

MONASH CITY COUNCIL
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

Monash City Council
Annual Financial Report

for the Year Ended 30 June 2019

Table of Contents

FINANCIAL REPORT	Page
Certification of the Financial Statements	1
Victorian Auditor-General's Office Report	
Financial Statements	
Comprehensive Income Statement	2
Balance Sheet	3
Statement of Changes in Equity	4
Statements of Cash Flows	5
Statements of Capital Works	6
Overview	7
Notes to the Financial Statements	
Note 1 Performance against budget	9
1.1. Income and expenditure	9
1.2. Capital works	10
Note 2.1 Analysis of Council results by program	11-12
Note 3 Funding for the delivery of our services	
3.1. Rates and charges	13
3.2. Statutory fees and fines	13
3.3. User fees	13
3.4. Funding from other levels of government	14
3.5. Contributions	15
3.6. Net gain/(loss) on disposal of property, infrastructure, plant and equipment	15
3.7. Other income	15
Note 4 The cost of delivering services	
4.1. Employee costs	16
4.2. Materials and services	16
4.3. Depreciation and amortisation	16
4.4. Other expenses	16
Note 5 Our financial position	
5.1. Financial assets	17
5.2. Non-financial assets	18
5.3. Payables	18
5.4. Provisions	19-20
5.5. Financing arrangements	20
5.6. Commitments	21
Note 6 Assets we manage	
6.1. Non current assets classified as held for sale	22
6.2. Property infrastructure plant and equipment	22-29
6.3. Investments in joint arrangements accounted for using the equity method	30
Note 7 People and relationships	
7.1. Council and key management remuneration	31-32
7.2. Related party disclosure	32
Note 8 Managing uncertainties	
8.1. Contingent assets and liabilities	33
8.2. Change in accounting standards	34
8.3. Financial instruments	35-36
8.4. Fair value measurement	37
8.5. Events occurring after balance date	37
Note 9 Other matters	
9.1. Reserves	38-39
9.2. Reconciliation of cash flows from operating activities to surplus/(deficit)	40
9.3. Superannuation	41

CERTIFICATION OF THE FINANCIAL REPORT

In my opinion the accompanying financial statements have been prepared in accordance with the *Local Government Act 1989*, the *Local Government (Planning and Reporting) Regulations 2014*, Australian Accounting Standards and other mandatory professional reporting requirements.

.....

Principal Accounting Officer
Daniel Wain CPA

Dated: 27 August 2019

In our opinion the accompanying financial report presents fairly the financial transactions of Monash City Council for the year ended 30 June 2019 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 have been authorised by the Council and by the *Local Government (Planning and Reporting) Regulations 2014* to certify the financial statements in their final form.

.....

Mayor
Shane McCluskey

.....

Councillor
Rebecca Paterson

.....

Acting Chief Executive Officer
Peter Panagakos

Dated: 27 August 2019

Comprehensive Income Statement For the Year Ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Revenue			
Rates & Charges	3.1	121,187	116,012
Statutory Fees & Fines	3.2	10,906	10,435
User Fees	3.3	25,831	24,810
Grants - Operating	3.4	19,565	19,486
Grants - Capital	3.4	6,669	3,929
Contributions - monetary	3.5	9,837	7,198
Contributions - non-monetary	3.5	756	345
Net (loss)/gain on disposal of Property, Infrastructure, Plant & Equipment	3.6	343	137
Share of net profit/(loss) of joint operation accounted for by the equity method	6.3	(156)	(415)
Other Revenue	3.7	3,817	3,970
Total Revenue		198,755	185,907
Expenses			
Employee Costs	4.1	76,716	72,613
Materials & Services	4.2	72,452	67,882
Depreciation & Amortisation	4.3	28,270	27,113
Other Expenses	4.4	1,358	1,380
Total Expenses		178,796	168,988
Surplus for the year		19,959	16,919
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net Asset revaluation (decrement) /increment	9.1 (a)	(153,194)	283,798
Total Comprehensive result		(133,235)	300,717

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

Balance Sheet As at 30 June 2019

ASSETS	Note	2019 \$'000	2018 \$'000
Current Assets			
Cash & Cash Equivalents	5.1	35,971	36,863
Trade & Other Receivables	5.1	9,463	8,719
Other Financial Assets	5.1	68,077	53,002
Non Current Assets Classified as held for sale	6.1	4,125	2,356
Other Assets	5.2	1,061	2,203
Total Current Assets		118,697	103,143
Non-Current Assets			
Investments in joint arrangement accounted for using the equity method	6.3	832	1,171
Property, Infrastructure, Plant & Equipment	6.2	3,191,940	3,336,285
Intangible assets	5.2	3,327	2,464
Total Non-Current Assets		3,196,099	3,339,920
TOTAL ASSETS		3,314,796	3,443,063
LIABILITIES			
Current Liabilities			
Trade & Other Payables	5.3	19,707	16,667
Trust Funds & Deposits	5.3	12,507	11,475
Income in Advance	5.3	862	743
Provisions	5.4	16,996	15,999
Total Current Liabilities		50,072	44,884
Non-Current Liabilities			
Provisions	5.4	1,247	1,284
Liabilities in joint arrangement accounted for using the equity method	6.3	2,062	2,245
Total Non-Current Liabilities		3,309	3,529
TOTAL LIABILITIES		53,381	48,413
NET ASSETS		3,261,415	3,394,650
EQUITY			
Accumulated Surplus		1,001,363	985,589
Reserves	9.1	2,260,052	2,409,061
TOTAL EQUITY		3,261,415	3,394,650

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

**Statement of Changes in Equity
For the Year Ended 30 June 2019**

	Note	Total 2019 \$'000	Accumulated Surplus 2019 \$'000	Asset Revaluation Reserve 2019 \$'000	Other Reserves 2019 \$'000	Total 2018 \$'000	Accumulated Surplus 2018 \$'000	Asset Revaluation Reserve 2018 \$'000	Other Reserves 2018 \$'000
Balance at beginning of the Financial Year		3,394,650	985,589	2,384,417	24,644	3,093,933	973,833	2,100,619	19,481
Surplus for the year		19,959	19,959	-	-	16,919	16,919	-	-
Net Asset revaluation (decrement) /increment		(153,194)	-	(153,194)	-	283,798	-	283,798	-
Transfers from Reserves	9.1	-	5,830	-	(5,830)	-	6,657	-	(6,657)
Transfers to Reserves	9.1	-	(10,015)	-	10,015	-	(11,820)	-	11,820
Balance at End of the Financial Year		3,261,415	1,001,363	2,231,223	28,829	3,394,650	985,589	2,384,417	24,644

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 2019

	Note	2019 Inflows/ (Outflows) \$'000	2018 Inflows/ (Outflows) \$'000
Cash Flows from Operating Activities			
Rates & Charges		120,549	115,679
Statutory Fees & Fines		10,906	10,435
User Fees		25,702	25,185
Grants - Operating		19,032	19,338
Grants - Capital		6,128	4,510
Contributions-monetary		9,837	7,198
Trusts and Refundable Deposits taken		1,069	1,877
Other Receipts		4,076	3,744
Net GST Refund		9,749	8,551
Employee Costs		(76,147)	(73,982)
Materials, Services and Contracts Paid		(78,499)	(77,726)
Trusts and Refundable Deposits repaid		(37)	(7)
Other Payments		(1,358)	(1,380)
Net cash provided by operating activities	9.2	51,007	43,422
Cash Flows from Investing Activities			
(Payments for) / Proceeds from Investment(Net)		(15,075)	6,000
Payments for Acquisition of Property, Infrastructure, Plant and Equipment		(38,856)	(36,199)
Proceeds from Sale of Property, Infrastructure, Plant and Equipment		2,032	137
Net cash provided by investing activities		(51,899)	(30,062)
Net (decrease) increase in cash and cash equivalents		(892)	13,360
Cash and cash equivalents at the beginning of the financial year		36,863	23,503
Cash and Cash equivalents at the end of the financial year	5.1 (a)	35,971	36,863
Financing arrangements	5.5		
Restrictions on cash assets	5.1		

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

Statement of Capital Works For the Year Ended 30 June 2019

	2019 \$'000	2018 \$'000
Property		
Land	12	291
Buildings	9,475	13,154
Total property	9,487	13,446
Plant and equipment		
Plant, machinery and equipment	3,105	2,687
Fixtures, fittings and furniture	663	723
Computers and telecommunications	3,866	3,617
Library books	1,288	1,257
Total plant and equipment	8,922	8,283
Infrastructure		
Roads	8,050	3,664
Bridges	63	51
Footpaths and cycleways	6,709	4,595
Drainage	1,948	3,161
Recreational, leisure and community facilities	3,019	4,254
Waste management	7	13
Parks, open space and streetscapes	3,062	3,357
Off street car parks	277	807
Other infrastructure	16	94
Total infrastructure	23,151	19,997
Total capital works expenditure	41,560	41,725
Less transferred to operating as unable to capitalise from work in progress	(877)	(2,412)
Adjusted Balance of Capital Works Expenditure	40,683	39,313
Represented by:		
Asset renewal expenditure	31,054	28,441
Asset expansion expenditure	2,094	5,423
Asset upgrade expenditure	8,412	7,861
Total capital works expenditure	41,560	41,725
Less transferred to operating as unable to capitalise from work in progress	(877)	(2,412)
Adjusted Balance of Capital Works Expenditure	40,683	39,313

The above Statement of Capital Works should be read in conjunction with the accompanying notes

OVERVIEW

Introduction

The City of Monash 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.

Statement of compliance

These financial statements are a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works and Notes accompanying these financial statements. The general purpose financial report complies with the Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1989*, and the *Local Government (Planning and Reporting) Regulations 2014*.

Significant accounting policies

(a) Basis of Accounting

The accrual basis of accounting has been used in the preparation of these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated judgements are based on professional judgement derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AAS that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of employee provisions (refer to Note 5.4)
- the determination of Council results by program (refer to Note 2.1)

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

Note 1 Performance Against Budget

The budget comparison notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Council has adopted a materiality threshold greater than 10 percent and \$1,000,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 26 June 2018. The budget was based on assumptions that were relevant at the time of adoption of the budget. Council set guidelines and parameters for revenue and expense targets in this budget in order to meet Council's business plan and financial performance targets for both the short and long-term. The budget did not reflect expected changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

These notes are prepared to meet the requirements of the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

1.1 Income and Expenditure

	Budget 2019 \$'000	Actual 2019 \$'000	Variance 2019 \$'000	Variance 2019 %	Ref
Income					
Rates and charges	121,323	121,187	(136)	-0.1%	
Statutory fees and fines	10,273	10,906	633	6.2%	
User fees	25,688	25,831	143	0.6%	
Contributions - monetary	6,596	9,837	3,241	49.1%	1
Contributions - non monetary	-	756	756	-100.0%	2
Grants - Operating (recurrent)	15,323	18,707	3,384	22.1%	3
Grants - Operating (non-recurrent)	-	858	858	-100.0%	4
Grants - Capital (recurrent)	2,576	1,857	(719)	-27.9%	5
Grants - Capital (non-recurrent)	-	4,812	4,812	-100.0%	6
Other Revenue	3,415	3,817	402	11.8%	7
Profit from Sale of Assets	-	343	343	0.0%	
Share of net loss of joint operation	-	(156)	(156)	0.0%	
Total income	185,195	198,755	13,561	7.3%	
Expenses					
Employee costs	74,595	76,716	(2,121)	-2.8%	8
Materials, Services & Contracts	67,280	72,452	(5,172)	-7.7%	9
Depreciation & Amortisation	27,981	28,270	(289)	-1.0%	
Other Expenses	1,454	1,358	96	6.6%	
Total expenses	171,310	178,796	(7,486)	-4.4%	
Surplus for the year	13,885	19,959	6,074	43.7%	

Note 1 Performance Against Budget (Cont.)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Contributions-monetary	Contributions -monetary have exceeded the budget mainly due to developments in the municipality that have resulted in additional Public Open Space (\$3.27M), drainage developer contributions (\$0.38M) and unbudgeted capital contributions related to Galbally Reserve Playspace Oakleigh (\$0.15M). This is partially offset by unfavourable variance to budget in parking contributions (\$0.76M).
2	Contributions -non monetary	Unbudgeted non-monetary contributions received are developer contributions that are non-cash related and include land and infrastructure.
3	Grants- Operating (recurrent)	Operating grants (recurrent) are higher than budget due to advance receipt of \$2.13M Victoria Grants Commission allocation for 2019/20, additional subsidy income of \$0.56M in Children and Family services, Home and Community Care (\$0.52M).
4	Grants- Operating (non-recurrent)	Operating grants (non-recurrent) are higher than budget due to unbudgeted grants for Youth Services (\$0.21M), these include funding through Pick My Project and Young Women's Leadership Program. Grants received in the Community Strengthening and Wellbeing department (\$0.34M) for Neighbourhood and gender equality in Victorian sports and recreation. In addition a grant for \$0.13M was received from the Victorian Planning Authority for a development facilitation officer for Streamlining for Growth program.
5	Grants- Capital (recurrent)	Capital grants (recurrent) is under budget mainly due to the advance payment of the 2019/20 funding allocation paid in 2018/19 (\$0.64M).
6	Grants- Capital (non-recurrent)	A significant level of funding was received under the Safety System Road Infrastructure Program (SSRIP) which was a joint TAC and VicRoads project to upgrade high risk roads (\$3M) and unbudgeted grant funding for a number of recreational leisure and community facilities (\$0.55M) that was related to sports light development (Ashwood Reserve, Scammell Reserve and Mayfield Park Reserve), netball court resurfacing and women's precinct planning and electronic scoreboard at Jack Edwards Reserve.
7	Other Revenue	Interest on investments and rates and charges generated additional income of \$0.17M, donations of \$0.16M and from VISY recycling \$0.076M).
8	Employee costs	Employee costs are over budget predominantly due to higher than budgeted temporary staff expenditure as a result of filling vacant positions, administering the Parking Infringement Notices (PIN) related legal matter and meeting service levels across a number of departments (\$2.3M). During the year, Council also approved additional expenditure related to extended hours at the Mulgrave library and provision of another playgroup facilitator in Glen Waverley (\$0.085M). Increases to employee costs were also impacted as additional grants were provided for service areas such as home and community care, early childhood, immunisation and strategic planning (\$0.49M).
9	Materials, Services & Contracts	Materials, Services & Contracts are higher than budget by \$5.2M, largely due to \$2.6M of unbudgeted expenditure related to the provision of the parking infringement matter raised and approved by Council. In addition to higher than budgeted expenditure associated with asset maintenance works (\$0.96M), horticultural services (\$0.23M), garbage collection service (\$0.37M) and other unbudgeted expenditure included administration of cladding audits (\$0.28M). These unfavourable expenditure variances were partially offset by savings in garbage disposal costs (\$0.7M) and food services in home and community care (\$0.3M).

Note 1 Performance Against Budget (Cont'd)

1.2 Capital Works

	Budget 2019 \$'000	Actual 2019 \$'000	Variance 2019 \$'000	Variance 2019 %	Ref
Property					
Land Improvements	30	12	18	100.0%	
Buildings & Building improvements	16,028	9,475	6,553	40.9%	1
Total Property	16,058	9,487	6,571	40.9%	
Plant and Equipment					
Plant, machinery and equipment	2,875	3,105	(230)	-8.0%	
Fixtures, fittings and furniture	489	663	(174)	-35.6%	
Computers and telecommunications	3,530	3,866	(336)	-9.5%	2
Library books	1,284	1,288	(4)		
Total Plant and Equipment	8,178	8,922	(744)	-9.1%	
Infrastructure					
Roads	5,642	8,050	(2,408)	-42.7%	3
Bridges	393	63	330	84.0%	4
Footpaths and cycleways	4,522	6,709	(2,187)	-48.4%	5
Drainage	2,077	1,948	129	6.2%	
Recreational, leisure and community facilities	3,071	3,019	52	1.7%	
Waste management	131	7	124	94.7%	
Parks, open space and streetscapes	2,954	3,062	(108)	-3.7%	
Off street car parks	213	277	(64)	-30.0%	6
Other infrastructure	120	16	104	86.7%	
Total Infrastructure	19,123	23,151	(4,028)	-21.1%	
Total Capital Works Expenditure	43,359	41,560	1,799	4.1%	
Less transferred to operating as unable to capitalise from work in progress	-	(877)	877		
Adjusted Balance of Capital Works Expenditure	43,359	40,683	2,676	6.2%	
Represented by:					
Asset renewal expenditure	30,973	31,054	(81)	-0.3%	
New asset expenditure	833	-			
Asset expansion expenditure	2,656	2,094	562	21.2%	
Asset upgrade expenditure	8,897	8,412	485	5.5%	
Total Capital Works Expenditure	43,359	41,560	966	2.2%	
Less transferred to operating as unable to capitalise from work in progress	-	(877)	877		
Adjusted Balance of Capital Works Expenditure	43,359	40,683	1,843	4.3%	

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Buildings & Building improvements	Due to delays in construction, funds of \$6.5M have been carried forward to 2019/20 for completion of building projects, which include \$2.4M of Caloola Reserve Multi-Sport Pavilion Design, \$2M of Oakleigh Recreation Centre Redevelopment, Brentwood Pavilion (\$0.37M), Montclair car park (\$0.54M), building fit-out replacement and other minor projects totalling integrated early years hub Albany Rise Pre-school (\$0.71M).
2	Computers and Telecommunications	I-Sense Oakleigh - the smart precinct of \$272K was not included in the 2018/19 Adopted budget, in addition to other unbudgeted projects which included the replacement of the Halls booking system of \$119K.
3	Roads	Advance grant funding was received for 2019/20 Victorian Grants Commission- The Local Roads grant has been used in 2018/19 to fund Atherton Road Reconstruction & Streetscape Enhancement project which has progressed ahead of schedule (\$1.54M). Additional kerb projects were incorporated into the program and \$0.36M extra funding was required as a result. Unbudgeted road projects included the Oakleigh activity centre pedestrian improvements, which was funded by VicRoads (\$0.63M).
4	Bridges	Funds of \$0.091M have been carried forward to 2019/20 for completion of bridge rehabilitation at Napier Park Reserve Glen Waverley, in addition to \$0.24M for structures renewal program, as works are in the planning stage and due to be delivered during 2019/20.
5	Footpaths & Cycleways	VicRoads funded projects were incorporated into the Capital Works program in 2018/19, which were unbudgeted works to improve cycling infrastructure in the municipality (\$2.45M). This is partially offset by a number of projects that have been carried forward to 2019/20 which include the Melbourne Water Pipe Track Shared Pathway - Highbury Road to Cherry St, Glen Waverley (\$0.25M) and other new footpath works in Oakleigh (Alleford St and Abbeygate St) (\$0.13M).
6	Off Street Car parks	Car park lighting at Monash Aquatic & Recreation Centre was not included in the 2018/19 Adopted budget (incomplete project commenced 2017/18) and an additional \$34K was required to fund construction of the Columbia Park Reserve car park following receipt of tender prices.

Note 2.1 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

2.1 (a) Chief Executive

This division provides corporate management necessary to ensure the effective, efficient and innovative implementation of programs and communication of Council's achievement in policies and programs to external and internal audiences. It includes Corporate Administration and Customer Services, Communications and People and Culture.

Corporate Services

This division works across the organisation to support departments to deliver services and projects that benefit Monash's diverse community. This entails planning, strategic discussion, continuous improvement, business assurance, monitoring, reporting and evaluation support. The division manages Council processes regarding Tendering, Contracts and Purchasing. Corporate Services manages the Budget, Annual Report, Financial Reporting and Property & Valuation services.

Community Development & Services

This division provides a wide range of customer focused services which are relevant, of high quality, responsive to community needs and are accessible to all residents of Monash. It includes Active Monash, Arts & Culture, Children, Youth and Family Services, Community Support and Libraries and Community Strengthening.

City Development

This division aims to further develop the Council's environment through effective strategic city, environmental and social planning, building control and municipal regulation. It includes City Planning, Public Health & Community Law, Property, Strategic Planning and Economic Development and Urban Design and Architecture.

Infrastructure Services

This division's role is to efficiently provide and maintain City infrastructure and facilities to meet operating performance standards set by other divisions. It includes Horticultural Services, Engineering, Strategic Asset Management, Sustainable Monash and Capital Works.

Notes to the Financial Report
For the Year Ended 30 June 2019

Note 2.1 Analysis of Council results by program

2.1 (b) Summary of revenues, expenses, assets and capital expenses by program

	Income \$'000	Expenses \$'000	Surplus/(Deficit) \$'000	Grants included in income \$'000	Total assets \$'000
2019					
Chief Executive	1,094	20,758	(19,664)	-	-
Corporate Services	129,799	36,337	93,462	4,243	3,195,267
Community Development & Services	30,266	42,807	(12,541)	14,498	-
City Development	14,370	20,947	(6,577)	727	-
Infrastructure Services	23,226	57,947	(34,721)	6,766	-
	198,755	178,796	19,959	26,234	3,195,267

	Income \$'000	Expenses \$'000	Surplus/(Deficit) \$'000	Grants included in income \$'000	Total assets \$'000
2018					
Chief Executive	1,216	20,801	(19,585)	-	-
Corporate Services	124,136	33,241	90,895	4,104	3,338,749
Community Development & Services	30,329	42,170	(11,841)	14,213	-
City Development	13,447	16,224	(2,777)	778	-
Infrastructure Services	16,779	56,552	(39,773)	4,320	-
	185,907	168,988	16,919	23,415	3,338,749

Following items are centrally held by Corporate Services

- Rates Income
- Proceeds and written down value of assets sold
- Depreciation Charges
- Council Assets

Notes to the Financial Report For the Year Ended 30 June 2019

Note 3 Funding for the delivery of our services

3.1 Rates and 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 2018/19 was \$81.964 billion (2017/18 \$72.399 billion). The 2018/19 rate in the dollar for residential was \$0.00141486 (2017/18 \$0.0015448) and for other properties \$0.00175623 (2017/18 \$0.0020116).

	2019 \$'000	2018 \$'000
General Rates	118,617	115,012
Cultural & Recreational	206	223
Supplementary rates & rate adjustments	886	777
Recycling Levy	1,478	-
Total Rates and Charges	121,187	116,012

The date of the latest general revaluation of land for rating purposes within the municipality is 1 January 2018 and the valuation was first applied in the rating year commencing 1 July 2018. Annual rates and charges are recognised as revenues when Council issues annual rates notices. Supplementary rates are recognised when a valuation and reassessment is completed and a supplementary rates notice issued.

3.2 Statutory Fees and Fines

Infringements	6,557	5,681
Court Recoveries	593	925
Town Planning Fees	2,906	2,985
Land Information Certificates	135	155
Permits	715	689
Total Statutory Fees and Fines	10,906	10,435

Statutory fees and fines (including parking 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.

3.3 User Fees

Aged, Health and Children's Services	3,073	3,355
Recreation Fees	11,718	12,123
Waste Transfer Station	2,472	2,563
Building Services Fees	1,824	1,848
Library Fees and Fines	174	186
Bin Charges	1,630	1,389
Lease Charges	517	479
Hire and Rental Charges	1,072	995
Other Fees and Charges	3,351	1,872
Total User Fees	25,831	24,810

User Fees are recognised as revenue when the service has been provided or the payment is received, whichever first occurs.

**Notes to the Financial Report
For the Year Ended 30 June 2019**

	2019	2018
	\$'000	\$'000
3.4 Funding from other levels of government		
Grants were received in respect of the following:		
Summary of grants		
Commonwealth funded grants	15,407	14,899
State funded grants	10,805	8,516
Total grants received	26,234	23,415
(a) Operating Grants		
Recurrent - Commonwealth Government		
Financial Assistance Grants	4,164	4,104
Family and Children	2,217	1,706
General Home Care	7,191	6,736
Recurrent - State Government		
Family and Children	223	157
Maternal & child health	1,442	1,510
Libraries	1,188	1,187
General Home care	1,023	2,217
Youth Services	392	190
School crossing supervisors	550	508
Other	317	134
Total recurrent operating grants	18,707	18,449
Non Recurrent - Commonwealth Government		
Family and Children	-	3
Non Recurrent - State Government		
Community	342	233
Youth services	209	210
Recycling relief grant	-	313
Other	307	278
Total non-recurrent operating grants	858	1,037
Total operating grants	19,565	19,486
(b) Capital Grants		
Recurrent - Commonwealth Government		
Roads to recovery	561	1,111
Financial Assistance Grants - Local Roads	1,274	1,239
Recurrent - State Government		
Libraries	22	-
Total recurrent capital grants	1,857	2,350
Non Recurrent - State Government		
Recreation	1,915	1,150
Economic Development	2,868	372
Other	29	57
Total non recurrent capital grants	4,812	1,579
Total capital grants	6,669	3,929
Total Grants	26,234	23,415
(c) Unspent grants received on condition that they be spent in a specific manner		
Balance at start of year	2,865	1,841
Received during the financial year and remained unspent at balance date	2,095	1,769
Received in prior years and spent during the financial year	(2,865)	(745)
Balance at year end	2,095	2,865

Grant income is recognised when Council obtains control of the contribution. Control is normally obtained upon receipt (or acquittal) or upon earlier notification that a grant has been secured.

**Notes to the Financial Report
For the Year Ended 30 June 2019**

	2019	2018
	\$'000	\$'000
3.5 Contributions		
Monetary	9,837	7,198
Non-monetary	756	345
Total Contributions	10,593	7,543

Contributions of non monetary assets were received in relation to the following asset classes.

Infrastructure	435	293
Other	321	52
Total Non-Monetary Contributions	756	345

Monetary and non monetary contributions are recognised as revenue when Council obtains control over the contributed asset.

3.6 Net Gain/(Loss) on Disposal of Property, Infrastructure, Plant and Equipment

Land & Buildings		
Proceeds from Sale of Assets	1,249	56
Sale Cost	(16)	-
Written Down Value of Assets Disposed	(1,184)	(4)
Write back of Revaluation on Assets Disposed	164	3
Gain on Disposal of Land & Buildings	213	55
Plant & Equipment		
Proceeds from Sale of Assets	783	538
Written Down Value of Assets Disposed	(649)	(422)
Gain on Disposal of Plant & Equipment	134	116
Infrastructure		
Written Down Value of Assets Disposed	(3)	(38)
Write back of Revaluation on Assets Disposed	-	4
Gain on Disposal of Infrastructure and Plant & Equipment	(3)	(34)
Total		
Proceeds from Sale of Assets	2,032	594
Write back of Revaluation on Assets Disposed	164	7
Written Down Value of Assets Disposed	(1,853)	(464)
Total Net Gain/(Loss) on Disposal of Property, Infrastructure, Plant and Equipment	343	137

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

3.7 Other Revenue

Investment Interest	2,314	2,064
Rates and Charges Interest	382	341
Other Revenue	1,121	1,565
Total Other Revenue	3,817	3,970

Interest is recognised progressively as it is earned.

Other revenue 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.

**Notes to the Financial Report
For the Year Ended 30 June 2019**

Note 4 The cost of delivering services	2019	2018
	\$'000	\$'000
4.1 (a) Employee Costs		
Salaries & Wages	61,858	58,274
Work cover	839	693
Casual staff	6,664	6,254
Superannuation	5,885	6,162
Fringe Benefits Tax	275	326
Long Service Leave	2,210	1,567
Other Employee Related costs	961	793
	78,692	74,069
Less: Amounts capitalised (non-current assets constructed by Council)	(1,976)	(1,456)
Total Employee Costs	76,716	72,613

(b) Superannuation

Council made contributions to the following funds:

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	3,243	3,427
Employer contributions - other funds	2,175	2,135
	5,418	5,562

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	467	600
	5,885	6,162

Refer to note 9.3 for further information relating to Council's superannuation obligations.

4.2 Materials and Services

Waste Management Services	17,164	16,265
Building Maintenance	6,281	5,808
General Maintenance	10,093	10,238
Local Law Services	8,080	4,677
Fleet Management	894	821
Legal costs	1,323	1,456
General Administration Costs	11,683	11,885
Consultants	1,565	1,417
Utilities	4,853	4,091
Insurance	1,811	1,718
Information Technology	5,695	4,893
Other	3,011	4,612
Total Materials and Services	72,452	67,882

4.3 Depreciation and Amortisation

Buildings	7,577	7,458
Plant and Equipment	5,715	5,286
Infrastructure	14,189	13,767
Intangible Assets	789	602
Total Depreciation and Amortisation	28,270	27,113

4.4 Other Expenses

Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	71	70
Auditors Remuneration - Internal	170	173
Councillor Allowances	442	434
Operating Lease Rentals	675	703
Total Other Expenses	1,358	1,380

**Notes to the Financial Report
For the Year Ended 30 June 2019**

Note 5 Our financial position	2019	2018
	\$'000	\$'000
5.1 Financial Assets		
(a) Cash and Cash Equivalents		
Cash at bank	2,955	3,843
Cash on hand	16	20
Short term deposits (with a maturity date of 90 Days or less)	33,000	33,000
Total Cash and Cash Equivalents	35,971	36,863
(b) Other Financial Assets		
Short term deposits (with a maturity date over 90 Days)	68,000	53,000
Other	77	2
Total Other Financial Assets	68,077	53,002
Total Financial Assets	104,048	89,865

Council's cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:

Trust Funds and Deposits (Note 5.3)	12,507	11,475
Statutory Reserves	13,310	10,125
Total Restricted funds	25,817	21,600
Total Unrestricted Cash and Cash Equivalents	10,154	15,263

Cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of 90 days or less, net of outstanding bank overdrafts.

Other financial assets are valued at fair value, at balance date. Term deposits are measured at original cost. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.

(c) Trade and Other Receivables

Current

Statutory Receivables

Rates Receivable	4,899	4,263
	4,899	4,263
Parking Infringements	8,206	6,320
Less: Provision for Doubtful Debts	(7,304)	(5,561)
	902	759

Non- Statutory Receivables

Sundry debtors	3,741	3,758
Less: Provision for Doubtful Debts	(79)	(61)
	3,662	3,697
Total Trade and Other Receivables	9,463	8,719

Receivables are carried at invoice amount as amortised cost using the effective interest rate method would not impact the carrying value. Provision for doubtful debts is recognised based on an expected credit loss model. This model considers both historic and forward looking information in determining the level of impairment.

Ageing of Receivables

The ageing of the Council's trade & other receivables (excluding statutory receivables) that are not impaired was:

Current (not yet overdue)	2,774	3,220
Past due by up to 30 days	371	265
Past due between 31 and 180 days	596	273
Total Trade & Other Receivables	3,741	3,758

Movement in Receivables Provision for Doubtful Debts

Balance at the beginning of the year	61	168
Provisions adjusted during the year	18	(107)
Balance at the end of year	79	61

	2019 \$'000	2018 \$'000
5.2 Non-Financial Assets		
(a) Other Assets		
Accrued Income	732	1,202
Prepayments	266	956
Other	63	45
Total Other Assets	1,061	2,203

(b) Intangible Assets

Software

Gross carrying amount

Balance as at 1 July	4,566	3,722
Adjustment	-	102
Additions	646	742
	5,212	4,566
Work in Progress	1,023	17
Balance as at 30 June	6,235	4,583

Accumulated amortisation and impairment

Balance as at 1 July	(2,119)	(1,516)
Amortisation expense	(789)	(603)
Balance as at 30 June	(2,908)	(2,119)

Net book value as at 30 June

	3,327	2,464
--	--------------	--------------

5.3 Payables

(a) Trade and Other Payables

Operating Payables	7,835	7,743
Capital Payables	5,990	6,650
Employee Costs	3,869	2,274
Parking Infringements	2,013	-
Total Trade and Other Payables	19,707	16,667

(b) Trust Funds and Deposits

Refundable Deposits	10,537	10,111
Retention Amounts	1,561	992
Fire Services Property Levy	306	343
Other Refundable Deposits	103	29
Total Trust Funds and Deposits	12,507	11,475

Amounts received as deposits and retention amounts controlled by Council are recognised as trust funds until they are returned, transferred in accordance with the purpose of the receipt, or forfeited. Trust funds that are forfeited, resulting in council gaining control of the funds, are recognised as revenue at the time of forfeit.

Purpose and nature of items

Refundable deposits - Deposits are taken by Council as a form of surety in a number of circumstances, including in relation to building works, tender deposits, contract deposits and the use of civic facilities.

Retention Amounts - Council has a contractual right to retain certain amounts until a contractor has met certain requirements or a related warrant or defect period has elapsed. Subject to the satisfactory completion of the contractual obligations, or the elapsing of time, these amounts will be paid to the relevant contractor in line with Council's contractual obligations.

Fire Services Property Levy - Council is the collection agent for fire services property levy on behalf of the State Government. Council remits amounts received on a quarterley basis. Amounts disclosed here will be remitted to the State Government in line with that process.

(c) Income in Advance

Aquatic Facilities Membership & Learn-to Swim	158	147
Rates Paid in Advance	577	569
Other	127	27
Total Income in Advance	862	743

Notes to the Financial Report

For the Year Ended 30 June 2019

5.4 Provisions

2019

	Annual leave	Long service leave	Total
	\$ '000	\$ '000	\$ '000
Balance at beginning of the financial year	(5,362)	(11,921)	(17,283)
Additional provisions	(5,018)	(1,998)	(7,016)
Amounts used	4,881	1,909	6,790
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	(282)	(452)	(734)
Balance at the end of the financial year	(5,781)	(12,462)	(18,243)

	Annual leave	Long service leave	Total
	\$ '000	\$ '000	\$ '000
Balance at beginning of the financial year	(5,202)	(11,908)	(17,110)
Additional provisions	(4,895)	(1,978)	(6,873)
Amounts used	4,485	1,830	6,315
Decrease in the discounted amount arising because of time and the effect of any change in the discount rate	250	135	385
Balance at the end of the financial year	(5,362)	(11,921)	(17,283)

5.4 Provisions (Cont'd)

	2019	2018
	\$'000	\$'000
(a) Employee Provisions		
Current provisions expected to be wholly settled within 12 months		
Annual leave	4,387	4,040
Long service leave	2,355	2,234
	6,742	6,274
Current provisions expected to be wholly settled after 12 months		
Annual leave	1,394	1,321
Long service leave	8,860	8,404
	10,254	9,725
Total Current Provisions	16,996	15,999
Non-Current		
Long service leave	1,247	1,284
Total Non-Current Provisions	1,247	1,284

The calculation of employee costs and 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.

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 the 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. LSL is measured at present value. Unconditional LSL is disclosed as a current liability. Conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non-current liability.

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

Weighted average increase in costs	2.50%	2.50%
Weighted average discount rates	1.78%	2.03%
Weighted average settlement period	2-5 Years	2-5 Years

5.5 Financing Arrangements

The Council has the following funding arrangements in place as at 30 June 2019

Credit card facilities	100	100
Other facilities	7,500	7,500
Total facilities	7,600	7,600
Used facilities		
Unused facilities	14	12
	7,586	7,588

Other facilities include the TNA (Transaction Negotiation Authority) facility on the Direct Entry Bulk File processing .

5.6 Commitments

The Council has entered into the following commitments. Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value and presented inclusive of the GST payable.

2019	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		Total \$'000
			years \$'000	Later than 5 years \$'000	
Operating					
Cleaning Services	1,451	1,265	-	-	2,716
Domestic Waste Collection	15,980	6,777	6,363	26,464	55,584
Other Operating Services	2,298	654	266	-	3,218
Printing & IT Infrastructure	2,328	1,268	619	6	4,221
Recycling	2,577	-	-	-	2,577
Repairs & Maintenance	1,296	153	81	-	1,530
Traffic & Parking Management	2,788	-	-	-	2,788
Utilities & Fuel	2,602	790	-	-	3,392
Total Operating	31,320	10,907	7,329	26,470	76,026
Capital					
Buildings	21,629	2,000	-	-	23,629
Infrastructure	1,098	60	-	-	1,158
Roads	1,000	-	-	-	1,000
Total Capital	23,727	2,060	-	-	25,787

2018	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		Total \$'000
			years \$'000	Later than 5 years \$'000	
Operating					
Cleaning Services	1,331	203	-	-	1,534
Domestic Waste Collection	12,623	12,744	14,463	17,884	57,714
Other Operating Services	2,215	-	-	-	2,215
Printing & IT Infrastructure	896	511	149	-	1,556
Recycling	2,705	2,103	-	-	4,808
Repairs & Maintenance	383	105	-	-	488
Supply Meals/Foodstuffs	807	-	-	-	807
Traffic & Parking Management	3,217	3,218	-	-	6,435
Utilities & Fuel	2,288	1,754	605	-	4,647
Total Operating	26,465	20,638	15,217	17,884	80,204
Capital					
Buildings	2,943	-	-	-	2,943
Infrastructure	2,479	154	-	-	2,633
Roads	610	-	-	-	610
Total Capital	6,032	154	0	-	6,186

5.6 (a) Operating Lease Commitments

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

	2019 \$'000	2018 \$'000
Not later than one year	752	657
Later than one year but not later than two years	632	597
Later than two years but not later than five years	712	1,229
Total Operating Lease Commitments	2,096	2,483

Lease payments for operating leases are required by the accounting standard to be recognised on a straight line basis, rather than expensed in the years in which they are incurred.

Note 6 Assets We Manage

6.1 Non Current Assets Classified As Held For Sale

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

	2019 \$'000	2018 \$'000
Land & Buildings	4,125	2,356
Total Non Current Assets Classified As Held For Sale	4,125	2,356

6.2 Property, Infrastructure, Plant and Equipment

- (a) Summary of Property, Infrastructure, Plant and Equipment
- (b) Summary of Work in Progress
- (c) Details of Property Category
- (d) Details of Plant and Equipment Category
- (e) Details of Infrastructure Category
- (f) Acquisition
- (g) Repairs and Maintenance
- (h) Depreciation and Amortisation
- (i) Revaluation
- (j) Valuation of Property
- (k) Valuation of Infrastructure
- (l) Reconciliation of Specialised Land

6.2 Property, Infrastructure, Plant and Equipment

(a) Summary of Property, Infrastructure, Plant and Equipment

Category	At Fair Value 30 June 2018	Acquisitions	Contributions	Revaluation	Depreciation	Disposal	Transfers	At Fair Value 30 June 2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	2,497,507	-	-	198,390	-	-	(2,870)	2,296,247
Buildings	203,678	11,357	-	-	(7,577)	(84)	-	207,374
Plant and Equipment	25,235	6,834	321	-	(5,716)	(650)	-	26,024
Infrastructure	601,898	16,796	435	45,358	(14,188)	(3)	-	650,296
Work in progress	7,967	-	-	-	-	-	4,032	11,999
Total	3,336,285	34,987	756	(153,032)	(27,481)	(737)	1,162	3,191,940

(b) Summary of Work in Progress

Category	Opening WIP	Additions	Transfer to Operating	Reclassification	Transfers	Closing WIP
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Buildings	5,153	9,475	(21)	1,200	(11,357)	4,450
Plant and Equipment	91	7,264	(403)	234	(6,834)	352
Infrastructure	2,723	23,164	(460)	(1,434)	(16,796)	7,197
Total	7,967	39,903	(884)	-	(34,987)	11,999

**Notes to the Financial Report
For the Year Ended 30 June 2019**

6.2 Property, Infrastructure, Plant and Equipment (Cont'd)

(c) Land and Buildings	Land - specialised	Land - non specialised	Land under roads	Total land	Buildings - specialised	Total buildings	Work in progress	Total property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2018	1,911,615	583,240	2,652	2,497,507	361,609	361,609	5,153	2,864,269
Accumulated depreciation at 1 July 2018	-	-	-	-	(157,931)	(157,931)	-	(157,931)
	1,911,615	583,240	2,652	2,497,507	203,678	203,678	5,153	2,706,338
Movements in fair value								
Acquisition of assets at fair value				-			\$9,475	9,475
Revaluation decrement	(164,869)	(33,521)	-	(198,390)	-	-	-	(198,390)
Fair value of assets disposed	-	-	-	-	(842)	(842)	-	(842)
Transfers to Properties for resale	(2,870)	-	-	(2,870)	-	-	-	(2,870)
Transfers to operating				-			(21)	(21)
Reclassification	(2,245)	2,245	-	-	-	-	1,200	1,200
Transfer from WIP	-	-	-	-	11,357	11,357	(11,357)	-
	(169,984)	(31,276)	-	(201,260)	10,515	10,515	(703)	(191,448)
Movements in accumulated depreciation								
Depreciation and amortisation	-	-	-	-	7,577	7,577	-	7,577
Accumulated depreciation of disposals	-	-	-	-	(758)	(758)	-	(758)
	-	-	-	-	6,819	6,819	-	6,819
At fair value 30 June 2019	1,741,631	551,964	2,652	2,296,247	372,124	372,124	4,450	2,672,821
Accumulated depreciation at 30 June 2019	-	-	-	-	(164,750)	(164,750)	-	(164,750)
	1,741,631	551,964	2,652	2,296,247	207,374	207,374	4,450	2,508,071

**Notes to the Financial Report
For the Year Ended 30 June 2019**

6.2 Property, Infrastructure, Plant and Equipment (Cont'd)

(d) Plant and Equipment	Plant machinery and equipment	Fixtures fittings and furniture	Computers & telecomms	Artwork	Library books	Work in progress	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2018	17,549	15,802	7,026	6,604	6,928	91	54,000
Accumulated depreciation at 1 July 2018	(8,719)	(11,069)	(4,883)	-	(4,003)	-	(28,674)
	8,830	4,733	2,143	6,604	2,925	91	25,326
Movements in fair value							
Acquisition of assets at fair value						7,264	7,264
Contributions	-	-	-	321	-	-	321
Fair value of assets disposed	(1,798)	(388)	(524)	-	(1,306)	-	(4,016)
Transfers to operating						(403)	(403)
Reclassification						234	234
Transfer from WIP	3,054	849	1,466	173	1,292	(6,834)	-
	1,256	461	942	494	(14)	261	3,400
Movements in accumulated depreciation							
Depreciation and amortisation	2,153	1,079	1,204	-	1,280	-	5,716
Accumulated depreciation of disposals	(1,223)	(314)	(524)	-	(1,305)	-	(3,366)
	930	765	680	-	(25)	-	2,350
At fair value 30 June 2019	18,805	16,263	7,968	7,098	6,914	352	57,400
Accumulated depreciation at 30 June 2019	(9,649)	(11,834)	(5,563)	-	(3,978)	-	(31,024)
	9,156	4,429	2,405	7,098	2,936	352	26,376

6.2 Property, Infrastructure, Plant and Equipment (Cont'd)

(e) Infrastructure	Roads \$'000	Bridges \$'000	Footpaths \$'000	Drainage \$'000	Recreational, leisure and community \$'000	Traffic management \$'000	Parks open spaces and streetscapes \$'000	Bicycle paths \$'000	Off street car parks \$'000	Other infrastructure \$'000	Work in progress \$'000	Total infrastructure \$'000
At fair value 1 July 2018	495,221	4,557	181,767	397,114	25,725	10,698	44,136	6,513	12,625	8,815	2,723	1,189,894
Accumulated depreciation at 1 July 2018	(205,285)	(1,883)	(113,504)	(215,127)	(7,975)	(2,847)	(21,978)	(2,934)	(6,766)	(6,974)	-	(585,273)
	289,936	2,674	68,263	181,987	17,750	7,851	22,158	3,579	5,859	1,841	2,723	604,621
Movements in fair value												
Acquisition of assets at fair value											\$23,164	23,164
Contributions	435	-	-	-	-	-	-	-	-	-	-	435
Revaluation increments/decrements	38,156	253	(3,508)	10,457	-	-	-	-	-	-	-	45,358
Fair value of assets disposed	-	-	-	-	(20)	-	(90)	-	-	-	-	(110)
Transfers to operating											(460)	(460)
Reclassification											(1,434)	(1,434)
Transfer from WIP	2,195	58	4,092	1,738	3,486	847	1,410	2,472	246	252	(16,796)	-
	40,786	311	584	12,195	3,466	847	1,320	2,472	246	252	4,474	66,953
Movements in accumulated depreciation												
Depreciation and amortisation	4,137	83	1,471	3,849	1,492	488	1,655	264	483	266	-	14,188
Accumulated depreciation of disposals					(20)		(87)					(107)
	4,137	83	1,471	3,849	1,472	488	1,568	264	483	266	-	14,081
At fair value 30 June 2019	536,007	4,868	182,351	409,309	29,191	11,545	45,456	8,985	12,871	9,067	7,197	1,256,847
Accumulated depreciation at 30 June 2019	(209,422)	(1,966)	(114,975)	(218,976)	(9,447)	(3,335)	(23,546)	(3,198)	(7,249)	(7,240)	-	(599,354)
	326,585	2,902	67,376	190,333	19,744	8,210	21,910	5,787	5,622	1,827	7,197	657,493

6.2 Property, Infrastructure, Plant and Equipment (Cont'd)

(f) 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.

Asset recognition threshold and description periods	Depreciation Period	Threshold Limit \$
<i>Land and Buildings</i>		
-Land	Indefinite	1
-Land under roads	Indefinite	1
-Buildings	30 - 50 Years	1
-Heritage Buildings	250 Years	1
<i>Plant and Equipment</i>		
-Plant Machinery & Equipment	2- 10 Years	1,000
-Furniture & Fittings	3 -10 Years	1,000
-Art work	Indefinite	1
-Computer equipment	3 -7 Years	1
-Library books	2 -7 Years	1
<i>Infrastructure</i>		
-Roads Pavements & Footpaths	80-150 Years	1,000
-Bridges	40 - 120 Years	1,000
-Drainage	100 Years	1,000
-Recreational leisure & community	10 - 100 Years	1,000
-Parks, open spaces & streetscape	25 - 120 Years	1,000
-Bicycle paths	10 - 100 Years	1,000
-Off street car parks	10 - 100 Years	1,000
-Traffic Management	20 -25 Years	1,000
-Othe infrastructure	10 - 100 Years	1,000

Land under roads

Council recognises land under roads post 1 July 2008 at fair value.

(g) 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.

6.2 Property, Infrastructure, Plant and Equipment (Cont'd)

(h) 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.

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

Road earthworks are not depreciated on the basis that they are assessed as not having a limited useful life.

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

Depreciation periods used are listed above and are consistent with the prior year unless otherwise stated.

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". There has been no changes to Useful Life or Threshold Limits.

(i) Revaluation

Subsequent to the initial recognition of assets, non current physical assets, other than plant and equipment, are measured at their fair value, being the amount for which the assets could be exchanged subsequent to initial recognition. At reporting date each year, Council reviews the carrying value of the individual classes of assets to ensure that each asset materially approximates their fair value. Where the carrying value materially differs from the fair value, the class of assets is revalued.

Fair value valuations are determined in accordance with a valuation hierarchy, changes to which can only occur if an external change in the restrictions or limitations on the use of an asset result in changes to the permissible or practical highest and best use of the asset.

In addition, Council undertakes a formal valuation of land, buildings and infrastructure assets on a cycle of 2 years. The valuations are performed either by appropriately experienced Council officers or independent experts engaged by Council.

Where assets are revalued, the revaluation increments arising from the valuations 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 previously 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 have been included in the asset revaluation reserve for that class of asset in which case the decrement is debited 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.

6.2 Property, Infrastructure, Plant and Equipment (Cont'd)

Council	2019 \$'000	2018 \$'000
Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 5% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$36 and \$4,449 per square metre.	1,746,936	1,914,267
Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs is calculated on a square metre basis and ranges from \$250 to \$5,800 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 30 years to 250 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.	207,373	203,678
Infrastructure assets are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 10 years to 150 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.	651,652	604,622

(j) Valuation of Property

In accordance with Council policy, a revaluation was undertaken for land and buildings at the reporting date. For land and buildings, fair value is market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Specialised land is valued at fair value using site values adjusted for englobo (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Any significant movements in the unobservable inputs for land and land under roads will have a significant impact on the fair value of these assets.

Valuation of land was undertaken (June 2019) by a qualified independent valuer Nick De Propertis of Westlink Corporation Pty Ltd (trading as Westlink Consulting)- registration no 3878.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2019 are as follows:

Council	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Land	-	551,964	-
Specialised Land	-	-	1,746,936
Specialised buildings	-	-	207,373
Total	-	551,964	1,954,309

(k) Valuation of Infrastructure

A review of the rates for infrastructure assets for 2018/19 has been undertaken to assess any "material movement" in 'Fair Value' of Council's infrastructure assets as at the 30 June 2019. As a result of this review a revaluation of these assets have been undertaken.

The review have been undertaken by the Manager Strategic Asset Management, Chris Lo Piccolo (B.Eng (Civil), GDip Municipal Engineering & Management, GCert Business Management).

The valuation is at fair value based on replacement cost less accumulated depreciation as at 30 June 2019.

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2019 are as follows:

Council	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Roads	-	-	326,585
Bridges	-	-	2,903
Footpaths	-	-	68,732
Drainage	-	-	190,333
Total	-	-	588,553

Reconciliation of Specialised Land

Council	2019 \$'000	2018 \$'000
Land under roads	2,652	2,652
Parks and reserves and other	1,744,284	1,911,615
Total specialised land	1,746,936	1,914,267

6.3 Investments in Joint Arrangement Accounted For Using The Equity Method

Regional Landfill Clayton South Unincorporated Joint Arrangement

Under an agreement dated 23 September 1986, the former City of Oakleigh (now vested in the Monash City Council) contracted to purchase a 16.8% interest in the landfill site situated at 654 – 718 Clayton Road, South Clayton from the former City of Camberwell at a cost of \$840k.

Whilst the site was closed in December 2015, the joint venture continues to manage the site to ensure compliance with relevant environmental standards. Under Clause 2.2 of the purchase agreement Council receives 16.8% of any net operating surplus and pays 16.8% of any net operating deficit of the operations of the Clayton Landfill venture. Council's share of the operating loss for the year ended 30 June 2019 was \$156K, which has been recognised as an expense in the Comprehensive Operating Statement.

The value of the investment in the Clayton Landfill has been revalued at year end to reflect Council's share of net assets recorded in the audited Accounts of the Joint operation at 30 June 2019 and is included in the Balance Sheet as follows:

REGIONAL LANDFILL CLAYTON SOUTH JOINT OPERATION		
Balance Sheet		
As at 30 June 2019		
	2019	2018
	\$'000	\$'000
Current Assets	4,976	6,931
Current Liabilities	-	(25)
Net Current Assets	4,976	6,906
Non-Current Assets	-	-
Non-Current Liabilities	(12,299)	(13,364)
Net Liability	(7,323)	(6,458)
Contribution-Re Land	1,659	1,659
Retained earnings	(8,982)	(8,117)
Deficit	(7,323)	(6,458)
Share of Monash City Council (16.8%)		
Movements		
Share in Joint Operation Equity as at 1 July	(1,074)	(659)
Share of net (loss)/ profits of joint operation	(156)	(415)
(Decrease)/Increase for the year	(1,230)	(1,074)
Share in Joint Operation Equity as at 30 June 2019	(1,230)	(1,074)
Represented in Council's Balance Sheet - Equity		
Non - Current Assets - Investment in Joint arrangement accounted for using the equity method	832	1,171
Non-Current Liability - Investment in Joint arrangement accounted for using the equity method	(2,062)	(2,245)
Net Liability	(1,230)	(1,074)

The landfill closed on the 29 January 2016. At balance date the landfill itself retains sufficient liquidity to fund the post closure capital works and the post closure after care expenses for the medium term. It is likely that additional Council funding will be required to support the entity in the longer term. Council has recognised its share of the future funding obligation in its Balance Sheet as a Non-Current Liability.

At the reporting date the Joint Venture recognised a provision for rehabilitation works which is measured at the present value of the Joint Venturers' best estimate of the costs associated with remediation of the site over a period of 26 years. Remediation is expected to be completed by 2045.

The calculation of the provision is based on a review of the Annual and planned equipment replacement aftercare costs of the site. These costs have been inflated at an assumed inflation rate of 2.5% annually for 26 years. The present value calculation uses the Milliman Group of 100 discount rate forecasts for 26 years.

The provision also takes into account a forecast \$2.414 million of capping and gas infrastructure works that are required to be completed primarily in 2019-20 in order to decommission the land fill.

The provision is assessed at the end of each reporting period in order to ensure it accurately reflects the cost of closing and restoring the site.

Note 7 People and Relationships

7.1 Council and Key Management Remuneration

(a) Related Parties

Parent entity
Monash City Council

Subsidiaries and Associates
Interests in Regional Landfill Clayton South Joint Operation is detailed in note 6.3.

(b) Key Management Personnel

Key Management Personnel includes the 11 Councillors in office from time to time, the Chief Executive Officer and those members of Council staff who have management responsibilities and report directly to the Chief Executive Officer.

Details of persons holding the position of Councillor or other members of key management personnel at any time during the year are:

	2019	2018
	No	No
Key Management Personnel - Councillors		
From 1 July 2018 to 30 June 2019		
Councillor Paul Klisaris (Mayor until 12.11.18)	1	1
Councillor Stuart James	1	1
Councillor Shane McCluskey (Mayor from 12.11.18)	1	1
Councillor Josh Fergeus	1	1
Councillor Lynnette Saloumi	1	1
Councillor MT Pang Tsoi	1	1
Councillor Robert Davies	1	1
Councillor Brian Little	1	1
Councillor Geoff Lake	1	1
Councillor Theo Zographos	1	1
Councillor Rebecca Paterson	1	1
Key Management Personnel - Officers		
Andi Diamond Chief Executive Officer	1	1
Jack Crawford Director Corporate Services (resigned 14/08/17)	-	1
Danny Wain Chief Financial Officer	1	1
Julie Salomon Director Community Development & Services	1	1
Ossie Martinz Director Infrastructure	1	1
Peter Panagakos Director City Development	1	1
Frank Rog Executive Manager Human Resources (resigned 02/07/17)	-	1
Leanne Wiebenga Executive Manager - People and Culture	1	1
Jarrod Doake Chief Operating Officer	1	1
Joanne Robertson Manager Communications	1	1
Total Key Management Personnel	19	21

(c) Remuneration of Key Management Personnel

	2019	2018
Total remuneration of key management personnel was as follows:	\$,000	\$,000
Short-term benefits	2,231	2,356
Post-employment benefits	195	196
Long-term benefits	-	71
Total	2,426	2,623

The Councillor and Mayoral allowances are required to be set within the range specified by an Order in Council. Under that Order, which identifies 3 categories of Council, based upon physical size and population, Monash is deemed a Category 3 Council. The Councillor and Mayoral allowances for 2016-2020 have been set at the allowance range for a Category 3 Council, approved by the Minister for Local Government, and applicable from 1 December 2016, is:

Mayor allowance: \$94,641 per annum
Councillor allowance : \$29,630 per annum

Council also contributes the legislative requirement for 9.5% superannuation.

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

	2019	2018
	No.	No.
\$30,000 - \$39,999	9	9
\$50,000 - \$59,999	1	1
\$80,000 - \$89,999	1	1
	11	11

(c) Remuneration of Key Management Personnel (Cont'd)

Chief Executive Officer and the numbers of KMP's whose total remuneration from Council and any related entities, fall within the following bands:

	2019	2018
	No.	No.
\$100,000 - \$109,999	-	1
\$140,000 - \$149,999	-	1
\$150,000 - \$159,999	1	-
\$170,000 - \$179,999	-	1
\$180,000 - \$189,999	-	1
\$200,000 - \$209,999	1	-
\$210,000 - \$219,999	1	1
\$220,000 - \$229,999	1	1
\$240,000 - \$249,999	-	1
\$250,000 - \$259,999	3	1
\$260,000 - \$269,999	-	1
\$370,000 - \$379,999	-	1
\$420,000 - \$429,999	1	-
	8	10

(d) Senior Officer Remuneration

A Senior Officer is an officer of Council, other than Key Management Personnel, who:

- a) has management responsibilities and reports directly to the Chief Executive; or
- b) whose total annual remuneration exceeds \$148,000.

The number of Senior Officers are shown below in their relevant income bands:

	2019	2018
Income Range:	No.	No.
<\$145,000	-	2
\$145,000 - \$149,999	-	5
\$150,000 - \$159,999	4	6
\$160,000 - \$169,999	5	7
\$170,000 - \$179,999	8	3
\$180,000 - \$189,999	4	3
\$190,000 - \$199,999	1	1
\$200,000 - \$209,999	-	1
	22	28

	\$'000	\$'000
Total Remuneration for the reporting year for Senior Officers includes all bonuses, termination payments and payments of outstanding leave which amounted to:	3,786	4,554

7.2 Related Party Disclosure

(a) Transactions with related parties

During the period Council entered into no reportable transactions with related parties.

(b) Outstanding balances with related parties

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties: NIL

(c) Loans to/from related parties

The aggregate amount of loans in existence at balance date that have been made, guaranteed or secured by the council to a related party as follows: NIL

(d) Commitments to/from related parties

The aggregate amount of commitments in existence at balance date that have been made, guaranteed or secured by the council to a related party are as follows: NIL

Note 8 Managing Uncertainties

8.1 Contingent Assets and Liabilities

(a) Contingent Assets

As at 30 June 2019, there are no potential contingent assets

(b) Contingent Liabilities

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 .

Superannuation

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme. Matters relating to this potential obligation are outlined in Note 9.3. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists. At this point in time it is not known if additional contributions will be required, their timing or potential amount.

Landfill

There are two sites outside the City of Monash boundary that may incur liabilities. The Heatherton Park landfill in Kingston was managed by the former City of Oakleigh (now City of Kingston). The other site is the former tip site located at Spring Valley Reserve in the City of Greater Dandenong. This site was managed by the former City of Springvale under the overall management of a Regional Group. At balance date Council is unable to accurately assess whether it is liable, validity of the claims or the financial implications of such works and as such, at this time, in each case is unable to accurately measure and recognise as a provision.

Building Cladding

As at 30 June 2019, there are no potential contingents that may exist in relation to rectification works or other matters associated with building cladding that may have an adverse impact on Council.

Liability Mutual Insurance

Council is a participant of the MAV Liability Mutual Insurance (LMI) Scheme. The LMI scheme provides public liability and professional indemnity insurance cover. The LMI scheme states that each participant will remain liable to make further contributions to the scheme in respect of any insurance year in which it was a participant to the extent of its participant's share of any shortfall in the provision set aside in respect of that insurance year, and such liability will continue whether or not the participant remains a participant in future insurance years.

(c) Guarantees for Loans to Other Entities

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.

	2019	2019	2018	2019
	Outstanding	Guarantee Limit	Outstanding Loan	Guarantee Limit
	Loan Liability		Liability	
	\$'000	\$'000	\$'000	\$'000
Waverley Hockey Club	144	300	171	300
	144	300	171	300

8.2 Change in Accounting Standards

The following new AAS's have been issued that are not mandatory for the 30 June 2019 reporting period. Council has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

Revenue from contracts with customers (AASB 15) (applies 2019/20 for LG sector)

The standard shifts the focus from the transaction-level to a contract-based approach. Recognition is determined based on what the customer expects to be entitled to (rights and obligations), while measurement encompasses estimation by the entity of the amount expected to be entitled for performing under the contract. The full impact of this standard is not known however it is most likely to impact where contracts extend over time, where there are rights and obligations that may vary the timing or amount of the consideration, or where there are multiple performance elements. This has the potential to impact on the recognition of certain grant income (eg: Capital Grants & Contributions).

Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities (AASB 2016-7) (applies 2019/20)

This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019. The first applicable reporting period for Councils is 2019-20.

Leases (AASB 16) (applies 2019/20)

The classification of leases as either finance leases or operating leases is eliminated for lessees. Leases will be recognised in the Balance Sheet by capitalising the present value of the minimum lease payments and showing a 'right-of-use' asset, while future lease payments will be recognised as a financial liability. The nature of the expense recognised in the profit or loss will change. Rather than being shown as rent, or as leasing costs, it will be recognised as depreciation on the 'right-of-use' asset, and an interest charge on the lease liability. The interest charge will be calculated using the effective interest method, which will result in a gradual reduction of interest expense over the lease term.

Council has elected to adopt the modified retrospective approach to the transition to the new lease standard. This will mean that only existing operating leases for non low value assets, with remaining terms greater than 12 months, will be recognised on transition (1 July 2019). Based on our current lease commitments and an assumption of a continuation of the current leasing arrangements Council expects that the transition to the new standard will see the initial recognition of \$9.2M in lease related assets and an equivalent liability.

Income of Not-for-Profit Entities (AASB 1058) (applies 2019/20)

This standard is expected to apply to certain transactions currently accounted for under AASB 1004 Contributions and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable a not-for-profit entity to further its objectives.

Council has identified services that utilise Volunteers. We have developed a management declaration form to determine whether staff would provide Volunteer Services in the absence of those Volunteers. Currently Council estimates \$Nil impact on the Financial Statement.

8.3 Financial Instruments

(a) Objectives and Policies

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables) and payables (excluding statutory payables). Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in Notes of the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

(b) 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 exposure to market risk is primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk.

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. 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. Council does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rate.

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:

- diversification of investment product,
- monitoring of return on investment,
- benchmarking of returns and comparison with budget.

There has been no significant change in the Council's exposure, or its objectives, policies and processes for managing interest rate risk or the methods used to measure this risk from the previous reporting period.

Interest rate movements have not been sufficiently significant during the year to have an impact on the Council's year end result.

(c) 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 some financial assets included in our balance sheet. Particularly significant areas of credit risk exist in relation to outstanding fees and fines as well as loans and receivables from sporting clubs and associations. 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.

Receivables consist of a large number of customers, spread across the ratepayer, business and government sectors. Credit risk associated with the Council's financial assets is minimal because the main debtor is secured by a charge over the rateable property.

There are no material financial assets which are individually determined to be impaired.

Council 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 8.1(b).

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. Council does not hold any collateral.

8.3 Financial Instruments (Cont'd)

(d) Liquidity Risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements or we will not have sufficient funds to settle a transaction when required, we will be forced to sell a financial asset at below value or may be unable to settle or recover a financial asset.

To help reduce these risks Council:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 8.1(c), and is deemed insignificant based on prior periods' data and current assessment of risk.

There has been no significant change in Council's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from the previous reporting period.

Unless otherwise stated, the carrying amount of financial instruments reflect their fair value.

(e) Sensitivity Disclosure Analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, 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%.

These movements will not have a material impact on the valuation of Council's financial assets and liabilities, nor will they have a material impact on the results of Council's operations.

8.4 Fair Value Measurement

Fair value hierarchy

Council's financial assets and liabilities are not valued in accordance with the fair value hierarchy, Council's financial assets and liabilities are measured at amortised cost.

Council measures certain assets and liabilities at fair value where required or permitted by Australian Accounting Standards. *AASB 13 Fair value measurement*, aims to improve consistency and reduce complexity by providing a definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards.

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 between market participants at the measurement date. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique.

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

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

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

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

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

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

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.

Assessment of the impairment of assets has been undertaken as part of Monash internal work plan and there have been no impairment write-downs in 2018/19.

8.5 Events Occurring After Balance Date

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

**Notes to the Financial Report
For the Year Ended 30 June 2019**

Note 9 Other Matters

9.1 Reserves

	Balance at beginning of reporting period	Revaluation Increment / (decrement)	Adjustments	Balance at end of reporting period
(a) Asset Revaluation Reserves	\$'000	\$'000	\$'000	\$'000
2019				
Property				
Land	2,138,329	(198,390)	-	1,939,939
Buildings	77,319	-	(164)	77,155
Infrastructure				
Roads and Footpaths	84,106	34,649	-	118,755
Drainage	73,201	10,458	-	83,659
Other Infrastructure	9,223	253	-	9,476
Other				
Plant & Equipment	11	-	-	11
Library Books	250	-	-	250
Art Collection	1,978	-	-	1,978
Total Asset Revaluation Reserves	2,384,417	(153,030)	(164)	2,231,223

	Balance at beginning of reporting period	Increment / (decrement)	Adjustments	Balance at end of reporting period
2018	\$'000	\$'000	\$'000	\$'000
Property				
Land	1,860,723	277,606	-	2,138,329
Buildings	71,123	6,199	(3)	77,319
Infrastructure				
Roads and Footpaths	84,106	-	-	84,106
Drainage	73,201	-	-	73,201
Other Infrastructure	9,227	-	(4)	9,223
Other				
Plant & Equipment	11	-	-	11
Library Books	250	-	-	250
Art Collection	1,978	-	-	1,978
Total Asset Revaluation Reserves	2,100,619	283,805	(7)	2,384,417

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

Note 9 Other Matters (Cont'd)

(b) Statutory Reserve 2019	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
Drainage Reserve	6,927	1,224	(736)	7,415
Parking Reserve	3,198	439	(57)	3,580
Public Open Space Reserve	-	7,352	(5,037)	2,315
Total Statutory Reserves	10,125	9,015	(5,830)	13,310

2018

Drainage Reserve	7,441	1,097	(1,611)	6,927
Parking Reserve	2,386	890	(78)	3,198
Public Open Space Reserve	-	4,968	(4,968)	-
Total Statutory Reserves	9,827	6,955	(6,657)	10,125

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 (POS)

The Monash Planning Scheme requires that a person who proposes to subdivide land must make a contribution to the Council for public open space (being a percentage of the land intended to be used for residential, industrial or commercial purposes, or a percentage of the site value of such land, or a combination of both). If no amount is specified, a contribution for public open space may still be required under *section 18 of the Subdivision Act 1988*. These funds are then used to either upgrade recreational facilities in existing open space areas or provide additional open space in the municipality.

(c) Discretionary Reserves 2019	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
Development Reserve	7,154	-	-	7,154
Superannuation Reserve	4,500	1,000	-	5,500
Unspent Grant Reserve	2,865	-	(770)	2,095
Total Discretionary Reserves	14,519	1,000	(770)	14,749

2018

Development Reserve	7,154	-	-	7,154
Superannuation Reserve	2,500	2,000	-	4,500
Unspent Grant Reserve	-	2,865	-	2,865
Total Discretionary Reserves	9,654	4,865	-	14,519

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

This Reserve (formerly named the Aged Residential Care Facilities Upgrade 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.

Council has earmarked \$2.65M from the Development Reserve towards Waverley Gymnastic /Oakleigh Recreation Centre Development.

Superannuation Reserve

This is a discretionary reserve to provide funding towards any future call to top-up the Defined Benefit category of Vision Super.

Unspent Grant Reserve

This reserve quarantines funds related to grants received from State and Federal government agencies for funding the capital works projects. Any funds unexpended at the end of the financial year will be held in this reserve.

**Notes to the Financial Report
For the Year Ended 30 June 2019**

Note 9 Other Matters (Cont'd)

9.2 Reconciliation of Cash Flows from Operating Activities to Surplus

	2019	2018
	\$'000	\$'000
Surplus for the year	19,959	16,919
Depreciation	28,270	27,113
Net Gain/(Loss) on disposal of Property, Infrastructure, Plant and Equipment	(343)	(137)
Developer contributions of Infrastructure	(435)	(293)
Art Donation	(321)	(52)
Capitalised Salaries (Note 4.1)	(1,976)	(1,456)
Share of loss from Clayton Joint Venture	156	415
<i>Change in operating assets and liabilities</i>		
(Increase)/Decrease in Receivables	134	(445)
Decrease/(Increase) in Prepayments	690	(174)
Increase/(Decrease) in Current Refundable Deposits	1,032	1,870
Increase/(Decrease) in other liabilities	(691)	(25)
Decrease in Investments	(11)	(4)
Increase/(Decrease) in Payables	3,771	(632)
Increase/(Decrease) in Current Provisions	809	259
(Decrease)/Increase in Non Current Provisions	(37)	64
Net cash provided by/ (used in) operating activities	51,007	43,422

Note 9 Other Matters (Cont'd)
9.3 Superannuation

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.

Accumulation

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receive 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 2019, this was 9.5% as required under Superannuation Guarantee legislation).

Defined Benefit

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 pooled multi-employer sponsored plan. Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary. For the year ended 30 June 2019, this rate was 9.5% of members' salaries (9.5% in 2017/2018).

As at 30 June 2018, a full triennial actuarial investigation was completed. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 106%. To determine the VBI, the Fund Actuary used the following long-term assumptions:

Net investment returns 6.0% pa
Salary information 3.5% pa
Price inflation (CPI) 2.5% pa.

Vision Super has advised that the estimated VBI at 30 June 2019 was 107.1%. The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2018 interim actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Defined benefit 2018 Interim actuarial investigation surplus amounts

The Fund's actuarial investigation identified the following for the defined benefit category of which Council is a contributing employer:

A VBI surplus of \$131.9 million; and
A total service liability surplus of \$218.3 million.
A discounted accrued benefits surplus of \$249.1 million.

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2018. Council was notified of the 30 June 2018 VBI during August 2018.

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2018.

The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2018.

An interim actuarial investigation will be conducted for the Fund's position as at 30 June 2019. It is anticipated that this actuarial investigation will be completed in October 2019.