

# **ATTACHMENT TO AGENDA ITEM**

**Special Meeting**

**23 September 2014**

**Agenda Item 4.1      Financial Statements, Standard Statements and  
Performance Statement for year ended 30 June 2014**

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# **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**30 June 2014**





**GREATER SHEPPARTON CITY COUNCIL**  
**Financial Report**  
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**GREATER SHEPPARTON CITY COUNCIL**  
**2013/2014 Financial Report**

**Comprehensive Income Statement**  
**For the Year Ended 30 June 2014**

	Note	2014 \$	2013 \$
<b>Revenue</b>			
Rates and charges	3	60,284,470	56,816,212
Parking fees and fines	4	1,893,184	1,984,974
User fees	5	19,181,336	17,598,197
Grants - Operating (recurrent)	6	14,301,078	19,230,487
Grants - Operating (non-recurrent)	6	4,698,482	3,238,206
Grants - Capital (non-recurrent)	6	5,670,007	3,957,667
Contributions - Cash	7a	2,745,823	1,289,201
Contributions - Non-monetary assets	7b	2,604,328	3,533,930
Other revenue	8	1,951,947	2,675,697
Net gain on disposal of assets	14	421,698	-
Share of net profits(losses) of associates accounted for by the equity method	15	65,241	95,876
<b>Total revenue</b>		<b>113,817,594</b>	<b>110,420,447</b>
<b>Expenses</b>			
Employee costs	9	(40,374,185)	(38,608,481)
Materials and services	10	(41,552,011)	(38,503,231)
Bad and doubtful debts	11	(114,116)	(118,659)
Depreciation and amortisation	12	(21,176,669)	(17,859,415)
Write off demolished assets	13	(3,934,257)	-
Finance costs		(1,164,839)	(1,204,628)
Net loss on disposal of assets	14	-	(51,368)
Write down intangible assets	19	(81,287)	(16,840)
<b>Total expenses</b>		<b>(108,397,364)</b>	<b>(96,362,622)</b>
<b>Surplus (deficit) for the year</b>		<b>5,420,230</b>	<b>14,057,825</b>
<b>Other comprehensive income</b>			
Net asset revaluation increment(decrement)	26	50,930	164,512,421
Share of other comprehensive income of associates accounted for by the equity method	15	2,266	(12,264)
<b>Total comprehensive result</b>		<b>5,473,426</b>	<b>178,557,982</b>

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

**GREATER SHEPPARTON CITY COUNCIL**  
**2013/2014 Financial Report**

**Balance Sheet**  
**As at 30 June 2014**

	Note	2014 \$	2013 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	16	27,435,485	34,185,501
Other Financial Assets	16 b	16,500,000	4,000,000
Trade and other receivables	17	5,452,511	5,556,594
Intangible assets	18	65,405	9,861
Accrued income		916,338	853,640
Prepayments		479,329	535,870
Inventories		106,323	103,119
<b>Total current assets</b>		<b>50,955,391</b>	<b>45,244,585</b>
<b>Non-current assets</b>			
Investment in associates	15	1,382,400	1,314,893
Intangible assets	18	1,046,471	1,183,299
Property, infrastructure, plant and equipment	20	826,866,943	824,240,097
<b>Total non-current assets</b>		<b>829,295,814</b>	<b>826,738,289</b>
<b>Total assets</b>		<b>880,251,205</b>	<b>871,982,874</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	21	11,343,678	8,437,857
Trust funds and deposits	22	2,080,152	1,973,173
Provisions	23	8,648,527	8,375,898
Income received in advance	24	250,885	243,816
Interest-bearing loans and borrowings	25	457,675	413,610
<b>Total current liabilities</b>		<b>22,780,917</b>	<b>19,444,354</b>
<b>Non-current liabilities</b>			
Trade and other payables	21	-	57,471
Provisions	23	926,896	953,953
Interest-bearing loans and borrowings	25	14,354,474	14,811,604
<b>Total non-current liabilities</b>		<b>15,281,370</b>	<b>15,823,028</b>
<b>Total liabilities</b>		<b>38,062,287</b>	<b>35,267,382</b>
<b>Net Assets</b>		<b>842,188,918</b>	<b>836,715,492</b>
<b>Equity</b>			
Accumulated surplus		316,300,142	310,877,646
Reserves	26	525,888,776	525,837,846
<b>Total Equity</b>		<b>842,188,918</b>	<b>836,715,492</b>

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

**GREATER SHEPPARTON CITY COUNCIL**  
**2013/2014 Financial Report**

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

	Note	Total 2014 \$	Accumulated Surplus 2014 \$	Asset Revaluation Reserve 2014 \$
<b>2014</b>				
Balance at beginning of the financial year		836,715,492	310,877,646	525,837,846
Surplus for the financial year		5,422,496	5,422,496	-
Net asset revaluation increment(decrement)	26	-	-	50,930
<b>Balance at end of the financial year</b>		<b>842,137,988</b>	<b>316,300,142</b>	<b>525,888,776</b>
		Total 2013 \$	Accumulated Surplus 2013 \$	Asset Revaluation Reserve 2013 \$
<b>2013</b>				
Balance at beginning of the financial year		656,807,872	296,832,085	359,975,787
Surplus for the financial year		14,045,561	14,045,561	-
Net asset revaluation increment(decrement)	26	164,512,421	-	164,512,421
Adjustment to last year accounts	1(t)	1,349,638	-	1,349,638
<b>Balance at end of the financial year</b>		<b>836,715,492</b>	<b>310,877,646</b>	<b>525,837,846</b>

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

**GREATER SHEPPARTON CITY COUNCIL**  
**2013/2014 Financial Report**

**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	60,491,408	56,816,212
Parking fees and fines	1,893,184	1,984,974
User charges and other fines (inclusive of GST)	17,648,125	16,703,440
Grants	24,669,567	26,426,360
Contributions	2,745,823	1,289,201
Interest	1,172,591	1,960,213
Rents	572,418	715,484
Net GST refund	3,380	1,078,646
Payments to suppliers (inclusive of GST)	(37,951,133)	(43,951,681)
Payments to employees	(40,128,613)	(38,086,495)
<b>Net cash provided by (used in) operating activities</b>	<b>27</b> <u>31,116,750</u>	<u>24,936,354</u>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment, infrastructure	(24,571,465)	(22,407,572)
Proceeds from sale of assets	625,947	479,412
Trust funds and deposits	156,656	(77,575)
Movement in term deposits	(12,500,000)	(4,000,000)
<b>Net cash provided by (used in) investing activities</b>	<u>(36,288,862)</u>	<u>(26,005,735)</u>
<b>Cash flows from financing activities</b>		
Finance costs	(1,164,839)	(1,204,628)
Repayment of interest-bearing loans and borrowings	(413,065)	(388,674)
<b>Net cash provided by (used in) financing activities</b>	<u>(1,577,904)</u>	<u>(1,593,302)</u>
Net increase (decrease) in cash and cash equivalents	(6,750,016)	(2,662,683)
Cash and cash equivalents at the beginning of the financial year	34,185,501	36,848,184
<b>Cash and cash equivalents at the end of the financial year</b>	<b>28</b> <u>27,435,485</u>	<u>34,185,501</u>

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



## Introduction

(a) The Greater Shepparton City Council was established by an Order of the Governor in Council on 17th November 1994 and is a body corporate. The Council's main office is located at 90 Welsford Street Shepparton.

(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.

This financial report is 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, Urgent Issues Group Interpretations, the *Local Government Act 1989*, and the *Local Government (Finance and Reporting) Regulations 2004*.

## Note 1

## Significant accounting policies

## (a) Basis of accounting

This financial report has been prepared on the accrual and going concern basis.

This financial report has been prepared under the historical cost convention, except where specifically stated in notes 1(f), and 1(i).

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 net assets over \$200,000 have been included in this financial report. All transactions between these entities and the Council have been eliminated in full.

## (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.

## Note 1 (cont)

## Significant accounting policies (cont.)

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

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.

**(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.

Contributions are recognised as income 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. Developer gifted assets are recognised at practical completion date.

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 6. 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.

GREATER SHEPPARTON CITY COUNCIL  
2013/2014 Financial Report

Notes to the Financial Report  
For the Year Ended 30 June 2014

Note 1 (cont)

Significant accounting policies (cont.)

*User charges, fees and fines*

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

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.

*Interest and rents*

Interest and rents are recognised as revenue on a proportional basis when the payment is due, the value of the payment is notified, or the payment is received, whichever first occurs.

**(d) Depreciation of non-current assets**

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

Road earthworks are not depreciated.

Art collection and Regalia are not depreciated.

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:

	Current Period
<b>Property</b>	
Buildings and Land improvements	
Land improvements	10 to 80 years
Buildings	60 to 100 years
Heritage assets	
Heritage assets	40 to 150 years
<b>Plant and equipment</b>	
Plant, machinery and equipment	5 to 15 years
Furniture, equipment and computers	3 to 30 years
<b>Infrastructure</b>	
Roads	
Road pavements and seals	10 to 60 years
Road substructure	40 to 60 years
Road kerb, channel and minor culverts	10 to 60 years
Roundabouts	20 to 30 years
Bridges deck	50 to 100 years
Footpaths	10 to 60 years
Bike paths	10 to 50 years
Drainage	60 to 100 years
Naturestrip trees	10 to 50 years
Regulatory signs	3 to 20 years
Street furniture	10 to 50 years
Litter Bins	
Bus Shelters	
Outdoor Furnishings	

GREATER SHEPPARTON CITY COUNCIL  
2013/2014 Financial Report

Notes to the Financial Report  
For the Year Ended 30 June 2014

Note 1 (cont)

Significant accounting policies (cont.)

(e) 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.

(f) Recognition and measurement of assets

*Acquisition*

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

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

The following classes of assets have been recognised in note 20. In accordance with Council's policy, the threshold limits detailed below have been applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year:

	Threshold Limit
	\$
<b>Property</b>	
Buildings and land improvements	
Land	10,000
Land under roads	10,000
Land improvements	2,000
Buildings	10,000
Heritage assets	
Heritage assets	10,000
<b>Plant and equipment</b>	
Plant, machinery and equipment	2,000
Furniture, equipment and computers	500
Art collection and regalia	3,000
<b>Infrastructure</b>	
Roads	
Road pavements and seals	20,000
Road substructure	20,000
Road kerb, channel and minor culverts	5,000
Roundabouts	20,000
Bridges deck	20,000
Footpaths	2,000
Drainage	3,000
Naturestrip trees	3,000
Regulatory signs	3,000
Bike paths	2,000
Other	
Other assets	3,000
<b>Intangible assets</b>	
Intangible assets	1,000

*Revaluation*

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, are measured at their fair value, being the amount for which the assets could be exchanged between knowledgeable willing parties in an arm's length transaction. At balance date, the Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date the class of asset was revalued.

## Note 1 (cont)

## Significant accounting policies (cont.)

## (f) Recognition and measurement of assets (cont.)

*Revaluation (cont)*

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

Council has elected not to recognise land under roads as an asset that it controlled as at 30 June 2008 in accordance with AASB 1051 Land under Roads, and any acquisitions from 1 July 2008 are brought to account using the cost basis, if material.

*Intangible Assets*

Council has a right to receive revenue through the sale of residential housing blocks in the Parkside Gardens Estate in North Shepparton. This site was the previous home of Shepparton's International Village. The estate is managed and promoted by Places Victoria. Places Victoria is the Urban Renewal Authority for Victoria and is responsible for a range of urban renewal projects on behalf of the Victorian Government. Council is entitled to revenue equal to 10.95% of the retail sale price of each residential housing block sold.

The value of Council's estimated right to receive revenue is recorded in the Balance Sheet as an Intangible Asset. The total carrying value is adjusted by sales as they occur, and at balance date based on forecast land sales for the following 12 months provided by Places Victoria. Revenue for sales forecast within the following 12 months is recorded as a current asset, with the revenue attributable to the balance of land recorded as a non-current asset.

## (g) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of 90 days or less, net of outstanding bank overdrafts.

## (h) Other 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. Council's other financial assets comprise term deposits with a maturity date in excess of 90 days.

## (i) Accounting for investment 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.

## (j) 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 22).

## Note 1 (cont)

## Significant accounting policies (cont.)

**(k) Employee costs***Wages and salaries, and annual leave*

Liabilities for wages and salaries, annual leave and accumulated rostered days off 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.

*Long service leave*

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

Current Liability - unconditional LSL representing 7 years service 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 7 years service 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. Gain or loss following revaluation of the present value of non-current LSL liability due to changes in bond interest rates is recognised as an other economic flow.

*Classification of employee benefits*

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

*Superannuation*

The superannuation expense for the reporting year is the amount of the statutory contribution the Council makes to the superannuation plan which provides benefits to its employees. In addition Council may, periodically be required to contribute to the defined benefits schemes for current and former employees. Details of these arrangements are recorded in note 31.

**(l) Leases***Operating leases*

Lease payments for operating leases are recognised as an expense in the years in which they are incurred as this reflects the pattern of benefits derived by the Council.

**(m) 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 12 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.

GREATER SHEPPARTON CITY COUNCIL  
2013/2014 Financial Report

Notes to the Financial Report  
For the Year Ended 30 June 2014

Note 1 (cont)

Significant accounting policies (cont.)

(n) 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.

(o) Web site costs

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

(p) 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.

(q) 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.

(r) Trade and other receivables and inventories

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 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.

(s) Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods and services received as at balance date. Refer note 21.

(t) Accounting adjustments to prior periods

Existing assets not previously recognised.

Non-current assets not previously recognised are classified as though they had always been recognised by an adjustment through equity and a restatement of the previous year's comprehensive income statement if applicable.

During the 2012/13 financial year Council had revalued existing gravel road infrastructure assets. A revaluation rate error to the value of \$1,349,638 was identified during the 2013/14 year and corrected. The adjustment has been made to the 2012/13 balances.

	Asset Class	2012/13	Restated
Refer Note 20	Infrastructure (Roads)	548,874,059	550,223,697
	Equity	835,365,854	836,715,492

This balance was not significant as to require an additional balance sheet.

Note 2

Events occurring after balance date

At the date of this report no issues have been identified which would significantly affect the financial position reported herein.

**GREATER SHEPPARTON CITY COUNCIL**  
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**Notes to the Financial Report**  
**For the Year Ended 30 June 2014**

		2014	2013
		\$	\$
<b>Note 3</b>	<b>Rates and charges</b>		
	Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is the market value of the property which takes into account the land and all improvements fixed to the land.		
	The valuation base used to calculate general rates for 2013/2014 was \$8,777 million (2012/13 \$8,736 million).		
	Residential	31,453,629	27,398,368
	Commercial	10,559,114	10,928,440
	Industrial	4,962,290	5,131,139
	Farm/Rural residential	5,745,267	6,306,363
	Waste Services charges	7,564,170	7,051,902
		<u>60,284,470</u>	<u>56,816,212</u>
	The date of the last general revaluation of land for rating purposes within the municipal district was 1 January 2014, and the valuation first applied to the rating period commencing 1 July 2014.		
	The date of the next general revaluation of land for rating purposes within the municipal district is 1 January 2016, and the valuation will be applied in the rating year commencing 1 July 2016.		
	Supplementary rates and rate adjustments undertaken after the annual calculation incorporate a number of valuation objections.		
<b>Note 4</b>	<b>Parking fees and fines</b>		
	Infringements and costs	682,785	684,590
	PERIN court recoveries	26,340	21,534
	Fees - ticket machines	311,144	348,034
	Fees - parking meters	866,118	926,598
	Permits	6,797	4,218
		<u>1,893,184</u>	<u>1,984,974</u>
<b>Note 5</b>	<b>User fees</b>		
	Aged and Disability services	624,936	659,929
	Animal Control	652,066	602,247
	Aquatic Facilities	2,813,214	2,743,431
	Arts and Culture	767,118	882,430
	Children's Services	1,940,224	1,835,379
	Development Facilities	1,644,634	1,381,769
	Environmental Health	327,833	294,718
	Financial Services	1,100,280	1,255,604
	Miscellaneous	423,968	207,910
	Private Works	669,852	265,414
	Recreational Facilities	759,159	833,284
	Saleyards	1,570,011	1,316,328
	Tourism	922,465	602,946
	Waste Management	4,965,576	4,716,808
		<u>19,181,336</u>	<u>17,598,197</u>



GREATER SHEPPARTON CITY COUNCIL  
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Notes to the Financial Report  
For the Year Ended 30 June 2014

	2014	2013
	\$	\$
<b>Note 6</b>		
<b>Grants</b>		
Grants were received in respect of the following		
<b>Summary of grants</b>		
Federally funded grants	8,354,846	5,898,969
State funded grants	16,304,373	20,527,391
Others	10,348	0
<b>Total</b>	<b>24,669,567</b>	<b>26,426,360</b>
<b>Commonwealth Government - Recurrent</b>		
<i>Community Life</i>		
Aged & Disability Services	289,779	654,179
Children's Services	2,161,517	2,084,376
	<b>2,451,296</b>	<b>2,738,555</b>
<b>Commonwealth Government - Recurrent - Total</b>	<b>2,451,296</b>	<b>2,738,555</b>
<b>State Government - Recurrent</b>		
<i>Council Organisation and Management</i>		
Victorian Grants Commission Unallocated	4,123,104	7,823,083
Victorian Grants Commission Local Roads	1,510,849	2,728,339
Financial Services	-	37,223
Corporate Services	-	127,730
	<b>5,633,953</b>	<b>10,716,375</b>
<i>Infrastructure</i>		
Planning Investigation & Design	23,100	59,445
Plant	-	11,500
Saleyards	-	5,000
	<b>23,100</b>	<b>75,945</b>
<i>Economic Development</i>		
Development Services	150,000	343,000
	<b>150,000</b>	<b>343,000</b>
<i>Settlement and Housing</i>		
Environmental Health	99,889	124,467
	<b>99,889</b>	<b>124,467</b>
<i>Community Life</i>		
Arts & Culture	188,000	306,894
Aged & Disability Services	3,200,868	2,998,903
Aquatic Facilities	-	140,000
Children's Services	2,244,991	2,994,817
Emergency Management	145,706	-
Law Order & Safety	82,450	1,428,728
Library	-	433,000
Recreation & Parks	-	348,000
Sports Facilities	-	84,710
Other Community Programs	10,000	316,989
	<b>5,852,015</b>	<b>9,052,041</b>
<i>Environment</i>		
Environmental Management	74,826	193,208
Waste Management	16,000	22,355
	<b>90,826</b>	<b>215,563</b>
<b>State Government - Recurrent - Total</b>	<b>11,849,783</b>	<b>20,527,391</b>
<b>Total Recurrent Grants</b>	<b>14,301,079</b>	<b>23,265,946</b>

**GREATER SHEPPARTON CITY COUNCIL**  
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**Notes to the Financial Report**  
**For the Year Ended 30 June 2014**

	2014	2013
	\$	\$
<b>Note 6</b>		
<b>Grants (cont)</b>		
<b>Commonwealth Government - Non-Recurrent</b>		
<i>Community Life</i>		
Other Community Programs	317,273	-
	<u>317,273</u>	<u>-</u>
<i>Infrastructure</i>		
Roads to Recovery	1,719,010	1,160,414
	<u>1,719,010</u>	<u>1,160,414</u>
<i>Economic Development</i>		
Tourism	114,045	-
	<u>114,045</u>	<u>-</u>
<i>Environment</i>		
Environmental Management	2,320,826	-
	<u>2,320,826</u>	<u>-</u>
<i>Settlement and Housing</i>		
Development Facilities	1,432,396	2,000,000
	<u>1,432,396</u>	<u>2,000,000</u>
	<u>5,903,550</u>	<u>3,160,414</u>
<b>Commonwealth Government - Non-Recurrent - Total</b>		
<b>State Government - Non-Recurrent</b>		
<i>Council Organisation and Management</i>		
Finance & Rates - Fire Services Property levy	81,775	-
Corporate Services	5,000	-
	<u>86,775</u>	<u>-</u>
<i>Community Life</i>		
Active Living	294,584	-
Arts & Culture	313,497	-
Community Development	230,086	-
Emergency Management	432,278	-
Recreation & Parks	730,930	-
Youth & Children's Services	1,123,465	-
	<u>3,124,840</u>	<u>-</u>
<i>Economic Development</i>		
Development Services	61,125	-
	<u>61,125</u>	<u>-</u>
<i>Environment</i>		
Environmental Management	75,980	-
	<u>75,980</u>	<u>-</u>
<i>Infrastructure</i>		
Planning Investigation & Design	907,000	-
Traffic Management	198,870	-
	<u>1,105,870</u>	<u>-</u>
	<u>4,454,590</u>	<u>-</u>
<b>State Government - Non-Recurrent - Total</b>		

GREATER SHEPPARTON CITY COUNCIL  
2013/2014 Financial Report

Notes to the Financial Report  
For the Year Ended 30 June 2014

	2014	2013
	\$	\$
<b>Note 6</b>		
<b>Grants (cont)</b>		
<b>SUMMARY</b>		
<i>Commonwealth Government - Recurrent</i>	2,451,296	2,738,555
<i>State Government - Recurrent</i>	11,649,783	20,527,391
<i>Commonwealth Government - Non-Recurrent</i>	5,903,550	3,160,414
<i>State Government - Non-Recurrent</i>	4,454,590	-
<i>Others</i>	10,348	-
<b>Total</b>	<u>24,669,567</u>	<u>26,426,360</u>
<b>SUMMARY</b>		
Grants - Operating (recurrent)	14,301,078	19,230,487
Grants - Operating (non-recurrent)	4,698,482	3,238,206
Grants - Capital (recurrent)	-	-
Grants - Capital (non-recurrent)	5,670,007	3,957,667
<b>Total</b>	<u>24,669,567</u>	<u>26,426,360</u>
<i>Conditions on Grants</i>		
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:		
Goulburn Broken Greenhouse Alliance Street Lighting Project	2,320,826	-
Building Better Regional Cities	795,389	2,000,000
Phillipine House Restoration	150,000	-
Allied Health Funding	97,782	-
Home Maintenance	84,850	-
Roads To Recovery	70,000	-
HACC Minor Service Works	31,619	13,471
Victorian Grants Commission	-	5,518,624
Best Start	-	135,372
Provincial Leaders Program	-	125,000
Flood Resilience & Vulnerable Person Funding	-	120,000
Economic Recovery	-	34,284
Weed Control	-	31,525
Shepparton Flood Study	-	19,389
Allied Health Funding	-	12,377
	<u>3,550,466</u>	<u>8,010,042</u>

**GREATER SHEPPARTON CITY COUNCIL**  
2013/2014 Financial Report

**Notes to the Financial Report**  
**For the Year Ended 30 June 2014**

	2014	2013
	\$	\$
<b>Note 6</b>		
<b>Grants (cont)</b>		
Grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were:		
Victorian Grants Commission	5,518,624	5,341,187
Building Better Regional Cities	2,000,000	-
Healthy Communities Project	143,526	104,004
Best Start	142,904	-
Provincial Leaders Program	125,000	-
LEAD (Embracing Diversity)	104,163	-
Flood Resilience and Vulnerable Persons Funding	35,480	35,480
Economic Recovery	30,042	-
Shepparton Library Redevelopment	20,581	-
Shepparton Flood Study	19,389	-
Weed Control	13,875	-
Sir Murray Bouchier Memorial	6,721	2,100
Roads To Recovery	-	230,275
Localities Embracing and Accepting Diversity	-	147,854
Community Connections	-	146,753
Children's Centre Development Grant	-	100,000
International Ceramic Art Award Funding	-	27,900
Strengthening Basins	-	12,711
Art Museum Program Funding	-	7,500
Indigenous Art Work Residence Grant	-	6,446
Culture Victoria Grant	-	4,733
Crouching Emu Grant	-	3,000
	<u>8,160,305</u>	<u>6,169,743</u>
Net increase(decrease) in restricted assets resulting from grant revenues for the year:	<u>(4,609,839)</u>	<u>1,840,299</u>

GREATER SHEPPARTON CITY COUNCIL  
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Notes to the Financial Report  
For the Year Ended 30 June 2014

		2014	2013
		\$	\$
<b>Note 7</b>	<b>Contributions</b>		
	<b>(a) Cash</b>		
	Developer contributions - Cash	468,548	684,514
	Other contributions - Cash	2,277,275	604,687
		<u>2,745,823</u>	<u>1,289,201</u>
	<b>(b) Non-monetary assets</b>		
	Developer contributions - Non-monetary assets	2,604,328	3,533,930
		<u>2,604,328</u>	<u>3,533,930</u>
	<b>Total</b>	<u>5,350,151</u>	<u>4,823,131</u>
<b>Note 8</b>	<b>Other revenue</b>		
	Interest	1,379,529	1,960,213
	Rent	572,418	715,484
		<u>1,951,947</u>	<u>2,675,697</u>
<b>Note 9</b>	<b>Employee costs</b>		
	Wages and salaries	35,724,182	34,580,468
	Superannuation (note 31) *	3,327,290	2,883,282
	Fringe benefits tax and work cover	742,563	665,584
	Redundancy	580,150	459,147
		<u>40,374,185</u>	<u>38,608,481</u>

**GREATER SHEPPARTON CITY COUNCIL**  
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**Notes to the Financial Report**  
**For the Year Ended 30 June 2014**

		2014	2013
		\$	\$
<b>Note 10</b>	<b>Materials and services</b>		
	Aged and Disability Services	3,604,116	3,079,340
	Childcare	1,958,263	1,771,561
	Local Laws	916,357	1,216,367
	Aquatic Facilities	1,796,820	1,338,231
	Arts and Culture	2,623,948	1,493,824
	Library	1,538,702	1,484,738
	Public Open Space Maintenance	3,545,932	4,040,114
	Local Roads	6,947,237	3,632,375
	Waste Management	7,906,168	7,159,936
	Saleyards	1,577,830	1,005,520
	Economic Development	1,520,614	2,791,389
	Administration	7,616,022	9,489,836
		<u>41,552,011</u>	<u>38,503,231</u>
<b>Note 11</b>	<b>Bad and doubtful debts</b>		
	Parking infringement debtors	101,477	122,914
	Other Debtors	12,639	(4,255)
		<u>114,116</u>	<u>118,659</u>
<b>Note 12</b>	<b>Depreciation</b>		
	Land Improvements	436,252	1,027,566
	Buildings	3,233,080	2,508,568
	Heritage Assets	26,064	26,867
	Plant, Machinery and Equipment	1,268,143	902,260
	Furniture, Equipment and Computers	1,463,856	1,262,998
	Roads	10,904,381	8,915,313
	Footpaths	1,021,189	795,263
	Kerb and Channel	723,421	618,204
	Drainage	1,249,676	1,143,167
	Bridges	408,352	136,427
	Regulatory Signs	202,276	261,565
	Naturestrip Trees	95,671	114,299
	Street Furniture	144,308	146,918
		<u>21,176,669</u>	<u>17,859,415</u>
<b>Note 13</b>	<b>Write off demolished assets</b>		
	Write-off of Infrastructure Assets	3,934,257	-
	* refer to Note 20 for details of asset classes.	<u>3,934,257</u>	<u>-</u>
	Implementation of new asset management software during 2013/14 enables the tracking of individualised assets and allows for accurate removal for write-off.		

GREATER SHEPPARTON CITY COUNCIL  
2013/2014 Financial ReportNotes to the Financial Report  
For the Year Ended 30 June 2014

	2014	2013
	\$	\$
<b>Note 14</b>		
<b>Net gain(loss) on disposal of assets</b>		
<b>Plant and equipment</b>		
Proceeds from sale of assets	551,628	479,412
Written down value of assets sold	(204,248)	(530,780)
Net gain(loss) on sale of plant and equipment	<u>347,380</u>	<u>(51,368)</u>
<b>Land and buildings</b>		
Proceeds from sale of assets	74,318	-
Written down value of assets sold	-	-
Net gain(loss) on sale of land and buildings	<u>74,318</u>	<u>-</u>
<b>Summary</b>		
Proceeds from sale of assets	625,946	479,412
Written down value of assets sold	(204,248)	(530,780)
Net gain(loss) on sale of assets	<u>421,698</u>	<u>(51,368)</u>
<b>Note 15</b>		
<b>Investment in associates</b>		
<b>Goulburn Valley Regional Library Corporation</b>		
<i>Background</i>		
The Goulburn Valley Regional Library Corporation is an entity which has been established to serve the Greater Shepparton City Council, Moira Shire Council and the Strathbogie Shire Council.		
Each of these member Councils contributes financially to the operation of the Corporation. Each Council's contribution is reflective of population within each municipality, but is more specifically based on agreed service levels with each participating Council.		
Each year at balance date the reported surplus (deficit) of the Corporation is recorded in the books of each participating member Council and the carrying value of each Council's investment is adjusted according to the investment percentage for that year.		
Investment percentage 61.25% in 2013/14 (61.14% in 2012/13)		
<i>Council's share of accumulated surplus(deficit)</i>		
Council's share of accumulated surplus(deficit) at start of year	(563,029)	(658,905)
Reported surplus(deficit) for year	85,241	95,876
Council's share of accumulated surplus(deficit) at end of year	<u>(497,788)</u>	<u>(563,029)</u>
<i>Movement in carrying value of specific investment</i>		
Carrying value of investment at start of year	1,314,893	1,231,281
Change in investment percentage	2,266	(12,264)
Share of surplus(deficit) for year	85,241	95,876
Carrying value of investment at end of year	<u>1,382,400</u>	<u>1,314,893</u>

**GREATER SHEPPARTON CITY COUNCIL**  
2013/2014 Financial Report

**Notes to the Financial Report**  
**For the Year Ended 30 June 2014**

		2014	2013
		\$	\$
<b>Note 16</b>	<b>Cash and cash equivalents</b>		
	Cash at bank and on hand	5,163,077	2,758,160
	Bank bills	22,272,408	31,427,341
		<u>27,435,485</u>	<u>34,185,501</u>
	Represented by:		
	Cash on hand	8,700	8,990
	Cash at bank	5,154,377	2,749,170
		<u>5,163,077</u>	<u>2,758,160</u>
	Total cash assets	<u>27,435,485</u>	<u>34,185,501</u>
<b>Note 16 b</b>	<b>Other Financial Assets</b>		
	Bank bills - term deposits greater than 90 days	16,500,000	4,000,000
		<u>16,500,000</u>	<u>4,000,000</u>
<b>Note 17</b>	<b>Trade and other receivables</b>		
	<b>Current</b>		
	Rates debtors	3,604,371	2,590,274
	Parking infringement debtors	412,835	316,447
	Provision for doubtful debts - parking infringements	(95,689)	(111,404)
	Other debtors	1,557,614	1,766,857
	Provision for doubtful debts - other debtors	(30,000)	(30,000)
	Net GST receivable	3,380	1,024,420
		<u>5,452,511</u>	<u>5,556,594</u>
	<b>Total</b>	<u>5,452,511</u>	<u>5,556,594</u>
<b>Note 18</b>	<b>Intangible assets</b>		
	<b>Current</b>		
	Right to receive revenue	65,405	9,861
		<u>65,405</u>	<u>9,861</u>
	<b>Non-current</b>		
	Right to receive revenue	1,046,471	1,183,299
	<b>Total</b>	<u>1,111,876</u>	<u>1,193,160</u>
	Note: Right represents the value held for Council's share of development and resale of Parkside Gardens. These are valued at lower of the last revaluation and recoverable amount. Annual impairment testing is undertaken to ensure that the carrying amount is not higher than the recoverable amount.		
<b>Note 19</b>	<b>Write down of Intangible assets</b>		
	Rights to Council's share of resale of Parkside Gardens (a)	81,287	16,840
		<u>81,287</u>	<u>16,840</u>
	(a) based on reviewing the current market value and remaining anticipated Lot sales.		



GREATER SHEPPARTON CITY COUNCIL  
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Notes to the Financial Report  
For the Year Ended 30 June 2014

	2014	2013
	\$	\$
<b>Note 20 (a) Property, infrastructure, plant and equipment</b>		
<b>Summary</b>		
at cost:	85,208,154	60,182,440
Less accumulated depreciation	20,178,094	19,588,341
	<u>65,032,060</u>	<u>40,594,099</u>
at fair value as at 30 June 2008	-	84,395
	<u>-</u>	<u>84,395</u>
at fair value as at 30 September 2011	14,532,541	14,532,541
at fair value as at 30 June 2013	806,701,882	814,535,854
Less accumulated depreciation	274,723,121	264,312,157
	<u>531,978,761</u>	<u>550,223,697</u>
at fair value as at 30 June 2011	292,837,360	292,868,776
Less accumulated depreciation	77,313,779	74,063,411
	<u>215,323,581</u>	<u>218,805,365</u>
<b>Total</b>	<u>826,866,943</u>	<u>824,240,097</u>
<b>Property</b>		
<b>Land</b>		
at cost	5,723,988	5,522,056
at fair value as at 30 June 2011	<u>94,559,398</u>	<u>94,559,398</u>
	<u>100,283,386</u>	<u>100,081,454</u>
<b>Land under roads</b>		
at cost	3,703,839	3,199,993
	<u>3,703,839</u>	<u>3,199,993</u>
<b>Land improvements</b>		
at cost	5,970,946	4,851,424
Less accumulated depreciation	607,747	352,964
	<u>5,463,199</u>	<u>4,528,460</u>
at fair value as at 30 June 2011	25,603,703	25,610,120
Less accumulated depreciation	6,985,371	6,585,892
	<u>18,618,332</u>	<u>19,024,228</u>
<b>Total Land</b>	<u>128,058,856</u>	<u>126,834,135</u>
<b>Buildings</b>		
at cost	8,330,550	7,426,541
Less accumulated depreciation	472,674	271,420
	<u>7,857,876</u>	<u>7,155,121</u>
at fair value as at 30 June 2011	168,569,137	168,764,136
Less Accumulated depreciation	69,054,300	66,227,582
	<u>99,504,837</u>	<u>102,536,554</u>
<b>Total Buildings</b>	<u>107,362,713</u>	<u>109,691,675</u>
<b>Heritage assets</b>		
at fair value as at 30 June 2011	3,905,122	3,935,122
Less accumulated depreciation	1,264,108	1,249,937
	<u>2,641,014</u>	<u>2,685,185</u>
<b>Total Heritage</b>	<u>2,641,014</u>	<u>2,685,185</u>
<b>Total Property</b>	<u>238,072,583</u>	<u>239,210,985</u>

Valuation of land and buildings were undertaken by a qualified independent valuer, LG Valuation Services. 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.

Land under roads is valued at deemed cost. Deemed cost is based on council valuations at date acquired for acquisitions since 1 July 2008 adjusting for englobo (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services.

GREATER SHEPPARTON CITY COUNCIL  
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Notes to the Financial Report  
For the Year Ended 30 June 2014

		2014	2013																														
		\$	\$																														
Note 20 (a) cont	Property, infrastructure, plant and equipment (cont)																																
	<i>Fair Value table</i>																																
	<table border="1"> <thead> <tr> <th>Property</th> <th>LEVEL 1</th> <th>LEVEL 2</th> <th>LEVEL 3</th> <th></th> </tr> </thead> <tbody> <tr> <td>Land</td> <td>-</td> <td>5,723,968</td> <td>94,559,368</td> <td></td> </tr> <tr> <td>Buildings</td> <td>-</td> <td>7,857,876</td> <td>99,534,837</td> <td></td> </tr> <tr> <td>Heritage Assets</td> <td>-</td> <td>-</td> <td>2,641,014</td> <td></td> </tr> <tr> <td>Land Improvements</td> <td>-</td> <td>5,463,199</td> <td>18,618,332</td> <td></td> </tr> <tr> <td></td> <td>-</td> <td>19,045,063</td> <td>215,323,581</td> <td style="text-align: right;">234,368,644</td> </tr> </tbody> </table>	Property	LEVEL 1	LEVEL 2	LEVEL 3		Land	-	5,723,968	94,559,368		Buildings	-	7,857,876	99,534,837		Heritage Assets	-	-	2,641,014		Land Improvements	-	5,463,199	18,618,332			-	19,045,063	215,323,581	234,368,644		
Property	LEVEL 1	LEVEL 2	LEVEL 3																														
Land	-	5,723,968	94,559,368																														
Buildings	-	7,857,876	99,534,837																														
Heritage Assets	-	-	2,641,014																														
Land Improvements	-	5,463,199	18,618,332																														
	-	19,045,063	215,323,581	234,368,644																													
(b)	<i>Plant and Equipment</i>																																
	<b>Plant, Machinery and Equipment</b>																																
	at cost	13,262,617	12,914,763																														
	Less accumulated depreciation	6,678,313	7,503,557																														
		<u>6,584,304</u>	<u>5,411,206</u>																														
	<b>Furniture, Equipment and Computers</b>																																
	at cost	18,036,047	17,593,472																														
	Less accumulated depreciation	12,366,618	11,460,400																														
		<u>5,679,529</u>	<u>6,133,072</u>																														
	<b>Art Collection and Regalia</b>																																
	at cost	322,995	205,486																														
	at fair value as at 30 June 2008	-	84,395																														
	at fair value as at 30 September 2010	14,532,541	14,532,541																														
	at fair value as at 30 June 2014	135,325	-																														
		<u>14,990,861</u>	<u>14,822,422</u>																														
	<b>Total Plant and Equipment</b>	<u>27,254,694</u>	<u>26,365,700</u>																														

Valuation of Art Collection was undertaken by an independent valuer, Leonard Joel Australia. Valuation of Regalia was undertaken by an independent valuer, P. Blasnik & Sons Pty Ltd. The valuations have been made considering the prevailing market conditions of commercial worth.

Whilst Artwork was revalued in 2010, our Regalia, consisting of Mayoral Robes and Chains, was overlooked. Following advice from the Victorian Auditor General's Office, a revaluation was sought during 2014. In future years it is intended that the timing of the revaluation of Regalia will once again fall in line with the timing of Artwork revaluations.

GREATER SHEPPARTON CITY COUNCIL  
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For the Year Ended 30 June 2014

	2014	2013
	\$	\$
<b>Note 20 (c)</b>		
<b>Property, Infrastructure, plant and equipment (cont)</b>		
<b>Infrastructure</b>		
<b>Roads</b>		
at cost	7,537,075	-
Less accumulated depreciation	82,324	-
	<u>7,454,751</u>	<u>-</u>
at fair value as at 30 June 2013	552,709,006	559,436,162
Less accumulated depreciation	183,823,424	176,325,004
	<u>368,885,582</u>	<u>383,111,158</u>
<b>Bridges</b>		
at fair value as at 30 June 2013	29,812,739	31,071,966
Less accumulated depreciation	12,452,228	12,588,982
	<u>17,360,511</u>	<u>18,482,984</u>
<b>Footpaths</b>		
at cost	984,319	-
Less accumulated depreciation	17,865	-
	<u>966,454</u>	<u>-</u>
at fair value as at 30 June 2013	54,692,501	55,347,134
Less accumulated depreciation	18,237,099	17,527,313
	<u>36,455,402</u>	<u>37,819,821</u>
<b>Drainage</b>		
at cost	906,632	-
Less accumulated depreciation	8,745	-
	<u>897,887</u>	<u>-</u>
at fair value as at 30 June 2013	107,163,669	107,224,223
Less accumulated depreciation	39,141,182	37,921,550
	<u>68,022,487</u>	<u>69,302,673</u>
<b>Kerb and Channel</b>		
at cost	1,225,584	-
Less accumulated depreciation	24,512	-
	<u>1,201,072</u>	<u>-</u>
at fair value as at 30 June 2013	46,952,033	47,116,466
Less accumulated depreciation	13,223,843	12,570,021
	<u>33,728,190</u>	<u>34,546,445</u>
<b>Regulatory Signs</b>		
at cost	93,415	-
Less accumulated depreciation	10,158	-
	<u>83,257</u>	<u>-</u>
at fair value as at 30 June 2013	1,764,436	1,764,436
Less accumulated depreciation	1,342,405	1,150,288
	<u>422,031</u>	<u>614,148</u>

GREATER SHEPPARTON CITY COUNCIL  
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	2014	2013
	\$	\$
<b>Note 20 (c) cont.</b>		
<b>Property, infrastructure, plant and equipment</b>		
<b>Naturestrip Trees</b>		
at cost	710 700	-
Less accumulated depreciation	9 476	-
	<u>701 224</u>	<u>-</u>
at fair value as at 30 June 2013	6,104 534	6,166,875
Less accumulated depreciation	3,266,024	3,212,022
	<u>2,838 510</u>	<u>2,954 853</u>
<b>Street Furniture</b>		
at cost	26 957	-
Less accumulated depreciation	6 548	-
	<u>20 409</u>	<u>-</u>
at fair value as at 30 June 2013	2,777 545	2,768 720
Less accumulated depreciation	1,333 413	1,201,147
	<u>1,444 132</u>	<u>1,567 573</u>
<b>Shared Bike Paths</b>		
at cost	99,485	-
Less accumulated depreciation	1,214	-
	<u>98 271</u>	<u>-</u>
at fair value as at 30 June 2013	4,590,094	4,619,872
Less accumulated depreciation	1,893,503	1,815,830
	<u>2,696 591</u>	<u>2 804 042</u>
<b>Total Infrastructure</b>	<u>543,266,761</u>	<u>550,223,697</u>

Valuation of infrastructure assets has been determined in accordance with industry accepted engineering and landscaping standards and principles as to fair value, useful life and remaining life with the valuation undertaken by Council's Strategic Assets Department. The valuation is at fair value based on replacement cost, less accumulated depreciation as at the date of valuation.

**Fair Value table**

Infrastructure	LEVEL 1	LEVEL 2	LEVEL 3	
Roads	-	-	376,340,332	
Drainage	-	-	68,920,374	
Footpaths and cycleways	-	-	40,216,718	
Kerb & channel	-	-	34,929,262	
Bridges	-	-	17,350,512	
Regulatory signs	-	-	505,288	
Street Furniture	-	-	1,464,547	
Trees	-	-	3,539,734	
	-	-	543,266,761	543,266,761

<b>(d)</b>	<b>Works in progress</b>		
	Buildings at cost	2 633,677	1 315 690
	Land improvements at cost	5,040,217	4 895,498
	Roads at cost	9,583,401	2 227 517
	Bridges at cost	15,610	-
	<b>Total Works in progress</b>	<u>16,272,905</u>	<u>8,438,705</u>
	<b>Infrastructure</b>	<u>826,866,843</u>	<u>824,240,097</u>

		2014	2013
		\$	\$
Note 20 (cont)	<b>Property, infrastructure, plant and equipment (cont)</b>		
(e)	<b>Valuation basis</b>		
	<i>Non-specialised land, non-specialised buildings</i>		
	<p>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.</p> <p>To the extent that non-specialised land and non-specialised buildings do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market based direct comparison approach.</p>		
	<i>Specialised land and specialised buildings</i>		
	<p>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.</p> <p>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.</p> <p>The revaluation of Council's land and building assets is due for completion during the 2014/15 financial year. The last valuation occurred 30 June 2011. An internal assessment has been conducted to review valuation movements to determine whether interim valuation adjustments should be booked prior to official revaluation.</p> <p>Reference has been made to the Valuer General's issue of Residential Price Statistics for the Greater Shepparton City area, and to rating statistics obtained from L.G. Valuations covering the last four years.</p> <p>The rating statistics suggest that for the four year period to January 2014, the Capital Improved Value of residential properties has increased by 3.46%, commercial properties have decreased by 3.11%, industrial properties increased by 1.05% and rural properties increased by 4.51%. Statistics from the Valuer General for the same four year period indicate the median house price has decreased by 2.0%, while the median for vacant house blocks increased by 7.83%. There was no increase in the median price of Units/Apartments.</p> <p>Based on these findings Council did not believe there was sufficient evidence to indicate a material valuation movement.</p>		
	<i>Land Under Roads</i>		
	<p>Land under roads is valued at fair value using site values adjusted for engloba (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.</p>		

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	2014	2013
	\$	\$
<b>Note 20 (e) cont</b>		
<b>Property, infrastructure, plant and equipment</b>		
<i>Infrastructure</i>		
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.		
A valuation of Council's infrastructure assets was performed internally by Council's Asset Management Team.		
The valuation was performed based on the depreciated reproduction cost of the assets. The effective date of the valuation was 30 June 2013.		
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.		

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Note 20 Property, infrastructure, plant and equipment (cont)

Reconciliation of Level 3 fair value

2014	Specialised Land	Specialised Buildings	Land Improvements	Heritage Assets	Infrastructure
<b>Reconciliation of Level 3 fair value</b>					
Opening Balance	94,559,398	102,536,554	19,024,228	2,685,185	550,223,697
Depreciation	-	(2,836,717)	(399,479)	(14,173)	(14,748,273)
Impairment Loss	-	-	-	-	-
Revaluation	-	-	-	-	-
Acquisitions (Disposals)	-	(195,000)	-	-	7,386,547
Transfers	-	-	(6,417)	(30,000)	408,790
Closing Balance	94,559,398	99,504,837	18,618,332	2,641,014	543,266,761

Description of significant unobservable inputs into level 3 valuations

	Valuation Technique	Significant Unobservable Inputs	Range	Sensitivity
Specialised Land & Land Improvements	Market based direct comparison approach	Extent and impact of restriction of use	m <sup>2</sup> \$1 to \$610	Increase or decrease in the extent of restriction would result in a significantly lower or higher fair value.
Specialised Buildings	Depreciated Replacement Cost	Direct cost per square metre	m <sup>2</sup> \$35 to \$4,500	Increase or decrease in the direct cost per square metre adjustment would result in a significantly lower or higher fair value.
		Useful life of specialised buildings	Useful Life 15 to 150 yrs	Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.
Land Under Roads	Market based direct comparison approach (refer above)	Extent and impact of restriction of use	At Cost	Increase or decrease in the extent of restriction would result in a significantly lower or higher fair value.
Infrastructure: Roads	Depreciated Replacement Cost	Cost per unit	m <sup>2</sup> \$3 to \$113	Increase or decrease in the cost per unit would result in a significantly lower or higher fair value.
	Useful life of infrastructure		Useful Life 17 to 60 yrs	Increase or decrease in the estimated useful life would result in a significantly lower or higher fair value.
Drainage	Depreciated Replacement Cost	Cost per unit	m \$12 to \$2,200	Increase or decrease in the cost per unit would result in a significantly lower or higher fair value.
	Useful life of infrastructure		Useful Life 60 to 80 yrs	Increase or decrease in the estimated useful life would result in a significantly lower or higher fair value.
Footpath and Cycleways	Depreciated Replacement Cost	Cost per unit	m <sup>2</sup> \$10 to \$90	Increase or decrease in the cost per unit would result in a significantly lower or higher fair value.
	Useful life of infrastructure		Useful Life 10 to 65 yrs	Increase or decrease in the estimated useful life would result in a significantly lower or higher fair value.
Kerb & Channel	Depreciated Replacement Cost	Cost per unit	m \$75	Increase or decrease in the cost per unit would result in a significantly lower or higher fair value.
	Useful life of infrastructure		Useful Life 60 yrs	Increase or decrease in the estimated useful life would result in a significantly lower or higher fair value.
Bridges	Depreciated Replacement Cost	Cost per unit	m <sup>2</sup> \$1,800 to \$2,500	Increase or decrease in the cost per unit would result in a significantly lower or higher fair value.
	Useful life of infrastructure		Useful Life 50 to 60 yrs	Increase or decrease in the estimated useful life would result in a significantly lower or higher fair value.

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**Notes to the Financial Report**  
For the Year Ended 30 June 2014

Note 20 Property, infrastructure, plant and equipment (cont)

2014	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements)	Depreciation	Written down value of disposals	Removal of Infrastructure Assets	Contributed assets	Transfers to and transfers from W.L.P	Balance at end of financial year
	\$	\$	(note 26) \$	(note 12) \$	\$	\$	\$	\$	\$
<b>Property</b>									
Land	100,081,454	128,006	-	-	-	-	-	73,926	100,283,386
Land under roads	3,199,993	-	-	-	-	-	503,946	-	3,703,939
Land improvements	23,551,940	1,059,522	-	438,252	-	-	-	(123,690)	24,081,530
<b>Total Land</b>	<b>126,833,387</b>	<b>1,217,528</b>	<b>-</b>	<b>438,252</b>	<b>-</b>	<b>-</b>	<b>503,946</b>	<b>(49,754)</b>	<b>128,068,855</b>
Buildings	109,592,422	870,548	-	3,233,080	-	-	-	32,822	107,362,712
Heritage assets	2,585,186	-	-	25,064	-	-	-	(18,108)	2,641,014
<b>Total Buildings</b>	<b>112,377,608</b>	<b>870,548</b>	<b>-</b>	<b>3,258,144</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,714</b>	<b>110,003,726</b>
<b>Total Property</b>	<b>239,210,995</b>	<b>2,088,076</b>	<b>-</b>	<b>3,695,396</b>	<b>-</b>	<b>-</b>	<b>503,946</b>	<b>(35,040)</b>	<b>238,072,581</b>
<b>Plant and equipment</b>									
Plant, machinery and equipment	5,411,206	2,639,509	-	1,268,143	204,248	-	-	5,980	6,584,304
Furniture, equipment and compu	8,133,072	895,593	-	1,463,856	-	-	-	114,720	6,679,529
Art collection and regalia	14,822,422	17,510	50,930	-	-	-	-	-	14,990,862
<b>Total plant and equipment</b>	<b>28,366,700</b>	<b>3,652,612</b>	<b>50,930</b>	<b>2,731,999</b>	<b>204,248</b>	<b>-</b>	<b>-</b>	<b>120,700</b>	<b>27,254,695</b>
<b>Infrastructure</b>									
Roads	382,111,158	6,517,217	-	10,904,381	-	2,794,643	1,031,211	409,771	376,340,333
Drainage	69,302,673	122,375	-	1,249,676	-	39,255	656,134	128,123	68,920,374
Footpaths and cycleways	40,623,853	871,480	-	1,021,189	-	221,063	212,314	(248,697)	40,216,719
Kerb & channel	34,546,445	1,014,497	-	723,421	-	119,346	211,087	-	34,929,262
Bridges	18,482,984	-	-	408,352	-	724,120	-	-	17,350,512
Regulatory signs	614,148	33,510	-	202,276	-	-	15,136	44,770	505,288
Street furniture	1,587,573	76,957	-	144,307	-	5,682	-	-	1,464,541
Trees	2,954,853	633,377	-	95,671	-	30,148	4,500	72,823	3,539,734
<b>Total Infrastructure</b>	<b>550,223,697</b>	<b>9,219,423</b>	<b>-</b>	<b>14,749,273</b>	<b>-</b>	<b>3,934,257</b>	<b>2,100,382</b>	<b>406,790</b>	<b>543,266,762</b>
<b>Works in progress</b>									
Works in progress	8,438,705	10,326,650	-	-	-	-	-	(492,450)	18,272,905
<b>Total Works in progress</b>	<b>8,438,705</b>	<b>10,326,650</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(492,450)</b>	<b>18,272,905</b>
<b>Total property, plant and equipment, infrastructure</b>	<b>824,240,097</b>	<b>25,286,761</b>	<b>50,930</b>	<b>21,176,668</b>	<b>204,248</b>	<b>3,934,257</b>	<b>2,604,328</b>	<b>-</b>	<b>826,866,943</b>



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Note 20 Property, infrastructure, plant and equipment (cont)

2013	Balance at beginning of financial year	Correction to Previous Year	Acquisition of assets	Revaluation increments (decrements) (note 26)	Impairment Test Writedown	Depreciation (note 12)	Written down value of disposals	Contributed assets	Transfers to and transfers from W.I.P	Balance at end of financial year
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Property</b>										
Land	98,951,477	-	348,762	-	-	-	-	-	781,215	100,081,454
Land under roads	2,458,623	-	-	-	-	-	-	741,370	-	3,199,993
Land improvements	22,506,583	-	1,520,002	-	-	(1,027,566)	-	7,425	545,496	23,551,940
Total Land	123,916,683	-	1,868,764	-	-	(1,027,566)	-	748,795	1,328,711	126,833,387
Buildings	109,700,837	-	2,761,877	-	(114,625)	(2,508,568)	-	-	(147,099)	109,892,422
Heritage assets	2,712,053	-	-	-	-	(28,867)	-	-	-	2,683,186
Total Buildings	112,412,890	-	2,761,877	-	(114,625)	(2,535,435)	-	-	(147,099)	112,377,608
Total Property	236,329,573	-	4,630,641	-	(114,625)	(3,563,001)	-	748,795	1,179,612	239,210,995
<b>Plant and equipment</b>										
Plant, machinery and equipment	5,222,119	-	1,525,938	-	-	(902,260)	(434,591)	-	-	5,411,205
Furniture, equipment and computers	5,379,582	-	1,467,155	-	-	(1,262,998)	(96,189)	-	45,522	6,133,072
Art collection and regalia	14,737,742	-	84,680	-	-	-	-	-	-	14,822,422
Total plant and equipment	25,339,443	-	3,077,773	-	-	(2,165,258)	(530,780)	-	45,522	26,366,700
<b>Infrastructure</b>										
Infrastructure	383,015,399	1,349,638	10,255,642	164,627,048	-	(12,131,156)	-	2,785,135	321,993	550,223,697
Total Infrastructure	383,015,399	1,349,638	10,255,642	164,627,048	-	(12,131,156)	-	2,785,135	321,993	550,223,697
<b>Works in progress</b>										
Works in progress	5,542,317	-	4,443,515	-	-	-	-	-	(1,547,127)	8,438,705
Total Works in progress	5,542,317	-	4,443,515	-	-	-	-	-	(1,547,127)	8,438,705
<b>Total property, plant and equipment, infrastructure</b>	<b>650,826,732</b>	<b>1,349,638</b>	<b>22,407,571</b>	<b>164,627,048</b>	<b>(114,625)</b>	<b>(17,859,415)</b>	<b>(530,780)</b>	<b>3,553,930</b>	<b>-</b>	<b>824,240,097</b>

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		2014	2013	
		\$	\$	
<b>Note 21</b>	<b>Trade and other payables</b>			
	<b>Current</b>			
	Trade payables	2,151,526	546,525	
	Cosgrove landfill	57,471	109,131	
	Payroll deductions	-	239,671	
	Other payables	1,641,030	693,646	
	Accrued expenses	7,493,651	6,848,884	
		<u>11,343,678</u>	<u>8,437,857</u>	
	<b>Non-current</b>			
	Cosgrove landfill	-	57,471	
		<u>-</u>	<u>57,471</u>	
	<b>Total</b>	<u>11,343,678</u>	<u>8,495,328</u>	
<b>Note 22</b>	<b>Trust funds and deposits</b>			
	Refundable building deposits	8,432	7,383	
	Refundable contract deposits	328,482	311,683	
	Refundable landscaping deposits	20,930	20,930	
	Refundable civic facilities deposits	19,186	15,871	
	Refundable road crossing deposits	89,487	82,487	
	Refundable security deposits	1,402,533	1,457,097	
	Other refundable deposits	211,102	77,722	
		<u>2,080,152</u>	<u>1,973,173</u>	
<b>Note 23</b>	<b>Provisions</b>			
		Annual leave	Long service leave	Total
	<b>2014</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
	Balance at beginning of the financial year	3,044,575	6,285,276	9,329,851
	Additional provisions	3,004,665	731,249	3,735,914
	Amounts used	(2,913,464)	(576,878)	(3,490,342)
	Balance at the end of the financial year	<u>3,135,776</u>	<u>6,439,647</u>	<u>9,575,423</u>
	<b>2013</b>			
	Balance at beginning of the financial year	2,728,327	6,079,538	8,807,865
	Additional provisions	2,284,719	1,211,936	3,496,655
	Amounts used	(1,968,471)	(1,006,198)	(2,974,669)
	Balance at the end of the financial year	<u>3,044,575</u>	<u>6,285,276</u>	<u>9,329,851</u>
		<b>2014</b>	<b>2013</b>	
	<b>(a) Employee provisions</b>	<b>\$</b>	<b>\$</b>	
	<b>Current provisions expected to be settled within 12 months</b>			
	Annual leave	2,477,101	3,044,575	
	Long service leave	1,520,968	5,331,323	
		<u>3,998,069</u>	<u>8,375,898</u>	
	<b>Current provisions expected to be settled after 12 months</b>			
	Annual leave	658,675	-	
	Long service leave	3,991,783	-	
		<u>4,650,458</u>	<u>-</u>	
	<b>Total Current provisions</b>	<u>8,648,527</u>	<u>8,375,898</u>	
	<b>Non-current</b>			
	Long service leave	926,896	953,953	
	<b>Aggregate carrying amount of employee benefits:</b>			
	Current	8,648,527	8,375,898	
	Non-current	926,896	953,953	
		<u>9,575,423</u>	<u>9,329,851</u>	
	The following assumptions were adopted in measuring the present value of employee benefits:			
	Weighted average increase in employee costs	3.50%	4.00%	
	Weighted average discount rates	2.455%	2.470%	

Council expects to pay no more than \$1,520,968 from Current Long Service Leave provision and no more than \$2,477,101 from Annual Leave provision, with those more than 12 months being discounted to present value in accordance with AASB119.

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For the Year Ended 30 June 2014

		2014	2013
		\$	\$
<b>Note 24</b>	<b>Income received in advance</b>		
	Other	1,285	5,000
	Lease payments	184,586	174,822
	Aquatic memberships	85,014	63,994
		<u>250,885</u>	<u>243,816</u>

<b>Note 25</b>	<b>Interest bearing loans and borrowings</b>		
	<b>Current</b>		
	Borrowings - secured	457,675	413,610
	<b>Non-current</b>		
	Borrowings - secured	14,354,474	14,811,604
	Total	<u>14,812,149</u>	<u>15,225,214</u>

Borrowings are secured over general rates as per Local Government Act - Section 148 (1) (a).

The maturity profile for Council's borrowings is:

Not later than one year	457,675	413,610
Later than one year and not later than five years	2,207,807	2,047,248
Later than five years	12,146,667	12,764,356
	<u>14,812,149</u>	<u>15,225,214</u>

<b>Note 26</b>	<b>Reserves</b>	<b>Balance at beginning of reporting period</b>	<b>Correction to Previous Year</b>	<b>Increment (decrement)</b>	<b>Balance at end of reporting period</b>
		\$		\$	\$
	<b>Asset revaluation reserve</b>				
	<b>2014</b>				
	<b>Property</b>				
	Land	61,966,415		-	61,966,415
	Land Improvement	100,911		-	100,911
	Buildings	17,903,501		-	17,903,501
	Art and Regalia	11,830,123		50,930	11,881,053
		<u>91,800,950</u>	-	<u>50,930</u>	<u>91,851,880</u>
	<b>Infrastructure</b>				
	Roads	434,036,896	-	-	434,036,896
		<u>434,036,896</u>	-	-	<u>434,036,896</u>
	<b>Total Asset revaluation reserve</b>	<u>525,837,846</u>		<u>50,930</u>	<u>525,888,776</u>
	<b>2013</b>				
	<b>Property</b>				
	Land	61,966,415	-	-	61,966,415
	Land Improvement	100,911	-	-	100,911
	Buildings	18,018,126	-	(114,625)	17,903,501
	Art and Regalia	11,830,123	-	-	11,830,123
		<u>91,915,575</u>		<u>(114,625)</u>	<u>91,800,950</u>
	<b>Infrastructure</b>				
	Roads	268,060,212	1,349,638	164,627,046	434,036,896
		<u>268,060,212</u>	<u>1,349,638</u>	<u>164,627,046</u>	<u>434,036,896</u>
	<b>Total Asset revaluation reserve</b>	<u>359,975,787</u>	<u>1,349,638</u>	<u>164,512,421</u>	<u>525,837,846</u>

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	2014	2013
	\$	\$
<b>Note 27</b>		
<b>Reconciliation of cash flows from operating activities to surplus(deficit)</b>		
Surplus (deficit) for the year	5,420,230	14,057,825
Depreciation/amortisation	21,176,669	17,859,415
(Profit)/loss on disposal of assets	(421,698)	51,368
Developer contributions - Non-monetary assets	(2,604,328)	(3,533,930)
Investment in GV Regional Library Corporation	(65,241)	(95,876)
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	104,083	(1,146,639)
Increase/(decrease) in income received in advance	7,069	(3,551)
Increase/(decrease) in trust funds	106,979	(77,575)
Increase/(decrease) in accrued income	82,698	558,920
Increase/(decrease) in trade and other payables	2,848,350	(2,030,962)
(Decrease)/increase in other liabilities	(463,467)	(388,675)
(Increase)/decrease in inventories	(3,204)	(24,151)
Increase/(decrease) in provisions	245,572	521,985
(Increase)/decrease in other assets	4,703,038	(811,800)
Net cash provided by (used in) operating activities	<u>31,116,750</u>	<u>24,936,354</u>
<b>Note 28</b>		
<b>Reconciliation of cash and cash equivalents</b>		
Cash and cash equivalents (note 16)	<u>27,435,485</u>	<u>34,185,501</u>
	<u>27,435,485</u>	<u>34,185,501</u>
<b>Note 29</b>		
<b>Financing arrangements</b>		
Total facilities	280,500	500,000
less used facilities	<u>78,237</u>	<u>30,000</u>
Unused facilities	<u>202,263</u>	<u>470,000</u>
<b>Note 30</b>		
<b>Restricted assets</b>		
As at the reporting date, Council had cash assets and cash equivalents that are subject to restrictions.		
<b>Current</b>		
Grants (note 6)	3,550,466	8,010,042
Trust funds and deposits (note 22)	<u>2,080,152</u>	<u>1,973,173</u>
	<u>5,630,618</u>	<u>9,983,215</u>

## Note 31

## Superannuation

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

Council makes employer superannuation contributions in respect of its employees to other funds as nominated by its employees. Obligations for contributions are recognised as an expense in the Comprehensive Income Statement when they are due. All other funds are accumulation funds. None are defined benefits.

## Accumulation

The Fund's accumulation category, Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (9.25% required under Superannuation Guarantee Legislation 2013/14. Was 9.0% 2012/13). 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.

## Defined Benefits

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

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.

## 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%. As at 31 March 2014 the Fund's VBI was reported as 104.6%.

Fund	2014 \$	2013 \$
<b>Defined benefit plans</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	295,614	254,194
	<u>295,614</u>	<u>254,194</u>
<b>Accumulation funds</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	2,902,220	2,553,694
Employer contributions to Funds other than Vision Super	129,455	75,394
	<u>3,031,676</u>	<u>2,629,088</u>
	<u>3,327,290</u>	<u>2,883,282</u>

There were no contributions outstanding at balance date.

Council estimates contributions to be paid to the defined benefits category of Vision Super for the year ended 30 June 2015 to be approx. \$310k.

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**Note 32**

**Commitments**

The Council has entered into the following commitments

2014	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$	\$	\$	\$	\$
<b>Operating</b>					
Waste Management	2,756,000	458,000	-	-	3,214,000
Recreational Services	41,615	42,311	107,198	-	191,124
Aged and Disability Services	108,671	20,000	-	-	128,671
Shepparton Saleyards Complex	561,816	584,289	1,561,806	-	2,707,911
Community	140,000	140,000	-	-	280,000
Maintenance of Council Property	257,000	-	-	-	257,000
Consultancies	65,000	-	-	-	65,000
Home care services	1,761,750	1,814,603	-	-	3,576,353
Cleaning contracts for council	22,177	-	-	-	22,177
Meals for delivery	450,000	463,500	-	-	913,500
Hard & green waste collection	689,000	-	-	-	689,000
<b>Total</b>	<b>6,853,029</b>	<b>3,522,703</b>	<b>1,669,004</b>	<b>-</b>	<b>12,044,736</b>
<b>Capital</b>					
Construction	1,704,315	-	-	-	1,704,315
Waste Management	487,000	-	-	-	487,000
Plant and equipment	1,147,330	-	-	-	1,147,330
Drainage	404,732	-	-	-	404,732
<b>Total</b>	<b>3,743,377</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,743,377</b>
<b>Total</b>	<b>10,596,406</b>	<b>3,522,703</b>	<b>1,669,004</b>	<b>-</b>	<b>15,788,113</b>

2013	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$	\$	\$	\$	\$
<b>Operating</b>					
Waste/Recycling services	3,408,000	651,000	463,000	-	4,522,000
Maintenance of council property	1,812	1,866	5,942	-	9,620
Consultancies	297,680	12,500	-	-	310,180
Home care services	284,797	-	-	-	284,797
Cleaning contracts for council buildings	27,094	5,400	-	-	32,494
Meals for delivery	75,604	-	-	-	75,604
Green organic waste collection	902,000	-	-	-	902,000
<b>Total</b>	<b>4,996,987</b>	<b>670,766</b>	<b>468,942</b>	<b>-</b>	<b>6,136,695</b>
<b>Capital</b>					
Construction	531,095	-	-	-	531,095
Plant and equipment	39,300	-	-	-	39,300
Drainage	261,656	-	-	-	261,656
Waste/Recycling services	487,000	-	-	-	487,000
<b>Total</b>	<b>1,319,051</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,319,051</b>
<b>Total</b>	<b>6,316,038</b>	<b>670,766</b>	<b>468,942</b>	<b>-</b>	<b>7,455,746</b>

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Notes to the Financial Report  
For the Year Ended 30 June 2014

	2014	2013
	\$	\$
<b>Note 33</b>		
<b>Operating leases</b>		
<b>(a) 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	402,022	999,549
Later than one year and not later than five years	577,139	1,083,921
	<u>979,161</u>	<u>2,083,470</u>
<b>(b) Operating lease receivables</b>		
At the reporting date, the Council had entered into commercial property leases. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 50 years. All leases include a CPI based revision of the rental charge.		
Future minimum rentals receivable under non-cancellable operating leases are as follows:		
Not later than one year	224,214	538,239
Later than one year and not later than five years	646,434	1,236,597
Later than five years	20,296	221,884
	<u>890,944</u>	<u>1,996,720</u>
<b>Note 34</b>		
<b>Contingent liabilities and contingent assets</b>		
<b>(a) Contingent liabilities</b>		
<b>(i) Contingent liabilities arising from public liabilities</b>		
As a local authority with ownership of numerous parks, reserves, roads and other land holdings, the Council carries a \$400 Million Public/Products Liability Insurance that has an excess payment of \$20,000 per claim on this policy. Any exposure to the Council from insurable incidents allegedly arising out of negligent management of its assets has a maximum liability of the excess payment on any single claim. MAV Insurance – Liability Mutual Insurance (LMI) is the Council's primary insurer and under the terms and conditions of the 2014/2015 policy the Council has made the insurer aware of any pending or existing claims. Financial outcomes pertaining to claims are unpredictable and are an estimate only. Payments for Public Liability claims are limited to the excess amount or part thereof.		
<b>(ii) Contingent liabilities arising from professional indemnity</b>		
As a local authority with statutory regulatory responsibilities, including the issuing permit approvals, the Council can be exposed to claims and demands for damages allegedly arising due to advice given by Council Officers. The Council carries \$300 Million Professional Indemnity Insurance that has an excess payment of \$20,000 per claim on this policy. The maximum liability for the Council in any single insurable claim is the extent of its excess payment. MAV Insurance – Liability Mutual Insurance (LMI) is Council's primary insurer and under the terms and conditions of the 2014/2015 policy the Council has made the insurer aware of any pending or existing claims.		
<b>(iii) Contingent liabilities arising from Cosgrove Landfill Financial Assurance</b>		
Council has a responsibility under the Environment and Protection Act 1970, for rehabilitation, site aftercare and remedial action at its landfill site at Cosgrove. While rehabilitation and site after care is funded through the annual budget, the EPA requires a financial assurance to meet the potential costs should the site require remedial works. As at the 30 June 2014 the Council remains in negotiations with the EPA around how the financial assurance is managed. The Memorandum Of Understanding makes available to the EPA, at call, the sum of \$978,000 should remedial action be required. At balance date there was no present obligation for remediation. Council will continue to work with the EPA and review this issue in consideration of the 2014/15 accounts.		
<b>(iv) Contingent liabilities arising from Legal proceedings.</b>		
The Council is presently involved in several confidential legal matters, which are being conducted through Council's solicitors. As these matters are yet to be finalised, and the financial outcomes are unable to be reliably estimated, no allowance for these contingencies has been made in the financial report.		
<b>(b) Contingent assets</b>		
As at the reporting date there were a number of subdivisions in progress throughout the municipality and on completion the Council will receive ownership of the infrastructure associated with those subdivisions. Valuations are determined at the time of handover.		

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**Notes to the Financial Report**  
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Note 35

**Financial instruments**

**(a) Accounting policy, terms and conditions**

**Recognised**

**financial**

**instruments**

Note

Accounting Policy

Terms and Conditions

**Financial assets**

**Cash and cash equivalents**

16

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 2.4208% (3.025% in 2012/2013). The interest rate at balance date was 2.40% (2.65% in 2012/2013).

Investments and bills are valued at cost.

Funds returned fixed interest rates of between 3.25% (3.80% in 2012/2013), and 4.30% (5.65% in 2012/2013) net of fees.

Investments are held to maximise interest returns of surplus cash.

Interest is recognised as it accrues.

**Other financial assets**

Investments are held to maximise interest returns of surplus cash.

Consists of term deposits with a maturity date in excess of 90 days from balance date. The above interest rates apply.

**Trade and other receivables**

17

Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection in full is no longer probable. Collectability of overdue accounts is assessed on an ongoing basis.

General debtors are unsecured. Credit terms are based on 30 days.

**Financial liabilities**

**Trade and other payables**

21

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.

**Interest-bearing loans and borrowings**

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 was 7.55% during 2013/2014 (7.55% in 2012/2013).

**Trust funds and deposits**

22

Funds held on behalf of third parties for various refundable deposits and are carried at nominal value.

Refundable to third party when deposit conditions are met.

**Bank facility**

29

Facilities are recognised at the principal amount. Interest is charged as an expense as it accrues.

The facility is subject to annual review.



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Notes to the Financial Report  
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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

	Floating interest rate	Fixed interest 1 year or less	Fixed interest Over 1 to 5 years	Fixed interest More than 5 years	Non Interest- bearing	Total
	\$	\$	\$	\$	\$	\$
<b>Financial assets</b>						
Cash and cash equivalents	5,154,377	22,272,408	-	-	8,700	27,435,485
Other financial assets	-	16,500,000	-	-	-	16,500,000
Trade and other receivables	-	-	-	-	2,447,332	2,447,332
<b>Total financial assets</b>	<b>5,154,377</b>	<b>38,772,408</b>	<b>-</b>	<b>-</b>	<b>2,456,032</b>	<b>46,382,817</b>
Weighted average interest rate	2.44%	3.65%				
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	-	11,343,678	11,343,678
Trust funds and deposits	-	-	-	-	2,080,152	2,080,152
Interest-bearing loans and borrowings	-	457,675	2,207,807	12,146,667	-	14,812,149
<b>Total financial liabilities</b>	<b>-</b>	<b>457,675</b>	<b>2,207,807</b>	<b>12,146,667</b>	<b>13,423,830</b>	<b>28,235,979</b>
Weighted average interest rate		7.55%	7.55%	7.55%		
Net financial assets (liabilities)	5,154,377	38,314,733	(2,207,807)	(12,146,667)	(10,967,798)	18,146,838

2013

	Floating Interest rate	Fixed interest 1 year or less	Fixed interest Over 1 to 5 years	Fixed interest More than 5 years	Non Interest- bearing	Total
	\$	\$	\$	\$	\$	\$
<b>Financial assets</b>						
Cash and cash equivalents	2,749,170	31,427,341	-	-	8,990	34,185,501
Other financial assets	-	4,000,000	-	-	-	4,000,000
Trade and other receivables	-	-	-	-	3,614,917	3,614,917
<b>Total financial assets</b>	<b>2,749,170</b>	<b>35,427,341</b>	<b>-</b>	<b>-</b>	<b>3,623,907</b>	<b>41,800,418</b>
Weighted average interest rate	4.55%	4.55%				
<b>Financial liabilities</b>						
Trade and other payables	-	109,131	57,471	-	8,328,726	8,495,328
Trust funds and deposits	-	-	-	-	1,973,173	1,973,173
Interest-bearing loans and borrowings	-	413,610	2,047,248	12,764,356	-	15,225,214
<b>Total financial liabilities</b>	<b>-</b>	<b>522,741</b>	<b>2,104,719</b>	<b>12,764,356</b>	<b>10,301,899</b>	<b>25,693,715</b>
Weighted average interest rate		7.55%	7.55%	7.55%		
Net financial assets (liabilities)	2,749,170	34,904,600	(2,104,719)	(12,764,356)	(6,677,992)	16,106,703

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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
	\$	\$	\$	\$
<i>(1) Financial assets</i>				
Cash and cash equivalents	27,435,485	34,185,501	27,435,485	34,185,501
Trade and other receivables	2,447,332	3,614,917	2,447,332	3,614,917
<b>Total financial assets</b>	<b>29,882,817</b>	<b>37,800,418</b>	<b>29,882,817</b>	<b>37,800,418</b>
<i>(2) Financial liabilities</i>				
Trade and other payables	11,343,678	8,495,328	11,343,678	8,495,328
Trust funds and deposits	2,080,152	1,973,173	2,080,152	1,973,173
Interest-bearing loans and	14,812,149	15,225,214	14,812,149	15,225,214
<b>Total Financial liabilities</b>	<b>28,235,979</b>	<b>25,693,715</b>	<b>28,235,979</b>	<b>25,693,715</b>
<b>Net Financial Assets</b>	<b>1,646,838</b>	<b>12,106,703</b>	<b>1,646,838</b>	<b>12,106,703</b>

(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 long term borrowings are at fixed rates so we are not exposed to fair value interest rate risk.

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

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

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

Investment of surplus funds is made with approved financial institutions under the provisions of the *Local Government Act 1989*. We manage interest rate risk by following a Council adopted investment policy that ensures:

- conformity with State and Federal regulations and standards,
- adequate safety,
- 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.

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Notes to the Financial Report  
For the Year Ended 30 June 2014

Note 35

Financial instruments (cont.)

(e) Risks and mitigation (cont.)

**Credit risk**

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause the Council to make a financial loss. Council has exposure to credit risk on all financial assets (except rate receivables) included in the balance sheet. To help

- Council has a policy for establishing credit limits for the entities that Council deal with;
- Council may require collateral where appropriate; and
- Council only invests surplus funds with financial institutions which have a recognised credit rating specified in the adopted 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, apart from the Council's rate debtors, 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. Trade and other receivables are referred to at note 17. Bad and doubtful debts are written off, per note 11.

**Movement in Provisions for Doubtful Debts**

	2014 \$'000	2013 \$'000
Balance at the beginning of the	30,000	50,000
New Provisions recognised during	12,639	-
Amounts already provided for and written off as	(12,639)	(4,255)
Amounts provided for but recovered during the	-	(15,745)
Balance at end of year	<u>30,000</u>	<u>30,000</u>

**Ageing of Trade and Other**

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:

	2014 \$'000	2013 \$'000
Current (not yet due)	2,315,651	3,292,122
Past due by up to 30 days	52,082	79,501
Past due between 31 and 180	79,599	243,294
Past due between 181 and 365	-	-
Past due by more than 1 year	-	-
Total Trade & Other Receivables	<u>2,447,332</u>	<u>3,614,917</u>

**Liquidity risk**

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

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

To help reduce these risks we:

- have an adopted cash management policy advising that a level of cash or equivalents must be maintained to cover transactions;
- have both readily accessible funds at call and other funding arrangements with the investment institutions in place to redeem invested funds before maturity only forfeiting the interest that would have been earned between the redemption date and maturity;
- have a portfolio structure that requires surplus funds to be invested at call until minimum is covered then to terms as required;
- monitor cashflow performance on a regular basis based on historical high and low flow periods.

The Council's exposure to liquidity risk is deemed insignificant based on prior period's data and current assessment of risk.

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Note 35

Financial instruments (cont.)

(e) Risks and mitigation (cont.)

The table below lists the contractual maturities for Financial Liabilities

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

2014	6 mths or less	6-12 months	1-2 years	2-5 years	>5 years	Contracted Cash Flow
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	11,286,207	57,471	-	-	-	11,343,678
Trust funds and deposits	1,641,253	208,985	229,915	-	-	2,080,153
Interest-bearing loans and borrowings	228,838	228,838	551,952	1,655,855	12,146,867	14,812,150
Total financial liabilities	13,156,298	495,294	781,867	1,655,855	12,146,867	28,235,981

2013	6 mths or less	6-12 months	1-2 years	2-5 years	>5 years	Contracted Cash Flow
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	8,328,726	51,660	57,471	-	-	8,437,857
Trust funds and deposits	1,558,073	197,085	218,015	-	-	1,973,173
Interest-bearing loans and borrowings	206,805	206,805	511,812	1,535,436	12,764,356	15,225,214
Total financial liabilities	10,093,604	455,550	787,298	1,535,436	12,764,356	25,635,981

(f) Sensitivity disclosure

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 3.51% (2012/13, 4.15%).

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.

Market risk exposure	Interest rate risk				
	Carrying amount subject to interest	-1%	100 basis points		1%
		Profit	Equity	Profit	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2014</b>					
<b>Financial assets:</b>					
Cash and cash equivalents	27,426,785	(274,268)	(274,268)	274,268	274,268
<b>Financial liabilities:</b>					
Interest-bearing loans and	14,812,149	148,121	148,121	(148,121)	(148,121)
<b>2013</b>					
<b>Financial assets:</b>					
Cash and cash equivalents	34,176,511	(341,765)	(341,765)	341,765	341,765
<b>Financial liabilities:</b>					
Interest-bearing loans and	15,225,214	152,252	152,252	(152,252)	(152,252)

(g) Fair Value Hierarchy

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

Note 36

Auditors remuneration

	2014	2013
	\$	\$
Audit fee to conduct external audit - Victorian Auditor-General	61,500	61,500
Internal audit fees - Mann Judd	50,880	-
Internal audit fees - Pitcher Partners Consulting	59,020	107,710
	<u>171,400</u>	<u>169,210</u>

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Note 37

**Related party transactions**

**(i) Responsible Persons**

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

**Councillors**

**1 July 2013 - 30 June 2014**

Jenny Houlihan (Mayor)

Michael Polan

Kevin Ryan

Les Oroszvary

Dennis Patterson

Fern Summer

Milvan Muto

(Disqualified April 2014)

Dinny Adem

(Appointed May 2014)

**Chief Executive Officer**

Gavin Cator

**(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	2013
	No.	No.
\$1 - \$ 9,999	1	2
\$10,000 - \$19,999	1	4
\$20,000 - \$29,999	5	2
\$30,000 - \$39,999	-	1
\$50,000 - \$59,999	-	1
\$70,000 - \$79,999	1	-
\$260,000 - \$269,999	1	1
	<u>9</u>	<u>11</u>
	<b>\$</b>	<b>\$</b>
Total remuneration for the reporting year for Responsible Persons included above amounted to:	<u>472,866</u>	<u>507,192</u>

(iii) No retirement benefits have been made by the Council to a Responsible Person during the reporting year. (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).

Note 37

Related party transactions (cont.)

(vi) Senior Officers Remuneration

A Senior Officer other than a Responsible Person, is an officer of Council who has management responsibilities and reports directly to the Chief Executive Officer or whose total annual remuneration exceeds \$133,000.

	2014	2013
	No.	No.
Income Range:		
Less than \$130,000	-	9
\$110,000 - \$119,999	2	-
\$130,000 - \$139,999	3	3
\$140,000 - \$149,999	-	4
\$150,000 - \$159,999	-	3
\$160,000 - \$169,999	1	-
\$170,000 - \$179,999	-	1
\$180,000 - \$189,999	2	-
\$270,000 - \$279,999	-	1
	8	21
	\$	\$
Total remuneration for the reporting year for Senior Officers included above amounted to :	1,174,230	2,690,634

**Note:** Total number of Senior Officers for the 2012/13 financial year reflected higher than normal due to personnel changes as a result of an organisational restructure. As at 30 June 2014 Council employed 7 Senior Officers.

(vii) Other transactions

Councillor Kevin Ryan held office with Merrigum Enterprises, Tatura Caravan Hire and Bymeside Nursery. There were no transactions with Merrigum Enterprises, Tatura Caravan Park or Bymeside Nursery for the 2013/14 financial year (\$8,127 in 2012/13).

Councillor Jenny Houlihan held the position of Chairperson with Centrepoin Body Corporate. There were no transactions for the 2013/14 financial year (\$0 in 2012/13).

Councillor Jenny Houlihan held a beneficial interest in local business, 'The Living Room'. There were no transactions for the 2013/14 financial year (\$0 in 2012/13).

Councillor Michael Poljan held a beneficial interest in local business, 'Not Just Cupcakes'. In October 2013 Council had one transaction to the value of \$100. This transaction was in accordance with Council's procurement policy (\$0 in 2012/13).

Councillor Dennis Patterson held a beneficial interest in local business, 'The Fridge Shop'. There were no transactions for the 2013/14 financial year (\$0 in 2012/13).

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Notes to the Financial Report  
For the Year Ended 30 June 2014

Note 38

Revenue, expenses and assets by functions/activities

2014	Community Life	Economic Development	Infrastructure	Environment	Settlement & Housing	Council Organisation and Management	Total
	\$	\$	\$	\$	\$	\$	\$
<b>REVENUE</b>							
Grants (note 6)	10,542,686	299,450	6,908,787	2,587,521	56,100	4,275,023	24,669,567
Other	7,613,825	181,958	6,989,108	13,863,604	1,338,245	59,161,487	89,148,027
<b>TOTAL</b>	<b>18,156,511</b>	<b>481,408</b>	<b>13,897,895</b>	<b>16,451,125</b>	<b>1,394,345</b>	<b>63,436,510</b>	<b>113,817,594</b>
<b>EXPENSES</b>	<b>25,680,883</b>	<b>1,421,754</b>	<b>18,263,281</b>	<b>11,459,038</b>	<b>2,487,809</b>	<b>49,084,599</b>	<b>108,397,364</b>
<b>TOTAL</b>	<b>25,680,883</b>	<b>1,421,754</b>	<b>18,263,281</b>	<b>11,459,038</b>	<b>2,487,809</b>	<b>49,084,599</b>	<b>108,397,364</b>
<b>SURPLUS(DEFICIT) FOR THE YEAR</b>	<b>(7,524,572)</b>	<b>(940,346)</b>	<b>(4,365,386)</b>	<b>4,992,087</b>	<b>(1,093,464)</b>	<b>14,351,911</b>	<b>5,420,230</b>
<b>ASSETS ATTRIBUTED TO FUNCTIONS/ACTIVITIES*</b>	<b>164,015,853</b>	<b>33,290,444</b>	<b>522,284,671</b>	<b>88,620,104</b>	<b>4,209,153</b>	<b>14,446,718</b>	<b>826,866,943</b>

2013	Community Life	Economic Development	Infrastructure	Environment	Settlement & Housing	Council Organisation and Management	Total
	\$	\$	\$	\$	\$	\$	\$
<b>REVENUE</b>							
Grants (note 6)	11,790,565	343,000	1,160,414	215,563	2,124,467	10,792,351	26,426,360
Other	7,907,840	3,193,582	8,451,311	11,819,845	5,094,855	47,526,654	83,994,087
<b>TOTAL</b>	<b>19,698,405</b>	<b>3,536,582</b>	<b>9,611,725</b>	<b>12,035,408</b>	<b>7,219,322</b>	<b>58,319,005</b>	<b>110,420,447</b>
<b>EXPENSES</b>	<b>32,921,344</b>	<b>5,781,268</b>	<b>24,251,055</b>	<b>10,754,396</b>	<b>5,135,850</b>	<b>17,518,709</b>	<b>96,362,622</b>
<b>TOTAL</b>	<b>32,921,344</b>	<b>5,781,268</b>	<b>24,251,055</b>	<b>10,754,396</b>	<b>5,135,850</b>	<b>17,518,709</b>	<b>96,362,622</b>
<b>SURPLUS(DEFICIT) FOR THE YEAR</b>	<b>(13,222,939)</b>	<b>(2,244,686)</b>	<b>(14,639,330)</b>	<b>1,281,012</b>	<b>2,083,472</b>	<b>40,800,296</b>	<b>14,057,825</b>
<b>ASSETS ATTRIBUTED TO FUNCTIONS/ACTIVITIES*</b>	<b>168,460,152</b>	<b>33,354,099</b>	<b>531,602,076</b>	<b>73,953,689</b>	<b>4,209,345</b>	<b>12,640,736</b>	<b>824,240,097</b>

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

The activities relating to the Council's operations as per function are as follows:-

**Community Life**

Aged & Disability Services  
Aquatic Facilities  
Arts & Culture  
Children's Services  
Law Order & Safety  
Other Community Programs  
Public Open Space  
Sports Facilities  
Stock & Domestic Water Supply

**Economic Development**

Development Services  
Salesyards  
Tourism

**Infrastructure**

Aerodrome  
Depot  
Local Roads  
Parking Management  
Planning Investigation & Design  
Plant  
Public Buildings

**Environment**

Drainage  
Environmental Management  
Waste Management

**Settlement & Housing**

Development Facilities  
Environmental Health

**Council Organisation and Management**

Corporate Services  
Financial Services  
Governance  
Information Systems  
Management (Directorate)  
Rates

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Note 39	Financial ratios (Performance indicators)	2014	2013	2012
	<b>(a) Debt servicing ratio</b> (to identify the capacity of Council to service its outstanding debt)			
	<u>Debt servicing costs</u>	$\frac{1,164,839}{113,817,594} = 1.02\%$	$\frac{1,204,628}{110,420,447} = 1.09\%$	$\frac{1,033,763}{111,762,418} = 0.92\%$
	Total revenue			
	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>	$\frac{1,577,904}{60,284,470} = 2.62\%$	$\frac{1,593,302}{56,816,212} = 2.80\%$	$\frac{1,327,920}{53,676,672} = 2.47\%$
	Rate revenue			
	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>	$\frac{60,284,470}{113,817,594} = 52.97\%$	$\frac{56,816,212}{110,420,447} = 51.45\%$	$\frac{53,676,672}{111,762,418} = 48.03\%$
	Total revenue			
	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>	$\frac{35,982,135}{274,952,503} = 1:7.6$	$\frac{33,294,209}{266,351,172} = 1:8.0$	$\frac{35,100,040}{254,766,251} = 1:7.3$
	Total realisable assets			
	For the purposes 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 multiple 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>	$\frac{50,955,391}{22,780,917} = 2.2:1$	$\frac{45,244,585}{19,444,354} = 2.3:1$	$\frac{42,042,986}{21,911,979} = 1.9:1$
	Current liabilities			
	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>	$\frac{50,955,391}{21,259,949} = 2.4:1$	$\frac{45,244,585}{14,113,031} = 3.2:1$	$\frac{42,042,986}{16,911,979} = 2.5:1$
	Current liabilities			
	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.			



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Note 40 Pending Accounting Standards	
Pronouncement	Summary
<p>AASB 9 Financial Instruments</p>	<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 tailoring 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>
<p>Application Date</p>	<p>1-Jul-15</p>
<p>Impact on Council</p>	<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>

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**Notes to the Financial Report**  
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<b>Note 40</b>		<b>Pending Accounting Standards (cont)</b>	
Pronouncement	Summary	Application Date	Impact on Council
AASB 10 Consolidated Financial Statements	<p>This Standard forms the basis for determining which entities should be consolidated into an entity's financial statements. AASB 10 defines 'control' as requiring exposure or rights to variable returns and the ability to affect those returns through power over an investee, which may broaden the concept of control for public sector entities.</p> <p>The AASB has issued an exposure draft ED 238 Consolidated Financial Statements – Australian Implementation Guidance for Not-for-Profit Entities that explains and illustrates how the principles in the Standard apply from the perspective of not-for-profit entities in the private and public sectors.</p> <p>This Standard forms the basis for determining which entities should be consolidated into an entity's financial statements. AASB 10 defines 'control' as requiring exposure or rights to variable returns and the ability to affect those returns through power over an investee, which may broaden the concept of control for public sector entities.</p> <p>The AASB has issued an exposure draft ED 238 Consolidated Financial Statements – Australian Implementation Guidance for Not-for-Profit Entities that explains and illustrates how the principles in the Standard apply from the perspective of not-for-profit entities in the private and public sectors.</p>	1-Jul-14	The AASB have finalised deliberations on ED 238 and any modifications made to AASB 10 for not-for-profit entities. Council will need to re-assess the nature of its relationships with other entities, including those that are currently not consolidated.
AASB 127 Separate Financial Statements	<p>This revised Standard prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.</p>	1-Jul-14	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.
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	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.
AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010 2 Amendments to Australian Accounts Standard arising from Reduced Disclosure Requirements	<p>These standards set out the tiers of financial reporting and the reduced disclosure framework.</p>	1-Jul-14	Council has yet to determine the impact of this standard

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Note	2014 \$'000	2013 \$'000
<b>Note 41</b>		
	<b>Capital expenditure</b>	
	<b>Capital expenditure areas</b>	
	Roads	13,908,304
	Drainage	2,701,940
	Parks, open space and streetscapes	1,651,120
	Buildings	1,825,820
	Plant and equipment	3,732,274
	Other	1,467,302
	<b>Total capital works</b>	<b>25,286,760</b>
	Represented by:	
	Renewal of infrastructure	8,164,671
	Upgrade of infrastructure	4,011,686
	Expansion of infrastructure	-
	New infrastructure	4,433,886
	New buildings	42,296
	New plant and equipment	541,144
	Other	8,093,075
	<b>Total capital works</b>	<b>25,286,760</b>

**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		21,352,505	22,407,571
Contributions - non-monetary assets	7(b)	2,604,328	3,533,930
Asset revaluation movement	26	50,930	165,862,059
Depreciation/amortisation	12	(21,176,669)	(17,859,415)
Written down value of assets sold	14	(204,248)	(530,780)
<b>Net movement in property, plant and equipment, infrastructure</b>		<b>2,626,846</b>	<b>173,413,365</b>

**(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.

**GREATER SHEPPARTON CITY COUNCIL**  
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**Notes to the Financial Report**  
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**Note 42**

**Special committees and other activities**

**Entities in which Council has a contributory involvement - recorded as an investment in this report.**

Goulburn Valley Regional Library Corporation

**Entities in which Council has a contributory involvement - not recorded as an investment in this report.**

Goulburn Valley Regional Waste Management Group

**Entities in which Council has a managerial involvement - not included in this report.**

Pine Lodge Cemetery Trust

Kialla West Cemetery Trust

**Council sponsored Section 86 committees - consolidated into this financial report.**

Australian Botanic Gardens Shepparton Special Committee

Shepparton Show Me Committee of Management

**GREATER SHEPPARTON CITY COUNCIL**  
**2013/2014 Financial Report**

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### **Certification of the Financial Report**

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

**M Jarvis**  
**PRINCIPAL ACCOUNTING OFFICER**

Date :

In our opinion the accompanying financial statements present fairly the financial transactions of Greater Shepparton City Council 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.

**J Houlihan (Mayor)**  
**COUNCILLOR**

Date :

**D Patterson (Deputy Mayor)**  
**COUNCILLOR**

Date :

**G Cator**  
**CHIEF EXECUTIVE OFFICER**

Date :



# **STANDARD STATEMENTS**

**FOR THE YEAR ENDED**

**30 June 2014**



**STANDARD INCOME STATEMENT**

For the year ending 30 June 2014

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>		<i>Note</i>
	<i>2013-14</i>	<i>2013-14</i>	<i>Fav/(Unfav)</i>		
	\$	\$	\$	%	
<b>Revenue</b>					
Rates and Charges	60,261,369	60,289,000	(27,631)	(0%)	
Operating Grants and Contributions	20,977,129	15,162,000	5,815,129	38%	1
User Charges	14,772,605	15,387,000	(614,395)	(4%)	
Statutory Fees	2,402,305	2,370,000	32,305	1%	
Other	2,837,236	1,725,000	1,112,236	64%	2
Parking Fees and Fines	1,893,184	1,969,000	(75,816)	(4%)	
Rent	572,418	628,000	(55,582)	(9%)	
Share of profits(losses) of associates accounted for by the equity method	65,241	-	65,241	100%	
<b>Total revenue</b>	<b>103,781,487</b>	<b>97,530,000</b>	<b>6,251,487</b>	<b>6%</b>	
<b>Expenses</b>					
Employee Benefits	40,289,045	40,008,000	(281,045)	(1%)	
Materials and Consumables	26,592,046	25,066,000	(1,526,046)	(6%)	
External Contracts	11,755,971	11,230,000	(525,971)	(5%)	
Utilities	3,100,631	3,031,000	(69,631)	(2%)	
Borrowing Costs	1,164,840	1,177,000	12,160	1%	
Depreciation and Amortisation	21,176,669	18,452,000	(2,724,669)	(15%)	3
<b>Total expenses</b>	<b>104,079,202</b>	<b>98,964,000</b>	<b>(5,115,202)</b>	<b>(5%)</b>	
<b>Underlying Operating Result</b>	<b>(297,715)</b>	<b>(1,434,000)</b>	<b>1,136,285</b>	<b>79%</b>	
Proceeds from Disposal of Assets	625,946	703,000	(77,054)	(11%)	
Capital Grants and Contributions	6,707,463	7,057,000	(349,537)	(5%)	
Contributed Assets	2,604,328	3,000,000	(395,672)	(13%)	4
Written Down Value of Assets Sold	(4,219,792)	(513,000)	(3,706,792)	(723%)	5
<b>Accounting surplus(deficit) for the year</b>	<b>5,420,230</b>	<b>8,813,000</b>	<b>(3,392,770)</b>	<b>(38%)</b>	

**STANDARD BALANCE SHEET**

As at 30 June 2014

	Actual	Budget	Variance		Note
	2013-14	2013-14	Fav/(Unfav)		
	\$	\$	\$	%	
<b>Current assets</b>					
Cash	5,163,077	1,000,000	4,163,077	416%	6
Receivables	6,913,583	5,996,000	917,583	15%	7
Investments	38,772,408	21,964,000	16,808,408	77%	8
Other	106,323	79,000	27,323	35%	
<b>Total current assets</b>	<b>50,955,391</b>	<b>29,039,000</b>	<b>21,916,391</b>	<b>75%</b>	
<b>Non-current assets</b>					
Property, Infrastructure, Plant and Equipment	826,866,944	681,426,000	145,440,944	21%	9
Other	2,428,870	1,157,000	1,271,870	110%	10
<b>Total non-current assets</b>	<b>829,295,814</b>	<b>682,583,000</b>	<b>146,712,814</b>	<b>21%</b>	
<b>Total assets</b>	<b>880,251,205</b>	<b>711,622,000</b>	<b>168,629,205</b>	<b>24%</b>	
<b>Current liabilities</b>					
Payables	11,343,678	8,128,000	(3,215,678)	(40%)	11
Trust funds	2,080,152	2,051,000	(29,152)	(1%)	
Employee Benefits	8,648,527	7,900,000	(748,527)	(9%)	12
Interest Bearing Liabilities	457,675	460,000	2,325	1%	
Other	250,885	247,000	(3,885)	(2%)	
<b>Total current liabilities</b>	<b>22,780,917</b>	<b>18,786,000</b>	<b>(3,994,917)</b>	<b>(21%)</b>	
<b>Non-current liabilities</b>					
Payables	-	406,000	406,000	100%	13
Employee Benefits	926,896	907,000	(19,896)	(2%)	
Interest Bearing Liabilities	14,354,474	14,366,000	11,526	0%	
<b>Total non-current liabilities</b>	<b>15,281,370</b>	<b>15,679,000</b>	<b>397,630</b>	<b>3%</b>	
<b>Total liabilities</b>	<b>38,062,287</b>	<b>34,465,000</b>	<b>(3,597,287)</b>	<b>(10%)</b>	
<b>Net assets</b>	<b>842,188,918</b>	<b>677,157,000</b>	<b>165,031,918</b>	<b>24%</b>	
<b>Equity</b>					
Accumulated Surplus	316,300,142	317,181,000	(880,858)	(0%)	
Reserves	525,888,776	359,976,000	165,912,776	46%	14
<b>Total equity</b>	<b>842,188,918</b>	<b>677,157,000</b>	<b>165,031,918</b>	<b>24%</b>	



**STANDARD CASH FLOW STATEMENT**

For the year ending 30 June 2014

	Actual 2013-14 \$	Budget 2013-14 \$	Variance Fav/(Unfav)		Note
			\$	%	
Receipts from customers	84,600,363	80,321,000	4,279,363	5%	
Payments to suppliers	(78,615,060)	(76,639,000)	(1,976,060)	(3%)	
<b>Net cash inflow/(outflow) from customers/suppliers</b>	<b>5,985,302</b>	<b>3,682,000</b>	<b>2,303,302</b>	<b>63%</b>	
Interest received	1,193,979	1,131,000	62,979	6%	
Government receipts	24,724,084	21,973,000	2,751,084	13%	15
<b>Net cash inflow/(outflow) from operating activities</b>	<b>31,903,366</b>	<b>26,786,000</b>	<b>5,117,366</b>	<b>19%</b>	
<b>Cash flows from investing activities</b>					
Proceeds from sale of property, infrastructure, plant and equipment	625,946	703,000	(77,054)	(11%)	
Payments for property, infrastructure, plant and equipment	(25,286,760)	(36,203,000)	10,916,240	30%	16
Trust funds	156,656	-	156,656	(100%)	17
Term deposits	(12,500,000)	-	(12,500,000)	(100%)	18
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(37,004,158)</b>	<b>(35,500,000)</b>	<b>(1,504,158)</b>	<b>(4%)</b>	
<b>Cash flows from financing activities</b>					
Interest paid	(1,236,158)	(1,155,000)	(81,158)	(7%)	
Repayment of interest bearing loans and borrowings	(413,065)	(426,000)	12,935	3%	
<b>Net cash inflow/(outflow) from financing activities</b>	<b>(1,649,223)</b>	<b>(426,000)</b>	<b>(1,223,223)</b>	<b>(287%)</b>	
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(6,750,016)</b>	<b>(9,140,000)</b>	<b>2,389,984</b>	<b>26%</b>	
Cash and cash equivalents at the beginning of the year	34,185,501	33,260,000	925,501	3%	
<b>Cash and cash equivalents at the end of the year</b>	<b>27,435,485</b>	<b>24,120,000</b>	<b>3,315,485</b>	<b>14%</b>	19

**STANDARD STATEMENT OF CAPITAL WORKS**

For the year ending 30 June 2014

Capital Works Areas	Actual	Budget	Variance		Note
	2013-14	2013-14	Fav/(Unfav)		
	\$	\$	\$	%	
Roads	13,908,304	17,011,000	3,102,696	18%	20
Drains	2,701,940	3,717,000	1,015,060	27%	21
Open Space	1,651,120	4,529,000	2,877,880	64%	22
Buildings	1,825,820	3,380,000	1,554,180	46%	23
Plant and Equipment	3,732,274	4,124,000	391,726	9%	
Waste Management	266,830	2,079,000	1,812,170	87%	24
Other	1,200,472	1,363,000	162,528	12%	25
<b>Total capital works</b>	<b>25,286,760</b>	<b>36,203,000</b>	<b>10,916,240</b>	<b>30%</b>	
<b>Represented by:</b>					
Renewal	12,958,898	16,831,000	3,872,102	23%	
Upgrade/Expansion	5,837,288	9,269,000	3,431,712	37%	
New	6,490,573	10,103,000	3,612,427	36%	
<b>Total capital works</b>	<b>25,286,760</b>	<b>36,203,000</b>	<b>10,916,240</b>	<b>30%</b>	

Property, infrastructure, plant and equipment, movement reconciliation worksheet	Actual	Budget	Variance		Note
	2013-14	2013-14	Fav/(Unfav)		
	\$	\$	\$	%	
The movement between the previous year and the current year in property, infrastructure, plant and equipment as shown in the Balance Sheet links to the net of the following items:					
Total capital works	25,286,760	36,203,000	(10,916,240)	(30%)	
Asset revaluation movement	50,930	-	50,930	100%	
Contributed Assets	2,604,328	3,000,000	(395,672)	(13%)	
Depreciation and amortisation	(21,176,669)	(18,452,000)	(2,724,669)	15%	
Written down value of assets disposed	(4,138,502)	(513,000)	(3,625,502)	707%	
<b>Net movement in property, infrastructure, plant and equipment</b>	<b>2,626,847</b>	<b>20,238,000</b>	<b>(17,611,153)</b>	<b>(87%)</b>	

## Greater Shepparton City Council

### Notes accompanying the Standard Statements

for the year ended 30 June 2014

#### 1. BASIS OF PREPARATION OF STANDARD STATEMENTS

Council is required to prepare and include audited Standard Statements within its Annual Report. Four Statements are required - a Standard Income Statement, Standard Balance Sheet, Standard Cash Flow Statement and a Standard Statement of Capital Works, together with explanatory notes.

These statements and supporting notes form a special purpose financial report prepared to meet the requirements of the *Local Government Act 1989* and *Local Government (Finance and Reporting) Regulations 2004*.

The Standard Statements have been prepared on accounting bases consistent with those used for the General Purpose Financial Statements and the Budget. The results reported in these statements are consistent with those reported in the General Purpose Financial Statements.

The Standard Statements are not a substitute for the General Purpose Financial Statements. They have not been prepared in accordance with all Australian Accounting Standards or other authoritative professional pronouncements.

The Standard Statements compare council's financial plan, expressed through its budget, with actual performance. The *Local Government Act 1989* requires explanation of any material variances. The Council has adopted a materiality threshold of \$100,000 and 10 per cent. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures included in the Statements are those of the annual budget adopted by Council on 20 August 2013. The budget was based on assumptions that were relevant at the time of adoption. The council set guidelines and parameters for revenue and expense targets in this budget in order to meet council's business plan and financial performance targets for both short and long term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The detailed budget can be obtained by contacting the council through the website. The Standard Statements must be read with reference to these documents.

#### 2. EXPLANATION OF MATERIAL VARIANCES

NOTE	ITEM	EXPLANATION
<b>Standard Income Statement - Revenue</b>		
1	Operating Grants and Contributions	More than budget by \$5,815,129 largely due to Goulburn Broken Greenhouse Alliance (GBGA) street lighting project \$3,223,750 which is \$2,623,750 over the budget. GBGA budgeted income of \$600,000 had originally been recorded under Capital Grants and Contributions - Other Revenue in the adopted budget. Council has received Flood Event Grants \$995,516, Children Services Management Grants \$246,881 and Digital Enterprise Program grants \$114,045 which were not budgeted. Council also received insurance claim for the Visitor Information Centre \$456,939 in excess of budget.
2	Other	More than budget by \$1,112,236 mainly due to interest income \$232,306 in excess of the budget and accrual adjustment of \$519,235 due to purchase orders raised in previous financial years that were no longer required or were greater than the actual invoice received.
<b>Standard Income Statement - Expenses</b>		
3	Depreciation and Amortisation	More than budget by \$2,724,669 mainly due to depreciation of revalued assets and gifted assets, details of which were not available at the time of preparation of the budget.
<b>Standard Income Statement - Other</b>		
4	Contributed Assets	Less than budget by \$395,672. Contributed assets include developer contributions which are difficult to predict. This is a non-cash item.
5	Written Down Value of Assets Sold	More than budget by \$3,706,792. Majority of this relate to the write-off of road assets which were replaced with new sealed roads.

## Greater Shepparton City Council

### Notes accompanying the Standard Statements

for the year ended 30 June 2014

#### 2. EXPLANATION OF MATERIAL VARIANCES (continued)

NOTE	ITEM	EXPLANATION
<b>Standard Balance Sheet - Current Assets</b>		
6	Cash	More than budget by \$4,163,077. Cash balance is largely affected by the level of spending in capital projects and year end debtor and creditor balances which are difficult to predict.
7	Receivables	More than budget by \$917,583 largely due to accrued interest income from investments and Fire Service Property Levy receivable balance of \$302,242 which was not budgeted and is difficult to predict.
8	Investments	More than budget by \$16,808,408 due to funds allocated for specific projects such as Waste Management Strategy \$9,563,912, Building Better Regional Cities \$3,135,389 and Goulburn Broken Greenhouse Alliance Street Lighting Project \$2,762,020 being invested throughout the year which generate higher returns.
<b>Standard Balance Sheet - Non Current Assets</b>		
9	Property, Infrastructure, Plant and Equipment	More than budget by \$145,440,944 which largely relates to the infrastructure assets revaluation recorded in 2012/2013 financial year, information of which was not available at the time of preparation of the budget.
10	Other	More than budget by \$1,271,870 largely due to the recognition of the Council's investment in the Goulburn Valley Regional Library Corporation of \$ 1,314,893.
<b>Standard Balance Sheet - Current Liabilities</b>		
11	Payables	More than budget by \$3,215,678 largely due to trade creditors of \$2,543,501 most of which is relevant to payables for capital works, prepayment of rates of \$661,600, Fire Service Property Levy liability of \$302,242 which was not budgeted and is difficult to predict.
12	Employee Benefits	More than budget by \$748,527 largely due to reclassification of annual leave expenses of \$678,571 to current liabilities expected to be settled beyond 12 months.
<b>Standard Balance Sheet - Non Current Liabilities</b>		
13	Payables	Less than budget by \$406,000 which largely relates to defined benefit superannuation liability of \$240k which has been incorrectly budgeted for 2013/2014 financial year. The budget also includes a loan obtained in 1999 for the Cosgrove Landfill development of which the outstanding balance of \$57,471 (due in September 2014) has been classified under Current Liabilities - Payable.
<b>Standard Balance Sheet - Equity</b>		
14	Reserves	More than budget by \$165,912,776 which largely relates to the infrastructure assets revaluation recorded in 2012/2013 financial year, information of which was not available at the time of preparation of the budget.
<b>Standard Cash Flow Statement</b>		
15	Government receipts	More than budget by \$2,751,084 largely due to the Goulburn Broken Greenhouse Alliance street lighting project \$2,320,826 which received grants and contributions in advanced. Council has received Flood Event Grants \$995,516, Children Services Management Grants \$246,881 and Digital Enterprise Program grants \$114,045 which were not budgeted.
16	Payments for property, infrastructure, plant and equipment	Less than budget by \$10,916,240 once the final position of the capital works program for 2013/2014 was determined. This is more fully described in notes 16 to 21 in this document.

## Greater Shepparton City Council

### Notes accompanying the Standard Statements

for the year ended 30 June 2014

#### 2. EXPLANATION OF MATERIAL VARIANCES (continued)

##### Standard Cash Flow Statement (continued)

17	Trust Funds	More than budget by \$156,656 and includes monies received for contract retentions and bonds for hire of buildings. This item is difficult to predict when developing the budget.
18	Term Deposits	More than budget by \$12,500,000 largely due to the lower than expected capital works program (refer note 16). The original budget is based on full expenditure of the capital works program.
19	Cash and cash equivalents at the end of the year	More than budget by \$3,315,485 largely due to an additional \$2,751,084 in Government receipts (see note 15) and committed expenditure from the 2013/2014 Capital Works Program (see note 16) that has been invested in term deposits less than 90 days.

##### Standard Statement of Capital Works

20	Roads	Less than budget by \$3,102,696 which includes \$1,714,794 for Verney road reconstruction, GBGA street lighting project budget of \$1,103,974 and \$781,390 for Culvert & Link Road. Most of these unspent balances have been considered for re-budget in the 2014/2015 financial year. Expenses of GBGA street lighting project has been recorded in Income Statement as an expense under Material and Consumables due to a reclassification from capital to operating.
21	Drains	Less than budget by \$1,015,060 which includes urban and rural drainage programs \$615,419, Mooroopna West Gate Corridor flood mitigation strategy \$252,944, Murchison Rail Trail \$182,704 and Kialla Green Wetland Planting \$195,000. Most of these unspent balances have been considered for re-budget in the 2014/2015 financial year.
22	Open Space	Less than budget by \$2,877,880 which largely relates to the Greater Shepparton Regional Sports Precinct Project \$2,017,152 and Shepparton Showgrounds Grassed Area \$545,119 where the work will be completed in 2014/2015. Most of these unspent balances have been considered for re-budget in the 2014/2015 financial year.
23	Buildings	Less than budget by \$1,554,180 which is largely due to the Shepparton Library Redevelopment \$412,409, Utility Management Upgrade \$309,501, Visitor Information Centre \$250,000 and Victoria Lake Caravan Park \$244,800 most of which have been considered for re-budget in 2014/2015.
24	Waste Management	Less than budget by \$1,812,170 mainly due to the purchase of land for a new landfill at Cosgrove. This has been considered for re-budget in 2014/2015.
25	Other	Less than budget by \$162,528 which largely due to Toolamba Recreation Reserve car park works which has been considered for re-budget in 2014/2015.

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**Greater Shepparton City Council**

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**Certification of the Standard Statements**

for the year ended 30 June 2014

In my opinion, the accompanying standard statements of Greater Shepparton City Council for the year ended 30 June 2014 have been prepared on accounting bases consistent with the financial statements and in accordance with the *Local Government Act 1989* and the *Local Government (Finance and Reporting) Regulations 2004*.

***M Jarvis***  
**PRINCIPAL ACCOUNTING OFFICER**

**Date:**

In our opinion, the accompanying standard statements of Greater Shepparton City Council for the year ended 30 June 2014 have been prepared on accounting bases consistent with the financial statements and in accordance with the *Local Government Act 1989* and the *Local Government (Finance and Reporting) Regulations 2004*.

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

On 23 September 2014 we were authorised by the Council to certify the standard statements in its final form on behalf of the Council.

***J Houlihan (Mayor)***  
**COUNCILLOR**

**Date:**

***D Patterson (Deputy Mayor)***  
**COUNCILLOR**

**Date:**

***G Cator***  
**CHIEF EXECUTIVE OFFICER**

**Date:**





# **PERFORMANCE STATEMENT**

**FOR THE YEAR ENDED**

**30 June 2014**





## INTRODUCTION TO THE PERFORMANCE STATEMENT

Council is required under Section 127 of the *Local Government Act 1989* to separately identify in the budget, the Key Strategic Activities to be undertaken during the financial year, and performance targets and measures to each of those Key Strategic Activities.

Under Section 132 of the Act, it is required that the Key Strategic Activities and performance target and measures specified under Section 127 of the Act must be included in the Performance Statement in the Annual Report, and be subject to audit.

The following table details the Key Strategic Activities and performance target and measures contained in the Council's 2013-2014 budget compared to actual results for the year.

Key Strategic Activity	Performance Measure	How Data is Reported	Performance Target	Actual Result	Outcome	Comments
<b>Active and Engaged Community</b>						
Community Engagement.	Community Engagement Community Satisfaction Survey Result	Customer Satisfaction Survey	>56	59	Met	
Continue to work with our Communities to develop their Community Plans	Congupna Community Plan endorsed by Council	Ordinary Council Meeting.	31-Dec-13	17-Dec-13	Met	
Develop and Implement neighbourhood planning within the Shepparton community.	1 Neighbourhood plan and 1 locality plan endorsed by Council.	Ordinary Council Meeting.	30-Jun-14	N/A	Not Met	Arcadia Locality Plan and Kialla Lakes Neighbourhood Plan to be endorsed at September/October 2014 Council Meetings.
Implement the Safer City Camera Project as part of Council's Safer City Strategy	Stage 1 Safer City Camera Project operational	Ordinary Council Meeting.	31-Dec-13	N/A	Not Met	Safer City Camera Project launched 30 May 2014 and is currently in the evaluation phase
Implement Universal Access to Early Childhood Education 15 Hours in all Council Kindergartens.	All Council Kindergartens offer all eligible children 15 hours of Kindergarten per week facilitated by a qualified kindergarten teacher.	Ordinary Council Meeting	28-Feb-14	17-Dec-13	Met	
Review Council's Tertiary Education Strategy with the aim to improve the aspirational goals of students to gain further skills by attending higher education	Tertiary Education Strategy adopted by Council.	Ordinary Council Meeting	31-Mar-14	N/A	Not Met	Strategic Activity planned for the 2015 / 2016 financial year.
Development of a Marketing Strategy to increase community awareness, understanding, ownership and patronage of Council services and programs.	Marketing Strategy adopted by Council.	Ordinary Council Meeting.	30-Jun-14	N/A	Not Met	Marketing Strategy developed but not adopted by Council
Council Services endeavour to be inclusive and provide universal access to the community	Universal Access and Inclusion Plan 2013-2017 adopted by Council	Ordinary Council Meeting	30-Sep-13	17-Sep-13	Met	
<b>Enhancing the Environment</b>						
Review of Council Waste Management Services	Waste Management Strategy Adopted by Council	Ordinary Council Meeting.	31-Dec-13	17-Dec-13	Met	
Finalise the Council's Environment and Sustainability Strategy	Environment and Sustainability Strategy adopted by Council	Ordinary Council Meeting.	31-Dec-13	15-Jul-14	Not Met	Adopted by Council 15 July 2014
Installation of environmental utility management improvements at Aquamoves.	Aquamoves environmental utility management improvements in operation	Ordinary Council Meeting	30-Jun-14	N/A	Not Met	Anticipate completion on Strategic Activity by December 2014
<b>Economic Prosperity</b>						
To accommodate future population growth, infrastructure within the Mooroopna West Growth Corridor funded by the Building Better Regional Cities Program will be constructed	Construction of Flood mitigation, drainage and Infrastructure within the Mooroopna West Growth Corridor funded by the Building Better Regional Cities Program	Certificate of Practical Completion	30-Jun-14	28-Apr-14	Met	
Develop a Greater Shepparton Retail Strategy.	Retail Strategy adopted by Council	Ordinary Council Meeting	30-Jun-14	N/A	Not Met	Strategic Activity currently in the process of being implemented with anticipated completion of December 2014
Develop a destination brand for Greater Shepparton that authentically represents the people, products and experiences of the region.	Destination brand adopted by Council.	Ordinary Council Meeting.	30-Jun-14	N/A	Not Met	Strategic Activity currently in the process of being implemented with anticipated completion of 31 October 2014.

Key Strategic Activity	Performance Measure	How Data is Reported	Performance Target	Actual Result	Outcome	Comments
<b>Quality Infrastructure</b>						
Implementation of a project management system to improve the planning and delivery of capital works.	Ninety per cent of the adopted 2013/2014 Capital Works Budget expended, excluding works undertaken by developers	Ordinary Council Meeting / Annual Report.	90%	70%	Not Met	Implementation of a Project Management System: completed and all Council projects are being managed through this system. The 2013 / 2014 budget was \$36.2 million, delivered and committed \$25.29 million = 70% of budget
Implementation of a proactive maintenance inspection program for road, path and drainage assets	Ninety per cent of maintenance delivered in line with service levels set out in the Inspection Maintenance Service Level Plan	Confirm Asset Management System.	90%	90.5%	Met	
<b>High Performance Organisation</b>						
Community Satisfaction.	Overall Community satisfaction survey result	Customer Satisfaction Survey.	>55	58	Met	
Overall Council direction	Overall Council direction community satisfaction survey result	Customer Satisfaction Survey	>51	59	Met	
Customer Contact	Customer contact community satisfaction survey result	Customer Satisfaction Survey.	>68	72	Met	
Advocacy	Advocacy community satisfaction survey result	Customer Satisfaction Survey	>55	62	Met	
Commence implementation of a service planning model for the services Council provides for the community	2 service planning reviews adopted by Council	Ordinary Council Meeting	30-Jun-14	N/A	Not Met	Strategic Activity incomplete, current tender in place for Service Planning
Responsible management of resources in the delivery of Council services for the community	Actual operating surplus greater than the adopted 2013/2014 budget	VAGO, Audit Committee and Ordinary Council Meeting	> \$8.813m	\$5.42m	Not Met	Result impacted by \$3.93m write off of assets replaced during 2013/14 (non-cash item)
Sufficient working capital maintained to sustain operations	Actual working capital ratio greater than the adopted 2013/2014 Budget	VAGO, Audit Committee and Ordinary Council Meeting	> 1.55:1	2.2:1	Met	

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**Greater Shepparton City Council**

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## Certification of the Performance Statement

for the year ended 30 June 2014

In our opinion, the accompanying Performance Statement of the Greater Shepparton City Council in respect of the 2013/14 financial year is fairly presented in accordance with the *Local Government Act 1989*.

The statement outlines the performance targets and measures set out in relation to the achievement of Key Strategic Activities in respect of that year described in Council's budget, and describes the extent to which the Key Strategic Activities were met in that year having regard to those targets and measures.

At the time of signing, we are not aware of any circumstances which would render any particular in the statement to be misleading or inaccurate.

**J Houlihan (Mayor)**  
COUNCILLOR

Date:

**D Patterson (Deputy Mayor)**  
COUNCILLOR

Date:

**G Cator**  
CHIEF EXECUTIVE OFFICER

Date: