

AGENDA

SPECIAL MEETING OF COUNCIL

Tuesday, 26 September 2017

To be held at
Swan Hill Hill Town Hall
53-57 McCallum Street, Swan Hill
Commencing at 12:45 PM

COUNCIL:

Cr LT McPhee – Mayor

Cr JN Katis

Cr GW Norton

Cr C Jeffery

Cr L Johnson

Cr B Moar

Cr A Young

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SECTION A – PROCEDURAL MATTERS

- **Open**

- **Acknowledgement to Country**

- **Prayer**

- **Apologies**

SECTION B – REPORTS

B.17.94 IN-PRINCIPLE ADOPTION OF FINANCIAL AND PERFORMANCE STATEMENTS

Responsible Officer: Director Corporate Services
File Number: 42-01-00
Attachments: 1 SHRCC Annual Financial Report
2 Performance Statement

Declarations of Interest:

David Lenton - as the responsible officer, I declare that I have no disclosable interests in this matter.

Summary

The Local Government Act requires that Council adopt its Annual Statements incorporating the General Purpose Financial Statements, and Performance Statement “in principle” prior to the Auditor General issuing an Audit opinion on the Statements. Officers have prepared a draft set of Statements, ready for “in principle adoption”, and request that Council adopt these Statements “in principle”.

Discussion

Officers have been working for some weeks to prepare Council’s annual Statutory Statements, incorporating the General Purpose Financial Statements and Performance Statement for 2016/17. A draft set of these statements has been prepared and presented for Audit.

Council’s Audit Committee met to review the Draft Statements on 21 September 2017. The Audit Committee recommended that Council adopt the statements “in-principle”. Accordingly, as required under the Local Government Act these draft statements are attached and are presented to Council for “in-principle” adoption.

The Auditor General and Local Government Victoria both accept that adoption is “in-principle” and is therefore not seen as a certification by Council as to the complete accuracy of the information being adopted.

It is anticipated that the final audit process will be completed shortly after Council adopts the Statements in-principle, at which time the Statements will be available for signing by the two appointed Councillors. The Statements can then be included in the Annual Report.

A formal advertising process will then take place, with the Annual Report being adopted at a Special Meeting of Council, to be arranged for late October 2017.

Consultation

The statements form part of the Annual Report which will be advertised prior to adoption.

Financial Implications

Not applicable.

Social Implications

Not applicable.

Economic Implications

Not applicable.

Environmental Implications

Not applicable.

Risk Management Implications

Failure to adopt the Statement 'in-principle' will contravene the Local Government Act.

Council Plan Strategy Addressed

Councillor and Staff accountability - We will represent the interests of our community and will conduct our affairs openly and with integrity, reflecting high levels of good governance.

Options

Failure to adopt the statements "in-principle" will delay the audit of the statements and may put Council outside the deadline for lodgement of the Annual report with the Local Government minister, which is 30 September 2017.

Recommendation

That Council adopt "in-principle" the Draft General Purpose Financial Statement and Performance Statement for the 2016/17 financial year as presented.

Swan Hill Rural City Council
ANNUAL FINANCIAL REPORT

For the Year Ended 30 June 2017

**Swan Hill Rural City Council
Financial Report
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**Comprehensive Income Statement
For the Year Ended 30 June 2017**

	Note	2017 \$	2016 \$
Income			
Rates and charges	3	25,852,340	25,036,684
Statutory fees and fines	4	1,036,391	824,128
User fees	5	5,046,326	5,384,379
Grants - operating	6	15,501,749	9,789,837
Grants - capital	6	2,934,821	6,900,231
Contributions - monetary	7	592,168	1,328,086
Contributions - non monetary	7	56,228	156,605
Net gain on disposal of property, infrastructure, plant and equipment	8	298,838	176,224
Other income	9	3,118,675	2,520,702
Total income		54,437,536	52,116,876
Expenses			
Employee costs	10	18,593,705	19,127,104
Materials and services	11	17,823,100	20,216,948
Bad and doubtful debts	12	47,085	6,665
Depreciation and amortisation	13	9,004,266	8,729,954
Borrowing costs	14	407,187	428,530
Other expenses	15	1,196,604	1,579,387
Total expenses		47,071,947	50,088,588
Surplus for the year		7,365,589	2,028,288
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation decrement	27	(1,725,684)	(1,896,908)
Total comprehensive result		5,639,905	131,380

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

Balance Sheet
As at 30 June 2017

	Note	2017 \$	2016 \$
Assets			
Current assets			
Cash and cash equivalents	16	6,533,616	8,559,256
Other financial assets	17	14,572,254	6,059,869
Trade and other receivables	18	2,036,932	2,884,251
Inventories	19	117,694	165,818
Other assets	20	312,046	179,432
Total current assets		23,572,542	17,848,626
Non-current assets			
Trade and other receivables	18	79,786	32,675
Property, infrastructure, plant and equipment	21	440,592,817	443,430,975
Intangible assets	22	1,484,800	1,433,600
Other assets	20	50,000	50,000
Total non-current assets		442,207,403	444,947,250
Total assets		465,779,945	462,795,876
Liabilities			
Current liabilities			
Trade and other payables	23	1,899,973	3,408,467
Trust funds and deposits	24	324,223	422,108
Provisions	25	4,834,677	5,103,715
Interest-bearing loans and borrowings	26	973,978	759,498
Total current liabilities		8,032,851	9,693,788
Non-current liabilities			
Provisions	25	1,700,147	1,721,068
Interest-bearing loans and borrowings	26	6,535,410	7,509,388
Total non-current liabilities		8,235,557	9,230,456
Total liabilities		16,268,408	18,924,244
Net assets		449,511,537	443,871,632
Equity			
Accumulated surplus		285,139,803	277,774,214
Reserves	27	164,371,734	166,097,418
Total Equity		449,511,537	443,871,632

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

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

	Note	Total	Accumulated	Revaluation
		\$	Surplus	Reserve
2017				
Balance at beginning of the financial year		443,871,632	277,774,214	166,097,418
Surplus for the year		7,365,589	7,365,589	-
Net asset revaluation decrement	27	(1,725,684)	-	(1,725,684)
Balance at end of the financial year		449,511,537	285,139,803	164,371,734
2016				
Balance at beginning of the financial year		443,740,252	275,745,926	167,994,326
Surplus for the year		2,028,288	2,028,288	-
Net asset revaluation decrement	27	(1,896,908)	-	(1,896,908)
Balance at end of the financial year		443,871,632	277,774,214	166,097,418

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

Statement of Cash Flows
For the Year Ended 30 June 2017

	Note	2017 Inflows/ (Outflows) \$	2016 Inflows/ (Outflows) \$
Cash flows from operating activities			
Rates and charges		25,893,328	25,100,211
Statutory fees and fines		1,036,391	824,128
User fees		6,334,307	4,847,158
Grants - operating		14,294,636	11,158,283
Grants - capital		2,942,121	7,014,473
Contributions - monetary		592,168	1,460,895
Interest received		595,716	549,168
Other receipts		2,597,250	2,040,257
Net GST refund/payment		1,747,197	2,338,666
Employee costs		(18,675,853)	(18,836,726)
Materials and services		(21,058,154)	(23,577,038)
Other payments		(808,713)	(793,136)
Net cash provided by operating activities	28	<u>15,490,394</u>	<u>12,126,339</u>
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	21	(8,305,699)	(12,757,551)
Proceeds from sale of property, infrastructure, plant and equipment		468,735	411,407
Proceeds from sale of investments		(8,512,385)	(6,059,869)
Net cash used in investing activities		<u>(16,349,349)</u>	<u>(18,406,013)</u>
Cash flows from financing activities			
Finance costs		(407,187)	(428,530)
Proceeds from borrowings		-	500,000
Repayment of borrowings		(759,498)	(771,938)
Net cash used in financing activities		<u>(1,166,685)</u>	<u>(700,468)</u>
Net decrease in cash and cash equivalents		(2,025,640)	(6,980,142)
Cash and cash equivalents at the beginning of the financial year		8,559,256	15,539,398
Cash and cash equivalents at the end of the financial year	16	<u>6,533,616</u>	<u>8,559,256</u>
Financing arrangements	29		
Restrictions on cash assets	16		

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

Statement of Capital Works			
For the Year Ended 30 June 2017			
	Note	2017 \$	2016 \$
Property			
Buildings		408,971	980,477
Total property		408,971	980,477
Plant and equipment			
Plant, machinery and equipment		823,872	1,139,793
Fixtures, fittings and furniture		247,356	238,417
Computers and telecommunications		51,898	316,901
Total plant and equipment		1,123,126	1,695,111
Infrastructure			
Sealed Roads		3,719,261	5,037,278
Unsealed Roads		1,485,949	1,387,841
Footpaths and cycleways		195,191	562,401
Drainage		307,310	385,634
Recreational, leisure and community facilities		523,659	2,041,381
Parks, open space and streetscapes		245,501	336,693
Other infrastructure		173,555	331,359
Total infrastructure		6,650,426	10,082,587
Culture and heritage			
Library Collection		123,176	121,849
Total Culture and heritage		123,176	121,849
Total capital works expenditure		8,305,699	12,880,024
Represented by:			
New asset expenditure		1,221,716	4,782,739
Asset renewal expenditure		6,926,395	6,502,650
Asset upgrade expenditure		157,588	1,594,635
Total capital works expenditure		8,305,699	12,880,024

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

**Notes to the Financial Report
For the Year Ended 30 June 2017**

Introduction

The Swan Hill Rural City Council was established by an Order of the Governor in Council on 20 January 1995 and is a body corporate.

The Council's main office is located at 45 Splatt Street Swan Hill.

Statement of compliance

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

Note 1 Significant accounting policies**(a) Basis of accounting**

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

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

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

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

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

(b) Changes in accounting policies

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

(c) Correction of prior period error

At 30 June 2016 Council performed a revaluation of its sealed road assets. The written down value of these assets is determined using the condition data gathered for each asset and applied to determine a remaining life.

It has been revealed that the condition scores used to determine the remaining life of the sealed road assets was inaccurate and the remaining life of the sealed road assets were misstated. As a result of this error the value of sealed road assets at 30 June 2016 were undervalued.

Reconciliation of property, infrastructure, plant and equipment

Property, infrastructure, plant and equipment as reported 30 June 2016	439,879,781
Increase in sealed road value	3,551,194
Adjusted comparative - property, infrastructure, plant and equipment	<u>443,430,975</u>

Reconciliation of equity

Reserves as reported 30 June 2016	162,546,224
Increase in sealed road value	3,551,194
Adjusted comparative - reserves	<u>166,097,418</u>

**Notes to the Financial Report
For the Year Ended 30 June 2017**

Note 1 Significant accounting policies (cont.)

(d) Principles of consolidation

The consolidated financial statements of Council incorporate all entities controlled by Council as at 30 June 2017, and their income and expenses for that part of the reporting period in which control existed.

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

Where dissimilar accounting policies are adopted by entities and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

In the process of preparing consolidated financial statements all material transactions and balances between consolidated entities are eliminated.

Entities consolidated into Council include:

- There are no entities to consolidate into Council

(e) Committees of management

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

(f) 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.

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.

**Notes to the Financial Report
For the Year Ended 30 June 2017**

Note 1 Significant accounting policies (cont.)

(g) 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.

(h) Cash and cash equivalents

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

(i) Trade and other receivables

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

(j) Other financial assets

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

(k) Inventories

Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential. All other inventories, including land held for sale, are measured at the lower of cost and net realisable value. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

(l) 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 of disposal, 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.

**Notes to the Financial Report
For the Year Ended 30 June 2017**

Note 1 Significant accounting policies (cont.)

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

Acquisition

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

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

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

Revaluation

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. Further details regarding the fair value hierarchy are disclosed at Note 21 Property, infrastructure, plant and equipment.

In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 2 to 8 years. The valuation is performed either by experienced council officers or independent experts.

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

Land under roads

Council recognises land under roads it controls at fair value.

(n) 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.

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

As mentioned above, Council reviews the estimated useful lives of property, infrastructure, plant and equipment and during the current year Council has determined that the useful lives of large plant items be extended. The useful lives were previously set at 8 years, however assessments of change over dates reveals that these assets are generally turned over after 10 years. Large plant items are considered to be our road construction items including graders, rollers, trucks and tractors. The useful lives of these assets will now be 10 years.

**Notes to the Financial Report
For the Year Ended 30 June 2017**

Note 1 Significant accounting policies (cont.)

(n) Depreciation and amortisation of property, infrastructure plant and equipment and intangibles (cont'd)

Asset recognition thresholds and depreciation periods

	Depreciation Period	Threshold Limit \$
Property		
land	-	1
land improvements	10 to 100 years	1
land under roads	-	1
Buildings		
buildings	30 to 100 years	10,000
building improvements	30 to 100 years	10,000
leasehold improvements	5 to 15 years	10,000
Plant and Equipment		
plant, machinery and equipment		
- large plant	10 years	2,500
- small plant	2 to 4 years	2,500
fixtures, fittings and furniture	5 years	2,500
computers and telecommunications	3 years	1,500
Infrastructure		
sealed road formation	270 years	10,000
sealed road pavements	60 to 80 years	10,000
sealed road seals	15 to 80 years	10,000
road ancillary assets	30 to 100 years	10,000
unsealed road natural surface	-	10,000
unsealed road gravel surface	100 years	10,000
kerb and channel	25 to 50 years	10,000
footpaths and cycleways	20 to 50 years	10,000
drainage	20 to 80 years	10,000
recreational, leisure and community facilities	10 to 90 years	10,000
waste management	10 years	10,000
parks, open space and streetscapes	10 to 60 years	10,000
other infrastructure	10 years	10,000
Cultural and heritage		
artworks	100 years	1
library books	5 to 100 years	1
Pioneer Settlement		
- vehicles and vessels	100 years	5,000
- site exhibits	100 years	5,000
- buildings	100 years	10,000

(o) 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.

(p) Impairment of assets

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

**Notes to the Financial Report
For the Year Ended 30 June 2017**

Note 1 Significant accounting policies (cont.)

(q) 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 24).

(r) 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.

(s) 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 and annual leave expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and measured at their nominal values.

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

Long service leave

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

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

The components of this current liability are measured at :

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

Classification of employee costs

Non-current liability - conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non - current liability. There is an unconditional right to defer settlement of the entitlement until the employee has completed the requisite years of service.

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

**Notes to the Financial Report
For the Year Ended 30 June 2017**

Note 1 Significant accounting policies (cont.)

(t) Landfill rehabilitation provision

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

(u) Leases

Finance leases

Council does not currently have any finance leases.

Operating leases

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

Leasehold improvements

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter. At balance date, leasehold improvements are amortised over a 5 to 15 year period.

(v) Goods and Services Tax (GST)

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

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

(w) Financial guarantees

Financial guarantee contracts are not recognised as a liability in the balance sheet unless the lender has exercised their right to call on the guarantee or Council has other reasons to believe that it is probable that the right will be exercised. Details of guarantees that Council has provided, that are not recognised in the balance sheet, are disclosed at Note 33 contingent liabilities and contingent assets.

(x) Contingent assets and contingent liabilities and commitments

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

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

**Notes to the Financial Report
For the Year Ended 30 June 2017**

Note 1 Significant accounting policies (cont.)

(y) Pending accounting standards

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

Revenue from contracts with customers (AASB 15) (applies 2018/19)

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

Leases (AASB 16) (applies 2019/20)

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

Council has a significant number of operating leases that will be impacted as a result of this change. This will see assets and liabilities of approximately \$3,100,000 recognised.

(z) Rounding

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

**Notes to the Financial Report
For the Year Ended 30 June 2017**

Note 2 Budget comparison

The budget comparison notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 10 percent or \$1,000,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 28 June 2016. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for income and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

(a) Income and Expenditure

	Budget 2017 \$	Actual 2017 \$	Variance 2017 \$	Ref
Income				
Rates and charges	25,824,000	25,852,340	28,340	
Statutory fees and fines	745,000	1,036,391	291,391	1
User fees	5,722,000	5,046,326	(675,674)	2
Grants - operating	14,184,000	15,501,749	1,317,749	3
Grants - capital	5,662,000	2,934,821	(2,727,179)	4
Contributions - monetary	1,581,000	592,168	(988,832)	5
Contributions - non monetary	-	56,228	56,228	6
Net gain on disposal of property, infrastructure, plant and equipment	97,000	298,838	201,838	7
Other income	2,160,000	3,118,675	958,675	8
Total income	<u>55,975,000</u>	<u>54,437,536</u>	<u>(1,537,464)</u>	
Expenses				
Employee costs	19,891,000	18,593,705	1,297,295	9
Materials and services	19,594,000	17,823,100	1,770,900	10
Bad and doubtful debts	2,000	47,085	(45,085)	11
Depreciation and amortisation	8,297,000	9,004,266	(707,266)	
Borrowing costs	407,000	407,187	(187)	
Other expenses	968,000	1,196,604	(228,604)	12
Total expenses	<u>49,159,000</u>	<u>47,071,947</u>	<u>2,087,053</u>	
Surplus/(deficit) for the year	<u>6,816,000</u>	<u>7,365,589</u>	<u>549,589</u>	

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Statutory fees and fines	Changes in legislation permitted an increase in planning permit fees. Total planning fees increased \$120,000. Valuation data fees from the State Revenue Office of \$110,000 had been forecast in the prior year.
2	User fees	Heartbeat of the Murray admissions were \$404,000 below budget. Administration income from SupportFirst packaged care was \$346,000 below budget due to the sale of the business in December.
3	Grants - operating	Council was prepaid \$3,214,801 of its 2017/18 Victoria Grants Commission allocation. This is offset by the \$2,526,000 reduction in packaged care grants due to the sale of SupportFirst. Significant grants received but not budgeted for were associated with the Robinvale Employment Network \$223,000 and Arbovirus (mosquito) Control \$115,000.
4	Grants - capital	Roads to Recovery funding was reduced \$999,000, grants for the Swan Hill Riverfront projects (\$1,659,000) and the Robinvale Levee (\$300,000) are yet to be received.
5	Contributions - monetary	The budget had allowed \$1,500,000 towards the Tower Hill Estate development. \$351,000 was received.
6	Contributions - non monetary	Assets donated to Council had not been forecast.
7	Net gain on disposal of property, infrastructure, plant and equipment	Land sales of \$131,000 expected in 2016 were finalised in 2017.
8	Other income	Tower Hill Residential Estate sales were \$473,000 above budget.
9	Employee costs	Workcover costs were \$266,000 below budget and a number of positions within Council budgeted to be filled for the entire year were vacant for longer than expected. Savings were recognised as a result of the sale of the SupportFirst packaged aged care program.
10	Materials and services	The majority of this variance relates to the sale/transfer of SupportFirst aged care packages \$2,392,000. Additional costs associated with the development of further stages at the Tower Hill Estate development (\$344,000) occurred due to additional sales and demand.
11	Bad and doubtful debts	An increase in parking and infringement debtors and a number of deceased estates with outstanding rates required an increase in the doubtful debt provision.
12	Other expenses	Asset disposals and fair value adjustments of \$244,000 had not been budgeted.

**Notes to the Financial Report
For the Year Ended 30 June 2017**

Note 2 Budget comparison (cont)**(b) Capital Works**

	Budget 2017 \$	Actual 2017 \$	Variance 2017 \$	Ref
Property				
Land	1,500,000	-	(1,500,000)	1
Buildings	499,000	408,971	(90,029)	2
Total Property	1,999,000	408,971	(1,590,029)	
Plant and Equipment				
Plant, machinery and equipment	1,370,000	823,872	(546,128)	3
Fixtures, fittings and furniture	-	247,356	247,356	4
Computers and telecommunications	240,000	51,898	(188,102)	5
Total Plant and Equipment	1,610,000	1,123,126	(486,874)	
Infrastructure				
Sealed roads	5,324,000	3,719,261	(1,604,739)	6
Unsealed roads	928,000	1,485,949	557,949	7
Footpaths and cycleways	190,000	195,191	5,191	
Drainage	1,408,000	307,310	(1,100,690)	8
Recreational, leisure and community facilities	160,000	523,659	363,659	9
Parks, open space and streetscapes	3,450,000	245,501	(3,204,499)	10
Other infrastructure	672,000	173,555	(498,445)	11
Total Infrastructure	12,132,000	6,650,426	(5,481,574)	
Cultural and heritage				
Library books	139,000	123,176	(15,824)	
Total cultural and heritage	139,000	123,176	(15,824)	
Total Capital Works Expenditure	15,880,000	8,305,699	(7,574,301)	
Represented by:				
New asset expenditure	5,954,000	1,221,716	(4,732,284)	
Asset renewal expenditure	9,248,000	6,926,395	(2,321,605)	
Asset expansion expenditure	-	-	-	
Asset upgrade expenditure	678,000	157,588	(520,412)	
Total Capital Works Expenditure	15,880,000	8,305,699	(7,574,301)	

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land	Relates to additional works at Tower Hill Residential Estate. This project was brought forward due to demand for residential land.
2	Buildings	The Art Gallery extension project was postponed and has been budgeted for completion in 2017/18 (\$165,000).
3	Plant, machinery and equipment	The budget has allowed for the purchase of a Street Sweeper and Loader as part of the plant renewal program. Both items were ordered but were yet to be delivered at 30 June 2017.
4	Fixtures, fittings and furniture	Works completed in this asset category had been forecast in other asset categories. Solar power installations had been forecast in buildings and replacement parking meters had been budgeted as other infrastructure.
5	Computers and telecommunications	The majority of the forecast included costs that could not be capitalised. This included software and items that didn't meet capitalisation thresholds.
6	Sealed roads	The forecast had allowed \$1,711,000 on the reconstruction of Nyah Road. At 30 June the project was incomplete with \$630,000 spent and held as capital works in progress. Roads to Recovery works had all been budgeted as sealed roads, however there were a number of unsealed road projects undertaken from this funding.
7	Unsealed roads	Refer to note 6.
8	Drainage	The forecast had allowed \$600,000 for the Robinvale Levee and \$808,000 for the Swan Hill CBD drainage project. Both projects had minimal spend during the year. The Robinvale Levee was awaiting grant funding. The CBD drainage project was postponed due to a delay in receiving external approval.
9	Recreational, leisure and community facilities	The majority of this variance relates to sporting ground lighting projects to the value of \$408,000 that had been forecast for completion in the 2015/16 year.
10	Parks, open space and streetscapes	This variance relates to projects from the Swan Hill Riverfront Masterplan. A number of projects are in the planning stage, or awaiting further grant funding approval(s).
11	Other infrastructure	A significant number of community plan projects have been delayed awaiting further community consultation and planning.

**Notes to the Financial Report
For the Year Ended 30 June 2017**

	2017	2016
	\$	\$
Note 3 Rates and charges		
Council uses Capital Improved Value as the basis of valuation of all properties within the municipal district. The Capital Improved Value of a property is the value of its Land, Buildings and Improvements.		
The valuation base used to calculate general rates for 2016/17 was \$3,603 million (2015/16 \$3,320 million).		
Residential	9,567,812	9,680,513
Commercial	1,705,735	1,739,270
Industrial	719,838	753,408
Farm/rural	10,577,121	9,690,836
Supplementary rates and rate adjustments	79,429	91,444
Garbage charge	2,863,187	2,789,958
Special Marketing Rates	349,673	346,663
Other	13,966	18,311
Abandonments	(24,421)	(73,719)
Total rates and charges	25,852,340	25,036,684
The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2016, and the valuation was first applied in the rating year commencing 1 July 2016.		
Note 4 Statutory fees and fines		
Infringements and costs	108,249	76,160
Building and planning fees	494,316	411,869
Valuation data fees	110,322	18,103
Animal registration/release fees	146,352	140,815
Health registration fees	126,485	125,895
Other fees and fines	50,667	51,286
Total statutory fees and fines	1,036,391	824,128
Note 5 User fees		
Aged and health services	1,102,212	924,269
Administration fees	375,321	851,104
Child care/children's programs	208,964	262,216
Parking	270,383	264,281
Sales - admissions	977,879	942,768
Sales - merchandise, catering, other sales	361,247	319,281
Hire & leasing fees	701,893	679,418
Livestock exchange	585,080	637,923
Other fees and charges	463,347	503,119
Total user fees	5,046,326	5,384,379

**Notes to the Financial Report
For the Year Ended 30 June 2017**

	2017	2016
	\$	\$
Note 6 Grants		
Grants were received in respect of the following :		
Summary of grants		
Commonwealth funded grants	14,425,569	9,553,466
State funded grants	4,011,001	7,136,602
Total grants received	<u>18,436,570</u>	<u>16,690,068</u>
Operating Grants		
Recurrent - Commonwealth Government		
Commonwealth Government - health and aged care	2,253,633	3,164,115
Victoria Grants Commission - general purpose	6,354,966	2,051,906
Victoria Grants Commission - local roads	3,071,575	1,013,197
Family day care	318,811	339,304
Out of school hours care	98,897	104,494
Recurrent - State Government		
Employment subsidies	752	2,300
Public health	148,596	24,511
Home and community care	1,389,563	1,412,827
Art gallery and performing arts	150,000	150,000
School crossing supervisors	23,445	22,874
Economic development	222,600	-
Libraries	192,485	190,696
Maternal child health	338,470	300,194
Other	121,281	119,694
Total recurrent operating grants	<u>14,685,074</u>	<u>8,896,112</u>
Non-recurrent - State Government		
Community Projects	240,734	308,260
Environmental protection	75,000	92,000
Indigenous affairs	40,500	50,500
Cultural heritage	74,700	84,617
Libraries	23,183	3,860
Economic development	32,500	44,095
Home and community care	106,907	76,246
Recreation	42,853	61,797
Family and children	66,240	171,550
Other	114,058	800
Total non-recurrent operating grants	<u>816,675</u>	<u>893,725</u>
Total operating grants	<u>15,501,749</u>	<u>9,789,837</u>
Capital Grants		
Recurrent - Commonwealth Government		
Roads to recovery	2,327,687	2,880,450
Total recurrent capital grants	<u>2,327,687</u>	<u>2,880,450</u>
Non-recurrent - State Government		
Roads	172,000	60,470
Footpaths and cycleways	48,000	97,000
Parks playgrounds and street beautification	246,503	1,640,514
Art and heritage	126,131	2,007,408
Waste management	-	152,834
Other	14,500	61,555
Total non-recurrent capital grants	<u>607,134</u>	<u>4,019,781</u>
Total capital grants	<u>2,934,821</u>	<u>6,900,231</u>
Unspent grants received on condition that they be spent in a specific manner		
Balance at start of year	949,450	4,108,583
Received during the financial year and remained unspent at balance date	3,974,676	723,355
Received in prior years and spent during the financial year	(641,750)	(3,882,488)
Balance at year end	<u>4,282,376</u>	<u>949,450</u>

**Notes to the Financial Report
For the Year Ended 30 June 2017**

	2017	2016
	\$	\$
Note 7 Contributions		
Monetary	592,168	1,328,086
Non-monetary	56,228	156,605
Total contributions	<u>648,396</u>	<u>1,484,691</u>
<i>Contributions of non monetary assets were received in relation to the following asset classes:</i>		
Parks, open space and streetscapes	23,638	-
Artwork	20,450	-
Library books	3,480	5,405
Pioneer Settlement	-	151,200
Other	8,660	-
Total non-monetary contributions	<u>56,228</u>	<u>156,605</u>
Note 8 Net gain on disposal of property, infrastructure, plant and equipment		
Proceeds of sale	468,735	411,407
Written down value of assets disposed	(169,897)	(235,183)
Total net gain on disposal of property, infrastructure, plant and equipment	<u>298,838</u>	<u>176,224</u>
Note 9 Other income		
Interest	595,716	549,168
Reimbursements	278,947	282,399
Tower Hill land sales	1,583,000	1,549,182
Less - Tower Hill costs of goods sold	(58,298)	(79,739)
Other	719,310	219,692
Total other income	<u>3,118,675</u>	<u>2,520,702</u>
Note 10 (a) Employee costs		
Wages and salaries	15,339,178	15,469,835
WorkCover	323,298	611,195
Agency staff	591,608	556,498
Long service leave	472,358	597,663
Staff training	188,025	181,629
Superannuation	1,529,533	1,539,486
Fringe benefits tax	56,265	70,374
Other	93,440	100,424
Total employee costs	<u>18,593,705</u>	<u>19,127,104</u>
Note 10 (b) Superannuation		
Council made contributions to the following funds:		
Defined benefit fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	205,833	197,348
	<u>205,833</u>	<u>197,348</u>
Employer contributions payable at reporting date.	-	-
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	1,323,209	1,342,138
Employer contributions - other funds	491	-
	<u>1,323,700</u>	<u>1,342,138</u>
Employer contributions payable at reporting date.	-	-
Refer to note 32 for further information relating to Council's superannuation obligations.		

**Notes to the Financial Report
For the Year Ended 30 June 2017**

	2017	2016
	\$	\$
Note 11 Materials and services		
Contract payments	6,873,193	8,380,260
Aged and community care agency payments	2,296,891	3,451,518
Community grants sponsorship and contributions	1,426,618	1,260,340
Building maintenance	817,491	704,252
General maintenance	1,525,771	1,511,975
Utilities	1,356,345	1,520,745
Office administration	836,608	789,860
Information technology	572,384	474,625
Insurance	654,518	596,486
Consultants	494,165	617,069
Other materials and services	969,116	909,818
Total materials and services	17,823,100	20,216,948
Note 12 Bad and doubtful debts		
Parking fine debtors	37,072	26,948
Rates debtors	19,006	(6,754)
Other debtors	(8,993)	(13,529)
Total bad and doubtful debts	47,085	6,665
Note 13 Depreciation and amortisation		
Property	823,323	780,982
Plant and equipment	1,230,717	1,229,847
Infrastructure	6,724,529	6,500,416
Culture and heritage assets	225,697	218,709
Total depreciation and amortisation	9,004,266	8,729,954
<i>Refer to note 21 for a more detailed breakdown of depreciation and amortisation charges</i>		
Note 14 Borrowing costs		
Interest - Borrowings	407,187	428,530
Total borrowing costs	407,187	428,530
Note 15 Other expenses		
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	54,900	46,250
Auditors' remuneration - Internal	15,832	10,097
Auditors' remuneration - Other	874	302
Vehicle registrations	90,170	87,770
Bank charges	54,494	60,404
Asset write offs/adjustments	190,299	571,626
Legal costs	52,682	83,851
Fire services levy	65,774	65,014
Councillors' allowances	213,576	228,674
Operating lease rentals	398,544	379,285
Other	59,459	46,114
Total other expenses	1,196,604	1,579,387

**Notes to the Financial Report
For the Year Ended 30 June 2017**

	2017	2016
	\$	\$
Note 16 Cash and cash equivalents		
Cash on hand	11,645	10,745
Cash at bank	3,508,412	3,220,832
Term deposits	3,013,559	5,327,679
	<u>6,533,616</u>	<u>8,559,256</u>
Councils cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:		
- Trust funds and deposits (Note 24)	324,223	422,108
Total restricted funds	<u>324,223</u>	<u>422,108</u>
Total unrestricted cash and cash equivalents	<u>6,209,393</u>	<u>8,137,148</u>
Intended allocations		
Although not externally restricted the following amounts have been allocated for specific future purposes by Council:		
- Cash held to fund carried forward capital works	974,865	3,317,205
- unspent conditional grants received	4,282,376	949,450
Total funds subject to intended allocations	<u>5,257,241</u>	<u>4,266,655</u>
Refer also to Note 17 for details of other financial assets held by Council.		
Note 17 Other financial assets		
Term deposits	14,572,254	6,059,869
Total other financial assets	<u>14,572,254</u>	<u>6,059,869</u>
Note 18 Trade and other receivables		
Current		
<i>Statutory receivables</i>		
Rates debtors	1,056,633	1,097,621
Provision for doubtful debts - rates debtors	(22,612)	(3,607)
Private scheme debtors	9,750	9,462
Net GST receivable	188,581	196,809
Infringement debtors	156,224	136,692
Provision for doubtful debts - infringements	(127,139)	(100,523)
<i>Non statutory receivables</i>		
Other debtors	800,726	1,581,853
Provision for doubtful debts - other debtors	(25,231)	(34,056)
Total current trade and other receivables	<u>2,036,932</u>	<u>2,884,251</u>
Non-current		
<i>Non statutory receivables</i>		
Private scheme debtors	25,027	32,675
Loans and advances to community organisations	54,759	-
Total non-current trade and other receivables	<u>79,786</u>	<u>32,675</u>
Total trade and other receivables	<u>2,116,718</u>	<u>2,916,926</u>
(a) Ageing of Receivables		
At balance date other debtors representing financial assets were past due but not impaired. The ageing of the Council's trade & other receivables (excluding statutory receivables) was:		
Current (not yet due)	638,872	747,890
Past due between 31 and 180 days	55,265	772,958
Past due between 181 and 365 days	94,268	20,412
Past due by more than 1 year	12,321	40,593
Total trade & other receivables	<u>800,726</u>	<u>1,581,853</u>

**Notes to the Financial Report
For the Year Ended 30 June 2017**

	2017	2016
	\$	\$
Note 18 Trade and other receivables (cont'd)		
(b) Movement in provisions for doubtful debts		
Balance at the beginning of the year	(34,056)	(47,027)
New Provisions recognised during the year	(12,909)	(7,729)
Amounts already provided for and written off as uncollectible	682	10,859
Amounts provided for but recovered during the year	21,052	9,841
Balance at end of year	<u>(25,231)</u>	<u>(34,056)</u>
(c) Ageing of individually impaired Receivables		
At balance date, other debtors representing financial assets with a nominal value of \$25,231 (2016: \$34,056) were impaired. The amount of the provision raised against these debtors was \$25,231 (2016: \$34,056). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.		
The ageing of receivables that have been individually determined as impaired at reporting date was:		
Past due between 31 and 180 days	4,242	2,192
Past due between 181 and 365 days	8,668	4,171
Past due by more than 1 year	12,321	27,693
Total trade & other receivables	<u>25,231</u>	<u>34,056</u>
Note 19 Inventories		
Inventories held for distribution	14,740	54,401
Inventories held for sale	29,418	22,833
Tower Hill estate	73,536	88,584
Total inventories	<u>117,694</u>	<u>165,818</u>
Note 20 Other assets		
Current		
Prepayments	144,270	97,168
Accrued income	167,776	82,264
Total current other assets	<u>312,046</u>	<u>179,432</u>
Non-current		
Other	50,000	50,000
Total non-current other assets	<u>50,000</u>	<u>50,000</u>
Total other assets	<u>362,046</u>	<u>229,432</u>

**Notes to the Financial Report
For the Year Ended 30 June 2017**

Note 21 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2016	Acquisitions	Contributions	Revaluation	Depreciation	Disposal	Transfers	At Fair Value 30 June 2017
Land	60,286,494	-	-	-	-	(43,250)	-	60,253,244
Buildings	35,080,053	357,450	-	-	(823,324)	(41,267)	40,885	34,613,797
Plant and Equipment	6,157,653	1,123,126	-	-	(1,230,717)	(169,897)	8,262	5,888,447
Infrastructure	331,455,020	5,453,681	32,298	(1,776,884)	(6,724,530)	(166,451)	620,338	328,893,472
Culture and heritage	9,597,086	123,176	23,930	-	(225,697)	-	-	9,518,495
Work in progress	844,669	1,270,298	-	-	-	(20,100)	(669,505)	1,425,362
	443,430,975	8,327,731	56,228	(1,776,884)	(9,004,268)	(440,965)	-	440,592,817

Summary of Work in Progress

	Opening WIP	Additions	Transfers	Write Offs	Closing WIP
Buildings	67,552	51,521	(28,029)	-	91,044
Infrastructure	777,117	1,218,777	(641,476)	(20,100)	1,334,318
Total	844,669	1,270,298	(669,505)	(20,100)	1,425,362

**Notes to the Financial Report
For the Year Ended 30 June 2017**

Note 21 Property, infrastructure, plant and equipment (cont'd)

	Note	Land - specialised	Land - non specialised	Total Land	Buildings - specialised	Buildings - non specialised	Total Buildings	Total Property	Work In Progress
Land and Buildings									
At fair value 1 July 2016		56,557,894	3,738,600	60,296,494	100,523,777	4,353,932	104,877,709	165,174,203	67,552
Accumulated depreciation at 1 July 2016		-	-	-	(69,797,656)	-	(69,797,656)	(69,797,656)	-
Movements in fair value									
Acquisition of assets at fair value		-	-	-	357,450	-	357,450	357,450	51,521
Fair value of assets disposed		-	(43,250)	(43,250)	(261,919)	-	(261,919)	(305,169)	-
Transfers		17,857	(17,857)	-	108,094	-	108,094	108,094	(28,029)
Movements in accumulated depreciation									
Depreciation and amortisation		17,857	(61,107)	(43,250)	203,625	-	203,625	160,375	23,492
Accumulated depreciation of disposals		-	-	-	(823,324)	-	(823,324)	(823,324)	-
Transfers		-	-	-	220,652	-	220,652	220,652	-
		-	-	-	(67,209)	-	(67,209)	(67,209)	-
		-	-	-	(669,881)	-	(669,881)	(669,881)	-
At fair value 30 June 2017		56,575,751	3,677,493	60,253,244	100,727,402	4,353,932	105,081,334	165,334,578	91,044
Accumulated depreciation at 30 June 2017		-	-	-	(70,467,537)	-	(70,467,537)	(70,467,537)	-
		56,575,751	3,677,493	60,253,244	30,259,865	4,353,932	34,613,797	94,867,041	91,044

**Notes to the Financial Report
For the Year Ended 30 June 2017**

Note 21	Property, infrastructure, plant and equipment (cont'd)	Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecomms	Total plant and equipment
Plant and Equipment	Note				
At fair value 1 July 2016		11,386,080	3,955,898	1,347,773	16,689,751
Accumulated depreciation at 1 July 2016		(8,253,900)	(1,331,925)	(956,273)	(10,542,098)
		3,142,180	2,623,973	391,500	6,157,653
Movements in fair value					
Acquisition of assets at fair value		823,872	247,356	51,898	1,123,126
Fair value of assets disposed		(1,272,296)	(2,782)	(138,052)	(1,413,130)
Transfers		-	8,282	-	8,282
		(448,424)	252,856	(86,154)	(281,722)
Movements in accumulated depreciation					
Depreciation and amortisation		(777,160)	(324,504)	(129,053)	(1,230,717)
Accumulated depreciation of disposals		1,102,399	2,782	138,052	1,243,233
		325,239	(321,722)	8,999	12,516
At fair value 30 June 2017		10,947,656	4,208,754	1,261,619	16,418,029
Accumulated depreciation at 30 June 2017		(7,928,661)	(1,653,647)	(947,274)	(10,529,582)
		3,018,995	2,555,107	314,345	5,888,447

**Notes to the Financial Report
For the Year Ended 30 June 2017**

Note 21	Property, infrastructure, plant and equipment (cont'd)									
Infrastructure	Sealed Roads	Unsealed roads	Footpaths and cycleways	Drainage	Recreational, leisure and community	Waste Management	Parks open spaces and streetscapes	Other Infrastructure	Total Infrastructure	Work In Progress
At fair value 1 July 2016	239,182,017	122,869,489	24,957,468	54,795,119	11,954,466	6,075,060	9,592,197	9,188,836	478,614,652	777,117
Accumulated depreciation at 1 July 2016	(68,957,562)	(27,870,808)	(10,442,109)	(21,066,696)	(5,687,522)	(4,829,594)	(5,748,546)	(2,558,795)	(147,159,632)	-
	170,224,455	94,998,681	14,515,359	33,728,423	6,266,944	1,245,466	3,843,651	6,632,041	331,455,020	777,117
Movements in fair value										
Acquisition of assets at fair value	3,089,262	1,485,949	175,325	-	488,659	22,032	97,202	85,252	5,453,681	1,218,777
Contributed assets	-	-	-	-	-	-	23,638	8,660	32,298	-
Revaluation increments/decrements	(265,029)	(24,946,495)	-	-	-	-	-	-	(24,946,495)	-
Fair value of assets disposed	274,192	5,304	13,360	321,820	(75,647)	-	-	-	(265,029)	(20,100)
Transfers	3,088,425	(23,455,242)	188,685	321,820	423,012	22,032	134,940	93,912	(19,172,416)	557,201
Movements in accumulated depreciation										
Depreciation and amortisation	(2,685,474)	(1,960,790)	(292,180)	(769,080)	(370,088)	(156,600)	(316,204)	(194,114)	(6,724,530)	-
Accumulated depreciation of disposals	98,578	-	-	-	-	-	-	-	98,578	-
Revaluation increments/decrements	-	23,169,611	-	-	-	-	-	-	23,169,611	-
Transfers	(2,566,896)	21,208,821	(292,180)	(769,080)	(302,879)	(156,600)	(316,204)	(194,114)	16,610,868	-
At fair value 30 June 2017	242,280,442	99,414,247	25,146,153	55,116,939	12,377,478	6,097,092	9,727,137	9,282,748	459,442,236	1,334,318
Accumulated depreciation at 30 June 2017	(71,524,458)	(6,661,987)	(10,734,289)	(21,835,776)	(5,990,401)	(4,986,194)	(6,064,750)	(2,750,909)	(130,548,764)	-
	170,755,984	92,752,260	14,411,864	33,281,163	6,387,077	1,110,898	3,662,387	6,531,839	328,893,472	1,334,318

**Notes to the Financial Report
For the Year Ended 30 June 2017**

Note 21 Property, infrastructure, plant and equipment (cont'd)

	Artworks	Library Collection	Pioneer Settlement Vehicles & Vessels	Pioneer Settlement site exhibits	Pioneer settlement buildings	Total cultural and heritage
Cultural and heritage						
At fair value 1 July 2016	1,583,950	1,698,185	4,339,700	2,082,360	7,163,066	16,877,261
Accumulated depreciation at 1 July 2016	(80,027)	(1,148,984)	(14,466)	(6,841)	(6,019,857)	(7,280,175)
	1,503,923	549,201	4,325,234	2,075,519	1,143,209	9,597,086
Movements in fair value						
Acquisition of assets at fair value	-	123,176	-	-	-	123,176
Contributed assets	20,450	3,480	-	-	-	23,930
Fair value of assets disposed	-	(31,960)	-	-	-	(31,960)
	20,450	94,696	-	-	-	115,146
Movements in accumulated depreciation						
Depreciation and amortisation	(15,940)	(101,098)	(43,397)	(20,924)	(44,338)	(225,697)
Accumulated depreciation of disposals	-	31,960	-	-	-	31,960
	(15,940)	(69,138)	(43,397)	(20,924)	(44,338)	(193,737)
At fair value 30 June 2017	1,614,400	1,792,881	4,339,700	2,082,360	7,163,066	16,992,407
Accumulated depreciation at 30 June 2017	(105,967)	(1,218,122)	(57,863)	(27,765)	(6,064,195)	(7,473,912)
	1,508,433	574,759	4,281,837	2,054,595	1,098,871	9,518,495

**Notes to the Financial Report
For the Year Ended 30 June 2017**

Note 21 Property, infrastructure, plant and equipment cont'd

Valuation of land and buildings

Valuation of land and buildings were undertaken by a qualified independent valuer Benjamin Sawyer AAPI Reg. 63163. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

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

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

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

	Level 1	Level 2	Level 3
	\$	\$	\$
Land	-	3,677,493	-
Land - specialised	-	-	56,575,751
Buildings	-	4,353,932	-
Buildings - specialised	-	-	30,259,865
Total	-	8,031,425	86,835,616

Valuation of infrastructure

Valuation of infrastructure assets has been determined by applying the most recent unit rates as calculated from a sample of internal and external projects as at 30 June 2016 for unsealed roads. All other infrastructure asset valuations have been determined by applying the unit rates as calculated from a sample of internal and external projects as at 30 June 2015.

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

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

	Level 1	Level 2	Level 3
	\$	\$	\$
Sealed roads	-	-	170,755,984
Unsealed roads	-	-	92,752,260
Footpaths and cycleways	-	-	14,411,864
Drainage	-	-	33,281,163
Recreational, leisure and community facilities	-	-	6,387,077
Waste management	-	-	1,110,898
Parks, open spaces and streetscapes	-	-	3,662,387
Other infrastructure	-	-	6,531,839
Total	-	-	328,893,472

**Notes to the Financial Report
For the Year Ended 30 June 2017**

Note 21 Property, infrastructure, plant and equipment cont'd*Valuation of cultural and heritage assets***Artworks**

Valuation of artwork assets has been determined in accordance with an independent valuation undertaken by Warren Joel Auction and Valuation Services. The effective date of the valuation was 30 June 2011.

Valuation of the assets was determined by analysing comparable sales of an artist's work, knowledge of the collections history and condition of the collection.

Pioneer Settlement

Valuation of Pioneer Settlement vehicles and vessels and site exhibit assets was conducted by qualified independent valuer Mr David Freeman, member of Auctioneers and Valuers Association of Australia, and Chief Executive Officer of Amanda Adams Auctions, Bulleen, Victoria. The valuation is based on average market realisation prices that should be obtained if the items were sold via private treaty or auction sales. The effective date of the valuation is 30 June 2016.

Valuation of land and buildings were undertaken by a qualified independent valuer Benjamin Sawyer AAPI Reg. 63163. The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.

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

	Level 1	Level 2	Level 3
	\$	\$	\$
Artworks	-	-	1,508,433
Pioneer Settlement vehicles and vessels	-	-	4,281,837
Pioneer Settlement site exhibits	-	-	2,054,595
Pioneer Settlement buildings	-	-	1,098,871
Total	-	-	8,943,736

2017
\$

2016
\$

Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 25% and 75% for specialised land and between 85% and 95% for land under roads. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$0.10 and \$450 per square metre.

56,575,751

56,557,894

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 cost is calculated on a square metre basis. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 10 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 their useful lives.

30,259,865

30,726,121

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 0 years to 108 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

328,893,472

331,455,020

**Notes to the Financial Report
For the Year Ended 30 June 2017**

	2017	2016
	\$	\$
Artwork assets are valued based on the market based direct comparison approach. Significant unobservable inputs include the rarity of the item, historical significance and the history of the artist. If there are events that determine certain pieces of the collection to be of historical significance, if the artist has works that have increased in popularity or the item is considered to be rare and in demand, this would result in a higher fair value.	1,508,433	1,503,923
Pioneer Settlement vehicles and vessels and site exhibit assets are valued based on the market based direct comparison approach. Significant unobservable inputs include the rarity of the item and historical significance. If there are events that determine certain pieces of the collection to be of historical significance or the item is considered to be rare and in demand, this would result in a higher fair value.	6,336,432	6,400,753
Pioneer Settlement 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 cost is calculated on a square metre basis. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 1 year to 56 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 their useful lives.	1,098,871	1,143,209
Reconciliation of specialised land		
Land under roads	34,159,969	34,142,112
Crown Land	7,521,700	7,521,700
Parks, reserves, land for community use	14,894,082	14,894,082
Total specialised land	56,575,751	56,557,894

**Notes to the Financial Report
For the Year Ended 30 June 2017**

	2017	2016
	\$	\$
Note 22 Intangible assets		
Water Right	1,484,800	1,433,600
Total intangible assets	<u>1,484,800</u>	<u>1,433,600</u>

Details of the Swan Hill Rural City Council's water rights and information about the fair value hierarchy as at 30 June 2017 are as follows:

	Level 1	Level 2	Level 3
	\$	\$	\$
Water rights	-	1,484,800	-
Total	<u>-</u>	<u>1,484,800</u>	<u>-</u>

Water rights are valued at current market rates. The valuation is based on market transactions being the trading of water shares within the relevant water trading region. Prices are sourced from Waterfind Australia for water traded within the Torrumbarry Irrigation Area.

Note 23 Trade and other payables		
Trade payables	175,790	342,354
Salaries and wages	805,864	611,185
Accrued expenses	918,319	1,160,457
SupportFirst aged care	-	1,294,471
Total trade and other payables	<u>1,899,973</u>	<u>3,408,467</u>

Note 24 Trust funds and deposits		
Refundable deposits	117,187	162,800
Fire services levy	2,306	30,316
Retention amounts	204,730	228,992
Total trust funds and deposits	<u>324,223</u>	<u>422,108</u>

Purpose and nature of items

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

Fire Service Levy - Council is the collection agent for fire services levy on behalf of the State Government. Council remits amounts received on a quarterly basis. Amounts disclosed here 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.

**Notes to the Financial Report
For the Year Ended 30 June 2017**

Note 25 Provisions	Annual leave	Long service Leave	Landfill restoration	Total
2017	\$	\$	\$	\$
Balance at beginning of the financial year	1,442,479	3,709,457	1,672,847	6,824,783
Additional provisions	1,328,868	217,609	22,032	1,568,509
Amounts used	(1,401,156)	(213,561)	(210,161)	(1,824,878)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	3,412	1,576	(38,578)	(33,590)
Balance at the end of the financial year	<u>1,373,603</u>	<u>3,715,081</u>	<u>1,446,140</u>	<u>6,534,824</u>
2016				
Balance at beginning of the financial year	1,591,812	3,562,509	1,451,606	6,605,927
Additional provisions	896,884	444,190	96,419	1,437,493
Amounts used	(1,046,217)	(297,242)	-	(1,343,459)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	-	-	124,822	124,822
Balance at the end of the financial year	<u>1,442,479</u>	<u>3,709,457</u>	<u>1,672,847</u>	<u>6,824,783</u>
			2017	2016
			\$	\$
(a) Employee provisions				
Current provisions expected to be wholly settled within 12 months				
Annual leave			1,137,624	1,143,610
Long service leave			231,892	116,774
			<u>1,369,516</u>	<u>1,260,384</u>
Current provisions expected to be wholly settled after 12 months				
Annual leave			235,979	298,869
Long service leave			3,229,182	3,284,552
			<u>3,465,161</u>	<u>3,583,421</u>
Total current employee provisions			<u>4,834,677</u>	<u>4,843,805</u>
Non-current				
Long service leave			254,007	308,130
Total non-current employee provisions			<u>254,007</u>	<u>308,130</u>
Aggregate carrying amount of employee provisions:				
Current			4,834,677	4,843,805
Non-current			254,007	308,130
Total aggregate carrying amount of employee provisions			<u>5,088,684</u>	<u>5,151,935</u>
(b) Land fill restoration				
Current			-	259,910
Non-current			1,446,140	1,412,938
			<u>1,446,140</u>	<u>1,672,848</u>
Total Provisions				
Current			<u>4,834,677</u>	<u>5,103,715</u>
Non-current			<u>1,700,147</u>	<u>1,721,068</u>
			<u>6,534,824</u>	<u>6,824,783</u>

**Notes to the Financial Report
For the Year Ended 30 June 2017**

	2017	2016
	\$	\$
Note 26 Interest-bearing loans and borrowings		
Current		
Borrowings - secured (1)	973,978	759,498
	<u>973,978</u>	<u>759,498</u>
Non-current		
Borrowings - secured (1)	6,535,410	7,509,388
	<u>6,535,410</u>	<u>7,509,388</u>
Total	<u>7,509,388</u>	<u>8,268,886</u>
 (1) Borrowings are secured by Swan Hill Rural City Council General Rates.		
 (a) The maturity profile for Council's borrowings is:		
Not later than one year	973,978	759,498
Later than one year and not later than five years	1,240,410	2,105,350
Later than five years	5,295,000	5,404,038
	<u>7,509,388</u>	<u>8,268,886</u>

**Notes to the Financial Report
For the Year Ended 30 June 2017**

Note 27 Reserves

	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
	\$	\$	\$
Asset revaluation reserves			
2017			
Property			
Land	14,372,920	-	14,372,920
Buildings	14,701,519	-	14,701,519
	<u>29,074,439</u>	<u>-</u>	<u>29,074,439</u>
Infrastructure			
Sealed Roads	83,065,693	-	83,065,693
Unsealed Roads	17,752,491	(1,776,884)	15,975,607
Footpaths and cycleways	8,792,891	-	8,792,891
Drainage	15,647,453	-	15,647,453
Recreational, leisure and community facilities	1,912,153	-	1,912,153
Other infrastructure	1,923,169	-	1,923,169
	<u>129,093,850</u>	<u>(1,776,884)</u>	<u>127,316,966</u>
Culture and heritage assets			
Artworks	1,477,603	-	1,477,603
Pioneer Settlement	5,660,682	-	5,660,682
	<u>7,138,285</u>	<u>-</u>	<u>7,138,285</u>
Water rights	790,844	51,200	842,044
Total asset revaluation reserves	<u>166,097,418</u>	<u>(1,725,684)</u>	<u>164,371,734</u>
2016			
Property			
Land	16,372,200	(1,999,280)	14,372,920
Buildings	15,051,575	(350,056)	14,701,519
	<u>31,423,775</u>	<u>(2,349,336)</u>	<u>29,074,439</u>
Infrastructure			
Sealed Roads	80,898,258	2,167,435	83,065,693
Unsealed Roads	22,308,117	(4,555,626)	17,752,491
Footpaths and cycleways	6,328,467	2,464,424	8,792,891
Drainage	15,647,453	-	15,647,453
Recreational, leisure and community facilities	1,912,153	-	1,912,153
Other infrastructure	1,923,169	-	1,923,169
	<u>129,017,617</u>	<u>76,233</u>	<u>129,093,850</u>
Culture and heritage assets			
Artworks	1,477,603	-	1,477,603
Pioneer Settlement	5,997,702	(337,020)	5,660,682
	<u>7,475,305</u>	<u>(337,020)</u>	<u>7,138,285</u>
Water rights	77,629	713,215	790,844
Total asset revaluation reserves	<u>167,994,326</u>	<u>(1,896,908)</u>	<u>166,097,418</u>

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

**Notes to the Financial Report
For the Year Ended 30 June 2017**

	2017	2016
	\$	\$
Note 28 Reconciliation of cash flows from operating activities to surplus		
Surplus for the year	7,365,589	2,028,288
Depreciation/amortisation	9,004,266	8,729,954
Profit on disposal of property, infrastructure, plant and equipment	(298,838)	(176,224)
Assets written off / asset adjustments	228,936	652,911
Works in progress expensed from prior years	20,100	25,310
Contributions - Non-monetary assets	(56,228)	(156,605)
Reallocation of borrowing costs to financing activities	407,187	428,530
Non-cash - landfills provision movement	-	(221,241)
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	800,208	(907,680)
Increase in other assets	(132,614)	(42,045)
Increase/(decrease) in trade and other payables	(1,606,378)	1,328,897
(Increase)/decrease in inventories	48,124	(24,159)
Increase/(decrease) in provisions	(289,958)	460,403
Net cash provided by operating activities	<u>15,490,394</u>	<u>12,126,339</u>
Note 29 Financing arrangements		
Credit card facilities	200,000	98,000
Loans and borrowings	7,509,388	8,268,886
Total facilities	<u>7,709,388</u>	<u>8,366,886</u>
Used facilities	<u>7,522,616</u>	<u>8,279,345</u>
Unused facilities	<u>186,772</u>	<u>87,541</u>

**Notes to the Financial Report
For the Year Ended 30 June 2017**

Note 30 Commitments

The Council has entered into the following commitments

2017	Later than 1 year Later than 2 years				Total
	Not later than 1 year	and not later than 2 years	and not later than 5 years	Later than 5 years	
	\$	\$	\$	\$	\$
Operating					
Building and property maintenance	35,070	35,070	-	-	70,140
Cleaning - council buildings, public toilets BBQ's	748,170	766,874	-	-	1,515,044
Environmental management	380,000	400,000	420,000	-	1,200,000
Home care services	44,800	-	-	-	44,800
Internal audit services	15,000	-	-	-	15,000
Materials and supplies	400,000	-	-	-	400,000
Management & operation of the PS Pyap	199,052	204,028	-	-	403,080
Professional services	50,540	20,000	-	-	70,540
Provision of security services	5,669	-	-	-	5,669
Recreation, leisure and community facilities	657,434	684,469	721,209	-	2,063,112
Staff uniforms and protective clothing	18,000	-	-	-	18,000
Strategic planning and development	116,002	-	-	-	116,002
Valuations and rating services	182,526	66,280	129,526	-	378,332
Waste management operation and kerbside collection	1,537,997	1,576,447	1,615,858	-	4,730,302
Total	4,390,260	3,753,168	2,886,593	-	11,030,021
Capital					
Design and supervision	83,396	-	-	-	83,396
Drainage	594,741	-	-	-	594,741
Plant & equipment	279,763	-	-	-	279,763
Sealed roads	1,643,075	1,450,000	-	-	3,093,075
Unsealed roads	700,000	-	-	-	700,000
Total	3,300,975	1,450,000	-	-	4,750,975
2016					
	Later than 1 year Later than 2 years				Total
	Not later than 1 year	and not later than 2 years	and not later than 5 years	Later than 5 years	
	\$	\$	\$	\$	\$
Operating					
Annual earthworks & plant hire - landfills	20,000	-	-	-	20,000
Cleaning of Council buildings, public toilets BBQ's	688,000	706,940	726,380	748,170	2,869,490
Electoral Services	126,938	-	-	-	126,938
Environmental management	359,700	380,000	400,000	420,000	1,559,700
Essential safety measures	27,748	-	-	-	27,748
Internal audit services	15,000	15,000	-	-	30,000
Kerbside waste collection & recycle waste	832,275	853,082	-	-	1,685,357
Management & operation of the PS Pyap	160,000	160,000	-	-	320,000
Management of landfills	631,613	647,403	-	-	1,279,016
Materials and supplies	420,000	420,000	20,000	-	860,000
Pest control treatment services	4,453	-	-	-	4,453
Professional services	398,745	127,540	87,627	-	613,912
Provision of security services	16,262	4,100	-	-	20,362
Recreation, leisure and community facilities	1,001,964	670,052	1,406,116	-	3,078,132
Rural land use strategy	82,021	-	-	-	82,021
Telecommunication services	545,000	-	-	-	545,000
Total	5,329,719	3,984,117	2,640,123	1,168,170	13,122,129
Capital					
Buildings	172,590	-	-	-	172,590
Plant and equipment	238,619	-	-	-	238,619
Sealed roads	1,950,000	2,660,469	1,210,469	-	5,820,938
Unsealed roads	824,568	700,000	-	-	1,524,568
Total	3,185,777	3,360,469	1,210,469	-	7,756,715

**Notes to the Financial Report
For the Year Ended 30 June 2017**

	2017	2016
	\$	\$
Note 31 Operating leases		
(a) Operating lease commitments		
At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities):		
Not later than one year	389,365	380,220
Later than one year and not later than five years	1,601,812	1,217,260
Later than five years	1,561,861	829,436
	3,553,038	2,426,916
(b) Operating lease receivables		
The Council has entered into commercial property leases on its investment property, consisting of surplus freehold office complexes, aerodrome facilities and caravan parks. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 15 years.		
Future minimum rentals receivable under non-cancellable operating leases are as		
Not later than one year	377,573	316,979
Later than one year and not later than five years	1,119,261	932,302
Later than five years	1,142,306	962,090
	2,639,140	2,211,371

Note 32 Superannuation

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

Accumulation

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2017, this was 9.5% as required under Superannuation Guarantee legislation).

Defined Benefit

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

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

Funding arrangements

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

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

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

**Notes to the Financial Report
For the Year Ended 30 June 2017**

Note 32 Superannuation (cont'd)

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

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

Employer contributions**Regular contributions**

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

Funding calls

If the Defined Benefit category is in an unsatisfactory financial position at an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the Defined Benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%. In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Council) are required to make an employer contribution to cover the shortfall. Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated. Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up. If there is a surplus in the Fund, the surplus cannot be returned to the participating employers. In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

2016 Interim actuarial investigation surplus amounts

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

A VBI surplus of \$40.3 million; and

A total service liability surplus of \$156 million.

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2016. The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses. Council was notified of the 30 June 2016 VBI during August 2016.

2017 Full triennial actuarial investigation

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

Future superannuation contributions

In addition to the disclosed contributions, Swan Hill Rural City Council has paid unfunded liability payments to Vision Super totalling \$0 (2015/16 \$0). There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2017. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2018 is \$197,977.

Note 33 Contingent liabilities and contingent assets

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme, matters relating to this potential obligation are outlined in Note 32. 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.

**Notes to the Financial Report
For the Year Ended 30 June 2017**

Note 34 Financial instruments

(a) Objectives and policies

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

(b) Market risk

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

Interest rate risk

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

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

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

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

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 Council to make a financial loss. Council have exposure to credit risk on some financial assets included in the balance sheet. To help manage this risk:

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

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

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

Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when Council provide a guarantee for another party. Details of our contingent liabilities are disclosed in Note 33.

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

**Notes to the Financial Report
For the Year Ended 30 June 2017**

Note 34 Financial instruments (cont'd)

(d) Liquidity risk

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

To help reduce these risks Council:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- 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 on the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 36, and is deemed insignificant based on prior periods' data and current

There has been no significant change in Council's exposure, or its objectives, policies and processes for managing liquidity risk or the methods

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 29.

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

(e) Fair value

Fair value hierarchy

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

(f) Sensitivity disclosure analysis

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

- A parallel shift of + 1.0% and -0.25% in market interest rates (AUD) from year-end rates of 1.50%.

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

**Notes to the Financial Report
For the Year Ended 30 June 2017**

Note 35 Related party disclosures**(i) Related Parties***Parent entity*

Swan Hill Rural City Council is the parent entity.

(ii) Key Management Personnel

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

Councillors		01/07/2016 to 30/06/2017		
	Mayor Les McPhee	01/07/2016 to 30/06/2017		
	Cr John Katis	01/07/2016 to 30/06/2017		
	Cr Gary Norton	01/07/2016 to 30/06/2017		
	Cr Ann Young	15/11/2016 to 30/06/2017		
	Cr Chris Jeffery	15/11/2016 to 30/06/2017		
	Cr Lea Johnson	15/11/2016 to 30/06/2017		
	Cr Bill Moar	15/11/2016 to 30/06/2017		
	Cr Greg Cruickshank	01/07/2016 to 21/10/2016		
	Cr Jessie Kiley	01/07/2016 to 21/10/2016		
	Cr Jim Crowe	01/07/2016 to 30/06/2017		
	Mr John McLinden	01/07/2016 to 30/06/2017		
	Mr David Lenton	01/07/2016 to 30/06/2017		
	Mr Bruce Myers	01/07/2016 to 30/06/2017		
	Mr Adam McSwain	01/07/2016 to 07/04/2017		
	Mr Oliver McNulty	27/07/2016 to 30/06/2017		
			2017	2016
			No.	No.
	Total Number of Councillors		10	7
	Chief Executive Officer and other Key Management Personnel		5	8
	Total Key Management Personnel		<u>15</u>	<u>15</u>

(iii) Remuneration of Key Management Personnel

Total remuneration of key management personnel was as follows:

	\$	\$
Short-term benefits	1,091,396	1,059,010
Post-employment benefits	81,638	77,993
Other long-term benefits	21,701	16,085
Termination benefits	-	146,313
Total	<u>1,194,736</u>	<u>1,299,401</u>

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

	2017	2016
	No.	No.
\$10,000 - \$19,999	7	-
\$20,000 - \$29,999	1	4
\$30,000 - \$39,999	1	3
\$50,000 - \$59,999	-	1
\$60,000 - \$69,999	1	-
\$70,000 - \$79,999	-	1
\$90,000 - \$99,999	-	1
\$130,000 - \$139,999	-	1
\$150,000 - \$159,999	2	-
\$160,000 - \$169,999	-	1
\$180,000 - \$189,999	-	1
\$190,000 - \$199,999	1	-
\$200,000 - \$209,999	1	1
\$210,000 - \$219,999	-	1
\$250,000 - \$259,999	1	-
	<u>15</u>	<u>15</u>

**Notes to the Financial Report
For the Year Ended 30 June 2017**

Note 35 Related party disclosures (cont'd)**(iv) Transactions with related parties**

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

Councillor Greg Cruickshank owns and operates Greg Cruickshank Photographics. Council entered into the provision of photographic services on normal commercial terms and conditions. Total transactions for 2016/17 = \$270 (2015/16, \$2,336).

(v) Outstanding balances with related parties

There were no outstanding balances relating to transactions with related parties at 30 June 2017 (2015/16, \$0).

(vi) Loans to/from related parties

No loans have been made, guaranteed or secured by the council to a related party during the reporting year (2015/16, \$0).

(vii) Commitments to/from related parties

There are no commitments in existence at balance date that have been made, guaranteed or secured by the council to a related party (2015/16, \$0).

Note 36 Senior Officer Remuneration

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

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

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

Income Range:	2017 No.	2016 No.
< \$142,000	-	1
\$142,000 - \$149,999	2	2
\$150,000 - \$159,999	1	-
\$160,000 - \$169,999	-	1
\$170,000 - \$179,999	-	-
	3	4
Total Remuneration for the reporting year for Senior Officers included above, amounted to	\$ 445,423	\$ 599,233

Note 37 Events occurring after balance date

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

Certification of the Financial Statements

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

David Lenton CPA
Principal Accounting Officer

Date : 26 September 2017
Swan Hill

In our opinion the accompanying financial statements present fairly the financial transactions of Swan Hill Rural City Council for the year ended 30 June 2017 and the financial position of the Council as at that date.

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

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

Cr Les McPhee
Councillor (Mayor)
Date : 26 September 2017
Swan Hill

Cr Ann Young
Councillor
Date : 26 September 2017
Swan Hill

John McLinden
Chief Executive Officer
Date : 26 September 2017
Swan Hill



Part seven

Performance Statement

Description of municipality

Swan Hill Rural City Council covers 6,116 square kilometres and is home to just under 20,400 people.

It includes the townships of Swan Hill, Robinvale, Lake Boga, Nyah, Nyah West, Piangil, Woorinen, Ultima, Manangatang, Boundary Bend and Tresco.

The Swan Hill Rural City economy is driven by agriculture and manufacturing.

Almost 16 per cent of the total economic output from the region comes from agricultural production.

Irrigated farming (including stone fruit, grapes, nuts, olives and vegetable production) accounts for over 11 per cent of the total economic output for the municipality, while traditional livestock and broadacre farming accounts for almost 4 per cent.

More than 18 per cent of all jobs in the city are directly related to agriculture.

Additionally food manufacturing (processing) accounts for almost 10 per cent of the municipality's economic output.

Located along the Murray River, tourism plays an important role in our region's economy. Our climate and natural beauty attracts around 656,000 visitors each year.

Service/indicator/measure	Results			Material variations
	2015	2016	2017	
Own-source revenue Own-source revenue per head of municipal population [Own-source revenue/Municipal population]	\$1,579.15	\$1,663.09	\$1,736.26	
Recurrent grants Recurrent grants per head of population [Recurrent grants/Municipal population]	\$878.72	\$577.00	\$835.57	The 2017 actual result is significantly better than the 2016 result due to receiving an advance of 50% of the 2018 Victoria Grants Commission allocation (\$3.2M). A similar advance in 2015 occurred which explains the reduction recorded in 2016.
Population Expenses per head of population [Total expenses/Municipal population]	\$2,348.88	\$2,454.26	\$2,311.87	
Infrastructure per head of municipal population [Value of infrastructure/Municipal population]	\$18,452.53	\$18,598.85	\$18,679.93	
Population density per length of road [Municipal population/Kilometres of local roads]	5.89	5.84	5.83	
Disadvantage Relative socio-economic disadvantage [Index of Relative Socio-economic disadvantage by decile]	2.00	2.00	2.00	

Sustainable Capacity

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

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

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

“adjusted underlying revenue” means total income other than (a) non-recurrent grants used to fund capital expenditure; and (b) non-monetary asset contributions; and (c) contributions to fund capital expenditure from sources other than those referred to in paragraphs (a) and (b)

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

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

“population” means the resident population estimated by Council

Service Performance Indicators

Service/indicator/measure	Results			Material variations
	2015	2016	2017	
Governance Satisfaction <i>Satisfaction with Council decisions</i> [Community satisfaction rating out of 100 with the performance of Council in making decisions in the interest of the community]	51	53	53	
Statutory Planning Decision making <i>Council's 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] x 100	100.00%	0.00%	50.00%	Two planning permits were taken to VCAT in 2017. One was set aside and one was not.
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]	52	48	49	
Libraries Participation <i>Active library members</i> [Number of active library members / Municipal population] x 100	22.54%	19.24%	19.91%	
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] x 100	34.44%	35.26%	34.53%	

Service/indicator/measure	Results			Material variations
	2015	2016	2017	
Aquatic Facilities Utilisation <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	3.9	6.76	6.15	
Animal management Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	0	6 *	1	*The 2016 result has been revised from 22 to six. Charges relating to unpaid fines were incorrectly included in the 2016 results.
Food and safety Health and safety <i>Critical and major non-compliance outcome notifications</i> [Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x 100	86.11%	84.44%	100.00%	From 1 July 2016, 'critical and major non-compliance outcome notifications' will be reported by calendar year. Previously this indicator was reported by financial year. This has been implemented to better align reporting with the Department of Health and Human Services. This may result in some variances year on year. Council's registration period is from October to November resulting in higher compliance for this period.
Maternal and Child Health 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] x 100 <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] x 100	72.27%	72.91%	73.28%	
	66.77%	43.29%	41.88%	

Definitions

“Aboriginal child” means a child who is an Aboriginal person

“Aboriginal person” has the same meaning as in the Aboriginal Heritage Act 2006

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

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

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

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

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

“food premises” has the same meaning as in the Food Act 1984.

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

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

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

“population” means the resident population estimated by council

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

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

Financial Performance Indicators

Dimension/indicator/ measure	Results					Forecasts					Material variations
	2015	2016	2017	2018	2019	2020	2021				
Operating position Adjusted underlying result Adjusted underlying surplus (or deficit) [Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100	6.50%	-7.21%	11.65%	2.25%	4.92%	5.33%	4.70%	<p>The 2017 actual result is significantly better than the 2016 result due to receiving an advance of 50% of the 2018 Victoria Grants Commission allocation (\$3.2M). A similar advance in 2015 occurred which explains the deficit recorded in 2016. A combination of reduced borrowings and a return to normal grant receipts from the Victoria Grant Commission is forecast in our underlying result.</p>			
Liquidity Working capital Current assets compared to current liabilities [Current assets / Current liabilities] x100	228.92%	189.19%	293.45%	208.93%	253.99%	278.18%	187.50%	<p>In 2017 the Victoria Grants Commission advanced 50% of its 2018 allocation (\$3.2M) resulting in increased cash held. The clearance of SupportFirst aged care client liability (\$1.3M) in the transfer of packaged care to Uniting Agewell reduced the trade creditors balance. Both of these factors have resulted in an improved result. The 2018 & 2019 variances reflects the expected return to the normal timing of Grants Commission receipts. The 2020 & 2021 variance reflects the required repayment of an interest only loan taken out in 2015 becoming a current liability. Sufficient cash is held to repay this loan. The loan will no longer be a current liability after 2021.</p>			

Dimension/indicator/ measure	Results		Forecasts				Material variations	
	2015	2016	2017	2018	2019	2020		2021
Unrestricted cash Unrestricted cash compared to current liabilities [Unrestricted cash / Current liabilities] x100	121.27%	140.43%	205.40%	164.36%	209.92%	231.59%	158.75%	In 2017 The Victorian Grants Commission advanced 50% of its 2018 allocation (3.2M), resulting in an increased cash/current asset balance for 2017.
Obligations Loans and borrowings Loans and borrowings compared to rates [Interest bearing loans and borrowings / Rate revenue] x100	35.82%	33.49%	29.45%	29.82%	29.17%	28.88%	28.51%	Council's ability to borrow through the MAV's LGFV did not come to fruition in 2017 and the ongoing repayment of current borrowings has seen a reduction in the borrowings to rates ratio.
Loans and borrowings repayments compared to rates [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	5.53%	4.86%	4.57%	5.15%	3.08%	2.52%	2.54%	Council is continuing with a strategy to progressively reduce borrowings. This reflects in a reduced loan repayment compared to rates each year.

Dimension/indicator/ measure	Results						Forecasts				Material variations
	2015	2016	2017	2018	2019	2020	2021				
Indebtedness Non-current liabilities compared to own source revenue [Non-current liabilities / Own source revenue] x100	29.34%	27.96%	23.30%	25.33%	25.21%	24.67%	12.83%	The ongoing repayment of borrowings over the forecast period will see a gradual reduction in our interest bearing liabilities.			
Asset renewal Asset renewal compared to depreciation [Asset renewal expenses / Asset depreciation] x100	88.88%	74.49%	76.92%	114.46%	75.20%	83.15%	84.13%	Asset renewal expenditure varies each year depending on the type and amount of renewal works required. Most of Council's assets are long lived and therefore the need to replace them varies considerably each year.			

Dimension/indicator/ measure	Results						Forecasts				Material variations
	2015	2016	2017	2018	2019	2020	2021				
Stability Rates concentration Rates compared to adjusted underlying revenue [Rate revenue / Adjusted underlying revenue] x100	46.11%	52.85%	47.86%	55.22%	56.70%	56.24%	56.93%	The 2017 underlying revenue result is significantly better than the 2016 result due to receiving an advance of 50% of the 2018 Victoria Grants Commission allocation (\$3.2M). A similar advance in 2015 occurred which effected underlying revenue in 2016.			
Rates effort Rates compared to property values [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.72%	0.74%	0.71%	0.72%	0.72%	0.72%	0.72%				
Efficiency Expenditure level Expenses per property assessment [Total expenses / Number of property assessments]	\$4,078.64	\$4,227.28	\$3,966.00	\$3,877.00	\$3,773.50	\$3,911.50	\$4,014.58				



Dimension/indicator/ measure	Results					Forecasts			Material variations
	2015	2016	2017	2018	2019	2020	2021		
Revenue level Average residential rate per residential property assessment [Residential rate revenue / Number of residential property assessments]	\$1,543.64	\$1,596.77	\$1,586.96	\$1,608.88	\$1,659.22	\$1,711.01	\$1,768.73		
Workforce turnover Resignations and terminations compared to average staff [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	13.38%	9.04%	16.29%	18.75%	17.92%	18.01%	18.06%	The high result is due to a reduction in staff following aged care reforms and higher than normal number of retirements.	

Definitions

"adjusted underlying revenue" means total income other than—

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

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

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

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

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

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

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

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

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

"population" means the resident population estimated by Council

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

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

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

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

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

Other information

1. Basis of preparation

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

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

The performance statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by 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 27 June 2017 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.



Certification of the performance statement

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

.....

David C Lenton CPA

Principal Accounting Officer

Dated:

In our opinion, the accompanying performance statement of the Swan Hill Rural City Council for the year ended 30 June 2017 presents fairly the results of council's performance in accordance with the *Local Government Act 1989* and 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.

.....

Les McPhee

Councillor (Mayor)

Dated:

.....

Ann Young

Councillor

Dated:

.....

John McLinden

Chief Executive Officer

Dated: