



## STRATHBOGIE SHIRE COUNCIL

Minutes of a Special Meeting of the Strathbogie Shire Council held on Tuesday 25 September 2018 at the Euroa Community Conference Centre commencing at 5.00 p.m.

<b>Chair:</b>	Amanda McClaren (Mayor)	(Lake Nagambie Ward)
<b>Councillors:</b>	John Mason (Deputy Mayor)	(Seven Creeks Ward)
	Debra Bower	(Lake Nagambie Ward)
	Malcolm Little	(Hughes Creek Ward)
	Kate Stothers*	(Honeysuckle Creek Ward)
	Alistair Thomson*	(Mount Wombat Ward)
	Graeme (Mick) Williams	(Seven Creeks Ward)
	(* Attended the meeting at 5.03 p.m.)	
<b>Officers:</b>	Steve Crawcour - Chief Executive Officer (CEO)	
	Phil Howard - Director, Innovation and Performance (DIP)	
	David Roff - Group Manager, Corporate and Community (GMCC)	
	Jeff Saker - Group Manager, Community Assets (GMCA)	

### BUSINESS

1. Welcome
2. Acknowledgement of Traditional Land Owners  
*'I acknowledge the Traditional Owners of the land on which we are meeting.  
I pay my respects to their Elders, past and present'*
3. Apologies
4. Disclosure of Interests
5. Petitions
6. Reports of Council Officers
  - 6.1 Climate Change
  - 6.2 Infrastructure
  - 6.3 Private Enterprise
  - 6.4 Public Institutions
  - 6.5 Housing and Recreation
  - 6.6 Tourism
  - 6.7 Organisation
7. Urgent Business

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8. Closure of Meeting to the Public to consider matters listed for consideration in accordance with Section 89(2)(d) of the Local Government Act 1989
9. Confirmation of 'Closed Portion' Decision/s

An audio recording of this meeting is being made for the purpose of verifying the accuracy of the minutes of the meeting, as per Local Law No. 1 - Meeting Procedure (2014) or as updated from time to time through Council Resolution



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## 6. REPORTS

### 6.7 ORGANISATION

#### 6.7.1 Proposal to Declare Public Highway - Receiving / Hearing of Submissions

##### **Author and Department**

Group Manager, Community Assets / Community Assets Directorate

##### **Disclosure of Conflicts of Interest in relation to advice provided in this report**

The author of this report and officers/contractors providing advice in relation to this report do not have a direct or indirect interest, as provided in accordance with the Local Government Act 1989.

##### **Summary**

At the Ordinary Council meeting on 17 July 2018, Council resolved to undertake a section 223 submissions process calling for submission in relation to a proposal to formally declare a road reserve to be Public Highway in accordance with section 204(1) of the Local Government Act 1987 (the Act).

A public notice was published on 25 July 2018, with 25 August 2018 as the closing date for submissions.

One submission was received. The submitter did not request to address Council in support of their written submission.

##### **RECOMMENDATION**

**That Council, in relation to the Proposed Declaration of Public Highway, resolves to: -**

- 1. Receive the submission.**
- 2. Consider and determine the submission at the Ordinary Council meeting on Tuesday 16 October 2018.**

*33/18 CRS BOWER/MASON : That the Recommendation be adopted.*

**CARRIED**

##### **Background**

Council has received a request from a Nagambie landowner and developer, (Councillors have been previously provided with a copy of correspondence), to lease part of a subdivisional road reserve which abuts their land (refer attached plan).

The landowner's intention would be to utilise the land in the road reserve to accommodate traffic generated within his development, and to exclude public access to the leased part of the road reserve.



6.7.1 Proposal to Declare Public Highway  
- Receiving / Hearing of Submissions (cont.)

The road reserve was created as part of a subdivision in 1872, refer attached plan of subdivision. It provides access to the rear of the subdivisional allotments which otherwise front High Street.

The road has potential to support the further development of land in the area by way of: -

1. Continued access to the rear of the allotments.
2. Through access to either Vickers Road or Nook Road.
3. Providing access for emergency services vehicles or alternative emergency routes.
4. Accommodating drainage or utility services to support further development, and
5. Providing access for service utilities, e.g., garbage collection required for further development.

An inspection of the road reserve carried out on 19<sup>th</sup> June 2018 has revealed the existence of some fencing across the reserve and some drainage pipe, and other material, stockpiled on the land.

The land forming part of the original subdivision abutting the road reserve from High Street is zoned General Residential, and has the potential for further subdivision.

A section of the road reserve at the Vickers Road end abuts an approved subdivision proposal. The developer intends to construct a footpath within the road reserve to connect a new reserve, within the subdivision, to the Nagambie Recreation Reserve.

**Alternative Options**

The author and other officers providing advice in relation to this report have considered potential alternative courses of action. No feasible alternatives have been identified.

**Risk Management**

The author of this report considers that there are no significant Risk Management factors relating to the report and recommendation.

**Strategic Links – policy implications and relevance to Council Plan**

The author of this report considers that the report is consistent with Council Policies, key strategic documents and the Council Plan.

**Best Value / National Competition Policy (NCP) / Competition and Consumer Act 2010 (CCA) implications**

The author of this report considers that the report is consistent with Best Value, National Competition Policy and Competition and Consumer Act requirements.

**Financial / Budgetary Implications**

The author of this report considers that the recommendation has no capital or recurrent budget considerations.



6.7.1 Proposal to Declare Public Highway  
- Receiving / Hearing of Submissions (cont.)

**Economic Implications**

The author of this report considers that the recommendation has no significant economic implications for Council or the broader community.

**Environmental / Amenity Implications**

The author of this report considers that the recommendation has no significant environmental or amenity implications for Council or the broader community.

**Community Implications**

The author of this report considers that the recommendation has no significant community or social implications for Council or the broader community other than those described elsewhere in this report.

**Victorian Charter of Human Rights and Responsibilities Act 2006**

The author of this report considers that the recommendation does not limit any human rights under the Victorian Charter of Human Rights and Responsibilities Act 2006.

**Legal / Statutory Implications**

The author of this report considers that the recommendation has no legal or statutory implications which require the consideration of Council, other than those identified.

**Consultation**

The proposed Section 223 process has provided an opportunity for the community to consider the matter and respond to Council.

**Attachments**

- Submission
- Site Plan – Road to be proposed as Public Highway
- Original Subdivisional Plan



## Submission

20 August 2018

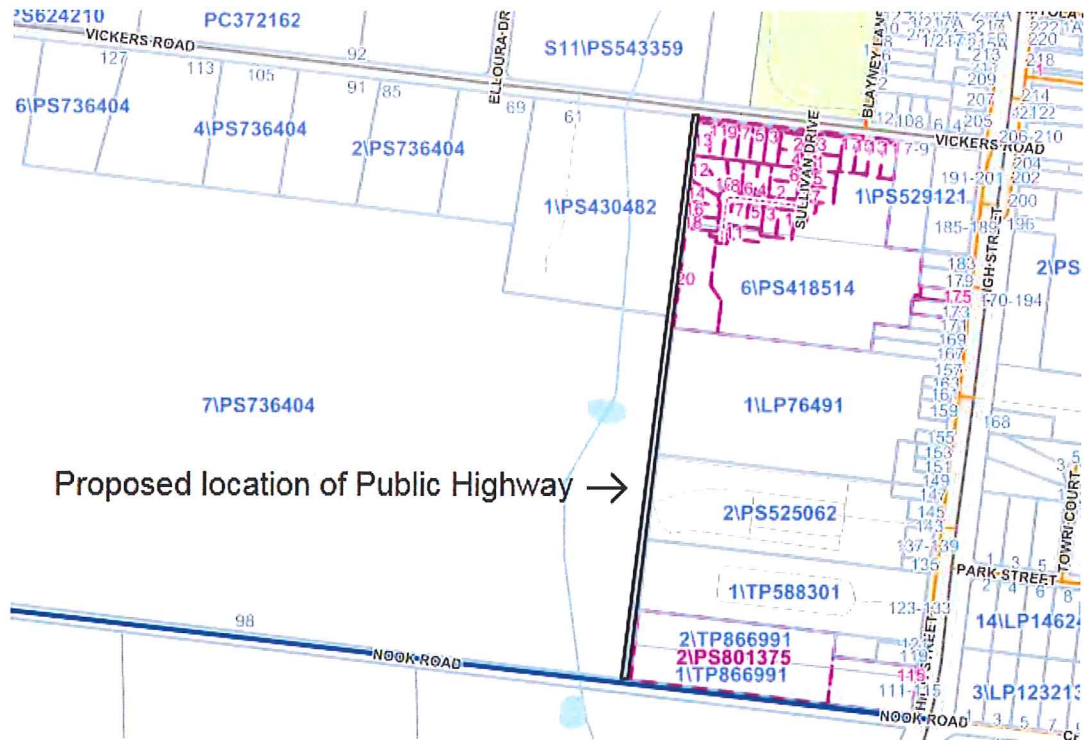
Dear Jeff,

Please find our submission to your proposal of a public highway that abuts 61 Vickers Road, Nagambie as outlined in the Public Notice you forwarded to ourselves on the 25 July 2018. We are concerned over the orientation of the subsequent houses that will be built on the adjoining subdivision allotments, in the future, were this road to go ahead. Subsequently we are writing to confirm that the access the road will bring to the subdivisional allotments will be restricted to the rear of the properties as outlined. It is our understanding that the front of these properties that abut ours will face inwards towards the centre of the subdivision and not outwards over our property. The Public Notice does state that this is the case however we are concerned how this will be policed and monitored. We did not object to any of the conditions around the development of this subdivision as it was proposed however the declaration of this road may see property owners wishing to look outwards toward our allotment which we would strongly object to. We are writing to request an assurance from the council that this will be the case and that it will be strictly adhered to in the course of this development.

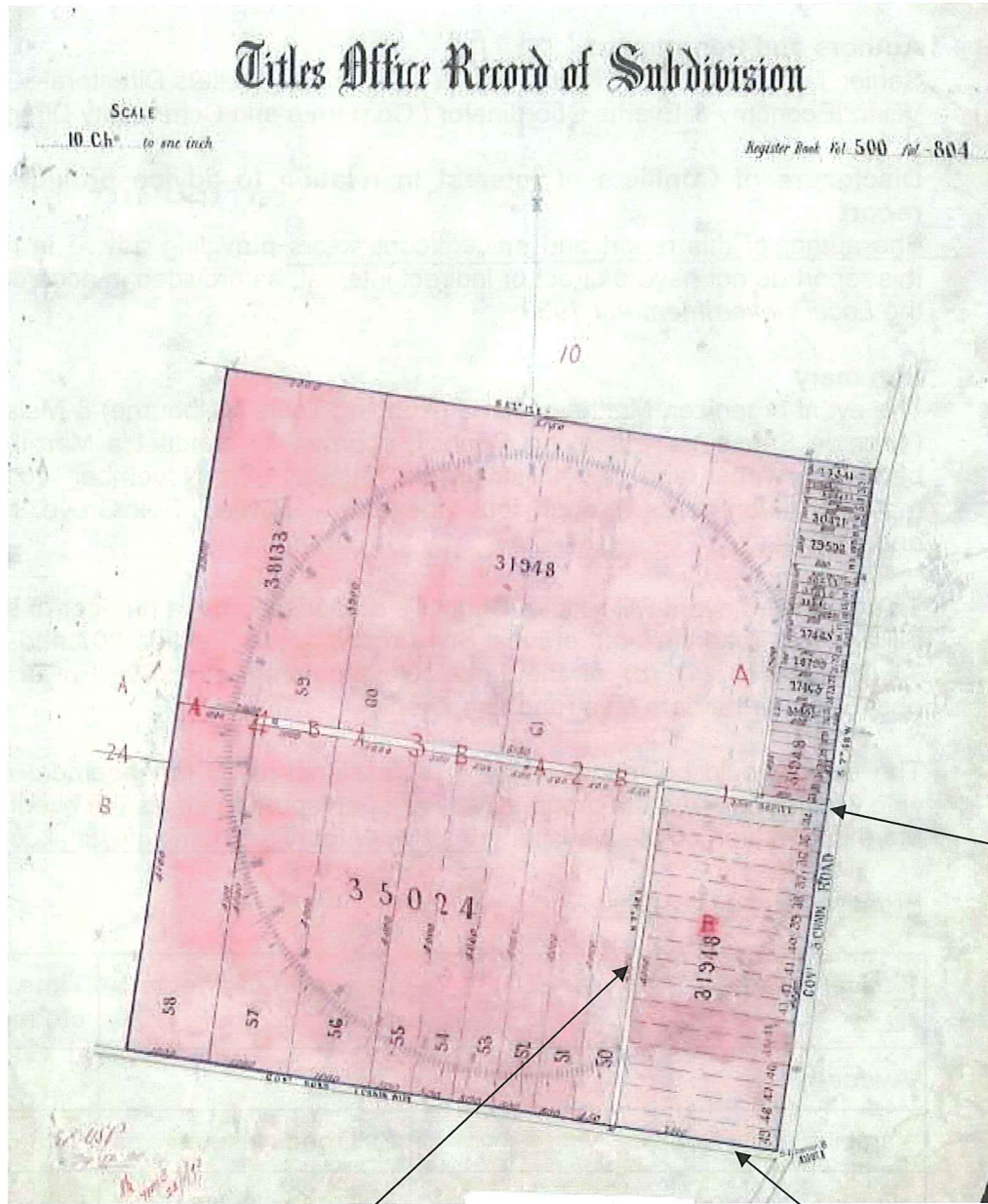
Warm regards,

[Redacted signature block]

### Site Plan – Road to be proposed as Public Highway



### Original Plan of Subdivision



Original Subdivisional Road

Now Nook Road

Now Vickers Road

**6.7.2 Four Vines Running Festival  
- Traffic Management / Road Closures**

**Authors and Department**

Senior Technical Officer, Infrastructure / Community Assets Directorate  
Visitor Economy & Events Coordinator / Corporate and Community Directorate

**Disclosure of Conflicts of Interest in relation to advice provided in this report**

The author of this report and officers/contractors providing advice in relation to this report do not have a direct or indirect interest, as provided in accordance with the *Local Government Act 1989*.

**Summary**

The event organizer, Matthew Morris (Running Tours Melbourne) & Melanie Likos (Tour de Senses) are seeking Council, approval to conduct a Marathon event between Avenel and Mitchellstown on Sunday 4th November 2018. The marathon event goes through four vineyards – Fowles, Box Grove, Mitchelton and Tahbilk.

This proposed event will require Council's authorisation of a number of short-term full and part road closures of local Shire roads, under Section 207 and Schedule 11, Clause 10 (1) (b) of the Local Government Act 1989 "Power to place obstruction or barriers on a road temporarily".

The event would be managed by a professional traffic management company, who would close and the progressively re-open some roads as the event passes. More information on the website: <https://www.fourvinesrunningfestival.com.au/>

Proposed Road Closures

<b>Town / Road</b>	<b>Direction of affected traffic</b>	<b>Time road will be closed</b>
<b>Avenel</b>		
Lambing Gully Road	Full road closure	6:40-6:46AM
Henry Street Service Lane	Full road closure	6:40-6:49AM
Hughes Street from Henry Street to Kent Street	Northbound closure	6:40-6:57AM
Aerodrome Road from Kent Street to Jessops Lane	North/Westbound	6:40-7:10AM
Jessops Lane and Burrows Lane from Aerodrome Road (near Avenel rail crossing) to Aerodrome Road (near Mangalore airport)	Full road closures	6:50-7:35AM



6.7.2 Four Vines Running Festival  
- Traffic Management / Road Closures (cont.)

Proposed Road Closures (cont.)

<b>Mangalore</b>		
Aerodrome Road from Burrows Lane to Doherty Road	Westbound closure	6:55-8:10AM
Doherty Road from Aerodrome Road to Stock Route at Hughes Creek	Southbound closure	7:05-8:25AM
Doherty Road from Stock Route at Hughes Creek to approx. 300m north of Hughes Creek	Southbound traffic	7:05-9:30AM
<b>Nagambie</b>		
Newnhams Road from Stock Route to Mitchellstown Road	Full road closure	7:30-10:10AM
Mitchellstown Road from Goulburn Valley Freeway to Mullers Road	Eastbound closure	7:40-10:30AM
Mitchellstown Road from Mullers Road to Northwood Road	Eastbound closure	7:00AM-11:05AM
Mullers Road from Mitchellstown Road to Oneills Road	Southbound closure	7:00AM-12:40PM
Oneills Road from Mullers Road into Tahbilk	Westbound closure	7:00AM- 1:00PM

**RECOMMENDATION**

**That Council approve the short term full and partial road closure of the roads as per the above detail on Sunday 4<sup>th</sup> November 2018, allowing Running Tours Melbourne to conduct a full and half marathon event as per attached Traffic management plans and road closure documents.**

34/18 **CRS LITTLE/BOWER** : *That the Recommendation be adopted.*

**CARRIED**

**Background:**

Council (Events and Infrastructure departments) have been working with Melbourne Running Tours, to devise a suitable Traffic Management Plan for the proposed Marathon event '4 Vines Festival' to be held around Avenel and Nagambie on Sunday 4<sup>th</sup> November 2018.



6.7.2 Four Vines Running Festival  
- Traffic Management / Road Closures (cont.)

The marathon event comprises of both full marathon (42km) and half marathon (21km) lengths.

The full marathon would start at Fowles Winery in Avenel at 6.00am, and is proposed to utilise the following Shire roads:

- Lambing Gully Road
- Henry Street
- Hughes Street
- Aerodrome Road
- Jessops Lane
- Burrows Lane
- Doherty Road
- Stock Route underpass under Goulburn Valley Freeway (Council / Vicroads responsibility)
- Newnhams Road
- Mitchellstown Road
- Northwood Road
- Mullers Road
- ONeils Road

The half marathon would start at Tahbilk Winery at 7.00am and is proposed to utilise the following Shire roads:

- Mitchellstown Road
- Northwood Road
- Mullers Road
- ONeils Road

- The anticipated road closures would be from 6.00am. Roads would be able to be re-opened by the race sweeper as soon as the race passes through.
- The following roads would require longer duration road closures as both half and full marathons will be utilizing these roads:
  - Mitchellstown Road – between Mullers Road and Northwood Road
  - Mullers Road – between ONeils Road and Mitchellstown Road ONeils Road
  - Northwood Road – between Mitchellstown Road and approx. 700m south
- Prior to, and on the day of the event, the organisers will implement VicRoads approved variable message signs on Mitchellstown Road to inform road users of the proposed temporary road closures and altered traffic flow / detour conditions.
- Prior to, and on the day of the event, the organisers will implement appropriate coreflute notification signs on Aerodrome Road, Mitchellstown Road, ONeils Road, Northwood Road and Mullers Road to inform road users of the proposed temporary road closures and altered traffic flow / detour conditions.
- Prior to the event, the organisers will place local newspaper advertisements to inform the public of the proposed road closures.
- VicRoads & VicPol have already provided “in-principle” approval for this event to take place





6.7.2 Four Vines Running Festival  
- Traffic Management / Road Closures (cont.)

- Running Tours Melbourne have been liaising with Tahbilk & Mitchelton Wineries, Mangalore Airport and GoNagambie to speak to businesses and provide them with details of the event.
- One way vehicle movement may be possible via traffic control each side of the bridge over the Goulburn River (Matt confirmed traffic controllers will be located at all necessary locations between to the west of the GV Freeway to enable vehicle movements, whenever lulls in competitors permit, between 6.00 am and 12.45pm)
- The full marathon route has two rail crossings. Running Tours Melbourne will contact ARTC, VicTrack and V/Line to ascertain exact time of train crossings. They will adjust start times to ensure safe passage for participants. They will also have course marshals at these points, and should a train come through, participants will be stopped. This will be part of the event briefing and race rules.

For the half marathon course, first runners would finish about 8:15AM based on a 6:00AM race start at Tahbilk, most runners would be finish by 9:15AM (2hr15 Half Marathon), after that would be a few stragglers.

For the marathon course, first runners would finish about 9:45AM based on a 7:00AM race start at Fowles, most runners would be finish by 11:30AM (4hr 30 Marathon).

**Alternative Options:**

The author and other officers providing advice in relation to this report have considered potential alternative courses of action. No feasible alternatives have been identified

**Risk Management:**

The organiser of this event have provided Council with detailed event management and traffic management plans, a thorough risk assessment and evidence of the required public liability insurance policies. The relevant officers within Council have assessed all of this submitted documentation and determined that all of the required measures are in place for this event to take place safely.

**Strategic Links – policy implications and relevance to Council Plan:**

The author of this report considers that the report is consistent with Council Policies, key strategic documents and the Council Plan.

**Best Value / National Competition Policy (NCP) / Competition and Consumer Act 2010 (CCA) implications:**

The author of this report considers that the report is consistent with Best Value, National Competition Policy and Competition and Consumer Act requirements.

**Financial / Budgetary Implications:**

The author of this report considers that the recommendation has no capital or recurrent budget considerations.

6.7.2 Four Vines Running Festival  
- Traffic Management / Road Closures (cont.)

**Economic Implications:**

This event will attract a significant number of people to Nagambie, both from within the local community and also from further afield. This influx of patrons attending this event will provide significant economic benefits to many local businesses.

**Environmental / Amenity Implications:**

The author of this report considers that the recommendation has no significant environmental or amenity implications for Council or the broader community.

**Community Implications:**

- Some local residents may experience minor vehicular transit delays as a result of the proposed altered traffic conditions
- Access to Mangalore Airport, Mitchelton and Tahbilk wineries will be limited until late morning. A letter of their approval of the event and road closure times is attached.

**Victorian Charter of Human Rights and Responsibilities Act 2006:**

The author of this report considers that the recommendation does not limit any human rights under the Victorian Charter of Human Rights and Responsibilities Act 2006.

**Legal / Statutory Implications:**

The author of this report considers that the recommendation has no legal or statutory implications which require the consideration of Council, other than the exercise of powers under the Local Government Act 1989.

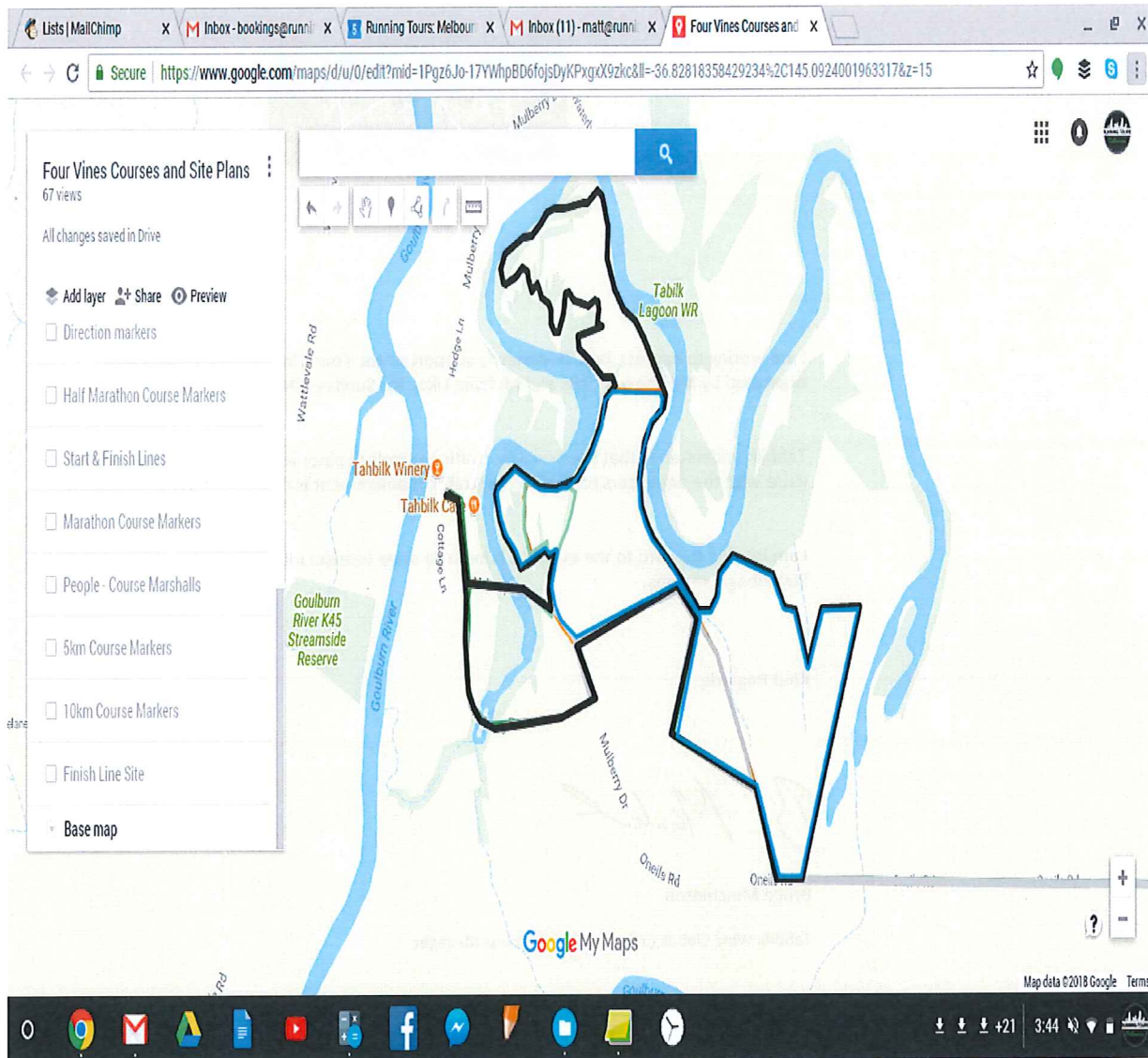
**Consultation:**

- This matter will require Council consideration and community consultation.
- Residents along the route will be notified with letter drops.
- Notification of this event and road closures will be advertised in the local media.
- There will also be VMS (Variable Message Signs) and appropriate corflute advisory signage placed at strategic locations in order to inform people in the lead up to the event.

**Attachments**

- Overall Traffic Management Plan
- Letters of support
- Draft letter to residents

## Overall Traffic Management Plan



Letters of support



19<sup>th</sup> March 2018

I am writing to express Tahbilk Winery's support of the Four Vines Running Festival as organised by Matthew Morris and Melanie Likos for Sunday 4 November.

Tahbilk understands that there will be traffic controls in place leading into Tahbilk and will liaise with the organisers to ensure that traffic management is reasonable and controllable.

I am looking forward to the event as it looks to drive tourism into the Goulburn River and Strathbogie regions.

Kind Regards,

A handwritten signature in black ink, appearing to read "B Minchinton".

Bruce Minchinton

Tahbilk Wine Club & Cellar Door Operations Manager

A small, circular handwritten mark or scribble in the bottom left corner of the page.



Running Tours Melbourne

ATT: Matthew Morris

Dear Matthew,

I am writing to express Mitchelton Winery's support of the Four Vines Running Festival as organised by Matthew Morris and Melanie Likos for Sunday 4 November.

Mitchelton understands that there will be traffic controls in place leading into Mitchelton and will liaise with the organisers to ensure that traffic management is reasonable and controllable.

I am looking forward to the event as it looks to drive tourism into the Goulburn River and Strathbogie regions.

Kind regards,

**Sarah Bolitho**  
**Sales Manager**  
Mitchelton  
[470 MITCHELLSTOWN RD](#)  
NAGAMBIE VIC 3608  
AUSTRALIA



## Draft letter to residents



Running in aid of:



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Four Vines Running Festival  
8C Stadium Circuit  
Mulgrave VIC 3170  
[hello@fourvinesrunningfestival.com.au](mailto:hello@fourvinesrunningfestival.com.au)

September 30, 2018

Dear Resident

### **NOTICE OF UPCOMING ALTERED ROAD CONDITIONS IN YOUR AREA**

The Four Vines Running Festival is a community running event being held between Avenel and Nagambie on Sunday 4 November 2018. The event, raising funds for the Children First Foundation features six running events: marathon, half marathon, 10km, 5km, 2km kids run and a dash for cash. For more information about the Children First Foundation visit <http://childrenfirstfoundation.org.au/>

The event will be based at Tahbilk Winery. The marathon will start at Fowles Wine in Avenel and run through Avenel to Tahbilk via Box Grove Vineyard and Mitchelton Wines. The half marathon will start and finish at Tahbilk and visit Mitchelton on essentially an out and back course. All other events are entirely on the Tahbilk property including the finish line festival with food & wine, live music and kids entertainment.

This purpose of this letter is to inform you that a number of roads in your area will be under traffic control consisting of altered road conditions and/or temporary closures on the morning of Sunday 4 November 2018. The roads that are affected and expected times that runners will moving through each road are as follows. Set up of traffic controls may commence earlier than the times specified.

A small, handwritten scribble or signature mark in the bottom left corner of the page.

**In the event of an emergency**

If during the event, an emergency arises please do not hesitate to contact 000 as with any other emergency. Please inform the operator of altered road conditions in the area. Traffic control will allow any emergency vehicle through and we'll manage the runners around this.

**On the morning of the event**

- Traffic control and the event committee will set up the course between 5:00am and 7:00am

- 
- At 6:45am from Fowles and Tahbilk, an official vehicle with hazard lights will drive the course to ensure the course is clear.
  - Events will commence at Fowles and Tahbilk, both at 7:00am. A cyclist will ride ahead of the race leaders.
  - An official will be employed to run or walk behind the last runner to ensure the race is moving. Following this, traffic control will begin to pack up.
  - We anticipate to reopen roads sooner than stated and have no intention to have roads closed or affected unnecessarily.

Should you need to use the road to exit or enter your property on the morning, please let us know or speak to one of our traffic controllers in the area on the day and they will be able to assist you to safely move your vehicle. Alternatively, for residents in Avenel, as only the northbound lane is affected, parking on the southbound side of the road is an option too.

**If you have any queries or concerns about this please contact Matt Morris on 0430472975 or [hello@fourvinesrunningfestival.com.au](mailto:hello@fourvinesrunningfestival.com.au)**

If you are a keen runner, then we would love to invite you along to join in one of our events. You can choose from a marathon, half marathon, 10km, 5km or a 2km kids race. At the Tahbilk finish line there are food & wine, a pop up pub, live music and kids entertainment. To join us head to [www.fourvinesrunningfestival.com.au](http://www.fourvinesrunningfestival.com.au) and use the discount code RCA10.

Attached to this letter is a course map to show you visually which roads are affected. Thank you for taking the time to read this, and we apologise in advance if these changes in road conditions may affect your Sunday morning.

Regards

Matthew Morris & Melanie Likos  
Four Vines Running Festival  
[www.fourvinesrunningfestival.com.au](http://www.fourvinesrunningfestival.com.au)  
[hello@fourvinesrunningfestival.com.au](mailto:hello@fourvinesrunningfestival.com.au)

### 6.7.3 Adoption of 2017/2018 Annual Financial Report

#### **Author & Department**

Group Manager, Corporate and Community / Corporate and Community Directorate

#### **Disclosure of Conflicts of Interest in relation to advice provided in this report**

Officers providing advice in relation to this report do not have a direct or indirect interest, as provided in accordance with the Local Government Act 1989.

#### **Summary**

The Local Government Act 1989 requires that Council pass a resolution giving its approval to the Annual Financial Report prior to formal submission to the Auditor-General Victoria and the Minister. The Act further requires that Council must authorise two Councillors to approve the Report.

Draft copies of the Annual Financial Report have been circulated to Councillors with this report for their consideration, and are tabled for information purposes.

#### **RECOMMENDATION**

##### **That Council:**

1. **Notes the Recommendation of the Audit Committee;**
2. **Approve *in principle* the 2017/2018 Annual Financial Report;**
3. **Authorise Councillors McClaren and Williams to sign the 2017/2018 Annual Financial Report;**
4. **Authorise the Chief Executive Officer, Steve Crawcour, to make minor amendments to the 2017/2018 Annual Financial Report, if required. and brief Council if amendments are made;**
5. **Authorise the Chief Executive Officer, Steve Crawcour, to certify the 2017/2018 Annual Financial Report;**
6. **Upon receipt of the Auditor's Certified Report, submit the Annual Report to the Minister and make the Annual Report available for public inspection.**

35/18 **CRS MASON/LITTLE** : *That the Recommendation be adopted.*

**CARRIED**

#### **Background**

The Victorian Auditor-General's Office has completed the external audit of the 2017/2018 Financial Report.





### 6.7.3 Adoption of 2017/2018 Annual Financial Report (cont.)

The Annual Financial Report consisting of the Financial Statements and Notes (refer Appendix A) has been prepared in accordance with relevant legislation, applicable Australian Accounting Standards and other related accounting guidelines.

The Audit Committee, at its meeting on Friday 14 September 2018, in accordance with the Local Government Act 1989, having reviewed the Annual Financial Report consisting of the Financial Statements and Notes, was expected to have recommended that Council adopt the 2017/2018 Annual Financial Report on an "in principle" basis, and this will be reported on verbally to the Council meeting.

The Victorian Auditor-General's certification is anticipated in late September 2018.

#### **Discussion**

The Annual Financial Report is prepared strictly in accordance with the applicable Australian Accounting Standard which includes the Australian equivalent to International Financial Reporting Standards (AIFRS). These Standards require the preparation of five mandatory statements. These statements include –

- "Comprehensive Income Statement" (Operating – Accrual Statement). This comprises non-cash items such as Depreciation and cost of goods (assets) sold, and excludes Capital Expenditure and Transfers to and from Other Reserves.
- "Balance Sheet" which lists Councils' assets and liabilities. It indicates the overall financial position of Council.
- "Statement of Changes in Equity". This indicates movement in Council's Reserve Funds.
- "Statement of Cash Flows". This indicates all cash expended and received for all activities during the financial year.
- "Statement of Capital Works" which details Council's capital works expenditure for the financial year. It sets out the expenditure on creating or buying property, infrastructure, plant and equipment by each category of asset.

For the 2016/2018 financial year, Council is also required to prepare two "Budget Comparison Notes" with variance explanations to the 2017/2018 Annual Budget. These being –

1. Income and Expenditure
2. Capital Works

The following analysis of the 2017/2018 Annual Financial Report is at a macro level, which reflects the nature of the Report's disclosures. It is not designed nor intended to be used as a Management report that provides details of programs, or resultant variances. No analysis has been provided for the Statement of Changes in Equity.



### 6.7.3 Adoption of 2017/2018 Annual Financial Report (cont.)

#### 1. Income Statement

The operating result represents the accrual accounting treatments, which includes the non-cash items of depreciation and cost of goods (assets) sold, but excludes expenditure on Capital items, loan proceeds and loan principal repayments and transfers to and from other reserves.

For the year ended 30 June 2018, Council reported a net surplus of \$856,363, which was affected principally by grant revenue received in advance, reduced borrowing costs and contributed assets. An additional provision of \$3.7 million for rehabilitation of the Violet Town landfill has been provided for in arriving at this result.

#### 2. Balance Sheet

Council's Balance Sheet indicates that Council's overall financial position and its cash and liquidity position is sound and within acceptable financial parameters.

Council's cash position as at 30 June 2018 was represented by cash on hand and investment of \$14.08 million. This represents a decrease in cash holdings of \$.364 million during the 2017/18 financial year. A number of capital works will be carried over into the 2018/19 financial year.

The value of Council's property, infrastructure, plant and equipment non-current assets as at 30 June 2018 is \$286.7 million, a similar figure to that as at 30 June 2017, due primarily to the revaluation of Council's property and infrastructure assets and the acquisition of assets as part of Council's capital works program.

Council's end-of-year working capital ratio is 2.81:1, which is greater than the target ratio of 1.5:1. This ratio is used to assess Council's ability to meet current commitments and is derived by dividing current assets by current liabilities.

#### 3. Cash Flow Statement

Cash flow is favorable primarily due to under expenditure in capital works as a result of a number of projects carried forward to 2017/2018.

#### 4. Statement of Capital Works

Council completed \$10.189 million worth of projects for 2017/2018, an increase of 54% over the previous year as carried over works from 2016/17 were completed and flood recovery works (externally funded) were undertaken.

A number of projects will be carried forward to the 2018/29 year.

### 6.7.3 Adoption of 2017/2018 Annual Financial Report (cont.)

#### **Risk Management**

Council has addressed any risks associated with the preparation of the reports by applying accepted accounting standards, where applicable.

#### **Strategic Links – policy implications and relevance to Council Plan**

The report is consistent with Council Policies, key strategic documents and the Council Plan.

#### **Best Value / National Competition Policy (NCP) / Competition and Consumer Act 2010 (CCA) implications**

The statements have been prepared using the Local Government Model Report 2015 as issued by Local Government Victoria.

#### **Financial / Budgetary Implications**

The financial results are shown in the statements.

#### **Economic Implications**

The report has no significant economic implications for Council or the broader community.

#### **Environmental / Amenity Implications**

The report has no significant environmental or amenity implications for Council or the broader community.

#### **Community Implications**

The report has no significant community or social implications for Council or the broader community.

#### **Victorian Charter of Human Rights and Responsibilities Act 2006**

The report does not limit any human rights under the Victorian Charter of Human Rights and Responsibilities Act 2006.

#### **Legal / Statutory Implications**

The proposal is consistent with sections 131 and 132 of the Local Government Act 1989 which, amongst other things, requires the Council to “certify the statements in their final form”.

#### **Consultation**

Council staff and Council’s external auditor, the Victorian Auditor-General’s Office and Council’s Audit Committee have been consulted as part of the preparation of these reports.

#### **Attachments / Tabled Document/s**

- Appendix A: Annual Financial Report 2017/2018 (separately circulated)

#### **6.7.4 Adoption of Performance Statement 2017/2018 and Governance and Management Checklist 2017/2018**

##### **Author& Department**

Group Manager, Corporate and Community / Corporate and Community Directorate

##### **Disclosure of Conflicts of Interest in relation to advice provided in this report**

Officers providing advice in relation to this report do not have a direct or indirect interest, as provided in accordance with the Local Government Act 1989.

##### **Summary**

The Local Government Act 1989 requires that Council pass a resolution giving its approval to the Performance Statement 2017/2018 and Governance and Management Checklist prior to formal submission to the Auditor-General Victoria and the Minister. The Act further requires that Council must authorise two Councillors to approve the Report.

Draft copies of the Performance Statement 2017/2018 and Governance and Management Checklist have been circulated to Councillors with this report for their consideration, and are tabled for information purposes.

##### **RECOMMENDATION**

1. That Council adopt, in principle, the –
  - a) Performance Statement 2017/2018.
  - b) Governance and Management Checklist 2017/2018.
2. That Council authorise Councillors McClaren and Williams to sign the 2017/2018 Performance Statement.

36/18 **CRS BOWER/WILLIAMS** : *That the Recommendation be adopted.*

**CARRIED**

##### **Background**

Under Section 131 of the Local Government Act 1989, the Annual Budget 2017/2018 included a list of prescribed indicators of service performance, financial and sustainable capacity performance required by regulations to be reported against in the performance statement. The Performance Statement represents an independent certification of Council's results against the prescribed indicators. In addition, Section 131 requires Council to report on Council's assessment against the prescribed governance and management checklist for 2017/2018.

6.7.4 Adoption of Performance Statement 2017/2018 and Governance and Management Checklist 2017/2018 (cont.)

**Discussion**

This is the fourth year of operation of the Local Government Performance Reporting Framework (LGPRF). There is a comparison between 2014/2015, 2015/2016, 2016/2017 and 2017/18 with comments detailing any variances. All data was collected according to the Local Government Act 1989 and Local Government (Planning and Reporting) Regulations 2014.

Subject to Council adopting the recommendation in this report, the Performance Statement will be forwarded to the Victorian Auditor-General for certification. It is also a statutory requirement for Council to include the Performance Statement in the Annual Report 2017/2018.

**Risk Management**

Council has addressed any risks associated with the preparation of the reports by applying accepted accounting standards, where applicable.

**Strategic Links – policy implications and relevance to Council Plan**

The report is consistent with Council Policies, key strategic documents and the Council Plan.

**Best Value / National Competition Policy (NCP) / Competition and Consumer Act 2010 (CCA) implications**

The statements have been prepared using the Local Government Model Report 2016 as issued by Local Government Victoria.

**Financial / Budgetary Implications**

The financial results are shown in the statements.

**Economic Implications**

The report has no significant economic implications for Council or the broader community.

**Environmental / Amenity Implications**

The report has no significant environmental or amenity implications for Council or the broader community.

**Community Implications**

The report has no significant community or social implications for Council or the broader community.

**Victorian Charter of Human Rights and Responsibilities Act 2006**

The report does not limit any human rights under the Victorian Charter of Human Rights and Responsibilities Act 2006.

**Legal / Statutory Implications**

The proposal is consistent with sections 131 and 132 of the Local Government Act 1989 which, amongst other things, requires the Council to “certify the statements in their final form”.

6.7.4 Adoption of Performance Statement 2017/2018 and Governance and Management Checklist 2017/2018 (cont.)

**Consultation**

Council staff and Council's external auditor, the Victorian Auditor-General's Office and Council's Audit Committee have been consulted as part of the preparation of these reports.

**Conclusion**

The Chief Executive Officer and two Councillors are required to sign the Performance Statement (refer Appendix A – separately circulated). It is recommended that Council adopt, in principle, the Performance Statement, shown as Appendix A.

The Chief Executive Officer and one Councillor are required to sign the Governance and Management Checklist (refer Appendix B – separately circulated). It is recommended that Council adopt, in principle, the Governance and Management Checklist, shown as Appendix B.

**Appendices**

- Appendix A: Strathbogie Shire Council Performance Statement 2017/2018
- Appendix B: Governance and Management Checklist 2017/2018

**Tabled Document/s**

- Strathbogie Shire Council Performance Statement 2017/2018
- Governance and Management Checklist 2017/2018



**7. URGENT BUSINESS**

Nil

**8. CLOSURE OF MEETING TO THE PUBLIC TO CONSIDER MATTERS LISTED FOR CONSIDERATION IN ACCORDANCE WITH SECTION 89(2) OF THE LOCAL GOVERNMENT ACT 1989**

**5.15 p.m.**

**CRS BOWER/MASON -**

**That Council, in conformance with Section 89(2) of the Local Government Act 1989, resolve to close the meeting to members of the public for the purpose of considering items relating to:-**

- **Ground(s) under section 89(2):**  
89(2)(d) *Contractual Matters*

C.P. 1 Contract No. 18/19-07 ~ Evaluation Report  
- Operation and Management of Euroa Swimming Pool

37/18

**ON BEING PUT, THE MOTION WAS CARRIED**

**5.21 p.m.**

**CRS WILLIAMS/LITTLE -**

**That Council open the meeting to members of the public and resume normal business.**

39/18

**ON BEING PUT, THE MOTION WAS CARRIED**



9. CONFIRMATION OF 'CLOSED PORTION' DECISION/S

*Closed Portion Decision/s -*

**C.P. 1 Contract No. 18/19-07 ~ Evaluation Report**  
**- Operation and Management of Euroa Swimming Pool**

**RECOMMENDATION**

1. That the tender received from GL & BA Brooks for Contract 18/19-07 – Operation and Management of Euroa Swimming Pool be accepted by the Council.
2. That Council Officers work with the successful tenderer to develop a Pool Marketing strategy and Events Program for the Euroa Pool for the 2018/2019 pool season.
3. That Council Officers report back to Council on the development of the Marketing Strategy and Pool Events Calendar for the Euroa Pool for the 2018/2019 pool season and costs associated with its implementation for endorsement.
4. That the unsuccessful tenderers be notified.
5. That the Council endorses the signing and sealing of the contract documents once received.

38/18 **CRS MASON/WILLIAMS** : *That the Recommendation be adopted.*

**CARRIED**

**RECOMMENDATION**

**CRS MASON/WILLIAMS -**


That the decision/s of Council's 'Closed Portion' considerations be confirmed.

40/18

**ON BEING PUT, THE MOTION WAS CARRIED**

**THERE BEING NO FURTHER BUSINESS, THE MEETING CLOSED AT 5.22 P.M.**

Confirmed as being a true and accurate record of the Meeting

  
.....  
Chair

16/10/18  
.....  
Date



**Strathbogie Shire  
ANNUAL FINANCIAL REPORT**

*For the Year Ended 30 June 2018*





**Strathbogie Shire  
Financial Report  
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### Certification of the Financial Statements

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



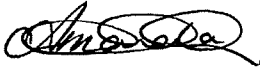
Chaminder Ranwala CPA, ACMA, CGMA  
Principal Accounting Officer

Date : 21 September 2018  
Euroa, Victoria

In our opinion the accompanying financial statements present fairly the financial transactions of Strathbogie Shire Council for the year ended 30 June 2018 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.



Amanda McClaren  
Mayor

Date : 25 September 2018  
Euroa



Graeme (Mick) Williams  
Councillor

Date : 25 September 2018  
Euroa



Steve Crawcour  
Chief Executive Officer

Date : 25 September 2018  
Euroa



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Comprehensive Income Statement  
For the Year Ended 30 June 2018

	Note	2018 \$	2017 \$
Income			
Rates and charges	2.1	18,525,521	18,066,579
Statutory fees and fines	2.2	463,093	389,726
User fees	2.3	683,723	700,096
Grants - operating	2.4	7,030,203	8,040,081
Grants - capital	2.4	3,234,111	3,194,120
Contributions - monetary	2.5	375,105	426,872
Contributions - non monetary	2.5	1,285,840	562,892
Net profit on disposal of property, infrastructure, plant and equipment	2.6	97,362	-
Share of net profits (or loss) of associates	5.3	-	2,981
Other income	2.7	853,311	813,574
<b>Total income</b>		<b>32,548,270</b>	<b>32,196,921</b>
Expenses			
Employee costs	3.1	(9,095,532)	(8,981,770)
Materials and services	3.2	(12,102,108)	(11,444,645)
Depreciation	3.3	(5,802,643)	(5,347,074)
Borrowing costs	3.5	(54,019)	(77,703)
Net loss on disposal of property, infrastructure, plant and equipment	2.6	-	(164,466)
Share of net profits (or loss) of associates	5.3	(8,514)	-
Other expenses	3.6	(4,629,091)	(989,883)
<b>Total expenses</b>		<b>(31,691,907)</b>	<b>(27,005,541)</b>
<b>Surplus/(deficit) for the year</b>		<b>856,363</b>	<b>5,191,380</b>
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	5.2	(3,370,958)	9,810,761
Share of other comprehensive income of associates and joint ventures	5.3	-	-
<b>Total comprehensive result</b>		<b>(2,514,595)</b>	<b>15,002,141</b>

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

Balance Sheet  
As at 30 June 2018

	Note	2018 \$	2017 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4.1	14,077,793	12,242,105
Trade and other receivables	4.1	2,185,052	1,754,830
Other financial assets	4.1	-	2,200,000
Non-current assets classified as held for sale	5.1	718,400	926,800
Other assets	4.2	511,059	322,156
<b>Total current assets</b>		<b>17,492,303</b>	<b>17,445,891</b>
<b>Non-current assets</b>			
Other financial assets	4.1	2,032	2,032
Trade and other receivables	4.1	48,771	64,815
Investments in associates, joint arrangements and subsidiaries	5.3	235,987	244,501
Property, infrastructure, plant and equipment	5.2	286,718,423	285,836,580
<b>Total non-current assets</b>		<b>287,005,213</b>	<b>286,147,928</b>
<b>Total assets</b>		<b>304,497,516</b>	<b>303,593,819</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	4.3	2,806,578	3,121,293
Trust funds and deposits	4.3	893,656	352,439
Provisions	4.5	2,338,305	3,164,538
<b>Interest-bearing liabilities</b>	4.4	<b>185,720</b>	<b>511,551</b>
<b>Total current liabilities</b>		<b>6,224,260</b>	<b>7,149,821</b>
<b>Non-current liabilities</b>			
Trust funds and deposits	4.3	64,203	63,486
Provisions	4.5	5,696,602	1,158,453
Interest-bearing liabilities	4.4	504,914	690,634
<b>Total non-current liabilities</b>		<b>6,265,718</b>	<b>1,912,573</b>
<b>Total liabilities</b>		<b>12,489,978</b>	<b>9,062,394</b>
<b>Net assets</b>		<b>292,007,538</b>	<b>294,531,425</b>
<b>Equity</b>			
Accumulated surplus		86,990,300	86,289,937
Reserves	8.1	205,017,238	208,241,488
<b>Total Equity</b>		<b>292,007,538</b>	<b>294,531,425</b>

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

Statement of Changes in Equity  
For the Year Ended 30 June 2018

	Note	Total	Accumulated Surplus	Revaluation Reserve	Other Reserves
		\$	\$	\$	\$
2018					
Balance at beginning of the financial year		294,531,425	86,289,937	207,529,238	712,250
Surplus/(deficit) for the year		856,363	856,363	-	-
Net asset revaluation increment/(decrement)		(3,370,958)	-	(3,370,958)	-
Transfers to other reserves		-	(150,000)	-	150,000
Transfers from other reserves		(9,292)	(6,000)	-	(3,292)
Balance at end of the financial year		292,007,538	86,990,300	204,158,280	858,958
2017					
Balance at beginning of the financial year		279,529,284	81,110,407	197,718,477	700,400
Surplus/(deficit) for the year		5,191,380	5,191,380	-	-
Net asset revaluation increment/(decrement)		9,810,761	-	9,810,761	-
Transfers to other reserves		-	(11,850)	-	11,850
Balance at end of the financial year		294,531,425	86,289,937	207,529,238	712,250

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 2018

	Note	2018 Inflows/ (Outflows) \$	2017 Inflows/ (Outflows) \$
<b>Cash flows from operating activities</b>			
Rates and charges		18,496,088	17,974,619
Statutory fees and fines		463,093	389,726
User fees		683,723	724,869
Grants - operating		6,793,808	8,075,151
Grants - capital		3,234,111	3,194,120
Contributions - monetary		375,105	426,872
Interest received		282,507	284,653
Trust funds and deposits taken		1,867,187	1,271,355
Other receipts		441,479	528,921
Net GST refund		1,977,509	1,646,096
Employee costs		(9,073,531)	(8,851,740)
Materials and services		(14,628,715)	(12,844,955)
Trust funds and deposits repaid		(1,325,253)	(1,685,651)
Other payments		(301,654)	(586,623)
<b>Net cash provided by/(used in) operating activities</b>	<b>8.2</b>	<b>9,285,458</b>	<b>10,547,413</b>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment	5.2	(10,189,917)	(6,607,667)
Proceeds from sale of property, infrastructure, plant and equipment	2.6	1,105,718	488,157
Reclassification financial assets as cash		2,200,000	(1,000,000)
<b>Net cash provided by/(used in) investing activities</b>		<b>(6,884,199)</b>	<b>(7,119,510)</b>
<b>Cash flows from financing activities</b>			
Finance costs		(54,019)	(77,703)
Repayment of borrowings		(511,551)	(488,073)
<b>Net cash provided by/(used in) financing activities</b>		<b>(565,570)</b>	<b>(565,776)</b>
Net increase (decrease) in cash and cash equivalents		1,835,688	2,862,127
Cash and cash equivalents at the beginning of the financial year		12,242,105	9,379,978
<b>Cash and cash equivalents at the end of the financial year</b>	<b>4.1(a)</b>	<b>14,077,793</b>	<b>12,242,105</b>
Financing arrangements	4.6		
Restrictions on cash assets	4.1		

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 2018

	Note	2018 \$	2017 \$
Property			
Land		-	94,721
Buildings		707,899	1,017,086
<b>Total property</b>		<b>707,899</b>	<b>1,111,807</b>
Plant and equipment			
Plant, machinery and equipment		464,281	324,700
Computers and telecommunications		155,205	434,172
<b>Total plant and equipment</b>		<b>619,486</b>	<b>758,872</b>
Infrastructure			
Roads		5,007,585	3,001,229
Bridges and culverts		2,461,137	956,819
Footpaths		311,939	116,689
Drainage		808,337	505,575
Open space assets		273,533	156,676
<b>Total infrastructure</b>		<b>8,862,531</b>	<b>4,736,988</b>
<b>Total capital works expenditure</b>		<b>10,189,917</b>	<b>6,607,667</b>
Represented by:			
New asset expenditure		660,388	873,658
Asset renewal expenditure		8,580,986	5,254,681
Asset expansion expenditure		230,644	113,901
Asset upgrade expenditure		717,899	365,427
<b>Total capital works expenditure</b>		<b>10,189,917</b>	<b>6,607,667</b>

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

## OVERVIEW

### Introduction

The Strathbogie Shire Council was established by an Order of the Governor in Council on 18 November 1994 and is a body corporate.  
The Council's main office is located at the corner of Binney and Bury Streets, Euroa, Victoria 3666.

### 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 (AAS), other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1989, and the Local Government (Planning and Reporting) Regulations 2014.

### 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 5.2)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 5.2)
- the determination of employee provisions (refer to Note 4.5)
- the determination of landfill provisions (refer to Note 4.5)

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.

Note 1 Performance against budget

The performance against budget 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 \$100,000 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 27 June 2017. 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*.

1.1 Income and expenditure

	Budget 2018 \$	Actual 2018 \$	Variance 2018 \$	Ref
<b>Income</b>				
Rates and charges	18,550,000	18,525,521	(24,479)	
Statutory fees and fines	367,000	463,093	96,093	1
User fees	729,000	683,723	(45,277)	
Grants - operating	2,833,000	7,030,203	4,197,203	2
Grants - capital	3,054,000	3,234,111	180,111	3
Contributions - monetary	442,000	375,105	(66,895)	4
Contributions - non monetary	-	1,285,840	1,285,840	5
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	-	97,362	97,362	6
Other income	677,000	853,311	176,311	7
<b>Total income</b>	<b>26,652,000</b>	<b>32,548,270</b>	<b>5,896,270</b>	
<b>Expenses</b>				
Employee costs	(8,772,000)	(9,095,532)	(323,532)	8
Materials and services	(11,853,000)	(12,102,108)	(249,108)	9
Depreciation	(5,259,000)	(5,802,643)	(543,643)	10
Borrowing costs	(54,000)	(54,019)	(19)	
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	(141,000)	-	141,000	6
Share of net profits/(losses) of associates and joint ventures	-	(8,514)	(8,514)	
Other expenses	(799,000)	(4,629,091)	(3,830,091)	11
<b>Total expenses</b>	<b>(26,878,000)</b>	<b>(31,691,907)</b>	<b>(4,813,907)</b>	
<b>Surplus/(deficit) for the year</b>	<b>(226,000)</b>	<b>856,363</b>	<b>1,082,363</b>	

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Statutory fees and fines	Fees from newly increased planning/sub-division fee regulations \$67K, Fees from increased building activity \$18K
2	Grants - operating *Victorian Grants Commission (VGC)	Increased VGC funding \$93K, prepaid 2018/19 VGC funding \$2.65 million, unbudgeted Flood funding \$1.27 million, unbudgeted grant Friendlies Oval \$90K
3	Grants - capital	Unsuccessful budgeted grants applications (\$260K), offset by unbudgeted grants for boat ramp \$221K, Violet Town mens shed \$52K, other minor grants \$69K, greater than budgeted Roads to Recovery grant \$97K
4	Contributions - monetary	A budgeted contribution of \$100K for Violet Town Oval toilets was not received
5	Contributions - non monetary	Gifted assets \$1.15M, found assets \$140K. Refer Note 2.5 for details
6	Net gain/(loss) on disposal of property, infrastructure, plant and equipment	Sales of Council owned land exceeded budget expectations
7	Other income	Unbudgeted income from fire prevention infringements \$74K, greater than budgeted investment interest received \$86K
8	Employee costs	Previously provided by contract \$218K, funded by new grants \$94K, under-budgeted \$48K, new resources to fund increased activity \$40K
9	Materials and services	Greater than budgeted legal fees \$127K, greater than budgeted utilities \$115K
10	Depreciation	Increased infrastructure depreciation \$456K
11	Other expenses	Greater than budgeted written down value of infrastructure assets replaced \$115K Increase in Violet Town landfill rehabilitation provision \$3.72 million



Note 1 Performance against budget (cont'd)

1.2 Capital works

	Budget 2018 \$	Actual 2018 \$	Variance 2018 \$	Ref
<b>Property</b>				
Land	-	-	-	
Buildings	1,542,000	707,899	(834,101)	1
<b>Total Property</b>	<b>1,542,000</b>	<b>707,899</b>	<b>(834,101)</b>	
<b>Plant and Equipment</b>				
Plant, machinery and equipment	984,000	464,281	(519,719)	2
Computers and telecommunications	406,000	155,205	(250,795)	3
<b>Total Plant and Equipment</b>	<b>1,390,000</b>	<b>619,486</b>	<b>(770,514)</b>	
<b>Infrastructure</b>				
Roads	6,045,000	5,007,585	(1,037,415)	4
Bridges and culverts	3,443,000	2,461,137	(981,863)	5
Footpaths	303,000	311,939	8,939	
Drainage	1,344,000	808,337	(535,663)	6
Open space assets	475,000	273,533	(201,467)	7
<b>Total Infrastructure</b>	<b>11,610,000</b>	<b>8,862,531</b>	<b>(2,747,469)</b>	
<b>Total Capital Works Expenditure</b>	<b>14,542,000</b>	<b>10,189,917</b>	<b>(4,352,083)</b>	
<b>Represented by:</b>				
New asset expenditure	1,734,000	660,388	(1,073,612)	
Asset renewal expenditure	10,337,000	8,580,986	(1,756,014)	
Asset expansion expenditure	220,000	230,644	10,644	
Asset upgrade expenditure	2,251,000	717,899	(1,533,101)	
<b>Total Capital Works Expenditure</b>	<b>14,542,000</b>	<b>10,189,917</b>	<b>(4,352,083)</b>	

(i) Explanation of material variations

Variance Ref	Item	Explanation
1		Completion of capital works programs are often impacted by such factors as unfavourable weather, poor response to tenders, external funding delays, rescoping of projects etc. A range of these factors have impacted the 2017/18 capital works program and resulted in delays in the following project areas, necessitating their deferral to 2018/19.
2	Buildings	Carried forward to 2018/19 \$752K
3	Plant, machinery and equipment	Carried forward to 2018/19 \$433K
4	Computers and telecommunications	Carried forward to 2018/19 \$336K
5	Roads	Carried forward to 2018/19 \$1.71M, unbudgeted flood restoration \$1.14M, reseat saving \$427K
6	Bridges and culverts	Carried forward to 2018/19 \$870K
7	Drainage	Carried forward to 2018/19 \$475K
	Open space assets	Carried forward to 2018/19 \$227K



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Note 2 Funding for the delivery of our services	2018	2017
2.1 Rates and charges	\$	\$

Council uses capital improved value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is the valuation of the land and all improvements on that land.

The valuation base used to calculate general rates for 2017/18 was \$2.837million (2016/17 \$2.805 million).

General Rates	14,339,771	13,810,852
Municipal charge	1,785,711	1,768,376
Waste management charge	2,402,955	2,287,353
Special rates and charges	(2,917)	199,998
<b>Total rates and charges</b>	<b>18,525,521</b>	<b>18,066,579</b>

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2018, and the valuation will be first applied in the rating year commencing 1 July 2018.

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.

## 2.2 Statutory fees and fines

Building fees	56,172	45,779
Planning fees	234,279	167,346
Health registrations	70,088	66,679
Animal registrations	81,122	83,433
Land information certificates	20,889	21,470
Boating infringements	543	5,019
<b>Total statutory fees and fines</b>	<b>463,093</b>	<b>389,726</b>

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

## 2.3 User fees

Tip fees	129,909	100,005
Nagambie Lakes events	12,723	17,087
Saleyard operations revenue	244,958	248,877
Swimming pools revenue	5,529	5,234
Fire Service Levy - financial support	41,315	40,128
Rent/lease Charges	40,072	50,795
Private works	1,180	2,380
Euroa Cinema	63,750	56,196
Debt collection expenses recovered	62,656	90,316
Septic tank fees	19,346	15,940
Other user charges and contributions	62,285	73,138
<b>Total user fees</b>	<b>683,723</b>	<b>700,096</b>

User fees are recognised as revenue when the service has been provided or council has otherwise earned the income.

## 2.4 Funding from other levels of government

Grants were received in respect of the following :

<b>Summary of grants</b>		
Commonwealth funded grants	7,404,930	9,937,254
State funded grants	2,859,384	1,296,947
<b>Total grants received</b>	<b>10,264,314</b>	<b>11,234,201</b>

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<b>(a) Operating Grants</b>		
<i>Recurrent - Commonwealth Government</i>		
Financial Assistance Grants	5,191,999	7,506,006
Senior Citizens Grants	20,086	19,729
Commonwealth Roads of Access	41,100	40,303
<i>Recurrent - State Government</i>		
Aged Care	0	31,810
Maternal & Child Health	128,561	112,516
Youth	55,000	55,000
Community Safety	34,041	19,339
Median Strip Subsidy	7,000	7,000
Pests and Plants Program	53,364	53,378
Municipal Emergency Resource Programme	60,000	60,000
Nagambie Tourism Infrastructure	0	45,000
Engage Youth	18,333	0
Supported Playgroup	41,250	0
Recycling	13,800	0
<b>Total recurrent operating grants</b>	<b>5,664,535</b>	<b>7,950,081</b>
	2018	2017
	\$	\$
<i>Non-recurrent - State Government</i>		
Recreation	90,000	90,000
Flood Event 12/2017	1,265,668	0
Vic Health Walk To School	10,000	0
<b>Total non-recurrent operating grants</b>	<b>1,365,668</b>	<b>90,000</b>
<b>Total operating grants</b>	<b>7,030,203</b>	<b>8,040,081</b>
<b>(b) Capital Grants</b>		
<i>Recurrent - Commonwealth Government</i>		
Roads to recovery	2,151,745	2,371,216
<b>Total recurrent capital grants</b>	<b>2,151,745</b>	<b>2,371,216</b>
<i>Non-recurrent - State Government</i>		
Roads and Bridges	609,000	307,377
Buildings	222,270	253,000
Recreation	221,096	17,500
Footpaths	20,000	75,000
Waste Transfer Station Upgrades	0	50,027
Euroa Flood Levee	10,000	120,000
<b>Total non-recurrent capital grants</b>	<b>1,082,366</b>	<b>822,904</b>
<b>Total capital grants</b>	<b>3,234,111</b>	<b>3,194,120</b>
<b>(c) Unspent grants received on condition that they be spent in a specific manner</b>		
Balance at start of year	-	354,018
Received during the financial year and remained unspent at balance date	399,696	-
Received in prior years and spent during the financial year	-	(354,018)
<b>Balance at year end</b>	<b>399,696</b>	<b>-</b>

Grant income is recognised when Council obtains control of the contribution. Control is normally obtained upon receipt (or acquittal) or upon earlier notification that a grant has been secured.

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## 2.5 Contributions

Monetary	375,105	426,872
Non-monetary	1,285,840	562,892
<b>Total contributions</b>	<b>1,660,945</b>	<b>989,764</b>

Contributions of non monetary assets were received in relation to the following asset classes.

Buildings	-	317,000
Roads	223,935	
Land under roads	108,266	
Footpaths	230,600	
Kerb & channel	98,580	
Drainage	624,459	245,892
<b>Total non-monetary contributions</b>	<b>1,285,840</b>	<b>562,892</b>

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

## 2.6 Net gain/(loss) on disposal of property, infrastructure, plant and equipment

Proceeds of sale	1,105,718	488,157
Written down value of assets disposed	(1,008,356)	(652,623)
<b>Total net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>	<b>97,362</b>	<b>(164,466)</b>

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

	2018	2017
	\$	\$
<b>2.7 Other income</b>		
Interest	282,507	289,147
Interest on rates	95,685	88,960
Diesel rebate	60,158	49,113
Insurance recoveries	122,756	164,065
Regional Shared Services	100,000	100,000
Parental Leave Reimbursement	31,945	8,094
Green Organics	74,713	91,448
Fire Prevention Notice Infringements	74,336	3,133
Other Items	11,211	19,614
<b>Total other income</b>	<b>853,311</b>	<b>813,574</b>

Interest is recognised as it is earned.

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.

## Note 3 The cost of delivering services

## 3.1 Employee costs

Wages and salaries	7,943,310	7,882,260
WorkCover	165,915	140,691
Superannuation	722,884	678,538
Fringe benefits tax	139,189	173,520
Other	124,234	106,761
<b>Total employee costs</b>	<b>9,095,532</b>	<b>8,981,770</b>

## (b) Superannuation

Council made contributions to the following funds:

## Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	71,993	79,526
	<u>71,993</u>	<u>79,526</u>

Employer contributions payable at reporting date.



<b>Accumulation funds</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	376,892	375,143
Employer contributions - other funds	261,014	203,778
	<u>637,906</u>	<u>578,921</u>
Employer contributions payable at reporting date.	-	-

Refer to note 8.3 for further information relating to Council's superannuation obligations.

<b>3.2 Materials and services</b>		
Building & Infrastructure Maintenance	3,434,942	3,470,163
Waste Management	2,034,337	1,947,271
Consultancies & Other Contractors	1,318,476	1,650,749
Operating Expenses- Plant	1,011,215	744,349
Community Expenses	753,872	739,407
Contractors- Labour Hire	809,784	637,725
Information Systems & Communications	681,838	529,996
Other Expenses	286,570	431,669
Materials and Services	674,223	323,860
Utilities	415,617	355,033
Insurances	345,687	312,326
Printing, Stationery & Postage	152,328	209,344
Legal Fees	183,219	92,753
<b>Total materials and services</b>	<u>12,102,108</u>	<u>11,444,645</u>

<b>3.3 Depreciation</b>		
Property	853,471	868,928
Plant and equipment	500,928	523,758
Furniture and Equipment	193,104	249,191
Infrastructure	4,255,141	3,705,197
<b>Total depreciation</b>	<u>5,802,643</u>	<u>5,347,074</u>

Refer to note 5.2 for a more detailed breakdown of depreciation charges and accounting policy.

	2018	2017
	\$	\$
<b>3.4 Bad and doubtful debts</b>		
<b>Movement in provisions for doubtful debts</b>		
Balance at the beginning of the year	(7,025)	(7,025)
Balance at end of year	<u>(7,025)</u>	<u>(7,025)</u>

Provision for doubtful debt is recognised when there is objective evidence that an impairment loss has occurred.  
Bad debts are written off when identified.

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3.5 Borrowing costs		
Interest - Borrowings	54,019	77,703
Total borrowing costs	<u>54,019</u>	<u>77,703</u>

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.

3.6 Other expenses		
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	44,900	39,000
Auditors' remuneration - Internal	41,630	46,201
Councillors' allowances	180,341	159,982
Other Councillor expenses	28,595	41,440
WDV of Infrastructure Assets Renewed**	615,521	403,260
Violet Town Landfill Provision	3,718,104	-
Donation*	-	300,000
Total other expenses	<u>4,629,091</u>	<u>989,883</u>

\* During 2016/17 Council made a donation of \$300,000 to Euroa Hospital to purchase medical equipment.

\*\* The residual value of renewed infrastructure assets at the time of their renewal

## Note 4 Our financial position

4.1 Financial assets		
(a) Cash and cash equivalents		
Cash on hand	4,563	4,213
Cash at bank	1,873,230	2,231,974
Term deposits	12,200,000	10,005,918
Total cash and cash equivalents	<u>14,077,793</u>	<u>12,242,105</u>
(b) Other financial assets		
Current		
Term deposits - current	-	2,200,000
Total Current other financial assets	-	<u>2,200,000</u>
Non-Current		
Share in MAV Purchasing Scheme	2,032	2,032
Total Non-Current other financial assets	<u>2,032</u>	<u>2,032</u>
Total Other financial assets	<u>2,032</u>	<u>2,202,032</u>
Total financial assets	<u>14,079,825</u>	<u>14,444,137</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 4.3)	893,656	352,439
Total restricted funds	<u>893,656</u>	<u>352,439</u>
Total unrestricted cash and cash equivalents	<u>13,184,137</u>	<u>11,889,666</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	4,521,000	4,194,000
- Open space reserve	108,958	112,250
- Bridge replacement reserve	750,000	600,000
Total funds subject to intended allocations	<u>5,379,958</u>	<u>4,906,250</u>

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.

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

Strathbogie Shire                      Notes to the Financial Report  
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(c) Trade and other receivables	2018	2017
	\$	\$
Current		
<i>Statutory receivables</i>		
Rates debtors	1,173,549	1,091,488
Special rate assessment	6,096	49,706
Net GST Receivable	346,385	327,361
<i>Non statutory receivables</i>		
Other debtors	666,047	293,300
Provision for doubtful debts - other debtors	(7,025)	(7,025)
Total current trade and other receivables	<u>2,185,052</u>	<u>1,754,830</u>
Non-current		
<i>Statutory receivables</i>		
Special rate scheme	48,771	64,815
Total non-current trade and other receivables	<u>48,771</u>	<u>64,815</u>
<b>Total trade and other receivables</b>	<u><b>2,233,823</b></u>	<u><b>1,819,645</b></u>

Short term receivables are carried at invoice amount. 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.

(a) Ageing of Receivables

The ageing of the Council's trade & other receivables (excluding statutory receivables) that are not impaired was:

Current (not yet due)	524,638	228,573
Past due by up to 30 days	17,366	8,599
Past due between 31 and 180 days	124,043	77,886
Past due between 181 and 365 days	-	-
Past due by more than 1 year	-	-
	<u>666,047</u>	<u>315,058</u>
<b>Total trade &amp; other receivables</b>	<u><b>666,047</b></u>	<u><b>315,058</b></u>

4.2 Non-financial assets	2018	2017
	\$	\$
Other assets		
Prepayments	330,874	201,786
Accrued income	173,969	112,522
Inventories	6,216	7,848
Total other assets	<u>511,059</u>	<u>322,156</u>

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.

#### 4.3 Payables

##### (a) Trade and other payables

Trade payables	2,523,290	2,804,275
Accrued expenses	283,288	317,018
Total trade and other payables	<u>2,806,578</u>	<u>3,121,293</u>

##### (b) Trust funds and deposits

###### Current

Refundable deposits	10,650	12,077
Fire services levy	444,231	10,900
Retention amounts	191,650	132,230
Funds held on behalf of other organisations	247,125	197,232
Total Current trust funds and deposits	<u>893,656</u>	<u>352,439</u>

###### Non-Current

Trust funds bequeathed	64,203	63,486
Total Non-Current trust funds and deposits	<u>64,203</u>	<u>63,486</u>

###### Total trust funds and deposits

957,859      415,925

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. Trust funds that are forfeited, resulting in council gaining control of the funds, are to be recognised as revenue at the time of forfeit.

##### 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.

Funds held on behalf of other organisations - Amounts held in trust by Council for other organisations. To be expended in accordance with the directions of the organisation.

4.4 Interest-bearing liabilities	2018	2017
	\$	\$
Current		
Borrowings - secured	185,720	511,551
	<u>185,720</u>	<u>511,551</u>
Non-current		
Borrowings - secured	504,914	690,634
	<u>504,914</u>	<u>690,634</u>
Total	<u>690,634</u>	<u>1,202,185</u>

Borrowings are secured by securities on the rates of Council

The maturity profile for Council's borrowings is:

Not later than one year	185,720	511,551
Later than one year and not later than five years	504,914	690,634
Later than five years	-	-
	<u>690,634</u>	<u>1,202,185</u>

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.

#### 4.5 Provisions

	Employee	Landfill restoration	Total
	\$	\$	\$
<b>2018</b>			
Balance at beginning of the financial year	2,544,253	1,778,738	4,322,991
Additional provisions	711,861	3,718,103	4,429,964
Amounts used	(721,389)	-	(721,389)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	3,340	-	3,340
Balance at the end of the financial year	<u>2,538,065</u>	<u>5,496,841</u>	<u>8,034,906</u>

<b>2017</b>			
Balance at beginning of the financial year	2,536,899	1,656,062	4,192,961
Additional provisions	786,349	122,676	909,025
Amounts used	(778,995)	-	(778,995)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	-	-	-
Balance at the end of the financial year	<u>2,544,253</u>	<u>1,778,738</u>	<u>4,322,991</u>

(a) Employee provisions	2018	2017
	\$	\$
<b>Current provisions expected to be wholly settled within 12 months</b>		
Annual leave	589,217	608,831
Long service leave	132,171	279,533
Other	31,444	20,099
	<u>752,832</u>	<u>908,463</u>

The current provisions expected to be wholly settled within 12 months for annual leave and long service leave are based on the 2017/18 actual payments of annual and long service leave.

#### Current provisions expected to be wholly settled after 12 months

Annual leave	398,787	375,973
Long service leave	1,186,687	1,083,194
	<u>1,585,474</u>	<u>1,459,167</u>
Total current employee provisions	<u>2,338,305</u>	<u>2,367,630</u>

#### Non-current

Long service leave	199,760	176,623
Total non-current employee provisions	<u>199,760</u>	<u>176,623</u>
Aggregate carrying amount of employee provisions:		
Current	2,338,305	2,367,630
Non-current	199,760	176,623
Total aggregate carrying amount of employee provisions	<u>2,538,065</u>	<u>2,544,253</u>

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

#### Wages and salaries and annual leave

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

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



*Long service leave*

Liability for long service leave (LSL) is recognised in the provision for employee benefits. LSL is measured at present value. Unconditional LSL is disclosed as a 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.

Key assumptions:

- discount rate - weighted average	2.32%	2.22%
- inflation rate	2.15%	2.15%

	2018	2017
(b) Landfill restoration	\$	\$
Current	-	796,908
Non-current	5,496,842	981,830
	<u>5,496,842</u>	<u>1,778,738</u>

Council is obligated to restore the Violet Town landfill site to a particular standard. The work required to restore the site to an acceptable standard has recently been reassessed by Council's landfill consultant, Meinhardt Group in consultation with the EPA. Three rehabilitation options and their respective cost estimates have been prepared. At the time of preparing these statements, Council has yet to consider and determine its preferred capping option, however, the landfill rehabilitation provision has been increased in accordance with the most likely option.

Refer to Note 7.1, Contingent Liabilities for further information.

Key assumptions:

- discount rate - weighted average	2.32%	2.22%
- inflation rate	3.00%	3.00%
- estimated cost to rehabilitate	\$ 796,908	\$ 796,908

4.6 Financing arrangements

The Council has the following funding arrangements in place as at 30 June 2018.

Bank overdraft	1,145,000	1,145,000
Loan facilities	690,634	1,200,000
Lease facilities	500,000	500,000
Credit card facilities	100,000	100,000
Total facilities	<u>2,435,634</u>	<u>2,945,000</u>
Used facilities	<u>(784,284)</u>	<u>(1,194,372)</u>
Unused facilities	<u>1,651,350</u>	<u>1,750,628</u>

4.7 Commitments

The Council has entered into the following commitments. Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value and presented inclusive of the GST payable.

2018	Not later than	Later than 1	Later than 2 years	Later than 5	Total
	1 year	year and not later than 2 years	and not later than 5 years	years	
	\$	\$	\$	\$	\$
Operating					
Recycling	1,287,461	1,393,784	4,281,384	1,542,791	8,505,420
Garbage collection	517,413	539,923	1,762,980	638,271	3,458,587
Open space management	455,283	467,404	157,773		1,080,459
Planning	120,436				120,436
Governance	273,362	129,613	121,136		524,111
Human Resources	12,408				12,408
Flood Damage	6,097,152				6,097,152
Total	<u>8,763,516</u>	<u>2,530,723</u>	<u>6,323,274</u>	<u>2,181,061</u>	<u>19,798,574</u>
Capital					
Bridges	1,013,954	-	-	-	1,013,954
Roads	476,611	-	-	-	476,611
Plant	984,809	-	-	-	984,809
Total	<u>2,475,374</u>	-	-	-	<u>2,475,374</u>

2017	Later than 1 year and not later than 2 years				Total
	Not later than 1 year	Later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	
	\$	\$	\$	\$	\$
<b>Operating</b>					
Recycling	1,219,290	1,268,061	4,116,716	3,026,243	9,630,310
Garbage collection	495,676	517,413	1,690,527	1,250,646	3,954,262
Open space management	116,094	-	-	-	116,094
Cleaning contracts for council buildings	2,338	-	-	-	2,338
<b>Total</b>	<b>1,833,398</b>	<b>1,785,474</b>	<b>5,807,243</b>	<b>4,276,889</b>	<b>13,703,004</b>
<b>Capital</b>					
Buildings	185,570	-	-	-	185,570
Roads	1,004,416	-	-	-	1,004,416
Drainage	84,562	-	-	-	84,562
<b>Total</b>	<b>1,274,548</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,274,548</b>

	2018	2017
	\$	\$

*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	140,444	87,119
Later than one year and not later than five years	421,556	214,946
Later than five years	33,741	-
	<u>595,741</u>	<u>302,065</u>

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.

**Note 5 Assets we manage**

**5.1 Non current assets classified as held for sale**

Cost of acquisition	<u>718,400</u>	<u>926,800</u> *
Total non current assets classified as held for sale	<u>718,400</u>	<u>926,800</u>

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs of disposal, and are not subject to depreciation. Non-current 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 is expected to be completed within 12 months from the date of classification.

\* Non-current assets classified as held for resale as at 30 June 2017 included 2 properties, being lots 3 and 4 Carrick Cres., Nagambie, which Council has subsequently determined to retain for municipal purposes.

The non-current assets held for resale are 4 allotments in Carrick Cres., Nagambie and units 1-5, 10 Jean Street, Longwood.

The sale of the Carrick Cres., Nagambie properties was approved by Council at its meeting of 18 March 2014. The sale of the Jean Street, Longwood property was approved by Council at its meeting of 20 May 2014. Sales of all properties are either under contract or being actively marketed.

5.2 Property, infrastructure, plant and equipment  
Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2017	Additions	Contributions	Revaluation	Depreciation	Disposal	Write-off	Transfers	At Fair Value 30 June 2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Property	73,876,112	1,744,521	106,265	54,519	(853,471)	(450,400)	0	(445,400)	74,624,147
Plant and equipment	2,789,434	554,751	0	0	(594,030)	(104,355)	0	0	2,654,800
Infrastructure	207,757,999	5,743,217	1,177,574	(3,912,477)	(4,255,142)	(615,522)	(89,653)	0	205,796,796
Work in progress	1,901,035	3,679,632	0	0	0	0	(4,639)	(1,233,148)	3,745,880
	285,865,580	11,722,121	1,283,840	(3,370,958)	(5,802,643)	(1,170,277)	(103,892)	(1,578,548)	286,716,432

Summary of Work in Progress

	Opening WIP	Additions	Write-off	Transfers	Closing WIP
	\$	\$	\$	\$	\$
Property	668,725	71,244	(4,559)	(657,977)	77,153
Plant and equipment	0	64,734	0	0	64,734
Infrastructure	432,310	3,543,654	0	(375,171)	3,600,793
Total	1,101,035	3,679,632	(4,639)	(1,233,148)	3,742,880

Asset recognition thresholds and depreciation periods

	Depreciation Period	Threshold Limit
		\$
Property		
land	-	10,000
Buildings		
buildings	20 to 120 years	5,000
Plant and Equipment		
plant, machinery and equipment	2 to 20 years	1,000
furniture and equipment	2 to 10 years	1,000
leased plant and equipment	3 to 5 years	5,000
Infrastructure		
road pavements - sealed	75 to 110 years	5,000
road pavements - unsealed	18 to 25 years	5,000
road seals	18 to 40 years	5,000
formation and earthworks	-	5,000
bridges deck	80 to 120 years	5,000
bridges substructure	80 to 120 years	5,000
culverts	70 to 100 years	5,000
footpaths	20 to 80 years	5,000
drainage	100 years	5,000
kerb and channel	80 years	5,000

(a) Property

	Land - specialised	Land - non specialised	Land under roads	Total Land	Buildings - specialised	Buildings - non specialised	Total Buildings	Work In Progress	Total Property
	\$	\$	\$	\$	\$	\$	\$	\$	\$
At fair value 30 June 2017	24,617,462	5,419,567	562,040	30,599,069	68,465,070	3,010,360	71,475,430	868,725	102,845,224
Accumulated depreciation at 30 June 2017	0	0	0	0	(27,093,904)	(995,467)	(28,089,371)	0	(28,089,371)
	24,617,462	5,419,567	562,040	30,599,069	41,371,566	2,014,893	43,386,459	868,725	74,297,833
Movements in fair value									
Additions	200,200	0	0	200,200	1,544,324	0	1,544,324	71,244	1,615,768
Contributions	0	0	102,295	102,295	0	0	0	0	102,295
Revaluation	0	0	0	0	841,844	0	841,844	0	841,844
Disposal	(450,400)	0	0	(450,400)	0	0	0	0	(450,400)
Write-off	0	0	0	0	0	0	0	(4,698)	(4,698)
Transfers	(445,400)	0	0	(445,400)	0	0	0	(657,877)	(1,103,277)
Impairment losses recognised in operating result	0	0	0	0	0	0	0	0	0
	(695,600)	0	102,295	(593,305)	2,386,168	0	2,386,168	(791,572)	1,007,232
Movements in accumulated depreciation									
Depreciation	0	0	0	0	(653,471)	0	(653,471)	0	(653,471)
Revaluation	0	0	0	0	(300,325)	0	(300,325)	0	(300,325)
Accumulated depreciation of disposals	0	0	0	0	0	0	0	0	0
Impairment losses recognised in operating result	0	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0	0
	0	0	0	0	(1,153,796)	0	(1,153,796)	0	(1,153,796)
At fair value 30 June 2018	23,921,862	5,419,567	670,305	30,011,735	70,651,238	3,010,360	73,661,598	77,153	102,850,486
Accumulated depreciation at 30 June 2018	0	0	0	0	(28,263,700)	(995,467)	(29,259,167)	0	(29,259,167)
	23,921,862	5,419,567	670,305	30,011,735	42,387,538	2,014,893	44,402,431	77,153	74,701,289

(b) Plant and Equipment

	Plant machinery and equipment \$	Fixtures fittings and furniture \$	Work in Progress \$	Total plant and equipment \$
At fair value 1 July 2017	5,640,687	3,256,114	0	8,896,811
Accumulated depreciation at 1 July 2017	(3,673,345)	(2,628,033)	0	(6,099,379)
	2,067,352	731,081	0	2,798,433
<b>Movements in fair value</b>				
Additions	484,281	90,470	64,734	619,485
Contributions	0	0	0	0
Revaluation	0	0	0	0
Disposal	(985,426)	(6,787)		(992,213)
Write-off	0	0	0	0
Transfers	0	0	0	0
Impairment losses recognised in operating result	0	0	0	0
	79,855	83,683	64,734	227,272
<b>Movements in accumulated depreciation</b>				
Depreciation and amortisation	(600,627)	(193,103)		(793,730)
Accumulated depreciation of disposals	281,071	6,787		287,858
Impairment losses recognised in operating result	0	0	0	0
Transfers	(219,856)	(166,316)	0	(386,172)
	57,652	3,339,787	64,734	5,124,089
At fair value 30 June 2018	(3,793,201)	(2,711,349)	0	(6,504,550)
Accumulated depreciation at 30 June 2018	1,926,351	628,448	64,734	2,619,534

(c) Infrastructure

	Roads	Bridges and culverts	Footpaths	Drainage Kerb and channel	Open space assets	Cultural and heritage assets	Work in Progress	Total infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$
At fair value 1 July 2017	16,137,050	72,040,796	3,894,886	14,113,922	6,287,876	584,112	432,310	286,326,941
Accumulated depreciation at 1 July 2017	(43,073,652)	(24,328,735)	(1,243,015)	(3,955,017)	(3,072,976)	0	0	(75,135,632)
	139,893,468	48,312,061	2,751,871	10,118,905	3,215,000	584,112	432,310	208,190,309
Movements in fair value								
Additions	1,559,375	2,728,421	309,311	677,855	286,311	0	3,543,854	9,286,855
Contributions	223,635	0	230,600	624,459	98,580	0	0	1,177,574
Revaluation	2,694,682	541,289	(65,427)	(627,865)	(225,204)	0	0	2,414,655
Disposal	(230,913)	(1,157,970)	(4,699)	(79,082)	0	0	0	(1,432,363)
Write-off	0	0	(99,853)	0	0	0	0	(99,853)
Transfers	0	0	0	0	0	0	0	0
Impairment losses recognised in operating result	0	0	0	0	0	0	(375,171)	(375,171)
	4,244,558	1,751,740	370,533	665,368	156,897	0	3,168,463	10,572,707
Movements in accumulated depreciation								
Depreciation and amortisation	(2,848,095)	(787,114)	(66,003)	(146,173)	(289,420)	0	0	(4,255,140)
Revaluation	(6,361,606)	(207,957)	65,427	5,973	171,430	0	0	(6,227,133)
Accumulated depreciation of disposals	157,780	1,030,787	1,143	27,132	0	0	0	1,216,842
Impairment losses recognised in operating result	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0
	(9,053,921)	55,716	(22,433)	(115,168)	(263,420)	0	0	(9,365,431)
At fair value 30 June 2018	186,161,609	74,392,536	4,365,619	14,009,290	6,472,913	584,112	3,600,793	296,859,648
Accumulated depreciation at 30 June 2018	(52,065,573)	(24,273,019)	(1,265,446)	(4,110,165)	(3,386,399)	0	0	(87,502,063)
	134,096,036	50,119,517	3,100,173	10,899,125	3,106,517	584,112	3,600,793	209,357,585

*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 have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

*Land under roads*

Council recognises land under roads it controls at fair value after 30 June 2008.

*Depreciation and amortisation*

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.

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

*Repairs and maintenance*

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.

*Valuation of land and buildings*

Valuation of land and buildings were undertaken by a qualified Independent valuer John Dixon, of FG Dixon Group on 30 June 2016. 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.

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

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2018 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
	\$'000	\$'000	\$'000	
Land	-	5,420	-	Jun-16
Specialised land	-	-	23,921	Jun-16
Land under roads	-	-	670	Jun-16
Buildings	-	2,015	-	Jun-16
Total	-	7,435	24,591	



*Valuation of infrastructure*

The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation. Valuation of infrastructure assets at 30 June 2018 was made by Uwe Paffarth, Certified Municipal Engineer.

	Level 1	Level 2	Level 3	Date of Valuation
	\$'000	\$'000	\$'000	
Roads	-	-	134,095	Jun-18
Bridges	-	-	50,119	Jun-18
Footpaths and cycleways	-	-	3,200	Jun-18
Drainage	-	-	10,699	Jun-18
Kerb & channel	-	-	4,092	Jun-18
Parks, open space and streetscapes	-	-	3,106	Jun-18
Other infrastructure	-	-	584	Jun-18
<b>Total</b>	-	-	<b>205,895</b>	

*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 85% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$0.48 and \$565 per square metre.

*Specialised buildings* are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs is calculated on a square metre basis and ranges from \$200 to \$7,000 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 20 years to 120 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

*Infrastructure assets* are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 18 years to 120 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.

	2018	2017
	\$	\$
<b>Reconciliation of specialised land</b>		
Parks and reserves	17,650,764	17,352,965
Waste management	853,801	853,801
Civic centres	2,230,707	2,230,707
Council depts	613,849	613,849
Caravan parks	1,900,420	1,900,420
Pre schools	364,000	364,000
Saleyards	308,321	308,321
<b>Total specialised land</b>	<b>23,921,862</b>	<b>23,624,063</b>

5.3 Investments in associates	2018	2017
	\$	\$
Investments in associates accounted for by the equity method are:		
Goulburn Valley Regional Library Corporation	235,987	244,501
<p>The Goulburn Valley Regional Library Corporation was formed under the provisions of section 196 of the Local Government Act 1989 on 15/09/2009 to provide library services within the local government area of Strathbogjie Shire, Moira Shire and City of Greater Shepparton. Council holds 9.89% (2015 9.89%) of equity in the Corporation. Council has two directors on the board of nine. Council has the ability to influence rather than control its operations.</p>		
Fair value of Council's investment in Goulburn Valley	<u>235,987</u>	<u>244,501</u>
Council's share of accumulated surplus/(deficit)		
Council's share of accumulated surplus/(deficit) at start of year	244,501	241,620
Reported surplus/(deficit) for year	(8,514)	2,981
Transfers (to) from reserves	-	-
Distributions for the year	-	-
Council's share of accumulated surplus/(deficit) at end of year	<u>235,987</u>	<u>244,501</u>
Movement in carrying value of specific investment		
Carrying value of investment at start of year	244,501	241,620
Share of surplus/(deficit) for year	(8,514)	2,981
Share of asset revaluation	-	-
Distributions received	-	-
Carrying value of investment at end of year	<u>235,987</u>	<u>244,501</u>

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

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement.

Interests in joint ventures are accounted for using the equity method. Under this method, the interests are initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise Council's share of the post-acquisition profits or losses and movements in other comprehensive income in profit or loss and other comprehensive income respectively.

#### Committees of management

The value of land and buildings occupied and/or utilised by Council committees of management is consolidated in Council's balance sheet as at 30 June 2018.

The following committees of management as at 30 June 2018 are not included in this financial report as they are not controlled by Council and accordingly prepare their own financial reports separately:

Avenel Memorial Hall  
Boho South Hall  
Creighton's Creek Recreation Reserve  
Euroa Band Hall  
Euroa Friends Reserve  
Euroa Third Age Club  
Gooram Soldiers' Memorial Hall  
Honouring Our Heroes  
Longwood Community Centre  
Miepoll Public Hall  
Moglonemby Hall  
Nagamble Recreation Reserve  
Nagamble Waterways Recreational and Commercial Stakeholders Advisory Committee  
Ruffy Recreation Reserve  
Shadforth Reserve  
Strathbogjie Memorial Hall  
Strathbogjie Recreation Reserve  
Tableland Community Centre Committee Ruffy  
Violet Town Complex  
Violet Town Recreation Reserve

Note 6 People and relationships

6.1 Council and key management remuneration

(a) Related Parties

*Parent entity*

Strathbogie Council is the parent entity.

*Subsidiaries and Associates*

Interests in subsidiaries and associates are detailed in Note 5.3.

(b) 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	Amanda McClaren (Mayor) Malcolm Little John Mason Kate Stothers Debra Bower Alistair Thomson Graeme (Mick) Williams		
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	2018 No.	2017 No.
Total Number of Councillors	7	11
Chief Executive Officer and other Key Management Personnel	4	4

Total Key Management Personnel	11	15
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(c) Remuneration of Key Management Personnel

	2018 \$	2017 \$
Total remuneration of key management personnel was as follows:		
Short-term benefits	883,325	872,803
Post employment benefits	66,704	66,283
Other long-term benefits	16,297	16,113
Termination benefits	-	-
Total	966,326	955,199

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

	2018 No.	2017 No.
\$1 - \$9,999	-	3
\$10,000 - \$19,999	-	4
\$20,000 - \$29,999	6	3
\$30,000 - \$39,999	-	1
\$60,000 - \$69,999	1	-
\$160,000 - \$169,999	1	1
\$180,000 - \$189,999	2	2
\$220,000 - \$229,999	-	1
\$230,000 - \$239,999	1	-
	11	15

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 \$145,000

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

Income Range:	2018 No.	2017 No.
\$142,000 - \$149,999	-	1
\$150,000 - \$159,999	1	1
	<u>1</u>	<u>2</u>
	2018	2017
	\$	\$
Total Remuneration for the reporting year for Senior Officers included above, amounted to	154,783	305,595

#### 6.2 Related party disclosure

(a) Transactions with related parties

During the period Council did not enter into any transactions with related parties that require disclosure.

(b) Outstanding balances with related parties

There are no balances outstanding at the end of the reporting period in relation to transactions with related parties that require disclosure.

(c) Loans to/from related parties

There are no loans in existence at balance date that have been made, guaranteed or secured by the council to a related party.

(d) 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.

Note 7 Managing uncertainties

7.1 Contingent assets and liabilities

(a) Contingent assets

Flood event December 2017

A major flood event in December 2017 has resulted in a natural disaster claim for infrastructure restoration works estimated at \$5.5 million. At the date of reporting, \$1 million of the funding has been received. There is consequently a \$4.5 million contingent asset in relation to the balance of the claim. The funds will be claimed progressively as the restoration works are completed.

(b) Contingent liabilities

Superannuation

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme, matters relating to this potential obligation are outlined below. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists.

Future superannuation contributions

Strathbogie Shire Council made no unfunded liability payments to Vision Super during the 2017/18 year (2016/17 \$0). No contributions are expected to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2018.

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

(c) Bank Guarantees

Council has 2 outstanding bank guarantees in favour of Goulburn Valley Water in relation to the construction of sewerage infrastructure in Graham Street, Euroa (\$11,400) and Drysdale Road, Euroa (\$10,253).

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.

7.2 Change in accounting standards

The following new AAS's have been issued that are not mandatory for the 30 June 2018 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.

Financial Instruments - Disclosures (AASB 7) (applies 2018/19)

This Standard requires entities to provide disclosures in their financial statements that enable users to evaluate: (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed.

Financial Instruments (AASB 9) (applies 2018/19)

The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.

Revenue from contracts with customers (AASB 15) (applies 2019/20 for LG sector)

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.

Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities (AASB 2016-7) (applies 2019/20)

This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.

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.

Income of Not-for-Profit Entities (AASB 1058) (applies 2019/20)

This standard replaces AASB 1004 Contributions and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable to not-for-profit entity to further its objectives.

### 7.3 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 the Notes 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

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 has a policy for establishing credit limits for the entities Council deals with;
- council may require collateral where appropriate; and
- council only invests 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 7.1(b).

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



(d) Liquidity risk

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

To help reduce these risks Council:

- targets a minimum and average level of cash and cash equivalents to be maintained in its Strategic Resource Plan
- has readily accessible standby facilities and other funding arrangements in place;
- has an investment policy that requires surplus funds to be invested within various bands of liquid instruments;
- monitors budget to actual performance on a regular basis; and
- sets 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 7.1(c), and is deemed insignificant based on prior periods' data and current assessment of risk.

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

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 4.4.

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

(e) 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% and -1% in market interest rates (AUD) from year-end rates of 2.47%.

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.

7.4 Fair value measurement

*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.

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.

*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. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 1 to 3 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.

*Impairment of assets*

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

Note 8 Other matters

8.1 Reserves	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
(a) Asset revaluation reserves	\$	\$	\$
<b>2018</b>			
<b>Property</b>			
Land	24,645,565	-	24,645,565
Buildings	41,262,389	541,519	41,803,908
	<u>65,907,954</u>	<u>541,519</u>	<u>66,449,473</u>
<b>Infrastructure</b>			
Roads	98,182,816	(3,667,044)	94,515,772
Bridges	34,262,241	333,332	34,595,573
Footpaths and cycleways	1,600,498	-	1,600,498
Drainage	4,548,109	(521,991)	4,026,118
Kerb and channel	3,011,415	(56,774)	2,954,641
Other infrastructure	16,205	-	16,205
	<u>141,621,284</u>	<u>(3,912,477)</u>	<u>137,708,807</u>
<b>Total asset revaluation reserves</b>	<u>207,529,238</u>	<u>(3,370,958)</u>	<u>204,158,280</u>
<b>2017</b>			
<b>Property</b>			
Land	24,994,006	(348,441)	24,645,565
Buildings	42,453,352	(1,190,963)	41,262,389
	<u>67,447,358</u>	<u>(1,539,404)</u>	<u>65,907,954</u>
<b>Infrastructure</b>			
Roads	87,967,661	10,215,155	98,182,816
Bridges	34,019,376	242,865	34,262,241
Footpaths	1,279,157	321,341	1,600,498
Drainage	3,977,305	570,804	4,548,109
Kerb and channel	3,011,415	-	3,011,415
Other infrastructure	16,205	-	16,205
	<u>130,271,119</u>	<u>11,350,165</u>	<u>141,621,284</u>
<b>Total asset revaluation reserves</b>	<u>197,718,477</u>	<u>9,810,761</u>	<u>207,529,238</u>

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

(b) Other reserves	Balance at beginning of reporting period	Transfer from accumulated surplus	Balance at end of reporting period
	\$	\$	\$
<b>2018</b>			
Bridge replacement reserve	600,000	150,000	750,000
Open space reserve	112,250	(3,292)	108,958
<b>Total Other reserves</b>	<u>712,250</u>	<u>146,708</u>	<u>858,958</u>
<b>2017</b>			
Bridge replacement reserve	600,000	-	600,000
Open space reserve	100,400	11,850	112,250
<b>Total Other reserves</b>	<u>700,400</u>	<u>11,850</u>	<u>712,250</u>



	2018	2017
	\$	\$
<b>8.2 Reconciliation of cash flows from operating activities to surplus/(deficit)</b>		
Surplus/(deficit) for the year	856,363	5,191,380
Depreciation	5,802,643	5,347,074
Non-cash notional legal expense - non-current assets held for resale	-	4,331
(Profit) Loss on disposal of property, infrastructure, plant and equipment	(97,362)	164,466
Written down value of Infrastructure assets replaced	615,521	403,260
Borrowing costs	54,019	77,703
Trust funds and other deposits repaid	541,934	(414,298)
Share of net profits of associates	8,514	(2,981)
Contributions - Non-monetary assets/found assets	(1,285,840)	(562,892)
WIP expended 2016/17 - reclassified as operating expense 2017/18	4,839	-
Payments from Open Space Reserve	(9,292)	-
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(414,177)	3,862
(Increase)/Decrease in other assets	(190,535)	(201,407)
Increase/(decrease) in trade and other payables	(314,717)	408,744
(Increase)/decrease in Inventories	1,632	(1,859)
Increase/(Decrease) in provisions	3,711,915	130,030
<b>Net cash provided by/(used in) operating activities</b>	<b>9,285,457</b>	<b>10,547,413</b>

### 8.3 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 2018, 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 2017, a full triennial actuarial investigation was completed. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 103.1%. To determine the VBI, the Fund Actuary used the following long-term assumptions:

Net investment returns 6.5% pa  
Salary information 3.5% pa  
Price inflation (CPI) 2.5% pa.

Vision Super has advised that the estimated VBI at quarter end June 2018 was 106%.

The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2017 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**

**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.

**2017 triennial actuarial investigation surplus amounts**

The Fund's triennial investigation as at 30 June 2017 identified the following in the defined benefit category of which Council is a contributing employer:

A total service liability surplus of \$193.5 million.

A discounted accrued benefits surplus of \$228.8 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 2017. Council was notified of the 30 June 2017 VBI during August 2017.

**2018 interim actuarial investigation**

An interim actuarial investigation will be conducted for the Fund's position as at 30 June 2018. It is anticipated that this actuarial investigation will be completed in December 2018.

# **Strathbogie Shire Council**

## **Performance Statement**

For the year ended 30 June 2018



## Performance Statement

For the year ended 30 June 2018

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### Description of municipality

Strathbogie Shire is a rural municipality located approximately two hours from the Melbourne CBD and covers 330,326 hectares. We have diverse and picturesque communities served by townships such as Euroa, Nagambie, Violet Town, Avenel, Longwood, Ruffy and Strathbogie with a population of over 10,000 and growing. The shire has an ageing population with 38% of residents aged 60 years and over. Approximately eight out of ten residents were born in Australia and about 5% of people came from countries where English was not their first language.

The Strathbogie Shire has a rural economic base of wool, grain, sheep and cattle production, extensive vineyards, world class wineries and a wide range of intensive cool climate horticultural enterprises. The region is also known as the Horse Capital of Victoria due to its ever expanding horse industry. Thoroughbred breeding studs are the cornerstone of this important industry, with many prestigious Melbourne Cup winners bred and trained in the shire. Nagambie is also the birthplace of Black Caviar, the world champion horse, and now has a life-size bronze statue sitting pride of place at Jacobson's Outlook.

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## Sustainable Capacity Indicators

For the year ended 30 June 2018

Indicator/measure	Results				Material Variations
	2015	2016	2017	2018	
<b>Population</b>					
Expenses per head of municipal population [Total expenses / Municipal population]	\$2,758.30	\$2,903.83	\$2,614.58	\$3,031.18	2018 expense includes increased landfill rehabilitation provision of \$3.7m
Infrastructure per head of municipal population [Value of infrastructure / Municipal population]	\$23,842.80	\$24,896.09	\$24,806.95	\$24,569.20	No material variations
Population density per length of road [Municipal population / Kilometres of local roads]	4.37	4.15	4.36	4.41	No material variations
<b>Own-source revenue</b>					
Own-source revenue per head of municipal population [Own-source revenue / Municipal population]	\$1,845.97	\$1,955.13	\$1,943.07	\$1,972.55	No material variations
<b>Recurrent grants</b>					
Recurrent grants per head of municipal population [Recurrent grants / Municipal population]	\$1,157.20	\$578.77	\$999.52	\$747.68	Grants in 2016/17 included \$7.50m Financial Assistance Grants which reduced to \$5.19m in 2017/18 due to timing and recognition of payments.
<b>Disadvantage</b>					
Relative socio-economic disadvantage [Index of Relative Socio-economic Disadvantage by decile]	3.00	3.00	3.00	4.00	As per new advice

**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 above

"infrastructure" means non-current property, plant and equipment excluding land "local road" means a sealed or unsealed road for which the council is the responsible road authority under the *Road Management Act 2004*

"population" means the resident population estimated by council

"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

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

## Service Performance Indicators

For the year ended 30 June 2018

Service/indicator/measure	Results			Material Variations
	2015	2016	2017	
<b>Aquatic facilities</b>				
<b>Utilisation</b>				
<i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	3.30	4.41	3.75	Attendances down 7% on previous year
<b>Animal management</b>				
<b>Health and safety</b>				
<i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	0.00	0.00	0.00	No prosecutions in 2017/18
<b>Food safety</b>				
<b>Health and safety</b>				
<i>Critical and major non-compliance 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] x100	100.0%	0.00%	0.00%	There were zero critical and major non-compliance notifications identified or actioned in 2015/16, 2016/17 and 2017/18
<b>Governance</b>				
<b>Satisfaction</b>				
<i>Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	48.00	48.00	38.00	Improved survey result. Council has given increased attention to community engagement over the past 12 months.

Service/indicator/measure	Results				Material Variations
	2015	2016	2017	2018	
<b>Libraries</b>					
<b>Participation</b>					
<i>Active library members</i> [Number of active library members / Municipal population] x100	26.00%	27.16%	23.11%	22.30%	No material variations
<b>Maternal and child health</b>					
<b>Participation</b>					
<i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	85.00%	84.35%	83.87%	77.87%	Number of children attending at least once per year reduced from 301 to 285 while the number enrolled increased from 359 to 366. Service is voluntary but investigations are underway to determine if a particular age group is affected.
<b>Participation</b>					
<i>Participation in the MCH service by Aboriginal children</i> [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	100%	100%	100%	92.31%	In 2016/17 100% attendance was achieved and in 2017/18 one child enrolled did not attend.
<b>Roads</b>					
<b>Satisfaction</b>					
<i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	43.00	44.00	43.00	47.00	Improved survey result. Council has continued to have an emphasis in its capital works program on renewal of assets including the sealed road network.



Service/indicator/measure	Results				Material Variations
	2015	2016	2017	2018	
<b>Statutory Planning</b> <b>Decision making</b> <b>Council planning decisions upheld at VCAT</b> [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	0.00%	33.33%	0.00%	0.00%	No appeals lodged in 2016/17 and 2017/18
<b>Waste Collection</b> <b>Waste diversion</b> <b>Kerbside collection waste diverted from landfill</b> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	32.00%	68.24%	70.30%	69.75%	Low rate in 2014/15 was prior to introduction of 3 bin system which has substantially increased diversion from landfill
<b>Definitions</b> "Aboriginal child" means a child who is an Aboriginal person "Aboriginal person" has the same meaning as in the Aboriginal Heritage Act 2006 "active library member" means a member of a library who has borrowed a book from the library "annual report" means an annual report prepared by a council under sections 131, 132 and 133 of the Act "CALD" means culturally and linguistically diverse and refers to persons born outside Australia in a country whose national language is not English "class 1 food premises" means food premises, within the meaning of the Food Act 1984, that have been declared as class 1 food premises under section 19C of that Act "class 2 food premises" means food premises, within the meaning of the Food Act 1984, that have been declared as class 2 food premises under section 19C of that Act "Community Care Common Standards" means the Community Care Common Standards for the delivery of HACC services, published from time to time by the Commonwealth "critical non-compliance outcome notification" means a notification received by council under section 19N(3) or (4) of the Food Act 1984, or advice given to council by an authorized officer under that Act, of a deficiency that poses an immediate serious threat to public health "food premises" has the same meaning as in the Food Act 1984 "HACC program" means the Home and Community Care program established under the Agreement entered into for the purpose of the Home and Community Care Act 1985 of the					

Commonwealth

- "HACC services" means home help, personal care or community respite provided under the HACC program
- "local road" means a sealed or unsealed road for which the council is the responsible road authority under the *Road Management Act 2004*
- "major non-compliance outcome notification" means a notification received by a council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to council by an authorized officer under that Act, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken
- "MCH" means the Maternal and Child Health Service provided by a council to support the health and development of children within the municipality from birth until school age
- "population" means 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

For the year ended 30 June 2018

Dimension/indicator/ measure	Results					Forecasts			Material Variations	
	2015	2016	2017	2018	2019	2020	2021	2022		
<b>Efficiency</b>										
<i>Revenue level</i>										
Average residential rate per residential property assessment	\$1,865.97	\$1,939.62	\$1,967.20	\$1,998.20	\$2,031.53	\$2,056.25	\$2,075.21	\$2,110.12	No material variations	
[Residential rate revenue / Number of residential property assessments]										
<b>Expenditure level</b>										
Expenses per property assessment	\$3,747.77	\$3,477.38	\$3,375.75	\$3,961.38	\$3,416.75	\$3,386.03	\$3,429.23	\$3,426.96	2018 expense includes increased landfill rehabilitation provision of \$3.7m. Expenditure level is expected to remain constrained but number of assessments increasing by 1.5% per year. Depreciation beyond 2018 of approximately \$5.6m is in accordance with Long Term Financial Plan which may vary.	
[Total expenses / Number of property assessments]										
<b>Workforce turnover</b>										
Resignations and terminations compared to average staff	11.72%	11.35%	12.75%	8.47%	8.4%	8.4%	8.4%	8.4%	Years prior to 2017 saw some restructuring of the organisation reflecting in higher turnover. Going forward 10 resignations per year have been assumed.	
[Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100										

Dimension/indicator/ measure	Results					Forecasts					Material Variations	
	2015	2016	2017	2018	2019	2020	2021	2022	2023			
<b>Liquidity</b> <i>Working capital</i> Current assets compared to current liabilities [Current assets / Current liabilities] x100	197.91%	203.69%	244.00%	281.00%	132.00%	140.40%	147.95%	155.08%				Landfill provision of \$0.797m transferred from current to non-current. Capital works carried over in 2018 of \$4.5m included bridges of \$0.87m, buildings of \$0.452m, plant and machinery of \$0.433m, roadworks/drainage of \$2.182m and computers and telecommunications equipment of \$0.336m to be spent in 2019. Prepayment of Financial Assistance Grants of \$2.645m in 2017/18 increased cash levels.
<b>Unrestricted cash</b> <i>Unrestricted cash</i> compared to current liabilities [Unrestricted cash / Current liabilities] x100	153.11%	129.44%	197.06%	138.10%	79.23%	83.73%	91.04%	97.60%				Capital works carried over of \$4.5m included a number of road and bridge projects.
<b>Obligations</b> <i>Asset renewal</i> Asset renewal compared to depreciation [Asset renewal expenses / Asset depreciation] x100	131.52%	121.97%	98.28%	147.87%	163.52%	91.88%	87.38%	76.78%				Varies according to capital spend and projects completed in any one year. Some bridge works carried over into 2018/19. Renewal effort based on condition assessment is at appropriate level.

Dimension/indicator/ measure	Results		Forecasts					
	2015	2016	2017	2018	2019	2020	2021	2022
<i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x100	13.08%	9.81%	6.65%	3.73%	1.93%	1.44%	0.95%	0.46%
	Council's current policy is no new borrowings. Debt is being reduced and rate revenue is increasing.							
<i>Dimension/indicator/ measure</i>	Results		Forecasts			Material Variations		
<i>Loans and borrowings repayments compared to rates</i>	2015	2016	2017	2018	2019	2020	2021	2022
	4.86%	3.17%	3.13%	3.05%	0.90%	0.54%	0.52%	0.50%
	Council's current policy is no new borrowings. With debt reducing repayments are also reducing.							
<i>Indebtedness</i> <i>Non-current liabilities compared to own source revenue</i> [Non-current liabilities / Own source revenue]x100	15.06%	14.90%	9.53%	30.38%	7.12%	5.96%	4.78%	3.62%
	Landfill provision of \$0.797m was transferred from current to non-current and the provision was increased by a further \$3.7m. Council's current policy is no new borrowings. With debt reducing repayments are also reducing.							
<i>Operating position</i> <i>Adjusted underlying result</i> <i>Adjusted underlying surplus (or deficit)</i> [Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100	10.24%	-16.00%	11.41%	-6.33%	-1.95%	2.47%	2.14%	3.14%
	2018 includes additional landfill rehabilitation provision of \$3.7m. 2017/18 revenue included \$1.286m contributed assets with none budgeted in 2018/19. Also 2017/18 included \$1.082m non-recurrent capital grants with no budget for non-recurrent capital grants in 2018/19. Financial Assistance Grants of \$2.645m brought forward to 2017/18 are not to be received in 2018/19.							

Dimension /indicator/ measure	Results					Forecasts			
	2015	2016	2017	2018	2019	2020	2021	2022	
<b>Stability</b> <b>Rates concentration</b> <b>Rates compared to</b> <b>adjusted underlying</b> <b>revenue</b> [Rate revenue / Adjusted underlying revenue] x100	53.65%	78.10%	59.27%	62.16%	70.16%	68.55%	68.55%	69.03%	2017/18 revenue included \$1.286m contributed assets with none budgeted in 2018/19. Also 2017/18 included \$1.082m non recurrent capital grants with no budget in 2018/19.
<b>Rates effort</b> <b>Rates compared to</b> <b>property values</b> [Rate revenue / Capital improved value of rateable properties in the municipality ] x100	0.63%	0.66%	0.64%	0.64%	0.59%	0.59%	0.60%	0.61%	Property revaluation is effective 2018/19 with forecast increased property values of 15.6% and rate increase of 1.9% ,which is less than rate cap
	<p><b>Definitions</b></p> <p>"adjusted underlying revenue" means total income other than:</p> <p>(a) non-recurrent grants used to fund capital expenditure; and</p> <p>(b) non-monetary asset contributions; and</p> <p>(c) contributions to fund capital expenditure from sources other than those referred to above</p> <p>"adjusted underlying surplus (or deficit)" means adjusted underlying revenue less total expenditure</p> <p>"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</p> <p>"current assets" has the same meaning as in the AAS</p> <p>"current liabilities" has the same meaning as in the AAS</p> <p>"non-current assets" means all assets other than current assets</p> <p>"non-current liabilities" means all liabilities other than current liabilities</p> <p>"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</p> <p>during the period covered by a council's Strategic Resource Plan</p> <p>"own-source revenue" means adjusted underlying revenue other than revenue that is not under the control of council (including government grants</p>								

"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

For the year ended 30 June 2018

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

The forecast figures included in the performance statement are those adopted by council in its strategic resource plan on 26 June 2018 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.

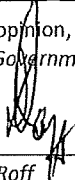
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## Certification of the Performance Statement

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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*.

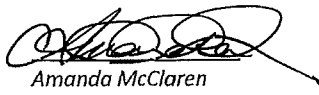
  
\_\_\_\_\_  
David Roff  
Principal Accounting Officer  
Date  
Euroa, Victoria

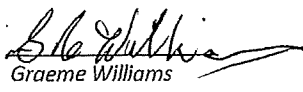
In our opinion, the accompanying performance statement of the Shire of Strathbogie for the year ended 30 June 2018 presents fairly the results of council's performance in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

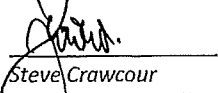
The performance statement contains the relevant performance indicators, measures and results in relation to service performance, financial performance and sustainable capacity.

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.

  
Amanda McClaren  
Councillor  
Date: 25/9/18  
Euroa, Victoria

  
Graeme Williams  
Councillor  
Date: 25/9/18  
Euroa, Victoria

  
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Steve Crawcour  
Chief Executive Officer  
Date: September 2018  
Euroa, Victoria


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**GOVERNANCE AND MANAGEMENT CHECKLIST**

Governance and Management Item		Assessment
1	Community engagement policy (policy outlining Council's commitment to engaging with the community on matters of public interest)	No policy Draft prepared and being reviewed before submission to Council
2	Community engagement guidelines (guidelines to assist staff to determine when and how to engage with the community)	Guidelines adopted 12 August 2014. Being reviewed along with Community Engagement Policy
3	Strategic Resource Plan (plan under section 126 of the Act outlining the financial and non-financial resources required for at least the next 4 financial years)	Adopted in accordance with section 126 of the Act Date adopted 26 June 2018
4	Annual budget (plan under section 130 of the Act setting out the services to be provided and initiatives to be undertaken over the next 12 months and the funding and other resources required)	Adopted in accordance with section 130 of the Act Date adopted 26 June 2018
5	Asset management plans (plans that set out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years)	Plans Date of operation of current plans : General overarching 28 October 2016 Transport 21 October 2016 Bridges 16 March 2015 Water(drainage) 16 December 2016 Land 26 January 2013 Buildings 16 September 2016 Open space 9 January 2013 Plant and Equipment 27 November 2012 Culture and Heritage 27 November 2012
6	Rating strategy (strategy setting out the rating structure of Council to levy rates and charges)	Strategy Adopted with Budget 26 June 2018
7	Risk policy ( policy outlining Council's commitment and approach to minimising the risks to Council's operations)	Policy Date of operation of current policy : 15 December 2015 New policy to be presented to September 2018 Audit Committee
8	Fraud policy (policy outlining Council's commitment and approach to minimising the risk of fraud)	Policy Date of operation of current policy: 20 February 2018
9	Municipal emergency management plan (plan under section 20 of the Emergency Management Act 1986 for emergency prevention, response and recovery)	Prepared and maintained in accordance with Section 20 of the Emergency Management Act 1986 . Date of preparation 15 December 2015. Reviewed and due for audit November 2018
10	Procurement policy (policy under section 186A of the Local Government Act 1989 outlining the matters, practices and procedures that will apply to all purchases of goods, services and works)	Prepared and approved in accordance with Section 186A of the Local Government Act 1989. Date of approval :26 June 2018
11	Business continuity plan (plan setting out the actions that will be taken to ensure that key services continue to operate in the event of a disaster)	No plan Draft completed. Manager review 17/8/18 .To be finalised
12	Disaster recovery plan (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)	Plan Date of approval :24 May 2017
13	Risk management framework (framework outlining Council's approach to managing risks to the Council's operations)	Framework Date of operation of current framework : 15 December 2015 Due for review Dec 2018.

14	Audit Committee (advisory committee of Council under section 139 of the Act whose role is to oversee the integrity of a Council's financial reporting, processes to manage risks to the Council's operations and for compliance with applicable legal, ethical, and regulatory requirements)	Established in accordance with Section 139 of the Local Government Act Date of establishment : 20 November 2001
15	Internal audit (independent accounting professionals engaged by the Council to provide analyses and recommendations aimed at improving Council's governance, risk and management controls)	Engaged .Date of engagement of current provider : 15 May 2018
16	Performance reporting framework (a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 131 of the Act)	Framework Date of operation of current framework: 1 July 2015
17	Council Plan reporting (report reviewing the performance of the Council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the financial year)	Produced quarterly for Council Date presented to Council 21/11/17,20/3/18,17/7/18
18	Financial reporting (quarterly statements to Council under section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure)	Statements presented to Council in accordance with Section 138(1) of the Local Government Act Date statements presented: 21/11/17,19/12/17,20/2/18,20/3/18,17/4/18,15/5/18,26/6/18
19	Risk reporting (six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies)	Reports Audit Committee have been involved in risk review
20	Performance reporting (six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in section 131 of the Act)	Reports Business Management System reported to Council monthly
21	Annual report (annual report under sections 131, 132 and 133 of the Act to the community containing a report of operations and audited financial performance statements)	Considered at a meeting of Council in accordance with Section 134 of the Local Government Act Date statements presented 19 September 2017
22	Councillor Code of Conduct (Code under section 76C of the Act setting out the conduct principles and the dispute resolution processes to be followed by Councillors)	Code of conduct reviewed in accordance with section 76C of the Act Date adopted : 21/02/2017
23	Delegations (a document setting out the powers, duties and functions of Council and the Chief Executive Officer that have been delegated to members of staff)	Delegations reviewed in accordance with section 98(6) of the Act Date of review: 21/11/17,19/12/17
24	Meeting procedures (a local law governing the conduct of meetings of Council and special committees)	Meeting procedures local law made in accordance with section 91(1) of the Act and adopted by Council 16/12/2014

I certify that this information presents fairly the status of Council's governance and management arrangements.

  
Steve Crawcour  
Chief Executive Officer  
Dated : 25 September 2018

  
Cr Amanda McClaren  
Mayor  
Dated 25 September 2018