

STRATHBOGIE SHIRE COUNCIL

ANNUAL FINANCIAL REPORT
For the Year Ended 30 June 2013

Shire of Strathbogie
Financial Report
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**Comprehensive Income Statement
For the Year Ended 30 June 2013**

	Note	2013 \$	2012 \$
Income			
Rates and charges	2	13,990,810	12,960,775
Statutory fees and fines	3	273,629	252,480
User fees	4	1,317,306	1,231,384
Contributions - cash	6 (a)	-	304,083
Contributions - non-monetary assets	6 (b)	-	1,873,728
Grants - Operating (recurrent)	5	6,032,729	7,118,079
Grants - Operating (non-recurrent)	5	181,420	138,600
Grants - Capital (recurrent)	5	2,049,509	2,013,750
Grants - Capital (non-recurrent)	5	763,778	3,218,799
Share of income of associates and joint ventures accounted for by the equity method	15	15,478	(20,550)
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	7	(99,531)	161,318
Other income	8	739,091	578,357
Total income		<u>25,264,219</u>	<u>29,830,803</u>
Expenses			
Employee costs	9	(9,133,869)	(10,724,182)
Materials and services	10	(8,647,568)	(8,396,356)
Bad and doubtful debts	11	(9,245)	(7,118)
Depreciation and amortisation	12	(4,533,994)	(4,384,473)
Finance costs	13	(176,076)	(182,719)
Other expenses	14	(258,959)	(291,219)
Written down value of infrastructure renewed		(655,001)	(143,985)
Total expenses		<u>(23,414,712)</u>	<u>(24,130,052)</u>
Surplus/(deficit)		<u>1,849,507</u>	<u>5,700,751</u>
Other comprehensive income			
Items that will not be reclassified to surplus or deficit			
Net asset revaluation increment(decrement)	26	3,280,891	21,570,608
Share of other comprehensive income of associates and joint ventures accounted for by the equity method	15	40,548	-
Total comprehensive result		<u>5,170,946</u>	<u>27,271,359</u>

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

Balance Sheet
As at 30 June 2013

	Note	2013 \$	2012 \$
Assets			
Current assets			
Cash and cash equivalents	16	7,587,352	8,310,928
Trade and other receivables	17	1,175,144	1,549,737
Inventories	19	7,208	117,499
Other assets	20	184,403	351,195
Total current assets		8,954,107	10,329,359
Non-current assets			
Financial assets	18	2,032	2,032
Investments in regional library corporation	15	212,251	156,226
Property, infrastructure, plant and equipment	21	225,496,982	221,558,127
Total non-current assets		225,711,265	221,716,385
Total assets		234,665,372	232,045,744
Liabilities			
Current liabilities			
Trade and other payables	22	701,280	1,388,327
Trust funds and deposits	23	502,818	419,939
Provisions	24	2,559,217	2,647,229
Interest-bearing loans and borrowings	25	468,565	504,752
Total current liabilities		4,231,880	4,960,247
Non-current liabilities			
Trade and other payables	22	-	1,263,958
Trust funds and deposits	23	67,980	67,980
Provisions	24	581,543	671,358
Interest-bearing loans and borrowings	25	1,948,076	2,417,254
Total non-current liabilities		2,597,599	4,420,550
Total liabilities		6,829,479	9,380,797
Net Assets		227,835,893	222,664,947
Equity			
Accumulated surplus		73,635,941	71,965,986
Reserves	26	154,199,952	150,698,961
Total Equity		227,835,893	222,664,947

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

Statement of Changes in Equity
For the Year Ended 30 June 2013

	Note	Total	Accumulated	Revaluation	Other
		2013	Surplus	Reserve	Reserves
2013		\$	2013	2013	2013
		\$	\$	\$	\$
Balance at beginning of the financial year		222,664,947	71,965,986	150,418,661	280,300
Surplus for year		1,849,507	1,849,507	-	-
Share of other comprehensive income of associates and joint ventures accounted for by the equity method	15	40,548	40,548	-	-
Transfers to other reserves	26	-	(220,100)	-	220,100
Net asset revaluation increment (decrement)	26	3,280,891	-	3,280,891	-
Balance at end of the financial year		227,835,893	73,635,941	153,699,552	500,400

	Note	Total	Accumulated	Revaluation	Other
		2012	Surplus	Reserve	Reserves
2012		\$	2012	2012	2012
		\$	\$	\$	\$
Balance at beginning of the financial year		195,393,588	66,493,085	128,848,053	52,450
Surplus for year		5,700,751	5,700,751	-	-
Transfers to other reserves	26	-	(227,850)	-	227,850
Net asset revaluation increment (decrement)	26	21,570,608	-	21,570,608	-
Balance at end of the financial year		222,664,947	71,965,986	150,418,661	280,300

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

Cash Flow Statement For the Year Ended 30 June 2013

	Note	2013 Inflows/ (Outflows) \$	2012 Inflows/ (Outflows) \$
Cash flows from operating activities			
Rates and charges		13,986,486	12,791,784
Statutory fees and fines		273,689	252,480
User fees		1,727,545	1,855,131
Contributions		-	304,083
Grants - operating		6,264,149	7,971,205
Grants - capital		2,763,287	5,232,549
Other receipts (inclusive of GST)		465,292	288,083
Interest		229,115	285,350
Net GST refund/payment		1,230,709	1,026,112
Employee costs		(10,547,125)	(8,923,555)
Material and consumables		(10,226,420)	(10,948,085)
Other payments		(284,855)	(305,551)
Net cash provided by (used in) operating activities	27	<u>5,883,872</u>	<u>9,829,586</u>
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(6,405,458)	(6,833,445)
Proceeds from sale of property, infrastructure, plant and equipment		396,572	285,135
Trust funds and deposits		82,879	140,984
Net cash provided by (used in) investing activities		<u>(5,926,007)</u>	<u>(6,407,326)</u>
Cash flows from financing activities			
Finance costs		(176,076)	(182,719)
Proceeds from borrowings		-	340,000
Repayment of borrowings		(505,365)	(438,693)
Net cash provided by (used in) financing activities		<u>(681,441)</u>	<u>(281,412)</u>
Net increase (decrease) in cash and cash equivalents		(723,576)	3,140,848
Cash and cash equivalents at the beginning of the financial year		8,310,928	5,170,080
Cash and cash equivalents at the end of the financial year	28	<u>7,587,352</u>	<u>8,310,928</u>
Financing arrangements	29		
Restrictions on cash assets	30		

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

Introduction

- (a) The Strathbogie Shire Council was established by an Order of the Governor in Council on the 18th November 1994 and is a body corporate.
The Council's main office is located at the corner of Binney and Bury Streets, Euroa, Victoria 3666.
- (b) The purpose of the Council is to:
- provide for the peace, order and good government of its municipal district;
 - to promote the social, economic and environmental viability and sustainability of the municipal district;
 - to ensure that resources are used efficiently and effectively and services are provided in accordance with the Best Value Principles to best meet the needs of the local community;
 - to improve the overall quality of life of people in the local community;
 - to promote appropriate business and employment opportunities;
 - to ensure that services and facilities provided by the Council are accessible and equitable;
 - to ensure the equitable imposition of rates and charges; and
 - to ensure transparency and accountability in Council decision making.

External Auditor - Auditor-General of Victoria

Internal Auditor - AFS and Associates

Solicitors - Maddocks Lawyers

Bankers - National Australia Bank

Website address - www.strathbogie.vic.gov.au

This financial report is a general purpose financial report that consists of an Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, and notes accompanying these financial statements. The general purpose financial report complies with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1989, and the Local Government (Finance and Reporting) Regulations 2004.

Note 1 Significant accounting policies

(a) **Basis of accounting**

This financial report has been prepared under the historical cost convention, except where specifically stated in notes 1(h), 1(j), 1(l), 1(t), 1(w) and 1(x).

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

Note 1 Significant accounting policies (cont.)

(b) Change in accounting policies

There have been no changes in accounting policy

(c) Revenue recognition

Rates, grants and contributions

Rates, grants and contributions (including developer contributions) are recognised as revenues when the Council obtains control over the assets comprising these receipts.

Control over assets acquired from rates is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

A provision for doubtful debts on rates has not been established as unpaid rates represents a charge against the rateable property that will be recovered when the property is next sold.

Control over granted assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and are valued at their fair value at the date of transfer.

Income is recognised when the Council obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the Council and the amount of the contribution can be measured reliably.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in note 5. The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided at balance date.

User fees and fines

User 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.

A provision for doubtful debts is recognised when collection in full is no longer probable.

Sale of property, plant and equipment, infrastructure

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

Rental

Rents are recognised as revenue when the payment is due or the payment is received, whichever first occurs. Rental payments received in advance are recognised as a prepayment until they are due.

Interest

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

Interest is recognised as it is earned

Dividends

Dividend revenue is recognised when the Council's right to receive payment is established.

Note 1 Significant accounting policies (cont.)

(d) Trade and other receivables

Trade receivables

Receivables are carried at amortised cost using the effective interest rate method.

A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred.

(e) Depreciation and amortisation of property, plant and equipment, infrastructure, intangibles

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

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

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

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

Major depreciation periods used are listed below and are consistent with the prior year unless otherwise stated:

	Period 2013
Property	
Land	
Buildings	
buildings	10 to 100 years
Plant and Equipment	
plant, machinery and equipment	2 to 20 years
furniture and equipment	2 to 10 years
leased furniture and equipment	3 to 5 years
 Infrastructure	
Roads	
road pavements - sealed	75 years
road pavements - unsealed	15 to 25 years
seals	12 to 22 years

Note 1 Significant accounting policies (cont.)

	Period 2013
(e) Depreciation and amortisation of property, plant and equipment, infrastructure, intangibles (cont'd)	
Bridges	
bridges deck	70 to 100 years
bridges substructure	70 to 100 years
major culverts	70 to 100 years
footpaths and cycleways	10 to 60 years
drainage	60 to 100 years
kerb and channel	100 years
community assets	3 to 100 years
(f) Repairs and maintenance	
Routine maintenance, repair costs, and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.	
(g) Borrowing costs	
Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council. Except where specific borrowings are obtained for the purpose of specific asset acquisition, the weighted average interest rate applicable to borrowings at balance date, excluding borrowings associated with superannuation, is used to determine the borrowing costs to be capitalised.	
Borrowing costs include interest on bank overdrafts, interest on borrowings, and finance lease charges.	

Note 1 Significant accounting policies (cont.)

(h) Recognition and measurement of assets

Acquisition

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the amount for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

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

The following classes of assets have been recognised in note 21.

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

	Threshold Limit
Property	
Land	10,000
Buildings	5,000
Plant and Equipment	
plant and machinery	1,000
furniture and equipment	1,000
leased plant and equipment	5,000
Infrastructure	
Roads	
road pavements and seals	5,000
road substructure	5,000
road formation and earthworks	10,000
road kerb, channel and minor culverts	5,000
Land under roads	10,000
Bridges	5,000
Major culverts	5,000
Footpaths & cycleways	5,000
Drainage	5,000
Kerb and channel	5,000
Community assets	3,000

Note 1 Significant accounting policies (cont.)

(h) Recognition and measurement of assets (cont.)

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 amount for which the assets could be exchanged between knowledgeable willing parties in an arms length transaction.

At balance date, the Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date the class of asset was revalued.

In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 2 to 5 years. The valuation is performed either by experienced council officers or independent experts.

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

Land under roads

Land under roads acquired after 30 June 2008 is brought to account using the cost basis. Council does not recognise land under roads that it controlled prior to that period in its financial report.

(i) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts.

(j) Financial assets

Financial assets are valued at fair value, being market value, at balance date. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.

(k) Investments

investments, other than investments in associates, are measured at cost.

(l) Accounting for investments in associates

Council's investment in associates is accounted for by the equity method as the Council has the ability to influence rather than control the operations of the entities. The investment is initially recorded at the cost of acquisition and adjusted thereafter for post-acquisition changes in the Council's share of the net assets of the entities. The Council's share of the financial result of the entities is recognised in the comprehensive income statement.

Note 1 Significant accounting policies (cont.)

(m) Tender deposits

Amounts received as tender deposits and retention amounts controlled by Council are recognised as Trust funds until they are returned or forfeited (refer to note 23).

(n) Employee costs

Wages and salaries

Liabilities for wages and salaries and rostered days off are recognised and measured as the amount unpaid at balance date and include appropriate oncosts such as workers compensation and payroll costs.

Annual leave

Annual leave entitlements are accrued on a pro rata basis in respect of services provided by employees up to balance date.

Annual leave expected to be paid within 12 months is measured at nominal value based on the amount, including appropriate oncosts, expected to be paid when settled.

Annual leave expected to be paid later than one year has been measured at the present value of the estimated future cash outflows to be made for these accrued entitlements. Commonwealth bond rates are used for discounting future cash flows.

Long service leave

Long service leave entitlements payable are assessed at balance date having regard to expected employee remuneration rates on settlement, employment related oncosts and other factors including accumulated years of employment, on settlement, and experience of employee departure per year of service.

Long service leave expected to be paid within 12 months is measured at nominal value based on the amount expected to be paid when settled.

Long service leave expected to be paid later than one year has been measured at the present value of the estimated future cash outflows to be made for these accrued entitlements. Commonwealth bond rates are used for discounting future cash flows.

Classification of employee costs

An employee benefit liability is classified as a current liability if the Council does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the period. This would include all annual leave and unconditional long service leave entitlements.

Superannuation

The amount charged to the Comprehensive Operating Statement in respect of superannuation represents contributions made or due by Strathbogie Shire Council to the relevant superannuation plans in respect to the services of Strathbogie Shire Council's staff (both past and present). Superannuation contributions are made to the plans based on the relevant rules of each plan and any relevant compulsory superannuation requirements that Strathbogie Shire Council is required to comply with. Details of these arrangements are recorded in Note 31

Note 1 Significant accounting policies (cont.)

(o) Leases

Finance leases

Leases of assets where substantially all the risks and rewards incidental to ownership of the asset, are transferred to the Council are classified as finance leases. Finance leases are capitalised, recording an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments, including any guaranteed residual value. Lease payments are allocated between the reduction of the lease liability and the interest expense. Leased assets are depreciated on a straight line basis over their estimated useful lives to the Council where it is likely that the Council will obtain ownership of the asset or over the term of the lease, whichever is the shorter. Leased assets are currently being amortised over a 3 to 5 year period.

Operating leases

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

(p) Allocation between current and non-current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next twelve months, being the Council's operational cycle, or if the Council does not have an unconditional right to defer settlement of a liability for at least 12 months after the reporting date.

(q) Agreements equally proportionately unperformed

The Council does not recognise assets and liabilities arising from agreements that are equally proportionately unperformed in the balance sheet. Such agreements are recognised on an 'as incurred' basis.

(r) Web site costs

Costs in relation to websites are charged as an expense in the period in which they are incurred.

(s) Goods and Services Tax (GST)

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

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

(t) Impairment of assets

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

Note 1 Significant accounting policies (cont.)

(u) Rounding

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

(v) Non-current assets held for sale

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

(w) Financial guarantees

Financial guarantee contracts are recognised as a liability at the time the guarantee is issued. The liability is initially measured at fair value, and if there is material increase in the likelihood that the guarantee may have to be exercised, at the higher of the amount determined in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation, where appropriate. In the determination of fair value, consideration is given to factors including the probability of default by the guaranteed party and the likely loss to Council in the event of default.

Note 1 Significant accounting policies (cont.)

(x) **Contingent assets and contingent liabilities and commitments**

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

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

(y) **Inventory**

inventories held for distribution are measured at cost adjusted when applicable for any loss of service potential. Other inventories are measured at the lower of cost and net realisable value.

(z) **Pending Accounting Standards**

The following Australian Accounting Standards have been issued or amended and are applicable to the Council but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

Note 1 (z) (cont.)

Pronouncement	What's new?	Impact/Action	Transition	Effective date
AASB 9 Financial Instruments	AASB 9 standard is one of a series of amendments that are expected to eventually completely replace AASB 139. During 2010-11, the standard will be expanded to include new rules on measurement of financial liabilities and hedge accounting. Currently the existing provisions of AASB 139 will continue to apply in these areas. AASB 9 simplifies the classifications of financial assets into those to be carried at amortised cost and those to be carried at fair value – the 'available for sale' and 'held-to-maturity' categories no longer exists. AASB 9 also simplifies requirements for embedded derivatives and removes the tainting rules associated with held-to-maturity assets.	The impact is not likely to be extensive in the local government sector. Although it will vary considerably between entities. While the rules are less complex than those of AASB 139, the option to show equity instruments at cost has been largely removed, which is likely to lead to greater volatility within the income statement. However it may also lead to an improved financial position for some entities. This will also create a requirement to measure some instruments annually that has not previously existed.	Transitional arrangements are extensive – in general retrospective restatement is required, but there are exceptions. Early-adoption of the standard before 1 January 2014 removes the requirement for restatement of comparatives	Periods beginning on or after 1 January 2015. The standard was amended in 2012 to delay the effective date by two years (previously 1 January 2013).
AASB 12 Disclosure of Involvement with Other Entities	AASB 12 requires the disclosure of information to enable users to evaluate the nature of, and risks associated with, its interests in other entities and The effect of those interests on its financial position, financial performance, and cash flows. AASB 12 applies to all entities that have subsidiaries, joint arrangements, associates, or unconsolidated structured entities.	The disclosures required will be both qualitative and quantitative. In particular, management should document and be able to justify its key judgments concerning control and significant influence. In the local government context this is likely to require increased disclosures around the operations of Library Corporations as well as other activities that Council have an interest in.	Early adoption is permitted, but AASB 10, AASB 11, AASB 12, AASB 127 (revised) and AASB 128 (revised) must all be adopted simultaneously.	Periods beginning on or after 1 January 2013

Note 1 (z) (cont.)

Pronouncement	What's new?	Impact/Action	Transition	Effective date
AASB 128 Investments in Associates and Joint Ventures	AASB 128 has been amended to ensure consistency with the new requirements of AASB 10 <i>Consolidated Financial Statements</i> and AASB 11 <i>Joint Arrangements</i> . The standard sets out how the equity method of accounting is to be applied, defines "significant influence," and how impairment is to be tested for investments in associates or joint ventures.	Some joint ventures which were previously accounted for under the proportionate consolidation method must now be accounted for as associates. These changes are not expected to impact significantly on Councils	Early adoption is permitted, but AASB 10, AASB 11, AASB 12, AASB 127 (revised) and AASB 128 (revised) must all be adopted simultaneously.	Periods beginning on or after 1 January 2013
AASB 119 Employee Benefits, AASB 2011- 10 Amendments to Australian Accounting Standards arising from AASB 119 and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	The standards require the recognition of all re-measurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called "corridor" method), the immediate recognition of all past service cost in profit or loss and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset.	The entity is yet to assess its full impact. Where adequate information is available, the entity will apply the new standard from 1 July 2013 when the new standard applies to Strathbogrie Shire Council.	Early adoption is permitted, but AASB 10, AASB 11, AASB 12, AASB 127 (revised) and AASB 128 (revised) must all be adopted simultaneously.	Periods beginning Applicable for annual reporting periods on or after 1 January 2013 / 1 July 2013

	2013	2012
	\$	\$
Note 2 Rates and charges		
<p>Council uses capital improved value as the basis of valuation of all properties within the municipal district. The capital improved value of a property is the value of the land and all improvements on that land including buildings and fencing.</p> <p>The valuation base used to calculate general rates for 2012/13 was \$2,418 million (2011/12 \$2,344 million).</p>		
Residential	4,986,599	4,350,770
Commercial	473,821	393,741
Farm	5,144,957	4,934,419
Municipal Charge	1,675,675	1,661,179
Garbage and Recycling Charges	1,756,330	1,649,847
Discount on rates	(42,856)	(36,517)
Supplementary rates and rate adjustments	(3,716)	7,336
	<u>13,990,810</u>	<u>12,960,775</u>

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2012, and the valuation was first applied in the rating year commencing 1 July 2012.

The date of the previous general revaluation of land for rating purposes within the municipal district was 1 January 2010, and the valuation first applied to the rating period commencing 1 January 2010.

Note 3 Statutory fees and fines		
Building fees	31,545	28,708
Planning fees	86,667	65,838
Health registrations	53,795	55,255
Animal registrations	89,023	89,621
Land information certificates	12,599	13,058
	<u>273,629</u>	<u>252,480</u>

Note 4 User fees		
Community services including home care	391,581	346,784
Meals on wheels	86,708	79,572
Tip fees	78,831	76,540
income re municipal valuation	-	5,215
Nagambie Lakes Events	48,731	45,002
Saleyard operations revenue	213,273	229,546
Swimming Pools revenue	8,650	8,459
Contributions to projects	174,131	182,796
Fire Service Levy - financial support	34,818	-
Other user charges and contributions	280,581	257,470
	<u>1,317,306</u>	<u>1,231,384</u>

(a) Ageing analysis of contractual receivables
Please refer to table in Note 35 ageing analysis of contractual receivables.

	2013 \$	2012 \$
Note 5 Grants		
Grants were received in respect of the following :		
Summary of grants		
Federally funded grants	966,746	768,317
State funded grants	8,040,689	11,623,097
Others	-	79,814
Total	9,027,435	12,489,228
Operating - recurrent		
Beach Cleaning Subsidy	2,654	2,677
CFA/IFMP Municipal fire Management Plan	-	6,000
Children's Week Program	500	500
Commonwealth Roads of Access	37,163	22,229
Youth Programs	36,915	33,580
Environment Strategy Project	-	30,000
Euroa Farmers Market	-	25,000
Fire Access Roads	-	25,000
Freeza	30,354	24,427
Future Farming Initiative - Capacity to Respond to Pests	-	22,500
Goulburn Making The Link Mentoring Project	-	27,909
Grants Commission	2,598,598	3,188,125
Heritage Study Grant	-	8,000
Home Care subsidies	783,690	727,764
Local Roads	1,947,150	2,337,927
Maternal & Child Health Enhanced Services	52,011	43,927
Maternal Child Health	48,571	53,182
Meals on Wheels	18,280	17,907
Median Strip Subsidy	-	6,420
Municipal Emergency Responding Program	120,000	-
Municipal Planning Early Years	10,000	-
National Youth Week	2,000	2,000
Pests and Plants Program	48,949	15,000
Planned activity group	47,367	46,682
Regional Victorian Living Expo 2012	10,000	20,000
School Crossing Supervisor	11,082	15,244
Senior Citizens Subsidies	22,507	53,119
State Emergency Services	12,539	12,234
Strengthening Strathbogie in a Changing Climate	-	172,500
Think Women In Local Government 2012	-	3,400
Training grants and subsidies	18,955	18,000
Tobacco Compliance	5,513	2,366
Veterans Affairs Home Care	65,869	62,638
Volunteer Coordination	75,060	74,072
Vic Roads L&P Funding	27,500	6,750
Youth Tailored Sound Grant	-	11,000
Total Operating - recurrent	6,032,729	7,118,079
Capital - recurrent		
Boating Safety & Facilities	12,076	2,600
Implementation of Violet Town Floodplain Management	-	10,000
Local Government Infrastructure Program 2011-15	153,740	439,000
Restoring Longwood Boer War Memorial	-	3,200
Roads To Recovery	883,694	528,950
State Government Roads & Bridges Funding	1,000,000	1,000,000
Total Capital - recurrent	2,049,509	2,013,750
Total Recurrent	8,082,238	9,131,829

	2013	2012
	\$	\$
Note 5 Grants (cont.)		
Operating - non-recurrent		
Avenel Recreation Reserve	-	120,000
Destination Planning for the Goulburn River Valley	59,920	-
Euroa Memorial Oval Lighting Upgrade	-	18,600
Repositioning Nagambie Post Bypass	67,500	-
Shirewide Economic Development Strategy	54,000	-
Total Operating - non-recurrent	181,420	138,600
Capital - non-recurrent		
Avenel Recreation Reserve Stage 1	75,000	-
Euroa Caravan Park Bridge Reconstruction	54,840	240,000
Euroa Flood Mitigation Works	-	102,220
Fire Restoration Work: Boho Fires	53,958	-
Creightons Creek Road / AIDF Grant	400,000	400,000
Longwood Netball Court Reconstruction	2,440	4,900
Nagambie Revitalisation Project	-	525,000
Natural Disaster Relief Funding - (2010 Floods)	95,723	844,595
Natural Disaster Relief Funding - (2012 Floods)	-	677,500
Sandbagging Equipment Grant	-	12,191
Violet Town Floodplain Management Study	28,350	52,250
Violet Town Landfill Grant	-	315,260
Violet Town Tennis Court Resurfacing	3,467	44,883
HACC - Minor Capital	50,000	-
Total Capital - non-recurrent	763,778	3,218,799
Total non-recurrent	945,198	3,357,399
Conditions on grants		
Grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were:		
HACC - Access and Support	19,859	-
HACC - Allied Health:Occupational Therapy	12,378	-
HACC - Minor Capital	50,000	-
HACC - Wayfinding Transport Connections Project	56,136	-
Boating Safety and Facilities Grant	5,035	-
Destination Planning for the Goulburn River Valley	59,920	-
Euroa Farmers Market	-	1,043
Heritage Study Grant	-	8,000
Local Government Infrastructure Program	-	293,227
Freeza Grant	-	2,374
Longwood Boer War Memorial Beautification	-	3,200
Vic Roads L2P Funding	-	1,700
Our Place, Our Lives, Lets Engage	-	17,500
Violet Town Flood Mitigation Plan	-	47,250
Department of Treasury and Finance	-	537,384
	203,328	911,678
Grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were:		
Euroa Farmers Market	1,043	-
Heritage Study Grant	8,000	-
Local Government Infrastructure Program	293,227	-
Freeza Grant	2,374	-
Longwood Boer War Memorial Beautification	3,200	-
Vic Roads L2P Funding	1,700	-
Our Place, Our Lives, Lets Engage	17,500	-
Violet Town Flood Mitigation Plan	47,250	-
Department of Treasury and Finance	537,384	-
Creightons Creek Road / AIDF Grant	-	182,300
Youth Services Grant	-	16,974
Fire Access Grant	-	19,390
Future Farming Initiative	-	2,500
Municipal Planning Grant (Early Years)	-	11,500
Euroa Memorial Oval Lighting Upgrade	-	59,400
Longwood Netball Court Reconstruction	-	21,960
Goulburn Making The Link Mentoring Project	-	40,378
Regional & Local Community Infrastructure Grant	-	150,157
Freeza Grant	-	6,783
	911,678	511,342
Net increase (decrease) in restricted assets resulting from grant revenues for the year:	(708,350)	400,336

	2013	2012
	\$	\$
Note 6 Contributions		
(a) Cash		
Roads	-	273,658
Buildings	-	30,425
	<u>-</u>	<u>304,083</u>
(b) Non-monetary assets		
Roads	-	1,534,171
Buildings	-	185,000
Land	-	75,000
Footpaths and cycleways	-	35,475
Kerb and channel	-	44,082
	<u>-</u>	<u>1,873,728</u>
Total contributions	<u>-</u>	<u>2,177,811</u>
Note 7 Net gain/(loss) on disposal of property,		
Proceeds of sale	396,572	285,135
Write down value of assets disposed	(496,103)	(123,817)
Total	<u>(99,531)</u>	<u>161,318</u>
Note 8 Other income		
Interest	316,038	290,274
Interest on rates	64,272	58,809
Diesel rebate	27,188	27,635
Insurance recoveries	137,981	152,766
Other	193,612	48,873
Total other income	<u>739,091</u>	<u>578,357</u>
Note 9 Employee costs		
Wages and salaries	6,820,190	7,248,808
WorkCover	163,210	250,285
Annual leave and long service leave	815,638	1,031,185
Superannuation	695,229	690,234
Superannuation - additional contribution*	-	1,263,958
Fringe benefits tax	89,702	141,105
Redundancy	552,900	58,597
Total employee costs	<u>9,133,869</u>	<u>10,724,162</u>

* During the prior period (2012) Council was required to make an additional contribution to Vision Super to meet our obligations in relation to members of the defined benefit plan

	2013	2012
	\$	\$
Note 10 Materials and services		
Printing and stationery	135,871	123,381
Telecommunications	105,913	124,784
Postage	27,723	30,495
Revaluation	53,137	1,091
Information technology	572,447	461,215
Maternal child health	21,285	14,220
Youth services	80,163	81,926
Meals on wheels	22,359	116,659
Libraries	273,044	235,752
Cinema operations	26,670	27,233
Planning including legal fees	303,495	227,335
Economic development	288,343	242,641
Strategic projects	193,119	16,420
Garbage, recycling and landfill operations	821,912	1,212,900
Swimming pools	303,583	332,206
Road and bridge, parks and reserves maintenance	2,394,160	2,081,355
Lighting and Power	279,599	243,537
Aged, disability, community care and support packages	178,870	114,110
Community Grants	125,479	146,633
Saleyards and truckwash	116,781	95,507
Building Maintenance	267,808	295,258
Insurance	297,733	235,566
Election Costs	-	33,769
Emergency Services	200,120	244,546
Contract labour and recruitment	-	51,680
Conferences, professional development & staff training	167,992	190,593
2012 Flood damage repair works	-	85,811
Compliance operations including boating safety	282,206	244,383
Sustainability including carbon footprint	-	199,749
Asset condition assessments	65,435	138,946
Environmental Health	133,001	137,551
Other contract payments materials and services	889,330	609,104
Total materials and services	8,647,568	8,396,356
Note 11 Bad and doubtful debts		
Rates debtors	-	1,012
Other debtors	9,245	6,106
Total bad and doubtful debts	9,245	7,118
Note 12 Depreciation and amortisation		
Property		
Buildings		
Buildings	711,895	690,850
Plant and Equipment		
Plant, machinery and equipment	560,294	597,799
Furniture and equipment	203,511	188,184
Leased plant and equipment	20,808	29,793
Infrastructure		
Roads	2,231,868	2,280,959
Bridges	366,571	241,521
Major culverts	95,306	94,050
Footpaths and cycleways	20,984	16,085
Drainage	101,761	100,632
Kerb and channel	95,598	38,827
Other community assets	125,398	105,773
Total depreciation and amortisation	4,533,994	4,384,473

Notes to the Financial Report
For the Year Ended 30 June 2013

	2013	2012
	\$	\$
Note 13 Finance costs		
Interest - Borrowings	170,182	180,770
Interest - Finance leases	5,894	1,949
	<u>176,076</u>	<u>182,719</u>
Note 14 Other expenses		
Auditors' remuneration	60,623	32,957
Councillors' allowances	134,846	138,899
Other Councillors expenses	34,106	91,654
Other expenses	29,364	27,699
Total other expenses	<u>258,959</u>	<u>291,219</u>
Note 15 Investment in regional library corporation		
Investments in associates accounted for by the equity method are:		
Goulburn Valley Regional Library Corporation		
Council has a 9.87% (previously 9.73%) share in the Goulburn Valley Regional Library Corporation.		
Council's share of accumulated surplus(deficit)		
Council's share of accumulated surplus(deficit) at start of year	156,226	176,776
Reported surplus(deficit) for year	15,477	(17,691)
Adjustment due to share in GVRL being increased to 9.87% and minor correction to opening balances	-	(2,859)
Other comprehensive income for the year	40,548	-
Council's share of accumulated surplus(deficit) at end of year	<u>212,251</u>	<u>156,226</u>
Movement in carrying value of specific investment		
Current Assets	112,773	75,663
Non Current Assets	182,258	195,869
Current Liabilities	(68,553)	(59,822)
Non Current Liabilities	(14,227)	(55,484)
Carrying value of investment at end of year	<u>212,251</u>	<u>156,226</u>
Council's share of finance lease commitments		
Not later than one year	3,192	4,460
Later than one year and not later than five years	1,274	3,837
	<u>4,466</u>	<u>8,297</u>

	2013	2012
	\$	\$
Note 16 Cash and cash equivalents		
Cash on hand	1,320	1,020
Cash at bank	386,032	909,908
Term deposits	7,200,000	7,400,000
	<u>7,587,352</u>	<u>8,310,928</u>
Users of the financial reports should refer to Note 30 for details of restrictions on cash assets.		
Note 17 Trade and other receivables		
Current		
Rates debtors	829,812	826,594
Provision for doubtful debts - rates debtors	(20,298)	(19,404)
Net GST receivable	137,266	94,699
Other debtors	228,364	648,741
Provision for doubtful debts - other debtors	-	(893)
Total	<u>1,175,144</u>	<u>1,549,737</u>
Note 18 Financial assets		
MAV purchasing scheme	<u>2,032</u>	<u>2,032</u>
Note 19 Inventories		
Inventories held for distribution	7,208	117,499
Note 20 Other assets		
Prepayments	80,313	334,028
Accrued income	104,090	17,167
Total Other assets	<u>184,403</u>	<u>351,195</u>

	2013	2012
	\$	\$
Note 21 Property, infrastructure, plant and equipment		
Summary		
at cost	17,460,790	12,229,736
Less accumulated depreciation	4,837,131	4,413,951
	<u>12,623,659</u>	<u>7,815,785</u>
at fair value	311,837,047	309,025,741
Less accumulated depreciation	98,963,724	95,283,339
	<u>212,873,323</u>	<u>213,742,342</u>
Total	<u>225,496,982</u>	<u>221,558,127</u>
Property		
Land		
at cost	94,312	75,000
at fair value as at 30 June 2011 (i)	25,199,000	25,199,000
Total Land	<u>26,293,312</u>	<u>26,274,000</u>
Buildings		
at cost	958,379	476,602
Less accumulated depreciation	25,757	1,220
	<u>931,622</u>	<u>477,382</u>
at fair value as at 30 June 2011 (i)	54,716,320	55,170,385
Less accumulated depreciation	23,725,807	23,285,456
	<u>30,990,513</u>	<u>31,904,929</u>
Total Buildings	<u>31,922,135</u>	<u>32,382,311</u>
Total Property	<u>58,215,447</u>	<u>58,656,311</u>
(i) Valuation of land and buildings at 30 June 2011 were undertaken by Marcus Hann AAPI, an independent Certified Practising Valuer. The valuation of buildings is at fair value based on current replacement cost less accumulated depreciation at the date of valuation. The valuation of land is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. All freehold land reserved public open space is valued at a discount to market value based on legal precedents.		
Plant and Equipment		
Plant, machinery and equipment		
at cost	5,588,934	5,445,189
Less accumulated depreciation	3,075,162	2,991,320
	<u>2,513,772</u>	<u>2,454,869</u>
Fixtures, fittings and furniture		
at cost	2,017,779	1,769,266
Less accumulated depreciation	1,457,718	1,292,904
	<u>560,061</u>	<u>476,362</u>
Leased Plant and Equipment		
at cost	61,367	61,367
Less accumulated amortisation	22,518	1,710
	<u>38,849</u>	<u>59,657</u>
Total Plant and Equipment	<u>3,112,682</u>	<u>2,990,888</u>

	2013	2012
	\$	\$
Note 21 Property, infrastructure, plant and equipment (cont.)		
Infrastructure		
Roads		
at cost	3,806,589	-
Less accumulated depreciation	-	-
	<u>3,806,589</u>	<u>-</u>
at fair value as at 30 June 2012 (iv)	164,924,753	166,267,211
Less accumulated depreciation	51,704,592	50,160,181
	<u>113,220,161</u>	<u>116,107,030</u>
Bridges		
at cost	523,175	-
Less accumulated depreciation	3,481	-
	<u>519,694</u>	<u>-</u>
at fair value as at 30 June 2012 (iv)	34,447,501	34,447,501
Less accumulated depreciation	12,114,237	11,751,147
	<u>22,333,264</u>	<u>22,696,354</u>
Major Culverts		
at cost	-	198,897
Less accumulated depreciation	-	3,761
	<u>-</u>	<u>195,136</u>
at fair value as at 30 June 2013 (v)	13,845,874	-
at fair value as at 30 June 2008 (ii)	-	9,138,507
Less accumulated depreciation	4,942,814	3,845,623
	<u>8,903,060</u>	<u>5,292,884</u>
Footpaths and cycleways		
at cost	205,168	-
Less accumulated depreciation	1,774	-
	<u>203,394</u>	<u>-</u>
at fair value as at 30 June 2012 (iv)	1,920,980	1,956,455
Less accumulated depreciation	855,489	836,279
	<u>1,065,491</u>	<u>1,120,176</u>
Drainage		
at cost	257,211	76,750
Less accumulated depreciation	1,444	157
	<u>255,767</u>	<u>76,593</u>
at fair value as at 30 June 2011 (iii)	10,047,397	10,047,398
Less accumulated depreciation	3,220,237	3,119,763
	<u>6,827,160</u>	<u>6,927,635</u>
Kerb and Channel		
at cost	30,425	-
Less accumulated depreciation	-	-
	<u>30,425</u>	<u>-</u>
at fair value as at 30 June 2012 (iv)	5,735,222	5,799,284
Less accumulated depreciation	2,400,548	2,304,950
	<u>3,334,674</u>	<u>3,494,334</u>
Other Community Infrastructure Assets		
at cost	3,673,676	3,673,675
Less accumulated depreciation	248,277	122,879
	<u>3,425,399</u>	<u>3,550,796</u>
Total Infrastructure	<u>163,925,078</u>	<u>159,460,938</u>

- (ii) Valuation of major culverts assets at 30 June 2008 was made by David Westphalen a qualified Engineer. The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.
- (iii) Valuation of drainage assets at 30 June 2011 was made by Roy Hetherington, Certified Municipal Engineer. The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.
- (iv) Valuation of infrastructure assets at 30 June 2012 was made by Roy Hetherington, Certified Municipal Engineer. The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.
- (v) Valuation of major culverts at 30 June 2013 was made by Roy Hetherington, Certified Municipal Engineer. The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.

	2013	2012
	\$	\$
Note 21 Property, infrastructure, plant and equipment (cont.)		
Works in progress		
Buildings at cost	24,630	21,773
Flood Mitigation	122,473	-
Drains at cost	-	6,062
Footpaths at cost	-	116,662
Bridges at cost	-	275,047
Kerb and Channel at cost	-	30,426
Other Community Infrastructure	96,672	-
Total Works in progress	<u>243,775</u>	<u>449,990</u>
Total property, infrastructure, plant and equipment	<u>225,496,962</u>	<u>221,558,127</u>

Note 21 Property, infrastructure, plant and equipment (cont.)

2013	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 26)	Depreciation and amortisation (note 12)	Written down value of disposals	Impairment losses recognised in profit or loss (a)	Transfers	Balance at end of financial year
	\$	\$	\$	\$	\$	\$	\$	\$
Property								
land	26,274,000	19,312	-	-	-	-	-	26,293,312
Total land	26,274,000	19,312	-	-	-	-	-	26,293,312
buildings	32,382,311	458,004	-	(711,895)	(228,058)	-	21,773	31,922,135
Total buildings	32,382,311	458,004	-	(711,895)	(228,058)	-	21,773	31,922,135
Total property	58,656,311	477,316	-	(711,895)	(228,058)	-	21,773	58,215,447
Plant and Equipment								
plant, machinery and equipment	2,454,869	885,764	-	(560,294)	(266,567)	-	-	2,513,772
furniture and equipment	476,362	288,688	-	(203,511)	(1,478)	-	-	560,061
leased plant and equipment	59,657	-	-	(20,808)	-	-	-	38,849
Total plant and equipment	2,990,888	1,174,452	-	(784,613)	(268,045)	-	-	3,112,682
Infrastructure								
roads	116,107,030	3,806,589	-	(2,231,868)	-	(655,001)	-	117,026,750
bridges	22,696,354	248,128	-	(366,571)	-	-	275,047	22,852,958
major culverts	5,488,020	129,918	3,380,428	(95,306)	-	-	-	8,903,060
footpaths and cycleways	1,120,176	88,486	(35,475)	(20,984)	-	-	116,682	1,268,885
drainage	7,004,228	174,398	-	(101,761)	-	-	6,062	7,082,927
kerb and channel	3,494,334	-	(64,062)	(95,598)	-	-	30,426	3,365,100
other community infrastructure assets	3,550,796	-	-	(125,398)	-	-	-	3,425,398
Total infrastructure	159,460,938	4,447,519	3,280,891	(3,037,486)	-	(655,001)	428,217	163,925,078
Works in progress								
land improvements at cost	-	122,473	-	-	-	-	-	122,473
buildings at cost	21,773	24,630	-	-	-	-	(21,773)	24,630
roads at cost	-	-	-	-	-	-	-	-
bridges at cost	275,047	-	-	-	-	-	(275,047)	-
drainage at cost	6,062	-	-	-	-	-	(6,062)	-
footpaths at cost	116,682	-	-	-	-	-	(116,682)	-
kerb and channel at cost	30,426	-	-	-	-	-	(30,426)	-
other community infrastructure assets	-	96,672	-	-	-	-	-	96,672
Total works in progress	449,990	243,775	-	-	-	-	(449,990)	243,775
Total property, plant and equipment, infrastructure	221,558,127	6,343,062	3,280,891	(4,533,994)	(496,103)	(655,001)	-	225,496,982

(a) Impairment losses

Impairment losses are recognised in the comprehensive income statement under other expenses.

Reversals of impairment losses are recognised in the comprehensive income statement under other revenue.

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

2012	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 26)	Depreciation and amortisation (note 12)	Written down value of disposals	Impairment losses recognised in profit or loss (a)	Asset Contributions	Transfers	Balance at end of financial year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Property									
land	26,199,000	-	-	-	-	-	75,000	-	26,274,000
Total land	26,199,000	-	-	-	-	-	75,000	-	26,274,000
buildings	32,594,559	283,752	-	(690,850)	-	-	185,000	9,850	32,382,311
Total buildings	32,594,559	283,752	-	(690,850)	-	-	185,000	9,850	32,382,311
Total property	58,793,559	283,752	-	(690,850)	-	-	260,000	9,850	58,656,311
Plant and Equipment									
plant, machinery and equipment	2,237,935	938,550	-	(597,799)	(123,817)	-	-	-	2,454,869
furniture and equipment	469,108	195,438	-	(188,164)	-	-	-	-	476,382
leased plant and equipment	28,083	61,367	-	(29,793)	-	-	-	-	59,657
Total plant and equipment	2,735,126	1,195,355	-	(815,776)	(123,817)	-	-	-	2,990,898
Infrastructure									
roads	99,337,216	4,318,074	13,221,553	(2,280,959)	-	(143,985)	1,534,171	120,960	116,107,030
bridges	15,660,278	44,268	7,150,102	(241,521)	-	-	-	83,227	22,696,354
major culverts	5,492,778	89,292	-	(94,050)	-	-	-	-	5,488,020
footpaths and cycleways	1,024,777	-	76,009	(16,085)	-	-	35,475	-	1,120,176
drainage	7,028,109	76,751	-	(100,632)	-	-	-	-	7,004,228
kerb and channel	2,366,135	-	1,122,944	(38,827)	-	-	44,082	-	3,494,334
waste management - landfill at cost	-	-	-	-	-	-	-	-	-
other community infrastructure assets	2,196,595	437,329	-	(105,773)	-	-	-	1,022,645	3,550,796
Total infrastructure	133,105,888	4,965,714	21,570,608	(2,877,847)	-	(143,985)	1,613,728	1,226,832	159,460,938
Works in progress									
land improvements at cost	1,022,645	-	-	-	-	-	-	(1,022,645)	-
buildings at cost	9,850	21,773	-	-	-	-	-	(9,850)	21,773
roads at cost	120,960	-	-	-	-	-	-	(120,960)	-
bridges at cost	83,226	275,048	-	-	-	-	-	(83,227)	275,047
drainage at cost	-	6,062	-	-	-	-	-	-	6,062
footpaths at cost	-	116,682	-	-	-	-	-	-	116,682
kerb and channel at cost	-	30,426	-	-	-	-	-	-	30,426
Total works in progress	1,236,681	449,931	-	-	-	-	-	(1,236,682)	449,990
Total property, plant and equipment, infrastructure	195,871,254	6,894,812	21,570,608	(4,384,473)	(123,817)	(143,985)	1,873,728	-	221,558,127

(a) Impairment losses

Impairment losses are recognised in the comprehensive income statement under other expenses.

Reversals of impairment losses are recognised in the comprehensive income statement under other revenue.

	2013	2012
	\$	\$
Note 22 Trade and other payables		
Trade payables	569,774	811,767
Accrued expenses	131,506	576,560
	<u>701,280</u>	<u>1,388,327</u>
Non Current		
Accrued expenses (Vision Super defined benefits fund shortfall payable 1 July 2013 refer note 31).	-	1,263,958
Total trade and other payables	<u>-</u>	<u>1,263,958</u>
Total trade and other payables	<u>701,280</u>	<u>2,652,285</u>
Note 23 Trust funds and deposits		
Refundable building deposits (i)	19,000	19,000
Retention amounts (ii)	159,807	236,725
Other refundable deposits (iii)	324,011	164,214
	<u>502,818</u>	<u>419,939</u>
Non Current		
Trust funds bequested (iv)	67,980	67,980
	<u>67,980</u>	<u>67,980</u>
Total trust funds and deposits	<u>570,798</u>	<u>487,919</u>

- (i) Refundable building deposits are deposits relating to building and relocation permit conditions. These deposits are refunded once the building and relocation permit conditions are satisfied.
- (ii) Retention amounts are funds held for a defined defects and liability period of a contract entered into by Council. These funds are returned to the contractors once the conditions on the contract have been satisfied.
- (iii) Other refundable deposits are trust funds held by Council on behalf of individuals, committees or organisations. These funds are usually available at any time to the various third parties as and when required.
- (iv) Trust funds bequested are funds bequested to Council for the purpose of maintaining specific Council facilities. The interest income of these trust funds is applied to ongoing maintenance and improvements of these specific facilities.

Note 24 Provisions

	Annual leave	Long service leave	Landfill restoration	RDO Provision/ITIL	Total
	\$	\$	\$	\$	\$
2013					
Balance at beginning of the financial year	901,009	1,452,251	926,612	38,715	3,318,587
Additional provisions	707,477	134,810	-	-	842,287
Amounts used	(730,175)	(261,410)	(28,529)	-	(1,020,114)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	-	-	-	-	-
Balance at the end of the financial year	878,311	1,325,651	898,063	38,715	3,140,760
2012					
Balance at beginning of the financial year	788,258	1,029,531	575,000	37,517	2,430,306
Additional provisions	755,473	861,183	422,700	1,198	2,040,554
Amounts used	(642,722)	(438,463)	(71,088)	-	(1,152,273)
Balance at the end of the financial year	901,009	1,452,251	926,612	38,715	3,318,587

	2013	2012
(a) Employee provisions		
Current (i)		
Annual leave	878,311	901,009
Long service leave	1,137,579	1,202,893
Other	38,715	38,715
	<u>2,054,605</u>	<u>2,142,617</u>
Non-current (ii)		
Long service leave	188,072	249,358
	<u>188,072</u>	<u>249,358</u>
Aggregate carrying amount of employee provisions:		
Current	2,054,605	2,142,617
Non-current	188,072	249,358
	<u>2,242,677</u>	<u>2,391,975</u>

The following assumptions were adopted in measuring the present value of employee benefits:

Weighted average increase in employee costs	3.00%	3.00%
Weighted average discount rates	3.51%	2.95%
Weighted average settlement period	16	16

(i) Current

All annual leave and the long service leave entitlements representing five or more years of continuous service measured at present value	787,026	819,724
- Short-term employee provisions, that fall due within 12 months after the end of the period measured at nominal value	130,000	120,000
- Other long-term employee provisions that do not fall due within 12 months after the end of the period measured at present value	1,137,579	1,202,893
	<u>2,054,605</u>	<u>2,142,617</u>

(ii) Non-current

Long service leave representing less than five years of continuous service measured at present value	188,072	249,358
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(b) Land fill restoration

Current	504,612	504,612
Non-current	393,471	422,000
Total	<u>898,083</u>	<u>926,612</u>

Under legislation Council is obligated to restore the Violet Town landfill site to a particular standard. The Violet Town landfill operations ceased in 2010/2011 and restoration work is expected to commence shortly.

(c) Aggregate Amounts of Provisions:

Current

Employee provisions	2,054,605	2,142,617
Landfill	504,612	504,612
	<u>2,559,217</u>	<u>2,647,229</u>

Non Current

Employee provisions	188,092	249,358
Landfill	393,491	422,000
	<u>581,583</u>	<u>671,358</u>

Aggregate carrying amount of employee provisions and landfill:

Current	2,559,217	2,647,229
Non-current	581,583	671,358
	<u>3,140,800</u>	<u>3,318,587</u>

	2013	2012
	\$	\$
Note 25 Interest-bearing loans and borrowings		
Current		
Borrowings - secured	447,802	486,278
	<u>447,802</u>	<u>486,278</u>
Non-current		
Borrowings - secured	1,928,821	2,377,236
	<u>1,928,821</u>	<u>2,377,236</u>
Total	<u>2,376,623</u>	<u>2,863,514</u>
 The maturity profile for Council's borrowings is:		
Not later than one year	447,802	486,278
Later than one year and not later than five years	1,765,207	2,213,621
Later than five years	163,614	163,615
	<u>2,376,623</u>	<u>2,863,514</u>
 Finance leases		
Council had the following obligations under finance leases for the lease of office equipment (the sum of which is recognised as a liability after deduction of future lease finance charges included in the obligation):		
Not later than one year	20,763	18,474
Later than one year and not later than five years	19,255	40,018
	<u>40,018</u>	<u>58,492</u>
 Current		
Leases	20,763	18,474
 Non-current		
Leases	19,255	40,018
Total	<u>40,018</u>	<u>58,492</u>
 Aggregate carrying amount of interest-bearing loans and borrowings:		
Current	468,565	504,752
Non-current	1,948,076	2,417,254
	<u>2,416,641</u>	<u>2,922,006</u>

Note 26 Reserves

	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
	\$	\$	\$
(a) Asset revaluation reserves			
2013			
Property			
Land	21,668,377	-	21,668,377
Buildings	29,013,861	-	29,013,861
	50,682,238	-	50,682,238
Infrastructure			
Roads	78,385,078	-	78,385,078
Bridges	12,411,174	-	12,411,174
Major culverts	585,058	3,380,428	3,965,486
Footpaths and cycleways	973,852	(35,475)	938,377
Drainage	4,491,417	-	4,491,417
Kerb and channel	2,889,844	(64,062)	2,825,782
	99,736,423	3,280,891	103,017,314
Total asset revaluation reserves	150,418,661	3,280,891	153,699,552

2012			
Property			
Land	21,668,377	-	21,668,377
Buildings	29,013,861	-	29,013,861
	50,682,238	-	50,682,238
Infrastructure			
Roads	65,163,525	13,221,553	78,385,078
Bridges	5,261,072	7,150,102	12,411,174
Major culverts	585,058	-	585,058
Footpaths and cycleways	897,843	76,009	973,852
Drainage	4,491,417	-	4,491,417
Kerb and channel	1,766,900	1,122,944	2,889,844
	78,165,815	21,570,608	99,736,423
Total asset revaluation reserves	128,848,053	21,570,608	150,418,661

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

	Balance at beginning of reporting period	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting period
	\$	\$	\$	\$
(b) Other reserves				
2013				
Bridge replacement reserve	200,000	200,000	-	400,000
Open space reserve	80,300	20,100	-	100,400
Total Other reserves	280,300	220,100	-	500,400
2012				
Bridge replacement reserve	-	-	200,000	200,000
Open space reserve	52,450	-	27,850	80,300
Total Other reserves	52,450	-	227,850	280,300

Council determined to create a bridge replacement reserve as part of the 2011/12 budget. The purpose of the open space reserve is to provide developer contribution funding for future open space infrastructure within the shire.

	2013	2012
	\$	\$
Note 27 Reconciliation of cash flows from operating activities to surplus (deficit)		
Surplus/(deficit) for the year	1,849,507	5,700,751
Depreciation/amortisation	4,533,994	4,384,473
(Profit)/loss on disposal of property, plant and equipment, infrastructure	99,531	(161,318)
Finance Costs	176,076	182,719
Impairment losses	655,001	143,985
Contributions - Non-monetary assets	-	(1,873,728)
Other	(15,478)	20,550
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	374,593	674,061
Increase/(decrease) in trade and other payables	(1,888,608)	(113,266)
(Increase)/decrease in inventories	110,291	54,602
Increase/(Decrease) in provisions	(177,827)	888,281
(Increase)/Decrease in other assets	166,792	(71,524)
Net cash provided by/(used in) operating activities	<u>5,883,872</u>	<u>9,829,586</u>
Note 28 Reconciliation of cash and cash equivalents		
Cash and cash equivalents (see note 16)	7,587,352	8,310,928
Less bank overdraft	-	-
	<u>7,587,352</u>	<u>8,310,928</u>
Note 29 Financing arrangements		
Loan facilities	1,803,001	2,863,514
Lease facilities	500,000	500,000
Bank overdraft	1,145,000	1,145,000
Used facilities	(1,757,940)	(2,863,514)
Unused facilities	<u>1,690,061</u>	<u>1,645,000</u>
Note 30 Restricted assets		
Council has cash and cash equivalents (note 16) that are subject to restrictions. As at the reporting date, Council had legislative restrictions in relation to reserve funds (Recreational Lands Reserves).		
Open space reserve (note 26)	100,400	80,300
Bridge replacement reserve (note 26)	400,000	200,000
Trust funds and deposits (note 23)	570,798	487,919
Restricted purpose grant monies (note 5)	203,328	911,678
	<u>1,274,526</u>	<u>1,679,897</u>

Note 31 - Superannuation

Strathbogie Shire Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. The defined benefit section provides lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from Strathbogie Shire Council and Strathbogie Shire Council's legal or constructive obligation is limited to these contributions. Obligations for contributions to the Fund are recognised as an expense in Comprehensive Operating Statement when they are due.

Accumulation

The Fund's accumulation category, 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 2013, this was 9% required under Superannuation Guarantee legislation). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Effective from 1 July 2013, the Superannuation Guarantee contribution rate will increase to 9.25%, and will progressively increase to 12% by 2019.

Defined Benefit

The Fund's Defined Benefit category is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated to each employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided under Paragraph 32(b) of AASB 119, Strathbogie Shire Council does not use defined benefit accounting for these defined benefit obligations.

Strathbogie Shire Council makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. On the basis of the results of the most recent full actuarial investigation conducted Benefit category at rates determined by the Fund's Trustee. This rate is currently 9.25% of members' salaries (9.25% in 2011/12).

In addition, Strathbogie Shire Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit (the funded resignation or retirement benefit is calculated as the VBI multiplied by the benefit).

Strathbogie Shire Council is also required to make additional contributions to cover the contribution tax payable on the contributions referred to above.

Employees are also required to make member contributions to the Fund. As such, assets accumulate in the Fund to meet member benefits, as defined in the Trust Deed, as they accrue.

Shortfall amounts

The Local Authorities Superannuation Fund's latest actuarial investigation as at 31 December 2011 identified an unfunded liability of \$406 million (excluding contributions tax) in the defined benefit category of which Strathbogie Shire Council is a contributing employer. Strathbogie Shire Council was made aware of the expected shortfall during the 2011/12 year and was informed of its share of the shortfall on 2 August 2012. Strathbogie Shire Council has not been advised of any further adjustments.

The value of Strathbogie Shire Council's contribution to the shortfall at 30 June 2012 (excluding contributions tax) amounted to \$1,263,958 which was accounted for in the 2011/12 Comprehensive Operating Statement within Employee Benefits (see Note 9) and in the Balance Sheet in Current Liabilities Trade Payables (see Note 22). No further amount has been accounted for in the 2012/13 Comprehensive Operating Statement within Employee Benefits (see Note 9) and in the Balance Sheet in Current Liabilities Trade Payables (see Note 22). Strathbogie Shire Council received an early payment discount of \$41,404 and this has been accounted for in the 2012/13 Comprehensive Operating Statement within Employee costs (see Note 9) and in the Balance Sheet in Current Liabilities Provisions (see Note 24).

Note 31 - Superannuation (cont.)

The Fund surplus or deficit (ie the difference between fund assets and liabilities) is calculated differently for funding purposes (ie calculating required contributions) and for the calculation of accrued benefits as required in AAS 25 to provide the values needed for the AASB 119 disclosure in the Strathbogrie Shire Council's financial statements. AAS 25 requires that the present value of the defined benefit liability be calculated based on benefits that have accrued in respect of membership of the plan up to the measurement date, with no allowance for future benefits that may accrue.

The shortfall was paid prior to 30 June 2013.

Retrenchment increments

During 2012-13, Strathbogrie Shire Council was required to make payments to the Fund in respect of retrenchment increments (Nil in 2011/12). Therefore, Strathbogrie Shire Council does not have any liability to the Fund as at 30 June 2013, for retrenchment increments, accrued interest and tax (Nil in 2011/12).

Accrued benefits

The Fund's liability for accrued benefits was determined in the 31 December 2011 actuarial investigation pursuant to the requirements of Australian Accounting Standard Board AAS25 follows:

	31-Dec-11	\$'000
Net Market Value of Assets		4,315,324
Accrued Benefits (per accounting standards)		<u>4,642,133</u>
Difference between Assets and Accrued Benefits		<u>(326,809)</u>

Vested Benefits

(Minimum sum which must be paid to members when they leave the fund) 4,838,503

Contributions by Strathbogrie Shire Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2013 are detailed below:
Council made contributions to the following funds:

Scheme	Type of Scheme	Rate	2013	2012
			\$	\$
Vision Super	Defined benefits	9.25%	71,648	65,400
Vision Super	Accumulation Plan	9.00%	493,885	621,608
Other Minor Funds	Accumulation Plan	9.00%	183,567	26,821

There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2013.

Note 32 Commitments

The Council has entered into the following commitments

2013	Not later than 1	Later than 1 year	Later than 2 years	Total
	year	and not later than 2 years	and not later than 5 years	
	\$	\$	\$	\$
Operating				
Environmental Health & Compliance	391,005	137,193	63,316	591,514
Garbage collection & Recycling	302,676	-	-	302,676
Open space management - Nagambie Lake	114,290	41,793	-	156,083
Consultancies	74,480	-	-	74,480
Meals for delivery	-	-	-	-
Total	882,451	178,986	63,316	1,124,753
Capital				
Buildings	-	-	-	-
Construction	221,401	-	-	221,401
Drainage	59,648	-	-	59,648
Total	281,049	-	-	281,049
2012	Not later than 1	Later than 1 year	Later than 2 years	Total
	year	and not later than 2 years	and not later than 5 years	
	\$	\$	\$	\$
Operating				
Garbage collection & Recycling	552,354	301,687	-	854,041
Meals for delivery	59,006	-	-	59,006
Environmental Health	151,268	79,774	-	231,042
Nagambie Regatta Centre - On Land Maintenance	92,290	92,290	30,770	215,350
Nagambie Regatta Centre - On Water Maintenance	22,000	22,000	9,172	53,172
Electrical Equipment - Testing & Tagging	6,845	-	-	6,845
Total	1,076,969	604,467	39,942	1,721,378
Capital				
Buildings	330,840	-	-	330,840
Plant and Machinery	250,243	-	-	250,243
Total	581,083	-	-	581,083

Note 33 Operating leases

(a) Operating lease commitments

	2013	2012
At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities):		
Not later than one year	7,448	-
Later than one year and not later than five years	621	-
Later than five years	-	-
	<u>8,069</u>	<u>-</u>

Note 34 Contingent liabilities and contingent assets

Contingent liabilities

Council has no contingent liability at reporting date other than those set out below:

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme to ensure that the liabilities of the fund are covered by the assets of the fund. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists. At this point in time it is not known if additional contributions will be required, their timing or potential amount.

Council operates a landfill. Council will have to carry out site rehabilitation works in the future. At balance date Council is unable to accurately assess the financial implications of such works.

Contingent assets

Council has no contingent assets at reporting date.

Note 35 Financial Instruments

(a) Accounting Policy, terms and conditions

Recognised financial instruments	Note	Accounting Policy	Terms and Conditions
Financial assets			
Cash and cash equivalents	16	<p>Cash on hand and at bank and money market call account are valued at face value.</p> <p>Interest is recognised as it accrues.</p> <p>Investments are held to maximise interest returns of surplus cash.</p> <p>Interest revenues are recognised as they accrue.</p>	<p>On call deposits returned a floating interest rate of (0.1% to 5% in 2011/2012). The interest rate at balance date was 3.02% (4.35% in 2011/2012).</p> <p>Funds returned fixed interest rate of between 3.16 and 5% (4% and 5.9% in 2011/2012).</p>
Trade and other receivables			
Other debtors	17	<p>Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection in full is no longer probable.</p> <p>Collectability of overdue accounts is assessed on an ongoing basis.</p>	<p>General debtors are unsecured and interest free. Credit terms are usually up to 60 days.</p>
Financial Liabilities			
Trade and other payables	22	<p>Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received.</p>	<p>General Creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.</p>
Interest-bearing loans and borrowings	25	<p>Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables.</p> <p>Finance leases are accounted for at their principal amount with the lease payments discounted to present value using the interest rates implicit in the leases.</p>	<p>Borrowings are secured by way of mortgages over the general rates of the Council. The weighted average interest rate on borrowings is 6.56 % (6.56 % in 2011/2012).</p> <p>As at balance date, the Council had finance leases with an average lease term of 3 years. The weighted average rate implicit in the lease is 11.74% (11.74% in 2011/2012).</p>

Note 35 Financial instruments (cont.)

(b) Interest Rate Risk

The exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised, at balance date are as follows:

2013	Fixed interest maturing in:					Total
	Floating interest rate	1 year or less	Over 1 to 5 years	More than 5 years	Non-interest bearing	
	\$	\$	\$	\$	\$	\$
Financial assets						
Cash and cash equivalents	386,032	7,200,000	-	-	1,320	7,587,352
Other financial assets	-	-	-	-	2,032	2,032
Trade and other receivables	-	-	-	-	228,364	228,364
Other assets	-	-	-	-	104,090	104,090
Total financial assets	386,032	7,200,000	-	-	335,806	7,921,838
Weighted average interest rate	2.15%	3.90%				
Financial liabilities						
Trade and other payables	-	-	-	-	701,280	701,280
Trust funds and deposits	-	-	-	-	570,798	570,798
Interest-bearing loans and borrowings	-	468,565	1,784,462	163,614	-	2,416,641
Total financial liabilities	-	468,565	1,784,462	163,614	1,272,078	3,688,719
Weighted average interest rate		6.58%	6.52%	7.30%		
Net financial assets (liabilities)	386,032	6,731,435	(1,784,462)	(163,614)	(936,272)	4,233,119

2012	Fixed interest maturing in:					Total
	Floating interest rate	1 year or less	Over 1 to 5 years	More than 5 years	Non-interest bearing	
	\$	\$	\$	\$	\$	\$
Financial assets						
Cash and cash equivalents	909,908	7,400,000	-	-	1,020	8,310,928
Other financial assets	-	-	-	-	2,032	2,032
Trade and other receivables	-	-	-	-	648,741	648,741
Other assets	-	-	-	-	17,167	17,167
Total financial assets	909,908	7,400,000	-	-	668,960	8,978,868
Weighted average interest rate	1.48%	4.49%				
Financial liabilities						
Trade and other payables	-	-	-	-	2,652,285	2,652,285
Trust funds and deposits	-	-	-	-	487,919	487,919
Interest-bearing loans and borrowings	-	504,752	2,253,639	163,615	-	2,922,006
Total financial liabilities	-	504,752	2,253,639	163,615	3,140,204	6,062,210
Weighted average interest rate	0.00%	6.58%	6.52%	7.30%		
Net financial assets (liabilities)	909,908	6,895,248	(2,253,639)	(163,615)	(2,471,244)	2,916,658

Note 35 Financial Instruments (cont.)

(c) Net Fair Values

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at balance date are as follows:

Financial Instruments	Total carrying amount as per Balance Sheet		Aggregate net fair value	
	2013 \$	2012 \$	2013 \$	2012 \$
Financial assets				
Cash and cash equivalents	7,587,352	8,310,928	7,587,352	8,310,928
Other financial assets	2,032	2,032	2,032	2,032
Trade and other receivables	228,364	648,941	228,364	648,741
Other assets	104,090	17,167	104,090	17,167
Total financial assets	7,921,838	8,979,068	7,921,838	8,978,868
Financial liabilities				
Trade and other payables	701,280	2,652,285	701,280	2,652,285
Trust funds and deposits	570,798	487,919	570,798	487,919
Interest-bearing loans and borrowings	2,416,641	2,922,006	2,416,641	2,922,006
Total financial liabilities	3,688,719	6,062,210	3,688,719	6,062,210

(d) Credit Risk

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is represented by the carrying amount of those assets as indicated in the Balance Sheet.

(e) Risks and mitigation

The risks associated with our main financial instruments and our policies for minimising these risks are detailed below.

Market risk

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

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. Our loan borrowings are sourced from major Australian banks by a tender process. Finance leases are sourced from major Australian financial institutions. Overdrafts are arranged with major Australian banks. We manage interest rate risk on our net debt portfolio by:

- ensuring access to diverse sources of funding;
- reducing risks of refinancing by managing in accordance with target maturity profiles; and
- setting prudential limits on interest repayments as a percentage of rate revenue.

We manage the interest rate exposure on our debt portfolio by appropriate budgeting strategies and obtaining approval for borrowings from the Department of Planning and Community Development each year.

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

- conformity with State and Federal regulations and standards,
- capital protection,
- appropriate liquidity,
- diversification by credit rating, financial institution and investment product,
- monitoring of return on investment,
- benchmarking of returns and comparison with budget.

Maturity will be staggered to provide for interest rate variations and to minimise interest rate risk.

Note 35 Financial Instruments (cont.)

Note 35 Financial Instruments (cont.)

Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause us to make a financial loss. We have exposure to credit risk on some financial assets included in our balance sheet. To help

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

Trade and other receivables consist of a large number of customers, spread across the consumer, business and government sectors. Credit risk associated with the Council's financial assets is minimal because the main debtor is the Victorian Government. Apart from the Victorian Government we do not have any significant credit risk exposure to a single customer or groups of customers. Ongoing credit evaluation is performed on the financial condition of our customers and, where appropriate, an allowance for doubtful debts is raised.

We may also be subject to credit risk for transactions which are not included in the balance sheet, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in note 34.

Movement in Provisions for Doubtful Debts	2013	2012
Balance at the beginning of the year	893	4,065
New Provisions recognised during the year	-	-
Amounts already provided for and written off as uncollectible	893	-
Amounts provided for but recovered during the year	-	3,172
Balance at end of year	-	893

Ageing of Trade and Other Receivables

At balance date other debtors representing financial assets were past due but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of default. The ageing of the Council's Trade & Other Receivables was:

	2013	2012
Current (not yet due)	86,553	358,385
Past due by up to 30 days	126,648	213,997
Past due between 31 and 180 days	12,589	67,286
Past due between 181 and 365 days	610	68
Past due by more than 1 year	1,964	9,005
Total Trade & Other Receivables	228,364	648,741

Ageing of individually impaired Trade and Other Receivables

At balance date, other debtors representing financial assets with a nominal value of \$ Nil (2012: \$893) were impaired. The amount of the provision raised against these debtors was \$ Nil (2012: \$893). The individually impaired debtors relate to general and sundry debtor and have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

The ageing of Trade and Other Receivables that have been individually determined as impaired at reporting date was:

	2013	2012
Past due between 31 and 180 days	-	893
Total Trade & Other Receivables	-	893

Note 35 Financial Instruments (cont.)

Note 35 Financial Instruments (cont.)

Liquidity risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements:

- we will not have sufficient funds to settle a transaction on the date;
- we will be forced to sell financial assets at a value which is less than what they are worth; or
- we may be unable to settle or recover financial assets at all.

To help reduce these risks we:

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

The Councils exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of

The table below lists the contractual maturities for Financial Liabilities

These amounts represent undiscounted gross payments including both principal and interest amounts

2013	6 mths or less	6-12 months	1-2 years	2-5 years	>5 years	Contracted Cash Flow	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	701,280	-	-	-	-	701,280	701,280
Trust funds and deposits	502,818	-	67,980	-	-	570,798	570,798
Interest-bearing loans and borrowings	266,776	277,004	576,586	1,494,323	189,880	2,804,569	2,416,641
Total financial liabilities	1,470,874	277,004	644,566	1,494,323	189,880	4,076,647	3,688,719

2012	6 mths or less	6-12 months	1-2 years	2-5 years	>5 years	Contracted Cash Flow	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	1,388,327	-	1,263,958	-	-	2,652,285	2,652,285
Trust funds and deposits	419,939	-	67,980	-	-	487,919	487,919
Interest-bearing loans and borrowings	294,944	306,617	642,181	1,922,686	316,013	3,482,441	3,482,441
Total financial liabilities	2,103,210	306,617	1,974,119	1,922,686	316,013	6,622,645	6,622,645

(f) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Council believes the following movements are 'reasonably possible' over the next 12 months (Base rates are sourced from Reserve Bank of Australia):

- A parallel shift of + 1% and -1% in market interest rates (AUD) from year-end rates of 4.4%.

The table below discloses the impact on net operating result and equity for each category of financial instruments held by the Council at year-end, if the above movements were to occur.

		Interest rate risk			
		1		+1	
2013	\$	-1% Profit	basis points Equity	1% Profit	basis points Equity
Financial assets:					
Cash and cash equivalents	386,032	(3,860)	(3,860)	3,860	3,860

		Interest rate risk			
		1		+1	
2012	\$	-1% Profit	basis points Equity	1% Profit	basis points Equity
Financial assets:					
Cash and cash equivalents	909,908	(9,099)	(9,099)	9,099	9,099

(g) Fair Value Hierarchy

All financial assets carried at fair value are measured at quoted prices in active markets for identical assets or liabilities

	2013	2012
	\$	\$
Note 36 Auditors' remuneration		
Audit fee to conduct external audit - Victorian Auditor-General	28,000	27,042
Internal audit fees - AFS and Associates	28,823	325
Fees for other services provided by internal auditor	3,800	5,600
	<u>60,623</u>	<u>32,967</u>

Note 37 Events occurring after balance date

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

Note 3B Related party transactions

(i) Responsible Persons

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

Councillors	Colleen Furianetto (Councillor 1/7/12 to 30/6/13) Malcolm Little (Councillor 1/7/12 to 30/6/13) Howard Myers (Councillor 1/7/12 to 6/11/12) Neil Murray (Councillor 1/7/12 to 6/11/12) Alister Purbrick (Councillor 7/11/12 to 30/6/13) Pat Storer (Councillor 7/11/12 to 30/6/13) Debra Swan (Mayor 7/11/12 to 30/6/13) (Councillor 1/7/12 to 6/11/12) Robin Weatherald (Councillor 7/11/12 to 30/6/13) Graeme (Mick) Williams (Councillor 7/11/12 to 30/6/13) (Mayor 1/7/12 to 6/11/12) Peter Woodhouse (Councillor 1/7/12 to 6/11/12)
--------------------	--

Chief Executive Officer Steve Crawcour (1/7/12 to 30/6/13)

(ii) Remuneration of Responsible Persons

The numbers of Responsible Officers, whose total remuneration from Council and any related entities fall within the following bands:

	2013 No.	2012 No.
\$1 - \$9,999	3	-
\$10,000 - \$19,999	3	3
\$20,000 - \$29,999	3	3
\$30,000 - \$39,999	1	1
\$150,000 - \$159,999	-	1
\$180,000 - \$189,999	1	-
	<u>11</u>	<u>8</u>

Total Remuneration for the reporting year for Responsible Persons included above amounted to:

352,405 351,542

(iii) No retirement benefits have been made by the Council to a Responsible Person. (2011/12, Nil).

(iv) No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year. (2011/12, Nil).

(v) Other Transactions

No transactions other than remuneration payments or the reimbursement of approved expenses were entered into by Council with Responsible Persons, or Related Parties of such Responsible Persons during the reporting year (2011/12, Nil).

(vi) Senior Officers Remuneration

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

- a) has management responsibilities and reports directly to the Chief Executive; or
- b) whose total annual remuneration exceeds \$130,000 (2012, \$127,000)

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

Income Range:	2013 No.	2012 No.
>\$127,000	-	4
\$127,000 - \$129,999	1	-
\$130,000 - \$139,999	1	-
\$140,000 - \$149,999	1	-
\$150,000 - \$159,999	2	1
	<u>5</u>	<u>5</u>

Total Remuneration for the reporting year for Senior Officers included above, amounted to

716,351 412,890

Note 39 Income, expenses and assets by function/activities

	Corporate and Community		Sustainable Development		Asset Services		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	\$	\$	\$	\$	\$	\$	\$	\$
Income								
Grants	4,050,794	4,395,982	149,088	263,666	4,827,554	7,829,580	9,027,435	12,489,228
Other	14,965,614	14,178,368	407,137	340,995	864,032	2,822,192	16,236,783	17,341,575
Total Income	19,016,408	18,574,370	556,225	604,661	5,691,586	10,651,772	25,264,218	29,830,803
Expenses	(6,424,787)	(7,934,848)	(3,504,915)	(2,868,795)	(13,485,010)	(13,326,409)	(23,414,712)	(24,130,052)
Surplus (deficit) for the year	12,591,621	10,639,522	(2,948,690)	(2,264,134)	(7,793,424)	(2,674,637)	1,849,507	5,700,751
Assets attributed to functions / activities *	5,794,439	4,801,796	3,318,232	2,742,606	225,552,702	224,501,342	234,665,372	232,045,744

*Assets have been attributed to functions/activities based on the control and/or custodianship of specific assets.

Corporate and Community

General Administration, Finance & Governance, Debt Servicing, Community Services including Preschools, Infants and Mothers, Health, Aged and Disabled, Housing.

Sustainable Development

Economic Development, Planning and Building, Compliance, Environmental Health, Tourism, Nagambie Lakes Regatta Centre, Tourism, Events.

Asset Services

Saleyards, Caravan Parks, Road Construction, Road Maintenance, Gravel Resheeting, Reseals, Drainage, Kerb and Channel, Footpaths, Bridges, Depot, Parks & Reserves, Swimming Pools, Building Maintenance, Waste Management, Engineering Design, Emergency Services.

Note 40 Financial ratios (Performance indicators)	2013	2013	2012	2012	2011	2011
	\$	(%)	\$	(%)	\$	(%)
(a) Debt servicing ratio (to identify the capacity of Council to service its outstanding debt)						
<u>Debt servicing costs</u>	176,076		182,719		212,960	
Total revenue	25,264,219	= 0.70%	29,851,353	= 0.61%	25,658,077	= 0.83%

Debt servicing costs refer to the payment of interest on loan borrowings, finance lease, and bank overdraft. The ratio expresses the amount of interest paid as a percentage of Council's total revenue.

(b) Debt commitment ratio (to identify Council's debt redemption strategy)						
<u>Debt servicing & redemption costs</u>	681,441		621,412		632,506	
Rate revenue	13,990,810	= 4.87%	12,960,775	= 4.79%	11,929,899	= 5.30%

The strategy involves the payment of loan principal and interest, finance lease principal and interest. The ratio expresses the percentage of rate revenue utilised to pay interest and redeem debt principal.

(c) Revenue ratio (to identify Council's dependence on non-rate income)						
<u>Rate revenue</u>	13,990,810		12,960,775		11,929,899	
Total revenue	25,264,219	= 55.38%	29,851,353	= 43.42%	25,658,077	= 46.50%

The level of Council's reliance on rate revenue is determined by assessing rate revenue as a proportion of the total revenue of Council.

(d) Debt exposure ratio (to identify Council's exposure to debt)						
<u>Total indebtedness</u>	6,829,479		9,380,797		7,502,243	
Total realisable assets	70,601,306	= 9.67%	70,748,683	= 13.26%	68,654,850	= 10.93%

For the purpose of the calculation of financial ratios, realisable assets are those assets which can be sold and which are not subject to any restriction on realisation or use.

Any liability represented by a restricted asset (note 30) is excluded from total indebtedness.

The following assets are excluded from total assets when calculating Council's realisable assets:

land and buildings on Crown land; restricted assets; heritage assets; total infrastructure assets; and Council's investment in associate.

This ratio enables assessment of Council's solvency and exposure to debt. Total indebtedness refers to the total liabilities of Council. Total liabilities are compared to total realisable assets which are all Council assets not subject to any restriction and are able to be realised. The ratio expresses the percentage of total liabilities for each dollar of realisable assets.

Note 40 Financial ratios (Performance indicators) (cont.)	2013 \$'000	2013 (%)	2012 \$'000	2012 (%)	2011 \$'000	2011 (%)
(e) Working capital ratio (to assess Council's ability to meet current commitments)						
<u>Current assets</u>	8,954,107		10,329,359		7,845,650	
Current liabilities	4,231,880	= 211.59%	4,960,247	= 208.24%	5,731,986	= 136.87%

The ratio expresses the level of current assets the Council has available to meet its current liabilities.

(f) Adjusted working capital ratio (to assess Council's ability to meet current commitments)						
<u>Current assets</u>	8,954,107		10,329,359		7,845,650	
Current liabilities	3,094,301	= 289.37%	3,757,354	= 274.91%	4,881,755	= 160.71%

The ratio expresses the level of current assets the Council has available to meet its current liabilities.

Current liabilities have been reduced to reflect the long service leave that is shown as a current liability because Council does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date, but is not likely to fall due within 12 months after the end of the period.

	Note	2013 \$	2012 \$
Note 41 Capital expenditure			
Capital expenditure areas			
Roads		3,806,589	4,318,074
Bridges and Culverts		378,046	133,560
Drainage		174,398	76,751
Parks, open space and streetscapes		107,798	-
Buildings		458,004	283,752
Plant and equipment		885,764	938,550
Furniture and Equipment		288,688	256,805
Other Community Infrastructure Assets		-	437,329
Other Works In Progress		243,775	449,991
Total capital works		6,343,062	6,894,812
Represented by:			
Renewal of infrastructure	(a)	4,114,237	4,217,528
Renewal of Buildings	(a)	57,575	96,723
Upgrade of infrastructure	(b)	206,198	670,621
New Community Infrastructure Assets		96,672	406,300
Renewal Community Infrastructure Assets		-	31,029
Upgrade of buildings	(b)	56,002	21,773
Renewal plant and equipment		885,763	938,550
New infrastructure		268,870	68,457
New buildings		367,057	187,029
New plant and equipment		288,688	256,802
Total capital works		6,343,062	6,894,812

Property, plant and equipment, infrastructure movement

The movement between the previous year and the current year in property, plant and equipment, infrastructure as shown in the Balance Sheet links to the net of the following items:

Total capital works		6,343,062	6,894,812
Contributions - non-monetary assets	6(b)	-	1,873,728
Asset revaluation movement	26(a)	3,280,891	21,570,608
Depreciation/amortisation	12	(4,533,994)	(4,384,473)
Written down value of assets sold	21	(1,151,104)	(267,802)
Net movement in property, plant and equipment, infrastructure	21	3,938,855	25,686,873

(a) Renewal

Expenditure on an existing asset which returns the service potential or the life of the asset up to that which it had originally. It is periodically required expenditure, relatively large (material) in value compared with the value of the components or sub-components of the asset being renewed. As it reinstates existing service potential, it has no impact on revenue, but may reduce future operating and maintenance expenditure if completed at the optimum time.

(b) Upgrade

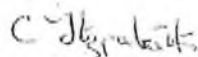
Expenditure which enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally. Upgrade expenditure is discretionary and often does not result in additional revenue unless direct user charges apply. It will increase operating and maintenance expenditure in the future because of the increase in the council's asset base.

(c) Expansion

Expenditure which extends an existing asset, at the same standard as is currently enjoyed by residents, to a new group of users. It is discretionary expenditure which increases future operating and maintenance costs, because it increases council's asset base, but may be associated with additional revenue from the new user group.

Certification of the Financial Report

In my opinion the accompanying financial statements have been prepared in accordance with the *Local Government Act 1989*, the *Local Government (Finance and Reporting) Regulations 2004*, Australian Accounting Standards and other mandatory professional reporting requirements.



C Fitzpatrick CPA
Principal Accounting Officer

Date : 25 September 2013
Shire of Strathbogie Civic Centre - Euroa

In our opinion the accompanying financial statements present fairly the financial transactions of Shire of Strathbogie for the year ended 30 June 2013 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 on 24 September 2013 to certify the financial statements in their final form.

Councillor Debra Swan
Councillor



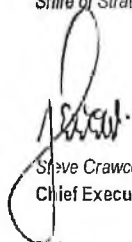
Date : 25 September 2013
Shire of Strathbogie Civic Centre - Euroa

Councillor Colleen Furlanello
Councillor



Date : 25 September 2013
Shire of Strathbogie Civic Centre - Euroa

Steve Crawcour
Chief Executive Officer



Date : 25 September 2013
Shire of Strathbogie Civic Centre - Euroa



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INDEPENDENT AUDITOR'S REPORT

To the Councillors, Strathbogie Shire Council

The Financial Report and Standard Statements

The accompanying financial report for the year ended 30 June 2013 of the Strathbogie Shire Council which comprises comprehensive income statement, balance sheet, statement of changes in equity and cash flow statement, notes comprising a summary of the significant accounting policies and other explanatory information, and the certification of the financial report has been audited.

The accompanying standard statements for the year ended 30 June 2013 of the Council which comprises standard income statement, standard balance sheet, standard cash flow statement and standard statement of capital works, the related notes and the certification of the standard statements have been audited.

The Councillors' Responsibility for the Financial Report and Standard Statements

The Councillors of the Strathbogie Shire Council are responsible for the preparation and the fair presentation of:

- the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*
- the standard statements in accordance with the basis of preparation as described in Note 1 to the statements and the requirements of the *Local Government Act 1989*.

The Councillors are responsible for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial report and standard statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994* and the *Local Government Act 1989*, my responsibility is to express an opinion on the financial report and standard statements based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report and standard statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and standard statements. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report and standard statements, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report and standard statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Councillors, as well as evaluating the overall presentation of the financial report and standard statements.

Independent Auditor's Report (continued)

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

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Opinion

In my opinion:

- (a) the financial report presents fairly, in all material respects, the financial position of the Strathbogie Shire Council as at 30 June 2013 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*
- (b) the standard statements present fairly, in all material respects, in accordance with the basis of preparation as described in Note 1 to the statements and the requirements of the *Local Government Act 1989*.


Basis of Accounting for Standard Statements

Without modifying my opinion, I draw attention to Note 1 to the standard statements, which describes the basis of accounting. The standard statements are prepared to meet the requirements of the *Local Government Act 1989*. As a result, the standard statements may not be suitable for another purpose.

Matters Relating to the Electronic Publication of the Audited Financial Report and Standard Statements

This auditor's report relates to the financial report and standard statements of the Strathbogie Shire Council for the year ended 30 June 2013 included both in the Strathbogie Shire Council's annual report and on the website. The Councillors of the Strathbogie Shire Council are responsible for the integrity of the Strathbogie Shire Council's website. I have not been engaged to report on the integrity of the Strathbogie Shire Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report and standard statements are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and standard statements to confirm the information contained in the website version of the financial report and standard statements.

MELBOURNE
25 September 2013


John Doyle
Auditor-General