

Murrindindi Shire Council
"DRAFT" Financial Report,
Standard Statements &
Performance Statement
For the Year Ended 30 June 2013

Murrindindi Shire Council
Financial Report, Standard Statements and Performance Statement
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Comprehensive Income Statement For the Year Ended 30 June 2013

	Note	2013 \$	2012 \$
Income			
Rates and charges	2	14,614,858	13,538,350
Statutory fees and fines	3	597,344	640,876
User fees	4	1,970,594	3,571,999
Grants - recurrent	5	6,157,674	7,336,168
Grants - non-recurrent	5	10,626,522	31,648,880
Contributions - cash	6 (a)	170,249	662,535
Contributions - non monetary assets	6 (b)	4,138,057	698,925
Reimbursements	7	220,477	169,657
Other income	9	1,172,931	1,426,125
Total income		39,668,706	59,693,515
Expenses			
Employee benefits	10	(12,411,954)	(15,160,306)
Materials and services	11	(13,038,776)	(23,420,220)
Depreciation and amortisation	12	(7,280,707)	(5,584,126)
Finance costs	13	(352,330)	(331,693)
Net gain(loss) on disposal of property, plant and equipment, infrastructure	8	35,350	(219,256)
Other expenses	14	(342,292)	(278,845)
Total expenses		(33,390,709)	(44,994,446)
Surplus (Deficit) for the financial year		6,277,997	14,699,069
Other comprehensive income			
Net asset revaluation increment(decrement) reversals		(466,265)	11,127,324
Comprehensive result		5,811,732	25,826,393

The above Comprehensive Income Statement should be read with the accompanying notes

Balance Sheet As at 30 June 2013

	Note	2013 \$	2012 \$
Assets			
Current assets			
Cash and cash equivalents	15	18,034,523	13,616,451
Trade and other receivables	16	4,711,000	10,249,513
Prepayments	17	108,481	173,794
Inventories	18	223,176	313,280
Total current assets		23,077,180	24,353,038
Non-current assets			
Trade and other receivables	16	17,024	16,881
Property, plant and equipment, infrastructure	19	282,294,149	279,141,863
Total non-current assets		282,311,173	279,158,744
Total assets		305,388,353	303,511,782
Liabilities			
Current liabilities			
Trade and other payables	20	2,516,093	5,950,689
Trust funds and deposits	21	738,302	986,875
Provisions	22	2,914,368	2,920,697
Interest-bearing loans and borrowings	23	842,241	819,066
Total current liabilities		7,011,004	10,677,327
Non-current liabilities			
Provisions	22	1,444,217	1,370,763
Interest-bearing loans and borrowings	23	3,216,009	3,558,301
Total non-current liabilities		4,660,226	4,929,064
Total liabilities		11,671,230	15,606,391
Net Assets		293,717,123	287,905,391
Equity			
Accumulated surplus		128,766,936	125,677,396
Reserves	24	164,950,187	162,227,995
Total Equity		293,717,123	287,905,391

The above Balance Sheet should be read with the accompanying notes

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

	Note	Total 2013 \$	Accumulated Surplus 2013 \$	Asset Revaluation Reserve 2013 \$	Other Reserves 2013 \$
2013					
Balance at beginning of the financial year		287,905,391	125,677,396	158,667,028	3,560,967
Surplus for the year		6,277,997	6,277,997	-	-
Net asset revaluation increment	19	(466,265)	-	(466,265)	-
Transfers to other reserves	24(b)	-	(3,765,651)	-	3,765,651
Transfers from other reserves	24(b)	-	577,194	-	(577,194)
Balance at end of the financial year		293,717,123	128,766,936	158,200,763	6,749,424

		Total 2012 \$	Accumulated Surplus 2012 \$	Asset Revaluation Reserve 2012 \$	Other Reserves 2012 \$
2012					
Balance at beginning of the financial year		262,405,623	112,490,318	147,539,704	2,375,601
Prior year adjustment	33	-	(326,625)	-	-
Surplus for the year		14,699,069	14,699,069	-	-
Net asset revaluation increment	19	11,127,324	-	11,127,324	-
Transfers to other reserves	24(b)	-	(1,613,118)	-	1,613,118
Transfers from other reserves	24(b)	-	427,752	-	(427,752)
Balance at end of the financial year		288,232,016	125,677,396	158,667,028	3,560,967

The above Statement of Changes in Equity should be read with the accompanying notes

Cash Flow Statement For the Year Ended 30 June 2013

	2013 Inflows/ (Outflows)	2012 Inflows/ (Outflows)
Note	\$	\$
Cash flows from operating activities		
Rates	14,331,475	13,303,022
User charges and other fines (inclusive of GST)	5,063,938	5,346,371
Grants (inclusive of GST)	21,335,415	38,483,376
Interest	791,781	905,924
Net GST refund	1,482,419	2,570,292
Payments to suppliers (inclusive of GST)	(16,489,866)	(30,054,299)
Payments to employees (including redundancies)	(14,525,127)	(13,330,026)
Net cash provided by operating activities	25 11,990,035	17,224,660
Cash flows from investing activities		
Payments for property, plant and equipment, infrastructure	(6,960,772)	(19,988,442)
Proceeds from sale of property, plant and equipment, infrastructure	234,923	282,413
Repayment of Trust funds and deposits	(248,575)	(56,073)
Net cash used in investing activities	(6,974,424)	(19,762,102)
Cash flows from financing activities		
Finance costs	(278,422)	(265,437)
Proceeds from interest bearing loans and borrowings	500,000	900,000
Repayment of interest bearing loans and borrowings	(819,117)	(649,011)
Net cash used in financing activities	(597,539)	(14,448)
Net increase (decrease) in cash and cash equivalents	4,418,072	(2,551,890)
Cash and cash equivalents at the beginning of the financial year	13,616,451	16,168,341
Cash and cash equivalents at the end of the financial year	26 18,034,523	13,616,451
Restrictions on cash assets	28 7,600,226	4,660,342

The above Cash Flow Statement should be read with the accompanying notes

Introduction

- (a) The Murrindindi Shire Council was established by an Order of the Governor in Council on 18 November 1994 and is a body corporate. The Council's main office is located at Perkins Street, Alexandra.
- (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 - HLB Mann Judd
Solicitors - Russell Kennedy
Bankers - ANZ Bank
Website address - www.murrindindi.vic.gov.au

This financial report is a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, and notes accompanying these financial statements.

The general purpose financial report complies with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1989, and the Local Government (Finance and Reporting) Regulations 2004.

The financial statements were authorised for issue by Margaret Abbey Chief Executive Officer on 25 September 2013.

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(h) and 1(s). Cost is based on the fair values of the consideration given in exchange for assets.

The presentation currency of the Council is the Australian dollar which has also been identified as the functional currency of the Council.

In the application of the Australian Accounting Standards (AASs), management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements.

Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future periods if the revision affects both current and future periods.

Judgements made by management in the application of AASs that have significant effects on the financial statements and estimates with a risk of material adjustments in the next year are disclosed throughout the notes in the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

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

(b) New Accounting Standards and Interpretations

Note 1(v) details the Australian Accounting Standards that 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
(c)

Significant accounting policies (cont.)

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 general 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. However a specific provision is maintained for two properties considered doubtful due to current planning restrictions.

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

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

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in note 5.

The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

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.

Reimbursements

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

Sale of property, plant and equipment, infrastructure

The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer, or in the case where an insured asset has been destroyed on the date of the event.

Trade and other receivables

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

Interest and rents

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

(d)

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.

Costs are assigned on the basis of weighted average costs.

Note 1

(e)

Significant accounting policies (cont.)

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 infrastructure 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.

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
<u>Property</u>	
Buildings	30 - 80 years
Heritage (art works and statues)	200 years
<u>Plant and Equipment</u>	
Plant, machinery and equipment	3 - 15 years
Library books	3 - 10 years
<u>Infrastructure</u>	
Roads - sealed roads and streets	
road formation and earthworks	100 - 200 years
road pavements	20 - 40 years
original surfacing and major resurfacing	
bituminous seals	8 - 12 years
asphalt seals	15 - 20 years
Roads - unsealed roads	
road formation and earthworks	100 - 200 years
road pavements	40 - 60 years
Bridges	
bridges - timber	30 - 40 years
bridges - steel and concrete	80 - 100 years
Drainage	50 - 85 years

Depreciation rates are consistent with the previous year.

(f)

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.

(g)

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Borrowing costs include interest on bank overdrafts, interest on borrowings, and finance lease charges as well as the effect of unwinding of the discount factor used in the measurement of provisions.

(h)

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.

In accordance with Council's policy, the threshold limits of assets purchased in excess of \$2,000 is applied when recognising assets, with the exception of computer equipment which is recognised in excess of \$1,000.

These thresholds are consistent with the prior year.

Note 1 **Significant accounting policies (cont.)**
Recognition and measurement of assets (cont.)

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, furniture and equipment, library books and heritage assets, 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 3 to 5 years. The valuation is performed either by experienced council officers or an independent expert valuer from LG Valuation Services.

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

The Council recognised the value of land under roads it controlled as at 30 June 2008 measured at fair value. Land under roads acquired subsequent to 30 June 2008 is brought to account at fair value.

(i) 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.

(j) Tender deposits

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

(k) Interest-bearing loans and borrowings

Interest bearing liabilities are recorded initially at fair value, net of transaction costs.

Subsequent to initial recognition, interest bearing liabilities are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability using the effective interest rate method.

Note 1

Significant accounting policies (cont.)

(l)

Employee benefits

Wages and salaries

Liabilities for wages and salaries and rostered days off are recognised and are measured as the amount unpaid at balance date and include appropriate oncosts such as 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 is measured at nominal value based on the amount, including appropriate oncosts, expected to be paid when settled

Long service leave

Long service leave entitlements payable are assessed at balance date having regard to expected employee remuneration rates on settlement, employment related oncosts and other factors including accumulated years of employment, on settlement, and experience of employee departure per year of service. Long service leave expected to be paid within 12 months is measured at nominal value based on the amount expected to be paid when settled. Long service leave expected to be paid later than one year has been measured at the present value of the estimated future cash outflows to be made for these accrued entitlements. Commonwealth bond rates are used for discounting future cash flows.

Classification of employee benefits

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

Superannuation

A liability is recognised in respect of Council's present obligation to meet the unfunded obligations of defined benefit superannuation schemes to which its employees are members.

The liability is defined as the Council's share of the scheme's unfunded position, being the difference between the present value of employees' accrued benefits and the net market value of the scheme's assets at balance date.

The superannuation expense for the reporting year is the amount of the statutory contribution the Council makes to the superannuation plan which provides benefits to its employees together with any movements (favourable/unfavourable) in the position of any defined benefits schemes. Details of these arrangements are recorded in note 29

(m)

Provisions

Provisions are recognised when the Council has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recognised from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

(n)

Leases

Operating leases

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

(o)

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.

(p)

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.

Note 1 Significant accounting policies (cont.)

(q) Web site costs

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

(r) 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.

(s) 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.

(t) Rounding

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

Note 1 **Significant accounting policies (cont.)**
(u) **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.

Pronouncement	What's new?	Impact/Action	Transition	Effective date
AASB 9 Financial Instruments	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:	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.	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	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).
	<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 · Fair Value through profit and Loss - everything that does not fall into the <p>The following changes also apply:</p> <ul style="list-style-type: none"> · Investments in unquoted equity instruments must be measured at fair value. · There is no longer any requirement to consider whether 'significant or · 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. 			
AASB 13 Fair Value Measurement	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:	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
	<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 · 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>			
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		1 January 2013/ 1 July 2013

2013
\$

2012
\$

Note 2 Rates and charges

Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is its total value of land plus buildings and improvements.

The valuation base used to calculate general rates for 2012-2013 was \$3.423 million (2011-2012 \$3.215 million). The 2012-2013 rate in the dollar for general rate was 0.003100 of the capital improved value of the property (2011-2012 - 0.003078).

Council has a differential rate for Rural 1 land of 75% of the general rate. Rural 1 land means rateable land which is not less than 40 hectares in area. There is no rating differential for land classified as Rural 2 land. Rural 2 land is any rural land that does not meet the criteria for Rural 1 land and is between 4 and 40 hectares in size.

The 2012-2013 Municipal Charge was \$258.00 (2011-2012 \$244.00) per rateable assessment. In 2011-2012 the Garbage Service Charge was \$289.00 (2011-2012 \$280.00) and Recycling Charge \$71.00 (2011-2012 \$69.00).

Residential	4,651,475	4,258,750
Commercial	483,925	459,065
Rural 1	2,655,470	2,405,790
Rural 2	2,258,917	2,082,183
Municipal charge	2,356,439	2,229,200
Garbage charge	1,732,304	1,648,284
Recycling	419,607	399,632
Revenue in lieu of rates	56,721	55,446
	<u>14,614,858</u>	<u>13,538,350</u>

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

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

Note 3 Statutory fees and fines

Building	185,889	281,674
Environmental health and local laws	203,720	170,699
Planning and subdivisions	139,383	119,564
Infrastructure	46,588	38,096
Other	21,764	30,843
	<u>597,344</u>	<u>640,876</u>

Note 4 User fees

External works - private works	88,340	895,392
Quarry product	82,414	386,674
Aged care	509,027	497,894
Valuation data	98,754	10,008
Saleyard fees	343,681	256,479
Recreation -pools and leisure centres	104,247	92,362
Waste - transfer station & landfill fees	683,236	1,133,042
Other fees and charges	60,895	300,148
	<u>1,970,594</u>	<u>3,571,999</u>

	2013	2012
	\$	\$
Note 5		
Grants		
Recurrent		
Governance	2,594,766	3,434,637
Community	1,893,246	1,795,655
Planning & Environment	51,096	49,202
Infrastructure	1,618,566	2,056,674
Total recurrent	<u>6,157,674</u>	<u>7,336,168</u>
Non-recurrent		
Community	1,356,585	848,930
Local Economy	233,000	283,500
Planning & Environment	100,247	142,055
Infrastructure	2,188,017	3,785,237
Corporate	101,670	340,000
Natural Disaster	6,647,003	26,249,158
Total non-recurrent	<u>10,626,522</u>	<u>31,648,880</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:

Governance	0	-
Community	-	644,340
Local Economy	-	208,500
Planning & Environment	-	133,455
Infrastructure	-	1,037,866
Corporate	-	4,256
Natural Disaster	-	634,201
Waste and environment	-	-
	<u>-</u>	<u>2,662,618</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:

Governance	-	-
Community	-	431,933
Local Economy	-	97,216
Planning & Environment	-	19,117
Infrastructure	-	24,636
Natural Disaster	-	3,264,461
	<u>-</u>	<u>3,837,363</u>

Net increase (decrease) in restricted assets resulting from grant revenues for the year:

	<u>-</u>	<u>(1,174,745)</u>
Balance of Grants recognised as revenue in the current and previous years that had not been expended at year end	-	4,217,765

		2013 \$	2012 \$
Note 6	Contributions		
	(a) Cash		
	Governance	134	-
	Community	88,079	127,924
	Local Economy	5,239	10,202
	Infrastructure	74,797	511,203
	Natural Disaster	2,000	13,200
	Corporate	-	6
	Total	<u>170,249</u>	<u>662,535</u>
	(b) Non-monetary assets		
	Infrastructure	4,138,057	503,925
	Natural Disaster	-	195,000
	Total	<u>4,138,057</u>	<u>698,925</u>
	Total Contributions	<u>4,308,306</u>	<u>1,361,460</u>
Note 7	Reimbursements		
	Debt recovery	65,674	30,607
	Government agencies - Bushfire reconstruction and recovery	-	2,500
	Insurance	8,868	39,110
	Service provision	101,931	59,004
	Other	44,004	38,436
		<u>220,477</u>	<u>169,657</u>
Note 8	Gain / (Loss) on disposal of property, plant and equipment and infrastructure		
	Proceeds from sales	234,923	282,413
	less: Carrying amount of assets sold	<u>(199,573)</u>	<u>(501,669)</u>
		<u>35,350</u>	<u>(219,256)</u>
	Users of the financial report should refer to Note 19 for additional details.		
Note 9	Other income		
	Interest	591,701	735,399
	Interest on rates	190,025	140,515
	Rental	131,434	136,696
	Supervision and administration recoupment	1,852	5,350
	Return on investment	178,374	305,430
	Other	79,545	102,735
		<u>1,172,931</u>	<u>1,426,125</u>
Note 10	Employee benefits		
	Wages and salaries	11,105,376	11,784,727
	Superannuation	937,484	1,024,389
	Superannuation Defined Benefits	-	1,980,896
	Workcover	369,094	370,294
		<u>12,411,954</u>	<u>15,160,306</u>
Note 11	Materials and services		
	Utilities	604,029	558,347
	Contractors	9,369,963	18,652,610
	Legal Expenses	293,104	201,499
	Insurance	445,581	396,397
	Materials	1,026,289	1,520,409
	Contributions	548,088	547,806
	Consultants	751,722	1,543,152
		<u>13,038,776</u>	<u>23,420,220</u>

	2013	2012
	\$	\$
Note 12		
Depreciation and amortisation		
<u>Property</u>		
Buildings	1,795,755	686,555
<u>Plant and Equipment</u>		
Plant, machinery and equipment	572,451	584,809
Fixtures, fittings and furniture	157,413	134,545
Heritage and Cultural	2,084	2,084
Library materials	101,520	101,781
<u>Infrastructure</u>		
Roads & Paths	4,032,978	3,982,030
Bridges	498,763	-
Drainage	119,743	92,322
	<u>7,280,707</u>	<u>5,584,126</u>
Note 13		
Finance costs		
Interest - borrowings	274,286	273,440
Interest - provision for landfill rehabilitation	78,044	58,253
Finance costs	<u>352,330</u>	<u>331,693</u>
Note 14		
Other expenses		
Auditors' remuneration - auditing or reviewing the financial report	39,000	43,690
Auditors' remuneration - internal audit	18,650	36,654
Councillors' allowances	174,245	169,995
Bad and doubtful debts	88,831	7,617
Other	21,566	20,889
	<u>342,292</u>	<u>278,845</u>
Note 15		
Cash and cash equivalents		
Cash at Bank and on Hand	372,023	1,277,481
Term Deposits and at Call	17,662,500	12,338,970
	<u>18,034,523</u>	<u>13,616,451</u>
Users of the financial report should refer to Note 28 for details of restrictions on cash assets and note 30 for details of existing Council commitments		
Note 16		
Trade and other receivables		
Current		
Rates debtors	1,016,154	780,154
Garbage and Recycling debtors	262,165	214,782
Other debtors	421,002	1,838,164
Government grants	2,647,995	6,948,331
Provision for doubtful debts	(118,340)	(29,770)
Special rate debtors	13,601	44,663
Net GST receivable	375,981	365,481
Accrued Interest	73,444	83,499
Accrued Income Other	18,998	4,209
	<u>4,711,000</u>	<u>10,249,513</u>
Non-current		
Special rate debtors	17,024	16,881
	<u>17,024</u>	<u>16,881</u>
Total	<u>4,728,024</u>	<u>10,266,394</u>
Note 17		
Prepayments		
Prepaid Vehicle Registration	62,702	58,458
Councillor and Mayoral Allowances	14,703	28,624
Other prepayments	31,076	86,712
	<u>108,481</u>	<u>173,794</u>
Note 18		
Inventories		
Inventories for distribution at cost	223,176	313,280
	<u>223,176</u>	<u>313,280</u>

Note 19	Property, plant and equipment, infrastructure	2013	2012
		\$	\$
	Summary		
	at cost	22,546,776	53,899,832
	Less accumulated depreciation	4,105,579	4,369,042
		<u>18,441,197</u>	<u>49,530,790</u>
	at fair value	360,821,111	240,789,136
	Less accumulated depreciation	96,968,159	11,178,063
		<u>263,852,952</u>	<u>229,611,073</u>
	Total	<u>282,294,149</u>	<u>279,141,863</u>
	Property		
	Land		
	at cost	-	392,260
	at fair value as at 1 July 2012	20,397,503	19,924,177
		<u>20,397,503</u>	<u>20,316,437</u>
	Land under roads		
	at cost	78,078	-
	at fair value as at 30 June 2012	3,746,200	3,746,200
		<u>3,824,278</u>	<u>3,746,200</u>
	Total Land	<u>24,221,781</u>	<u>24,062,637</u>
	Buildings		
	at cost	2,775,830	23,765,057
	Less accumulated depreciation	8,267	77,703
		<u>2,767,563</u>	<u>23,687,354</u>
	at fair value as at 1 July 2012	85,968,192	28,845,455
	Less accumulated depreciation	31,159,328	1,206,787
		<u>54,808,864</u>	<u>27,638,668</u>
	Total Buildings	<u>57,576,427</u>	<u>51,326,022</u>
	Total Property	<u>81,798,208</u>	<u>75,388,659</u>
	Valuation of land and buildings were undertaken by a qualified independent valuer Peter Hann FAPI Certified Practising Valuer of LG Valuation services as at 1 July 2012.		
	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.		
	Land under roads is valued at fair value. Fair value is based on Council valuations at 30 June 2012 for land under roads in existence at that date and at the date acquired for subsequent acquisitions using site values adjusted for englobo (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services.		
	Plant and equipment		
	at cost	6,285,384	6,418,246
	Less accumulated depreciation	2,779,503	2,546,268
		<u>3,505,881</u>	<u>3,871,978</u>
	Fixtures, fittings and furniture		
	at cost	1,617,738	1,404,129
	Less accumulated depreciation	812,620	693,636
		<u>805,118</u>	<u>710,493</u>
	Heritage and cultural		
	at cost	206,223	206,223
	Less accumulated depreciation	10,439	8,356
		<u>195,784</u>	<u>197,867</u>
	Library materials		
	at cost	809,073	987,337
	Less accumulated depreciation	335,620	495,281
		<u>473,453</u>	<u>492,056</u>
	Total Plant and Equipment	<u>4,980,236</u>	<u>5,272,394</u>

Note 19	Property, plant and equipment, infrastructure (cont.)	2013 \$	2012 \$
	Infrastructure		
	Roads & Paths		
	at cost	-	14,918,573
	Less accumulated depreciation	-	538,301
		<u>-</u>	<u>14,380,272</u>
	at fair value as at 30 June 2013	217,902,338	157,564,009
	Less accumulated depreciation	64,376,902	8,996,032
		<u>153,525,436</u>	<u>148,567,977</u>
	Total Roads & Paths	<u>153,525,436</u>	<u>162,948,249</u>
	Bridges		
	at cost	6,817,421	1,971,607
	Less accumulated depreciation	138,243	9,497
		<u>6,679,178</u>	<u>1,962,110</u>
	at fair value as at 30 June 2013	24,795,102	22,865,578
	Less accumulated depreciation	1,257,747	882,922
		<u>23,537,355</u>	<u>21,982,656</u>
	Total Bridges	<u>30,216,533</u>	<u>23,944,766</u>
	Drainage		
	at cost	1,842,202	1,670,959
	Less accumulated depreciation	20,887	-
		<u>1,821,315</u>	<u>1,670,959</u>
	at fair value as at 30 June 2013	8,011,776	7,843,717
	Less accumulated depreciation	174,182	92,322
		<u>7,837,594</u>	<u>7,751,395</u>
	Total Drainage	<u>9,658,909</u>	<u>9,422,354</u>
	Total Infrastructure	<u>193,400,878</u>	<u>196,315,369</u>
	Valuation of infrastructure assets have been determined by Council Officer John Canny A.A.I.Q.S. The valuation was first applied in the financial year ended 30 June 2013.		
	Valuations have been indexed using Victorian road and bridge construction cost data provided by the Australian Bureau of Statistics		
	The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.		
	Council will be undertaking a full revaluation of Bridges in 2013-14		
	Works in progress		
	Buildings at cost	1,403,626	1,274,353
	Drainage at cost	31,976	16,290
	Heritage and cultural	113,291	-
	Bridges	412,634	-
	Roads & Paths	153,300	874,798
	Total Works in progress	<u>2,114,827</u>	<u>2,165,441</u>
	Total Property, Plant and Equipment, Infrastructure	<u>282,294,149</u>	<u>279,141,863</u>

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

Movement in carrying amounts

2013	Balance at beginning of financial year	Acquisition of assets	Gifted assets	Revaluation increments (decrements) (note 24)	Depreciation and amortisation (note 12)	Written down value of disposals	Transfers	Balance at end of financial year
	\$	\$	\$	\$	\$	\$	\$	\$
Property								
land	20,316,437	-	0	81,066	-	-	-	20,397,503
land under roads	3,746,201	71,311	6,767	-	-	-	-	3,824,279
Total land	24,062,638	71,311	6,767	81,066	-	-	-	24,221,782
buildings	51,326,021	1,406,466	248,690	5,270,331	(1,795,755)	-	1,120,673	57,576,426
Total buildings	51,326,021	1,406,466	248,690	5,270,331	(1,795,755)	-	1,120,673	57,576,426
Total property	75,388,659	1,477,777	255,457	5,351,397	(1,795,755)	-	1,120,673	81,798,208
Plant and Equipment								
plant, machinery and equipment	3,871,978	353,399	-	-	(572,451)	(147,045)	-	3,505,881
fixtures, fittings and furniture	710,493	253,040	-	-	(157,413)	(1,001)	-	805,119
heritage and cultural	197,868	-	-	-	(2,084)	-	-	195,784
library materials	492,055	82,918	-	-	(101,520)	-	-	473,453
Total plant and equipment	5,272,394	689,357	-	-	(833,468)	(148,046)	-	4,980,237
Infrastructure								
roads and paths	162,948,247	2,744,828	826,235	(6,722,759)	(4,032,978)	-	(2,238,138)	153,525,435
bridges	23,944,766	113,482	2,965,378	688,241	(498,763)	(19,724)	3,023,153	30,216,533
drainage	9,422,355	75,002	90,988	216,856	(119,743)	(31,802)	5,253	9,658,909
Total infrastructure	196,315,368	2,933,312	3,882,601	(5,817,662)	(4,651,484)	(51,526)	790,268	193,400,877
Works in progress								
buildings	1,274,353	1,249,946	-	-	-	-	(1,120,673)	1,403,626
bridges	-	412,634	-	-	-	-	-	412,634
drainage	16,290	20,939	-	-	-	-	(5,253)	31,976
heritage and cultural	-	113,291	-	-	-	-	-	113,291
roads and paths	874,799	63,516	-	-	-	-	(785,015)	153,300
Total works in progress	2,165,442	1,860,326	-	-	-	-	(1,910,941)	2,114,827
Total property, plant and equipment, infrastructure	279,141,863	6,960,772	4,138,058	(466,265)	(7,280,707)	(199,572)	-	282,294,149

Note 19 *Property, plant and equipment, infrastructure (cont.)*
Movement in carrying amounts

2012	Balance at beginning of financial year	Acquisition of assets	Gifted assets	Revaluation increments (decrements) (note 24)	Depreciation and amortisation (note 12)	Written down value of disposals	Transfers	Balance at end of financial year
	\$	\$	\$	\$	\$	\$	\$	\$
Property								
land	20,321,139	-	-	-	-	(4,702)	-	20,316,437
land under roads	3,599,770	-	12,081	135,850	-	(1,500)	-	3,746,201
Total land	23,920,909	-	12,081	135,850	-	(6,202)	-	24,062,638
buildings	31,737,296	10,811,326	195,000	-	(686,555)	(324,108)	9,593,062	51,326,021
Total buildings	31,737,296	10,811,326	195,000	-	(686,555)	(324,108)	9,593,062	51,326,021
Total property	55,658,205	10,811,326	207,081	135,850	(686,555)	(330,310)	9,593,062	75,388,659
Plant and Equipment								
plant, machinery and equipment	4,291,166	332,930	-	-	(584,809)	(167,309)	-	3,871,978
fixtures, fittings and furniture	420,136	428,951	-	-	(134,545)	(4,049)	-	710,493
heritage and cultural	199,952	-	-	-	(2,084)	-	-	197,868
library materials	485,061	108,775	-	-	(101,781)	-	-	492,055
Total plant and equipment	5,396,315	870,656	-	-	(823,219)	(171,358)	-	5,272,394
Infrastructure								
roads, streets and bridges	171,938,265	4,837,056	334,785	10,533,554	(3,982,030)	-	3,231,383	186,893,013
drainage	7,385,797	1,408,917	157,058	457,920	(92,322)	-	104,985	9,422,355
Total infrastructure	179,324,062	6,245,973	491,843	10,991,474	(4,074,352)	-	3,336,368	196,315,368
Works in progress								
buildings	9,787,674	1,189,517	-	-	-	-	(9,702,838)	1,274,353
drainage	69,402	16,290	-	-	-	-	(69,402)	16,290
roads, streets & bridges	3,177,309	854,680	-	-	-	-	(3,157,190)	874,799
Total works in progress	13,034,385	2,060,487	-	-	-	-	(12,929,430)	2,165,442
Total property, plant and equipment, infrastructure	253,412,967	19,988,442	698,924	11,127,324	(5,584,126)	(501,668)	-	279,141,863

		2013	2012
		\$	\$
Note 20	Trade and other payables		
	Trade payables	2,080,776	3,439,597
	Local Authorities Superannuation - Additional call	-	1,980,896
	Loan Interest	46,680	50,816
	Accrued wages	284,418	405,776
	Accrued expenses	104,219	73,604
		<u>2,516,093</u>	<u>5,950,689</u>
Note 21	Trust funds and deposits		
	Refundable building deposits	52,000	59,000
	Refundable planning permit bonds	218,658	233,080
	Refundable contract deposits	193,122	416,350
	Other refundable deposits	274,522	278,445
		<u>738,302</u>	<u>986,875</u>

These amounts have been received from individuals or companies to guarantee performance of obligations under various building permits, planning permits and contract agreements.

These funds will be refunded when requirements have been finalised or paid in accordance with instructions of individuals or companies on whose behalf the monies are held.

Note 22	Provisions	Annual	Long	Landfill	Total		
		leave	service	restoration		2013	2012
		\$	\$	\$	\$	\$	\$
	2013						
	Balance at beginning of the financial year	1,038,156	2,072,583	1,180,721	4,291,460		
	Additional provisions	(795,569)	(259,750)	78,044	(977,275)		
	Amounts used	754,982	289,418	-	814,293		
	Balance at the end of the financial year	997,569	2,102,251	1,258,765	4,128,478		
	2012						
	Balance at beginning of the financial year	1,074,059	2,069,704	1,122,468	4,266,231		
	Additional provisions	794,023	232,986	58,253	1,085,262		
	Amounts used	(829,926)	(230,107)	-	(1,290,140)		
	Balance at the end of the financial year	1,038,156	2,072,583	1,180,721	4,061,353		
						2013	2012
						\$	\$
	(a) Employee benefits						
	Current (i)						
	Annual leave				997,569	1,038,156	
	Long service leave				1,916,799	1,882,541	
					<u>2,914,368</u>	<u>2,920,697</u>	
	Non-current (ii)						
	Long service leave				185,452	190,042	
					<u>185,452</u>	<u>190,042</u>	
	Aggregate carrying amount of employee benefits:						
	Current				2,914,368	2,920,697	
	Non-current				185,452	190,042	
					<u>3,099,820</u>	<u>3,110,739</u>	
	The following assumptions were adopted in measuring the present value of employee benefits:						
	Weighted average increase in employee costs				4.00%	3.80%	
	Weighted average discount rates				2.93%	2.69%	
	(i) Current						
	All annual leave and the long service leave entitlements representing 7 or more years of continuous service						
	- Short-term employee benefits, that fall due within 12 months after the end of the period measured at nominal value				1,107,916	1,148,503	
	- Other long-term employee benefits that do not fall due within 12 months after the end of the period measured at present value				1,806,452	1,772,194	
					<u>2,914,368</u>	<u>2,920,697</u>	
	(ii) Non-current						
	Long service leave representing less than 7 years of continuous service measured at present value				185,452	190,042	
	(b) Provisions						
	Non-current						
	Landfill Restoration				1,258,765	1,180,721	
					<u>1,258,765</u>	<u>1,180,721</u>	
	Total Non-current Provisions				<u>1,444,217</u>	<u>1,370,763</u>	
	A provision has been recognised for the costs to be incurred for the restoration of the landfill site used for waste management. It is anticipated that the landfill will require restoration within 30 years.						
	A discount rate adjusted to reflect the risk inherent in the Council's operations has been applied.						

		2013	2012
		\$	\$
Note 23	Interest-bearing loans and borrowings		
	Current		
	Bank loans - secured	842,241	819,066
		<u>842,241</u>	<u>819,066</u>
	Non-current		
	Bank loans - secured	3,216,009	3,558,301
		<u>3,216,009</u>	<u>3,558,301</u>
	Total	<u>4,058,250</u>	<u>4,377,367</u>
	The maturity profile for Council's borrowings is:		
	Not later than one year	842,241	819,066
	Later than one year and not later than five years	2,541,432	2,846,074
	Later than five years	674,577	712,227
		<u>4,058,250</u>	<u>4,377,367</u>

Bank Loans are secured by a charge over the general rates of the Council.

Note 24 Reserves	2013 \$	2012 \$
Asset revaluation reserves (a)	158,200,763	158,667,028
Other reserves (b)	6,749,424	3,560,967
	164,950,187	162,227,995

	Balance at beginning of reporting period	Increment (decrement)	Impairment Losses Recognised	Balance at end of reporting period
(a) Asset revaluation reserves	\$	\$	\$	\$
2013				
Property				
Land	15,084,343	81,066	-	15,165,409
Land under roads	289,872	-	-	289,872
Buildings	16,049,267	5,270,331	-	21,319,598
	31,423,482	5,351,397	-	36,774,879
Infrastructure				
Roads & paths	121,292,695	-6,722,759	-	114,569,936
Bridges	-	688,241	-	688,241
Drainage	5,950,850	216,856	-	6,167,706
	127,243,545	-5,817,662	-	121,425,883
Total Asset revaluation reserves	158,667,028	-466,265	-	158,200,763
2012				
Property				
Land	15,084,343	-	-	15,084,343
Land under roads	154,022	135,850	-	289,872
Buildings	16,049,267	-	-	16,049,267
	31,287,632	135,850	-	31,423,482
Infrastructure				
Roads & paths	110,759,141	10,533,554	-	121,292,695
Bridges	-	-	-	-
Drainage	5,492,930	457,920	-	5,950,850
	116,252,071	10,991,474	-	127,243,545
Total Asset revaluation reserves	147,539,703	11,127,324	-	158,667,028

Asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy note 1 (h).

	Balance at beginning of reporting period	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting period
(b) Other reserves	\$	\$	\$	\$
2013				
Public Open Space Reserve	333,004	46,000	-	379,004
Garbage Reserve	2,283,737	809,505	-	3,093,242
Infrastructure Contributions Parking	65,480	-	-	65,480
Infrastructure Maintenance Reserve	206,780	228,586	-	435,366
New and Expanded Assets Reserve	-	1,575,783	-	1,575,783
Gifted and Novated Assets Reserve	-	920,000	-	920,000
Coster Street Units Reserve	22,252	14,924	(60)	37,116
Shaw Avenue Redevelopment	43,752	-	-	43,752
Road Maintenance - Subdividers Contribution	16,044	-	-	16,044
Alexandra Community Leisure Centre	19,244	-	(10,865)	8,379
Yea Saleyards	480,797	137,773	(517,559)	101,011
Alexandra Saleyards	48,710	-	(48,710)	-
Yea Caravan Park	16,247	2,427	-	18,674
Marysville Caravan Park	24,920	30,653	-	55,573
Total Other reserves	3,560,967	3,765,651	(577,194)	6,749,424

Note 24 Reserves (cont.)

	Balance at beginning of reporting period	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting period
	\$	\$	\$	\$
2012				
Public Open Space Reserve	308,004	25,000	-	333,004
Garbage Reserve	1,233,001	1,050,736	-	2,283,737
Infrastructure Contributions Parking	44,080	21,400	-	65,480
Infrastructure Maintenance Reserve	-	206,780	-	206,780
Coster Street Units Reserve	14,982	14,512	(7,242)	22,252
Shaw Avenue Redevelopment	43,752	-	-	43,752
Road Maintenance - Subdividers Contribution	16,044	-	-	16,044
Alexandra Community Leisure Centre	16,764	2,480	-	19,244
Yea Saleyards	480,239	102,795	(102,237)	480,797
Alexandra Saleyards	29,761	18,949	-	48,710
Yea Caravan Park	54,065	0	(37,818)	16,247
Marysville Caravan Park	134,909	170,466	(280,455)	24,920
Total Other reserves	2,375,601	1,613,118	(427,752)	3,560,967

Public Open Space represents payments from Subdividers as specified under the Subdivisions Act, to fund future creation of areas of recreational land
Garbage reserve represents funds set aside for rehabilitation of Landfill site.

Infrastructure Contributions reserve represents payments from Subdividers set aside for future infrastructure works relating to provision of car parking.

Infrastructure Maintenance Reserve represents funds set aside for addressing council's long term infrastructure renewal obligations

Coster Street Units reserve represents funds set aside for future maintenance costs of these units.

Shaw Avenue reserve represents funds set aside for redevelopment of remaining land.

Road Maintenance reserve consists of contributions from Subdividers to future road maintenance cost impacted by respective subdivisions.

Alexandra Community Leisure Centre reserve is surplus operational funds set aside for future capital works.

Yea Saleyards reserve is surplus operational funds set aside for future capital works.

Alexandra Saleyards reserve has been closed.

Yea Caravan Park reserve is surplus operational funds set aside for future capital works.

Marysville Caravan Park reserve is surplus operational funds set aside for future capital works.

	2013 \$	2012 \$
Note 25	Reconciliation of cash flows from operating activities to surplus	
Surplus for the financial year	6,277,997	14,699,069
Depreciation and amortisation	7,280,707	5,584,126
Contributions - non-monetary	(4,138,057)	(698,925)
Finance Costs	278,422	265,437
(Gain)/loss on disposal of property, plant and equipment, infrastructure	(35,350)	219,256
<i>Change in assets and liabilities:</i>		
(Increase)/Decrease in trade and other receivables	5,538,370	(2,474,616)
(Increase)/Decrease in inventories	90,104	(88,023)
(Increase)/Decrease in other current assets	65,313	(50,904)
Increase/(Decrease) in trade and other payables	(3,434,596)	(255,989)
Increase in provisions	67,125	25,229
Net cash provided by operating activities	<u>11,990,035</u>	<u>17,224,660</u>
Note 26	Reconciliation of cash and cash equivalents	
Cash and cash equivalents (see note 15)	<u>18,034,523</u>	<u>13,616,451</u>
	<u>18,034,523</u>	<u>13,616,451</u>
Note 27	Financing arrangements	
Secured bank loans at fixed interest rates:		
Facility available	4,058,250	4,377,367
Used facility	<u>4,058,250</u>	<u>4,377,367</u>
Unused facility	<u>-</u>	<u>-</u>
Secured bank overdraft subject to annual review and repayable at call:		
Facility available	400,000	400,000
Used facility	<u>-</u>	<u>-</u>
Unused facility	<u>400,000</u>	<u>400,000</u>
Should the bank overdraft be utilised the liability would be secured by a mortgage over the general rates of Council.		
Note 28	Restricted assets	
Council has cash and cash equivalents (note 15) that are subject to restrictions. As at the reporting date, Council had legislative restrictions in relation to reserve funds (Recreational Lands Reserves).		
Trust funds and Deposits (note 21)	738,302	986,875
Quarry Bank Guarantee	112,500	112,500
Reserve funds (note 24)	<u>6,749,424</u>	<u>3,560,967</u>
	<u>7,600,226</u>	<u>4,660,342</u>

Note 29

Superannuation

Murrindindi Shire Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. 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 Murrindindi Shire Council and Murrindindi Shire Council's legal or constructive obligation is limited to these contributions. Obligations for contributions to the Fund are recognised as an expense in 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, Murrindindi Shire Council does not use defined benefit accounting for these defined benefit obligations.

Murrindindi Shire Council makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 31 December 2011, Murrindindi Shire 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, Murrindindi Shire Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit (the funded resignation or retirement benefit is calculated as the VBI multiplied by the benefit).

Murrindindi Shire 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.

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 Murrindindi Shire Council is a contributing employer. Murrindindi Shire 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. Murrindindi Shire Council has not been advised of any further adjustments.

The projected value of Murrindindi Shire Council's contribution to the shortfall at 30 June 2012 (excluding contributions tax) amounted to \$1,980,896 which was accounted for in the 2011/12 Comprehensive Operating Statement within Employee Benefits (see Note 10) and in the Balance Sheet in Current Liabilities Provisions (see Note 20). Murrindindi Shire Council received an early payment discount of \$58,586 and this has been accounted for in the 2012/13 Comprehensive Operating Statement.

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 Murrindindi Shire 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 \$0 (\$1,980,896 for 2011/12).

Retrenchment increments

During 2012-13, Murrindindi Shire Council's was required to make payments to the Fund in respect of retrenchment increments (\$117,447 in 2011/12). Murrindindi Shire Council's liability to the Fund as at 30 June 2013, for retrenchment increments, accrued interest and tax is \$13,182.

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:

	31/12/2011
	\$'000
Net Market Value of Assets	4,315,324
Accrued Benefits (per accounting standards)	<u>4,642,133</u>
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	7.5% p.a.
Salary Inflation	4.25% p.a.
Price Inflation	2.75% p.a.

In accordance with Councils Enterprise Bargaining Agreement, employees with greater than 15 years of service receive an extra 2% superannuation contribution while employees with greater than 10 years service receive an extra 1% contribution.

Superannuation contributions

Council made contributions to the following funds:

	2013	2012
Defined Benefits fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	103,619	124,991
Employer Contributions payable to Local Authorities Superannuation Fund (Vision Super) - funding shortfall	-	1,980,896
	<u>103,619</u>	<u>2,105,887</u>
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	659,402	793,415
Employer contributions to Other Funds	174,463	105,983
	<u>833,865</u>	<u>899,398</u>

There were no contributions outstanding 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	Later than 2	Later than 5	Total
	year	year and not later than 2 years	years and not later than 5 years	years	
	\$	\$	\$	\$	\$
Operating					
Garbage & Recycling Collection	960,000	400,000			1,360,000
Document Output Devices	34,708	34,708	34,708		104,124
Valuation Services	18,000	179,274			197,274
Consultancies	310,797				310,797
Other	66,827				66,827
Total	1,390,332	613,982	34,708	-	2,039,022
Capital					
Buildings & improvements	1,271,392				1,271,392
Total	2,661,724	613,982	34,708	-	3,310,414
2012					
	Not later than 1	Later than 1	Later than 2	Later than 5	Total
	year	year and not later than 2 years	years and not later than 5 years	years	\$
	\$	\$	\$	\$	\$
Operating					
Garbage & Recycling Collection	960,000	960,000	400,000	-	2,320,000
Cleaning contracts for council buildings & streets	103,920				103,920
Consultancies	35,751	30,000	0		65,751
Other	163,045	62,208	269,690		494,943
Total	1,262,716	1,052,208	669,690	-	2,984,614
Capital					
Buildings & improvements	2,875,660	-	-	-	2,875,660
Total	4,138,376	1,052,208	669,690	-	5,860,274

Note 31

Operating leases

2013

2012

\$

\$

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	248,358	355,028
Later than one year and not later than five years	315,242	340,441
Later than five years	78,606	11,461
	<u>642,206</u>	<u>706,930</u>

Note 32 Financial Instruments

(a) Accounting Policy, terms and conditions

Recognised financial instruments			
	Note	Accounting Policy	Terms and Conditions
Financial assets			
Cash and cash equivalents	15	<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>On call deposits returned a floating interest rate of 2.7% (5.01% in 2011/2012). Interest rate at balance date was 2.7% (5.01% in 2011/12)</p> <p>Funds returned fixed interest rate of between 3.7% and 5.06% (3.4% and 6.2% in 2011/2012) net of fees.</p>
Trade and other receivables			
Other debtors	16	<p>Receivables are carried at nominal amounts due less any provision for doubtful debts. 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 interest free. Credit terms are usually 30 days.</p>
Financial liabilities			
Trade and other payables	20	<p>Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received.</p>	<p>General Creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.</p>
Interest-bearing loans and borrowings	23	<p>Loans are carried at their principal amounts. 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 6.34% (6.67% in 2011/2012).</p>

Note 32 Financial instruments (cont.)

(b) Risk Exposure

(i) Financial assets - interest rate and credit risk exposure

	Weighted average effective interest rate	Carrying amount \$	Interest rate Exposure			Not past due and not impaired \$	Past due but not impaired					Impaired financial assets \$
			Fixed interest rate \$	Floating interest rate \$	Non-interest bearing \$		Less than 1 month \$	1 to 3 months \$	3 months to 1 year \$	1 to 5 years \$	Over 5 years \$	
2013												
Cash and cash equivalents	3.74%	18,034,523	17,662,500	-	372,023	18,034,523	-	-	-	-	-	-
Trade and other receivables	0.00%	3,043,099	-	-	3,043,099	1,065,337	195,888	19,018	1,762,856	-	-	118,340
<i>Total financial assets</i>		<u>21,077,622</u>	<u>17,662,500</u>	<u>-</u>	<u>3,415,122</u>	<u>19,099,860</u>	<u>195,888</u>	<u>19,018</u>	<u>1,762,856</u>	<u>-</u>	<u>-</u>	<u>118,340</u>
2012												
Cash and cash equivalents	5.01%	13,616,451	12,338,970	-	1,277,481	13,616,451	-	-	-	-	-	-
Trade and other receivables	0.00%	8,844,433	-	-	8,844,433	5,592,838	2,939,332	12,428	299,835	-	-	29,770
<i>Total financial assets</i>		<u>22,460,884</u>	<u>12,338,970</u>	<u>-</u>	<u>10,121,914</u>	<u>19,209,289</u>	<u>2,939,332</u>	<u>12,428</u>	<u>299,835</u>	<u>-</u>	<u>-</u>	<u>29,770</u>

(ii) Financial liabilities - interest rate and liquidity risk exposure

	Weighted average effective interest rate	Carrying amount \$	Interest rate Exposure			Contractual cash flows \$	Maturity dates				
			Fixed interest rate \$	Floating interest rate \$	Non-interest bearing \$		Less than 1 month \$	1 to 3 months \$	3 months to 1 year \$	1 to 5 years \$	Over 5 years \$
2013											
Trade and other payables	0.00%	2,516,093	-	-	2,516,093	2,516,093	2,516,093	-	-	-	-
Trust funds and deposits	0.00%	738,302	-	-	738,302	738,302	-	-	738,302	-	-
Interest-bearing loans and borrowings	6.34%	4,058,250	4,058,250	-	-	4,058,250	-	-	842,241	2,541,432	674,577
<i>Total financial liabilities</i>		<u>7,312,645</u>	<u>4,058,250</u>	<u>-</u>	<u>3,254,395</u>	<u>7,312,645</u>	<u>2,516,093</u>	<u>-</u>	<u>1,580,543</u>	<u>2,541,432</u>	<u>674,577</u>
2012											
Trade and other payables	0.00%	5,950,689	-	-	5,950,689	5,950,689	5,950,689	-	-	-	-
Trust funds and deposits	0.00%	986,875	-	-	986,875	986,875	-	-	986,875	-	-
Interest-bearing loans and borrowings	6.67%	4,377,367	4,377,367	-	-	4,377,367	-	-	819,066	2,846,074	712,227
<i>Total financial liabilities</i>		<u>11,314,931</u>	<u>4,377,367</u>	<u>-</u>	<u>6,937,564</u>	<u>11,314,931</u>	<u>5,950,689</u>	<u>-</u>	<u>1,805,941</u>	<u>2,846,074</u>	<u>712,227</u>

Note 32 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		Aggregate net fair value	
	per Balance Sheet		2013	2012
	2013	2012	\$	\$
	\$	\$	\$	\$
<i>(1) Financial assets</i>				
Cash and cash equivalents	18,034,523	13,616,451	18,034,523	13,616,451
Trade and other receivables	3,043,099	8,844,433	3,043,099	8,844,433
<i>Total financial assets</i>	<u>21,077,622</u>	<u>22,460,884</u>	<u>21,077,622</u>	<u>22,460,884</u>
<i>(2) Financial liabilities</i>				
Trade and other payables	2,516,093	5,950,689	2,516,093	5,950,689
Trust funds and deposits	738,302	986,875	738,302	986,875
Interest-bearing loans and borrowings	4,058,250	4,377,367	4,058,250	4,377,367
<i>Total Financial liabilities</i>	<u>7,312,645</u>	<u>11,314,931</u>	<u>7,312,645</u>	<u>11,314,931</u>

(d) Credit Risk

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

(e) Risks and mitigation

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

Market risk

Market risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices.

The Council's exposures to market risk are primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk. Components of market risk to which Council is 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 Council 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.

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.

Council manage the interest rate exposure on our net debt portfolio by appropriate budgeting strategies.

Investment of surplus funds is made with approved financial institutions under the Local Government Act 1989. Council 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 32 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. Council have exposure to credit risk on all financial assets included in our balance sheet. To help manage this risk:

- Council have a policy for establishing credit limits for the entities we deal with;
- Council may require collateral where appropriate; and
- Council 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 major debtor is the Victorian Government. Apart from the Victorian Government Council 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 34.

Details of credit risk exposure are provided in Note 32(b)(i)

Liquidity risk

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

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

To help reduce these risks Council:

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

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

Details of liquidity risk exposure are provided in Note 32(b)(ii)

(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.

- A parallel shift of +1% and -1% in market interest rates (AUD) from year-end rates of 2.7%.

The table below discloses the impact on net operating result and equity for each category of financial instruments held by the Council over the previously 12 months, on a weighted average basis, if the above movements were to occur.

As interest bearing loans and borrowings are at a fixed interest there would be no impact on net operating result or equity.

Market risk exposure

	Interest rate risk				
	Carrying amount at year end	-1% 100 basis points		1% 100 basis points	
		Profit	Equity	Profit	Equity
	\$	\$	\$	\$	\$
2013					
Financial assets:					
Cash and cash equivalents	18,034,523	(127,065)	(127,065)	127,065	127,065
Financial liabilities:					
Interest-bearing loans and borrowings	4,058,250	-	-	-	-
2012					
Financial assets:					
Cash and cash equivalents	13,616,451	(131,595)	(131,595)	131,595	131,595
Financial liabilities:					
Interest-bearing loans and borrowings	4,377,367	-	-	-	-

Note 33 Prior year adjustment to equity

A review of assets recorded on Council's land register identified a parcel of land that was owned by a Water Authority previously managed by the former Shire of Alexandra. The value of this parcel of land has been removed from Council's asset register.

Note 34 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 operates a landfill at Alexandra. Council will have to carry out site revegetation works in the future. At balance date Council is unable to accurately assess the financial implications of such works.

Note 35 Events occurring after balance date

Council is unaware of any circumstances occurring after balance date which would render particulars in the financial statements to be misleading or inaccurate.

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 John Walsh - Mayor
	Councillor Cris Ruhr
	Councillor Margaret Rae (From 27/10/2012)
	Councillor Christine Challen (From 27/10/2012)
	Councillor John Kennedy (From 27/10/2012)
	Councillor Bernie Magner (From 27/10/2012)
	Councillor Andrew Derwent (From 27/10/2012)
	Councillor Sally Abbott Smith (to 27/10/2012)
	Councillor Chris Healy (to 27/10/2012)
	Councillor Peter Beales (to 27/10/2012)
	Councillor Kevin Bellingham (to 27/10/2012)
	Councillor Bob Flowers (to 27/10/2012)

Chief Executive Officer Margaret Abbey

(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	5	-
\$10,000 - \$19,999	6	5
\$30,000 - \$39,999	-	1
\$40,000 - \$49,999	-	1
\$50,000 - \$59,999	1	-
\$280,000 - \$289,999	1	1
	<u>13</u>	<u>8</u>
	\$	\$
Total Remuneration for the reporting year for Responsible Persons included above amounted to:	454,246	450,058

(iii) No retirement benefits have been made by the Council to a Responsible Person. (2011/12, \$0).

(iv) No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year. (2011/12, \$0).

(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, \$0).

(vi) Senior Officers Remuneration

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

Additional Senior Officers in 2013 due the payment the of redundancies and entitlements arising from the Services Review.

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 - \$139,999	3	2
\$140,000 - \$149,999	1	3
\$150,000 - \$159,999	1	-
\$160,000 - \$169,999	-	1
\$170,000 - \$179,999	1	-
\$190,000 - \$199,999	-	1
\$210,000 - \$219,999	1	-
	<u>7</u>	<u>7</u>
	\$	\$
Total Remuneration for the reporting year for Senior Officers included above, amounted to	1,087,293	1,067,307

Note 37	Income, expenses and assets by function/activities	2013	2012
		\$	\$
	Income		
	Governance	2,595,266	3,437,431
	Community	3,109,360	3,100,744
	Local Economy	892,153	1,621,968
	Climate & Natural Environment	3,015,730	3,355,435
	Planning & Environment	667,497	762,641
	Infrastructure	9,239,634	8,798,688
	Corporate Development	14,127,071	13,120,623
	Natural Disaster	6,021,995	25,495,985
		<u>39,668,706</u>	<u>59,693,515</u>
	Expenses		
	Governance	846,041	793,368
	Community	5,752,613	6,540,007
	Local Economy	1,069,276	1,341,868
	Climate & Natural Environment	2,607,528	2,519,943
	Planning & Environment	1,878,544	1,765,374
	Infrastructure	13,016,430	12,440,421
	Corporate Development	3,205,184	3,645,576
	Natural Disaster	5,015,093	15,947,889
		<u>33,390,709</u>	<u>44,994,446</u>
	Surplus for the year	<u>6,277,997</u>	<u>14,699,069</u>
	Assets attributed to functional areas		
	Governance	7,636,307	6,411,715
	Community	67,069,342	62,614,844
	Local Economy	4,477,550	5,082,600
	Climate & Natural Environment	2,311,906	2,455,505
	Planning & Environment	292,557	220,509
	Infrastructure	220,585,886	220,939,670
	Corporate Development	1,290,757	1,463,396
	Natural Disaster	1,724,048	4,650,167
		<u>305,388,353</u>	<u>303,838,406</u>

The activities relating to the municipality's components are as follows:

Governance - provides for the governance functions of Council, Civic functions and events, Communications and publications and the Executive Team.

Revenue comprise general revenue grants. Expenses comprise costs related directly in the provision of Local Government to the community.

Community - Children and Family, Aged and Disability, Emergency, Library, Customer and Recreation services, and Council's Community Properties including HACC, Family Day Care, Youth Support and Community and Aged housing

Local Economy - Tourism, Economic Development, Community Development, Development Properties and Yea Saleyards

Income includes grant funded programs and lease rental on council properties. Expenditure include Visitor Information services, local business support, maintenance of properties, operations of Saleyards and grant funded programs

Climate & Natural Environment - Environmental management and Waste Services. Income includes Refuse Recovery and Landfill Centres.

Expenditure includes rubbish collection, operations of tips and transfer stations, recycling, street cleaning, public convenience cleaning and maintenance

Planning & Environment - Building Control, Local Laws, Development Approvals, and Environmental Health

Infrastructure - Parks and Gardens, Quarry Operations, Infrastructure Works and Depreciation of Infrastructure Assets

Corporate Development - Financial and Corporate services, Organisational Development, Information Technology and Depreciation

Includes rate revenue, collection and valuations and council's support services.

Natural Disaster - Works resulting from the February 7 Black Saturday bushfires and 2010/11, 2011/12 Floods

Note 38 Financial ratios (Performance indicators)

	2013 \$	2013 (%)	2012 \$	2012 (%)	2011 \$	2011 (%)
(a) Debt servicing ratio (to identify the capacity of Council to service its outstanding debt)						
<u>Debt servicing costs</u>	352,330		331,693		322,875	
Total revenue	39,668,706	= 0.89%	59,693,515	= 0.56%	65,338,796	= 0.49%

Debt servicing costs refer to the payment of interest on loan borrowings, finance lease, and bank overdraft.

The ratio expresses the amount of interest paid as a percentage of Council's total revenue.

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

<u>Debt servicing & redemption costs</u>	1,171,447		980,704		901,147	
Rate revenue	14,614,858	= 8.02%	13,538,350	= 7.24%	12,481,795	= 7.22%

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 rate income)

<u>Rate revenue</u>	14,614,858		13,538,350		12,481,795	
Total revenue	39,668,706	= 36.84%	59,693,515	= 22.68%	65,338,796	= 19.10%

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

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

<u>Total indebtedness</u>	11,671,230		13,779,921		13,940,563	
Total realisable assets	104,191,466	= 11.20%	102,338,204	= 13.47%	93,291,123	= 14.94%

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

Any liability represented by a restricted asset (note 28) is excluded from total indebtedness.

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

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

This ratio enables assessment of Council's solvency and exposure to debt. Total indebtedness refers to the total liabilities of Council. Total liabilities are compared to total realisable assets which are all

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

Note 38 Financial ratios (Performance indicators) (cont.)

	2013		2013		2012		2012		2011		2011
			(%)				(%)				(%)
(e) Working capital ratio (to assess Council's ability to meet current commitments)											
<u>Current assets</u>	23,077,180			24,353,038			24,293,051				
Current liabilities	<u>7,011,004</u>	= 329.16%		<u>10,677,327</u>	= 228.08%		<u>10,648,120</u>	= 228.14%			

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>	23,077,180			24,353,038			24,293,051				
Current liabilities	<u>5,204,552</u>	= 443.40%		<u>8,905,133</u>	= 273.47%		<u>9,047,237</u>	= 268.51%			

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 \$	2012 \$
Note 39			
Capital expenditure			
Capital expenditure areas			
Land under roads		71,311	-
Buildings		2,656,412	12,000,843
Drainage		95,941	1,425,207
Fixtures, furniture and equipment		253,040	428,951
Heritage and cultural		113,291	-
Library books		82,918	108,775
Plant, machinery and equipment		353,399	332,930
Roads and Paths		2,808,344	5,014,289
Bridges		526,116	677,447
Total capital works		<u>6,960,772</u>	<u>19,988,442</u>
Represented by:			
Renewal of infrastructure	(a)	3,095,140	4,192,065
Upgrade of infrastructure	(b)	1,575,273	4,802,032
New buildings		1,331,147	7,505,698
New drainage		46,515	1,354,398
New fixtures, furniture & equipment		253,040	428,951
New heritage plant & equipment		113,291	-
New roads & streets		38,738	1,263,592
New land under roads		71,311	-
New library books		82,918	108,775
New plant machinery and equipment		353,399	332,931
Total capital works		<u>6,960,772</u>	<u>19,988,442</u>

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		6,960,772	19,988,442
Contributed Assets		4,138,057	698,925
Asset revaluation movement	19	(466,265)	11,127,324
Depreciation/amortisation	12	(7,280,707)	(5,584,126)
Written down value of assets sold or destroyed	19	(199,572)	(501,668)
Net movement in property, plant and equipment, infrastructure	19	<u>3,152,285</u>	<u>25,728,897</u>

Details of movements by asset class is provided in note 19

(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.

Note 40

Special committees and other activities

Council has control over several recreation reserves which are managed through special committees. The financial transactions of these reserves are not material

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.

Stephen Mortensen
Principal Accounting Officer

Date : 25 September 2013
Alexandra

In our opinion the accompanying financial statements present fairly the financial transactions of Murrindindi Shire 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 25 September 2013 to certify the financial statements in their final form.

John Walsh
Councillor

Date : 25 September 2013
Alexandra

Cris Ruhr
Councillor

Date : 25 September 2013
Alexandra

Margaret Abbey
Chief Executive Officer

Date : 25 September 2013
Alexandra

Murrindindi Shire Council
2012/2013 Standard Statements

STANDARD INCOME STATEMENT

For the year ending 30 June 2013

	Budget 2012/13	Variances		Ref	Actuals 2012/13
	\$	\$	%		\$
Revenue					
Rates and charges	14,511,351	103,507	0.7		14,614,858
Statutory fees and fines	571,277	26,067	4.6		597,344
User fees	3,255,900	(1,285,306)	(39.5)	1	1,970,594
Contributions -Cash	296,450	(126,201)	(42.6)	2	170,249
Contributions -Non Cash	-	4,138,057	-	3	4,138,057
Grants - recurrent	6,249,796	(92,122)	(1.5)		6,157,674
Grants - non-recurrent	6,951,254	3,675,268	52.9	4	10,626,522
Reimbursements	89,680	130,797	145.8	5	220,477
Other revenue	1,005,489	167,442	16.7	6	1,172,931
Total revenue	32,931,197	6,737,509			39,668,706
Expenses					
Employee benefits	12,662,087	(250,133)	(2.0)		12,411,954
Materials and services	11,170,131	1,868,645	16.7	7	13,038,776
Finance costs	369,900	(17,570)	(4.7)		352,330
Depreciation and amortisation	7,183,920	96,787	1.3		7,280,707
Other expenses	270,768	71,524	26.4	8	342,292
Total expenses	31,656,806	1,769,253			33,426,059
Proceeds from Sale of Fixed Assets	1,288,588	(1,053,665)	(81.8)	9	234,923
Less Carrying value of assets sold	1,288,588	(1,089,015)	(84.5)	10	199,573
Net gain (loss) on disposal of assets	-	35,350			35,350
Surplus (deficit) for the year	1,274,391	5,003,606			6,277,997

Murrindindi Shire Council
 2012/2013 Standard Statements
STANDARD INCOME STATEMENT
 For the year ending 30 June 2013

Variance Explanation Report

<u>Ref.</u>	<u>Item</u>	<u>Explanation</u>
1	User fees	Councils former business unit " Murrindindi Construction" ceased operation resulting in a \$1,019k lower fees and a corresponding reduction in expenditure refer to explanatory note 7. Revenue from the sale of quarry product were also below expectations \$353k due to the use of external quarry product and the cessation of external works. Saleyard revenue exceeded expectations due to greater through put \$166k
2	Contributions -Cash	A budget allowance of \$200k contribution to the Y Water Centre was delayed due the delay in the commencement of the project. Contributions for public open space were \$19k below budget. Council received contributions for the Goulburn River High Country Rail Trail fencing and Murrindindi Reserve Signage project, an extra \$65k.
3	Contributions -Non Cash (revenue)	Council has taken over the management of the Goulburn River High Country Rail Trail and associated assets \$3m, other gifted assets include developer contributions and the Buxton Community Trail \$1.08m.
4	Grants - non-recurrent (revenue)	Greater than anticipated non-recurrent grants due to Natural Disaster Funding (NDFA) for the February 2012 flood \$2.7m, unbudgeted funds received for bushfire recovery project management \$550k. Other carried forward income relating to bushfire reconstruction projects that at the time of adopting the original budget were expected to be receivable in 2011-12 \$748k. Offset by lower grants income due to the Y Water Centre grants being delayed in line with building construction timelines 795k, Murrindindi Assistance Package funds held over to be received in 2013-14 \$144K.
5	Reimbursements (revenue)	Higher than budgeted reimbursement due to additional insurance receipts of \$9k, together with \$23k being received for the Veterans Affairs community services program. Recovery of Fire Services Levy costs \$42k and \$21k recovery of legal cost for arising from rate recovery actions.
6	Other revenue	Cash flows were higher than expected resulting in additional interest income on investments \$217k . Rental income was higher than expected due to rental from buildings constructed during the bushfire reconstruction period becoming operational.
7	Materials and services	Above budget expectations due to expenditure on Natural Disaster work for the February 2012 floods \$2.7m and expenditure relating to carried forward bushfire recovery works \$636k that at the time of adopting the original budget were anticipated to be completed in 2011-12 but were completed in 2012-13. Offsetting this were reduction in materials and services expenditure on new and expanded assets \$1m, unspent funds on this item are placed in a reserve, bushfire memorials yet to be completed \$483k, and the cessation of external works.
8	Other expenses	Increased allowance \$87k for doubtful debts relating to planning enforcement action, and a contribution to an infrastructure project.
9	Proceeds from Sale of Fixed Assets	Sale of assets delayed
10	Less Carrying value of assets sold	Sale of assets delayed

Murrindindi Shire Council
2012/2013 Standard Statements

STANDARD BALANCE SHEET

As at 30 June 2013

	Budget 2012/13	Variances		Ref	Actuals 2012/13
	\$	\$	%		\$
Current assets					
Cash and cash equivalents	10,271,092	7,763,431	75.6	11	18,034,523
Trade and other receivables	3,938,800	679,758	17.3	12	4,618,558
Accrued Income	70,000	22,442	32.1	13	92,442
Inventories	160,000	63,176	39.5	14	223,176
Prepayments	130,000	(21,519)	(16.6)	15	108,481
Total current assets	14,569,892	8,507,288			23,077,180
Non-current assets					
Trade and other receivables	50,000	(32,976)	(66.0)	16	17,024
Property, plant and equipment, infrastructure	303,081,558	(20,787,409)	(6.9)		282,294,149
Total non-current assets	303,131,558	(20,820,385)			282,311,173
Total assets	317,701,450	(12,313,097)			305,388,353
Current liabilities					
Trade and other payables	3,925,401	(1,409,308)	(35.9)	17	2,516,093
Trust funds and deposits	796,843	(58,541)	(7.3)		738,302
Provisions	3,051,903	(137,535)	(4.5)		2,914,368
Interest bearing loans and borrowings	836,965	5,276	0.6		842,241
Total current liabilities	8,611,112	(1,600,108)			7,011,004
Non-current liabilities					
Provisions	1,724,528	(280,311)	(16.3)	18	1,444,217
Interest bearing loans and borrowings	3,209,535	6,474	0.2		3,216,009
Total non-current liabilities	4,934,063	(273,837)			4,660,226
Total liabilities	13,545,175	(1,873,945)			11,671,230
Net assets	304,156,275	(10,439,152)			293,717,123
Equity					
Accumulated surplus	153,181,034	(24,414,098)	(15.9)	19	128,766,936
Asset revaluation reserve	147,539,704	10,661,059	7.2		158,200,763
Other reserves	3,435,537	3,313,887	96.5	20	6,749,424
Total equity	304,156,275	(10,439,152)			293,717,123

Murrindindi Shire Council
 2012/2013 Standard Statements
STANDARD BALANCE SHEET

As at 30 June 2013

Variance Explanation Report

<u>Ref.</u>	<u>Item</u>	<u>Explanation</u>
11	Cash and cash equivalents	Greater than expected cash due to \$2.5m from operations, mostly relating the advance receipt of Grants Commission funds, additional funds retained due to \$3.2m on unspent capital works , in addition the balance of funds as at year end 2011-12 was higher than that anticipated when the budget was adopted.
12	Trade and other receivables	Receivables greater than expected due to Government contributions outstanding including NDFA funds for bushfire and flood recovery works \$648K.
13	Accrued Income	Additional interest income accrued at year end due to the higher than expected cash balance and the timing of maturity of cash deposits.
14	Inventories	Higher than anticipated levels of stock at Yea depot \$40k, Alexandra depot \$7k and Topsy quarry \$16k.
15	Prepayments	Budget was based on Councillor allowances being paid quarterly, payments are now on a monthly basis.
16	Trade and other receivables	Greater than expected special charge street schemes payers have elected to pay in full, including \$18k for Marks and Pratts road schemes.
17	Trade and other payables	Lower than expected creditors at year end as capital works had been either completed or re-scheduled to be completed in 2013-14, as a result the value of works being undertaken in late June and unpaid at year end was less than previous experience.
18	Provisions	Budget was calculated on long service leave entitlements being available after 10 years of service. Relevant regulations have changed entitling employees to leave after 7 years , actual figures have been calculated based on the 7 year entitlement. This has resulted in less leave being considered non- current.
19	Accumulated surplus	The income statement indicates a surplus of \$7.5m above budget . The original budget was based on opening equity balance of \$153m when the actual was \$126m
20	Other reserves	Increased garbage reserve allocation of \$922k due to deferral of works , new and expanded assets \$1,575k and gifted and novated assets \$920k

Murrindindi Shire Council

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STANDARD CASH FLOW STATEMENT

For the year ending 30 June 2013

	Budget 2012/13 \$	Variances \$	%	Ref	Actuals 2012/13 \$
Cash flows from operating activities					
Receipts from Ratepayers	14,363,201	(31,726)	(0.2)		14,331,475
User Charges and Reimbursements (inclusive of GST)	4,622,378	441,560	9.6		5,063,938
Government Grants (inclusive of GST)	13,201,050	8,134,365	61.6	21	21,335,415
Interest received	684,568	107,213	15.7	22	791,781
Net GST refund/payment	-	1,482,419	-	23	1,482,419
Payments to Suppliers (inclusive of GST)	(10,955,899)	(5,533,967)	50.5	24	(16,489,866)
Payments to employees	(12,455,413)	(2,069,714)	16.6	25	(14,525,127)
Net cash inflow (outflow) from operating activities	9,459,885	2,530,150			11,990,035
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment, infrastructure	1,288,588	(1,053,665)	(81.8)	26	234,923
Payments for property, plant and equipment, infrastructure	(10,239,815)	3,279,043	(32.0)	27	(6,960,772)
Net cash inflow (outflow) from investing activities	(8,951,227)	2,225,378			(6,725,849)
Cash flows from financing activities					
Proceeds from interest bearing loans and borrowings	500,000	-	-		500,000
Repayment of interest bearing loans and borrowings	(830,867)	11,750	(1.4)		(819,117)
Finance Costs	(311,486)	33,064	(10.6)	28	(278,422)
Trust Funds & Deposits	(208,809)	(39,766)	19.0	29	(248,575)
Net cash inflow (outflow) from financing activities	(851,162)	5,048			(846,114)
Net increase (decrease) in cash and cash equivalents	(342,504)	4,760,576			4,418,072
Cash and cash equivalents at the beginning of the year	10,613,596	3,002,855	28.3	30	13,616,451
Cash and cash equivalents at the end of the year	10,271,092	7,763,431			18,034,523
Reconciliation of Surplus (Deficit) and Net Cash Flows from Operating Activities					
For the year ending 30 June 2013					
Surplus (deficit)	1,274,391	5,003,606			6,277,997
Depreciation and amortisation	7,183,920	96,787	1.3		7,280,707
(Profit) Loss on sale of property, plant and equipment, infrastructure	-	(35,350)	-		(35,350)
Finance Costs - cash proportion	311,486	(33,064)	(10.6)		278,422
Net movement in current assets and liabilities	690,088	(2,501,829)	(362.5)		(1,811,741)
Net cash inflow (outflow) from operating activities	9,459,885	2,530,150			11,990,035

Murrindindi Shire Council
2012/2013 Standard Statements

STANDARD CASH FLOW STATEMENT

For the year ending 30 June 2013

Variance Explanation Report

<u>Ref.</u>	<u>Item</u>	<u>Explanation</u>
21	Government Grants (inclusive of GST)	Greater than anticipated income as per note 4 , in addition the receipt of grant funds received for payment of debts raised in 2011-12. The original budget figures do not include GST.
22	Interest received	Higher than anticipated receipts of interest due to greater than budgeted levels of cash available for investment
23	Net GST refund/payment	Council's published 2012/13 Budget did not include GST within the Cash Flow Statement.
24	Payments to Suppliers (inclusive of GST)	Payments to suppliers exceeded expectations refer to explanatory note 7 for further details, in addition further cash has been used to reducing the amount of trade and other payables at year end refer to explanatory note 17. It should be noted the budget figures do not include GST.
25	Payments to employees	Cash paid for Defined Benefits Superannuation call in of \$1.9m. At the time of adopting the original budget the liability had been recognised but the timing of the payment had not been determined.
26	Proceeds from sale of property, plant and equipment, infrastructure	Refer to explanatory note 9.
27	Payments for property, plant and equipment, infrastructure	Refer to explanatory notes to the Standard Statement of Capital works notes 31-38.
28	Finance Costs	Loan funds were drawn down later than anticipated resulting in reduced cash out flow.
29	Trust Funds & Deposits	Mostly construction security bonds held for warranty, the exact timing of the release of the security and resulting cash outflow is uncertain. The budget was based on the best available information at the time.
30	Cash and cash equivalents at the beginning of the year	Cash available at the commencement of the year was higher than projected reflecting the level of capital works that were to be carried forward and completed in the 2012/13 year.

Murrindindi Shire Council

2012/2013 Standard Statements

STANDARD STATEMENT OF CAPITAL WORKS

For the year ending 30 June 2013

Capital Works Areas	Budget	Variances		Ref	Actuals
	2012/13	\$	%		2012/13
	\$	\$	%		\$
Roads and Paths	2,875,045	(66,701)	(2.3)		2,808,344
Bridges	1,811,453	(1,285,337)	(71.0)	31	526,116
Drainage	212,000	(116,059)	(54.7)	32	95,941
Buildings	3,884,469	(1,228,057)	(31.6)	33	2,656,412
Plant, Machinery & Equipment	930,382	(576,983)	(62.0)	34	353,399
Heritage & Cultural Assets	-	113,291	-	35	113,291
Furniture & Equipment	407,020	(153,980)	(37.8)	36	253,040
Library Materials	119,446	(36,528)	(30.6)	37	82,918
Land	-	71,311	-	38	71,311
Total capital works	10,239,815	(3,279,043)			6,960,772
Represented by:					
Renewal of infrastructure	4,575,949	(1,480,809)	(32.4)		3,095,140
Upgrade of infrastructure	1,332,685	242,588	18.2		1,575,273
New assets	4,331,181	(2,040,822)	(47.1)		2,290,359
Total capital works	10,239,815	3,279,043			6,960,772

Property, plant and equipment, infrastructure movement reconciliation worksheet	Budget	Variances			Actuals
	2012/13	\$	%		2012/13
	\$	\$	%		\$
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	10,239,815	(3,279,043)	(32.0)		6,960,772
Contributed assets	-	4,138,057	-		4,138,057
Asset revaluation movement	-	(466,265)	-		(466,265)
Depreciation and amortisation	(7,183,920)	(96,787)	1.3		(7,280,707)
Written down value of assets sold	(1,288,588)	1,089,016	(84.5)		(199,572)
Net movement in property, plant and equipment, infrastructure	1,767,307	1,384,978			3,152,285

Murrindindi Shire Council

2012/2013 Standard Statements

STANDARD STATEMENT OF CAPITAL WORKS

For the year ending 30 June 2013

Variance Explanation Report		
<u>Ref.</u>	<u>Item</u>	<u>Explanation</u>
31	Bridges	Cost savings in this program are represented by savings in project costs for Breakaway Bridge (major project), Rotary Park Bridge and Abes Lane Bridge. Total savings for these projects were \$460k. Bridge projects including Allandale Road Bridge (major project)\$410k,Ghin Ghin Bridge \$30k, Moores Road \$20k and Taponga Bridges \$150K were not completed at year end and were identified for carry forward to 2013/2014. Final works on Breakaway Bridge were also carried forward to 2013/2014.
32	Drainage	Drainage works were incomplete at year end.
33	Buildings	Major works at the Alexandra Landfill were deferred to allow for the completion of Council's Waste Strategy \$500k. Further impact on the program related to two major building projects, the Y Water Centre and the Yea Shire Hall, where the construction timeline is beyond the 2012/2013 year.
34	Plant, Machinery & Equipment	Purchase of major plant \$560k, machinery and motor vehicles was deferred to allow further consideration following the completion of the Services Review.
35	Heritage & Cultural Assets	Marysville 1000 hands project, not in the original budget but carried forward as incomplete works from 2011/12.
36	Furniture & Equipment	Essential Safety Services System not implemented \$140k, deferred to 2013-14.
37	Library Materials	Service Review resulted in cost savings and efficiencies being implement.
38	Land	Included in the original budget under the Roads and Paths asset class, but item related to the purchase of land for a required boundary adjustment \$71k.
	General Note on Capital Works.	Please Note: A complete listing of all capital works projects completed within the 2012/2013 financial year has been provided in the front section of the Annual Report.

Murrindindi Shire Council
2012/2013 Standard Statements

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 4 of the Financial Report.

They have not been prepared in accordance with all Australian Accounting Standards or other authoritative professional pronouncements.

The Standard Statements compare Council's Strategic Resource Plan, expressed through its budget, with actual performance. The Local Government Act 1989 requires explanation of any material variances. 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 18 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 the

Detailed information on the actual financial results are contained in the General Purpose Financial Report on pages 1 to 4. The detailed budget can be obtained by contacting Council or through Council's website.

The Standard Statements must be read with reference to these documents.

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.

Principal Accounting Officer
Stephen Mortensen
Dated: 25 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 25 September 2013, to certify the standard statements in their final form.

Councillor
John Walsh
Dated: 25 September 2013

Councillor
Cris Ruhr
Dated: 25 September 2013

Chief Executive Officer
Margaret Abbey
Dated: 25 September 2013

insert copy of audit report

insert copy of audit report

**PERFORMANCE STATEMENT FOR THE YEAR
1 JULY 2012 TO 30 JUNE 2013**

Key Strategic Activity	Activity	Performance measure	2012/13 Performance Target	2012/13 Actual Result	Note
Theme 1 – Governance					
Provide sound financial stewardship	Ensure sound financial practices are maintained	Number of serious/high audit issues raised in Management letter for 2011-12 financial year	< 2 audit issues	4 Moderate issues raised. Target achieved	
Theme 2 - Community					
Funding Community Groups Needs	Community and Emergency Grants	That Community Grants applications are considered in accordance with grant guidelines	All applications are determined by Council	Target achieved	
Theme 3 – Local Economy					
Undertake or facilitate major economic development projects	Progress the sale and/or redevelopment of the former Alexandra Sale yards site	Sale or Redevelopment Plan approved by Council	30 June 2013	Target not achieved	1
Theme 4 – Climate Change and Natural Environment					
Integrate environmental resource and land management across Council operations	Develop and implement guidelines for the management and protection of roadside	Council adopted Roadside Management Plan	30 June 2013	Target not achieved	2
Theme 5 – Planning and Environment					
Continue to strengthen partnerships with Department of Sustainability and Country Fire Authority	Complete the Municipal fire Management Plan.	Plan adopted by Council.	30 June 2013	Target achieved	3
	Incorporate new bushfire policy into the Murrindindi Planning Scheme having regard to the 2009 Bushfire Royal Commission findings	Policy incorporated into the Murrindindi Planning Scheme	31 March 2013	Target not achieved	
Theme 6 - Infrastructure					
Undertake a range of community infrastructure projects which enhance community amenities and foster civic pride	Completion of capital works program	Report to Council on a quarterly basis	Minimum 70 percent of program budget expended	Target not achieved 68%	4
Theme 7 – Corporate Development					
Improve systems and processes	Review the Rating Strategy	Recommendations from Review of Rating Strategy implemented.	30 June 2013	Target not achieved	5

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

**NOTES TO AND FORMING PART OF THE PERFORMANCE STATEMENT
FOR 2012 / 2013**

Performance Statement Variances

Explanatory notes:

1. Council decided not to progress with redevelopment and opted to pursue the sale of the former Alexandra Saleyards site. Council did not initially achieve a result from the sale by public tender undertaken in early 2013, however have subsequently entered into a contract of sale for this parcel of land on 27 August 2013.
2. A draft Roadside Management Plan and associated Code of Practice for roadside management was prepared. A detailed program of stakeholder consultation involving a range of government agencies, authorities and community organisations was undertaken to provide comment on, and input into the Plan. An interim training program for Council staff and contractors was delivered to ensure improved roadside management practices were introduced. Further consultation is underway with fire agencies to ensure fire management practices are incorporated into the final Roadside Management Plan to be adopted by Council in 2013/14.
3. Council approved the new bushfire management policy on 17 December 2012 for inclusion into the Murrindindi Planning Scheme, in accordance with the 2009 Victorian Bushfires Royal Commission findings. This amendment has been submitted to the Minister for Planning for a decision.
4. The Capital Works Program results were affected by a number of issues including the deferment of major works at the Alexandra landfill to allow for the completion of the Council's Waste Strategy. Further impact on the program related to two major building projects, the Y Water Centre and the Yea Shire Hall, where the construction timeline were beyond the 2012/2013 year. Purchase of major plant, machinery and motor vehicles was deferred to allow further consideration following the completion of the service review. Significant cost savings, which impact on the results, were realised in undertaking the bridge component renewal program, also impacting, were two major bridge refurbishment projects under construction that were not completed in the year.
5. A Rating Strategy Report was finalised during the year following a program of community consultation, involving the public exhibition of the draft rating strategy report, a public meeting to explain the strategy, meetings with several stakeholder groups and the opportunity given for written submissions. The Rating Strategy Report recommends a number of options be considered by Council for revising its rating structure. The Council has informally considered the Rating Strategy Report and has requested that further financial modelling be undertaken prior to finalising a preferred position in relation to the recommendations contained in the Rating Strategy Report.

Murrindindi Shire Council

2012/13 Performance Statement

COUNCIL APPROVAL OF THE PERFORMANCE STATEMENT

In our opinion, that accompanying performance statement of the Murrindindi Shire Council in respect of 2012/2013 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 business plan in respect of that year described in Council's

Community Plan and describes the extent to which the business plan was met in that year having regard to those targets and measures.

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

Councillor
John Walsh

Dated: 25 September 2013
Alexandra

Councillor
Cris Ruhr

Dated: 25 September 2013
Alexandra

Chief Executive Officer
Margaret Abbey

Dated: 25 September 2013
Alexandra

insert copy of performance audit report

insert copy of performance audit report