



**WEST  
WIMMERA  
SHIRE COUNCIL**



# **Annual Financial Statements**

**2018-2019**

*The best of country living*

**West Wimmera Shire Council  
Financial Report  
Table of Contents**

<b>FINANCIAL REPORT</b>		<b>Page</b>
Certification of the Financial Statements		1
Victorian Auditor-General's Office Audit Report		2
<b>Financial Statements</b>		
Comprehensive Income Statement		4
Balance Sheet		5
Statement of Changes in Equity		6
Statement of Cash Flows		7
Statement of Capital Works		8
<b>Overview</b>		9
<b>Notes to Financial Statements</b>		
Note 1	Performance against budget	10
	1.1. Income and expenditure	10
	1.2. Capital works	12
Note 2.1	Analysis of Council results by program	13
Note 3	Funding for the delivery of our services	15
	3.1. Rates and charges	15
	3.2. Statutory fees and fines	15
	3.3. User fees	15
	3.4. Funding from other levels of government	15
	3.5. Contributions	17
	3.6. Net gain/(loss) on disposal of property, infrastructure, plant and equipment	17
	3.7. Other income	17
Note 4	The cost of delivering services	17
	4.1. Employee costs	17
	4.2. Materials and services	18
	4.3. Depreciation	18
	4.4. Bad and doubtful debts	18
	4.5. Borrowing costs	19
	4.6. Other expenses	19
	4.7. Asset write downs	19
Note 5	Our financial position	19
	5.1. Financial assets	19
	5.2. Non-financial assets	21
	5.3. Payables	21
	5.4. Interest-bearing liabilities	22
	5.5. Provisions	22
	5.6. Financing arrangements	24
	5.7. Commitments	24
Note 6	Assets we manage	25
	6.1. Non current assets classified as held for sale	25
	6.2. Property, infrastructure plant and equipment	26
	6.3. Investments in associates, joint arrangements and subsidiaries	33
	6.4. Committees of Management	35
Note 7	People and relationships	37
	7.1. Council and key management remuneration	37
	7.2. Related party disclosure	38
Note 8	Managing uncertainties	39
	8.1. Contingent assets and liabilities	39
	8.2. Change in accounting standards	40
	8.3. Financial instruments	40
	8.4. Fair value measurement	42
	8.5. Events occurring after balance date	42
Note 9	Other matters	43
	9.1. Reserves	43
	9.2. Reconciliation of cash flows from operating activities to surplus/(deficit)	45
	9.3. Superannuation	45
	9.4. Adjustments directly to equity	46

## 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*, the Australian Accounting Standards and other mandatory professional reporting requirements.



Mr Ashley Roberts, B.Com, AssocDip Acc, CPA, AICD

**Principal Accounting Officer**

**Date :** 29 November 2019

Edenhope

In our opinion the accompanying financial statements present fairly the financial transactions of West Wimmera Shire Council for the year ended 30 June 2019 and the financial position of the Council as at that date.

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

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



Cr Jodie Pretlove

**Councillor**

**Date :** 29 November 2019

Edenhope



Cr Bruce Meyer

**Councillor**

**Date :** 29 November 2019

Edenhope



Mr David Leahy

**Chief Executive Officer**

**Date :** 29 November 2019

Edenhope

## Independent Auditor's Report

### To the Councillors of West Wimmera Shire Council

**Opinion** I have audited the financial report of West Wimmera Shire Council (the council) which comprises the:

- balance sheet as at 30 June 2019
- comprehensive income statement for the year then ended
- statement of changes in equity for the year then ended
- statement of cash flows for the year then ended
- statement of capital works for the year then ended
- notes to the financial statements, including significant accounting policies
- certification of the financial statements.

In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2019 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 6 of the *Local Government Act 1989* and applicable Australian Accounting Standards.

**Basis for Opinion** I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975*. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Councillors' responsibilities for the financial report** The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Local Government Act 1989*, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Councillors are responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.


**Auditor's responsibilities for the audit of the financial report** As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors
- conclude on the appropriateness of the Councillors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Councillors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE  
29 November 2019

  
Jonathan Kyvelidis  
as delegate for the Auditor-General of Victoria

## Comprehensive Income Statement For the Year Ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
<b>Income</b>			
Rates and charges	3.1	7,510	7,239
Statutory fees and fines	3.2	192	147
User fees	3.3	571	665
Grants - operating	3.4	8,512	6,849
Grants - capital	3.4	9,796	12,287
Contributions - monetary	3.5	112	498
Net gain (or loss) on disposal of property, infrastructure, plant and equipment	3.6	75	120
Share of net profits (or loss) of associates and joint ventures	6.3	(425)	37
Reimbursements - Vic Roads	3.7	1,562	3,412
Other income	3.7	1,222	722
<b>Total income</b>		<b>29,127</b>	<b>31,976</b>
<b>Expenses</b>			
Employee costs	4.1	7,107	6,902
Materials and services	4.2	7,025	18,396
Depreciation	4.3	7,664	6,649
Bad and doubtful debts	4.4	17	-
Borrowing costs	4.5	-	8
Asset write downs	4.7	1,039	-
Other expenses	4.6	303	303
<b>Total expenses</b>		<b>23,155</b>	<b>32,258</b>
<b>Surplus/(deficit) for the year</b>		<b>5,972</b>	<b>(282)</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to surplus or deficit in future periods</b>			
Net asset revaluation increment/(decrement)	6.2	(28,344)	54,040
Share of other comprehensive income of associates and joint ventures	6.3	430	(18)
<b>Total comprehensive result</b>		<b>(21,942)</b>	<b>53,740</b>

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

## Balance Sheet As at 30 June 2019

	Note	2019	2018
		\$'000	Restated \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5.1(a)	15,118	10,537
Trade and other receivables	5.1(c)	2,091	585
Other financial assets	5.1(b)	-	1,100
Inventories	5.2(a)	263	252
Non-current assets classified as held for sale	6.1	14	14
Other assets	5.2(b)	287	65
<b>Total current assets</b>		<b>17,773</b>	<b>12,553</b>
<b>Non-current assets</b>			
Trade and other receivables	5.1(c)	167	179
Investments in associates, joint arrangements and subsidiaries	6.3	436	431
Property, infrastructure, plant and equipment	6.2	195,212	223,232
<b>Total non-current assets</b>		<b>195,815</b>	<b>223,842</b>
<b>Total assets</b>		<b>213,588</b>	<b>236,395</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	5.3(a)	1,293	2,407
Trust funds and deposits	5.3(b)	32	32
Provisions	5.5	2,399	2,114
Interest-bearing liabilities	5.4	-	34
<b>Total current liabilities</b>		<b>3,724</b>	<b>4,586</b>
<b>Non-current liabilities</b>			
Provisions	5.5	306	309
<b>Total non-current liabilities</b>		<b>306</b>	<b>309</b>
<b>Total liabilities</b>		<b>4,030</b>	<b>4,896</b>
<b>Net assets</b>		<b>209,558</b>	<b>231,500</b>
<b>Equity</b>			
Accumulated surplus		43,787	36,992
Reserves	9.1	165,771	194,508
<b>Total Equity</b>		<b>209,558</b>	<b>231,500</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 2019

2019	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
Balance at beginning of the financial year		231,500	36,992	190,130	4,378
Surplus/(deficit) for the year		5,972	5,972	-	-
Share of other comprehensive income of associates	6.3	430	430	-	-
Net asset revaluation increment/(decrement)	6.2	(28,344)	-	(28,344)	-
Transfers to other reserves	9.1(b)	-	(2,879)	-	2,879
Transfers from other reserves	9.1(b)	-	3,272	-	(3,272)
<b>Balance at end of the financial year</b>		<b>209,558</b>	<b>43,787</b>	<b>161,786</b>	<b>3,985</b>

2018		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
		Restated	Restated		
Balance at beginning of the financial year		177,760	40,126	136,090	1,544
Surplus/(deficit) for the year		(282)	(282)	-	-
Share of other comprehensive income of associates	6.3	(18)	(18)	-	-
Net asset revaluation increment/(decrement)	6.2	54,040	-	54,040	-
Transfers to other reserves	9.1(b)	-	565	-	(565)
Transfers from other reserves	9.1(b)	-	(3,399)	-	3,399
<b>Balance at end of the financial year</b>		<b>231,500</b>	<b>36,992</b>	<b>190,130</b>	<b>4,378</b>

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 2019

	Note	2019 Inflows/ (Outflows) \$'000	2018 Inflows/ (Outflows) \$'000
<b>Cash flows from operating activities</b>			
Rates and charges		7,473	7,245
Statutory fees and fines		211	147
User fees		308	800
Grants - operating		8,512	6,849
Grants - capital		9,796	12,287
Contributions - monetary		112	498
Interest received		256	224
Other receipts		3,723	3,930
Net GST refund/payment		-	(138)
Employee costs		(6,824)	(6,829)
Materials and services		(11,100)	(18,109)
Trust funds and deposits repaid		-	(36)
<b>Net cash provided by/(used in) operating activities</b>	9.2	<b>12,467</b>	<b>6,868</b>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment		(9,102)	(8,757)
Proceeds from sale of property, infrastructure, plant and equipment		150	142
Payments for investments		-	(1,100)
<b>Net cash provided by/(used in) investing activities</b>		<b>(8,952)</b>	<b>(9,715)</b>
<b>Cash flows from financing activities</b>			
Finance costs		-	(8)
Movement in Investments		1,100	-
Repayment of borrowings		(34)	(130)
<b>Net cash provided by/(used in) financing activities</b>		<b>1,066</b>	<b>(138)</b>
Net increase (decrease) in cash and cash equivalents		4,581	(2,985)
Cash and cash equivalents at the beginning of the financial year		10,537	13,522
<b>Cash and cash equivalents at the end of the financial year</b>	5.1	<b>15,118</b>	<b>10,537</b>
Financing arrangements	5.6		
Restrictions on cash assets	5.1		

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

### Statement of Capital Works For the Year Ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
<b>Property</b>			
Land improvements		620	256
<b>Total land</b>		<b>620</b>	<b>256</b>
Buildings		1,263	390
<b>Total buildings</b>		<b>1,263</b>	<b>390</b>
<b>Total property</b>		<b>1,883</b>	<b>646</b>
<b>Plant and equipment</b>			
Plant, machinery and equipment		540	844
Fixtures, fittings and furniture		21	22
<b>Total plant and equipment</b>		<b>561</b>	<b>866</b>
<b>Infrastructure</b>			
Roads		5,632	4,075
Bridges		626	351
Footpaths and cycleways		179	3
Drainage		221	73
<b>Total infrastructure</b>		<b>6,658</b>	<b>4,502</b>
<b>Total capital works expenditure</b>		<b>9,102</b>	<b>6,014</b>
<b>Represented by:</b>			
New asset expenditure		77	285
Asset renewal expenditure		5,643	5,377
Asset upgrade expenditure		3,382	352
<b>Total capital works expenditure</b>		<b>9,102</b>	<b>6,014</b>

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

## OVERVIEW

### Introduction

The West Wimmera Shire Council was established by an Order of the Governor in Council on 20th January 1995 and is a body corporate.

The Council's main office is located at 49 Elizabeth Street, Edenhope, Vic 3318.

### 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 6.2)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of employee provisions (refer to Note 5.5)
- the determination of landfill provisions (refer to Note 5.5)

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 and \$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 21 June 2018. 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 2019 \$'000	Actual 2019 \$'000	Variance 2019 \$'000	Variance %	Ref
<b>Income</b>					
Rates and charges	7,514	7,510	(4)	0%	
Statutory fees and fines	116	192	76	66%	1
User fees	609	571	(38)	-6%	
Grants - operating	7,436	8,512	1,076	14%	2
Grants - capital	3,430	9,796	6,366	186%	3
Contributions - monetary	206	112	(94)	-46%	4
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	90	75	(15)	-17%	
Share of net profits/(losses) of associates and joint ventures	-	(425)	(425)	100%	5
Other income	2,498	2,784	286	11%	6
<b>Total income</b>	<b>21,899</b>	<b>29,127</b>	<b>7,228</b>	<b>33%</b>	
<b>Expenses</b>					
Employee costs	7,107	7,107	-	0%	
Materials and services	7,342	7,025	317	4%	7
Depreciation	7,267	7,664	(397)	-5%	8
Bad and doubtful debts	-	17	(17)	100%	
Asset write downs	-	1,039	(1,039)	100%	9
Other expenses	320	303	17	5%	
<b>Total expenses</b>	<b>22,036</b>	<b>23,155</b>	<b>(1,119)</b>	<b>-5%</b>	
<b>Surplus/(deficit) for the year</b>	<b>(137)</b>	<b>5,972</b>	<b>6,109</b>	<b>-4459%</b>	

#### (i) Explanation of material variations

Variance Ref	Item	Explanation
1	Statutory Fees & Fines	Statutory Fees & Fines received over the year are 66% (\$76,000) over original budget. The majority of this is the result of considerably higher building fees being receipted by Council, which arose from a generally higher level of activity than was first estimated.

Note 1

(i) Explanation of material variations

2	Grants - operating	<p>Operating grants received by Council are \$1.076 million (14%) above budget for the year. There are a number of smaller independent variances in this, the major including:</p> <ul style="list-style-type: none"> <li>* improved financial assistance grants being received by Council, including General Purpose funding being \$0.499 million higher and Local Roads funding being \$0.125 million higher than budgeted,</li> <li>* Increased pre-school funding \$0.170 million</li> <li>* Increased Maternal Child Health funding \$0.096 million</li> </ul>
3	Grants - capital	<p>During 2018-19 Council received a substantial \$6.366 million (186%) more capital grants than originally estimated. The major variances in this area include:</p> <ul style="list-style-type: none"> <li>* Flood recovery funding received by Council through the National Disaster Relief and Recovery Arrangements to allow for restoration works arising from the 2016 flood events \$3.560 million,</li> <li>* Road and bridge funding received from the Victorian Government predominately through Rural Roads Victoria funding \$1.184 million</li> <li>* Living Libraries funding for the construction of the new Edenhope Library facility \$0.60 million</li> <li>* Commonwealth funding through the Drought Communities Program of \$1.0 million covering works at the Edenhope Community Centre redevelopment and Kaniva Shire Hall refurbishment projects.</li> </ul>
4	Contributions - monetary	<p>Monetary contributions received during 2018-19 are \$94,000 (46%) below budget. This is due budgeted contributions for works to a shared bridge with a neighboring municipality not being received.</p>
5	Share of net profits/(losses) of associates and joint ventures	<p>The budget for the Share of net profits/(losses) of associates included amounts which are listed as Council's share of associates other comprehensive income in the Comprehensive Income Statement. When these amounts are included the variance is an immaterial \$5,000</p>
6	Other Income	<p>Other Income is \$0.286 million above original budget. This is predominately a result of increased income receipted from sales of quarry products.</p>
7	Materials and Services	<p>Materials and Services are \$0.317 million lower than budgeted. This saving has predominately been realised in the contractors area where lower than originally anticipated costs have been incurred in the use of contractors for major works, including the flood recovery program.</p>
8	Depreciation	<p>Depreciation and Amortisation shows a \$0.397 million variance above original budget. This is largely a result of increased infrastructure depreciation resulting from a reassessment of useful lives as part of the revaluation process undertaken during 2018-19.</p>
9	Asset Write Downs	<p>During 2018-19 Council wrote down \$1.039 million in value of bridge assets. This was a result of an engineering assesment of valuations.</p>

Note 1 Performance against budget (cont'd)  
1.2 Capital works

	Budget 2019 \$'000	Actual 2019 \$'000	Variance 2019 \$'000	Variance 2019 %	Ref
<b>Property</b>					
Land improvements	-	620	620	100%	10
<b>Total land</b>	<b>-</b>	<b>620</b>	<b>620</b>	<b>100%</b>	
Buildings	1,171	1,263	92	8%	
<b>Total buildings</b>	<b>1,171</b>	<b>1,263</b>	<b>92</b>	<b>8%</b>	
<b>Total property</b>	<b>1,171</b>	<b>1,883</b>	<b>712</b>	<b>61%</b>	
<b>Plant and equipment</b>					
Plant, machinery and equipment	744	540	(204)	-27%	11
Fixtures, fittings and furniture	-	21	21	100%	
Computers and telecommunications	25	-	(25)	-100%	
<b>Total plant and equipment</b>	<b>769</b>	<b>561</b>	<b>(208)</b>	<b>-27%</b>	
<b>Infrastructure</b>					
Roads	7,241	5,632	(1,609)	-22%	12
Bridges	566	626	60	11%	
Footpaths and cycleways	120	179	59	49%	13
Drainage	200	221	21	11%	
Parks, open space and streetscapes	123	-	(123)	-100%	10
<b>Total infrastructure</b>	<b>8,250</b>	<b>6,658</b>	<b>(1,592)</b>	<b>-19%</b>	
<b>Total capital works expenditure</b>	<b>10,190</b>	<b>9,102</b>	<b>(1,088)</b>	<b>-11%</b>	
<b>Represented by:</b>					
New asset expenditure	80	77	(3)	-4%	
Asset renewal expenditure	9,476	5,643	(3,833)	-40%	
Asset upgrade expenditure	634	3,382	2,748	433%	
<b>Total capital works expenditure</b>	<b>10,190</b>	<b>9,102</b>	<b>(1,088)</b>	<b>-11%</b>	

(i) Explanation of material variations

Variance Ref	Item	Explanation
10	Land Improvements and Parks, open space and streetscapes	Land improvements includes an amount of expenditure carried over from the previous year which was expended on the Kaniva Cultural and Tourism Precinct. Coupled with this, the amount that originally budgeted against Parks, open space and streetscapes was allocated against this item.
11	Plant, Machinery and Equipment	Capital expenditure on Plant, Machinery and Equipment shows an underspend against budget of \$0.20 million (27%). This figure is somewhat skewed by the fact that the purchase of two pieces of heavy equipment (one patrol truck and one roller) has been deferred to 2020.
12	Roads	Roads capital expenditure over 2019 was \$1.61 million (22%) below the original budgeted amount. This was a result of capitalisation of road works undertaken under the flood recovery program being significantly lower than budgeted. On examination of these works it was discovered that the majority of these works were minor in nature and cost and where below Council's capitalisation threshold. These costs were included in Council's Comprehensive Income Statement under contractors and materials and services.
13	Footpaths and Cycleways	Council incurred \$59,000 (49%) higher capital expenditure on Footpaths and Cycleways during 2018-19. This was the result of Council spending \$59,000 on the footpath to the Kaniva Cultural and Tourism project during 2018-19, which was carried forward from the previous year.

**Note 2.1 Analysis of Council results by program**

Council delivers its functions and activities through the following programs.

**2.1 (a) Community Services**

Community Services provides efficient and effective services to meet the growing needs of the community and is dedicated to the health, safety and amenity of the community. Its services include Aged and Disability Services, Arts and Culture, Children Youth and Family Services, Recreation Sport Leisure and Tourism and Events.

**Corporate Services**

Corporate Services provides a range of administrative services to Council, including Customer Services, Finance, Human Resources, Information Technology, Occupational Health and Safety and Records Management.

**Development and Environmental Services**

Development and Environmental Services provide for the planning and encouragement of growth and development within the shire. Services include Town Planning, Building Control, Local Laws and Regulatory Services, Environmental Health and Economic Development.

**Engineering**

Engineering is responsible for constructing new infrastructure and maintaining existing infrastructure across a diverse range of assets that underpin the wellbeing of the community. These assets include capital works engineering services, waste management, parks and gardens, emergency management and infrastructure maintenance.

**Governance**

Governance provides effective governance oversight of the organisation. Service areas include Community Support, CEO Office and Elected Members.

**Note 2.1 Analysis of Council results by program**

**2.1 (b) Summary of revenues, expenses, assets and capital expenses by program**

	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2019</b>					
Community Services	1,522	(2,225)	(703)	1,205	-
Corporate Services	12,084	(3,081)	9,003	4,906	18,603
Development and Environmental Services	4,723	(1,563)	3,160	4,470	14
Engineering	10,722	(15,196)	(4,474)	7,652	191,454
Governance	76	(1,090)	(1,014)	75	3,517
	29,127	(23,155)	5,972	18,308	213,588

	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2018</b>					
Community Services	1,309	(1,904)	(595)	1,018	-
Corporate Services	11,031	(3,145)	7,886	3,421	13,389
Development and Environmental Services	10,126	(2,284)	7,842	9,939	14
Engineering	9,504	(24,057)	(14,553)	4,758	219,403
Governance	6	(868)	(862)	-	3,589
	31,976	(32,258)	(282)	19,136	236,395



<b>Note 3 Funding for the delivery of our services</b>	<b>2019</b>	<b>2018</b>
<b>3.1 Rates and charges</b>	<b>\$'000</b>	<b>\$'000</b>

Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is its current market value determined by Council's contract valuer.

The valuation base used to calculate general rates for 2018/19 was \$2,098 million (2017/18 \$1,780 million).

General rates	6,558	6,340
Municipal charge	434	416
Waste management charge	518	483
<b>Total rates and charges</b>	<b>7,510</b>	<b>7,239</b>

The date of the latest general revaluation of land for rating purposes within the municipal district was 01/01/2018, and the valuation will be first applied in the rating year commencing 1 July 2019.

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.

### 3.2 Statutory fees and fines

Animal management	37	31
Building fees	82	38
Permits	16	16
Town planning fees	29	35
Infringements and costs	3	1
Other	25	26
<b>Total statutory fees and fines</b>	<b>192</b>	<b>147</b>

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

### 3.3 User fees

Community service user charges	247	246
Private and contract works	137	239
Refuse disposal fees	38	43
User charges	22	19
Caravan park fees	34	27
Other fees and charges	93	91
<b>Total user fees</b>	<b>571</b>	<b>665</b>

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

### 3.4 Funding from other levels of government

Grants were received in respect of the following :

#### Summary of grants

Commonwealth funded grants	13,738	17,625
State funded grants	4,570	1,512
<b>Total grants received</b>	<b>18,308</b>	<b>19,137</b>

3.4 Funding from other levels of government

	2019	2018
	\$'000	\$'000
<b>(a) Operating Grants</b>		
<b>    <i>Recurrent - Commonwealth Government</i></b>		
Financial Assistance Grants	5,869	5,281
CHSP Programs	336	345
<b>    <i>Recurrent - State Government</i></b>		
HACC Programs	128	127
Preschool operating	293	252
Maternal and child health	263	184
Pest and weed control	67	112
Preschool cluster management	89	31
Supported Parent Groups and Playgroups	56	41
Senior citizens	14	14
Youth initiatives	22	22
Other	17	28
<b>    Total recurrent operating grants</b>	<b>7,154</b>	<b>6,437</b>
<b>    <i>Non-recurrent - State Government</i></b>		
Harrow Recreation Reserve - Sustainable Water Fund	-	17
Harrow Recreation Reserve upgrade	1,092	-
Kaniva Hub	-	45
Fire Services Levy Implementation Grant	41	40
Goroke Silo Art	9	-
Serviceton & Kaniva Silo Art	91	-
Rural Outreach Project	75	-
Apsley Recreation Reserve Amenities Upgrade	-	10
Lake Charlegrark Precinct Development	50	300
<b>    Total non-recurrent operating grants</b>	<b>1,358</b>	<b>412</b>
<b>Total operating grants</b>	<b>8,512</b>	<b>6,849</b>
<b>(b) Capital Grants</b>		
<b>    <i>Recurrent - Commonwealth Government</i></b>		
Roads to recovery	1,446	2,183
Community Halls	1,268	-
Recreation	517	-
<b>    <i>Recurrent - State Government</i></b>		
New or Upgraded Bridges	214	-
New or Upgraded Roads	1,283	-
<b>    Total recurrent capital grants</b>	<b>4,728</b>	<b>2,183</b>
<b>    <i>Non-recurrent - Commonwealth Government</i></b>		
Flood Recovery (NDRRA)	4,302	9,750
Goroke Little Desert Nature Playspace	-	66
<b>    <i>Non-recurrent - State Government</i></b>		
Fire Access Road Subsidy Scheme (FARRS)	-	13
Community Services	29	-
Solar Power Shire Building	-	5
Lillimur Stn Rd	50	250
VMS Trailer (TAC Road Safety Grant)	-	20
Buildings	622	-
Recreation	57	-
Cemeteries	8	-
<b>    Total non-recurrent capital grants</b>	<b>5,068</b>	<b>10,104</b>
<b>Total capital grants</b>	<b>9,796</b>	<b>12,287</b>

	2019 \$'000	2018 \$'000
<b>(c) Unspent grants received on condition that they be spent in a specific manner</b>		
Balance at start of year	466	407
Received during the financial year and remained unspent at balance date	231	278
Received in prior years and spent during the financial year	(143)	(219)
Balance at year end	<u>554</u>	<u>466</u>

Grant income is recognised when Council obtains control of the contribution. Control is normally obtained upon receipt (or acquittal).

### 3.5 Contributions

Monetary	112	498
<b>Total contributions</b>	<u>112</u>	<u>498</u>

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

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

Proceeds of sale	150	142
Written down value of assets disposed	(75)	(22)
<b>Total net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>	<u>75</u>	<u>120</u>

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

### 3.7 Other income

Reimbursements - Vic Roads	1,562	3,412
Quarry operations	407	240
Interest	256	224
Reimbursements - other	121	68
Insurance refunds	37	26
Rent	68	68
Fuel tax refund	47	49
Other	286	47
<b>Total other income</b>	<u>2,784</u>	<u>4,134</u>

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 4 The cost of delivering services

### 4.1 (a) Employee costs

Wages and salaries	6,249	6,113
WorkCover	144	109
Superannuation	638	607
Fringe benefits tax	76	73
<b>Total employee costs</b>	<u>7,107</u>	<u>6,902</u>

	2019	2018
	\$'000	\$'000
<b>(b) Superannuation</b>		
Council made contributions to the following funds:		
<b>Defined benefit fund</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	64	70
	<u>64</u>	<u>70</u>
<b>Accumulation funds</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	279	262
Employer contributions - other funds	304	276
	<u>583</u>	<u>538</u>

Refer to note 9.3 for further information relating to Council's superannuation obligations.

#### 4.2 Materials and services

Contract payments	3,562	14,131
Plant and equipment maintenance	864	842
Utilities	371	373
Office administration	56	62
Information technology	143	130
Insurance	346	338
Consultants	191	178
Other materials and services	1,492	2,342
<b>Total materials and services</b>	<u>7,025</u>	<u>18,396</u>

#### 4.3 Depreciation

Property	775	778
Plant and equipment	839	869
Infrastructure	6,050	5,002
<b>Total depreciation</b>	<u>7,664</u>	<u>6,649</u>

Refer to note 6.2 for a more detailed breakdown of depreciation charges and accounting policy.

#### 4.4 Bad and doubtful debts

Other debtors	17	-
<b>Total bad and doubtful debts</b>	<u>17</u>	<u>-</u>

#### Movement in provisions for doubtful debts

Balance at the beginning of the year	53	53
New provisions recognised during the year	14	-
Balance at end of year	<u>67</u>	<u>53</u>

Provision for doubtful debt is recognised based on an expected credit loss model. This model considers both historic and forward looking information in determining the level of impairment.

	2019 \$'000	2018 \$'000
<b>4.5 Borrowing costs</b>		
Interest - Borrowings	-	8
<b>Total borrowing costs</b>	<b>-</b>	<b>8</b>

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.

#### 4.6 Other expenses

Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	40	31
Auditors' remuneration - Internal	42	6
Councillors' allowances	150	145
Operating lease rentals	23	70
Others	48	51
<b>Total other expenses</b>	<b>303</b>	<b>303</b>

#### 4.7 Asset write downs

Bridges	1,039	-
	<b>1,039</b>	<b>-</b>

### Note 5 Our financial position

#### 5.1 Financial assets

##### (a) Cash and cash equivalents

Cash on hand	1	1
Cash at bank	280	6,036
Term deposits	14,837	4,500
<b>Total cash and cash equivalents</b>	<b>15,118</b>	<b>10,537</b>

##### (b) Other financial assets

Term deposits - current	-	1,100
<b>Total other financial assets</b>	<b>-</b>	<b>1,100</b>
<b>Total financial assets</b>	<b>15,118</b>	<b>11,637</b>

Councils cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:

- Trust funds and deposits (Note 5.3)	32	32
- Unspent Grants (Note 3.4)	554	466
- Cemetery Trust funds (Note 6.4)	169	160
Total restricted funds	<b>755</b>	<b>658</b>
Total unrestricted cash and cash equivalents	<b>14,363</b>	<b>9,879</b>

#### Intended allocations

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

- Cash held to fund carried forward capital works	2,663	3,246
- Cash held to fund long service leave provision	1,727	1,457
- Other discretionary reserves	1,322	1,132
Total funds subject to intended allocations	<b>5,712</b>	<b>5,835</b>

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.

	2019 \$'000	2018 \$'000
<b>(c) Trade and other receivables</b>		
<b>Current</b>		
<i>Statutory receivables</i>		
Rates debtors	202	249
Provision for doubtful debts - rates	(46)	(55)
<i>Non statutory receivables</i>		
Loans and advances to community organisations	-	10
Other debtors		
Sundry Debtors	1,958	356
GST Receivable	-	26
Employee Superannuation	-	1
Provision for doubtful debts - other debtors	(23)	(2)
Total current trade and other receivables	<u>2,091</u>	<u>585</u>
<b>Non-current</b>		
<i>Statutory receivables</i>		
Loans and advances to community organisations	167	179
Total non-current trade and other receivables	<u>167</u>	<u>179</u>
<b>Total trade and other receivables</b>	<b><u>2,258</u></b>	<b><u>764</u></b>

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.

**(d) Ageing of Receivables**

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

Current (not yet due)	1,603	334
Past due by up to 30 days	332	48
Past due between 31 and 180 days	-	1
Past due between 181 and 365 days	-	5
Past due by more than 1 year	-	3
Total trade and other receivables	<u>1,935</u>	<u>391</u>

**(e) Ageing of individually impaired Receivables**

At balance date, other debtors representing financial assets with a nominal value of \$1,958,300 (2018: \$379,355) were impaired. The amount of the provision raised against these debtors was \$23,097 (2018: \$2,175). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

The ageing of receivables that have been individually determined as impaired at reporting date was:

Current (not yet due)	1	-
Past due by up to 30 days	9	-
Past due between 31 and 180 days	1	-
Past due between 181 and 365 days	1	-
Past due by more than 1 year	11	2
Total trade & other receivables	<u>23</u>	<u>2</u>

5.2 Non-financial assets	2019	2018
(a) Inventories	\$'000	\$'000
Inventories held for distribution	263	252
<b>Total inventories</b>	<b>263</b>	<b>252</b>

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.

**(b) Other assets**

Prepayments	249	43
Accrued income	38	22
<b>Total other assets</b>	<b>287</b>	<b>65</b>

**5.3 Payables**

**(a) Trade and other payables**

Trade payables	1,058	1,855
Accrued expenses	105	423
Accrued Salaries	130	129
<b>Total trade and other payables</b>	<b>1,293</b>	<b>2,407</b>

**(b) Trust funds and deposits**

Refundable deposits	3	3
Fire services levy	7	7
Other refundable deposits		
Refundable Trust Kaniva Rotary Club	15	15
Refundable Trust Newlands Lake Restoration	3	3
Refundable Trust Lake Wallace Committee proceeds	2	2
Refundable Trust Edenhope Skateboard Park	2	2
<b>Total trust funds and deposits</b>	<b>32</b>	<b>32</b>

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.

5.4 Interest-bearing liabilities	2019 \$'000	2018 \$'000
<b>Current</b>		
Borrowings - secured	-	34
<b>Total</b>	<b>-</b>	<b>34</b>

There are no borrowings for this financial year

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

Not later than one year	-	34
	<b>-</b>	<b>34</b>

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.

#### 5.5 Provisions

	Annual Leave \$ '000	Long Service Leave \$ '000	Rostered Days Off \$ '000	Time in Lieu \$ '000	Total \$ '000
<b>2019</b>					
Balance at beginning of the financial year	867	1,457	58	40	2,422
Additional provisions	480	117	207	78	882
Amounts used	(472)	(69)	(215)	(80)	(836)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	15	222	-	-	237
Balance at the end of the financial year	<b>890</b>	<b>1,727</b>	<b>50</b>	<b>38</b>	<b>2,705</b>



### 5.5 Provisions

	Annual Leave	Long Service Leave	Rostered Days Off	Time in Lieu	Total
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
2018					
Balance at beginning of the financial year	815	1,368	63	42	2,288
Additional provisions	448	163	191	61	863
Amounts used	(410)	(130)	(196)	(63)	(799)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	14	56	-	-	70
Balance at the end of the financial year	<b>867</b>	<b>1,457</b>	<b>58</b>	<b>40</b>	<b>2,422</b>

	2019	2018
	\$'000	\$'000
<b>(a) Employee provisions</b>		
<b>Current provisions expected to be wholly settled within 12 months</b>		
Annual leave	617	585
Long service leave	164	134
Rostered Days off	50	58
Time In Lieu	38	40
	<b>869</b>	<b>817</b>
<b>Current provisions expected to be wholly settled after 12 months</b>		
Annual leave	273	282
Long service leave	1,257	1,014
	<b>1,530</b>	<b>1,296</b>
Total current employee provisions	<b>2,399</b>	<b>2,114</b>
<b>Non-current</b>		
Long service leave	306	309
Total non-current employee provisions	<b>306</b>	<b>309</b>
Aggregate carrying amount of employee provisions:		
Current	2,399	2,114
Non-current	306	309
Total aggregate carrying amount of employee provisions	<b>2,705</b>	<b>2,422</b>

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:

- index rate	2.10%	2.50%
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5.6 Financing arrangements

	2019 \$'000	2018 \$'000
The Council has the following funding arrangements in place as at 30 June 2019.		
Bank overdraft	2,000	2,000
Credit card facilities	16	16
Total facilities	2,016	2,016
Used facilities	-	-
Unused facilities	2,016	2,016

5.7 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.

2019	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
<b>Operating</b>					
Caravan park caretaker	19	9	-	-	28
Cleaning of Council buildings	65	-	-	-	65
Consultancies	214	130	-	-	344
Garbage collection	169	70	-	-	239
Meals for delivery	37	37	37	-	111
Recycling	101	101	-	-	202
Street cleaning services	93	-	-	-	93
Swimming pool management	82	8	-	-	90
Total	780	355	37	-	1,172

2018	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
<b>Operating</b>					
Caravan park caretaker	21	21	32	-	74
Cleaning of Council buildings	203	209	209	-	621
Consultancies	68	-	-	-	68
Garbage collection	74	-	-	-	74
Meals for delivery	68	57	-	-	125
Recycling	71	-	-	-	71
Service of transfer station bins	73	-	-	-	73
Street cleaning services	147	144	164	-	455
Swimming pool management	79	75	8	-	162
Total	804	506	413	-	1,723
<b>Capital</b>					
Plant and equipment	128	-	-	-	128
Total	128	-	-	-	128

5.7 Commitments	2019	2018
<i>Operating lease commitments</i>	<i>\$'000</i>	<i>\$'000</i>

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	20	13
Later than one year and not later than five years	-	9
	<u>20</u>	<u>22</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 6 Assets we manage

### 6.1 Non current assets classified as held for sale

Cost of acquisition	-	-
Fair value of land held for resale	14	14
<b>Total non current assets classified as held for sale</b>	<b><u>14</u></b>	<b><u>14</u></b>

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

6.2 Property, infrastructure, plant and equipment

6.2 a Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2018 Restated \$'000	Additions \$'000	Contributions \$'000	Revaluation \$'000	Depreciation \$'000	Disposal \$'000	Write-Off \$'000	Transfers \$'000	At Fair Value 30 June 2019 \$'000
Property	17,506	626	-	-	(774)	-	-	444	17,802
Plant and equipment	3,307	561	-	-	(839)	(75)	-	-	2,954
Infrastructure	201,332	6,125	-	(28,344)	(6,051)	-	(1,039)	583	172,606
Work in progress	1,087	1,790	-	-	-	-	-	(1,027)	1,850
	223,232	9,102	-	(28,344)	(7,664)	(75)	(1,039)	-	195,212

Summary of Work in Progress

	Opening WIP \$'000	Additions \$'000	Transfers \$'000	Closing WIP \$'000
Property	477	1,257	(444)	1,290
Plant and equipment	27	-	-	27
Infrastructure	583	533	(583)	533
Total	1,087	1,790	(1,027)	1,850

Notes to the Financial Report  
For the Year Ended 30 June 2019

(a) Property

	Land - specialised	Land - non specialised	Land improvements	Total Land & Land Improvements	Heritage buildings	Buildings - specialised	Buildings - non specialised	Total Buildings	Work In Progress	Total Property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2018	953	66	3,182	4,201	59	30,703	1,214	31,976	477	36,654
Accumulated depreciation at 1 July 2018	-	-	(1,177)	(1,177)	(48)	(16,851)	(595)	(17,494)	-	(18,671)
	953	66	2,005	3,024	11	13,852	619	14,482	477	17,983
<b>Movements in fair value</b>										
Additions	-	-	179	179	-	447	-	447	1,257	1,883
Transfers	-	-	152	152	-	292	-	292	(444)	-
	-	-	331	331	-	739	-	739	813	1,883
<b>Movements in accumulated depreciation</b>										
Depreciation	-	-	(134)	(134)	(1)	(617)	(22)	(640)	-	(774)
	-	-	(134)	(134)	(1)	(617)	(22)	(640)	-	(774)
At fair value 30 June 2019	953	66	3,513	4,532	59	31,442	1,214	32,715	1,290	38,537
Accumulated depreciation at 30 June 2019	-	-	(1,311)	(1,311)	(49)	(17,468)	(617)	(18,134)	-	(19,445)
	953	66	2,202	3,221	10	13,974	597	14,581	1,290	19,092

(b) Plant and Equipment

	Motor vehicles	Plant & Equipment	Fixtures fittings and furniture	Work In Progress	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2018	614	7,988	1,386	27	10,015
Accumulated depreciation at 1 July 2018	(251)	(5,138)	(1,292)	-	(6,681)
	363	2,850	94	27	3,334
<b>Movements in fair value</b>					
Additions	224	316	21	-	561
Disposal	(187)	(287)	-	-	(474)
	37	29	21	-	87
<b>Movements in accumulated depreciation</b>					
Depreciation	(115)	(688)	(36)	-	(839)
Accumulated depreciation of disposals	118	281	-	-	399
	3	(407)	(36)	-	(440)
At fair value 30 June 2019	651	8,017	1,407	27	10,102
Accumulated depreciation at 30 June 2019	(248)	(5,545)	(1,328)	-	(7,121)
	<b>403</b>	<b>2,472</b>	<b>79</b>	<b>27</b>	<b>2,981</b>

Notes to the Financial Report  
For the Year Ended 30 June 2019

(c) Infrastructure

	Roads	Bridges	Footpaths and cycleways	Drainage	Work In Progress	Total Infrastructure
	Restated \$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2018	273,926	4,498	4,205	14,807	583	298,019
Accumulated depreciation at 1 July 2018	(84,206)	(1,912)	(876)	(9,110)	-	(96,104)
	189,720	2,586	3,329	5,697	583	201,915
<b>Movements in fair value</b>						
Additions	5,207	615	82	221	533	6,658
Contributions	-	-	-	-	-	-
Revaluation	(39,286)	(1,109)	(211)	732	-	(39,874)
Write-off	-	(1,039)	-	-	-	(1,039)
Transfers	573	7	3	-	(583)	-
	(33,506)	(1,526)	(126)	953	(50)	(34,255)
<b>Movements in accumulated depreciation</b>						
Depreciation	(5,715)	(33)	(82)	(221)	-	(6,051)
Revaluation	11,682	533	(514)	(171)	-	11,530
	5,967	500	(596)	(392)	-	5,479
At fair value 30 June 2019	240,420	2,972	4,079	15,760	533	263,764
Accumulated depreciation at 30 June 2019	(78,239)	(1,412)	(1,472)	(9,502)	-	(90,625)
	162,181	1,560	2,607	6,258	533	173,139

*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.

	Depreciation Period	Threshold Limit \$'000
<i>Asset recognition thresholds and depreciation periods</i>		
Land & land improvements		
land	-	5
land improvements	6 - 50 years	5
Buildings		
buildings	30 - 120 years	5
building and leasehold improvements	30 - 120 years	5
Plant and Equipment		
plant, machinery and equipment	3 - 40 years	1
fixtures, fittings and furniture	3 - 10 years	1
computers and telecommunications	3 - 10 years	1
Infrastructure		
road pavements and seals	17 - 75 years	5
road substructure	75 years	5
road formation and earthworks	75 years	5
road kerb, channel and minor culverts	50 - 70 years	5
bridges deck	35 - 80 years	5
bridges substructure	35 - 80 years	5
footpaths and cycleways	25 - 50 years	5
drainage	70 - 80 years	5
Intangible assets		

*Land under roads*

Council recognises land under roads it controls at fair value.

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

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 above 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 Mr Ian Wilson (Australian Property Institute Member no. 7297). 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. A full revaluation of these assets will be conducted in 2019/20.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2019 are as follows:

	\$'000	\$'000	\$'000	
	Level 1	Level 2	Level 3	Date of Valuation
Land	-	66	-	Jan-16
Specialised land	-	-	953	Jan-16
Land Improvements	-	-	2,202	Jan-16
Heritage Buildings	-	-	10	Jan-16
Buildings	-	597	13,974	Jan-16
Total	-	663	17,139	

**Valuation of infrastructure**

Valuation of infrastructure assets has been determined in accordance with an Auditor General valuation undertaken by Mr Hayden Baird, Local Government Engineer and Mr Peter Maloney of Maloney Asset Management Systems.

The date of the current valuation is detailed in the following table. An index based revaluation was conducted in the current year, this valuation was based on unit rate and useful life data analysis, a full revaluation of these assets will be conducted in 2019/20.

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

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2019 are as follows:

	\$'000	\$'000	\$'000	
	Level 1	Level 2	Level 3	Date of Valuation
Roads	-	-	162,181	Jun-19
Bridges	-	-	1,560	Jun-19
Footpaths and cycleways	-	-	2,607	Jun-19
Drainage	-	-	6,258	Jun-19
Total	-	-	172,606	

**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 30% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently Council records no land under roads.

**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 \$350 to \$1,700 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 40 years to 60 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

**Infrastructure assets** are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 1 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2019	2018
	\$'000	\$'000
<b>Reconciliation of specialised land</b>		
Municipal Office Land	103	103
Waste Disposal Land	116	116
Community Services Land	84	84
Infrastructure and Works Operations Land	325	325
Recreational and Sundry Council Land	325	325
<b>Total specialised land</b>	<b>953</b>	<b>953</b>

	2019	2018
	\$'000	\$'000
<b>6.3 Investments in associates, joint arrangements and subsidiaries</b>		
<b>(a) Investments in associates</b>		
Investments in associates accounted for by the equity method are:		
- Wimmera Regional Library Corporation	330	354
- Wimmera Development Association	73	76
<b>Wimmera Regional Library Corporation</b>		
<i>Background</i>		
Council's investment in the Wimmera Regional Library Corporation is based on the equity method of accounting.		
Council's interest in equity	27.33%	12.34%
<b>Fair value of Council's investment in Wimmera Regional Library Corporation</b>	<b>330</b>	<b>354</b>
<b>Council's share of accumulated surplus/(deficit)</b>		
Council's share of accumulated surplus(deficit) at start of year	153	150
Reported surplus(deficit) for year	(422)	8
Transfers (to) from reserves	(10)	(20)
Change in equity share apportionment	185	15
Council's share of accumulated surplus(deficit) at end of year	<b>(94)</b>	<b>153</b>
<b>Council's share of reserves</b>		
Council's share of reserves at start of year	202	214
Transfers (to) from reserves	10	20
Change in equity share apportionment	245	(32)
Council's share of reserves at end of year	<b>457</b>	<b>202</b>
<b>Movement in carrying value of specific investment</b>		
Carrying value of investment at start of year	354	364
Share of surplus(deficit) for year	(422)	8
Change in equity share apportionment	430	(18)
Carrying value of investment at end of year	<b>362</b>	<b>354</b>
<b>Wimmera Development Association</b>		
<i>Background</i>		
Council's investment in the Wimmera Development Association is based on the equity method of accounting.		
Council's interest in equity	7.76%	7.76%
<b>Fair value of Council's investment in Wimmera Development Association</b>	<b>73</b>	<b>76</b>
<b>Council's share of accumulated surplus/(deficit)</b>		
Council's share of accumulated surplus(deficit) at start of year	54	31
Reported surplus(deficit) for year	(3)	29
Transfers (to) from reserves	(12)	(6)
Council's share of accumulated surplus(deficit) at end of year	<b>39</b>	<b>54</b>
<b>Council's share of reserves</b>		
Council's share of reserves at start of year	23	17
Transfers (to) from reserves	12	6
Council's share of reserves at end of year	<b>35</b>	<b>23</b>
<b>Movement in carrying value of specific investment</b>		
Carrying value of investment at start of year	77	48
Share of surplus(deficit) for year	(3)	29
Carrying value of investment at end of year	<b>74</b>	<b>77</b>

	2019	2018
	\$'000	\$'000

**6.3 Investments in associates, joint arrangements and subsidiaries**

**(a) Investments in associates**

**Total Investment in Associates**

Wimmera Regional Library Corporation	362	354
Wimmera Development Association	74	77
	<b>436</b>	<b>431</b>

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.

**Committees of management**

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

**Note 6.4 Committees of Management**

The Council is the Committee of Management for the Edenhope, Goroke and Kaniva Cemeteries. The assets and liabilities of the Committees have been included in Council's financial statement and are summarised below:

	2019	2018
	\$'000	\$'000
<b>(a) Edenhope Cemetery</b>		
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	44	45
<b>Total Current assets</b>	<u>44</u>	<u>45</u>
<b>Net Assets</b>	<u>44</u>	<u>45</u>
<b>Income</b>		
Fees and Charges	25	28
<b>Total Income</b>	<u>25</u>	<u>28</u>
<b>Expenses</b>		
Other Materials & Services	26	20
<b>Total Expenses</b>	<u>26</u>	<u>20</u>
<b>Surplus(Loss) for period</b>	<u>(1)</u>	<u>8</u>
<b>(b) Goroke Cemetery</b>		
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	23	13
<b>Total Current assets</b>	<u>23</u>	<u>13</u>
<b>Net Assets</b>	<u>23</u>	<u>13</u>

Note 6.4 Committees of Management cont'd

	2019 \$'000	2018 \$'000
<b>(b) Goroke Cemetery (cont'd)</b>		
<b>Income</b>		
Fees and Charges	17	17
<b>Total Income</b>	<u>17</u>	<u>17</u>
<b>Expenses</b>		
Other Materials & Services	8	11
<b>Total Expenses</b>	<u>8</u>	<u>11</u>
<b>Surplus(Loss) for period</b>	<u>9</u>	<u>6</u>
<b>(c) Kaniva Cemetery</b>		
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	102	102
<b>Total Current assets</b>	<u>102</u>	<u>102</u>
<b>Net Assets</b>	<u>102</u>	<u>102</u>
<b>Income</b>		
Interest received		2
Fees and Charges	37	35
<b>Total Income</b>	<u>37</u>	<u>37</u>
<b>Expenses</b>		
Other Materials & Services	22	27
<b>Total Expenses</b>	<u>22</u>	<u>27</u>
<b>Surplus(Loss) for period</b>	<u>15</u>	<u>10</u>

	2019 No.	2018 No.
<b>Note 7 People and relationships</b>		
<b>7.1 Council and key management remuneration</b>		
<b>(a) Related Parties</b>		
<i>Parent entity</i>		
West Wimmera Shire Council is the parent entity.		
<i>Subsidiaries and Associates</i>		
Interests in subsidiaries and associates are detailed in Note 6.3 and 6.4.		
<b>(b) Key Management Personnel</b>		
Details of persons holding the position of Councillor or other members of key management personnel at any time during the year		
<b>Councillors</b>		
Mayor Jodie Pretlove		
Councillor Bruce Meyer		
Councillor Trevor Domaschenz		
Councillor Richard Hicks		
Councillor Tom Houlihan		
Chief Executive Officer David Leahy		
Director - Corporate & Community Services Ashley Roberts		
Director - Infrastructure Development & Works Mark Marziale		
<b>Total Number of Councillors</b>	5	5
<b>Total of Chief Executive Officer and other Key Management Personnel</b>	3	4
<b>Total Number of Key Management Personnel</b>	<u>8</u>	<u>9</u>
<b>(c) Remuneration of Key Management Personnel</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Total remuneration of key management personnel was as follows:		
Short-term benefits	614	634
Long-term benefits	(10)	11
Post-employment benefits	47	42
Total	<u>651</u>	<u>687</u>
The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:		
\$1 - \$9,999	-	1
\$20,000 - \$29,999	4	4
\$30,000 - \$39,999	1	1
\$150,000 - \$159,000	-	1
\$160,000 - \$169,999	2	1
\$200,000 - \$209,999	1	1
	<u>8</u>	<u>9</u>

**(d) Senior Officer Remuneration**

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

- a) has management responsibilities and reports directly to the Chief Executive; or
- b) whose total annual remuneration exceeds \$148,000

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

	2019	2018
Income Range:	No.	No.
\$60,000 - \$69,999	-	1
	<hr/>	<hr/>
	-	1
	<hr/>	<hr/>
	2019	2018
	\$'000	\$'000
Total Remuneration for the reporting year for Senior Officers included above, amounted to	-	67

**7.2 Related party disclosure**

**(a) Transactions with related parties**

There were no transactions during the year between Council and related parties.

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

There are no commitments to or from related parties at balance date.



**Note 8 Managing uncertainties**

**8.1 Contingent assets and liabilities**

**(a) Contingent assets**

Council has no contingent assets identified at balance date.

**(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*

In addition to the disclosed contributions, West Wimmera Shire Council has paid unfunded liability payments to Vision Super totalling \$0.00 (2017/18 \$0.00). There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2019. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2020 are \$63,518.

**Landfill**

Council does not operate any landfill site within its boundaries. There are no former licenced landfill sites within the shire.

**Insurance claims**

Council has had no major insurance claims that could have a material impact on future operations.

**Legal matters**

Council may be called as party to a prosecution by the Commonwealth Department of Environment and Energy against a shire resident over alleged illegal clearing of native vegetation. At this stage Council is unable to assign any cost to this potentiality.

**Building cladding**

Council has no known exposure to rectification works or other matters associated with building cladding that may have the potential to adversely impact on Council.

**Liability Mutual Insurance**

Council is a participant of the MAV Liability Mutual Insurance (LMI) Scheme. The LMI scheme provides public liability and professional indemnity insurance cover. The LMI scheme states that each participant will remain liable to make further contributions to the scheme in respect of any insurance year in which it was a participant to the extent of its participant's share of any shortfall in the provision set aside in respect of that insurance year, and such liability will continue whether or not the participant remains a participant in future insurance years. Council has no knowledge of any shortfall and has not been called to make a contribution as at 30 June 2019.

**(c) Guarantees for loans to other entities**

Council has made no guarantees for loans to other entities.

**(d) Wimmera Regional Library Corporation**

Council is a member of the Wimmera Regional Library Corporation along side four other regional Councils. Effective as of 30 June 2020 three of those other Councils will withdraw as members of the Corporation. The Corporation has an amount of carried forward losses that may affect its ability to continue as a going concern with the reduction in contribution funding from this withdrawal of members.

## Note 8 Managing uncertainties

### 8.2 Change in accounting standards

The following new AAS's have been issued that are not mandatory for the 30 June 2019 reporting period. Council has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

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

Based upon Council's current grant income profile Council does not anticipate a material effect upon its financial reports arising from the application of this standard

#### *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.

Council has elected to adopt the modified retrospective approach to the transition to the new lease standard. This will mean that only existing operating leases for non low value assets, with remaining terms greater than 12 months, will be recognised on transition (1 July 2019). Based on our current lease commitments and an assumption of a continuation of the current leasing arrangements Council expects that the transition to the new standard will see the initial recognition of \$30,000 in lease related assets and an equivalent liability.

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

This standard is expected to apply to certain transactions currently accounted for under *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 a not-for-profit entity to further its objectives.

Based upon Council's current contributions income profile Council anticipates that the application of this standard will not have a material effect on its financial reports.

### 8.3 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 does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

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

## Note 8 Managing uncertainties

### 8.3 Financial instruments

#### **Interest rate risk (contd.)**

- 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. Particularly significant areas of credit risk exist in relation to outstanding fees and fines as well as loans and receivables from sporting clubs and associations. To help manage this risk:

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

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

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 8.1(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:

- has a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 8.1(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 5.4.

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 2.11%.

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.

## Note 8 Managing uncertainties

### 8.4 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

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 Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur

Where the assets are revalued, the revaluation increments are credited directly to the asset revaluation reserve except to the

#### *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

### 8.5 Events occurring after balance date

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

There are no subsequent events which require disclosure details.

Note 9 Other matters

9.1 Reserves

(a) Asset revaluation reserves

2019

Property

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
Land	724	-	724
Land improvements	198	-	198
Buildings	9,485	-	9,485
	10,407	-	10,407

Infrastructure

Roads	169,429	(27,793)	141,636
Bridges	576	(576)	-
Footpaths and cycleways	5,809	(536)	5,273
Drainage	3,909	561	4,470
	179,723	(28,344)	151,379

Total asset revaluation reserves

190,130 (28,344) 161,786

2018

Property

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
Land	724	-	724
Land improvements	198	-	198
Buildings	9,485	-	9,485
	10,407	-	10,407

Infrastructure

Roads	115,389	54,040	169,429
Bridges	576	-	576
Footpaths and cycleways	5,809	-	5,809
Drainage	3,909	-	3,909
	125,683	54,040	179,723

Total asset revaluation reserves

136,090 54,040 190,130

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

Note 9 Other matters

9.1 Reserves

(b) Other reserves	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
<b>2019</b>				
Plant replacement	456	78	-	534
Crabtree trust	17	-	(17)	-
Quarry restoration Capital improvement	110	3	-	113
Rates revaluation	294	7	-	301
Elections	235	108	(9)	334
Carried Forward project Reserve	20	20	-	40
	3,246	2,663	(3,246)	2,663
<b>Total Other reserves</b>	<b>4,378</b>	<b>2,879</b>	<b>(3,272)</b>	<b>3,985</b>
<b>2018</b>				
Plant replacement	406	50	-	456
Crabtree trust	17	-	-	17
Quarry restoration Capital improvement	107	3	-	110
Rates revaluation	287	7	-	294
Elections	166	73	(4)	235
Carried Forward project Reserve	-	20	-	20
	561	3,246	(561)	3,246
<b>Total Other reserves</b>	<b>1,544</b>	<b>3,399</b>	<b>(565)</b>	<b>4,378</b>

Description of nature and purpose of each of Council's discretionary reserves are:

The Plant Replacement is funded by the Plant Operating Surplus and is maintained to replace all major items of Plant and Equipment but excludes utility and fleet replacements.

Crabtree Trust Reserve was bequeathed to Council to provide funds for the upgrade of facilities at the Lake Charlegrark Reserve.

The Quarry Restoration Reserve was generated via a charge against the sale price of quarry stocks that was retained to restore the quarry sites to natural levels once quarrying has ceased. There have been no further charges (other than nominal interest) generated for this reserve since the 1997/98 financial year as the retained reserve is considered adequate to undertake restoration works.

Capital Improvement Reserve is generated via transfers from Surplus Funds from time to time as determined by Council for use on any significant capital infrastructure projects.

Rates Revaluation Reserve provides funds to undertake each property revaluation for rating purposes every two years.

The Elections Reserve provides funds to undertake Council Elections every 4th year.

The Kindergarten Operations Reserve provides that unspent budgeted funds from each year are brought forward and made available for kindergarten spending in future years. In this way negative effects of falling enrolments can be minimised.

The carried Forward Projects Reserve provides for all budgeted amounts which have not been spent as at 30 June and which are required to be carried forward to the next financial year and are not budgeted in the next financial year.

	2019	2018
	\$'000	\$'000
<b>9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)</b>		
Surplus/(deficit) for the year	5,972	(292)
Depreciation	7,664	6,649
(Profit)/loss on disposal of property, infrastructure, plant and equipment	(75)	(120)
Finance Costs	-	8
Asset Write Downs	1,039	-
Share of net (profit)/loss of associates	425	(37)
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(1,494)	140
(Increase)/Decrease in prepayments	(222)	10
(Increase)/decrease in accrued income	-	84
Increase/(decrease) in trade and other payables	(1,114)	317
(Decrease)/increase in other liabilities	-	(37)
(Increase)/decrease in inventories	(11)	73
Increase/(Decrease) in provisions	283	73
Net cash provided by/(used in) operating activities	<b>12,467</b>	<b>6,868</b>

### 9.3 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.

#### Accumulation

The Fund's accumulation categories 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 2019, 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. 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. For the year ended 30 June 2019, this rate was 9.5% of members' salaries (9.5% in 2017/2018).

As at 30 June 2018, 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 107.1%. To determine the VBI, the Fund Actuary used the following long-term assumptions:

Net investment returns 6.0% pa  
Salary information 3.5% pa  
Price inflation (CPI) 2.0% pa.

Vision Super has advised that the estimated VBI at June quarter end was 107.1%.

The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2018 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.

**Defined benefit 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 VBI surplus of \$131.9 million (2017: \$69.8 million).
- A total service liability surplus of \$218.3 million (2017: \$193.5 million).
- A discounted accrued benefits surplus of \$249.1 million (2017: \$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 2018.

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

Council was notified of the 30 June 2018 VBI during August 2018 (2017: August 2017).

An interim actuarial investigation will be conducted for the Fund's position as at 30 June 2019. It is anticipated that this actuarial investigation will be completed by October 2019. Council has not been notified of the results of this investigation.

**9.4 Adjustments Directly To Equity**

During its asset valuation and assessment process Council discovered that a number of formed surface only unpaved unsealed roads had no value attached to them. From investigation these roads had not been previously valued at any time by Council. These roads have been assessed to be navigable and maintained by Council, and therefore will be valued.

An engineering assessment of these roads provided a valuation of \$2,507,012 for these roads.

As the value of these roads represents the correction of a prior period error originating from a significant time ago (for amalgamation), the opening balance of Council's Road Assets (see Note 6.2) and Council's Retained Earnings have been amended to include this value.

	<b>Adjustment</b>
	<b>\$'000</b>
Retained Earnings	2,507
Roads	2,507