

MINUTES

for the Ordinary Meeting of Council held in the COUNCIL CHAMBER - 104 HOVELL STREET WODONGA, VIC on MONDAY, 24 SEPTEMBER 2012

Present

Cr M Byatt (Mayor)

Cr A Collins

Cr L Mahood

Cr A Speedie

Cr R Wangman

In Attendance

Ms P Harrington	Chief Executive Officer
Ms D Mudra	Director Community Development
Mr L Schultz	Director Planning and Infrastructure
Mr R Paruit	Director Investment Attraction
Mr P Morris	Manager Finance



CITY OF WODONGA VIC

Our city, our people, our future

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1. Calling To Order

The Mayor called the meeting to order at 9.00am.

2. Statement Of Acknowledgement

The Mayor read the following:

We acknowledge the traditional owners of the land on which we are meeting. We pay our respects to their Elders and to Elders from other communities who may be here today.

3. Apologies And Requests For Leave Of Absence

An apology was received from Cr E Foulston and Cr C Ferguson.

4. Declaration Under Acts, Regulations, Codes Or Local Laws

The CEO advised that council's Meeting Procedure Local Law states that audio, video, or still image recording devices are not to be used, unless prior approval has been given by the Chairperson or by council. Members of the public gallery were requested to observe this requirement.

5. Declaration By Councillors Of Any Conflict Of Interest

There were no conflicts of interest disclosed.

6. Confirmation Of Minutes Of Previous Council Meeting

RECOMMENDATION

That the minutes of the Ordinary Meeting of Council held on September 17, 2012, as circulated, be confirmed.

MOTION

CRS RODNEY WANGMAN / ANGELA COLLINS

That the recommendation be adopted

(CARRIED)

7. Delegates' Reports

Nil. No written or verbal reports were presented by delegates.

8. Officer Reports for Determination

8.1 CERTIFICATION OF FINANCIAL STATEMENTS 2011/12

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9. Officer Reports for Noting

Nil.

10. Officer Reports for Information

Nil.

11. Notices of Motion

Nil.

12. Petitions

Nil.

13. Council Seal

Nil.

14. Urgent Business

15. Question Time

16. Confidential Business

Nil.

17. Confidential Urgent Business

18. Close Of Meeting

APPENDICES

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RISK MANAGEMENT LEGEND

Note: A number of reports in this agenda include a section on “risk management implications”. The following table shows the legend to the codes used in the reports.

	Minor (4)	Moderate (3)	Major (2)	Catastrophic (1)
Likelihood	Consequence			
Almost Certain (A) Can be expected to occur in most circumstances (i.e. weekly)	Significant	High	Extreme	Extreme
Likely (B) Will probably occur in most circumstances In the future (i.e. monthly)	Medium	Significant	High	Extreme
Possible (C) May occur in some circumstances in the future (i.e. yearly)	Medium	Significant	High	High
Unlikely (D) Could occur at some time in the future, but doubtful (i.e. every 2-10 years)	Low	Medium	Significant	High
Rare (E) Expected to occur only in the most exceptional circumstances (i.e. 10 years)	Low	Low	Medium	Significant

Extreme	CEO's attention immediately required. Possibly avoid undertaking the activity OR implement new controls
High	Director's attention required. Consider suspending or ending activity OR implement additional controls
Significant	Manager's attention required. Ensure that controls are in place and operating and management responsibility is agreed
Medium	Manage through usual procedures and accountabilities
Low	Add treatments where appropriate

CERTIFICATION OF FINANCIAL STATEMENTS 2011/12**PURPOSE OF REPORT**

As part of the process for submission of the Annual Report to the Minister for Local Government, Council is required to approve in principle the Annual Financial Report, Standard Statements, and Performance Statement for the year ended 30 June 2012, prior to their submission to the Auditor-General.

BACKGROUND

The Financial Statements for the year ended 30 June 2012 have been drafted and submitted to the Victorian Auditor-General's agent, Richmond Sinnott & Delahunty, for audit.

The Comprehensive Income Statement for the year shows a profit of \$15,659,000, (2010/11 - \$2,332,000). This result was influenced by the following factors:

- Developers contributed \$4,947,000 of non-monetary infrastructure assets during the year. In 2010/11 developer contributed \$165,000 of non-monetary infrastructure assets.
- Grant funds received during the year, \$21.62m, was significantly higher than the previous year, (2010/11 - \$15.25m). As several of these grants were received towards the end of the financial year and not expended, they will need to be addressed when re-budgeting in the first quarter of 2012/13.
- Net gain on sale of property of \$1.4m was mainly attributed to the sale of the Livestock Exchange and also the Reid/Havelock Streets land. In 2010/11 there was a net loss on disposal of property of \$1.21m which was due to the writing off the written down value of the Civic Centre building that was demolished during that year.
- Councils call up of the unfunded superannuation, \$3.287m, has been expensed in the Comprehensive Income Statement for 2011/12.

A detailed analysis between the final actual amounts to that of the budget will be carried out in conjunction with the first quarter review to form the basis of any necessary re-budgeting variances for 2012/13.

Council is required to approve in principle the Annual Financial Report, Standard Statements, and Performance Statement for the year ended 30 June 2012 prior to their submission to the Victorian Auditor-General. Council is also required to nominate two Councillors who will sign the Financial Statements following the Auditor-General's review and any necessary alterations recommended by him. The Financial Statements are also required to be signed by the CEO and the Principle Accounting Officer.

After receiving the signed Financial Statements the Auditor-General will issue his report so that Council can forward to the Minister the complete Annual Report by 30th September 2012.

After the Annual Report has been submitted to the Minister, Council must give public notice that the Annual Report has been prepared and can be inspected at the Council offices.

CERTIFICATION OF FINANCIAL STATEMENTS 2011/12 (cont'd)**COUNCIL PLAN / KEY STRATEGIC ACTIVITY**

Pillar	Outcome	Strategic Action
Pillar Five A democratic and engaged community	Adherence to all legislative requirements and corporate compliance.	Continually review Wodonga City's governance protocols taking into account evolving governance best practice protocols.

COUNCIL POLICY / STRATEGY IMPLICATIONS

Not applicable

RISK MANAGEMENT IMPLICATIONS

Risks	Likelihood	Consequence	Rating	Mitigation Action
If the Financial Statements are not approved in principle the Council will not be able to submit the Annual Report to the Minister by the required date of 30 September 2012.	C	4	Low	The statements will need to be submitted later.

FINANCIAL IMPLICATIONS

There are no financial implications.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications.

SOCIAL/CULTURAL IMPLICATIONS

There are no social implications.

LEGISLATIVE IMPLICATIONS

Sections 131 to 135 of the Local Government Act 1989 specifies the requirements of Council for preparing and submitting its Annual Report to the Minister.

CONSULTATION PROPOSED / UNDERTAKEN

The Council's Annual Financial Report, Standard Statements, and Performance Statement for the year ended 30 June 2012, were submitted to the Council Audit Committee meeting of the 20th September 2012 and the statements were recommended for adoption by the Audit Committee.

CERTIFICATION OF FINANCIAL STATEMENTS 2011/12 (cont'd)**OPTIONS FOR CONSIDERATION**

1. Do nothing – not recommended as the Council will not be able to lodge its Annual Report to the Minister by the due date.
2. Approve in principle the Financial Statements – recommended.

CONCLUSION

The tabled Financial Statements be approved in principle.

ATTACHMENTS

- Standard Statements for the year ended 30 June 2012 is attached with the appendices.
- Annual Financial Report for the year ended 30 June 2012 is attached with the appendices.
- Performance Report for the year ended 30 June 2012 is attached with the appendices.

DECLARATION OF CONFLICT OF INTERESTS

Under section 80C of the *Local Government Act 1989* officers providing advice to Council must disclose any interests, including the type of interest.

Director Business Services - Trevor Ierino

In providing this advice as Director, I have no interests to disclose in this report.

Manager finance - Peter Morris

In providing this advice as the report author, I have no interests to disclose in this report.

RECOMMENDATION

That the Annual Financial Report, Standard Statements, and Performance Statement for the year ended 30 June 2012 be approved in principle, and that Councillors Byatt and Foulston be designated signing Councillors for the purpose of formally signing off the 2011/12 Annual Financial Report, Standard Statements, and the Performance Report.

MOTION

CRS. RODNEY WANGMAN / LISA MAHOOD

That the Annual Financial Report, Standard Statements, and Performance Statement for the year ended 30 June 2012 be approved in principle, and that councillors Byatt and Collins be designated signing councillors for the purpose of formally signing off the 2011/12 Annual Financial Report, Standard Statements, and the Performance Report.

Futhermore an expanded note is to be included in the statements detailing the most recent valuation of Logic, and for consistency this note is to be included in future financial statements. In addition, every four years a revaluation of the Logic asset is to be undertaken.

CERTIFICATION OF FINANCIAL STATEMENTS 2011/12 (cont'd)

(CARRIED)

Cr Speedie asked that it be noted in the minutes, that future financial statements use the wording of surplus rather than profit.

ITEM NO: - 14. URGENT BUSINESS

Clause 23 of Council's Meeting Procedure Local Law (no. 1 of 2009) states:

If the agenda for an Ordinary meeting makes provision for urgent business, business cannot be admitted as urgent business other than by resolution of Council and only then if it:

- a) relates to or arises out of a matter which has arisen since distribution of the agenda;
or
- b) cannot safely or conveniently be deferred until the next Ordinary meeting or involves a matter of urgent community concern.

There was no urgent business.

ITEM NO: - 15. QUESTION TIME

Clause 61 of Council's Meeting Procedure Local Law (no. 1 of 2009) states:

- 61.1 There shall be a public question time at every Ordinary meeting to enable members of the public to submit written questions to Council.
- 61.2 Public Question Time will have a duration as determined by Council from time to time.
- 61.3 Questions submitted to Council must be prefaced by the name and address of the person submitting the question and generally be in a form approved or permitted by Council.
- 61.4 Persons submitting questions must be present in the gallery at the time the question is due to be read, or the question will not be addressed by Council.
- 61.5 No person may submit more than two questions at any one meeting.
- 61.6 If a person has submitted two questions to a meeting, the second question:
 - a) may, at the discretion of the Chairperson, be deferred until all other persons who have asked a question have had their questions asked and answered; or
 - b) may not be asked if the time allotted for public question time has expired.
- 61.7 A question may be disallowed by the Chairperson if the Chairperson determines that it:
 - a) relates to a matter outside the duties, functions and powers of Council;
 - b) is defamatory, indecent, abusive, offensive, irrelevant, trivial or objectionable in language or substance;
 - c) deals with a subject matter already answered;
 - d) is aimed at embarrassing a councillor or a member of Council staff;
 - e) relates to personnel matters;
 - f) relates to the personal hardship of any resident or ratepayer;
 - g) relates to industrial matters;
 - h) relates to contractual matters;
 - i) relates to proposed developments;
 - j) relates to legal advice;
 - k) relates to matters affecting the security of Council property; or
 - l) relates to any other matter which Council considers would prejudice Council or any person.
- 61.8 Questions will be answered either at the Council meeting or as soon as possible after the Council meeting, subject to such policy or guidelines that Council may adopt from time to time.
- 61.9 No debate on questions asked or answers given is permitted.

There were no questions submitted for the public question time.

ITEM NO: - 17. CONFIDENTIAL URGENT BUSINESS

Clause 23 of Council's Meeting Procedure Local Law (no. 1 of 2009) states:

If the agenda for an Ordinary meeting makes provision for urgent business, business cannot be admitted as urgent business other than by resolution of Council and only then if it:

- a) relates to or arises out of a matter which has arisen since distribution of the agenda;
or
- b) cannot safely or conveniently be deferred until the next Ordinary meeting or involves a matter of urgent community concern.

A confidential urgent business item also needs to stipulate the reason for the matter being considered as confidential in accordance with section 89 (2) and section 89 (3) of the *Local Government Act 1989*.

There was no confidential urgent business.

ITEM NO: - 18. CLOSE OF MEETING

There being no further business the meeting was closed at 9.10am.

.....
Chairperson

.....
Date

WODONGA CITY COUNCIL

Notes to the Standard Statements

1. Basis of preparation of Standard Statements

Council is required to prepare and include audited Standard Statements within its Annual Report.

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 General Purpose Financial Report and the Budget. The result reported in these statements are consistent with those reported in the General Purpose Financial Report.

The Standard Statements are not a substitute for the General Purpose Financial Report, which are included on pages 1 to 48 of the Annual Report. 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 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 Standard Statements are those adopted by Council on 27 June 2011. The budget was based on assumptions that were relevant at the time of adoption of the budget. 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 the short and long term. The budget did not reflect any changes to equity resulting from assets revaluations, as their impacts were not considered predictable.

Detailed information on the actual financial results are contained in the General Purpose Financial Statements Report on pages 1 to 48. The detailed budget can be obtained by contacting Council or through the Council's website. The Standard Statements must be read with reference to these documents.

WODONGA CITY COUNCIL

STANDARD INCOME STATEMENT

For the year ending 30 June 2012

	Budget 2011/2012 \$'000	Variances		Ref	Actuals 2011/2012 \$'000
		\$'000	%		
Revenue					
Rates and charges	30,861	306	1.0		31,167
Grants - recurrent	9,009	2,220	24.6	1	11,229
Grants - non-recurrent	7,528	2,864	38.0	2	10,392
Contributions - cash	1,800	(677)	37.6	3	1,123
Contributions - non-monetary assets	-	4,947	-	4	4,947
User fees and fines	6,430	(794)	12.3	5	5,636
Other revenue	10,697	(9,654)	90.2	6	1,043
Net gain (loss) on disposal of assets	60	1,379	2,298.3	7	1,439
Total revenue	66,385	591			66,976
Expenses					
Employee benefits	23,095	(916)	4.0		22,179
Materials and services	15,616	3,557	22.8	8	19,173
Finance costs	2,088	(292)	14.0	9	1,796
Depreciation and amortisation	8,310	(952)	11.5	10	7,358
Other expenses	7,858	(7,047)	89.7	6	811
Total expenses	56,967	(5,650)			51,317
Surplus (deficit) for the year	9,418	6,241			15,659

WODONGA CITY COUNCIL

STANDARD INCOME STATEMENT

For the year ending 30 June 2012

Variance Explanation Report

<u>Ref.</u>	<u>Item</u>	<u>Explanation</u>
1	Grants - recurrent	Several operating grants were received during the year, however not budgeted for. The following are some examples: Grants Commission \$2,327,000 and Healthy Communities \$292,000.
2	Non-recurrent grants	Several capital grants were received during the year, however not budgeted for, such as the following: Aquatic Centre \$1,800,000, Victoria Cross Parade \$543,000, and Scout Hall Relocation \$500,000.
3	Contributions - cash	The budget reflected a contribution of \$1,800,000 to be received for Elgin/Hovell/South streets reconstruction, however this did not eventuate. However the following contribution was received but not budgeted for; Victorian Cross Parade \$680,000.
4	Contributions - non-monetary assets	Developer contributions by way of infrastructure was not budgeted for.
5	User fees and fines	User activity was below budget estimates for the following services: Waste Management \$65,000, Civic Services \$123,000, and Project Design \$115,000.
6	Other revenue Other expenses	Internal charges are included in the budgeted figures, however they are eliminated in the financial statements.
7	Gain (loss) on disposal of assets	The profit on the sales of the Havelock/Reid Streets land \$927,000, and the Livestock Exchange \$296,000 was not budgeted for.
8	Materials and services	Some of the expenditure that was budgeted for in the capital works program was expensed in the actual expenditure in the Income Statement.
9	Finance Costs	Due to the 2010/11 Defined Benefits unfunded superannuation liability being paid earlier than first anticipated there was a \$236,000 savings in interest. Also due to the proposed 2011/12 borrowing not being taken up this resulted in less interest being paid then budgeted.
10	Depreciation	Buildings were revalued at 30 June 2011 which resulted in a significant decrease to the fair value of buildings, which in turn also reduced the buildings depreciation expense. The 2011/12 budgeted buildings depreciation was calculated before the revaluation was carried out and therefore based on the previous higher building valuations.

WODONGA CITY COUNCIL

STANDARD BALANCE SHEET

As at 30 June 2012

	Budget 2011/2012 \$'000	Variances		Ref	Actuals 2011/2012 \$'000
		\$'000	%		
Current assets					
Cash and cash equivalents	7,166	8,057	112.4	11	15,223
Trade and other receivables	1,501	8,362	557.1	12	9,863
Inventories	12	(6)	50.0		6
Assets held for sale	28,727	(28,727)	100.0	18	-
Other	-	728	-	13	728
Total current assets	37,406	(11,586)			25,820
Non-current assets					
Property, plant and equipment, infrastructure	375,685	17,031	4.5		392,716
Total non-current assets	375,685	17,031			392,716
Total assets	413,091	5,445			418,536
Current liabilities					
Trade and other payables	3,430	(4,768)	139.0	14	8,191
Interest bearing loans and borrowings	3,886	621	16.0	15	3,265
Provisions	3,038	(1,265)	41.6	16	4,303
Trust funds and deposits	1,000	91	9.1		909
Total current liabilities	11,354	(5,321)			16,668
Non-current liabilities					
Trade and other payables	-	(1,787)			1,787
Interest bearing loans and borrowings	30,095	7,004	23.3	15	23,091
Provisions	1,899	(1,790)	94.3	16	3,689
Total non-current liabilities	31,994	3,427			28,567
Total liabilities	43,348	(1,894)			45,235
Net assets	369,743	3,551			373,301
Equity					
Accumulated surplus	151,626	31,809	21.0		183,435
Asset revaluation reserve	218,117	(28,251)	13.0	17	189,866
Total equity	369,743	3,558			373,301

WODONGA CITY COUNCIL

STANDARD BALANCE SHEET

As at 30 June 2012

Variance Explanation Report

<u>Ref.</u>	<u>Item</u>	<u>Explanation</u>
11	Cash and cash equivalents	The actual increase in the cash holdings from the budgeted amount is due to the following factors; grants received at the end of the financial year that were not budgeted for \$2,200,000, Wodonga Retained Environmental Land deposits being \$210,000 higher than budgeted, capital expenditure on the Aquatic Centre not being fully expended \$ 1,720,000, and general operational budget savings during the year.
12	Trade and other receivables	At 30 June 2012 included in the trade receivables were several amounts that were not budgeted for: Reid/Havelock Streets land sale \$2,667,000, Livestock Exchange sale \$4,065,000, and the Local Government Infrastructure Program grant \$950,000.
13	Other	Prepayments and accrued income were not budgeted for.
14	Trade and other payables	The purchase of the land at the new Regional Livestock Exchange was not settled at 30 June 2012.
15	Interest bearing loans and borrowings	The budgeted \$7,900,000 new borrowings for 2011/12 were not actually taken up.
16	Provisions	Provisions are greater than budget due to an increase in the landfill restoration provision \$850,000 and environmental network \$210,000.
17	Asset Revaluation Reserve	The asset revaluation was not budgeted for.
18	Assets held for sale	At the time of preparing the Balance Sheet for the budget, land held for resale was included as a current asset, however on consideration of the likelihood of possible sales in the next year, land held for resale has now been included with land and classified as a non current asset.

WODONGA CITY COUNCIL

STANDARD CASH FLOW STATEMENT

For the year ending 30 June 2012

	Budget 2011/2012 \$'000	Variances		Ref	Actuals 2011/2012 \$'000
		\$'000	%		
Cash flows from operating activities					
Receipts from ratepayers	30,861	(73)	0.2		30,788
Payments to suppliers	(20,608)	382	1.9		(20,226)
Net cash inflow (outflow) from customers/suppliers	10,253	309			10,562
Interest received	495	573	115.8	19	1,068
Grants	18,337	5,504	30.0	20	23,841
User charges and fines	6,430	161	2.5		6,591
Contributions	10,054	(8,821)	87.7	21	1,233
Payments to employees	(23,001)	4,425	19.2	21	(18,576)
Payments for GST	-	(345)	-		(345)
Payments for finance costs	(2,047)	245	12.0	22	(1,802)
Payments for other costs	(986)	138	14.0	23	(848)
Net cash inflow (outflow) from operating activities	19,535	2,189			21,724
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment, infrastructure	60	231	385.0	24	291
Payments for property, plant and equipment, infrastructure	(26,652)	6,752	25.3	25	(19,900)
Payments for assets held for resale	-	(1,661)	-	26	(1,661)
Repayment of loans from community organisations	-	19	-	27	19
Net cash inflow (outflow) from investing activities	(26,592)	5,341			(21,251)
Cash flows from financing activities					
Repayment of interest bearing loans and borrowings	(4,868)	1,728	35.5	28	(3,140)
Proceeds from interest bearing loans and borrowings	7,900	(7,900)	100.0	29	-
Payment of provisions	-	(32)	-		(32)
Repayments of trust funds and deposits	-	(287)	-	30	(287)
Net cash inflow (outflow) from financing activities	3,032	(6,491)			(3,459)
Net increase (decrease) in cash and cash equivalents	(4,025)	1,039	25.8		(2,986)
Cash and cash equivalents at the beginning of the year	11,191	7,018	62.7		18,209
Cash and cash equivalents at the end of the year	7,166	8,057			15,223
Reconciliation of Surplus (Deficit) and Net Cash Flows from Operating Activities					
For the year ending 30 June 2012					
Surplus (deficit)	9,418	6,241	66.3		15,659
Depreciation and amortisation	8,310	(952)	11.5		7,358
(Profit)/Loss on sale of property, plant and equipment, infrastructure	(60)	(1,379)	2,298.3		(1,439)
Developer contribution of infrastructure assets	-	(4,947)	-		(4,947)
Net movement in current assets and liabilities	1,867	3,226	172.8		5,093
Net cash inflow (outflow) from operating activities	19,535	2,189			21,724

WODONGA CITY COUNCIL

STANDARD CASH FLOW STATEMENT

For the year ending 30 June 2012

Variance Explanation Report

<u>Ref.</u>	<u>Item</u>	<u>Explanation</u>
19	Interest received	Actual interest is higher than what was budgeted because of the higher level of cash held during the year due to not all of the capital budget being expended and grants being received earlier than expected.
20	Grants	Several operating and capital grants were received during the year, however not budgeted for. The following are some examples, Grants Commission \$2,327,000, Aquatic Centre \$1,800,000, Victoria Cross Parade \$543,000 and Healthy Communities \$292,000.
21	Contributions Payments to employees	Internal charges are included in the budgeted figures, however they are eliminated in the actuals amounts.
22	Payments for finance costs	Due to the 2010/11 Defined Benefits unfunded superannuation liability being paid earlier than first anticipated there was a \$236,000 savings in interest.
23	Payments for other costs	The budgeted Developer Contributions are treated as a transfer to reserves, however the actual amounts treat them as income.
24	Proceeds from sale of property, plant and equipment, infrastructure	Land sales during the year were not budgeted for.
25	Payments for property, plant and equipment, infrastructure	Not all of the capital works program was completed, for example the Aquatic Centre \$1,720,000, and Victoria Cross Parade \$350,000. Also some expenditure is budgeted for in the capital works program, however it is expensed in the actual expenditure.
26	Payments for assets held for resale	The payment for Reid and Havelock Streets land purchase was not budgeted for.
27	Repayment of loans from community organisations	A community organisation fully repaid their loan that was not budgeted for.
28	Repayment of interest bearing loans and borrowings	Due to the 2010/11 Defined Benefits unfunded superannuation liability being paid earlier than first anticipated there was a \$236,000 savings in interest. Also due to the proposed 2011/12 borrowing not being taken up this resulted in less interest being paid than budgeted.
29	Proceeds from interest bearing loans and borrowings	The budgeted \$7,900,000 new borrowings for 2011/12 were not actually taken up.
30	Repayment of trust funds and deposits	Represents several deposits refunded to developers that were not budgeted for.

WODONGA CITY COUNCIL

STANDARD STATEMENT OF CAPITAL WORKS

For the year ending 30 June 2012

Capital Works Areas	Budget	Variances		Ref	Actuals
	2011/2012 \$'000	\$'000	%		2011/2012 \$'000
Roads	5,156	(254)	4.9	31	4,902
Drainage	10	(10)	-	31	-
Footpaths	35	181	517.1	31	216
Playgrounds	55	159	289.1	31	214
Cyclepaths	60	(60)	-	31	-
Buildings	15,500	(1,822)	11.8	31	13,678
Plant and equipment	60	(57)	95.0	31	3
Bridges	653	(652)	99.8	31	1
Other	5,123	(5,123)	-	31	-
Total capital works	26,652	(7,638)			19,014
Represented by:					
Refurbishment	4,127	(2,318)	56.2		1,809
Upgrade	1,196	(1,028)	86.0		168
Expansion	1,331	(353)	26.5		978
Purchase new asset	19,998	(3,939)	19.7		16,059
Total capital works	26,652	(7,638)			19,014

Property, plant and equipment, infrastructure movement reconciliation worksheet	Budget	Variances			Actuals
	2011/2012 \$'000	\$'000	%		2011/2012 \$'000
The movement between the previous year and the current year in property, plant and equipment, infrastructure as shown in the Balance Sheet links to the net of the following items:					
Total capital works	26,652	(7,638)	28.7	31	19,014
Contributions - non-monetary assets	-	4,947	-	32	4,947
Asset revaluation movement	-	(3,900)	-	33	(3,900)
Depreciation and amortisation	(8,310)	952	11.5	34	(7,358)
Written down value of assets sold	-	(779)	-	35	(779)
Net movement in property, plant and equipment, infrastructure	18,342	(6,418)			11,924

WODONGA CITY COUNCIL

STANDARD STATEMENT OF CAPITAL WORKS

For the year ending 30 June 2012

Variance Explanation Report

<u>Ref.</u>	<u>Item</u>	<u>Explanation</u>
31	Capital Works	Not all of the capital works program was completed, for example the Aquatic Centre \$1,720,000, and Victoria Cross Parade \$350,000. Also some expenditure is budgeted for in the capital works program, however it is expensed in the actual expenditure.
32	Contributions - non-monetary assets	Non monetary contributions are not budgeted for
33	Asset revaluation movement	Asset revaluation was not budgeted for.
34	Depreciation and amortisation	Buildings were revalued at 30 June 2011 which resulted in a significant decrease to the fair value of buildings, which in turn also reduced the buildings depreciation expense. The 2011/12 budgeted buildings depreciation was calculated before the revaluation was carried out and therefore based on the previous higher building valuations.
35	Written down value of assets sold	The assets sold during the year was not budgeted for.

CERTIFICATION OF STANDARD STATEMENTS

In my opinion the accompanying standard statements 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.

Peter Morris CPA
Principal Accounting Officer

Dated: 24th September 2012

In our opinion the accompanying standard statements 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.

We have been authorised by the Council on 24th September 2012, to certify the standard statements in their final form.

Mark Byatt
Mayor/Councillor
Dated: 24th September 2012

Edward Foulston
Councillor
Dated: 24th September 2012

Patience Harrington
Chief Executive Officer
Dated: 24th September 2012

Wodonga City Council

ANNUAL FINANCIAL REPORT
For the Year Ended 30 June 2012

Wodonga City Council

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Comprehensive Income Statement For the Year Ended 30 June 2012

	Note	2012 \$'000	2011 \$'000
Income			
Rates and charges	2	31,167	28,465
User fees	3	5,636	5,203
Contributions - cash	5 (a)	1,123	1,941
Contributions - non-monetary assets	5 (b)	4,947	165
Grants - recurrent	4	11,229	9,470
Grants - non-recurrent	4	10,392	5,779
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	6	1,439	(1,212)
Other income	7	1,043	908
Total income		66,976	50,719
Expenses			
Employee benefits	8	(22,179)	(18,512)
Materials and services	9	(19,173)	(19,472)
Bad and doubtful debts	10	(3)	(7)
Depreciation and amortisation	11	(7,358)	(7,518)
Finance costs	12	(1,796)	(1,732)
Other expenses	13	(808)	(1,146)
Total expenses		(51,317)	(48,387)
Profit/(Loss)		15,659	2,332
Other comprehensive income			
Net asset revaluation increment(decrement)	24	(3,900)	3,053
Comprehensive result		11,759	5,385

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

**Statement of Financial Position
As at 30 June 2012**

	Note	2012 \$'000	2011 \$'000
Assets			
Current assets			
Cash and cash equivalents	14	15,223	18,209
Trade and other receivables	15	9,863	3,597
Inventories	16	6	18
Non-current assets classified as held for sale	17	-	27,196
Other assets	18	728	609
Total current assets		25,820	49,629
Non-current assets			
Property, infrastructure, plant and equipment	19	392,716	353,596
Total non-current assets		392,716	353,596
Total assets		418,536	403,225
Liabilities			
Current liabilities			
Trade and other payables	20	8,191	3,299
Trust funds and deposits	21	909	1,196
Provisions	22	4,303	3,617
Interest-bearing loans and borrowings	23	3,265	2,519
Total current liabilities		16,668	10,631
Non-current liabilities			
Trade and other payables	20	1,787	-
Provisions	22	3,689	3,838
Interest-bearing loans and borrowings	23	23,091	27,214
Total non-current liabilities		28,567	31,052
Total liabilities		45,235	41,683
Net Assets		373,301	361,542
Equity			
Accumulated surplus		183,435	167,776
Reserves	24	189,866	193,766
Total Equity		373,301	361,542

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity For the Year Ended 30 June 2012

	Note	Total 2012 \$'000	Accumulated Surplus 2012 \$'000	Asset Revaluation Reserve 2012 \$'000
2012				
Balance at beginning of the financial year		361,542	167,776	193,766
Comprehensive result	24	11,759	15,659	(3,900)
Balance at end of the financial year		373,301	183,435	189,866

		Total 2011 \$'000	Accumulated Surplus 2011 \$'000	Asset Revaluation Reserve 2011 \$'000
2011				
Balance at beginning of the financial year		356,157	165,444	190,713
Comprehensive result	24	5,385	2,332	3,053
Balance at end of the financial year		361,542	167,776	193,766

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

Cash Flow Statement For the Year Ended 30 June 2012

	Note	2012 Inflows/ (Outflows) \$'000	2011 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates		30,788	28,148
User charges and other fines (inclusive of GST)		6,591	5,500
Grants (inclusive of GST)		23,841	14,519
Developer contributions (inclusive of GST)		1,233	2,131
Interest		1,068	818
Net GST refund/payment		(345)	126
Payments to suppliers (inclusive of GST)		(20,226)	(20,438)
Payments to employees (including redundancies)		(18,576)	(17,359)
Finance Costs		(1,802)	(1,737)
Other payments		(848)	(1,239)
Net cash provided by (used in) operating activities	25	21,724	10,469
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(21,561)	(7,076)
Proceeds from sale of property, infrastructure, plant and equipment		291	1,123
Proceeds from sale of assets held for resale		-	4,000
Repayment of loans and advances from community organisations		19	-
Net cash provided by (used in) investing activities		(21,251)	(1,953)
Cash flows from financing activities			
Trust funds and deposits		(287)	(115)
Wodonga Retained Environmental Network Provision		(32)	860
Repayment of interest bearing loans and borrowings		(3,140)	(1,554)
Net cash provided by (used in) financing activities		(3,459)	(809)
Net increase (decrease) in cash and cash equivalents		(2,986)	7,707
Cash and cash equivalents at the beginning of the financial year		18,209	10,502
Cash and cash equivalents at the end of the financial year	26	15,223	18,209
Financing arrangements	27		
Non-cash financing and investing activities	28		
Restrictions on cash assets	29		

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

Introduction

- (a) The Wodonga City Council was established by an Order of the Governor in Council on 16th December 2003 and is a body corporate.
The Council's main office is located at 104 Hovell Street, Wodonga.
- (b) The purpose of the Council is to:
- provide for the peace, order and good government of its municipal district;
 - to promote the social, economic and environmental viability and sustainability of the municipal district;
 - to ensure that resources are used efficiently and effectively and services are provided in accordance with the Best Value Principles to best meet the needs of the local community;
 - to improve the overall quality of life of people in the local community;
 - to promote appropriate business and employment opportunities;
 - to ensure that services and facilities provided by the Council are accessible and equitable;
 - to ensure the equitable imposition of rates and charges; and
 - to ensure transparency and accountability in Council decision making.

External Auditor - Auditor-General of Victoria

Internal Auditor - Johnsons MME

Solicitors - McKenzie-McHarg Gunson & Co., and Maddocks

Bankers - Westpac

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

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

Note 1 Significant accounting policies

(a) Basis of accounting

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

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

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

All entities controlled by Council, that have material assets or liabilities, such as Special Committees of Management, have been included in this financial report. All transactions between these entities and the Council have been eliminated in full. Details of entities not included in this financial report based on their materiality are detailed in note 41.

Note 1 Significant accounting policies (cont.)

(b) Revenue recognition

Rates, grants and contributions

Rates, grants and contributions (including developer contributions) are recognised as revenues when the Council

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

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

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

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

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in note 4. The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

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

User fees and fines

User fees and fines (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.

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

Sale of property, plant and equipment, infrastructure

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

Trade and other receivables

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

Rental

Rents are recognised as revenue when the payment is due or the payment is received, whichever first occurs. Rental; payments received in advance are recognised as a prepayment until they are due.

Interest

Interest is recognised progressively as it is earned.

Dividends

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

Note 1 Significant accounting policies (cont.)

(c) Trade and other receivables and inventories

Trade and other receivables

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

Inventories

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

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

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

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

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

Artworks are not depreciated.

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

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

	Period 2012	Period 2011
Property		
Buildings		
buildings	35-70 years	35-50 years
Plant and Equipment		
plant, machinery and equipment	5-10 years	5-10 years
fixtures, fittings and furniture	5-10 years	5-10 years
computers and telecommunications	3 years	3 years
motor vehicles	10 years	10 years
Infrastructure		
Roads		
road pavements and seals	15-80 years	25-70 years
road formation and earthworks	100 years	100 years
road kerb, channel and minor culverts	10 years	10 years
Bridges		
road & pedestrian bridges and major culverts	50-100	60-80 years
Footpaths	60 years	80 years
Drainage	100 years	80 years
Kerb and channel	80 years	80 years
Cyclepaths	60 years	50-80 years
Playground equipment	18 years	18 years

(e) Repairs and maintenance

Routine maintenance, repair costs, and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

Note 1 Significant accounting policies (cont.)

(f) Borrowing costs

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

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

(g) Recognition and measurement of assets

Acquisition

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

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

The following classes of assets have been recognised in note 19. In accordance with Council's policy, the threshold limits detailed below have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year:

	2012 Threshold \$'000	2011 Threshold \$'000
<u>Property</u>		
Land		
land	10	10
land under roads	10	10
land improvements	10	10
Buildings		
buildings	10	10
building improvements	10	10
<u>Plant and Equipment</u>		
Plant, machinery and equipment	4	3
Fixtures, fittings and furniture	4	3
Computers and telecommunications	4	3
Leased plant and equipment	4	3
<u>Infrastructure</u>		
Roads		
road pavements and seals	10	10
road formation and earthworks	10	10
Bridges		
bridges and major culverts	10	10
Footpaths		
Footpaths - concrete	4	3
Drainage	4	3
Cyclepaths	4	3
Playground equipment	10	10

Note 1 Significant accounting policies (cont.)

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

Revaluation

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

In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 2 to 3 years. The valuation is performed either by experienced council officers or independent experts.

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

Land under roads

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

(h) Cash and cash equivalents

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

(i) Financial assets

Managed funds 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.

(j) Investments

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

Note 1 Significant accounting policies (cont.)

(k) Tender deposits

Amounts received as tender deposits and retention amounts controlled by Council are recognised as Trust funds until they are returned or forfeited (refer to note 21).

(l) Employee benefits

Wages and salaries

Liabilities for wages and salaries and rostered days off are recognised and measured as the amount unpaid at balance date and include appropriate oncosts such as workers compensation and payroll costs.

Annual leave

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

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

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

Long service leave

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

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

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

Classification of employee benefits

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

Superannuation

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

The superannuation expense for the reporting year is the amount of the statutory contribution the Council makes to the superannuation plan which provides benefits to its employees together with any movements (favourable/unfavourable) in the position of any defined benefits schemes. Details of these arrangements are recorded in note 30.

Note 1 Significant accounting policies (cont.)

(m) Leases

Finance leases

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

Operating leases

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

(n) Allocation between current and non-current

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

(o) Agreements equally proportionately unperformed

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

(p) Web site costs

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

(q) Goods and Services Tax (GST)

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

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

(r) Impairment of assets

At each reporting date, the Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the comprehensive income statement, 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.

Note 1 Significant accounting policies (cont.)

(s) Rounding

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

(t) Non-current assets held for sale

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

(u) Financial guarantees

Financial guarantee contracts are recognised as a liability at the time the guarantee is issued. The liability is initially measured at fair value, and if there is material increase in the likelihood that the guarantee may have to be exercised, at the higher of the amount determined in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation, where appropriate. In the determination of fair value, consideration is given to factors including the probability of default by the guaranteed party and the likely loss to Council in the event of default.

(v) Pending Accounting Standards

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

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

<i>Standard / Interpretation</i>	<i>Summary</i>	<i>Applicable for annual reporting periods beginning or ending on</i>	<i>Impact on Local Government financial statements</i>
AASB 9: Financial Instruments and AASB 20010-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	<p>These standards are applicable retrospectively and amend the classification and measurement of financial assets. Council has not yet determined the potential impact on the financial statements. Specific changes include:</p> <ul style="list-style-type: none"> * simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value; * removing the tainting rules associated with held-to-maturity assets; * simplifying the requirements for embedded derivatives; * removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost; * allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and * reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on: <ul style="list-style-type: none"> a. the objective of the entity's business model for managing the financial b. the characteristics of the contractual cash flows. 	Applicable for annual reporting periods commencing on or after 1 January 2013.	These changes are expected to provide some simplification in the accounting for and disclosure of financial instruments

(w) Contingent assets and contingent liabilities and commitments

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

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

	2012 \$'000	2011 \$'000
Note 2 Rates and charges		
Council uses Capital Improved Value as the basis of valuation of all properties within the municipal district. The Capital Improved Value of a property is the value of land and all improvements.		
The valuation base used to calculate general rates for 2011/12 was \$4,935 million (2010/11 \$4,841 million). The 2011/12 rate in the Capital Improved Value dollar was as shown below:		
Residential improved	0.4729	0.4406
Residential vacant	1.0995	1.1662
Commercial improved	0.6361	0.5683
Commercial vacant	1.0995	1.1662
Industrial improved	0.6361	0.5683
Industrial vacant	1.0995	1.1662
Rural Farming	0.3334	n/a
Rural Non Farming	0.4729	n/a
Rural 1 (>40ha)	n/a	0.2916
Rural 2 (>8<40ha)	n/a	0.4116
Rural 3 (<8ha) rural zoned land	n/a	0.4577
Development use land	0.5485	0.5831
Society/Social clubs	0.4398	0.4116
Residential garbage charge	\$ 364.40	\$ 340.55
Waste management levy	\$ 262.25	\$ 245.10
Environmental levy	\$ 40.40	\$ 37.75
Residential	18,309	16,477
Commercial	2,454	2,228
Industrial	3,228	2,887
Farm/Rural	607	851
Development Use	689	797
Supplementary rates and rate adjustments	208	103
Garbage charge	5,645	5,098
Waste Water Levy	27	24
Total rates and charges	31,167	28,465

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2010, and the valuation first applied to the rating period commencing 1 July 2010.

	2012 \$'000	2011 \$'000
Note 3 User fees		
Infrastructure fees	246	182
Child care/children's program fees	699	562
Building Maintenance	91	93
Aged services fees	484	512
Community Centres	80	42
Contract works	531	409
Waste fees	576	480
Transfer Station	312	321
Health	257	219
Saleyards fees	200	200
Exhibition centre fees	43	40
Civic service fees	678	582
Gateway village fees	93	81
Building and town planning services fees	435	721
Other fees and charges	911	759
Total user fees	5,636	5,203

Note 4 Grants

Grants were received in respect of the following :

Summary of grants

Federally funded grants	10,217	8,178
State funded grants	11,240	6,943
Others	164	128
Total	21,621	15,249

Recurrent

Corporate Development and Administration

Victoria Grants Commission - unallocated	4,622	3,560
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Economic Development

Provincial Partnership	-	10
Regional Development	20	-
Enterprise Connect	-	16
Local Skills Partnership	38	26

Infrastructure

Victoria Grants Commission - local roads	1,101	812
Commonwealth Government - Roads to Recovery	430	386
Traffic Management	51	314

Environment

Transfer Station	-	2
Waste Management	50	-
Green House Alliance	839	527
Environmental Lands	-	148

	2012 \$'000	2011 \$'000
Note 4 Grants (cont)		
Community and Social Development		
Home and Community Care	1,271	1,233
Library	1	23
School Crossing Supervisors	70	63
Environmental Health	74	86
Maternal and Child Health	384	383
Children's Services	1,247	1,134
Youth Services	62	73
Community Centres	119	143
Settlement Assistance	85	68
Skilled Migration	87	67
Streets Ahead	-	32
Healthy Communities	296	-
Adult Day Care	325	317
Other	57	47
Total recurrent	11,229	9,470
Non-recurrent		
Infrastructure		
Cyclepath	119	23
Trudewind Road Preschool	-	188
Yarralumla Drive	3,045	-
Victoria Cross Parade	543	409
Mahers Road	217	207
Recovery shop	20	83
Flood Disaster Relief	65	876
Environment		
Environmental Strategy	-	25
City Entrances	100	-
Community and Social Development		
White Box Rise	-	100
Affordable Housing	-	10
Leisure and Culture		
Library Revitalisation	10	90
Tennis Centre	-	6
Kelly Park Lighting	-	4
Aquatic Centre	1,800	-
Scout Hall Relocation	500	-
Baranduda Pavilion	100	100
Pearce Street Athletics Oval	-	4
Bonegilla Revitalisation Project	95	44
Performing Arts Centre	3,680	3,000
Artspace	50	100
Baranduda Lighting	-	80
Willow Park Lighting	4	39
Other	44	391
Total non-recurrent	10,392	5,779

	2012 \$'000	2011 \$'000
Note 4 Grants (cont)		
Conditions on grants		
Grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were:		
Baranduda Pavillion	-	100
Aquatic Centre	-	650
Healthy Communities	100	-
City Entrances	100	-
Yarralumla Drive	500	-
Scout Hall Relocation	500	-
Baranduda Lighting	-	70
Willow Park Lighting	-	24
Victoria Cross Parade	-	330
Performing Arts Centre	-	1,900
Green House Alliance	-	230
Total	1,200	3,304
Grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were:		
Enterprise Connect	-	23
Baranduda Lighting	70	-
Willow Park Lighting	24	-
Victoria Cross Parade	330	-
Performing Arts Centre	1,900	-
Green House Alliance	230	-
Skilled migration	-	43
Streets ahead	-	18
Tennis Centre	-	54
Kelly Park Lighting	-	36
Baranduda Pavillion	100	158
Martin Park Netball Courts	-	50
Pearce Street Althetics Oval	-	15
Aquatic Centre	650	1,000
Leisure Centre Roof	-	220
	3,304	1,617
Net increase (decrease) in restricted assets resulting from grant revenues for the year:	(2,104)	1,687

	2012 \$'000	2011 \$'000
Note 5 Contributions		
(a) Cash		
Roads	733	462
Footpaths	-	164
Buildings	-	127
Recreational, leisure and community facilities	45	15
Parks, open space and streetscapes	-	349
Events and Festivals	79	-
Environment	54	55
Developer Contributions	193	431
Other	19	338
Total	1,123	1,941
(b) Non-monetary assets		
Land under roads	485	-
Developer Contributions by way of infrastructure assets	4,462	165
Total	4,947	165
Total contributions	6,070	2,106
Note 6 Net gain/(loss) on disposal of property, infrastructure, plant and equipment		
Proceeds of sale	7,023	1,123
Write down value of assets disposed	(5,584)	(494)
Written down value of assets scrapped	-	(1,841)
Total	1,439	(1,212)
Note 7 Other income		
Interest on Investments	957	849
Interest on rates	86	59
Total other income	1,043	908
Note 8 Employee benefits		
Wages and salaries	16,384	14,975
WorkCover	464	420
Superannuation	1,212	1,296
Superannuation - additional contribution*	3,287	952
Fringe benefits tax and work cover	93	99
Redundancy	12	117
Other	727	653
Total employee benefits	22,179	18,512

* Council was required to make additional contributions to Vision Super to meet Council's obligations in relation to members of the defined benefit plan.

	2012 \$'000	2011 \$'000
Note 9 Materials and services		
Contract payments	8,765	10,629
Plant and fleet maintenance	322	321
Utilities	896	748
Consultancy	1,225	622
Rent and accommodation	502	204
Advertising	167	129
Cleaning and security	444	458
Contributions	298	268
Events and festivals	479	463
Insurance	568	453
Legal	409	313
Maintenance	366	457
Marketing and business development	264	206
Materials and services	1,811	1,694
Minor equipment	263	299
Printing and stationery	255	272
Strategies and plans	307	323
Telephone	157	150
Operating lease payments	704	551
Other	971	912
Total materials and services	19,173	19,472
Note 10 Bad and doubtful debts		
Other debtors	3	7
Total bad and doubtful debts	3	7
Note 11 Depreciation and amortisation		
<i>Property</i>		
Buildings		
Buildings	1,218	1,246
<i>Plant and Equipment</i>		
Plant, machinery and equipment	445	509
Fixtures, fittings and furniture	35	34
Computers and telecommunications	30	16
<i>Infrastructure</i>		
Roads	3,396	3,249
Bridges	169	145
Footpaths	430	402
Cyclepaths	220	220
Drainage	745	1,115
Kerb and channel	386	383
Playground equipment	284	199
Total depreciation and amortisation	7,358	7,518

	2012 \$'000	2011 \$'000
Note 12 Finance costs		
Bank overdraft charges	-	1
Interest - Borrowings	1,796	1,731
Total	1,796	1,732
Less capitalised borrowing costs on qualifying assets	-	-
Total finance costs	1,796	1,732
Note 13 Other expenses		
Auditors' remuneration	43	49
Councillors' allowances	216	207
Internal audit	20	33
Economic development contributions	80	167
Environment contributions	94	182
Library contributions	160	239
Community contributions	59	45
Recreation contributions	-	105
Memberships	130	112
Other	6	7
Total other expenses	808	1,146
Note 14 Cash and cash equivalents		
Cash on hand	7	6
Cash at bank	356	289
Money market call account	7,760	6,814
Term deposits	7,100	11,100
Total cash and cash equivalents	15,223	18,209
Councils cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. These include:		
- Long service leave obligations as prescribes by the Local Government Act (note 29)	-	2,318
- Unexpended grant funds for specific future purposes (note 29)	1,200	3,304
- Trust funds and deposits (note 21)	909	1,196
- Wodonga Retained Environmental Network (note 29)	2,812	-
Restricted Funds	4,921	6,818
Total unrestricted cash and cash equivalents	10,302	11,391
Note 15 Trade and other receivables		
Current		
Rates debtors	1,234	855
Land sale debtors	6,732	-
Loans and advances to community organisations	-	19
Other debtors	1,560	2,714
Provision for doubtful debts - other debtors	(29)	(12)
Net GST receivable	366	21
Total	9,863	3,597
Total trade and other receivables	9,863	3,597
Note 16 Inventories		
Inventories held for sale	6	18
Total inventories	6	18

	2012 \$'000	2011 \$'000
Note 17 Assets held for sale		
Cost of acquisition	-	10,876
Capitalised development costs (eg roads, drainage)	-	16,320
Total	-	27,196

Assets held for sale represents developed serviced land and developed unserviced land at the Council's LOGIC development.

The area consists of 107.85 Hectares of serviced land and 269.43 Hectares of unserviced land and has been valued under the historical cost convention or net realisable value.

After consideration of the likelihood of possible land sales at this site in the following year, it was considered more appropriate to classify the asset as non current, and therefore has been included within the land asset class at cost. (Note 19)

Note 18 Other assets

Current

Prepayments	605	461
Accrued income	123	148
Total	728	609

Note 19 *Property, infrastructure, plant and equipment*

	2012 \$'000	2011 \$'000
Summary		
at cost	51,648	14,678
Less accumulated depreciation	3,956	4,388
	47,692	10,290
at fair value as at 30 June 2012	498,239	-
Less accumulated depreciation	153,215	-
	345,024	-
at fair value as at 30 June 2011	-	261,639
Less accumulated depreciation	-	98,945
	-	162,694
at fair value as at 30 June 2010	-	159,275
Less accumulated depreciation	-	28,850
	-	130,425
at fair value as at 30 June 2009	-	89,167
Less accumulated depreciation	-	38,980
	-	50,187
Total	392,716	353,596
Property		
Land		
at fair value as at 30 June 2012	76,862	-
at cost	27,196	-
at fair value as at 30 June 2010	-	82,765
	104,058	82,765
Land under roads		
at Council valuation at 30 June 2012	3,462	-
at Council valuation at 30 June 2010	-	2,988
	3,462	2,988
Total Land	107,520	85,753
Buildings		
at cost	-	297
Less accumulated depreciation	-	-
	-	297
at fair value as at 30 June 2012	62,805	-
at fair value as at 30 June 2010	-	58,614
Less Accumulated depreciation	24,263	23,179
	38,542	35,435
Total Buildings	38,542	35,732
Total Property	146,062	121,485

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

Total Property

Valuation of land (excluding land under roads) and buildings were undertaken by a qualified independent valuer, Marcus Hann (API). The valuation of buildings is at fair value based on current replacement cost less accumulated depreciation at the date of valuation. The valuation of land is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. All freehold land reserved for public open space is valued at a discount of 90% percent to market value based on legal precedents.

Land under roads is valued at fair value. Fair value is based on Council valuations at 30 June 2012 for land under roads in existence at that date and at the date acquired for subsequent acquisitions using site values adjusted 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	5,028	5,569
Less accumulated depreciation	2,814	2,977
	2,214	2,592

Fixtures, fittings and furniture

at cost	362	351
Less accumulated depreciation	289	243
	73	108

Computers and telecommunications

at cost	901	1,246
Less accumulated depreciation	853	1,168
	48	78

Total Plant and Equipment

	2,335	2,778
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Note 19 <i>Property, infrastructure, plant and equipment (cont)</i>	2012 \$'000	2011 \$'000
Infrastructure		
Roads		
at fair value as at 30 June 2012	191,661	-
at fair value as at 30 June 2011	-	192,183
Less accumulated depreciation	72,847	70,560
	118,814	121,623
Bridges		
at fair value as at 30 June 2012	17,309	-
at fair value as at 30 June 2010	-	14,908
Less accumulated depreciation	6,506	5,671
	10,803	9,237
Footpaths		
at fair value as at 30 June 2012	25,801	-
at fair value as at 30 June 2011	-	24,246
Less accumulated depreciation	12,385	11,291
	13,416	12,955
Drainage		
at fair value as at 30 June 2012	74,518	-
at fair value as at 30 June 2009	-	89,167
Less accumulated depreciation	20,433	38,980
	54,085	50,187
Kerb and Channel		
at fair value as at 30 June 2012	30,889	-
at fair value as at 30 June 2011	-	30,631
Less accumulated depreciation	12,223	11,929
	18,666	18,702
Cycle Paths		
at fair value as at 30 June 2012	11,009	-
at fair value as at 30 June 2011	-	10,862
Less accumulated depreciation	3,195	3,353
	7,814	7,509
Playground equipment		
at fair value as at 30 June 2012	3,923	-
at fair value as at 30 June 2011	-	3,717
Less accumulated depreciation	1,363	1,812
	2,560	1,905
	226,158	222,118
Valuation of infrastructure assets has been determined in accordance with a valuation undertaken by Charles Edward Mitchell, council's Asset Management Manager BE(Civil), MBA .		
The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.		
Works in progress		
Land improvements at cost	-	131
Buildings at cost	15,285	6,046
Roads at cost	2,876	845
Cycle paths at cost	-	53
Computers and telecommunications at cost	-	140
	18,161	7,215
	392,716	353,596

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

2012	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 24)	Depreciation and amortisation (note 11)	Written down value of disposals	Transfers	Transfer from land held for resale	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property								
land	82,765	1,634	(7,082)	-	586	131	27,196	104,058
land under roads	2,988	485	(11)	-	-	-	-	3,462
Total land	85,753	2,119	(7,093)	-	586	131	27,196	107,520
buildings	35,732	1,216	(294)	1,218	117	3,223	-	38,542
Total buildings	35,732	1,216	(294)	1,218	117	3,223	-	38,542
Total property	121,485	3,335	(7,387)	1,218	703	3,354	27,196	146,062
Plant and Equipment								
plant, machinery and equipment	2,592	3	-	445	76	140	-	2,214
fixtures, fittings and furniture	108	-	-	35	-	-	-	73
computers and telecommunications	78	-	-	30	-	-	-	48
Total plant and equipment	2,778	3	-	510	76	140	-	2,335
Infrastructure								
roads	121,623	3,090	(3,348)	3,396	-	845	-	118,814
bridges	9,237	1	1,734	169	-	-	-	10,803
footpaths	12,955	331	560	430	-	-	-	13,416
drainage	50,187	806	3,837	745	-	-	-	54,085
kerb and channel	18,702	220	130	386	-	-	-	18,666
cyclepaths	7,509	623	(151)	220	-	53	-	7,814
playground equipment	1,905	214	725	284	-	-	-	2,560
Total infrastructure	222,118	5,285	3,487	5,630	-	898	-	226,158
Works in progress								
Land improvements at cost	131	-	-	-	-	(131)	-	-
Buildings at cost	6,046	12,462	-	-	-	(3,223)	-	15,285
Roads at cost	845	2,876	-	-	-	(845)	-	2,876
Cycle paths at cost	53	-	-	-	-	(53)	-	-
Computers and telecommunications at cost	140	-	-	-	-	(140)	-	-
Total works in progress	7,215	15,338	-	-	-	(4,392)	-	18,161
Total property, plant and equipment, infrastructure	353,596	23,961	(3,900)	7,358	779	-	27,196	392,716

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

2011	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 24)	Depreciation and amortisation (note 11)	Written down value of disposals	Transfers	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property							
land	82,971	-	-	-	206	-	82,765
land under roads	2,988	-	-	-	0	-	2,988
Total land	85,959	-	-	-	206	-	85,753
buildings	38,522	297	-	1,246	1,841	-	35,732
Total buildings	38,522	297	-	1,246	1,841	-	35,732
Total property	124,481	297	-	1,246	2,047	-	121,485
Plant and Equipment							
plant, machinery and equipment	3,138	252	-	509	289	-	2,592
fixtures, fittings and furniture	142	-	-	34	-	-	108
computers and telecommunications	14	80	-	16	-	-	78
Total plant and equipment	3,294	332	-	559	289	-	2,778
Infrastructure							
roads	121,349	2,233	371	3,249	-	919	121,623
bridges	9,382	-	-	145	-	-	9,237
footpaths	13,429	162	(234)	402	-	-	12,955
drainage	51,137	165	-	1,115	-	-	50,187
kerb and channel	18,293	-	792	383	-	-	18,702
cyclepaths	5,490	-	2,239	220	-	-	7,509
playground equipment	2,219	-	(115)	199	-	-	1,905
Total infrastructure	221,299	2,560	3,053	5,713	-	919	222,118
Works in progress							
Land improvements at cost	131	-	-	-	-	-	131
Buildings at cost	1,828	4,218	-	-	-	-	6,046
Roads at cost	1,764	-	-	-	-	(919)	845
Cycle paths at cost	-	53	-	-	-	-	53
Computers and telecommunications at cost	140	-	-	-	-	-	140
Total works in progress	3,863	4,271	-	-	-	(919)	7,215
Total property, plant and equipment, infrastructure	352,937	7,460	3,053	7,518	2,336	-	353,596

	2012 \$'000	2011 \$'000
Note 20 Trade and other payables		
Trade payables	2,399	1,636
Accrued expenses	215	143
Employee costs	388	359
Income received in advance	179	179
Accrued Interest	90	96
Land purchases	3,420	886
Superannuation	1,500	-
Total trade and other payables	8,191	3,299
Non-current		
Superannuation	1,787	-
	1,787	-
Total trade and other payables	9,978	3,299

Note 21 Trust funds and deposits

Refundable roads/drainage deposits	282	346
Refundable footpath deposits	25	61
Refundable soil and water deposits	58	98
Refundable preschool deposits	19	19
Tree planting and landscaping deposits	264	383
Other refundable deposits	261	289
Total trust funds and deposits	909	1,196

Deposits are monies paid to the Wodonga City Council for various contract works and are to be refunded on satisfactory completion of the contract works.

Note 22 Provisions

	Time in lieu \$ '000	Annual leave \$ '000	Long service leave \$ '000	Landfill restoration \$ '000	Environment Network \$ '000	Total \$ '000
2012						
Balance at beginning of the financial year	116	1,299	2,318	878	2,844	7,455
Additional provisions	123	1,022	574	344	212	2,275
Amounts used	(135)	(904)	(83)	(372)	(244)	(1,738)
Balance at the end of the financial year	104	1,417	2,809	850	2,812	7,992
2011						
Balance at beginning of the financial year	125	1,213	2,198	425	1,984	5,945
Additional provisions	115	900	227	576	940	2,758
Amounts	(124)	(814)	(107)	(123)	(80)	(1,248)
Balance at the end of the financial year	116	1,299	2,318	878	2,844	7,455

Note 22 Provisions (cont)	2012 \$'000	2011 \$'000
(a) Employee benefits		
Current (i)		
Time in lieu	104	116
Annual	1,417	1,299
Long service leave	2,449	1,907
	<u>3,970</u>	<u>3,322</u>
Non-current (ii)		
Long service leave	360	411
	<u>360</u>	<u>411</u>
Aggregate carrying amount of employee benefits:		
Current	3,970	3,322
Non-current	360	411
	<u>4,330</u>	<u>3,733</u>
The following assumptions were adopted in measuring the present value of employee benefits:		
Weighted average increase in employee costs	4.31%	4.60%
Weighted average discount rates	2.4%-3.3%	4.7%-5.3%
Weighted average settlement period	15 mths	15 mths
(i) Current		
All annual leave and the long service leave entitlements representing 7 or more years of continuous service		
- Short-term employee benefits, that fall due within 12 months after the end of the period measured at nominal value	3,258	2,415
- Other long-term employee benefits that do not fall due within 12 months after the end of the period measured at present value	712	907
	<u>3,970</u>	<u>3,322</u>
(ii) Non-current		
Long service leave representing less than 7 years of continuous service measured at present value	360	411
(b) Land fill restoration		
Under agreement Council is obligated to restore the closed Beechworth Road and Sheathers Road landfill sites to a particular standard. The restoration works at the two sites have commenced. The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.		
Council does not expect to receive reimbursement from a third party.		
Land fill restoration		
Current	120	100
Non-current	730	778
Total	<u>850</u>	<u>878</u>
(c) Wodonga retained environmental network		
Current	213	195
Non-current	2,599	2,649
Total	<u>2,812</u>	<u>2,844</u>

Under agreement the Council is obligated to protect and enhance in perpetuity the biological values of the Wodonga retained environmental network area, including the protection and enhancement of native plants and animals with particular emphasis on threatened species and their habitats.

	2012 \$'000	2011 \$'000
Note 23 Interest-bearing loans and borrowings		
Current		
Borrowings - secured	3,265	2,424
Superannuation	-	95
	<u>3,265</u>	<u>2,519</u>
Non-current		
Borrowings - secured	23,091	26,357
Superannuation	-	857
	<u>23,091</u>	<u>27,214</u>
Total	<u>26,356</u>	<u>29,733</u>
The maturity profile for Council's borrowings is:		
Floating interest rate	11,065	12,787
Not later than one year	749	798
Later than one year and not later than five years	3,186	3,689
Later than five years	11,356	12,459
Total	<u>26,356</u>	<u>29,733</u>
Aggregate carrying amount of interest-bearing loans and borrowings:		
Current	3,265	2,519
Non-current	23,091	27,214
Total interest-bearing loans and borrowings	<u>26,356</u>	<u>29,733</u>

Note 24 Reserves

	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
	\$'000	\$'000	\$'000
Asset revaluation reserve			
2012			
Property			
Land	33,903	(7,082)	26,821
Land under roads	51	(11)	40
Buildings	20,560	(294)	20,266
	54,514	(7,387)	47,127
Infrastructure			
Roads	71,818	(3,348)	68,470
Footpaths	9,625	560	10,185
Cyclepaths	5,932	(151)	5,781
Kerb and channel	13,490	130	13,620
Drainage	30,919	3,837	34,756
Bridges and major culverts	6,477	1,734	8,211
Playgrounds	677	725	1,402
Plant and Equipment	314	-	314
	139,252	3,487	142,739
Total asset revaluation reserve	193,766	(3,900)	189,866
2011			
Property			
Land	33,903	-	33,903
Land under roads	51	-	51
Buildings	20,560	-	20,560
	54,514	-	54,514
Infrastructure			
Roads	71,447	371	71,818
Footpaths	9,859	(234)	9,625
Cyclepaths	3,693	2,239	5,932
Kerb and channel	12,698	792	13,490
Drainage	30,919	-	30,919
Bridges and major culverts	6,477	-	6,477
Playgrounds	792	(115)	677
Plant and Equipment	314	-	314
	136,199	3,053	139,252
Total asset revaluation reserve	190,713	3,053	193,766

The asset revaluation reserve was established to capture the movements in asset valuations upon the periodic revaluation of Council's assets

	2012 \$'000	2011 \$'000
Note 25 Reconciliation of cash flows from operating activities to comprehensive result		
Comprehensive result	11,759	5,385
Depreciation/amortisation	7,358	7,518
Profit/(loss) on disposal of property, infrastructure, plant and equipment	(1,439)	1,212
Revaluation (increment)/decrement	3,900	(3,053)
Contributions - Non-monetary assets	(4,947)	(165)
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	449	(2,093)
(Increase)/decrease in prepayments	(144)	(199)
(Increase)/decrease in accrued income	25	(90)
Increase/(decrease) in trade and other payables	4,182	358
Increase/(decrease) in other liabilities	-	952
(Increase)/decrease in inventories	12	(6)
Increase/(decrease) in provisions	569	650
Net cash provided by/(used in) operating activities	21,724	10,469
Note 26 Reconciliation of cash and cash equivalents		
Cash and cash equivalents (see note 14)	15,223	18,209
Total reconciliation of cash and cash equivalents	15,223	18,209
Note 27 Financing arrangements		
Bank overdraft	200	200
Unused facilities	200	200
Note 28 Non-cash financing and investing activities		
Infrastructure provided by developers	4,947	165
Total non-cash financing and investing activities	4,947	165
Note 29 Restricted assets		
Council has cash and cash equivalents (note 14) that are subject to restrictions. As at the reporting date, Council had legislative restrictions in relation to employee entitlements (Long Service Leave) and reserve funds (Recreational Lands Reserves).		
Long service leave (note 22)	-	2,318
Grant funding (note 4)	1,200	3,304
Wodonga Retained Environmental Network (note 22)	2,812	2,844
Trust funds and deposits (note 21)	909	1,196
Total restricted assets	4,921	9,662

Note 30 - Superannuation

Council made contributions to the following funds:

	2012	2011
Defined benefit funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	<u>147</u>	<u>158</u>
Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date.	<u>3,287</u>	<u>952</u>
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	633	835
Employer contributions to other superannuation funds	380	303
	<u>1,013</u>	<u>1,138</u>
Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date.	52	-
Employer contributions to other superannuation funds	-	-
	<u>52</u>	<u>-</u>

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. Council was made aware of the expected short fall through the year and was informed formally of their share of the short fall on 31st July 2012 which amounted to \$3.29 million, including the contributions tax. Council has elected to pay \$1.5 million by lump sum before 30 June 2012 and the remaining \$1.78 million in the 2013/14 financial year. Council has accounted for this short fall in the Comprehensive Income Statement in Employee Benefits (see note 8) and in the Balance Sheet in Trade and Other Payables (see note 20).

Note 31 Commitments

The Council has entered into the following commitments

2012	Not later than 1	Later than 1 year	Later than 2 years	Later than 5	Total
	year	and not later than	and not later than	years	
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Supply of natural gas	42	42	-	-	84
Provision of security services	55	58	60	-	173
Provision of employee assistance program	15	15	15	-	45
Meals on wheels	249	-	-	-	249
Provision of cleaning services	496	496	496	496	1,984
Waste recycling and greenwaste	2,400	2,400	2,400	2,400	9,600
Electricity and associated services	310	320	330	-	960
Electricity supply to public lighting	205	205	205	-	615
Real estate services	78	-	-	-	78
Regional mulching	100	100	-	-	200
Library management	188	-	-	-	188
Property Valuations	214	-	-	-	214
Uniforms	54	-	-	-	54
Mapinfo service	35	-	-	-	35
Internal Audit	38	38	40	40	156
Legal services	245	250	-	-	495
Sanitary & nappy service	12	-	-	-	12
Provision of printing	316	316	316	-	948
Provision of stationery	100	100	-	-	200
Fire & emergency inspections	41	44	46	-	131
Total	5,193	4,384	3,908	2,936	16,421
Capital					
Buildings	85	-	-	-	85
Recreation	6,182	-	-	-	6,182
Total	6,267	-	-	-	6,267
2011	Not later than 1	Later than 1 year	Later than 2 years	Later than 5	Total
	year	and not later than	and not later than	years	
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Supply of natural gas	42	42	42	-	126
Provision of security services	65	-	-	-	65
Provision of employee assistance program	15	15	15	15	60
Meals on wheels	227	249	-	-	476
Provision of cleaning services	395	-	-	-	395
Waste recycling and greenwaste	1,550	-	-	-	1,550
Electricity and associated services	300	310	320	330	1,260
Electricity supply to public lighting	205	205	205	205	820
Real estate services	78	-	-	-	78
Regional mulching	100	100	100	-	300
Library management	188	-	-	-	188
Property Valuations	214	-	-	-	214
Uniforms	52	54	-	-	106
Mapinfo service	34	35	-	-	69
Internal Audit	31	-	-	-	31
Legal services	240	245	250	-	735
Sanitary & nappy service	12	-	-	-	12
Provision of printing	314	316	-	-	630
Provision of stationery	100	100	-	-	200
Swimming pool management	169	-	-	-	169
Total	4,331	1,671	932	550	7,484
Capital					
Buildings	4,594	5,184	-	-	9,778
Playgrounds	210	-	-	-	210
Recreation	250	-	-	-	250
Total	5,054	5,184	-	-	10,238

	2012	2011
	\$'000	\$'000
Note 32 Operating leases		
Operating lease commitments		
At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities):		
Not later than one year	704	505
Later than one year and not later than five years	1,325	1,080
Later than five years	-	-
	2,029	1,585

Note 33 Contingent liabilities and contingent assets

Contingent liabilities

The Council is presently involved in several confidential legal matters, which are being conducted through Council's solicitors.

As these matters are yet to be finalised, and the financial outcomes are unable to be reliably estimated, no allowance for these contingencies has been made in the financial report.

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

In 2008 Council sold the Livestock Exchange business. It is anticipated that the new operator will establish a new livestock exchange at a new location. At that time, Council will be required to rehabilitate the present livestock exchange site. The future cost of this cannot be reliably estimated. The future cost will be offset by the salvage value of the materials from the site, though the future salvage value cannot be reliably estimated.

Contingent assets

Developer contributions to be received in respect of estates currently under development remain unquantifiable at balance date.

Note 34 Financial Instruments

(a) Accounting Policy, terms and conditions

Recognised financial instruments	Note	Accounting Policy	Terms and Conditions
Financial assets			
Cash and cash equivalents	14	Cash on hand and at bank and money market call account are valued at face value. Interest is recognised as it accrues. Investments and bills are valued at cost. Investments are held to maximise interest returns of surplus cash. Interest revenues are recognised as they accrue. Managed funds are measured at market value.	On call deposits returned a floating interest rate of 4.34%-3.07% (3.93%-6.5% in 2010/2011). The interest rate at balance date was 3.07% (4.3% in 2010/2011). Funds returned fixed interest rate of between 5.1% (4.75% in 2010/2011), and 6.13% (6.5% in 2010/2011) net of fees.
Trade and other receivables			
Other debtors	15	Receivables are carried at amortised cost using the effective interest method. A provision for doubtful debts is recognised when there is objective evidence that an impairment loss has occurred. Collectability of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured and arrears attract an interest rate of 0% (0% in 2010/2011). Credit terms are based on 30 days.
Financial Liabilities			
Trade and other payables	20	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	23	Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables.	Borrowings are secured by way of mortgages over the general rates of the Council. The weighted average interest rate on borrowings is 6.64% (6.65% in 2010/2011).
Bank overdraft	23	Overdrafts are recognised at the principal amount. Interest is charged as an expense as it accrues.	The overdraft is subject to annual review. It is secured by a mortgage over Council's general rates and is repayable on demand. Interest rates on utilised overdraft were 8.71%-9.81% (9.46%-9.81% in 2010/2011). The interest rate as at balance date was 8.71% (9.81% in 2010/2011).

Note 34 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:

2012

	Floating interest rate \$'000	Fixed interest maturing in:			Non-interest bearing \$'000	Total \$'000
		1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000		
Financial assets						
Cash and cash equivalents	356	14,860	-	-	7	15,223
Trade and other receivables	7,966	-	-	-	297	8,263
Other assets	-	-	-	-	728	728
Total financial assets	8,322	14,860	-	-	1,032	24,214
Weighted average interest rate	4.90%	5.00%				
Financial liabilities						
Trade and other payables	-	-	-	-	8,191	8,191
Trust funds and deposits	-	-	-	-	909	909
Interest-bearing loans and borrowings	11,065	749	3,186	11,356	-	26,356
Total financial liabilities	11,065	749	3,186	11,356	9,100	35,456
Weighted average interest rate	6.64%	6.64%	6.64%	6.64%		
Net financial assets (liabilities)	(2,743)	14,111	(3,186)	(11,356)	(8,068)	(11,242)

2011

	Floating Interest rate \$'000	1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000	Non-interest bearing \$'000	Total \$'000
Cash and cash equivalents	7,103	11,100	-	-	6	18,209
Trade and other receivables	874	-	-	-	1,847	3,597
Other assets	-	-	-	-	609	609
Total financial assets	7,977	11,100	-	-	2,462	22,415
Weighted average interest rate	5.62%	6.00%				
Financial liabilities						
Trade and other payables	-	-	-	-	3,299	3,299
Trust funds and deposits	-	-	-	-	1,196	1,196
Interest-bearing loans and borrowings	12,787	798	3,689	12,459	-	29,733
Total financial liabilities	12,787	798	3,689	12,459	4,495	34,228
Weighted average interest rate	6.82%	6.53%	6.53%	6.53%		
Net financial assets (liabilities)	(4,810)	10,302	(3,689)	(12,459)	(2,033)	(11,813)

Note 34 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	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<i>Financial assets</i>				
Cash and cash equivalents	15,223	18,209	15,223	18,209
Trade and other receivables	8,263	2,721	8,263	2,721
Other assets	728	609	728	609
<i>Total financial assets</i>	<u>24,214</u>	<u>21,539</u>	<u>24,214</u>	<u>21,539</u>
<i>Financial liabilities</i>				
Trade and other payables	8,191	3,299	8,191	3,299
Trust funds and deposits	909	1,196	909	1,196
Interest-bearing loans and borrowings	26,356	30,830	26,356	30,830
<i>Total financial liabilities</i>	<u>35,456</u>	<u>35,325</u>	<u>35,456</u>	<u>35,325</u>

(d) Credit Risk

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

(e) Risks and mitigation

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

Market risk

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

Interest rate risk

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

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

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

Note 34 Financial Instruments (cont.)

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

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

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

Credit risk

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

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

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

We may also be subject to credit risk for transactions which are not included in the balance sheet, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in note 39.

Movement in Provisions for Doubtful Debts	2012	2011
	\$'000	\$'000
Balance at the beginning of the year	12	25
New Provisions recognised during the year	-	-
Amounts already provided for and written off as uncollectible	17	(13)
Amounts provided for but recovered during the year	-	-
Balance at end of year	<u>29</u>	<u>12</u>

Ageing of Trade and Other Receivables

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

	2012	2011
	\$'000	\$'000
Current (not yet due)	6,498	1,626
Past due by up to 30 days	53	43
Past due between 31 and 180 days	1,664	1,032
Past due between 181 and 365 days	48	20
Past due by more than 1 year	-	-
Total Trade & Other Receivables	<u>8,263</u>	<u>2,721</u>

Note 34 Financial Instruments (cont.)

Ageing of individually impaired Trade and Other Receivables

At balance date, other debtors representing financial assets with a nominal value of \$29,219 (\$ 11,974 - 2010/11) were impaired. The amount of the provision raised against these debtors was \$29,219 (\$ 11,974 - 2010/11). The individually impaired debtors relate to general and sundry debtor and have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

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

	2012 \$'000	2011 \$'000
Current (not yet due)	-	-
Past due by up to 30 days	-	-
Past due between 31 and 180 days	-	-
Past due between 181 and 365 days	29	12
Past due by more than 1 year	-	-
Total Trade & Other Receivables	29	12

Liquidity risk

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

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

To help reduce these risks we:

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

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

The table below lists the contractual maturities for Financial Liabilities

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

2012	6 mths or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	>5 years \$'000	Contracted Cash Flow \$'000	Carrying Amount \$'000
Trade and other payables	8,191	-	-	-	-	-	8,191
Trust funds and deposits	135	180	202	322	70	-	909
Interest-bearing loans and borrowings	475	2,790	1,109	3,391	18,591	-	26,356
Total financial liabilities	8,801	2,970	1,311	3,713	18,661	-	35,456

Note 34 Financial Instruments (cont.)

2011	6 mths or less	6-12 months	1-2 years	2-5 years	>5 years	Contracted Cash Flow	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	3,299	-	-	-	-	-	3,299
Trust funds and deposits	252	184	218	462	80	-	1,196
Interest-bearing loans and borrowings	1,506	1,013	1,603	4,224	21,387	-	29,733
Total financial liabilities	5,056	1,197	1,821	4,686	21,467	-	34,228

(f) Sensitivity disclosure analysis

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

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

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

		Interest rate risk			
		-2%		+1%	
		-200 basis points		+100 basis points	
		Profit	Equity	Profit	Equity
2012	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:					
Cash and cash equivalents	15,216	(304)	(304)	152	152
Financial liabilities:					
Interest-bearing loans and borrowings	11,065	(221)	(221)	111	111

		Interest rate risk			
		-2%		+1%	
		-200 basis points		+100 basis points	
		Profit	Equity	Profit	Equity
2011	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:					
Cash and cash equivalents	18,203	(364)	(364)	182	182
Trade and other receivables	19	(0)	(0)	0	0
Financial liabilities:					
Interest-bearing loans and borrowings	12,787	(256)	(256)	128	128

(g) Fair Value Hierarchy

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

Note 35 Auditors' remuneration	2012	2011
	\$'000	\$'000
Audit fee to conduct external audit - Victorian Auditor-General	43	49
Internal audit fees - Johnsons MME	20	33
	<hr/>	<hr/>
	63	82

Note 36 Events occurring after balance date

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

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 Councillor Mark Byatt (Mayor)
Councillor Rodney Wangman
Councillor Lisa Mahood
Councillor Anna Speedie
Councillor Edward Foulston
Councillor Angela Collins
Councillor Chris Ferguson

Chief Executive Officer Mr Gavin Cator (resigned 16 December 2011)
Ms Patience Harrington (appointed 19 December 2011)

(ii) Remuneration of Responsible Persons

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

	2012 No.	2011 No.
\$20,000 - \$29,999	6	6
\$60,000 - \$69,999	-	1
\$70,000 - \$79,999	1	-
\$110,000 - \$119,999	1	-
\$120,000 - \$120,999	1	-
\$220,000 - \$229,999	-	1
	9	8

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

\$'000	\$'000
459	449

(iii) No retirement benefits have been made by the Council to a Responsible Person. (2010/11, nil).

(iv) No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year (2010/11, 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 (2010/11, nil).

(vi) Senior Officers Remuneration

A Senior Officer other than a Responsible Person, is an officer of Council who has management responsibilities and reports directly to the Chief Executive or whose total annual remuneration exceeds \$127,000.

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

	2012 No.	2011 No.
Income Range:		
<\$127,000	5	2
\$127,000 - \$129,999	1	1
\$150,000 - \$159,999	1	1
\$170,000 - \$179,999	-	1
\$180,000 - \$189,999	1	-
\$190,000 - \$199,999	-	2
	8	7

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

\$'000	\$'000
842	951

Note 38 Income, expenses and assets by function/activities

	City Development Division		Finance and Business Development Division		Community Development Division	
	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME						
Grants	6,306	4,584	4,786	3,749	10,471	6,916
Other	8,753	11,002	34,244	23,033	1,817	1,432
TOTAL	15,059	15,586	39,030	26,782	12,288	8,348
EXPENSES	(15,637)	(19,079)	(19,600)	(18,946)	(11,175)	(9,506)
SURPLUS (DEFICIT) FOR THE YEAR	(578)	(3,493)	19,430	7,836	1,113	(1,158)
ASSETS ATTRIBUTED TO FUNCTIONS/ACTIVITIES*	317,338	315,533	31,795	36,126	35,475	24,370

	Executive Division		Investment Attraction Division		Total	
	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME						
Grants	1	-	57	-	21,621	15,249
Other	284	3	257	-	45,355	35,470
TOTAL	285	3	314	-	66,976	50,719
EXPENSES	(3,897)	(856)	(1,008)	-	(51,317)	(48,387)
SURPLUS (DEFICIT) FOR THE YEAR	(3,612)	(853)	(694)	-	15,659	2,332
ASSETS ATTRIBUTED TO FUNCTIONS/ACTIVITIES*	-	-	33,928	27,196	418,536	403,225

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

Note 38 Income, expenses and assets by function/activities

City Development Division

The City Development Division is responsible for protecting and enhancing and developing the Council's social and physical environment. The broad objective will be achieved primarily through planning, coordination and delivery of a diverse range of high quality, cost-efficient community and environmental services which are responsive to the needs of residents and other service users.

The Division includes the following units :

City infrastructure	Building Services
Urban planning	Environmental services

Finance and Business Development Division

The Finance and Business Development Division is responsible for providing a range of strategic and operational financial services to business units and to the Council as a whole.

The Division includes the following units:

Information Systems	Assets
Financial Services	Health and Civic Services

Community Development Division

The Community Development Division promotes and enhances community wellbeing through funding programs, advocacy, service provision, community partnerships and regulatory activity.

The Division includes the following units :

Family Services	Community Wellbeing
Youth Services	Civic Centre
Aged Services	Cultural Activities and Events and Festivals

Executive Division

The Executive Division is responsible for providing executive and administration services of

The Division includes the following units :

Executive Management	Governance
Human Resources	Customer and Competitive Services
Marketing	

Investment Attraction Division

The Investment Attraction Division is responsible for programs which promote economic

The Division includes the following units :

Economic Development	Investment Attraction
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Note 39 Financial ratios (Performance indicators)

	2012	2012	2011	2011	2010	2010
	\$'000	(%)	\$'000	(%)	\$'000	(%)

(a) **Debt servicing ratio** (to identify the capacity of Council to service its outstanding debt)

<u>Debt servicing costs</u>	1,796	=	2.68%	<u>1,732</u>	=	3.41%	<u>1,676</u>	=	3.04%
Total revenue	66,976			50,719			55,044		

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>	4,936	=	15.84%	<u>3,286</u>	=	11.54%	<u>2,625</u>	=	10.01%
Rate revenue	31,167			28,465			26,227		

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>	31,167	=	46.53%	<u>28,465</u>	=	56.12%	<u>26,227</u>	=	47.65%
Total revenue	66,976			50,719			55,044		

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>	40,314	=	22.26%	<u>34,865</u>	=	20.46%	<u>35,901</u>	=	21.02%
Total realisable assets	181,119			170,403			170,757		

For the purpose of the calculation of financial ratios, realisable assets are those assets which can be sold and which are not subject to any restriction on realisation or use.

Any liability represented by a restricted asset (note 29) is excluded from total indebtedness.

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

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

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

Note 39 Financial ratios (Performance indicators) (cont.)	2012 \$'000	2012 (%)	2011 \$'000	2011 (%)	2010 \$'000	2010 (%)
(e) Working capital ratio (to assess Council's ability to meet current commitments)						
<u>Current assets</u>	25,820		49,629		44,016	
Current liabilities	16,668	= 154.91%	10,631	= 466.83%	8,615	= 510.92%

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

(f) Adjusted working capital ratio (to assess Council's ability to meet current commitments)

<u>Current assets</u>	25,820		49,629		44,016	
Current liabilities	15,956	= 161.82%	9,724	= 510.38%	7,806	= 563.87%

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

Current liabilities have been reduced to reflect the long service leave that is shown as a current liability because Council does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date, but is not likely to fall due within 12 months after the end of the period.

Note 40	Capital expenditure	Note	2012 \$'000	2011 \$'000
	Capital expenditure areas			
	Buildings		13,678	4,515
	Plant and equipment		3	332
	Roads		4,902	2,233
	Bridges		1	-
	Cyclepaths		-	52
	Footpaths		216	162
	Playgrounds		214	-
	Total capital works		19,014	7,294
	Represented by:			
	Renewal of infrastructure	(a)	1,809	977
	Upgrade of infrastructure	(b)	168	186
	Expansion of infrastructure	(c)	978	-
	New infrastructure		3,069	1,284
	New land and buildings		12,987	4,515
	New plant and equipment		3	332
	Total capital works		19,014	7,294

Property, plant and equipment, infrastructure movement

The movement between the previous year and the current year in property, plant and equipment, infrastructure as shown in the Balance Sheet links to the net of the following items:

Total capital works		19,014	7,294
Contributions - non-monetary assets	5(b)	4,947	165
Asset revaluation movement	24	(3,900)	3,053
Depreciation/amortisation	11	(7,358)	(7,518)
Written down value of assets sold	19	(779)	(2,336)
Net movement in property, plant and equipment, infrastructure	19	11,924	658

(a) Renewal

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

(b) Upgrade

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

(c) Expansion

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

Note 41 Special committees and other activities

The Baranduda Community Centre is a Committee of Management of the Wodonga City Council. For materiality reasons the assets and liabilities have not been included in these financial statements.

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.

Peter Morris CPA
Principal Accounting Officer

Date : 24th September 2012
Wodonga

In our opinion the accompanying financial statements present fairly the financial transactions of Wodonga City Council for the year ended 30 June 2012 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 24th September 2012 to certify the financial statements in their final form.

Mark Byatt
Mayor/Councillor

Date : 24th September 2012
Wodonga

Edward Foulston
Councillor

Date : 24th September 2012
Wodonga

Patience Harrington
Chief Executive Officer

Date : 24th September 2012
Wodonga

WODONGA CITY COUNCIL
PERFORMANCE STATEMENT - for the year ended 30 June, 2012
KEY STRATEGIC OBJECTIVES

Introduction to the Performance Statement

The Victorian Government is of the view that it is reasonable to expect all councils to collect and publish performance information. The Government has amended the Local Government act (Section 132 of the Local Government Act 1989) to ensure that local government develops new performance accountability mechanisms which allow for a consistent approach in the collection and reporting of information regarding financial performance, operating costs and community satisfaction. With comparable figures, a great deal of benefit of measuring performance is lost.

The use of performance indicators by local government is a significant first step towards achieving:

- An improved capacity to objectively measure council performance leading to a better set of relationships between state and local government.
- Better informed local communities.

Since 1998/99, there has been a requirement for councils to adopt an annual budget as part of its corporate planning cycle and to include in its annual report a statement of performance against the targets set in the annual budget.

Pillar One – Vibrant people, communities and neighbourhoods

Key strategic activity

- Plan for and provide cultural facilities that are accessible hubs of creative production, presentation and engagement
- Plan for the future provision of aquatic facilities within the city
- Design and build accessible and exciting playgrounds and family spaces
- Provide opportunities for interactions throughout neighbourhoods
- Promote community capacity building using neighbourhood power
- Promote and support the inclusion of older people in our community
- Continue to facilitate and actively participate in local, regional and state networks and partnerships to increase and improve young people's access to community life
- Promote and support the inclusion of young people in our community
- Develop a child-friendly framework for Wodonga
- Develop and provide quality services and activities that meet the needs of young children and families
- Provide high quality passive and active recreational areas and facilities
- Plan, develop and provide opportunities for the community to participate in leisure and recreational activities
- Provide activities that promote and assist residents who are disadvantaged or at risk
- Work with key agencies to develop a culture and networks that promote lifelong learning opportunities and development programs
- Work with key agencies to make Wodonga a safe place to live
- Develop approaches and actions to address key social issues in the community

Performance measure	Target	Status	Narrative
Obtain a community satisfaction survey result of greater than 75 for performance in the provision of recreational facilities	Community satisfaction survey result of greater than 75 for performance in the provision of recreational facilities	Not achieved	Council decided to measure the core areas offered under the survey. The core service did not include this performance measure. It is noted that in any case the change in methodology for the community satisfaction survey made comparisons with prior years and targets invalid.
Obtain a community satisfaction survey result of greater than 74 for performance in the appearance of public areas	Community satisfaction survey result of greater than 74 for performance in the appearance of public areas	Not achieved	Council decided to measure the core areas offered under the survey. The core service did not include this performance measure. It is noted that in any case the change in methodology for the community satisfaction survey made comparisons with prior years and targets invalid.

Performance measure	Target	Status	Narrative
Report to council on progress of the feasibility study undertaken as stage one of the Wodonga racecourse revitalisation strategy	Report to council on progress of the feasibility study undertaken as stage one of the Wodonga racecourse revitalisation strategy	Achieved	<ul style="list-style-type: none"> • A report was presented to the council meeting of 25th June 2012. • An update on this KSA was included in reports presented to the council meetings of 21st November 2011, 20th February 2012, and 18th June 2012 (Key Strategic Activities Quarterly Progress Report).
Report to council on the progress towards completion of plans for sporting facilities in the Leneva Valley	Report to council on the progress towards completion of plans for sporting facilities in the Leneva Valley	Achieved	<ul style="list-style-type: none"> • Two reports were presented to the council meeting of 12th December 2011 and a further report was presented to the council meeting of 16th April 2012. • An update on this KSA was included in reports presented to the council meetings of 21st November 2011, 20th February 2012, and 18th June 2012 (Key Strategic Activities Quarterly Progress Report).
Report to council on the review of council's role in the provision and development of aged care facilities	Report to council on the review of council's role in the provision and development of aged care facilities	Achieved	<ul style="list-style-type: none"> • A report was presented to the councillor briefing of 23rd April 2012. • An update on this KSA was included in reports presented to the council meetings of 21st November 2011, 20th February 2012, and 18th June 2012 (Key Strategic Activities Quarterly Progress Report).
Report to council on the investigation of ways for the community to take greater ownership of public parks	Report to council on the investigation of ways for the community to take greater ownership of public parks	Achieved	<ul style="list-style-type: none"> • Reports were presented to the councillor briefings of 3rd October 2011 and 18th June 2012. • An update on this KSA was included in reports presented to the council meetings of 21st November 2011, 20th February 2012, and 18th June 2012 (Key Strategic Activities Quarterly Progress Report).

Pillar Two – A strong and resilient economy

Key strategic activity

- Support the upgrade of telecommunications infrastructure provided to the Wodonga community
- Promote and support the development of existing and new industries and infrastructure to enhance the social and economic well being of Wodonga
- Support and strengthen tertiary education options offered to the community
- Facilitate business development and training opportunities for Wodonga businesses
- Encourage businesses to operate in a socially and environmentally responsible manner
- Increase the retail options within Wodonga

Performance measure	Target	Status	Narrative
Obtain a community satisfaction survey result of greater than 69 for performance in economic development responsibilities	Community satisfaction survey result of greater than 69 for performance in economic development responsibilities	Not achieved	Council decided to measure the core areas offered under the survey. The core service did not include this performance measure. It is noted that in any case the change in methodology for the community satisfaction survey made comparisons with prior years and targets invalid.
Report to council on the lobbying activities undertaken to have a rail terminal connected to LOGIC	Report to council on the lobbying activities undertaken to have a rail terminal connected to LOGIC	Achieved	<ul style="list-style-type: none"> • This KSA is reported to councillor briefings through verbal reports each week. • An update on this KSA was included in reports presented to the council meetings of 21st November 2011, 20th February 2012, and 18th June 2012 (Key Strategic Activities Quarterly Progress Report).
Report to council on approaches made to retailers to establish a presence in Wodonga	Report to council on approaches made to retailers to establish a presence in Wodonga	Achieved	An update on this KSA was included in reports presented to the council meetings of 21 st November 2011, 20 th February 2012, and 18 th June 2012 (Key Strategic Activities Quarterly Progress Report).
Develop a strategy that will increase sporting visitations to Wodonga	Develop a strategy that will increase sporting visitations to Wodonga	Achieved	<ul style="list-style-type: none"> • A report was presented to the councillor briefing of 26th March 2012. The strategy on sporting visitation was subsequently incorporated into the Cultural Services Plan which was presented to the council meeting of 18th June 2012. • An update on this KSA was included in reports presented to the council meetings of 21st November 2011, 20th February 2012, and 18th June 2012 (Key Strategic Activities Quarterly Progress Report).

Pillar Three – A well-built, well-maintained and well-protected community

Key strategic activity

- Achieve high environmental standards within council services and facilities
- Encourage effective community participation in reducing CO2 emissions throughout the community
- Develop waste management facilities and technology techniques to advocate for increased resource recovery
- Employ environmentally sustainable practices in the management of the majority of the council's open spaces
- Develop our environmental land and natural resources as recreational destinations
- Support and advocate for the provision of affordable housing options throughout the city which embrace affordable living practices
- Ensure community planning is based on relevant and timely information and data
- Utilise place management principles in local areas
- Support sustainable and safe transport options throughout the city
- Plan for future integrated community infrastructure that supports community health and well being
- Prepare comprehensive asset management strategies and plans to enable council to maintain and develop high quality infrastructure
- Support emergency service organisations

Performance measure	Target	Status	Narrative
Obtain a community satisfaction survey result greater than 64 for performance in local roads and footpaths	Community satisfaction survey result greater than 64 for performance in local roads and footpaths	Not achieved	Council decided to measure the core areas offered under the survey. The core service did not include this performance measure. It is noted that in any case the change in methodology for the community satisfaction survey made comparisons with prior years and targets invalid.
Obtain a community satisfaction survey result greater than 63 for performance in traffic management and planning	Community satisfaction survey result greater than 63 for performance in traffic management and planning	Not achieved	Council decided to measure the core areas offered under the survey. The core service did not include this performance measure. It is noted that in any case the change in methodology for the community satisfaction survey made comparisons with prior years and targets invalid.
Obtain a community satisfaction survey result greater than 66 for performance in town planning and approvals	Community satisfaction survey result greater than 66 for performance in town planning and approvals	Not achieved	Council decided to measure the core areas offered under the survey. The core service did not include this performance measure. It is noted that in any case the change in methodology for the community satisfaction survey made comparisons with prior years and targets invalid.

Performance measure	Target	Status	Narrative
Obtain a community satisfaction survey result greater than 76 for performance in waste management	Community satisfaction survey result greater than 76 for performance in waste management	Not achieved	Council decided to measure the core areas offered under the survey. The core service did not include this performance measure. It is noted that in any case the change in methodology for the community satisfaction survey made comparisons with prior years and targets invalid.
Obtain a community satisfaction survey result greater than 69 for performance in the enforcement of by-laws	Community satisfaction survey result greater than 69 for performance in the enforcement of by-laws	Not achieved	Council decided to measure the core areas offered under the survey. The core service did not include this performance measure. It is noted that in any case the change in methodology for the community satisfaction survey made comparisons with prior years and targets invalid.
Report to council on the progress with investigations into the opportunities to use renewable energy to reduce the cost of living	Report to council on the progress with investigations into the opportunities to use renewable energy to reduce the cost of living	Achieved	<ul style="list-style-type: none"> • Reports were presented to the council meetings of 17th October 2011 and 25th June 2012. A further report submitted to the councillor briefing of 18th June 2012. • An update on this KSA was included in reports presented to the council meetings of 21st November 2011, 20th February 2012, and 18th June 2012 (Key Strategic Activities Quarterly Progress Report).
Report to council on the future of council's corporate headquarters and options to address its condition	Report to council on the future of council's corporate headquarters and options to address its condition	Achieved	<ul style="list-style-type: none"> • Following a presentation to a councillors briefing on 27th June 2011 consultants have prepared a report on options. The options report is presently being discussed amongst staff. • An update on this KSA was included in reports presented to the council meetings of 21st November 2011, 20th February 2012, and 18th June 2012 (Key Strategic Activities Quarterly Progress Report).
Report to council on the progress towards the lot-by-lot sale of land at LOGIC	Report to council on the progress towards the lot-by-lot sale of land at LOGIC	Achieved	<ul style="list-style-type: none"> • There was a confidential discussion at councillor briefing of 17th October 2011 on "Global Economic Conditions and Logic". • An update on this KSA was included in reports presented to the council meetings of 21st November 2011, 20th February 2012, and 18th June 2012 (Key Strategic Activities Quarterly Progress Report).

Performance measure	Target	Status	Narrative
Report to council with the strategic and financial plans for the council's environmental lands	Report to council with the strategic and financial plans for the council's environmental lands	Achieved	<ul style="list-style-type: none"> • Two reports were presented to the council meeting of 12th December 2011 and a further report was presented to the councillor briefing of 25th July 2012. • An update on this KSA was included in reports presented to the council meetings of 21st November 2011, 20th February 2012, and 18th June 2012 (Key Strategic Activities Quarterly Progress Report).
Commence the landscape masterplan for Wodonga	Commence the landscape masterplan for Wodonga	Achieved	<ul style="list-style-type: none"> • Reports were presented to the council meetings of 18th July 2011 and 25th June 2012. • An update on this KSA was included in reports presented to the council meetings of 21st November 2011, 20th February 2012, and 18th June 2012 (Key Strategic Activities Quarterly Progress Report).

Pillar Four – An inclusive and culturally rich city

Key strategic activity

- Provide residents of all abilities the opportunity to fully participate in and contribute to the social, economic and cultural life of the city
- Ensure Wodonga supports social and family life by promoting rights and respecting diversity.
- Provide for a customer and community-friendly CBD
- Support cultural events and opportunities within the CBD
- A city heart that is family-friendly
- Foster community capacity to design and deliver creative initiatives and public events
- Deliver a mix of events and public art pieces that appeal to a diverse range of people within the community

Performance measure	Target	Status	Narrative
Obtain a community satisfaction survey result of greater than 74 for performance in health and community services	Community satisfaction survey result of greater than 74 for performance in health and community services	Not achieved	Council decided to measure the core areas offered under the survey. The core service did not include this performance measure. It is noted that in any case the change in methodology for the community satisfaction survey made comparisons with prior years and targets invalid.
Report to council on the actions taken to attract significant events to Wodonga	Report to council on the actions taken to attract significant events to Wodonga	Achieved	<ul style="list-style-type: none"> • A report was presented to the council meeting of 18th June 2012. • An update on this KSA was included in reports presented to the council meetings of 21st November 2011, 20th February 2012, and 18th June 2012 (Key Strategic Activities Quarterly Progress Report).
Report to council on the progress towards the redevelopment of the Wodonga Civic Centre	Report to council on the progress towards the redevelopment of the Wodonga Civic Centre	Achieved	<ul style="list-style-type: none"> • Reports were presented to the council meetings of 17th October 2011, 19th March 2012, and 18th June 2012. Further reports were submitted to the councillor briefings of 23rd April 2012 and 14th May 2012. • An update on this KSA was included in reports presented to the council meetings of 21st November 2011, 20th February 2012, and 18th June 2012 (Key Strategic Activities Quarterly Progress Report).

Pillar Five - A democratic and engaged community

Key strategic activity

- Actively engage with the community utilising the most appropriate communication mediums
- Actively work to ensure it is easy for residents, businesses and organisations to do business with the council
- Planning and decisions are based on relevant and timely information and data
- Administer sound financial management practice
- Provide leadership and responsive services in risk management including development of strategies, policies and programs aimed at minimising risk
- Continually review Wodonga City's governance protocols taking into account evolving governance best practice protocols.
- Take a leadership role in matters of regional significance
- Support small neighbouring shires with resource sharing, advocacy and emergency management
- Promote and reward community leadership
- Enhance relationships with Federal and State policy makers for community benefit
- Provide leadership in human resource management to support the provision of services to the community

Performance measure	Target	Status	Narrative
Obtain a community satisfaction survey result greater than 68 for performance in advocacy and representation	Community satisfaction survey result greater than 68 for performance in advocacy and representation	Not achieved	A community survey result of 56 was achieved. It is noted that the change in methodology for the community satisfaction survey made comparisons with prior years and targets invalid.
Obtain a community satisfaction survey result greater than 64 for performance in council's engagement in decision making	Community satisfaction survey result greater than 64 for performance in council's engagement in decision making	Not achieved	A community survey result of 60 was achieved. It is noted that the change in methodology for the community satisfaction survey made comparisons with prior years and targets invalid.
Obtain a community satisfaction survey result of greater than 70 for performance in council's satisfaction for overall performance (generally of the council)	Community satisfaction survey result of greater than 70 for performance in council's satisfaction for overall performance (generally of the council)	Not achieved	A community survey result of 58 was achieved. It is noted that the change in methodology for the community satisfaction survey made comparisons with prior years and targets invalid.

Performance measure	Target	Status	Narrative
Obtain a community satisfaction survey result of greater than 78 for performance in council's interaction and responsiveness in dealing with the public	Community satisfaction survey result of greater than 78 for performance in council's interaction and responsiveness in dealing with the public	Not achieved	A community survey result of 76 was achieved. It is noted that the change in methodology for the community satisfaction survey made comparisons with prior years and targets invalid.

NOTES TO AND FORMING PART OF THE PERFORMANCE STATEMENT FOR 2011/12

COUNCIL APPROVAL OF THE PERFORMANCE STATEMENT

In our opinion, the accompanying performance statement of the Wodonga City Council in respect of 2011/12 financial year is presented fairly in accordance with the *Local Government Act 1989*.

The statement outlines the performance targets and measures set out in relation to the achievement of the budget in respect of that year described in Council's corporate plan and describes the extent to which the budget was met in that year having regard to those targets and measures.

As at the time of signing, we are not aware of any circumstance, which would render any particular in the statement to be misleading or inaccurate

Mayor Cr Mark Byatt
September 24, 2012
Wodonga

Cr Edward Foulston
September 24, 2012
Wodonga