



Murrindindi Shire Council

Financial Report, Standard Statements and Performance Statement for the year ended 30 June 2011

Murrindindi Shire Council
Financial Report, Standard Statements and Performance Statement
Table of Contents

FINANCIAL REPORT	Page
Financial Statements	
Comprehensive Income Statement	1
Balance Sheet	2
Statement of Changes in Equity	3
Cash Flow Statement	4
Notes to Financial Statements	
Introduction	5
Note 1 Significant accounting policies	5
Note 2 Rates and charges	11
Note 3 Statutory fees and fines	11
Note 4 User fees	11
Note 5 Grants	12
Note 6 Contributions	13
Note 7 Reimbursements	13
Note 8 Gain / (Loss) on disposal of property, plant and equipment and infrastructure	13
Note 9 Other revenue	13
Note 10 Employee benefits	13
Note 11 Materials and services	13
Note 12 Depreciation and amortisation	14
Note 13 Finance costs	14
Note 14 Other expenses	14
Note 15 Cash and cash equivalents	14
Note 16 Trade and other receivables	14
Note 17 Prepayments	15
Note 18 Inventories	15
Note 19 Property, plant and equipment, infrastructure	16
Note 20 Trade and other payables	20
Note 21 Trust funds & Deposits	20
Note 22 Provisions	21
Note 23 Interest bearing loans and borrowings	22
Note 24 Reserves	23
Note 25 Reconciliation of cash flows from operating activities to surplus or deficit	25
Note 26 Reconciliation of cash and cash equivalents	25
Note 27 Financing arrangements	25
Note 28 Restricted assets	25
Note 29 Superannuation	26
Note 30 Commitments	28
Note 31 Operating leases	28
Note 32 Financial instruments	29
Note 33 Impaired Assets	33
Note 34 Contingent liabilities and contingent assets	33
Note 35 Events occurring after balance date	33
Note 36 Related party transactions	34
Note 37 Income, expenses and assets by functions/activities	35
Note 38 Financial ratios (Performance indicators)	36
Note 39 Capital expenditure	38
Note 40 Special committees and other activities	39
Note 41 Significant Items	39
Note 42 Pending Accounting Standards	40
Certification of the Financial Report	42
Standard Statements	
Standard Statements	43
Notes to the Standard Statements	54
Certification of Standard Statements	55
Auditor General's Report on Financial Report and Standard Statements	56
Performance Statement	
Performance Statement	58
Notes to and forming part of the Performance Statement	59
Council Approval of the Performance Statement	60
Auditor General's Report on Performance Statement	61

Comprehensive Income Statement For the Year Ended 30 June 2011

	Note	2011 \$	2010 \$
Income			
Rates and charges	2	12,481,795	11,419,124
Statutory fees and fines	3	683,159	1,036,321
User fees	4	2,974,616	2,684,833
Grants - recurrent	5	5,952,170	5,734,477
Grants - non-recurrent	5	32,066,109	48,509,666
Contributions - cash	6 (a)	1,098,497	258,982
Contributions - non monetary assets	6 (b)	7,986,153	807,342
Reimbursements	7	683,228	1,322,284
Other income	9	1,413,069	1,049,547
Total income		<u>65,338,796</u>	<u>72,822,576</u>
Expenses			
Employee benefits	10	(12,899,455)	(11,155,981)
Materials and services	11	(33,942,516)	(47,566,077)
Depreciation and amortisation	12	(4,937,611)	(4,491,167)
Finance costs	13	(322,875)	(360,192)
Net gain(loss) on disposal of property, plant and equipment, infrastructure	8	(74,120)	(21,778)
Other expenses	14	(249,605)	(230,145)
Total expenses		<u>(52,426,182)</u>	<u>(63,825,340)</u>
Surplus (Deficit) for the financial year		<u>12,912,614</u>	<u>8,997,236</u>
Other comprehensive income			
Net asset revaluation increment(decrement) reversals		21,939,012	12,003,862
Comprehensive result		<u>34,851,626</u>	<u>21,001,098</u>

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

Balance Sheet As at 30 June 2011

	Note	2011 \$	2010 \$
Assets			
Current assets			
Cash and cash equivalents	15	16,168,341	17,079,427
Trade and other receivables	16	7,776,563	8,308,236
Prepayments	17	122,890	124,381
Inventories	18	225,257	132,925
Total current assets		<u>24,293,051</u>	<u>25,644,969</u>
Non-current assets			
Trade and other receivables	16	15,215	16,337
Property, plant and equipment, infrastructure	19	253,739,592	216,883,882
Total non-current assets		<u>253,754,807</u>	<u>216,900,219</u>
Total assets		<u>278,047,858</u>	<u>242,545,188</u>
Liabilities			
Current liabilities			
Trade and other payables	20	6,206,678	4,701,605
Trust funds and deposits	21	1,042,948	2,110,534
Provisions	22	2,741,634	2,523,763
Interest-bearing loans and borrowings	23	656,860	578,386
Total current liabilities		<u>10,648,120</u>	<u>9,914,288</u>
Non-current liabilities			
Provisions	22	1,524,597	1,450,640
Interest-bearing loans and borrowings	23	3,469,518	3,626,263
Total non-current liabilities		<u>4,994,115</u>	<u>5,076,903</u>
Total liabilities		<u>15,642,235</u>	<u>14,991,191</u>
Net Assets		<u>262,405,623</u>	<u>227,553,997</u>
Equity			
Accumulated surplus		112,490,318	98,923,267
Reserves	24	149,915,305	128,630,730
Total Equity		<u>262,405,623</u>	<u>227,553,997</u>

The above Balance Sheet should be read with the accompanying notes

Statement of Changes in Equity For the Year Ended 30 June 2011

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

		Total 2010 \$	Accumulated Surplus 2010 \$	Asset Revaluation Reserve 2010 \$	Other Reserves 2010 \$
2010					
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	19	12,003,862	-	12,003,862	-
Transfers to other reserves	24(b)	-	(329,020)	-	329,020
Transfers from other reserves	24(b)	-	199,860	-	(199,860)
Balance at end of the financial year		227,553,997	98,923,267	126,667,602	1,963,128

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

Cash Flow Statement For the Year Ended 30 June 2011

	Note	2011 Inflows/ (Outflows) \$	2010 Inflows/ (Outflows) \$
Cash flows from operating activities			
Rates		12,404,394	11,809,977
User charges and other fines (inclusive of GST)		7,012,485	12,375,813
Grants (inclusive of GST)		40,339,701	55,155,098
Interest		827,203	494,493
Net GST refund		1,343,742	630,531
Payments to suppliers (inclusive of GST)		(36,870,091)	(53,012,189)
Payments to employees (including redundancies)		(12,608,457)	(11,033,264)
Net cash provided by operating activities	25	<u>12,448,977</u>	<u>16,420,459</u>
Cash flows from investing activities			
Payments for property, plant and equipment, infrastructure		(12,252,893)	(8,832,886)
Proceeds from sale of property, plant and equipment, infrastructure		310,617	290,775
Net cash used in investing activities		<u>(11,942,276)</u>	<u>(8,542,111)</u>
Cash flows from financing activities			
Trust funds and deposits		(1,067,586)	1,364,498
Finance costs		(271,929)	(313,851)
Proceeds from interest bearing loans and borrowings		500,000	500,000
Repayment of interest bearing loans and borrowings		(578,272)	(1,175,410)
Net cash used in financing activities		<u>(1,417,787)</u>	<u>375,237</u>
Net increase (decrease) in cash and cash equivalents		(911,086)	8,253,585
Cash and cash equivalents at the beginning of the financial year		17,079,427	8,825,842
Cash and cash equivalents at the end of the financial year	26	<u>16,168,341</u>	<u>17,079,427</u>
Restrictions on cash assets	28	5,232,721	5,773,956

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

Introduction

- (a) The Murrindindi Shire Council was established by an Order of the Governor in Council on 18 November 1994 and is a body corporate. The Council's main office is located at Perkins Street, Alexandra.
- (b) The purpose of the Council is to:
- provide for the peace, order and good government of its municipal district;
 - to promote the social, economic and environmental viability and sustainability of the municipal district;
 - to ensure that resources are used efficiently and effectively and services are provided in accordance with the Best Value Principles to best meet the needs of the local community;
 - to improve the overall quality of life of people in the local community;
 - to promote appropriate business and employment opportunities;
 - to ensure that services and facilities provided by the Council are accessible and equitable;
 - to ensure the equitable imposition of rates and charges; and
 - to ensure transparency and accountability in Council decision making.

External Auditor - Auditor-General of Victoria
Internal Auditor - HLB Mann Judd
Solicitors - Russell Kennedy
Bankers - ANZ Bank
Website address - www.murrindindi.vic.gov.au

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

The financial statements were authorised for issue by Margaret Abbey Chief Executive Officer on 28 September 2011.

Note 1

Significant accounting policies

(a) Basis of accounting

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

This financial report has been prepared under the historical cost convention, except where specifically stated in notes 1(h) and 1(s). Cost is based on the fair values of the consideration given in exchange for assets.

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

In the application of the Australian Accounting Standards (AASs), management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

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

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

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

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

(b) New Accounting Standards and Interpretations

Note 42 details the Australian Accounting Standards that have been issued or amended and are applicable to the Council but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

Note 1
(c)

Significant accounting policies (cont.)
Revenue recognition

Rates, grants and contributions

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

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

A general provision for doubtful debts on rates has not been established as unpaid rates represents a charge against the rateable property that will be recovered when the property is next sold. However a specific provision is maintained for two properties considered doubtful due to current planning restrictions.

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

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

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in note 5. The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

User fees and fines

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

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

Reimbursements

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

Sale of property, plant and equipment, infrastructure

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

Trade and other receivables

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

Interest and rents

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

(d)

Inventories

Inventories held for distribution are measured at cost adjusted when applicable for any loss of service potential.

Other inventories are measured at the lower of cost and net realisable value.

Costs are assigned on the basis of weighted average costs.

Note 1
(e)

Significant accounting policies (cont.)

Depreciation and amortisation of property, plant and equipment, infrastructure, intangibles

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

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

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

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

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

Depreciation rates are consistent with the previous year.

(f)

Repairs and maintenance

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

(g)

Borrowing costs

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

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

(h)

Recognition and measurement of assets

Acquisition

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

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

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

Note 1

Significant accounting policies (cont.)

Recognition and measurement of assets (cont.)

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, furniture and equipment, library books and heritage assets, are measured at their fair value, being the amount for which the assets could be exchanged between knowledgeable willing parties in an arms length transaction. At balance date, the Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date the class of asset was revalued.

In addition, Council undertakes a formal revaluation of land, buildings and infrastructure assets on a regular basis ranging from 3 to 5 years. The valuation is performed either by experienced council officers or an independent expert valuer from LG Valuation Services.

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

Land under roads

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

(i)

Cash and cash equivalents

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

(j)

Tender deposits

Amounts received as tender deposits and retention amounts controlled by Council are recognised as Trust funds until they are returned or forfeited (refer to note 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 is measured at nominal value based on the amount, including appropriate oncosts, expected to be paid when settled.

Long service leave

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

Classification of employee benefits

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

Superannuation

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

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

(m)

Provisions

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

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

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

(n)

Leases

Operating leases

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

(o)

Allocation between current and non-current

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

(p)

Agreements equally proportionately unperformed

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

Note 1
(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.

Note 2 Rates and charges

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

The valuation base used to calculate general rates for 2010-2011 was \$3.123 million (2009-2010 \$3.015 million). The 2010-2011 rate in the dollar for general rate was 0.002904 of the capital improved value of the property (2009-2010 - 0.002825). 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.

The 2010-2011 Municipal Charge was \$230.00 (2009-2010 \$217.00) per rateable assessment. In 2010-2011 the Garbage Service Charge was \$256.00 (2009-2010 \$222.00) and Recycling Charge \$67.00 (2009-2010 \$65.00).

	2011 \$	2010 \$
Residential	3,874,103	3,433,975
Commercial	431,954	415,308
Rural 1	2,260,354	2,152,289
Rural 2	1,941,814	1,847,823
Municipal charge	2,087,847	1,959,637
Garbage charge	1,457,773	1,210,264
Recycling	374,223	347,207
Special rates and charges	-	-
Revenue in lieu of rates	53,727	52,621
	<u>12,481,795</u>	<u>11,419,124</u>

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.

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.

Note 3 Statutory fees and fines

Building	318,141	576,580
Environmental health and local laws	178,692	240,025
Planning and subdivisions	146,580	161,129
Other	39,746	58,587
	<u>683,159</u>	<u>1,036,321</u>

Note 4 User fees

External works - private works	726,325	461,083
Quarry product	548,344	854,908
Children services	72,123	77,111
Aged care	512,306	482,297
Valuation data	95,922	5,789
Saleyard fees	208,862	207,999
Recreation -pools and leisure centres	93,255	91,221
Waste - transfer station & landfill fees	658,957	446,689
Other fees and charges	58,522	57,736
	<u>2,974,616</u>	<u>2,684,833</u>

Note 5

Grants

Recurrent

Civic	2,639,210	2,472,942
Human services	1,542,933	1,594,391
Planning and environmental services	28,612	21,866
Recreation and culture	127,058	121,424
Transport	1,578,549	1,488,832
Waste and environment	35,808	35,022
Total recurrent	5,952,170	5,734,477

Non-recurrent

Civic	341,463	100,373
Bushfire reconstruction and recovery	26,985,450	42,022,288
Economic development and tourism		3,350
Human services	467,663	582,576
Planning and environmental services	331,919	107,604
Rates and valuations	1,019,247	645,731
Recreation and culture	1,877,430	2,007,224
Transport	1,037,937	3,026,520
Waste and environment	5,000	14,000
Total non-recurrent	32,066,109	48,509,666

Conditions on Grants

Grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were:

Civic	192,000	-
Bushfire reconstruction and recovery	2,728,831	2,938,918
Human services	92,874	393,981
Planning and environmental services	128,917	22,286
Recreation and culture	328,558	1,037,603
Transport	-	381,193
	3,471,180	4,773,981

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	88,847	148,815
Bushfire reconstruction and recovery	1,776,580	53,252
Economic development and tourism	-	76,959
Human services	284,845	138,879
Planning and environmental services	55,251	22,920
Recreation and culture	1,172,635	436,290
Transport	344,535	14,990
Waste and environment	90	52,640
	3,722,783	944,745

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

(251,603)	3,829,236
-----------	-----------

		2011 \$	2010 \$
Note 6	Contributions		
	(a) Cash		
	Public open space - development contributions	45,650	29,900
	Tourism and economic development	189,808	-
	Recreational, leisure and community facilities	829,407	68,512
	Training and development	14,000	6,000
	Roads, footpaths and cycleways	-	19,500
	Other	19,632	135,070
	Total	1,098,497	258,982
	(b) Non-monetary assets		
	Land	-	262,504
	Land under roads	-	1,186
	Buildings	7,665,241	
	Heritage	59,573	
	Roads, streets & bridges	156,714	470,876
	Drainage	104,625	72,776
	Total	7,986,153	807,342
	Total Contributions	9,084,650	1,066,324
Note 7	Reimbursements		
	Debt recovery	49,640	40,148
	Government agencies - Bushfire reconstruction and recovery	197,321	1,153,763
	Insurance	342,557	57,266
	Service provision	66,760	53,478
	Other	26,950	17,629
		683,228	1,322,284
Note 8	Gain / (Loss) on disposal of property, plant and equipment and infrastructure		
	Proceeds from sales	310,617	290,775
	less: Carrying amount of assets sold	(384,737)	(312,553)
		(74,120)	(21,778)
	Users of the financial report should refer to Note 20 for additional details.		
Note 9	Other income		
	Interest	784,778	441,447
	Interest on rates	120,271	53,726
	Rental	96,407	73,275
	Supervision and administration recoupment	-	41,854
	Return on investment	270,957	313,345
	Other	140,656	125,900
		1,413,069	1,049,547
Note 10	Employee benefits		
	Wages and salaries	11,501,112	10,055,466
	Superannuation	1,003,900	866,397
	Workcover	394,443	234,118
		12,899,455	11,155,981
Note 11	Materials and services		
	Utilities	565,035	491,330
	Contractors	29,497,131	43,964,955
	Legal Expenses	135,518	139,660
	Insurance	329,975	293,912
	Materials	2,063,316	1,707,070
	Contributions	709,078	272,352
	Consultants	642,463	696,798
		33,942,516	47,566,077

		2011 \$	2010 \$
Note 12	Depreciation and amortisation		
	<u>Property</u>		
	Buildings	633,725	540,190
	<u>Plant and Equipment</u>		
	Plant, machinery and equipment	581,215	558,779
	Fixtures, fittings and furniture	121,961	118,893
	Heritage plant and equipment	662	662
	Library books	98,243	112,011
	<u>Infrastructure</u>		
	Roads, Streets & Bridges	3,390,487	3,055,134
	Drainage	111,318	105,498
		<u>4,937,611</u>	<u>4,491,167</u>
Note 13	Finance costs		
	Interest - borrowings	267,492	307,540
	Interest - provision for landfill rehabilitation	55,383	52,652
	Finance costs	<u>322,875</u>	<u>360,192</u>
Note 14	Other expenses		
	Auditors' remuneration - auditing or reviewing the financial report	36,455	35,000
	Auditors' remuneration - internal audit	30,095	26,341
	Councillors' allowances	165,517	156,494
	Other	17,538	12,310
		<u>249,605</u>	<u>230,145</u>
Note 15	Cash and cash equivalents		
	Cash at Bank and on Hand	254,169	1,267,722
	Term Deposits and at Call	15,914,172	15,811,705
		<u>16,168,341</u>	<u>17,079,427</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		
Note 16	Trade and other receivables		
	Current		
	Rates debtors	604,069	549,420
	Garbage and Recycling debtors	155,539	132,787
	Other debtors	1,085,431	2,379,871
	Other debtors - government grants	5,231,511	5,171,343
	Provision for doubtful debts - other debtors	(27,910)	(26,515)
	Special rate debtors	44,664	48,171
	Net GST receivable	566,509	6,584
	Accrued Interest	113,509	35,663
	Accrued Income Other	3,241	10,912
		<u>7,776,563</u>	<u>8,308,236</u>
	Non-current		
	Special rate debtors	15,215	15,284
	Loans and advances to community organisations	0	1,053
		<u>15,215</u>	<u>16,337</u>
	Total	<u>7,791,778</u>	<u>8,324,573</u>

		2011 \$	2010 \$
Note 17	Prepayments		
	Prepaid Vehicle Registration	56,342	54,055
	Councillor and Mayoral Allowances	27,925	27,112
	Other prepayments	38,623	43,214
		<u>122,890</u>	<u>124,381</u>
Note 18	Inventories		
	Inventories for distribution at cost	225,257	132,925
		<u>225,257</u>	<u>132,925</u>

Note 19

Property, plant and equipment, infrastructure

	2011 \$	2010 \$
Summary		
at cost	33,556,041	15,017,019
Less accumulated depreciation	3,651,563	3,116,707
	29,904,478	11,900,312
at fair value as at 30 June 2010	209,430,205	211,627,650
Less accumulated depreciation	6,242,855	6,644,081
	203,187,350	204,983,569
Total	233,091,828	216,883,881
Property		
Land		
at cost	392,260	-
at fair value as at 2010	20,255,504	19,383,248
	20,647,764	19,383,248
Land under roads		
at cost	23,023	23,023
at fair value as at 30 June 2008	3,576,746	3,422,724
	3,599,769	3,445,747
Total Land	24,247,533	22,828,995
Buildings		
at cost	3,165,668	-
Less accumulated depreciation	-	-
	3,165,668	-
at fair value as at 30 June 2010	28,571,628	29,131,814
	28,571,628	29,131,814
Total Buildings	31,737,296	29,131,814
Total Property	55,984,829	51,960,809
Valuation of land and buildings were undertaken by a qualified independent valuer Peter Hann FAPI Certified Practising Valuer of LG Valuation services as at 30 June 2010. The valuation of buildings is at fair value based on current replacement cost less accumulated depreciation at the date of valuation. The valuation of land is at fair value, being market value based on highest and best use permitted by relevant land planning provisions.		
Land under roads is valued at fair value. Fair value is based on Council valuations at 30 June 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.		
Plant and equipment		
at cost	6,730,861	6,441,184
Less accumulated depreciation	2,439,695	2,222,894
	4,291,166	4,218,290
Fixtures, fittings and furniture		
at cost	1,030,364	1,087,622
Less accumulated depreciation	610,228	589,359
	420,136	498,263
Heritage plant and equipment		
at cost	206,223	130,978
Less accumulated depreciation	6,272	5,609
	199,951	125,369
Library books		
at cost	878,562	765,415
Less accumulated depreciation	393,501	295,258
	485,061	470,157
Total Plant and Equipment	5,396,314	5,312,079

Note 19	Property, plant and equipment, infrastructure (cont.)	2011	2010
		\$	\$
	Infrastructure		
	Roads, Streets & Bridges		
	at cost	8,486,956	4,760,107
	Less accumulated depreciation	201,867	-
		8,285,089	4,760,107
	at fair value as at 30 June 2009	169,896,033	149,706,819
	Less accumulated depreciation	6,242,855	3,055,134
		163,653,178	146,651,685
	Total Roads, Streets & Bridges	171,938,267	151,411,792
	Drainage		
	at cost	-	348,705
	Less accumulated depreciation	-	3,587
		-	345,118
	at fair value as at 30 June 2011	7,385,798	9,983,045
	Less accumulated depreciation	0	3,588,947
		7,385,798	6,394,098
	Total Drainage	7,385,798	6,739,216
	Total Infrastructure	179,324,065	158,151,008
	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.		
	Works in progress		
	Buildings at cost	9,787,674	427,040
	Drainage at cost	-	50,168
	Heritage plant and equipment	-	8,180
	Land at cost	69,402	32,911
	Plant, machinery and equipment	-	-
	Roads, Streets and Bridges at cost	3,177,308	941,686
	Total Works in progress	13,034,384	1,459,985
	Total Property, Plant and Equipment, Infrastructure	253,739,592	216,883,882

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

Movement in carrying amounts

2011	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 24)	Depreciation and amortisation (note 11)	Written down value of disposals (note 14)	Transfers	Impairment Losses Recognised (note 33)	Balance at end of financial year
	\$	\$	\$	\$	\$	\$		\$
Property								
land	19,383,248	342,092	872,256	-	-	50,168		20,647,764
land under roads	3,445,748		154,022	-	-	-		3,599,770
Total land	22,828,996	342,092	1,026,278	-	-	50,168		24,247,534
buildings	29,131,814	3,034,101	149,186	(633,725)	(75,647)	131,567		31,737,296
Total buildings	29,131,814	3,034,101	149,186	(633,725)	(75,647)	131,567		31,737,296
Total property	51,960,810	3,376,193	1,175,464	(633,725)	(75,647)	181,735		55,984,830
Plant and Equipment								
plant, machinery and equipment	4,218,290	912,474	-	(581,215)	(258,383)	-		4,291,166
fixtures, fittings and furniture	498,263	43,834	-	(121,961)	-	-		420,136
heritage plant and equipment	125,369	67,065	-	(662)	-	8,180		199,952
library books	470,157	113,147	-	(98,243)	-	-		485,061
Total plant and equipment	5,312,079	1,136,520	-	(802,081)	(258,383)	8,180		5,396,315
Infrastructure								
roads, streets & bridges	151,411,792	3,350,712	20,951,728	(3,390,487)	(50,707)	376,136	(710,909)	171,938,265
drainage	6,739,216	202,259	522,729	(111,318)	-	32,911		7,385,797
Total infrastructure	158,151,008	3,552,971	21,474,457	(3,501,805)	(50,707)	409,047	(710,909)	179,324,062
Works in progress								
buildings	427,040	9,492,201	-	-	-	(131,567)		9,787,674
drainage	32,911	69,402	-	-	-	(32,911)		69,402
heritage plant and equipment	8,180		-	-	-	(8,180)		-
plant, machinery and equipment	0		-	-	-	-		-
roads, streets & bridges	941,686	2,611,759	-	-	-	(376,136)		3,177,309
land	50,168		-	-	-	(50,168)		-
Total works in progress	1,459,985	12,173,362	-	-	-	(598,962)		13,034,385
Total property, plant and equipment, infrastructure	216,883,882	20,239,046	22,649,921	(4,937,611)	(384,737)	-	(710,909)	253,739,592

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

2010	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 24)	Depreciation and amortisation (note 11)	Written down value of disposals	Transfers	Balance at end of financial year
	\$	\$	\$	\$	\$	\$	\$
Property							
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
Total land	20,278,575	288,386	2,240,197	-	-	21,838	22,828,996
buildings	25,090,007	1,492,825	3,033,440	(540,190)	(56,160)	111,892	29,131,814
Total buildings	25,090,007	1,492,825	3,033,440	(540,190)	(56,160)	111,892	29,131,814
Total property	45,368,582	1,781,211	5,273,637	(540,190)	(56,160)	133,730	51,960,810
Plant and Equipment							
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	0	-	(662)	-	-	125,369
library books	437,148	145,020	-	(112,011)	-	-	470,157
Total plant and equipment	4,775,670	1,577,346	-	(790,345)	(256,393)	5,801	5,312,079
Infrastructure							
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
Total infrastructure	149,702,360	4,879,055	6,730,225	(3,160,632)	-	-	158,151,008
Works in progress							
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)	-
roads, streets & bridges	11,844	929,842	-	-	-	-	941,686
land	21,838	50,168	-	-	-	(21,838)	50,168
Total works in progress	196,900	1,402,616	-	-	-	(139,531)	1,459,985
Total property, plant and equipment, infrastructure	200,043,512	9,640,228	12,003,862	(4,491,167)	(312,553)	-	216,883,882

		2011 \$	2010 \$
Note 20	Trade and other payables		
	<i>Unsecured</i>		
	Trade payables	5,541,033	4,435,309
	Local Authorities Unfunded Superannuation	355,875	
	Loan Interest	42,813	47,250
	Accrued wages	167,493	112,940
	Accrued expenses	99,464	106,106
		<u>6,206,678</u>	<u>4,701,605</u>
Note 21	Trust funds and deposits		
	Refundable building deposits	60,000	55,000
	Refundable planning permit bonds	265,523	252,375
	Refundable contract deposits	256,830	59,842
	Other refundable deposits	460,595	1,743,317
		<u>1,042,948</u>	<u>2,110,534</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 22

Provisions

	Annual leave	Long service leave	Landfill restoration	Total
	\$	\$	\$	\$
2011				
Balance at beginning of the financial year	973,078	1,934,240	1,067,085	3,974,403
Additional provisions	818,848	318,053	55,383	1,192,284
Amounts used	(717,867)	(182,589)	-	(900,456)
Balance at the end of the financial year	1,074,059	2,069,704	1,122,468	4,266,231
2010				
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
			2011	2010
			\$	\$
(a) Employee benefits				
Current (i)				
Annual leave			1,074,059	973,078
Long service leave			1,667,575	1,550,685
			<u>2,741,634</u>	<u>2,523,763</u>
Non-current (ii)				
Long service leave			402,129	383,555
			<u>402,129</u>	<u>383,555</u>
Aggregate carrying amount of employee benefits:				
Current			2,741,634	2,523,763
Non-current			402,129	383,555
			<u>3,143,763</u>	<u>2,907,318</u>
The following assumptions were adopted in measuring the present value of employee benefits:				
Weighted average increase in employee costs			4.60%	4.74%
Weighted average discount rates			4.93%	4.25%
(i) Current				
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			1,140,751	1,013,190
- Other long-term employee benefits that do not fall due within 12 months after the end of the period measured at present value			1,600,883	1,510,573
			<u>2,741,634</u>	<u>2,523,763</u>
(ii) Non-current				
Long service leave representing less than 10 years of continuous service measured at present value			402,129	383,555
(b) Provisions				
Non-current				
Landfill Restoration			1,122,468	1,067,085
			<u>1,122,468</u>	<u>1,067,085</u>
Total Non-current Provisions			<u>1,524,597</u>	<u>1,450,640</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.				

		2011 \$	2010 \$
Note 23	Interest-bearing loans and borrowings		
	<i>Current</i>		
	Bank loans - secured	656,860	578,386
		<u>656,860</u>	<u>578,386</u>
	<i>Non-current</i>		
	Bank loans - secured	3,469,518	3,626,263
		<u>3,469,518</u>	<u>3,626,263</u>
	Total	<u>4,126,378</u>	<u>4,204,649</u>
	The maturity profile for Council's borrowings is:		
	Not later than one year	656,860	578,386
	Later than one year and not later than five years	2,435,460	2,435,761
	Later than five years	1,034,058	1,190,502
		<u>4,126,378</u>	<u>4,204,649</u>

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

Note 24 Reserves

	2011 \$	2010 \$
Asset revaluation reserves (a)	147,539,704	126,667,602
Other reserves (b)	2,375,601	1,963,128
	<u>149,915,305</u>	<u>128,630,730</u>

	Balance at beginning of reporting period	Increment (decrement)	Impairment Losses Recognised	Balance at end of reporting period
(a) Asset revaluation reserves	\$	\$	\$	\$
2011				
Property				
Land	14,212,087	872,256	-	15,084,343
Land under roads	0	154,022	-	154,022
Buildings	15,900,081	149,186	-	16,049,267
	<u>30,112,168</u>	<u>1,175,464</u>	<u>-</u>	<u>31,287,632</u>
Plant and Equipment				
Plant, machinery and equipment	857,559	(857,559)	-	-
Heritage assets	32,474	(32,474)	-	-
Fixtures, fittings and furniture	28,056	(28,056)	-	-
Library books	148,821	(148,821)	-	-
	<u>1,066,910</u>	<u>(1,066,910)</u>	<u>-</u>	<u>-</u>
Infrastructure				
Roads, streets & bridges	90,518,322	20,951,728	(710,909)	110,759,141
Drainage	4,970,201	522,729	-	5,492,930
	<u>95,488,523</u>	<u>21,474,457</u>	<u>(710,909)</u>	<u>116,252,071</u>
Total Asset revaluation reserves	<u>126,667,602</u>	<u>21,583,011</u>	<u>(710,909)</u>	<u>147,539,704</u>
2010				
Property				
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>-</u>	<u>30,112,168</u>
Plant and Equipment				
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	0	-	-	-
Library books	148,821	-	-	148,821
	<u>1,066,910</u>	<u>-</u>	<u>-</u>	<u>1,066,910</u>
Infrastructure				
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>-</u>	<u>95,488,523</u>
Total Asset revaluation reserves	<u>114,663,740</u>	<u>12,003,862</u>	<u>-</u>	<u>126,667,602</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	\$	\$	\$	\$
2011				
Public Open Space Reserve	372,354	45,650	(110,000)	308,004
Garbage Reserve	741,077	491,924	-	1,233,001
Infrastructure Contributions Parking	44,080	0	-	44,080
Coster Street Units Reserve	8,060	15,066	(8,144)	14,982
Shaw Avenue Redevelopment	43,752	0	-	43,752
Road Maintenance - Subdividers Contribution	16,044	0	-	16,044
Alexandra Community Leisure Centre	0	20,688	(3,924)	16,764
Yea Saleyards	418,822	79,605	(18,188)	480,239
Alexandra Saleyards	34,193	0	(4,432)	29,761
Yea Caravan Park	42,287	12,220	(442)	54,065
Marysville Caravan Park	242,459	149,384	(256,934)	134,909
Total Other reserves	<u>1,963,128</u>	<u>814,537</u>	<u>(402,064)</u>	<u>2,375,601</u>

Note 24 Reserves (cont.)

2010

Public Open Space Reserve	380,554	29,900	(38,100)	372,354
Garbage Reserve	874,132	-	(133,055)	741,077
Infrastructure Contributions Parking	44,080	-	-	44,080
Coster Street Units Reserve	5,466	11,510	(8,916)	8,060
Shaw Avenue Redevelopment	49,252	-	(5,500)	43,752
Road Maintenance - Subdividers Contribution	16,044	-	-	16,044
Alexandra Community Leisure Centre	2,244	-	(2,244)	0
Yea Saleyards	317,084	101,738	-	418,822
Alexandra Saleyards	36,668	-	(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
Total Other reserves	1,833,968	329,020	(199,860)	1,963,128

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.

		2011 \$	2010 \$
Note 25	Reconciliation of cash flows from operating activities to surplus		
	Surplus for the financial year	12,912,614	8,997,236
	Depreciation and amortisation	4,937,611	4,491,167
	Contributions - non-monetary	(7,986,153)	(807,342)
	Finance Costs	271,929	313,851
	(Gain)/loss on disposal of property, plant and equipment, infrastructure	74,120	21,778
	<i>Change in assets and liabilities:</i>		
	Increase in trade and other receivables	532,796	3,072,286
	Decrease in inventories	(92,332)	59,037
	Decrease in other current assets	1,491	34,109
	Increase/(decrease) in trade and other payables	1,505,073	(150,397)
	Insurance funds to be received	-	-
	Increase in provisions	291,828	388,734
	Net cash provided by operating activities	<u>12,448,977</u>	<u>16,420,459</u>
Note 26	Reconciliation of cash and cash equivalents		
	Cash and cash equivalents (see note 15)	16,168,341	17,079,427
		<u>16,168,341</u>	<u>17,079,427</u>
Note 27	Financing arrangements		
	Secured bank loans at fixed interest rates:		
	Facility available	4,126,378	4,204,649
	Used facility	<u>4,126,378</u>	<u>4,204,649</u>
	Unused facility	<u>-</u>	<u>-</u>
	Secured bank overdraft subject to annual review and repayable at call:		
	Facility available	400,000	400,000
	Used facility	<u>-</u>	<u>-</u>
	Unused facility	<u>400,000</u>	<u>400,000</u>
	Should the bank overdraft be utilised the liability would be secured by a mortgage over the general rates of Council.		
Note 28	Restricted assets		
	Council has cash and cash equivalents (note 15) that are subject to restrictions. As at the reporting date, Council had legislative restrictions in relation to employee entitlements (Long Service Leave) and reserve funds (Recreational Lands Reserves).		
	Long service leave (note 22)*	1,701,672	1,587,794
	Trust funds and Deposits (note 21)	1,042,948	2,110,534
	Quarry Bank Guarantee	112,500	112,500
	Reserve funds (note 24)	<u>2,375,601</u>	<u>1,963,128</u>
		<u>5,232,721</u>	<u>5,773,956</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 22 due to a different basis of calculation prescribed by the regulation.

Note 29

Superannuation

Murrindindi Shire Council makes employer contributions in respect of its employees to the Local Authority Superannuation Fund (the Fund) as well as funds listed below. The Fund has two categories of membership, accumulation and defined benefits, each of which is funded differently. Obligations for contributions are recognised as an expense in the profit or loss when they are due.

These funds receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage being a minimum of 9% required Superannuation Guarantee Legislation. In accordance with Council's Enterprise Bargaining Agreement, employees with greater than 15 years of service receive an extra 2% superannuation contribution while employees with greater than 10 years service receive an extra 1% contribution. No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of net assets of the Fund.

Accumulation Funds

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

Vision Super	Care Super
Agest Super	Host Plus
Australian Ethical Super	Health Super
Australian Super	Cbus
HESTA Super Fund	UniSuper
MLC Masterkey Super	Vic Super
Self Managed Funds	Westscheme

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 Plan'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);

The 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 the council's financial statements. AAS 25 requires that the present value of the benefit liability be calculated based on benefits that have accrued in respect of membership of the plan up to the measurement date, with no allowance for future benefits that may accrue.

Following an actuarial review conducted by the Trustee in late 2010, as at 31 December 2008, a funding shortfall of \$71 million for the Fund was determined. A call to Employers for additional contributions was made for the financial year 30 June 2011 with commitment from Employers from 1 July 2011. A further actuarial review will be undertaken as at 31 December 2011 by mid 2012. Based on the result of this review, a detailed funding plan will be developed and implemented to achieve the target of full funding by 31 December 2013. Council will be notified of any additional required contributions by late 2012.

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:

	31-Dec-08 \$,000
Net Market Value of Assets	3,630,432
Accrued Benefits (per accounting standards)	3,616,422
Difference between Assets and Accrued Benefits	<u>14,010</u>
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 29

Superannuation (Cont.)

Defined Benefits fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)

2011	2010
155,846	115,031

Employer Contributions payable to Local Authorities Superannuation Fund (Vision Super) at 30 June 2011

0	0
<u>155,846</u>	<u>115,031</u>

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)

753,557	650,027
---------	---------

Employer contributions to:

Agest Super

2,676	-
-------	---

Australian Ethical Super

1,073	2,434
-------	-------

Australian Super

13,169	8,327
--------	-------

Care Super

1,634	-
-------	---

Cbus

5,400	-
-------	---

Health Super

6,546	12,473
-------	--------

HESTA Super Fund

24,265	27,105
--------	--------

Host Plus

7,567	-
-------	---

MLC Masterkey Super

781	1,503
-----	-------

Self Managed Funds

23,024	49,497
--------	--------

UniSuper

4,329	-
-------	---

Vic Super

3,599	-
-------	---

Westscheme

434	-
-----	---

<u>848,054</u>	<u>751,366</u>
----------------	----------------

Note 30

Commitments

The Council has entered into the following commitments

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$	\$	\$	\$	\$
2011					
Operating					
Garbage & Recycling Collection	960,000	960,000	1,360,000	-	3,280,000
Cleaning contracts for council buildings & streets	114,000				114,000
Consultancies	250,000				250,000
Other	191,509	60,944	147,125		399,578
Council Reserves - revegetation		-	-	-	-
Total	1,515,509	1,020,944	1,507,125	-	4,043,578
Capital					
Buildings & improvements	11,102,682	-	-	-	11,102,682
Total	12,618,191	1,020,944	1,507,125	-	15,146,260
2010					
Operating					
Garbage & Recycling Collection	841,701	420,851	0	-	1,262,552
Performance Reporting Software	8,000	8,000	16,000	-	32,000
Council Reserves - revegetation	56,032	-	-	-	56,032
Total	905,733	428,851	16,000	-	1,350,584
Capital					
Buildings	432,389	-	-	-	432,389
Plant	144,791	-	-	-	144,791
Total	577,180	-	-	-	577,180

Note 31

Operating leases

2011

2010

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	455,974	425,002
Later than one year and not later than five years	341,736	516,276
Later than five years	11,461	13,526
	<u>809,171</u>	<u>954,804</u>

Note 32 Financial Instruments

(a) Accounting Policy, terms and conditions

Recognised financial instruments	Note	Accounting Policy	Terms and Conditions
Financial assets			
Cash and cash equivalents	15	<p>Cash on hand and at bank and money market call account are valued at face value.</p> <p>Interest is recognised as it accrues.</p> <p>Investments and bills are valued at cost.</p> <p>Investments are held to maximise interest returns of surplus cash.</p> <p>Interest revenues are recognised as they accrue.</p>	<p>On call deposits returned a floating interest rate of 5.36% (4.4% in 2009/2010). Interest rate at balance date was 5.36% (4.4% in 2009/10)</p> <p>Funds returned fixed interest rate of between 4.65% and 6.25% (3.0% and 6.1% in 2009/2010) net of fees.</p>
Trade and other receivables			
Other debtors	16	<p>Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when there is objective evidence that an impairment loss has occurred.</p> <p>Collectibility of overdue accounts is assessed on an ongoing basis.</p>	<p>General debtors are unsecured and interest free. Credit terms are usually 30 days.</p>
Financial liabilities			
Trade and other payables	20	<p>Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received.</p>	<p>General Creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.</p>
Interest-bearing loans and borrowings	23	<p>Loans are carried at their principal amounts. Loan borrowings are subject to borrowing limits imposed by the State Government under Loan Council approval arrangements. Interest is accrued over the period it becomes due and recognised as part of payables.</p>	<p>Borrowings are secured by way of mortgages over the general rates of the Council.</p> <p>The weighted average interest rate on borrowings is 6.69% during 2010/2011 (6.69% in 2009/2010).</p>

Note 32 Financial instruments (cont.)

(b) Risk Exposure

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

	Weighted average effective interest rate	Carrying amount	Interest rate	Fixed interest rate	Floating interest rate	Interest rate Exposure	Non-interest bearing	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
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2011														
Cash and cash equivalents	5.36%	16,168,341	15,914,172	254,169	-	-	-	16,168,341	-	-	-	-	-	-
Trade and other receivables	0.00%	6,405,782	-	-	6,405,782	-	-	6,433,692	-	-	-	-	-	27,910
Total financial assets		22,574,123	15,914,172	254,169	6,405,782	22,602,033								27,910
2010														
Cash and cash equivalents	4.82%	17,079,427	15,811,705	1,267,722	-	-	-	17,079,427	-	-	-	-	-	-
Trade and other receivables	0.00%	7,572,327	-	-	7,572,327	-	-	7,598,842	-	-	-	-	-	26,515
Total financial assets		24,651,754	15,811,705	1,267,722	7,572,327	24,678,269								26,515

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

	Weighted average effective interest rate	Carrying amount	Interest rate	Fixed interest rate	Floating interest rate	Interest rate Exposure	Non-interest bearing	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
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2011													
Trade and other payables	0.00%	6,206,678	-	-	-	6,206,678	-	6,206,678	6,206,678	-	-	-	-
Trust funds and deposits	0.00%	1,042,948	-	-	-	1,042,948	-	1,042,948	-	-	-	1,042,948	-
Interest-bearing loans and borrowings	6.84%	4,126,378	4,126,378	-	-	-	-	4,126,378	-	-	656,860	2,435,460	1,034,058
Total financial liabilities		11,376,004	4,126,378	-	7,249,626	11,376,004	6,206,678				656,860	3,478,408	1,034,058
2010													
Trade and other payables	0.00%	4,701,605	-	-	-	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
Total financial liabilities		11,016,788	4,204,649	-	6,812,139	11,016,788	4,701,605				578,386	4,546,295	1,190,502

Note 32 Financial instruments (cont.)

(c) Net Fair Values

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

Financial Instruments	Total carrying amount as per Balance Sheet		Aggregate net fair value	
	2011	2010	2011	2010
	\$	\$	\$	\$
<i>(1) Financial assets</i>				
Cash and cash equivalents	16,168,341	17,079,427	16,168,341	17,079,427
Trade and other receivables	6,405,782	7,572,327	6,405,782	7,572,327
Total financial assets	22,574,123	24,651,754	22,574,123	24,651,754
<i>(2) Financial liabilities</i>				
Trade and other payables	6,206,678	4,701,605	6,206,678	4,701,605
Trust funds and deposits	1,042,948	2,110,534	1,042,948	2,110,534
Interest-bearing loans and borrowings	4,126,378	4,204,649	4,126,378	4,204,649
Total Financial liabilities	11,376,004	11,016,788	11,376,004	11,016,788

(d) Credit Risk

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

(e) Risks and mitigation

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

Market risk

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

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

Interest rate risk

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

Our loan borrowings are sourced from major Australian banks by a tender process.

Overdrafts are arranged with major Australian banks. We manage interest rate risk on our net debt portfolio by:

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

Council manage the interest rate exposure on our net debt portfolio by appropriate budgeting strategies and obtaining approval for borrowings from the Australian Loan Council each year.

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

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

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

Note 32 Financial instruments (cont.)

Credit risk

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

Council have exposure to credit risk on all financial assets included in our balance sheet. To help manage this risk:

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

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

We may also be subject to credit risk for transactions which are not included in the balance sheet, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in note 34.

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

Liquidity risk

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

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

To help reduce these risks Council:

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

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

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

(f) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Council believes the following movements are 'reasonably possible' over the next 12 months.

- A parallel shift of +1% and -1% in market interest rates (AUD) from year-end rates of 5.36%.

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

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

Market risk exposure

	Interest rate risk			
	-1% 100 basis points		1% 100 basis points	
	Profit	Equity	Profit	Equity
Carrying amount at year end				
\$	\$	\$	\$	\$
2011				
Financial assets:				
Cash and cash equivalents	16,168,341	(152,144)	152,144	152,144
Financial liabilities:				
Interest-bearing loans and borrowings	4,126,378	-	-	-
2010				
Financial assets:				
Cash and cash equivalents	17,079,427	(103,847)	103,847	103,847
Financial liabilities:				
Interest-bearing loans and borrowings	4,204,649	-	-	-

Note 33 Impaired assets

Road streets and bridges assets impaired due to flood damage.

2011	2010
\$	\$
(710,909)	-
(710,909)	-

Note 34 Contingent liabilities and contingent assets

Contingent liabilities

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

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

Council 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 35 Events occurring after balance date

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

Note 36

Related party transactions

(i)

Responsible Persons

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

Councillors	Councillor Peter Beales - Mayor
	Councillor Robert Flowers
	Councillor Kevin Bellingham
	Councillor Christopher Healy
	Councillor John Walsh
	Councillor Sally Abbott Smith
	Councillor Cris Ruhr

Chief Executive Officers Margaret Abbey

(ii)

Remuneration of Responsible Persons

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

\$0 - \$9,999
\$10,000 - \$19,999
\$20,000 - \$29,999
\$30,000 - \$39,999
\$50,000 - \$59,999
\$280,000 - \$289,999

2011 No.	2010 No.
0	1
6	5
0	1
0	1
1	1
1	1
8	10
\$	\$
445,517	357,243

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

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

(iii)

(iv) No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year. (2009/10, \$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. (2009/10, \$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 \$124,000.

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

Income Range:
<\$124,000
\$124,000 - \$133,999
\$134,000 - \$143,999
\$144,000 - \$153,999
\$174,000 - \$183,999

2011 No.	2010 No.
0	2
0	1
2	0
1	2
1	0
4	5
\$	\$

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

602,865 591,310

Note 37

Income, expenses and assets by function/activities

	2011 \$	2010 \$
Income		
Civic	3,718,436	3,646,781
Community Services	2,718,765	3,119,376
Economic Development & Tourism	42,290	31,632
Natural Disaster Reconstruction and Recovery	35,556,243	43,802,713
Planning & Environmental Services	942,600	665,269
Plant Sales	314,729	291,566
Rates & Valuations	12,481,795	10,614,269
Recreation & Cultural	3,186,787	2,360,038
Transport	4,014,573	6,409,937
Waste & Environment	2,673,124	2,171,770
	<u>65,649,342</u>	<u>73,113,351</u>
Expenses		
Civic	5,727,170	4,796,327
Community Services	3,875,356	3,403,203
Economic Development & Tourism	538,700	482,151
Bushfire Reconstruction and Recovery	26,082,073	39,996,182
Planning & Environmental Services	1,824,866	1,680,478
Plant Carrying Value	262,499	257,182
Recreation & Cultural	4,158,737	3,886,069
Transport	8,017,715	7,292,278
Waste & Environment	2,249,614	2,322,245
	<u>52,736,730</u>	<u>64,116,115</u>
Surplus for the year	<u>12,912,612</u>	<u>8,997,236</u>
Assets attributed to functional areas		
Civic	7,811,256	5,490,910
Economic Development & Tourism	1,761,456	1,739,926
Community Services	5,850,597	5,814,544
Bushfire Reconstruction and Recovery	3,937,780	1,270,758
Planning & Environmental Services	464,104	487,870
Plant Operating	4,724,730	4,775,280
Recreation & Cultural	44,888,353	34,572,845
Transport	203,048,445	182,850,722
Waste & Environment	5,561,137	5,542,333
	<u>278,047,858</u>	<u>242,545,188</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

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

Family Day Care, youth support, Community and Aged housing

Natural Disaster Reconstruction and Recovery - Works and receipts resulting from the February 7 Black Saturday bushfires, and Floods during 2010/11

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 38 Financial ratios (Performance indicators)

	2011 \$	2011 (%)	2010 \$	2010 (%)	2009 \$	2009 (%)
(a) Debt servicing ratio (to identify the capacity of Council to service its outstanding debt)						
<u>Debt servicing costs</u>	322,875		360,192		370,105	
Total revenue	65,338,796	= 0.49%	72,822,576	= 0.49%	41,731,704	= 0.89%
Debt servicing costs refer to the payment of interest on loan borrowings, finance lease, and bank overdraft.						
The ratio expresses the amount of interest paid as a percentage of Council's total revenue.						
(b) Debt commitment ratio (to identify Council's debt redemption strategy)						
<u>Debt servicing & redemption costs</u>	901,147		1,535,602		1,397,322	
Rate revenue	12,481,795	= 7.22%	11,419,124	= 13.45%	11,523,613	= 12.13%
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>	12,481,795		11,419,124		11,523,613	
Total revenue	65,338,796	= 19.10%	72,822,576	= 15.68%	41,731,704	= 27.61%
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>	13,940,563		13,403,397		12,698,765	
Total realisable assets	93,291,123	= 14.94%	78,494,855	= 17.08%	66,730,769	= 19.03%
For the purposes of the calculation of financial ratios, realisable assets are those assets which can be sold and which are not subject to any restriction on realisation or use.						
Any liability represented by a restricted asset (note 28) is excluded from total indebtedness.						
The following assets are excluded from total assets when calculating Council's realisable assets:						
land and buildings on Crown land; restricted assets; heritage assets; total infrastructure assets; and Council's investment in associate.						
This ratio enables assessment of Council's solvency and exposure to debt. Total indebtedness refers to the total liabilities of Council. Total liabilities are compared to total realisable assets which are all Council assets not subject to any restriction and are able to be realised. The ratio expresses the percentage of total liabilities for each dollar of realisable assets.						

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

	2011	2011 (%)	2010	2010 (%)	2009	2009 (%)
(e) Working capital ratio (to assess Council's ability to meet current commitments)						
<u>Current assets</u>	24,293,051		25,644,969		20,554,671	
Current liabilities	10,648,120	= 228.14%	9,914,288	= 258.67%	8,913,364	= 230.61%

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

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

<u>Current assets</u>	24,293,051		25,644,969		20,554,671	
Current liabilities	9,047,237	= 268.51%	8,403,715	= 305.16%	7,643,902	= 268.90%

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	2011 \$	2010 \$
Note 39			
Capital expenditure			
Capital expenditure areas			
Land		342,092	24,696
Land under roads		-	-
Buildings		834,101	1,492,825
Drainage		145,494	46,172
Fixtures, furniture and equipment		43,834	116,372
Heritage plant and equipment		7,492	-
Library books		113,147	145,020
Plant, machinery and equipment		912,474	1,315,954
Roads, Streets & Bridges		3,296,107	4,289,231
Works in Progress		6,558,152	1,402,616
Total capital works		<u>12,252,893</u>	<u>8,832,886</u>
Represented by:			
Renewal of infrastructure	(a)	3,423,927	3,087,270
Upgrade of infrastructure	(b)	1,266,631	3,151,076
Expansion of infrastructure	(c)	45,192	0
New buildings		3,556,429	570,262
New drainage		-	13,226
New fixtures, furniture & equipment		43,834	116,372
New heritage plant & equipment		7,492	8,180
New roads street & bridges		2,541,675	350,662
New land		342,092	74,864
New library books		113,147	145,020
New plant machinery and equipment		912,474	1,315,954
Total capital works		<u>12,252,893</u>	<u>8,832,886</u>

Property, plant and equipment, infrastructure movement

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

Total capital works		12,252,893	8,832,886
Contributed Assets		7,986,153	807,342
Impaired Assets	33	(710,909)	0
Asset revaluation movement	19	22,649,921	12,003,862
Depreciation/amortisation	12	(4,937,611)	(4,491,167)
Written down value of assets sold or destroyed	19	(384,737)	(312,553)
Net movement in property, plant and equipment, infrastructure	19	<u>36,855,709</u>	<u>16,840,370</u>

Details of movements by class is provided in note 20

(a) Renewal

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

(b) Upgrade

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

(c) Expansion

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

Note 40

Special committees and other activities

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.

Construction of the rebuild of these units has commenced but was not completed as at 30 June 2011. Works in progress for 2010-2011 totalled \$140,433

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 41

Significant items

There are no significant items that require separate disclosure

Note 42 Pending Accounting Standards

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

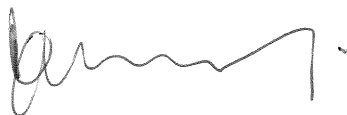
Standard / Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Local Government financial statements
AASB 9: Financial Instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	These standards are applicable retrospectively and amend the classification and measurement of financial assets. Council has not yet determined the potential impact on the financial statements. Specific changes include: * simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value; * removing the tainting rules associated with held-to-maturity assets; * simplifying the requirements for embedded derivatives; * removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost; * allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and * reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on: a. the objective of the entity's business model for managing the assets; b. the characteristics of the contractual cash flows.	Applicable for annual reporting periods commencing on or after 1 January 2013.	These changes are expected to provide some simplification in the accounting for and disclosure of financial instruments
AASB 124: Related Party Disclosures	This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard.	Applicable for annual reporting periods commencing on or after 1 January 2011.	Although this standard does not strictly apply to Local Government it is often used as guidance, as such there will be greater clarity on the disclosure of inter government transactions.
AASB 2009-4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] and AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project.	Applicable for annual reporting periods commencing from 1 January 2010.	These amendments are not expected to impact Council
AASB 2009-8: Amendments to Australian Accounting Standards — Group Cash-settled Share-based Payment Transactions [AASB 2]	These amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence, these two Interpretations are superseded by the amendments.	Applicable for annual reporting periods commencing on or after 1 January 2010.	These amendments are not expected to impact Council
AASB 2009-9: Amendments to Australian Accounting Standards — Additional Exemptions for First-time Adopters [AASB 1]	These amendments specify requirements for entities using the full cost method in place of the retrospective application of Australian Accounting Standards for oil and gas assets, and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 when the application of their previous accounting policies would have given the same outcome.	Applicable for annual reporting periods commencing on or after 1 January 2010.	These amendments are not expected to impact Council
AASB 2009-10: Amendments to Australian Accounting Standards — Classification of Rights Issues [AASB 132]	These amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments.	Applicable for annual reporting periods commencing on or after 1 February 2010.	These amendments are not expected to impact Council
AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures.	Applicable for annual reporting periods commencing on or after 1 January 2011.	These amendments are not expected to impact Council

Note 42 Pending Accounting Standards

AASB 2009-13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1]	This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19.	Applicable for annual reporting periods commencing on or after 1 July 2010.	These amendments are not expected to impact Council
AASB 2009-14: Amendments to Australian Interpretation — Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]	This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.	Applicable for annual reporting periods commencing on or after 1 January 2011.	These amendments are not expected to impact Council
AASB Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments	This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred.	Applicable for annual reporting periods commencing on or after 1 July 2010.	This Interpretation is not expected to impact Council.

Certification of the Financial Report

In my opinion the accompanying financial statements have been prepared in accordance with the *Local Government Act 1989*, the *Local Government (Finance and Reporting) Regulations 2004*, Australian Accounting Standards and other mandatory professional reporting requirements.



Robert Cherry
Principal Accounting Officer

Date : 28 September 2011
Kinglake

In our opinion the accompanying financial statements present fairly the financial transactions of Murrindindi Shire Council for the year ended 30 June 2011 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.

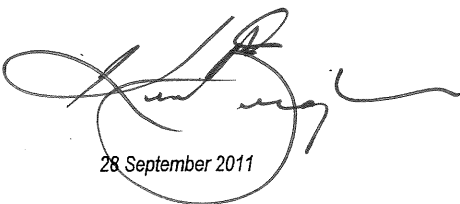
We have been authorised by the Council on 28 September 2011 to certify the financial statements in their final form.

Peter Beales
Councillor



Date : 28 September 2011
Kinglake

Kevin Bellingham
Councillor



Date : 28 September 2011
Kinglake

Margaret Abbey
Chief Executive Officer



Date : 28 September 2011
Kinglake

Murrindindi Shire Council
2010/2011 Standard Statements

STANDARD INCOME STATEMENT

For the year ending 30 June 2011

	Budget 2010/2011 \$	Variances \$	%	Ref	Actuals 2010/2011 \$
Revenue					
Rates and charges	12,454,114	27,681	0.2		12,481,795
Statutory fees and fines	558,125	125,034	22.4	1	683,159
User fees	4,113,537	1,138,921	27.7	2	2,974,616
Contributions	298,310	8,786,340	2,945.4	3	9,084,650
Grants - recurrent	4,925,278	1,026,892	20.8	4	5,952,170
Grants - non-recurrent	20,117,918	11,948,191	59.4	5	32,066,109
Reimbursements	81,500	601,728	738.3	6	683,228
Interest	425,000	480,049	113.0	7	905,049
Other revenue	573,062	65,042	11.3	8	508,020
Total revenue	43,546,844	21,791,952			65,338,796
Expenses					
Employee benefits	14,300,586	1,401,131	9.8	9	12,899,455
Materials and services	23,917,945	10,024,571	41.9	10	33,942,516
Finance costs	349,144	26,269	7.5		322,875
Depreciation and amortisation	4,918,208	19,403	0.4		4,937,611
Other expenses	243,120	6,485	2.7		249,605
Total expenses	43,729,003	8,623,059			52,352,062
Proceeds from Sale of Fixed Assets	360,625	50,008	13.9	11	310,617
Carrying value of assets sold	360,625	24,112	6.7		384,737
Net gain (loss) on disposal of assets	-	74,120			(74,120)
Surplus (deficit) for the year	(182,159)	13,094,773			12,912,614

Murrindindi Shire Council

2010/2011 Standard Statements

STANDARD INCOME STATEMENT

For the year ending 30 June 2011

Variance Explanation Report

Ref.	Item	Explanation
1	Statutory Fees and Fines (revenue)	Building and Planning fees collected were higher than anticipated with waived fees still being claimed through natural disaster funding arrangements. Animal registration also exceeded budget expectations.
2	User fees (revenue)	The major part of this variance relates to charge for air space capacity used by VBRRA at the Alexandra Landfill. This issue is to be resolved by December 2011. External works undertaken was less than anticipated, however partial offset by increased sales of quarry product. Community Care and Support charges were favourable with provision of service at full cost recovery to other agencies.
3	Contributions (revenue)	Council recognised Non Cash contribution of \$7.7 of assets transferred from VBRRA together with \$200k of Melbourne Water Pipeline funded assets in Yea and \$111k of contributed assets from subdivisions. Cash funding of \$695k was transferred from Council's Bushfire Trust for various additional bushfire related projects, with the balance of funds being community contributions towards local projects.
4	Grants - recurrent (revenue)	Payment of first quarter 2011/2012 Grants Commission in June 2011 is shown as a favourable variance. The transfer of responsibility for the Kinglake Early Learning Centre saw the operational grant funding cease thus not achieving the full year budget.
5	Grants- non recurrent (revenue)	Grant funding of \$11.9m greater than anticipated was received, the bulk of this relating to Natural Disaster funding (NDFA). \$2.7m of Bushfire NDFA funding for works greater than anticipated, \$4.6m for Storm Damage events not included within adopted budget, \$4.9m for transfer of VBAF funded projects, together with funding received for various other bushfire related projects post budget adoption. \$300k of Melbourne Water Regional Benefits funding for two projects in Yea went directly to the Community groups who managed the projects.
6	Reimbursements (revenue)	Reimbursement of additional insurance funding of \$358k, together with \$207k being reimbursed for unbudgeted bushfire related expenditure at Kinglake & Marysville make up the bulk of this favourable variance.
7	Interest (revenue)	With improved interest rates and payment of grants funds in advance, a better than expected return on investments was achieved.
8	Other Revenue	Plant operating budget and recoupment of engineering project costs were less than budgeted.

Murrindindi Shire Council

2010/2011 Standard Statements

STANDARD INCOME STATEMENT

For the year ending 30 June 2011

Variance Explanation Report

<u>Ref.</u>	<u>Item</u>	<u>Explanation</u>
9	Employee benefits (expenses)	Employee expenses were less than budget, with this favourable variance of \$1.4m due to delays in appointing staff, particularly in the Murrindindi Assistance Package funded projects. This variance will be fully taken up in the next two years. Murrindindi Construction employee cost were also favourable to budget with employee costs allocated to capital projects. Variances also exist across programs where budgets have been approved for employees, however due to varying reasons, works have been undertaken by contractors with expenditure being costed as materials and services. In these cases there is no overall net impact on the budget.
10	Materials & services	The unfavourable variance of \$10.0m is mainly due to expenditure against various projects not known at the time of budget adoption - being major Storm Events September 2011 to January 2011 totally \$4.6m, Rail Trial Fencing \$319k and recognition of unfunded superannuation \$355k – together with greater than anticipated expenditure on Bushfire recovery and reconstruction of \$1.7m. The majority of these expenses have been claimed through available grant funding arrangements. In addition \$2.7m of actual expenditure was reclassified from capital expenditure to operational expenses for bushfire insurance projects on Community Infrastructure re-built by the state government in Kinglake, Marysville and Flowerdale. Infrastructure Maintenance was \$220k over original budget estimates.
11	Proceeds from Sale of Fixed Assets	Deferral of sales of some minor plant into the 2011/12 Budget has produced an unfavourable variation at year end.

Murrindindi Shire Council
2010/2011 Standard Statements

STANDARD BALANCE SHEET

As at 30 June 2011

	Budget 2010/2011 \$	Variances \$ %		Ref	Actuals 2010/2011 \$
Current assets					
Cash and cash equivalents	11,504,712	4,663,629	40.5	12	16,168,341
Trade and other receivables	1,828,055	5,948,508	325.4	13	7,776,563
Inventories	140,000	85,257	60.9	14	225,257
Prepayments	152,000	29,110	19.2	15	122,890
Total current assets	13,624,767	10,668,284			24,293,051
Non-current assets					
Trade and other receivables	30,000	14,785	49.3	16	15,215
Property, plant and equipment, infrastructure	211,358,411	42,381,181	20.1	17	253,739,592
Total non-current assets	211,388,411	42,366,396			253,754,807
Total assets	225,013,178	53,034,680			278,047,858
Current liabilities					
Trade and other payables	2,327,696	3,878,982	166.6	18	6,206,678
Trust funds and deposits	662,060	380,888	57.5	19	1,042,948
Provisions	2,760,930	19,296	0.7		2,741,634
Interest bearing loans and borrowings	722,575	65,715	9.1		656,860
Total current liabilities	6,473,261	4,174,859			10,648,120
Non-current liabilities					
Provisions	1,593,855	69,258	4.3		1,524,597
Interest bearing loans and borrowings	3,786,008	316,490	8.4		3,469,518
Total non-current liabilities	5,379,863	385,748			4,994,115
Total liabilities	11,853,124	3,789,111			15,642,235
Net assets	213,160,054	49,245,569			262,405,623
Equity					
Accumulated surplus	95,974,375	16,515,943	17.2	20	112,490,318
Asset revaluation reserve	114,663,739	32,875,965	28.7	21	147,539,704
Other reserves	2,521,940	146,339	5.8		2,375,601
Total equity	213,160,054	49,245,569			262,405,623

Murrindindi Shire Council
2010/2011 Standard Statements

STANDARD BALANCE SHEET

As at 30 June 2011

Variance Explanation Report

<u>Ref.</u>	<u>Item</u>	<u>Explanation</u>
12	Cash and cash equivalents	Additional cash generated by favourable cash flow from operations mainly related to grant funded projects. The variance is outlined in detail within the Cash Flow Statement.
13	Trade and other receivables	The budget anticipated that receivables would return to the pre Bushfires levels. This has not occurred with a higher than anticipated level of outstanding Government payments mostly relating to the Bushfire and Storm recovery and reconstruction claims.
14	Inventories	Higher than anticipated level of Topsy Gully quarry product on hand at year end.
15	Prepayments	Allowance was made for prepayment of superannuation at year end, however payments were not made until July 2011.
16	Trade and other receivables	Relates to a Special Charge Scheme in the bushfire affected area transferred to current receivables as collectable in the coming year.
17	Property, plant and equipment, infrastructure	Due mainly to the \$21M indexation of the valuation of Roads Streets and Bridges at 14% which was higher than anticipated. Indexation was also applied to Land and Buildings. Drainage assets unit rates for valuation purposes were also reviewed \$1M. Large amounts of works in progress at year end \$13M mostly relating to Bushfire reconstruction and recovery works, particularly assets being construct from funding from the Victorian Bushfire Appeal Fund (VBAF). Also includes \$8M of gifted assets being the Marysville and Kinglake Rebuilding Advisory Centres and VBAF constructed assets.
18	Trade and other payables	Monthly creditor payments post Bushfires continue to far exceed the "normal" levels. Taking over the construction of the (VBAF) projects ensured a higher level of payments were outstanding at year end. The variance also includes the \$355K recognising the liability for unfunded superannuation.
19	Trust funds and deposits	The large amount of capital works in progress has resulted in much higher than anticipated levels of Contract retention funds, together with consolidation of the remaining balance held in the Bushfire Trust within Council accounts.

Murrindindi Shire Council
2010/2011 Standard Statements

STANDARD BALANCE SHEET

As at 30 June 2011

Variance Explanation Report

<u>Ref.</u>	<u>Item</u>	<u>Explanation</u>
20	Accumulated surplus	Favourable variance generated from operating activities mainly due to the take up of \$8M of gifted assets including the Marysville and Kinglake Rebuilding Advisory Centres and other assets gifted mostly from (VBAF) with a lesser contribution from the Melbourne Water Regional Benefits Program. An amount of \$1M was transferred directly from the Asset Revaluations Reserve as a result of an accounting adjustment due to reserves for these categories of assets no longer being required. The budget figure is \$3M lower than actual opening figure for 2010/11 reflecting the preparation of the budget not incorporating the actual closing balance figure from the 2009/10 period.
21	Asset revaluation reserve	Indexation was applied to the following asset categories, Land, Buildings, Roads Streets and Bridges and a review was undertaken of the unit costs used for Drainage valuations. This resulted in a \$22M increase in the reserve, which was not fully allowed for in the Budget. An amount of \$1M was transferred directly from the Asset Revaluations Reserve as a result of an accounting adjustment due to the reserve for these categories of assets being no longer required. The budget figure is \$14M lower than the actual opening figure for 2010/11 reflecting the preparation of the budget not incorporating the actual closing balance figure from the 2009/10 period.

Murrindindi Shire Council

2010/2011 Standard Statements

STANDARD CASH FLOW STATEMENT

For the year ending 30 June 2011

	Budget 2010/2011 \$	Variances \$	%	Ref	Actuals 2010/2011 \$
Cash flows from operating activities					
Receipts from Ratepayers	12,454,000	49,606	0.4		12,404,394
User Charges and Reimbursements (inclusive of GST)	10,813,000	3,800,515	35.1	22	7,012,485
Government Grants (inclusive of GST)	25,044,118	15,295,583	61.1	23	40,339,701
Interest received	445,000	382,203	85.9	24	827,203
Net GST refund/payment	-	1,343,742	-	25	1,343,742
Payments to Suppliers (inclusive of GST)	(26,845,000)	10,025,091	37.3	26	(36,870,091)
Payments to employees	(13,957,000)	1,348,543	9.7		(12,608,457)
	-	-	-		-
Net cash inflow (outflow) from operating activities	7,954,118	4,494,859			12,448,977
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment, infrastructure	360,625	50,008	13.9	27	310,617
Payments for property, plant and equipment, infrastructure	(12,466,170)	213,277	1.7		(12,252,893)
	-	-	-		-
Net cash inflow (outflow) from investing activities	(12,105,545)	163,269			(11,942,276)
Cash flows from financing activities					
Proceeds from interest bearing loans and borrowings	900,000	400,000	44.4	28	500,000
Repayment of interest bearing loans and borrowings	(595,066)	16,794	2.8		(578,272)
Finance Costs	(294,315)	22,386	7.6		(271,929)
Trust Funds & Deposits	(1,051,700)	15,886	1.5		(1,067,586)
	-	-	-		-
Net cash inflow (outflow) from financing activities	(1,041,081)	376,706			(1,417,787)
Net increase (decrease) in cash and cash equivalents	(5,192,508)	4,281,422			(911,086)
Cash and cash equivalents at the beginning of the year	16,697,220	382,207	2.3		17,079,427
Cash and cash equivalents at the end of the year	11,504,712	4,663,629			16,168,341
Reconciliation of Surplus (Deficit) and Net Cash Flows from Operating Activities					
For the year ending 30 June 2011					
Surplus (deficit)	(182,159)	13,094,773			12,912,614
Depreciation and amortisation	4,918,208	19,403			4,937,611
(Profit) Loss on sale of property, plant and equipment, infrastructure	-	74,120			74,120
Finance Costs - cash proportion	294,315	22,386			271,929
Net movement in current assets and liabilities	2,923,754	8,671,051			(5,747,297)
Net cash inflow (outflow) from operating activities	7,954,118	4,494,859			12,448,977

Murrindindi Shire Council**2010/2011 Standard Statements****STANDARD CASH FLOW STATEMENT****For the year ending 30 June 2011****Variance Explanation Report**

<u>Ref.</u>	<u>Item</u>	<u>Explanation</u>
22	User Charges and Reimbursements (inclusive of GST)	Although statutory fees, reimbursements and contributions revenue were greater than anticipated this is offset by unfavourable user fees ref Note 2. Receivables however remain higher than anticipated at year end - as per Note 13.
23	Government Grants (inclusive of GST)	As per Note 5 Natural Disaster grant funding for both Bushfires & Storm Damage increased grant revenues significantly above budget levels. This was further increased with advanced funding for completion of VBAF projects transferred to Council. Although anticipated to reduce, receivables for grant funding remained at the high levels of the previous year end. GST received as part of grant payments totalled \$2.3m.
24	Interest received	As per Note 7. Cash available for investment throughout the year was higher than anticipated. Interest rates were also on an upward trend during the period.
25	Net GST refund/payment	Council's published 2010/11 Budget did not included GST within the Cash Flow Statement.
26	Payments to Suppliers (inclusive of GST)	The bulk of this additional outflow relates to bushfire and storm damage works as per explanation in Note 10. Payables made after June.30 accrued back into 2010/11 were again higher than anticipated at year end, relating to the high volume of major works being undertaken at the time. GST claimed on tax invoices totalled \$4.0m.
27	Proceeds from sale of property, plant and equipment, infrastructure	As per Note 11. Deferral of sales of some minor plant into the 2011/12 Budget has produced an unfavourable variation at year end.
28	Proceeds from interest bearing loans and borrowings	The budget anticipated the borrowing of \$400k for works to be undertaken at the Yea Saleyards. These loan funds were not drawn down in 2010/2011.

Murrindindi Shire Council

2010/2011 Standard Statements

STANDARD STATEMENT OF CAPITAL WORKS

For the year ending 30 June 2011

Capital Works Areas	Budget 2010/2011 \$	Variances \$	%	Ref	Actuals 2010/2011 \$
Roads Streets & Bridges	5,969,235	163,478	2.7		5,805,757
Drainage	237,510	70,474	29.7	29	167,036
Buildings	9,736,522	4,875,461	50.1	30	4,861,061
Unspecified - RLCIP Round 3	176,000	176,000	-	31	-
Plant, Machinery & Equipment	1,214,499	302,025	24.9	32	912,474
Heritage Assets	-	7,492		33	7,492
Furniture & Equipment	117,436	73,602	62.7	34	43,834
Library Bookstock	113,106	41	0.0		113,147
Land	243,078	99,014	40.7	35	342,092
Total capital works	17,807,386	5,554,493			12,252,893
Represented by:					
Renewal of infrastructure	9,432,912	6,008,985	63.7		3,423,927
Upgrade of infrastructure	3,637,722	2,371,091	65.2		1,266,631
Expansion of infrastructure	-	45,192			45,192
New assets	4,736,752	2,780,391	58.7		7,517,143
Total capital works	17,807,386	5,554,493			12,252,893

Property, plant and equipment, infrastructure movement reconciliation worksheet	Budget 2010/2011 \$	Variances \$	%		Actuals 2010/2011 \$
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	17,807,386	5,554,493			12,252,893
Contributed assets	-	7,986,153	-	36	7,986,153
Asset revaluation movement	-	22,649,921	-	37	22,649,921
Depreciation and amortisation	(4,918,208)	19,403	0.4		(4,937,611)
Written down value of assets sold	(360,625)	24,112	6.7		(384,737)
Impaired assets	-	710,909	-	38	(710,909)
Net movement in property, plant and equipment, infrastructure	12,528,553	24,327,157			36,855,710

Murrindindi Shire Council

2010/2011 Standard Statements

STANDARD STATEMENT OF CAPITAL WORKS

For the year ending 30 June 2011

Variance Explanation Report

<u>Ref.</u>	<u>Item</u>	<u>Explanation</u>
29	Drainage	A variance of \$70,474 is attributed to drainage extension and renewal works not yet complete.
30	Buildings	Reclassification of several bushfire related insurance budgets totalling \$2.9m from capital to operating expenditure, together with unexpended insurance budgets of \$1.3m at Gallipoli Park, Marysville Retirement Village and Kinglake Memorial Reserve and the deferral of Yea Saleyards Development \$781k account for most of this favourable variance. Other major project yet to be completed include the Yea Shire Hall upgrade \$260k, Marysville Caravan Park \$227k, Marysville Skate Park \$140k and \$300k of Melbourne Water Regional Benefits funded projects being directed to the community groups managing the projects. These variances are offset by \$1.2m of expenditure on VBAF funded projects in Marysville transferred to Council in the later part of the financial year that were not included in Council's adopted budget.
31	Unspecified - RLCIP Round 3	Council had an approved allocation of \$176,000 for Regional & Local Community Infrastructure Projects (RLCIP) Round 3 - that had not at the time of budget preparation been allocated to specific projects within the categories of capital expenditure. This allocation subsequently took place - with expenditure recorded against the correct classifications.
32	Plant, Machinery & Equipment	Several items of major plant purchases were deferred in 2010/2011 and rolled forward into the 2011/2012 budget.
33	Heritage Assets	The unfavourable variance relates to expenditure on the Red Gate project funded through RLCIP as per note 31 above.
34	Furniture & Equipment	A variance of \$73,402 is due to the timing of Computer & Phone System upgrades which have been carried forward into 2011/2012.
35	Land	Unbudgeted Land Purchase of Glenburn Recreation Space off set by grant funding.
36	Contributed assets	As per Notes 2 & 17, recognition of \$7.7m of gifted assets from VBAF, \$200k of Melbourne Water Regional Benefits funding at the Yea Netball Clubrooms and \$111k from subdivisions.

Murrindindi Shire Council

2010/2011 Standard Statements

STANDARD STATEMENT OF CAPITAL WORKS

For the year ending 30 June 2011

Variance Explanation Report

<u>Ref.</u>	<u>Item</u>	<u>Explanation</u>
37	Asset revaluation movement	As per Note 17 - Due mainly to the \$21M indexation of the valuation of Roads Streets and Bridges with indexation also applied to Land and Buildings. Drainage assets unit rates for valuation purposes were also reviewed \$1M.
38	Impaired assets	A thorough review was undertaken on estimated damage to Council infrastructure following several major Storm and Flood events during the period Sept 2010 to Jan 2011. Although the bulk of the restoration works has been completed in 2010/2011, an assessment was made of the remaining works to be completed as at 30 June 2011, with this amount taken up as asset impairment.
	General Note on Capital Works.	Please Note: A complete listing of all capital works projects completed within the 2010/2011 financial year has been provided in the front part of the Annual Report

Murrindindi Shire Council
2010/2011 Standard Statements

Notes to the Standard Statements

1. Basis of preparation of Standard Statements

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

These statements and supporting notes form a special purpose financial report prepared to meet the requirements of the Local Government Act 1989 and Local Government (Finance and Reporting) Regulations 2004.

The Standard Statements have been prepared on accounting bases consistent with those used for General Purpose Financial Report and the Budget. The result reported in these statements are consistent with those reported in the General Purpose Financial Report.

The Standard Statements are not a substitute for the General Purpose Financial Report, which are included on pages 1 to 4 of the Financial Report. They have not been prepared in accordance with all Australian Accounting Standards or other authoritative professional pronouncements.

The Standard Statements compare Council's Strategic Resource Plan, expressed through its budget, with actual performance. The Local Government Act 1989 requires explanation of any material variances. Council has adopted a materiality **threshold of 10 per cent**. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures included in the Standard Statements are those adopted by Council on 22 September 2010. 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
2010/2011 Standard Statements

STANDARD STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2011

CERTIFICATION OF STANDARD STATEMENTS

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



Principal Accounting Officer
Robert Cherry
Dated: 28 September 2011

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 28 September 2011, to certify the standard statements in their final form.



Councillor
Peter Beales
Dated: 28 September 2011



Councillor
Kevin Bellingham
Dated: 28 September 2011

Chief Executive Officer
Margaret Abbey
Dated: 28 September 2011





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 2011 of the Murrindindi Shire Council which comprises the 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 2011 of the Council which comprises the standard income statement, standard balance sheet, standard cash flow statement, standard statement of capital works, the related notes and the certification of standard statements have been audited.

The Councillors' Responsibility for the Financial Report and Standard Statements

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

- the financial report in accordance with Australian Accounting Standards (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.

1

Level 24, 35 Collins Street, Melbourne Vic. 3000

Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email comments@audit.vic.gov.au Website www.audit.vic.gov.au

Auditing in the Public Interest



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.

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 the Murrindindi Shire Council as at 30 June 2011 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*.

Basis of Accounting for Standard Statements

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

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

This auditor's report relates to the financial report and standard statements of the Murrindindi Shire Council for the year ended 30 June 2011 included both in the Murrindindi Shire Council's annual report and on the website. The Councillors of the Murrindindi Shire Council are responsible for the integrity of the Murrindindi Shire Council's website. I have not been engaged to report on the integrity of the Murrindindi Shire Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report and standard statements are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and standard statements to confirm the information contained in the website version of the financial report and standard statements.

MELBOURNE
28 September 2011


D D R Pearson
Auditor-General

**PERFORMANCE STATEMENT FOR THE YEAR
1 JULY 2010 TO 30 JUNE 2011**

Key Strategic Activity	Activity	Performance measure	2010/11 Performance Target	2010/11 Actual Result	Note
Theme 1 – Governance					
Provide sound financial stewardship	Ensure financial information is professionally acceptable and understood by the community	Number of serious (high) audit issues raised in Management letter for 2009-10 financial year	< 2 audit issues	4 moderate issues raised Target achieved.	
Theme 2 - Community					
Funding Community Groups Needs	Community Grants Program	That Community Grants Funds are expended to Community Groups.	100%	Target not achieved	1
Theme 3 – Local Economy					
Support and promote Saleyards program	Finance and construct roof over Yea saleyards.	Roof constructed.	30 June 2011.	Target not achieved.	2
Theme 4 – Environment and Climate Change					
Waste Management Program	Complete Council's Waste Management Strategy.	Strategy adopted by Council.	30 June 2011.	Target not achieved.	3
Theme 5 – Planning and Land Use					
Strategic Planning.	Complete development of a Kinglake Ranges, Flowerdale and Toolangi Strategic Plan.	Plan adopted by Council.	30 June 2011.	Target not achieved.	4
Theme 6 - Infrastructure					
Complete the capital works program	Completion of program	Report to Council on a quarterly basis	>70 %	60% Target not achieved.	5
Theme 7 – Corporate Development					
Improve systems and processes	Implement procurement policies and processes	Policy reviewed and adopted. All delegated officers retrained. Compliance reporting	October 2010 March 2011 90% compliant by June 2011.	Policy adopted Target not achieved.	6

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

**NOTES TO AND FORMING PART OF THE PERFORMANCE STATEMENT
FOR 2010/ 2011**

Performance Statement Variances

Explanatory notes:

1. From a total budget of \$60,000, 26 applications were received of which 12 grants were allocated to the value of \$29,893. The final round of submission were not considered or approved until July 2011, with allocations to come from the 2011/2012 budget.
2. The Yea Saleyards Upgrade Stage 1 has been financed through a combination of reserve, grant and loan funding. The construction has been delayed by the heavy project load in the engineering area. The project management has now been outsourced and construction will be completed by June 2012.
3. The Waste Management Strategy has been reviewed and work on a revised strategy to meet the Sustainability Victoria and Goulburn Valley Regional Waste Management Group guidelines is underway. However, the preparation of Council's revised Waste Management Strategy is not capable of completion until the regional plan is formally adopted.
4. On July 2011, the Council resolved to release the Interim Consultation Report summarising the submissions received and likely responses, following the public exhibition of the Kinglake Ranges, Flowerdale and Toolangi Draft Plan and Design Framework (KFT Draft Plan). The interim consultation report was released to provide feedback to the broader community on the issues raised in the public submission process. Further works is currently being undertaken by the State Government in response to recommendations of the 2009 Victorian Bushfires Royal Commission relating to bushfire mapping and local bushfire planning assessment, which could further inform Councils response to submissions and influence the next draft of the KFT Plan.
5. The 2010/2011 Capital Works Program was artificially inflated due to the Bushfire Recovery projects. The result is also affected by a small number of high value projects which have been impacted by insurance matters and delays to the preparation of design and other documentation required for work to proceed. The value of these projects represents a little over 20% of the value of the Capital Works Program. During the year the shire was impacted by four flood events. These events combined to delay work in progress and diverted some resources away from capital projects.
6. The new procurement policy was adopted in October 2010. The implementation of updated delegations and related training has been delayed due to redeployment of resources required to service critical needs with the administration and finalisation of bushfire recovery insurance claims. Implementation of updated delegations and roll out of related training has been scheduled to occur by the end of November 2011. This will then enable the implementation of associated compliance reporting.

COUNCIL APPROVAL OF THE PERFORMANCE STATEMENT

In our opinion, that accompanying performance statement of the Murrindindi Shire Council in respect of 2010/ 2011 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.

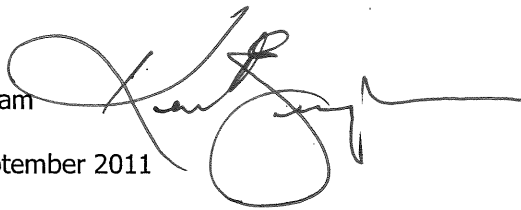
As at the time of signing, we are not aware of any circumstances which would render any particulars in the statement to be misleading or inaccurate.



Councillor
Peter Beales


Dated: 28 September 2011
Kinglake

Councillor
Kevin Bellingham



Dated: 28 September 2011
Kinglake

Chief Executive Officer
Margaret Abbey



Dated: 28 September 2011
Alexandra



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 2011 of the 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 the Murrindindi Shire Council are responsible for the preparation and fair presentation of the performance statement in accordance with the *Local Government Act 1989*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the performance statement that is free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independence

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

VAGO

Victorian Auditor-General's Office

Independent Auditor's Report (continued)


Auditor's Opinion

In my opinion, the performance statement of the Murrindindi Shire Council in respect of the 30 June 2011 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

Matters Relating to the Electronic Publication of the Audited Performance Statement

This auditor's report relates to the performance statement of the Murrindindi Shire Council for the year ended 30 June 2011 included both in the Murrindindi Shire Council's annual report and on the website. The Councillors of the Murrindindi Shire Council are responsible for the integrity of the Murrindindi Shire Council's website. I have not been engaged to report on the integrity of the Murrindindi Shire Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this statement. If users of the performance statement are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited performance statement to confirm the information contained in the website version of the performance statement.

MELBOURNE
28 September 2011


J D R Pearson
Auditor-General