

# **Nillumbik Shire Council Annual Financial Report For The Year Ended 30 June 2017**



**Nillumbik Shire Council**  
**Financial Report**  
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**FINANCIAL REPORT**

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**Nillumbik Shire Council**  
**Comprehensive Income Statement**  
**For The Year Ended 30 June 2017**

	Note	2017 \$'000	2016 \$'000
<b>Income</b>			
Rates and charges	3	62,811	61,002
Statutory fees and fines	4	1,506	1,404
User fees	5	9,628	11,319
Grants - operating	6	8,613	5,919
Grants - capital	6	5,742	9,783
Contributions - monetary	7	2,620	2,116
Contributions - non-monetary	7	372	1,607
Share of net profits/(losses) of associate	16	87	93
Other income	9	2,313	2,062
<b>Total income</b>		<b><u>93,692</u></b>	<b><u>95,305</u></b>
<b>Expenses</b>			
Employee costs	10(a)	31,208	30,835
Materials and services	11	26,843	27,705
Bad and doubtful debts	12	4	29
Depreciation	13	10,415	9,845
Borrowing costs	14	885	931
Net loss on disposal of property, infrastructure, plant and equipment	8	896	13,588
Contributions to associate	16	2,690	2,499
Other expenses	15	4,829	5,180
<b>Total expenses</b>		<b><u>77,770</u></b>	<b><u>90,612</u></b>
<b>Surplus/(deficit) for the year</b>		<b><u>15,922</u></b>	<b><u>4,693</u></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)	28(a)	-	88,465
<b>Total comprehensive result</b>		<b><u>15,922</u></b>	<b><u>93,158</u></b>

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

**Nillumbik Shire Council**  
**Balance Sheet**  
**As at 30 June 2017**

	Note	2017 \$'000	2016 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	17	37,910	33,220
Other financial assets	18	6,300	7,000
Trade and other receivables	19	8,046	8,207
Inventories	20	23	15
Non-current assets classified as held for sale	21	3,000	3,172
Other assets	22	1,771	1,256
<b>Total current assets</b>		<b><u>57,050</u></b>	<b><u>52,870</u></b>
<b>Non-current assets</b>			
Other financial assets	18	5	5
Trade and other receivables	19	830	707
Investments in associate	16	1,557	1,470
Property, infrastructure, plant and equipment	23	753,235	741,462
<b>Total non-current assets</b>		<b><u>755,627</u></b>	<b><u>743,644</u></b>
<b>Total assets</b>		<b><u>812,677</u></b>	<b><u>796,514</u></b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	24	5,490	4,710
Trust funds and deposits	25	1,509	1,352
Provisions	26(c)	6,947	6,658
Interest-bearing loans and borrowings	27	2,203	2,322
<b>Total current liabilities</b>		<b><u>16,149</u></b>	<b><u>15,042</u></b>
<b>Non-current liabilities</b>			
Provisions	26(c)	9,208	9,350
Interest-bearing loans and borrowings	27	11,257	11,981
<b>Total non-current liabilities</b>		<b><u>20,465</u></b>	<b><u>21,331</u></b>
<b>Total liabilities</b>		<b><u>36,614</u></b>	<b><u>36,373</u></b>
<b>Net assets</b>		<b><u>776,063</u></b>	<b><u>760,141</u></b>
<b>Equity</b>			
Accumulated surplus		373,053	360,992
Reserves	28(a), 28(b)	403,010	399,149
<b>Total equity</b>		<b><u>776,063</u></b>	<b><u>760,141</u></b>

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

**Nillumbik Shire Council**  
**Statement Of Changes In Equity**  
**For The Year Ended 30 June 2017**

	Note	Total	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves
2017		\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year		760,141	360,992	365,651	33,498
Surplus/(deficit) for the year		15,922	15,922	-	-
Net asset revaluation increment/(decrement)	28(a)	-	-	-	-
Transfers to other reserves	28(b)	-	(20,867)	-	20,867
Transfers from other reserves	28(b)	-	17,006	-	(17,006)
<b>Balance at end of the financial year</b>		<b><u>776,063</u></b>	<b><u>373,053</u></b>	<b><u>365,651</u></b>	<b><u>37,359</u></b>

		Total	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves
2016		\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year		666,983	366,017	277,186	23,780
Surplus/(deficit) for the year		4,693	4,693	-	-
Net asset revaluation increment/(decrement)	28(a)	88,465	-	88,465	-
Transfers to other reserves	28(b)	-	(24,243)	-	24,243
Transfers from other reserves	28(b)	-	14,525	-	(14,525)
<b>Balance at end of the financial year</b>		<b><u>760,141</u></b>	<b><u>360,992</u></b>	<b><u>365,651</u></b>	<b><u>33,498</u></b>

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

**Nillumbik Shire Council  
Statement Of Cash Flows  
For The Year Ended 30 June 2017**

	Note	2017 Inflows/ (Outflows) \$'000	2016 Inflows/ (Outflows) \$'000
<b>Cash flows from operating activities</b>			
Rates and charges		63,005	60,526
Statutory fees and fines		1,506	1,404
User fees*		9,797	12,048
Grants - operating*		8,782	5,989
Grants - capital*		5,911	9,783
Contributions - monetary*		2,789	2,116
Interest received		1,403	1,435
Trust funds and deposits taken		513	44
Other receipts		641	1,231
Net GST refund/(payment)		4,450	3,502
Employee costs		(31,048)	(30,612)
Materials and services*		(30,849)	(32,361)
Trust funds and deposits repaid		(239)	-
Other payments*		(8,401)	(7,772)
<b>Net cash provided by/(used in) operating activities</b>	29	<b><u>28,258</u></b>	<b><u>27,333</u></b>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment		(24,147)	(19,607)
Proceeds from sale of property, infrastructure, plant and equipment		1,607	3,715
Payments for investments		(6,300)	(7,000)
Proceeds from investments		7,000	-
<b>Net cash provided by/(used in) investing activities</b>		<b><u>(21,840)</u></b>	<b><u>(22,892)</u></b>
<b>Cash flows from financing activities</b>			
Finance costs		(885)	(931)
Proceeds from borrowings		-	-
Repayment of borrowings		(843)	(800)
<b>Net cash provided by/(used in) financing activities</b>		<b><u>(1,728)</u></b>	<b><u>(1,731)</u></b>
Net increase/(decrease) in cash and cash equivalents		4,690	2,710
Cash and cash equivalents at the beginning of the financial year		33,220	30,510
<b>Cash and cash equivalents at the end of the financial year</b>	17	<b><u>37,910</u></b>	<b><u>33,220</u></b>
<b>Financing arrangements</b>	30		
<b>Restrictions on cash assets</b>	17		

\*GST Inclusive

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

**Nillumbik Shire Council**  
**Statement Of Capital Works**  
**For The Year Ended 30 June 2017**

	Note	2017 \$'000	2016 \$'000
<b>Property</b>			
Land		-	-
Land improvements		-	-
Playgrounds		-	-
<b>Total land</b>		<u>-</u>	<u>-</u>
Buildings		4,513	3,634
Buildings - heritage		-	-
Building improvements - disability access works		-	-
<b>Total buildings</b>		<u>4,513</u>	<u>3,634</u>
<b>Total property</b>		<u>4,513</u>	<u>3,634</u>
<b>Plant and equipment</b>			
Plant, machinery and equipment		878	1,914
Furniture, equipment and computers		-	83
Artwork		-	26
<b>Total plant and equipment</b>		<u>878</u>	<u>2,023</u>
<b>Infrastructure</b>			
Roads		4,506	4,292
Bridges		949	606
Footpaths and cycleways		817	726
Drainage		453	507
Recreational, leisure and community facilities		9,287	3,211
Waste management		1,016	543
Parks, open space and streetscapes		515	1,367
Traffic treatments		-	-
Other infrastructure		391	2,939
<b>Total infrastructure</b>		<u>17,934</u>	<u>14,191</u>
<b>Total capital works expenditure</b>		<u>23,325</u>	<u>19,848</u>
<b>Represented by:</b>			
New asset expenditure		1,662	564
Asset renewal expenditure		7,347	7,383
Asset expansion expenditure		1,762	7,030
Asset upgrade expenditure		12,554	4,871
<b>Total capital works expenditure</b>		<u>23,325</u>	<u>19,848</u>

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



**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2017**

**Introduction**

The Nillumbik Shire Council was established by an Order of the Governor in Council on 15 December 1994 and is a body corporate. Council's main office is located at Civic Drive, Greensborough, Victoria.

**Statement of compliance**

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

**Note 1 Significant accounting policies**

**(a) Basis of accounting**

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

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

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 (k))
- 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))

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) 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.

*Joint arrangements*

Council is not involved in any joint arrangements at balance date.

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2017**

**Note 1 Significant accounting policies (continued)**

**(d) Revenue recognition**

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

*Rates and Charges*

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

*Statutory fees and fines*

Statutory fees and fines (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.

*Grants*

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

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

*Contributions*

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

*Sale of property, 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.

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2017**

**Note 1 Significant accounting policies (continued)**

**(e) 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.

**(f) Cash and cash equivalents**

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

**(g) 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.

**(h) Other financial assets**

Investments in MAPS and the Local Government Health Plan are valued at cost. Any dividends paid are taken up as revenue.

**(i) 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.

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2017**

**Note 1 Significant accounting policies (continued)**

**(j) Non-current assets classified as held for sale**

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

**(k) Recognition and measurement of property, plant and equipment, infrastructure, 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 been 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 on an asset result in changes to the permissible or practical highest and best use of the asset. Further details regarding the fair value hierarchy are disclosed at Note 23, Property, infrastructure, plant and equipment.

In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis, currently every second year. The valuation is performed either by experienced council officers or independent experts. A formal revaluation of land, buildings and infrastructure assets was undertaken in 2016.

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

*Land under roads*

Land under roads acquired after 30 June 2008 is brought to account using the deemed cost basis. Council does not recognise land under roads that it controlled prior to 30 June 2008 in its financial report.

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2017**

**Note 1 Significant accounting policies (continued)**

**(I) 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.

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

Artworks are not depreciated.

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.

<i>Asset recognition thresholds and depreciation periods</i>	<b>Useful life</b>	<b>Threshold</b>
	<b>Years</b>	<b>\$</b>
<b>Property</b>		
Land	Indefinite	Nil
Playgrounds	10-15	1,000
Land improvements	50	5,000
<b>Buildings</b>	50-100	5,000
<b>Plant and Equipment</b>		
Plant and machinery	6-7	1,000
Motor vehicles	6-7	Nil
Furniture, fittings and computers	6-7	1,000
Artwork	100	500
<b>Infrastructure</b>		
Road surface	12-30	5,000
Road pavement	50-80	5,000
Road formation and earthworks	-	5,000
Road kerb, channel and minor culverts	50	5,000
Traffic treatments/ calming	5-50	5,000
Major bridge culverts	50-100	5,000
Bridges - concrete/steel	100	5,000
Bridges - timber	50	5,000
Footpaths, trails and cycleways	10-50	5,000
Drainage	50-100	5,000
Waste management	5-15	1,000
Guard fence	10	1,000
Fire hydrants	50	1,000
Bus shelters	20	1,000
Reserves furniture	17	1,000
Water treatment devices	15-20	5,000

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2017**

**Note 1 Significant accounting policies (continued)**

**(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 to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

**(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 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.

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2017**

**Note 1 Significant accounting policies (continued)**

**(q) Employee costs and benefits (continued)**

*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 former landfill sites at Plenty and Kangaroo Ground to a particular standard. The provision for landfill restoration has been calculated based on the present value of 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 as reviewed by the Environmental Protection Agency (EPA). Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

**(s) Leases**

*Finance leases*

Leases of assets where substantially all the risks and rewards incidental to ownership of the asset, are transferred to the Council are classified as finance leases. Finance leases are capitalised, recording an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments, including any guaranteed residual value. Lease payments are allocated between the reduction of the lease liability and the interest expense. Leased assets are depreciated on a straight line basis over their estimated useful lives to the Council where it is likely that the Council will obtain ownership of the asset or over the term of the lease, whichever is the shorter. Leased assets are currently being amortised over a 6 to 7 year period.

*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 Taxation 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.

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2017**

**Note 1 Significant accounting policies (continued)**

**(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 that right will be exercised. Details of guarantees that Council has provided, that are not recognised in the balance sheet are disclosed at Note 34 Contingent Liabilities and Contingent Assets.

**(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 2018/19)*

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. The value of assets and liabilities to be recognised has not yet been determined.

**(x) Rounding**

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



**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2017**

**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 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 14 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 revenue and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2017**

**Note 2 Budget comparison (continued)**

**a) Income and Expenditure**

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	
	<b>2017</b>	<b>2017</b>	<b>2017</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>Ref</b>
<b>Income</b>				
Rates and charges	62,224	62,811	587	<b>2(c)(i)</b>
Statutory fees and fines	974	1,506	532	<b>2(c)(ii)</b>
User fees	10,202	9,628	(574)	<b>2(c)(iii)</b>
Grants - operating	6,293	8,613	2,320	<b>2(c)(iv)</b>
Grants - capital	6,135	5,742	(393)	<b>2(c)(v)</b>
Contributions - monetary	518	2,620	2,102	<b>2(c)(vi)</b>
Contributions - non monetary	-	372	372	<b>2(c)(vii)</b>
Share of net profits/(losses) of associates and joint ventures	-	87	87	
Other income	2,018	2,313	295	<b>2(c)(viii)</b>
<b>Total income</b>	<b>88,364</b>	<b>93,692</b>	<b>5,328</b>	
<b>Expenses</b>				
Employee costs	32,073	31,208	(865)	<b>2(c)(ix)</b>
Materials and services	25,589	26,843	1,254	<b>2(c)(x)</b>
Bad and doubtful debts	-	4	4	<b>2(c)(xi)</b>
Depreciation	9,994	10,415	421	
Borrowing costs	892	885	(7)	
Net loss on disposal of property, infrastructure, plant and equipment	-	896	896	<b>2(c)(xii)</b>
Contributions to associates and joint ventures	2,710	2,690	(20)	
Other expenses	6,500	4,829	(1,671)	<b>2(c)(xiii)</b>
<b>Total expenses</b>	<b>77,758</b>	<b>77,770</b>	<b>(12)</b>	
<b>Surplus/(deficit) for the year</b>	<b>10,606</b>	<b>15,922</b>	<b>5,316</b>	

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2017**

**Note 2 Budget comparison (continued)**

<b>b) Capital Works</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	
	<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>Ref</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	
<b>Property</b>				
Land	-	-	-	
Playgrounds	-	-	-	
Land improvements	-	-	-	
<b>Total land</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Buildings	2,009	4,513	2,504	2(d)(i)
Buildings - heritage	-	-	-	
Building improvements	-	-	-	
<b>Total buildings</b>	<b>2,009</b>	<b>4,513</b>	<b>2,504</b>	
<b>Total property</b>	<b>2,009</b>	<b>4,513</b>	<b>2,504</b>	
<b>Plant and equipment</b>				
Plant, machinery and equipment	1,570	878	(692)	2(d)(ii)
Fixtures, fittings and furniture	-	-	-	
Computers and telecommunications	-	-	-	
Artwork	-	-	-	
<b>Total plant and equipment</b>	<b>1,570</b>	<b>878</b>	<b>(692)</b>	
<b>Infrastructure</b>				
Roads	2,739	4,506	1,767	2(d)(iii)
Bridges	1,000	949	(51)	2(d)(iv)
Footpaths, trails and cycleways	815	817	2	
Drainage	600	453	(147)	2(d)(v)
Recreational, leisure and community facilities	16,717	9,287	(7,430)	2(d)(vi)
Kerb and channel	-	-	-	
Waste management	1,746	1,016	(730)	2(d)(vii)
Parks, open space and streetscapes	565	515	(50)	2(d)(viii)
Traffic treatments	-	-	-	
Other infrastructure	346	391	45	2(d)(ix)
<b>Total infrastructure</b>	<b>24,528</b>	<b>17,934</b>	<b>(6,594)</b>	
<b>Total capital works expenditure</b>	<b>28,107</b>	<b>23,325</b>	<b>(4,782)</b>	
<b>Represented by:</b>				
New asset expenditure	2,249	1,662	(587)	
Asset renewal expenditure	11,992	7,347	(4,645)	
Asset expansion expenditure	8,488	1,762	(6,726)	
Asset upgrade expenditure	5,378	12,554	7,176	
<b>Total capital works expenditure</b>	<b>28,107</b>	<b>23,325</b>	<b>(4,782)</b>	

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2017**

**Note 2 Budget comparison (continued)**

**c) Explanation of material variations, Income and expenditure**

- (i) **Rates and charges**, variance attributable to additional rateable properties constructed during the year throughout the shire.
- (ii) **Statutory fees and fines**, variance due to increase in fines and permits issued for the year and penalties served on properties in the Shire.
- (iii) **User fees**, variance attributable to Eltham Leisure Centre redevelopment closure and decrease in facility use.
- (iv) **Grants - operating**, variance is due to Commonwealth Financial Assistance Grants received in advance. Additional grants not budgeted for were also received during the financial year.
- (v) **Grants - capital**, variance is due to grants budgeted for and not received during the period.
- (vi) **Contributions - monetary**, variance largely due to developer and capital works contributions received in excess of budget amounts.
- (vii) **Contributions - non-monetary**, comprises of infrastructure assets transferred to Council during the period.
- (viii) **Other income**, variance is driven by an increase in interest income attributable to an increase in funds invested and interest charged on unpaid rates.
- (ix) **Employee costs**, underspend is due to positions remaining vacant across Council for an extended period if time.
- (x) **Materials and services**, variance is largely due to insurance premiums budgeted as other expenses, but allocated to the materials and services category in the income statement.
- (xi) **Bad and doubtful debts**, arises from identification of long outstanding infringement debts which may not be collectable.
- (xii) **Net loss on disposal of property, infrastructure, plant and equipment**, losses on disposal of plant, infrastructure and equipment are not budgeted for.
- (xiii) **Other expenses**: variations due to underspends on utilities and lease costs. This is further compounded by insurance premiums budgeted as other expenses, but classified as materials and services in the income statement.

**d) Explanation of material variations, Capital works**

- (i) **Buildings**, variance due to carry forward works from prior year for Eltham Community Reception Centre.
- (ii) **Plant, machinery and equipment**, variance due to delay in budgeted spend.
- (iii) **Roads**, variance due to Civic Drive precinct works and Hillmartin Lane special charge scheme works completed which were carried forward from 2015-16.
- (iv) **Bridges**, underspend in bridge rehabilitation works budgeted for but not completed in the year.
- (v) **Drainage**, underspend in drainage works budgeted for but not completed in the 2016-17 financial year.
- (vi) **Recreation, Leisure and Community**, variance due to work on Eltham Leisure Centre carried forward to 2017-18.
- (vii) **Waste management**, variance due to landfill rehabilitation works budgeted but not completed in the year.
- (viii) **Parks, open space and streetscapes**, variance due to underspend on open space.
- (ix) **Other infrastructure**, variance largely attributable to overspend on disability access works. Further variance due to other infrastructure works budgeted for in 2015-16, undertaken in 2016-17.

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2017**

**2017**                      **2016**

**Note 3 Rates and charges**

Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The Capital Improved Value of a property is the market value of land and all improvements at a given point in time.

The valuation base used to calculate general rates for 2016-17 was \$15.85 billion (2015-16 \$13.99 billion). The rate in the dollar for each type of rate to be levied was:

General	0.003190	0.003507
Farm land	0.002711	0.002981
Commercial/ industrial	0.003692	0.004067
Vacant land - residential and specified low density residential zones	0.006378	0.007012
Vacant land - other zones	0.003190	0.003507
Cultural and recreational land	0.001230	0.001352
	<b>\$'000</b>	<b>\$'000</b>
General rates	51,601	50,080
Municipal charge	2,228	2,161
Waste management charge	8,257	7,965
Service rates and charges	-	-
Special rates and charges	290	285
Supplementary rates and rate adjustments	-	-
Interest on rates	435	511
<b>Total rates and charges</b>	<b>62,811</b>	<b>61,002</b>

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

**Note 4 Statutory fees and fines**

Infringements and costs	580	622
Court recoveries	34	28
Town planning fees	577	438
Land information certificates	45	44
Animal infringements	83	75
Permits	187	197
<b>Total statutory fees and fines</b>	<b>1,506</b>	<b>1,404</b>

**Note 5 User fees**

Aged services	227	229
Leisure centre and recreation	5,997	7,935
Child care/children's programs	320	326
Registration and other permits	705	668
Building services	28	23
Waste management services	613	458
Subdivision supervision	189	172
Pound release	51	60
Adult education	381	361
Edendale farm	259	225
Environmental health	260	231
Hall and sport ground hire	381	401
Other fees and charges	217	230
<b>Total user fees</b>	<b>9,628</b>	<b>11,319</b>

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2017**

	2017 \$'000	2016 \$'000
<b>Note 6 Grants</b>		
Grants were received in respect of the following:		
<b>Summary of grants</b>		
Commonwealth funded grants	5,647	2,471
State funded grants	8,708	13,231
<b>Total</b>	<b>14,355</b>	<b>15,702</b>
<b>Operating Grants</b>		
<b>Recurrent - Commonwealth Government</b>		
Commonwealth Financial Assistance Grants	4,732	1,548
Other	-	13
<b>Recurrent - State Government</b>		
Adult education	433	447
Community health	-	78
Aged care, senior citizens centres	1,567	1,522
Community health	82	-
Community planning	100	61
Economic development	15	3
Emergency management	-	16
Environment	45	98
Family and children	725	1,032
Metro access	133	128
Recreation	15	22
School crossing supervisors	153	150
<b>Total recurrent operating grants</b>	<b>8,000</b>	<b>5,118</b>
<b>Non-recurrent - State Government</b>		
Adult education	-	21
Community planning	51	124
Emergency management	122	305
Environment	287	245
Family and children	108	95
Planning	12	-
Recreation	17	5
Waste	9	-
Other	7	6
<b>Total non-recurrent operating grants</b>	<b>613</b>	<b>801</b>
<b>Total operating grants</b>	<b>8,613</b>	<b>5,919</b>

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2017**

	2017 \$'000	2016 \$'000
<b>Note 6 Grants (continued)</b>		
<b>Capital Grants</b>		
<b>Non-recurrent - Commonwealth Government</b>		
Playgrounds	-	19
Recreation	-	5
Bridges	749	78
Roads	52	238
Roads to recovery	114	570
<b>Non-recurrent - State Government</b>		
Buildings	63	-
Community facilities	950	2,553
Community planning	-	(10)
Emergency management	25	-
Environment	500	8
Family and children	-	30
Footpaths	30	-
Playgrounds	29	-
Recreation	2,710	5,182
Roads	520	1,110
<b>Total non-recurrent capital grants</b>	<b>5,742</b>	<b>9,783</b>
<b>Total capital grants</b>	<b>5,742</b>	<b>9,783</b>
<b>Unspent grants received on condition that they be spend in a specific manner</b>		
Balance at start of year	5,767	(99)
Received during the financial year and remained unspent at balance date	3,785	7,876
Received in prior years and spent during the financial year	(7,385)	(2,010)
<b>Balance at year end</b>	<b>2,167</b>	<b>5,767</b>
<b>Note 7 Contributions</b>		
Monetary	2,620	2,116
Non-monetary	372	1,607
<b>Total contributions</b>	<b>2,992</b>	<b>3,723</b>
<i>Contributions of non-monetary assets were received in relation to the following asset classes:</i>		
Land (land under roads)	-	180
Infrastructure	372	1,427
<b>Total non-monetary contributions</b>	<b>372</b>	<b>1,607</b>
<b>Note 8 Net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>		
Proceeds of sale	1,608	3,715
Written down value of assets disposed	(2,504)	(17,303)
<b>Total net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>	<b>(896)</b>	<b>(13,588)</b>

Substantial loss in prior year was a result of de-recognition of assets not owned by Council.

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2017**

	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Note 9 Other income</b>		
Interest	968	923
Other rent	301	241
Reimbursements	152	101
Sale of valuations	195	17
WorkCover insurance recoveries	173	145
Planning	74	81
Other	450	554
<b>Total other income</b>	<b>2,313</b>	<b>2,062</b>
<b>Note 10(a) Employee costs</b>		
Wages and salaries	24,044	23,698
WorkCover	490	370
Casual staff	651	662
Superannuation	2,545	2,575
Long service leave	792	555
Fringe benefits tax	219	335
Oncost recoveries	2,029	2,584
Other	438	56
<b>Total employee costs</b>	<b>31,208</b>	<b>30,835</b>
<b>Note 10(b) Superannuation</b>		
Council made contributions to the following funds:		
<b>Defined benefit fund</b>		
Employer contributions to <i>Local Authorities Superannuation Fund (Vision Super)</i>	209	246
Employer contributions - other funds	-	-
	209	246
Employer contributions payable at reporting date.	-	-
<b>Accumulation funds</b>		
Employer contributions to <i>Local Authorities Superannuation Fund (Vision Super)</i>	1,489	1,475
Employer contributions - other funds	847	854
	2,336	2,329
Employer contributions payable at reporting date.	65	111

Refer to note 33 for further information relating to Council's superannuation obligations.



**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2017**

	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Note 11 Materials and services</b>		
Contract payments	12,844	14,061
Building maintenance	277	311
Materials, maintenance and equipment	6,807	5,973
Utilities	888	1,240
Information technology and telephone	1,788	1,548
Insurance premiums	878	971
Fleet operations	1,686	1,564
Emergency management	178	175
Planning and building services	30	40
Corporate support	92	80
Communications	308	313
Corporate information	131	66
Waste services	2	8
Stationary, printing and postage	262	223
Bushfire	205	648
Subscriptions and memberships	126	114
Other	341	370
<b>Total</b>	<b><u>26,843</u></b>	<b><u>27,705</u></b>
 <b>Note 12 Bad and doubtful debts</b>		
Parking fine debtors*	3	8
Bad debts	1	21
<b>Total bad and doubtful debts</b>	<b><u>4</u></b>	<b><u>29</u></b>
* Bad and doubtful debts for parking debtors relate to provisions raised regarding amounts in excess of 12 months old which have been referred to Infringements Court for collection plus associated costs.		
 <b>Note 13 Depreciation</b>		
Property	112	102
Buildings	1,301	1,295
Plant and equipment	1,102	1,217
Infrastructure	7,900	7,231
<b>Total depreciation</b>	<b><u>10,415</u></b>	<b><u>9,845</u></b>
<i>Refer to note 23 for a detailed breakdown of depreciation</i>		
 <b>Note 14 Borrowing costs</b>		
Interest on borrowings	885	931
<b>Total borrowing costs</b>	<b><u>885</u></b>	<b><u>931</u></b>

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2017**

	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Note 15 Other expenses</b>		
Auditors' remuneration - VAGO - audit of the financial statements, performance statement	71	60
Auditors' remuneration - internal and grant acquittals	86	114
Councillors' allowances	234	237
Operating lease rentals	900	990
Payment agents and bank fees	170	162
Aged and family services	180	351
Strategic planning	42	126
Economic development	340	346
Council support	47	47
Planning and building	1	4
Waste management	1,107	992
Municipal laws	190	149
Environmental works	109	331
Leisure and education services	53	43
Youth services	11	5
Community development	142	146
Information technology	125	164
Arts and cultural services	297	295
Other	724	618
<b>Total other expenses</b>	<b>4,829</b>	<b>5,180</b>

**Nillumbik Shire Council  
Notes To The Financial Report  
For The Year Ended 30 June 2017**

	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Note 16 Investment in associate</b>		
Investments in associate accounted for by the equity method is:		
- Yarra Plenty Regional Library Service	1,557	1,470
<b>Yarra Plenty Regional Library Service</b>		
<i>Background</i>		
The Yarra Plenty Regional Library Service consists of nine locations and a mobile library service. Responsibility for the provision and management of the Library Service rests with the Regional Library Board, which comprises of two representatives from each of the three member councils. The Regional Library service operates as an independent legal entity and is audited annually by the Auditor General.		
Council's investment in the Yarra Plenty Regional Library Service was increased by \$86,524 (increase of \$93,086 in 2015/16) due to the increase in the net assets position of the Corporation (audited at 30 June 2017). Council's equity interest based on contributions is 20.95 percent.		
<b>Fair value of Council's investment in Yarra Plenty Regional Library Service</b>	<b>1,557</b>	<b>1,470</b>
<b>Council's share of accumulated surplus/(deficit)</b>		
Council's share of accumulated surplus/(deficit) at start of year	567	474
Share of net profits/(losses) of associate	87	93
<b>Council's share of accumulated surplus/(deficit) at end of year</b>	<b>654</b>	<b>567</b>
<b>Movement in carrying value of specific investment</b>		
Carrying value of investment at start of year	1,470	1,377
Share of surplus/(deficit) for year	87	93
<b>Carrying value of investment at end of year</b>	<b>1,557</b>	<b>1,470</b>
<b>Council's share of expenditure commitments</b>		
Operating commitments	-	-
Capital commitments	-	-
<b>Council's share of expenditure commitments</b>	<b>-</b>	<b>-</b>
<b>Council's share of contingent liabilities and contingent assets</b>	<b>-</b>	<b>-</b>
<b>Yarra Plenty Regional Library Service Contributions</b>		
Contributions to associate	<b>2,690</b>	<b>2,499</b>

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2017**

	Note	2017 \$'000	2016 \$'000
<b>Note 17 Cash and cash equivalents</b>			
Cash on hand		7	7
Cash at bank		903	1,857
Term deposits		37,000	31,356
<b>Total cash and cash equivalents</b>		<u>37,910</u>	<u>33,220</u>
Councils cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use, these include:			
Trust funds and deposits	25	1,509	1,352
Net increase/(decrease) in restricted assets resulting from grant revenues	6	2,167	5,767
Statutory cash backed and capital works reserves	28(c)	25,553	23,162
<b>Total restricted funds</b>		<u>29,229</u>	<u>30,281</u>
<b>Total unrestricted cash and cash equivalents</b>		<u>8,681</u>	<u>2,939</u>
<b>Intended allocations</b>			
Although not externally restricted the following amounts have been allocated for specific future purposes by Council:			
Cash held to fund long service leave (other financial assets)		<u>5,300</u>	<u>6,000</u>
Refer also to Note 18 for details of other financial assets held by Council.			
<b>Note 18 Other financial assets</b>			
<b>Current</b>			
Term deposits		<u>6,300</u>	<u>7,000</u>
<b>Non-current</b>			
Investment - MAPS		<u>5</u>	<u>5</u>
<b>Total other financial assets</b>		<u>6,305</u>	<u>7,005</u>
<b>Note 19 Trade and other receivables</b>			
<b>Current</b>			
<i>Statutory receivables</i>			
Rates debtors		5,882	5,520
Special charge scheme debtors		793	819
Parking infringement debtors		516	574
Provision for doubtful debts - parking infringements		(290)	(287)
<i>Non-statutory receivables</i>			
Other debtors		659	1,138
Net GST receivable		486	443
<b>Total current trade and other receivables</b>		<u>8,046</u>	<u>8,207</u>
<b>Non-current</b>			
<i>Statutory receivables</i>			
Special rate scheme		<u>830</u>	<u>707</u>
<b>Total non-current trade and other receivables</b>		<u>830</u>	<u>707</u>
<b>Total trade and other receivables</b>		<u>8,876</u>	<u>8,914</u>

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2017**

	2017	2016
	\$'000	\$'000
<b>Note 19 Trade and other receivables (continued)</b>		
<b>a) Ageing of Receivables</b>		
At balance date other debtors representing financial assets were past due but not impaired. The ageing of the Council's trade and other receivables (excluding statutory receivables) was:		
Current (not yet due)	1,053	1,437
Past due by up to 30 days	22	97
Past due between 31 and 180 days	7	6
Past due between 181 and 365 days	36	4
Past due by more than 1 year	27	37
<b>Total trade &amp; other receivables</b>	<b>1,145</b>	<b>1,581</b>
<b>b) Movement in provisions for doubtful debts</b>		
Balance at the beginning of the year	287	279
New provisions recognised during the year	4	29
Amounts already provided for and written off as uncollectible	(1)	(21)
<b>Balance at end of year</b>	<b>290</b>	<b>287</b>
<b>Note 20 Inventories</b>		
Fuel	23	15
<b>Total inventories</b>	<b>23</b>	<b>15</b>
<b>Note 21 Non-current assets classified as held for sale*</b>		
Opening balance	3,172	2,362
Written down value of non-current assets classified as held for sale - sold	(810)	-
Transfers out to Property (Land - non-specialised)	(2,362)	-
Transfers in from Property (Land - non-specialised)	3,000	810
<b>Total non-current assets classified as held for resale</b>	<b>3,000</b>	<b>3,172</b>
*Non-current assets classified as held for sale are parcels of land sold but not yet settled or land available for sale at year end.		
<b>Note 22 Other assets</b>		
<b>Current</b>		
Prepayments	1,605	977
Accrued income	166	279
<b>Total current other assets</b>	<b>1,771</b>	<b>1,256</b>

**Nilumbik Shire Council  
Notes To The Financial Report  
For The Year Ended 30 June 2017**

**Note 23 Property, infrastructure, plant and equipment**

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

	At fair value 30 June 2016	Acquisitions	Contributions	Depreciation	Disposal	Transfers	At fair value 30 June 2017
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Land	298,119	126	-	(112)	-	(638)	297,495
Buildings	42,990	564	-	(1,301)	(370)	88	41,971
Plant and equipment	7,073	991	-	(1,102)	(506)	-	6,456
Infrastructure	388,527	6,840	372	(7,900)	(816)	553	387,576
Work in progress	4,753	15,625	-	-	-	(641)	19,737
<b>Total</b>	<b>741,462</b>	<b>24,146</b>	<b>372</b>	<b>(10,415)</b>	<b>(1,692)</b>	<b>(638)</b>	<b>753,235</b>

**Summary of work in progress**

	Opening WIP	Additions	Transfers out	Closing WIP
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Land	1,975	2,547	-	4,522
Buildings	1,608	4,789	(88)	6,309
Plant and equipment	-	-	-	-
Infrastructure	1,170	8,289	(553)	8,906
<b>Total</b>	<b>4,753</b>	<b>15,625</b>	<b>(641)</b>	<b>19,737</b>

**Nillumbik Shire Council  
Notes To The Financial Report  
For The Year Ended 30 June 2017**

**Note 23 Property, infrastructure, plant and equipment (continued)**

	Land - specialised	Land - non-specialised	Land improvements	Total land	Buildings - heritage	Buildings - specialised	Buildings - non-specialised	Total buildings	Work in progress	Total property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Land and buildings</b>										
At fair value 1 July 2016	180	292,629	5,536	298,345	13,481	59,059	512	73,052	3,583	374,980
At deemed cost	320	-	-	320	-	-	-	-	-	320
At anticipated restoration cost	11,401	-	-	11,401	-	-	-	-	-	11,401
Accumulated depreciation at 1 July 2016	(11,401)	-	(546)	(11,947)	(6,205)	(23,440)	(417)	(30,062)	-	(42,009)
	500	292,629	4,990	298,119	7,276	35,619	95	42,990	3,583	344,692
<b>Movements in fair value</b>										
Acquisition of assets at fair value	-	-	126	126	-	564	-	564	7,336	8,026
Revaluation increments/(decrements)	-	-	-	-	-	-	-	-	-	-
Fair value of assets disposed	-	-	-	-	-	(552)	(223)	(775)	-	(775)
Transfers	-	(638)	-	(638)	-	88	-	88	(88)	(638)
	-	(638)	126	(512)	-	100	(223)	(123)	7,248	6,613
<b>Movements in accumulated depreciation</b>										
Depreciation and amortisation	-	-	(112)	(112)	(185)	(1,113)	(3)	(1,301)	-	(1,413)
Revaluation increments/(decrements)	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation of disposals	-	-	-	-	-	233	172	405	-	405
Transfers	-	-	-	-	-	-	-	-	-	-
	-	-	(112)	(112)	(185)	(880)	169	(896)	-	(1,008)
<b>Land and buildings</b>										
At fair value 30 June 2017	180	291,991	5,662	297,833	13,481	59,159	289	72,929	10,831	381,593
At deemed cost	320	-	-	320	-	-	-	-	-	320
At anticipated restoration cost	11,401	-	-	11,401	-	-	-	-	-	11,401
Accumulated depreciation at 30 June 2017	(11,401)	-	(658)	(12,059)	(6,390)	(24,320)	(248)	(30,958)	-	(43,017)
	500	291,991	5,004	297,495	7,091	34,839	41	41,971	10,831	350,297

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2017**

**Note 23 Property, infrastructure, plant and equipment (continued)**

	Plant machinery, equipment and motor vehicles	Fixtures, fittings and furniture	Computers and telecomms	Artwork	<b>Total plant and equipment</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Plant and equipment</b>					
At fair value 1 July 2016	10,115	2,181	2,181	2,432	<b>16,909</b>
Accumulated depreciation at 1 July 2016	(6,123)	(1,775)	(1,938)	-	<b>(9,836)</b>
	<u>3,992</u>	<u>406</u>	<u>243</u>	<u>2,432</u>	<u><b>7,073</b></u>
<b>Movements in fair value</b>					
Acquisition of assets at fair value	888	28	75	-	<b>991</b>
Revaluation increments/(decrements)	-	-	-	-	-
Fair value of assets disposed	(1,472)	-	-	-	<b>(1,472)</b>
Transfers	-	-	-	-	-
	<u>(584)</u>	<u>28</u>	<u>75</u>	<u>-</u>	<u><b>(481)</b></u>
<b>Movements in accumulated depreciation</b>					
Depreciation and amortisation	(896)	(136)	(70)	-	<b>(1,102)</b>
Revaluation increments/(decrements)	-	-	-	-	-
Accumulated depreciation of disposals	966	-	-	-	<b>966</b>
Transfers	-	-	-	-	-
	<u>70</u>	<u>(136)</u>	<u>(70)</u>	<u>-</u>	<u><b>(136)</b></u>
<b>Plant and equipment</b>					
At fair value 30 June 2017	9,531	2,209	2,256	2,432	<b>16,428</b>
Accumulated depreciation at 30 June 2017	(6,053)	(1,911)	(2,008)	-	<b>(9,972)</b>
	<u>3,478</u>	<u>298</u>	<u>248</u>	<u>2,432</u>	<u><b>6,456</b></u>



**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2017**

**Note 23 Property, infrastructure, plant and equipment (continued)**

	Roads	Bridges	Footpaths, trails and cycleways	Drainage	Recreational, leisure and community	Kerb and channel	Waste management	Parks, open spaces and streetscapes	Other infrastructure	Work in progress	<b>Total infrastructure</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Infrastructure</b>											
At fair value 1 July 2016	258,665	14,806	25,268	124,476	59,479	24,688	1,287	10,504	10,382	1,170	<b>530,725</b>
Accumulated depreciation at 1 July 2016	(41,181)	(5,033)	(9,870)	(40,408)	(26,565)	(7,779)	(1,030)	(2,759)	(6,403)	-	<b>(141,028)</b>
	<b>217,484</b>	<b>9,773</b>	<b>15,398</b>	<b>84,068</b>	<b>32,914</b>	<b>16,909</b>	<b>257</b>	<b>7,745</b>	<b>3,979</b>	<b>1,170</b>	<b>389,697</b>
<b>Movements in fair value</b>											
Acquisition of assets at fair value	2,820	203	1,477	474	594	84	-	838	350	8,289	<b>15,129</b>
Contributed assets	274	-	52	-	-	46	-	-	-	-	<b>372</b>
Revaluation increments/(decrements)	-	-	-	-	-	-	-	-	-	-	<b>-</b>
Fair value of assets disposed	(982)	-	(42)	-	-	(18)	-	-	-	-	<b>(1,042)</b>
Transfers	466	87	-	-	-	-	-	-	-	(553)	<b>-</b>
	<b>2,578</b>	<b>290</b>	<b>1,487</b>	<b>474</b>	<b>594</b>	<b>112</b>	<b>-</b>	<b>838</b>	<b>350</b>	<b>7,736</b>	<b>14,459</b>
<b>Movements in accumulated depreciation</b>											
Depreciation and amortisation	(2,869)	(152)	(804)	(1,477)	(1,221)	(519)	(86)	(401)	(371)	-	<b>(7,900)</b>
Revaluation increments/(decrements)	-	-	-	-	-	-	-	-	-	-	<b>-</b>
Accumulated depreciation of disposals	207	-	4	-	-	15	-	-	-	-	<b>226</b>
Transfers	-	-	-	-	-	-	-	-	-	-	<b>-</b>
	<b>(2,662)</b>	<b>(152)</b>	<b>(800)</b>	<b>(1,477)</b>	<b>(1,221)</b>	<b>(504)</b>	<b>(86)</b>	<b>(401)</b>	<b>(371)</b>	<b>-</b>	<b>(7,674)</b>
<b>Infrastructure</b>											
At fair value 30 June 2017	261,243	15,096	26,755	124,950	60,073	24,800	1,287	11,342	10,732	8,906	<b>545,184</b>
Accumulated depreciation at 30 June 2017	(43,843)	(5,185)	(10,670)	(41,885)	(27,786)	(8,283)	(1,116)	(3,160)	(6,774)	-	<b>(148,702)</b>
	<b>217,400</b>	<b>9,911</b>	<b>16,085</b>	<b>83,065</b>	<b>32,287</b>	<b>16,517</b>	<b>171</b>	<b>8,182</b>	<b>3,958</b>	<b>8,906</b>	<b>396,482</b>

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2017**

**Note 23 Property, infrastructure, plant and equipment (continued)**

**Valuation of land and buildings**

Valuation of land and buildings were undertaken by a qualified independent valuer, Ms B Stephen of Matheson Stephen Valuations, valuer registration no. 63034. 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. These unobservable inputs are not significant to the entire measurement.

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

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

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>DoV</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	
Land - specialised	-	500	-	Jun-16
Land - non-specialised	-	291,991	-	Jun-16
Land improvements	-	-	5,004	Jun-16
Buildings - heritage	-	-	7,091	Jun-16
Buildings - specialised	-	-	34,839	Jun-16
Buildings - non-specialised	-	-	41	Jun-16
<b>Total</b>	<b>-</b>	<b>292,491</b>	<b>46,975</b>	

**Valuation of infrastructure**

Valuation of infrastructure assets has been determined in accordance with a valuation undertaken by Council's Group Manager Infrastructure Services Mr Conal Creedon, Bachelor of Engineering (Civil), Graduate Diploma in Municipal Engineering, and MBA (Technology Management). The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.

Council's Group Manager Infrastructure Services Mr Conal Creedon performed valuations for bridges, roads and earthworks and drainage for 30 June 2016 on the basis of current replacement cost adjusted for age and the remaining life of asset.

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

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>DoV</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	
Roads	-	-	217,400	Jun-16
Bridges	-	-	9,911	Jun-16
Footpaths and cycleways	-	-	16,085	Jun-16
Drainage	-	-	83,065	Jun-16
Recreational, leisure and community	-	-	32,287	Jun-16
Kerb and channel	-	-	16,517	Jun-16
Waste management	-	-	171	Jun-16
Parks, open spaces and streetscapes	-	-	8,182	Jun-16
Other infrastructure	-	-	3,958	Jun-16
<b>Total</b>	<b>-</b>	<b>-</b>	<b>387,576</b>	

**Nillumbik Shire Council  
Notes To The Financial Report  
For The Year Ended 30 June 2017**

**Note 23 Property, infrastructure, plant and equipment (continued)**

**Land under roads** acquired after 30 June 2008 is brought to account using the deemed cost basis. Council does not recognise land under roads that it controlled prior to 30 June 2008 in its financial report.

**Land held at anticipated restoration cost**, being the Plenty and Kangaroo Ground landfill sites, is recognised at cost to restore the site to the standard set out by the EPA and all applicable regulations.

**Specialised buildings** are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs is calculated on a square metre basis and ranges from \$230 to \$3,500 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 50 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

**Infrastructure assets** are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 1 year 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 assets are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Reconciliation of specialised land</b>		
Land under roads	500	500
Land held at anticipated restoration cost (Plenty / Kangaroo Ground Landfill Closure)	11,401	11,401
Less: accumulated depreciation	(11,401)	(11,401)
<b>Total specialised land</b>	<b>500</b>	<b>500</b>

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2017**

		2017	2016
		\$'000	\$'000
<b>Note 24</b>	<b>Trade and other payables</b>		
	Trade payables	2,043	1,600
	Accrued expenses	3,420	3,042
	Prepaid income	27	68
	<b>Total trade and other payables</b>	<b>5,490</b>	<b>4,710</b>
<b>Note 25</b>	<b>Trust funds and deposits</b>		
	Refundable deposits	266	202
	Retention amounts	469	363
	Other refundable deposits	774	787
	<b>Total trust funds and deposits</b>	<b>1,509</b>	<b>1,352</b>

**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.

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.

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2017**

**Note 26 Provisions**

	Employee \$ '000	Landfill \$ '000	Total \$ '000
<b>2017</b>			
Balance at beginning of the financial year	7,501	8,507	16,008
Additional provisions	3,417	-	3,417
Amounts used	(3,257)	-	(3,257)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	-	(13)	(13)
<b>Balance at the end of the financial year</b>	<b>7,661</b>	<b>8,494</b>	<b>16,155</b>
<b>2016</b>			
Balance at beginning of the financial year	7,278	8,507	15,785
Additional provisions	3,335	-	3,335
Amounts used	(3,112)	-	(3,112)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	-	-	-
<b>Balance at the end of the financial year</b>	<b>7,501</b>	<b>8,507</b>	<b>16,008</b>
		<b>2017</b>	<b>2016</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>(a) Employee provisions</b>			
<b>Current provisions expected to be wholly settled within 12 months</b>			
Redundancies		422	-
Annual leave		681	632
Long service leave		892	925
		<u>1,995</u>	<u>1,557</u>
<b>Current provisions expected to be wholly settled after 12 months</b>			
Annual leave		1,382	1,402
Long service leave		3,570	3,699
		<u>4,952</u>	<u>5,101</u>
<b>Total current provisions</b>		<u><b>6,947</b></u>	<u><b>6,658</b></u>
<b>Non-current</b>			
Long service leave		<u>714</u>	<u>843</u>
<b>Total non-current provisions</b>		<u><b>714</b></u>	<u><b>843</b></u>
<b>Aggregate carrying amount of employee provisions</b>			
Current		6,947	6,658
Non-current		714	843
<b>Total aggregate carrying amount of employee provisions</b>		<u><b>7,661</b></u>	<u><b>7,501</b></u>
The following assumptions were adopted in measuring the present value of employee benefits:			
Weighted average increase in employee costs		3.10%	3.10%
Weighted average discount rates		2.20%	1.76%
<b>(b) Land fill restoration</b>			
Non-current		<u>8,494</u>	<u>8,507</u>
<b>Total land fill restoration</b>		<u><b>8,494</b></u>	<u><b>8,507</b></u>

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2017**

	2017	2016
	\$'000	\$'000
<b>Note 26 Provisions (continued)</b>		
<b>(c) Aggregate carrying amount of provisions</b>		
Current	6,947	6,658
Non-current	9,208	9,350
<b>Total</b>	<u>16,155</u>	<u>16,008</u>
<b>Note 27 Interest-bearing loans and borrowings</b>		
<b>Current</b>		
Borrowings - secured	2,203	2,322
	<u>2,203</u>	<u>2,322</u>
<b>Non-current</b>		
Borrowings - secured	11,257	11,981
<b>Total</b>	<u>13,460</u>	<u>14,303</u>
<b>a) The maturity profile for Council's borrowings is:</b>		
Not later than one year	2,203	2,322
Later than one year and not later than five years	7,084	3,369
Later than five years	4,173	8,612
<b>Total</b>	<u>13,460</u>	<u>14,303</u>
<b>b) Aggregate carrying amount of interest-bearing loans and borrowings:</b>		
Current	2,203	2,322
Non-current	11,257	11,981
<b>Total</b>	<u>13,460</u>	<u>14,303</u>

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2017**

**Note 28 Reserves**

	Balance at beginning of reporting period \$'000	Increment/ (decrement) \$'000	Balance at end of reporting period \$'000
<b>(a) Asset revaluation reserve</b>			
<b>2017</b>			
<b>Property</b>			
Land, land improvements and playgrounds	191,818	-	191,818
Buildings	13,526	-	13,526
<b>Total property</b>	<b>205,344</b>	<b>-</b>	<b>205,344</b>
<b>Plant and Equipment</b>			
Plant, machinery and vehicles	535	-	535
Furniture, equipment and computers	689	-	689
Artwork	1,368	-	1,368
<b>Total plant and equipment</b>	<b>2,592</b>	<b>-</b>	<b>2,592</b>
<b>Infrastructure</b>			
Roads	90,490	-	90,490
Bridges	3,916	-	3,916
Footpaths and cycleways	2,742	-	2,742
Drainage	43,367	-	43,367
Kerb and channel	8,139	-	8,139
Traffic treatments	8,659	-	8,659
Other infrastructure	401	-	401
<b>Total infrastructure</b>	<b>157,714</b>	<b>-</b>	<b>157,715</b>
<b>Total asset revaluation reserves</b>	<b>365,651</b>	<b>-</b>	<b>365,651</b>
<b>2016</b>			
<b>Property</b>			
Land, land improvements and playgrounds	146,434	45,384	191,818
Buildings	12,721	805	13,526
<b>Total property</b>	<b>159,155</b>	<b>46,189</b>	<b>205,344</b>
<b>Plant and Equipment</b>			
Plant, machinery and vehicles	535	-	535
Furniture, equipment and computers	689	-	689
Artwork	801	567	1,368
<b>Total plant and equipment</b>	<b>2,025</b>	<b>567</b>	<b>2,592</b>
<b>Infrastructure</b>			
Roads, earthworks	58,464	32,026	90,490
Bridges	3,460	456	3,916
Footpaths and cycleways	(1,124)	3,866	2,742
Drainage	45,234	(1,867)	43,367
Kerb and channel	662	7,477	8,139
Traffic treatments	8,908	(249)	8,659
Other infrastructure	401	-	401
<b>Total infrastructure</b>	<b>116,005</b>	<b>41,709</b>	<b>157,714</b>
<b>Total asset revaluation reserves</b>	<b>277,186</b>	<b>88,465</b>	<b>365,651</b>

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

**Nillumbik Shire Council**  
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**Note 28 Reserves (continued)**

Statutory reserves are those for which Council is required to separately account for by statute. Funds are held for specific purposes as described in the reserve account name.

Discretionary Reserves are those for which Council does have discretion over the manner in which funds are expended. Funds held in these reserve accounts are held for the purposes describe in the reserve account name.

	Balance at beginning of reporting period \$'000	Net of transfer to / (from) accum. surplus \$'000	Balance at end of reporting period \$'000
<b>(b) Other reserves</b>			
<b>2017</b>			
<b>Statutory cash backed reserves</b>			
Car parks	97	-	97
Development planning overlays: infrastructure	2,643	167	2,810
Development contribution plans: open space	1,885	217	2,102
Development contribution construction	181	5	186
Native vegetation	238	(8)	230
Open space	937	78	1,015
Street light contributions	28	-	28
Street trees	76	-	76
Yarrambat drainage scheme	401	23	424
Yarrambat drainage extension area	149	4	153
<b>Total cash backed statutory reserves</b>	<b>6,635</b>	<b>486</b>	<b>7,121</b>
<b>Discretionary reserves</b>			
Bridgeford Estate	50	-	50
Carried forward projects	11,449	1,149	12,598
Cricket pitch renewal	-	2	2
Defined benefit superannuation potential future calls	1,341	-	1,341
Grants program management	91	(29)	62
Information technology	820	167	987
Leisure facility improvements	327	50	377
MAV bond repayment	1,785	1,567	3,352
Major projects	5,658	(312)	5,346
Plant replacement	1,792	751	2,543
Plenty and Kangaroo Ground landfill restoration	3,236	5	3,241
Public art program	137	30	167
Rates surplus	162	-	162
Special rates	15	(5)	10
<b>Total discretionary reserves</b>	<b>26,863</b>	<b>3,375</b>	<b>30,238</b>
<b>Total other reserves</b>	<b>33,498</b>	<b>3,861</b>	<b>37,359</b>



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**Note 28 Reserves (continued)**

	Balance at beginning of reporting period \$'000	Net of transfer to / (from) accum. surplus \$'000	Balance at end of reporting period \$'000
<b>(b) Other reserves (continued)</b>			
<b>2016</b>			
<b>Statutory cash backed reserves</b>			
Car parks	97	-	97
Open space	610	327	937
Development planning overlays: infrastructure	2,081	562	2,643
Development contribution plans: open space	2,655	(770)	1,885
Development contribution construction	176	5	181
Native vegetation	269	(31)	238
Street light contributions	28	-	28
Street trees	76	-	76
Yarrambat drainage scheme	390	11	401
Yarrambat drainage extension area	145	4	149
<b>Total cash backed statutory reserves</b>	<b>6,527</b>	<b>108</b>	<b>6,635</b>
<b>Discretionary reserves</b>			
Bridgeford Estate	53	(3)	50
Carried forward projects	7,051	4,398	11,449
Defined benefit superannuation potential future calls	735	606	1,341
Grants program management	125	(34)	91
Information technology	371	449	820
Leisure facility improvements	150	177	327
Major projects	3,394	2,264	5,658
MAV bond repayment	342	1,443	1,785
Plant replacement	1,915	(123)	1,792
Plenty and Kangaroo Ground Tip restoration	2,874	362	3,236
Public art program	133	4	137
Rates surplus	106	56	162
Special rates	4	11	15
<b>Total discretionary reserves</b>	<b>17,253</b>	<b>9,610</b>	<b>26,863</b>
<b>Total other reserves</b>	<b>23,780</b>	<b>9,718</b>	<b>33,498</b>
		<b>2017</b>	<b>2016</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>(c) Statutory cash backed and capital works reserves</b>			
Statutory cash backed reserves		7,121	6,635
Discretionary reserves:			
Carried forward projects		12,598	11,449
Plant replacement		2,543	1,792
Bridgeford Estate		50	50
Plenty and Kangaroo Ground landfill restoration		3,241	3,236
<b>Total externally restricted reserves</b>		<b>25,553</b>	<b>23,162</b>

**Nillumbik Shire Council**  
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	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Note 29 Reconciliation of cash flows from operating activities to surplus/(deficit)</b>		
Surplus/(deficit) for the year	15,922	4,693
Depreciation	10,415	9,845
(Profit)/loss on disposal of property, infrastructure, plant and equipment	896	13,588
Share of net (profits)/losses of associate	(87)	(93)
Contributions - non-monetary assets	(372)	(1,607)
Borrowing cost	885	931
<b>Change in assets and liabilities:</b>		
(Increase)/decrease in trade and other receivables	38	34
(Increase)/decrease in prepayments	(628)	(659)
(Increase)/decrease in accrued income	113	(131)
Increase/(decrease) in trade and other payables	780	462
(Increase)/decrease in inventories	(8)	3
Increase/(decrease) in provisions	147	223
Increase/(decrease) in trust funds	157	44
<b>Net cash provided by/(used in) operating activities</b>	<b><u>28,258</u></b>	<b><u>27,333</u></b>
<b>Note 30 Financing arrangements</b>		
Bank overdraft and drawdown available	-	-
Credit card facilities	153	153
<b>Total facilities</b>	<b><u>153</u></b>	<b><u>153</u></b>
Used facilities	21	20
Unused facilities	132	133
<b>Total</b>	<b><u>153</u></b>	<b><u>153</u></b>

**Nillumbik Shire Council**  
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**Note 31 Commitments**

The Council has entered into the following commitments:

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
2017	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating</b>					
Community programs	1,017	855	-	-	1,872
Economic development	51	-	-	-	51
Environment	10	10	10	-	30
Fleet	305	153	-	-	458
Infrastructure maintenance	329	457	352	-	1,138
Organisational support	762	370	358	-	1,490
Sport and leisure	1,361	188	197	-	1,746
Waste	33	33	33	-	99
<b>Total</b>	<b>3,868</b>	<b>2,066</b>	<b>950</b>	<b>-</b>	<b>6,884</b>
<b>Capital</b>					
Land	2,671	1,315	-	-	3,986
Buildings	13,454	15	-	-	13,469
Plant and equipment	-	-	-	-	-
Infrastructure	221	-	-	-	221
<b>Total</b>	<b>16,346</b>	<b>1,330</b>	<b>-</b>	<b>-</b>	<b>17,676</b>
	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
2016	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating</b>					
Community programs	291	1,017	855	-	2,163
Economic development	-	51	-	-	51
Environment	-	10	20	-	30
Fleet	725	305	153	-	1,183
Infrastructure maintenance	439	329	809	-	1,577
Organisational support	340	762	728	-	1,830
Sport and leisure	1,299	1,361	385	-	3,045
Waste	-	33	66	-	99
<b>Total</b>	<b>3,094</b>	<b>3,868</b>	<b>3,016</b>	<b>-</b>	<b>9,978</b>
<b>Capital</b>					
Land	2,174	2,671	1,315	-	6,160
Buildings	9,021	13,454	15	-	22,490
Plant and equipment	-	-	-	-	-
Infrastructure	83	221	-	-	304
<b>Total</b>	<b>11,278</b>	<b>16,346</b>	<b>1,330</b>	<b>-</b>	<b>28,954</b>

**Nillumbik Shire Council**  
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	2017	2016
	\$'000	\$'000
<b>Note 32 Operating leases</b>		
<b>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	816	903
Later than one year and not later than five years	1,371	1,984
Later than five years	246	441
	<b>2,433</b>	<b>3,328</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 Comprehensive Income Statement when they are made or due.

**Accumulation**

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2017, this was 9.5 percent 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 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 vest 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 return	7.0 percent p.a
Salary inflation	4.25 percent p.a
Price inflation (CPI)	2.5 percent p.a

Vision Super has advised that the estimated VBI at 30 June 2017 was 103.1 percent.

The VBI is to be used as the primary funding indicator. Because the VBI was above 100 percent, 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.

**Nillumbik Shire Council**  
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**NOTE 33 Superannuation (continued)**

**Employer contributions**

***Regular contributions***

On the basis of the results of the 2016 interim full 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 percent of members' salaries (9.5 percent in 2015/2016). This rate will increase in line with any increase to the required Superannuation Guarantee (SG) contribution rate.

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

***Funding calls***

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

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 VBA 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**

Council has paid no unfunded liability payments to Vision Super. There was contributions outstanding of \$18,388 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 2017 is \$0.209 million.

**Nillumbik Shire Council**  
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**Note 34 Contingent liabilities and contingent assets**

**Contingent liabilities**

Superannuation

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

Public Liability

As a local authority with ownership of numerous parks, reserves, roads and other land holdings, the Council regularly receives claims and demands allegedly arising from incidents which occur on land belonging to Council. There are currently no outstanding claims against Council in this regard. Council carries \$400 million of public liability insurance and has an excess of \$20,000 on this policy in 2016 (\$20,000 in 2015). Therefore, the maximum liability of Council in any single claim is the extent of its excess. The primary insurer is Liability Mutual Insurance - MAV Insurance. There are no claims of which Council is aware which would fall outside the terms of Council's policy.

Professional Indemnity

As a local authority with statutory regulatory responsibilities, including the responsibility of issuing permits and approvals, Council receives claims and demands for damages allegedly arising from actions of Council or its officers. Council carries \$300 million of professional indemnity insurance and has an excess of \$20,000 on this policy in 2016 (\$20,000 in 2015). Therefore, the maximum liability of Council in any single claim is the extent of its excess. The primary insurer is Liability Mutual Insurance - MAV Insurance. There are no instances or claims of which Council is aware which would fall outside the terms of Council's policy.

Legal Matters

The Council is not presently involved in any significant legal matters. No allowance has been made in the financial report for contingencies of a legal nature.

<b>Guarantees for loans to other entities</b>	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Total guarantees for loans to other entities</b>	<b>1,077</b>	<b>1,039</b>

The amount disclosed for financial guarantee in this note is the nominal amount of the underlying loan that is guaranteed by the Council, not the fair value of the financial guarantee.

**Contingent assets**

From time to time Council receives gifted infrastructure assets from property developers. The nature and timing of these assets is conditional upon subdivisional requirements being completed. Once received by Council ongoing maintenance costs become the responsibility of the Council.

<b>Total contributions - non monetary received by Council</b>	<b>372</b>	<b>1,607</b>
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**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2017**

**Note 35 Financial Instruments**

**(a) Objectives and policies**

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

**(b) Market risk**

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

**Interest rate risk**

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

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

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

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

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

**(c) Credit risk**

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

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

Receivables consist of a large number of customers, spread across the 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.

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

**Nillumbik Shire Council**  
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**Note 35 Financial Instruments (continued)**

**(c) Credit risk (continued)**

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

**(d) Liquidity risk**

Liquidity risk includes the risk that, as a result of our operational liquidity requirements or we will not have sufficient funds to settle a transaction when required, we 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;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 34, and is deemed insignificant based on prior periods' data and current assessment of risk.

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

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

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

**e) Fair value**

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

Fair value hierarchy

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

**(f) Sensitivity disclosure analysis**

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

- A parallel shift of + 1 percent and -1 percent in market interest rates (AUD) from year-end rates of 2.6 percent.

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.



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**2017**  
No.                      **2016**  
No.

**Note 36 Related party transactions**

**(i) Related parties**

*Subsidiaries and associates*

Interests in subsidiaries and associates are detailed in note 16.

**(ii) Key management personnel**

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

<b>Councillors</b>	Cr Peter Clarke (Mayor 08/11/2016 - 30/06/2017) Cr Jane Ashton (08/11/2016 - 30/06/2017) Cr Grant Brooker (08/11/2016 - 30/06/2017) Cr John Dumaresq (08/11/2016 - 30/06/2017) Cr Karen Egan (08/11/2016 - 30/06/2017) Cr Peter Perkins (08/11/2016 - 30/06/2017) Cr Bruce Ranken (08/11/2016 - 30/06/2017) Cr Bronnie Hattam (Mayor 01/07/2016 - 21/10/2016) Cr Helen Coleman (01/07/2016 - 21/10/2016) Cr Ken King (01/07/2016 - 21/10/2016) Cr Meralyn Klein (01/07/2016 - 21/10/2016) Cr Peter Perkins (01/07/2016 - 21/10/2016) Cr Anika Van Hulsen (01/07/2016 - 21/10/2016) Cr Michael Young (01/07/2016 - 21/10/2016)
<b>Chief Executive Officer</b>	Mr Stuart Burdack (01/07/2016 - 24/12/2016) Mr Mark Stoermer (Acting, 30/01/2017 - 29/03/2017) Mr Mark Stoermer (30/03/2017 - 30/06/2017)
<b>Key Management Personnel reporting directly to the CEO</b>	Mr Conal Creedon, General Manager Infrastructure Services Ms Clemence Gillings, General Manager Community and Leisure (01/07/2015 - 29/01/2016) Ms Pauline Gordon, General Manager Community and Leisure (01/07/2016 - 05/05/2017) Mr Andrew Port, General Manager Corporate Services Mr Ransce Salan, General Manager Environment and Planning (01/07/2016 - 17/03/2017) Ms Suzy Ellingsen, Manager People, Culture and Innovation Mr Jeremy Livingston, Acting Director Services and Planning Mr Vincenzo Lombardi, Manager Finance Ms Naomi Paton, Acting Director Business and Strategy Ms Lisa Pittle, Acting Director Sustainability and Place Ms Allison Watt, Manager Governance

Total number of Councillors	13	7
Chief Executive Officer and other key management personnel	12	5
<b>Total key management personnel</b>	25	12

**Nillumbik Shire Council**  
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**Note 36 Related party transactions (continued)**

	\$'000	\$'000
<b>(iii) Remuneration of key management personnel</b>		
Total remuneration of key management personnel was as follows:		
Short-term benefits	2,092	1,359
Long-term benefits	161	-
Termination benefits	171	-
<b>Total</b>	<b>2,424</b>	<b>1,359</b>

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

\$1 - \$9,999	5	-
\$10,000 - \$19,999	5	-
\$20,000 - \$29,999	2	5
\$30,000 - \$39,999	-	-
\$40,000 - \$49,999	-	1
\$50,000 - \$59,999	1	-
\$60,000 - \$69,999	-	-
\$70,000 - \$79,999	-	-
\$150,000 - \$159,999	2	-
\$160,000 - \$169,999	3	-
\$170,000 - \$179,999	1	-
\$180,000 - \$189,999	-	-
\$190,000 - \$199,999	-	-
\$200,000 - \$209,999	-	1
\$210,000 - \$219,999	4	4
\$220,000 - \$229,999	-	-
\$230,000 - \$239,999	-	-
\$300,000 - \$309,999	-	-
\$320,000 - \$329,999	2	1
	<b>25</b>	<b>12</b>

**(iv) Transactions with related parties**

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

Purchase of property at public auction	320	
Payment of invoices to related party supplier for services rendered	10	
<b>Total transactions with related parties</b>	<b>330</b>	

**(v) Outstanding balances with related parties**

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

**(vi) Loans to/from related parties**

There were no loans made, guaranteed or secured by Council to a related party during the reporting period and no loans to or from related parties outstanding as at the end of the reporting period.

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2017**

**Note 36 Related party transactions (continued)**

**(vii) Commitments to/from related parties**

There were no commitments in existence at balance date that were made, guaranteed or secured by Council.

**Note 37 Senior Officers 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 other than the key management personnel, are shown below in their relevant income bands:

	<b>2017</b>	<b>2016</b>
Income Range:		
\$140,000 - \$149,999	3	4
\$150,000 - \$159,999	2	6
\$160,000 - \$169,999	2	4
\$170,000 - \$189,999	-	-
\$190,000 - \$199,999	-	-
\$200,000 - \$209,999	-	1
\$210,000 - \$219,999	-	3
	<b>7</b>	<b>18</b>
	<b>\$'000</b>	<b>\$'000</b>
Total Remuneration for the reporting year for Senior Officers included above, amounted to:	1,101	2,258

**Note 38 Events occurring after balance date**

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

**Nillumbik Shire Council**  
**Certification of the Financial Statements**  
**For The Year Ended 30 June 2017**

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.

*Vincenzo Lombardi CA*  
**Principal Accounting Officer**

**Date :**  
*GREENSBOROUGH*

In our opinion the accompanying financial statements present fairly the financial transactions of Nillumbik Shire Council 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.

*Peter Clarke (Mayor)*  
**Councillor**

**Date :**  
*GREENSBOROUGH*

*Karen Egan (Deputy Mayor)*  
**Councillor**

**Date :**  
*GREENSBOROUGH*

*Mark Stoermer*  
**Chief Executive Officer**

**Date :**  
*GREENSBOROUGH*

# **Nillumbik Shire Council Performance Statement For The Year Ended 30 June 2017**



**Nillumbik Shire Council**  
**Performance Statement**  
**For The Year Ended 30 June 2017**

**Description of municipality**

The Shire of Nillumbik covers an area of 432 square kilometres. At its south western gateway, Nillumbik is located less than 25 kilometres north-east of Melbourne, and has the Yarra River as its southern boundary. It extends 29 kilometres to Kinglake National Park in the north/north-east and stretches approximately 20 kilometres from the Plenty River and Yan Yean Road in the west, to Christmas Hills and the Yarra escarpment in the east.

Nillumbik has a population of 63,158 people who enjoy a healthy, safe, family-friendly lifestyle within close-knit communities. Nillumbik has a relatively healthy and affluent community which lives largely in family units in single dwelling properties.

The Shire of Nillumbik is known as the Green Wedge Shire. The term Green Wedge is used by the State Government to describe non-urban areas that surround metropolitan Melbourne, outside the Urban Growth Boundary (UGB). The Nillumbik Green Wedge covers 91 per cent of the total area of the Shire.

**Nillumbik Shire Council  
Performance Statement  
For The Year Ended 30 June 2017**

**Sustainable Capacity Indicators**

<b>Indicator/measure</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>Material Variations</b>
<b>Population</b>				
<i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$1,220.30	\$1,447.43	\$1,231.36	The variance in this measure reflects once-off adjustments to Council's asset register of \$13.5 million in 2015-2016 to correct ownership of non-council assets.
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$6,316.21	\$7,081.93	\$7,215.87	This result is consistent with the previous years. The increase is reflective of the capital works program.
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	82.08	81.09	81.81	The increase in population density per length of road reflects a 556 person increase in population.
<b>Own-source revenue</b>				
<i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,194.05	\$1,212.10	\$1,208.79	The result is reflective of the stable population.
<b>Recurrent grants</b>				
<i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$135.90	\$81.75	\$126.67	The variance is due to the timing of Commonwealth Financial Assistance Grant payments received in advance.
<b>Disadvantage</b>				
<i>Relative Socio-Economic Disadvantage</i> [Index of Relative Socio-Economic Disadvantage by decile]	10.00	10.00	10.00	This result is consistent with the previous years.

**Nillumbik Shire Council  
Performance Statement  
For The Year Ended 30 June 2017**

**Service Performance Indicators**

Service/indicator/measure	2015	2016	2017 Material Variations
<b>Aquatic Facilities</b>			
<b>Utilisation</b>			
<i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	4.18	2.56	0.80 Council's only indoor aquatic facility at the Eltham Leisure Centre was closed during 2016-2017 while undergoing a \$19 million redevelopment. Council's only outdoor aquatic facility at Diamond Creek is open seasonally from November to March.
<b>Animal Management</b>			
<b>Health and safety</b>			
<i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	5.00	8.00	8.00 Of the eight prosecutions, two were for dog attacks; one was for a breach of bond (relating to a dog attack); one for a dog wandering at large; three for failure to comply with dangerous dog requirements and failure to register; and one failure to register (declared dangerous dog).
<b>Food Safety</b>			
<b>Health and safety</b>			
<i>Critical and major non-compliance outcome notifications</i> [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100	92.41%	100.00%	100.00% All inspections of food premises resulting in a critical or major non-compliance result were followed up by Council.
<b>Governance</b>			
<b>Satisfaction</b>			
<i>Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	66.70	64.20	57.40 In the 2017 Annual Community Survey, satisfaction with Council's performance in making decisions in the interests of the community declined from 64.2 out of 100 to 57.4 out of 100. Survey respondents from the rural areas were most dissatisfied with Council's performance in this area.



**Nilumbik Shire Council  
Performance Statement  
For The Year Ended 30 June 2017**

**Service Performance Indicators (continued)**

Service/indicator/measure	2015	2016	2017	Material Variations
<b>Home and Community Care (HACC)</b>				
<b>Participation</b>				
<i>Participation in HACC service</i> [Number of people that received a HACC service / Municipal target population for HACC services] x100	24.50%	23.88%	-	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.
<i>Participation in HACC service by CALD people</i> [Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100	23.74%	40.84%	-	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.
<b>Libraries</b>				
<b>Participation</b>				
<i>Active library members</i> [Number of active library members / Municipal population] x100	24.88%	23.71%	25.94%	During the year, 16,383 Nilumbik residents were active library members. This figure does not take into account the number of residents who utilise the many services provided by the Eltham and Diamond Valley libraries but may not be members of the Yarra Plenty Regional Library Service.
<b>Maternal and Child Health (MCH)</b>				
<b>Participation</b>				
<i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	81.15%	72.88%	77.76%	For the Maternal and Child Health 10 Key Ages and Stages consultations, Nilumbik continues to be at or above the state average. During the 2016-2017, 2,019 consultations were provided by Nilumbik.
<i>Participation in the MCH service by Aboriginal children</i> [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	76.00%	75.76%	68.29%	For the Maternal and Child Health 10 Key Ages and Stages consultations, Nilumbik continues to be at or above the state average. Participation by Aboriginal children remains fairly consistent.

**Nillumbik Shire Council  
Performance Statement  
For The Year Ended 30 June 2017**

**Service Performance Indicators (continued)**

<b>Service/indicator/measure</b>	<b>2015</b>	<b>2016</b>	<b>2017 Material Variations</b>
<b>Roads</b>			
<b>Satisfaction</b>			
<i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	65.60	65.20	65.30 In the 2017 Annual Community Survey, satisfaction with the maintenance and repairs of sealed local roads remained stable at 65.3 out of 100, compared to 65.2 out of 100 in 2016. This level of satisfaction remains categorised as 'good'.
<b>Statutory Planning</b>			
<b>Decision making</b>			
<i>Council planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	36.36%	70.00%	63.16% VCAT upheld fewer of Council's decisions in the 2016-2017 financial year. Twelve decisions were upheld out of 19, compared to seven out of 10 in 2015-2016.
<b>Waste Collection</b>			
<b>Waste diversion</b>			
<i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	70.00%	69.30%	66.17% Nillumbik residents diverted more than 14,379 tonnes of kerbside waste from landfill during 2016-2017, ensuring Nillumbik continues to be well above the State diversion targets.

**Nillumbik Shire Council  
Performance Statement  
For The Year Ended 30 June 2017**

**Financial Performance Indicators**

Dimension/indicator/measure	Results		Forecasts					Material Variations
	2015	2016	2017	2018	2019	2020	2021	
<b>Efficiency</b>								
<i>Revenue level</i>								
Average residential rate per residential property assessment [Residential rate revenue / Number of residential property assessments]	\$2,463.03	\$2,569.65	\$2,617.22	\$2,613.97	\$2,681.60	\$2,757.73	\$2,835.98	Growth is reflective of budgeted increase in rates and charges and additional rateable properties created during the year throughout the shire.
<i>Expenditure level</i>								
Expenses per property assessment [Total expenses / Number of property assessments]	\$3,186.17	\$3,329.18	\$3,240.42	\$3,317.54	\$3,410.29	\$3,476.33	\$3,541.38	This result is consistent with expenditure incurred in the financial year and future projections and actual/budgeted growth in rateable properties.
<i>Workforce turnover</i>								
Resignations and terminations compared to average staff [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year]	5.68%	12.94%	10.31%	6.02%	5.93%	5.93%	5.93%	The variance is reflective of positions remaining vacant for extended periods and resignations/terminations being higher than average.
<b>Liquidity</b>								
<i>Working capital</i>								
Current assets compared to current liabilities [Current assets / Current liabilities] x100	265.70%	351.48%	353.27%	236.39%	264.45%	360.72%	273.98%	This result reflects fluctuations in current assets, including cash on hand and assets held for sale balances and in current liabilities, in particular trade payables and current borrowings.

**Nillumbik Shire Council  
Performance Statement  
For The Year Ended 30 June 2017**

**Financial Performance Indicators (continued)**

Dimension/indicator/measure	Results				Forecasts		2021	Material Variations
	2015	2016	2017	2018	2019	2020		
<b>Liquidity (continued)</b>								
<i>Unrestricted cash</i>								
<i>Unrestricted cash compared to current liabilities [Unrestricted cash / Current liabilities] x100</i>	71.82%	62.99%	53.74%	144.12%	151.31%	209.29%	172.91%	This result is reflective of significant projects currently being undertaken which is impacting the current liabilities (trade payables) balance.
<b>Obligations</b>								
<i>Asset renewal</i>								
<i>Asset renewal compared to depreciation [Asset renewal expense / Asset depreciation] x100</i>	52.09%	74.99%	70.56%	64.94%	65.24%	57.11%	66.64%	Council continues to invest in the capital works program which addresses renewal requirements of its asset portfolio.
<i>Loans and borrowings</i>								
<i>Loans and borrowings compared to rates [Interest bearing loans and borrowings / Rate revenue] x100</i>	26.74%	23.76%	21.53%	20.40%	18.88%	16.37%	19.28%	Council continues to reduce the existing loans and is not projecting to take out further loans.
<i>Loans and borrowings repayments compared to rates [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100</i>	4.47%	2.88%	2.76%	2.47%	2.14%	3.04%	1.89%	The result is reflective of the loan balances reducing.
<i>Indebtedness</i>								
<i>Non-current liabilities compared to own source revenue [Non-current liabilities / Own source revenue] x100</i>	27.87%	34.24%	26.81%	25.47%	22.82%	21.12%	16.61%	The variance is driven by a one-off adjustment to Council's asset register of \$13.5 million in the 2015-2016 year. The projections in outer years show a declining result which is reflective of the reduction in debt driving minor variations.

**Nillumbik Shire Council  
Performance Statement  
For The Year Ended 30 June 2017**

**Financial Performance Indicators (continued)**

Dimension/indicator/measure	Results				Forecasts		2021	Material Variations
	2015	2016	2017	2018	2019	2020		
<b>Operating position</b>								
<i>Adjusted underlying result</i>								
<i>Adjusted underlying surplus (or deficit)</i> [Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100	9.79%	-12.92%	8.46%	4.07%	4.31%	5.15%	6.00%	The variance in this measure reflects once-off adjustments to Council's asset register of \$13.5 million in 2015-2016 to correct ownership of non-council assets.
<b>Stability</b>								
<i>Rates concentration</i>								
<i>Rates compared to adjusted underlying revenue</i> [Rate revenue / Adjusted underlying revenue] x100	66.41%	88.26%	73.59%	75.24%	74.90%	74.90%	74.94%	The variance in this measure reflects once-off adjustments to Council's asset register of \$13.5 million in 2015-2016 to correct ownership of non-council assets.
<b>Rates effort</b>								
<i>Rates compared to property values</i> [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.41%	0.43%	0.39%	0.39%	0.40%	0.41%	0.42%	The decrease is reflective of the property revaluation during the year, even though there was a minor rate increase in compliance with the rate cap.

**Nillumbik Shire Council**  
**Notes To The Performance Statement**  
**For The Year Ended 30 June 2017**

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

The forecast figures included in the performance statement are those adopted by Council in its strategic resource plan on 23 June 2015 and which forms part of the council plan. 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 contacting Council.

**Nillumbik Shire Council**  
**Certification of the Performance Statement**  
**For The Year Ended 30 June 2017**

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

*Vincenzo Lombardi CA*  
**Principal Accounting Officer**

**Date :**  
*GREENSBOROUGH*

In our opinion, the accompanying performance statement of Nillumbik Shire Council for the year ended 30 June 2015 presents fairly the results of council's performance in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014* .

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

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

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

*Peter Clarke (Mayor)*  
**Councillor**

**Date :**  
*GREENSBOROUGH*

*Karen Egan (Deputy Mayor)*  
**Councillor**

**Date :**  
*GREENSBOROUGH*

*Mark Stoermer*  
**Chief Executive Officer**

**Date :**  
*GREENSBOROUGH*