

# LODDON SHIRE COUNCIL

STANDARD STATEMENTS FOR THE  
YEAR ENDING 30 JUNE 2014



## INDEX

INDEX	2
INTRODUCTION	2
GLOSSARY	3
STANDARD INCOME STATEMENT	5
STANDARD BALANCE SHEET	6
STANDARD CASH FLOW STATEMENT	7
STANDARD CAPITAL WORKS STATEMENT	8
STANDARD STATEMENT VARIANCE EXPLANATION REPORT	9
CERTIFICATION OF STANDARD STATEMENTS	15

## INTRODUCTION

### **(a) Basis of preparation of standard statements**

Council is required to prepare and include audited standard statements within its Annual Report. Four statements are required - a Standard Income Statement, Standard Balance Sheet, Standard Cash Flow Statement, and Standard Statement of Capital Works, together with explanatory notes.

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 the general purpose financial statements and the Budget. The results reported in these statements are consistent with those reported in the general purpose financial statements.

The standard statements are not a substitute for the general purpose financial statements. They have 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 10 per cent or a positive or negative dollar variance of \$10,000. 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 statements are those adopted by Council on 24 June 2013. 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 asset revaluations, as their impacts were not considered predictable.

Detailed information on the actual financial results are contained in the General Purpose Financial Statements. 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.

## GLOSSARY

The following information is included to provide the reader with information about each of the standard statements presented in this report.

### **Standard Income Statement**

The Standard Income Statement for the Annual Report shows what has happened or is expected to happen during a year in terms of revenue, expenses, and other adjustments from all activities during a financial year. The 'surplus/(deficit) for Year' shows the total difference between Council's financial position at the beginning and the end of the year.

The Standard Income Statement requires revenues to be separately disclosed where the item is of such a size, nature or incidence that its disclosure is relevant in explaining the performance of the Council.

The Standard Income Statement for the Annual Report also shows the movement in equity, so that a separate Statement of Changes in Equity is not necessary. The most common disclosures under this category are the movements in the Asset Revaluation Reserve which arise upon revaluations of assets and adjustments to opening accumulated surplus due to adoption of a new accounting standard.

### **Standard Balance Sheet**

The Standard Balance Sheet shows a snapshot of all the assets and liabilities as at 30 June 2014. It shows the total of what is owned (assets) less what is owed (liabilities). The bottom line of this statement is net assets, which is the net worth of Council.

The change in net assets between two year's Standard Balance Sheets shows how the financial position has changed over that period.

The assets and liabilities are separated into current and non-current.

### **Standard Cash Flow Statement**

A Standard Cash Flow Statement shows what has happened or what is expected to happen during a financial year in terms of cash inflows and outflows from all activities. It explains what cash movements have resulted in the difference in the cash balance at the beginning and the end of the year. The Net Cash Flows from Operating Activities show how much cash remains or is expected to remain after paying for providing services to the community which may be invested in things such as capital works.

Cash in this statement refers to bank deposits and other forms of highly liquid investments that can readily be converted to cash, such as cash invested with funds managers, net of bank overdrafts.

Cash arises from, and is used in, three main activities.

#### Cash flow from operating activities

##### *Receipts:*

All cash received from ratepayers and others who owed money to Council as part of its normal operations.

##### *Payments:*

All cash paid by Council to staff, creditors and other persons as part of its normal operations.

#### Cash flows from investing activities

Cash flows from investing activities are those activities which relate to acquisition and disposal of non-current assets, including property, plant and equipment and other productive assets, and investments not falling within the definition of cash.

## **GLOSSARY (CONTINUED)**

### **Standard Cash Flow Statement (continued)**

#### Cash flows from financing activities

Cash flows from financing activities are those activities which relate to changing the size and composition of the financial structure of the entity, including equity, and borrowings not falling within the definition of cash.

The bottom line of the Standard Cash Flow Statement is the cash at end of financial year. This shows the capacity of Council to meet its debts and other liabilities.

The information in a Standard Cash Flow Statement assists in the assessment of Council's ability to generate cash flows and meet financial commitments as they fall due, including the servicing of borrowings, fund changes in the scope or nature of activities, and obtain external finance.

### **Standard Statement of Capital Works**

The Standard Statement of Capital Works sets out all capital expenditure that has been spent or is expected to be spent in relation to non-current assets during a financial year.

It also shows whether this expenditure is renewing, expanding or upgrading existing assets or creating new assets. This is important because each of these categories has a different impact on Council's future costs.

#### Capital renewal

Capital renewal expenditure is 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 of the asset being renewed.

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

#### Capital expansion

Capital expansion expenditure 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 groups.

#### Capital upgrade

Capital upgrade expenditure 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.

Capital 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 Council's asset base.

#### New capital expenditure

New capital expenditure does not have any element of expansion or upgrade of existing assets. New capital expenditure may or may not result in additional revenue for Council and will result in an additional burden for future operation, maintenance and capital renewal.

**STANDARD INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2014**

	Ref	Budget \$	Actuals \$	Variance \$	Variance %
<b>INCOME FROM TRANSACTIONS</b>					
Rates and charges		8,632,465	8,651,565	19,100	0.2
Grants - operating	1	9,734,095	4,092,632	(5,641,463)	(58.0)
Grants - capital	1	2,569,289	6,164,654	3,595,365	139.9
User charges and statutory fees		1,734,339	1,564,819	(169,520)	(9.8)
Reimbursements and subsidies	2	243,300	363,485	120,185	49.4
Vicroads	3	1,016,558	1,211,567	195,009	19.2
Interest received	4	376,000	504,627	128,627	34.2
Net gain/(loss) on disposal of assets	5	200,000	(108,251)	(308,251)	(154.1)
Other revenue		-	24,407	24,407	-
<b>TOTAL INCOME FROM TRANSACTIONS</b>		<b>24,506,046</b>	<b>22,469,505</b>	<b>(2,036,541)</b>	<b>(8.3)</b>
<b>EXPENSES FROM TRANSACTIONS</b>					
Employee benefits		9,587,343	9,850,534	(263,191)	(2.7)
Materials, services and contracts		7,431,970	8,153,206	(721,236)	(9.7)
Depreciation		8,132,337	8,079,436	52,901	0.7
Interest expense		32,000	26,076	5,924	18.5
Other expenses		269,000	287,288	(18,288)	(6.8)
Bad debts		-	10,599	(10,599)	-
<b>TOTAL EXPENSES FROM TRANSACTIONS</b>		<b>25,452,650</b>	<b>26,407,139</b>	<b>(954,489)</b>	<b>(3.8)</b>
<b>OTHER ECONOMIC FLOWS</b>					
Adjustment to carrying value of library corporation		-	(16,813)	(16,813)	-
<b>TOTAL OTHER ECONOMIC FLOWS</b>		<b>-</b>	<b>(16,813)</b>	<b>(16,813)</b>	<b>-</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>(946,604)</b>	<b>(3,954,447)</b>	<b>(3,007,843)</b>	<b>317.8</b>

The accompanying notes form part of this financial report.

**STANDARD BALANCE SHEET**  
**AS AT 30 JUNE 2014**

<b>ASSETS</b>	<b>Ref</b>	<b>Budget</b> <b>\$</b>	<b>Actuals</b> <b>\$</b>	<b>Variance</b> <b>\$</b>	<b>Variance</b> <b>%</b>
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	6	8,155,772	13,931,959	5,776,187	70.8
Trade and other receivables	7	372,649	1,613,409	1,240,760	333.0
Financial assets	8	86,524	273,852	187,328	216.5
Inventories	9	281,664	217,025	(64,639)	(22.9)
Non-current assets held for resale		-	33,775	33,775	-
<b>TOTAL CURRENT ASSETS</b>		<b>8,896,609</b>	<b>16,070,020</b>	<b>7,173,411</b>	<b>80.6</b>
<b>NON-CURRENT ASSETS</b>					
Trade and other receivables	7	33,515	427,726	394,211	1,176.2
Property, plant and equipment, infrastructure		273,877,395	276,425,398	2,548,003	0.9
Other assets	10	919,951	1,222,103	302,152	32.8
<b>TOTAL NON-CURRENT ASSETS</b>		<b>274,830,861</b>	<b>278,075,227</b>	<b>3,244,366</b>	<b>1.2</b>
<b>TOTAL ASSETS</b>		<b>283,727,470</b>	<b>294,145,247</b>	<b>10,417,777</b>	<b>3.7</b>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Trade and other payables	11	250,000	857,103	(607,103)	(242.8)
Interest bearing loans and borrowings	12	144,500	129,205	15,295	10.6
Trust funds and deposits	13	288,405	599,427	(311,022)	(107.8)
Provisions	14	2,604,473	2,315,341	289,132	11.1
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,287,378</b>	<b>3,901,076</b>	<b>(613,698)</b>	<b>(18.7)</b>
<b>NON-CURRENT LIABILITIES</b>					
Interest bearing loans and borrowings	12	153,416	131,145	22,271	14.5
Provisions	14	2,783,227	2,353,192	430,035	15.5
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,936,643</b>	<b>2,484,337</b>	<b>452,306</b>	<b>15.4</b>
<b>TOTAL LIABILITIES</b>		<b>6,224,021</b>	<b>6,385,413</b>	<b>(161,392)</b>	<b>(2.6)</b>
<b>NET ASSETS</b>		<b>277,503,449</b>	<b>287,759,834</b>	<b>10,256,385</b>	<b>3.7</b>
<b>Represented by:</b>					
Accumulated surplus	15	125,067,999	96,190,574	(28,877,425)	(23.1)
Asset revaluation reserve	16	148,212,487	181,989,954	33,777,467	22.8
Other reserves	17	4,222,963	9,579,306	5,356,343	126.8
<b>TOTAL EQUITY</b>		<b>277,503,449</b>	<b>287,759,834</b>	<b>10,256,385</b>	<b>3.7</b>

The accompanying notes form part of this financial report.

**STANDARD CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2014**

	Ref	Budget \$	Actuals \$	Variance \$	Variance %
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<i>Receipts</i>					
Rates and charges	18	8,641,822	7,314,402	(1,327,420)	(15.4)
Grants - operating	19	9,734,095	4,770,999	(4,963,096)	(51.0)
Grants - capital	19	2,569,289	9,092,688	6,523,399	253.9
Interest	20	376,000	504,627	128,627	34.2
User charges		1,706,851	1,788,365	81,514	4.8
Reimbursements	21	267,630	415,412	147,782	55.2
Vicroads	22	1,118,214	1,384,648	266,434	23.8
Net GST refund	23	1,453,011	846,857	(606,154)	(41.7)
<b>Total receipts</b>		<b>25,866,912</b>	<b>26,117,998</b>	<b>251,086</b>	
<i>Payments</i>					
Employee benefits		(9,462,343)	(9,677,368)	(215,025)	2.3
Materials and contracts	24	(8,496,603)	(10,889,605)	(2,393,002)	28.2
<b>Total payments</b>		<b>(17,958,946)</b>	<b>(20,566,973)</b>	<b>(2,608,027)</b>	
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		<b>7,907,966</b>	<b>5,551,025</b>	<b>(2,356,941)</b>	<b>(29.8)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from sale of property, plant and equipment, infrastructure		1,265,026	1,142,780	(122,246)	(9.7)
Payments for property, plant and equipment, infrastructure	25	(8,416,833)	(10,046,692)	(1,629,859)	19.4
<b>NET CASH INFLOW/(OUTFLOW) USED IN INVESTING ACTIVITIES</b>		<b>(7,151,807)</b>	<b>(8,903,912)</b>	<b>(1,752,105)</b>	<b>24.5</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Trust funds and deposits	26	(77,200)	181,798	258,998	(335.5)
Interest expense		(32,000)	(26,076)	5,924	(18.5)
Repayment of borrowings	27	(144,500)	(182,526)	(38,026)	26.3
<b>NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES</b>		<b>(253,700)</b>	<b>(26,804)</b>	<b>226,896</b>	<b>(89.4)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>502,459</b>	<b>(3,379,691)</b>	<b>(3,882,150)</b>	<b>(772.6)</b>
Cash and cash equivalents at the beginning of the financial year		7,653,313	17,311,650	9,658,337	126.2
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>		<b>8,155,772</b>	<b>13,931,959</b>	<b>5,776,187</b>	<b>70.8</b>

The accompanying notes form part of this financial report.

**STANDARD STATEMENT OF CAPITAL WORKS  
FOR THE YEAR ENDED 30 JUNE 2014**

	Ref	Budget \$	Actuals \$	Variance \$	Variance %
<b>CAPITAL WORKS AREA</b>					
Land and buildings	28	2,761,178	4,792,366	(2,031,188)	(73.6)
Plant and equipment	28	1,195,020	827,280	367,740	30.8
Roadworks	28	4,094,885	3,985,660	109,225	2.7
Urban drainage	28	365,750	654,402	(288,652)	(78.9)
<b>TOTAL CAPITAL WORKS</b>		<b>8,416,833</b>	<b>10,259,708</b>	<b>(1,842,875)</b>	<b>(21.9)</b>
		<b>Budget \$</b>	<b>Actuals \$</b>	<b>Variance \$</b>	<b>Variance %</b>
<b>REPRESENTED BY:</b>					
Renewal and upgrade	29	6,637,313	9,049,615	(2,412,302)	(36.3)
New assets	29	1,779,520	1,210,093	569,427	32.0
<b>TOTAL CAPITAL WORKS</b>		<b>8,416,833</b>	<b>10,259,708</b>	<b>(1,842,875)</b>	<b>(21.9)</b>

The accompanying notes form part of this financial report.

**Reconciliation of net movement in property, infrastructure, plant and equipment**

	Ref	Budget \$	Actuals \$	Variance \$	Variance %
Total capital works		8,416,833	10,259,708	(1,842,875)	(21.9)
Less capital purchases		-	(330,362)	330,362	-
Asset revaluation movement		19,526,106	21,563,550	(2,037,444)	(10.4)
Depreciation		(8,132,337)	(8,079,436)	(52,901)	0.7
Written down value of assets sold		-	(1,251,031)	1,251,031	-
Change in restoration liabilities		-	196,176	(196,176)	
<b>Net movement in property, plant and equipment and infrastructure</b>		<b>19,810,602</b>	<b>22,358,605</b>	<b>(2,548,003)</b>	<b>(12.9)</b>



## **STANDARD STATEMENTS VARIANCE EXPLANATION REPORT**

Council has experienced numerous changes to the finances during the reporting year, resulting in many variances.

Council regularly resolves to informally revise the Budget to incorporate these changes, however, this is for internal reporting purposes only, and these budget revisions have not been included in the standard statements variance explanation report.

Budget revisions are reported to Council via the monthly finance report in order to keep Council updated with material financial changes, and in an attempt to keep the financial data as relevant as possible.

For the purposes of preparing the Standard Cash Flow Statement, operating activities are GST inclusive. i.e. GST has been included in the relevant areas where it has been paid or charged. Figures included in the Standard Income Statement are GST exclusive.

The following notes are provided to explain variances between the Budget adopted by Council at the commencement of the financial year and the actual results for the year, as required by the Act.

### **Standard Income Statement**

#### **1 Grants**

Grants recognised as revenue during the year were significantly lower than anticipated. Overall grants were \$2.05M or 16.6% lower than budgeted.

This result was partially made up of a number of grants which were received but not originally budgeted for. These mainly relate to new grant funded projects announced throughout the year. These amounts are offset by a number of grants and contributions which were originally budgeted for but not fully received, due to changed circumstances, or a delay in milestone works being completed.

Other major variances include the Victorian Grants Commission funding where we budgeted to receive a full four payments during 2013/14, but in late June a 50% upfront payment was received.

#### **Major items higher than budget include:**

Roads to Recovery - final year of program	\$391,538
Wedderburn Community Centre redevelopment	\$796,016
Bridgewater foreshore project	\$124,000
Boort eastern entry stage 3 works	\$180,000
Federal flood funding - program now complete	\$179,979
Economic development strategy update	\$40,500
Ignite your business program	\$20,000
Centenary of ANZAC celebrations	\$18,182
Fire Services Property Levy implementation	\$61,078
Flood mitigation survey and design works	\$29,750
Pyramid Hill netball court works	\$23,701
Loddon swimming pools solar hot water installation	\$25,003

## STANDARD STATEMENTS VARIANCE EXPLANATION REPORT (CONTINUED)

### 1 Grants (continued)

#### Major items lower than budget include:

Victoria Grants Commission - General revenue grant	\$1,812,830
Victoria Grants Commission - Local roads funding	\$1,478,358
Inglewood industrial estate development	\$198,500
Local Government Infrastructure Program (LGIP) Serpentine Pavilion works	\$66,945
LGIP Wedderburn streetscape upgrade	\$257,395
LGIP Bridgewater foreshore project	\$51,478
LGIP Boort Caravan Park works	\$128,698
LGIP Pyramid Hill streetscape upgrade	\$51,478

### 2 Reimbursements and subsidies

Reimbursements and subsidies show a decrease against the budget of \$120K or 49.4%.

#### Major items higher than budget include:

Workcover claims - is also offset by higher expenditure	\$67,418
Fuel rebate	\$35,996
Bridgewater Bowling Club reimbursement of costs incurred	\$45,182
Wedderburn scout hall relocation works reimbursement of costs incurred	\$10,000

#### Major items lower than budget include:

Private works - outdoor crew have been busy with other works	\$46,023
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### 3 Vicroads

Vicroads funding was \$195K or 19.2% higher than the expected budget for the 2013/14 year. This was a direct result of an increase in works being undertaken by Council on behalf of Vicroads, with a commensurate increase against associated expenditure.

### 4 Interest received

Interest received was \$129K or 34.2% higher than the expected budget. This was due to a large amount of cash available on hand for investing due to a delay in major projects such as the Bridgewater Caravan Park flood restoration works, the Wedderburn Community Centre redevelopment and the Local Government Infrastructure Program (LGIP) works.

### 5 Net gain / (loss) on disposal of assets

Net gain / (loss) on disposal of assets was \$308K or 154.1% lower than the expected budget. This was mainly due to the decline in the used car and machinery market, with a profit expected from the sale of many pieces of equipment purchased to complete the flood restoration works. Of this total, a \$76K loss was recorded for sales in plant and equipment, \$4K loss in furniture and equipment that was no longer required, and \$28K loss for land sales.

## **STANDARD STATEMENTS VARIANCE EXPLANATION REPORT (CONTINUED)**

### **Standard Balance Sheet**

#### **6 Cash and cash equivalents**

Council's cash and cash equivalents at the end of the financial year were \$5.8M, or 70.8% higher than budgeted.

Council's cash includes general, long service leave, and reserve funds. Long service leave funds and general funds were reasonably close to budget. However, reserve funds were well above budget with Council holding \$5.4M more than budget, just in the general reserves at year end. This is due to the level of reserves on hand at year end being significantly higher than originally budgeted. This was a result of incomplete works being carried over and additional grants received during the year not being fully expended

The major reserve increases over budget are for unexpended grants of \$5M, the community planning reserve of \$719K, Councillor initiatives of \$441K and unfunded superannuation of \$500K. The major reserves which are lower than the expected budget are major projects of \$520K and economic development of \$307K.

#### **7 Trade and other receivables**

Trade and other receivables (both current and non current) show a dramatic increase over budget of \$1.6M or 402.5%. This is due to an increased number of invoices processed during the later part of the month, for which no payment was received by 30 June.

The main components of this large amount is \$335K in relation to the final claim for flood restoration works, \$335K in relation to unpaid Vicroads invoices, and a \$200K instalment for the Inglewood Town Hall project.

#### **8 Financial assets**

Financial assets are made up of prepayments of \$175K and accrued income \$99K. The budget allowed for \$87K in total for prepayments and accrued income.

#### **9 Inventories**

Financial assets consist of inventories. The Budget predicted that there would be \$282K inventories on hand at the end of the year. However actual inventories on hand at the end of 2013/14 totalled \$217K.

#### **10 Other assets**

Other assets which consist of water rights and Loddon Shire's investment in the regional library services at the end of the financial year were \$302K or 32.8% higher than budgeted.

Part of this variation is due to Council purchasing further water rights during 2013/14 for the Boort district totalling \$330K and the granted water rights from the Boort Park of \$21K. Other valuations within this category are affected by either the library's financial performance and the market forces in play for water rights. Both of these items are outside Council's control.

## STANDARD STATEMENTS VARIANCE EXPLANATION REPORT (CONTINUED)

### 11 Trade and other payables

Trade and other payables show a significant variation of \$607K or 242.8% over budget. This is due to an increased number of invoices processed in the later part of the month of June and early in July for which no payment had been affected. Accrued payments consist of \$555K and trade creditors of \$270K of this balance sheet item.

### 12 Interest bearing loans and borrowings

Interest bearing loans and borrowings are \$38K or 12.6% lower than expected budget. During the 2013/14 year, Council repaid the remaining loan balance on the Bridgewater industrial site when it was sold. Council now only has borrowings for the Wedderburn office construction.

### 13 Trust funds and deposits

Trust funds and deposits are \$311K or 107.8% higher than expected budget. This includes trusts of \$306K for contract retentions, \$121K for the Wedderburn Pre-school, \$95K for the Fire Services Property Levy holdings and \$40K for building sureties.

### 14 Provisions

Provisions are \$719K or 13.3% lower than expected budget. Employee benefits were budgeted to be \$385K higher than actual result and provisions were budgeted to be \$334K higher than expected. This is mainly due to a higher expected result for the 2012/13 projected result.

### 15 Accumulated surplus

Accumulated surplus shows a variation of \$29M or 23.1% lower result in comparison to budget. One of the main factors are a \$4.03M operating loss, compared to budgeted loss of \$947K, along with an actual 2012/13 accumulated surplus opening balance of \$95M compared to an expected opening balance budgeted of \$126M. This is because a significant amount of flood rectification works originally classified as capital were required to be treated as operating.

### 16 Asset revaluation reserve

Asset revaluation reserve shows a variation of \$33.8M or 22.8% higher result in comparison to budget. The main factor is that the budget does not allow for any increase in assets; these are undertaken at the end of each financial year using indexation methodology.

### 17 Other reserves

Other reserves show a significant variation of \$5.4M or 126.8% in comparison to budget.

#### Major reserves higher than budget include:

Unspent grants	\$5,033,253
Community planning	\$718,924
Unfunded superannuation	\$500,000
Councillors initiatives	\$441,152

#### Major reserves lower than budget include:

Major projects	\$520,152
Economic development	\$307,460
Capital expenditure	\$115,898
Plant replacement	\$137,528

## **STANDARD STATEMENTS VARIANCE EXPLANATION REPORT (CONTINUED)**

### **Standard Cash Flow Statement**

#### **18 Rates and charges**

Rates and charges show a decrease on budget of \$1.3M or 15.4%. This mainly relates to outstanding amounts that have not been received at the end of the year with higher amounts collected due to the Fire Services Property Levy.

#### **19 Grants - operating and capital**

Grants show a \$1.6M or 12.7% increase in expected budget. This is mainly due to additional grants that have been approved throughout the year, which generate more grants income.

#### **20 Interest**

Interest received was \$129K or 34.2% higher than the expected budget. This was due to a large amount of cash available on hand for investing. Further information is contained in Note 4.

#### **21 Reimbursements**

Reimbursements show an increase over budget of \$148K, or 55.2%. This mainly relates to the increase in reimbursements received as detailed in Note 2.

#### **22 Vicroads**

Receipts from Vicroads funding was \$266K or 23.8% higher than the budget for the 2013/14 year. This was a direct result of an increase in works being undertaken by Council on behalf of Vicroads, with an offset of increased associated expenditure.

#### **23 Net GST refund**

Net GST refunds shows a decrease over budget of \$606K, or 41.7%.

#### **24 Materials and contracts**

Payments for materials and contracts are \$2.4M or 28.2% higher than the expected budget. This is mainly due to a large amount of works that were carried over as unspent at the beginning of 2013/14 which were not budgeted for.

#### **25 Payments for property, plant and equipment, infrastructure**

Payments for property, plant and equipment is \$1.6M or 19.4% higher than the original budget. This is mainly due to a large amount of capital works and major capital purchases that were carried over as unspent at the beginning of 2013/14. These were not budgeted for.

#### **26 Trust funds and deposits**

Movement in trust funds and deposits were \$259K or 335.5% higher than budgeted. This is due to a large balance of contract retentions, \$306K, and Fire Services Property Levy of \$95K, that were in trust at 30 June 2014.

#### **27 Repayment of borrowings**

Movement in borrowings is \$38K or 26.3% higher than budgeted due to the earlier than expected repayment of the Bridgewater industrial estate loan.

## **STANDARD STATEMENTS VARIANCE EXPLANATION REPORT (CONTINUED)**

### **Standard Statement of Capital Works**

#### **28 Capital expenditure on property, plant and equipment**

Capital expenditure on property, plant and equipment was \$1.8M or 21.9% higher than budget. Within the asset classes there is significant variance to budget. These are explained by the following:

##### Land and buildings

Land and buildings shows a significant over expenditure of \$2.03M or 73.6% variation compared to budget. This is mainly due to expenditure for the Wedderburn Community Centre redevelopment of \$1.18M and the Bridgewater Caravan Park restoration works of \$2.53M which were carried forward as unspent grants from the 2012/13 financial year. This is partially offset by lower than expected expenditure on the Inglewood industrial estate of \$407K and various LGIP projects of \$509K, each of these have been carried over into 2014/15 through the appropriate reserves.

##### Plant and equipment

Plant and equipment shows a variance of \$368K or 30.8% lower actual compared to budget. This is mainly due to the delay of major equipment purchases which are on order but have not yet been supplied.

##### Roadworks

Roadworks shows a variance of \$109K or 2.7% variance against budget.

##### Urban drainage

Urban drainage shows a variation of \$289K or 78.9% actual higher compared to budget. This is mainly due to works that were not complete at the end of 2012/13 and were therefore carried over into 2013/14 to be completed.

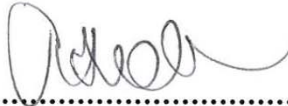
#### **29 Renewal and upgrade**

Renewal and upgrade was \$2.4M or 36.3% higher than budget, and this mainly relates to land and buildings capital works as highlighted in Note 26, being the Wedderburn Community Centre, Bridgewater Caravan Park, Inglewood industrial estate and various other projects.

Spending on new assets was \$569K or 32% lower than budget, mainly due to the delay of new plant items that have been ordered but not delivered.

## 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.


Signed:  ..... Date: 5 / 9 / 2014  
JUDITH PATRICIA HOLT B Bus (Acct), GAICD, PRINCIPAL ACCOUNTING OFFICER

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 Council on 26 August 2014 to certify the financial statements in their final form.

Signed:  ..... Date: 5 / 9 / 2014  
GAVAN LINDSAY HOLT, MAYOR

Signed:  ..... Date: 5 / 9 / 2014  
COLLEEN MARY CONDLIFFE, COUNCILLOR

Signed:  ..... Date: 5 / 9 / 2014  
JOHN BRIAN McLINDEN, CHIEF EXECUTIVE OFFICER