

Annual financial report

For the year ended 30 June 2013

Cardinia Shire Council

CARDINIA SHIRE COUNCIL

Financial Report

Table of Contents

FINANCIAL REPORT	Page
Financial Statements	
Comprehensive Income Statement	1
Balance Sheet	2
Statement of Changes in Equity	3
Cash Flow Statement	4
Notes to Financial Statements	
Introduction	5
Note 1 Significant accounting policies	5
Note 2 Rates and charges	13
Note 3 Statutory fees and fines	13
Note 4 User fees	13
Note 5 Grants	14
Note 6 Contributions	15
Note 7 Interest Income	15
Note 8 Other Income	15
Note 9 Employee benefits	15
Note 10 Materials and services	15
Note 11 Bad and doubtful debts	16
Note 12 Depreciation and amortisation	16
Note 13 Finance costs	16
Note 14 Other Expenses	16
Note 15 Net gain/(loss) on disposal of property, infrastructure, plant and equipment	16
Note 16 Investments in associates	17
Note 17 Cash and cash equivalents	18
Note 18 Trade and other receivables	18
Note 19 Accrued Income	18
Note 20 Prepayments	18
Note 21a Inventories	18
Note 21b Assets held for resale	18
Note 22 Property, plant and equipment, infrastructure	19
Note 23 Trade and other payables	23
Note 24 Trust funds and deposits	23
Note 25 Provisions	24
Note 26 Interest bearing loans and borrowings	25
Note 27 Reserves	26
Note 28 Adjustments directly to equity	27
Note 29 Reconciliation of cash flows from operating activities to surplus or deficit	27
Note 30 Reconciliation of cash and cash equivalents	27
Note 31 Financing arrangements	27
Note 32 Restricted assets	27
Note 33 Superannuation	28
Note 34 Commitments	29
Note 35 Operating lease commitments	30
Note 36 Contingent liabilities and contingent assets	30
Note 37 Financial instruments	31
Note 38 Auditors' remuneration	36
Note 39 Events occurring after balance date	36
Note 40 Related party transactions	37
Note 41 Joint venture information	38
Note 42 Income, expenses, and assets by functions/activities	38
Note 43 Financial ratios (Performance indicators)	39
Note 44 Capital expenditure	40
Note 45 Special committees and other activities	41
Certification of the Financial Report	42

Comprehensive Income Statement For the Twelve Months Ended 30 June 2013

	Note	2013 \$'000	2012 \$'000
Income			
Rates and charges	2	58,050	52,885
Statutory fees and fines	3	2,643	2,586
User fees	4	3,287	3,282
Contributions - Cash	6 (a)	6,190	12,613
Contributions - Non-monetary assets	6 (b)	25,839	25,363
Grants - recurrent	5	17,899	20,123
Grants - non-recurrent	5	5,924	2,157
Interest Income	7	1,569	1,652
Net gain(loss) on disposal of property, infrastructure, plant and equipment	15	(1,963)	217
Other Income	8	8,554	4,763
Share of net profits(losses) of associates and joint ventures accounted for by the equity method	16	139	(523)
Total Income		128,131	125,119
Expenses			
Employee benefits	9	27,297	29,149
Materials and services	10	43,105	41,176
Bad and doubtful debts	11	469	116
Depreciation and amortisation	12	13,947	13,790
Finance costs	13	3,315	3,246
Other Expenses	14	5,498	3,527
Total expenses		93,631	91,004
Surplus / (Deficit)		34,500	34,115
Other Comprehensive Income			
Net asset revaluation increment(decrement)		75,320	2,664
Comprehensive result		109,820	36,779

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

Balance Sheet As at 30 June 2013

	Note	2013 \$'000	2012 \$'000
Assets			
Current assets			
Cash and cash equivalents	17	38,515	38,311
Trade and other receivables	18	15,348	13,149
Accrued income	19	298	116
Prepayments	20	523	700
Inventories	21a	20	33
Land Held for Resale	21b	11,355	11,698
Total current assets		66,059	64,007
Non-current assets			
Investments in associates	16	1,021	883
Property, plant and equipment, infrastructure	22	772,108	661,402
Total non-current assets		773,129	662,285
Total assets		839,188	726,292
Liabilities			
Current liabilities			
Trade and other payables	23	17,377	12,479
Trust funds and deposits	24	2,845	3,916
Provisions	25	5,248	4,579
Interest-bearing loans and borrowings	26	3,863	3,453
Total current liabilities		29,333	24,427
Non-current liabilities			
Trade and other payables	23	-	2,913
Provisions	25	738	982
Interest-bearing loans and borrowings	26	43,272	42,881
Total non-current liabilities		44,010	46,776
Total liabilities		73,343	71,204
Net Assets		765,845	655,088
Equity			
Accumulated surplus		483,011	448,025
Reserves	27	282,834	207,063
Total Equity		765,845	655,088

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

Statement of Changes in Equity For the Twelve Months Ended 30 June 2013

	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

		Total 2012 \$'000	Accumulated Surplus 2012 \$'000	Asset Revaluation Reserve 2012 \$'000	Other Reserves 2012 \$'000
2012					
Balance at beginning of the financial year		615,315	421,723	180,082	13,510
Other adjustments to opening balances	28	2,994	2,994	-	-
Revised Opening balances		618,309	424,717	180,082	13,510
Surplus / (Deficit) for the year		34,115	34,115	-	-
Net asset revaluation increment/(decrement)	27(a)	2,664	-	2,664	-
Transfers to reserves	27(b)	10,807	-	-	10,807
Transfers from accumulated surplus	27(b)	(10,807)	(10,807)	-	-
Transfers to accumulated surplus	27(b)	-	-	-	-
Balance at end of the financial year		655,088	448,025	182,746	24,317

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

Cash Flow Statement

For the Twelve Months Ended 30 June 2013

		2013	2012
		Inflows/ (Outflows)	Inflows/ (Outflows)
	Note	\$'000	\$'000
Cash flows from operating activities			
Rates		57,334	52,341
Statutory fees and fines		3,113	2,696
User charges and other fines (inclusive of GST)		947	3,968
Grants (inclusive of GST)		25,822	24,797
Contributions		9,001	17,461
Interest income		1,555	1,634
Other income (inclusive of GST)		5,816	3,058
GST (received)/paid (net)		3,750	2,788
Payments to suppliers (inclusive of GST)		(49,995)	(46,153)
Payments to employees		(26,816)	(24,999)
Net cash provided by (used in) operating activities	29	30,527	37,591
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment (including GST)		(30,091)	(23,099)
Proceeds from sale of property, infrastructure, plant and equipment		2,281	3,105
Net cash provided by (used in) investing activities		(27,810)	(19,994)
Cash flows from financing activities			
Proceeds from interest bearing loans and borrowings		4,250	4,950
Repayment of interest bearing loans and borrowings		(3,449)	(3,486)
Finance costs		(3,315)	(3,246)
Net cash provided by (used in) financing activities		(2,514)	(1,782)
Net (decrease)/increase in cash and cash equivalents		204	15,815
Cash and cash equivalents at the beginning of the financial year		38,311	22,496
Cash and cash equivalents at the end of the financial year	30	38,515	38,311
The above cash flow statement should be read in conjunction with the accompanying notes.			
Financing arrangements	31		
Restricted assets	32		

Notes to the Financial Report
For the Twelve Months Ended 30 June 2013

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
- 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
- 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 - Crowe Horwath Melbourne (A WHK Member firm) - to 30 April 2013
Internal Auditor - Oakton - from 1 May 2013
Solicitors - Maddocks Lawyers
Bankers - Westpac Banking Corporation
Website address - www.cardinia.vic.gov.au

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

Note 1 Significant accounting policies

(a) **Basis of accounting**

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

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

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

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

(b) **Change in accounting policies**

There have been no changes in accounting policy during the financial year.

Notes to the Financial Report
For the Twelve Months Ended 30 June 2013

Note 1 Significant accounting policies (cont.)

(c)

Revenue recognition

Rates, grants and contributions

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

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

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

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

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

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

User fees and fines

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

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

Sale of property, plant and equipment, infrastructure

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

Interest and rents

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

(d)

Inventories

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

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

Notes to the Financial Report
For the Twelve Months Ended 30 June 2013

Note 1 Significant accounting policies (cont.)

(e)

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

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

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

Footpath assets have a condition-based depreciation.

Road earthworks are not depreciated.

Artworks are not depreciated.

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

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

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

(f)

Repairs and maintenance

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

(g)

Finance costs

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

Notes to the Financial Report
For the Twelve Months Ended 30 June 2013

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 2013, depreciation rates and methods were reviewed with no material change in the carrying value of Council assets identified in the current year.

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

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

Land under roads

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

Notes to the Financial Report
For the Twelve Months Ended 30 June 2013

Note 1 Significant accounting policies (cont.)

(i)

Cash and cash equivalents

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

(j)

Investments

Investments, other than investments in associates are measured at cost

(k)

Accounting for investments in associates

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

(l)

Tender deposits

Amounts received as tender deposits and retention amounts controlled by Council are recognised as Trust funds until they are returned or forfeited (refer to note 24).

(m)

Employee benefits

Wages and salaries

Liabilities for wages and salaries and rostered days off are recognised and measured as the amount unpaid at balance date and include appropriate oncosts such as workers compensation and payroll costs.

Annual leave

Annual leave entitlements are accrued on a pro rata basis in respect of services provided by employees up to balance date. Current annual leave entitlements expected to be paid within 12 months (including appropriate oncosts) are measured at the amount expected to be paid. Non-current annual leave entitlements (including appropriate oncosts) are discounted to present value. Commonwealth bond rates are used for discounting future cash flows.

Long service leave

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

Superannuation

A liability is recognised in respect of Council's present obligation to meet the unfunded obligations of defined benefit superannuation schemes to which its employees are members. The liability is defined as the Council's share of the scheme's unfunded position, being the difference between the present value of employees' accrued benefits and the net market value of the scheme's assets at balance date (top up of the defined benefit scheme). The liability also includes applicable contributions tax of 15%.

The superannuation expense for the reporting year is the amount of the statutory contribution Council makes to the superannuation plan which provides benefits to its employees together with any movements (favourable/unfavourable) in the position of any defined benefits schemes. Details of these arrangements are recorded in note 33.

Notes to the Financial Report
For the Twelve Months Ended 30 June 2013

Note 1 Significant accounting policies (cont.)

Retirement gratuities

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

(n)

Leases

Operating leases-payables

Lease payments for operating leases are recognised as an expense (as per accounting standard - straight line basis) in the years in which they are incurred as this reflects the pattern of benefits derived by the Council.

(o)

Allocation between current and non-current

With the exception of employee provisions (note m), in the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next twelve months, being Council's operational cycle.

(p)

Agreements equally proportionately unperformed

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

(q)

Web site costs

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

(r)

Goods and Services Tax (GST)

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

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

(s)

Impairment of assets

At each reporting date, the Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

(t)

Assets held for resale

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

(u)

Rounding

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

Notes to the Financial Report
For the Twelve Months Ended 30 June 2013

Note 1 Significant accounting policies (cont.)

(v)

Financial guarantees

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

(w)

Pending Accounting Standards

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

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

Pronouncement	What's new?	Impact/Action	Transition	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. 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. 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 equity instruments not held for trading (this choice is made at initial recognition and is irrevocable). 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. 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>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. This will also create a requirement to measure some instruments annually that has not previously existed.</p>	<p>Transitional arrangements are extensive – in general retrospective restatement is required, but there are exceptions. Early-adoption of the standard before 1 January 2014 removes the requirement for restatement of comparatives</p>	<p>Periods beginning on or after 1 January 2015. The standard was amended in 2012 to delay the effective date by two years (previously 1 January 2013).</p>
AASB 10 Consolidated Financial Statements	<p>The standard introduces a single model of control, which is used to determine whether an investee must be consolidated. The existence of control is determined based on:</p> <ul style="list-style-type: none"> Power to direct the activities of an investee (irrespective of whether such power is exercised). Exposure, or rights, to variable returns from its involvement with the investee. The ability to use its power over the investee to affect the amount of the investor's returns. 	<p>The definition of 'control' is based on various factors, and is wider than just those entities in which an investee holds greater than 50% of the voting rights. While the effects of this standard are not expected to be significant in the local government sector, there may be some increase in the number of entities required to be consolidated as subsidiaries.</p>	<p>Early adoption is permitted, but AASB 10, AASB 11, AASB 12, AASB 127 (revised) and AASB 128 (revised) must all be adopted simultaneously.</p>	<p>Periods beginning on or after 1 January 2013</p>

Notes to the Financial Report
For the Twelve Months Ended 30 June 2013

Pronouncement	What's new?	Impact/Action	Transition	Effective date
AASB 11 Joint Arrangements	<p>AASB 11 classifies all joint arrangements as either <i>joint operations</i> or <i>joint ventures</i>:</p> <ul style="list-style-type: none"> Joint operations exist where the parties have the right to their assets and the obligation for their liabilities under the arrangement. Each party recognises its own assets, liabilities, revenues and expenses resulting from the arrangement. Joint ventures exist where the parties have the rights to the net assets of the arrangement. Each party accounts for the arrangement under the equity method in accordance with AASB 128 Investments in Associates and Joint Ventures (see below). 	The use of proportionate consolidation to account for joint ventures is no longer permitted. This is not likely to impact many councils.	Early adoption is permitted, but AASB 10, AASB 11, AASB 12, AASB 127 (revised) and AASB 128 (revised) must all be adopted simultaneously.	Periods beginning on or after 1 January 2013
AASB 12 Disclosure of Involvement with Other Entities	<p>AASB 12 requires the disclosure of information to enable users to evaluate the nature of, and risks associated with, its interests in other entities and The effect of those interests on its financial position, financial performance, and cash flows. AASB 12 applies to all entities that have subsidiaries, joint arrangements, associates, or unconsolidated structured entities, and requires disclosures grouped into four categories:</p> <ul style="list-style-type: none"> Significant judgments and assumptions, including how control, joint control, or significant influence has been determined. Interests in subsidiaries, including details of the composition of the group, the interests held by any non-controlling interest, any changes in control, and the nature of any associated risks. Interests in joint arrangements and associates, including their nature and extent, the effects on the group, and any associated risks. Interests in unconsolidated structured entities, including their nature and extent, any changes during the year, and the associated risks. 	The disclosures required will be both qualitative and quantitative. In particular, management should document and be able to justify its key judgments concerning control and significant influence. In the local government context this is likely to require increased disclosures around the operations of Library Corporations as well as other activities that Council have an interest in.	Early adoption is permitted, but AASB 10, AASB 11, AASB 12, AASB 127 (revised) and AASB 128 (revised) must all be adopted simultaneously.	Periods beginning on or after 1 January 2013
AASB 13 Fair Value Measurement	<p>AASB 13 replaces the existing IFRS guidance on fair value measurement and disclosure. It applies whenever another standard permits or requires the use of fair value measurements. It sets out a fair value hierarchy for such measurements:</p> <ul style="list-style-type: none"> Level 1 – quoted prices in active markets for identical assets and liabilities, which can be accessed at the measurement date. Level 2 – inputs other than quoted market prices included within Level 1, which are observable for the asset or liability, either directly or indirectly. Level 3 – unobservable inputs for the asset or liability. <p>There are also extensive disclosure requirements relating to each of the three levels within the hierarchy.</p>	The standard determines 'how to' rather than 'when' in respect of fair value measurements, and summarises the existing IFRS guidance in one place. This standards may assist those councils that have equity investments that are no longer able to be held at cost.	Early adoption is permitted.	Periods beginning on or after 1 January 2013
AASB 119 Employee Benefits, AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	The standards require the recognition of all re-measurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called "corridor" method), the immediate recognition of all past service cost in profit or loss and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset.	Council is yet to assess the full impact. Where adequate information is available, Council will apply the new standard from 1 July 2013 when the new standard applies to Cardinia Shire Council.		Periods beginning on or after 1 January 2013
AASB 128 Investments in Associates and Joint Ventures	AASB 128 has been amended to ensure consistency with the new requirements of AASB 10 Consolidated Financial Statements and AASB 11 Joint Arrangements. The standard sets out how the equity method of accounting is to be applied, defines "significant influence," and how impairment is to be tested for investments in associates or joint ventures.	Some joint ventures which were previously accounted for under the proportionate consolidation method must now be accounted for as associates. These changes are not expected to impact significantly on Councils.	Early adoption is permitted, but AASB 10, AASB 11, AASB 12, AASB 127 (revised) and AASB 128 (revised) must all be adopted simultaneously.	

	2013 \$'000	2012 \$'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 2012.		
The valuation base used to calculate general rates for 2012/13 was \$14,531,909,616 (2011/12 \$12,410,604,000).		
Residential	42,019	35,913
Commercial & Industrial	4,478	4,077
Agricultural	3,028	5,314
Cultural and recreational	61	74
Garbage charge	8,464	7,507
Total rates and charges	58,050	52,885
The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2012, and the valuation was first applied in the rating year commencing 1 July 2012.		
Note 3 Statutory fees and fines		
Local laws	841	865
Planning & Building Services	500	511
Health	333	232
Asset management	795	885
Land information certificates	65	67
Governance	109	26
Total statutory fees and fines	2,643	2,586
Note 4 User fees		
Section 86 Committees	775	821
Family and Children	1,079	1,094
Asset Management	209	283
Valuations	103	112
Planning & Building Services	218	213
Rental/Lease Income	447	346
Hall & Equipment Hire	244	168
Recreation	73	104
Local Laws	34	34
Other	105	107
Total user fees	3,287	3,282

Ageing Analysis of Trade & Other Receivables

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

	2013 \$'000	2012 \$'000
Note 5 Grants		
Grants were received in respect of the following :		
Summary of grants		
Federally funded grants	1,546	2,065
State funded grants	22,277	20,216
Total	23,823	22,280
Recurrent		
Commonwealth Govt - Roads to Recovery	1,174	1,164
Commonwealth Govt - Families & Children	158	509
Victoria Grants Commission - unallocated	6,795	8,482
Victoria Grants Commission - local roads	2,351	3,078
Best Start Program	96	103
Community Health	907	805
Community Safety	92	80
Disability	127	117
Emergency Management	31	87
Environment and Heritage	471	170
Families and Children	216	235
Local Infrastructure	4,269	4,269
Maternal and Child Health	834	712
Recreation	145	148
School Crossing Supervisors	138	134
Other	95	30
Total Recurrent	17,899	20,123
Non recurrent		
Environment and Heritage	103	-
Community Safety	438	-
Libraries	-	50
Local Infrastructure	4,134	811
Recreation	1,249	1,276
Roads and Footpaths	-	20
Total Non recurrent	5,924	2,157
Total Grants	23,823	22,280
<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	158	331
Community strengthening	522	489
Disability	13	9
Environment	219	1
Infrastructure (incl. Roads to Recovery)	3,489	1,958
	4,401	2,788
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	331	601
Community strengthening	489	115
Disability	3	5
Environment	1	45
Infrastructure (incl. Roads to Recovery)	1,882	524
	2,706	1,290
Net increase (decrease) in restricted assets resulting from grant revenues for the year:	1,695	1,498

	2013 \$'000	2012 \$'000
Note 6 Contributions		
(a) Cash		
Other Capital Contributions (Cash)	778	60
Community Facility Fund	652	1,040
Public open space	938	909
Developer - levies	2,787	10,130
Non-Capital Contributions (Cash)	617	482
Scheme Contributions	418	(8)
Total	6,190	12,613
(b) Non monetary assets		
Developer Contributed Assets		
Land Under Roads (Non Cash)	1,265	3,304
Roads & Footpaths (Non Cash)	5,626	13,947
Drains (Non Cash)	3,796	6,436
Land (Non Cash)	12,449	656
Bridges (Non Cash)	-	87
Community Capital Works (Non Cash)	537	261
Community Facility Fund (Non Cash)	-	16
Development levy income credited via works-in-progress	2,166	656
Total	25,839	25,363
Total Contributions	32,029	37,976
Note 7 Interest Income		
Interest on Investments	1,231	1,399
Interest on Rates	338	253
Total interest income	1,569	1,652
Note 8 Other Income		
Debt Collection Costs Recovered from Ratepayers	510	383
Insurance Claims	84	121
Cardinia Cultural Centre Cost Recoveries	159	79
Animals	77	97
Waste Management	437	268
Other Cost Recoveries	3,826	1,533
Re-instatement of impaired assets*	3,099	2,082
Other Income	362	200
Total other income	8,554	4,763
*Assets re-instatement from the floods in February 2011 and June 2012.		
Note 9 Employee benefits		
Wages and salaries	23,554	22,506
Long service leave	790	1,393
Superannuation	2,000	1,874
Superannuation - additional contribution*	325	2,913
Fringe benefits tax	214	168
Work cover	413	295
Total employee benefits	27,297	29,149
*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 relates to further Contributions Tax due on the shortfall amount this year (Refer Note 33 for further information).		
Note 10 Materials and services		
Materials & Contract Payments	32,789	32,702
Casey Cardinia Library - Super Defined benefit shortfall contribution	405	-
Utilities	1,918	1,557
Consultants, Contractors and temp staff	6,461	5,300
Insurance	776	804
Legal	607	686
Cost Recoveries	149	128
Total materials and services	43,105	41,176

	2013 \$'000	2012 \$'000
Note 11 Bad and doubtful debts		
Local Laws	113	46
Developer Contributions	313	-
Other	43	70
Total bad and doubtful debts	469	116
Note 12 Depreciation and amortisation		
Buildings and structures	3,253	3,221
Plant and machinery	1,357	1,275
Furniture, equipment, and computers	85	69
Roads and footpaths	7,210	7,207
Bridges	926	912
Drains	954	916
Intangible assets	163	190
Total depreciation and amortisation	13,947	13,790
Note 13 Finance costs		
Bank Charges	163	193
Interest - Borrowings	3,152	3,053
Total finance costs	3,315	3,246
Note 14 Other expenses		
Auditors' remuneration	171	187
Councillors' allowances	250	215
Rent/Lease expenditure	673	825
Impairment losses *	2,903	1,160
Land Under Roads Decrement	577	38
Other expenses	924	1,102
Total other expenses	5,498	3,527
* Further 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	978	838
Written down value of assets sold/disposed	(871)	(659)
Profit/(loss) on disposal of Plant & Equipment	107	179
Land & Buildings		
Proceeds from sale	140	1,057
Written down value of assets sold/disposed	(958)	(712)
Profit/(loss) on disposal of Land & buildings	(818)	345
Infrastructure		
Proceeds from sale	-	17
Written down value of assets sold/disposed	(1,562)	(500)
Profit/(loss) on disposal of Infrastructure	(1,562)	(483)
Total for property, infrastructure, plant and equipment		
Proceeds from sale	1,118	1,912
Written down value of assets sold/disposed	(3,391)	(1,871)
Profit/(loss) on disposal of property, infrastructure, plant and equipment	(2,273)	41
Assets held for Resale- Property		
Gross Proceeds	3,605	2,650
Less Costs incurred by Developers	(2,992)	(2,200)
Net Proceeds received by Council	613	450
Written down value of assets sold/disposed	(303)	(274)
Profit/(loss) on disposal of property held for resale	310	176

	2013 \$'000	2012 \$'000
Summary		
Gross Proceeds	4,723	4,562
Less Costs incurred by Developers	(2,992)	(2,200)
Net Proceeds received by Council	1,731	2,362
Written down value of assets sold/disposed	(3,694)	(2,145)
Profit/(loss) on disposal of assets	(1,963)	217
Note 16 Investment in associates accounted for using the equity method		
Casey Cardinia Library Corporation	1,021	883
Total investment in associates	1,021	883
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 2012/13 (based on the audited library statements) is 25.7% (2011/12 23.31%)		
Council's share of accumulated surplus(deficit)		
Council's share of accumulated surplus(deficit) at start of year	882	1,405
Reported surplus(deficit) for year	48	(498)
Distributions for the year	91	(25)
Council's share of accumulated surplus(deficit) at end of year	1,021	882
Council's share of expenditure commitments		
Operating commitments	-	498
	-	498

		2013 \$'000	2012 \$'000
Note 17	Cash and cash equivalents		
	Cash on hand	3	4
	Cash at bank	1,696	1,353
	Investment Accounts - Developer Contributions	16,260	9,317
	Term Deposits	20,556	27,638
	Total cash and cash equivalents	38,515	38,311
	Users of the financial report should refer to Note 32 for details of restricted cash and Note 34 for details of existing council commitments.		
Note 18	Trade and other receivables		
	Current		
	Rates debtors	5,648	4,917
	Special rate assessment	1,333	1,111
	Infringement debtors	174	361
	Provision for doubtful debts - infringements	-	(247)
	Cardinia Road Developer Contribution Plan Debtors	2,946	3,363
	Vicroads Account - DCP	1,515	1,515
	Other debtors	2,670	1,154
	Provision for doubtful debts - other debtors	(63)	(71)
	Net GST receivable	1,125	1,046
	Total trade and other receivables	15,348	13,149
Note 19	Accrued Income		
	Interest	66	52
	Recycling Income	63	-
	Rental and hire Income	19	-
	Cost recoveries	76	-
	Other	73	64
	Total accrued income	298	116
Note 20	Prepayments		
	Vehicle Registrations	108	103
	Software Licences	281	407
	Memberships & subscriptions	30	49
	Insurance	-	53
	Other	104	89
		523	700
Note 21a	Inventories		
	Fuel	20	33
	Total inventories	20	33
Note 21b	Assets Held For Resale		
	Current		
	Property held for resale at cost - South East Business Park (saleable within 12 months)	11,355	11,698
	Total assets held for resale	11,355	11,698

	2013 \$'000	2012 \$'000
Note 22 Property, plant and equipment, infrastructure		
Summary		
at cost (including WIP)	45,424	86,815
at independent valuation as at 1st January, 2010	-	284,144
at independent valuation as at 30th June, 2013	383,531	-
at Council valuation as at 30 June, 2010	-	472,982
at Council valuation as at 30th April 2013	493,509	-
Land under Roads at valuation	16,275	14,252
Total Cost and Valuation	938,740	858,193
Less accumulated depreciation	(166,231)	(193,721)
Less impairment	(400)	(3,070)
Total Property, plant and equipment, infrastructure	772,108	661,402
Property, infrastructure, plant and equipment (cont.)		
Land		
at cost	200	15,559
at independent valuation as at 1st January, 2010	-	172,940
at independent valuation as at 30th June 2013	244,211	-
	244,411	188,499
Total Land	244,411	188,499
Land Under Roads		
Land under Roads at Valuation	16,275	14,252
	16,275	14,252
Total Land and Land under roads	260,686	202,751
Land under roads is valued at the date acquired after 30 June 2008 using site values adjusted for englobo (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services.		
Buildings & Structures		
at cost (including WIP)	17,632	32,527
at independent valuation as at 1st January, 2010	-	111,204
at independent valuation as at 30th June 2013	139,320	-
Total Cost and Valuation	156,953	143,731
Less accumulated depreciation	(70,484)	(61,368)
Less impairment	(400)	(1,090)
Total buildings, structures, & landscaping	86,068	81,272
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.		
Plant		
Plant and machinery		
at cost	11,254	10,916
Less accumulated depreciation	(4,027)	(4,132)
Total plant and machinery	7,227	6,784

	2013 \$'000	2012 \$'000
Equipment		
Furniture, equipment, and computers		
at cost	2,875	2,492
Less accumulated depreciation	(2,015)	(2,260)
Total furniture, equipment, and computers	859	232
Total plant and equipment	8,087	7,016
Intangible assets		
at cost	1,444	1,433
Less accumulated depreciation	(1,281)	(1,107)
Total Intangible assets	164	326
Roads		
<i>Sealed roads, carparks, & footpaths</i>		
at cost (including WIP)	9,631	17,564
at Council valuation as at 30th June 2010	-	261,123
at Council valuation as at 30th April 2013	281,473	-
Total Cost and Valuation	291,104	278,688
Less accumulated depreciation	(30,245)	(65,948)
Less impairment	-	(745)
Total sealed roads, carparks, & footpaths	260,860	211,995
<i>Unsealed Roads</i>		
at cost (including WIP)	-	1,161
at Council valuation as at 30th June, 2010	-	42,349
at Council valuation as at 30th April 2013	38,968	-
Less accumulated depreciation	(21,868)	(20,572)
Less impairment	-	(750)
Total unsealed roads	17,100	22,188
Total Roads	277,960	234,183
Valuation of roads at 30 June 2010 and 30 April 2013 was carried out by Council staff.		
Property, infrastructure, plant and equipment (cont.)		
Bridges		
at cost (including WIP)	-	2,923
at Council valuation as at 30th June, 2010	-	75,565
at Council valuation as at 30th April 2013	64,146	-
Total Cost and Valuation	64,146	78,489
Less accumulated depreciation	(21,586)	(26,048)
Less impairment	-	(485)
Total Bridges	42,560	51,956
Valuation of bridges at 30 June 2010 and 30th April 2013 was undertaken by Council Staff		
Drains		
at cost (including WIP)	2,388	2,240
at Council valuation as at 30th June, 2011	-	93,944
at Council valuation as at 30th April 2013	108,922	-
Total Cost and Valuation	111,310	96,184
Less accumulated depreciation	(14,726)	(12,286)
Total Drains	96,583	83,897
Valuation of drains as at 30 June, 2011 and 30th April 2013 was carried out by council staff. Drains are valued at fair value less accumulated depreciation.		
Total property, infrastructure, plant & equipment	772,108	661,402

Notes to the Financial Report
For the Year Ended 30 June 2013

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

2013	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	188,499	16,205	39,867		(901)		741	244,411
Land under roads	14,252	1,977	(577)				623	16,275
Total Land	202,751	18,182	39,290	-	(901)	0	1,364	260,686
Buildings & structures	77,168	-	2,662	(3,253)	(57)	690	1,311	78,522
Total Buildings	77,168	-	2,662	(3,253)	(57)	690	1,311	78,522
Total Property	279,919	18,182	41,952	(3,253)	(958)	690	2,675	339,207
Plant and Equipment								
Plant	6,784	2,671		(1,357)	(871)			7,227
Intangible Assets	327			(163)				164
Furniture, equipment, and computers	232	64		(85)			649	860
Total Plant and Equipment	7,342	2,735	-	(1,605)	(871)	-	649	8,251
Infrastructure								
Roads, footpaths, and carparks	226,920	4,073	33,340	(7,210)	(976)	(494)	12,676	268,329
Bridges	51,918	-	(8,604)	(926)	(534)		706	42,560
Drains	83,038	2,324	8,055	(954)	(52)		1,785	94,196
Total Infrastructure	361,876	6,397	32,791	(9,090)	(1,562)	(494)	15,167	405,085
Works in progress								
Buildings & structures	4,107	7,173					(3,734)	7,546
Roads, footpaths, and carparks	7,774	14,326					(12,469)	9,631
Bridges	164	472					(636)	0
Drains	1,157	2,883					(1,652)	2,388
Total works in progress	13,203	24,854	-	-	-	-	(18,491)	19,565
Total property, plant and equipment, infrastructure	662,342	52,168	74,743	(13,948)	(3,391)	196	0	772,108

(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

Notes to the Financial Report
For the Year Ended 30 June 2013

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

2012	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 2012/13	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property									
land	180,431	8,653			(585)				188,499
land under roads	8,236	6,016							14,252
Total land	188,667	14,669	-	-	(585)	-	-	-	202,751
buildings & structures	74,312		46	(3,221)	(126)	68	6,086	3	77,168
Total buildings	74,312	-	46	(3,221)	(126)	68	6,086	3	77,168
Total property	262,979	14,669	46	(3,221)	(711)	68	6,086	3	279,919
Plant and Equipment									
plant	6,149	2,569		(1,275)	(659)				6,784
Intangible Assets	345	172		(190)					327
furniture, equipment, and computers	177	124		(69)					232
Total plant and equipment	6,671	2,865	-	(1,534)	(659)	-	-	-	7,343
Infrastructure									
roads, footpaths, and carparks	215,715	13,623		(7,207)	(399)	855	3,820	513	226,920
bridges	51,918	87		(912)			698	126	51,918
drains	76,362	6,312		(916)	(101)		1,083	298	83,038
Total infrastructure	343,995	20,023	-	(9,035)	(500)	855	5,601	937	361,876
Works in progress									
buildings & structures	2,105	8,089					(6,086)		4,107
roads, footpaths, and carparks	4,381	7,213					(3,820)		7,774
bridges	259	603					(698)		164
drains	216	2,024					(1,083)		1,157
Total works in progress	6,962	17,929	-	-	-	-	(11,687)	-	13,203
Total property, plant and equipment, infrastructure	620,607	55,485	46	(13,790)	(1,870)	923	0	940	662,342

(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.

	2013 \$'000	2012 \$'000
Note 23 Trade and other payables		
Current		
Trade payables	10,509	9,056
Accrued expenses	2,903	2,766
Income in Advance	727	657
Superannuation - additional contribution	3,238	-
	<u>17,377</u>	<u>12,479</u>
Non-Current		
Superannuation - additional contribution	-	2,913
	<u>-</u>	<u>2,913</u>
Total trade and other payables	<u>17,377</u>	<u>15,392</u>
Note 24 Trust funds and deposits		
Refundable		
Contractors security bond	831	858
Miscellaneous trust	101	299
Landscape maintenance bond	1,138	1,428
Asset protection security deposit	687	837
Road crossing/opening bond	2	13
Hoarding deposit	-	8
Hall Hire Bond	3	-
Total Refundable	<u>2,762</u>	<u>3,443</u>
Non-refundable		
Wheeler Rd Maryknoll construction contribution	39	39
Nylander St construction contribution	2	2
Pakenham Car Parking Spaces	-	46
Native vegetation development contribution	-	343
Future construction of May Rd Officer	30	30
Mulcahy Road Footpath Contribution	12	12
Total Non-refundable	<u>83</u>	<u>472</u>
Total trust funds and deposits	<u>2,845</u>	<u>3,916</u>

Note 25 Provisions

	Annual Leave	Long Service Leave	Other	Total
	\$ '000	\$ '000	\$ '000	\$ '000
2013				
Balance at the beginning of the financial year	2,051	3,400	111	5,560
Movements	62	360	3	425
Balance at the end of the financial year	2,113	3,760	114	5,985
2012				
Balance at the beginning of the financial year	1,813	2,557	236	4,605
Movements	237	843	(125)	955
Balance at the end of the financial year	2,051	3,400	111	5,560
			2013	2012
			\$'000	\$'000
Current (i)				
(a) Employee benefits				
Annual leave			2,112	2,050
Long service leave			3,022	2,418
Sick leave bonus/gratuity			114	111
			5,248	4,579
Non-current (ii)				
Long service leave			738	982
			738	982
Aggregate carrying amount of employee benefits:				
Current			5,248	4,579
Non-current			738	982
			5,986	5,561
The following assumptions were adopted in measuring the present value of employee benefits:				
Weighted average increase in employee costs			4.50%	4.31%
Weighted average discount rates			3.79%	3.06%
Weighted average settlement period			7 years	7 years
(i) Current				
All annual leave and the long service leave entitlements representing 7 or more years of continuous service 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.			5,248	4,579
			5,248	4,579
(ii) Non-current				
Long service leave representing less than 7 years of continuous service measured at present value			738	982
			738	982

	2013 \$'000	2012 \$'000
Note 26 Interest-bearing loans and borrowings		
<i>Current</i>		
Borrowings - secured	3,863	3,453
	<u>3,863</u>	<u>-</u>
		3,453
<i>Non-current</i>		
Borrowings - secured	43,272	42,881
	<u>43,272</u>	<u>42,881</u>
Total Interest-bearing loans and borrowings	<u>47,135</u>	<u>46,334</u>
The maturity profile for Council's borrowings is:		
Not later than one year	3,863	3,453
Later than one year and not later than five years	17,692	15,739
Later than five years	25,580	27,142
Total	<u>47,135</u>	<u>46,334</u>
Aggregate carrying amount of interest-bearing loans and borrowings:		
Current	3,863	3,453
Non-current	43,272	42,881
Total	<u>47,135</u>	<u>46,334</u>

Note 27 Reserves

	Balance at beginning of reporting period	Increment (decrement)	Share of increment (decrement) on revaluation by an associate	Balance at end of reporting period
	\$'000	\$'000	\$'000	\$'000
(a) Asset revaluation reserves				
2013				
Property				
Land for resale	2,800			2,800
Land	122,914	39,867		162,781
Land under roads				-
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
2012				
Property				
Land for resale	2,800	-	-	2,800
Land	120,296	2,618	-	122,914
Land under roads				-
Buildings	2,413	46	-	2,459
Total	125,509	2,664	-	128,173
Infrastructure				
Footpaths, Sealed and unsealed roads	-	-	-	-
Bridges	26,176	-	-	26,176
Drainage	28,397	-	-	28,397
Total	54,573	-	-	54,573
Total Asset revaluation reserves	180,082	2,664	-	182,746
	Balance at beginning of reporting period	Increment (decrement)	Transfer (to) / from accumulated surplus	Balance at end of reporting period
	\$'000	\$'000	\$'000	\$'000
(b) Other reserves				
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
2012				
Developer levy	12,435	-	10,238	22,673
Community Facilities levy	866	-	226	1,092
Public Open Space levy	(102)	-	317	215
Drainage levy	83	-	26	109
Car Parking levy	228	-	-	228
Total Other reserves	13,510	-	10,807	24,317
Total All reserves				
2013	207,063	75,320	451	282,834
2012	193,592	2,664	10,807	207,063

	2013 \$'000	2012 \$'000
Note 28 Adjustments directly to equity		
Prior year adjustments for previously not recognised assets (see note 22)	937	3,052
Movements in reserves through equity for prior years	-	(58)
Total adjustments directly to equity	937	2,994
Note 29 Reconciliation of cash flows from operating activities to surplus or deficit		
Surplus / (Deficit) for the year	34,500	34,115
<u>Add back non cash items</u>		
Depreciation and Amortisation	13,947	13,790
Net (gain)/loss on disposal of property, infrastructure, plant and equipment	(1,731)	(2,362)
WDBV of Assets Sold	3,694	2,144
Contributions - Non-monetary assets	(25,839)	(25,363)
Interest Costs - Financing, not Operating Activity	3,315	3,246
Share of net (gain)/loss of associates	(139)	522
Re-instatement of impaired assets	(3,099)	(2,082)
Impairment loss	2,903	1,160
Grossing up of GST	2,528	1,818
Net asset revaluation (increment)/decrement	577	-
<u>Change in assets and liabilities:</u>		
(Increase)/decrease in receivables	(2,887)	3,661
(Increase)/decrease in prepayments	257	(144)
(Increase)/decrease in accrued income	(182)	81
(Increase)/decrease in inventories	13	(12)
Increase/(decrease) in payables	3,245	4,911
Increase/(decrease) in other liabilities	(1,071)	922
Increase/(decrease) in income in advance	70	104
Increase/(decrease) in employee provisions	425	1,078
Net cash provided by/(used in) operating activities	30,527	37,591
Note 30 Reconciliation of cash and cash equivalents		
Cash and cash equivalents (see note 17)	38,515	38,311
Total reconciliation of cash and cash equivalents	38,515	38,311
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) *	3,760	3,012
Total restricted assets	3,760	3,012

* 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.

	2013 \$'000	2012 \$'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)	2,299	4,739
Employer contributions to other super funds (including amount payable at reporting date)	26	48
	<u>2,325</u>	<u>4,787</u>
Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date	3,296	2,940
Employer contributions payable to other super funds at reporting date	2	2
	<u>3,298</u>	<u>2,942</u>

Note 34 Commitments

The Council has entered into the following commitments

2013	< 1 year	> 1 year and < 2 years	> 2 years and < 5 years	> 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Garbage	4,061	4,495	10,151	3,671	22,378
Parks	2,808	3,025	4,398	-	10,231
Road Maintenance	293	299	618	320	1,530
Health	376	-	-	-	376
Building maintenance	614	645	1,388	746	3,393
Recycling	965	1,047	3,193	758	5,963
Cleaning	533	560	1,205	648	2,946
Utilities Contract	907	979	2,275	-	4,161
Seasonal Aquatics Facilities	289	289	300	-	879
Tennis centre	182	185	185	-	552
Hard & Green	1,269	346	-	-	1,615
Green Bin Services	864	-	-	-	864
Community Services	422	435	910	-	1,767
Library	1,620	1,673	3,511	1,842	8,646
Other	1,309	1,304	741	190	3,543
Total	16,512	15,282	28,875	8,175	68,844
Capital					
Construction works	9,277	550	969	-	10,796
Total	25,789	15,832	29,843	8,175	79,639
2012	< 1 year	> 1 year and < 2 years	> 2 years and < 5 years	> 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'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

2013	2012
\$'000	\$'000

Note 35 (a) Operating lease commitments

At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities):

Not later than one year	414	323
Later than one year and not later than five years	677	1,221
Total operating lease commitments	1,091	1,544

(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	257	301
Later than one year and not later than five years	478	453
Later than five years	82	82
	817	836

Note 36 Contingent liabilities and contingent assets

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 2.80% -3.50% (3.5% - 4.75% in 2011/12). The interest rate at balance date was 2.8% (3.5% at 30 June 2012).</p> <p>Funds returned fixed interest rate of between 3.17% (4.8% in 2011/12), and 5.11% (5.9% in 2011/12) 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 6.67% during 2012/13 (6.92% in 2011/12).</p> <p>Borrowings are fixed interest rate - principal and interest payments.</p> <p>Fixed Interest - P&I - \$47,134,817 - interest rates vary between 4.07% and 8.136%, maturing between 24/10/2018 and 18/06/2028..</p>
Bank overdraft	31	<p>Council has a \$2.0m overdraft facility with Westpac (\$2.0m in 2011/12). 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% (10.36% in 2011/12).</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:

2013

	Floating Interest rate \$'000	Fixed interest maturing in:			Non-interest bearing \$'000	Total \$'000
		<= 1 year \$'000	> 1 to <= 5 years \$'000	> 5 years \$'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
2.80% - 5.11% (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 4.07% and 8.136%

(2) Weighted average interest rate 6.67% (see Note 37a)

Net financial assets (liabilities)	17,959	16,693	(17,692)	(25,580)	(17,615)	(26,235)
------------------------------------	--------	--------	----------	----------	----------	----------

2012

	Floating Interest rate \$'000	Fixed interest maturing in:			Non-interest bearing \$'000	Total \$'000
		<= 1 year \$'000	> 1 to <= 5 years \$'000	> 5 years \$'000		
Financial assets						
Cash assets (1) (See Note 17)	10,674	27,638	-	-	-	38,311
Receivables - current	-	-	-	-	1,083	1,083
Total financial assets	10,674	27,638	-	-	1,083	39,394

Weighted average interest rate on cash assets
4.40% - 6.33% (See note 37a)

Financial liabilities

Payables (see note 23)	-	-	-	-	14,903	14,903
Trust funds (see note 24)	-	-	-	-	3,916	3,916
Borrowings - bank (2) (see note 26)	-	3,454	15,739	27,142	-	46,335
Total financial liabilities	-	3,454	15,739	27,142	18,819	65,153

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

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

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

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		Aggregate net fair value	
	per Balance Sheet			
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
<i>(1) Financial assets</i>				
Cash assets	38,515	38,311	38,515	38,311
Receivables - current	2,607	1,083	2,607	1,083
<i>Total financial assets</i>	<u>41,122</u>	<u>39,394</u>	<u>41,122</u>	<u>39,394</u>
<i>(2) Financial liabilities</i>				
Payables	17,377	14,903	17,377	14,903
Trust funds	2,845	3,916	2,845	3,916
Borrowings - bank	47,135	46,335	47,135	46,335
<i>Total Financial liabilities</i>	<u>67,357</u>	<u>65,153</u>	<u>67,357</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 and obtaining approval for borrowings from the Department of Planning and Community Development each year.

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

- conformity with State and Federal regulations and standards,
- capital protection,
- appropriate liquidity,
- diversification by credit rating, financial institution and investment product,

- monitoring of return on investment,
 - benchmarking of returns and comparison with budget.
- Maturity will be staggered to provide for interest rate variations and to minimise interest rate 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	2013	2012
	\$'000	\$'000
Balance at the beginning of the year	(71)	(12)
New Provisions recognised during the year	-	(59)
Amounts already provided for and written off as uncollectible	9	-
Amounts provided for but recovered during the year	-	-
Balance at end of year	(62)	(71)

Movement in Provisions for Doubtful Debts - Infringements	2013	2012
	\$'000	\$'000
Balance at the beginning of the year	(247)	(219)
New Provisions recognised during the year	-	(27)
Amounts already provided for and written off as uncollectible	247	-
Amounts provided for but recovered during the year	-	-
Balance at end of year	(0)	(247)

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:

	2013	2012
	\$'000	\$'000
Current (not yet due)	1,251	722
Past due by up to 30 days	1,438	842
Past due between 31 and 60 days	175	113
Past due by more than 60 days	2,931	4,715
Total Trade & Other Receivables	5,795	6,392

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.

2013	6 mths or less	6-12 mths	1-2 yrs	2-5 yrs	>5 yrs	Contracted Cash Flow	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade & other payables	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

2012	6 mths or less	6-12 mths	1-2 yrs	2-5 yrs	>5 yrs	Contracted Cash Flow	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade & other payables	22,489	8,236	17,270	13,536	34,068	95,599	14,903
Trust Funds & Deposits	2,293	477	674	-	-	3,444	3,444
Interest bearing loans & borrowings	3,301	3,301	6,494	19,278	34,174	66,547	46,334
Total Financial Liabilities	28,082	12,015	24,438	32,814	68,242	165,590	64,681

2012 interest bearing loans & borrowings figures have been updated to exclude interest on loans yet to be taken out.

(f) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Council believes the following movements are 'reasonably possible' over the next 12 months (Base rates are sourced from Reserve Bank of Australia)

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

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

	Carrying amount subject to interest	Interest rate risk			
		-1%		2%	
		100 basis points		200 basis points	
		Profit	Equity	Profit	Equity
		\$'000	\$'000	\$'000	\$'000
2013	\$'000				
Financial assets:					
Cash and cash equivalents - floating interest	17,959	(180)	(180)	359	359
Cash and cash equivalents - fixed interest	20,556	-	-	-	-
Trade and other receivables	2,607	-	-	-	-
Financial liabilities:					
Interest-bearing loans and borrowings (1)	47,135	-	-	-	-
2012	\$'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

	2013	2012
	\$'000	\$'000
Audit fee to conduct external audit - Victorian Auditor-General	82	84
Internal audit fees - WHK Horwath (to 30 April 2013)	46	76
Internal audit fees - Oakton (from 1 May 2013)	4	-
Fees for other services	8	3
	<u>140</u>	<u>163</u>

Note 39 Events occurring after balance date

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

Note 40 Related party transactions

(i) Responsible Persons

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

Councillors	Councillor Brett Owen 1/7/12 - 30/6/13 (Mayor 12/11/12 - 30/6/13)
	Councillor Ed Chatwin 1/7/12 - 29/10/12 (Mayor 1/7/12 to 29/10/12)
	Councillor Graeme Legge 1/7/12 - 29/10/12
	Councillor Stuart Halligan 1/7/12 - 29/10/12
	Councillor George Blenkhorn 1/7/12 - 30/6/13
	Councillor Collin Ross 1/7/12 - 30/6/13
	Councillor Graeme Moore 1/7/12 - 30/6/13
	Councillor Tania Baxter 29/10/12 - 30/6/13
	Councillor Kate Lempriere 29/10/12 - 30/6/13
	Councillor Jodie Owen 29/10/12 - 30/6/13
	Councillor Leticia Wilmot 29/10/12 - 30/6/13
	Councillor David Young 29/10/12 - 30/6/13
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:

	2013	2012
	No.	No.
\$1 - \$9,999	2	0
\$10,000 - \$19,999	5	0
\$20,000 - \$29,999	4	5
\$30,000 - \$39,999		0
\$40,000 - \$49,999		2
\$50,000 - \$59,999	1	0
\$240,000 - \$249,999		0
\$270,000 - \$279,999		0
\$330,000 - \$339,999	1	1
	13	8
	\$'000	\$'000
	589	500

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. (2011/12, nil).

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

(v) Other Transactions

No transactions other than remuneration payments or the reimbursement of approved expenses were entered into by Council with Responsible Persons, or Related Parties of such Responsible Persons during the reporting year (2011/12, nil).

(vi) Senior Officers Remuneration

A Senior Officer other than a Responsible Person, is an officer of Council whose total annual remuneration exceeds \$130,000, or if remuneration is less than \$130,000 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:

	2013	2012
	No.	No.
Income Range:		
<\$130,000	1	4
\$130,000 - \$139,999	7	3
\$140,000 - \$149,999	8	6
\$150,000 - \$159,999	2	0
\$160,000 - \$169,999	2	1
\$170,000 - \$179,999	0	0
\$180,000 - \$189,999	0	1
\$190,000 - \$199,999	0	0
\$200,000 - \$209,999	0	3
\$210,000 - \$219,999	3	0
\$220,000 - \$229,999	0	1
\$230,000 - \$239,999	0	0
\$240,000 - \$249,999	1	0
	24	19
	\$'000	\$'000
	3,681	2,967

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 \$1.630m (2011/12 \$1.361m). Revenue of 1k was received in 2012/13 (2011/12 nil). The council does not have any assets or liabilities, which are committed to the Casey-Cardinia Library Corporation.

Note 42

Income, expenses, and assets by function/activities

	Infrastructure		Land Use Development		Social & Comm'y Wellbeing		Council & Organisation		Environment		TOTAL	
	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Grants	13,909	10,734	0	0	2,789	2,822	6,943	8,555	183	170	23,823	22,280
Other	21,973	22,449	15,686	4,839	4,026	3,690	61,255	71,823	790	37	103,731	102,838
TOTAL	35,882	33,182	15,686	4,839	6,815	6,512	68,199	80,379	973	207	127,554	125,119
EXPENSES	36,695	34,998	3,244	3,562	16,239	14,280	33,409	35,929	3,467	2,235	93,054	91,004
SURPLUS/(DEFICIT)	(813)	(1,816)	12,442	1,277	(9,424)	(7,768)	34,790	44,449	(2,495)	(2,028)	34,500	34,115
NON CURRENT ASSETS ATTRIBUTED TO FUNCTION	433,379	384,287	0	0	94,318	88,617	244,411	188,498	0	0	772,108	661,402

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
--------------------	--------------------	----------------------	------------------

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
-------------	------------	----------------------	--------------------------------------

Note 43 Financial ratios (Performance indicators)

2013	2013	2012	2012
\$'000	(%)	\$'000	(%)

- (a) **Debt servicing ratio** (to identify the capacity of Council to service its outstanding debt)

<u>Debt servicing costs</u>	3,152	=	2.46%	<u>3,053</u>	=	2.44%
Total income	128,131			125,119		

Debt servicing costs refer to the payment of interest on loan borrowings, finance lease, and bank overdraft.
The ratio expresses the amount of interest paid as a percentage of Council's total income.

- (b) **Debt commitment ratio** (to identify Council's debt redemption strategy)

<u>Debt servicing & redemption costs</u>	6,764	=	11.65%	<u>6,732</u>	=	12.73%
Rates income	58,050			52,885		

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>	58,050	=	45.31%	<u>52,885</u>	=	42.27%
Total income	128,131			125,119		

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>	69,583	=	1 to 5.99	<u>67,703</u>	=	1 to 5.19
Total realisable assets	417,304			351,871		

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>	66,059	=	2.25	<u>63,517</u>	=	2.65
Current liabilities	29,333			23,939		

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>	66,059	=	2.51	<u>63,517</u>	=	2.95
Current liabilities	26,311			21,521		

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	2013 \$'000	2012 \$'000
Note 44 Capital expenditure			
Capital expenditure areas			
Roads, drains, bridges, and footpaths		12,986	9,904
Community facilities		6,695	14,361
Plant, equipment, and other		2,908	2,865
		22,589	27,129
plus expenditure budgeted in CW program but accounted for as operating	(d)	3,255	2,403
		25,844	29,532
Represented by:			
Renewal	(a)	8,680	6,833
Upgrade	(b)	1,929	1,749
New assets	(c)	11,932	18,538
Other		48	9
Total capital works		22,589	27,129
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		22,589	27,129
Developer Contributed Assets		29,580	28,357
Asset revaluation movement	22	74,743	46
Depreciation	22	(13,948)	(13,790)
Written down value of assets sold	22	(3,391)	(1,870)
Impairment of Assets & Revaluation decrements	22	196	923
Not previously recognised assets		937	3,540
Net movement in property, plant and equipment, infrastructure		110,706	44,332

(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.

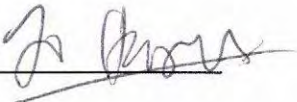
(d) Transfers from Capital Works to Operating

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

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

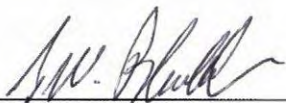

Jo Harris
Chief Finance Officer

Date: 16 September 2013
Pakenham

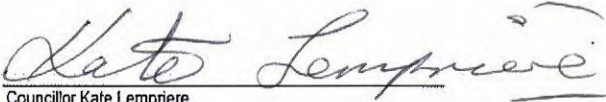
In our opinion the accompanying financial statements present fairly the financial transactions of Cardinia Shire Council for the year ended 30 June 2013 and the financial position of the Council as at that date.

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 16 September 2013 to certify the financial statements in their final form.


Councillor George Blenkhorn

Date: 16 September 2013
Pakenham


Councillor Kate Lempriere

Date: 16 September 2013
Pakenham


Micheal Ellis
Acting Chief Executive Officer

Date: 16 September 2013
Pakenham

Standard statements

For the year ended 30 June 2013

Cardinia Shire Council

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 2012. 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 2013

	Actuals 2012/13 \$'000	Budget 2012/13 \$'000	Variances 2012/13 \$'000	Variances 2012/13 %	Ref
Revenue from ordinary activities					
Rates & Charges	58,050	58,151	(101)	(%)	1
Statutory Fees & Fines	2,643	2,591	52	2%	
User Fees	3,287	3,662	(375)	(10%)	2
Contributions - Cash	617	85	532	626%	3
Development Levies - Cash	5,573	6,270	(697)	(11%)	4
Contributions - Non-Monetary Assets	25,839	16,000	9,839	61%	5
Grants - Recurrent	17,899	10,743	7,156	67%	6
Grants - Non-Recurrent	5,924	8,858	(2,934)	(33%)	7
Interest Income	1,569	1,068	501	47%	8
Net Gain/(Loss) on Disposal of Property, Plant and Equipment	(1,963)	823	(2,786)	(339%)	9
Other Income	8,554	1,960	6,594	336%	10
Share of Net Profits/(Losses) of Associates and Joint Ventures Accounted for by the Equity Method	139	0	139	%	
Total revenues	128,131	110,212	17,919	16%	
Expenses from ordinary activities					
Employee Benefits	27,297	27,724	427	2%	11
Materials and Services	43,105	33,588	(9,517)	(28%)	12
Bad and Doubtful Debts	469	21	(448)	(2133%)	13
Depreciation and Amortisation	13,947	14,111	164	1%	
Finance Costs	3,315	3,405	90	3%	
Other Expenses	5,498	3,816	(1,682)	(44%)	14
Total expenses	93,631	82,666	(10,965)	(13%)	
Surplus (deficit) for the year	34,500	27,546	6,954	25%	

CARDINIA SHIRE COUNCIL

STANDARD INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2013

1. Rates & Charges (\$0.101m unfavourable)

Waste related income is \$190k under budget due lower than forecasted new services, but has been partly offset by rate revenue which is \$89k better than forecast.

2. User Fees (\$0.375m unfavourable)

User fees are under budget primarily due to lower than forecasted income of \$215k in Council owned facilities (managed via section 86 committees). In addition, Council managed Outside School Hours Care services are \$79k below forecast.

3. Contributions - Cash (\$0.532m favourable)

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

4. Development Levies - Cash (\$0.697m unfavourable)

Development levies in total have an unfavourable variance of \$1.723m due to a downturn in development activity. Capital contributions are \$1.026m better than budget due to the recognition of unbudgeted contributions for works on Council facilities. This income is offset in the capital expenditure report.

5. Contributions - Non-Monetary Assets (\$9.839m 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 \$15.152m have been partly offset by developer contributed assets which are \$5.313m under budget.

6. Grants - Recurrent (\$7.156m favourable)

Favourable variance is mainly due to recognition of grants totalling \$5.967m which were budgeted as non-recurrent grants. Also, the Victorian Grants Commission operating grants were \$644k better than budgeted, and significant unbudgeted grants have been received for Emerald Lake Park vegetation management (\$150k), Halve Your Waste program (\$139k), and Natural Disaster Relief Funding (\$104k).

7. Grants - Non-Recurrent (\$2.934m unfavourable)

As mentioned above, \$5.967m of grants budgeted as non-recurrent grants have been recognised in recurrent grants. Budgeted grants for Toomah Community Centre and IYU Recreation Reserve were \$990k and \$405k under budget respectively. These have been partly offset by recognition of unbudgeted grants totalling \$4.559m, the most significant being \$1.998m for Lakeside South Children's/Community Centre.

8. Interest Income (\$0.501m favourable)

Interest on investments are \$501k better than budget in total, primarily due to interest on developer contribution plan (DCP) investments which are \$374k better due to higher investment balances than anticipated.

9. Net Gain/(Loss) on Disposal of Property, Plant and Equipment (\$2.786m unfavourable)

Net loss on disposal of infrastructure assets disposed during the year total \$1.619m, and net proceeds from land sales are \$1.274m under budget. These have been partly offset by net proceeds from the sale of plant which are \$107k better than budget.

10. Other Income (\$6.594m favourable)

Assets to the value of \$3.099m 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 \$3.241m have been recognised, the most significant being \$1.241m from Melbourne Water for drainage works. Note that cost recovery income is offset by expenditure across all expense groups.

11. Employee Benefits (\$0.427m favourable)

Actual salaries and oncosts were \$1.007m under budget for the year, primarily due to staff vacancies. Year-end adjustments totalling \$580k were made to recognise the balance of the contributions tax relating to the unfunded defined benefits superannuation liability, and adjustments to bring the long service leave, annual leave, and workcover provisions up to the required balances.

CARDINIA SHIRE COUNCIL

STANDARD INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2013

12. Materials and Services (\$9.517m unfavourable)

The major unfavourable variance is unbudgeted expenditure of \$3.263m 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 \$3.227m which is budgeted in the Capital Works program, and unbudgeted drainage works totalling \$1.228m which has been recovered from Melbourne Water.

13. Bad and Doubtful Debts (\$0.448m unfavourable)

Unfavourable variance is mainly due to the recognition of a bad debt of \$313k relating to the construction of the Syme and Pakenham Roads intersection.

14. Other Expenses (\$1.682m unfavourable)

Further impairment of assets as a result of the June 2012 floods to the value of \$2.903m, and a decrease in value of \$577k for a parcel of land under roads, have both been recognised. These have been partly offset by Rental Property rent/lease expenditure which is \$1.012m under budget, and compost bin and 80 litre garbage bin rebates which are \$646k under.

CARDINIA SHIRE COUNCIL

STANDARD BALANCE SHEET

AS AT 30 JUNE 2013

	Actuals 2012/13 \$'000	Budget 2012/13 \$'000	Variances 2012/13 \$'000	Variances 2012/13 %	Ref
Current Assets					
Cash and Cash Equivalents	38,515	18,485	20,029	108%	1
Trade and Other Receivables	15,348	8,810	6,538	74%	2
Accrued Income	298	327	(29)	(9%)	
Prepayments	523	517	6	1%	
Inventories	20	21	(1)	(6%)	
Land Held for Resale	11,355	12,550	(1,195)	(10%)	3
Total Current Assets	66,059	40,710	25,348	62%	
Non-Current Assets					
Investments in Associates	1,021	1,541	(520)	(34%)	4
Property, Infrastructure, Plant and Equipment	772,108	619,670	152,438	25%	5
Total Non-Current Assets	773,129	621,211	151,919	24%	
Total Assets	839,188	661,920	177,267	27%	
Current Liabilities					
Trade and Other Payables	17,377	6,347	(11,030)	(174%)	6
Trust Funds and Deposits	2,845	2,799	(46)	(2%)	
Provisions	5,248	3,674	(1,574)	(43%)	7
Interest Bearing Loans and Borrowings	3,863	3,879	16	%	
Total Current Liabilities	29,333	16,699	(12,634)	(76%)	
Non-Current Liabilities					
Deferred Land Liability	0	464	464	100%	
Provisions	738	818	80	10%	7
Interest Bearing Loans and Borrowings	43,272	43,264	(8)	(%)	
Total Non-Current Liabilities	44,010	44,546	536	1%	
Total Liabilities	73,343	61,245	(12,098)	(20%)	
Net Assets	765,845	600,675	165,170	27%	
Equity					
Accumulated Surplus	483,011	432,655	50,356	12%	
Reserves	282,834	168,020	114,814	68%	
Total Equity	765,845	600,675	165,170	27%	

CARDINIA SHIRE COUNCIL

STANDARD BALANCE SHEET

AS AT 30 JUNE 2013

1. Cash and Cash Equivalents

Cash and cash equivalents as at 30 June 2013 are \$20.029m higher than budget, due to the opening cash balance which was higher than budget by \$18.923m and net cash flows which had a positive variance of \$1.107m. Refer to the Standard Statement of Cash Flows for further information.

2. Trade and Other Receivables

Receivables are \$6.538m higher than budget, mainly due to the inclusion of Cardinia Road DCP debtors which have a closing balance of \$2.946m, and \$1.515m due from VicRoads in relation to works at the Cardinia Rd and Princes Highway intersection.

3. Land Held for Resale

The balance of \$11.355m represents the remaining 107.4 hectares to be sold at the South East Business Park anytime in the future.

4. Investments in Associates

The balance of \$1.021m 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 \$152.438m higher than budget, due to a combination of higher opening balances totalling \$69.902m and net revaluation increments totalling \$74.744m.

6. Trade and Other Payables

Trade and other payables are \$11.030m higher than budget due to the recognition of \$3.443m of developer contribution plan (DCP) debtors with a balance for future works, and the move of \$3.238m for the unfunded superannuation liability to a current liability, \$2.903m of accrued expenses and orders which have been receipted but their invoice has not yet been received, and \$727k of income in advance.

7. Provisions

In total, provisions are \$1.494m 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.

CARDINIA SHIRE COUNCIL

STANDARD STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2013

	Actuals 2012/13 \$'000 Inflows (Outflows)	Budget 2012/13 \$'000 Inflows (Outflows)	Variances 2012/13 \$'000	Variances 2012/13 %	Ref
Cash Flows from Operating Activities					
<i>Receipts</i>					
Rates and Charges	57,334	57,579	(245)	(%)	
Statutory Fees and Fines	3,113	2,591	522	20%	1
User Fees	947	2,927	(1,980)	(68%)	2
Grants	25,822	19,601	6,221	32%	3
Contributions - Cash	1,591	85	1,506	1772%	4
Development Levies - Cash	7,410	6,270	1,140	18%	5
Interest Income	1,555	1,068	487	46%	6
Other Revenue	5,816	1,960	3,856	197%	7
GST	3,750	0	3,750	%	8
	107,338	92,081	15,257	(17%)	
<i>Payments</i>					
Suppliers	(49,995)	(37,154)	(12,841)	(35%)	9
Employees	(26,816)	(27,440)	624	2%	
	(76,811)	(64,594)	(12,217)	(19%)	
Net Cash Provided by Operating Activities	30,527	27,487	3,040	11%	
Cash Flows from Investing Activities					
Payments for Property, Plant, Infrastructure and Equipment	(30,091)	(28,008)	(2,083)	(7%)	10
Proceeds from Sale of Property, Infrastructure, Plant and Equipment	2,281	2,550	(269)	11%	11
Net Cash Used in Investing Activities	(27,810)	(25,458)	(2,352)	(9%)	
Cash Flows from Financing Activities					
Finance Costs	(3,315)	(3,405)	90	3%	
Proceeds from Borrowings	4,250	4,250	0	%	
Repayments of Interest Bearing Loans and Borrowings	(3,449)	(3,779)	330	9%	
Net Cash Provided by Financing Activities	(2,514)	(2,933)	419	14%	
Change in Cash Held	204	(904)	1,107	122%	
Cash at the Beginning of Period	38,311	19,389	18,923	98%	
Cash at the End of Period	38,515	18,485	20,029	108%	

CARDINIA SHIRE COUNCIL

STANDARD STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2013

1. Statutory Fees and Fines

Actual income for Statutory Fees and Fines was \$2.643m, which was \$52k or 2% better than budget. Adjustments have been made to this for a decrease in infringement debtors. Also, a GST component is included in the actuals but not in the budget.

2. User Fees

Refer to comments on variances in the Standard Income Statement Note 2. User Fees as per the Standard Income Statement have been adjusted for increases in outstanding debtors, fees held in trust, and fee income received in advance. Also, a GST component is included in the actuals but not in the budget.

3. Grants

Refer to comments on variances in the Standard Income Statement Notes 6 and 7. 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. Also, a GST component is included in the actuals but not in the budget.

4. Contributions - Cash

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

5. Development Levies - Cash

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

6. Interest Income

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

7. Other Revenue

Refer to comments on variances in the Standard Income Statement Note 10. In addition to those comments, the balance of accrued income has increased from the previous year, having a negative impact on cash flow. 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. Also, a GST component is included in the actuals but not in the budget.

8. GST

Net actual GST reimbursement of \$3.750m includes GST on income from User Fees, Statutory Fees and Fines, Grants, Other Revenue, Proceeds from Sale of Property, Infrastructure, Plant & Equipment, and expenditure on Payments to Suppliers and Payments for Property, Plant, Infrastructure and Equipment.

9. Suppliers

Refer to comments on variances in the Standard Income Statement Notes 12 and 14. In addition to those comments, the balance of prepayments, inventories, and payables have all decreased from the previous year having a net negative impact on cash flow. The expense recognised for the impairment of 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. 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 2013

10. Payments for Property, Plant and Equipment

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

11. Proceeds from Sale of Property, Plant and Equipment

Refer to comments on variances in the Standard Income Statement Note 9. In addition to those comments, the balance of land held for resale has decreased from the previous year, having a positive impact on cash flow. The written down value of assets sold which is shown in the 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.

CARDINIA SHIRE COUNCIL

STANDARD STATEMENT OF CAPITAL WORKS

FOR THE YEAR ENDED 30 JUNE 2013

	Actuals 2012/13 \$'000	Budget 2012/13 \$'000	Variances 2012/13 \$'000	Variances 2012/13 %	Ref
Capital Works Areas					
Roads and Footpaths	11,469	16,322	(4,853)	(30%)	1
Drains	1,517	3,550	(2,033)	(57%)	2
Open Space	1,114	5,880	(4,766)	(81%)	3
Buildings	5,581	6,065	(484)	(8%)	4
Plant, Equipment and Other	2,908	3,955	(1,047)	(26%)	5
Total Capital Works	22,589	35,772	(13,183)	(37%)	

Represented By:

New	11,932	21,255	(9,323)	(44%)
Upgrade/Renewal/Other	10,657	14,517	(3,860)	(27%)
Total Asset Renewal	22,589	35,772	(13,183)	(37%)

Explanation of variances:

Note: All references to budget are to the 2012/13 original budget which does not include any unspent budget allocated in previous years.

1. Roads and Footpaths

Roads and footpaths expenditure is \$4.853m under budget. Three Cardinia Road developer contribution plan (DCP) projects totalling \$7.764m which were to be constructed by developers not yet being delivered. Budgeted expenditure of \$2.0m on roads reinstatement from flood damage is recognised in the Standard Income Statement, primarily materials and services. McGregor Road duplication is \$500k under budget due to project delays. Works totalling \$3.044m at Heatherbrae Recreation Reserve are budgeted in the Open Space category plus unspent funds from previous years.

2. Drains

Drains expenditure is \$2.033m under budget. Budgeted expenditure of \$2.0m on drains reinstatement from flood damage is recognised in the Standard Income Statement, primarily materials and services. Drainage replacement works are \$108k over budget, but have been offset by flood mitigation drainage works which are \$124k under.

3. Open Space

Open Space expenditure is \$4.766m under budget. Land acquisitions are \$2.235m under budget and expenditure on the regional soccer facility at IYU Recreation Reserve is \$1.1m under budget due to project delays. Heatherbrae Recreation Reserve has a budget of \$1.519m in this category, but the actuals are in Roads & Footpaths.

4. Buildings

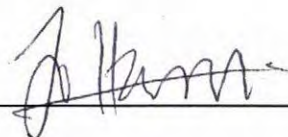
Buildings expenditure is \$484k under budget. Toomah Community Centre is \$3.464m under budget due to project delays. Holm Park Road Recreation Reserve building construction is \$1.739m over budget, but has been partly funded by under expenditure in previous years, grants, and cash contributions.

5. Plant, Equipment & Other

Plant, Equipment and Other expenditure is \$1.047m under budget. This is mainly due to Priority Works projects which had a total budget of \$595k in the Capital Works program, but the actual expenditure is included in the Standard Income Statement. Other significant items under budget include IT Strategy (\$207k), and township strategy projects (\$200k). These have been partly offset by replacement plant and equipment replacement which is \$483k over budget, and has been funded by unspent allocations from previous years.

Certification of the Standard Statements

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



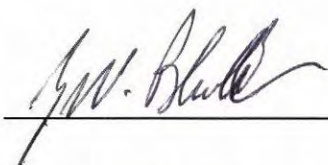
Jo Harris
Chief Finance Officer

Date: 16 September 2013

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.

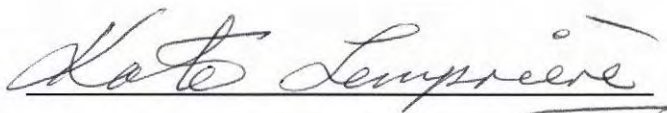
As at the date of signing, we are not aware of any circumstances which would render any particulars in the standard statements to be misleading or inaccurate.

We have been authorised by the Council on 16 September 2013 to certify the standard statements in their final form.



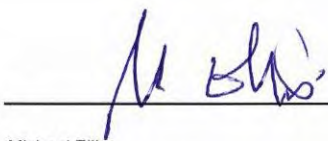
Councillor George Blenkhorn

Date : 16 September 2013



Councillor Kate Lempriere

Date : 16 September 2013



Michael Ellis
Acting Chief Executive Officer

Date : 16 September 2013

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 2013 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 2013 of the Council which comprises standard income statement, standard balance sheet, standard statement of cash flows, standard statement of capital works, the related notes and the certification of the standard statements have been audited.

The Councillors' Responsibility for the Financial Report and Standard Statements

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

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

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

Auditor's Responsibility

As required by the *Audit Act 1994* and the *Local Government Act 1989*, my responsibility is to express an opinion on the financial report and standard statements based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance 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 2013 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 2013 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
20 September 2013


John Doyle
Auditor-General

Key Strategic Activities

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

Key Strategic Activity	Target	Measure & Timing	
Complete next stage of Holm Park Road recreation reserve including football/cricket pavilion, landscaping	Construction complete	30-Jun-13	Achieved The official reserve opening was held in April. The netball courts, landscaping and car parking has been completed.
Commence stage 1 of Regional Soccer Facility	Stage 1 delivered	30-Jun-13	Not Achieved Design for facility completed
Complete construction of Cardinia Lakes Community/Childrens Facility	Facility Opened	30-Jun-13	Achieved Centre officially opened November 2012 and commenced operations in 2013.
Completion of Pathways and landscaping works at Deep Creek Reserve	Works Complete	30-Jun-13	Achieved Shared footpath is complete which has given pedestrian/cycle access link from Cameron Way and Barrington Drive to Oaktree Drive.
Complete Stage 2 works at Emerald Lake Park involving Weed removal and arboretum works	Works Complete	30-Jun-13	Not Achieved Works on stage 2 are in progress but are not complete

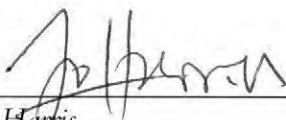
CARDINIA SHIRE COUNCIL

Certification of the Performance Statement

In our opinion the accompanying Performance Statement in respect of the 2012-13 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: 16 September 2013



George Blenkhorn
Date: 16 September 2013



Cr Kate Lempriere
Date: 16 September 2013



Michael Ellis
Acting Chief Executive Officer
Date: 16 September 2013

INDEPENDENT AUDITOR'S REPORT

To the Councillors, Cardinia Shire Council

The Performance Statement

The accompanying performance statement for the year ended 30 June 2013 of the Cardinia Shire Council which comprises the statement and the certification of the performance statement has been audited.

The Councillors' Responsibility for the Performance Statement

The Councillors of the Cardinia Shire Council are responsible for the preparation and fair presentation of the performance statement in accordance with the *Local Government Act 1989* 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 2013 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 2013 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
20 September 2013


John Doyle
Auditor-General