

Murrindindi Shire Council
Annual Financial Report
For the Year Ended 30 June 2016

Murrindindi Shire Council
Financial Report
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**Comprehensive
Income Statement
For the Year Ended 30 June 2016**

	Note	2016 \$	2015 \$
Income			
Rates and charges	3	18,293,213	16,867,705
Statutory fees and fines	4	692,421	651,314
User fees	5	2,206,192	1,931,642
Grants -operating	6	5,166,427	9,185,266
Grants - capital	6	3,332,588	3,211,051
Contributions - monetary	7	125,466	90,330
Contributions - non monetary	7	485,854	1,393,540
Other income	9	1,451,269	1,958,554
Total income		31,753,430	35,289,402
Expenses			
Employee benefits	10	12,637,588	12,159,434
Materials and services	11	9,592,393	9,130,270
Bad and Doubtful Debts	12	2,353	504,820
Depreciation and amortisation	13	8,272,031	7,666,537
Borrowing Cost	14	235,494	287,148
Net loss on disposal of property, infrastructure, plant and equipment	8	59,298	301,972
Other expenses	15	296,511	281,342
Total expenses		31,095,668	30,331,523
Surplus for the financial year		657,762	4,957,879
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment (decrement)	28	(2,832,566)	9,094,497
Comprehensive result		(2,174,804)	14,052,376

The above Comprehensive Income Statement should be read with the accompanying notes.

Balance Sheet
As at 30 June 2016

	Note	2016 \$	2015 \$
Assets			
Current assets			
Cash and cash equivalents	16	3,631,984	8,952,411
Trade and other receivables	17	3,028,486	2,330,680
Other financial assets	18	23,119,500	17,619,500
Inventories	19	41,493	53,121
Non-Current assets classified as held for sale	20	434,094	837,158
Other assets	21	367,381	312,019
Total current assets		<u>30,622,938</u>	<u>30,104,889</u>
Non-current assets			
Trade and other receivables	17	23,978	38,938
Property, infrastructure, plant and equipment	22	300,493,318	303,213,594
Intangible assets	23	3,815,721	259,471
Total non-current assets		<u>304,333,017</u>	<u>303,512,003</u>
Total assets		<u>334,955,955</u>	<u>333,616,892</u>
Liabilities			
Current liabilities			
Trade and other payables	24	3,109,153	2,824,160
Trust funds and deposits	25	973,558	835,466
Provisions	26	3,091,734	3,143,223
Interest-bearing loans and borrowings	27	673,639	768,570
Total current liabilities		<u>7,848,084</u>	<u>7,571,419</u>
Non-current liabilities			
Provisions	26	5,599,081	1,688,239
Interest-bearing loans and borrowings	27	1,354,511	2,028,151
Total non-current liabilities		<u>6,953,592</u>	<u>3,716,390</u>
Total liabilities		<u>14,801,676</u>	<u>11,287,809</u>
Net Assets		<u>320,154,279</u>	<u>322,329,083</u>
Equity			
Accumulated surplus		128,493,089	129,201,956
Reserves	28	191,661,190	193,127,127
Total Equity		<u>320,154,279</u>	<u>322,329,083</u>

The above Balance Sheet should be read with the accompanying notes.

**Statement of Changes in Equity
For the Year Ended 30 June 2016**

	Note	Total	Accumulated	Asset	Other
		\$	Surplus	Revaluation	Reserves
2016		\$	\$	\$	\$
Balance at beginning of the financial year		322,329,083	129,201,956	180,546,911	12,580,216
Surplus for the year		657,762	657,762	-	-
Net asset revaluation increment	28(a)	(2,832,566)	-	(2,832,566)	-
Transfers to other reserves	28(b)	-	(2,570,779)	-	2,570,779
Transfers from other reserves	28(b)	-	1,204,150	-	(1,204,150)
Balance at end of the financial year		320,154,279	128,493,089	177,714,345	13,946,845

		Total	Accumulated	Asset	Other
		\$	Surplus	Revaluation	Reserves
2015		\$	\$	\$	\$
Balance at beginning of the financial year		308,276,707	126,728,438	171,452,414	10,095,855
Surplus for the year		4,957,879	4,957,879	-	-
Net asset revaluation increment	28(a)	9,094,497	-	9,094,497	-
Transfers to other reserves	28(b)	-	(2,714,681)	-	2,714,681
Transfers from other reserves	28(b)	-	230,320	-	(230,320)
Balance at end of the financial year		322,329,083	129,201,956	180,546,911	12,580,216

The above Statement of Changes in Equity should be read with the accompanying notes

Statement of Cash Flows
For the Year Ended 30 June 2016

	Note	2016 Inflows/ (Outflows) \$	2015 Inflows/ (Outflows) \$
Cash flows from operating activities			
Rates		18,105,465	16,735,812
Statutory fees and fines		705,328	652,809
User fees		2,130,661	2,431,742
Grants - operating		4,995,203	10,720,412
Grants - capital		3,360,380	3,220,172
Contributions - monetary		130,688	92,154
Interest received		833,673	756,188
Other Income		678,248	1,179,242
Net Fire Services Property Levy received (remitted)		(29,482)	(2,101,609)
Net GST refund		1,261,816	1,026,063
Net receipt/(repayment) of trust funds and deposits		167,574	(115,771)
Payments to suppliers (inclusive of GST)		(10,594,702)	(10,568,882)
Payments to employees (including redundancies)		(12,550,157)	(11,797,849)
Net cash provided by operating activities	29	<u>9,194,694</u>	<u>12,230,483</u>
Cash flows from investing activities			
Payments for property, plant and equipment, infrastructure		(8,545,720)	(6,064,864)
Proceeds from sale of property, plant and equipment, infrastructure		543,445	448,832
Payments for Investments		(5,500,000)	(17,619,500)
Net cash used in investing activities		<u>(13,502,275)</u>	<u>(23,235,532)</u>
Cash flows from financing activities			
Finance costs		(244,275)	(228,437)
Repayment of interest bearing loans and borrowings		(768,571)	(900,773)
Net cash used in financing activities		<u>(1,012,846)</u>	<u>(1,129,210)</u>
Net increase (decrease) in cash and cash equivalents		(5,320,427)	(12,134,259)
Cash and cash equivalents at the beginning of the financial year		8,952,411	21,086,670
Cash and cash equivalents at the end of the financial year	16	<u>3,631,984</u>	<u>8,952,411</u>

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

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Financing arrangements	30

	Note	2016	2015
Property			
Land		800,000	-
Total land		<u>800,000</u>	<u>-</u>
Buildings		2,182,673	1,414,155
Total buildings		<u>2,182,673</u>	<u>1,414,155</u>
Total property		<u>2,982,673</u>	<u>1,414,155</u>
Plant and equipment			
Heritage plant and equipment		-	11,646
Plant, machinery and equipment		675,409	849,563
Fixtures, fittings and furniture		167,968	73,322
Library books		111,263	84,523
Total plant and equipment		<u>954,640</u>	<u>1,019,054</u>
Infrastructure			
Roads		2,646,463	1,188,708
Bridges		730,766	1,715,284
Footpaths and cycleways		713,328	537,865
Drainage		55,881	356,633
Total infrastructure		<u>4,146,438</u>	<u>3,798,490</u>
Total capital works expenditure		<u>8,083,751</u>	<u>6,231,699</u>
Represented by:			
New asset expenditure		2,961,665	940,739
Asset renewal expenditure		4,080,099	3,951,615
Asset upgrade expenditure		1,041,987	1,339,345
Total capital works expenditure		<u>8,083,751</u>	<u>6,231,699</u>

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

Notes to Financial Report For the Year Ended 30 June 2016

Introduction

The Murrindindi Shire Council was established by an Order of the Governor in Council on 18 November 1994 and is a body corporate. The Council's main office is located at Perkins Street, Alexandra.

Statement of compliance

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

Note 1 Significant accounting policies

(a) Basis of accounting

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment 1 (m)
- the determination of depreciation for buildings, infrastructure, plant and equipment 1 (l)
- the determination of employee provisions 1 (s)

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation, and disclosure has been made of any material changes to comparatives.

(b) Changes in accounting policies

There have been no changes in accounting policies from the previous period.

(c) Principles of Consolidation

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

For the current reporting period Council had no controlled entities.

(d) Committees of Management

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

(e) Revenue recognition

Income is recognised when the Council obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the Council and the amount of the contribution can be measured reliably.

Rates and Charges

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

Statutory fees and fines

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

User fees

User fees are recognised as revenue when the service has been provided or the payment is received, whichever first occurs.

**Notes to Financial Report
For the Year Ended 30 June 2016**

**Note 1 Significant accounting policies (cont.)
Revenue recognition (cont.)**

Grants

Grant income is recognised when Council obtains control of the contribution. This is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and are valued at their fair value at the date of transfer.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in note 6. The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

Contributions

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

Sale of property, plant and equipment, infrastructure

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

Other Income

Interest and rent are recognised as it is earned. Other income is measured at the fair value of the consideration received and is recognised when Council gains control over the right to receive the income.

(f) Fair value measurement

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

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique.

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

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

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

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

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

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

(g) Cash and cash equivalents

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

(h) Trade and other receivables

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

(i) Other financial assets

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

(j) Inventories

Inventories held for distribution are measured at cost adjusted when applicable for any loss of service potential. Other inventories are measured at the lower of cost and net realisable value. Costs are assigned on the basis of weighted average costs.

**Notes to Financial Report
For the Year Ended 30 June 2016**

Note 1 Significant accounting policies (cont.)

(k) Non-current assets classified as held for sale

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

(l) Depreciation and amortisation of property, plant and equipment, infrastructure, intangibles

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

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

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

Major depreciation periods used are listed below and are consistent with the prior year unless otherwise stated:

	Years
Property	
buildings	30 to 80
 Plant and Equipment	
fixtures, fittings and furniture	4 to 20
computers and telecommunications	4 to 10
heritage and cultural	20 to 200
library materials	3 to 10
plant ,machinery and equipment	3 to 15
 Infrastructure	
bridges- concrete	80 to 100
bridges- timber	30 to 40
drainage	50 to 100
footpaths and cycleways	20 to 70
recreational ,leisure and community facilities	30 to 80
road formations and earthworks	100 to 200
road pavements	20 to 40

Depreciation rates are consistent with the previous year.

(m) Recognition and measurement of property,plant and equipment , infrastructure assets

Acquisition

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the amount for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

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

**Notes to Financial Report
For the Year Ended 30 June 2016**

Note 1 Significant accounting policies (cont.)

Recognition and measurement of assets (cont.)

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

	Threshold \$
Property	
Land	1
Land under roads	1
Land improvements	5,000
Buildings	5,000
Plant and Equipment	
fixtures, fittings and furniture	2,000
computers and telecommunications	2,000
heritage and cultural	1,000
library materials	1,000
plant ,machinery and equipment	2,000
Infrastructure	
bridges	7,500
drainage	5,000
footpaths and cycleways	5,000
road formations and earthworks	5,000
road pavements	5,000

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, furniture and equipment, library books and heritage assets, are measured at their fair value, being the amount for which the assets could be exchanged between knowledgeable willing parties in an arms length transaction. At balance date, Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date the class of asset was revalued.

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use on an asset result in changes to the permissible or practical highest and best use of the asset. Further details regarding the fair value hierarchy are disclosed in Note 22, Property, infrastructure, plant and equipment.

In addition, Council undertakes a formal revaluation of land, buildings and infrastructure assets on a regular basis ranging from 3 to 5 years. The valuation is performed either by experienced council officers or an independent expert valuer.

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

Land under roads

Council recognises land under roads it controls at fair value.

(n) Repairs and maintenance

Routine maintenance, repair costs, and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

**Notes to Financial Report
For the Year Ended 30 June 2016**

Note 1 Significant accounting policies (cont.)

(o) Impairment of assets

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

(p) Trust funds and deposits

Amounts received as deposits and retention amounts controlled by Council are recognised as trust funds until they are returned, transferred in accordance with the purpose of the receipt, or forfeited. (refer Note 25)

(q) Borrowings

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

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

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council. Except where specific borrowings are obtained for the purpose of specific asset acquisition, the weighted average interest rate applicable to borrowings at balance date, excluding borrowings associated with superannuation, is used to determine the borrowing costs to be capitalised.

Borrowing costs include interest on borrowings.

(r) Employee costs

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

Wages and salaries and leave

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

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

Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Current Liability - unconditional LSL representing 7 years service is disclosed as a current liability even when the council does not expect to settle the liability within 12 months because it will not have the unconditional right to defer settlement of the entitlement should an employee take leave within 12 months.

The components of this current liability are measured at :

- present value - component that is not expected to be settled within 12 months.
- nominal value - component that is expected to be settled within 12 months.

Classification of employee costs

Non-current liability - conditional LSL representing less than 7 years service is disclosed as a non - current liability. There is an unconditional right to defer settlement of the entitlement until the employee has completed the requisite years of service.

This non-current LSL liability is measured at present value.

Liabilities for wages and salaries and rostered days off are recognised and are measured as the amount unpaid at balance date and include appropriate oncosts.

**Notes to Financial Report
For the Year Ended 30 June 2016**

Note 1 Significant accounting policies (cont.)

(s) Landfill rehabilitation provision

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

(t) Leases

Operating leases

Lease payments for operating leases are required by the accounting standard to be recognised on a straight line basis, rather than expensed in the years in which they are incurred.

(u) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the Statement of Cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(v) Financial guarantees

Financial guarantee contracts are not recognised as a liability in the balance sheet unless the lender has exercised their right to call on the guarantee or Council has other reasons to believe that it is probable that that right will be exercised. Details of guarantees that Council has provided, that are not recognised in the balance sheet are disclosed at Note 34 Contingent Liabilities and Contingent Assets.

(w) Contingent assets and contingent liabilities and commitments

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

Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value by way of note and presented inclusive of the GST payable.

(x) Pending accounting standards

Certain new AAS's have been issued that are not mandatory for the 30 June 2016 reporting period. Council has assessed these pending standards and has identified that no material impact will flow from the application of these standards in future reporting periods.

(y) Rounding

Unless otherwise stated, amounts in the financial report have been rounded to the nearest dollar. Figures in the financial statement may not equate due to rounding.

Note 2 Budget comparison

The budget comparison notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 10 percent or \$500,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 27th May 2015. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for revenue and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

a) Income and Expenditure

	Budget 2016	Actual 2016	Variance 2016	Ref
Income				
Rates and charges	18,221,000	18,293,213	72,213	
Statutory fees and fines	685,000	692,421	7,421	
User fees	1,992,000	2,206,192	214,192	1
Grants - operating	6,935,000	5,166,427	(1,768,573)	2
Grants - capital	1,971,000	3,332,588	1,361,588	3
Contributions - monetary	54,000	125,466	71,466	4
Contributions - non monetary	-	485,854	485,854	5
Other income	1,179,000	1,451,269	272,269	6
Total income	31,037,000	31,753,430	716,430	
Expenses				
Employee costs	12,949,000	12,637,588	311,412	
Materials and services	10,600,000	9,592,393	1,007,607	7
Bad and doubtful debts	-	2,353	(2,353)	
Depreciation and amortisation	7,908,000	8,272,031	(364,031)	
Borrowing costs	284,000	235,494	48,506	8
Net loss on disposal of property, infrastructure, plant and equipment	625,000	59,298	565,702	9
Other expenses	285,000	296,511	(11,511)	
Total expenses	32,651,000	31,095,668	1,555,332	
Surplus/(deficit) for the year	(1,614,000)	657,762	2,271,762	

Note 2 Budget comparison (Cont.)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	User Fees	User fees were \$214,000 above budget expectation. Items of extra income included landfill fees due to a neighbouring municipality using Councils facility on a short term arrangement, \$142,000, Council took over the operation of the Yea Riverside Caravan Park for a period during the changeover of the lease, \$169,000, and extra income from higher throughput at the Yea Saleyards, \$25,000. Offsetting the extra income was a reduction in aged and disabled private fees due to sector wide changes to the way these services are procured \$131,000.
2	Grants - operating	The Commonwealth Government paid approximately half of the 2015/16 Financial Assistance Grant on the 30th June 2015. This resulted in the amount being reported in the 2014/15 financial year resulting in a large budget variation in both the 2014/15 and 2015/16 reporting periods due to the timing differences.
3	Grants - capital	Council received an extra \$840,000 from the Roads to Recovery program, due to the Commonwealth Government commitment to increase and bring forward funding for all participants in the program. Vicroads black spot funding was received for Ghin Ghin road improvements \$168,000 and TIRES funding of \$79,000 was received for Myers Creek road. Council was successful in receiving an additional grant of \$139,000 under the Living Libraries Infrastructure Program to install generators to provide a reliable and stable power supply during scheduled and unexpected power outages.
4	Contributions - monetary	Council received community contributions toward infrastructure works, generally associated with grant funded projects. These included Eildon Bowls Club, Yea Football Netball Club and the Alexandra railway precinct. These contributions were unbudgeted because they were either carried forward from the previous year, and the works had been delayed, or they were required to match new unbudgeted grants for 2015-16.
5	Contributions - non monetary	Council receives infrastructure assets as a result of subdivision and developer contributions. Council did not budget for the receipt of these contributions as they are not predictable or controllable by Council. During the year Council received non monetary contributions including, roads \$208,000, drainage \$116,000 bridges \$128,000. Further details are outlined in note 7.
6	Other income	Other income exceed budget by \$272,000. Interest on investments generated an extra \$247,000 due to additional cash being invested and adopting a longer term position which has deferred the impact of falling interest rates. An extra \$65,000 was received for the provision of building control services to a neighbouring municipality. Offsetting these increase was a \$42,000 fall in the reimbursements for legal fees from debt collection due to lower cost increases in this area.
7	Materials and services	Expenditure was under budget \$1,008,000. Major variances include operating and maintenance expenditure on new and gifted assets which was \$395,000 below budget, this amount has been transferred to the New And Gifted Assets reserve in accordance with Councils policy to provide adequate resources to fund the future servicing demands of these assets. Fuel cost were below expectation due to the falling price of fuel \$144,000. Expenditure on consultants reduced by \$247,000 this is a combination of savings, utilisation of in house skills, and some projects within the operational budget being delayed and carried forward to the 2016-17 year. Maintenance cost on the Great Victorian Rail Trail were reduced, this is largely due to the works required being recorded as capital expenditure, whereas the expenditure had been anticipated as maintenance expenditure in the budget. A new roadside garbage collection contract was negotiated resulting in savings of \$108,000, while mulching expenditure was reduced \$51,000 due to contractors being unavailable prior to the end of June. Insurance cost were reduced in all areas due to lower premiums.
8	Borrowing costs	Borrowing cost have reduced due to Council not borrowing in the 2014/15 and 2015/16 years. Borrowings were budgeted to assist in the funding of Councils plant replacement program, however the purchases of several major items of plant was delayed pending further consideration of Councils ongoing plant requirements.
9	Net loss on disposal of property, infrastructure, plant and equipment	Council had budgeted for the sale of several buildings and land parcels, in addition to the annual plant and fleet vehicle change over process. Two units were sold at the Marysville Retirement Village, this resulted in a cost of \$83,000, while the annual plant and fleet changeovers generated an income of \$24,000. The remaining variance is due to assets that were budgeted to sell that have not sold.

Note 2 Budget comparison (cont)

b) Capital Works

	Budget 2016	Actual 2016	Variance 2016	Ref
Property				
Land	-	800,000	800,000	1
Total Land	-	800,000	800,000	
Buildings	1,854,000	2,182,673	328,673	2
Total Buildings	1,854,000	2,182,673	328,673	
Total Property	1,854,000	2,982,673	1,128,673	
Plant and Equipment				
Plant, machinery and equipment	1,051,000	675,409	(375,591)	3
Fixtures, fittings and furniture	302,000	167,968	(134,032)	4
Library books	96,000	111,263	15,263	5
Total Plant and Equipment	1,449,000	954,640	(494,360)	
Infrastructure				
Roads	3,118,000	2,646,463	(471,537)	6
Bridges	637,000	730,766	93,766	7
Footpaths and cycleways	210,000	713,328	503,328	8
Drainage	249,000	55,881	(193,119)	9
Total Infrastructure	4,214,000	4,146,438	(67,562)	
Total Capital Works Expenditure	7,517,000	8,083,751	566,751	
Represented by:				
New asset expenditure	1,158,000	2,961,665	1,803,665	
Asset renewal expenditure	4,761,000	4,080,099	(680,901)	
Asset upgrade expenditure	1,598,000	1,041,987	(556,013)	
Total Capital Works Expenditure	7,517,000	8,083,751	566,751	

Note 2 Budget comparison (cont)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land	Council purchased land adjoining the Yea Saleyards as part of the planned development of the facility. This purchase was not included within the adopted budget, however circumstance arose late in the reporting period where the land became available for purchase.
2	Buildings	Additional expenditure of \$329,000 is due to swimming pool works carried forward from the previous year. In addition Council received new grants during the year to extend planned works at Yea Railway Reserve and on Public Conveniences .
3	Plant, machinery and equipment	Plant purchases were under budget by \$376,000. The purchase of some major items of plant was delayed pending the further consideration of Councils ongoing plant requirements. Tenders have since been called and these funds will be expended during 2016-17.
4	Fixtures, fittings and furniture	An underspend of \$134,000 in this area is due mainly to the delay in the purchase of an asset management system. Tenders have since been called and these funds will be expended during 2016-17
5	Library books	Funds were carried forward from the 2014-15 year and spent in 2015-16.
6	Roads	Underspend on roads of \$472,000 is mainly the result of, works on the Eildon Town Centre Revitalisation being delayed to coordinate with a utility service provider \$260,000. Also the vegetation project \$115,000 was delayed pending the investigation of suitable sites. These funds will be spent in the 2016-17 year.
7	Bridges	Addition expenditure of \$93,000 was to complete works carried forward from the 2014-15 year.
8	Footpaths and Cycleways	Additional expenditure of \$503,000. This was due to \$222,000 being carried forward from the 2014-15 year for the completion of the Kinglake Ranges Art History Walk. In addition, due to weather conditions and usage, sections of the Great Victorian Rail Trail surface had deteriorated requiring reinstatement over and above normal maintenance works \$208,000.
9	Drainage	Underspend on Drainage \$193,000, the net work expansion program was delayed due to weather conditions. These works have been tendered and will be expended in the 2016-17 year.

Notes to Financial Report
For the Year Ended 30 June 2016

	2016	2015
	\$	\$
Note 3		
Rates and charges		
Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is its total value of land plus buildings and improvements.		
The valuation base used to calculate general rates for 2015-2016 was \$3,891 million (2014-2015 \$3,864 million). The 2015-2016 rate in the dollar for general rate was 0.003415 of the capital improved value of the property (2014-2015 - 0.003222).		
The 2015-2016 Municipal Charge was \$307 (2014-2015 \$290) per rateable assessment. In 2015-2016 the Garbage Service Charge was \$337 (2014-2015 \$325) and Recycling Charge \$83 (2014-2015 \$79.50).		
Residential	5,479,692	5,383,542
Commercial	790,550	595,852
Rural 1	3,166,497	2,990,545
Rural 2	2,705,324	2,558,467
Vacant Land - Residential	558,175	-
Vacant Land - Commercial	28,239	-
Municipal charge	2,841,333	2,662,369
Garbage charge	2,134,285	2,024,651
Recycling	528,750	490,017
Special rates and charges	-	102,728
Revenue in lieu of rates	60,368	59,534
	<u>18,293,213</u>	<u>16,867,705</u>
The date of the last general revaluation of land for rating purposes within the municipal district was 1 January 2014, and the valuation was first applied to the rating period commencing 1 July 2014.		
The date of the next general revaluation of land for rating purposes within the municipal district was 1 January 2016, and the valuation will be first applied in the 2016/17 rating year.		

Note 4		
Statutory fees and fines		
Building	241,304	243,056
Environmental health and local laws	243,225	225,423
Planning and subdivisions	139,043	110,390
Infrastructure	33,293	54,562
Other	35,556	17,883
	<u>692,421</u>	<u>651,314</u>

Note 5		
User fees		
Quarry product	46,573	290
Halls and Community Centres	21,466	23,042
Aged care	476,601	542,635
Caravan Parks	168,520	-
Valuation data	5,981	99,296
Saleyard fees	357,034	368,509
Recreation pools and leisure centres	107,832	97,262
Rural Councils Summit	38,569	-
Waste - transfer station & landfill fees	948,261	759,350
Other fees and charges	35,355	41,258
	<u>2,206,192</u>	<u>1,931,642</u>

Notes to Financial Report
For the Year Ended 30 June 2016

	2016 \$	2015 \$
Note 6 Grants		
Grants were received in respect of the following :		
Summary of grants		
Commonwealth funded grants	5,501,917	8,226,146
State funded grants	2,997,098	4,170,171
Total grants received	<u>8,499,015</u>	<u>12,396,317</u>
Operating Grants		
Recurrent -Commonwealth Government		
Victorian Grants Commission - General Purpose	1,324,645	4,043,159
Victorian Grants Commission - Local Roads	781,379	2,451,472
Aged and Disability	273,773	351,352
Children Services	659,867	583,404
Customer Services	4,671	4,569
Recurrent -State Government		
Aged and Disability	1,077,341	1,018,677
Children Services	158,877	157,034
Emergency Services	38,559	38,559
Public Health	13,888	12,507
Library Services	143,454	139,864
Road Safety	16,823	11,934
Total recurrent Operating Grants	<u>4,493,277</u>	<u>8,812,531</u>
Non-recurrent -State Government		
Aged and Disability	167,060	-
Children Services	13,500	13,500
Community Development	-	74,818
Economic Development	210,060	54,786
Emergency Management	60,000	60,000
Environmental Services	28,862	46,682
Public Health	6,381	4,307
Library Services	6,287	6,340
Recreational Services	99,000	8,500
Roads and Bridges	-	34,302
Youth Services	82,000	69,500
Total non recurrent operating grants	<u>673,150</u>	<u>372,735</u>
Total Operating grants	<u>5,166,427</u>	<u>9,185,266</u>
Capital Grants		
Recurrent-Commonwealth Government		
Roads To Recovery	2,439,457	792,190
Buildings	18,125	
Total recurrent capital grants	<u>2,457,582</u>	<u>792,190</u>
Non-recurrent-State Government		
Buildings	583,963	1,298,270
Equipment	-	29,380
Footpaths and Cycleways	44,111	61,981
Bridges	-	1,000,000
Roads	246,932	29,230
Total non-recurrent capital grants	<u>875,006</u>	<u>2,418,861</u>
Total capital grants	<u>3,332,588</u>	<u>3,211,051</u>

Notes to Financial Report
For the Year Ended 30 June 2016

	2016	2015
	\$	\$
Note 6		
Grants (Cont.)		
Conditions on Grants		
Unspent grants received on condition that they be spent in a specific manner		
Balance at start of year	2,145,860	2,844,041
Received during the financial year and remained unspent at balance date	926,019	1,137,404
Received in prior years and spent during the financial year	<u>1,514,117</u>	<u>1,835,585</u>
Balance at end of year	<u>1,557,762</u>	<u>2,145,860</u>
Note 7		
Contributions		
Monetary - operating	54,466	49,336
Monetary - capital	71,000	40,994
Non-monetary - capital	<u>485,854</u>	<u>1,393,540</u>
Total Contributions	<u>611,320</u>	<u>1,483,870</u>
Contributions of non monetary assets were received in relation to the following asset classes		
land under roads	3,043	22,149
buildings	-	321,529
furniture and equipment	2,636	-
bridges	128,675	278,325
drainage	116,325	233,252
footpaths and cycleways	27,095	24,180
roads	<u>208,080</u>	<u>514,105</u>
Total	<u>485,854</u>	<u>1,393,540</u>
Note 8		
Gain / (Loss) on disposal of property, plant and equipment and infrastructure		
Proceeds from sales	543,445	448,832
less: Carrying amount of assets sold	<u>(602,743)</u>	<u>(750,804)</u>
	<u>(59,298)</u>	<u>(301,972)</u>
Users of the financial report should refer to Note 22 for additional details.		

Notes to Financial Report
For the Year Ended 30 June 2016

	2016	2015
	\$	\$
Note 9 Other income		
Interest	725,410	689,798
Interest on rates	105,700	133,268
Rental	135,742	155,474
Reimbursements	339,461	306,459
Supervision and administration recoupment	12,568	9,275
Sale of quarry operations	-	550,000
Other	132,388	114,280
	<u>1,451,269</u>	<u>1,958,554</u>
Note 10 (a) Employee benefits		
Wages and salaries	10,910,934	10,379,371
Casual Staff	460,775	491,803
Superannuation	1,046,033	1,031,100
Fringe benefits tax	75,341	92,658
Workcover	144,505	164,502
	<u>12,637,588</u>	<u>12,159,434</u>
(b) Superannuation		
Council made contributions to the following funds:		
Defined benefit fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	84,650	82,996
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	372,534	627,814
Employer contributions - other funds	588,849	320,290
	<u>961,383</u>	<u>948,104</u>
Employer contributions payable at reporting date.		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	13,786	16,878
Employer contributions - other funds	21,791	8,610
Refer to Note 33 for further information relating to Councils Superannuation obligations		
Note 11 Materials and services		
Utilities	535,225	521,425
Contractors	6,883,497	6,282,407
Legal Expenses	297,278	298,240
Insurance	390,545	402,159
Materials	794,508	909,433
Contributions	444,116	493,740
Consultants	247,224	222,866
	<u>9,592,393</u>	<u>9,130,270</u>
Note 12 Bad and Doubtful Debts		
Rate Debtors	2,353	2,452
Other Debtors	-	502,368
	<u>2,353</u>	<u>504,820</u>

Notes to Financial Report
For the Year Ended 30 June 2016

	2016 \$	2015 \$
Note 13 Depreciation and amortisation		
Property	2,434,313	1,980,682
Plant and Equipment	846,992	872,176
Infrastructure	<u>4,976,332</u>	<u>4,795,639</u>
Total depreciation	<u>8,257,637</u>	<u>7,648,497</u>
Intangible assets	<u>14,394</u>	<u>18,040</u>
Total depreciation and amortisation	<u>8,272,031</u>	<u>7,666,537</u>

Refer to note 22 and 23 for a more detailed breakdown of depreciation and amortisation charges

Note 14 Borrowing cost		
Interest - borrowings	163,204	218,429
Interest - provision for landfill rehabilitation	<u>72,290</u>	<u>68,719</u>
	<u>235,494</u>	<u>287,148</u>

Note 15 Other expenses		
Auditors remuneration - auditing of the financial report	51,600	37,000
Auditors remuneration - internal audit	36,250	40,299
Councillors allowances	181,522	183,903
Other	<u>27,139</u>	<u>20,140</u>
	<u>296,511</u>	<u>281,342</u>

Note 16 Cash and cash equivalents		
Cash at Bank and on Hand	1,336,984	2,602,411
Term Deposits and at Call	<u>2,295,000</u>	<u>6,350,000</u>
	<u>3,631,984</u>	<u>8,952,411</u>

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

Trust funds and deposits (Note 25)	973,558	835,466
Statutory reserves (Note 28(b))	<u>423,754</u>	<u>416,754</u>
Total restricted cash and cash equivalents	<u>1,397,312</u>	<u>1,252,220</u>
Total unrestricted cash and cash equivalents	<u>2,234,672</u>	<u>7,700,191</u>

Intended allocations

Although not externally restricted the followings amounts have been allocated for specific future purpose by Council :

Cash held to fund carried forward capital works	4,383,137	3,615,624
Grants received in advance	1,557,762	2,145,860
Bank Guarantee - Quarry	19,500	19,500
Cash held to fund discretionary reserves (Note 28)	13,523,091	12,163,462
Portion of Long Service Leave Liability	<u>424,324</u>	<u>292,549</u>
Total Intended allocations	<u>19,907,814</u>	<u>18,236,995</u>

Term deposits with a maturity date of greater than 90 days are reported as other financial assets refer to note 18.

Notes to Financial Report
For the Year Ended 30 June 2016

	2016 \$	2015 \$
Note 17 Trade and other receivables		
Current		
Rates debtors	1,422,997	1,259,037
Provision for doubtful rate debts	(40,065)	(37,713)
Garbage and Recycling debtors	274,509	250,722
Other debtors	569,584	337,800
Provision for doubtful debts - other debtors	(86,635)	(86,635)
Government grants	503,476	310,995
Special rate scheme	5,313	9,024
Net GST receivable	379,307	287,450
	<u>3,028,486</u>	<u>2,330,680</u>
Non-current		
Special rate scheme	23,978	38,938
	<u>23,978</u>	<u>38,938</u>
Total trade and other receivables	<u>3,052,464</u>	<u>2,369,618</u>

At balance date other debtors representing financial assets were past due but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of default. The ageing of the Council's trade & other receivables (excluding statutory receivables) was:

a) Ageing of Receivables

Current (not yet due)	755,637	310,322
Past due by up to 30 days	139,292	54,868
Past due between 31 and 180 days	16,480	85,930
Past due between 181 and 365 days	1,566	75,725
Past due by more than 1 year	73,450	35,315
Total trade & other receivables	<u>986,425</u>	<u>562,160</u>

b) Movement in provisions for doubtful debts

Balance at the beginning of the year	86,635	86,635
Balance at end of year	<u>86,635</u>	<u>86,635</u>

Notes to Financial Report
For the Year Ended 30 June 2016

	2016 \$	2015 \$
Note 17		
Trade and other receivables (Cont.)		
c) Ageing of individually impaired Receivables		
At balance date, other debtors representing financial assets with a nominal value of \$86,635 (2015: \$86,635) were impaired. The amount of the provision raised against these debtors was \$86,635 (2015: \$86,635). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements. Statutory receivables are not included in the analysis of aging and impairment.		
The ageing of receivables that have been individually determined as impaired at reporting date was:		
Past due by more than 1 year	86,635	86,635
Total trade & other receivables	<u>86,635</u>	<u>86,635</u>
Note 18		
Other financial assets		
Term Deposit	<u>23,119,500</u>	<u>17,619,500</u>
	<u>23,119,500</u>	<u>17,619,500</u>
Note 19		
Inventories		
Other - Alexandra Depot	22,578	32,995
Other - Yea Depot	18,915	20,126
	<u>41,493</u>	<u>53,121</u>
Note 20		
Non-Current assets classified as held for sale		
Land	434,094	561,894
Buildings	-	275,264
	<u>434,094</u>	<u>837,158</u>
Note 21		
Other assets		
Accrued Income	161,907	177,377
Prepayments	205,474	134,642
	<u>367,381</u>	<u>312,019</u>

Note 22 Property, infrastructure, plant and equipment

Summary of property, Infrastructure, plant and equipment

	At Fair Value 30-June-2016	Accumulated Depreciation	WDV 30-June-2016	At Fair Value 30-June-2015	Accumulated Depreciation	WDV 30-June-2015
Land	31,065,243	-	31,065,243	29,127,654	-	29,127,654
Buildings	99,366,880	(37,597,754)	61,769,126	96,020,450	(34,677,212)	61,343,238
Plant and Equipment	9,834,762	(4,959,169)	4,875,593	9,461,101	(4,496,114)	4,964,987
Infrastructure	300,137,833	(99,092,159)	201,045,674	300,944,170	(96,436,955)	204,507,215
Works in Progress	1,737,682	-	1,737,682	3,270,500	-	3,270,500
	<u>442,142,400</u>	<u>(141,649,082)</u>	<u>300,493,318</u>	<u>438,823,875</u>	<u>(135,610,281)</u>	<u>303,213,594</u>

Summary of Works in Progress

	Opening WIP	Additions	Transfers	Closing WIP
Buildings	1,075,017	673,811	(858,159)	890,669
Infrastructure	2,195,483	659,247	(2,007,717)	847,013
Total	<u>3,270,500</u>	<u>1,333,058</u>	<u>(2,865,876)</u>	<u>1,737,682</u>

Note 22 Property, infrastructure plant and equipment (cont'd)

Land and Buildings	Note	Land - specialised	Land - non specialised	Land Under Roads	Total Land	Buildings - specialised	Buildings - non specialised	Total Buildings	Work In Progress	Total Property
At fair value 1 July 2015		21,770,969	3,527,517	3,829,168	29,127,654	76,323,800	19,696,650	96,020,450	1,075,017	126,223,121
Accumulated depreciation at 1 July 2015		-	-	-	-	(27,353,947)	(7,323,265)	(34,677,212)	-	(34,677,212)
		<u>21,770,969</u>	<u>3,527,517</u>	<u>3,829,168</u>	<u>29,127,654</u>	<u>48,969,853</u>	<u>12,373,385</u>	<u>61,343,238</u>	<u>1,075,017</u>	<u>91,545,909</u>
Movements in fair value										
Acquisition of assets at fair value		-	800,000	3,043	803,043	1,508,862	-	1,508,862	673,811	2,985,716
Revaluation increments/decrements		446,305	72,314	615,927	1,134,546	778,503	200,906	979,409	-	2,113,955
Fair value of assets disposed		-	-	-	-	-	-	-	-	-
Transfers		-	-	-	-	858,159	-	858,159	(858,159)	-
		<u>446,305</u>	<u>872,314</u>	<u>618,970</u>	<u>1,937,589</u>	<u>3,145,524</u>	<u>200,906</u>	<u>3,346,430</u>	<u>(184,348)</u>	<u>5,099,671</u>
Movements in accumulated depreciation										
Depreciation and amortisation		-	-	-	-	(1,952,114)	(482,199)	(2,434,313)	-	(2,434,313)
Accumulated depreciation of disposals		-	-	-	-	-	-	-	-	-
Revaluation increments/decrements		-	-	-	-	(298,922)	(79,616)	(378,538)	-	(378,538)
Impairment losses recognised in revaluation reserve		-	-	-	-	-	(107,691)	(107,691)	-	(107,691)
Transfers		-	-	-	-	-	-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,251,036)</u>	<u>(669,506)</u>	<u>(2,920,542)</u>	<u>-</u>	<u>(2,920,542)</u>
At fair value 30 June 2016		22,217,274	4,399,831	4,448,138	31,065,243	79,469,324	19,897,556	99,366,880	890,669	131,322,792
Accumulated depreciation at 30 June 2016		-	-	-	-	(29,604,983)	(7,992,771)	(37,597,754)	-	(37,597,754)
		<u>22,217,274</u>	<u>4,399,831</u>	<u>4,448,138</u>	<u>31,065,243</u>	<u>49,864,341</u>	<u>11,904,785</u>	<u>61,769,126</u>	<u>890,669</u>	<u>93,725,038</u>

Note 22 Property, infrastructure plant and equipment (cont'd)

Plant and Equipment	Note	Heritage plant and equipment	Plant machinery and equipment	Fixtures fittings and furniture	Library books	Total plant and equipment
At fair value 1 July 2015		345,787	6,485,591	1,837,787	791,936	9,461,101
Accumulated depreciation at 1 July 2015		(17,313)	(3,057,847)	(1,063,930)	(357,024)	(4,496,114)
		<u>328,474</u>	<u>3,427,744</u>	<u>773,857</u>	<u>434,912</u>	<u>4,964,987</u>
Movements in fair value						
Acquisition of assets at fair value		-	675,409	170,604	111,263	957,276
Fair value of assets disposed		-	(407,826)	(77,876)	(97,913)	(583,615)
		<u>-</u>	<u>267,583</u>	<u>92,728</u>	<u>13,350</u>	<u>373,661</u>
Movements in accumulated depreciation						
Depreciation and amortisation		(4,907)	(578,662)	(169,121)	(94,301)	(846,991)
Accumulated depreciation of disposals		-	208,438	77,585	97,913	383,936
		<u>(4,907)</u>	<u>(370,224)</u>	<u>(91,536)</u>	<u>3,612</u>	<u>(463,055)</u>
At fair value 30 June 2016		345,787	6,753,174	1,930,515	805,286	9,834,762
Accumulated depreciation at 30 June 2016		(22,220)	(3,428,071)	(1,155,466)	(353,412)	(4,959,169)
		<u>323,567</u>	<u>3,325,103</u>	<u>775,049</u>	<u>451,874</u>	<u>4,875,593</u>

Note 22 Property, infrastructure plant and equipment (cont'd)

Infrastructure	Note	Roads	Bridges	Footpaths and cycleways	Drainage	Work In Progress	Total Infrastructure
At fair value 1 July 2015		220,581,684	53,353,712	8,844,630	18,164,144	2,195,483	303,139,653
Accumulated depreciation at 1 July 2015		(71,020,867)	(18,114,720)	(3,052,687)	(4,248,681)	-	(96,436,955)
		<u>149,560,817</u>	<u>35,238,992</u>	<u>5,791,943</u>	<u>13,915,463</u>	<u>2,195,483</u>	<u>206,702,698</u>
Movements in fair value							
Acquisition of assets at fair value		2,683,616	669,403	442,141	172,206	659,247	4,626,613
Revaluation increments/decrements		(4,955,470)	(1,216,213)	(191,962)	(417,775)	-	(6,781,420)
Fair value of assets disposed		-	-	-	-	-	-
Transfers		560	1,644,186	362,971	-	(2,007,717)	-
		<u>(2,271,294)</u>	<u>1,097,376</u>	<u>613,150</u>	<u>(245,569)</u>	<u>(1,348,470)</u>	<u>(2,154,807)</u>
Movements in accumulated depreciation							
Depreciation and amortisation		(3,903,244)	(611,261)	(264,824)	(197,003)	-	(4,976,332)
Accumulated depreciation of disposals		-	-	-	-	-	-
Revaluation increments/decrements		1,712,779	430,385	75,713	102,251	-	2,321,128
		<u>(2,190,465)</u>	<u>(180,876)</u>	<u>(189,111)</u>	<u>(94,752)</u>	<u>-</u>	<u>(2,655,204)</u>
At fair value 30 June 2016		218,310,390	54,451,088	9,457,780	17,918,575	847,013	300,984,846
Accumulated depreciation at 30 June 2016		(73,211,332)	(18,295,596)	(3,241,798)	(4,343,433)	-	(99,092,159)
		<u>145,099,058</u>	<u>36,155,492</u>	<u>6,215,982</u>	<u>13,575,142</u>	<u>847,013</u>	<u>201,892,687</u>

Note 22 Property, infrastructure, plant and equipment (cont'd)

Valuation of land and buildings

Valuation of land and buildings were undertaken at 30 June 2015 by a qualified independent valuers Marcus Hann valuer registration number 62901 and David Elford valuer registration number 62990. Based on information from the valuers an indexation valuation was applied for 2015/16 being 2.05% land and 1.02% buildings. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

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

Land under roads is valued at fair value. Fair value is based on Council valuations at 1 January 2016 for land under roads in existence at that date and at the date acquired for subsequent acquisitions using site values adjusted for englobo (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Any significant movements in the unobservable inputs for land and land under roads will have a significant impact on the fair value of these assets. Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2016 are as follows:

	Level 1	Level 2	Level 3
Land	-	4,399,831	22,217,274
Land Under Roads	-	-	4,448,138
Buildings	-	11,904,785	49,864,341
Total	-	16,304,616	76,529,753

Specialised land including land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 50% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$1 and \$252 per square metre.

	2016	2015
Reconciliation of specialised land		
Land under roads	4,448,138	3,829,168
Active Recreation	6,241,959	6,116,569
Passive Recreation	8,660,367	8,486,396
Community centres and hall reserves	1,308,845	1,282,553
Waste Management	1,898,926	1,860,780
Other	4,107,177	4,024,671
Total specialised land	26,665,412	25,600,137

Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs is calculated on a square metre basis and ranges from \$100 to \$15,000 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 8 years to 80 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

Note 22 Property, infrastructure, plant and equipment (cont'd)

Valuation of infrastructure

Valuation of infrastructure road assets have been determined by Council Officer John Canny A.A.I.Q.S. The valuation was first applied in the financial year ended 30 June 2013.

Valuation of footpaths and cycleways have been determined by Council Officer John Canny A.A.I.Q.S. The valuation was first applied in the financial year ended 30 June 2013.

Valuation of storm water drainage have been determined by Council Officer John Canny A.A.I.Q.S. The valuation was first applied in the financial year ended 30 June 2015.

Valuations of bridges have been independently determined by Pitt and Sherry Pty Ltd. The valuation was first applied in the financial year ended 30 June 2014.

Valuations have been indexed as at 30 June 2016 using Victorian road and bridge construction cost data provided by the Australian Bureau of Statistics.

The valuations are at fair value as at 30 June 2016 based on replacement cost less accumulated depreciation as at the date of valuation.

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2016 are as follows:

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2016 are as follows:

	Level 1	Level 2	Level 3
Roads	-	-	145,099,058
Bridges	-	-	36,155,492
Footpaths and cycleway	-	-	6,215,982
Drainage	-	-	13,575,142
Total	-	-	201,045,674

Infrastructure assets are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 20-200 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

Notes to Financial Report
For the Year Ended 30 June 2016

	2016	2015
	\$	\$
Note 23		
Intangible assets		
Gross Carrying amount		
Landfill air space 1/7/2016	326,650	-
Transfer from property, infrastructure plant equipment.	-	326,650
Additions from internal developments (1)	<u>3,570,644</u>	
Landfill air space 30/6/2016	<u>3,897,294</u>	<u>326,650</u>
Accumulated amortisation		
Balance at 1 July 2015	67,179	-
Transfer from property, infrastructure plant equipment.	-	49,139
Amortisation expense	<u>14,394</u>	<u>18,040</u>
Balance at 30 June 2016	<u>81,573</u>	<u>67,179</u>
Net book value at 30 June 2016	<u>3,815,721</u>	<u>259,471</u>

(1) Landfill air space represents the unused capacity of the Alexandra landfill. The value of this asset is based on the corresponding landfill restoration provision (refer to note 26) adjusted to reflect the portion of unused air space remaining within this landfill. The corresponding landfill restoration provision was reassessed in the current year resulting in an increase in this provision. This increase represents the corresponding increase in the balance of the landfill air space asset.

Note 24		
Trade and other payables		
Trade payables	2,542,388	2,402,954
Loan Interest	23,818	32,599
Accrued wages	494,227	357,927
Accrued expenses	<u>48,720</u>	<u>30,680</u>
	<u>3,109,153</u>	<u>2,824,160</u>

Note 25		
Trust funds and deposits		
Refundable building deposits	39,500	44,500
Refundable planning permit bonds	299,886	249,820
Retention contract deposits	343,583	291,128
Fire Service Property Levy	63,601	93,083
Other refundable deposits	<u>226,988</u>	<u>156,935</u>
	<u>973,558</u>	<u>835,466</u>

Purpose and nature of items

Refundable building deposits and planning permit bonds - These amounts have been received from individuals or companies to guarantee performance of obligations under various building permits, planning permits and contract agreements.

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

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

Notes to Financial Report
For the Year Ended 30 June 2016

Note 26 Provisions

	Employee	Landfill restoration	Total	
	\$	\$	\$	
2016				
Balance at beginning of the financial year	3,438,647	1,392,815	4,831,462	
Additional provisions	980,797	3,908,222	4,889,019	
Amounts used	(1,029,666)	-	(1,029,666)	
Balance at the end of the financial year	<u>3,389,778</u>	<u>5,301,037</u>	<u>8,690,815</u>	
2015				
Balance at beginning of the financial year	3,200,157	1,324,096	4,524,253	
Additional provisions	1,081,643	68,719	1,150,362	
Amounts used	(843,153)	-	(843,153)	
Balance at the end of the financial year	<u>3,438,647</u>	<u>1,392,815</u>	<u>4,831,462</u>	
			2016	2015
			\$	\$
(a) Employee benefits				
Current provision expected to be settled within 12				
Annual leave			742,538	726,760
Long service leave			100,879	123,640
			<u>843,417</u>	<u>850,400</u>
Current provision expected to be settled after 12				
Annual leave			384,181	371,498
Long service leave			1,864,136	1,921,325
			<u>2,248,317</u>	<u>2,292,823</u>
Total Current employee provision			<u>3,091,734</u>	<u>3,143,223</u>
Non-current				
Long service leave			298,044	295,424
Total Non-current employee provision			<u>298,044</u>	<u>295,424</u>
Aggregate carrying amount of employee benefits:				
Current			3,091,734	3,143,223
Non-current			298,044	295,424
Total aggregate carrying amount of employee benefits:			<u>3,389,778</u>	<u>3,438,647</u>
(b) Provisions				
Non-current				
Landfill Restoration			5,301,037	1,392,815
			<u>5,301,037</u>	<u>1,392,815</u>
A provision has been recognised for the costs to be incurred for the restoration of the landfill site used for waste management.				
Total Provisions			<u>8,690,815</u>	<u>4,831,462</u>

**Notes to Financial Report
For the Year Ended 30 June 2016**

	2016 \$	2015 \$
Note 27 Interest-bearing loans and borrowings		
Current		
Bank loans - secured	<u>673,639</u>	<u>768,570</u>
	<u>673,639</u>	<u>768,570</u>
Non-current		
Bank loans - secured	<u>1,354,511</u>	<u>2,028,151</u>
Total	<u>2,028,150</u>	<u>2,796,721</u>
The maturity profile for Council's borrowings is:		
Not later than one year	673,639	768,570
Later than one year and not later than five years	1,054,031	1,361,125
Later than five years	<u>300,480</u>	<u>667,026</u>
	<u>2,028,150</u>	<u>2,796,721</u>
Bank Loans are secured by a charge over the general rates of the Council.		
Aggregate carrying amount of interest-bearing loans and borrowings:		
Current	673,639	768,570
Non-current	<u>1,354,511</u>	<u>2,028,151</u>
	<u>2,028,150</u>	<u>2,796,721</u>

**Notes to Financial Report
For the Year Ended 30 June 2016**

Note 28	Reserves	2016	2015
		\$	\$
	Asset revaluation reserves (a)	177,714,345	180,546,911
	Other reserves (b)	13,946,845	12,580,216
		191,661,190	193,127,127

(a)	Asset revaluation reserves	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
		\$	\$	\$
	2016			
	Property			
	Land	21,378,153	518,619	21,896,772
	Land under roads	269,053	615,928	884,981
	Buildings	25,396,999	493,179	25,890,178
		47,044,205	1,627,726	48,671,931
	Infrastructure			
	Bridges	5,345,173	(785,828)	4,559,345
	Drainage	9,545,230	(315,524)	9,229,706
	Footpaths and Cycleways	4,357,916	(116,249)	4,241,667
	Roads	114,254,387	(3,242,691)	111,011,695
		133,502,706	(4,460,292)	129,042,413
	Total Asset revaluation reserves	180,546,911	(2,832,566)	177,714,345
	2015			
	Property			
	Land	16,449,435	4,928,718	21,378,153
	Land under roads	269,053	-	269,053
	Buildings	24,975,477	421,522	25,396,999
		41,693,965	5,350,240	47,044,205
	Infrastructure			
	Bridges	5,241,170	104,003	5,345,173
	Drainage	6,353,396	3,191,834	9,545,230
	Footpaths and Cycleways	4,342,056	15,860	4,357,916
	Roads	113,821,827	432,560	114,254,387
		129,758,449	3,744,257	133,502,706
	Total Asset revaluation reserves	171,452,414	9,094,497	180,546,911

Asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy note 1 (m).

Notes to Financial Report
For the Year Ended 30 June 2016

Note 28 Reserves (cont.)

	Balance at beginning of reporting period	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end reporting period
	\$	\$	\$	\$
(b) Other reserves				
2016				
Statutory Reserves				
Public Open Space Reserve	416,754	7,000	-	423,754
Discretionary Reserves				
Alexandra Community Leisure Centre	16,384	-	(3,278)	13,106
Defined Benefits Superannuation	600,000	300,000	-	900,000
Garbage Reserve	4,677,985	1,354,010	(411,695)	5,620,300
Gifted and Novated Assets Reserve	920,000	-	-	920,000
Infrastructure Contributions Parking	41,080	-	-	41,080
Infrastructure Balance MAP funding	434,022	-	-	434,022
Infrastructure Maintenance Reserve	950,076	284,684	(500,000)	734,760
Infrastructure Unexpended Capital Works Reserve	463,156	28,117	-	491,273
Marysville Caravan Park	152,087	42,647	(101,843)	92,891
New and Expanded Assets Reserve	3,521,318	395,110	(100,160)	3,816,268
Marysville Community Fund	63,531	-	-	63,531
Road Maintenance - Subdividers Contribution	16,044	-	-	16,044
Shaw Avenue Redevelopment	43,752	-	-	43,752
Yea Saleyards	264,027	159,211	(87,174)	336,064
Total Other reserves	12,580,216	2,570,779	(1,204,150)	13,946,845

Notes to Financial Report
For the Year Ended 30 June 2016

Note 28 Reserves (cont.)

	Balance at beginning of reporting period	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting period
	\$	\$	\$	\$
2015				
Statutory Reserves				
Public Open Space Reserve	394,004	22,750	-	416,754
Discretionary Reserves				
Alexandra Community Leisure Centre	10,881	5,503	-	16,384
Coster Street Units Reserve	42,922	-	(42,922)	-
Defined Benefits Superannuation	300,000	300,000	-	600,000
Garbage Reserve	3,789,528	956,969	(68,512)	4,677,985
Gifted and Novated Assets Reserve	920,000	-	-	920,000
Infrastructure Contributions Parking	41,080	-	-	41,080
Infrastructure Balance MAP funding	434,022	-	-	434,022
Infrastructure Maintenance Reserve	684,016	266,060	-	950,076
Infrastructure Unexpended Capital Works Reserve	426,843	41,313	(5,000)	463,156
Marysville Caravan Park	113,489	53,549	(14,951)	152,087
New and Expanded Assets Reserve	2,610,467	910,851	-	3,521,318
Marysville Community Fund	63,531	-	-	63,531
Road Maintenance - Subdividers Contribution	16,044	-	-	16,044
Shaw Avenue Redevelopment	43,752	-	-	43,752
Yea Caravan Park	19,186	-	(19,186)	-
Yea Saleyards	186,090	157,686	(79,749)	264,027
Total Other reserves	10,095,855	2,714,681	(230,320)	12,580,216

Alexandra Community Leisure Centre reserve is surplus operational funds set aside for future capital works.

Defined Benefits reserve has been created to meet any obligations for future funding calls from the Vision Super Defined Benefits Superannuation Fund

Garbage reserve represents funds set aside for rehabilitation of Landfill site. The reserve is to be utilised for future works to maximise life of the landfill site (eg. Cell construction, cell capping and Leachate management over the next 10 years)

Gifted and Novated reserve is funds set aside from State Government funding to new assets gifted after the 2009 bushfires.

Infrastructure Maintenance Reserve represents funds set aside for addressing council's long term infrastructure renewal obligations

Infrastructure Contributions reserve represents payments from Subdividers set aside for future infrastructure works relating to provision of car parking.

Infrastructure balance MAP represents the final payment received from State Government related to the Murrindindi Assistance Package.

Infrastructure Unexpended Capital works relate to carried forward items from 2015/16 that will be completed in early 2016/17.

Marysville Caravan Park reserve is surplus operational funds set aside for future capital works.

Marysville Community Fund are funds set aside from sale of Council assets in Marysville that are to be reinvested in infrastructure in Marysville.

New and Expanded assets reserve represents funds set aside for future capital works on assets gifted following the 2009 bushfires.

Public Open Space represents payments from Subdividers as specified under the Subdivisions Act, to fund future creation of areas of recreational land.

Road Maintenance reserve consists of contributions from Subdividers to future road maintenance cost impacted by respective subdivisions.

Shaw Avenue reserve represents funds set aside for redevelopment of remaining land.

Yea Saleyards reserve is surplus operational funds set aside for future capital works.

**Notes to Financial Report
For the Year Ended 30 June 2016**

	2016	2015
	\$	\$
Note 29		
Reconciliation of cash flows from operating activities to surplus		
Surplus for the financial year	657,762	4,957,879
Depreciation and amortisation	8,272,031	7,666,537
Contributions - non-monetary	(485,854)	(1,393,540)
Finance Costs	244,275	228,437
(Gain)/loss on disposal of property, plant and equipment, infrastructure	59,298	301,972
<i>Change in assets and liabilities:</i>		
(Increase)/Decrease in trade and other receivables	(682,846)	2,147,473
(Increase)/Decrease in inventories	11,628	215,863
(Increase)/Decrease in other current assets	(3,626,006)	(64,143)
Increase/(Decrease) in trade and other payables	746,961	80,176
Increase/(Decrease) in trust funds and deposits	138,092	(2,217,380)
Increase in provisions	3,859,353	307,209
Net cash provided by operating activities	<u>9,194,694</u>	<u>12,230,483</u>
Note 30		
Financing arrangements		
Secured bank loans at fixed interest rates:		
Facility available	2,028,150	2,796,721
Used facility	<u>2,028,150</u>	<u>2,796,721</u>
Unused facility	<u>-</u>	<u>-</u>
Secured bank overdraft subject to annual review and repayable at call:		
Facility available	400,000	400,000
Used facility	<u>-</u>	<u>-</u>
Unused facility	<u>400,000</u>	<u>400,000</u>

Should the bank overdraft be utilised the liability would be secured by a mortgage over the general rates of Council.

Notes to Financial Report
For the Year Ended 30 June 2016

Note 31 Commitments

The Council has entered into the following commitments

2016	Not later than 1 year \$	Later than 1 year and not later than 2 years \$	Later than 2 years and not later than 5 years \$	Later than 5 years \$	Total \$
Operating					
Garbage and recycling collection	871,946	898,105	2,859,230	3,124,357	7,753,638
Cleaning buildings and streets	193,981	-	-	-	193,981
Document output devices	23,139	-	-	-	23,139
Software	103,691	-	-	-	103,691
Telecommunications and web services	75,000	75,000	6,942	-	156,942
Landfill services	41,227	39,114	128,212	-	208,553
Internal audit services	27,550	27,550	26,100	-	81,200
Library services	55,234	6,966	-	-	62,200
Election Services	128,757	-	-	-	128,757
Total	1,520,525	1,046,735	3,020,484	3,124,357	8,712,101
Capital					
Buildings & improvements	956,936	-	-	-	956,936
Bridges	749,336	-	-	-	749,336
Footpaths and cycleways	47,738	-	-	-	47,738
Plant and Equipment	10,542	-	-	-	10,542
Roads	71,208	-	-	-	71,208
Total	1,835,760	-	-	-	1,835,760
2015					
	Not later than 1 year \$	Later than 1 year and not later than 2 years \$	Later than 2 years and not later than 5 years \$	Later than 5 years \$	Total \$
Operating					
Garbage and recycling collection	1,074,000	1,074,000	2,622,000	3,496,000	8,266,000
Cleaning buildings and streets	203,770	203,770	-	-	407,540
Document output devices	23,139	-	-	-	23,139
Valuation services	156,922	18,306	356,988	-	532,216
Other	99,929	30,305	59,015	-	189,249
Total	1,557,760	1,326,381	3,038,003	3,496,000	9,418,144
Capital					
Buildings & improvements	766,720	-	-	-	766,720
Total	766,720	-	-	-	766,720

Note 32 Operating leases

(a) Operating lease commitments

At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities):

	2016 \$	2015 \$
Not later than one year	134,165	234,246
Later than one year and not later than five years	131,741	172,530
Later than five years	4,638	5,421
	<u>270,544</u>	<u>412,197</u>

(b) Operating lease receivables

The Council has entered into commercial property leases on its Caravan Parks and other property assets. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 99 years.

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

	2016 \$	2015 \$
Not later than one year	133,024	145,365
Later than one year and not later than five years	550,489	332,696
Later than five years	1,718,171	971,315
	<u>2,401,684</u>	<u>1,449,376</u>

Notes to Financial Report For the Year Ended 30 June 2016

Note 33 Superannuation

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

Accumulation

The Fund's accumulation categories, Vision My Super/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2016, this was 9.5% required under Superannuation Guarantee legislation (for 2014/15, this was 9.5%)).

Defined Benefit

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

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

Funding Arrangements

Murrindindi Shire Council makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary.

As at 30 June 2015, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 105.8%. To determine the VBI, the fund Actuary used the following long-term assumptions:

Net investment returns	7.0% pa
Salary information	4.25% pa
Price inflation (CPI)	2.5% pa

Vision Super has advised that the estimated VBI at 30th June 2016 was 102%. The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 2015 interim actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Employer contributions

Regular contributions

On the basis of the results of the 2015 interim actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2016, this rate was 9.5% of members' salaries (9.5% in 2014/2015). This rate will increase in line with any increase to the contribution rate. In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

Notes to Financial Report For the Year Ended 30 June 2016

Note 33 Superannuation (cont.)

Funding calls

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

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

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up. If there is a surplus in the Fund, the surplus cannot be returned to the participating employers. In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

2015 Interim actuarial investigation surplus amounts

The Fund's interim actuarial investigation as at 30 June 2015 identified the following in the defined benefit category of which Council is a contributing employer:

- A VBI surplus of \$130.8 million; and
- A total service liability surplus of \$239 million.

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2015. The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses. Council was notified of the 30 June 2015 VBI during August 2015.

Future superannuation contributions

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2017 is \$84,650.

Enterprise bargaining agreement

Staff employed under Councils Enterprise Bargaining Agreement are entitled to additional superannuation depending on years of service as outlined below;

Years of service between 10- 15 1%

Years of service greater than 15 2%

Note 34 Contingent liabilities and contingent assets

Contingent liabilities

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme, matters relating to this potential obligation are outlined in Note 33. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists. At this point in time it is not known if additional contributions will be required, their timing or potential amount.

Legal Liabilities

As these matters are yet to be finalised, and the financial outcomes are unable to be reliably estimated, no allowance for these contingencies has been made in the financial report.

Contingent Assets

There were no contingent assets as at 30 June 2016 (2015 Nil)

Note 35 Financial Instruments

(a) Objectives and policies

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and bank borrowings. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in Note 1 of the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

(b) Market risk

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

Interest rate risk

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

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

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

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

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

(c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause us to make a financial loss.

Council have exposure to credit risk on all financial assets included in our balance sheet. To help manage this risk:

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

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

Note 35 **Financial Instruments (cont.)**
(c) Credit risk (cont.)

We may also be subject to credit risk for transactions which are not included in the balance sheet, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in note 34.

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

(d) Liquidity risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements:

- Council will not have sufficient funds to settle a transaction on the date;
- Council will be forced to sell financial assets at a value which is less than what they are worth; or
- Council may be unable to settle or recover a financial assets at all.

To help reduce these risks Council:

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

Council's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

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

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 27.

(e) Fair value

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

Fair value hierarchy

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

(f) Sensitivity disclosure analysis

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

- A parallel shift of +0.25% and -0.25% in market interest rates (AUD) from year-end rates of 1.75%.

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

**Notes to Financial Report
For the Year Ended 30 June 2016**

Note 36 Related party transactions

(i) Responsible Persons

Names of persons holding the position of a Responsible Person at the Council at any time during the year are:

Councillors Councillor Margaret Rae - Mayor

Councillor Andrew Derwent - resigned 27th April 2016
Councillor Bernie Magner - resigned 28th August 2015
Councillor Christine Challen
Councillor John Kennedy
Councillor John Walsh
Councillor Christopher Healy - from by-election 29th August 2015
Councillor Eric Lording - from by-election 29th August 2015

Chief Executive Officer Margaret Abbey

(ii) Remuneration of Responsible Persons

The numbers of Responsible Officers, whose total remuneration from Council and any related entities fall within the following bands:

	2016 No.	2015 No.
\$0 - \$9,999	1	-
\$10,000 - \$19,999	3	-
\$20,000 - \$29,999	3	6
\$30,000 - \$39,999	-	-
\$40,000 - \$49,999	-	-
\$60,000 - \$69,999	1	1
\$200,000 - \$209,999	-	-
\$220,000 - \$229,999	1	1
	<u>9</u>	<u>8</u>
	\$	\$
Total Remuneration for the reporting year for Responsible Persons included above amounted to:	405,849	405,834

(iii) No retirement benefits have been made by the Council to a Responsible Person. (2014/15, \$0).

(iv) No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year. (2014/15, \$0).

(v) Other Transactions

No transactions other than remuneration payments or the reimbursement of approved expenses were entered into by Council with Responsible Persons, or Related Parties of such Responsible Persons during the reporting year. (2014/15, \$0).

(vi) Senior Officers Remuneration

A Senior Officer other than a Responsible Person, is an officer of Council who has management responsibilities and reports directly to the Chief Executive Officer or whose total annual remuneration exceeds \$139,000.

The number of Senior Officers other than the Responsible Persons, are shown below in their relevant income bands:

	2016 No.	2015 No.
Income Range:		
Less than \$139,000	-	6
\$139,001 - \$149,999	2	-
\$150,000 - \$159,999	-	1
\$160,000 - \$169,999	1	1
\$170,000 - \$179,999	1	-
\$240,000 - \$249,999	1	-
	<u>5</u>	<u>8</u>
	\$	\$

Total Remuneration for the reporting year for Senior Officers included above, amounted to: 866,687 1,022,289

Note 37 Events occurring after balance date

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

Certification of the Financial Statements

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



Andrew Bond
Principal Accounting Officer

Date : 26/09/16
Alexandra

In our opinion the accompanying financial statements present fairly the financial transactions of Murrindindi Shire Council for the year ended 30 June 2016 and the financial position of the Council as at that date.

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

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



Margaret Rae
Councillor

Date : 26/9/16
Alexandra



John Kennedy
Councillor

Date : 26/9/16
Alexandra



Margaret Abbey
Chief Executive Officer

Date : 26/9/16
Alexandra

INDEPENDENT AUDITOR'S REPORT

To the Councillors, Murrindindi Shire Council

The Financial Report

I have audited the accompanying financial report for the year ended 30 June 2016 of the Murrindindi Shire Council which comprises the comprehensive income statement, balance sheet, statement of changes in equity, statement of cash flows, statement of capital works, notes comprising a summary of the significant accounting policies and other explanatory information, and the certification of the financial statements.

The Councillors' Responsibility for the Financial Report

The Councillors of the Murrindindi Shire Council are responsible for the preparation and the fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*.

The Councillors are responsible for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994* and the *Local Government Act 1989*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Councillors, as well as evaluating the overall presentation of the financial report.

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

Independent Auditor's Report (continued)

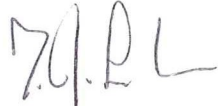
Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, I and my staff and delegates complied with the applicable independence requirements of the Australian Auditing Standards and relevant ethical pronouncements.

Opinion

In my opinion the financial report presents fairly, in all material respects, the financial position of the Murrindindi Shire Council as at 30 June 2016 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*.

MELBOURNE
28 September 2016


R Andrew Greaves
Auditor-General

Description of Municipality

Murrindindi Shire Council ("the Council") is situated 150 kms or 90 minutes north-east of Melbourne.

The Taungurung and Wurundjeri peoples are the traditional owners of the land known as the Murrindindi Shire. European settlement followed Hume and Hovell's overland exploration in December 1824. Many local towns were established during the 1850s and 1860s following the discovery of gold.

The Murrindindi Shire Council was declared on 18 November 1994 by the amalgamation of the former municipalities of Alexandra and Yea, and the addition of parts of the former municipalities of Healesville, Broadford, Eltham, Whittlesea and Euroa.

The main industries of the Shire include agriculture, aquaculture, horticulture, forestry and timber processing, tourism and hospitality, light manufacturing and engineering, retail and trades services, education and public services.

The council covers an area of 3,873 square kilometres, of which 48% is Crown land, and has a population of 13,595 as of the most recent Australian Bureau of Statistics update.

Basis of preparation

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

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

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

The forecast figures included in the performance statement are based on the assumptions adopted by council in its budget and strategic resource plan on 3 August 2016. The budget and strategic resource plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. Council's budget and strategic resource plan are available on Council's website (www.murrumbidgee.vic.gov.au) or copies are available in all three of Council's offices.

Definitions

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

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

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

"adjusted underlying revenue" means total income other than -

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

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

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

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

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

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

"Community Care Common Standards" means the Community Care Common Standards for the delivery of HACC services, published from time to time by the Commonwealth

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

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

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

"HACC program" means the Home and Community Care program established under the Agreement entered into for the purpose of the Home and Community Care Act 1985 of the Commonwealth

"HACC service" means home help, personal care of community respite provided under the HACC program

"infrastructure" means non-current property, plant and equipment excluding land

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

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

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

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

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

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

"population" means the resident population estimated by Council

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

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

"relative socio-economic disadvantage", in relation to a municipality, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipality is located according to the Index of Relative Socio-Economic Disadvantage of SEIFA

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

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

"SEIFA" means the Socio-Economic Indexes for Areas published from time to time by the Australian Bureau of Statistics on its website

"target population" has the same meaning as in the Agreement entered into for the purposes of the Home and Community Care Act 1985 of the Commonwealth

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

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

Notes to Financial Report
For the Year Ended 30 June 2016

PERFORMANCE STATEMENT

Sustainable Capacity Indicators

<i>Indicator / measure</i>	Results 2015	Results 2016	Material Variations
Population			
<i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$2,231.08	\$2,287.29	No material variations for 2015/16.
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$20,160.79	\$19,818.00	No material variations for 2015/16.
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	11.33	11.02	No material variations for 2015/16.
Own-source revenue			
<i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,574.79	\$1,665.55	No material variations for 2015/16.
Recurrent grants			
<i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$706.49	\$511.28	Recurrent grant revenue for 2015/16 decreased due to the timing of Victorian Grants Commission funding provided.
Disadvantage			
<i>Relative Socio-Economic Disadvantage</i> [Index of Relative Socio-Economic Disadvantage by decile]	8.00	8.00	No variation for 2015/16.

Notes to Financial Report
For the Year Ended 30 June 2016

PERFORMANCE STATEMENT

Service Performance Indicators

Service/indicator/measure	Results 2015	Results 2016	Material Variations
Aquatic Facilities Utilisation <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	1.57	1.42	Data accuracy reviewed in 2015/16 resulting in an accurate collection of attendance data. Results for 2014/15 include estimates for daily family tickets which did not clearly specify the amount of children entering under this ticket.
Animal Management Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	0.00	2.00	Council issued two dangerous dog declarations during 2015/16.
Food Safety Health and safety <i>Critical and major non-compliance outcome notifications</i> [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100	100.00%	100.00%	No material variations for 2015/16.
Governance Satisfaction <i>Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	47.00	42.00	This result is below the small rural average for 2015/16 and a 5 point decrease from 2014/15 and may reflect a response to the decision made by Council with regard to application for a rate cap variation for 2016/17.
Libraries Participation <i>Active library members</i> [Number of active library members / Municipal population] x100	16.68%	21.44%	Active library participation increased across the municipality when compared to data recorded in 2014/15 by 4.8%.

Notes to Financial Report
For the Year Ended 30 June 2016

PERFORMANCE STATEMENT

Maternal and Child Health (MCH)			
Participation			
<i>Participation in the MCH service</i>	70.30%	95.28%	Council's results for 2015/16 are inclusive of all visits undertaken throughout the year, whereas last year's results excluded visitation from non-residents. The 2015/16 results are now a better reflection of the overall service delivered in the Shire for the year.
[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100			
Participation			
<i>Participation in the MCH service by Aboriginal children</i>	100.00%	100.00%	No material variations for 2015/16.
[Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100			
Roads			
Satisfaction			
<i>Satisfaction with sealed local roads</i>	52.00	51.00	No material variations for 2015/16.
[Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]			
Statutory Planning			
Decision making			
<i>Council planning decisions upheld at VCAT</i>	100.00%	100.00%	No material variations for 2015/16.
[Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100			
Waste Collection			
Waste diversion			
<i>Kerbside collection waste diverted from landfill</i>	36.18%	39.59%	There was a marginal increase in kerbside waste diverted from landfill during 2015/16. The overall percentage of waste diverted to recycling instead of being land filled was 40.0% for the year which exceeded Council's target of 35%.
[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100			

Notes to Financial Report
For the Year Ended 30 June 2016

PERFORMANCE STATEMENT							
Financial Performance Indicators							
Dimension/indicator/measure	Results 2015	Results 2016	2017	2018	2019	2020	Material Variations
Efficiency							
Revenue level							
64 Average residential rate per residential property assessment	\$899.06	\$1,021.57	\$1,065.50	\$1,111.31	\$1,159.10	\$1,208.94	Increases for 2015/16 incorporate the annual rate increase as well as the effect of supplementary income received on residential properties that were built or improved throughout 2015/16. It should be noted that the forecasts have been adjusted down to not include the municipal charge which was included in Council's adopted budget to provide meaningful comparison to the 2015 result.
[Residential rate revenue / Number of residential property assessments]							
Expenditure level							
63 Expenses per property assessment	\$3,192.12	\$3,237.78	\$3,396.85	\$3,492.93	\$3,587.84	\$3,686.22	No material variations for 2015/16.
[Total expenses / Number of property assessments]							
Workforce turnover							
65 Resignations and terminations compared to average staff	16.26%	16.10%	14.00%	10.00%	10.00%	10.00%	Higher results for 2015/16 when compared to forecasts are due to a larger number of retirements and resignations for 2015/16 including a restructure of Council's Development Services division. Council's aging workforce will see more retirements and resignations in the coming years.
[Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100							
Liquidity							
Working capital							
55 Current assets compared to current liabilities	397.61%	390.20%	372.76%	380.38%	388.05%	395.76%	Council's liquidity position remains strong compared to 2014/15, with results projected to remain consistent in the next four years.
[Current assets / Current liabilities] x100							
Unrestricted cash							
56 Unrestricted cash compared to current liabilities	73.10%	28.47%	318.57%	95.90%	96.10%	96.30%	Council's longer term cash projections are based on funds being identified as unrestricted cash as of 30 June of each year, whereas any funds held in investments with over 90 days terms (ie. longer term deposits) are classified as other financial assets rather than cash. It should be noted that Council held \$23.1m of cash in such term deposits as of 30 June 2016 in addition to its unrestricted cash balances.
[Unrestricted cash / Current liabilities] x100							
Obligations							
Asset renewal							
60 Asset renewal compared to depreciation	51.67%	49.41%	71.13%	67.69%	52.03%	66.00%	Council achieved 61% of its total revised capital works budget for 2015/16 due to significant carry forwards from 2014/15 and newly funded grant projects in 2015/16.
[Asset renewal expense / Asset depreciation] x100							
Loans and borrowings							
57 Loans and borrowings compared to rates	16.58%	11.09%	11.84%	11.01%	10.24%	9.53%	Council's debt reduction strategy will deliver lower ratios in the coming years as Council's forecast debt position decreases.
[Interest bearing loans and borrowings / Rate revenue] x100							
58 Loans and borrowings repayments compared to rates	6.64%	5.09%	4.67%	4.32%	4.33%	4.01%	Council's debt reduction strategy will deliver lower ratios in the coming years as Council's forecast debt position decreases.
[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100							
Indebtedness							
59 Non-current liabilities compared to own source revenue	17.36%	30.71%	15.97%	15.13%	14.34%	13.59%	This ratio increased in 2015/16 due to a significant increase in the provision being recognised for costs to be incurred for the restoration of the landfill site used for waste management.
[Non-current liabilities / Own source revenue] x100							
Operating position							
Adjusted underlying result							
54 Adjusted underlying surplus (or deficit)	3.51%	-2.55%	-0.13%	1.03%	1.00%	0.97%	Council's result in 2014/15 was inflated due to the brought forward payment of the 2015-16 Financial Assistance Grant from the Commonwealth government of \$2.16m which was required to be recognised in the 2014-15 accounts.
[Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100							
Stability							
Rates concentration							
61 Rates compared to adjusted underlying revenue	53.66%	60.33%	58.66%	58.59%	59.22%	59.84%	The Commonwealth Government paid approximately half of the 2015/16 Financial Assistance Grant on the 30th June 2015. This resulted in the amount being reported in the 2014/15 financial year resulting in a large budget variation in both the 2014/15 and 2015/16 reporting periods due to timing differences.
[Rate revenue / Adjusted underlying revenue] x100							
Rates effort							
62 Rates compared to property values	0.43%	0.46%	0.40%	0.40%	0.40%	0.50%	No material variations for 2015/16.
[Rate revenue / Capital improved value of rateable properties in the municipality] x100							

Certification of the Performance Statement

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

Andrew Bond
Principal Accounting Officer

Date: 26/09/16
Alexandra

In our opinion, the accompanying performance statement of Murrumbidgee Shire Council for the year ended 30 June 2016 presents fairly the results of council's performance in accordance with the *Local Government Act 1989* and the Local Government (Planning and Reporting) Regulations 2014.

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

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

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

Margaret Rae
Mayor

Date: 26/9/16
Alexandra

John Kennedy
Councillor

Date: 26/9/16
Alexandra

Margaret Abbey
Chief Executive Officer

Date: 26/9/16
Alexandra

INDEPENDENT AUDITOR'S REPORT

To the Councillors, Murrindindi Shire Council

The Performance Statement

I have audited the accompanying performance statement for the year ended 30 June 2016 of the Murrindindi Shire Council which comprises the statement, the related notes and the certification of the performance statement.

The Councillors' Responsibility for the Performance Statement

The Councillors of the Murrindindi Shire Council are responsible for the preparation and fair presentation of the performance statement in accordance with the *Local Government Act 1989* and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the performance statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Local Government Act 1989*, my responsibility is to express an opinion on the performance statement based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the performance statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the performance statement. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the performance statement, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the performance statement 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 entity's internal control. An audit also includes evaluating the overall presentation of the performance statement.

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

Independent Auditor's Report (continued)

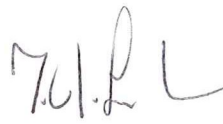
Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, I and my staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion, the performance statement of the Murrindindi Shire Council in respect of the 30 June 2016 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

MELBOURNE
28 September 2016


R Andrew Greaves
Auditor-General