

**STRATHBOGIE SHIRE COUNCIL**

**ANNUAL FINANCIAL REPORT**  
*For the Year Ended 30 June 2014*

**Strathbogie Shire Council**  
**Financial Report**  
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## Comprehensive Income Statement For the Year Ended 30 June 2014

	Note	2014 \$	2013 \$
<b>Income</b>			
Rates and charges	2	15,117,739	13,990,810
Statutory fees and fines	3	292,522	273,629
User fees	4	1,276,443	1,317,306
Contributions - cash	6 (a)	80,000	-
Contributions - non-monetary assets	6 (b)	1,198,013	-
Grants - Operating (recurrent)	5	4,164,280	6,032,729
Grants - Operating (non-recurrent)	5	373,600	181,420
Grants - Capital (recurrent)	5	2,543,156	2,049,509
Grants - Capital (non-recurrent)	5	1,001,273	763,778
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	7	(214,592)	(99,531)
Other income	8	655,337	739,091
Share of net profits of associates accounted for by the equity method	15	11,398	15,478
<b>Total income</b>		<b>26,499,169</b>	<b>25,264,219</b>
<b>Expenses</b>			
Employee costs	9	(9,668,390)	(9,133,869)
Materials and services	10	(9,372,211)	(8,647,568)
Bad and doubtful debts	11	(4,155)	(9,245)
Depreciation and amortisation	12	(4,958,973)	(4,533,994)
Borrowing costs	13	(144,711)	(176,076)
Other expenses	14	(270,778)	(258,959)
Written down value of infrastructure renewed	21	(771,295)	(655,001)
<b>Total expenses</b>		<b>(25,190,514)</b>	<b>(23,414,712)</b>
<b>Surplus for the year</b>		<b>1,308,655</b>	<b>1,849,507</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to surplus or deficit in future periods</b>			
Net asset revaluation increment	21	5,787,603	3,280,891
Share of other comprehensive income of associates accounted for by the equity method	15	-	40,548
<b>Total comprehensive result</b>		<b>7,096,258</b>	<b>5,170,946</b>

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

**Balance Sheet  
As at 30 June 2014**

	Note	2014 \$	2013 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	16	9,154,431	7,587,352
Trade and other receivables	17	1,457,817	1,175,144
Inventories	19	9,907	7,208
Other assets	20	123,985	184,403
<b>Total current assets</b>		<b>10,746,140</b>	<b>8,954,107</b>
<b>Non-current assets</b>			
Financial Assets	18	2,032	2,032
Investments in regional library corporation	15	223,650	212,251
Property, infrastructure, plant and equipment	21	233,428,511	225,496,982
<b>Total non-current assets</b>		<b>233,654,193</b>	<b>225,711,265</b>
<b>Total assets</b>		<b>244,400,333</b>	<b>234,665,372</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	22	2,662,191	701,280
Trust funds and deposits	23	480,214	502,818
Provisions	24	2,913,043	2,559,217
Interest-bearing loans and borrowings	25	627,718	468,565
<b>Total current liabilities</b>		<b>6,683,166</b>	<b>4,231,880</b>
<b>Non-current liabilities</b>			
Trust funds and deposits	23	67,980	67,980
Provisions	24	597,297	581,543
Interest-bearing loans and borrowings	25	2,119,739	1,948,076
<b>Total non-current liabilities</b>		<b>2,785,016</b>	<b>2,597,599</b>
<b>Total liabilities</b>		<b>9,468,182</b>	<b>6,829,479</b>
<b>Net Assets</b>		<b>234,932,151</b>	<b>227,835,893</b>
<b>Equity</b>			
Accumulated surplus		74,744,596	73,635,941
Reserves	26	160,187,555	154,199,952
<b>Total Equity</b>		<b>234,932,151</b>	<b>227,835,893</b>

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

**Statement of Changes in Equity  
For the Year Ended 30 June 2014**

	Note	Total 2014 \$	Accumulated Surplus 2014 \$	Revaluation Reserve 2014 \$	Other Reserves 2014 \$
2014					
Balance at beginning of the financial year		227,835,893	73,635,941	153,699,552	500,400
Surplus for the year		1,308,655	1,308,655	-	-
Net asset revaluation increment(decrement)	26(a)	5,787,603	-	5,787,603	-
Transfers to other reserves	26(b)	-	(200,000)	-	200,000
<b>Balance at end of the financial year</b>		<b>234,932,151</b>	<b>74,744,596</b>	<b>159,487,155</b>	<b>700,400</b>

		2013 \$	Accumulated Surplus 2013 \$	Revaluation Reserve 2013 \$	Other Reserves 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		40,548	40,548	-	-
Net asset revaluation increment (decrement)	26(a)	3,280,891	-	3,280,891	-
Transfers to other reserves	26(b)	-	(220,100)	-	220,100
<b>Balance at end of the financial year</b>		<b>227,835,893</b>	<b>73,635,941</b>	<b>153,699,552</b>	<b>500,400</b>

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

**Statement of Cash Flows  
For the Year Ended 30 June 2014**

	2014	2013
	Inflows/ (Outflows)	Inflows/ (Outflows)
Note	\$	\$
<b>Cash flows from operating activities</b>		
Rates and charges	14,959,027	13,988,486
Statutory fees and fines	292,522	273,689
User fees	1,152,483	1,727,545
Contributions	80,000	-
Grants - operating	4,537,880	6,264,149
Grants - capital	3,544,429	2,763,287
Interest	333,851	229,115
Other receipts	321,486	465,292
Net GST refund	1,554,139	1,230,709
Employee costs	(9,298,811)	(10,547,125)
Material and consumables	(8,907,720)	(10,226,420)
Other payments	(274,934)	(284,855)
<b>Net cash provided by (used in) operating activities</b>	<b>27</b> <u>8,294,352</u>	<u>5,883,872</u>
<b>Cash flows from investing activities</b>		
Payments for property, infrastructure, plant and equipment	(7,011,994)	(6,405,458)
Proceeds from sale of property, infrastructure, plant and equipment	121,221	396,572
Net movement in trust funds and deposits	(22,604)	82,879
<b>Net cash provided by (used in) investing activities</b>	<u>(6,913,377)</u>	<u>(5,926,007)</u>
<b>Cash flows from financing activities</b>		
Finance costs	(144,711)	(176,076)
Proceeds from borrowings	800,000	-
Repayment of borrowings	(469,185)	(505,365)
<b>Net cash provided by (used in) financing activities</b>	<u>186,104</u>	<u>(681,441)</u>
Net increase (decrease) in cash and cash equivalents	1,567,079	(723,576)
Cash and cash equivalents at the beginning of the financial year	7,587,352	8,310,928
<b>Cash and cash equivalents at the end of the financial year</b>	<b>28</b> <u>9,154,431</u>	<u>7,587,352</u>
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The above statement of cash flows should be read with the accompanying notes.

## Introduction

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

The following information could also be provided here:

External Auditor - Auditor-General of Victoria

Internal Auditor - AFS and associates

Solicitors - Maddocks Lawyers

Bankers - National Australia Bank

Website address - [www.strathbogrie.vic.gov.au](http://www.strathbogrie.vic.gov.au)

These financial statements are a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, 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 (Planning and Reporting) Regulations 2014.

## 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(k), 1(s), 1(u) and 1(v).

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.

All entities controlled by Council that have material assets or liabilities, such as Special Committees of Management, have been included in these financial statements. All transactions between these entities and the Council have been eliminated in full. Details of entities not included in this financial report are detailed in note 42.

**Note 1 Significant accounting policies (cont.)**

**(b) Change in accounting policies**

*AASB 13 Fair Value Measurement*

Council has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements. The fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other A-IFRS require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of AASB 2 Share-based Payment, leasing transactions that are within the scope of AASB 17 Leases, and measurements that have some similarities to fair value but not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

AASB 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, Council has not made any new disclosures required by AASB 13 for the 2013 comparative period.

Other than the additional disclosures, the application of AASB 13 has not had any material impact on the amounts recognised in the financial statements



**Note 1 Significant accounting policies (cont.)**

**(b) Change in accounting policies (cont.)**

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, Council has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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

*AASB 119 Employee benefits*

In the current year, Council has applied AASB 119 Employee Benefits (as revised in 2011) and the related consequential amendments for the first time. AASB 119 changes the definition of short-term employee benefits. These were previously benefits that were due to be settled within twelve months after the end of the reporting period in which the employees render the related service, however, short-term employee benefits are now defined as benefits expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service. As a result, accrued annual leave balances which were previously classified by Council as short-term benefits no longer meet this definition and are now classified as long-term benefits. This has resulted in a change of measurement for that portion of annual leave provision from an undiscounted to discounted basis

This change in classification has not materially altered Council's measurement of the annual leave provision

**Note 1 Significant accounting policies (cont.)**

**(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

*Other Income*

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

**Note 1 Significant accounting policies (cont.)**

**(d) Trade and other receivables and inventories**

*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.

*Inventories*

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.

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

Buildings, land improvements, plant and equipment, infrastructure, heritage assets, 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:

	<b>Period 2014</b>
<b>Property</b>	
Land	
Buildings	
buildings	20 to 120 years
<b>Plant and Equipment</b>	
plant, machinery and equipment	2 to 20 years
furniture and equipment	2 to 10 years
leased furniture and equipment	3 to 5 years
<b>Infrastructure</b>	
Roads	
road pavements - sealed	75 to 110 years
road pavements - unsealed	18 to 25 years
seals	18 to 40 years

**Note 1 Significant accounting policies (cont.)**

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

Bridges	
bridges deck	80 to 120 years
bridges substructure	80 to 120 years
culverts	70 to 100 years
Footpaths and cycleways	20 to 90 years
Drainage	100 years
Kerb and channel	80 years
Community assets	15 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 price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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:

	\$
<b>Property</b>	
Land	10,000
Buildings	5,000
<b>Plant and Equipment</b>	
plant, machinery and equipment	1,000
furniture and equipment	1,000
leased plant and equipment	5,000
<b>Infrastructure</b>	
<b>Roads</b>	
road pavements and seals	5,000
road substructure	5,000
road formation and earthworks	10,000
road kerb, channel and minor culverts	5,000
Bridges	5,000
Major culverts	5,000
Footpaths and 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 Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, are measured at their fair value, being the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. At balance date, the Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date the class of asset was revalued

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 statement of cash flows, 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) 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.)**

**(l) 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).

**(m) Employee costs**

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

**(i) Wages and salaries and annual leave**

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

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

**(ii) Long service leave**

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

Current Liability - unconditional LSL representing 5 years is disclosed as a current liability even when the council does not expect to settle the liability within 12 months because it will not have the unconditional right to defer settlement of the entitlement should an employee take leave within 12 months.

The components of this current liability are measured at :

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

Non-current liability - conditional LSL representing less than 5 years is disclosed as a non - current liability. There is an unconditional right to defer settlement of the entitlement until the employee has completed the requisite years of service.

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

**(iii) Termination benefits**

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The council recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

**(iv) Employee benefits on-costs**

Employee benefits on-costs (workers compensation, superannuation, annual leave and long service leave accrued while on LSL taken in service) are recognised separately from provision for employee benefits.

**(v) Superannuation**

The amount charged to the Comprehensive Income 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.

**Note 1 Significant accounting policies (cont.)**

**(n) 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 7 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.

**(o) 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.

**(p) 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.

**(q) Web site costs**

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

**(r) 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.



**Note 1 Significant accounting policies (cont.)**

**(s) 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.

**(t) Rounding**

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

**(u) 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.

**(v) 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.

**(w) 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 Significant accounting policies (cont.)

(w) Pending Accounting Standards (cont.)

Pronouncement	Summary	Application Date	Impact on Council
AASB 9 Financial Instruments	<p>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.</p> <p>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.</p> <p>The new categories of financial assets are:</p> <ul style="list-style-type: none"> <li>• Amortised cost – those assets with 'basic' loan features'.</li> <li>• Fair value through other comprehensive income – this treatment is optional for equity instruments not held for trading (this choice is made at initial recognition and is irrevocable).</li> <li>• Fair Value through profit and Loss – everything that does not fall into the above two categories.</li> </ul> <p>The following changes also apply:</p> <ul style="list-style-type: none"> <li>• Investments in unquoted equity instruments must be measured at fair value. However, cost may be the appropriate measure of fair value where there is insufficient more recent information available to determine a fair value.</li> <li>• There is no longer any requirement to consider whether 'significant or prolonged' decline in the value of financial assets has occurred. The only impairment testing will be on those assets held at amortised cost, and all impairments will be eligible for reversal.</li> </ul> <p>Similarly, all movements in the fair value of a financial asset now go to the income statement, or, for equity instruments not held for trading, other comprehensive income. There is no longer any requirement to book decrements through the income statement, and increments through equity.</p>	1-Jul-15	<p>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.</p> <p>This will also create a requirement to measure some instruments annually that has not previously existed.</p>
AASB 12 Disclosure of Interests in Other Entities	<p>This Standard requires disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the financial statements. This Standard replaces the disclosure requirements in AASB 127 Separate Financial Statements and AASB 132 Interests in Joint Ventures.</p> <p>The exposure draft ED 238 proposes to add some implementation guidance to AASB 12, explaining and illustrating the definition of a 'structured entity' from a not-for-profit perspective.</p>	1-Jul-14	<p>Impacts on the level and nature of the disclosures will be assessed based on the eventual implications arising from AASB 10, AASB 11 and AASB 128 Investments in Associates and Joint Ventures.</p>
AASB 128 Investments in Associates and Joint Ventures	<p>This revised Standard sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.</p>	1-Jul-14	<p>The impact of this standard will need to be assessed in line with the final deliberations by the AASB on the application of this standard to not for profit entities.</p>

	2014	2013
	\$	\$
<b>Note 2 Rates and charges</b>		
<p>Council uses capital improved value (CIV) 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 2013/14 was \$2,453 million (2012/13 \$2,418 million). The 2013/2014 rate in the CIV dollar was 0.00504 (2012/2013, 0.0051).</p>		
Residential	5,473,089	4,986,599
Commercial/Industrial	577,010	473,821
Farm	5,502,771	5,144,957
Municipal charge	1,715,463	1,675,675
Garbage and recycling charges	1,871,975	1,756,330
Discount on rates	(43,525)	(42,856)
Supplementary rates and rate adjustments	20,956	(3,716)
	<u>15,117,739</u>	<u>13,990,810</u>

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2014, and the valuation will be first applied in the rating year commencing 1 July 2014.

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

**Note 3 Statutory fees and fines**

Building fees	36,598	31,545
Planning fees	84,636	86,667
Health registrations	66,794	53,795
Animal registrations	91,995	89,023
Land information certificates	12,499	12,599
	<u>292,522</u>	<u>273,629</u>

**Note 4 User fees**

Community services including home care	293,789	391,581
Meals on wheels	37,993	86,708
Tip fees	87,813	78,831
Nagambie Lakes Events	51,840	48,731
Saleyard operations revenue	201,713	213,273
Swimming Pools revenue	7,662	8,650
Contributions to projects	178,360	174,131
Fire Service Levy - financial support	58,332	34,818
Other user charges and contributions	358,941	280,581
	<u>1,276,443</u>	<u>1,317,306</u>

**Ageing analysis of contractual receivables**

Please refer to table in Note 35 entitled Ageing of Trade and Other Receivables for the ageing analysis of contractual receivables.

	2014	2013
	\$	\$
<b>Note 5 Grants</b>		
Grants were received in respect of the following :		
<b>Summary of grants</b>		
Federally funded grants	1,172,325	986,746
State funded grants	6,909,984	8,040,689
<b>Total</b>	<b>8,082,309</b>	<b>9,027,435</b>
<b>Operating - recurrent</b>		
Beach Cleaning Subsidy	3,526	2,664
Children's Week Program	500	500
Commonwealth Roads of Access	38,241	37,163
Youth Programs	36,600	36,915
Fire Access Roads	30,092	-
Freeza	24,500	30,334
Grants Commission	1,429,465	2,598,589
Home Care Subsidies	887,354	783,690
Local Roads	1,069,715	1,947,150
Maternal & Child Health Enhanced Services	50,638	52,011
Maternal Child Health	53,947	48,571
Meals on Wheels	37,571	18,260
Median Strip Subsidy	13,280	-
Municipal Emergency Resourcing Program	120,000	120,000
Municipal Planning Early Years	-	10,000
National Youth Week	2,000	2,000
Pests and Plants Program	48,949	48,949
Planned Activity Group	48,320	47,367
Regional Victorian Living Expo 2012	10,000	10,000
School Crossing Supervisor	16,010	11,082
Senior Citizens Subsidies	32,210	22,507
State Emergency Services	12,853	12,539
Training Grants and Subsidies	30,000	18,955
Tobacco Compliance	5,000	5,513
Veterans Affairs Home Care	59,928	65,889
Volunteer Coordination	76,581	75,080
Vic Roads L2P Funding	27,000	27,000
<b>Total Operating - Recurrent</b>	<b>4,164,280</b>	<b>6,032,729</b>
<b>Capital - recurrent</b>		
Boating Safety & Facilities	-	12,075
Local Government Infrastructure Program 2011-15	469,000	153,740
Roads To Recovery	1,074,156	883,694
State Government Roads & Bridges Funding	1,000,000	1,000,000
<b>Total Capital - recurrent</b>	<b>2,543,156</b>	<b>2,049,509</b>
<b>Total Recurrent</b>	<b>6,707,436</b>	<b>8,082,238</b>

	2014	2013
	\$	\$
<b>Note 5 Grants (cont)</b>		
<b>Operating - non-recurrent</b>		
Destination Planning for the Goulburn River Valley Region	-	59,920
Avenel Recreation Reserve Stage 1	105,000	-
Euroa Memorial Oval Stage 1	155,000	-
Memorial Park Redevelopment Project	60,000	-
Heritage Study	16,000	-
Nagambie Welcomes Canoe Polo	21,600	-
Repositioning Nagambie Post Bypass	7,500	67,500
Shirewide Economic Development Strategy	8,500	54,000
<b>Total Operating - non-recurrent</b>	<b>373,600</b>	<b>181,420</b>
<b>Capital - non-recurrent</b>		
Avenel Recreation Reserve Stage 1	-	75,000
Euroa Caravan Park Bridge Reconstruction	-	54,840
Fire Restoration Work Boho Fires	-	53,958
Creightons Creek Road / AIDF Grant	-	400,000
Longwood Netball Court Reconstruction	-	2,440
Natural Disaster Relief Funding - (2010 Floods)	-	95,723
Violet Town Floodplain Management Study	-	28,350
Violet Town Tennis Court Resurfacing	-	3,467
HACC - Minor Capital	15,080	50,000
Natural Disaster Relief Funding - (2012 Floods)	910,606	-
Black Caviar Statue	50,000	-
LGEEP - Hall Hot Water Systems	15,587	-
Violet Town Railway station - Pedestrian & Cycling Project	10,000	-
<b>Total Capital - non-recurrent</b>	<b>1,001,273</b>	<b>763,778</b>
<b>Total non-recurrent</b>	<b>1,374,873</b>	<b>945,198</b>
<b>Conditions on grants</b>		
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 - Minor Capital	15,080	50,000
Euroa Memorial Oval - Stage 1	150,828	-
HACC - Access and Support	-	19,859
HACC - Allied Health:Occupational Therapy	-	12,378
HACC - Wayfinding Transport Connections Project	-	56,136
Boating Safety and Facilities Grant	-	5,035
Destination Planning for the Goulburn River Valley Region	-	59,920
	<b>165,908</b>	<b>203,328</b>
Grants which were recognised as revenue in prior years and were expended during the		
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 Region	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
	<b>203,328</b>	<b>911,678</b>
<b>Net increase (decrease) in restricted assets resulting from grant revenues for the year:</b>	<b>(37,420)</b>	<b>(708,350)</b>

	2014	2013
	\$	\$
<b>Note 6 Contributions</b>		
<b>(a) Cash</b>		
Recreational, leisure and community facilities	20,000	-
Shared Services Projects	60,000	-
	<u>80,000</u>	<u>-</u>
<b>(b) Non-monetary assets</b>		
Roads	484,648	-
Footpaths	234,805	-
Kerb and channel	178,560	-
Recreational, leisure and community facilities	300,000	-
	<u>1,198,013</u>	<u>-</u>
<b>Total contributions</b>	<u>1,278,013</u>	<u>-</u>
<b>Note 7 Net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>		
Proceeds of sale	121,221	396,572
Write down value of assets disposed	(335,813)	(496,103)
<b>Total</b>	<u>(214,592)</u>	<u>(99,531)</u>
<b>Note 8 Other income</b>		
Interest	333,851	316,038
Interest on rates	74,789	64,272
Diesel rebate	42,582	27,188
Insurance recoveries	204,115	137,981
Other	-	193,612
<b>Total other income</b>	<u>655,337</u>	<u>739,091</u>
<b>Note 9 Employee costs</b>		
Wages and salaries	7,411,475	6,820,190
WorkCover	202,427	163,210
Annual leave and long service leave	970,153	815,638
Superannuation	694,603	695,229
Fringe benefits tax	154,047	86,702
Redundancy	235,686	552,900
<b>Total employee costs</b>	<u>9,668,390</u>	<u>9,133,869</u>

	2014 \$	2013 \$
<b>Note 10 Materials and services</b>		
Printing and stationery	147,943	135,871
Telecommunications	120,867	105,913
Postage	33,005	27,723
Revaluation	57,200	53,137
Information technology	564,600	572,447
Maternal child health	15,229	21,285
Youth services	62,052	80,163
Meals on wheels	75,155	108,178
Libraries	241,940	273,044
Cinema operations	28,341	26,670
Planning including legal fees	264,140	303,495
Economic development	413,651	288,343
Strategic projects	260,897	193,119
Garbage, recycling and landfill operations	1,185,006	821,912
Swimming pools	314,548	303,583
Road and bridge, parks and reserves maintenance	2,464,665	2,394,160
Lighting and Power	299,123	279,589
Aged, disability, community care and support packages	110,871	178,870
Community Grants	141,149	125,479
Saleyards and truckwash	97,120	116,781
Building Maintenance	243,701	267,808
Insurance	317,734	297,733
Emergency Services	230,544	200,120
Contract labour and recruitment	128,134	-
Conferences, professional development & staff training	232,023	167,992
Compliance operations including boating safety	269,165	282,206
Asset condition assessments	117,705	85,435
Environmental Health	131,957	133,001
Other contract payments materials and services	803,746	803,511
<b>Total materials and services</b>	<b>9,372,211</b>	<b>8,647,568</b>
<b>Note 11 Bad and doubtful debts</b>		
Other debtors	4,155	9,245
<b>Total bad and doubtful debts</b>	<b>4,155</b>	<b>9,245</b>
<b>Note 12 Depreciation and amortisation</b>		
<b>Property</b>		
Buildings	771,721	711,895
<b>Plant and Equipment</b>		
Plant, machinery and equipment	551,815	560,294
Furniture and equipment	295,195	203,511
Leased plant and equipment	20,865	20,808
<b>Infrastructure</b>		
Roads	2,423,342	2,231,868
Bridges	372,693	366,571
Major culverts	141,739	95,306
Footpaths and cycleways	53,518	20,984
Drainage	103,046	101,761
Kerb and channel	98,921	95,598
Other community assets	126,118	125,398
<b>Total depreciation and amortisation</b>	<b>4,958,973</b>	<b>4,533,994</b>

	2014	2013
	\$	\$
<b>Note 13 Borrowing costs</b>		
Interest - Borrowings	140,514	170,182
Interest - Finance leases	4,197	5,894
	<u>144,711</u>	<u>176,076</u>
<b>Note 14 Other expenses</b>		
Auditors' remuneration	89,426	60,623
Councillors' allowances	151,018	134,846
Other Councillors expenses	30,334	34,106
Other Expenses	-	29,384
<b>Total other expenses</b>	<u>270,778</u>	<u>258,959</u>
<b>Note 15 Investment in associates</b>		
Investments in associates accounted for by the equity method are:		
<b>Goulburn Valley Regional Library Corporation</b>		
Council has a 9.87% (previously 9.87%) share in the Goulburn Valley Regional Library Corporation.		
<b>Council's share of accumulated surplus(deficit)</b>		
Council's share of accumulated surplus(deficit) at start of year	212,252	156,226
Reported surplus(deficit) for year	11,398	15,478
Other comprehensive income for the year	-	40,548
Council's share of accumulated surplus(deficit) at end of year	<u>223,650</u>	<u>212,252</u>
<b>Carrying value of specific investment</b>		
Current Assets	131,330	112,773
Non Current Assets	171,613	182,258
Current Liabilities	(67,772)	(68,552)
Non Current Liabilities	(11,522)	(14,227)
Carrying value of investment at end of year	<u>223,649</u>	<u>212,252</u>
<b>Council's share of finance lease commitments</b>		
Not later than one year	685	3,192
Later than one year and not later than five years	-	1,274
	<u>685</u>	<u>4,466</u>



	2014	2013
	\$	\$
<b>Note 16 Cash and cash equivalents</b>		
Cash on hand	1,405	1,320
Cash at bank	2,553,026	386,032
Term deposits	6,600,000	7,200,000
	<u>9,154,431</u>	<u>7,587,352</u>
Users of the financial reports should refer to Note 30 for details of restrictions on cash assets.		
<b>Note 17 Trade and other receivables</b>		
<b>Current</b>		
Rates debtors	988,524	829,812
Net GST receivable	269,055	137,266
Other debtors	220,536	228,364
Provision for doubtful debts - other debtors	(20,298)	(20,298)
	<u>1,457,817</u>	<u>1,175,144</u>
<b>Note 18 Financial assets</b>		
MAV Purchasing Scheme	<u>2,032</u>	<u>2,032</u>
<b>Note 19 Inventories</b>		
Inventories held for distribution	<u>9,907</u>	<u>7,208</u>
<b>Note 20 Other assets</b>		
Prepayments	79,684	80,313
Accrued income	44,301	104,090
	<u>123,985</u>	<u>184,403</u>

	2014	2013
	\$	\$
<b>Note 21 Property, infrastructure, plant and equipment</b>		
<b>Summary</b>		
at cost	21,657,174	17,460,790
Less accumulated depreciation	5,751,368	4,837,131
	<u>15,905,806</u>	<u>12,623,659</u>
at fair value as at 30 June 2014	319,719,366	311,837,047
Less accumulated depreciation	102,929,404	98,963,724
	<u>216,789,962</u>	<u>212,873,323</u>
<b>Total</b>	<u>232,695,768</u>	<u>225,496,982</u>
<b>Property</b>		
<b>Land</b>		
at cost	-	94,312
at fair value as at 30 June 2011 (i)	-	26,199,000
at fair value as at 30 June 2014 (ii)	29,012,722	-
<b>Total Land</b>	<u>29,012,722</u>	<u>26,293,312</u>
<b>Buildings</b>		
at cost	-	958,379
Less accumulated depreciation	-	26,757
	-	<u>931,622</u>
at fair value as at 30 June 2011 (i)	-	54,716,320
at fair value as at 30 June 2014 (ii)	60,629,108	-
Less accumulated depreciation	25,666,877	23,725,807
	<u>34,962,231</u>	<u>30,990,513</u>
<b>Total Buildings</b>	<u>34,962,231</u>	<u>31,922,135</u>
<b>Total Property</b>	<u>63,974,953</u>	<u>58,215,447</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.

(ii) Valuation of land and buildings at fair value at 30 June 2014 were undertaken by a qualified independent valuer include by Marcus Hann AAPI, an independent Certified Practising Valuer. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

#### Fair Value Measurement hierarchy for assets as at 30 June 2014

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2014 are as follows:

	Level 1	Level 2	Level 3
	\$ '000	\$ '000	\$ '000
Land & improvements – non specialised		6,092	-
Land & improvements – specialised		-	22,941
Buildings – non specialised		1,850	-
Buildings - specialised		-	33,112
<b>Total</b>		<b>7,922</b>	<b>56,053</b>

#### Valuation Basis

##### Non-Specialised Land, Non-Specialised Buildings

Non-specialised land and non-specialised buildings are valued using the market based direct comparison method. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value.

For non-specialised land and non-specialised buildings, a valuation was performed during the year as detailed above. These assets are classified as level 2 under the market based direct comparison approach.

##### Specialised Land and Specialised Buildings

The market based direct comparison method is also used for specialised land although is adjusted to reflect the specialised nature of the assets being valued. For Council specialised buildings, the depreciated replacement cost method is used, adjusting for the associated depreciations. Specialised assets contain significant, unobservable adjustments, therefore these assets are classified as Level 3 fair value measurements.

An adjustment is made to reflect a restriction on the sale or use of an asset by Council. The adjustment is an allowance made to reflect the difference in value between unrestricted assets and those held by the Council which are impacted by external restraints on their use.

Valuation of Council's specialised land and specialised buildings was performed by Marcus Hann AAPI, an independent Certified Practising Valuer. The valuation was performed using either the market based direct comparison method or depreciated replacement cost, adjusted for restrictions in use. The effective date of the valuation is 30 June 2014.

	2014	2013
	\$	\$
<b>Note 21 Property, infrastructure, plant and equipment (cont)</b>		
<b>Plant and Equipment</b>		
Plant, machinery and equipment at cost	5,544,026	5,588,934
Less accumulated depreciation	<u>3,362,038</u>	<u>3,075,162</u>
	<u>2,181,988</u>	<u>2,513,772</u>
<b>Fixtures, fittings and furniture</b>		
at cost	2,371,255	2,017,779
Less accumulated depreciation	<u>1,747,113</u>	<u>1,457,718</u>
	<u>624,142</u>	<u>560,061</u>
<b>Leased</b>		
at cost	61,367	61,367
Less accumulated depreciation	<u>43,383</u>	<u>22,518</u>
	<u>17,984</u>	<u>38,849</u>
<b>Total Plant and Equipment</b>	<u>2,804,114</u>	<u>3,112,682</u>

	2014	2013
	\$	\$
<b>Note 21 Property, infrastructure, plant and equipment (cont)</b>		
<b>Infrastructure</b>		
<b>Roads</b>		
at cost	7,315,397	3,806,589
Less accumulated depreciation	190,329	-
	<u>7,125,068</u>	<u>3,806,589</u>
at fair value as at 30 June 2012 (iv)	163,667,197	164,924,753
Less accumulated depreciation	52,966,695	51,704,592
	<u>110,700,502</u>	<u>113,220,161</u>
<b>Bridges</b>		
at cost	1,387,728	523,175
Less accumulated depreciation	3,481	3,481
	<u>1,384,247</u>	<u>519,694</u>
at fair value as at 30 June 2012 (iv)	34,447,501	34,447,501
Less accumulated depreciation	12,486,930	12,114,237
	<u>21,960,571</u>	<u>22,333,264</u>
<b>Major culverts</b>		
at cost	45,529	-
Less accumulated depreciation	455	-
	<u>45,074</u>	<u>-</u>
at fair value as at 30 June 2013 (v)	13,845,874	13,845,874
Less accumulated depreciation	5,084,098	4,942,814
	<u>8,761,776</u>	<u>8,903,060</u>
<b>Footpaths and cycleways</b>		
at cost	328,931	205,168
Less accumulated depreciation	5,810	1,774
	<u>323,121</u>	<u>203,394</u>
at fair value as at 30 June 2012 (iv)	2,155,785	1,920,980
Less accumulated depreciation	904,971	855,489
	<u>1,250,814</u>	<u>1,065,491</u>
<b>Drainage</b>		
at cost	398,806	257,211
Less accumulated depreciation	4,017	1,444
	<u>394,789</u>	<u>255,767</u>
at fair value as at 30 June 2011 (iii)	10,047,397	10,047,397
Less accumulated depreciation	3,320,711	3,220,237
	<u>6,726,686</u>	<u>6,827,160</u>
<b>Kerb and channel</b>		
at cost	86,660	30,425
Less accumulated depreciation	347	-
	<u>86,313</u>	<u>30,425</u>
at fair value as at 30 June 2012 (iv)	5,913,782	5,735,222
Less accumulated depreciation	2,499,122	2,400,548
	<u>3,414,660</u>	<u>3,334,674</u>
<b>Other community infrastructure assets</b>		
at cost	4,117,475	3,673,676
Less accumulated depreciation	374,395	248,277
	<u>3,743,080</u>	<u>3,425,399</u>
<b>Total Infrastructure</b>	<u>165,916,701</u>	<u>163,925,078</u>
<b>Works in progress</b>		
Land Improvements	325,559	-
Buildings	3,801	24,630
Flood mitigation	272,286	122,473
Other community infrastructure assets	131,097	96,672
<b>Total Works in progress</b>	<u>732,743</u>	<u>243,775</u>
<b>Total property, infrastructure, plant and equipment</b>	<u>233,428,511</u>	<u>225,496,982</u>

(iii) Valuation of infrastructure 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.

(v) 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 infrastructure assets 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.

(vi) Fair value assessments have been performed at 30 June 2014 for Infrastructure. This assessment demonstrated that fair value was materially similar to carrying value, and therefore a full revaluation was not required this year. The next scheduled full revaluation for this purpose will be conducted in 2014 - 2015.

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

Details of the Council's infrastructure and information about the fair value hierarchy (vi) as at 30 June 2014 are as follows:

	Level 1 \$ '000	Level 2 \$ '000	Level 3 \$ '000
Roads	-	-	110,701
Bridges	-	-	21,961
Major Culverts	-	-	8,762
Footpaths and Cycleways	-	-	1,251
Drainage	-	-	6,727
Kerbs and channels	-	-	3,415
<b>Total</b>	-	-	<b>152,817</b>

No transfers between levels occurred during the year.

Valuation basis

Infrastructure is valued using the depreciated replacement cost method. This cost represents the replacement cost of the building/component after applying depreciation rates on a useful life basis. Replacement costs relate to costs to replace the property to an "as new" standard. Economic obsolescence has also been factored into the depreciated replacement cost calculation.

Where it has not been possible to examine hidden works such as structural frames and floors, the use of reasonable materials and methods of construction have been assumed bearing in mind the age and nature of the building. The estimated cost of reconstruction including structure services and finishes, also factors in any heritage classifications as applicable. Infrastructure assets contain significant unobservable adjustments, therefore these assets are classified as Level 3.

There were no changes in valuation techniques throughout the period to 30 June 2014.

For all assets measured at fair value, the current use is considered the highest and best use.

Reconciliation of Level 3 Fair Value

	Land - specialised \$	Buildings & Improvements - specialised \$	Roads \$	Bridges \$	Major Culverts \$	Footpaths and Cycleways \$	Drainage \$	Kerbs and channels \$	Total \$
Opening balance	20,701,507	30,159,932	113,220,161	22,333,264	8,903,060	1,065,491	6,827,160	3,334,674	208,545,249
Depreciation	-	(738,469)	(2,233,012)	(372,693)	(141,284)	(49,482)	(100,474)	(58,574)	(3,733,988)
Impairment Loss	-	-	(771,295)	-	-	-	-	-	(771,295)
Revaluation	2,118,036	3,069,015	-	-	-	-	-	-	5,187,052
Acquisition ( Disposal)	121,565	602,158	-	-	-	-	-	-	723,723
Transfers	-	19,900	-	-	-	-	-	-	19,900
Contributions	-	-	484,848	-	-	234,805	-	178,560	898,013
<b>Closing balance</b>	<b>22,941,108</b>	<b>33,112,536</b>	<b>110,700,502</b>	<b>21,960,571</b>	<b>8,761,776</b>	<b>1,250,814</b>	<b>6,726,686</b>	<b>3,414,660</b>	<b>208,868,654</b>

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

Description of significant unobservable inputs to Level 3 valuations

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs (Level 3 Only)
<b>Specialised land</b>	Market based direct comparison approach	Extent and impact of restriction of use	Up to 90% in case of land under roads. Standard allowance is 50% for public lands from adjoining freehold base land values for residential and commercial properties.	increase or decrease in the extent of restriction would result in a significantly lower or higher fair value.
<b>Specialised buildings</b>	Depreciated replacement cost	Direct cost per square metre	\$200 - \$3,000	A significant increase or decrease in direct cost per square metre adjustment would result in a significantly higher or lower fair value.
		Useful life of specialised buildings by component	20 -120 Years (74.57 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
<b>Roads</b>	Depreciated replacement cost	Average cost per square metre	Sealed Road Pavement - \$25.04 Unsealed Road Pavement - \$2.51 Sealed Road Surface - \$4.31 Unsealed Road Formation - \$1.72 Sealed Road Formation - \$2.99	A significant increase or decrease in cost per square metre would result in a significantly higher or lower fair value.
		Useful life of the road, infrastructure and earthworks	Sealed Road Pavement - 75-110 years (92.5 years) Unsealed Road Pavement - 18-25 years (21.5 years) Sealed Road Surface - 18-40 years (22.7 years) Unsealed Road Formation - 25-35 years (34.1 years) Sealed Road Formation - 25-35 years (34.1 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
<b>Footpath &amp; Cycleways</b>	Depreciated replacement cost	Average cost per square metre	\$43.01	A significant increase or decrease in cost per square metre would result in a significantly higher or lower fair value
		Useful life of the Footpath & Cycleways	20-90 years (46.25 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
<b>Kerb &amp; channel</b>	Depreciated replacement cost	Average cost per square metre	\$78.22	A significant increase or decrease in cost per square metre would result in a significantly higher or lower fair value
		Useful life of the Kerb and channel infrastructure and earthworks	80 years (80 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
<b>Drainage</b>	Depreciated replacement cost	Average cost per metre/cost per unit	Drainage pipes - \$252.61 Drainage pits - \$1,472.83	A significant increase or decrease in cost per metre/ cost per unit would result in a significantly higher or lower fair value.
		Useful life of the drain, pit or gross pollutant trap, infrastructure and earthworks	Drainage Pipes & Pits - 100 years (100 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
<b>Bridges</b>	Depreciated replacement cost	Average cost per square metre	\$2,099.95	A significant increase or decrease in cost per square metre would result in a significantly higher or lower fair value
		Useful life of the bridge, infrastructure and earthworks	80-120 years (100 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
<b>Major culverts</b>	Depreciated replacement cost	Average cost per square metre	\$1,081.20	A significant increase or decrease in cost per square metre would result in a significantly higher or lower fair value
		Useful life of major culverts	70-100 years (85 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.

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

2014	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
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Property</b>									
land	26,293,312	245,565	2,597,845	-	124,000	-	-	-	29,012,722
Total land	26,293,312	245,565	2,597,845	-	124,000	-	-	-	29,012,722
buildings	31,922,135	711,001	3,189,758	771,721	108,843	-	-	19,900	34,962,231
Total buildings	31,922,135	711,001	3,189,758	771,721	108,843	-	-	19,900	34,962,231
Total property	58,215,447	956,566	5,787,603	771,721	232,843	-	-	19,900	63,974,953
<b>Plant and Equipment</b>									
plant, machinery and equipment	2,513,771	303,002	-	551,815	102,970	-	-	-	2,161,988
fixtures, fittings and furniture	560,061	359,276	-	295,195	-	-	-	-	624,142
leased plant and equipment	38,849	-	-	20,865	-	-	-	-	17,984
Total plant and equipment	3,112,681	662,278	-	867,875	102,970	-	-	-	2,804,114
<b>Infrastructure</b>									
roads	117,026,750	3,508,809	-	2,423,342	-	771,295	484,648	-	117,825,570
bridges	22,852,958	864,553	-	372,693	-	-	-	-	23,344,818
major culverts	8,903,060	45,529	-	141,739	-	-	-	-	8,806,850
footpaths and cycleways	1,268,885	123,763	-	53,518	-	-	234,805	-	1,573,935
drainage	7,082,927	141,594	-	103,046	-	-	-	-	7,121,475
kerb and channel	3,365,100	56,234	-	98,921	-	-	178,560	-	3,500,973
community infrastructure assets	3,425,399	139,069	-	126,118	-	-	300,000	4,730	3,743,080
Total infrastructure	163,925,079	4,879,551	-	3,319,377	-	771,295	1,198,013	4,730	165,916,701
<b>Works in progress</b>									
land improvements at cost	122,473	475,372	-	-	-	-	-	-	597,845
buildings	24,630	3,801	-	-	-	-	-	(24,630)	3,801
community infrastructure assets	96,672	34,425	-	-	-	-	-	-	131,097
Total works in progress	243,775	513,598	-	-	-	-	-	(24,630)	732,743
<b>Total property, plant and equipment, infrastructure</b>	<b>225,496,982</b>	<b>7,011,993</b>	<b>5,787,603</b>	<b>4,958,973</b>	<b>335,813</b>	<b>771,295</b>	<b>1,198,013</b>	<b>-</b>	<b>233,428,511</b>

(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, plant and equipment, infrastructure (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
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Property</b>								
land	26,274,000	19,312	0	0	0	0	0	26,293,312
Total land	26,274,000	19,312	0	0	0	0	0	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
<b>Plant and Equipment</b>								
plant, machinery and equipment	2,454,869	885,764	-	(560,294)	(266,567)	-	-	2,513,772
fixtures, fittings and furniture	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
<b>Infrastructure</b>								
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
<b>Works in progress</b>								
land improvements	-	122,473	-	-	-	-	-	122,473
buildings	21,773	24,630	-	-	-	-	(21,773)	24,630
bridges	275,047	-	-	-	-	-	(275,047)	-
footpaths and cycleways	116,682	-	-	-	-	-	(116,682)	-
drainage	6,062	-	-	-	-	-	(6,062)	-
kerb and channel	30,426	-	-	-	-	-	(30,426)	-
other community infrastructure assets	-	96,672	-	-	-	-	-	96,672
Total works in progress	449,990	243,775	-	-	-	-	(449,990)	243,775
<b>Total property, plant and equipment, infrastructure</b>	<b>221,558,127</b>	<b>6,343,062</b>	<b>3,280,891</b>	<b>(4,533,994)</b>	<b>(496,103)</b>	<b>(655,001)</b>	<b>-</b>	<b>225,496,982</b>

(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.



	2014	2013
	\$	\$
<b>Note 22 Trade and other payables</b>		
Trade payables	2,180,213	569,774
Accrued expenses	481,978	131,506
	<u>2,662,191</u>	<u>701,280</u>
 <b>Note 23 Trust funds and deposits</b>		
Refundable building deposits	14,000	19,000
Retention amounts	120,989	159,807
Other refundable deposits	345,225	324,011
	<u>480,214</u>	<u>502,818</u>
 <b>Non Current</b>		
Trust funds bequested	67,980	67,980
	<u>67,980</u>	<u>67,980</u>
<b>Total trust funds and deposits</b>	<u>548,194</u>	<u>570,798</u>

Note 24 Provisions

	Annual leave	Long service leave	Landfill restoration	Other	Total
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
2014					
Balance at beginning of the financial year	878,311	1,325,651	898,083	38,715	3,140,760
Additional provisions	712,324	460,981	185,388	-	1,358,693
Amounts used	(714,323)	(255,830)	-	(18,960)	(989,113)
Balance at the end of the financial year	<u>876,312</u>	<u>1,530,802</u>	<u>1,083,471</u>	<u>19,755</u>	<u>3,510,340</u>
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)
Balance at the end of the financial year	<u>878,311</u>	<u>1,325,651</u>	<u>898,083</u>	<u>38,715</u>	<u>3,140,760</u>

2014	2013
\$'000	\$'000

(a) Employee provisions

Current provisions expected to be settled within 12 months

Annual leave	570,000	714,323
Long service leave	270,000	255,830
Other	19,755	38,715
	<u>859,755</u>	<u>1,008,868</u>

Current provisions expected to be settled after 12 months

Annual leave	306,312	163,988
Long service leave	1,056,976	881,749
	<u>1,363,288</u>	<u>1,045,737</u>
Total Current provisions	<u>2,223,043</u>	<u>2,054,605</u>

Non-current

Long service leave	203,826	188,072
	<u>203,826</u>	<u>188,072</u>

Aggregate carrying amount of employee provisions:

Current	2,223,043	2,054,605
Non-current	203,826	188,072
	<u>2,426,869</u>	<u>2,242,677</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	3.33%	3.51%
Weighted average settlement period	16	16

(b) Land fill restoration

Current	690,000	504,612
Non-current	393,471	393,471
	<u>1,083,471</u>	<u>898,083</u>

Council is obligated to restore the Violet Town landfill site to a particular standard. The site ceased operation in 2010/11 and restoration work is expected to commence shortly. The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

(c) Aggregate amounts of provisions

Current	2,913,043	2,559,217
Non-current	597,297	581,543
	<u>3,510,340</u>	<u>3,140,760</u>

	2014	2013
	\$	\$
<b>Note 25 Interest-bearing loans and borrowings</b>		
<b>Current</b>		
Borrowings - secured *	608,462	447,802
<b>Non-current</b>		
Borrowings - secured *	<u>2,119,739</u>	<u>1,928,821</u>
* Interest Bearing Loans and Borrowings are secured against a charge over Council's Rate Revenue.		
<b>Total</b>	<u>2,728,201</u>	<u>2,376,623</u>
35 (b) The maturity profile for Council's borrowings is:		
Not later than one year	608,462	447,802
Later than one year and not later than five years	1,609,992	1,765,207
Later than five years	509,747	163,614
	<u>2,728,201</u>	<u>2,376,623</u>
<b>Current</b>		
Leases	19,255	20,763
<b>Non- current</b>		
Leases	-	19,255
<b>Total</b>	<u>19,255</u>	<u>40,018</u>
Aggregate carrying amount of interest-bearing loans and borrowings:		
Current	627,717	468,565
Non-current	<u>2,119,739</u>	<u>1,948,076</u>
	<u>2,747,456</u>	<u>2,416,641</u>

Note 26 Reserves

	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
	\$	\$	\$
<b>(a) Asset revaluation reserves</b>			
<b>2014</b>			
<b>Property</b>			
Land	21,668,377	2,597,845	24,266,222
Buildings	29,013,861	3,189,758	32,203,619
	50,682,238	5,787,603	56,469,841
<b>Infrastructure</b>			
Roads	78,385,078	-	78,385,078
Bridges	12,411,174	-	12,411,174
Major culverts	3,965,486	-	3,965,486
Footpaths and cycleways	938,377	-	938,377
Drainage	4,491,417	-	4,491,417
Kerb and channel	2,825,782	-	2,825,782
	103,017,314	-	103,017,314
<b>Total asset revaluation reserves</b>	<b>153,699,552</b>	<b>5,787,603</b>	<b>159,487,155</b>
<b>2013</b>			
<b>Property</b>			
Land	21,668,377	-	21,668,377
Buildings	29,013,861	-	29,013,861
	50,682,238	-	50,682,238
<b>Infrastructure</b>			
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
<b>Total asset revaluation reserves</b>	<b>150,418,661</b>	<b>3,280,891</b>	<b>153,699,552</b>

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

	Balance at beginning of reporting period	Transfer from accumulated surplus	Balance at end of reporting period
	\$	\$	\$
<b>(b) Other reserves</b>			
<b>2014</b>			
Bridge replacement reserve	400,000	200,000	600,000
Open space reserve	100,400	-	100,400
<b>Total Other reserves</b>	<b>500,400</b>	<b>200,000</b>	<b>700,400</b>
<b>2013</b>			
Bridge replacement reserve	200,000	200,000	400,000
Open space reserve	80,300	20,100	100,400
<b>Total Other reserves</b>	<b>280,300</b>	<b>220,100</b>	<b>500,400</b>

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.

	2014	2013
	\$	\$
<b>Note 27 Reconciliation of cash flows from operating activities to surplus (deficit)</b>		
Surplus/(deficit) for the year	1,308,885	1,849,507
Depreciation/amortisation	4,958,973	4,533,994
Profit/(loss) on disposal of property, plant and equipment, infrastructure	214,592	99,531
Finance costs	144,711	176,076
Impairment losses	771,295	655,001
Contributions - non-monetary assets	(1,198,013)	-
Share of net profits of associates accounted for by the equity method	(11,399)	(15,478)
<b>Change in assets and liabilities:</b>		
(Increase)/decrease in trade and other receivables	(282,673)	374,593
Increase/(decrease) in trade and other payables	1,960,911	(1,888,608)
(Increase)/decrease in inventories	(2,699)	110,291
Increase/(Decrease) in provisions	369,580	(177,827)
Increase/(Decrease) in other assets	60,418	166,792
Net cash provided by/(used in) operating activities	<u>8,294,352</u>	<u>5,883,872</u>
<b>Note 28 Reconciliation of cash and cash equivalents</b>		
Cash and cash equivalents (see note 16)	9,154,431	7,587,352
	<u>9,154,431</u>	<u>7,587,352</u>
<b>Note 29 Financing arrangements</b>		
Bank overdraft	1,145,000	1,145,000
Loan facilities	2,227,952	1,803,001
Lease facilities	500,000	500,000
Used facilities	(2,189,264)	(1,757,940)
Unused facilities	<u>1,683,688</u>	<u>1,690,061</u>
<b>Note 30 Restricted assets</b>		
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	100,400
Bridge replacement reserve (note 26)	600,000	400,000
Trust funds and deposits (note 23)	548,194	570,798
Restricted purpose grant monies (note 5)	165,908	203,328
	<u>1,414,502</u>	<u>1,274,526</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 the 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 Income Statement when they are made or due.

**Accumulation**

The Fund's accumulation category, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2014, this was 9.25% required under Superannuation Guarantee legislation). Our commitment to defined contribution plans is limited to making contributions in accordance with our minimum statutory requirements. 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 2014, the Superannuation Guarantee contribution rate is legislated to increase to 9.5%.

**Defined Benefit**

As provided under Paragraph 34 of AASB 119, Council does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a multi-employer sponsored plan.

As a multi-employer sponsored plan, the Fund was established as a mutual scheme to allow for the mobility of the workforce between the participating employers without attaching a specific liability to particular employees and their current employer. Therefore, there is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Council in the Fund cannot be measured as a percentage compared with other participating employer. While there is an agreed methodology to allocate any shortfalls identified by the Fund Actuary for funding purposes, there is no agreed methodology to allocate benefit liabilities, assets and costs between the participating employers for accounting purposes. Therefore, the Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

**Funding arrangements**

Council makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. The Fund's employer funding arrangements comprise of three components (which are detailed below) are:

1. Regular contributions - which are ongoing contributions needed to fund the balance of benefits for current members and pensioners;
2. Funding calls – which are contributions in respect of each participating employer's share of any funding shortfalls that arise; and
3. Retrenchment increments – which are additional contributions to cover the increase in liability arising from retrenchments.

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.

**Employer contributions**

**Regular contributions**

On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 31 December 2011, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2014, this rate was 9.25% of members' salaries. This rate increased to 9.5% on 1 July 2014 and is expected to increase in line with the required Superannuation Guarantee contribution rate.

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).

**Note 31 Superannuation (cont.)**  
**Funding calls**

The Fund is required to comply with the superannuation prudential standards. Under the superannuation prudential standard SPS 160, the Fund is required to target full funding of its vested benefits. There may be circumstances where:

- \* a fund is in an unsatisfactory financial position at an actuarial investigation (i.e. its vested benefit index (VBI) is less than 100% at the date of the actuarial investigation); or
- \* a fund's VBI is below its shortfall limit at any time other than at the date of the actuarial investigations.

If either of the above occur, the fund has a shortfall for the purposes of SPS 160 and the fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. There may be circumstances where the Australian Prudential Regulation Authority (APRA) may approve a period longer than three years.

The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including the Council) are required to make an employer contribution to cover the shortfall. The methodology used to allocate the shortfall was agreed in 1997 to fairly and reasonably apportion the shortfall between the participating employers.

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

The pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund are based on:

- \* The service periods of all active members split between the active members pre-1 July 1993 and post-30 June 1993 service period;
- \* The service periods of all deferred members split between the deferred members pre-1 July 1993 and post-30 June 1993 service period; and
- \* The pensioner (including fixed term pension) liabilities which are allocated to the pre-1993 period.

The pre-1 July 1993 component of the shortfall is apportioned between the participating employers based on the employer's share of the total participating employer payroll at 30 June 1993.

The post-30 June 1993 component of the shortfall is apportioned between the participating employers based on the employer's share of the total participating employer payroll at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up. In the unlikely event that the Fund is wound up and there is a surplus in the Fund, the surplus cannot be applied for the benefit of the defined benefit employers where there are on-going defined benefit obligations. The surplus would be transferred to the fund accepting those defined benefit obligations (including the lifetime pension obligations) of the Fund.

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

**Differences between calculations**

The Fund surplus or deficit (i.e. the difference between fund assets and liabilities) is calculated differently for funding purposes (i.e. calculating required contributions), for the calculation of accrued benefits as required in AAS 25 and for the values needed for the AASB 119 disclosure in the 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.

**Retrenchment increments**

During 2013/14, Strathbogjie Shire Council was not required to make payments to the Fund in respect of retrenchment increments Nil [Nil in 2012/13]. Council's liability to the Fund as at 30 June 2014, for retrenchment increments, accrued interest and tax is Nil (Nil in 2012/13).

**Note 31 Superannuation (cont.)**  
**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.

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. 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).

Strathbogie Shire Council has not been advised of any further adjustments.

**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)	4,642,133
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

The financial assumptions used to calculate the Accrued Benefits for the defined benefit category of the Fund were:

Net Investment Return	7.50% p.a.
Salary Inflation	4.25% p.a.
Price Inflation	2.75% p.a.

The next full actuarial investigation of the Fund's liability for accrued benefits will be based on the Fund's position as at 30 June 2014. The anticipated completion date of this actuarial investigation is 19 December 2014.

**Superannuation contributions**

Contributions by Strathbogie Shire Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2014 are detailed below:

Scheme	Type of scheme	Rate	2014 \$'000	2013 \$'000
Vision Super	Defined benefits	9.25%	66,375	71,648
Vision Super	Accumulation	9.25%	461,879	493,885
Other Funds	Accumulation	9.25%	184,063	183,567

There were \$24,490 contributions outstanding at 30 June 2014.

The expected contributions to be paid to the defined benefit category of Vision Super for the year ending 30 June 2015 is \$83,476.



**Note 32 Commitments**

The Council has entered into the following commitments

2014	Not later than 1	Later than 1 year	Later than 2 years	Later than 5	Total
	year	and not later than 2 years	and not later than 5 years	years	
	\$	\$	\$	\$	\$
<b>Operating</b>					
Environmental Health & Compliance	132,822	137,471			270,293
Audit Services	37,400				37,400
Building (Operational)	384,527				384,527
Garbage collection & Recycling	588,283	-	-	-	588,283
Open space management	302,585	224,634	216,994	-	744,213
Consultancies (IT & Building)	142,359	77,880	-	-	220,239
Cleaning contracts for council buildings	2,322				2,322
Veterinary Services	7,700				7,700
Meals for delivery	53,900	-	-	-	53,900
<b>Total</b>	<b>1,651,898</b>	<b>439,985</b>	<b>216,994</b>	<b>-</b>	<b>2,308,877</b>
<b>Capital</b>					
Bridges	131,368				131,368
Drainage	91,453				91,453
<b>Total</b>	<b>222,821</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>222,821</b>
<b>2013</b>					
	Not later than 1	Later than 1 year	Later than 2 years	Later than 5	Total
	year	and not later than 2 years	and not later than 5 years	years	
	\$	\$	\$	\$	\$
<b>Operating</b>					
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
<b>Total</b>	<b>882,451</b>	<b>178,986</b>	<b>63,316</b>	<b>-</b>	<b>1,124,753</b>
<b>Capital</b>					
Buildings	-	-	-	-	-
Construction	221,401	-	-	-	221,401
Drainage	59,648	-	-	-	59,648
<b>Total</b>	<b>281,049</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>281,049</b>

	2014	2013
	\$	\$
<b>Note 33 Operating leases</b>		
<b>Operating lease commitments</b>		
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	69,670	7,448
Later than one year and not later than five years	276,196	621
Later than five years	132,344	-
	<u>478,210</u>	<u>8,069</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.

At balance date Council is unable to accurately assess the financial implications of Violet Town Tip Restoration. 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.

**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
<b>Financial assets</b>			
<b>Cash and cash equivalents</b>	16	Cash on hand and at bank and money market call account are valued at face value.	On call deposits returned a floating interest rate of 0.01% to 3.65% (0.01% to 5.00% in 2012/2013). The interest rate at balance date was 3.40% (3.02% in 2012/2013).
		Interest is recognised as it accrues.	Funds returned fixed interest rate of between 3.2% and 4.18% (3.16% and 5.00% in 2012/2013) net of fees.
		Investments and bills are valued at cost.	
		Investments are held to maximise interest returns of surplus cash. Interest revenues are recognised as they accrue.	
<b>Trade and other receivables</b>			
<b>Other debtors</b>	17	Receivables are carried at amortised cost using the effective interest method. A provision for doubtful debts is recognised when there is objective evidence that an impairment loss has occurred. Collectability of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured and interest free. Credit terms are based on 30 days.
<b>Financial Liabilities</b>			
<b>Trade and other payables</b>	22	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.	General Creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.
<b>Interest-bearing loans and borrowings</b>	25	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.	Borrowings are secured by way of mortgages over the general rates of the Council. The weighted average interest rate on borrowings is 6.24% (6.56% in 2012/2013).
		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.	As at balance date, the Council had finance leases with an average lease term of 1 year. The weighted average rate implicit in the lease is 11.74% (11.74% in 2012/2013).

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:

2014	Fixed interest maturing in:					Total
	Floating interest rate	1 year or less	Over 1 to 5 years	More than 5 years	Non-interest bearing	
	\$	\$	\$	\$	\$	\$
<b>Financial assets</b>						
Cash and cash equivalents	2,553,026	6,600,000	-	-	1,405	9,154,431
Other financial assets	-	-	-	-	2,032	2,032
Trade and other receivables	-	-	-	-	220,536	220,536
Other assets	-	-	-	-	44,301	44,301
<i>Total financial assets</i>	<u>2,553,026</u>	<u>6,600,000</u>	<u>-</u>	<u>-</u>	<u>268,274</u>	<u>9,421,300</u>
Weighted average interest rate	3.00%	3.39%				
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	-	2,662,191	2,662,191
Trust funds and deposits	-	-	-	-	548,194	548,194
Interest-bearing loans and borrowings	-	627,717	1,609,992	509,747	-	2,747,456
<i>Total financial liabilities</i>	<u>-</u>	<u>627,717</u>	<u>1,609,992</u>	<u>509,747</u>	<u>3,210,385</u>	<u>5,957,841</u>
Weighted average interest rate		6.24%	6.17%	5.76%		
Net financial assets (liabilities)	<u>2,553,026</u>	<u>5,972,283</u>	<u>(1,609,992)</u>	<u>(509,747)</u>	<u>(2,942,111)</u>	<u>3,463,459</u>

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	
	\$	\$	\$	\$	\$	\$
<b>Financial assets</b>						
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
<i>Total financial assets</i>	<u>386,032</u>	<u>7,200,000</u>	<u>-</u>	<u>-</u>	<u>335,806</u>	<u>7,921,838</u>
Weighted average interest rate	2.15%	3.90%				
<b>Financial liabilities</b>						
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
<i>Total financial liabilities</i>	<u>-</u>	<u>468,565</u>	<u>1,784,462</u>	<u>163,614</u>	<u>1,272,078</u>	<u>3,688,719</u>
Weighted average interest rate		6.58%	6.52%	7.30%		
Net financial assets (liabilities)	<u>386,032</u>	<u>6,731,435</u>	<u>(1,784,462)</u>	<u>(163,614)</u>	<u>(936,272)</u>	<u>4,233,119</u>

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	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
Cash and cash equivalents	9,154,431	7,587,352	9,154,431	7,587,352
Other financial assets	2,032	2,032	2,032	2,032
Trade and other receivables	220,536	228,364	220,536	228,364
Other assets	44,301	104,090	44,301	104,090
Total financial assets	9,421,300	7,921,838	9,421,300	7,921,838
<b>Financial liabilities</b>				
Trade and other payables	2,662,191	701,280	2,662,191	701,280
Trust funds and deposits	548,194	570,798	549,196	570,798
Interest-bearing loans and borrowings	2,747,456	2,416,641	2,747,456	2,416,641
Total financial liabilities	5,957,841	3,688,719	5,958,843	3,688,719

(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 fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that we use. Non derivative interest bearing assets are predominantly short term liquid assets. Our interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes us to fair value interest rate risk.

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.

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.)

**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 manage this risk:

- 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.

<b>Movement in Provisions for Doubtful Debts</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance at the beginning of the year	-	893
Amounts already provided for and written off as uncollectible	-	893
Balance at end of year	<u>-</u>	<u>-</u>

**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:

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Current (not yet due)	188,165	86,553
Past due by up to 30 days	19,013	126,648
Past due between 31 and 180 days	12,913	12,589
Past due between 181 and 365 days	445	610
Past due by more than 1 year	-	1,964
Total Trade & Other Receivables	<u>220,536</u>	<u>228,364</u>

No Trade and Other Receivable balances have been determined as impaired at reporting date (2013 Nil).

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 a 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

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

The table below lists the contractual maturities for Financial Liabilities

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

	6 mths or less	6-12 months	1-2 years	2-5 years	>5 years	Contracted Cash Flow	Carrying Amount
2014	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	2,662,191	-	-	-	-	2,662,191	2,662,191
Trust funds and deposits	480,214	-	67,980	-	-	548,194	548,194
Interest-bearing loans and borrowings	392,891	388,829	748,667	1,127,130	564,071	3,221,588	2,747,456
Total financial liabilities	3,535,296	388,829	816,647	1,127,130	564,071	6,431,973	5,957,841

	6 mths or less	6-12 months	1-2 years	2-5 years	>5 years	Contracted Cash Flow	Carrying Amount
2013	\$'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

**(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 2.97%.

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%	
		-1% Profit \$'000	basis points Equity \$'000	1% Profit \$'000	basis points Equity \$'000
<b>2014</b>	<b>\$'000</b>				
<b>Financial assets:</b>					
Cash and cash equivalents	9,154,431	(91,544)	(91,544)	91,544	91,544
Trade and other receivables	1,457,817	-	-	-	-
<b>Financial liabilities:</b>					
Interest-bearing loans and borrowings	2,747,457	-	-	-	-

**(g) Fair Value Hierarchy**

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

	2014	2013
	\$	\$
<b>Note 36 Auditors' remuneration</b>		
Audit fee to conduct external audit - Victorian Auditor-General	38,655	28,000
Internal audit fees - AFS & Associates	47,746	28,823
Fees for other services provided by internal auditor	3,025	3,800
	<u>89,426</u>	<u>60,623</u>

**Note 37 Events occurring after balance date**

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



**Note 38 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:

<b>Councillors</b>	Colleen Furlanetto (Councillor 1/7/13 to 30/6/14)
	Malcolm Little (Councillor 1/7/13 to 30/6/14)
	Alister Purbrick (Councillor 1/7/13 to 30/6/14)
	Pat Storer (Councillor 1/7/13 to 30/6/14)
	Debra Swan (Mayor 1/7/13 to 30/6/14)
	Robin Weatherald (Councillor 1/7/13 to 30/6/14)
	Graeme (Mick) Williams (Councillor 1/7/13 to 30/6/14)

**Chief Executive Officer** Steve Crawcour (1/7/13 to 30/6/14)

**(ii) Remuneration of Responsible Persons**

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

	2014 No.	2013 No.
\$1 - \$9,999	-	3
\$10,000 - \$19,999	2	3
\$20,000 - \$29,999	4	3
\$30,000 - \$39,999	-	1
\$40,000 - \$49,999	1	-
\$180,000 - \$199,999	1	1
	8	11

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

365,578	352,405
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(iii) No retirement benefits have been made by the Council to a Responsible Person. (2012/13 nil).

(iv) No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year (2012/13 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 (2012/13 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 \$133,000 (2013 \$130,000)

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

Income Range:	2014 No.	2013 No.
<\$132,999		1
\$133,000 - \$139,999	1	1
\$140,000 - \$149,999	1	1
\$150,000 - \$159,999	2	2
	4	5

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

574,993	716,351
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Note 39 Income, expenses and assets by function/activities

	Corporate and Community		Sustainable Development		Asset Services		Total	
	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$
<b>Income</b>								
Grants	2,751,399	4,050,794	487,092	149,088	5,976,303	4,827,554	9,214,794	9,027,436
Other	16,062,615	14,965,614	482,162	407,137	739,598	864,032	17,284,375	16,236,783
<b>Total Income</b>	<b>18,814,014</b>	<b>19,016,408</b>	<b>969,254</b>	<b>556,225</b>	<b>6,715,901</b>	<b>5,691,586</b>	<b>26,499,169</b>	<b>25,264,219</b>
<b>Expenses</b>	<b>(5,870,127)</b>	<b>(6,424,787)</b>	<b>(3,915,663)</b>	<b>(3,504,915)</b>	<b>(15,404,725)</b>	<b>(13,485,010)</b>	<b>(25,190,514)</b>	<b>(23,414,712)</b>
<b>Surplus (deficit) for the year</b>	<b>12,943,887</b>	<b>12,591,621</b>	<b>(2,946,409)</b>	<b>(2,948,690)</b>	<b>(8,688,824)</b>	<b>(7,793,424)</b>	<b>1,308,655</b>	<b>1,849,507</b>
<b>Assets attributed to functions / activities *</b>	<b>5,561,913</b>	<b>5,794,439</b>	<b>5,400,000</b>	<b>3,318,232</b>	<b>233,438,419</b>	<b>225,552,702</b>	<b>244,400,332</b>	<b>234,665,373</b>

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

**Corporate and Community**

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

**Sustainable Development**

Economic Development, Planning and Building, Compliance, Environmental Health, Tourism, Nagambie Lakes Regatta Centre, Tourism, Events, Community Relations, Customer Service, Corporate Information, Strategic Projects, Human Resources.

**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)	2014	2014	2013	2013	2012	2012
	\$	(%)	\$	(%)	\$	(%)
<b>(a) Debt servicing ratio</b> (to identify the capacity of Council to service its outstanding debt)						
<u>Debt servicing costs</u>	144,711	=	0.55%	176,076	=	0.70%
<u>Total revenue</u>	26,499,169			25,264,219		29,851,353 = 0.61%
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>(b) Debt commitment ratio</b> (to identify Council's debt redemption strategy)						
<u>Debt servicing &amp; redemption costs</u>	613,896	=	4.06%	681,441	=	4.87%
<u>Rate revenue</u>	15,117,739			13,990,810		12,960,775 = 4.79%
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.						
<b>(c) Revenue ratio</b> (to identify Council's dependence on non-rate income)						
<u>Rate revenue</u>	15,117,739	=	57.05%	13,990,810	=	55.38%
<u>Total revenue</u>	26,499,169			25,264,219		29,851,353 = 43.42%
The level of Council's reliance on rate revenue is determined by assessing rate revenue as a proportion of the total revenue of Council.						
<b>(d) Debt exposure ratio</b> (to identify Council's exposure to debt)						
<u>Total indebtedness</u>	8,919,988	=	11.51%	6,258,681	=	8.86%
<u>Total realisable assets</u>	77,525,207			70,601,306		70,748,683 = 12.57%
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.						
<b>(e) Working capital ratio</b> (to assess Council's ability to meet current commitments)						
<u>Current assets</u>	10,746,140	=	160.79%	8,954,107	=	211.59%
<u>Current liabilities</u>	6,683,166			4,231,880		4,960,247 = 208.24%
The ratio expresses the level of current assets the Council has available to meet its current liabilities.						
<b>(f) Adjusted working capital ratio</b> (to assess Council's ability to meet current commitments)						
<u>Current assets</u>	10,746,140	=	191.00%	8,954,107	=	289.37%
<u>Current liabilities</u>	5,626,190			3,094,301		3,757,354 = 274.91%
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.						

	2014	2013
	\$	\$
<b>Note 41 Capital expenditure</b>		
<b>Capital expenditure areas</b>		
Roads	3,508,809	3,806,589
Bridges and Culverts	910,082	378,046
Drainage	141,594	174,398
Land	245,565	-
Kerb and Channels	56,234	-
Footpaths	123,763	-
Parks, open space and streetscapes	-	107,798
Buildings	711,002	458,004
Plant and equipment	303,002	885,764
Furniture and Equipment	359,276	288,688
Other Community Infrastructure Assets	139,069	-
Other Works In Progress	513,598	243,775
Total capital works	<u>7,011,994</u>	<u>6,343,062</u>
Represented by:		
Renewal of infrastructure	(a) 4,543,456	4,114,237
Renewal of Buildings	(a) 348,924	57,575
Upgrade of infrastructure	(b) 522,487	206,198
New Community Infrastructure Assets	(d) -	96,672
Renewal Community Infrastructure Assets	(a) 139,069	-
Upgrade of buildings	(b) 159,181	58,002
Renewal plant and equipment	(a) 465,596	885,763
New infrastructure	(d) 475,457	268,870
New buildings	(d) 161,143	367,057
New plant and equipment	(d) 196,681	288,688
Total capital works	<u>7,011,994</u>	<u>6,343,062</u>

**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		7,011,994	6,343,062
Contributions - non-monetary assets	6(b)	1,198,013	-
Asset revaluation movement	26(a)	5,787,603	3,280,891
Depreciation/amortisation	12	(4,958,973)	(4,533,994)
Written down value of assets sold	21	(335,813)	(496,103)
Written down value of infrastructure renewed	21	(771,295)	(655,001)
Net movement in property, plant and equipment, infrastructure	21	<u>7,931,529</u>	<u>3,938,855</u>

**(a) Asset renewal expenditure**

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) Asset upgrade expenditure**

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) Asset expansion expenditure**

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.

**(d) New asset expenditure**

Expenditure which creates a new asset that provides a new service that did not previously exist. New asset expenditure does not have any element of renewal, expansion or upgrade of existing assets. New capital expenditure may or may not result in additional revenue for council and will result in an additional burden for future operation, maintenance and capital renewal.

Expenditure which creates a new asset that provides a new service that did not previously exist. New asset expenditure does not have any element of renewal, expansion or upgrade of existing assets. New capital expenditure may or may not result in additional revenue for council and will result in an additional burden for future operation, maintenance and capital renewal.

**Note 42 Special committees and other activities**

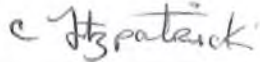
Council has control of the following reserves and other activities which are managed through a special committees:

Avenel Memorial Hall, Boho South Hall, Creighton's Creek Recreation Reserve, Euroa Band Hall, Euroa Friendlies Reserve, Euroa Third Age Club, Gooram Soldiers Memorial Hall, Longwood Community Centre, Miepoll Public Hall, Mogienmy Hall, Nagambie Recreation Reserve, Nagambie Waterways Recreational and Commercial Stakeholders Advisory Committee, Ruffy Recreation Reserve, Strathbogie Memorial Hall, Strathbogie Recreation Reserve, Tabieland Community Centre Committee Ruffy, Violet Town Complex, Violet Town Recreation Reserve.

The financial transactions of these Committee are not material.

### 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 (Planning and Reporting) Regulations 2014*, Australian Accounting Standards and other mandatory professional reporting requirements.



Catherine Fitzpatrick CPA  
Principal Accounting Officer

Date : 23/09/2014  
Euroa, Victoria

In our opinion the accompanying financial statements present fairly the financial transactions of Shire of Strathbogie for the year ended 30 June 2014 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 23 September 2014 to certify the financial statements in their final form.



Debra Swan  
Councillor

Date : 23/09/2014  
Euroa, Victoria



Colleen Furlanetto  
Councillor

Date : 23/09/2014  
Euroa, Victoria



Steve Crawcour  
Chief Executive Officer

Date : 23/09/2014  
Euroa, Victoria

