contributions recognised as income during the reporting period and which were obtained on the condition that they be expended in a manner specified by the contributor but had not been expended at the reporting date:

|                                          |                |                  |
|------------------------------------------|----------------|------------------|
| Grants for expenditure on services       | 114,940        |                  |
| Grants for expenditure on infrastructure | -              | 2,676,245        |
|                                          | <u>114,940</u> | <u>2,676,245</u> |

**4 Interest and Other Income**

|                  | <b>Note</b> | <b>2020<br/>\$</b> | <b>2019<br/>\$</b> |
|------------------|-------------|--------------------|--------------------|
| (a) Other Income |             |                    |                    |
| Other Income     |             | <u>258,973</u>     | <u>61,711</u>      |
|                  |             | <u>258,973</u>     | <u>61,711</u>      |

**(b) Interest Revenue**

Interest received from term deposits is accrued over the term of the investment.

|                               |               |               |
|-------------------------------|---------------|---------------|
| Interest received on deposits | <u>46,952</u> | <u>76,304</u> |
|                               | <u>46,952</u> | <u>76,304</u> |

**5 Capital Income**

|                                                  |    | <b>2020<br/>\$</b> | <b>2019<br/>\$</b> |
|--------------------------------------------------|----|--------------------|--------------------|
| Gain/ (loss) on revaluation of finance leases    | 13 | <u>504,624</u>     | <u>375,826</u>     |
| Fair value of newly recognised controlled assets |    | <u>-</u>           | <u>-</u>           |
| Total Capital Income                             |    | <u>504,624</u>     | <u>375,826</u>     |





**Morrington Shire Council**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

| <b>6 Employee Benefits</b>                       | <b>2020</b> | <b>2019</b> |
|--------------------------------------------------|-------------|-------------|
|                                                  | <b>\$</b>   | <b>\$</b>   |
| Total staff wages and salaries                   | 4,167,030   | 5,825,158   |
| Councillors' remuneration                        | 294,049     | 321,512     |
| Annual, sick and long service leave entitlements | 482,558     | 1,293,549   |
| Superannuation                                   | 807,125     | 845,175     |
|                                                  | 5,550,762   | 8,285,394   |
| Other employee related expenses                  | 586,050     | 1,011,432   |
|                                                  | 6,136,812   | 9,296,826   |
| Less: Capitalised employee expenses              | (34,035)    | (421,121)   |
|                                                  | 6,102,777   | 8,875,705   |

Councillor remuneration represents salary, other allowances, costs and training paid in respect of carrying out their duties.

| Total Council employees at the reporting date: | <b>2020</b> | <b>2019</b> |
|------------------------------------------------|-------------|-------------|
| Elected members                                | 5           | 5           |
| Administration staff                           | 17          | 22          |
| Depot and outdoors staff                       | 62          | 84          |
| Total full time equivalent employees           | 84          | 111         |

| <b>7 Materials and Services</b>        | <b>2020</b> | <b>2019</b> |
|----------------------------------------|-------------|-------------|
|                                        | <b>\$</b>   | <b>\$</b>   |
| Administration expenses                | 1,513,443   | 1,504,261   |
| Audit of annual financial statements * | 78,991      | 99,075      |
| Community and civic expenses           | 153,266     | 194,955     |
| Contract works                         | 2,251,521   | 5,315,984   |
| Contractors and consultants            | 4,131,165   | 2,518,818   |
| Cost of goods sold                     | 1,579,796   | 440,782     |
| Management fees and subscriptions      | 380,705     | 340,275     |
| Motor vehicle expenses                 | 388,725     | 843,217     |
| Other materials and services           | 682,155     | 1,039,382   |
| Other recoverable works                | 299,566     | 625,769     |
| Repairs and maintenance                | 201,094     | 1,219,445   |
|                                        | 11,658,427  | 14,141,963  |

\* Total estimated audit fees by the QAO relating to the 2020 annual financial statements are \$78,750 (2019: Actual \$77,000).

| <b>8 Finance Costs</b>              | <b>2020</b> | <b>2019</b> |
|-------------------------------------|-------------|-------------|
|                                     | <b>\$</b>   | <b>\$</b>   |
| Bank charges                        | 13,968      | 21,749      |
| Impairment of receivables           | 124,088     | 40,731      |
| Unwinding of discount on provisions | 9,168       | -           |
|                                     | 147,224     | 62,480      |

| <b>9 Capital Expenses</b>                                  | <b>2020</b>      | <b>2019</b>        |
|------------------------------------------------------------|------------------|--------------------|
|                                                            | <b>\$</b>        | <b>\$</b>          |
| Gain / (loss) on disposal of non-current assets            |                  |                    |
| Proceeds from the sale of property, plant and equipment    | 81,955           | -                  |
| Less: Book value of property, plant and equipment disposed | (278,939)        | (569,900)          |
| Total Gain/ (loss) on disposal of non-current assets       | (196,984)        | (569,900)          |
| Provision for restoration of landfill                      |                  |                    |
| Initial recognition of landfill restoration provision      | -                | (1,094,817)        |
| Discount rate adjustment to landfill restoration provision | (285,187)        | -                  |
|                                                            | (285,187)        | (1,094,817)        |
| <b>Total Capital Expenses</b>                              | <b>(482,171)</b> | <b>(1,664,717)</b> |

**Mornington Shire Council  
Notes to the Financial Statements  
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**10 Cash and Cash Equivalents**

Cash and cash equivalents includes cash on hand, all cash and cheques receipted but not banked at the year end, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

|                                     | 2020<br>\$ | 2019<br>\$ |
|-------------------------------------|------------|------------|
| Cash at bank and on hand            | 3,860,376  | 2,181,213  |
| Balance per Statement of Cash Flows | 3,860,376  | 2,181,213  |

Council's cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. These include:

Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:

|                                         |         |           |
|-----------------------------------------|---------|-----------|
| Unspent government grants and subsidies | 114,940 | 2,676,245 |
| Total unspent restricted cash           | 114,940 | 2,676,245 |

|  | 2020<br>\$ | 2019<br>\$ |
|--|------------|------------|
|--|------------|------------|

**Trust funds held for outside parties**

The Council performs only a custodial role in respect of these monies. As these funds cannot be used by the Council, they are not brought to account in these financial statements.

|                                                                                                           |    |    |
|-----------------------------------------------------------------------------------------------------------|----|----|
| Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities | 80 | 80 |
|                                                                                                           | 80 | 80 |

**11 Trade and Other Receivables**

Trade receivables are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase price / contract price. Settlement of these amounts is required within 30 days from invoice date.

Debts are regularly assessed for collectability and allowance is made, where appropriate, for impairment. All known bad debts were written-off at 30 June. If an amount is recovered in a subsequent period it is recognised as revenue.

Subsequent recoveries of amounts previously written off in the same period are recognised as finance costs in the Statement of Comprehensive Income.

|                  | 2020<br>\$ | 2019<br>\$ |
|------------------|------------|------------|
| Current          |            |            |
| Trade debtors    | 1,210,548  | 1,703,261  |
| Other debtors    | 82,444     | 13,725     |
| Less: Impairment | (157,096)  | (216,502)  |
| GST recoverable  | 173,065    | 69,705     |
|                  | 1,308,961  | 1,570,189  |

No interest is charged on debtors. There is no concentration of credit risk for service charges, fees and other debtors receivable.

Movement in accumulated impairment losses is as follows:

|                                              | 2020<br>\$ | 2019<br>\$ |
|----------------------------------------------|------------|------------|
| Opening balance at 1 July                    | 216,502    | 176,394    |
| Impairment debts written off during the year | (56,213)   | -          |
| Additional impairments recognised            | 124,087    | 40,108     |
| Impairments reversed                         | (127,280)  | -          |
| Closing balance at 30 June                   | 157,096    | 216,502    |



**Mornington Shire Council  
Notes to the Financial Statements  
For the year ended 30 June 2020**

**12 Contract Balances**

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before payment is due, Council presents the work in progress as a contract asset, unless the rights to that amount of consideration are unconditional, in which case Council recognises a receivable.

When an amount of consideration is received from a customer/ fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.

|                                                                                                     |                  |
|-----------------------------------------------------------------------------------------------------|------------------|
| <b>a Contract assets</b>                                                                            | 303,551          |
| <b>b Contract liabilities</b>                                                                       |                  |
| Funds received upfront to construct Council controlled assets                                       | 2,602,740        |
| Deposits received in advance of services provided (e.g. accommodation fees, hire fees)              | 20,000           |
|                                                                                                     | <u>2,622,740</u> |
| Revenue recognised that was included in the contract liability balance at the beginning of the year |                  |
| Funds received upfront to construct Council controlled assets                                       | 2,399,673        |
|                                                                                                     | <u>2,399,673</u> |

**c Significant changes in contract balances**

The contract assets and liabilities have arisen on adoption of AASB 15 and AASB 1058. Previously the revenue was recognised on receipt and therefore there was no effect on the statement of financial position. Refer to the change in accounting policy Note 24 for transition disclosures for AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not for Profit Entities.

**13 Leases**

**Council as a Lessor**

When Council is a lessor, the lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

If the lease contains lease and non-lease components then the non-lease components are accounted for in accordance with AASB 15 Revenue from Contracts with Customers.

The lease income is recognised on a straight-line basis over the lease term.

**Finance leases:**

Council has leased 230 dwellings as lessor to the Queensland Government for 40 years. The total lease payment per dwelling in the current year is between \$800 - \$907.60. These lease payments are required to be adjusted each year by the change in the Consumer Price Index (All Groups) for Brisbane. As the gross lease payments are insufficient to cover the fair value (current replacement cost) of the leased properties, there is no interest rate implicit in the leases and therefore no finance income will arise from the leases. Consequently, the leases are recognised at the present value of the expected future lease payments receivable (fair value). Gains on revaluation of finance lease assets are recognised as other income.

There are no unearned finance income, unguaranteed residual values accruing to the benefit of Council, accumulated allowance for uncollectible minimum lease payments receivable or contingent rents recognised as income applicable to the leases.





**Mornington Shire Council  
Notes to the Financial Statements  
For the year ended 30 June 2020**

|                                                                                                                | 2020<br>\$         | 2019<br>\$         |
|----------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| <b>Current</b>                                                                                                 |                    |                    |
| Finance leases                                                                                                 | 208,092            | 208,092            |
|                                                                                                                | <u>208,092</u>     | <u>208,092</u>     |
| <b>Non-Current</b>                                                                                             |                    |                    |
| Finance leases                                                                                                 | 6,199,478          | 5,909,712          |
|                                                                                                                | <u>6,199,478</u>   | <u>5,909,712</u>   |
| A reconciliation between the gross investment in the lease and the fair value of lease payments is as follows: |                    |                    |
| Gross minimum lease payments receivable:                                                                       |                    |                    |
| Not later than one year                                                                                        | 208,092            | 208,092            |
| Later than one year but not later than five years                                                              | 832,368            | 832,368            |
| Later than five years                                                                                          | 5,376,941          | 5,587,002          |
|                                                                                                                | <u>6,417,401</u>   | <u>6,627,462</u>   |
| Add: Estimated contingent rent                                                                                 | 2,632,138          | 3,327,843          |
| Less: Present value adjustment                                                                                 | (2,641,969)        | (3,837,501)        |
| Fair value of lease payments                                                                                   | <u>6,407,570</u>   | <u>6,117,804</u>   |
| The fair value of lease payments are receivable as follows:                                                    |                    |                    |
| Not later than one year                                                                                        | 208,092            | 208,092            |
| Between one and two years                                                                                      | 207,787            | 213,294            |
| Between two and three years                                                                                    | 207,482            | 218,626            |
| Between three and four years                                                                                   | 207,178            | 224,092            |
| Between four and five years                                                                                    | 206,875            | 229,694            |
| Later than five years                                                                                          | 5,370,156          | 5,024,006          |
|                                                                                                                | <u>6,407,570</u>   | <u>6,117,804</u>   |
|                                                                                                                | <b>2020<br/>\$</b> | <b>2019<br/>\$</b> |
| Movements in finance leases were as follows:                                                                   |                    |                    |
| Opening balance                                                                                                | 6,117,804          | 6,071,600          |
| Less: Lease receipts                                                                                           | (214,857)          | (329,622)          |
| Add: Gain/ (loss) on revaluation                                                                               | 504,624            | 375,826            |
| Closing balance                                                                                                | <u>6,407,570</u>   | <u>6,117,804</u>   |

| Key estimates and assumptions                                                                                                                                                                                                                                                                                                 |                |                |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| Consumer Price Index (CPI)                                                                                                                                                                                                                                                                                                    | 2.2% : 2019/20 | 2.5% : 2018/19 |
| Any increase in the consumer price index would result in an increase in actual lease receipts due not later than one year, an increase in estimated contingent rent and a corresponding increase in the revaluation gain (net of discounting). A decrease in CPI would result in a reduction in the estimated contingent rent |                |                |
| Discount Rate                                                                                                                                                                                                                                                                                                                 | 2.4% : 2019/20 | 3.5% : 2018/19 |
| An increase in the discount rate would result in a reduction in the fair value of lease payments and a corresponding decrease or loss on revaluation. A decrease in the discount rate would result in an increase in fair value of lease payments and a corresponding gain on revaluation.                                    |                |                |





**Morrington Shire Council**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

**Operating leases:**

Where Council retains the risks and rewards relating to a lease, they are classified as operating leases and related to several buildings held as property, plant and equipment in the statement of financial position for strategic purpose and to provide a social service.

Rent from investment and other property is recognised as income on a periodic straight line basis over the lease term

|                                                                                                  | 2020<br>\$ | 2019<br>\$ |
|--------------------------------------------------------------------------------------------------|------------|------------|
| Investment property income (excluding variable lease payments not dependent on an index or rate) | 517,719    | 443,226    |

There is nil unearned finance income, unguaranteed residual values accruing to the benefit of Council, accumulated allowance for uncollectible minimum lease payments receivable or contingent rents recognised as income applicable to the leases.

The Council has entered into commercial property leases on some of its buildings.

The minimum leases receipts are as follows:

|                         | 2020<br>\$ | 2019<br>\$ |
|-------------------------|------------|------------|
| Not later than one year | 274,859    | 350,242    |
| One to five years       | 894,658    | 973,039    |
| Later than five years   | 3,034,186  | 3,134,484  |
|                         | 4,203,703  | 4,457,765  |

| <b>Key estimates and assumptions</b>                                                                                                                                                                                                  |                |                |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| Consumer Price Index (CPI)                                                                                                                                                                                                            | 1.8% : 2019/20 | 2.5% : 2018/19 |
| Any increase in the consumer price index would result in an increase in lease revenue due, with any decrease in CPI reducing the lease revenue expected over the term of the lease, limited by the contractual minimum lease payable. |                |                |





Mornington Shire Council  
Notes to the Financial Statements  
For the year ended 30 June 2020

14 Property, Plant and Equipment

|                                                                       |  |
|-----------------------------------------------------------------------|--|
| Council - 30 June 2020                                                |  |
| Basis of Measurement                                                  |  |
| Asset Values                                                          |  |
| Opening gross value as at 1 July 2019                                 |  |
| Additions                                                             |  |
| Disposals                                                             |  |
| Transfers between classes                                             |  |
| Closing gross value as at 30 June 2020                                |  |
| Accumulated depreciation and impairment                               |  |
| Opening balance as at 1 July 2019                                     |  |
| Depreciation provided in period                                       |  |
| Depreciation on disposals                                             |  |
| Fair value adjustment on recognition of property, plant and equipment |  |
| Accumulated depreciation as at 30 June 2020                           |  |
| Total written down value as at 30 June 2020                           |  |
| Residual Value                                                        |  |
| Range of estimated useful life in years                               |  |
| Additions Comprise:                                                   |  |
| Renewals                                                              |  |
| Other additions                                                       |  |
| Total additions                                                       |  |

| Buildings  | Plant and Equipment | Road and Drainage Network | Water      | Sewerage   | Other Infrastructure Assets | Work in Progress | Total       |
|------------|---------------------|---------------------------|------------|------------|-----------------------------|------------------|-------------|
|            |                     |                           |            |            |                             |                  |             |
| Fair Value | Cost                | Fair Value                | Fair Value | Fair Value | Fair Value                  | Cost             | \$          |
| \$         | \$                  | \$                        | \$         | \$         | \$                          | \$               | \$          |
| 45,147,443 | 6,289,973           | 60,874,635                | 33,374,706 | 14,044,498 | 22,930,946                  | 5,924,259        | 188,595,360 |
| 1,254,403  | 110,351             |                           |            |            | 281,568                     | 5,400,892        | 7,137,344   |
| (985,488)  | (160,514)           |                           |            |            | (12,946)                    | (14,026)         | (1,052,944) |
| 807,087    | 211,026             |                           |            |            |                             | (1,018,083)      | -           |
| 46,343,455 | 6,450,836           | 60,874,635                | 33,374,706 | 14,044,498 | 23,208,568                  | 10,383,132       | 194,679,780 |
| 21,917,244 | 3,932,095           | 24,268,242                | 12,668,207 | 8,304,368  | 4,360,107                   | -                | 75,478,261  |
| 1,060,428  | 262,850             | 3,002,635                 | 491,058    | 256,885    | 583,071                     |                  | 5,702,727   |
| (670,799)  | (78,175)            |                           |            |            | (11,004)                    |                  | (759,878)   |
| 984,600    |                     |                           |            |            |                             |                  | 984,600     |
| 23,327,473 | 4,116,570           | 27,268,877                | 13,159,265 | 8,561,251  | 4,942,174                   | -                | 81,405,610  |
| 23,015,982 | 2,334,266           | 33,575,658                | 20,215,441 | 5,483,247  | 18,266,424                  | 10,383,132       | 113,274,150 |
| -          | -                   | -                         | -          | -          | -                           | -                | -           |
| 15-60      | 5-40                | 5-50                      | 10-100     | 15-100     | 1-50                        | -                | -           |
| \$         | \$                  | \$                        | \$         | \$         | \$                          | \$               | \$          |
| 642,275    | 321,377             | -                         | -          | -          | 160,850                     | 3,483,883        | 4,622,285   |
| 1,419,195  |                     |                           |            |            | 111,648                     | 984,216          | 2,515,059   |
| 2,061,470  | 321,377             | -                         | -          | -          | 281,598                     | 4,472,869        | 7,137,344   |



Mornington Shire Council  
Notes to the Financial Statements  
For the year ended 30 June 2020

14 Property, Plant and Equipment

| Council - 30 June 2019                                                           |  |                     |  |                           |  |             |  |            |  |                             |  |                  |  |
|----------------------------------------------------------------------------------|--|---------------------|--|---------------------------|--|-------------|--|------------|--|-----------------------------|--|------------------|--|
| Basis of Measurement                                                             |  |                     |  |                           |  |             |  |            |  |                             |  |                  |  |
| Asset Values                                                                     |  |                     |  |                           |  |             |  |            |  |                             |  |                  |  |
| Buildings                                                                        |  | Plant and Equipment |  | Road and Drainage Network |  | Water       |  | Sewerage   |  | Other Infrastructure Assets |  | Work in Progress |  |
| Fair Value                                                                       |  | Cost                |  | Fair Value                |  | Fair Value  |  | Fair Value |  | Fair Value                  |  | Cost             |  |
| \$                                                                               |  | \$                  |  | \$                        |  | \$          |  | \$         |  | \$                          |  | \$               |  |
| 44,048,898                                                                       |  | 5,401,106           |  | 59,249,770                |  | 32,560,689  |  | 13,473,737 |  | 22,138,117                  |  | 12,834,569       |  |
| 189,807,016                                                                      |  |                     |  |                           |  |             |  |            |  |                             |  |                  |  |
| Additions                                                                        |  |                     |  |                           |  |             |  |            |  |                             |  |                  |  |
| Disposals                                                                        |  | (56,363)            |  |                           |  |             |  |            |  | (273,686)                   |  | (390,065)        |  |
| Revaluation adjustment to other comprehensive income (asset revaluation surplus) |  | 976,212             |  | (17,389,718)              |  | 814,017     |  | 336,843    |  | 655,933                     |  | (14,606,713)     |  |
| Transfers between classes                                                        |  | 1,727,233           |  | 19,014,483                |  |             |  | 233,918    |  | 419,562                     |  | (22,340,446)     |  |
| Closing gross value as at 30 June 2019                                           |  | 45,147,443          |  | 60,874,535                |  | 33,374,706  |  | 14,044,498 |  | 22,939,946                  |  | 5,924,259        |  |
| 188,595,360                                                                      |  |                     |  |                           |  |             |  |            |  |                             |  |                  |  |
| Accumulated depreciation and impairment                                          |  |                     |  |                           |  |             |  |            |  |                             |  |                  |  |
| Opening balances as at 1 July 2018                                               |  | 21,368,118          |  | 3,570,409                 |  | 28,583,450  |  | 11,985,369 |  | 3,418,068                   |  | 76,825,953       |  |
| Depreciation provided in period                                                  |  | 1,125,935           |  | 394,810                   |  | 2,935,918   |  | 373,827    |  | 201,855                     |  | 6,111,477        |  |
| Depreciation on disposals                                                        |  | (1,068,539)         |  | (22,924)                  |  |             |  |            |  | (273,686)                   |  | (1,365,149)      |  |
| Revaluation adjustment to asset revaluation surplus                              |  | 491,730             |  |                           |  | (7,223,126) |  | 308,981    |  | 202,002                     |  | 126,363          |  |
| Accumulated depreciation as at 30 June 2019                                      |  | 21,917,244          |  | 3,932,095                 |  | 24,296,242  |  | 12,688,207 |  | 8,304,366                   |  | 4,360,107        |  |
| 75,478,281                                                                       |  |                     |  |                           |  |             |  |            |  |                             |  |                  |  |
| Total written down value as at 30 June 2019                                      |  |                     |  |                           |  |             |  |            |  |                             |  |                  |  |
| Residual value                                                                   |  | 23,230,199          |  | 2,357,878                 |  | 36,578,293  |  | 20,706,499 |  | 18,579,839                  |  | 5,924,259        |  |
| 113,117,099                                                                      |  |                     |  |                           |  |             |  |            |  |                             |  |                  |  |
| Range of estimated useful life in years                                          |  |                     |  |                           |  |             |  |            |  |                             |  |                  |  |
| 15-60                                                                            |  | 5-40                |  | 5-50                      |  | 10-100      |  | 15-100     |  | 1-50                        |  |                  |  |



Mornington Shire Council  
Notes to the Financial Statements  
For the year ended 30 June 2020

14 Property, Plant and Equipment (Continued)

a) Recognition

Each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss. Items of plant and equipment with a total value of less than \$5,000, and infrastructure assets and buildings with a total value of less than \$10,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

Capital and Operating Expenditure

Wage and materials expenditure incurred for the acquisition or construction of assets are treated as capital expenditure. Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity of the non-current asset is expensed as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.

Deed of Grant in Trust Land

Council is located on land assigned to it under a Deed of Grant in Trust (DOGIT) under Section 34I of the Land Act 1994.

The land is administered by the Department of Natural Resources and Mines and the Council has restricted use of this land for the benefit of shire inhabitants. The DOGIT land has not been taken up in the Council's assets as it cannot be reliably measured.

b) Measurement

Acquisition of assets

Acquisitions of assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including freight in, architect's fees and engineering design fees and all other establishment costs.

Property, plant and equipment received in the form of contributions, are recognised as assets and revenues at fair value by Council valuation where that value exceeds the recognition thresholds for the respective asset class. Fair value is the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.

Capital Work in Progress

The cost of property, plant and equipment being constructed by the Council includes the cost of purchased services, materials, direct labour and an appropriate proportion of labour overheads.

c) Depreciation

Depreciation on property, plant and equipment assets is calculated on a straight-line basis so as to write-off the net cost or revalued amount of each depreciable asset, progressively over its estimated useful life to the Council. Management believe that the straight-line basis appropriately reflects the pattern of consumption of all Council assets.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate. Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the Council.

The depreciable amount of improvements to or on leasehold land is allocated progressively over the estimated useful lives of the improvements to the Council or the unexpired period of the lease, whichever is the shorter.







Mornington Shire Council  
Notes to the Financial Statements  
For the year ended 30 June 2020

14 Property, Plant and Equipment (Continued)

Depreciation methods and estimated useful lives of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. The condition assessments performed as part of the annual valuation process for assets measured at written down current replacement cost are used to estimate the useful lives of these assets at each reporting date.

**Key judgements and estimates:**

Straight line depreciation is used as that is consistent with the even consumption of service potential of these assets over their useful life to the Council.

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

d) Impairment

The recoverable amount of specialised non-current assets held for continuing use of their service capacity is considered to be materially equivalent to its fair value.

Other non-specialised non-current physical asset and group of assets are assessed for indicators of impairment annually. If an indicator of possible impairment exists, the Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

**Key judgements and estimates:**

In assessing impairment, management estimates the recoverable amount of each asset, based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

e) Valuation

**Key judgements and estimates:**

Some of the Council's assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, the Council uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Council engages third party qualified valuers to perform the valuation. The Council works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed within this note.

f) Valuation Processes

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every 3 years. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection. Desktop valuations are conducted in intervening years and, where material, are applied to the asset values.







**Morrington Shire Council  
Notes to the Financial Statements  
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**14 Property, Plant and Equipment (Continued)**

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.

Separately identified components of assets are measured on the same basis as the assets to which they relate.

**Key judgements and estimates:**

At 30 June 2020, alternative procedures were performed to consider and assess indicators or factors which may materially impact the measurement of fair value. These procedures included the consideration of recent projects, movement in current indices and recent events. Alternative procedures did not identify any indicators or factors which would significantly impact the fair value, therefore indexation was not required to be applied at balance date.

**15 Fair Value Measurements**

**(i) Recognised Fair Value Measurements**

Council measures and recognises the following assets at fair value on a recurring basis:

- Property, plant and equipment
  - Buildings
  - Road and Drainage
  - Water
  - Sewerage
  - Other Infrastructure Assets

In accordance with AASB 13 fair value measurements are categorised on the following basis:

- Fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Fair value based on inputs that are directly or indirectly observable for the asset or liability (Level 2)
- Fair value based on unobservable inputs for the asset and liability (Level 3)

Council does not have any assets measured at fair value which meet the criteria for categorisation as level 1 or level 2.

The fair values of the assets are determined using valuation techniques which maximise the use of observable data, where it is available, and minimise the use of entity specific estimates. If all significant inputs required to fair value an asset are observable, the asset is included in level 2. There are no level 2 items recognised by Council. If one or more of the significant inputs is not based on observable market data, the asset is included in level 3. This is the case for Council infrastructure assets, which are of a specialist nature for which there is no active market for similar or identical assets. These assets are valued using a combination of observable and unobservable inputs.

**(ii) Valuation techniques used to derive fair values for level 3 valuations**

**Buildings (Level 3)**

The last full valuation of Council's building assets was performed effective 30 June 2018 by AssetVal Pty Ltd with reference to detailed condition assessments performed by CT Management. The desktop indexation assessments are based on inputs from producer price data, construction indices and recent cost guides (2019: +2.3%). Due to the nature of Morrington Island, there is neither an active market for the assets or the Council buildings are of a specialist nature. Therefore the determination of fair value has been performed using the Cost approach valuation technique.

The valuer has determined the fair value of building infrastructure through the following process:

\* Where there is no market for an asset (consideration of either a principal market or most advantageous), the net current value of the asset is the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset.





**Morrington Shire Council  
Notes to the Financial Statements  
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**15 Fair Value Measurements (Continued)**

\* Published/ available market data for recent projects, and/or published cost guides were utilised to determine the estimated replacement cost (gross value) of the asset, including allowances for preliminaries and professional fees. The replacement cost of the assets was determined by applying unit rates to each component of the asset. The unit rates applied include all materials, labour and overheads. These unit rates are estimated using information collated from similar recent project costs, direct quotations from suppliers, unit rate databases, indices and Rawlinson's Construction Handbook.

\* A condition assessment was applied, based on factors such as the age of the asset, overall condition as noted through physical inspection, economic and/or functional obsolescence. The condition assessment was utilised to calculate and reflect the current serviceability level of the asset.

In determining the level of accumulated depreciation for building assets, the assets were disaggregated into significant components which exhibit different patterns of consumption (useful lives).

The assessment of remaining useful life was made by the valuer taking into consideration the current physical condition of assets, construction date, evidence of recent repairs or capital works and the surrounding environmental factors.

**Infrastructure Assets (Level 3)**

All Council infrastructure assets were valued using written down current replacement cost. There is no market for Council's roads, water, sewerage and drainage assets and other infrastructure assets as these are held to provide essential services to the community. The fair value comprises the estimated current cost of replacement of the asset with a similar asset which is not necessarily an exact reproduction but which has similar service potential and function (plus where applicable an amount for installation), less an amount for depreciation in the form of accrued physical wear and tear, economic and functional obsolescence.

Current replacement cost was calculated by reference to the assets linear and width characteristics, overhead allocations and service costs. Where construction is outsourced, current replacement cost was based on the average of similar projects over the last few years. Reference was also made to recent costs for construction works within the similar remote locations and Rawlinson's Construction Cost Guide.

The last full valuation of Council's water, sewer and other infrastructure was undertaken by AssetVal Pty Ltd effective 30 June 2017. The desktop indexation assessments are based on using a composite utilities index developed by combining the Electrical Equipment Manufacturing Index, the Engineering Design and Management Index, the Metal Product Manufacturing Index and the Concrete Product Manufacturing Index from the ABS Producer Price Index. The weighting of each index is based on an estimated project cost breakdown at 10%, 40%, 10% and 40% respectively (2019: +2.5%).

The last full valuation of Council road infrastructure was undertaken by AssetVal Pty Ltd effective 30 June 2017. The desktop indexation assessments are based on ABS Producers' Price Index "Roads and Bridges Construction" (2019: +2.8%).

A desktop road condition assessment was performed by CT Management for the year ended 30 June 2019. The assessment of condition was performed with reference to completion photos of restoration works for damage incurred during declared weather events in 2017 and 2018. The condition ratings of roads damaged during declared weather events in March 2019 and February 2020 were subsequently reassessed based on the nature and extent of damage with consideration of required restoration methods. Road assets which had not been damaged since the last comprehensive revaluation have been revised based on deterioration assumptions and overall asset lives.





**Mornington Shire Council  
Notes to the Financial Statements  
For the year ended 30 June 2020**

**15 Fair Value Measurements (Continued)**

For the year ended 30 June 2020 Council assessed the relevant indexes and determined that there was no material movement in the current replacement cost of infrastructure assets. Accordingly a nil indexation rate was applied.

*Componentisation*

Council categorises the road infrastructure into urban and rural roads with further sub categories of sealed and unsealed roads. Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment. Council also assumes a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials.

*Calculating Remaining Useful Lives*

The remaining useful lives used in the depreciation calculations are estimated using the following methods:

- \* Condition;
- \* Known Age; and
- \* Estimated Age

In determining total useful life, remaining life and accumulated depreciation, assets were generally subject to an inspection or an assessment to determine remaining life. Where site inspections were conducted, (i.e. for active assets, buildings and roads), the assets were allocated a condition assessment, which was used to estimate remaining life.

Where water and sewer assets are located underground and physical inspection is not possible, the age, size and type of construction material, together with current and planned maintenance records are used to determine the fair value at reporting date.

Where detailed condition is not available or the age of the asset is known, the remaining life is estimated using the current age of the assets, adjusted for obsolescence after visual inspection.

In determining the level of accumulated depreciation for infrastructure assets, the assets were disaggregated into significant components which exhibit different patterns of consumption (useful lives). Annual depreciation is calculated on a straight line basis over the remaining life of the asset.

**16 Trade and Other Payables**

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price net of applicable discounts other than contingent discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

The fair value of trade payables is assumed to approximate the value of the original transaction.

A liability for annual leave is recognised. All amounts have been recognised as current due to the entitlement of staff to take their leave at any time, subject to operational requirements.

Sick leave taken in the future will be met by future entitlements and hence no recognition of sick leave has been made in these financial statements.

|                        | 2020             | 2019             |
|------------------------|------------------|------------------|
|                        | \$               | \$               |
| Current                |                  |                  |
| Creditors and accruals | 982,782          | 1,358,726        |
| Annual leave           | 462,832          | 619,306          |
| Other payables         | 74,837           | 94,560           |
|                        | <u>1,500,451</u> | <u>2,072,592</u> |





**Mornington Shire Council  
Notes to the Financial Statements  
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**17 Provisions**

Long Service Leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value.

Where employees have met the prerequisite length of service and council does not have an unconditional right to defer this liability beyond 12 months long service leave is classified as a current liability. Otherwise it is classified as non-current.

| <b>Key estimates and assumptions</b>                                                                                                                                                                                                                                                                                   |                 |                 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| Wage Price Index                                                                                                                                                                                                                                                                                                       | 3% : 2019/20    | 1.5% : 2018/19  |
| Any increase in the wage price index would result in an increase in estimated gross liability and increase the corresponding employee entitlement expense.                                                                                                                                                             |                 |                 |
| Discount Rate                                                                                                                                                                                                                                                                                                          | 1.75% : 2019/20 | 2.75% : 2018/19 |
| An increase in the discount rate would result in a reduction in the gross liability and a corresponding decrease in the corresponding employee entitlement expense. A decrease in the discount rate would result in an increase in the net liability and a corresponding increase in the employee entitlement expense. |                 |                 |

Refuse dump restoration

A provision is made for the cost of restoring refuse dumps where it is probable the Council will be liable, or required, to do this when the use of the facilities is complete.

| <b>Key estimates and assumptions</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| The provision for refuse restoration is calculated as the present value of anticipated future costs associated with the closure of the dump sites, decontamination and monitoring of historical residues and leaching on these sites. The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for dump sites is reviewed at least annually and updated based on the facts and circumstances available at the time. Management estimates that the current trenches will close in 2030 and that the restoration and monitoring will occur progressively over the subsequent 30 years. |  |

|                    | <b>2020</b>      | <b>2019</b>      |
|--------------------|------------------|------------------|
|                    | <b>\$</b>        | <b>\$</b>        |
| <b>Current</b>     |                  |                  |
| Long service leave | 24,002           | 84,208           |
|                    | <u>24,002</u>    | <u>84,208</u>    |
| <b>Non-current</b> |                  |                  |
| Long service leave | 160,644          | 121,158          |
| Refuse restoration | 1,389,172        | 1,094,817        |
|                    | <u>1,549,816</u> | <u>1,215,975</u> |



**Mornington Shire Council  
Notes to the Financial Statements  
For the year ended 30 June 2020**

**17 Provisions (Continued)**

Details of movements in provisions:

|                                                                 | 2020<br>\$       | 2019<br>\$       |
|-----------------------------------------------------------------|------------------|------------------|
| <b>Long service leave</b>                                       |                  |                  |
| Balance at beginning of financial year                          | 205,366          | 132,010          |
| Long service leave entitlement arising                          | 102,425          | 77,949           |
| Long Service entitlement extinguished                           | (49,035)         | (4,472)          |
| Long Service entitlement paid                                   | (73,210)         | (121)            |
| Balance at end of financial year                                | <u>185,546</u>   | <u>205,366</u>   |
| <b>Refuse restoration</b>                                       |                  |                  |
| Balance at beginning of financial year                          | 1,094,816        | -                |
| Initial recognition of restoration costs                        | -                | 1,094,816        |
| Increase in provision due to unwinding of discount              | 9,168            | -                |
| Increase (decrease) in provision due to change in discount rate | 285,187          | -                |
| Balance at end of financial year                                | <u>1,389,172</u> | <u>1,094,816</u> |

**18 Asset Revaluation Surplus**

The asset revaluation surplus comprises revaluation movements on property, plant and equipment. Increases and decreases on revaluation are offset within a class of assets.

When an asset is disposed of, the amount reported in surplus in respect of that asset is retained in the revaluation surplus and not transferred to retained surplus.

Movements in the asset revaluation surplus were as follows:

|                                                                    | 2020<br>\$        | 2019<br>\$        |
|--------------------------------------------------------------------|-------------------|-------------------|
| Balance at beginning of financial year                             | 99,160,205        | 107,672,898       |
| Net adjustment to non-current assets at end of period to reflect a |                   |                   |
| - Buildings                                                        | -                 | 484,482           |
| - Road and drainage network                                        | -                 | (10,166,592)      |
| - Water                                                            | -                 | 505,036           |
| - Sewerage                                                         | -                 | 134,841           |
| - Other structures                                                 | -                 | 529,540           |
| Balance at end of financial year                                   | <u>99,160,205</u> | <u>99,160,205</u> |

**Asset revaluation surplus analysis**

The closing balance of the asset revaluation surplus comprises the following asset categories:

|                           | 2020<br>\$        | 2019<br>\$        |
|---------------------------|-------------------|-------------------|
| Buildings                 | 64,411,045        | 64,411,045        |
| Road and drainage network | 7,933,732         | 7,933,732         |
| Water                     | 16,299,706        | 16,299,706        |
| Sewerage                  | 3,463,235         | 3,463,235         |
| Other structures          | 7,052,487         | 7,052,487         |
|                           | <u>99,160,205</u> | <u>99,160,205</u> |







Mornington Shire Council  
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19 Reconciliation of net result for the year to net cash inflow (outflow) from operating activities

|                                                            | Note     | 2020<br>\$         | 2019<br>\$          |
|------------------------------------------------------------|----------|--------------------|---------------------|
| Net result                                                 |          | 1,070,761          | 6,122,496           |
| Non-cash items:                                            |          |                    |                     |
| Depreciation and amortisation                              | 14       | 5,702,727          | 6,111,477           |
| Other contributions - Non Cash                             | 3(d)(ii) | (551,400)          |                     |
| Discount rate adjustment to landfill restoration provision | 9        | 285,187            | 1,094,816           |
| Brought forward work in progress expensed in current year  | 14       | 14,026             | 390,095             |
| (Gain)/ loss on revaluation of finance leases              | 5        | (504,624)          | (375,826)           |
|                                                            |          | <u>4,945,916</u>   | <u>7,220,562</u>    |
| Investing and development activities:                      |          |                    |                     |
| Net (profit)/loss on disposal of non-current assets        | 9        | 196,984            | 569,900             |
| Changes in accounting policy                               | 24       | (1,777,271)        |                     |
| Capital grants and contributions                           | 3(d)(ii) | (2,941,543)        | (16,634,018)        |
|                                                            |          | <u>(4,521,831)</u> | <u>(16,064,118)</u> |
| Changes in operating assets and liabilities:               |          |                    |                     |
| (Increase)/ decrease in receivables                        |          | 261,228            | 454,526             |
| (Increase)/ decrease in contract assets                    |          | (303,551)          | -                   |
| (Increase)/decrease in inventory                           |          | (56,321)           | (73,505)            |
| Increase/(decrease) in payables                            |          | (571,486)          | 329,408             |
| Increase/(decrease) in contract liabilities                |          | -                  | -                   |
| Increase/(decrease) in other provisions                    |          | 274,537            | 73,356              |
|                                                            |          | <u>(395,593)</u>   | <u>783,786</u>      |
| Net cash inflow from operating activities                  |          | <u>1,705,253</u>   | <u>(1,937,274)</u>  |





Mornington Shire Council  
Notes to the Financial Statements  
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20 Financial Instruments

Mornington Shire Council has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note provides information (both qualitative and quantitative) to assist statement users evaluate the significance of financial instruments on the Council's financial position and financial performance, including the nature and extent of risks and how the Council manages these exposures.

**Risk Management Framework**

Mornington Shire Council is responsible for the establishment and oversight of the risk management framework, together with developing and monitoring risk management policies.

Council's risk management approves policies for overall risk management, as well as specifically for managing credit, liquidity and market risk.

The Council's risk management policies are established to identify and analyse the risks faced, to set appropriate limits and controls and to monitor these risks and adherence against limits. The Council aims to manage volatility to minimise potential adverse effects on the financial performance of the Council.

Mornington Shire Council does not enter into derivatives.

**Credit Risk**

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. These obligations arise principally from the Council's investments and receivables from customers.

Exposure to credit risk is managed through regular analysis of credit counterparty ability to meet payment obligations.

No collateral is held as security relating to the financial assets held by Mornington Shire Council.

The carrying amount of financial assets at the end of the reporting period represent the maximum exposure to credit risk for the Council.

Cash and cash equivalents

The Council may be exposed to credit risk through its investments in the QTC Cash Fund and QTC Working Capital Facility. The QTC Cash Fund is an asset management portfolio that invests with a wide range of high credit rated counterparties. Deposits with the QTC Cash Fund are capital guaranteed. Working Capital Facility deposits have a duration of one day and all investments are required to have a minimum credit rating of "A-", therefore the likelihood of the counterparty having capacity to meet its financial commitments is strong.

Trade and other receivables

The Council assesses the credit risk before providing goods or services and applies normal business credit protection procedures to minimise the risk.

By the nature of the Council's operations, there is a geographical concentration of risk in the Council's area. This is due to economic issues e.g. low employment and various cultural issues all of which have a general economic impact.

Lease receivables

Council has elected to use the simplified approach for lease receivables. Whilst historical data shows that defaults have occurred, even in the event of a default occurring, Council has determined expected credit losses for this receivables grouping to be immaterial, accordingly an expected credit loss of lease receivables is not calculated.







**Morrington Shire Council  
Notes to the Financial Statements  
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**20 Financial Instruments**

At 30 June 2020, the exposure to credit risk for trade receivables by type of counterparty was as follows:

|                         | 2020<br>\$       | 2019<br>\$       |
|-------------------------|------------------|------------------|
| Property charges        | 387,931          | 38,004           |
| Community organisations | 200,044          | 1,159,759        |
| Other                   | 695,017          | 519,222          |
|                         | <u>1,282,992</u> | <u>1,716,986</u> |

A summary of the Council's exposure to credit risk for trade receivables is as follows:

|                                    | 2020<br>Not credit-<br>impaired<br>\$ | 2020<br>Credit-<br>impaired<br>\$ | 2019<br>Not credit-<br>impaired<br>\$ | 2019<br>Credit-<br>impaired<br>\$ |
|------------------------------------|---------------------------------------|-----------------------------------|---------------------------------------|-----------------------------------|
| Not past due                       | 648,899                               | -                                 | 1,313,944                             | 11,025                            |
| Past due 31-60 days                | 20,611                                | -                                 | 113,588                               | 9,736                             |
| Past due 61-90 days                | 13,062                                | -                                 | (4,602)                               | 16,271                            |
| More than 90 days                  | 453,323                               | 157,096                           | 77,554                                | 179,470                           |
| <b>Total gross carrying amount</b> | <u>1,135,895</u>                      | <u>157,096</u>                    | <u>1,500,484</u>                      | <u>216,502</u>                    |
| Loss allowance                     | -                                     | (157,096)                         | -                                     | (216,502)                         |
|                                    | <u>1,135,895</u>                      | <u>-</u>                          | <u>1,500,484</u>                      | <u>-</u>                          |

**Accounting Policies**

**Accounting policies - Receivables**

Receivables are measured at amortised cost which approximates fair value at reporting date. Trade receivables are recognised at the amounts due at the time of sale or service delivery, i.e. the agreed purchase/ contract price. Settlement of these amounts is required within 30 days from invoice date.

**Accounting policies - Groupings**

When Council has no reasonable expectation of recovering an amount owed by a debtor, and has ceased enforcement activity, the debt is written-off by directly reducing the receivable against the loss allowance. If the amount of debt written off exceeds the loss allowance, the excess is recognised as an impairment loss.

Accounting for impairment losses is dependent upon the individual group of receivables subject to impairment. Where material, the loss allowance for grouped receivables reflects lifetime expected credit losses and incorporates reasonable and supportable forward-looking information. When assessing expected credit losses, the ageing of receivables, historical collection rates and specific knowledge of the debtors financial position form part of the impairment assessment.

**Liquidity Risk**

Liquidity risk is the risk that the Council will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Council manages its exposure to liquidity risk by maintaining sufficient cash deposits to cater for volatility in cash flows.

All of Council's payables will mature within 12 months.





Mornington Shire Council  
Notes to the Financial Statements  
For the year ended 30 June 2020

20 Financial Instruments

*Sensitivity*

Sensitivity to interest rate movements is shown for variable financial assets and liabilities based on the carrying amount at reporting date.

The Council does not account for any fixed-rate financial assets or financial liabilities at Fair Value through Profit or Loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

The following interest rate sensitivity analysis depicts what effect a reasonably possible change in interest rates (assumed to be 1%) would have on the profit and equity, based on the carrying values at the end of the reporting period. The calculation assumes that the change in interest rates would be held constant over the period.

|                | Net<br>carrying<br>\$ | Effect on Net Result |                   | Effect on Equity  |                   |
|----------------|-----------------------|----------------------|-------------------|-------------------|-------------------|
|                |                       | 1% increase<br>\$    | 1% decrease<br>\$ | 1% increase<br>\$ | 1% decrease<br>\$ |
| 2020           |                       |                      |                   |                   |                   |
| Other Deposits | 3,860,376             | 38,604               | (38,604)          | 38,604            | (38,604)          |
| Net total      | 3,860,376             | 38,604               | (38,604)          | 38,604            | (38,604)          |
| 2019           |                       |                      |                   |                   |                   |
| Other Deposits | 2,181,211             | 21,812               | (21,812)          | 21,812            | (21,812)          |
| Net total      | 2,181,211             | 21,812               | (21,812)          | 21,812            | (21,812)          |

21 Commitments for Expenditure

Council has not entered into any contractual arrangements at year end which are not recognised in the financial statements.





**Mornington Shire Council  
Notes to the Financial Statements  
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**22 Contingent Liabilities**

**Local Government Mutual**

The Council is a member of the local government mutual liability self-insurance pool, LGM Queensland. In the event of the pool being wound up or it is unable to meet its debts as they fall due, the trust deed and rules provide that any accumulated deficit will be met by the individual pool members in the same proportion as their contribution is to the total pool contributions in respect to any year that a deficit arises.

The latest audited financial statements for LGM Queensland are as at 30 June 2019 and show accumulated member funds (equity) of \$78,992,954.

**Local Government Workcare**

The Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$190,275.34.

The latest audited financial statements for Local Government Workcare are as at 30 June 2019 and show accumulated member funds of \$49,217,850. It is not anticipated that any liability will arise.

**23 Superannuation**

Council contributes to the LGIASuper Regional Defined Benefits Fund (the scheme), at the rate of 12% for each permanent employee who is a defined benefit member. This rate is set in accordance with the LGIASuper trust deed and may be varied on the advice of an actuary. The Regional Defined Benefits Fund is a complying superannuation scheme for the purpose of the Commonwealth Superannuation Industry (Supervision) legislation and is also governed by the Local Government Act 2009.

The scheme is a defined benefit plan, however Council is not able to account for it as a defined benefit plan in accordance with AASB 119 because LGIASuper is unable to account for its proportionate share of the defined benefit obligation, plan assets and costs.

Any amount by which the scheme is over or under funded may affect future benefits and result in a change to the contribution rate, but has not been recognised as an asset or liability of the Council.

Technically Council can be liable to the scheme for a portion of another local governments' obligations should that local government be unable to meet them. However the risk of this occurring is extremely low and in accordance with the LGIASuper trust deed changes to council's obligations will only be made on the advice of an actuary.

The last completed actuarial assessment of the scheme was undertaken as at 1 July 2018. The actuary indicated that "At the valuation date of 1 July 2018, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date." The Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.

No changes have been made to prescribed employer contributions which remain at 12% of employee assets and there are no known requirements to change the rate of contributions.

The next triennial actuarial review is not due until 1 July 2021.



**Mornington Shire Council  
Notes to the Financial Statements  
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The most significant risks that may result in LGIA super increasing the contribution rate, on the advice of the actuary, are:

**Investment risk** - The risk that the scheme's investment returns will be lower than assumed and additional contributions are needed to fund the shortfall.

**Salary growth risk** - The risk that wages or salaries will rise more rapidly than assumed, increasing vested benefits to be funded.

|                                                                                         | Note | 2020<br>\$ | 2019<br>\$ |
|-----------------------------------------------------------------------------------------|------|------------|------------|
| Superannuation contributions made to the Regional Defined Benefits Fund                 |      | 544,767    | 789,941    |
| Other superannuation contributions for employees                                        |      | 62,358     | 55,234     |
| Total superannuation contributions paid by Council for employees:                       | 6    | 607,125    | 845,175    |
|                                                                                         |      | 2021<br>\$ | 2020<br>\$ |
| Contributions council expects to make to the Regional Defined Benefits Fund for 2020-21 |      | 727,000    | 700,000    |

**24 Changes in Accounting Policy**

During the year ended 30 June 2020, Council has adopted AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of NFP Entities using the modified retrospective (cumulative catch-up) method and therefore the comparative information for the year ended 30 June 2019 has not been restated and continues to comply with AASB 111 Construction Contracts, AASB 118 Revenue, AASB 1004 Contributions and associated Accounting Interpretations.

All adjustments on adoption of AASB 15 and AASB 1058 have been taken to retained earnings at 1 July 2019.

The impacts of adopting these standards and associated transition disclosures are provided below:

**Revenue Standards - AASB 15 and AASB 1058**

The following options have been applied on transition to AASB 15 and AASB 1058:

- Council has not adopted the completed contract expedient and therefore has not excluded revenue which was fully recognised in previous years in accordance with the former accounting standards and pronouncements
- Council has not retrospectively restated contracts for modifications that occurred before 1 July 2019.

Changes in accounting policy on adoption of AASB 15 and AASB 1058

Opening contract balances on transition at 1 July 2019

|                                                                |                                 |
|----------------------------------------------------------------|---------------------------------|
|                                                                | Balance at 1 July<br>2019<br>\$ |
| <b>Contract Assets</b>                                         |                                 |
| - Under AASB 1058                                              | 622,403                         |
| <b>Total contract assets</b>                                   | 622,403                         |
| <b>Contract Liabilities</b>                                    |                                 |
| - Under AASB 1058                                              | 2,399,673                       |
| <b>Total contract liabilities</b>                              | 2,399,673                       |
| <b>Adjustment on initial application of AASB 15/ AASB 1058</b> | (1,777,270)                     |







**Mornington Shire Council  
Notes to the Financial Statements  
For the year ended 30 June 2020**

**24 Changes in Accounting Policy (Continued)**

Comparison of affected financial statements lines between AASB 15 / 1058 and previous revenue standards

The following table shows the amount by which the financial statement line item is affected by the application of AASB 15 and AASB 1058 as compared to the previous revenue standards.

Statement of financial position at 30 June 2020

|                                    | Carrying<br>amount per<br>Statement of<br>Financial<br>Position<br>Dr/ (Cr) \$ | Adjustments<br>Dr/ (Cr) \$ | Carrying amount if<br>previous standards<br>had been applied<br>\$ |
|------------------------------------|--------------------------------------------------------------------------------|----------------------------|--------------------------------------------------------------------|
| Contract assets                    | 303,551                                                                        | (303,551)                  | -                                                                  |
| Other assets                       |                                                                                | -                          | -                                                                  |
| Contract liabilities - current     | (2,622,740)                                                                    | 2,622,740                  | -                                                                  |
| Contract liabilities - non-current |                                                                                | -                          | -                                                                  |
| Retained earnings                  | (20,826,054)                                                                   | (2,319,189)                | (23,245,243)                                                       |
|                                    | <u>(23,245,243)</u>                                                            | <u>-</u>                   | <u>(23,245,243)</u>                                                |

Statement of comprehensive income for the year ended 30 June 2020

|                     | Carrying<br>amount per<br>Statement of<br>Comprehensive<br>Income Dr/ (Cr)<br>\$ | Adjustments Dr/<br>(Cr) \$ | Carrying amount if<br>previous standards<br>had been applied |
|---------------------|----------------------------------------------------------------------------------|----------------------------|--------------------------------------------------------------|
| Revenue - Operating |                                                                                  |                            | -                                                            |
| Grants              | (5,033,643)                                                                      | (20,000)                   | (5,053,643)                                                  |
| Fees and charges    |                                                                                  |                            | -                                                            |
| Revenue - Capital   | (5,270,214)                                                                      | (2,299,190)                | (7,569,404)                                                  |
|                     | <u>(10,303,857)</u>                                                              | <u>(2,319,190)</u>         | <u>(12,623,047)</u>                                          |

The adjustments above relate to the recognition of contract assets and contract liabilities for revenue streams where the revenue is recognised over time rather than on receipt of funding under AASB 1004.

Statement of cash flows for the year ended 30 June 2020

The adoption of AASB 15 and AASB 1058 has not caused a material change to the Statement of Cash Flows for the year ended 30 June 2020.

**25 Events after the reporting period**

There were no material adjusting events after the balance date.



**Mornington Shire Council  
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**26 Transactions With Related Parties**

**a) Key Management Personnel Compensation**

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether Executive or otherwise) of that entity.

KMP include the Mayor, Councillors, Council's Chief Executive Officer and Executive Managers. The compensation paid to KMP for 2019/20 comprises:

|                              | 2020<br>\$       | 2019<br>\$       |
|------------------------------|------------------|------------------|
| Short-term employee benefits | 1,329,193        | 1,023,460        |
| Post-employment benefits     | 136,591          | 90,353           |
| Termination benefits         | -                | 30,000           |
| <b>Total</b>                 | <b>1,465,784</b> | <b>1,143,813</b> |

Detailed remuneration disclosures are provided in Council's Annual Report.

**b) Transactions with other related parties**

Other related parties include the close family members of KMP and any entities controlled or jointly controlled by KMP or their close family members. Close family members include a spouse, child and dependent of a KMP or their spouse.

Details of transactions between Council and other related parties are

|                                                                                         | Additional<br>information | 2020<br>\$ | 2019<br>\$ |
|-----------------------------------------------------------------------------------------|---------------------------|------------|------------|
| Employee expenses for close family members of key management personnel                  | b) i)                     | 199,992    | 344,679    |
| Purchase of materials and services from entities controlled by key management personnel | b) ii)                    | 336,950    | -          |

i) All close family members of key management personnel were employed through an arm's length process. They are paid in accordance with the Award for the job they perform.

The council employs 84 staff (2019: 106) of which 5 (2019: 6) are close family members of key management

ii) During the year Council purchased the following materials and services from entities that are controlled by key management personnel and/or close family members of key management personnel:

|                     | 2020<br>\$     | 2019<br>\$ |
|---------------------|----------------|------------|
| Security services   | 129,932        | -          |
| Electrical services | 207,018        | -          |
|                     | <b>336,950</b> | <b>-</b>   |

Included in the above are security services provided by Bilby Security, a company controlled by former Mayor, Councillor Bradley Wilson. The services were rendered in accordance with the services contract awarded as part of a commercial, arms-length tender process. At 30 June 2020 there were no amounts owed by Council to the company.

Included in the above are electrical services provided by Gulf Lynx Dynamic (trading as Carpentaria Electrical), a company controlled by close family of Executive Manager Tatiana Ah Mat and former Councillor Maureen Ah Kit. All services are provided at arms-length and are incurred according to the Council endorsed service agreement. At 30 June 2020 there were no amounts owed by Council to the company.



**Mornington Shire Council  
Notes to the Financial Statements  
For the year ended 30 June 2020**

**c) Other related entities**

On the 18th of June 2019 a beneficial entity comprising three KMP was registered with ASIC. The entity, Mundalbe Enterprises Limited is a public company limited by guarantee and was established as an entity to undertake a range of services in and around the Mornington Shire Council local government area. The first service that Mundalbe will be involved with is a joint venture with Bynoe CACs Ltd to undertake the Community Development Program (CDP) funded by the Commonwealth. Mundalbe Enterprises Limited had not traded in the financial year ended 30 June 2020. No transactions have occurred between Council and Mundalbe Enterprises Limited for the year ended 30 June 2020.

**d) Outstanding balances**

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

|                                                                                                                      | 2020<br>\$    | 2019<br>\$ |
|----------------------------------------------------------------------------------------------------------------------|---------------|------------|
| <b>Receivables</b>                                                                                                   |               |            |
| Amounts owed by entities controlled by key management personnel and close family members of key management personnel |               |            |
| Current                                                                                                              | 30,868        | -          |
| Past due 31 - 60 days                                                                                                | 4,249         | -          |
| <b>Total Owning</b>                                                                                                  | <b>35,117</b> | <b>-</b>   |

Gulf Lynx Dynamic (trading as Carpenteria Electrical), a company controlled by a related party owed \$35,117 in property related charges. These transactions were conducted at arms-length and were levied in accordance with the schedule of fees and charges and commercial lease agreement. All amounts outstanding have now been received.

**e) Loans and guarantees to/from related parties**

Council does not have any loans to/from related parties. No guarantees have been provided.

During the financial year it was identified that the dissection of Councillor remuneration had not been calculated in accordance with the Remuneration Tribunal Report 2019, resulting in the overpayment of the meeting fee to former Councillors. Arrangements for repayment have been entered into with each of the individuals affected.

**f) Commitments to/from other related parties**

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

**g) Transactions with related parties that have not been disclosed**

Most of the entities and individuals that are related parties of council live and work within the Mornington Shire Council. Therefore, on a regular basis ordinary citizen transactions occur between Council and its related parties. Some examples include:

- Purchase of fuel and other workshop services
- Purchase of gas bottles and other general stores items
- Payment of barge handling and other fees

Council has not included these types of transactions in its disclosure, where they are made on the same terms and conditions available to the general public.

Due to the size and location of Mornington Shire, Council is one of the primary employers. Therefore staff members may be identified as close family members of key management personnel.



**Mornington Shire Council**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

**27 Impacts of Novel Coronavirus (COVID-19) Pandemic**

Council's response to the COVID-19 pandemic from March 2020 has been managed under the guidance, advice and directives of the Local Disaster Management Group (LDMG) and the District Disaster Management Group (DDMG) in conjunction with the wider State and Commonwealth pandemic plans and subsequent roadmaps to recovery.

As part of the initial response to the declared pandemic, additional travel and quarantine restrictions were put in place for remote communities under the Commonwealth Biosecurity Act. From 3 July 2020 the Queensland Government, in consultation with Aboriginal and Torres Strait Islander leadership in remote communities, has implemented a three-stage plan to safely ease restrictions to remote communities.

Revenue items which have, or likely to have direct impact from the COVID-19 pandemic have been identified as follows:

**Accommodation Revenue**

Accommodation revenue is largely derived from visiting service providers and contractors involved with construction within the community. Council own and operate the sole commercial accommodation on Mornington Island, therefore it was directly impacted by travel restrictions.

For the period of March to 30 June 2020, Council forego accommodation revenue of \$39,270 to assist staff and members of the community to comply with the 14-day quarantine period under the prevailing COVID-19 response.

If restrictions were to transition back to Stage 1 or Stage 2 of the roadmap, the foregone motel accommodation revenue would total \$3,640 per quarantined individual.

At the time of this report, hotel quarantine costs are no longer being borne by the Queensland Government and are required to be paid to the Queensland Government by the individuals at the end of their stay. The eligibility for recovery of accommodation costs by Council applicable to the Queensland Government directive is not yet known.

**Airport Landing Fees**

Airport landing fees are recognised and measured per the accounting policy disclosed in Note 3 (b) of this report. Impact on gross landing fees for the period of March to June 2020 was a decrease in fees levied to airlines of between 7% and 57% (\$17,142 to \$37,380) on the average of preceding 9 months from 1 July 2019 to 29 February 2020 (Average: \$40,143).

For the month of July 2020, gross landing fees levied increased by 16% on June 2020 fees and representing a decrease of 14% on the average of 1 July 2019 to 29 February 2020.







Mornington Shire Council  
Notes to the Financial Statements  
For the year ended 30 June 2020

27 Impacts of Novel Coronavirus (COVID-19) Pandemic (Continued)

Airport landing fees are expected to normalise along with eased restrictions, however, are likely to decrease if restrictions are transitioned back to Stage 1 or Stage 2 on direction of the Chief Health Officer.

Capital Grants

Council received COVID-19 specific grant funding from DLGRMA under the COVID Works for Queensland Program. The objective of the funding is to support economic recovery by providing economic and job stimulus through the maintenance or construction of Council infrastructure.

The guidelines set out the definition of eligible costs, being those directly related to eligible projects and do not cover on-going maintenance or recovery of COVID preparedness costs.

The program will assist Council in funding backlog asset maintenance which is not ordinarily able to attract external funding and will assist in sustaining and creating trade related jobs for Council and the community.

Identifiable expense items which have, or likely to have impact from the COVID-19 pandemic include:

Employee Benefits

Staff wages and salaries at 30 June 2020 include \$33,506 in time and wages specific to the COVID-19 response through the Local Disaster Management Group (LDMG) and the implementation of the permit system which was required for the duration of the enactment of the Biosecurity Determination 2020

Staff wages and salaries at 30 June 2020 also included \$14,919 in special leave granted and paid to Council staff which were required to self-isolate and/or quarantine under provisions of Council's Pandemic Plan in response to the COVID-19 pandemic.

Materials and services

Additional support services of \$17,732 were required for specialised communications and media, including website maintenance specific to assist with management of pandemic response.

Additional cleansing costs of \$4,907 were incurred to 30 June 2020 which were specifically attributable to the response under the Pandemic Plan.

Whilst the costs noted above have decreased or ceased subsequent to the end of the financial year, they are likely to increase if restrictions are required to transition back to Stage 1 or Stage 2 of the roadmap.

The expenses are directly related to the active pandemic situation with the impact in the future not able to be readily estimated. To date no dedicated financial assistance for recovery of direct costs relating to the pandemic have been announced.

In addition to the above, consideration has been given to the measurement, presentation and disclosure of assets and liabilities at balance date. Specific consideration and impact at balance date have been disclosed within the related notes, with no additional requirement for adjustment or remeasurement of balances identified to the date of this report.





**Morrington Shire Council  
Financial Statements  
For the year ended 30 June 2020**

**Management Certificate  
For the year ended 30 June 2020**

These general purpose financial statements have been prepared pursuant to sections 176 and 177 of the *Local Government Regulation 2012* (the Regulation) and other prescribed requirements.

In accordance with section 212(5) of the Regulation we certify that:

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements as set out on pages 1 to 36 present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.

Mayor  
Kyle Yanner

Date: 13 / 10 / 2020

Acting Chief Executive Officer  
Peter Stewart

Date: 13 / 10 / 2020







## INDEPENDENT AUDITOR'S REPORT

To the Councillors of Morningshon Shire Council

### Report on the audit of the financial report

#### Opinion

I have audited the accompanying financial report of Morningshon Shire Council (the council).

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2020, and of its financial performance and cash flows for the year then ended
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificate given by the Mayor and Acting Chief Executive Officer.

#### Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of my report.

I am independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Other information

Other information comprises financial and non-financial information (other than the audited financial report) in an entity's annual report.

At the date of this auditor's report, the available other information in Morningshon Shire Council's annual report for the year ended 30 June 2020 was the current year financial sustainability statement and long-term financial sustainability statement

The councillors are responsible for the other information.







My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon. However, as required by the Local Government Regulation 2012, I have expressed a separate opinion on the current year financial sustainability statement.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report and my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this information, I am required to report that fact. I have nothing to report in this regard.

#### **Responsibilities of the councillors for the financial report**

The councillors are responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards, and for such internal control as the councillors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The councillors are also responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the council or to otherwise cease operations.

#### **Auditor's responsibilities for the audit of the financial report**

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council.







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- Conclude on the appropriateness of the council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

**Report on other legal and regulatory requirements**

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2020:

- a) I received all the information and explanations I required.
- b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

Sri Narasimhan  
as delegate of the Auditor-General

13 October 2020

Queensland Audit Office  
Brisbane





Morrington Shire Council  
Current-year Financial Sustainability Statement  
For the year ended 30 June 2020

Measures of Financial Sustainability

Council's performance at 30 June 2020 against key financial ratios and targets:

| Ratio                           | How the measure is calculated                                                                      | Actual | Target    |
|---------------------------------|----------------------------------------------------------------------------------------------------|--------|-----------|
| Operating Surplus Ratio         | Net result (excluding capital) divided by total operating revenue (excluding capital)              | -18.1% | 0% to 10% |
| Asset Sustainability Ratio      | Capital expenditure on replacement of assets (renewals) divided by depreciation expense.           | 79.1%  | > 90%     |
| Net Financial Liabilities Ratio | Total liabilities less current assets divided by total operating revenue (excluding capital items) | -3.2%  | < 60%     |

Note 1 - Basis of Preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2013*. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2020.



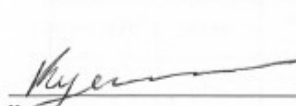




Morrington Shire Council  
Certificate of Accuracy  
For the year ended 30 June 2020

This current-year financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the regulation).

In accordance with Section 212(5) of the Regulation we certify that this current-year financial sustainability statement has been accurately calculated.



Mayor  
Kyle Yanner

Date: 13, 10, 2020.



Acting Chief Executive Officer  
Peter Stewart

Date: 13, 10, 2020





## INDEPENDENT AUDITOR'S REPORT

To the Councillors of Mornington Shire Council

### Report on the current year financial sustainability statement

#### Opinion

I have audited the accompanying current year financial sustainability statement of Mornington Shire Council (the council) for the year ended 30 June 2020, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Acting Chief Executive Officer.

In accordance with section 212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current year financial sustainability statement of Mornington Shire Council for the year ended 30 June 2020 has been accurately calculated.

#### Basis of opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the current year financial sustainability statement* section of my report.

I am independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the statement in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Emphasis of matter – basis of accounting

I draw attention to Note 1 which describes the basis of accounting. The current year financial sustainability statement has been prepared in accordance with the Financial Management (Sustainability) Guideline 2013 for the purpose of fulfilling the council's reporting responsibilities under the Local Government Regulation 2012. As a result, the statement may not be suitable for another purpose. My opinion is not modified in respect of this matter.

#### Other Information

Other information comprises financial and non-financial information (other than the audited financial report) in an entity's annual report.

At the date of this auditor's report, the available other information in Mornington Shire Council's annual report for the year ended 30 June 2020 was the general purpose financial statements and long-term financial sustainability statement.

The councillors are responsible for the other information.







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My opinion on the current year financial sustainability statement does not cover the other information and accordingly I do not express any form of assurance conclusion thereon. However, as required by the Local Government Regulation 2012, I have expressed a separate opinion on the general purpose financial report.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report and my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this information, I am required to report that fact. I have nothing to report in this regard.

#### **Responsibilities of the councillors for the current year financial sustainability statement**

The councillors are responsible for the preparation and fair presentation of the current year financial sustainability statement in accordance with the Local Government Regulation 2012. The councillors' responsibility also includes such internal control as the councillors determine is necessary to enable the preparation and fair presentation of the statement that is accurately calculated and is free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibilities for the audit of the current year financial sustainability statement**

My objectives are to obtain reasonable assurance about whether the current year financial sustainability statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this statement.

My responsibility does not extend to forming an opinion on the appropriateness or relevance of the reported ratios, nor on the council's future sustainability.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council.





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- Evaluate the overall presentation, structure and content of the statement, including the disclosures, and whether the statement represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

13 October 2020

Sri Narasimhan  
as delegate of the Auditor-General

Queensland Audit Office  
Brisbane





Mornington Shire Council  
Long-Term Financial Sustainability Statement (Un-Audited)  
Prepared as at 30 June 2020

| Measures of Financial Sustainability<br>Council | Measure                                                                  | Target    | Projected for the years ended |              |              |              |              |              |              |              |              |              |
|-------------------------------------------------|--------------------------------------------------------------------------|-----------|-------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                                 |                                                                          |           | Actuals<br>30 June 2020       | 30 June 2021 | 30 June 2022 | 30 June 2023 | 30 June 2024 | 30 June 2025 | 30 June 2026 | 30 June 2027 | 30 June 2028 | 30 June 2029 |
| Operating Surplus Ratio                         | Net result divided by total operating revenue                            | 0% to 10% | -15.1%                        | -8.4%        | -7.9%        | -5.4%        | -3.0%        | -0.6%        | 0.2%         | 1.1%         | 1.3%         | 2.8%         |
| Asset Sustainability Ratio                      | Capital expenditure on renewals divided by depreciation expense          | > 80%     | 75.1%                         | 202.8%       | 160.2%       | 165.1%       | 178.2%       | 187.6%       | 190.7%       | 194.4%       | 198.3%       | 202.1%       |
| Net Financial Liabilities Ratio                 | Total liabilities less current assets divided by total operating revenue | < 80%     | -3.2%                         | -27.5%       | -33.0%       | -25.7%       | -28.9%       | -32.7%       | -36.8%       | -41.3%       | -45.8%       | -50.8%       |

Mornington Shire Council's Financial Management Strategy

Council measures revenue and expenditure trends over time as a guide to future requirements and to make decisions about the efficient allocation of resources to ensure the most effective provision of services. Council ensures that its financial management strategy is prudent and that its long-term financial forecast shows a sound financial position whilst also being able to meet the community's current and future needs.



Morrington Shire Council  
For the long-term financial sustainability  
Prepared as at 30 June 2020

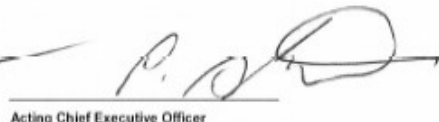
This long-term financial sustainability statement has been prepared pursuant to Section 178 of the Local Government Regulation 2012 (the regulation).

In accordance with Section 212(5) of the Regulation we certify that this long-term financial sustainability statement has been accurately calculated.



Mayor  
Kyle Yanner

Date: 13, 10, 2020



Acting Chief Executive Officer  
Peter Stewart

Date: 13, 10, 2020

