

# **ATTACHMENT TO AGENDA ITEM**

**Ordinary Meeting**

**19 September 2017**

**Agenda Item 8.6      Financial Statements and Performance Statements for Year Ended  
30 June 2017**

**Attachment 1      Financial Statements and Performance Statements for Year Ended  
30 June 2017 .....115**

**Greater Shepparton City Council  
ANNUAL FINANCIAL REPORT**

***For the Period Ended 30 June 2017***

The final statements certified by Council will be to their final form after any changes, recommended or agreed to by the auditor, have been made.

**Greater Shepparton City Council**  
**Financial Report**  
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## Comprehensive Income Statement For the Period Ended 30 June 2017

	Note	2017 \$	2016 \$
<b>Income</b>			
Rates and charges	3	71,891,238	68,553,718
Statutory fees and fines	4	3,959,431	3,101,773
User fees	5	17,234,347	17,576,194
Grants - operating	6	29,092,942	16,533,467
Grants - capital	6	7,846,807	11,330,928
Contributions - monetary	7	2,440,373	1,827,308
Contributions - non monetary	7	5,077,083	4,074,092
Net gain on disposal of property, infrastructure, plant and equipment	8	-	14,826
Share of net profits (or loss) of associates and joint ventures	16	18,458	(20,555)
Other income	9	1,262,231	1,450,490
<b>Total income</b>		<b>138,822,910</b>	<b>124,442,241</b>
<b>Expenses</b>			
Employee costs	10	(45,841,408)	(44,180,180)
Materials and services	11	(40,912,965)	(49,794,183)
Bad and doubtful debts	12	(113,585)	(61,690)
Depreciation and amortisation	13	(22,338,312)	(21,838,450)
Borrowing costs	14	(614,481)	(1,194,869)
Net loss on disposal of property, infrastructure, plant and equipment	8	(1,246,612)	-
Other expenses	15	(548,698)	(7,283,228)
<b>Total expenses</b>		<b>(111,616,061)</b>	<b>(124,352,600)</b>
<b>Surplus/(deficit) for the year</b>		<b>27,206,849</b>	<b>89,641</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to surplus or deficit in future periods</b>			
Net asset revaluation increment/(decrement)	22	16,720,909	-
<b>Total comprehensive result</b>		<b>43,927,758</b>	<b>89,641</b>

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

**Balance Sheet**  
**As at 30 June 2017**

	Note	2017 \$	2016 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	17	25,303,343	13,275,933
Trade and other receivables	19	7,208,640	5,965,568
Other financial assets	18	17,000,000	27,042,827
Inventories	20	73,983	73,754
Other assets	21	1,050,880	1,230,300
<b>Total current assets</b>		<b><u>50,636,846</u></b>	<b><u>47,588,382</u></b>
<b>Non-current assets</b>			
Investments in associates and joint ventures	16	1,511,499	1,493,041
Property, infrastructure, plant and equipment	22	1,058,401,546	1,020,986,173
Intangible assets	23	847,820	972,944
<b>Total non-current assets</b>		<b><u>1,060,760,865</u></b>	<b><u>1,023,452,158</u></b>
<b>Total assets</b>		<b><u>1,111,397,711</u></b>	<b><u>1,071,040,540</u></b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	24	6,220,097	9,986,239
Trust funds and deposits	25	2,716,657	3,093,498
Provisions	26	10,119,393	11,499,520
Interest-bearing loans and borrowings	27	1,307,898	896,755
<b>Total current liabilities</b>		<b><u>20,364,044</u></b>	<b><u>25,476,012</u></b>
<b>Non-current liabilities</b>			
Provisions	26	7,093,881	6,484,709
Interest-bearing loans and borrowings	27	18,426,370	17,494,161
<b>Total non-current liabilities</b>		<b><u>25,520,251</u></b>	<b><u>23,978,870</u></b>
<b>Total liabilities</b>		<b><u>45,884,295</u></b>	<b><u>49,454,882</u></b>
<b>Net assets</b>		<b><u>1,065,513,416</u></b>	<b><u>1,021,585,658</u></b>
<b>Equity</b>			
Accumulated surplus		519,606,407	492,399,558
Reserves	28	545,907,009	529,186,100
<b>Total Equity</b>		<b><u>1,065,513,416</u></b>	<b><u>1,021,585,658</u></b>

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

**Statement of Changes in Equity  
For the Period Ended 30 June 2017**

2017	Note	Total \$	Accumulated Surplus \$	Revaluation Reserve \$
Balance at beginning of the financial year		1,021,585,658	492,399,558	529,186,100
Surplus/(deficit) for the year		27,206,849	27,206,849	-
Net asset revaluation increment/(decrement)	28	16,720,909	-	16,720,909
<b>Balance at end of the financial year</b>		<b>1,065,513,416</b>	<b>519,606,407</b>	<b>545,907,009</b>

2016		Total \$	Accumulated Surplus \$	Revaluation Reserve \$
Balance at beginning of the financial year		1,021,496,017	323,881,554	697,614,463
Correction of prior period error	28	-	168,428,363	(168,428,363)
Surplus/(deficit) for the year		89,641	89,641	-
<b>Balance at end of the financial year</b>		<b>1,021,585,658</b>	<b>492,399,558</b>	<b>529,186,100</b>

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

**Statement of Cash Flows**  
**For the Period Ended 30 June 2017**

	2017 Inflows/ (Outflows) \$	2016 Inflows/ (Outflows) \$
<b>Cash flows from operating activities</b>		
Rates and charges	70,493,649	68,461,621
Statutory fees and fines	3,959,431	3,021,964
User fees	17,322,704	17,451,499
Grants - operating	29,092,942	16,390,534
Grants - capital	7,846,807	11,330,926
Contributions - monetary	2,440,373	1,827,308
Interest received	669,954	1,182,721
Trust funds and deposits taken	-	38,450
Other receipts	592,277	546,579
Net GST refund/(payment)	1,233,933	(627,888)
Employee costs	(46,612,362)	(43,749,658)
Materials and services	(45,421,680)	(45,124,911)
Trust funds and deposits repaid	(376,841)	-
<b>Net cash provided by/(used in) operating activities</b>	<b>29 41,241,187</b>	<b>30,749,145</b>
<b>Cash flows from investing activities</b>		
Payments for property, infrastructure, plant and equipment	(42,110,597)	(37,164,981)
Proceeds from sale of property, infrastructure, plant and equipment	2,125,123	494,404
Proceeds from (payments for) investments	10,042,827	(1,942,826)
<b>Net cash provided by/(used in) investing activities</b>	<b>(29,942,647)</b>	<b>(38,613,403)</b>
<b>Cash flows from financing activities</b>		
Finance costs	(614,481)	(1,194,869)
Proceeds from borrowings	4,064,000	4,436,000
Repayment of borrowings	(2,720,649)	(403,488)
<b>Net cash provided by/(used in) financing activities</b>	<b>728,870</b>	<b>2,837,643</b>
Net increase/(decrease) in cash and cash equivalents	12,027,410	(5,026,616)
Cash and cash equivalents at the beginning of the financial year	13,275,933	18,302,549
<b>Cash and cash equivalents at the end of the financial year</b>	<b>25,303,343</b>	<b>13,275,933</b>

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

**Statement of Capital Works  
For the Period Ended 30 June 2017**

	2017	2016
	\$	\$
<b>Property</b>		
Land	-	1,989,448
Land improvements	5,942,061	11,033,512
<b>Total land</b>	<b>5,942,061</b>	<b>13,022,960</b>
Buildings	2,246,288	4,245,437
<b>Total buildings</b>	<b>2,246,288</b>	<b>4,245,437</b>
<b>Total property</b>	<b>8,188,350</b>	<b>17,268,397</b>
<b>Plant and equipment</b>		
Plant, machinery and equipment	2,248,258	2,098,393
Fixtures, fittings and furniture	525,959	970,411
Computers and telecommunications	791,310	815,333
<b>Total plant and equipment</b>	<b>3,565,527</b>	<b>3,884,137</b>
<b>Infrastructure</b>		
Roads	11,971,263	9,768,116
Bridges	53,591	-
Footpaths and cycleways	411,533	216,371
Drainage	619,496	1,667,324
Recreational, leisure and community facilities	5,502,519	3,061,285
Waste management	11,299,114	722,382
Parks, open space and streetscapes	530,922	201,821
Aerodromes	26,248	37,087
Other infrastructure	2,643	214,045
<b>Total infrastructure</b>	<b>30,417,327</b>	<b>15,888,431</b>
<b>Total capital works expenditure</b>	<b>42,171,203</b>	<b>37,040,965</b>
<b>Represented by:</b>		
New asset expenditure	14,722,843	15,680,139
Asset renewal expenditure	24,097,009	17,980,809
Asset expansion expenditure	-	452,297
Asset upgrade expenditure	3,351,351	2,927,720
<b>Total capital works expenditure</b>	<b>42,171,203</b>	<b>37,040,965</b>

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



### Introduction

The Greater Shepparton City Council was established by an Order of the Governor in Council on 17 November 1994 and is a body corporate. The Council's main office is located at 90 Welsford Street, Shepparton.

### Statement of compliance

These financial statements are a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works and Notes accompanying these financial statements. The general purpose financial report complies with the Australian Accounting Standards, 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.

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 1 (f))
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 1 (l))
- the determination of employee provisions (refer to Note 1 (q))
- the determination of landfill provisions (refer to Note 1 (r))

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) Committees of management

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

### (d) Accounting for investments in associates and joint arrangements

#### *Associates*

Associates are all entities over which Council has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

### (e) Revenue recognition

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

#### *User fees*

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

**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 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, infrastructure, plant and equipment*

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

*Interest*

Interest is recognised as it is earned.

*Dividends*

Dividend revenue is recognised when the Council's right to receive payment is established.

*Other Income*

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

**(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**

Short term receivables are carried at invoice amount as amortised cost using the effective interest rate method would not impact the carrying value. A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred. Long term receivables are carried at amortised cost using the effective interest rate method.

**(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.

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

**(j) Inventories**

Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential.

All other inventories, including land held for sale, are measured at the lower of cost and net realisable value. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

**(k) Recognition and measurement of property, infrastructure, plant and equipment and intangibles**

*Acquisition*

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

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

In accordance with Council's policy, the threshold limits detailed in Note 1 (l) have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

*Revaluation*

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. Further details regarding the fair value hierarchy are disclosed at 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 independent experts.

An internal review is conducted outside of valuation years to check that the unit rate used for assets is at fair value. For the 2016/17 year Council has revalued drainage assets and bridges and major culverts. The drainage assets have had a valuation increase of \$17,183,564 and an increase in accumulated depreciation of \$5,925,508. Bridges and major culverts have had a valuation increase of \$787,584 and a reduction in accumulated depreciation of \$205,242 (reflecting changes in asset condition). These changes are disclosed in Note 22.

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.

Prior to 2016/17 an initial recognition of Land Under Roads assets was recorded in the asset revaluation reserve instead of accumulated surplus. An adjustment to the asset revaluation reserve has been made to the value of \$168,428,363 and is disclosed in Notes 22 and 28.

*Land under roads*

Council recognises land under roads it controls at fair value.

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

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

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

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

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

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

<b>Asset recognition thresholds and depreciation periods</b>		<b>Depreciation Period</b>	<b>Threshold Limit</b>
			<b>\$</b>
<b>Property</b>			
Buildings and land improvements			
land		-	1
land improvements		15 to 60 years	5,000
land under roads		-	1
buildings <sup>1</sup>		10 to 100 years	10,000
Heritage assets			
heritage assets		10 to 100 years	5,000
<b>Plant and Equipment</b>			
plant, machinery and equipment		2 to 10 years	500
furniture, equipment and computers		2 to 13 years	1,500
art collection and civic regalia <sup>2</sup>		-	3,000
<b>Infrastructure</b>			
Roads			
road surface and seals		12 to 60 years	20,000
spray seal			500m2
asphalt			150m2
concrete			55m2
line marking			5,000
road pavement		53 to 60 years	290m2
road kerb, channel and minor culverts		60 to 90 years	1
bridges and major culverts		50 to 80 years	1
footpaths <sup>3</sup>		10 to 70 years	1
bike paths		10 to 65 years	1
drainage		50 to 90 years	1
naturestrip trees		50 years	1
regulatory signs		7 to 35 years	1
street furniture		5 to 50 years	1
<b>Intangible assets</b>			
intangible assets		-	1,000

<sup>1</sup> Greater Shepparton City Council's Depreciation Policy 34.POL3 notes a threshold for New buildings as "all". The minimum threshold for renewal, upgrade and expansion is \$5,000.

<sup>2</sup> Greater Shepparton City Council's Depreciation Policy 34.POL3 notes a depreciation period of 50 years for Mayoral Robes.

<sup>3</sup> During 2016/17 the useful lives for Footpaths was extended from 10 to 60 years to 10 to 70 years. This change has reduced accumulated depreciation by \$4,470,027 as disclosed in Note 22. The effect on the annual depreciation charge is estimated to be a reduction of \$142,819.

**(m) 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.

**(n) Impairment of assets**

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

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

**(o) Trust funds and deposits**

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

**(p) Borrowings**

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

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

*Borrowing costs*

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

Borrowing costs include interest on bank overdrafts, interest on borrowings, and finance lease charges.

**(q) Employee costs and benefits**

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

*Wages and salaries and annual leave*

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

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

*Long service leave*

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

Current liability - unconditional LSL 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 wholly settled within 12 months.
- nominal value - component that is expected to be wholly settled within 12 months.

*Classification of employee costs*

Non-current liability - conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non - current liability. 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.

**(r) Landfill rehabilitation provision**

Council is obligated to restore the Cosgrove 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.

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

**(s) 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.

**(t) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. 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.

**(u) 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 the right will be exercised. Details of any guarantees that Council has provided, that are not recognised in the balance sheet, are disclosed at Note 34 contingent liabilities and contingent assets.

**(v) 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.

**(w) Pending accounting standards**

The following new AAS's have been issued that are not mandatory for the 30 June 2017 reporting period. Council has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

*Revenue from contracts with customers (AASB 15) (applies 2019/20)*

The standard shifts the focus from the transaction-level to a contract-based approach. Recognition is determined based on what the customer expects to be entitled to (rights and obligations), while measurement encompasses estimation by the entity of the amount expected to be entitled for performing under the contract. The full impact of this standard is not known however it is most likely to impact where contracts extend over time, where there are rights and obligations that may vary the timing or amount of the consideration, or where there are multiple performance elements. This has the potential to impact on the recognition of certain grant income.

*Leases (AASB 16) (applies 2019/20)*

The classification of leases as either finance leases or operating leases is eliminated for lessees. Leases will be recognised in the Balance Sheet by capitalising the present value of the minimum lease payments and showing a 'right-of-use' asset, while future lease payments will be recognised as a financial liability. The nature of the expense recognised in the profit or loss will change. Rather than being shown as rent, or as leasing costs, it will be recognised as depreciation on the 'right-of-use' asset, and an interest charge on the lease liability. The interest charge will be calculated using the effective interest method, which will result in a gradual reduction of interest expense over the lease term.

Council has a significant number of operating leases that will be impacted as a result of this change. This will see assets and liabilities of approximately \$1.404m recognised.

**(x) 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 10 percent and \$100k 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 21 June 2016. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for income and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

(a) Income and Expenditure	Budget 2017 \$	Actual 2017 \$	Variance 2017 \$	Ref
<b>Income</b>				
Rates and charges	70,956,622	71,891,238	934,616	
Statutory fees and fines	3,147,663	3,959,431	811,768	1
User fees	20,607,998	17,234,347	(3,373,651)	2
Grants - operating	22,838,467	29,092,942	6,254,475	3
Grants - capital	7,462,860	7,846,807	383,947	
Contributions - monetary	1,312,444	2,440,373	1,127,929	4
Contributions - non monetary	2,000,000	5,077,083	3,077,083	5
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	114,447	(1,246,612)	(1,361,059)	6
Share of net profits/(losses) of associates and joint ventures	-	18,458	18,458	
Other income	1,647,027	1,262,231	(384,796)	7
<b>Total income</b>	<b>130,087,528</b>	<b>137,576,298</b>	<b>7,488,770</b>	
<b>Expenses</b>				
Employee costs	46,463,647	45,841,408	622,239	
Materials and services	46,330,015	40,912,965	5,417,050	8
Bad and doubtful debts	144,000	113,585	30,415	
Depreciation and amortisation	22,044,545	22,338,312	(293,767)	
Borrowing costs	1,250,000	614,481	635,519	9
Other expenses	284,500	548,698	(264,198)	10
<b>Total expenses</b>	<b>116,516,707</b>	<b>110,369,449</b>	<b>6,147,258</b>	
<b>Surplus/(deficit) for the year</b>	<b>13,570,821</b>	<b>27,206,849</b>	<b>13,636,028</b>	

Note 2 Budget comparison (cont.)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Statutory fees & fines	More than budget by \$812,000 largely due to an increase in parking infringements statutory fees and fines (\$588,000) reflecting a change in parking enforcement practices and includes recoverable infringement court costs.
2	User fees	Less than budget by \$3.37 million largely due to a decrease in Cosgrove Landfill user fees (\$5.1 million), driven by lower commercial/industrial waste received, offset by increased user fees in Children's Services (\$411,000) and Performing Arts and Conventions (\$270,000).
3	Grants - operating	More than budget by \$6.25 million largely due to the early receipt of 50% of the 2017/18 Federal Financial Assistance Grant funding allocation (\$5.98 million)
4	Contributions - monetary	More than budget by \$1.13 million mainly due to increased developer contributions for Recreational Land fund, Cash in Lieu of Car Parks and trees (\$262,000) and increased insurance claims (\$99,000).
5	Contributions - non-monetary	More than budget by \$3.08 million largely due to asset contributions received from developers which are often difficult to predict.
6	Net gain/(loss) on disposal of property, infrastructure, plant and equipment	Less than budget by \$1.36 million largely due to the write down off assets removed (\$1.67 million). Refer to note 22.
7	Other income	Less than budget by \$385,000 largely due to the reclassification of Municipal Rates Interest (\$268,000) from 'Other Income' to 'Rates and Charges Income'. Refer to note 3.
8	Materials and services	Less than budget by \$5.42 million mainly due to lower EPA levy charges at Cosgrove Landfill (\$2.95 million), operational savings in stationery/office consumables and advertising (\$630,000), the carry forward of intersection works as part of the Mooroopna West Growth Corridor (\$600,000) into 2017/18 and reduced power costs for street lighting (\$193,000).
9	Borrowing costs	Less than budget by \$636,000 mainly due to the early pay down of \$2 million in existing borrowings during 2016/17 and the capitalisation of interest expense for borrowings associated with the construction of the Greater Shepparton Sports Precinct.
10	Other expenses	More than budget by \$264,000 mainly due to the write down of intangible assets due to actual lot sales at Parkside Gardens (\$126,000).



Note 2 Budget comparison (cont.)

(b) Capital Works

	Budget 2017 \$	Actual 2017 \$	Variance 2017 \$	Ref
<b>Property</b>				
Land improvements	4,472,383	5,942,061	1,469,678	1
<b>Total Land</b>	<b>4,472,383</b>	<b>5,942,061</b>	<b>1,469,678</b>	
Buildings	2,684,161	2,246,288	(437,873)	2
<b>Total Buildings</b>	<b>2,684,161</b>	<b>2,246,288</b>	<b>(437,873)</b>	
<b>Total Property</b>	<b>7,156,544</b>	<b>8,188,350</b>	<b>1,031,806</b>	
<b>Plant and Equipment</b>				
Plant, machinery and equipment	2,355,937	2,248,258	(107,679)	
Fixtures, fittings and furniture	629,741	525,959	(103,782)	3
Computers and telecommunications	815,000	791,310	(23,690)	
<b>Total Plant and Equipment</b>	<b>3,800,678</b>	<b>3,565,527</b>	<b>(235,151)</b>	
<b>Infrastructure</b>				
Roads	14,036,919	11,971,263	(2,065,656)	4
Bridges	-	53,591	53,591	
Footpaths and cycleways	694,450	411,533	(282,917)	5
Drainage	1,127,000	619,496	(507,504)	6
Recreational, leisure and community facilities	6,051,245	5,502,519	(548,726)	
Waste management	11,624,916	11,299,114	(325,802)	
Parks, open space and streetscapes	804,700	530,922	(273,778)	7
Aerodromes	189,000	26,248	(162,752)	8
Other infrastructure	-	2,643	2,643	
<b>Total Infrastructure</b>	<b>34,528,230</b>	<b>30,417,327</b>	<b>(4,110,903)</b>	
<b>Total Capital Works Expenditure</b>	<b>45,485,452</b>	<b>42,171,203</b>	<b>(3,314,249)</b>	
<b>Represented by:</b>				
New asset expenditure	16,537,342	14,722,843	(1,814,499)	
Asset renewal expenditure	24,806,252	24,097,009	(709,243)	
Asset expansion expenditure	600,000	-	(600,000)	
Asset upgrade expenditure	3,541,858	3,351,351	(190,507)	
<b>Total Capital Works Expenditure</b>	<b>45,485,452</b>	<b>42,171,203</b>	<b>(3,314,249)</b>	

Note 2 Budget comparison (cont.)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land improvements	More than budget by \$1.47 million largely due to Quarter 1 Adopted Forecast Reviews for Greater Shepparton Regional Sports Precinct rebudgets (\$1.21 million) and Saleyards projects Truck Wash Crossover, Water Tanks, Lighting and Walkways and Pens (\$205,000)
2	Buildings	Less than budget by \$438,000 largely due to the rebudget of New Shepparton Art Museum works into future years to match expenditure profiles in line with funding agreements (\$957,000). This reduction is largely offset by 2015/16 rebudgets for Katandra West Community Centre (\$331,000)
3	Fixtures, Fittings and Furniture	Less than budget by \$104,000 mainly due to the rebudgeting of software purchases into future years (\$36,000) and lower expenditure in Kerbside Waste Bin purchases (\$25,000).
4	Roads	Lower than budget by \$2.07 million largely due to the rebudgeting of works for Verney Road and Welsford Street projects (\$1.4 million) and Mooroopna West Growth Corridor intersection works being included in the operating budget (\$600,000). These rebudgets were mainly due to delays in obtaining approvals from relevant authorities.
5	Footpaths & Cycleways	Less than budget by \$283,000 mainly due to lower expenditure in Shared Paths (\$163,000) and the rebudgeting of Lake Bartlett Circuit Path works (\$71,000).
6	Drainage	Less than budget by \$508,000 largely due to the rebudgeting of drainage works relating to developer contribution plans (\$448,000).
7	Parks, Open Space and Streetscapes	Less than budget by \$274,000 mainly due to the rebudgeting of Maude Street Mall Activation works (\$300,000).
8	Aerodrome	Less than budget by \$163,000 due to the rebudgeting of aerodrome renewals (\$189,000) into 2017/18 in consideration of market pricing of the works.

Note 3 Rates and charges	2017 \$	2016 \$
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Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is its market value which takes into account the land and all improvements fixed to the land.

The valuation base used to calculate general rates for 2016/17 was \$9.438 billion (2015/16 \$9.186 billion).

General Rates	54,592,879	52,239,432
Municipal charge	7,599,872	7,334,500
Waste management charge	9,169,234	8,430,173
Supplementary rates and rate adjustments	260,791	256,265
Interest on rates and charges	268,462	293,349
<b>Total rates and charges</b>	<b>71,891,238</b>	<b>68,553,719</b>

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2016, and the valuation was first applied in the rating year commencing 1 July 2016.

**Note 4 Statutory fees and fines**

Infringements and costs	1,122,207	681,006
Court recoveries	152,448	40,563
Town planning fees	540,650	422,302
Permits	1,585,488	1,419,448
Aged Services	558,638	538,454
<b>Total statutory fees and fines</b>	<b>3,959,431</b>	<b>3,101,773</b>

**Note 5 User fees**

Aged and Disability services	77,635	27,358
Animal Control	110,816	97,360
Aquatic Facilities	3,141,228	2,821,997
Arts and Culture	1,309,283	657,273
Children's Services	2,238,365	2,224,757
Development Facilities	263,944	212,281
Environmental Health	17,371	25,140
Financial Services	1,226,091	432,052
Miscellaneous	599,138	780,231
Parking	1,299,015	1,254,776
Private Works	125,649	385,792
Recreational Facilities	521,487	409,619
Saleyards	1,475,525	1,741,715
Tourism	1,351,270	1,013,930
Waste management services	3,477,532	5,491,913
<b>Total user fees</b>	<b>17,234,347</b>	<b>17,576,194</b>

	2017	2016
	\$	\$
<b>Note 6 Grants</b>		
Grants were received in respect of the following:		
<b>Summary of grants</b>		
Commonwealth funded grants	27,532,545	13,568,282
State funded grants	9,407,204	14,296,113
<b>Total grants received</b>	<b>36,939,749</b>	<b>27,864,395</b>
<b>Operating Grants</b>		
<b>Recurrent - Commonwealth Government</b>		
Federal Financial Assistance Grants	17,520,487	5,706,000
Children's Services	2,792,498	2,527,218
Aged & Disability Services	1,175,691	558,633
Waste & Resource Recovery	20,500	104,940
<b>Recurrent - State Government</b>		
Aged & Disability Services	2,888,877	3,314,989
Children's Services	1,804,617	1,735,661
Citizens Service - Parking	204,385	77,849
Environmental Health	196,622	74,038
Arts and Culture	120,000	193,000
Emergency Management	120,000	146,106
Economic Development	-	15,000
<b>Total recurrent operating grants</b>	<b>26,843,676</b>	<b>14,453,434</b>
<b>Non-recurrent - Commonwealth Government</b>		
Environmental planning	52,832	267,511
Economic Development	18,182	-
Other	11,581	150,353
<b>Non-recurrent - State Government</b>		
Youth and Children's Services	1,216,364	1,216,355
Arts and Culture	240,520	139,606
Aged & Disability Services	223,780	-
Active Living	148,018	74,545
Building & Planning	132,000	-
Environment	75,000	-
Other	60,372	98,690
Economic Development	58,800	-
Infrastructure	7,500	100,000
Recreation and Parks	4,317	32,973
<b>Total non-recurrent operating grants</b>	<b>2,249,266</b>	<b>2,080,033</b>
<b>Total operating grants</b>	<b>29,092,942</b>	<b>16,533,467</b>
<b>Capital Grants</b>		
<b>Recurrent - Commonwealth Government</b>		
Roads to recovery	4,880,774	4,225,997
<b>Recurrent - State Government</b>		
Recreation and Parks	50,000	-
<b>Total recurrent capital grants</b>	<b>4,930,774</b>	<b>4,225,997</b>
<b>Non-recurrent - Commonwealth Government</b>		
Infrastructure - Local Roads	1,000,000	-
Community life	60,000	-
Information Services	-	19,800
Recreation and Parks	-	7,830
<b>Non-recurrent - State Government</b>		
Sports Facilities	1,385,800	5,993,289
Community life	234,357	-
Infrastructure	124,350	-
Economic Development	90,000	-
Recreation and Parks	13,726	123,700
Art and Culture	7,800	-
Buildings	-	110,000
Drainage	-	750,400
Other	-	99,912
<b>Total non-recurrent capital grants</b>	<b>2,916,033</b>	<b>7,104,931</b>
<b>Total capital grants</b>	<b>7,846,807</b>	<b>11,330,928</b>
<b>Total grants received</b>	<b>36,939,749</b>	<b>27,864,395</b>

	2017	2016
	\$	\$
<b>Note 6 Grants (cont.)</b>		
<b>Unspent grants received on condition that they be spent in a specific manner</b>		
Balance at start of year	777,174	5,769,338
Received during the financial year and remained unspent at balance date	8,088,603	1,060,241
Received in prior years and spent during the financial year	(620,584)	(6,052,405)
Balance at year end	<u>8,245,193</u>	<u>777,174</u>
<b>Note 7 Contributions</b>		
Monetary	2,440,373	1,827,307
Non-monetary	5,077,083	4,074,092
<b>Total contributions</b>	<u>7,517,456</u>	<u>5,901,399</u>
<i>Contributions of non monetary assets were received in relation to the following asset classes.</i>		
Land	1,080,244	671,345
Roads	1,984,343	3,402,747
Other infrastructure	2,012,496	-
<b>Total non-monetary contributions</b>	<u>5,077,083</u>	<u>4,074,092</u>
<b>Note 8 Net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>		
Proceeds of sale	2,125,123	494,404
Written down value of assets disposed	(3,371,735)	(479,578)
<b>Total net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>	<u>(1,246,612)</u>	<u>14,826</u>
<b>Note 9 Other income</b>		
Interest	669,954	889,372
Other rent	592,277	546,579
Other revenue commission	-	14,539
<b>Total other income</b>	<u>1,262,231</u>	<u>1,450,490</u>
<b>Note 10 (a) Employee costs</b>		
Wages and salaries	41,208,455	39,833,737
WorkCover	421,314	316,467
Superannuation	4,065,019	3,823,195
Fringe benefits tax	146,620	206,781
<b>Total employee costs</b>	<u>45,841,408</u>	<u>44,180,180</u>
<b>Note 10 (b) Superannuation</b>		
Council made contributions to the following funds:		
<b>Defined benefit fund</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	166,721	172,053
	<u>166,721</u>	<u>172,053</u>
Employer contributions payable at reporting date	-	-
<b>Accumulation funds</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	3,888,633	3,642,084
Employer contributions - other funds	9,665	9,058
	<u>3,898,298</u>	<u>3,651,142</u>
Employer contributions payable at reporting date.	-	62
	<u>4,065,019</u>	<u>3,823,195</u>
Refer to note 33 for further information relating to Council's superannuation obligations.		
<b>Note 11 Materials and services</b>		
Contract payments	16,004,440	15,456,631
Building maintenance	604,315	778,954
General maintenance	11,743,725	14,999,779
Utilities	2,754,336	3,090,771
Office administration	6,602,613	12,219,309
Information technology	199,181	283,780
Insurance	1,429,620	1,016,706
Consultants	1,574,736	1,948,253
<b>Total materials and services</b>	<u>40,912,965</u>	<u>49,794,183</u>

	2017	2016
	\$	\$
<b>Note 12 Bad and doubtful debts</b>		
Parking fine debtors	88,676	28,857
Rates debtors	12,905	11,371
Other debtors	12,004	21,462
<b>Total bad and doubtful debts</b>	<b>113,585</b>	<b>61,690</b>
<b>Note 13 Depreciation and amortisation</b>		
Property	2,246,305	4,000,083
Plant and equipment	2,048,310	2,527,236
Infrastructure	18,043,697	15,311,131
<b>Total depreciation and amortisation</b>	<b>22,338,312</b>	<b>21,838,450</b>
Refer to note 22 for a more detailed breakdown of depreciation and amortisation charges.		
<b>Note 14 Borrowing costs</b>		
Interest - Borrowings	774,359	1,194,869
Less capitalised borrowing costs on qualifying assets	(159,878)	-
<b>Total borrowing costs</b>	<b>614,481</b>	<b>1,194,869</b>
Rate used to capitalise borrowing costs	3.66%	n/a
<b>Note 15 Other expenses</b>		
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	64,200	66,500
Auditors' remuneration - Internal	57,740	84,435
Councillors' allowances	299,864	240,343
Write off of replaced assets	-	6,811,859
Write down of intangible assets	126,894	80,091
<b>Total other expenses</b>	<b>548,698</b>	<b>7,283,228</b>
<b>Note 16 Investments in associates, joint arrangements and subsidiaries</b>		
<b>(a) Investments in associates</b>		
Investments in associates accounted for by the equity method are:	1,511,499	1,493,041
- Goulburn Valley Regional Library Corporation		
<b>Goulburn Valley Regional Library Corporation - Background</b>		
The Goulburn Valley Regional Library Corporation is an entity which has been established to serve three northern Victorian councils; the Greater Shepparton City Council, Moira Shire Council and the Strathbogje Shire Council. Each Council has two representatives on the Board of the Corporation.		
Each of the member Councils contributes financially to the operation of the Corporation based on the ratio of their population base. Contribution payments are considered a 'fee for service' on a commercial basis and are relative to the services the Corporation provides. The amount of financial contribution does not bring with it any additional voting rights or influence on the library activities and therefore no greater power or control.		
<b>Fair value of Council's investment in the Goulburn Valley Regional Library Corporation</b>	<b>1,511,499</b>	<b>1,493,041</b>
<b>Council's share of accumulated surplus/(deficit)</b>		
Council's share of accumulated surplus/(deficit) at start of year	(387,147)	(366,592)
Reported surplus/(deficit) for year	18,458	(20,555)
<b>Council's share of accumulated surplus/(deficit) at end of year</b>	<b>(368,689)</b>	<b>(387,147)</b>
<b>Council's share of reserves</b>		
Council's share of reserves at start of year	1,493,041	1,513,596
<b>Council's share of reserves at end of year</b>	<b>1,493,041</b>	<b>1,513,596</b>
<b>Movement in carrying value of specific investment</b>		
Carrying value of investment at start of year	1,493,041	1,513,596
Share of surplus/(deficit) for year	18,458	(20,555)
<b>Carrying value of investment at end of year</b>	<b>1,511,499</b>	<b>1,493,041</b>

	2017	2016
	\$	\$
<b>Note 17 Cash and cash equivalents</b>		
Cash on hand	9,745	8,700
Cash at bank	6,789,484	7,763,119
Term deposits	18,504,114	5,504,114
	<u>25,303,343</u>	<u>13,275,933</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)	2,716,657	3,093,498
- Funds held on a statutory basis	1,850,604	1,429,228
Total restricted funds	<u>4,567,261</u>	<u>4,522,726</u>
<b>Total unrestricted cash and cash equivalents</b>	<u>20,736,082</u>	<u>8,753,207</u>

**Intended allocations**

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

- Cash held to fund carried forward capital works	2,691,553	3,425,876
- Conditional grants unspent	8,245,193	777,174
<b>Total funds subject to intended allocations</b>	<u>10,936,746</u>	<u>4,203,050</u>

Refer also to Note 18 for details of other financial assets held by Council.

**Note 18 Other financial assets**

Term deposits	17,000,000	27,042,827
<b>Total other financial assets</b>	<u>17,000,000</u>	<u>27,042,827</u>

**Note 19 Trade and other receivables**

**Current**

*Statutory receivables*

Rates debtors	2,670,343	3,277,313
Infringement debtors	798,215	425,046
Provision for doubtful debts - infringements	(85,710)	(44,778)
Other debtors	2,621,799	1,711,478
Provision for doubtful debts - other debtors	(30,000)	(30,000)

*Non statutory receivables*

Net GST receivable	1,233,993	626,510
<b>Total current trade and other receivables</b>	<u>7,208,640</u>	<u>5,965,569</u>

**Total trade and other receivables**

7,208,640      5,965,569

**(a) Ageing of Receivables**

At balance date other debtors representing financial assets were past due but not impaired. The ageing of the Council's trade & other receivables (excluding statutory receivables) was:

Current (not yet due)	1,168,477	1,457,932
Past due by up to 30 days	1,160,309	169,752
Past due between 31 and 180 days	293,013	83,794
<b>Total trade &amp; other receivables</b>	<u>2,621,799</u>	<u>1,711,478</u>

**(b) Movement in provisions for doubtful debts**

Balance at the beginning of the year	(74,778)	(131,386)
New Provisions recognised during the year	(154,517)	(5,082)
Amounts already provided for and written off as uncollectible	113,585	61,690
<b>Balance at end of year</b>	<u>(115,710)</u>	<u>(74,778)</u>

	2017	2016
<b>Note 19 Trade and other receivables (cont.)</b>	<b>\$</b>	<b>\$</b>
<b>(c) Ageing of individually impaired Receivables</b>		
At balance date, other debtors representing financial assets with a nominal value of approx. \$30,000 (2016: \$29,826) were impaired. The amount of the provision raised against these debtors was \$30,000 (2016: \$30,000). 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		
Past due between 31 and 180 days	30,000	29,826
Total trade & other receivables	<u>30,000</u>	<u>29,826</u>
<b>Note 20 Inventories</b>		
Inventories held for distribution	73,983	73,754
<b>Total inventories</b>	<u>73,983</u>	<u>73,754</u>
<b>Note 21 Other assets</b>		
Prepayments	674,044	763,344
Accrued income	333,134	421,491
Intangible asset - Parkside Gardens right to receive income within 12 months	43,702	45,465
<b>Total other assets</b>	<u>1,050,880</u>	<u>1,230,300</u>



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

**Summary of property, infrastructure, plant and equipment**

	At Fair Value 30 June 2016	Acquisitions	Contributions	Revaluation	Depreciation	Disposal	Transfers	At Fair Value 30 June 2017
Land	243,641,645	568,987	1,080,245	-	(420,326)	(331,383)	(19,121,696)	225,417,472
Buildings	70,407,420	1,794,489	-	-	(1,825,979)	(283,362)	65,347	70,157,915
Plant and Equipment	27,421,119	3,087,834	-	-	(2,048,310)	(220,502)	1,196,261	29,436,402
Infrastructure	645,997,721	7,845,749	3,996,839	16,720,909	(18,043,697)	(2,518,275)	40,418,251	694,417,497
Work in progress	33,518,268	28,035,638	-	-	-	(23,482)	(22,558,163)	38,972,261
<b>Total</b>	<b>1,020,986,173</b>	<b>41,332,697</b>	<b>5,077,084</b>	<b>16,720,909</b>	<b>(22,338,312)</b>	<b>(3,377,005)</b>	<b>-</b>	<b>1,058,401,546</b>

**Summary of Work in Progress**

	Opening WIP	Additions	Transfers	Write Offs	Closing WIP
Property	2,823,667	1,426,751	(2,811,039)	-	1,439,379
Plant and Equipment	1,204,194	438,986	(1,196,261)	-	446,919
Infrastructure	29,490,407	26,169,901	(18,550,863)	(23,482)	37,085,963
<b>Total</b>	<b>33,518,268</b>	<b>28,035,638</b>	<b>(22,558,163)</b>	<b>(23,482)</b>	<b>38,972,261</b>

Note 22 Property, infrastructure, plant and equipment (cont.)

Land and Buildings	Note	Land - specialised	Land - non specialised	Land improvements	Total Land	Heritage buildings	Buildings - specialised	Total Buildings	Work In Progress	Total Property
At fair value 1 July 2016		179,074,509	58,196,133	7,161,640	244,432,282	26,554,249	90,438,279	116,992,528	2,823,667	364,248,477
Accumulated depreciation at 1 July 2016		-	-	(790,637)	(790,637)	(9,476,043)	(37,109,065)	(46,585,108)	-	(47,375,745)
		<b>179,074,509</b>	<b>58,196,133</b>	<b>6,371,003</b>	<b>243,641,645</b>	<b>17,078,206</b>	<b>53,329,214</b>	<b>70,407,420</b>	<b>2,823,667</b>	<b>316,872,732</b>
<b>Movements in fair value</b>										
Acquisition of assets at fair value		-	388,000	180,987	568,987	218,125	1,576,364	1,794,489	1,426,751	3,790,227
Contributed assets		651,145	429,100	-	1,080,245	-	-	-	-	1,080,245
Revaluation increments/decrements		-	-	-	-	-	-	-	-	-
Fair value of assets disposed		(123,310)	(170,835)	(38,911)	(333,056)	(108,790)	(296,700)	(405,490)	-	(738,546)
Transfers		-	(19,061,652)	(998,833)	(20,060,485)	5,305,140	(7,248,226)	(1,943,086)	(2,811,039)	(24,814,610)
		<b>527,835</b>	<b>(18,415,387)</b>	<b>(856,757)</b>	<b>(18,744,309)</b>	<b>5,414,475</b>	<b>(5,968,562)</b>	<b>(554,087)</b>	<b>(1,384,288)</b>	<b>(20,682,684)</b>
<b>Movements in accumulated depreciation</b>										
Depreciation and amortisation		-	-	(420,326)	(420,326)	(477,464)	(1,348,515)	(1,825,979)	-	(2,246,305)
Accumulated depreciation of disposals		-	-	1,673	1,673	88,199	172,085	260,284	-	261,957
Revaluation increments/decrements		-	-	-	-	-	-	-	-	-
Impairment losses recognised in operating result		-	-	-	-	-	(138,156)	(138,156)	-	(138,156)
Transfers		-	-	938,789	938,789	(1,896,862)	3,905,295	2,008,433	-	2,947,222
		-	-	<b>520,136</b>	<b>520,136</b>	<b>(2,286,127)</b>	<b>2,590,709</b>	<b>304,582</b>	-	<b>824,718</b>
At fair value 30 June 2017		179,602,344	39,780,746	6,304,883	225,687,973	31,968,724	84,469,717	116,438,441	1,439,379	343,565,793
Accumulated depreciation at 30 June 2017		-	-	(270,501)	(270,501)	(11,762,170)	(34,518,356)	(46,280,526)	-	(46,551,027)
		<b>179,602,344</b>	<b>39,780,746</b>	<b>6,034,382</b>	<b>225,417,472</b>	<b>20,206,554</b>	<b>49,951,361</b>	<b>70,157,915</b>	<b>1,439,379</b>	<b>297,014,765</b>

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

<b>Plant and Equipment</b>	<b>Note</b>	Heritage plant and equipment	Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecomms	Work in Progress	<b>Total plant and equipment</b>
At fair value 1 July 2016		-	14,284,105	24,202,855	6,156,864	1,204,194	<b>45,848,018</b>
Accumulated depreciation at 1 July 2016		-	(7,442,812)	(4,810,760)	(4,969,133)	-	<b>(17,222,705)</b>
		-	<b>6,841,293</b>	<b>19,392,095</b>	<b>1,187,731</b>	<b>1,204,194</b>	<b>28,625,313</b>
<b>Movements in fair value</b>							
Acquisition of assets at fair value		-	2,127,044	68,883	891,907	438,986	<b>3,526,820</b>
Fair value of assets disposed		-	(1,530,851)	-	(314,845)	-	<b>(1,845,696)</b>
Transfers		-	206,395	(68,469)	318,663	(1,196,261)	<b>(739,672)</b>
		-	<b>802,588</b>	<b>414</b>	<b>895,725</b>	<b>(757,275)</b>	<b>941,452</b>
<b>Movements in accumulated depreciation</b>							
Depreciation and amortisation		-	(1,341,235)	(239,079)	(467,996)	-	<b>(2,048,310)</b>
Accumulated depreciation of disposals		-	1,310,349	-	314,845	-	<b>1,625,194</b>
Transfers		-	5,546	551,856	182,270	-	<b>739,672</b>
		-	<b>(25,340)</b>	<b>312,777</b>	<b>29,119</b>	-	<b>316,556</b>
At fair value 30 June 2017		-	15,086,693	24,203,269	7,052,589	446,919	<b>46,789,470</b>
Accumulated depreciation at 30 June 2017		-	(7,468,152)	(4,497,983)	(4,940,014)	-	<b>(16,906,149)</b>
		-	<b>7,618,541</b>	<b>19,705,286</b>	<b>2,112,575</b>	<b>446,919</b>	<b>29,883,321</b>

Note 22 Property, infrastructure, plant and equipment (cont.)

Infrastructure	Note	Roads	Bridges	Footpaths and cycleways	Drainage	Recreational, leisure and community	Waste Management	Parks open spaces and streetscapes	Aerodromes	Off street car parks	Other Infrastructure	Work In Progress	Total Infrastructure
At fair value 1 July 2016		571,020,745	21,760,425	66,080,656	127,267,496	111,478,113	5,886,741	27,450,373	6,955,423	11,138,999	11,641,884	29,490,407	990,171,262
Accumulated depreciation at 1 July 2016		(175,456,784)	(7,853,164)	(32,799,917)	(47,126,064)	(39,500,752)	(2,481,542)	(2,358,760)	(510,098)	(1,792,374)	(4,803,679)	-	(314,683,134)
		<b>395,563,961</b>	<b>13,907,261</b>	<b>33,280,739</b>	<b>80,141,432</b>	<b>71,977,361</b>	<b>3,405,199</b>	<b>25,091,613</b>	<b>6,445,325</b>	<b>9,346,625</b>	<b>6,838,205</b>	<b>29,490,407</b>	<b>675,488,128</b>
<b>Movements in fair value</b>													
Acquisition of assets at fair value		5,975,180	53,591	24,844	80,605	1,540,661	-	151,585	-	-	19,283	26,169,901	34,015,650
Contributed assets		1,984,343	-	750,763	1,221,687	-	-	-	-	-	40,046	-	3,996,839
Revaluation increments/decrements		-	787,584	-	17,183,564	-	-	-	-	-	-	-	17,971,148
Fair value of assets disposed		(1,403,576)	-	(198,307)	(1,226,096)	(408,320)	(6,444)	(500)	-	-	(74,940)	(23,482)	(3,341,665)
Transfers		4,003,575	(1,084,018)	(303,589)	6,941,627	16,612,678	3,209,596	14,260,386	161,010	234,181	69,699	(18,550,863)	25,554,282
		<b>10,559,522</b>	<b>(242,843)</b>	<b>273,711</b>	<b>24,201,387</b>	<b>17,745,019</b>	<b>3,203,152</b>	<b>14,411,471</b>	<b>161,010</b>	<b>234,181</b>	<b>54,088</b>	<b>7,595,556</b>	<b>78,196,254</b>
<b>Movements in accumulated depreciation</b>													
Depreciation and amortisation		(12,336,732)	(494,732)	(1,028,472)	(1,414,083)	(1,564,692)	(248,375)	(236,671)	(28,533)	(179,306)	(512,101)	-	(18,043,697)
Accumulated depreciation of disposals		296,692	-	59,279	150,541	254,089	6,444	229	-	-	32,634	-	799,908
Revaluation increments/decrements		-	205,242	-	(5,925,508)	-	-	-	-	-	-	-	(5,720,266)
Change in useful life	1(i)	-	-	4,470,027	-	-	-	-	-	-	-	-	4,470,027
Transfers		(3,213)	982,889	174,846	432,194	(3,156,510)	(5,546)	(2,117,210)	-	(42,982)	48,638	-	(3,686,894)
		<b>(12,043,253)</b>	<b>693,399</b>	<b>3,675,680</b>	<b>(6,756,856)</b>	<b>(4,467,113)</b>	<b>(247,477)</b>	<b>(2,353,652)</b>	<b>(28,533)</b>	<b>(222,288)</b>	<b>(430,829)</b>	<b>-</b>	<b>(22,180,922)</b>
At fair value 30 June 2017		581,580,267	21,517,582	66,354,367	151,468,883	129,223,132	9,089,893	41,861,844	7,116,433	11,373,180	11,695,972	37,085,963	1,068,367,516
Accumulated depreciation at 30 June 2017		(187,500,037)	(7,159,765)	(29,124,237)	(53,882,920)	(43,967,865)	(2,729,019)	(4,712,412)	(538,631)	(2,014,662)	(5,234,508)	-	(336,864,056)
		<b>394,080,230</b>	<b>14,357,817</b>	<b>37,230,130</b>	<b>97,585,963</b>	<b>85,255,267</b>	<b>6,360,874</b>	<b>37,149,432</b>	<b>6,577,802</b>	<b>9,358,518</b>	<b>6,461,464</b>	<b>37,085,963</b>	<b>731,503,460</b>

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

*Valuation of land and buildings*

Valuation of land and buildings were undertaken by a qualified independent valuer LG Valuation Services. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

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

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

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2017 are as follows:

	Level 1	Level 2	Level 3
Land	-	1,183,957	38,596,789
Specialised land	-	-	179,602,344
Land Improvements	-	5,348,525	685,857
Heritage Buildings	-	-	20,206,554
Buildings	-	5,996,605	43,954,756
<b>Total</b>	<b>-</b>	<b>12,529,087</b>	<b>283,046,300</b>

*Valuation of infrastructure*

Valuation of infrastructure assets (excluding Major Culverts) has been determined in accordance with an internal valuation undertaken by the Team Leader Strategic Assets.

Valuation of infrastructure assets - Major Culverts (included in Bridges) has been determined in accordance with an internal valuation undertaken by Sterling Group Consultants Pty. Ltd.

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

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2017 are as follows:

	Level 1	Level 2	Level 3
Roads	-	-	394,080,230
Bridges	-	-	14,357,817
Footpaths and cycleways	-	-	37,230,130
Drainage	-	-	97,585,963
Recreational, leisure and community facilities	-	-	85,255,267
Waste management	-	-	6,360,874
Parks, open space and streetscapes	-	-	37,149,432
Aerodromes	-	-	6,577,802
Off Street Car Parks	-	-	9,358,518
Other infrastructure	-	-	6,461,464
<b>Total</b>	<b>-</b>	<b>-</b>	<b>694,417,497</b>

Note 22	Property, infrastructure, plant and equipment (cont.)	2017	2016
		\$	\$
	<i>Description of significant unobservable</i>		
	<p><b>Specialised land</b> and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 5% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$0.05 and \$834.54 per square metre.</p>		
	<p><b>Specialised buildings</b> 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 \$150 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 20 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.</p>		
	<p><b>Infrastructure assets</b> 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 7 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.</p>		
	<b>Reconciliation of specialised land</b>		
	Land under roads	179,602,344	179,074,509
	<b>Total specialised land</b>	<u>179,602,344</u>	<u>179,074,509</u>

	2017	2016
	\$	\$
<b>Note 23 Intangible assets</b>		
Parkside Gardens - right to receive income	847,819	972,944
<b>Total intangible assets</b>	<u>847,819</u>	<u>972,944</u>
	<b>Parkside Gardens</b>	
	<b>\$</b>	
<b>Gross carrying amount</b>		
Balance at 1 July 2016	972,944	
Additions from internal developments	-	
Write down due to actual lot sales	(125,125)	
<b>Balance at 30 June 2017</b>	<u>847,819</u>	
Net book value at 30 June 2017	<u>847,819</u>	

	2017	2016
	\$	\$
<b>Note 24 Trade and other payables</b>		
Trade payables	618,365	1,565,326
Accrued expenses	5,601,732	8,420,913
<b>Total trade and other payables</b>	<u>6,220,097</u>	<u>9,986,239</u>

<b>Note 25 Trust funds and deposits</b>		
Refundable deposits	2,018,771	2,189,369
Fire services levy	282,371	397,577
Retention amounts	415,515	506,552
<b>Total trust funds and deposits</b>	<u>2,716,657</u>	<u>3,093,498</u>

*Purpose and nature of items*

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

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

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

Note 26 Provisions

	Employee	Landfill restoration	Total
<b>2017</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at beginning of the financial year	10,499,570	7,484,659	17,984,229
Additional provisions	4,082,646	-	4,082,646
Amounts used	(4,050,039)	(682,211)	(4,732,250)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(12,419)	(108,931)	(121,350)
Balance at the end of the financial year	<b>10,519,757</b>	<b>6,693,517</b>	<b>17,213,274</b>
<b>2016</b>			
Balance at beginning of the financial year	10,015,174	4,029,330	14,044,504
Additional provisions	3,489,286	3,455,329	6,944,615
Amounts used	(3,091,327)	-	(3,091,327)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	86,437	-	86,437
Balance at the end of the financial year	<b>10,499,570</b>	<b>7,484,659</b>	<b>17,984,229</b>

	2017	2016
	\$	\$
<b>(a) Employee provisions</b>		
<b>Current provisions expected to be wholly settled within 12 months</b>		
Annual leave	2,877,834	2,667,615
Long service leave	719,324	1,649,109
	<b>3,597,158</b>	<b>4,316,724</b>
<b>Current provisions expected to be wholly settled after 12 months</b>		
Annual leave	767,726	779,685
Long service leave	4,869,202	4,835,593
	<b>5,636,928</b>	<b>5,615,278</b>
<b>Total current employee provisions</b>	<b>9,234,086</b>	<b>9,932,002</b>
<b>Non-current</b>		
Long service leave	1,285,671	567,568
<b>Total non-current employee provisions</b>	<b>1,285,671</b>	<b>567,568</b>
Aggregate carrying amount of employee provisions:		
Current	9,234,086	9,932,002
Non-current	1,285,671	567,568
<b>Total aggregate carrying amount of employee provisions</b>	<b>10,519,757</b>	<b>10,499,570</b>

	2017	2016
	\$	\$
<b>(b) Land fill restoration</b>		
Current	885,307	1,567,518
Non-current	5,808,210	5,917,141
	<b>6,693,517</b>	<b>7,484,659</b>

Note 27 Interest-bearing loans and borrowings

	2017	2016
	\$	\$
<b>Current</b>		
Borrowings - secured (1)	1,307,898	896,755
	<b>1,307,898</b>	<b>896,755</b>
<b>Non-current</b>		
Borrowings - secured (1)	18,426,369	17,494,161
	<b>18,426,369</b>	<b>17,494,161</b>
<b>Total</b>	<b>19,734,267</b>	<b>18,390,916</b>

(1) Borrowings are secured by general rates as per *Local Government Act - Section 148 (1) (a)*.

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

	2017	2016
	\$	\$
Not later than one year	1,307,898	896,755
Later than one year and not later than five years	5,691,373	4,175,361
Later than five years	12,734,997	13,318,800
	<b>19,734,267</b>	<b>18,390,916</b>



Note 28 Reserves

	Balance at beginning of reporting period	Increment / (decrement)	Balance at end of reporting period
	\$	\$	\$
<b>Asset revaluation reserves</b>			
<b>2017</b>			
<b>Property</b>			
Land - Specialised	3,321,720	-	3,321,720
Land - Non-Specialised	1,572,450	-	1,572,450
Land Improvements	4,539,888	-	4,539,888
Heritage Buildings	338,673	-	338,673
Buildings	2,821,193	-	2,821,193
	<b>12,593,924</b>	<b>-</b>	<b>12,593,924</b>
<b>Plant &amp; Equipment</b>			
Artwork & Regalia	13,516,054	-	13,516,054
	<b>13,516,054</b>	<b>-</b>	<b>13,516,054</b>
<b>Infrastructure</b>			
Roads	343,535,621	-	343,535,621
Bridges	17,826,478	992,826	18,819,304
Footpaths and cycleways	33,335,296	4,470,027	37,805,323
Drainage	31,855,019	11,258,056	43,113,075
Recreational, leisure and community facilities	53,821,354	-	53,821,354
Waste management	228,141	-	228,141
Parks, open space and streetscapes	15,030,807	-	15,030,807
Aerodromes	1,128,645	-	1,128,645
Off Street Car Park	5,183,777	-	5,183,777
Other infrastructure	1,130,984	-	1,130,984
	<b>503,076,122</b>	<b>16,720,909</b>	<b>519,797,031</b>
<b>Total asset revaluation reserves</b>	<b>529,186,100</b>	<b>16,720,909</b>	<b>545,907,009</b>
<b>2016</b>			
<b>Property</b>			
Land	61,822,160	(52,388,102)	9,434,058
Buildings	26,162,472	(23,002,606)	3,159,866
	<b>87,984,632</b>	<b>(75,390,708)</b>	<b>12,593,924</b>
<b>Plant &amp; Equipment</b>			
Artwork & Regalia	13,516,054	-	13,516,054
	<b>13,516,054</b>	<b>-</b>	<b>13,516,054</b>
<b>Infrastructure</b>			
Roads	343,537,637	(2,016)	343,535,621
Bridges	17,826,478	-	17,826,478
Footpaths and cycleways	33,335,296	-	33,335,296
Drainage	31,855,019	-	31,855,019
Recreational, leisure and community facilities	-	53,821,354	53,821,354
Waste management	-	228,141	228,141
Parks, open space and streetscapes	-	15,030,807	15,030,807
Aerodromes	-	1,128,645	1,128,645
Off Street Car Park	-	5,183,777	5,183,777
Other infrastructure	1,130,984	-	1,130,984
	<b>427,685,414</b>	<b>75,390,708</b>	<b>503,076,122</b>
<b>Total asset revaluation reserves</b>	<b>529,186,100</b>	<b>-</b>	<b>529,186,100</b>

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

There have been reallocations and reclassifications between asset classes from the 2016 to 2017 year.

**Prior year adjustment:**

Council's initial recognition of Land Under Roads of \$168,428,363 was booked to the Asset Revaluation Reserve. This has been amended as a prior year adjustment and is now reported as Accumulated Surplus (refer Statement of Equity).

	2017 \$	2016 \$
<b>Note 29 Reconciliation of cash flows from operating activities to surplus/(deficit)</b>		
Surplus/(deficit) for the year	27,206,849	89,641
Depreciation/amortisation	22,338,312	21,838,450
Profit/(loss) on disposal of property, infrastructure, plant and equipment	1,246,612	(14,826)
Contributions - Non-monetary assets	(5,077,083)	(4,074,092)
Finance Costs	614,481	1,194,869
Share of net (profits)/losses of associates and joint ventures	(18,458)	20,555
<b>Change in assets and liabilities:</b>		
(Increase)/decrease in trade and other receivables	(1,243,072)	(704,611)
(Increase)/decrease in prepayments	89,300	(37,882)
Increase/(decrease) in accrued income	(88,357)	(100,124)
Increase/(decrease) in trade and other payables	(3,766,144)	1,306,154
Increase/(decrease) in other liabilities	(376,841)	4,377,806
(Increase)/decrease in inventories	(229)	19,916
Increase/(decrease) in provisions	(671,627)	484,396
Increase/(decrease) in landfill provisions	(99,327)	3,455,329
(Increase)/decrease in other assets	1,086,771	2,893,564
Net cash provided by/(used in) operating activities	<u>41,241,187</u>	<u>30,749,145</u>

**Note 30 Financing arrangements**

Bank overdraft	200,000	200,000
Credit card facilities	100,000	100,000
Interest bearing loans	19,734,267	18,390,916
<b>Total facilities</b>	<u>20,034,267</u>	<u>18,690,916</u>
Bank overdraft - Bank guarantees	199,475	30,000
Used facilities - Credit card	20,610	58,113
Used facilities - Interest bearing loans	19,734,267	18,390,916
<b>Unused facilities</b>	<u>79,915</u>	<u>211,887</u>

**Note 31 Commitments**

The Council has entered into the following commitments

2017	Not later than 1	Later than 1 year	Later than 2 years	Later than 5	Total
	year	and not later than 2 years	and not later than 5 years	years	
	\$	\$	\$	\$	\$
<b>Operating</b>					
Recycling	918,750	964,688	3,193,242	1,172,587	6,249,267
Garbage collection	4,893,000	5,137,650	17,006,266	6,244,847	33,281,763
Open space management	505,000	-	-	-	505,000
Consultancies	2,394,307	1,509,989	973,902	129,327	5,007,525
Home care services	2,016,328	2,076,817	-	-	4,093,145
Cleaning contracts for council buildings	430,366	430,366	430,366	-	1,291,098
Meals for delivery	412,000	424,360	-	-	836,360
<b>Total</b>	<b>11,569,751</b>	<b>10,543,870</b>	<b>21,603,776</b>	<b>7,546,761</b>	<b>51,264,158</b>
<b>Capital</b>					
Buildings	1,700,711	-	-	-	1,700,711
Roads	3,376,000	201,000	76,000	-	3,653,000
Drainage	55,000	-	-	-	55,000
Waste Management	2,055,662	171,000	-	-	2,226,662
<b>Total</b>	<b>7,187,373</b>	<b>372,000</b>	<b>76,000</b>	<b>-</b>	<b>7,635,373</b>

2016	Not later than 1	Later than 1 year	Later than 2 years	Later than 5	Total
	year	and not later than 2 years	and not later than 5 years	years	
	\$	\$	\$	\$	\$
<b>Operating</b>					
Recycling	820,500	861,525	2,851,755	1,047,189	5,580,969
Garbage collection	4,310,000	4,525,500	14,979,971	5,500,774	29,316,244
Open space management	682,426	-	-	-	682,426
Consultancies	1,580,196	796,104	767,662	153,982	3,297,944
Home care services	2,007,600	2,066,328	2,126,817	-	6,200,745
Cleaning contracts for council buildings	406,456	406,456	-	-	812,912
Meals for delivery	400,000	412,000	424,360	-	1,236,360
Council elections 2016	360,000	-	-	-	360,000
<b>Total</b>	<b>10,567,178</b>	<b>9,067,913</b>	<b>21,150,565</b>	<b>6,701,944</b>	<b>47,487,601</b>
<b>Capital</b>					
Buildings	2,474,061	-	-	-	2,474,061
Roads	1,289,505	-	-	-	1,289,505
Drainage	82,344	-	-	-	82,344
<b>Total</b>	<b>3,845,910</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,845,910</b>

	2017	2016
	\$	\$
<b>Note 32 Operating leases</b>		
<b>(a) Operating lease commitments</b>		
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):		
Not later than one year	714,214	427,812
Later than one year and not later than five years	689,695	933,694
	<b>1,403,910</b>	<b>1,361,506</b>

**(b) Operating lease receivables**

The Council has entered into commercial property leases. This consists mainly of general property, buildings and sporting facilities. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 10 years. All leases include a CPI based revision of the rental charge annually.

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

Not later than one year	375,688	215,770
Later than one year and not later than five years	1,111,495	236,684
Later than five years	660,084	-
	<b>2,147,267</b>	<b>452,454</b>

**Note 33 Superannuation**

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

**Accumulation**

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receive 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 2017, this was 9.5% as required under Superannuation Guarantee legislation).

**Defined Benefit**

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

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

**Funding arrangements**

Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary.

As at 30 June 2016, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 102.0%. To determine the VBI, the Fund Actuary used the following long-term assumptions:

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

**Note 33 Superannuation (cont.)**

Vision Super has advised that the estimated VBI at June Quarter 2017 was 103.1%.

The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 2016 interim actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

**Employer contributions**

**Regular contributions**

On the basis of the results of the 2016 interim actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2017, this rate was 9.5% of members' salaries (9.5% in 2015/2016). In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

**Funding calls**

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

**2016 Interim actuarial investigation surplus amounts**

The Fund's interim actuarial investigation as at 30 June 2016 identified the following in the defined benefit category of which Council is a contributing employer:

A VBI surplus of \$40.3 million; and

A total service liability surplus of \$156 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 2016. The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses. Council was notified of the 30 June 2016 VBI during August 2016.

**2017 Full triennial actuarial investigation**

A full actuarial investigation is being conducted for the Fund's position as at 30 June 2017. It is anticipated that this actuarial investigation will be completed in December 2017.

**Future superannuation contributions**

There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2017. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2018 are estimated to be \$160k.

**Note 34 Contingent liabilities**

(i) Contingent liabilities arising from public liabilities

As a local authority with ownership of numerous parks, reserves, roads and other land holdings, the council carries a \$400 million Public and Products Liability Insurance that has an excess payment of \$20,000 per claim on this policy. Any exposure to the Council from insurable incidents allegedly arising out of negligent management of its assets has a maximum liability of the excess payment on any single claim. MAV Insurance – Liability Mutual Insurance (LMI) is the Council's primary insurer and under the terms and conditions of the 2016/2017 policy the Council has made the insurer aware of any pending or existing claims. Financial outcomes pertaining to claims are unpredictable and are an estimate only. Payments for Public Liability claims are limited to the excess amount or part thereof.

(ii) Contingent liabilities arising from professional indemnity

As a local authority with statutory regulatory responsibilities, including the issuing of permit approvals, the Council can be exposed to claims and demands for damages allegedly arising due to advice given by Council Officers. The Council carries \$300 million Professional Indemnity Insurance that has an excess payment of \$20,000 per claim on this policy. The maximum liability for the Council in any single insurable claim is the extent of its excess payment. MAV Insurance – Liability Mutual Insurance (LMI) is Council's primary insurer and under the terms and conditions of the 2016/2017 policy the Council has made the insurer aware of any pending or existing claims.

(iii) Contingent liabilities arising from Cosgrove Landfill Financial Assurance

Council has a responsibility under the *Environment and Protection Act 1970*, for rehabilitation, site aftercare and remedial action at its landfill site at Cosgrove. While rehabilitation and site after care is funded through the annual budget, the EPA requires a financial assurance to meet the potential costs should Council neglect their responsibility for closure. As it is not possible to accurately calculate the cost of such a contingent event, the Council has developed a model to assist in estimating closure and aftercare costs. Using this model, Council has recognised a financial provision of \$6.694m at 30 June 2017 (\$7.485m at 2015/16). The Council also has a \$30k bank guarantee held by the Dept. Primary Industry for an extractive industry work authority for clay extraction (WA1425) taken out in 2010.

(iv) Contingent liabilities arising from defined benefits superannuation scheme (refer Vision Super website for more details)

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

**Contingent assets**

As at the reporting date there were a number of subdivisions in progress throughout the municipality and on completion the Council will receive ownership of the infrastructure associated with those subdivisions. Valuations are determined at the time of handover.

**Note 35 Financial instruments**

**(a) Objectives and policies**

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

**(b) Market risk**

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

**Interest rate risk**

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

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

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

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

**(c) Credit risk**

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss. Council have exposure to credit risk on some financial assets included in the balance sheet. To help manage this risk:

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

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

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

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

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

**(d) Liquidity risk**

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

To help reduce these risks Council:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet and the amounts related to financial guarantees disclosed in this note, and is deemed insignificant based on prior period's 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.

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

**Note 35**      **Financial instruments (cont.)**

**(e) 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, Council believes the following movements are 'reasonably possible' over the next 12 months:

- A parallel shift of + 1.0% and -1.0% in market interest rates (AUD) from year-end rates of 2.417%.

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.



	2017	2016
	No.	No.
<b>Note 36 Related party disclosures</b>		
<b>(i) Related Parties</b>		
<i>Parent entity</i>		
Greater Shepparton City Council is the parent entity.		
<i>Subsidiaries and Associates</i>		
Interests in subsidiaries and associates are detailed in note 16.		
<b>(ii) Key Management Personnel</b>		
Details of persons holding the position of Councillor or other members of key management personnel at any time during the year are:		
<b>Councillors</b>		
Councillor Dinny Adem (Mayor)		
Councillor Kevin Ryan (term expired 21 October 2016)		
Councillor Jenny Houlihan (term expired 21 October 2016)		
Councillor Kim O'Keeffe (term commenced 31 October 2016)		
Councillor Seema Abdullah (term commenced 31 October 2016)		
Councillor Bruce Giovanetti (term commenced 31 October 2016)		
Councillor Chris Hazelman		
Councillor Les Oroszvary		
Councillor Dennis Patterson		
Councillor Fern Summer		
Councillor Shelley Sutton (term commenced 31 October 2016)		
<b>Total Number of Councillors</b>	11	8
<b>Chief Executive Officer and other Key Management Personnel</b>	5	7
<b>Total Key Management Personnel</b>	<u>16</u>	<u>15</u>

Total Key Management Personnel now captures Directors (members of the Executive Leadership Team), who were previously reported within Note 37 as Senior Officers.

<b>(iii) Remuneration of Key Management Personnel</b>	2017	2016
	\$	\$
Total remuneration of key management personnel was as follows:		
Short-term benefits	1,356,961	1,174,327
Post employment benefits	96,261	88,728
Long-term benefits	147,370	150,282
<b>Total</b>	<u>1,600,592</u>	<u>1,413,337</u>

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

	2017	2016
	No.	No.
\$1 - \$9,999	1	1
\$10,000 - \$19,999	1	-
\$20,000 - \$29,999	8	5
\$40,000 - \$49,999	-	1
\$50,000 - \$59,999	-	2
\$80,000 - \$89,999	1	1
\$110,000 - \$119,999	-	1
\$120,000 - \$129,999	-	1
\$190,000 - \$199,999	2	1
\$200,000- \$209,000	1	2
\$210,000- \$219,000	1	-
\$280,000 - \$289,999	1	-
	<u>16</u>	<u>15</u>

**(iv) Transactions with related parties**

	2017	2016
	\$	\$
During the period Council entered into the following transactions with related parties.		
Payments to Goulburn Valley Regional Library Corporation	1,548,804	1,503,700

Annual fees paid for provision of library services to the Council. Library services were provided to Shepparton, Mooropna and Tatura townships, whilst a mobile library serviced nine additional towns within the municipality of the Greater Shepparton City Council.

**Note 37 Senior Officer Remuneration**

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

- a) has management responsibilities and reports directly to the Chief Executive; or
- b) whose total annual remuneration exceeds \$142,000

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

Income Range:	2017 No.	2016 No.
\$120,000 - \$129,999	-	1
\$130,000 - \$139,999	-	1
\$140,000 - \$149,999	6	1
\$150,000 - \$159,999	2	1
\$160,000 - \$169,999	1	1
	<u>9</u>	<u>5</u>

Total Remuneration for the reporting year for Senior Officers included above, amounted to:	\$ 1,339,278	\$ 733,183
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**Note 38 Events occurring after balance date**

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

## Certification of the Financial Statements

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

*Mr. Matthew Jarvis, Manager Finance and Rates, CPA.*  
**Principal Accounting Officer**

**Date :** <Date>  
*Shepparton*

In our opinion the accompanying financial statements present fairly the financial transactions of the City of Greater Shepparton for the year ended 30 June 2017 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.

*Cr. Dinny Adem (Mayor)*  
**Councillor**

**Date :** <Date>  
*Shepparton*

*Cr. Kim O'Keeffe (Deputy Mayor)*  
**Councillor**

**Date :** <Date>  
*Shepparton*

*Mr. Peter Harriott*  
**Chief Executive Officer**

**Date :** <Date>  
*Shepparton*

# GREATER SHEPPARTON CITY COUNCIL

## Performance Statement

For the year ended 30 June 2017

The performance statement certified by Council will be to their final form after any changes, recommended or agreed to by the auditor, have been made.

Council is required under Section 127 of the Local Government Act (1989) to separately identify in the budget the Key Strategic Activities to be undertaken during the financial year, and performance targets and measure to each of those Key Strategic Activities.

Under Section 132 of the Act, it is required that the Key Strategic Activities and performance target and measures specified under Section 127 of the Act must be included in the Performance Statement in the Annual Report, and be subject to Audit.

The following table details the Key Strategic Activities and performance target and measures contained in the Council's 2016-17 budget compared to the actual results for the year.

### Description of municipality

Greater Shepparton is a vibrant, diverse community located approximately two hours north of Melbourne in the heart of the Goulburn Valley, the food bowl of Australia.

As a growing regional centre with a vibrant cultural mix of people, the community comprises approximately 65,000 residents living within 60 localities. However Shepparton services a much larger population of approximately 250,000 people as the main service centre for northern Victoria.

Greater Shepparton enjoys a young demographic with growing families, with 2016 census data showing the proportion of couples with children nearly three per cent above the regional Victorian average, at 27.8 per cent.

Our community is culturally rich with a large proportion of the population born overseas (13 per cent), with many residents immigrating from India, Afghanistan, Sudan, Italy, Iraq, Turkey, New Zealand and the Philippines. Italian, Arabic, Persian/Dari, Turkish, Albanian, Punjabi, Greek, Macedonian, Mandarin and Filipino/Tagalog are the most commonly spoken languages other than English.

Greater Shepparton is also the home to regional Victoria's largest Aboriginal community, making up approximately 3.5 per cent of the population.

Two hours north of Melbourne, Greater Shepparton's central location is a major advantage and has seen our urban centre emerge as the retail, industry and services hub for central Victoria. Located at the intersection of the Midland and Goulburn Valley Highways, Greater Shepparton provides easy access to Adelaide, Sydney, Brisbane and Melbourne.

The City of Greater Shepparton acts as a major industrial, employment and service centre for a wide catchment, including many rural settlements within and beyond its municipal boundaries, with its gross regional product totalling \$2.86 billion per annum.

Greater Shepparton forms part of the 'Food Bowl of Australia', which accounts for 25 per cent of the total value of Victoria's agricultural production. We are a national centre for dairy and horticulture, exporting reliable premium quality fresh and value-added produce via innovative practices and a world class irrigation system. Shepparton is also often referred to as the transport hub of regional Victoria due to its extensive road transport industry.

Major industries for the region include manufacturing, retail trade, health care and social assistance, agriculture and construction. Greater Shepparton is home to several multinational and iconic companies such as Campbell's Soups, SPC, Tatura Milk Industries (Bega), Unilever, Visy, Pental Soaps and Pactum Dairy (Australian Consolidated Milk). Several multinational companies also reside just outside of the Greater Shepparton municipal boundary, such as Nestle, Murray Goulburn and Bega.

These companies utilise Shepparton as their major hub and home to their transport and logistics operations.

**Sustainable Capacity Indicators  
For the year ended 30 June 2017**

INDICATOR/MEASURE	RESULTS			MATERIAL VARIATIONS
	2015	2016	2017	
<b>Own-source revenue</b>				
Own-source revenue per head of municipal population [Own-source revenue / Municipal population]	\$1,385	\$1,431	\$1,450	No material variations
<b>Recurrent grants</b>				
Recurrent grants per head of municipal population [Recurrent grants / Municipal population]	\$429	\$314	\$488	2017 result impacted by early receipt of half of the 2018 Federal Financial Assistance Grant allocation in 2017 (approximately \$6 million).
<b>Population</b>				
Expenses per head of municipal population [Total expenses / Municipal population]	\$2,007	\$1,964	\$1,715	2015 and 2016 results higher due to recognition of Cosgrove 2 landfill rehabilitation provision. 2017 result reflects more normal operational expenditure.
Infrastructure per head of municipal population [Value of infrastructure / Municipal population]	\$9,172	\$12,268	\$12,800	As per the definitions Infrastructure means non-current property, plant and equipment excluding land.  The variance between 2014/15 and 2015/16 is due to a reclassification of a number of previously recorded land assets being reclassified into those categories included in the definition.
Population density per length of road [Municipal population / Kilometres of local roads]	28	28	28	No material variations
<b>Disadvantage</b>				
Relative socio-economic disadvantage [Index of Relative Socio-economic Disadvantage by decile]	2	2	2	No material variations

**Definitions**

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

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

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

"population" means Estimated Resident Population (ERP) sourced from the Australian Bureau of Statistics, Regional Population Growth, Australia (3218.0)

"relative socio-economic disadvantage", in relation to a municipality, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipality is located according to the Index of Relative Socio-Economic Disadvantage (Catalogue Number 2033.0.55.001) of SEIFA

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

## Service Performance Indicators

For the year ended 30 June 2017

SERVICE/INDICATOR/MEASURE	RESULTS			MATERIAL VARIATIONS
	2015	2016	2017	
<b>Governance</b>				
<b>Satisfaction</b>				
Satisfaction with council decisions [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	56	46	49	While 2017 is lower than 2015, within the last 12 months Greater Shepparton City Council has seen a three (3) point increase in community satisfaction in this area. This is an indication that there is increased community confidence in Council.
<b>Statutory Planning</b>				
<b>Decision making</b>				
Council planning decisions upheld at VCAT [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	80%	100%	25%	Low number of VCAT decisions. Some applications were either withdrawn or consent orders reached.
<b>Roads</b>				
<b>Satisfaction</b>				
Satisfaction with sealed local roads [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	49	48	40	<p>While there has been a significant decline in the community's perception of the condition of the sealed roads in Greater Shepparton, the outcomes of the 2014 sealed roads survey indicated that the majority of the sealed roads were in good condition.</p> <p>Council currently spends on average \$5M on road rehabilitation each year, and has done so since the 2014 survey.</p> <p>In 2018 Council will undertake a new condition survey and repeat this process of modelling road condition and performance.</p> <p>While some of the roads sustained damage during 2016's wet winter, the majority of those defects have long been repaired. There can also be confusion regarding the roads that Council is responsible for and those under the jurisdiction of the VicRoads which can influence the satisfaction results.</p>
<b>Libraries</b>				
<b>Participation</b>				
Active library members [Number of active library members / Municipal population] x100	14%	13%	10%	In 2017 the population figure increased while the number of active library members decreased, however, the number of loans per active member increased during the same period.
<b>Waste Collection</b>				
<b>Waste diversion</b>				
Kerbside collection waste diverted from landfill [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	28%	37%	52%	2017 figure influenced by a full 12 months of compulsory green organics along with continuous waste education.

SERVICE/INDICATOR/MEASURE	RESULTS			MATERIAL VARIATIONS
	2015	2016	2017	
<b>Aquatic facilities</b>				
<b>Utilisation</b>				
Utilisation of aquatic facilities [Number of visits to aquatic facilities / Municipal population]	10	10	10	No material variations
<b>Animal management</b>				
<b>Health and safety</b>				
Animal management prosecutions [Number of successful animal management prosecutions]	1	1	3	Number of prosecutions increased from 1 in 2016 to 3 in 2017
<b>Food safety</b>				
<b>Health and safety</b>				
Critical and major non-compliance notifications [Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non- compliance notifications and major non- compliance notifications about food premises] x100	0%	100%	0%	From 1 July 2016, 'Critical and major non- compliance outcome notifications' will be reported by calendar year. Previously this indicator was reported by financial year. This has been implemented to better align reporting with the Department of Health and Human Services. This may result in some variances year on year.  In 2016 there was one notification while in 2017 there were zero critical or major non- compliance notifications.
<b>Home and community care</b>				
<b>Participation</b>				
Participation in HACC service [Number of people that received a HACC service / Municipal target population for HACC services] x100	15%	17%	N/A	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.
<b>Participation</b>				
Participation in HACC service by CALD people [Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100	11%	10%	N/A	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.
<b>Maternal and child health</b>				
<b>Participation</b>				
Participation in the MCH service [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	78%	77%	78%	No material variations
<b>Participation</b>				
Participation in the MCH service by Aboriginal children [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	66%	64%	70%	No material variations

## Definitions

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

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

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

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

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

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

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

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

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

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

"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 or community respite provided under the HACC program

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

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

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

"population" means Estimated Resident Population (ERP) sourced from the Australian Bureau of Statistics, Regional Population Growth, Australia (3218.0)

"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



## Financial Performance Indicators

For the year ended 30 June 2017

DIMENSION/INDICATOR/MEASURE	RESULTS			FORECASTS				MATERIAL VARIATIONS
	2015	2016	2017	2018	2019	2020	2021	
<b>OPERATING POSITION</b>								
<b>Adjusted underlying result</b>								Variance between 2015/16 and 2016/17 largely due to early receipt of half of the 2017/18 Federal Financial Assistance Grant allocation in 2016/17 (approximately \$6 million). The 2017/18 forecast reflects the lower Federal Financial Assistance Grant allocation while 2018/19 and beyond forecasts reflect more normal operations.
Adjusted underlying surplus (or deficit) [Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100	-6%	-9%	14%	-0.5%	8%	8%	8%	
<b>LIQUIDITY</b>								
<b>Working capital</b>								2016/17 result impacted by early receipt of half of the 2017/18 Federal Financial Assistance Grant allocation in 2016/17 (approximately \$6 million).
Current assets compared to current liabilities [Current assets / Current liabilities] x100	241%	186%	249%	174%	183%	185%	212%	
<b>Unrestricted cash</b>								No material variations
Unrestricted cash compared to current liabilities [Unrestricted cash / Current liabilities] x100	144%	136%	133%	120%	120%	118%	117%	
<b>OBLIGATIONS</b>								
<b>Loans and borrowings</b>								Future year forecasts include proposed borrowings for Cosgrove Landfill and the new Shepparton Art Museum projects as per the adopted Strategic Resource Plan
Loans and borrowings compared to rates [Interest bearing loans and borrowings / Rate revenue] x100	23%	27%	27%	33%	40%	39%	38%	
Loans and borrowings repayments compared to rates [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	3%	2%	5%	3%	4%	5%	5%	During 2016/17 Council paid down \$2.0 million of outstanding loan balances. Future year forecasts include proposed borrowings for Cosgrove Landfill and the new Shepparton Art Museum projects as per the adopted Strategic Resource Plan.
<b>Indebtedness</b>								Future year forecasts include proposed borrowings for Cosgrove Landfill and the new Shepparton Art Museum projects as per the adopted Strategic Resource Plan
Non-current liabilities compared to own source revenue [Non-current liabilities / Own source revenue] x100	22%	26%	27%	30%	35%	34%	32%	

DIMENSION/INDICATOR/MEASURE	RESULTS			FORECASTS				MATERIAL VARIATIONS
	2015	2016	2017	2018	2019	2020	2021	
<b>Asset renewal</b> Asset renewal compared to depreciation [Asset renewal expenses / Asset depreciation] x100	74%	82%	108%	113%	111%	93%	94%	2016/17 reflects an increased focus on renewal expenditure. Greater Shepparton City Council has an underlying aim as part of each annual budget to fully fund asset renewals.
<b>STABILITY</b>								
<b>Rates concentration</b> Rates compared to adjusted underlying revenue [Rate revenue / Adjusted underlying revenue] x100	53%	60%	56%	60%	56%	57%	58%	No material variations
<b>Rates effort</b> Rates compared to property values [Rate revenue / Capital improved value of rateable properties in the municipality ] x100	0.7%	0.7%	0.8%	0.8%	0.8%	0.8%	0.8%	No material variations
<b>EFFICIENCY</b>								
<b>Expenditure level</b> Expenses per property assessment [Total expenses / Number of property assessments]	\$4,449	\$4,141	\$3,655	\$3,953	\$3,854	\$3,936	\$4,008	2014/15 and 2015/16 results higher due to recognition of Cosgrove 2 landfill rehabilitation provision. 2016/17 results reflect more normal operations.
<b>Revenue level</b> Average residential rate per residential property assessment [Residential rate revenue / Number of residential property assessments]	\$1,696	\$1,803	\$1,870	\$1,888	\$1,914	\$1,942	\$1,969	No material variations
<b>Workforce turnover</b> Resignations and terminations compared to average staff [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	7%	13%	10%	9%	9%	9%	9%	Lower number of staff resignations in 2016/17 compared to 2015/16.

## Definitions

"adjusted underlying revenue" means total income other than—

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

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

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

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

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

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

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

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

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

"population" means the resident population estimated by council

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

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

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

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

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

## Other Information

### 1. Basis of preparation

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

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

The performance statement presents the actual results for the current year for the prescribed financial performance indicators and measures as well as 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 the materiality thresholds as per Appendix B – Materiality Guidelines of the *Local Government Better Practice Guide 2014-15 Performance Statement*. Explanations have not been provided for variations below the materiality thresholds unless the variance is considered to be material of its nature.

The forecast figures included in the performance statement are those adopted by council in its adopted budget and strategic resource plan on 20 June 2017. The strategic resource plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term.

Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The strategic resource plan can be obtained by visiting [www.greatershepparton.com.au](http://www.greatershepparton.com.au)

# 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 (Planning and Reporting) Regulations 2014*.

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Matthew Jarvis CPA

**Principal Accounting Officer**

**Dated:**

In our opinion, the accompanying performance statement of the Greater Shepparton City Council for the year ended 30 June 2017 presents fairly the results of council's performance in accordance with the *Local Government Act 1989* and *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 and particulars in the performance statement to be misleading or inaccurate.

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

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Cr Dinny Adem

**Mayor**

**Dated:**

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Cr Kim O'Keeffe

**Deputy Mayor**

**Dated:**

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Peter Harriott

**Chief Executive Officer**

**Dated:**