



**Murrindindi**  
Shire Council

**Financial Report,  
Standard Statements &  
Performance Statement  
For the Year Ended 30 June 2012**

**Murrindindi Shire Council**  
**Financial Report. Standard Statements and Performance Statement**  
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## Comprehensive Income Statement For the Year Ended 30 June 2012

	Note	2012 \$	2011 \$
<b>Income</b>			
Rates and charges	2	13,538,350	12,481,795
Statutory fees and fines	3	640,876	683,159
User fees	4	3,571,999	2,974,616
Grants - recurrent	5	7,336,168	5,952,170
Grants - non-recurrent	5	31,648,880	32,066,109
Contributions - cash	6 (a)	662,535	1,098,497
Contributions - non monetary assets	6 (b)	698,925	7,986,153
Reimbursements	7	169,657	683,228
Other income	9	1,426,125	1,413,069
<b>Total income</b>		<b>59,693,515</b>	<b>65,338,796</b>
<b>Expenses</b>			
Employee benefits	10	(15,160,306)	(12,899,455)
Materials and services	11	(23,427,837)	(33,942,516)
Depreciation and amortisation	12	(5,584,126)	(4,937,611)
Finance costs	13	(331,693)	(322,875)
Net gain(loss) on disposal of property, plant and equipment, infrastructure	8	(219,256)	(74,120)
Other expenses	14	(271,228)	(249,605)
<b>Total expenses</b>		<b>(44,994,446)</b>	<b>(52,426,182)</b>
<b>Surplus (Deficit) for the financial year</b>		<b>14,699,069</b>	<b>12,912,614</b>
<b>Other comprehensive income</b>			
Net asset revaluation increment(decrement) reversals		11,127,324	21,939,012
<b>Comprehensive result</b>		<b>25,826,393</b>	<b>34,851,626</b>

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

## Balance Sheet As at 30 June 2012

	Note	2012 \$	2011 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	15	13,616,451	16,168,341
Trade and other receivables	16	10,249,513	7,776,563
Prepayments	17	173,794	122,890
Inventories	18	313,280	225,257
<b>Total current assets</b>		24,353,038	24,293,051
<b>Non-current assets</b>			
Trade and other receivables	16	16,881	15,215
Property, plant and equipment, infrastructure	19	279,468,488	253,739,592
<b>Total non-current assets</b>		279,485,369	253,754,807
<b>Total assets</b>		303,838,407	278,047,858
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	20	5,950,689	6,206,678
Trust funds and deposits	21	986,875	1,042,948
Provisions	22	2,638,337	2,741,634
Interest-bearing loans and borrowings	23	819,066	656,860
<b>Total current liabilities</b>		10,394,967	10,648,120
<b>Non-current liabilities</b>			
Provisions	22	1,653,123	1,524,597
Interest-bearing loans and borrowings	23	3,558,301	3,469,518
<b>Total non-current liabilities</b>		5,211,424	4,994,115
<b>Total liabilities</b>		15,606,391	15,642,235
<b>Net Assets</b>		288,232,016	262,405,623
<b>Equity</b>			
Accumulated surplus		126,004,021	112,490,318
Reserves	24	162,227,995	149,915,305
<b>Total Equity</b>		288,232,016	262,405,623

The above Balance Sheet should be read with the accompanying notes

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

2012	Note	Total 2012 \$	Accumulated Surplus 2012 \$	Asset Revaluation Reserve 2012 \$	Other Reserves 2012 \$
Balance at beginning of the financial year		262,405,623	112,490,318	147,539,704	2,375,601
Transfer from asset revaluation reserve	24(a)	-	-	-	-
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)
<b>Balance at end of the financial year</b>		<b>288,232,016</b>	<b>126,004,021</b>	<b>158,667,028</b>	<b>3,560,967</b>

2011		Total 2011 \$	Accumulated Surplus 2011 \$	Asset Revaluation Reserve 2011 \$	Other Reserves 2011 \$
Balance at beginning of the financial year		227,553,997	98,923,267	126,667,602	1,963,128
Transfer from asset revaluation reserve	24(a)	-	1,066,910	(1,066,910)	-
Surplus for the year		12,912,614	12,912,614	-	-
Net asset revaluation increment	19	22,649,921	-	22,649,921	-
Impairment of assets	33	(710,909)	-	(710,909)	-
Transfers to other reserves	24(b)	-	(814,537)	-	814,537
Transfers from other reserves	24(b)	-	402,064	-	(402,064)
<b>Balance at end of the financial year</b>		<b>262,405,623</b>	<b>112,490,318</b>	<b>147,539,704</b>	<b>2,375,601</b>

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

## Cash Flow Statement For the Year Ended 30 June 2012

	Note	2012 Inflows/ (Outflows) \$	2011 Inflows/ (Outflows) \$
<b>Cash flows from operating activities</b>			
Rates		13,303,022	12,404,394
User charges and other fines (inclusive of GST)		5,346,371	7,012,485
Grants (inclusive of GST)		38,483,376	40,339,701
Interest		905,924	827,203
Net GST refund		2,570,292	1,343,742
Payments to suppliers (inclusive of GST)		(30,054,299)	(36,870,091)
Payments to employees (including redundancies)		<u>(13,330,026)</u>	<u>(12,608,457)</u>
<b>Net cash provided by operating activities</b>	25	<u>17,224,660</u>	<u>12,448,977</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment, infrastructure		(19,988,442)	(12,252,893)
Proceeds from sale of property, plant and equipment, infrastructure		<u>282,413</u>	<u>310,617</u>
<b>Net cash used in investing activities</b>		<u>(19,706,029)</u>	<u>(11,942,276)</u>
<b>Cash flows from financing activities</b>			
Trust funds and deposits		(56,073)	(1,067,586)
Finance costs		(265,437)	(271,929)
Proceeds from interest bearing loans and borrowings		900,000	500,000
Repayment of interest bearing loans and borrowings		<u>(649,011)</u>	<u>(578,272)</u>
<b>Net cash used in financing activities</b>		<u>(70,521)</u>	<u>(1,417,787)</u>
Net increase (decrease) in cash and cash equivalents		(2,551,890)	(911,086)
Cash and cash equivalents at the beginning of the financial year		16,168,341	17,079,427
<b>Cash and cash equivalents at the end of the financial year</b>	26	<u>13,616,451</u>	<u>16,168,341</u>
Restrictions on cash assets	28	4,660,342	5,232,721

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](http://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 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 24 September 2012.

## 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(t) 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:

	<b>Period</b>
<u>Property</u>	
Buildings	30 - 50 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  
(l)

**Significant accounting policies (cont.)**  
**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)**                              **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.

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Local Government financial statements
AASB 9: Financial Instruments and AASB 2010-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	These standards are applicable retrospectively and amend the classification and measurement of financial assets. Council has not yet determined the potential impact on the financial statements. Specific changes include:	Applicable for annual reporting periods commencing on or after 1 January 2013.	These changes are expected to provide some simplification in the accounting for and disclosure of financial instruments
	* simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;		
	* removing the tainting rules associated with held-to-maturity assets;		
	* simplifying the requirements for embedded derivatives;		
	* removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;		
	* allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a		
	return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and		
	* reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:		
	a. the objective of the entity's business model for managing the financial assets; and		
	b. the characteristics of the contractual cash flows.		

	2012 \$	2011 \$
<b>Note 2</b>		
<b>Rates and charges</b>		
<p>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.</p> <p>The valuation base used to calculate general rates for 2011-2012 was \$3.215 million (2010-2011 \$3.123 million). The 2011-2012 rate in the dollar for general rate was 0.003078 of the capital improved value of the property (2010-2011 - 0.002904).</p> <p>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.</p> <p>The 2011-2012 Municipal Charge was \$244.00 (2010-2011 \$230.00) per rateable assessment. In 2011-2012 the Garbage Service Charge was \$280.00 (2010-2011 \$256.00) and Recycling Charge \$69.00 (2010-2011 \$67.00).</p>		
	4,258,750	3,874,103
Residential	459,065	431,954
Commercial	2,405,790	2,260,354
Rural 1	2,082,183	1,941,814
Rural 2	2,229,200	2,087,847
Municipal charge	1,648,284	1,457,773
Garbage charge	399,632	374,223
Recycling	55,446	53,727
Revenue in lieu of rates	<u>13,538,350</u>	<u>12,481,795</u>
<p>The date of the last general revaluation of land for rating purposes within the municipal district was 1 January 2010, and the valuation will be first applied to the rating period commencing 1 July 2011.</p> <p>The date of the next general revaluation of land for rating purposes within the municipal district is 1 January 2012, and the valuation will be first applied in the rating year commencing 1 July 2012.</p>		
<b>Note 3</b>		
<b>Statutory fees and fines</b>		
	281,674	318,141
Building	170,699	178,692
Environmental health and local laws	119,564	146,580
Planning and subdivisions	38,096	5,938
Infrastructure	30,843	33,808
Other	<u>640,876</u>	<u>683,159</u>
<b>Note 4</b>		
<b>User fees</b>		
	895,392	726,325
External works - private works	386,674	548,344
Quarry product	-	72,123
Children services	497,894	512,306
Aged care	10,008	95,922
Valuation data	256,479	208,862
Saleyard fees	92,362	93,255
Recreation -pools and leisure centres	1,133,042	658,957
Waste - transfer station & landfill fees	300,148	58,522
Other fees and charges	<u>3,571,999</u>	<u>2,974,616</u>

		2012	2011
		\$	\$
<b>Note 5</b>	<b>Grants</b>		
	<b>Recurrent</b>		
	Governance	3,434,637	2,639,209
	Community	1,795,655	1,684,827
	Planning & Environment	49,202	49,584
	Infrastructure	2,056,674	1,578,550
	<u>Total recurrent</u>	7,336,168	5,952,170
	<b>Non-recurrent</b>		
	Governance	-	321,463
	Community	848,930	917,537
	Local Economy	283,500	-
	Planning & Environment	142,055	312,295
	Infrastructure	3,785,237	1,281,034
	Corporate	340,000	20,000
	Natural Disaster	26,249,158	29,213,780
	<u>Total non-recurrent</u>	31,648,880	32,066,109
	 <i>Conditions on Grants</i>		
	Grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were:		
	Community	644,340	252,149
	Local Economy	208,500	192,000
	Planning & Environment	133,455	128,917
	Infrastructure	1,037,866	-
	Corporate	4,256	-
	Natural Disaster	634,201	2,898,114
		2,662,618	3,471,180
	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	-	1,360
	Community	431,933	445,946
	Local Economy	97,216	136,444
	Planning & Environment	19,117	55,341
	Infrastructure	24,636	344,535
	Natural Disaster	3,264,461	2,739,157
		3,837,363	3,722,783
	Net increase (decrease) in restricted assets resulting from grant revenues for the year:	(1,174,745)	(251,603)
	Balance of Grants recognised as revenue in the current and previous years that had not been expended at year end	4,217,765	5,392,510

		2012 \$	2011 \$
<b>Note 6</b>	<b>Contributions</b>		
	<b>(a) Cash</b>		
	Community	127,924	901,551
	Local Economy	10,202	196,807
	Infrastructure	511,203	-
	Natural Disaster	13,200	-
	Corporate	6	139
	Total	<u>662,535</u>	<u>1,098,497</u>
	<b>(b) Non-monetary assets</b>		
	Community	-	200,000
	Planning & Environment	-	-
	Infrastructure	503,925	111,370
	Natural Disaster	195,000	7,674,783
	Total	<u>698,925</u>	<u>7,986,153</u>
	Total Contributions	<u>1,361,460</u>	<u>9,084,650</u>
<b>Note 7</b>	<b>Reimbursements</b>		
	Debt recovery	30,607	49,640
	Government agencies - Bushfire reconstruction and recovery	2,500	197,321
	Insurance	39,110	342,557
	Service provision	59,004	66,760
	Other	38,436	26,950
		<u>169,657</u>	<u>683,228</u>
<b>Note 8</b>	<b>Gain / (Loss) on disposal of property, plant and equipment and infrastructure</b>		
	Proceeds from sales	282,413	310,617
	less: Carrying amount of assets sold	(501,669)	(384,737)
		<u>(219,256)</u>	<u>(74,120)</u>
	Users of the financial report should refer to Note 19 for additional details.		
<b>Note 9</b>	<b>Other income</b>		
	Interest	735,399	784,778
	Interest on rates	140,515	120,271
	Rental	136,696	96,407
	Supervision and administration recoupment	5,350	-
	Return on investment	305,430	270,957
	Other	102,735	140,656
		<u>1,426,125</u>	<u>1,413,069</u>
<b>Note 10</b>	<b>Employee benefits</b>		
	Wages and salaries	11,784,727	11,145,237
	Superannuation	1,024,389	1,003,900
	Superannuation Defined Benefits	1,980,896	355,875
	Workcover	370,294	394,443
		<u>15,160,306</u>	<u>12,899,455</u>
<b>Note 11</b>	<b>Materials and services</b>		
	Utilities	558,347	565,035
	Contractors	18,660,227	29,497,131
	Legal Expenses	201,499	135,518
	Insurance	396,397	329,975
	Materials	1,520,409	2,063,316
	Contributions	547,806	709,078
	Consultants	1,543,152	642,463
		<u>23,427,837</u>	<u>33,942,516</u>

	2012 \$	2011 \$
<b>Note 12</b>		
<b>Depreciation and amortisation</b>		
<u>Property</u>		
Buildings	686,555	633,725
<u>Plant and Equipment</u>		
Plant, machinery and equipment	584,809	581,215
Fixtures, fittings and furniture	134,545	121,961
Heritage plant and equipment	2,084	662
Library books	101,781	98,243
<u>Infrastructure</u>		
Roads, Streets & Bridges	3,982,030	3,390,487
Drainage	92,322	111,318
	<u>5,584,126</u>	<u>4,937,611</u>
<b>Note 13</b>		
<b>Finance costs</b>		
Interest - borrowings	273,440	267,492
Interest - provision for landfill rehabilitation	58,253	55,383
Finance costs	<u>331,693</u>	<u>322,875</u>
<b>Note 14</b>		
<b>Other expenses</b>		
Auditors' remuneration - auditing or reviewing the financial report	43,690	36,455
Auditors' remuneration - internal audit	36,654	30,095
Councillors' allowances	169,995	165,517
Other	20,889	17,538
	<u>271,228</u>	<u>249,605</u>
<b>Note 15</b>		
<b>Cash and cash equivalents</b>		
Cash at Bank and on Hand	1,277,481	254,169
Term Deposits and at Call	12,338,970	15,914,172
	<u>13,616,451</u>	<u>16,168,341</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		
<b>Note 16</b>		
<b>Trade and other receivables</b>		
<b>Current</b>		
Rates debtors	780,154	604,069
Garbage and Recycling debtors	214,782	155,539
Other debtors	1,838,164	1,085,431
Government grants	6,948,331	5,231,511
Provision for doubtful debts - other debtors	(29,770)	(27,910)
Special rate debtors	44,663	44,664
Net GST receivable	365,481	566,509
Accrued Interest	83,499	113,509
Accrued Income Other	4,209	3,241
	<u>10,249,513</u>	<u>7,776,563</u>
<b>Non-current</b>		
Special rate debtors	16,881	15,215
	<u>16,881</u>	<u>15,215</u>
<b>Total</b>	<u>10,266,394</u>	<u>7,791,778</u>
<b>Note 17</b>		
<b>Prepayments</b>		
Prepaid Vehicle Registration	58,458	56,342
Councillor and Mayoral Allowances	28,624	27,925
Other prepayments	86,712	38,623
	<u>173,794</u>	<u>122,890</u>
<b>Note 18</b>		
<b>Inventories</b>		
Inventories for distribution at cost	313,280	225,257
	<u>313,280</u>	<u>225,257</u>



Note 19	Property, plant and equipment, infrastructure	2012 \$	2011 \$
	<b>Summary</b>		
	at cost	53,507,572	33,556,041
	Less accumulated depreciation	4,369,042	3,651,563
		<u>49,138,530</u>	<u>29,904,478</u>
	at fair value as at 30 June 2010	220,864,959	209,430,205
	Less accumulated depreciation	9,971,276	6,242,855
		<u>210,893,683</u>	<u>203,187,350</u>
	Total	<u>260,032,213</u>	<u>233,091,828</u>
	<b>Property</b>		
	<b>Land</b>		
	at cost	392,260	392,260
	at fair value as at 2010	20,250,802	20,255,504
		<u>20,643,062</u>	<u>20,647,764</u>
	<b>Land under roads</b>		
	at cost	-	23,023
	at fair value as at 30 June 2012	3,746,200	3,576,746
		<u>3,746,200</u>	<u>3,599,769</u>
	<b>Total Land</b>	<u>24,389,262</u>	<u>24,247,533</u>
	<b>Buildings</b>		
	at cost	23,765,057	3,165,668
	Less accumulated depreciation	77,703	-
		<u>23,687,354</u>	<u>3,165,668</u>
	at fair value as at 30 June 2010	28,845,455	28,571,628
		(1,206,787)	-
		<u>27,638,668</u>	<u>28,571,628</u>
	<b>Total Buildings</b>	<u>51,326,022</u>	<u>31,737,296</u>
	<b>Total Property</b>	<u>75,715,284</u>	<u>55,984,829</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 30 June 2010.		
	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.		
	Council will be undertaking a full revaluation of Land and Buildings in 2012-13		
	<b>Plant and equipment</b>		
	at cost	6,418,246	6,730,861
	Less accumulated depreciation	2,546,268	2,439,695
		<u>3,871,978</u>	<u>4,291,166</u>
	<b>Fixtures, fittings and furniture</b>		
	at cost	1,404,129	1,030,364
	Less accumulated depreciation	693,636	610,228
		<u>710,493</u>	<u>420,136</u>
	<b>Heritage plant and equipment</b>		
	at cost	206,223	206,223
	Less accumulated depreciation	8,356	6,272
		<u>197,867</u>	<u>199,951</u>
	<b>Library books</b>		
	at cost	987,337	878,562
	Less accumulated depreciation	495,281	393,501
		<u>492,056</u>	<u>485,061</u>
	<b>Total Plant and Equipment</b>	<u>5,272,394</u>	<u>5,396,314</u>

Note 19	Property, plant and equipment, infrastructure (cont.)	2012	2011
		\$	\$
	<b>Infrastructure</b>		
	<b>Roads, Streets &amp; Bridges</b>		
	at cost	16,890,180	8,486,956
	Less accumulated depreciation	547,798	201,867
		<u>16,342,382</u>	<u>8,285,089</u>
	at fair value as at 30 June 2012	180,429,587	169,896,033
	Less accumulated depreciation	9,878,954	6,242,855
		<u>170,550,633</u>	<u>163,653,178</u>
	<b>Total Roads, Streets &amp; Bridges</b>	<u>186,893,015</u>	<u>171,938,267</u>
	<b>Drainage</b>		
	at cost	1,670,959	-
	Less accumulated depreciation	-	-
		<u>1,670,959</u>	<u>-</u>
	at fair value as at 30 June 2011	7,843,717	7,385,798
	Less accumulated depreciation	92,322	-
		<u>7,751,395</u>	<u>7,385,798</u>
	<b>Total Drainage</b>	<u>9,422,354</u>	<u>7,385,798</u>
	<b>Total Infrastructure</b>	<u>196,315,369</u>	<u>179,324,065</u>
	Valuation of infrastructure assets have been determined by Council Officer Ian Ellett B.Eng. The valuation was first applied in the financial year ended 30 June 2009. 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.		
	<b>Works in progress</b>		
	Buildings at cost	1,274,353	9,787,674
	Drainage at cost	16,290	69,402
	Roads, Streets and Bridges at cost	874,798	3,177,308
	<b>Total Works in progress</b>	<u>2,165,441</u>	<u>13,034,384</u>
	<b>Total Property, Plant and Equipment, Infrastructure</b>	<u>279,468,488</u>	<u>253,739,593</u>

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	Impairment losses recognised in profit or loss (a) (note 33)	Transfers	Balance at end of financial year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Property</b>									
land	20,647,764	-	-	-	-	(4,702)	-	-	20,643,062
land under roads	3,599,770	-	12,081	135,850	-	(1,500)	-	-	3,746,201
Total land	24,247,534	-	12,081	135,850	-	(6,202)	-	-	24,389,263
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	55,984,830	10,811,326	207,081	135,850	(686,555)	(330,310)	-	9,593,062	75,715,284
<b>Plant and Equipment</b>									
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 plant and equipment	199,952	-	-	-	(2,084)	-	-	-	197,868
library books	485,061	108,775	-	-	(101,781)	-	-	-	492,055
Total plant and equipment	5,396,315	870,656	-	-	(823,219)	(171,358)	-	-	5,272,394
<b>Infrastructure</b>									
roads, streets & 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
<b>Works in progress</b>									
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
<b>Total property, plant and equipment, infrastructure</b>	<b>253,739,592</b>	<b>19,988,442</b>	<b>698,924</b>	<b>11,127,324</b>	<b>(5,584,126)</b>	<b>(501,668)</b>	<b>-</b>	<b>-</b>	<b>279,468,488</b>

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

2011	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	Impairment losses recognised in profit or loss (a)	Written down value of damage	Transfers	Balance at end of financial year
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Property</b>										
land	19,383,248	342,092	-	872,256	-	-	-	-	50,168	20,647,764
land under roads	3,445,748	-	-	154,022	-	-	-	-	-	3,599,770
Total land	22,828,996	342,092	-	1,026,278	-	-	-	-	50,168	24,247,534
buildings	29,131,814	834,101	2,200,000	149,186	(633,725)	(75,647)	-	-	131,567	31,737,296
Total buildings	29,131,814	834,101	2,200,000	149,186	(633,725)	(75,647)	-	-	131,567	31,737,296
Total property	51,960,810	1,176,193	2,200,000	1,175,464	(633,725)	(75,647)	-	-	181,735	55,984,830
<b>Plant and Equipment</b>										
plant, machinery and equipment	4,218,290	912,474	-	-	(581,215)	(258,383)	-	-	-	4,291,166
fixtures, fittings and furniture	498,263	43,834	-	-	(121,961)	-	-	-	-	420,136
heritage plant and equipment	125,369	7,492	59,573	-	(662)	-	-	-	8,180	199,952
library books	470,157	113,147	-	-	(98,243)	-	-	-	-	485,061
Total plant and equipment	5,312,079	1,076,947	59,573	-	(802,081)	(258,383)	-	-	8,180	5,396,315
<b>Infrastructure</b>										
roads, streets & bridges	151,411,792	3,296,107	54,605	20,951,728	(3,390,487)	(50,707)	(710,909)	-	376,136	171,938,265
drainage	6,739,216	145,494	56,765	522,729	(111,318)	-	-	-	32,911	7,385,797
Total infrastructure	158,151,008	3,441,601	111,370	21,474,457	(3,501,805)	(50,707)	(710,909)	-	409,047	179,324,062
<b>Works in progress</b>										
buildings	427,040	4,026,960	5,465,241	-	-	-	-	-	(131,567)	9,787,674
drainage	32,911	21,483	47,919	-	-	-	-	-	(32,911)	69,402
heritage plant and equipment	8,180	-	-	-	-	-	-	-	(8,180)	-
roads, streets & bridges	941,686	2,509,709	102,050	-	-	-	-	-	(376,136)	3,177,309
land	50,168	-	-	-	-	-	-	-	(50,168)	-
Total works in progress	1,459,985	6,558,152	5,615,210	-	-	-	-	-	(598,962)	13,034,385
<b>Total property, plant and equipment, infrastructure</b>	<b>216,883,882</b>	<b>12,252,893</b>	<b>7,986,153</b>	<b>22,649,921</b>	<b>(4,937,611)</b>	<b>(384,737)</b>	<b>(710,909)</b>	<b>-</b>	<b>-</b>	<b>253,739,592</b>

	2012	2011
	\$	\$
<b>Note 20</b>		
<b>Trade and other payables</b>		
Trade payables	3,439,597	5,541,033
Local Authorities Superannuation - Additional call	1,980,896	355,875
Loan Interest	50,816	42,813
Accrued wages	405,776	167,493
Accrued expenses	73,604	99,464
	<u>5,950,689</u>	<u>6,206,678</u>
<b>Note 21</b>		
<b>Trust funds and deposits</b>		
Refundable building deposits	59,000	60,000
Refundable planning permit bonds	233,080	265,523
Refundable contract deposits	416,350	256,830
Other refundable deposits	278,445	460,595
	<u>986,875</u>	<u>1,042,948</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			
		\$	\$	\$	\$		
	<b>2012</b>						
	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	<u>1,038,156</u>	<u>2,072,583</u>	<u>1,180,721</u>	<u>4,061,353</u>		
	<b>2011</b>						
	Balance at beginning of the financial year	973,078	1,934,240	1,067,085	3,974,403		
	Additional provisions	818,848	318,053	55,383	1,192,284		
	Amounts used	(717,867)	(182,589)	-	(900,456)		
	Balance at the end of the financial year	<u>1,074,059</u>	<u>2,069,704</u>	<u>1,122,468</u>	<u>4,266,231</u>		
						<b>2012</b>	<b>2011</b>
						\$	\$
	<b>(a) Employee benefits</b>						
	<b>Current (i)</b>						
	Annual leave				1,038,156		1,074,059
	Long service leave				1,600,181		1,667,575
					<u>2,638,337</u>		<u>2,741,634</u>
	<b>Non-current (ii)</b>						
	Long service leave				472,402		402,129
					<u>472,402</u>		<u>402,129</u>
	Aggregate carrying amount of employee benefits:						
	Current				2,638,337		2,741,634
	Non-current				472,402		402,129
					<u>3,110,739</u>		<u>3,143,763</u>
	The following assumptions were adopted in measuring the present value of employee benefits:						
	Weighted average increase in employee costs				3.80%		4.60%
	Weighted average discount rates				2.69%		4.93%
	<b>(i) Current</b>						
	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				1,148,503		1,140,751
	- Other long-term employee benefits that do not fall due within 12 months after the end of the period measured at present value				1,489,834		1,600,883
					<u>2,638,337</u>		<u>2,741,634</u>
	<b>(ii) Non-current</b>						
	Long service leave representing less than 7 years of continuous service measured at present value				472,402		402,129
	<b>(b) Provisions</b>						
	<b>Non-current</b>						
	Landfill Restoration				1,180,721		1,122,468
					<u>1,180,721</u>		<u>1,122,468</u>
	Total Non-current Provisions				<u>1,653,123</u>		<u>1,524,597</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.						

		2012	2011
		\$	\$
<b>Note 23</b>	<b>Interest-bearing loans and borrowings</b>		
	<b>Current</b>		
	Bank loans - secured	819,066	656,860
		<u>819,066</u>	<u>656,860</u>
	<b>Non-current</b>		
	Bank loans - secured	3,558,301	3,469,518
		<u>3,558,301</u>	<u>3,469,518</u>
	<b>Total</b>	<u>4,377,367</u>	<u>4,126,378</u>
	The maturity profile for Council's borrowings is:		
	Not later than one year	819,066	656,860
	Later than one year and not later than five years	2,846,074	2,435,460
	Later than five years	712,227	1,034,058
		<u>4,377,367</u>	<u>4,126,378</u>

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

Note 24 Reserves

	2012 \$	2011 \$
Asset revaluation reserves (a)	158,667,028	147,539,704
Other reserves (b)	3,560,967	2,375,601
	162,227,995	149,915,305

	Balance at beginning of reporting period	Increment (decrement)	Impairment Losses Recognised	Balance at end of reporting period
(a) Asset revaluation reserves	\$	\$	\$	\$
<b>2012</b>				
<b>Property</b>				
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
<b>Plant and Equipment</b>				
Plant, machinery and equipment	-	-	-	-
Heritage assets	-	-	-	-
Fixtures, fittings and furniture	-	-	-	-
Library books	-	-	-	-
	-	-	-	-
<b>Infrastructure</b>				
Roads, streets & bridges	110,759,141	10,533,554	-	121,292,695
Drainage	5,492,930	457,920	-	5,950,850
	116,252,071	10,991,474	-	127,243,545
<b>Total Asset revaluation reserves</b>	147,539,704	11,127,324	-	158,667,028
<b>2011</b>				
<b>Property</b>				
Land	14,212,087	872,256	-	15,084,343
Land under roads	-	154,022	-	154,022
Buildings	15,900,081	149,186	-	16,049,267
	30,112,168	1,175,464	-	31,287,632
<b>Plant and Equipment</b>				
Plant, machinery and equipment	857,559	(857,559)	-	-
Heritage assets	32,474	(32,474)	-	-
Fixtures, fittings and furniture	28,056	(28,056)	-	-
Leased computer equipment	-	-	-	-
Library books	148,821	(148,821)	-	-
	1,066,910	(1,066,910)	-	-
<b>Infrastructure</b>				
Roads, streets & bridges	90,518,322	20,951,728	(710,909)	110,759,141
Drainage	4,970,201	522,729	-	5,492,930
	95,488,523	21,474,457	(710,909)	116,252,071
<b>Total Asset revaluation reserves</b>	126,667,602	21,583,011	(710,909)	147,539,704

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	\$	\$	\$	\$
<b>2012</b>				
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	-	(37,818)	16,247
Marysville Caravan Park	134,909	170,466	(280,455)	24,920
<b>Total Other reserves</b>	2,375,601	1,613,118	(427,752)	3,560,967



Note 24 Reserves (cont.)

	Balance at beginning of reporting period	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting period
	\$	\$	\$	\$
<b>2011</b>				
Public Open Space Reserve	372,354	45,650	(110,000)	308,004
Garbage Reserve	741,077	491,924	-	1,233,001
Infrastructure Contributions Parking	44,080	-	-	44,080
Coster Street Units Reserve	8,060	15,066	(8,144)	14,982
Shaw Avenue Redevelopment	43,752	-	-	43,752
Road Maintenance - Subdividers Contribution	16,044	-	-	16,044
Alexandra Community Leisure Centre	-	20,688	(3,924)	16,764
Yea Saleyards	418,822	79,605	(18,188)	480,239
Alexandra Saleyards	34,193	-	(4,432)	29,761
Yea Caravan Park	42,287	12,220	(442)	54,065
Marysville Caravan Park	242,459	149,384	(256,934)	134,909
<b>Total Other reserves</b>	<b>1,963,128</b>	<b>814,537</b>	<b>(402,064)</b>	<b>2,375,601</b>

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 is surplus operational funds set aside for future capital works.

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.

	2012 \$	2011 \$
<b>Note 25</b>		
<b>Reconciliation of cash flows from operating activities to surplus</b>		
Surplus for the financial year	14,699,069	12,912,614
Depreciation and amortisation	5,584,126	4,937,611
Contributions - non-monetary	(698,925)	(7,986,153)
Finance Costs	265,437	271,929
(Gain)/loss on disposal of property, plant and equipment, infrastructure	219,256	74,120
<i>Change in assets and liabilities:</i>		
Increase in trade and other receivables	(2,474,616)	532,796
Decrease in inventories	(88,023)	(92,332)
Decrease in other current assets	(50,904)	1,491
Increase/(decrease) in trade and other payables	(255,989)	1,505,073
Increase in provisions	25,229	291,828
Net cash provided by operating activities	<u>17,224,660</u>	<u>12,448,977</u>
<b>Note 26</b>		
<b>Reconciliation of cash and cash equivalents</b>		
Cash and cash equivalents (see note 15)	13,616,451	16,168,341
	<u>13,616,451</u>	<u>16,168,341</u>
<b>Note 27</b>		
<b>Financing arrangements</b>		
Secured bank loans at fixed interest rates:		
Facility available	4,377,367	4,126,378
Used facility	4,377,367	4,126,378
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	-	-
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.		
<b>Note 28</b>		
<b>Restricted assets</b>		
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 employee entitlements (Long Service Leave) and reserve funds (Recreational Lands Reserves).		
Due to changes in the Local Government (Long service Leave) regulations 2012, there is no longer a requirement to maintain a separate Long Service Leave account		
Long service leave (note 22)*	-	1,701,672
Trust funds and Deposits (note 21)	986,875	1,042,948
Quarry Bank Guarantee	112,500	112,500
Reserve funds (note 24)	3,560,967	2,375,601
	<u>4,660,342</u>	<u>5,232,721</u>

**Note 29**

**Superannuation**

Murrindindi Shire Council makes employer contributions in respect of its employees to the Local Authority Superannuation Fund (the Fund) as well as funds listed below.

The Fund has two categories of membership, accumulation and defined benefits, each of which is funded differently. Obligations for contributions are recognised as an expense in the profit or loss when they are due.

These funds receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage being a minimum of 9% required Superannuation Guarantee Legislation.

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.

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

Council made contributions to the following funds:

	2012	2011
<b>Defined Benefits fund</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	124,991	155,846
Employer Contributions payable to Local Authorities Superannuation Fund (Vision Super) - funding shortfall	1,980,896	355,875
	<u>2,105,887</u>	<u>511,721</u>
<b>Accumulation funds</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	793,415	753,557
Employer contributions to Other Funds	105,983	94,497
	<u>899,398</u>	<u>848,054</u>

The Local Authorities Superannuation Fund latest 31 December 2011 actuarial investigation identified an unfunded liability of \$406 million excluding the contributions tax in the defined benefit fund of which Council is a member. Council was made aware of the expected shortfall through the year and was informed formally of their share of the shortfall on 31 July 2012 which amounted to \$1,980,896 (inclusive of \$297,134 contributions tax).

Council has accounted for this shortfall in the Comprehensive Income Statement in Employee Benefit (see note 10) and in Trade and Other Payables (see note 20). As it is Council's intention to pay the full amount of the liability within the 2012-13 financial year, the full amount has been recognised as a current liability

**Note 30 Commitments**

The Council has entered into the following commitments

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	
	\$	\$	\$	\$	\$
<b>Operating</b>					
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	-		65,751
Other	163,045	62,208	269,690		494,943
Council Reserves - revegetation		-	-		-
<b>Total</b>	<b>1,262,716</b>	<b>1,052,208</b>	<b>669,690</b>	<b>-</b>	<b>2,984,614</b>
<b>Capital</b>					
Buildings & improvements	2,875,660	-	-	-	2,875,660
<b>Total</b>	<b>4,138,376</b>	<b>1,052,208</b>	<b>669,690</b>	<b>-</b>	<b>5,860,274</b>
2011	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	
	\$	\$	\$	\$	\$
<b>Operating</b>					
Garbage & Recycling Collection	960,000	960,000	1,360,000		3,280,000
Cleaning contracts for council buildings & streets	114,000				114,000
Consultancies	250,000				250,000
Other	191,509	60,944	147,125		399,578
Council Reserves - revegetation		-	-		-
<b>Total</b>	<b>1,515,509</b>	<b>1,020,944</b>	<b>1,507,125</b>	<b>-</b>	<b>4,043,578</b>
<b>Capital</b>					
Buildings & improvements	11,102,682	-	-		11,102,682
<b>Total</b>	<b>12,618,191</b>	<b>1,020,944</b>	<b>1,507,125</b>	<b>-</b>	<b>15,146,260</b>

**Note 31**

**Operating leases**

**2012**  
\$

**2011**  
\$

**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	355,028	455,974
Later than one year and not later than five years	340,441	341,736
Later than five years	11,461	11,461
	<u>706,930</u>	<u>809,171</u>

Note 32 Financial Instruments

(a) Accounting Policy, terms and conditions

Recognised financial instruments	Note	Accounting Policy	Terms and Conditions
<b>Financial assets</b>			
<b>Cash and cash equivalents</b>	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 5.01% (5.36% in 2010/2011). Interest rate at balance date was 5.01% (5.36% in 2010/11)</p> <p>Funds returned fixed interest rate of between 3.4% and 6.2% (4.65% and 6.25% in 2011/2012) net of fees.</p>
<b>Trade and other receivables</b>			
<b>Other debtors</b>	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>
<b>Financial liabilities</b>			
<b>Trade and other payables</b>	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>
<b>Interest-bearing loans and borrowings</b>	23	<p>Loans are carried at their principal amounts. Loan borrowings are subject to borrowing limits imposed by the State Government under Loan Council approval arrangements. 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 6.67% during 2011/2012 (6.69% in 2010/2011).</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 \$	Less than 1 month \$	Past due but not impaired				Impaired financial assets \$
			Fixed interest rate \$	Floating interest rate \$	Non-interest bearing \$			1 to 3 months \$	3 months to 1 year \$	1 to 5 years \$	Over 5 years \$	
<b>2012</b>												
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	8,874,203	-	-	-	-	-	29,770
<i>Total financial assets</i>		<u>22,460,884</u>	<u>12,338,970</u>	<u>1,277,481</u>	<u>8,844,433</u>	<u>22,490,654</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,770</u>
<b>2011</b>												
Cash and cash equivalents	5.36%	16,168,341	15,914,172	254,169	-	16,168,341	-	-	-	-	-	-
Trade and other receivables	0.00%	6,405,782	-	-	6,405,782	6,433,692	-	-	-	-	-	27,910
<i>Total financial assets</i>		<u>22,574,123</u>	<u>15,914,172</u>	<u>254,169</u>	<u>6,405,782</u>	<u>22,602,033</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,910</u>

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

	Weighted average effective interest rate	Carrying amount \$	Interest rate Exposure			Contractual cash flows \$	Less than 1 month \$	1 to 3 months \$	Maturity dates		
			Fixed interest rate \$	Floating interest rate \$	Non-interest bearing \$				3 months to 1 year \$	1 to 5 years \$	Over 5 years \$
<b>2012</b>											
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>819,066</u>	<u>3,832,949</u>	<u>712,227</u>
<b>2011</b>											
Trade and other payables	0.00%	6,206,678	-	-	6,206,678	6,206,678	6,206,678	-	-	-	-
Trust funds and deposits	0.00%	1,042,948	-	-	1,042,948	1,042,948	-	-	1,042,948	-	-
Interest-bearing loans and borrowings	6.69%	4,126,378	4,126,378	-	-	4,126,378	-	-	656,860	2,435,460	1,034,058
<i>Total financial liabilities</i>		<u>11,376,004</u>	<u>4,126,378</u>	<u>-</u>	<u>7,249,626</u>	<u>11,376,004</u>	<u>6,206,678</u>	<u>-</u>	<u>656,860</u>	<u>3,478,408</u>	<u>1,034,058</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 per Balance Sheet		Aggregate net fair value	
	2012	2011	2012	2011
	\$	\$	\$	\$
<i>(1) Financial assets</i>				
Cash and cash equivalents	13,616,451	16,168,341	13,616,451	16,168,341
Trade and other receivables	8,844,433	6,405,782	8,844,433	6,405,782
<i>Total financial assets</i>	<u>22,460,884</u>	<u>22,574,123</u>	<u>22,460,884</u>	<u>22,574,123</u>
<i>(2) Financial liabilities</i>				
Trade and other payables	5,950,689	6,206,678	5,950,689	6,206,678
Trust funds and deposits	986,875	1,042,948	986,875	1,042,948
Interest-bearing loans and borrowings	4,377,367	4,126,378	4,377,367	4,126,378
<i>Total Financial liabilities</i>	<u>11,314,931</u>	<u>11,376,004</u>	<u>11,314,931</u>	<u>11,376,004</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 and obtaining approval for borrowings from the Australian Loan Council each year.

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 5.01%.

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			
	-1%		1%	
	100 basis points		100 basis points	
Carrying amount at year end	Profit	Equity	Profit	Equity
\$	\$	\$	\$	\$
<b>2012</b>				
<b>Financial assets:</b>				
Cash and cash equivalents	13,616,451	(131,595)	(131,595)	131,595
<b>Financial liabilities:</b>				
Interest-bearing loans and borrowings	4,377,367	-	-	-
<b>2011</b>				
<b>Financial assets:</b>				
Cash and cash equivalents	16,168,341	(152,144)	(152,144)	152,144
<b>Financial liabilities:</b>				
Interest-bearing loans and borrowings	4,126,378	-	-	-



Note 33 Impaired assets	2012	2011
	\$	\$
Road streets and bridges assets impaired due to flood damage.	-	(710,909)
	<u>-</u>	<u>(710,909)</u>

**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.

**Contingent asset**

The council is presently involved in negotiations regarding the control of the Murrindindi section of the Goulburn River High Country Rail Trail. As this matter is yet to be finalised, and the financial outcome is unable to be reliably estimated, no allowance has been made in the financial report

**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 Peter Beales - Mayor (8/12/2010 to 7/12/2011)  
Councillor John Walsh - Mayor (7/12/2011 to Current)  
Councillor Robert Flowers  
Councillor Kevin Bellingham  
Councillor Christopher Healy  
Councillor Sally Abbott Smith  
Councillor Cris Ruhr

**Chief Executive Officers** 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:

	<b>2012</b>	<b>2011</b>
	<b>No.</b>	<b>No.</b>
\$0 - \$9,999	-	-
\$10,000 - \$19,999	5	6
\$20,000 - \$29,999	-	-
\$30,000 - \$39,999	1	-
\$40,000 - \$49,999	1	-
\$50,000 - \$59,999	-	1
\$280,000 - \$289,999	1	1
	<u>8</u>	<u>8</u>
	<b>\$</b>	<b>\$</b>
Total Remuneration for the reporting year for Responsible Persons included above amounted to:	450,058	445,517

**(iii)** No retirement benefits have been made by the Council to a Responsible Person. (2009/10, \$0).

**(iv)** No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year. (2010/11, \$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. (2010/11, \$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 \$127,000.

Additional Senior Officers in 2012 due to the bushfire recovery and reconstruction programs, and payment of redundancies

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

	<b>2012</b>	<b>2011</b>
	<b>No.</b>	<b>No.</b>
Income Range:		
<\$127,000	-	-
\$127,000 - \$129,999	2	1
\$130,000 - \$139,999	3	1
\$140,000 - \$149,999	-	1
\$150,000 - \$159,999	1	-
\$160,000 - \$169,999	-	1
\$170,000 - \$179,999	-	-
\$180,000 - \$189,999	1	-
\$190,000 - \$199,999	-	-
	<u>7</u>	<u>4</u>
	<b>\$</b>	<b>\$</b>
Total Remuneration for the reporting year for Senior Officers included above, amounted to	1,067,307	602,865

Note 37	Income, expenses and assets by function/activities	2012	2011
		\$	\$
	<b>Income</b>		
	Governance	3,437,431	2,640,836
	Community	3,100,744	3,009,344
	Local Economy	1,621,968	986,607
	Climate & Natural Environment	3,355,435	2,677,376
	Planning & Environment	762,641	922,881
	Infrastructure	8,798,688	4,808,131
	Corporate Development	13,120,623	14,443,171
	Natural Disaster	25,495,985	35,850,450
		<u>59,693,515</u>	<u>65,338,796</u>
	<b>Expenses</b>		
	Governance	793,368	668,918
	Community	6,540,007	6,722,599
	Local Economy	1,341,868	1,421,671
	Climate & Natural Environment	2,519,943	2,347,513
	Planning & Environment	1,765,374	1,741,178
	Infrastructure	12,440,421	10,887,237
	Corporate Development	3,645,576	3,000,632
	Natural Disaster	15,947,889	25,636,434
		<u>44,994,446</u>	<u>52,426,182</u>
	Surplus for the year	<u>14,699,069</u>	<u>12,912,614</u>
	<b>Assets attributed to functional areas</b>		
	Governance	6,411,715	5,905,321
	Community	62,614,844	57,669,561
	Local Economy	5,082,600	4,681,179
	Climate & Natural Environment	2,455,505	2,261,570
	Planning & Environment	220,509	203,093
	Infrastructure	220,939,670	202,041,535
	Corporate Development	1,463,396	1,347,818
	Natural Disaster	4,650,167	3,937,780
		<u>303,838,406</u>	<u>278,047,857</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)**

	2012	2012	2011	2011	2010	2010
	\$	(%)	\$	(%)	\$	(%)
<b>(a) Debt servicing ratio</b> (to identify the capacity of Council to service its outstanding debt)						
<u>Debt servicing costs</u>	331,693		322,875		360,192	
Total revenue	59,693,515	= 0.56%	65,338,796	= 0.49%	72,822,576	= 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 &amp; redemption costs</u>	980,704		901,147		1,535,602	
Rate revenue	13,538,350	= 7.24%	12,481,795	= 7.22%	11,419,124	= 13.45%

The strategy involves the payment of loan principal and interest, finance lease principal and interest.

The ratio expresses the percentage of rate revenue utilised to pay interest and redeem debt principal.

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

<u>Rate revenue</u>	13,538,350		12,481,795		11,419,124	
Total revenue	59,693,515	= 22.68%	65,338,796	= 19.10%	72,822,576	= 15.68%

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>	13,779,921		13,940,563		13,403,397	
Total realisable assets	102,664,829	= 13.42%	93,291,123	= 14.94%	78,494,855	= 17.08%

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.)	2012	2012	2011	2011	2010	2010
			(%)		(%)		(%)
(e)	<b>Working capital ratio</b> (to assess Council's ability to meet current commitments)						
	<u>Current assets</u>	24,353,038		24,293,051		25,644,969	
	Current liabilities	10,394,967	= 234.28%	10,648,120	= 228.14%	9,914,288	= 258.67%

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

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

	<u>Current assets</u>	24,353,038		24,293,051		25,644,969	
	Current liabilities	8,905,133	= 273.47%	9,047,237	= 268.51%	8,403,715	= 305.16%

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	2012 \$	2011 \$
<b>Note 39</b>			
<b>Capital expenditure</b>			
<b>Capital expenditure areas</b>			
Land		-	342,092
Land under roads		-	-
Buildings		12,000,843	4,861,060
Drainage		1,425,207	166,976
Fixtures, furniture and equipment		428,951	43,834
Heritage plant and equipment			7,492
Library books		108,775	113,147
Plant, machinery and equipment		332,930	912,474
Roads, Streets & Bridges		5,691,736	5,805,818
Total capital works		<u>19,988,442</u>	<u>12,252,893</u>
Represented by:			
Renewal of infrastructure	(a)	4,192,065	3,423,927
Upgrade of infrastructure	(b)	4,802,032	1,266,631
Expansion of infrastructure	(c)	-	45,192
New buildings		7,505,698	3,556,429
New drainage		1,354,398	-
New fixtures, furniture & equipment		428,951	43,834
New heritage plant & equipment		-	7,492
New roads street & bridges		1,263,592	2,541,675
New land		-	342,092
New library books		108,775	113,147
New plant machinery and equipment		332,931	912,474
Total capital works		<u>19,988,442</u>	<u>12,252,893</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		19,988,442	12,252,893
Contributed Assets		698,925	7,986,153
Impaired Assets	33	-	(710,909)
Asset revaluation movement	19	11,127,324	22,649,921
Depreciation/amortisation	12	(5,584,126)	(4,937,611)
Written down value of assets sold or destroyed	19	(501,668)	(384,737)
Net movement in property, plant and equipment, infrastructure	19	<u>25,728,897</u>	<u>36,855,709</u>

Details of movements by class is provided in note 20

**(a) Renewal**

Expenditure on an existing asset which returns the service potential or the life of the asset up to that which it had originally.

It is periodically required expenditure, relatively large (material) in value compared with the value of the components or sub-components of the asset being renewed.

As it reinstates existing service potential, it has no impact on revenue, but may reduce future operating and maintenance expenditure if completed at the optimum time.

**(b) Upgrade**

Expenditure which enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally.

Upgrade expenditure is discretionary and often does not result in additional revenue unless direct user charges apply. It will increase operating and maintenance expenditure in the future because of the increase in the Council's asset base.

**(c) Expansion**

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

**Note 40**

**Special committees and other activities**

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

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## 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.



*Robert Cherrv*  
Principal Accounting Officer

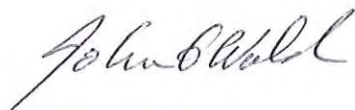
Date : 24 September 2012  
Flowerdale

In our opinion the accompanying financial statements present fairly the financial transactions of Murrindindi Shire Council for the year ended 30 June 2012 and the financial position of the Council as at that date.

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

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

*John Walsh*  
Councillor



Date : 24 September 2012  
Flowerdale

*Kevin Bellinham*  
Councillor



Date : 24 September 2012  
Flowerdale

*Margaret Z Akshay*  
*Margaret Akshay*  
Chief Executive Officer

Date : 24 September 2012  
Flowerdale

Murrindindi Shire Council  
2011/2012 Standard Statements

**STANDARD INCOME STATEMENT**

For the year ending 30 June 2012

	<b>Budget 2011/2012</b>	<b>Variances</b>		<b>Ref</b>	<b>Actuals 2011/2012</b>
	<b>\$</b>	<b>\$</b>	<b>%</b>		<b>\$</b>
<b>Revenue</b>					
Rates and charges	13,615,609	77,259	0.6		13,538,350
Statutory fees and fines	498,336	142,540	28.6	<b>1</b>	640,876
User fees	3,118,751	453,248	14.5	<b>2</b>	3,571,999
Contributions -Cash	649,450	13,085	2.0		662,535
Contributions -Non Cash	6,435,510	5,736,585	89.1	<b>3</b>	698,925
Grants - recurrent	5,929,356	1,406,812	23.7	<b>4</b>	7,336,168
Grants - non-recurrent	21,076,293	10,572,587	50.2	<b>5</b>	31,648,880
Reimbursements	79,500	90,157	113.4	<b>6</b>	169,657
Other revenue	1,020,096	406,029	39.8	<b>7</b>	1,426,125
<b>Total revenue</b>	<b>52,422,901</b>	<b>7,270,614</b>			<b>59,693,515</b>
<b>Expenses</b>					
Employee benefits	13,662,232	1,498,074	11.0	<b>8</b>	15,160,306
Materials and services	24,796,715	1,368,878	5.5		23,427,837
Finance costs	366,140	34,447	9.4		331,693
Depreciation and amortisation	5,465,431	118,695	2.2		5,584,126
Other expenses	614,410	343,182	55.9	<b>9</b>	271,228
<b>Total expenses</b>	<b>44,904,928</b>	<b>129,738</b>			<b>44,775,190</b>
Proceeds from Sale of Fixed Assets	284,556	2,143	0.8		282,413
Carrying value of assets sold	(284,556)	217,113	76.3	<b>10</b>	(501,669)
Net gain (loss) on disposal of assets	-	219,256			(219,256)
<b>Surplus (deficit) for the year</b>	<b>7,517,973</b>	<b>7,181,096</b>			<b>14,699,069</b>



**STANDARD INCOME STATEMENT**

For the year ending 30 June 2012

**Variance Explanation Report**

<u>Ref.</u>	<u>Item</u>	<u>Explanation</u>
1	Statutory fees and fines	Building and planning fees were higher than anticipated, partly due to the fees received via the extension of the NDFA sponsored bushfire fee waiver program. Companion animal fees and engineering plan checking fees were also higher than expected.
2	User fees	Landfill user fees \$480k above expectation, this includes receipt of funds for the air space used by VBRRA during the bushfire cleanup. Fencing contributions to the Goulburn River High Country Rail Trail totalled \$220k and Saleyard fees were \$88k above expectations. Offsetting these increased fees were below budget amounts for the sale of quarry product and external work charges.
3	Contributions -Non Cash (revenue)	Council budget allowed for the non cash contribution from VBRRA of buildings and other assets constructed as part of the bushfire reconstruction and recovery process. These assets, being mostly partly constructed, were transferred to Council to complete late in the previous 2010/11 financial reporting period.
4	Grants - recurrent (revenue)	Major variance being the advance payment of half the 2012-13 Grants Commission funding. A new community funded program Extended Aged Care at Home Packages (EACH) commenced, this was not provided for in the original budget.
5	Grants - non-recurrent (revenue)	Grant funding of \$10.5m greater than anticipated was received, the bulk of this relating to Natural Disaster funding (NDFA). \$4.4m following the major storm events of November 2011 and February 2012. Additional funds were also received to complete assets being built as part of the bushfire reconstruction program.
6	Reimbursements (revenue)	Reimbursement of additional insurance funding of \$65k, together with \$20k being received as part of the Veterans Affairs community services program.
7	Other revenue	Cash flows were higher than expected resulting in additional interest income on investments. Additional interest was also received from ratepayer debtors. Rental income was higher than expected due to rental from buildings constructed during the bushfire reconstruction period becoming operational.
8	Employee benefits	Unfavourable variance is due to the requirement to contribute to the Vision Super Defined Benefits Local Authorities Superannuation fund shortfall of \$1.980m. This was partly offset by some savings across projects and the delay in filling some vacant positions.
9	Other expenses	Favourable variance due to Vision Super Defined Benefits funding shortfall payment \$356k being recognised as a liability in the 2010/11 year, whereas the budget had expected this expense to be recorded in the 2011-12 year.
10	Carrying value of assets sold	Unfavourable variance due to the gifting of the former temporary Kinglake Early Learning Centre building to the Kinglake West Primary School.

Murrindindi Shire Council  
2011/2012 Standard Statements  
**STANDARD BALANCE SHEET**

As at 30 June 2012

	<i>Budget</i> 2011/2012 \$	<i>Variances</i> \$ %		<i>Ref</i>	<i>Actuals</i> 2011/2012 \$
<b><i>Current assets</i></b>					
Cash and cash equivalents	7,116,862	6,499,589	91.3	<b>11</b>	13,616,451
Trade and other receivables	3,898,800	6,263,005	160.6	<b>12</b>	10,161,805
Accrued Income	50,000	37,708	75.4	<b>13</b>	87,708
Inventories	130,000	183,280	141.0	<b>14</b>	313,280
Prepayments	150,000	23,794	15.9	<b>15</b>	173,794
<b>Total current assets</b>	<b>11,345,662</b>	<b>13,007,376</b>			<b>24,353,038</b>
<b><i>Non-current assets</i></b>					
Trade and other receivables	50,000	33,119	66.2	<b>16</b>	16,881
Property, plant and equipment, infrastructure	263,804,376	15,664,112	5.9		279,468,488
<b>Total non-current assets</b>	<b>263,854,376</b>	<b>15,630,993</b>			<b>279,485,369</b>
<b>Total assets</b>	<b>275,200,038</b>	<b>28,638,369</b>			<b>303,838,407</b>
<b><i>Current liabilities</i></b>					
Trade and other payables	3,420,685	2,530,004	74.0	<b>17</b>	5,950,689
Trust funds and deposits	697,476	289,399	41.5	<b>18</b>	986,875
Provisions	2,990,497	352,160	11.8	<b>19</b>	2,638,337
Interest bearing loans and borrowings	726,805	92,261	12.7	<b>20</b>	819,066
<b>Total current liabilities</b>	<b>7,835,463</b>	<b>2,559,504</b>			<b>10,394,967</b>
<b><i>Non-current liabilities</i></b>					
Provisions	1,697,698	44,575	2.6		1,653,123
Interest bearing loans and borrowings	3,617,384	59,083	1.6		3,558,301
<b>Total non-current liabilities</b>	<b>5,315,082</b>	<b>103,658</b>			<b>5,211,424</b>
<b>Total liabilities</b>	<b>13,150,545</b>	<b>2,455,846</b>			<b>15,606,391</b>
<b>Net assets</b>	<b>262,049,493</b>	<b>26,182,523</b>			<b>288,232,016</b>
<b><i>Equity</i></b>					
Accumulated surplus	131,935,582	5,931,561	4.5		126,004,021
Asset revaluation reserve	126,667,601	31,999,427	25.3	<b>21</b>	158,667,028
Other reserves	3,446,310	114,657	3.3		3,560,967
<b>Total equity</b>	<b>262,049,493</b>	<b>26,182,523</b>			<b>288,232,016</b>

**STANDARD BALANCE SHEET**

As at 30 June 2012

**Variance Explanation Report**

<u>Ref.</u>	<u>Item</u>	<u>Explanation</u>
11	Cash and cash equivalents	Variance due to 50% of the Victorian Grants Commission funding received in advance, and some delay in completing capital works.
12	Trade and other receivables	Receivables greater than expected due to NDFA funds owing for bushfire and flood recovery works, \$3.4m and various other amounts relating to claims for bushfire reconstruction works. Rate debtors were \$197k higher than anticipated.
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	A rock crush was conducted at Topsy Quarry during the year, a greater than anticipated amount of quarry product was on hand at year end.
15	Prepayments	Higher than anticipated due to the prepayment of major software licences.
16	Trade and other receivables	Budget was based on an assumed level of take up of the instalment plan option from special charge street schemes. It is now expected that more payers will elect to pay in full within the next 12 months.
17	Trade and other payables	Higher level due to the recognition of Vision Super Defined Benefits Local Authorities Superannuation fund shortfall \$1.980m. Accrued wages included redundancy payments. General creditors were higher than anticipated with unbudgeted Natural Disaster storm damage works at year end.
18	Trust funds and deposits	Higher than expected due to the amount being held for contract retention bonds following works undertaken to complete the bushfire reconstruction program.
19	Provisions	Employee provisions were lower due to a focus on managing the amount of outstanding leave being accumulated by staff. In addition, several long term staff left the organisation.
20	Interest bearing loans and borrowings	Budget allowed for new borrowings to be based over a 10 year period, the new borrowings were taken up over a 5 year period.
21	Asset revaluation reserve	The adopted budget did not allow for the revaluation of assets. Land under roads was revalued, and roads streets bridges and drainage assets were subjected to indexation.

## Murrindindi Shire Council

## 2011/2012 Standard Statements

## STANDARD CASH FLOW STATEMENT

For the year ending 30 June 2012

	Budget 2011/2012 \$	Variances \$ %		Ref	Actuals 2011/2012 \$
<b>Cash flows from operating activities</b>					
Receipts from Ratepayers	13,468,164	165,142	1.2		13,303,022
User Charges and Reimbursements (inclusive of GST)	4,229,927	1,116,444	26.4	22	5,346,371
Government Grants (inclusive of GST)	25,505,649	12,977,727	50.9	23	38,483,376
Interest received	642,906	263,018	40.9	24	905,924
Net GST refund/payment	-	2,570,292	-	25	2,570,292
Payments to Suppliers (inclusive of GST)	(24,427,125)	5,627,174	23.0	26	(30,054,299)
Payments to employees	(13,228,658)	101,368	0.8		(13,330,026)
	-	-	-		-
<b>Net cash inflow (outflow) from operating activities</b>	<b>6,190,863</b>	<b>11,033,797</b>			<b>17,224,660</b>
<b>Cash flows from investing activities</b>					
Proceeds from sale of property, plant and equipment, infrastructure	284,556	2,143	0.8		282,413
Payments for property, plant and equipment, infrastructure	(11,838,538)	8,149,904	68.8	27	(19,988,442)
	-	-	-		-
<b>Net cash inflow (outflow) from investing activities</b>	<b>(11,553,982)</b>	<b>8,152,047</b>			<b>(19,706,029)</b>
<b>Cash flows from financing activities</b>					
Proceeds from interest bearing loans and borrowings	900,000	-	-		900,000
Repayment of interest bearing loans and borrowings	(682,074)	33,063	4.8		(649,011)
Finance Costs	(304,854)	39,417	12.9	28	(265,437)
Trust Funds & Deposits	(24,860)	31,213	125.6	29	(56,073)
	-	-	-		-
<b>Net cash inflow (outflow) from financing activities</b>	<b>(111,788)</b>	<b>41,267</b>			<b>(70,521)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(5,474,907)</b>	<b>2,923,017</b>			<b>(2,551,890)</b>
Cash and cash equivalents at the beginning of the year	12,591,769	3,576,572	28.4	30	16,168,341
<b>Cash and cash equivalents at the end of the year</b>	<b>7,116,862</b>	<b>6,499,589</b>			<b>13,616,451</b>
<b>Reconciliation of Surplus (Deficit) and Net Cash Flows from Operating Activities</b>					
<b>For the year ending 30 June 2012</b>					
<b>Surplus (deficit)</b>	<b>7,517,973</b>	<b>7,181,096</b>			<b>14,699,069</b>
Depreciation and amortisation	5,465,431	118,695	2.2		5,584,126
(Profit) Loss on sale of property, plant and equipment, infrastructure	-	219,256	-		219,256
Finance Costs - cash proportion	366,140	100,703	27.5		265,437
Net movement in current assets and liabilities	(7,158,681)	3,615,453	50.5		(3,543,228)
<b>Net cash inflow (outflow) from operating activities</b>	<b>6,190,863</b>	<b>11,033,797</b>			<b>17,224,660</b>

**Murrindindi Shire Council**  
**2011/2012 Standard Statements**

**STANDARD CASH FLOW STATEMENT**

**For the year ending 30 June 2012**

**Variance Explanation Report**

<u>Ref.</u>	<u>Item</u>	<u>Explanation</u>
22	User Charges and Reimbursements (inclusive of GST)	Greater than anticipated income as per notes 1, 2 and 6.
23	Government Grants (inclusive of GST)	Higher than anticipated grant receipts for reasons as outlined in notes 4 & 5. It should be noted that the actual grant figures in the cash flow statement include Goods and Services Tax, whereas the budget is based on GST exclusive figures. Refer note 25.
24	Interest received	Due to the receipt of grants in advance and delays in some works, a higher level of cash was available for investing, resulting in greater interest income.
25	Net GST refund/payment	Council's published 2011/12 Budget did not include GST within the Cash Flow Statement.
26	Payments to Suppliers (inclusive of GST)	Payments to suppliers exceeded expectations. This is partly due to reinstatement works following the November 2011 and February 2012 storm events. It should be noted that the actual figures include GST whereas the budget figures are exclusive of Goods and Services Tax as outlined in note 25.
27	Payments for property, plant and equipment, infrastructure	Capital works were higher than the budget due to the carry over of completing bushfire reconstruction projects from the previous year. Extra grant funded capital works projects were undertaken during the year including the Whanregarewen and Jerusalem Creek Roads blackspot projects. More details can be found in notes 31 to 35.
28	Finance Costs	Lower than expected interest costs due to the delay in the draw down of loan funds, including partial funding for the construction of the Yea Saleyards improvements.
29	Trust Funds & Deposits	Actual year end figure for 2010/11 was higher than that projected when the budget was adopted. While actual trust funds and deposits increased as per note 18, there was an actual cash outflow greater than anticipated when comparing year to year actual.
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 2011/12 year.

Murrindindi Shire Council

2011/2012 Standard Statements

**STANDARD STATEMENT OF CAPITAL WORKS**

For the year ending 30 June 2012

Capital Works Areas	Budget	Variances		Ref	Actuals
	2011/2012				2011/2012
	\$	\$	%		\$
Roads Streets & Bridges	4,701,388	990,348	21.1	31	5,691,736
Drainage	148,006	1,277,201	862.9	32	1,425,207
Buildings	5,745,173	6,255,670	108.9	33	12,000,843
Plant, Machinery & Equipment	1,006,965	674,035	66.9	34	332,930
Heritage Assets	-	-			-
Furniture & Equipment	120,709	308,242	255.4	35	428,951
Library Bookstock	116,297	7,522	6.5		108,775
Land		-			-
<b>Total capital works</b>	<b>11,838,538</b>	<b>8,149,904</b>			<b>19,988,442</b>
<b>Represented by:</b>					
Renewal of infrastructure	5,546,707	1,354,642	24.4		4,192,065
Upgrade of infrastructure	2,874,150	1,927,882	67.1		4,802,032
Expansion of infrastructure	-	-			-
New assets	3,417,681	7,576,664	221.7		10,994,345
<b>Total capital works</b>	<b>11,838,538</b>	<b>8,149,904</b>			<b>19,988,442</b>

Property, plant and equipment, infrastructure movement reconciliation worksheet	Budget	Variances		Actuals	
	2011/2012			2011/2012	
	\$	\$	%	\$	
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	11,838,538	8,149,904	68.8	19,988,442	
Contributed assets	6,435,510	5,736,585	89.1	698,925	
Asset revaluation movement	-	11,127,324	-	11,127,324	
Depreciation and amortisation	(5,465,431)	118,695	2.2	(5,584,126)	
Written down value of assets sold	(284,556)	217,112	76.3	(501,668)	
<b>Net movement in property, plant and equipment, infrastructure</b>	<b>12,524,061</b>	<b>13,204,836</b>		<b>25,728,897</b>	

Murrindindi Shire Council

2011/2012 Standard Statements

**STANDARD STATEMENT OF CAPITAL WORKS**

For the year ending 30 June 2012

**Variance Explanation Report**

<u>Ref.</u>	<u>Item</u>	<u>Explanation</u>
31	Roads Streets & Bridges	Variance due to some bushfire funded projects being carried forward from 2010/11 including Flowerdale Shared Path \$111K and NDFA bridge replacement projects \$203K. Additional non budgeted grant funded projects were undertaken including Whanregarewen and Jerusalem Creek Roads blackspot \$784K.
32	Drainage	Variance due to bushfire reconstruction project undertaken at Marysville. This project was not included in the original budget.
33	Buildings	Several bushfire reconstruction projects budgeted to be completed in 2010/11 were carried forward and completed in 2011/12. Some of the major items being Kinglake Memorial Reserve \$1.6m, Marysville Community Centre \$3.6m, Gallipolli Park \$0.5m, Marysville Heart \$0.9m, Toolangi & Castella Central Park \$0.5m, Kinglake Neighbourhood House \$0.4m. Yea Wetlands Visitor Information Centre project was not completed in 2011-12, creating a variance of \$1.6m. This project will be completed in 2012/13.
34	Plant, Machinery & Equipment	Plans to replace a tandem tipper and compactor were delayed pending the outcome of an internal services review \$442k. Replacement of several works utes was also delayed and will now be completed in 2012/13.
35	Furniture & Equipment	The original budget anticipated PABX full upgrade including remote offices and computer upgrades would be completed in 2010/11, however these works were delayed and completed in 2011/12, \$65k and unbudgeted grant funded works were undertaken to fit out the Marysville Community Centre.
	General Note on Capital Works.	Please Note: A complete listing of all capital works projects completed within the 2011/2012 financial year has been provided in the front part of the Annual Report.

**Murrindindi Shire Council**  
**2011/2012 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 13 July 2011. The budget was based on assumptions that were relevant at the time of adoption of the budget. The Council set guidelines and parameters for revenue and expense targets in 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  
Robert Cherry

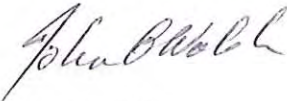
Dated: 24 September 2012

In our opinion the accompanying standard statements have been prepared on accounting bases consistent with the financial statements and in accordance with the Local Government Act 1989 and the Local Government (Finance and Reporting) Regulations 2004.

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

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

Councillor  
John Walsh



Dated: 24 September 2012

Councillor  
Kevin Bellingham



Dated: 24 September 2012

Margaret Abbey  
Chief Executive Officer  
Margaret Abbey  
Dated: 24 September 2012

**VAGO**

Victorian Auditor-General's Office

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## INDEPENDENT AUDITOR'S REPORT

### To the Councillors, Murrindindi Shire Council

#### *The Financial Report and Standard Statements*

The accompanying financial report for the year ended 30 June 2012 of Murrindindi Shire Council which comprises comprehensive income statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of the significant accounting policies and other explanatory information, and the certification of the financial report has been audited.

The accompanying standard statements for the year ended 30 June 2012 of the Council which comprises standard income statement, standard balance sheet, standard cash flow statement, standard statement of capital works, the related notes and the certification of standard statements have been audited.

#### *The Councillors' Responsibility for the Financial Report and Standard Statements*

The Councillors of the Murrindindi Shire Council are responsible for the preparation and the fair presentation of:

- the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*
- the standard statements in accordance with the basis of preparation as described in Note 1 to the statements and the requirements of the *Local Government Act 1989*.

The Councillors are responsible for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial report and standard statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

As required by the *Audit Act 1994* and the *Local Government Act 1989*, my responsibility is to express an opinion on the financial report and standard statements based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance whether the financial report and standard statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and standard statements. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report and standard statements, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report and standard statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating:

- the appropriateness of the accounting policies used in the financial report
- the reasonableness of accounting estimates made by the Councillors
- the overall presentation of the financial report and standard statements.

*Auditing in the Public Interest*

## Independent Auditor's Report (continued)

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### *Independence*

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

### *Opinion*

In my opinion:

- (a) the financial report presents fairly, in all material respects, the financial position of Murrindindi Shire Council as at 30 June 2012 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*
- (b) the standard statements present fairly, in all material respects, in accordance with the basis of preparation as described in Note 1 to the statements and comply with the requirements of the *Local Government Act 1989*.


### *Basis of Accounting for Standard Statements*

Without modifying my opinion, I draw attention to Note 1 to the standard statements, which describes the basis of accounting. The standard statements are prepared to meet the requirements of the *Local Government Act 1989*. As a result, the standard statements may not be suitable for another purpose.

### *Matters Relating to the Electronic Publication of the Audited Financial Report and Standard Statements*

This auditor's report relates to the financial report and standard statements of the Murrindindi Shire Council for the year ended 30 June 2012 included both in the Murrindindi Shire Council's annual report and on the website. The Councillors of the Murrindindi Shire Council are responsible for the integrity of the Murrindindi Shire Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report and standard statements are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and standard statements to confirm the information contained in the website version of the financial report and standard statements.

MELBOURNE  
25 September 2012

  
D D R Pearson  
Auditor-General

2

*Auditing in the Public Interest*

**PERFORMANCE STATEMENT FOR THE YEAR  
1 JULY 2011 TO 30 JUNE 2012**

<b>Key Strategic Activity</b>	<b>Activity</b>	<b>Performance measure</b>	<b>2011/12 Performance Target</b>	<b>2011/12 Actual Result</b>	<b>Note</b>
<b>Theme 1 – Governance</b>					
Provide sound financial stewardship	Ensure sound financial practices are maintained	Number of serious/high audit issues raised in Management letter for 2010-11 financial year	< 2 audit issues	6 moderate issues raised <b>Target Achieved</b>	
<b>Theme 2 - Community</b>					
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	<b>Target Achieved</b>	
<b>Theme 3 – Local Economy</b>					
Provide support to new and expanding businesses	Implementation of the Economic Development Strategy	Action Plan Developed	30 June 2012.	<b>Target not achieved</b>	1
<b>Theme 4 – Climate Change and Natural Environment</b>					
Reduce Generation of Waste by Council and the Community	Complete Council's Waste Management Strategy.	Strategy adopted by Council.	30 June 2012.	<b>Target not achieved</b>	2
<b>Theme 5 – Planning and Environment</b>					
Use a strategic approach to land use planning to facilitate integrated residential and public facility construction	Complete development of a Kinglake Ranges, Flowerdale and Toolangi Strategic Plan.	Plan adopted by Council.	30 June 2012.	<b>Target not achieved</b>	3
<b>Theme 6 - Infrastructure</b>					
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	<b>Target Achieved 72%</b>	
<b>Theme 7 – Corporate Development</b>					
Improve systems and processes	Review the Rating Strategy	Review commenced and consultant engaged	30-Jun-12	<b>Target Achieved</b>	

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

**Performance Statement Variances**

**Explanatory notes:**

- Draft Action Plan is developed, pending adoption by council.
- The Waste Management Strategy was delayed to await the adoption of the Goulburn Valley Regional Waste Management Plan. Adoption of this plan has also been delayed however work is now underway to prepare the Council's strategy which is expected to be completed during the 2012/13 year.
- The Council released an Interim Consultation Report in July 2011 which summarised the submissions received following the public exhibition of the Kinglake Ranges, Flowerdale and Toolangi Draft Plan and Design Framework (KFT Plan). Council is not able to finalise the Consultation Report, nor its recommended changes to the KFT Plan, until the Department of Planning and Community Development (DPCD) has completed work on local planning assessments and bushfire mapping as part of the State Government's response to the Victorian Bushfire Royal Commission findings. This work was not completed by the State during the last quarter. Therefore the project remains on hold pending the completion of the work and advice from the DPCD.

**COUNCIL APPROVAL OF THE PERFORMANCE STATEMENT**

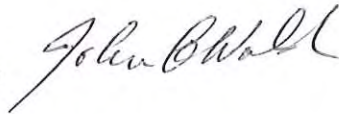
In our opinion, that accompanying performance statement of the Murrindindi Shire Council in respect of 2011/2012 financial year is presented fairly in accordance with the Local Government Act 1989.

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: 24 September 2012  
Flowerdale

Councillor  
Kevin Bellingham



Dated: 24 September 2012  
Flowerdale

*Margaret Z Abbey*

Chief Executive Officer  
Margaret Abbey

Dated: 24 September 2012  
Flowerdale



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## INDEPENDENT AUDITOR'S REPORT

### To the Councillors, Murrindindi Shire Council

#### *The Performance Statement*

The accompanying performance statement for the year ended 30 June 2012 of the Murrindindi Shire Council which comprises the statement, the related notes and the certification of the performance statement has been audited.

#### *The Councillors' Responsibility for the Performance Statement*

The Councillors of the Murrindindi Shire Council are responsible for the preparation and fair presentation of the performance statement in accordance with the *Local Government Act 1989*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the performance statement that is free of material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

As required by the *Local Government Act 1989*, my responsibility is to express an opinion on the performance statement based on the audit, which has been conducted in accordance with Australian Auditing Standards. These Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance whether the performance statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the performance statement. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the performance statement, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the performance statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the overall presentation of the performance statement.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### *Independence*

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

*Auditing in the Public Interest*

## Independent Auditor's Report (continued)


### *Auditor's Opinion*

In my opinion, the performance statement of the Murrindindi Shire Council in respect of the 30 June 2012 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

### *Matters Relating to the Electronic Publication of the Audited Performance Statement*

This auditor's report relates to the performance statement of the Murrindindi Shire Council for the year ended 30 June 2012 included both in the Murrindindi Shire Council's annual report and on the website. The Councillors of the Murrindindi Shire Council are responsible for the integrity of the Murrindindi Shire Council's website. I have not been engaged to report on the integrity of the Murrindindi Shire Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this statement. If users of the performance statement are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the performance statement to confirm the information contained in the website version of the performance statement.

MELBOURNE  
25 September 2012

  
D D R Pearson  
Auditor-General