

Nillumbik Shire Council Annual Financial Report For The Year Ended 30 June 2016



Nillumbik Shire Council
Financial Report
Table Of Contents

FINANCIAL REPORT

	Page
Financial Statements	
Comprehensive Income Statement	1
Balance Sheet	2
Statement Of Changes In Equity	3
Statement Of Cash Flows	4
Statement Of Capital Works	5
Notes to Financial Statements	
Introduction	6
Note 1 Significant accounting policies	6
Note 2 Budget comparison	13
Note 3 Rates and charges	17
Note 4 Statutory fees and fines	17
Note 5 User fees	17
Note 6 Grants	18
Note 7 Contributions	19
Note 8 Net gain/(loss) on disposal of property, infrastructure, plant and equipment	19
Note 9 Other income	20
Note 10 Employee costs	20
Note 11 Materials and services	21
Note 12 Bad and doubtful debts	21
Note 13 Depreciation and amortisation	21
Note 14 Borrowing costs	21
Note 15 Other expenses	22
Note 16 Investments in associates, joint ventures and subsidiaries	23
Note 17 Cash and cash equivalents	24
Note 18 Trade and other receivables	24
Note 19 Other financial assets	25
Note 20 Inventories	25
Note 21 Non-current assets classified as held for sale	25
Note 22 Other assets	25
Note 23 Property, infrastructure, plant and equipment	26
Note 24 Trade and other payables	32
Note 25 Trust funds and deposits	32
Note 26 Provisions	33
Note 27 Interest bearing loans and borrowings	34
Note 28 Reserves	35
Note 29 Reconciliation of cash flows from operating activities to surplus/(deficit)	38
Note 30 Financing arrangements	38
Note 31 Commitments	39
Note 32 Operating leases	40
Note 33 Superannuation	40
Note 34 Contingent liabilities and contingent assets	42
Note 35 Financial instruments	43
Note 36 Related party transactions	45
Note 37 Events occurring after balance date	46
Certification of the Financial Report	47
Auditor-General's Report on the Financial Report	48

**Nillumbik Shire Council
Financial Report
Table Of Contents**

PERFORMANCE STATEMENT	
Performance Statement	49
Certification Of Performance Statement	57
Auditor-General's Report on the Performance Statement	58

Nillumbik Shire Council
Comprehensive Income Statement
For The Year Ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Income			
Rates and charges	3	60,491	56,761
Statutory fees and fines	4	1,404	1,325
User fees	5	11,319	10,744
Grants - operating	6	5,919	9,810
Grants - capital	6	9,783	2,385
Contributions - monetary	7	2,116	2,532
Contributions - non-monetary	7	1,607	1,949
Net gain on disposal of property, infrastructure, plant and equipment	8	-	3,220
Share of net profits/(losses) of associates and joint ventures	16(a)	93	161
Other income	9	2,573	2,861
Total income		95,305	91,748
Expenses			
Employee costs	10(a)	30,835	30,517
Materials and services	11	27,705	28,279
Bad and doubtful debts	12	29	30
Depreciation and amortisation	13	9,845	9,677
Borrowing costs	14	931	980
Net loss on disposal of property, infrastructure, plant and equipment	8	13,588	-
Contributions to associates and joint ventures	16(b)	2,499	2,277
Other expenses	15	5,180	4,963
Total expenses		90,612	76,723
Surplus/(deficit) for the year		4,693	15,025
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	28(a)	88,465	7,641
Share of other comprehensive income of associates and joint ventures	16	-	-
Total comprehensive result		93,158	22,666

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

Nillumbik Shire Council
Balance Sheet
For The Year Ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Assets			
Current assets			
Cash and cash equivalents	17	33,220	30,510
Trade and other receivables	18	8,207	7,961
Other financial assets	19	7,000	-
Inventories	20	15	18
Non-current assets classified as held for sale	21	3,172	2,362
Other assets	22	1,256	396
Total current assets		<u>52,870</u>	<u>41,247</u>
Non-current assets			
Trade and other receivables	18	707	987
Other financial assets	19	5	5
Other assets	22	-	70
Investments in associates and joint ventures	16	1,470	1,377
Property, infrastructure, plant and equipment	23	741,462	659,741
Total non-current assets		<u>743,644</u>	<u>662,180</u>
Total assets		<u>796,514</u>	<u>703,427</u>
Liabilities			
Current liabilities			
Trade and other payables	24	4,710	4,248
Trust funds and deposits	25	1,352	1,308
Provisions	26(c)	6,658	7,691
Interest-bearing loans and borrowings	27	2,322	2,277
Total current liabilities		<u>15,042</u>	<u>15,524</u>
Non-current liabilities			
Provisions	26(c)	9,350	8,094
Interest-bearing loans and borrowings	27	11,981	12,826
Total non-current liabilities		<u>21,331</u>	<u>20,920</u>
Total liabilities		<u>36,373</u>	<u>36,444</u>
Net assets		<u>760,141</u>	<u>666,983</u>
Equity			
Accumulated surplus		360,992	366,017
Reserves	28(a), 28(b)	399,149	300,966
Total equity		<u>760,141</u>	<u>666,983</u>

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 2016

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2016					
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)
Balance at end of the financial year		760,141	360,992	365,651	33,498

		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2015					
Balance at beginning of the financial year		644,317	356,327	269,545	18,445
Surplus/(deficit) for the year		15,025	15,025	-	-
Net asset revaluation increment/(decrement)	28(a)	7,641	-	7,641	-
Transfers to other reserves	28(b)	-	(17,925)	-	17,925
Transfers from other reserves	28(b)	-	12,590	-	(12,590)
Balance at end of the financial year		666,983	366,017	277,186	23,780

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 2016**

	Note	2016 Inflows/ (Outflows) \$'000	2015 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		60,526	57,577
Statutory fees and fines		1,404	1,950
User fees (GST inclusive)		12,048	11,369
Grants - operating (GST inclusive)		5,989	9,810
Grants - capital (GST inclusive)		9,783	2,385
Contributions - monetary (GST inclusive)		2,116	2,557
Interest received		1,435	1,435
Trust funds and deposits taken		44	142
Other receipts (GST inclusive)		1,231	1,426
Net GST refund/(payment)		3,502	2,542
Employee costs		(30,612)	(29,907)
Materials and services (GST inclusive)		(32,361)	(32,396)
Trust funds and deposits repaid		-	-
Other payments		(7,772)	(7,240)
Net cash provided by/(used in) operating activities	29	27,333	21,650
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(19,607)	(12,965)
Proceeds from sale of property, infrastructure, plant and equipment		3,715	4,431
Payments for investments		(7,000)	(1,948)
Proceeds from sale of investments		-	4,600
Net cash provided by/(used in) investing activities		(22,892)	(5,882)
Cash flows from financing activities			
Finance costs		(931)	(980)
Proceeds from borrowings		-	1,480
Repayment of borrowings		(800)	(1,542)
Net cash provided by/(used in) financing activities		(1,731)	(1,042)
Net increase/(decrease) in cash and cash equivalents		2,710	14,726
Cash and cash equivalents at the beginning of the financial year		30,510	15,784
Cash and cash equivalents at the end of the financial year	17	33,220	30,510
Financing arrangements	30		
Restrictions on cash assets	17		

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 2016

	Note	2016 \$'000	2015 \$'000
Property			
Land		-	-
Land improvements		-	-
Playgrounds		-	-
Total land		<u>-</u>	<u>-</u>
Buildings		3,634	3,482
Buildings - heritage		-	-
Building improvements - disability access works		-	-
Total buildings		<u>3,634</u>	<u>3,482</u>
Total property		<u>3,634</u>	<u>3,482</u>
Plant and equipment			
Plant, machinery and equipment		1,914	954
Furniture, equipment and computers		83	137
Artwork		26	41
Total plant and equipment		<u>2,023</u>	<u>1,132</u>
Infrastructure			
Roads		4,292	3,735
Bridges		606	27
Footpaths and cycleways		726	786
Drainage		507	593
Recreational, leisure and community facilities		3,211	2,390
Waste management		543	234
Parks, open space and streetscapes		1,367	2,399
Traffic treatments		-	-
Other infrastructure		2,939	1,503
Special charge schemes (council contributions)		-	-
Total infrastructure		<u>14,191</u>	<u>11,667</u>
Total capital works expenditure		<u>19,848</u>	<u>16,281</u>
Represented by:			
New asset expenditure		564	2,117
Asset renewal expenditure		7,383	5,041
Asset expansion expenditure		7,030	3,013
Asset upgrade expenditure		4,871	6,110
Total capital works expenditure		<u>19,848</u>	<u>16,281</u>

Statement of capital works excludes work in progress of \$4.2million.

Nillumbik Shire Council
Notes To The Financial Report
For The Year Ended 30 June 2016

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 2016

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 2016

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

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

(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. Inventories are measured at the lower of cost and net realisable value.

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 2016

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 amount for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

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

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 2016

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>	Useful life	Threshold
	Years	\$
Property		
Land	Indefinite	Nil
Playgrounds	10-15	1,000
Land improvements	50	5,000
Buildings	50-100	5,000
Plant and Equipment		
Plant and machinery	6-7	1,000
Motor vehicles	6-7	Nil
Furniture, fittings and computers	6-7	1,000
Artwork	100	500
Infrastructure		
Road surface	12-30	5,000
Road pavement	50-80	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 2016

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 2016

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 2016

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

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

(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.

(y) Related Parties and Key Management Personal

The *Australian Accounting Standards Board* has extended the scope of AASB 124 Related Party Disclosures to include not-for-profit public sector entities from 1 July 2016. The amendments made to AASB 124 provided clarification of key management personnel (KMP) in the public sector context and this has resulted in the identification of the portfolio minister as a KMP and the remaining Cabinet ministers as related parties for for-profit public sector entities which is a change from previous disclosures.

Council has prepared the key management personnel disclosures for the year based on reasonable enquiries made by management in relation to the portfolio minister and their related parties and the information available to the organisation, with the transition to a full implementation of AASB 124 and any applicable financial reporting directions from 2016-17 onwards.

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

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

Nillumbik Shire Council
Notes To The Financial Report
For The Year Ended 30 June 2016

Note 2 Budget comparison (continued)

a) Income and Expenditure

	Budget 2016 \$'000	Actual 2016 \$'000	Variance 2016 \$'000	Ref
Income				
Rates and charges	60,112	60,491	379	2(c)(i)
Statutory fees and fines	948	1,404	456	2(c)(ii)
User fees	11,640	11,319	(321)	2(c)(iii)
Grants - operating	6,605	5,919	(686)	2(c)(iv)
Grants - capital	4,517	9,783	5,266	2(c)(v)
Contributions - monetary	105	2,116	2,011	2(c)(vi)
Contributions - non monetary	-	1,607	1,607	2(c)(vii)
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	-	-	-	
Share of net profits/(losses) of associates and joint ventures	-	93	93	
Other income	2,030	2,573	543	2(c)(viii)
Total income	85,957	95,305	9,348	
Expenses				
Employee costs	31,122	30,835	(287)	2(c)(ix)
Materials and services	26,619	27,705	1,086	2(c)(x)
Bad and doubtful debts	-	29	29	2(c)(xi)
Depreciation and amortisation	9,639	9,845	206	
Borrowing costs	995	931	(64)	2(c)(xii)
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	-	13,588	13,588	2(c)(xiii)
Contributions to associates and joint ventures	2,468	2,499	31	
Other expenses	6,776	5,180	(1,596)	2(c)(xix)
Total expenses	77,619	90,612	(12,993)	
Surplus/(deficit) for the year	8,338	4,693	(3,645)	

Nillumbik Shire Council
Notes To The Financial Report
For The Year Ended 30 June 2016

Note 2 Budget comparison (continued)

b) Capital Works	Budget	Actual	Variance	
	2016	2016	2016	Ref
	\$'000	\$'000	\$'000	
Property				
Land	-	-	-	
Playgrounds	-	-	-	
Land improvements	-	-	-	
Total land	-	-	-	
Buildings	3,310	3,634	324	2(d)(i)
Buildings - heritage	-	-	-	
Building improvements	-	-	-	
Total buildings	3,310	3,634	324	
Total property	3,310	3,634	324	
Plant and equipment				
Plant, machinery and equipment	1,439	1,914	475	2(d)(ii)
Fixtures, fittings and furniture	330	83	(247)	2(d)(iii)
Computers and telecommunications	-	-	-	
Artwork	-	26	26	2(d)(iv)
Total plant and equipment	1,769	2,023	254	
Infrastructure				
Roads	2,434	4,292	1,858	2(d)(v)
Bridges	340	606	266	2(d)(vi)
Footpaths, trails and cycleways	730	726	(4)	
Drainage	500	507	7	
Recreational, leisure and community facilities	6,820	3,211	(3,609)	2(d)(vii)
Kerb and channel	-	-	-	
Waste management	1,051	543	(508)	2(d)(viii)
Parks, open space and streetscapes	252	1,367	1,115	2(d)(ix)
Traffic treatments	-	-	-	
Other infrastructure	264	2,939	2,675	2(d)(x)
Total infrastructure	12,391	14,191	1,800	
Total capital works expenditure	17,470	19,848	2,378	
Represented by:				
New asset expenditure	2,189	564	(1,625)	
Asset renewal expenditure	6,729	7,383	654	
Asset expansion expenditure	4,861	7,030	2,169	
Asset upgrade expenditure	3,691	4,871	1,180	
Total capital works expenditure	17,470	19,848	2,378	

Nillumbik Shire Council
Notes To The Financial Report
For The Year Ended 30 June 2016

Note 2 Budget comparison (continued)

c) Explanation of material variations, Income and expenditure

- (i) **Rates and charges**, variance attributable to additional rateable properties recognised over the year through developments across 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 decrease in facility use.
- (iv) **Grants - operating**, variance is the net effect of new initiative grants received but not budgeted for and reduced Grants Commission income.
- (v) **Grants - capital**, variance due to higher than expected funding for Eltham Leisure Centre redevelopment and Eltham Community Reception Centre upgrade.
- (vi) **Contributions - monetary**, variance largely due to developer and capital works contributions received in excess of budget amounts which are tied to specific works.
- (vii) **Contributions - non-monetary**, comprises of infrastructure assets gifted to Council via subdivision.
- (viii) **Other income**, positive variation due to an increase in interest income which is driven by increase in funds invested and interest on unpaid rates.
- (ix) **Employee costs**, underspend is due to position vacancies throughout Council.
- (x) **Materials and services**, variance is due to the reclassification of insurance premiums from other expenses to 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) **Borrowing costs**, due to previously budgeted borrowings taken up later than planned which has reduced interest charges incurred.
- (xiii) **Net gain/(loss) on disposal of property, infrastructure, plant and equipment**, variance due to review of property and infrastructure asset ownership (including Crown Land and traffic infrastructure on VicRoads' roads).
- (xix) **Other expenses**: variations mainly due to the reclassification of insurance premiums from other expenses to materials and services and reductions in lease cost, tipping fees and family day care reimbursements.

d) Explanation of material variations, Capital works

- (i) **Buildings**, variance due to carry forward works from prior year for Woodridge Preschool and Eltham Childcare Co-operative.
- (ii) **Plant, machinery and equipment**, variance due to purchases carried forward from 2014-15.
- (iii) **Fixtures, fittings and furniture**, variance due to works carried forward, to be undertaken in 2016-17 financial year.
- (iv) **Artwork**, purchases are made within Council policy and funded from reserve.
- (v) **Roads**, variance due to VicRoads blackspot program works, Pioneer Road and Roads 2 Recovery pavement works. These works were largely funded from specific grants, including the VicRoads blackspot and rural roads programs.
- (vi) **Bridges**, variance due to bridge rehabilitation works carried forward from 2014-15 and undertaken in the 2015-16 financial year.
- (vii) **Recreation, Leisure and Community, variance due to** work on Eltham Leisure Centre and Diamond Creek Trail carried forward to 2016-17.
- (viii) **Waste management**, variance due to landfill rehabilitation works budgeted but not completed in 2015-16 financial year.
- (ix) **Parks, open space and streetscapes**, variance due to open space land purchases not budgeted for, funded from developer contributions reserve.
- (x) **Other infrastructure**, variance due to Eltham Town Square works budgeted in 2014-15 and completed in 2015-16.

Nillumbik Shire Council
Notes To The Financial Report
For The Year Ended 30 June 2016

	2016	2015
Note 3 Rates and charges		
Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The 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 2015-16 was \$13.99billion (2014-15 \$13.86 billion). The rate in the dollar for each type of rate to be levied was:		
General	0.003507	0.003287
Farm land	0.002981	0.002794
Commercial/ industrial	0.004067	0.003812
Vacant land - residential and specified low density residential zones	0.007012	0.006573
Vacant land - other zones	0.003507	0.003287
Cultural and recreational land	0.001352	0.001267
	\$'000	\$'000
General rates	50,080	46,434
Municipal charge	2,161	2,304
Waste management charge	7,965	7,742
Service rates and charges	-	-
Special rates and charges	285	281
Supplementary rates and rate adjustments	-	-
Total rates and charges	60,491	56,761
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	622	684
Court recoveries	28	24
Town planning fees	438	346
Land information certificates	44	39
Animal infringements	75	68
Permits	197	164
Total statutory fees and fines	1,404	1,325
Note 5 User fees		
Aged services	229	275
Leisure centre and recreation	7,935	7,402
Child care/childrens programs	326	385
Registration and other permits	668	661
Building services	23	19
Waste management services	458	401
Subdivision supervision	172	142
Pound release	60	36
Adult education	361	434
Edendale farm	225	235
Environmental health	231	218
Hall and sport ground hire	401	344
Other fees and charges	230	192
Total user fees	11,319	10,744

Nillumbik Shire Council
Notes To The Financial Report
For The Year Ended 30 June 2016

	2016	2015
	\$'000	\$'000
Note 6 Grants		
Grants were received in respect of the following:		
Summary of grants		
Commonwealth funded grants	2,471	5,696
State funded grants	13,231	6,499
Total	15,702	12,195
Operating Grants		
<i>Recurrent - Commonwealth Government</i>		
Victoria Grants Commission	1,548	4,994
Other	13	35
<i>Recurrent - State Government</i>		
Adult education	447	510
Community health	78	84
Aged care, senior citizens centres	1,522	1,462
Community planning	61	57
Economic development	3	17
Emergency management	16	16
Environment	98	86
Family and children	1,032	1,055
Metro access	128	122
Recreation	22	14
School crossing supervisors	150	143
Other	-	(51)
Total recurrent operating grants	5,118	8,544
<i>Non-recurrent - Commonwealth Government</i>		
Community planning	-	37
<i>Non-recurrent - State Government</i>		
Adult education	21	102
Community planning	124	84
Economic development	-	3
Emergency management	305	344
Environment	245	536
Family and children	95	121
Recreation	5	39
Other	6	-
Total non-recurrent operating grants	801	1,266
Total operating grants	5,919	9,810

Nillumbik Shire Council
Notes To The Financial Report
For The Year Ended 30 June 2016

	2016	2015
	\$'000	\$'000
Note 6 Grants (continued)		
Capital Grants		
<i>Non-recurrent - Commonwealth Government</i>		
Environment	-	50
Playgrounds	19	-
Recreation	5	-
Bridges	78	-
Roads	238	-
Roads to recovery	570	580
<i>Non-recurrent - State Government</i>		
Community facilities	2,553	-
Community planning	(10)	10
Emergency management	-	49
Environment	8	192
Family and children	30	1,503
Recreation	5,182	1
Roads	1,110	-
Total non-recurrent capital grants	9,783	2,385
Total capital grants	9,783	2,385
Unspent grants received on condition that they be spend in a specific manner		
Balance at start of year	(99)	-
Received during the financial year and remained unspent at balance date	1,559	1,909
Received in prior years and spent during the financial year	1,672	2,008
Balance at year end	(212)	(99)
Note 7 Contributions		
Monetary	2,116	2,532
Non-monetary	1,607	1,949
Total contributions	3,723	4,481
<i>Contributions of non-monetary assets were received in relation to the following asset classes:</i>		
Land (land under roads)	180	-
Buildings	-	-
Infrastructure	1,427	1,949
Other	-	-
Total non-monetary contributions	1,607	1,949
Note 8 Net gain/(loss) on disposal of property, infrastructure, plant and equipment		
Proceeds of sale	3,715	4,431
Written down value of assets disposed	(17,303)	(1,211)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	(13,588)	3,220

Nillumbik Shire Council
Notes To The Financial Report
For The Year Ended 30 June 2016

	2016	2015
	\$'000	\$'000
Note 9 Other income		
Interest	923	955
Interest on rates	511	480
Other rent	241	347
Reimbursements	101	114
Sale of valuations	17	186
WorkCover insurance recoveries	145	118
Planning	81	64
Other	554	597
Total other income	<u>2,573</u>	<u>2,861</u>
 Note 10(a) Employee costs		
Wages and salaries	23,698	23,467
WorkCover	370	259
Casual staff	662	624
Superannuation	2,575	2,638
Long service leave	555	576
Fringe benefits tax	335	324
Oncost recoveries	2,584	2,629
Other	56	-
Total employee costs	<u>30,835</u>	<u>30,517</u>
 Note 10(b) Superannuation		
Council made contributions to the following funds:		
Defined benefit fund		
Employer contributions to <i>Local Authorities Superannuation Fund (Vision Super)</i>	246	255
Employer contributions - other funds	-	-
	<u>246</u>	<u>255</u>
Employer contributions payable at reporting date.	-	-
 Accumulation funds		
Employer contributions to <i>Local Authorities Superannuation Fund (Vision Super)</i>	1,475	1,557
Employer contributions - other funds	854	826
	<u>2,329</u>	<u>2,383</u>
Total superannuation contributions	<u>2,575</u>	<u>2,638</u>
 Employer contributions payable at reporting date.	<u>111</u>	<u>-</u>

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 2016

	2016	2015
	\$'000	\$'000
Note 11 Materials and services		
Contract payments	14,061	13,592
Building maintenance	311	297
Materials, maintenance and equipment	5,973	6,428
Utilities	1,240	1,229
Information technology and telephone	1,548	1,692
Insurance premiums	971	963
Fleet operations	1,564	1,811
Emergency management	175	177
Planning and building services	40	22
Corporate support	80	88
Communications	313	224
Corporate information	66	45
Waste services	8	6
Stationary, printing and postage	223	237
Bushfire	648	924
Subscriptions and memberships	114	119
Other	370	425
Total	27,705	28,279
 Note 12 Bad and doubtful debts		
Parking fine debtors*	8	16
Bad debts	21	14
Total bad and doubtful debts	29	30
* 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.		
 Note 13 Depreciation and amortisation		
Property	102	144
Buildings	1,295	2,334
Plant and equipment	1,217	1,111
Infrastructure	7,231	6,088
Total depreciation and amortisation	9,845	9,677
<i>Refer to note 23 for a detailed breakdown of depreciation and amortisation charges</i>		
 Note 14 Borrowing costs		
Interest:		
Borrowings	931	979
Finance leases	-	1
Total borrowing costs	931	980

Nillumbik Shire Council
Notes To The Financial Report
For The Year Ended 30 June 2016

	2016	2015
	\$'000	\$'000
Note 15 Other expenses		
Auditors' remuneration - VAGO - audit of the financial statements, performance statement	60	60
Auditors' remuneration - internal and grant acquittals	114	110
Councillors' allowances	237	238
Operating lease rentals	990	946
Payment agents and bank fees	162	160
Aged and family services	351	315
Strategic planning	126	88
Economic development	346	349
Council support	47	50
Planning and building	4	4
Waste management	992	947
Municipal laws	149	165
Environmental works	331	198
Leisure and education services	43	184
Youth services	5	15
Community development	146	217
Information technology	164	268
Arts and cultural services	295	101
Other	618	548
Total other expenses	5,180	4,963

**Nillumbik Shire Council
Notes To The Financial Report
For The Year Ended 30 June 2016**

	2016	2015
	\$'000	\$'000
Note 16(a) Investment in associates, joint arrangements and subsidiaries		
Investments in associates accounted for by the equity method are:		
- Yarra Plenty Regional Library Service	1,470	1,377
Yarra Plenty Regional Library Service		
<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 \$93,086 (increase of \$161,359 in 2014/15) due to the increase in the net assets position of the Corporation (audited at 30 June 2016). Council's equity interest based on contributions is 20.86 percent.		
Fair value of Council's investment in Yarra Plenty Regional Library Service	1,470	1,377
Council's share of accumulated surplus/(deficit)		
Council's share of accumulated surplus/(deficit) at start of year	474	474
Reported surplus/(deficit) for year	93	-
Transfers (to)/from reserves	-	-
Distributions for the year	-	-
Council's share of accumulated surplus/(deficit) at end of year	567	474
Movement in carrying value of specific investment		
Carrying value of investment at start of year	1,377	1,216
Share of surplus/(deficit) for year	93	161
Share of asset revaluation	-	-
Distributions received	-	-
Carrying value of investment at end of year	1,470	1,377
Council's share of expenditure commitments		
Operating commitments	-	-
Capital commitments	-	-
Council's share of expenditure commitments	-	-
Council's share of contingent liabilities and contingent assets		
Council's share of contingent liabilities and contingent assets	-	-
Council's share of contingent liabilities and contingent assets	-	-
Note 16(b) Yarra Plenty Regional Library Service Contributions		
Contributions	2,499	2,277

Nillumbik Shire Council
Notes To The Financial Report
For The Year Ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Note 17 Cash and cash equivalents			
Cash on hand		7	6
Cash at bank		1,857	9,262
Term deposits		31,356	21,242
Total cash and cash equivalents		33,220	30,510
Councils cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use, these include:			
Trust funds and deposits	25	1,352	1,308
Net increase/(decrease) in restricted assets resulting from grant revenues	6	(212)	(99)
Statutory cash backed and capital works reserves	28(c)	23,162	18,420
Total restricted funds		24,302	19,629
Total unrestricted cash and cash equivalents		8,918	10,881
Intended allocations			
Although not externally restricted the following amounts have been allocated for specific future purposes by Council:			
Cash held to fund long service leave (cash at bank)		-	4,600
Cash held to fund long service leave (other financial assets)		6,000	-
		6,000	4,600
Note 18 Trade and other receivables			
Current			
Rates debtors		5,520	5,262
Special charge scheme debtors		819	679
Parking infringement debtors		574	509
Provision for doubtful debts - parking infringements		(287)	(279)
Other debtors		1,138	1,348
Provision for doubtful debts - other debtors		-	-
Net GST receivable		443	442
Total current trade and other receivables		8,207	7,961
Non-current			
Special rate scheme		707	987
Loans and advances to community organisations		-	-
Total non-current trade and other receivables		707	987
Total trade and other receivables		8,914	8,948

Nillumbik Shire Council
Notes To The Financial Report
For The Year Ended 30 June 2016

	2016	2015
	\$'000	\$'000
Note 18 Trade and other receivables (continued)		
a) Ageing of Receivables		
At balance date other debtors representing financial assets were past due but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of default. The ageing of the Council's trade and other receivables (excluding statutory receivables) was:		
Current (not yet due)	833	959
Past due by up to 30 days	112	39
Past due between 31 and 180 days	52	56
Past due between 181 and 365 days	63	49
Past due by more than 1 year	365	475
Total trade & other receivables	1,425	1,578
 b) Movement in provisions for doubtful debts		
Balance at the beginning of the year	279	336
New provisions recognised during the year	29	12
Amounts already provided for and written off as uncollectible	(21)	(69)
Amounts provided for but recovered during the year	-	-
Balance at end of year	287	279
Note 19 Other financial assets		
Current		
Term deposits	7,000	-
Non-current		
Investment - MAPS	5	5
Total other financial assets	7,005	5
Note 20 Inventories		
Fuel	15	18
Total inventories	15	18
Note 21 Non-current assets classified as held for sale		
Cost of acquisition	3,172	2,362
Capitalised development costs (e.g. roads, drainage)	-	-
Total non-current assets classified as held for resale	3,172	2,362
Note 22 Other assets		
Current		
Prepayments	977	318
Accrued income	279	78
Total current other assets	1,256	396
Non-current		
Accrued income	-	70
Total non-current other assets	-	70
Total other assets	1,256	466

**Nillumbik Shire Council
Notes To The Financial Report
For The Year Ended 30 June 2016**

Note 23 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	At fair value 30 June 2016	Accumulated depreciation	WDV 30 June 2016	At fair value 30 June 2015	Accumulated depreciation	WDV 30 June 2015
Land ⁽ⁱⁱ⁾	310,066	(11,947)	298,119	275,141	(12,513)	262,628
Buildings ⁽ⁱ⁾	73,052	(30,062)	42,990	129,754	(54,001)	75,753
Plant and equipment	16,909	(9,836)	7,073	15,858	(9,976)	5,882
Infrastructure ⁽ⁱ⁾⁽ⁱⁱ⁾	529,555	(141,028)	388,527	438,191	(127,414)	310,777
Work in progress	4,753	-	4,753	4,701	-	4,701
Total	934,335	(192,873)	741,462	863,645	(203,904)	659,741

Summary of work in progress

	Opening WIP	Additions	Transfers	Write Offs	Closing WIP
Land (land improvements)	988	1,975	(978)	(10)	1,975
Buildings	2,023	1,588	(1,956)	(47)	1,608
Plant and equipment	-	-	-	-	-
Infrastructure	1,690	644	(1,144)	(20)	1,170
Total	4,701	4,207	(4,078)	(77)	4,753

(i) Assets with a fair value of \$58million previously classified as *Buildings - specialised* , reclassified and transferred into *Recreational, leisure and community* .

(ii) Assets with a fair value of \$2.6million previously classified as *Land improvements* and *Other infrastructure* , reclassified and transferred into *Parks, open spaces and streetscapes* .

Nillumbik Shire Council
Notes To The Financial Report
For The Year Ended 30 June 2016

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

	Land - specialised	Land - non-specialised	Land improvements	Total land	Buildings - heritage	Buildings - specialised	Buildings - non-specialised	Building improvements	Total buildings	Work in progress	Total property
Land and buildings											
At fair value 1 July 2015	-	255,361	8,059	263,420	12,608	116,657	489	-	129,754	3,011	396,185
At deemed cost	320	-	-	320	-	-	-	-	-	-	320
At anticipated restoration cost	11,401	-	-	11,401	-	-	-	-	-	-	11,401
Accumulated depreciation at 1 July 2015	(11,401)	-	(1,112)	(12,513)	(5,579)	(48,028)	(394)	-	(54,001)	-	(66,514)
	320	255,361	6,947	262,628	7,029	68,629	95	-	75,753	3,011	341,392
Movements in fair value											
Acquisition of assets at fair value	180	1,100	411	1,691	-	4,796	-	-	4,796	3,563	10,050
Revaluation increments/(decrements)	-	44,637	-	44,637	873	92	23	-	988	-	45,625
Fair value of assets disposed	-	(7,659)	(120)	(7,779)	-	(4,184)	-	-	(4,184)	(57)	(12,020)
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	(810)	(2,814)	(3,624)	-	(58,302)	-	-	(58,302)	(2,934)	(64,860)
	180	37,268	(2,523)	34,925	873	(57,598)	23	-	(56,702)	572	(21,205)
Movements in accumulated depreciation											
Depreciation and amortisation	-	-	(102)	(102)	(185)	(1,105)	(5)	-	(1,295)	-	(1,397)
Revaluation increments/(decrements)	-	-	-	-	(441)	(499)	(18)	-	(958)	-	(958)
Accumulated depreciation of disposals	-	-	29	29	-	2,459	-	-	2,459	-	2,488
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	639	639	-	23,733	-	-	23,733	-	24,372
	-	-	566	566	(626)	24,588	(23)	-	23,939	-	24,505
Land and buildings											
At fair value 30 June 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 30 June 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

Nillumbik Shire Council
Notes To The Financial Report
For The Year Ended 30 June 2016

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

	Plant machinery, equipment and motor vehicles	Fixtures, fittings and furniture	Computers and telecomms	Artwork	Total plant and equipment
Plant and equipment					
At fair value 1 July 2015	9,545	2,412	2,062	1,839	15,858
Accumulated depreciation at 1 July 2015	(6,154)	(1,939)	(1,883)	-	(9,976)
	3,391	473	179	1,839	5,882
Movements in fair value					
Acquisition of assets at fair value	1,918	66	119	26	2,129
Revaluation increments/(decrements)	-	-	-	567	567
Fair value of assets disposed	(1,348)	(297)	-	-	(1,645)
Impairment losses recognised in operating result	-	-	-	-	-
Transfers	-	-	-	-	-
	570	(231)	119	593	1,051
Movements in accumulated depreciation					
Depreciation and amortisation	(1,029)	(133)	(55)	-	(1,217)
Revaluation increments/(decrements)	-	-	-	-	-
Accumulated depreciation of disposals	1,060	297	-	-	1,357
Impairment losses recognised in operating result	-	-	-	-	-
Transfers	-	-	-	-	-
	31	164	(55)	-	140
Plant and equipment					
At fair value 30 June 2016	10,115	2,181	2,181	2,432	16,909
Accumulated depreciation at 30 June 2016	(6,123)	(1,775)	(1,938)	-	(9,836)
	3,992	406	243	2,432	7,073

Nilumbik Shire Council
Notes To The Financial Report
For The Year Ended 30 June 2016

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	Total infrastructure
Infrastructure											
At fair value 1 July 2015	236,220	13,818	24,125	126,933	-	22,778	1,287	3,806	9,224	1,690	439,881
Accumulated depreciation at 1 July 2015	(45,449)	(4,695)	(13,543)	(41,161)	-	(13,057)	(944)	(2,785)	(5,780)	-	(127,414)
	190,771	9,123	10,582	85,772	-	9,721	343	1,021	3,444	1,690	312,467
Movements in fair value											
Acquisition of assets at fair value	3,421	441	1,203	1,759	-	207	-	4,029	194	644	11,898
Revaluation increments/(decrements)	25,328	572	(323)	(4,046)	3,345	1,714	-	116	-	-	26,706
Fair value of assets disposed	(6,695)	(51)	(158)	(185)	(1,909)	(11)	-	(35)	-	(20)	(9,064)
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-	-
Transfers	391	26	421	15	58,043	-	-	2,588	964	(1,144)	61,304
	22,445	988	1,143	(2,457)	59,479	1,910	-	6,698	1,158	(520)	90,844
Movements in accumulated depreciation											
Depreciation and amortisation	(2,573)	(235)	(625)	(1,415)	(1,203)	(491)	(86)	(242)	(361)	-	(7,231)
Revaluation increments/(decrements)	6,446	(116)	4,189	2,179	(2,570)	5,763	-	631	-	-	16,522
Accumulated depreciation of disposals	403	13	114	11	941	6	-	17	-	-	1,505
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-	-
Transfers	(8)	-	(5)	(22)	(23,733)	-	-	(380)	(262)	-	(24,410)
	4,268	(338)	3,673	753	(26,565)	5,278	(86)	26	(623)	-	(13,614)
Infrastructure											
At fair value 30 June 2016	258,665	14,806	25,268	124,476	59,479	24,688	1,287	10,504	10,382	1,170	530,725
Accumulated depreciation at 30 June 2016	(41,181)	(5,033)	(9,870)	(40,408)	(26,565)	(7,779)	(1,030)	(2,759)	(6,403)	-	(141,028)
	217,484	9,773	15,398	84,068	32,914	16,909	257	7,745	3,979	1,170	389,697

Nillumbik Shire Council
Notes To The Financial Report
For The Year Ended 30 June 2016

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.

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

	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000
Land - specialised	-	500	-
Land - non-specialised	-	292,629	-
Land improvements	-	-	4,990
Buildings - heritage	-	-	7,276
Buildings - specialised	-	-	35,619
Buildings - non-specialised	-	-	95
Building improvements	-	-	-
Total	-	293,129	47,980

Valuation of infrastructure

Valuation of infrastructure assets has been determined in accordance with an 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 2016 are as follows:

	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000
Roads	-	-	217,484
Bridges	-	-	9,773
Footpaths and cycleways	-	-	15,398
Drainage	-	-	84,068
Recreational, leisure and community	-	-	32,914
Kerb and channel	-	-	16,909
Waste management	-	-	257
Parks, open spaces and streetscapes	-	-	7,745
Other infrastructure	-	-	3,979
Total	-	-	388,527

**Nillumbik Shire Council
Notes To The Financial Report
For The Year Ended 30 June 2016**

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.

	2016	2015
	\$'000	\$'000
Reconciliation of specialised land		
Land under roads	500	320
Land held at anticipated restoration cost (Plenty / Kangaroo Ground Landfill Closure)	11,401	11,401
Less: accumulated depreciation	(11,401)	(11,401)
Total specialised land	500	320

Nillumbik Shire Council
Notes To The Financial Report
For The Year Ended 30 June 2016

		2016	2015
		\$'000	\$'000
Note 24	Trade and other payables		
	Trade payables	1,633	2,108
	Accrued expenses	3,009	2,064
	Prepaid income	68	76
	Net GST payable	-	-
	Total trade and other payables	<u>4,710</u>	<u>4,248</u>
Note 25	Trust funds and deposits		
	Refundable deposits	202	236
	Fire services levy	-	-
	Retention amounts	363	170
	Other refundable deposits	787	902
	Total trust funds and deposits	<u>1,352</u>	<u>1,308</u>

Purpose and nature of items

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

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

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

Nillumbik Shire Council
Notes To The Financial Report
For The Year Ended 30 June 2016

Note 26 Provisions

	Employee \$ '000	Landfill \$ '000	Total \$ '000
2016			
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	-	-	-
Balance at the end of the financial year	7,501	8,507	16,008
2015			
Balance at beginning of the financial year	6,668	8,699	15,367
Additional provisions	3,500	-	3,500
Amounts used	(2,890)	(192)	(3,082)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	-	-	-
Balance at the end of the financial year	7,278	8,507	15,785
		2016	2015
		\$'000	\$'000
(a) Employee provisions			
Current provisions expected to be wholly settled within 12 months			
Annual leave		671	691
Long service leave		925	911
		<u>1,596</u>	<u>1,602</u>
Current provisions expected to be wholly settled after 12 months			
Annual leave		1,363	1,402
Long service leave		3,699	3,636
		<u>5,062</u>	<u>5,038</u>
Total current provisions		<u>6,658</u>	<u>6,640</u>
Non-current			
Long service leave		843	638
Total non-current provisions		<u>843</u>	<u>638</u>
Aggregate carrying amount of employee provisions			
Current		6,658	6,640
Non-current		843	638
Total aggregate carrying amount of employee provisions		<u>7,501</u>	<u>7,278</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		1.76%	2.36%
(b) Land fill restoration			
Current		-	1,051
Non-current		8,507	7,456
Total land fill restoration		<u>8,507</u>	<u>8,507</u>

Nillumbik Shire Council
Notes To The Financial Report
For The Year Ended 30 June 2016

	2016 \$'000	2015 \$'000
Note 26 Provisions		
(c) Aggregate carrying amount of provisions		
Current	6,658	7,691
Non-current	9,350	8,094
Total	16,008	15,785
Note 27 Interest-bearing loans and borrowings		
Current		
Finance leases	-	4
Borrowings - secured	2,322	2,273
	2,322	2,277
Non-current		
Finance leases	-	-
Borrowings - secured	11,981	12,826
	11,981	12,826
Total	14,303	15,103
a) The maturity profile for Council's borrowings is:		
Not later than one year	2,322	2,273
Later than one year and not later than five years	3,369	3,521
Later than five years	8,612	9,305
Total	14,303	15,099
b) The maturity profile for Council's finance lease liabilities		
Not later than one year	-	4
Later than one year and not later than five years	-	-
Later than five years	-	-
Total	-	4
Minimum future lease payments	-	4
Less future finance charges	-	-
Present value of minimum lease payments	-	4
<p>Council's obligations under finance leases were for the lease of mobile garbage bins, Volvo Loader and Hino Sweeper (the sum of which was recognised as a liability after deduction of future lease finance charges included in the obligation). Council's obligations were discharged during the financial year on conclusion of the finance lease arrangement.</p>		
c) Aggregate carrying amount of interest-bearing loans and borrowings:		
Current	2,322	2,277
Non-current	11,981	12,826
Total	14,303	15,103

Nillumbik Shire Council
Notes To The Financial Report
For The Year Ended 30 June 2016

Note 28 Reserves

	Balance at beginning of reporting period \$'000	Increment/ (decrement) \$'000	Balance at end of reporting period \$'000
(a) Asset revaluation reserves			
2016			
Property			
Land, land improvements and playgrounds	146,434	45,384	191,818
Buildings	12,721	805	13,526
Total property	159,155	46,189	205,344
Plant and Equipment			
Plant, machinery and vehicles	535	-	535
Furniture, equipment and computers	689	-	689
Artwork	801	567	1,368
Total plant and equipment	2,025	567	2,592
Infrastructure			
Roads	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
Total infrastructure	116,005	41,709	157,715
Total asset revaluation reserves	277,186	88,465	365,651
2015			
Property			
Land, land improvements and playgrounds	147,764	(1,330)	146,434
Buildings	12,473	248	12,721
Total property	160,237	(1,082)	159,155
Plant and Equipment			
Plant, machinery and vehicles	535	-	535
Furniture, equipment and computers	689	-	689
Artwork	801	-	801
Total plant and equipment	2,025	-	2,025
Infrastructure			
Roads, earthworks	58,068	396	58,464
Bridges	3,579	(119)	3,460
Footpaths and cycleways	-	(1,124)	(1,124)
Drainage	45,234	-	45,234
Kerb and channel	-	662	662
Traffic treatments	-	8,908	8,908
Other infrastructure	401	-	401
Total infrastructure	107,282	8,723	116,005
Total asset revaluation reserves	269,545	7,641	277,186

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

Nillumbik Shire Council
Notes To The Financial Report
For The Year Ended 30 June 2016

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) Other reserves			
2016			
Statutory cash backed reserves			
Car parks	97	-	97
Open space	610	327	937
Yarrambat drainage scheme	390	11	401
Yarrambat drainage extension area	145	4	149
Street light contributions	28	-	28
Street trees	76	-	76
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
Total cash backed statutory reserves	6,527	108	6,635
Discretionary reserves			
Public art program	133	4	137
Carried forward projects	7,051	4,398	11,449
Information technology	371	449	820
Leisure centre profit share	150	177	327
Plant replacement	1,915	(123)	1,792
Property management	3,394	2,264	5,658
Bridgeford Estate	53	(3)	50
Plenty and Kangaroo Ground landfill restoration	2,874	362	3,236
Grants program management	125	(34)	91
Bushfire grants	-	-	-
Special rates	4	11	15
MAV bond repayment	342	1,443	1,785
Unallocated	106	56	162
Defined benefit superannuation potential future calls	735	606	1,341
Total discretionary reserves	17,253	9,610	26,863
Total other reserves	23,780	9,718	33,498

Nillumbik Shire Council
Notes To The Financial Report
For The Year Ended 30 June 2016

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) Other reserves (continued)			
2015			
Statutory cash backed reserves			
Car parks	97	-	97
Open space	413	197	610
Yarrambat drainage scheme	388	2	390
Yarrambat drainage extension area	144	1	145
Street light contributions	28	-	28
Street trees	76	-	76
Development planning overlays: infrastructure	1,698	383	2,081
Development contribution plans: open space	2,209	446	2,655
Development contribution construction	172	4	176
Native vegetation	227	42	269
Total cash backed statutory reserves	5,452	1,075	6,527
Discretionary reserves			
Public art program	155	(22)	133
Carried forward projects	6,086	965	7,051
Information technology	232	139	371
Leisure centre profit share	100	50	150
Plant replacement	1,340	575	1,915
Property management	661	2,733	3,394
Bridgeford Estate	51	2	53
Plenty and Kangaroo Ground Tip restoration	4,211	(1,337)	2,874
Grants program management	20	105	125
Bushfire grants	30	(30)	-
Special rates	1	3	4
MAV bond repayment	-	342	342
Unallocated	106	-	106
Defined benefit superannuation potential future calls	-	735	735
Total discretionary reserves	12,993	4,260	17,253
Total other reserves	18,445	5,335	23,780
		2016	2015
		\$'000	\$'000
(c) Statutory cash backed and capital works reserves			
Statutory cash backed reserves		6,635	6,527
Discretionary reserves:			
Carried forward projects		11,449	7,051
Plant replacement		1,792	1,915
Bridgeford Estate		50	53
Plenty and Kangaroo Ground landfill restoration		3,236	2,874
Total externally restricted reserves		23,162	18,420

Nillumbik Shire Council
Notes To The Financial Report
For The Year Ended 30 June 2016

	2016	2015
	\$'000	\$'000
Note 29 Reconciliation of cash flows from operating activities to surplus/(deficit)		
Surplus/(deficit) for the year	4,693	15,025
Depreciation/amortisation	9,845	9,677
(Profit)/loss on disposal of property, infrastructure, plant and equipment	13,588	(3,220)
Share of net (profits)/losses of associates and joint ventures	(93)	(161)
Contributions - non-monetary assets	(1,607)	(1,949)
Other	931	980
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	34	281
(Increase)/decrease in prepayments	(659)	28
(Increase)/decrease in accrued income	(131)	283
Increase/(decrease) in trade and other payables	462	139
(Increase)/decrease in inventories	3	7
Increase/(decrease) in provisions	223	418
Increase/(decrease) in trust funds	44	142
Net cash provided by/(used in) operating activities	<u>27,333</u>	<u>21,650</u>
Note 30 Financing arrangements		
Bank overdraft and drawdown available	-	1,145
Credit card facilities	153	-
Other facilities	-	-
Total facilities	<u>153</u>	<u>1,145</u>
Used facilities	20	-
Unused facilities	133	-
Total	<u>153</u>	<u>-</u>

Nillumbik Shire Council
Notes To The Financial Report
For The Year Ended 30 June 2016

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
2016	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Sport and leisure	387	176	1,167	-	1,730
Garbage collection	-	-	-	-	-
Strategic community programs	200	205	211	-	616
Infrastructure	-	-	-	-	-
Total	587	381	1,378	-	2,346
Capital					
Buildings	2,871	-	-	-	2,871
Landfill rehabilitation	2,400	1,550	356	-	4,306
Land improvements	683	-	-	-	683
Roads	98	-	-	-	98
Bridges	106	-	-	-	106
Playgrounds	256	-	-	-	256
Footpaths, trails and cycleways	306	-	-	-	306
Total	6,720	1,550	356	-	8,626
2015					
	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
2015	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Sport and leisure	37	387	1,343	-	1,767
Garbage collection	-	-	-	-	-
Strategic community programs	250	-	-	-	250
Infrastructure	-	-	-	-	-
Total	287	387	1,343	-	2,017
Capital					
Buildings	3,209	-	-	-	3,209
Roads	-	-	-	-	-
Drainage	-	-	-	-	-
Total	3,209	-	-	-	3,209

Nillumbik Shire Council
Notes To The Financial Report
For The Year Ended 30 June 2016

	2016	2015
	\$'000	\$'000
Note 32 Operating leases		
Operating lease commitments		
At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities):		
Not later than one year	903	1,110
Later than one year and not later than five years	1,984	3,098
Later than five years	441	583
	3,328	4,791

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 2016, 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 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's Actuary.

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

Net investment 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 VBI at 31 March 2016 was 102.4 percent.

The VBI is to be used as the primary funding indicator. Because the VBI was above 100 percent, the 2015 interim actuarial investigation determined the defined benefit category was in a satisfactory financial position and that no change was necessary to the defined benefit category's funding arrangements from prior years.

Nillumbik Shire Council
Notes To The Financial Report
For The Year Ended 30 June 2016

NOTE 33 Superannuation (continued)
Employer contributions

Regular contributions

On the basis of the results of the 2015 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 2016, this rate was 9.5 percent of members' salaries (9.5% in 2014/2015). 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

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.

Latest actuarial investigation surplus amounts

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

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

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2015.

The total service liability surplus means that the current value of the assets in the Fund's defined benefit category plus expected future contributions exceeds the value of expected future benefits and expenses.

Council was notified of the 30 June 2015 VBA during August 2015.

Future superannuation contributions

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2017 is \$0.226million.

Nillumbik Shire Council
Notes To The Financial Report
For The Year Ended 30 June 2016

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.

<i>Guarantees for loans to other entities</i>	2016	2015
	\$'000	\$'000
Total guarantees for loans to other entities	1,039	863

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.

Nillumbik Shire Council
Notes To The Financial Report
For The Year Ended 30 June 2016

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

- we have a policy for establishing credit limits for the entities we deal with;
- we may require collateral where appropriate; and
- we 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
Notes To The Financial Report
For The Year Ended 30 June 2016

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 3.0 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.

Nillumbik Shire Council
Notes To The Financial Report
For The Year Ended 30 June 2016

Note 36 Related party transactions

(i) Responsible Persons

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

Councillors (elected 27 October 2012)

Cr Helen Coleman (Mayor 30/06/2015 - 27/10/2015)
 Cr Bronnie Hattam (Mayor 27/10/2015 - 30/06/2016)
 Cr Ken King
 Cr Meralyn Klein
 Cr Peter Perkins
 Cr Anika Van Hulsen
 Cr Michael Young

Chief Executive Officer Mr Stuart Burdack

(ii) Remuneration of Responsible Persons

The numbers of Responsible Persons whose total remuneration* from Council and any related entities, excluding retirement benefits, fall within the following bands:

	2016	2015
\$1 - \$9,999	-	-
\$10,000 - \$19,999	-	-
\$20,000 - \$29,999	5	5
\$30,000 - \$39,999	-	1
\$40,000 - \$49,999	1	-
\$50,000 - \$59,999	-	-
\$60,000 - \$69,999	1	1
\$300,000 - \$309,999	-	1
\$310,000 - \$319,999	1	-
	8	8
	\$'000	\$'000
Total Remuneration for the reporting year for Responsible Persons included above:	549	521

*Total remuneration including superannuation

Nillumbik Shire Council
Notes To The Financial Report
For The Year Ended 30 June 2016

Note 36 Related party transactions (continued)

(iii) Senior Officers remuneration

A Senior Officer other than a Responsible Person, is an officer of Council who:

- a) has management responsibilities and reports directly to the Chief Executive; or
- b) whose total annual remuneration exceeds \$136,000

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

	2016	2015
Income Range:		
\$130,000 - \$139,999	-	5
\$140,000 - \$149,999	4	9
\$150,000 - \$159,999	6	1
\$160,000 - \$169,999	4	-
\$170,000 - \$189,999	-	-
\$190,000 - \$199,999	-	3
\$200,000 - \$209,999	1	1
\$210,000 - \$219,999	3	-
	18	19*
	\$'000	\$'000
Total Remuneration for the reporting year for Senior Officers included above:	2,995	2,702

*Increase in number of senior officers attributed to overlapping employment. Total number of senior offices at 30 June 2015 was 18.

(iv) Responsible persons retirement benefits

No retirements benefits have been made by the Council to a Responsible Person (2014-15 nil).

(v) Loans to responsible persons

No Loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year (2014-15 nil).

(vi) Transactions with responsible persons

No transactions other than remuneration payments or the reimbursement of approved expenses were entered into by Council with Responsible Persons, or related parties of such Responsible Person during the reporting year (2014-15 nil).

Note 37 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 2016

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 2016 and the financial position of the Council as at that date.

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

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

Bronnie Hattam (Mayor)
Councillor

Date :
GREENSBOROUGH

Helen Coleman (Deputy Mayor)
Councillor

Date :
GREENSBOROUGH

Stuart Burdack
Chief Executive Officer

Date :
GREENSBOROUGH

Nillumbik Shire Council Performance Statement For The Year Ended 30 June 2016



Nillumbik Shire Council
Performance Statement
For The Year Ended 30 June 2016

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 62,602 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 2016**

Sustainable Capacity Indicators

Indicator/measure	2016	2015	Material Variations
Population			
<i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$1,447.43	\$1,220.30	This variance is due to once-off adjustments to Council's asset register (\$13.5 million net expense). These adjustments have been made to correct ownership of pedestrian signals on VicRoads' roads; tenants' infrastructure on Council land; land not owned by Council; and Crown land not controlled by Council. If these adjustments had not been recognised as an expense this year, the expense per head of population would be \$1,225 which is consistent with the prior year.
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$7,081.93	\$6,316.21	The value of Council's infrastructure has increased because of capital works undertaken by Council to improve community facilities and infrastructure assets, as well as the impact of a periodic revaluation of assets.
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	81.09	82.08	The decrease in population density per length of road reflects a 270 person decrease in population.
Own-source revenue			
<i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,212.10	\$1,194.05	This result is consistent with the previous year.
Recurrent grants			
<i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$81.75	\$135.90	There was a reduction in grant revenue during the year, due to a combination of cuts to the Commonwealth Government's Financial Assistance Grants (reduced by \$125,000), and also changes to the timing of payments.
Disadvantage			
<i>Relative Socio-Economic Disadvantage</i> [Index of Relative Socio-Economic Disadvantage by decile]	10.00	10.00	The resident population of the municipality has a high socio-economic status.

**Nillumbik Shire Council
Performance Statement
For The Year Ended 30 June 2016**

Service Performance Indicators

Service/indicator/measure	2016	2015	Material Variations
Aquatic Facilities			
Utilisation			
<i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	2.56	4.18	There were more visits to the Diamond Creek outdoor pool this year, but patronage at both pools declined overall as a result of the impending closure and redevelopment of the aquatics at Eltham Leisure Centre.
Animal Management			
Health and safety			
<i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	8.00	5.00	Six of the prosecutions were for owners of dogs which had attacked. The remaining two prosecutions were for owners who allowed their dogs to bark excessively causing a continued nuisance to neighbours.
Food Safety			
Health and safety			
<i>Critical and major non-compliance outcome notifications</i> [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100	100.00%	92.41%	All inspections of food premises resulting in a critical or major non-compliance result were followed up by Council.
Governance			
Satisfaction			
<i>Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	64.20	66.70	Satisfaction with Council's performance on making decisions in the interests of the community declined 3.8 per cent in 2016, from 66.7 to 64.2. This decline was reflected across the state.

**Nillumbik Shire Council
Performance Statement
For The Year Ended 30 June 2016**

Service Performance Indicators (continued)

Service/indicator/measure	2016	2015	Material Variations
Home and Community Care (HACC)			
Participation			
<i>Participation in HACC service</i> [Number of people that received a HACC service / Municipal target population for HACC services] x100	23.88%	24.50%	These figures are based on our population, not funded hours of service. Council delivered its funded target hours for all services in the HACC program.
<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	40.84%	23.74%	All CALD clients have been able to access the service/s that they are eligible to receive.
Libraries			
Participation			
<i>Active library members</i> [Number of active library members / Municipal population] x100	23.71%	24.88%	There has been a slight decrease in library membership compared to the previous year. This figure does not take into consideration the number of community members who attend the Eltham and Diamond Valley libraries but may not be members of the Yarra Plenty Regional Library Service.
Maternal and Child Health (MCH)			
Participation			
<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%	The MAV has received verbal confirmation from LGV that an extension will be granted for the LGPRF MCH indicators due to the CDIS data cleansing that councils are currently undertaking. The extended due date for the MCH indicators will be the end of October.
<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%	The MAV has received verbal confirmation from LGV that an extension will be granted for the LGPRF MCH indicators due to the CDIS data cleansing that councils are currently undertaking. The extended due date for the MCH indicators will be the end of October.

**Nillumbik Shire Council
Performance Statement
For The Year Ended 30 June 2016**

Service Performance Indicators (continued)

Service/indicator/measure	2016	2015	Material Variations
Roads			
Satisfaction			
<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]	65.20	65.60	Council surveys residents' satisfaction with the maintenance and repairs of sealed local roads and this declined by 0.4 per cent. This remains at a level categorised as 'good'.
Statutory Planning			
Decision making			
<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	70.00%	36.36%	This is a 34 per cent improvement on last year because VCAT upheld more of Council's decisions.
Waste Collection			
Waste diversion			
<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	69.30%	70.00%	Council continues to be well above State diversion targets even with this small 0.7 per cent decrease in the amount of waste diverted from landfill.

**Nillumbik Shire Council
Performance Statement
For The Year Ended 30 June 2016**

Financial Performance Indicators

Dimension/indicator/measure	Results		Forecasts				Material Variations
	2015	2016	2017	2018	2019	2020	
Efficiency							
<i>Revenue level</i>							
Average residential rate per residential property assessment [Residential rate revenue / Number of residential property	\$2,463.03	\$2,569.65	\$2,643.15	\$2,713.15	\$2,785.04	\$2,858.84	This variance reflects the increase in rates for the year along with the impact of new properties created through subdivision and development. Nillumbik has relatively few commercial and industrial properties, which places greater reliance upon residential rate revenue.
<i>Expenditure level</i>							
Expenses per property assessment [Total expenses / Number of property assessments]	\$3,186.17	\$3,329.18	\$3,346.45	\$3,411.72	\$3,485.88	\$3,565.60	The change in expenditure is consistent with the change in level of rates. The result is in the middle of the expected range.
<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%	5.85%	5.76%	5.76%	5.76%	There was a significant turnover of staff compared to the previous year.
Liquidity							
<i>Working capital</i>							
Current assets compared to current liabilities [Current assets / Current liabilities] x100	265.70%	351.48%	187.65%	209.26%	213.02%	200.91%	This variance reflects higher liquidity which has resulted from increased cash holdings, due to grants and contributions for capital works projects that are planned but have not yet been implemented.

**Nillumbik Shire Council
Performance Statement
For The Year Ended 30 June 2016**

Financial Performance Indicators (continued)

Dimension/indicator/measure	Results		Forecasts				Material Variations
	2015	2016	2017	2018	2019	2020	
Liquidity (continued)							
<i>Unrestricted cash</i>							
<i>Unrestricted cash compared to current liabilities [Unrestricted cash / Current liabilities] x100</i>	71.82%	62.99%	62.94%	73.20%	75.33%	72.16%	While the overall level of liquidity has increased, a greater proportion is restricted for specific purposes (grants and contributions), and therefore the unrestricted proportion has slightly decreased.
Obligations							
<i>Asset renewal</i>							
<i>Asset renewal compared to depreciation [Asset renewal expense / Asset depreciation] x100</i>	52.09%	74.99%	119.99%	68.37%	64.52%	63.17%	This variance is due to Council allocating extra funding for capital works to renew community facilities and infrastructure assets.
<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%	21.75%	19.96%	18.38%	15.89%	Council is continuing to reduce the level of debt as part of its financial strategy.
<i>Loans and borrowings repayments compared to rates [Interest and principal repayments on interest bearing loans</i>	4.47%	2.88%	2.80%	2.46%	2.19%	3.05%	Because Council is continuing to reduce the level of debt, the interest costs have been lower which has reduced the required repayments.
<i>Indebtedness</i>							
<i>Non-current liabilities compared to own source revenue [Non-current liabilities / Own source revenue] x100</i>	27.87%	34.24%	28.43%	26.80%	24.19%	19.78%	Non-current liabilities have reduced, however own-source revenue has reduced by a greater extent, causing this variation. The reduction in own-source revenue is due to the negative impact of once-off adjustments to Council's asset register (\$13.5 million net expense). These adjustments have been made to correct ownership of traffic signals on VicRoads' roads; tenants' infrastructure on Council land; land not owned by Council; and Crown land not controlled by Council.

**Nilumbik Shire Council
Performance Statement
For The Year Ended 30 June 2016**

Financial Performance Indicators (continued)

Dimension/indicator/measure	Results		Forecasts				Material Variations
	2015	2016	2017	2018	2019	2020	
Operating position							
<i>Adjusted underlying result</i>							
<i>Adjusted underlying surplus (or deficit)</i> [Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100	9.79%	-12.92%	4.84%	4.84%	5.86%	6.12%	The variance and the negative ratio reflect once-off adjustments to Council's asset register (\$13.5 million net expense). These adjustments have been made to correct ownership of pedestrian signals on VicRoads' roads; tenants' infrastructure on Council land; land not owned by Council; and Crown land not controlled by Council. Without these adjustments the adjusted underlying result would have been a surplus of \$4 million with a positive ratio of 5.73% on this measure.
Stability							
<i>Rates concentration</i>							
<i>Rates compared to adjusted underlying revenue</i> [Rate revenue / Adjusted underlying revenue] x100	66.41%	88.26%	75.77%	76.31%	75.86%	75.94%	This variance is due to a reduction in adjusted underlying revenue caused by once-off adjustments to Council's asset register (\$13.5 million net expense). These adjustments have been made to correct ownership of pedestrian signals on VicRoads' roads; tenants' infrastructure on Council land; land not owned by Council; and Crown land not controlled by Council.
<i>Rates effort</i>							
<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%	0.40%	0.40%	0.41%	This variance reflects the 2015-2016 rate increase (average 5.5% per property) plus growth in the number of rateable properties.

Nillumbik Shire Council
Notes To The Performance Statement
For The Year Ended 30 June 2016

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 2016

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.

Bronnie Hattam (Mayor)
Councillor

Date :
GREENSBOROUGH

Helen Coleman (Deputy Mayor)
Councillor

Date :
GREENSBOROUGH

Stuart Burdack
Chief Executive Officer

Date :
GREENSBOROUGH