



# Financial Report

For the year ended 30 June 2012



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## UNDERSTANDING THE FINANCIAL REPORT

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

- Two of Council's Audit Committee members, Councillors Perri and Lo were authorised to certify and have signed the Statements in their final form.
- Council's Audit Committee met to consider the draft Statements and the preliminary recommendation made by the external Auditor.
- The Audit Committee recommended to Council that the Statements be approved.
- The Statements were then submitted to the Auditor General for review and certification.
- The Financial, Standard and Performance Statements and all other parts of the Annual Report are lodged with the Minister for Local Government prior to 30 September annually.
- For the 2011-2012 financial year, Monash Council has received a clear result for the audit of its Financial Statements.

### Financial Statements

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

### Income Statement

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

### Balance Sheet

The Balance Sheet Statement is a one-page snapshot of the financial position as at 30 June 2012. It shows what the Council owns as assets and what it owes, as liabilities. The bottom line of this Statement is net assets. This is the Council's net worth, which has been built up over many years.

### Statement of Changes in Equity

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

### Cash Flow Statement

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

### Standard Statements

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

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

## Comprehensive Operating Statement

For the Year Ended 30 June 2012

	Note	2012 \$'000	2011 \$'000
<b>Revenue</b>			
Rates & Charges	2	81,773	76,431
Charges, Fees and Fines	3	28,932	26,128
Contributions - Cash	4	3,796	3,257
Contributions - Non-monetary assets	4	6,088	5,691
Grants, Subsidies & Contributions-Recurrent	5	25,393	22,787
Grants, Subsidies & Contributions-Non-Recurrent	5	6,419	3,888
Interest Revenue	6	2,643	2,967
Other Revenue	7	2,703	2,612
Net gain /(loss) on disposal of Property, Plant & Equipment	8	358	554
Share of net profit/(losses) of associates and joint venture accounted for by the equity method	9	192	(131)
<b>Total Revenue</b>		<b>158,297</b>	<b>144,184</b>
<b>Expenses</b>			
Employee Benefits	10	79,572	65,735
Materials, Services & Contracts	11	56,831	53,527
Depreciation & Amortisation	12	24,074	23,485
Finance Costs	13	715	736
Other Expenses	14	1,305	1,266
Derecognition of fair value of Bed Licences	22	-	6,655
<b>Total Expenses</b>		<b>162,497</b>	<b>151,404</b>
<b>Surplus/(Deficit)</b>		<b>(4,200)</b>	<b>(7,220)</b>
<b>Other comprehensive income</b>			
Share of net loss on revaluation of associates and joint ventures accounted for by the equity method	30,9	(287)	-
Net Asset revaluation increment (decrement)	21,30	13,266	(935)
<b>Comprehensive result</b>		<b>8,779</b>	<b>(8,155)</b>

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

## Balance Sheet

As at 30 June 2012

	Note	2012 \$'000	2011 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	15	45,154	42,832
Trade & Other Receivables	17	6,154	5,565
Financial Assets	16	2	2
Inventories	18	87	85
Non Current Assets as held for sale	19	2,864	3,611
Other Assets	20	3,182	3,136
<b>Total Current Assets</b>		<b>57,443</b>	<b>55,231</b>
<b>Non-Current Assets</b>			
Investments in Associates accounted for using the equity method	9	2,354	2,449
Property, Plant & Equipment	21	2,080,472	2,052,966
Intangible Assets	22	-	-
<b>Total Non-Current Assets</b>		<b>2,082,826</b>	<b>2,055,415</b>
<b>TOTAL ASSETS</b>		<b>2,140,269</b>	<b>2,110,646</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	23	11,234	11,054
Trust Funds & Deposits	24	5,439	5,221
Income in Advance	25	1,856	1,032
Provisions	26	14,571	12,497
Interest-Bearing Loans & Borrowings	28	3,200	3,200
Refundable Deposits	29	20,940	19,953
<b>Total Current Liabilities</b>		<b>57,240</b>	<b>52,957</b>
<b>Non-Current Liabilities</b>			
Provisions	26	1,294	2,052
Defined Superannuation Fund	27	12,319	-
Interest-Bearing Loans & Borrowings	28	11,800	6,800
<b>Total Non-Current Liabilities</b>		<b>25,413</b>	<b>8,852</b>
<b>TOTAL LIABILITIES</b>		<b>82,653</b>	<b>61,809</b>
<b>NET ASSETS</b>		<b>2,057,616</b>	<b>2,048,837</b>
<b>EQUITY</b>			
Accumulated Surplus		898,762	903,002
Asset Revaluation Reserve	30	1,145,990	1,133,011
Other Reserves	30	12,864	12,824
<b>TOTAL EQUITY</b>		<b>2,057,616</b>	<b>2,048,837</b>

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

## Statement of Changes in Equity

For the Year Ended 30 June 2012

Note	2012				2011			
	Total	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves
	2012	2012	2012	2012	2011	2011	2011	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at beginning of the Financial Year	2,048,837	903,002	1,133,011	12,824	2,056,992	910,861	1,133,946	12,185
Surplus/(deficit) for the year	(4,200)	(4,200)	-	-	(7,220)	(7,220)	-	-
Net asset revaluation increment	30	13,266	-	13,266	-	-	-	-
Bed Licences revaluation decrement	30	-	-	-	(935)	-	(935)	-
Joint Venture asset revaluation decrement	30	(287)	-	(287)	-	-	-	-
Transfers to Reserves	30	-	(3,730)	-	3,730	(3,480)	-	3,480
Transfers from Reserves	30	-	3,690	-	(3,690)	2,841	-	(2,841)
<b>Balance at End of the Financial Year</b>	<b>2,057,616</b>	<b>898,762</b>	<b>1,145,990</b>	<b>12,864</b>	<b>2,048,837</b>	<b>903,002</b>	<b>1,133,011</b>	<b>12,824</b>

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

## Cash Flow Statement

For the Year Ended 30 June 2012

	Note	2012 Inflows/ (Outflows) \$'000	2011 Inflows/ (Outflows) \$'000
<b>Cash Flows from Operating Activities</b>			
Receipts from Ratepayers		81,971	76,246
Charges, Fees and Fines Received		31,654	28,445
Grants Received		31,595	27,023
Contributions, Reimbursements and Donations Received		3,796	3,257
Interest Received		2,650	3,090
Other Receipts		2,500	1,539
GST reimbursed by Australian Tax Office		8,520	7,215
GST paid to Australian Tax Office		(2,539)	(1,863)
Materials, Services and Contracts Paid		(65,595)	(60,533)
Payments to Employees		(65,744)	(64,326)
Other Payments		(1,291)	(1,219)
<b>Net cash provided by (used in) operating activities</b>	<b>37</b>	<b>27,516</b>	<b>18,874</b>
<b>Cash Flows from Investing Activities</b>			
Payments for Property, Plant and Equipment		(32,489)	(24,653)
Proceeds from Sale of Property, Plant and Equipment		2,417	2,330
<b>Net cash provided by (used in) investing activities</b>		<b>(30,072)</b>	<b>(22,323)</b>
<b>Cash Flows from Financing Activities</b>			
Finance Costs		(715)	(736)
Trusts and Refundable Deposits		592	1,099
New Borrowings		5,000	-
Receipt from Re-draw of Borrowings		1,700	1,700
Repayment of Current Borrowings/Leases		(1,700)	(1,700)
<b>Net cash provided by (used in) financing activities</b>		<b>4,877</b>	<b>363</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>2,322</b>	<b>(3,086)</b>
Cash and cash equivalents at the beginning of the financial year		42,832	45,918
<b>Cash and Cash equivalents at the end of the financial year</b>	<b>15</b>	<b>45,154</b>	<b>42,832</b>

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

## Notes to the Financial Report

For the Year Ended 30 June 2012

### INTRODUCTION

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

### NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Accounting

This financial report has been prepared on the accrual and going concern basis under the historical cost convention, except where specifically stated in notes 1(h), 1(j), 1(k), 1(p), 1(v) and 1(w).

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

#### (b) Change in Accounting Policies

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

#### (c) Revenue recognition

##### *Rates, Grants and Contributions*

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

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

Control over granted assets is normally obtained upon their receipt.

Income is recognised when the Council obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the Council and the amount of the contribution can be measured reliably. Where grants or contribution recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 5. The Note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

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





## Notes to the Financial Report

For the Year Ended 30 June 2012

### **User Fees and Fines**

User Fees and Fines (including parking fees and fines) are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied whichever first occurs. A provision for doubtful debts is recognised when collection in full is no longer probable.

### **Sale of property, plant and equipment, infrastructure**

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

### **Interest**

Interest is recognised progressively as it is earned.

### **(d) Inventories**

Inventories held for distribution are measured at cost adjusted when applicable for any loss of service potential. Other inventories are measured at the lower of cost and the net realisable value.

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

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

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

Land and Artworks are not considered depreciable asset classes.

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

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

<b>Asset Description</b>	<b>2011/12 Useful Life</b>
Land	Indefinite
Land Under Roads	Indefinite
Buildings	40 - 50 Years
Heritage Buildings	250 years
Plant & Machinery - Large	7 Years
Plant & Machinery - Medium	5 Years
Plant & Machinery - Equipment	3 Years
Plant & Machinery - Small	2 Years
Motor Vehicles	7 Years
Furniture	10 Years
Computer Equipment	3 Years
Office Equipment	5 - 10 Years
Other Equipment	10 Years
Art	Indefinite
Library Books - Reference	7 Years
Library Books - Hardcover	5 Years
Library Books - Periodicals	2 Years
Library Books - E Books	4 Years
Audio Visuals	4 Years
Road Pavements - Base	150 Years
Road Pavements - Seal	25 Years
Road Pavements - Right of Ways	100 Years
Road Pavements - Footpaths	60 Years
Road Pavements - Kerbs & Channels	150 Years
Drains	100 Years
Bridges - Vehicular	120 Years
Bridges - Wooden	40 Years
Other Infrastructure - Car Parks / Landscaping/Public art	25, 40, 60, 100 Years
Other Infrastructure - Bus Shelters/Play Equipment	10-20 Years
Other Infrastructure - Signs/Sprinklers	10-20 Years
Other Infrastructure - Retaining Walls/Street Furniture	25, 40, 60, 100 Years
Other Infrastructure - Bike Paths	30 Years
Other Infrastructure - Lighting/Retail Strips	25 Years
Other Infrastructure - Monuments	100 Years

## Notes to the Financial Report

For the Year Ended 30 June 2012

### (f) Repairs and Maintenance

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

### (g) Borrowing costs

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

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

### (h) Recognition and measurement of Assets

#### **Acquisition**

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the amount for which the asset could be exchanged between knowledgeable willing parties in an arms length transaction.

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

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

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

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

#### **Revaluation**

Subsequent to the initial recognition of assets, land and buildings, infrastructure assets and art are measured at fair value, being the amount for which the assets could be exchanged between knowledgeable willing parties in an arms length transaction. At balance date, the Council reviews the carrying value of the individual classes of assets to ensure that each asset materially approximates its fair value. Where the carrying value materially differs from the fair value the class of assets is revalued. The basis of the fair value of each class of asset is outlined in Note 21.

## Notes to the Financial Report

### For the Year Ended 30 June 2012

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

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

#### **Land Under Roads**

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

#### **(i) Cash & Cash Equivalents**

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

#### **(j) Investments**

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

#### **(k) Accounting for Investments in Associates**

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

The Monash City Council has a joint venture interest in the Clayton tip

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

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

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



## Notes to the Financial Report

For the Year Ended 30 June 2012

### (l) Employee Entitlements

#### *Wages and Salaries*

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

#### *Annual Leave*

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

Annual leave expected to be paid later than one year has been measured at the present value of the estimated future cash outflows to be made for these accrued entitlements. Commonwealth bond rates are used for discounting future cash flows.

#### *Long Service Leave*

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

Long service leave expected to be paid within 12 months is measured at nominal value based on the amount expected to be paid when settled. Long service leave expected to be paid later than one year has been measured at the present value of the estimated future cash outflows to be made for these accrued entitlements. Commonwealth bond rates are used for discounting future cash flows.

#### *Superannuation*

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

The superannuation expense for the reporting year is the amount of the statutory contribution the Council makes to the superannuation plan which provides benefits to its employees together with any movements (favourable/unfavourable) in the position of any defined benefits schemes. Details of these arrangements are detailed in Note 35.

#### *Retirement Gratuity*

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

### (m) Leases

#### *Operating Leases*

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

### (n) Allocation between Current and Non-Current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next twelve months, being the Council's operational cycle, or if the Council does not have an unconditional right to defer settlement of a liability for at least 12 months after the reporting date.

## Notes to the Financial Report For the Year Ended 30 June 2012

### (o) Goods and Services Tax

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

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

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

### (p) 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.

### (q) Interest Bearing Loans & Borrowings

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

The screenshot shows the City of Monash website interface. At the top right, there are links for Contrast, Text Size, Help, A-Z, and Sitemap. The main header features the City of Monash logo and a Google Custom Search bar. Below the header is a navigation menu with links for Home, Council, City, Community, Leisure, Planning and Building, and Business. The main content area includes a featured image of a woman sitting by a pond with the text 'A Guide to Help You Go Green' and 'Challenge yourself to take action today!'. To the right of this image is a 'Contact Us' section for Monash City Council, providing contact details and a 'We speak your language' notice. Below these are social media follow buttons for Facebook, Twitter, LinkedIn, and YouTube. The bottom section is divided into four columns: 'Community Information' with links to 'A Guide to Help You Go Green', 'Sustainable Workshops', 'Eaton Mall Upgrade Works', 'Problem Gambling', and 'Noticeboard'; 'Latest News & Events' with links to 'Motors Running for Men', 'Making Clayton Safe & Clean', 'Euneva Car Park is Now Open', and 'Monash Bulletin'; 'Have Your Say' with links to 'Post Your Vote' and 'School Focused Youth Service Needs Analysis 2012'; and 'Quick Links' with links to 'Events', 'Careers', 'Forms & Permits', 'Payments', 'Tenders', 'Noticeboard', 'Rates & Property', 'Emergency', and 'Maps'.

### (r) Non-Current Assets held for sale

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

### (s) Web site costs

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

### (t) Aged Care Bond Deposits

Council operates 2 Hostels and 2 Nursing Homes where residents may be required to make an entry contribution. Under the terms of the occupancy agreements, such contributions are refundable when the resident terminates their occupation, less amounts accrued as income to Council over the period of the occupancy. The total of contributions refundable as at balance date is shown in Note 29.

## Notes to the Financial Report

### For the Year Ended 30 June 2012

#### (u) Rounding

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

#### (v) Investment Property

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

#### (w) Financial Guarantee

Financial guarantee contracts are recognised as a liability at the time the guarantee is issued. The liability is initially measured at fair value, and if there is material increase in the likelihood that the guarantee may have to be exercised, at the higher of the amount determined in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation, where appropriate. In the determination of fair value, consideration is given to factors including the probability of default by the guaranteed party and the likely loss to Council in the event of default. As at 30th June 2012 Council has one financial guarantee in place ( Waverley Hockey Club \$300K).

#### (x) Tender Deposits

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



## Notes to the Financial Report

For the Year Ended 30 June 2012

### (y) Pending Accounting Standards

The following Australian Accounting Standards have been issued or amended and are applicable to the Council but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on departmental financial statements
AASB 9: Financial Instruments and AASB 2010-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	<p>These standards are applicable retrospectively and amend the classification and measurement of financial assets. Council has not yet determined the potential impact on the financial statements. Specific changes include:</p> <ul style="list-style-type: none"> <li>* simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;</li> <li>* removing the tainting rules associated with held-to-maturity assets;</li> <li>* simplifying the requirements for embedded derivatives;</li> <li>* removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;</li> <li>* allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and</li> <li>* reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:               <ol style="list-style-type: none"> <li>a. the objective of the entity's business model for managing the financial assets; and</li> <li>b. the characteristics of the contractual cash flows.</li> </ol> </li> </ul>	Applicable for annual reporting periods commencing on or after 1 January 2013.	These changes are expected to provide some simplification in the accounting for and disclosure of financial instruments

### (Z) Contingent assets and contingent liabilities and commitments

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

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

## Notes to the Financial Report

For the Year Ended 30 June 2012

	2012	2011
	\$'000	\$'000
<b>NOTE 2 RATES &amp; CHARGES</b>		
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 2011/12 was \$44,943 billion (2010/11 \$44,437 billion). The 2011/12 rate in the dollar was \$0.0018022 (2010/11 \$0.0017002).		
Residential	69,468	64,605
Commercial	6,470	6,097
Industrial	5,058	4,850
Cultural & Recreational	185	175
Supplementary rates & rate adjustments	592	704
<b>Total</b>	<b>81,773</b>	<b>76,431</b>

The date of the latest general revaluation of land for rating purposes within the municipality is 1 January 2012 and the valuation was first applied in the rating year commencing 1 July 2012.

The date of the previous general revaluation of land for rating purposes within the municipality was 1 January 2010 and the valuation first applied to the rating period commencing 1 July 2010.

### NOTE 3 CHARGES, FEES & FINES

Service Charges	6,427	6,109
Parking Fines	3,959	3,515
Recreation Fees	10,855	9,766
Waste Transfer Station	1,327	1,166
Building Services Fees	1,356	1,308
Registration Fees	447	434
Provision of Council Information Fees	218	225
Library Fees and Fines	212	253
Town Planning Fees	739	724
Bin Charges	1,701	962
Lease Charges	403	348
Hire and Rental Charges	673	703
Other Fees and Charges	615	615
<b>Total</b>	<b>28,932</b>	<b>26,128</b>



**Notes to the Financial Report**  
For the Year Ended 30 June 2012

	2012	2011
	\$'000	\$'000
<b>NOTE 4 CONTRIBUTIONS</b>		
<b>Cash items</b>		
Developers Public Open Space	1,744	1,523
Developers Drainage	576	508
Developers Car Parking	374	449
MGA Other Donations	12	9
Other Infrastructure	1,090	768
	3,796	3,257
<b>Non-Cash items</b>		
Land Under Roads	916	1,193
Developers Public Open Space - land	3,906	2,356
Developers Roads	1,001	1,846
Developers Footpaths	59	59
Art Donations	206	237
	6,088	5,691
<b>Total</b>	<b>9,884</b>	<b>8,948</b>

## Notes to the Financial Report

For the Year Ended 30 June 2012

	2012 \$'000	2011 \$'000
<b>NOTE 5 GRANTS,SUBSIDIES &amp; CONTRIBUTIONS</b>		
Grants were received in respect of the following:		
<b>Summary of grants,subsidies &amp; contributions</b>		
Federal funded grants	9,039	9,129
State funded grants	22,773	17,546
<b>Total</b>	<b>31,812</b>	<b>26,675</b>
<b>Recurrent</b>		
Grants Commission Allocation	4,528	3,510
Grants Commission - Local Roads Funding	1,317	1,025
Community Programs	2,968	2,574
Residential Care	6,245	6,306
Road Maintenance	553	553
Libraries	934	983
Monash Gallery of Art	156	74
Metro Access Project	108	104
HACC - Adult Day Care	412	342
HACC - Senior Citizen Services	253	247
HACC - Co-ordination and Planning Assessment	1,159	1,034
HACC - General Home Care/Maintenance	5,472	5,118
Food Services	192	191
Youth Services	267	223
School Crossings	324	314
Immunisation	150	136
Other	355	53
<b>Total Recurrent</b>	<b>25,393</b>	<b>22,787</b>
<b>Non- Recurrent</b>		
Aquatic and Recreation Centre	47	20
Community Programs	137	273
Capital Grants - Capital Works	6,201	3,555
Other	34	40
<b>Total Non-Recurrent</b>	<b>6,419</b>	<b>3,888</b>
<b>Total</b>	<b>31,812</b>	<b>26,675</b>

**Notes to the Financial Report**  
For the Year Ended 30 June 2012

	2012 \$'000	2011 \$'000
<b>NOTE 6 INTEREST REVENUE</b>		
Investment Interest	2,162	2,443
Rates and Charges Interest	400	346
Other Interest	81	178
<b>Total</b>	<b>2,643</b>	<b>2,967</b>

**NOTE 7 OTHER REVENUE**

Chargeable Works	443	648
Monash Gallery of Art	267	270
Recoupment of Valuation Services	350	393
Residential Care Facilities - Refurbishment Recovery	79	234
Recoupment of Legal fees from Rate Debtors	8	8
Recoupment of Operating Expenses	56	50
Royalties & Dividends	564	562
Monash Halls	43	28
Other	893	419
<b>Total</b>	<b>2,703</b>	<b>2,612</b>

**NOTE 8 NET GAIN ON DISPOSAL OF PROPERTY, PLANT & EQUIPMENT**

**Plant & Equipment**

Proceeds from Sale of Assets	1,220	1,019
Written Down Value of Assets Disposed	(1,002)	(900)
Gain/(Loss) on Disposal of Plant & Equipment	218	119

**Land for Resale**

Proceeds from Sale of Assets	1,190	1,296
Written Down Value of Assets Disposed	(1,053)	(876)
Gain on Disposal of Land for Resale	137	420

**Furniture & Office Equipment incl. library books**

Proceeds from Sale of Assets	7	15
Written Down Value of Assets Disposed	(4)	-
Gain on Disposal of Furniture & Office Equipment incl. Library books	3	15

**Total**

Proceeds from Sale of Assets	2,417	2,330
Written Down Value of Assets Disposed	(2,059)	(1,776)
<b>Total Gain on Disposal of Property, Plant &amp; Equipment</b>	<b>358</b>	<b>554</b>

## Notes to the Financial Report

For the Year Ended 30 June 2012

### NOTE 9 INVESTMENTS IN ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD

#### Regional Landfill Clayton South Unincorporated Joint Venture

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

In addition to the capital cost, Monash City Council under clause 2.2 of the

agreement is required to either pay 16.8% of the net operating deficit or receive 16.8% of the net operating surplus. Monash City Council's share of the operating profit for the year ended 30 June 2012 amounts to \$192k which has been recognised as net profit in the Income Statement.

The value of the investment in the joint venture has been revalued at year end to reflect Council's share of net assets recorded in the Unaudited Accounts of the Joint Venture at 30 June 2012 and is included in the Balance Sheet as follows:

**REGIONAL LANDFILL CLAYTON SOUTH JOINT VENTURE**  
**Balance Sheet**  
**As at 30 June 2012**

	2012	2011
	\$'000	\$'000
Current Assets	8,225	6,036
Current Liabilities	(2,156)	(1,041)
Net Current Assets	6,069	4,995
Non-Current Assets	9,001	10,473
Non-Current Liabilities	(1,055)	(890)
<b>Net Assets</b>	<b>14,015</b>	<b>14,578</b>
Contribution-Re Land	1,658	4,000
Reserves	619	2,328
Retained earnings	11,738	7,591
Partners advance accounts	-	659
<b>Equity</b>	<b>14,015</b>	<b>14,578</b>
<b>Share of Monash City Council (16.8%)</b>		
<b>Movements</b>		
Share in Joint Venture Equity as at 1 July, 2011	2,449	2,580
Share of net profits/(loss) of joint venture	192	(131)
Share of Asset Revaluation Reserve of joint venture	(287)	-
<b>Increase/(Decrease) for the year</b>	<b>(95)</b>	<b>(131)</b>
<b>Share in Joint Venture Equity as at 30 June 2012</b>	<b>2,354</b>	<b>2,449</b>

## Notes to the Financial Report

For the Year Ended 30 June 2012

	2012 \$'000	2011 \$'000
<b>NOTE 10 EMPLOYEE BENEFITS</b>		
Salaries & Wages	59,498	56,416
Superannuation	4,946	4,604
Superannuation-additional call*	12,319	2,359
Fringe Benefits Tax	259	234
Long Service Leave	2,269	1,585
Work cover	960	1,165
	80,251	66,363
Less: Amounts capitalised (non-current assets constructed by Council)	(679)	(628)
<b>Total</b>	<b>79,572</b>	<b>65,735</b>

\* Council was required to make an additional contribution to Local Authorities Superannuation Fund (LASF) to meet our obligations in relation to members of the Defined Benefit Plan.(refer Note 27,35 & 40)

## NOTE 11 MATERIALS, SERVICES & CONTRACTS

Materials and Contract Costs	38,948	35,818
Consultants/Contractors	1,556	1,655
Operating Capital Expense	2,724	2,650
Utilities	3,377	3,335
Metropolitan Fire & Emergency Services Board	2,408	2,302
Legal Costs	1,201	1,023
Monash Community Facilities	1,930	2,023
Insurance	1,367	1,241
Computer Maintenance Costs	1,191	1,080
Equipment Maintenance Costs	1,114	1,093
Bad & Doubtful Debts	(17)	30
Other	1,032	1,277
<b>Total</b>	<b>56,831</b>	<b>53,527</b>

## Notes to the Financial Report

For the Year Ended 30 June 2012

	2012 \$'000	2011 \$'000
<b>NOTE 12 DEPRECIATION</b>		
Buildings	6,427	6,083
Plant and Equipment	1,787	1,645
Furniture and Fittings	2,246	2,144
Roads & Pavements	7,175	7,458
Drains	3,023	2,984
Library Books	1,015	976
Bridges	10	10
Other Infrastructure	2,391	2,185
<b>Total</b>	<b>24,074</b>	<b>23,485</b>
<b>NOTE 13 FINANCE COSTS</b>		
Loan Interest	681	691
Other Interest	34	45
<b>Total</b>	<b>715</b>	<b>736</b>
<b>NOTE 14 OTHER EXPENSES</b>		
Audit (See Note 36)	248	218
Councillor Allowances	374	365
Lease Payments	669	636
Non-Current Asset Write-offs	14	47
<b>Total</b>	<b>1,305</b>	<b>1,266</b>
<b>NOTE 15 CASH &amp; CASH EQUIVALENTS</b>		
Cash at bank	2,133	1,913
Cash on hand	21	19
Short term deposits	43,000	40,900
<b>Total</b>	<b>45,154</b>	<b>42,832</b>
<b>NOTE 16 FINANCIAL ASSETS</b>		
Current		
Unlisted Shares - Purchasing Australia & Community Chef	2	2
<b>Total</b>	<b>2</b>	<b>2</b>

## Notes to the Financial Report

For the Year Ended 30 June 2012

### NOTE 17 TRADE & OTHER RECEIVABLES

#### Current

	2012 \$'000	2011 \$'000
Rates Receivable	2,729	2,264
Less: Provision for Doubtful Debts	-	-
	<u>2,729</u>	<u>2,264</u>
Parking Infringements	3,377	3,168
Less: Provision for Doubtful Debts	(2,958)	(2,773)
	<u>419</u>	<u>395</u>
Sundry debtors	3,036	2,973
Less: Provision for Doubtful Debts	(30)	(67)
	<u>3,006</u>	<u>2,906</u>
<b>Total</b>	<b><u>6,154</u></b>	<b><u>5,565</u></b>

#### Ageing of Sundry Debtors

The ageing of the Council's Sundry Debtors at reporting date was:

Current (not yet overdue)	2,840	2,333
Past due by up to 30 days	85	38
Past due between 31 and 180 days	61	503
Past due between 181 and 365 days	46	94
Past due by more than 1 year	4	5
<b>Total Sundry Debtors</b>	<b><u>3,036</u></b>	<b><u>2,973</u></b>

#### Movement in Sundry Debtors Provision for Doubtful Debts

Balance at the beginning of the year	67	55
Provisions adjusted during the year	(37)	12
<b>Balance at the end of year</b>	<b><u>30</u></b>	<b><u>67</u></b>

## Notes to the Financial Report

For the Year Ended 30 June 2012

	2012 \$'000	2011 \$'000
<b>NOTE 18 INVENTORY</b>		
Hardware	10	10
Fuels	2	1
Construction Consumables	4	4
General	71	70
<b>Total</b>	<b>87</b>	<b>85</b>
<b>NOTE 19 NON-CURRENT ASSETS AS HELD FOR SALE</b>		
Balance at beginning of financial year	3,611	881
Transfer from Property, Plant & Equipment	176	3,522
Capitalised development costs written back	-	(42)
Capitalised development costs	130	126
	3,917	4,487
Less Carrying Amount of Property, Plant & Equipment Sold	(1,053)	(876)
<b>Balance at end of financial year</b>	<b>2,864</b>	<b>3,611</b>
<b>NOTE 20 OTHER ASSETS</b>		
Accrued Income	2,816	2,817
Prepayments	366	319
<b>Total</b>	<b>3,182</b>	<b>3,136</b>



**Notes to the Financial Report**  
For the Year Ended 30 June 2012

**NOTE 21 PROPERTY, PLANT & EQUIPMENT**

2012

(a) Summary

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

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

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

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

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

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

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

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

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

Land under roads is valued at deemed cost. Deemed cost is based on Council valuations at 30 June 2008 for land under roads at the date acquired for subsequent acquisitions using site values adjusted for englobo (undeveloped and/or unserved) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services.

**Notes to the Financial Report**  
For the Year Ended 30 June 2012

**NOTE 21 PROPERTY, PLANT & EQUIPMENT**

2011

(b) Summary

	Land \$'000	Land under roads \$'000	Buildings \$'000	Plant & Equipment \$'000	Furniture & Fittings \$'000	Art \$'000	Library Books \$'000	Roads & Pavements \$'000	Drains \$'000	Bridges \$'000	Other Infrastructure \$'000	Total \$'000
<b>Cost and Valuation</b>												
Cost and Valuation 1 July 2010	1,253,209	365	290,552	12,937	23,361	4,741	6,990	653,231	301,611	1,075	53,346	2,601,418
	-	-	-	-	(1,149)	-	-	-	-	-	-	(1,149)
Recognition of Land Under Roads	-	1,192	-	-	-	-	-	-	-	-	-	1,192
Additions	-	-	6,697	2,975	2,917	51	1,084	2,775	1,582	-	6,968	25,049
Disposal of Assets	-	-	-	(2,136)	(207)	-	(1,071)	-	-	-	(100)	(3,514)
Transfer to Land for Resale	(2,974)	-	(4,508)	-	-	-	-	-	-	-	-	(7,482)
Recognition of Land and Roads from Developers	2,356	-	-	-	-	-	-	1,846	-	-	60	4,262
Donated Assets	-	-	-	-	-	236	-	-	-	-	-	236
<b>Cost and Valuation 30 June 2011</b>	<b>1,252,591</b>	<b>1,557</b>	<b>292,741</b>	<b>13,776</b>	<b>24,922</b>	<b>5,028</b>	<b>7,003</b>	<b>657,852</b>	<b>303,193</b>	<b>1,075</b>	<b>60,274</b>	<b>2,620,012</b>
<b>Accumulated Depreciation</b>												
Accumulated Depreciation 1 July 2010	-	-	123,272	5,591	14,414	-	4,620	242,909	140,117	469	19,240	550,631
Opening Balance Adjustment	-	-	-	-	(544)	-	-	-	-	-	-	(544)
Depreciation & Amortisation (NOTE 12)	-	-	6,083	1,645	2,143	-	976	7,458	2,984	10	2,186	23,485
Depreciation Adjustment on Disposal	-	-	-	(1,206)	(204)	-	(1,071)	-	-	-	(85)	(2,566)
Acc Dep'n on Assets transferred to Properties for resale	-	-	(3,960)	-	-	-	-	-	-	-	-	(3,960)
<b>Accumulated Depreciation 30 June 2011</b>	<b>-</b>	<b>-</b>	<b>125,395</b>	<b>6,030</b>	<b>15,809</b>	<b>-</b>	<b>4,525</b>	<b>250,367</b>	<b>143,101</b>	<b>479</b>	<b>21,341</b>	<b>567,046</b>
<b>Written Down Value 30 June 2011</b>	<b>1,252,591</b>	<b>1,557</b>	<b>167,346</b>	<b>7,746</b>	<b>9,113</b>	<b>5,028</b>	<b>2,478</b>	<b>407,485</b>	<b>160,092</b>	<b>596</b>	<b>38,933</b>	<b>2,052,966</b>

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

The valuations for land & buildings effective from 30 June 2010, were performed by Council's Valuation contractor, Westlink Consulting, qualified independent valuers, and are based on the principles of AASB 116 taking into account continued Council use.

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

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

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

Land under roads is valued at deemed cost. Deemed cost is based on Council valuations at 30 June 2008 for land under roads at the date acquired for subsequent acquisitions using site values adjusted for englobo (undeveloped and/or unserved) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services.

**Notes to the Financial Report**  
For the Year Ended 30 June 2012

	2012 \$'000	2011 \$'000
<b>NOTE 21 PROPERTY, PLANT &amp; EQUIPMENT</b>		
<b>(c) Fixed Assets Detail</b>		
at Cost	126,979	124,507
at Deemed cost	2,473	1,557
at Council valuation as at 30 June 2012	2,533,778	-
at Council valuation as at 30 June 2010	4,741	1,842,992
at Council valuation as at 30 June 2009	1,075	650,956
<b>Total</b>	<b>2,669,046</b>	<b>2,620,012</b>
Less: Accumulated Depreciation	588,574	567,046
<b>Total Written Down and Carrying Value</b>	<b>2,080,472</b>	<b>2,052,966</b>
<b>Land</b>		
at cost	-	2,356
at Council valuation as at 30 June 2012	1,248,633	0
at Council valuation as at 30 June 2010	-	1,250,235
<b>Total</b>	<b>1,248,633</b>	<b>1,252,591</b>
<b>Land Under Roads</b>		
at Deemed cost	2,473	1,557
<b>Total</b>	<b>2,473</b>	<b>1,557</b>
<b>Buildings</b>		
at cost	18,034	5,730
at Council valuation as at 30 June 2012	302,335	-
at Council valuation as at 30 June 2010	-	287,011
	320,369	292,741
Less: Accumulated Depreciation	126,283	125,395
<b>Total</b>	<b>194,086</b>	<b>167,346</b>
<b>Plant &amp; Equipment</b>		
at cost	14,034	13,776
Less: Accumulated Depreciation	5,973	6,030
<b>Total</b>	<b>8,061</b>	<b>7,746</b>
<b>Furniture &amp; Fittings</b>		
at cost	26,010	24,922
Less: Accumulated Depreciation	17,474	15,809
<b>Total</b>	<b>8,536</b>	<b>9,113</b>

## Notes to the Financial Report

For the Year Ended 30 June 2012

	2012 \$'000	2011 \$'000
<b>NOTE 21 PROPERTY, PLANT &amp; EQUIPMENT</b>		
<b>(c) Fixed Assets Detail (Cont.)</b>		
<b>Art</b>		
at cost	467	287
at Council valuation as at 30 June 2010	4,741	4,741
<b>Total</b>	<b>5,208</b>	<b>5,028</b>
<b>Library Books</b>		
at cost	7,412	7,003
Less: Accumulated Depreciation	4,917	4,525
<b>Total</b>	<b>2,495</b>	<b>2,478</b>
<b>Roads &amp; Pavements</b>		
at valuation 30 June 2012	668,180	-
at valuation 30 June 2009	-	649,881
at cost	908	7,971
<b>Total</b>	<b>669,088</b>	<b>657,852</b>
Less: Accumulated Depreciation	258,750	250,367
<b>Total</b>	<b>410,338</b>	<b>407,485</b>
<b>Drains</b>		
at cost	125	2,188
at valuation 30 June 2012	314,630	-
at valuation 30 June 2010	-	301,005
<b>Total</b>	<b>314,755</b>	<b>303,193</b>
Less: Accumulated Depreciation	151,989	143,101
<b>Total</b>	<b>162,766</b>	<b>160,092</b>
<b>Bridges</b>		
at valuation 30 June 2009	1,075	1,075
Less: Accumulated Depreciation	489	479
<b>Total</b>	<b>586</b>	<b>596</b>
<b>Other Infrastructure</b>		
at cost	59,989	60,274
Less: Accumulated Depreciation	22,699	21,341
<b>Total</b>	<b>37,290</b>	<b>38,933</b>

## Notes to the Financial Report

For the Year Ended 30 June 2012

	2012 \$'000	2011 \$'000
<b>NOTE 22 INTANGIBLE ASSETS</b>		
<b>Aged Care Bed Licences</b>		
Balance at beginning of the financial year	-	7,590
Derecognition of Bed Licence	-	(6,655)
Bed Licence Revaluation Decrement	-	(935)
<b>Total</b>	<b>-</b>	<b>-</b>
<b>NOTE 23 TRADE &amp; OTHER PAYABLES</b>		
Employee Costs	754	539
Material, Services & Contracts	6,002	6,291
Capital Costs	4,478	4,224
<b>Total</b>	<b>11,234</b>	<b>11,054</b>
<b>NOTE 24 TRUST FUNDS &amp; DEPOSITS</b>		
Refundable Construction/Other Deposits	4,803	4,849
Unclaimed Monies	22	47
Refundable Building/Security Deposits	528	294
Oakleigh Cemetery Trust Fund	1	1
Other	85	30
<b>Total</b>	<b>5,439</b>	<b>5,221</b>
<b>NOTE 25 INCOME IN ADVANCE</b>		
HACC Funding-Capital	87	74
MARC/ORC/CAHC Membership & Learn-to-Swim	824	743
Infrastructure	155	80
Other	790	135
<b>Total</b>	<b>1,856</b>	<b>1,032</b>

## Notes to the Financial Report

For the Year Ended 30 June 2012

	2012 \$'000	2011 \$'000
<b>NOTE 26 PROVISIONS</b>		
<b>Current</b>		
All annual leave and the long service leave entitlements representing 7 or more years of continuous service		
Short-term employee benefits (Annual Leave & Long Service Leave), that fall due within 12 months after the end of the period measured at nominal value	6,802	5,462
Other long-term employee benefits (Long Service Leave) that do not fall due within 12 months after the end of the period measured at present value	7,458	6,627
Other Employee Benefits	277	352
Other	34	56
<b>Total</b>	<b>14,571</b>	<b>12,497</b>
<b>Non-Current</b>		
Long Service Leave (Notes 1(l))	1,294	2,052
<b>Total</b>	<b>15,865</b>	<b>14,549</b>
<b>NOTE 27 DEFINED SUPERANNUATION FUND</b>		
LASF Defined Benefit Plan- 2011 Share of Defined Benefit shortfall	12,319	2,359
<b>Total</b>	<b>12,319</b>	<b>2,359</b>

Council was made aware of the LASF Defined Benefit Plan expected shortfall through the year and was formally informed of its share of the shortfall on 31 July 2012 which amounted to \$10.472M plus contribution tax of \$1.848M-a total of \$12.319M (refer Note 10,35 & 40)

**Notes to the Financial Report**  
For the Year Ended 30 June 2012

	2012 \$'000	2011 \$'000
<b>NOTE 28 INTEREST-BEARING LOANS &amp; BORROWINGS</b>		
<b>Current</b>		
Bank loans (Secured)	3,200	3,200
	<b>3,200</b>	<b>3,200</b>
<b>Non Current</b>		
Bank loans (Secured)	6,800	6,800
New Loan Borrowings	5,000	-
	<b>11,800</b>	<b>6,800</b>
<b>Total</b>	<b>15,000</b>	<b>10,000</b>
<b>Security for Borrowings</b>		
Bank Loans are secured against the general rates of the Council.		
Loan borrowings at reporting date are payable:		
Not later than one year	3,200	3,200
Later than one year but not later than two years	1,700	1,700
Later than two years but not later than five years	10,100	5,100
<b>Total</b>	<b>15,000</b>	<b>10,000</b>
<b>Financing Arrangements</b>		
Unrestricted access was available as at the reporting date to the following lines of credit:		
Total facilities		
Bank Overdraft	3,000	3,000
Bank Loans	15,000	10,000
<b>Total</b>	<b>18,000</b>	<b>13,000</b>
Used at reporting date		
Bank Loans	15,000	10,000
<b>Total</b>	<b>15,000</b>	<b>10,000</b>
Unused at reporting date		
Bank Overdraft	3,000	3,000
<b>Total</b>	<b>3,000</b>	<b>3,000</b>
The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Interest rates on facilities may be fixed or variable.		
<b>NOTE 29 REFUNDABLE DEPOSITS</b>		
Refundable Deposit for hostels and nursing homes	20,940	19,953
<b>Total</b>	<b>20,940</b>	<b>19,953</b>

## Notes to the Financial Report

For the Year Ended 30 June 2012

	2012 \$'000	2011 \$'000
<b>NOTE 30 RESERVES</b>		
<b>(a) Reserves Balances</b>		
Reserve Funds as at 30 June 2012 are fully funded by cash investments (Note 15)		
<b>Discretionary Reserve</b>		
Aged Residential Care Facilities Upgrade	7,310	6,665
<b>Statutory Reserves</b>		
Drainage - to be used on improving drainage schemes.	5,042	4,745
Parking - to provide parking spaces in District Centres	512	1,414
	<u>12,864</u>	<u>12,824</u>
<b>Asset Revaluation Reserve</b>	1,145,990	1,133,011
<b>Total</b>	<b><u>1,158,854</u></b>	<b><u>1,145,835</u></b>
<b>(b) Movements</b>		
<b>Discretionary Reserves</b>		
<b>Aged Residential Care Facilities Upgrade</b>		
Balance at beginning of the financial year	6,665	6,240
Transfer from accumulated surplus	1,037	1,000
Transfer to accumulated surplus	(392)	(575)
Balance at end of the financial year	<u>7,310</u>	<u>6,665</u>
<b>Statutory Reserves</b>		
<b>Drainage</b>		
Balance at beginning of the financial year	4,745	4,255
Transfer from accumulated surplus	575	508
Transfer to accumulated surplus	(278)	(18)
Balance at end of the financial year	<u>5,042</u>	<u>4,745</u>
<b>Parking</b>		
Balance at beginning of the financial year	1,414	1,690
Transfer from accumulated surplus	374	449
Transfer to accumulated surplus	(1,276)	(725)
Balance at end of the financial year	<u>512</u>	<u>1,414</u>



**Notes to the Financial Report**  
For the Year Ended 30 June 2012

	2012 \$'000	2011 \$'000
<b>NOTE 30 RESERVES (Cont.)</b>		
<b>(b) Movements (Cont.)</b>		
<b>Public Open Space</b>		
Balance at beginning of the financial year	-	-
Transfer from accumulated surplus	1,744	1,523
Transfer to accumulated surplus	(1,744)	(1,523)
Balance at end of the financial year	-	-
<b>Asset Revaluation Reserve</b>		
Balance at beginning of the financial year	1,133,011	1,133,946
Net Asset Revaluation Increment	13,266	-
Bed Licence revaluation decrement	-	(935)
Joint Venture asset revaluation decrement	(287)	-
Balance at end of the financial year (refer below)	<b>1,145,990</b>	<b>1,133,011</b>
The reserve balances as at end of reporting period		
Land	891,844	901,040
Buildings	55,126	42,628
Plant & Equipment	11	11
Library Books	250	250
Roads	138,730	133,139
Drains	49,162	44,788
Art	1,786	1,786
Other Infrastructure	7,996	7,997
Bed Licences	675	675
Investment in Joint Venture	410	697
<b>Total</b>	<b>1,145,990</b>	<b>1,133,011</b>

## Notes to the Financial Report

For the Year Ended 30 June 2012

2012  
\$'000

2011  
\$'000

### NOTE 31 COMMITMENTS

The Council has entered into the following commitments:

#### Operating

Traffic & Parking Management	1,660	1,815
Golf Course Management	23	81
Animal Control	719	381
Supply Meals/Foodstuffs	1,702	3,322
Cleaning Services	1,163	776
Repairs & Maintenance	4,322	9,361
Utilities	2,527	1,266
Printing & Distribution	357	123
Domestic Waste Collection	36,123	41,173
Recycling	10,358	19,988
Other Operating Services	8,150	4,771
	<u>67,104</u>	<u>83,057</u>

#### Capital

Buildings	663	13,846
Infrastructure	241	475
Roads	96	667
Design	166	356
	<u>1,166</u>	<u>15,344</u>

<b>Total</b>	<b>68,270</b>	<b>98,401</b>
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#### Commitments at Reporting Date are Payable

Not later than one year	23,239	40,283
Later than one year but not later than two years	14,538	14,480
Later than two years but not later than five years	28,618	29,632
Later than 5 years	1,875	14,006
<b>Total</b>	<b>68,270</b>	<b>98,401</b>

### NOTE 32 OPERATING LEASE COMMITMENTS

At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council activities.

(These obligations are not recognised as liabilities)

Not later than one year	796	721
Later than one year but not later than two years	925	909
Later than two years but not later than five years	1,382	2,020
Later than five years	1,830	1,886
<b>Total</b>	<b>4,933</b>	<b>5,536</b>

**Notes to the Financial Report**  
For the Year Ended 30 June 2012

**Note 33 CONTINGENT LIABILITIES & ASSETS**

**Contingent Liabilities**

**(a) Contingent Liabilities Arising from Public Liability**

As a large local authority with ownership of numerous parks, reserves, roads and other land holdings, the Council is regularly served with claims and demands legally arising from incidents which occur on land belonging to the Council. There are a number of outstanding claims against the Council in this regard. The Council carries \$400 million of public liability insurance and has an excess of \$10,000 per claim on this policy. Therefore, the maximum liability of the Council in any single claim is the extent of its excess. The primary insurer is MAV Insurance , Liability Mutual Insurance. There are no claims which Council is aware of which would fall outside the terms of the Council's policy.

**(b) Contingent Liabilities Arising from Professional Liability**

As a large local authority with statutory regulatory responsibilities, including the responsibility of issuing permits and approvals, the Council at times is served with claims and demands for damages allegedly arising from the actions of the Council or its officers. There are no outstanding claims against Council in this regard. The Council carries \$300 million of professional indemnity insurance and has an excess of \$15,000 per claim on this policy. Therefore the maximum liability of the Council in any single claim is the extent of its excess. The primary insurer is MAV Insurance , Liability Mutual Insurance. There are no claims which Council is aware of which would fall outside the terms of the Council's policy.

**(c) Guaranteed Loans**

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

	2012	2012
	<b>Outstanding Loan Liability</b>	<b>Guarantee Limit</b>
	\$'000	\$'000
Waverley Hockey Club	297	300
	297	300

**NOTE 34 RELATED PARTY TRANSACTIONS**

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

<b>Councillors</b>	Councillor Stefanie Perri (Mayor) ( 29/11/11 to current )
	Councillor Greg Male (Mayor) ( 16/12/10 to 28/11/11)
	Councillor Charlotte Baines
	Councillor Paul Klisaris
	Councillor Joy Banerji
	Councillor Stephen Dimopoulos
	Councillor Micaela Drieberg
	Councillor Geoff Lake
	Councillor Jieh-Yung Lo
	Councillor Denise McGill OAM
	Councillor Tom Morrissey JP

<b>Chief Executive Officer</b>	Andi Diamond ( From 30/04/2012 to current )
	David Conran ( 01/07/2012 to 27/04/2012 )

(ii) Remuneration of Responsible Persons

Annualised remuneration of responsible persons were within the following bands:

	2012	2011
	<b>No.</b>	<b>No.</b>
\$00,001 - \$9,999	-	-
\$10,000 - \$19,999	-	-
\$20,000 - \$29,999	9	9
\$30,000 - \$39,999	-	-
\$40,000 - \$49,999	1	1
\$50,000 - \$59,999	-	-
\$60,000 - \$69,999	1	-
\$70,000 - \$79,999	1	1
\$310,000 - \$319,999	1	-
\$320,000 - \$329,999	-	-
\$330,000 - \$339,999	-	-
\$340,000 - \$349,999	-	-
\$350,000 - \$359,999	-	1
<b>Total</b>	<b>13</b>	<b>12</b>
	<b>\$'000</b>	<b>\$'000</b>
Total Remuneration for the reporting year for Responsible Persons included above amounted to:	750	722

## Notes to the Financial Report

For the Year Ended 30 June 2012

### NOTE 34 RELATED PARTY TRANSACTIONS (Cont.)

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

(iv) Following retirement benefits have been made by the Council to a Responsible Person.

The Chief Executive Officer Mr. David Conran retired from Council during the 2011/2012 financial year and received retirement and accrued leave entitlements of \$355,267 at the cessation of his employment ( 2010/2011, \$nil ).

(v) Other related party transactions requiring disclosure have been considered and there are no matters to report.

#### (vi) Senior Officers Remuneration

A Senior Officer other than a Responsible Person, is an officer of Council whose total annual remuneration exceeds \$127,000 (2010/11 \$124,000), or if remuneration is less than \$127,000 (2010/11 \$124,000) has management responsibilities and reports directly to the Chief Executive Officer.

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

Income Range:	2012 No.	2011 No.
<\$127,000	-	6
\$127,000 - \$129,999	3	1
\$130,000 - \$139,999	7	3
\$140,000 - \$149,999	7	6
\$150,000 - \$159,999	2	2
\$160,000 - \$169,999	3	1
\$170,000 - \$179,999	1	-
\$180,000 - \$189,999	-	1
\$190,000- \$199,999	1	-
\$200,000- \$209,999	-	1
\$210,000- \$219,999	1	3
\$220,000- \$229,999	2	-
<b>Total</b>	<b>27</b>	<b>24</b>
	<b>\$'000</b>	<b>\$'000</b>
Total Remuneration for the reporting year for Senior Officers included above, amounted to:	4,176	3,658

### NOTE 35 SUPERANNUATION

Council made contributions to the following funds:

	2012 \$'000	2011 \$'000
<b>Defined Benefit Plan</b>		
Employer contributions to Local Authorities Superannuation Fund.	678	3,061
	678	3,061
Employer contributions payable to Local Authorities Superannuation Fund at reporting date.	12,319	-
	12,319	-
<b>Accumulation funds</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	3,035	2,987
Employer contributions to Hesta Superannuation Fund	886	847
Employer contributions to Health Superannuation Fund	9	10
Employer contributions to Various Superannuation Fund	332	161
	4,262	4,005

The Local Authorities Superannuation latest 31 December 2011 actuarial investigation identified an unfunded liability of \$406M excluding contributions tax, in the defined benefit fund of which Council is a member. Council was made aware of the expected shortfall through the year and was formally informed of its share of the shortfall on 31 July 2012 which amounted to \$10.472M plus contributions tax of \$1.848M - a total of \$12.319M. This amount is due for payment on 1 July 2013. Council will consider how to meet this obligation during its 2013/2014 Budget and Strategic Resource Plan deliberations. Council has accounted for this shortfall in the Comprehensive Operating Statement ( refer Note 10) and in the Balance Sheet in Non Current Liabilities in Unfunded Superannuation Liability (refer Note 27) and also noted in Events Occurring After Balance Date ( refer Note 40).

### NOTE 36 AUDITOR'S REMUNERATION

Audit services during the year were conducted by the Victorian Auditor General and his agents. The remuneration costs relating to these services are as follows:

	2012 \$'000	2011 \$'000
Audit fee to conduct external audit - Victorian Auditor General	55	53
Audit fees & associated costs	193	165
<b>Total</b>	<b>248</b>	<b>218</b>

## Notes to the Financial Report

For the Year Ended 30 June 2012

### NOTE 37 RECONCILIATION OF CASHFLOWS FROM OPERATING ACTIVITIES TO SURPLUS/(DEFICIT)

	2012 \$'000	2011 \$'000
<b>Surplus/(Deficit) for the year</b>	(4,200)	(7,220)
Depreciation	24,074	23,485
Net (Gain)/Loss on disposal of Property, Plant and Equipment	(358)	(554)
Derecognition of fair value of Bed Licences	-	6,655
Non-Current Assets Written off	14	47
Developer contributions of Land Under roads	(916)	(1,193)
Developer contributions of Land	(3,906)	(2,356)
Developer contributions of Roads	(1,001)	(1,846)
Developer contributions of Footpaths	(59)	(59)
Art Donations	(206)	(237)
Finance costs	715	736
<b>Change in operating assets and liabilities</b>		
(Increase)/Decrease in Receivables	33	530
Decrease/(Increase) in Prepayments	(47)	105
Decrease in Investments	(192)	131
Increase/(Decrease) in Payables	(341)	(337)
Increase/(Decrease) in Current Provisions	2,345	1,284
Increase/(Decrease) in Unfunded Super	12,320	-
(Decrease)/Increase in Non Current Provisions	(758)	(297)
<b>Net cash provided by/ (used in) operating activities</b>	<b>27,516</b>	<b>18,874</b>

**Notes to the Financial Report**  
For the Year Ended 30 June 2012

**NOTE 38 ADJUSTMENTS DIRECTLY TO EQUITY**

Council made no adjustments directly to equity in 2011/12 or 2010/11 financial years.

**NOTE 39 FINANCIAL INSTRUMENTS**

**(a) Terms, conditions and accounting policies**

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

Recognised Financial Instruments	NOTE	Accounting Policy	Terms and Conditions
<b>(i) Financial Assets</b>			
Cash & Cash Equivalents	15	These include cash at bank and short term deposits which are stated at the lower of cost or net realisable value. Interest is recognised in the income statement when earned.	Investments held in Authorised Deposit- taking Institutions  Council is able to withdraw amounts at call.
Trade and Other Receivables	17	Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable.	Other Debtors are amounts due to Council for the provision of other services. Terms are 14 days for Home Care debtors and all others 30 days. No interest is charged on overdue Other Debtors.
<b>(ii) Financial Liabilities</b>			
Bank Overdrafts	27	The bank overdraft is utilised during the year and is carried at the principal amount. Interest is charged as an expense as it accrues.	Interest is charged at the bank's benchmark rate. Details of the security over the bank overdrafts are set out in NOTE 27.
Interest-Bearing Loans & Borrowings	27	The bank loans are carried at the principal amount. Interest is charged as an expense as it accrues.	Council Debt Portfolio is structured into interest only loans with a floating debt of \$1.5 million and fixed debt of \$13.5 million.  Fixed debt is maturing each year over a period of 5 years from 30/6/2013 to 30/6/2017 inclusive.  Details of the security over the bank loans are set out in NOTE 27.
Payables	23	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the economic entity.	Liabilities are normally settled on net 30 day terms or less where appropriate.
Trust Funds & Deposits	24	These relate to deposits required to be placed with Council to perform particular services. These are refunded at the end of the relevant period and are valued at their nominal amount.	Liabilities are settled upon expiry of the relevant qualifying period.

## Notes to the Financial Report

For the Year Ended 30 June 2012

### NOTE 39 FINANCIAL INSTRUMENTS (CONT.)

#### (b) Interest Rate Risk

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

Financial Instruments	Floating Interest Rate		Fixed Interest Maturing in:				Non-interest Bearing		Total Carrying Amount		Weighted Average Effective Interest Rate	
	2012 %	2011 %	1 year or less		Over 1 to 5 years		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 %	2011 %
			2012 %	2011 %	2012 %	2011 %						
<b>(i) Financial Assets</b>												
Cash & Cash Equivalents	5.20	6.06	-	-	-	-	-	45,154	42,832	5.20	6.06	
Other Financial Assets	-	-	-	-	-	-	-	2	2	-	-	
Trade and Other Receivables	-	-	10.50	10.50	-	-	3,006	2,906	6,154	5,565	5.88	5.49
Investment in Joint Venture	-	-	-	-	-	-	2,354	2,449	2,354	2,449	-	-
Total financial assets							5,360	5,355	53,664	50,848		
<b>(ii) Financial Liabilities</b>												
Interest-Bearing Loans & Borrowings	4.58	5.19	7.94	7.05	6.74	7.37	15,000	10,000	15,000	10,000	6.23	6.99
Trade and Other Payables	-	-	-	-	-	-	11,234	11,054	11,234	11,054	-	-
Trust Funds & Deposits	-	-	-	-	-	-	5,439	5,221	5,439	5,221	-	-
Refundable Deposits	-	-	-	-	-	-	20,940	19,953	20,940	19,953	-	-
Total financial liabilities							52,613	46,228	52,613	46,228		

**Notes to the Financial Report**  
For the Year Ended 30 June 2012

**NOTE 39 FINANCIAL INSTRUMENTS (CONT.)**

**(c) Net Fair Values**

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

Financial Instruments	Total carrying amount as per Balance Sheet		Aggregate net fair value	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>(1) Financial assets</b>				
Cash and cash equivalents	45,154	42,832	45,154	42,832
Other financial assets	2	2	2	2
Trade and other receivables	3,006	2,906	3,006	2,906
Other assets	3,182	3,136	3,182	3,136
<b>Total financial assets</b>	<b>51,344</b>	<b>48,876</b>	<b>51,344</b>	<b>48,876</b>
<b>(2) Financial liabilities</b>				
Trade and other payables	11,234	11,054	11,234	11,054
Trust funds and deposits	5,439	5,221	5,439	5,221
Interest-bearing loans and borrowings	15,000	10,000	15,000	10,000
<b>Total financial liabilities</b>	<b>31,673</b>	<b>26,275</b>	<b>31,673</b>	<b>26,275</b>

**(d) Credit Risk Exposures**

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is represented by the carrying amount of those assets as indicated in the Balance Sheet.

**(e) Risks and mitigation**

The risks associated with our main financial instruments and our policies for minimising these risks are detailed below.

**Market risk**

Market risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices. The Council's exposures to market risk are primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk. Components of market risk to which we are exposed are discussed below.

**Interest rate risk**

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that we use. Non derivative interest bearing assets are predominantly short term liquid assets. Our interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes us to fair value interest rate risk.

Our loan borrowings are sourced from major Australian banks by a tender process. Finance leases are sourced from major Australian financial institutions. Overdrafts are arranged with major Australian banks. We manage interest rate risk on our net debt portfolio by:

- ensuring access to diverse sources of funding;
- reducing risks of refinancing by managing in accordance with target maturity profiles; and
- setting prudential limits on interest repayments as a percentage of rate revenue.

We manage the interest rate exposure on our net debt portfolio by appropriate budgeting strategies and obtaining approval for borrowings from the Australian Loan Council and Department of Planning and Community Development each year.

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

- conformity with State and Federal regulations and standards;
- adequate safety;
- appropriate liquidity;
- diversification by credit rating, financial institution and investment product;
- monitoring of return on investment; and
- benchmarking of returns and comparison with budget.

Maturity will be staggered to provide for interest rate variations and to minimise interest rate risk.



## Notes to the Financial Report

### For the Year Ended 30 June 2012

#### **Credit risk**

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause us to make a financial loss. We have exposure to credit risk on all financial assets included in our balance sheet. To help manage this risk:

- we have a policy for establishing credit limits for the entities we deal with;
- we may require collateral where appropriate; and
- we only invest surplus funds with financial institutions which have a recognised credit rating specified in our investment policy.

Trade and other receivables consist of a large number of customers, spread across the consumer, business and government sectors. Credit risk associated with the Council's financial assets is minimal because the main debtor is the Victorian Government. Apart from the Victorian Government we do not have any significant credit risk exposure to a single customer or groups of customers. Ongoing credit evaluation is performed on the financial condition of our customers and, where appropriate, an allowance for doubtful debts is raised.

We may also be subject to credit risk for transactions which are not included in the balance sheet, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in Note 33.

<b>Movement in Provisions for Doubtful Debts</b>	<b>2012</b>
	<b>\$'000</b>
Balance at the beginning of the year	67
Provisions adjusted during the year	(37)
Balance at end of year	<u>30</u>

#### **Liquidity risk**

Liquidity risk includes the risk that, as a result of our operational liquidity requirements:

- we will not have sufficient funds to settle a transaction on the date;
- we will be forced to sell financial assets at a value which is less than what they are worth; or
- we may be unable to settle or recover a financial assets at all.

To help reduce these risks we:

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

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

## Notes to the Financial Report

For the Year Ended 30 June 2012

### NOTE 39 FINANCIAL INSTRUMENTS (CONT.)

#### (f) Sensitivity disclosure analysis

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

- A parallel shift of +1% and -2% in market interest rates (AUD) from year-end rates of 3.5%

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

Market risk exposure	Carrying amount subject to interest	Interest rate risk			
		-2% 200 basis points		+1% 100 basis points	
		Profit	Equity	Profit	Equity
<b>2012</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets:</b>					
Cash and cash equivalents	45,133	(903)	(903)	451	451
Other financial assets	6,048	(121)	(121)	60	60
Trade and other receivables	3,006	(60)	(60)	30	30
<b>Financial liabilities:</b>					
Interest-bearing loans and borrowings	15,000	300	300	(150)	(150)
<b>2011</b>					
<b>Financial assets:</b>					
Cash and cash equivalents	42,813	(856)	(856)	428	428
Other financial assets	6,749	(135)	(135)	67	67
Trade and other receivables	2,906	(58)	(58)	29	29
<b>Financial liabilities:</b>					
Interest-bearing loans and borrowings	10,000	200	200	(100)	(100)

### NOTE 40 EVENTS OCCURRING AFTER BALANCE DATE

Council was made aware of the expected shortfall in the LASF Defined Benefit Plan through the year and was formally informed of its share of the shortfall on 31 July 2012 which amounted to \$10.472M plus contribution tax of \$1.848M-a total of \$12.319M (refer Note 10,27 & 35) .

	2012 \$'000	2011 \$'000
LASF Defined Benefit Plan- 2011 Share of Defined Benefit shortfall	12,319	-
<b>Total</b>	<b>12,319</b>	<b>-</b>

### NOTE 41 ROADS EXPENDITURE

	2012 \$'000	2011 \$'000
Monash City Council made the following expenditure on Roads funded from:		
Local Roads Grant from the Victoria Grants Commission	1,317	1,024
Roads to Recovery Funding	623	208
Council's budget	2,140	1,696
<b>Total</b>	<b>4,080</b>	<b>2,928</b>

## Notes to the Financial Report

For the Year Ended 30 June 2012

	2012 \$'000	2011 \$'000
<b>NOTE 42 CAPITAL EXPENDITURE</b>		
Buildings	3,703	4,413
Drainage	2,007	1,777
Reserves	2,196	1,988
Roads/footpaths/kerb and channel	5,602	4,307
Retail strips/district centres	683	455
Other works	818	839
Major Projects	14,258	6,886
Asset Rationalisation	145	126
Plant and Equipment	5,957	6,167
	<u>35,369</u>	<u>26,958</u>
Less projects accounted for as Operating but managed as part of the Capital Program	(2,724)	(2,650)
<b>Total</b>	<b>32,645</b>	<b>24,308</b>
<b>Represented by:</b>		
Renewal	15,021	13,946
Upgrade	5,082	5,617
New/Expansion of Infrastructure	1,307	477
New/Expansion of Buildings	13,789	6,481
Other	170	437
<b>Sub-total</b>	<b>35,369</b>	<b>26,958</b>
Less Projects accounted for as Operating but managed as part of the Capital Program	(2,724)	(2,650)
<b>Total</b>	<b>32,645</b>	<b>24,308</b>

**Notes to the Financial Report**  
For the Year Ended 30 June 2012

**NOTE 42 CAPITAL EXPENDITURE (Cont.)**

**Property, plant and equipment, infrastructure movement**

The movement between the previous year and the current year in property, plant and equipment, infrastructure as shown in the Balance Sheet links to the net of the following items:

	2012 \$'000	2011 \$'000
Total capital expenditure	32,645	24,308
Asset Rationalisation associated with Asset as held for sale	(145)	(121)
Monash Halls Management Committee Asset Acquisitions	0	(606)
Net Additions	32,500	23,581
Contributions - non-monetary assets	6,088	5,691
Land taken up as Assets- 60 Winbourne Av	918	0
Monash Garden Unit taken up as Assets	0	628
Monash Halls Asset	0	197
Assets taken up from Operating Account	4	37
Asset revaluation movement	13,266	0
Transfer from Non-current Asset as held for sale	(177)	(3,522)
Depreciation & Amortisation	(24,074)	(23,485)
Written down value of assets sold	(1,019)	(948)
Net movement in property, plant and equipment, infrastructure	<b>27,506</b>	<b>2,179</b>

**(a) Renewal**

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

**(b) Upgrade**

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

**(c) Expansion**

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

## Notes to the Financial Report

For the Year Ended 30 June 2012

### NOTE 43

### INCOME STATEMENT FOR COUNCIL'S AGED RESIDENTIAL CARE FACILITIES

For the Year Ended 30 June 2012

	Aged Care Hostels & Nursing Homes					Independent Living Units			Grand Total
	Monash Gardens Hostel (RAC ID :3250)	Monash Gardens Nursing Home (RAC ID:4473)	Elizabeth Gardens Hostel (RAC ID: 3148)	Elizabeth Gardens Nursing Home ( RAC ID: 4429)	Aged Care Hostels & Nursing Homes Total	Monash Gardens ILU's	Elizabeth Gardens ILU's	Independent Living Units Total	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>									
Grants & Subsidies	1,249	2,480	852	1,663	6,244	-	-	-	6,244
Contributions and Donations	119	17	92	10	238	305	13	318	556
User Charges	853	999	677	595	3,124	112	344	456	3,580
Interest Revenue	564	84	475	47	1,170	-	-	-	1,170
Other Revenue	24	2	11	1	38	50	-	50	88
<b>Total Revenue</b>	<b>2,809</b>	<b>3,582</b>	<b>2,107</b>	<b>2,316</b>	<b>10,814</b>	<b>467</b>	<b>357</b>	<b>824</b>	<b>11,638</b>
<b>Expenses from Ordinary Activities</b>									
Employee Benefits Expense	1,562	3,007	1,373	2,102	8,044	65	-	65	8,109
Materials, Services & Contracts	605	805	334	471	2,215	91	13	104	2,319
Utilities	63	58	40	32	193	10	3	13	206
Direct/Indirect Overheads	190	244	164	179	777	18	3	21	798
Depreciation	183	169	180	135	667				667
Total Expenses	2,603	4,283	2,091	2,919	11,896	184	19	203	12,099
<b>Net Result for the Reporting Period</b>	<b>206</b>	<b>(701)</b>	<b>16</b>	<b>(603)</b>	<b>(1,082)</b>	<b>283</b>	<b>338</b>	<b>621</b>	<b>(461)</b>

#### Notes

Residential Aged Care Identification Numbers (RAC ID)

RAC ID: 3250 - MG Hostel

RAC ID: 4473 - MG Nursing Home

RAC ID: 3148 - EG Hostel

RAC ID: 4429 - EG Nursing Home

## Notes to the Financial Report

For the Year Ended 30 June 2012

### NOTE 43 STATEMENT OF FINANCIAL POSITION FOR COUNCIL'S AGED RESIDENTIAL CARE FACILITIES

as at 30 June 2012

	Aged Care Hostels & Nursing Homes				Aged Care Hostels & Nursing Homes Total	Independent Living Units			Grand Total
	Monash Gardens Hostel (RAC ID :3250)	Monash Gardens Nursing Home (RAC ID:4473)	Elizabeth Gardens Hostel (RAC ID: 3148)	Elizabeth Gardens Nursing Home ( RAC ID: 4429)		Monash Gardens ILU's	Elizabeth Gardens ILU's	Independent Living Units Total	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>									
<b>Current Assets</b>									
Receivables	(2)	2	1	1	2	1,086	155	1,241	1,243
Investments	9,803	1,622	8,638	877	20,940	-	-	-	20,940
<b>Total Current Assets</b>	<b>9,801</b>	<b>1,624</b>	<b>8,639</b>	<b>878</b>	<b>20,942</b>	<b>1,086</b>	<b>155</b>	<b>1,241</b>	<b>22,183</b>
<b>Non-Current Assets</b>									
Land and Buildings	6,053	5,587	2,340	1,539	15,519	-	-	-	15,519
Plant and Equipment	472	436	428	424	1,760	-	-	-	1,760
<b>Total Non-Current Assets</b>	<b>6,525</b>	<b>6,023</b>	<b>2,768</b>	<b>1,963</b>	<b>17,279</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,279</b>
<b>TOTAL ASSETS</b>	<b>16,326</b>	<b>7,647</b>	<b>11,407</b>	<b>2,841</b>	<b>38,221</b>	<b>1,086</b>	<b>155</b>	<b>1,241</b>	<b>39,462</b>
<b>LIABILITIES</b>									
<b>Current Liabilities</b>									
Refundable Deposits	9,803	1,622	8,638	877	20,940	-	-	-	20,940
Provision - Donations	17	-	2	-	19	-	-	-	19
<b>Total Current Liabilities</b>	<b>9,820</b>	<b>1,622</b>	<b>8,640</b>	<b>877</b>	<b>20,959</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,959</b>
<b>TOTAL LIABILITIES</b>	<b>9,820</b>	<b>1,622</b>	<b>8,640</b>	<b>877</b>	<b>20,959</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,959</b>
<b>NET ASSETS</b>	<b>6,506</b>	<b>6,025</b>	<b>2,767</b>	<b>1,964</b>	<b>17,262</b>	<b>1,086</b>	<b>155</b>	<b>1,241</b>	<b>18,503</b>
<b>EQUITY</b>									
Surplus/(deficit) for the year	206	(701)	16	(603)	(1,082)	338	283	621	(461)
Accumulated Surplus	6,300	6,726	2,751	2,567	18,344	748	(128)	620	18,964
<b>TOTAL EQUITY</b>	<b>6,506</b>	<b>6,025</b>	<b>2,767</b>	<b>1,964</b>	<b>17,262</b>	<b>1,086</b>	<b>155</b>	<b>1,241</b>	<b>18,503</b>

#### Notes

Residential Aged Care Identification Numbers (RAC ID)

RAC ID: 3250 - MG Hostel

RAC ID: 4473 - MG Nursing Home

RAC ID: 3148 - EG Hostel

RAC ID: 4429 - EG Nursing Home

## Notes to the Financial Report

### For the Year Ended 30 June 2012

#### NOTE 44 FINANCIAL RATIOS

##### (a) Debt Servicing Ratio

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

Debt Servicing Costs

Total Revenue

2012		2011		2010	
<u>715</u>	= 0.45%	<u>736</u>	= 0.51%	<u>701</u>	= 0.51%
<u>158,297</u>		<u>144,738</u>		<u>138,162</u>	

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

##### (b) Debt Commitment Ratio

(to identify Council's debt redemption strategy).

Debt Servicing & Redemption Costs

Rate Revenue

<u>2,415</u>	= 2.95%	<u>2,436</u>	= 3.19%	<u>2,401</u>	= 3.36%
<u>81,773</u>		<u>76,431</u>		<u>71,490</u>	

Enables assessment of Council's strategy in redeeming debt. The strategy involves the net payment of loan principal and interest. The ratio expresses the percentage of rate revenue utilised to pay interest and redeem debt principal.

##### (c) Revenue Ratio

(to identify Council's dependence on rate income).

Rate Revenue

Total Revenue

<u>81,773</u>	= 51.66%	<u>76,431</u>	= 52.81%	<u>71,490</u>	= 51.74%
<u>158,297</u>		<u>144,738</u>		<u>138,162</u>	

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

##### (d) Debt Exposure Ratio

(to identify Council's exposure to debt).

Total Indebtedness

Total Realisable Assets

<u>82,653</u>	= 5.40%	<u>61,809</u>	= 4.11%	<u>60,393</u>	= 4.00%
<u>1,529,289</u>		<u>1,503,540</u>		<u>1,510,856</u>	

Enables assessment of Council's solvency and exposure to debt. Total indebtedness refers to the total liabilities of the Council. Total liabilities are compared to total realisable assets, which are all Council assets not subject to any restriction and are able to be realised. The ratio expresses the amount of Council's indebtedness as a percentage of Council's realisable assets.

##### (e) Working Capital Ratio

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

Current Assets

Current Liabilities

<u>57,443</u>	= 100.35%	<u>55,231</u>	= 104.29%	<u>56,428</u>	= 110.12%
<u>57,240</u>		<u>52,957</u>		<u>51,244</u>	

Enables assessment of Council's ability to meet its current commitments. The ratio expresses the level of current assets the Council has available to meet its current liabilities.

##### (f) Adjusted Working Capital Ratio

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

Current Assets

Current Liabilities

<u>57,443</u>	= 212.89%	<u>55,231</u>	= 217.08%	<u>56,428</u>	= 197.96%
<u>26,982</u>		<u>25,443</u>		<u>28,505</u>	

Enables assessment of Council's ability to meet its current commitments. The ratio expresses the level of current assets the Council has available to meet its current liabilities. Current Liabilities have been reduced to reflect the long service leave & refundable Aged Care deposit that is shown as a current liability because Council does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date, but is not likely to fall due within twelve months after the end of the period.

**CERTIFICATION OF THE FINANCIAL REPORT**

In my opinion the accompanying financial report has been prepared in accordance with the Local Government Act 1989, the Local Government (Finance and Reporting) Regulations 2004, Australian Accounting Standards and other mandatory professional reporting requirements.



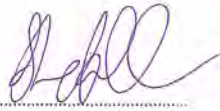
Principal Accounting Officer  
**Daniel Wain CPA**

Dated: 28 August 2012

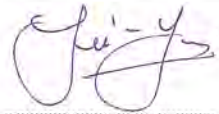
In our opinion the accompanying financial report presents fairly the financial transactions of Monash City Council for the year ended 30 June 2012 and the financial position of the Council as of that date.

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

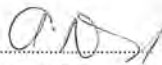
We were authorised by the Council on 28 August 2012 to certify the financial report in its final form on behalf of the Council.



Mayor  
**Stefanie Perri**



Councillor  
**Jieh-Yung Lo**



Chief Executive Officer  
**Dr Andi Diamond**

Dated: 28 August 2012





# Standard Statements

For the year ended 30 June 2012

## NOTE 1 BASIS OF PREPARATION OF THE STANDARD STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2012

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

The Standard Statements have been prepared on an accounting basis consistent with those used for the General Purpose Financial Report and the Budget. The results reported in these Statements are consistent with those reported in the General Purpose Financial Report. The Standard Statements are not a substitute for the General Purpose Financial Report. They have not been prepared in accordance with all Australian Accounting Standards or other authoritative professional pronouncements.

The Standard Statements compare Council's Financial Plan, expressed through its Annual Budget, with actual performance. The Local Government Act 1989 requires explanation of any material variances. The Council has

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

The budget figures included in the Standard Statements are those adopted by the Council at its meeting on 28 June 2011. The budget was based on assumptions that were relevant at the time of adoption of the budget. The Council set guidelines and parameters for revenue and expense targets in this budget in order to meet the Council's business plan and financial performance targets for both the short and long term. The budget did not reflect expected changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

## STANDARD INCOME STATEMENT

	Note	Actual Year 2012 \$'000	Budget Year 2012 \$'000	Variance 2012 \$'000	Variance 2012 %
<b>Revenue from Ordinary Activities</b>					
General Rates & Charges		81,181	81,183	(2)	(0.0%)
Supplementary Rates & Charges	2	592	800	(208)	(26.0%)
Operating Grants, Subsidies & Contributions	3	32,478	24,209	8,269	34.2%
Capital Grants & Contributions	4	9,218	12,572	(3,354)	(26.7%)
Interest Revenue		2,643	2,661	(18)	(0.7%)
Charges, Fees & Fines	5	28,932	27,290	1,642	6.0%
Other Revenue		2,703	2,725	(22)	-0.8%
Profit from Sale of Assets	6	358	40	318	795.00%
<b>Total Revenue</b>		<b>158,105</b>	<b>151,480</b>	<b>6,625</b>	<b>4.37%</b>
<b>Expenses from Ordinary Activities</b>					
Employee Costs	7	79,572	64,926	(14,646)	-22.6%
Materials, Services & Contracts	8	58,136	55,564	(2,572)	-4.6%
Borrowing Costs		715	755	40	5.3%
Depreciation & Amortisation		24,074	23,873	(201)	-0.8%
<b>Total Expenses</b>		<b>162,497</b>	<b>145,118</b>	<b>(17,379)</b>	<b>-11.98%</b>
Share of net loss of Investments in Associates accounted for using the equity method		192	-	192	0%
<b>Surplus from Ordinary Operations</b>		<b>(4,200)</b>	<b>6,362</b>	<b>(10,562)</b>	
Share of net loss on revaluation of associates and joint ventures accounted for by the equity method	9	(287)	-	-	100%
Net Asset revaluation increment/decrement	9	13,266	-	-	100%
<b>Total Changes in Equity</b>		<b>8,779</b>	<b>6,362</b>	<b>(10,562)</b>	

## Explanation of material variances between Actual Operating Results & Budget

### Revenue

#### NOTE 2 SUPPLEMENTARY RATES & CHARGES

The budget for this item is based on prior period experience and is difficult to predict accurately.

#### NOTE 3 OPERATING GRANTS, SUBSIDIES & CONTRIBUTIONS

The majority of this variance relates to non cash Developer Contributions (\$5.9M) from Mirvac, Grant Funding received in advance from the Victorian Grants Commission (\$925k) and other (\$455k) and higher than budgeted Operational Subsidy & Child Care Benefit income (\$880k) predominantly related to the Home and Community Care department associated with funding increases post budget adoption.

#### NOTE 4 CAPITAL GRANTS & CONTRIBUTIONS

The majority of this variance predominantly relates to amounts for Euneva Car Park (\$2M) and Eaton Mall (\$1M) which were budgeted for in 11/12 but will be received in 2012/13 which are partially offset by receipt of other unbudgeted amounts.

#### NOTE 5 CHARGES, FEES & FINES

This variance predominantly relates to additional income received at Recreation Centres (\$762k) for Learn to Swim, Facility Hire and Group Exercise. Other significant variances include higher than budgeted Service Charges (\$243k) associated with the Revaluation of independent living units at Monash Gardens Residential Care Facility, Recycling and Bin Charge Income (\$206k), Waste Transfer Station Income (\$200k), Town Planning Application Fees (\$134k) and Statutory Fee income (\$100k). These favourable amounts are partially offset by lower than budgeted Green Fees (\$135k) due to wet weather conditions.

#### NOTE 6 NET GAIN ON DISPOSAL OF PROPERTY, PLANT & EQUIPMENT

Relates mainly to proceeds from sale of 1 Sadie Street, Mt Waverley (which

was budgeted for in 2010/11) and unbudgeted proceeds from sale of plant & equipment .

### Expenditure

#### NOTE 7 EMPLOYEE COSTS

The significant increase in employee benefits predominantly relates to the take up of the Local Authorities Superannuation Fund (LASF) unfunded liability amount (\$12.3M). Council also incurred a significant balance day adjustment for Long Service Leave Provision (\$724k) predominantly related to the impact of changes to probability ratios and to a fall in the bank bill rates which are used to discount the liability. Additional expenditure was also incurred as an offset to income received where service levels increased at Recreation Centres (\$402k), Children's & Family Services (\$276k) and Home & Community Care (\$124k). Higher than budgeted expenditure was also incurred at Council's Residential Care facilities (\$200k) due to an error in budgeting for Public Holiday loading.

#### NOTE 8 MATERIALS, SERVICES & CHARGES

This variance predominantly relates to higher than budgeted Contractor and Contract Staff costs (\$2.1M) which are related to additional work requirements in the areas of Drainage (to address storm damage issues), Tree and Grass maintenance due to wet weather conditions, Path rehabilitation, Routine Building maintenance and in areas where additional income was received (Home Care Maintenance and Local Laws). Materials and Contracts also include Operating Capital Expense (\$2.7M) which is classified as Capital in the budget but which does not meet the strict accounting classification of an asset, such as Street Trees and Footpath maintenance.

#### NOTE 9 ASSET REVALUATION

This variance predominantly relates to unbudgeted asset revaluations at 30 June 2012.

## STANDARD BALANCE SHEET

	Note	Actual Year 2012 \$'000	Budget Year 2012 \$'000	Variance 2012 \$'000	Variance 2012 %
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash & Cash Equivalents		45,154	41,609	3,545	9%
Other Assets	10	12,289	10,070	2,219	22%
<b>Total Current Assets</b>		<b>57,443</b>	<b>51,679</b>	<b>5,764</b>	<b>11%</b>
<b>Non-Current Assets</b>					
Property, Plant & Equipment		2,080,472	2,057,909	22,563	1%
Other Assets	11	2,354	10,475	(8,121)	-78%
<b>Total Non-Current Assets</b>		<b>2,082,826</b>	<b>2,068,384</b>	<b>14,442</b>	<b>1%</b>
<b>TOTAL ASSETS</b>		<b>2,140,269</b>	<b>2,120,063</b>	<b>20,206</b>	<b>1%</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Creditors & Provisions	12	54,040	47,917	(6,123)	-13%
Interest-Bearing Loans & Borrowings		3,200	3,200	-	0%
<b>Total Current Liabilities</b>		<b>57,240</b>	<b>51,117</b>	<b>(6,123)</b>	<b>-12%</b>
<b>Non-Current Liabilities</b>					
Provisions	12	1,294	2,349	1,055	45%
Unfunded Superannuation	13	12,319	-	(12,319)	-100%
Interest-Bearing Loans & Borrowings		11,800	11,800	-	0%
<b>Total Non-Current Liabilities</b>		<b>25,413</b>	<b>14,149</b>	<b>(11,264)</b>	<b>-80%</b>
<b>TOTAL LIABILITIES</b>		<b>82,653</b>	<b>65,266</b>	<b>(17,387)</b>	<b>-27%</b>
<b>NET ASSETS</b>		<b>2,057,616</b>	<b>2,054,797</b>	<b>2,819</b>	<b>0%</b>
<b>EQUITY</b>					
Accumulated Surplus		911,625	907,563	4,062	0%
Reserves		1,145,991	1,147,234	(1,243)	0%
<b>TOTAL EQUITY</b>		<b>2,057,616</b>	<b>2,054,797</b>	<b>2,819</b>	<b>0%</b>

## STANDARD BALANCE SHEET (cont.)

### Current Assets

#### NOTE 10 OTHER ASSETS

Represents Sundry Debtor amounts for Rates, Parking Fines and other miscellaneous amounts owed (\$6M) as well as Land held for resale (\$2.8M), Accrued Income and Prepaid amounts (\$3.1M). The budget for this item is based on prior year experience and is difficult to predict reliably.

### Non-Current Assets

#### NOTE 11 OTHER ASSETS

Includes a budgeted amount of \$7.8M for Bed Licences which were derecognised in the 2010/11 financial year following the adoption of the 11/12 budget.

### Current Liabilities

#### NOTE 12 CREDITORS & PROVISIONS

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

### Non-Current Liabilities

#### NOTE 12 PROVISIONS

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

#### NOTE 13 UNFUNDED SUPERANNUATION LIABILITY

This unbudgeted amount relates to Council's share of the Local Authority Superannuation Fund (LASF) Defined Benefit Plan unfunded liability amount (\$12.32M) which was advised in July 2012.

## STANDARD CASH FLOW STATEMENT

	Note	Actual Year 2012 \$'000	Budget Year 2012 \$'000	Variance 2012 \$'000	Variance 2012 %
<b>Cash flows from Operating Activities</b>					
General & Supplementary Rates		81,971	81,983	(12)	0%
Operating Grants, Subsidies and Contributions		26,438	24,209	2,229	9%
Capital Grants and Contributions		8,953	12,572	(3,619)	-29%
Interest Received		2,650	2,661	(11)	0%
Charges, Fees and Fines Received		31,654	29,074	2,580	9%
Other Revenue		2,500	3,038	(538)	-18%
Borrowing Costs		(715)	(755)	40	-5%
GST reimbursed by Australian Tax Office		8,520	8,274	246	3%
GST paid to Australian Tax Office		(2,539)	(1,784)	(755)	42%
Materials, Services and Contracts Paid		(66,886)	(60,565)	(6,321)	10%
Employee Costs		(65,745)	(64,926)	(819)	1%
<b>Net Cash inflow provided by Operating Activities</b>	<b>14</b>	<b>26,801</b>	<b>33,781</b>	<b>(6,980)</b>	<b>-21%</b>
<b>Cash Flows from Investing Activities</b>					
Payment for Property, Plant and Equipment		(32,489)	(39,637)	7,148	-18%
Proceeds from Sale of Property, Plant and Equipment		2,417	1,700	717	42%
<b>Net Cash inflow (outflow) from Investing Activities</b>	<b>15</b>	<b>(30,072)</b>	<b>(37,937)</b>	<b>7,865</b>	<b>-21%</b>
<b>Cash Flows from Financing Activities</b>					
Trusts and Refundable Deposits		592	-	592	100%
Receipt from Redraw of Borrowings		6,700	6,700	-	0%
Repayment of Current Borrowings		(1,700)	(1,700)	-	0%
<b>Net Cash inflow (outflow) from Financing Activities</b>	<b>16</b>	<b>5,592</b>	<b>5,000</b>	<b>592</b>	<b>100%</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>2,322</b>	<b>844</b>	<b>1,478</b>	<b>175%</b>
Cash at the beginning of the Financial Year		42,832	40,765	2,067	5%
<b>Cash and Cash Equivalents at the end of the year</b>		<b>45,154</b>	<b>41,609</b>	<b>3,545</b>	<b>9%</b>
Reconciliation of Surplus and Net Cash Flows from Operating Activities For the Year ending 30 June 2012					
<b>Surplus for the period</b>		<b>(4,200)</b>	<b>6,362</b>	<b>(10,562)</b>	<b>-166%</b>
Depreciation and amortisation		24,074	23,873	201	1%
Net (Gain)/Loss on disposal of Property, Plant and Equipment		(358)	(40)	318	-795%
Non-Current Assets Written-Off		14	-	-	0%
Developers Contribution & Donated Assets		(6,088)	-	(6,088)	0%
Net movement in operating assets and liabilities		13,359	1,956	11,403	583%
<b>Net cash inflow from operating activities</b>		<b>26,801</b>	<b>32,151</b>	<b>(4,728)</b>	<b>-15%</b>

## STANDARD CASH FLOW STATEMENT (Cont.)

### NOTE 14 CASH FLOWS FROM OPERATING ACTIVITIES

This variance predominantly relates to higher than budgeted income from User Charges (\$2.6M) and Grant Funding received in advance (\$1.7M), which are partially offset by lower than budgeted Capital Grant income due to timing of receipt of funds for Euneva Carpark (\$2M) and Eaton Mall (\$1M) projects. Variance is also impacted by timing of creditor payments.

### NOTE 15 CASH FLOWS FROM INVESTING ACTIVITIES

Variance predominantly relates to receipt of income from the sale of 1 Sadie Street, Glen Waverley (budgeted for in 10/11) and lower than budgeted payments for Property, Plant and Equipment.

### NOTE 16 CASH FLOWS FROM FINANCING ACTIVITIES

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



## STANDARD STATEMENT OF CAPITAL WORKS

	Note	Actual Year 2012 \$'000	Budget Year 2012 \$'000	Completion %
Buildings	17	3,703	3,508	106%
Drainage	18	2,007	1,929	104%
Reserves		2,196	2,141	103%
Roads/footpaths/kerb and channel		5,602	5,740	98%
Retail strips/district centres	19	683	549	124%
Other works		818	784	104%
Major Projects	20	14,258	17,743	80%
Asset Rationalisation		145	25	580%
Plant and Equipment		5,957	5,943	100%
<b>Sub-total</b>		<b>35,369</b>	<b>38,362</b>	<b>92%</b>
Less projects accounted for as Operating but managed as part of the Capital Program		(2,724)	(1,997)	136%
<b>Total</b>		<b>32,645</b>	<b>36,365</b>	<b>90%</b>

### NOTE 17 BUILDINGS

Includes Civic Centre refurbishment works.

### NOTE 18 DRAINAGE

Includes the Remington Drive drainage upgrade carried forward from 10/11.

### NOTE 19 RETAIL STRIPS/DISTRICT CENTRES

Includes implementation of footpath trading policy carried forward from 10/11.

### NOTE 20 MAJOR PROJECTS

Variance reflects the delay in commencement of Eaton Mall project and finalisation of Euneva Car Park.

## Certification of the Standard Statements

### CERTIFICATION OF THE STANDARD STATEMENTS

In my opinion, the accompanying standard statements of Monash City Council for the year ended 30 June 2012 have been prepared on accounting basis consistent with the financial report and in accordance with the Local Government Act 1989 and the Local Government (Finance and Reporting) Regulations 2004.



Principal Accounting Officer  
**Daniel Wain CPA**

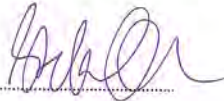
Dated: 28 August 2012

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

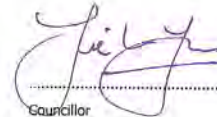
As at the date of signing, we are not aware of any circumstances which would render any particulars in the standard statements to be misleading or inaccurate.

#### Total Expenses

We were authorised by the Council on 28 August 2012 to certify the standard statements in their final form on behalf of the Council.



Mayor  
**Stefanie Perri**



Councillor  
**Jieh-Yung Lo**



Chief Executive Officer  
**Dr Andi Diamond**

Dated: 28 August 2012

**INDEPENDENT AUDITOR'S REPORT****To the Councillors, Monash City Council**

## The Financial Report and Standard Statements

The accompanying financial report for the year ended 30 June 2012 of Monash City Council which comprises comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of the significant accounting policies and other explanatory information, and the certification of the financial report has been audited.

The accompanying standard statements for the year ended 30 June 2012 of the Council which comprises standard income statement, standard balance sheet, standard cash flow statement, standard statement of capital works, the related notes and the certification of the standard statements have been audited.

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

The Councillors of the Monash City Council are responsible for the preparation and the fair presentation of:

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

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

## Auditor's Responsibility

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

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

- the appropriateness of the accounting policies used in the financial report
- the reasonableness of accounting estimates made by the Councillors
- the overall presentation of the financial report and standard statements.

### Independent Auditor's Report (continued)

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

#### Independence

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

#### Opinion

In my opinion:

- (a) the financial report presents fairly, in all material respects, the financial position of Monash City Council as at 30 June 2012 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*.
- (b) the standard statements present fairly, in all material respects, in accordance with the basis of preparation as described in Note 1 to the statements and comply with the requirements of the *Local Government Act 1989*.

#### *Basis of Accounting for Standard Statements*

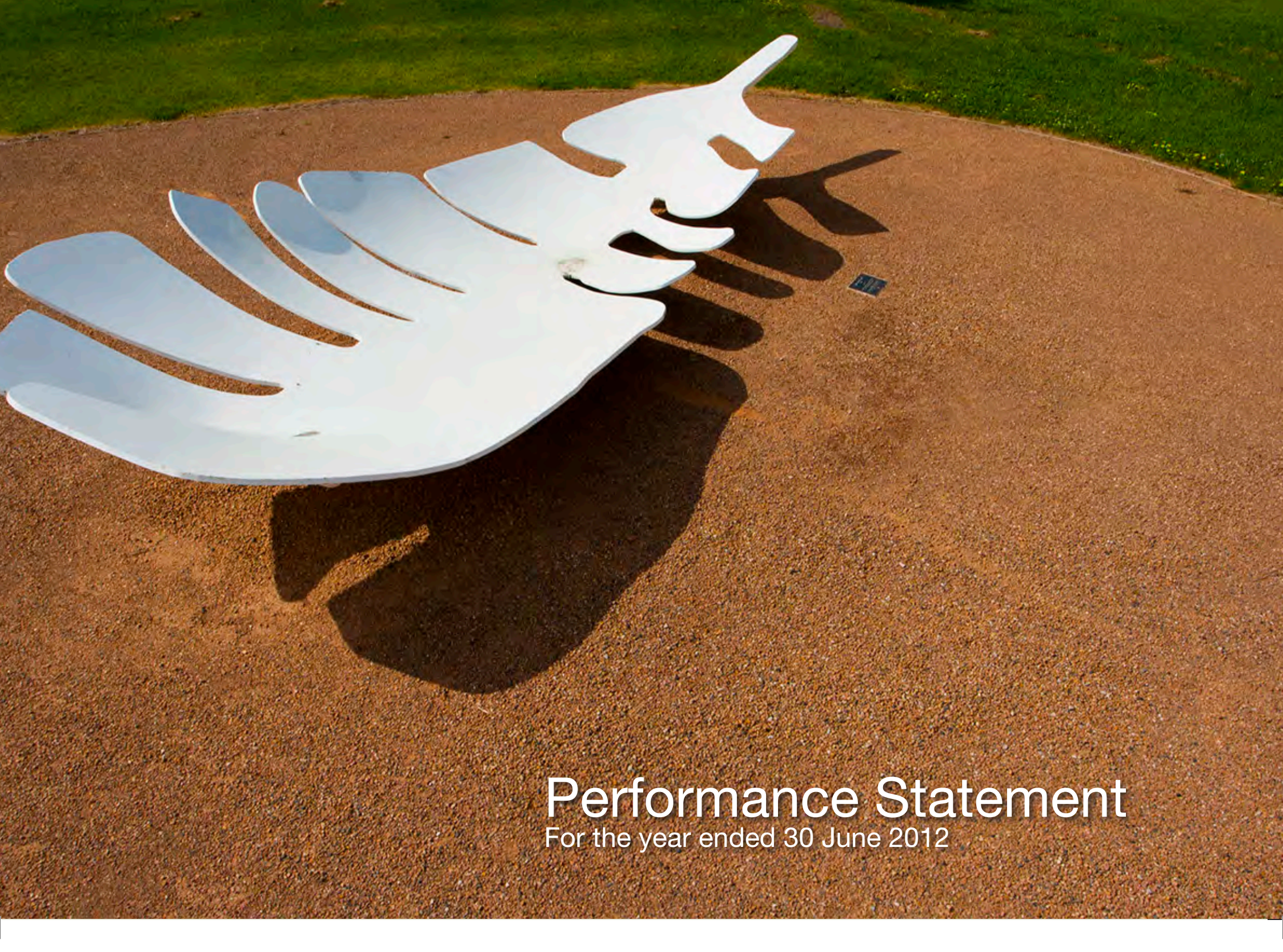
Without modifying my opinion, I draw attention to Note 1 to the standard statements, which describes the basis of accounting. The standard statements are prepared to meet the requirements of the *Local Government Act 1989*. As a result, the standard statements may not be suitable for another purpose.

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

This auditor's report relates to the financial report and standard statements of the Monash City Council for the year ended 30 June 2012 included both in the Monash City Council's annual report and on the website. The Councillors of the Monash City Council are responsible for the integrity of the Monash City Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report and standard statements are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and standard statements to confirm the information contained in the website version of the financial report and standard statements.

MELBOURNE  
4 September 2012

  
D D R Pearson  
Auditor-General



# Performance Statement

For the year ended 30 June 2012

## PERFORMANCE STATEMENT

For the Year Ended 30 June 2012

The Victorian Government expects all Councils to collect and publish performance information. The Local Government Act 1989 (Performance Statement - section 132) requires a Council to report on the Key Strategic Activities (KSA's) and performance targets and measures specified in the budget for the financial year and the actual results achieved for the financial year having regard to those performance targets and measures. Monash City Council has a vision for a thriving community. The Council Plan lists five Strategic Objectives that have been developed to guide Council in the achievement of this vision. Each of the KSA's listed in the Performance statement contributes to achieving the Strategic Objectives.

KSA Ref. No.	Key Strategic Activity (KSA)	Performance Measures and Target Dates	Status	
KSA 1	Implement the 2011/12 New and Base Capital Work Program.	<b>Quantity:</b> Ensure 85% completion of the Program by June 2012.	Target achieved, 85.64% of the Capital Works Program was completed as at the 30 June 2012.	Achieved
KSA 2	Complete the Mulgrave and Notting Hill Community Research Needs Analysis.	<b>Quality:</b> Complete the Analysis. <b>Cost:</b> Within total project cost. <b>Time:</b> June 2012.	Mulgrave and Notting Hill research needs analysis has been completed.	Achieved
KSA 3	Commence the construction of the Central Reserve Northern Pavilion.	<b>Quality:</b> Construction commenced. <b>Cost:</b> Within budget. <b>Time:</b> June 2012.	Construction commenced in February 2012.	Achieved
KSA 4	Commence the Oakleigh Village Public Space Rejuvenation Project.	<b>Quality:</b> Construction commenced. <b>Cost:</b> Within budget. <b>Time:</b> June 2012.	Construction of the Eaton Mall Agora is complete. The revised Eaton Mall Enhancement design and tender process has been completed.	Achieved
KSA 5	Complete construction of Euneva Avenue Glen Waverley Carpark by June 2012.	<b>Quality:</b> Delivered standard scope of works. <b>Cost:</b> \$17.3M. <b>Time:</b> June 2012.	Building works completed awaiting issue of Certificate of Practical Completion.	Achieved
KSA 6	Implement the Footpath Trading and Access Policy for Oakleigh and Glen Waverley Activity Centres and adopt a policy for other trading areas.	<b>Quality:</b> Implementation and new policy adopted. <b>Cost:</b> Within budget. <b>Time:</b> June 2012.	The Footpath Trading and Access Policy was adopted on 31 January 2012. Further consultation has occurred with traders, and footpath markers and bollards have been installed. The new Policy took effect from 1 July 2012.	Achieved
KSA 7	Undertake the development of a municipal wide Industrial Land Use Strategy.	<b>Quality:</b> Commence the development. <b>Cost:</b> Within total project cost. <b>Time:</b> June 2012.	Incomplete. DPCD advised that funding is not available. Contract review with consultant and project parameters modified. Contract commenced with completion date of December 2012.	Not Achieved
KSA 8	Complete the structure plan for the Oakleigh Activity Centre.	<b>Quality:</b> Complete the structure plan. <b>Cost:</b> Within total project cost. <b>Time:</b> June 2012.	Incomplete. Panel Report received in mid June 2012. Detail of submissions received and the Panel Report is to be reported to Council in August for adoption and referral to the Minister for Planning for approval and gazettal.	Not Achieved
KSA 9	Commence the process for the commercial development of Council owned land in the Oakleigh Activity Centre, including design of a multi-deck car park.	<b>Quality:</b> Commence the development. <b>Cost:</b> Within total project cost. <b>Time:</b> June 2012.	Probity auditor and property advisor appointed. First draft of Expressions of Interest prepared.	Achieved
KSA 10	Implement actions agreed to meet the objectives of the Monash Environmental Sustainability Road Map.	<b>Quality:</b> Actions implemented. <b>Cost:</b> Within budget. <b>Time:</b> June 2012.	Action items where funded to be completed have been completed.	Achieved
KSA 11	Conduct an Electoral Representation Review as per Section 219 of the Local Government Act.	<b>Quality:</b> Conduct the review. <b>Cost:</b> Within total project cost. <b>Time:</b> June 2012.	The Electoral Representation Review has been completed.	Achieved
KSA 12	Maintain or improve Council's results in the DPCD Local Government Community Satisfaction Survey.	<b>Quality:</b> Maintain or improve results across key areas. <b>Cost:</b> \$7,000. <b>Time:</b> June 2012.	Delay by the DPCD was caused by a review of the Local Government Community Satisfaction Survey questions and framework with results released by DPCD contractor 17 July 2012. This review prevents comparison of actual results, due to a change in the methodology. Monash results however were favourable achieving a higher score than the state wide benchmark on 4 of the 5 core indicators, and a higher score than the Inner Metropolitan Group benchmark on 3 of the 5 indicators.	Not Achieved

## Certification Of The Performance Statement

### CERTIFICATION OF THE PERFORMANCE STATEMENT

In my opinion, the accompanying performance statement of Monash City Council in respect of 2011/12 financial year is presented fairly in accordance with the Local Government Act 1989.



Principal Accounting Officer  
**Daniel Wain CPA**

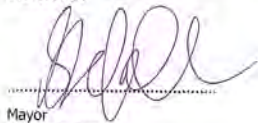
Dated: 28 August 2012

In our opinion, the accompanying performance statement of Monash City Council in respect of 2011/12 financial year is presented fairly in accordance with the Local Government Act 1989.

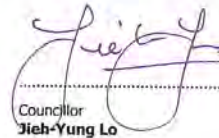
The statement outlines the Key Strategic Activities (KSAs) to be undertaken during the financial year, performance targets and measures in relation to each KSA described in Council's Budget and Business Plan and the achievement of the targets and measures.

As at the time of signing, we are not aware of any circumstance, which would render any particular in the statement to be misleading or inaccurate.

We were authorised by the Council on 28 August 2012 to certify the performance statement in its final form on behalf of the Council.



Mayor  
**Stefanie Perri**



Councillor  
**Jieh-Yung Lo**



Chief Executive Officer  
**Dr Andi Diamond**

Dated: 28 August 2012



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## INDEPENDENT AUDITOR'S REPORT

### To the Councillors, Monash City Council

#### The Performance Statement

The accompanying performance statement for the year ended 30 June 2012 of the Monash City Council which comprises the statement, the related notes and the certification of the performance statement has been audited.

#### The Councillors' Responsibility for the Performance Statement

The Councillors of the Monash City Council are responsible for the preparation and fair presentation of the performance statement in accordance with the *Local Government Act 1989*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the performance statement that is free of material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

As required by the *Local Government Act 1989*, my responsibility is to express an opinion on the performance statement based on the audit, which has been conducted in accordance with Australian Auditing Standards. These Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance whether the performance statement is free from material misstatement.

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

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

#### Independence

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

*Auditing in the Public Interest*



## Independent Auditor's Report (continued)

### Auditor's Opinion

In my opinion, the performance statement of the Monash City Council in respect of the 30 June 2012 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

### *Matters Relating to the Electronic Publication of the Audited Performance Statement*

This auditor's report relates to the performance statement of the Monash City Council for the year ended 30 June 2012 included both in the Monash City Council's annual report and on the website. The Councillors of the Monash City Council are responsible for the integrity of the Monash City Council's website. I have not been engaged to report on the integrity of the Monash City Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this statement. If users of the performance statement are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the performance statement to confirm the information contained in the website version of the performance statement.

MELBOURNE  
4 September 2012

  
D D R Pearson  
Auditor-General

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- CAHC Clayton Aquatics and Health Club
- CALD Culturally and Linguistically Diverse
- DEECD Department of Education and Early Childhood Development
- EPA Environmental Protection Agency
- LGPro Local Government Professionals
- LGV Local Government Victoria
- MARC Monash Aquatic and Recreation Centre
- MAC Multicultural Advisory Committee
- MAV Municipal Association of Victoria
- MCH Maternal and Child Health
- MEC Monash Enterprise Centre
- MGA Monash Gallery of Art
- MPLS Monash Public Library Service
- MVRC Monash Volunteer Resource Centre
- MYFS Monash Youth and Family Services
- MYPRG Monash Young Persons Reference Group
- NAIDOC National Aborigines and Islanders Day Observance Committee
- NCAC National Childcare Accreditation Council
- OHS Occupational Health and Safety
- ORC Oakleigh Recreation Centre
- PALS Positive Ageing and Lifestyles program
- PARG Positive Ageing Reference Group
- VLG Victorian Local Government
- VLGA Victorian Local Governance Association
- WAC Works and Administration Centre
- WEAC Waverley Emergency Adolescent Care

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