



CARDINIA SHIRE COUNCIL

ANNUAL FINANCIAL REPORT

FOR THE TWELVE MONTHS ENDED 30 JUNE 2012

CARDINIA SHIRE COUNCIL
Financial Report
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Comprehensive Income Statement
For the Twelve Months Ended 30 June 2012

	Note	2012 \$'000	2011 \$'000
Income			
Rates and charges	2	52,885	47,225
Statutory fees and fines	3	2,586	2,755
User fees	4	3,282	2,676
Contributions - Cash	6 (a)	12,613	10,234
Contributions - Non-monetary assets	6 (b)	25,363	41,034
Grants - recurrent	5	20,123	12,564
Grants - non-recurrent	5	2,157	1,911
Interest Income	7	1,652	1,289
Net gain(loss) on disposal of property, infrastructure, plant and equipment	15	217	648
Other Income	8	4,763	2,587
Share of net profits(losses) of associates and joint ventures accounted for by the equity method	16	(523)	(136)
Total Income		125,119	122,787
Expenses			
Employee benefits	9	29,149	23,908
Materials and services	10	41,176	33,518
Bad and doubtful debts	11	116	164
Depreciation and amortisation	12	13,790	12,991
Finance costs	13	3,246	3,206
Other Expenses	14	3,527	5,768
Total expenses		91,004	79,554
Surplus / (Deficit)		34,115	43,233
Other Comprehensive Income			
Net asset revaluation increment(decrement)		2,664	17,461
Comprehensive result		36,779	60,694

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

Balance Sheet
As at 30 June 2012

	Note	2012 \$'000	2011 \$'000
Assets			
Current assets			
Cash and cash equivalents	17	38,311	22,496
Trade and other receivables	18	12,659	21,503
Accrued income	19	116	197
Prepayments	20	700	556
Inventories	21a	33	21
Land Held for Resale	21b	11,698	12,159
Total current assets		<u>63,517</u>	<u>56,932</u>
Non-current assets			
Investments in associates accounted for using the equity method	16	883	1,405
Property, plant and equipment, infrastructure	22	661,402	617,555
Total non-current assets		<u>662,285</u>	<u>618,960</u>
Total assets		<u>725,802</u>	<u>675,892</u>
Liabilities			
Current liabilities			
Trade and other payables	23	11,990	8,167
Trust funds and deposits	24	3,916	2,934
Provisions	25	4,579	3,659
Interest-bearing loans and borrowings	26	3,453	3,279
Total current liabilities		<u>23,939</u>	<u>18,039</u>
Non-current liabilities			
Trade and other payables	23	2,913	-
Provisions	25	982	947
Interest-bearing loans and borrowings	26	42,881	41,591
Total non-current liabilities		<u>46,776</u>	<u>42,538</u>
Total liabilities		<u>70,715</u>	<u>60,577</u>
Net Assets		<u>655,088</u>	<u>615,315</u>
Equity			
Accumulated surplus		448,025	421,723
Reserves	27	207,063	193,592
Total Equity		<u>655,088</u>	<u>615,315</u>

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

Cash Flow Statement
For the Twelve Months Ended 30 June 2012

	2012	2011
	Inflows/ (Outflows)	Inflows/ (Outflows)
Note	\$'000	\$'000
Cash flows from operating activities		
Rates	52,341	47,038
Statutory fees and fines	2,696	2,943
User charges and other fines (inclusive of GST)	3,968	2,361
Grants (inclusive of GST)	24,797	15,894
Contributions	17,461	5,418
Interest income	1,634	1,298
Other income (inclusive of GST)	3,058	2,979
GST (received)paid (net)	2,788	2,773
Payments to suppliers (inclusive of GST)	(46,153)	(38,128)
Payments to employees	(24,999)	(23,314)
Net cash provided by (used in) operating activities	29 <u>37,591</u>	<u>19,262</u>
Cash flows from investing activities		
Payments for property, infrastructure, plant and equipment (including GST)	(23,099)	(24,074)
Proceeds from sale of property, infrastructure, plant and equipment	3,105	4,267
Net cash provided by (used in) investing activities	<u>(19,994)</u>	<u>(19,807)</u>
Cash flows from financing activities		
Proceeds from interest bearing loans and borrowings	4,950	6,000
Repayment of interest bearing loans and borrowings	(3,486)	(4,538)
Interest Payments	(3,246)	(3,206)
Net cash provided by (used in) financing activities	<u>(1,782)</u>	<u>(1,744)</u>
Net increase (decrease) in cash and cash equivalents	15,815	(2,290)
Cash and cash equivalents at the beginning of the financial year	22,496	24,786
Cash and cash equivalents at the end of the financial year	30 <u>38,311</u>	<u>22,496</u>

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

Introduction

(a) Cardinia Shire Council was established by an Order of the Governor in Council on 15 December 1994 and is a body corporate. The Council's main office is located at Henty Way, Pakenham.

(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.

Council's auditors, solicitors, bankers, and website are;

External Auditor - Auditor-General of Victoria

Internal Auditor - Crowe Horwath Melbourne (A WHK Member firm)

Solicitors - Maddocks Lawyers

Bankers - Westpac Banking Corporation

Website address - www.cardinia.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.

Note 1 Significant accounting policies

(a) **Basis of accounting**

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

This financial report has been prepared under the historical cost convention, except where specifically stated in notes 1(h), 1(k), 1(s), and 1(v).

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.

All entities controlled by Council that have material assets or liabilities, such as Special Committees of Management, have been included in this financial report. All transactions between these entities and the Council have been eliminated in full. Details of entities included in this financial report are listed in note 45.

(b) **Change in accounting policies**

All the accounting policies adopted by Council 2011/12 remain the same and there is no change in accounting policies.

Note 1 Significant accounting policies (cont.)

(c) **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 provision for doubtful debts on rates has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

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

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

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

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

User fees and fines

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

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

Sale of property, plant and equipment, infrastructure

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

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.

Note 1 Significant accounting policies (cont.)

(e) Depreciation and amortisation of property, plant and equipment, infrastructure, intangibles

Buildings, land improvements, plant and equipment, infrastructure, heritage assets, and other assets having limited useful lives are systematically depreciated over their useful lives to the Council in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis.

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.

Footpath assets have a condition-based depreciation.

Road earthworks are not depreciated.

Artworks are not depreciated.

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
Buildings and structures	1 - 95 years
Plant and Machinery	2 - 20 years
Furniture, equipment, and computers (prior year 4-10)	3 - 10 years
Roads, footpaths, and carparks	10 - 70 years
Bridges	50 - 100 years
Drains	100 years
Intangible assets (prior year 3 -10)	2 -10 years

(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) Finance costs

Finance costs include interest on bank overdrafts and interest on borrowings. The council has elected to recognise the finance cost as an expense in the period in which they are incurred regardless of how the borrowings are applied.

Note 1 Significant accounting policies (cont.)

(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, and an appropriate share of directly attributable variable and fixed overheads.

The following classes of assets have been recognised in note 22. In accordance with Council's policy, the threshold limits detailed below have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year:

Property	Threshold \$'000
Land	10
Land Under Roads	10
Buildings and structures	5
Plant and Machinery	5
Furniture, equipment, and computers	5
Roads, footpaths, and carparks	10
Bridges	10
Drains	10
Intangible assets	1

Recognition and measurement of assets

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant & equipment, 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. As at 30 June 2012, depreciation rates and methods were reviewed with no material change in the carrying value of Council assets identified in the current year.

In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 2 to 4 years. The valuation is performed either by experienced council officers or independent experts. The current council asset management officer has over fourteen years experience in local government asset management, including undertaking condition assessments, managing asset systems, and undertaking valuations/revaluations of non-current assets.

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

Land under roads acquired after 30 June 2008 is brought to account using the cost basis. Council does not recognise land under roads that it controlled prior to that period in its financial report.

Note 1 Significant accounting policies (cont.)

(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) Investments

Investments, other than investments in associates are measured at cost

(k) Accounting for investments in associates

Council's investment in associates is accounted for by the equity method as Council has the ability to influence rather than control the operations of the entity. The investment is initially recorded at the cost of acquisition and adjusted thereafter for post-acquisition changes in the Council's share of the net assets of the entity. Council's share of the financial result of the entities is recognised in the comprehensive income statement.

(l) 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 24).

(m) Employee benefits

Wages and salaries

Liabilities for wages and salaries and rostered days off are recognised and 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. Current annual leave entitlements expected to be paid within 12 months (including appropriate oncosts) are measured at the amount expected to be paid. Non-current annual leave entitlements (including appropriate oncosts) are discounted to present value. Commonwealth bond rates are used for discounting future cash flows.

Long service leave

Long service leave entitlements payable are assessed at balance date having regard to expected employee remuneration rates on settlement, employment related oncosts and other factors including accumulated years of employment, on settlement, and experience of employee departure per year of service. Long service leave entitlements for employees who have been with Cardinia Shire Council for more than seven years is classed as current and is measured at nominal value based on the amount expected to be paid when settled. Long service leave entitlements for employees who have been with Council for 0 - 6 years is classed as non-current and 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.

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 (top up of the defined benefit scheme). The liability also includes applicable contributions tax of 15%.

The superannuation expense for the reporting year is the amount of the statutory contribution 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 33.

Note 1 Significant accounting policies (cont.)

Retirement gratuities

Retirement gratuities were provided to certain employees who joined the Council prior to June 1999. The liability represents a set proportion of accumulated sick leave that is payable on retirement.

(n) Leases

Operating leases-payables

Lease payments for operating leases are recognised as an expense (as per accounting standard - straight line basis) 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

With the exception of employee provisions (note m), 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 Council's operational cycle.

(p) Agreements equally proportionately unperformed

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.

(q) Web site costs

Costs in relation to websites are charged as an expense in the period in which they are incurred.

(r) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

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 asset's carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

(t) Assets held for resale

Assets held for resale comprise land held for resale in the South East Business Park Estate. Current land held for resale is classed as the lots that are available for sale within the next twelve months.

(u) Rounding

Unless otherwise stated, amounts in the financial report have been rounded to the nearest thousand dollars.

Note 1 Significant accounting policies (cont.)

(v) Financial guarantees

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

(w) Pending Accounting Standards

The following Australian Accounting Standards have been issued or amended and are applicable to the Council but are not yet effective.

They have not been adopted in preparation of the financial statements at reporting date.

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Local Government financial statements
AASB 9 Financial Instruments and	These standards are applicable retrospectively and amend the classification and measurement of financial assets. Council has not yet determined the potential impact on the financial statements. Specific changes include:	Applicable for annual reporting periods commencing on or after 1 January 2013	These changes are expected to provide some simplification in the accounting for and disclosure of financial instruments.
AASB 2010-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	<p>Simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;</p> <p>Removing the tainting rules associated with held-to-maturity assets</p> <p>Simplifying the requirements for embedded derivatives;</p> <p>Removing the requirements to separate and fair value embedded derivatives for financial assets at amortised cost;</p> <p>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 is no impairment or recycling on disposal of the instrument ; and</p> <p>Reclassifying financial assets where there is a change in an equity's business model as they are initially classified based on: a) the objective of the business model for managing the financial assets, and b) The characteristics of the contractual cash flows,</p>		

(x) Accounting Standards not previously applied

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 July 2011:

- AASB 2011-3 Amendments to Australian Accounting Standards Orderly Adoption of Changes to the ABS GFS Manual and related Amendments
- Key Characteristics of Public Sector with Potential implications for Financial Reporting
- Amendments to Australian Accounting Standards – Financial instruments: Disclosures, Recognition and Measurement [AASB 7,139]
- AASB 2010-9: Amendments to Australian Accounting Standards-Additional Exemptions for First-time Adopters [AASB 1], and
- AASB 2010-10 Amendments to Australian Accounting Standards [AASB 132].

The adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

2012
\$'000

2011
\$'000

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 the market value as determined by the Municipal Valuer as at 1 January 2010.

The valuation base used to calculate general rates for 2011/12 was \$12,410,604,000 (2010/11, \$12,082,660,902).

Residential	35,913	32,026
Commercial & Industrial	4,077	3,633
Agricultural	5,314	4,913
Cultural and recreational	74	68
Garbage charge	7,507	6,585
Total rates and charges	52,885	47,225

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2010, and the valuation will be first applied in the rating year commencing 1 July 2010.

Note 3 Statutory fees and fines

Local laws	865	754
Planning & Building Services	511	668
Health	232	232
Asset management	885	1,028
Land information certificates	67	72
Governance	26	1
Total statutory fees and fines	2,586	2,755

Note 4 User fees

Special Charge Schemes	-	-
Section 86 Committees	821	703
Family and Children	1,094	598
Asset Management	283	273
Valuations	112	115
Planning & Building Services	213	222
Rental/Lease Income	346	347
Hall & Equipment Hire	168	161
Recreation	104	107
Local Laws	34	46
Other	107	103
Total user fees	3,282	2,676

Ageing Analysis of Trade & Other Receivables

Please refer to Note 37(e) for the ageing analysis of trade & other receivables

	2012 \$'000	2011 \$'000
Note 5 Grants		
Grants were received in respect of the following :		
Summary of grants		
Federally funded grants	2,065	2,685
State funded grants	20,216	11,790
Total	22,280	14,475
Recurrent		
Commonwealth Govt - Roads to Recovery	1,164	1,132
Commonwealth Govt - Family & Children	509	290
Victorian Grants Commission - unallocated	8,482	6,149
Victorian Grants Commission - local roads	3,078	2,370
Best Start Program	103	50
Community Capacity Building Initiative		(14)
Community Health	805	186
Community Safety	80	186
Disability	117	114
Emergency Management	87	29
Environment and Heritage	170	110
Families and Children	235	322
Go For Your Life Program		-
Local Infrastructure	4,269	644
Maternal and Child Health	712	640
National Community Crime Prevention Program		70
Recreation	148	138
School Crossing Supervisors	134	142
Other	30	6
Total Recurrent	20,123	12,564
Non recurrent		
Libraries	50	625
Local Infrastructure	811	251
Recreation	1,276	978
Roads and Footpaths	20	40
Other	0	17
Total Non recurrent	2,157	1,911
Total Grants	22,280	14,475
<i>Conditions on Grants</i>		
Grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were:		
Community services/development	331	1,165
Community strengthening	489	117
Disability	9	15
Environment	1	47
Infrastructure (incl. Roads to Recovery)	1,958	584
	2,788	1,928
Grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were:		
Community services/development	601	1,337
Community strengthening	115	3
Disability	5	6
Environment	45	55
Infrastructure (incl. Roads to Recovery)	524	2,768
	1,290	4,169
Net increase (decrease) in restricted assets resulting from grant revenues for the year:	1,498	(2,241)

	2012 \$'000	2011 \$'000
Note 6 Contributions		
(a) Cash		
Other Capital Contributions (Cash)	60	917
Community Facility Fund	1,040	934
Public open space	909	697
Developer - levies	10,130	6,661
Non-Capital Contributions (Cash)	482	312
Scheme Contributions	(8)	713
Total	12,613	10,234
(b) Non monetary assets		
Developer Contributed Assets - Land under Roads (Non Cash)	3,304	1,821
Developer Contributed Assets - Roads & Footpaths (Non Cash)	13,947	10,192
Developer Contributed Assets - Drains (Non Cash)	6,436	4,468
Developer Contributed Assets - Land (Non Cash)	656	2,181
Developer Contributed Assets - Bridges (Non Cash)	87	6,169
Community Capital Works (Non Cash)	261	192
Community Facility Fund (Non Cash)	16	
Development levy income credited via works-in-progress	656	16,011
Total	25,363	41,034
Total Contributions	37,976	51,268
Note 7 Interest Income		
Interest on Investments	1,399	1,058
Interest on Rates	253	231
Total interest income	1,652	1,289
Note 8 Other Income		
Debt Collection Costs Recovered from Ratepayers	383	337
Insurance Claims	121	20
Cardinia Cultural Centre Cost Recoveries	79	109
Family Assistance Receipts for Family & Children Services	-	491
Animals	97	54
Waste Management	268	1
Other Cost Recoveries	1,533	1,258
Lakeside Estate Escape Maintenance		-
Re-instatement of impaired assets*	2,082	
Other Income	200	317
Total other income	4,763	2,587
*Assets re-instatement from the floods in February 2011.		
Note 9 Employee benefits		
Wages and salaries	22,506	20,493
Long service leave	1,393	591
Superannuation	1,874	1,790
Superannuation - additional call*	2,913	628
Fringe benefits tax	168	202
Work cover	295	204
Total employee benefits	29,149	23,908
*During the period Council was required to make an additional contribution to Vision Super to meet our obligations in relation to members of the defined benefit plan.		
Note 10 Materials and services		
Materials & Contract Payments	32,702	23,444
Utilities	1,557	1,404
Consultants, Contractors and temp staff	5,300	7,303
Insurance	804	553
Legal	686	721
Cost Recoveries	128	93
Total materials and services	41,176	33,518

	2012 \$'000	2011 \$'000
Note 11 Bad and doubtful debts		
Local Laws	46	155
Other	70	9
Total bad and doubtful debts	116	164
Note 12 Depreciation and amortisation		
Buildings and structures	3,221	2,953
Plant and machinery	1,275	1,247
Furniture, equipment, and computers	69	105
Roads and footpaths	7,207	6,929
Bridges	912	902
Drains	916	633
Intangible assets	190	222
Total depreciation and amortisation	13,790	12,991
Note 13 Finance costs		
Bank Charges	193	193
Interest - Borrowings	3,053	3,013
Total finance costs	3,246	3,206
Note 14 Other expenses		
Auditors' remuneration	187	198
Councillors' allowances	215	208
Rent/Lease expenditure	825	868
Impairment losses *	1,160	3,508
Land Under Roads Decrement	38	
Other expenses	1,102	986
Total other expenses	3,527	5,768
* Impairment due to the floods in June 2012. This will be recouped when repairs are completed		
Note 15 Net gain/(loss) on disposal of property, infrastructure, plant and equipment		
Plant & Equipment		
Proceeds from sale	838	872
Written down value of assets sold/disposed	(659)	(724)
Profit/(loss) on disposal of Plant & Equipment	179	148
Land & Buildings		
Proceeds from sale	1,057	1,732
Written down value of assets sold/disposed	(712)	(269)
Profit/(loss) on disposal of Land & buildings	345	1,463
Infrastructure		
Proceeds from sale	17	
Written down value of assets sold/disposed	(500)	(1,455)
Profit/(loss) on disposal of Infrastructure	(483)	(1,455)
Total for property, infrastructure, plant and equipment		
Proceeds from sale	1,912	2,604
Written down value of assets sold/disposed	(1,871)	(2,448)
Profit/(loss) on disposal of property, infrastructure, plant and equipment	41	156
Assets held for Resale- Property		
Gross Proceeds	2,650	5,325
Less Costs incurred by Developers	(2,200)	(4,442)
Net Proceeds received by Council	450	883
Written down value of assets sold/disposed	(274)	(391)
Profit/(loss) on disposal of property held for resale	176	492

	2012 \$'000	2011 \$'000
Summary		
Gross Proceeds	4,562	7,929
Less Costs incurred by Developers	(2,200)	(4,442)
Net Proceeds received by Council	<u>2,362</u>	<u>3,487</u>
Written down value of assets sold/disposed	(2,145)	(2,839)
Profit/(loss) on disposal of assets	<u>217</u>	<u>648</u>
 Note 16 Investment in associates accounted for using the equity method		
Casey Cardinia Library Corporation	<u>883</u>	<u>1,405</u>
Total investment in associates	<u>883</u>	<u>1,405</u>
 Casey Cardinia Library Corporation		
<i>Background</i>		
Library service run by City of Casey and Cardinia Shire Council. Cardinia Shire has equity in the library. The equity for 2011/12 (based on the audited library statements) is 23.31% (2010/11 23.72%)		
<i>Council's share of retained profits (accumulated losses)</i>		
Council's share of retained profits (accumulated losses) at the start of the year	1,405	1,541
(Reduction) / increase in Council's share of equity	(25)	(52)
Reported surplus / (deficit) for the year	<u>(498)</u>	<u>(84)</u>
	<u>(523)</u>	<u>(136)</u>
Council's share of retained profits (accumulated losses) at the end of the year	<u>882</u>	<u>1,405</u>
<i>Council's share of expenditure commitments</i>		
Operating commitments	<u>498</u>	<u>86</u>
Total	<u>498</u>	<u>86</u>

	2012 \$'000	2011 \$'000
Note 17	Cash and cash equivalents	
	4	3
	1,353	3,502
	9,317	7,546
	27,638	11,444
	38,311	22,496
	Users of the financial report should refer to Note 32 for details of restricted cash and Note 34 for details of existing council commitments.	
Note 18	Trade and other receivables	
	<i>Current</i>	
	4,428	3,884
	1,111	1,604
	361	226
	(247)	(219)
	3,363	12,843
	1,515	
	1,154	2,201
	(71)	(12)
	1,046	977
	12,659	21,503
Note 19	Accrued Income	
	52	34
	64	163
	116	197
Note 20	Prepayments	
	103	89
	407	310
	49	49
	53	-
	89	108
	700	556
Note 21a	Inventories	
	33	21
	-	-
	33	21
Note 21b	Assets Held For Resale	
	<i>Current</i>	
	11,698	12,159
	11,698	12,159

	2012 \$'000	2011 \$'000
Note 22 Property, plant and equipment, infrastructure		
Summary		
at cost (including WIP)	86,815	59,376
at independent valuation as at 1st January, 2010	284,144	284,643
at Council valuation as at 30 June, 2010	472,982	450,045
Land under Roads at valuation	14,252	8,401
Total Cost and Valuation	858,193	802,465
Less accumulated depreciation	(193,721)	(180,871)
Less impairment	(3,070)	(4,040)
Total Property, plant and equipment, infrastructure	661,402	617,555
Property, infrastructure, plant and equipment (cont.)		
Land		
at cost	15,559	6,937
at independent valuation as at 1st January, 2010	172,940	173,494
	<u>188,499</u>	<u>180,431</u>
Total Land	188,499	180,431
Land Under Roads		
Land under Roads at Valuation	14,252	8,401
	<u>14,252</u>	<u>8,401</u>
Total Land and Land under roads	202,751	188,832
Land under roads is valued at the date acquired after 30 June 2008 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.		
Buildings & Structures		
at cost (including WIP)	32,527	24,735
at independent valuation as at 1st January, 2010	111,204	111,149
Total Cost and Valuation	<u>143,731</u>	<u>135,884</u>
Less accumulated depreciation	(61,368)	(58,263)
Less impairment	(1,090)	(1,205)
Total buildings, structures, & landscaping	81,272	76,416
Valuation of land and buildings at 1st January, 2010 was undertaken by Westlink, Contract Valuers to Cardinia Shire Council. Land value is based on market value. Buildings are valued at replacement cost less accumulated depreciation on fair value.		
Plant		
Plant and machinery		
at cost	10,916	10,030
Less accumulated depreciation	(4,132)	(3,881)
Total plant and machinery	6,784	6,149
Equipment		
Furniture, equipment, and computers		
at cost	2,492	2,368
Less accumulated depreciation	(2,260)	(2,190)
Total furniture, equipment, and computers	232	178
Total plant and equipment	7,016	6,327

	2012 \$'000	2011 \$'000
Note 22 Property, plant and equipment, infrastructure (cont.)		
Intangible assets		
at cost	1,433	1,261
Less accumulated depreciation	(1,107)	(917)
Total Intangible assets	326	344
Roads		
<i>Sealed roads, carparks, & footpaths</i>		
at cost (including WIP)	17,564	11,175
at Council valuation as at 30th June 2010	261,123	245,820
Total Cost and Valuation	278,688	256,994
Less accumulated depreciation	(65,948)	(59,797)
Less impairment	(745)	(2,350)
Total sealed roads, carparks, & footpaths	211,995	194,847
<i>Unsealed Roads</i>		
at cost (including WIP)	1,161	335
at Council valuation as at 30th June, 2010	42,349	42,386
Less accumulated depreciation	(20,572)	(19,434)
Less impairment	(750)	-
Total unsealed roads	22,188	23,286
Total Roads	234,183	218,133
Valuation of sealed roads at 30 June 2010 was carried out by Council staff.		
Property, infrastructure, plant and equipment (cont.)		
Bridges		
at cost (including WIP)	2,923	2,319
at Council valuation as at 30th June, 2010	75,565	75,177
Total Cost and Valuation	78,489	77,496
Less accumulated depreciation	(26,048)	(25,074)
Less impairment	(485)	(485)
Total Bridges	51,956	51,937
Valuation of bridges at 30th June, 2010 was undertaken by Council Staff		
Drains		
at cost (including WIP)	2,240	216
at Council valuation as at 30th June, 2011	93,944	86,663
	96,184	86,879
Less accumulated depreciation	(12,286)	(11,313)
Total Drains	83,897	75,566
Valuation of drains as at 30 June, 2011 was carried out by council staff. Drains are valued at fair value less accumulated depreciation.		
Total property, infrastructure, plant & equipment	661,402	617,555

Note 22 Property, plant and equipment, infrastructure (cont.)

2012	Land \$'000	Land Under Roads \$'000	Buildings & Structures \$'000	Plant \$'000	Intangible Assets \$'000	Furniture, equipment, and computers \$'000	Roads, footpaths, and carparks \$'000	Bridges \$'000	Drains \$'000	WIP \$'000	TOTAL \$'000
Cost and Valuation											
Cost and Valuation 1 July 2011	180,431	8,236	133,778	10,030	1,262	2,368	297,662	77,539	87,781	6,962	806,049
Additions and completions	8,653	6,016	6,086	2,569	172	124	17,443	785	7,395	6,241	55,485
Transfer between asset classes											-
Revaluation Increments and Decrements			(241)	(1,683)			(683)		(150)		(3,341)
Disposal of Assets	(585)										
Cost and Valuation 30 June 2012	188,499	14,252	139,624	10,916	1,433	2,492	314,423	78,325	95,026	13,203	858,193
Accumulated Depreciation											
Accumulated Depreciation 1 July 2011	-	-	58,262	3,881	917	2,191	79,597	25,136	11,419	-	181,403
Depreciation			3,221	1,275	190	69	7,207	912	916		13,790
Transfers between classes											-
Revaluation Increments and Decrements											-
Depreciation Adjustment on disposal			(115)	(1,024)			(284)		(49)		(1,472)
Accumulated Depreciation 30 June 2012	-	-	61,369	4,132	1,107	2,260	86,519	26,048	12,286	-	193,721
Impairment											
Impairment of assets 1 July 2011	-	-	1,204	-	-	-	2,350	485	-	-	4,039
Assets re-instated during year - Asset revaluation reserves			(46)								(46)
Assets re-instated during year - Other Income			(68)				(2,015)				(2,083)
Impairment - 22 June flood event							1,160				1,160
Impairment of assets - 30 June 2012			1,090				1,495	485			3,070
Written Down Book Value	188,499	14,252	77,165	6,784	326	232	226,409	51,792	82,740	13,203	661,402
Balance of costs in WIP at year end	-	-	4,107	-	-	-	7,774	164	1,157	-	13,203

* Council receives notification from developers of handover of both land and infrastructure assets when construction has been completed. Where these assets have been constructed in a prior year, an adjustment is made directly to equity.

Note 22 Property, plant and equipment, infrastructure (cont.)

2011	Land	Land Under Roads	Buildings & Structures	Plant	Intangible Assets	Furniture, equipment, and computers	Roads, footpaths, and carparks	Bridges	Drains	WIP	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	(includes adjustments made in 2011-2012)*										
Cost and Valuation											
Cost and Valuation 1 July 2010	174,112	5,766	123,462	9,865	1,008	2,301	278,551	72,646	62,258	3,402	733,372
Prior year adjustments											
Cost and Valuation 1 July 2010	174,112	5,766	123,462	9,865	1,008	2,301	278,551	72,646	62,258	3,402	733,372
Additions and completions	6,588	2,635	9,233	1,662	253	68	17,020	8,230	4,961	3,561	54,210
Transfer between asset classes			1,083						(1,083)		
Adjustments made in 2011-2012*	-	(165)	-	-	-	-	2,323	301	1,118	-	3,576
Revaluation Increments and Decrements							(232)	(3,638)	(206)		20,735
Disposal of Assets	(269)			(1,497)							(5,844)
Cost and Valuation 30 June 2010	180,431	8,236	133,778	10,030	1,261	2,368	297,662	77,539	87,781	6,962	806,049
Accumulated Depreciation											
Accumulated Depreciation 1 July 2010	-	-	55,303	3,399	695	2,085	72,364	26,706	7,921	-	168,475
Prior year adjustments											
Accumulated Depreciation 1 July 2010	-	-	55,303	3,399	695	2,085	72,364	26,706	7,921	-	168,475
Depreciation			2,953	1,247	222	105	6,929	902	633		12,991
Transfer between asset classes			6						(6)		-
Adjustments made in 2011-2012*							357	60	107		524
Revaluation Increments and Decrements							(54)	(2,532)	(37)		2,801
Depreciation Adjustment on disposal				(765)							(3,388)
Accumulated Depreciation 30 June 2011	-	-	58,262	3,881	917	2,190	79,597	25,136	11,419	-	181,403
Impairment of assets - loss			1,204				2,350	485			4,039
Written Down Book Value	180,431	8,236	74,311	6,149	344	178	215,715	51,919	76,362	6,962	620,607
Balance of costs in WIP at year end			2,105	-			4,381	259	216		6,962

* Council receives notification from developers of handover of both land and infrastructure assets when construction has been completed. Where these assets have been constructed in a prior year, an adjustment is made directly to equity.

	2012 \$'000	2011 \$'000
Note 23 Trade and other payables		
Current		
Trade payables	9,056	6,001
Accrued expenses	2,766	1,701
Income in Advance	168	-
Deferred land liability	-	465
	<u>11,990</u>	<u>8,167</u>
Non-current		
Superannuation - additional call	2,913	
	<u>2,913</u>	<u>-</u>
Total trade and other payables	<u>14,903</u>	<u>8,167</u>
Note 24 Trust funds and deposits		
Refundable		
Contractors security bond	858	767
Miscellaneous trust	299	265
Regulations deposits	0	1
Chestnut Gardens Unit 2	-	69
Landscape maintenance bond	1,428	544
Asset protection security deposit	837	922
Road crossing/opening bond	13	13
Hoarding deposit	8	7
Beaconsfield Community Complex footpath construction	-	37
Total Refundable	<u>3,444</u>	<u>2,626</u>
Non-refundable		
Wheeler Rd Maryknoll construction contribution	39	39
Nylander St construction contribution	2	2
Pakenham Car Parking Spaces	46	46
Native vegetation development contribution	343	191
Cardinia Road Employment Precinct	-	-
Future construction of May Rd Officer	30	30
Mulcahy Road Footpath Contribution	12	
Total Non-refundable	<u>472</u>	<u>308</u>
Total trust funds and deposits	<u>3,916</u>	<u>2,934</u>

Note 25 Provisions

	Annual Leave	Long Service Leave	Other	Total
	\$ '000	\$ '000	\$ '000	\$ '000
2012				
Balance at the beginning of the financial year	1,813	2,557	236	4,605
Movements	237	843	(125)	955
Balance at the end of the financial year	<u>2,051</u>	<u>3,400</u>	<u>111</u>	<u>5,560</u>

2011

Balance at the beginning of the financial year	1,560	2,426	258	4,243
Movements	253	131	(22)	362
Balance at the end of the financial year	<u>1,813</u>	<u>2,557</u>	<u>236</u>	<u>4,605</u>

2012	2011
\$'000	\$'000

Current (i)

(a) Employee benefits

Annual leave		2,050	1,813
Long service leave		2,418	1,610
Sick leave bonus/gratuity		111	113
		<u>4,579</u>	<u>3,536</u>

(b) Other

Income in advance*		-	123
		<u>4,579</u>	<u>3,659</u>

*Reclassified to Trade and Other Payables in 2012

Non-current (ii)

Long service leave		982	947
		<u>982</u>	<u>947</u>

Aggregate carrying amount of employee benefits:

Current		4,579	3,659
Non-current		982	947
		<u>5,561</u>	<u>4,606</u>

The following assumptions were adopted in measuring the present value of employee benefits:

Weighted average increase in employee costs	4.31%	4.00%
Weighted average discount rates	3.06%	5.28%
Weighted average settlement period	7 years	7 years

(i) Current

All annual leave and the long service leave entitlements representing 7 or more years of continuous service

- Other long term employee benefits that do not fall due within 12 months measured at present value. This will include annual leave and long service leave expected to be taken after 12 months.

	4,579	3,536
	<u>4,579</u>	<u>3,536</u>

(ii) Non-current

Long service leave representing less than 7 years of continuous service measured at present value

	982	947
	<u>982</u>	<u>947</u>

	2012 \$'000	2011 \$'000
Note 26 Interest-bearing loans and borrowings		
Current		
Borrowings - secured	3,453	3,026
Other loans - defined benefits superannuation liability	-	253
	<u>3,453</u>	<u>3,279</u>
Non-current		
Borrowings - secured	42,881	41,355
Other loans - defined benefits superannuation liability	-	236
	<u>42,881</u>	<u>41,591</u>
Total Interest-bearing loans and borrowings	<u>46,334</u>	<u>44,870</u>
The maturity profile for Council's borrowings is:		
Not later than one year	3,453	3,279
Later than one year and not later than five years	15,739	14,156
Later than five years	27,142	27,435
Total	<u>46,334</u>	<u>44,870</u>
Aggregate carrying amount of interest-bearing loans and borrowings:		
Current	3,453	3,279
Non-current	42,881	41,591
Total	<u>46,334</u>	<u>44,870</u>

Note 27 Reserves

	Balance at beginning of reporting period	Increment (decrement)	Share of increment (decrement) on revaluation by an associate	Balance at end of reporting period
(a) Asset revaluation reserves	\$'000	\$'000	\$'000	\$'000
2012				
Property				
Land for resale	2,800	-		2,800
Land	120,296	2,618		122,914
Buildings	2,413	46		2,459
Total	125,509	2,664	-	128,173
Infrastructure				
Footpaths, Sealed and unsealed roads	0	-		0
Bridges	26,176			26,176
Drainage	28,397			28,397
Total	54,573	-	-	54,573
Total Asset revaluation reserves	180,082	2,664	-	182,746
2011				
Property				
Land for resale	2,800	-		2,800
Land	120,296	-		120,296
Buildings	2,459	(47)		2,413
Total	125,555	(47)	-	125,509
Infrastructure				
Footpaths, Sealed and unsealed roads	(58)	58		0
Bridges	26,661	(485)		26,176
Drainage	10,463	17,934		28,397
Total	37,066	17,508	-	54,573
Total Asset revaluation reserves	162,621	17,461	-	180,082
(b) Other reserves				
	Balance at beginning of reporting period	Increment (decrement)	Transfer (to) / from accumulated surplus	Balance at end of reporting period
	\$'000	\$'000	\$'000	\$'000
2012				
Developer levy	12,435		10,238	22,673
Community Facilities levy	866		226	1,092
Public Open Space levy	(102)		317	215
Drainage levy	83		26	109
Car Parking levy	228			228
Total Other reserves	13,510	-	10,807	24,317
2011				
Developer levy	6,914		5,521	12,435
Community Facilities levy	908		(42)	866
Public Open Space levy	247		(349)	(102)
Drainage levy	83		-	83
Car Parking levy	228			228
Total Other reserves	8,380	-	5,130	13,511
Total All reserves				
2012	193,592	2,664	10,807	207,063
2011	171,000	17,461	5,130	193,592

	2012 \$'000	2011 \$'000
Note 28 Adjustments directly to equity		
Prior year adjustments for previously not recognised assets (see note 22)	3,052	1,354
Movements in reserves through equity		
Movements in reserves through equity for prior years	(58)	-
Other adjustments		
Total adjustments directly to equity	2,994	1,354
Note 29 Reconciliation of cash flows from operating activities to surplus or deficit		
Surplus / (Deficit) for the year	34,115	43,233
<u>Add back non cash items</u>		
Depreciation and Amortisation	13,790	12,991
WDBV of Assets Sold	2,144	2,839
Contributions - Non-monetary assets	(25,363)	(41,034)
Proceeds from Sale of Assets - Investing Activity, not Operating Activity	(2,362)	(3,488)
Interest Costs - Financing, not Operating Activity	3,246	3,206
Share of net (gain)/loss of associates	522	136
Re-instatement of impaired assets	(2,082)	
Impairment loss	1,160	3,508
Grossing up of GST	1,818	1,802
<u>Change in assets and liabilities:</u>		
(Increase)/decrease in receivables	3,720	(6,106)
(Increase)/decrease in prepayments	(144)	(39)
(Increase)/decrease in accrued income	81	130
(Increase)/decrease in inventories	(12)	-
Increase/(decrease) in payables	4,911	1,551
Increase/(decrease) in income in advance	922	36
Increase/(decrease) in employee provisions	45	362
Increase/(decrease) in other liabilities	1,078	136
Net cash provided by/(used in) operating activities	37,591	19,262
Note 30 Reconciliation of cash and cash equivalents		
Cash and cash equivalents (see note 17)	38,311	22,496
Total reconciliation of cash and cash equivalents	38,311	22,496
Note 31 Financing arrangements		
Bank overdraft	2,000	2,000
Used facilities	-	-
Unused facilities	2,000	2,000
Note 32 Restricted assets		
Council has cash and cash equivalents (note 17) that are subject to restrictions. As at the reporting date, Council had legislative restrictions in relation to employee entitlements (Long Service Leave).		
Long service leave (note 25) *	3,012	2,557
Total restricted assets	3,012	2,557

Note 33 Superannuation

Post-employment Benefit

Cardinia Shire Council (Council) makes employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (Vision Super). Obligations for contributions are recognised as an expense in profit or loss when they are due. The Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently.

Accumulation Fund

The Fund's accumulation category, Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (9% required under Superannuation Guarantee Legislation). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Defined Benefit Plan

The Fund's 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 2011, 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 contribution tax (same as previous year);

The Local Authorities Superannuation Fund latest 31 December 2011 actuarial investigation identified an unfunded liability of \$406 million excluding contribution tax in the defined benefit fund of which we are a member. Council was made aware of the expected short fall through the year and was informed formally of their share of the shortfall which amounted to \$2.19 million, including contributions tax. Council will commence payment of this shortfall on 1st July 2013. Council has accounted for this shortfall in the Comprehensive Income Statement in Employee Benefit (See Note 9) and in the Balance Sheet under Non Current Liabilities (See Note 23).

Accounting Standard Disclosure

The Fund's liability for accrued benefits was determined by the Actuary at 31 December 2011 pursuant to the requirements of Australian Accounting Standard AAS 25 as follows:

	31-Dec-11 \$'Million
Net Market Value of Assets	1,971
Accrued Benefits	2,377
Difference between Assets and Accrued Benefits	(406)
Vested Benefits (Minimum sum which must be paid to members when they leave the fund)	<u>2,211</u>

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

Net Investment Return	7.5% p.a.
Salary Inflation	4.25% p.a.
Price Inflation	2.75% p.a.

	2012 \$'000	2011 \$'000
Employer contributions to Local Authorities Superannuation Fund (Vision Super)(including amount payable at reporting date)	4,739	2,395
Employer contributions to other super funds (including amount payable at reporting date)	48	23
	4,787	2,418
Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date	2,940	25
Employer contributions payable to other super funds at reporting date	2	1
	2,942	26

Note 34 Commitments

The Council has entered into the following commitments

2012	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	More than 5 years \$'000	Total \$'000
Operating					
Garbage	3,727	4,149	9,607	11,393	28,876
Parks	2,592	2,808	6,269	1,154	12,823
Road Maintenance	287	293	604	313	1,497
Health	1,073	376	-	-	1,449
Building maintenance	644	675	1,454	782	3,555
Recycling	806	904	2,055	3,594	7,359
Cleaning	439	389	837	450	2,115
Utilities Contract	738	845	2,028	-	3,611
Seasonal Aquatics Facilities	260	-	-	-	260
Hard & Green	1,092	1,269	346	-	2,707
Green Bin Services	1,470	864	-	-	2,334
Community Services	407	419	875	457	2,158
Library	1,438	-	-	-	1,438
Other	1,132	1,114	1,170	200	3,616
Total	16,104	14,106	25,245	18,343	73,798
Capital					
Construction works	3,032	470	550	969	5,021
Total	19,136	14,576	25,795	19,312	78,819
2011	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	More than 5 years \$'000	Total \$'000
Operating					
Garbage	3,739	4,102	14,839	12,105	34,785
Parks	2,058	2,172	4,708	2,550	11,488
Road Maintenance	306	313	646	1,599	2,864
Health	915	1,073	376	-	2,364
Building maintenance	616	256	-	-	872
Recycling	1,039	924	3,217	2,592	7,772
Cleaning	374	185	-	-	559
Utilities Contract	586	671	1,646	-	2,903
Aquatics - Rural Pools	361	375	-	-	736
Hard & Green	877	986	3,705	3,163	8,732
Community Services	435	448	1,423	503	2,808
Library	1,345	-	-	-	1,345
Other	950	931	635	352	2,868
Total	13,600	12,436	31,195	22,864	80,095
Capital					
Construction works	5,027	-	-	-	5,027
Total	18,627	12,436	31,195	22,864	85,122

	2012	2011
	\$'000	\$'000
Note 35 (a) 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	323	488
Later than one year and not later than five years	1,221	410
Later than five years		
Total operating lease commitments	1,544	898

(b) Operating lease receivables

The Council has entered into leases on its investment property. Some of these properties are held under operating leases with lease terms of between 1 and 30 years, with residential units due to their nature being undefined.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

Not later than one year	301
Later than one year and not later than five years	453
Later than five years	82
	836

Note 36 Contingent liabilities and contingent assets

Contingent liabilities

The Council is presently involved in two legal matters, which is 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 this contingency has been made in the financial report.

Guarantees for loans to other entities: Nil

Note 37 Financial Instruments

(a) Accounting Policy, terms and conditions

Recognised financial instruments	Note	Accounting Policy	Terms and Conditions
Financial assets			
Cash and cash equivalents	17	<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>Managed funds are measured at market value.</p>	<p>On call deposits returned a floating interest rate of 3.5% - 4.75% (4.40% - 4.80% in 2010/11). The interest rate at balance date was 3.5% (4.75% at 30 June 2012).</p> <p>Funds returned fixed interest rate of between 4.8 (5.40% in 2010/11), and 5.9% (6.33% in 2010/11) net of fees.</p>
Trade and other receivables			
Other debtors	18	<p>Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection in full is no longer probable.</p> <p>Collectibility of overdue accounts is assessed on an ongoing basis.</p>	<p>General debtors are unsecured and interest free. Credit terms are based on 30 days.</p>
Financial Liabilities			
Trade and other payables	23	<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 statement receipt.</p>
Interest-bearing loans and borrowings	26	<p>Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. 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 6.92% during 2010/11 (7.22% in 2010/11).</p> <p>Borrowings are fixed interest rate - principal and interest payments.</p> <p>Fixed Interest - P&I - \$46,333,928 - interest rates vary between 5.90% and 8.136%, maturing between 24/10/2012 and 30/06/2026.</p>
Bank overdraft	31	<p>Council has a \$2.0m overdraft facility with Westpac (\$2.0m in 2010/11). Interest is charged as an expense as it accrues.</p>	<p>The overdraft is subject to annual review. It is secured by a mortgage over Council's general rates and is repayable on demand.</p> <p>The interest rate as at balance date was 10.36% (11.46% in 2010/11).</p>

Note 37 Financial instruments (cont.)

(b) Interest Rate Risk

The exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised, at balance date are as follows:

2012

	Floating interest rate \$'000	Fixed interest maturing in:			Non-interest bearing \$'000	Total \$'000
		1 year or less	Over 1 to 5 years	More than 5 years		
		\$'000	\$'000	\$'000		
Financial assets						
Cash assets (1) (See Note 17)	10,674	27,638	-	-	-	38,311
Receivables - current	-	-	-	-	1,083	1,083
Total financial assets	10,674	27,638	-	-	1,083	39,394
Weighted average interest rate on cash assets 3.50% - 5.90% (See note 37a)						
Financial liabilities						
Payables (see note 23)	-	-	-	-	14,903	14,903
Trust funds (see note 24)	-	-	-	-	3,916	3,916
Borrowings - bank (2) (see note 26)	-	3,454	15,739	27,142	-	46,335
Borrowings - unsecured (3) (see note 26)	-	-	-	-	-	-
Total financial liabilities	-	3,454	15,739	27,142	18,819	65,153

(1) interest rate ranged between 5.90% and 8.136%

(2) Weighted average interest rate
6.92% (see note 37a)

Net financial assets (liabilities)	10,674	24,184	(15,739)	(27,142)	(17,736)	(25,759)
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2011

	Floating Interest rate \$'000	Fixed interest maturing in:			Non-interest bearing \$'000	Total \$'000
		1 year or less	Over 1 to 5 years	More than 5 years		
		\$'000	\$'000	\$'000		
Financial assets						
Cash assets (1) (See Note 17)	11,052	11,444	-	-	-	22,496
Receivables - current	-	-	-	-	2,189	2,189
Total financial assets	11,052	11,444	-	-	2,189	24,684
Weighted average interest rate on cash assets 4.40% - 6.33% (See note 37a)						
Financial liabilities						
Payables (see note 23)	-	-	-	-	8,167	8,167
Trust funds (see note 24)	-	-	-	-	2,934	2,934
Borrowings - bank (2) (see note 26)	-	3,026	13,920	27,435	-	44,381
Borrowings - unsecured (3) (see note 26)	-	253	236	-	-	489
Total financial liabilities	-	3,279	14,156	27,435	11,101	55,971

(1) interest rate ranged between 5.90% and 8.136%

(2) Weighted average interest rate
7.22% (see note 37a)

(3) Weighted average interest rate 8%

Net financial assets (liabilities)	11,052	8,165	(14,156)	(27,435)	(8,912)	(31,286)
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Note 37 Financial instruments (cont.)

(c) Net Fair Values

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

Financial Instruments	Total carrying amount as			
	per Balance Sheet		Aggregate net fair value	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
<i>(1) Financial assets</i>				
Cash assets	38,311	22,496	38,311	22,496
Receivables - current	1,083	2,189	1,083	2,189
<i>Total financial assets</i>	<u>39,394</u>	<u>24,684</u>	<u>39,394</u>	<u>24,684</u>
<i>(2) Financial liabilities</i>				
Payables	14,903	8,167	14,903	8,167
Trust funds	3,916	2,934	3,916	2,934
Borrowings - bank	46,335	44,381	46,335	44,381
Borrowings - unsecured	-	489	-	489
<i>Total Financial liabilities</i>	<u>65,153</u>	<u>55,971</u>	<u>65,153</u>	<u>55,971</u>

(d) Credit Risk

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

(e) Risks and mitigation

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

Market risk

Market risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices. The Council's exposures to market risk are primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk. Components of market risk to which we are 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 we 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. Finance leases are sourced from major Australian financial institutions. 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.

We manage the interest rate exposure on our debt portfolio by appropriate budgeting strategies and obtaining approval for borrowings from the Department of Planning and Community Development each year.

Investment of surplus funds is made with approved financial institutions under the Local Government Act 1989. We 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

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. We have exposure to credit risk on most financial assets included in our balance sheet. However not all financial assets are exposed to credit risk ie. rates debtors have a charge over the property. To help manage this risk:

- we have a policy for establishing credit limits for the entities we deal with;
- we may require collateral where appropriate; and
- we 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 main debtor is the Victorian Government. Apart from the Victorian Government we 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 36.

Movement in Provisions for Doubtful Debts - Other Debtors	2012	2011
	\$'000	\$'000
Balance at the beginning of the year	12	22
New Provisions recognised during the year	59	
Amounts already provided for and written off as uncollectible		
Amounts provided for but recovered during the year		(10)
Balance at end of year	<u>71</u>	<u>12</u>

Movement in Provisions for Doubtful Debts - Infringements	0	0
	\$'000	\$'000
Balance at the beginning of the year	219	57
New Provisions recognised during the year	27	162
Amounts already provided for and written off as uncollectible		
Amounts provided for but recovered during the year		
Balance at end of year	<u>247</u>	<u>219</u>

Ageing of Trade and Other Receivables

At balance date other debtors representing financial assets were past due but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of default. The ageing of the Council's Trade & Other Receivables was:

	2012	2011
	\$'000	\$'000
Current (not yet due)	722	8,497
Past due by up to 30 days	842	59
Past due between 31 and 60 days	113	6,379
Past due by more than 60 days	4,715	335
Total Trade & Other Receivables	<u>6,392</u>	<u>15,270</u>

Liquidity risk

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

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

To help reduce these risks we:

- 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.

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

The table below lists the contractual maturities for Financial Liabilities

These amounts represent undiscounted gross payments including both principal and interest amounts for loans and borrowings. They also include the commitments which have been entered into by the council.

2012	6 mths or less	6-12 mths	1-2 yrs	2-5 yrs	>5 yrs	Contracted Cash Flow	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade & other payables	22,489	8,236	17,270	13,536	34,068	95,599	14,903
Trust Funds & Deposits	2,293	477	674	-	-	3,444	3,444
Interest bearing loans & borrowings	3,301	3,301	6,808	21,829	52,607	87,846	46,334
Total Financial Liabilities	28,082	12,014	24,752	35,365	86,675	186,889	64,681

2011	6 mths or less	6-12 mths	1-2 yrs	2-5 yrs	>5 yrs	Contracted Cash Flow	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade & other payables	17,110	11,577	12,688	31,354	21,600	94,329	8,167
Trust Funds & Deposits	2,213	145	199	-	69	2,626	2,626
Interest bearing loans & borrowings	3,178	3,216	6,285	17,859	35,085	65,624	44,870
Total Financial Liabilities	22,502	14,938	19,172	49,213	56,754	162,580	55,663

(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 (Base rates are sourced from Reserve Bank of Australia)

- A parallel shift of +2% and -1% in market interest rates (AUD) from year-end rates.

The table below discloses the impact on net operating result and equity for each category of financial instruments held by the Council at year-end, if the above movements were to occur.

	Carrying amount subject to interest	Interest rate risk			
		-1%		2%	
		100 basis points		200 basis points	
		Profit	Equity	Profit	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
2012					
Financial assets:					
Cash and cash equivalents - floating interest	10,674	(107)	(107)	213	213
Cash and cash equivalents - fixed interest	27,638	-	-	-	-
Trade and other receivables	1,083	-	-	-	-
Financial liabilities:					
Interest-bearing loans and borrowings (1)	46,334	-	-	-	-
2011					
Financial assets:					
Cash and cash equivalents - floating interest	11,052	(111)	(111)	221	221
Cash and cash equivalents - fixed interest	11,444	-	-	-	-
Trade and other receivables	2,189	-	-	-	-
Financial liabilities:					
Interest-bearing loans and borrowings (1)	44,870	-	-	-	-

(1) as all Loans are fixed interest there is no Interest Rate Risk.

(g) Fair Value Hierarchy

Council does not have any financial instruments that require a disclosure according to the fair value hierarchy as explained in AASB 7.

Note 38 Auditors' remuneration	2012	2011
	\$'000	\$'000
Audit fee to conduct external audit - Victorian Auditor-General	84	81
Internal audit fees - WHK Horwath	76	102
Fees for other services	3	15
	<u>163</u>	<u>198</u>

Note 39 Events occurring after balance date

No matters have occurred after balance date that require disclosure in the financial report.

Note 40 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 Ed Chatwin 1/7/11 - 30/6/12 (Mayor from 5/12/11)
	Councillor Graeme Legge 1/07/11 - 30/06/12
	Councillor Brett Owen 1/7/11 - 30/6/12
	Councillor George Blenkhorn (Mayor from 01/07/2011- 05/12/11)
	Councillor Collin Ross 1/7/11 - 30/6/12
	Councillor Stuart Halligan 1/7/11 - 30/6/12
	Councillor Graeme Moore 1/07/11- 30/6/12
Chief Executive Officer	Garry McQuillan (10/12/06 to current)

(ii) Remuneration of Responsible Persons

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

	2012	2011
	No.	No.
\$1 - \$ 9,999	0	1
\$10,000 - \$19,999	0	1
\$20,000 - \$29,999	5	4
\$30,000 - \$39,999	0	0
\$40,000 - \$49,999	2	1
\$50,000 - \$59,999	0	1
\$240,000 - \$249,999	0	0
\$270,000 - \$279,999	0	0
\$310,000 - \$319,999	1	1
	<u>8</u>	<u>9</u>

	\$'000	\$'000
Total Remuneration for the reporting year for Responsible Persons included above amounted to:	500	500

(iii) No retirement benefits have been made by the Council to a Responsible Person. (2011/12, nil).

(iv) No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year (2011/12, nil).

(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 (2011/12, nil).

(vi) Senior Officers Remuneration

A Senior Officer other than a Responsible Person, is an officer of Council whose total annual remuneration exceeds \$127,000, or if remuneration is less than \$127,000 has management responsibilities and reports directly to the Chief Executive Officer.

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

	2012	2011
	No.	No.
Income Range:		
<\$127,000	1	1
\$127,000 - \$129,999	3	2
\$130,000 - \$139,999	3	4
\$140,000 - \$149,999	6	0
\$150,000 - \$159,999		1
\$160,000 - \$169,999	1	1
\$170,000 - \$179,999		0
\$180,000 - \$189,999	1	2
\$190,000 - \$199,999		1
\$200,000 - \$209,999	3	1
\$210,000 - \$219,999		
\$220,000 - \$229,999	1	
	<u>19</u>	<u>13</u>

	\$'000	\$'000
Total Remuneration for the reporting year for Senior Officers included above, amounted to:	2,967	1,921

Note 41

Joint Venture Information

Cardinia Shire Council has made payments to the Casey-Cardinia Library Corporation totalling \$1.361m (2010/11 \$1.431m). No revenue was received in 2011/12 (2010/11 nil). The council does not have any assets or liabilities, which are committed to the Casey-Cardinia Library Corporation.

Note 42

Income, expenses, and assets by function/activities

	Infrastructure		Land Use Development		Social & Comm'y Wellbeing		Council & Organisation		Environment		TOTAL	
	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME												
Grants	10,734	6,078	0	0	2,822	2,157	8,555	6,159	170	80	22,280	14,475
Other	22,449	32,698	4,839	4,054	3,690	3,973	71,823	67,482	37	105	102,838	108,312
TOTAL	33,182	38,776	4,839	4,054	6,512	6,130	80,379	73,642	207	185	125,119	122,787
EXPENSES	34,998	31,113	3,562	3,191	14,280	12,792	35,929	30,655	2,235	1,804	91,004	79,554
SURPLUS/(DEFICIT)	(1,816)	7,663	1,277	863	(7,768)	(6,662)	44,449	42,987	(2,028)	(1,618)	34,115	43,233
NON CURRENT ASSETS ATTRIBUTED TO FUNCTION	384,287	354,037	0	0	88,617	83,087	188,498	180,431	0	0	661,402	617,555

FUNCTIONS/ACTIVITIES*

*Assets have been attributed to functions/activities based on the control and/or custodianship of specific

Infrastructure

To identify, plan for, and ensure the provision of the necessary infrastructure commensurate with the needs of the Cardinia community.

Infrastructure includes the following programs:

Asset Management	Footpaths and Street Furniture	Building Maintenance	Operations Management	Drainage Maintenance
Waste Management	Emerald Lake Park	Fire Prevention	Sealed Road Maintenance	Cleaning Services
Parks	Aquatic and Recreation Facilities	Emergency Management	Unsealed Road Maintenance	Fleet Operations

Land Use Development

To use the land use provisions and policies to build sustainable, strong communities across Cardinia

Land Use Development includes the following programs:

Strategic Planning	Statutory Planning	Subdivision Approval	Building Control
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Social & Community Wellbeing

To maintain safe, supportive communities that encourage healthy lifestyles across the shire.

Social and Community Well Being includes the following programs:

Library	Children's Services	Community Complexes	Community Law Enforcement
Animal Control	Out of School Hours and Vacation Care	Arts Programs and Festivals	Community Development and Research
Youth	Recreation Planning	Community Services Management	School Crossings
Social support	Recreation Projects	Maternal & Child Health	Economic Development
Health	Cardinia Cultural Centre	Infectious Disease Control	Community Sustainability Management

Council and the Organisation

To provide open transparent government together with appropriate financial and human resources to service the Cardinia community.

Council and the Organisation includes the following

Council	Communication	Information Technology	Information Services
Corporate Management	Financial Management	Property Management	Customer Service
Organisation Development	Governance and Policy	Community Liaison	Rates and Valuations

Environment

To manage the impact on the natural and built environment to ensure an ecologically sustainable Cardinia

Environment includes the following programs:

Environment	EPA Health	Domestic Waste Water	Environment Maintenance and Programs
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Note 43 Financial ratios (Performance indicators)	2012 \$'000	2012 (%)	2011 \$'000	2011 (%)
(a) Debt servicing ratio (to identify the capacity of Council to service its outstanding debt)				
<u>Debt servicing costs</u>	3,053		3,013	
Total income	125,119	= 2.44%	122,786	= 2.45%
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 income.				
(b) Debt commitment ratio (to identify Council's debt redemption strategy)				
<u>Debt servicing & redemption costs</u>	6,732		7,744	
Rates income	52,885	= 12.73%	47,225	= 16.40%
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) Income ratio (to identify Council's dependence on non-rate income)				
<u>Rates income</u>	52,885		47,225	
Total income	125,119	= 42.27%	122,786	= 38.46%
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>	67,703		58,020	
Total realisable assets	351,871	= 1 to 5.19	326,294	= 1 to 5.62
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 32) 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.				
(e) Working capital ratio (to assess Council's ability to meet current commitments)				
<u>Current assets</u>	63,517		56,932	
Current liabilities	23,939	= 2.65	18,039	= 3.16
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>	63,517		56,932	
Current liabilities	21,521	= 2.95	16,429	= 3.47
The ratio expresses the level of current assets the Council has available to meet its current liabilities.				
Current liabilities have been reduced to reflect the long service leave that is shown as a current liability because Council does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date, but is not likely to fall due within 12 months after the end of the period.				

	Note	2012 \$'000	2011 \$'000
Note 44 Capital expenditure			
Capital expenditure areas			
Roads, drains, bridges, and footpaths		7,202	6,997
Community facilities		14,421	8,698
Plant, equipment, and other		2,865	7,190
Total capital works		24,488	22,885
plus expenditure budgeted in CW program but accounted for as operating	(e)	2,403	1,432
		26,891	24,317
Represented by:			
Renewal	(a)	6,833	5,692
Upgrade	(b)	1,620	1,622
Expansion	(c)	-	-
New assets	(d)	16,026	15,571
Other		9	-
Total capital works		24,488	22,885

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		24,488	22,885
Depreciation	12	(13,790)	(12,991)
Written down value of assets sold	22	(1,870)	2,839
Assets contributed from development	22	33,788	34,248
Assets contributed by Community	22	261	192
Impairment of Assets	22	970	-
Reclassification of assets	22	-	-
Net movement in property, plant and equipment, infrastructure		43,847	47,173

(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.

(d) New Assets

Expenditure which creates a new asset that did not exist before.

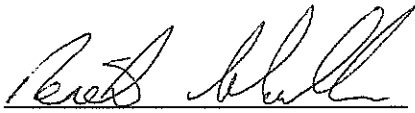
(e) Transfers from Capital Works to Operating

This includes projects accounted for as operating but managed as part of the capital works program.

- Note 45 Special committees and other activities**
- Bunyip Sanctuary Reserve Committee
 - Bunyip Hall Committee
 - Bunyip Auditorium Committee of Mgt
 - Cardinia Public Hall
 - Cardinia Recreation Reserve
 - Chandler Recreation Reserve
 - Clematis Hall Committee
 - Cockatoo Community Hall
 - Cockatoo Township Committee
 - Emerald Village Committee
 - Garfield Hall & Recreation Reserve-Hall Committee
 - Garfield Hall & Recreation Reserve-Rec Res
 - Gembrook Community Centre Reserve
 - Gembrook Sports Ground
 - Gembrook Township Committee
 - Homegarth Community Centre
 - Huxtable Rd Horse Riding Reserve
 - Josie Bysouth Reserve Committee
 - Koo Wee Rup Township Committee
 - Koo Wee Rup Community Centre (Hall Committee)
 - Lang Lang Memorial Hall Committee
 - Lang Lang Township Committee
 - Lilypond House Committee
 - Maryknoll Recreation Reserve Committee
 - Modella Hall Committee
 - Nar Nar Goon North Hall Committee
 - NNG Soldiers Memorial Comm. Centre & Rec. Res.
 - Nobelius Heritage Park
 - Officer Recreation Reserve
 - Pakenham Hall Committee
 - Pound Road Reserve Committee of Management
 - Rythdale Recreation Reserve
 - Sutherland Park Recreation Reserve
 - Toomuc Recreation Reserve
 - Worrell Rec Reserve Committee
 - Yannathan Public Hall & Recreation Reserve
 - Yarrabubba Horse Riding Reserve

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.



Derek Madden
General Manager Corporate Services

Date: 24 September 2012
Pakenham

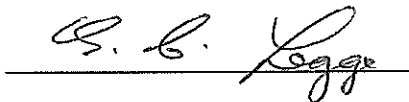
In our opinion the accompanying financial statements present fairly the financial transactions of Cardinia Shire Council for the year ended 30 June 2012 and the financial position of the Council as at that date.

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

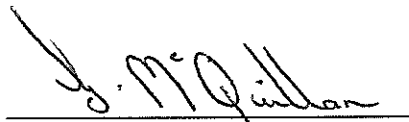
We have been authorised by the Council on 24 September 2012 to certify the financial statements in their final form.



Cr. Ed Chatwin
Date: 24 September 2012
Pakenham



Cr. Graeme Legge
Date: 24 September 2012
Pakenham



Garry McQuillan
Chief Executive Officer

Date: 24 September 2012
Pakenham



CARDINIA SHIRE COUNCIL

STANDARD STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

CARDINIA SHIRE COUNCIL

STANDARD STATEMENTS

INTRODUCTION

Note 1 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 Statement of Cash Flows, and a 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 an accounting basis consistent with those used for General Purpose Financial Statements and the Budget. The result 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, which are included in 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 ten 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 Statements are those adopted by Council in June 2011. The budget was based on assumptions that were relevant at the time of adoption of the budget. The Council set guidelines and parameters for revenue and expense targets in 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. 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.

CARDINIA SHIRE COUNCIL

STANDARD INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2012

	Actuals 2011/12 \$'000	Budget 2011/12 \$'000	Variances 2011/12 \$'000	Variances 2011/12 %	Ref
Revenue from ordinary activities					
Rates & Charges	52,885	51,573	1,312	3%	1
Statutory Fees & Fines	2,586	2,484	102	4%	2
User Fees	3,282	3,337	(55)	(2%)	
Contributions - Cash	482	754	(272)	(36%)	3
Development Levies - Cash	12,131	6,115	6,016	98%	4
Contributions - Non-Monetary Assets	25,363	16,000	9,363	59%	5
Grants - Recurrent	20,123	9,680	10,443	108%	6
Grants - Non-Recurrent	2,157	3,796	(1,639)	(43%)	7
Interest Income	1,652	1,037	615	59%	8
Net Gain/(Loss) on Disposal of Property, Plant and Equipment	217	1,643	(1,426)	(87%)	9
Other Income	4,763	784	3,979	508%	10
Share of Net Profits/(Losses) of Associates and Joint Ventures Accounted for by the Equity Method	(523)	0	(523)	%	11
Total revenues	125,119	97,202	27,917	29%	
Expenses from ordinary activities					
Employee Benefits	29,149	25,320	(3,829)	(15%)	12
Materials and Services	41,176	30,269	(10,907)	(36%)	13
Bad and Doubtful Debts	116	30	(86)	(287%)	
Depreciation and Amortisation	13,790	13,847	57	%	
Finance Costs	3,246	3,270	24	1%	
Other Expenses	3,527	3,243	(284)	(9%)	14
Total expenses	91,004	75,979	(15,025)	(20%)	
Surplus (deficit) for the year	34,115	21,223	12,892	61%	

CARDINIA SHIRE COUNCIL

STANDARD INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2012

1. Rates & Charges (\$1.312m favourable)

Rate revenue is \$1.259m better than budget due to the inclusion of new subdivisions after rates estimates and the release of new lots. General garbage and green waste bin charges income are \$53k better than budget due to the timing of inclusion of new services.

2. Statutory Fees & Fines (\$0.102m favourable)

Development fees (design checking and supervision) are \$99k better than budget due to increased activity in this area, and Animal Control fees are \$84k better due to a higher number of animal registrations. These have been partially offset by planning fees (planning permits) which are \$113k below budget due to decreased planning activity.

3. Contributions - Cash (\$0.272m unfavourable)

Strategic Planning contributions for the Officer structure and DCP preparation are \$170k under budget. Sealed Roads & Bridges contributions are \$151k under budget due to a reduction in receipts of road levies from quarry companies due to new agreements. These have been partially offset by Engineering income for non-standard street lights, which is \$44k better than budget.

4. Development Levies - Cash (\$6.016m favourable)

Developer levies in total have a favourable variance of \$6.630m. Community Infrastructure levies (CIL) are \$560k under budget and Public Open Space (POS) levies \$91k under budget, but are offset in total by non-cash levies. Also, capital contributions are \$37k better than budget.

5. Contributions - Non-Monetary Assets (\$9.363m favourable)

The budget for these is an estimate. Council receives and brings to account assets that have been 'contributed' or donated by developers, and includes assets such as land, roads, and footpaths. The value of developer contributed assets for the year is \$7.774m better than budget. In addition there has been \$621k of DCP non-cash contributions, \$707k combined levies (including CIL and POS) for a reserve at a Toomuc Valley Rd subdivision, and \$261k of community capital works non-cash contributions, all of which were not budgeted.

6. Grants - Recurrent (\$10.443m favourable)

Unbudgeted grants totalling \$4.147m were received for rectification works required as a result of the February 2011 floods across the Shire. Victorian Grants Commission (VGC) operating grants were \$3.068m better than budget due to a higher allocation and receipt of part of the 2012/13 grants in advance. The VGC capital grant of \$923k is recognised as a recurrent grant but was budgeted as non-recurrent. Similarly, Roads to Recovery (RTR) grants totalling \$1.164m are recognised as recurrent but budgeted as non-recurrent. Significant unbudgeted grants have been received for Community Prevention Program (\$372k), Healthy Communities Initiative (\$330k), Two-Eight-Six Program (\$154k), and dangerous tree removal (\$104k).

7. Grants - Non-Recurrent (\$1.639m unfavourable)

As mentioned above, the actual income for \$1.816m of RTR and VGC grants budgeted in non-recurrent grants are recognised in recurrent grants. Budgeted grants for Holm Park Rd Recreation Reserve and Gum Scrub Creek Reserve are \$500k and \$250k under budget respectively, and the budgeted grant of \$250k for the Lakeside South community/children's facility was not received. These have been partly offset by unbudgeted grants received for Cardinia Road Community Centre (\$340k), youth facility fitout (\$300k), and recreation reserves resurfacing and improvements (\$297k).

8. Interest Income (\$0.615m favourable)

Interest on investments are \$519k better than budget and interest on DCP investments are \$105k better, both due to higher investment balances than anticipated. These have been partially offset by interest on rates, garbage, and schemes which are \$9k below budget.

9. Net Gain/(Loss) on Disposal of Property, Plant and Equipment (\$1.426m unfavourable)

Net proceeds from land sales at South East Business Park are \$1.028m under budget and net loss on disposal of infrastructure assets disposed during the year total \$609k. These have been partly offset by a net gain on sale of plant \$179k better than budget and net proceeds from sale of other land \$33k better than budget.

CARDINIA SHIRE COUNCIL

STANDARD INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2012

10. Other Income (\$3.979m favourable)

Assets to the value of \$2.082m which were impaired as a result of the February 2011 floods have been restored during the year. Also, unbudgeted cost recoveries totalling \$1.240m have been recognised, other cost recoveries are \$286k better than budget, and unbudgeted income of \$267k from sale of items for recycling has been received.

11. Share of Net Profits/(Losses) of Associates and Joint Ventures (\$0.523m unfavourable)

Share of equity in Casey-Cardinia Library Corporation decreased due to their unfavourable result for the 2011/12 financial year, which included an unfunded defined benefits superannuation liability of \$1.759m.

12. Employee Benefits (\$3.829m unfavourable)

Actual salaries and oncosts were \$60k under budget for the year. The unfavourable variance is due to recognition of an unfunded defined benefits superannuation liability of \$2.913m (including contributions tax), and year adjustments totalling \$976k to bring the long service leave and annual leave provisions up to the required balances.

13. Materials and Services (\$10.907m unfavourable)

The unfavourable variance is due to a number of factors, the major ones being unbudgeted expenditure of \$4.464m on rectification works required as a result of the February 2011 and June 2012 floods across the Shire (this has been partly recovered by grants from the State Government). Other significant variances are due to Capital Works, Priority Works, and Community Capital Works expenditure totalling \$2.403m (budgeted in the Capital Works program), and unbudgeted Cardinia Road DCP expenses totalling \$2.364m for transfer of land to a third party and cost of works.

14. Other Expenses (\$0.284m unfavourable)

Impairment of assets resulting from the June 2012 floods to the value of \$1.160m have been recognised. This has been partly offset by Rental Property rent/lease expenditure which is \$448k under budget, payment of rebates for 80L garbage bins and compost bins which are \$344k under budget due to take-up rate being lower than expected, and Information Technology hardware rent/lease expenditure which is \$117k under budget.

CARDINIA SHIRE COUNCIL

STANDARD BALANCE SHEET

AS AT 30 JUNE 2012

	Actuals 2011/12 \$'000	Budget 2011/12 \$'000	Variances 2011/12 \$'000	Variances 2011/12 %	Ref
Current Assets					
Cash and Cash Equivalents	38,311	19,389	18,923	98%	1
Trade and Other Receivables	12,659	7,503	5,156	69%	2
Accrued Income	116	327	(211)	(65%)	
Prepayments	700	517	183	35%	
Inventories	33	21	12	57%	
Land Held for Resale	11,698	634	11,064	1745%	3
Total Current Assets	63,517	28,392	35,125	124%	
Non-Current Assets					
Investments in Associates	883	1,541	(658)	(43%)	
Property, Infrastructure, Plant and Equipment	661,402	591,500	69,902	12%	4
Land Held for Resale	0	11,916	(11,916)	(100%)	3
Total Non-Current Assets	662,285	604,957	57,328	9%	
Total Assets	725,802	633,349	92,453	15%	
Current Liabilities					
Trade and Other Payables	11,990	6,075	(5,915)	(97%)	5
Trust Funds and Deposits	3,916	2,799	(1,117)	(40%)	6
Provisions	4,579	3,442	(1,137)	(33%)	7
Interest Bearing Loans and Borrowings	3,453	3,518	65	2%	8
Total Current Liabilities	23,939	15,833	(8,106)	(51%)	
Non-Current Liabilities					
Deferred Land Liability	0	464	464	100%	
Provisions	982	766	(216)	(28%)	7
Interest Bearing Loans and Borrowings	42,881	43,154	273	1%	8
Trade and Other Payables	2,913	0	(2,913)	%	5
Total Non-Current Liabilities	46,776	44,384	(2,392)	(5%)	
Total Liabilities	70,715	60,217	(10,497)	(17%)	
Net Assets	655,088	573,132	81,956	14%	
Equity					
Accumulated Surplus	448,025	407,049	40,976	10%	
Reserves	207,063	166,083	40,980	25%	
Total Equity	655,088	573,132	81,956	14%	

CARDINIA SHIRE COUNCIL

STANDARD BALANCE SHEET

AS AT 30 JUNE 2012

1. Cash and Cash Equivalents

Cash and cash equivalents as at 30 June 2012 are \$18.923m higher than budget, primarily due to cash inflows which were net \$21.213m better than budget, mainly in grants and development levies income partly offset by payments to suppliers. The opening cash balance was lower than budget by \$2.290m.

2. Trade and Other Receivables

Receivables are \$5.156m higher than budget, mainly due to the inclusion of Cardinia Road DCP debtors which have a closing balance of \$3.363m, and \$1.515m due from VicRoads in relation to works at the Cardinia Rd and Princes Highway intersection.

3. Land Held for Resale

The net variance between current and non-current land for resale is \$852k. All land held for resale has now been moved into current assets (on auditor advice) and represents the remaining 110.6263 hectares to be sold at the South East Business Park anytime in the future.

4. Property, Infrastructure, Plant and Equipment

Property, plant and equipment balance is \$69.902m higher than budget, due to a higher opening balance, plus a combination of higher than budgeted non-cash contributions and lower capital expenditure.

5. Trade and Other Payables

Current trade and other payables are \$5.915m higher than budget due a higher balance of outstanding creditors of \$2.981m at the end of the financial year, and the inclusion of \$2.766m of accrued expenses and orders which have been receipted but their invoice has not yet been received, and \$168k of income in advance. Non-current trade and other payables are the \$2.913m for the unfunded superannuation liability, which was not budgeted.

6. Trust Funds and Deposits

Trust funds and deposits are \$1.117m higher than budget, primarily due to higher balances of refundable landscape maintenance bonds and contractors security bonds.

7. Provisions

Current provisions are \$1.137m higher than budget mainly due to increases in the annual leave and long service leave provisions. Non-current provisions are \$216k higher due to an increase in the longer term long service leave provision. Provisions are reviewed at the end of each financial year to ensure they hold the required amounts.

8. Interest Bearing Loans and Borrowings

The balance of loans and borrowings are a total of \$338k lower than budget due to higher than budgeted repayments during the year, mainly paying out the balance of the 2002 unfunded superannuation liability.

CARDINIA SHIRE COUNCIL

STANDARD STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2012

	Actuals 2011/12 \$'000 Inflows (Outflows)	Budget 2011/12 \$'000 Inflows (Outflows)	Variances 2011/12 \$'000	Variances 2011/12 %	Ref
Cash Flows from Operating Activities					
Receipts					
Rates and Charges	52,341	50,786	1,555	3%	
Statutory Fees and Fines	2,696	2,484	212	9%	1
User Fees	3,968	3,512	456	13%	2
Grants	24,797	13,476	11,321	84%	3
Contributions - Cash	975	754	221	29%	4
Development Levies - Cash	16,486	6,115	10,371	170%	5
Interest Income	1,634	1,037	597	58%	6
Other Revenue	3,058	784	2,274	290%	7
GST	2,788	0	2,788	%	8
	108,743	78,948	29,795	(38%)	
Payments					
Suppliers	(46,153)	(33,501)	(12,652)	(38%)	9
Employees	(24,999)	(25,320)	321	1%	
	(71,152)	(58,821)	(12,331)	(21%)	
Net Cash Provided by Operating Activities	37,591	20,127	17,464	87%	
Cash Flows from Investing Activities					
Payments for Property, Plant, Infrastructure and Equipment	(23,099)	(28,690)	5,591	19%	10
Proceeds from Sale of Property, Infrastructure, Plant and Equipment	3,105	4,528	(1,423)	31%	11
Net Cash Used in Investing Activities	(19,994)	(24,162)	4,168	17%	
Cash Flows from Financing Activities					
Finance Costs	(3,246)	(3,270)	24	1%	
Proceeds from Borrowings	4,950	4,950	0	%	
Repayments of Interest Bearing Loans and Borrowings	(3,486)	(3,043)	(443)	(15%)	
Net Cash Provided by Financing Activities	(1,782)	(1,362)	(420)	(31%)	
Change in Cash Held	15,815	(5,397)	21,212	393%	
Cash at the Beginning of Period	22,496	24,786	(2,290)	(9%)	
Cash at the End of Period	38,311	19,389	18,922	98%	

CARDINIA SHIRE COUNCIL

STANDARD STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2012

1. Statutory Fees and Fines

Refer to comments on variances in the Income Statement Note 2. In addition to those comments, there was an increase in the outstanding balance of infringement debtors at the end of 2011/12 resulting in a negative cash flow. Also, a GST component is included in the actuals but not in the budget.

2. User Fees

User Fees as per the Income Statement have been adjusted for increases in outstanding debtors, fees held in trust, and fee income received in advance. Also, a GST component is included in the actuals but not in the budget.

3. Grants

Refer to comments on variances in the Income Statement Notes 6 and 7. In addition to those comments, there was a lower balance of outstanding invoices at the end of the current financial year than the previous year, having a positive impact on cash flow. Also, a GST component is included in the actuals but not in the budget.

4. Contributions - Cash

Refer to comments on variances in the Income Statement Note 3. In addition to those comments, the balance of scheme debtors has decreased from the previous year, having a positive impact on cash flow.

5. Development Levies - Cash

Refer to comments on variances in the Income Statement Note 4. In addition to those comments, the balance of development levy debtors has decreased from the previous year, having a positive impact on cash flow.

6. Interest Income

Refer to comments on variances in the Income Statement Note 8. In addition to those comments, the balance of accrued interest income has increased from the previous year, having a negative impact on cash flow.

7. Other Revenue

Refer to comments on variances in the Income Statement Note 10. In addition to those comments, the balance of accrued income has decreased from the previous year, having a positive impact on cash flow. The income recognised from the reinstatement of impaired assets which is shown in the Income Statement is not included in the Cash Flow Statement as it is a non-cash item. Also, a GST component is included in the actuals but not in the budget.

8. GST

Net actual GST reimbursement of \$2.788m includes GST on income from User Fees, Statutory Fees and Fines, Grants, Other Revenue, Proceeds from Sale of Property, Infrastructure, Plant & Equipment, and expenditure on Payments to Suppliers and Payments for Property, Plant, Infrastructure and Equipment.

9. Suppliers

Refer to comments on variances in the Income Statement Notes 13 and 14. In addition to those comments, the balance of prepayments and inventories have increased from the previous year having a positive impact on cash flow, and the balance of payables has increased having a negative impact. The expense recognised for the impairment of assets which is shown in the Income Statement is not included in the Cash Flow Statement as it is a non-cash item. Also, a GST component is included in the actuals but not in the budget.

CARDINIA SHIRE COUNCIL

STANDARD STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2012

10. Payments for Property, Plant and Equipment

The cash flow amount for Payments for Property, Plant & Equipment is based on movement in the balance of Infrastructure Assets plus or minus adjustments for receivables, payables, asset revaluation reserve movement, non-cash contributions, written down value of assets sold, depreciation, and impairment movement.

11. Proceeds from Sale of Property, Plant and Equipment

Refer to comments on variances in the Income Statement Note 9. In addition to those comments, the balance of land held for resale has decreased from the previous year, having a positive impact on cash flow. The written down value of assets sold which is shown in the Income Statement is not included in the Cash Flow as it is a non-cash item. Also, a GST component is included in the actuals but not the budget.

CARDINIA SHIRE COUNCIL

STANDARD STATEMENT OF CAPITAL WORKS

FOR THE YEAR ENDED 30 JUNE 2012

	Actuals 2011/12 \$'000	Budget 2011/12 \$'000	Variances 2011/12 \$'000	Variances 2011/12 %	Ref
Capital Works Areas					
Roads and Footpaths	5,301	9,338	(4,037)	(43%)	1
Drains	1,901	1,555	346	22%	2
Open Space	6,538	4,775	1,763	37%	3
Buildings	7,884	10,041	(2,157)	(21%)	4
Plant, Equipment and Other	2,865	2,981	(116)	(4%)	5
Total Capital Works	24,488	28,690	(4,201)	(15%)	
Represented By:					
New	16,026	18,990	(2,964)	(16%)	
Upgrade/Renewal	8,462	9,700	(1,238)	(13%)	
Total Asset Renewal	24,488	28,690	(4,201)	(15%)	

Explanation of variances:

Note: All references to budget are to the 2011/12 original budget which does not include any unspent budget allocated in previous years.

1. Roads and Footpaths

Roads and footpaths expenditure is \$4.037m under budget. McGregor Road Pakenham duplication is \$2.926m below budget due to project delays, and the budgeted purchase of land for car parking did not occur.

2. Drains

Drains expenditure is \$346k over budget. Special Charge Schemes (SCS) drainage works expenditure of \$357k in Emerald and Bunyip were funded by carry-overs from previous years, whilst SCS expenditure of \$94k in Pakenham was not budgeted in 2011/12. Drainage works at recreation reserves totalling \$249k is budgeted in Open Space, and drainage replacement program expenditure is \$80k over budget. These have been partly offset by flood mitigation drainage works which are \$581k under budget, with work continuing in 2012/13.

3. Open Space

Open Space expenditure is \$1.763m over budget. This is mainly due to the recognition of Beaconhills Golf Course to the value of \$4.150m, and revenue from land sales which has a budget of \$3.5m but the actual revenue is included in the Standard Income Statement. These have been partly offset by Gum Scrub Creek Reserve which is \$2.215m under budget due to project delays (small amount has been spent in Drains), and land acquisitions which is \$1.148m under budget partly due to the budgeted land purchase at Cardinia Road not occurring during the year. Holm Park Road recreation reserve has budget of \$1.915m but expenditure is in other categories.

4. Buildings

Buildings expenditure is \$2.157m under budget. Cardinia Road Community Centre and Lakeside South community/children's facility are \$1.963m and \$1.897m under budget respectively due to project delays, and land acquisition expenditure is \$1.161m under budget. These have been partly offset by over expenditure of \$811k on Cardinia Lakes children's facility and unbudgeted expenditure of \$727k on Pakenham Library, both being funded by unspent allocations from previous years. Expenditure at Holm Park Road recreation reserve totalling \$1.288m is partly budgeted in Open Space and partly funded by carry-overs.

CARDINIA SHIRE COUNCIL

STANDARD STATEMENT OF CAPITAL WORKS

FOR THE YEAR ENDED 30 JUNE 2012

5. Plant, Equipment & Other

Plant, Equipment and Other expenditure is \$116k under budget. This is mainly due to Priority Works projects with a combined budget of \$231k being budgeted in the Capital Works program, but the actual expenditure is included in the Standard Income Statement. This has been partly offset by new and replacement plant and equipment which is \$125k over budget, and has been funded by unspent allocations from previous years.

Certification of the 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.



Derek Madden
General Manager Corporate Services

Date : 24 September 2012

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

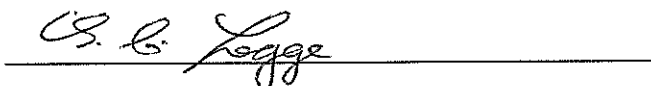
As at the date of signing, we are not aware of any circumstances which would render any particulars in the standard statements to be misleading or inaccurate.

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



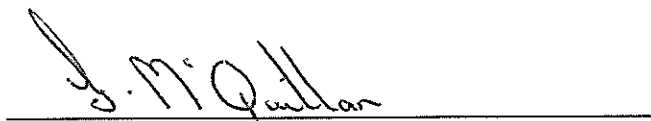
Cr Ed Chatwin

Date : 24 September 2012



Cr Graeme Legge

Date : 24 September 2012



Garry McQuillan
Chief Executive Officer

Date : 24 September 2012



Victorian Auditor-General's Office

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INDEPENDENT AUDITOR'S REPORT

To the Councillors, Cardinia Shire Council

The Financial Report and Standard Statements

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

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

The Councillors' Responsibility for the Financial Report and Standard Statements

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

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

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

Auditor's Responsibility

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

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

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

Independent Auditor's Report (continued)

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

Independence

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

Opinion

In my opinion:

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


Basis of Accounting for Standard Statements

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

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

This auditor's report relates to the financial report and standard statements of the Cardinia Shire Council for the year ended 30 June 2012 included both in the Cardinia Shire Council's annual report and on the website. The Councillors of the Cardinia Shire Council are responsible for the integrity of the Cardinia 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
26 September 2012


D D R Pearson
Auditor-General

Key Strategic Activities

Council's budget funds activities to deliver the council plan, key strategies and base services. One of the key challenges outlined in the Council plan is the growth in our communities over the foreseeable future. Of the many activities Council is undertaking to address this challenge six in particular were identified as key strategic activities for this reporting period. These activities demonstrate Council's focus on delivering to the whole of its community. They relate for planning for our new communities, new centres to improve service delivery, connectedness of our communities and infrastructure works to improve amenity of areas.

Key Strategic Activity	Target	Measure & Timing	
Officer Precinct	Structure Plan and Development Contributions for these areas	30 June 2012	Achieved – Approved by the Minister December 2011
Youth Facility	Facility Open	30 June 2012	Not Achieved – The construction works were completed and the centre was opened officially on Monday 6 August 2012.
Cardinia Lakes Children's/ Community Centre	Facility Open	30 June 2012	Achieved – All works completed and facility ready for operations that commenced Monday 16 July.
Commencement of Delivery of Township Strategy and Township priority works	All projects listed completed	30 June 2012	Not Achieved - In its inaugural year, the program has delivered on a substantial number of projects, but not all have been completed by end June 2012.
Completion of Phase 1 of the drainage works program	Completion of works	30 June 2012	Achieved - Phase1 works of the \$2.5 m flood mitigation program have been completed with financial offsets through flood response program. Phase 2 works to be completed in 2012-13
Cockatoo Community Link Project opening	Facility Open	30 June 2012	Not achieved –This project is to be extended into March 2013 with fit out plans completed. Further consultations is required with the community and negotiations are being conducted with a training service provider continue.

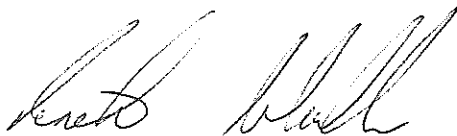
CARDINIA SHIRE COUNCIL

Certification of the Performance Statement

In our opinion the accompanying Performance Statement in respect of the 2011/12 Financial year is presented fairly and in accordance with the Local Government Act.

The Statement outlines the performance targets and measures set out in relation to the achievement of the budgeted key strategic activities in respect of the year as described in Council's budget and describes the extent to which the budgeted key strategic activities were met in that year having regard to those targets and measures.

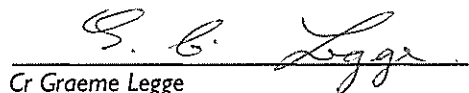
As at the date of signing, we are not aware of any circumstances which would render any particulars in Performance Statement to be misleading or inaccurate.




Derek Madden
General Manager Corporate Services
Date: 24 September 2012
Pakenham



Cr Ed Chatwin
Date: 24 September 2012
Pakenham



Cr Graeme Legge
Date: 24 September 2012
Pakenham



Garry McQuillan
Chief Executive Officer
Date: 24 September 2012



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INDEPENDENT AUDITOR'S REPORT

To the Councillors, Cardinia Shire Council

The Performance Statement

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

The Councillors' Responsibility for the Performance Statement

The Councillors of the Cardinia 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.

Independent Auditor's Report (continued)

Auditor's Opinion

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

Matters Relating to the Electronic Publication of the Audited Performance Statement

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

MELBOURNE
26 September 2012


D D R Pearson
Auditor-General