

Section SIX

Financials



FINANCIAL CONTENTS

Understanding The Financial Report	88
Comprehensive Operating Statement	89
Balance Sheet	90
Statement Of Changes In Equity	91
Cash Flows	92
Notes To The Financial Report	93
Note 1 Significant Accounting Policies	93
Note 2 Rates & Charges	100
Note 3 Charges, Fees & Fines	100
Note 4 Contributions	100
Note 5 Grants,Subsidies & Contributions	101
Note 6 Interest Revenue	102
Note 7 Other Revenue	102
Note 8 Net Gain (Loss) On Disposal Of Property, Plant & Equipment	102
Note 9 Investments In Associates Accounted For Using The Equity Method	103
Note 10 Employee Benefits	104
Note 11 Materials, Services & Contracts	104
Note 12 Depreciation	104
Note 13 Finance Costs	105
Note 14 Other Expenses	105
Note 15 Cash & Cash Equivalents	105
Note 16 Financial Assets	105
Note 17 Trade & Other Receivables	106
Note 18 Inventory	106
Note 19 Non-Current Assets As Held For Sale	106
Note 20 Other Assets	106
Note 21 Property, Plant & Equipment 2013	107
Note 22 Trade & Other Payables	110
Note 23 Trust Funds & Deposits	111
Note 24 Income In Advance	111
Note 25 Provisions	111
Note 26 Defined Superannuation Fund	111
Note 27 Interest-Bearing Loans & Borrowings	112
Note 28 Refundable Deposits	112
Note 29 Reserves	112
Note 30 Commitments	114
Note 31 Operating Lease Commitments	114
Note 32 Contingent Liabilities & Assets	115
Note 33 Related Party Transactions	115
Note 34 Superannuation	117
Note 35 Auditor's Remuneration	119
Note 36 Reconciliation Of Cashflows From Operating Activities To Surplus/(Deficit)	119
Note 37 Adjustments Directly To Equity	119
Note 38 Financial Instruments	120
Note 39 Roads Expenditure	124
Note 40 Capital Expenditure	125
Note 41 Income Statement For Council's Aged Residential Care Facilities	126
Note 42 Financial Ratios	128
Certification of the Financial Report	

UNDERSTANDING THE FINANCIAL REPORT

Preparation of Council's Financial Statements follow a statutory approvals process as set out in the Local Government Act 1989. The Financial Statements are based on requirements set out in the Act, Australian Accounting Standards and the Local Government Model Accounts. To produce these Statements the following processes have been undertaken:

- Council's Audit Committee met to consider the draft Statements and the preliminary recommendation made by the external Auditor.
- The Audit Committee recommended to Council that the Statements be approved.
- Two of Council's Audit Committee members, Councillors Micaela Drieberg and Jieh-Yung Lo were authorised to certify and have signed the Statements in their final form.
- The Statements were then submitted to the Auditor General for review and certification.
- The Financial, Standard and Performance Statements and all other parts of the Annual Report are lodged with the Minister for Local Government by 30 September annually.
- For the 2012-2013 financial year, Monash Council has received a clear result for the audit of its Financial Statements.

Financial Statements

The four main Financial Statements are the Income Statement, the Balance Sheet, the Statement of Changes in Equity and the Cash Flow Statement. The notes detail Council's accounting policies and the composition of values contained in the Statements. The notes should be read in conjunction with the four main Statements.

Income Statement

The Income Statement identifies the sources of Council's revenue received and the expenditure incurred, under various headings, over the year.

Balance Sheet

The Balance Sheet Statement is a one-page snapshot of the financial position as at 30 June 2013. It shows what the Council owns as assets and what it owes, as liabilities. The bottom line of this Statement is net assets. This is the Council's net worth, which has been built up over many years.

Statement of Changes in Equity

Over the year the value of total equity included in the Balance Sheet changes. The Statement of Changes in Equity shows the movement in equity for either, profit or loss from Council operations, the use of monies to and from Council's reserves and the revaluation of fixed assets.

Cash Flow Statement

The Cash Flow Statement summarises Council's cash payments and cash receipts for the year.

Standard Statements

The Local Government Act 1989 also requires Council to produce the Standard Statements. The Standard Statements provide four statements; Standard Income Statement, Standard Balance Sheet, Standard Cash Flow Statement and Standard Statement of Capital Works.

The Standard Statements provide a comparison between the actual results for the year and the budget that was set at the start of the year. All major differences are explained in the accompanying notes.

Comprehensive Operating Statement

For the Year Ended 30 June 2013

	Note	2013 \$'000	2012 \$'000
Revenue			
Rates & Charges	2	87,983	81,773
Charges, Fees and Fines	3	28,397	28,143
Contributions- Cash	4	4,533	3,796
Contributions- Non-monetary assets	4	1,907	6,088
Grants, Subsidies & Contributions-Recurrent	5	24,733	25,393
Grants, Subsidies & Contributions-Non-Recurrent	5	2,229	6,419
Interest Revenue	6	2,150	2,643
Other Revenue	7	2,630	3,492
Net gain on disposal of Property, Plant & Equipment	8	899	358
Share of net profit of associates and joint venture accounted for by the equity method	9	186	192
Total Revenue		155,647	158,297
Expenses			
Employee Benefits	10	68,249	79,572
Materials, Services & Contracts	11	59,005	56,831
Depreciation & Amortisation	12	25,374	24,074
Finance Costs	13	951	715
Other Expenses	14	1,296	1,305
Total Expenses		154,875	162,497
Surplus/(Deficit)		772	(4,200)
Other comprehensive income			
Share of net loss on revaluation of associates and joint ventures accounted for by the equity method	29,9	-	(287)
Net Asset revaluation increment	29	834	13,266
Comprehensive result		1,606	8,779

The above Comprehensive Operating Statement should be read in conjunction with the accompanying notes.

Balance Sheet

As at 30 June 2013

ASSETS	Note	2013 \$'000	2012 \$'000
Current Assets			
Cash & Cash Equivalents	15	27,812	45,154
Trade & Other Receivables	17	7,782	6,154
Financial Assets	16	3,002	2
Inventories	18	108	87
Non Current Assets held for sale	19	-	2,864
Other Assets	20	2,709	3,182
Total Current Assets		41,413	57,443
Non-Current Assets			
Investments in Associates accounted for using the equity method	9	2,540	2,354
Property, Plant & Equipment	21	2,084,497	2,080,472
Total Non-Current Assets		2,087,037	2,082,826
TOTAL ASSETS		2,128,450	2,140,269
LIABILITIES			
Current Liabilities			
Trade & Other Payables	22	11,832	11,234
Trust Funds & Deposits	23	5,485	5,439
Income in Advance	24	844	1,856
Provisions	25	15,109	14,571
Interest-Bearing Loans & Borrowings	27	3,200	3,200
Refundable Deposits	28	19,673	20,940
Total Current Liabilities		56,143	57,240
Non-Current Liabilities			
Provisions	25	1,285	1,294
Defined Superannuation Fund	26	-	12,319
Interest-Bearing Loans & Borrowings	27	11,800	11,800
Total Non-Current Liabilities		13,085	25,413
TOTAL LIABILITIES		69,228	82,653
NET ASSETS		2,059,222	2,057,616
EQUITY			
Accumulated Surplus		899,011	898,762
Asset Revaluation Reserve	29	1,146,824	1,145,990
Other Reserves	29	13,387	12,864
TOTAL EQUITY		2,059,222	2,057,616

The above Balance Sheet should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the Year Ended 30 June 2013

Note	Total 2013	Total 2013	Asset		Total 2012	Total 2012	Asset		Total 2012	Total 2012
			Accumulated Surplus 2013	Revaluation Reserve 2013			Other Reserves 2013	Accumulated Surplus 2012		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at beginning of the Financial Year	2,057,616	898,762	1,145,990	12,864	2,048,837	903,002	1,133,011	12,824		
Surplus/(deficit) for the year	772	772	-	-	(4,200)	(4,200)	-	-		
Net asset revaluation increment	834	-	834	-	13,266	-	13,266	-		
Joint Venture asset revaluation decrement	-	-	-	-	(287)	-	(287)	-		
Transfers to Reserves	-	(3,137)	-	3,137	-	(3,730)	-	-		3,730
Transfers from Reserves	-	2,614	-	(2,614)	-	3,690	-	-		(3,690)
Balance at End of the Financial Year	2,059,222	899,011	1,146,824	13,387	2,057,616	898,762	1,145,990	12,864		

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes

Cash Flow Statement

For the Year Ended 30 June 2013

	Note	2013 Inflows/ (Outflows) \$'000	2012 Inflows/ (Outflows) \$'000
Cash Flows from Operating Activities			
Receipts from Ratepayers		87,015	81,971
Charges, Fees and Fines Received		30,217	30,865
Grants Received		27,366	31,595
Contributions, Reimbursements and Donations Received		4,533	3,796
Interest Received		2,239	2,650
Finance Costs		(951)	(715)
Other Receipts		2,523	3,289
GST reimbursed by Australian Tax Office		8,019	8,520
GST paid to Australian Tax Office		(2,199)	(2,539)
Materials, Services and Contracts Paid		(66,382)	(65,595)
Payments to Employees		(79,844)	(65,744)
Other Payments		(1,294)	(1,291)
Net cash provided by operating activities	36	11,242	26,801
Cash Flows from Investing Activities			
Payments for Property, Plant and Equipment		(28,611)	(32,489)
Proceeds from Sale of Property, Plant and Equipment		4,929	2,417
Net cash provided by investing activities		(23,682)	(30,072)
Cash Flows from Financing Activities			
Trusts and Refundable Deposits		(1,902)	592
New Borrowings		-	5,000
Receipt from Re-draw of Borrowings		1,700	1,700
Repayment of Current Borrowings/Leases		(1,700)	(1,700)
Net cash provided by financing activities		(1,902)	5,592
Net increase (decrease) in cash and cash equivalents		(14,342)	2,322
Cash and cash equivalents at the beginning of the financial year		45,154	42,832
Cash and Cash equivalents at the end of the financial year	15,16	30,812	45,154

The above Cash Flow Statement should be read in conjunction with the accompanying notes

INTRODUCTION

The financial report of the Monash City Council is a general purpose financial report that consists of Comprehensive Operating 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, the authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1989, and Local Government (Finance & 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 under the historical cost convention, except where specifically stated in notes 1(h), 1(k), 1(l), 1(q), 1(w), 1(x) and 1(za).

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.

(b) Change in Accounting Policies

All accounting policies adopted for the reporting period are consistent with those of the previous reporting period.

(c) Revenue recognition

Rates, Grants and Contributions

Rates, grants and contributions (including developer contributions) are recognised as revenues when the Council obtains control over the assets comprising these receipts.

Control over assets acquired from rates is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates. A provision for doubtful debts on rates has not been established as unpaid rates represents 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.

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 the 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

Interest is recognised progressively as it is earned.

(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 the net realisable value.

Notes to the Financial Report

For the Year Ended 30 June 2013

(e) Depreciation of Property, Plant and Equipment, Infrastructure, Intangibles

Buildings, land improvements, plant and equipment, infrastructure, heritage assets, and other assets have limited useful lives and are systematically depreciated over their useful lives to the Council in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation rates and methods are reviewed annually.

Depreciation is recognised on a straight line basis using rates which are reviewed each reporting period with respect to the estimated remaining useful life of those assets.

Land and Artworks are not considered depreciable asset classes.

During the financial year, Council reviewed the useful life, and applicable depreciation rates, of all asset classes, in accordance with Australian Accounting Standard AASB 116 "Property, Plant & Equipment".

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

Asset Description	2012/13 Useful Life
Land	Indefinite
Land Under Roads	Indefinite
Buildings	40- 50 Years
Heritage Buildings	250 years
Plant & Machinery- Large	7 Years
Plant & Machinery- Medium	5 Years
Plant & Machinery- Equipment	3 Years
Plant & Machinery- Small	2 Years
Motor Vehicles	7 Years
Furniture	10 Years
Computer Equipment	3 Years
Office Equipment	5- 10 Years
Other Equipment	10 Years
Art	Indefinite
Library Books- Reference	7 Years
Library Books- Hardcover	5 Years
Library Books- Periodicals	2 Years
Library Books- E Books	4 Years
Audio Visuals	4 Years
Road Pavements- Base	150 Years
Road Pavements- Seal	25 Years
Road Pavements- Right of Ways	100 Years
Road Pavements- Footpaths	60 Years
Road Pavements- Kerbs & Channels	150 Years
Drains	100 Years
Bridges- Vehicular	120 Years
Bridges- Wooden	40 Years
Other Infrastructure- Car Parks / Landscaping/Public art	25, 40, 60, 100 Years
Other Infrastructure- Bus Shelters/Play Equipment	10-20 Years
Other Infrastructure- Signs/Sprinklers	10-20 Years
Other Infrastructure- Retaining Walls/Street Furniture	25, 40, 60, 100 Years
Other Infrastructure- Bike Paths	30 Years
Other Infrastructure- Lighting/Retail Strips	25 Years
Other Infrastructure- Monuments	100 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 assets is expensed.

(g) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council. Except where specific borrowings are obtained for the purpose of specific asset acquisition, the weighted average interest rate applicable to borrowings at balance date, excluding borrowings associated with superannuation, is used to determine the borrowing costs to be capitalised.

Borrowing costs include interest on bank overdrafts, interest on borrowings and finance lease charges.

(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 arms length transaction.

Where assets are constructed by Council, costs include all materials used in construction, direct labour, and an appropriate share of directly attributable variable and fixed overheads.

In accordance with Council policy, the threshold limits detailed below have been applied when recognising assets within applicable asset class and unless otherwise stated are consistent with the prior year.

The following classes of assets have been recognised in Note 21.

Class of Asset	Threshold \$
<i>Property, Plant & Equipment</i>	
-Land	1
-Land under roads	1
-Buildings	1
-Plant & Equipment	1000
-Furniture & Fittings	1000
-Art	1
-Library Books	1
-Roads & Pavements	
-Roads- Earthworks	1
-Roads- Substructure	1
-Roads- Seal	1
-Roads- Kerbs & Channels	1
-Footpaths- Substructure	1
-Footpaths- Seal	1
-Drains	1
-Bridges	1

Notes to the Financial Report

For the Year Ended 30 June 2013

(h) Recognition and measurement of Assets (Cont.)

Revaluation

Subsequent to the initial recognition of assets, land and buildings, infrastructure assets and art are measured at 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 reviews the carrying value of the individual classes of assets to ensure that each asset materially approximates its fair value. Where the carrying value materially differs from the fair value the class of assets is revalued. The basis of the fair value of each class of asset is outlined in Note 21.

In addition, Council undertakes a formal revaluation (either by experienced and appropriately qualified council officers or independent experts) of land, buildings, art works and infrastructure assets on a regular basis, usually at intervals of 2 or 3 years. The basis of valuation is detailed in Note 21.

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 deemed cost value basis. Council does not recognise land under roads that it controlled prior to that period in its financial report.

(i) Cash & Cash Equivalents

Cash includes cash deposits (including term deposits) which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis, net of any outstanding bank overdraft.

(j) Financial Assets

Financial assets are valued at fair value, being market value, at balance date. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expenses.

(k) Investments

Investments, other than investments in associates, are measured at fair value.

(l) Accounting for Investments in Associates

Council's investment in associates is accounted for by the equity method as the Council has the ability to influence rather than control the operations of the entity. The Council's share of financial result of the entity is recognised in the comprehensive operating statement.

The Monash City Council has a joint venture interest in the Clayton tip site together with four other Councils. The investment is stated as the percentage equity interest in the net assets of the joint venture. The same percentage rate is applied to the joint venture's profit or loss to determine Council's share of that profit or loss.

Monash City Council	16.80%
Boroondara City Council	35.22%
Whitehorse City Council	14.12%
Glen Eira City Council	21.10%
Stonington City Council	12.76%
	<hr/> 100.00%

Details in relation to this investment are included in Note 9.

(m) Employee Entitlements

Wages and Salaries

Liabilities for wages and salaries and rostered days off (applicable to outdoor depot staff) are recognised and measured as the amount unpaid at balance date and include appropriate oncost such as Workers' Compensation and Superannuation. These unconditional entitlements are classified as current.

Annual Leave

Annual leave entitlements are accrued on a pro-rata basis in respect of service provided by employees up to the reporting date. All annual leave is measured at nominal value based on the amount, including the appropriate costs expected to be paid when settled, and classified as current.

Annual leave expected to be paid later than one year 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.

(m) Employee Entitlements (Cont.)

Long Service Leave

Long service leave entitlements payable are assessed at balance date having regard to expected employee remuneration rates on settlement, employment related oncost and other factors including accumulated years of employment, on settlement, and experience of employee departure per year of service.

Long service leave expected to be paid within 12 months is measured at nominal value based on the amount expected to be paid when settled.

Long service leave expected to be paid later than one year 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 the LASF Defined Benefit superannuation scheme 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. The liability also includes applicable contributions tax of 15%.

The amount charged to the Comprehensive Operating Statement in respect of superannuation represents contributions made by Monash City Council to the relevant superannuation plans in respect to the services of Monash City Council's staff (both past and present). Superannuation contributions are made to the plans based on the relevant rules of each plan and any relevant compulsory superannuation requirements that Monash City Council is required to comply with.

The superannuation expense for the reporting year is the amount of the statutory contribution the 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 detailed in Note 34.

Retirement Gratuity

Council has a retirement gratuity scheme for some Monash City Council staff (former Oakleigh City Council staff) in respect of unused sick leave. Entitlements under the scheme were frozen as at 1 September 1991, and indexed in line with Council's Enterprise Bargaining Agreement.

(n) Leases

Operating Leases

Payments for operating leases are recognised as an expense in the year in which they are incurred as this reflects the pattern of benefits derived by the Council.

(o) Allocation between Current and Non-Current

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 the Council's operational cycle, or if the Council does not have an unconditional right to defer settlement of a liability for at least 12 months after the reporting date.

(p) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

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

(q) 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 assets carrying value over its recoverable amount is expensed to the comprehensive operating 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.

Notes to the Financial Report

For the Year Ended 30 June 2013

(r) Interest Bearing Loans & Borrowings

Bills of exchange are recorded at an amount equal to the net proceeds received, with the premium or discount amortised over the period until maturity. Interest expense is recognised on an effective yield basis. Bank loans and other loans are recorded at an amount equal to the net proceeds received. Interest expense is recognised on an accrual basis.

(s) Non-Current Assets held for sale

A non-current asset held for sale (including disposal groups) is measured at the lower of its carrying amount and fair value less costs to sell, and are not subject to depreciation. Non current assets, disposal groups and related liabilities assets are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale (or disposal group sale) is expected to be completed within 12 months from the date of classification.

(t) Website costs

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

(u) Aged Care Bond Deposits

Council operates two Hostels and two Nursing Homes where residents may be required to make an entry contribution. Under the terms of the occupancy agreements, such contributions are refundable when the resident terminates their occupation, less amounts accrued as income to Council over the period of the occupancy. The total of contributions refundable as at balance date is shown in Note 28.

(v) Rounding

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

(w) Investment Property

Investment property, comprising freehold office complexes, is held to generate long-term rental yields. Investment property is measured initially at cost, including transaction costs. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefit in excess of the originally assessed performance of the asset will flow to the Council. Subsequent to initial recognition at cost, investment property is carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the comprehensive operating statement in the period that they arise. Rental income from the leasing of investment properties is recognised in the comprehensive operating statement on a straight line basis over the lease term.

(x) Financial Guarantee

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. As at 30th June 2013 Council has one financial guarantee in place (Waverley Hockey Club \$300K).

(y) 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 22).

(z) Pending Accounting Standards

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

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

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on financial statements
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.	1 January 2013/ 1 July 2013	Where adequate information is available, the entity will apply the new standard from 1 July 2013 .

(Za) Contingent assets and contingent liabilities and commitments

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value and inclusive of the GST payable.

Notes to the Financial Report

For the Year Ended 30 June 2013

	2013 \$'000	2012 \$'000
NOTE 2 RATES & CHARGES		
Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipality .		
The valuation base used to calculate general rates for 2012/13 was \$45,926 billion (2011/12 \$44,943 billion). The 2012/13 rate in the dollar was \$0.0018916 (2011/12 \$0.0018022).		
Residential	74,425	69,468
Commercial	7,385	6,470
Industrial	5,235	5,058
Cultural & Recreational	196	185
Supplementary rates & rate adjustments	742	592
Total	87,983	81,773
The date of the latest general revaluation of land for rating purposes within the municipality is 1 January 2012 and the valuation was first applied in the rating year commencing 1 July 2012.		
The date of the previous general revaluation of land for rating purposes within the municipality was 1 January 2010 and the valuation first applied to the rating period commencing 1 July 2010.		
NOTE 3 CHARGES, FEES & FINES		
Service Charges	6,274	6,427
Parking Fines	4,429	3,959
Recreation Fees	10,712	10,855
Waste Transfer Station	1,066	1,327
Building Services Fees	1,415	1,356
Registration Fees	596	447
Provision of Council Information Fees	223	218
Library Fees and Fines	198	212
Town Planning Fees	713	739
Bin Charges	905	912
Lease Charges	429	403
Hire and Rental Charges	690	673
Other Fees and Charges	747	615
Total	28,397	28,143
NOTE 4 CONTRIBUTIONS		
Cash items		
Developers Public Open Space	1,927	1,744
Developers Drainage	691	576
Developers Car Parking	519	374
MGA Other Donations	18	12
Other Infrastructure	1,378	1,090
	4,533	3,796
Non-Cash items		
Land Under Roads	179	916
Developers Public Open Space- land	1,416	3,906
Developers Roads	102	1,001
Developers Footpaths	108	59
Art Donations	102	206
	1,907	6,088
Total	6,440	9,884

NOTE 5 GRANTS,SUBSIDIES & CONTRIBUTIONS

Grants were received in respect of the following:

Summary of grants,subsidies & contributions

	2013	2012
	\$'000	\$'000
Federal funded grants	9,354	9,039
State funded grants	17,608	22,773
Total	26,962	31,812
Recurrent		
Grants Commission Allocation	3,571	4,528
Grants Commission- Local Roads Funding	1,043	1,317
Community Programs	3,172	2,968
Residential Care	6,319	6,245
Road Maintenance	553	553
Libraries	1,040	934
Monash Gallery of Art	132	156
Metro Access Project	111	108
HACC- Adult Day Care	476	412
HACC- Senior Citizen Services	275	253
HACC- Co-ordination and Planning Assessment	1,265	1,159
HACC- General Home Care/Maintenance	5,722	5,472
Food Services	197	192
Youth Services	327	267
School Crossings	329	324
Immunisation	141	150
Other	60	355
Total Recurrent	24,733	25,393
Non- Recurrent		
Aquatic and Recreation Centre	13	47
Community Programs	205	137
Capital Grants- Capital Works	1,863	6,201
Other	148	34
Total Non-Recurrent	2,229	6,419
Total	26,962	31,812

Notes to the Financial Report

For the Year Ended 30 June 2013

	2013 \$'000	2012 \$'000
NOTE 6 INTEREST REVENUE		
Investment Interest	1,511	2,162
Rates and Charges Interest	449	400
Other Interest	190	81
Total	2,150	2,643
NOTE 7 OTHER REVENUE		
Chargeable Works	469	443
Monash Gallery of Art	313	267
Recoupment of Valuation Services	272	350
Residential Care Facilities- Refurbishment Recovery	84	79
Recoupment of Legal fees from Rate Debtors	9	8
Recoupment of Operating Expenses	138	56
Royalties & Dividends	62	564
Garbage Recycling Income	694	789
Monash Halls	53	43
Other	536	893
Total	2,630	3,492
NOTE 8 NET GAIN (LOSS) ON DISPOSAL OF PROPERTY, PLANT & EQUIPMENT		
Plant & Equipment		
Proceeds from Sale of Assets	1,104	1,220
Written Down Value of Assets Disposed	(1,106)	(1,002)
Gain/(Loss) on Disposal of Plant & Equipment	(2)	218
Land for Resale		
Proceeds from Sale of Assets	3,819	1,190
Written Down Value of Assets Disposed	(2,918)	(1,053)
Gain on Disposal of Land for Resale	901	137
Furniture & Office Equipment incl. library books		
Proceeds from Sale of Assets	5	7
Written Down Value of Assets Disposed	(5)	(4)
Gain on Disposal of Furniture & Office Equipment incl. Library books	-	3
Total		
Proceeds from Sale of Assets	4,928	2,417
Written Down Value of Assets Disposed	(4,029)	(2,059)
Total Gain on Disposal of Property, Plant & Equipment	899	358

NOTE 9 INVESTMENTS IN ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD

Regional Landfill Clayton South Unincorporated Joint Venture

Under an agreement dated 23 September 1986, the former City of Oakleigh (now vested in the Monash City Council) contracted to purchase 16.8% of all of 654- 718 Clayton Road, South Clayton (Clayton Tip Site) from the City of Camberwell for \$840,069. An initial deposit of \$168,014 was paid by Council and the residual was paid in 16 equal half yearly instalments which commenced on 31 October 1988 and concluded on 30 April 1996.

In addition to the capital cost, Monash City Council under clause 2.2 of the agreement is required to either pay 16.8% of the net operating deficit or receive 16.8% of the net operating surplus. Monash City Council's share of the operating profit for the year ended 30 June 2013 amounts to \$186k which has been recognised as net profit in the Income Statement.

The value of the investment in the joint venture has been revalued at year end to reflect Council's share of net assets recorded in the Unaudited Accounts of the Joint Venture at 30 June 2013 and is included in the Balance Sheet as follows:

REGIONAL LANDFILL CLAYTON SOUTH JOINT VENTURE

Balance Sheet

As at 30 June 2013

	2013 \$'000	2012 \$'000
Current Assets	14,528	8,225
Current Liabilities	(6,274)	(2,156)
Net Current Assets	8,254	6,069
Non-Current Assets	7,988	9,001
Non-Current Liabilities	(1,121)	(1,055)
Net Assets	15,121	14,015
Contribution-Re Land	1,659	1,658
Reserves	619	619
Retained earnings	12,843	11,738
Partners advance accounts	-	-
Equity	15,121	14,015
Share of Monash City Council (16.8%)		
Movements		
Share in Joint Venture Equity as at 1 July, 2012	2,354	2,449
Share of net profits/(loss) of joint venture	186	192
Share of Asset Revaluation Reserve of joint venture	-	(287)
Increase/(Decrease) for the year	186	(95)
Share in Joint Venture Equity as at 30 June 2013	2,540	2,354

Notes to the Financial Report

For the Year Ended 30 June 2013

	2013	2012
	\$'000	\$'000
NOTE 10 EMPLOYEE BENEFITS		
Salaries & Wages	61,449	59,498
Superannuation	5,638	4,946
Superannuation-additional call / early payment discount*	(361)	12,319
Fringe Benefits Tax	306	259
Long Service Leave	1,602	2,269
Work cover	1,208	960
	69,842	80,251
Less: Amounts capitalised (non-current assets constructed by Council)	(1,593)	(679)
Total	68,249	79,572

* Council was required to recognise an additional contribution to Local Authorities Superannuation Fund (LASF) to meet our obligations in relation to members of the Defined Benefit Plan. In January 2013 Council paid \$11.958M (inclusive of a early payment discount) as full payment of the outstanding liability (refer Note 26 & 34).

NOTE 11 MATERIALS, SERVICES & CONTRACTS

Materials and Contract Costs	41,196	38,948
Consultants/Contractors	2,133	1,556
Operating Capital Expense	1,479	2,724
Utilities	3,400	3,377
Metropolitan Fire & Emergency Services Board	2,363	2,408
Legal Costs	1,335	1,201
Monash Community Facilities	1,959	1,930
Insurance	1,553	1,367
Computer Maintenance Costs	1,150	1,191
Equipment Maintenance Costs	1,130	1,114
Bad & Doubtful Debts	45	(17)
Other	1,262	1,032
Total	59,005	56,831

NOTE 12 DEPRECIATION

Buildings	7,192	6,427
Plant and Equipment	1,844	1,787
Furniture and Fittings	2,151	2,246
Roads & Pavements	7,416	7,175
Drains	3,127	3,023
Library Books	1,056	1,015
Bridges	11	10
Other Infrastructure	2,577	2,391
Total	25,374	24,074

	2013 \$'000	2012 \$'000
NOTE 13 FINANCE COSTS		
Loan Interest	885	681
Other Interest	66	34
Total	951	715
NOTE 14 OTHER EXPENSES		
Audit (See Note 35)	241	248
Councillor Allowances	347	374
Lease Payments	706	669
Non-Current Asset Write-offs	2	14
Total	1,296	1,305
NOTE 15 CASH & CASH EQUIVALENTS		
Cash at bank	1,792	2,133
Cash on hand	20	21
Short term deposits	26,000	43,000
Total	27,812	45,154
NOTE 16 FINANCIAL ASSETS		
Current		
Unlisted Shares- Purchasing Australia & Community Chef	2	2
Short term deposits (Over 90 Days)	3,000	-
Total	3,002	2

Notes to the Financial Report

For the Year Ended 30 June 2013

	2013 \$'000	2012 \$'000
NOTE 17 TRADE & OTHER RECEIVABLES		
Current		
Rates Receivable	2,993	2,729
Less: Provision for Doubtful Debts	-	-
	<u>2,993</u>	<u>2,729</u>
Parking Infringements	3,555	3,377
Less: Provision for Doubtful Debts	(3,101)	(2,958)
	<u>454</u>	<u>419</u>
Sundry debtors	4,381	3,036
Less: Provision for Doubtful Debts	(46)	(30)
	<u>4,335</u>	<u>3,006</u>
Total	7,782	6,154
Ageing of Sundry Debtors		
The ageing of the Council's Sundry Debtors at reporting date was:		
Current (not yet overdue)	4,088	2,840
Past due by up to 30 days	218	85
Past due between 31 and 180 days	71	61
Past due between 181 and 365 days	0	46
Past due by more than 1 year	4	4
Total Sundry Debtors	4,381	3,036
Movement in Sundry Debtors Provision for Doubtful Debts		
Balance at the beginning of the year	46	67
Provisions adjusted during the year	-	(37)
Balance at the end of year	46	30
NOTE 18 INVENTORY		
Hardware	15	10
Fuels	3	2
Construction Consumables	9	4
General	81	71
Total	108	87
NOTE 19 NON-CURRENT ASSETS AS HELD FOR SALE		
Balance at beginning of financial year	2,864	3,611
Opening Balance Adjustment	(82)	-
Transfer from Property, Plant & Equipment	109	176
Capitalised development costs	27	130
	<u>2,918</u>	<u>3,917</u>
Less Carrying Amount of Property, Plant & Equipment Sold	(2,918)	(1,053)
Balance at end of financial year	-	2,864
NOTE 20 OTHER ASSETS		
Accrued Income	2,522	2,816
Prepayments	187	366
Total	2,709	3,182

2013

NOTE 21 PROPERTY, PLANT & EQUIPMENT

(a) Summary

	Land under roads \$'000	Buildings \$'000	Equipment \$'000	Plant & Furniture & Fittings \$'000	Art \$'000	Library Books \$'000	Roads & Pavements \$'000	Drains \$'000	Bridges \$'000	Infrastructure \$'000	Other \$'000	Total \$'000
Cost and Valuation												
Cost and Valuation 1 July 2012	1,248,633	2,473	320,369	14,034	26,010	5,208	7,412	669,088	314,755	1,075	59,989	2,669,046
Recognition of Land under Roads	179	-	-	-	-	-	-	-	-	-	-	179
Additions	55	4,888	2,717	2,530	52	1,096	7,317	2,460	-	-	6,765	27,880
Disposal of Assets	-	-	(2,296)	(351)	-	(1,519)	-	-	-	-	(187)	(4,353)
Recognition of Land and Roads from Developers	1,417	-	-	-	-	-	-	209	-	-	-	1,626
Donated Assets	-	-	-	-	102	-	-	-	-	-	-	102
Asset Revaluation Increment/(Decrement)	-	-	-	-	194	-	-	-	1,092	-	-	1,286
Cost and Valuation 30 June 2013	1,250,105	2,652	325,257	14,455	28,189	5,556	6,989	676,614	317,215	2,167	66,567	2,695,766
Accumulated Depreciation												
Accumulated Depreciation 1 July 2012	-	-	126,283	5,973	17,474	-	4,917	258,750	151,989	489	22,699	588,574
Depreciation & Amortisation (NOTE 12)	-	-	7,192	1,844	2,151	-	1,056	7,416	3,127	11	2,577	25,374
Depreciation Adjustment on Disposal	-	-	-	(1,189)	(327)	-	(1,519)	-	-	-	(95)	(3,130)
Asset Revaluation Increment/(Decrement)	-	-	-	-	-	-	-	-	-	451	-	451
Accumulated Depreciation 30 June 2013	-	-	133,475	6,628	19,298	-	4,454	266,166	155,116	951	25,181	611,269
Written Down Value 30 June 2013	1,250,105	2,652	191,782	7,827	8,891	5,556	2,535	410,448	162,099	1,216	41,386	2,084,497

Impairment losses are recognised in the comprehensive operating statement under other expenses. Reversals of impairment losses are recognised in the comprehensive operating statement under other revenue.

The valuations for land & buildings effective from 30 June 2012, were performed by Council's Valuation contractor, Westlink Consulting, qualified independent valuers, and are based on the principles of AASB 116 taking into account continued Council use.

The valuations for Roads & Pavements were performed by former Monash City Council Engineer Andrew Andonopoulos (C.P. Eng) and are based on fair value at 30 June 2012, reflective of road construction contract rates.

The valuation for Drains was performed by Council's Manager Transport and Infrastructure Planning, James Paterson (C.P. Eng, Grad Dip Municipal Engineering and Management) and are based on current drainage construction rates as at 30 June 2012.

The valuation of Artwork as at 30 June 2013 was performed by Dr Shaune Lakin, Director Monash Gallery of Art and Stephen Zagala, Curator Monash Gallery of Art.

The valuation of Bridges was performed by Monash City Council Engineer Andrew Andonopoulos (C.P. Eng) and are based on current replacement rates at 30 June 2013.

Other Infrastructure includes Street Assets/Furniture, Retaining Walls and Bike paths, which are recorded at cost.

Plant & Equipment and Furniture & Fittings are recorded at cost. Library Books are recorded at cost.

Land under roads is valued at deemed cost. Deemed cost is based on Council valuations at 30 June 2008 for land under roads at that date.

Subsequent acquisitions are valued by Council's Valuation Contractor, Westlink Consulting, qualified independent valuers, with site values adjusted for engloblo (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services.

Notes to the Financial Report

For the Year Ended 30 June 2013

NOTE 21 PROPERTY, PLANT & EQUIPMENT

(a) Summary

2012

	Land \$'000	Land under roads \$'000	Buildings \$'000	Equipment \$'000	Plant & Furniture \$'000	Art \$'000	Library Books \$'000	Roads & Pavements \$'000	Drains \$'000	Bridges \$'000	Infrastructure \$'000	Other \$'000	Total \$'000
Cost and Valuation													
Cost and Valuation 1 July 2011	1,252,591	1,557	292,741	13,776	24,922	5,028	7,003	657,852	303,193	1,075	60,274	2,620,012	
Reclassifications	-	-	-	-	-	(70)	-	-	-	-	70	-	-
Recognition of Land Under Roads	-	916	-	-	-	-	-	-	-	-	-	916	-
Additions	1,498	-	20,692	3,104	1,673	44	1,033	3,377	1,324	-	678	33,423	-
Disposal of Assets	-	-	(95)	(2,846)	(585)	-	(624)	-	-	-	(1,033)	(5,183)	-
Transfer to Land for Resale	(166)	-	(11)	-	-	-	-	-	-	-	-	(177)	-
Recognition of Land and Roads from Developers	3,906	-	-	-	-	-	-	1,060	-	-	-	-	4,966
Donated Assets	-	-	-	-	-	206	-	-	-	-	-	-	206
Asset Revaluation Increment/(Decrement)	(9,196)	-	7,042	-	-	-	-	6,799	10,238	-	-	-	14,883
Cost and Valuation 30 June 2012	1,248,633	2,473	320,369	14,034	26,010	5,208	7,412	669,088	314,755	1,075	59,989	2,669,046	
Accumulated Depreciation													
Accumulated Depreciation 1 July 2011	-	-	125,395	6,030	15,809	-	4,525	250,367	143,101	479	21,341	567,047	-
Depreciation & Amortisation (NOTE 12)	-	-	6,427	1,787	2,246	-	1,015	7,175	3,023	10	2,391	24,074	-
Depreciation Adjustment on Disposal	-	-	(83)	(1,844)	(581)	-	(623)	-	-	-	(1,033)	(4,164)	-
Asset Revaluation Increment/(Decrement)	-	-	(5,456)	-	-	-	-	1,208	5,865	-	-	1,617	-
Accumulated Depreciation 30 June 2012	-	-	126,283	5,973	17,474	-	4,917	258,750	151,989	489	22,699	588,574	
Written Down Value 30 June 2012	1,248,633	2,473	194,086	8,061	8,536	5,208	2,495	410,338	162,766	586	37,290	2,080,472	

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.

The valuations for land & buildings effective from 30 June 2012, were performed by Council's Valuation contractor, Westlink Consulting, qualified independent valuers, and are based on the principles of AASB 116 taking into account continued Council use.

The valuations for Roads & Pavements were performed by Monash City Council Engineer John Trevorah (C.P. Eng) and are based on fair value at 30 June 2009, reflective of road construction contract rates.

The valuation for Drains was performed by Council's Manager Transport and Infrastructure Planning, James Paterson (C.P. Eng, Grad Dip Municipal Engineering and Management) and are based on current drainage construction rates as at 30 June 2010.

The valuation of Artwork as at 30 June 2010 was performed by Dr Shaune Lakin, Director Monash Gallery of Art and Stephen Zagala, Curator Monash Gallery of Art.

The valuation of Bridges was performed by Monash City Council Engineer John Trevorah (C.P. Eng) and are based on current replacement rates at 30 June 2009.

Other Infrastructure includes Street Assets/Furniture, Retaining Walls and Bike paths, which are recorded at cost.

Plant & Equipment and Furniture & Fittings are recorded at cost. Library Books are recorded at cost.

Land under roads is valued at deemed cost. Deemed cost is based on Council valuations at 30 June 2008 for land under roads at the date acquired

for subsequent acquisitions 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.

	2013 \$'000	2012 \$'000
NOTE 21 PROPERTY, PLANT & EQUIPMENT		
(c) Fixed Assets Detail		
at Cost	151,614	126,979
at Deemed cost	2,652	2,473
at Council valuation as at 30 June 2013	7,723	-
at Council valuation as at 30 June 2012	2,533,778	2,533,778
at Council valuation as at 30 June 2010	-	4,741
at Council valuation as at 30 June 2009	-	1,075
Total	2,695,767	2,669,046
Less: Accumulated Depreciation	611,269	588,574
Total Written Down and Carrying Value	2,084,498	2,080,472
Land		
at cost	1,471	-
at Council valuation as at 30 June 2012	1,248,633	1,248,633
	1,250,104	1,248,633
Land Under Roads		
at Deemed cost	2,652	2,473
Total	2,652	2,473
Buildings		
at cost	22,922	18,034
at Council valuation as at 30 June 2012	302,335	302,335
	325,257	320,369
Less: Accumulated Depreciation	133,475	126,283
Total	191,782	194,086
Plant & Equipment		
at cost	14,455	14,034
Less: Accumulated Depreciation	6,628	5,973
Total	7,827	8,061
Furniture & Fittings		
at cost	28,190	26,010
Less: Accumulated Depreciation	19,298	17,474
Total	8,892	8,536
Art		
at cost	-	467
at Council valuation as at 30 June 2013	5,556	-
at Council valuation as at 30 June 2010	-	4,741
Total	5,556	5,208
Library Books		
at cost	6,990	7,412
Less: Accumulated Depreciation	4,454	4,917
Total	2,536	2,495

Notes to the Financial Report

For the Year Ended 30 June 2013

	2013 \$'000	2012 \$'000
NOTE 21 PROPERTY, PLANT & EQUIPMENT		
(c) Fixed Assets Detail (Cont.)		
Roads & Pavements		
at valuation 30 June 2012	668,180	668,180
at cost	8,434	908
	676,614	669,088
Less: Accumulated Depreciation	266,166	258,750
Total	410,448	410,338
Drains		
at cost	2,585	125
at valuation 30 June 2012	314,630	314,630
	317,215	314,755
Less: Accumulated Depreciation	155,116	151,989
Total	162,099	162,766
Bridges		
at valuation 30 June 2013	2167	-
at valuation 30 June 2009	-	1,075
	2,167	1,075
Less: Accumulated Depreciation	951	489
Total	1,216	586
Other Infrastructure		
at cost	66,567	59,989
Less: Accumulated Depreciation	25,181	22,699
Total	41,386	37,290
NOTE 22 TRADE & OTHER PAYABLES		
Employee Costs	929	754
Material, Services & Contracts	6,558	6,002
Capital Costs	4,345	4,478
Total	11,832	11,234

	2013 \$'000	2012 \$'000
NOTE 23 TRUST FUNDS & DEPOSITS		
Refundable Construction/Other Deposits	4,731	4,803
Unclaimed Monies	32	22
Refundable Building/Security Deposits	714	528
Oakleigh Cemetery Trust Fund	1	1
Other	7	85
Total	5,485	5,439
NOTE 24 INCOME IN ADVANCE		
HACC Funding-Capital	77	87
MARC/ORC/CAHC Membership & Learn-to-Swim	636	824
Infrastructure	110	155
Other	21	790
Total	844	1,856
NOTE 25 PROVISIONS		
Current		
All annual leave and the long service leave entitlements representing 7 or more years of continuous service		
Short-term employee benefits (Annual Leave & Long Service Leave), that fall due within 12 months after the end of the period measured at nominal value	7,149	6,802
Other long-term employee benefits (Long Service Leave) that do not fall due within 12 months after the end of the period measured at present value	7,885	7,458
Other Employee Benefits	20	277
Other	55	34
Total	15,109	14,571
Non-Current		
Long Service Leave (Notes 1(l))	1,285	1,294
Total	16,394	15,865
NOTE 26 DEFINED SUPERANNUATION FUND		
LASF Defined Benefit Plan- 2011 Share of Defined Benefit shortfall	-	12,319
Total	-	12,319

Council was made aware of the LASF Defined Benefit Plan expected shortfall through the year and was formally informed of its share of the shortfall on 31 July 2012 which amounted to \$10.472M plus contribution tax of \$1.848M-a total of \$12.319M. In January 2013 Council paid \$11.958M (inclusive of a early payment discount) as full payment of the outstanding liability (refer Note 10 & 34).

Notes to the Financial Report

For the Year Ended 30 June 2013

	2013 \$'000	2012 \$'000
NOTE 27 INTEREST-BEARING LOANS & BORROWINGS		
Current		
Bank loans (Secured)	3,200	3,200
	3,200	3,200
Non Current		
Bank loans (Secured)	11,800	6,800
New Loan Borrowings	-	5,000
	11,800	11,800
Total	15,000	15,000
Security for Borrowings		
Bank Loans are secured against the general rates of the Council.		
Loan borrowings at reporting date are payable:		
Not later than one year	3,200	3,200
Later than one year but not later than two years	1,700	1,700
Later than two years but not later than five years	10,100	10,100
Total	15,000	15,000
Financing Arrangements		
Unrestricted access was available as at the reporting date to the following lines of credit:		
Total facilities		
Bank Overdraft	3,000	3,000
Bank Loans	15,000	15,000
Total	18,000	18,000
Used at reporting date		
Bank Loans	15,000	15,000
Total	15,000	15,000
Unused at reporting date		
Bank Overdraft	3,000	3,000
Total	3,000	3,000
The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Interest rates on facilities may be fixed or variable.		
NOTE 28 REFUNDABLE DEPOSITS		
Refundable Deposit for hostels and nursing homes	19,673	20,940
Total	19,673	20,940
NOTE 29 RESERVES		
(a) Reserves Balances		
Reserve Funds as at 30 June 2013 are fully funded by cash investments (Note 15)		
Discretionary Reserve		
Aged Residential Care Facilities Upgrade	7,161	7,310
Statutory Reserves		
Drainage- to be used on improving drainage schemes.	5,634	5,042
Parking- to provide parking spaces in District Centres	592	512
	13,387	12,864
Asset Revaluation Reserve	1,146,824	1,145,990
Total	1,160,211	1,158,854

	2013 \$'000	2012 \$'000
NOTE 29 RESERVES (Cont.)		
(b) Movements		
Discretionary Reserves		
<i>Aged Residential Care Facilities Upgrade</i>		
Balance at beginning of the financial year	7,310	6,665
Transfer from accumulated surplus	-	1,037
Transfer to accumulated surplus	(149)	(392)
Balance at end of the financial year	7,161	7,310
Statutory Reserves		
<i>Drainage</i>		
Balance at beginning of the financial year	5,042	4,745
Transfer from accumulated surplus	691	575
Transfer to accumulated surplus	(99)	(278)
Balance at end of the financial year	5,634	5,042
<i>Parking</i>		
Balance at beginning of the financial year	512	1,414
Transfer from accumulated surplus	519	374
Transfer to accumulated surplus	(439)	(1,276)
Balance at end of the financial year	592	512
<i>Public Open Space</i>		
Balance at beginning of the financial year	-	-
Transfer from accumulated surplus	1,927	1,744
Transfer to accumulated surplus	(1,927)	(1,744)
Balance at end of the financial year	-	-
Asset Revaluation Reserve		
Balance at beginning of the financial year	1,145,990	1,133,011
Net Asset Revaluation Increment	834	13,266
Joint Venture asset revaluation decrement	-	(287)
Balance at end of the financial year (refer below)	1,146,824	1,145,990
The reserve balances as at end of reporting period		
Land	891,844	891,844
Buildings	55,126	55,126
Plant & Equipment	11	11
Library Books	250	250
Roads	138,730	138,730
Drains	49,162	49,162
Art	1,978	1,786
Other Infrastructure	8,638	7,996
Bed Licences	675	675
Investment in Joint Venture	410	410
Total	1,146,824	1,145,990

Notes to the Financial Report

For the Year Ended 30 June 2013

	2013 \$'000	2012 \$'000
NOTE 30 COMMITMENTS		
The Council has entered into the following commitments:		
Operating		
Traffic & Parking Management	1,223	1,660
Golf Course Management	-	23
Animal Control	540	719
Supply Meals/Foodstuffs	170	1,702
Cleaning Services	3,205	1,163
Repairs & Maintenance *	32,541	4,322
Utilities	4,038	2,527
Printing & Distribution	358	357
Domestic Waste Collection	26,765	36,123
Recycling	8,820	10,358
Other Operating Services	13,713	8,150
	91,373	67,104
Capital		
Buildings	-	663
Infrastructure	1,063	241
Roads	587	96
Design	-	166
	1,650	1,166
Total	93,023	68,270
* Council contractual commitments have increased, particularly in the area of Repairs & Maintenance (\$28.2M) due to commencement of new contracts.		
Commitments at Reporting Date are Payable		
Not later than one year	60,459	23,239
Later than one year but not later than two years	20,711	14,538
Later than two years but not later than five years	11,853	28,618
Later than 5 years	-	1,875
Total	93,023	68,270
NOTE 31 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 activities. (These obligations are not recognised as liabilities)		
Not later than one year	867	796
Later than one year but not later than two years	1,048	925
Later than two years but not later than five years	943	1,382
Later than five years	1,773	1,830
Total	4,631	4,933

Notes to the Financial Report

For the Year Ended 30 June 2013

Note 32 CONTINGENT LIABILITIES & ASSETS

Contingent Liabilities

(a) Contingent Liabilities Arising from Public Liability

As a large local authority with ownership of numerous parks, reserves, roads and other land holdings, the Council is regularly served with claims and demands arising from incidents which occur on land belonging to the Council. There are a number of outstanding claims against the Council in this regard. The Council carries \$400 million of public liability insurance and has an excess of \$20,000 per claim on this policy. Therefore, the maximum liability of the Council in any single claim is the extent of its excess. The primary insurer is MAV Insurance Liability Mutual Insurance. There are no claims which Council is aware of which would fall outside the terms of the Council's policy.

(b) Contingent Liabilities Arising from Professional Liability

As a large local authority with statutory regulatory responsibilities, including the responsibility of issuing permits and approvals, the Council at times is served with claims and demands for damages allegedly arising from the actions of the Council or its officers. There are no outstanding claims against Council in this regard. The Council carries \$300 million of professional indemnity insurance and has an excess of \$20,000 per claim on this policy. Therefore the maximum liability of the Council in any single claim is the extent of its excess. The primary insurer is MAV Insurance, Liability Mutual Insurance. There are no claims which Council is aware of which would fall outside the terms of the Council's policy.

(c) Guaranteed Loans

Council has guaranteed bank loans for community bodies covering development of assets on Council property. In the event of any calls, Council has the right to retain the subject assets.

	2013	2012	2012
	Outstanding	Outstanding	Guarantee
	Loan	Loan Liability	Limit
	Liability		
	\$'000	\$'000	\$'000
Waverley Hockey Club	284	297	300
	284	297	300

NOTE 33 RELATED PARTY TRANSACTIONS

(i) Names of persons holding the position of a Responsible Person at the Monash City Council during the reporting period are:

Councillors

From 1 July 2012 to 27 October 2012

Councillor Stefanie Perri (Mayor)
 Councillor Stephen Dimopoulos
 Councillor Joy Banerji
 Councillor Jieh-Yung Lo
 Councillor Greg Male
 Councillor Geoff Lake
 Councillor Denise McGill OAM
 Councillor Micaela Drieberg
 Councillor Charlotte Baines
 Councillor Tom Morrissey JP
 Councillor Paul Klisaris

From 27 October 2012 to 30 June 2013

Councillor Micaela Drieberg (Mayor)
 Councillor Brian Little
 Councillor Paul Klisaris
 Councillor Robert Davies
 Councillor Stephen Dimopoulos
 Councillor Katrina Nolan
 Councillor Geoff Lake
 Councillor Bill Pontikis
 Councillor Jieh-Yung Lo
 Councillor Tom Morrissey^{JP} (Passed away on 17 May 2013)
 Councillor Theo Zographos
 Councillor Rebecca Paterson (Elected on 12 June 2013)

Chief Executive Officer

Andi Diamond

Notes to the Financial Report

For the Year Ended 30 June 2013

NOTE 33 RELATED PARTY TRANSACTIONS (Cont.)

(ii) Remuneration of Responsible Persons

Annualised remuneration of responsible persons were within the following bands:

	2013	2012
	No.	No.
\$00,001- \$9,999	5	-
\$10,000- \$19,999	1	-
\$20,000- \$29,999	10	9
\$30,000- \$39,999	-	-
\$40,000- \$49,999	-	1
\$50,000- \$59,999	-	-
\$60,000- \$69,999	-	1
\$70,000- \$79,999	1	1
\$310,000- \$319,999	-	1
\$320,000- \$329,999	1	-
Total	18	13
	\$'000	\$'000
Total Remuneration for the reporting year for Responsible Persons included above amounted to:	673	750

(iii) No retirement benefits have been made by the Council to a Responsible Person .

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

(v) Other Transactions

No transactions other than remuneration payments or the reimbursement of approved expenses were entered in to by the Council with responsible persons or Related Parties of such Responsible Persons during the reporting year .

(vi) Senior Officers Remuneration

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

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

	2013	2012
	No.	No.
Income Range:		
\$127,000- \$129,999	2	3
\$130,000- \$139,999	6	7
\$140,000- \$149,999	7	7
\$150,000- \$159,999	4	2
\$160,000- \$169,999	3	3
\$170,000- \$179,999	2	1
\$180,000- \$189,999	2	-
\$190,000- \$199,999	-	1
\$200,000- \$209,999	1	-
\$210,000- \$219,999	-	1
\$220,000- \$229,999	1	2
\$230,000- \$239,999	-	-
\$240,000- \$249,999	1	-
Total	29	27
	\$'000	\$'000
Total Remuneration for the reporting year for Senior Officers included above, amounted to:	4,584	4,176

NOTE 34 SUPERANNUATION

Monash City Council makes the [majority] of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. The defined benefit section provides lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from Monash City Council and the Council's legal or constructive obligation is limited to these contributions.

Obligations for contributions to the Fund are recognised as an expense in Comprehensive Operating Statement when they are due.

Accumulation

The Fund's accumulation category, Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2013, this was 9% required under Superannuation Guarantee legislation). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Effective from 1 July 2013, the Superannuation Guarantee contribution rate will increase to 9.25%, and will progressively increase to 12% by 2019.

Defined Benefit

The Fund's Defined Benefit category is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated to each employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided under Paragraph 32(b) of AASB 119, Monash City Council does not use defined benefit accounting for these defined benefit obligations.

Monash City Council makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 31 December 2011, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. This rate is currently 9.25% of members' salaries (9.25% in 2011/12).

In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit (the funded resignation or retirement benefit is calculated as the VBI multiplied by the benefit).

Council is also required to make additional contributions to cover the contribution tax payable on the contributions referred to above.

Employees are also required to make member contributions to the Fund. As such, assets accumulate in the Fund to meet member benefits, as defined in the Trust Deed, as they accrue.

Shortfall Amounts

The Local Authorities Superannuation Fund's latest actuarial investigation as at 31 December 2011 identified an unfunded liability of \$406 million (excluding contributions tax) in the defined benefit category of which Council is a contributing employer. Council was made aware of the expected shortfall during the 2011/12 year and was informed of its share of the shortfall on 2 August 2012. Council was advised of \$12.319M adjustment to this shortfall amount on 31 July 2012.

The projected value of Monash City Council's contribution to the shortfall at 30 June 2012 (excluding contributions tax) amounted to \$12.319M which was accounted for in the 2011/12 Comprehensive Operating Statement within Employee Benefits (see Note 10) and in the Balance Sheet in Current Liabilities Provisions (see Note 26).

Council received an early payment discount of \$361K and this has been accounted for in the 2012/13 Comprehensive Operating Statement within Employee Benefits (see Note 10) and in the Balance Sheet in Current Liabilities Provisions (see Note 26).

The Fund surplus or deficit (ie the difference between fund assets and liabilities) is calculated differently for funding purposes (ie calculating required contributions) and for the calculation of accrued benefits as required in AAS 25 to provide the values needed for the AASB 119 disclosure in the Council's financial statements. AAS 25 requires that the present value of the defined benefit liability be calculated based on benefits that have accrued in respect of membership of the plan up to the measurement date, with no allowance for future benefits that may accrue.

The amount of the unpaid shortfall at 30 June 2013 is \$0 (\$12.19M 2011/12).

Notes to the Financial Report

For the Year Ended 30 June 2013

NOTE 34 SUPERANNUATION (Cont.)

Accrued Benefits

The Fund's liability for accrued benefits was determined in the 31 December 2011 actuarial investigation pursuant to the requirements of Australian Accounting Standard Board AAS25 follows:

	31-Dec-11
	\$'000
Net Market Value of Assets	4,315,324
Accrued Benefits (per accounting standards)	4,642,133
Difference between Assets and Accrued Benefits	<u>-326,809</u>
 Vested Benefits (Minimum sum which must be paid to members when they leave the fund)	 <u>4,838,503</u>

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

Net Investment Return	7.50% p.a.
Salary Inflation	4.25% p.a.
Price Inflation	2.75% p.a.

Superannuation contributions

Contributions by Monash City Council to the above superannuation plans for the financial year ended 30 June 2013 are detailed below:

Fund	2013	2012
	\$'000	\$'000
Defined Benefit Plan		
Employer contributions to Local Authorities Superannuation Fund.	700	678
	700	678
 Employer contributions payable to Local Authorities Superannuation Fund at reporting date.	 -	 12,319
	-	12,319
 Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	2,715	3,035
Employer contributions to various Superannuation Funds (Hesta, Health & Choice of funds)	1,481	1,227
Total Employer contributions paid at reporting date	4,196	4,262

	2013 \$'000	2012 \$'000
NOTE 35 AUDITOR'S REMUNERATION		
Audit services during the year were conducted by the Victorian Auditor General and his agents. The remuneration costs relating to these services are as follows:		
Audit fee to conduct external audit- Victorian Auditor General	57	55
Audit fees & associated costs	184	193
Total	241	248

NOTE 36 RECONCILIATION OF CASHFLOWS FROM OPERATING ACTIVITIES TO SURPLUS/(DEFICIT)		
Surplus/(Deficit) for the year	772	(4,200)
Depreciation	25,374	24,074
Net Gain on disposal of Property, Plant and Equipment	(899)	(358)
Non-Current Assets Written off	2	14
Developer contributions of Land Under roads	(179)	(916)
Developer contributions of Land	(1,416)	(3,906)
Developer contributions of Roads	(102)	(1,001)
Developer contributions of Footpaths	(108)	(59)
Art Donations	(102)	(206)
Change in operating assets and liabilities		
(Increase)/Decrease in Receivables	272	33
Decrease/(Increase) in Prepayments	179	(47)
Decrease in Investments	(186)	(192)
Increase/(Decrease) in Payables	(1,052)	(341)
Increase/(Decrease) in Current Provisions	1,016	2,345
Increase/(Decrease) in Unfunded Super	(12,320)	12,320
(Decrease)/Increase in Non Current Provisions	(9)	(758)
Net cash provided by/ (used in) operating activities	11,242	26,801

NOTE 37 ADJUSTMENTS DIRECTLY TO EQUITY

Council made no adjustments directly to equity in 2012/13 or 2011/12 financial years.

Notes to the Financial Report

For the Year Ended 30 June 2013

NOTE 38 FINANCIAL INSTRUMENTS

(a) Terms, conditions and accounting policies

The economic entity's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at the balance date, are as follows:

Recognised Financial Instruments	NOTE	Accounting Policy	Terms and Conditions
(i) Financial Assets			
Cash & Cash Equivalents	15	These include cash at bank and short term deposits which are stated at the lower of cost or net realisable value. Interest is recognised in the income statement when earned.	Investments held in Authorised Deposit- taking Institutions Council is able to withdraw amounts at call.
Trade and Other Receivables	17	Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable.	Other Debtors are amounts due to Council for the provision of other services. Terms are 14 days for Home Care debtors and all others 30 days. No interest is charged on overdue Other Debtors.
(ii) Financial Liabilities			
Bank Overdrafts	27	The bank overdraft is utilised during the year and is carried at the principal amount. Interest is charged as an expense as it accrues.	Interest is charged at the bank's benchmark rate. Details of the security over the bank overdrafts are set out in NOTE 27.
Interest-Bearing Loans & Borrowings	27	The bank loans are carried at the principal amount. Interest is charged as an expense as it accrues.	Council Debt Portfolio is structured into interest only loans with a floating debt of \$1.5 million and fixed debt of \$13.5 million. Fixed debt is maturing each year over a period of 5 years from 30/6/2014 to 30/6/2018 inclusive. Details of the security over the bank loans are set out in NOTE 27.
Payables	23	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the economic entity.	Liabilities are normally settled on net 30 day terms or less where appropriate.
Trust Funds & Deposits	24	These relate to deposits required to be placed with Council to perform particular services. These are refunded at the end of the relevant period and are valued at their nominal amount.	Liabilities are settled upon expiry of the relevant qualifying period.

NOTE 38 FINANCIAL INSTRUMENTS (CONT.)

(b) Interest Rate Risk

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

Financial Instruments	Floating Interest Rate		Fixed Interest Maturing in:				Non-interest Bearing		Total Carrying Amount		Weighted Average Effective Interest Rate	
	2013 %	2012 %	1 year or less		Over 1 to 5 years		2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 %	2012 %
			2013 %	2012 %	2013 %	2012 %						
(i) Financial Assets												
Cash & Cash Equivalents	4.09	5.20	-	-	-	-	-	27,812	45,154	4.09	5.20	
Other Financial Assets	-	-	-	-	-	-	-	3,002	2	-	-	
Trade and Other Receivables	-	-	10.50	10.50	-	-	4,335	7,782	6,154	5.09	5.88	
Investment in Joint Venture	-	-	-	-	-	-	2,540	2,354	2,354	-	-	
Total financial assets							6,875	41,136	53,664			
(ii) Financial Liabilities												
Interest-Bearing Loans & Borrowings	3.43	4.58	7.56	7.94	6.18	6.74	15,000	15,000	15,000	5.82	6.23	
Trade and Other Payables	-	-	-	-	-	-	11,832	11,234	11,234	-	-	
Trust Funds & Deposits	-	-	-	-	-	-	5,485	5,439	5,439	-	-	
Refundable Deposits	-	-	-	-	-	-	19,673	20,940	19,673	-	-	
Total financial liabilities							51,990	52,613	52,613			

Notes to the Financial Report

For the Year Ended 30 June 2013

NOTE 38 FINANCIAL INSTRUMENTS (CONT.)

(c) Net Fair Values

Net Fair Values equate to the carrying values in the Balance Sheet.

Financial Instruments	Total carrying amount as per Balance Sheet		Aggregate net fair value	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<i>(1) Financial assets</i>				
Cash and cash equivalents	27,812	45,154	27,812	45,154
Other financial assets	3,002	2	3,002	2
Trade and other receivables	4,335	3,006	4,335	3,006
Other assets	2,709	3,182	2,709	3,182
Total financial assets	37,858	51,344	37,858	51,344
<i>(2) Financial liabilities</i>				
Trade and other payables	11,832	11,234	11,832	11,234
Trust funds and deposits	5,485	5,439	5,485	5,439
Interest-bearing loans and borrowings	15,000	15,000	15,000	15,000
Total financial liabilities	32,317	31,673	32,317	31,673

(d) Credit Risk Exposures

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 net debt portfolio by appropriate budgeting strategies and obtaining approval for borrowings from the Australian Loan Council and Department of Planning and Community Development each year.

NOTE 38 FINANCIAL INSTRUMENTS (CONT.)

(e) Risks and mitigation (Cont.)

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;
- adequate safety;
- appropriate liquidity;
- diversification by credit rating, financial institution and investment product;
- monitoring of return on investment; and
- 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 all financial assets included in our balance sheet. 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 32.

Movement in Provisions for Doubtful Debts	2013 \$'000
Balance at the beginning of the year	30
Provisions adjusted during the year	16
Balance at end of year	46

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.

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

Notes to the Financial Report

For the Year Ended 30 June 2013

NOTE 38 FINANCIAL INSTRUMENTS (CONT.)

(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 +1% and -2% in market interest rates (AUD) from year-end rates of 2.75%

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.

Market risk exposure	Carrying amount subject to interest	Interest rate risk			
		-2%		+1%	
		200 basis points		100 basis points	
		Profit	Equity	Profit	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
2013					
Financial assets:					
Cash and cash equivalents	27,792	(556)	(556)	278	278
Other financial assets	5,711	(114)	(114)	57	57
Trade and other receivables	4,335	(87)	(87)	43	43
Financial liabilities:					
Interest-bearing loans and borrowings	15,000	300	300	(150)	(150)
Market risk exposure	Carrying amount subject to interest	Interest rate risk			
		-2%		+1%	
		200 basis points		100 basis points	
		Profit	Equity	Profit	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
2012					
Financial assets:					
Cash and cash equivalents	45,133	(903)	(903)	451	451
Other financial assets	6,048	(121)	(121)	60	60
Trade and other receivables	3,006	(60)	(60)	30	30
Financial liabilities:					
Interest-bearing loans and borrowings	10,000	300	300	(150)	(150)

NOTE 39 ROADS EXPENDITURE

	2013	2012
	\$'000	\$'000
Monash City Council made the following expenditure on Roads funded from:		
Local Roads Grant from the Victoria Grants Commission	1,043	1,317
Roads to Recovery Funding	829	623
Council's budget	3,609	2,140
Total	5,481	4,080

NOTE 40 CAPITAL EXPENDITURE

	2013	2012
	\$'000	\$'000
Buildings	3,492	3,703
Drainage	2,238	2,007
Reserves	2,445	2,196
Roads/footpaths/kerb and channel	8,906	5,602
Retail strips/district centres	519	683
Other works	1,190	818
Major Projects	4,404	14,258
Asset Rationalisation	190	145
Plant and Equipment	5,890	5,957
	29,274	35,369
Less projects accounted for as Operating but managed as part of the Capital Program	(1,479)	(2,724)
Total	27,795	32,645
Represented by:		
Renewal	18,236	15,021
Upgrade	5,853	5,082
New/Expansion of Infrastructure	0	1,307
New/Expansion of Buildings	5,185	13,789
Other	0	170
Sub-total	29,274	35,369
Less Projects accounted for as Operating but managed as part of the Capital Program	(1,479)	(2,724)
Total	27,795	32,645
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 expenditure	27,795	32,645
Asset Rationalisation associated with Asset as held for sale	(51)	(145)
Land taken up as Assets- 4 Betty Court	55	0
Transfer from Non-current Asset as held for sale	81	0
Net Additions	27,880	32,500
Contributions- non-monetary assets	1,907	6,088
Land taken up as Assets- 60 Winbourne Av	0	918
Assets taken up from Operating Account	0	4
Asset revaluation movement	835	13,266
Transfer from Non-current Asset as held for sale	0	(177)
Depreciation & Amortisation	(25,374)	(24,074)
Written down value of assets sold	(1,223)	(1,019)
Net movement in property, plant and equipment, infrastructure	4,025	27,506

(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 result in additional revenue unless direct user charges apply. It will increase operating and maintenance expenditure is discretionary and often does not expenditure in the future because of the increase in the Council's asset base.

(c) Expansion

Expenditure which extends an existing asset, at the same standard as is currently enjoyed by residents, to a new group of users. It is discretionary expenditure which increases future operating and maintenance costs, because it increases Council's asset base, but may be associated with additional revenue from the new user group.

Notes to the Financial Report

For the Year Ended 30 June 2013

NOTE 41 INCOME STATEMENT FOR COUNCIL'S AGED RESIDENTIAL CARE FACILITIES FOR THE YEAR ENDED 30 JUNE 2013

	Aged Care Hostels & Nursing Homes				Independent Living Units			Grand Total
	Monash Gardens Hostel (RAC ID: 3250)	Monash Gardens Nursing Home (RAC ID: 4473)	Elizabeth Gardens Hostel (RAC ID: 3148)	Elizabeth Gardens Nursing Home (RAC ID: 4429)	Aged Care Hostels & Nursing Homes Total	Monash Gardens ILU's	Elizabeth Gardens ILU's	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue								
Grants & Subsidies	1,261	2,471	890	1,650	6,273	-	-	6,273
Contributions and Donations	115	23	83	4	225	296	15	536
User Charges	852	1,011	694	699	3,257	106	31	3,394
Interest Revenue	506	84	341	64	995	-	-	995
Other Revenue	17	2	9	0	28	35	5	68
Total Revenue	2,751	3,591	2,017	2,418	10,778	437	51	11,266
Expenses from Ordinary Activities								
Employee Benefits Expense	1,624	3,078	1,425	2,117	8,244	43	-	8,287
Materials, Services & Contracts	598	826	345	494	2,264	28	5	2,297
Utilities	70	65	53	42	230	10	3	243
Direct/Indirect Overheads	190	244	164	179	777	18	4	799
Depreciation	191	176	195	138	699	-	-	699
Total Expenses	2,673	4,389	2,181	2,970	12,214	99	12	12,325
Net Result for the Reporting Period	78	(798)	(164)	(552)	(1,436)	338	39	(1,059)

Notes

Residential Aged Care Identification Numbers (RAC ID)

RAC ID: 3250 - MG Hostel

RAC ID: 4473 - MG Nursing Home

RAC ID: 3148 - EG Hostel

RAC ID: 4429 - EG Nursing Home

**NOTE 41 STATEMENT OF FINANCIAL POSITION FOR COUNCIL'S AGED RESIDENTIAL CARE FACILITIES
AS AT 30 JUNE 2013**

	Aged Care Hostels & Nursing Homes				Independent Living Units			Grand Total
	Monash Gardens Hostel (RAC ID :3250) \$'000	Monash Gardens Nursing Home (RAC ID: 4473) \$'000	Elizabeth Gardens Hostel (RAC ID: 3148) \$'000	Elizabeth Gardens Nursing Home (RAC ID: 4429) \$'000	Aged Care Hostels & Nursing Homes Total \$'000	Monash Gardens ILU's \$'000	Elizabeth Gardens ILU's \$'000	
ASSETS								
Current Assets								
Receivables	10	3	8	(1)	20	1,827	290	2,137
Investments	9,159	2,054	6,915	1,545	19,673	-	-	19,673
Total Current Assets	9,169	2,057	6,923	1,544	19,693	1,827	290	21,810
Non-Current Assets								
Land and Buildings	5,927	5,471	2,217	1,467	15,082	-	-	15,082
Plant and Equipment	444	410	356	422	1,632	-	-	1,632
Total Non-Current Assets	6,371	5,881	2,573	1,889	16,714	-	-	16,714
TOTAL ASSETS	15,540	7,938	9,496	3,433	36,407	1,827	290	38,524
LIABILITIES								
Current Liabilities								
Refundable Deposits	9,159	2,055	6,915	1,545	19,674	-	-	19,674
Provision - Donations	15	-	12	-	27	-	-	27
Total Current Liabilities	9,174	2,055	6,927	1,545	19,701	-	-	19,701
TOTAL LIABILITIES	9,174	2,055	6,927	1,545	19,701	-	-	19,701
NET ASSETS	6,366	5,883	2,569	1,888	16,706	1,827	290	18,823
EQUITY								
Surplus/(deficit) for the year	78	(798)	(164)	(552)	(1,436)	338	39	(1,059)
Accumulated Surplus	6,288	6,681	2,733	2,440	18,142	1,489	251	19,882
TOTAL EQUITY	6,366	5,883	2,569	1,888	16,706	1,827	290	18,823

Notes

Residential Aged Care Identification Numbers (RAC ID)

RAC ID: 3250 - MG Hostel

RAC ID: 4473 - MG Nursing Home

RAC ID: 3148 - EG Hostel

RAC ID: 4429 - EG Nursing Home

Notes to the Financial Report

For the Year Ended 30 June 2013

NOTE 42 FINANCIAL RATIOS

(a) Debt Servicing Ratio

(to identify the capacity of Council to service its outstanding debt).

	2013	2012	2011
<u>Debt Servicing Costs</u>	951	715	736
<u>Total Revenue</u>	155,647	158,297	144,738
	= 0.61%	= 0.45%	= 0.51%

Enables assessment of Council's capacity to service its outstanding debt. Debt servicing refers to the payment of interest on loan borrowings and bank overdraft interest. The ratio expresses the amount of interest paid as a percentage of Council's total revenue.

(b) Debt Commitment Ratio

(to identify Council's debt redemption strategy).

<u>Debt Servicing & Redemption Costs</u>	2,651	2,415	2,436
<u>Rate Revenue</u>	87,983	81,773	76,431
	= 3.01%	= 2.95%	= 3.19%

Enables assessment of Council's strategy in redeeming debt. The strategy involves the net payment of loan 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 rate income).

<u>Rate Revenue</u>	87,983	81,773	76,431
<u>Total Revenue</u>	155,647	158,297	144,738
	= 56.53%	= 51.66%	= 52.81%

Enables assessment of Council's reliance on rate revenue. The level of reliance is determined by comparing the proportion of rate revenue compared to the total revenue of the Council.

(d) Debt Exposure Ratio

(to identify Council's exposure to debt).

<u>Total Indebtedness</u>	69,228	82,653	61,809
<u>Total Realisable Assets</u>	1,513,301	1,529,289	1,503,540
	= 4.57%	= 5.40%	= 4.11%

Enables assessment of Council's solvency and exposure to debt. Total indebtedness refers to the total liabilities of the 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 amount of Council's indebtedness as a percentage of Council's realisable assets.

(e) Working Capital Ratio

(to assess Council's ability to meet current commitments).

<u>Current Assets</u>	41,413	57,443	55,231
<u>Current Liabilities</u>	56,143	57,240	52,957
	= 73.76%	= 100.35%	= 104.29%

Enables assessment of Council's ability to meet its current commitments. The ratio expresses the level of current assets the Council has available to meet its current liabilities. Over the next three financial years working capital ratio will be adversely impacted due to the Council's decision to pay the unfunded superannuation liability of \$12.319M in 2012/13 financial year.

(f) Adjusted Working Capital Ratio

(to assess Council's ability to meet current commitments).

<u>Current Assets</u>	41,413	57,443	55,231
<u>Current Liabilities</u>	26,619	26,982	25,443
	= 155.58%	= 212.89%	= 217.08%

Enables assessment of Council's ability to meet its current commitments. 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 & refundable Aged Care deposit 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 twelve months after the end of the period.

CERTIFICATION OF THE FINANCIAL REPORT

In my opinion the accompanying financial report has 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.



.....

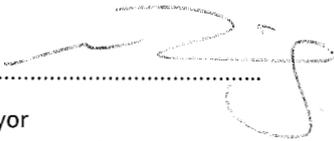
Principal Accounting Officer
Daniel Wain CPA

Dated: 24 September 2013

In our opinion the accompanying financial report presents fairly the financial transactions of Monash City Council for the year ended 30 June 2013 and the financial position of the Council as of that date.

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

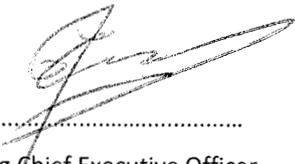
We were authorised by the Council on 24 September 2013 to certify the financial report in its final form on behalf of the Council.



.....
Mayor
Micaela Drieberg



.....
Councillor
Jieh-Yung Lo



.....
Acting Chief Executive Officer
Tom Evans

Dated: 24 September 2013

Note 1 BASIS OF PREPARATION OF THE STANDARD STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

The Monash City Council is required to prepare and include audited Standard Statements within its Annual Report. The following four Standard Statements and explanatory notes form a special purpose financial report prepared specifically to meet the requirements of the Local Government Act 1989 and the Local Government (Finance and Reporting) Regulations 2004.

The Standard Statements have been prepared on an accounting basis consistent with those used for the General Purpose Financial Report and the Budget. The results reported in these Statements are consistent with those reported in the General Purpose Financial Report. The Standard Statements are not a substitute for the General Purpose Financial Report. 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 Annual Budget, with actual performance. The Local Government Act 1989 requires explanation of any material variances. The Council

has adopted a materiality threshold of 10 per cent. Explanations have been provided for variations below the materiality threshold if considered to be material because of their nature.

The budget figures included in the Standard Statements are those adopted by the Council at its meeting on 26 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 the Council's business plan and financial performance targets for both the short and long term. The budget did not reflect expected changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

Detailed information on the actual financial results are contained in the General Purpose Financial Report. The detailed budget can be obtained by reference to Council's web site. The Standard Statements must be read with reference to those documents.

STANDARD INCOME STATEMENT

	Note	Actual Year 2013 \$'000	Budget Year 2013 \$'000	"Variance 2013 \$'000"	"Variance 2013 %"
Revenue from Ordinary Activities					
General Rates & Charges		87,983	87,974	9	0.0%
Operating Grants, Subsidies & Contributions	2	28,466	24,838	3,628	14.6%
Capital Grants & Contributions	3	4,936	2,276	2,660	116.9%
Interest Revenue	4	2,150	2,363	(213)	(9.0%)
Charges, Fees & Fines		28,396	29,278	(882)	(3.0%)
Other Revenue	5	2,630	2,271	359	15.8%
Profit from Sale of Assets	6	897	1,630	(733)	(45.0%)
Total Revenue		155,459	150,630	4,829	3.2%
Expenses from Ordinary Activities					
Employee Costs	7	68,249	69,072	823	1.2%
Materials, Services & Contracts	8	60,299	56,800	(3,499)	(6.2%)
Borrowing costs		951	977	26	2.7%
Depreciation & Amortisation		25,374	24,989	(385)	(1.5%)
Total Expenses		154,873	151,838	(3,035)	(2.0%)
Share of net loss of Investments in Associates accounted for using the equity method		186	-	186	100%
Surplus from Ordinary Operations		772	(1,208)	(436)	
Net Asset revaluation increment/ decrement		834	-	-	100%
Total Changes in Equity		1,606	(1,208)	398	

Explanation of material variances between Actual Operating Results & Budget

Revenue

NOTE 2 OPERATING GRANTS, SUBSIDIES & CONTRIBUTIONS

The majority of this variance relates to Developer Contributions (\$2.4M) including non cash contribution of \$1.8M from Mirvac, receipt of unbudgeted grant funding (\$366k) for various projects including Clayton Activity Centre, Prevention of Violence Against Women and L2P, and higher than budgeted Operational Subsidy (\$500k) predominantly related to Home and Community Care due to funding increases post budget adoption & Child Care Benefit income (\$268k).

NOTE 3 CAPITAL GRANTS & CONTRIBUTIONS

The majority of this variance predominantly relates to amounts received for Euneva Car Park (\$1.4M) and Eaton Mall projects (\$870k) which were budgeted for in 11/12 but received in 2012/13 and other unbudgeted amounts.

NOTE 4 INTEREST REVENUE

Interest revenue has declined following the payment of the LASF Defined Benefit Unfunded Superannuation liability amount (\$12M) and lower than anticipated investment rates.

NOTE 5 OTHER REVENUE

Other revenue includes amounts of unbudgeted miscellaneous income and recoupment of expenditure incurred across the organisation.

NOTE 6 PROFIT FROM SALE OF ASSETS

Relates mainly to proceeds from sale of Clarinda site which were less than anticipated due to underestimation in the budget of written down value of site buildings.

Expenditure

NOTE 7 EMPLOYEE COST

The reduction in employee benefits predominantly relates to the discount received for early payment of the Local Authorities Superannuation Fund (LASF) unfunded liability amount (\$360K) and significant under expenditure on Outdoor Wages which is offset by an increase in Contractor expenditure.

NOTE 8 MATERIALS, SERVICES & CONTRACTS

The over expenditure in Materials, Services and Contracts is predominantly offset by either a reduction in outdoor wages or additional income either through operation subsidies or grant funding. This applies to increased contractor expenditure in Building Maintenance and Drainage (\$504k), Cleansing (\$190k), Home and Community Care (\$430k) and Local Laws (\$206k). Other additional expenditure relates to reactive maintenance work in the Horticulture area (\$250k) related to tree pruning, nature strip maintenance and reinstatement and bushland revegetation works. Higher legal fees (\$217k) and Insurance related expenditure (\$91k) are partially offset by recoupment income. Materials and Contracts also includes "Operating Capital Expenditure" (\$1.5M), that is, amounts which are classified as capital in the budget but which does not meet the strict accounting classification of an asset.

	Note	Actual Year 2013 \$'000	Budget Year 2013 \$'000	Variance 2013 \$'000	Variance 2013 %
ASSETS					
Current Assets					
Cash & Cash Equivalents	9	27,812	47,625	(19,813)	(42%)
Other Assets	10	13,601	6,822	6,779	99%
Total Current Assets		41,413	54,447	(13,034)	(24%)
Non-Current Assets					
Property, Plant & Equipment		2,084,497	2,064,068	20,429	1%
Other Assets		2,540	2,449	91	4%
Total Non-Current Assets		2,087,037	2,066,517	20,520	1%
Total Assets		2,128,450	2,120,964	7,486	0%
LIABILITIES					
Current Liabilities					
Creditors & Provisions	11	52,943	49,625	(3,318)	(7%)
Interest-Bearing Loans & Borrowings		3,200	3,200	-	0%
Total Current Liabilities		56,143	52,825	(3,318)	(6%)
Non-Current Liabilities					
Provision	12	1,285	2,349	1,064	45%
Interest-Bearing Loans & Borrowings		11,800	11,800	-	0%
Total Non-Current Liabilities		13,085	14,149	1,064	8%
Total Liabilities		69,228	66,974	(2,254)	(3%)
Net Assets		2,059,222	2,053,990	5,232	0%
EQUITY					
Accumulated Surplus		899,011	903,046	(4,035)	0%
Reserves		1,160,211	1,150,944	9,267	1%
Total Equity		2,059,222	2,053,990	5,232	0%

Current Assets

NOTE 9 CASH & CASH EQUIVALENTS

The reduction in cash relates to the payment of the LASF Defined Benefit Unfunded Superannuation liability amount of \$12M and higher than budgeted payments for capital works projects \$4.6M. This figure has also been reduced by \$3M to reflect Short Term Investments over 90 days which are now classified as other assets.

NOTE 10 OTHER ASSETS

Represents Sundry Debtor amounts for Rates, Parking Fines and other miscellaneous amounts owed (\$7.7M), Accrued Income and Prepaid amounts (\$2.7M) and Short Term Investments over 90 days (\$3M) which were previously classified as Cash and Cash Equivalents. The budget for this item is based on prior year experience and is difficult to predict reliably.

Current Liabilities

NOTE 11 CREDITORS & PROVISIONS

This variance reflects the normal year fluctuations in trade and other payables, which are difficult to predict, as well as movement between non-current and current leave provisions. It also relates to movements in the Long Service Leave provision amount related to improved bank bill rates used to discount the liability.

Non-Current Liabilities

NOTE 12 PROVISIONS

Variance relates to movements between current and non-current leave provisions.

STANDARD CASH FLOW STATEMENT

	Note	Actual Year 2013 \$'000	Budget Year 2013 \$'000	"Variance 2013 \$'000"	"Variance 2013 %"
Cash Flows from Operating Activities					
Receipts					
General & Supplementary Rates		87,015	87,974	(959)	(1%)
Operating Grants, Subsidies and Contributions		28,428	24,838	3,590	14%
Capital Grants & Contributions		5,301	2,276	3,025	133%
Interest Revenue		2,364	2,363	1	0%
Charges, Fees & Fines Received		30,499	29,961	538	2%
Other Revenue		1,929	3,857	(1,928)	(50%)
Borrowing Costs		(951)	(977)	26	(3%)
GST reimbursed by Australian Tax Office		8,019	7,248	771	11%
GST paid to Australian Tax Office		(2,199)	(1,960)	(239)	12%
Materials, Services and Contracts Paid		(67,672)	(61,912)	(5,760)	9%
Employee Costs		(79,838)	(69,072)	(10,766)	16%
Total Cash Inflow (outflow) provided by Operating Activities	13	12,895	24,596	(11,701)	(47.6%)
Cash Flows from Investing Activities					
Payments for Property, Plant and Equipment		(30,518)	(25,866)	(4,652)	18%
Proceeds from Sale of Property, Plant and Equipment		4,929	5,129	(200)	(4%)
Net Cash Inflow (Outflow) provided by Investing Activities	14	(25,589)	(20,737)	(4,852)	23%
Cash Flows from Financing Activities					
Trusts and Refundable Deposits		(1,648)	-	(1,648)	(100%)
Receipt from Redraw of Borrowings		1,700	1,700	-	0%
Repayment of Current Borrowings		(1,700)	(1,700)	-	0%
Net Cash Inflow (outflow) provided by Financing Activities	15	(1,648)	-	(1,648)	100%
Net increase (decrease) in cash and cash equivalents		(14,342)	3,859	(18,201)	(472%)
Cash and cash equivalents at the beginning of the financial year		45,154	43,766	1,388	3%
Cash and cash equivalents at the end of the period		30,812	47,625	(16,813)	(35.3%)
Reconciliation of Surplus and Net Cash Flows from Operating Activities					
For the Year ending 30 June 2013					
Surplus for the period		772	(1,208)	1,980	(164%)
Depreciation and amortisation		25,374	24,989	385	2%
Net (Gain)/Loss on disposal of Property, Plant and Equipment		(897)	1,630	-	0%
Developers Contribution & Donated Assets		(1)	-	-	0%
Net movement in operating assets and liabilities		(12,353)	-	1,956	0%
Net cash inflow from operating activities		12,895	25,411	4,321	-

NOTE 13 CASH FLOWS FROM OPERATING ACTIVITIES

This variance predominantly relates to payment of the LASF Defined Benefit Unfunded Superannuation liability amount \$12M.

NOTE 14 CASH FLOWS FROM INVESTING ACTIVITIES

Variance predominantly relates to higher than budgeted Capital Works expenditure related to a change in the treatment of Footpath expenditure, which was previously shown as operating, and the completion of the Euneva Car Park and Eaton Mall projects.

NOTE 15 CASH FLOWS FROM FINANCING ACTIVITIES

Receipts of Refundable deposits with respect to Council's Aged Residential Care facilities cannot reliably be forecasted.

STANDARD STATEMENT OF CAPITAL WORKS

	Note	Actual Year 2013 \$'000	Budget Year 2013 \$'000	Completion \$'000
Buildings	16	3,492	4,576	76%
Drainage		2,238	2,457	91%
Reserves	17	2,445	1,916	128%
Roads/footpaths/kerb and channel		8,906	8,631	103%
Retail strips/district centres	18	519	1,396	37%
Other works		1,190	1,159	103%
Major Projects	19	4,404	3,167	139%
Asset Rationalisation	20	190	25	760%
Plant and Equipment		5,890	5,993	98%
Sub-total		29,274	29,320	100%
Less projects accounted for as Operating but managed as part of the Capital Program		(1,479)	0	100%
Total		27,795	29,320	95%

NOTE 16 BUILDINGS

Under expenditure is largely due to a delay in commencing the Jack Edwards Reserve project and only minor works undertaken at various buildings.

NOTE 17 RESERVES

This higher than budgeted expenditure relates to works carried forward from 11/12 year and additional works related to unbudgeted Grant funding and Club Contributions.

NOTE 18 RETAIL STRIPS/DISTRICT CENTRES

Feasibility work related to major activity centre upgrades has been budgeted as Capital but taken up as operating due to its nature.

NOTE 19 MAJOR PROJECTS

Includes works carried forward for Euneva Car Park project from 11/12 year.

NOTE 20 RATIONALISATION OF ASSETS

Includes unbudgeted additional expenditure related to sale of Clarinda site.

CERTIFICATION OF THE STANDARD STATEMENTS

In my opinion, the accompanying standard statements of Monash City Council for the year ended 30 June 2013 have been prepared on accounting basis consistent with the financial report and in accordance with the Local Government Act 1989 and the Local Government (Finance and Reporting) Regulations 2004.



Principal Accounting Officer
Daniel Wain CPA

Dated: 24 September 2013

In our opinion, the accompanying standard statements have been prepared on accounting basis consistent with the As at the date of signing, we are not aware of any circumstances which would render any particulars in the standard

We were authorised by the Council on 24 September 2013 to certify the standard statements in their final form on



Mayor
Micaela Driebert



Councillor
Jieh-Yung Lo



Acting Chief Executive Officer
Tom Evans

Dated: 24 September 2013

INDEPENDENT AUDITOR'S REPORT

To the Councillors, Monash City Council

The Financial Report and Standard Statements

The accompanying financial report for the year ended 30 June 2013 of the Monash City Council which comprises comprising operating 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 cash flow statement, standard statement of capital works and 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 Monash City 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 , 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 Monash City 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 Monash City Council for the year ended 30 June 2013 included both in the Monash City Council's annual report and on the website. The Councillors of the Monash City Council are responsible for the integrity of the Monash City Council's website. I have not been engaged to report on the integrity of the Monash City 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
25 September 2013


John Doyle
Auditor-General

FINANCIAL GLOSSARY

Annual operating budget

The budgeted operating result for 2012/2013 with a distinction made between revenue received for operating purposes and revenue received for capital purposes.

Capital expenditure

Capital expenditure is relatively large (material) expenditure that produces economic benefits expected to last for more than 12 months, such as renewal, expansion and upgrade. Where capital projects involve a combination of renewal, expansion and upgrade expenditures, the total project cost needs are allocated accordingly.

Capital renewal

Capital renewal is expenditure on an existing asset, which returns the service potential or the life of the asset, up to that which it had originally.

Capital outlays/rate revenue

This ratio represents the capital outlays as a percentage of rate revenue and therefore Council's relative ability to convert rate revenue into Capital Works.

Current assets/current liability

Otherwise known as the working capital ratio, this indicator expresses Council's short-term ability to meet its liquidity requirements within the current financial year.

Debt servicing/total revenue

This ratio contrasts the amount of interest expense that Council is incurring on its interest bearing liabilities as a percentage of the total revenue base.

Financing activities

Financing activities means those activities which relate to changing the size and composition of the financial structure of the entity, including equity, and borrowings not falling within the definition of cash.

Grants/total revenue

This ratio provides an indication of the percentage of total revenue that is comprised of grant income.

Indebtedness/rate revenue

This ratio measures the total amount of interest bearing liabilities compared to the annual rates levy.

Infrastructure

Physical assets of the entity or of another entity that contribute to meeting the public's need for access to major economic and social facilities and services.

International Financial Reporting Standards

Australian reporting entities are currently addressing the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing on or after 1 January 2005.

Investing activities

Those activities which relate to acquisition and disposal of non-current assets, including property, plant and equipment and other productive assets, and investments not falling within the definition of cash.

Key financial indicators

A range of ratios and comparisons of critical financial data over a period of years allowing a better understanding of key measures, such as indebtedness and liquidity which are often undisclosed when financial information is presented in a standard statement format.

New assets

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

Operating expenses/assessment

This ratio measures the average operational spending (as drawn from the income statement) on a per assessment basis.

Operating activities

Operating activities means those activities that relate to the provision of goods and services.

Operating Expenditure

Operating expenditure is defined as consumptions or losses of future economic benefits, in the form of reductions in assets or increases in liabilities; and that result in a decrease in equity during the reporting period.

Operating revenue

Operating revenue is defined as inflows or other enhancements, or savings in outflows of future economic benefits, in the form of increases in assets or reductions in liabilities; and that result in an increase in equity during the reporting period.

Rate revenue/total revenue

This ratio measures Council's reliance on rate revenue as its principal source of funding.

Rate revenue/assessment

This ratio provides an illustration of the average rates paid on a per assessment basis across the municipality.

Standard Statements

The standard statements are the Standard Income Statement, Standard Balance Sheet, Standard Cash Flow Statement, and Standard Statement of Capital Works.

Statutory reserves

Statutory reserves are funds set aside for specified statutory purposes in accordance with various legislative and contractual requirements. These reserves are not available for other purposes.

Total liabilities/assessment

This ratio expresses the sum total of current liabilities and non-current liabilities expressed on a per assessment basis.

Working capital

Working capital represents funds that are free of all specific Council commitments and are available to meet daily cash flow requirements and unexpected short-term needs.



CITY OF
MONASH

Monash Civic Centre

293 Springvale Road
Glen Waverley, 3150
Hours: 8.30am to 5pm
Monday to Friday

Oakleigh Service Centre

3 Atherton Road
Oakleigh, 3166
Hours: 8.45am to 5pm
Monday to Friday

Telephone	Facsimile
9518 3555	9518 3444

TTY (Hearing impaired)
9518 3655
mail@monash.vic.gov.au
www.monash.vic.gov.au



Language Assist
Directory

العربية	9321 5480
廣東話	9321 5481
Ελληνικά	9321 5482
Italiano	9321 5483
한국어	9321 5484
普通话	9321 5485
русском	9321 5486
Việt Ngữ	9321 5487
Other languages	9321 5488