

Section SIX

Financials



Horticulture Services

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UNDERSTANDING THE FINANCIAL REPORT

Preparation of Council's Financial Statements follows 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 and Risk Committee met to consider the draft Statements and the preliminary recommendation made by the external Auditor.
- The Audit and Risk Committee recommended to Council that the Statements be approved.
- Two of Council's Audit and Risk Committee members, Councillors Geoff Lake and Robert Davies 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 were lodged with the Minister for Local Government on 30 September 2014.

For the 2013/14 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 2014. 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 include 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 2014

	Note	2014 \$'000	2013 \$'000
Revenue			
Rates & Charges	2	94,153	87,983
Statutory Fees & Fines	3	5,864	5,133
User Fees	4	23,863	23,372
Contributions- Cash	5	3,561	4,470
Contributions- Non-monetary assets	5	455	1,907
Grants- Operating (recurrent)	6	20,879	22,926
Grants- Operating (non-recurrent)	6	679	414
Grants- Capital (recurrent)	6	1,254	1,704
Grants- Capital (non-recurrent)	6	449	1,917
Interest Revenue	7	1,612	2,150
Other Revenue	8	2,674	2,585
Net gain on disposal of Property, Plant & Equipment	9	199	899
Derecognition of Residential Aged Care Facilities	10	13,174	-
Net gain on disposal of Residential Aged Care Facilities	10	3,058	-
Share of net profit/(loss) of associates and joint venture accounted for by the equity method	11	(812)	186
Total Revenue		171,062	155,647
Expenses			
Employee Benefits	12	70,962	69,057
Materials, Services & Contracts	13	55,215	58,197
Depreciation	14	24,381	25,374
Finance Costs	15	864	951
Other Expenses	16	1,411	1,296
Total Expenses		152,833	154,875
Surplus/(Deficit)		18,229	772
Other comprehensive income			
Decrease in asset revaluation reserve of associates and joint ventures accounted for by the equity method	30,11	(104)	-
Net Asset revaluation increment	30	128,774	834
Comprehensive result		146,899	1,606

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

Balance Sheet

As at 30 June 2014

	Note	2014 \$'000	2013 \$'000
ASSETS			
Current Assets			
Cash & Cash Equivalents	17	21,710	27,812
Trade & Other Receivables	19	6,735	7,782
Other Financial Assets	18	24,002	3,002
Inventories	20	80	108
Other Assets	22	1,022	2,709
Total Current Assets		53,549	41,413
Non-Current Assets			
Investments in Associates accounted for using the equity method	11	1,624	2,540
Property, Infrastructure, Plant & Equipment	23	2,197,169	2,084,497
Total Non-Current Assets		2,198,793	2,087,037
TOTAL ASSETS		2,252,342	2,128,450
LIABILITIES			
Current Liabilities			
Trade & Other Payables	24	11,323	11,907
Trust Funds & Deposits	25	6,168	5,485
Income in Advance	26	349	844
Provisions	27	14,764	15,034
Interest-Bearing Loans & Borrowings	28	1,700	3,200
Refundable Deposits	29	461	19,673
Total Current Liabilities		34,765	56,143
Non-Current Liabilities			
Provisions	27	1,351	1,285
Interest-Bearing Loans & Borrowings	28	10,100	11,800
Total Non-Current Liabilities		11,451	13,085
TOTAL LIABILITIES		46,216	69,228
NET ASSETS		2,206,126	2,059,222
EQUITY			
Accumulated Surplus		905,368	899,686
Asset Revaluation Reserve	30	1,274,819	1,146,149
Other Reserves	30	25,939	13,387
TOTAL EQUITY		2,206,126	2,059,222

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

Statement of Changes in Equity

For the Year Ended 30 June 2014

Note	Total 2014	Asset		Total 2013	Accumulated Surplus 2013	Revaluation Reserve 2013	Other Reserves 2013
		Accumulated Surplus 2014	Revaluation Reserve 2014				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at beginning of the Financial Year	2,059,222	899,686	1,146,149	2,057,616	898,762	1,145,990	12,864
Surplus/(deficit) for the year	18,229	18,229	-	772	772	-	-
Net asset revaluation increment	128,774	-	128,774	834	-	834	-
Joint Venture asset revaluation decrement	(104)	-	(104)	-	-	-	-
Bed Licences Reserve Adjustment	30	-	-	-	675	(675)	-
Transfers to Reserves	30	5,376	-	-	(3,137)	-	3,137
Transfers from Reserves	30	-	(17,928)	-	2,614	-	(2,614)
Balance at End of the Financial Year	2,206,126	905,368	1,274,819	2,059,222	899,686	1,146,149	13,387

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

Statement of Cash Flows

For the Year Ended 30 June 2014

	Note	2014 Inflows/ (Outflows) \$'000	2013 Inflows/ (Outflows) \$'000
Cash Flows from Operating Activities			
Receipts from Ratepayers		94,254	87,015
Statutory Fees & Fines		5,864	5,133
User Fees		24,114	25,192
Contributions		3,369	4,470
Grants - Operating		21,594	23,292
Grants - Capital		1,703	4,073
Interest Received		1,784	2,239
Finance Costs		(864)	(951)
Other Receipts		274	2,478
Net Fire Services Property Levy		11	-
GST reimbursed by Australian Tax Office		4,680	8,019
GST paid to Australian Tax Office		(921)	(2,199)
Materials, Services and Contracts Paid		(61,823)	(65,574)
Payments to Employees		(71,565)	(80,652)
Other Payments		(1,398)	(1,294)
Net cash provided by operating activities	37	21,076	11,242
Cash Flows from Investing Activities			
Payments for Investment Activities		(21,000)	(3,000)
Payments for Property, Infrastructure, Plant and Equipment		(23,724)	(28,611)
Proceeds from Sale of Property, Infrastructure, Plant and Equipment		20,068	4,929
Net cash provided by investing activities		(24,656)	(26,682)
Cash Flows from Financing Activities			
Trusts and Refundable Deposits		678	(1,902)
Receipt from Re-draw of Borrowings		-	1,700
Repayment of Current Borrowings/Leases		(3,200)	(1,700)
Net cash provided by financing activities		(2,522)	(1,902)
Net increase (decrease) in cash and cash equivalents		(6,102)	(17,342)
Cash and cash equivalents at the beginning of the financial year		27,812	45,154
Cash and Cash equivalents at the end of the financial year	17	21,710	27,812

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

Notes to the Financial Report

For the Year Ended 30 June 2014

INTRODUCTION

Monash Council City was established by an Order of the Governor in Council on December 1994 and is a body corporate. The Council's main office is located at 293 Springvale Road, Glen Waverley, Victoria.

The purpose of the Council is to:

- » provide for the peace, order and good government of its municipal district
- » promote the social, economic and environmental viability and sustainability of the municipal district
- » ensure that resources are used efficiently and effectively and services are provided in accordance with the Best Value Principles to best meet the needs of the local community
- » improve the overall quality of life of people in the local community
- » promote appropriate business and employment opportunities
- » ensure that services and facilities provided by the Council are accessible and equitable
- » ensure the equitable imposition of rates and charges
- » ensure transparency and accountability in Council decision making.

External Auditor - Auditor-General of Victoria

Internal Auditor - Price Waterhouse Coopers

Bankers - Westpac Banking Corporation

Website address - www.monash.vic.gov.au

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, Statement of Cash Flows 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.

Notes to the Financial Report

For the Year Ended 30 June 2014

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) and 1(w).

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year.

(b) Change in Accounting Policies

The following new and revised Standards have been adopted in the current period.

AASB 13 Fair Value Measurement

Council has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements. The fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other A-IFRS require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of AASB 2 Share-based Payment, leasing transactions that are within the scope of AASB 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

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

AASB 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, Council has not made any new disclosures required by AASB 13 for the 2013 comparative period (please see note 23).

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

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

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

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

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

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

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

AASB 119 Employee benefits

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

Notes to the Financial Report

For the Year Ended 30 June 2014

provision from an undiscounted to discounted basis.

This change in classification has not materially altered Council's measurement of the annual leave provision.

(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.

Dividends

Dividend revenue is recognised when the Council's right to receive payment is established.

Other Income

Other income is measured at the fair value of the consideration received or receivable and is recognised when Council gains control over the right to receive the income.

(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.

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

Buildings, land improvements, plant and equipment, infrastructure 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".

Notes to the Financial Report

For the Year Ended 30 June 2014

(e) Depreciation of Property, Plant and Equipment, Infrastructure (Cont.)

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

Asset Description	2013/14 Useful Life
Land	Indefinite
Land Under Roads	Indefinite
Buildings	40- 50 Years
Heritage Buildings	250 years
Plant & Machinery	2- 7 Years
Furniture & Equipment	3-10 Years
Art	Indefinite
Library Books	4-7 Years
Roads	
Base,Right of Ways,Kerb Channels	100-150 Years
Seal	25 Years
Footpaths	80 Years
Drains	100 Years
Bridges	40- 120 Years
Other Infrastructure	10- 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 and interest on borrowings.

(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 price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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 23.

Class of Asset

Threshold \$

Property, Infrastructure, Plant & Equipment

-Land	1
-Land under roads	1
-Buildings	1
-Plant & Equipment	1000
-Furniture & Fittings	1000
-Art	1
-Library Books	1
-Roads & Pavements	1
-Drains	1
-Bridges	1

Revaluation

Subsequent to the initial recognition of assets, non current physical assets, other than plant and equipment 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 23.

In addition, Council undertakes a formal revaluation (either by experienced and appropriately qualified

Notes to the Financial Report

For the Year Ended 30 June 2014

Council officers or independent experts) of land, buildings, art works and infrastructure assets on a regular basis, usually at intervals of Two or Three years. The basis of valuation is detailed in Note 23.

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.

In July 2011, the Department of Transport, Planning and Local Infrastructure (formerly the Department of Planning and Community Development (DPCD)) issued guidance circular LGV circular 15/11 regarding the recognition and measurement of land under roads. It recommended that Council should recognise all land under roads it controls at fair value. A transitional period has been proposed and the Department expects councils to be compliant by the 2014/15 financial year.

(i) Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments (term deposits with a maturity date of 90 days or less) with original maturities of three months or less, net of outstanding bank overdrafts.

(j) Other 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 revenue or expenses. This includes term deposits with a maturity date greater than 90 days.

(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 recognised on the basis of Council's 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%
Stonnington City Council	12.76%
	<hr/>
	100.00%

Details in relation to this investment are included in Note 11.

(m) 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 25).

(n) Employee costs

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

Wages and salaries and annual leave

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

Notes to the Financial Report

For the Year Ended 30 June 2014

(n) Employee costs (Cont.)

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

Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Current Liability - unconditional LSL representing seven years is disclosed as a current liability even when the Council does not expect to settle the liability within 12 months because it will not have the unconditional right to defer settlement of the entitlement should an employee take leave within 12 months.

The components of this current liability are measured at :

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

Classification of employee costs

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

This non-current LSL liability is measured at present value.

Termination benefits

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

Employee benefits on-costs

Employee benefits on-costs (payroll tax, workers

compensation, superannuation, annual leave and long service leave accrued while on LSL taken in service) are recognised separately from provision for employee benefits.

Superannuation

The amount charged to the Comprehensive Operating Statement in respect of superannuation represents contributions made or due by Monash City Council to the relevant superannuation plans in respect to the services of Monash 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 Council is required to comply with (refer to Note 35).

(o) 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.

(p) 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.

(q) Goods and Services Tax

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

- 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
- for receivables and payables which are recognised inclusive of GST.

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

Notes to the Financial Report

For the Year Ended 30 June 2014

(r) 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.

(s) Interest Bearing Loans and 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.

(t) 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 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.

(u) Website costs

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

(v) Rounding

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

(w) 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. 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 30 June 2014 Council has one financial guarantee in place, Waverley Hockey Club \$268,000 (2012/13 \$284,000).

(x) Contingent Assets and Contingent Liabilities and Contractual 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.

Contractual Commitments are not recognised in the Balance Sheet. Contractual Commitments are disclosed at their nominal value by way of note and presented inclusive of the GST payable.

Last financial year (2012/13) total operating commitments showed \$91.373 million. This has been reduced to \$58.526 million due to Annual supply contract has incorrectly included the estimated expenditure as forward commitments.

Notes to the Financial Report

For the Year Ended 30 June 2014

(y) 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.

NOTE 1 (Y)

Pronouncement	Summary	Application Date	Impact on Council
AASB 9 Financial Instruments	<p>AASB 9 standard is one of a series of amendments that are expected to eventually completely replace AASB 139. During 2010-11, the standard will be expanded to include new rules on measurement of financial liabilities and hedge accounting. Currently the existing provisions of AASB 139 will continue to apply in these areas.</p> <p>AASB 9 simplifies the classifications of financial assets into those to be carried at amortised cost and those to be carried at fair value – the ‘available for sale’ and ‘held-to-maturity’ categories no longer exists. AASB 9 also simplifies requirements for embedded derivatives and removes the tainting rules associated with held-to-maturity assets. The new categories of financial assets are:</p> <ul style="list-style-type: none"> • Amortised cost - those assets with ‘basic’ loan features. • Fair value through other comprehensive income - this treatment is optional for equity instruments not held for trading (this choice is made at initial recognition and is irrevocable). • Fair Value through profit and Loss - everything that does not fall into the above two categories. <p>The following changes also apply:</p> <ul style="list-style-type: none"> • Investments in unquoted equity instruments must be measured at fair value. However, cost may be the appropriate measure of fair value where there is insufficient more recent information available to determine a fair value. • There is no longer any requirement to consider whether ‘significant or prolonged’ decline in the value of financial assets has occurred. The only impairment testing will be on those assets held at amortised cost, and all impairments will be eligible for reversal. <p>Similarly, all movements in the fair value of a financial asset now go to the income statement, or, for equity instruments not held for trading, other comprehensive income. There is no longer any requirement to book decrements through the income statement, and increments through equity.</p>	1-Jul-15	<p>The impact is not likely to be extensive in the local government sector. Although it will vary considerably between entities. While the rules are less complex than those of AASB 139, the option to show equity instruments at cost has been largely removed, which is likely to lead to greater volatility within the income statement. However it may also lead to an improved financial position for some entities.</p> <p>This will also create a requirement to measure some instruments annually that has not previously existed.</p>
AASB 128 Investments in Associates and Joint Ventures	<p>This revised Standard sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.</p>	1-Jul-14	<p>The impact of this standard will need to be assessed in line with the final deliberations by the AASB on the application of this standard to not for profit entities.</p>

Notes to the Financial Report

For the Year Ended 30 June 2014

2014
\$'000

2013
\$'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 2013/14 was \$46.371 billion (2012/13 \$45.926 billion). The 2013/14 rate in the dollar was \$0.0020051 (2012/13 \$0.0018916).

Residential	79,580	74,425
Commercial	7,807	7,368
Industrial	5,570	5,235
Rural	19	17
Cultural & Recreational	208	196
Supplementary rates & rate adjustments	969	742
Total	94,153	87,983

The date of the latest general revaluation of land for rating purposes within the municipality is 1 January 2014 and the valuation was first applied in the rating year commencing 1 July 2014.

The date of the previous general revaluation of land for rating purposes within the municipality was 1 January 2012 and the valuation first applied to the rating period commencing 1 July 2012.

NOTE 3 STATUTORY FEES & FINES

Animal Registrations	724	596
Parking Fines	4,273	3,758
Court Fines	743	653
Court Fee Recovery	106	108
Other Fines	18	18
Total	5,864	5,133

Notes to the Financial Report

For the Year Ended 30 June 2014

	2014	2013
	\$'000	\$'000
NOTE 4 USER FEES		
Service Charges	5,588	6,274
Recreation Fees	10,883	10,712
Waste Transfer Station	1,135	1,066
Building Services Fees	1,671	1,415
Provision of Council Information Fees	312	223
Library Fees and Fines	215	198
Town Planning Fees	1,023	713
Bin Charges	1,106	905
Lease Charges	441	429
Hire and Rental Charges	705	690
Other Fees and Charges	784	747
Total	23,863	23,372
NOTE 5 CONTRIBUTIONS		
Cash items		
Developers Public Open Space	2,045	1,927
Developers Drainage	632	691
Developers Car Parking	251	519
Other Infrastructure	633	1,333
	3,561	4,470
Non-Cash items		
Land Under Roads	-	179
Developers Public Open Space- land	135	1,416
Developers Roads	-	102
Developers Footpaths	-	108
Art Donations	320	102
	455	1,907
Total	4,016	6,377

Notes to the Financial Report

For the Year Ended 30 June 2014

	2014 \$'000	2013 \$'000
NOTE 6 GRANTS & SUBSIDIES		
Grants were received in respect of the following:		
Summary of grants & subsidies		
Federal funded grants	8,618	9,354
State funded grants	14,643	17,608
Total	23,261	26,962
Recurrent		
Grants Commission Allocation	1,862	3,571
Grants Commission- Local Roads Funding	579	1,043
Community Programs	3,405	3,172
Residential Care	5,039	6,319
Road Maintenance	553	553
Libraries	1,057	1,040
Monash Gallery of Art	138	132
Metro Access Project	117	111
HACC- Adult Day Care	263	476
HACC- Senior Citizen Services	335	275
HACC- Co-ordination and Planning Assessment	1,761	1,265
HACC- General Home Care/Maintenance	5,760	5,722
Food Services	376	197
Youth Services	320	327
School Crossings	337	329
Immunisation	176	141
Other	55	60
Total Recurrent	22,133	24,733
Non-Recurrent		
Aquatic and Recreation Centre	2	13
Community Programs	550	205
Capital Grants- Capital Works	432	1,863
Other	144	148
Total Non-Recurrent	1,128	2,229
Total	23,261	26,962
Summary of grants & subsidies (Recurrent/Non-Recurrent)		
Grants- Operating (recurrent)	20,879	22,926
Grants- Operating (non-recurrent)	679	414
Grants- Capital (recurrent)	1,254	1,704
Grants- Capital (non-recurrent)	449	1,917
Total	23,261	26,962
Conditions on Grants		
Grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were:		
HACC Minor Capital	192	165
Community Programs	634	288
Total	826	453

Notes to the Financial Report

For the Year Ended 30 June 2014

	2014 \$'000	2013 \$'000
NOTE 7 INTEREST REVENUE		
Investment Interest	1,163	1,511
Rates and Charges Interest	262	449
Other Interest	187	190
Total	1,612	2,150
NOTE 8 OTHER REVENUE		
Chargeable Works	575	469
Monash Gallery of Art	401	331
Recoupment of Valuation Services	177	272
Residential Aged Care Facilities- Refurbishment Recovery	84	84
Recoupment of Legal Fees from Rate Debtors	9	9
Recoupment of Operating Expenses	19	30
Dividends	58	62
Garbage Recycling Income	701	694
Monash Halls	47	53
Other	603	581
Total	2,674	2,585
NOTE 9 NET GAIN (LOSS) ON DISPOSAL OF PROPERTY, PLANT & EQUIPMENT		
Plant & Equipment		
Proceeds from Sale of Assets	960	1,104
Written Down Value of Assets Disposed	(788)	(1,106)
Gain/(Loss) on Disposal of Plant & Equipment	172	(2)
Land for Resale		
Proceeds from Sale of Assets	24	3,819
Written Down Value of Assets Disposed	-	(2,918)
Gain on Disposal of Land for Resale	24	901
Furniture & Office Equipment incl. library books		
Proceeds from Sale of Assets	3	5
Written Down Value of Assets Disposed	-	(5)
Gain on Disposal of Furniture & Office Equipment incl. Library books	3	-
Total		
Proceeds from Sale of Assets	987	4,928
Written Down Value of Assets Disposed	(788)	(4,029)
Total Gain on Disposal of Property, Plant & Equipment	199	899

Notes to the Financial Report

For the Year Ended 30 June 2014

	2014 \$'000	2013 \$'000
NOTE 10 NET GAIN ON DISPOSAL OF RESIDENTIAL AGED CARE FACILITIES		
Proceeds from Sale of Assets	21,840	-
Less:		
Written Down Value of Land & Buildings	13,114	-
Written Down Value of Furniture & Equipment	1,388	-
Redundancy Payment	2,861	-
Expenses related to sale-divestment cost	1,419	-
Total Gain on Disposal of Aged Care Facilities	3,058	-
The net gain on disposal of Residential Aged Care Facilities (RACF) including the proceeds received from the Purchaser less the written down value of the RACF assets and other related sale costs.		
Derecognition of Residential Aged Care Facilities		-
Derecognition of Refundable Deposits for Monash Gardens & Elizabeth Gardens Hostels and Nursing homes	20,575	-
Residential Aged Care Debtors	(1,874)	-
Derecognition of Monash Gardens Independent Living Units	(5,527)	-
Total Derecognition of Residential Aged Care Facilities	13,174	-

* The derecognition of Residential Aged Care Facilities (RACF) comprising Hostels, Nursing Homes and ILUs was executed by Council on 30 April 2014. As part of the sale agreement the full liability of refundable deposits for the residential aged care facilities was transferred to the Purchaser.

Notes to the Financial Report

For the Year Ended 30 June 2014

NOTE 11 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 loss for the year ended 30 June 2014 amounts to \$812,000 which has been recognised as net loss 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 2014 and is included in the Balance Sheet as follows:

REGIONAL LANDFILL CLAYTON SOUTH JOINT VENTURE

Balance Sheet

As at 30 June 2014

	2014	2013
	\$'000	\$'000
Current Assets	16,339	14,528
Current Liabilities	(6,570)	(6,274)
Net Current Assets	9,769	8,254
Non-Current Assets	2,903	7,988
Non-Current Liabilities	(3,005)	(1,121)
Net Assets	9,667	15,121
Contribution-Re Land	1,659	1,659
Reserves	-	619
Retained earnings	8,008	12,843
Equity	9,667	15,121
Share of Monash City Council (16.8%)		
Movements		
Share in Joint Venture Equity as at 1 July, 2013	2,540	2,354
Share of net profits/(loss) of joint venture	(812)	186
Share of Asset Revaluation Reserve of joint venture	(104)	-
Increase/(Decrease) for the year	(916)	186
Share in Joint Venture Equity as at 30 June 2014	1,624	2,540

Notes to the Financial Report

For the Year Ended 30 June 2014

	2014 \$'000	2013 \$'000
NOTE 12 EMPLOYEE BENEFITS		
Salaries & Wages	63,070	61,449
Superannuation	5,499	5,638
Superannuation- early payment discount	-	(361)
Fringe Benefits Tax	290	306
Long Service Leave	1,973	1,602
WorkCover	1,069	1,208
Other Employee Related costs	560	808
	72,461	70,650
Less: Amounts capitalised (non-current assets constructed by Council)	(1,499)	(1,593)
Total	70,962	69,057
NOTE 13 MATERIALS, SERVICES & CONTRACTS		
Materials and Contract Costs	41,786	41,196
Consultants/Contractors	1,173	1,325
Utilities	3,547	3,400
Metropolitan Fire & Emergency Services Board	-	2,363
Fire Services Property Levy	225	-
Legal Costs	1,313	1,335
Monash Community Facilities	1,716	1,959
Insurance	1,435	1,553
Computer Maintenance Costs	1,250	1,150
Equipment Maintenance Costs	1,039	1,130
Bad & Doubtful Debts	1	45
Other	1,730	2,741
Total	55,215	58,197
NOTE 14 DEPRECIATION		
Buildings	6,823	7,192
Plant and Equipment	1,760	1,844
Furniture and Fittings	2,284	2,151
Roads & Pavements *	6,140	7,416
Drains	3,177	3,127
Library Books	1,059	1,056
Bridges	20	11
Other Infrastructure	3,118	2,577
Total	24,381	25,374

* In 2012/13 a review of the useful life of the footpaths component of Roads and Pavements was undertaken and extended from 60 to 80 years resulting in a reduction to annual depreciation expense.

Notes to the Financial Report

For the Year Ended 30 June 2014

	2014 \$'000	2013 \$'000
NOTE 15 FINANCE COSTS		
Loan Interest	851	885
Other Interest	13	66
Total	864	951
NOTE 16 OTHER EXPENSES		
Audit (See Note 36)	240	241
Councillor Allowances	397	347
Lease Payments	761	706
Non-Current Asset Write-offs	13	2
Total	1,411	1,296
NOTE 17 CASH & CASH EQUIVALENTS		
Cash at bank	1,692	1,792
Cash on hand	18	20
Short term deposits (with a maturity date of 90 Days or less)	20,000	26,000
Total	21,710	27,812
NOTE 18 OTHER FINANCIAL ASSETS		
Current		
Unlisted Shares- Purchasing Australia	2	2
Short term deposits (with a maturity date over 90 Days)	24,000	3,000
Total	24,002	3,002
NOTE 19 TRADE & OTHER RECEIVABLES		
Current		
Rates Receivable	2,890	2,993
	2,890	2,993
Parking Infringements	3,880	3,555
Less: Provision for Doubtful Debts	(3,268)	(3,101)
	612	454
Sundry debtors	3,275	4,381
Less: Provision for Doubtful Debts	(42)	(46)
	3,233	4,335
Total	6,735	7,782
Ageing of Sundry Debtors		
The ageing of the Council's Sundry Debtors at reporting date was:		
Current (not yet overdue)	2,961	4,088
Past due by up to 30 days	230	218
Past due between 31 and 180 days	84	71
Past due between 181 and 365 days	-	-
Past due by more than 1 year	-	4
Total Sundry Debtors	3,275	4,381
Movement in Sundry Debtors Provision for Doubtful Debts		
Balance at the beginning of the year	46	46
Provisions adjusted during the year	(4)	-
Balance at the end of year	42	46

Notes to the Financial Report

For the Year Ended 30 June 2014

	2014 \$'000	2013 \$'000
NOTE 20 INVENTORIES		
Hardware	17	15
Fuels	1	3
Construction Consumables	4	9
General	58	81
Total	80	108
NOTE 21 NON-CURRENT ASSETS AS HELD FOR SALE		
Balance at beginning of financial year	-	2,864
Opening Balance Adjustment	-	(82)
Transfer from Property, Plant & Equipment	-	109
Capitalised development costs	-	27
	-	2,918
Less Carrying Amount of Property, Plant & Equipment Sold	-	(2,918)
Balance at end of financial year	-	-
NOTE 22 OTHER ASSETS		
Accrued Income	722	2,522
Prepayments	300	187
Total	1,022	2,709
NOTE 23 PROPERTY, INFRASTRUCTURE, PLANT & EQUIPMENT		
(a) Summary		
at Cost	139,919	151,614
Less Accumulated Depreciation	57,915	55,561
	82,004	96,053
at Deemed cost	2,652	2,652
at Fair Value as at 30 June 2014	1,681,585	-
at Council Valuation as at 30 June 2013	7,723	7,723
at Council Valuation as at 30 June 2012	982,810	2,533,778
	2,672,118	2,541,501
Less Accumulated Depreciation	559,603	555,708
	2,112,515	1,985,793
Total	2,197,170	2,084,498

Notes to the Financial Report

For the Year Ended 30 June 2014

	2014 \$'000	2013 \$'000	
NOTE 23 PROPERTY, INFRASTRUCTURE, PLANT & EQUIPMENT (cont.)			
(a) Summary (Cont.)			
Land			
at cost	-	1,471	
at Fair Value as at 30 June 2014	1,367,631	-	
at Council Valuation as at 30 June 2012	-	1,248,633	
Total	1,367,631	1,250,104	
Land Under Roads			
at Deemed cost	2,652	2,652	
Total	2,652	2,652	
Buildings			
at cost	-	21,519	
at Fair Value as at 30 June 2014	313,954	-	
at Council Valuation as at 30 June 2012	-	302,335	
	313,954	323,854	
Less: Accumulated Depreciation	128,033	133,475	
Total	185,921	190,379	
Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2014 are as follows:			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Land	-	330,817	1,036,815
Buildings	-	-	185,921
Total	-	330,817	1,222,736
Plant & Equipment			
at cost	14,470	14,455	
Less: Accumulated Depreciation	6,788	6,628	
Total	7,682	7,827	
Furniture & Fittings			
at cost	26,663	28,190	
Less: Accumulated Depreciation	18,363	19,298	
Total	8,300	8,892	
Art			
at cost	373	-	
at Council Valuation as at 30 June 2013	5,556	5,556	
Total	5,929	5,556	
Library Books			
at cost	7,344	6,990	
Less: Accumulated Depreciation	4,811	4,454	
Total	2,533	2,536	

Notes to the Financial Report

For the Year Ended 30 June 2014

	2014 \$'000	2013 \$'000
NOTE 23 PROPERTY, INFRASTRUCTURE, PLANT & EQUIPMENT (Cont.)		
(a) Summary (Cont.)		
Roads & Pavements		
at Council Valuation 30 June 2012	668,180	668,180
at cost	13,638	8,195
	681,818	676,375
Less: Accumulated Depreciation	272,306	266,166
Total	409,512	410,209
Drains		
at Council Valuation 30 June 2012	314,630	314,630
at cost	4,101	2,578
	318,731	317,208
Less: Accumulated Depreciation	158,293	155,116
Total	160,438	162,092
Bridges		
at Council Valuation 30 June 2013	2167	2,167
Less: Accumulated Depreciation	971	951
Total	1,196	1,216
Other Infrastructure		
at cost	71,078	65,536
Less: Accumulated Depreciation	27,953	25,181
Total	43,125	40,355
Work In Progress		
at cost	2,252	2,680
Total	2,252	2,680

Fair Value assessments have been performed as at 30 June 2014 for Roads, Drains and Bridges. This assessment demonstrated that fair value was materially similar to carrying value, and therefore a full revaluation was not carried out this year.

The next scheduled revaluation will be conducted in 2014/15.

Details of the Council's Roads, Drains and Bridges and information about the fair value hierarchy as at 30 June 2014 are as follows:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Roads	-	-	409,512
Drains	-	-	160,438
Bridges	-	-	1,196
Total	-	-	571,146

Notes to the Financial Report

For the Year Ended 30 June 2014

2014

NOTE 23 PROPERTY, INFRASTRUCTURE, PLANT & EQUIPMENT

(b) Summary

	Land \$'000	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	Work In Progress \$'000	Total \$'000
Cost and Valuation														
Cost and Valuation 1 July 2013	1,250,105	2,652	323,854	14,455	28,189	5,556	6,989	676,375	317,208	2,167	65,536	2,680	2,695,766	
Additions	-	-	78	2,387	1,762	53	1,057	-	-	-	-	-	17,791	
Transfer from WIP	-	-	4,152	18	914	-	-	5,307	1,523	-	6,304	(18,218)	23,128	
Disposal of Assets	(3,440)	-	(19,063)	(2,391)	(4,202)	-	(702)	-	-	-	(761)	-	(30,559)	
Recognition of Land and Roads from Developers	-	-	-	-	-	-	-	135	-	-	-	-	-	
Donated Assets	-	-	-	-	-	320	-	-	-	-	-	-	-	
Asset Revaluation Increment/ (Decrement)	120,966	-	4,932	-	-	-	-	-	-	-	-	-	-	
Cost and Valuation 30 June 2014	1,367,631	2,652	313,953	14,469	26,663	5,929	7,344	681,817	318,731	2,167	71,079	2,253	2,814,688	
Accumulated Depreciation														
Accumulated Depreciation 1 July 2013	-	-	133,475	6,628	19,298	-	4,454	266,166	155,116	951	25,181	-	611,269	
Depreciation & Amortisation (NOTE 12)	-	-	6,823	1,760	2,284	-	1,059	6,140	3,177	20	3,118	-	24,381	
Depreciation Adjustment on Disposal	-	-	(9,389)	(1,600)	(3,219)	-	(702)	-	-	-	(345)	-	(15,255)	
Asset Revaluation Increment/ (Decrement)	-	-	(2,876)	-	-	-	-	-	-	-	-	-	(2,876)	
Accumulated Depreciation 30 June 2014	-	-	128,033	6,788	18,363	-	4,811	272,306	158,293	971	27,954	-	617,519	
Written Down Value 30 June 2014	1,367,631	2,652	185,920	7,681	8,300	5,929	2,533	409,511	160,438	1,196	43,125	2,253	2,197,169	

Notes to the Financial Report

For the Year Ended 30 June 2014

2013

NOTE 23 PROPERTY, INFRASTRUCTURE, PLANT & EQUIPMENT

(b) Summary

	Land \$'000	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	Work In Progress \$'000	Total \$'000
Cost and Valuation														
Cost and Valuation 1 July 2012	1,248,633	2,473	302,335	14,034	26,010	5,208	7,412	668,180	314,629	1,075	58,935	20,122	2,669,046	
Recognition of Land and Roads Additions	-	179	-	-	-	-	-	-	-	-	-	-	179	
Transfer from WIP	55	-	3,485	2,717	2,530	52	1,096	7,078	2,453	-	5,734	2,680	27,880	
Disposal of Assets	-	-	18,034	-	-	-	-	908	126	-	1,054	(20,122)	-	
Recognition of Land and Roads from Developers	1,417	-	-	(2,296)	(351)	-	(1,519)	-	-	-	(187)	-	(4,353)	
Donated Assets	-	-	-	-	-	102	-	-	-	-	-	-	102	
Asset Revaluation Increment/ (Decrement)	-	-	-	-	-	194	-	-	-	1,092	-	-	1,286	
Cost and Valuation 30 June 2013	1,250,105	2,652	323,854	14,455	28,189	5,556	6,989	676,375	317,208	2,167	65,536	2,680	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	190,379	7,827	8,891	5,556	2,535	410,209	162,092	1,216	40,355	2,680	2,084,497	

Notes to the Financial Report

For the Year Ended 30 June 2014

NOTE 23 PROPERTY, INFRASTRUCTURE, PLANT & EQUIPMENT (cont.)

Valuation Basis

Non specialised Land and Buildings

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

The effective date of the valuation is 30 June 2014. To the extent that non-specialised land and non-specialised buildings do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market based direct comparison approach.

Specialised Land and Buildings

An independent valuation of Council's specialised buildings was performed by Westlink Consulting.

The valuation was performed using either the market based direct comparison method or the depreciated replacement cost, adjusted for restrictions in use. The effective date of valuation is 30 June 2014. An adjustment is made to reflect a restriction on the sale or use of an asset by Council. The adjustment is an allowance made to reflect the difference in value between unrestricted assets and those held by the Council which are impacted by external restraints on their use. Specialised assets contain significant, unobservable adjustments, therefore these assets are classified as Level 3 fair value measurements.

Land Under Roads

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 englobo (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive Income Statement.

Roads, Drains and Bridges

Roads, Drains and Bridges are valued using the depreciated replacement cost method. This cost represents the replacement cost of the building/component after applying depreciation rates on a useful life basis. The valuation of Council's Roads, Drains & Bridges was carried out by Monash Council Engineer James Paterson (C.P Eng, Grad Dip Municipal Engineering and Management).

There were no changes in valuation techniques throughout the period to 30 June 2014. All assets are measured at fair value, the current use is considered the highest and best use.

Art

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

Reconciliation of Level 3 Fair Value

2014	Specialised Land	Specialised Buildings	Land Under Roads	Roads, Drains & Bridges
Opening Balance	934,879	190,379	2,652	573,517
Depreciation	-	(6,823)	-	(9,337)
Revaluation	101,936	7,808	-	-
Acquisition & Disposals	-	(5,444)	-	6,966
Transfers	-	-	-	-
Closing Balance	1,036,815	185,920	2,652	571,146

Notes to the Financial Report

For the Year Ended 30 June 2014

Description of significant unobservable inputs into level 3 valuations

Asset Type	Valuation Technique	Significant Unobservable Inputs	Range	Sensitivity
Specialised Land	Market based direct comparison approach (refer above)	Community service obligation adjustment	20%- 50%	Increase or decrease in the extent of restriction would result in a significantly lower or higher fair value.
Buildings	Depreciated Replacement Cost	Direct cost per square metre	\$250-5800 psm	Increase or decrease in the direct cost per square metre adjustment would result in a significantly lower or higher fair value.
		useful life of buildings	30- 270 years	
Land Under Roads	Market based direct comparison approach (refer above)	Extent and impact of restriction of use		Increase or decrease in the extent of restriction would result in a significantly lower or higher fair value.
Drains and Pits	Depreciated Replacement Cost	Direct cost per square metre	\$250-5800 psm	Increase or decrease in the direct cost per square metre adjustment would result in a significantly lower or higher fair value.
		useful life of drains and pits	30- 270 years	
Bridges	Depreciated Replacement Cost	Direct cost per square metre	\$1500-5000 psm	Increase or decrease in the direct cost per square metre adjustment would result in a significantly lower or higher fair value.
		useful life of bridges	45- 120 years	
Road-Pavements	Depreciated Replacement Cost	Direct cost per square metre	\$160-358 psm	Increase or decrease in the direct cost per square metre adjustment would result in a significantly lower or higher fair value.
		useful life of Road Pavements	25- 150 years	
Roads-Footpaths	Depreciated Replacement Cost	Direct cost per square metre	\$94-156 psm	Increase or decrease in the direct cost per square metre adjustment would result in a significantly lower or higher fair value.
		useful life of Road Footpaths	80 years	
Roads-Laneways	Depreciated Replacement Cost	Direct cost per square metre	\$51-127 psm	Increase or decrease in the direct cost per square metre adjustment would result in a significantly lower or higher fair value.
		useful life of Road Laneways	100 years	

Notes to the Financial Report

For the Year Ended 30 June 2014

	2014 \$'000	2013 \$'000
NOTE 24 TRADE & OTHER PAYABLES		
Employee Costs	649	949
Material, Services & Contracts	6,848	6,613
Capital Costs	3,826	4,345
Total	11,323	11,907

NOTE 25 TRUST FUNDS & DEPOSITS		
Refundable Construction/Other Deposits	5,293	4,731
Unclaimed Monies	20	32
Refundable Building/Security Deposits	820	714
Oakleigh Cemetery Trust Fund	1	1
Other	34	7
Total	6,168	5,485

NOTE 26 INCOME IN ADVANCE		
HACC Funding-Capital	-	77
MARC/ORC/CAHC Membership & Learn-to-Swim	286	636
Infrastructure	-	110
Other	63	21
Total	349	844

NOTE 27 PROVISIONS		
Current provisions expected to be settled within 12 months		
Annual leave	3,726	4,082
Long service leave	1,749	1,966
	5,475	6,048
Current provisions expected to be settled after 12 months		
Annual leave	1,275	1,101
Long service leave	8,014	7,885
	9,289	8,986
Total current provisions	14,764	15,034
Non-current		
Long service leave	1,351	1,285
Total Non-current provisions	1,351	1,285

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

Weighted average discount rates	2.65%	2.67%
Weighted average settlement period	2-4 Years	2-4 Years
Weighted average increase in employee costs	3.38%	3.82%
Inflation Rate (based on Council current EBA rate)	3.25%	4.00%

Notes to the Financial Report

For the Year Ended 30 June 2014

NOTE 27 PROVISIONS (Cont.)

	Annual leave \$ '000	Long service leave \$ '000	Total \$ '000
2014			
Balance at beginning of the financial year	(5,183)	(11,136)	(16,319)
Additional provisions	(4,012)	(1,772)	(5,784)
Amounts used	3,898	1,035	4,933
(Decrease)/Increase in the discounted amount arising because of time and the effect of any change in the discount rate	(278)	(200)	(478)
Sale of Residential Aged Care Facilities	574	959	1,533
Balance at the end of the financial year	(5,001)	(11,114)	(16,115)
2013			
Balance at beginning of the financial year	(4,942)	(10,612)	(15,554)
Additional provisions	(3,932)	(1,627)	(5,559)
Amounts used	3,724	1,077	4,801
(Decrease)/Increase in the discounted amount arising because of time and the effect of any change in the discount rate	(33)	26	(7)
Balance at the end of the financial year	(5,183)	(11,136)	(16,319)

Notes to the Financial Report

For the Year Ended 30 June 2014

	2014 \$'000	2013 \$'000
NOTE 28 INTEREST-BEARING LOANS & BORROWINGS		
Current		
Bank loans (Secured)	1,700	3,200
	<u>1,700</u>	<u>3,200</u>
Non Current		
Bank loans (Secured)	10,100	11,800
	<u>10,100</u>	<u>11,800</u>
Total	11,800	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	1,700	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	8,400	10,100
Total	11,800	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
Total	3,000	3,000
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 29 REFUNDABLE DEPOSITS

Refundable Deposit for hostels and nursing homes *	461	19,673
Total	461	19,673

* The divestment of Residential Aged Care Facilities comprising Hostels, Nursing Homes and ILUs was executed by Council on 30 April 2014. As part of the sale agreement the full liability of refundable deposits for the Residential Aged Care Facilities was transferred to the Purchaser (Refer Note 10).

As at 30 June 2014 Council was still holding refundable deposits (\$461,000) related to deceased estates that were not part of the aged care sale.

Notes to the Financial Report

For the Year Ended 30 June 2014

NOTE 30 RESERVES

(a) Asset revaluation reserves

2014	Balance at beginning of reporting period \$'000	Increment / (decrement) \$'000	Balance at end of reporting period \$'000
Property			
Land	891,844	120,966	1,012,810
Buildings	55,126	7,808	62,934
Infrastructure			
Roads	138,730	-	138,730
Drainage	49,162	-	49,162
Other Infrastructure	8,638	-	8,638
Other			
Plant & Equipment	11	-	11
Library Books	250	-	250
Art Collection	1,978	-	1,978
	1,145,739	128,774	1,274,513
Investment in Associates			
Clayton landfill	410	-104	306
Total Asset revaluation reserves	1,146,149	128,670	1,274,819
2013			
Property			
Land	891,844	-	891,844
Buildings	55,126	-	55,126
Infrastructure			
Roads	138,730	-	138,730
Drains	49,162	-	49,162
Other Infrastructure	7,996	642	8,638
Other			
Plant & Equipment	11	-	11
Library Books	250	-	250
Art Collection	1,786	192	1,978
	1,144,905	834	1,145,739
Investment in Associates			
Clayton landfill	410	-	410
Total Asset revaluation reserves	1,145,315	834	1,146,149

The asset revaluation reserve is used to record the increased (net) value of Council's assets over time.

Notes to the Financial Report

For the Year Ended 30 June 2014

NOTE 30 RESERVES (cont.)

(b) Discretionary Reserves	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
2014				
Development Reserve	7,161	-	(7)	7,154
Debt Management Reserve	-	15,000	(3,200)	11,800
Total Discretionary Reserves	7,161	15,000	(3,207)	18,954
2013				
Development Reserve	7,310	-	(149)	7,161
Debt Management Reserve	-	-	-	-
Total Discretionary Reserves	7,310	-	(149)	7,161
(c) Statutory Reserve				
2014				
Drainage Reserve	5,634	632	(64)	6,202
Parking Reserve	592	251	(60)	783
Public Open Space Reserve	-	2,045	(2,045)	-
Total Statutory Reserves	6,226	2,928	(2,169)	6,985
2013				
Drainage Reserve	5,042	691	(99)	5,634
Parking Reserve	512	519	(439)	592
Public Open Space Reserve	-	1,927	(1,927)	-
Total Statutory Reserves	5,554	3,137	(2,465)	6,226

Development Reserve (formerly named the Residential Aged Care Facilities Upgrade Reserve)

This Reserve provided for future capital upgrades and refurbishment at Council's aged care facilities. Following the divestment of Council's aged care facilities, the Reserve has been renamed to reflect Council's desire to utilise the funds for wider municipal development.

Debt Management Reserve

This Reserve was formed with the net proceeds of the sale of the Residential Aged Care Facilities (est. \$15M) and provides for the reduction of Council's loan portfolio of \$11.8M (\$15M as at 30 June 2013). This Reserve will be drawn on to reduce Council debt.

Drainage Reserve

New property developments are required to make a contribution towards Council's strategic drainage system where the development may impact on the drainage system. These funds are maintained by catchment area and when any strategic drainage projects are undertaken funds in that catchment area's account are utilised to fund these works.

Parking Reserve

Currently where a development is considered to increase the parking requirements of a centre the developer is required to pay a predetermined amount per additional parking space required.

Public Open Space Reserve

Any development in excess of two units is required to contribute 5% of the development as Public Open Space, or in default pay to Council 5% of the value of the land in a cash contribution. These funds are then used to either upgrade recreational facilities in existing Public Open Space or provide additional Public Open Space in the municipality. All funds received during 2013/14 were allocated to eligible projects.

Notes to the Financial Report

For the Year Ended 30 June 2014

NOTE 31 CONTRACTUAL COMMITMENTS

Council has entered into the following commitments:

	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
2014					
Operating					
Animal Control	110	-	-	-	110
Cleaning Services	578	44	-	-	622
Domestic Waste Collection	11,854	8,067	5,711	-	25,631
Golf Course Management	155	155	-	-	311
Other Operating Services	4,218	499	326	-	5,043
Printing & IT Infrastructure	483	39	28	-	550
Recycling	2,127	2,127	4,255	-	8,509
Repairs & Maintenance	4,338	444	52	-	4,833
Supply Meals/Foodstuffs	561	200	-	-	761
Traffic & Parking Management	1,485	-	-	-	1,485
Utilities & Fuel	1,307	92	-	-	1,399
Total Operating	27,215	11,667	10,371	-	49,253
Capital					
Buildings	4,725	-	-	-	4,725
Infrastructure	1,566	105	314	209	2,193
Roads	2,929	-	-	-	2,929
Other	436	-	-	-	436
Total Capital	9,656	105	314	209	10,283
2013 *					
Operating					
Animal Control	271	271	-	-	541
Cleaning Services	1,261	1,724	-	-	2,984
Domestic Waste Collection	10,626	8,778	7,360	-	26,764
Golf Course Management	-	-	-	-	-
Other Operating Services	5,592	2,334	1,431	-	9,358
Printing & Distribution	358	-	-	-	358
Recycling	2,940	2,940	2,940	-	8,821
Repairs & Maintenance	4,023	268	-	-	4,291
Supply Meals/Foodstuffs	151	10	10	-	171
Traffic & Parking	601	601	-	-	1,201
Utilities	2,574	1,406	57	-	4,037
Total Operating	28,396	18,332	11,799	-	58,526
Capital					
Infrastructure	1,063	-	-	-	1,063
Roads	587	-	-	-	587
Other	354	354	-	-	708
Total Capital	2,004	354	-	-	2,359

*Last financial year (2012/13) total operating commitments showed \$91.373 million. This has been reduced to \$58.526 million due to Annual supply contract has incorrectly included the estimated expenditure as forward commitments (Refer to Note 1(x)).

Notes to the Financial Report

For the Year Ended 30 June 2014

NOTE 32 OPERATING LEASE COMMITMENTS

At the reporting date, 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)

	2014	2013
	\$'000	\$'000
Not later than one year	628	867
Later than one year but not later than two years	1,182	1,048
Later than two years but not later than five years	-	943
Later than five years	-	1,773
Total	1,810	4,631

Note 33 CONTINGENT LIABILITIES & ASSETS

Contingent Assets

As at 30 June 2014, there are no potential contingent assets.

Contingent liabilities

Arising from legal matters

The Council is presently involved in several confidential legal matters, which are being conducted through Council's solicitors. As these matters are yet to be finalised and the financial outcomes are unable to be reliably estimated, no allowance for these contingencies has been made in the Financial Report.

Arising from insurable claims

Council maintains a comprehensive insurance portfolio in respect of all identified areas of potential liability. Council presently has no outstanding claims in these areas except in respect of public liability.

Other

Council is not aware of other matters outstanding which may lead to a future liability, that is not already allowed for in the financial statements.

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.

	2014	2013	2012
	Outstanding	Outstanding	Guarantee
	Loan	Loan	Limit
	Liability	Liability	
	\$'000	\$'000	\$'000
Waverley Hockey Club	268	284	300
	268	284	300

Notes to the Financial Report

For the Year Ended 30 June 2014

NOTE 34 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 2013 to 30 June 2014

Councillor Geoff Lake (Mayor 07.11.13-30.06.14)
 Councillor Brian Little
 Councillor Stephen Dimopoulos
 Councillor Robert Davies
 Councillor Micaela Drieberg (Mayor 01.07.13-06.11.13)
 Councillor Katrina Nolan
 Councillor Paul Klisaris
 Councillor Bill Pontikis
 Councillor Jieh-Yung Lo
 Councillor Rebecca Paterson
 Councillor Theo Zographos

Chief Executive Officer

Andi Diamond

(ii) Remuneration of Responsible Persons

Annualised remuneration of responsible persons were within the following bands:

	2014	2013
	No.	No.
\$1- \$9,999	-	5
\$10,000- \$19,999	-	1
\$20,000- \$29,999	9	10
\$50,000- \$59,999	1	-
\$70,000- \$79,999	1	1
\$320,000- \$329,999	-	1
\$350,000- \$359,999	1	-
Total	12	18
	\$'000	\$'000
Total Remuneration for the reporting year for Responsible Persons, included above, amounted to:	747	673

(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 \$133,000 (2012/13 \$127,000), or if remuneration is less than \$133,000 has management responsibilities and reports directly to the Chief Executive Officer.

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

Income Range:	2014 No.	2013 No.
\$127,000- \$129,999	-	2
\$130,000- \$132,999	-	2
\$133,000- \$139,999	4	4
\$140,000- \$149,999	8	7
\$150,000- \$159,999	3	4
\$160,000- \$169,999	2	3
\$170,000- \$179,999	2	2
\$180,000- \$189,999	2	2
\$200,000- \$209,999	-	1
\$210,000- \$219,999	2	-
\$220,000- \$229,999	1	1
\$230,000- \$239,999	2	-
\$240,000- \$249,999	-	1
Total	26	29
	\$'000	\$'000
Total Remuneration for the reporting year for Senior Officers included above, amounted to:	4,323	4,584

Notes to the Financial Report

For the Year Ended 30 June 2014

NOTE 35 SUPERANNUATION

Council made Contributions to the following funds:	2014	2013
	\$'000	\$'000
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	2,817	2,715
Employer contributions to various other funds	1,619	1,481
	<u>4,436</u>	<u>4,196</u>

Monash 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 Council and Council's legal or constructive obligation is limited to these contributions.

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

Accumulation

The Fund's accumulation category, Vision MySuper/ 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 2014, this was 9.25% required under Superannuation Guarantee legislation). Our commitment to defined contribution plans is limited to making contributions in accordance with our minimum statutory requirements. 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 2014, the Superannuation Guarantee contribution rate is legislated to increase to 9.5%, and will progressively increase to 12% by 2019. Based on announcements included in the May 2014 Federal Budget, this progressive increase to 12% will be delayed until 2022.

	2014	2013
	\$'000	\$'000
Fund		
Defined benefits fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	616	700
	<u>616</u>	<u>700</u>

As provided under Paragraph 34 of AASB 119, Monash Council does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a multi-employer sponsored plan.

As a multi-employer sponsored plan, the Fund was established as a mutual scheme to allow for the mobility of the workforce between the participating employers without attaching a specific liability to particular employees and their current employer. Therefore, there is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation in the Fund cannot be measured as a percentage compared with other participating employer. While there is an agreed methodology to allocate any shortfalls identified by the Fund Actuary for funding purposes, there is no agreed methodology to allocate benefit liabilities, assets and costs between the participating employers for accounting purposes. Therefore, the Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

Funding arrangements

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. The Fund's employer funding arrangements comprise of three components (which are detailed below):

- 1.Regular contributions- which are ongoing contributions needed to fund the balance of benefits for current members and pensioners;
- 2.Funding calls – which are contributions in respect of each participating employer's share of any funding shortfalls that arise; and
- 3.Retrenchment increments – which are additional contributions to cover the increase in liability arising from retrenchments.

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

Notes to the Financial Report

For the Year Ended 30 June 2014

	2014 \$'000	2013 \$'000
NOTE 36 AUDITOR'S REMUNERATION		
Audit services during the year were conducted by the Victorian Auditor- General's Office. The costs relating to these services are as follows:		
External Audit- Victorian Auditor-General's Office	59	57
Internal Audit- Price Waterhouse Coopers (PWC)	181	184
Total	240	241
NOTE 37 RECONCILIATION OF CASHFLOWS FROM OPERATING ACTIVITIES TO SURPLUS/(DEFICIT)		
Surplus/(Deficit) for the year	18,229	772
Depreciation	24,381	25,374
Net Gain on disposal of Property, Infrastructure, Plant and Equipment	(7,524)	(899)
Non-Current Assets Written off	13	2
Developer contributions of Land Under roads	(135)	(1,805)
Art Donation	(320)	(102)
<i>Change in operating assets and liabilities</i>		
(Increase)/Decrease in Receivables	(526)	272
Decrease/(Increase) in Prepayments	(113)	179
Increase/(Decrease) in Current Refundable Deposits	(15,484)	-
Increase/(Decrease) in Other Liabilities	2,787	-
Decrease in Investments	812	(186)
Increase/(Decrease) in Payables	(48)	(1,052)
Increase/(Decrease) in Current Provisions	(1,062)	1,016
Increase/(Decrease) in Unfunded Super	-	(12,320)
(Decrease)/Increase in Non Current Provisions	66	(9)
Net cash provided by/ (used in) operating activities	21,076	11,242

Notes to the Financial Report

For the Year Ended 30 June 2014

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	17	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
Other Financial Assets	18		Council is able to withdraw amounts at call.
Trade and Other Receivables	19	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	28	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 28.
Interest-Bearing Loans & Borrowings	28	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 fixed debt of \$11.8 million. Fixed debt is maturing each year over a period of 4 years from 30/6/2015 to 30/6/2018 inclusive. Details of the security over the bank loans are set out in Note 28.
Payables	24	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	25	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.

Notes to the Financial Report

For the Year Ended 30 June 2014

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	
	2014 %	2013 %	1 year or less		Over 1 to 5 years		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 %	2013 %
			2014 %	2013 %	2014 %	2013 %						
(i) Financial Assets												
Cash & Cash Equivalents	3.62	4.09	-	-	-	-	-	-	21,710	27,812	3.62	4.09
Other Financial Assets	-	-	-	-	-	-	-	-	24,002	3,002	-	-
Trade and Other Receivables	-	-	10.50	10.50	-	-	3,233	4,335	6,735	7,782	5.46	5.09
Investment in Joint Venture	-	-	-	-	-	-	1,624	2,540	1,624	2,540	-	-
Total financial assets							4,857	6,875	54,071	41,136		
(ii) Financial Liabilities												
Interest-Bearing Loans & Borrowings	-	3.43	7.07	7.56	4.42	6.18	11,800	15,000	11,800	15,000	5.87	5.82
Trade and Other Payables	-	-	-	-	-	-	11,323	11,907	11,323	11,907	-	-
Trust Funds & Deposits	-	-	-	-	-	-	6,168	5,485	6,168	5,485	-	-
Refundable Deposits	-	-	-	-	-	-	461	19,673	461	19,673	-	-
Total financial liabilities							29,752	52,065	29,752	52,065		

Notes to the Financial Report

For the Year Ended 30 June 2014

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	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<i>(1) Financial assets</i>				
Cash and cash equivalents	21,710	27,812	21,710	27,812
Other financial assets	24,002	3,002	24,002	3,002
Trade and other receivables	3,233	4,335	3,233	4,335
Other assets	1,022	2,709	1,022	2,709
Total financial assets	49,967	37,858	49,967	37,858
<i>(2) Financial liabilities</i>				
Trade and other payables	11,323	11,907	11,323	11,907
Trust funds and deposits	6,168	5,485	6,168	5,485
Interest-bearing loans and borrowings	11,800	15,000	11,800	15,000
Total financial liabilities	29,291	32,392	29,291	32,392

(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. 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.

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;

Notes to the Financial Report

For the Year Ended 30 June 2014

- 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 33.

Movement in Provisions for Doubtful Debts	2014 \$'000
Balance at the beginning of the year	46
Provisions adjusted during the year	(4)
Balance at end of year	42

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 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 2014

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 -1% in market interest rates (AUD) from year-end rates of 2.5% (assuming cash remains steady throughout the year).

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			
		-1%		1%	
		100 basis points		100 basis points	
		Profit	Equity	Profit	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
2014					
Financial assets:					
Cash and cash equivalents	21,692	(217)	(217)	217	217
Other financial assets	25,024	(250)	(250)	250	250
Trade and other receivables	3,233	(32)	(32)	32	32
Financial liabilities:					
Interest-bearing loans and borrowings	11,800	118	118	(118)	(118)
Market risk exposure	Carrying amount subject to interest	Interest rate risk			
		-1%		+1%	
		100 basis points		100 basis points	
		Profit	Equity	Profit	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
2013					
Financial assets:					
Cash and cash equivalents	27,792	(278)	(278)	278	278
Other financial assets	5,711	(57)	(57)	57	57
Trade and other receivables	4,335	(43)	(43)	43	43
Financial liabilities:					
Interest-bearing loans and borrowings	15,000	150	150	(150)	(150)

Notes to the Financial Report

For the Year Ended 30 June 2014

	2014	2013
	\$'000	\$'000
NOTE 39 CAPITAL EXPENDITURE		
Buildings	4,851	3,492
Drainage	1,835	2,238
Reserves	1,968	2,445
Roads/footpaths/kerb and channel	7,161	8,906
Retail strips/district centres	915	519
Other works	1,214	1,190
Major Projects	377	4,404
Asset Rationalisation	30	190
Plant and Equipment	5,487	5,890
	<u>23,838</u>	<u>29,274</u>
Less projects accounted for as Operating but managed as part of the Capital Program	(709)	(1,479)
Total	23,129	27,795
Represented by:		
Renewal	16,768	18,236
Upgrade	5,867	5,853
New/Expansion of Infrastructure	549	-
New/Expansion of Buildings	654	5,185
Sub-total	23,838	29,274
Less Projects accounted for as Operating but managed as part of the Capital Program	(709)	(1,479)
Total	23,129	27,795

Notes to the Financial Report

For the Year Ended 30 June 2014

NOTE 39 CAPITAL EXPENDITURE (CONT.)

Property, Infrastructure, Plant and Equipment movement

The movement between the previous year and the current year in Property, Infrastructure, Plant and Equipment as shown in the Balance Sheet links to the net of the following items:

	2014 \$'000	2013 \$'000
Total Capital Expenditure	23,129	27,795
Asset Rationalisation associated with Asset as held for sale	-	(51)
Land taken up as Assets- 4 Betty Court	-	55
Transfer from Non-current Asset as held for sale	-	81
Net Additions	23,129	27,880
Contributions- non-monetary assets	455	1,907
Asset Revaluation movement	128,774	835
Depreciation	(24,381)	(25,374)
Written down value of assets sold	(15,304)	(1,223)
Net movement in Property, Infrastructure, Plant and Equipment	112,672	4,025

(a) Renewal

Expenditure on an existing asset which returns the service potential or the life of the asset up to that which it had originally. It is periodically required expenditure, relatively large (material) in value compared with the value of the components or sub-components of the asset being renewed. As it reinstates existing service potential, it has no impact on revenue, but may reduce future operating and maintenance expenditure if completed at the optimum time.

(b) Upgrade

Expenditure which enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally. Upgrade expenditure is discretionary and often does not result in additional revenue unless direct user charges apply. It will increase operating and maintenance expenditure in the future because of the increase in the council's asset base.

(c) Expansion

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

Notes to the Financial Report

For the Year Ended 30 June 2014

NOTE 40 COMPREHENSIVE OPERATING STATEMENT FOR COUNCIL'S RESIDENTIAL AGED CARE FACILITIES

	2014	2013	* Elizabeth	2013
	\$'000	(Adjusted)	Gardens ILUs	\$'000
		\$'000	\$'000	
Revenue				
Grants & Subsidies	5,038	6,273	-	6273
Contributions and Donations	358	521	15	536
User Charges	2,860	3,363	31	3394
Interest Revenue	864	995	-	995
Other Revenue	82	63	5	68
Total Revenue	9,202	11,215	51	11,266
Expenses				
Employee Benefits Expense	7,071	8,287	-	8287
Materials, Services & Contracts	2,203	2,292	5	2297
Utilities	230	240	3	243
Direct/Indirect Overheads	788	795	4	799
Depreciation	503	699	-	699
Total Expenses	10,795	12,313	12	12,325
	(1,593)	(1,098)	39	(1,059)
Net Gain/(loss) on disposal of Residential Aged Care Facilities (Note 10)	3,058	-		
Comprehensive Result	1,465	(1,098)	39	(1,059)

Notes to the Financial Report

For the Year Ended 30 June 2014

NOTE 40 BALANCE SHEET FOR COUNCIL'S RESIDENTIAL AGED CARE FACILITIES

	2014 \$'000	2013 (Adjusted) \$'000	* Elizabeth Gardens ILUs \$'000	2013 \$'000
ASSETS				
Current Assets				
Receivables	-	1,847	290	2,137
Investments	-	19,673	-	19,673
Total Current Assets	-	21,520	290	21,810
Non-Current Assets				
Land and Buildings	-	15,082	-	15,082
Plant and Equipment	-	1,632	-	1,632
Total Non-Current Assets	-	16,714	-	16,714
TOTAL ASSETS	-	38,234	290	38,524
LIABILITIES				
Current Liabilities				
Payables				
Refundable Deposits	-	19,674	-	19,674
Provision- Donations	-	27	-	27
TOTAL LIABILITIES	-	19,701	-	19,701
NET ASSETS	-	18,533	290	18,823
EQUITY				
Surplus/(deficit) for the year	-	(1,098)	39	(1,059)
Accumulated Surplus	-	19,631	251	19,882
TOTAL EQUITY	-	18,533	290	18,823

*Elizabeth Garden Independent living unit was not part of the divestment of Residential Aged care facilities. 2012/13 Balance Sheet has been adjusted accordingly for comparative purposes.

Notes to the Financial Report

For the Year Ended 30 June 2014

NOTE 41 FINANCIAL RATIOS

(a) Debt Servicing Ratio

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

	2014	2013	2012
<u>Debt Servicing Costs</u>	864	951	715
<u>Total Revenue</u>	171,062	155,647	158,297
	= 0.51%	= 0.61%	= 0.45%

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).

	2014	2013	2012
<u>Debt Servicing & Redemption Costs</u>	4,064	2,651	2,415
<u>Rate Revenue</u>	94,153	87,983	81,773
	= 4.32%	= 3.01%	= 2.95%

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).

	2014	2013	2012
<u>Rate Revenue</u>	94,153	87,983	81,773
<u>Total Revenue</u>	171,062	155,647	158,297
	= 55.04%	= 56.53%	= 51.66%

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).

	2014	2013	2012
<u>Total Indebtedness</u>	46,216	69,228	82,653
<u>Total Realisable Assets</u>	1,638,072	1,514,578	1,529,289
	= 2.82%	= 4.57%	= 5.40%

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).

	2014	2013	2012
<u>Current Assets</u>	53,549	41,413	57,443
<u>Current Liabilities</u>	34,765	56,143	57,240
	= 154.03%	= 73.76%	= 100.35%

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.

(f) Adjusted Working Capital Ratio

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

	2014	2013	2012
<u>Current Assets</u>	53,549	41,413	57,443
<u>Current Liabilities</u>	24,541	26,619	26,982
	= 218.20%	= 155.58%	= 212.89%

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 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 it 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: 26 August 2014

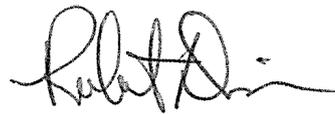
In our opinion the accompanying financial report presents fairly the financial transactions of Monash City Council for the year ended 30 June 2014 and the financial position of the Council as of that date.

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.

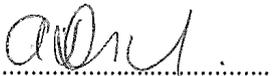
We were authorised by the Council on 26 August 2014 to certify the financial report in its final form on behalf of the Council.



.....
Mayor
Geoff Lake



.....
Councillor
Robert Davies



.....
Chief Executive Officer
Andi Diamond

Dated: 26 August 2014

Standard Statements

For the Year Ended 30 June 2014

Note 1 BASIS OF PREPARATION OF THE STANDARD STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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 greater than 10 per cent but limited to \$1M. 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 25 June 2013. The budget was based on assumptions that were relevant at the time of adoption of the budget. The Council set guidelines and parameters for revenue and expense targets in this budget in order to meet 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

For the Year Ended 30 June 2014

	Note	Actual \$'000	Budget \$'000	Variance \$'000	%
Revenue					
Rates & Charges		94,153	93,986	167	0.2%
Charges, Fees & Fines		29,727	30,506	(779)	-2.6%
Operating Grants, Subsidies & Contributions		25,147	25,230	(83)	-0.3%
Capital Grants & Contributions	1	2,158	1,818	340	18.7%
Interest Revenue		1,612	1,712	(100)	-5.8%
Other Revenue	2	2,646	2,006	640	31.9%
Net gain on disposal of Property, Plant & Equipment	3	186	-	186	100.0%
Derecognition of Residential Aged Care Facilities	4	13,174	-	13,174	100.0%
Net gain on disposal of Residential Aged Care Facilities	4	3,058	-	3,058	100.0%
Total Revenue		171,861	155,258	16,603	10.7%
Expenses					
Employee Costs		70,962	72,013	1,051	1.5%
Materials, Services & Contracts		56,613	57,234	621	1.1%
Depreciation		24,381	24,600	219	0.9%
Borrowing Costs	5	864	961	97	10.1%
Total Expenses		152,820	154,808	1,988	1.3%
Share of net profit/(loss) of associates and joint venture accounted for by the equity method	6	(812)	-	(812)	100.0%
Surplus from Ordinary Operations		18,229	450	17,779	3951.0%
Share of net loss on revaluation of associates and joint ventures accounted for by the equity method	6	(104)	-	(104)	100%
Net Asset revaluation increment		128,774	-	128,774	100%
Total Changes in Equity		146,899	450	146,449	32544%

Standard Income Statement

For the Year Ended 30 June 2014

Explanation of material variances between Actual Operating Results & Budget

Revenue

Note 1 Capital Grants & Subsidies

A number of unbudgeted grants were received during the financial for various capital projects including the Eastern Innovation Business Centre (\$90k) and Clayton Laneways (\$176k, due for commencement in 2014/15).

Note 2 Other Revenue

Relates mainly to unbudgeted State funding of \$127k to assist with implementation of the new Fire Services Protection Levy, higher than budgeted Chargeable Works income associated with private development and other reinstatements (\$144k) and Recoupment of Costs income (\$176k).

Note 3 Net gain on disposal of Property, Plant & Equipment

Related to unbudgeted sale of plant and equipment.

Note 4 Derecognition and net gain on disposal of Residential Aged Care Facilities

The derecognition of Residential Aged Care Facilities (RACF) comprising Hostels, Nursing Homes and ILU's was executed by Council on 30 April, 2014. As part of the sale agreement the full liability of refundable deposits for the Residential Aged Care Facilities was transferred to the purchaser. The net gain on disposal of the Residential Aged Care Facilities includes the proceeds received from the purchaser less the written down value of the assets and other sale related costs.

Expenditure

Note 5 Borrowing Costs

Lower than budgeted borrowing costs were incurred due to Council's decision to repay loans as they mature instead of reborrowing on a rolling basis.

Note 6 Investment in Associates

The two items related to the reduction in the valuation of the site is the result of the Clayton Regional Landfill Joint Venture decision to expedite the filling of the landfill to appease local community and EPA concerns. To achieve this; the height of the landfill was reduced and as a consequence the volume of the airspace and corresponding income was reduced. As of June 2014, the Joint Venture has also recognized a provision for rehabilitation works over the next 30 years.

Standard Balance Sheet

For the Year Ended 30 June 2014

	Note	Actual \$'000	Budget \$'000	Variance \$'000	%
ASSETS					
Current Assets					
Cash & Cash Equivalents	1	52,527	36,548	15,979	44%
Other Assets	2	1,022	2,213	(1,191)	-54%
Total Current Assets		53,549	38,761	14,788	38%
Non-Current Assets					
Property, Infrastructure, Plant & Equipment		2,197,169	2,083,140	114,029	5%
Other	3	1,624	2,354	(730)	-31%
Total Non-Current Assets		2,198,793	2,085,494	113,299	5%
TOTAL ASSETS		2,252,342	2,124,255	128,087	6%
LIABILITIES					
Current Liabilities					
Trade & Other Payables	4	33,065	49,603	16,538	33%
Interest-Bearing Loans & Borrowings	5	1,700	3,200	1,500	47%
Total Current Liabilities		34,765	52,803	18,038	34%
Non-Current Liabilities					
Provisions		1,351	1,294	(57)	-4%
Interest-Bearing Loans & Borrowings	5	10,100	11,800	1,700	14%
Total Non-Current Liabilities		11,451	13,094	1,643	13%
TOTAL LIABILITIES		46,216	65,897	19,681	30%
NET ASSETS		2,206,126	2,058,358	147,768	7%
EQUITY					
Accumulated Surplus		905,368	898,613	6,755	1%
Asset Revaluation Reserve	6	1,300,758	1,159,745	141,013	12%
Other Reserves					
TOTAL EQUITY		2,206,126	2,058,358	147,768	7%

Standard Balance Sheet

For the Year Ended 30 June 2014

Current Assets

Note 1 Cash & Cash Equivalents

Higher than budgeted cash predominantly relates to funds received following sale of Council's Residential Aged Care Facilities (RACF) on 30 April, 2014 (\$21.8M) less costs associated with the sale (\$5.8M).

Note 2 Other Assets

Represents Accrued Income and Prepaid amounts (\$1M). The budget for this item is based on prior year experience and is difficult to predict reliably.

Non-Current Assets

Note 3 Other Non-Current Assets

The variance is due to the reduction in the valuation of the site as a result of the Clayton Regional Landfill Joint Venture decision to expedite the filling of the landfill to appease local community and EPA concerns. To achieve this; the height of the landfill was reduced and as a consequence the volume of the airspace and corresponding income was reduced. As of June 2014, the Joint Venture has also recognized a provision for rehabilitation works over the next 30 years.

Current Liabilities

Note 4 Creditors & Provisions

The sale agreement for the divestment of Council's Residential Aged Care Facilities included transfer of the full liability of refundable deposits to the purchaser (\$20.5M). Other fluctuations relate to creditors which are budgeted based on prior year experience and are difficult to predict.

Note 5 Interest Bearing Loans & Borrowings

Variance in current and non-current balances reflects Council's decision to repay outstanding loans as they mature.

Equity

Note 6 Asset Revaluation Reserve

The increment is due to asset revaluations, predominantly to the revaluation of Land and Buildings as at 30 June (128M).

Standard Cash Flow Statement

For the Year Ended 30 June 2014

	Note	Actual \$'000	Budget \$'000	Variance \$'000	%
Cash Flows from Operating Activities					
Receipts					
Rates & Charges		94,254	93,986	268	0.3%
Operating Grants, Subsidies & Contributions		24,991	25,230	(239)	-1%
Capital Grants & Contributions		2,158	1,818	340	19%
Charges, Fees Fines		29,934	32,641	(2,707)	-8%
Interest Received		1,784	1,712	72	4%
Other Revenue		246	2,370	(2,124)	-90%
GST reimbursed by Australian Tax Office		4,680	7,343	(2,663)	-36%
Payments					
Employee Costs		(71,565)	(72,013)	448	-1%
Materials, Services and Contracts Paid		(63,166)	(62,385)	(781)	1%
Borrowing Costs		(864)	(961)	97	-10%
GST paid to Australian Tax Office		(921)	(2,135)	1,214	-57%
Net cash provided by operating activities	1	21,531	27,606	(6,075)	-22%
Cash Flows from Investing Activities					
Payments for Investment Activities		(21,000)	-	(21,000)	-100%
Payments for Property, Infrastructure, Plant and Equipment		(24,179)	(26,544)	2,365	-9%
Proceeds from Sale of Property, Infrastructure, Plant and Equipment		20,068	1,390	18,678	1344%
Net cash provided by investing activities	2	(25,111)	(25,154)	43	0%
Cash Flows from Financing Activities					
Trusts and Refundable Deposits		678	-	(678)	100%
Repayment of Current Borrowings/Leases		(3,200)	(1,700)	(1,500)	88%
Receipt from Re-draw of Borrowings		-	1,700	(1,700)	-100%
Net cash provided by financing activities	3	(2,522)	-	(2,522)	100%
Net increase (decrease) in cash and cash equivalents		(6,102)	2,452	(8,554)	-349%
Cash and cash equivalents at the beginning of the financial year		27,812	34,096	(6,284)	-18%
Cash and Cash equivalents at the end of the financial year		21,710	36,548	(14,838)	-41%

Standard Cash Flow Statement

For the Year Ended 30 June 2014

	Note	Actual \$'000	Budget \$'000	Variance \$'000	%
Reconciliation of Surplus and Net Cash Flows from Operating Activities					
For the Year ending 30 June 2014					
Surplus for the period		18,229	450	17,779	3950%
Depreciation and amortisation		24,381	24,600	(219)	(1%)
Net (Gain)/Loss on disposal of Property, Plant and Equipment		(7,524)	-	-	(100%)
Developers Contribution & Donated Assets		(455)	-	-	0%
Net movement in operating assets and liabilities		(13,100)	-	1,956	0%
Net cash inflow from operating activities		21,531	25,050	19,516	78%

Note 1 Cash Flows from Operating Activities

The variance in cash flows from operating activities relates to a decline in User Fees associated with the discontinuation of Residential Aged Care and Primary School Holiday programs, as well as a reduction in Entrance and Learn to Swim fees associated with MARC closure. The early receipt of some 2013/14 Operating Grant income in the 2012/13 financial year has also had an impact.

Note 2 Cash Flows from Investing Activities

The divestment of Residential Aged Care Facilities (RACF) comprising Hostels, Nursing Homes and ILU's was executed by Council on 30 April, 2014. The additional funds for Sale of Property, Plant and Equipment reflect the proceeds of this sale.

Note 3 Cash Flows from Financing Activities

This variance relates to a change in borrowing policy which saw the redemption of borrowings as they matured throughout the financial year.

Standard Capital Works Statement

For the Year Ended 30 June 2014

	Note	Actual \$'000	Budget \$'000	Variance \$'000	%
Buildings	1	4,851	4,638	(213)	(4.6%)
Drainage	2	1,835	1,940	105	5.4%
Reserves		1,968	1,970	2	0.1%
Roads/footpaths/kerb and channel		7,161	7,235	74	1.0%
Retail strips/district centres	3	915	1,034	119	11.5%
Major Projects	4	377	0	(377)	(100%)
Other works	7	1,214	1,331	117	8.8%
Asset Rationalisation	6	30	25	(5)	(20.0%)
Plant and Equipment	7	5,487	6,179	692	11.2%
Total		23,838	24,352	514	2.1%
Represented By:					
Asset renewal		16,768	17,155	387	2.3%
New Assets		1,203	568	(635)	(111.8%)
Asset expansion/upgrade		5,867	6,629	762	11.5%
Total		23,838	24,352	514	2%

Standard Capital Works Statement

For the Year Ended 30 June 2014

Note 1 Buildings

Higher than budgeted spend relates to works completed using additional grant funds received (\$134k) and projects which were identified as requiring immediate attention following budget adoption.

Note 2 Drainage

Budgeted funds for Private Developer drainage works did not eventuate due to a failure to identify projects which met the criteria.

Note 3 Retail Strips/District Centres

This variance reflects lower than anticipated spend on street signs and christmas decorations.

Note 4 Major Projects

Includes works undertaken on the Eastern Innovation Business Centre.

Note 6 Rationalisation of Assets

Includes additional expenditure related to Hanover Street sale.

Note 7 Other Works/Plant & Equipment

A reduction in expenditure on light fleet and plant equipment was approved to offset over expenditure in other areas.

CERTIFICATION OF THE STANDARD STATEMENTS

In my opinion, the accompanying standard statements of Monash City Council for the year ended 30 June 2014 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: 26 August 2014

In our opinion, the accompanying standard statements 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.

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

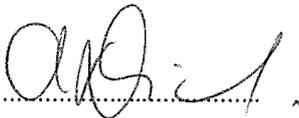
We were authorised by the Council on 26 August 2014 to certify the standard statements in their final form on behalf of the Council.



.....
Mayor
Geoff Lake



.....
Councillor
Robert Davies



.....
Chief Executive Officer
Andi Diamond

Dated: 26 August 2014

INDEPENDENT AUDITOR'S REPORT

To the the Councillors, Monash City Council

The Financial Report and Standard Statements

The accompanying financial report for the year ended 30 June 2014 of the Monash City Council which comprises comprehensive operating statement, balance sheet, statement of changes in equity, statement of cash flows, notes comprising a summary of the significant accounting policies and other explanatory information, and the certification of the financial report has been audited.

The accompanying standard statements for the year ended 30 June 2014 of Monash City Council which comprises standard income statement, standard balance sheet, standard cash flow statement, standard statement of capital works, the related notes and the certification of standard statements has been audited.

The the Councillors' Responsibility for the Financial Report and Standard Statements

The 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 the Councillors are responsible for such internal control as the 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 the Councillors, as well as evaluating the overall presentation of the financial report and standard statements.

Independent Auditor's Report (continued)

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

Independence

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

Opinion

In my opinion:

- (a) the financial report presents fairly, in all material respects, the financial position of the Monash City Council as at 30 June 2014 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*
- (b) the standard statements present fairly, in all material respects, in accordance with the basis of preparation as described in note 1 to the statements and the requirements of the *Local Government Act 1989*.

Basis of Accounting for Standard Statements

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

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

This auditor's report relates to the financial report and standard statements of the Monash City Council for the year ended 30 June 2014 included both in the Monash City Council's annual report and on the website. The 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
28 August 2014


John Doyle
Auditor-General

Financial Glossary

Annual operating budget

The budgeted operating result for 2013/14 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.

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 comparison 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 as 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

National Relay Service (Hearing impaired)
1800 555 660
mail@monash.vic.gov.au
www.monash.vic.gov.au



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