

**Murrindindi**  
Shire Council

**Financial Report  
& Performance Statement  
For the Year Ending 30 June 2015**

**Murrindindi Shire Council**  
**Financial Report**  
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# Comprehensive Income Statement For the Year Ended 30 June 2015

	Note	2015 \$	2014 \$
<b>Income</b>			
Rates and charges	3	16,867,705	15,699,505
Statutory fees and fines	4	651,314	596,586
User fees	5	1,931,642	2,432,853
Grants -operating	6	9,185,266	5,859,279
Grants - capital	6	3,211,051	4,322,785
Contributions - monetary	7	90,330	286,464
Contributions - non monetary	7	1,393,540	555,508
Other income	9	1,958,554	1,351,420
<b>Total income</b>		<u>35,289,402</u>	<u>31,104,400</u>
<b>Expenses</b>			
Employee benefits	10	12,159,434	11,738,720
Materials and services	11	9,130,270	9,774,020
Bad and Doubtful Debts	12	504,820	217,703
Depreciation and amortisation	13	7,666,537	7,150,865
Borrowing Cost	14	287,148	329,899
Net gain(loss) on disposal of property, infrastructure, plant and equipment	8	301,972	320,114
Other expenses	15	281,342	265,146
<b>Total expenses</b>		<u>30,331,523</u>	<u>29,796,467</u>
<b>Surplus (Deficit) for the financial year</b>		<u>4,957,879</u>	<u>1,307,933</u>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to surplus or deficit in future periods</b>			
Net asset revaluation increment (decrement)	28	9,094,497	13,251,651
<b>Comprehensive result</b>		<u>14,052,376</u>	<u>14,559,584</u>

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

# Balance Sheet

## As at 30 June 2015

	Note	2015 \$	2014 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	16	8,952,411	21,086,670
Trade and other receivables	17	2,330,680	4,501,267
Other financial assets	18	17,619,500	-
Inventories	19	53,121	268,984
Non-Current assets classified as held for sale	20	837,158	-
Other assets	21	312,019	247,876
<b>Total current assets</b>		<b>30,104,889</b>	<b>26,104,797</b>
<b>Non-current assets</b>			
Trade and other receivables	17	38,938	15,824
Property, infrastructure, plant and equipment	22	303,213,594	296,007,826
Intangible assets	23	259,471	-
<b>Total non-current assets</b>		<b>303,512,003</b>	<b>296,023,650</b>
<b>Total assets</b>		<b>333,616,892</b>	<b>322,128,447</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	24	2,824,160	2,577,147
Trust funds and deposits	25	835,466	3,052,846
Provisions	26	3,143,223	2,972,654
Interest-bearing loans and borrowings	27	768,570	900,774
<b>Total current liabilities</b>		<b>7,571,419</b>	<b>9,503,421</b>
<b>Non-current liabilities</b>			
Provisions	26	1,688,239	1,551,599
Interest-bearing loans and borrowings	27	2,028,151	2,796,720
<b>Total non-current liabilities</b>		<b>3,716,390</b>	<b>4,348,319</b>
<b>Total liabilities</b>		<b>11,287,809</b>	<b>13,851,740</b>
<b>Net Assets</b>		<b>322,329,083</b>	<b>308,276,707</b>
<b>Equity</b>			
Accumulated surplus		129,201,956	126,728,438
Reserves	28	193,127,127	181,548,269
<b>Total Equity</b>		<b>322,329,083</b>	<b>308,276,707</b>

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

## Statement of Changes in Equity For the Year Ended 30 June 2015

	Note	Total \$	Accumulated Surplus \$	Asset Revaluation Reserve \$	Other Reserves \$
<b>2015</b>					
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)
<b>Balance at end of the financial year</b>		<b>322,329,083</b>	<b>129,201,956</b>	<b>180,546,911</b>	<b>12,580,216</b>

		Total \$	Accumulated Surplus \$	Asset Revaluation Reserve \$	Other Reserves \$
<b>2014</b>					
Balance at beginning of the financial year		293,717,123	128,766,936	158,200,763	6,749,424
Surplus for the year		1,307,933	1,307,933	-	-
Net asset revaluation increment	28(a)	13,251,651	-	13,251,651	-
Transfers to other reserves	28(b)	-	(3,740,890)	-	3,740,890
Transfers from other reserves	28(b)	-	394,459	-	(394,459)
<b>Balance at end of the financial year</b>		<b>308,276,707</b>	<b>126,728,438</b>	<b>171,452,414</b>	<b>10,095,855</b>

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

# Statement of Cash Flows

## For the Year Ended 30 June 2015

		2015 Inflows/ (Outflows) \$	2014 Inflows/ (Outflows) \$
<b>Cash flows from operating activities</b>	<b>Note</b>		
Rates		16,735,812	15,572,251
Statutory fees and fines		652,809	596,586
User fees		2,431,742	3,317,895
Grants - operating		10,720,412	5,936,624
Grants - capital		3,220,172	4,636,372
Contributions - monetary		92,154	286,464
Interest received		756,188	680,718
Other Income		1,179,242	-
Net Fire Services Property Levy received (remitted )		(2,101,609)	2,194,692
Net GST refund		1,026,063	1,242,547
Net receipt/(repayment) of trust funds and deposits		(115,771)	119,852
Payments to suppliers (inclusive of GST)		(10,568,882)	(11,913,065)
Payments to employees (including redundancies)		(11,797,849)	(11,687,968)
<b>Net cash provided by operating activities</b>	<b>29</b>	<b>12,230,483</b>	<b>10,982,968</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment, infrastructure		(6,064,864)	(8,419,629)
Proceeds from sale of property, plant and equipment, infrastructure		448,832	1,118,205
Payments for Investments		(17,619,500)	-
<b>Net cash used in investing activities</b>		<b>(23,235,532)</b>	<b>(7,301,424)</b>
<b>Cash flows from financing activities</b>			
Finance costs		(228,437)	(268,641)
Proceeds from interest bearing loans and borrowings		-	500,000
Repayment of interest bearing loans and borrowings		(900,773)	(860,756)
<b>Net cash used in financing activities</b>		<b>(1,129,210)</b>	<b>(629,397)</b>
Net increase (decrease) in cash and cash equivalents		(12,134,259)	3,052,147
Cash and cash equivalents at the beginning of the financial year		21,086,670	18,034,523
<b>Cash and cash equivalents at the end of the financial year</b>	<b>16</b>	<b>8,952,411</b>	<b>21,086,670</b>

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

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Financing arrangements	30

**Statement of Capital Works**  
**For the Year Ended 30 June 2015**

	Note	2015	2014
<b>Property</b>			
Land under roads			4,650
<b>Total land</b>		-	4,650
Buildings		1,414,155	2,625,508
<b>Total buildings</b>		1,414,155	2,625,508
<b>Total property</b>		1,414,155	2,630,158
<b>Plant and equipment</b>			
Heritage plant and equipment		11,646	14,627
Plant, machinery and equipment		849,563	721,357
Fixtures, fittings and furniture		73,322	216,908
Library books		84,523	74,876
<b>Total plant and equipment</b>		1,019,054	1,027,768
<b>Infrastructure</b>			
Roads		1,188,708	3,090,051
Bridges		1,715,284	1,105,824
Footpaths and cycleways		537,865	346,537
Drainage		356,633	295,364
<b>Total infrastructure</b>		3,798,490	4,837,776
<b>Total capital works expenditure</b>		6,231,699	8,495,702
<b>Represented by:</b>			
New asset expenditure		940,739	2,632,275
Asset renewal expenditure		3,951,615	4,524,498
Asset upgrade expenditure		1,339,345	1,338,929
<b>Total capital works expenditure</b>		6,231,699	8,495,702

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

## Notes to Financial Report For the Year Ended 30 June 2015

### 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 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 2015

**Note 1 Significant accounting policies (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 2015

**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
<b>Property</b>	
buildings	30 to 80
<b>Plant and Equipment</b>	
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
<b>Infrastructure</b>	
bridges- concrete	80 to 100
bridges- timber	30 to 40
drainage	50 to 85
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

**(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 2015

### 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 \$
<b>Property</b>	
Land	1
Land under roads	1
Land improvements	5,000
Buildings	5,000
<b>Plant and Equipment</b>	
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
<b>Infrastructure</b>	
bridges	7,500
drainage	5,000
footpaths and cycleways	5,000
road formations and earthworks	5,000
road pavements	5,000

#### Revaluation

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.

**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.

**(q) Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred.  
Borrowing costs include interest on bank overdrafts, interest on borrowings, and finance lease charges.

**(r) Interest-bearing loans**

Interest bearing liabilities are recorded initially at fair value, net of transaction costs.

Subsequent to initial recognition, interest bearing liabilities are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability using the effective interest rate method.

**(s) 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 2015

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

**(t) 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.

**(u) 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.

**(v) 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.

**(w) 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 33 Contingent Liabilities and Contingent Assets.

**(x) 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.

**(y) Pending accounting standards**

Certain new AAS's have been issued that are not mandatory for the 30 June 2015 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.

**(z) 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 9th July 2014. 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 2015	Actual 2015	Variance 2015	Ref
<b>Income</b>				
Rates and charges	16,721,002	16,867,705	146,703	
Statutory fees and fines	662,266	651,314	(10,952)	
User fees	2,092,569	1,931,642	(160,927)	
Grants - operating	6,927,390	9,185,266	2,257,876	1
Grants - capital	3,354,297	3,211,051	(143,246)	
Contributions - monetary	83,660	90,330	6,670	
Contributions - non monetary	-	1,393,540	1,393,540	2
Other income	805,920	1,958,554	1,152,634	3
<b>Total income</b>	<b>30,647,104</b>	<b>35,289,402</b>	<b>4,642,298</b>	
<b>Expenses</b>				
Employee costs	12,246,040	12,159,434	86,606	
Materials and services	10,613,137	9,130,270	1,482,867	4
Bad and doubtful debts	-	504,820	(504,820)	5
Depreciation and amortisation	7,473,351	7,666,537	(193,186)	
Borrowing costs	310,464	287,148	23,316	
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	-	301,972	(301,972)	6
Other expenses	282,595	281,342	1,253	
<b>Total expenses</b>	<b>30,925,587</b>	<b>30,331,523</b>	<b>594,064</b>	
<b>Surplus/(deficit) for the year</b>	<b>(278,483)</b>	<b>4,957,879</b>	<b>5,236,362</b>	

**Note 2 Budget comparison (Cont.)**

**(i) Explanation of material variations**

Variance Ref	Item	Explanation
1	Grants - operating	The Commonwealth Government brought forward payment of approximately half of the 2015-16 Financial Assistance Grant, being \$2,158,655 paid in June 2015 which has contributed to the bulk of the favourable variance. Increased funding in Family Day Care & Home Care driven by increased level of service demand, together with new funding of \$60,000 for Municipal Emergency Resourcing makes up the remaining variance. Funding of \$125,000 for Advancing Country Towns has been carried forward into 2015-16 as programmed expenditure had been delayed.
2	Contributions - non monetary	Contributions - non monetary represents the recognition of assets gifted to Council by either new subdivisions or assets created by Community Projects on Council land. Council does not budget for these contributions due to the difficulty in estimating an item which is largely outside of Council control. In 2014-15 this included \$514,105 for Roads, \$233,252 for Drainage and \$24,180 for Paths related to new subdivisions in Kinglake, Buxton & Yea. Bridge projects at Yea Wetlands contributed \$278,325 and \$321,529 for the recognition of the Eildon Wall Museum. The balance of \$22,149 relates to the recognition of Land Under Roads related to these gifted assets.
3	Other income	Higher levels of cash held related to incomplete capitals works, carried forward grants funding and increasing reserve funds held has contributed to additional interest revenue on invested funds of \$399,512 above the original budget estimate. In addition in 2014-15 Council sold the Topsie Quarry operations (business not asset) for \$300,000 which also released liability funds of \$250,000 held no longer required for the rehabilitation of the quarry. Additional revenue from recoupment of debt collection legal fees and interest on rates, together with proceeds from the Depot Clearing Sale of minor items has contributed to the remainder of the favourable variance.
4	Materials and services	New & Gifted Assets operating and maintenance allocation of \$1.2m was not fully required with \$910,851 transferred to Reserve. With the sale of the Topsie Gully Quarry no crushing of materials was undertaken with a saving of \$150,268. Facilities Maintenance underspent by \$80,870, insurance savings on premium & claims excess \$67,604, General Valuation - Stage 2 deferred until 2015-16 \$73,991, together with numerous minor program savings contribute to this favourable variance.
5	Bad and doubtful debts	Council in 2014-15 processed a write off of debt from Department of Treasury & Finance of \$502,368 relating to disapproved works claimed for Natural Disaster Storm Damage Event 27 February 2012.
6	Net gain/(loss) on disposal of property, infrastructure, plant and equipment	Council receipts from sales of assets and write off of carrying value of these assets sales are both under budget due to two parcels of land in Marysville not achieving sale results and also the deferral of trade of several items of plant running over in to the 2015-16 financial year. Sales of plant and machinery in 2014-15 did however achieve greater value than budgeted by \$75,244. This however has been offset by write out of buildings at Yea Swimming Pool \$101,154 demolished as part of the Capital Upgrade and write out of the carrying value of the Ghin Ghin Bridge \$312,284 also demolished and to be replaced within an upgraded structure, with capital works flowing over both the 2014-15 and 2015-16 financial years.

Note 2 Budget comparison (cont)

b) Capital Works

	Budget 2015	Actual 2015	Variance 2015	Ref
<b>Property</b>				
Buildings	3,361,979	1,414,155	(1,947,824)	1
<b>Total Buildings</b>	<b>3,361,979</b>	<b>1,414,155</b>	<b>(1,947,824)</b>	
<b>Total Property</b>	<b>3,361,979</b>	<b>1,414,155</b>	<b>(1,947,824)</b>	
<b>Plant and Equipment</b>				
Heritage plant and equipment	5,000	11,646	6,646	2
Plant, machinery and equipment	1,257,746	849,563	(408,183)	3
Fixtures, fittings and furniture	217,371	73,322	(144,049)	4
Library books	89,310	84,523	(4,787)	
<b>Total Plant and Equipment</b>	<b>1,569,427</b>	<b>1,019,054</b>	<b>(550,373)</b>	
<b>Infrastructure</b>				
Roads	2,209,149	1,188,708	(1,020,441)	5
Bridges	1,794,358	1,715,284	(79,074)	
Footpaths and cycleways	594,993	537,865	(57,128)	
Drainage	50,000	356,633	306,633	6
<b>Total Infrastructure</b>	<b>4,648,500</b>	<b>3,798,490</b>	<b>(850,010)</b>	
<b>Total Capital Works Expenditure</b>	<b>9,579,906</b>	<b>6,231,699</b>	<b>(3,348,207)</b>	
<b>Represented by:</b>				
New asset expenditure	1,370,077	940,739	(429,338)	
Asset renewal expenditure	6,037,046	3,951,615	(2,085,431)	
Asset upgrade expenditure	2,172,783	1,339,345	(833,438)	
<b>Total Capital Works Expenditure</b>	<b>9,579,906</b>	<b>6,231,699</b>	<b>(3,348,207)</b>	



Note 2 Budget comparison (cont)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Buildings	This major variance is heavily influenced by the deferral of Alexandra Landfill works of \$667,898 and uncompleted works at Reserve Recovery centres of \$133,591. Yea Civic Centre Precinct & Yarrck Village late grant funding approval has resulted in budget carry forward of \$355,705. Yea Swimming Pool \$465,455 and other Pool Seasonal upgrades of \$127,823 to be delivered in the 'off season' have run over year end with the balance of works to be completed in 2015-16. Alexandra Shire Office renewal of air-conditioning project is to be re-scoped with \$247,527 being carried forward into 2015-16. Public Convenience renewal underspend of \$67,589 together with various building upgrades \$235,666 have also been flagged to be carried forward. Y Water Centre expenditure of \$268,323 relates to works carried forward from 2013-14. New unbudgeted grant funding of \$85,106 was expended on the Terrip Terrip tennis courts project.
2	Heritage Plant & Equipment	Princess Alexandra Statue refurbishment required additional expenditure to address cracking in the pediment structure and damage to the statue.
3	Plant, machinery and equipment	Plant, machinery & equipment favourable variance relates to the delay in acquiring some items of major plant prior to year end \$286,936 and deferment of changeover of several passenger vehicles pending adoption of revised fleet policy \$107,271. These amounts totalling \$394,207 have been carried forward into the 2015-16 Financial year.
4	Fixtures, fittings and furniture	GIS upgrade \$45,000 has been deferred until 2015-16 along with under spend on Information Technology \$77,025 pending outcomes of mobility and business continuity requirements. Document Management expenditure of \$39,175 was carried forward from 2013-14. Capital budgets of \$45,000 for Project Management Development and part Pools Capital equipment replacement \$15,000 were transferred to operating budgets, as works identified were not capital in nature.
5	Roads	Eildon Town Centre grant funded project underspend of \$326,269 and the Yarrck Village Hub rejuvenation project \$18,221 are to be completed in 2015-16 due to the delay in funding approval. Vegetation Projects of \$126,000 will also be carried forward into the 2015-16 financial year for completion. Myers Creek Road upgrade \$92,141 was deferred due to revised scope of works and waiting on Vic Roads approval. Greens St Special Charge Scheme expenditure of \$33,188 was carried over from 2013-14. Underspends against the original budget occurred on Gravel Road Resheets \$54,458, Shoulder Resheeting Program \$50,000, Sealed Roads renewal & Major patching \$144,424, Sealed Roads - Reseals \$87,778 and Kerb & Channel renewal & upgrade \$134,693.
6	Drainage	Drainage expenditure in 2014-15 related to carry forward of projects from 2013-14 being Drainage Study Initiatives for works in Yea \$145,792 and Drainage Network expansion in Alexandra \$200,995. Drainage works of \$50,000 budgeted for 2014-15 were underspent by \$40,155 which is to be expended in 2015-16.

**Notes to Financial Report  
For the Year Ended 30 June 2015**

	2015	2014
	\$	\$
<b>Note 3</b>		
<b>Rates and charges</b>		

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

The valuation base used to calculate general rates for 2014-2015 was \$3,864 million (2013-2014 \$3,531 million). The 2014-2015 rate in the dollar for general rate was 0.003222 of the capital improved value of the property (2013-2014 - 0.003286).

Council has a differential rate for Rural 1 land of 75% of the general rate. Rural 1 land is classified as rateable land which is not less than 40 hectares in area. There is no rating differential for land classified as Rural 2 land. Rural 2 land is any rural land that does not meet the criteria for Rural 1 land and is between 4 and 40 hectares in size.

The 2014-2015 Municipal Charge was \$290.00 (2013-2014 \$274.00) per rateable assessment. In 2014-2015 the Garbage Service Charge was \$325.00 (2013-2014 \$306.00) and Recycling Charge \$79.50 (2013-2014 \$75.00).

Residential	5,383,542	5,077,221
Commercial	595,852	523,307
Rural 1	2,990,545	2,818,434
Rural 2	2,558,467	2,386,934
Municipal charge	2,662,369	2,505,869
Garbage charge	2,024,651	1,875,556
Recycling	490,017	454,215
Special rates and charges	102,728	-
Revenue in lieu of rates	59,534	57,969
	<u>16,867,705</u>	<u>15,699,505</u>

The date of the last general revaluation of land for rating purposes within the municipal district was 1 January 2014, and the valuation will first be applied to the rating period commencing 1 July 2014.

**Note 4**      **Statutory fees and fines**

Building	243,056	211,813
Environmental health and local laws	225,423	225,461
Planning and subdivisions	110,390	111,603
Infrastructure	54,562	29,409
Other	17,883	18,300
	<u>651,314</u>	<u>596,586</u>

**Note 5**      **User fees**

External works	-	46,350
Quarry product	290	373,484
Aged care	542,635	558,464
Valuation data	99,296	8,575
Saleyard fees	368,509	381,045
Recreation pools and leisure centres	97,262	101,130
Waste - transfer station & landfill fees	759,350	901,758
Other fees and charges	64,300	62,047
	<u>1,931,642</u>	<u>2,432,853</u>

Notes to Financial Report  
For the Year Ended 30 June 2015

	2015 \$	2014 \$
<b>Note 6 Grants</b>		
Grants were received in respect of the following :		
<b>Summary of grants</b>		
Commonwealth funded grants	8,226,146	3,910,325
State funded grants	4,170,171	6,271,739
<b>Total</b>	<u>12,396,317</u>	<u>10,182,064</u>
<b>Operating Grants</b>		
Recurrent -Commonwealth Government		
Governance	4,047,728	1,229,439
Community	934,756	750,551
Environment	2,451,472	785,582
Recurrent -State Government		
Community	1,378,575	1,325,515
Environment	-	13,754
Total Recurrent Operating Grants	<u>8,812,531</u>	<u>4,104,841</u>
Non-Recurrent -Commonwealth Government		
Environment	-	311,252
Non-Recurrent -State Government		
Governance	-	384,396
Community	136,640	236,307
Economy	10,000	416,300
Environment	226,095	406,183
Total non recurrent operating grants	<u>372,735</u>	<u>1,754,438</u>
Total Operating Grants	<u>9,185,266</u>	<u>5,859,279</u>
<b>Capital Grants</b>		
Recurrent-Commonwealth Government		
Environment	792,190	833,501
Total Recurrent capital grants	<u>792,190</u>	<u>833,501</u>
Non-recurrent-State Government		
Community	29,380	7,184
Environment	2,389,481	3,482,100
Total non-recurrent capital grants	<u>2,418,861</u>	<u>3,489,284</u>
Total capital grants	<u>3,211,051</u>	<u>4,322,785</u>

Notes to Financial Report  
For the Year Ended 30 June 2015

	2015 \$	2014 \$
<b>Note 6 Grants (Cont.)</b>		
Conditions on Grants		
Grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were:		
Community	167,944	146,368
Economy	-	306,300
Environment	969,460	1,273,377
	<u>1,137,404</u>	<u>1,726,045</u>
Grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were:		
Community	191,985	295,580
Economy	145,460	123,653
Environment	1,498,140	1,258,504
	<u>1,835,585</u>	<u>1,677,737</u>
Net increase (decrease) in restricted assets resulting from grant revenues for the year:	<u>(698,181)</u>	<u>48,308</u>
<b>Note 7 Contributions</b>		
Monetary - operating	49,336	215,000
Monetary - capital	40,994	71,464
Non-monetary - capital	1,393,540	555,508
Total Contributions	<u>1,483,870</u>	<u>841,972</u>
Contributions of non monetary assets were received in relation to the following asset classes		
land under roads	22,149	-
buildings	321,529	-
bridges	278,325	22,500
drainage	233,252	220,904
footpaths and cycleways	24,180	43,660
roads	514,105	268,444
Total	<u>1,393,540</u>	<u>555,508</u>
<b>Note 8 Gain / (Loss) on disposal of property, plant and equipment and infrastructure</b>		
Proceeds from sales	448,832	1,118,205
less: Carrying amount of assets sold	<u>(750,804)</u>	<u>(1,438,319)</u>
	<u>(301,972)</u>	<u>(320,114)</u>
Users of the financial report should refer to Note 22 for additional details.		

Notes to Financial Report  
For the Year Ended 30 June 2015

	2015 \$	2014 \$
<b>Note 9 Other income</b>		
Interest	689,798	604,436
Interest on rates	133,268	98,355
Rental	155,474	158,454
Reimbursements	306,459	370,013
Supervision and administration recoupment	9,275	9,949
Sale of quarry operations	550,000	-
Other	114,280	110,213
	<u>1,958,554</u>	<u>1,351,420</u>

<b>Note 10 (a) Employee costs</b>		
Wages and salaries	10,379,371	10,021,089
Casual Staff	491,803	482,466
Superannuation	1,031,100	952,122
Fringe benefits tax	92,658	116,898
Workcover	164,502	166,145
	<u>12,159,434</u>	<u>11,738,720</u>

**(b) Superannuation**

Council made contributions to the following funds:

**Defined benefit fund**

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	82,996	79,681
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**Accumulation funds**

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	627,814	639,134
Employer contributions - other funds	320,290	233,307
	<u>948,104</u>	<u>872,441</u>

Employer contributions payable at reporting date.

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	16,878	15,608
Employer contributions - other funds	8,610	5,698

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 2015, this was 9.5% required under Superannuation Guarantee legislation (for 2013/14, this was 9.25%)).

**Notes to Financial Report  
For the Year Ended 30 June 2015**

		2015 \$	2014 \$
<b>Note 10</b>	<b>Employee Benefits (Cont.)</b>		
	<b>Defined Benefit</b>		
	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		
	 The expected contributions to be paid to the defined benefit category of Vision Super for the year ending 30 June 2016 is \$94,628.		
	<b>Enterprise bargaining agreement</b>		
	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%		
<b>Note 11</b>	<b>Materials and services</b>		
	Utilities	521,425	580,120
	Contractors	6,282,407	6,481,393
	Legal Expenses	298,240	281,385
	Insurance	402,159	482,164
	Materials	909,433	1,099,502
	Contributions	493,740	515,687
	Consultants	222,866	333,769
		<u>9,130,270</u>	<u>9,774,020</u>
<b>Note 12</b>	<b>Bad and Doubtful Debts</b>		
	Rate Debtors	2,452	3,556
	Other Debtors	502,368	214,147
		<u>504,820</u>	<u>217,703</u>

Notes to Financial Report  
For the Year Ended 30 June 2015

	2015 \$	2014 \$
<b>Note 13 Depreciation and amortisation</b>		
<u>Property</u>		
Buildings	1,980,682	1,855,889
<u>Plant and Equipment</u>		
Plant, machinery and equipment	607,885	585,925
Fixtures, fittings and furniture	161,995	159,498
Heritage and cultural	4,790	2,084
Library materials	97,506	100,434
<u>Infrastructure</u>		
Bridges	601,035	545,774
Drainage	132,390	123,509
Footpath and Cycleways	255,753	240,944
Roads	3,806,461	3,536,808
<u>Intangible assets</u>		
Landfill Airspace	18,040	-
	<u>7,666,537</u>	<u>7,150,865</u>
<b>Note 14 Borrowing cost</b>		
Interest - borrowings	218,429	264,568
Interest - provision for landfill rehabilitation	68,719	65,331
	<u>287,148</u>	<u>329,899</u>
<b>Note 15 Other expenses</b>		
Auditors remuneration - auditing of the financial report	37,000	41,000
Auditors remuneration - internal audit	40,299	24,225
Councillors allowances	183,903	178,642
Other	20,140	21,279
	<u>281,342</u>	<u>265,146</u>
<b>Note 16 Cash and cash equivalents</b>		
Cash at Bank and on Hand	2,602,411	3,274,170
Term Deposits and at Call	6,350,000	17,812,500
	<u>8,952,411</u>	<u>21,086,670</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)	835,466	3,052,846
Bank Guarantee - Quarry	19,500	112,500
Statutory reserves (Note 28(b))	416,754	394,004
Grants received in advance	2,145,860	2,844,041
Total restricted cash and cash equivalents	<u>3,417,580</u>	<u>6,403,391</u>
Total unrestricted cash and cash equivalents	<u>5,534,831</u>	<u>14,683,279</u>
<b>Intended allocations</b>		
Although not externally restricted the followings amounts have been allocated for specific future purpose by Council:		
Cash held to fund carried forward capital works	3,615,624	2,502,549
Cash held to fund discretionary reserves (Note 28)	12,163,462	9,701,851
Portion of Long Service Leave Liability	292,549	136,796
Total Intended allocations	<u>16,071,635</u>	<u>12,341,196</u>

Notes to Financial Report  
For the Year Ended 30 June 2015

	2015	2014
	\$	\$
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 2015

	2015 \$	2014 \$
<b>Note 17 Trade and other receivables</b>		
<b>Current</b>		
Rates debtors	1,259,037	1,146,964
Provision for doubtful rate debts	(37,713)	(35,261)
Garbage and Recycling debtors	250,722	255,324
Other debtors	337,800	612,875
Provision for doubtful debts - other debtors	(86,635)	(86,635)
Government grants	310,995	2,326,406
Special rate scheme	9,024	5,264
Net GST receivable	287,450	276,330
	<u>2,330,680</u>	<u>4,501,267</u>
<b>Non-current</b>		
Special rate scheme	38,938	15,824
	<u>38,938</u>	<u>15,824</u>
<b>Total trade and other receivables</b>	<u>2,369,618</u>	<u>4,517,091</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)	310,322	1,179,400
Past due by up to 30 days	54,868	218,304
Past due between 31 and 180 days	85,930	22,616
Past due between 181 and 365 days	75,725	362,866
Past due by more than 1 year	35,315	1,069,460
Total trade & other receivables	<u>562,160</u>	<u>2,852,646</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 2015

	2015 \$	2014 \$
<b>Note 17 Trade and other receivables (Cont.)</b>		
<b>c) Ageing of individually impaired Receivables</b>		
At balance date, other debtors representing financial assets with a nominal value of \$86,635 (2014: \$86,635) were impaired. The amount of the provision raised against these debtors was \$86,635 (2014: \$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.		
The ageing of receivables that have been individually determined as impaired at reporting date was:		
Current (not yet due)	-	-
Past due by up to 30 days	-	-
Past due between 31 and 180 days	-	-
Past due between 181 and 365 days	-	-
Past due by more than 1 year	86,635	86,635
Total trade & other receivables	<u>86,635</u>	<u>86,635</u>
<b>Note 18 Other financial assets</b>		
Term Deposit	17,619,500	-
	<u>17,619,500</u>	<u>-</u>
<b>Note 19 Inventories</b>		
Quarry Product	-	125,540
Other - Alexandra Depot	32,995	71,151
Other - Yea Depot	20,126	72,293
	<u>53,121</u>	<u>268,984</u>
<b>Note 20 Non-Current assets classified as held for sale</b>		
Land	561,894	-
Buildings	275,264	-
	<u>837,158</u>	<u>-</u>
<b>Note 21 Other assets</b>		
Accrued Income	177,377	111,994
Prepayments	134,642	135,882
	<u>312,019</u>	<u>247,876</u>

**Note 22 Property, infrastructure, plant and equipment**

<b>Land and Buildings</b>	<b>Note</b>	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 2014		17,391,597	3,646,670	3,808,110	<b>24,846,377</b>	77,947,893	16,319,186	<b>94,267,079</b>	1,871,781	<b>120,985,237</b>
Accumulated depreciation at 1 July 2014		-	-	-	-	(29,639,812)	(3,603,386)	<b>(33,243,198)</b>	-	<b>(33,243,198)</b>
		17,391,597	3,646,670	3,808,110	<b>24,846,377</b>	48,308,081	12,715,800	<b>61,023,881</b>	1,871,781	<b>87,742,039</b>
<b>Movements in fair value</b>										
Acquisition of assets at fair value		-	-	22,149	<b>22,149</b>	882,168	-	<b>882,168</b>	853,516	<b>1,757,833</b>
Revaluation increments/decrements		4,379,372	549,347	-	<b>4,928,719</b>	350,507	(130,974)	<b>219,533</b>	-	<b>5,148,252</b>
Fair value of assets disposed		-	(106,606)	(1,091)	<b>(107,697)</b>	-	(372,360)	<b>(372,360)</b>	-	<b>(480,057)</b>
Impairment losses recognised in operating result		-	-	-	-	-	-	-	-	-
Transfers		-	(561,894)	-	<b>(561,894)</b>	(2,856,768)	3,880,798	<b>1,024,030</b>	(1,650,280)	<b>(1,188,144)</b>
		4,379,372	(119,153)	21,058	<b>4,281,277</b>	(1,624,093)	3,377,464	<b>1,753,371</b>	(796,764)	<b>5,237,884</b>
<b>Movements in accumulated depreciation</b>										
Depreciation and amortisation		-	-	-	-	(1,688,519)	(292,163)	<b>(1,980,682)</b>	-	<b>(1,980,682)</b>
Accumulated depreciation of disposals		-	-	-	-	-	271,206	<b>271,206</b>	-	<b>271,206</b>
Revaluation increments/decrements		-	-	-	-	1,413,877	(1,211,890)	<b>201,987</b>	-	<b>201,987</b>
Transfers		-	-	-	-	2,560,507	(2,487,032)	<b>73,475</b>	-	<b>73,475</b>
		-	-	-	-	2,285,865	(3,719,879)	<b>(1,434,014)</b>	-	<b>(1,434,014)</b>
At fair value 30 June 2015		21,770,969	3,527,517	3,829,168	<b>29,127,654</b>	76,323,800	19,696,650	<b>96,020,450</b>	1,075,017	<b>126,223,121</b>
Accumulated depreciation at 30 June 2015		-	-	-	-	(27,353,947)	(7,323,265)	<b>(34,677,212)</b>	-	<b>(34,677,212)</b>
		21,770,969	3,527,517	3,829,168	<b>29,127,654</b>	48,969,853	12,373,385	<b>61,343,238</b>	1,075,017	<b>91,545,909</b>

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

<b>Plant and Equipment</b>	<b>Note</b>	<b>Heritage plant and equipment</b>	<b>Plant machinery and equipment</b>	<b>Fixtures fittings and furniture</b>	<b>Library books</b>	<b>Total plant and equipment</b>
At fair value 1 July 2014		334,141	6,505,806	1,783,495	799,500	9,422,942
Accumulated depreciation at 1 July 2014		(12,523)	(3,090,072)	(920,965)	(351,605)	(4,375,165)
		<u>321,618</u>	<u>3,415,734</u>	<u>862,530</u>	<u>447,895</u>	<u>5,047,777</u>
<b>Movements in fair value</b>						
Acquisition of assets at fair value		11,646	849,563	73,322	84,523	1,019,054
Fair value of assets disposed		-	(869,778)	(19,030)	(92,087)	(980,895)
		<u>11,646</u>	<u>(20,215)</u>	<u>54,292</u>	<u>(7,564)</u>	<u>38,159</u>
<b>Movements in accumulated depreciation</b>						
Depreciation and amortisation		(4,790)	(607,885)	(161,995)	(97,506)	(872,176)
Accumulated depreciation of disposals		-	640,110	19,030	92,087	751,227
		<u>(4,790)</u>	<u>32,225</u>	<u>(142,965)</u>	<u>(5,419)</u>	<u>(120,949)</u>
At fair value 30 June 2015		345,787	6,485,591	1,837,787	791,936	9,461,101
Accumulated depreciation at 30 June 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>

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

<b>Infrastructure</b>	<b>Note</b>	<b>Roads</b>	<b>Bridges</b>	<b>Footpaths and cycleways</b>	<b>Drainage</b>	<b>Work In Progress</b>	<b>Total Infrastructure</b>
At fair value 1 July 2014		217,939,456	53,355,109	8,591,990	10,591,304	637,370	<b>291,115,229</b>
Accumulated depreciation at 1 July 2014		(67,002,534)	(17,781,684)	(2,787,831)	(325,170)	-	<b>(87,897,219)</b>
		<u>150,936,922</u>	<u>35,573,425</u>	<u>5,804,159</u>	<u>10,266,134</u>	<u>637,370</u>	<u><b>203,218,010</b></u>
<b>Movements in fair value</b>							
Acquisition of assets at fair value		1,634,743	474,882	227,676	589,885	1,921,166	<b>4,848,352</b>
Revaluation increments/decrements		644,432	158,162	24,964	6,982,955	-	<b>7,810,513</b>
Fair value of assets disposed		-	(634,441)	-	-	-	<b>(634,441)</b>
Transfers		363,053	-	-	-	(363,053)	<b>-</b>
		<u>2,642,228</u>	<u>(1,397)</u>	<u>252,640</u>	<u>7,572,840</u>	<u>1,558,113</u>	<u><b>12,024,424</b></u>
<b>Movements in accumulated depreciation</b>							
Depreciation and amortisation		(3,806,461)	(601,035)	(255,753)	(132,390)	-	<b>(4,795,639)</b>
Accumulated depreciation of disposals		-	322,157	-	-	-	<b>322,157</b>
Revaluation increments/decrements		(211,872)	(54,158)	(9,103)	(3,791,121)	-	<b>(4,066,254)</b>
		<u>(4,018,333)</u>	<u>(333,036)</u>	<u>(264,856)</u>	<u>(3,923,511)</u>	<u>-</u>	<u><b>(8,539,736)</b></u>
At fair value 30 June 2015		220,581,684	53,353,712	8,844,630	18,164,144	2,195,483	<b>303,139,653</b>
Accumulated depreciation at 30 June 2015		(71,020,867)	(18,114,720)	(3,052,687)	(4,248,681)	-	<b>(96,436,955)</b>
		<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><b>206,702,698</b></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. 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 engloba (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 30 June 2014 for land under roads in existence at that date and at the date acquired for subsequent acquisitions using site values adjusted for engloba (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services.

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 2015 are as follows:

	Level 1	Level 2	Level 3
Land	-	3,527,517	21,770,969
Land Under Roads	-	-	3,829,168
Buildings	-	12,373,385	48,969,853
<b>Total</b>	-	<b>15,900,902</b>	<b>74,569,990</b>

**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.

**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.

	2015	2014
	\$	\$
<b>Reconciliation of specialised land</b>		
Land under roads	3,829,168	3,808,110
Active Recreation	6,116,569	4,416,875
Passive Recreation	8,488,396	6,934,914
Community centres and hall reserves	1,282,553	1,459,130
Waste Management	1,860,790	1,539,685
Other	4,024,871	4,040,893
<b>Total specialised land</b>	<b>25,600,137</b>	<b>21,199,707</b>

**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 using Victorian road and bridge construction cost data provided by the Australian Bureau of Statistics

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

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2015 are as follows:

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2015 are as follows:

	Level 1	Level 2	Level 3
Roads	-	-	149,560,817
Bridges	-	-	95,238,992
Footpaths and cycleway	-	-	5,791,943
Drainage	-	-	13,915,463
Total	-	-	204,507,215

**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 2015

	2015	2014
	\$	\$
<b>Note 23</b>		
<b>Intangible assets</b>		
Gross Carrying amount		
Landfill air space 1/7/2014	-	-
Transfer from property, infrastructure plant equipment.	326,650	-
Landfill air space 30/6/2015	<u>326,650</u>	<u>-</u>
Accumulated amortisation		
Balance at 1 July 2014	-	-
Transfer from property, infrastructure plant equipment.	49,139	-
Amortisation Expense	18,040	-
Balance at 30 June 2015	<u>67,179</u>	<u>-</u>
Net book value at 30 June 2015	<u>259,471</u>	<u>-</u>
<b>Note 24</b>		
<b>Trade and other payables</b>		
Trade payables	2,402,954	2,212,492
Loan Interest	32,599	42,607
Accrued wages	357,927	234,832
Accrued expenses	<u>30,680</u>	<u>87,216</u>
	<u>2,824,160</u>	<u>2,577,147</u>
<b>Note 25</b>		
<b>Trust funds and deposits</b>		
Refundable building deposits	44,500	44,500
Refundable planning permit bonds	249,820	232,028
Retention contract deposits	291,128	165,630
Fire Service Property Levy	93,083	2,194,692
Other refundable deposits	<u>156,935</u>	<u>415,996</u>
	<u>835,466</u>	<u>3,052,846</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 Council's contractual obligations.



Notes to Financial Report  
For the Year Ended 30 June 2015

Note 26 Provisions

	Annual leave	Long service leave	Landfill restoration	Total
	\$	\$	\$	\$
<b>2015</b>				
Balance at beginning of the financial year	1,011,420	2,188,737	1,324,096	4,524,253
Additional provisions	774,438	307,205	68,719	1,150,362
Amounts used	(687,600)	(155,553)	-	(843,153)
Balance at the end of the financial year	1,098,258	2,340,389	1,392,815	4,831,462
<b>2014</b>				
Balance at beginning of the financial year	997,569	2,102,251	1,258,765	4,358,585
Additional provisions	742,946	273,080	65,331	1,081,357
Amounts used	(729,095)	(186,594)	-	(915,689)
Balance at the end of the financial year	1,011,420	2,188,737	1,324,096	4,524,253
			<b>2015</b>	<b>2014</b>
			\$	\$
<b>(a) Employee benefits</b>				
Current provision expected to be settled within 12 months				
Annual leave			726,760	673,444
Long service leave			123,640	130,500
			<u>850,400</u>	<u>803,944</u>
Current provision expected to be settled after 12 months				
Annual leave			371,498	337,976
Long service leave			1,921,325	1,830,734
			<u>2,292,823</u>	<u>2,168,710</u>
Total Current provision			<u>3,143,223</u>	<u>2,972,654</u>
<b>Non-current</b>				
Long service leave			295,424	227,503
			<u>295,424</u>	<u>227,503</u>
Aggregate carrying amount of employee benefits:				
Current			3,143,223	2,972,654
Non-current			295,424	227,503
			<u>3,438,647</u>	<u>3,200,157</u>
The following assumptions were adopted in measuring the present value of employee benefits:	<b>2015</b>	<b>2014</b>		
Weighted average increase in employee costs	3.50%	4.00%		
Weighted average discount rates	2.53%	3.16%		
Weighted average settlement period	12 yrs	12 yrs		
<b>(b) Provisions</b>				
<b>Non-current</b>				
Landfill Restoration			1,392,815	1,324,096
			<u>1,392,815</u>	<u>1,324,096</u>
A provision has been recognised for the costs to be incurred for the restoration of the landfill site used for waste management. It is anticipated that the landfill will require restoration within 30 years. This value was recently reviewed as part of Council's Waste Strategy.				
Weighted average increase in costs	2.50%	2.50%		
Weighted average discount rates	5.19%	5.19%		
Weighted average settlement period	37 Yrs	37 Yrs		
<b>Total Provisions</b>			<u>4,831,462</u>	<u>4,524,253</u>

Notes to Financial Report  
For the Year Ended 30 June 2015

	2015 \$	2014 \$
<b>Note 27 Interest-bearing loans and borrowings</b>		
<b>Current</b>		
Bank loans - secured	768,570	900,774
	<u>768,570</u>	<u>900,774</u>
<b>Non-current</b>		
Bank loans - secured	2,028,151	2,796,720
	<u>2,028,151</u>	<u>2,796,720</u>
<b>Total</b>	<u>2,796,721</u>	<u>3,697,494</u>
The maturity profile for Council's borrowings is:		
Not later than one year	768,570	900,774
Later than one year and not later than five years	1,361,125	1,809,856
Later than five years	667,026	986,864
	<u>2,796,721</u>	<u>3,697,494</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	768,570	900,774
Non-current	2,028,151	2,796,720
	<u>2,796,721</u>	<u>3,697,494</u>

Notes to Financial Report  
For the Year Ended 30 June 2015

Note 28	Reserves	2015	2014
		\$	\$
	Asset revaluation reserves (a)	180,546,911	171,452,414
	Other reserves (b)	12,580,216	10,095,855
		<u>193,127,127</u>	<u>181,548,269</u>

	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
(a)	\$	\$	\$
<b>2015</b>			
<b>Property</b>			
Land	16,449,435	4,928,718	21,378,153
Land under roads	269,053	-	269,053
Buildings	<u>24,975,477</u>	<u>421,522</u>	<u>25,396,999</u>
	41,693,965	5,350,240	47,044,205
<b>Infrastructure</b>			
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	<u>113,821,827</u>	<u>432,560</u>	<u>114,254,387</u>
	129,758,449	3,744,257	133,502,706
<b>Total Asset revaluation reserves</b>	<u>171,452,414</u>	<u>9,094,497</u>	<u>180,546,911</u>
<b>2014</b>			
<b>Property</b>			
Land	15,165,409	1,284,026	16,449,435
Land under roads	289,872	(20,819)	269,053
Buildings	<u>21,319,598</u>	<u>3,655,879</u>	<u>24,975,477</u>
	36,774,879	4,919,086	41,693,965
<b>Infrastructure</b>			
Bridges	688,241	4,552,929	5,241,170
Drainage	6,167,706	185,690	6,353,396
Footpaths and Cycleways	4,212,367	129,689	4,342,056
Roads	<u>110,357,570</u>	<u>3,464,257</u>	<u>113,821,827</u>
	121,425,884	8,332,565	129,758,449
<b>Total Asset revaluation reserves</b>	<u>158,200,763</u>	<u>13,251,651</u>	<u>171,452,414</u>

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 2015

Note 28 Reserves (cont.)

	Balance at beginning of reporting period	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting period
	\$	\$	\$	\$
(b) Other reserves				
2015				
<b>Statutory Reserves</b>				
Public Open Space Reserve	394,004	22,750	-	416,754
<b>Discretionary Reserves</b>				
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
<b>Total Other reserves</b>	<b>10,095,855</b>	<b>2,714,681</b>	<b>(230,320)</b>	<b>12,580,216</b>

Notes to Financial Report  
For the Year Ended 30 June 2015

Note 28 Reserves (cont.)

	Balance at beginning of reporting period	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting period
	\$	\$	\$	\$
<b>2014</b>				
<b>Statutory Reserves</b>				
Public Open Space Reserve	379,004	15,000	-	394,004
<b>Discretionary Reserves</b>				
Alexandra Community Leisure Centre	8,379	2,502	-	10,881
Coster Street Units Reserve	37,116	5,806	-	42,922
Defined Benefits Superannuation	0	300,000	-	300,000
Garbage Reserve	3,093,242	988,684	(292,398)	3,789,528
Gifted and Novated Assets Reserve	920,000	-	-	920,000
Infrastructure Contributions Parking	65,480	-	(24,400)	41,080
Infrastructure Balance MAP funding	-	434,022	-	434,022
Infrastructure Maintenance Reserve	435,366	248,650	-	684,016
Infrastructure Unexpended Capital Works Reserve	-	426,843	-	426,843
Marysville Caravan Park	55,573	57,916	-	113,489
New and Expanded Assets Reserve	1,575,783	1,034,684	-	2,610,467
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	18,674	512	-	19,186
Yea Saleyards	101,011	162,740	(77,661)	186,090
<b>Total Other reserves</b>	<b>6,749,424</b>	<b>3,740,890</b>	<b>(394,459)</b>	<b>10,095,855</b>

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

Coster Street Units reserve represents funds set aside for future maintenance costs of these units.

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 2014/15 that will be completed in early 2015/16.

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

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

# Notes to Financial Report For the Year Ended 30 June 2015

	2015 \$	2014 \$
<b>Note 29</b>		
<b>Reconciliation of cash flows from operating activities to surplus</b>		
Surplus for the financial year	4,957,879	1,307,933
Depreciation and amortisation	7,666,537	7,150,865
Contributions - non-monetary	(1,393,540)	(555,508)
Finance Costs	228,437	268,641
Net Fire Services Property Levy received (remitted )	(2,101,609)	2,194,692
(Gain)/loss on disposal of property, plant and equipment, infrastructure	301,972	320,114
<i>Change in assets and liabilities:</i>		
(Increase)/Decrease in trade and other receivables	2,147,473	98,939
(Increase)/Decrease in inventories	215,863	(45,808)
(Increase)/Decrease in other current assets	(64,143)	(27,401)
Increase/(Decrease) in trade and other payables	80,176	(15,019)
Increase/(Decrease) in trust funds and deposits	(115,771)	119,852
Increase in provisions	307,209	165,668
Net cash provided by operating activities	<u>12,230,483</u>	<u>10,982,968</u>
<b>Note 30</b>		
<b>Financing arrangements</b>		
Secured bank loans at fixed interest rates:		
Facility available	2,796,721	3,697,494
Used facility	<u>2,796,721</u>	<u>3,697,494</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 2015

Note 31 Commitments

The Council has entered into the following commitments

	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 \$
<b>2015</b>					
<b>Operating</b>					
Garbage & Recycling Collection	1,074,000	1,074,000	2,622,000	3,496,000	8,266,000
Cleaning Council 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
<b>Total</b>	<b>1,557,760</b>	<b>1,326,381</b>	<b>3,038,003</b>	<b>3,496,000</b>	<b>9,418,144</b>
<b>Capital</b>					
Buildings & improvements	766,720	-	-	-	766,720
<b>Total</b>	<b>2,324,480</b>	<b>1,326,381</b>	<b>3,038,003</b>	<b>3,496,000</b>	<b>10,184,864</b>
	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 \$
<b>2014</b>					
<b>Operating</b>					
Garbage & Recycling Collection	400,000	-	-	-	400,000
Cleaning Council Buildings and Streets	162,148	162,148	162,148	-	486,444
Document Output Devices	34,708	23,139	-	-	57,847
Valuation Services	179,274	-	-	-	179,274
Other	22,000	-	-	-	22,000
<b>Total</b>	<b>798,130</b>	<b>185,287</b>	<b>162,148</b>	<b>-</b>	<b>1,145,565</b>
<b>Capital</b>					
Buildings & improvements	157,097	-	-	-	157,097
<b>Total</b>	<b>955,227</b>	<b>185,287</b>	<b>162,148</b>	<b>-</b>	<b>1,302,662</b>

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):

	2015 \$	2014 \$
Not later than one year	234,246	210,813
Later than one year and not later than five years	172,530	271,091
Later than five years	5,421	14,866
	<u>412,197</u>	<u>496,770</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:

	2015 \$	2014 \$
Not later than one year	145,365	167,018
Later than one year and not later than five years	332,696	377,975
Later than five years	971,315	1,051,396
	<u>1,449,376</u>	<u>1,596,389</u>

**Notes to Financial Report  
For the Year Ended 30 June 2015**

**Note 33 Contingent liabilities and contingent assets**

**Contingent liabilities**

**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.

**Superannuation**

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme to ensure that the liabilities of the fund are covered by the assets of the fund. 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.

**Funding Arrangements**

Murrumbidgee 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.

The Fund's latest actuarial investigation was held as at 30 June 2014 and it was determined that the vested benefit index (VBI) of the defined benefit category of which Murrumbidgee Shire Council is a contributing employer was 103.4%. To determine the VBI, the fund Actuary used the following long-term assumptions:

Net investment returns	7.5% pa
Salary information	4.25% pa
Price inflation (CPI)	2.75% pa

Vision Super has advised that the estimated VBI at June 2015 was 105.8%.

The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 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 most recent full actuarial investigation conducted by the Fund's Actuary as at 30 June 2014, Murrumbidgee Shire 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 2015, this rate was 9.5% of members' salaries. This rate will increase in line with any increase to the Superannuation Guarantee (SG) contribution rate.

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

**Funding calls**

If the defined benefit category is in an unsatisfactory financial position at 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 Murrumbidgee Shire 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.

**Latest actuarial investigation surplus amounts**

The Fund's latest actuarial investigation as at 30 June 2014 identified the following in the defined benefit category of which Murrumbidgee Shire Council is a contributing employer:

A VBI surplus of \$77.1 million; and

A total service liability surplus of \$236 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 2014.

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.

Murrumbidgee Shire Council was notified of the results of the actuarial investigation during January 2015.



**Note 34      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 34 (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 33.

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 2.0%.

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 2015

**Note 35** 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:

<b>Councillors</b>	Councillor Margaret Rae - Mayor
	Councillor Andrew Derwent
	Councillor Bernie Magner
	Councillor Christine Challen
	Councillor Cris Ruhr -resigned 25th June 2015 position vacant as at 30th June 2015
	Councillor John Kennedy
	Councillor John Walsh
<b>Chief Executive Officer</b>	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:

	2015 No.	2014 No.
\$10,000 - \$19,999	-	5
\$20,000 - \$29,999	6	-
\$30,000 - \$39,999	-	1
\$40,000 - \$49,999	-	1
\$60,000 - \$69,999	1	-
\$200,000 - \$209,999	-	1
\$220,000 - \$229,999	1	-
	<u>8</u>	<u>8</u>
	\$	\$
Total Remuneration for the reporting year for Responsible Persons included above amounted to:	405,834	387,118

**(iii)** No retirement benefits have been made by the Council to a Responsible Person. (2013/14, \$0).

**(iv)** No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year. (2013/14, \$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. (2013/14, \$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 \$136,000.

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

Income Range:	2015 No.	2014 No.
Less than \$136,000	3	2
\$136,001 - \$139,999	3	2
\$140,000 - \$149,999	-	1
\$150,000 - \$159,999	1	-
\$160,000 - \$169,999	1	2
	<u>8</u>	<u>7</u>
	\$	\$

Total Remuneration for the reporting year for Senior Officers included above, amounted to: 1,022,289 962,397

**Note 36** Events occurring after balance date

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

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## Certification of the Financial Statements

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



Andrew Bond  
Principal Accounting Officer


Date : 25/09/2015  
Alexandra

In our opinion the accompanying financial statements present fairly the financial transactions of Murrindindi Shire Council for the year ended 30 June 2015 and the financial position of the Council as at that date.

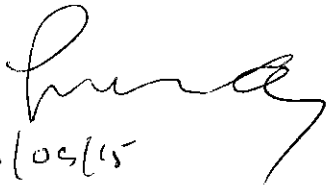
As at the date of signing, we are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

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 : 28/09/2015  
Alexandra

John Kennedy  
Councillor

  
Date : 26/09/15  
Alexandra

Margaret Abbey  
Chief Executive Officer

  
28/9/15

Date :  
Alexandra

## INDEPENDENT AUDITOR'S REPORT

### To the Councillors, Murrindindi Shire Council

#### *The Financial Report*

The accompanying financial report for the year ended 30 June 2015 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 has been audited.

#### *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, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

### *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 2015 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 2015

  
Dr Peter Frost  
Acting Auditor-General



**Description of Municipality**

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

The Wurundjeri tribe and the Taungurung language speakers are the traditional owners of the land known as the Shire of Murrindindi. 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 27 May 2015. 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.murrindindi.vic.gov.au](http://www.murrindindi.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 2015

PERFORMANCE STATEMENT

Sustainable Capacity Indicators

Indicator /measure	Results 2015	Material Variations
<b>Population</b>		
68 Expenses per head of municipal population [Total expenses / Municipal population]	\$2,231.08	No material variations for 2014/15.
69 Infrastructure per head of municipal population [Value of infrastructure / Municipal population]	\$20,160.79	No material variations for 2014/15.
70 Population density per length of road [Municipal population / Kilometres of local roads]	11.33	No material variations for 2014/15.
<b>Own-source revenue</b>		
66 Own-source revenue per head of municipal population [Own-source revenue / Municipal population]	\$1,574.79	No material variations for 2014/15.
<b>Recurrent grants</b>		
67 Recurrent grants per head of municipal population [Recurrent grants / Municipal population]	\$706.49	No material variations for 2014/15.
<b>Disadvantage</b>		
71 Relative Socio-Economic Disadvantage [Index of Relative Socio-Economic Disadvantage by decile]	8.00	No material variations for 2014/15.

Notes to Financial Report  
For the Year Ended 30 June 2015

PERFORMANCE STATEMENT		
Service Performance Indicators		
Service/indicator /measure	Results 2015	Material Variations
<b>Aquatic Facilities</b> <b>Utilisation</b>		
33 Utilisation of aquatic facilities [Number of visits to aquatic facilities / Municipal population]	1.57	Data accuracy to be reviewed in 2015/16. Results for 2014/15 include estimates for daily family tickets which do not clearly specify the amount of children entering under this ticket.
<b>Animal Management</b> <b>Health and safety</b>		
37 Animal management prosecutions [Number of successful animal management prosecutions]	0.00	No material variations for 2014/15.
<b>Food Safety</b> <b>Health and safety</b>		
41 Critical and major non-compliance outcome notifications [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%	No material variations for 2014/15.
<b>Governance</b> <b>Satisfaction</b>		
5 Satisfaction with council decisions [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	47.00	This result is below the small rural average for 2014/15 and may reflect a response to the difficult decisions made by Council with regard to its infrastructure renewal challenges.
<b>Libraries</b> <b>Participation</b>		
22 Active library members [Number of active library members / Municipal population] x100	16.68%	No material variations for 2014/15.

Notes to Financial Report  
For the Year Ended 30 June 2015

PERFORMANCE STATEMENT

PERFORMANCE STATEMENT		
<b>Maternal and Child Health (MCH)</b>		
<b>Participation</b>		
52 <i>Participation in the MCH service</i>  [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	70.29%	Participation levels are higher than forecast due to "drop-in" attendees who visit the Murrindindi Shire, particularly over the summer months. These children are enrolled in a different municipalities program and are only briefly utilising the MCH service in Murrindindi Shire whilst on holidays or transiting through the region.
<b>Participation</b>		
53 <i>Participation in the MCH service by Aboriginal children</i>  [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	100.00%	No material variations for 2014/15.
<b>Roads</b>		
<b>Satisfaction</b>		
18 <i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	52.00	No material variations for 2014/15.
<b>Statutory Planning</b>		
<b>Decision making</b>		
9 <i>Council planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	100.00%	No material variations for 2014/15.
<b>Waste Collection</b>		
<b>Waste diversion</b>		
27 <i>Kerbside collection waste diverted from landfill</i> {Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins} x100	36.18%	No material variations for 2014/15.

Notes to Financial Report  
For the Year Ended 30 June 2015

PERFORMANCE STATEMENT						
Financial Performance Indicators						
Dimension/indicator/measure	Results 2015	2016	2017	2018	2019	Material Variations
<b>Efficiency</b>						
<b>Revenue level</b>						
64 Average residential rate per residential property assessment [Residential rate revenue / Number of residential property assessments]	\$899.06	\$976.12	\$1,035.48	\$1,097.86	\$1,162.35	No material variations for 2014/15.
<b>Expenditure level</b>						
63 Expenses per property assessment [Total expenses / Number of property assessments]	\$3,192.12	\$3,255.68	\$3,353.47	\$3,454.11	\$3,557.04	No material variations for 2014/15.
<b>Workforce turnover</b>						
65 Resignations and terminations compared to average staff [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	16.26%	5.00%	5.00%	5.00%	5.00%	Higher results for 2014/15 when compared to forecasts are due to a larger number of retirements and resignations than expected for 2014/15.
<b>Liquidity</b>						
<b>Working capital</b>						
55 Current assets compared to current liabilities [Current assets / Current liabilities] x100	397.61%	239.90%	237.60%	236.10%	235.90%	Council has undertaken a deliberate management strategy to improve its cash position to prepare for known future renewal costs as well as reducing its current debt position.
<b>Unrestricted cash</b>						
56 Unrestricted cash compared to current liabilities [Unrestricted cash / Current liabilities] x100	73.10%	56.58%	54.33%	52.71%	49.70%	Council achieved a higher than forecast cash position in 2014/15 which improved this ratio.
<b>Obligations</b>						
<b>Asset renewal</b>						
60 Asset renewal compared to depreciation [Asset renewal expense / Asset depreciation] x100	51.67%	93.74%	84.71%	82.62%	77.53%	Council only achieved 65% of its original capital works budget for 2014/15 resulting in a lower than expected asset renewal result.
<b>Loans and borrowings</b>						
57 Loans and borrowings compared to rates [Interest bearing loans and borrowings / Rate revenue] x100	16.58%	19.60%	18.42%	17.19%	15.88%	No material variations for 2014/15.
58 Loans and borrowings repayments compared to rates [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	6.64%	1.92%	1.81%	1.77%	1.73%	Council's debt reduction strategy will deliver lower ratios in the coming years as Council's forecast debt position decreases.
<b>Indebtedness</b>						
59 Non-current liabilities compared to own source revenue [Non-current liabilities / Own source revenue] x100	17.36%	19.85%	18.48%	16.92%	16.20%	No material variations for 2014/15.
<b>Operating position</b>						
<b>Adjusted underlying result</b>						
54 Adjusted underlying surplus (or deficit) [Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100	3.51%	-10.10%	-12.20%	-8.99%	-7.58%	Council achieved a higher than budgeted operating result in 2014/15 due to savings achieved in materials and services as well as above-budget receipts of recurrent grant payments and contributions.
<b>Stability</b>						
<b>Rates concentration</b>						
61 Rates compared to adjusted underlying revenue [Rate revenue / Adjusted underlying revenue] x100	53.66%	59.55%	59.80%	59.88%	59.91%	No material variations for 2014/15.
<b>Rates effort</b>						
62 Rates compared to property values [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.43%	0.48%	0.51%	0.52%	0.54%	No material variations for 2014/15.

### 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 : 25/07/2015  
Alexandra

In our opinion, the accompanying performance statement of Murrindindi Shire Council for the year ended 30 June 2015 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



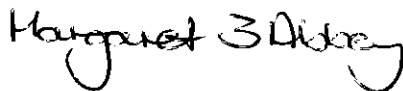
Date : 28/09/2015  
Alexandra

John Kennedy  
Councillor



Date : 26/09/15  
Alexandra

Margaret Abbey  
Chief Executive Officer



Date : 28/9/15  
Alexandra

## INDEPENDENT AUDITOR'S REPORT

### To the Councillors, Murrindindi Shire Council

#### *The Performance Statement*

The accompanying performance statement for the year ended 30 June 2015 of the Murrindindi Shire Council which comprises the statement, the related notes and the certification of the performance statement has been audited.

#### *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)

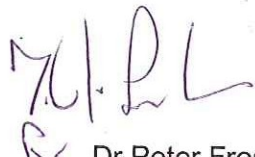
### *Independence*

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, the Auditor-General, his 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 2015 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

MELBOURNE  
28 September 2015



Dr Peter Frost  
Acting Auditor-General