

## 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 XX to XX of the Annual Report. They have not been prepared in accordance with all Australian Accounting Standards or other authoritative professional pronouncements.

The Standard Statements compare council's financial plan, expressed through its budget, with actual performance. The Local Government Act 1989 requires explanation of any material variances. The Council has adopted a materiality threshold of XX 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 XX July 2005. The budget was based on assumptions that were relevant at the time of adoption of the budget. The Council set guidelines and parameters for revenue and expense targets in this budget in order to meet council's business plan and financial performance targets for both the short and long term. The budget did not reflect any changes to equity resulting from assets revaluations, as their impacts were not considered predictable.

Detailed information on the actual financial results are contained in the General Purpose Financial Statements Report on pages XX to XX. The detailed budget can be obtained by contacting council or through the council's website. The Standard Statements must be read with reference to these documents.

## STANDARD INCOME STATEMENT

For the year ending 30 June 2006

	<i>Budget</i> 2005/2006 \$'000	<i>Variances</i> \$'000      %		<i>Ref</i>	<i>Actuals</i> 2005/2006 \$'000
<b>Revenue</b>					
Rates and charges	43,357	2,916	6.7		46,273
Recurrent grants	13,000	1,000	7.7	1	12,000
Non-recurrent grants	3,500	5,500	157.1	2	9,000
Contributions	1,613	398	24.7		2,011
User fees	7,442	386	5.2	3	7,828
Statutory fees and fines	2,703	115	4.3		2,818
Other revenue	3,542	338	9.5	4	3,204
<b>Total revenue</b>	<b>75,157</b>	<b>7,977</b>	<b>10.6</b>		<b>83,134</b>
<b>Expenses</b>					
Employee benefits	34,421	946	2.7		35,367
Materials and services	19,843	1,904	9.6	5	17,939
Bad and doubtful debts	2,940	773	26.3		2,167
Finance costs	320	73	22.8		247
Depreciation and amortisation	14,809	378	2.6		15,187
Other expenses	6,485	824	12.7	6	7,309
<b>Total expenses</b>	<b>78,818</b>	<b>602</b>	<b>0.8</b>		<b>78,216</b>
Net gain (loss) on disposal of assets	1,105	626	56.7	7	479
<b>Surplus (deficit) for the period</b>	<b>(2,556)</b>	<b>7,953</b>	<b>311.2</b>		<b>5,397</b>

## STANDARD INCOME STATEMENT

For the year ending 30 June 2006

### Variance Explanation Report

<u>Ref.</u>	<u>Item</u>	<u>Explanation</u>
1	Recurrent grants (revenue)	There was a decrease of funding of \$1 million from the Victorian grants commission due to changes in the funding formula during the year.
2	Non-recurrent grants (revenue)	An unexpected capital grant of \$5.5 million for construction of a new sporting complex for the Commonwealth Games was received during the year, following a late Government decision to relocate the venue.
3	User fees (revenue)	New golf course constructed by Council last year was widely patronised resulting in increased user charges revenue of \$500,000.
4	Other revenue (revenue)	Delays in private works contracting resulted in a reduction in revenue from this source of \$400,000 during the year.
5	Materials and services (expenses)	Council's road maintenance unit was unsuccessful in the tender for major works for the new link road resulting in a reduction in anticipated costs of \$2 million.
6	Other expenses (expenses)	A successful negotiation of reduced public liability insurance resulted in a premium decrease of \$400,000. This was a direct result of the introduction of Council's innovative safety protocol.
7	Net gain (loss) on disposal of assets	A change in Council policy during the year to increase the changeover criteria on motor vehicles from 40,000km to 60,000km resulted in reduced proceeds from motor vehicle sales of \$600,000.

**STANDARD BALANCE SHEET**

As at 30 June 2006

	<i>Budget</i> 2005/2006 \$'000	<i>Variances</i> \$'000      %		<i>Ref</i>	<i>Actuals</i> 2005/2006 \$'000
<b><i>Current assets</i></b>					
Cash and cash equivalents	18,033	221	1.2	<b>8</b>	18,254
Trade and other receivables	5,093	374	7.3		5,467
Non-current assets classified as held for sale	6	-	-		6
Other	-	-	-		-
<b>Total current assets</b>	<b>23,132</b>	<b>595</b>	2.6		<b>23,727</b>
<b><i>Non-current assets</i></b>					
Trade and other receivables	11	1	9.1	<b>9</b>	12
Property, plant and equipment, infrastructure	509,432	9,249	1.8		518,681
Financial assets	196	4	2.0	<b>10</b>	200
<b>Total non-current assets</b>	<b>509,639</b>	9,254	1.8		<b>518,893</b>
<b>Total assets</b>	<b>532,771</b>	<b>9,849</b>	1.8		<b>542,620</b>
<b><i>Current liabilities</i></b>					
Trade and other payables	5,168	124	2.4		5,292
Interest bearing loans and borrowings	2,704	1,543	57.1		1,161
Provisions	3,548	144	4.1		3,692
Trust funds and deposits	574	14	2.4		588
<b>Total current liabilities</b>	<b>11,994</b>	<b>1,261</b>	10.5		<b>10,733</b>
<b><i>Non-current liabilities</i></b>					
Interest bearing loans and borrowings	3,344	779	23.3	<b>11</b>	2,565
Provisions	3,415	145	4.2		3,270
<b>Total non-current liabilities</b>	<b>6,759</b>	<b>924</b>	13.7		<b>5,835</b>
<b>Total liabilities</b>	<b>18,753</b>	<b>2,185</b>	11.7		<b>16,568</b>
<b>Net assets</b>	<b>514,018</b>	<b>12,034</b>	2.3		<b>526,052</b>
<b><i>Equity</i></b>					
Accumulated surplus	394,809	5,397	1.4		400,206
Asset revaluation reserve	107,840	6,637	6.2	<b>12</b>	114,477
Other reserves	11,369	-	-		11,369
<b>Total equity</b>	<b>514,018</b>	<b>12,034</b>	2.3		<b>526,052</b>

## STANDARD BALANCE SHEET

As at 30 June 2006

### Variance Explanation Report

<u>Ref.</u>	<u>Item</u>	<u>Explanation</u>
8	Cash assets and cash equivalents	Improved collection of debts during the year together with the unexpected increase in golf course revenue boosted cash assets by \$250,000.
9	Trade and other receivables (non-current)	A loan was made to a prominent community group following the destruction of their premises by fire. The funds were used to construct new premises.
10	Financial assets	Due to the increased cash position noted above, an additional \$4,000 was invested into a 2 year managed fund at a highly competitive interest rate.
11	Interest bearing loans and borrowings (non-current)	The anticipated borrowings required for the new sporting complex were not required due to receipt of the unexpected capital grant.
12	Asset revaluation reserve	Revaluations of property and infrastructure during the year resulted in unexpected increases to the asset revaluation reserve by \$6.6 million. No reliable budget forecast was able to be made for the revaluations.

## STANDARD CASH FLOW STATEMENT

For the year ending 30 June 2006

	Budget		Variances		Actuals
	2005/2006				Ref 2005/2006
	\$'000	\$'000	%		\$'000
<b>Cash flows from operating activities</b>					
Receipts from customers	57,248	1,510	2.6		58,758
Payments to suppliers	(64,950)	2,152	3.3		(62,798)
<b>Net cash inflow (outflow) from customers/suppliers</b>	<b>(7,702)</b>	<b>3,662</b>	<b>47.5</b>	<b>13</b>	<b>(4,040)</b>
Interest received	1,179	85	7.2	<b>14</b>	1,264
Government receipts	18,113	4,898	27.0		23,011
Other	-	-	-		-
[Specify as needed]	-	-	-		-
[Specify as needed]	-	-	-		-
[Specify as needed]	-	-	-		-
<b>Net cash inflow (outflow) from operating activities</b>	<b>11,590</b>	<b>8,645</b>	<b>74.6</b>	<b>15</b>	<b>20,235</b>
<b>Cash flows from investing activities</b>					
Proceeds from sale of property, plant and equipment, infrastructure	3,174	387	12.2	<b>16</b>	3,561
Proceeds from sale of other financial assets	189	189	100.0	<b>17</b>	-
Payments for property, plant and equipment, infrastructure	(21,744)	863	4.0	<b>18</b>	(20,881)
Payments for other financial assets	-	4	-		(4)
[Specify as needed]	-	-	-		-
[Specify as needed]	-	-	-		-
[Specify as needed]	-	-	-		-
<b>Net cash inflow (outflow) from investing activities</b>	<b>(18,381)</b>	<b>1,057</b>	<b>5.8</b>	<b>19</b>	<b>(17,324)</b>
<b>Cash flows from financing activities</b>					
Proceeds from interest bearing loans and borrowings	-	-	-		-
Repayment of interest bearing loans and borrowings	(1,161)	1,529	131.7		(2,690)
Other	-	-	-		-
[Specify as needed]	-	-	-		-
[Specify as needed]	-	-	-		-
[Specify as needed]	-	-	-		-
<b>Net cash inflow (outflow) from financing activities</b>	<b>(1,161)</b>	<b>1,529</b>	<b>131.7</b>		<b>(2,690)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(7,952)</b>	<b>8,173</b>	<b>102.8</b>		<b>221</b>
Cash and cash equivalents at the beginning of the year	25,985	7,952	30.6		18,033
<b>Cash and cash equivalents at the end of the year</b>	<b>18,033</b>	<b>221</b>	<b>1.2</b>		<b>18,254</b>
<b>Reconciliation of Surplus (Deficit) and Net Cash Flows from Operating Activities</b>					
<b>For the year ending 30 June 2006</b>					
<b>Surplus (deficit)</b>	<b>(2,556)</b>	<b>7,953</b>	<b>311.2</b>		<b>5,397</b>
Depreciation and amortisation	14,809	378	2.6		15,187
(Profit) Loss on sale of property, plant and equipment, infrastructure	(1,105)	626	56.7		(479)
Net movement in current assets and liabilities	442	312	70.6		130
<b>Net cash inflow (outflow) from operating activities</b>	<b>11,590</b>	<b>8,645</b>	<b>74.6</b>		<b>20,235</b>

## STANDARD CASH FLOW STATEMENT

For the year ending 30 June 2006

### Variance Explanation Report

<u>Ref.</u>	<u>Item</u>	<u>Explanation</u>
13	Net cash inflow (outflow) from customers/suppliers	An increase in user charges generated by the new golf course and reduced contract costs related to the unsuccessful tender for the new link road.
14	Interest received (inflow)	Better than expected interest rates together with additional cash holdings throughout the year resulted in additional interest received on cash and short term investments.
15	Net cash inflow (outflow) from operating activities	The net variance resulted from the combination of variances 13 to 14 above together with increased grants receipts for the new sporting complex.
16	Proceeds from sale of property, plant and equipment, infrastructure	The unexpected sale of a major piece of construction equipment resulted in increased proceeds from plant and equipment sales of \$350,000.
17	Proceeds from sale of other financial assets	The proposed sale of the Council share in the joint venture did not proceed due to legal issues.
18	Payments for property, plant and equipment, infrastructure	Expected major plant purchases relating to the tender for the new link road did not eventuate as the tender was not successful.
19	Net cash inflow (outflow) from investing activities	The net variance resulted from the combination of variances 16 to 18 above.

## STANDARD STATEMENT OF CAPITAL WORKS

For the year ending 30 June 2006

Capital Works Areas	Budget	Variances		Ref	Actuals
	2005/2006 \$'000	\$'000	%		2005/2006 \$'000
Roads	6,476	525	8.1		7,001
Drainage	2,213	1,570	70.9		643
Parks, open space and streetscapes	2,947	905	30.7	20	3,852
Buildings	5,387	1,459	27.1	21	6,846
Plant and equipment	4,721	2,182	46.2		2,539
Other	-	-	-		-
<b>Total capital works</b>	<b>21,744</b>	<b>863</b>	4.0		<b>20,881</b>
<b>Represented by:</b>					
Renewal of infrastructure	4,481	514	11.5		3,967
Upgrade of infrastructure	3,481	975	28.0		2,506
Expansion of infrastructure	2,481	1,019	41.1		1,462
New infrastructure	1,193	2,368	198.5		3,561
New buildings	5,387	1,459	27.1		6,846
New plant and equipment	4,721	2,182	46.2		2,539
Other	-	-	-		-
<b>Total capital works</b>	<b>21,744</b>	<b>863</b>	4.0		<b>20,881</b>

Property, plant and equipment, infrastructure movement reconciliation worksheet	Budget	Variances			Actuals
	2005/2006 \$'000	\$'000	%		2005/2006 \$'000
The movement between the previous year and the current year in property, plant and equipment, infrastructure as shown in the Balance Sheet links to the net of the following items:					
Total capital works	21,744	863	4.0		20,881
Asset revaluation movement	-	6,637	-		6,637
Depreciation and amortisation	(14,809)	378	2.6		(15,187)
Written down value of assets sold	(2,069)	1,013	49.0		(3,082)
<b>Net movement in property, plant and equipment, infrastructure</b>	<b>4,866</b>	<b>4,383</b>	90.1		<b>9,249</b>

## STANDARD STATEMENT OF CAPITAL WORKS

For the year ending 30 June 2006

### Variance Explanation Report

<u>Ref.</u>	<u>Item</u>	<u>Explanation</u>
20	Parks, open space and streetscapes	New capital works of \$1 million at the riverside park were delayed due to the unexpected floods in April.
21	Buildings	Building upgrade and extension works of \$2 million at the Council depot were delayed due to not yet receiving a clearance report from a soil analysis.

**STANDARD STATEMENTS  
FOR THE YEAR ENDING 30 JUNE 2006**

**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

Dated:

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 XX August 2006, to certify the standard statements in their final form.

Councillor

Dated:

Councillor

Dated:

Chief Executive Officer

Dated: