



Financial Report and Performance Statement

For year ended
30 June 2011



FINANCIAL STATEMENTS, STANDARD STATEMENTS AND PERFORMANCE STATEMENT 30 JUNE 2011

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COMPREHENSIVE INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	NOTE	2010/2011 \$ '000	2009/2010 \$ '000
INCOME			
Rates and garbage charges	2	58,660	53,401
Grants, contributions, subsidies & reimbursements	3(a)	15,832	16,578
User charges, fees & fines	4	17,083	16,838
Interest		3,024	2,389
Net gain/(loss) on disposal of property, plant & equipment	12	(40)	363
Share of net surplus/(deficit) of associates	13	113	37
Other	5	4,671	9,173
TOTAL INCOME		99,343	98,779
EXPENSES			
Employee costs	6	41,246	36,410
Materials and services	7	19,798	19,358
Contractors	8	16,970	15,337
Depreciation and amortisation	9	14,560	13,998
Finance Costs		36	52
Other	10	953	1,507
TOTAL EXPENSES	11	93,563	86,662
Profit/(Loss) for the year		5,780	12,117
Other comprehensive Income			
Net asset revaluation increment/(decrement)		11,409	60,979
Comprehensive Result for the Year		17,189	73,096

The above statement should be read with the accompanying notes.

BALANCE SHEET AS AT 30 JUNE 2011

	NOTE	2011 \$ '000	2010 \$ '000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	14	44,984	42,842
Receivables	15	5,649	6,142
Inventories - consumables	16	288	256
Assets held for resale	17	103	103
Other		1,022	1,454
TOTAL CURRENT ASSETS		52,046	50,797
NON-CURRENT ASSETS			
Receivables	15	438	339
Investments in Associates	18	2,101	1,988
Investment Properties	19	-	-
Intangible assets	20	8,751	8,879
Property, Infrastructure, Plant, & Equipment	21	1,040,509	1,022,437
TOTAL NON-CURRENT ASSETS		1,051,799	1,033,643
TOTAL ASSETS		1,103,845	1,084,440
LIABILITIES			
CURRENT LIABILITIES			
Payables	24	7,463	6,585
Employee benefits	23	10,432	8,835
Interest-bearing liabilities	22	285	269
Other	25	3,458	3,487
TOTAL CURRENT LIABILITIES		21,638	19,176
NON-CURRENT LIABILITIES			
Employee benefits	23	813	774
Interest-bearing liabilities	22	149	434
Other	25	6	6
TOTAL NON-CURRENT LIABILITIES		968	1,214
TOTAL LIABILITIES		22,606	20,390
NET ASSETS		1,081,239	1,064,050
EQUITY			
Accumulated surplus		365,945	360,165
Reserves	26	715,294	703,885
TOTAL EQUITY		1,081,239	1,064,050

The above statement should be read with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011

	Note	2010/2011			2009/2010		
		Total \$ '000	Accumulated Surplus \$ '000	Asset Revaluation Reserve \$ '000	Total \$ '000	Accumulated Surplus \$ '000	Asset Revaluation Reserve \$ '000
Balance at end of previous year		1,064,050	360,165	703,885	987,742	344,836	642,906
Adjustment for prior period corrections	39	-	-	-	3,212	3,212	-
Adjusted previous year balance		1,064,050	360,165	703,885	990,954	348,048	642,906
Profit/(Loss) for the year		5,780	5,780	-	12,117	12,117	-
Net increment from asset revaluation	26	11,409	-	11,409	60,979	-	60,979
BALANCE AT END OF YEAR		1,081,239	365,945	715,294	1,064,050	360,165	703,885

The above statement should be read with the accompanying notes.

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	NOTE	2010/2011 \$ '000 Inflows/ (Outflows)	2009/2010 \$ '000 Inflows/ (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Rates (inclusive of GST)		59,232	53,032
Grants, contributions, subsidies, & reimbursements (inclusive of GST)		16,035	16,936
Interest		2,922	2,151
User charges, fees & fines (inclusive of GST)		18,210	17,474
GST refunds		3,736	3,341
Payments to employees (including redundancies)		(39,624)	(35,912)
Payments for materials and services (inclusive of GST)		(20,450)	(22,505)
Payments to contractors (inclusive of GST)		(20,664)	(18,169)
Net cash provided by operating activities	29(a)	<u>19,397</u>	<u>16,348</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, infrastructure, plant and equipment		(18,233)	(18,332)
Proceeds from sale of property, plant, and equipment		1,283	2,251
Net cash (used in) investing activities		<u>(16,950)</u>	<u>(16,081)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance costs		(36)	(52)
Repayment of interest-bearing liabilities		(269)	(254)
Net cash (used in) financing activities		<u>(305)</u>	<u>(306)</u>
Net increase in cash held		2,142	(39)
Cash and cash equivalents at the beginning of the year		42,842	42,881
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	29(b)	<u>44,984</u>	<u>42,842</u>
Restrictions on cash and cash equivalents	36		
Financing arrangements	29(c)		

The above statement should be read with the accompanying notes.



NOTES TO THE FINANCIAL STATEMENTS

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NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1 Significant Accounting Policies

Introduction

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

Financial report complies with AIFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (IFRS). This Financial Report complies with the Australian equivalents to IFRS (AIFRS).

(a) Basis of accounting

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

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

(b) The Council reporting entity

All entities associated with Council, other than Committees of Management that have a turnover of less than \$10,000 per year, have been brought to account.

In the process of reporting on the municipality as a single unit, all transactions and balances between council entities have been eliminated. All intra entity transactions have also been eliminated.

(c) Rates, Grants, Contributions, Subsidies, & Reimbursements

Rates, grants, contributions, subsidies, & reimbursements are recognised as revenues when the council obtains control over the assets from which these revenues flow. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates. Control over granted assets is normally obtained upon their receipt.

Where contributions recognised as revenues during previous years were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 3(b). That note also discloses the amount of contributions recognised as revenues in previous years which were expended in respect of the municipality's operations during the current year.

(d) User Charges, Fees, & Fines

User charges, fees, and fines are recognised as revenue when the service is provided or the fee or fine is imposed. User charges and fees are paid by individuals or groups to Council for the provision of various services. Fines are imposed on individuals who breach Council's local laws.

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1 Significant Accounting Policies (continued)

(e) Assets Arising from Creation of Subdivisions

Assets arising from the creation of subdivisions are recognised as revenue on completion of the subdivision when construction plans and assets are formally handed to Council. The basis of valuation of these assets is fair value based on written down replacement value.

(f) Depreciation of non-current assets - Property, Infrastructure, Plant & Equipment

Non-current 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.

Depreciation rates are reviewed annually and, if necessary, adjusted so that they reflect the most recent assessment of the useful lives of the respective assets. Depreciation charges are made from the point in time when a depreciable asset is put into use or held ready for use. When a depreciated asset has been revalued, depreciation charges subsequent to the date of revaluation are based on the revalued amount over the remaining useful life of the asset to the Council.

Straight-line depreciation is utilised for all non-current assets. Depreciation rates are consistent with the prior year.

Major depreciation periods are:

	2011
Buildings	60-200 years
Plant, Furniture and Equipment:	
-Office furniture and equipment	5-15 years
-Computer equipment	3 years
-Light motor/plant and equipment	2 years
-Heavy plant and equipment	7-10 years
-Motor vehicles	8 years
Roads and Streets:	
-Roads Surfacing:	
- Original surfacing	50 years
- Asphalt overlays	50 years
- Spray – seals	12-15 years
-Roads Pavement – Base construction	150-200 yrs
-Footpaths	50 years
-Kerb and channel	65 years
-Car Parks (off-street)	40 years
Drainage:	
-Drainage Pits	110 years
-Drainage Pipes	110 years
Parks, Reserves, Ovals, & Recreational:	
-Bicycle paths	15 years
-Sub-surface drainage	10 years
-Irrigation	10 years
-Lake improvement works	60 years
-Sporting grounds surfaces	20-50 years
-Playground equipment	5-10 years
-Public seating	5-10 years



NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1 Significant Accounting Policies (continued)

(g) Expenses

Expenses are disclosed after deducting any amounts capitalised and included in the cost of assets constructed by Council.

(h) Maintenance and Repairs

Maintenance, repair costs and minor renewals are expensed as incurred.

(i) Finance costs

Borrowing costs are recognised as an expense in the period in which these are incurred, except where capitalised as part of an asset.

(j) Leases

In respect of operating leases, where the lessor effectively retains substantially all of the risks and benefits incidental to ownership of the leased items, lease payments are charged to expense over the lease term.

(k) Website Costs

Costs incurred in relation to our website are charged as expenses in the period in which they are incurred.

(l) Allocation between current and non-current

Assets and liabilities are reported as current where the Council does not have an unconditional right to defer settlement for at least 12 months. Consequently, the current portion of the employee benefits provision can include both short term benefits, that are measured at nominal values, and long-term benefits, that are measured at present values.

Employee benefits provisions that are reported as non-current liabilities also include long-term benefits such as non vested long service leave (ie where the employee does not have a present entitlement to the benefit) that do not qualify for recognition as a current liability, and are measured at present values.

(m) Cash and cash equivalents

For the purposes of the Cash Flow Statement, cash and cash equivalents include cash on hand and highly liquid investments with short periods to maturity that are readily convertible to cash on hand at the Council's option and are subject to insignificant risk of changes in values. Cash assets are net of outstanding bank overdrafts.

(n) Receivables

Trade Debtors are carried at amounts receivable. The collectability of debts is assessed on an ongoing basis and specific provision is made for any accounts where the debt is considered unlikely to be collected. Debts which are uncollectable are written off.

(o) Inventories

Inventories are measured at the lower of cost or net realisable value. Costs are assigned on the basis of weighted average cost.

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1 Significant Accounting Policies (continued)

(p) 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.

(q) Interest in Regional Corporations

Council's equity share in the Eastern Regional Library Corporation at 30 June 2011, based on the Corporation's unaudited financial report, is disclosed as a non-current investment (see Note 18).

The equity holders in the Eastern Regional Library Corporation are:

	2011	2010
Maroondah City Council	24.89%	24.89%
Knox City Council	36.39%	36.39%
Yarra Ranges Shire Council	38.72%	38.72%

Council holds a 15.94% interest in the net assets relating to the use of the now closed Narre Warren regional landfill facility. The investment held by the Narre Warren User Group is used for monitoring of the site, receipt of royalties and interest on the investment.

The carrying value of the investment in ERL and NWUG is determined in accordance with AASB 128 'Investments in Associates'.

(r) Investment property

Investment property, comprising freehold office complexes, is held to generate long-term rental yields. All tenant leases are on arms length basis. Investment property is carried at fair value which is determined annually. Changes to fair value are recorded in the income statement as other income.

The fair value of the land is site value (refer Note 21 (d)) and the fair value for the buildings is written down replacement value (refer Note 21 (b))

(s) Recognition of non-current assets - Property, Infrastructure, Plant, & Equipment

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.

Except where stated, all non-current assets are recorded at cost less accumulated depreciation. Cost includes all costs associated with the acquisition and preparation of the asset ready for use. Where assets are constructed by Council, capitalised costs include an appropriate share of employee costs and depreciation charges on items of plant and equipment used to construct assets.

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1 Significant Accounting Policies (continued)

(s) Recognition of non-current assets - Property, Infrastructure, Plant, & Equipment (continued)

The thresholds for capitalisation, which unless otherwise stated are consistent with the prior year, are as follows:

<u>Recognition of assets</u>	<u>Threshold Limit</u>
Land:	
Land	\$10,000
Buildings:	
Buildings	\$10,000
Plant, Furniture, Equipment, and Works of Art:	
Plant and equipment	\$3,000
Office furniture and equipment	\$700
Motor Vehicles	\$3,000
Works of Art	\$500
Roads and Streets:	
Roads Surfacing	\$20,000
Road Pavement	\$20,000
Footpaths	\$5,000
Kerb and Channel	\$5,000
Car Parks and other road items	\$5,000
Drainage:	\$5,000
Drainage Pits	\$5,000
Drainage Pipes	
Parks, Reserves, Ovals, and Recreational Areas:	
Recreational Land Improvements	\$5,000
Recreational Equipment for Parks, Reserves and Ovals	\$5,000
Works in Progress	\$5,000

Revaluation

Subsequent to their initial recognition, non-current physical assets, other than plant, furniture and recreational equipment for parks, reserves and ovals, are measured at their fair value, being the amount for which the assets could be exchanged between knowledgeable willing parties in an arms length transaction. At balance date, Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date the class of asset was revalued.

Where a non-current asset is revalued, revaluation increments are credited directly to the Asset Revaluation Reserve except to the extent that an increment reverses a prior period 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. To the extent that a revaluation decrement reverses a revaluation increment previously credited to, and still included in the balance of the Asset

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1 Significant Accounting Policies (continued)

(s) Recognition of non-current assets - Property, Infrastructure, Plant, & Equipment (continued)

Revaluation Reserve, the decrement is debited directly to the Reserve. Otherwise the decrement is recognised as an expense.

Certain non-current assets are included at fair value based on site value or written down replacement value. For the purposes of this Financial Report those bases of valuation are defined as follows:

- Site value applies to land and is broadly defined as being the market value of unimproved land; and
- Written down replacement value is defined as the cost of purchase of a new asset which as closely as possible replaces the gross service potential in the existing asset less depreciation to reflect the expired service potential of that existing asset. No allowance has been made for the demolition and removal of existing infrastructure.

Land has been valued at site value and all land reserved for public open space has had a discount factor applied. Buildings have been valued at written down replacement value, whilst infrastructure assets such as Roads, Drains and Parks have also been valued at written down replacement value. Furniture and Equipment has been valued at cost or deemed cost.

Land under Roads

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

(t) Intangible Assets

Right to receive assets relates to the future provision of the new Ringwood library and town square. The asset is held/measured at fair value and any movement in future years to the fair value of these assets will be adjusted through the income statement. Software is recorded at cost.

(u) Payables

Creditors and other current liabilities are amounts due to external parties for the purchase of goods and services and are recognised as liabilities when the goods and services are received. Council's standard terms of trade provide that creditors are paid at the end of the month following the month of initial recognition. Interest is not payable on these liabilities.

(v) Employee benefits

The long service leave liability is determined in accordance with Australian Accounting Standard AASB 119 'Employee Benefits'. Entitlements are assessed at each reporting date having regard to the rates of pay expected to apply at settlement, oncosts, and other factors including experience of employee departures and their periods of service. Long Service Leave expected to be paid within 12 months is measured at nominal value based on the amount expected to be paid when settled. Long service leave entitlements, that are expected to be paid later than 1 year, are measured at the present value of estimated cash flows, discounted using rates provided by the Victorian Department of Treasury and Finance. A 4.60% (2010 4.47%) per annum rate of increase (also provided by the Victorian Department of Treasury and Finance) in employee salary rates was assumed in the present value calculations.



NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1 Significant Accounting Policies (continued)

(v) Employee benefits (continued)

The liability for annual leave is determined in accordance with Australian Accounting Standard AASB 119 'Employee Benefits'. Entitlements are accrued on a pro-rata basis in respect of services provided by employees up to the reporting date. Such accruals are assessed having regard to the amount expected to be paid, including appropriate oncosts, when the accrued obligation is settled.

No provision is made in respect of employee entitlements for sick leave because it is non vesting and the anticipated pattern of future sick leave to be taken indicates that accumulated non vesting sick leave will not be paid.

Council has separate retirement gratuity schemes for former City of Ringwood and City of Croydon employees. Membership under the schemes was frozen as at 1 March 1992 and at balance date, the liability is measured at the present value of estimated future cash flows, discounted using rates provided by the Victorian Department of Treasury and Finance. A 4.6% (2010 4.47%) per annum rate of increase (also provided by the Victorian Department of Treasury and Finance) in employee salary rates was assumed for this entitlement.

Council contributes in respect of its employees to a number of superannuation schemes, one of which is a defined benefits fund. The liability is defined as the Council's share of the scheme's unfunded position, being the difference between the present value of employees' accrued benefits and the net market value of the scheme's assets at balance date. The superannuation expense for the reporting year is the amount of the statutory contribution the Council makes to the superannuation plan which provides benefits to its employees together with any movements (favourable/unfavourable) in the position of any defined benefits schemes. Details of these arrangements are recorded in note 30.

The amount of the contributions to the defined benefits fund are determined by the scheme's actuary in accordance with statutory requirements. Council's superannuation liability as at 31 December 2008 is disclosed in Note 30.

(w) Interest-Bearing Liabilities

Loans are carried at their principal amounts that represent the nominal value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of Payables.

(x) Deposits

Amounts received as tender deposits and retention amounts controlled by Council are reported as other liabilities until they are returned or forfeited.

(y) Credit Risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss. The Council has exposure to credit risk on all financial assets included in our balance sheet. To help manage this risk Council:

- has a policy for establishing credit limits for the entities we deal with
- may require collateral where appropriate
- only invests surplus funds with financial institutions which have a recognised credit rating specified in the Council's investment policy.



NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1 Significant Accounting Policies (continued)

(y) Credit Risk (continued)

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

(z) Liquidity Risk

Liquidity risk includes the risk that, as a result of Council's operational liquidity requirements:

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

To help reduce these risks the Council:

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

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

(aa) Rounding

Amounts in the statements have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

Note 1 Significant Accounting policies (continued)

(ab) Pending Accounting Standards

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

<i>Standard / Interpretation</i>	<i>Summary</i>	<i>Applicable for annual reporting periods beginning or ending on</i>	<i>Impact on Local Government financial statements</i>
AASB 9: Financial Instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	<p>These standards are applicable retrospectively and amend the classification and measurement of financial assets. Council has not yet determined the potential impact on the financial statements. Specific changes include:</p> <ul style="list-style-type: none"> * simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value; * removing the tainting rules associated with held-to-maturity assets; * simplifying the requirements for embedded derivatives; * removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost; * allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and * reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on: <ul style="list-style-type: none"> a. the objective of the entity's business model for managing the financial assets; and b. the characteristics of the contractual cash flows. 	Applicable for annual reporting periods commencing on or after 1 January 2013.	These changes are expected to provide some simplification in the accounting for and disclosure of financial instruments
AASB 124: Related Party Disclosures	This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard.	Applicable for annual reporting periods commencing on or after 1 January 2011.	Although this standard does not strictly apply to Local Government it is often used as guidance, as such there will be greater clarity on the disclosure of inter government transactions.

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

Note 1 Significant Accounting policies (continued)

(ab) Pending Accounting Standards (continued)

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

<i>Standard / Interpretation</i>	<i>Summary</i>	<i>Applicable for annual reporting periods beginning or ending on</i>	<i>Impact on Local Government financial statements</i>
AASB 2009-4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] and AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project.	Applicable for annual reporting periods commencing from 1 January 2010.	These amendments are not expected to impact Council
AASB 2009-14: Amendments to Australian Interpretation — Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]	This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.	Applicable for annual reporting periods commencing on or after 1 January 2011.	These amendments are not expected to impact Council

	2010/2011	2009/2010
	\$ '000	\$ '000
NOTE 2 Rates and garbage charges (refer Note1(c))		
General	49,982	45,256
Garbage	8,678	8,145
	<u>58,660</u>	<u>53,401</u>

Council adopted capital improved value (CIV) as the basis of rating properties within the municipal district from 1 July 2003. The CIV of a property is the market value of land and improvements. The valuation base used to calculate general rates for 2011 was \$19,927.7m CIV (2010 \$17,469.9m). The 2011 rate in the dollar of CIV was \$0.2425c (2010 \$0.2489c).

A general revaluation of land for rating purposes within the municipality occurred as at 1 January 2010 and the valuation was first applied in the rating year commencing 1 July 2010.

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

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

2010/2011
\$ '000

2009/2010
\$ '000

NOTE 3(a) Grants, Contributions, Subsidies and Reimbursements (refer Note1(c))

Grants, contributions, subsidies and reimbursements were received as follows:

Classified by activities of Council

City Development	2,139	1,855
Commonwealth Government -Family & Children Services	437	429
Community Health	93	91
Community Planning & Development	342	326
Family & Children	957	769
Home & Community Care	4,013	3,742
Other	366	268
Recreation	1,545	2,695
Supervision of School Crossings	237	187
Transport & Access	431	1,777
Victorian Grants Commission - Local Roads	694	641
Victorian Grants Commission - Unallocated*	4,200	3,566
Youth	378	232
Total	15,832	16,578

Classified by Source

Federal	1,635	3,017
State	11,076	11,355
Other	3,121	2,206
Total	15,832	16,578

Classified by Type

Recurrent	6,005	9,763
Non-Recurrent	9,827	6,815
Total	15,832	16,578

*Council received the first quarter 2011/12 funding assistance grant of \$1,232k (\$1,051k 2010/11) from the Grants Commission in June 2011. The Accounting Standards require Council to include this income in 2010/11 although it relates to 2011/12. This increases Council's income in 2010/11 and will have a negative effect on council's surplus/ deficit in 2011/12.

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

NOTE 3(b) Conditions over Contributions	2010/2011 \$ '000	2009/2010 \$ '000
Grants or contributions which were recognised as revenues during the period and which were obtained on the condition that they be expended in a particular manner but had yet to be applied in that manner as at the reporting date were:		
Central Ringwood Community Centre - Building upgrade	-	51
Community Development - Bayswater North Community Renewal	50	68
Community Development - Vic Interfaith Network	6	-
Croydon Youth Space	83	-
Family Day Care - Equipment Grant	3	3
Funding Assistance Grant (Victorian Grants Commission)	1,232	1,051
FREEZA Events	4	-
Glen Park Facility Improvements	-	450
Heathmont Pavillion Renewal	-	246
Heritage Advisory	2	1
Holiday Program - Equipment Grant	-	2
Home & Community Care - Minor Capital Grant	46	50
Housing Capacity	-	35
Kindergarten Reform	20	29
Metro Access	31	20
Metropolitan Fire and Emergency Services	64	96
North West Residential Playspace	200	-
Open Space	1,995	1,391
Ringwood Soccer Pavilion Upgrade	-	1,015
Ringwood Town Centre (Developer's Contributions)	6	-
Ringwood Town Centre (Grants-Variou)	-	201
Roads to Recovery	336	-
School Focused Youth Services	38	33
Supported Residential Services	24	13
Vic Roads - Alternative Transport	5	-
Vista Court	3	2
Waste Management	812	1,380
Youth -Victoria Rocks	1	-
	4,961	6,137

Grants or contributions which were recognised as revenues in previous years and were unexpended during the current period were:

Community Development - Bayswater North Community Renewal	-	61
Heatwave Strategy	5	7
Home & Community Care - Minor Capital Grant	104	117
Housing Capacity	35	-
Jubilee Park Soccer Synthetic Surface	-	193
Kindergarten Reform	7	-
Metropolitan Fire and Emergency Services	96	-
North West Development	1,149	1,149
Open Space	209	1,391
Ringwood Soccer Pavilion Upgrade	-	907
Ringwood Town Centre (Developer's Contributions)	653	693
Ringwood Town Centre (Grants-Variou)	334	1,149
Vista Court	48	46
Waste Management	2,943	1,563
	5,583	7,276

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

	2010/2011 \$ '000	2009/2010 \$ '000
NOTE 3(b) Conditions over Contributions (continued)		
Grants or contributions which were recognised as revenues in previous years and were expended during the current period in the manner specified by the grantor were:		
Aged Planning & Assessment - Action Plan	-	11
Aged Planning & Assessment - Climate Change	-	13
Aged Planning & Assessment - Case Management	-	18
Car Parking	-	60
Central Ringwood Community Centre - Building upgrade	51	-
Community Development - Bayswater North Community Renewal	61	153
Community Development - Changing Lanes Changing Faces	-	10
Community Development - Supported Residential Services	13	21
Croydon Little Athletics Building	-	131
Dorset Golf Course Building Upgrade	-	287
Glen Park Facility Improvements	450	295
Environmental Grants	-	2
Family Day Care - Equipment Grant	3	-
Funding Assistance Grant (Victorian Grants Commission)	1,051	-
Heathmont Pavillion Renewal	246	-
Heatwave Strategy	2	18
Heritage Advisory	1	-
Holiday Program - Equipment Grant	2	-
Home & Community Care - Minor Capital Grant	64	3
Jubilee Park Soccer Synthetic Surface	193	47
Kindergarten Reform	22	-
Maternal Child Health (including Enhanced Home visiting)	-	26
Metro Access	20	27
Open Space	2,573	1,844
Ringwood Co-generation Plant	-	250
Ringwood Soccer Pavilion Upgrade	1,922	543
Ringwood Town Centre (Developer's Contributions)	40	152
Ringwood Town Centre (Grants-Variou)	1,016	230
School Focused Youth Services	33	10
Youth Performing Arts	-	14
	7,763	4,165
Net movement in unexpended grants or contributions (refer Note 1(c))	2,781	9,248
NOTE 4 User Charges, Fees, & Fines (refer Note1(d))		
Active Leisure Centres	9,115	9,146
Planning & Environment	2,980	2,868
Performing Arts, Functions & Conferences	1,839	1,689
Community Services	1,240	1,253
Other Fees & Charges	1,909	1,882
	17,083	16,838
NOTE 5 Other Revenue		
Assets arising from creation of subdivisions by developers (refer Note 1(e))		
- Land	2,100	4,038
- Land under Roads	-	2,529
- Roads Surfacing	-	807
- Roads Pavement	-	1,233
- Other Roads items	-	90
- Drainage Pits & Pipes	71	-
Donated Land	-	476
Conversion of Right of Ways	2,500	-
	4,671	9,173

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

	2010/2011 \$ '000	2009/2010 \$ '000
NOTE 6 Employee Costs		
Salaries and Wages	35,371	32,223
Superannuation (*)	5,026	3,396
FBT	312	316
Workcover	537	475
* Refer Note 30	<u>41,246</u>	<u>36,410</u>
NOTE 7 Materials and Services		
Agency Staff	500	499
Bank Charges	235	227
Cleaning	441	506
Communications, Postage & Advertising	1,089	1,203
Councillor & Mayoral Allowance	257	232
Fuels, Oil, Registrations & Running Costs - Plant & Fleet	1,008	971
Grants to Community	402	355
Insurance	589	648
Legal Fees	743	815
Library Contribution	2,213	2,117
Maintenance	1,894	1,881
Materials - Depot & Golf Courses	841	878
MFB Contribution	838	815
Other	6,486	6,181
Utilities	2,262	2,030
	<u>19,798</u>	<u>19,358</u>
NOTE 8 Contractors		
Home and Community Care	3,496	3,531
Parks and Tree Maintenance	2,315	2,035
Roads and Drainage Maintenance	1,107	964
Waste Services	7,215	6,217
Other	2,837	2,590
	<u>16,970</u>	<u>15,337</u>
NOTE 9 Depreciation and Amortisation		
Buildings	2,173	2,065
Plant, furniture, equipment, and works of art	1,548	1,437
Software	562	184
Roads Surfacing	1,642	1,571
Roads Pavement (substructure)	650	650
Footpaths	1,193	1,101
Kerb & Channel	1,819	1,734
Other Road Items	550	507
Drainage Pits	496	525
Drainage Pipes	2,485	2,608
Recreational Land Improvements & Equipment	1,442	1,616
	<u>14,560</u>	<u>13,998</u>
NOTE 10 Other Expenses		
Revaluation of Intangible Asset	-	619
Assets written off (disposals & obsolescence) (refer Note 21)	953	888
	<u>953</u>	<u>1,507</u>

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$ '000	2010 \$ '000
NOTE 11 Profit/(Loss) for the period included the following specific items:		
Audit fees - external	55	50
Audit fees - internal	14	36
Bad debts written off (refer Note 1(n))	10	12
Rental expense relating to operating leases (refer Note 1(j))	228	241
NOTE 12 Net Gain/(Loss) on Sale of Property, Plant, & Equipment		
Proceeds from Sale	1,283	2,013
Carrying amount of Assets sold	(1,323)	(1,650)
	<u>(40)</u>	<u>363</u>
NOTE 13 Share of net surplus/(deficit) of Associates		
Narre Warre User Group	15	11
Eastern Regional Library Corporation	98	26
	<u>113</u>	<u>37</u>
NOTE 14 Cash and cash equivalents (refer Note 1(m))		
Cash on hand	20	22
Cash at bank/(Overdraft)	(33)	(148)
Deposits at call	44,997	42,968
	<u>44,984</u>	<u>42,842</u>
Deposits at call		
Fixed Rate	44,997	41,968
Floating Rate	-	1,000
Total	<u>44,997</u>	<u>42,968</u>
Cash and cash equivalents - Maturity		
Not later than one year	44,038	42,842
Later than one year and not later than five years	946	-
Later than five years	-	-
Total	<u>44,984</u>	<u>42,842</u>
The deposits at call with interest rates between 0.10% and 6.6% (2010 0.10% and 6.3%) Deposits are held to maturity financial assets.		
NOTE 15 Receivables (refer Note 1(n))		
Current		
Rates debtors	1,466	1,995
Garbage charges - debtors	212	180
Other debtors	3,347	3,414
Interest accrued-other investments	713	610
Provision for doubtful debts (refer Note 1(n))	(89)	(57)
	<u>5,649</u>	<u>6,142</u>
Non-current		
Rates debtors	155	183
Garbage charges-debtors	27	32
Other debtors	256	124
Provision for doubtful debts (refer Note 1(n))	-	-
	<u>438</u>	<u>339</u>
Total	<u>6,087</u>	<u>6,481</u>

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$ '000	2010 \$ '000
NOTE 15 Receivables (continued)		
Ageing of current receivables (no impairment)		
Current	3,657	4,475
30 Days	253	213
60 Days and over	1,739	1,454
	5,649	6,142
<p>Rates are secured by a charge over the ratepayer's property. Interest is charged on overdue rates at 10.5% (2010 10.5%). Rates were due for payment in full on or before 15 February 2011 or in four instalments payable on 30 September 2010, 30 November 2010, 28 February 2011, and 31 May 2011. Overdue rates are those not paid within one day of the due date. The amount of overdue debts upon which interest is being charged is \$1,542,781 (2010 \$2,411,481).</p>		
Movement in provision for Doubtful Debts		
Opening Balance 1 July	57	45
New provisions recognised during the year	42	24
Amount written off during the year	(10)	(12)
Closing Balance 30 June	89	57
NOTE 16 Inventories (refer Note 1(o))		
Raw materials and store	184	171
Goods held for resale	104	85
	288	256
NOTE 17 Assets Held for Resale (refer Note 1(p))		
Roads held for resale	103	103
	103	103
NOTE 18 Investments in Associates		
Non-current		
Equity in Eastern Regional Libraries Corporation	1,844	1,746
Equity in Narre Warren User Group	257	242
Total	2,101	1,988
(a) Eastern Regional Library (refer Note 1q)		
Council's share of Accumulated surplus/(deficit)		
Balance at beginning of financial year	1,746	1,720
Share of surplus/(deficit) for year	98	26
Balance at end of the financial year	1,844	1,746
(b) Narre Warren User Group (refer Note 1q)		
Balance at beginning of financial year	242	231
Share of surplus/(deficit) for year	15	11
Balance at end of the financial year	257	242

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$ '000	2010 \$ '000
NOTE 19 Investment Properties (refer Note 1r)		
Balance at beginning of financial year	-	2,245
Transfer to Land Register	-	(2,245)
Balance at end of the financial year	<u>-</u>	<u>-</u>

The investment property is no longer held to generate long-term rental yields and reverts back to land held.

NOTE 20 Intangible Assets (refer Note 1t)

Software at cost	2,309	1,875
less: amortisation	<u>(969)</u>	<u>(407)</u>
	<u>1,340</u>	<u>1,468</u>
Rights to Library and Town Square (see below)	<u>7,411</u>	<u>7,411</u>
Total Intangible Assets	<u>8,751</u>	<u>8,879</u>

	Software \$ '000	Rights to Library & Town Square \$ '000	Total \$ '000
Gross Carrying Amount			
Balance at 1 July 2009	553	8,030	8,583
Additions	1,322	-	1,322
Revaluation	-	(619)	(619)
Balance 1 July 2010	<u>1,875</u>	<u>7,411</u>	<u>9,286</u>
Revaluation	-	-	-
Additions/(Sales)	434	-	434
Balance 30 June 2011	<u>2,309</u>	<u>7,411</u>	<u>9,720</u>
Accumulated amortisation and impairment			
Balance at 1 July 2009	223	-	223
Amortisation expense	184	-	184
Balance 1 July 2010	<u>407</u>	<u>-</u>	<u>407</u>
Amortisation expense	562	-	562
Balance 30 June 2011	<u>969</u>	<u>-</u>	<u>969</u>
Net book value at 30 June 2010	<u>1,468</u>	<u>7,411</u>	<u>8,879</u>
Net book value at 30 June 2011	<u>1,340</u>	<u>7,411</u>	<u>8,751</u>

Rights to Library and Town Square

During 2006/07 Council realised the proceeds of the sale of Ringwood Plaza for cash plus the future provision (anticipated to be in the 2014/15 financial year) of a new library, town square and library square.

The valuation for 2010 was undertaken by independent valuer N. Moore, Bbus (Property), AAPI, Certified Practising Valuer of Urbis Valuations Pty Ltd in 2010.

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

NOTE 21 Property, Infrastructure, Plant and Equipment

	2011 \$ '000	2010 \$ '000
Land		
at valuation- as at 30 June, 2010 - refer Note (a) below	426,747	422,531
	<u>426,747</u>	<u>422,531</u>
Land Under Roads		
at valuation- as at 30 June, 2010 - refer Note (a) below	2,529	2,529
	<u>2,529</u>	<u>2,529</u>
Buildings		
at cost	25,220	17,729
at valuation- as at 30 June, 2008 - refer Note (b) below	114,636	115,110
	<u>139,856</u>	<u>132,839</u>
less: accumulated depreciation	(32,837)	(30,950)
	<u>107,019</u>	<u>101,889</u>
Plant, Furniture and Equipment		
at cost	12,718	12,265
less: accumulated depreciation	(6,286)	(5,560)
	<u>6,432</u>	<u>6,705</u>
Works of Art		
at cost	20	20
at valuation- as at 30 June, 2008 - refer Note (f) below	546	546
	<u>566</u>	<u>566</u>
Road Surfacing		
at cost	5,304	1,839
at valuation - as at 30 June, 2009 - refer Note (c) below	76,062	76,062
at valuation - as at 30 June, 2010 - refer Note (g) below	807	807
	<u>82,173</u>	<u>78,708</u>
less: accumulated depreciation	(7,637)	(5,995)
	<u>74,536</u>	<u>72,713</u>
Road Pavement (substructure)		
at cost	304	257
at valuation - as at 30 June, 2009 - refer Note (c) below	125,589	125,589
at valuation - as at 30 June, 2010 - refer Note (g) below	1,233	1,233
	<u>127,126</u>	<u>127,079</u>
less: accumulated depreciation	(23,035)	(22,384)
	<u>104,091</u>	<u>104,695</u>
Footpaths		
at cost	2,687	1,459
at valuation - as at 30 June, 2009 - refer Note (c) below	57,150	57,150
	<u>59,837</u>	<u>58,609</u>
less: accumulated depreciation	(41,775)	(40,583)
	<u>18,062</u>	<u>18,026</u>
Kerb and Channel		
at cost	765	347
at valuation - as at 30 June, 2009 - refer Note (c) below	101,416	101,416
	<u>102,181</u>	<u>101,763</u>
less: accumulated depreciation	(70,412)	(68,655)
	<u>31,769</u>	<u>33,108</u>

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

NOTE 21 Property, Infrastructure, Plant and Equipment (continued)

	2011 \$ '000	2010 \$ '000
Other Road Items		
at cost	2,836	1,488
at valuation - as at 30 June, 2009 - refer Note (c) below	22,484	22,484
at valuation - as at 30 June, 2010 - refer Note (g) below	90	90
	<u>25,410</u>	<u>24,062</u>
less: accumulated depreciation	(8,661)	(8,124)
	<u>16,749</u>	<u>15,938</u>
Drainage Pits		
at valuation - as at 30 June, 2009- refer Note (e) below	-	54,864
at valuation - as at 30 June, 2011- refer Note (h) below	59,720	-
less: accumulated depreciation	(20,794)	(18,176)
	<u>38,926</u>	<u>36,688</u>
Drainage Pipes		
at cost	-	441
at valuation - as at 30 June, 2009- refer Note (e) below	-	272,462
at valuation - as at 30 June, 2011- refer Note (h) below	288,518	-
	<u>288,518</u>	<u>272,903</u>
less: accumulated depreciation	(103,093)	(95,008)
	<u>185,425</u>	<u>177,895</u>
Recreational Land Improvements & Equipment		
at cost	36,522	34,797
less: accumulated depreciation	(13,512)	(12,200)
	<u>23,010</u>	<u>22,597</u>
Work in Progress		
at cost	4,648	6,557
	<u>4,648</u>	<u>6,557</u>
Total	<u>1,040,509</u>	<u>1,022,437</u>
Summary		
Total at cost	91,024	77,199
Total at valuation	1,277,527	1,252,873
Total cost and valuation	<u>1,368,551</u>	<u>1,330,072</u>
less total accumulated depreciation	(328,042)	(307,635)
Total written down value	<u>1,040,509</u>	<u>1,022,437</u>

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

NOTE 21 Property, Infrastructure, Plant, and Equipment (continued)

Note (a) The basis of valuation is site value (refer to Note 1(s)). The valuation was undertaken by independent valuer Mr. S. Alsop, Certified Practising Valuer.

Note (b) The basis of valuation is written down replacement value (refer to Note1(s)). The valuation was undertaken by Mr. N. Tucker, Manager Engineering and Infrastructure for Council based on information provided by independent valuer.

Note (c) The basis of valuation is written down replacement value (refer to Note1(s)). The valuation was undertaken by Mr. A. Taylor, Manager Engineering and Infrastructure for Council.

Note (f) The basis of valuation is fair value as at 30 June 2008 (refer to Note1(s)). The valuation was undertaken by Mr. D. Smith, Federation Estate Gallery and Curator for Council.

Summary of movements in Property, Infrastructure, Plant and Equipment

for the year ended 30 June 2011

	Land	Buildings	Plant, Furn & Equip	Works of Art	Roads Surfacing	Roads Pavement	Footpaths	Kerb & Channel
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Opening Balance 1 July 2010	422,531	101,889	6,705	566	72,713	104,695	18,026	33,108
Additions	-	7,492	2,217	-	3,465	46	1,228	480
Disposals/obsolescence/ adjustments	-	(189)	-	-	-	-	-	-
Donated assets & Converted ROW	4,600	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-	-	-
Depreciation	-	(2,173)	(1,550)	-	(1,642)	(650)	(1,192)	(1,819)
WDV Sales	(383)	-	(940)	-	-	-	-	-
Closing Balance 30 June 2011	426,748	107,019	6,432	566	74,536	104,091	18,062	31,769

	Other Roads	Drains Pits	Drains Pipes	Recreation Land Improve'ts	Land under Roads	WIP	Total
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Opening Balance 1 July 2010	15,938	36,688	177,895	22,597	2,529	6,557	1,022,437
Additions	1,380	866	404	2,148	-	(1,882)	17,844
Disposals/obsolescence/ adjustments	(19)	-	-	(295)	-	(28)	(531)
Donated assets & Converted ROW	-	34	37	-	-	-	4,671
Revaluations	-	1,834	9,575	-	-	-	11,409
Depreciation	(550)	(496)	(2,485)	(1,441)	-	-	(13,998)
WDV Sales	-	-	-	-	-	-	(1,323)
Closing Balance 30 June 2011	16,749	38,926	185,426	23,009	2,529	4,647	1,040,509

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

NOTE 21 Property, Infrastructure, Plant and Equipment (continued)

Summary of movements in Property, Infrastructure, Plant and Equipment for the year ended 30 June 2010

	Land	Buildings	Plant, Furn & Equip	Works of Art	Roads Surfacing	Roads Pavement	Footpaths	Kerb & Channel
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Opening Balance 1 July 2009	354,849	101,563	6,402	527	71,638	103,855	17,822	34,204
Newly recognised assets 2011	(625)	-	-	19	-	-	-	-
Additions	1,122	3,156	2,854	20	1,839	257	1,459	347
Disposals/obsolescence/ adjustments (refer Note 5)	(180)	(703)	101	-	-	-	(154)	291
Donated assets	4,514	-	-	-	807	1,233	-	-
From investment property	2,245	-	-	-	-	-	-	-
Revaluations	60,979	-	-	-	-	-	-	-
Depreciation	-	(2,065)	(1,437)	-	(1,571)	(650)	(1,101)	(1,734)
WDV Sales	(373)	(62)	(1,215)	-	-	-	-	-
Closing Balance 30 June 2010	422,531	101,889	6,705	566	72,713	104,695	18,026	33,108

	Other Roads	Drains Pits	Drains Pipes	Recreation Land Improve'ts	Land under Roads	WIP	Total
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Opening Balance 1 July 2009	15,045	35,528	178,580	21,247	-	4,114	945,374
Newly recognised assets 2011	-	1,682	1,482	654	-	-	3,212
Additions	1,488	-	441	2,312	-	3,279	18,574
Disposals/obsolescence/ adjustments (refer Note 5)	(178)	3	-	-	-	(836)	(1,656)
Donated assets	90	-	-	-	2,529	-	9,173
From investment property	-	-	-	-	-	-	2,245
Revaluations	-	-	-	-	-	-	60,979
Depreciation	(507)	(525)	(2,608)	(1,616)	-	-	(13,814)
WDV Sales	-	-	-	-	-	-	(1,650)
Closing Balance 30 June 2010	15,938	36,688	177,895	22,597	2,529	6,557	1,022,437

NOTE 22 Interest-Bearing Liabilities (refer Note 1(w))

Current

Loans (secured) -CBA Banking Group

2011

2010

285

269

285

269

Non-current

Loans (secured) -CBA Banking Group

149

434

149

434

434

703

Total

Interest-Bearing Liabilities are repayable:

Not later than one year

285

269

Later than one year and not later than five years

149

434

Later than five years

-

-

434

703

Bank overdraft and loans are secured over the general and special rates of Council.

Interest rates are fixed and the following weighted average interest rates are applicable:

Bank Loans

5.83%

5.83%

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$ '000	2010 \$ '000
NOTE 23 Employee Benefits (refer Note 1(v))		
Current		
Annual leave	3,464	3,333
Long service leave	5,606	5,460
Redundancies*	1,325	-
Service gratuities	23	29
Other	14	13
	<u>10,432</u>	<u>8,835</u>
Non-current		
Long service leave	707	659
Service gratuities	106	115
	<u>813</u>	<u>774</u>
Total	<u>11,245</u>	<u>9,609</u>
The amount expected to be settled in relation to long service leave over the next 12 months is:		
	<u>550</u>	<u>500</u>

Equivalent full time employee numbers at year end.	428.4	448.3
The following assumptions were adopted in measuring the present value of long service leave:		
Weighted average increase in employee costs	4.60%	4.48%
Weighted average discount rates	5.02%	4.86%
Weighted average settlement period	10 years	10 years

	Long Service				
2011	Annual Leave	Leave	Redundancies	Other	Total
Opening Balance 1/7/2010	3,333	6,119	-	157	9,609
Additional Provisions	203	1,105	1,325	8	2,641
Amounts used	(72)	(911)	-	(22)	(1,005)
Balance 30/6/2011	<u>3,464</u>	<u>6,313</u>	<u>1,325</u>	<u>143</u>	<u>11,245</u>
2010	Long Service				
Annual Leave	Leave	Redundancies	Other	Total	
Opening Balance 1/7/2009	3,226	5,858	-	175	9,259
Additional Provisions	178	885	-	5	1,068
Amounts used	(71)	(624)	-	(23)	(718)
Balance 30/6/2010	<u>3,333</u>	<u>6,119</u>	<u>-</u>	<u>157</u>	<u>9,609</u>

*During the financial year Council conducted reviews of all services provided by Council. These reviews resulted in efficiencies and cost savings and as a result there were positions made redundant. The provision reflects the cost of the redundancies that will be paid in early 2011/12.

NOTE 24 Payables (refer Note 1(u))

Current		
Creditors	6,372	5,479
Accruals	1,091	1,106
Total	<u>7,463</u>	<u>6,585</u>

Maturity dates for payables are within 6-12 months.

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$ '000	2010 \$ '000
NOTE 25 Other Liabilities		
Current		
Security deposits (refer Note (a) below)	2,678	2,475
Other	501	673
Advance receipts *	279	339
	<u>3,458</u>	<u>3,487</u>
Non-current		
Security deposits (refer Note (b) below)	6	6
	<u>6</u>	<u>6</u>
Total	<u>3,464</u>	<u>3,493</u>

Note (a) **Current** Security monies are held for the following purposes:

Builders crossing deposits	1,145	1,029
Bonds	918	840
Karralyka Centre function deposits	157	176
Street trees	2	2
Other retentions & deposits	456	428
	<u>2,678</u>	<u>2,475</u>

Note (b) **Non-current**

Wonga Rd Stage 4	6	6
	<u>6</u>	<u>6</u>

* Advance receipts are monies received by Council to fund a future obligation or service and which are refundable by Council if subsequently such obligation is not fulfilled or service is not provided.

NOTE 26 Reserves

2011 Summary of movements in Asset Revaluation Reserve

	Land \$ '000	Buildings \$ '000	Roads Surfacing \$ '000	Roads Pavement \$ '000	Footpaths \$ '000
Opening Balance 1 July 2010	336,450	72,970	53,687	83,467	4,740
Increment/(decrement) for year		-	-	-	-
Closing Balance 30 June 2011	<u>336,450</u>	<u>72,970</u>	<u>53,687</u>	<u>83,467</u>	<u>4,740</u>
	Kerb & Channel \$ '000	Other Roads \$ '000	Drains Pits \$ '000	Drains Pipes \$ '000	Total \$ '000
Opening Balance 1 July 2010	15,826	3,925	14,958	117,862	703,885
Increment/(decrement) for year	-	-	1,836	9,573	11,409
Closing Balance 30 June 2011	<u>15,826</u>	<u>3,925</u>	<u>16,794</u>	<u>127,435</u>	<u>715,294</u>

2010 Summary of movements in Asset Revaluation Reserve

	Land \$ '000	Buildings \$ '000	Roads Surfacing \$ '000	Roads Pavement \$ '000	Footpaths \$ '000
Opening Balance 1 July 2009	275,471	72,970	53,687	83,467	4,740
Increment/(decrement) for year	60,979	-	-	-	-
Closing Balance 30 June 2010	<u>336,450</u>	<u>72,970</u>	<u>53,687</u>	<u>83,467</u>	<u>4,740</u>
	Kerb & Channel \$ '000	Other Roads \$ '000	Drains Pits \$ '000	Drains Pipes \$ '000	Total \$ '000
Opening Balance 1 July 2009	15,826	3,925	14,958	117,862	642,906
Increment/(decrement) for year	-	-	-	-	60,979
Closing Balance 30 June 2010	<u>15,826</u>	<u>3,925</u>	<u>14,958</u>	<u>117,862</u>	<u>703,885</u>

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

NOTE 27 Credit Risk Exposures

The maximum credit risk exposure to Council at the reporting date is the carrying amount of financial assets, net of any provision for doubtful debts.

NOTE 28 Financial Instruments

(a) Net fair values

The net fair value of financial assets and liabilities reported in the Balance Sheet are not materially different to the carrying value of the financial assets and liabilities.

(b) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Council believes the following movements are 'reasonably possible' over the next 12 months:

- A parallel shift of +1% and -1% in market rates (AUD) from year end rates of 3.3%.

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

(c) Market risk exposure

Interest rate risk

Financial Assets	Carrying amount subject to interest risk		-1%				1%			
			Profit		Equity		Profit		Equity	
	2011 \$'000	2010 \$'000	2011 \$'000	2010	2011 \$'000	2010	2011 \$'000	2010	2011 \$'000	2010
Cash and cash equivalents	44,984	42,842	(450)	(428)	(450)	(428)	450	428	450	428
Trade and other receivables	438	339	(4)	(3)	(4)	(3)	4	3	4	3

NOTE 29 Cash Flow Information

(a) Reconciliation of net cash provided by operating activities to net result for the reporting year

	2010/2011 \$ '000	2009/2010 \$ '000
Net result for the reporting year	5,780	12,117
Depreciation and amortisation	14,560	13,998
Interest paid	36	52
(Increase)/Decrease in receivables	362	(1,244)
(Increase)/Decrease in prepayments	431	(533)
(Increase)/Decrease in inventories	(32)	(27)
Increase/(Decrease) in creditors	832	(38)
Increase/(Decrease) in employee benefits	1,637	350
Increase/(Decrease) in other liabilities	(29)	(273)
(Profit) / Loss on sale of property, plant and equipment	40	(363)
Donated Assets & Converted Right of Ways	(4,671)	(9,173)
Assets written off and adjustments	532	888
Write down of assets held for resale	-	619
Increase/(Decrease) in doubtful debts provision	32	12
Change in equity of associates	(113)	(37)
Net cash provided by operating activities	19,397	16,348

(b) Reconciliation of cash

Cash at the end of the period as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

Cash and cash equivalents	44,984	42,842
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(c) Financing facilities

Bank Overdraft: Unused facilities	1,300	1,300
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NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

NOTE 30 Superannuation

Post-employment Benefit

Council makes employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). Obligations for contributions are recognised as an expense in profit or loss when they are due. The Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Council also makes employer superannuation contributions in respect of its employees to other Superannuation Funds (Other Funds).

The Fund's accumulation category, Vision Super Saver, receives both employer and employee contributions on a progressive basis. Council contributions are normally based on a fixed percentage of employee earnings (9% required under Superannuation Guarantee Legislation). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Defined Benefit Plan

The Fund's Defined Benefit Plan is a multi-employer sponsored plan. As the Plan's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to reliably allocate benefit liabilities, assets and costs between employers. As provided under Paragraph 32 (b) of AASB 119, Council does not use defined benefit accounting for these contributions.

Council makes employer contributions to the defined benefits category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 31 December 2008, Council makes the following contributions:

- 9.25% of members' salaries (same as previous year)
- the difference between resignation and retrenchment benefits paid to any retrenched employees, plus contribution tax (same as previous year)

The Fund surplus or deficit (ie the difference between fund assets and liabilities) is calculated differently for funding purposes (ie calculating required contributions) and for the calculation of accrued benefits as required in AAS 25 to provide the values needed for the AASB 119 disclosure in the council's financial statements. AAS 25 requires that the present value of the benefit liability be calculated based on benefits that have accrued in respect of membership of the plan up to the measurement date, with no allowance for future benefits that may accrue.

Following an actuarial review conducted by the Trustee in late 2010, as at 31 December 2008, a funding shortfall of \$71 million for the Fund was determined. A call to Employers for additional contributions was made for the financial year 30 June 2011. Council paid the sum of \$1,610,292 during 2011, being Council's share of the total liability requested in the call. A further actuarial review will be undertaken as at 31 December 2011 by mid 2012. Based on the result of this review, a detailed funding plan will be developed and implemented to achieve the target of full funding by 31 December 2013. The Council will be notified of any additional required contribution by late 2012.

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

Accounting Standard Disclosure

The Fund's liability for accrued benefits was determined by the Actuary at 31 December 2008 pursuant to the requirements of Australian Accounting Standard AAS25 follows:

	31-Dec-08 \$'000
Net Market Value of Assets	3,630,432
Accrued Benefits	<u>3,616,422</u>
Difference between Assets and Accrued Benefits	<u>14,010</u>
Vested Benefits (Minimum sum which must be paid to members when they leave the fund)	<u>3,561,588</u>

The financial assumptions used to calculate the Accrued Benefits for the defined benefit category of the Fund were:

Net Investment Return	8.50% p.a.
Salary Inflation	4.25% p.a.
Price Inflation	2.75% p.a.

Fund	2011 \$'000	2010 \$'000
-------------	------------------------------	------------------------------

Defined benefit plans

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	997	1,107
Employer contributions to Local Authorities Superannuation Fund (Vision Super) – Funding Shortfall	1,610	-
Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date	3	(5)

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	2,051	2,001
Employer contributions to Other Funds	368	288
	<u>2,419</u>	<u>2,289</u>

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$ '000	2010 \$ '000
NOTE 31 Commitments for Capital and Other Expenditure		
At the reporting date, the municipality had entered into contracts for the following capital and other expenditures:		
Buildings - capital	824	2,869
Parks & Reserves - operating	716	48
Roads & footpath - capital	1,367	643
Waste Management - operating	12,396	4,209
Home Care Services - operating	10,700	3,458
Loan Facility expense - operating	22	57
Other - operating	1,466	766
Senior officers' salaries contracts	9,704	12,417
	<u>37,195</u>	<u>24,467</u>

These expenditures are due for payment:

Not later than one year	15,534	14,735
Later than one year and not later than two years	10,894	4,287
Later than two years and not later than five years	10,767	5,445
	<u>37,195</u>	<u>24,467</u>

NOTE 32 Operating Lease Commitments

At the reporting date, the municipality had the following obligations under non-cancellable operating leases for the lease of equipment (these obligations are not recognised as liabilities):

Not later than one year	182	216
Later than one year and not later than five years	194	291
	<u>376</u>	<u>507</u>

NOTE 33 Controlled Entities

The Financial Report includes the accounts of the following controlled entities which are segments of the Council:

Parent Entity: Maroondah City Council

Controlled entities (Committees of Management) refer Note 1(b))

	2011 Assets \$ '000	2011 Liab \$ '000	2011 Equity \$ '000	2010 Assets \$ '000	2010 Liab \$ '000	2010 Equity \$ '000
Town Park	24	-	24	27	-	27
North Croydon Park	2	-	2	4	-	4
A C Robertson Field	37	-	37	28	-	28
Cheong Park	46	-	46	46	-	46
	<u>109</u>	<u>-</u>	<u>109</u>	<u>105</u>	<u>-</u>	<u>105</u>

The following Committees of Management have not been consolidated as turnover is less than \$10,000:

Croydon Community Garden	Proclamation Park	Warrien Reserve
Eastfield Park	Richard Silcock Reserve	
Gracedale Park	Warranwood Reserve	

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

	2010/2011	2009/2010	2008/2009
NOTE 34 Financial Ratios			
(i) Debt servicing ratio (%) (to identify the capacity of a council to service its outstanding debt):			
<u>Debt servicing costs</u>	0.04%	0.05%	0.07%
Total revenue			
(ii) Debt commitment ratio (%) (to identify a council's debt redemption strategy):			
<u>Debt servicing and redemption costs</u>	0.52%	0.57%	0.59%
Rate revenue			
(iii) Revenue ratio (%) (to identify a council's dependence on non-rate income):			
<u>Rate revenue</u>	59.11%	54.06%	58.88%
Total revenue			
(iv) Debt exposure ratio (1 :) (to identify a council's exposure to debt):			
<u>Total indebtedness</u>	1 : 30.82	1 : 26.42	1 : 31.09
Total realisable assets (** see below)			
(v) Working capital ratio (: 1) (to assess a council's ability to meet current commitments):			
<u>Current assets</u>	2.41 : 1	2.65 : 1	2.67 : 1
Current liabilities			

** For the purposes of the calculation of financial ratios, realisable assets have been considered to be those which can be sold and which are not subject to any restriction on realisation or use. Any liability represented by a restricted asset is excluded from total indebtedness. The following assets have been removed from total assets when calculating assets when calculating Council's realisable assets:

- roads and streets
- drainage
- parks, reserves, ovals and recreational equipment etc.
- restricted cash assets (refer Note 36)



NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

NOTE 35 Contingencies

Superannuation

Council has possible future obligations in respect of the defined benefits category of the Local Authorities Superannuation Fund. Refer Note 30.

Public Liability

As a local authority with ownership of numerous parks, reserves, roads and other land holdings, the Council regularly receives claims and demands allegedly arising from incidents which occur on land belonging to Council. There are a number of outstanding claims against Council in this regard. Council carries \$400 million of public liability insurance and has an excess of \$10,000 on this policy in 2011 (\$10,000 2010). Therefore, the maximum liability of Council in any single claim is the extent of its excess. Council is insured through the Civic Mutual Plus mutual insurance scheme. There are no above excess claims of which Council is aware which would either fall outside the terms of Council's policy or that have not been reported to Civic Mutual Plus.

Professional Indemnity

As a local authority with statutory regulatory responsibilities, including the responsibility of issuing permits and approvals, Council receives claims and demands for damages allegedly arising from the actions or omissions of Council or its officers. Council carries \$300 million of professional indemnity insurance and has an excess of \$10,000 on this policy in 2011 (\$10,000 2010). Therefore, the maximum liability of Council in any single claim is the extent of its excess. Council is insured through the Civic Mutual Plus mutual insurance scheme. There are no instances or above excess claims of which Council is aware which would either fall outside the terms of Council's policy or that have not been reported to Civic Mutual Plus.

Legal Matters

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

Other Contingent Liabilities

Approximately \$1,614,000 (\$1,520,000 2010) is held by Whitehorse City Council in a Landfill Site Aftercare Reserve in relation to the Narre Warren Landfill Site to deal with any environmental problems that could arise in relation to the completed landfill site. Based on experience during operation no problems are expected but the Reserve will continue to be held for approximately the next 20 years until the site is safe. Council's exposure is 15.94% per cent of any works that are required to be completed.

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

\$ '000

\$ '000

NOTE 36 Restricted Assets

The following restrictions have been imposed by regulations or other externally imposed requirements:

Long service leave investments		
as per Local Government (Long Service Leave) Regulations 2002	5,077	4,879
Security deposits and bonds held (see Note 25)	2,678	2,475
Unexpended grants or contributions (refer part Note 3(b))	2,232	4,317
Unexpended specific purpose investments other (refer Note (a) below)	8,312	9,061
Total Restricted Assets	18,299	20,732

Note (a) Funds required to be spent on:

North West Development	1,149	1,149
Public Open Space	2,204	2,782
Ringwood Town Centre (Developer's Contributions)	659	693
Ringwood Town Centre (Grants-Variou)	334	1,350
Vista Court	51	48
Waste Management	3,755	2,943
Metropolitan Fire and Emergency Services	160	96
	8,312	9,061

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

NOTE 37 Related Party Transactions

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

Councillors	A.Dib A. Fraser N. Lamont M. Macdonald P. Macdonald A. Makin R. Steane N.J. Thomas L.T. Willmott
Chief Executive Officer	F. Dixon

- (ii) Remuneration of Responsible Persons in Bands of \$ 10,000

Income Range:	<u>2011</u>	<u>2010</u>
\$ 0 - \$ 9,999	0	1
\$ 10,000 - \$ 19,999	0	1
\$ 20,000 - \$ 29,999	7	7
\$ 40,000 - \$ 49,999	2	1
\$ 100,000 - \$ 109,999	0	1
\$ 270,000 - \$ 279,999	1	0
\$ 450,000 - \$ 459,999 **	<u>0</u>	<u>1</u>
TOTAL	<u>10</u>	<u>12</u>
Total Remuneration for the reporting period for Responsible Persons included above amounted to	<u>\$531,000</u>	<u>\$797,000</u>

** When the previous Chief Executive Officer resigned he was paid all entitlements including annual leave and long service leave.

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

NOTE 37 Related Party Transactions (continued)

(iii) Senior Officers Remuneration

A Senior Officer other than a Responsible Person, is an officer who has management responsibilities and reports directly to the Chief Executive Officer or whose total annual remuneration exceeds \$124,000.

The number of senior officers, other than the Responsible Persons, whose total remuneration exceeded \$124,000 during the reporting period, are shown below in their relevant income bands:

Income Range:	<u>2011</u>	<u>2010</u>
\$ 124,000 - \$ 129,999	1	4
\$ 130,000 - \$ 139,999	7	10
\$ 140,000 - \$ 149,999	7	0
\$ 150,000 - \$ 159,999	1	1
\$ 190,000 - \$ 199,999	0	4
\$ 200,000 - \$ 209,999	3	0
\$ 210,000 - \$ 219,999	<u>1</u>	<u>0</u>
TOTAL	<u>20</u>	<u>19</u>

Total Remuneration for the reporting period
for Senior Officers included above
amounted to

\$3,056,000

\$2,779,000

- (iv) Retirement benefits paid by the Council in connection with the retirement of Responsible Persons of the Council amounted to \$ Nil (2010 \$Nil).
- (v) No loans have been made, guaranteed or secured by the Council to a Responsible Person of the Council during the reporting period (2010 \$Nil).
- (vi) Aggregate amounts of revenue or expense for the reporting period that resulted from transactions with Responsible Persons of the Council or their Responsible Person related parties amounted to \$ Nil (2010 \$Nil).
- (vii) Aggregate amounts of other receivables from and payables to Responsible Persons of the Council or their Responsible Person related parties recognised, except as otherwise reported in Note 37(x) below, as at reporting date amounted to \$ Nil (2010 \$Nil).
- (viii) The Council does not recognise any provisions for doubtful receivables as at the reporting date in respect of loans subject to (v) or other receivables subject to paragraph (vii) (2010 \$Nil).
- (ix) The Council does not recognise any other benefits derived during the reporting period by Responsible Persons of the Council or their Responsible Person related parties (2010 \$Nil).
- (x) Amounts owed to Council by Councillors as at 30 June 2011 \$Nil (2010 \$275).

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

NOTE 38(a) Functions/Activities of Council

FUNCTIONS ACTIVITIES	CITY DEVELOPMENT		COMMUNITY SUPPORT		CORPORATE SERVICES		ENVIRONMENT		LEISURE AND CULTURE		ORGANISATIONAL DEVELOPMENT		TRANSPORT AND ACCESS		TOTAL FROM ORDINARY OPERATIONS	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
REVENUE																
GRANTS ***	2,481	1,930	5,737	5,347	4,566	4,284	-	105	1,923	2,944	-	3	1,125	1,964	15,832	16,577
OTHER	1,261	1,082	600	724	59,256	58,498	8,852	9,277	10,875	10,101	7	7	3,868	4,126	84,719	83,815
TOTAL	3,742	3,012	6,337	6,071	63,822	62,782	8,852	9,382	12,798	13,045	7	10	4,993	6,090	100,551	100,392
%	3.72%	3.00%	6.30%	6.05%	63.47%	62.54%	8.80%	9.35%	12.73%	12.99%	0.01%	0.01%	4.97%	6.07%	100.00%	100.00%
EXPENSES																
TOTAL	6,037	6,115	11,550	10,920	23,718	20,249	14,533	13,243	20,841	19,667	4,072	4,265	14,020	13,816	94,771	88,275
%	6.37%	6.93%	12.19%	12.37%	25.03%	22.94%	15.33%	15.00%	21.99%	22.28%	4.30%	4.83%	14.79%	15.65%	100.00%	100.00%
INCREASE / (DECREASE) IN NET ASSETS ARISING FROM ORDINARY OPERATIONS																
	(2,295)	(3,103)	(5,213)	(4,849)	40,104	42,533	(5,681)	(3,861)	(8,043)	(6,622)	(4,065)	(4,255)	(9,027)	(7,726)	5,780	12,117
ASSETS	105	105	44,221	43,307	281,821	276,218	112,682	115,515	158,301	155,736	105	105	506,610	493,454	1,103,845	1,084,440

*** This amount is made up of grants, contributions, subsidies and reimbursements.



NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

NOTE 38(b)

Component Functions/Activities

The activities relating to the municipality's components reported on in Note 37(a) are as follows:

CITY DEVELOPMENT

Building Construction, Business Development & Promotions, Infrastructure Planning & Management, Drainage, Landscape, Local & Main Roads Design, Statutory & Strategic Planning, Traffic Design and Waste Planning.

COMMUNITY SUPPORT

Family Day Care, Adult Day Care, Children's Services, After School Care & Holiday Program, Aged Planning, General Home Care & Maintenance, Food Services, Maternal & Child Health and Senior Citizens' Development.

CORPORATE SERVICES

Corporate & Civic Support, Information Systems, Revenue & Property and Financial Services.

ENVIRONMENT

Public Safety, Law & Order, Health, Waste Management, Street Cleaning and Environment Services Management.

LEISURE & CULTURE

Community Facilities, Karralyka Centre, Libraries, Croydon Pool, Ringwood Aquatic Centre, Municipal Golf Courses, Leisure Centre, Entertainment Centre and Youth Management.

ORGANISATIONAL DEVELOPMENT

Business Support, Corporate Development & Administration, Human Resource Services and Public Relations.

TRANSPORT & ACCESS

Asset Management, Fleet Maintenance, School Crossing Supervision, Main Roads, Local Roads & Bridges, Footpaths & Kerb & Channels, Traffic Control and Depot.



NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

Note 39 Adjustment for prior period corrections

1 July 2009
\$'000

Council has brought to account a number of additional assets inadvertently omitted, overstated or not discovered during prior recognition processes. This has been adjusted against the first years comparative. (Refer Note 21)

Land	(625)
Works of Art	19
Drainage - Pits	1,682
Drainage - Pipes	1,482
Parks recreational	654
	<hr/>
	3,212

Note 40 Events Occurring after Balance Date

There have been no events subsequent to balance date that require disclosure.



CERTIFICATION OF THE FINANCIAL REPORT

CERTIFICATION OF THE FINANCIAL REPORT

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

Principal Accounting Officer

{Signed}
A.G. Ellis
CPA

Dated: 17 August 2011
Melbourne

In our opinion, the accompanying financial statements present fairly the financial transactions of Maroondah City Council for the year ended 30 June 2011 and the financial position of the Council as at that date.

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

We have been authorised by the Council on 15 August 2011 to certify the financial statements in its final form.

Councillor

Councillor

{Signed}
T. Dib Dated: 17 August 2011
 Melbourne

{Signed}
R. Steane Dated: 17 August 2011
 Melbourne

Chief Executive Officer

{Signed}
F. Dixon Dated: 17 August 2011
 Melbourne



NOTES ACCOMPANYING THE STANDARD STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1. Basis of preparation of Standard Statements

Maroondah City Council is required to prepare and include audited Standard Statements within its Annual Report. Four Statements are required - a Standard Income Statement, Standard Balance Sheet, Standard Cash Flow Statement and a Standard Statement of Capital Works, together with explanatory notes.

These statements and supporting notes form a special purpose financial report prepared to meet the requirements of the *Local Government Act* 1989 and the Local Government (Finance and Reporting) Regulations 2004.

The Standard Statements have been prepared on accounting bases consistent with those used for the General Purpose Financial Report and the Budget. The results reported in these Statements are consistent with those reported in the General Purpose Financial Report.

The Standard Statements are not a substitute for the General Purpose Financial Report, which are included on pages 1 to 42 of the Annual Report. They have not been prepared in accordance with all Australian Accounting Standards or other authoritative professional pronouncements.

The Standard Statements compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government Act* 1989 requires explanation of any material variances. The Council has adopted a materiality threshold of 10 per cent. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures included in the Standard Statements are those adopted by the Council on 28 June 2010. The budget was based on assumptions that were relevant at the time of adoption of the budget. The Council set guidelines and parameters for revenue and expense targets in this budget in order to meet the Council's business plan and financial performance targets for both the short and long term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable. Where necessary, the Budget figures have been recast to comply with current presentation requirements.

Detailed information on the actual financial results are contained in the General Purpose Financial Report on pages 1 to 42. The detailed budget can be obtained by contacting Council or through the Council's website. The Standard Statements must be read with reference to these documents.

STANDARD INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	Notes	Budget \$'000	Actual \$'000	Variations \$'000	%
<u>Revenues from ordinary activities</u>					
Rates & Garbage Charges		58,579	58,660	81	0%
Grants and Contributions	1	12,068	15,832	3,764	31%
User Charges		17,065	17,083	18	0%
Interest	2	1,873	3,024	1,151	61%
Other	3	-	4,671	4,671	100%
Total Revenues		89,585	99,270	9,685	11%
<u>Expenses from ordinary activities</u>					
Employee Costs		39,765	41,246	(1,481)	-4%
Materials and Services		19,303	19,798	(495)	-3%
Contractors		17,875	16,970	905	5%
Depreciation and amortisation		14,295	14,560	(265)	-2%
Debt Servicing Costs		36	36	-	0%
Other	4	-	953	(953)	100%
Total Expenses		91,274	93,563	(2,290)	-3%
Net gain/(loss) on disposal of assets	5	(93)	(40)	53	57%
Share of net surplus/(deficit) of associates		-	113	113	100%
Net surplus/(deficit) from operations		(1,782)	5,780	7,562	424%

STANDARD BALANCE SHEET AS AT 30TH JUNE 2011

	Notes	Budget \$'000	Actual \$'000	Variations \$'000	%
ASSETS					
Current Assets					
Cash and cash equivalents	6	32,519	44,984	12,465	38%
Receivables		5,247	5,649	402	8%
Other		1,305	1,413	108	8%
TOTAL CURRENT ASSETS		39,071	52,046	12,975	33%
Non-Current Assets					
Investments in associates		1,951	2,101	150	8%
Receivables	7	308	438	130	42%
Investment Properties	8	2,245	-	(2,245)	-100%
Intangible assets		8,360	8,751	391	5%
Property, infrastructure, plant & equipment		952,319	1,040,509	88,190	9%
TOTAL NON-CURRENT ASSETS		965,183	1,051,799	86,616	9%
TOTAL ASSETS		1,004,254	1,103,845	99,591	10%
LIABILITIES					
Current Liabilities					
Payables	9	5,707	7,463	1,756	31%
Employee benefits	10	9,907	10,432	525	5%
Interest bearing liabilities		285	285	-	0%
Others		3,760	3,458	(302)	-8%
TOTAL CURRENT LIABILITIES		19,659	21,638	1,979	10%
Non-Current Liabilities					
Employee benefits	10	674	813	139	21%
Interest bearing liabilities		149	149	-	0%
Others		6	6	-	0%
TOTAL NON-CURRENT LIABILITIES		829	968	139	17%
TOTAL LIABILITIES		20,488	22,606	2,118	10%
NET ASSETS		983,766	1,081,239	97,473	10%
Equity					
Current net surplus/(deficit) from operations		(1,782)	5,780	7,562	-424%
Accumulated surplus (inc reserves)		985,548	1,075,459	89,911	9%
TOTAL EQUITY		983,766	1,081,239	97,473	10%

STANDARD CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	Notes	Budget \$'000	Actual \$'000	Variances \$'000	%
CASH FLOWS FROM OPERATING ACTIVITIES					
Rates		58,452	59,232	780	1%
Grants, contributions, subsidies, & reimbursements	11	13,033	16,035	3,002	23%
User charges, fees & fines		18,929	18,210	(719)	-4%
Payment to employees		(39,096)	(39,624)	(528)	-1%
Payment to suppliers		(44,268)	(41,114)	3,154	7%
Interest received	12	1,873	2,922	1,049	56%
GST refunds	13	3,024	3,736	712	24%
Net cash provided by operating activities		11,947	19,397	7,450	62%
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for Property, Infrastructure, Plant and Equipment	14	(14,682)	(18,233)	(3,551)	24%
Proceeds from sale of property, plant and equipment	15	960	1,283	323	34%
Net cash (used in) investing activities		(13,722)	(16,950)	(3,228)	24%
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(36)	(36)	-	0%
Repayment of interest bearing-liabilities		(269)	(269)	-	0%
Net cash (used in) financing activities		(305)	(305)	-	0%
Net increase/(decrease) in cash held		(2,080)	2,142	4,222	-203%
Cash and cash equivalents at the beginning of the year		34,599	42,842	8,243	24%
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		32,519	44,984	12,465	38%

Reconciliation of operating result and net cash flows from operating activities

Net surplus (deficit) from operations	(1,782)	5,780	7,562	-424%
Depreciation and amortisation	14,295	14,560	265	2%
(Profit) loss from sale of property, plant, and equipment	93	40	(53)	-57%
Interest paid	36	36	-	0%
Change in Doubtful Debts Provision	-	32	32	100%
Investment in associate	-	(113)	(113)	100%
Donated assets & Converted ROW	-	(4,671)	(4,671)	100%
Disposals & obsolescence and adjustments		532	532	100%
Net movement in current assets and liabilities	(695)	3,201	3,896	-561%
Net cash provided by operating activities	11,947	19,397	7,450	62%

STANDARD STATEMENT OF CAPITAL WORKS FOR THE YEAR ENDED 30 JUNE 2011

	Notes	Budget \$'000	Actual \$'000	Variances \$'000	%
CAPITAL WORKS PROGRAM					
Land		-	-	-	-
Roads	16	4,315	5,401	(1,086)	-25%
Drainage	17	1,085	522	563	52%
Recreational land improvements & equipment		1,478	1,518	(40)	-3%
Buildings		4,239	3,990	249	6%
Plant, fleet, furniture & equipment	18	3,565	1,959	1,606	45%
Work in Progress		-	4,454	(4,454)	100%
Total Capital works		14,682	17,844	(3,162)	-22%

Represented by:

Renewal		12,062	11,412	650	5%
New Projects		2,620	6,432	(3,812)	-145%
Total Capital works		14,682	17,844	(3,162)	-22%

RECONCILIATION OF THE MOVEMENT BETWEEN THE PREVIOUS YEAR AND THE CURRENT YEAR

Total capital works		14,682	17,844	(3,162)	-22%
Asset revaluation movement		-	11,409	(11,409)	100%
Depreciation and amortisation		(14,295)	(13,998)	(297)	2%
Written down value of assets sold		(1,053)	-	(1,053)	100%
Disposals & obsolescence and adjustments		-	(535)	535	100%
Donated assets & Converted ROW		-	4,671	(4,671)	100%
Net movement in property, plant & equipment		(666)	19,391	(20,057)	3012%



NOTES TO THE STANDARD STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Explanation of material variances between budget and actual operating result

- 1 Grants and Contributions
A better than budget outcome of \$3.764m was due predominantly to higher than planned receipts from Open Space Cash in Lieu contributions from developers (\$1.295m), Victorian Grants Commission funding (\$0.804m), grants in relation to Ringwood Soccer Pavilion (\$0.435m) and New Street playspace (\$0.20m).
- 2 Interest Received
Receipts were greater than budget due to more favourable cash and investment cycles during the year (\$1.098m).
- 3 Other Revenue
The variance relates to the conversion of right of ways and disused roads to council land and contributions of land and drainage items from a major development within the municipality. Council does not budget for these contributions.
- 4 Other Expenditure
The variance arises due to the demolition of two sporting pavilions prior to construction of new facilities and the reconstruction of some Recreational Land Improvements.
- 5 Net gain/(loss) on disposal of assets
There was a higher than expected turnover of plant & equipment items, with better than expected resale prices resulting in a reduced loss on disposal.

Explanation of material variances between budget and actual Balance Sheet.

- 6 Cash and Cash Equivalents
The variance is due to higher levels of grants received in particular Open Space Cash in Lieu and Victorian Grants Commission, and the level of carried forward capital works.
- 7 Receivables
The variance is due to an increase in the level of community loans than had been budgeted.
- 8 Investment Properties
The investment property is no longer held to generate long-term yields and reverts back to land held.
- 9 Payables
The variance is due to accruals that were not budgeted for.



NOTES TO THE STANDARD STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

- 10 Employee Benefits
The total of current and non current employee benefits is within tolerance but the full impact of the split between the two was not fully budgeted for.

Explanation of material variances between budget and actual cashflow result

- 11 Grants, contributions, subsidies & reimbursements
A better than budget outcome of \$3.764m was due predominantly to higher than planned receipts from Open Space Cash in Lieu contributions from developers (\$1.295m), Victorian Grants Commission funding (\$0.804), grants in relation to Ringwood Soccer Pavilion (\$0.435m) and New Street playspace (\$0.20m).
- 12 Interest Received
Receipts were greater than budget due to more favourable cash and investment cycles during the year (\$1.098m).
- 13 GST Refunds
Due to the larger than anticipated expenditure on capital expenditure
- 14 Payments for Property, Infrastructure, Plant and Equipment
The variance relates to higher than expected carried forward capital expenditure from 2009/10.
- 15 Proceeds from sale of property, plant, and equipment
The variance relates to higher than expected sales of plant and equipment.

Explanation of material variances between budget and actual Statement of Capital Works

- 16 Roads
The variance relates to extra expenditure on a range of projects being bus stops (\$60k), footpath replacement works (\$149k), Wonga and Warranwood Rd footpath (\$159k) Glenora Ave. reconstruction (\$107k), bike underpass (\$128k) and local area traffic management (214k).
- 17 Drainage
Due to projects not being completed prior to the end of the financial year. These projects will be completed in 2011/12.
- 18 Plant, fleet, furniture & equipment
Plant and fleet budget was unexpended by \$1.4m due to difficulty in obtaining large pieces of plant from Japan such as the street sweeper. Also software projects budgeted in capital works but accounted for as an intangible asset



CERTIFICATION OF THE STANDARD STATEMENTS

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

Principal Accounting Officer

{Signed}

A.G. Ellis
CPA

Dated: 17 August 2011
Melbourne

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

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

We were authorised by the Council on 15 August 2011 to certify the standard statements in their final form on behalf of the Council.

Councillor

{Signed}

T. Dib Dated: 17 August 2011
 Melbourne

Councillor

{Signed}

R. Steane Dated: 17 August 2011
 Melbourne

Chief Executive Officer

{Signed}

F. Dixon Dated: 17 August 2011
 Melbourne

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Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Councillors, Maroondah City Council

The Financial Report and Standard Statements

The accompanying financial report for the year ended 30 June 2011 of Maroondah City Council which comprises of comprehensive income statement, balance sheet, statement of changes in equity, cash flow statement a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the certification of the financial report has been audited.

The accompanying standard statements for the year ended 30 June 2011 of the Council which comprises of standard income statement, standard balance sheet, standard cash flow statement, standard statement of capital works, the related notes and the certification of the standing statements have been audited.

The Councillor's Responsibility for the Financial Report and Standard Statements

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

- the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of the *Local Government Act 1989*
- the standard statements in accordance with the basis of preparation as described in note 1 of the statements and the requirements of the *Local Government Act 1989*.

This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report and standard statements that are free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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Auditing in the Public Interest

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Independent Auditor's Report (continued)

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

Independence

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

Auditor's Opinion

In my opinion:

- (a) the financial report presents fairly, in all material respects, the financial position of Maroondah City Council as at 30 June 2011 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Local Government Act 1989*.
- (b) The standard statements present fairly, in all material respects, in accordance with the basis of preparation as described in note 1 to the statements and comply with the requirements of the *Local Government Act 1989*.


Basis of Accounting for Standard Statements

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

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

This auditor's report relates to the financial report and standard statements of the Maroondah City Council for the year ended 30 June 2011 included both in the Maroondah City Council's annual report and on the website. The Councillors of the Maroondah City Council are responsible for the integrity of the Maroondah City Council's website. I have not been engaged to report on the integrity of the Maroondah City Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report and standard statements are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and standard statements to confirm the information contained in the website version of the financial report and standard statements.

MELBOURNE
19 August 2011


D D R Pearson
Auditor-General

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Auditing in the Public Interest

PERFORMANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

Key Strategic Activity	Performance measure	Target	Result
Strategic Objective: Community			
Maintain and improve the quality of Council's Services	Community satisfaction rating in Local Government Victoria Annual Community Satisfaction Survey (ACSS) for overall performance in key service areas and responsibilities	Local Government Victoria Annual Community Satisfaction Survey \geq 80%	Achieved 86%
	Community satisfaction Survey result (ACSS) for Health and Human services	Local Government Victoria Annual Community Satisfaction Survey \geq 80%	Achieved 85%
	Implementation of the Community Wellbeing Plan's Year 1 action plan	30-Jun-11	Achieved Year 1 Action Plan of the Community Wellbeing Plan was completed.
Strategic Objective: Economic Development and Employment			
Generate and foster economic development	Community satisfaction Survey result (ACSS) for Economic Development	Local Government Victoria Annual Community Satisfaction Survey \geq 80%	Not Achieved 78% The impact of the global financial crisis has contributed to the overall result.
	Participant satisfaction Survey result with Business Week programme	Business Week participant Satisfaction Survey \geq 85%	Not Achieved 73% The survey result has necessitated a review of the delivery of the Business Week program
Keep community informed on progress and developments associated with Central Activity District	Coordinate and facilitate the community reference group quarterly meetings	4	Achieved 5
Strategic Objective: Infrastructure			
Provide infrastructure that maintains existing levels of service for the community	Fully expend 2.5% Infrastructure Levy raised within required timeframe	30-Jun-11	Achieved 100%
	Community satisfaction Survey result (ACSS) for construction and maintenance of roads and footpaths	Local Government Victoria Annual Community Satisfaction Survey \geq 70%	Achieved 71%
Maintain Council buildings and amenities	Review and establish the annual renewal and maintenance program based on the cyclical building condition assessment program	30 June 2011	Achieved 100%

PERFORMANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

Key Strategic Activity	Performance measure	Target	Result
Strategic Objective: Infrastructure (continued)			
	The percentage of annual renewal and maintenance program completed	Program completed \geq 80%	Achieved 80%
Strategic Objective: Leisure and Culture			
Foster a diverse range of arts and cultural experiences	The number of theatre and gallery events held annually.	Events held annually \geq 25	Achieved 60
Utilisation of Council's Major Leisure Facilities	Annual participation rates across 6 major facilities	\geq 1,000,000 visits	Achieved 1,115,459 visits recorded.
Ensure the sustainable future management of the Major Leisure Facilities	Commence implementation of the Major Leisure Facilities sustainable management plan	30-Jun-11	Majority of recommendations from the Sustainable Management Plan have been implemented
Provide a range of recreational facilities	Community satisfaction Survey result (ACSS) for Recreational Facilities	Local Government Victoria Annual Community Satisfaction Survey \geq 80%	Achieved 84%
Strategic Objective: Natural Environment			
Offer a comprehensive range of waste management services	Community satisfaction Survey result (ACSS) for waste management	Local Government Victoria Annual Community Satisfaction Survey \geq 80%	Achieved 81%
Promote sustainable awareness within the community	Undertake a series of community workshops and forums to promote sustainability awareness	Workshops and forums held annually \geq 10	Achieved 11 Workshops/Forums held

PERFORMANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

Key Strategic Activity	Performance measure	Target	Result
Strategic Objective: Transport			
Minimise public safety risk	Deliver budgeted 2010/11 projects identified in the Local Area Traffic Management Program	Deliver identified projects $\geq 90\%$	Achieved 100%
	Undertake annual inspection of all Council constructed footpaths (Municipality divided into 20 areas)	Undertake Footpath inspections in all 20 identified areas.	Achieved Inspections completed in all 20 areas
Strategic Objective: Urban Design and Development			
Provide effective and efficient Town Planning and approval process	Community satisfaction Survey result (ACSS) for Town Planning policy and approvals.	Local Government Victoria Annual Community Satisfaction Survey $\geq 70\%$	Not Achieved 65% Maroondah Council remains above the average for metro Councils and is aiming to improve through ongoing process improvement initiatives.
Strategic Objective: Governance and Corporate Support			
Continue strengthening advocacy processes	Community satisfaction Survey result (ACSS) for advocacy and representation on key local issues.	Local Government Victoria Annual Community Satisfaction Survey $\geq 80\%$	Not Achieved 72% Council undertook extensive advocacy campaigns during the timeframe. A key priority for Council is to enhance the methods of communicating with the Maroondah Community.
Sustain long term financial viability	Continually review and update assumptions in the Long Term Financial Strategy.	30-Jun-11	Achieved The Long Term Financial Strategy is reviewed and updated when any additional information becomes available.



NOTE TO THE PERFORMANCE STATEMENT FOR 2010/11

Introduction

Performance Statement reporting is in accordance with the revised legislation resulting from the provisions of the Local Government (Democratic Reform) Act 2003. Reporting is now aligned to Key Strategic Activities specified in Council's Adopted Budget. Councils are required to publish an audited Statement of Performance specifying outcomes against each of the published Key Strategic Activities.

The Key Strategic Activities that Council adopted in its 2010/11 Annual Budget cover the following areas of Council:

- Community
- Economic development & employment
- Infrastructure
- Leisure & culture
- Urban design & development
- Natural environment
- Transport
- Governance & corporate support

The meaning of terminology used to describe the Key Strategic Activities in the Performance Statement is consistent with the same terminology used elsewhere in this Annual Report.



CERTIFICATION OF THE PERFORMANCE STATEMENT

In our opinion, the accompanying performance statement of the Maroondah City Council in respect of the 2010/2011 financial year is presented fairly in accordance with the *Local Government Act 1989*.

The statement outlines the Key Strategic Activities and performance targets and measures specified under section 127 in respect of that year described in Council's adopted budget and describes the extent to which the Key Strategic Activities were met in that year having regard to those targets and measures.

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

On 15 August 2011 we were authorised by the Council to certify this performance statement in its final form on behalf of the Council.

Councillor

{Signed}

T. Dib

Dated: 17 August 2011
Melbourne

Councillor

{Signed}

R. Steane

Dated: 17 August 2011
Melbourne

Chief Executive Officer

{Signed}

F. Dixon

Dated: 17 August 2011
Melbourne



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Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Councillors, Maroondah City Council

The Performance Statement

The accompanying performance statement for the year ended 30 June 2011 of the Maroondah City Council which comprises the statement, the related notes and the certification of the performance statement has been audited.

The Councillors' Responsibility for the Performance Statement

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

Auditor's Responsibility

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

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

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

Independence

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

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Independent Auditor's Report (continued)

Auditor's Opinion

In my opinion, the performance statement of the Maroondah City Council in respect of the 30 June 2011 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

Matters Relating to the Electronic Publication of the Audited Performance Statement

This auditor's report relates to the performance statement of the Maroondah City Council for the year ended 30 June 2011 included both in the Maroondah City Council's annual report and on the website. The Councillors of the Maroondah City Council are responsible for the integrity of the Maroondah City Council's website. I have not been engaged to report on the integrity of the Maroondah City Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this statement. If users of the performance statement are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited performance statement to confirm the information contained in the website version of the performance statement.

MELBOURNE
19 August 2011



D D R Pearson
Auditor-General

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