

ATTACHMENT TO AGENDA ITEM

Special Meeting

24 September 2013

Agenda Item 4.1	Financial Statements, Standard Statements and Performance Statement for year ended 30 June 2013
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G R E A T E R S H E P P A R T O N
G R E A T E R F U T U R E



FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 June 2013



GREATER SHEPPARTON CITY COUNCIL
Financial Report
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GREATER SHEPPARTON CITY COUNCIL
2012/2013 Financial Report

**Comprehensive Income Statement
For the Year Ended 30 June 2013**

	Note	2013 \$	2012 \$
Revenue			
Rates and charges	3	56,816,212	53,676,672
Parking fees and fines	4	1,984,974	1,856,257
User fees	5	17,598,197	15,954,086
Grants - Recurrent	6	19,230,488	24,496,738
Grants - Non-recurrent	6	7,195,872	6,808,391
Contributions - Cash	7a	1,289,201	2,019,373
Contributions - Non-monetary assets	7b	3,533,930	3,338,306
Other revenue	8	2,675,697	2,375,294
Net gain on disposal of assets	14	-	1,109,939
Share of net profits(losses) of associates accounted for by the equity method	15	95,876	127,362
Total revenue		<u>110,420,447</u>	<u>111,762,418</u>
Expenses			
Employee costs	9	(38,608,481)	(41,568,377)
Materials and services	10	(38,503,231)	(39,562,875)
Bad and doubtful debts	11	(118,659)	(200,426)
Depreciation and amortisation	12	(17,859,415)	(17,523,090)
Write off demolished assets	13	-	(234,513)
Finance costs		(1,204,628)	(1,033,763)
Net loss on disposal of assets	14	(51,368)	-
Write down intangible assets	19	(16,840)	(213,388)
Total expenses		<u>(96,362,622)</u>	<u>(100,336,432)</u>
Surplus (deficit) for the year		<u>14,057,825</u>	<u>11,425,986</u>
Other comprehensive income			
Net asset revaluation increment(decrement)	26	164,512,421	1,354,881
Share of other comprehensive income of associates accounted for by the equity method	15	(12,264)	10,904
Total comprehensive result		<u>178,557,982</u>	<u>12,791,771</u>

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

GREATER SHEPPARTON CITY COUNCIL
2012/2013 Financial Report

Balance Sheet
As at 30 June 2013

	Note	2013 \$	2012 \$
Assets			
Current assets			
Cash and cash equivalents	16	34,185,501	23,848,184
Other Financial Assets	16 b	4,000,000	13,000,000
Trade and other receivables	17	5,556,594	4,409,955
Intangible assets	18	9,861	52,339
Accrued income		853,640	294,720
Prepayments		535,870	358,820
Inventories		103,119	78,968
Total current assets		<u>45,244,585</u>	<u>42,042,986</u>
Non-current assets			
Investment in associates	15	1,314,893	1,231,281
Intangible assets	18	1,183,299	1,157,661
Property, infrastructure, plant and equipment	20	822,890,459	650,826,732
Total non-current assets		<u>825,388,651</u>	<u>653,215,674</u>
Total assets		<u>870,633,236</u>	<u>695,258,660</u>
Liabilities			
Current liabilities			
Trade and other payables	21	8,437,857	11,324,661
Trust funds and deposits	22	1,973,173	2,050,748
Provisions	23	8,375,898	7,900,108
Income received in advance	24	243,816	247,367
Interest-bearing loans and borrowings	25	413,610	389,095
Total current liabilities		<u>19,444,354</u>	<u>21,911,979</u>
Non-current liabilities			
Trade and other payables	21	57,471	406,257
Provisions	23	953,953	907,758
Interest-bearing loans and borrowings	25	14,811,604	15,224,794
Total non-current liabilities		<u>15,823,028</u>	<u>16,538,809</u>
Total liabilities		<u>35,267,382</u>	<u>38,450,788</u>
Net Assets		<u>835,365,854</u>	<u>656,807,872</u>
Equity			
Accumulated surplus		310,877,646	296,832,085
Reserves	26	524,488,208	359,975,787
Total Equity		<u>835,365,854</u>	<u>656,807,872</u>

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

GREATER SHEPPARTON CITY COUNCIL
2012/2013 Financial Report

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

	Note	Total 2013 \$	Accumulated Surplus 2013 \$	Asset Revaluation Reserve 2013 \$
2013				
Balance at beginning of the financial year		656,807,872	296,832,085	359,975,787
Comprehensive Result for the financial year		178,557,982	14,045,561	164,512,421
Balance at end of the financial year		835,365,854	310,877,646	524,488,208

	Note	Total 2012 \$	Accumulated Surplus 2012 \$	Asset Revaluation Reserve 2012 \$
2012				
Balance at beginning of the financial year		642,985,115	284,364,209	358,620,906
Comprehensive Result for the financial year		12,791,771	11,436,890	1,354,881
Adjustment to last year accounts	1(t)	1,030,986	1,030,986	-
Balance at end of the financial year		656,807,872	296,832,085	359,975,787

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

GREATER SHEPPARTON CITY COUNCIL
2012/2013 Financial Report

**Statement of Cash Flows
For the Year Ended 30 June 2013**

	2013 Inflows/ (Outflows)	2012 Inflows/ (Outflows)
Note	\$	\$
Cash flows from operating activities		
Rates and charges	56,816,212	54,504,899
Parking fees and fines	1,984,974	1,896,987
User charges and other fines (inclusive of GST)	16,625,865	19,027,877
Grants	26,426,360	31,302,040
Contributions	1,289,201	2,003,173
Interest	1,960,213	1,284,370
Rents	715,484	723,724
Net GST refund	1,078,646	3,439,476
Payments to suppliers (inclusive of GST)	(43,951,681)	(48,450,865)
Payments to employees	(38,086,495)	(35,150,725)
Finance costs	(1,204,628)	(866,363)
Net cash provided by (used in) operating activities	27 <u>23,654,151</u>	<u>29,714,593</u>
Cash flows from investing activities		
Payments for property, plant and equipment, infrastructure	(22,407,572)	(25,680,400)
Proceeds from sale of assets	479,412	1,536,963
Net cash provided by (used in) investing activities	<u>(21,928,160)</u>	<u>(24,143,437)</u>
Cash flows from financing activities		
Proceeds from Interest-bearing loans and borrowings	-	3,000,000
Repayment of Interest-bearing loans and borrowings	(388,674)	(294,157)
Net cash provided by (used in) financing activities	<u>(388,674)</u>	<u>2,705,843</u>
Net increase(decrease) in cash and cash equivalents	1,337,317	8,276,999
Cash and cash equivalents at the beginning of the financial year	36,848,184	28,571,185
Cash and cash equivalents at the end of the financial year	28 <u>38,185,501</u>	<u>36,848,184</u>

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

Introduction

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

(b) The purpose of the Council is:

- to provide for the peace, order and good government of its municipal district;
- to promote the social, economic and environmental viability and sustainability of the municipal district;
- to ensure that resources are used efficiently and effectively and services are provided in accordance with the Best Value Principles to best meet the needs of the local community;
- to improve the overall quality of life of people in the local community;
- to promote appropriate business and employment opportunities;
- to ensure that services and facilities provided by the Council are accessible and equitable;
- to ensure the equitable imposition of rates and charges; and
- to ensure transparency and accountability in Council decision making.

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

Note 1

Significant accounting policies

(a) Basis of accounting

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

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

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.

(b) Change in accounting policies

No changes in accounting policy

Note 1

Significant accounting policies (cont.)

(c) Revenue recognition

Rates, grants and contributions

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

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

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

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

Contributions are recognised as income when the Council obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the Council and the amount of the contribution can be measured reliably. Developer gifted assets are recognised at practical completion date.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in note 6. The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

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

User charges, fees and fines

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

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

Sale of property, plant and equipment, infrastructure

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

Interest and rents

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

GREATER SHEPPARTON CITY COUNCIL
2012/2013 Financial Report

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

Note 1

Significant accounting policies (cont.)

(d) Depreciation of non-current assets

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

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

Road earthworks are not depreciated.

Art collection and Regalia are not depreciated.

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

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

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

(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.

GREATER SHEPPARTON CITY COUNCIL
2012/2013 Financial Report

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

Note 1

Significant accounting policies (cont.)

(f) Recognition and measurement of assets

Acquisition

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

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

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

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

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, are measured at their fair value, being the amount for which the assets could be exchanged between knowledgeable willing parties in an 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.

GREATER SHEPPARTON CITY COUNCIL
2012/2013 Financial Report

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

Note 1

Significant accounting policies (cont.)

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

Revaluation (cont)

In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 3 to 5 years. The valuation is performed either by experienced council officers or independent experts.

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

Land under roads

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

(g) Cash and cash equivalents

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

(h) Other financial assets

Financial assets are valued at fair value, being market value, at balance date. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense. Council's other financial assets comprise term deposits with a maturity date in excess of 90 days.

(i) Accounting for investment in associates

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

(j) Tender deposits

Amounts received as tender deposits and retention amounts controlled by Council are recognised as Trust funds until they are returned or forfeited (refer to note 22).

(k) 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 and are measured at the amount expected to be paid, including appropriate oncosts, when the accrued obligation is settled.

GREATER SHEPPARTON CITY COUNCIL
2012/2013 Financial Report

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

Note 1

Significant accounting policies (cont.)

(k) Employee benefits (cont)

Long service leave

Long service leave entitlements are vested to Council employees after a period of seven years. They 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. Department of Treasury and Finance 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

The superannuation expense for the reporting year is the amount of the statutory contribution the Council makes to the superannuation plan which provides benefits to its employees. In addition Council may, periodically be required to contribute to the defined benefits schemes for current and former employees. Details of these arrangements are recorded in note 36

(l) Leases

Operating leases

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

(m) Allocation between current and non-current

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

(n) Agreements equally proportionately unperformed

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

(o) Web site costs

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

GREATER SHEPPARTON CITY COUNCIL
2012/2013 Financial Report

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

Note 1

Significant accounting policies (cont.)

(p) Goods and Services Tax (GST)

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

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

(q) Impairment of assets

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

(r) Trade and other receivables and inventories

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

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

Inventories held for distribution are measured at cost adjusted when applicable for any loss of service potential.

Other inventories are measured at the lower of cost and net realisable value.

(s) Trade and other payables

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

(t) Accounting adjustments to prior periods

Existing assets not previously recognised.

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

During the 2012/13 financial year Council has captured existing drainage/bridge infrastructure assets not previously recognised to the value of \$1,030,986 which have been recognised via adjustment to 2011/12 balances.

	Asset Class	2011/12	Restated
Refer Note 20	Infrastructure (Bridges)	381,984,413	383,015,399
	Equity	358,620,906	359,975,787

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

Note 2

Events occurring after balance date

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

GREATER SHEPPARTON CITY COUNCIL
2012/2013 Financial Report

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

		2013	2012
		\$	\$
Note 3	Rates and charges		
	Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is the market value of the property which takes into account the land and all improvements fixed to the land.		
	The valuation base used to calculate general rates for 2012/2013 was \$8,736 million (2011/2012 \$8,432 million).		
		27,398,368	24,795,943
	Residential	10,928,440	10,815,482
	Commercial	5,131,139	5,088,801
	Industrial	6,306,363	6,049,129
	Farm/Rural residential	7,951,902	6,927,317
	Waste Services charges	<u>56,816,212</u>	<u>53,676,672</u>
	The date of the last general revaluation of land for rating purposes within the municipal district was 1 January 2012, and the valuation first applied to the rating period commencing 1 July 2012.		
	The date of the next general revaluation of land for rating purposes within the municipal district is 1 January 2014, and the valuation will be applied in the rating year commencing 1 July 2014.		
	Supplementary rates and rate adjustments undertaken after the annual calculation incorporate a number of valuation objections.		
Note 4	Parking fees and fines		
	Infringements and costs	684,590	564,025
	PERIN court recoveries	21,534	35,927
	Fees - ticket machines	348,034	359,728
	Fees - parking meters	926,598	884,635
	Permits	4,218	11,942
		<u>1,984,974</u>	<u>1,856,257</u>
Note 5	User fees		
	Aged and Disability services	659,929	623,756
	Animal Control	602,247	591,137
	Aquatic Facilities	2,743,431	2,627,658
	Arts and Culture	882,430	817,731
	Children's Services	1,635,379	1,849,957
	Development Facilities	1,381,769	1,505,636
	Environmental Health	294,718	286,301
	Financial Services	1,255,604	899,663
	Miscellaneous	207,910	176,119
	Private Works	265,414	78,408
	Recreational Facilities	833,284	677,971
	Saleyards	1,316,328	1,216,929
	Tourism	602,946	526,122
	Waste Management	4,716,808	4,076,698
		<u>17,598,197</u>	<u>15,954,086</u>

GREATER SHEPPARTON CITY COUNCIL
2012/2013 Financial Report

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

	2013	2012
	\$	\$
Note 6		
Grants		
Grants were received in respect of the following :		
Commonwealth Government		
<i>Council Organisation and Management</i>		
Corporate Services	-	-
	-	-
<i>Community Life</i>		
Aged & Disability Services	654,179	897,634
Arts & Culture	-	18,920
Children's Services	2,084,376	2,134,194
Other Community Programs	-	33,180
	<u>2,738,555</u>	<u>3,083,928</u>
<i>Infrastructure</i>		
Roads to Recovery	1,160,414	1,600,487
	<u>1,160,414</u>	<u>1,600,487</u>
<i>Economic Development</i>		
Development Services	-	192,877
	-	<u>192,877</u>
<i>Settlement and Housing</i>		
Development Facilities	2,000,000	2,012,000
Environmental Health	-	4,107
	<u>2,000,000</u>	<u>2,016,107</u>
Commonwealth Government Total	<u>5,898,969</u>	<u>6,893,399</u>
State Government		
<i>Council Organisation and Management</i>		
Victorian Grants Commission Unallocated	7,823,083	9,640,639
Victorian Grants Commission Local Roads	2,728,339	3,459,015
Management (Directorate)	-	8,545
Financial Services	37,223	260,000
Governance	-	37,500
Corporate Services	127,730	-
	<u>10,716,375</u>	<u>13,405,699</u>
<i>Infrastructure</i>		
Local Roads	-	2,003,300
Parking Management	-	67,768
Planning Investigation & Design	59,445	9,666
Plant	11,500	7,800
Saleyards	5,000	-
	<u>75,945</u>	<u>2,088,534</u>
<i>Economic Development</i>		
Development Services	343,000	271,000
	<u>343,000</u>	<u>271,000</u>
<i>Settlement and Housing</i>		
Development Facilities	40,000	-
Environmental Health	84,467	82,636
	<u>124,467</u>	<u>82,636</u>

GREATER SHEPPARTON CITY COUNCIL
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Notes to the Financial Report
For the Year Ended 30 June 2013

	2013	2012
	\$	\$
Note 6		
Grants (cont)		
<i>Community Life</i>		
Arts & Culture	306,894	1,247,366
Aged & Disability Services	2,998,903	2,824,748
Aquatic Facilities	140,000	60,000
Childrens Services	2,994,817	2,076,115
Development Facilities	-	215,000
Law Order & Safety	1,428,728	135,968
Library	433,000	-
Recreation & Parks	348,000	72,000
Sports Facilities	84,710	280,357
Other Community Programs	316,989	599,169
	<u>9,052,041</u>	<u>7,510,723</u>
<i>Environment</i>		
Environmental Management	193,208	586,768
Waste Management	22,355	416,120
	<u>215,563</u>	<u>1,002,888</u>
State Government Total	<u>20,527,391</u>	<u>24,361,480</u>
Total	<u>26,426,360</u>	<u>31,254,879</u>
Recurrent	19,230,488	24,496,738
Non-recurrent	7,195,872	6,808,391
Total	<u>26,426,360</u>	<u>31,305,129</u>
<i>Conditions on Grants</i>		
Grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were:		
Strengthening Basins	-	12,711
Best Start	135,372	-
Community Connections	-	126,038
Victorian Grants Commission	5,518,624	5,341,187
LEAD (Embracing Diversity)	-	24,414
Healthy Community Project	-	145,557
Flood Resilience & Vulnerable Person Funding	120,000	110,000
Art Museum Program Funding	-	7,500
ICAA Funding	-	27,900
Indigenous Art Worker Residence Grant	-	6,446
Crouching Emu Grant	-	3,000
Waste Mitigation Works	-	250,000
Roads To Recovery	-	288,130
Culture Victoria Grant	-	4,773
Local Government Infrastructure Program	-	1,990,000
Building Better Regional Cities	2,000,000	2,000,000
Economic Recovery	34,284	-
Shepparton Flood Study	19,389	-
Weed Control	31,525	-
Provincial Leaders Program	125,000	-
Allied Health Funding	12,377	-
HACE Minor Service Works	13,471	-
	<u>8,010,042</u>	<u>10,317,656</u>

GREATER SHEPPARTON CITY COUNCIL
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For the Year Ended 30 June 2013

	2013	2012
	\$	\$
Note 6		
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:		
Strengthening Basins	12,711	-
Victorian Grants Commission	5,341,187	2,557,500
Community Connections	146,753	-
Shepparton Tertiary Education	-	33,500
Change Management Kindergartens	-	31,000
Best Start	-	112,490
Active Service Management	-	39,500
Supported Parents Group	-	17,085
John Gray Shelter	-	80,000
Merrigum Town Park	-	160,000
TQUAL Funding	-	167,801
Home And Community Care Minor Grants - Personal Alarms	-	35,000
Soccer Development (redirected grant from Vibert Reserve)	-	312,564
Emergency Works Grants	-	31,500
Tatura Flood Mitigation	-	100,000
Strategic Policy and Planning Unit	-	262,323
Gallery Kaiela	-	8,276
Localities Embracing and Accepting Diversity	147,654	-
Children's Centre Development Grant	100,000	-
Healthy Communities Project	104,004	-
Flood Resilience and Vulnerable Persons Funding	35,480	-
Art Museum Program Funding	7,500	-
International Ceramic Art Award Funding	27,900	-
Indigenous Art Work Residence Grant	6,446	-
Crouching Emu Grant	3,000	-
Sir Murray Bouchier Memorial	2,100	-
Roads To Recovery	230,275	-
Culture Victoria Grant	4,733	-
	<u>6,169,743</u>	<u>3,948,539</u>
Net increase(decrease) in restricted assets resulting from grant revenues for the year:	<u>1,840,299</u>	<u>6,369,117</u>
Note 7		
Contributions		
(a) Cash		
Developer contributions - Cash	684,514	1,066,546
Other contributions - Cash	604,687	952,827
	<u>1,289,201</u>	<u>2,019,373</u>
(b) Non-monetary assets		
Developer contributions - Non-monetary assets	3,533,930	3,338,306
	<u>3,533,930</u>	<u>3,338,306</u>
Total	<u>4,823,131</u>	<u>5,357,679</u>
Note 8		
Other revenue		
Interest	1,960,213	1,654,963
Rent	715,484	720,331
	<u>2,675,697</u>	<u>2,375,294</u>
Note 9		
Employee costs		
Wages and salaries	35,039,615	32,126,172
Superannuation (note 31) *	2,883,282	8,628,764
Fringe benefits tax and work cover	685,584	813,441
	<u>38,608,481</u>	<u>41,568,377</u>
* Additional call to meet obligations in relation to prior year (2011/12) Defined Benefit Plan - \$5,631,820 (incl Contribution Tax).		

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

		2013	2012
		\$	\$
Note 10	Materials and services		
	Aged and Disability Services	3,079,340	3,320,146
	Childcare	1,771,561	1,790,246
	Local Laws	1,216,367	1,305,090
	Aquatic Facilities	1,338,231	1,200,604
	Arts and Culture	1,493,824	1,347,390
	Library	1,484,738	1,484,738
	Public Open Space Maintenance	4,040,114	4,089,861
	Local Roads	3,632,375	4,425,645
	Waste Management	7,159,936	6,994,464
	Saleyards	1,005,520	865,423
	Economic Development	2,791,389	3,222,423
	Administration	9,489,836	9,516,845
		<u>38,503,231</u>	<u>39,562,875</u>
Note 11	Bad and doubtful debts		
	Parking infringement debtors	122,914	120,696
	Other Debtors	(4,255)	79,730
		<u>118,659</u>	<u>200,426</u>
Note 12	Depreciation		
	Land Improvements	1,027,566	765,783
	Buildings	2,508,568	2,446,062
	Heritage Assets	26,867	26,867
	Plant, Machinery and Equipment	902,260	1,189,052
	Furniture, Equipment and Computers	1,262,998	1,483,241
	Roads	8,915,313	8,520,573
	Footpaths	707,740	716,815
	Kerb and Channel	618,204	605,790
	Drainage	1,143,167	1,092,074
	Bridges	136,427	121,692
	Regulatory Signs	261,565	251,978
	Naturestrip Trees	114,299	110,796
	Street Furniture	146,918	105,805
	Bike Paths	87,523	86,562
		<u>17,859,415</u>	<u>17,523,090</u>
Note 13	Write off demolished assets		
	Old Search & Rescue Building	-	218,400
	Undera Wayside Stop Toilets	-	16,113
		<u>-</u>	<u>234,513</u>

GREATER SHEPPARTON CITY COUNCIL
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Notes to the Financial Report
For the Year Ended 30 June 2013

	2013	2012
	\$	\$
Note 14		
Net gain(loss) on disposal of assets		
<i>Plant and equipment</i>		
Proceeds from sale of assets	479,412	460,502
Written down value of assets sold	(530,780)	(389,897)
Net gain(loss) on sale of plant and equipment	<u>(51,368)</u>	<u>70,605</u>
<i>Intangibles</i>		
Proceeds from sale of assets	-	12,992
Written down value of assets sold	-	(12,992)
Net gain(loss) on sale of intangible assets	<u>-</u>	<u>-</u>
<i>Land and buildings</i>		
Proceeds from sale of assets	-	1,063,469
Written down value of assets sold	-	(24,135)
Net gain(loss) on sale of land and buildings	<u>-</u>	<u>1,039,334</u>
Summary		
Proceeds from sale of assets	479,412	1,536,963
Written down value of assets sold	(530,780)	(427,024)
Net gain(loss) on sale of assets	<u>(51,368)</u>	<u>1,109,939</u>
Note 15		
Investment in associates		
Goulburn Valley Regional Library Corporation		
<i>Background</i>		
Investment percentage 61.14% in 2012/13 (61.76% in 2011/2012)		
<i>Council's share of accumulated surplus(deficit)</i>		
Council's share of accumulated surplus(deficit) at start of year	(658,905)	(786,267)
Reported surplus(deficit) for year	95,876	127,362
Council's share of accumulated surplus(deficit) at end of year	<u>(563,029)</u>	<u>(658,905)</u>
<i>Movement in carrying value of specific investment</i>		
Carrying value of investment at start of year	1,231,281	1,093,015
Change in investment percentage	(12,264)	10,904
Share of surplus(deficit) for year	95,876	127,362
Carrying value of investment at end of year	<u>1,314,893</u>	<u>1,231,281</u>

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For the Year Ended 30 June 2013

	2013	2012
	\$	\$
Note 16		
Cash and cash equivalents		
Cash at bank and on hand	2,758,160	2,685,120
Bank bills	31,427,341	21,163,064
	<u>34,185,501</u>	<u>23,848,184</u>
Represented by:		
Cash on hand	8,990	7,940
Cash at bank	2,749,170	2,677,180
	<u>2,758,160</u>	<u>2,685,120</u>
Discretionary investments	2,719,174	-
Non-discretionary investments	28,708,167	19,863,064
Long service leave reserve (note 30)	-	1,300,000
	<u>31,427,341</u>	<u>21,163,064</u>
Total cash assets	<u>34,185,501</u>	<u>23,848,184</u>
Non-discretionary investments are funds held predominantly for capital works.		
Note 16 b		
Other Financial Assets		
Bank bills - term deposits greater than 90 days	4,000,000	13,000,000
	<u>4,000,000</u>	<u>13,000,000</u>
Note 17		
Trade and other receivables		
<i>Current</i>		
Rates debtors	2,590,274	2,581,323
Parking infringement debtors	316,447	279,398
Provision for doubtful debts - parking infringements	(111,404)	(115,803)
Other debtors	1,766,857	1,112,059
Provision for doubtful debts - other debtors	(30,000)	(50,000)
Net GST receivable	1,024,420	602,978
	<u>5,556,594</u>	<u>4,409,955</u>
Total	<u>5,556,594</u>	<u>4,409,955</u>
Note 18		
Intangible assets		
<i>Current</i>		
Right to receive revenue	9,861	52,339
	<u>9,861</u>	<u>52,339</u>
<i>Non-current</i>		
Right to receive revenue	1,183,299	1,157,661
Total	<u>1,193,160</u>	<u>1,210,000</u>
Note: Right represents the value held for Council's share of development and resale of Parkside Gardens. These are valued at lower of the last revaluation and recoverable amount. Annual impairment testing is undertaken to ensure that the carrying amount is not higher than the recoverable amount.		
Note 19		
Write down of Intangible assets		
Rights to Council's share of resale of Parkside Gardens	16,840	213,388
	<u>16,840</u>	<u>213,388</u>

(a) based on reviewing the current market value and remaining anticipated Lot sales

GREATER SHEPPARTON CITY COUNCIL
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For the Year Ended 30 June 2013

	2013	2012
	\$	\$
Note 20		
Property, infrastructure, plant and equipment		
Summary		
at cost	60,182,440	97,523,366
Less accumulated depreciation	19,588,341	23,299,830
	<u>40,594,099</u>	<u>74,223,536</u>
at independent valuation as at 30 June 2008	84,395	84,395
at independent valuation as at 30 September 2011	14,532,541	14,532,541
at Council valuation as at 30 June 2013	813,186,216	
Less accumulated depreciation	264,312,157	-
	<u>548,874,059</u>	<u>-</u>
at Council valuation as at 30 June 2009	-	606,305,182
Less accumulated depreciation	-	266,263,273
	<u>-</u>	<u>340,041,909</u>
at Council valuation as at 30 June 2011	292,868,776	292,868,776
Less accumulated depreciation	74,063,411	70,924,425
	<u>218,805,365</u>	<u>221,944,351</u>
Total	<u>822,890,459</u>	<u>650,826,732</u>
Property		
Land		
at cost	5,522,056	4,392,079
at independent valuation as at 30 June 2011	94,559,398	94,559,398
	<u>100,081,454</u>	<u>98,951,477</u>
Land under roads		
at cost	3,199,993	2,458,623
	<u>3,199,993</u>	<u>2,458,623</u>
Land improvements		
at cost	4,861,424	2,798,501
Less accumulated depreciation	352,964	40,591
	<u>4,528,460</u>	<u>2,757,910</u>
at independent valuation as at 30 June 2011	25,610,120	25,610,120
Less accumulated depreciation	6,585,892	5,860,699
	<u>19,024,228</u>	<u>19,749,421</u>
Total Land	<u>126,834,135</u>	<u>123,917,431</u>
Buildings		
at cost	7,426,541	4,814,274
Less accumulated depreciation	271,420	37,664
	<u>7,155,121</u>	<u>4,776,610</u>
at independent valuation as at 30 June 2011	168,764,136	168,764,136
Less Accumulated depreciation	66,227,582	63,840,657
	<u>102,536,554</u>	<u>104,923,479</u>
Total Buildings	<u>109,691,675</u>	<u>109,700,089</u>

GREATER SHEPPARTON CITY COUNCIL
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Notes to the Financial Report
For the Year Ended 30 June 2013

	2013	2012
	\$	\$
Note 20		
Property, infrastructure, plant and equipment		
Heritage assets		
at independent valuation as at 30 June 2011	3,935,122	3,935,122
Less accumulated depreciation	1,249,937	1,223,069
	<u>2,685,185</u>	<u>2,712,053</u>
Total Heritage	<u>2,685,185</u>	<u>2,712,053</u>
Total Property	<u>239,210,995</u>	<u>236,329,573</u>
Valuation of land and buildings were undertaken by a qualified independent valuer, LG Valuation Services. The valuation of buildings is at fair value based on current replacement cost less accumulated depreciation at the date of valuation. The valuation of land is at fair value, being market value based.		
Land under roads is valued at deemed cost. Deemed cost is based on council valuations at date acquired for acquisitions since 1 July 2008, adjusting for englobo (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services.		
Plant and Equipment		
Plant, Machinery and Equipment		
at cost	12,914,763	12,555,852
Less accumulated depreciation	7,503,557	7,333,733
	<u>5,411,206</u>	<u>5,222,119</u>
Furniture, Equipment and Computers		
at cost	17,593,472	20,302,605
Less accumulated depreciation	11,460,400	14,323,023
	<u>6,133,072</u>	<u>5,979,582</u>
Art Collection and Regalia		
at cost	205,486	120,806
at independent valuation as at 30 June 2008	84,395	84,395
at independent valuation as at 30 September 2011	14,532,541	14,532,541
	<u>14,822,422</u>	<u>14,737,742</u>
Total Plant and Equipment	<u>26,366,700</u>	<u>25,939,443</u>
Valuation of Art Collection was undertaken by an independent valuer, Leonard Joel Australia. Valuation of Regalia was undertaken by an independent valuer, P. Blashki & Sons Pty. Ltd. The valuations have been made considering the prevailing market conditions of commercial worth.		
Infrastructure		
Roads		
at cost	-	29,172,081
Less accumulated depreciation	-	1,192,572
	<u>-</u>	<u>27,979,509</u>
at Council valuation as at 30 June 2013	557,086,524	
Less accumulated depreciation	176,325,004	
	<u>380,761,520</u>	<u>-</u>
at Council valuation as at 30 June 2009	-	421,496,617
Less accumulated depreciation	-	169,522,245
	<u>-</u>	<u>251,974,372</u>
Bridges		
at cost	-	2,700,639
Less accumulated depreciation	-	18,458
	<u>-</u>	<u>2,682,181</u>
at Council valuation as at 30 June 2013	31,071,966	
Less accumulated depreciation	12,588,982	
	<u>18,482,984</u>	<u>-</u>
at Council valuation as at 30 June 2009	-	10,452,747
Less accumulated depreciation	-	2,812,822
	<u>-</u>	<u>7,639,925</u>

GREATER SHEPPARTON CITY COUNCIL
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Notes to the Financial Report
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	2013	2012
	\$	\$
Note 20		
Property, infrastructure, plant and equipment		
Footpaths		
at cost	-	1,931,150
Less accumulated depreciation	-	61,196
	<u>-</u>	<u>1,869,954</u>
at Council valuation as at 30 June 2013	55,347,134	
Less accumulated depreciation	17,527,313	
	<u>37,819,821</u>	<u>-</u>
at Council valuation as at 30 June 2009	-	39,696,299
Less accumulated depreciation	-	24,343,223
	<u>-</u>	<u>15,353,076</u>
Drainage		
at cost		7,622,184
Less accumulated depreciation		119,184
	<u>-</u>	<u>7,503,000</u>
at Council valuation as at 30 June 2013	107,224,223	
Less accumulated depreciation	37,921,550	
	<u>69,302,673</u>	<u>-</u>
at Council valuation as at 30 June 2009		89,427,409
Less accumulated depreciation		42,680,236
	<u>-</u>	<u>46,747,173</u>
Kerb and Channel		
at cost		1,442,222
Less accumulated depreciation		46,586
	<u>-</u>	<u>1,395,636</u>
at Council valuation as at 30 June 2013	47,116,466	
Less accumulated depreciation	12,570,021	
	<u>34,546,445</u>	<u>-</u>
at Council valuation as at 30 June 2009		33,862,910
Less accumulated depreciation		20,882,129
	<u>-</u>	<u>12,980,781</u>
Regulatory Signs		
at cost		189,202
Less accumulated depreciation		27,202
	<u>-</u>	<u>162,000</u>
at Council valuation as at 30 June 2013	1,764,436	
Less accumulated depreciation	1,150,288	
	<u>614,148</u>	<u>-</u>
at Council valuation as at 30 June 2009		1,620,225
Less accumulated depreciation		1,388,764
	<u>-</u>	<u>231,461</u>

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Notes to the Financial Report
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	2013	2012
	\$	\$
Note 20		
Property, infrastructure, plant and equipment		
Naturestrip Trees		
at cost		161,349
Less accumulated depreciation		4,798
	-	156,551
at Council valuation as at 30 June 2013	6,166,875	
Less accumulated depreciation	3,212,022	
	2,954,853	-
at Council valuation as at 30 June 2009		5,378,440
Less accumulated depreciation		2,581,651
	-	2,796,789
Street Furniture		
at cost		1,095,137
Less accumulated depreciation		84,930
	-	1,010,207
at Council valuation as at 30 June 2013	2,788,720	
Less accumulated depreciation	1,201,147	
	1,587,573	-
at Council valuation as at 30 June 2009		630,750
Less accumulated depreciation		363,025
	-	267,725
Bike Paths		
at cost		224,345
Less accumulated depreciation		9,893
	-	214,452
at Council valuation as at 30 June 2013	4,619,872	
Less accumulated depreciation	1,815,830	
	2,804,042	-
at Council valuation as at 30 June 2009		3,739,785
Less accumulated depreciation		1,689,178
	-	2,050,607
Total Infrastructure	548,874,059	383,015,399
Valuation of infrastructure assets has been determined in accordance with industry accepted engineering and landscaping standards and principles as to fair value, useful life and remaining life with the valuation undertaken by Council's Strategic Assets Department. The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.		
Works in progress		
Works in progress at cost	8,438,705	5,542,317
Total Works in progress	8,438,705	5,542,317
Total Property, Plant and Equipment, Infrastructure	822,890,459	650,826,732

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

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

2013	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 26)	Impairment Test Writedown	Depreciation (note 12)	Written down value of disposals	Contributed assets	Transfers to and transfers from W.I.P	Balance at end of financial year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Property									
Land	98,951,477	348,762	-	-	-	-	-	781,215	100,081,454
Land under roads	2,458,623	-	-	-	-	-	741,370	-	3,199,993
Land improvements	22,506,583	1,520,002	-	-	(1,027,566)	-	7,425	545,496	23,551,940
Total Land	123,916,683	1,868,764	-	-	(1,027,566)	-	748,795	1,328,711	126,833,387
Buildings	109,700,837	2,761,877	-	(114,625)	(2,508,568)	-	-	(147,099)	109,692,422
Heritage assets	2,712,053	-	-	-	(26,867)	-	-	-	2,685,186
Total Buildings	112,412,890	2,761,877	-	(114,625)	(2,535,435)	-	-	(147,099)	112,377,608
Total Property	236,329,573	4,630,641	-	(114,625)	(3,563,001)	-	748,795	1,179,612	239,210,995
Plant and equipment									
Plant, machinery and equipment	5,222,119	1,525,938	-	-	(902,260)	(434,591)	-	-	5,411,206
Furniture, equipment and computers	5,979,582	1,467,155	-	-	(1,262,998)	(96,189)	-	45,522	6,133,072
Art collection and regalia	14,737,742	84,680	-	-	-	-	-	-	14,822,422
Total plant and equipment	25,939,443	3,077,773	-	-	(2,165,258)	(530,780)	-	45,522	26,366,700
Infrastructure									
Infrastructure	383,015,399	10,255,642	164,627,046	-	(12,131,156)	-	2,785,135	321,993	548,874,059
Total Infrastructure	383,015,399	10,255,642	164,627,046	-	(12,131,156)	-	2,785,135	321,993	548,874,059
Works in progress									
Works in progress	5,542,317	4,443,515	-	-	-	-	-	(1,547,127)	8,438,705
Total Works in progress	5,542,317	4,443,515	-	-	-	-	-	(1,547,127)	8,438,705
Total property, plant and equipment, infrastructure	650,826,732	22,407,571	164,627,046	(114,625)	(17,859,415)	(530,780)	3,533,930	-	822,890,459

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

2012	Balance at beginning of financial year	Adjustment to prior year	Acquisition of assets	Revaluation increments (decrements) (note 26)	Depreciation (note 12)	Written down value of disposals	Contributed assets	Transfers to and transfers from W.I.P	Balance at end of financial year
	\$		\$	\$	\$	\$	\$	\$	\$
Property									
Land	94,559,398	-	3,862,930	-	-	-	-	529,149	98,951,477
Land under roads	1,632,138	-	-	-	-	-	826,485	-	2,458,623
Land improvements	20,473,866	-	1,921,891	-	(765,783)	-	-	876,609	22,506,583
Total Land	116,665,402	-	5,784,821	-	(765,783)	-	826,485	1,405,758	123,916,683
Buildings	107,591,272	-	3,494,714	-	(2,446,062)	(258,648)	-	1,319,561	109,700,837
Heritage assets	2,738,920	-	-	-	(26,867)	-	-	-	2,712,053
Total Buildings	110,330,192	-	3,494,714	-	(2,472,929)	(258,648)	-	1,319,561	112,412,890
Total Property	226,995,594	-	9,279,535	-	(3,238,712)	(258,648)	826,485	2,725,319	236,329,573
Plant and equipment									
Plant, machinery and equipment	5,037,154	-	1,769,802	-	(1,189,052)	(386,561)	-	(9,224)	5,222,119
Furniture, equipment and computers	6,110,819	-	1,346,116	-	(1,483,241)	(3,336)	-	9,224	5,979,582
Art collection and regalia	13,297,175	-	85,686	1,354,881	-	-	-	-	14,737,742
Total Plant and equipment	24,445,148	-	3,201,604	1,354,881	(2,672,293)	(389,897)	-	-	25,939,443
Infrastructure									
Infrastructure	378,852,809	1,030,986	10,991,074	-	(11,612,085)	-	2,511,821	1,240,794	383,015,399
Total Infrastructure	378,852,809	1,030,986	10,991,074	-	(11,612,085)	-	2,511,821	1,240,794	383,015,399
Works in progress									
Works in progress	6,803,339	-	2,705,091	-	-	-	-	(3,966,113)	5,542,317
Total Works in progress	6,803,339	-	2,705,091	-	-	-	-	(3,966,113)	5,542,317
Total property, plant and equipment, infrastructure	637,096,890	1,030,986	26,177,304	1,354,881	(17,523,090)	(648,545)	3,338,306	-	650,826,732

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

		2013	2012
		\$	\$
Note 21	Trade and other payables		
	Current		
	Trade payables	546,525	727,005
	Cosgrove landfill	109,131	101,816
	Payroll deductions	239,671	242,851
	Other payables	693,646	197,368
	Defined Benefits Superannuation - GSCC	-	5,631,820
	Accrued expenses	6,848,884	4,423,801
		<u>8,437,857</u>	<u>11,324,661</u>
	Non-current		
	Cosgrove landfill	57,471	166,602
	Defined Benefits Superannuation - GVRLC	-	239,655
		<u>57,471</u>	<u>406,257</u>
	Total	<u>8,495,328</u>	<u>11,730,918</u>
Note 22	Trust funds and deposits		
	Refundable building deposits	7,383	9,179
	Refundable contract deposits	311,683	361,929
	Refundable landscaping deposits	20,930	20,930
	Refundable civic facilities deposits	15,871	15,271
	Refundable road crossing deposits	82,487	82,487
	Refundable security deposits	1,457,097	1,455,032
	Other refundable deposits	77,722	105,920
		<u>1,973,173</u>	<u>2,050,748</u>
Note 23	Provisions		
		Annual leave	Long service leave
		\$	\$
	2013		
	Balance at beginning of the financial year	2,728,327	6,079,538
	Additional provisions	2,284,719	1,211,936
	Amounts used	(1,968,471)	(1,006,198)
	Balance at the end of the financial year	<u>3,044,575</u>	<u>6,285,276</u>
	2012		
	Balance at beginning of the financial year	2,508,777	5,513,257
	Additional provisions	2,109,373	1,136,321
	Amounts used	(1,889,823)	(570,040)
	Balance at the end of the financial year	<u>2,728,327</u>	<u>6,079,538</u>
		2013	2012
		\$	\$
	(a) Employee benefits		
	Current		
	Annual leave	3,044,575	2,728,328
	Long service leave	5,331,323	5,171,780
		<u>8,375,898</u>	<u>7,900,108</u>
	Non-current		
	Long service leave	953,953	907,758
		<u>953,953</u>	<u>907,758</u>
	Aggregate carrying amount of employee benefits:		
	Current	8,375,898	7,900,108
	Non-current	953,953	907,758
		<u>9,329,851</u>	<u>8,807,866</u>
	The following assumptions were adopted in measuring the present value of employee benefits:		
	Weighted average increase in employee costs	4.00%	4.00%
	Weighted average discount rates	2.47%	2.74%
	Council expects to pay no more than \$1,455,673 from Current Long Service Leave provision and no more than \$2,301,612 from Annual Leave provision, with those more than 12 months being discounted to present value in accordance with AASB119.		

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	2013	2012
	\$	\$
Note 24		
Income received in advance		
Other	5,000	24,500
Lease payments	174,822	162,006
Aquatic memberships	63,994	60,861
	<u>243,816</u>	<u>247,367</u>
Note 25		
Interest bearing loans and borrowings		
Current		
Borrowings - secured	413,610	389,095
Non-current		
Borrowings - secured	14,811,604	15,224,794
Total	<u>15,225,214</u>	<u>15,613,889</u>
The maturity profile for Council's borrowings is:		
Not later than one year	413,610	389,095
Later than one year and not later than five years	2,047,248	1,882,254
Later than five years	12,764,356	13,342,540
	<u>15,225,214</u>	<u>15,613,889</u>

	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
	\$	\$	\$
Note 26			
Reserves			
2013			
Property			
Land	61,966,415	-	61,966,415
Land improvements	100,911	-	100,911
Buildings	18,018,126	(114,625)	17,903,501
Other - incl Artwork & Regalia	11,830,123	-	11,830,123
	<u>91,915,575</u>	<u>(114,625)</u>	<u>91,800,950</u>
Infrastructure			
Infrastructure	268,060,212	164,627,046	432,687,258
	<u>268,060,212</u>	<u>164,627,046</u>	<u>432,687,258</u>
Total Asset revaluation reserve	<u>359,975,787</u>	<u>164,512,421</u>	<u>524,488,208</u>
2012			
Property			
Land	61,966,415	-	61,966,415
Land improvements	100,911	-	100,911
Buildings	18,018,126	-	18,018,126
Other - incl Artwork & Regalia	10,475,242	1,354,881	11,830,123
	<u>90,560,694</u>	<u>1,354,881</u>	<u>91,915,575</u>
Infrastructure			
Infrastructure	268,060,212	-	268,060,212
	<u>268,060,212</u>	<u>-</u>	<u>268,060,212</u>
Total Asset revaluation reserve	<u>358,620,906</u>	<u>1,354,881</u>	<u>359,975,787</u>

GREATER SHEPPARTON CITY COUNCIL
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Notes to the Financial Report
For the Year Ended 30 June 2013

	2013	2012
	\$	\$
Note 27	Reconciliation of cash flows from operating activities to surplus(deficit)	
	14,057,825	11,425,986
	17,859,415	17,523,090
	51,368	(1,109,939)
	(3,533,930)	(3,338,306)
	(95,876)	(127,362)
	<i>Change in assets and liabilities:</i>	
	(1,146,639)	1,294,469
	(3,551)	29,330
	(77,575)	(138,316)
	558,920	169,020
	(3,235,590)	3,079,930
	(24,151)	(4,572)
	521,985	785,833
	(1,278,050)	125,430
	<u>23,654,151</u>	<u>29,714,593</u>
Note 28	Reconciliation of cash and cash equivalents	
	38,185,501	23,848,184
	<u>38,185,501</u>	<u>23,848,184</u>
Note 29	Financing arrangements	
	470,000	470,000
	<u>470,000</u>	<u>470,000</u>
Note 30	Restricted assets	
	Council has cash and cash equivalents (note 16) that are subject to restrictions. As at the reporting date, Council had restrictions relating to Grant Funding and to employee entitlements (Long Service Leave).	
	Current	
	-	1,300,000
	8,010,042	10,317,656
	<u>8,010,042</u>	<u>11,617,656</u>
	Non-current	
	51,487,926	52,233,676
	<u>51,487,926</u>	<u>52,233,676</u>

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Notes to the Financial Report
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Note 31

Superannuation

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

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

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 2012/13). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

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 2011, Council made the following contributions:-

- 9.25% of members' salaries (same as previous year);
- additional contributions to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit (the funded resignation or retirement benefit is calculated as the Vested Benefit Index multiplied by the benefit), plus contributions tax (effective from 1 October 2012); and
- a top-up contribution towards the \$406 million (plus contributions tax) payable on 1 July 2013.

The Local Authorities Superannuation Fund latest 31 December 2011 actuarial investigation identified an unfunded liability of \$406 million excluding the contributions tax in the defined benefit fund of which Council is a member.

A call to Employers for additional contributions was made for the financial year ending 30 June 2012 with commitment from Employers from 1 July 2013.

Council was made aware of the expected short fall through the year and was formally informed of their share of the short fall in July 2012 which amounted to \$5.632m including contribution tax. The Council resolved to make early payment of this liability at the Ordinary Council Meeting held on 18 September 2012 and the respective invoice was released for payment on 29 September 2012.

Council accounted for this short fall in the 2011/12 Comprehensive Income Statement in Employee Benefit (See Note 9) and in the Balance Sheet under Current Liabilities in Trade and Other Payables (See Note 21).

Fund	2013 \$	2012 \$
Defined benefit plans		
Additional call to meet obligations in relation to Defined Benefit Plan	-	5,631,820
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	437,931	305,472
	<u>437,931</u>	<u>5,937,292</u>
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	2,481,904	2,127,171
Employer contributions to Funds other than Vision Super	747,425	564,301
	<u>3,229,329</u>	<u>2,691,472</u>

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Notes to the Financial Report
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Note 32

Commitments

The Council has entered into the following commitments

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

2012	Not later than 1 year	Later than 1	Later than 2	Later than 5 years	Total
		year and not later than 2 years	years and not later than 5 years		
	\$	\$	\$	\$	\$
Operating					
Waste /Recycling services	3,146,000	1,335,000	1,075,000	-	5,556,000
Community	62,573	19,768	60,555	-	132,896
Aged and Disability services	2,262,000	-	-	-	2,262,000
Saleyards	231,000	-	-	-	231,000
Consultancies	137,000	257,000	-	-	394,000
Planning	1,500	-	-	-	1,500
Construction	193,750	-	-	-	193,750
Green organic waste collection	960,000	989,000	-	-	1,949,000
Total	6,983,823	2,600,768	1,135,555	-	10,720,146
Capital					
Construction	335,000	-	-	-	335,000
Information Technology	125,453	-	-	-	125,453
Planning	7,800	-	-	-	7,800
Total	468,253	-	-	-	468,253
Total	7,452,076	2,600,768	1,135,555	-	11,188,399

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Notes to the Financial Report
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	2013	2012
	\$	\$
Note 33		
Operating leases		
(a) Operating lease commitments		
At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities):		
Not later than one year	999,549	991,683
Later than one year and not later than five years	1,083,921	795,976
	<u>2,083,470</u>	<u>1,787,659</u>
(b) Operating lease receivables		
At the reporting date, the Council had entered into commercial property leases. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 50 years. All leases include a CPI based revision of the rental charge.		
Future minimum rentals receivable under non-cancellable operating leases are as follows:		
Not later than one year	538,239	489,990
Later than one year and not later than five years	1,236,597	1,725,350
Later than five years	221,884	271,369
	<u>1,996,720</u>	<u>2,486,709</u>
Note 34		
Contingent liabilities and contingent assets		
(a) Contingent liabilities		
(i) Contingent liabilities arising from public liabilities		
As a local authority with ownership of numerous parks, reserves, roads and other land holdings, the Council carries a \$400 Million Public/Products Liability Insurance that has an excess payment of \$20,000 per claim on this policy. Any exposure to the Council from incidents allegedly arising out of negligent management of its assets has a maximum liability of the excess payment on any single claim. MAV Insurance – Liability Mutual Insurance (LMI) is the Council's primary insurer and under the terms and conditions of the 2013/2014 policy the Council has made the insurer aware of any pending or existing claims. Financial outcomes pertaining to claims are unpredictable and are an estimate only. Payments for Public Liability claims are limited to the excess amount or part thereof.		
(ii) Contingent liabilities arising from professional indemnity		
As a local authority with statutory regulatory responsibilities, including the issuing permit approvals, the Council can be exposed to claims and demands for damages allegedly arising due to advice given by Council Officers. The Council carries \$300 Million Professional Indemnity Insurance that has an excess payment of \$20,000 per claim on this policy. The maximum liability for the Council in any single claim is the extent of its excess payment. MAV Insurance – Liability Mutual Insurance (LMI) is Council's primary insurer and under the terms and conditions of the 2013/2014 policy the Council has made the insurer aware of any pending or existing claims.		
(iii) Contingent liabilities arising from Cosgrove Landfill Financial Assurance		
Council has a responsibility under the Environment and Protection Act 1970, for rehabilitation, site aftercare and remedial action at its landfill site at Cosgrove. While rehabilitation and site after care is funded through the annual budget, the EPA requires a financial assurance to meet the potential costs should the site require remedial works. As at the 30 June 2013 the Council is in negotiations with the EPA around how the financial assurance is managed. The MOU makes available to the EPA at call the sum of \$978,000 should remedial action be required.		
(iv) Contingent liabilities arising from Developments in Growth Corridors		
Council has land acquisition in Mooroopna West for the Mooroopna West Growth Corridor (MWGC). For land acquisition in MWGC, there are some instances where there is a disputed claim, these are the acquisitions that agreement cannot be reached on at this stage and therefore the final amount payable may be decided by VCAT.		
(b) Contingent assets		
As at the reporting date there were a number of subdivisions in progress throughout the municipality and on completion the Council will receive ownership of the infrastructure associated with those subdivisions. Valuations are determined at the time of handover.		

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

Note	Recognised financial instruments			
	Note	Accounting Policy	Terms and Conditions	
Note 35	Financial instruments			
	(a) Accounting policy, terms and conditions			
	Financial assets			
	Cash and cash equivalents	16	Cash on hand and at bank and money market call account are valued at face value.	On call deposits returned a floating interest rate of 3.025% (4.23% in 2011/2012). The interest rate at balance date was 2.65% (3.40% in 2011/2012).
			Investments and bills are valued at cost.	Funds returned fixed interest rates of between 3.80% (5.17% in 2011/2012), and 5.65% (5.80% in 2011/2012) net of fees.
			Investments are held to maximise interest returns of surplus cash.	
			Interest is recognised as it accrues.	
	Other financial assets		Investments are held to maximise interest returns of surplus cash.	Consists of term deposits with a maturity date in excess of 90 days from balance date. The above interest rates apply.
	Trade and other receivables	17	Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection in full is no longer probable. Collectability of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured. Credit terms are based on 30 days.
	Financial liabilities			
Trade and other payables	21	Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received.	General Creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.	
Interest-bearing loans and borrowings	25	Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables.	Borrowings are secured by way of mortgages over the general rates of the Council. The weighted average interest rate on borrowings was 7.55% during 2012/2013 (8.01% in 2011/2012).	
Trust funds and deposits	22	Funds held on behalf of third parties for various refundable deposits and are carried at nominal value.	Refundable to third party when deposit conditions are met.	
Bank facility	29	Facilities are recognised at the principal amount. Interest is charged as an expense as it accrues.	The facility is subject to annual review.	

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Note 35

Financial Instruments (cont.)

(b) Interest Rate Risk

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

2013

	Floating interest rate \$	Fixed interest 1 year or less \$	Fixed interest Over 1 to 5 years \$	Fixed interest More than 5 years \$	Non Interest- bearing \$	Total \$
Financial assets						
Cash and cash equivalents	2,749,170	35,427,341	-	-	8,990	38,185,501
Trade and other receivables	-	-	-	-	3,614,917	3,614,917
Total financial assets	2,749,170	35,427,341	-	-	3,623,907	41,800,418
Weighted average interest rate	4.55%	4.55%				
Financial liabilities						
Trade and other payables	-	109,131	57,471	-	8,328,726	8,495,328
Trust funds and deposits	-	-	-	-	1,973,173	1,973,173
Interest-bearing loans and borrowings	-	413,610	2,047,248	12,764,356	-	15,225,214
Total financial liabilities	-	522,741	2,104,719	12,764,356	10,301,899	25,693,715
Weighted average interest rate		7.55%	7.55%	7.55%		
Net financial assets (liabilities)	2,749,170	34,904,600	(2,104,719)	(12,764,356)	(6,677,992)	16,106,703

2012

	Floating Interest rate \$	Fixed interest 1 year or less \$	Fixed interest Over 1 to 5 years \$	Fixed interest More than 5 years \$	Non Interest- bearing \$	Total \$
Financial assets						
Cash and cash equivalents	2,677,180	34,163,064	-	-	7,940	36,848,184
Trade and other receivables	-	-	-	-	1,959,757	1,959,757
Total financial assets	2,677,180	34,163,064	-	-	1,967,697	38,807,941
Weighted average interest rate	4.88%	4.88%				
Financial liabilities						
Trade and other payables	-	101,816	406,257	-	11,222,845	11,730,918
Trust funds and deposits	-	-	-	-	2,050,748	2,050,748
Interest-bearing loans and borrowings	-	389,095	1,882,254	13,342,540	-	15,613,889
Total financial liabilities	-	490,911	2,288,511	13,342,540	13,273,593	29,395,555
Weighted average interest rate		8.01%	8.01%	8.01%		
Net financial assets (liabilities)	2,677,180	33,672,153	(2,288,511)	(13,342,540)	(11,305,896)	9,412,386

GREATER SHEPPARTON CITY COUNCIL
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Note 35

Financial instruments (cont.)

(c) Net Fair Values

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

Financial instruments	Total carrying amount as per Balance Sheet		Aggregate net fair value	
	2013	2012	2013	2012
	\$	\$	\$	\$
<i>(1) Financial assets</i>				
Cash and cash equivalents	38,185,501	36,848,184	38,185,501	36,848,184
Trade and other receivables	3,614,917	1,959,757	3,614,917	1,959,757
<i>Total financial assets</i>	<u>41,800,418</u>	<u>38,807,941</u>	<u>41,800,418</u>	<u>38,807,941</u>
<i>(2) Financial liabilities</i>				
Trade and other payables	8,495,328	11,730,918	8,495,328	11,730,918
Trust funds and deposits	1,973,173	2,050,748	1,973,173	2,050,748
Interest-bearing loans and borrowings	15,225,214	15,613,889	15,225,214	15,613,889
<i>Total Financial liabilities</i>	<u>25,693,715</u>	<u>29,395,555</u>	<u>25,693,715</u>	<u>29,395,555</u>
Net Financial Assets	<u>16,106,703</u>	<u>9,412,386</u>	<u>16,106,703</u>	<u>9,412,386</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 long term borrowings are at fixed rates so we are not exposed to fair value interest rate risk.

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

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

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

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

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

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

(e) Risks and mitigation (cont.)**Credit risk**

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

- Council has a policy for establishing credit limits for the entities that Council deal with;
- Council may require collateral where appropriate; and
- Council only invests surplus funds with financial institutions which have a recognised credit rating specified in the adopted investment policy.

Trade and other receivables consist of a large number of customers, spread across the consumer, business and government sectors. Credit risk associated with the Council's financial assets is minimal because, apart from the Council's rate debtors, the main debtor is the Victorian Government. Apart from the Victorian Government we do not have any significant credit risk exposure to a single customer or groups of customers. Ongoing credit evaluation is performed on the financial condition of our customers and, where appropriate, an allowance for doubtful debts is raised. Trade and other receivables are referred to at note 17. Bad and doubtful debts are written off, per note 11.

Liquidity risk

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

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

To help reduce these risks we:

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

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

(f) Sensitivity disclosure analysis

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

- A parallel shift of +2% and -1% in market interest rates (AUD) from year-end rates of 4.15% (2011/12, 5.17%).

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

Market risk exposure	Interest rate risk				
	Carrying amount subject to interest	-1%		2%	
		100 basis points		200 basis points	
	Profit	Equity	Profit	Equity	
	\$'000	\$'000	\$'000	\$'000	\$'000
2013					
Financial assets:					
Cash and cash equivalents	38,176,511	(381,765)	(381,765)	763,530	763,530
Financial liabilities:					
Interest-bearing loans and borrowings	15,225,214	152,252	152,252	(304,504)	(304,504)
	\$'000	\$'000	\$'000	\$'000	\$'000
2012					
Financial assets:					
Cash and cash equivalents	36,840,244	(368,402)	(368,402)	736,805	736,805
Financial liabilities:					
Interest-bearing loans and borrowings	15,613,889	156,139	156,139	(312,278)	(312,278)

Note 36

Auditors remuneration

	2013	2012
	\$	\$
Audit fee to conduct external audit - Victorian Auditor-General	61,500	59,260
Internal audit fees - Pitcher Partners Consulting	107,710	99,949
	169,210	159,209

GREATER SHEPPARTON CITY COUNCIL
2012/2013 Financial Report

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

Note 37

Related party transactions

(i) Responsible Persons

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

Councillors

1 Jul 2012 - 27 Oct 2012	28 Oct 2012 - 30 June 2013
Michael Polan (Mayor)	Jenny Houlihan (Mayor)
Kevin Ryan	Michael Polan
Jenny Houlihan	Kevin Ryan
Chris Hazelman	Milvan Muto
Milvan Muto	Dennis Patterson
Cherie Crawford	Fern Summer
Geoff Dobson	Les Oroszvary

Chief Executive Officer

Gavin Cator

(ii) Remuneration of Responsible Persons

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

	2013 No.	2012 No.
\$1 - \$ 9,999	2	-
\$10,000 - \$19,999	4	-
\$20,000 - \$29,999	2	5
\$30,000 - \$39,999	1	-
\$40,000 - \$49,999	-	1
\$50,000 - \$59,999	1	1
\$120,000 - \$129,999	-	1
\$280,000 - \$289,999	1	-
	<u>11</u>	<u>8</u>

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

\$	\$
507,192	341,601

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

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

(v) Other transactions

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

GREATER SHEPPARTON CITY COUNCIL
2012/2013 Financial Report

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

Note 37

Related party transactions (cont.)

(vi) Senior Officers Remuneration

A Senior Officer other than a Responsible Person, is an officer of Council who has management responsibilities and reports directly to the Chief Executive Officer or whose total annual remuneration exceeds \$130,000.

Income Range:	2013 No.	2012 No.
Less than \$130,000	9	-
\$130,000 - \$139,999	3	4
\$140,000 - \$149,999	4	1
\$150,000 - \$159,999	3	2
\$160,000 - \$169,999	-	1
\$170,000 - \$179,999	1	-
\$190,000 - \$199,999	-	1
\$210,000 - \$219,999	-	2
\$220,000 - \$229,999	-	1
\$270,000 - \$279,999	1	-
	<u>21</u>	<u>12</u>
	\$	\$
Total remuneration for the reporting year for Senior Officers included above amounted to :	2,690,634	1,999,251

Note: Total number of Senior Officers for the 2012/13 financial year reflected higher than normal due to personnel changes as a result of an organisational restructure. As at 30 June 2013 Council employed 14 Senior Officers.

(vii) Other transactions

Councillor Kevin Ryan held office with Merrigum Enterprises, Tatura Caravan Hire and Bymeside Nursery. There were no transactions with Merrigum Enterprises or Bymeside Nursery for the 2012/13 financial year (\$0 in 2011/12). In March 2013 Tatura Caravan Hire booked and paid Council \$8,127 for camping sites at the International Dairy Week. These transactions were according to Council's schedule of rates (\$0 in 2011/12).

Councillor Jenny Houlihan held the position of Chairperson with Centrepoint Body Corporate. There were no transactions for the 2012/13 financial year (\$0 in 2011/12).

Councillor Jenny Houlihan held a beneficial interest in local business, 'The Living Room'. There were no transactions for the 2012/13 financial year (\$0 in 2011/12).

GREATER SHEPPARTON CITY COUNCIL
2012/2013 Financial Report

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

Note 38

Revenue, expenses and assets by functions/activities

2013	Community Life	Economic Development	Infrastructure	Environment	Settlement & Housing	Council Organisation and Management	Total
	\$	\$	\$	\$	\$	\$	\$
REVENUE							
Grants (note 6)	10,608,328	348,000	2,002,448	215,563	2,124,467	10,716,372	26,015,178
Other	7,907,840	3,193,582	8,451,311	12,126,627	5,094,855	57,382,754	94,156,969
TOTAL	18,516,168	3,541,582	10,453,759	12,342,190	7,219,322	68,099,126	120,172,147
EXPENSES	36,749,098	6,152,083	26,526,481	11,681,818	5,723,749	20,144,738	106,977,967
TOTAL	36,749,098	6,152,083	26,526,481	11,681,818	5,723,749	20,144,738	106,977,967
SURPLUS(DEFICIT) FOR THE YEAR	(18,232,930)	(2,610,501)	(16,072,722)	660,372	1,495,573	47,954,388	13,194,180
ASSETS ATTRIBUTED TO FUNCTIONS/ACTIVITIES*	168,480,152	33,354,099	530,252,438	73,953,689	4,209,345	12,640,736	822,890,459

2012	Community Life	Economic Development	Infrastructure	Environment	Settlement & Housing	Council Organisation and Management	Total
	\$	\$	\$	\$	\$	\$	\$
REVENUE							
Grants (note 6)	10,594,652	463,877	3,739,271	1,002,887	2,098,743	13,405,700	31,305,130
Other	7,777,927	4,321,678	7,729,420	11,243,262	5,108,892	54,055,893	90,237,072
TOTAL	18,372,579	4,785,555	11,468,691	12,246,149	7,207,635	67,461,593	121,542,202
EXPENSES	34,936,665	6,892,598	26,975,677	11,065,843	5,946,189	24,299,244	110,116,216
TOTAL	34,936,665	6,892,598	26,975,677	11,065,843	5,946,189	24,299,244	110,116,216
SURPLUS(DEFICIT) FOR THE YEAR	(16,564,086)	(2,107,043)	(15,506,986)	1,180,306	1,261,446	43,162,349	11,425,986
ASSETS ATTRIBUTED TO FUNCTIONS/ACTIVITIES*	167,241,161	32,961,119	363,841,108	72,769,764	15,167,029	42,893,401	694,973,582

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

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

Community Life

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

Economic Development

Development Services
Salesyards
Tourism

Infrastructure

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

Environment

Drainage
Environmental Management
Waste Management

Settlement & Housing

Development Facilities
Environmental Health

Council Organisation and Management

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

GREATER SHEPPARTON CITY COUNCIL
2012/2013 Financial Report

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

Note 39	Financial ratios (Performance indicators)	2013	2012	2011
	(a) Debt servicing ratio (to identify the capacity of Council to service its outstanding debt)			
	<u>Debt servicing costs</u>	1,204,628	1,033,763	483,500
	Total revenue	110,420,447 = 1.09%	111,762,418 = 0.92%	99,058,782 = 0.49%
	Debt servicing costs refer to the payment of interest on loan borrowings, finance lease, and bank overdraft.			
	The ratio expresses the amount of interest paid as a percentage of Council's total revenue.			
	(b) Debt commitment ratio (to identify Council's debt redemption strategy)			
	<u>Debt servicing & redemption costs</u>	1,593,302	1,327,920	565,454
	Rate revenue	56,816,212 = 2.80%	53,676,672 = 2.47%	49,921,586 = 1.13%
	The strategy involves the payment of loan principal and interest, finance lease principal and interest.			
	The ratio expresses the percentage of rate revenue utilised to pay interest and redeem debt principal.			
	(c) Revenue ratio (to identify Council's dependence on non-rate income)			
	<u>Rate revenue</u>	56,816,212	53,676,672	49,921,586
	Total revenue	110,420,447 = 51.45%	111,762,418 = 48.03%	99,058,782 = 50.40%
	The level of Council's reliance on rate revenue is determined by assessing rate revenue as a proportion of the total revenue of Council.			
	(d) Debt exposure ratio (to identify Council's exposure to debt)			
	<u>Total indebtedness</u>	33,294,209	35,100,040	23,871,464
	Total realisable assets	266,271,172 = 1:8.0	254,766,251 = 1:7.3	233,196,534 = 1:9.8
	For the purposes of the calculation of financial ratios, realisable assets are those assets which can be sold and which are not subject to any restriction on realisation or use.			
	Any liability represented by a restricted asset (note 30) is excluded from total indebtedness.			
	The following assets are excluded from total assets when calculating Council's realisable assets:			
	Land and buildings on Crown land; restricted assets; heritage assets; total infrastructure assets; and Council's investment in associate.			
	This ratio enables assessment of Council's solvency and exposure to debt. Total indebtedness refers to the total liabilities of Council. Total liabilities are compared to total realisable assets which are all Council assets not subject to any restriction and are able to be realised. The ratio expresses the multiple of total liabilities for each dollar of realisable assets.			
	(e) Working capital ratio (to assess Council's ability to meet current commitments)			
	<u>Current assets</u>	45,244,585	42,042,966	34,774,685
	Current liabilities	19,444,354 = 2.3:1	21,911,979 = 1.9:1	17,525,810 = 2.0:1
	The ratio expresses the level of current assets the Council has available to meet its current liabilities.			

GREATER SHEPPARTON CITY COUNCIL
2012/2013 Financial Report

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

Note 40		Pending Accounting Standards		
Pronouncement	What's new?	Impact/Action	Transition	Effective date
AASB 9 Financial Instruments	<p>AASB 9 standard is one of a series of amendments that are expected to eventually completely replace AASB 139. During 2010-11, the standard will be expanded to include new rules on measurement of financial liabilities and hedge accounting. Currently the existing provisions of AASB 139 will continue to apply in these areas. AASB 9 simplifies the classifications of financial assets into those to be carried at amortised cost and those to be carried at fair value – the 'available for sale' and 'held-to-maturity' categories no longer exists. AASB 9 also simplifies requirements for embedded derivatives and removes the tainting rules associated with held-to-maturity assets. The new categories of financial assets are:</p> <ul style="list-style-type: none"> - Amortised cost – those assets with 'basic' loan features'. - Fair value through other comprehensive income - this treatment is optional for equity instruments not held for trading (this choice is made at initial recognition and is irrevocable). - Fair Value through profit and Loss - everything that does not fall into the above two categories. <p>The following changes also apply:</p> <ul style="list-style-type: none"> - Investments in unquoted equity instruments must be measured at fair value. However, cost may be the appropriate measure of fair value where there is insufficient more recent information available to determine a fair value. - There is no longer any requirement to consider whether 'significant or prolonged' decline in the value of financial assets has occurred. The only impairment testing will be on those assets held at amortised cost, and all impairments will be eligible for reversal. - Similarly, all movements in the fair value of a financial asset now go to the income statement, or, for equity instruments not held for trading, other comprehensive income. There is no longer any requirement to book decrements through the income statement, and increments through equity. 	<p>The impact is not likely to be extensive in the local government sector. Although it will vary considerably between entities. While the rules are less complex than those of AASB 139, the option to show equity instruments at cost has been largely removed, which is likely to lead to greater volatility within the income statement. However it may also lead to an improved financial position for some entities. This will also create a requirement to measure some instruments annually that has not previously existed.</p>	<p>Transitional arrangements are extensive – in general retrospective restatement is required, but there are exceptions. Early-adoption of the standard before 1 January 2014 removes the requirement for restatement of comparatives.</p>	<p>Periods beginning on or after 1 January 2015. The standard was amended in 2012 to delay the effective date by two years (previously 1 January 2013).</p>
AASB 10 Consolidated Financial Statements	<p>The standard introduces a single model of control, which is used to determine whether an investee must be consolidated. The existence of control is determined based on:</p> <ul style="list-style-type: none"> - Power to direct the activities of an investee (irrespective of whether such power is exercised). - Exposure, or rights, to variable returns from its involvement with the investee. - The ability to use its power over the investee to affect the amount of the investor's returns. 	<p>The definition of 'control' is based on various factors, and is wider than just those entities in which an investee holds greater than 50% of the voting rights. While the effects of this standard are not expected to be significant in the local government sector, there may be some increase in the number of entities required to be consolidated as subsidiaries.</p>	<p>Early adoption is permitted, but AASB 10, AASB 11, AASB 12, AASB 127 (revised) and AASB 128 (revised) must all be adopted simultaneously.</p>	<p>Periods beginning on or after 1 January 2013</p>

GREATER SHEPPARTON CITY COUNCIL
2012/2013 Financial Report

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

Note 40 (cont).		Pending Accounting Standards		
Pronouncement	What's new?	Impact/Action	Transition	Effective date
AASB 11 Joint Arrangements	<p>AASB 11 classifies all joint arrangements as either <i>joint operations</i> or <i>joint ventures</i>:</p> <ul style="list-style-type: none"> · Joint operations exist where the parties have the right to their assets and the obligation for their liabilities under the arrangement. Each party recognises its own assets, liabilities, revenues and expenses resulting from the arrangement. · Joint ventures exist where the parties have the rights to the net assets of the arrangement. Each party accounts for the arrangement under the equity method in accordance with AASB 128 Investments in Associates and Joint Ventures (see below). 	The use of proportionate consolidation to account for joint ventures is no longer permitted. This is not likely to impact many councils	Early adoption is permitted, but AASB 10, AASB 11, AASB 12, AASB 127 (revised) and AASB 128 (revised) must all be adopted simultaneously.	Periods beginning on or after 1 January 2013
AASB 12 Disclosure of Involvement with Other Entities	<p>AASB 12 requires the disclosure of information to enable users to evaluate the nature of, and risks associated with, its interests in other entities and The effect of those interests on its financial position, financial performance, and cash flows. AASB 12 applies to all entities that have subsidiaries, joint arrangements, associates, or unconsolidated structured entities, and requires disclosures grouped into four categories:</p> <ul style="list-style-type: none"> · Significant judgments and assumptions, including how control, joint control, or significant influence has been determined. · Interests in subsidiaries, including details of the composition of the group, the interests held by any non-controlling interest, any changes in control, and the nature of any associated risks. · Interests in joint arrangements and associates, including their nature and extent, the effects on the group, and any associated risks. · Interests in unconsolidated structured entities, including their nature and extent, any changes during the year, and the associated risks. 	The disclosures required will be both qualitative and quantitative. In particular, management should document and be able to justify its key judgments concerning control and significant influence. In the local government context this is likely to require increased disclosures around the operations of Library Corporations as well as other activities that Council have an interest in.	Early adoption is permitted, but AASB 10, AASB 11, AASB 12, AASB 127 (revised) and AASB 128 (revised) must all be adopted simultaneously.	Periods beginning on or after 1 January 2013

GREATER SHEPPARTON CITY COUNCIL
2012/2013 Financial Report

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

Note 40 (cont).		Pending Accounting Standards		
Pronouncement	What's new?	Impact/Action	Transition	Effective date
AASB 13 Fair Value Measurement	<p>AASB 13 replaces the existing IFRS guidance on fair value measurement and disclosure. It applies whenever another standard permits or requires the use of fair value measurements. It sets out a fair value hierarchy for such measurements:</p> <ul style="list-style-type: none"> - Level 1 – quoted prices in active markets for identical assets and liabilities, which can be accessed at the measurement date. - Level 2 – inputs other than quoted market prices included within Level 1, which are observable for the asset or liability, either directly or indirectly. - Level 3 – unobservable inputs for the asset or liability. <p>There are also extensive disclosure requirements relating to each of the three levels within the hierarchy.</p>	<p>The standard determines 'how to' rather than 'when' in respect of fair value measurements, and summarises the existing IFRS guidance in one place. This standards may assist those councils that have equity investments that are no longer able to be held at cost.</p>	<p>Early adoption is permitted.</p>	<p>Periods beginning on or after 1 January 2013</p>
AASB 119 Employee Benefits	<p>AASB 119 requires the recognition of all re-measurements of defined benefit liabilities/assets immediately in other comprehensive income, the immediate recognition of all past service cost in profit or loss and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset.</p>	<p>The entity is yet to assess its full impact.</p> <p>Where adequate information is available, the entity will apply the new standard from 1 July 2013 when the new standard applies to the Greater Shepparton City Council.</p>	<p>Early adoption is permitted.</p>	<p>Periods beginning on or after 1 January 2013</p>
AASB 127 Separate Financial Statements	<p>AASB 127 has been amended to ensure consistency with the new requirements of AASB 10 <i>Consolidated Financial Statements</i> (see above). It now deals only with the preparation of separate company financial statements.</p>	<p>Where separate financial statements are prepared, investments in subsidiaries, associates, and joint ventures must be accounted for either at cost, or in accordance with AASB 9 <i>Financial Instruments</i>. These changes are not expected to impact significantly on Councils</p>	<p>Early adoption is permitted, but AASB 10, AASB 11, AASB 12, AASB 127 (revised) and AASB 128 (revised) must all be adopted simultaneously.</p>	<p>Periods beginning on or after 1 January 2013</p>
AASB 128 Investments in Associates and Joint Ventures	<p>AASB 128 has been amended to ensure consistency with the new requirements of AASB 10 <i>Consolidated Financial Statements</i> and AASB 11 <i>Joint Arrangements</i>. The standard sets out how the equity method of accounting is to be applied, defines "significant influence," and how impairment is to be tested for investments in associates or joint ventures.</p>	<p>Some joint ventures which were previously accounted for under the proportionate consolidation method must now be accounted for as associates. These changes are not expected to impact significantly on Councils</p>	<p>Early adoption is permitted, but AASB 10, AASB 11, AASB 12, AASB 127 (revised) and AASB 128 (revised) must all be adopted simultaneously.</p>	

GREATER SHEPPARTON CITY COUNCIL
2012/2013 Financial Report

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.

J FINLAYSON B.Com.C.A.
PRINCIPAL ACCOUNTING OFFICER

Date :

In our opinion the accompanying financial statements present fairly the financial transactions of Greater Shepparton City Council for the year ended 30 June 2013 and the financial position of the Council as at that date.

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

We have been authorised by the Council on 24 September 2013 to certify the financial statements in their final form.

J Houlihan (Mayor)
COUNCILLOR

Date :

L Oroszvary (Deputy Mayor)
COUNCILLOR

Date :

S Bowmaker
ACTING CHIEF EXECUTIVE OFFICER

Date :

GREATER SHEPPARTON
GREATER FUTURE



STANDARD STATEMENTS

FOR THE YEAR ENDED
30 June 2013



STANDARD INCOME STATEMENT

For the year ending 30 June 2013

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>		<i>Note</i>
	<i>2012-2013</i>	<i>2012-2013</i>	<i>\$</i>	<i>%</i>	
	<i>\$</i>	<i>\$</i>	<i>\$</i>	<i>%</i>	
Revenue					
Rates and Charges	56,816,212	56,411,000	405,212	1%	
Operating Grants and Contributions	19,230,488	15,909,000	3,321,488	21%	1
User Charges	15,420,008	14,831,000	589,008	4%	
Statutory Fees	2,178,189	2,445,000	(266,811)	(11%)	2
Other	1,960,213	1,648,000	312,213	19%	3
Parking Fees and Fines	1,984,974	1,984,000	974	0%	
Rent	715,484	591,000	124,484	21%	4
Share of profits(losses) of associates accounted for by the equity method	95,876	-	95,876	100%	
Total revenue	98,401,444	93,819,000	4,582,444	5%	
Expenses					
Employee Benefits	38,608,481	38,101,000	507,481	1%	
Materials and Consumables	25,116,698	26,623,000	(1,506,302)	(6%)	
External Contracts	10,227,676	10,060,000	167,676	2%	
Utilities	3,277,516	2,707,000	570,516	21%	5
Borrowing Costs	1,204,628	1,330,000	(125,372)	(9%)	
Depreciation and Amortisation	17,859,415	17,649,000	210,415	1%	
Total expenses	96,294,414	96,470,000	(175,586)	(0%)	
Underlying Operating Result	2,107,030	(2,651,000)	4,758,030	(179%)	
Proceeds from Disposal of Assets	479,412	345,000	134,412	39%	6
Capital Grants and Contributions	8,485,073	5,475,000	3,010,073	55%	7
Contributed Assets	3,533,930	3,000,000	533,930	18%	8
Written Down Value of Assets Sold	(530,780)	(358,000)	(172,780)	48%	9
Written Down Value of Intangible Assets	(16,840)	-	(16,840)	100%	
Accounting surplus(deficit) for the year	14,057,825	6,169,000	7,888,825	128%	

STANDARD BALANCE SHEET

As at 30 June 2013

	Actual	Budget	Variance		Note
	2012-2013	2012-2013	\$	%	
	\$	\$	\$	%	
Current assets					
Cash	2,758,160	1,000,000	1,758,160	176%	10
Receivables	5,556,594	6,000,000	(443,406)	(7%)	11
Investments	35,427,341	22,626,000	12,801,341	57%	12
Other	1,502,490	500,000	1,002,490	200%	13
Total current assets	45,244,585	30,126,000	15,118,585	50%	
Non-current assets					
Property, Infrastructure, Plant and Equipment	822,890,459	667,662,000	155,228,459	23%	14
Other	2,498,192	1,371,000	1,127,192	82%	15
Total non-current assets	825,388,651	669,033,000	156,355,651	23%	
Total assets	870,633,236	699,159,000	171,474,236	25%	
Current liabilities					
Payables	8,437,857	8,236,000	201,857	2%	
Trust funds	1,973,173	2,000,000	(26,827)	(1%)	
Employee Benefits	8,375,898	7,900,000	475,898	6%	
Interest Bearing Liabilities	413,610	100,000	313,610	314%	16
Other	243,816	220,000	23,816	11%	
Total current liabilities	19,444,354	18,456,000	988,354	5%	
Non-current liabilities					
Payables	57,471	200,000	(142,529)	(71%)	17
Employee Benefits	953,953	800,000	153,953	19%	18
Interest Bearing Liabilities	14,811,604	15,238,000	(426,396)	(3%)	
Total non-current liabilities	15,823,028	16,238,000	(414,972)	(3%)	
Total liabilities	35,267,382	34,694,000	573,382	2%	
Net assets	835,365,854	664,465,000	170,900,854	26%	
Equity					
Accumulated Surplus	310,971,726	304,344,000	6,627,726	2%	
Reserves	524,488,208	360,121,000	164,367,208	46%	
Total equity	835,459,934	664,465,000	170,994,934	26%	

STANDARD CASH FLOW STATEMENT

For the year ending 30 June 2013

	Actual	Budget	Variance		Note
	2012-2013	2012-2013	\$	%	
	\$	\$	\$	%	
Receipts from customers	78,510,382	71,071,000	7,439,382	10%	19
Payments to suppliers	(82,038,176)	(77,491,000)	(4,547,176)	(6%)	
Net cash inflow/(outflow) from customers/suppliers	(3,527,794)	(6,420,000)	2,892,206	45%	
Interest received	1,960,213	1,598,000	362,213	23%	20
Government receipts	26,426,360	26,625,000	(198,640)	(1%)	
Interest paid	(1,204,628)	(1,330,000)	125,372	(9%)	
Net cash inflow/(outflow) from operating activities	23,654,151	20,473,000	3,181,151	16%	
Cash flows from investing activities					
Proceeds from sale of property, infrastructure, plant and equipment	479,412	345,000	134,412	39%	21
Payments for property, infrastructure, plant and equipment	(22,407,572)	(31,372,000)	8,964,428	29%	22
Net cash inflow/(outflow) from investing activities	(21,928,160)	(31,027,000)	9,098,840	29%	
Cash flows from financing activities					
Proceeds from interest bearing loans and borrowings	-	-	-	0%	
Repayment of interest bearing loans and borrowings	(388,674)	(362,000)	(26,674)	(7%)	
Net cash inflow/(outflow) from financing activities	(388,674)	(362,000)	(26,674)	(7%)	
Net increase/(decrease) in cash and cash equivalents	1,337,317	(10,916,000)	12,253,317	112%	
Cash and cash equivalents at the beginning of the year	36,848,184	34,542,000	2,306,184	7%	
Cash and cash equivalents at the end of the year	38,185,501	23,626,000	14,559,501	62%	

STANDARD STATEMENT OF CAPITAL WORKS

For the year ending 30 June 2013

Capital Works Areas	Actual	Budget	Variance		Note
	2012-2013	2012-2013	\$	%	
	\$	\$	\$	%	
Roads	10,517,915	12,778,000	(2,260,085)	(18%)	23
Drains	1,474,461	4,099,000	(2,624,539)	(64%)	24
Open Space	3,538,649	4,283,000	(744,351)	(17%)	25
Buildings	2,450,089	2,676,000	(225,911)	(8%)	
Plant and Equipment	2,739,395	3,092,000	(352,605)	(11%)	26
Waste Management	888,459	2,658,000	(1,769,541)	(67%)	27
Other	798,603	1,786,000	(987,397)	(55%)	28
Total capital works	22,407,571	31,372,000	(8,964,429)	(29%)	
Represented by:					
Renewal	14,002,826	17,558,000	(3,555,174)	(20%)	
Upgrade/Expansion	3,501,481	6,053,000	(2,551,519)	(42%)	
New	4,903,264	7,761,000	(2,857,736)	(37%)	
Total capital works	22,407,571	31,372,000	(8,964,429)	(29%)	

Property, infrastructure, plant and equipment, movement reconciliation worksheet	Actual	Budget	Variance		Note
	2012-2013	2012-2013	\$	%	
	\$	\$	\$	%	
The movement between the previous year and the current year in property, infrastructure, plant and equipment as shown in the Balance Sheet links to the net of the following items:					
Total capital works	22,407,571	31,372,000	(8,964,429)	(29%)	
Asset revaluation movement	164,512,421	-	164,512,421	100%	
Contributed Assets	3,533,930	3,000,000	533,930	18%	
Depreciation and amortisation	(17,859,415)	(17,649,000)	(210,415)	1%	
Written down value of assets disposed	(530,780)	(358,000)	(172,780)	48%	
Net movement in property, infrastructure, plant and equipment	172,063,727	16,365,000	155,698,727	951%	

Notes accompanying the Standard Statements

 for the year ended 30 June 2013

1. BASIS OF PREPARATION OF STANDARD STATEMENTS

Council is required to prepare and include audited Standard Statements within its Annual Report. Four Statements are required - a Standard Income Statement, Standard Balance Sheet, Standard Cash Flow Statement and a Standard Statement of Capital Works, together with explanatory notes. These statements and supporting notes form a special purpose financial report prepared to meet the requirements of the *Local Government Act 1989* and *Local Government (Finance and Reporting) Regulations 2004*.

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

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

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

The budget figures included in the Statements are those of the annual budget adopted by Council on 17 July 2012. The budget was based on assumptions that were relevant at the time of adoption. The council set guidelines and parameters for revenue and expense targets in this budget in order to meet council's business plan and financial performance targets for both short and long term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

2. EXPLANATION OF MATERIAL VARIANCES
NOTE ITEM
EXPLANATION
Standard Income Statement - Revenue

- | | | |
|---|------------------------------------|---|
| 1 | Operating Grants and Contributions | More than budget by \$3,321,488 largely due to the early receipt of 2013/14 Victoria Grants Commission funding of \$5,518,624. |
| 2 | Statutory Fees | Less than budget by \$266,811. This includes \$131,976 regarding Animal Control and in particular lower income from cat and dog registrations than originally budgeted. |
| 3 | Other | More than budget by \$312,213 mainly due to interest income being \$294,992 more than budget. |

- 4 Rent Rental income was \$124,484 greater than budget largely due to a change in classification of user charges collected at the Business Centre to Rent income of \$101,098.

Standard Income Statement - Expenses

- 5 Utilities More than budget by \$570,481 which relates to electricity, water and gas expenditure. The predominant variances were \$270,887 in Recreation and Parks and \$200,000 in Aquamoves.

Standard Income Statement - Other

- 6 Proceeds from Disposal of Assets More than budget by \$134,412 due to more items of plant sold.
- 7 Capital Grants and Contributions More than budget by \$3,010,073 which includes \$1,289,201 of cash contributions from developers and other external parties which are difficult to predict.
- 8 Contributed Assets Relates to developer contributions which are difficult to predict. This is a non-cash item.
- 9 Written Down Value of Assets Sold More than budget by \$172,780 due to more items of plant sold.

Standard Balance Sheet - Current Assets

- 10 Cash More than budget by \$1,758,160 largely due to lower receivables \$857,006 and higher creditors \$664,412 at year end.
- 11 Receivables Less than budget by \$443,406 which is largely due to government grants accounted for as income but not yet received.
- 12 Investments More than budget by \$12,801,341, due to the early receipt of 2013/14 Victoria Grants Commission funding of \$5,518,624 and \$4,000,000 Federal funding for the Building Better Regional Cities Project.
- 13 Other More than budget by \$1,002,490 including \$397,442 in prepayments for Information Services annual maintenance and \$360,788 in accrued income for National Disaster Financial Assistance relating to the September 2010 floods.

2. EXPLANATION OF MATERIAL VARIANCES (continued)**NOTE ITEM EXPLANATION****Standard Balance Sheet - Non Current Assets**

- 14 Property, Infrastructure, Plant and Equipment More than budget by \$155,228,459 which largely relates to the infrastructure asset revaluation of \$164,512,421 that is partially offset by the capital works program being \$8,964,429 under budget.
- 15 Other More than budget by \$1,127,192 largely related to the recognition of the Council's investment in the Goulburn Valley Regional Library Corporation of \$1,314,893.

Standard Balance Sheet - Current Liabilities

- 16 Interest Bearing Liabilities More than budget by \$313,610 which relates to classification between the current and non current liability.

Standard Balance Sheet - Non Current Liabilities

- | | | |
|----|-------------------|--|
| 17 | Payables | Less than budget by \$142,529 and largely relates to the payments for the Cosgrove Landfill. |
| 18 | Employee Benefits | More than budget by \$153,953 which relates to a greater than budgeted long service leave liability. |

Standard Cash Flow Statement

- | | | |
|----|---|---|
| 19 | Receipts from customers | More than budget by \$7,439,382 and includes the early receipt of 2013/14 Victoria Grants Commission funding of \$5,518,624. |
| 20 | Interest Received | More than budget by \$362,213 due to the early receipt of 2012/13 Victoria Grants Commission funding of \$5,341,187 being held in investments during 2012/13. |
| 21 | Proceeds from sale of property, infrastructure, plant and equipment | More than budget by \$134,412 due to the sale of more items of plant. |
| 22 | Payments for property, infrastructure, plant and equipment | Less than budget by \$8,964,428 as the capital works program for 2012/13 was less than budgeted. |

Standard Statement of Capital Works

- | | | |
|----|---------------------|---|
| 23 | Roads | Less than budget by \$2,260,085 which Includes \$409,035 for Raftery Road reconstruction and \$200,000 for Ferguson Road renewal works which did not commence and developer works including Connolly Estate \$332,000 and Northlinks \$148,215. |
| 24 | Drains | Less than budget by \$2,624,539 which Includes expenditure less than budget for Mooroopna West Growth Corridor drainage works \$1,237,488, Urban Drainage renewal works \$606,258 and Rural Drainage renewal works \$268,714. |
| 25 | Open Space | Less than budget by \$744,351 which largely relates to Shepparton Sporting Precinct works being \$599,604 less than budget. |
| 26 | Plant and Equipment | Less than budget by \$352,605 which largely relates to an underspend in plant renewals \$443,773 due to plant that will be delivered in 2013/14. |
| 27 | Waste Management | Less than budget by \$1,769,541 which largely relates the Shepparton Transfer Station works of \$1,740,351 which did not commence. |
| 28 | Other | Less than budget by \$987,397. Variances include \$470,579 for general land purchases and \$416,944 for the Safer Cities CCTV Project which did not occur during the financial year. |

Greater Shepparton City Council

Certification of the Standard Statements
for the year ended 30 June 2013

In my opinion, the accompanying standard statements of Greater Shepparton City Council for the year ended 30 June 2013 have been prepared on accounting bases consistent with the financial statements and in accordance with the *Local Government Act 1989* and the *Local Government (Finance and Reporting) Regulations 2004*.

J Finlayson
PRINCIPAL ACCOUNTING OFFICER

Date:

In our opinion, the accompanying standard statements of Greater Shepparton City Council for the year ended 30 June 2013 have been prepared on accounting bases consistent with the financial statements and in accordance with the *Local Government Act 1989* and the *Local Government (Finance and Reporting) Regulations 2004*.

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

On 24 September 2013 we were authorised by the Council to certify the standard statements in its final form on behalf of the Council.

J Houlihan (Mayor)
COUNCILLOR

Date:

L Oroszvary (Deputy Mayor)
COUNCILLOR

Date:

S Bowmaker
ACTING CHIEF EXECUTIVE OFFICER

Date:

GREATER SHEPPARTON
GREATER FUTURE



PERFORMANCE STATEMENT

FOR THE YEAR ENDED
30 June 2013



Key Strategic Activity	Performance Measure	How Data is Reported	Performance Target	Outcome	Comments
Settlement and Housing					
Encourage innovative, appropriate, sustainable and affordable housing solution.	Implement recommendations from the Council's adopted Housing Strategy.	Develop an implementation plan/work program addressing short and medium term recommendations and provide an update report to Council.	Jun-13	Not Achieved	The provisions of the Greater Shepparton Housing Strategy have been integrated into the Greater Shepparton Planning Scheme through Amendment C93 on 21 June 2012. An implementation plan is being developed to incorporate the remaining actions into the service and budget planning processes.
Encourage sustainable municipal growth and development.	Complete Structure plans for growth areas, including Developer Contribution Plans.	1. Complete North East and South East Growth Corridor structure plans and DCPs and present to Council for endorsement.	Jun-13	Not Achieved	The Growth Areas Authority has been engaged to finalise documentation for the North East Precinct Structure Plan. This is expected to be completed in August 2013. The finalisation of the South East Growth Corridor Precinct Structure is expected to be completed in December 2013.
		2. Commence Shepparton East interface investigation.	Jun-13	Not Achieved	Action deferred pending completion of a flood study in the area by the Catchment Management Authority
Revitalise and promote the Shepparton CBD as the region's premier retail and entertainment destination.	Develop a process whereby developers are encouraged to acknowledge Aboriginal heritage and presence in urban design to enhance the visual appeal of the CBD.	1. Develop guidelines to encourage local Aboriginal community advice being sought in Aboriginal culture design as part of future developments.	Jun-13	Not Achieved	Guidelines have not been developed, however close links have been established with the local aboriginal community who are consulted in relation to developments throughout Greater Shepparton by direct consultation, through the Cultural Heritage Management Plan (CHMP) process, or members of the community engaged on steering committees where relevant.
		2. Include Aboriginal heritage in the Precinct Structure Plans and Developer Contribution Plans developmental processes.	Jun-13	Achieved	CHMP required for activities within or adjacent to culturally sensitive areas.
Provide affordable and sustainable community infrastructure.	Develop a joint funding model for a Katandra Community Centre and pursue funding.	Complete the Katandra West Community Plan to establish the priority of the Community Centre. Present to Council for endorsement.	Sep-12	Achieved	Funding options have been identified and applications made to both State and Federal Governments to support the Katandra Community Centre development. Council continues to work with the community to seek further funding opportunities. The Katandra West Community Plan was endorsed by Council on 19 February 2013. The Community Centre is listed as the second priority in the plan.

Key Strategic Activity	Performance Measure	How Data is Reported	Performance Target	Outcome	Comments
Community Life					
Develop and pursue strategies to improve community health and wellbeing	Get Mooving Greater Shepparton. In partnership with the Federal Government and key community agencies and Melbourne based sports clubs deliver a series of programs that encourage improved health and well-being focusing on physical education, nutrition and on-going capacity building.	Government Reporting Framework	Jun-13	Achieved	The 2012-2013 stage of the Get Mooving program has been fully completed. This has included the implementation of the Beat It program which had over 430 registrations with programs in many townships across Greater Shepparton, the installation of equipment at Victoria Park Lake to support and encourage activity including table tennis tables, chess and the commencement of the activity area as part of the Western Park development. Health checks were conducted on almost 100 people at over 20 community events of which nearly 70% were identified as having serious health risk factors and referred to their GPs for follow up. Support was provided to the establishment of community gardens at the Tatura Community House, the Salvation Army in Shepparton and Yitjawudik Indigenous Mens Drug and Alcohol Rehabilitation Centre in Toolamba.
Embrace and strengthen cultural harmony and diversity.	Implement Year 1 Actions from the Adopted Cultural Diversity Strategy, to progress and enhance Councils reputation for cultural harmony and inclusiveness.	Report to Council	Jun-13	Not Achieved	Council has programmed many activities and events that meet the objectives of the Cultural Diversity Strategy. A report highlighting the achievements from Year 1 of the Cultural Diversity and Inclusion Strategy and associated Action Plan will be presented to a Councillor briefing in September 2013.
Provide affordable and sustainable community services.	Undertake a comprehensive community engagement process to determine levels of service across the organisation Departments to inform the development of service plans that align with community expectations in relationship to cost and quality of service delivery.	Organisational Service Plans completed.	Dec-12	Not Achieved	Formal process to commence with the appointment of Team Leader Business Planning and Procurement scheduled for August 2013.
Increase education and learning opportunities for our community.	Continue to work with education providers to increase the range of locally available education options and promote lifelong learning.	Report to Council on the progress of the implementation of the Tertiary Education Strategy.	Mar-13	Not Achieved	Leadership group objectives have been integrated into the Education Champions Group. Discussions are being held with KPMG regarding outcomes achieved in South Gippsland.

Key Strategic Activity	Performance Measure	How Data is Reported	Performance Target	Outcome	Comments
Community Life (cont)					
Value Arts and Culture as an integral part of a dynamic community.	Deliver a major international exhibition of Japanese prints in partnership with the Museum of Fine Arts, Boston.	Report to Council on visitor numbers/ticket sales, workshop attendance, education program attendance and visitor survey responses.	May-13	Achieved	In 2013 SAM presented the Golden Age of Colour Prints in partnership with the Museum of Fine Arts Boston. The exhibition was SAM's first experience in presenting a ticketed event. Attendance results indicated that approximately 70% of all visitors to the exhibition were from intrastate and interstate audiences illustrating the ability for cultural programming to attract visitation. An extensive series of workshops highlighting Japanese culture and influences within the western culture were presented during the Golden Age of Colour Prints. The workshop series included tea ceremonies, puppet making, calligraphy, painting along with other events and was very well attended.
	Deliver an expansive public and education program alongside the exhibition focusing on Japanese cultural history and designed around current Victorian education curricula.				
Revitalise and promote the Shepparton CBD as the region's premier retail and entertainment destination.	Continue implementation of CBD Strategy recommendations with a priority on CBD Parking.	1. Adopt a Shepparton Retail Strategy.	Feb-13	Not Achieved	Development of a Retail Strategy has commenced.
		2. Develop CBD Issues and Options Paper	Feb-13	Not Achieved	Retail Strategy Brief has been developed and circulated for comment. Shepparton Chamber of Commerce and Industry has provided copy of CBD Summary collated following consultation with key stakeholders
		3. Commence implementation of recommendations from the Victoria Park Issues and Options Paper, within budget	Feb-13	Not Achieved	Draft retail strategy brief has been prepared.
		4. Publish an updated Shepparton CBD Parking Map	Dec-12	Not Achieved	Updated parking map has now been finalised for printing and distribution.
		5. Seek authorisation from the Minister for Planning for an amendment to the Cash in lieu of car parking.	May-13	Not Achieved	Pending review of completed strategies for CBD.
		6. Installation of new parking and wayfinding signage in the CBD	Jun-13	Not Achieved	Wayfinding Strategy has been prepared, however not yet implemented.

Key Strategic Activity	Performance Measure	How Data is Reported	Performance Target	Outcome	Comments
Environment					
Promote and demonstrate environmental sustainability.	Promote and support community solar projects.	Commence the installation of environmental utility management improvements at Aquamoves including Report to Council.	Jun-13	Not Achieved	Applications for Federal Government grants have been unsuccessful. Council has allocated additional funding to complete the environmental utility management improvements during the 2013/14 financial year.
	Adopt an Environment and Sustainability Strategy.	Report to Council	Dec-12	Not Achieved	Environmental Sustainability Strategy Discussion Paper released for community comment. A draft Strategy is being prepared for Council's consideration.
Community Life.	Review of Domestic Animal Management Plan	Review completed December 2012 and report to Council in January 2013.	Jan-13	Not Achieved	Council released its Draft Domestic Animal Management Plan 2013-2017 for public comment in June 2013. Plan to be adopted following consideration of submissions.

Key Strategic Activity	Performance Measure	How Data is Reported	Performance Target	Outcome	Comments
Council Organisation and Management					
Ensure Council compliance with statutory obligations.	Conduct Council general election.	New councillors elected and sworn in.	Nov-12	Achieved	Elections completed October 2012 with all Councillors sworn in.
Responsible management of resources.	Achievement of the operating result within 10% of the budgeted result excluding extraordinary items and depreciation.	Financial statements	Jul-13	Achieved	The draft operating result excluding the Victoria Grants Commission funding received in advance is \$8.54 million, being \$2.37 million or 38% greater than the adopted budget. The actual operating result will be reported in Council's audited financial statements in September 2013.
Working capital ratio.	Current assets to current liabilities 1.6:1	Financial statements	Jul-13	Achieved	The draft working capital ratio is 2.3:1. The actual result will be reported in Council's audited financial statements in September 2013.
Rates, fees and charges outstanding.	3% outstanding at 30 June 2013.	Financial statements	Jul-13	Not Achieved	4.4% of total rates outstanding for the 2012/13 financial year.
Development of an improved Strategic Resource Plan.	Completion of condition based assessment plans.	Report to council	Dec-13	Achieved	Condition based renewal modelling for all Council assets incorporated within Council's Strategic Resource Plan 2013-2023. 2013/14 allocated renewal funding based on condition rather than depreciation expense and budgeted renewal projects prioritised by condition.
Responsible management of resources.	Achievement of 90% of the Capital Works Program for 2012/2013, excluding developer contribution plan expectations.	Financial statements	Jul-13	Not Achieved	75% of Capital program achieved. Further work practice reforms required including planning, estimation and full implementation of Project Management Office and PRINCE2 required to achieve outcome.
Organisational Scan	Implementation of the recommendations from the organisational scan.	Report to council	Jun-13	Achieved	Organisation Scan completed and reported to Council. New structures under implementation and transition management plan implementation in progress and regular reporting structure to Council is in place.

Key Strategic Activity	Performance Measure	How Data is Reported	Performance Target	Outcome	Comments
Infrastructure					
Redevelop the Victoria Park precinct.	Delivery of a new park adjacent to the all abilities playground, bollarding and parking improvements on the West side of the lake and playground and barbeque shelter improvements on the East side of the lake.	Completion of these various components	Jun-13	Not Achieved	Works at Western Park and associated works at Tom Collins Drive substantially complete at 30 June 2013. Some minor delays due to failed stormwater pit at the site. Completed in August 2013.
Develop a range of active and passive recreational facilities at the former Kialla landfill site.	Identify and Plan for pedestrian access to the site.	Priority access routes identified, scoped and costs with funding sought.	Jun-13	Not Achieved	Works continue to be progressed by the Committee of Management.
Pursue construction of major highway entrances to Shepparton and Mooroopna.	Work with the community and Vic Roads to ensure the delivery of the Midland Hwy duplication between Florence Street and Doyles Road.	Landscaping, pedestrian and cycle access and service road issues resolved and construction underway.	Jun-13	Achieved	VicRoads completed works for an estimated cost of \$4.9M. Council has contributed \$400k to the drainage and service road construction. Landscaping, pedestrian and cycle access construction completed in July 2013.
Undertake beautification works for the main streets and entrances to urban areas and townships.	Continue the program of small town entry landscaping and signage works.	Renew the Murchison Town entry signs.	Jun-13	Achieved	Undera Entry Signs have been installed. Design in progress for Toolamba Entry Signs. Murchison Community Plan Committee pursuing landscaping design for future works.
	Work with Vic Roads to develop a landscaping strategy for Numurkah Road Shepparton.	Complete the Numurkah Road landscaping North of Balaclava Road	Jun-13	Not Achieved	Meeting has been held with VicRoads. Draft landscape plan has been prepared and is subject to future consultation.
Provide affordable and sustainable community infrastructure.	Complete a review of public toilet infrastructure and report to Council on the priority strategic program for public toilets.	Report to Council on the priority strategic program for public toilets.	Jun-13	Not Achieved	Council released a draft public toilet policy and report for public comment in July 2013.
	Establish a set of service standards for rural roads.	Service plans produced and service levels developed in consultation with the community for road assets.	Jun-13	Not Achieved	Service levels have now been established in the Inspection Maintenance Service Level Plan. Inspection based maintenance regime in place and operational from 1 July 2013. Council's Roadside Management Plan was reviewed, updated and approved by Council in July 2013. Service Planning to be undertaken in 2014.

Greater Shepparton City Council

Certification of the Performance Statement
for the year ended 30 June 2013

In our opinion, the accompanying Performance Statement of the Greater Shepparton City Council in respect of the 2012/2013 financial year is fairly presented in accordance with the *Local Government Act 1989*.

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

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

J Houlihan (Mayor)
COUNCILLOR

Date:

L Oroszvary (Deputy Mayor)
COUNCILLOR

Date:

S Bowmaker
ACTING CHIEF EXECUTIVE OFFICER

Date: