

Annual financial report 2013–14

Cardinia Shire Council

Understanding the financial statements

The financial statements are key reports that give information on how Council performed financially for the 2013–14 financial year, as well as giving an overall position of Council's finances at 30 June 2014.

Council staff prepare the financial statements to meet the requirements of the *Local Government Act 1989*, International Financial Reporting Standards and Australian Accounting Standards.

The Victorian Auditor-General's office audits the statements before approval in principle by Council's Audit Committee and Council itself. Council then forwards the financial statements to the Auditor-General for final approval.

For this financial year, Council has received a clear audit of its financial statements.

Four key financial reports and explanatory notes supporting the reports make-up the financial statements:

1. Comprehensive income statement.
2. Balance sheet.
3. Statement of changes in equity.
4. Cash flow statement.

Each report has a purpose and provides the reader with information in relation to an aspect of Council's financial operations. When the statements are read in conjunction with each other, it assists in the overall understanding of Council's financial position.

Comprehensive income statement

- Sources of Council revenue.
- Expenses incurred in the delivery of services to the community and in running Council. These expenses do not include costs associated with the construction or purchase of assets. These are added to assets in the balance sheet. However, there is an operating expense for 'depreciation' that is the book value of assets used up during the year.
- Surplus/(deficit) for the year, which is the equivalent to Council's profit (loss) for the year. A profit means that the income was greater than the expenditure. It must be considered that this does not necessarily equal a cash profit. The majority of Council's profit comes from developer-contributed assets, which must be recognised as revenue, even though they are in the form of infrastructure assets, not cash.

Balance sheet

This is a one-page snapshot of Council's financial position as at 30 June.

- Shows what Council owns as assets and what it owes as liabilities.
- The bottom line is total equity. This is the net worth of Council that has been built up over many years and equates to net assets (total assets less total liabilities)
- Assets and liabilities are separated into current and non-current. Generally speaking, current assets are those assets able to be converted to cash within 12 months. Current liabilities are those liabilities that are payable within 12 months. Non-current assets are those assets that are not expected to be converted to cash within 12 months. Non-current liabilities are those liabilities not required to be paid within the next 12 months.
- Accumulated surplus – the value of all net results from ordinary activities accumulated over time.

- Reserves – the sum of the opening recorded value of assets and equity, and any increase or decrease in their current values.

Statement of changes in equity

This statement shows the changes in the value of total Councils' equity and how changes arose.

Main reasons for the changes are:

- 'profit or loss' from operations, described in the statement as surplus/(deficit) for the year
- any increase or decrease in Council asset values
- revaluation of Council assets – while there is a requirement that Council land and buildings be re-valued every two years, Council's major asset categories are reviewed regularly to ensure they are carried at fair value.

Cash flow statement

- Summarises cash payments and cash receipts for the year. The values in the cash flow from operating activities may differ from those shown in the comprehensive income statement because the statement is prepared on an accrual accounting basis.
- Bottom line of the cash flow statement is the cash and cash equivalents at the end of the financial year, which is the physical cash held by Council at the end of the financial year. It must be considered that this cash is not surplus cash held at the end of the year. This cash is committed to current capital projects, as well as meeting Council's obligations in terms of its liabilities and provisions.

Notes to the accounts

- Important and informative section of the financial statements. To enable the reader to understand the basis on which the values shown in the statements are made, it is necessary to provide details of Council's accounting policies. These are described in Note 1.
- Give details behind the figures contained in the statements. The note numbers are shown beside the relevant items in the comprehensive income statement, balance sheet, and cash flow statement.
- Where Council wishes to disclose other information that cannot be incorporated into the statement, then this is also shown in the notes.
- Other notes include:
 - cost of various functions of Council
 - breakdown of expenses, revenues, reserves and other assets
 - contingent liabilities and contingent assets
 - transactions with persons related to Council.

Statements by Principal Accounting Officer and councillors

The Certification of the Principal Accounting Officer is a statement made by the person responsible for the financial management of Council that, in their opinion, the financial statements have met all the statutory and professional reporting requirements and they are fair and not misleading.

The Statement of Councillors is a statement made by two councillors on behalf of the Council that, in their opinion, the financial statements are fair and not misleading.

Auditor-General's report

The independent audit report is an external and independent opinion of the financial statements.

It provides the reader with an independent opinion on the financial statements.

The opinion covers both the statutory and professional requirements and also the fairness aspects of the financial statements.

Standard statements

The standard statements compare Council's financial plan, expressed through its budget, with actual performance.

Council is required to prepare and include audited standard statements within its annual report. There are four standard statements required this year: standard income statement; standard balance sheet, standard statement of cash flows, and standard statement of capital works, together with explanatory notes.

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

Performance statement

This statement shows key strategic activities set by Council, and how it has performed in achieving these activities. These results are also audited by the Auditor-General's office.

CARDINIA SHIRE COUNCIL

FINANCIAL STATEMENT

FOR THE YEAR ENDED 30 JUNE 2014

CARDINIA SHIRE COUNCIL
Financial Report
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Comprehensive Income Statement For the Year Ended 30 June 2014

	Note	2014 \$'000	2013 \$'000
Income			
Rates and charges	2	62,731	58,050
Statutory fees and fines	3	3,045	2,643
User fees	4	3,427	3,287
Contributions - cash	6 (a)	10,585	6,190
Contributions - non-monetary assets	6 (b)	20,639	25,839
Grants - recurrent	5	9,625	17,899
Grants - non-recurrent	5	2,852	5,924
Interest Income	7	1,172	1,569
Net gain(loss) on disposal of property, infrastructure, plant and equipment	15	201	(1,963)
Other Income	8	5,231	8,554
Share of net profits(losses) of associates and joint ventures accounted for by the equity method	16	374	139
Total Income		<u>119,882</u>	<u>128,132</u>
Expenses			
Employee costs	9	30,111	27,297
Materials and services	10	42,426	43,105
Bad and doubtful debts	11	320	469
Depreciation and amortisation	12	14,493	13,947
Finance costs	13	3,340	3,315
Other Expenses	14	2,305	5,498
Total expenses		<u>92,995</u>	<u>93,631</u>
Surplus / (Deficit)		<u>26,887</u>	<u>34,500</u>
Other Comprehensive Income			
Net asset revaluation increment(decrement)	27 (a)	(22,502)	75,320
Comprehensive result		<u>4,385</u>	<u>109,820</u>

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

Balance Sheet
As at 30 June 2014

	Note	2014	2013
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents	17	24,529	38,515
Receivables	18	21,648	15,348
Accrued income	19	287	298
Prepayments	20	418	523
Inventories	21a	26	20
Land Held for Resale	21b	11,029	11,355
Total current assets		57,937	66,059
Non-current assets			
Investments in associates	16	1,395	1,021
Property, plant and equipment, infrastructure	22	780,567	772,108
Total non-current assets		781,962	773,129
Total assets		839,899	839,188
Liabilities			
Current liabilities			
Payables	23	11,995	17,377
Trust funds and deposits	24	3,237	2,845
Provisions	25	4,704	5,248
Interest-bearing loans and borrowings	26	9,427	3,863
Total current liabilities		29,363	29,333
Non-current liabilities			
Provisions	25	2,531	738
Interest-bearing loans and borrowings	26	36,068	43,272
Total non-current liabilities		38,599	44,010
Total liabilities		67,962	73,343
Net Assets		771,937	765,845
Equity			
Accumulated surplus		507,767	483,011
Reserves	27	264,170	282,834
Total Equity		771,937	765,845

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

Statement of Changes in Equity For the Year Ended 30 June 2014

	Note	Total 2014 \$'000	Accumulated Surplus 2014 \$'000	Asset Revaluation Reserve 2014 \$'000	Other Reserves 2014 \$'000
2014					
Balance at beginning of the financial year		765,845	483,011	258,066	24,768
Other adjustments to opening balances	28	1,707	1,707		
Revised Opening balances		767,552	484,718	258,066	24,768
Surplus / (Deficit) for the year		26,887	26,887	-	-
Net asset revaluation increment/(decrement)	27(a)	(22,502)	-	(22,502)	-
Transfers to reserves	27(b)	3,838	-	-	3,838
Transfers from accumulated surplus	27(b)	(3,838)	(3,838)	-	-
Transfers to accumulated surplus	27(b)	-	-	-	-
Balance at end of the financial year		771,937	507,767	235,564	28,606

	Note	Total 2013 \$'000	Accumulated Surplus 2013 \$'000	Asset Revaluation Reserve 2013 \$'000	Other Reserves 2013 \$'000
2013					
Balance at beginning of the financial year		655,088	448,025	182,746	24,317
Other adjustments to opening balances	28	937	937		
Revised Opening balances		656,025	448,962	182,746	24,317
Surplus / (Deficit) for the year		34,500	34,500	-	-
Net asset revaluation increment/(decrement)	27(a)	75,320	-	75,320	-
Transfers to reserves	27(b)	451	-	-	451
Transfers from accumulated surplus	27(b)	(451)	(451)	-	-
Transfers to accumulated surplus	27(b)	-	-	-	-
Balance at end of the financial year		765,845	483,011	258,066	24,768

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

Cash Flow Statement
For the Year Ended 30 June 2014

		2014	2013
		Inflows/ (Outflows)	Inflows/ (Outflows)
	Note	\$'000	\$'000
Cash flows from operating activities			
Rates		62,654	57,334
Statutory fees and fines		3,336	3,113
User charges and other fines (inclusive of GST)		5,693	947
Grants (inclusive of GST)		12,082	25,822
Contributions		7,822	9,001
Interest income		1,181	1,555
Other income (inclusive of GST)		3,148	5,816
GST (received)/paid (net)		5,602	3,750
Payments to suppliers (inclusive of GST)		(50,689)	(49,995)
Payments to employees		(32,225)	(26,816)
Net cash provided by (used in) operating activities	29	<u>18,604</u>	<u>30,527</u>
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment (including GST)		(30,487)	(30,091)
Proceeds from sale of property, infrastructure, plant and equipment		2,877	2,281
Net cash provided by (used in) investing activities		<u>(27,610)</u>	<u>(27,810)</u>
Cash flows from financing activities			
Proceeds from interest bearing loans and borrowings		4,000	4,250
Repayment of interest bearing loans and borrowings		(5,640)	(3,449)
Finance costs	13	(3,340)	(3,315)
Net cash provided by (used in) financing activities		<u>(4,980)</u>	<u>(2,514)</u>
Net (decrease)/increase in cash and cash equivalents		(13,986)	204
Cash and cash equivalents at the beginning of the financial year		38,515	38,311
Cash and cash equivalents at the end of the financial year	30	<u>24,529</u>	<u>38,515</u>
The above cash flow statement should be read in conjunction with the accompanying notes.			
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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 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 - Oakton

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.

Note 1 Significant accounting policies (cont.)

(b)

Change in accounting policies

AASB 13 Fair Value Measurement

Council has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements. The fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other A-IFRS require or permit fair value measurements and disclosures about fair value measurements, except for leasing transactions that are within the scope of AASB 17 Leases, and measurements that have some similarities to fair value but not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

AASB 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, Council has not made any new disclosures required by AASB 13 for the 2013 comparative period (please see note 22 disclosures).

Other than the additional disclosures, the application of AASB 13 has not had any material impact on the amounts recognised in the financial statements

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, Council has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, Council determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

AASB 119 Employee benefits

In the current year, Council has applied AASB 119 Employee Benefits (as revised in 2011) and the related consequential amendments for the first time. AASB 119 changes the definition of short-term employee benefits. These were previously benefits that were due to be settled within twelve months after the end of the reporting period in which the employees render the related service, however, short-term employee benefits are now defined as benefits expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service. As a result, accrued annual leave balances which were previously classified by Council as short-term benefits no longer meet this definition and are now classified as long-term benefits. This has resulted in a change of measurement for that portion of annual leave provision from an undiscounted to discounted basis

This change in classification has not materially altered Councils measurement of the annual leave provision

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.

Rental

Rents are recognised as revenue when the payment is due or the payment is received, whichever first occurs. Rental payments received in advance are recognised as a prepayment until they are due.

Interest

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

Interest is recognised as it is earned

(d)

Receivables and inventories

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

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 with major asset classes reassessed annually. Depreciation rates and methods are reviewed annually and this year the periods have been adjusted accordingly with no material impact in the current year.

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.

For all other assets, straight line depreciation is charged based on the residual useful life as determined each year.

Major depreciation periods used are listed below;

	2014	2013
	Period in years	
Buildings and structures	10 - 200	1 - 95
Plant and Machinery	5 - 15	2 - 20
Furniture, equipment, and computers	3 - 10	3 - 10
Roads, footpaths, and carparks	10 - 70	10 - 70
Bridges	20 - 100	50 - 100
Drains	100	100
Intangible assets	2 - 10	2 - 10

(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 Limit
\$'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 2014, depreciation rates and methods were reviewed with 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 1 to 4 years. The valuation is performed either by experienced council officers or independent experts. The current council asset management officer has over fifteen 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

The calculation of employee benefits includes all relevant on-costs and are calculated as follows at reporting date

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and measured at their nominal values.

Liabilities that are not expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits as non-current liabilities, measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

(ii) Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits. Current Liability - unconditional LSL representing 7 years is disclosed as a current liability even when the council does not expect to settle the liability within 12 months because it will not have the unconditional right to defer settlement of the entitlement should an employee take leave within 12 months

The components of this current liability are measured at :

- present value - component that is not expected to be settled within 12 months.
- nominal value - component that is expected to be settled within 12 months.

Classification of employee costs

Non-current liability - conditional LSL representing less than 7 years is disclosed as a non - current liability. There is an unconditional right to defer settlement of the entitlement until the employee has completed the requisite years of service.

This non-current LSL liability is measured at present value. Gain or loss following revaluation of the present value of non-current LSL liability due to changes in bond interest rates is recognised as an other economic flow.

Note 1 Significant accounting policies (cont.)

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The council recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

(iv) 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

Finance leases

Leases of assets where substantially all the risks and rewards incidental to ownership of the asset, are transferred to the Council are classified as finance leases. Finance leases are capitalised, recording an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments, including any guaranteed residual value. Lease payments are allocated between the reduction of the lease liability and the interest expense. Leased assets are depreciated on a straight line basis over their estimated useful lives to the Council where it is likely that the Council will obtain ownership of the asset or over the term of the lease, whichever is the shorter. Leased assets are currently being amortised over the term of the lease.

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.

Receivables and payables in the Balance Sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Note 1 Significant accounting policies (cont.)

(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)

Land 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.

(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)

Contingent liabilities and commitments

Contingent liabilities are not recognised in the Balance Sheet, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value by way of a note.

Notes to the Financial Report
For the Year Ended 30 June 2014

Note 1 Significant accounting policies (cont.)

(x)

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.

Pronouncement	What's new?	Impact/Action	Effective date
AASB 9 Financial Instruments	<p>AASB 9 standard is one of a series of amendments that are expected to eventually completely replace AASB 139. During 2010-11, the standard will be expanded to include new rules on measurement of financial liabilities and hedge accounting. Currently the existing provisions of AASB 139 will continue to apply in these areas.</p> <p>AASB 9 simplifies the classifications of financial assets into those to be carried at amortised cost and those to be carried at fair value – the 'available for sale' and 'held-to-maturity' categories no longer exists. AASB 9 also simplifies requirements for embedded derivatives and removes the tainting rules associated with held-to-maturity assets.</p> <p>The new categories of financial assets are:</p> <ul style="list-style-type: none"> · Amortised cost – those assets with 'basic' loan features'. · Fair value through other comprehensive income – this treatment is optional for · Fair Value through profit and Loss – everything that does not fall into the above two categories. <p>The following changes also apply:</p> <ul style="list-style-type: none"> · Investments in unquoted equity instruments must be measured at fair value. However, cost may be the appropriate measure of fair value where there is insufficient more recent information available to determine a fair value. · There is no longer any requirement to consider whether 'significant or prolonged' decline in the value of financial assets has occurred. The only impairment testing will be on those assets held at amortised cost, and all impairments will be eligible for reversal. <p>Similarly, all movements in the fair value of a financial asset now go to the income statement, or, for equity instruments not held for trading, other comprehensive income. There is no longer any requirement to book decrements through the income statement, and increments through equity.</p>	<p>The impact is not likely to be extensive in the local government sector. Although it will vary considerably between entities. While the rules are less complex than those of AASB 139, the option to show equity instruments at cost has been largely removed, which is likely to lead to greater volatility within the income statement. However it may also lead to an improved financial position for some entities.</p> <p>This will also create a requirement to measure some instruments annually that has not previously existed.</p>	1-Jul-15

Pronouncement	What's new?	Impact/Action	Effective date
AASB 12 Disclosure of Involvement with Other Entities	<p>This Standard requires disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the financial statements. This Standard replaces the disclosure requirements in AASB 127 Separate Financial Statements and AASB 131 Interests in Joint Ventures.</p> <p>The exposure draft ED 238 proposes to add some implementation guidance to AASB 12, explaining and illustrating the definition of a 'structured entity' from a not-for-profit perspective.</p>	Impacts on the level and nature of the disclosures will be assessed based on the eventual implications arising from AASB 10, AASB 11 and AASB 128 Investments in Associates and Joint Ventures.	1-Jul-14
AASB 127 Separate Financial Statements	This revised Standard prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.	The impact of this standard will need to be assessed in line with the final deliberations by the AASB on the application of this standard to not for profit entities.	1-Jul-14
AASB 128 Investments in Associates and Joint Ventures	This revised Standard sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	The impact of this standard will need to be assessed in line with the final deliberations by the AASB on the application of this standard to not for profit entities.	1-Jul-14
AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounts Standard arising from Reduced Disclosure Requirements	These standards set out the tiers of financial reporting and the reduced disclosure framework.	Council has yet to determine the impact of this standard	1-Jul-14

	2014 \$'000	2013 \$'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 2014.		
The valuation base used to calculate general rates for 2013/14 was \$15,125,336,380 (2012/13 \$14,531,909,616).		
Residential	44,190	42,019
Commercial & Industrial	6,497	4,478
Agricultural	2,849	3,028
Cultural and recreational	56	61
Garbage charge	9,139	8,464
Total rates and charges	62,731	58,050
The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2014, and the valuation was first applied in the rating year commencing 1 July 2014.		
Note 3 Statutory fees and fines		
Local laws	1,042	841
Planning & Building Services	606	500
Health	311	333
Asset management	976	795
Land information certificates	69	65
Governance	41	109
Total statutory fees and fines	3,045	2,643
Note 4 User fees		
Section 86 Committees	647	775
Family and Children	1,329	1,079
Asset Management	286	209
Valuations	-	103
Planning & Building Services	241	218
Rental/Lease Income	374	447
Hall & Equipment Hire	303	244
Recreation	118	73
Local Laws	46	34
Other	83	105
Total user fees	3,427	3,287

Ageing Analysis of Trade & Other Receivables

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

	2014 \$'000	2013 \$'000
Note 5 Grants		
Grants were received in respect of the following :		
Summary of grants		
Federally funded grants	1,768	1,546
State funded grants	10,709	22,277
Total	12,477	23,823
Recurrent		
Commonwealth Govt - Roads to Recovery	1,292	1,174
Commonwealth Govt - Families & Children	124	158
Victoria Grants Commission - unallocated	3,558	6,795
Victoria Grants Commission - local roads	1,173	2,351
Best Start Program	108	96
Community Health	1,018	907
Community Safety	45	92
Disability	128	127
Emergency Management	52	31
Environment and Heritage	261	471
Families and Children	137	216
Local Infrastructure	505	4,269
Maternal and Child Health	887	834
Recreation	40	145
School Crossing Supervisors	127	138
Other	170	95
Total Recurrent	9,625	17,899
Non recurrent		
Environment and Heritage	-	103
Community Safety	-	438
Libraries	-	-
Local Infrastructure	1,806	4,134
Recreation	1,046	1,249
Roads and Footpaths	-	-
Total Non recurrent	2,852	5,924
Total Grants	12,477	23,823
<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	125	158
Community strengthening	487	522
Disability	12	13
Environment	145	219
Infrastructure (incl. Roads to Recovery)	3,473	3,489
	4,242	4,401
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	146	331
Community strengthening	535	489
Disability	23	3
Environment	83	1
Infrastructure (incl. Roads to Recovery)	1,240	1,882
	2,027	2,706
Net increase (decrease) in restricted assets resulting from grant revenues for the year:	2,215	1,695

	2014 \$'000	2013 \$'000
Note 6 Contributions		
(a) Cash		
Other Contributions	1,068	778
Community Facility Fund	919	652
Public Open Space	603	938
Developer - Levies	7,596	2,787
Non-Capital Contributions	399	617
Scheme Contributions	-	418
Total	10,585	6,190
(b) Non monetary assets		
Developer Contributed Assets		
Land Under Roads	1,673	1,265
Roads & Footpaths	5,645	5,626
Drains	2,886	3,796
Land	5,500	12,449
Community Capital Works	326	537
Development levy income credited via works-in-progress	4,609	2,166
Total	20,639	25,839
Total Contributions	31,224	32,029
Note 7 Interest Income		
Interest on Investments	971	1,231
Interest on Rates	201	338
Total Interest Income	1,172	1,569
Note 8 Other Income		
Debt Collection Costs Recovered from Ratepayers	588	510
Insurance Claims	51	84
Cardinia Cultural Centre Cost Recoveries	154	159
Animals	89	77
Waste Management	550	437
Other Cost Recoveries	1,230	3,826
Re-instatement of impaired assets*	2,371	3,099
Other Income	198	362
Total other income	5,231	8,554
*Assets re-instatement from the floods in February 2011 and June 2012.		
Note 9 Employee benefits		
Wages and salaries	25,516	23,554
Long service leave	1,478	790
Superannuation	2,246	2,000
Superannuation - additional contribution*	-	325
Fringe benefits tax	253	214
Work cover	618	413
Total employee benefits	30,111	27,297
*During 2012 Council was advised it was required to make an additional contribution to Vision Super to meet our obligations in relation to members of the defined benefit plan. The balance in 2013 related to further Contributions Tax due on the shortfall amount		
Note 10 Materials and services		
Materials & Contract Payments	33,325	32,789
Casey Cardinia Library - Super Defined benefit shortfall contribution	-	405
Utilities	2,177	1,918
Consultants, Contractors and temp staff	5,440	6,461
Insurance	727	776
Legal	430	607
Cost Recoveries	328	149
Total materials and services	42,426	43,105

	2014 \$'000	2013 \$'000
Note 11 Bad and doubtful debts		
Local Laws	258	113
Developer Contributions	-	313
Other	62	43
Total bad and doubtful debts	320	469
Note 12 Depreciation and amortisation		
Buildings and structures	3,481	3,253
Plant and machinery	1,381	1,357
Furniture, equipment, and computers	228	85
Roads and footpaths	7,336	7,210
Bridges	813	926
Drains	1,149	954
Intangible assets	105	163
Total depreciation and amortisation	14,493	13,947
Note 13 Finance costs		
Bank Charges	177	163
Interest - Borrowings	3,163	3,152
Total finance costs	3,340	3,315
Note 14 Other expenses		
Auditors' remuneration	228	171
Councillors' allowances	275	250
Rent/ Lease expenditure	788	673
Impairment losses *	-	2,903
Land Under Roads Decrement	-	577
Other expenses	1,014	924
Total other expenses	2,305	5,498
* Impairment due to the floods in June 2012.		
Note 15 Net gain/(loss) on disposal of property, infrastructure, plant and equipment		
Plant & Equipment		
Proceeds from sale	469	978
Written down value of assets sold/disposed	(343)	(871)
Profit/(loss) on disposal of Plant & Equipment	126	107
Land & Buildings		
Proceeds from sale	1,140	140
Written down value of assets sold/disposed	(879)	(958)
Profit/(loss) on disposal of Land & buildings	261	(818)
Infrastructure		
Proceeds from sale	-	-
Written down value of assets sold/disposed	(540)	(1,562)
Profit/(loss) on disposal of Infrastructure	(540)	(1,562)
Total for property, infrastructure, plant and equipment		
Proceeds from sale	1,609	1,118
Written down value of assets sold/disposed	(1,762)	(3,391)
Profit/(loss) on disposal of property, infrastructure, plant and equipment	(153)	(2,273)
Land held for Resale		
Gross Proceeds	4,000	3,605
Less Costs incurred by Developers	(3,320)	(2,992)
Net Proceeds received by Council	680	613
Written down value of assets sold/disposed	(327)	(303)
Profit/(loss) on disposal of property held for resale	353	310

	2014 \$'000	2013 \$'000
Summary		
Gross Proceeds	5,609	4,723
Less Costs incurred by Developers	(3,320)	(2,992)
Net Proceeds received by Council	2,289	1,731
Written down value of assets sold/disposed	(2,089)	(3,694)
Profit/(loss) on disposal of assets	201	(1,963)
Note 16 Investment in associates accounted for using the equity method		
Casey Cardinia Library Corporation	1,395	1,021
Total Investment in associates	1,395	1,021
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 2013/14 (based on the audited library statements) is 25.4% (2012/13 25.7%)		
Council's share of accumulated surplus(deficit)		
Council's share of accumulated surplus(deficit) at start of year	1,021	882
Reported surplus(deficit) for year	(12)	48
Distributions for the year	386	91
Council's share of accumulated surplus(deficit) at end of year	1,395	1,021
Council's share of expenditure commitments		
Operating commitments	-	-
	-	-

		2014 \$'000	2013 \$'000
Note 17	Cash and cash equivalents		
	Cash on hand	3	3
	Cash at bank	2,477	1,696
	Investment Accounts - Developer Contributions	19,088	16,260
	Term Deposits	2,961	20,556
	Total cash and cash equivalents	24,529	38,515
	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	Receivables		
	<i>Current</i>		
	Rates debtors	5,834	5,648
	Special rate assessment	870	1,333
	Infringement debtors	186	174
	Cardinia Road Developer Contribution Plan Debtors	4,696	2,946
	Officer Developer Contribution Plan Debtors	2,583	15
	Vicroads Account - DCP	2,728	1,515
	Other debtors	3,278	2,655
	Provision for doubtful debts - other debtors	(60)	(63)
	Net GST receivable	1,533	1,125
	Total receivables	21,648	15,348
Note 19	Accrued Income		
	Interest	57	66
	Recycling Income	81	63
	Rental and hire Income	20	19
	Cost recoveries	125	76
	Other	4	73
	Total accrued Income	287	298
Note 20	Prepayments		
	Vehicle Registrations	109	108
	Software Licences	284	281
	Memberships & subscriptions	22	30
	Other	3	104
		418	523
Note 21a	Inventories		
		26	20
	Total inventories	26	20
Note 21b	Land Held For Resale		
	<i>Current</i>		
	Property held for resale at cost - South East Business Park (saleable within 12 months)	11,029	11,355
	Total assets held for resale	11,029	11,355

	2014	2013	
	\$'000	\$'000	
Note 22			
Property, plant and equipment, Infrastructure			
Summary			
at cost	37,192	25,859	
at fair value (independent valuation as at 30th June, 2013)	386,962	383,531	
at fair value (Council valuation as at 30th April 2014)	536,876	493,509	
Land under roads at cost	12,458	16,275	
Work in progress	27,242	19,565	
Total Cost and Valuation	1,000,730	938,740	
Less accumulated depreciation	(220,162)	(166,231)	
Less impairment	-	(400)	
Total Property, plant and equipment, Infrastructure	780,567	772,108	
Land			
at cost	779	200	
at independent valuation as at 30th June, 2013	248,523	244,211	
	249,303	244,411	
Total Land	249,303	244,411	
Land under roads			
Land under Roads	12,458	16,275	
	12,458	16,275	
Total Land and Land under roads	261,760	260,686	
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, in order to arrive at the initial cost.			
Buildings & Structures			
at cost	20,355	10,086	
at independent valuation as at 30th June 2013	138,439	139,320	
Total Cost and Valuation	158,794	149,406	
Less accumulated depreciation	(73,859)	(70,484)	
Less impairment	-	(400)	
Total buildings, structures, & landscaping	84,935	78,522	
Valuation of land and buildings at 30th June 2013 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.			
Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2014 are as follows:			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
Land - Non-specialised	-	118,422	-
Land - Specialised	-	-	130,302
Land under roads	-	-	12,458
Buildings	-	68,608	-

	2014 \$'000	2013 \$'000
Property, Infrastructure, plant and equipment (cont.)		
Plant		
Plant and machinery		
at cost	11,545	11,254
Less accumulated depreciation	(4,451)	(4,027)
Total plant and machinery	7,094	7,227
Equipment		
Furniture, equipment, and computers		
at cost	2,933	2,875
Less accumulated depreciation	(2,148)	(2,015)
Total furniture, equipment, and computers	785	860
Total plant and equipment	7,879	8,087
Intangible assets		
at cost	1,578	1,444
Less accumulated depreciation	(1,388)	(1,280)
Total Intangible assets	190	164
Roads		
<i>Sealed roads, carparks, & footpaths</i>		
at Council valuation	305,592	281,473
Less accumulated depreciation	(74,443)	(30,244)
Total sealed roads, carparks, & footpaths	231,150	251,229
<i>Unsealed Roads</i>		
at Council valuation	41,483	38,968
Less accumulated depreciation	(23,562)	(21,868)
Total unsealed roads	17,921	17,100
Total Roads	249,070	268,329
Valuation of roads at 30th April 2014 was undertaken by Council Staff		
Bridges		
at Council valuation	64,763	64,146
Less accumulated depreciation	(22,495)	(21,586)
Total Bridges	42,268	42,560
Valuation of bridges at 30th April 2014 was undertaken by Council		
Drains		
at Council valuation	125,038	108,922
Less accumulated depreciation	(17,816)	(14,726)
Total Drains	107,221	94,196
Valuation of drains at 30th April 2014 was undertaken by Council Staff		
Works in progress - at cost		
Land	2,664	-
Buildings	12,101	7,546
Intangibles	202	-
Roads, footpaths, and carparks	9,359	9,632
Bridges	485	-
Drains	2,431	2,388
Total Works in progress	27,242	19,565
Total property, Infrastructure, plant & equipment	780,567	772,108

		2014	2013
		\$'000	\$'000
Note 22	Property, Infrastructure, plant and equipment (cont.)		
	Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2014 are as follows:		
		<i>Level 1</i>	<i>Level 2</i>
			<i>Level 3</i>
	Roads, footpaths, and carparks	-	249,071
	Bridges	-	42,268
	Drains	-	107,221
		<u>-</u>	<u>398,560</u>

Valuation basis

Non-specialised land, non-specialised buildings

Non-specialised land and non-specialised buildings are valued using the market based direct comparison method. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value.

For non-specialised land and non-specialised buildings, an independent valuation was performed by Westlink to determine the fair value using the market based direct comparison method. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. From the sales analysed, an appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2013.

To the extent that non-specialised land and non-specialised buildings do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market based direct comparison approach.

Specialised land

The market based direct comparison method is also used for specialised land although is adjusted to reflect the specialised nature of the assets being valued. Specialised assets contain significant, unobservable adjustments, therefore these assets are classified as Level 3 fair value measurements.

An adjustment is made to reflect a restriction on the sale or use of an asset by Council. The adjustment is an allowance made to reflect the difference in value between unrestricted assets and those held by the Council which are impacted by external restraints on their use.

An independent valuation of Council's specialised land was performed by Westlink. The valuation was performed using either the market based direct comparison method or depreciated replacement cost, adjusted for restrictions in use. The effective date of the valuation is 30 June 2013.

Infrastructure

Infrastructure is valued using the depreciated replacement cost method. This cost represents the replacement cost of the building/component after applying depreciation rates on a useful life basis. Replacement costs relate to costs to replace the property to an "as new" standard. Economic obsolescence has also been factored into the depreciated replacement cost calculation. Infrastructure assets contain significant unobservable adjustments, therefore these assets are classified as Level 3.

A valuation of Council's infrastructure assets was performed by the Council's asset management officer who has over fifteen years experience in local government asset management, including undertaking condition assessments, managing asset systems, and undertaking valuations/revaluations of non-current assets. The valuation was performed based on the depreciated reproduction cost of the assets. The effective date of the valuation is 30 April 2014.

	2014	2013
	\$'000	\$'000
Note 22 Property, Infrastructure, plant and equipment (cont.)		

There were changes in valuation techniques during the period to 30 June 2014.
For all assets measured at fair value, the current use is considered the highest and best use.

Reconciliation of Level 3 fair value

	<i>Specialised</i>	
	<i>Land</i>	<i>Infrastructure</i>
2014		
Opening Balance	130,302	407,564
Depreciation	-	(9,298)
Impairment Loss	-	(16,908)
Revaluation	-	4,878
Acquisitions (Disposals)	-	(540)
Transfers	-	12,864
Closing Balance	<u>130,302</u>	<u>398,560</u>

Description of significant unobservable inputs into level 3 valuations

	Valuation Technique	Significant Unobservable Inputs	Sensitivity
Specialised Land and Land Improvements	Market based direct comparison approach (refer above)	Extent and impact of restriction of use	Increase or decrease in the extent of restriction would result in a significantly lower or higher fair value.
Infrastructure	Depreciated Replacement Cost	Cost per unit Useful life of infrastructure	Increase or decrease in the cost per unit would result in a significantly lower or higher fair value. Increase or decrease in the estimated useful life would result in a significantly lower or higher fair value.

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

2014	Balance at beginning of financial year	Additions and completions	Revaluation increments (decrements) (note 27)	Depreciation and amortisation (note 12)	Written down value of disposals	Impairment losses/revaluation decrement recognised in profit or loss (a)	Transfers	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property								
Land	244,411	5,235	(4,119)	-	(177)	-	3,953	249,303
Land under roads	15,363	1,673	-	-	(625)	-	(3,953)	12,457
Total Land	259,774	6,908	(4,119)	-	(803)	-	0	261,761
Buildings & structures	78,688	-	-	(3,481)	(76)	400	9,404	84,935
Total Buildings	78,688	-	-	(3,481)	(76)	400	9,404	84,935
Total Property	338,462	6,908	(4,119)	(3,481)	(879)	400	9,404	346,695
Plant and Equipment								
Plant	7,227	1,584	-	(1,381)	(336)	-	-	7,095
Intangible Assets	173	126	-	(105)	(5)	-	-	190
Furniture, equipment, and computers	873	132	-	(228)	(2)	-	11	786
Total Plant and Equipment	8,273	1,843	-	(1,714)	(344)	-	11	8,070
Infrastructure								
Roads, footpaths, and carparks	269,271	3,250	(25,357)	(7,336)	(373)	-	9,613	249,071
Bridges	42,752	-	333	(813)	(3)	-	-	42,268
Drains	95,540	1,628	8,115	(1,149)	(164)	-	3,250	107,221
Total Infrastructure	407,564	4,878	(16,908)	(9,298)	(540)	-	12,864	398,560
Works in progress								
Land	-	2,664	-	-	-	-	-	2,664
Buildings & structures	7,564	14,436	-	-	-	-	(9,899)	12,101
Plant & machinery	-	-	-	-	-	-	-	-
Intangible	-	202	-	-	-	-	-	202
Roads, footpaths, and carparks	9,422	9,530	-	-	-	-	(9,593)	9,359
Bridges	79	406	-	-	-	-	-	485
Drains	2,480	2,738	-	-	-	-	(2,787)	2,431
Total works in progress	19,545	29,977	-	-	-	-	(22,279)	27,242
Total property, plant and equipment, Infrastructure	773,844	43,606	(21,027)	(14,493)	(1,762)	400	-	780,567

(a) Impairment losses

Impairment losses are recognised in the comprehensive income statement under other expenses.

Reversals of impairment losses are recognised in the comprehensive income statement under other revenue.

Revaluation decrements are recognised in the comprehensive income statement under other expenses

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

2013	Balance at beginning of financial year	Additions and completions	Revaluation increments (decrements) (note 29)	Depreciation and amortisation (note 12)	Written down value of disposals	Impairment losses recognised in profit or loss (a)	Transfers	Prior Year adjustments made in 2013/14 (b)	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property									
land	188,499	16,205	39,867	-	(901)	-	741	-	244,411
land under roads	14,252	1,977	(577)	-	-	-	623	(912)	15,363
Total land	202,751	18,182	39,290	-	(901)	-	1,364	(912)	259,774
buildings & structures	77,168	-	2,662	(3,253)	(57)	690	1,311	167	78,688
Total buildings	77,168	-	2,662	(3,253)	(57)	690	1,311	167	78,688
Total property	279,919	18,182	41,952	(3,253)	(958)	690	2,675	(746)	338,462
Plant and Equipment									
plant	6,783	2,672	-	(1,357)	(871)	-	-	-	7,227
Intangible Assets	327	-	-	(163)	-	-	-	10	173
furniture, equipment, and computers	232	64	-	(85)	-	-	649	13	873
Total plant and equipment	7,342	2,736	-	(1,605)	(871)	-	649	22	8,273
Infrastructure									
roads, footpaths, and carparks	226,920	4,073	33,340	(7,210)	(976)	(494)	12,676	943	269,271
bridges	51,918	-	(8,604)	(926)	(534)	-	706	192	42,752
drains	83,038	2,324	8,055	(954)	(52)	-	1,785	1,345	95,540
Total infrastructure	361,876	6,397	32,791	(9,090)	(1,562)	(494)	15,167	2,479	407,564
Works in progress									
buildings & structures	4,108	7,173	-	-	-	-	(3,734)	18	7,564
roads, footpaths, and carparks	7,774	14,326	-	-	-	-	(12,469)	(210)	9,422
bridges	164	472	-	-	-	-	(636)	79	79
drains	1,157	2,883	-	-	-	-	(1,652)	93	2,480
Total works in progress	13,203	24,854	-	-	-	-	(18,491)	(21)	19,545
Total property, plant and equipment, Infrastructure	662,342	52,168	74,743	(13,948)	(3,391)	196	-	1,735	773,844

(a) Impairment losses

Impairment losses are recognised in the comprehensive income statement under other expenses.

Reversals of impairment losses are recognised in the comprehensive income statement under other revenue.

(b) Prior Year adjustments

The closing balance has been adjusted for the assets not previously recognised that were identified during the year.

	2014 \$'000	2013 \$'000
Note 23 Payables		
Current		
Payables	9,715	10,509
Accrued expenses	1,376	2,903
Income in Advance	904	727
Superannuation - additional contribution	-	3,238
	<u>11,995</u>	<u>17,377</u>
Total payables	<u>11,995</u>	<u>17,377</u>
Note 24 Trust funds and deposits		
Refundable		
Contractors security bond	1,382	831
Miscellaneous trust	10	101
Landscape maintenance bond	974	1,138
Asset protection security deposit	787	687
Road crossing/opening bond	-	2
Hall Hire Bond	1	3
Total Refundable	<u>3,154</u>	<u>2,762</u>
Non-refundable		
Wheeler Rd Maryknoll construction contribution	39	39
Nylander St construction contribution	2	2
Future construction of May Rd Officer	30	30
Mulcahy Road Footpath Contribution	12	12
Total Non-refundable	<u>83</u>	<u>83</u>
Total trust funds and deposits	<u>3,237</u>	<u>2,845</u>

Note 25 Provisions

	Annual Leave	Long Service Leave	Other	Total
	\$ '000	\$ '000	\$ '000	\$ '000
2014				
Balance at the beginning of the financial year	2,113	3,760	114	5,986
Movements	355	897	(4)	1,248
Balance at the end of the financial year	2,469	4,657	110	7,235

2013

Balance at the beginning of the financial year	2,051	3,400	111	5,561
Movements	62	360	3	425
Balance at the end of the financial year	2,113	3,760	114	5,986

2014
\$'000

2013
\$'000

Current provisions expected to be settled within 12 months (I)

(a) Employee benefits

Annual leave	1,279	2,112
Long service leave	3,315	3,022
Sick leave bonus/gratuity	110	114
	<u>4,704</u>	<u>5,248</u>

Non-current (II)

Annual leave	1,189	-
Long service leave	1,342	738
	<u>2,531</u>	<u>738</u>

Aggregate carrying amount of employee benefits:

Current	4,704	5,248
Non-current	2,531	738
	<u>7,235</u>	<u>5,986</u>

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

Weighted average increase in employee costs	4.44%	4.50%
Weighted average discount rates	3.57%	3.79%
Weighted average settlement period	11 years	11 years

(I) Current

All annual leave and the long service leave entitlements representing 7 or more years of continuous service measured at present value

- Short-term employee provisions, that fall due within 12 months after the end of the period measured at nominal value.

- Other long-term employee provisions that do not fall due within 12 months after the end of the period measured at present value.

4,704	5,248
<u>4,704</u>	<u>5,248</u>

(II) Non-current

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

1,342	738
<u>1,342</u>	<u>738</u>

	2014 \$'000	2013 \$'000
Note 26 Interest-bearing loans and borrowings		
<i>Current</i>		
Borrowings - secured	9,416	3,863
Finance Leases	11	-
	<u>9,427</u>	<u>3,863</u>
<i>Non-current</i>		
Borrowings - secured	36,061	43,272
Finance Leases	7	-
	<u>36,068</u>	<u>43,272</u>
Total Interest-bearing loans and borrowings	<u>45,495</u>	<u>47,135</u>
The maturity profile for Council's borrowings is:		
Not later than one year	9,427	3,863
Later than one year and not later than five years	17,417	17,692
Later than five years	18,651	25,580
Total	<u>45,495</u>	<u>47,135</u>
Aggregate carrying amount of interest-bearing loans and borrowings:		
Current	9,427	3,863
Non-current	36,068	43,272
Total	<u>45,495</u>	<u>47,135</u>

Note 27 Reserves

	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
(a)	\$'000	\$'000	\$'000
Asset revaluation reserves			
2014			
Property			
Land for resale	2,800	-	2,800
Land	162,781	(4,119)	158,662
Buildings	5,121	-	5,121
Total	170,702	(4,119)	166,583
Infrastructure			
Footpaths, Sealed and unsealed roads	33,340	(26,831)	6,509
Bridges	17,572	333	17,905
Drainage	36,452	8,115	44,567
Total	87,364	(18,383)	68,981
Total Asset revaluation reserves	258,066	(22,502)	235,564
2013			
Property			
Land for resale	2,800	-	2,800
Land	122,914	39,867	162,781
Buildings	2,459	2,662	5,121
Total	128,173	42,529	170,702
Infrastructure			
Footpaths, Sealed and unsealed roads	-	33,340	33,340
Bridges	26,176	(8,604)	17,572
Drainage	28,397	8,055	36,452
Total	54,573	32,791	87,364
Total Asset revaluation reserves	182,746	75,320	258,066

	Balance at beginning of reporting period	Increment (decrement)	Transfer (to) / from accumulated surplus	Balance at end of reporting period
(b)	\$'000	\$'000	\$'000	\$'000
Other reserves				
2014				
Developer levy	22,440	-	3,702	26,143
Community Facilities levy	1,130	-	(644)	487
Public Open Space levy	809	-	604	1,413
Native vegetation	389	-	175	564
Total Other reserves	24,768	-	3,838	28,606
2013				
Developer levy	22,673	-	(233)	22,440
Community Facilities levy	1,092	-	38	1,130
Public Open Space levy	215	-	594	809
Drainage levy	109	-	(109)	(0)
Car Parking levy	228	-	(228)	(0)
Native vegetation	-	-	389	389
Total Other reserves	24,317	-	451	24,768
Total All reserves				
2014	282,834	(22,502)	3,838	264,170
2013	207,063	75,320	451	282,834

	2014 \$'000	2013 \$'000
Note 28 Adjustments directly to equity		
Prior year adjustments for previously not recognised assets/liabilities	1,707	937
Total adjustments directly to equity	1,707	937
Note 29 Reconciliation of cash flows from operating activities to surplus or deficit		
Surplus / (Deficit) for the year	26,887	34,500
Add back non cash items		
Depreciation and Amortisation	14,493	13,947
Net (gain)/loss on disposal of property, infrastructure, plant and equipment	(2,289)	(1,731)
WDBV of Assets Sold	2,088	3,694
Contributions - Non-monetary assets	(20,639)	(25,839)
Interest Costs - Financing, not Operating Activity	3,340	3,315
Share of net (gain)/loss of associates	(373)	(139)
Re-instatement of impaired assets	(2,371)	(3,099)
Impairment loss	-	2,903
Grossing up of GST	2,510	2,528
Net asset revaluation (increment)/decrement	-	577
Change in assets and liabilities:		
(Increase)/decrease in receivables	(1,784)	(2,887)
(Increase)/decrease in prepayments	26	257
(Increase)/decrease in accrued income	11	(182)
(Increase)/decrease in inventories	(6)	13
Increase/(decrease) in payables	(5,108)	3,245
Increase/(decrease) in other liabilities	392	(1,071)
Increase/(decrease) in income in advance	177	70
Increase/(decrease) in employee provisions	1,250	425
Net cash provided by/(used in) operating activities	18,604	30,527
Note 30 Reconciliation of cash and cash equivalents		
Cash and cash equivalents (see note 17)	24,529	38,515
Total reconciliation of cash and cash equivalents	24,529	38,515
Note 31 Financing arrangements		
Bank overdraft	2,000	2,000
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 restrictions in relation to employee entitlements (Long Service Leave).		
Long service leave (note 25) *	4,657	3,760
Total restricted assets	4,657	3,760

* Restricted asset for long service leave is based on the Local Government (Long Service Leave) Regulations 2002 and does not necessarily equate to the long service leave liability disclosed in note 25 due to a different basis of calculation prescribed by the regulation. Due a legislative change in 2012, long service leave no longer needs to be treated as a restricted asset, however Council has continued to treat it as restricted.

	2014	2013
	\$'000	\$'000
Note 33 Superannuation		
Council made contributions to the following funds:		
Employer contributions to Local Authorities Superannuation Fund (Vision Super) (including amount payable at reporting date)	2,212	2,299
Employer contributions to other super funds (including amount payable at reporting date)	34	26
	2,246	2,325
Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date	45	3,296
Employer contributions payable to other super funds at reporting date	-	2
	45	3,298

Note 34 Commitments

The Council has entered into the following commitments

2014	< 1 year \$'000	> 1 year and < 2 years \$'000	> 2 years and < 5 years \$'000	> 5 years \$'000	Total \$'000
Operating					
Garbage	4,113	2,557	5,758	808	13,236
Parks	3,025	3,244	1,154	-	7,423
Road Maintenance	299	305	633	2,451	3,688
Health	1,212	1,312	3,036	-	5,560
Building maintenance	683	717	752	395	2,547
Recycling	979	1,118	2,948	493	5,538
Cleaning	609	639	671	352	2,271
Utilities Contract	1,001	1,222	102	-	2,325
Seasonal Aquatics Facilities	289	300	-	-	589
Tennis centre	185	185	-	-	370
Hard & Green	1,417	1,550	422	-	3,389
Green Bin Services	1,107	519	-	-	1,626
Community Services	435	-	-	-	435
Library	1,709	1,760	3,680	-	7,149
Other	764	273	102	-	1,139
Total operating	17,827	15,701	19,258	4,499	57,285
Capital					
Construction works	3,871	250	600	489	5,210
Buildings	23,227	-	-	-	23,227
IT infrastructure	403	-	-	-	403
Total capital	27,501	250	600	489	28,840
Total	45,328	15,951	19,858	4,988	86,125

2013	< 1 year \$'000	> 1 year and < 2 years \$'000	> 2 years and < 5 years \$'000	> 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

	2014 \$'000	2013 \$'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	427	414
Later than one year and not later than five years	330	677
Total operating lease commitments	<u>757</u>	<u>1,091</u>

(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	254	257
Later than one year and not later than five years	478	478
Later than five years	82	82
	<u>814</u>	<u>817</u>

Note 36 Contingent liabilities

Contingent liabilities

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

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 2.55% -2.8% (2.8% - 3.5% in 2012/13). The interest rate at balance date was 2.55% (2.8% at 30 June 2013).</p> <p>Funds returned fixed interest rate of between 2.97% (3.17% in 2012/13), and 4.0% (5.11% in 2012/13) 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 6.21% during 2013/14 (6.67% in 2012/13).</p> <p>Borrowings are both variable & fixed interest rate - principal and interest payments.</p> <p>Fixed Interest - P&I - \$39,908,674 - interest rates vary between 4.07% and 8.136%, maturing between 24/10/2018 and 18/06/2028..</p> <p>Interest Only - \$5,568,732 - interest rate 3.37%</p>
Bank overdraft	31	<p>Council has a \$2.0m overdraft facility with Westpac (\$2.0m in 2012/13). Overdrafts are recognised at the principal amount. Interest is charged as an expense as it accrues.</p>	<p>The overdraft is subject to annual review.</p> <p>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 9.48% (9.48% in 2012/13).</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:

2014

	Fixed Interest maturing In:					Total \$'000
	Floating Interest rate \$'000	<= 1 year \$'000	> 1 to <= 5 years \$'000	> 5 years \$'000	Non-Interest bearing \$'000	
Financial assets						
Cash assets (1) (See Note 17)	21,568	2,961	-	-	-	24,529
Receivables - current	-	-	-	-	3,218	3,218
Total financial assets	21,568	2,961	-	-	3,218	27,747
Weighted average interest rate on cash assets 2.55% - 2.8% (See note 37a)						
Financial liabilities						
Payables (see note 23)	-	-	-	-	11,995	11,995
Trust funds (see note 24)	-	-	-	-	3,237	3,237
Borrowings - lease (see note 26)	-	11	7	-	-	18
Borrowings - bank (2) (see note 26)	-	9,416	17,410	18,651	-	45,477
Total financial liabilities	-	9,438	17,417	18,651	15,232	60,738

(1) interest rate ranged between 3.37% and 8.136%

(2) Weighted average interest rate 6.21% (see Note 37a)

Net financial assets (liabilities)	21,568	(6,477)	(17,417)	(18,651)	(12,014)	(32,991)
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2013

	Fixed Interest maturing In:					Total \$'000
	Floating Interest rate \$'000	<= 1 year \$'000	> 1 to <= 5 years \$'000	> 5 years \$'000	Non-Interest bearing \$'000	
Financial assets						
Cash assets (1) (See Note 17)	17,959	20,556	-	-	-	38,515
Receivables - current	-	-	-	-	2,607	2,607
Total financial assets	17,959	20,556	-	-	2,607	41,122
Weighted average interest rate on cash assets 4.40% - 6.33% (See note 37a)						
Financial liabilities						
Payables (see note 23)	-	-	-	-	17,377	17,377
Trust funds (see note 24)	-	-	-	-	2,845	2,845
Borrowings - bank (2) (see note 26)	-	3,863	17,692	25,580	-	47,135
Total financial liabilities	-	3,863	17,692	25,580	20,222	67,357

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

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

Net financial assets (liabilities)	17,959	16,693	(17,692)	(25,580)	(17,615)	(26,235)
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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	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
<i>(1) Financial assets</i>				
Cash assets	24,529	38,311	24,529	38,311
Receivables - current	3,218	1,083	3,218	1,083
<i>Total financial assets</i>	<u>27,747</u>	<u>39,394</u>	<u>27,747</u>	<u>39,394</u>
<i>(2) Financial liabilities</i>				
Payables	11,995	14,903	11,995	14,903
Trust funds	3,237	3,916	3,237	3,916
Borrowings - lease	18	-	18	-
Borrowings - bank	45,477	46,335	45,477	46,335
<i>Total Financial liabilities</i>	<u>60,738</u>	<u>65,153</u>	<u>60,738</u>	<u>65,153</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.

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 risk.

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	2014	2013
	\$'000	\$'000
Balance at the beginning of the year	(62)	(71)
New Provisions recognised during the year	(37)	-
Amounts already provided for and written off as uncollectible	38	9
Amounts provided for but recovered during the year	1	-
Balance at end of year	(60)	(62)

Movement in Provisions for Doubtful Debts - Infringements	2014	2013
	\$'000	\$'000
Balance at the beginning of the year	-	(247)
New Provisions recognised during the year	-	-
Amounts already provided for and written off as uncollectible	-	247
Amounts provided for but recovered during the year	-	-
Balance at end of year	-	-

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:

	2014	2013
	\$'000	\$'000
Current (not yet due)	7,116	1,251
Past due by up to 30 days	44	1,438
Past due between 31 and 60 days	253	175
Past due by more than 60 days	3,308	2,931
Total Trade & Other Receivables	10,721	5,795

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.

	6 mths or less	6-12 mths	1-2 yrs	2-5 yrs	>5 yrs	Contracted Cash Flow	Carrying Amount
2014	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Payables	40,248	22,871	16,351	20,134	4,989	104,593	11,995
Trust Funds & Deposits	3,001	101	135	-	-	3,237	3,237
Interest bearing loans & borrowings	3,459	3,459	6,880	20,470	31,822	66,091	45,495
Total Financial Liabilities	46,708	26,431	23,367	40,604	36,811	173,921	60,727
	6 mths or less	6-12 mths	1-2 yrs	2-5 yrs	>5 yrs	Contracted Cash Flow	Carrying Amount
2013	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Payables	31,573	14,196	17,207	34,076	15,017	112,070	17,377
Trust Funds & Deposits	1,991	591	180	-	-	2,762	2,762
Interest bearing loans & borrowings	3,459	3,459	6,880	20,470	31,822	66,091	47,135
Total Financial Liabilities	37,024	18,247	24,267	54,546	46,840	180,923	67,274

(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	
		<i>Profit</i>	<i>Equity</i>	<i>Profit</i>	<i>Equity</i>
2014	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:					
Cash and cash equivalents - floating interest	21,568	(216)	(216)	431	431
Cash and cash equivalents - fixed interest	2,961	-	-	-	-
Trade and other receivables	3,218	-	-	-	-
Financial liabilities:					
Interest-bearing loans and borrowings (1)	45,495	-	-	-	-
2013	\$'000	\$'000	\$'000	\$'000	\$'000
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	-	-	-	-

(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

	2014	2013
	\$'000	\$'000
Audit fee to conduct external audit - Victorian Auditor-General	75	82
Internal audit fees - WHK Horwath (to 30 April 2013)	-	46
Internal audit fees - Oakton (from 1 May 2013)	126	4
Fees for other services	19	8
	<u>220</u>	<u>140</u>

Note 39 Events occurring after balance date

The purchase and associated borrowings of the new municipal offices is scheduled to be completed in the first half of the financial year.

No other 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	Mayor Graeme Moore 11/11/13 - 30/6/14 (Councillor 1/7/12- 10/11/13)
	Deputy Mayor Brett Owen 11/11/13 - 30/6/14 (Mayor 1/6/13 - 10/11/13)
	Councillor George Blenkhorn 1/7/12 - 30/6/14
	Councillor Collin Ross 1/7/12 - 30/6/14
	Councillor Tania Baxter 29/10/12 - 30/6/14
	Councillor Kate Lempriere 29/10/12 - 30/6/14
	Councillor Jodie Owen 29/10/12 - 30/6/14
	Councillor Leticia Wilmot 29/10/12 - 30/6/14
	Councillor David Young 29/10/12 - 30/6/14
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:

	2014	2013
	No.	No.
\$1 - \$9,999		2
\$10,000 - \$19,999		5
\$20,000 - \$29,999	3	4
\$30,000 - \$39,999	4	
\$40,000 - \$49,999		
\$50,000 - \$59,999	2	1
\$240,000 - \$249,999		
\$270,000 - \$279,999		
\$330,000 - \$339,999		1
\$340,000 - \$339,999	1	
	10	13
	\$'000	\$'000
	681	589

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

(iii) No retirement benefits have been made by the Council to a Responsible Person. (2012/13, nil).

(iv) No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year (2012/13, 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 (2012/13, nil).

(vi) Senior Officers Remuneration

A Senior Officer other than a Responsible Person, is an officer of Council whose total annual remuneration exceeds \$133,000, or if remuneration is less than \$133,000 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:

	2014	2013
	No.	No.
Income Range:		
<\$133,000	1	1
\$133,000 - \$139,999	4	7
\$140,000 - \$149,999	8	8
\$150,000 - \$159,999	6	2
\$160,000 - \$169,999	2	2
\$170,000 - \$179,999	1	0
\$180,000 - \$189,999	0	0
\$190,000 - \$199,999	0	0
\$200,000 - \$209,999	0	0
\$210,000 - \$219,999	0	3
\$220,000 - \$229,999	3	0
\$230,000 - \$239,999	0	0
\$240,000 - \$249,999	1	1
	26	24
	\$'000	\$'000
	3,937	3,681

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

Note 41

Joint Venture Information

Cardinia Shire Council has made payments to the Casey-Cardinia Library Corporation totalling \$2.178m (2012/13 \$1.630m). No revenue was received during the year (2012/13 \$1k). The council does not have any assets or liabilities, which are committed to the Casey-Cardinia Library Corporation. Refer Note 16 for further information.

Note 42

Income, expenses, and assets by function/activities

	Infrastructure		Land Use Development		Social & Comm'y Wellbeing		Council & Organisation		Environment		TOTAL	
	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Grants	6,048	13,909	-	-	2,751	2,789	3,585	6,943	92	183	12,477	23,823
Other	27,781	21,973	2,420	15,686	4,224	4,026	72,481	61,255	501	790	107,406	103,731
TOTAL	33,829	35,882	2,420	15,686	6,975	6,815	76,066	68,199	593	973	119,882	127,554
EXPENSES	35,038	36,695	3,784	3,244	16,412	16,239	34,186	33,409	3,577	3,467	92,995	93,054
SURPLUS/(DEFICIT)	(1,208)	(813)	(1,364)	12,442	(9,436)	(9,424)	41,880	34,790	(2,984)	(2,495)	26,887	34,500
NON CURRENT ASSETS ATTRIBUTED TO FUNCTION	423,292	433,379	-	-	105,309	94,318	251,966	244,411	-	-	780,567	772,108

FUNCTIONS/ACTIVITIES*

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

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)

2014 \$'000	2014 (%)	2013 \$'000	2013 (%)
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- (a) **Debt servicing ratio** (to identify the capacity of Council to service its outstanding debt)

<u>Debt servicing costs</u>	$\frac{3,163}{119,882}$	=	2.64%	$\frac{3,152}{128,132}$	=	2.46%
Total income						

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>	$\frac{8,980}{62,731}$	=	14.32%	$\frac{6,764}{58,050}$	=	11.65%
Rates income						

The strategy involves the payment of loan principal and interest, finance lease principal and interest.
The ratio expresses the percentage of rate revenue utilised to pay interest and redeem debt principal.

- (c) **Revenue ratio** (to identify Council's dependence on non-rate income)

<u>Rates income</u>	$\frac{62,731}{119,882}$	=	52.33%	$\frac{58,050}{128,132}$	=	45.30%
Total income						

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>	$\frac{63,305}{435,287}$	=	1 to 6.87	$\frac{69,583}{417,304}$	=	1 to 5.99
Total realisable assets						

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.

- (e) **Working capital ratio** (to assess Council's ability to meet current commitments)

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.

<u>Current assets</u>	$\frac{57,937}{29,363}$	=	1.97	$\frac{66,059}{29,333}$	=	2.25
Current liabilities						

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>	$\frac{57,937}{26,048}$	=	2.22	$\frac{66,059}{26,311}$	=	2.51
Current liabilities						

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	2014 \$'000	2013 \$'000
Note 44	Capital expenditure			
	Capital expenditure areas			
	Roads, drains, bridges, and footpaths		8,989	12,986
	Community facilities		17,738	6,695
	Plant, equipment, and other		2,045	2,908
			28,772	22,589
	plus expenditure budgeted in CW program but accounted for as operating	(d)	3,471	3,255
			32,243	25,844
	Represented by:			
	Renewal	(a)	7,255	8,680
	Upgrade	(b)	4,153	1,929
	New assets	(c)	17,437	11,932
	Other		36	48
	Total capital works		28,881	22,589
	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		28,881	22,589
	Developer Contributed Assets		14,725	29,580
	Asset revaluation movement	22	(21,027)	74,743
	Depreciation	22	(14,493)	(13,948)
	Written down value of assets sold	22	(1,761)	(3,391)
	Impairment of Assets & Revaluation decrements	22	400	196
	Not previously recognised assets		1,735	937
	Net movement in property, plant and equipment, infrastructure		8,459	110,706

(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) New Assets

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

(d) 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 Auditorium Committee
Bunyip Hall Committee
Bunyip Sanctuary Reserve Committee
Cardinia Public Hall
Catani Soldiers Memorial Hall
Chandler Recreation Reserve
Clematis Hall Committee
Cockatoo Community Hall
Cockatoo Township Committee
Emerald Village Committee
Garfield Hall Committee
Garfield Recreation Reserve Committee
Gembrook Community Centre Reserve
Gembrook Sports Ground
Gembrook Township Committee
Homegarth Community Centre
Huxtable Road 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
Mountain Road Recreation Reserve Committee
Nar Nar Goon North Hall Committee
NNG Soldiers Memorial Community Centre & Recreation Reserve
Nobelius Heritage Park
Officer Recreation Reserve
Pound Road Reserve Committee
Rythdale Recreation Reserve
Sutherland Park Recreation Reserve
Toomuc Recreation Reserve
Tynong North Recreation Reserve
Upper Beaconsfield Tennis Reserve
Worrell Recreation 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.



Jo Harris
Chief Finance Officer

Date: 15 September 2014
Pakenham

In our opinion the accompanying financial statements present fairly the financial transactions of Cardinia Shire Council for the year ended 30 June 2014 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 15 September, 2014 to certify the financial statements in their final form.




Councillor George Blenkhorn

Date: 15 September 2014
Pakenham



Councillor Kate Lempriere

Date: 15 September 2014
Pakenham



Michael Ellis
Acting Chief Executive Officer

Michael Ellis
Acting Chief Executive Officer

Date: 15 September 2014
Pakenham

CARDINIA SHIRE COUNCIL

STANDARD STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

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 2013. The budget was based on assumptions that were relevant at the time of adoption of the budget. The Council set guidelines and parameters for revenue and expense targets in this budget in order to meet council's business plan and financial performance targets for both the short and long term. The budget did not reflect any changes to equity resulting from 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 2014

	Actuals	Budget	Variances	Variances	Ref
	2013/14	2013/14	2013/14	2013/14	
	\$'000	\$'000	\$'000	%	
Revenue from ordinary activities					
Rates & Charges	62,731	62,848	(117)	0%	1
Statutory Fees & Fines	3,045	2,719	326	12%	2
User Fees	3,427	4,240	(813)	(19%)	3
Contributions - Cash	399	62	337	544%	4
Development Levies - Cash	10,186	8,198	1,988	24%	5
Contributions - Non-Monetary Assets	20,639	16,000	4,639	29%	6
Grants - Recurrent	9,625	10,866	(1,241)	(11%)	7
Grants - Non-Recurrent	2,852	3,281	(429)	(13%)	8
Interest Income	1,172	1,005	167	17%	9
Net Gain/(Loss) on Disposal of Property, Plant and Equipment	201	823	(622)	(76%)	10
Other Income	5,231	1,875	3,356	179%	11
Share of Net Profits/(Losses) of Associates and Joint Ventures Accounted for by the Equity Method	374	0	374	0%	
Total revenues	119,882	111,916	7,966	7%	
Expenses from ordinary activities					
Employee Benefits	30,111	28,802	(1,309)	(5%)	12
Materials and Services	42,426	36,166	(6,260)	(17%)	13
Bad and Doubtful Debts	320	22	(298)	(1355%)	14
Depreciation and Amortisation	14,493	14,570	77	1%	
Finance Costs	3,340	3,302	(38)	(1%)	
Other Expenses	2,305	3,982	1,677	42%	15
Total expenses	92,995	86,843	(6,152)	(7%)	
Surplus (deficit) for the year	26,887	25,072	1,815	7%	

CARDINIA SHIRE COUNCIL

STANDARD INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2014

1. Rates & Charges (\$0.117m unfavourable)

Waste related income is \$518k under budget due lower than forecasted new services, but has been partly offset by rate revenue which is \$401k better than forecast.

2. Statutory Fees & Fines (\$0.326m favourable)

Statutory fees and fines are better than budget primarily due to Compliance and Health fees and fines and Development fees which are \$202k and \$146k favourable respectively.

3. User Fees (\$0.813m unfavourable)

User fees are under budget primarily due to fees from Council managed Outside School Hours Care services which are \$394k below forecast. In addition, fee income from Council owned facilities (managed via section 86 committees) is \$376k below forecast.

4. Contributions - Cash (\$0.337m favourable)

Cash contributions are favourable primarily due to a change in the accounting treatment of native vegetation developer contributions.

5. Development Levies - Cash (\$1.988m favourable)

Development levies in total have a favourable variance of \$3.018m - developer levies are better than budget but have been partially offset by community infrastructure and public open space levies which are both under. Capital contributions are \$1.029m under budget due to budgeted contributions not being received.

6. Contributions - Non-Monetary Assets (\$4.639m 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. Unbudgeted non-cash contributions totalling \$4.935m have been partly offset by developer contributed assets which are \$295k under budget.

7. Grants - Recurrent (\$1.241m unfavourable)

Unfavourable variance is mainly due to the Victorian Grants Commission operating grants which are \$3.696m under budget due to there being no forward payment of part of the 2014/15 grants. These have been partly offset by receipt of grants totalling \$1.644m which were budgeted as non-recurrent, and other unbudgeted grants, the more significant being for floods \$393k and Emerald Lake Park vegetation management \$158k.

8. Grants - Non-Recurrent (\$0.429m unfavourable)

As mentioned above, \$1.644m of grants budgeted as non-recurrent grants have been recognised in recurrent grants. Budgeted grants for Lakeside South Children's/Community Centre and rehabilitation of the lily pond site of \$1.220m and \$150k respectively were not received this financial year. These have been partly offset by recognition of unbudgeted grants totalling \$2.852m, the most significant being \$592k for IYU Recreation Reserve.

9. Interest Income (\$0.167m favourable)

Interest on investments are \$140k better than budget in total, primarily due to interest on developer contribution plan (DCP) investments which are \$407k better due to higher investment balances than anticipated.

10. Net Gain/(Loss) on Disposal of Property, Plant and Equipment (\$0.622m unfavourable)

Net proceeds from South East Business Park land sales are \$470k under budget, and the net loss on disposal of infrastructure assets disposed during the year totalled \$285k. These have been partly offset by net proceeds from the sale of plant which are \$132k better than budget.

11. Other Income (\$3.356m favourable)

Assets to the value of \$2.371m which were impaired as a result of the February 2011 and June 2012 floods have been restored during the year. Also, unbudgeted cost recoveries totalling \$669k have been recognised, and other cost recoveries are \$201k better than budget. Note that cost recovery income is offset by expenditure across all expense groups.

CARDINIA SHIRE COUNCIL

STANDARD INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2014

12. Employee Benefits (\$1.309m unfavourable)

Actual salaries and oncosts were \$241k over budget, mainly due to workcare which was \$199k over due to higher premiums. Year-end adjustments totalling \$1.068m were made to bring the long service leave, annual leave, and workcover provisions to the required balances.

13. Materials and Services (\$6.260m unfavourable)

The major unfavourable variance is unbudgeted expenditure of \$4.778m on rectification works required as a result of the February 2011 and June 2012 floods across the Shire, and 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 \$2.616m which is budgeted in the Capital Works program. These have partly offset by contracts which are \$1.399m under budget.

14. Bad and Doubtful Debts (\$0.298m unfavourable)

Unfavourable variance is mainly due to the recognition of animal control and planning enforcement bad debts.

15. Other Expenses (\$1.677m favourable)

Favourable variance is primarily due to Rental Property rent/lease expenditure which is \$1.227m under budget, and compost bin and 80 litre garbage bin rebates which are \$361k under.

CARDINIA SHIRE COUNCIL

STANDARD BALANCE SHEET

AS AT 30 JUNE 2014

	Actuals 2013/14 \$'000	Budget 2013/14 \$'000	Variances 2013/14 \$'000	Variances 2013/14 %	Ref
Current Assets					
Cash and Cash Equivalents	24,529	20,714	3,814	18%	1
Trade and Other Receivables	21,648	12,102	9,546	79%	2
Accrued Income	287	116	171	147%	
Prepayments	418	700	(282)	(40%)	
Inventories	26	33	(7)	(21%)	
Land Held for Resale	11,029	11,698	(669)	(6%)	3
Total Current Assets	57,937	45,363	12,573	28%	
Non-Current Assets					
Investments in Associates	1,395	883	512	58%	4
Property, Infrastructure, Plant and Equipment	780,567	684,222	96,345	14%	5
Total Non-Current Assets	781,962	685,105	96,857	14%	
Total Assets	839,899	730,467	109,431	15%	
Current Liabilities					
Trade and Other Payables	11,995	10,821	(1,174)	(11%)	6
Trust Funds and Deposits	3,237	3,916	679	17%	7
Provisions	4,704	4,888	184	4%	8
Interest Bearing Loans and Borrowings	9,427	3,910	(5,517)	(141%)	9
Total Current Liabilities	29,363	23,535	(5,828)	(25%)	
Non-Current Liabilities					
Provisions	2,531	1,048	(1,483)	(142%)	8
Interest Bearing Loans and Borrowings	36,068	45,549	9,481	21%	9
Total Non-Current Liabilities	38,599	46,597	7,998	17%	
Total Liabilities	67,962	70,132	2,171	3%	
Net Assets	771,937	660,335	111,602	17%	
Equity					
Accumulated Surplus	507,767	455,725	52,042	11%	
Reserves	264,170	204,610	59,560	29%	
Total Equity	771,937	660,335	111,602	17%	

CARDINIA SHIRE COUNCIL

STANDARD BALANCE SHEET

AS AT 30 JUNE 2014

1. Cash and Cash Equivalents

Cash and cash equivalents as at 30 June 2014 are \$3.814m higher than budget, due to the opening cash balance which was higher than budget by \$20.030m offset by net cash flows which had a variance of \$16.216m. Refer to the Standard Statement of Cash Flows for further information.

2. Trade and Other Receivables

Receivables are \$9.546m higher than budget, mainly due to the inclusion of Cardinia Road and Officer DCP debtors which have a combined closing balance of \$7.279m, and \$2.728m due from VicRoads in relation to works at Cardinia Rd and Grandvue Estate.

3. Land Held for Resale

The balance of \$11.029m represents the remaining 104.3 hectares to be sold at the South East Business Park anytime in the future.

4. Investments in Associates

The balance of \$1.395m represents Cardinia Shire Council's share in the equity of the Casey-Cardinia Library Corporation based on population and usage.

5. Property, Infrastructure, Plant and Equipment

Property, plant and equipment balance is \$96.345m higher than budget, primarily due to a higher opening balances totalling \$111.706m offset by lower movements of \$14.361m.

6. Trade and Other Payables

Trade and other payables are \$1.174m higher than budgeted due to increased expenditure on materials and services and capital works leading to a higher balance of creditors.

7. Trust Funds and Deposits

Trust funds and deposits are \$679k lower than budget mainly due to decreases in landscape maintenance, native vegetation, and miscellaneous bonds, totalling \$1.086m, partly offset by an increase of \$524k in contractors security bonds.

8. Provisions

In total, provisions are \$1.275m higher than budget mainly due to increases in the annual leave and long service leave provisions. Provisions are reviewed and adjusted at the end of each financial year to ensure they hold the required amounts.

9. Interest Bearing Loans and Borrowings

In total, the balance of interest bearing loans and borrowings is \$3.964m lower than budget due to a combination of lower opening balances than budgeted and the unscheduled early payout of an existing loan.

CARDINIA SHIRE COUNCIL

STANDARD STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2014

	Actuals 2013/14 \$'000 Inflows (Outflows)	Budget 2013/14 \$'000 Inflows (Outflows)	Variances 2013/14 \$'000	Variances 2013/14 %	Ref
Cash Flows from Operating Activities					
<i>Receipts</i>					
Rates and Charges	62,654	62,014	640	1%	1
Statutory Fees and Fines	3,336	2,719	617	23%	2
User Fees	5,693	5,632	61	1%	
Grants	12,082	14,146	(2,064)	(15%)	3
Contributions - Cash	862	62	800	1290%	4
Development Levies - Cash	6,960	8,198	(1,238)	(15%)	5
Interest Income	1,181	1,005	176	18%	6
Other Revenue	3,148	1,875	1,273	68%	7
GST	5,602	0	5,602	0%	8
	101,518	95,651	5,867	(6%)	
<i>Payments</i>					
Suppliers	(50,689)	(41,338)	(9,351)	(23%)	9
Employees	(32,225)	(28,427)	(3,798)	(13%)	10
	(82,914)	(69,765)	(13,149)	(19%)	
Net Cash Provided by Operating Activities	18,604	25,886	(7,282)	(28%)	
Cash Flows from Investing Activities					
Payments for Property, Plant, Infrastructure and Equipment	(30,487)	(23,098)	(7,389)	(32%)	11
Proceeds from Sale of Property, Infrastructure, Plant and Equipment	2,877	2,532	345	(14%)	12
Net Cash Used in Investing Activities	(27,610)	(20,566)	(7,044)	(34%)	
Cash Flows from Financing Activities					
Finance Costs	(3,340)	(3,302)	(38)	(1%)	
Proceeds from Borrowings	4,000	4,000	0	0%	
Repayments of Interest Bearing Loans and Borrowings	(5,640)	(3,789)	(1,851)	(49%)	13
Net Cash Provided by Financing Activities	(4,980)	(3,091)	(1,890)	(61%)	
Change in Cash Held	(13,986)	2,229	(16,216)	728%	
Cash at the Beginning of Period	38,515	18,485	20,030	108%	
Cash at the End of Period	24,529	20,714	3,814	18%	

CARDINIA SHIRE COUNCIL

STANDARD STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2014

1. Rates and Charges

Refer to comments on variances in the Standard Income Statement Note 1. Adjustments have been made to this for increases in rates debtors and rates received in advance, having a net negative impact on cash flow.

2. Statutory Fees and Fines

Refer to comments on variances in the Standard Income Statement Note 2. Adjustments have been made to this for an increase in infringement debtors. Also, a GST component is included in the actuals but not in the budget.

3. Grants

Refer to comments on variances in the Standard Income Statement Notes 7 and 8. In addition to those comments, there was a higher balance of outstanding invoices at the end of the current financial year than the previous year, having a negative impact on cash flow.

4. Contributions - Cash

Refer to comments on variances in the Standard Income Statement Note 4. 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 Standard Income Statement Note 5. In addition to those comments, the balance of development levy debtors have increased from the previous year and creditors have decreased, having a net negative impact on cash flow.

6. Interest Income

Refer to comments on variances in the Standard Income Statement Note 9. In addition to those comments, the balance of accrued interest income has decreased from the previous year, having a positive impact on cash flow.

7. Other Revenue

Refer to comments on variances in the Standard Income Statement Note 11. The income recognised from the reinstatement of impaired assets which is shown in the Standard Income Statement is not included in the Standard Statement of Cash Flows as it is a non-cash item. In addition to those comments, the balance of accrued income has decreased from the previous year, having a positive impact on cash flow. Also, a GST component is included in the actuals but not in the budget.

8. GST

Net actual GST reimbursement of \$5.602m includes GST on income from User Fees, Statutory Fees and Fines, 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 Standard Income Statement Notes 13 and 15. In addition to those comments, the balance of prepayments and payables have decreased from the previous year, and inventories have increased, having a net negative impact on cash flow. 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 2014

10. Employees

Refer to comments on variances in the Standard Income Statement Note 12. In addition to those comments, the balance of provisions increased from the previous year, and payables decreased. Additionally the unfunded defined benefits superannuation liability was paid during the year. These combined to have a net negative impact on cash flow. Also, a GST component is included in the actuals but not in the budget.

11. 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.

12. Proceeds from Sale of Property, Plant and Equipment

Refer to comments on variances in the Standard Income Statement Note 10. 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 Standard Income Statement is not included in the Standard Statement of Cash Flows as it is a non-cash item. Also, a GST component is included in the actuals but not the budget.

13. Repayments of Interest Bearing Loans and Borrowings

Refer to comments on variances in the Standard Balance Sheet Note 8. The variance is primarily the early repayment of an existing loan of \$1.568m.

CARDINIA SHIRE COUNCIL

STANDARD STATEMENT OF CAPITAL WORKS

FOR THE YEAR ENDED 30 JUNE 2014

	Actuals 2013/14 \$'000	Budget 2013/14 \$'000	Variances 2013/14 \$'000	Variances 2013/14 %	Ref
Capital Works Areas					
Roads and Footpaths	8,769	9,396	(627)	(7%)	1
Drains	220	290	(70)	(24%)	2
Open Space	3,114	3,827	(713)	(19%)	3
Buildings	14,624	5,880	8,744	149%	4
Plant, Equipment and Other	2,045	3,756	(1,711)	(46%)	5
Total Capital Works	28,772	23,149	5,623	24%	
Represented By:					
New	17,328	13,175	4,153	32%	
Upgrade/Renewal/Other	11,444	9,974	1,470	15%	
Total Asset Renewal	28,772	23,149	5,623	24%	

Explanation of variances:

Note: All references to budget are to the 2013/14 original budget which does not include any unspent budget allocated in previous years.

1. Roads and Footpaths

Roads and footpaths expenditure is \$627k under budget. The favourable variance is primarily due to works totalling \$1.901m at Heatherbrae Recreation Reserve which have been reallocated to other expenditure categories, and Lang Lang Bypass expenditure which is under budget by \$669k due to project delays. These have been partly offset by unbudgeted adjustments for DCP and impairment works totalling \$1.133m, and works at Chandler Reserve for \$537k which are budgeted in another category.

2. Drains

Drains expenditure is \$70k under budget. This is all within the drainage replacement program. The full budget was expended with the balance in other categories.

3. Open Space

Open Space expenditure is \$713k under budget. IYU Recreation Reserve has budget of \$1.0m in this category but actual expenditure is in other categories. Similarly, budgeted works at Holm Park Reserve and Chandler Reserve are expended elsewhere.

4. Buildings

Buildings expenditure is \$8.744m over budget. Major expenditure has occurred at Toomah Community Centre and Lakeside South Children's/Community Centre of \$4.536m and \$2.740m respectively - this has included expenditure of funds carried over from previous years. Also included in this category is the deposit paid for the new Shire Offices.

5. Plant, Equipment & Other

Plant, Equipment and Other expenditure is \$1.711m under budget. Community Capital Works and Priority Works projects which had total budgets of \$550k and \$193k respectively in this category are expended elsewhere. Similarly, township strategy projects have a \$200k budget here but expended in other categories. The plant and equipment replacement program is \$486k under budget due to timing of the purchase of replacement vehicles.

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.



Jo Harris
Chief Finance Officer

Date: 15 September 2014
Pakenham

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 15 September 2014 to certify the standard statements in their final form.



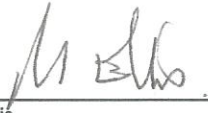
Councillor George Blenkhorn

Date: 15 September 2014
Pakenham



Councillor Kate Lempriere

Date: 15 September 2014
Pakenham



Michael Ellis
Acting Chief Executive Officer

Date: 15 September 2014
Pakenham

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 2014 of the 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 2014 of Cardinia Shire Council which comprises standard income statement, standard balance sheet, standard cash flow statement, standard statement of capital works, the related notes and the certification of standard statement 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 about whether the financial report and standard statements are free from material misstatement.

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

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Councillors, as well as evaluating the overall presentation of the financial report and standard statements.

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 the Cardinia Shire Council as at 30 June 2014 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 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 2014 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 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
19 September 2014


Dr Peter Frost
Acting Auditor General

CARDINIA SHIRE COUNCIL

PERFORMANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2014

PERFORMANCE STATEMENT

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	
Holm Park Road Netball Pavilion	Construction complete	30-Jun-14	Achieved Construction completed in 2013-14 with the official opening to be held 10 th July 2014
Henry Road East Children's Centre	Construction complete	30-Jun-14	Achieved The building construction was completed February 2014 and use commenced early 2014.
Toomah Community Centre	Construction complete	30-Jun-14	Not Achieved Building construction is very close to completion – at 96%. Wet weather has delayed the completion of the landscaping and identified defects are being rectified. Completion date expected in first quarter 2014-15 with official opening scheduled for October 2014.
Pakenham East Precinct Structure Plan and Developer Contribution Plan	Complete Plans	30-Jun-14	Not Achieved Technical reports and background report are in draft form. Preliminary future urban structure options have been prepared and first stage of agency consultation underway. Gazettal of the Amendment likely to be September 2015.
Pakenham Employment Precinct Structure Plan and Development Contributions Plan	Complete Plans	30-Jun-14	Not Achieved Background report drafted end June 2014. Cultural Heritage Management Plan approved.

CARDINIA SHIRE COUNCIL

Certification of the Performance Statement

In our opinion the accompanying Performance Statement in respect of the 2013/14 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.



Jo Harris

Chief Finance Officer

Date: 15 September 2014

Pakenham



Cr George Blenkhorn

Date: 15 September 2014

Pakenham



Cr Kate Lempriere

Date: 15 September 2014

Pakenham



Michael Ellis

Acting Chief Executive Officer

Date: 15 September 2014

Pakenham

INDEPENDENT AUDITOR'S REPORT

To the Councillors, Cardinia Shire Council

The Performance Statement

The accompanying performance statement for the year ended 30 June 2014 of the Cardinia Shire Council which comprises the statement, the related notes and the certification of 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* and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the performance statement that is free from 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. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about 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.

Independent Auditor's Report (continued)

Independence

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

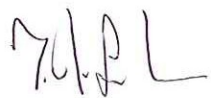
Auditor's Opinion

In my opinion, the performance statement of the Cardinia Shire Council in respect of the 30 June 2014 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 2014 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 audited performance statement to confirm the information contained in the website version of the performance statement.

MELBOURNE
19 September 2014


R Dr Peter Frost
Acting Auditor General