

Attachment 5B – Closing report

VAGO

Victorian Auditor-General's Office

Manningham City Council
Closing report to the Audit Committee
Year ended 30 June 2016

Our aim is to provide assurance to Parliament on the accountability and performance of the Victorian public sector.

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1 Purpose of the report

This closing report has been prepared to communicate significant issues arising from our audit and as such is incidental to the audit. This document forms the basis for discussion at the Audit and Risk Management Committee meeting of **26 August 2016** and is a key tool for discharging our responsibilities in relation to communicating with those charged with the governance of Manningham City Council.

2 Scope of the audit

The Auditor-General is an independent officer of Parliament appointed to report to Parliament on the management of public sector resources.

The *Audit Act 1994* requires the Auditor-General to form an opinion on your financial report and performance statement and provide a copy of the auditor's report to you, the Minister responsible for your entity and the Minister for Finance. The audit has been conducted to gather sufficient appropriate evidence to form that opinion.

The audit approach focused on key financial report audit risks. This involved gaining an understanding of significant financial reporting processes and a combination of internal control testing and substantive audit procedures to assess the residual risk of material misstatement of the financial report.

We also considered the issues of waste, probity and lack of financial prudence in the use of public resources.

We did not design our audit approach to identify matters that may be appropriate to report to you. Consequently, this report cannot be relied upon as a comprehensive report of all significant accountability and governance issues. You cannot assume that any matters reported to you indicate that there are no additional matters that you should be aware of in meeting your responsibilities.

3 Audit conclusion

Subject to satisfactory resolution of the outstanding items outlined in Appendix A, we conclude that the financial report of Manningham City Council is presented fairly.

After the issue of the auditor's report we are required to undertake additional procedures. Any issues identified from this review will be reported to the CEO for remedial action.

We have arrived at this opinion after consideration of the issues outlined below.

4 Disposition of key audit risks

This section examines the key risks of material misstatement identified in the audit, our audit response in relation to each and the results of our procedures.

4.1 Summary of audit risks relating to the financial report

The table below summarises the risks identified in the audit strategy and whether or not these risks have been satisfactorily addressed by audit procedures.

Table: Summary of audit risks relating to the financial report

Risk	Fraud	Error	Significant judgements	Pervasive or Specific (P or S)	Risk addressed by audit procedures (Y or N)
1 Risk of fraud through management override of controls	✓	NA	NA	P	
2 Fair value assessment and revaluation of non-current physical assets	✓	✓	✓	S	
3 Revenue recognition	✓	✓	✓	S	
4 Form and content of Financial Report	NA	✓	✓	P	
5 Local Government Council elections	NA	✓	✓	P	

4.2 Detailed audit risks relating to the financial report

The table below provides additional details about the risks summarised in section 4.1 as well as providing detail about the audit procedures performed to respond to those risks.

Table: Detailed audit risks relating to the financial report

Description of risks	Audit procedures performed	Results of procedures
Risk of fraud through management override of controls		
There is a risk of fraud due to management override of controls. While the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities.	We assessed the processes in place to prevent and detect fraud. ASA 240 imposed specific audit procedures: <ul style="list-style-type: none"> Tested the appropriateness of journal entries and other adjustments made in preparing the financial report; Reviewed accounting estimates for biases; and Reviewed significant unusual transactions. 	Satisfactory
Fair value assessment and revaluation of non-current physical assets		
Non-current physical assets represent a material component of the total assets of the entity. The <i>Local Government Act 1989</i> requires these assets to be measured at fair value, which is based on significant estimation uncertainty and uses management's judgements and assumptions.	We: <ul style="list-style-type: none"> tested the effectiveness of key controls and placed reliance on them; considered reports of expert valuers including the reasonableness of assumptions used and the processes for consulting with the Council; 	Satisfactory

<p>Land and buildings and infrastructure are revalued by management's internal expert.</p>	<ul style="list-style-type: none"> • reviewed the reasonableness of assumptions used ; • substantiated the processed adjustments; • assessed management's processes in place in assessing potential indicators for impairment; and • reviewed compliance with AASB 13 <i>Fair Value</i>, including the adoption of highest and best use fair valuations and disclosure of fair value hierarchy information for assets carried at fair value. 	
Revenue recognition		
<p>Rates revenue Rates are determined by different rating categories applied to valuations of individual properties. Additional rates are charged for capital improvements. Calculation of rates, however, is determined at the beginning of the year.</p> <p>Grants Revenue Numerous grants originated from various agencies; and Grant revenue may not be adequately accounted for in compliance with AASB 1004 <i>Contributions</i>.</p> <p>User Fees and Charges Numerous categories of user fees and charges from multiple sources, with a large number of transactions processed throughout the year.</p>	<p>We:</p> <ul style="list-style-type: none"> • reviewed the procedures and supporting documentation underlying the establishment and notification of the rates budget; • reviewed the general ledger reconciliation between rate debtors and rate receipting applications within the general ledger; • reviewed management controls for the monitoring of actual rates revenue to budget ; • performed an analytical review over year end balances; and • ensured grants, particularly capital grants, were accounted for in accordance with AASB 1004 <i>Contributions</i>, based on the stated terms and conditions in the funding agreement. 	Satisfactory
Form and content of financial report		
<p>There financial reporting requirements of the Australian accounting standards and <i>Local Government Act 1989</i> are extensive.</p>	<p>We reviewed 'shell' accounts and draft financial report against the requirements of the Australian accounting standards and the <i>Local Government Act 1989</i> and associated regulations.</p>	Satisfactory
Local Government Council elections		
<p>The Council is due to hold general elections in October 2016. This is expected to occur soon after the financial statements, performance statement and annual report are finalised and published.</p>	<p>We:</p> <ul style="list-style-type: none"> • made enquires of management on any changes occurring in advance of the elections; • reviewed minutes and management reports for large or unusual transactions; and • monitored and assessed any subsequent events for disclosure requirements. 	Satisfactory

4.3 Audit risks relating to the performance statement

Table: Audit risks relating to the performance statement

Description of risks	Audit procedures performed	Results of procedures
Performance statement		
The performance statement contains financial and non-financial data. Financial systems are predominantly established to capture financial data. Systems may not capture the non-financial data required to support figures in the performance statement.	We: <ul style="list-style-type: none"> reviewed the systems in place to capture the financial and non-financial data; checked the calculations and assessed the reasonableness of explanations included in the report of significant variations; and reviewed the performance statement for compliance with legislative requirements. 	Satisfactory

4.4 Risks from fraud, irregularities, or regulatory non-compliance

The Board and management have responsibility for maintaining internal controls that prevent or detect fraud or error and for ensuring regulatory compliance. The audit committee should be informed by management of any fraud or material errors.

We are not responsible for preventing or detecting fraud. However, we are required to consider the risk of material misstatement due to fraud when performing our risk assessments and analytical procedures.

The recent changes to the *Audit Act 1994* require us to notify the Independent Broad-based Anti-corruption Commission (IBAC) where we become aware of any matter that appears to involve corrupt conduct. If we need to notify IBAC, this will override the existing confidentiality provisions in the *Audit Act*.

Aside from the required standard risk due to management override of controls (as detailed in section 4) our audit procedures did not identify any further areas of material fraud risk or exposure, or regulatory non-compliance.

4.5 Other areas of audit focus

4.5.1 Waste, probity and financial prudence

In forming an opinion on the financial report, consistent with section 3A of the *Audit Act 1994*, we have considered waste, probity and lack of financial prudence.

Our audit procedures have not identified any material issues concerning waste, probity or lack of financial prudence.

4.5.2 Accounting policies

The audit committee/governing body should be made aware by management of the material accounting policies adopted or changes to policies; and of methods used to account for material unusual transactions.

We are not aware of any material unusual transactions or of accounting policies adopted that relate to controversial or emerging areas where there is a lack of authoritative guidance.

5 Audit adjustments and unadjusted differences

In the course of our audit we may identify amounts that we believe should be recorded differently in the financial report. In the interest of better practice and enhanced public accountability we have requested that management adjust the financial report for all identified amounts. Material amounts must be adjusted in the financial report.

We identified no differences during our audit

6 Internal control issues

As advised in our arrangement letter, the governing body and management are responsible for establishing and maintaining effective internal controls which will enable the preparation of the financial report that presents fairly and is free from material misstatement, whether due to fraud or error.

We have considered the internal control framework as part of our audit procedures. Our audit of the financial report was not designed to assess, nor do we provide an opinion on, the effectiveness of internal control. However, we communicate to you—using our interim and final management letters—any significant weaknesses identified in the design or implementation of internal control over financial reporting that come to our attention during the audit.

6.1 Deficiencies in the design or operation of key internal controls

During the course of our audit we have noted areas that could be improved. In the interim management letter issued on **27 May 2016**, we reported issues identified in the interim phase of the audit including internal control deficiencies, recommendations and management action plans.

On completion of the audit, we will issue the final management letter containing the extreme, high and moderate risk rated matters, identified in the final phase of the audit.

6.2 Sector wide financial audit focus areas

The audit included a sector-wide review of areas of focus for reporting to Parliament in our Local Government: Audit Snapshot report. This year the area of focus were the asset valuation process relating to property and infrastructure assets held by Councils.

The results of our review, which entails an analysis of observations across the sector, are still subject to our internal quality control assurance process.

The *Audit Act 1994* prohibits the Auditor-General from including in a report to Parliament any information that would prejudice any criminal investigation or proceeding, or any IBAC or Victorian Inspectorate investigation. If at any stage prior to the report being published you become aware of any such investigation or proceeding in relation to this audit or associated parliamentary report, please notify us immediately.

7 Additional matters for communication

The following section includes additional matters and findings from the audit which the auditing standards require us to communicate to those charged with governance.

7.1 Management representations

As part of our evidence gathering, we plan to obtain formal management representations in relation to a number of matters. A management representation letter has been requested and will be required to be signed by the chief executive officer on the same date as the certification of the financial report. A draft copy of the letter has been included with this report for your information. We do not rely solely on these representations, except where they are the only audit evidence reasonably available.

There were no representations made by management on which we found it solely necessary to rely for the purpose of forming our audit opinion.

Appendix A – Outstanding issues

The following items relating to the completion of our audit procedures are outstanding at the date of this report and need to be resolved before we issue our auditor's report.

Item	Action required	Responsibility
Subsequent events update	Review transactions and events up to date of signing.	Management and audit
Financial report certification	To be signed on adoption of the accounts by the Council.	Management
Management representation letter	To be signed on same date as the certification.	Management

After the issue of the auditor's report we are required to undertake the following procedures. Any issues identified from this review will be reported to the secretary/chief executive officer for remedial action.

Item	Action required	Responsibility
Annual report	Review contents of annual report and confirm that correct audit report is included	Management and audit
Website	Review website for correct audit report	Management and audit

DRAFT 26 Aug 2016

**MANNINGHAM CITY COUNCIL
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

MANNINGHAM CITY COUNCIL

Financial Report

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**Comprehensive Income Statement
For the Year Ended 30 June 2016**

	Note	2016 \$'000	2015 \$'000
Income			
Rates and charges	3	81,370	75,142
Waste charges	3	12,040	12,149
Statutory fees and fines	4	2,002	1,665
User fees and charges	5	10,551	10,272
Contributions - monetary	6	5,430	2,094
Contributions - non-monetary	6	494	1,618
Grants - operating	7	10,023	12,136
Grants - capital	7	7,189	2,441
Interest income	8	1,874	1,787
Other income	8	814	750
Share of gain from investment in associate	9	522	153
Total income		132,309	120,207
Expenses			
Employee costs	10	47,890	45,948
Materials, services and contracts	11	21,595	19,951
Net loss on disposal of property, plant and equipment, infrastructure, and other fixed assets	12	129	2,330
Depreciation and amortisation	13	20,221	19,754
Borrowing costs	14	309	294
Community grants and contributions	15	5,203	5,137
Utilities	15	2,186	2,538
Other expenses	15	10,110	10,093
Total expenses		107,643	106,045
Surplus for the year		24,666	14,162
Other comprehensive income			
Item that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	27(a)	56,539	180,582
Total comprehensive result		81,205	194,744

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

Balance Sheet
As at 30 June 2016

	Note	2016 \$'000	2015 \$'000
Assets			
Current assets			
Cash and cash equivalents	16	39,470	48,821
Trade and other receivables	17	9,276	7,706
Other financial assets	19	23,500	-
Other assets	18	1,444	963
Total current assets		73,690	57,490
Non-current assets			
Trade and other receivables	17	31	31
Other financial assets	19	-	169
Investment in associate	9	2,514	1,992
Property, plant, equipment and other fixed assets, infrastructure	20	1,845,383	1,774,798
Intangible assets	21	1,819	1,617
Total non-current assets		1,849,747	1,778,607
Total assets		1,923,437	1,836,097
Liabilities			
Current liabilities			
Trade and other payables	22	13,338	9,702
Trust funds and deposits	23	7,676	6,103
Provisions	24	12,197	11,442
Income received in advance	25	741	643
Total current liabilities		33,952	27,890
Non-current liabilities			
Provisions	24	914	841
Interest-bearing loans and borrowings	26	7,279	7,279
Total non-current liabilities		8,193	8,120
Total liabilities		42,145	36,010
Net Assets		1,881,292	1,800,087
Equity			
Accumulated surplus		639,709	615,922
Reserves	27	1,241,583	1,184,165
Total Equity		1,881,292	1,800,087

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

**Statement of Changes in Equity
For the Year Ended 30 June 2016**

2016	Note	Accumulated surplus \$'000	Asset revaluation reserves \$'000	Other reserves \$'000	Total \$'000
Balance at beginning of the financial year		615,922	1,180,397	3,768	1,800,087
Surplus for the year		24,666	-	-	24,666
Net asset revaluation increment/(decrement)	27(a)	5	56,534	-	56,539
Transfers from other reserves	27(b)	3,072	-	(3,072)	-
Transfers to other reserves	27(b)	(3,956)	-	3,956	-
Balance at end of the financial year		639,709	1,236,931	4,652	1,881,292
Change in equity for the financial year		23,787	56,534	884	81,205

2015	Note	Accumulated surplus \$'000	Asset revaluation reserves \$'000	Other reserves \$'000	Total \$'000
Balance at beginning of the financial year		602,090	999,868	3,385	1,605,343
Surplus for the year		14,162	-	-	14,162
Net asset revaluation increment/(decrement)	27(a)	53	180,529	-	180,582
Transfers from other reserves	27(b)	1,691	-	(1,691)	-
Transfers to other reserves	27(b)	(2,074)	-	2,074	-
Balance at end of the financial year		615,922	1,180,397	3,768	1,800,087
Change in equity for the financial year		13,832	180,529	383	194,744

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

Statement of Cash Flows
For the Year Ended 30 June 2016

	Note	2016 Inflows/(Outflows) \$'000	2015 Inflows/(Outflows) \$'000
Cash flows from operating activities			
Rates and charges		93,042	87,138
User charges, fees and fines		12,113	11,379
Grants - operating		10,023	12,136
Grants - capital		7,243	2,174
Contributions - monetary		4,738	2,239
Interest received		1,787	1,821
Net increase in trust funds and deposits		1,573	924
Other receipts		535	532
GST on receipts		1,008	899
Payments to suppliers		(35,815)	(37,305)
GST on payments to suppliers		(4,099)	(3,638)
Payments to employees		(46,870)	(45,980)
Net GST refund		2,895	2,727
Net cash provided by/(used in) operating activities	28	48,173	35,046
Cash flows from investing activities			
Payments for property, plant and equipment, infrastructure, and other fixed assets		(34,794)	(29,181)
Proceeds from disposal of property, plant and equipment, infrastructure, and other fixed assets	12	601	439
Payments for other financial assets	19	(23,500)	-
Proceeds from other financial assets	19	169	-
Net cash provided by/(used in) investing activities		(57,524)	(28,742)
Net increase (decrease) in cash and cash equivalents		(9,351)	6,304
Cash and cash equivalents at the beginning of the financial year		48,821	42,517
Cash and cash equivalents at the end of the financial year	16	39,470	48,821
Financing arrangements	30		
Restrictions on cash assets	16		

The above statement of cash flows should be read with the accompanying notes.

**Statement of Capital Works
For the Year Ended 30 June 2016**

	2016 \$'000	2015 \$'000
Property		
Land	1,996	835
Buildings	13,302	8,973
Total property	15,298	9,808
Plant, machinery and other assets		
Plant, machinery and equipment	1,410	1,494
Fixtures, fittings and furniture	86	108
Computers and telecommunications	308	98
Artworks	17	3
Total plant, machinery and other assets	1,821	1,703
Infrastructure		
Roads	7,565	6,953
Bridges	370	216
Footpaths and cycleways	2,668	2,780
Off street car parks	114	390
Drainage	1,654	3,924
Recreational, leisure and community facilities	1,349	1,496
Parks, open space and streetscapes	3,306	1,372
Total infrastructure	17,026	17,131
Intangible assets		
Software	649	539
Total intangible assets	649	539
Total capital works expenditure	34,794	29,181
Represented by:		
New asset expenditure	13,147	9,735
Asset renewal expenditure	14,578	13,701
Asset expansion expenditure	2,907	2,578
Asset upgrade expenditure	4,162	3,167
Total capital works expenditure	34,794	29,181

The above statement of capital works should be read with the accompanying notes.

Notes to the Financial Report For the Year Ended 30 June 2016

Introduction

- (a) The City of Manningham was established by an Order of the Governor in Council on 15 December 1994 and is a body corporate. The Council's main office is located at 699 Doncaster Road, Doncaster, Victoria.
- (b) The purpose of the Council is to:
- provide for the peace, order, and good government of the municipal district;
 - promote the social, economic and environmental viability, and sustainability of the municipal district;
 - ensure that resources are used efficiently and effectively and services are provided in accordance with the Best Value Principles to best meet the needs of the local community;
 - improve the overall quality of life of people in the local community;
 - promote appropriate business and employment opportunities;
 - ensure that services and facilities provided by the Council are accessible and equitable;
 - ensure the equitable imposition of rates and charges; and
 - ensure transparency and accountability in Council decision making.
- (c) Other Disclosures:
- External Auditor - Auditor-General of Victoria
 - Internal Auditor - Crowe Horwath
 - Solicitors - Maddocks
 - Bankers - Commonwealth Bank of Australia
 - Website address - www.manningham.vic.gov.au

Statement of compliance

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

Note 1 Significant accounting policies

(a) Basis of accounting

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

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

Judgements and assumptions made by management in the application of AAS's that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 1 (d));
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 1 (e));
- the determination of employee provisions (refer to Note 1 (m)).

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision.

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) Changes of accounting policies

There have been no changes in accounting policies from the previous period.

Note 1 Significant accounting policies (cont.)

(c) Revenue recognition

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.

Rates and charges

Annual rates and charges are recognised as revenues when Council issues annual rates notices. Supplementary rates are recognised when a valuation and reassessment is completed and a supplementary rates notice issued.

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.

Grants

Grant income is recognised when Council obtains control of the contribution. This is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and are valued at their fair value at the date of transfer.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 7. 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.

Contributions

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

User fees and fines

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

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

Sale of property, plant and equipment and infrastructure

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

Rents

Rents are recognised as revenue when the payment is due or the payment is received, whichever first occurs.

Interest

Interest is recognised progressively as it is earned.

Other income

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

(d) Fair Value Measurement

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

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

Note 1 Significant accounting policies (cont.)

(d) Fair Value Measurement (cont.)

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

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

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

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

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

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

(e) Depreciation and amortisation of property, plant and equipment, infrastructure, intangible assets

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

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

Artworks are not depreciated.

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

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

Asset class	Depreciation Period
Property	
Land	Infinite life
Land under roads	Infinite life
Buildings	75 - 100 years
Buildings on leased land	Term of lease or 75 yrs
Plant, equipment and other assets	
Plant, machinery and equipment	5 - 25 years
Fixtures, fittings and furniture	4 - 20 years
Computers and telecommunications	4 - 10 years
Artworks	Not depreciated
Infrastructure	
Road - pavement	25 years
Road - sub-pavement	100 years
Bridges	60 - 100 years
Footpaths and cycleways	60 - 100 years
Carparks	60 - 100 years
Drainage	100 years
Recreational, leisure and community facilities	20 years
Parks, open space and streetscapes	20 years
Waste garbage bins	15 years
Intangible assets	
Software	5 years

Note 1 Significant accounting policies (cont.)

(f) Repairs and maintenance

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

(g) Borrowings

Borrowings are initially measured at fair value, being the cost of the interest bearing liabilities, net of transaction costs. The measurement basis subsequent to initial recognition depends on whether the Council has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through the profit and loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method.

The classification depends on the nature and purpose of the interest bearing liabilities. The Council determines the classification of its interest bearing liabilities at initial recognition.

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 property, plant, equipment and other fixed assets, infrastructure, intangible assets

Acquisition

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

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

The following classes of assets have been recognised in note 20. In accordance with Council's policy, the threshold limits detailed below have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year:

Asset Class	Threshold limit \$'000
Property	
Land	0
Land under Roads	0
Buildings	5
Plant, equipment and other fixed assets	
Plant, machinery and equipment	1
Fixtures, fittings and furniture	1
Computers and telecommunications	1
Artworks	1
Infrastructure	
Roads	10
Bridges	10
Footpaths and cycleways	10
Off street car parks	10
Other infrastructure	10
Drainage	10
Recreational, leisure and community facilities	10
Parks, open space and streetscapes	10
Waste garbage bins	10
Intangible assets	
Software	1

Note 1 Significant accounting policies (cont.)

(h) Recognition and measurement of property, plant, equipment and other fixed assets, infrastructure, intangible assets (cont.)

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, are measured at their fair value, being the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. At balance date, the Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date, the class of asset was revalued.

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use on an asset result in changes to the permissible or practical highest and best use of the asset. Further details regarding the fair value hierarchy are disclosed at Note 20, Property, plant and equipment, infrastructure and other fixed assets.

In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 1 to 3 years. The valuation is performed either by experienced Council officers or independent experts.

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 at cost adjusted for englobo characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. Council does not recognise land under roads that it controlled prior to that period in its financial report.

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 asset's carrying value. Value in use is the depreciated replacement cost. Any excess of the assets carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits at call and other highly liquid investments with maturities of three months or less from the date of acquisition, net of outstanding bank overdrafts.

Council invests funds in accordance with the power of investment under section 143 of the Local Government Act 1989.

(j) Financial assets

Term Deposits are measured at amortised cost.

(k) Investment in associate

Associates are all entities over which Council has significant influence but not control or joint control. Council's investment in an associate is accounted for by the equity method as the Council has the ability to influence rather than control the operations of the entity. The investment is initially recorded at the cost of acquisition and adjusted thereafter for post-acquisition changes in the Council's share of the net assets of the entity. The Council's share of the financial result of the entity is recognised in the Comprehensive Income Statement.

Note 1 Significant accounting policies (cont.)

(l) Trust funds and deposits

Amounts received as trust deposits and retention amounts controlled by Council are recognised as trust funds until they are returned or forfeited (refer to note 23).

(m) Employee costs and benefits

The calculations of employee costs includes all relevant oncosts and are calculated as follows at reporting date:

Wages and salaries

Liabilities for wages and salaries, rostered days off and sick leave are recognised and measured as the amount unpaid at balance date.

Annual leave

Annual leave entitlements are accrued on a pro-rata basis in respect of services provided by employees up to balance date and are measured at the amount expected to be paid, including superannuation and annual leave loading, when the accrued obligation is settled. All annual leave entitlements are classified as current liabilities. Annual leave entitlements that are expected to be settled within 12 months of balance date, based on past experience of payments, are classified as a short term liability and measured at nominal value. Annual leave entitlements that are expected to be settled later than 12 months after balance date are classified as a long term current liability and measured at the present value of the estimated future cash outflows. Council uses Commonwealth bond rates for discounting future cash flows.

Long service leave

Long service leave entitlements are assessed at balance date having regard to expected employee remuneration rates on settlement, superannuation payable on the entitlement, and other factors including accumulated years of employment and experience of employee departure per year of service. Unconditional long service leave entitlements are classified as current liabilities. Long service leave entitlements classified as current liabilities that are expected to be settled within 12 months of balance date, based on past experience of payments, are classified as a short term liability and measured at nominal value. Long service leave entitlements classified as current liabilities that are expected to be settled later than 12 months after balance date are classified as a long term current liability and are measured at the present value of the estimated future cash outflows. Long service leave accruals for employees with less than 7 years service are classified as a non-current liability and are valued at the present value of expected future cash flows. Council uses Commonwealth bond rates for discounting future cash flows.

Termination benefits

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

Salary on-costs

Salary on-costs (workers compensation, superannuation, annual leave and long service leave accrued while on LSL) are recognised separately from provision for employee benefits.

Superannuation

The superannuation expense for the reporting year is the amount of the statutory contribution made to the superannuation plans which provide benefits to employees, including past employees who are members of a defined benefits scheme, together with any movements in Council's liabilities arising from re-measurement of the superannuation fund's obligations for defined benefit scheme members. Details of these arrangements are recorded in note 10 and 33.

(n) Leases

Operating leases

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

Note 1 Significant accounting policies (cont.)

(o) Allocation between current and non-current

Liabilities

A liability is classified as a current liability if it is expected, or due, to be settled in the entity's normal 12 month operating cycle, or it is held primarily for the purpose of being traded, or the Council does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. All other liabilities are classified as non-current liabilities.

Assets

An asset is classified as a current asset if it is expected to be realised in, or is intended for sale or consumption in, the entity's normal 12 month operating cycle, or held primarily for the purpose of trading or is a cash or a cash equivalent (as defined in AASB 107 Cash Flow Statements) that is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date. All other assets are classified as non-current.

(p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an expense. Receivables and payables are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a net basis. The GST on receipts, GST on payments and the net GST recoverable from, or payable to, the ATO are disclosed separately.

(q) Rounding

Unless otherwise stated, amounts in the financial report have been rounded to the nearest thousand dollars. Figures in the financial statement may not equate due to rounding.

(r) Non-current assets held for sale

A non-current asset held for sale is measured at the lower of its carrying amount and fair value less costs to sell and are not subject to depreciation and treated as current. For a non-current asset to be classified as held for sale, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be 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) 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. Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value by way of Note and presented exclusive of the GST payable.

(t) Trade and other receivables

Receivables are carried at nominal amounts.

A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred.

(u) Financial guarantees

Financial guarantee contracts are not recognised as a liability in the balance sheet unless the lender has exercised their right to call on the guarantee or Council has other reasons to believe that it is probable that the right will be exercised. Details of guarantee that Council has provided, that is not recognised in the balance sheet, is disclosed at Note 34 Contingent liabilities and contingent assets.

(v) Pending accounting standards

Certain new AAS's have been issued that are not mandatory for the 30 June 2016 reporting period. Council has assessed these pending standards and has identified that no material impact will flow from the application of these standards in future reporting periods.

Note 2 Budget comparison

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

The budget figures detailed below are those adopted by Council on 23 June 2015. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for revenue and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term.

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

a) Income and expenditure

	Budget 2016 \$'000	Actual 2016 \$'000	Variance 2016 \$'000	Ref
Income				
Rates and charges	80,211	81,370	1,159	1
Waste charges	11,980	12,040	60	
Statutory fees and fines	1,765	2,002	237	2
User fees and charges	9,709	10,551	842	3
Contributions - monetary	2,351	5,430	3,079	4
Contributions - non-monetary	464	494	30	
Grants - operating	10,828	10,023	(805)	5
Grants - capital	4,506	7,189	2,683	6
Interest income	1,598	1,874	276	7
Other income	850	814	(36)	
Share of gain from investment in associate	-	522	522	8
Total income	124,262	132,309	8,047	
Expenses				
Employee costs	47,917	47,890	27	
Materials, services and contracts	22,183	21,595	588	9
Net loss on disposal of property, plant and equipment, infrastructure, and other fixed assets	(402)	129	(531)	10
Depreciation and amortisation	20,347	20,221	126	
Borrowing costs	309	309	-	
Community grants and contributions	5,329	5,203	126	
Utilities	2,818	2,186	632	11
Other expenses	9,495	10,110	(615)	12
Total expenses	107,996	107,643	353	
Surplus for the year	16,266	24,666	8,400	
Other comprehensive income				
Net asset revaluation increment/(decrement)	32,695	56,539	23,844	13
Total comprehensive result	48,961	81,205	32,244	

variances in brackets = unfavourable

Note 2 Budget comparison (cont.)

a) Income and expenditure (cont.)

Explanation of material variations

Ref.	Item	Explanation
1	Rates and charges	Outcome: Greater than budget \$1,159,000 or 1.4 % Rates and charges are \$1.16 million favourable to budget mainly due to rates payable on the former Eastern Golf Club site following its sale and an increase of 641 properties rated for the first time during the year.
2	Statutory fees and fines	Outcome: Greater than budget \$237,000 or 13.4 % During the year, Council raised \$2.00 million in statutory charges, \$0.24 million favourable to budget. The increase was mainly due to strong demand for statutory building services and higher traffic compliance income.
3	User fees and charges	Outcome: Greater than budget \$842,000 or 8.7 % User fees and charges were greater than budget by \$0.84 million and mainly due to higher than anticipated planning applications (\$0.38 million) and higher engineering referral fees (\$0.28 million).
4	Contributions - monetary	Outcome: Greater than budget \$3,079,000 or 131 % Cash developer contributions in lieu of public open space was \$3.08 million greater than budget. These funds are placed into a cash backed reserve to be used for recreation and open space improvements for the community.
5	Grants - operating	Outcome: Less than budget \$805,000 or 7.4 % Council received \$1.21 million of the 2015/16 budgeted Victoria Grants Commission allocation late in the 2014/15 financial year. This unfavourable variance is partly offset by higher aged care funding of \$0.14 million and \$0.12 million for children and immunisation services.
6	Grants - capital	Outcome: Greater than budget \$2,683,000 or 59.5 % During 2015/16 Council received \$1.93 million of capital grants in advance for works to be undertaken in 2016/17, \$0.37 million from the Federal Government Roads to Recovery program for works completed in 2014/15.
7	Interest income	Outcome: Greater than budget \$276,000 or 17.3 % Interest on investments was greater than budget due to increased cash holdings resulting mainly from unbudgeted cash developer contributions (\$3.08 million), capital works funded in 2015/16 to be completed in 2016/17 (\$6.16 million) and grants received in advance for 2016/17 works and services.
8	Share of gain from investment in associate	Outcome: Greater than budget \$522,000 or 100 % Council has a 32.0% equity interest in the Whitehorse Manningham Regional Library Corporation (WMRLC). During 2015/16, Council's share of the WMRLC assets increased by \$0.52 million and this is recorded as income for the year.
9	Materials, services and contracts	Outcome: Greater than budget \$588,000 or 2.7 % A major redevelopment of Council's Aquarena aquatic facility resulted in higher than budgeted business interruption costs to the operator.
10	Net loss on disposal of property, plant and equipment, infrastructure, and other fixed assets	Outcome: Less than budget \$531,000 or 132.1 % The replacement of existing assets as part of the capital works program resulted in a write-down of infrastructure assets (roads, footpaths and cycleways and drainage) of \$0.41 million.

Note 2 Budget comparison (cont.)

a) Income and expenditure (cont.)

Explanation of material variations

Ref.	Item	Explanation
11	Utilities	<p>Outcome: Less than budget \$632,000 or 22.4 %</p> <p>Street lighting expenses were \$0.17 million lower than budget due to a price variation approved by the Australian Energy Regulators in January 2016. A one off lease adjustment to land leased by Council from the State Government resulted in a \$0.46 million favourable variance to the adopted budget.</p>
12	Other expenses	<p>Outcome: Greater than budget \$615,000 or 6.5 %</p> <p>Expenditure of \$1.28 million originally funded through the capital works program has been classified as non capital as part of the year end capitalisation process and transferred to operating expenditure. Savings were made in operating expenses including insurance premiums (\$0.24 million), equipment leases (\$0.16 million) and general operational expenses (\$0.29 million).</p>
13	Net asset revaluation increment/(decrement)	<p>Outcome: Greater than budget \$23,844,000 or 72.9 %</p> <p>The 2016 revaluation of Council property and infrastructure resulted in an increase in asset values by \$56.54 million, mainly driven by the continued strong growth in property values in Manningham.</p>

Note 2 Budget comparison (cont.)

b) Capital Works

	Budget 2016 \$'000	Actual 2016 \$'000	Variance 2016 \$'000	Ref
Property				
Land	-	1,996	(1,996)	14
Buildings	11,065	13,302	(2,237)	15
Total property	11,065	15,298	(4,233)	
Plant, machinery and other assets				
Plant, machinery and equipment	1,970	1,410	560	16
Fixtures, fittings and furniture	43	86	(43)	
Computers and telecommunications	346	308	38	
Artworks	-	17	(17)	
Total plant, machinery and other assets	2,359	1,821	538	
Infrastructure				
Roads	9,635	7,565	2,070	17
Bridges	-	370	(370)	18
Footpaths and cycleways	1,160	2,668	(1,508)	19
Off street car parks	324	114	210	20
Drainage	3,396	1,654	1,742	21
Recreational, leisure and community facilities	2,413	1,349	1,064	22
Parks, open space and streetscapes	6,427	3,306	3,121	23
Waste management	-	-	-	
Total infrastructure	23,355	17,026	6,329	
Intangible assets				
Software	837	649	188	24
Total intangible assets	837	649	188	
Total capital works expenditure	37,616	34,794	2,822	
Represented by:				
New asset expenditure	13,699	13,147	552	
Asset renewal expenditure	16,987	14,578	2,409	
Asset expansion expenditure	2,179	2,907	(728)	
Asset upgrade expenditure	4,751	4,162	589	
Total capital works expenditure	37,616	34,794	2,822	

variances in brackets = unfavourable

Note 2 Budget comparison (cont.)

b) Capital Works (cont.)

Explanation of material variations

Ref.	Item	Explanation
14	Land	Outcome: Greater than budget \$1,996,000 or 100 % Council acquired land at 3-7A Glenvill Court, Templstowe as part of the Mullum Mullum Linear Path development. This is funded from the resort and recreation reserve but was not budgeted.
15	Buildings	Outcome: Greater than budget \$2,237,000 or 20.2 % During 2015/16 Council completed a major upgrade of its Aquarena aquatic and leisure facility. The capital expenditure was funded from within the existing capital works program.
16	Plant, machinery and equipment	Outcome: Less than budget \$560,000 or 28.4 % The programmed replacement of Council's vehicles and mobile plant was \$0.35 million less than budget and can be attributed to a reduction in the sale prices of vehicles disposed.
17	Roads	Outcome: Less than budget \$2,070,000 or 21.5 % Capital expenditure of \$1.67 million budgeted in roads was reclassified into footpath and cycleways (\$1.10 million), bridges (\$0.37 million) and drainage (\$0.20 million) asset classes.
18	Bridges	Outcome: Greater than budget \$370,000 or 100 % Capital expenditure of \$0.37 million to improve bridges in the municipality was initially budgeted under the roads asset category.
19	Footpaths and cycleways	Outcome: Greater than budget \$1,508,000 or 130 % Capital expenditure of \$1.10 million associated with Bicycle Strategy, footpaths in parks and roadways was reclassified from the roads asset class to the footpath and cycleway asset class.
20	Off street car parks	Outcome: Less than budget \$210,000 or 64.8 % The Leeds Street indented parking bays project was deferred pending further work relating to the proposed Sheahans Road highball facility.
21	Drainage	Outcome: Less than budget \$1,742,000 or 51.3 % Capital expenditure relating to drainage was less than budget by \$1.74 million due to delays in a number of projects including: Bolin Bolin Wetlands, Gregory Court, Prospect Road and Melbourne Hill Road drainage works. These projects are listed in the 2016/17 capital works program.
22	Recreational, leisure and community facilities	Outcome: Less than budget \$1,064,000 or 44.1 % The Park Avenue Reserve synthetic soccer pitch budgeted at \$0.95 million encountered planning and design delays resulting in expenditure of \$0.1 million during 2015/16. This project is included in the 2016/17 capital work program.
23	Parks, open space and streetscapes	Outcome: Less than budget \$3,121,000 or 48.6 % Capital expenditure relating to Parks, open space and streetscapes was less than budget by \$3.12 million. A number of projects encountered delays including: Mullum Mullum Linear Park footbridge and trail works (\$1.15 million), 100 Acres Reserve path and signage upgrade (\$0.25 million), Koonung Creek Linear Park trail works (\$0.23 million). These projects are included in the 2016/17 capital works program. In addition, capital expenditure budgeted in open space was reclassified into drainage (\$0.42 million) and footpath and cycleways (\$0.37 million) asset classes.
24	Software	Outcome: Less than budget \$188,000 or 22.5 % Capital expenditure on the Project and Contract Management System and Asset Management System was \$0.22 million less than budget. These projects are listed for completion as part of the 2016/17 capital program.

		2016	2015
		\$'000	\$'000
Note 3	Rates and charges		
	The Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is its land value and the value of improvements such as buildings and other improvements.		
	The CIV used to calculate general rates for 2015/16 was \$35,981 million (2014/15, \$35,224 million). The 2015/16 rate in the CIV dollar was 0.002213 (2014/15, 0.002118).		
	General rates	78,616	74,584
	Supplementary rates	2,723	486
	Waste charges	12,040	12,149
	Recreational land	31	72
	Total rates and charges	93,410	87,291
	The date of the last general revaluation of land for rating purposes within the municipal district was 1 January 2014, and the valuation first applied to the rating period commencing 1 July 2014.		
	The date of the recent general revaluation of land for rating purposes within the municipal district was 1 January 2016, and the valuation first applied to the rating period commencing 1 July 2016.		
Note 4	Statutory fees and fines		
	Infringements and costs	1,496	1,175
	Land and property information certificates	305	284
	Permits	201	206
	Total statutory fees and fines	2,002	1,665
Note 5	User fees and charges		
	Hall hire and function centre charges	1,936	1,920
	Social and community services charges	732	621
	Town planning fees	1,251	959
	Aged services fees	811	840
	Registration fees	1,259	1,264
	Advertising fees	540	534
	Culture and recreation fees	192	189
	Chargeable works fees	820	594
	Rent and lease charges	1,819	1,794
	Other fees and charges	1,191	1,557
	Total user fees and charges	10,551	10,272

		2016	2015
		\$'000	\$'000
Note 6	Contributions		
	Monetary		
	Resort and recreation contributions (a)	3,956	1,837
	Doncaster hill activity centre contributions (b)	1,474	237
	Other contributions	-	20
	Total monetary contributions	5,430	2,094
	(a) Resort and recreation contributions received during the year are transferred to Other reserves pursuant to section 18 of the Subdivision Act 1988 (Resort and recreation reserve) (refer note 27(b)).		
	(b) Doncaster hill activity centre contributions are made under the provisions of the Municipal Planning Scheme requiring developer contributions towards the cost of specific infrastructure and services in the Doncaster hill activity centre area (refer note 27(b)).		
	Contributions recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were:		
	Other contributions	-	32
	Net increase/(decrease) in restricted assets resulting from contributions revenue for the year.	-	32
	Non-Monetary		
	Developer contributed assets	494	1,618
	Total non-monetary contributions	494	1,618
	<i>Contributions of non monetary assets were received in relation to the following asset</i>		
	Land	62	823
	Land under roads	-	124
	Infrastructure	432	671
		494	1,618

	2016 \$'000	2015 \$'000
Note 7 Grants		
Grants were received in respect of the following:		
Summary of grants		
Commonwealth funded grants	3,162	4,952
State funded grants	11,299	8,975
Others	2,751	650
Total grants	17,212	14,577
Operating grants		
Recurrent - Commonwealth Government		
Victoria Grants Commission - general purpose grant	1,188	3,646
Social and community	140	154
Recurrent - State Government		
Aged services	6,546	6,399
Social and community	608	587
Maternal and child health, and immunisation	594	572
School crossing supervisors	153	146
Immunisation	122	103
Other	389	293
Total recurrent operating grants	9,740	11,900
Non-recurrent - Commonwealth Government		
Social and community	8	-
Non-recurrent - State Government		
Maternal and child health	50	-
Aged services	31	2
Economic and environment	20	3
Community health	13	34
Immunisation	-	26
Other	14	2
Non-recurrent - Others		
Community health	78	20
Social and community	6	-
Aged services	5	-
Economic and environment	3	4
Other	55	145
Total non-recurrent operating grants	283	236
Total operating grants	10,023	12,136
Capital grants		
Recurrent - Commonwealth Government		
Victoria Grants Commission - local roads	380	1,137
Roads to Recovery	1,432	-
Total recurrent capital grants	1,812	1,137
Non-recurrent - Commonwealth Government		
Economic and environment	10	15
Recreation	5	-
Non-recurrent - State Government		
Aquarena Masterplan Implementation	503	-
Economic and environment	605	29
Recreation	860	128
Sportsground refurbishment	88	162
Other	704	488
Non-recurrent - Others		
Economic and environment	1	96
Recreation	1,609	217
Transport	450	-
Sportsground refurbishment	271	15
Other	271	154
Total non-recurrent capital grants	5,377	1,304
Total capital grants	7,189	2,441

	2016 \$'000	2015 \$'000
Note 7		
Grants (cont.)		
Conditions on grants		
Grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were:		
Victoria Grants Commission - general purpose grant	-	1,212
Victoria Grants Commission - local roads	-	378
Aged services	35	45
Community health	-	26
Economic and environment	20	59
Immunisation	-	7
Recreation	1,342	38
Social and community	22	12
Sportsground refurbishment	-	42
Community safety	6	-
Maternal and child health	38	-
Other	583	411
	2,046	2,230
Grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were:		
Aged Services	45	-
Economic and environment	374	135
Recreation	119	-
Community health	26	-
Social and community	22	61
Sportsground refurbishment	8	72
Immunisation	7	-
Victoria Grants Commission - general purpose	1,212	-
Victoria Grants Commission - local roads	493	-
Other	102	175
	2,408	443
Net increase/(decrease) in restricted assets resulting from grant revenues for the year:	(362)	1,787
Note 8		
Other income		
Interest on investments	1,523	1,487
Interest on rates and charges	351	300
Other	814	750
Total other income	2,688	2,537

	2016 \$'000	2015 \$'000
Note 9 Investment in associate		
Whitehorse-Manningham Regional Library Corporation		
<i>Background</i>		
Manningham City Council has a 32% equity interest in the Whitehorse Manningham Regional Library Corporation (WMRLC) that was incorporated on 21 December 1995. Council has reported its interest in the WMRLC on the basis of equity accounting principles. Manningham City Council's share of the movement in net assets as at 30 June 2016, per draft WMRLC financial statements, has been taken up as income of \$521,854 during the year ended 30 June 2016 (income of \$153,497 in 2014/15). As neither council has a controlling interest, the participating councils show their contributions towards the operating expenditure of the library as an expense.		
Current assets		
Cash and cash equivalents	2,114	2,290
Trade and other receivables	77	69
Other assets	156	129
	2,347	2,488
Non-current assets		
Property & equipment	7,462	6,294
	7,462	6,294
Total assets	9,809	8,782
Current liabilities		
Payables	412	631
Provisions	1,463	1,444
	1,875	2,075
Non-current liabilities		
Provisions	78	105
	78	105
Total liabilities	1,953	2,180
Net assets	7,856	6,602
<i>Movement in carrying value of investment</i>		
Carrying value of investment at start of year	1,992	1,839
Share of surplus/(deficit) for year	522	153
Carrying value of investment at end of year	2,514	1,992

	2016 \$'000	2015 \$'000
Note 10 (a) Employee costs		
Wages and salaries	39,698	38,650
Casual staff	1,900	1,116
Salary oncost *	5,909	5,901
Other employee costs	383	281
Total employee costs	47,890	45,948
<i>Engineering design work and capital project supervision completed by employees to the value of \$1.895 million (\$1.730 million 2014/15) is reported in the Statement of Capital Works, and is not included in employee costs.</i>		
* Salary oncost includes annual leave and long service leave provision, Workcover and superannuation costs.		
Note 10 (b) Superannuation		
Manningham City Council made contributions to the following funds:		
Defined benefit fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	354	358
Employer contributions - other funds	-	-
	354	358
Employer contributions payable as at 30 June	-	-
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	2,546	2,437
Employer contributions - other funds	978	832
	3,524	3,269
Employer contributions payable as at 30 June	-	-
<i>There was \$nil unfunded liability payments to Vision Super for the year ended 30 June 2016 (2014/15, nil).</i>		
Refer to note 33 for further information relating to Council's superannuation obligations.		
Note 11 Materials, services and contracts		
Materials and services	3,731	3,442
Fleet costs - fuel, oil tyres	547	676
Contractors - community building repairs and maintenance	1,391	1,244
Contractors - parks, gardens, sporting reserves and street trees	4,421	3,795
Contractors - drains, roads and footpaths	1,382	1,342
Contractors - waste collection services	10,123	9,452
Total materials, services and contracts	21,595	19,951
Note 12 Net loss on disposal of property, plant and equipment, infrastructure, and other fixed assets		
Proceeds from disposal	601	438
Written down value of assets disposed	(318)	(239)
Written down value of assets scrapped	(412)	(2,529)
Total net loss on disposal	(129)	(2,330)

	2016 \$'000	2015 \$'000
Note 13 Depreciation and amortisation		
Property	3,249	3,183
Plant, machinery and other assets	1,902	2,060
Infrastructure	14,544	13,977
Total depreciation	19,695	19,220
Intangible assets	526	534
Total depreciation and amortisation	20,221	19,754
<i>Refer to note 20 and 21 for a more detailed breakdown of depreciation and amortisation charges.</i>		
Note 14 Borrowing costs		
Interest - Borrowings	309	294
Total borrowing costs	309	294
Rate used to capitalise borrowing costs	4.24%	4.24%
Note 15 Other expenses		
Community grants and contributions		
Community grants	1,781	1,787
Library contributions	3,422	3,350
Total community grants and contributions cost	5,203	5,137
Utilities		
Utilities, rent, and cleaning	1,150	1,465
Street lighting	1,036	1,073
Total utilities cost	2,186	2,538
Other miscellaneous expenses		
Auditor's remuneration - VAGO - annual financial statement and grant acquittals	59	53
Auditor's remuneration - other parties	30	30
Auditor's remuneration - Internal audit	174	160
Councillors' allowances	283	283
Fire levy	142	139
Insurance	809	909
Leases	225	269
Consultants - engineering	508	350
Consultants - human resources	119	123
Consultants - economic and environmental	416	350
Consultants - other	322	368
Bank charges	313	299
Catering (including function centre)	663	742
Legal	794	707
Software licences	1,013	838
Telephone	542	628
Postage	377	231
Printing	257	242
Training	300	285
Design fees and maintenance - non capital	1,291	1,506
Other	1,473	1,581
Total other miscellaneous expenses	10,110	10,093
Total other expenses	17,499	17,768

	2016 \$'000	2015 \$'000
Note 16 Cash and cash equivalents		
Cash on hand	8	8
Cash at bank	962	2,313
Term deposits (with term up to 3 months) and at-call with banks	38,500	46,500
Total cash and cash equivalents	39,470	48,821
Council also has \$23.5 million in term deposits with a term between 3 and 12 months. This is recorded as a financial asset (see note 19)		
Users of the financial report should refer to note 31 for details of Council's commitments.		
Restrictions on cash assets		
Council's cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:		
- Trust funds and deposits (Note 23)	7,676	6,103
- Reserve funds (note 27(b)) **	4,456	3,572
- Waste initiative funds *	14,826	14,005
Total restricted funds	26,958	23,680
Total unrestricted cash and cash equivalents	12,512	25,141
* The Waste initiative fund is the value of waste charges collected under s162 of the Local Government Act, and is to be applied to fund future waste collection and disposal activities.		
** Represented by Resort and recreation reserve and Doncaster Hill activities centre reserve.		
Intended allocations		
Although not externally restricted the following amounts have been allocated for specific future purposes by Council:		
- Cash held to fund future capital works	6,158	5,154
- Loan repayment *	1,456	728
- Family day care workcover	196	196
- Manningham Recreation Association contribution for future capital works	400	-
- Grants received in advanced	1,646	2,230
Total funds subject to intended allocations	9,856	8,308
* Council has a \$7.279 million interest only loan which is due for settlement in November 2019 (refer note 26). This intended allocation represents cash set aside by Council to fund future principal repayments.		
Note 17 Trade and other receivables		
<i>Current</i>		
Rates debtors	4,257	3,889
Infringement debtors	523	378
Special rate schemes	254	331
Net GST receivable	958	762
Other debtors	3,294	2,357
Provision for doubtful debts - other debtors	(10)	(11)
	9,276	7,706
<i>Non-current</i>		
Other receivables	31	31
Infringement court	826	821
Provision for doubtful debts - infringement court	(826)	(821)
	31	31
Total trade and other receivables	9,307	7,737

	2016 \$'000	2015 \$'000
Note 17 Trade and other receivables (cont.)		
a) Ageing of other debtors		
At balance date other debtors representing financial assets were past due but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of default. The ageing of the Council's other debtors (excluding statutory receivables) was:		
Up to 3 months	2,638	1,914
3 to 6 months	223	136
Over 6 months	433	307
Total other debtors	<u>3,294</u>	<u>2,357</u>
b) Movement in provisions for doubtful debts - other debtors		
Balance at the beginning of the year	11	4
New Provisions recognised during the year	-	9
Amounts already provided for and written off as uncollectible	-	(2)
Amounts provided for but recovered during the year	(1)	-
Balance at end of year	<u>10</u>	<u>11</u>
Note 18 Other assets		
Current		
Accrued income - interest	189	102
Accrued income - other	951	502
Prepayments	276	359
Other	28	-
Total other assets	<u>1,444</u>	<u>963</u>
Note 19 Other financial assets		
<i>Current</i>		
Term deposits (with term between 3 and 12 months)	23,500	-
Total other financial assets - current	<u>23,500</u>	<u>-</u>
<i>Non Current</i>		
Term deposit - refundable Manningham Centre Association bond *	-	169
Total other financial assets - non current	<u>-</u>	<u>169</u>

* Term deposit investment was withdrawn on 30 June 2016. Principal and interest were refunded to Manningham Centre Association on 30 June 2016.

A new bond of \$500,000 was received on 30 June 2016. This amount is shown in Council's cash at bank.

Note 20 Property, plant, equipment and other fixed assets, infrastructure

Summary of property, plant, equipment and other fixed assets, infrastructure

As at 30 June 2016	At Fair Value \$'000	Accumulated Depreciation \$'000	Written Down Value \$'000
Land	1,147,567	-	1,147,567
Buildings	309,610	(124,244)	185,366
Plant, equipment and other fixed assets	26,302	(16,740)	9,562
Infrastructure	872,021	(377,841)	494,180
Work in progress	8,708	-	8,708
	2,364,208	(518,825)	1,845,383

As at 30 June 2015	At Fair Value \$'000	Accumulated Depreciation \$'000	Written Down Value \$'000
Land	1,068,101	-	1,068,101
Buildings	293,519	(109,055)	184,464
Plant, equipment and other fixed assets	25,660	(15,952)	9,708
Infrastructure	863,090	(365,647)	497,443
Work in progress	15,082	-	15,082
	2,265,452	(490,654)	1,774,798

Summary of work in progress

	Opening WIP 1 July 2015 \$'000	Additions \$'000	Transfers \$'000	Closing WIP 30 June 2016 \$'000
Land	8	-	(8)	-
Buildings	8,809	2,438	(8,295)	2,952
Plant, equipment and other fixed assets	619	282	(618)	283
Infrastructure	5,646	3,554	(3,727)	5,473
Total	15,082	6,274	(12,648)	8,708

Note 20 Property, plant, equipment and other fixed assets, infrastructure (cont.)

Property	Land	Land under roads	Total Land	Total Buildings	Total Property	Work in Progress
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2015	1,067,429	672	1,068,101	293,519	1,361,620	8,817
Accumulated depreciation at 1 July 2015	-	-	-	(109,055)	(109,055)	-
	1,067,429	672	1,068,101	184,464	1,252,565	8,817
Movements in fair value						
Acquisition of assets at fair value	1,996	2	1,998	10,547	12,545	2,438
Revaluation increments/decrements	77,406	-	77,406	(2,736)	74,670	-
Fair value of assets disposed	-	-	-	-	-	-
Contributed assets	62	-	62	-	62	-
Transfer	-	-	-	8,280	8,280	(8,303)
	79,464	2	79,466	16,091	95,557	(5,865)
Movements in accumulated depreciation						
Depreciation and amortisation	-	-	-	(3,249)	(3,249)	-
Revaluation increments/decrements	-	-	-	(11,940)	(11,940)	-
Accumulated depreciation of disposals	-	-	-	-	-	-
Transfer	-	-	-	-	-	-
	-	-	-	(15,189)	(15,189)	-
At fair value 30 June 2016	1,146,893	674	1,147,567	309,610	1,457,177	2,952
Accumulated depreciation at 30 June 2016	-	-	-	(124,244)	(124,244)	-
	1,146,893	674	1,147,567	185,366	1,332,933	2,952

Plant, equipment and other fixed assets	Plant, machinery and equipment	Fixtures, fittings and furniture	Computers and telecommunications	Artworks	Total plant, equipment and other assets	Work in Progress
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2015	11,734	9,259	2,781	1,886	25,660	619
Accumulated depreciation at 1 July 2015	(6,809)	(6,983)	(2,160)	-	(15,952)	-
	4,925	2,276	621	1,886	9,708	619
Movements in fair value						
Acquisition of assets at fair value	1,405	86	308	17	1,816	282
Revaluation increments/decrements	-	-	-	-	-	-
Fair value of assets disposed	(1,432)	-	-	-	(1,432)	-
Contributed assets	-	-	-	-	-	-
Transfer	258	-	-	-	258	(618)
	231	86	308	17	642	(336)
Movements in accumulated depreciation						
Depreciation and amortisation	(1,177)	(558)	(167)	-	(1,902)	-
Revaluation increments/decrements	-	-	-	-	-	-
Accumulated depreciation of disposals	1,114	-	-	-	1,114	-
Transfer	-	-	-	-	-	-
	(63)	(558)	(167)	-	(788)	-
At fair value 30 June 2016	11,965	9,345	3,089	1,903	26,302	283
Accumulated depreciation at 30 June 2016	(6,872)	(7,541)	(2,327)	-	(16,740)	-
	5,093	1,804	762	1,903	9,562	283

**Notes to the Financial Report
For the Year Ended 30 June 2016**

**MANNINGHAM CITY COUNCIL
2015/16 Financial Report**

Note 20 Property, plant, equipment and other fixed assets, infrastructure (cont.)

Infrastructure	Roads	Bridges	Footpaths and cycleways	Off street car parks	Drainage	Recreational, leisure and community	Parks open spaces and streetscapes	Waste Management	Total Infrastructure	Work in Progress
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2015	330,190	19,518	101,261	17,434	347,226	18,292	26,294	2,875	863,090	5,646
Accumulated depreciation at 1 July 2015	(163,909)	(5,658)	(44,911)	(6,659)	(127,304)	(5,105)	(9,226)	(2,875)	(365,647)	-
	166,281	13,860	56,350	10,775	219,922	13,187	17,068	-	497,443	5,646
Movements in fair value										
Acquisition of assets at fair value	6,553	370	2,531	114	1,244	1,266	1,712	-	13,790	3,554
Revaluation increments/decrements	507	748	2,090	(538)	(10,740)	-	-	-	(7,933)	-
Fair value of assets disposed	(661)	-	(324)	-	(37)	-	-	-	(1,022)	-
Contributed assets	38	-	-	-	394	-	-	-	432	-
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-
Transfers	1,163	-	300	326	1,506	72	297	-	3,664	(3,727)
	7,600	1,118	4,597	(98)	(7,633)	1,338	2,009	-	8,931	(173)
Movements in accumulated depreciation										
Depreciation and amortisation	(7,344)	(325)	(1,069)	(249)	(3,487)	(889)	(1,181)	-	(14,544)	-
Revaluation increments/decrements	(84)	(151)	(1,530)	419	3,088	-	-	-	1,742	-
Accumulated depreciation of disposals	396	-	194	-	18	-	-	-	608	-
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
	(7,032)	(476)	(2,405)	170	(381)	(889)	(1,181)	-	(12,194)	-
At fair value 30 June 2016	337,790	20,636	105,858	17,336	339,593	19,630	28,303	2,875	872,021	5,473
Accumulated depreciation at 30 June 2016	(170,941)	(6,134)	(47,316)	(6,489)	(127,685)	(5,994)	(10,407)	(2,875)	(377,841)	-
	166,849	14,502	58,542	10,847	211,908	13,636	17,896	-	494,180	5,473

Note 20 Property, plant, equipment and other fixed assets, infrastructure (cont.)

Valuation basis

Valuations were completed as at 30 June 2016 for Council. Valuations for 30 June 2016 are at fair value.

The basis of valuation is included under Note 1(h) in the Financial Statements and have been conducted as follows:

Non-specialised land and non-specialised buildings

Non-specialised land and non-specialised buildings are valued using the market based direct comparison method. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value.

For non-specialised land and non-specialised buildings, an valuation was performed by Council's Valuer, Mr Graham Brewer FAPI, Certified Practising Valuer (Registration Number 61916) to determine the fair value using the market based direct comparison method. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. From the sales analysed, an appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2016.

To the extent that non-specialised land and non-specialised buildings do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market based direct comparison approach.

Specialised land and specialised buildings

The market based direct comparison method is also used for specialised land but adjusted to reflect the specialised nature of the assets being valued. For Council specialised buildings, the depreciated replacement cost method is used, adjusting for the associated depreciation. Specialised assets contain significant, unobservable adjustments, therefore these assets are classified as Level 3 fair value measurements.

An adjustment is made to reflect a restriction on the sale or use of an asset by Council. The adjustment is an allowance made to reflect the difference in value between unrestricted assets and those held by the Council which are impacted by external restraints on their use.

The valuation of Council's specialised land and specialised buildings was performed by Council's Valuer, Mr Graham Brewer FAPI, Certified Practising Valuer (Registration Number 61916). The valuation was performed using either the market based direct comparison method or depreciated replacement cost, adjusted for restrictions in use. The effective date of the valuation is 30 June 2016.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2016 are as follows:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Land	-	6,755	1,140,812
Buildings	-	<u>2,460</u>	<u>182,906</u>
Total	<u>-</u>	<u>9,215</u>	<u>1,323,718</u>

Note 20 Property, plant, equipment and other fixed assets, infrastructure (cont.)

Infrastructure assets

Infrastructure assets are valued using the written down replacement cost of each asset. The written down replacement cost is calculated based on the remaining life of the asset, which in turn is determined based on their condition of roads, footpaths, kerb and channel, bridges and drains.

Infrastructure assets contain significant unobservable adjustments, therefore these assets are classified as Level 3.

A valuation of Council's infrastructure assets was performed by Council's Manager, Engineering and Technical Service, Mr Roger Woodlock *B.Eng (Civil)*. The valuation was performed based on the depreciated replacement cost of the assets. The effective date of the valuation is 30 June 2016.

There were no changes in valuation techniques throughout the period to 30 June 2016.

For all assets measured at fair value, the current use is considered the highest and best use.

Details of the Council's infrastructure information about the fair value hierarchy as at 30 June 2016 are as follows:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
	\$'000	\$'000	\$'000
Roads	-	-	166,849
Bridges	-	-	14,502
Footpaths and cycleways	-	-	58,542
Off street car parks	-	-	10,847
Drainage	-	-	211,908
Total	<u>-</u>	<u>-</u>	<u>462,648</u>

	2016 \$'000	2015 \$'000
Note 21 Intangible assets		
Software	1,819	1,617
Total intangible assets	<u>1,819</u>	<u>1,617</u>
Gross carrying amount		
Balance at 1 July	8,127	7,784
Additions from internal developments	728	343
Balance at 30 June	<u>8,855</u>	<u>8,127</u>
Accumulated amortisation		
Balance at 1 July	(6,510)	(5,976)
Amortisation expense	(526)	(534)
Balance at 30 June	<u>(7,036)</u>	<u>(6,510)</u>
Net book value at 30 June	1,819	1,617
Note 22 Trade and other payables		
Current		
Trade payables	441	517
Employee benefits and related costs	1,485	1,484
Accrued expenses	11,412	7,701
Total trade and other payables	<u>13,338</u>	<u>9,702</u>
Note 23 Trust funds and deposits		
Current		
Contract retention	707	695
Landscape bonds	3,434	2,969
Miscellaneous works deposits	142	133
Asset protection bonds	2,240	1,787
Subdivider deposits	385	138
Refundable Manningham Centre Association bond	500	169
Other refundable deposits	268	212
Total trust funds and deposits	<u>7,676</u>	<u>6,103</u>

Purpose and nature of items

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

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

Note 24 Provisions

	Annual leave \$ '000	Long service leave \$ '000	Total \$ '000
2016			
Balance at beginning of the financial year	3,952	8,331	12,283
Amounts used	(2,773)	(1,534)	(4,307)
Additional provisions	3,039	2,096	5,135
Balance at the end of the financial year	<u>4,218</u>	<u>8,893</u>	<u>13,111</u>

2015

Balance at beginning of the financial year	3,722	7,744	11,466
Amounts used	(2,414)	(1,154)	(3,568)
Additional provisions	2,644	1,741	4,385
Balance at the end of the financial year	<u>3,952</u>	<u>8,331</u>	<u>12,283</u>

Employee benefits

Current

Annual leave

Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after reporting date. Assessments indicate that actual settlement of the liabilities will occur as follows and where the settlement is forecast for more than 12 months after reporting date is reported at present value using the 5 year treasury bond as the discount factor.

Current short-term: settlement within 12 months of balance date	2,872	2,781
Current long-term: settlement beyond 12 months of balance date (note 1m)	1,346	1,171
	<u>4,218</u>	<u>3,952</u>

Long service leave

Long service leave liabilities for staff with greater than 7 years service have been classified as current where there is no unconditional right to defer settlement for at least 12 months after reporting date. Assessments indicate that actual settlement of the liabilities will occur as follows and where the settlement is forecast for more than 12 months after reporting date is reported at present value using the 5 year treasury bond as the discount factor.

Current short-term: settlement within 12 months of balance date	583	546
Current long-term: settlement beyond 12 months of balance date (note 1m)	7,396	6,944
	<u>7,979</u>	<u>7,490</u>

Non-current

Long service leave

	914	841
	<u>914</u>	<u>841</u>

Aggregate carrying amount of employee benefits:

Current	12,197	11,442
Non-current	914	841
Total	<u>13,111</u>	<u>12,283</u>

Total all provisions

Current	12,197	11,442
Non-current	914	841
	<u>13,111</u>	<u>12,283</u>

	2016 \$'000	2015 \$'000
Note 25		
Income received in advance		
Rent	298	319
Rates	443	324
Total income received in advance	<u>741</u>	<u>643</u>
Note 26		
Interest-bearing loans and borrowings		
<i>Non-Current</i>		
Borrowings - secured (a)	7,279	7,279
	<u>7,279</u>	<u>7,279</u>
Total interest-bearing loans and borrowings	<u>7,279</u>	<u>7,279</u>
The maturity profile for Council's borrowings is:		
Not later than one year	-	-
Later than one year and not later than five years	7,279	7,279
Later than five years	-	-
	<u>7,279</u>	<u>7,279</u>
Aggregate carrying amount of interest-bearing loans and borrowings:		
Current	-	-
Non-current	7,279	7,279
	<u>7,279</u>	<u>7,279</u>
(a) The borrowings are secured over the future general rates of Council.		

Note 27 Reserves

(a) Asset revaluation reserves

2016	Balance at beginning of reporting year \$'000	Increment/ (decrement) \$'000	Realised Revaluation Reserve \$'000	Balance at end of reporting year \$'000
Property				
Land	872,896	77,406	-	950,302
Buildings	62,445	(14,676)	-	47,769
	935,341	62,730	-	998,071
Plant, equipment and other fixed assets				
Plant, machinery and equipment	57	-	(5)	52
Fixtures, fittings and furniture	1,008	-	-	1,008
Computers and telecommunications	75	-	-	75
Artworks	887	-	-	887
	2,027	-	(5)	2,022
Infrastructure				
Roads	83,009	423	-	83,432
Bridges	1,699	597	-	2,296
Footpaths and cycleways	28,857	560	-	29,417
Off street car parks	5,327	(119)	-	5,208
Drainage	123,932	(7,652)	-	116,280
Parks, open space and streetscapes	205	-	-	205
	243,029	(6,191)	-	236,838
Total	1,180,397	56,539	(5)	1,236,931

2015	Balance at beginning of reporting year \$'000	Increment/ (decrement) \$'000	Realised Revaluation Reserve \$'000	Balance at end of reporting year \$'000
Property				
Land	691,325	181,571	-	872,896
Buildings	81,886	(19,395)	(46)	62,445
	773,211	162,176	(46)	935,341
Plant, equipment and other fixed assets				
Plant, machinery and equipment	62	-	(5)	57
Fixtures, fittings and furniture	1,008	-	-	1,008
Computers and telecommunications	75	-	-	75
Artworks	1,276	(387)	(2)	887
	2,421	(387)	(7)	2,027
Infrastructure				
Roads	71,000	12,009	-	83,009
Bridges	1,241	458	-	1,699
Footpaths and cycleways	28,432	425	-	28,857
Off street car parks	5,229	98	-	5,327
Drainage	118,129	5,803	-	123,932
Parks, open space and streetscapes	205	-	-	205
	224,236	18,793	-	243,029
Total	999,868	180,582	(53)	1,180,397

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

Note 27 Reserves (cont.)

(b) Other reserves

	Balance at beginning of reporting year \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting year \$'000
2016				
Resort and recreation reserve (a)	3,460	(2,960)	3,956	4,456
Doncaster Hill activity centre reserve (b)	112	(112)	-	-
Family day care workcover levy reserve (c)	196	-	-	196
Total	3,768	(3,072)	3,956	4,652
	Balance at beginning of reporting year \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting year \$'000
2015				
Resort and recreation reserve (a)	3,127	(1,504)	1,837	3,460
Doncaster Hill activity centre reserve (b)	62	(187)	237	112
Family day care workcover levy reserve (c)	196	-	-	196
Total	3,385	(1,691)	2,074	3,768

(a) The Resort and recreation reserve was established to control contributions received from developers that will, upon completion of developments be utilised to develop recreation and other facilities for residents in the respective development areas.

(b) The Doncaster Hill activity centre reserve was established to control contributions levied on developers under the Doncaster Hill Development Contributions Plan Overlay (DCPO) and funds will be utilised to develop social and community infrastructure in accordance with the conditions contained in the DCPO.

(c) The Family day care Workcover levy was established to control funds collected from family day care user charges to assist in defraying the cost of future claims for Workcover by family day care providers. Council discontinued this service in 2009/10.

	2016 \$'000	2015 \$'000
Note 28 Reconciliation of cash flows from operating activities to surplus for the year		
Surplus for the year	24,666	14,162
Depreciation/amortisation	20,221	19,754
Loss on disposal of property, plant and equipment, infrastructure	129	2,330
Contributed assets	(494)	(1,618)
Share of gain from associate	(522)	(153)
Adjustment for work in progress write-off to other expenses	88	265
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(1,570)	(1,498)
(Increase)/decrease in other assets	(481)	194
Increase/(decrease) in trade and other payables	5,210	723
(Decrease)/increase in other assets and liabilities	98	70
(Increase)/decrease in provisions	828	817
Net cash provided by operating activities	48,173	35,046
Note 29 Reconciliation of cash and cash equivalents		
Cash and cash equivalents (note 16)	39,470	48,821
	39,470	48,821
Note 30 Financing arrangements		
Bank overdraft	1,000	1,000
Used facilities	-	-
Unused facilities	1,000	1,000

Note 31 Commitments

Council has entered into the following commitments

2016	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
Operating					
Garbage collection	4,262	4,412	14,186	-	22,860
Meals for delivery	237	243	766	-	1,246
Hard and green waste collection	798	870	3,109	-	4,777
Property valuation	140	289	589	-	1,018
Total	5,437	5,814	18,650	-	29,901
Capital					
Roads	2,554	-	-	-	2,554
Drainage	894	-	-	-	894
Other - recreation and open space	1,253	-	-	-	1,253
Buildings	1,972	-	-	-	1,972
Plant and equipment	646	-	-	-	646
Waste management replacement bins	2,933	-	-	-	2,933
Total	10,252	-	-	-	10,251

2015	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
Operating					
Garbage collection	5,205	5,416	17,599	-	28,220
Meals for delivery	254	262	825	-	1,341
Hard and green waste collection	793	865	3,093	-	4,751
Property valuation	269	140	589	-	998
Total	6,521	6,683	22,106	-	35,310
Capital					
Roads	2,017	-	-	-	2,017
Drainage	383	-	-	-	383
Other - recreation & open space	1,241	-	-	-	1,241
Buildings	6,172	-	-	-	6,172
Plant and equipment	113	-	-	-	113
Total	9,926	-	-	-	9,926

Note 32 Operating leases

(a) Operating lease commitments

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

	2016 \$'000	2015 \$'000
Not later than one year	724	420
Later than one year and not later than five years	2,435	1,260
Later than five years	1,933	1,048
Total	5,092	2,728

(b) Operating lease receivables

At the reporting date, Council had the following operating leases for the lease of Council owned land and buildings:

	2016 \$'000	2015 \$'000
Not later than one year	1,588	1,490
Later than one year and not later than five years	5,145	4,291
Later than five years	6,225	25
Total	12,958	5,806

Note 33 Superannuation

Manningham City Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense in Comprehensive Income Statement when they are made or due.

Accumulation

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2016 this was 9.5% as required under Superannuation Guarantee legislation).

Defined Benefit

Manningham City Council does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan.

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Manningham City Council in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

Funding arrangements

Manningham City Council makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary.

As at 30 June 2015, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Manningham City Council is a contributing employer was 105.8%. To determine the VBI, the fund Actuary used the following long-term assumptions:

Net investment returns	7.00% pa
Salary information	4.25% pa
Price inflation (CPI)	2.50% pa

Vision Super has advised that actual VBI as at 30 June 2016 was 102.0% subject to the finalisation of Fund Actuary report.

The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the actuarial investigation determined the defined benefit category was in a satisfactory financial position and that no change was necessary to the defined benefit category's funding arrangements from prior years.

Employer contributions

Regular contributions

On the basis of the results of the 2015 interim actuarial investigation conducted by the Fund's Actuary, Manningham City Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2016, this rate was 9.5% of members' salaries (9.5% in 2014/15). This rate will increase in line with any increase to the Superannuation Guarantee (SG) contribution rate. In addition, Manningham City Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

Funding calls

If the defined benefit category is in an unsatisfactory financial position at actuarial investigation or the defined benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the defined benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers including Manningham City Council are required to make an employer contribution to cover the shortfall. Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's defined benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

Note 33 Superannuation (cont.)

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up. If there is a surplus in the Fund, the surplus cannot be returned to the participating employers. In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

2015 Interim actuarial investigation surplus amounts

The Fund's latest actuarial investigation as at 30 June 2015 identified the following in the defined benefit category of which Manningham City Council is a contributing employer:

- A VBI surplus of \$130.8 million; and
- A total service liability surplus of \$239 million.

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2015. The total service liability surplus means that the current value of the assets in the Fund's defined benefit category plus expected future contributions exceeds the value of expected future benefits and expenses. Manningham City Council was notified of the 30 June 2015 VBI during August 2015.

Future superannuation contributions

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2017 is \$350,000.

Note 34 Contingent liabilities and contingent assets

(a) Contingent liabilities

General

Council controls large areas of public open space, provides general and personal services to residents, visitors and ratepayers, has responsibilities and regulatory authorities including the issue of permits and approvals, and controls significant buildings and infrastructure assets. Council is, from time to time, met with claims and demands for damages allegedly arising from the actions, or inactions, of Council or its Officers.

Council's Risk Management Plan includes securing insurance to cover insurable risks to limit exposure to liabilities arising from actions of the Council or its Officers where it is appropriate to do so.

A recent tender was undertaken for the provision of Insurance Broking Services and as a result Council changed to AON Risk Services Australia Limited in June 2016.

Open claims

Council is presently involved in 4 minor open claims, all of which are under Council's insurance policy excess. No allowance has been made for these contingencies in the financial report. Council is not aware of any other contingent liability or claims that would fall outside of the terms of Council's insurance policies.

Bank guarantees issues

Council is responsible for the following bank guarantee:
Department of Primary Industries for \$150,000 in connection with Extractive Industry Licence No. 54-1.

Capital funding grant

Council has exposure to contingent liabilities where the conditions attached to a capital funding grant requires repayment in full or part of the granted sum should the terms of the grant agreement not be fulfilled by Council.

Note 34 Contingent liabilities and contingent assets (cont.)

(a) Contingent liabilities (cont.)

Superannuation contribution

Council has obligations under a defined benefit superannuation scheme, matters relating to this potential obligation are outlined in Note 33. As a result of the volatility in financial markets, the likelihood of making such contributions in future periods exists. At this point in time, it is not known if additional contributions will be required, their timing or potential amount.

(b) Contingent assets

Developer contributed assets

Developer contributions to be received in respect of estates subject to future subdivisions total \$4,682,025 (2014/15, \$4,073,289).

Note 35 Financial instruments

(a) Objectives and policies

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and bank borrowings. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in Note 1 of the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices. The Council's exposures to market risk is primarily through interest rate risk with insignificant exposure to other price risks and no exposure to foreign currency risk. Components of market risk to which the council are expose 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. Interest bearing assets are predominantly short term liquid assets. As at 30 June 2016 Council had long term loans or borrowings and is therefore exposed to interest rate risk on these classes of financial liabilities.

Interest rate risk on financial assets are managed through Council's investment policy which requires the investment of surplus funds only with financial institutions approved under the section 143 of the Local Government Act 1989. The Council's investment policy provides for investment restrictions such as investment placement with authorised deposit taking institutions (ADIs), placement according to Standard and Poor's credit ratings for investment institutions, staging of investment duration, and for the regular monitoring of investment performance and investment institution credit ratings. Investment performance and investment placement are reported regularly to Council.

(c) Credit risk

Credit risk is the risk of financial loss to Council arising from the non-completion of an obligation under a financial instrument by a party with whom Council has contracted. Council has exposure to credit risk on all financial assets included in the balance sheet. 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 that financial asset.

Council manages credit risk exposure through the application of debtor management policies that include arrangement for the timely collection of debts, escalation of recovery actions, and monitoring of debt collection performance. Council also managed credit risk exposure through the application of security bonds and provisions of the Local Government Act 1989 that permit the classification of certain debts as charges against property.

Financial assets classed as trade and other receivables consist of a large number of customers, spread across the consumer, business and government sectors. As Council's main debtors are government departments the credit risk associated with the Council's financial assets is assessed as minimal. Where a credit risk is assessed as probable of realisation an allowance for doubtful debts is raised.

Details of credit risk for transactions that are not included in the balance sheet are disclosed in note 34, contingent liabilities and contingent assets.

(d) 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 mitigate liquidity risk the entity has developed long term financial management strategies containing liquidity and cash flow targets, and regularly monitors budget performance and cash flows against forecasts. The entity has established access to overdraft facilities.

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

(e) Fair value

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

Fair value hierarchy

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

Note 35 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 consolidated entity believes the following movements are 'reasonably possible' over the next 12 months. Market interest rates are sourced from the Reserve Bank of Australia.

- a parallel shift of +1% and -2% in market interest rates from year-end rates of 1.75%.

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

Note 36 Related party transactions

(i) Responsible Persons

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

Councillors	Councillor Downie (Re-elected 8 November 2012)
	Councillor Galbally (Elected 8 November 2012)
	Councillor Gough (Re-elected 8 November 2012)
	Councillor Grivokostopoulos (Elected 8 November 2012)
	Councillor Haynes (Elected 8 November 2012)
	Councillor Kleinert (Elected 8 November 2012)
	Councillor McLeish (Elected 8 November 2012, Mayor from 3 December 2014 to 10 November 2015, Mayor from 17 May 2016)
	Councillor O'Brien (Elected 8 November 2012)
	Councillor Yang (Re-elected 8 November 2012, Mayor from 11 November 2015 to 30 April 2016, resigned on 30 April 2016)
Chief Executive Officer	Mr Warwick Winn (Appointed Chief Executive Officer on 9 April 2016)
	Mr Joe Carbone (Appointed Chief Executive Officer on 21 January 2013, resigned on 29 January 2016)
	Mr Leigh Harrison (Appointed as Acting Chief Executive Officer between 11 November 2015 to 27 November 2015)
	Mr Chris Potter (Appointed as Acting Chief Executive Officer between 18 January 2016 to 8 April 2016)

(ii) Remuneration of Responsible Persons

The numbers of Responsible Officers, whose total remuneration from Council and any related entities fell within the following bands:

	2016	2015
	No.	No.
Less than \$20,000	-	-
\$20,000 - \$29,999	7	7
\$40,000 - \$49,999	1	1
\$50,000 - \$59,999	1	1
\$60,000 - \$69,999	1	-
\$220,000 - \$229,999	1	-
\$330,000 - \$339,999	-	1
	11	10
	\$'000	\$'000
Total remuneration for the reporting year for Responsible Persons included above amounted to:	571	615

(iii) Responsible persons retirement benefits

Retirement payments of \$nil were made by the Council to a person who held a position of Responsible Person during the reporting year 2015/16 (2014/15, nil).

(iv) Loans to responsible persons

No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year 2015/16 (2014/15, nil).

(v) Transactions with responsible persons

No transactions other than remuneration payments, or the reimbursement of expenses as approved by Council with Responsible Persons, or Related Parties of such Responsible Persons, during the reporting year (2014/15, nil).

Note 36 Related party transactions (cont.)

(vi) Senior Officers Remuneration

A Senior Officer other than a Responsible Person, is an officer of Council who:

- a) has management responsibilities and reports directly to the Chief Executive; or
- b) whose total annual remuneration exceeds \$139,000.

The number of Senior Officers other than the Responsible Persons, are shown below in their relevant income bands and includes Senior Officers who commenced or retired during the year.

Income Range:	2016 No.	2015 No.
<\$130,000	-	-
\$130,000 - \$139,999	1	4
\$140,000 - \$149,999	5	3
\$150,000 - \$159,999	8	10
\$160,000 - \$169,999	5	3
\$170,000 - \$179,999	2	2
\$180,000 - \$189,999	1	-
\$190,000 - \$199,999	-	1
\$200,000 - \$209,999	1	1
\$210,000 - \$219,999	1	-
\$220,000 - \$229,999	1	1
\$230,000 - \$239,999	-	1
\$240,000 - \$249,999	1	1
\$250,000 - \$259,999	1	-
	27	27
	\$'000	\$'000
Total Remuneration, excluding resignation benefits, for the reporting year for Senior Officers included above, amounted to:	4,595	4,481

Note 37 Events occurring after balance date

No matters have occurred since reporting date that require disclosure in the financial statements.

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 (Planning and Reporting) Regulations 2014*, Australian Accounting Standards and other mandatory professional reporting requirements.

Kevin Ayre CPA
Principal Accounting Officer
30 August 2016
Doncaster

In our opinion, the accompanying financial report presents fairly the financial transactions of Manningham City Council for the year ended 30 June 2016 and the financial position of Council as at that date.

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

We, the Councillors, have been authorised by the Council and by the *Local Government (Planning and Reporting) Regulations 2014* to certify the financial report in its final form.

Paul McLeish
Mayor
30 August 2016
Doncaster

Dorothy Haynes
Deputy Mayor
30 August 2016
Doncaster

Warwick Winn
Chief Executive Officer
30 August 2016
Doncaster



Manningham City Council

Performance Statement

For the year ended 30 June 2016

Description of municipality

Manningham City Council is located in Melbourne's north-eastern suburbs, commencing with its western boundary in Bulleen, 10 kilometres from the Melbourne CBD and extending to Wonga Park at its eastern extremity, 32 kilometres from the CBD. The City is bounded by the Yarra River, Banyule City and Nillumbik Shire in the north, Yarra Ranges Shire in the east, Koonung Creek, Maroondah City and the Cities of Whitehorse and Boroondara in the south and Banyule City and the Yarra River in the west.

The City encompasses a total land area of 114 square kilometres, including a substantial 17% green open spaces. The nonurban areas include a large tract of the Green Wedge, and are used mainly for rural residential living, conservation and small scale agriculture.

As at 30 June 2015, our estimated population was 119,442 people across the City includes the suburbs of Bulleen, Doncaster, Doncaster East, Donvale, Nunawading (part), Park Orchards, Ringwood North (part), Templestowe, Templestowe Lower, Warrandyte, Warrandyte South and Wonga Park (part).

Version 1.0

Sustainable Capacity Indicators

For the year ended 30 June 2016

Indicator/measure	Results 2015	Results 2016	Material Variations
Own-source revenue <i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$860	\$914	This is line with budget forecasts and based on \$109 million own source revenue and a population of 119,442.
Recurrent grants <i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$110	\$97	Manningham receives the minimum grant from the Victoria Grants Commission, and as such relies heavily on rates to meet community service and infrastructure needs.
Population <i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$895	\$901	This result is at the lower end of the permissible range and reflects on Council's intended aim to limit the growth of expenditure.
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$5,944	\$5,762	Manningham has in excess of \$680 million in infrastructure assets (including buildings). This result is consistent with budget forecasts.
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	198	200	Manningham has approximately 600 km of roads.
Disadvantage <i>Relative socio-economic disadvantage</i> [Index of Relative Socio-economic Disadvantage by decile]	10	10	No material variation.

Service Performance Indicators

For the year ended 30 June 2016

	Results 2015	Results 2016	Material Variations
Aquatic Facilities Utilisation <i>Utilisation of aquatic facilities</i> AF6 [Number of visits to aquatic facilities / Municipal population]	3.91	2.93	A significant redevelopment of the municipal aquatic facilities impacted visitor door counters over 2015/16. The new facilities will be open in July 2016.
Animal Management Health and safety <i>Animal management prosecutions</i> AM4 [Number of successful animal management prosecutions]	24.00	15.00	Council's approach to animal management is outlined in the Council's 2013-2017 Domestic Animal Plan to protect the community. Prosecutions occur when animal or animal owner behaviour is inconsistent with this approach and attempts at mediation have not been successful. 2015/16 saw less reported incidents that required court action, which could indicate an increased effectiveness in the animal management service.
Food Safety Health and safety <i>Critical and major non-compliance outcome notifications</i> FS4 [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100	92.00%	98.33%	Council is vigilant in ensuring all food premises are followed up after a major or critical non-conformance is detected to protect the residents and visitors to the municipality from unsafe food. The remaining 1.7 per cent are in the process of being followed up but were incomplete as at 30 June 2016.
Governance Satisfaction <i>Satisfaction with council decisions</i> G5 [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	60	57	An independent research company conducts the community satisfaction survey annually on behalf of State Government. Performance on the condition of local sealed roads (64) was lower than the previous years result, but 10 points ahead of the State-wide average

	Results 2015	Results 2016	Material Variations
<p>Home and Community Care (HACC) Participation <i>Participation in HACC service</i> [Number of people that received a HACC service / Municipal target population for HACC services] x100</p> <p>HC6</p> <p>Participation <i>Participation in HACC service by CALD people</i> [Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100</p> <p>HC7</p>	<p>23.00%</p> <p>19.00%</p>	<p>24.04%</p> <p>18.08%</p>	<p>This calculation includes data relating to the provision of domestic assistance, personal care and respite care services. Where a client receives a combination of services they are only counted once.</p> <p>This calculation includes data relating to the provision of domestic assistance, personal care and respite care services. Where a client receives a combination of services they are only counted once.</p>
<p>Libraries Participation <i>Active library members</i> [Number of active library members / Municipal population] x100</p> <p>LB4</p>	<p>16.00%</p>	<p>16.23%</p>	<p>The number of borrowers and borrowings increased slightly in 2015/16. This year the definition of "active member" expanded to include not only members who have borrowed a physical collection item, but also eBooks.</p>
<p>Maternal and Child Health (MCH) Participation <i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100</p> <p>MC4</p> <p>Participation <i>Participation in the MCH service by Aboriginal children</i> [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100</p> <p>MC5</p>	<p>99.00%</p> <p>92.00%</p>	<p>n/a</p> <p>n/a</p>	<p>This information is hosted on the Childhood Development Information System (CDIS) managed by the Department of Education. Accurate data was not available at the time of the reporting deadline.</p>

Service/indicator/measure	Results 2015	Results 2016	Material Variations
<p>Roads</p> <p>Satisfaction <i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]</p>	68	64	<p>An independent research company conducts the community satisfaction survey annually on behalf of State Government. Performance on the condition of local sealed roads (64) was lower than the 2014 result, but 10 points ahead of the State-wide average</p>
<p>Statutory Planning Decision making <i>Council planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100</p>	44.00%	72.73%	<p>Manningham is dedicated to consulting with its community to achieve acceptable outcomes in planning. 2015/16 realised 22 applications determined by VCAT and 6 decisions were overturned. This result also reflects a sound process of decision making consistent with State and Local Planning Policy.</p>
<p>Waste Collection Waste diversion <i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100</p>	54.00%	53.10%	<p>The decrease in diversion is due to the decreasing reliance on printed material (i.e. less junk mail and more online advertising). Products being recycled are lighter in weight but same in volume (such as plastic bottles)</p>

Financial Performance Indicators

For the year ended 30 June 2016

Dimension/indicator /measure	Results	Results	Forecasts				Material Variations
	2015	2016	2017	2018	2019	2020	
Operating position <i>Adjusted underlying result</i> <i>Adjusted underlying surplus (or deficit)</i> [Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100	7.0%	9.7%	5.3%	9.7%	10.6%	11.8%	Council is forecasting long-term positive operating surpluses. Underlying surpluses underpin capital investment in infrastructure and community facilities.
Liquidity <i>Working capital</i> <i>Current assets compared to current liabilities</i> [Current assets / Current liabilities] x100	206.1%	217.0%	170.6%	172.6%	155.3%	161.3%	The working capital ratio for 2016 is higher than the forecast years due to higher cash holdings at the end of the year. This primarily relates to higher developer contributions, capital works funded in 2015/16 which will be completed in 2016/17 and grants received in advance. In each of the forecast years Council retains a strong working capital ratio.

Dimension/indicator /measure	Results	Results	Forecasts				Material Variations
	2015	2016	2017	2018	2019	2020	
<p><i>Unrestricted cash</i></p> <p><i>Unrestricted cash compared to current liabilities</i></p> <p>[Unrestricted cash / Current liabilities] x100</p>	60.4%	77.0%	56.4%	51.9%	43.9%	47.5%	Refer above.
<p>Obligations</p> <p><i>Loans and borrowings</i></p> <p><i>Loans and borrowings compared to rates</i></p> <p>[Interest bearing loans and borrowings / Rate revenue] x100</p>	8.3%	7.8%	9.6%	9.0%	8.3%	4.3%	Council has a low level of borrowing relative to rates. The reduction in the ratio in 2020 relates to the repayment of \$3.6 million of loan funds.

Dimension/indicator /measure	Results	Results	Forecasts				Material Variations
	2015	2016	2017	2018	2019	2020	
<i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100 <i>Indebtedness</i> <i>Non-current liabilities compared to own source revenue</i> [Non-current liabilities / Own source revenue] x100	0.3%	0.3%	0.7%	0.6%	0.6%	3.9%	Refer above.
	8.0%	7.5%	8.7%	7.9%	4.4%	3.9%	Refer above.

Dimension/indicator /measure	Results	Results	Forecasts				Material Variations
	2015	2016	2017	2018	2019	2020	
<p>Asset renewal</p> <p><i>Asset renewal compared to depreciation</i></p> <p>[Asset renewal expenses / Asset depreciation] x100</p>	71.3%	74.0%	122.3%	81.6%	86.8%	85.8%	The high asset renewal in 2017 relates to the planned replacement of Council's bin fleet as part of the renewed kerbside waste and recycling service.
<p>Stability</p> <p>Rates concentration</p> <p><i>Rates compared to adjusted underlying revenue</i></p> <p>[Rate revenue / Adjusted underlying revenue] x100</p>	76.5%	78.3%	77.9%	77.3%	78.6%	78.9%	The result is consistent throughout the forecast period and reflects Manningham's heavy reliance on rates to fund services and community assets.
<p>Rates effort</p> <p><i>Rates compared to property values</i></p> <p>[Rate revenue / Capital improved value of rateable properties in the municipality] x100</p>	0.2%	0.3%	0.2%	0.2%	0.2%	0.2%	No material change.

Dimension/indicator /measure	Results	Results	Forecasts				Material Variations
	2015	2016	2017	2018	2019	2020	
Efficiency Expenditure level <i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$2,282	\$2,278	\$2,334	\$2,309	\$2,300	\$2,334	This result is at the lower end of the permissible range and reflects on Council's intended aim to limit the growth of expenditure.
Revenue level <i>Average residential rate per residential property assessment</i> [Residential rate revenue / Number of residential property assessments]	\$1,832	\$1,881	\$1,870	\$1,924	\$1,966	\$2,033	Council has a high reliance on rate revenue from residential properties with 95% of all properties in the municipality being residential. The outcome for 2016 is within budget forecasts, and the longer term trend reflects the introduction of rate capping.
Workforce turnover <i>Resignations and terminations compared to average staff</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	8.3%	8.7%	8.5%	8.5%	8.5%	8.5%	The result is within the expected range.

Other Information

For the year ended 30 June 2016

Basis of preparation

Council is required to prepare and include a performance statement within its Annual Report. The performance statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures together with a description of the municipal district and an explanation of material variations in the results. This statement has been prepared to meet the requirements of the *Local Government Act 1989* and Local Government (Planning and Reporting) Regulations 2014.

Where applicable the results in the performance statement have been prepared on accounting bases consistent with those reported in the Financial Statements. The other results are based on information drawn from council information systems or from third parties (e.g. Australian Bureau of Statistics).

The performance statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by the council's Strategic Resource Plan.

Council adopted a set of materiality thresholds on the 28 June 2016.

The forecast figures included in the performance statement are those adopted by council in its Strategic Resource Plan on 28 June 2016 and which forms part of the Council Plan. The Strategic Resource Plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The Strategic Resource Plan can be obtained by contacting council.

Certification of the performance statement

In my opinion, the accompanying performance statement has been prepared in accordance with the *Local Government Act 1989* and the Local Government (Planning and Reporting) Regulations 2014.

Kevin Ayre, *CPA*
Principal Accounting Officer
Dated: *(Date)*

In our opinion, the accompanying performance statement of the Manningham City Council for the year ended 30 June 2016 presents fairly the results of council's performance in accordance with the *Local Government Act 1989* and the Local Government (Planning and Reporting) Regulations 2014.

The performance statement contains the relevant performance indicators, measures and results in relation to service performance, financial performance and sustainable capacity.

At the date of signing, we are not aware of any circumstances that would render any particulars in the performance statement to be misleading or inaccurate.

We have been authorised by the council and by the Local Government (Planning and Reporting) Regulations 2014 to certify this performance statement in its final form.

(Councillor 1 Name)
Councillor
Dated: *(Date)*

(Councillor 2 Name)
Councillor
Dated: *(Date)*

(Chief Executive Officer Name)
Chief Executive Officer
Dated: *(Date)*