

# Murrindindi Shire Council

## Financial Report, Standard Statements & Performance Statement for the year ended 30 June 2010

**Murrindindi Shire Council**  
**Financial Report, Standard Statements and Performance Statement**  
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## Comprehensive Income Statement For the Year Ended 30 June 2010

	Note	2010 \$	2009 \$
<b>Income</b>			
Rates and charges	2	11,419,124	11,523,613
Statutory fees and fines	3	1,036,321	454,154
User fees	4	2,684,833	2,186,880
Grants - recurrent	5	5,734,477	6,019,275
Grants - non-recurrent	5	48,509,666	15,098,479
Contributions - cash	6 (a)	258,982	273,409
Contributions - non monetary assets	6 (b)	807,342	-
Reimbursements	7	1,322,284	3,618,636
Net gain(loss) on disposal of property, plant and equipment, infrastructure	8	-	1,815,553
Other income	9	1,049,547	741,705
<b>Total revenue</b>		<b>72,822,576</b>	<b>41,731,704</b>
<b>Expenses</b>			
Employee benefits	10	(11,155,981)	(9,940,233)
Materials and services	11	(47,566,077)	(20,926,737)
Depreciation and amortisation	12	(4,491,167)	(5,107,835)
Finance costs	13	(360,192)	(370,105)
Net gain(loss) on disposal of property, plant and equipment, infrastructure	8	(21,778)	-
Other expenses	14	(230,145)	(215,970)
<b>Total expenses</b>		<b>(63,825,340)</b>	<b>(36,560,880)</b>
<b>Surplus (Deficit) for the financial year</b>		<b>8,997,236</b>	<b>5,170,824</b>
<b>Other comprehensive income</b>			
Net asset revaluation increment(decrement) reversals		12,003,862	(969,241)
<b>Comprehensive result</b>		<b>21,001,098</b>	<b>4,201,583</b>

The above statement should be read with the accompanying notes

**Balance Sheet**  
**As at 30 June 2010**

	Note	2010	2009
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	15	17,079,427	8,825,842
Trade and other receivables	16	8,261,661	11,331,802
Accrued income	17	46,575	52,957
Prepayments	18	124,381	152,108
Inventories	19	132,925	191,962
<b>Total current assets</b>		<u>25,644,969</u>	<u>20,554,671</u>
<b>Non-current assets</b>			
Trade and other receivables	16	16,337	18,481
Property, plant and equipment, infrastructure	20	216,883,882	200,043,512
<b>Total non-current assets</b>		<u>216,900,219</u>	<u>200,061,993</u>
<b>Total assets</b>		<u>242,545,188</u>	<u>220,616,664</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	21	4,701,605	4,852,002
Trust funds and deposits	22	2,110,534	746,036
Provisions	23	2,523,763	2,164,053
Interest-bearing loans and borrowings	24	578,386	1,151,273
<b>Total current liabilities</b>		<u>9,914,288</u>	<u>8,913,364</u>
<b>Non-current liabilities</b>			
Provisions	23	1,450,640	1,421,616
Interest-bearing loans and borrowings	24	3,626,263	3,728,785
<b>Total non-current liabilities</b>		<u>5,076,903</u>	<u>5,150,401</u>
<b>Total liabilities</b>		<u>14,991,191</u>	<u>14,063,765</u>
<b>Net Assets</b>		<u>227,553,997</u>	<u>206,552,899</u>
<b>Equity</b>			
Accumulated surplus		98,923,267	90,055,191
Reserves	25	128,630,730	116,497,708
<b>Total Equity</b>		<u>227,553,997</u>	<u>206,552,899</u>

The above statement should be read with the accompanying notes

**Statement of Changes in Equity  
For the Year Ended 30 June 2010**

	Note	Total 2010 \$	Accumulated Surplus 2010 \$	Asset Revaluation Reserve 2010 \$	Other Reserves 2010 \$
<b>2010</b>					
Balance at beginning of the financial year		206,552,899	90,055,191	114,663,740	1,833,968
Surplus for the year		8,997,236	8,997,236	-	-
Net asset revaluation increment	25(a)	12,003,862	-	12,003,862	-
Transfers to other reserves	25(b)	-	(329,020)	-	329,020
Transfers from other reserves	25(b)	-	199,860	-	(199,860)
<b>Balance at end of the financial year</b>		<b>227,553,997</b>	<b>98,923,267</b>	<b>126,667,602</b>	<b>1,963,128</b>

		Total 2009 \$	Accumulated Surplus 2009 \$	Asset Revaluation Reserve 2009 \$	Other Reserves 2009 \$
<b>2009</b>					
Balance at beginning of the financial year		198,913,638	81,660,008	115,632,981	1,620,649
Initial recognition of land under roads held at 30 June 2008	34	3,422,724	3,422,724	-	-
Transference asset revaluation reserve - leased computer assets	34	14,954	14,954	-	-
Surplus for the year		5,170,824	5,170,824	-	-
Net asset revaluation increment	25(a)	(969,241)	-	(969,241)	-
Transfers to other reserves	25(b)	-	(323,413)	-	323,413
Transfers from other reserves	25(b)	-	110,094	-	(110,094)
<b>Balance at end of the financial year</b>		<b>206,552,899</b>	<b>90,055,191</b>	<b>114,663,740</b>	<b>1,833,968</b>

The above statement should be read with the accompanying notes

**Cash Flow Statement**  
**For the Year Ended 30 June 2010**

	Note	2010 Inflows/ (Outflows) \$	2009 Inflows/ (Outflows) \$
<b>Cash flows from operating activities</b>			
Rates		11,809,977	10,976,578
User charges and other fines (inclusive of GST)		12,375,813	4,954,041
Grants (inclusive of GST)		55,155,098	21,403,650
Interest		494,493	298,279
Net GST refund		630,531	771,973
Payments to suppliers (inclusive of GST)		(53,012,189)	(20,180,951)
Payments to employees (including redundancies)		(11,033,264)	(9,562,177)
<b>Net cash provided by operating activities</b>	26	<u>16,420,459</u>	<u>8,661,393</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment, infrastructure		(8,832,886)	(4,857,279)
Proceeds from sale of property, plant and equipment, infrastructure		290,775	673,448
<b>Net cash used in investing activities</b>		<u>(8,542,111)</u>	<u>(4,183,831)</u>
<b>Cash flows from financing activities</b>			
Trust funds and deposits		1,364,498	63,209
Finance costs		(313,851)	(323,402)
Proceeds from interest bearing loans and borrowings		500,000	750,000
Repayment of interest bearing loans and borrowings		(1,175,410)	(1,027,217)
<b>Net cash used in financing activities</b>		<u>375,237</u>	<u>(537,410)</u>
Net increase (decrease) in cash and cash equivalents		8,253,585	3,940,152
Cash and cash equivalents at the beginning of the financial year		8,825,842	4,885,690
<b>Cash and cash equivalents at the end of the financial year</b>	27	<u>17,079,427</u>	<u>8,825,842</u>
Restrictions on cash assets	29	5,773,956	4,057,504

The above 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 - Richmond Sinnott & Delahunty  
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 Standards Board, the *Local Government Act 1989*, and the Local Government (Finance and Reporting) Regulations 2004.

The financial statements were authorised for issue by Margaret Abbey Chief Executive Officer on 27 September 2010.

## 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), 1(s), and 1(u). 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 43 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.

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

*User fees and fines*

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

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

*Reimbursements*

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

*Sale of property, plant and equipment, infrastructure*

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

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

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

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

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

	Period
<u>Property</u>	
Land	n/a
Land under roads	n/a
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 independent experts.

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

*Land under roads*

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 too account at fair value.

(l)

**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 29).

(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 within 12 months is measured at nominal value based on the amount, including appropriate oncosts, expected to be paid when settled. Annual leave expected to be paid later than one year has been measured at the present value of the estimated future cash outflows to be made for these accrued entitlements. Commonwealth bond rates are used for discounting future cash flows.

*Long service leave*

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

*Classification of employee benefits*

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

*Superannuation*

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

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

(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**  
**(q)**                      **Significant accounting policies (cont.)**  
**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)**                      **Financial guarantees**

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

	2010	2009
	\$	\$
<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 2009-2010 was \$3.015 million (2008-2009 \$3.216 million). The 2009-2010 rate in the dollar for general rate was 0.002825 of the capital improved value of the property (2008-2009 - 0.002665). 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 2009-2010 Municipal Charge was \$217.00 (2008-2009 \$206.00) per rateable assessment. In 2009-2010 the Garbage Service Charge was \$222.00 (2008-2009 \$210.00) and Recycling Charge \$65.00 (2008-2009 \$61.80).</p>		
	3,433,975	3,593,742
Residential	415,308	468,916
Commercial	2,152,289	2,052,743
Rural 1	1,847,823	1,795,613
Rural 2	1,959,637	1,852,411
Municipal charge	1,210,264	1,325,864
Garbage charge	347,207	383,136
Recycling	-	-
Special rates and charges	52,621	51,188
Revenue in lieu of rates	<u>11,419,124</u>	<u>11,523,613</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 2010.</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>		
Building	576,580	203,460
Environmental health and local laws	240,025	85,087
Planning and subdivisions	161,129	131,915
Other	58,587	33,692
	<u>1,036,321</u>	<u>454,154</u>
<b>Note 4</b>		
<b>User fees</b>		
External works - private works	461,083	564,229
Quarry product	854,908	343,630
Children services	77,111	89,076
Aged care	482,297	469,947
Valuation data	5,789	83,261
Saleyard fees	207,999	169,733
Recreation -pools and leisure centres	91,221	85,541
Waste - transfer station & landfill fees	446,689	326,837
Other fees and charges	57,736	54,626
	<u>2,684,833</u>	<u>2,186,880</u>

	2010	2009
	\$	\$
<b>Note 5</b>		
<b>Grants</b>		
Grants were received in respect of the following :		
<b>Recurrent</b>		
Civic	2,472,942	2,721,675
Human services	1,594,391	1,394,206
Planning and environmental services	21,866	26,867
Recreation and culture	121,424	117,893
Transport	1,488,832	1,742,464
Waste and environment	35,022	16,170
<b>Total recurrent</b>	<u>5,734,477</u>	<u>6,019,275</u>
<b>Non-recurrent</b>		
Civic	100,373	510,068
Bushfire reconstruction and recovery	42,022,288	11,714,066
Economic development and tourism	3,350	103,250
Human services	582,576	439,782
Planning and environmental services	107,604	101,949
Rates and valuations	645,731	-
Recreation and culture	2,007,224	950,765
Transport	3,026,520	1,086,982
Waste and environment	14,000	191,617
<b>Total non-recurrent</b>	<u>48,509,666</u>	<u>15,098,479</u>
<b>Conditions on Grants</b>		
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:		
Civic	-	284,173
Bushfire reconstruction and recovery	2,938,918	157,437
Economic development and tourism	-	76,959
Human services	393,981	240,478
Planning and environmental services	22,286	55,885
Recreation and culture	1,037,603	789,036
Transport	381,193	4,000
Waste and environment	-	86,956
	<u>4,773,981</u>	<u>1,694,924</u>
Grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were:		
Civic	148,815	-
Bushfire reconstruction and recovery	53,252	-
Economic development and tourism	76,959	1,562
Human services	138,879	48,259
Planning and environmental services	22,920	37,500
Recreation and culture	436,290	63,453
Transport	14,990	538,585
Waste and environment	52,640	-
	<u>944,745</u>	<u>689,359</u>
Net increase (decrease) in restricted assets resulting from grant revenues for the year:	<u>3,829,236</u>	<u>1,005,565</u>

		2010	2009
		\$	\$
<b>Note 6</b>	<b>Contributions</b>		
	<b>(a) Cash</b>		
	Public open space - development contributions	29,900	48,350
	Parking and Infrastructure - development contributions	-	10,400
	Tourism and economic development	-	1,105
	Recreational, leisure and community facilities	68,512	55,847
	Training and development	6,000	1,200
	Roads, footpaths and cycleways	19,500	102,418
	Other	135,070	54,089
	<b>Total</b>	<u>258,982</u>	<u>273,409</u>
	<b>(b) Non-monetary assets</b>		
	Land	262,504	-
	Land under roads	1,186	-
	Roads, streets & bridges	470,876	-
	Drainage	72,776	-
	<b>Total</b>	<u>807,342</u>	<u>-</u>
	<b>Total Contributions</b>	<u>1,066,324</u>	<u>273,409</u>
<b>Note 7</b>	<b>Reimbursements</b>		
	Debt recovery	40,148	13,026
	Government agencies - Bushfire reconstruction and recovery	1,153,763	2,165,334
	Insurance	57,266	1,370,599
	Service provision	53,478	69,677
	Other	17,629	-
	<b>Total</b>	<u>1,322,284</u>	<u>3,618,636</u>
<b>Note 8</b>	<b>Gain / (Loss) on Disposal of Capital Assets</b>		
	Proceeds from sales	290,775	337,195
	less: Carrying amount of assets sold	<u>(312,553)</u>	<u>(183,792)</u>
		<u>(21,778)</u>	<u>153,403</u>
	Proceeds from destroyed assets		5,965,909
	less: Carrying amount of assets destroyed	<u>-</u>	<u>(4,303,759)</u>
		<u>-</u>	<u>1,662,150</u>
	<b>Total</b>	<u>(21,778)</u>	<u>1,815,553</u>
	Users of the financial report should refer to Note 20 for additional details.		
<b>Note 9</b>	<b>Other revenue</b>		
	Interest	441,447	243,224
	Interest on rates	53,726	55,083
	Rental	73,275	90,365
	Supervision and administration recoupment	41,854	48,554
	Return on investment	313,345	286,429
	Other	125,900	18,050
	<b>Total</b>	<u>1,049,547</u>	<u>741,705</u>
<b>Note 10</b>	<b>Employee benefits</b>		
	Wages and salaries	10,055,466	9,024,839
	Superannuation	866,397	719,870
	Workcover	234,118	195,524
	<b>Total</b>	<u>11,155,981</u>	<u>9,940,233</u>
<b>Note 11</b>	<b>Materials and services</b>		
	Utilities	491,330	410,558
	Contractors	43,964,955	17,808,241
	Legal Expenses	139,660	126,875
	Insurance	293,912	259,580
	Materials	1,707,070	1,832,590
	Contributions	272,352	280,644
	Consultants	696,798	208,249
	<b>Total</b>	<u>47,566,077</u>	<u>20,926,737</u>

	2010	2009
	\$	\$
<b>Note 12</b>		
<b>Depreciation and amortisation</b>		
<u>Property</u>		
Buildings	540,190	579,777
<u>Plant and Equipment</u>		
Plant, machinery and equipment	558,779	523,299
Fixtures, fittings and furniture	118,893	113,073
Heritage plant and equipment	662	678
Library books	112,011	107,976
<u>Infrastructure</u>		
Roads, Streets & Bridges	3,055,134	3,685,747
Drainage	105,498	97,285
	<u>4,491,167</u>	<u>5,107,835</u>
<b>Note 13</b>		
<b>Finance costs</b>		
Interest - borrowings	307,540	320,058
Interest - provision for landfill rehabilitation	52,652	50,047
Finance costs	<u>360,192</u>	<u>370,105</u>
<b>Note 14</b>		
<b>Other expenses</b>		
Auditors' remuneration - auditing or reviewing the financial report	35,000	22,600
Auditors' remuneration - internal audit	26,341	21,675
Councillors' allowances	156,494	132,577
Other	12,310	39,118
	<u>230,145</u>	<u>215,970</u>
<b>Note 15</b>		
<b>Cash and cash equivalents</b>		
Cash at Bank and on Hand	1,267,722	398,342
Term Deposits and at Call	15,811,705	8,427,500
	<u>17,079,427</u>	<u>8,825,842</u>
Users of the financial report should refer to Note 29 for details of restrictions on cash assets and note 31 for details of existing Council commitments		
<b>Note 16</b>		
<b>Trade and other receivables</b>		
<b>Current</b>		
Rates debtors	549,420	859,084
Garbage and Recycling debtors	132,787	212,667
Other debtors	7,551,214	10,133,376
Provision for doubtful debts - other debtors	(26,515)	(25,100)
Special rate debtors	48,171	49,058
Net GST receivable	6,584	102,717
	<u>8,261,661</u>	<u>11,331,802</u>
<b>Non-current</b>		
Special rate debtors	15,284	15,706
Loans and advances to community organisations	1,053	2,775
	<u>16,337</u>	<u>18,481</u>
<b>Total</b>	<u>8,277,998</u>	<u>11,350,283</u>



		2010	2009
		\$	\$
<b>Note 17</b>	<b>Accrued Income</b>		
	Accrued Interest	35,663	34,983
	Accrued Income Other	10,912	17,974
		<u>46,575</u>	<u>52,957</u>
<b>Note 18</b>	<b>Prepayments</b>		
	Prepaid Vehicle Registration	54,055	52,829
	Councillor and Mayoral Allowances	27,112	26,451
	Other prepayments	43,214	72,828
		<u>124,381</u>	<u>152,108</u>
<b>Note 19</b>	<b>Inventories</b>		
	Inventories for distribution at cost	132,925	191,962
		<u>132,925</u>	<u>191,962</u>

Note 20

Property, plant and equipment, infrastructure

	2010	2009
	\$	\$
<b>Summary</b>		
at cost	15,017,019	8,199,894
Less accumulated depreciation	3,116,707	2,804,894
	<u>11,900,312</u>	<u>5,395,000</u>
at fair value	211,627,651	198,134,832
Less accumulated depreciation	6,644,081	3,486,320
	<u>204,983,570</u>	<u>194,648,512</u>
Total	<u>216,883,882</u>	<u>200,043,512</u>
<b>Property</b>		
<b>Land</b>		
at fair value	19,383,249	16,855,851
	<u>19,383,249</u>	<u>16,855,851</u>
<b>Land under roads</b>		
at cost	23,023	-
at fair value as at 30 June 2008	3,422,724	3,422,724
	<u>3,445,747</u>	<u>3,422,724</u>
<b>Total Land</b>	<u>22,828,996</u>	<u>20,278,575</u>
<b>Buildings</b>		
at cost	-	193,389
Less accumulated depreciation	-	-
	<u>-</u>	<u>193,389</u>
at fair value	29,131,814	24,896,618
	<u>29,131,814</u>	<u>24,896,618</u>
<b>Total Buildings</b>	<u>29,131,814</u>	<u>25,090,007</u>
<b>Total Property</b>	<u>51,960,810</u>	<u>45,368,582</u>
<p>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 2008 and again 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.</p> <p>Land under roads is valued at fair value. Fair value is based on Council valuations at 30 June 2008 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.</p>		
<b>Plant and equipment</b>		
at cost	6,441,184	5,527,648
Less accumulated depreciation	2,222,894	1,815,941
	<u>4,218,290</u>	<u>3,711,707</u>
<b>Fixtures, fittings and furniture</b>		
at cost	1,087,622	971,250
Less accumulated depreciation	589,359	470,466
	<u>498,263</u>	<u>500,784</u>
<b>Heritage plant and equipment</b>		
at cost	130,978	130,978
Less accumulated depreciation	5,609	4,947
	<u>125,369</u>	<u>126,031</u>
<b>Library books</b>		
at cost	765,415	949,972
Less accumulated depreciation	295,258	512,824
	<u>470,157</u>	<u>437,148</u>
<b>Total Plant and Equipment</b>	<u>5,312,079</u>	<u>4,775,670</u>

Note 20	Property, plant and equipment, infrastructure (cont.)	2010	2009
		\$	\$
	<b>Infrastructure</b>		
	<b>Roads, Streets &amp; Bridges</b>		
	at cost	4,760,107	-
	Less accumulated depreciation	-	-
		<u>4,760,107</u>	<u>-</u>
	at fair value as at 30 June 2009	149,706,819	143,397,336
	Less accumulated depreciation	3,055,134	-
		<u>146,651,685</u>	<u>143,397,336</u>
	<b>Total Roads, Streets &amp; Bridges</b>	<u>151,411,792</u>	<u>143,397,336</u>
	<b>Drainage</b>		
	at cost	348,705	229,757
	Less accumulated depreciation	3,587	716
		<u>345,118</u>	<u>229,041</u>
	at fair value as at 30 June 2006	9,983,045	9,562,303
	Less accumulated depreciation	3,588,947	3,486,320
		<u>6,394,098</u>	<u>6,075,983</u>
	<b>Total Drainage</b>	<u>6,739,216</u>	<u>6,305,024</u>
	<b>Total Infrastructure</b>	<u>158,151,008</u>	<u>149,702,360</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	427,040	157,417
	Drainage at cost	50,168	21,838
	Heritage plant and equipment	8,180	-
	Land at cost	32,911	-
	Plant, machinery and equipment	-	5,801
	Roads, Streets and Bridges at cost	941,686	11,844
	<b>Total Works in progress</b>	<u>1,459,985</u>	<u>196,900</u>
	<b>Total Property, Plant and Equipment, Infrastructure</b>	<u>216,883,882</u>	<u>200,043,512</u>

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

Movement in carrying amounts

2010	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 25)	Depreciation and amortisation (note 11)	Written down value of disposals (note 14)	Transfers	Balance at end of financial year
	\$	\$	\$	\$	\$	\$	\$
<b>Property</b>							
land	16,855,851	287,200	2,240,197	-	-	-	19,383,248
land under roads *	3,422,724	1,186	-	-	-	21,838	3,445,748
<b>Total land</b>	<b>20,278,575</b>	<b>288,386</b>	<b>2,240,197</b>	<b>-</b>	<b>-</b>	<b>21,838</b>	<b>22,828,996</b>
buildings	25,090,007	1,492,825	3,033,440	(540,190)	(56,160)	111,892	29,131,814
<b>Total buildings</b>	<b>25,090,007</b>	<b>1,492,825</b>	<b>3,033,440</b>	<b>(540,190)</b>	<b>(56,160)</b>	<b>111,892</b>	<b>29,131,814</b>
<b>Total property</b>	<b>45,368,582</b>	<b>1,781,211</b>	<b>5,273,637</b>	<b>(540,190)</b>	<b>(56,160)</b>	<b>133,730</b>	<b>51,960,810</b>
<b>Plant and Equipment</b>							
plant, machinery and equipment	3,711,707	1,315,954	-	(558,779)	(256,393)	5,801	4,218,290
fixtures, fittings and furniture	500,784	116,372	-	(118,893)	-	-	498,263
heritage plant and equipment	126,031	-	-	(662)	-	-	125,369
library books	437,148	145,020	-	(112,011)	-	-	470,157
<b>Total plant and equipment</b>	<b>4,775,670</b>	<b>1,577,346</b>	<b>-</b>	<b>(790,345)</b>	<b>(256,393)</b>	<b>5,801</b>	<b>5,312,079</b>
<b>Infrastructure</b>							
roads, streets & bridges	143,397,336	4,760,107	6,309,483	(3,055,134)	-	-	151,411,792
drainage	6,305,024	118,948	420,742	(105,498)	-	-	6,739,216
<b>Total infrastructure</b>	<b>149,702,360</b>	<b>4,879,055</b>	<b>6,730,225</b>	<b>(3,160,632)</b>	<b>-</b>	<b>-</b>	<b>158,151,008</b>
<b>Works in progress</b>							
buildings	157,417	381,515	-	-	-	(111,892)	427,040
drainage	-	32,911	-	-	-	-	32,911
heritage plant and equipment	-	8,180	-	-	-	-	8,180
plant, machinery and equipment	5,801	0	-	-	-	(5,801)	0
roads, streets & bridges	11,844	929,842	-	-	-	-	941,686
land	21,838	50,168	-	-	-	(21,838)	50,168
<b>Total works in progress</b>	<b>196,900</b>	<b>1,402,616</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(139,531)</b>	<b>1,459,985</b>
<b>Total property, plant and equipment, infrastructure</b>	<b>200,043,512</b>	<b>9,640,228</b>	<b>12,003,862</b>	<b>(4,491,167)</b>	<b>(312,553)</b>	<b>-</b>	<b>216,883,882</b>

\* Land under roads

Land under roads held at 30 June 2008 has been recognised at fair value for the first time under AASB 1051 Land Under Roads

Note 20 *Property, plant and equipment, infrastructure (cont.)*  
*Movement in carrying amounts*

2009	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 25)	Depreciation and amortisation (note 11)	Written down value of disposals	Written down value of damage	Transfers	Balance at end of financial year
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Property</b>								
land	16,875,851	-	-	-	(20,000)	-	-	16,855,851
land under roads	3,422,724	-	-	-	-	-	-	3,422,724
<b>Total land</b>	<b>20,298,575</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(20,000)</b>	<b>-</b>	<b>-</b>	<b>20,278,575</b>
buildings	29,155,774	225,066	-	(579,777)	-	(3,711,056)	-	25,090,007
<b>Total buildings</b>	<b>29,155,774</b>	<b>225,066</b>	<b>-</b>	<b>(579,777)</b>	<b>-</b>	<b>(3,711,056)</b>	<b>-</b>	<b>25,090,007</b>
<b>Total property</b>	<b>49,454,349</b>	<b>225,066</b>	<b>-</b>	<b>(579,777)</b>	<b>(20,000)</b>	<b>(3,711,056)</b>	<b>-</b>	<b>45,368,582</b>
<b>Plant and Equipment</b>								
plant, machinery and equipment	3,749,268	926,848	-	(523,299)	(163,251)	(277,859)	-	3,711,707
fixtures, fittings and furniture	500,210	117,739	-	(113,073)	(541)	(3,551)	-	500,784
heritage plant and equipment	131,873	1,000	-	(678)	-	(6,164)	-	126,031
library books	437,747	107,377	-	(107,976)	-	-	-	437,148
<b>Total plant and equipment</b>	<b>4,819,098</b>	<b>1,152,964</b>	<b>-</b>	<b>(745,026)</b>	<b>(163,792)</b>	<b>(287,574)</b>	<b>-</b>	<b>4,775,670</b>
<b>Infrastructure</b>								
roads, streets & bridges	145,247,223	3,163,328	(1,512,538)	(3,685,747)	-	(305,129)	490,199	143,397,336
drainage	5,656,522	136,558	558,251	(97,285)	-	-	50,978	6,305,024
<b>Total infrastructure</b>	<b>150,903,745</b>	<b>3,299,886</b>	<b>(954,287)</b>	<b>(3,783,032)</b>	<b>-</b>	<b>(305,129)</b>	<b>541,177</b>	<b>149,702,360</b>
<b>Works in progress</b>								
buildings	-	157,417	-	-	-	-	-	157,417
drainage	50,978	-	-	-	-	-	(50,978)	-
plant, machinery and equipment	-	5,801	-	-	-	-	-	5,801
roads, streets & bridges	498,421	3,622	-	-	-	-	(490,199)	11,844
land	9,315	12,523	-	-	-	-	-	21,838
<b>Total works in progress</b>	<b>558,714</b>	<b>179,363</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(541,177)</b>	<b>196,900</b>
<b>Total property, plant and equipment, infrastructure</b>	<b>205,735,906</b>	<b>4,857,279</b>	<b>(954,287)</b>	<b>(5,107,835)</b>	<b>(183,792)</b>	<b>(4,303,759)</b>	<b>-</b>	<b>200,043,512</b>

		2010	2009
		\$	\$
<b>Note 21</b>	<b>Trade and other payables</b>		
	<i>Unsecured</i>		
	Trade payables	4,435,309	4,406,918
	Loan Interest	47,250	53,561
	Expense other	112,940	326,305
	Accrued expenses	106,106	65,218
		<u>4,701,605</u>	<u>4,852,002</u>
<b>Note 22</b>	<b>Trust funds and deposits</b>		
	Refundable building deposits	55,000	35,000
	Refundable planning permit bonds	252,375	294,919
	Refundable contract deposits	59,842	30,898
	Other refundable deposits	1,743,317	385,219
		<u>2,110,534</u>	<u>746,036</u>

These amounts have been received from person's organisations 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 persons/organisations on whose behalf the monies are held.

Note 23	Provisions	Annual	Long	Landfill	Marysville	Total
		leave	service	restoration	retirement	
			leave		Village	
		\$	\$	\$	\$	\$
<b>2010</b>						
	Balance at beginning of the financial year	833,837	1,737,399	1,014,433	-	3,585,669
	Additional provisions	743,731	257,874	52,652	-	1,054,257
	Amounts used	(604,490)	(61,033)	-	-	(665,523)
	Balance at the end of the financial year	973,078	1,934,240	1,067,085	-	3,974,403
<b>2009</b>						
	Balance at beginning of the financial year	709,795	1,498,183	964,386	50,000	3,222,364
	Additional provisions	624,850	280,219	50,047	-	955,116
	Amounts used	(500,808)	(41,003)	-	(50,000)	(591,811)
	Balance at the end of the financial year	833,837	1,737,399	1,014,433	-	3,585,669
					<b>2010</b>	<b>2009</b>
	<b>(a) Employee benefits</b>					
	<b>Current (i)</b>					
	Annual leave				973,078	833,837
	Long service leave				1,550,685	1,330,216
					<u>2,523,763</u>	<u>2,164,053</u>
	<b>Non-current (ii)</b>					
	Long service leave				383,555	407,183
					<u>383,555</u>	<u>407,183</u>
	Aggregate carrying amount of employee benefits:					
	Current				2,523,763	2,164,053
	Non-current				383,555	407,183
					<u>2,907,318</u>	<u>2,571,236</u>
	The following assumptions were adopted in measuring the present value of employee benefits:					
	Weighted average increase in employee costs				4.74%	4.50%
	Weighted average discount rates				4.25%	4.66%
	<b>(i) Current</b>					
	All annual leave and the long service leave entitlements representing 10 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				1,013,190	894,591
	- Other long-term employee benefits that do not fall due within 12 months after the end of the period measured at present value				1,510,573	1,269,462
					<u>2,523,763</u>	<u>2,164,053</u>
	<b>(ii) Non-current</b>					
	Long service leave representing less than 10 years of continuous service measured at present value				383,555	407,183
	<b>(b) Provisions</b>					
	<b>Non-current</b>					
	Landfill Restoration				1,067,085	1,014,433
					<u>1,067,085</u>	<u>1,014,433</u>
	Total Non-current Provisions				<u>1,450,640</u>	<u>1,421,616</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.

	2010 \$	2009 \$
<b>Note 24</b>		
<b>Interest-bearing loans and borrowings</b>		
<i>Current</i>		
Bank loans - secured	578,386	1,151,273
	<u>578,386</u>	<u>1,151,273</u>
<i>Non-current</i>		
Bank loans - secured	3,626,263	3,728,785
	<u>3,626,263</u>	<u>3,728,785</u>
<b>Total</b>	<u>4,204,649</u>	<u>4,880,058</u>
The maturity profile for Council's borrowings is:		
Not later than one year	578,386	1,151,273
Later than one year and not later than two years	615,950	541,382
Later than two years and not later than five years	1,819,811	1,705,752
Later than five years	1,190,502	1,481,651
	<u>4,204,649</u>	<u>4,880,058</u>

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



Note 25 Reserves	2010 \$	2009 \$
Asset revaluation reserves (a)	126,667,602	114,663,740
Other reserves (b)	1,963,128	1,833,968
	<u>128,630,730</u>	<u>116,497,708</u>

	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
	\$	\$	\$
(a) Asset revaluation reserves			
<b>2010</b>			
<b>Property</b>			
Land	11,971,890	2,240,197	14,212,087
Land under roads			
Buildings	12,866,642	3,033,439	15,900,081
	<u>24,838,532</u>	<u>5,273,636</u>	<u>30,112,168</u>
<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
	<u>1,066,910</u>	<u>-</u>	<u>1,066,910</u>
<b>Infrastructure</b>			
Roads, streets & bridges	84,208,839	6,309,483	90,518,322
Drainage	4,549,459	420,742	4,970,201
	<u>88,758,298</u>	<u>6,730,226</u>	<u>95,488,523</u>
<b>Total Asset revaluation reserves</b>	<u>114,663,740</u>	<u>12,003,862</u>	<u>126,667,602</u>
<b>2009</b>			
<b>Property</b>			
Land	11,971,890	-	11,971,890
Land under roads			
Buildings	12,866,642	-	12,866,642
	<u>24,838,532</u>	<u>-</u>	<u>24,838,532</u>
<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	14,954	(14,954)	-
Library books	148,821	-	148,821
	<u>1,081,864</u>	<u>(14,954)</u>	<u>1,066,910</u>
<b>Infrastructure</b>			
Roads, streets & bridges	85,721,377	(1,512,538)	84,208,839
Drainage	3,991,208	558,251	4,549,459
	<u>89,712,585</u>	<u>(954,287)</u>	<u>88,758,298</u>
<b>Total Asset revaluation reserves</b>	<u>115,632,981</u>	<u>(969,241)</u>	<u>114,663,740</u>

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>2010</b>				
Public Open Space Reserve	380,554	29,900	(38,100)	372,354
Garbage Reserve	874,132	0	(133,055)	741,077
Infrastructure Contributions Parking	44,080	0	-	44,080
Coster Street Units Reserve	5,466	11,510	(8,916)	8,060
Shaw Avenue Redevelopment	49,252	0	(5,500)	43,752
Road Maintenance - Subdividers Contribution	16,044	0	-	16,044
Alexandra Community Leisure Centre	2,244	0	(2,244)	-
Yea Saleyards	317,084	101,738	-	418,822
Alexandra Saleyards	36,668	0	(2,475)	34,193
Yea Caravan Park	32,946	10,991	(1,650)	42,287
Marysville Caravan Park	75,498	174,881	(7,920)	242,459
<b>Total Other reserves</b>	<u>1,833,968</u>	<u>329,020</u>	<u>(199,860)</u>	<u>1,963,128</u>

Note 25 Reserves (cont.)

2009

Public Open Space Reserve	332,204	48,350		380,554
Garbage Reserve	774,539	99,593	-	874,132
Infrastructure Contributions Parking	47,150	10,400	(13,470)	44,080
Coster Street Units Reserve	20,281	4,077	(18,892)	5,466
Shaw Avenue Redevelopment	49,252	-	-	49,252
Road Maintenance - Subdividers Contribution	16,044	-	-	16,044
Alexandra Community Leisure Centre	1,088	1,156	-	2,244
Yea Saleyards	259,962	83,714	(26,592)	317,084
Alexandra Saleyards	39,850	-	(3,182)	36,668
Yea Caravan Park	46,215	28,017	(41,286)	32,946
Marysville Caravan Park	34,064	48,106	(6,672)	75,498
<b>Total Other reserves</b>	<b>1,620,649</b>	<b>323,413</b>	<b>(110,094)</b>	<b>1,833,968</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.

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.

	2010	2009
	\$	\$
<b>Note 26</b>		
<b>Reconciliation of cash flows from operating activities to surplus</b>		
Surplus for the financial year	8,997,236	5,170,824
Depreciation and amortisation	4,491,167	5,107,835
Contributions - non-monetary	(807,342)	-
Finance Costs	313,851	323,402
(Gain)/loss on disposal of property, plant and equipment, infrastructure	21,778	(1,815,553)
<i>Change in assets and liabilities:</i>		
Increase in trade and other receivables	3,072,286	(9,557,394)
Decrease in inventories	59,037	(3,623)
Decrease in other current assets	34,109	(16,456)
Increase/(decrease) in trade and other payables	(150,397)	3,459,397
Insurance funds to be received	-	5,629,656
Increase in provisions	388,734	363,305
Net cash provided by operating activities	<u>16,420,459</u>	<u>8,661,393</u>
<b>Note 27</b>		
<b>Reconciliation of cash and cash equivalents</b>		
Cash and cash equivalents (see note 15)	17,079,427	8,825,842
	<u>17,079,427</u>	<u>8,825,842</u>
<b>Note 28</b>		
<b>Financing arrangements</b>		
Secured bank loans at fixed interest rates:		
Facility available	4,204,649	4,880,058
Used facility	4,204,649	4,880,058
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 29</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).		
Long service leave (note 23)*	1,587,794	1,365,000
Trust funds and Deposits (note 22)	2,110,534	746,036
Quarry Bank Guarantee	112,500	112,500
Reserve funds (note 25)	1,963,128	1,833,968
	<u>5,773,956</u>	<u>4,057,504</u>

\* Restricted asset for long service leave is based on the Local Government (Long Service Leave) Regulations 2002 and does not necessarily equate to the long service leave liability disclosed in note 23 due to a different basis of calculation prescribed by the regulation.

Note 30

**Superannuation**

Murrumbidgee Shire Council makes employer contributions in respect of its employees to the funds listed below. 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.

**Accumulation Funds**

Accumulation Funds - Council makes employer superannuation contributions in respect of its employees to the following defined benefits funds.

- Vision Super
- Australian Ethical Super
- Australian Super
- Health Super Fund
- HESTA Super Fund
- MLC Masterkey Super
- Self Managed Funds

**Defined benefits Funds**

Defined benefits Funds - Council makes employer superannuation contributions in respect of its employees to the following defined benefits funds

Local Authorities Super Fund - Defined Benefits Plan

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

Council makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. On the basis of the results of the most recent full actuarial investigation conducted by the Fund's actuary as at 31 December 2008, the Trustee has determined that the current funding arrangements are adequate for the expected Defined Benefit Plan liabilities. Council makes the following contributions:-

- 9.25% of members' salaries (same as previous year);
- the difference between resignation and retrenchment benefits paid to any retrenched employees plus contributions tax (same as previous year);

Fund surplus or deficit (ie the difference between fund assets and liabilities) are calculated differently for funding purposes (ie calculating required contributions) and for the calculation of accrued benefits as required in AAS 25 to provide the values needed for the AASB 119 disclosure in a council's financial statements. AAS 25 requires that the present value of the benefit liability which is calculated in respect of membership completed at the calculation date makes no allowance for future benefits that may accrue. The actuarial investigation concluded that although the Net Market Value of Assets was in excess of Accrued Benefits at 31 December 2008, based on the assumptions adopted, there was a shortfall of \$71 million when the funding of future benefits was also considered. However, the council has been advised that no additional contributions will be required as at 30 June 2009. The Actuary will undertake the next actuarial investigation as at 30 June 2010 to ascertain if additional contributions are required.

**Accounting Standards Disclosure**

The Fund's liability for accrued benefits was determined in the 31 December 2008 pursuant to the requirements of Australian Accounting Standard AAS 25 as follows:

	<b>31-Dec-08</b>
	<b>\$</b>
Net Market Value of Assets	3,630,432
Accrued Benefits (per accounting standards)	3,616,422
Difference between Assets and Accrued Benefits	14,010
Vested Benefits	3,561,588

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

Net Investment Return	8.5% p.a.
Salary Inflation	4.25% p.a.
Price Inflation	2.75% p.a.

Note 30

Superannuation (Cont.)

Details of contributions to superannuation funds during the year and contributions payable at 30 June are as follows:

	2010	2009
	\$	\$
Australian Super	8,327	4,471
Australian Ethical Super	2,434	1,952
Health Super	12,473	10,106
HEASTA Super Fund	27,105	15,620
MLC Masterkey Super	1,503	699
Self Managed Funds	49,497	4,471
Vision Super - Accumulation Fund	650,027	541,712
Vision Super - Defined Benefits Plan	115,031	140,839
	<u>866,397</u>	<u>719,870</u>

Note 31 Commitments

The Council has entered into the following commitments

2010	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	841,701	420,851			1,262,552
Performance Reporting Software	8,000	8,000	16,000		32,000
Council Reserves - revegetation	56,032				56,032
<b>Total</b>	<b>905,733</b>	<b>428,851</b>	<b>16,000</b>	<b>-</b>	<b>1,350,584</b>
<b>Capital</b>					
Buildings	432,389	-	-	-	432,389
Plant	144,791	-	-	-	144,791
<b>Total</b>	<b>577,180</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>577,180</b>
2009	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	841,701	841,701	420,851	-	2,104,253
Valuation Services	121,086	-	-	-	121,086
Cleaning contracts for council buildings	12,584	-	-	-	12,584
Environment Strategy	19,804	-	-	-	19,804
<b>Total</b>	<b>995,175</b>	<b>841,701</b>	<b>420,851</b>	<b>-</b>	<b>2,257,727</b>
<b>Capital</b>					
Buildings	68,716	-	-	-	68,716
Footpath Construction	28,597	-	-	-	28,597
Plant	529,475	-	-	-	529,475
<b>Total</b>	<b>626,788</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>626,788</b>

Note 32

Operating leases

2010  
\$

2009  
\$

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	425,002	428,244
Later than one year and not later than five years	516,276	609,222
Later than five years	13,526	25,247
	<u>954,804</u>	<u>1,062,713</u>

Note 33 Financial Instruments

(a) Accounting Policy, terms and conditions

Recognised financial instruments	Note	Accounting Policy	Terms and Conditions
<b>Financial assets</b>			
Cash and cash equivalents	15	Cash on hand and at bank and money market call account are valued at face value.  Interest is recognised as it accrues.  Investments and bills are valued at cost.  Investments are held to maximise interest returns of surplus cash. Interest revenues are recognised as they accrue.	On call deposits returned a floating interest rate of 4.4% (2.9% in 2008/2009). Interest rate at balance date was 4.4% (2.9% in 2008/09)  Funds returned fixed interest rate of between 3.0% and 6.1% (6.37% and 8.5% in 2008/2009) net of fees.
<b>Trade and other receivables</b>			
Other debtors	16	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. Collectibility of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured and interest free. Credit terms are usually 30 days.
<b>Financial liabilities</b>			
Trade and other payables	21	Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received.	General Creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.
Interest-bearing loans and borrowings	24	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.	Borrowings are secured by way of mortgages over the general rates of the Council. The weighted average interest rate on borrowings is 6.69% during 2009/2010 (6.55% in 2008/2009).

Note 33 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	1 to 3 months	Past due but not impaired 3 months to 1 year	1 to 5 years	Over 5 years	Impaired financial assets
			Fixed interest rate	Floating interest rate							
<b>2010</b>											
Cash and cash equivalents	4.82%	17,079,427	15,811,705	1,267,722	-	-	-	-	-	-	-
Trade and other receivables	0.00%	7,525,752	-	7,525,752	7,552,267	-	-	-	-	-	26,515
Accrued income	0.00%	46,575	-	46,575	46,575	-	-	-	-	-	-
<b>Total financial assets</b>		<b>24,651,754</b>	<b>15,811,705</b>	<b>1,267,722</b>	<b>7,572,327</b>	<b>24,678,269</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,515</b>
<b>2009</b>											
Cash and cash equivalents	3.18%	8,825,842	15,811,705	(6,985,863)	-	-	-	-	-	-	-
Trade and other receivables	0.00%	10,111,051	-	10,111,051	10,136,151	-	-	-	-	-	25,100
Accrued income	0.00%	52,957	-	52,957	52,957	-	-	-	-	-	-
<b>Total financial assets</b>		<b>18,989,850</b>	<b>15,811,705</b>	<b>(6,985,863)</b>	<b>10,164,008</b>	<b>19,014,950</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,100</b>

(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 3 months to 1 year	1 to 5 years	Over 5 years
			Fixed interest rate	Floating interest rate						
<b>2010</b>										
Trade and other payables	0.00%	4,701,605	-	4,701,605	4,701,605	-	-	-	-	-
Trust funds and deposits	0.00%	2,110,534	-	2,110,534	2,110,534	-	-	-	2,110,534	-
Interest-bearing loans and borrowings	6.69%	4,204,649	4,204,649	-	4,204,649	-	-	578,386	2,435,761	1,190,502
<b>Total financial liabilities</b>		<b>11,016,788</b>	<b>4,204,649</b>	<b>-</b>	<b>11,016,788</b>	<b>4,701,605</b>	<b>-</b>	<b>578,386</b>	<b>4,546,295</b>	<b>1,190,502</b>
<b>2009</b>										
Trade and other payables	0.00%	4,852,002	-	4,852,002	4,852,002	-	-	-	-	-
Trust funds and deposits	0.00%	746,036	-	746,036	746,036	-	-	-	746,036	-
Interest-bearing loans and borrowings	6.55%	4,880,058	4,880,058	-	4,880,058	-	-	1,151,273	2,247,134	1,481,651
<b>Total financial liabilities</b>		<b>10,478,096</b>	<b>4,880,058</b>	<b>-</b>	<b>10,478,096</b>	<b>4,852,002</b>	<b>-</b>	<b>1,151,273</b>	<b>2,993,170</b>	<b>1,481,651</b>



Note 33 Financial instruments (cont.)

(c) Net Fair Values

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

Financial Instruments	Total carrying amount as		Aggregate net fair value	
	per Balance Sheet		2010	2009
	2010	2009	2010	2009
	\$	\$	\$	\$
<i>(1) Financial assets</i>				
Cash and cash equivalents	17,079,427	8,825,842	17,079,427	8,825,842
Trade and other receivables	7,525,752	10,111,051	7,525,752	10,111,051
Accrued income	46,575	52,957	46,575	52,957
<b>Total financial assets</b>	<b>24,651,754</b>	<b>18,989,850</b>	<b>24,651,754</b>	<b>18,989,850</b>
<i>(2) Financial liabilities</i>				
Trade and other payables	4,701,605	4,852,002	4,701,605	4,852,002
Trust funds and deposits	2,110,534	746,036	2,110,534	746,036
Interest-bearing loans and borrowings	4,204,649	4,880,058	4,204,649	4,880,058
<b>Total Financial liabilities</b>	<b>11,016,788</b>	<b>10,478,096</b>	<b>11,016,788</b>	<b>10,478,096</b>

(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 33 Financial instruments (cont.)**

**Credit risk**

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause us to make a financial loss.

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 35.

Details of credit risk exposure are provided in Note 33(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 33(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 3.00%.

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

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

**Market risk exposure**

	Interest rate risk				
	Carrying amount at year end	-1% 100 basis points		1% 100 basis points	
		Profit	Equity	Profit	Equity
	\$	\$	\$	\$	\$
<b>2010</b>					
<b>Financial assets:</b>					
Cash and cash equivalents	17,079,427	(103,847)	(103,847)	103,847	103,847
<b>Financial liabilities:</b>					
Interest-bearing loans and borrowings	4,204,649	-	-	-	-
<b>2009</b>					
<b>Financial assets:</b>					
Cash and cash equivalents	8,825,842	(43,722)	(43,722)	43,722	43,722
<b>Financial liabilities:</b>					
Interest-bearing loans and borrowings	4,880,058	-	-	-	-

**Note 34 Adjustments direct to equity**

	2010	2009
	\$	\$
Initial recognition land under roads AASB 1051 (refer to note 1(h))	-	3,422,724
	<u>-</u>	<u>3,422,724</u>

**Note 35 Contingent liabilities and contingent assets**

**Contingent liabilities**

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

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

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

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 assets**

The Council is presently involved in ongoing negotiations regarding payment for the use of the Alexandra landfill site for bushfire waste disposal. 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 36 Events occurring after balance date**

On the 4 September 2010, major flooding was experienced in several parts of the Shire. This event will have a financial impact on the Council during the 2010-11 financial year. At the date of signing, no accurate estimate of the financial impact could be made.

**Note 37 Related party transactions**

**(i) Responsible Persons**

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

**Councillors** Councillor Peter Beales - Mayor  
Councillor Robert Flowers  
Councillor Kevin Bellingham  
Councillor Christopher Healy  
Councillor John Walsh  
Councillor Sally Abbott Smith  
Councillor Cris Ruhr (Elected 6/3/10)  
Councillor Lyn Gunter (30/6/09 to 9/12/09)

**Chief Executive Officers** Margaret Abbey 28/6/10 to Current  
Rob Croxford - Acting Chief Executive Officer (11/9/09 to 25/6/10)  
Mark Henderson (1/7/09 to 11/9/09)

**(ii) Remuneration of Responsible Persons**

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

	2010 No.	2009 No.
\$0 - \$9,999	1	2
\$10,000 - \$19,999	5	6
\$20,000 - \$29,999	1	
\$30,000 - \$39,999	1	
\$40,000 - \$49,999		1
\$50,000 - \$59,999	1	
\$150,000 - \$159,999	1	1
	<u>10</u>	<u>10</u>
	\$	\$
Total Remuneration for the reporting year for Responsible Persons included above amounted to:	357,243	291,520

(iii) No retirement benefits have been made by the Council to a Responsible Person. (2008/09, \$0).

(iv) No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year. (2008/09, \$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. (2008/09, \$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 \$120,000.

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

	2010 No.	2009 No.
Income Range:		
<\$120,000	1	3
\$120,000 - \$129,999	1	2
\$130,000 - \$139,999	1	
\$140,000 - \$149,999	2	
	<u>5</u>	<u>5</u>
	\$	\$

Total Remuneration for the reporting year for Senior Officers included above, amounted to 591,310 579,753

Note 38	Income, expenses and assets by function/activities	
	2010 \$	2009 \$
<b>Income</b>		
Civic	3,646,781	4,100,324
Economic Development & Tourism	31,632	245,264
Human Services	3,119,376	2,500,697
Bushfire Reconstruction and Recovery	43,802,713	21,153,550
Planning & Environmental Services	665,269	659,362
Plant Sales	291,566	225,442
Rates & Valuations	10,614,269	9,967,463
Recreation & Cultural	2,360,038	1,335,661
Transport	6,409,937	3,775,029
Waste & Environment	2,171,770	2,256,516
	<u>73,113,351</u>	<u>46,219,308</u>
<b>Expenses</b>		
Civic	4,485,568	7,673,544
Economic Development & Tourism	482,151	597,913
Human Services	3,403,203	3,152,647
Bushfire Reconstruction and Recovery	39,996,182	14,325,812
Planning & Environmental Services	1,680,478	1,479,607
Plant Carrying Value	257,182	442,355
Rates & Valuations	310,759	206,918
Recreation & Cultural	3,886,069	3,528,856
Transport	7,292,278	7,535,917
Waste & Environment	2,322,245	2,104,915
	<u>64,116,115</u>	<u>41,048,484</u>
Surplus for the year	<u>8,997,236</u>	<u>5,170,824</u>
<b>Assets attributed to functional areas</b>		
Civic	5,490,910	5,056,927
Economic Development & Tourism	1,739,926	1,746,954
Human Services	5,814,544	4,513,283
Bushfire Reconstruction and Recovery	1,270,758	-
Planning & Environmental Services	487,870	423,434
Plant Operating	4,775,280	4,151,666
Recreation & Cultural	34,572,845	29,499,320
Transport	182,850,722	170,674,875
Waste & Environment	5,542,333	4,550,205
	<u>242,545,188</u>	<u>220,616,664</u>

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

**Civic** - provides for the governance functions of Council. Revenue comprise general revenue grants, interest on investment and reimbursements from associated entities. Expenses comprise governance costs related directly in the provision of

Local Government to the community. Includes the written down value of Council buildings destroyed by bushfires

**Economic Development & Tourism** - Economic Development and Tourism Promotion

**Human Services** - Infants and mothers, education, preventative services, senior citizens centres, adult day care, HACC services,

Family Day Care, youth support, Community and Aged housing

**Bushfire Reconstruction and Recovery** - Works and receipts resulting from the February 7 Black Saturday bushfires, including resultant insurance claims.

**Planning & Environmental Services** - Environmental Health, Building Control, Planning and Subdivision control, Local Laws and Saleyards.

**Plant** - Council's fleet. Proceeds from sale and carrying value of assets sold of

**Rates & Valuations** - rate revenue, collection and valuations.

**Recreation and Culture** - maintenance of public halls, swimming pools, parks and gardens, recreation centres and reserves, operation of libraries and cultural activities.

**Transport** - construction and maintenance of roads, bridges, drainage works, footpaths, kerb and channels, parking facilities, traffic control street lighting and depot maintenance

**Waste & Environment** - rubbish collection, operations of tips and transfer stations, recycling, street cleaning, public convenience cleaning and maintenance, emergency services and river management contribution.

Note 39 Financial ratios (Performance indicators)	2010	2010	2009	2009	2008	2008
	\$	(%)	\$	(%)	\$	(%)
(a) Debt servicing ratio (to identify the capacity of Council to service its outstanding debt)						
<u>Debt servicing costs</u>	360,192		370,105		390,068	
Total revenue	72,822,576	= 0.49%	41,731,704	= 0.89%	21,843,608	= 1.79%
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>	1,535,602		1,397,322		1,321,130	
Rate revenue	11,419,124	= 13.45%	11,523,613	= 12.13%	10,844,678	= 12.18%
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>	11,419,124		11,523,613		10,844,678	
Total revenue	72,822,576	= 15.68%	41,731,704	= 27.61%	21,843,608	= 49.65%
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>	13,403,397		12,698,765		9,320,071	
Total realisable assets	78,494,855	= 17.08%	66,730,769	= 19.03%	54,782,115	= 17.01%
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 29) is excluded from total indebtedness.						
The following assets are excluded from total assets when calculating Council's realisable assets: land and buildings on Crown land; restricted assets; heritage assets; total infrastructure assets; and Council's investment in associate.						
This ratio enables assessment of Council's solvency and exposure to debt. Total indebtedness refers to the total liabilities of Council. Total liabilities are compared to total realisable assets which are all Council assets not subject to any restriction and are able to be realised. The ratio expresses the percentage of total liabilities for each dollar of realisable assets.						

Note 39 Financial ratios (Performance indicators) (cont.)

	2010	2010	2009	2009	2008	2008
		(%)		(%)		(%)
(e) Working capital ratio (to assess Council's ability to meet current commitments)						
<u>Current assets</u>	25,644,969	= 258.67%	20,554,671	= 230.61%	7,019,105	= 141.48%
Current liabilities	9,914,288		8,913,364		4,961,184	

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

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

<u>Current assets</u>	25,644,969	= 305.16%	20,554,671	= 268.90%	7,019,105	= 180.54%
Current liabilities	8,403,715		7,643,902		3,887,896	

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	2010 \$	2009 \$
<b>Note 40</b>			
<b>Capital expenditure</b>			
<b>Capital expenditure areas</b>			
Land		24,696	-
Land under roads		-	-
Buildings		1,492,825	225,066
Drainage		46,172	136,558
Fixtures, furniture and equipment		116,372	117,739
Heritage plant and equipment		-	1,000
Library books		145,020	107,377
Plant, machinery and equipment		1,315,954	926,848
Roads, Streets & Bridges		4,289,231	3,163,328
Works in Progress		1,402,616	179,363
<b>Total capital works</b>		<b>8,832,886</b>	<b>4,857,279</b>
<b>Represented by:</b>			
Renewal of infrastructure	(a)	3,087,270	2,231,000
Upgrade of infrastructure	(b)	3,151,076	1,316,401
Expansion of infrastructure	(c)	-	26,592
New buildings		570,262	18,348
New drainage		13,226	41,993
New fixtures, furniture & equipment		116,372	117,739
New heritage plant & equipment		8,180	1,000
New roads street & bridges		350,662	51,657
New land		74,864	12,523
New library books		145,020	107,377
New plant machinery and equipment		1,315,954	932,649
<b>Total capital works</b>		<b>8,832,886</b>	<b>4,857,279</b>

**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		8,832,886	4,857,279
Contributed Assets		807,342	-
Recognition land under roads	34	-	3,422,724
Asset revaluation movement	25(a)	12,003,862	(954,287)
Depreciation/amortisation	12	(4,491,167)	(5,107,835)
Written down value of assets sold or destroyed	20	(312,553)	(4,487,551)
<b>Net movement in property, plant and equipment, infrastructure</b>	<b>20</b>	<b>16,840,370</b>	<b>(2,269,670)</b>

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 41**

**Special committees and other activities**

Marysville Retirement Village Committee of Management

The Marysville Retirement Village comprised 11 units (7 single bedroom and 4 two-bedroom units) and a central meeting room/function room for its residents. One (1) of these units was owned by Murrindindi Shire Council which was occupied by a resident who has a "life long lease" over the unit. All buildings were destroyed in the 7 February 2009 Bushfires. The residual lease premium has been repaid to resident with life long lease.

The Committee of Management is responsible for the upkeep of the facility including maintenance of gardens and buildings and setting of maintenance contributions from residents.

All Financial transactions of the Committee of Management are conducted through the accounts of Murrindindi Shire Council and are included in these financial statements under the appropriate functional area.

**Note 42**

**Significant Items**

There are no significant items that require separate disclosure

Note 43 Pending Accounting Standards

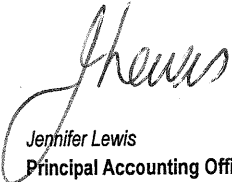
The following Australian Accounting Standards have been issued or amended and are applicable to the Council but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

AASB amendment	Standards Affected	Outline of amendment	App. date of Std	App. date for Council
AASB 2008 - 11	AASB 3 Business Combinations	Amends an earlier version of AASB 3 issued in July 2004. However, before the mandatory application of this Standard the Australian Accounting Standards Board will consider the suitability of this Standard for combinations in the not for profit sector. This may result in further amendments to this Standard or an additional scope exclusion. Consequently, it is not possible to assess the likely impact of this Standard on Council.	01-Jul-09	01-Jul-09
AASB 2007 - 06	AASB 101 Presentation of Financial Statements	Amends an earlier version of AASB 101 issued in July 2006. This Standard introduces the concept of a "complete set of financial statements" and amends the title of some statements in the accounts. The other change of some relevance to Council relates to reporting owner changes in equity and comprehensive income. No significant impacts are expected to arise from this Standard.	01-Jan-09	01-Jan-09
AASB 2007 - 08	AASB 123 Borrowing Costs	Amends an earlier version of AASB 123 issued in July 2004. This Standard requires borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset to be capitalised. Previously, entities had the option of expensing such costs. Subject to the existence of borrowings for the purpose of funding capital expenditure, this standard will require related borrowing costs to be capitalised rather than expensed. It is not expected that this will have a material impact on the reported financial performance or position of Council.	01-Jan-09	01-Jan-09
AASB 2008 - 5	AASB 127 Consolidated and Separate Financial Statements	Amends an earlier version of AASB 127 issued in July 2004. This standard makes various relatively minor changes. This Standard is not expected to have any impact on Council.	01-Jul-09	01-Jul-09
AASB 2008-1, AASB 2008-2, AASB 2008-3, AASB 2008-5, AASB 2008-6AASB 2008-7, AASB 2009-2	Various	These standards make revisions, which are generally minor, to a range of other accounting standards. It is not expected that these Standards will have any significant impact on Council.	01-Jan-09	01-Jan-09
AASB 2009-5	AASB 5 AASB 8 AASB 10 AASB 107 AASB 117 AASB 118 AASB 136 AASB 139	Further amendments to certain standards resulting in accounting changes for presentation, recognition or measurement purpose while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting overall, the impact is not considered to be significant.	01-Jul-10	01-Jul-10

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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.

  
Jennifer Lewis  
Principal Accounting Officer

Date : 27 September 2010  
Alexandra

In our opinion the accompanying financial statements present fairly the financial transactions of Murrindindi Shire Council for the year ended 30 June 2010 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 22 September 2010 to certify the financial statements in their final form.

  
Peter Beales  
Councillor

Date : 27 September 2010  
Alexandra

Kevin Bellingham  
Councillor  


Date : 27 September 2010  
Alexandra

Margaret Abbey  
Chief Executive Officer  


Date : 27 September 2010  
Alexandra

Murrindindi Shire Council  
2009/2010 Standard Statements

**STANDARD INCOME STATEMENT**

For the year ending 30 June 2010

	<i>Budget</i> 2009/2010 \$	<i>Variances</i> \$ %		<i>Ref</i>	<i>Actuals</i> 2009/2010 \$
<b>Revenue</b>					
Rates and charges	11,449,416	30,292	0.3		11,419,124
Statutory fees and fines	571,556	464,765	81.3	<b>1</b>	1,036,321
User fees	4,060,539	1,375,706	33.9	<b>2</b>	2,684,833
Contributions	192,255	874,069	454.6	<b>3</b>	1,066,324
Grants - recurrent	4,644,272	1,090,205	23.5	<b>4</b>	5,734,477
Grants - non-recurrent	32,410,980	16,098,686	49.7	<b>5</b>	48,509,666
Reimbursements	518,500	803,784	155.0	<b>6</b>	1,322,284
Interest	283,000	212,173	75.0	<b>7</b>	495,173
Other revenue	534,702	19,672	3.7		554,374
<b>Total revenue</b>	<b>54,665,220</b>	<b>18,157,356</b>			<b>72,822,576</b>
<b>Expenses</b>					
Employee benefits	12,064,411	908,430	7.5		11,155,981
Materials and services	36,146,918	11,419,159	31.6	<b>8</b>	47,566,077
Finance costs	363,090	2,898	0.8		360,192
Depreciation and amortisation	4,518,488	27,321	0.6		4,491,167
Other expenses	223,468	6,677	3.0		230,145
<b>Total expenses</b>	<b>53,316,375</b>	<b>10,487,187</b>			<b>63,803,562</b>
Proceeds from Sale of Fixed Assets	316,089	25,314	8.0		290,775
Carrying value of assets sold	316,089	3,536	1.1		312,553
Net gain (loss) on disposal of assets	-	21,778			(21,778)
<b>Surplus (deficit) for the year</b>	<b>1,348,845</b>	<b>7,648,391</b>			<b>8,997,236</b>

Murrindindi Shire Council  
2009/2010 Standard Statements

**STANDARD INCOME STATEMENT**

For the year ending 30 June 2010

**Variance Explanation Report**

<u>Ref.</u>	<u>Item</u>	<u>Explanation</u>
1	Statutory Fees and Fines (revenue)	Building, Planning and Septic fees were well above budgeted levels. The bulk of these fees relate to bushfire affected properties with fees waived and claimed through natural disaster funding arrangements.
2	User fees (revenue)	This major part of this variance relates to charge for air space capacity used by VBRRA at the Alexandra Landfill. This amount is still being pursued. In addition external works were less than anticipated, however offset by increased sales of quarry product.
3	Contributions (revenue)	Increased cash contributions of \$67K from donations for bushfire projects. Non cash contributions were recognised for subdivisions \$545K and gifted land in Extons Road Kinglake \$262K.
4	Grants - recurrent (revenue)	Payment of first quarter 2010/11 Grants Commission in June 2010 is shown as a favourable variance at year end.
5	Grants- non recurrent (revenue)	Grant funds of \$7.5M greater than anticipated were received for Bushfire Natural Disaster Funding together with Storm damage claim of \$3.4M. First advance from Assistance package \$1.2M, together with numerous bushfire related grants including DEEWR funds of \$1.1M for Marysville Community Complex, \$546K for Bollygum Park and \$396K Community Recovery Fund for Community Grants were all received post budget adoption.
6	Reimbursements (revenue)	Reimbursement for unbudgeted bushfire expenses in particular \$585K for Kinglake Temporary Village, \$68K Marysville Temporary Village and \$73K from other agencies.
7	Interest (revenue)	With improved interest rates and payment of grant funds in advance a better than expected return on investment was achieved.
8	Materials & Contractors (expenses)	Greater than anticipated expenditure on Bushfires related projects \$8.7M together with unbudgeted expenditure on storm damage of \$3.4M is attributed to this major variance. The majority of these expenses have been fully claimed through available grant funding arrangements.

Murrindindi Shire Council  
2009/2010 Standard Statements

**STANDARD BALANCE SHEET**

As at 30 June 2010

	<b>Budget</b> 2009/2010 \$	<b>Variances</b> \$	%	<b>Ref</b>	<b>Actuals</b> 2009/2010 \$
<b>Current assets</b>					
Cash and cash equivalents	4,395,263	12,684,164	288.6	9	17,079,427
Trade and other receivables	1,380,250	6,881,411	498.6	10	8,261,661
Inventories	220,000	87,075	39.6	11	132,925
Prepayments	155,000	30,619	19.8	12	124,381
Accrued Income	45,000	1,575	3.5		46,575
<b>Total current assets</b>	<b>6,195,513</b>	<b>19,449,456</b>			<b>25,644,969</b>
<b>Non-current assets</b>					
Trade and other receivables	31,850	15,513	48.7	13	16,337
Property, plant and equipment, infrastructure	212,833,905	4,049,977	1.9		216,883,882
<b>Total non-current assets</b>	<b>212,865,755</b>	<b>4,034,464</b>			<b>216,900,219</b>
<b>Total assets</b>	<b>219,061,268</b>	<b>23,483,920</b>			<b>242,545,188</b>
<b>Current liabilities</b>					
Trade and other payables	1,458,438	3,243,167	222.4	14	4,701,605
Trust funds and deposits	569,560	1,540,974	270.6	15	2,110,534
Provisions	2,516,893	6,870	0.3		2,523,763
Interest bearing loans and borrowings	579,449	1,063	0.2		578,386
<b>Total current liabilities</b>	<b>5,124,340</b>	<b>4,789,948</b>			<b>9,914,288</b>
<b>Non-current liabilities</b>					
Provisions	1,447,086	3,554	0.2		1,450,640
Interest bearing loans and borrowings	3,631,197	4,934	0.1		3,626,263
<b>Total non-current liabilities</b>	<b>5,078,283</b>	<b>1,380</b>			<b>5,076,903</b>
<b>Total liabilities</b>	<b>10,202,623</b>	<b>4,788,568</b>			<b>14,991,191</b>
<b>Net assets</b>	<b>208,858,645</b>	<b>18,695,352</b>			<b>227,553,997</b>
<b>Equity</b>					
Accumulated surplus	91,756,033	7,167,234	7.8		98,923,267
Asset revaluation reserve	114,663,739	12,003,863	10.5	16	126,667,602
Other reserves	2,438,873	475,745	19.5	17	1,963,128
<b>Total equity</b>	<b>208,858,645</b>	<b>18,695,352</b>			<b>227,553,997</b>

Murrindindi Shire Council  
2009/2010 Standard Statements

**STANDARD BALANCE SHEET**

As at 30 June 2010

**Variance Explanation Report**

<u>Ref.</u>	<u>Item</u>	<u>Explanation</u>
9	Cash and cash equivalents	Additional cash held at year end relates mainly to unexpended capital works, favourable cash flow from operating activities mainly relating to grant funded projects - including early payment of 2010/11 grants commission and Trust funds held for Marysville Retirement Village Residents Association and Bushfire Appeals Trust.
10	Trade and other receivables (non-current)	It was optimistically budgeted that receivables may return to historical levels, however several large grant debtors were outstanding at year end - Storm Damage \$2.2M, Assistance Package \$1.3M, Bushfire NDFA \$900K, plus \$1.2M balance of insurance claim.
11	Inventories	Minimal stock held at Topsy Gully Quarry at year end against anticipated prior year level.
12	Prepayments	Allowance made for prepayment of superannuation at year end as with previous year, however payments not made until the current year.
13	Trade and other receivables (non-current)	Relates to Special Charge scheme in bushfire affected area transferred to current receivables as collectable in the coming year.
14	Trade and other payables	It was also hoped the sundry creditor payment after balance date would revert to prior year levels, however bushfire related activities remained high at year end.
15	Trust funds and deposits	Council is holding in Trust insurance funds for Marysville Retirement Village Residents association and donated funds for Bushfire Appeals Trust.
16	Asset Revaluation Reserve	A complete revaluation was undertaken for Land & Buildings as at 30 June 2010. In addition Roads, Streets, Bridges and Drainage assets valuations were also adjusted.
17	Other reserves	Garbage Reserve less than anticipated with Alexandra Landfill air space issue yet to be resolved. Yea Saleyards Reserve major works project was deferred until 2010/2011 and grant funding for Marysville Caravan Park have increased these reserve balances at year end.

## Murrindindi Shire Council

## 2009/2010 Standard Statements

## STANDARD CASH FLOW STATEMENT

For the year ending 30 June 2010

	<i>Budget</i> 2009/2010 \$	<i>Variances</i> \$ %		<i>Ref</i>	<i>Actuals</i> 2009/2010 \$
<b><i>Cash flows from operating activities</i></b>					
Receipts from Ratepayers	11,696,166	113,811	1.0		11,809,977
User Charges and Reimbursements (inclusive of GST)	15,025,254	2,649,441	17.6	18	12,375,813
Government Grants (inclusive of GST)	38,563,466	16,591,632	43.0	19	55,155,098
Interest received	283,283	211,210	74.6	20	494,493
Net GST refund/payment	-	630,531	-	21	630,531
Payments to Suppliers (inclusive of GST)	(39,541,361)	13,470,828	34.1	22	(53,012,189)
Payments to employees	(11,985,058)	951,794	7.9		(11,033,264)
	-	-	-		-
<b>Net cash inflow (outflow) from operating activities</b>	<b>14,041,750</b>	<b>2,378,709</b>			<b>16,420,459</b>
<b><i>Cash flows from investing activities</i></b>					
Proceeds from sale of property, plant and equipment, infrastructure	316,089	25,314	8.0		290,775
Payments for property, plant and equipment, infrastructure	(17,624,970)	8,792,084	49.9	23	(8,832,886)
	-	-	-		-
<b>Net cash inflow (outflow) from investing activities</b>	<b>(17,308,881)</b>	<b>8,766,770</b>			<b>(8,542,111)</b>
<b><i>Cash flows from financing activities</i></b>					
Proceeds from interest bearing loans and borrowings	500,000	-	-		500,000
Repayment of interest bearing loans and borrowings	(1,169,412)	5,998	0.5		(1,175,410)
Finance Costs	(317,561)	3,710	1.2		(313,851)
Trust Funds & Deposits	(176,475)	1,540,973	873.2	24	1,364,498
	-	-	-		-
<b>Net cash inflow (outflow) from financing activities</b>	<b>(1,163,448)</b>	<b>1,538,685</b>			<b>375,237</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(4,430,579)</b>	<b>12,684,164</b>			<b>8,253,585</b>
Cash and cash equivalents at the beginning of the year	8,825,842	-	-		8,825,842
<b>Cash and cash equivalents at the end of the year</b>	<b>4,395,263</b>	<b>12,684,164</b>			<b>17,079,427</b>
<b><i>Reconciliation of Surplus (Deficit) and Net Cash Flows from Operating Activities</i></b>					
<b><i>For the year ending 30 June 2009</i></b>					
Surplus (deficit)	1,348,845	7,648,391			8,997,236
Depreciation and amortisation	4,518,488	27,321			4,491,167
(Profit) Loss on sale of property, plant and equipment, infrastructure	-	21,778			21,778
Finance Costs - cash proportion	317,561	3,710			313,851
Net movement in current assets and liabilities	7,856,856	5,260,429			2,596,427
<b>Net cash inflow (outflow) from operating activities</b>	<b>14,041,750</b>	<b>2,378,709</b>			<b>16,420,459</b>



Murrindindi Shire Council

2009/2010 Standard Statements

**STANDARD CASH FLOW STATEMENT**

For the year ending 30 June 2010

**Variance Explanation Report**

<u>Ref.</u>	<u>Item</u>	<u>Explanation</u>
18	User Charges and Reimbursements (inflow)	Although fees and reimbursements revenue was greater than anticipated this is offset by unfavourable user fees. The unfavourable inflow however relates to receivables although improved from previous years high level, receivables were budgeted at levels lower than achieved.
19	Government Grants (inflow)	Increased grant payments for bushfire and storm damage works together with early receipt of 2010/2011 grants commission quarterly payment. GST received as part of grant payments totalled \$4.3M.
20	Interest received (inflow)	As per Note 7. higher levels of cash held and improved interest rates have contributed to increase in interest on investments.
21	Net GST refund / payment.	Council's published 2009/10 Budget did not include GST within the Cash Flow Statement.
22	Payments to Suppliers (outflow)	The bulk of this relates to bushfire and storm damage works as per explanation in note 8, offset by Note 14 payables made after June 30 accrued into the 2009/10 financial year. GST claimed on tax invoices totalled \$5.3M.
23	Payments for property, plant and equipment, infrastructure	Variances in payment for fixed assets can be better analysed with reference to the Standard Statement of Capital Works and notes 24 to 31.
24	Trust Funds and Deposits	The major increase in Trust funds relates to insurance funds held for Marysville retirement Village Residents Association \$1,095K and Bushfire Appeals Trust donated funds of \$382K.

Murrindindi Shire Council  
2009/2010 Standard Statements

STANDARD STATEMENT OF CAPITAL WORKS

For the year ending 30 June 2010

Capital Works Areas	Budget	Variances		Ref	Actuals
	2009/2010				2009/2010
	\$	\$	%		\$
Roads Streets & Bridges	7,328,036	2,108,962	28.8	25	5,219,074
Drainage	234,585	155,503	66.3	26	79,082
Buildings	8,275,582	6,401,242	77.4	27	1,874,340
Plant, Machinery & Equipment	1,526,025	210,071	13.8	28	1,315,954
Heritage Assets	16,000	7,820	48.9	29	8,180
Furniture & Equipment	134,735	18,364	13.6	30	116,371
Library Bookstock	110,007	35,014	31.8	31	145,021
Land	-	74,864	-	32	74,864
<b>Total capital works</b>	<b>17,624,970</b>	<b>8,792,084</b>			<b>8,832,886</b>
<b>Represented by:</b>					
Renewal of infrastructure	9,835,920	6,748,650	68.6		3,087,270
Upgrade of infrastructure	4,888,487	1,737,411	35.5		3,151,076
Expansion of infrastructure	25,000	25,000	-		-
New assets	2,875,563	281,023	9.8		2,594,540
<b>Total capital works</b>	<b>17,624,970</b>	<b>8,792,084</b>			<b>8,832,886</b>

Property, plant and equipment, infrastructure movement reconciliation worksheet	Budget	Variances			Actuals
	2009/2010				2009/2010
	\$	\$	%		\$
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	17,624,970	8,792,084			8,832,886
Contributed assets	-	807,342	-	33	807,342
Asset revaluation movement	-	12,003,862	-	34	12,003,862
Depreciation and amortisation	(4,518,488)	27,321	0.6		(4,491,167)
Written down value of assets sold	(316,089)	3,536	1.1		(312,553)
Adjustment - Land Under Roads Recognition	-	-	-		-
Variance Forecast & Actual 30 June 2008	-	-	-		-
<b>Net movement in property, plant and equipment, infrastructure</b>	<b>12,790,393</b>	<b>4,049,977</b>			<b>16,840,370</b>

Murrindindi Shire Council

2009/2010 Standard Statements

**STANDARD STATEMENT OF CAPITAL WORKS**

For the year ending 30 June 2010

**Variance Explanation Report**

<u>Ref.</u>	<u>Item</u>	<u>Explanation</u>
25	Roads Streets & Bridges	Several major road works projects have been deferred and carried forward into the 2010-11 budget - in particular NDF Bridge rebuild program \$696K, Bridge Component renewal \$350K, Green Street Alexandra Special Charge project \$211K, Footpaths Missing Links \$146K, minor capital works UDF \$177K, and Yea Saleyards intersection works \$127K.
26	Drainage	Drainage renewal and upgrade of trouble spots works not completed.
27	Buildings	The bulk of this major variance \$4.9M relates to building destroyed in the Feb 2009 bushfires yet to be rebuilt or funds allocated to projects. In addition were unexpended projects at Bollygum Park \$356K, Kinglake Memorial Reserve \$219K and Yea Saleyards upgrade project \$800K carried forward to 2010-11
28	Plant & Equipment	Two items of major plant (tractor and mower) were ordered but not delivered prior to June 30. Budgets for several other small items were carried forward into 2010-2011
29	Historical Assets	Alexandra Red Gate project only partially completed in 2009-2010
30	Furniture & Equipment	Pools capital equipment replacement \$12K not expended in 2009-10.
31	Library Resources	Over expenditure relates to library bookstock replacement - funded from insurance claim.
32	Land	Unbudgeted expenditure on land purchases and legal fees relating to 2950 Heidelberg Kinglake Road and gifted land in Exton's Road Kinglake.
33	Contributed Assets	Recognition of contributed assets as part of subdivisions \$545K and gifted land Exton's Road Kinglake \$262K
34	Asset Revaluation Reserve	As per note 16, full revaluation of land and building as at 30 June 2010, together with valuation adjustment for Roads, Streets, Bridges and Drainage.

General Note on Capital Works.

Please Note: a complete listing of all capital works projects completed within the 2009/10 financial year will be provided in the front part of the Annual Report.

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 28 October 2009. 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 Council Plan in order to meet Council's business plan and financial performance targets for both the short and long term.


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.

Murrindindi Shire Council  
2009/2010 Standard Statements

**STANDARD STATEMENTS**  
**FOR THE YEAR ENDING 30 JUNE 2010**

**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  
Jennifer Lewis

Dated: 27 September 2010

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 22 September 2010, to certify the standard statements in their final form.



Councillor  
Peter Beales

Dated: 27 September 2010



Councillor  
Kevin Bellingham

Dated: 27 September 2010



Chief Executive Officer  
Margaret Abbey

Dated: 27 September 2010

# VAGO

Victorian Auditor-General's Office  
**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 2010 of Murrindindi Shire Council which comprises of a comprehensive income statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the Certification of the Financial Report has been audited.

The accompanying standard statements for the year ended 30 June 2010 of the Council which comprises of 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 Murrindindi Shire Council are responsible for the preparation and the fair presentation of:

- the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) 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 of the statements and the requirements of the *Local Government Act 1989*.

This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report and standard statements that are free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

*Auditor's Responsibility*

As required by the *Audit Act 1994*, 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. 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 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, and the reasonableness of accounting estimates made by the Councillors, as well as evaluating the overall presentation of the financial report and standard statements.

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*Auditing in the Public Interest*

# VAGO

Victorian Auditor-General's Office  
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.

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

This auditor's report relates to the financial report and standard statements published in both the annual report and on the website of Murrindindi Shire Council for the year ended 30 June 2010. The Councillors of Murrindindi Shire Council are responsible for the integrity of the website. I have not been engaged to report on the integrity of the website. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on Murrindindi Shire Council website.

*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.

*Auditor's 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 2010 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), 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*.

MELBOURNE  
28 September 2010

  
F D R Pearson  
Auditor-General

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**PERFORMANCE STATEMENT FOR THE YEAR  
1 JULY 2009 TO 30 JUNE 2010**

Key Strategic Activity	Activity	Performance measure	2009/10 Performance Target	2009/10 Actual Result	Note
<b>Theme 1 – Governance</b>					
Provide sound financial stewardship	Ensure financial information is professionally acceptable and understood by the community	Number of audit issues raised	< 2 audit issues	2 low rating issues raised <b>Target achieved.</b>	
		Financial Indicators	within recommended levels	Not reported <b>Target not achieved.</b>	1
Business Excellence / Best Value Program	Completion of Business Excellence / Best Value requirements	Annual Report	100%	0% <b>Target not achieved.</b>	2
Community Engagement	Provide strategic planning training to Section 86 Committee's	All committee's trained	April 2010	Training developed but not delivered. <b>Target not achieved.</b>	3
<b>Theme 2 - Community</b>					
Nil					
<b>Theme 3 – Local Economy</b>					
Support and promote events and festivals across the Shire	Develop a synchronized on line Council MRTA calendar of events for Council and tourism activities	Publish hard copy and on line.	January 2010	Published December 2009 <b>Target achieved.</b>	4
		Number of events	Greater than 2008/09	26 more events run. <b>Target achieved.</b>	5
<b>Theme 4 – Environment and Climate Change</b>					
Protect and enhance our natural environment	Identify and prioritise sites with significant biodiversity values and formulate management guidelines to protect them	Biodiversity Protection guidelines adopted.	May 2010	Guidelines not adopted. <b>Target not achieved.</b>	6
<b>Theme 5 – Planning and Land Use</b>					
Streamline approvals processes to encourage rebuilding in fire affected areas.	Fast track planning consents for all requests associated with bushfire recovery	Turnaround time	28 days	96% delivered within 28 days <b>Target achieved.</b>	7
	Fast track building approvals inspection process	Turnaround time	28 days	99% delivered with 28 days <b>Target achieved.</b>	8



**Murrindindi Shire Council**  
**2009/2010 Performance Statement**

<b>Key Strategic Activity</b>	<b>Activity</b>	<b>Performance measure</b>	<b>2009/10 Performance Target</b>	<b>2009/10 Actual Result</b>	<b>Note</b>
<b>Theme 6 - Infrastructure</b>					
Reduce the Infrastructure Gap	Infrastructure Gap	STEP asset management report June 2010	<\$1.2mil.	Gap \$615K <b>Target achieved.</b>	
Complete the capital works program	Completion of program	Report to Council on a quarterly basis	>80 %	47% <b>Target not achieved.</b>	9
Rebuild community infrastructure damaged or destroyed by the February 2009 fires	Replace gateway signage	Replace 13 signs	100%	100% <b>Target achieved.</b>	
<b>Theme 7 – Corporate Development</b>					
Reduce organisational risk	Review recovery section of the Emergency Management Plan	Recovery section endorsed by Municipal Emergency Management Committee	November 2009	Recovery Section reviewed but not adopted by MEMC. <b>Target not achieved.</b>	10
Improve systems and processes	Implement procurement policies and processes	Policy reviewed and adopted	October 2009	Policy was adopted by management and Audit Committee but not Council. <b>Target not achieved.</b>	11
		All delegated officers re-trained	December 2009	All Delegated Officers were trained in processes. <b>Target achieved.</b>	11
		Compliance reporting	90% compliant by February 2010	Reports developed but not monitored. <b>Target not achieved.</b>	11
Improve systems and processes	Review Chart of Accounts	Chart structure in line with organisational structure	February 2010	Not started. Funded in 2010/11 Budget. <b>Target not achieved.</b>	12

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

**NOTES TO AND FORMING PART OF THE PERFORMANCE STATEMENT  
FOR 2009/ 2010**

**Performance Statement Variances**

Explanatory notes:

1. There is no guidance provided in this Indicator in relation to the source of the data against which to compare, therefore am unable to report position.
2. Due to the workload from the February 2009 Bushfires no Best Value reviews were undertaken and the Business Excellence Program was suspended during 2009/10.
3. Due to the workload from the February 2009 Bushfires this Program was not completed. Other related activities undertaken in relation to this Program included:
  - Ongoing review/update of Handbook
  - Completed a Skills Development Surveys from S86 Committees (80 responses)
  - Secured further funding to extend program to 'all' committees within our Shire (DPCD & VBRRA)
  - Co-ordinated training options for Flowerdale and Kinglake Ranges CRC (& Our Community)
4. The six monthly printed Calendar of Events is synchronized with the Murrindindi Shire Council online events calendar at the time of printing each calendar. The January to June 2010 Calendar of Events was published in December 2009.
5. Council officers received 50% more expressions of interest to run events in the 2009/10 year compared to the 2008/09 financial year. Responses indicate that 26 more events were offered across the Shire during 2009/10 compared with 2008/09.
6. During 2009/2010 priority was placed on identifying areas within the Shire requiring the protection of the endangered 'Round Leaf Pomoderris' on Council managed land. 'Significant Roadside Vegetation' signage were placed at several sites in Toolangi and Castella to protect this species. Council did not complete the formation of management guidelines during the reporting period.
7. 96% of Bushfire related building permits were issued within 30 days, with an average of 11 days per permit.
8. 99% of bushfire related planning consents were issued within 28 days with an average of 7 days per consent.
9. The 2009/10 Capital Works Program was artificially inflated due to the Bushfire Recovery projects. Delays caused by insurance issues and community consultation regarding the rebuilding of facilities caused the lower than expected outcome.
10. The rewriting of the Recovery Section of the AMP was delayed pending the outcome of the Final Bushfire Royal Commission Report.
11. The Procurement Policy was reviewed by Management and endorsed by the Audit Committee but was not adopted by Council. Staff were trained in the processes and appropriate reports were developed. Due to resourcing constraints formal monitoring or performance standards have not been developed.
12. Due to resourcing issues and the change in CEO this project was deferred until 2010/11.

**COUNCIL APPROVAL OF THE PERFORMANCE STATEMENT**

In our opinion, that accompanying performance statement of the Murrindindi Shire Council in respect of 2009/ 2010 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  
Peter Beales

Dated: 27 September 2010  
Alexandra



Councillor  
Kevin Bellingham

Dated: 27 September 2010  
Alexandra

*Margaret B Abbey*  
Chief Executive Officer  
Margaret Abbey

Dated: 27 September 2010  
Alexandra

# VAGO

Victorian Auditor-General's Office

## INDEPENDENT AUDITOR'S REPORT

To the Councillors, Murrindindi Shire Council

### *The Performance Statement*

The accompanying performance statement for the year ended 30 June 2010 of Murrindindi Shire Council which comprises the statement, the related notes and the Council Approval of the Performance Statement has been audited.

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

The Councillors of 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.

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

This auditor's report relates to the performance statement published in both the annual report and on the website of Murrindindi Shire Council for the year ended 30 June 2010. The Councillors are responsible for the integrity of the website. I have not been engaged to report on the integrity of the website. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited performance statement to confirm the information included in the audited performance statement presented on Murrindindi Shire Council website.

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*Auditing in the Public Interest*

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Victorian Auditor-General's Office

## Independent Auditor's Report (continued)

### *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.

### *Auditor's Opinion*

In my opinion, the performance statement of Murrindindi Shire Council in respect of the 30 June 2010 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

MELBOURNE  
28 September 2010

  
D D R Pearson  
Auditor-General

