



# **Special Meeting of the Council**

# **MINUTES**

<b>Date:</b>	<b>Tuesday, 12 September 2017</b>
<b>Time:</b>	<b>6:30pm</b>
<b>Location:</b>	<b>Council Chamber, Civic Centre 699 Doncaster Road, Doncaster</b>

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**MANNINGHAM CITY COUNCIL**  
**MINUTES OF THE SPECIAL MEETING OF THE COUNCIL**  
**HELD ON 12 SEPTEMBER 2017 AT 6:30PM**  
**IN COUNCIL CHAMBER, CIVIC CENTRE**  
**699 DONCASTER ROAD, DONCASTER**

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The meeting commenced at 6:31pm.

**PRESENT:** Mayor Michelle Kleinert (Mayor)  
Councillor Mike Zafiroopoulos (Deputy Mayor)  
Councillor Anna Chen  
Councillor Andrew Conlon  
Councillor Sophy Galbally  
Councillor Geoff Gough  
Councillor Dot Haynes  
Councillor Paul McLeish  
Councillor Paula Piccinini

**OFFICERS PRESENT:** Chief Executive Officer, Mr Warwick Winn  
Acting Director Assets & Engineering, Mr Dario Bolzonello  
Director Planning & Environment, Ms Teresa Dominik  
Director Shared Services, Mr Philip Lee  
Executive Manager People & Governance, Ms Jill Colson

**1 OPENING PRAYER AND STATEMENTS OF  
ACKNOWLEDGEMENT**

The Mayor read the Opening Prayer & Statements of Acknowledgement.

**2 APOLOGIES AND REQUESTS FOR LEAVE OF ABSENCE**

There were no apologies.

**3 PRIOR NOTIFICATION OF CONFLICT OF INTEREST**



The Chairman asked if there were any written disclosures of a conflict of interest submitted prior to the meeting and invited Councillors to disclose any conflict of interest in any item listed on the Council Agenda.

There were no disclosures made.

#### 4 2016-17 Financial Report and 2016-17 Performance Statement; Adoption in Principle

File Number: IN17/494

Responsible Director: Director Shared Services

Attachments: 1 2016-17 Financial Report [↓](#)   
2 2016-17 Performance Statement [↓](#) 

##### EXECUTIVE SUMMARY

*The completed 2016-17 Financial Report and 2016-17 Performance Statement are presented to Council for adoption in principle prior to their lodgement with the Auditor-General.*

*A detailed audit of the Financial Report and Performance Statement was undertaken by the Auditor-General's agent during August 2017. The "Closing Report – Manningham City Council for the year ended 30 June 2017" concluded that the 2016-17 Financial Report (attachment 1) and 2016-17 Performance Statement (attachment 2) "present fairly". It is expected that a clear (unmodified) opinion be issued on the Financial Report and Performance Statement.*

*The 2016-17 Financial Report and 2016-17 Performance Statement together with the Closing Report from the Victorian Auditor-General's Office were presented to the Audit and Risk Committee on 1 September 2017. The Audit and Risk Committee recommended a number of non-material changes and these have been incorporated into the final documents attached to this report.*

*The Audit and Risk Committee is satisfied that an appropriate external audit process has taken place and that the Committee's review of the reports did not identify any issues that would prevent the Council from adopting the Financial Report and Performance Statement "in principle" for submission to the Auditor-General.*

*The Financial Report and Performance Statement will be reproduced in full in Council's 2016-17 Annual Report.*

##### COUNCIL RESOLUTION

**MOVED: CR PAUL MCLEISH**  
**SECONDED: CR MIKE ZAFIROPOULOS**

**That Council:**

- A. Notes that the Audit and Risk Committee is satisfied that an appropriate external audit process has taken place on the 2016-17 Financial Report and 2016-17 Performance Statement;**
- B. Authorises Councillor Michelle Kleinert and Councillor Mike Zafirooulos to certify the 2016-17 Financial Report and 2016-17 Performance Statement in their final form. In the event that either Councillor Kleinert or Zafirooulos is not available to certify the Statements, then any other Manningham Councillor is authorised to certify the Statements.**
- C. Council approves in principle the 2016-17 Financial Report and 2016-17 Performance Statement.**

**CARRIED**

## 2. BACKGROUND

The *Local Government Act 1989* requires that each year Council prepare a report of its operations and include the audited Financial Report and Performance Statement.

The Financial Report and Performance Statement as presented comply with the Model Financial Report, accounting standards, relevant legislation and departmental guidelines.

The Financial Report provides comprehensive reporting of the revenues and expenses of Council for the 2016-17 financial year and the financial position of Council as at 30 June 2017. The notes accompanying the Financial Statements provide information relevant to Council's accountability obligations and additional information to assist users of the report to form an opinion on the financial performance of Council.

The financial statements present Council in a sound financial position.

Key finance facts:

- \$38.6 million surplus (before asset revaluation increments)
- \$2.04 billion net assets, an increase of \$157 million on 2015-16
- \$118.5 million asset revaluation increment in 2016-17
- \$63.9 million cash and term deposits
- \$23.6 million cash and term deposits without restrictions/intended allocations
- \$45.4 million total liabilities

An external audit has been carried out by the Victorian Auditor-General's agent (HLB Mann Judd) during August 2017. The Closing Report of the 2016-17 Audit, the Financial Report and Performance Statement were presented to the Audit and Risk Committee on 1 September 2017. The Audit and Risk Committee resolved:

- a) *The Audit Committee is satisfied that an appropriate external audit process has taken place on the proposed 2016-17 Financial Report and 2016-17 Performance Statement;*
- b) *The Audit Committee's review of the proposed 2016-17 Financial Report and 2016-17 Performance Statement did not identify any issues that would prevent the Council from adopting the 2016-17 Financial Report and 2016-17 Performance Statement; and*
- c) *That the agent of the Auditor General will recommend that the Auditor General issue an unmodified audit opinion on the 2016-17 Financial Report and 2016-17 Performance Statement.*

## 3. DISCUSSION / ISSUE

It is proposed that Council adopt "in principle" the 2016-17 Financial Report and 2016-17 Performance Statement.

## 4. COUNCIL PLAN / STRATEGY

The outcomes contained in the Financial Report will form the starting basis for the 2017/18 review of Council's 10 Year Long Term Financial Plan. The update of the financial plan is listed as a major initiative in the 2017-2021 Council Plan.

**5. IMPACTS AND IMPLICATIONS**

The financial statements present Council in a sound financial position and form a positive base for the 2017-18 budget year.

**6. IMPLEMENTATION****6.1 Finance / Resource Implications**

The financial forecasts in Council's long term Financial Plan will be updated to reflect the positive operating result for 2016/17 and financial position of Council as at 30 June 2017.

**6.2 Communication and Engagement**

The Financial Report and Performance Statement will be published in Council's 2016-17 Annual Report. Performance indicators from the Performance Statement will also be published on the Know Your Council website.

**6.3 Timelines**

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

**7. DECLARATIONS OF CONFLICT OF INTEREST**

No Officers involved in the preparation of this report have any direct or indirect conflict of interest in this matter.

01/09/2017

MANNINGHAM CITY COUNCIL  
ANNUAL FINANCIAL REPORT  
For the Year Ended 30 June 2017

DRAFT

**MANNINGHAM CITY COUNCIL**  
**Financial Report**  
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**Comprehensive Income Statement  
For the Year Ended 30 June 2017**

	Note	2017 \$'000	2016 \$'000
<b>Income</b>			
Rates and charges	3	82,819	81,721
Waste charges	3	10,201	12,040
Statutory fees and fines	4	3,572	3,020
User fees and charges	5	10,797	9,533
Contributions - monetary	6	6,640	5,430
Contributions - non-monetary	6	15,747	494
Grants - operating	7	12,386	10,023
Grants - capital	7	3,999	7,189
Interest income	8	1,629	1,523
Other income	8	1,004	814
Share of gain from investment in associate	9	122	522
Net profit/(loss) on disposal of property, infrastructure, plant, equipment and other fixed assets	12	759	(129)
<b>Total income</b>		<b>149,655</b>	<b>132,180</b>
<b>Expenses</b>			
Employee costs	10	51,099	47,890
Materials, services and contracts	11	22,115	21,595
Depreciation and amortisation	13	19,347	20,221
Borrowing costs	14	309	309
Community grants and contributions	15	5,471	5,203
Utilities	15	2,528	2,186
Other expenses	15	10,212	10,110
<b>Total expenses</b>		<b>111,081</b>	<b>107,514</b>
<b>Surplus for the year</b>		<b>38,574</b>	<b>24,666</b>
<b>Other comprehensive income</b>			
<b>Item that will not be reclassified to surplus or deficit in future periods</b>			
Net asset revaluation increment/(decrement)	27(a)	118,540	56,539
<b>Total comprehensive result</b>		<b>157,114</b>	<b>81,205</b>

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

**Balance Sheet**  
**As at 30 June 2017**

	Note	2017 \$'000	2016 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	16	49,353	39,470
Trade and other receivables	17	8,800	9,276
Other financial assets	18	14,500	23,500
Other assets	19	1,903	1,444
<b>Total current assets</b>		<b>74,556</b>	<b>73,690</b>
<b>Non-current assets</b>			
Trade and other receivables	17	31	31
Investment in associate	9	2,636	2,514
Property, infrastructure, plant, equipment and other fixed assets	20	2,004,700	1,845,383
Intangible assets	21	1,880	1,819
<b>Total non-current assets</b>		<b>2,009,247</b>	<b>1,849,747</b>
<b>Total assets</b>		<b>2,083,803</b>	<b>1,923,437</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	22	14,180	13,338
Trust funds and deposits	23	9,861	7,676
Provisions	24	12,172	12,197
Income received in advance	25	1,209	741
<b>Total current liabilities</b>		<b>37,422</b>	<b>33,952</b>
<b>Non-current liabilities</b>			
Provisions	24	696	914
Interest-bearing loans and borrowings	26	7,279	7,279
<b>Total non-current liabilities</b>		<b>7,975</b>	<b>8,193</b>
<b>Total liabilities</b>		<b>45,397</b>	<b>42,145</b>
<b>Net Assets</b>		<b>2,038,406</b>	<b>1,881,292</b>
<b>Equity</b>			
Accumulated surplus		677,444	639,709
Reserves	27	1,360,962	1,241,583
<b>Total Equity</b>		<b>2,038,406</b>	<b>1,881,292</b>

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

**Statement of Changes in Equity  
For the Year Ended 30 June 2017**

2017	Note	Accumulated surplus \$'000	Asset revaluation reserves \$'000	Other reserves \$'000	Total \$'000
Balance at beginning of the financial year		639,709	1,236,931	4,652	1,881,292
Surplus for the year		38,574	-	-	38,574
Net asset revaluation increment/(decrement)	27(a)	1,994	116,546	-	118,540
Transfers from other reserves	27(b)	3,081	-	(3,081)	-
Transfers to other reserves	27(b)	(5,914)	-	5,914	-
<b>Balance at end of the financial year</b>		<b>677,444</b>	<b>1,353,477</b>	<b>7,485</b>	<b>2,038,406</b>
Change in equity for the financial year		37,735	116,546	2,833	157,114

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

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

**Statement of Cash Flows**  
**For the Year Ended 30 June 2017**

	Note	2017 Inflows/(Outflows) \$'000	2016 Inflows/(Outflows) \$'000
<b>Cash flows from operating activities</b>			
Rates and waste charges		92,574	93,042
Statutory fees, fines and user charges		15,368	12,113
Grants - operating		12,866	10,023
Grants - capital		3,999	7,243
Contributions - monetary		7,074	4,738
Interest received		1,433	1,787
Net increase in trust funds and deposits		2,185	1,573
Other receipts		731	535
Net GST refund/payment		(149)	(196)
Materials, services and contracts		(43,586)	(35,815)
Other payments		(309)	-
Employees costs		(51,064)	(46,870)
<b>Net cash provided by/(used in) operating activities</b>	28	<b>41,122</b>	<b>48,173</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment, infrastructure, and other fixed assets		(44,432)	(34,794)
Proceeds from disposal of property, infrastructure, plant, equipment and other fixed assets	12	4,193	601
Receipts/(payments) for other financial assets		9,000	(23,500)
Proceeds from other financial assets		-	169
<b>Net cash provided by/(used in) investing activities</b>		<b>(31,239)</b>	<b>(57,524)</b>
Net increase/(decrease) in cash and cash equivalents		9,883	(9,351)
Cash and cash equivalents at the beginning of the financial year		39,470	48,821
<b>Cash and cash equivalents at the end of the financial year</b>	16	<b>49,353</b>	<b>39,470</b>
Financing arrangements	30		
Restrictions on cash assets	16		

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

**Statement of Capital Works  
For the Year Ended 30 June 2017**

	2017 \$'000	2016 \$'000
<b>Property</b>		
Land	1,353	1,996
Buildings	14,647	13,302
<b>Total property</b>	<u>16,000</u>	<u>15,298</u>
<b>Plant, machinery and other assets</b>		
Plant, machinery and equipment	1,633	1,410
Fixtures, fittings and furniture	22	86
Computers and telecommunications	88	308
Artworks	22	17
<b>Total plant, machinery and other assets</b>	<u>1,765</u>	<u>1,821</u>
<b>Infrastructure</b>		
Roads	8,938	7,565
Bridges	95	370
Footpaths and cycleways	2,599	2,668
Off street car parks	183	114
Drainage	5,062	1,654
Recreational, leisure and community facilities	2,699	1,349
Parks, open space and streetscapes	3,369	3,306
Waste management	5,415	-
<b>Total infrastructure</b>	<u>28,360</u>	<u>17,026</u>
<b>Intangible assets</b>		
Software	1,819	649
<b>Total intangible assets</b>	<u>1,819</u>	<u>649</u>
<b>Total capital works expenditure</b>	<u>47,944</u>	<u>34,794</u>
<b>Represented by:</b>		
New asset expenditure	19,718	13,147
Asset renewal expenditure	23,155	14,578
Asset expansion expenditure	986	2,907
Asset upgrade expenditure	4,085	4,162
<b>Total capital works expenditure</b>	<u>47,944</u>	<u>34,794</u>

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

### Notes to the Financial Report For the Year Ended 30 June 2017

#### Introduction

The City of Manningham was established by an Order of the Governor in Council on 15 December 1994 and is a body corporate. The Council's main office is located at 699 Doncaster Road, Doncaster, Victoria.

#### Statement of compliance

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

#### Note 1 Significant accounting policies

##### (a) Basis of accounting

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

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

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

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

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

##### (b) Changes of accounting policies

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

##### (c) Revenue recognition

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

#### *Rates and charges*

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

#### *Grants*

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

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 7. The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

#### *Contributions*

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

**Note 1 Significant accounting policies (cont.)****(c) Revenue recognition (cont.)***User fees, charges and fines*

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

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

*Disposal of property, plant and equipment and infrastructure*

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

*Rents*

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

*Interest*

Interest is recognised progressively as it is earned.

*Other income*

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

**(d) Fair Value Measurement**

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

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

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

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

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

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

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

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

**(e) Recognition and measurement of property, infrastructure, plant, equipment, intangible assets and other fixed assets***Acquisition*

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique.

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

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

**Note 1 Significant accounting policies (cont.)****(e) Recognition and measurement of property, infrastructure, plant, equipment, intangible assets and other fixed assets (cont.)***Revaluation*

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

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

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

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

*Land under roads*

Land under roads acquired after 30 June 2008 is brought to account at cost adjusted for engloba characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. Council does not recognise land under roads that it controlled prior to that period in its financial report.

*Impairment of assets*

At each reporting date, the Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Value in use is the depreciated replacement cost. Any excess of the assets carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

**(f) Depreciation and amortisation of property, infrastructure, plant, equipment, intangible assets and other assets**

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

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

Artworks are not depreciated.

As part of Council's revaluation program an assessment of useful lives was undertaken as at 30 June 2017 which resulted in extensions of the useful life for the road pavement, road sub-pavement and drainage asset classes. The changes of asset lives have been applied from 1 July 2016 and they are included in the table below. The impact on depreciation expense for 2016/17 is summarised below:

<b>Changes in useful lives estimates</b>	<b>2017</b>	<b>2016</b>	
Road - pavement	30 years	25 years	
Road - sub-pavement	120 years	100 years	
Drainage	120 years	100 years	
	<b>2017</b>	<b>2016</b>	<b>Impact</b>
<b>Impact on depreciation</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Road - pavement	5,020	6,024	(1,004)
Road - sub-pavement	995	1,194	(199)
Drainage	2,826	3,391	(565)



Notes to the Financial Report  
For the Year Ended 30 June 2017

MANNINGHAM CITY COUNCIL  
2016/17 Financial Report

**Note 1 Significant accounting policies (cont.)**

**(f) Depreciation and amortisation of property, infrastructure, plant, equipment, intangible assets and other assets (cont.)**  
Straight line depreciation is charged based on the residual useful life as determined each year.

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

Asset class	Depreciation Period	Threshold limit \$'000
<b>Property</b>		
Land	Infinite life	0
Land under roads	Infinite life	0
Buildings	75 - 100 years	5
Buildings on leased land	Term of lease or 75 years	
<b>Plant, equipment and other assets</b>		
Plant, machinery and equipment	5 - 25 years	1
Fixtures, fittings and furniture	4 - 20 years	1
Computers and telecommunications	4 - 10 years	1
Artworks	Not depreciated	1
<b>Infrastructure</b>		
Road - pavement	30 years (25 years in 2015/16)	10
Road - sub-pavement	120 years (100 years in 2015/16)	10
Bridges	60 - 100 years	10
Footpaths and cycleways	60 - 100 years	10
Carparks	60 - 100 years	10
Drainage	120 years (100 years in 2015/16)	10
Recreational, leisure and community facilities	20 years	10
Parks, open space and streetscapes	20 years	10
Waste garbage bins	20 years	0
<b>Intangible assets</b>		
Software	5 years	1

**(g) Repairs and maintenance**

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

**(h) Borrowings**

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

*Borrowing costs*

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

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

**Note 1 Significant accounting policies (cont.)****(i) Cash and cash equivalents**

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

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

**(j) Other financial assets**

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

**(k) Investment in associate**

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

**(l) Trust funds and deposits**

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

**(m) Employee costs and benefits**

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

*Wages and salaries and annual leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick leave expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and measured at their nominal values.

Liabilities that are not expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities, measured at the present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

*Long service leave*

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Current liability - unconditional LSL is disclosed as a current liability even when the council does not expect to settle the liability within 12 months because it will not have the unconditional right to defer settlement of the entitlement should an employee take leave within 12 months.

The components of this current liability are measured at :

- present value - component that is not expected to be wholly settled within 12 months.
- nominal value - component that is expected to be wholly settled within 12 months.

*Classification of employee costs*

Non-current liability - conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non-current liability. There is an unconditional right to defer settlement of the entitlement until the employee has completed the requisite years of service.

This non-current LSL liability is measured at present value.

**(n) Leases***Operating leases*

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

Notes to the Financial Report  
For the Year Ended 30 June 2017

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**Note 1 Significant accounting policies (cont.)**

**(o) Goods and Services Tax (GST)**

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

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

**(p) Rounding**

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

**(q) Non-current assets held for sale**

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

**(r) Contingent assets and contingent liabilities and commitments**

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

**(s) Trade and other receivables**

Short term receivables are carried at invoice amount as amortised cost using the effective interest rate method would not impact the carrying value. A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred. Long term receivables are carried at amortised cost using the effective interest rate method.

**(t) Financial guarantees**

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

**(u) Inventories**

Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential.

All other inventories, including land held for sale, are measured at the lower of cost and net realisable value. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

**Note 1 Significant accounting policies (cont.)****(v) Pending accounting standards**

The following new Australian Accounting Standard's (AAS's) have been issued that are not mandatory for the 30 June 2017 reporting period. Council has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

**Financial Instruments (AASB 9) (applies 2018/19)**

The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred. While there will be no significant impact arising from AASB 9, there will be a change to the way financial instruments are disclosed.

**Revenue from contracts with customers (AASB 15) (applies 2018/19)**

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

**Leases (AASB 16) (applies 2019/20)**

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

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

This standard replaces AASB 1004 Contributions and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable to not-for-profit entity to further its objectives. The assessment has indicated that revenue from capital grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as performance obligations are satisfied. As a result, the timing recognition of revenue will change.

Council has a significant number of operating leases that will be impacted as a result of this change.

Notes to the Financial Report  
For the Year Ended 30 June 2017

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**Note 2 Budget comparison**

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

The budget figures detailed below are those adopted by Council on 28 June 2016. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for revenue and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term.

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

**a) Income and expenditure**

	Budget 2017 \$'000	Actual 2017 \$'000	Variance 2017 \$'000	Ref
<b>Income</b>				
Rates and charges	82,455	82,819	364	1
Waste charges	10,688	10,201	(487)	2
Statutory fees and fines	2,784	3,572	788	3
User fees and charges	9,674	10,797	1,123	4
Contributions - monetary	3,477	6,640	3,163	5
Contributions - non-monetary	464	15,747	15,283	6
Grants - operating	11,058	12,366	1,308	7
Grants - capital	4,535	3,999	(536)	8
Interest income	1,284	1,629	345	9
Net profit/(loss) on disposal of property, infrastructure, plant, equipment and other fixed assets	400	759	359	10
Other income	964	1,004	40	
Share of gain from investment in associate	-	122	122	11
<b>Total income</b>	<u>127,783</u>	<u>149,655</u>	<u>21,872</u>	
<b>Expenses</b>				
Employee costs	50,235	51,099	(864)	12
Materials, services and contracts	21,948	22,115	(167)	
Depreciation and amortisation	21,441	19,347	2,094	13
Borrowing costs	386	309	77	
Community grants and contributions	5,517	5,471	46	
Utilities	2,721	2,528	193	14
Other expenses	10,713	10,212	501	15
<b>Total expenses</b>	<u>112,961</u>	<u>111,081</u>	<u>1,880</u>	
<b>Surplus for the year</b>	<u>14,822</u>	<u>38,574</u>	<u>23,752</u>	
<b>Other comprehensive income</b>				
Net asset revaluation increment/(decrement)	33,666	118,540	84,874	16
<b>Total comprehensive result</b>	<u>48,488</u>	<u>157,114</u>	<u>108,626</u>	

variances in brackets = unfavourable

Notes to the Financial Report  
For the Year Ended 30 June 2017

MANNINGHAM CITY COUNCIL  
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Note 2 Budget comparison (cont.)

a) Income and expenditure (cont.)

Explanation of material variations

Ref.	Item	Explanation
1	Rates and charges	<b>Outcome: Greater than budget \$364,000 or 0.4 %</b> Rates and charges are \$0.36 million favourable to budget mainly due to an increase of 1,003 properties rated for the first time during the year.
2	Waste charges	<b>Outcome: Less than budget \$487,000 or 4.6 %</b> Waste charges income was less than budget due to a high number of ratepayers taking up the option of the smaller (and cheaper) waste bin in the 2016/17 rollout of new bins.
3	Statutory fees and fines	<b>Outcome: Greater than budget \$788,000 or 28.3 %</b> During the year, Council raised \$3.57 million in statutory charges, \$0.79 million favourable to budget. The increase was mainly due to an increase in permit volume and an increase in regulated charges by the State Government.
4	User fees and charges	<b>Outcome: Greater than budget \$1,123,000 or 11.6 %</b> User fees and charges were greater than budget by \$1.12 million and mainly due to higher than anticipated planning service fees (\$0.33 million), advertising income from bus shelters in the municipality (\$0.29 million) and engineering referral fees (\$0.20 million).
5	Contributions - monetary	<b>Outcome: Greater than budget \$3,163,000 or 91 %</b> Cash developer contributions in lieu of public open space and infrastructure requirements was \$3.16 million greater than budget. These funds are placed into a cash backed reserve to be used for recreation and open space improvements for the community.
6	Contributions - non-monetary	<b>Outcome: Greater than budget \$15,283,000 or 3293.8 %</b> The subdivision assets contributed to Council was \$15.28 million greater than budget. This represents land, land under roads, and other infrastructure (drainage pipes and pits, footpaths, kerb & channels) transferred to council ownership by developers. The key contributor in 2016/17 relates to the completion of early stages of the Tullamore residential development.
7	Grants - operating	<b>Outcome: Greater than budget \$1,308,000 or 11.8 %</b> A change in the timing of Financial Assistance Grants (FAG) from the Federal Government has resulted in the bringing forward of \$1.24 million of the 2017/18 grant revenue budget into the 2016/17 year. The grants received in advance is to be carried forward into 2017/18 to fund operations in that year.
8	Grants - capital	<b>Outcome: Less than budget \$536,000 or 11.8 %</b> Capital grants were less than budget by \$0.54 million due to: * \$1.83 million of grants received in late June 2016, originally budgeted to be received in 2016/17; * \$0.40 million of Roads to Recovery grants for works not completed during the year and will be claimed on completion of work in 2017/18, partly offset by * capital grants of \$0.75 million received in advance for 2017/18. This includes Financial Assistance Grants of \$0.40 million for local roads; and * unbudgeted grants received during the year for various capital work projects (Carey Grammar and City of Boroondara contributions of \$0.38 million for Drainage Strategy, Club's contribution of \$0.15 million for Park Avenue Reserve and other new contributions for various projects).
9	Interest income	<b>Outcome: Greater than budget \$345,000 or 26.9 %</b> Interest on investments was greater than budget due to increased cash holdings primarily resulting from higher than expected developer contributions (\$4.27 million), capital works funded in 2016/17 to be completed in 2017/18 (\$6.92 million) and Financial Assistance Grants (\$1.64 million) received in advance for 2017/18 works and services.
10	Net profit/(loss) on disposal of property, infrastructure, plant, equipment and other fixed assets	<b>Outcome: Greater than budget \$359,000 or 89.8 %</b> During the year, Council settled on the sale of 8-10 Montgomery Street, Doncaster and achieved higher than budgeted sale price resulted in favourable variance to budget.

Notes to the Financial Report  
For the Year Ended 30 June 2017

MANNINGHAM CITY COUNCIL  
2016/17 Financial Report

Note 2 Budget comparison (cont.)

a) Income and expenditure (cont.)

Explanation of material variations

Ref.	Item	Explanation
11	Share of gain from investment in associate	<b>Outcome: Greater than budget \$122,000 or 100 %</b> Council has a 31.24% equity interest in the Whitehorse Manningham Regional Library Corporation (WMRL). During the year, Council share of the WMRL assets increased by \$0.12 million and is recorded as income for the year.
12	Employee costs	<b>Outcome: Greater than budget \$864,000 or 1.7 %</b> Employee costs were greater than budget by \$0.86 million or 1.7% chiefly due to commencement of the Citizen Connect program. Citizen Connect is a multi-year program to transform systems and processes to put the citizen/customer at the centre of operations and Council's thinking.
13	Depreciation and amortisation	<b>Outcome: Less than budget \$2,094,000 or 9.8 %</b> Depreciation and amortisation expenses was less than budget predominately due to review of useful life of infrastructure assets which resulted in the anticipated life of drainage, road surface and road base assets being extended.
14	Utilities	<b>Outcome: Less than budget \$193,000 or 7.1 %</b> Expenses associated with utilities were less than budget by \$0.19 million. A key contributor relates to a Council funded initiative to changeover street lights to low energy LED lamps.
15	Other expenses	<b>Outcome: Less than budget \$501,000 or 4.7 %</b> Other expenses were 4.7% or \$0.50 million less than budget. Key variances relate to consultancy costs \$0.92 million, insurance premiums \$0.27 million following a new insurance contract with MAV Insurance, legal expenses \$0.16 million and staff training. These savings were partly offset by an expenditure of \$0.96 million funded through the capital works program has been classified as non capital and transferred to operating expenditure.
16	Net asset revaluation increment/(decrement)	<b>Outcome: Greater than budget \$84,874,000 or 252.1 %</b> The 2016/17 revaluation of property and infrastructure assets resulted in an increase in asset values by \$118.54 million. Land assets increased in value by \$78.19 million or 6.6% during the year, reflecting continued growth in property values in Manningham. Infrastructure assets increased in value by \$39.54 million mainly as a result of the extension of drainage, road base and road surface asset classes following the annual review of condition and useful life of assets.

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Note 2 Budget comparison (cont.)

b) Capital Works

	Budget 2017 \$'000	Actual 2017 \$'000	Variance 2017 \$'000	Ref
<b>Property</b>				
Land	-	1,353	(1,353)	17
Buildings	15,136	14,647	489	
<b>Total property</b>	<b>15,136</b>	<b>16,000</b>	<b>(864)</b>	
<b>Plant, machinery and other assets</b>				
Plant, machinery and equipment	2,020	1,633	387	18
Fixtures, fittings and furniture	55	22	33	
Computers and telecommunications	349	88	261	19
Artworks	-	22	(22)	
<b>Total plant, machinery and other assets</b>	<b>2,424</b>	<b>1,765</b>	<b>659</b>	
<b>Infrastructure</b>				
Roads	10,445	8,938	1,507	20
Bridges	-	95	(95)	
Footpaths and cycleways	909	2,599	(1,690)	21
Off street car parks	356	183	173	22
Drainage	4,685	5,062	(377)	23
Recreational, leisure and community facilities	2,254	2,699	(445)	24
Parks, open space and streetscapes	7,736	3,369	4,367	25
Waste management	5,800	5,415	385	26
<b>Total infrastructure</b>	<b>32,185</b>	<b>28,360</b>	<b>3,825</b>	
<b>Intangible assets</b>				
Software	949	1,819	(870)	27
<b>Total intangible assets</b>	<b>949</b>	<b>1,819</b>	<b>(870)</b>	
<b>Total capital works expenditure</b>	<b>50,694</b>	<b>47,944</b>	<b>2,750</b>	
<b>Represented by:</b>				
New asset expenditure	18,271	19,718	(1,447)	
Asset renewal expenditure	26,224	23,155	3,069	
Asset expansion expenditure	1,514	986	528	
Asset upgrade expenditure	4,685	4,085	600	
<b>Total capital works expenditure</b>	<b>50,694</b>	<b>47,944</b>	<b>2,750</b>	

variances in brackets = unfavourable



## Note 2 Budget comparison (cont.)

## b) Capital Works (cont.)

## Explanation of material variations

Ref.	Item	Explanation
17	Land	<b>Outcome: Greater than budget \$1,353,000 or 100 %</b> Council acquired land at Hepburn Road, Doncaster to provide future open space as part of the Doncaster Hill Strategy development. This is funded from the resort and recreation reserve but was not budgeted.
18	Plant, machinery and equipment	<b>Outcome: Less than budget \$387,000 or 19.2 %</b> The programmed replacement of Council's vehicles and mobile plant was less than budget and attributed to supplier delays and a reduction in the number of vehicles replaced.
19	Computers and telecommunications	<b>Outcome: Less than budget \$261,000 or 74.8 %</b> The variance was mainly due to capital expenditure in the computers and telecommunications asset class that was reclassified to the software asset class.
20	Roads	<b>Outcome: Less than budget \$1,507,000 or 14.4 %</b> Capital expenditure on roads was less than budget by \$1.51 million due to delays in a number of projects including: King Street reconstruction and Heads Road/Whitefriars Way roundabout. The capitalisation process at year end resulted in the reclassification of \$0.55 million of roads capital expenditure into bridges (\$0.10 million) and footpaths and cycleways (\$0.45 million) asset classes.
21	Footpaths and cycleways	<b>Outcome: Greater than budget \$1,690,000 or 185.9 %</b> Footpaths and cycleways includes expenditure of \$1.99 million associated with the Bicycle Strategy. Expenditure of \$1.54 million was reclassified from the parks, open space and streetscapes budget and \$0.45 million from the roads budget to Footpaths and cycleways.
22	Off street car parks	<b>Outcome: Less than budget \$173,000 or 48.6 %</b> Car park works were completed at a cost of \$0.17 million less than budget.
23	Drainage	<b>Outcome: Greater than budget \$377,000 or 8 %</b> Capital expenditure relating to drainage was more than budget by \$0.38 million including expenditure budgeted in open space that was reclassified to drainage asset class.
24	Recreational, leisure and community facilities	<b>Outcome: Greater than budget \$445,000 or 19.7 %</b> During 2016/17, Council completed the construction of a new synthetic soccer pitch at Park Avenue Reserve and \$0.46 million of streetscape improvement works that were initially budgeted under the parks, open space and streetscapes asset class was reclassified to recreational, leisure and community services asset class.
25	Parks, open space and streetscapes	<b>Outcome: Less than budget \$4,367,000 or 56.5 %</b> Capital expenditure relating to parks, open space and streetscapes was less than budget by \$4.37 million. A number of projects encountered delays including: Mullum Mullum Linear Park Stage 3 trail works (\$0.93 million), Mullum Mullum Linear Park Stage 1 shade sail replacement, signage and trail works (\$0.10 million), Tunstall Square shopping centre enhancement works (\$0.19 million) and Lawford Reserve development (\$0.11 million). These projects are included in the 2017/18 capital works program. In addition, capital expenditure budgeted in the open space was reclassified into footpaths and cycleways (\$1.54 million), and recreational, leisure and community facilities (\$0.46 million) asset classes.
26	Waste management	<b>Outcome: Less than budget \$385,000 or 6.6 %</b> The replacement of household waste bins was funded from the waste reserve and was completed \$0.39 million under budget.
27	Software	<b>Outcome: Greater than budget \$870,000 or 91.7 %</b> During 2016/17 Council commenced a major upgrade of core information technology systems and processes, including establishing the Citizen Connect Program.

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	2017	2016
	\$'000	\$'000
<b>Note 3 Rates and charges</b>		
The Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is its land value and the value of improvements such as buildings and other improvements.		
The CIV used to calculate general rates for 2016/17 was \$46,915 million (2015/16, \$35,480 million). The 2016/17 rate in the CIV dollar was 0.001738 (2015/16, 0.002213).		
General rates	81,518	78,616
Supplementary rates	910	2,723
Recreational land	30	31
Interest on rates and charges	361	351
	82,819	81,721
Waste charges	10,201	12,040
	10,201	12,040
Total rates and charges	93,020	93,761
The date of the last general revaluation of land for rating purposes within the municipal district was 1 January 2016, and the valuation first applied to the rating period commencing 1 July 2016.		
The date of the next general revaluation of land for rating purposes within the municipal district is 1 January 2018, and the valuation first applied to the rating period commencing 1 July 2018.		
<b>Note 4 Statutory fees and fines</b>		
Infringements and costs	1,701	1,496
Town planning fees	1,322	1,018
Land and property information certificates	316	305
Asset protection and other permits	233	201
Total statutory fees and fines	3,572	3,020

Notes to the Financial Report  
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	2017	2016
	\$'000	\$'000
<b>Note 5</b>		
<b>User fees and charges</b>		
Leisure centre management fee	57	-
Hall hire and function centre charges	1,871	1,936
Social and community services charges	722	732
Town planning fees (non-statutory)	533	233
Aged services fees	843	811
Registration fees	1,301	1,259
Advertising fees	575	540
Culture and recreation fees	269	192
Chargeable works fees	828	820
Rent and lease charges	1,823	1,819
Other fees and charges	1,975	1,191
<b>Total user fees and charges</b>	<b>10,797</b>	<b>9,533</b>
<b>Note 6</b>		
<b>Contributions</b>		
<b>Monetary</b>		
Resort and recreation contributions	5,914	3,956
Doncaster hill activity centre contributions	693	1,474
Other contributions	33	-
<b>Total monetary contributions</b>	<b>6,640</b>	<b>5,430</b>
<b>Non-Monetary</b>		
Developer contributed assets	15,747	494
<b>Total non-monetary contributions</b>	<b>15,747</b>	<b>494</b>
<i>Contributions of non monetary assets were received in relation to the following asset</i>		
Land	7,100	62
Land under roads	96	-
Infrastructure	8,551	432
	<b>15,747</b>	<b>494</b>

Notes to the Financial Report  
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	2017 \$'000	2016 \$'000
<b>Note 7 Grants</b>		
Grants were received in respect of the following:		
<b>Summary of grants</b>		
Commonwealth funded grants	10,963	3,162
State funded grants	4,037	11,299
Others	1,365	2,751
<b>Total grants</b>	<b>16,365</b>	<b>17,212</b>
<b>Operating grants</b>		
<b>Recurrent - Commonwealth Government</b>		
Victoria Grants Commission - general purpose grant	3,638	1,188
Aged services	5,286	-
Social and community	-	140
Other	7	-
<b>Recurrent - State Government</b>		
Aged services	1,247	6,546
Immunisation	129	122
Maternal and child health, and immunisation	676	594
Social and community	647	608
School crossing supervisors	164	153
Other	355	389
<b>Total recurrent operating grants</b>	<b>12,149</b>	<b>9,740</b>
<b>Non-recurrent - Commonwealth Government</b>		
Social and community	-	8
<b>Non-recurrent - State Government</b>		
Aged services	37	31
Community health	-	13
Economic and environment	55	20
Maternal and child health	-	50
Other	57	14
<b>Non-recurrent - Others</b>		
Aged services	2	5
Community health	-	78
Economic and environment	12	3
Social and community	-	6
Other	54	55
<b>Total non-recurrent operating grants</b>	<b>217</b>	<b>283</b>
<b>Total operating grants</b>	<b>12,366</b>	<b>10,023</b>
<b>Capital grants</b>		
<b>Recurrent - Commonwealth Government</b>		
Victoria Grants Commission - local roads	1,175	380
Roads to Recovery	857	1,432
<b>Total recurrent capital grants</b>	<b>2,032</b>	<b>1,812</b>

Notes to the Financial Report  
For the Year Ended 30 June 2017

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	2017 \$'000	2016 \$'000
<b>Note 7 Grants (cont.)</b>		
<b>Capital grants (cont.)</b>		
<b>Non-recurrent - Commonwealth Government</b>		
Economic and environment	-	10
Recreation	-	5
<b>Non-recurrent - State Government</b>		
Aquarena Masterplan Implementation	73	503
Economic and environment	103	605
Recreation	465	860
Sportsground refurbishment	-	88
Transport	29	-
Other	-	704
<b>Non-recurrent - Others</b>		
Aquarena Masterplan Implementation	225	-
Drainage	375	-
Economic and environment	42	1
Recreation	535	1,609
Social and Community	23	-
Sportsground refurbishment	-	271
Transport	97	450
Other	-	271
<b>Total non-recurrent capital grants</b>	<b>1,967</b>	<b>5,377</b>
<b>Total capital grants</b>	<b>3,999</b>	<b>7,189</b>
<b>Unspent grants received on condition that they be spent in a specific manner</b>		
Balance at start of year	2,339	2,701
Grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were:		
Victoria Grants Commission - general purpose grant	1,241	-
Victoria Grants Commission - local roads	401	-
Aged services	35	35
Economic and environment	34	20
Recreation	330	1,342
Social and community	24	22
Community safety	-	6
Maternal and child health	-	38
Other	46	583
	<b>2,111</b>	<b>2,046</b>
Grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were:		
Victoria Grants Commission - general purpose	-	1,212
Victoria Grants Commission - local roads	-	493
Aged Services	29	45
Community health	-	26
Community safety	6	-
Economic and environment	20	374
Immunisation	-	7
Maternal and child health	38	-
Recreation	1,342	119
Social and community	49	22
Sportsground refurbishment	34	8
Other	821	102
	<b>2,339</b>	<b>2,408</b>
Balance at year end	<b>2,111</b>	<b>2,339</b>

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For the Year Ended 30 June 2017

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	2017	2016
	\$'000	\$'000
<b>Note 8 Other income</b>		
Interest on investments	1,629	1,523
Other	1,004	814
<b>Total other income</b>	<b>2,633</b>	<b>2,337</b>
<b>Note 9 Investment in associate</b>		
<b>Whitehorse-Manningham Regional Library Corporation</b>		
<i>Background</i>		
Manningham City Council has a 31.24% equity interest in the Whitehorse Manningham Regional Library Corporation (WMRLC) that was incorporated on 21 December 1995. Council has reported its interest in the WMRLC on the basis of equity accounting principles. Manningham City Council's share of the movement in net assets as at 30 June 2017, per draft WMRLC financial statements, has been taken up as income of \$121,617 during the year ended 30 June 2017 (income of \$521,895 in 2015/16). As neither council has a controlling interest, the participating councils show their contributions towards the operating expenditure of the library as an expense.		
<b>Current assets</b>		
Cash and cash equivalents	3,917	2,114
Trade and other receivables	75	77
Other assets	138	156
	<b>4,130</b>	<b>2,347</b>
<b>Non-current assets</b>		
Property & equipment	6,456	7,462
	<b>6,456</b>	<b>7,462</b>
<b>Total assets</b>	<b>10,586</b>	<b>9,809</b>
<b>Current liabilities</b>		
Payables	521	412
Provisions	1,510	1,463
	<b>2,031</b>	<b>1,875</b>
<b>Non-current liabilities</b>		
Provisions	118	78
	<b>118</b>	<b>78</b>
<b>Total liabilities</b>	<b>2,149</b>	<b>1,953</b>
<b>Net assets</b>	<b>8,437</b>	<b>7,856</b>
<i>Movement in carrying value of investment</i>		
Carrying value of investment at start of year	2,514	1,992
Share of surplus/(deficit) for year	122	522
Carrying value of investment at end of year	<b>2,636</b>	<b>2,514</b>

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	2017 \$'000	2016 \$'000
<b>Note 10 (a) Employee costs</b>		
Wages and salaries	41,975	39,698
Casual staff	2,862	1,900
Salary oncost *	5,658	5,909
Other employee costs	604	383
Total employee costs	<u>51,099</u>	<u>47,890</u>
<i>Engineering design work and capital project supervision completed by employees to the value of \$1.711 million (\$1.895 million 2015/16) is reported in the Statement of Capital Works, and is not included in employee costs.</i>		
<i>* Salary oncost includes annual leave and long service leave provision, Workcover and superannuation costs.</i>		
<b>(b) Superannuation</b>		
Manningham City Council made contributions to the following funds:		
<b>Defined benefit fund</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	326	354
Employer contributions - other funds	-	-
	<u>326</u>	<u>354</u>
Employer contributions payable as at 30 June	-	-
<b>Accumulation funds</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	2,422	2,546
Employer contributions - other funds	1,065	978
	<u>3,487</u>	<u>3,524</u>
Employer contributions payable as at 30 June	-	-
<i>There was \$nil unfunded liability payments to Vision Super for the year ended 30 June 2017 (2015/16, nil).</i>		
Refer to note 34 for further information relating to Council's superannuation obligations.		
<b>Note 11 Materials, services and contracts</b>		
Materials and services	5,691	3,731
Fleet costs - fuel, oil tyres	555	547
Contractors - community building repairs and maintenance	1,459	1,391
Contractors - parks, gardens, sporting reserves and street trees	3,684	4,421
Contractors - drains, roads and footpaths	1,449	1,382
Contractors - waste collection services	9,277	10,123
Total materials, services and contracts	<u>22,115</u>	<u>21,595</u>
<b>Note 12 Net profit/(loss) on disposal of property, infrastructure, plant, equipment and other fixed assets</b>		
Proceeds from disposal	4,193	601
Written down value of assets disposed	(2,637)	(318)
Written down value of assets scrapped	(797)	(412)
Total net profit/(loss) on disposal	<u>759</u>	<u>(129)</u>

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	2017 \$'000	2016 \$'000
<b>Note 13 Depreciation and amortisation</b>		
Property	3,515	3,249
Plant, machinery and other assets	1,563	1,902
Infrastructure	13,656	14,544
Total depreciation	18,734	19,695
Intangible assets	613	526
Total depreciation and amortisation	19,347	20,221
<i>Refer to note 20 and 21 for a more detailed breakdown of depreciation and amortisation charges.</i>		
<b>Note 14 Borrowing costs</b>		
Interest - borrowings	309	309
Total borrowing costs	309	309
<b>Note 15 Other expenses</b>		
<b>Community grants and contributions</b>		
Community grants	1,881	1,781
Library contributions	3,590	3,422
Total community grants and contributions	5,471	5,203
<b>Utilities</b>		
Utilities, rent, and cleaning	1,549	1,150
Street lighting	979	1,036
Total utilities	2,528	2,186
<b>Other miscellaneous expenses</b>		
Auditor's remuneration - VAGO - annual financial statement and grant acquittals	65	59
Auditor's remuneration - other parties	25	30
Auditor's remuneration - Internal audit	75	174
Councillors' allowances	275	283
Fire levy	140	142
Insurance	566	809
Leases	349	225
Consultants - engineering	259	508
Consultants - human resources	147	119
Consultants - economic and environmental	440	416
Consultants - other	720	322
Bank charges	309	313
Catering (including function centre)	669	663
Legal	795	794
Software licences	1,713	1,013
Telephone	407	542
Postage	343	377
Printing	193	257
Training	288	300
Design fees and maintenance - non capital	964	1,291
Other	1,470	1,473
Total other miscellaneous expenses	10,212	10,110
Total other expenses	18,211	17,499



Notes to the Financial Report  
For the Year Ended 30 June 2017

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	2017 \$'000	2016 \$'000
<b>Note 16 Cash and cash equivalents</b>		
Cash on hand	8	8
Cash at bank	845	962
Term deposits (with term up to 3 months) and at-call with banks	48,500	38,500
<b>Total cash and cash equivalents</b>	<b>49,353</b>	<b>39,470</b>
Council also has \$14.5 million in term deposits with a term beyond 3 months. This is recorded as a financial asset (see note 18)		
Users of the financial report should refer to note 31 for details of Council's commitments.		
<b>Restrictions on cash assets</b>		
Council's cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:		
- Trust funds and deposits (Note 23)	9,861	7,676
- Reserve funds (note 27(b))**	7,289	4,456
- Waste initiative funds*	9,701	14,826
<b>Total restricted funds</b>	<b>26,851</b>	<b>26,958</b>
<b>Total unrestricted cash and cash equivalents</b>	<b>22,502</b>	<b>12,512</b>
* The Waste initiative fund is the value of waste charges collected under s162 of the Local Government Act, and is to be applied to fund future waste collection and disposal activities.		
** Represented by Resort and recreation reserve and Doncaster Hill activities centre reserve.		
<b>Intended allocations</b>		
Although not externally restricted the following amounts have been allocated for specific future purposes by Council:		
- Cash held to fund future capital works	6,921	6,158
- Loan repayment*	2,184	1,456
- Family day care workcover	196	196
- Manningham Recreation Association contribution for future capital works	-	400
- Superannuation defined benefit provision	200	-
- Asset sales to fund future capital works program	1,800	-
- Grants received in advance	2,111	1,646
<b>Total funds subject to intended allocations</b>	<b>13,412</b>	<b>9,856</b>
* Council has a \$7.279 million interest only loan which is due for settlement in November 2019 (refer note 26). This intended allocation represents cash set aside by Council to fund future principal repayments.		

Notes to the Financial Report  
For the Year Ended 30 June 2017

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	2017 \$'000	2016 \$'000
<b>Note 17 Trade and other receivables</b>		
<b>Current</b>		
<i>Statutory receivables</i>		
Rates debtors	4,703	4,257
Infringement debtors	595	523
Special rate schemes	196	254
Net GST receivable	1,107	958
<i>Non statutory receivables</i>		
Other debtors	2,342	3,294
Provision for doubtful debts - other debtors	(143)	(10)
	8,800	9,276
<b>Non-current</b>		
<i>Statutory receivables</i>		
Infringement court	785	826
Provision for doubtful debts - infringement court	(785)	(826)
<i>Non statutory receivables</i>		
Other receivables	31	31
	31	31
Total trade and other receivables	8,831	9,307
a) Ageing of other debtors		
At balance date other debtors representing financial assets were past due. The ageing of the Council's other debtors (excluding statutory receivables) was:		
Up to 3 months	1,522	2,638
3 to 6 months	266	223
Over 6 months	554	433
Total other debtors	2,342	3,294
b) Movement in provisions for doubtful debts - other debtors		
Balance at the beginning of the year	10	11
New Provisions recognised during the year	142	-
Amounts already provided for and written off as uncollectible	-	-
Amounts provided for but recovered during the year	(9)	(1)
Balance at end of year	143	10
<b>Note 18 Other financial assets</b>		
<i>Current</i>		
Term deposits	14,000	23,500
Term deposit - refundable Manningham Centre Association bond	500	-
Total other financial assets - current	14,500	23,500
<b>Note 19 Other assets</b>		
<b>Current</b>		
Accrued income - interest	385	189
Accrued income - other	830	951
Prepayments	590	276
Other	98	28
Total other assets	1,903	1,444

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

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

	At Fair Value 1 July 2016	Acquisitions	Contributions	Revaluation	Depreciation	Disposal	Transfers	Write Offs	At Fair Value 30 June 2017
Land	1,147,567	1,353	7,196	78,194	-	(2,066)	21	-	1,232,265
Buildings	185,366	3,585	-	810	(3,515)	(491)	260	-	186,015
Plant, equipment and other fixed assets	9,562	1,432	-	-	(1,563)	(80)	114	-	9,465
Infrastructure	494,180	22,150	8,551	39,536	(13,656)	(797)	2,701	-	552,665
Work in progress	8,708	18,866	-	-	-	-	(3,211)	(73)	24,290
	<u>1,845,383</u>	<u>47,386</u>	<u>15,747</u>	<u>118,540</u>	<u>(18,734)</u>	<u>(3,434)</u>	<u>(115)</u>	<u>(73)</u>	<u>2,004,700</u>

**Summary of work in progress**

	Opeing WIP 1 July 2016	Additions	Transfers	Write Offs	Closing WIP 30 June 2017
Buildings	2,952	11,062	(263)	(70)	13,681
Plant, equipment and other fixed assets	283	1,594	(120)	-	1,757
Infrastructure	5,473	6,210	(2,828)	(3)	8,852
	<u>8,708</u>	<u>18,866</u>	<u>(3,211)</u>	<u>(73)</u>	<u>24,290</u>

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

Property	Land under roads		Total Land \$'000	Total Buildings \$'000	Total Property \$'000	Work in Progress \$'000
	Land \$'000	roads \$'000				
At fair value 1 July 2016	1,146,893	674	1,147,567	309,610	1,457,177	2,952
Accumulated depreciation at 1 July 2016	-	-	-	(124,244)	(124,244)	-
	1,146,893	674	1,147,567	185,366	1,332,933	2,952
<b>Movements in fair value</b>						
Acquisition of assets at fair value	1,353	-	1,353	3,585	4,938	11,062
Contributed assets	7,100	96	7,196	-	7,196	-
Revaluation increments/decrements	78,194	-	78,194	3,546	81,740	-
Fair value of assets disposed	(2,066)	-	(2,066)	(980)	(3,046)	-
Transfers	21	-	21	260	281	(333)
	84,602	96	84,698	6,411	91,109	10,729
<b>Movements in accumulated depreciation</b>						
Depreciation and amortisation	-	-	-	(3,515)	(3,515)	-
Accumulated depreciation of disposals	-	-	-	489	489	-
Revaluation increments/decrements	-	-	-	(2,736)	(2,736)	-
	-	-	-	(5,762)	(5,762)	-
At fair value 30 June 2017	1,231,495	770	1,232,265	316,021	1,548,286	13,681
Accumulated depreciation at 30 June 2017	-	-	-	(130,006)	(130,006)	-
	1,231,495	770	1,232,265	186,015	1,418,280	13,681

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

Plant, equipment and other fixed assets	Plant, machinery and equipment	Fixtures, fittings and furniture	Computers and telecomm-unications	Artworks	Total plant, equipment and other assets	Work in Progress
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2016	11,965	9,345	3,089	1,903	26,302	283
Accumulated depreciation at 1 July 2016	(6,872)	(7,541)	(2,327)	-	(16,740)	-
	5,093	1,804	762	1,903	9,562	283
<b>Movements in fair value</b>						
Acquisition of assets at fair value	1,310	23	77	22	1,432	1,594
Contributed assets	-	-	-	-	-	-
Revaluation increments/decrements	-	-	-	-	-	-
Fair value of assets disposed	(1,185)	(12)	(22)	-	(1,219)	-
Transfers	114	-	-	-	114	(120)
	239	11	55	22	327	1,474
<b>Movements in accumulated depreciation</b>						
Depreciation and amortisation	(1,027)	(319)	(217)	-	(1,563)	-
Accumulated depreciation of disposals	1,107	12	20	-	1,139	-
Revaluation increments/decrements	-	-	-	-	-	-
	80	(307)	(197)	-	(424)	-
At fair value 30 June 2017	12,204	9,356	3,144	1,925	26,629	1,757
Accumulated depreciation at 30 June 2017	(6,792)	(7,848)	(2,524)	-	(17,164)	-
	5,412	1,508	620	1,925	9,465	1,757

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

Infrastructure	Roads	Bridges	Footpaths and cycleways	Off street car parks	Drainage	Recreational, leisure and community	Parks open spaces and streetscapes	Waste Management	Total Infrastructure	Work in Progress
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2016	337,790	20,636	105,858	17,336	339,593	19,630	28,303	2,875	872,021	5,473
Accumulated depreciation at 1 July 2016	(170,941)	(6,134)	(47,316)	(6,489)	(127,685)	(5,994)	(10,407)	(2,875)	(377,841)	-
	166,849	14,502	58,542	10,847	211,908	13,636	17,896	-	494,180	5,473
<b>Movements in fair value</b>										
Acquisition of assets at fair value	6,559	97	2,335	169	3,396	2,350	1,829	5,415	22,150	6,210
Contributed assets	3,297	-	793	-	4,461	-	-	-	8,551	-
Revaluation increments/decrements	6,909	(1,547)	662	538	10,470	-	-	-	17,032	-
Fair value of assets disposed	(1,219)	-	(663)	-	(89)	-	-	(2,875)	(4,846)	-
Transfers	283	210	724	-	483	425	576	-	2,701	(2,831)
	15,829	(1,240)	3,851	707	18,721	2,775	2,405	2,540	45,588	3,379
<b>Movements in accumulated depreciation</b>										
Depreciation and amortisation	(6,701)	(347)	(1,125)	(250)	(2,822)	(948)	(1,284)	(179)	(13,656)	-
Accumulated depreciation of disposals	731	-	398	-	45	-	-	2,875	4,049	-
Revaluation increments/decrements	6,645	595	(1,183)	(577)	17,024	-	-	-	22,504	-
	675	248	(1,910)	(827)	14,247	(948)	(1,284)	2,696	12,897	-
At fair value 30 June 2017	353,619	19,396	109,709	18,043	358,314	22,405	30,708	5,415	917,609	8,852
Accumulated depreciation at 30 June 2017	(170,266)	(5,886)	(49,226)	(7,316)	(113,438)	(6,942)	(11,691)	(179)	(364,944)	-
	183,353	13,510	60,483	10,727	244,876	15,463	19,017	5,236	552,665	8,852

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

Valuations were completed as at 30 June 2017 for Council. Valuations for 30 June 2017 are at fair value.

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

*Non-specialised land and non-specialised buildings*

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

For non-specialised land and non-specialised buildings, an valuation was performed by Council's Manager Property Services, Mr Graham Brewer FAPI, Certified Practising Valuer (Registration Number 61916) to determine the fair value using the market based direct comparison method. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. From the sales analysed, an appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2017.

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

*Specialised land and specialised buildings*

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

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

The valuation of Council's specialised land and specialised buildings was performed by Council's Manager Property Services, Mr Graham Brewer FAPI, Certified Practising Valuer (Registration Number 61916). The valuation was performed using either the market based direct comparison method or depreciated replacement cost, adjusted for restrictions in use. The effective date of the valuation is 30 June 2017.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2017 are as follows:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
	\$'000	\$'000	\$'000
Land	-	8,924	1,219,732
Buildings	-	2,781	183,234
Total	-	11,705	1,402,966

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

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

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

A valuation of Council's infrastructure assets was performed by Council's Manager, Engineering and Technical Service, Mr Roger Woodlock *B.Eng (Civil)*. The valuation was performed based on the depreciated replacement cost of the assets. The effective date of the valuation is 30 June 2017.

There were no changes in valuation techniques throughout the period to 30 June 2017.

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

Details of the Council's infrastructure information about the fair value hierarchy as at 30 June 2017 are as follows:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
	\$'000	\$'000	\$'000
Roads	-	-	183,353
Bridges	-	-	13,510
Footpaths and cycleways	-	-	60,483
Off street car parks	-	-	10,727
Drainage	-	-	244,876
Total	-	-	512,949



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	2017 \$'000	2016 \$'000
<b>Note 21 Intangible assets</b>		
Software	1,880	1,819
Total intangible assets	1,880	1,819
<b>Gross carrying amount</b>		
Balance at 1 July	8,855	8,127
Additions from internal developments	674	728
Balance at 30 June	9,529	8,855
<b>Accumulated amortisation</b>		
Balance at 1 July	(7,036)	(6,510)
Amortisation expense	(613)	(526)
Balance at 30 June	(7,649)	(7,036)
Net book value at 30 June	1,880	1,819
<b>Note 22 Trade and other payables</b>		
<b>Current</b>		
Trade payables	1,743	441
Employee benefits and related costs	1,579	1,485
Accrued expenses	10,858	11,412
Total trade and other payables	14,180	13,338
<b>Note 23 Trust funds and deposits</b>		
<b>Current</b>		
Contract retention	1,151	707
Landscape bonds	4,406	3,434
Miscellaneous works deposits	185	142
Asset protection bonds	3,138	2,240
Subdivider deposits	163	385
Refundable Manningham Centre Association bond	500	500
Fire services property levy	66	30
Other refundable deposits	252	238
Total trust funds and deposits	9,861	7,676

*Purpose and nature of items*

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

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

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

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Note 24 Provisions

	Annual leave	Long service leave	Total
2017	\$ '000	\$ '000	\$ '000
Balance at beginning of the financial year	4,218	8,893	13,111
Amounts used	(3,252)	(1,958)	(5,210)
Additional provisions	3,404	1,563	4,967
Balance at the end of the financial year	4,370	8,498	12,868
<b>2016</b>			
Balance at beginning of the financial year	3,952	8,331	12,283
Amounts used	(2,773)	(1,534)	(4,307)
Additional provisions	3,039	2,096	5,135
Balance at the end of the financial year	4,218	8,893	13,111
		<b>2017</b>	<b>2016</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Employee benefits</b>			
<b>Current</b>			
<i>Annual leave</i>			
Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after reporting date. Assessments indicate that actual settlement of the liabilities will occur as follows and where the settlement is forecast for more than 12 months after reporting date is reported at present value using the 5 year treasury bond as the discount factor.			
Current short-term: settlement within 12 months of balance date		2,910	2,872
Current long-term: settlement beyond 12 months of balance date (note 1m)		1,460	1,346
		4,370	4,218
<i>Long service leave</i>			
Long service leave liabilities for staff with greater than 7 years service have been classified as current where there is no unconditional right to defer settlement for at least 12 months after reporting date. Assessments indicate that actual settlement of the liabilities will occur as follows and where the settlement is forecast for more than 12 months after reporting date is reported at present value using the 5 year treasury bond as the discount factor.			
Current short-term: settlement within 12 months of balance date		732	583
Current long-term: settlement beyond 12 months of balance date (note 1m)		7,070	7,396
		7,802	7,979
<b>Non-current</b>			
Long service leave		696	914
		696	914
Aggregate carrying amount of employee benefits:			
Current		12,172	12,197
Non-current		696	914
Total		12,868	13,111
<b>Total all provisions</b>			
Current		12,172	12,197
Non-current		696	914
		12,868	13,111

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	2017 \$'000	2016 \$'000
<b>Note 25 Income received in advance</b>		
Rent	502	298
Rates	451	443
Others	256	-
Total income received in advance	<u>1,209</u>	<u>741</u>
<b>Note 26 Interest-bearing loans and borrowings</b>		
<i>Non-Current</i>		
Borrowings - secured (a)	7,279	7,279
	<u>7,279</u>	<u>7,279</u>
Total interest-bearing loans and borrowings	<u>7,279</u>	<u>7,279</u>
The maturity profile for Council's borrowings is:		
Not later than one year	-	-
Later than one year and not later than five years	7,279	7,279
Later than five years	-	-
	<u>7,279</u>	<u>7,279</u>
Aggregate carrying amount of interest-bearing loans and borrowings:		
Current	-	-
Non-current	7,279	7,279
	<u>7,279</u>	<u>7,279</u>
(a) The borrowings are secured over the future general rates of Council.		

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Note 27 Reserves

(a) Asset revaluation reserves

2017	Balance at beginning of reporting year \$'000	Increment/ (decrement) \$'000	Realised Revaluation Reserve \$'000	Balance at end of reporting year \$'000
<b>Property</b>				
Land	950,302	78,194	(1,844)	1,026,652
Buildings	47,769	810	(135)	48,444
	998,071	79,004	(1,979)	1,075,096
<b>Plant, equipment and other fixed assets</b>				
Plant, machinery and equipment	52	-	(13)	39
Fixtures, fittings and furniture	1,008	-	(2)	1,006
Computers and telecommunications	75	-	-	75
Artworks	887	-	-	887
	2,022	-	(15)	2,007
<b>Infrastructure</b>				
Roads	83,432	13,554	-	96,986
Bridges	2,296	(952)	-	1,344
Footpaths and cycleways	29,417	(521)	-	28,896
Off street car parks	5,208	(39)	-	5,169
Drainage	116,280	27,494	-	143,774
Parks, open space and streetscapes	205	-	-	205
	236,838	39,536	-	276,374
<b>Total</b>	<b>1,236,931</b>	<b>118,540</b>	<b>(1,994)</b>	<b>1,353,477</b>

2016	Balance at beginning of reporting year \$'000	Increment/ (decrement) \$'000	Realised Revaluation Reserve \$'000	Balance at end of reporting year \$'000
<b>Property</b>				
Land	872,896	77,406	-	950,302
Buildings	62,445	(14,676)	-	47,769
	935,341	62,730	-	998,071
<b>Plant, equipment and other fixed assets</b>				
Plant, machinery and equipment	57	-	(5)	52
Fixtures, fittings and furniture	1,008	-	-	1,008
Computers and telecommunications	75	-	-	75
Artworks	887	-	-	887
	2,027	-	(5)	2,022
<b>Infrastructure</b>				
Roads	83,009	423	-	83,432
Bridges	1,689	597	-	2,296
Footpaths and cycleways	28,857	560	-	29,417
Off street car parks	5,327	(119)	-	5,208
Drainage	123,932	(7,652)	-	116,280
Parks, open space and streetscapes	205	-	-	205
	243,029	(6,191)	-	236,838
<b>Total</b>	<b>1,180,397</b>	<b>56,539</b>	<b>(5)</b>	<b>1,236,931</b>

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

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Note 27 Reserves (cont.)

(b) Other reserves

	Balance at beginning of reporting year	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting year
	\$'000	\$'000	\$'000	\$'000
<b>2017</b>				
Resort and recreation reserve (a)	4,456	(3,081)	5,914	7,289
Doncaster Hill activity centre reserve (b)	-	-	-	-
Family day care workcover levy reserve (c)	196	-	-	196
<b>Total</b>	<b>4,652</b>	<b>(3,081)</b>	<b>5,914</b>	<b>7,485</b>
	Balance at beginning of reporting year	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting year
	\$'000	\$'000	\$'000	\$'000
<b>2016</b>				
Resort and recreation reserve (a)	3,460	(2,960)	3,956	4,456
Doncaster Hill activity centre reserve (b)	112	(112)	-	-
Family day care workcover levy reserve (c)	196	-	-	196
<b>Total</b>	<b>3,768</b>	<b>(3,072)</b>	<b>3,956</b>	<b>4,652</b>

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

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

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

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	2017 \$'000	2016 \$'000
<b>Note 28 Reconciliation of cash flows from operating activities to surplus for the year</b>		
Surplus for the year	38,574	24,666
Depreciation/amortisation	19,347	20,221
Loss on disposal of property, plant and equipment, infrastructure	(759)	129
Contributed assets	(15,747)	(494)
Share of gain from associate	(122)	(522)
Adjustment for work in progress write-off to other expenses	73	88
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	2,681	(1,570)
(Increase)/decrease in other assets	(459)	(481)
Increase/(decrease) in trade and other payables	(2,671)	5,210
(Decrease)/increase in other assets and liabilities	488	98
(Increase)/decrease in provisions	(243)	828
Net cash provided by operating activities	<u>41,122</u>	<u>48,173</u>
<b>Note 29 Reconciliation of cash and cash equivalents</b>		
Cash and cash equivalents (note 16)	49,353	39,470
	<u>49,353</u>	<u>39,470</u>
<b>Note 30 Financing arrangements</b>		
Bank overdraft	1,000	1,000
Used facilities	-	-
Unused facilities	<u>1,000</u>	<u>1,000</u>

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**Note 31 Commitments**

Council has entered into the following commitments

2017	Not later than 1	Later than 1	Later than 2	Later than 5	Total
	year	year and not	years and not	years and not	
	\$'000	later than 2	later than 5	later than 5	\$'000
		years	years	years	
<b>Operating</b>					
Garbage collection	4,306	4,504	14,797	-	23,607
Meals for delivery	255	261	803	-	1,319
Hard and green waste collection	767	825	2,872	-	4,464
Property valuation	190	-	410	-	600
<b>Total</b>	<b>5,518</b>	<b>5,590</b>	<b>18,882</b>	<b>-</b>	<b>29,990</b>
<b>Capital</b>					
Roads	4,011	-	-	-	4,011
Drainage	457	-	-	-	457
Other - recreation and open space	7,065	-	-	-	7,065
Buildings	12,030	-	-	-	12,030
Plant and equipment	1,053	-	-	-	1,053
Waste management replacement bins	-	-	-	-	-
<b>Total</b>	<b>24,616</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,616</b>

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

**Note 32 Operating leases**

**(a) Operating lease commitments**

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

	2017	2016
	\$'000	\$'000
Not later than one year	807	724
Later than one year and not later than five years	2,512	2,435
Later than five years	2,060	1,933
<b>Total</b>	<b>5,379</b>	<b>5,092</b>

**(b) Operating lease receivables**

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

	2017	2016
	\$'000	\$'000
Not later than one year	1,507	1,588
Later than one year and not later than five years	6,002	5,145
Later than five years	9,246	11,293
<b>Total</b>	<b>16,755</b>	<b>18,026</b>

**Note 33 Superannuation**

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

**Accumulation**

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2017 this was 9.5% as required under Superannuation Guarantee legislation).

**Defined Benefit**

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

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

**Funding arrangements**

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

As at 30 June 2016, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Manningham City Council is a contributing employer was 102.0%. To determine the VBI, the fund Actuary used the following long-term assumptions:

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

Vision Super has advised that the estimated VBI as at 30 June 2017 was 103.1%.

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

**Employer contributions****Regular contributions**

On the basis of the results of the 2016 interim actuarial investigation conducted by the Fund's Actuary, Manningham City Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2017, this rate was 9.5% of members' salaries (9.5% in 2015/16). This rate will increase in line with any increase to the Superannuation Guarantee (SG) contribution rate. In addition, Manningham City Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

**Funding calls**

If the Defined Benefit category is in an unsatisfactory financial position at an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the Defined Benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%. In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, Manningham City Council are required to make an employer contribution to cover the shortfall. Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.



**Note 33 Superannuation (cont.)**

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

**2016 Interim actuarial investigation surplus amounts**

The Fund's interim actuarial investigation as at 30 June 2016 identified the following in the defined benefit category of which Council is a contributing employer:

- \* A VBI surplus of \$40.3 million; and
- \* A total service liability surplus of \$156 million.

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2016. The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses. Council was notified of the 30 June 2016 VBI during August 2016.

**2017 Full triennial actuarial investigation**

A full actuarial investigation is being conducted for the Fund's position as at 30 June 2017. It is anticipated that this actuarial investigation will be completed in December 2017.

**Future superannuation contributions**

In addition to the disclosed contributions, Manningham City Council has no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2017. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2018 are \$320k.

**Note 34 Contingent liabilities and contingent assets****(a) Contingent liabilities****General**

Council controls large areas of public open space, provides general and personal services to residents, visitors and ratepayers, has responsibilities and regulatory authorities including the issue of permits and approvals, and controls significant buildings and infrastructure assets. Council is involved from time to time in various claims incidental to the ordinary course of business including claims for damages relating to its services.

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

**Bank guarantees issues**

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

**Capital funding grant**

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

**Superannuation contribution**

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

**(b) Contingent assets****Developer contributed assets**

Developer contributions to be received in respect of future subdivisions total \$0.369m (2015/16, \$4.682m).

**Note 35 Financial instruments****(a) Objectives and policies**

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

**(b) Market risk**

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

**Interest rate risk**

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities. Interest bearing assets are predominantly short term liquid assets. As at 30 June 2017 Council had long term loans or borrowings and is therefore exposed to interest rate risk on these classes of financial liabilities.

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

**(c) Credit risk**

Credit risk is the risk of financial loss to Council arising from the non-completion of an obligation under a financial instrument by a party with whom Council has contracted. Council has exposure to credit risk on all financial assets included in the balance sheet. The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is represented by the carrying amount of that financial asset.

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

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

Details of credit risk for transactions that are not included in the balance sheet are disclosed in note 35, contingent liabilities and contingent assets.

**(d) Liquidity risk**

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

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

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

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

**(e) Fair value**

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

**Fair value hierarchy**

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

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**Note 35 Financial instruments (cont.)**

**(f) Sensitivity disclosure analysis**

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the consolidated entity believes the following movements are 'reasonably possible' over the next 12 months. Market interest rates are sourced from the Reserve Bank of Australia.

- a parallel shift of +1% and -2% in market interest rates from year-end rates of 1.50%.

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

**Note 36 Related party transactions**

**(i) Related party**

*Subsidiaries and Associates*

Interest in associate - Whitehorse Manningham Regional Library Corporation (WMRLC) (Ref Note 9)

During the year Manningham City Council provided contribution to WMRLC with the total value of \$3.61m towards running costs as per the agreement.

Council also provides accommodation to house libraries within Manningham.

**(i) Key Management Personnel**

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

**Councillors**

Anna Chen	Councillor	(8 November 2016 - 30 June 2017)
Andrew Conlon	Councillor	(8 November 2016 - 30 June 2017)
Margaret Downie	Councillor	(1 July 2016 - 22 October 2016)
Sophy Galbally	Councillor	(1 July 2016 - 22 October 2016)
	Councillor	(8 November 2016 - 30 June 2017)
Geoff Gough	Councillor	(1 July 2016 - 22 October 2016)
	Councillor	(8 November 2016 - 30 June 2017)
Jim Grivokostopoulos	Councillor	(1 July 2016 - 22 October 2016)
Dot Haynes	Councillor	(1 July 2016 - 22 October 2016)
	Councillor	(8 November 2016 - 30 June 2017)
Michelle Kleinert	Councillor	(1 July 2016 - 22 October 2016)
	Mayor	(8 November 2016 - 30 June 2017)
Paul McLeish	Mayor	(1 July 2016 - 22 October 2016)
	Councillor	(8 November 2016 - 30 June 2017)
Stephen O'Brien	Councillor	(1 July 2016 - 22 October 2016)
Paula Piccinini	Councillor	(8 November 2016 - 30 June 2017)
Mike Zafiroopoulos AM	Councillor	(8 November 2016 - 30 June 2017)

**Chief Executive Officer**

Warwick Winn	Chief Executive Officer	(1 July 2016 - 30 June 2017)
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**Other Key Management Personnel**

Jill Colson	Executive manager people and governance	(1 July 2016 - 30 June 2017)
Teresa Dominik	Director planning and environment	(1 July 2016 - 30 June 2017)
Juanita Haisman	Manager Communications	(1 July 2016 - 30 June 2017)
Leigh Harrison	Director assets and engineering	(1 July 2016 - 30 June 2017)
Phillip Lee	Director shared services	(1 July 2016 - 30 June 2017)
Chris Potter	Director community programs	(1 July 2016 - 30 June 2017)

	<b>2017</b>
<b>Total number of Councillors</b>	12
<b>Chief Executive Officer and other Key Management Personnel</b>	<u>7</u>
<b>Total Key Management Personnel</b>	<u>19</u>

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**Note 36 Related party transactions (cont.)**

**(ii) Remuneration of Key Management Personnel**

Total remuneration of key management personnel was as follows:	<b>\$'000</b>
Short-term benefits	1,944
Long-term benefits	-
Termination benefits	-
Total	<u>1,944</u>

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

	<b>2017</b>
	<b>No.</b>
Less than \$10,000	3
\$10,000 - \$19,999	4
\$20,000 - \$29,999	3
\$40,000 - \$49,999	1
\$60,000 - \$69,999	1
\$160,000 - \$169,999	1
\$190,000 - \$199,999	1
\$210,000 - \$219,999	1
\$230,000 - \$239,999	1
\$250,000 - \$259,999	1
\$260,000 - \$269,999	1
\$320,000 - \$329,999	1
	<u>19</u>

**(iii) Transactions with related parties**

No transactions other than remuneration payments, or the reimbursement of expenses as approved by Council were made with Related Parties during the reporting year (2015/16, nil).

**(iv) Outstanding balances with related parties**

No balances are outstanding at the end of the reporting period in relation to transactions with related parties (2015/16, nil).

**(v) Loans to/from related parties**

No loans have been made, guaranteed or secured by the Council to Related Parties during the reporting year 2016/17 (2015/16, nil).

**(vi) Commitments to/from related parties**

No commitments have been made by the Council to Related Parties during the reporting year 2016/17 (2015/16, nil).

**Note 37 Senior officers remuneration**

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

- a) has management responsibilities and reports directly to the Chief Executive, or
- b) whose total annual remuneration exceeds \$142,000.

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

	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
Income Range:		
less than \$140,000	10	1
\$140,000 - \$149,999	4	5
\$150,000 - \$159,999	7	7
\$160,000 - \$169,999	8	5
\$170,000 - \$179,999	2	1
\$180,000 - \$189,999	1	1
\$190,000 - \$199,999	1	-
\$200,000 - \$209,999	-	1
	<u>33</u>	<u>21</u>

	<b>\$'000</b>	<b>\$'000</b>
Total Remuneration, excluding resignation benefits, for the reporting year for Senior Officers included above, amounted to:	4,673	3,334

**Note 38 Events occurring after balance date**

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

### Certification of the Financial Report

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

Kevin Ayre CPA  
**Principal Accounting Officer**  
XX September 2017  
Doncaster

In our opinion, the accompanying financial report present fairly the financial transactions of Manningham City Council for the year ended 30 June 2017 and the financial position of Council as at that date.

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

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

Michelle Kleinert  
**Mayor**  
XX September 2017  
Doncaster

Mike Zafirooulos (AM)  
**Deputy Mayor**  
XX September 2017  
Doncaster

Warwick Winn  
**Chief Executive Officer**  
XX September 2017  
Doncaster



## **Manningham City Council**

### **Performance Statement**

For the year ended 30 June 2017

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#### **Description of municipality**

Manningham City Council is located in Melbourne's north-eastern suburbs, commencing with its western boundary in Bulleen, 12 kilometres from the Melbourne CBD and extending to Wonga Park at its eastern extremity, 32 kilometres from the CBD. The City is bounded by the Yarra River, Banyule City and Nillumbik Shire in the north, Yarra Ranges Shire in the east, Koonung Creek, Maroondah City and the Cities of Whitehorse and Boroondara in the south and Banyule City and the Yarra River in the west.

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

As at 30 June 2017, our estimated population was 120,716 people across the City includes the suburbs of Bulleen, Doncaster, Doncaster East, Donvale, Nunawading (part), Park Orchards, Ringwood North (part), Templestowe, Templestowe Lower, Warrandyte, Warrandyte South and Wonga Park (part).

Version 1.0

**Sustainable Capacity Indicators**

For the year ended 30 June 2017

<b>Results</b>				
<b>Indicator/measure</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>Material Variations</b>
<b>Own-source revenue</b> <i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$860	\$914	\$919	During 2016/17 Manningham generated \$111 million from rates, fees and other own-source income. Council's own-source revenue per head of population was below that of a similar Council in 2015/16, and is expected to be below similar Councils in 2016/17.
<b>Recurrent grants</b> <i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$110	\$97	\$118	Manningham receives the minimum grant from the Victoria Grants Commission, and as such relies heavily on rates to meet community service and infrastructure needs. The increase in 2016/17 is a result of \$1.64 million of Financial Assistance Grants received in advance.
<b>Population</b> <i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$895	\$901	\$920	This result highlights Council's low expenditure levels when compared to similar Councils (in 2015/16 similar Council's expenses per head of population was \$1,196 compared to Manningham \$901).
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$5,944	\$5,762	\$6,399	As at 30 June 2017, Manningham has in excess of \$770 million in road, drainage, footpath, buildings, parks and other infrastructure assets. Council is committed to maintaining, renewing and upgrading these infrastructure assets, and each year allocates 33% of rate revenue to fund the capital works program.
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	198	200	202	Manningham has a lower population density per km of road than similar Councils (Manningham 199.74 people per km of road compared to 272.59 for similar Councils in 2015/16). This results in the total cost of road maintenance and upgrades being funded from smaller number of ratepayers which contributes to Manningham's annual rate increase.
<b>Disadvantage</b> <i>Relative socio-economic disadvantage</i> [Index of Relative Socio-economic Disadvantage by decile]	10	10	10	No material variation.

**Service Performance Indicators**

For the year ended 30 June 2017

<b>Result</b> <b>Service / <i>indicator</i> / <i>measure</i></b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>Material Variations</b>
<b>Aquatic Facilities</b> <b>Utilisation</b> <i>Utilisation of aquatic facilities</i> AF6 [Number of visits to aquatic facilities / Municipal population]	3.9	2.9	4.6	Following the significant redevelopment between 2014 and July 2016, it is pleasing to see use of the facility continuing to trend favourably.
<b>Animal Management</b> <b>Health and safety</b> <i>Animal management prosecutions</i> AM4 [Number of successful animal management prosecutions]	24	15	17	Council's approach to animal management is outlined in the 2013-2017 Domestic Animal Management Plan; designed to protect the community. Prosecutions occur when animal or animal owner behaviour is inconsistent with this approach and attempts at mediation have not been successful. Results in 2016/17 were consistent with previous years.
<b>Food Safety</b> <b>Health and safety</b> <i>Critical and major non-compliance outcome notifications</i> FS4 [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100	92.0%	98.3%	100%	Council is vigilant in ensuring food premises are followed up after a major or critical non-conformance is detected as demonstrated with the 100% follow up rate for the 2016 calendar year.
<b>Governance</b> <b>Satisfaction</b> <i>Satisfaction with council decisions</i> G5 [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	60	57	58	An independent research company conducts the community satisfaction survey annually on behalf of State Government. The result is one point above the 2015/16 result and four points higher than the state-wide average.



<b>Result Service / <i>indicator</i> / <i>measure</i></b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>Material Variations</b>
<b>Libraries</b> <b>Participation</b> <i>Active library members</i> LB4 [Number of active library members / Municipal population] x100	16.0%	16.2%	15.8%	The active member's indicator fluctuates each year. This year the ERP figure has increased and the number of active members has remained static, resulting in a slightly lower percentage. The indicator does not include members who attend the library for other purposes such as using the internet, wifi services or attendance at library programs.
<b>Maternal and Child Health (MCH)</b> <b>Participation</b> MC4 [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100 <b>Participation</b> MC5 <i>Participation in the MCH service by Aboriginal children</i> [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	99.0%	74.6%	76.4%	Data is now being collected by a new database managed by the State Government. Whilst most data is accurate there may some variation in results. Results show a continued high standard of participation.
<b>Roads</b> <b>Satisfaction</b> <i>Satisfaction with sealed local roads</i> R5 [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	68	64	66	
<b>Statutory Planning</b> <b>Decision making</b> <i>Council planning decisions upheld at VCAT</i> SP4 [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	44.0%	72.7%	71.0%	Manningham is dedicated to consulting with its community to achieve acceptable outcomes in planning. 2016/17 realised 31 applications determined by VCAT and 22 decisions were not set aside. This result also reflects a sound process of decision making consistent with State and Local Planning Policy.

Result Service / <i>indicator</i> / <i>measure</i>	2015	2016	2017	Material Variations
<p><b>Waste Collection</b>  <b>Waste diversion</b>  <i>Kerbside collection waste diverted from landfill</i>                      WC5 [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100</p>	54.0%	53.1%	54.0%	<p>There has been an increase in waste diversion from landfill when compared to last year. The successful roll out of the new bins and the continued implementation of Council’s Waste Management Strategy and Education programs has contributed to this increase in the waste resource recovery rate.</p>

**Financial Performance Indicators**

For the year ended 30 June 2017

<b>Dimension/ indicator / measure</b>	<b>Results</b>			<b>Forecasts</b>				<b>Material Variations</b>
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	
<b>Operating position</b>								
<b>Adjusted underlying result</b>								
<i>Adjusted underlying surplus (or deficit)</i>	7.0%	9.7%	11.4%	8.4%	8.4%	8.6%	8.9%	A change in the timing of Financial Assistance Grants from the Federal Government and an increase in fees and charges resulted in an improvement of 2016/17 operating position.
[Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100								The adjusted underlying surplus generates funds to enable Council to renew and upgrade roads, footpaths, drains, parks recreation facilities and other community assets. Council is forecasting long-term underlying surpluses which underpins a financially sustainable organisation.
<b>Liquidity</b>								
<b>Working capital</b>								
<i>Current assets compared to current liabilities</i>	206.1%	217.0%	199.2%	173.2%	174.8%	195.8%	221.4%	The working capital ratio for 2017 is higher than the adopted budget and primarily relates to increased developer contributions received in 2016/17 and held in cash reserves, capital works funded in 2016/17 which will be completed in 2017/18 and Financial Assistance Grants received in advance during 2016/17 for the 2017/18 year. The forward four year forecasts also show that Council retains a strong working capital ratio.
[Current assets / Current liabilities] x100								

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Dimension/ indicator / measure	Results			Forecasts				Material Variations
	2015	2016	2017	2018	2019	2020	2021	
<p><b>Unrestricted cash</b></p> <p><i>Unrestricted cash compared to current liabilities</i></p> <p>[Unrestricted cash / Current liabilities] x100</p>	60.4%	77.0%	63.0%	63.4%	64.5%	78.6%	82.2%	Unrestricted cash compared to current liabilities is higher than the adopted budget and primarily relates to an improved operating result, capital works funded in 2016/17 which will be completed in 2017/18 and Financial Assistance Grants received in advance during 2016/17 for the 2017/18 year.
<p><b>Obligations</b></p> <p><b>Loans and borrowings</b></p> <p><i>Loans and borrowings compared to rates</i></p> <p>[Interest bearing loans and borrowings / Rate revenue] x100</p>	8.3%	7.8%	7.8%	7.6%	7.3%	3.5%	3.4%	Council has a low level of borrowing relative to rates. Total borrowings as at June 2017 is \$7.28 million. The reduction in the ratio in 2020 relates to planned loan principal repayments of \$3.64 million.
<p><i>Loans and borrowings repayments compared to rates</i></p> <p>[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100</p>	0.3%	0.3%	0.3%	0.3%	0.3%	3.7%	0.1%	Council has a low level of borrowing relative to rates. The increase in the ratio in 2020 relates to planned loan principal repayments of \$3.64 million.

Dimension/ indicator / measure	Results			Forecasts				Material Variations
	2015	2016	2017	2018	2019	2020	2021	
<p><b>Indebtedness</b></p> <p><i>Non-current liabilities compared to own source revenue</i></p> <p>[Non-current liabilities / Own source revenue] x100</p>	8.0%	7.5%	7.2%	7.3%	4.1%	4.0%	3.9%	Council has a low level of non-current liabilities compared to revenue.
<p><b>Asset renewal</b></p> <p><i>Asset renewal compared to depreciation</i></p> <p>[Asset renewal expenses / Asset depreciation] x100</p>	71.3%	74.0%	123.6%	105.7%	100.8%	100.2%	100.7%	<p>The high asset renewal in 2017 relates to the planned replacement of Council's bin fleet as part of the renewed kerbside waste and recycling service.</p> <p>Council is targeting a 100% asset renewal ratio throughout the forecast period with priority being given to funding the renewal of existing assets before expending funds on new assets.</p>
<p><b>Stability</b></p> <p><b>Rates concentration</b></p> <p><i>Rates compared to adjusted underlying revenue</i></p> <p>[Rate revenue / Adjusted underlying revenue] x100</p>	76.5%	78.3%	74.2%	76.9%	77.6%	77.9%	78.3%	The result is consistent throughout the forecast period and reflects Manningham's reliance on rates to fund services and community assets.

Dimension/ indicator / measure	Results			Forecasts				Material Variations
	2015	2016	2017	2018	2019	2020	2021	
<p><b>Rates effort</b></p> <p><i>Rates compared to property values</i></p> <p>[Rate revenue / Capital improved value of rateable properties in the municipality ] x100</p>	0.2%	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%	This result highlights Council's relative low rate burden on its community when compared to property values.
<p><b>Efficiency</b></p> <p><b>Expenditure level</b></p> <p><i>Expenses per property assessment</i></p> <p>[Total expenses / Number of property assessments]</p>	\$2,282	\$2,278	\$2,302	\$2,367	\$2,397	\$2,425	\$2,467	The growth in expenses per property assessment is less than 1% over recent years and reflects Council's commitment to contain the growth in expenditure. This is reflected in the low average residential rate increase (see E1 above) and also contributes to the long term financial sustainability of Council.

Dimension/ indicator / measure	Results			Forecasts				Material Variations
	2015	2016	2017	2018	2019	2020	2021	
<p><b>Revenue level</b></p> <p><i>Average residential rate per residential property assessment</i></p> <p>[Residential rate revenue / Number of residential property assessments]</p>	\$1,832	\$1,881	\$1,869	\$1,934	\$1,975	\$2,010	\$2,059	<p>The result is consistent with budget forecasts, and represents a decrease on the 2015/16 result.</p> <p>Council has a high reliance on rate revenue from residential properties with 95% of all properties in the municipality being residential. Council uses rate revenues to maintain and upgrade local roads, buildings, drains, footpaths, playgrounds and sporting facilities. This revenue also funds services including waste management, public health, children, youth, family, aged, planning, building and other community services.</p>
<p><b>Workforce turnover</b></p> <p><i>Resignations and terminations compared to average staff</i></p> <p>[Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100</p>	8.3%	8.7%	11.8%	8.5%	8.5%	8.5%	8.5%	<p>During 2016/17, a number of changes were made to the organisational structure which, although resulting in a higher turnover rate than recent years (still within the expected range), has enhanced the strategic alignment of Council's functions and improved our ability to deliver services.</p>

**Definitions**

"Adjusted underlying revenue" means total income other than:

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and
- (c) contributions to fund capital expenditure from sources other than those referred to above

"Adjusted underlying surplus (or deficit)" means adjusted underlying revenue less total expenditure

"Infrastructure" means non-current property, plant and equipment excluding land

"Local road" means a sealed or unsealed road for which the council is the responsible road authority under the *Road Management Act 2004*

"Population" means the resident population estimated by council

"Own-source revenue" means adjusted underlying revenue other than revenue that is not under the control of council (including government grants)

"Relative socio-economic disadvantage", in relation to a municipality, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipality is located according to the Index of Relative Socio-Economic Disadvantage (Catalogue Number 2033.0.55.001) of SEIFA. "SEIFA" means the Socio-Economic Indexes for Areas published from time to time by the Australian Bureau of Statistics on its Internet website

"Unrestricted cash" means all cash and cash equivalents other than restricted cash

"Asset renewal expenditure" means expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability

"Current assets" has the same meaning as in the AAS

"Current liabilities" has the same meaning as in the AAS

"Non-current assets" means all assets other than current assets

"Non-current liabilities" means all liabilities other than current liabilities

"Non-recurrent grant" means a grant obtained on the condition that it be expended in a specified manner and is not expected to be received again during the period covered by a council's Strategic Resource Plan

"Rate revenue" means revenue from general rates, municipal charges, service rates and service charges

"Aboriginal child" means a child who is an Aboriginal person

"Aboriginal person" has the same meaning as in the Aboriginal Heritage Act 2006

"Active library member" means a member of a library who has borrowed a book from the library

"Annual report" means an annual report prepared by a council under sections 131, 132 and 133 of the Act

"CALD" means culturally and linguistically diverse and refers to persons born outside Australia in a country whose national language is not English

"Class 1 food premises" means food premises, within the meaning of the *Food Act 1984*, that have been declared as class 1 food premises under section 19C of that Act



"Class 2 food premises" means food premises, within the meaning of the *Food Act 1984*, that have been declared as class 2 food premises under section 19C of that Act

"Community Care Common Standards" means the Community Care Common Standards for the delivery of HACC services, published from time to time by the Commonwealth

"Critical non-compliance outcome notification" means a notification received by council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to council by an authorized officer under that Act, of a deficiency that poses an immediate serious threat to public health

"Food premises" has the same meaning as in the *Food Act 1984*

"HACC program" means the Home and Community Care program established under the Agreement entered into for the purpose of the Home and Community Care Act 1985 of the Commonwealth

"HACC service" means home help, personal care or community respite provided under the HACC program

"local road" means a sealed or unsealed road for which the council is the responsible road authority under the *Road Management Act 2004*

"Major non-compliance outcome notification" means a notification received by a council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to council by an authorized officer under that Act, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken

"MCH" means the Maternal and Child Health Service provided by a council to support the health and development of children within the municipality from birth until school age

**Other Information**

For the year ended 30 June 2017

**Basis of preparation**

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

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

The performance statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by the council's Strategic Resource Plan. The Local Government (Planning and Reporting) Regulations 2014 requires explanation of any material variations in the results contained in the performance statement. Council has adopted materiality thresholds relevant to each indicator on 28 June 2016 and measure and explanations have not been provided for variations below the materiality thresholds unless the variance is considered to be material because of its nature.

The forecast figures included in the performance statement are those adopted by council in its Strategic Resource Plan on 27 June 2017 and which forms part of the council plan. The Strategic Resource Plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The Strategic Resource Plan can be obtained by contacting council on (03) 9840 9333 or online at [www.manningham.vic.gov.au](http://www.manningham.vic.gov.au)

**Certification of the performance statement**

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

---

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

In our opinion, the accompanying performance statement of the Manningham City Council for the year ended 30 June 2017 presents fairly the results of council's performance in accordance with the *Local Government Act 1989* and the Local Government (Planning and Reporting) Regulations 2014.

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

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

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

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

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

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Warwick Winn  
**Chief Executive Officer**  
**Dated:** *(Date)*

The meeting concluded at 6:33pm

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Chairperson  
CONFIRMED THIS 26 SEPTEMBER 2017