



ANNUAL FINANCIAL REPORT

For the Year Ended 30 June 2015

Shire of Strathbogie Financial Report Table of Contents

FINANCIAL REPORT	Page
Financial Statements	
Comprehensive Income Statement	1
Balance Sheet	2
Statement of Changes in Equity	3
Statement of Cash Flows	4
Statement of Capital Works	5
Notes to Financial Statements	
Introduction	6
Note 1 Significant accounting policies	6
Note 2 Budget comparison	12
Note 3 Rates and charges	14
Note 4 Statutory fees and fines	14
Note 5 User fees	14
Note 6 Grants	15
Note 7 Contributions	17
Note 8 Net gain / (loss) on disposal of property, infrastructure, plant and equipment	17
Note 9 Other income	17
Note 10 Employee costs	17
Note 11 Materials and services	18
Note 12 Bad and doubtful debts	18
Note 13 Depreciation and amortisation	18
Note 14 Borrowing costs	18
Note 15 Other items of expense	18
Note 16 Investments in associates	19
Note 17 Cash and cash equivalents	20
Note 18 Trade and other receivables	20
Note 19 Other financial assets	20
Note 20 Inventories	20
Note 21 Other assets	20
Note 22 Property, infrastructure, plant and equipment	21
Note 23 Trade and other payables	27
Note 24 Trust funds and deposits	27
Note 25 Provisions	27
Note 26 Interest bearing loans and borrowings	28
Note 27 Reserves	29
Note 28 Reconciliation of cash flows from operating activities to surplus/(deficit)	30
Note 29 Reconciliation of cash and cash equivalents	30
Note 30 Financing arrangements	30
Note 31 Commitments	31
Note 32 Operating leases	31
Note 33 Contingent liabilities and contingent assets	32
Note 34 Financial instruments	35
Note 35 Related party transactions	36
Note 36 Events occurring after balance date	36
 Certification of the Financial Report	 37

Comprehensive Income Statement For the Year Ended 30 June 2015

	Note	2015 \$	2014 \$
Income			
Rates and charges	3	16,173,021	15,117,739
Statutory fees and fines	4	300,997	278,069
User fees	5	1,172,227	1,056,386
Grants - operating	6	9,548,182	4,582,880
Grants - capital	6	4,187,457	3,544,429
Contributions - monetary	7	309,028	209,510
Contributions - non monetary	7	-	1,198,013
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	8	(314,141)	(985,887)
Share of net profits/(losses) of associates	16	21,191	11,398
Other income	9	755,843	715,337
Total income		<u>32,153,805</u>	<u>25,727,874</u>
Expenses			
Employee costs	10	(9,997,529)	(9,668,390)
Materials and services	11	(11,853,940)	(9,372,211)
Bad and doubtful debts	12	(12)	(4,155)
Depreciation	13	(4,794,545)	(4,958,973)
Borrowing costs	14	(152,849)	(144,711)
Other expenses	15	(260,061)	(270,778)
Total expenses		<u>(27,058,936)</u>	<u>(24,419,219)</u>
Surplus/(deficit) for the year		<u>5,094,869</u>	<u>1,308,655</u>
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	22	26,679,280	5,787,603
Total comprehensive result		<u>31,774,149</u>	<u>7,096,258</u>

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

Balance Sheet
As at 30 June 2015

	Note	2015 \$	2014 \$
Assets			
Current assets			
Cash and cash equivalents	17	11,188,208	9,154,431
Trade and other receivables	18	1,529,571	1,457,817
Inventories	20	3,419	9,907
Other assets	21	1,100,553	123,985
Total current assets		<u>13,821,751</u>	<u>10,746,140</u>
Non-current assets			
Investments in associates	16	244,841	223,650
Property, infrastructure, plant and equipment	22	263,965,049	235,044,696
Other financial assets	19	2,032	2,032
Total non-current assets		<u>264,211,922</u>	<u>235,270,378</u>
Total assets		<u>278,033,673</u>	<u>246,016,518</u>
Liabilities			
Current liabilities			
Trade and other payables	23	2,743,379	2,662,191
Trust funds and deposits	24	495,673	480,214
Provisions	25	3,107,052	2,913,043
Interest-bearing loans and borrowings	26	637,658	627,718
Total current liabilities		<u>6,983,762</u>	<u>6,683,166</u>
Non-current liabilities			
Trust funds and deposits	24	67,980	67,980
Provisions	25	1,182,023	597,297
Interest-bearing loans and borrowings	26	1,477,422	2,119,739
Total non-current liabilities		<u>2,727,425</u>	<u>2,785,016</u>
Total liabilities		<u>9,711,187</u>	<u>9,468,182</u>
Net assets		<u>268,322,486</u>	<u>236,548,336</u>
Equity			
Accumulated surplus		81,455,650	76,360,781
Reserves	27	186,866,836	160,187,555
Total Equity		<u>268,322,486</u>	<u>236,548,336</u>

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

**Statement of Changes in Equity
For the Year Ended 30 June 2015**

	Note	Total \$	Accumulated Surplus \$	Revaluation Reserve \$	Other Reserves \$
2015					
Balance at beginning of the financial year		236,548,336	76,360,781	159,487,155	700,400
Surplus/(deficit) for the year		5,094,869	5,094,869	-	-
Net asset revaluation increment/(decrement)	27(a)	26,679,280	-	26,679,280	-
Transfers to other reserves	27(b)	-	-	-	-
Transfers from other reserves	27(b)	-	-	-	-
Balance at end of the financial year		268,322,485	81,455,650	186,166,435	700,400

		Total \$	Accumulated Surplus \$	Revaluation Reserve \$	Other Reserves \$
2014					
Balance at beginning of the financial year		227,835,893	73,635,941	153,699,552	500,400
Recognition of previously unrecognised non-current assets *					
- drains		1,616,185	1,616,185	-	-
Surplus/(deficit) for the year		1,308,655	1,308,655	-	-
Net asset revaluation increment/(decrement)	27(a)	5,787,603	-	5,787,603	-
Transfers to other reserves	27(b)	200,000	-	-	200,000
Transfers from other reserves	27(b)	(200,000)	(200,000)	-	-
Balance at end of the financial year		236,548,336	76,360,781	159,487,155	700,400

* As these non-current assets relate to existing assets not previously recognised, corrections were made to the balance of accumulated surplus for the year 2013/14.

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

**Statement of Cash Flows
For the Year Ended 30 June 2015**

	Note	2015 Inflows/ (Outflows) \$	2014 Inflows/ (Outflows) \$
Cash flows from operating activities			
Rates and charges		16,125,346	14,959,027
Statutory fees and fines		300,997	292,522
User fees		1,139,529	1,152,483
Grants - operating		8,599,764	4,537,880
Grants - capital		4,187,457	3,544,429
Contributions - monetary		309,028	80,000
Trust funds and deposits received		297,436	-
Interest received		292,066	333,851
Other receipts		413,462	321,486
Net GST refund		1,964,488	1,554,139
Employee costs		(9,371,679)	(9,298,811)
Materials and services		(13,582,754)	(8,907,720)
Trust funds and deposits repaid		(281,977)	(22,604)
Other payments		(260,074)	(274,934)
Net cash provided by/(used in) operating activities	28	<u>10,133,089</u>	<u>8,271,748</u>
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	22	(7,586,564)	(7,011,994)
Proceeds from sale of property, infrastructure, plant and equipment		272,477	121,221
Net cash provided by/(used in) investing activities		<u>(7,314,087)</u>	<u>(6,890,773)</u>
Cash flows from financing activities			
Finance costs		(152,849)	(144,711)
Proceeds from borrowings		-	800,000
Repayment of borrowings		(632,376)	(469,185)
Net cash provided by/(used in) financing activities		<u>(785,225)</u>	<u>186,104</u>
Net increase/(decrease) in cash and cash equivalents		2,033,777	1,567,079
Cash and cash equivalents at the beginning of the financial year		9,154,431	7,587,352
Cash and cash equivalents at the end of the financial year	29	<u>11,188,208</u>	<u>9,154,431</u>
Financing arrangements	30		
Restrictions on cash assets	17		

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

**Statement of Capital Works
For the Year Ended 30 June 2015**

	Note	2015 \$	2014 \$
Property			
Land		624,489	245,565
Buildings		1,520,859	711,002
Work in progress		403,789	-
Total property		<u>2,549,137</u>	<u>956,567</u>
Plant and equipment			
Plant, machinery and equipment		762,964	303,002
Furniture and equipment		160,645	359,276
Total plant and equipment		<u>923,609</u>	<u>662,278</u>
Infrastructure			
Roads		3,259,647	3,508,809
Bridges and culverts		323,971	910,082
Footpaths		114,709	123,763
Drainage		326,311	141,594
Kerb and channel		80,000	56,234
Other community assets		-	139,069
Work in progress		9,180	513,598
Total infrastructure		<u>4,113,818</u>	<u>5,393,149</u>
Total capital works expenditure		<u>7,585,564</u>	<u>7,011,994</u>
Represented by:			
New asset expenditure		295,750	833,281
Asset renewal expenditure		6,305,645	5,497,045
Asset expansion expenditure		-	-
Asset upgrade expenditure		985,169	681,668
Total capital works expenditure		<u>7,585,564</u>	<u>7,011,994</u>

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

Introduction

The Strathbogie Shire Council was established by an Order of the Governor in Council on 18 November 1994 and is a body corporate.

The Council's main office is located at the corner of Binney and Bury Streets, Euroa, Victoria 3666

Statement of compliance

These financial statements are a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works and notes accompanying these financial statements. The general purpose financial report complies with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1989*, and the *Local Government (Planning and Reporting) Regulations 2014*.

Note 1 Significant accounting policies

(a) Basis of accounting

The accrual basis of accounting has been used in the preparation of these financial statements, whereby assets liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated judgements are based on professional judgement derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AAS's that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to note 1 (f) and 1(l))
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to note 1 (m))
- the determination of employee provisions (refer to note 1 (r))

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.

(b) Changes in accounting policies

There have been no changes in accounting policies from the previous period.

(c) Committees of management

The value of land and buildings occupied and/or utilised by Council committees of management is consolidated in Council's balance sheet as at 30 June 2015.

The following committees of management as at 30 June 2015 are not included in this financial report as they are not controlled by Council and accordingly prepare their own financial reports separately:

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

Note 1 Significant accounting policies (cont.)

(d) Accounting for Investments in associates

Associates are all entities over which Council has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

(e) Revenue recognition

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

Rates and Charges

Annual rates and charges are recognised as revenues when Council issues annual rates notices. Supplementary rates are recognised when a valuation and reassessment is completed and a supplementary rates notice issued.

Statutory fees and fines

Statutory 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.

User fees

User fees are recognised as revenue when the service has been provided or the payment is received, whichever first occurs.

Grants

Grant income is recognised when Council obtains control of the contribution. This 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.

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.

Contributions

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

Sale of property, infrastructure, plant and equipment

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

Interest

Interest is recognised as it is earned.

Other Income

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

(f) Fair value measurement

Council measures certain assets and liabilities at fair value where required or permitted by Australian Accounting Standards. AASB 13 Fair value measurement, aims to improve consistency and reduce complexity by providing a definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards.

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique.

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

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

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

Note 1 Significant accounting policies (cont.)

(g) Cash and cash equivalents

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) Trade and other receivables

Receivables are carried at amortised cost using the effective interest rate method. A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred.

(i) Other financial assets

Other financial assets are valued at fair value, being market value, at balance date. Term deposits are measured at amortised cost. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.

(j) Inventories

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

All other inventories, including land held for sale, are measured at the lower of cost and net realisable value. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

(k) Non-current assets classified as held for sale

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

(l) Recognition and measurement of property, plant and equipment, infrastructure

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.

In accordance with Council's policy, the threshold limits detailed in Note 1 (m) have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, are measured at their fair value, being the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. At balance date, the 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.

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use on an asset result in changes to the permissible or practical highest and best use of the asset. Further details regarding the fair value hierarchy are disclosed at Note 22, Property, infrastructure, plant and equipment, and infrastructure.

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

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

Land under roads

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

Note 1 Significant accounting policies (cont.)

(m) Depreciation of property, infrastructure, plant and equipment

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

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

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

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

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

<i>Asset recognition thresholds and depreciation periods</i>	Depreciation Period
Property	
land	-
Buildings	
buildings	20 to 120 years
Plant and Equipment	
plant, machinery and equipment	2 to 20 years
furniture and equipment	2 to 10 years
leased furniture and equipment	3 to 5 years
Infrastructure	
road pavements - sealed	75 to 110 years
road pavements - unsealed	18 to 25 years
road seals	18 to 40 years
formation and earthworks	-
bridges deck	80 to 120 years
bridges substructure	80 to 120 years
culverts	70 to 100 years
footpaths	20 to 90 years
drainage	100 years
kerb and channel	80 years
community assets	15 to 100 years

(n) 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.

(o) 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.

(p) Trust funds and deposits

Amounts received as deposits and retention amounts controlled by Council are recognised as trust funds until they are returned, transferred in accordance with the purpose of the receipt, or forfeited (refer to Note 24).

(q) Borrowings

Borrowings are initially measured at fair value, being the cost of the interest bearing liabilities, net of transaction costs. The measurement basis subsequent to initial recognition depends on whether the Council has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through the profit and loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method.

The classification depends on the nature and purpose of the interest bearing liabilities. The Council determines the classification of its interest bearing liabilities at initial recognition.

Note 1 Significant accounting policies (cont.)

(r) Employee costs and benefits

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

Wages and salaries and annual leave

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

Liabilities that are not expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities, measured at 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 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 wholly settled within 12 months.
- nominal value - component that is expected to be wholly settled within 12 months.

Classification of employee costs

Non-current liability - conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non - current liability. 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.

Superannuation

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

(s) Landfill rehabilitation provision

Council is obligated to restore Violet Town landfill site to a particular standard. The forecast life of the site is based on current estimates of remaining capacity and the forecast rate of infill. The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

(t) Leases

Finance leases

Leases of assets where substantially all the risks and rewards incidental to ownership of the asset, are transferred to the Council are classified as finance leases. Finance leases are capitalised, recording an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments, including any guaranteed residual value. Lease payments are allocated between the reduction of the lease liability and the interest expense. Leased assets are depreciated on a straight line basis over their estimated useful lives to the Council where it is likely that the Council will obtain ownership of the asset or over the term of the lease, whichever is the shorter. Leased assets are currently being amortised over a 3 to 7 year period.

Operating leases

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

(u) 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 Statement of Cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(v) Financial guarantees

Financial guarantee contracts are not recognised as a liability in the balance sheet unless the lender has exercised their right to call on the guarantee or Council has other reasons to believe that it is probable that that right will be exercised. Details of guarantees that Council has provided, that are not recognised in the balance sheet are disclosed at Note 33 Contingent Liabilities and Contingent Assets.

Note 1 Significant accounting policies (cont.)

(w) Contingent assets and contingent liabilities and commitments

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

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

(x) Pending accounting standards

Certain new AAS's have been issued that are not mandatory for the 30 June 2015 reporting period. Council has assessed these pending standards and has identified that no material impact will flow from the application of these standards in future reporting periods.

(y) Rounding

Unless otherwise stated, amounts in the financial report have been rounded to the nearest dollar.

Note 2 Budget comparison

The budget comparison notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 10 percent or \$100,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 8 July 2014. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for revenue and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

These notes are prepared to meet the requirements of the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

a) Income and Expenditure

	Budget 2015 \$	Actual 2015 \$	Variance 2015 \$	Ref
Income				
Rates and charges	16,171,000	16,173,021	2,021	
Statutory fees and fines	271,000	300,997	29,997	
User fees	1,098,000	1,172,227	74,227	1
Grants - operating	7,129,000	9,548,182	2,419,182	2
Grants - capital	3,590,000	4,187,457	597,457	3
Contributions - monetary	-	309,028	309,028	
Contributions - non monetary	-	-	-	
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	(1,068,000)	(314,141)	753,859	4
Share of net profits/(losses) of associates and joint ventures	-	21,191	21,191	
Other income	420,000	755,843	335,843	5
Total income	27,611,000	32,153,805	4,542,805	
Expenses				
Employee costs	(9,428,000)	(9,997,529)	(569,529)	6
Materials and services	(11,221,000)	(11,853,940)	(632,940)	7
Bad and doubtful debts	(5,000)	(12)	4,988	
Depreciation	(4,736,000)	(4,794,545)	(58,545)	
Borrowing costs	(161,000)	(152,849)	8,151	
Other expenses	(193,000)	(260,061)	(67,061)	8
Total expenses	(25,744,000)	(27,058,936)	(1,314,936)	
Surplus/(deficit) for the year	1,867,000	5,094,869	3,227,869	

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	User fees	Higher income generated by additional saleyard fees \$53K, private works income \$143K and cinema fees \$19K
2	Grants - operating	Additional Grants Commission 2015/16 \$2.5M paid in 2014/15, Creighton's Creek Fire Recovery grant \$63k
3	Grants - capital	Additional grants - Fire restoration works Boho Fire 2012 \$108K and Creightons Creek Fire \$828K
4	Net gain/(loss) on disposal of property, infrastructure, plant and equipment	Some property assets disposals did not proceed \$705K
5	Other income	Higher income from investments \$104K, various other reimbursements- maternity leave \$46K & workcover \$11K, found assets \$35K, diesel fuel tax rebate \$11K, Green organics education \$28K, interest on rates \$30K
6	Employee costs	Higher \$608K due to discontinuing HACC services resulting in staff redundancies
7	Materials and services	Higher due to the emergency response and Creighton's Creek Fire restoration works not budgeted \$854K
8	Other expenses	Audit fees \$64K budgeted as materials

Note 2 Budget comparison (cont)

b) Capital Works

	Budget 2015 \$	Actual 2015 \$	Variance 2015 \$	Ref
Property				
Land	1,077,000	624,489	452,511	1
Buildings	2,261,000	1,520,859	740,141	2
Work in progress	-	403,789	(403,789)	3
Total Property	3,338,000	2,549,137	788,863	
Plant and Equipment				
Plant, machinery and equipment	970,000	762,964	207,036	4
Furniture and equipment	190,000	160,645	29,355	
Total Plant and Equipment	1,160,000	923,609	(236,391)	
Infrastructure				
Roads	3,787,000	3,259,647	527,353	5
Bridges and culverts	717,000	323,971	393,029	6
Footpaths	105,000	114,709	(9,709)	
Drainage	374,000	326,311	47,689	
Kerb and channel	80,000	80,000	-	
Other community assets	-	-	-	
Work in progress	-	9,180	(9,180)	
Total Infrastructure	5,063,000	4,113,818	949,182	
Total Capital Works Expenditure	9,561,000	7,586,564	1,974,436	
Represented by:				
New asset expenditure	523,000	295,750	227,250	
Asset renewal expenditure	7,937,000	6,305,645	1,631,355	
Asset expansion expenditure	-	-	-	
Asset upgrade expenditure	1,101,000	985,169	115,831	
Total Capital Works Expenditure	9,561,000	7,586,564	1,974,436	

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land	Violet Town Flood Mitigation - Stage 2 \$504K works were delayed due to community consultation process not finalised
2	Buildings	Timing variance Violet Town Library \$400K yet to be opened included in Works in Progress
3	Works in Progress	see note 2 above
4	Plant, machinery and equipment	Reduced number of plant items being replaced \$192K
5	Roads	Various differences due to budgeted grant funds varying from received including lower Local Government Infrastructure Program Grant less \$222K and no grant for Birkett St pedestrian crossing \$17K and savings of \$277K on pavement rehabilitation program due to competitive tender price
6	Bridges and culverts	Delayed bridge works on Kelly's Bridge Creighton's Creek Rd \$119K and Pranjip Road Bridge \$245K

	2015	2014
	\$	\$
Note 3 Rates and charges		
Council uses capital improved value (CIV) as the basis of valuation of all properties within the municipal district. The capital improved value of a property is its the value of the land and all improvements on that land.		
The valuation base used to calculate general rates for 2014/15 was \$2,570 million (2013/14 \$2,453 million). The 2014/15 rate in the CIV dollar was \$0.00511 (2013/14, \$0.00504).		
Residential	6,035,513	5,473,089
Commercial/Industrial	517,160	577,010
Farm	5,785,046	5,502,771
Municipal charge	1,733,724	1,715,463
Garbage and recycling charges	1,973,138	1,871,975
Discount on rates	-	(43,525)
Supplementary rates and rate adjustments	28,440	20,956
Total rates and charges	<u>16,173,021</u>	<u>15,117,739</u>

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

Note 4 Statutory fees and fines		
Building fees	36,087	36,598
Planning fees	116,482	84,636
Health registrations	55,206	66,794
Animal registrations	80,542	77,542
Land information certificates	12,680	12,499
Total statutory fees and fines	<u>300,997</u>	<u>278,069</u>

Note 5 User fees		
Community services including home care	292,085	331,782
Tip fees	94,375	87,813
Nagambie Lakes events	25,686	51,840
Saleyard operations revenue	253,887	201,713
Swimming pools revenue	4,911	7,662
Fire Service Levy - financial support	37,857	68,332
Rent/lease Charges	66,201	63,944
Private works	143,511	79,442
Euroa Cinema	52,654	36,126
Debt collection expenses recovered	92,642	35,185
Septic tank fees	18,045	15,775
Other user charges and contributions	90,373	86,772
Total user fees	<u>1,172,227</u>	<u>1,056,386</u>

	2015	2014
	\$	\$
Note 6 Grants		
Grants were received in respect of the following :		
Summary of grants		
Commonwealth funded grants	1,102,082	1,172,325
State funded grants	<u>12,633,557</u>	<u>6,954,984</u>
Total	<u>13,735,639</u>	<u>8,127,309</u>
Operating grants - recurrent		
Commonwealth Government		
Commonwealth Roads of Access	38,967	38,241
Veterans Affairs Home Care	<u>35,900</u>	<u>59,928</u>
Total Commonwealth Government	<u>74,867</u>	<u>98,169</u>
State Government		
Beach Cleaning Subsidy	3,247	3,526
Children's Week Program	-	500
Youth Programs	22,697	36,600
Fire Access Roads	4,427	30,092
Freaza	24,976	24,500
Grants Commission	4,335,905	1,429,465
Home Care Subsidies	808,425	887,354
Local Roads	3,149,769	1,069,715
Maternal & Child Health Enhanced Services	47,640	50,638
Maternal Child Health	58,874	53,947
Meals on Wheels	38,281	37,571
Median Strip Subsidy	7,000	13,280
Municipal Emergency Resourcing Program	-	120,000
National Youth Week	-	2,000
Pests and Plants Program	48,949	48,949
Planned Activity Group	50,585	48,320
Regional Victorian Living Expo 2012	15,700	10,000
School Crossing Supervisor	16,413	16,010
Senior Citizens Subsidies	30,193	32,210
State Emergency Services	13,253	12,853
Training Grants and Subsidies	-	30,000
Tobacco Compliance	8,726	5,000
Volunteer Coordination	78,016	76,581
Vic Roads L2P Funding	<u>27,000</u>	<u>27,000</u>
Total State Government	<u>8,790,076</u>	<u>4,066,111</u>
Total operating grants - recurrent	<u>8,864,943</u>	<u>4,164,280</u>
Capital grants - recurrent		
Commonwealth Government		
Roads To Recovery	<u>1,027,215</u>	<u>1,074,156</u>
Total Commonwealth Government	<u>1,027,215</u>	<u>1,074,156</u>
State Government		
Local Government Infrastructure Program 2011-15	460,000	469,000
State Government Roads & Bridges Funding	<u>1,000,000</u>	<u>1,000,000</u>
Total State Government	<u>1,460,000</u>	<u>1,469,000</u>
Total capital grants - recurrent	<u>2,487,215</u>	<u>2,543,156</u>

	2015	2014
	\$	\$
Operating grants - non-recurrent		
State Government		
Avenel Recreation Reserve Stage 1	-	105,000
Euroa Memorial Oval Stage 1	150,000	155,000
Memorial Park Redevelopment Project	-	60,000
Heritage Study	-	16,000
Nagambie Welcomes Canoe Polo	2,400	21,600
Repositioning Nagambie Post Bypass	-	7,500
Shirewide Economic Development Strategy	-	8,500
Nagambie Main Street Project	458,539	-
Destination Plan Goulburn River Valley Project	9,000	45,000
Creighton's Creek Fire Recovery	63,300	-
Total State Government	683,239	418,600
Total operating grants - non-recurrent	683,239	418,600
Capital grants - non-recurrent		
State Government		
HACC - Minor Capital	-	15,080
Natural Disaster Relief Funding - (2012 Floods)	-	910,606
Black Caviar Statue	-	50,000
LGEEP - Hall Hot Water Systems	-	15,587
Violet Town Railway station - Pedestrian & Cycling Project	-	10,000
Waste Transfer Station Upgrades	28,300	-
Nagambie Tennis Court Lighting	44,811	-
Memorial Park Redevelopment	120,000	-
Seven Creeks Park Facilities	270,000	-
Boho Fire Restoration 2013	108,347	-
Ruffy Fire Restoration December 2014	828,784	-
Violet Town Library	300,000	-
Total State Government	1,700,242	1,001,273
Total capital grants - non-recurrent	1,700,242	1,001,273
Conditions on grants		
Grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were:		
Roadside Pest and Weeds Program	10,691	-
Creighton's Creek Fire Recovery	31,742	-
HACC - Minor Capital	-	15,080
Euroa Memorial Oval - Stage 1	-	150,828
	42,433	165,908
Grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were:		
Euroa Memorial Oval - Stage 1	150,828	-
HACC - Access and Support	-	19,859
HACC - Allied Health:Occupational Therapy	-	12,378
HACC - Minor Capital	15,080	50,000
HACC - Wayfinding Transport Connections Project	-	56,136
Boating Safety and Facilities Grant	-	5,035
Destination Planning for the Goulburn River Valley Region	-	59,920
	165,908	203,328
Net increase (decrease) in restricted assets resulting from grant revenues for the year:	(123,475)	(37,420)

	2015	2014
	\$	\$
Note 7 Contributions		
Monetary	27,973	11,150
Contributions to projects	281,055	198,360
Non-monetary	-	1,198,013
Total contributions	309,028	1,407,523
<i>Contributions of non monetary assets were received in relation to the following asset classes.</i>		
Land	-	-
Buildings	-	-
Infrastructure	-	1,198,013
Other	-	-
	-	1,198,013
Note 8 Net gain/(loss) on disposal of property, infrastructure, plant and equipment		
Proceeds of sale	272,477	121,221
Written down value of assets disposed	(145,304)	(335,813)
Written down value of infrastructure assets disposed	(441,314)	(771,295)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	(314,141)	(985,887)
Note 9 Other income		
Interest	306,709	333,851
Interest on rates	90,949	74,789
Diesel rebate	44,930	42,582
Insurance recoveries	93,898	204,115
Regional Shared Services	61,288	60,000
Parental Leave Reimbursement	46,197	-
Green Organics	76,200	-
Found assets	35,672	-
Total other income	755,843	715,337
Note 10 (a) Employee costs		
Wages and salaries	8,635,635	8,381,628
WorkCover	275,397	202,427
Superannuation	740,395	694,603
Fringe benefits tax	167,000	154,047
Other	179,101	235,686
Total employee costs	9,997,529	9,668,390

Note 10 (b) Superannuation

Council accounts for its obligations under the defined benefit fund as if it was a defined contribution plan. The reason for this is that the fund manager, Vision Super, is unable to provide accurate information to each employer in a timely manner. Additional information about Council's exposure in relation to the defined benefit fund is detailed at note 33.

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

Accumulation

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2015, this was 9.5% required under Superannuation Guarantee legislation (for 2013/14, this was 9.25%).

Defined Benefit

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

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

	2015	2014
	\$	\$
Note 11 Materials and services		
Infrastructure maintenance	3,455,972	2,826,071
Garbage, recycling and landfill operations	1,799,702	1,185,006
Planning and economic development	879,358	971,781
Information systems and communications	608,744	685,467
Insurance	306,389	317,734
Swimming pools	323,027	314,548
Utilities	285,305	289,123
Arts and culture	285,928	270,281
Compliance operations including boating safety	293,189	269,165
Community services	297,435	263,307
Conferences, professional development & staff training	135,477	232,023
Emergency Services	1,071,737	230,544
Printing, stationery and postage	202,299	180,948
Community Grants	127,445	141,149
Contract labour and recruitment	149,914	128,134
Saleyards and truckwash	157,886	97,120
Revaluation	-	57,200
Shared Services Project	315,411	98,864
Euroa Conference and Function Centre	466,046	-
Other	691,676	803,746
Total materials and services	11,853,940	9,372,211
Note 12 Bad and doubtful debts		
Other debtors	12	4,155
Total bad and doubtful debts	12	4,155
Note 13 Depreciation		
Property	716,017	771,721
Plant and equipment	510,951	551,815
Furniture and equipment	303,447	285,195
Leased plant and equipment	17,984	20,865
Infrastructure	3,246,146	3,319,377
Total depreciation	4,794,545	4,958,973
<i>Refer to note 22 for a more detailed breakdown of depreciation charges</i>		
Note 14 Borrowing costs		
Interest - Borrowings	151,798	140,514
Interest - Leases	1,051	4,197
Total borrowing costs	152,849	144,711
Note 15 Other expenses		
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant	31,005	38,830
Auditors' remuneration - Internal	41,403	59,596
Councillors' allowances	152,269	151,018
Other Councillor expenses	35,384	30,334
Total other expenses	260,061	270,778

* The audit of the 2014/15 financial statements amounted to \$30,000

	2015	2014
	\$	\$
Note 16 Investments In associates		
Investments in associates accounted for by the equity method are:		
Goulburn Valley Regional Library Corporation		
The Goulburn Valley Regional Library Corporation was formed under the provisions of section 196 of the Local Government Act, 1989 on 15/09/2009 to provide library services within the local government area of: Strathbogie Shire Council, Moira Shire Council and City of Greater Shepparton. Council holds 9.89% (2014, 9.87%) of equity in the Corporation. Council has two directors on the Board of nine. Council has the ability to influence rather than control its operations.		
Fair value of Council's investment in Goulburn Valley Regional Library Corporation	244,841	223,650
Council's share of accumulated surplus/(deficit)		
Council's share of accumulated surplus/(deficit) at start of year	223,650	212,252
Reported surplus/(deficit) for year	21,191	11,388
Transfers (to) from reserves	-	-
Distributions for the year	-	-
Council's share of accumulated surplus/(deficit) at end of year	<u>244,841</u>	<u>223,650</u>
Council's share of reserves		
Council's share of reserves at start of year	-	-
Transfers (to) from reserves	-	-
Council's share of reserves at end of year	<u>-</u>	<u>-</u>
Movement in carrying value of specific investment		
Carrying value of investment at start of year	223,650	212,252
Share of surplus/(deficit) for year	21,191	11,388
Share of asset revaluation	-	-
Distributions received	-	-
Carrying value of investment at end of year	<u>244,841</u>	<u>223,650</u>
Council's share of expenditure commitments		
Operating commitments	-	-
Capital commitments	-	-
Council's share of expenditure commitments	<u>-</u>	<u>-</u>
Council's share of contingent liabilities and contingent assets		

	2015	2014
	\$	\$
Note 17 Cash and cash equivalents		
Cash on hand	1,660	1,405
Cash at bank	2,886,548	2,553,026
Term deposits	8,300,000	6,600,000
	<u>11,188,208</u>	<u>9,154,431</u>
Councils cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:		
- Trust funds and deposits (Note 24)	495,673	480,214
Total restricted funds	<u>495,673</u>	<u>480,214</u>
Total unrestricted cash and cash equivalents	<u>10,692,535</u>	<u>8,674,217</u>
Intended allocations		
Although not externally restricted the following amounts have been allocated for specific future purposes by Council:		
- Cash held to fund carried forward capital works	1,024,000	1,270,000
- open space reserve	100,400	100,400
- bridge replacement reserve	600,000	600,000
Total funds subject to intended allocations	<u>1,724,400</u>	<u>1,970,400</u>
Note 18 Trade and other receivables		
Current		
Rates debtors	1,036,199	988,524
Net GST receivable	344,197	269,055
Other debtors	169,473	220,536
Provision for doubtful debts - other debtors	(20,298)	(20,298)
Total current trade and other receivables	<u>1,529,571</u>	<u>1,457,817</u>
Total trade and other receivables	<u>1,529,571</u>	<u>1,457,817</u>
a) Ageing of Receivables		
At balance date other debtors representing financial assets were past due but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of default. The ageing of the Council's trade & other receivables (excluding statutory receivables) was:		
Current (not yet due)	128,023	188,165
Past due by up to 30 days	31,495	19,013
Past due between 31 and 180 days	7,858	12,913
Past due between 181 and 365 days	2,096	445
Past due by more than 1 year	-	-
Total trade & other receivables	<u>169,472</u>	<u>220,536</u>
b) Movement in provisions for doubtful debts		
Balance at the beginning of the year	(20,298)	(20,298)
New Provisions recognised during the year	-	-
Amounts already provided for and written off as uncollectible	-	-
Amounts provided for but recovered during the year	-	-
Balance at end of year	<u>(20,298)</u>	<u>(20,298)</u>
Note 19 Other financial assets		
Share in MAV Purchasing Scheme	2,032	2,032
Total other financial assets	<u>2,032</u>	<u>2,032</u>
Note 20 Inventories		
Inventories held for distribution	3,419	9,907
Total inventories	<u>3,419</u>	<u>9,907</u>
Note 21 Other assets		
Prepayments	84,572	79,684
Accrued income	1,015,981	44,301
Total other assets	<u>1,100,553</u>	<u>123,985</u>

Note 22 Property, infrastructure plant and equipment

	Land - specialised	Land - non specialised	Total Land	Buildings - specialised	Buildings - non specialised	Total Buildings	Work In Progress	Total Property
Land and Buildings								
At fair value 1 July 2014	22,941,108	6,071,614	29,012,722	58,779,413	1,849,695	60,629,108	601,646	90,243,476
Accumulated depreciation at 1 July 2014	-	-	-	(24,728,918)	(937,959)	(25,666,877)	-	(25,666,877)
	22,941,108	6,071,614	29,012,722	34,050,495	911,736	34,962,231	601,646	64,576,599
Movements in fair value								
Acquisition of assets at fair value	297,077	327,412	624,489	1,520,860	-	1,520,860	403,788	2,549,137
Revaluation increments/decrements	-	-	-	-	-	-	-	-
Fair value of assets disposed	-	-	-	-	-	-	-	-
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-
Transfers	104,402	325,559	429,961	3,801	-	3,801	(329,360)	104,402
	401,479	652,971	1,054,450	1,524,661	-	1,524,661	74,428	2,653,539
Movements in accumulated depreciation								
Depreciation	-	-	-	(681,622)	(34,395)	(716,017)	-	(716,017)
Accumulated depreciation of disposals	-	-	-	-	-	-	-	-
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
	-	-	-	(681,622)	(34,395)	(716,017)	-	(716,017)
At fair value 30 June 2015	23,342,587	6,724,585	30,067,172	60,304,074	1,849,695	62,153,769	676,074	92,897,015
Accumulated depreciation at 30 June 2015	-	-	-	(25,410,540)	(972,354)	(26,382,894)	-	(26,382,894)
	23,342,587	6,724,585	30,067,172	34,893,534	877,341	35,770,875	676,074	66,514,121

Note 22 Property, infrastructure plant and equipment (cont.)

Plant and Equipment	Plant machinery and equipment	Furniture and Equipment	Leased furniture and equipment	Total Plant and Equipment
At fair value 1 July 2014	5,544,026	2,371,255	61,367	7,976,648
Accumulated depreciation at 1 July 2014	(3,382,038)	(1,747,113)	(43,383)	(5,172,534)
	2,161,988	624,142	17,984	2,804,114
Movements in fair value				
Acquisition of assets at fair value	762,963	160,646	-	923,609
Fair value of assets disposed	(753,476)	(2,946)	(61,367)	(817,789)
Impairment losses recognised in operating result	-	-	-	-
Transfers	-	-	-	-
	9,487	157,700	(61,367)	105,820
Movements in accumulated depreciation				
Depreciation	(510,951)	(303,446)	(17,984)	(832,381)
Accumulated depreciation of disposals	608,172	2,946	61,367	672,485
Impairment losses recognised in operating result	-	-	-	-
Transfers	-	-	-	-
	97,221	(300,500)	43,383	(159,896)
At fair value 30 June 2015	5,553,513	2,528,955	-	8,082,468
Accumulated depreciation at 30 June 2015	(3,284,817)	(2,047,613)	-	(5,332,430)
	2,268,696	481,342	-	2,750,038

Note 22 Property, infrastructure, plant and equipment (cont.)

	Roads	Bridges and culverts	Footpaths	Drainage	Kerb and Channel	Other Community Assets	Work In Progress	Total Infrastructure
Infrastructure								
At fair value 1 July 2014	170,982,594	49,726,632	2,484,716	12,314,552	6,000,442	4,117,475	131,097	245,757,508
Accumulated depreciation at 1 July 2014	(53,157,024)	(17,574,964)	(910,781)	(3,576,892)	(2,499,469)	(374,395)	-	(78,093,525)
	117,825,570	32,151,668	1,573,935	8,737,660	3,500,973	3,743,080	131,097	167,663,983
Movements in fair value								
Acquisition of assets at fair value	3,259,647	359,643	114,709	326,311	80,000	-	9,180	4,149,490
Revaluation increments/decrements	9,582,580	17,643,078	(217,540)	(514,471)	185,633	-	-	26,679,280
Fair value of assets disposed	-	-	-	-	-	-	-	-
Impairment losses recognised in operating result	(1,462,368)	-	-	-	-	-	-	(1,462,368)
Transfers	-	-	-	-	-	26,695	(131,097)	(104,402)
	11,379,859	18,002,721	(102,831)	(188,160)	265,633	26,695	(121,917)	29,262,000
Movements in accumulated depreciation								
Depreciation	(2,328,301)	(531,249)	(55,024)	(105,131)	(99,441)	(127,001)	-	(3,246,147)
Accumulated depreciation of disposals	-	-	-	-	-	-	-	-
Impairment losses recognised in operating result	1,021,054	-	-	-	-	-	-	1,021,054
Transfers	-	-	-	-	-	-	-	-
	(1,307,247)	(531,249)	(55,024)	(105,131)	(99,441)	(127,001)	-	(2,225,093)
At fair value 30 June 2015	182,362,453	67,729,353	2,381,885	12,126,392	6,266,075	4,144,170	9,180	275,019,508
Accumulated depreciation at 30 June 2015	(54,464,271)	(18,106,213)	(965,805)	(3,682,023)	(2,598,910)	(501,396)	-	(80,318,618)
	127,898,182	49,623,140	1,416,080	8,444,369	3,667,165	3,642,774	9,180	194,700,890

Note 22 Property, infrastructure, plant and equipment (cont.)

Summary	Property	Plant and Equipment	Infrastructure	Total
At fair value 1 July 2014	90,243,476	7,976,648	245,757,508	343,977,632
Accumulated depreciation at 1 July 2014	(25,666,877)	(5,172,534)	(78,093,525)	(108,932,936)
	<u>64,576,599</u>	<u>2,804,114</u>	<u>167,663,983</u>	<u>235,044,696</u>
Movements in fair value				
Acquisition of assets at fair value	2,549,137	923,609	4,149,490	7,622,236
Revaluation increments/decrements	-		26,679,280	26,679,280
Fair value of assets disposed	-	(817,789)	-	(817,789)
Impairment losses recognised in operating result	-	-	(1,462,368)	(1,462,368)
Transfers	104,402	-	(104,402)	-
	<u>2,653,539</u>	<u>105,820</u>	<u>29,262,000</u>	<u>32,021,359</u>
Movements in accumulated depreciation				
Depreciation	(716,017)	(832,381)	(3,246,147)	(4,794,545)
Accumulated depreciation of disposals	-	672,485	-	672,485
Impairment losses recognised in operating result	-	-	1,021,054	1,021,054
Transfers	-	-	-	-
	<u>(716,017)</u>	<u>(159,896)</u>	<u>(2,225,093)</u>	<u>(3,101,006)</u>
At fair value 30 June 2015	92,897,015	8,082,468	275,019,508	375,998,991
Accumulated depreciation at 30 June 2015	(26,382,894)	(5,332,430)	(80,318,618)	(112,033,942)
	<u>66,514,121</u>	<u>2,750,038</u>	<u>194,700,890</u>	<u>263,965,049</u>

Note 22 Property, infrastructure, plant and equipment (cont.)

Valuation of land and buildings

Valuations of land and buildings were undertaken by Marcus Hann, a qualified independent valuer, registration no. 62901. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Specialised land is valued at fair value using site values adjusted for englobe (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

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

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2015 are as follows:

	Level 1 \$ '000	Level 2 \$ '000	Level 3 \$ '000
Land	-	6,724	-
Specialised Land	-	-	23,343
Buildings	-	877	-
Specialised buildings	-	-	34,894
Total	-	7,601	58,237

Valuation of infrastructure

The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation. Valuation of infrastructure assets at 30 June 2015 was made by Roy Hetherington, Certified Municipal Engineer.

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

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2015 are as follows:

	Level 1 \$ '000	Level 2 \$ '000	Level 3 \$ '000
Roads	-	-	127,898
Bridges	-	-	40,128
Footpaths and cycleways	-	-	1,416
Drainage	-	-	8,444
Culverts	-	-	9,494
Kerbs	-	-	3,667
Total	-	-	191,047

Note 22 Property, infrastructure, plant and equipment (cont.)

2015
\$

2014
\$

Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 85% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$0.43 and \$15.85 per square metre.

Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs is calculated on a square metre basis and ranges from \$200 to \$5,000 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 20 years to 120 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

Infrastructure assets are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 18 years to 120 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

Reconciliation of specialised land

Parks and reserves	17,681,146	17,395,042
Waste Management	833,145	717,770
Civic Centres	1,808,207	1,808,207
Council Depots	572,376	572,376
Caravan Parks	1,819,190	1,819,190
Pre Schools	341,000	341,000
Safeyards	287,523	287,523
Total specialised land	23,342,587	22,941,108

	2015 \$	2014 \$
Note 23 Trade and other payables		
Trade payables	2,136,634	2,180,213
Accrued expenses	606,745	481,978
Total trade and other payables	2,743,379	2,662,191

Note 24 Trust funds and deposits		
Current		
Refundable deposits	32,738	14,000
Fire services levy	3,906	-
Retention amounts	105,084	120,969
Other refundable deposits	353,945	345,225
Total trust funds and deposits - Current	495,673	480,214
Non-current		
Trust funds bequested	67,980	67,980
Total trust funds and deposits - Non-current	67,980	67,980

Purpose and nature of items

Refundable deposits - Deposits are taken by council as a form of surety in a number of circumstances, including in relation to building works, tender deposits, contract deposits and the use of civic facilities

Fire Service Levy - Council is the collection agent for fire services levy on behalf of the State Government. Council remits amounts received on a quarterly basis. Amounts disclosed here will be remitted to the state government in line with that process.

Retention Amounts - Council has a contractual right to retain certain amounts until a contractor has met certain requirements or a related warrant or defect period has elapsed. Subject to the satisfactory completion of the contractual obligations, or the elapsing of time, these amounts will be paid to the relevant contractor in line with Council's contractual obligations.

	Landfill restoration	Employee Provision	Total
2015	\$	\$	\$
Balance at beginning of the financial year	1,083,471	2,426,869	3,510,340
Additional provisions	572,591	912,474	1,485,065
Amounts used	-	(706,330)	(706,330)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	-	-	-
Balance at the end of the financial year	1,656,062	2,633,013	4,289,075
2014			
Balance at beginning of the financial year	898,083	2,242,677	3,140,760
Additional provisions	185,388	1,173,305	1,358,693
Amounts used	-	(989,113)	(989,113)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	-	-	-
Balance at the end of the financial year	1,083,471	2,426,869	3,510,340

(a) Employee provisions

Current provisions expected to be wholly settled within 12 months

Annual leave	888,207	570,000
Long service leave	228,949	270,000
Other	18,083	19,755
	935,239	859,755

Current provisions expected to be wholly settled after 12 months

Annual leave	275,938	306,312
Long service leave	1,205,875	1,056,976
	1,481,813	1,363,288
Total current provisions	2,417,052	2,223,043

Non-current

Long service leave	215,961	203,826
Total non-current provisions	215,961	203,826

Note 25 Provisions (cont.)		
Aggregate carrying amount of employee provisions:		
Current	2,417,052	2,223,043
Non-current	215,961	203,826
Total aggregate carrying amount of employee provisions	<u>2,633,013</u>	<u>2,426,869</u>
The following assumptions were adopted in measuring the present value of employee benefits:		
Weighted average increase in employee costs	3.00%	3.00%
Weighted average discount rates	2.77%	3.33%
Weighted average settlement period	16	16
(b) Land fill restoration		
Current	690,000	690,000
Non-current	966,062	393,471
	<u>1,656,062</u>	<u>1,083,471</u>
Note 26 Interest-bearing loans and borrowings		
Current		
Finance leases	-	19,255
Borrowings - secured	637,658	608,462
	<u>637,658</u>	<u>627,717</u>
Non-current		
Borrowings - secured	1,477,422	2,119,739
Total	<u>1,477,422</u>	<u>2,119,739</u>
Borrowing are secured by securities on the general rates of the Council.		
a) The maturity profile for Council's borrowings is:		
Not later than one year	637,658	608,462
Later than one year and not later than five years	1,108,882	1,609,992
Later than five years	368,540	509,747
	<u>2,115,080</u>	<u>2,728,201</u>
b) The maturity profile for Council's finance lease liabilities is:		
Not later than one year	-	19,255
Later than one year and not later than five years	-	-
Later than five years	-	-
	<u>-</u>	<u>19,255</u>
Minimum future lease payments		
Less future finance charges	-	-
Present value of minimum lease payments	<u>-</u>	<u>19,255</u>
Insert a general description of the leasing arrangements as lessee of finance leases, including, but not limited to, the following:		
(i) the basis on which contingent rent payable is determined;		
(ii) the existence and terms of renewal or purchase options and escalation clauses; and		
(iii) restrictions imposed by lease arrangements, such as those concerning dividends, additional debt, and further leasing.		
c) Aggregate carrying amount of interest-bearing loans and borrowings:		
Current	637,658	627,717
Non-current	1,477,422	2,119,739
	<u>2,115,080</u>	<u>2,747,456</u>

Note 27 Reserves

	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
	\$	\$	\$
(a) Asset revaluation reserves			
2015			
Property			
Land	24,266,222	-	24,266,222
Buildings	32,203,619	-	32,203,619
	56,469,841	-	56,469,841
Infrastructure			
Roads	78,385,078	9,582,583	87,967,661
Bridges & culverts	16,376,660	17,643,077	34,019,737
Footpaths	938,377	(217,540)	720,837
Drainage	4,491,417	(514,472)	3,976,945
Kerb and channel	2,825,782	185,633	3,011,415
Other community assets	-	-	-
	103,017,314	26,679,280	129,696,594
Total asset revaluation reserves	159,487,155	26,679,280	186,166,435
2014			
Property			
Land	21,668,377	2,597,845	24,266,222
Buildings	29,013,861	3,189,758	32,203,619
	50,682,238	5,787,603	56,469,841
Infrastructure			
Roads	78,385,078	-	78,385,078
Bridges and culverts	16,376,660	-	16,376,660
Footpaths	938,377	-	938,377
Drainage	4,491,417	-	4,491,417
Kerb & channel	2,825,782	-	2,825,782
Other community assets	-	-	-
	103,017,314	-	103,017,314
Total asset revaluation reserves	153,699,552	5,787,603	159,487,155

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

	Balance at beginning of reporting period	Transfer from accumulated surplus	Balance at end of reporting period
	\$	\$	\$
(b) Other reserves			
2015			
Bridge replacement reserve	600,000	-	600,000
Open space reserve	100,400	-	100,400
Total Other reserves	700,400	-	700,400
2014			
Bridge replacement reserve	400,000	200,000	600,000
Open space reserve	100,400	-	100,400
Total Other reserves	500,400	200,000	700,400

	2015	2014
	\$	\$
Note 28 Reconciliation of cash flows from operating activities to surplus/(deficit)		
Surplus/(deficit) for the year	5,094,869	1,308,655
Depreciation	4,794,545	4,958,973
Profit/(loss) on disposal of property, infrastructure, plant and equipment	314,141	214,592
Borrowing costs	152,849	144,711
Written down value of infrastructure renewed	-	771,295
Contributions - Non-monetary assets	-	(1,198,013)
Trust funds and other deposits repaid	15,459	(22,604)
Share of net profits of associates	(21,191)	(11,399)
Found assets	(35,672)	-
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(71,754)	(282,673)
(Increase)/decrease in other assets	(976,568)	-
Increase/(decrease) in trade and other payables	81,188	1,960,911
(Increase)/decrease in inventories	6,488	(2,699)
Increase/(Decrease) in provisions	778,735	369,580
Increase/(Decrease) in other assets	-	60,418
Net cash provided by/(used in) operating activities	<u>10,133,089</u>	<u>8,271,748</u>
Note 29 Reconciliation of cash and cash equivalents		
Cash and cash equivalents (see note 17)	11,188,208	9,154,431
Less bank overdraft	-	-
	<u>11,188,208</u>	<u>9,154,431</u>
Note 30 Financing arrangements		
Bank overdraft	1,145,000	1,145,000
Loan facilities	1,710,952	2,227,952
Lease facilities	500,000	500,000
Used facilities	(1,667,189)	(2,189,264)
Unused facilities	<u>1,688,803</u>	<u>1,683,688</u>

Note 31 Commitments

The Council has entered into the following commitments

2015	Not later than 1	Later than 1 year	Later than 2 years	Later than 5	Total
	year	and not later than 2 years	and not later than 5 years		
	\$	\$	\$	\$	\$
Operating					
Recycling	1,127,302	1,172,394	3,806,135	5,824,175	11,930,006
Garbage collection	454,983	474,682	1,553,012	2,401,251	4,883,928
Open space management	338,914	331,274	28,570	-	698,758
Consultancies	115,280	37,400	-	-	152,680
Cleaning contracts for council buildings	146,821	9,350	2,337	-	158,508
Total	2,183,300	2,025,100	5,390,054	8,225,426	17,823,880
Capital					
Roads	608,938	-	-	-	608,938
Bridges	295,588	-	-	-	295,588
Total	904,526	-	-	-	904,526

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

	2015	2014
	\$	\$
Note 32 Operating leases		
Operating lease commitments		
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	87,119	69,670
Later than one year and not later than five years	325,890	276,196
Later than five years	63,295	132,344
	<u>476,304</u>	<u>478,210</u>

Note 33 Contingent liabilities and contingent assets

Contingent liabilities

Defined Benefit Superannuation

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

Strathbogie Shire Council staff are members of Visions Super, a multi employer defined benefit fund. Funding of the fund is primarily through employer contributions (9.5%) and returns on investment, however Council may be required to provide additional funds should they be required. Any additional funds provided are contributed in proportion to membership of the total fund. The fund is required to target full funding of its vested benefits. The fund utilises a vested benefits index (VBI) to monitor performance. The fund has set its shortfall limit at a VBI of 97%, if the VBI falls to this level Council is likely to be required to make an additional contribution to the fund. The funds estimated VBI at 30 June 2015 was 103.4%.

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

Funding arrangements

Strathbogie Shire Council makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary.

The Fund's latest actuarial investigation was held as at 30 June 2014 and it was determined that the vested benefit index (VBI) of the defined benefit category of which Strathbogie Shire Council is a contributing employer was 103.4%. To determine the VBI, the fund Actuary used the following long-term assumptions:

Net investment returns	7.50% pa
Salary information	4.25% pa
Price inflation (CPI)	2.75% pa

Vision Super has advised that the estimated VBI at June 2015 was 105.8%.

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

Employer contributions

Regular contributions

On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 30 June 2014, Strathbogrie Shire Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2015, this rate was 9.5% of members' salaries. This rate will increase in line with any increase to the Superannuation Guarantee (SG) contribution rate.

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

Funding calls

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

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

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

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

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

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

Latest actuarial investigation surplus amounts

The Fund's latest actuarial investigation as at 30 June 2014 identified the following in the defined benefit category of which Strathbogrie Shire Council is a contributing employer:

A VBI surplus of \$77.1 million; and
A total service liability surplus of \$236 million.

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2014.

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

Strathbogrie Shire Council was notified of the results of the actuarial investigation during January 2015.

Superannuation contributions

Contributions by Strathbogrie Shire Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2015 are detailed below:

Scheme	Type of scheme	Rate	2015 \$'000	2014 \$'000
Vision Super	Defined benefits	9.5%	70,213	66,375
Vision Super	Accumulation	9.5%	506,205	461,879
Other Funds	Accumulation	9.5%	201,166	184,063

Strathbogrie Shire Council has paid no unfunded liability payments to Vision Super during the 2014/15 year (2013/14 \$0)

There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2015.

The expected contributions to be paid to the defined benefit category of Vision Super for the year ending 30 June 2016 is \$0.00.

Landfill

Council did operate a landfill which is now closed. Council intends to carry out site rehabilitation works in the coming year. At balance date Council is unable to accurately assess the financial implications of such works. Refer to provision raised in Note 25 (b).

Bank Guarantees

Council has 2 outstanding bank guarantees in favour of Goulburn Valley Water in relation to the construction of sewerage infrastructure in Graham Street, Euroa (\$11,400) and Drysdale Road, Euroa (\$10,253)

Contingent assets

Council has no contingent assets at reporting date.

Note 34 Financial Instruments

(a) Objectives and policies

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and bank borrowings. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in Note 1 of the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

(b) Market risk

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

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Our interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes us to fair value interest rate risk / Council does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rate.

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

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

There has been no significant change in the Council's exposure, or its objectives, policies and processes for managing interest rate risk or the methods used to measure this risk from the previous reporting period.

Interest rate movements have not been sufficiently significant during the year to have an impact on the Council's year end result.

(c) Credit risk

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

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

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

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

We may also be subject to credit risk for transactions which are not included in the balance sheet, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in note 33.

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. Council does not

(d) Liquidity risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements or we will not have sufficient funds to settle a transaction when required, we will be forced to sell a financial asset at below value or may be unable to settle or recover a financial asset.

To help reduce these risks Council:

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

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 33, and is deemed insignificant based on prior periods' data current assessment of risk.

There has been no significant change in Council's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from the previous reporting period.

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 26.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value

e) Fair value

Unless otherwise stated, the carrying amount of financial instruments reflect their fair value

Fair value hierarchy

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

(f) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Council believes the following movements are 'reasonably possible' over the next 12 months:

- A parallel shift of +1% and -1% in market interest rates (AUD) from year-end rates of 2.47%.

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

Note 35 Related party transactions

(i) Responsible Persons

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

Councillors	Colleen Furlanetto (Councillor)
	Malcolm Little (Councillor)
	Alister Purbrick (Councillor)
	Pat Storer (Councillor)
	Debra Swan (Mayor)
	Robin Weatherald (Councillor)
	Graeme (Mick) Williams (Councillor)

Chief Executive Officer Steve Crawcour

(ii) Remuneration of Responsible Persons

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

	2015 No.	2014 No.
\$10,000 - \$19,999	-	2
\$20,000 - \$29,999	6	4
\$40,000 - \$49,999	1	1
\$180,000 - \$199,999	-	1
\$210,000 - \$219,999	1	-
	8	8

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

381,494	365,578
---------	---------

(iii) Senior Officers Remuneration

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

- a) has management responsibilities and reports directly to the Chief Executive; or
- b) whose total annual remuneration exceeds \$136,000

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

Income Range:	2015 No.	2014 No.
\$136,000 - \$139,999	-	1
\$140,000 - \$149,999	2	1
\$150,000 - \$159,999	-	2
\$160,000 - \$169,999	2	-
\$170,000 - \$179,999	1	-
	5	4

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

791,350	574,993
---------	---------

(iv) Responsible persons retirement benefits

The aggregate amount paid during the reporting period by Council in connection with the retirement of responsible persons was nil (2013/14 - nil)

(v) Loans to responsible persons

No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year (2013/14 nil).

(vi) Transactions with responsible persons

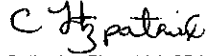
No transactions other than remuneration payments or the reimbursement of approved expenses were entered into by Council with Responsible Persons, or Related Parties of such Responsible Persons during the reporting year (2013/14 nil).

Note 36 Events occurring after balance date

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

Certification of the Financial Statements

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



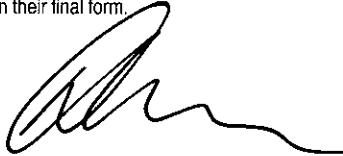
Catherine Fitzpatrick CPA
Principal Accounting Officer

Date: 22/9/2015
Euroa, Victoria

In our opinion the accompanying financial statements present fairly the financial transactions of <Name> for the year ended 30 June 2015 and the financial position of the Council as at that date.

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

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



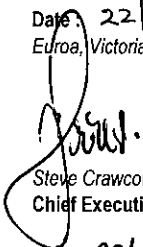
Debra Swan
Councillor

Date: 22/9/2015
Euroa, Victoria



Colleen Furlanetto
Councillor

Date: 22/9/2015
Euroa, Victoria



Steve Crawcour
Chief Executive Officer

Date: 22/9/15
Euroa, Victoria