

**Draft**

# **Greater Bendigo City Council**

## **Financial Statements**

**For the Year Ended 30 June 2019**

# Greater Bendigo City Council

## Financial Report

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**Financial Report**  
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# Certification of Financial Statements

Greater Bendigo City Council

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

Nathan Morsillo, FCPA  
**Principal Accounting Officer**

Date : /09/2019

Bendigo

In our opinion the accompanying financial statements present fairly the financial transactions of Greater Bendigo City 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 which would render any particulars in the financial statements to be misleading or inaccurate.

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

Margaret O'Rourke  
**Councillor**

Date : /09/2019

Bendigo

George Flack  
**Councillor**

Date : /09/2019

Bendigo

Craig Niemann  
**Chief Executive Officer**

Date : /09/2019

Bendigo

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# Comprehensive Income Statement

For the Year Ended 30 June 2019

Greater Bendigo City Council

|  | Note | 2019<br>\$'000 | 2018<br>\$'000 |
|--|------|----------------|----------------|
| <b>Income</b>  |      |                |                |
| Rates and charges  | 3.1  | 117,147        | 110,485        |
| Statutory fees and fines   | 3.2  | 5,211          | 4,947          |
| User fees  | 3.3  | 27,022         | 25,791         |
| Grants - operating   | 3.4  | 27,799         | 26,322         |
| Grants - capital   | 3.4  | 8,056          | 13,175         |
| Contributions - monetary   | 3.5  | 10,765         | 8,267          |
| Contributions - non monetary   | 3.5  | 18,047         | 13,087         |
| Initial recognition of assets  | 6.1  | 26,258         | -              |
| Interest on investments  |      | 1,704          | 1,641          |
| Share of profits of associates and joint ventures                                  | 6.2  | 27             | 24             |
| Other income   | 3.7  | 6,572          | 3,185          |
| <b>Total income</b>  |      | <b>248,608</b> | <b>206,924</b> |
| <b>Expenses</b>  |      |                |                |
| Employee costs   | 4.1  | 64,498         | 60,962         |
| Materials and services   | 4.2  | 73,214         | 70,616         |
| Depreciation and amortisation  | 4.3  | 37,866         | 36,110         |
| Bad and doubtful debts   |      | 318            | 171            |
| Borrowing costs  |      | 2,151          | 2,225          |
| Net loss on disposal of property, infrastructure, plant and equipment              | 3.6  | 6,092          | 5,635          |
| Other expenses   | 4.4  | 2,200          | 539            |
| <b>Total expenses</b>  |      | <b>186,339</b> | <b>176,258</b> |
| <b>Surplus/(deficit) for the year</b>  |      | <b>62,269</b>  | <b>30,666</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)  | 6.1  | 65,031         | 12,503         |
| <b>Total comprehensive result</b>  |      | <b>127,300</b> | <b>43,169</b>  |

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

# Balance Sheet

As at 30 June 2019

Greater Bendigo City Council

|  | Note | 2019<br>\$'000   | 2018<br>\$'000   |
|--|------|------------------|------------------|
| <b>Assets</b>  |      |                  |                  |
| <b>Current assets</b>  |      |                  |                  |
| Cash and cash equivalents                                      | 5.1  | 75,930           | 70,923           |
| Trade and other receivables                                    | 5.1  | 11,701           | 8,720            |
| Inventories  |      | 196              | 210              |
| Non-current assets classified as held for sale                 |      | 250              | 250              |
| Prepayments  |      | 1,012            | 1,332            |
| Accrued revenue  |      | 920              | 891              |
| <b>Total current assets</b>                                    |      | <b>90,009</b>    | <b>82,326</b>    |
| <b>Non-current assets</b>                                      |      |                  |                  |
| Trade and other receivables                                    | 5.1  | 59               | 81               |
| Investments in associates, joint arrangements and subsidiaries | 6.2  | 3,273            | 3,246            |
| Property, infrastructure, plant and equipment                  | 6.1  | 1,597,149        | 1,481,829        |
| Forestry plantations   |      | 82               | 82               |
| Intangible assets  | 5.2  | 2,750            | 3,174            |
| <b>Total non-current assets</b>                                |      | <b>1,603,313</b> | <b>1,488,412</b> |
| <b>Total assets</b>  |      | <b>1,693,322</b> | <b>1,570,738</b> |
| <b>Liabilities</b>   |      |                  |                  |
| <b>Current liabilities</b>                                     |      |                  |                  |
| Trade and other payables                                       | 5.3  | 13,284           | 15,624           |
| Trust funds and deposits                                       | 5.3  | 3,306            | 3,441            |
| Provisions   | 5.5  | 16,311           | 17,906           |
| Interest-bearing liabilities                                   | 5.4  | 3,960            | 3,881            |
| <b>Total current liabilities</b>                               |      | <b>36,861</b>    | <b>40,852</b>    |
| <b>Non-current liabilities</b>                                 |      |                  |                  |
| Provisions   | 5.5  | 10,745           | 10,296           |
| Interest-bearing liabilities                                   | 5.4  | 41,725           | 42,898           |
| <b>Total non-current liabilities</b>                           |      | <b>52,470</b>    | <b>53,194</b>    |
| <b>Total liabilities</b>                                       |      | <b>89,330</b>    | <b>94,046</b>    |
| <b>Net assets</b>  |      | <b>1,603,992</b> | <b>1,476,692</b> |
| <b>Equity</b>  |      |                  |                  |
| Accumulated surplus  |      | 749,326          | 691,257          |
| Reserves   | 9.1  | 854,666          | 785,435          |
| <b>Total Equity</b>  |      | <b>1,603,992</b> | <b>1,476,692</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

Greater Bendigo City Council

|   |      |                  | Accumulated    | Asset          |               |
|---|------|------------------|----------------|----------------|---------------|
|   | Note | Total            | Surplus        | Revaluation    | Other         |
|   |      | \$'000           | \$'000         | Reserve        | Reserves      |
| 2019  |      |                  |                | \$'000         | \$'000        |
| Balance at beginning of the financial year  |      | 1,476,692        | 691,257        | 752,124        | 33,311        |
| Surplus/(deficit) for the year              |      | 62,269           | 62,269         | -              | -             |
| Net asset revaluation increment/(decrement) | 6.1  | 65,031           | -              | 65,031         | -             |
| Transfers to other reserves                 | 9.1  | -                | (17,774)       | -              | 17,774        |
| Transfers from other reserves               | 9.1  | -                | 13,574         | -              | (13,574)      |
| <b>Balance at end of the financial year</b> |      | <b>1,603,992</b> | <b>749,326</b> | <b>817,155</b> | <b>37,511</b> |

|   |     |                  | Accumulated    | Asset          |               |
|---|-----|------------------|----------------|----------------|---------------|
|   |     | Total            | Surplus        | Revaluation    | Other         |
|   |     | \$'000           | \$'000         | Reserve        | Reserves      |
| 2018  |     |                  |                | \$'000         | \$'000        |
| Balance at beginning of the financial year  |     | 1,433,523        | 660,206        | 739,621        | 33,696        |
| Surplus/(deficit) for the year              |     | 30,666           | 30,666         | -              | -             |
| Net asset revaluation increment/(decrement) | 6.1 | 12,503           | -              | 12,503         | -             |
| Transfers to other reserves                 | 9.1 | -                | (13,549)       | -              | 13,549        |
| Transfers from other reserves               | 9.1 | -                | 13,934         | -              | (13,934)      |
| <b>Balance at end of the financial year</b> |     | <b>1,476,692</b> | <b>691,257</b> | <b>752,124</b> | <b>33,311</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

Greater Bendigo City Council

|   |      | 2019<br>Inflows/<br>(Outflows)<br>\$'000 | 2018<br>Inflows/<br>(Outflows)<br>\$'000 |
|---|------|--|--|
|   | Note |  |  |
| <b>Cash flows from operating activities</b>                         |      |  |  |
| Rate and charges  |      | 116,993                                  | 110,485                                  |
| Statutory fees and fines  |      | 4,506                                    | 5,194                                    |
| User fees   |      | 26,986                                   | 28,370                                   |
| Grants - operating  |      | 25,241                                   | 28,428                                   |
| Grants - capital  |      | 8,056                                    | 14,493                                   |
| Contributions - monetary  |      | 10,765                                   | 9,094                                    |
| Interest received   |      | 1,685                                    | 1,641                                    |
| Trust funds and deposits taken/(repaid)                             |      | 68                                       | -  |
| Other receipts  |      | 2,384                                    | 4,531                                    |
| Net GST refund/payment  |      | (211)                                    | (1,445)                                  |
| Employee costs  |      | (63,594)                                 | (60,027)                                 |
| Materials and services  |      | (75,300)                                 | (74,988)                                 |
| <b>Net cash provided by/(used in) operating activities</b>          | 9.2  | <b>57,579</b>                            | <b>65,776</b>                            |
| <b>Cash flows from investing activities</b>                         |      |  |  |
| Payments for property, infrastructure, plant and equipment          | 6.1  | (50,429)                                 | (70,047)                                 |
| Proceeds from sale of property, infrastructure, plant and equipment | 3.6  | 1,082                                    | 1,135                                    |
| <b>Net cash provided by/(used in) investing activities</b>          |      | <b>(49,347)</b>                          | <b>(68,912)</b>                          |
| <b>Cash flows from financing activities</b>                         |      |  |  |
| Loans for heritage loans  |      | -  | (55)                                     |
| Loan repayments from heritage loans                                 |      | 42                                       | 42                                       |
| Loan repayments by local organisations                              |      | 14                                       | 14                                       |
| Trust funds and deposits taken/(repaid)                             |      | -  | 108                                      |
| Other financing activities  |      | (35)                                     | (70)                                     |
| Finance costs   |      | (2,151)                                  | (2,225)                                  |
| Proceeds from borrowings  |      | 3,000                                    | -  |
| Repayment of borrowings   |      | (4,095)                                  | (3,705)                                  |
| <b>Net cash provided by/(used in) financing activities</b>          |      | <b>(3,225)</b>                           | <b>(5,891)</b>                           |
| Net increase (decrease) in cash and cash equivalents                |      | 5,007                                    | (9,027)                                  |
| Cash and cash equivalents at the beginning of the financial year    |      | 70,923                                   | 79,950                                   |
| <b>Cash and cash equivalents at the end of the financial year</b>   | 5.1  | <b>75,930</b>                            | <b>70,923</b>                            |
| Financing arrangements  | 5.6  |  |  |
| Restrictions on cash assets   | 5.1  |  |  |

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

# Statement of Capital Works

For the Year Ended 30 June 2019

Greater Bendigo City Council

|  | 2019          | 2018          |
|--|---------------|---------------|
|  | \$'000        | \$'000        |
| <b>Property</b>                          |               |               |
| Land                                     | 1,400         | 64            |
| Buildings                                | 17,964        | 36,436        |
| <b>Total Property</b>                    | <b>19,364</b> | <b>36,500</b> |
| <b>Plant and equipment</b>               |               |               |
| Plant, machinery and equipment           | 4,138         | 3,587         |
| Office equipment, furniture and fittings | 336           | 219           |
| Fountains, statues and monuments         | 86            | 337           |
| <b>Total plant and equipment</b>         | <b>4,560</b>  | <b>4,143</b>  |
| <b>Infrastructure</b>                    |               |               |
| Land improvements                        | 1,281         | 3,547         |
| Bridges                                  | 644           | 374           |
| Sealed roads                             | 13,796        | 10,233        |
| Unsealed roads                           | 3,120         | 3,195         |
| Pathways                                 | 2,318         | 3,802         |
| Drainage                                 | 2,526         | 4,869         |
| Public furniture and fittings            | 2,820         | 3,384         |
| <b>Total infrastructure</b>              | <b>26,505</b> | <b>29,404</b> |
| <b>Total capital works expenditure</b>   | <b>50,429</b> | <b>70,047</b> |
| <b>Represented by:</b>                   |               |               |
| New asset expenditure                    | 17,542        | 35,239        |
| Asset renewal expenditure                | 29,313        | 31,567        |
| Asset upgrade expenditure                | 3,459         | 2,920         |
| Asset expansion expenditure              | 115           | 321           |
| <b>Total capital works expenditure</b>   | <b>50,429</b> | <b>70,047</b> |

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

## Notes to the Financial Report for the Year Ended 30 June 2019

### Greater Bendigo City Council

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#### Overview

#### Introduction

The Greater Bendigo City Council was established by an Order of the Governor in Council on 10th September 1993 and is a body corporate. The Council's main office is located at 192-229 Lyttleton Terrace, Bendigo, Victoria.

#### Statement of compliance

These financial statements are a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works and Notes accompanying these financial statements. The general purpose financial report complies with 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 6.1)
- the fair value of intangible assets being water rights and landfill airspace (refer note 5.2)
- the fair value of forestry plantation
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.1)
- the determination of employee provisions (refer to Note 5.5)
- the determination of landfill provisions (refer to Note 5.5)
- the determination of doubtful debts provision (refer to Note 5.1)

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.

**Notes to the Financial Report for the Year Ended 30 June 2019**  
**Greater Bendigo City Council**

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**Note 1 Performance against budget**

The performance against budget notes compare the City'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. The City has adopted a materiality threshold with explanations provided if the operational expense variance is greater than 10% and is greater than \$2,500,000 (capital expenditure greater than 10% and \$1,000,000). 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 20th 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*.

| <b>1.1 Income and expenditure</b>                                    | <b>Budget<br/>2019<br/>\$'000</b> | <b>Actual<br/>2019<br/>\$'000</b> | <b>Variance<br/>\$'000</b> | <b>Variance<br/>%</b> | <b>Ref</b> |
|--|-----------------------------------|-----------------------------------|----------------------------|-----------------------|------------|
| <b>Income</b>  |                                   |                                   |                            |                       |            |
| Rates and charges  | 116,843                           | 117,147                           | 304                        | 0%                    |            |
| Statutory fees and fines   | 5,002                             | 5,211                             | 209                        | 4%                    |            |
| User fees  | 26,506                            | 27,022                            | 516                        | 2%                    |            |
| Grants - operating   | 23,706                            | 27,799                            | 4,093                      | 17%                   | 1          |
| Grants - capital   | 3,452                             | 8,056                             | 4,604                      | 133%                  | 2          |
| Contributions - monetary   | 5,168                             | 10,765                            | 5,597                      | 108%                  | 3          |
| Contributions - non monetary   | 12,065                            | 18,047                            | 5,982                      | 50%                   | 4          |
| Initial recognition of assets  | -                                 | 26,258                            | 26,258                     | 100%                  | 5          |
| Interest on investments  | 1,264                             | 1,704                             | 440                        | 35%                   |            |
| Share of profit of associates and joint ventures                     | 90                                | 27                                | (63)                       | -70%                  |            |
| Other income   | -                                 | 6,572                             | 6,572                      | 100%                  | 6          |
| <b>Total income</b>  | <b>194,096</b>                    | <b>248,608</b>                    | <b>54,512</b>              |                       |            |
| <b>Expenses</b>  |                                   |                                   |                            |                       |            |
| Employee costs   | 64,450                            | 64,498                            | 48                         | 0%                    |            |
| Materials and services   | 74,196                            | 73,214                            | (982)                      | -1%                   |            |
| Depreciation and amortisation  | 38,938                            | 37,866                            | (1,072)                    | -3%                   |            |
| Bad and doubtful debts   | 225                               | 318                               | 93                         | 41%                   |            |
| Borrowing costs  | 2,232                             | 2,151                             | (81)                       | -4%                   |            |
| Net loss on disposal of property, infrastructure plant and equipment | 3,000                             | 6,092                             | 3,092                      | 103%                  | 7          |
| Other expenses   | -                                 | 2,200                             | 2,200                      | 100%                  |            |
| <b>Total expenses</b>  | <b>183,041</b>                    | <b>186,339</b>                    | <b>3,298</b>               |                       |            |
| <b>Surplus/(deficit) for the year</b>                                | <b>11,055</b>                     | <b>62,269</b>                     | <b>51,214</b>              |                       |            |

**Note 1.1 Income and expenditure (cont.)**

**(i) Explanation of material variations**

**1. Grants - operating**

The favourable result is primarily due to additional unbudgeted grants received in the year for projects such as Healthy Hearts (\$0.52M), Strategic Partnerships CBP program (\$0.63M) and various Regional Sustainability and Development grants (\$0.41M). The City also received \$1.8M of general operational grants in advance to be spent in 2019/2020.

**2. Grants - capital**

The favourable result is due to funds received for Gurri Wanyarra Wellbeing Centre, which was originally budgeted for in the prior financial year. The City also received unbudgeted grants for projects such as the Sun Loong replacement, Bendigo Tennis Pavilion, Bendigo Airport and Bendigo RSL Soldiers Memorial revitalisation.

**3. Contributions - monetary**

The favourable result is due to contributions received for the Black Spot projects, Zebra Crossings and Gurri Wanyarra Wellbeing Centre which were contributions budgeted in previous years.

**4. Contributions - non monetary**

The City's contributions - non-monetary budget is set based on an assessment of recent years actual contributions received, the majority of which is infrastructure received through the sub division process. It is difficult to get an estimate of when subdivision infrastructure will be handed over to the City at the time the budget is set.

**5. Initial recognition of assets**

The increase in recognised income is due to the City recognising Bendigo and Back Creeks as Council assets.

**6. Other income**

Additional other income was recognised during the year comprising rental income of \$2.14M (budgeted in user fees) and a reduction in the provision for the landfill rehabilitation of \$4.22M. The provision had initially been recognised as an expense through the Income Statement in prior financial years therefore the resulting adjustment has been recognised as income this year.

**7. Net loss on disposal of property, plant, infrastructure and assets held for sale**

More assets were written off during the financial year than the estimate made of \$3M. The majority of this is a result from the disposal of infrastructure assets which have been renewed.

**Notes to the Financial Report for the Year Ended 30 June 2019**  
**Greater Bendigo City Council**

| <b>1.2 Capital works</b>                 | <b>Budget<br/>2019<br/>\$'000</b> | <b>Actual<br/>2019<br/>\$'000</b> | <b>Variance<br/>\$'000</b> | <b>Variance<br/>%</b> | <b>Ref</b> |
|--|-----------------------------------|-----------------------------------|----------------------------|-----------------------|------------|
| <b>Property</b>                          |                                   |                                   |                            |                       |            |
| Land                                     | 100                               | 1,400                             | 1,300                      | 1300%                 | 1          |
| Buildings                                | 10,834                            | 17,964                            | 7,130                      | 66%                   | 2          |
| <b>Total property</b>                    | <b>10,934</b>                     | <b>19,364</b>                     | <b>8,430</b>               | <b>77%</b>            |            |
| <b>Plant and equipment</b>               |                                   |                                   |                            |                       |            |
| Plant, machinery and equipment           | 4,597                             | 4,138                             | (459)                      | -10%                  |            |
| Office equipment, furniture and fittings | 490                               | 336                               | (154)                      | -31%                  |            |
| Fountains, statues and monuments         | 276                               | 86                                | (190)                      | -69%                  |            |
| <b>Total plant and equipment</b>         | <b>5,363</b>                      | <b>4,560</b>                      | <b>(803)</b>               | <b>-15%</b>           |            |
| <b>Infrastructure</b>                    |                                   |                                   |                            |                       |            |
| Land improvements                        | 2,820                             | 1,281                             | (1,539)                    | -55%                  | 3          |
| Bridges                                  | 780                               | 644                               | (136)                      | -17%                  |            |
| Sealed roads                             | 10,861                            | 13,796                            | 2,935                      | 27%                   | 4          |
| Unsealed roads                           | 2,900                             | 3,120                             | 220                        | 8%                    |            |
| Pathways                                 | 2,220                             | 2,318                             | 98                         | 4%                    |            |
| Drainage                                 | 2,888                             | 2,526                             | (362)                      | -13%                  |            |
| Public furniture and fittings            | 1,970                             | 2,820                             | 850                        | 43%                   |            |
| <b>Total infrastructure</b>              | <b>24,439</b>                     | <b>26,505</b>                     | <b>2,066</b>               | <b>8%</b>             |            |
| <b>Total capital works expenditure</b>   | <b>40,736</b>                     | <b>50,429</b>                     | <b>9,693</b>               | <b>24%</b>            |            |
| <b>Represented by:</b>                   |                                   |                                   |                            |                       |            |
| New asset expenditure                    | 8,459                             | 17,542                            | 9,083                      | 107%                  |            |
| Asset renewal expenditure                | 30,585                            | 29,313                            | (1,272)                    | -4%                   |            |
| Asset upgrade expenditure                | 1,682                             | 3,459                             | 1,777                      | 106%                  |            |
| Asset expansion expenditure              | 10                                | 115                               | 105                        | 1050%                 |            |
| <b>Total capital works expenditure</b>   | <b>40,736</b>                     | <b>50,429</b>                     | <b>9,693</b>               | <b>24%</b>            |            |

**Note 1.2 Capital works (cont.)**

**(i) Explanation of material variations**

**1. Land**

The City purchased three parcels of land during the year. Purchases were funded from the Land and Building reserve.

**2. Buildings**

A number of projects were expended during the year that were carry forward projects, budgeted for in 2017/2018. These projects included: Gurri Wanyarra Wellbeing Centre (\$5M), Albert Roy Pavilion (\$1.38M), QEO Kiosk and toilet (\$1.13M), Bendigo Tennis Centre grandstand (\$0.86M), Bendigo Stadium roof works (\$0.66M), Strathfieldsaye Early Learning Community hub (\$0.5M) and the Bendigo RSL Soldiers Memorial building (\$0.42M).

A number of projects had unspent funds carried forward to be completed in 2019/2020. These projects included: Garden Gully Community Pavilion (\$2.8M), QEO Netball change rooms (\$0.5M) and Dower Park change rooms (\$0.31M).

**3. Land improvements**

The Land improvements budget included the Bendigo Tennis Centre grandstand development (\$0.68M), the actual expenditure is allocated to buildings (\$0.87M). There was a tram track works project (\$0.4M) included in the budget, however allocated to sealed roads (\$0.38M).

**4. Sealed roads**

Overspend on sealed roads was due the City receiving funding for projects which were not included in the budget. These projects included: Blackspot funding projects (\$1.6M), Murphy St / Strickland Road roundabout (\$0.59M), and numerous Zebra Crossing / intersections (\$0.39M). There was a tram track works project (\$0.38M) which was budgeted for in land improvements (\$0.4M).



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

Council delivers its functions and activities through the following programs.

**2.1 (a) Corporate Performance**

The Corporate Performance Directorate leads, enables and strengthens the organisation to ensure it has the resources and capability to deliver on the Community Plan. The Directorate does this through developing our people and culture, systems and processes, good governance practices and financial stewardship to ensure the delivery of high quality services and programs. The Directorate leads innovation and business transformation to ensure we are ready to meet the challenges and opportunities of the future in partnership with our community.

**Health and Wellbeing**

The Health and Wellbeing Directorate plans and delivers a broad and diverse range of community services and programs aimed at supporting people to live their lives fully and be active, safe, engaged and healthy. The focus of the Directorate is on developing policy, plans and programs in partnership with the community, delivering services, and supporting the delivery of community infrastructure projects.

**Presentation and Assets**

The Presentation and Assets Directorate provides and maintains high quality assets and services that help make Greater Bendigo a great place to live, while planning and delivering new assets and services to support Bendigo's ongoing growth. Demonstrating and committing to environmentally responsible thinking and practices and encouraging this throughout the organisation and community is an important focus for the Directorate. Business units include Engineering, Resource Recovery and Education, Works, Parks and Open Space, Property Services and Project Management Office.

**Strategy and Growth**

The Strategy and Growth Directorate incorporates responsibility for Bendigo Art Gallery, Business Services, Capital Venues and Events, Regional Sustainable Development, Statutory Planning, and Tourism and Major Events. The overarching role of the Strategy and Growth Directorate is to contribute to the economic, cultural and social prosperity of our region by identifying and supporting investment opportunities, employment generation and the integrated planning for the sustainable growth of our City and region. In doing so, continue to work towards Greater Bendigo being the world's most liveable community.

**Notes to the Financial Report for the Year Ended 30 June 2019**  
**Greater Bendigo City Council**

**Note 2.1 Analysis of Council results by program (cont.)**

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

|                            | Income         | Expenses       | Surplus /     | Grants        | Total            |
|----------------------------|----------------|----------------|---------------|---------------|------------------|
|                            | \$'000         | \$'000         | (deficit)     | included in   | assets           |
|                            |                |                | \$'000        | income        | \$'000           |
|                            |                |                |               | \$'000        |                  |
| <b>2019</b>                |                |                |               |               |                  |
| Corporate Performance *    | 191,959        | 26,392         | 165,567       | 18,239        | 21,152           |
| Health and Wellbeing       | 24,538         | 37,219         | (12,681)      | 10,162        | 210,939          |
| Presentation and Assets    | 19,636         | 94,437         | (74,801)      | 5,424         | 1,397,328        |
| Strategy and Growth        | 12,475         | 28,291         | (15,816)      | 2,030         | 63,903           |
| <b>Sub total</b>           | <b>248,608</b> | <b>186,339</b> | <b>62,269</b> | <b>35,855</b> | <b>1,693,322</b> |
| Other unattributed surplus | -              | -              | -             | -             |                  |
| <b>Total</b>               | <b>248,608</b> | <b>186,339</b> | <b>62,269</b> | <b>35,855</b> | <b>1,693,322</b> |

|                            | Income         | Expenses       | Surplus /     | Grants        | Total            |
|----------------------------|----------------|----------------|---------------|---------------|------------------|
|                            | \$'000         | \$'000         | (deficit)     | included in   | assets           |
|                            |                |                | \$'000        | income        | \$'000           |
|                            |                |                |               | \$'000        |                  |
| <b>2018</b>                |                |                |               |               |                  |
| Corporate Performance *    | 159,918        | 28,199         | 131,719       | 25,668        | 23,657           |
| Health and Wellbeing       | 22,014         | 32,116         | (10,102)      | 8,317         | 182,726          |
| Presentation and Assets    | 12,586         | 89,473         | (76,887)      | 3,577         | 1,303,024        |
| Strategy and Growth        | 12,406         | 26,470         | (14,064)      | 1,935         | 61,331           |
| <b>Sub total</b>           | <b>206,924</b> | <b>176,258</b> | <b>30,666</b> | <b>39,497</b> | <b>1,570,738</b> |
| Other unattributed surplus | -              | -              | -             | -             |                  |
| <b>Total</b>               | <b>206,924</b> | <b>176,258</b> | <b>30,666</b> | <b>39,497</b> | <b>1,570,738</b> |

\*Include the Office of the CEO for the purpose of this reporting.

Further details relating to individual services, areas, and expenditure to support the Community Plan is best reviewed in the City's budget, published annually. The City's budget can be accessed at [www.bendigo.vic.gov.au](http://www.bendigo.vic.gov.au).

**Notes to the Financial Report for the Year Ended 30 June 2019**  
**Greater Bendigo City Council**

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**Note 3 Funding for the delivery of our services**

**3.1 Rates and charges**

The City declares rates on the Capital Improved Value (CIV) of all rateable property within the municipal district. The CIV is the value of the land and all its improvements.

The valuation base used to calculate general rates for 2018/2019 was \$21,340,092,000 (2017/2018, \$20,216,627,000). The 2018/2019 rate in the CIV dollar was 0.00404932 (2017/2018, 0.0041232).

|  | <b>2019</b>    | <b>2018</b>    |
|--|----------------|----------------|
|  | <b>\$'000</b>  | <b>\$'000</b>  |
| General rates                            | 96,464         | 92,493         |
| Supplementary rates and rate adjustments | 1,556          | 1,416          |
| Garbage charge                           | 10,586         | 9,510          |
| Recyclable charge                        | 4,735          | 3,399          |
| Organics charge                          | 3,533          | 3,393          |
| Interest on rates and charges            | 273            | 274            |
| <b>Total rates and charges</b>           | <b>117,147</b> | <b>110,485</b> |

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

Annual rates and charges are recognised as revenues when the City 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**

|                                       |              |              |
|---------------------------------------|--------------|--------------|
| Building and planning                 | 2,166        | 2,001        |
| Parking                               | 555          | 469          |
| Regulatory service                    | 346          | 233          |
| Fines                                 | 1,370        | 1,485        |
| Other fees and charges                | 774          | 759          |
| <b>Total statutory fees and fines</b> | <b>5,211</b> | <b>4,947</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.

**Notes to the Financial Report for the Year Ended 30 June 2019**  
**Greater Bendigo City Council**

| <b>3.3 User fees</b>             | <b>2019</b>   | <b>2018</b>   |
|----------------------------------|---------------|---------------|
|                                  | <b>\$'000</b> | <b>\$'000</b> |
| Aged and health services         | 544           | 936           |
| Leisure centre and recreation    | 599           | 416           |
| Child care / children's programs | 3,572         | 3,425         |
| Parking                          | 3,640         | 3,384         |
| Saleyard yarding                 | 1,335         | 1,128         |
| Regulatory service               | 1,108         | 1,147         |
| Ticket income *                  | 4,537         | 4,537         |
| Sales income                     | 853           | 1,002         |
| Waste management services        | 7,845         | 6,889         |
| Other fees and charges           | 2,989         | 2,927         |
| <b>Total user fees</b>           | <b>27,022</b> | <b>25,791</b> |

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

\* Ticket income consists of ticket sales through Ulumburra Theatre, the Capital Theatre, Bendigo Art Gallery and the Visitor Information Centre.

**3.4 Funding from other levels of government**

Grants were received in respect of the following:

**Summary of grants**

|                              |               |               |
|------------------------------|---------------|---------------|
| Commonwealth funded grants   | 24,650        | 31,603        |
| State funded grants          | 11,205        | 7,894         |
| <b>Total grants received</b> | <b>35,855</b> | <b>39,497</b> |

**Notes to the Financial Report for the Year Ended 30 June 2019**  
**Greater Bendigo City Council**

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| <b>3.4 Funding from other levels of government (cont.)</b> | <b>2019</b>   | <b>2018</b>   |
|--|---------------|---------------|
|  | <b>\$'000</b> | <b>\$'000</b> |
| <b>(a) Operating Grants</b>                                |               |               |
| <b><i>Recurrent - Commonwealth Government</i></b>          |               |               |
| Financial Assistance Grants - Unallocated                  | 13,199        | 13,122        |
| Financial Assistance Grants - Local Roads                  | 3,489         | 3,390         |
| Aged Services  | 4,128         | 4,076         |
| Health Services - Immunisation                             | 9             | 10            |
| <b><i>Recurrent - State Government</i></b>                 |               |               |
| Aged   | -             | 858           |
| Arts and culture   | 503           | 467           |
| Community safety   | 625           | 370           |
| Emergency management                                       | 60            | 60            |
| Environment  | 51            | 51            |
| Family and children  | 89            | 10            |
| Health services - immunisation                             | 61            | 94            |
| Maternal and child health                                  | 1,329         | 1,225         |
| Rural access initiative                                    | 297           | 285           |
| School crossing supervisors                                | 284           | 258           |
| Tourism / events projects                                  | -             | 115           |
| Youth  | 73            | 81            |
| <b>Total recurrent operating grants</b>                    | <b>24,197</b> | <b>24,472</b> |

**Notes to the Financial Report for the Year Ended 30 June 2019**  
**Greater Bendigo City Council**

| <b>3.4 Funding from other levels of government (cont.)</b> | <b>2019</b>   | <b>2018</b>   |
|--|---------------|---------------|
|  | <b>\$'000</b> | <b>\$'000</b> |
| <b><i>Non-recurrent - Commonwealth Government</i></b>      |               |               |
| Aged   | 518           | 494           |
| Arts and culture   | 54            | -             |
| Community resilience                                       | -             | 2             |
| Family and children  | -             | 1             |
| Heritage   | -             | 1             |
| Tourism / events projects                                  | 25            | -             |
| Transport  | 50            | -             |
| <b><i>Non-recurrent - State Government</i></b>             |               |               |
| Arts and culture   | 282           | 290           |
| Bushfire commemoration                                     | 7             | -             |
| Business development                                       | 28            | 60            |
| Community and strategy planning                            | 396           | 206           |
| Community welfare  | 65            | -             |
| Emergency management                                       | 101           | -             |
| Environment  | 103           | 172           |
| Family and children  | 86            | -             |
| Heritage   | -             | 10            |
| Infrastructure - drainage                                  | -             | 10            |
| Maternal and child health                                  | -             | 82            |
| Recreation / healthy communities                           | 1,280         | 201           |
| Recycling relief   | 94            | -             |
| Rural access initiative                                    | 336           | 280           |
| Tourism / events projects                                  | 151           | 30            |
| Transport  | 26            | -             |
| Youth  | -             | 11            |
| <b>Total non-recurrent operating grants</b>                | <b>3,602</b>  | <b>1,850</b>  |
| <b>Total operating grants</b>                              | <b>27,799</b> | <b>26,322</b> |

**Notes to the Financial Report for the Year Ended 30 June 2019**  
**Greater Bendigo City Council**

| <b>3.4 Funding from other levels of government (cont.)</b>                              | <b>2019</b>   | <b>2018</b>   |
|---|---------------|---------------|
|   | <b>\$'000</b> | <b>\$'000</b> |
| <b>(b) Capital Grants</b>   |               |               |
| <b><i>Recurrent - Commonwealth Government</i></b>                                       |               |               |
| Roads to recovery   | 1,572         | 3,176         |
| <b>Total recurrent capital grants</b>   | <b>1,572</b>  | <b>3,176</b>  |
| <b><i>Non-recurrent - Commonwealth Government</i></b>                                   |               |               |
| Airport   | -             | 200           |
| Community safety  | 25            | -             |
| Heritage  | 170           | 1,530         |
| Open space  | -             | 50            |
| Plant, machinery and equipment  | -             | 75            |
| Recreation  | 1,161         | 5,476         |
| Tourism / events projects   | 250           | -             |
| <b><i>Non-recurrent - State Government</i></b>  |               |               |
| Airport   | 350           | -             |
| Community safety  | 26            | -             |
| Emergency management  | 123           | -             |
| Family and children   | 10            | 85            |
| Heritage  | 309           | 350           |
| Infrastructure - transport  | -             | 239           |
| Livestock   | 164           | -             |
| Open space  | -             | 299           |
| Plant, equipment and machinery  | -             | 695           |
| Recreation / healthy communities  | 3,595         | 1,000         |
| Tourism / events  | 180           | -             |
| Waste   | 81            | -             |
| Water management  | 40            | -             |
| <b>Total non-recurrent capital grants</b>   | <b>6,484</b>  | <b>9,999</b>  |
| <b>Total capital grants</b>   | <b>8,056</b>  | <b>13,175</b> |
| <b>(c) Unspent grants received on condition that they be spent in a specific manner</b> |               |               |
| Balance at start of year  | 9,773         | 13,194        |
| Received during the financial year and remained unspent at balance date                 | 11,174        | 9,424         |
| Received in prior years and spent during the financial year                             | 9,424         | 12,845        |
| <b>Balance at year end</b>  | <b>11,523</b> | <b>9,773</b>  |

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

**Notes to the Financial Report for the Year Ended 30 June 2019**  
**Greater Bendigo City Council**

| <b>3.5 Contributions</b>                    | <b>2019</b>   | <b>2018</b>   |
|---|---------------|---------------|
|   | <b>\$'000</b> | <b>\$'000</b> |
| Monetary                                    | 10,765        | 8,267         |
| Non-monetary - developer contributed assets | 17,540        | 12,876        |
| Non-monetary - donated / gifted assets      | 507           | 211           |
| Total Non-monetary contributions            | 18,047        | 13,087        |
| <b>Total Contributions</b>                  | <b>28,812</b> | <b>21,354</b> |

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

|   |               |               |
|---|---------------|---------------|
| Artworks                                | 507           | 211           |
| Land                                    | 2,343         | 2,045         |
| Sealed roads                            | 6,247         | 4,667         |
| Unsealed roads                          | 25            | 18            |
| Pathways                                | 2,872         | 2,042         |
| Bridges                                 | -             | 460           |
| Drainage                                | 6,053         | 3,644         |
| <b>Total non-monetary contributions</b> | <b>18,047</b> | <b>13,087</b> |

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

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

|   |                |                |
|---|----------------|----------------|
| Proceeds of sale  | 1,082          | 1,135          |
| Written down value of assets disposed   | (7,174)        | (6,770)        |
| <b>Total net gain/(loss) on disposal of property, infrastructure, plant and equipment</b> | <b>(6,092)</b> | <b>(5,635)</b> |

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



**Notes to the Financial Report for the Year Ended 30 June 2019**  
**Greater Bendigo City Council**

| <b>3.7 Other income</b>   | <b>2019</b>   | <b>2018</b>   |
|---------------------------|---------------|---------------|
|                           | <b>\$'000</b> | <b>\$'000</b> |
| Rental income             | 2,144         | 1,532         |
| Landfill rehabilitation*  | 4,223         | 1,328         |
| Other income              | 205           | 306           |
| Gain on forestry          | -             | 19            |
| <b>Total other income</b> | <b>6,572</b>  | <b>3,185</b>  |

\*During the 2018/2019 financial year the rehabilitation estimate was revised for the closed landfill site located in White Hills. The original landfill estimate was calculated on the basis that the entire site would need to be rehabilitated to a particular standard. Since this estimate it has been determined that a large amount of the required work has been completed a number of years ago and a smaller estimate is now appropriate to reach a standard accepted by the EPA.

Other income is measured at the fair value of the consideration received or receivable and is recognised when the City gains control over the right to receive the income.

**Note 4 The cost of delivering services**

**4.1 (a) Employee costs**

|                             |               |               |
|-----------------------------|---------------|---------------|
| Wages and salaries          | 58,414        | 54,894        |
| WorkCover                   | 560           | 787           |
| Superannuation              | 5,311         | 5,057         |
| Fringe benefits tax         | 213           | 224           |
| <b>Total employee costs</b> | <b>64,498</b> | <b>60,962</b> |

**4.1 (b) Superannuation**

The City made contributions to the following funds:

**Defined benefit fund**

|  |            |            |
|--|------------|------------|
| Employer contributions to Local Authorities Superannuation Fund (Vision Super) | 426        | 509        |
|  | <b>426</b> | <b>509</b> |
| Employer contributions payable at reporting date                               | -          | -          |

**Accumulation funds**

|  |              |              |
|--|--------------|--------------|
| Employer contributions to Local Authorities Superannuation Fund (Vision Super) | 3,012        | 2,934        |
| Employer contributions - other funds   | 1,873        | 1,614        |
|  | <b>4,885</b> | <b>4,548</b> |
| Employer contributions payable at reporting date.                              | 197          | -            |

Refer to Note 9.3 for further information relating to the City's superannuation obligations.

**Notes to the Financial Report for the Year Ended 30 June 2019**  
**Greater Bendigo City Council**

| <b>4.2 Materials and services</b>         | <b>2019</b>   | <b>2018</b>   |
|---|---------------|---------------|
|   | <b>\$'000</b> | <b>\$'000</b> |
| Contract payments < by Service Unit >     |               |               |
| Resource Recovery and Education           | 10,412        | 10,402        |
| Parks and Open Space                      | 3,606         | 4,144         |
| Capital Venues and Events                 | 3,354         | 4,037         |
| Library Services                          | 3,063         | 2,996         |
| Active and Healthy Lifestyles             | 2,640         | 1,366         |
| Major Projects                            | 2,232         | 2,783         |
| Works                                     | 1,666         | 1,896         |
| Regional Sustainable Development          | 1,074         | 988           |
| Tourism and Major Events                  | 919           | 871           |
| Art Gallery                               | 710           | 330           |
| Engineering                               | 704           | 495           |
| Business Services                         | 699           | 429           |
| Property Services                         | 625           | 549           |
| Statutory Planning                        | 508           | 469           |
| Safe and Healthy Environments             | 475           | 527           |
| Other contract payments                   | 1,639         | 1,662         |
| Administration Expense                    | 8,512         | 8,087         |
| Utility expenses                          | 6,369         | 5,034         |
| Materials, concrete products and hardware | 6,287         | 6,091         |
| Maintenance and consumables               | 8,487         | 8,154         |
| Plant and equipment operating expenses    | 5,402         | 5,954         |
| Contributions and donations               | 2,654         | 2,331         |
| Insurance                                 | 1,177         | 1,021         |
| <b>Total materials and services</b>       | <b>73,214</b> | <b>70,616</b> |

\* The City has disclosed larger categories of Contract payments by Service Unit.

**4.3 Depreciation and amortisation**

|  |               |               |
|--|---------------|---------------|
| Property                                   | 7,726         | 7,222         |
| Plant and equipment                        | 3,375         | 3,217         |
| Infrastructure                             | 26,173        | 25,003        |
| <b>Total depreciation</b>                  | <b>37,274</b> | <b>35,442</b> |
| Intangible assets                          | 592           | 668           |
| <b>Total depreciation and amortisation</b> | <b>37,866</b> | <b>36,110</b> |

*Refer to Note 5.2(a) and 6.1 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.*

**Notes to the Financial Report for the Year Ended 30 June 2019**  
**Greater Bendigo City Council**

| <b>4.4 Other expenses</b>   | <b>2019</b>   | <b>2018</b>   |
|---|---------------|---------------|
|   | <b>\$'000</b> | <b>\$'000</b> |
| Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals | 63            | 55            |
| Auditors' remuneration - internal audit   | 34            | 35            |
| Discount rate movement of landfill provision  | 1,318         | 74            |
| Landfill rehabilitation and aftercare   | 785           | 375           |
| <b>Total other expenses</b>   | <b>2,200</b>  | <b>539</b>    |

**Note 5 Our financial position**

**5.1 Financial assets**

**(a) Cash and cash equivalents**

|  |               |               |
|--|---------------|---------------|
| Cash on hand                           | 30            | 29            |
| Cash at bank                           | 3,363         | 4,858         |
| Term deposits                          | 72,537        | 66,036        |
| <b>Total cash and cash equivalents</b> | <b>75,930</b> | <b>70,923</b> |
| <b>Total financial assets</b>          | <b>75,930</b> | <b>70,923</b> |

The City's 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)               | 3,306         | 3,441         |
| <b>Total restricted funds</b>                       | <b>3,306</b>  | <b>3,441</b>  |
| <b>Total unrestricted cash and cash equivalents</b> | <b>72,624</b> | <b>67,482</b> |

**Intended allocations**

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

|   |               |               |
|---|---------------|---------------|
| - Other Reserves - excluding unexpended grants & donation reserve | 16,674        | 14,891        |
| - Other Reserves - unexpended grants & donations                  | 12,336        | 10,301        |
| - Cash held to fund carried forward capital works                 | 13,622        | 15,845        |
| - Statutory Reserve funds allocated for specific future purposes  | 8,501         | 8,119         |
| <b>Total funds subject to intended allocations</b>                | <b>51,133</b> | <b>49,156</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. The City has no 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.

**Notes to the Financial Report for the Year Ended 30 June 2019**  
**Greater Bendigo City Council**

| <b>5.1 Financial assets (cont.)</b>                  | <b>2019</b>   | <b>2018</b>   |
|--|---------------|---------------|
|  | <b>\$'000</b> | <b>\$'000</b> |
| <b>(b) Trade and other receivables</b>               |               |               |
| <b>Current</b>                                       |               |               |
| <i>Statutory receivables</i>                         |               |               |
| Rates debtors  | 1,069         | 915           |
| Infringement debtors                                 | 3,467         | 2,762         |
| Provision for doubtful debts - infringements         | (332)         | (139)         |
| GST receivable                                       | 1,234         | 1,445         |
| <i>Non statutory receivables</i>                     |               |               |
| Footpath, kerb and channel debtors                   | 272           | 268           |
| Loans to community organisations                     | 14            | 14            |
| Loans for heritage restoration works                 | 8             | 42            |
| General debtors - grants                             | 2,023         | 578           |
| General debtors - other                              | 3,961         | 2,850         |
| Allowance for doubtful debts - general debtors       | (15)          | (15)          |
| <b>Total current trade and other receivables</b>     | <b>11,701</b> | <b>8,720</b>  |
| <b>Non-current</b>                                   |               |               |
| <i>Non statutory receivables</i>                     |               |               |
| Footpath, kerb and channel debtors                   | 1             | 1             |
| Loans to community organisations                     | 9             | 23            |
| Loans for heritage restoration works                 | 49            | 57            |
| <b>Total non-current trade and other receivables</b> | <b>59</b>     | <b>81</b>     |
| <b>Total trade and other receivables</b>             | <b>11,760</b> | <b>8,801</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.

**(c) Ageing of receivables**

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

|  |              |              |
|--|--------------|--------------|
| Current (not yet due)                    | 3,788        | 1,167        |
| Past due by up to 30 days                | 670          | 1,521        |
| Past due between 31 and 180 days         | 1,428        | 5            |
| Past due between 181 and 365 days        | 84           | 567          |
| Past due by more than 1 year             | 353          | 558          |
| <b>Total trade and other receivables</b> | <b>6,323</b> | <b>3,818</b> |

**Notes to the Financial Report for the Year Ended 30 June 2019**  
**Greater Bendigo City Council**

|                                     |               |               |
|-------------------------------------|---------------|---------------|
| <b>5.1 Financial assets (cont.)</b> | <b>2019</b>   | <b>2018</b>   |
|                                     | <b>\$'000</b> | <b>\$'000</b> |

**(d) Ageing of individually impaired receivables**

At balance date, other debtors representing financial assets with a nominal value of \$346,603 (2018: \$154,000) were impaired. The amount of the provision raised against these debtors was \$346,603 (2018: \$154,000). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with the City's debt collectors or are on payment arrangements.

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

|  |            |            |
|--|------------|------------|
| Past due by more than 1 year             | 347        | 154        |
| <b>Total trade and other receivables</b> | <b>347</b> | <b>154</b> |

**5.2 Non-financial assets**

**(a) Intangible assets**

|                                |              |              |
|--------------------------------|--------------|--------------|
| Landfill air space             | 2,534        | 2,958        |
| Water rights                   | 216          | 216          |
| <b>Total intangible assets</b> | <b>2,750</b> | <b>3,174</b> |

|  | <b>Water</b>  | <b>Landfill</b> | <b>Total</b>   |
|--|---------------|-----------------|----------------|
|  | <b>\$'000</b> | <b>\$'000</b>   | <b>\$'000</b>  |
| <b>Gross carrying amount</b>                   |               |                 |                |
| Balance at 1 July 2018                         | 216           | 4,305           | 4,521          |
| Increase due to change in estimate             | -             | 168             | 168            |
| Balance at 1 July 2019                         | <b>216</b>    | <b>4,473</b>    | <b>4,689</b>   |
| <b>Accumulated amortisation and impairment</b> |               |                 |                |
| Balance at 1 July 2018                         | -             | (1,347)         | (1,347)        |
| Amortisation expense                           | -             | (592)           | (592)          |
| Balance at 1 July 2019                         | <b>-</b>      | <b>(1,939)</b>  | <b>(1,939)</b> |
| Net book value at 30 June 2018                 | 216           | 2,958           | 3,174          |
| Net book value at 30 June 2019                 | <b>216</b>    | <b>2,534</b>    | <b>2,750</b>   |

Intangible assets with finite lives are amortised as an expense on a systematic basis over the asset's useful life. Amortisation is generally calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives and amortisation method are reviewed at least annually, and adjustments made where appropriate.

**Notes to the Financial Report for the Year Ended 30 June 2019**  
**Greater Bendigo City Council**

| <b>5.3 Payables</b>                                   | <b>2019</b>   | <b>2018</b>   |
|---|---------------|---------------|
|   | <b>\$'000</b> | <b>\$'000</b> |
| <b>(a) Trade and other payables</b>                   |               |               |
| Trade payables  | 7,875         | 7,562         |
| Sundry creditors                                      | 1,797         | 4,250         |
| Accrued expenses                                      | 3,612         | 3,812         |
| <b>Total trade and other payables</b>                 | <b>13,284</b> | <b>15,624</b> |
| <b>(b) Trust funds and deposits</b>                   |               |               |
| Refundable security holding deposits                  | 1,807         | 1,962         |
| Pre sold ticket income                                | 877           | 839           |
| Fire service levy (held for the state revenue office) | 373           | 439           |
| Other   | 249           | 201           |
| <b>Total trust funds and deposits</b>                 | <b>3,306</b>  | <b>3,441</b>  |

Amounts received as deposits and retention amounts controlled by the City 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 recognised as revenue at the time of forfeit.

***Purpose and nature of items***

Refundable security holding deposits - deposits are taken by the City 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.

Pre sold ticket income - sales for upcoming performances, predominantly at the Capital and Ulumburra theatres, are held as a deposit and only recognised as income once the performance has occurred.

Fire Service Levy - payments receipted by the City before the end of financial year are held in trust until the payment is made to the State Revenue Office on due dates.

**Notes to the Financial Report for the Year Ended 30 June 2019**  
**Greater Bendigo City Council**

|   |               |               |
|---|---------------|---------------|
| <b>5.4 Interest-bearing liabilities</b> | <b>2019</b>   | <b>2018</b>   |
| <b>Current</b>                          | <b>\$'000</b> | <b>\$'000</b> |
| Borrowings - secured                    | 3,960         | 3,881         |
|   | <b>3,960</b>  | <b>3,881</b>  |
| <b>Non-current</b>                      |               |               |
| Borrowings - secured                    | 41,725        | 42,898        |
|   | <b>41,725</b> | <b>42,898</b> |
| <b>Total</b>                            | <b>45,684</b> | <b>46,779</b> |

Interest bearing loans and borrowings are secured against a charge over the City's rate revenue.

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

|   |               |               |
|---|---------------|---------------|
| Not later than one year                           | 3,960         | 3,881         |
| Later than one year and not later than five years | 28,690        | 26,696        |
| Later than five years                             | 13,035        | 16,202        |
|   | <b>45,684</b> | <b>46,779</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 City 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 City determines the classification of its interest bearing liabilities at initial recognition.

|   |                 |                                 |                |
|---|-----------------|---------------------------------|----------------|
| <b>5.5 Provisions</b>   | <b>Employee</b> | <b>Landfill<br/>restoration</b> | <b>Total</b>   |
| <b>2019</b>   | <b>\$ '000</b>  | <b>\$ '000</b>                  | <b>\$ '000</b> |
| Balance at beginning of the financial year  | 14,446          | 13,756                          | 28,202         |
| Additional provisions   | 5,660           | -                               | 5,660          |
| Amounts used  | (5,384)         | (114)                           | (5,498)        |
| Change in provision estimate  | -               | (3,271)                         | (3,271)        |
| Change in the discounted amount arising because of time and the effect of any change in the discount rate | 645             | 1,318                           | 1,963          |
| Balance at the end of the financial year  | <b>15,367</b>   | <b>11,689</b>                   | <b>27,056</b>  |
| <b>2018</b>   |                 |                                 |                |
| Balance at beginning of the financial year  | 14,777          | 15,014                          | 29,791         |
| Additional provisions   | 5,335           | 375                             | 5,710          |
| Amounts used  | (5,595)         | -                               | (5,595)        |
| Change in provision estimate  | -               | (1,707)                         | (1,707)        |
| Change in the discounted amount arising because of time and the effect of any change in the discount rate | (71)            | 74                              | 3              |
| Balance at the end of the financial year  | <b>14,446</b>   | <b>13,756</b>                   | <b>28,202</b>  |

**Notes to the Financial Report for the Year Ended 30 June 2019**  
**Greater Bendigo City Council**

|  |               |               |
|--|---------------|---------------|
| <b>5.5 Provisions (cont.)</b>  | <b>2019</b>   | <b>2018</b>   |
| <b>(a) Employee provisions</b>   | <b>\$'000</b> | <b>\$'000</b> |
| <b>Current provisions expected to be wholly settled within 12 months</b> |               |               |
| Annual leave   | 3,701         | 3,568         |
| Long service leave   | 1,635         | 1,488         |
| Sick leave   | 20            | 19            |
|  | <b>5,356</b>  | <b>5,075</b>  |
| <b>Current provisions expected to be wholly settled after 12 months</b>  |               |               |
| Annual leave   | 894           | 983           |
| Long service leave   | 7,269         | 6,674         |
| Sick leave   | 231           | 212           |
|  | <b>8,394</b>  | <b>7,869</b>  |
| Total current employee provisions  | <b>13,750</b> | <b>12,944</b> |
| <b>Non-current</b>   |               |               |
| Long service leave   | 1,617         | 1,502         |
| Total non-current employee provisions                                    | <b>1,617</b>  | <b>1,502</b>  |
| Aggregate carrying amount of employee provisions:                        |               |               |
| Current  | 13,750        | 12,944        |
| Non-current  | 1,617         | 1,502         |
| Total aggregate carrying amount of employee provisions                   | <b>15,367</b> | <b>14,446</b> |

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

*Annual Leave*

Liabilities for annual leave expected to be wholly settled within 12 months of the reporting date is 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.



**Notes to the Financial Report for the Year Ended 30 June 2019**  
**Greater Bendigo City Council**

**5.5 Provisions (cont.)**

*Long service leave, Sick Leave (contracted employees)*

Liability for long service leave (LSL), sick leave for contracted employees and service recognition 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.

Effective 6 May 1996, the Sick Leave Gratuity Scheme (former City of Bendigo) arrangements and payments ceased to operate. However a number of staff who are entitled to this scheme remain employed by the City. It shall be adjusted annually within one (1) month of the publication of the Consumer Price Index.

Effective 1 April 1998, the Accumulated Sick Leave Scheme arrangements and payments cease to operate. However a number of staff who are entitled to this scheme remain employed by Greater Bendigo City Council. This balance is adjusted based on the individuals applicable pay rate.

| Key assumptions: | 2019  | 2018  |
|------------------|-------|-------|
| - discount rate  | 1.32% | 2.65% |
| - inflation rate | 4.31% | 3.88% |

|                                 | 2019<br>\$'000 | 2018<br>\$'000 |
|---------------------------------|----------------|----------------|
| <b>(b) Landfill restoration</b> |                |                |
| Current                         | 2,561          | 4,962          |
| Non-current                     | 9,128          | 8,794          |
|                                 | <b>11,689</b>  | <b>13,756</b>  |

The City is obligated to restore the active Eaglehawk landfill site and also the closed sites at White Hills and Flora Hill (Wolstencroft site). The forecast life of the site is based on current estimates of remaining capacity and the forecast rate of infill. The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on current understanding of work required to reinstate the sites to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

| Key assumptions:                 | 2019         | 2018         |
|----------------------------------|--------------|--------------|
| - discount rate                  | 1.32%        | 2.65%        |
| - inflation rate                 | 2.50%        | 2.00%        |
| - estimated cost to rehabilitate | \$11,689,145 | \$14,149,987 |

**5.6 Financing arrangements**

|  | 2019<br>\$'000 | 2018<br>\$'000 |
|--|----------------|----------------|
|--|----------------|----------------|

The City has the following funding arrangements in place as at 30 June 2019.

|                         |              |              |
|-------------------------|--------------|--------------|
| Bank overdraft          | 3,500        | 3,500        |
| Credit card facilities  | 400          | 400          |
| <b>Total facilities</b> | <b>3,900</b> | <b>3,900</b> |
| Used facilities         | 99           | 78           |
| Unused facilities       | 3,801        | 3,822        |
| <b>Total facilities</b> | <b>3,900</b> | <b>3,900</b> |

**Notes to the Financial Report for the Year Ended 30 June 2019**  
**Greater Bendigo City Council**

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**5.7 Commitments**

The City 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.

| <b>2019</b>                                     | <b>Not later<br/>than<br/>1 year<br/>\$'000</b> | <b>Later than<br/>1 year and<br/>not later<br/>than<br/>2 years<br/>\$'000</b> | <b>Later than<br/>2 years and<br/>not later<br/>than<br/>5 years<br/>\$'000</b> | <b>Later<br/>than 5<br/>years<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|---|---|--|---|--|-------------------------|
| <b>Operating</b>                                |   |  |   |  |                         |
| Aquatic & leisure facilities                    | 1,413   | 636  | 593   | -  | 2,642                   |
| Building essential services                     | 240   | 240  | 94  | 12   | 586                     |
| Car parking                                     | 83  | -  | -   | -  | 83                      |
| Children and family services                    | 136   | 6  | 11  | -  | 153                     |
| Cleaning contracts                              | 733   | 642  | 373   | 289  | 2,037                   |
| Cleaning public bins                            | 10  | -  | -   | -  | 10                      |
| Communications                                  | 79  | 53   | -   | -  | 132                     |
| Community events                                | 567   | 191  | 31  | 31   | 820                     |
| Contract management                             | 1,035   | 33   | 33  | 9  | 1,110                   |
| Garbage collection                              | 971   | 1,356  | 2,792   | -  | 5,119                   |
| Internal audit                                  | 12  | 12   | -   | -  | 24                      |
| IT / telecommunications                         | 170   | 25   | 25  | 3  | 223                     |
| Masterplan                                      | 64  | -  | -   | -  | 64                      |
| Organics collection                             | 1,684   | -  | -   | -  | 1,684                   |
| Processing organic waste                        | 1,534   | 881  | -   | -  | 2,415                   |
| Recyclable garbage collection                   | 279   | 279  | 279   | 321  | 1,158                   |
| Sanitary services                               | 26  | 26   | -   | -  | 52                      |
| Security services                               | 158   | 157  | 156   | -  | 471                     |
| Theatre costs                                   | 175   | 50   | 78  | -  | 303                     |
| Transportation of waste from Eaglehawk Landfill | 563   | 1,364  | 2,796   | -  | 4,723                   |
| <b>Total</b>                                    | <b>9,932</b>                                    | <b>5,951</b>   | <b>7,261</b>  | <b>665</b>                                   | <b>23,809</b>           |
| <b>Capital</b>                                  |   |  |   |  |                         |
| Communications                                  | -   | -  | -   | -  | -                       |
| Construction works                              | 9,311   | 274  | -   | -  | 9,585                   |
| <b>Total</b>                                    | <b>9,311</b>                                    | <b>274</b>   | <b>-</b>  | <b>-</b>                                     | <b>9,585</b>            |

**Notes to the Financial Report for the Year Ended 30 June 2019**  
**Greater Bendigo City Council**

**5.7 Commitments (cont.)**

|                               | Not later<br>than<br>1 year<br>\$'000 | Later than<br>1 year and<br>not later<br>than<br>2 years<br>\$'000 | Later than<br>2 years and<br>not later<br>than<br>5 years<br>\$'000 | Later<br>than 5<br>years<br>\$'000 | Total<br>\$'000 |
|-------------------------------|---------------------------------------|--|---|------------------------------------|-----------------|
| <b>2018</b>                   |                                       |  |   |                                    |                 |
| <b>Operating</b>              |                                       |  |   |                                    |                 |
| Aquatic & leisure facilities  | 1,131                                 | 812  | -   | -                                  | 1,943           |
| Animal pound services         | 280                                   | -  | -   | -                                  | 280             |
| Building essential services   | 208                                   | 204  | 146   | -                                  | 558             |
| Car parking                   | 64                                    | 64   | 66  | 66                                 | 260             |
| Children and family services  | 126                                   | 66   | 90  | -                                  | 282             |
| Cleaning contracts            | 512                                   | 388  | 58  | -                                  | 958             |
| Cleaning public bins          | 103                                   | 106  | 334   | -                                  | 543             |
| Communications                | 158                                   | 122  | 244   | -                                  | 524             |
| Community events              | 207                                   | 25   | 3   | -                                  | 235             |
| Contract management           | 1,055                                 | 1,000  | -   | -                                  | 2,055           |
| Feasibility studies           | 98                                    | -  | -   | -                                  | 98              |
| Internal audit                | 21                                    | 11   | 11  | -                                  | 43              |
| IT / Telecommunications       | 242                                   | 141  | -   | -                                  | 383             |
| Landfill rehabilitation       | 176                                   | -  | -   | -                                  | 176             |
| Organics collection           | 778                                   | 797  | 2,514   | -                                  | 4,089           |
| Processing organic waste      | 1,459                                 | 1,496  | 3,240   | -                                  | 6,195           |
| Recyclable garbage collection | 272                                   | 279  | 879   | -                                  | 1,430           |
| Sanitary services             | 24                                    | 24   | 4   | -                                  | 52              |
| Security services             | 135                                   | 135  | 135   | -                                  | 405             |
| Theatre costs                 | 200                                   | -  | -   | -                                  | 200             |
| <b>Total</b>                  | <b>7,249</b>                          | <b>5,670</b>   | <b>7,724</b>  | <b>66</b>                          | <b>20,709</b>   |
| <b>Capital</b>                |                                       |  |   |                                    |                 |
| Communications                | 8                                     | 8  | 16  | -                                  | 32              |
| Construction works            | 9,045                                 | -  | -   | -                                  | 9,045           |
| <b>Total</b>                  | <b>9,053</b>                          | <b>8</b>   | <b>16</b>   | <b>-</b>                           | <b>9,077</b>    |

**Notes to the Financial Report for the Year Ended 30 June 2019**  
**Greater Bendigo City Council**

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|                                |               |               |
|--------------------------------|---------------|---------------|
| <b>5.7 Commitments (cont.)</b> | <b>2019</b>   | <b>2018</b>   |
|                                | <b>\$'000</b> | <b>\$'000</b> |

***Operating lease commitments***

At the reporting date, the City had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within the City's activities (these obligations are not recognised as liabilities):

|  |                   |                  |
|--|-------------------|------------------|
| Not later than one year                          | 200               | 93               |
| later than one year and not later than two years | 200               | -                |
| Later than five years                            | 552               | -                |
|  | <u><b>952</b></u> | <u><b>93</b></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.

**Notes to the Financial Report for the Year Ended 30 June 2019**  
**Greater Bendigo City Council**

**Note 6 Assets we manage**

**6.1 Property, infrastructure, plant and equipment**

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

|                        | At fair value<br>30 June 2018 | Additions     | Contributions | Revaluation   | Depreciation    | Disposal     | Write-off       | Initial<br>recognition<br>of assets | Transfers | At fair value<br>30 June 2019 |
|------------------------|-------------------------------|---------------|---------------|---------------|-----------------|--------------|-----------------|-------------------------------------|-----------|-------------------------------|
|                        | \$'000                        | \$'000        | \$'000        | \$'000        | \$'000          | \$'000       | \$'000          | \$'000                              | \$'000    | \$'000                        |
| Property               | 449,350                       | 1,400         | 2,343         | 45,296        | (7,726)         | 992          | (1,642)         | 704                                 | 68,573    | 559,290                       |
| Plant and equipment    | 83,650                        | 4,474         | 507           | -             | (3,375)         | (1,214)      | -               | -                                   | (699)     | 83,343                        |
| Infrastructure         | 872,216                       | -             | 15,197        | 19,735        | (26,173)        | 6,581        | (10,542)        | 25,554                              | 31,312    | 933,880                       |
| Work In Progress (WIP) | 76,613                        | 44,555        | -             | -             | -               | (1,346)      | -               | -                                   | (99,186)  | 20,636                        |
|                        | <b>1,481,829</b>              | <b>50,429</b> | <b>18,047</b> | <b>65,031</b> | <b>(37,274)</b> | <b>5,013</b> | <b>(12,184)</b> | <b>26,258</b>                       | <b>-</b>  | <b>1,597,149</b>              |

**Summary of Work in Progress (WIP)**

|                     | Opening WIP   | Additions     | Write-off      | Transfers       | Closing WIP   |
|---------------------|---------------|---------------|----------------|-----------------|---------------|
|                     | \$'000        | \$'000        | \$'000         | \$'000          | \$'000        |
| Property            | 59,955        | 17,964        | (626)          | (68,571)        | 8,722         |
| Plant and equipment | 27            | 86            | -              | -               | 113           |
| Infrastructure      | 16,631        | 26,505        | (720)          | (30,615)        | 11,801        |
| Total               | <b>76,613</b> | <b>44,555</b> | <b>(1,346)</b> | <b>(99,186)</b> | <b>20,636</b> |

**Notes to the Financial Report for the Year Ended 30 June 2019**  
**Greater Bendigo City Council**

**6.1 Property, infrastructure, plant and equipment (cont.)**  
**(a) Property**

|  | Land - specialised<br>\$'000 | Land - non specialised<br>\$'000 | Land under roads | Total land<br>\$'000 | Heritage buildings<br>\$'000 | Buildings - specialised<br>\$'000 | Buildings - non specialised<br>\$'000 | Total buildings<br>\$'000 | Total property<br>\$'000 |
|--|------------------------------|----------------------------------|------------------|----------------------|------------------------------|-----------------------------------|---------------------------------------|---------------------------|--------------------------|
| At fair value 1 July 2018                    | 198,298                      | 10,273                           | 7,598            | 216,169              | 124,682                      | 243,127                           | 8,032                                 | 375,841                   | 592,010                  |
| Accumulated depreciation at 1 July 2018      | -                            | -                                | -                | -                    | (49,672)                     | (92,797)                          | (191)                                 | (142,660)                 | (142,660)                |
|  | <b>198,298</b>               | <b>10,273</b>                    | <b>7,598</b>     | <b>216,169</b>       | <b>75,010</b>                | <b>150,330</b>                    | <b>7,841</b>                          | <b>233,181</b>            | <b>449,350</b>           |
| <b>Movements in fair value</b>               |                              |                                  |                  |                      |                              |                                   |                                       |                           |                          |
| Additions                                    | 1,400                        | -                                | -                | 1,400                | -                            | -                                 | -                                     | -                         | 1,400                    |
| Contributions                                | 1,539                        | -                                | 804              | 2,343                | -                            | -                                 | -                                     | -                         | 2,343                    |
| Revaluation                                  | 33,939                       | 412                              | -                | 34,351               | 9,777                        | (4,376)                           | (545)                                 | 4,856                     | 39,207                   |
| Disposal                                     | (77)                         | -                                | -                | (77)                 | -                            | -                                 | -                                     | -                         | (77)                     |
| Write-off                                    | -                            | -                                | -                | -                    | -                            | (1,642)                           | -                                     | (1,642)                   | (1,642)                  |
| Initial recognition of assets                | -                            | -                                | -                | -                    | -                            | 921                               | 90                                    | 1,011                     | 1,011                    |
| Transfers                                    | -                            | -                                | -                | -                    | -                            | 68,573                            | -                                     | 68,573                    | 68,573                   |
|  | <b>36,801</b>                | <b>412</b>                       | <b>804</b>       | <b>38,017</b>        | <b>9,777</b>                 | <b>63,476</b>                     | <b>455</b>                            | <b>72,798</b>             | <b>110,815</b>           |
| <b>Movements in accumulated depreciation</b> |                              |                                  |                  |                      |                              |                                   |                                       |                           |                          |
| Depreciation and amortisation                | -                            | -                                | -                | -                    | (2,057)                      | (5,497)                           | (172)                                 | (7,726)                   | (7,726)                  |
| Accumulated depreciation of disposals        | -                            | -                                | -                | -                    | -                            | 1,069                             | -                                     | 1,069                     | 1,069                    |
| Initial recognition of assets                | -                            | -                                | -                | -                    | -                            | (307)                             | -                                     | (307)                     | (307)                    |
| Revaluation                                  | -                            | -                                | -                | -                    | 4,268                        | 1,458                             | 363                                   | 6,089                     | 6,089                    |
|  | <b>-</b>                     | <b>-</b>                         | <b>-</b>         | <b>-</b>             | <b>2,211</b>                 | <b>(3,277)</b>                    | <b>191</b>                            | <b>(875)</b>              | <b>(6,964)</b>           |
| At fair value 30 June 2019                   | 235,099                      | 10,685                           | 8,402            | 254,186              | 134,459                      | 306,603                           | 7,577                                 | 448,639                   | 702,825                  |
| Accumulated depreciation at 30 June 2019     | -                            | -                                | -                | -                    | (47,461)                     | (96,074)                          | -                                     | (143,535)                 | (143,535)                |
|  | <b>235,099</b>               | <b>10,685</b>                    | <b>8,402</b>     | <b>254,186</b>       | <b>86,998</b>                | <b>210,529</b>                    | <b>7,577</b>                          | <b>305,104</b>            | <b>559,290</b>           |

**Notes to the Financial Report for the Year Ended 30 June 2019**  
**Greater Bendigo City Council**

**6.1 Property, infrastructure, plant and equipment (cont.)**  
**(b) Plant and equipment**

|  | <b>Plant and<br/>equipment<br/>\$'000</b> | <b>Office<br/>equipment,<br/>furniture and<br/>fittings<br/>\$'000</b> | <b>Artworks<br/>\$'000</b> | <b>Fountains,<br/>statues and<br/>monuments<br/>\$'000</b> | <b>Total plant<br/>and<br/>equipment<br/>\$'000</b> |
|--|---|--|----------------------------|--|---|
| At fair value 1 July 2018                    | 31,048                                    | 8,810  | 56,557                     | 11,167   | 107,582   |
| Accumulated depreciation at 1 July 2018      | (13,580)                                  | (6,471)  | -                          | (3,881)  | (23,932)  |
|  | <b>17,468</b>                             | <b>2,339</b>   | <b>56,557</b>              | <b>7,286</b>   | <b>83,650</b>                                       |
| <b>Movements in fair value</b>               |   |  |                            |  |   |
| Additions                                    | 4,138                                     | 336  | -                          | -  | 4,474   |
| Contributions                                | -   | -  | 507                        | -  | 507   |
| Disposal                                     | (3,312)                                   | -  | -                          | -  | (3,312)   |
| Transfers                                    | (2,315)                                   | 491  | -                          | -  | (1,824)   |
|  | <b>(1,489)</b>                            | <b>827</b>   | <b>507</b>                 | <b>-</b>   | <b>(155)</b>  |
| <b>Movements in accumulated depreciation</b> |   |  |                            |  |   |
| Depreciation and amortisation                | (2,714)                                   | (545)  | -                          | (116)  | (3,375)   |
| Accumulated depreciation of disposals        | 2,098                                     | -  | -                          | -  | 2,098   |
| Transfers                                    | 1,433                                     | (308)  | -                          | -  | 1,125   |
|  | <b>817</b>                                | <b>(853)</b>   | <b>-</b>                   | <b>(116)</b>   | <b>(152)</b>  |
| At fair value 30 June 2019                   | 29,559                                    | 9,637  | 57,064                     | 11,167   | 107,427   |
| Accumulated depreciation at 30 June 2019     | (12,763)                                  | (7,324)  | -                          | (3,997)  | (24,084)  |
|  | <b>16,796</b>                             | <b>2,313</b>   | <b>57,064</b>              | <b>7,170</b>   | <b>83,343</b>                                       |

**Notes to the Financial Report for the Year Ended 30 June 2019**  
**Greater Bendigo City Council**

**6.1 Property, infrastructure, plant and equipment (cont.)**

**(c) Infrastructure**

|  | Sealed roads<br>\$'000 | Unsealed<br>roads<br>\$'000 | Bridges<br>\$'000 | Pathways<br>\$'000 | Drainage *<br>\$'000 | Land improvements<br>\$'000 | Public furniture and<br>fittings<br>\$'000 | Landfill<br>\$'000 | Total<br>infrastructure<br>\$'000 |
|--|------------------------|-----------------------------|-------------------|--------------------|----------------------|-----------------------------|--|--------------------|-----------------------------------|
| At fair value 1 July 2018                    | 655,994                | 51,250                      | 76,288            | 134,520            | 306,121              | 69,003                      | 34,207                                     | 4,807              | 1,332,190                         |
| Accumulated depreciation at 1 July 2018      | (240,310)              | (14,573)                    | (30,846)          | (48,056)           | (79,810)             | (30,329)                    | (14,247)                                   | (1,803)            | (459,974)                         |
|  | <b>415,684</b>         | <b>36,677</b>               | <b>45,442</b>     | <b>86,464</b>      | <b>226,311</b>       | <b>38,674</b>               | <b>19,960</b>                              | <b>3,004</b>       | <b>872,216</b>                    |
| <b>Movements in fair value</b>               |                        |                             |                   |                    |                      |                             |  |                    |                                   |
| Initial recognition of assets                | -                      | -                           | -                 | -                  | 48,201               | -                           | -  | -                  | 48,201                            |
| Contributions                                | 6,698                  | 34                          | -                 | 2,960              | 6,380                | -                           | -  | -                  | 16,072                            |
| Revaluation                                  | 3,525                  | 1,855                       | 72                | 1,361              | 13,483               | -                           | (418)                                      | -                  | 19,878                            |
| Disposal                                     | (39)                   | -                           | -                 | -                  | -                    | -                           | -  | -                  | (39)                              |
| Write-off                                    | (5,743)                | (2,602)                     | (744)             | (209)              | (446)                | (146)                       | (652)                                      | -                  | (10,542)                          |
| Transfers                                    | 12,782                 | 2,956                       | 135               | 3,518              | 4,972                | 2,935                       | 5,139                                      | -                  | 32,437                            |
|  | <b>17,223</b>          | <b>2,243</b>                | <b>(537)</b>      | <b>7,630</b>       | <b>72,590</b>        | <b>2,789</b>                | <b>4,069</b>                               | <b>-</b>           | <b>106,007</b>                    |
| <b>Movements in accumulated depreciation</b> |                        |                             |                   |                    |                      |                             |  |                    |                                   |
| Depreciation and amortisation                | (12,370)               | (2,019)                     | (764)             | (3,270)            | (2,937)              | (2,607)                     | (1,606)                                    | (600)              | (26,173)                          |
| Initial recognition of assets                | -                      | -                           | -                 | -                  | (22,647)             | -                           | -  | -                  | (22,647)                          |
| Contributions                                | (451)                  | (9)                         | -                 | (88)               | (327)                | -                           | -  | -                  | (875)                             |
| Revaluation                                  | (640)                  | 201                         | 1,483             | 2,742              | (4,354)              | -                           | 425  | -                  | (143)                             |
| Accumulated depreciation of disposals        | 3,965                  | 1,236                       | 500               | 110                | 144                  | 113                         | 552  | -                  | 6,620                             |
| Transfers                                    | -                      | -                           | -                 | -                  | -                    | -                           | (1,125)                                    | -                  | (1,125)                           |
|  | <b>(9,496)</b>         | <b>(591)</b>                | <b>1,219</b>      | <b>(506)</b>       | <b>(30,121)</b>      | <b>(2,494)</b>              | <b>(1,754)</b>                             | <b>(600)</b>       | <b>(44,343)</b>                   |
| At fair value 30 June 2019                   | 673,217                | 53,493                      | 75,751            | 142,150            | 378,711              | 71,792                      | 38,276                                     | 4,807              | 1,438,197                         |
| 2019   | (249,806)              | (15,164)                    | (29,627)          | (48,562)           | (109,931)            | (32,823)                    | (16,001)                                   | (2,403)            | (504,317)                         |
|  | <b>423,411</b>         | <b>38,329</b>               | <b>46,124</b>     | <b>93,588</b>      | <b>268,780</b>       | <b>38,969</b>               | <b>22,275</b>                              | <b>2,404</b>       | <b>933,880</b>                    |

\*Drainage - Initial recognition of assets relates to Bendigo and Back Creek. It is not anticipated that there will be further significant initial recognition of assets of this nature in future years.



**6.1 Property, infrastructure, plant and equipment (cont.)**

**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 the City costs 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.

| <i>Asset recognition thresholds and depreciation periods</i> | <b>Depreciation<br/>Period</b> | <b>Threshold<br/>Limit<br/>\$'000</b> |
|--|--------------------------------|---------------------------------------|
| <b>Property</b>  |                                |                                       |
| land   | n/a                            | 0                                     |
| buildings*   | 20-125 years                   | 10-20                                 |
| <b>Plant and equipment</b>                                   |                                |                                       |
| plant and equipment  | 1-20 years                     | 2                                     |
| office equipment, furniture and fittings                     | 1-20 years                     | 2                                     |
| artwork  | n/a                            | 0                                     |
| fountains, statues and monuments                             | 80-100 years                   | 5                                     |
| <b>Infrastructure</b>  |                                |                                       |
| sealed roads   | 2-100 years                    | 5-20                                  |
| unsealed roads   | 15-100 years                   | 5-10                                  |
| pathways   | 25-50 years                    | 5                                     |
| bridges  | 100 years                      | 10                                    |
| drainage   | 100 years                      | 5-20                                  |
| public furniture and fittings                                | 8-25 years                     | 2-5                                   |
| land improvements  | 20-80 years                    | 5                                     |
| landfill   | 8 years                        | 0                                     |
| <b>Intangibles</b>   |                                |                                       |
| landfill airspace  | 6-10 years                     | 0                                     |

**Land under roads**

The City recognises land under roads acquired after July 1 2008 using the fair value method.

**Notes to the Financial Report for the Year Ended 30 June 2019**  
**Greater Bendigo City Council**

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**6.1 Property, infrastructure, plant and equipment (cont.)**

***Depreciation and amortisation***

Buildings, land improvements, plant and equipment, infrastructure, and other assets having limited useful lives are systematically depreciated over their useful lives to the City in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation rates and methods are reviewed annually.

Where assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and residual values and a separate depreciation rate is determined for each component.

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

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

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

***Repairs and maintenance***

Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

***Valuation of Land, Heritage and Non Specialised Buildings***

Valuation of land, heritage and non specialised buildings were undertaken by Amelia Mitchell (PMAP), Valuations Advisor at the City of Greater Bendigo and Paul Ferguson (LFAP), with the next valuation to be completed at 30 June 2021. 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. The next valuation for specialised land is valued at fair value using site values adjusted for englobo (undeveloped and/or unserved) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

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

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

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

|                         | Level 1<br>\$000 | Level 2<br>\$000 | Level 3<br>\$000 | Date of<br>Valuation |
|-------------------------|------------------|------------------|------------------|----------------------|
| Land                    | -                | 10,685           | -                | Jun-19               |
| Specialised land        | -                | -                | 235,099          | Jun-19               |
| Land under roads        | -                | -                | 8,402            | Jun-19               |
| Buildings               | -                | 7,577            | -                | Jun-19               |
| Buildings - specialised | -                | -                | 210,529          | Jun-19               |
| Buildings - heritage    | -                | -                | 86,998           | Jun-19               |
| Total                   | -                | 18,262           | 541,028          |                      |

**Notes to the Financial Report for the Year Ended 30 June 2019**  
**Greater Bendigo City Council**

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**6.1 Property, infrastructure, plant and equipment (cont.)**

***Valuation of infrastructure and specialised buildings***

Valuation of infrastructure assets and specialised buildings has been determined in accordance with an independent valuation undertaken by Mr Brett Martini, Certified Practicing Engineer. The valuation process for sealed roads, unsealed roads, pathways, bridges and drainage is performed annually whilst public furniture and fittings and land improvements are completed on a three year cycle.

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

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:

|                               | Level 1<br>\$000 | Level 2<br>\$000 | Level 3<br>\$000 | Date of<br>Valuation |
|-------------------------------|------------------|------------------|------------------|----------------------|
| Sealed roads                  | -                | -                | 423,411          | Jun-19               |
| Unsealed roads                | -                | -                | 38,329           | Jun-19               |
| Pathways                      | -                | -                | 93,588           | Jun-19               |
| Bridges                       | -                | -                | 46,124           | Jun-19               |
| Drainage                      | -                | -                | 268,780          | Jun-19               |
| Public furniture and fittings | -                | -                | 22,275           | Jun-18               |
| Land improvements             | -                | -                | 38,969           | Jun-18               |
| Landfill                      | -                | -                | 2,404            | n/a                  |
|                               | -                | -                | <b>933,880</b>   |                      |

***Description of significant unobservable inputs into level 3 valuations***

***Specialised land and land under roads*** is valued using a market based direct comparison technique.

Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 10% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$1 and \$800 per square metre.

***Specialised buildings*** are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs is calculated on a square metre basis and ranges from \$125 to \$21,000 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 2 years to 120 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

**6.1 Property, infrastructure, plant and equipment (cont.)**

**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 2 years to 125 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> |                |                |
| Land under roads                          | 8,402          | 7,598          |
| Land                                      | 235,099        | 198,298        |
| <b>Total specialised land</b>             | <b>243,501</b> | <b>205,896</b> |

**Notes to the Financial Report for the Year Ended 30 June 2019**  
**Greater Bendigo City Council**

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

**(a) Investments in associates**

Investments in associates accounted for by the equity method are:

North Central Goldfields Regional Library Corporation (NCGRLC)

The City is a member of the North Central Goldfields Regional Library Corporation. The City has a 61.18% share of the net assets (61.23% 2018). At 30 June 2019 the City's equity in the corporation was \$3,278,184 (30 June 2018 \$3,245,434).

|   | <b>2019</b>         | <b>2018</b>         |
|---|---------------------|---------------------|
|   | <b>\$'000</b>       | <b>\$'000</b>       |
| Fair value of the City's investment in NCGRL                            | <u><b>3,273</b></u> | <u><b>3,222</b></u> |
| <b>The City's share of accumulated surplus/(deficit)</b>                |                     |                     |
| The City's share of accumulated surplus at start of year                | 2,502               | 2,470               |
| Share of equity adjustment  | (1)                 | (1)                 |
| Reported surplus/(deficit) for year                                     | 30                  | 27                  |
| Transfers (to)/from reserves  | (13)                | 6                   |
| The City's share of accumulated surplus at end of year                  | <u><b>2,518</b></u> | <u><b>2,502</b></u> |
| <b>The City's share of reserves</b>                                     |                     |                     |
| The City's share of reserves at start of year                           | 690                 | 699                 |
| Share of equity adjustment  | (2)                 | (2)                 |
| Transfers (to)/from reserves  | 12                  | (7)                 |
| The City's share of reserves at end of year                             | <u><b>700</b></u>   | <u><b>690</b></u>   |
| <b>Movement in carrying value of specific investment</b>                |                     |                     |
| Carrying value of investment at start of year                           | 3,246               | 3,222               |
| Share of surplus/(deficit) for year                                     | 30                  | 27                  |
| Share of equity adjustment  | (3)                 | (3)                 |
| Carrying value of investment at end of year                             | <u><b>3,273</b></u> | <u><b>3,246</b></u> |
| <b>The City's share of expenditure commitments</b>                      |                     |                     |
| Operating commitments   | 218                 | 203                 |
| The City's share of expenditure commitments                             | <u><b>218</b></u>   | <u><b>203</b></u>   |
| <b>The City's share of contingent liabilities and contingent assets</b> | <u><b>-</b></u>     | <u><b>-</b></u>     |

Associates are all entities over which the City 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.

**Notes to the Financial Report for the Year Ended 30 June 2019**  
**Greater Bendigo City Council**

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|  |             |             |
|--|-------------|-------------|
| <b>Note 7 People and relationships</b>             | <b>2019</b> | <b>2018</b> |
| <b>7.1 Council and key management remuneration</b> | <b>No.</b>  | <b>No.</b>  |

**(a) Related parties**

*Parent entity*

Greater Bendigo City Council is the parent entity.

*Subsidiaries and Associates*

Interests in associates are detailed in Note 6.2.

**(b) Key management personnel**

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

**Councillors**

Margaret O'Rourke - Mayor  
 Rod Fyffe - Deputy Mayor  
 James Williams  
 Jennifer Alden  
 Matt Emond  
 George Flack  
 Andrea Metcalf  
 Yvonne Wrigglesworth  
 Julie Hoskin (to 21/09/2018)  
 Malcolm Pethybridge (29/10/2018 - 30/06/19)

**Key management personnel**

Chief Executive Officer  
 Director - Corporate Performance (Acting role until 19/08/18)  
 Director - Corporate Performance (20/08/2018 - 30/06/2019)  
 Director - Health and Wellbeing  
 Director - Presentation and Assets  
 Director - Strategy and Growth

|  |           |           |
|--|-----------|-----------|
| <b>Total number of Councillors</b>   | 10        | 9         |
| <b>Total of Chief Executive Officer and other key management personnel</b> | 6         | 6         |
| <b>Total number of key management personnel</b>                            | <b>16</b> | <b>15</b> |

\*The Director - Corporate Performance role was an acting role until 19/08/18 when the new Director started.

**Notes to the Financial Report for the Year Ended 30 June 2019**  
**Greater Bendigo City Council**

|  |               |               |
|--|---------------|---------------|
| <b>7.1 Council and key management remuneration (cont.)</b>     | <b>2019</b>   | <b>2018</b>   |
| <b>(c) Remuneration of key management personnel</b>            | <b>\$'000</b> | <b>\$'000</b> |
| Total remuneration of key management personnel was as follows: |               |               |
| Short-term benefits  | 1,674         | 1,523         |
| Long-term benefits   | 30            | -             |
| Post-employment benefits                                       | 147           | 158           |
| Termination benefits   | -             | 6             |
| <b>Total</b>   | <b>1,851</b>  | <b>1,687</b>  |

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

|                       |             |             |
|-----------------------|-------------|-------------|
|                       | <b>2019</b> | <b>2018</b> |
|                       | <b>No.</b>  | <b>No.</b>  |
| \$0,000 - \$9,999     | 1           | -           |
| \$20,000 - \$29,999   | 1           | 1           |
| \$30,000 - \$39,999   | 7           | 7           |
| \$100,000 - \$109,999 | 1           | 1           |
| \$120,000 - \$129,999 | -           | 1           |
| \$130,000 - \$139,999 | -           | 1           |
| \$160,000 - \$169,999 | 1           | -           |
| \$200,000 - \$209,999 | 1           | -           |
| \$220,000 - \$229,999 | -           | 1           |
| \$230,000 - \$239,999 | 2           | 1           |
| \$240,000 - \$249,999 | -           | 1           |
| \$250,000 - \$259,999 | 1           | -           |
| \$340,000 - \$349,999 | -           | 1           |
| \$350,000 - \$359,999 | 1           | -           |
|                       | <b>16</b>   | <b>15</b>   |

\*The Director - Corporate Performance role was an acting role until 19/08/18 when the new Director started. The total remuneration of the key management personnel in this acting role and the flow on from this is included in the above.

**Notes to the Financial Report for the Year Ended 30 June 2019**  
**Greater Bendigo City Council**

**7.1 Council and key management remuneration (cont.)**

**(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 (2018: \$145,000)

The number of senior officers are shown below in their relevant income bands:

Income range:

|                       |           |           |
|-----------------------|-----------|-----------|
| < \$148,000           | 5         | 2         |
| \$148,001 - \$149,999 | 2         | 1         |
| \$150,000 - \$159,999 | 8         | 10        |
| \$160,000 - \$169,999 | 5         | 4         |
| \$170,000 - \$179,999 | 2         | 2         |
|                       | <b>22</b> | <b>19</b> |

\*The increase in number of Senior Officers is due to a vacant role with a new appointment during the year, which results in two personnel being recorded for this position during the year.

|   | <b>2019</b>   | <b>2018</b>   |
|---|---------------|---------------|
|   | <b>\$'000</b> | <b>\$'000</b> |
| Total remuneration for the reporting year for senior officers included above, amounted to | <b>3,279</b>  | <b>2,826</b>  |

**7.2 Related party disclosure**

**(a) Transactions with related parties**

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

**Income**

|  |            |            |
|--|------------|------------|
| Financial services provided to NCGRLC  | 76         | 76         |
| Rent and outgoings received from NCGRLC for the Bendigo Library headquarters | 34         | 33         |
| Recruitment costs  | -          | 6          |
|  | <b>110</b> | <b>115</b> |

**Expenses**

|  |              |              |
|--|--------------|--------------|
| Contribution to NCGRLC   | 3,063        | 2,996        |
| Reimbursement for running the Bendigo Regional Archive Centre (BRAC), paid to NCGRLC | 100          | 84           |
| Room hire / other expenses, paid to NCGRLC   | 18           | 32           |
|  | <b>3,181</b> | <b>3,112</b> |



**Notes to the Financial Report for the Year Ended 30 June 2019**  
**Greater Bendigo City Council**

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**7.2 Related party disclosure (cont.)**

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

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

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

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

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

The aggregate amount of commitments in existence at balance date that have been made, guaranteed or secured by the City to a related party are as follows:

The City has an agreement with the North Central Goldfields Regional Library Corporation to provide accounting and financial services to 30 June 2019 for which a fee is paid. The agreement has an option to extend until 30 June 2020, and this extension has been taken up. The City also has a 10 year lease agreement for buildings with the Corporation which commenced on 1 July 2015, for which rental is charged.

**Note 8 Managing uncertainties**

**8.1 Contingent assets and liabilities**

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed and if quantifiable, are measured at nominal value.

**(a) Contingent assets**

Construction of infrastructure assets by developers in the course of creating new subdivisions results in the infrastructure assets being vested in the City when the City issues a statement of compliance. These assets are brought to account as revenue and capitalised.

At reporting date, developers had commenced construction of assets that will eventually be transferred to the City contingent upon the City issuing a statement of compliance.

***Operating lease receivables***

The City has entered into commercial property leases on some of its properties, consisting of surplus freehold office complexes and residential properties bordering council owned land used for recreation purposes. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 10 years. All leases include a CPI based revision of the rental charge annually.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

|   | <b>2019</b>   | <b>2018</b>   |
|---|---------------|---------------|
|   | <b>\$'000</b> | <b>\$'000</b> |
| Not later than one year                           | 1,398         | 1,109         |
| Later than one year and not later than five years | 3,794         | 1,226         |
| Later than five years                             | 596           | 939           |
|   | <b>5,788</b>  | <b>3,274</b>  |

## Notes to the Financial Report for the Year Ended 30 June 2019

### Greater Bendigo City Council

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#### 8.1 Contingent assets and liabilities (cont.)

##### (b) Contingent liabilities

(i) The City has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme, matters relating to this potential obligation are outlined in Note 9.3. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists.

(ii) The City has confirmed the presence of ten past and one current landfill sites that may require some form of rehabilitation or remediation works. The Eaglehawk, White Hills and Wolstencroft sites have had a rehabilitation plan developed. This has allowed the City to include an accurate provision within the financial statements for each of the three sites at the 30 June 2019. The remainder of the former landfill sites that have been identified are considered a low risk and are unlikely to require any further rehabilitation.

(iii) In February 2019, Council provided in principle support to sell the Lyttleton Terrace site for the purpose of the Bendigo GovHub, and agreed to become a tenant of. In future years, this will result in an operating lease asset. As at 30 June 2019, there are no formal agreements in place.

There will also be an operating lease commitment for premises during the decant process, there are no formal agreements in place at 30 June 2019.

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

The amount disclosed for financial guarantee in this note is the nominal amount of the underlying loan that is guaranteed by the City, not the fair value of the financial guarantee. The City maintains representation on Bendigo Stadium Ltd board and finance committee as part of arrangements related to the loan guarantee provided.

| Name of Organisation | Current                  |                         | Financial Institution | Date Approved by Council | Guarantee Expires |
|----------------------|--------------------------|-------------------------|-----------------------|--------------------------|-------------------|
|                      | Council Guarantee Amount | Loan Guarantee Exposure |                       |                          |                   |
| Bendigo Stadium Ltd  | \$13,819,898             | \$10,170,747            | Bendigo               | 4/05/2016                | 1/05/2027         |

#### 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. The City 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 2019/2020 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.

## **8.2 Change in accounting standards (cont.)**

*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 \$2.45 million 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 to not-for-profit entity to further its objectives.

## **8.3 Financial instruments**

### **(a) Objectives and policies**

The City'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 are disclosed in the Notes to these financial statements. Risk management is carried out by senior management under policies approved by the City. These policies (e.g. Borrowings and Investment policies) include identification and analysis of the risk exposure to the City and appropriate procedures, controls and risk minimisation.

### **(b) Market risk**

Market risk is the risk that the fair value or future cash flows of the City financial instruments will fluctuate because of changes in market prices. The City'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.

### **8.3 Financial instruments (cont.)**

#### ***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. The City's interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes the City to fair value interest rate risk. The City 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. The City 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*. The City manages interest rate risk by adopting an investment policy that ensures:

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

There has been no significant change in the City'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 City'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 the City to make a financial loss. The City has exposure to credit risk on some financial assets included in the balance sheet. To help manage this risk:

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

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

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

The City may also be subject to credit risk for transactions which are not included in the balance sheet, such as when the City provide a guarantee for another party. Details of contingent liabilities are disclosed in Note 8.1(c).

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. The City does not hold any collateral.

**8.3 Financial instruments (cont.)**

**(d) Liquidity risk**

Liquidity risk includes the risk that, as a result of the City'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 the City:

- adheres to budget principles which target 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 City'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 the City'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, the City 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 2.07%.

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

#### **8.4 Fair value measurement**

##### *Fair value hierarchy*

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

The City 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

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, the City 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, the City determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

##### *Revaluation*

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, the City undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 1 to 5 years. The valuation is performed either by experienced the City officers or independent experts.

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

**8.4 Fair value measurement (cont.)**

*Impairment of assets*

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

**8.5 Events occurring after balance date**

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

**Notes to the Financial Report for the Year Ended 30 June 2019**  
**Greater Bendigo City Council**

**Note 9 Other matters**

**9.1 Reserves**

|   | Balance at<br>beginning of<br>reporting period<br>\$'000 | Increment/<br>(decrement)<br>\$'000 | Balance at<br>end of<br>reporting period<br>\$'000 |
|---|--|-------------------------------------|--|
| <b>(a) Asset revaluation reserves</b>                   |  |                                     |  |
| <b>2019</b>   |  |                                     |  |
| <b>Property</b>   |  |                                     |  |
| Land  | 136,226  | 34,351                              | 170,577  |
| Buildings   | 109,537  | 10,945                              | 120,482  |
| Plant and equipment                                     | 1,541  | -                                   | 1,541  |
| Library resources                                       | 820  | -                                   | 820  |
| Artwork   | 47,307   | -                                   | 47,307   |
|   | <b>295,431</b>   | <b>45,296</b>                       | <b>340,727</b>                                     |
| <b>Infrastructure</b>                                   |  |                                     |  |
| Roads, bridges and pathways                             | 366,864  | 10,599                              | 377,463  |
| Drainage  | 62,248   | 9,129                               | 71,377   |
| Public furniture and fittings,<br>statues and monuments | 9,392  | 7                                   | 9,399  |
| Land improvements                                       | 18,189   | -                                   | 18,189   |
|   | <b>456,693</b>   | <b>19,735</b>                       | <b>476,428</b>                                     |
| <b>Total asset revaluation reserves</b>                 | <b>752,124</b>   | <b>65,031</b>                       | <b>817,155</b>                                     |
| <b>2018</b>   |  |                                     |  |
| <b>Property</b>   |  |                                     |  |
| Land  | 136,226  | -                                   | 136,226  |
| Buildings   | 109,537  | -                                   | 109,537  |
| Plant and equipment                                     | 1,541  | -                                   | 1,541  |
| Library resources                                       | 820  | -                                   | 820  |
| Artwork   | 47,307   | -                                   | 47,307   |
|   | <b>295,431</b>   | <b>-</b>                            | <b>295,431</b>                                     |
| <b>Infrastructure</b>                                   |  |                                     |  |
| Roads, bridges and pathways                             | 362,822  | 4,042                               | 366,864  |
| Drainage  | 58,844   | 3,404                               | 62,248   |
| Public furniture and fittings,<br>statues and monuments | 11,521   | (2,129)                             | 9,392  |
| Land improvements                                       | 11,003   | 7,186                               | 18,189   |
|   | <b>444,190</b>   | <b>12,503</b>                       | <b>456,693</b>                                     |
| <b>Total asset revaluation reserves</b>                 | <b>739,621</b>   | <b>12,503</b>                       | <b>752,124</b>                                     |

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



**Notes to the Financial Report for the Year Ended 30 June 2019**  
**Greater Bendigo City Council**

| <b>9.1 Reserves (cont.)</b>     | <b>Balance at beginning of reporting period</b> | <b>Transfer from accumulated surplus</b> | <b>Transfer to accumulated surplus</b> | <b>Balance at end of reporting period</b> |
|---------------------------------|---|--|--|---|
| <b>(b) Other reserves</b>       | <b>\$'000</b>                                   | <b>\$'000</b>                            | <b>\$'000</b>                          | <b>\$'000</b>                             |
| <b>2019</b>                     |   |  |  |   |
| Open Space                      | 3,790   | 755                                      | (322)                                  | 4,223                                     |
| Development Contributions       | 4,329   | 519                                      | (570)                                  | 4,278                                     |
| Waste Management                | 5,962   | 3,814                                    | (1,034)                                | 8,742                                     |
| Land and Buildings              | 1,172   | 352                                      | (1,347)                                | 177                                       |
| Car Parking                     | 661   | -  | -                                      | 661                                       |
| Defined Benefits                | 3,000   | -  | -                                      | 3,000                                     |
| Long Service Leave              | 4,096   | -  | -                                      | 4,096                                     |
| Unexpended Grants and Donations | 10,301  | 12,334                                   | (10,301)                               | 12,334                                    |
| <b>Total Other reserves</b>     | <b>33,311</b>                                   | <b>17,774</b>                            | <b>(13,574)</b>                        | <b>37,511</b>                             |
| <b>2018</b>                     |   |  |  |   |
| Open Space                      | 3,140   | 813                                      | (163)                                  | 3,790                                     |
| Development Contributions       | 3,900   | 620                                      | (191)                                  | 4,329                                     |
| Waste Management                | 5,364   | 1,330                                    | (732)                                  | 5,962                                     |
| Land and Buildings              | 1,124   | 213                                      | (165)                                  | 1,172                                     |
| Car Parking                     | 661   | -  | -                                      | 661                                       |
| Defined Benefits                | 2,600   | 400                                      | -                                      | 3,000                                     |
| Long Service Leave              | 3,896   | 200                                      | -                                      | 4,096                                     |
| Unexpended Grants and Donations | 13,011  | 9,973                                    | (12,683)                               | 10,301                                    |
| <b>Total Other reserves</b>     | <b>33,696</b>                                   | <b>13,549</b>                            | <b>(13,934)</b>                        | <b>33,311</b>                             |

**Open Space** - Statutory developer contribution funds to be used for future recreation facility additions or improvements.

**Development Contributions** - Statutory developer contribution funds for future drainage, road, fencing and tree planting.

**Waste Management** - This reserve was established to make some provision for a replacement waste treatment facility when the Eaglehawk Landfill is exhausted.

**Car Parking** - This reserve was established for the provision of an additional car parking facility in the Central Business District of Bendigo.

**Defined Benefits** - This reserve is used to assist with the funding of any call that may be made on Council as a result of shortfall in the Local Authorities Superannuation Fund Defined Benefits Plan.

**Long Service Leave** - This reserve was established after changes to the Local Government (Long Service Leave) Regulations 2002 came into effect, removing requirement to maintain a separate investment. Council agreed to create a reserve to acknowledge the liability and ensure funds are available when required.

**Unexpended Grants and Donations** - This reserve is used to set aside grant and donation monies in relation to specific projects received in one financial year that will not be expended until a later financial year. Funds in this account are predominantly not discretionary.

**Notes to the Financial Report for the Year Ended 30 June 2019**  
**Greater Bendigo City Council**

| <b>9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)</b> | <b>2019</b>   | <b>2018</b>   |
|--|---------------|---------------|
|  | <b>\$'000</b> | <b>\$'000</b> |
| Surplus/(deficit) for the year   | 62,269        | 30,666        |
| Depreciation / amortisation  | 37,866        | 36,110        |
| (Profit) / loss on disposal of property, infrastructure, plant and equipment           | 7,174         | 6,770         |
| Contributions - non monetary assets  | (18,047)      | (13,087)      |
| Initial recognition of assets  | (26,258)      | -             |
| Share of net (profits) / losses of associates accounted for using the equity method    | (27)          | (24)          |
| Financing costs (other)  | 318           | 171           |
| <i>Change in assets and liabilities:</i>   |               |               |
| (Increase) / decrease in trade and other receivables                                   | (2,959)       | 7,389         |
| (Increase) / decrease in other assets  | 291           | (185)         |
| (Increase) / decrease in intangible assets   | 424           | 1,046         |
| (Increase) / decrease in inventory   | 14            | 31            |
| Increase / (decrease) in trade and other payables                                      | (2,340)       | (1,523)       |
| Increase / (decrease) in provisions  | (1,146)       | (1,588)       |
| Net cash provided by/(used in) operating activities                                    | <b>57,579</b> | <b>65,776</b> |

**9.3 Superannuation**

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

**Accumulation**

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2019, this was 9.5% as required under Superannuation Guarantee (SG) legislation).

**Defined Benefit**

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

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

### **9.3 Superannuation (cont.)**

#### ***Funding arrangements***

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

As at 30 June 2019, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which the City is a contributing employer was 106.0%. The financial assumptions used to calculate the VBIs were:

|                        |          |
|------------------------|----------|
| 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 30 June 2019 was 107.1%.

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2018 interim actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

#### ***Employer contributions***

##### ***Regular contributions***

On the basis of the results of the 2018 interim actuarial investigation conducted by the Fund Actuary, the City makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2019, this rate was 9.5% of members' salaries (9.5% in 2017/2018). This rate will increase in line with any increases in the SG contribution rate.

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

##### ***Funding calls***

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

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including the City) are required to make an employer contribution to cover the shortfall.

Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up.

If there is a surplus in the Fund, the surplus cannot be returned to the participating employers.

In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

**9.3 Superannuation (cont.)**

**The 2018 interim actuarial investigation surplus amounts**

An actuarial investigation is conducted annually for the Defined Benefit category of which the City is a contributing employer. Generally, a full actuarial investigation conducted every three years and interim actuarial investigations are conducted for each intervening year. An interim investigation was conducted as at 30 June 2018 and a full actuarial investigation was conducted as at 30 June 2017.

The Fund's actuarial investigations identified the following for the Defined Benefit category of which the City is a contributing employer:

|                                       | <b>2018</b> | <b>2017</b> |
|---------------------------------------|-------------|-------------|
|                                       | <b>\$m</b>  | <b>\$m</b>  |
| A VBI surplus                         | 131.9       | 69.8        |
| A total service liability surplus     | 218.3       | 193.5       |
| A discounted accrued benefits surplus | 249.1       | 228.8       |

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 as at 30 June 2018.

The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2018.

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

**The 2019 interim actuarial investigation**

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2019 as the Fund provides lifetime pension in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2019.

# **Greater Bendigo City Council**

## **Performance Statement**

**For the Year Ended 30 June 2019**

**Greater Bendigo City Council**  
**PERFORMANCE STATEMENT**

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**Description of Municipality**

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The City of Greater Bendigo is located in the geographic centre of Victoria about 90 minute drive north of Melbourne. Greater Bendigo has an estimated population of 116,000 at 30 June 2019 and covers approximately 3,000 square kilometres of the central Victorian landscape, including smaller towns and villages such as Heathcote, Axedale, Huntly, Marong, Elmore, Goornong, Neilborough, Sebastian, Woodvale, Raywood, Mia Mia and Redesdale.

The resident population of Greater Bendigo at 30 June 2018 is estimated at 116,045, which represents an average annual growth rate of 1.7% or 1,954 people.

The service age structure of Greater Bendigo shows different populations at their different life stages. Looking at age structure this way can better inform the level of demand on specific age based services as well as specific housing needs. At the 2016 Census the age structure shows that overall 19.2% of the population was aged between 0 and 15 and 17.8% of residents were over the age of 65. Compared to regional victoria, Greater Bendigo has a higher proportion of people in the younger age groups and lower proportion of those 65 and over (18.2% and 20.4% respectively).

Additional demographic information is contained earlier in the annual report.

Greater Bendigo City Council  
PERFORMANCE STATEMENT

| Sustainable Capacity Indicators  |                         |                         |                         |                         |                            |
|--|-------------------------|-------------------------|-------------------------|-------------------------|----------------------------|
| <i>Indicator /measure</i>  | <b>Results<br/>2016</b> | <b>Results<br/>2017</b> | <b>Results<br/>2018</b> | <b>Results<br/>2019</b> | <b>Material Variations</b> |
| <b>Population</b>  |                         |                         |                         |                         |                            |
| <i>Expenses per head of municipal population</i><br>[Total expenses / Municipal population]                | \$1,559                 | \$1,509                 | \$1,551                 | \$1,606                 |                            |
| <i>Infrastructure per head of municipal population</i><br>[Value of infrastructure / Municipal population] | \$10,488                | \$10,862                | \$11,140                | \$11,573                |                            |
| <i>Population density per length of road</i><br>[Municipal population / Kilometres of local roads]         | 34.99                   | 35.89                   | 36.46                   | 37.12                   |                            |
| <b>Own-source revenue</b>  | \$1,224                 | \$989                   | \$1,286                 | \$1,359                 |                            |
| <i>Own-source revenue per head of municipal population</i><br>[Own-source revenue / Municipal population]  |                         |                         |                         |                         |                            |
| <b>Recurrent grants</b>  |                         |                         |                         |                         |                            |
| <i>Recurrent grants per head of municipal population</i><br>[Recurrent grants / Municipal population]      | \$178                   | \$309                   | \$243                   | \$222                   |                            |
| <b>Disadvantage</b>  |                         |                         |                         |                         |                            |
| <i>Relative Socio-Economic Disadvantage</i><br>[Index of Relative Socio-Economic Disadvantage by decile]   | 4                       | 4                       | 4                       | 4                       |                            |

**Definitions**

"adjusted underlying revenue" means total income other than:

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

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

"local road" means a sealed or unsealed road for which the council is the responsible road authority under the Road Management Act 2004

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

"relative socio-economic disadvantage", in relation to a municipality, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipality is located according to the Index of Relative Socio-Economic Disadvantage

Greater Bendigo City Council  
PERFORMANCE STATEMENT

| Service Performance Indicators   |                 |                 |                 |                 |  |
|--|-----------------|-----------------|-----------------|-----------------|--|
| Service/indicator/measure  | Results<br>2016 | Results<br>2017 | Results<br>2018 | Results<br>2019 | Material Variations  |
| <b>Aquatic Facilities</b><br><b>Utilisation</b><br><i>Utilisation of aquatic facilities</i><br><br>[Number of visits to aquatic facilities / Municipal population]   | 1.68            | 1.72            | 1.60            | 4.23            | The figure for visits to aquatic facilities has significantly increased due to changes in service including the opening of a new indoor aquatic and leisure centre in late October 2018 along with changes to an existing indoor aquatic and leisure centre which transferred from a leased facility to a contract managed facility in April 2019. |
| <b>Animal Management</b><br><b>Health and safety</b><br><i>Animal management prosecutions</i><br>[Number of successful animal management prosecutions]   | 5               | 7               | 8               | 4               | An increase in owners declaring their dogs as dangerous reduced the number of prosecutions needed.   |
| <b>Food Safety</b><br><b>Health and safety</b><br><i>Critical and major non-compliance outcome notifications</i><br><br>[Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100 | 93.55%          | 74.66%          | 87.12%          | 80.88%          |  |
| <b>Governance</b><br><b>Satisfaction</b><br><i>Satisfaction with council decisions</i><br>[Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]   | 51              | 52              | 54              | 57              |  |
| <b>Libraries</b><br><b>Participation</b><br><i>Active library members</i><br>[Number of active library members / Municipal population] x100  | 15.67%          | 14.82%          | 14.07%          | 12.91%          |  |



Greater Bendigo City Council  
PERFORMANCE STATEMENT

| Service Performance Indicators (cont.)  |                 |                 |                 |                 |  |
|---|-----------------|-----------------|-----------------|-----------------|--|
| Service/indicator/measure   | Results<br>2016 | Results<br>2017 | Results<br>2018 | Results<br>2019 | Material Variations  |
| <b>Maternal and Child Health (MCH)</b><br><b>Participation</b><br><i>Participation in the MCH service</i><br>[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100<br><b>Participation</b><br><i>Participation in the MCH service by Aboriginal children</i><br>[Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100 | 77.40%          | 76.65%          | 77.85%          | 78.45%          |  |
| <b>Roads</b><br><b>Satisfaction</b><br><i>Satisfaction with sealed local roads</i><br>[Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]  | 56              | 59              | 57              | 60              |  |
| <b>Statutory Planning</b><br><b>Decision making</b><br><i>Council planning decisions upheld at VCAT</i><br>[Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100  | 83.33%          | 62.50%          | 71.43%          | 66.67%          |  |
| <b>Waste Collection</b><br><b>Waste diversion</b><br><i>Kerbside collection waste diverted from landfill</i><br>[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100   | 28.65%          | 45.59%          | 46.83%          | 58.00%          | The second full year of the education program ran by the City staff has been completed, resulting in an increase in diversion from landfill for all waste streams. |

**Definitions**

"active library member" means a member of a library who has borrowed from the library

"annual report" means an annual report prepared by a council under sections 131, 132 and 133 of the Act

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

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

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

"local road" means a sealed or unsealed road for which the council is the responsible road authority under the Road Management Act 2004

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

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

Greater Bendigo City Council  
PERFORMANCE STATEMENT

| Financial Performance Indicators   |                 |                 |                 |                 |           |         |         |         |   |  |
|--|-----------------|-----------------|-----------------|-----------------|-----------|---------|---------|---------|---|--|
| Dimension/indicator /measure   | Results<br>2016 | Results<br>2017 | Results<br>2018 | Results<br>2019 | Forecasts |         |         |         | Material Variations   |  |
|  | 2020            | 2021            | 2022            | 2023            |           |         |         |         |   |  |
| <b>Efficiency</b>  |                 |                 |                 |                 |           |         |         |         |   |  |
| <b>Revenue level</b>   |                 |                 |                 |                 |           |         |         |         |   |  |
| Average residential rate per residential property assessment<br>[Residential rate revenue / Number of residential property assessments]  | \$1,469         | \$1,636         | \$1,678         | \$1,729         | \$1,806   | \$1,805 | \$1,805 | \$1,841 |   |  |
| <b>Expenditure level</b>   |                 |                 |                 |                 |           |         |         |         |   |  |
| Expenses per property assessment<br>[Total expenses / Number of property assessments]  | \$2,809         | \$2,908         | \$3,039         | \$3,213         | \$3,351   | \$3,269 | \$3,247 | \$3,308 |   |  |
| <b>Workforce turnover</b>  |                 |                 |                 |                 |           |         |         |         |   |  |
| Resignations and terminations compared to average staff<br>[Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100 | 7.67%           | 8.79%           | 8.86%           | 9.29%           | 9.16%     | 9.69%   | 10.05%  | 10.42%  |   |  |
| <b>Liquidity</b>   |                 |                 |                 |                 |           |         |         |         |   |  |
| <b>Working capital</b>   |                 |                 |                 |                 |           |         |         |         |   |  |
| Current assets compared to current liabilities<br>[Current assets / Current liabilities] x100  | 251.69%         | 236.56%         | 201.52%         | 244.18%         | 145.69%   | 112.80% | 124.78% | 126.01% | At the end of 2018/2019 the cash balance was \$5M higher than 2017/2018, mainly due to the timing of grant funding received. In future years, Council plans to utilise cash holdings to reduce borrowings, reducing the working capital ratio for the forecasted periods. |  |
| <b>Unrestricted cash</b>   |                 |                 |                 |                 |           |         |         |         |   |  |
| Unrestricted cash compared to current liabilities<br>[Unrestricted cash / Current liabilities] x100  | 84.91%          | 64.24%          | 81.31%          | 103.54%         | 19.15%    | 14.68%  | 7.16%   | 13.14%  | Council plans to utilise cash holdings to reduce borrowings, with an \$11M interest only repayment due. This will reduce unrestricted cash over the forecasted  |  |

Greater Bendigo City Council  
PERFORMANCE STATEMENT

| Financial Performance Indicators (cont.)  |                 |                 |                 |                 |        |           |        |                     |
|---|-----------------|-----------------|-----------------|-----------------|--------|-----------|--------|---------------------|
| Dimension/indicator /measure  | Results<br>2016 | Results<br>2017 | Results<br>2018 | Results<br>2019 | 2020   | Forecasts |        | Material Variations |
|   |                 |                 |                 |                 |        | 2021      | 2022   | 2023                |
| <b>Obligations</b>  |                 |                 |                 |                 |        |           |        |                     |
| <b>Asset renewal</b>  |                 |                 |                 |                 |        |           |        |                     |
| Asset renewal compared to depreciation<br>[Asset renewal expense / Asset depreciation] x100   | 77.09%          | 94.37%          | 87.42%          | 78.64%          | 73.08% | 89.24%    | 90.50% | 91.78%              |
| <b>Loans and borrowings</b>   |                 |                 |                 |                 |        |           |        |                     |
| Loans and borrowings compared to rates<br>[Interest bearing loans and borrowings / Rate revenue] x100   | 35.54%          | 47.56%          | 42.34%          | 39.00%          | 37.78% | 33.78%    | 26.04% | 24.10%              |
| Loans and borrowings repayments compared to rates<br>[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100 | 3.09%           | 3.52%           | 5.37%           | 5.33%           | 5.90%  | 5.93%     | 14.41% | 6.28%               |
| <b>Indebtedness</b>   |                 |                 |                 |                 |        |           |        |                     |
| Non-current liabilities compared to own source revenue<br>[Non-current liabilities / Own source revenue] x100   | 33.26%          | 53.61%          | 36.42%          | 33.28%          | 32.43% | 22.25%    | 22.48% | 20.56%              |
| <b>Operating position</b>   |                 |                 |                 |                 |        |           |        |                     |
| <b>Adjusted underlying result</b>   |                 |                 |                 |                 |        |           |        |                     |
| Adjusted underlying surplus (or deficit)<br>[Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100                                 | -5.40%          | -12.44%         | -0.39%          | 0.38%           | -6.62% | -2.34%    | -2.15% | -1.16%              |

In 2018/2019 depreciation increased due to the prior period change in depreciation methodology for buildings. Also, significant building projects (including a new leisure centre and stadium) and infrastructure were capitalised in the year. The level of spend on renewal

An improvement in the adjusted underlying surplus for 2018/2019 is due to the improved operating surplus with key drivers including additional grant funding received; increased level of user fees revenue; and interest earned. The long term financial plan forecasts a gradual

Greater Bendigo City Council  
PERFORMANCE STATEMENT

Financial Performance Indicators (cont.)

| Dimension/ <i>indicator /measure</i>  | Results | Results | Results | Results | Forecasts |        |        |        | Material Variations |
|---|---------|---------|---------|---------|-----------|--------|--------|--------|---------------------|
|   | 2016    | 2017    | 2018    | 2019    | 2020      | 2021   | 2022   | 2023   |                     |
| <b>Stability</b>  |         |         |         |         |           |        |        |        |                     |
| <b>Rates concentration</b>  |         |         |         |         |           |        |        |        |                     |
| <i>Rates compared to adjusted underlying revenue</i><br>[Rate revenue / Adjusted underlying revenue] x100                           | 65.67%  | 70.77%  | 62.93%  | 62.63%  | 66.83%    | 66.84% | 67.14% | 67.44% |                     |
| <b>Rates effort</b>   |         |         |         |         |           |        |        |        |                     |
| <i>Rates compared to property values</i><br>[Rate revenue / Capital improved value of rateable properties in the municipality] x100 | 0.54%   | 0.52%   | 0.54%   | 0.55%   | 0.54%     | 0.54%  | 0.54%  | 0.55%  |                     |

**Definitions**

"adjusted underlying revenue" means total income other than:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **1. Basis of Preparation**

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

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

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

The forecast figures included in the performance statement are those adopted on June 20, 2018 by council in its strategic resource plan, which forms part of the council plan. It should be noted that the exact method of calculation for certain ratios (e.g. adjusted underlying result) is different within the strategic resource plan. The strategic resource plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The strategic resource plan can be obtained by contacting council.

# Certification of the Performance Statement

## Greater Bendigo City Council

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

Nathan Morsillo, FCPA

**Principal Accounting Officer**

Dated: /09/2019

Bendigo

In our opinion the accompanying Performance Statement of the Greater Bendigo City Council for the year ended 30 June 2019 presents fairly in accordance with *the Local Government Act 1989* and the Local Government (Planning and Reporting) Regulations 2014.

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

As at the time of signing, we are not aware of any circumstance which would render any particulars in the performance statement to be misleading or inaccurate.

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

Margaret O'Rourke

**Councillor**

Dated: /09/2019

Bendigo

George Flack

**Councillor**

Dated: /09/2019

Bendigo

Craig Niemann

**Chief Executive Officer**

Dated: /09/2019

Bendigo

Audit opinion Performance Statement