

MINUTES

for the Ordinary Meeting of Council held in the Council Chamber - 104 Hovell Street Wodonga, VIC on Monday, September 23, 2013.

Present

Cr A Speedie (acting Mayor)

Cr E Kerr

Cr M Fraser

Cr J Watson

In Attendance

Ms P Harrington Chief Executive Officer

Mr T Ierino Director Business Services

Ms M Armstrong A/Director Community Development

Mr L Schultz Director Planning and Infrastructure



CITY OF WODONGA VIC

Our city, our people, our future

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1. Calling To Order

The meeting was called to order at 9am by the acting Mayor, Cr Anna Speedie.

2. Statement Of Acknowledgement

The acting 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

It was noted that leave of absence had been granted to Cr Mark Byatt and Cr Rodney Wangman, and that an apology had been received from Cr Lisa Mahood.

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

Recording of council meeting

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 Monday, September 16, 2013, as circulated, be confirmed.

MOTION

CRS MICHAEL FRASER / ERIC KERR

That the recommendation be adopted

(CARRIED)

7. Delegates' Reports

Nil. No written or verbal reports were given by delegates

8. Officer Reports for Determination

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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 & OPPORTUNITY MANAGEMENT LEGEND

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

Opportunities (O)	Minor (4)	Moderate (3)	Major (2)	Outstanding (1)
Risks (R)	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 2012/13**PURPOSE OF REPORT**

To approve in principle the Annual Financial Report, Standard Statements, and Performance Statement for the year ended 30 June 2013, prior to their submission to the Auditor-General.

BACKGROUND

The Financial Statements for the year ended 30 June 2013 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 surplus of \$20,695,000, (2011/12 - \$15,659,000). This result was influenced by the following factors:

- Developers contributed \$11.534m of non-monetary infrastructure assets during the year. In 2011/12 developers contributed \$4.947m of non-monetary infrastructure assets.
- Grant funds received during the year, \$19.64m, was lower than the previous year, (2011/12 - \$21.62m) due to the majority of the grants funds of the Performing Arts Centre and the Cube being received in 2011/12.
- Employee costs decreased from \$22.179m in 2011/12 to \$20.857m in 2012/13 as a result of taking up an unfunded superannuation call up of \$3.287m in 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 2013/14.

Council is required to approve in principle the Annual Financial Report, Standard Statements, and the Performance Statement for the year ended 30 June 2013 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 Chief Executive Officer 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 2013.

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 2012/13 (cont'd)**COUNCIL PLAN / KEY STRATEGIC ACTIVITY**

Pillar	Outcome	Strategic Action
Pillar Three Managing our business to support our community.	We are innovative, responsive and responsible in the way we conduct business.	Practice good governance, act with transparency and integrity in our decision making.

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 2013.	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 2013, were submitted to the Council Audit Committee meeting of the 18th September 2013 and the statements were recommended for adoption by the Audit Committee.

CERTIFICATION OF FINANCIAL STATEMENTS 2012/13 (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 2013 is attached with the appendices.
- Annual Financial Report for the year ended 30 June 2013 is attached with the appendices.
- Performance Report for the year ended 30 June 2013 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 2013 be approved in principle, and that Councillors Speedie and Fraser be designated signing Councillors for the purpose of formally signing off the 2012/13 Annual Financial Report, Standard Statements, and the Performance Report.

MOTION

CRS. MICHAEL FRASER / ERIC KERR

That the recommendation be adopted.

(CARRIED)

YMCA CAPITAL PROJECTS UPDATE**PURPOSE**

The purpose of this report is to provide a summary of capital projects at the Wodonga Sports and Leisure Centre (WSLC) and to seek endorsement for council's profit share allocation from the 2012-13 financial year to be reinvested in a health club redevelopment project at the centre.

BACKGROUND**Approved 2013-14 WSLC capital projects update**

The 2013-14 council budget identifies an approved budget allocation under the capital works program for the two following projects:

- **\$50,000**

Aquatic change room refurbishment

The WSLC Aquatic change rooms are old and dated and require increasing maintenance due to high usage and their neglected condition. Due to their age and current condition they do not service the needs of patrons.

This upgrade includes the replacement of the vanity units (3), sinks and tapware, replacement of toilet and shower doors and partitions, insertion of privacy screens in male change rooms and tiling works in showers around railings.

- **\$75,000**

Family and disability change room development

This project will see the development of family/disabled change room in the aquatics area. Currently the WSLC only has one shared family/disabled change room. One change room is inadequate and does not meet the needs of the community. This project will convert the existing aquatic storeroom to provide change room and toilet amenities to support families, people with a disability and the YMCA aquatic staff who currently have no access to toilet/change room facilities. An additional storage area will be developed adjacent to the current aquatic storeroom that will be accessed via a separate entrance off the new family change room area.

To date the following has occurred:

- Consultation between council officers and relevant YMCA staff occurred in July to determine best use of space and operation design considerations; and
- Final design has been completed with council officers currently finalising cost of the project (please refer to attachment 1 through to 4 for final designs).

This project has been scheduled for completion during the December School holiday period when patronage is at its lowest to ensure minimal disturbance to the public.

2012-13 YMCA ANNUAL FINANCIAL PERFORMANCE

For a third successive year the WSLC has achieved strong growth in membership and swimming lessons whilst maintaining service expectations. The sustained strong performance contributed to the WSLC being awarded the YMCA Victoria Centre of the Year for 2012 and resulted in a net favorable variance of \$154,934.66.

YMCA CAPITAL PROJECTS UPDATE (cont'd)

As per the profit share fee calculation outlined in the contract, the YMCA are required to pay the council 50 percent of the net variance which equates to \$77,467.

It is proposed that the \$77,467 that the council is to receive for 2012-13 financial year be reinvested into the centre to complete the proposed health club development. The remainder of this report will outline the health club project proposal for consideration.

PROPOSAL FOR PROFIT SHARE

As the YMCA moves towards term two of the contract they are faced with new challenges in the form of increased health and wellness competition in the local and surrounding region. It is for this reason that it is proposed that the profit share allocation to the council is reinvested into the centre to support this project to maintain and expand its current standing.

Membership levels at the WSLC have increased significantly since the YMCA commenced operations. Over the first term of the contract there were over 600 new health club members which equates to approximately 20 percent annual membership growth. The increased membership has placed a strain on the health club facilities in terms of space and equipment availability.

During the past 12 months and for the first time since YMCA commenced operations we saw a decrease in health and wellness memberships (refer to table 1). There has also been a decrease in overall health and wellness membership enquiries. Current health and wellness members and cancelling members have identified the following complaints and issues relating to cancelled memberships:

- Crowding (busy at convenient times, cannot access the equipment they wish to);
- Lack of cardio exercise space; and
- Aging appearance of the facility and equipment.

The two main reasons given by females cancelling their membership are:

- Restricted access to strength training equipment, as it has a broader appeal to male users; and
- Lack of cardio equipment.

An increasingly competitive health and wellness market will provide challenges to the centre maintaining its current market share. Its capability to maintain or grow market share needs to be supported through equipment renewal, capital expenditure and the ability to continue to support members to achieve their goals.

Table 1: 2012-13 membership

Memberships / Visit Type	June 2013	June 2012	Variance (%)
Health & Wellness Memberships	1,610	1,629	(1.16%)
Aquatic Memberships	392	340	15.29%
Total Members	2,002	1,969	1.68%
Visit Pass Holders	57	46	23.91%
Swim Lesson Enrolments	757	732	3.42%

The health club redevelopment project put forward for consideration includes the following:

YMCA CAPITAL PROJECTS UPDATE (cont'd)

- Supply and installation of a purpose built sports flooring system; and
- Minor building works to allow the reconfiguration of the cardio and strength training areas within the WSLC health club (gym) to provide a more accessible and inclusive area.

This project will see the relocation of the current cardio area to the current free weight/pin loaded area. Ideally the cardio area should be the focus area when entering the health club. This will also improve the marketability of the health club as the current weight/pin loaded area is male dominated.

The free weights will be relocated to the current health express studio requiring the installation of mirrors and replacement of flooring.

The existing pin loaded equipment will be moved into the current cardio area. Finally the cardio and health express equipment will be moved and will require installation of additional power sources.

Full details including the concept design of this project are outlined in attachment 2 – WSLC health club concept design.

Funding previously sought

In August 2012 the council resolved to submit this project application for consideration under Sport and Recreation Victoria's Community Facility Funding Program (CFFP) minor facilities category for 2013/14.

In April 2013 the council was notified that it was unsuccessful in its application. Feedback received from SRV indicated that this project would not be considered for funding as increased participation outcomes were not as strong compared to other projects submitted. SRV advised against resubmitting this application for consideration in the 2014-15 round that closed earlier this year.

OPTIONS

1. Do nothing

One of the key risks associated with not supporting this project is the impact on the YMCA's capacity to not only attract but also maintain membership. This is due to the increased competitive health and wellness market (newly established private gyms and personal trainers) that can be seen in our local and surrounding region over the past 12-18 months.

2. Reinvest the \$77,467 profit share allocation that the council is to receive for 2012-13 to support the delivery of the health club redevelopment project at the WSLC as outlined in this report.

It is anticipated that this project would assist the YMCA in not only meeting but exceeding their membership target in this area. This assumption has been based on feedback received by the members during their exit survey as previously outlined in the report.

YMCA CAPITAL PROJECTS UPDATE (cont'd)

CONCLUSION

This report proposes that council support the reinvestment of its 2012-13 WSLC profit share allocation for the delivery of the health club redevelopment project.

ATTACHMENTS

There are no attachments.

RECOMMENDATION

That the \$77,467 profit share allocation that the council is to receive for 2012-13 be re-invested to support the delivery of the health club redevelopment project at the WSLC as outlined in this report.

MOTION

CRS. ANNA SPEEDIE / JOHN WATSON

That the recommendation be adopted.

(CARRIED)

HACC - LEASE OF WILLOWS BUILDING

PURPOSE OF REPORT

To seek council approval to negotiate and grant a lease to a suitable operator for the specific purpose of Home and Community Care services and to resolve to give Public Notice of the intention to enter into a lease for provision of this service under Section 190 and Section 223 of the *Local Government Act 1989* (the Act) and to authorise the chief executive officer to sign all necessary documentation in regard to execution of the lease.

These services are currently offered from The Willows which is situated on part of the land in Lot 1 on Plan of Subdivision PS538253U.

BACKGROUND

At the ordinary council meeting on February 18, 2013, council resolved to formally advise the Department of Health of its intention to withdraw from the provision of all HACC services effective **November 29, 2013**.

Since notification to the Department of Health regular meetings have been held to progress the process of withdrawing from HACC services.

The Department of Health has engaged Biruu Health to achieve a smooth and secure transition between council and the new service provider. Council officers have had several meetings with Biruu Health to ensure that providers interested in delivering the services were given the necessary information needed to help prepare for their expression of interest (EOI).

The lease of The Willows aged care facility has been part of the ongoing discussions and at the ordinary council meeting on **August 19, 2013**, council resolved to lease the Willows building at \$1 per annum for a term ending on 30/6/2015, gift buses, cars, office furniture and equipment to the department and provide assistance in transferring all relevant data (with client and volunteer consent) to the new provider. This report reflected the legal advice provided to council regarding transmission of business.

The development of the lease and its execution to achieve required timeframes is now required.

COUNCIL PLAN / KEY STRATEGIC ACTIVITY

Strategic objective	Strategies	Activities
Our people will enjoy an excellent quality of life.	Plan for and provide services that meet the care and health and well being needs of an ageing population.	Work with the Department of Health to successfully transition aged care services to a new provider.

COUNCIL POLICY / STRATEGY IMPLICATIONS

At the ordinary council meeting on February 18, 2013, council resolved to formally advise the Department of Health of its intention to withdraw from the provision of all HACC services effective November 29, 2013.

HACC - LEASE OF WILLOWS BUILDING (cont'd)**RISK & OPPORTUNITY MANAGEMENT IMPLICATIONS**

Description	C'quence	L'hood	Final Risk Rating	Controls & Treatments
Risks				
Department of Health may not have appointed an alternate provider to deliver HACC services.	4	B	M	Council officers are working together with the Department to meet the exit date.
Department of Health may not take on the lease of The Willows.	3	C	S	Negotiate further with the Department. Ensure council has all the required information to make an informed decision.

FINANCIAL IMPLICATIONS

There will not be any financial implications for council with the lease of The Willows facility. The current 13/14 budget has been developed with the intended withdrawal date being November 29, 2013. Income from the lease of this facility has not been included in any future budgeting processes.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications.

SOCIAL/CULTURAL IMPLICATIONS

Council staff have been working with the Department of Health to ensure that there are minimal impacts to the users of the service as well as the volunteers.

Staff continue to work systematically with the Department of Health to address issues in a timely manner to ensure the timeframes are met.

LEGISLATIVE IMPLICATIONS

Section 190 of the Local Government Act (1989) states that if the lease is to be:

- a) For one year or more; and
- b) The rent for the period of the lease is \$50,000 or more a year; or
- c) The current market rental value of the land is \$50,000 or more; or
- d) A building or improving lease

then the council must, at least four weeks before the lease is made publish a public notice of the proposed lease.

A person has a right to make a submission under section 223 of the Local Government Act on the proposed lease.

HACC - LEASE OF WILLOWS BUILDING (cont'd)
CONSULTATION PROPOSED / UNDERTAKEN

Level of public participation	Promises to the public/stakeholders	Example of techniques to use
Inform	Keep informed	Letters, phone calls, face to face meetings,
Consult	Informed, listen, acknowledge	Meetings
Collaborate	Feedback will be incorporated into decisions to the maximum level possible	Meetings with the Department and consultant

A communication and engagement plan has been developed for clients, staff and volunteers and is currently being implemented. To date each cohort has been communicated with via various methods and this will continue throughout the period of transition. A joint communication approach has been developed between council and the department.

OPTIONS FOR CONSIDERATION
Option one:

Do nothing and wait until the tender process has been completed. This would delay the process with a withdrawal date of November 29, 2013 unachievable.

Option two:

Prepare the lease document for The Willows aged care facility to the Department of Health or an alternate provider nominated by the Department of Health for the provision of Home and Community Care services in Wodonga. This option is **recommended**.

CONCLUSION

Council has committed to ensuring that it works with the Department of Health to ensure a smooth transition over to the new provider.

It is important, particularly for staff that this process continues to move forward to enable staff to secure future employment with a degree of certainty. Therefore the need to have a lease arrangement in place for this facility is an important step to meeting Council's obligations.

Council will continue to work with the department in a proactive and transparent way to address issues as they emerge.

ATTACHMENTS

There are no attachments.

HACC - LEASE OF WILLOWS BUILDING (cont'd)**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 Community Development - Debra Mudra

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

Manager community lifestyle - Debbie MacKinlay

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

RECOMMENDATION

That:

1. Subject to complying with its statutory obligations under sections 190 and 223 of the *Local Government Act 1989 (Act)*, Council proposes to grant a lease of the property known as The Willows, 11B McFarland Road, Wodonga being the land contained in certificate of title volume 10909 folio 908, to the Department of Health or to such alternate service provider nominated by the Department of Health for the provision of Home and Community Care services. The term of the lease is for the period commencing on November 30, 2013 until June 30, 2015 for a rental of \$1 per annum.
2. Council now directs that, in accordance with Sections 190 and 223 of the Act, public notice of the proposed lease be given in the *Border Mail*.
3. The chief executive officer be authorised to undertake the administrative procedures necessary to enable the Council to carry out its functions under section 223 of the Act in relation to this matter.
4. If submissions are received under section 223 of the Act, a special meeting of the Council be convened on a date to be determined to hear from any person or persons who request to be heard in support of a section 223 written submission and a report on any section 223 submissions received by the Council along with a summary of any hearings held, be provided to the next ordinary Council meeting.
5. If no submissions are received under section 223 of the Act, Council resolves to grant the lease and the chief executive officer is authorised to sign any documentation to enter into the formal lease.

MOTION

CRS. ANNA SPEEDIE / MICHAEL FRASER

That the recommendation be adopted.

(CARRIED)

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:

- 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 to the meeting.

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:

- 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 closed at 9.07am.

Minutes confirmed this day of 2013.

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Chairperson

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 47 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 25 June 2012. 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 47. 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 2013

	Budget 2012/2013 \$'000	Variances		Ref	Actuals 2012/2013 \$'000
		\$'000	%		
Revenue					
Rates and charges	33,433	455	1.4		33,888
Grants - recurrent	9,039	1,194	13.2	1	10,233
Grants - non-recurrent	3,780	5,627	148.9	2	9,407
Contributions - cash	2,473	(2,038)	82.4	3	435
Contributions - non-monetary assets	-	11,534	-	4	11,534
User fees	5,847	785	13.4	5	6,632
Other revenue	11,673	(10,905)	93.4	6	768
Net gain (loss) on disposal of assets	50	219	438.0	7	269
Total revenue	66,295	6,871			73,166
Expenses					
Employee benefits	26,805	(5,948)	22.2	6	20,857
Materials and services	16,733	4,201	25.1	8	20,934
Finance costs	2,388	(517)	21.6	9	1,871
Depreciation and amortisation	7,836	153	2.0		7,989
Other expenses	7,204	(6,384)	88.6	6	820
Total expenses	60,966	(8,495)			52,471
Surplus (deficit) for the year	5,329	15,366			20,695

WODONGA CITY COUNCIL

STANDARD INCOME STATEMENT

For the year ending 30 June 2013

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: Regional Growth Strategy \$270,000, Be Achive \$331,000, Strategic Planning \$117,000, and Natural Disasters and Flood Damage \$427,000.
2	Non-recurrent grants	Several capital grants were received during the year, however not budgeted for, such as the following: CBD Development \$1,384,000, Logic Fatigue Centre \$3,906,000, and Felldimber Childrens Centre Redevelopment \$300,000.
3	Contributions - cash	The budget reflected a contributions of \$1,859,000 to be received for Elgin/Hovell/South streets reconstruction, and \$608,000 for CBD Development, however these contributions did not eventuate. However the following contribution was received but not budgeted for; Yarralumla Drive \$65,387.
4	Contributions - non-monetary assets	Developer contributions by way of infrastructure was not budgeted for.
5	User fees	User activity was greater than budget estimates for the following services: Waste Management \$50,000, Finance \$176,000, Governance \$81,000 and Infrastructure Works \$180,000.
6	Other revenue Employee Benefits 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 sale of Logic land \$513,000 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	The proposed 2012/13 borrowings of \$7.9million was budgeted to be taken up in July 2012 however they were not taken up until June 2013. This resulted in less interest being paid than budgeted.

WODONGA CITY COUNCIL

STANDARD BALANCE SHEET

As at 30 June 2013

	<i>Budget</i> 2012/2013 \$'000	<i>Variances</i> \$'000 %		<i>Ref</i>	<i>Actuals</i> 2012/2013 \$'000
<i>Current assets</i>					
Cash and cash equivalents	4,527	16,956	374.6	10	21,483
Trade and other receivables	3,623	(1,017)	28.1	11	2,606
Inventories	18	(10)	55.6		8
Assets held for sale	27,196	(27,196)	100.0	12	-
Other	609	(213)	35.0	13	396
Total current assets	35,973	(11,480)			24,493
<i>Non-current assets</i>					
Property, plant and equipment, infrastructure	382,747	49,213	12.9	12	431,960
Total non-current assets	382,747	49,213			431,960
Total assets	418,720	37,733			456,453
<i>Current liabilities</i>					
Trade and other payables	3,549	1,497	42.2	14	2,052
Interest bearing loans and borrowings	1,729	4	0.2		1,725
Provisions	3,616	(879)	24.3	15	4,495
Trust funds and deposits	1,196	276	23.1		920
Total current liabilities	10,090	898			9,192
<i>Non-current liabilities</i>					
Trade and other payables	411	411			-
Interest bearing loans and borrowings	28,681	(585)	2.0		29,266
Provisions	3,427	(834)	24.3	15	4,261
Total non-current liabilities	32,519	(1,008)			33,527
Total liabilities	42,609	(110)			42,719
Net assets	376,111	37,623			413,734
<i>Equity</i>					
Accumulated surplus	182,345	21,785	11.9		204,130
Asset revaluation reserve	193,766	15,838	8.2	16	209,604
Total equity	376,111	37,623			413,734

WODONGA CITY COUNCIL

STANDARD BALANCE SHEET

As at 30 June 2013

Variance Explanation Report

<u>Ref.</u>	<u>Item</u>	<u>Explanation</u>
10	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 \$6,550,000, Wodonga Retained Environmental Land receipts being \$831,000 higher than budgeted, the capital works budget not being fully expended \$ 6,488,000, and general operational budget savings during the year.
11	Trade and other receivables	The budgeted amount was based on a higher level of receivables at year end. The lower level of receivables in the balance sheet is due to a higher level of receivables collected before year end which is reflected in the cash amount in the balance sheet.
12	Assets held for sale Property, plant, and infrastructure	At the time of preparing the budget Balance Sheet, 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 in land and classified as a non current asset.
13	Other	Prepayments and accrued income are less than budgeted for.
14	Trade and other payables	The budget includes an amount of \$1,700,000 being part of the defined benefits superannuation liability, however this was paid out during the year.
15	Provisions	The environmental network provision received funds of \$831,000 during the year that was not budgeted for. These funds are held in the provision.
16	Asset Revaluation Reserve	The asset revaluation was not budgeted for.

WODONGA CITY COUNCIL

STANDARD CASH FLOW STATEMENT

For the year ending 30 June 2013

	Budget 2012/2013 \$'000	Variances		Ref	Actuals 2012/2013 \$'000
		\$'000	%		
Cash flows from operating activities					
Receipts from ratepayers	33,396	249	0.7		33,645
Payments to suppliers	(16,676)	(7,552)	45.3	17	(24,228)
Net cash inflow (outflow) from customers/suppliers	16,720	(7,303)			9,417
Interest received	853	(11)	1.3		842
Grants	15,275	6,755	44.2	18	22,030
User fees	5,840	1,180	20.2	19	7,020
Contributions	10,807	(10,330)	95.6	20	477
Payments to employees	(26,714)	2,878	10.8	20	(23,836)
Payments for GST	-	235	-		235
Payments for finance costs	(2,388)	516	21.6	21	(1,872)
Payments for other costs	(7,179)	6,299	87.7	20	(880)
Net cash inflow (outflow) from operating activities	13,214	219			13,433
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment, infrastructure	50	7,698	15,396.0	22	7,748
Payments for property, plant and equipment, infrastructure	(20,808)	698	3.4		(20,110)
Net cash inflow (outflow) from investing activities	(20,758)	8,396			(12,362)
Cash flows from financing activities					
Repayment of interest bearing loans and borrowings	(3,846)	581	15.1	23	(3,265)
Proceeds from interest bearing loans and borrowings	7,900	-	-		7,900
Proceeds from provisions	-	543	-	24	543
Proceeds from trust funds and deposits	-	11	-	24	11
Net cash inflow (outflow) from financing activities	4,054	1,135			5,189
Net increase (decrease) in cash and cash equivalents	(3,490)	9,750	279.4		6,260
Cash and cash equivalents at the beginning of the year	8,017	7,206	89.9		15,223
Cash and cash equivalents at the end of the year	4,527	16,956			21,483
Reconciliation of Surplus (Deficit) and Net Cash Flows from Operating Activities					
For the year ending 30 June 2013					
Surplus (deficit)	5,329	15,366	288.3		20,695
Depreciation and amortisation	7,836	153	2.0		7,989
(Profit)/Loss on sale of property, plant and equipment, infrastructure	(50)	(219)	438.0		(269)
Developer contribution of infrastructure assets	-	(11,534)	-		(11,534)
Net movement in current assets and liabilities	99	(3,547)	3,582.8		(3,448)
Net cash inflow (outflow) from operating activities	13,214	219			13,433

WODONGA CITY COUNCIL

STANDARD CASH FLOW STATEMENT

For the year ending 30 June 2013

Variance Explanation Report

<u>Ref.</u>	<u>Item</u>	<u>Explanation</u>
17	Payments to suppliers	\$3,200,000 of the capital budget was expensed to the Operating Statement and not capitalised as property, plant and equipment, infrastructure. The remainder was due to general operational budget savings during the year.
18	Grants	Several operating and capital grants were received during the year, however not budgeted for. The following are the major grants that were not budgeted for: CBD Development \$1,384,000, Logic Fatigue Centre \$3,906,000, Felltimber Childrens Centre Redevelopment \$300,000, Regional Growth Strategy \$270,000, Be Achive \$331,000, Strategic Planning \$117,000, and Natural Disasters and Flood Damage \$427,000.
19	User fees	User activity was greater than budget estimates for the following services: Waste Management \$50,000, Finance \$176,000, Governance \$81,000 and Infrastructure Works \$180,000.
20	Contributions Payments to employees Payments for other costs	Internal charges are included in the budgeted figures, however they are eliminated in the actuals amounts.
21	Payments for finance costs	The proposed 2012/13 borrowings of \$7.9million was budgeted to be taken up in July 2012 however they were not taken up until June 2013. This resulted in less interest being paid than budgeted.
22	Proceeds from sale of property, plant and equipment, infrastructure	Land sales settled during the year were not budgeted for \$7,667,000.
23	Repayment of interest bearing loans and borrowings	The proposed 2012/13 borrowings of \$7.9million was budgeted to be taken up in July 2012 however they were not taken up until June 2013. This resulted in less loan principle being repaid than budgeted.
24	Proceeds from provisions Proceeds from trust funds and deposits	Receipts from Wodonga Retained Environmental Network and trust deposits were not budgeted for.

WODONGA CITY COUNCIL

STANDARD STATEMENT OF CAPITAL WORKS

For the year ending 30 June 2013

Capital Works Areas	Budget	Variances		Ref	Actuals
	2012/2013	\$'000	%		2012/2013
	\$'000	\$'000			\$'000
Roads	3,568	3,512	98.4	25	7,080
Drainage	471	(471)	-	25	-
Footpaths	192	(1)	0.5	25	191
Playgrounds	180	82	45.6	25	262
Cyclepaths	79	(79)	-	25	-
Buildings	7,894	494	6.3	25	8,388
Plant and equipment	140	75	53.6	25	215
Computers and telecommunications	514	(62)		25	452
Bridges	75	(75)	-	25	-
Other	7,695	(7,575)	98.4	25	120
Total capital works	20,808	(4,100)			16,708
Represented by:					
Refurbishment	3,130	(316)	10.1		2,814
Upgrade	950	(64)	6.7		886
Expansion	6,789	(3,431)	50.5		3,358
Purchase new asset	9,939	(289)	2.9		9,650
Total capital works	20,808	(4,100)			16,708

Property, plant and equipment, infrastructure movement reconciliation worksheet	Budget	Variances			Actuals
	2012/2013	\$'000	%		2012/2013
	\$'000	\$'000			\$'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	20,808	(4,100)	19.7	25	16,708
Contributions - non-monetary assets	-	11,534	-	26	11,534
Asset revaluation movement	-	19,738	-	27	19,738
Depreciation and amortisation	(7,836)	(153)	2.0		(7,989)
Written down value of assets sold	-	(747)	-	28	(747)
Net movement in property, plant and equipment, infrastructure	12,972	26,272			39,244

WODONGA CITY COUNCIL

STANDARD STATEMENT OF CAPITAL WORKS

For the year ending 30 June 2013

Variance Explanation Report

<u>Ref.</u>	<u>Item</u>	<u>Explanation</u>
25	Capital Works	Not all of the capital works program was completed. Also some expenditure is budgeted for in the capital works program, however it is expensed in the actual expenditure.
26	Contributions - non-monetary assets	Non monetary contributions are not budgeted for
27	Asset revaluation movement	Asset revaluation was not budgeted for.
28	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: 23rd September 2013

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 23th September 2013, to certify the standard statements in their final form.

Anna Speedie
Councillor
Dated: 23rd September 2013

Michael Fraser
Councillor
Dated: 23rd September 2013

Patience Harrington
Chief Executive Officer
Dated: 23rd September 2013

WODONGA CITY COUNCIL

ANNUAL FINANCIAL REPORT

For the Year Ended 30 June 2013

Wodonga City Council
Financial Report
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Comprehensive Income Statement For the Year Ended 30 June 2013

	Note	2013 \$'000	2012 \$'000
Income			
Rates and charges	2	33,888	31,167
User fees	3	6,632	5,636
Contributions - cash	5 (a)	435	1,123
Contributions - non-monetary assets	5 (b)	11,534	4,947
Grants - recurrent	4	10,233	11,229
Grants - non-recurrent	4	9,407	10,392
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	6	269	1,439
Other income	7	768	1,043
Total income		73,166	66,976
Expenses			
Employee costs	8	(20,857)	(22,179)
Materials and services	9	(20,934)	(19,173)
Bad and doubtful debts	10	-	(3)
Depreciation and amortisation	11	(7,989)	(7,358)
Finance costs	12	(1,871)	(1,796)
Other expenses	13	(820)	(808)
Total expenses		(52,471)	(51,317)
Surplus/(deficit)		20,695	15,659
Other comprehensive income			
Net asset revaluation increment(decrement)		19,738	(3,900)
Total comprehensive result		40,433	11,759

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

Balance Sheet As at 30 June 2013

	Note	2013 \$'000	2012 \$'000
Assets			
Current assets			
Cash and cash equivalents	14	21,483	15,223
Trade and other receivables	15	2,606	9,863
Inventories	16	8	6
Other assets	17	396	728
Total current assets		24,493	25,820
Non-current assets			
Property, infrastructure, plant and equipment	18	431,960	392,716
Total non-current assets		431,960	392,716
Total assets		456,453	418,536
Liabilities			
Current liabilities			
Trade and other payables	19	2,052	8,191
Trust funds and deposits	20	920	909
Provisions	21	4,495	4,303
Interest-bearing loans and borrowings	22	1,725	3,265
Total current liabilities		9,192	16,668
Non-current liabilities			
Trade and other payables	19	-	1,787
Provisions	21	4,261	3,689
Interest-bearing loans and borrowings	22	29,266	23,091
Total non-current liabilities		33,527	28,567
Total liabilities		42,719	45,235
Net Assets		413,734	373,301
Equity			
Accumulated surplus		204,130	183,435
Reserves	23	209,604	189,866
Total Equity		413,734	373,301

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

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

	Note	Total 2013 \$'000	Accumulated Surplus 2013 \$'000	Asset Revaluation Reserve 2013 \$'000
2013				
Balance at beginning of the financial year		373,301	183,435	189,866
Comprehensive result	23	40,433	20,695	19,738
Balance at end of the financial year		413,734	204,130	209,604

	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	23	11,759	15,659	(3,900)
Balance at end of the financial year		373,301	183,435	189,866

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

Cash Flow Statement For the Year Ended 30 June 2013

	Note	2013 Inflows/ (Outflows) \$'000	2012 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates		33,645	30,788
User charges and other fines (inclusive of GST)		7,020	6,591
Grants (inclusive of GST)		22,030	23,841
Developer Contributions (inclusive of GST)		477	1,233
Interest		842	1,068
Net GST refund/(payment)		235	(345)
Payments to suppliers (inclusive of GST)		(24,228)	(20,226)
Payments to employees (including redundancies)		(23,836)	(18,576)
Finance costs		(1,872)	(1,802)
Other payments		(880)	(848)
Net cash provided by (used in) operating activities	24	13,433	21,724
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(20,110)	(21,561)
Proceeds from sale of property, infrastructure, plant and equipment		7,748	291
Repayments of loans and advances from community organisations		-	19
Net cash provided by (used in) investing activities		(12,362)	(21,251)
Cash flows from financing activities			
Trust funds and deposits		11	(287)
Wodonga Retained Environmental Network Provision		543	(32)
Proceeds from borrowings		7,900	-
Repayment of borrowings		(3,265)	(3,140)
Net cash provided by (used in) financing activities		5,189	(3,459)
Net increase (decrease) in cash and cash equivalents		6,260	(2,986)
Cash and cash equivalents at the beginning of the financial year		15,223	18,209
Cash and cash equivalents at the end of the financial year	14	21,483	15,223
Financing arrangements	26		
Non-cash financing and investing activities	27		
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The above cash flow statement should be read with the accompanying notes.

Introduction

- (a) The Wodonga City Council was established by an Order of the Governor in Council on December 16, 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(k), 1(s), 1(t), 1(v) and 1(x).

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 40.

Note 1 Significant accounting policies (cont.)

(b) Revenue recognition

Rates, grants and contributions

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

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

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.

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 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 2013	Period 2012
Property		
Buildings		
buildings	35-70 years	35-70 years
Plant and Equipment		
Plant		
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	15-80 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	50-100
Footpaths	60 years	60 years
Drainage	100 years	100 years
Kerb and channel	80 years	80 years
Cyclepaths	60 years	60 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.

(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.

Note 1 Significant accounting policies (cont.)

(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 18.

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:

	2013 Threshold Limit \$'000	2012 Threshold Limit \$'000
Property		
Land		
land	10	10
land under roads	10	10
land improvements	10	10
Buildings		
buildings	10	10
building improvements	10	10
Plant and Equipment		
plant, machinery and equipment	4	4
fixtures, fittings and furniture	4	4
computers and telecommunications	4	4
leased plant and equipment	4	4
Infrastructure		
Roads		
road pavements and seals	10	10
road substructure	10	10
road formation and earthworks	10	10
road kerb, channel and minor culverts	10	10
Bridges		
bridges and major culverts	10	10
Footpaths		
footpaths - concrete	4	4
Drainage	4	4
Cyclepaths	4	4
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.

(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 20).

Note 1 Significant accounting policies (cont.)

(l) Employee costs

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 costs

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. In addition Council may, periodically be required to contribute to the defined benefits schemes for current and former employees. Details of these arrangements are recorded in note 29.

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

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.

(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.

Note 1 Significant accounting policies (cont.)

(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) 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.

(w) 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.

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

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

Note 1	Significant accounting policies (cont.)				
	Pronouncement	What's new	Impact/Action	Transition	Effective date
	AASB 13 Fair Value Measurement	<p>AASB 13 replaces the existing IFRS guidance on fair value measurement and disclosure. It applies whenever another standard permits or requires the use of fair value measurements. It sets out a fair value hierarchy for such measurements:</p> <ul style="list-style-type: none"> · Level 1 – quoted prices in active markets for identical assets and liabilities, which can be accessed at the measurement date. · Level 2 – inputs other than quoted market prices included within Level 1, which are observable for the asset or liability, either directly or indirectly. · Level 3 – unobservable inputs for the asset or liability. <p>There are also extensive disclosure requirements relating to each of the three levels within the hierarchy.</p>	The standard determines 'how to' rather than 'when' in respect of fair value measurements, and summarises the existing IFRS guidance in one place. This standards may assist those councils that have equity investments that are no longer able to be held at cost..	Early adoption is permitted.	Periods beginning on or after 1 January 2013
	AASB 127 Separate Financial Statements	AASB 127 has been amended to ensure consistency with the new requirements of AASB 10 <i>Consolidated Financial Statements</i> (see above). It now deals only with the preparation of separate company financial statements.	Where separate financial statements are prepared, investments in subsidiaries, associates, and joint ventures must be accounted for either at cost, or in accordance with AASB 9 <i>Financial Instruments</i> . These changes are not expected to impact significantly on Councils.	Early adoption is permitted, but AASB 10, AASB 11, AASB 12, AASB 127 (revised) and AASB 128 (revised) must all be adopted simultaneously.	Periods beginning on or after 1 January 2013
	AASB 128 Investments in Associates and Joint Ventures	AASB 128 has been amended to ensure consistency with the new requirements of AASB 10 <i>Consolidated Financial Statements</i> and AASB 11 <i>Joint Arrangements</i> . The standard sets out how the equity method of accounting is to be applied, defines "significant influence," and how impairment is to be tested for investments in associates or joint ventures.	Some joint ventures which were previously accounted for under the proportionate consolidation method must now be accounted for as associates. These changes are not expected to impact significantly on Councils.	Early adoption is permitted, but AASB 10, AASB 11, AASB 12, AASB 127 (revised) and AASB 128 (revised) must all be adopted simultaneously.	Periods beginning on or after 1 January 2013
	AASB 119 Employee Benefits, AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	The standards require the recognition of all re-measurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called "corridor" method), the immediate recognition of all past service cost in profit or loss and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset.	The entity is yet to assess its full impact. Where adequate information is available, the entity will apply the new standard from 1 July 2013 when the new standard applies to Wodonga City Council.		Periods beginning on or after 1 January 2013

	2013 \$'000	2012 \$'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 2012/13 was \$5,081 million (2011/12 \$4,935 million). The 2012/13 rate in the Capital Improved Value dollar was as shown below:		
Residential improved	0.5034	0.4729
Residential vacant	1.0068	1.0995
Commercial improved	0.7048	0.6361
Commercial vacant	1.0068	1.0995
Industrial improved	0.7048	0.6361
Industrial vacant	1.0068	1.0995
Rural Farming	0.3776	0.3334
Rural Non Farming	0.5034	0.4729
Development use land	0.5034	0.5485
Society/Social clubs	0.4682	0.4398
Residential garbage charge	\$ 389.90	\$ 364.40
Waste management levy	\$ 280.60	\$ 262.25
Environmental levy	\$ 43.20	\$ 40.40
Residential	20,171	18,309
Commercial	2,831	2,454
Industrial	3,302	3,228
Farm/Rural	831	607
Development Use	470	689
Supplementary rates and rate adjustments	78	208
Garbage charge	6,175	5,645
Waste Water Levy	30	27
	33,888	31,167

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2012, and the valuation first applied in the rating year commencing 1 July 2012.

The date of the previous 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.

Note 3 User fees

Infrastructure fees	153	246
Child care/children's program fees	985	699
The Cube	199	6
Building Maintenance	82	91
Aged services fees	394	484
Community Centres	81	80
Contract works	854	531
Waste fees	688	576
Transfer Station	276	312
Health	263	257
Saleyards fees	208	200
Exhibition centre fees	47	43
Civic service fees	683	678
Gateway village fees	103	93
Building and town planning services fees	645	599
Finance	263	107
Other fees and charges	708	634
	6,632	5,636

Ageing analysis of contractual receivables

Please refer to table in Note 33 entitled Ageing of Trade and Other Renewables for the ageing analysis of contractual receivables.

	2013 \$'000	2012 \$'000
Note 4 Grants		
Grants were received in respect of the following :		
Summary of grants		
Federally funded grants	6,543	10,217
State funded grants	12,655	11,240
Others	442	164
Total	19,640	21,621
Recurrent		
Corporate Development and Administration		
Victoria Grants Commission - unallocated	3,558	4,622
Economic Development		
Regional Development	-	20
Employment	112	-
Local Skills Partnership	12	38
Infrastructure		
Victoria Grants Commission - local roads	861	1,101
Commonwealth Government - Roads to Recovery	467	430
Traffic Management	-	51
Environment		
Waste Management	62	50
Green House Alliance	200	839
Community and Social Development		
Home and Community Care	1,233	1,271
Library	18	1
School Crossing Supervisors	59	70
Emergency Management	60	-
Environmental Health	55	74
Maternal and Child Health	428	384
Children's Services	1,434	1,247
Youth Services	157	62
Community Centres	123	119
Settlement Assistance	87	85
Skilled Migration	-	87
Healthy Communities	907	296
Adult Day Care	332	325
Other	68	57
Total recurrent	10,233	11,229
Non-recurrent		
Infrastructure		
Cyclepath	-	119
Yarralumla Drive	-	3,045
Victoria Cross Parade	-	543
Mahers Road	-	217
Fatigue Management Centre	3,906	20
Flood Disaster Relief	427	65
Environment		
City Entrances	300	100
Community and Social Development		
Felltimber Community Centre	300	-
Stanley Street Preschool	300	-
Economic Development		
Regional Growth Strategy	270	-
CBD Development	1,384	-
Central Business Area	90	-
Baranduda Fields	27	-

	2013 \$'000	2012 \$'000
Note 4 Grants (cont)		
Leisure and Culture		
Library Revitalisation	-	10
Aquatic Centre	500	1,800
Skate Park	100	-
Liveable Cities	135	-
Tennis Centre Upgrade	210	-
Gateway Development	183	-
Scout Hall Relocation	-	500
Baranduda Pavilion	-	100
Bonegilla Revitalisation Project	41	95
Performing Arts Centre	1,159	3,680
Artspace	40	50
Willow Park Lighting	-	4
Other	35	44
Total non-recurrent	<u>9,407</u>	<u>10,392</u>
Conditions on grants		
Grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were:		
Felltimber Community Centre	300	-
Fatigue Management Centre	2,845	-
Belvoir Park	35	-
Vicroads Landscaping	300	-
Tennis Centre	210	-
Liveable Cities	91	-
Healthy Communities	154	100
Be Achive	233	-
City Entrances	-	100
Yarralumla Drive	-	500
Scout Hall Relocation	-	500
	<u>4,168</u>	<u>1,200</u>
Grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were:		
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
Baranduda Pavillion	-	100
Aquatic Centre	-	650
	<u>1,200</u>	<u>3,304</u>
Net increase (decrease) in restricted assets resulting from grant revenues for the year:	<u>2,968</u>	<u>(2,104)</u>

	2013 \$'000	2012 \$'000
Note 5 Contributions		
(a) Cash		
Roads	106	733
Recreational, leisure and community facilities	49	45
Events and Festivals	49	79
Environment	41	54
Developer Contributions	112	193
Other	78	19
	<u>435</u>	<u>1,123</u>
(b) Non-monetary assets		
Land under roads	1,042	485
Developer Contributions by way of infrastructure assets	10,492	4,462
	<u>11,534</u>	<u>4,947</u>
Total contributions	<u>11,969</u>	<u>6,070</u>
Note 6 Net gain/(loss) on disposal of property, infrastructure, plant and equipment		
Proceeds of sale	1,016	7,023
Write down value of assets disposed	(747)	(5,584)
Total	<u>269</u>	<u>1,439</u>
Note 7 Other income		
Interest on Investments	660	957
Interest on rates	108	86
Total other income	<u>768</u>	<u>1,043</u>
Note 8 Employee costs		
Wages and salaries	17,937	16,384
WorkCover	451	464
Superannuation	1,494	1,212
Superannuation - additional contribution*	-	3,287
Fringe benefits tax	104	93
Redundancy	-	12
Other	871	727
Total employee costs	<u>20,857</u>	<u>22,179</u>

* During the prior period (2012) Council was required to make an additional contribution to Vision Super to meet our obligations in relation to members of the defined benefit

	2013 \$'000	2012 \$'000
Note 9 Materials and services		
Contract payments	8,732	8,765
Plant and fleet maintenance	443	322
Utilities	1,214	896
Consultancy	1,685	1,225
Rent and accommodation	574	502
Advertising	172	167
Cleaning and security	608	444
Contributions	282	298
Events and festivals	586	479
Insurance	724	568
Legal	485	409
Maintenance	353	366
Marketing and business development	291	264
Materials and services	1,666	1,811
Minor equipment	204	263
Printing and stationery	247	255
Strategies and plans	281	307
Telephone	179	157
Operating lease payments	817	704
Water rates	260	122
Other	1,131	849
Total materials and services	20,934	19,173
Note 10 Bad and doubtful debts		
Other debtors	-	3
Total bad and doubtful debts	-	3
Note 11 Depreciation and amortisation		
Property		
Buildings		
Buildings	1,533	1,218
Plant and Equipment		
Plant, machinery and equipment	428	445
Fixtures, fittings and furniture	45	35
Computers and telecommunications	57	30
Library books	6	-
Infrastructure		
Roads	3,576	3,396
Bridges	169	169
Footpaths	473	430
Cyclepaths	255	220
Drainage	748	745
Kerb and channel	415	386
Playground equipment	284	284
Total depreciation and amortisation	7,989	7,358
Note 12 Finance costs		
Interest - Borrowings	1,871	1,796
	1,871	1,796
Less capitalised borrowing costs on qualifying assets	-	-
Total finance costs	1,871	1,796

	2013 \$'000	2012 \$'000
Note 13 Other expenses		
Auditors' remuneration	49	43
Councillors' allowances	221	216
Internal audit	35	20
Economic development contributions	80	80
Environment contributions	66	94
Library contributions	162	160
Community contributions	79	59
Recreation contributions	15	-
Memberships	110	130
Other	3	6
Total other expenses	820	808
Note 14 Cash and cash equivalents		
Cash on hand	6	7
Cash at bank	527	356
Money market call account	13,950	7,760
Term deposits	7,000	7,100
	21,483	15,223
Councils cash and cash equivalents are subject to a number of internal and external		
- Unexpended grant funds for specific future purposes (Note 4)	4,168	1,200
- Trust funds and deposits (Note 20)	920	909
- Wodonga Retained Environmental Network (Note 21)	3,355	2,812
Restricted Funds	8,443	4,921
Total unrestricted cash and cash equivalents	13,040	10,302
Note 15 Trade and other receivables		
Current		
Rates debtors	1,477	1,234
Land sale debtors	-	6,732
Other debtors	1,011	1,560
Provision for doubtful debts - other debtors	(13)	(29)
Net GST receivable	131	366
	2,606	9,863
Total trade and other receivables	2,606	9,863
Note 16 Inventories		
Inventories held for sale	8	6
Total inventories	8	6
Note 17 Other assets		
Prepayments	347	605
Accrued income	49	123
	396	728

	2013 \$'000	2012 \$'000
Note 18 Property, infrastructure, plant and equipment		
Summary		
at cost	33,896	51,648
Less accumulated depreciation	4,397	3,956
	29,499	47,692
a fair value as at 30 June 2013	321,538	-
Less accumulated depreciation	99,532	-
	222,006	-
at fair value as at 30 June 2012	234,559	498,239
Less accumulated depreciation	54,104	153,215
	180,455	345,024
Total	431,960	392,716
Property		
Land		
at fair value as at 30 June 2012	76,862	76,862
	76,862	76,862
Industrial Land		
at fair value as at 30 June 2013	41,500	-
at cost	-	27,196
	41,500	27,196
Land under roads		
at Council valuation at 30 June 2013	4,685	-
at Council valuation at 30 June 2012	-	3,462
	4,685	3,462
Total Land	123,047	107,520
Buildings		
at cost	23,444	-
Less accumulated depreciation	279	-
	23,165	-
at fair value as at 30 June 2012	61,709	62,805
Less accumulated depreciation	24,600	24,263
	37,109	38,542
Total Buildings	60,274	38,542
Total Property	183,321	146,062

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.

Industrial land at fair value as at 30 June 2013 consists of 77.87 hectares of developed serviced land and 404.84 hectares of unserviced land at the Council's LOGIC development.

A valuation of the LOGIC development was undertaken by a qualified independent valuer, Merv G Hooper (AAPI), Certified Practising Valuer. The valuation of land is at fair value as at 30 June 2013, being market value based on highest and best use permitted by relevant land planning provisions.

Land under roads is valued at fair value. Fair value is based on Council valuations at 30 June 2013 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.

	2013	2012
	\$'000	\$'000
Note 18 Property, infrastructure, plant and equipment (cont)		
Plant and Equipment		
Plant, machinery and equipment		
at cost	4,896	5,028
Less accumulated depreciation	3,041	2,814
	<u>1,855</u>	<u>2,214</u>
Fixtures, fittings and furniture		
at cost	620	362
Less accumulated depreciation	319	289
	<u>301</u>	<u>73</u>
Computers and telecommunications		
at cost	922	901
Less accumulated depreciation	752	853
	<u>170</u>	<u>48</u>
Library Books		
at cost	120	-
Less accumulated depreciation	6	-
	<u>114</u>	<u>-</u>
Total Plant and Equipment	<u>2,440</u>	<u>2,335</u>

	2013 \$'000	2012 \$'000
Note 18 Property, infrastructure, plant and equipment (cont)		
Infrastructure		
Roads		
at fair value as at 30 June 2013	200,630	-
at fair value as at 30 June 2012	-	191,661
Less accumulated depreciation	71,035	72,847
	129,595	118,814
Bridges		
at fair value as at 30 June 2012	17,309	17,309
Less accumulated depreciation	6,675	6,506
	10,634	10,803
Footpaths		
at fair value as at 30 June 2013	28,377	-
at fair value as at 30 June 2012	-	25,801
Less accumulated depreciation	12,638	12,385
	15,739	13,416
Drainage		
at fair value as at 30 June 2012	74,756	74,518
Less accumulated depreciation	21,181	20,433
	53,575	54,085
Kerb and Channel		
at fair value as at 30 June 2013	33,226	-
at fair value as at 30 June 2012	-	30,889
Less accumulated depreciation	12,347	12,223
	20,879	18,666
Cycle Paths		
at fair value as at 30 June 2013	13,120	-
at fair value as at 30 June 2012	-	11,009
Less accumulated depreciation	3,512	3,195
	9,608	7,814
Playground equipment		
at cost	263	-
at fair value as at 30 June 2012	3,923	3,923
Less accumulated depreciation	1,648	1,363
	2,538	2,560
Total Infrastructure	242,568	226,158
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		
Buildings at cost	228	15,285
Roads at cost	3,403	2,876
Total Works in progress	3,631	18,161
Total property, infrastructure, plant and equipment	431,960	392,716

Note 18 Property, plant and equipment, infrastructure (cont.)

2013	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 23)	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	104,058	-	-	-	-	(27,196)	-	76,862
industrial land	-	-	14,726	-	422	27,196	-	41,500
land under roads	3,462	1,042	181	-	-	-	-	4,685
Total land	107,520	1,042	14,907	-	422	-	-	123,047
buildings	38,542	8,344	-	1,533	179	15,100	-	60,274
Total buildings	38,542	8,344	-	1,533	179	15,100	-	60,274
Total property	146,062	9,386	14,907	1,533	601	15,100	-	183,321
Plant and Equipment								
plant, machinery and equipment	2,214	215	-	428	146	-	-	1,855
fixtures, fittings and furniture	73	273	-	45	-	-	-	301
computers and telecommunications	48	179	-	57	-	-	-	170
library books	-	120	-	6	-	-	-	114
Total plant and equipment	2,335	787	-	536	146	-	-	2,440
Infrastructure								
roads	118,814	10,337	1,144	3,576	-	2,876	-	129,595
bridges	10,803	-	-	169	-	-	-	10,634
footpaths	13,416	1,215	1,581	473	-	-	-	15,739
drainage	54,085	238	-	748	-	-	-	53,575
kerb and channel	18,666	1,440	1,188	415	-	-	-	20,879
cyclepaths	7,814	1,131	918	255	-	-	-	9,608
playground equipment	2,560	262	-	284	-	-	-	2,538
Total infrastructure	226,158	14,623	4,831	5,920	-	2,876	-	242,568
Works in progress								
Buildings at cost	15,285	43	-	-	-	(15,100)	-	228
Roads at cost	2,876	3,403	-	-	-	(2,876)	-	3,403
Total works in progress	18,161	3,446	-	-	-	(17,976)	-	3,631
Total property, plant and equipment, infrastructure	392,716	28,242	19,738	7,989	747	-	-	431,960

Note 18 Property, plant and equipment, infrastructure (cont.)

2012	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 23)	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
Cyclepaths at cost	53	-	-	-	-	(53)	-	-
Computers and telecommunications costs	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

		2013 \$'000	2012 \$'000
Note 19	Trade and other payables		
	Trade payables	881	2,399
	Accrued expenses	301	215
	Employee costs	417	388
	Income received in advance	364	179
	Accrued Interest	89	90
	Land purchases	-	3,420
	Superannuation	-	1,500
		<u>2,052</u>	<u>8,191</u>
	Non-current		
	Superannuation	-	1,787
		<u>-</u>	<u>1,787</u>
	Total trade and other payables	<u>-</u>	<u>9,978</u>

Note 20	Trust funds and deposits		
	Refundable roads/drainage deposits	329	282
	Refundable footpath deposits	25	25
	Refundable soil and water deposits	71	58
	Refundable preschool deposits	-	19
	Tree planting and landscaping deposits	250	264
	Other refundable deposits	245	261
	Total trust funds and deposits	<u>920</u>	<u>909</u>

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.

	Provisions						Total \$ '000
	Time in lieu \$ '000	Annual leave \$ '000	Long service leave \$ '000	Landfill restoration \$ '000	Environment Network \$ '000		
2013							
Balance at beginning of the financial year	104	1,417	2,809	850	2,812		7,992
Additional provisions	108	1,097	395	10	831		2,441
Amounts used	(141)	(1,041)	(118)	(90)	(288)		(1,678)
Balance at the end of the financial year	<u>71</u>	<u>1,473</u>	<u>3,086</u>	<u>770</u>	<u>3,355</u>		<u>8,755</u>
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	<u>104</u>	<u>1,417</u>	<u>2,809</u>	<u>850</u>	<u>2,812</u>		<u>7,992</u>

	2013 \$'000	2012 \$'000
Note 21		
Provisions (cont)		
(a) Employee provisions		
Current (i)		
Time in lieu	71	104
Annual leave	1,473	1,417
Long service leave	2,595	2,449
	<u>4,139</u>	<u>3,970</u>
Non-current (ii)		
Long service leave	492	360
	<u>492</u>	<u>360</u>
Aggregate carrying amount of employee		
Current	4,139	3,970
Non-current	492	360
	<u>4,631</u>	<u>4,330</u>
The following assumptions were adopted in measuring the present value		
Weighted average increase in employee costs	4.50%	4.31%
Weighted average discount rates	2.5-3.9%	2.4-3.3%
Weighted average settlement period	15 years	15 years
(i) Current		
All annual leave and the long service leave entitlements representing 7 or more years of continuous service measured at present value		
- Short-term employee Benefits, that fall due within 12 months after the end of the period measured at nominal value	3,476	3,258
- Other long-term employee benefits that do not fall due within 12 months after the end of the period measured at present value	663	712
	<u>4,139</u>	<u>3,970</u>
(ii) Non-current		
Long service leave representing less than 7 years of continuous service measured at present value	<u>492</u>	<u>360</u>
(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	125	120
Non-current	645	730
Total	<u>770</u>	<u>850</u>
(c) Wodonga retained environmental network		
Current	231	213
Non-current	3,124	2599
Total	<u>3,355</u>	<u>2,812</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.		

	2013 \$'000	2012 \$'000
Note 22 Interest-bearing loans and borrowings		
Current		
Borrowings - secured	1,725	3,265
Non-current		
Borrowings - secured	29,266	23,091
Total	30,991	26,356
The maturity profile for Council's borrowings is:		
Floating interest rate	8,549	11,065
Not later than one year	1,425	749
Later than one year and not later than five years	5,766	3,186
Later than five years	15,251	11,356
	30,991	26,356
Aggregate carrying amount of interest-bearing loans and borrowings:		
Current	1,725	3,265
Non-current	29,266	23,091
	30,991	26,356

Note 23 Reserves

	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
	\$'000	\$'000	\$'000
Asset revaluation reserves			
2013			
Property			
Land	26,821	-	26,821
Industrial lands	-	14,726	14,726
Land under roads	40	181	221
Buildings	20,266	-	20,266
	47,127	14,907	62,034
Infrastructure			
Roads	68,470	1,144	69,614
Footpaths	10,185	1,581	11,766
Cyclepaths	5,781	918	6,699
Kerb and channel	13,620	1,188	14,808
Drainage	34,756	-	34,756
Bridges and major culverts	8,211	-	8,211
Playgrounds	1,402	-	1,402
Plant and Equipment	314	-	314
	142,739	4,831	147,570
Total asset revaluation reserves	189,866	19,738	209,604
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 reserves	193,766	(3,900)	189,866

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

	2013 \$'000	2012 \$'000
Note 24 Reconciliation of cash flows from operating activities to surplus (deficit)		
Surplus/(deficit) for the year	20,695	15,659
Depreciation/amortisation	7,989	7,358
Profit/(loss) on disposal of property, plant and equipment, infrastructure	(269)	(1,439)
Contributions - Non-monetary assets	(11,534)	(4,947)
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	525	449
(Increase)/decrease in prepayments	258	(144)
(Increase)/decrease in inventories	(2)	12
(Increase)/decrease in accrued income	74	25
Increase/(decrease) in trade and other payables	(4,523)	4,182
Increase/(decrease) in provisions	220	569
Net cash provided by/(used in) operating activities	13,433	21,724
Note 25 Reconciliation of cash and cash equivalents		
Cash and cash equivalents (see note 14)	21,483	15,223
Note 26 Financing arrangements		
Bank overdraft	200	200
Used facilities	-	-
Unused facilities	200	200
Note 27 Non-cash financing and investing activities		
Infrastructure provided by developers	11,534	4,947
	11,534	4,947
Note 28 Restricted assets		
Council has cash and cash equivalents (note 14) that are subject to restrictions. As at the reporting date, Council had legislative restrictions in relation to employee entitlements (Long Service Leave) and reserve funds (Recreational Lands Reserves).		
Grant funding (note 4)	4,168	1,200
Wodonga Retained Environmental Network (note 21)	3,355	2,812
Trust funds and deposits	920	909
	8,443	4,921

	2013 \$'000	2012 \$'000
Note 29 - Superannuation		
Council made contributions to the following funds:		
Defined benefit fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	65	147
Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date.	-	3,287
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	908	633
Employer contributions to other superannuation funds	461	380
	1,369	1,013
Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date.	60	52
Employer contributions to other superannuation funds	-	-
	60	52

Wodonga City Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. The defined benefit section provides lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from Wodonga City Council and the Wodonga City Council's legal or constructive obligation is limited to these contributions.

Obligations for contributions to the Fund are recognised as an expense in the Comprehensive Operating Statement when they are due.

Accumulation

The Fund's accumulation category, Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2013, this was 9% required under Superannuation Guarantee legislation). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Effective from 1 July 2013, the Superannuation Guarantee contribution rate will increase to 9.25%, and will progressively increase to 12% by 2019.

Defined Benefit

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

Wodonga City Council makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 31 December 2011, Wodonga City Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. This rate is currently 9.25% of members' salaries (9.25% in 2011/12).

In addition, Wodonga City Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit (the funded resignation or retirement benefit is calculated as the VBI multiplied by the benefit).

Wodonga City Council is also required to make additional contributions to cover the contribution tax payable on the contributions referred to above.

Employees are also required to make member contributions to the Fund. As such, assets accumulate in the Fund to meet member benefits, as defined in the Trust Deed, as they accrue.

Note 29 - Superannuation (continued)

Shortfall amounts

The Local Authorities Superannuation Fund's latest actuarial investigation as at 31 December 2011 identified an unfunded liability of \$406 million (excluding contributions tax) in the defined benefit category of which Wodonga City Council is a contributing employer. Wodonga City Council was made aware of the expected shortfall during the 2011/12 year and was informed of its share of the shortfall on 2 August 2012. Wodonga City Council has not been advised of any further adjustments.

The projected value of Wodonga City Council's contribution to the shortfall at 30 June 2012 (excluding contributions tax) amounted to \$3.29 million which was accounted for in the 2011/12 Comprehensive Operating Statement within Employee Benefits (see Note 8) and in the Balance Sheet in Trade and Other Payables (see Note 19). Wodonga City Council received an early payment discount of \$78,339 and this has been accounted for in the 2012/13 Comprehensive Operating Statement within Employee Benefits (see Note 8) and in the Balance Sheet in Trade and Other Payables (see Note 19).

The Fund surplus or deficit (ie the difference between fund assets and liabilities) is calculated differently for funding purposes (ie calculating required contributions) and for the calculation of accrued benefits as required in AAS 25 to provide the values needed for the AASB 119 disclosure in the Wodonga City Council's financial statements. AAS 25 requires that the present value of the defined benefit liability be calculated based on benefits that have accrued in respect of membership of the plan up to the measurement date, with no allowance for future benefits that may accrue.

The amount of the unpaid shortfall at 30 June 2013 is \$nil (\$3.29 million for 2011/12). This unpaid amount is included in the Balance Sheet in Trade and Other Payables (see Note 19).

Retrenchment increments

During 2012-13, Wodonga City Council was not required to make payments to the Fund in respect of retrenchment increments (\$nil in 2011/12). Wodonga City Council's liability to the Fund as at 30 June 2013, for retrenchment increments, accrued interest and tax is \$nil (\$nil in 2011/12).

Accrued benefits

The Fund's liability for accrued benefits was determined in the 31 December 2011 actuarial investigation pursuant to the requirements of Australian Accounting Standard Board AAS25 follows:

	31-Dec-2011 \$'000
Net Market Value of Assets	4,315,324
Accrued Benefits (per accounting standards)	4,642,133
Difference between Assets and Accrued Benefits	<u>(326,809)</u>
Vested Benefits (Minimum sum which must be paid to members when they leave the fund)	4,838,503

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

Net Investment Return	7.50% p.a.
Salary Inflation	4.25% p.a.
Price Inflation	2.75% p.a.

Superannuation contributions

Contributions by Wodonga City Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2013 are detailed below:

Scheme Rate	Type of Scheme	2013 \$000	2012 \$000
9.25%		65	147
9.00%		908	633

There were \$59,975 contributions outstanding and no loans issued from or to the above schemes as at 30 June 2013.

Note 30 Commitments

The Council has entered into the following commitments

2013	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
Provision of security services	55	58	-	-	113
Provision of employee assistance program	15	15	-	-	30
Meals on wheels	108	-	-	-	108
Provision of cleaning services	530	530	530	-	1,590
Waste recycling and greenwaste	2,400	2,400	7,200	12,000	24,000
Electricity and associated services	770	770	840	-	2,380
Electricity supply to public lighting	205	205	-	-	410
Property Valuations	214	-	-	-	214
Uniforms	57	33	-	-	90
Mapinfo service	30	30	90	-	150
Internal Audit	39	39	-	-	78
Legal services	110	-	-	-	110
Sanitary & nappy service	11	-	-	-	11
Provision of printing	94	-	-	-	94
Provision of stationery	100	-	-	-	100
Fire & emergency inspections	41	44	46	-	131
Total	4,821	4,124	8,706	12,000	29,651
Capital					
Vehicle procurement	200	200	200	-	600
Information technology software	50	50	-	-	100
Total	250	250	200	-	700

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

	2013	2012
	\$'000	\$'000
Note 31 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	771	704
Later than one year and not later than five years	1,269	1,325
Later than five years	55	-
	2,095	2,029

Note 32 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 volatility in financial markets the likelihood of making such contributions in future periods exists. At this point in time it is not known if additional contributions will be required, their timing or potential amount.

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.

Guarantees for loans to other entities

The Wodonga City Council does not have any guarantees for loans to other entities.

Contingent assets

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

Note 33 Financial Risk Management

(a) Accounting Policy, terms and conditions

Recognised financial instruments	Note	Accounting Policy	Terms and Conditions
Financial assets			
Cash and cash equivalents	14	<p>Cash on hand and at bank and money market call account are valued at face value.</p> <p>Interest is recognised as it accrues.</p> <p>Investments and bills are valued at cost.</p> <p>Investments are held to maximise interest returns of surplus cash.</p> <p>Interest revenues are recognised as they accrue.</p> <p>Managed funds are measured at market value.</p>	<p>On call deposits returned a floating interest rate of 3.03%-2.25% (4.34%-3.07% in 2011/2012). The interest rate at balance date was 2.27% (3.07% in 2011/2012).</p> <p>Funds returned fixed interest rate of between 5.56% (5.1% in 2011/2012), and 4.1% (6.13% in 2011/2012) net of fees.</p>
Trade and other receivables			
Other debtors	15	<p>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.</p> <p>Collectability of overdue accounts is assessed on an ongoing basis.</p>	<p>General debtors are unsecured and arrears attract an interest rate of 0% (0% in 2011/2012). Credit terms are based on 30 days.</p>
Financial Liabilities			
Trade and other payables	19	<p>Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received.</p>	<p>General Creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.</p>
Interest-bearing loans and borrowings	22	<p>Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables.</p>	<p>Borrowings are secured by way of mortgages over the general rates of the Council.</p> <p>The weighted average interest rate on borrowings is 6.59% (6.64% in 2011/2012).</p>
Bank overdraft	22	<p>Overdrafts are recognised at the principal amount. Interest is charged as an expense as it accrues.</p>	<p>The overdraft is subject to annual review.</p> <p>It is secured by a mortgage over Council's general rates and is repayable on demand.</p> <p>Interest rates on utilised overdraft were 8.08%-8.71% (8.71-9.81% in 2011/2012) .</p> <p>The interest rate as at balance date was 8.08% (8.71% in 2011/2012).</p>

Note 33 Financial instruments (cont.)

(b) Interest Rate Risk

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

2013	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	527	20,950	-	-	6	21,483
Trade and other receivables	-	-	-	-	998	998
Other assets	-	-	-	-	396	396
<i>Total financial assets</i>	<u>527</u>	<u>20,950</u>	<u>-</u>	<u>-</u>	<u>1,400</u>	<u>22,877</u>
Weighted average interest rate	6.50%	4.40%				
Financial liabilities						
Trade and other payables	-	-	-	-	2,052	2,052
Trust funds and deposits	-	-	-	-	920	920
Interest-bearing loans and borrowings	8,549	1,425	5,766	15,251	-	30,991
<i>Total financial liabilities</i>	<u>8,549</u>	<u>1,425</u>	<u>5,766</u>	<u>15,251</u>	<u>2,972</u>	<u>33,963</u>
Weighted average interest rate		6.59%	6.50%	6.30%		
Net financial assets (liabilities)	<u>(8,022)</u>	<u>19,525</u>	<u>(5,766)</u>	<u>(15,251)</u>	<u>(1,572)</u>	<u>(11,086)</u>

2012	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	356	14,860	-	-	7	15,223
Trade and other receivables	7,966	-	-	-	297	8,263
Other assets	-	-	-	-	728	728
<i>Total financial assets</i>	<u>8,322</u>	<u>14,860</u>	<u>-</u>	<u>-</u>	<u>1,032</u>	<u>24,214</u>
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
<i>Total financial liabilities</i>	<u>11,065</u>	<u>749</u>	<u>3,186</u>	<u>11,356</u>	<u>9,100</u>	<u>35,456</u>
Weighted average interest rate		6.64%	6.64%	6.64%		
Net financial assets (liabilities)	<u>(2,743)</u>	<u>14,111</u>	<u>(3,186)</u>	<u>(11,356)</u>	<u>(8,068)</u>	<u>(11,242)</u>

Note 33 Financial Instruments (cont.)

(c) Net Fair Values

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

Financial Instruments	Total carrying amount as per Balance Sheet		Aggregate net fair value	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Financial assets				
Cash and cash equivalents	21,483	15,223	21,483	15,223
Trade and other receivables	998	8,263	998	8,263
Other assets	396	728	396	728
Total financial assets	22,877	24,214	22,877	24,214
Financial liabilities				
Trade and other payables	2,052	8,191	2,052	8,191
Trust funds and deposits	920	909	920	909
Interest-bearing loans and borrowings	30,991	26,356	30,991	26,356
Total financial liabilities	33,963	35,456	33,963	35,456

(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.

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

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

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

Note 33 Financial Instruments (cont.)

Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause us to make a financial loss. We have exposure to credit risk on 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	2013	2012
	\$'000	\$'000
Balance at the beginning of the year	29	12
New Provisions recognised during the year	-	-
Amounts already provided for and written off as uncollectible	(16)	17
Amounts provided for but recovered during the year	-	-
Balance at end of year	13	29

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:

	2013	2012
	\$'000	\$'000
Current (not yet due)	-	6,498
Past due by up to 30 days	205	53
Past due between 31 and 180 days	2,370	1,664
Past due between 181 and 365 days	31	48
Past due by more than 1 year	-	-
Total Trade & Other Receivables	2,606	8,263

Ageing of individually impaired Trade and Other Receivables

At balance date, other debtors representing financial assets with a nominal value of \$13,250 (2012: \$29,219) were impaired. The amount of the provision raised against these debtors was \$13,250 (2012: \$29,219). 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:

	2013	2012
	\$'000	\$'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	13	29
Past due by more than 1 year	-	-
Total Trade & Other Receivables	13	29

Note 33 Financial Instruments (cont.)

Liquidity risk

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

- we will not have sufficient funds to settle a transaction on the date;
- we will be forced to sell financial assets at a value which is less than what they are worth; or
- we may be unable to settle or recover a financial 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 instruments;
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate 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

	6 mths or less	6-12 months	1-2 years	2-5 years	>5 years	Contracted Cash Flow	Carrying Amount
2013	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	2,052	-	-	-	-	-	2,052
Trust funds and deposits	92	161	237	375	55	-	920
Interest-bearing loans and borrowings	845	880	1,783	12,232	15,251	-	30,991
Total financial liabilities	2,989	1,041	2,020	12,607	15,306	-	33,963

	6 mths or less	6-12 months	1-2 years	2-5 years	>5 years	Contracted Cash Flow	Carrying Amount
2012	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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 33 Financial Instruments (cont.)

(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 4.1%.

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
2013	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:					
Cash and cash equivalents	21,477	(430)	(430)	215	215
Financial liabilities:					
Interest-bearing loans and borrowings	8,549	(171)	(171)	85	85

		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

(g) Fair Value Hierarchy

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

	2013	2012
	\$'000	\$'000
Note 34 Auditors' remuneration		
Audit fee to conduct external audit - Victorian Auditor-General	49	43
Internal audit fees - Johnsons MME	35	20
	84	63

Note 35 Events occurring after balance date

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

Note 36 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 (July 1, 2012 to October 26, 2012)
	Councillor Angela Collins (July 1, 2012 to October 26, 2012)
	Councillor Chris Ferguson (July 1, 2012 to October 26, 2012)
	Councillor John Watson (elected October 27, 2012)
	Councillor Michael Fraser (elected October 27, 2012)
	Councillor Eric Kerr (elected October 27, 2012)

Chief Executive Officer Patience Harrington

(ii) Remuneration of Responsible Persons

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

	2013 No.	2012 No.
\$0 - \$9,999	3	-
\$10,000 - \$19,999	3	-
\$20,000 - \$29,999	3	6
\$60,000 - \$69,999	-	-
\$70,000 - \$79,999	1	1
\$110,000 - \$119,999	-	1
\$120,000 - \$129,999	-	1
\$220,000 - \$229,999	-	-
\$260,000 - \$279,999	1	-
	<u>11</u>	<u>9</u>
	\$'000	\$'000
Total Remuneration for the reporting year for Responsible Persons included above amounted to:	492	459

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

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

(v) Other Transactions

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

(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 \$130,000, (2012: \$127,000).

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

	2013 No.	2012 No.
Income Range:		
<\$130,000	4	5
\$130,000 - \$139,999	-	1
\$140,000 - \$149,999	1	-
\$150,000 - \$159,999	-	1
\$160,000 - \$169,999	1	-
\$170,000 - \$179,999	1	-
\$180,000 - \$189,999	-	1
	<u>7</u>	<u>8</u>
Total Remuneration for the reporting year for Senior Officers included above, amounted to	773	842

Note 37 Income, expenses and assets by function/activities

	City Development Division		Finance and Business Development Division		Community Development Division	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Income						
Grants	3,978	6,306	3,677	4,786	7,685	10,471
Other	9,532	8,753	40,732	34,244	2,567	1,817
Total Income	13,510	15,059	44,409	39,030	10,252	12,288
Expenses	(17,095)	(15,637)	(18,730)	(19,600)	(11,701)	(11,175)
Surplus (deficit) for the year	(3,585)	(578)	25,679	19,430	(1,449)	1,113
Assets attributed to functions / activities *	334,038	317,338	37,264	31,795	42,580	35,475

	Executive Division		Investment Attraction Division		Total	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Income						
Grants	270	1	4,030	57	19,640	21,621
Other	111	284	584	257	53,526	45,355
Total Income	381	285	4,614	314	73,166	66,976
Expenses	(4,013)	(3,897)	(932)	(1,008)	(52,471)	(51,317)
Surplus (deficit) for the year	(3,632)	(3,612)	3,682	(694)	20,695	15,659
Assets attributed to functions / activities *	59	-	42,512	33,928	456,453	418,536

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

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 branches :

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 Branches :

Information Systems Governance
Assets Financial Services
Health and Civic Services Plant and Fleet 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 Branches :

Family Services Community Wellbeing
Aged Services The Cube
Youth Services Cultural Activities and Events and Festivals

Executive Division

The Executive Division is responsible for providing executive and administration services of Council co- The Division includes the following units :

Executive Management Marketing
Human Resources Customer Services

Investment Attraction Division

The Investment Attraction Division is responsible for programs which promote economic development and The Division includes the following units :

Economic Development Investment Attraction
Property Management

Note 38 Financial ratios (Performance indicators)	2013	2013	2012	2012	2011	2011
	\$'000	(%)	\$'000	(%)	\$'000	(%)

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

<u>Debt servicing costs</u>	1,871	=	2.56%	1,796	=	2.68%	1,732	=	3.41%
Total revenue	73,166			66,976			50,719		

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>	5,136	=	15.16%	4,936	=	15.84%	3,286	=	11.54%
Rate revenue	33,888			31,167			28,465		

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>	33,888	=	46.32%	31,167	=	46.53%	28,465	=	56.12%
Total revenue	73,166			66,976			50,719		

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

(d) **Debt exposure ratio** (to identify Council's exposure to debt)

<u>Total indebtedness</u>	34,276	=	17.39%	40,314	=	22.26%	34,865	=	20.46%
Total realisable assets	197,126			181,119			170,403		

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 28) is excluded from total indebtedness.

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

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

This ratio enables assessment of Council's solvency and exposure to debt. Total indebtedness refers to the total liabilities of Council.

Total liabilities are compared to total realisable assets which are all Council assets not subject to any restriction and are able to be realised. The ratio expresses the percentage of total liabilities for each dollar of realisable assets.

Note 38 Financial ratios (Performance indicators) (cont.)	2013	2013	2012	2012	2011	2011
	\$'000	(%)	\$'000	(%)	\$'000	(%)

(e) **Working capital ratio** (to assess Council's ability to meet current commitments)

<u>Current assets</u>	24,493		25,820		49,629	
Current liabilities	9,192	= 266.46%	16,668	= 154.91%	10,631	= 466.83%

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>	24,493		25,820		49,629	
Current liabilities	6,597	= 371.27%	15,956	= 161.82%	9,724	= 510.38%

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	2013 \$'000	2012 \$'000
Note 39 Capital expenditure			
Capital expenditure areas			
Buildings		8,388	13,678
Plant and equipment		215	3
Fixtures, fittings and furniture		273	-
Computers and telecommunications		179	-
Library Books		120	-
Roads		7,080	4,902
Bridges		-	1
Footpaths		191	216
Playgrounds		262	214
Total capital works		16,708	19,014
Represented by:			
Renewal of infrastructure	(a)	2,814	1,809
Upgrade of infrastructure	(b)	886	168
Expansion of infrastructure	(c)	3,358	978
New infrastructure		1,012	3,069
New land and buildings		7,851	12,987
New plant and equipment		215	3
New fixtures, fittings and furniture		273	-
New computers and telecommunications		179	-
New library Books		120	-
Total capital works		16,708	19,014

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		16,708	19,014
Contributions - non-monetary assets	5(b)	11,534	4,947
Asset revaluation movement	23	19,738	(3,900)
Depreciation/amortisation	11	(7,989)	(7,358)
Written down value of assets sold	18	(747)	(779)
Net movement in property, plant and equipment, infrastructure	18	39,244	11,924

(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 40 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 : 23rd September 2013
Wodonga

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

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

We have been authorised by the Council on 23rd September 2013 to certify the financial statements in their final form.

Anna Speedie
Councillor

Date : 23rd September 2013
Wodonga

Michael Fraser
Councillor

Date : 23rd September 2013
Wodonga

Patience Harrington
Chief Executive Officer

Date : 23rd September 2013
Wodonga

WODONGA CITY COUNCIL
PERFORMANCE STATEMENT - for the year ended 30 June, 2013
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

- Investigate ways for the community to take greater ownership of public parks.
- Review the council’s role in the provision and development of aged care services.
- Work with all stakeholders to implement the Wodonga racecourse revitalisation strategy.
- Review current planning for sporting facilities in Leneva Valley.

Performance measure	Target	Status	Narrative
Report to council on the investigation of ways for the community to take greater ownership of public parks.	Report presented	Achieved.	Reports were presented to the council meetings of July 16, 2012 and April 15, 2013. Further, an update on this KSA was included in reports presented to the council meetings of December 10, 2012, February 18, 2013, and May 13, 2013.
Report to council on the review of the council’s role in the provision and development of aged care facilities.	Report presented	Achieved.	A report was presented to the council meeting of February 18, 2013. Further, an update on this KSA was included in reports presented to the council meetings of December 10, 2012, February 18, 2013, and May 13, 2013.
Report to council on progress of the feasibility study undertaken as a stage one of the Wodonga racecourse revitalisation strategy.	Report presented	Achieved.	Reports were presented to the council meetings of January 21, 2013 and April 15, 2013. Further, an update on this KSA was included in reports presented to the council meetings of December 10, 2012, February 18, 2013, and May 13, 2013.
Report to council on the progress towards completion of plans for sporting facilities in the Leneva Valley.	Report presented	Achieved.	Reports were presented to the council meetings of August 20, 2012 and April 15, 2013. Further, an update on this KSA was included in reports presented to the council meetings of December 10, 2012, February 18, 2013, and May 13, 2013.

Pillar Two – A strong and resilient economy

Key strategic activity

- Develop a strategy that promotes business and sporting relationships that will assist Wodonga to increase sporting visitation.
- Lobby for the provision of a rail terminal at LOGIC.
- Approach appropriate retailers to establish a presence in Wodonga.

Performance measure	Target	Status	Narrative
Develop a strategy that will increase sporting visitation to Wodonga	Strategy completed.	Achieved.	<p>The strategy is incorporated in the Cultural Services Plan. A report on this item was presented to the council meeting of October 15, 2012.</p> <p>Further, an update on this KSA was included in reports presented to the council meetings of December 10, 2012, February 18, 2013, and May 13, 2013.</p>
Report to the council on the lobbying activities undertaken to have a rail terminal connected at LOGIC.	Report presented	Achieved.	<p>Progress with the Logic rail terminal is reported regularly to councillor briefings as a part of the Investment Attraction report. A briefing paper was also given to councillors on this matter on July 30, 2012.</p> <p>Further, an update on this KSA was included in reports presented to the council meetings of December 10, 2012, February 18, 2013, and May 13, 2013.</p>
Report to the council on approaches made to retailers to establish a presence in Wodonga.	Report presented	Achieved.	<p>Council work with retailers is reported regularly to councillor briefings as a part of the Investment Attraction report. Separate briefing reports were also presented to the briefings of August 13, 2012, March 18, 2013, and June 17, 2013.</p> <p>Further, an update on this KSA was included in reports presented to the council meetings of December 10, 2012, February 18, 2013, and May 13, 2013.</p>

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

Key strategic activity

- Examine community opportunities to use renewable energy technologies to reduce the household cost of living.
- Prepare strategic / financial (business) plans for council's environmental lands.
- Prepare landscape master plans for Wodonga including the streets, Leneva Valley, waterways and surrounding hilltops.
- Examine the future of council's corporate headquarters and options available to improve its condition.
- Work on the lot by lot sale of the LOGIC estate.

Performance measure	Target	Status	Narrative
Report to the council on the progress with investigations into the opportunities to use renewable energy to reduce the cost of living.	Report presented	Achieved.	An update on this KSA was included in reports presented to the council meetings of December 10, 2012, February 18, 2013, and May 13, 2013.
Report to the council with the strategic and financial plans for the council's environmental lands.	Report presented	Achieved.	Council's environmental lands are dealt with under Amendment C94. A report on Amendment C94: Leneva Valley and Baranduda Native Vegetation Precinct Plan was presented to the council meetings of September 17, 2012, November 19, 2012, and May 13, 2013. Further, an update on this KSA was included in reports presented to the council meetings of December 10, 2012, February 18, 2013, and May 13, 2013.
Commence the landscape masterplan for Wodonga.	Masterplan commenced.	Achieved.	An update on this KSA was included in reports presented to the council meetings of December 10, 2012, February 18, 2013, and May 13, 2013.
Report to the council on the future of the council's corporate headquarters and options to address its condition.	Report presented	Achieved.	A report on this matter was presented to the councillor briefing of September 17, 2012. An update on this KSA was included in reports presented to the council meetings of December 10, 2012, February 18, 2013, and May 13, 2013.

Report to the council on the progress towards the lot-by-lot sale of land at LOGIC.	Report presented	Achieved.	<p>Progress with the sale of Logic is reported regularly to councillor briefings as a part of the Investment Attraction report. Separate reports were also presented to the briefings of March 4, 2013 and April 29, 2013.</p> <p>Further, an update on this KSA was included in reports presented to the council meetings of December 10, 2012, February 18, 2013, and May 13, 2013.</p>
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Pillar Four – An inclusive and culturally rich city			
Key strategic activity			
<ul style="list-style-type: none"> • Commence the redevelopment of the Wodonga Civic Centre. • Attract significant events to Wodonga. 			
Performance measure	Target	Status	Narrative
Report to the council on the progress towards the redevelopment of the Wodonga Civic Centre.	Report presented	Achieved.	<p>Reports on this matter were considered at councillor briefings on July 2, 2012 and July 30, 2012.</p> <p>Further, an update on this KSA was included in reports presented to the council meetings of December 10, 2012, February 18, 2013, and May 13, 2013.</p>
Report to the council on the actions taken to attract significant events to Wodonga.	Report presented	Achieved.	<p>A report on this matter was presented to the councillor briefing of March 25, 2013.</p> <p>Further, an update on this KSA was included in reports presented to the council meetings of December 10, 2012, February 18, 2013, and May 13, 2013.</p>

NOTES TO AND FORMING PART OF THE PERFORMANCE STATEMENT FOR 2012/13

COUNCIL APPROVAL OF THE PERFORMANCE STATEMENT

In our opinion, the accompanying performance statement of the Wodonga City Council in respect of 2012/13 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.

Cr Anna Speedie
23rd September 2013
Wodonga

Cr Michael Fraser
23rd September 2013
Wodonga