

**Strathbogie Shire Council
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010**

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Comprehensive Income Statement For the Year Ended 30 June 2010

	Note	2010	2009
		\$	\$
Income			
Rates and charges	2	10,356,756	9,634,336
Statutory fees and fines	3	327,406	286,877
User fees	4	1,387,888	1,138,002
Grants - recurrent	5	6,000,120	6,907,117
Grants - non-recurrent	5	2,490,734	2,403,705
Other income	6	478,798	462,095
Net gain(loss) on disposal of property, plant, equipment and infrastructure	12	34,863	54,854
Total income		<u>21,076,565</u>	<u>20,886,986</u>
Expenses			
Employee benefits	7	(8,143,586)	(7,658,981)
Materials and services	8	(7,532,154)	(7,726,465)
Depreciation and amortisation	9	(4,418,904)	(4,034,005)
Finance costs	10	(206,973)	(233,616)
Other expenses	11	(1,650,557)	(235,442)
Share of net profits(losses) of associates accounted for by the equity method	13	(4,628)	(18,409)
Total expenses		<u>(21,956,802)</u>	<u>(19,906,918)</u>
Surplus/(deficit)		<u>(880,237)</u>	<u>980,068</u>
Other comprehensive income			
Net asset revaluation increment(decrement) reversals	24	-	5,558,996
Share of other comprehensive income of associates accounted for by the equity method		-	-
Comprehensive result		<u>(880,237)</u>	<u>6,539,064</u>

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

Balance Sheet As at 30 June 2010

	Note	2010 \$	2009 \$
Assets			
Current assets			
Cash and cash equivalents	14	5,288,124	6,153,084
Trade and other receivables	15	1,472,239	1,396,293
Inventories		120,138	132,267
Assets held for resale	17	267,125	-
Other assets	18	192,908	212,532
Total current assets		7,340,534	7,894,176
Non-current assets			
Financial assets	16	2,032	2,032
Investments in associates accounted for using the equity method	13	150,444	155,072
Property, infrastructure, plant and equipment	19	182,867,547	182,916,726
Total non-current assets		183,020,023	183,073,830
Total assets		190,360,557	190,968,006
Liabilities			
Current liabilities			
Trade and other payables	20	2,156,071	2,184,799
Trust funds and deposits	21	346,156	225,538
Provisions	22	1,848,961	1,629,661
Interest-bearing loans and borrowings	23	418,534	465,673
Total current liabilities		4,769,722	4,505,671
Non-current liabilities			
Trust funds and deposits	21	67,980	67,980
Provisions	22	570,047	542,776
Interest-bearing loans and borrowings	23	2,960,344	2,978,878
Total non-current liabilities		3,598,371	3,589,634
Total liabilities		8,368,093	8,095,305
Net Assets		181,992,464	182,872,701
Equity			
Accumulated surplus		64,696,130	65,611,817
Reserves	24	117,296,334	117,260,884
Total Equity		181,992,464	182,872,701

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

Statement of Changes in Equity For the Year Ended 30 June 2010

	Note	Total 2010 \$	Accumulated Surplus 2010 \$	Asset Revaluation Reserve 2010 \$	Other Reserves 2010 \$
2010					
Balance at beginning of the financial year		182,872,701	65,611,817	117,260,884	-
Surplus(deficit) for the year		(880,237)	(880,237)	-	-
Transfers to other reserves	24	-	(35,450)	-	35,450
Transfers from other reserves	24	-	-	-	-
Net asset revaluation increment(decrement)	24	-	-	-	-
Balance at end of the financial year		181,992,464	64,696,130	117,260,884	35,450

		Total 2009 \$	Accumulated Surplus 2009 \$	Asset Revaluation Reserve 2009 \$	Other Reserves 2009 \$
2009					
Balance at beginning of the financial year		176,333,637	64,631,749	111,701,888	-
Surplus(deficit) for the year		980,068	980,068	-	-
Net asset revaluation increment(decrement)	24	5,558,996	-	5,558,996	-
Balance at end of the financial year		182,872,701	65,611,817	117,260,884	-

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

Cash Flow Statement For the Year Ended 30 June 2010

	Note	2010 Inflows/ (Outflows) \$	2009 Inflows/ (Outflows) \$
Cash flows from operating activities			
Rates		10,283,132	9,557,457
Statutory fees and fines		327,406	286,877
User charges and other fines (inclusive of GST)		1,512,031	1,235,947
Grants (inclusive of GST)		8,725,686	9,510,375
Interest		227,118	333,088
Other receipts (inclusive of GST)		251,680	129,007
Net GST refund/payment		1,067,575	905,437
Payments to suppliers (inclusive of GST)		(8,958,001)	(7,903,813)
Payments to employees (including redundancies)		(7,897,015)	(7,324,052)
Other payments (inclusive of GST)		(231,499)	(247,279)
Net cash provided by (used in) operating activities	25	5,308,113	6,483,044
Cash flows from investing activities			
Payments for property, plant and equipment, infrastructure		(6,119,218)	(4,721,519)
Proceeds from sale of property, plant and equipment, infrastructure		98,173	175,896
Net cash provided by (used in) investing activities		(6,021,045)	(4,545,623)
Cash flows from financing activities			
Finance costs		(206,973)	(233,616)
Receipt/(repayment) of trust funds		120,618	55,042
Proceeds from interest bearing loans and borrowings		400,000	56,867
Repayment of interest bearing loans and borrowings		(465,673)	(447,542)
Net cash provided by (used in) financing activities		(152,028)	(569,249)
Net increase (decrease) in cash and cash equivalents		(864,960)	1,368,172
Cash and cash equivalents at the beginning of the financial year		6,153,084	4,784,912
Cash and cash equivalents at the end of the financial year	14	5,288,124	6,153,084
Financing arrangements	27		
Restrictions on cash assets	28		

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

Introduction

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

External Auditor - Auditor-General of Victoria

Internal Auditor - Richmond Sinnott and Delahunty

Solicitors - Tehan George & Co., and Maddocks Lawyers

Bankers - National Australia Bank

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

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

Note 1 Significant accounting policies

(a) Basis of accounting

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

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

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

All entities controlled by Council that have material assets or liabilities, such as Special Committees of Management, have been included in this financial report. All transactions between these entities and the Council have been eliminated in full. Details of entities not included in this financial report based on their materiality are detailed in note 31.

Note 1 Significant accounting policies (cont.)

(b) 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.

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

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

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

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

User fees and fines

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

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

Sale of property, plant and equipment, infrastructure

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

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 loss has occurred.

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.

Dividends

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

Note 1 Significant accounting policies (cont.)

(c) Inventories

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

(d) Depreciation and amortisation of property, plant and equipment and infrastructure

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 (formations) 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:

	Period
Property	
Land	-
Buildings	10 to 80 years
Plant and Equipment	
Plant	
plant and machinery	2 to 10 years
furniture and equipment	2 to 7 years
leased furniture and equipment	3 to 5 years
Infrastructure	
Roads	
road pavements - sealed	70 years
road pavements - unsealed	15 to 25 years
seals	12 to 22 years
Bridges	
bridges deck	70 to 100 years
bridges substructure	70 to 100 years
Major culverts	70 to 100 years
Footpaths & cycleways	10 to 60 years
Drainage	60 to 100 years
Kerb and channel	100 years
Landfill assets	3 years
Community assets	20 to 40 years

(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.

Note 1 Significant accounting policies (cont.)

(f) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council. Except where specific borrowings are obtained for the purpose of specific asset acquisition, the weighted average interest rate applicable to borrowings at balance date, excluding borrowings associated with superannuation, is used to determine the borrowing costs to be capitalised.

Borrowing costs include interest on bank overdrafts, interest on borrowings, and finance lease charges.

(g) 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 19. 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 \$
Property	
Land	10,000
Buildings	10,000
Plant and Equipment	
plant and machinery	2,000
furniture and equipment	2,000
leased plant and equipment	5,000
Infrastructure	
Roads	
road pavements and seals	10,000
road substructure	10,000
road formation and earthworks	10,000
road kerb, channel and minor culverts	5,000
Land under roads	10,000
Bridges	5,000
Major culverts	5,000
Footpaths & cycleways	5,000
Drainage	5,000
Kerb and channel	5,000
Landfill assets	10,000
Community assets	10,000

Revaluation

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

Note 1 Significant accounting policies (cont.)

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

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.

(h) Cash and cash equivalents

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

(i) Investments

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

(j) Accounting for investments in associates

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

(k) 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 21).

Note 1 Significant accounting policies (cont.)

(I) Employee benefits

Wages and salaries

Liabilities for wages and salaries and rostered days off are recognised and are measured as the amount unpaid at balance date and include appropriate oncosts such as work cover charges.

Annual leave

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

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

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

Long service leave

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

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

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

Classification of employee 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

A liability is recognised in respect of Council's present obligation to meet the unfunded obligations of defined benefit superannuation schemes to which its employees are members. The liability is defined as the Council's share of the scheme's unfunded position, being the difference between the present value of employees' accrued benefits and the net market value of the scheme's assets at balance date. The liability also includes applicable contributions tax of 15 %.

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 together with any movements (favourable/unfavourable) in the position of any defined benefits schemes. Details of these arrangements are recorded in note 29.

Note 1 Significant accounting policies (cont.)

(m) Leases

Finance leases

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

Operating leases

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

(n) Allocation between current and non-current

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

(o) 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.

(p) Web site costs

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

(q) 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.

(r) 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.

Note 1 Significant accounting policies (cont.)

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

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

(t) Investment property

Investment property, comprising freehold office complexes, is held to generate long-term rental yields. Investment property is measured initially at cost, including transaction costs. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefit in excess of the originally assessed performance of the asset will flow to the Council. Subsequent to initial recognition at cost, investment property is carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the comprehensive income statement in the period that they arise. Rental income from the leasing of investment properties is recognised in the comprehensive income statement on a straight line basis over the lease term.

(u) 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 and inclusive of the GST payable.

Note 1 Significant accounting policies (cont.)

(v) Pending Accounting Standards

The following Australian Accounting Standards have been issued or amended and are applicable to the Council but are not yet effective.

They have not been adopted in preparation of the financial statements at reporting date.

<i>Standard / Interpretation</i>	<i>Summary</i>	<i>Applicable for annual reporting periods beginning or ending on</i>	<i>Impact on Local Government financial statements</i>
AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project. [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	Some amendments will result in accounting changes for presentation, recognition or measurement purposes, while other amendments will relate to terminology and editorial changes.	Beginning 1 Jan 2010	Terminology and editorial changes. Impact minor.
AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions. [AASB 2]	The amendments clarify the scope of AASB 2.	Beginning 1 Jan 2010	No impact. AASB 2 does not apply to Local Government; consequently this Standard does not apply.
AASB 2009-9 Amendments to Australian Accounting Standards – Additional Exemptions for First-time Adopters [AASB 1]	Applies to entities adopting Australian Accounting Standards for the first time, to ensure entities will not face undue cost or effort in the transition process in particular situations.	Beginning 1 Jan 2010	No impact. Relates only to first time adopters of Australian Accounting Standards.
AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]	The Standard makes amendments to AASB 132, stating that rights issues must now be classed as equity rather than derivative liabilities.	Beginning 1 Feb 2010	No impact. Local Government do not issue rights, warrants and options, consequently the amendment does not impact on the statements.
AASB 9 Financial Instruments	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 <i>Financial Instruments: Recognition and Measurement</i> (AASB 139 <i>Financial Instruments: Recognition and Measurement</i>).	Beginning 1 Jan 2013	Detail of impact is still being assessed.

Note 1 Significant accounting policies (cont.)

(v) Pending Accounting Standards

<i>Standard / Interpretation</i>	<i>Summary</i>	<i>Applicable for annual reporting periods beginning or ending on</i>	<i>Impact on Local Government financial statements</i>
AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	This gives effect to consequential changes arising from the issuance of AASB 9.	Beginning 1 Jan 2013	Detail of impact is still being assessed.
AASB 2009-12 Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	This Standard amends AASB 8 to require an entity to exercise judgement in assessing whether a government and entities know to be under the control of that government are considered a single customer for purposes of certain operating segment disclosures. This Standard also makes numerous editorial amendments to other AASs.	Beginning 1 Jan 2011	AASB 8 does not apply to Local Government therefore no impact expected. Otherwise, only editorial changes arising from amendments to other standards, no major impact. Impacts of editorial amendments are not expected to be significant.
AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19. [AASB 1]	Consequential amendment to AASB 1 arising from publication of Interpretation 19	Beginning 1 Jul 2010	Local Governments do not extinguish financial liabilities with equity instruments, therefore requirements of Interpretation 17 and related amendments have no impact
AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]	Amendment to Interpretation 14 arising from the issuance of <i>Prepayments of a Minimum Funding Requirement</i>	Beginning 1 Jan 2011	Expected to have no significant impact

	2010 \$	2009 \$
Note 2 Rates and charges		
Council uses capital improved value as the basis of valuation of all properties within the municipal district. The capital improved value of a property is the value of the land and all improvements on that land including building and fencing.		
The rateable valuation base used to calculate general rates for 2009/2010 was \$2,198,439,215 (2008/2009 \$2,171,597,215 million). The 2009/2010 rate in the dollar was 0.37861 (2008/2009, 0.35887).		
Residential	3,239,520	2,853,872
Commercial	287,928	317,024
Rural Land Rate	4,168,851	4,017,419
Municipal Charge	1,297,228	1,214,442
Garbage and Recycling Charges	1,359,672	1,215,771
Supplementary rates and rate adjustments	3,557	15,808
Total rates and charges	10,356,756	9,634,336

The date of the last general revaluation of land for rating purposes within the municipal district was 1 January 2008, and the valuation first applied to the rating period commencing 1 July 2008.

The date of the next general revaluation of land for rating purposes within the municipal district is 1 January 2010, and the valuation will be first applied in the rating year commencing 1 July 2010.

Note 3 Statutory fees and fines		
Building fees	96,512	81,889
Planning fees	83,432	82,417
Health registrations	48,508	48,444
Animal registrations	86,089	62,629
Land information certificates	12,865	11,498
Total statutory fees and fines	327,406	286,877

Note 4 User fees		
Community services including home care	343,232	330,607
Meals on wheels	77,758	79,041
Tip fees	90,461	69,354
Legal fees recovered	-	50,000
Income re municipal valuation	70,347	5,060
Nagambie Lakes Events	58,020	53,705
Saleyard operations revenue	220,042	184,466
Swimming Pools revenue	23,094	22,486
Contributions to projects	316,882	209,619
Other user charges and contributions	188,052	133,664
Total user fees	1,387,888	1,138,002

Please refer to Note 33 for the ageing analysis of contractual receivables.

	2010 \$	2009 \$
Note 5 Grants		
Grants were received in respect of the following :		
Summary of Grants		
Federally funded grants	1,399,488	1,745,289
State funded grants	7,037,302	7,238,549
Others	54,065	326,984
Total grants	8,490,855	9,310,822
Recurrent		
Beach Cleaning Subsidy	3,508	4,290
Boating Safety & Facilities	50,887	183,596
Business Week Sponsorship / Business Expansion	-	20,182
Business Week	-	750
Buy Local Campaign	10,000	-
Binney Street Entrance - Progressing Euroa	124,500	124,500
Centrelink	26,809	26,156
Children's Week Program	500	500
Commonwealth Roads of Access	21,532	20,553
Community Engagement Officer - Township Recovery	15,000	35,000
CSF Community Leadership Program	52,500	25,000
CSF Youth Programs	31,155	36,850
Economic Development Strategy Officer	-	12,500
Economic Development Strategy Initiative Project	-	46,627
Emergency Relief	24,853	26,550
Fire Access Roads	-	3,549
Freeza	19,450	20,677
Future Farming Initiative - Capacity to Respond to Pests	-	35,000
Goulburn Making The Link Mentoring Project	26,450	50,000
Grants Commission	2,303,990	2,708,728
Heritage Study Grant	50,000	50,000
Home Care subsidies	696,781	599,762
History, Heritage & Heroics	3,000	-
Local Roads	1,725,455	2,068,427
Mangalore Food & Logistic Precinct Study	-	20,000
Maternal & Child Health Enhanced Services	41,106	36,600
Maternal Child Health	55,507	71,938
Meals on Wheels	31,036	30,174
Median Strip Subsidy	6,420	6,000
Municipal Public Health Plan	5,000	-
National Youth Week	2,000	-
North East Cluster Project RDV	-	58,250
Planned activity group	43,639	42,318
Rural Access Project	97,610	94,638
School Crossing Supervisor	10,420	5,210
Senior Citizens Subsidies	27,098	49,573
Training grants and subsidies	29,315	7,500
State Emergency Services	11,674	5,390
Show and Shine Project	2,000	10,000
Sustainable Power Generation Technology (Agripark)	-	50,000
Tobacco Compliance	4,661	2,284
Veterans Affairs Home Care	80,140	75,778
Volunteer Coordination	57,892	56,125
Nagambie Community Infrastructure Development Plan	22,500	-
Najgambie Growth Management Strategy RDV	-	36,250
Drought Recovery Officer Funding - DPCD	-	80,092
Nagambie On Water (NOW) Festival	-	4,000
Vic Back to School Grant	-	10,800
Victorian Heatwave Strategy Toolkit Rollout Phase 1	-	25,000
Vic Roads L2P Funding	18,660	-

	2010 \$	2009 \$
Note 5 Grants cont....		
Violet Town Strategic Plan	-	30,000
Waterways Mural at Buckley Park	10,200	-
Restoring Longwood Boer War Memorial	2,814	-
Strathbogrie Farmers Market Study	7,200	-
Vic Roads- Motor Cycle Safety Program	5,000	-
Department of Transport	6,000	-
Department of Defence	78,168	-
Bushfire Preparation for Communities Grant	7,690	-
Teson Trims - Small Towns Project	150,000	-
<i>Total recurrent</i>	<u>6,000,120</u>	<u>6,907,117</u>
Non-recurrent		
Regional & Local Community Infrastructure Grant	174,602	416,000
Seasonal Pools Grant	50,450	144,320
Trade & Investment Mission	-	40,000
Euroa flood mitigation works	-	357,770
Drought Proofing Avenel Recreation Reserve	-	40,000
Nagambie Bowls Club Synthetic Green Project	-	60,000
Roads To Recovery	983,182	1,180,252
Natural Disaster Relief Funding - (Nagambie Storm Damage)	-	109,863
Nagambie Revitalisation Project	860,000	-
Restoring Euroa Public Tennis Courts	-	55,500
Living Libraries Grant	260,000	-
Nagambie Recreation Reserve Community Infrastructure Improvements	50,000	-
Longwood Community Facility Improvements	58,500	-
Ruffy Recreation Reserve Upgrade	54,000	-
<i>Total non-recurrent</i>	<u>2,490,734</u>	<u>2,403,705</u>
Total grants received for the year ended 30 June	<u>8,490,854</u>	<u>9,310,822</u>

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:

Roads to Recovery	-	221,946
Drought Proofing Avenel Recreation Reserve Project	-	40,000
Unexpended HACC	-	35,884
Emergency Relief	7,975	6,811
Maternal & Child Health	18,339	32,243
Goulburn Making The Link Mentoring Project	17,954	46,147
Heritage Study Grant	50,000	50,000
Restoring Euroa Public Tennis Courts	-	55,500
Rural Access Project	-	51,882
Nagambie Bowls Club Synthetic Green Project	-	60,000
Victorian Heatwave Strategy Toolkit Roll Out Phase 1	7,885	25,000
Drought Recovery Coordinator	-	6,514
Regional & Local Community Infrastructure Grant	127,100	296,067
Progressing Euroa	-	67,688
Business Week / Business Week Expansion	-	3,558
Boating Safety & Facilities Grant	-	43,259
Violet Town Strategic Plan	-	30,000
Euroa Flood Mitigation Works	-	230,606
Implementation of Swimming Pool Strategy	-	131,820
Freeza Grant	7,195	-
Municipal Public Health Plan	5,000	-
Vic Roads L2P Funding	18,660	-
Waterways Mural at Buckley Park	10,200	-
Nagambie Rec Reserve Community Facility Improvement Project	41,518	-
Ruffy Recreation Reserve Upgrade	54,000	-
Bushfire Preparation for Communities Grant	3,983	-
	<u>369,809</u>	<u>1,434,925</u>

	2010 \$	2009 \$
Note 5 Grants cont....		
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 Caravan Park - Master Plan & Facilities Grant (DSE)	-	33,234
Equine Cluster Project - Stage 3	-	5,126
Drought Recovery Coordinator	-	21,733
The Salvation Army - Youth Grant	-	2,273
Roads to Recovery	221,946	41,881
Emergency Relief	6,811	1,127
Goulburn Making The Link Mentoring Project	46,147	61,000
Rural Access Project	51,882	33,788
Positive body Image Grant	-	5,000
National Youth Week Grant	-	2,000
HACC Minor Works Grant	-	14,576
Freeza Grant	-	5,018
Heritage Study Grant	50,000	-
Restoring Euroa Public Tennis Courts	55,500	-
Maternal & Child Health	13,904	-
Nagambie Bowls Club Synthetic Green Project	60,000	-
Victorian Heatwave Strategy Toolkit Roll Out Phase 1	17,115	-
Drought Proofing Avenel Recreation Reserve Project	40,000	-
Regional & Local Community Infrastructure Grant	296,067	-
Progressing Euroa	67,688	-
Business Week / Business Week Expansion	3,558	-
Boating Safety & Facilities Grant	43,259	-
Violet Town Strategic Plan	30,000	-
Euroa Flood Mitigation Works	230,606	-
Implementation of Swimming Pool Strategy	131,820	-
Unexpended HACC	35,884	-
	<u>1,402,187</u>	<u>226,756</u>
Net increase (decrease) in restricted assets resulting from grant revenues for the year:	<u>(1,032,378)</u>	<u>1,208,169</u>
Note 6 Other income		
Interest	169,109	276,194
Interest on rates	58,009	56,894
Diesel Rebate	25,812	23,795
Insurance recoveries	168,591	54,746
Other	57,277	50,466
Total other income	<u>478,798</u>	<u>462,095</u>
Note 7 Employee benefits		
Wages and salaries	6,342,638	5,990,292
Annual leave and long service leave	884,433	820,380
Workcover	208,695	145,955
Superannuation	629,824	586,842
Fringe benefits tax	77,996	51,013
Redundancy	-	64,499
Total employee benefits	<u>8,143,586</u>	<u>7,658,981</u>

	2010 \$	2009 \$
Note 8 Materials and services		
Printing and stationery	98,076	97,566
Telecommunications	104,698	100,580
Postage	33,669	35,058
Debt collection	42,017	67,053
Revaluation	67,366	18,938
Information technology	325,340	321,191
Maternal child health	15,543	19,048
Youth services	49,480	77,311
Meals on wheels	102,442	90,460
Libraries	191,271	177,904
Cinema operations	29,837	35,914
Planning including legal fees	315,651	368,869
Economic development	826,065	872,028
Garbage, recycling and landfill operations	795,441	893,495
Swimming pools	262,436	238,821
Parks and reserves	355,472	345,634
Road and bridge maintenance	1,418,670	1,625,047
Lighting and Power	186,264	157,797
Aged, disability, community care and support packages	146,978	126,025
Community Grants	162,923	86,199
Saleyards and truckwash	115,850	112,450
Building Maintenance	163,370	157,901
Insurance	200,929	196,514
Election Costs	21,288	64,906
Future farming initiative program	-	35,000
Sustainable power generation investigation	-	51,416
Trade and investment mission	-	41,088
Various Govt grant related expenditure	96,367	-
Engineering, Building, Planning, IT and Environmental Health contract labour and recruitment	303,182	366,742
Conferences, professional development & staff training	102,755	-
Other contract payments materials and services	998,774	945,510
Total materials and services	7,532,154	7,726,465
Note 9 Depreciation and amortisation		
Property		
Buildings	574,259	554,423
Plant and Equipment		
Plant, machinery and equipment	598,205	550,745
Furniture and Equipment	279,630	258,149
Leased plant and equipment	26,929	27,669
subtotal	1,479,023	1,390,986
Infrastructure		
Roads	2,179,048	1,873,572
Bridges	254,947	260,753
Major culverts	100,357	100,071
Footpaths and cycleways	39,094	32,178
Drainage	98,560	98,309
Kerb and Channel	64,336	75,785
Waste management - landfill at cost	195,419	202,351
Other community assets	8,120	-
subtotal	2,939,881	2,643,019
Total depreciation and amortisation	4,418,904	4,034,005

	2010 \$	2009 \$
Note 10 Finance costs		
Interest - Borrowings	201,201	228,996
Interest - Finance leases	5,772	4,620
Total finance costs	206,973	233,616
Note 11 Other expenses		
Impairment expense	20,399	-
Auditors' remuneration (note 34)	43,401	52,771
Written down value of infrastructure assets renewed	1,398,659	-
Councillors' allowances and costs	188,098	182,671
Total other expenses	1,650,557	235,442
Note 12 Net gain(loss) on disposal of property, plant and equipment		
Proceeds from Furniture and Equipment	2,136	2,105
Written Down Value of Furniture and Equipment Sold	757	-
Profit (Loss) on Sale of Furniture and Equipment	1,379	2,105
Proceeds from Sale of Plant and Machinery	96,037	173,791
Written Down Value of Plant and Machinery Sold	62,553	121,042
Profit (Loss) on Sale of Plant and Machinery	33,484	52,749
Total	34,863	54,854
<u>Summary</u>		
Gross proceeds from disposal of assets	98,173	175,896
Written down value of assets disposed	63,310	121,042
Profit (Loss) on Disposal of Assets	34,863	54,854
Note 13 Investment in associates		
Goulburn Valley Regional Library Corporation		
Council has a 9.96% (previously 9.96%) share in the Goulburn Valley Regional Library Corporation.		
Council's share of the Goulburn Valley Regional Library Corporation's assets and liabilities is as follows:		
<i>Council's share of accumulated surplus(deficit)</i>		
Council's share of accumulated surplus(deficit) at start of year	155,072	173,481
Reported surplus(deficit) for year	(4,628)	(17,542)
Adjustment due to share in GVRL being reduced to 9.96%	-	(867)
Council's share of accumulated surplus(deficit) at end of year	150,444	155,072
<i>Movement in carrying value of specific investment</i>		
Current Assets	50,481	72,753
Non Current Assets	163,953	160,909
Current Liabilities	(60,474)	(65,385)
Non Current Liabilities	(3,516)	(13,205)
Investment in Goulburn Valley Regional Library Corporation	150,444	155,072
<i>Councils Share of Finance Lease Commitments</i>		
Not later than one year	4,712	6,433
Later than one year and not later than five years	8,732	9,362
	13,444	15,795

	2010 \$	2009 \$
Note 14 Cash and cash equivalents		
Cash on hand	870	780
Cash at bank	583,054	452,304
Term deposits	4,704,200	5,700,000
Total cash and cash equivalents	5,288,124	6,153,084
Users of the financial report should refer to Note 28 for details of restrictions on cash assets and note 30 for details of existing Council commitments.		
Note 15 Trade and other receivables		
<i>Current</i>		
Rates debtors	588,777	602,469
Provision for doubtful debts - rate debtors	(17,835)	(15,836)
Net GST receivable	200,539	188,440
Other debtors	700,758	621,220
Provision for doubtful debts - other debtors	-	-
Total trade and other receivables	1,472,239	1,396,293
Note 16 Financial assets		
<i>Non-current</i>		
MAV purchasing Scheme	2,032	2,032
Note 17 Assets held for sale		
Fair Value less costs to sell	267,125	-
Total assets held for sale	267,125	-
Council purchased a residential property at 111 Binney Street, Euroa with an intention of utilising the property for community purposes. In late 2009/2010 Council decided that it would not proceed with the intended purpose and indicated an intention to sell the property. An estate agent to assist in the sale has been appointed and an auction date in late August 2010 selected and publicly advertised. An impairment loss of \$20,399 has been brought to account at 30 June 2010 and this loss is included in the Comprehensive Income Statement under Other Expenses.		
Note 18 Other assets		
<i>Current</i>		
Prepayments	179,945	203,211
Accrued Income	12,963	9,321
Total other assets	192,908	212,532

	2010 \$	2009 \$
Note 19 Property, plant and equipment, infrastructure		
Summary		
at cost	14,142,961	8,505,753
Less accumulated depreciation	4,453,494	3,417,340
	<u>9,689,467</u>	<u>5,088,413</u>
at fair value	245,591,138	248,279,963
Less accumulated depreciation	72,413,058	70,451,650
	<u>173,178,080</u>	<u>177,828,313</u>
Total	<u>182,867,547</u>	<u>182,916,726</u>
Property		
Land		
at cost	22,500	106,500
at fair value as at 30 June 2008 (i)	22,340,247	22,340,247
	<u>22,362,747</u>	<u>22,446,747</u>
Buildings		
at cost	1,286,225	686,422
Less accumulated depreciation	25,628	2,896
	<u>1,260,597</u>	<u>683,526</u>
at fair value as at 30 June 2008 (i)	44,122,178	44,122,179
Less accumulated depreciation	22,614,216	22,062,689
	<u>21,507,962</u>	<u>22,059,490</u>
Total Property	<u>45,131,306</u>	<u>45,189,763</u>
(i) Valuation of land and buildings at 30 June 2008 were undertaken by Peter Hann FAPI, an independent Certified Practising Valuer. The valuation of buildings is at fair value based on current replacement cost less accumulated depreciation at the date of valuation. The valuation of land is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. All freehold land reserved public open space is valued at a discount to market value based on legal precedents.		
Plant and Equipment		
Plant and machinery		
at cost	4,741,510	4,556,423
Less accumulated depreciation	2,476,887	2,006,146
	<u>2,264,623</u>	<u>2,550,277</u>
Furniture and equipment		
at cost	1,727,893	1,478,492
Less accumulated depreciation	1,254,806	978,890
	<u>473,087</u>	<u>499,602</u>
Leased plant and equipment		
at cost	94,837	94,837
Less accumulated amortisation	39,825	12,896
	<u>55,012</u>	<u>81,941</u>
Total Plant and Equipment	<u>2,792,722</u>	<u>3,131,820</u>
Infrastructure		
Roads		
at fair value as at 30 June 2009 (iv)	130,778,721	133,185,152
Less accumulated depreciation	32,978,487	31,887,231
	<u>97,800,234</u>	<u>101,297,921</u>
at cost	2,220,980	-
Less accumulated depreciation	31,981	-
	<u>2,188,999</u>	<u>-</u>
Bridges		
at fair value as at 30 June 2009 (iv)	23,686,811	23,928,647
Less accumulated depreciation	8,166,974	8,120,405
	<u>15,519,837</u>	<u>15,808,242</u>
at cost	434,756	-
Less accumulated depreciation	3,099	-
	<u>431,657</u>	<u>-</u>

	2010 \$	2009 \$
Note 19 Property, plant and equipment, infrastructure (cont.)		
Major Culverts		
at fair value as at 30 June 2008 (iii)	9,483,507	9,483,507
Less accumulated depreciation	3,659,403	3,559,046
	<u>5,824,104</u>	<u>5,924,461</u>
Footpaths and cycleways		
at fair value as at 30 June 2009 (iv)	1,545,316	1,564,453
Less accumulated depreciation	541,942	512,891
	<u>1,003,374</u>	<u>1,051,562</u>
at cost	37,855	-
Less accumulated depreciation	367	-
	<u>37,488</u>	<u>-</u>
Drainage		
at fair value as at 30 June 2006 (ii)	9,797,825	9,797,825
Less accumulated depreciation	2,974,543	2,876,565
	<u>6,823,282</u>	<u>6,921,260</u>
at cost	102,005	33,085
Less accumulated depreciation	993	411
	<u>101,012</u>	<u>32,674</u>
Kerb and Channel		
at fair value as at 30 June 2009 (iv)	3,836,533	3,857,953
Less accumulated depreciation	1,477,493	1,432,823
	<u>2,359,040</u>	<u>2,425,130</u>
at cost	46,190	-
Less accumulated depreciation	268	-
	<u>45,922</u>	<u>-</u>
Waste management - landfill		
at cost	611,520	611,520
Less accumulated depreciation	611,520	416,101
	<u>-</u>	<u>195,419</u>
Other Community Infrastructure Assets		
at cost	186,654	137,527
Less accumulated depreciation	8,120	-
	<u>178,534</u>	<u>137,527</u>
Total Infrastructure	<u>132,313,483</u>	<u>133,794,196</u>
(ii) Valuation of infrastructure assets at 30 June 2006 was made by qualified Council officers. The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.		
(iii) Valuation of infrastructure assets at 30 June 2008 was made by qualified Council officers. The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.		
(iv) Valuation of infrastructure assets at 30 June 2009 was made by qualified Council officers. The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.		
Works in progress		
Land improvements at cost	759,590	304,095
Buildings at cost	526,670	196,241
Roads at cost	65,309	196,809
Bridges at cost	102,857	100,152
Drainage at cost	-	3,650
Other community assets at cost	1,175,610	-
Total Works in progress	<u>2,630,036</u>	<u>800,947</u>
Total property, infrastructure, plant and equipment	<u>182,867,547</u>	<u>182,916,726</u>

Note 19 Property, plant and equipment, infrastructure (cont.)

2010	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 24)	Depreciation and amortisation (note 9)	Written down value of disposals	Assets transferred to non current assets classified as held for sale (note 17)	Transfers	Balance at end of financial year
	\$	\$	\$	\$	\$	\$	\$	\$
Property								
land	22,446,747	-	-	-	-	(84,000)	-	22,362,747
Total land	22,446,747	-	-	-	-	(84,000)	-	22,362,747
buildings	22,743,016	627,658	-	(574,259)	-	(206,000)	178,144	22,768,559
Total buildings	22,743,016	627,658	-	(574,259)	-	(206,000)	178,144	22,768,559
Total property	45,189,763	627,658	-	(574,259)	-	(290,000)	178,144	45,131,306
Plant and Equipment								
plant, machinery and equipment	2,550,277	375,104	-	(598,205)	(62,553)	-	-	2,264,623
furniture and equipment	499,602	253,872	-	(279,630)	(757)	-	-	473,087
leased plant and equipment	81,941	-	-	(26,929)	-	-	-	55,012
Total plant and equipment	3,131,820	628,976	-	(904,764)	(63,310)	-	-	2,792,722
Infrastructure								
roads	101,297,921	2,024,170	-	(2,179,048)	(1,350,619)	-	196,809	99,989,233
bridges	15,808,242	334,603	-	(254,947)	(36,557)	-	100,153	15,951,494
major culverts	5,924,461	-	-	(100,357)	-	-	-	5,824,104
footpaths and cycleways	1,051,562	37,855	-	(39,094)	(9,461)	-	-	1,040,862
drainage	6,953,934	68,920	-	(98,560)	-	-	-	6,924,294
kerb and channel	2,425,130	46,190	-	(64,336)	(2,022)	-	-	2,404,962
waste management - landfill at cost	195,419	-	-	(195,419)	-	-	-	-
other community infrastructure assets	137,527	49,127	-	(8,120)	-	-	-	178,534
Total infrastructure	133,794,196	2,560,865	-	(2,939,881)	(1,398,659)	-	296,962	132,313,483
Works in progress								
land improvements at cost	304,095	455,495	-	-	-	-	-	759,590
buildings at cost	196,241	508,573	-	-	-	-	(178,144)	526,670
roads at cost	196,809	65,309	-	-	-	-	(196,809)	65,309
bridges at cost	100,152	102,858	-	-	-	-	(100,153)	102,857
other community infrastructure assets at cost	3,650	1,171,960	-	-	-	-	-	1,175,610
Total works in progress	800,947	2,304,195	-	-	-	-	(475,106)	2,630,036
Total property, plant and equipment, infrastructure	182,916,726	6,121,694	-	(4,418,904)	(1,461,969)	(290,000)	-	182,867,547

Note 19 Property, plant and equipment, infrastructure (cont.)

2009	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 24)	Depreciation and amortisation (note 9)	Written down value of disposals	Assets transferred to non current assets classified as held for sale (note 17)	Transfers	Balance at end of financial year
	\$	\$	\$	\$	\$	\$	\$	\$
Property								
land	22,340,247	106,500	-	-	-	-	-	22,446,747
Total land	22,340,247	106,500	-	-	-	-	-	22,446,747
buildings	22,611,017	557,915	-	(554,423)	-	-	128,507	22,743,016
Total buildings	22,611,017	557,915	-	(554,423)	-	-	128,507	22,743,016
Total property	44,951,264	664,415	-	(554,423)	-	-	128,507	45,189,763
Plant and Equipment								
plant, machinery and equipment	2,240,537	981,527	-	(550,745)	(121,042)	-	-	2,550,277
furniture and equipment	472,249	285,502	-	(258,149)	-	-	-	499,602
leased plant and equipment	52,743	56,867	-	(27,669)	-	-	-	81,941
Total plant and equipment	2,765,529	1,323,896	-	(836,563)	(121,042)	-	-	3,131,820
Infrastructure								
roads	97,347,057	1,675,894	4,089,707	(1,873,572)	-	-	58,835	101,297,921
bridges	14,330,012	321,956	1,403,326	(260,753)	-	-	13,701	15,808,242
major culverts	6,024,532	-	-	(100,071)	-	-	-	5,924,461
footpaths and cycleways	876,306	-	207,434	(32,178)	-	-	-	1,051,562
drainage	7,052,243	-	-	(98,309)	-	-	-	6,953,934
kerb and channel	2,642,386	-	(141,471)	(75,785)	-	-	-	2,425,130
waste management - landfill at cost	356,250	-	-	(202,351)	-	-	41,520	195,419
other community infrastructure assets	-	137,527	-	-	-	-	-	137,527
Total infrastructure	128,628,786	2,135,377	5,558,996	(2,643,019)	-	-	114,056	133,794,196
Works in progress								
land improvements at cost	176,931	127,164	-	-	-	-	-	304,095
buildings at cost	138,628	186,120	-	-	-	-	(128,507)	196,241
roads at cost	73,345	182,299	-	-	-	-	(58,835)	196,809
bridges at cost	15,255	98,598	-	-	-	-	(13,701)	100,152
drainage at Cost	-	-	-	-	-	-	-	-
Landfill assets at Cost	41,520	-	-	-	-	-	(41,520)	-
other community infrastructure assets	-	3,650	-	-	-	-	-	3,650
Total works in progress	445,679	597,831	-	-	-	-	(242,563)	800,947
Total property, plant and equipment, infrastructure	176,791,258	4,721,519	5,558,996	(4,034,005)	(121,042)	-	-	182,916,726

	2010	2009
	\$	\$
Note 20 Trade and other payables		
Trade payables	1,326,945	1,169,348
Accrued expenses	829,126	1,015,451
Total trade and other payables	2,156,071	2,184,799
Note 21 Trust funds and deposits		
Current		
Refundable building deposits (i)	24,000	19,000
Retention amounts (ii)	161,179	50,750
Other refundable deposits (iii)	160,977	155,788
	346,156	225,538
Non Current		
Trust funds bequested (iv)	67,980	67,980
	67,980	67,980
Total trust funds and deposits	414,136	293,518

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

Note 22 Provisions

	Annual leave	Long service leave	Landfill restoration	Other	Total
	\$	\$	\$	\$	\$
2010					
Balance at beginning of the financial year	718,180	1,018,436	371,322	64,499	2,172,437
Additional provisions	642,435	267,229	-	-	909,664
Amounts used	(521,326)	(77,268)	-	(64,499)	(663,093)
Balance at the end of the financial year	839,289	1,208,397	371,322	-	2,419,008
2009					
Balance at beginning of the financial year	617,582	848,604	371,322	-	1,837,508
Additional provisions	551,487	285,932	-	64,499	901,918
Amounts used	(450,889)	(116,100)	-	-	(566,989)
Balance at the end of the financial year	718,180	1,018,436	371,322	64,499	2,172,437

	2010	2009
	\$	\$
Current		
Employee Benefits (a)	1,848,961	1,629,661
Landfill remediation provision (b)	-	-
	1,848,961	1,629,661
Non-current		
Employee Benefits (a)	198,725	171,454
Landfill remediation provision (b)	371,322	371,322
	570,047	542,776
Total provisions	2,419,008	2,172,437

	2010	2009
	\$	\$
Note 22 Provisions (cont.)		
(a) Employee benefits		
(i) Current		
All annual leave and the long service leave entitlements representing five or more years of continuous service;		
Annual leave and redundancy employee benefits, that fall due within twelve months after the end of the period measured at nominal value	839,289	695,639
Annual leave employee benefits that will not be paid within twelve months after the end of the period measured at present value	-	87,040
Other long-term employee benefits that do not fall due within twelve months after the end of the period measured at present value	1,009,672	846,982
	<u>1,848,961</u>	<u>1,629,661</u>
(ii) Non Current		
Long service leave representing less than five years of continuous service measured at present value	<u>198,725</u>	<u>171,454</u>
	<u>2,047,686</u>	<u>1,801,115</u>
The following assumptions were adopted in measuring the present value of employee benefits:		
Weighted average increase in employee costs	4.48%	4.00%
Weighted average discount rates	4.96%	5.11%
Weighted average settlement period	16	16
(b) Landfill restoration provision		
Current	-	-
Non-current	<u>371,322</u>	<u>371,322</u>
Total	<u>371,322</u>	<u>371,322</u>

Under legislation Council is obligated to restore the Violet Town landfill site to a particular standard. Current engineering projections indicate that the Violet Town landfill site will cease operation in 2010/2011 and restoration work is expected to commence shortly thereafter. The forecast life of the Violet Town landfill 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. Council does not expect to receive a reimbursement from a third party.

Note 23 Interest-bearing loans and borrowings

Current

Borrowings - secured

392,076

434,649

Non-current

Borrowings - secured

2,941,504

2,933,580

Total

3,333,580

3,368,229

The maturity profile for Council's borrowings:

Not later than one year

392,076

434,649

Later than one year and not later than five years

2,744,262

1,606,033

Later than five years

197,242

1,327,547

3,333,580

3,368,229

Finance leases

Council had the following obligations under finance leases for the lease of office equipment (the sum of which is recognised as a liability after deduction of future lease finance charges included in the obligation:

Not later than one year

26,458

31,024

Later than one year and not later than five years

18,840

45,298

45,298

76,322

Current

Leases

26,458

31,024

Non-current

Leases

18,840

45,298

Total

45,298

76,322

Aggregate carrying amount of interest-bearing loans and borrowings:

Current

418,534

465,673

Non-current

2,960,344

2,978,878

Total interest bearing loans and liabilities

3,378,878

3,444,551

Note 24 Reserves

	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
	\$	\$	\$
(a) Asset revaluation reserves			
2010			
Property			
Land	17,957,124	-	17,957,124
Buildings	20,725,757	-	20,725,757
	38,682,881	-	38,682,881
Infrastructure			
Roads	65,383,525	-	65,383,525
Bridges	5,311,072	-	5,311,072
Major culverts	930,058	-	930,058
Footpaths and cycleways	897,843	-	897,843
Drainage	4,288,605	-	4,288,605
Kerb and channel	1,766,900	-	1,766,900
	78,578,003	-	78,578,003
Total Asset revaluation reserves	117,260,884	-	117,260,884
2009			
Property			
Land	17,957,124	-	17,957,124
Buildings	20,725,757	-	20,725,757
	38,682,881	-	38,682,881
Infrastructure			
Roads	61,293,818	4,089,707	65,383,525
Bridges	3,907,746	1,403,326	5,311,072
Major culverts	930,058	-	930,058
Footpaths and cycleways	690,409	207,434	897,843
Drainage	4,288,605	-	4,288,605
Kerb and channel	1,908,371	(141,471)	1,766,900
	73,019,007	5,558,996	78,578,003
Total asset revaluation reserves	111,701,888	5,558,996	117,260,884

The purpose of each of the above asset revaluation reserves is to account for the valuation increment of a class of revalued assets and to account for revaluation decrements of previously upwards revalued assets.

	Balance at beginning of reporting period	Transfer from reserve	Transfer to reserve	Balance at end of reporting period
	\$	\$	\$	\$
(a) Other reserves				
2010				
Open space reserve	-	-	35,450	35,450
Total other reserves	-	-	35,450	35,450

The purpose of the open space reserve is to provide developer contribution funding for future open space infrastructure within the shire.

	2010 \$	2009 \$
Note 25 Reconciliation of cash flows from operating activities to surplus (deficit)		
Surplus/(deficit)	(880,237)	980,068
Depreciation/amortisation	4,418,904	4,034,005
Other expenses - written down value of infrastructure assets renewed	1,398,659	-
Other expenses - impairment of asset held for resale	20,399	-
(Profit)/loss on disposal of property, plant and equipment	(34,863)	(54,854)
Finance costs	206,973	233,616
Decrease/(increase) in investments in associates	4,628	18,409
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(75,946)	(68,200)
(Increase)/decrease in other assets	19,624	2,533
Increase/(decrease) in trade and other payables	(28,728)	1,004,729
(Increase)/decrease in inventories	12,129	(2,191)
Increase/(decrease) in provisions	246,571	334,929
Net cash provided by/(used in) operating activities	<u>5,308,113</u>	<u>6,483,044</u>
Note 26 Reconciliation of cash and cash equivalents		
Cash and cash equivalents (see note 14)	5,288,124	6,153,084
	<u>5,288,124</u>	<u>6,153,084</u>
Note 27 Financing arrangements		
Loan facilities	3,333,580	3,368,229
Lease facilities	45,298	76,322
Bank overdraft	1,175,000	1,200,000
Used facilities	(3,378,878)	(3,444,551)
Unused facilities	<u>1,175,000</u>	<u>1,200,000</u>
Note 28 Restricted assets		
Council has cash and cash equivalents (note 14) that are subject to restrictions. As at the reporting date, Council had legislative restrictions in relation to employee entitlements (Long Service Leave) and reserve funds (Open Space Reserve).		
Long service leave (i)	1,011,566	1,019,165
Open space reserve (note 24)	35,450	-
Trust funds (note 21)	414,136	293,518
Restricted purpose grant monies (note 5)	369,809	1,434,925
	<u>1,830,961</u>	<u>2,747,608</u>

(i) Restricted asset for long service leave is based on the Local Government (Long Service Leave) Regulations 2002 and does not necessarily equate to the long service leave liability disclosed in note 22 due to a different basis of calculation prescribed by the regulation.

Note 29 Superannuation

Council makes employer superannuation contributions in respect of its employees to the following superannuation funds. *Obligations for contributions are recognised as an expense in profit or loss when they are due.*

Advance Super	LUCRF Super
AMP Flexible Lifetime Super	Media Super
Australian Super	MLC Masterkey Superannuation
BT Business Super	Nationwide Superannuation Fund
CFS First Choice Personal Super	Prime Super
Clerical Administration	Recruitment Super
Colonial First State - First Choice Personal Super	Rest Superannuation
Construction and Building Unions Super	Skandia One Super Solutions
Davey Macmillan Superannuation Fund	Superannuation Trust of Australia
Health Super Fund	Telstra Superannuation Scheme
Hesta Super Fund	Vic Super Fund
ING - Integra Super	
Local Authorities Superannuation Fund	

Local Authorities Superannuation Fund

The Fund has two categories of membership, each of which is funded differently.

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% required under Superannuation Guarantee Legislation). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Defined Benefit Plan

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. On the basis of the results of the most recent full actuarial investigation conducted by the Fund's actuary as at 31 December 2008, Council makes the following contributions:-

- 9.25% of members' salaries (same as previous year);
- the difference between resignation and retrenchment benefits paid to any retrenched employees plus contributions tax (same as previous year);

The Fund surplus or deficit (ie the difference between fund assets and liabilities) is calculated differently for funding purposes (ie calculating required contributions) and for the calculation of accrued benefits as required in AAS 25 to provide the values needed for the AASB 119 disclosure in a council's financial statements. AAS 25 requires that the present value of the benefit liability which is calculated based on benefits that have accrued in respect of membership of the plan up to the measurement date, with no allowance for future benefits that may accrue. The actuarial investigation concluded that although the Net Market Value of Assets was in excess of Accrued Benefits at 31 December 2008, based on the assumptions adopted, there was a shortfall of \$71 million when the funding of future benefits was also considered. However, Council was advised that no additional contributions will be required for 30 June 2010. The Actuary has commenced undertaking the next actuarial investigation to ascertain if additional contributions would be required. The Actuarial review will be as at 30 June 2010.

The result of the actuarial review is expected to be finalised during October 2010. Should the review identify a funding shortfall requiring additional contributions, the Council will be notified of any amount payable by November 2010 for payment on 1 July 2011. A further actuarial review will be undertaken as at 30 June 2011. Based on the result of this further review, a detailed funding plan will be developed and implemented to achieve the target of fully funding the Fund by 31 December 2013.

Accounting Standard Disclosure

31-Dec-08

The Fund's liability for accrued benefits was determined by the Actuary at 31 December 2008 pursuant to the requirements of Australian Accounting Standard AAS25 follows;

\$'000

Net Market Value of Assets	3,630,432
Accrued Benefits (per accounting standards)	3,616,422
Difference between Assets and Accrued Benefits	14,010
Vested Benefits	3,561,588

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

Net Investment Return	8.50% p.a.
Salary Inflation	4.25% p.a.
Price Inflation	2.75% p.a.

Note 29 Superannuation (cont.)

	2010 \$	2009 \$
Defined benefits fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	88,855	95,472
Employer contributions to other funds	-	-
	<u>88,855</u>	<u>95,472</u>
 Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date	-	-
Employer contributions payable to other funds	-	-
	<u>-</u>	<u>-</u>
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	437,339	397,483
Employer contributions to other funds	103,630	93,887
	<u>540,969</u>	<u>491,370</u>
 Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date	-	-
Employer contributions payable to other funds	-	-
	<u>-</u>	<u>-</u>
Contingent Liability		

Due to fluctuations in the value of assets underlying the fund and movements in the liabilities of the fund Council may be required to make an additional contribution to the fund. At this point in time the amount, and the likelihood of payment is not certain. Further detail of this matter is disclosed at note 32 - Contingent liabilities and contingent assets

Note 30 Commitments

The Council has entered into the following commitments

	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 \$	Total \$
2010				
Operating				
Garbage collection & Recycling	498,072	498,072	815,253	1,811,397
Meals for delivery	141,246	141,246	70,040	352,532
Total	639,318	639,318	885,293	2,163,929
Capital				
Buildings	928,082	-	-	928,082
Roads	20,265	-	-	20,265
Land	166,477	-	-	166,477
Community Infrastructure Assets	134,334			134,334
Total	1,249,158	-	-	1,249,158
	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 \$	Total \$
2009				
Operating				
Garbage collection	498,072	498,072	1,286,682	2,282,826
Hard & green waste collection	265,400	-	-	265,400
Total	763,472	498,072	1,286,682	2,548,226
Capital				
Plant Replacement	323,724	-	-	323,724
Bridges	358,358	-	-	358,358
Buildings	235,751	-	-	235,751
Roads	319,569	-	-	319,569
Land	500,014	-	-	500,014
Total	1,737,416	-	-	1,737,416

Note 31 Special committees and other activities

The following Section 86 Committees of Management have not been included in this financial report based on their materiality

Avenel Memorial Hall Committee
Balmattum Recreation Reserve Committee
Boho South Hall Committee
Creightons Creek Recreation Committee
Euroa Band Hall Committee
Euroa Friendlies Reserve Committee
Euroa Historical & Genealogical Society Committee
Euroa Third Age Committee
Goram Soldiers Memorial Hall Committee
Longwood Community Centre Committee
Miepoll Public Hall Committee
Moglonemby Hall Committee
Nagambie Bowls Club Committee
Nagambie Croquet Club Committee
Nagambie Recreation Reserve Committee
Nagambie Senior Citizens Club Committee
Nagambie Speedway Committee
Nagambie Tennis Club Committee
Ruffy Recreational Reserve Committee
Strathbogie Memorial Hall Committee
Strathbogie Recreational Reserve Committee
Violet Town Community Complex Committee

Note 32 Contingent liabilities and contingent assets

Contingent liabilities

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 increased volatility in financial markets the likelihood of making such contributions in future periods has increased. At this point in time it is not known if additional contributions will be required, their timing or potential amount.

Contingent assets

Council has no contingent assets at reporting date.

Note 33 Financial Instruments

(a) Accounting Policy, terms and conditions

Financial instruments	Note	Accounting Policy	Terms and Conditions
Financial assets			
Cash and cash equivalents	14	<p>Cash on hand and at bank and money market call account are valued at face value.</p> <p>Interest is recognised as it accrues.</p> <p>Investments are held to maximise interest returns of surplus cash.</p> <p>Interest revenues are recognised as they accrue.</p>	<p>On call deposits returned a floating interest rate of between .01% and 2.5% (0.01% and 4.0% in 2008/2009). The interest rate at balance date was 2.5% (0.25% in 2008/2009).</p> <p>Funds returned fixed interest rate of between 4.95% and 5.64% (2.2% to 7.8% in 2008/2009)</p>
Trade and other receivables			
Other debtors	15	<p>Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection in full is no longer probable.</p> <p>Collectibility of overdue accounts is assessed on an ongoing basis.</p>	<p>General debtors are unsecured and interest free. Credit terms are usually up to 60 days.</p>
Financial Liabilities			
Trade and other payables	20	<p>Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received.</p>	<p>General Creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.</p>
Interest-bearing loans and borrowings	23	<p>Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables.</p> <p>Finance leases are accounted for at their principal amount with the lease payments discounted to present value using the interest rates implicit in the leases.</p>	<p>Borrowings are secured by way of mortgages over the general rates of the Council.</p> <p>The weighted average interest rate on borrowings is 6.45% during 2009/2010 (6.39% in 2008/2009).</p> <p>As at balance date, the Council had finance leases with an average lease term of 2 years.</p> <p>The weighted average rate implicit in the leases is 8.63% (8.01% in 2008/2009).</p>
Bank overdraft	23	<p>Overdrafts are recognised at the principal amount. Interest is charged as an expense as it accrues.</p>	<p>The overdraft is subject to annual review.</p> <p>It is secured by a mortgage over Council's general rates and is repayable on demand.</p> <p>The overdraft was not utilised during 2009/2010 (not utilised in 2008/2009).</p>

Note 33 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:

2010

	Floating interest rate	Fixed interest maturing in:				Total
		1 year or less	Over 1 to 5 years	More than 5 years	Non-interest bearing	
	\$	\$	\$	\$	\$	\$
Financial assets						
Cash and cash equivalents	583,054	4,704,200	-	-	870	5,288,124
Other Financial assets	-	-	-	-	2,032	2,032
Trade and other receivables	-	-	-	-	700,758	700,758
Other Assets	-	12,963	-	-	-	12,963
Total financial assets	583,054	4,717,163	-	-	703,660	6,003,877
Weighted average interest rate	2.48%	5.39%				
Financial liabilities						
Trade and other payables	-	-	-	-	2,156,071	2,156,071
Trust funds and deposits	-	-	-	-	414,136	414,136
Interest-bearing loans and borrowings	-	418,534	2,763,102	197,242	-	3,378,878
Total financial liabilities	-	418,534	2,763,102	197,242	2,570,207	5,949,085
Weighted average interest rate		6.63%	6.45%	7.67%		
Net financial assets (liabilities)	583,054	4,298,629	(2,763,102)	(197,242)	(1,866,547)	54,792

2009

	Floating interest rate	Fixed interest maturing in:				Total
		1 year or less	Over 1 to 5 years	More than 5 years	Non-interest bearing	
	\$	\$	\$	\$	\$	\$
Financial assets						
Cash and cash equivalents	452,304	5,700,000	-	-	780	6,153,084
Other Financial assets	-	-	-	-	2,032	2,032
Trade and other receivables	-	-	-	-	621,220	621,220
Other Assets	-	9,321	-	-	-	9,321
Total financial assets	452,304	5,709,321	-	-	624,032	6,785,657
Weighted average interest rate	2.50%	7.47%				
Financial liabilities						
Trade and other payables	-	-	-	-	2,184,799	2,184,799
Trust funds and deposits	-	-	-	-	293,518	293,518
Interest-bearing loans and borrowings	-	465,673	1,651,331	1,327,547	-	3,444,551
Total financial liabilities	-	465,673	1,651,331	1,327,547	2,478,317	5,922,868
Weighted average interest rate		6.43%	6.38%	6.37%		
Net financial assets (liabilities)	452,304	5,243,648	(1,651,331)	(1,327,547)	(1,854,285)	862,789

Note 33 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	
	2010 \$	2009 \$	2010 \$	2009 \$
<i>Financial assets</i>				
Cash and cash equivalents	5,288,124	6,153,084	5,288,124	6,153,084
Other Financial assets	2,032	2,032	2,032	2,032
Trade and other receivables	700,758	621,220	700,758	621,220
Other Assets	12,963	9,321	12,963	9,321
<i>Total financial assets</i>	<u>6,003,877</u>	<u>6,785,657</u>	<u>6,003,877</u>	<u>6,785,657</u>
<i>Financial liabilities</i>				
Trade and other payables	2,156,071	2,184,799	2,156,071	2,184,799
Trust funds and deposits	414,136	293,518	414,136	293,518
Interest-bearing loans and borrowings	3,378,878	3,444,551	2,573,590	2,651,529
<i>Total Financial liabilities</i>	<u>5,949,085</u>	<u>5,922,868</u>	<u>5,143,797</u>	<u>5,129,846</u>

(d) Credit Risk

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

(e) Risks and mitigation

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

Market risk

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

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that we use. Non derivative interest bearing assets are predominantly short term liquid assets. Our interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes us to fair value interest rate risk.

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

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

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

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

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

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

Note 33 Financial instruments (cont.)

Credit risk

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

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

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

We may also be subject to credit risk for transactions which are not included in the balance sheet, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in note 32.

Movement in Provisions for Doubtful Debts

	2010
	\$
Balance at the beginning of the year	15,836
New provisions recognised during the year	1,999
Amounts already provided for and written off as uncollectible	-
Amounts provided for but recovered during the year	-
Balance at the end of the year	<u>17,835</u>

Ageing of Trade and Other Receivables

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

	2010	2009
	\$	\$
Current (not yet due)	218,400	225,421
Past due by up to 30 days	177,773	98,910
Past due between 31 and 180 days	291,175	190,495
Past due between 181 and 365 days	10,136	104,940
Past due by more than 1 year	3,274	1,454
Total Trade and Other Receivables	<u>700,758</u>	<u>621,220</u>

Ageing of individually impaired Trade and Other Receivables

At balance date, other debtors representing financial assets with a nominal value of \$17,835 (2008 \$15,836) were impaired. The amount of the provision raised against these debtors was \$1,999 (2008: \$15,836). The individually impaired debtors relate to general and sundry debtor and have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

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

	2010	2009
	\$	\$
Current (not yet due)	-	-
Past due by up to 30 days	-	-
Past due between 31 and 180 days	-	-
Past due between 181 and 365 days	-	-
Past due by more than 1 year	17,835	-
Total Trade and Other Receivables	<u>17,835</u>	<u>-</u>

Note 33 Financial instruments (cont.)

Liquidity risk

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

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

To help reduce these risks we:

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

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

The table below lists the contractual maturities for Financial Liabilities.

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

2010	6 mths or less	6-12 months	1-2 years	2-5 years	>5 years	Contracted Cash Flow	Carrying Amount
	\$	\$	\$	\$	\$	\$	\$
Trade and other payables	2,156,071	-	-	-	-	2,156,071	2,156,071
Trust funds and deposits	346,156	-	67,980	-	-	414,136	414,136
Interest-bearing loans and borrowings	313,411	313,411	617,335	1,783,023	1,214,758	4,241,938	3,378,878
Total financial liabilities	2,815,638	313,411	685,315	1,783,023	1,214,758	6,812,145	5,949,085

2009	6 mths or less	6-12 months	1-2 years	2-5 years	>5 years	Contracted Cash Flow	Carrying Amount
	\$	\$	\$	\$	\$	\$	\$
Trade and other payables	2,184,799	-	-	-	-	2,184,799	2,184,799
Trust funds and deposits	225,538	-	67,980	-	-	293,518	293,518
Interest-bearing loans and borrowings	336,323	336,323	626,822	1,812,800	1,802,288	4,914,556	3,441,551
Total financial liabilities	2,746,660	336,323	694,802	1,812,800	1,802,288	7,392,873	5,919,868

(f) Sensitivity disclosure analysis

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

- A parallel shift of +1% and -2% in market interest rates (AUD) from year-end rates of 4.4%.

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

		Interest rate risk			
		-2 %		+ 1%	
		-200 basis points		+100 basis points	
		Profit	Equity	Profit	Equity
2010					
Financial assets:	\$	\$	\$	\$	\$
Cash and cash equivalents	5,288,124	(105,762)	(105,762)	52,881	52,881
Financial liabilities:					
Interest-bearing loans and borrowings	3,378,878	67,578	67,578	(33,789)	(33,789)

		Interest rate risk			
		-2 %		+ 1%	
		-200 basis points		+100 basis points	
		Profit	Equity	Profit	Equity
2009					
Financial assets:	\$	\$	\$	\$	\$
Cash and cash equivalents	6,153,084	(123,062)	(123,062)	61,531	61,531
Financial liabilities:					
Interest-bearing loans and borrowings	3,444,551	68,891	68,891	(34,446)	(34,446)

Note 34 Auditors' remuneration

	2010	2009
	\$	\$
Audit fee to conduct external audit - Victorian Auditor-General	25,720	25,500
Internal audit fees - Richmond Sinnott Delahunty	14,531	24,086
Internal audit fees - Audit Committee	3,150	3,185
	<u>43,401</u>	<u>52,771</u>

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	Howard Myers	(Mayor 1/7/08 to current)
	Peter Woodhouse	(Councillor 1/7/08 to current)
	Neil Murray	(Councillor 1/7/08 to current)
	Debra Swan	(Councillor 1/7/08 to current)
	Colleen Furlanetto	(Councillor 1/7/08 to current)
	Malcolm Little	(Councillor 19/9/09 to current)
	Graeme (Mick) Williams	(Councillor 1/7/08 to current)

Chief Executive Officer Kevin Hannagan

(ii) Remuneration of Responsible Persons

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

	2010	2009
	No.	No.
\$1 - \$9,999	-	5
\$10,000 - \$19,999	3	6
\$20,000 - \$29,999	4	1
\$30,000 - \$39,999	-	-
\$180,000 - \$189,999	-	-
\$190,000 - \$199,999	1	1
	<u>8</u>	<u>13</u>
	\$	\$
Total Remuneration for the reporting year for Responsible Persons included above amounted to:	362,913	373,184

(iii) No retirement benefits have been made by the Council to a Responsible Person. (2008/09, Nil).

(iv) No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year (2008/09, 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 (2008/09, Nil).

(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 \$120,000.

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

	2010	2009
	No.	No.
Income Range:		
\$20,000 - \$29,999	1	-
\$130,000 - \$139,999	1	2
	<u>2</u>	<u>2</u>
	\$	\$
Total Remuneration for the reporting year for Senior Officers included above, amounted to:	165,230	133,685

Note 36 Revenue, expenses and assets by function/activities

	Corporate, Strategic, and Community Services		Asset Services		Total	
	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$
INCOME						
Grants	5,111,522	5,347,736	3,379,332	3,963,086	8,490,854	9,310,822
Other	12,419,194	11,007,380	166,517	689,826	12,585,711	11,697,206
TOTAL	17,530,716	16,355,116	3,545,849	4,652,912	21,076,565	21,008,028
EXPENSES	(9,036,274)	(8,954,217)	(12,920,528)	(11,073,743)	(21,956,802)	(20,027,960)
SURPLUS (DEFICIT) FOR THE YEAR	8,494,442	7,400,899	(9,374,679)	(6,420,831)	(880,237)	980,068
ASSETS ATTRIBUTED TO FUNCTIONS/ACTIVITIES*	6,149,618	5,919,431	184,210,939	185,048,575	190,360,557	190,968,006

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

Corporate, Strategic, and Community Services

General Administration, Finance & Governance, Debt Servicing, Community Services including Preschools, Infants and Mothers, Health, Aged and Disabled, Business, Environmental, and Economic Development, Housing, Planning and Building, Compliance, Environmental Health.

Asset Services

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

Note 37 Financial Ratios (Performance Indicators)

	2010 \$	2010 (%)	2009 \$	2009 (%)	2008 \$	2008 (%)
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(a) Debt servicing ratio (to identify the capacity of Council to service its outstanding debt)

Debt servicing costs	206,973		233,616		260,858	
Total revenue	21,076,565	= 0.98%	20,886,986	= 1.12%	17,421,811	= 1.50%

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

(b) Debt commitment ratio (to identify Council's debt redemption strategy)

Debt servicing & redemption costs	672,646		681,158		674,649	
Rate revenue	10,356,756	= 6.49%	9,634,336	= 7.07%	8,902,921	= 7.58%

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

(c) Revenue ratio (to identify Council's dependence on non-rate income)

Rate revenue	10,356,756		9,634,336		8,902,921	
Total revenue	21,076,565	= 49.14%	20,886,986	= 46.13%	17,421,811	= 51.10%

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

(d) Debt Exposure Ratio (to identify Council's exposure to debt)

Total indebtedness	7,356,527		7,076,140		6,174,073	
Total realisable assets	56,065,669	= 13.12%	54,271,130	= 13.04%	53,372,546	= 11.57%

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 28) is excluded from total indebtedness.

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

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

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

(e) Working Capital Ratio (to assess Council's ability to meet current commitments)

Current assets	7,340,534		7,894,176		6,458,146	
Current liabilities	4,769,722	= 153.90%	4,505,671	= 175.21%	3,151,320	= 204.93%

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

(f) Adjusted Working Capital Ratio (to assess Council's ability to meet current commitments)

Current assets	7,340,534		7,894,176		6,458,146	
Current liabilities	3,760,050	= 195.22%	3,658,689	= 215.77%	2,414,287	= 267.50%

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 twelve months after the end of the period.

		2010	2009
		\$	\$
Note 38	Capital expenditure		
	Capital expenditure areas		
	Land	-	106,500
	Buildings	627,658	557,915
	Roads	2,024,170	1,675,894
	Bridges	334,603	321,956
	Footpaths	37,855	-
	Drainage	68,920	-
	Plant and equipment	375,104	981,527
	Furniture and equipment	253,872	342,369
	Kerb	46,190	-
	Other community infrastructure assets	49,127	137,527
	Work in progress	2,304,195	597,831
	Total capital works	6,121,694	4,721,519
	Represented by:		
	Renewal of infrastructure	(a) 2,110,801	1,949,584
	Upgrade of infrastructure	(b) 326,065	329,163
	New infrastructure	698,533	268,341
	New land	-	106,500
	New buildings	20,827	407,173
	Renewal of buildings	(a) 67,700	30,695
	Upgrade of buildings	(b) 913,516	306,167
	New plant and equipment	375,104	981,527
	New Community Infrastructure Assets	1,355,276	-
	New furniture and equipment	253,872	342,369
	Total capital works	6,121,694	4,721,519

Reconciliation of property, plant and equipment, infrastructure and non current assets classified as held for sale

Property, plant and equipment, infrastructure movement

Total capital works		6,121,694	4,721,519
Asset transferred to "Assets held for Resale"	17	(290,000)	-
Asset revaluation movement	24	-	5,558,996
Depreciation/amortisation	9	(4,418,904)	(4,034,005)
Written down value of infrastructure assets renewed	11	(1,398,659)	-
Written down value of property, plant and equipment disposed	12	(63,310)	(121,042)
Net movement in property, plant and equipment, infrastructure	19	(49,179)	6,125,468

Non current assets classified as held for sale

Written down value of non current assets classified as held for sale disposed		-	-
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Total movement in property, plant and equipment, infrastructure and non current assets classified as held for sale

	(49,179)	6,125,468
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(a) Renewal

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

(b) Upgrade

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

(c) Expansion

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

Note 39 Events occurring after balance date

On the weekend of 4 and 5 September 2010 a significant flood event occurred in the municipality. It is evident that there is likely to be significant damage to Council assets however as at the date of this report it is not possible to quantify the extent of the damage. Except for this matter, no matter or event has arisen since the reporting date that is considered likely to have a significant effect on the Council in future financial years.

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.



Sandra J Wilson, B.Bus, CPA
Principal Accounting Officer

Date : 15 September, 2010
Euroa

In our opinion the accompanying financial statements present fairly the financial transactions of Strathbogie Shire Council for the year ended 30 June 2010 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 the 14th September, 2010 to certify the financial statements in their final form.



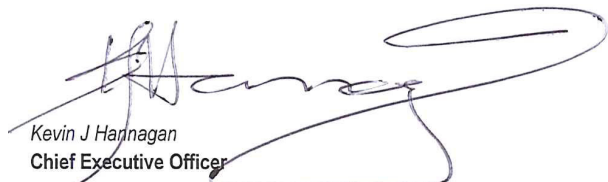
Howard Myers
Councillor

Date : 15 September, 2010
Euroa



Neil Murray
Councillor

Date : 15 September, 2010
Euroa



Kevin J Hargnagan
Chief Executive Officer

Date : 15 September, 2010
Euroa