

MINUTES



Special Meeting of the Council

MEETING DETAILS:

MEETING NO: 9
MEETING DATE: 08 September 2015
TIME: 6:30 PM
LOCATION: Council Chamber
699 Doncaster Road, Doncaster

MINUTES

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MANNINGHAM CITY COUNCIL
MINUTES OF THE SPECIAL COUNCIL MEETING
HELD AT COUNCIL CHAMBER
ON
08 SEPTEMBER 2015

The meeting commenced at 6:35 PM.

Present: Councillor Paul McLeish (Mayor)
Councillor Michelle Kleinert (Deputy Mayor)
Councillor Geoff Gough
Councillor Jim Grivokostopoulos
Councillor Dot Haynes
Councillor Stephen O'Brien
Councillor Jennifer Yang

Officers Present: Chief Executive Officer, Mr Joe Carbone
Director Assets & Engineering, Mr Leigh Harrison
Director Community Programs, Mr Chris Potter
Director Planning & Environment, Ms Teresa Dominik
Director Shared Services, Mr Philip Lee
Manager Strategic Governance – Ms Melissa Harris

1. OPENING PRAYER & STATEMENT OF ACKNOWLEDGEMENT

The Mayor read the Opening Prayer & Statement of Acknowledgement.

2. APOLOGIES

Cr Downie and Cr Galbally have submitted an apology for this meeting.

3. PRIOR NOTIFICATION CONFLICTS OF INTEREST

The Chairman invited Councillors to disclose any interest or conflict of interest in any item listed on the Council Agenda.

There were no declarations made.

4. 2014-15 FINANCIAL REPORT AND PERFORMANCE STATEMENT; ADOPTION IN PRINCIPLE

Responsible Director: Director Shared Services

File No. .

The ultimate destination for this report is: COUNCIL AGENDA

Neither the responsible Director, Manager nor the Officer authoring this report has a conflict of interest in this matter.

SUMMARY

The completed 2014/15 Financial Report and 2014/15 Performance Statement are presented to Council for adoption in principal prior to their lodgement with the Auditor-General.

A detailed audit of the Financial Report and Performance Statement was undertaken by the Auditor-General's agent during August 2015 and the outcome presented to the Audit Committee on 27 August 2015. The Audit Committee recommended a number of non-material changes and these have been incorporated into the final documents attached to this report.

A "Closing report to the audit committee" for the financial year ended 30 June 2015", has been prepared by Mr Tim Fairclough, Partner, HLB Mann Judd. In his report, Mr Fairclough expressed the view that the Financial Report and the Performance Statement had been prepared in accordance with the Auditor-General's requirements and that "...the financial report of Manningham City Council is presented fairly". Mr Fairclough will be recommending to the Auditor General to issue a clear audit opinion for Manningham City Council on the two reports.

The Audit Committee is of the view that there is nothing that would prevent the Council from adopting the Statements "in principle" for submission to the Auditor-General.

This report also recommends that Councillor Paul McLeish and Councillor Michelle Kleinert be authorised to certify the Financial Report and Performance Statement.

1 BACKGROUND

1.1 The 2014/15 Financial Report is presented in accordance with the Model Financial Report issued by Local Government Victoria. It provides a comprehensive reporting of the revenues and expenses of Council during the 2014/15 financial year and an analysis of the financial position of Council as at 30 June 2015. The notes accompanying the Financial Statements provide information relevant to Council's accountability obligations and additional information to assist users of the report to form an opinion on the financial performance of Council.

1.2 Under the Local Government Act 1989 and the Local Government (Planning and Reporting) Regulations 2014, Councils must now also report their performance against a set of new prescribed service performance, financial

and sustainability indicators. The first report will be for the period 1 July 2014 to 30 June 2015.

- 1.3 The Performance Statement details twelve service outcomes, twelve financial and six sustainability indicators that are subject to audit. The draft Performance Statement (Attachment 2) and the Financial Statements (Attachment 3) must be approved in principle by Council prior to being included in the Annual Report, and a Special Council meeting has been convened for Tuesday 8 September for this purpose.

2 PROPOSAL/ISSUE

- 2.1 It is proposed that Council approve "in principle" the draft Financial Report and Performance Statement for the year ended 30 June 2015.
- 2.2 Further, that Councillor Paul McLeish and Councillor Michelle Kleinert are authorised to certify the Financial Report and Performance Statement in their final form. In the event that Councillors McLeish or Kleinert are not available to certify the Statements, then any other Manningham Councillor is authorised to certify the Statements.

3 PRIORITY/TIMING

- 3.1 Following approval in principle by Council, the statutory statements will be submitted to the Auditor-General's Office for final audit clearance, which should be received prior to final sign off of the Annual Report.

4 FINANCIAL PLAN

- 4.1 The financial forecasts in Council's long term Financial Strategy will be updated to reflect the actual financial position of Council as at 30 June 2015.

5 CONSULTATION

- 5.1 The Audit Committee has been consulted and has endorsed the Financial Report and Performance Statement as attached to this report.

6 COMMUNICATIONS STRATEGY

- 6.1 The Financial Report and Performance Statement will be published in Council's 2014/15 Annual Report.

7 CONCLUSION

- 7.1 That the 2014/15 Financial Report and Performance Statement, having been reviewed by the Auditor-General's Agent and presented to the Audit Committee, be adopted in principle for submission to the Auditor-General.

OFFICER'S RECOMMENDATION

That

(A) Council notes:

1. **The Audit Committee is satisfied that an appropriate external audit process has taken place on the proposed 2014/5 Financial Report and Performance Statement;**

2. **The Audit Committee has noted the contents and findings of the Victorian Auditor General’s Office closing audit report to the Audit Committee of Manningham City Council for the financial year ended 30 June 2015;**
 3. **That no issues of significance arose during the audit that needed to be brought to management’s attention;**
 4. **The Audit Committee’s review of the proposed 2014/15 Financial Statements, Standard Statements and the Performance Statement did not identify any issues that would prevent the Council from adopting the 2014/15 Financial Statements, Standard Statements and the Performance Statement in principle;**
- (B) Council authorises Councillor Paul McLeish and Councillor Michelle Kleinert to certify the 2014/15 Financial Report and 2014/15 Performance Statement in their final form. In the event that Councillor McLeish or Kleinert are not available to certify the Statements, then any other Manningham Councillor is authorised to certify the Statements.**
- (C) Council approves in principle the proposed 2014/15 Financial Report and 2014/15 Performance Statement.**

**MOVED: GOUGH
SECONDED: O’BRIEN**

That the Recommendation be adopted.

CARRIED

“Refer Attachments”

1. **Attachment 1: Manningham City Council – Closing report for the financial year ended 30 June 2015**
2. **Attachment 2 2014/15 Financial Report**
3. **Attachment 3 2014/15 Performance Statement**

* * * * *

Attachment 1

VAGO

Victorian Auditor-General's Office

Manningham City Council
Closing report to the Audit Committee
Year ended 30 June 2015

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 Committee meeting of 27 August 2015 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 and the performance statement of Manningham City Council are 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 Audit Committee for remedial action. These have been outlined in Appendix A.

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	Y
2	New accounting standards - AASB 10,11 and 12	NA	✓	✓	P	Y
3	Fair value assessment and accounting of property, plant and equipment	NA	✓	✓	S	Y
4	Revenue recognition	✓	✓	✓	S	Y
5	Form and content of financial report	NA	✓	✓	P	Y

4.2 Detailed audit risks relating to the financial report

The table below provides additional details about the risks summarised in 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 have assessed the processes in place to prevent and detect fraud. ASA 240 imposes specific audit procedures, including: <ul style="list-style-type: none"> • Testing the appropriateness of journal entries and other adjustments made in preparing the financial report • Analytical review • Testing of design and operating effectiveness of internal controls surrounding payments/purchases, payroll and receipts processes • Reviewing accounting estimates for biases, and • Reviewing significant unusual transactions 	Satisfactory

Description of risks	Audit procedures performed	Results of procedures
New accounting standards - AASB 10,11 and 12		
<p>AASB 10, 11 and 12 have become applicable for not-for-profit entities for financial years commencing on or after 1 January 2014.</p> <p>AASB 10 Consolidated Financial Statements replaces sections of AASB 127 and changes the definition of control in relation to whether or not entities need to be consolidated.</p> <p>The assessment of control requires significant management judgement.</p> <p>AASB 11 Joint Arrangements replaces AASB 131 and reduces the number of classifications of these arrangements from 3 to 2 and removes the option to use proportional consolidation when accounting for joint ventures.</p> <p>AASB 12 Disclosures of Interests in Other Entities requires extensive new disclosures about the judgements made in relation to determining control.</p>	<p>We have:</p> <ul style="list-style-type: none"> • Reviewed the Council's assessment of the potential controlled entities. • Reviewed the significant judgements used to determine whether an entity is controlled or not. • Reviewed the disclosures relating to the key judgements. 	<p>Satisfactory.</p> <p>We have assessed the criteria in accordance with AASB 10, Consolidated Financial Statements, with respect to Manningham Centre Association (MCA).</p> <p>We analysed the revision of the statement of purpose and rules and also note that the MCA Board is independent of Council and has autonomous control over its decision making.</p> <p>Council also has no power to appoint or remove key management personnel.</p> <p>There is no evidence of any management or service fees or other returns received by Council from MCA.</p> <p>Under the contractual arrangements, Council receives a lease income from MCA in return for their use of the Council's property, but we understand that this lease income is based on an arms-length commercial lease agreement.</p> <p>We therefore concur with Council's decision that it is not required to consolidate MCA as at 30 June 2015, in its financial statements, since there is no evidence that Council exercise power over MCA and also no evidence that they derive any form of returns.</p>
Fair value assessment and revaluation of non-current physical assets		
<p>Non-current physical assets represent a material component of the total assets of the Council. Fair value measurements often involve complex assessments and significant judgement and estimation by experts.</p> <p>AASB 13 Fair Value Measurement requires extensive disclosures surrounding fair value measurements.</p> <p>Land and buildings and infrastructure are been revalued in the current financial year.</p>	<p>We have:</p> <ul style="list-style-type: none"> • Tested the effectiveness of key controls and placed reliance on them (if appropriate) • Considered reports of expert valuers including the reasonableness of assumptions used and the processes for consulting with the Council • Reviewed compliance with AASB 13, Fair Value Measurement, including the adoption of highest and best use fair valuations and disclosure of fair value hierarchy information for assets carried at fair value • Substantiated the processed adjustments. • Assessed management's processes in place in assessing potential indicators for impairment. 	<p>Satisfactory.</p> <p>The most significant revaluation movement relates to land which has increased approximately 20% by \$181m.</p> <p>This increase reflects a strong performing property market in general and in particular development sites over the past 12 months.</p> <p>The land was subject to a detailed valuation as at 30 June 2015 conducted by Council's Valuer, using the market based comparison methodology, which applies analysis of comparable sales adjusted for size, topography, location, encumbrances and other specific factors relevant to the land sites.</p> <p>We have tested a sample of detailed valuations and assessed the reasonableness of the underlying assumptions adopted by Council and concur that they comply with AASB 13, Fair Value Measurement.</p>

Description of risks	Audit procedures performed	Results of procedures
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 Contributions.</p>	<p>We have:</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 rates receiving 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, are accounted for in accordance with AASB 1004, based on the stated terms and conditions in the funding agreement 	<p>Satisfactory</p>
Form and Content of Financial Report		
<p>The financial reporting requirements of the Australian accounting standards and <i>Local Government Act 1989</i> are extensive. The <i>Local Government (Finance and Reporting) Regulations 2004</i> sunset in 2014 and was replaced by the <i>Local Government (Planning and Reporting) Regulations 2014</i>. The updated regulations support recent amendments to the <i>Local Government Act 1989</i> and dictate how its associate provisions are applied. Regulations related to financial reports include:</p> <ul style="list-style-type: none"> • Mandatory reporting in compliance with the Local Government Model Financial Report • A statement of capital works included within the general purpose financial statements • Expanded note disclosures including a comparison of actual results against published budget. 	<p>We have 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>	<p>Satisfactory</p>

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
<p>Performance statement</p> <p>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.</p>	<p>We have:</p> <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 Reviewed the performance statement for compliance with legislative requirements. 	Satisfactory

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

The Audit Committee 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 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 Audit Committee 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 in May 2015, 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.

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: Results of the 2014-15* report. This year the area of focus was developer contributions.

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.

Manningham City Council Closing report 2014–15

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.

Manningham City Council Closing report 2014–15

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 Group Manager Financial Services 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

Attachment 2

01/09/2015

MANNINGHAM CITY COUNCIL
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

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MANNINGHAM CITY COUNCIL

Financial Report

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MANNINGHAM CITY COUNCIL
2014/15 Financial Report

**Comprehensive Income Statement
For the Year Ended 30 June 2015**

	Note	2015 \$'000	2014 \$'000
Income			
Rates and charges	3	75,142	71,256
Waste charges	3	12,149	12,070
Statutory fees and fines	4	1,665	1,740
User fees and charges	5	10,272	9,725
Contributions - cash	6	2,094	1,519
Contributions - non-monetary	6	1,618	3,034
Grants - operating (recurrent)	7	11,900	9,364
Grants - operating (non-recurrent)	7	236	71
Grants - capital (recurrent)	7	1,137	780
Grants - capital (non-recurrent)	7	1,304	1,524
Interest income	8	1,787	1,619
Other income	8	750	1,293
Share of gain from investment in associate	9	153	263
Total income		120,207	114,258
Expenses			
Employee costs	10	45,948	43,730
Materials, services and contracts	11	19,951	19,632
Net loss on disposal of property, plant and equipment, infrastructure, and other fixed assets	12	2,330	164
Depreciation and amortisation	13	19,754	19,507
Borrowing costs	14	294	240
Community grants	15	5,137	5,228
Utilities	15	2,538	2,709
Other expenses	15	10,093	9,851
Total expenses		106,045	101,061
Surplus/(deficit) for the year		14,162	13,197
Other comprehensive income			
Net asset revaluation increment/(decrement)	27(a)	180,582	75,512
Total comprehensive result		194,744	88,709

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

MANNINGHAM CITY COUNCIL
2014/15 Financial Report

Balance Sheet
As at 30 June 2015

	Note	2015 \$'000	2014 \$'000
Assets			
Current assets			
Cash and cash equivalents	16	48,821	42,517
Trade and other receivables	17	7,706	6,208
Other assets	18	963	1,163
Total current assets		57,490	49,888
Non-current assets			
Trade and other receivables	17	31	31
Financial assets	19	169	163
Investment in associate	9	1,992	1,839
Property, plant and equipment, infrastructure, and other fixed assets	20	1,774,798	1,586,014
Intangible assets	21	1,617	1,808
Total non-current assets		1,778,607	1,589,855
Total assets		1,836,097	1,639,743
Liabilities			
Current liabilities			
Trade and other payables	22	9,702	9,909
Trust funds and deposits	23	6,103	5,173
Provisions	24	11,442	10,562
Income received in advance	25	643	573
Total current liabilities		27,890	26,217
Non-current liabilities			
Provisions	24	841	904
Interest-bearing loans and borrowings	26	7,279	7,279
Total non-current liabilities		8,120	8,183
Total liabilities		36,010	34,400
Net Assets		1,800,087	1,605,343
Equity			
Accumulated surplus		615,922	602,090
Asset revaluation reserves	27(a)	1,180,397	999,868
Other reserves	27(b)	3,768	3,385
Total Equity		1,800,087	1,605,343

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

MANNINGHAM CITY COUNCIL
2014/15 Financial Report

**Statement of Changes in Equity
For the Year Ended 30 June 2015**

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

2014	Note	Accumulated surplus \$'000	Asset revaluation reserves \$'000	Other reserves \$'000	Total \$'000
Balance at beginning of the financial year		588,136	925,660	2,838	1,516,634
Surplus for the year		13,197	-	-	13,197
Net asset revaluation increment/(decrement)	27(a)	1,304	74,208	-	75,512
Transfers from other reserves	27(b)	614	-	(614)	-
Transfers to other reserves	27(b)	(1,161)	-	1,161	-
Balance at end of the financial year		602,090	999,868	3,385	1,605,343
Change in equity for the financial year		13,954	74,208	547	88,709

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

MANNINGHAM CITY COUNCIL
2014/15 Financial Report

**Statement of Cash Flows
For the Year Ended 30 June 2015**

	Note	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Rates and charges		87,138	82,491
User charges, fees and fines		11,379	11,927
Grants - operating		12,136	9,774
Grants - capital		2,174	2,304
Contributions		2,239	1,519
Interest		1,821	1,633
Other receipts		532	1,310
GST on receipts		899	1,012
Payments to suppliers		(37,305)	(37,675)
GST on payments to suppliers		(3,638)	(3,661)
Payments to employees		(45,980)	(43,279)
Defined benefits unfunded super liability payment		-	(7,906)
Net GST refund		2,727	2,558
Net cash provided by/(used in) operating activities	28	34,122	22,007
Cash flows from investing activities			
Payments for property, plant and equipment, infrastructure, and other fixed assets		(29,181)	(27,925)
Proceeds from disposal of property, plant and equipment, infrastructure, and other fixed assets		439	2,426
Net increase (decrease) in trust funds and deposits		924	345
Net cash provided by/(used in) investing activities		(27,818)	(25,154)
Cash flows from financing activities			
Proceeds from borrowings		-	7,900
Repayment of borrowings		-	(621)
Net cash provided by/(used in) financing activities		-	7,279
Net increase (decrease) in cash and cash equivalents		6,304	4,132
Cash and cash equivalents at the beginning of the financial year		42,517	38,385
Cash and cash equivalents at the end of the financial year	16	48,821	42,517
Financing arrangements	30		
Restricted on cash assets	16		

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

MANNINGHAM CITY COUNCIL
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**Statement of Capital Works
For the Year Ended 30 June 2015**

	Note	2015 \$'000	2014 \$'000
Property			
Land		835	338
Buildings		8,973	10,047
Total property		9,808	10,385
Plant, machinery and other assets			
Plant, machinery and equipment		1,494	1,502
Fixtures, fittings and furniture		108	82
Computers and telecommunications		98	241
Artworks		3	19
Total plant, machinery and other assets		1,703	1,844
Infrastructure			
Roads		6,953	6,151
Bridges		216	1,465
Footpaths and cycleways		2,780	1,497
Off street car parks		390	237
Drainage		3,924	3,272
Recreational, leisure and community facilities		1,496	760
Parks, open space and streetscapes		1,372	1,723
Total infrastructure		17,131	15,105
Intangible assets			
Software		539	591
Total intangible assets		539	591
Total capital works expenditure		29,181	27,925
Represented by:			
New asset expenditure		9,735	8,204
Asset renewal expenditure		13,701	13,614
Asset expansion expenditure		2,578	2,472
Asset upgrade expenditure		3,167	3,635
Total capital works expenditure		29,181	27,925

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

Notes to the Financial Report For the Year Ended 30 June 2015

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
- (d) General Purpose Financial Report
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

This financial report has been prepared on the accrual and going concern basis.

This financial report has been prepared under the historical cost convention, except where specifically stated in notes 1(j), 1(k), and 1(u).

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.

(c) Revenue recognition

Rates, grants, and contributions

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

Control over assets acquired from rates is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

A provision for doubtful debts on rates has not been established as unpaid rates represents a charge against the rateable property that will be recovered when the property is next sold.

Note 1 Significant accounting policies (cont.)

(c) Revenue recognition (cont.)

Control over granted assets 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.

Income is recognised when the Council obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the Council, and the amount of the contribution can be measured reliably.

Where grants recognised as revenue 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 is disclosed in note 6. The note also discloses the amount of unused grant from prior years that was expended on Council's operations during the current year.

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, are disclosed in note 7.

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. Rental payments received in advance are recognised as a prepayment until they are due.

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. Also, AASB 13 includes extensive disclosure requirements.

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.

Notes to the Financial Report
For the Year Ended 30 June 2015

MANNINGHAM CITY COUNCIL
2014/15 Financial Report

Note 1 Significant accounting policies (cont.)

(e) Depreciation and amortisation of non-current 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

Property

Land	Infinite life
Land under roads	Infinite life
Buildings	75 - 100 years
Buildings on leased land	Term of lease or 75 yrs

Plant, machinery and other assets

Plant, machinery and equipment	5 - 25 years
Fixtures, fittings and furniture	4 - 20 years
Computers and telecommunications	4 - 10 years
Artworks	Infinite life

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
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(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) 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.

Notes to the Financial Report
For the Year Ended 30 June 2015

MANNINGHAM CITY COUNCIL
2014/15 Financial Report

Note 1 Significant accounting policies (cont.)

(h) Recognition and measurement of assets

Acquisition

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

Class of asset	Threshold limit \$'000
Property	
Land	0
Land under Roads	0
Buildings	5
Plant, machinery and other 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

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment are measured at their fair value. Council reviewed the carrying value of the individual classes of non-current physical assets at balance date to ensure that each asset class materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date the class of asset was revalued to fair value. Fair value being either the amount for which the assets could be exchanged between knowledgeable willing parties in an arms length transaction where available markets exist, or otherwise at their current replacement cost less accumulated depreciation.

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.

Note 1 Significant accounting policies (cont.)**(h) Recognition and measurement of assets (cont.)**

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash on hand, deposits at call and other highly liquid investments 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

Financial investments held to maturity are measured at amortised cost.

Financial assets classified as available-for-sale are reflected at their fair value. Unrealised losses and gains arising from changes in fair value are taken directly to equity. The Council assesses at each balance date whether there is objective evidence that a financial asset is impaired. A significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognised as an expenditure in the Comprehensive Income Statement.

(k) Investment in associate

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.

(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).

Note 1 Significant accounting policies (cont.)**(m) Employee costs**

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 and rostered days off are recognised and measured as the amount unpaid at balance date. Council includes appropriate oncost such as workers' compensation and payroll costs.

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.

Employee benefits on-costs

Employee benefits 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) Agreements equally proportionately unperformed

The Council does not recognise assets and liabilities arising from agreements that are equally proportionately unperformed. Such agreements are recognised on an 'as incurred' basis.

(q) 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.

(r) Rounding

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

(s) Website costs

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

(t) 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.

(u) Contingent assets and contingent liabilities

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.

(v) Trade and other receivables

Receivables are carried at amortised cost using the effective interest rate method. A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred.

Notes to the Financial Report
For the Year Ended 30 June 2015

MANNINGHAM CITY COUNCIL
2014/15 Financial Report

Note 1 Significant accounting policies (cont.)

(w) Financial guarantees

Financial guarantee contracts are recognised as a liability at the time the guarantee is issued. The liability is initially measured at fair value, and if there is material increase in the likelihood that the guarantee may have to be exercised, at the higher of the amount determined in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation, where appropriate. In the determination of fair value, consideration is given to factors including the probability of default by the guaranteed party and the likely loss to Council in the event of default.

(x) Pending accounting standards

Certain new AAS's have been issued that are not mandatory for the 30 June 2015 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.

Notes to the Financial Report
For the Year Ended 30 June 2015

MANNINGHAM CITY COUNCIL
2014/15 Financial Report

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 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 24 June 2014. 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. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

a) Income and expenditure

	Budget 2015 \$'000	Actual 2015 \$'000	Variance 2015 \$'000	Ref
Income				
Rates and charges	75,035	75,142	107	
Waste charges	12,152	12,149	(3)	
Statutory fees and fines	1,720	1,665	(55)	
User fees and charges	9,631	10,272	641	1
Contributions - cash	1,145	2,094	949	2
Contributions - non-monetary	464	1,618	1,154	3
Grants - operating (recurrent)	10,266	11,900	1,634	4
Grants - operating (non-recurrent)	77	236	159	5
Grants - capital (recurrent)	1,258	1,137	(121)	6
Grants - capital (non-recurrent)	1,148	1,304	156	7
Interest income	1,542	1,787	245	8
Other income	851	750	(101)	
Share of gain from investment in associate	-	153	153	
Total income	<u>115,289</u>	<u>120,207</u>	<u>4,918</u>	
Expenses				
Employee costs	46,050	45,948	102	
Materials, services and contracts	20,474	19,951	523	
Net loss on disposal of property, plant and equipment, infrastructure, and other fixed assets	(272)	2,330	(2,602)	9
Depreciation and amortisation	19,410	19,754	(344)	
Borrowing costs	275	294	(19)	
Community grants	5,176	5,137	39	
Utilities	2,799	2,538	261	10
Other expenses	9,223	10,093	(870)	11
Total expenses	<u>103,135</u>	<u>106,045</u>	<u>(2,910)</u>	
Surplus/(deficit) for the year	<u>12,154</u>	<u>14,162</u>	<u>2,008</u>	
Other comprehensive income				
Net asset revaluation increment/(decrement)	23,659	180,582	156,923	12
Total comprehensive result	<u>35,813</u>	<u>194,744</u>	<u>158,931</u>	

variances in brackets = unfavourable

Notes to the Financial Report
For the Year Ended 30 June 2015

MANNINGHAM CITY COUNCIL
2014/15 Financial Report

Note 2 Budget comparison (cont.)

a) Income and expenditure (cont.)

Explanation of material variations

Ref.	Item	Explanation
1	User fees and charges	Outcome: Greater than budget \$641,000 or 6.7 % During 2014/15 Council received a \$367,000 refund of carbon tax it had paid in relation to the kerb side waste collection service. These funds will be returned to ratepayers through reduced waste service charges in 2015/16. An increase in statutory planning applications generated an additional \$200,000 revenue and higher recovery of expenses from tenants contributed \$99,000 of the increase.
2	Contributions - cash	Outcome: Greater than budget \$949,000 or 82.9 % The level of cash received from developers for open space and development contributions was \$930,000 greater than budget. These funds are placed into a reserve and used to fund future capital works projects as part of the capital works program.
3	Contributions - non-monetary	Outcome: Greater than budget \$1,154,000 or 248.7 % The level of assets contributed to Council was \$1.15 million greater than budget. This represents land, infrastructure and land under roads transferred to council ownership by developers.
4	Grants - operating (recurrent)	Outcome: Greater than budget \$1,634,000 or 15.9 % Late in June 2015, the Federal Government announced that it would pay two quarters of the estimated 2015/16 Financial Assistance Grants allocation during 2014/15. Therefore Victoria Grants Commission payments was \$1.21 million higher than budget. In addition, Council received increased aged care funding of \$295,000 and \$144,000 for family and children services.
5	Grants - operating (non-recurrent)	Outcome: Greater than budget \$159,000 or 206.5 % During the year Council received unbudgeted grants for provision of services in the community.
6	Grants - capital (recurrent)	Outcome: Less than budget \$121,000 or 9.6 % A Federal Government Roads to Recovery grant of \$502,000 was budgeted to be received in 2014/15 and is now forecast to be received in 2015/16. Late in June 2015, the Federal Government announced that it would pay two quarters of the estimated 2015/16 Financial Assistance Grants allocation during 2015/16. Therefore the capital grant component of the Victoria Grants Commission payments was \$378,000 higher than budget.
7	Grants - capital (non-recurrent)	Outcome: Greater than budget \$156,000 or 13.6 % A capital grant of \$317,500 was received in advance for works at the Bolin Bolin Wetlands which are due to be completed in 2015/16. During 2014/15 Council was successful in receiving additional net capital grants totalling \$339,000. Delays in construction at the Aquarena Leisure Centre redevelopment resulted in a \$500,000 grant budgeted to be received in 2014/15 is now forecast to be received in 2015/16.
8	Interest income	Outcome: Greater than budget \$245,000 or 15.9 % Interest on investments was greater than budget due to increased cash holdings which chiefly resulted from grants received in advance \$2.23 million, increased cash developer contributions \$0.93 million and capital works carried forward from 2014/15 to 2015/16 of \$5.15 million.
9	Net loss on disposal of property, plant and equipment, infrastructure, and other fixed assets	Outcome: Less than budget \$2,602,000 or 956.6 % The replacement of existing assets as part of the 2014/15 capital works program resulted in a write-down on infrastructure assets of \$2.53 million.

Note 2 Budget comparison (cont.)

a) Income and expenditure (cont.)

Explanation of material variations

Ref.	Item	Explanation
10	Utilities	Outcome: Less than budget \$261,000 or 9.3 % Renegotiated electricity contracts at lower rates together with the installation of energy efficient street lighting globes and the upgrade of lights at Council facilities were the main contributors to the savings in utility costs.
11	Other expenses	Outcome: Greater than budget \$870,000 or 9.4 % Expenditure of \$1.51 million funded through the capital works program has been classified as non capital and transferred to operating expenditure. Operating costs were less than budget and include savings in insurance premiums \$222,000, software licences \$170,000 and catering expenses associated with the Function Centre \$205,000.
12	Revaluation	Outcome: Greater than budget \$156,923,000 or 663.3 % The 2014/15 revaluation of property, infrastructure and other fixed assets resulted in an increase in asset values by \$180.58 million. Land assets increased in value by \$181.57 million or 20.7% during 2014/15, reflecting strong property price movements within the municipality.

Notes to the Financial Report
For the Year Ended 30 June 2015

MANNINGHAM CITY COUNCIL
2014/15 Financial Report

Note 2 Budget comparison (cont.)

b) Capital Works

	Budget 2015 \$'000	Actual 2015 \$'000	Variance 2015 \$'000	Ref
Property				
Land	113	835	(722)	13
Buildings	10,615	8,973	1,642	14
Total property	<u>10,728</u>	<u>9,808</u>	<u>920</u>	
Plant, machinery and other assets				
Plant, machinery and equipment	1,922	1,494	428	15
Fixtures, fittings and furniture	125	108	17	
Computers and telecommunications	126	98	28	
Artworks	20	3	17	
Total plant, machinery and other assets	<u>2,193</u>	<u>1,703</u>	<u>490</u>	
Infrastructure				
Roads	7,810	6,953	857	16
Bridges	79	216	(137)	17
Footpaths and cycleways	3,052	2,780	272	18
Off street car parks	287	390	(103)	19
Drainage	4,817	3,924	893	20
Recreational, leisure and community facilities	1,767	1,496	271	21
Parks, open space and streetscapes	2,541	1,372	1,169	22
Waste management	-	-	-	
Total infrastructure	<u>20,353</u>	<u>17,131</u>	<u>3,222</u>	
Intangible assets				
Software	995	539	456	23
Total intangible assets	<u>995</u>	<u>539</u>	<u>456</u>	
Total capital works expenditure	<u>34,269</u>	<u>29,181</u>	<u>5,088</u>	
Represented by:				
New asset expenditure	11,024	9,735	1,289	
Asset renewal expenditure	16,625	13,701	2,924	
Asset expansion expenditure	2,116	2,578	(462)	
Asset upgrade expenditure	4,504	3,167	1,337	
Total capital works expenditure	<u>34,269</u>	<u>29,181</u>	<u>5,088</u>	

variances in brackets = unfavourable

Notes to the Financial Report
For the Year Ended 30 June 2015

MANNINGHAM CITY COUNCIL
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Note 2 Budget comparison (cont.)

b) Capital Works (cont.)

Explanation of material variations

Ref.	Item	Explanation
13	Land	Outcome: Greater than budget \$722,000 or 638.9 % During 2014/15 Council purchased a property on Doncaster Hill for future open space. This purchase was not included in the adopted budget and was funded from developer levy contributions.
14	Buildings	Outcome: Less than budget \$1,642,000 or 15.5 % Expenditure on the Mullum Mullum Highball facility was \$734,000 less than budget and primarily relates to the development of detailed concept plans taking longer than anticipated. Aquarena Leisure Centre upgrade expenditures were \$298,000 less than budget and chiefly relate to groundwork delays at the site. These projects are included in the 2015/16 capital works program.
15	Plant, machinery and equipment	Outcome: Less than budget \$428,000 or 22.3 % The programmed replacement of Council's vehicles and mobile plant was \$416,000 less than budget and can be attributed to a reduction in the sale prices of vehicles disposed.
16	Roads	Outcome: Less than budget \$857,000 or 11 % Expenditure on Tindals Road construction was \$459,000 less than budget and chiefly relates to protracted negotiations with service authorities. Reconstruction of Heads Road was \$419,000 less than budget as a result of consultation and project planning delays. These projects are included in the 2015/16 capital works program.
17	Bridges	Outcome: Greater than budget \$137,000 or 173.4 % Construction of a footbridge on the Mullum Mullum Linear trail was completed in 2014/15. This project was partly funded from an unexpended 2013/14 capital works program budget carried forward into 2014/15.
18	Footpaths and cycleways	Outcome: Less than budget \$272,000 or 8.9 % Expenditure on new footpath construction as part of the Principal Pedestrian Network was \$233,000 less than budget primarily relating to consultation and planning approval delays. Unspent funds will be carried forward to complete the works in 2015/16.
19	Off street car parks	Outcome: Greater than budget \$103,000 or 35.9 % Deep Creek Reserve Car Park works were completed in 2014/15 from funding provided in the 2013/14 capital works program and carried forward to 2014/15.
20	Drainage	Outcome: Less than budget \$893,000 or 18.5 % The Bolin Bolin Wetlands project budgeted for 2014/15 was delayed through the uncertainty of State Government funding and the issuing of a planning permit. Of the \$1.25 million budget, \$59,000 was expended in 2014/15. This project has been included in the 2015/16 capital works program.
21	Recreational, leisure and community facilities	Outcome: Less than budget \$271,000 or 15.3 % Expenditure on the Colman Park Pavilion upgrade was \$422,000 less than budget and primarily relates to consultation and approval delays. This project is forecast to be completed in 2015/16 and is included in the 2015/16 capital works program.
22	Parks, open space and streetscapes	Outcome: Less than budget \$1,169,000 or 46 % Expenditure on the Mullum Mullum Linear Park Stage 3 was \$684,000 less than budget and chiefly relates to planning permit delays resulting from gaining compliance with State Government vegetation controls. The construction of a toilet block in Warrandyte was delayed pending negotiations to purchase a suitable site resulting in underexpenditure of \$186,000. Both of these projects are included in the 2015/16 capital works program.
23	Software	Outcome: Less than budget \$456,000 or 45.8 % Implementation of new software was delayed pending project design and development of detailed specifications. Funding has been carried forward to the 2015/16 capital works program.

Notes to the Financial Report
For the Year Ended 30 June 2015

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	2015 \$'000	2014 \$'000
Note 3 Rates and charges		
<p>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.</p> <p>The CIV used to calculate general rates for 2014/15 was \$35,224 million (2013/14, \$32,371 million). The 2014/15 rate in the CIV dollar was 0.002118 (2013/14, 0.002190).</p>		
General rates	74,584	70,879
Supplementary rates	486	308
Waste charges	12,149	12,070
Recreational land	72	69
Total rates and charges	<u>87,291</u>	<u>83,326</u>
<p>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.</p>		
Note 4 Statutory fees and fines		
Infringements and costs	1,175	1,308
Land and property information certificates	284	253
Permits	206	179
Total statutory fees and fines	<u>1,665</u>	<u>1,740</u>
Note 5 User fees and charges		
Leisure centre management fee	-	236
Hall hire and function centre charges	1,920	2,265
Social and community services charges	621	533
Town planning fees	959	821
Aged services fees	840	834
Registration fees	1,264	1,174
Advertising fees	534	500
Culture and recreation fees	189	183
Chargeable works fees	594	654
Rent and lease charges	1,794	1,620
Other fees and charges	1,557	905
Total user fees and charges	<u>10,272</u>	<u>9,725</u>

Notes to the Financial Report
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	2015	2014
	\$'000	\$'000
Note 6 Contributions		
Monetary		
Resort and recreation contributions (a)	1,837	1,078
Doncaster hill activity centre contributions (b)	237	83
Other contributions	20	358
Total monetary contributions	2,094	1,519
 (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	1
Net increase/(decrease) in restricted assets resulting from contributions revenue for the year.	32	1
Non-Monetary		
Developer contributed assets	1,618	3,034
Total non-monetary contributions	1,618	3,034
 <i>Contributions of non monetary assets were received in relation to the following asset</i>		
Land	823	2,794
Land under roads	124	38
Infrastructure	671	202
	1,618	3,034

Notes to the Financial Report
For the Year Ended 30 June 2015

MANNINGHAM CITY COUNCIL
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	2015 \$'000	2014 \$'000
Note 7 Grants		
Grants were received in respect of the following:		
Summary of grants		
Commonwealth funded grants	4,952	2,240
State funded grants	8,975	9,150
Others	650	349
Total grants	14,577	11,739
Operating grants		
<i>Recurrent - Commonwealth Government</i>		
Victoria Grants Commission - general purpose grant	3,646	1,190
Social and community	154	135
<i>Recurrent - State Government</i>		
Aged services	6,399	6,202
Economic and environment	-	10
Immunisation	103	103
Maternal and child health, and immunisation	572	560
School crossing supervisors	146	139
Social and community	587	555
Other	293	470
Total recurrent operating grants	11,900	9,364
<i>Non-recurrent - State Government</i>		
Aged services	2	-
Community health	34	-
Economic and environment	3	30
Immunisation	26	-
Other	2	26
<i>Non-recurrent - Others</i>		
Community health	20	-
Economic and environment	4	-
Other	145	15
Total non-recurrent operating grants	236	71
Total operating grants	12,136	9,435
Capital grants		
<i>Recurrent - Commonwealth Government</i>		
Victoria Grants Commission - local roads	1,137	378
<i>Recurrent - State Government</i>		
Roads to Recovery	-	402
Total recurrent capital grants	1,137	780
<i>Non-recurrent - Commonwealth Government</i>		
Economic and environment	15	135
<i>Non-recurrent - State Government</i>		
Aquarena Masterplan Implementation	-	373
Economic and environment	29	445
Recreation	128	-
Sportsground refurbishment	162	72
Other	488	164
<i>Non-recurrent - Others</i>		
Economic and environment	96	65
Recreation	217	155
Sportsground refurbishment	15	-
Other	154	115
Total non-recurrent capital grants	1,304	1,524
Total capital grants	2,441	2,304

Notes to the Financial Report
For the Year Ended 30 June 2015

MANNINGHAM CITY COUNCIL
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	2015 \$'000	2014 \$'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	45	-
Community health	26	-
Economic and environment	59	135
Immunisation	7	-
Recreation	38	-
Social and community	12	99
Sportsground refurbishment	42	72
Other	411	143
	2,230	449
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	-	30
Economic and environment	135	495
Recreation	-	231
Social and community	61	7
Sportsground refurbishment	72	-
Victoria Grants Commission	-	1,636
Other	175	459
	443	2,858
Net increase/(decrease) in restricted assets resulting from grant revenues for the year:	1,787	(2,409)
Note 8 Other income		
Interest on investments	1,487	1,369
Interest on rates and charges	300	250
Other	750	1,293
Total other income	2,537	2,912

Notes to the Financial Report
For the Year Ended 30 June 2015

MANNINGHAM CITY COUNCIL
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	2015 \$'000	2014 \$'000
Note 9 Investment in associate		
Whitehorse-Manningham Regional Library Corporation		
<i>Background</i>		
Manningham City Council has a 30.18% 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 2015, per the draft WMRLC financial statements, has been taken up as income of \$153,497 during the year ended 30 June 2015 (income of \$262,644 in 2013/14). 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	2,290	2,151
Receivables	69	55
Other assets	129	128
	<u>2,488</u>	<u>2,334</u>
Non-current assets		
Property & equipment	6,294	6,076
	<u>6,294</u>	<u>6,076</u>
Total assets	<u>8,782</u>	<u>8,410</u>
Current liabilities		
Payables	631	584
Provisions	1,444	1,490
	<u>2,075</u>	<u>2,074</u>
Non-current liabilities		
Provisions	105	158
	<u>105</u>	<u>158</u>
Total liabilities	<u>2,180</u>	<u>2,232</u>
Net assets	<u>6,602</u>	<u>6,178</u>
<i>Movement in carrying value of investment</i>		
Carrying value of investment at start of year	1,839	1,576
Share of surplus/(deficit) for year	153	263
Carrying value of investment at end of year	<u>1,992</u>	<u>1,839</u>

Notes to the Financial Report
For the Year Ended 30 June 2015

MANNINGHAM CITY COUNCIL
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	2015 \$'000	2014 \$'000
Note 10 Employee costs		
Wages and salaries	38,650	36,518
Casual staff	1,116	968
Salary oncost (a)	5,901	5,854
Other employee costs	281	390
Total employee costs	45,948	43,730
<p>(a) includes annual leave and long service leave provision, Workcover and superannuation costs.</p>		
Superannuation		
<p>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.</p>		
Accumulation		
<p>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 2015, this was 9.5% required under Superannuation Guarantee legislation (for 2013/14, this was 9.25%)).</p>		
Defined Benefit		
<p>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.</p> <p>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 [Employer name] 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.</p>		
Note 11 Materials, services and contracts		
Materials and services	3,442	3,494
Fleet costs - fuel, oil tyres	676	742
Contractors - community building repairs and maintenance	1,244	1,220
Contractors - parks, gardens, sporting reserves and street trees	3,795	3,197
Contractors - drains, roads and footpaths	1,342	1,401
Contractors - waste collection services	9,452	9,578
Total materials, services and contracts	19,951	19,632
Note 12 Net loss on disposal of property, plant and equipment, infrastructure, and other fixed assets		
Proceeds from disposal	438	2,426
Written down value of assets disposed	(239)	(494)
Written down value of assets disposed - non-current asset held for sale	-	(1,543)
Written down value of assets scrapped	(2,529)	(553)
Total net loss on disposal	(2,330)	(164)

Notes to the Financial Report
For the Year Ended 30 June 2015

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	2015 \$'000	2014 \$'000
Note 13 Depreciation and amortisation		
Property	3,183	3,070
Plant, machinery and other assets	2,060	2,193
Infrastructure	13,977	13,829
Intangible assets	534	415
Total depreciation and amortisation	<u>19,754</u>	<u>19,507</u>
Note 14 Borrowing costs		
Interest - Borrowings	294	240
Total borrowing costs	<u>294</u>	<u>240</u>
Rate used to capitalise borrowing costs	4.24%	3.36%
Note 15 Other expenses		
Community grants and contributions		
Community grants	1,787	1,803
Library contributions	3,350	3,425
	<u>5,137</u>	<u>5,228</u>
Utilities		
Utilities, rent, and cleaning	1,465	1,481
Street lighting	1,073	1,228
	<u>2,538</u>	<u>2,709</u>
Other expenses		
Auditor's remuneration - VAGO - annual financial statement and grant acquittals	53	59
Auditor's remuneration - other parties	30	29
Auditor's remuneration - Internal audit	160	80
Councillors' allowances	283	277
Fire levy	139	157
Insurance	909	1,060
Leases	269	289
Consultants - engineering	350	257
Consultants - human resources	123	131
Consultants - economic and environmental	350	294
Consultants - other	368	208
Bank charges	299	293
Catering (including function centre)	742	1,056
Office expenses	109	104
Legal	707	1,068
Software licences	838	835
Telephone	628	504
Travel	54	54
Bad and doubtful debts	199	62
Advertising	185	179
Postage	231	227
Printing	242	252
Training	285	211
Design fees and maintenance - non capital	1,506	1,042
Statutory charges	72	76
Other	962	1,047
	<u>10,093</u>	<u>9,851</u>
Total other expenses	<u>17,768</u>	<u>17,788</u>

Notes to the Financial Report
For the Year Ended 30 June 2015

MANNINGHAM CITY COUNCIL
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	2015 \$'000	2014 \$'000
Note 16 Cash and cash equivalents		
Cash on hand	8	8
Cash at bank	2,313	1,009
Investments in term deposits and at-call with banks held to maturity	46,500	41,500
Total cash and cash equivalents	48,821	42,517
Users of the financial report should refer to note 31 for details of Council's commitments.		
Councils cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:		
- Trust funds and deposits (Note 23)	6,103	5,173
- Reserve funds (note 27(b) (a) and (b))	3,572	3,189
Total restricted funds	9,675	8,362
Total unrestricted cash and cash equivalents	39,146	34,155
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	5,154	5,360
- Waste bins replacement	14,005	11,715
- Loan repayment	728	-
- Family day care workcover	196	196
- Grants received in advanced	2,230	449
Total funds subject to intended allocations	22,313	17,720
Note 17 Trade and other receivables		
<i>Current</i>		
Rates debtors	3,889	3,246
Infringement debtors	378	509
Special rate schemes	331	475
Net GST receivable	762	750
Other debtors	2,357	1,232
Provision for doubtful debts	(11)	(4)
	7,706	6,208
<i>Non-current</i>		
Other receivables	31	31
Infringement court	821	720
Provision for doubtful debts - infringement court	(821)	(720)
	31	31
Total trade and other receivables	7,737	6,239
a) Ageing of Receivables		
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 trade and other receivables (excluding statutory receivables) was:		
Up to 3 months	3,007	2,054
3 to 6 months	136	57
Over 6 months	297	342
Total trade and other receivables	3,440	2,453
b) Movement in provisions for doubtful debts		
Balance at the beginning of the year	4	33
New Provisions recognised during the year	9	-
Amounts already provided for and written off as uncollectible	(2)	(26)
Amounts provided for but recovered during the year	-	(3)
Balance at end of year	11	4

Notes to the Financial Report
For the Year Ended 30 June 2015

MANNINGHAM CITY COUNCIL
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	2015 \$'000	2014 \$'000
Note 18 Other assets		
Current		
Accrued income - interest	102	136
Accrued income - other	502	867
Prepayments	359	160
Total other assets	<u>963</u>	<u>1,163</u>
Note 19 Financial assets		
Current		
Term deposit investment - refundable Manningham Centre Association bond (a)	169	163
Total financial assets	<u>169</u>	<u>163</u>

(a) Interest and principle is refundable to the Manningham Centre Association on termination of the agreement.

Notes to the Financial Report
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MANNINGHAM CITY COUNCIL
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Note 20 Property, plant and equipment, infrastructure, and other fixed assets

Property	Land	Land under roads *	Buildings	Total property
	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2014	884,200	548	286,133	1,170,881
Accumulated depreciation at 1 July 2014	-	-	(83,700)	(83,700)
	884,200	548	202,433	1,087,181
Movements in fair value				
Acquisition of assets at fair value	835	-	2,653	3,488
Revaluation increments/decrements	181,571	-	3,337	184,908
Fair value of assets disposed	-	-	(1,210)	(1,210)
Contributed assets	823	124	-	947
Transfer	-	-	2,606	2,606
	183,229	124	7,386	190,739
Movements in accumulated depreciation				
Depreciation and amortisation	-	-	(3,183)	(3,183)
Revaluation increments/decrements	-	-	(22,732)	(22,732)
Accumulated depreciation of disposals	-	-	560	560
	-	-	(25,355)	(25,355)
At fair value 30 June 2015	1,067,429	672	293,519	1,361,620
Accumulated depreciation at 30 June 2015	-	-	(109,055)	(109,055)
	1,067,429	672	184,464	1,252,565

* Land under roads is valued at cost.

Plant, machinery and other assets	Plant, machinery and equipment	Fixtures, fittings and furniture	Computers and telecommunications	Artworks	Total plant, equipment and other assets
	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2014	11,672	9,142	2,689	2,277	25,780
Accumulated depreciation at 1 July 2014	(6,481)	(6,374)	(1,993)	-	(14,848)
	5,191	2,768	696	2,277	10,932
Movements in fair value					
Acquisition of assets at fair value	1,248	108	98	3	1,457
Revaluation increments/decrements	-	-	-	(387)	(387)
Fair value of assets disposed	(1,186)	(4)	(6)	(7)	(1,203)
Transfer	-	13	-	-	13
	62	117	92	(391)	(120)
Movements in accumulated depreciation					
Depreciation and amortisation	(1,274)	(613)	(173)	-	(2,060)
Accumulated depreciation of disposals	946	4	6	-	956
	(328)	(609)	(167)	-	(1,104)
At fair value 30 June 2015	11,734	9,259	2,781	1,886	25,660
Accumulated depreciation at 30 June 2015	(6,809)	(6,983)	(2,160)	-	(15,952)
	4,925	2,276	621	1,886	9,708

Notes to the Financial Report
For the Year Ended 30 June 2015

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

Infrastructure	Footpaths and Off street car parks					Drainage
	Roads	Bridges	cycleways	and parks		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2014	314,682	17,742	96,297	16,955	333,473	
Accumulated depreciation at 1 July 2014	(158,688)	(4,260)	(42,513)	(6,509)	(120,049)	
	155,994	13,482	53,784	10,446	213,424	
Movements in fair value						
Acquisition of assets at fair value	5,177	216	2,319	390	2,748	
Revaluation increments/decrements	12,321	1,560	2,066	100	9,850	
Fair value of assets disposed	(3,563)	-	(462)	(161)	(271)	
Contributed assets	131	-	14	-	526	
Transfer	1,442	-	1,027	150	900	
	15,508	1,776	4,964	479	13,753	
Movements in accumulated depreciation						
Depreciation and amortisation	(7,047)	(296)	(1,034)	(245)	(3,344)	
Revaluation increments/decrements	(312)	(1,102)	(1,641)	(2)	(4,047)	
Accumulated depreciation of disposals	2,138	-	277	97	136	
	(5,221)	(1,398)	(2,398)	(150)	(7,255)	
At fair value 30 June 2015	330,190	19,518	101,261	17,434	347,226	
Accumulated depreciation at 30 June 2015	(163,909)	(5,658)	(44,911)	(6,659)	(127,304)	
	166,281	13,860	56,350	10,775	219,922	

Infrastructure (cont.)	Recreational, leisure and community facilities	Parks, open space and streetscapes	Waste management	Total infrastructure	Work in progress - all asset classes	Total Property, plant and equipment, infrastructure, and other fixed assets
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2014	16,627	25,163	2,875	823,814	11,373	2,031,848
Accumulated depreciation at 1 July 2014	(4,373)	(8,115)	(2,779)	(347,286)	-	(445,834)
	12,254	17,048	96	476,528	11,373	1,586,014
Movements in fair value						
Acquisition of assets at fair value	1,348	1,099	-	13,297	10,608	28,850
Revaluation increments/decrements	-	-	-	25,897	-	210,418
Fair value of assets disposed	(134)	-	-	(4,591)	-	(7,004)
Contributed assets	-	-	-	671	-	1,618
Transfer	451	32	-	4,002	(6,899)	(278)
	1,665	1,131	-	39,276	3,709	233,604
Movements in accumulated depreciation						
Depreciation and amortisation	(804)	(1,111)	(96)	(13,977)	-	(19,220)
Revaluation increments/decrements	-	-	-	(7,104)	-	(29,836)
Accumulated depreciation of disposals	72	-	-	2,720	-	4,236
	(732)	(1,111)	(96)	(18,361)	-	(44,820)
At fair value 30 June 2015	18,292	26,294	2,875	863,090	15,082	2,265,452
Accumulated depreciation at 30 June 2015	(5,105)	(9,226)	(2,875)	(365,647)	-	(490,654)
	13,187	17,068	-	497,443	15,082	1,774,798

Notes to the Financial Report
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Note 20 Property, plant and equipment, infrastructure, and other fixed assets (cont.)

Valuation basis

Valuations were completed as at 30 June 2015 for Council. Valuations for 30 June 2015 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 2015.

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 2015.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2015 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	-	6,479	1,060,950
Buildings	-	2,479	181,986
Total	-	8,958	1,242,936

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Note 20 Property, plant and equipment, infrastructure, and other fixed assets (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 2015.

There were no changes in valuation techniques throughout the period to 30 June 2015.

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 2015 are as follows:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Roads	-	-	166,281
Bridges	-	-	13,860
Footpaths and cycleways	-	-	56,350
Off street car parks	-	-	10,775
Drains	-	-	219,922
Total	-	-	467,188

Artworks

Valuation of Artworks was undertaken by Mr Warren Joel AVAA (Certified Practising Valuer No. 408), of Warren Joel Auction & Valuation Services. The valuation of artworks is at fair value based at the date of valuation being 15 April 2015.

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	2015 \$'000	2014 \$'000
Note 21 Intangible assets		
Software	1,617	1,808
Total intangible assets	1,617	1,808
Gross carrying amount		
Balance at 1 July	7,784	7,130
Additions from internal developments	343	654
Balance at 30 June	8,127	7,784
Accumulated amortisation		
Balance at 1 July	(5,976)	(5,561)
Amortisation expense	(534)	(415)
Balance at 30 June	(6,510)	(5,976)
Net book value at 30 June	1,617	1,808
Note 22 Trade and other payables		
Current		
Trade payables	517	631
Employee benefits and related costs	1,484	2,341
Accrued expenses	7,701	6,937
Total trade and other payables	9,702	9,909
Note 23 Trust funds and deposits		
Current		
Contract retention	695	585
Landscape bonds	2,969	2,500
Miscellaneous works deposits	133	157
Asset protection bonds	1,787	1,374
Subdivider deposits	138	138
Refundable Manningham Centre Association bond	169	163
Other refundable deposits	212	256
Total trust funds and deposits	6,103	5,173

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.

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Note 24 Provisions

	Annual leave	Long service leave	Total
	\$ '000	\$ '000	\$ '000
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	3,952	8,331	12,283

2014

Balance at beginning of the financial year	3,729	7,429	11,158
Amounts used	(2,585)	(1,246)	(3,831)
Additional provisions	2,578	1,561	4,139
Balance at the end of the financial year	3,722	7,744	11,466

	2015	2014
	\$'000	\$'000

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	2,781	2,617
Current long-term: settlement beyond 12 months of balance date (note 1m)	1,171	1,105
	3,952	3,722

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	546	482
Current long-term: settlement beyond 12 months of balance date (note 1m)	6,944	6,358
	7,490	6,840

Non-current

Long service leave	841	904
	841	904

Aggregate carrying amount of employee benefits:

Current	11,442	10,562
Non-current	841	904
Total	12,283	11,466

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

Weighted average increase in employee costs	3.40%	3.40%
Weighted average discount rates	2.60%	3.17%
Weighted average settlement periods	12	12

Total all provisions

Current	11,442	10,562
Non-current	841	904
	12,283	11,466

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	2015 \$'000	2014 \$'000
Note 25		
Income received in advance		
Rent	319	300
Fees	324	273
Total income received in advance	<u>643</u>	<u>573</u>
Note 26		
Interest-bearing loans and borrowings		
<i>Non-Current</i>		
Borrowings - secured	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>

Notes to the Financial Report
For the Year Ended 30 June 2015

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Note 27 Reserves

(a) **Asset revaluation reserves**

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, machinery and other 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

2014	Balance at beginning of reporting year \$'000	Increment/ (decrement) \$'000	Realised Revaluation Reserve \$'000	Balance at end of reporting year \$'000
Property				
Land	632,276	60,288	(1,239)	691,325
Buildings	82,443	(468)	(89)	81,886
	714,719	59,820	(1,328)	773,211
Plant, machinery and other assets				
Plant, machinery and equipment	38	-	24	62
Fixtures, fittings and furniture	1,008	-	-	1,008
Computers and telecommunications	75	-	-	75
Artworks	1,276	-	-	1,276
	2,397	-	24	2,421
Infrastructure				
Roads	69,045	1,955	-	71,000
Bridges	807	434	-	1,241
Footpaths and cycleways	23,845	4,587	-	28,432
Off street car parks	4,887	342	-	5,229
Drainage	109,755	8,374	-	118,129
Parks, open space and streetscapes	205	-	-	205
	208,544	15,692	-	224,236
Total	925,660	75,512	(1,304)	999,868

Notes to the Financial Report
For the Year Ended 30 June 2015

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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
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
	Balance at beginning of reporting year \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting year \$'000
2014				
Resort and recreation reserve (a)	2,642	(593)	1,078	3,127
Doncaster hill activity centre reserve (b)	-	(21)	83	62
Family day care workcover levy reserve (c)	196	-	-	196
Total	2,838	(614)	1,161	3,385

(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.

Notes to the Financial Report
For the Year Ended 30 June 2015

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	2015 \$'000	2014 \$'000
Note 28 Reconciliation of cash flows from operating activities to surplus/(deficit) for the year		
Surplus/(deficit) for the year	14,162	13,197
Depreciation/amortisation	19,754	19,507
(Gain)/loss on disposal of property, plant and equipment, infrastructure	2,330	(164)
Contributed assets	(1,618)	(3,034)
Share of (gain)/loss from associate	(153)	(263)
Adjustment for work in progress write-off to other expenses	265	10
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(1,498)	365
(increase)/decrease in other assets	200	(320)
Increase/(decrease) in trade and other payables	(207)	(35)
(Decrease)/increase in other assets and liabilities	70	15
Increase/(decrease) in unfunded superannuation liability	-	(7,906)
(Increase)/decrease in provisions	817	307
Net cash provided by/(used in) operating activities	<u>34,122</u>	<u>21,679</u>
Note 29 Reconciliation of cash and cash equivalents		
Cash and cash equivalents (note 16)	48,821	42,517
	<u>48,821</u>	<u>42,517</u>
Note 30 Financing arrangements		
Bank overdraft	1,000	1,000
Used facilities	-	-
Unused facilities	<u>1,000</u>	<u>1,000</u>

Notes to the Financial Report
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Note 31 Commitments

Council has entered into the following commitments

2015	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'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 and open space	1,241	-	-	-	1,241
Buildings	6,172	-	-	-	6,172
Plant and equipment	113	-	-	-	113
Total	9,926	-	-	-	9,926

2014	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Garbage collection	4,934	5,133	16,680	-	26,747
Meals for delivery	274	279	873	-	1,426
Hard and green waste collection	837	854	2,666	-	4,357
Property valuation	100	250	450	-	800
Total	6,145	6,516	20,669	-	33,330
Capital					
Roads	2,281	-	-	-	2,281
Drainage	709	-	-	-	709
Other - recreation & open space	1,269	-	-	-	1,269
Buildings	12,070	-	-	-	12,070
Plant and equipment	450	-	-	-	450
Total	16,779	-	-	-	16,779

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):

	2015 \$'000	2014 \$'000
Not later than one year	420	499
Later than one year and not later than five years	1,260	723
Later than five years	1,048	1,231
Total	2,728	2,453

(b) Operating lease receivables

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

	2015 \$'000	2014 \$'000
Not later than one year	1,490	775
Later than one year and not later than five years	4,291	1,910
Later than five years	25	3
Total	5,806	2,688

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Note 33 Contingent liabilities and contingent assets

(a) Contingent liabilities

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 where this is an appropriate risk management option. Council has taken out insurance with MAV Insurance to limit Council's exposure to liabilities arising from actions of the Council or its employees where it is appropriate to do so.

Council is presently involved in 5 open claims and total of 36 claims received in 2014/15 (37 claims in 2013/14) on Council for alleged personal injury, property damage, and professional negligence. As these matters are yet to be finalised, Council's liability, if any, has yet to be established. No allowance for these contingencies has been made in the financial report, however, the maximum excess or amount for potential settlement below the excess value that could be payable by Council in total is estimated by Council's insurers to be \$20,000 (\$28,000 in 2013/14). Council is not aware of any other contingent liabilities or claims that would fall outside of the terms of Council's insurance policies.

Public and products liability

Council is exposed to the risk of claims for damages, and resulting litigation, in respect to third party property damage and personal injury for events which occur as a result of alleged negligence by Council in management of assets and infrastructure owned by or under its control, and negligence in the delivery of services. Public liability insurance with a cover of \$400 million is held by Council and a policy deductible of \$20,000 applies for each and every claim made. Council's liability is therefore limited to the extent of the policy deductible. The insurer is MAV Insurance.

Professional indemnity

Alleged provision of inaccurate or inappropriate advice, and failure to meet statutory responsibilities for enforcement of specific legislation, can result in claims for damages being lodged against the Council. It is not possible to quantify the amount of such claims with any degree of accuracy, as what is claimed usually bears no relationship to either a final award or an ex-gratia payment with a denial of liability. Council holds insurance cover in the amount of \$300 million, with a policy deductible of \$20,000 applicable to each and every claim made. The insurer is MAV Insurance.

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.

Superannuation

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme to ensure that the liabilities of the fund are covered by the assets of the fund. 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.

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.

The Fund's latest actuarial investigation was held as at 30 June 2014 and it was determined that the vested benefit index (VBI) of the defined benefit category of which Manningham City Council is a contributing employer was 103.4%. To determine the VBI, the fund Actuary used the following long-term assumptions:

Net investment returns	7.50% pa
Salary information	4.25% pa
Price inflation (CPI)	2.75% pa

Note 33 Contingent liabilities and contingent assets (cont.)**(a) Contingent liabilities (cont.)**

Vision Super has advised that the VBI at 30 June 2015 was 105.8%.

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 most recent full actuarial investigation conducted by the Fund's Actuary as at 30 June 2014, 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 2015, this rate was 9.5% of members' salaries. 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.

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.

Latest actuarial investigation surplus amounts

The Fund's latest actuarial investigation as at 30 June 2014 identified the following in the defined benefit category of which Manningham City Council is a contributing employer:

- A VBI surplus of \$77.1 million; and
- A total service liability surplus of \$236 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 2014.

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 results of the actuarial investigation during January 2015.

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Note 33 Contingent liabilities and contingent assets (cont.)

(a) Contingent liabilities (cont.)

Superannuation contributions

Contributions by Manningham City Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2015 are detailed below:

Scheme	Type of scheme	Rate	2015	2014
			\$'000	\$'000
Vision Super	Defined benefits	9.50%	358	343
Vision Super	Accumulation	9.50%	2,437	2,327
Other Funds	Accumulation	9.50%	832	605
			3,627	3,275

In addition to the above contributions, Manningham City Council has paid unfunded liability payments to Vision Super totalling \$nil paid during the 2014/15 year (2013/14 \$7.906 million).

There were \$nil contributions outstanding (2013/14, nil).

The expected contributions to be paid to the defined benefit category of Vision Super for the year ending 30 June 2016 is \$370,000.

(b) Contingent assets

Developer contributed assets

Developer contributions to be received in respect of estates subject to future subdivisions total \$4,073,289 (2013/14, \$833,321).

Note 34 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 2015 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 33, 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.

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Note 34 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 2.00%.

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 35 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, Mayor from 12 November 2013 to 2 December 2014) Councillor Haynes (Elected 8 November 2012) Councillor Kleinert (Elected 8 November 2012) Councillor McLeish (Elected 8 November 2012, Mayor from 3 December 2014) Councillor O'Brien (Elected 8 November 2012) Councillor Yang (Re-elected 8 November 2012)
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Chief Executive Officer	Mr Joe Carbone (Appointed Chief Executive Officer on 21 January 2013) Mr Leigh Harrison (Appointed as Acting Chief Executive between 20 October 2014 to 3 November 2014) Ms Teresa Dominik (Appointed as Acting Chief Executive between 29 December 2014 to 9 January 2015)
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(ii) Remuneration of Responsible Persons

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

	2015	2014
	No.	No.
Less than \$10,000	-	-
\$10,000 - \$19,999	-	7
\$20,000 - \$29,999	7	-
\$30,000 - \$39,999	-	-
\$40,000 - \$49,999	1	1
\$50,000 - \$59,999	1	1
\$110,000 - \$119,999	-	-
\$170,000 - \$179,999	-	-
\$210,000 - \$219,999	-	1
\$250,000 - \$259,999	-	-
\$310,000 - \$319,999	-	1
\$330,000 - \$339,999	1	-
	10	11

Total remuneration for the reporting year for Responsible Persons included above amounted to:	\$'000	\$'000
	615	807

(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 2014/15 (2013/14, 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 2014/15 (2013/14, 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 (2013/14, nil).

Notes to the Financial Report
For the Year Ended 30 June 2015

MANNINGHAM CITY COUNCIL
2014/15 Financial Report

Note 35 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 \$136,000

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:	2015 No.	2014 No.
<\$120,000	-	4
\$120,000 - \$129,999	-	1
\$130,000 - \$139,999	4	3
\$140,000 - \$149,999	3	7
\$150,000 - \$159,999	10	3
\$160,000 - \$169,999	3	2
\$170,000 - \$179,999	2	1
\$180,000 - \$189,999	-	-
\$190,000 - \$199,999	1	-
\$200,000 - \$209,999	1	2
\$210,000 - \$219,999	-	1
\$220,000 - \$229,999	1	-
\$230,000 - \$239,999	1	1
\$240,000 - \$249,999	1	-
	<u>27</u>	<u>25</u>

Total Remuneration, excluding resignation benefits, for the reporting year for Senior Officers included above, amounted to:

\$'000	\$'000
4,481	3,589

Employee entitlements paid to Senior Officers who resigned during the 2014/15 year amounted to \$nil (2013/14, \$136,637).

Note 36 Events occurring after balance date

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

MANNINGHAM CITY COUNCIL
2014/15 Financial Report

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
Date

In our opinion, the accompanying financial report presents fairly the financial transactions of Manningham City Council for the year ended 30 June 2015 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
Date

Michelle Kleinert
Deputy Mayor
Date

Joe Carbone
Chief Executive Officer
Date

Attachment 3

**Manningham City Council****Performance Statement**For the year ended 30 June 2015

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 2014, our estimated population was 118,521 people and 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 2015

<i>Indicator/ measure</i>	Results 2015	Material Variations
<i>Own-source revenue</i>		
<i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$860	First Local Government Performance Reporting Framework (LGPRF) Reporting year
<i>Recurrent grants</i>		
<i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$110	First LGPRF Reporting year
<i>Population</i>		
<i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$895	First LGPRF Reporting year
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$5,944	First LGPRF Reporting year
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	198	First LGPRF Reporting year
<i>Disadvantage</i>		
<i>Relative socio-economic disadvantage</i> [Index of Relative Socio-economic Disadvantage by decile]	10	First LGPRF Reporting year

Service Performance Indicators

For the year ended 30 June 2015

Service/indicator/measure	Results 2015	Material Variations
Governance		
Satisfaction		
<i>Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	60	First LGPRF Reporting year
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	44.4%	First LGPRF Reporting year
Roads		
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]	68	First LGPRF Reporting year
Libraries		
Participation		
<i>Active library members</i> [Number of active library members / Municipal population] x100	16.2%	This indicator only measures members that have borrowed a physical item within 2014/15.
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	53.7%	First LGPRF Reporting year
Aquatic facilities		
Utilisation		
<i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	3.9	A significant redevelopment of the municipal aquatic facilities impacted visitor door counters over 2014/15.
Animal management		
Health and safety		
<i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	24	First LGPRF Reporting year
Food safety		
Health and safety		
<i>Critical and major non-compliance notifications</i> [Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x100	91.6%	First LGPRF Reporting year

3

Service/ indicator/ measure	Results 2015	Material Variations
Home and community care		
Participation		
<i>Participation in HACC service</i> [Number of people that received a HACC service / Municipal target population for HACC services] x100	22.6%	First LGPRF Reporting year
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	18.5%	First LGPRF Reporting year
Maternal and child health		
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	98.6%	First LGPRF Reporting year
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	91.7%	First LGPRF Reporting year

Financial Performance Indicators
For the year ended 30 June 2015

Dimension / indicator / measure	Forecasts				Material Variations	
	Results 2015	2016	2017	2018		2019
Operating position Adjusted underlying result <i>Adjusted underlying surplus (or deficit)</i> [Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100	7.0%	7.6%	8.1%	8.4%	10.0%	The Financial Performance Indicator forecasts for 2016 to 2019 are based on Council's published Strategic Resource Plan projections. The State Government's announced intention to cap rates growth for local government may have the effect of reducing both revenues and expenses over the forecast period. The general trend of an improved underlying result ratio relates to an ongoing strategy to limit the growth of operational expenses.
Liquidity Working capital <i>Current assets compared to current liabilities</i> [Current assets / Current liabilities] x100	206.1%	176.0%	149.5%	154.8%	143.7%	Council's Working capital ratio is forecast to decrease as surplus funds are applied to fund the replacement and upgrade of community assets as part of the capital works program.
Unrestricted cash <i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash / Current liabilities] x100	60.4%	63.0%	62.7%	62.8%	53.0%	No material variation
Obligations Loans and borrowings <i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x100	8.3%	7.9%	7.6%	7.2%	6.9%	No material variation
<i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	0.3%	0.3%	0.3%	0.3%	0.3%	No material variation
Indebtedness <i>Non-current liabilities compared to own source revenue</i> [Non-current liabilities / Own source	8.0%	7.7%	7.5%	7.2%	3.9%	The reduction in the Indebtedness ratio in 2019 relates to the proposed repayment of \$3.6 million of loan funds in 2019/20.

Dimension / Indicator / Measure	Forecasts				Material Variations	
	Results 2015	2016	2017	2018		2019
Asset renewal Asset renewal compared to depreciation [Asset renewal expenses / Asset depreciation] x100	71.3%	83.5%	124.5%	81.1%	83.9%	High asset renewal ratio in 2017 relates to Council's plan to replace 130,500 waste bins across the municipality.
Stability Rates concentration Rates compared to adjusted underlying revenue [Rate revenue / Adjusted underlying revenue] x100	76.5%	78.6%	78.1%	79.3%	79.5%	No material variation
Rates effort Rates compared to property values [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.2%	0.2%	0.3%	0.3%	0.3%	No material variation
Efficiency Expenditure level Expenses per property assessment [Total expenses / Number of property assessments]	\$2,282	\$2,325	\$2,403	\$2,489	\$2,570	The Financial Performance Indicator forecasts for 2016 to 2019 are based on Council's published Strategic Resource Plan projections.
Revenue level Average residential rate per residential property assessment [Residential rate revenue / Number of residential property assessments]	\$1,832	\$1,922	\$2,015	\$2,119	\$2,273	The State Government's announced intention to cap rates growth for local government may have the effect of reducing both revenues and expenses over the forecast period.
Workforce turnover Resignations and terminations compared to average staff [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	8.3%	9.5%	9.5%	9.5%	9.5%	No material variation

Note:.

Other Information

For the year ended 30 June 2015

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.

The forecast figures included in the performance statement are those adopted by council in its Strategic Resource Plan on 23 June 2015 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. Such forward-looking statements by their nature are subject to known and unknown risks and other factors that may result in actual outcomes being materially different from those expressed or implied here. 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 2015 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.

Paul McLeish
Mayor
Dated: *(Date)*

Michelle Kleinert
Deputy Mayor
Dated: *(Date)*

Joe Carbone
Chief Executive Officer
Dated: *(Date)*

The meeting concluded at 6:40pm.

Chairman
CONFIRMED THIS 29 SEPTEMBER 2015

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