

FINANCIAL REPORTS

12 FINANCIAL REPORT AND PERFORMANCE STATEMENT

FILE REFERENCE INT1860858

RESPONSIBLE GENERAL MANAGER Derek Madden

AUTHOR Joanne Harris

RECOMMENDATION

That:

1. Pursuant to Sections 131(7) and 132(6) of the Local Government Act 1989, council approve the Financial Report and Performance Statement for the year ending 30 June 2018, subject to any changes recommended or agreed to by the auditor
2. Pursuant to Sections 131(8) and 132(7) Council authorises Crs Leticia Wilmot and Brett Owen to sign the report and statement in their final form after any changes recommended or agreed to by the auditor have been made; and
3. Helen De La Plaza, Team Leader Finance, be appointed as the Principal Accounting Officer for the purposes of Section 131(13)(c) of the Local Government Act.

Attachments

- | | | |
|--------------------|-----------------------|----------|
| 1↓ | Financial Report | 46 Pages |
| 2↓ | Performance Statement | 15 Pages |

EXECUTIVE SUMMARY

To approve the Financial Report and Performance Statement for the year ended 30 June 2018 and authorise Crs Wilmot and Brett Owen as the Audit Committee representatives to sign the documents in their final form after any changes recommended or agreed to by the auditors have been made.

BACKGROUND

Council is required to prepare an Annual Report in respect to the financial year ended 30 June 2018. The Local Government Act 1989 prescribes the information that must appear in the Annual Report, the process that the Council must undertake to prepare the report, the audit requirements and the process to be undertaken to adopt the report.

Council is required to authorise two councillors to approve the Financial Report and Performance Statement in their final form after any changes recommended, or agreed to, by the Auditor have been made, it is recommended that the Audit Committee members Crs Wilmot and Brett Owen be the councillors authorised to sign these documents.

The documents were considered by the by the Audit Committee at its meeting on 31 August 2018.

The documents (as part of the Council's Annual Report) will be lodged with the Minister for Local Government by 30 September 2018 as required by Section 131(6) of the Local Government Act 1989.

Section 131(10) of the Local Government Act stipulates that after the annual report has been submitted to the Minister Council must give public notice that the annual report has been prepared and is available for inspection.

In addition, Section 134 of the Local Government Act stipulates that Council must consider the annual report at a meeting that must be held as soon as practicable after the Council has sent the annual report to the Minister and must be advertised for at least 14 days before the meeting is held.

It is proposed to consider the annual report at the Council Meeting to be held on 15 October 2018 and appropriate public notification will be given.

CONCLUSION

It is recommended that Council approve the Financial Report and Performance Statement and authorise Crs Wilmot and Brett Owen to sign the documents in their final form.

**CARDINIA SHIRE COUNCIL
ANNUAL FINANCIAL REPORT**

For the Year Ended 30 June 2018

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Cardinia Shire Council
2017/2018 Financial Report

Certification of the Financial Statements

In my opinion the accompanying financial statements have 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.

Helen De La Plaza - CPA
Team Leader Finance

Date : 17 September 2018
20 Siding Avenue, Officer

In our opinion the accompanying financial statements present fairly the financial transactions of Cardinia Shire Council for the year ended 30 June 2018 and the financial position of the 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 statements to be misleading or inaccurate.

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

Brett Owen
Deputy Mayor

Date : 17 September 2018
20 Siding Avenue, Officer

Leticia Wilmot
Councillor

Date : 17 September 2018
20 Siding Avenue, Officer

Garry McQuillan
Chief Executive Officer

Date : 17 September 2018
20 Siding Avenue, Officer

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Cardinia Shire Council
2017/2018 Financial Report

Comprehensive Income Statement For the Year Ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Income			
Rates and charges	2.1	84,181	79,147
Statutory fees and fines	2.2	4,638	4,583
User fees	2.3	3,532	2,844
Grants - operating	2.4	13,662	17,164
Grants - capital	2.4	11,123	9,544
Contributions - monetary	2.5	30,787	30,596
Contributions - non monetary	2.5	40,438	51,587
Net gain on asset revaluation	2.6	329	1,961
Net gain on disposal of property, infrastructure, plant and equipment	2.6	-	3,693
Share of net gain of associates	5.2	-	5
Other income	2.7	5,696	4,663
Total income		194,386	205,787
Expenses			
Employee costs	3.1	(33,481)	(32,074)
Materials and services	3.2	(45,242)	(44,434)
Bad and doubtful debts	3.4	(561)	(161)
Depreciation and amortisation	3.3	(20,847)	(19,681)
Borrowing costs	3.5	(2,937)	(3,279)
Contributions - monetary	2.5	-	(7,794)
Contributions - non monetary	2.5	(860)	(5,918)
Net loss on disposal of property, infrastructure, plant and equipment	2.6	(1,441)	-
Share of net loss of associates	5.2	(62)	-
Other expenses	3.6	(1,812)	(2,735)
Total expenses		(107,243)	(116,076)
Surplus for the year		87,143	89,711
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment	5.1	133,444	100,990
Total comprehensive result		220,587	190,701

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

Cardinia Shire Council
2017/2018 Financial Report

Balance Sheet
As at 30 June 2018

	Note	2018 \$'000	2017 \$'000
Assets			
Current assets			
Cash and cash equivalents	4.1	57,811	63,199
Trade and other receivables	4.1	21,047	22,670
Other financial assets	4.1	51,500	28,000
Inventories	4.2	26	5
Other assets	4.2	1,773	2,331
Total current assets		132,157	116,205
Non-current assets			
Trade and other receivables	4.1	11,483	5,671
Investments in associates	5.2	1,534	1,596
Property, infrastructure, plant and equipment	5.1	1,473,920	1,148,685
Intangible assets	4.2	587	638
Total non-current assets		1,487,524	1,156,590
Total assets		1,619,681	1,272,795
Liabilities			
Current liabilities			
Trade and other payables	4.3	15,264	17,174
Trust funds and deposits	4.3	11,060	11,332
Provisions	4.5	6,817	6,347
Interest bearing liabilities	4.4	4,514	5,001
Total current liabilities		37,655	39,854
Non-current liabilities			
Trade and other payables	4.3	10,261	12,896
Provisions	4.5	990	1,245
Interest bearing liabilities	4.4	37,164	42,265
Total non-current liabilities		48,415	56,406
Total liabilities		86,070	96,260
Net assets		1,533,611	1,176,535
Equity			
Accumulated surplus		921,967	707,400
Reserves	8.1	611,644	469,135
Total Equity		1,533,611	1,176,535

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

Cardinia Shire Council
2017/2018 Financial Report

**Statement of Changes in Equity
For the Year Ended 30 June 2018**

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2018					
Balance at beginning of the financial year		1,176,535	707,400	418,930	50,205
Other adjustments to opening balances	8.1(c)	1,922	1,922	-	-
Recognition of land under roads prior to 1 July 2008	8.1(c)	134,567	134,567	-	-
Surplus for the year		87,143	87,143	-	-
Net asset revaluation increment	8.1(a)	133,444	-	133,444	-
Transfers to other reserves	8.1(b)	-	(20,098)	-	20,098
Transfers from other reserves	8.1(b)	-	11,033	-	(11,033)
Balance at end of the financial year		1,533,611	921,967	552,374	59,270

		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2017					
Balance at beginning of the financial year	8.1(c)	984,150	630,326	317,940	35,884
Other adjustments to opening balances		1,684	1,684	-	-
Surplus for the year		89,711	89,711	-	-
Net asset revaluation increment	8.1(a)	100,990	-	100,990	-
Transfers to other reserves	8.1(b)	-	(28,748)	-	28,748
Transfers from other reserves	8.1(b)	-	14,427	-	(14,427)
Balance at end of the financial year		1,176,535	707,400	418,930	50,205

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

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Cardinia Shire Council
2017/2018 Financial Report

Statement of Cash Flows
For the Year Ended 30 June 2018

	Note	2018 Inflows/ (Outflows) \$'000	2017 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		83,511	78,108
Statutory fees and fines		5,162	4,908
User fees		3,648	3,924
Grants - operating		14,052	16,789
Grants - capital		9,836	9,533
Contributions - monetary		17,104	23,075
Interest received		2,005	1,362
Trust funds and deposits taken		6,720	6,869
Other receipts		3,717	3,485
Net GST refund/payment		6,061	5,439
Employee costs		(33,143)	(32,020)
Materials and services		(53,301)	(55,106)
Trust funds and deposits repaid		(6,993)	(5,361)
Net cash provided by operating activities	8.2	58,379	61,005
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	5.1	(39,023)	(23,634)
Proceeds from sale of property, infrastructure, plant and equipment		7,280	10,823
Payments for investments		(23,500)	(18,000)
Proceeds from sale of investments		-	13,501
Net cash used in investing activities		(55,243)	(17,310)
Cash flows from financing activities			
Finance costs		(2,937)	(3,279)
Repayment of borrowings		(5,587)	(5,020)
Net cash provided by/(used in) financing activities		(8,524)	(8,299)
Net increase in cash and cash equivalents		(5,388)	35,396
Cash and cash equivalents at the beginning of the financial year		63,199	27,803
Cash and cash equivalents at the end of the financial year	4.1	57,811	63,199
Financing arrangements	4.6		
Restrictions on cash assets	4.1		

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

Cardinia Shire Council
2017/2018 Financial Report

**Statement of Capital Works
For the Year Ended 30 June 2018**

	Note	2018 \$'000	2017 \$'000
Property			
Land		6,445	5,451
Total land		6,445	5,451
Buildings		5,726	6,673
Heritage Buildings		-	22
Building improvements		76	83
Leasehold improvements		3,753	-
Total buildings		9,555	6,778
Total property		16,000	12,229
Plant and equipment			
Plant, machinery and equipment		1,752	1,013
Fixtures, fittings and furniture		-	19
Computers and telecommunications		245	21
Intangible assets		161	165
Total plant and equipment		2,158	1,218
Infrastructure			
Roads		6,026	2,512
Bridges		383	1,324
Footpaths and cycleways		3,064	1,177
Drainage		650	1,319
Recreational, leisure and community facilities		11,927	2,837
Parks, open space and streetscapes		-	207
Off street car parks		292	293
Other infrastructure		11	438
Total infrastructure		22,353	10,107
Total capital works expenditure		40,511	23,554
Represented by:			
New asset expenditure		26,488	14,050
Asset renewal expenditure		9,919	6,207
Asset upgrade expenditure		4,104	3,297
Total capital works expenditure	5.1	40,511	23,554

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

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OVERVIEW**Introduction**

The Cardinia Shire Council 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 20 Siding Avenue, Officer.

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 the 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*.

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's that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 5.1)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 5.1)
- the determination of employee provisions (refer to Note 4.5)

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.

Cardinia Shire Council
2017/2018 Financial Report

Notes to the Financial Report
For the Year Ended 30 June 2018

Note 1 Performance against budget

The performance against budget 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 of the lower of 10% percent or \$500K 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 29 May 2017. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for income and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

1.1 Income and expenditure

	Budget 2018 \$'000	Actual 2018 \$'000	Variance 2018 \$'000	Ref
Income				
Rates and charges	81,764	84,181	2,417	1
Statutory fees and fines	4,227	4,638	411	
User fees	2,878	3,532	655	2
Grants - operating	11,928	13,662	1,734	3
Grants - capital	6,770	11,123	4,353	4
Contributions - monetary	1,010	30,787	29,777	5
Contributions - non monetary	-	40,438	40,438	6
Net gain on asset revaluation	-	329	329	
Other income	3,468	5,696	2,228	7
Total income	112,045	194,386	82,341	
Expenses				
Employee costs	34,025	33,481	544	8
Materials and services	42,540	45,242	(2,702)	9
Bad and doubtful debts	176	561	(385)	10
Depreciation and amortisation	21,843	20,847	996	11
Borrowing costs	3,402	2,937	465	12
Contributions - non monetary	-	860	(860)	13
Share of net losses of associates and joint ventures	-	62	(62)	
Net loss on disposal of property, infrastructure, plant and equipment	-	1,441	(1,441)	14
Other expenses	2,395	1,812	583	15
Total expenses	104,381	107,243	(2,862)	
Surplus for the year	7,664	87,143	79,480	

(i) Explanation of material variations

Ref	Item	Explanation
1	Rates and charges	Rates, including supplementary rates, are better than budget due to an increase in the number of rateable properties. Income from the garbage charge is better than budget due to an increase in the number of new services.
2	User fees	Favourable variance is primarily due to Rental Property rent income which is better than budget mainly due to the accounting treatment required to recognise rent income from Pakenham Health Hub. Section 86 committee income recognised is higher due to an overall increase in committee revenue, and asset protection permit fees are higher due to a higher number of applications.
3	Grants - operating	Budgeted operating grants are better than budget. The Victoria Grants Commission general purpose and local roads operating grants are better than budget, and other budgeted grants were better than budget primarily due to the Maternal & Child Health and Supported Parent Groups & Playgroups grants. Additionally, unbudgeted grants have been recognised, the major two being for the VicHealth Diversity program and recycling services temporary relief funding.
4	Grants - capital	Actual grants received are better than budget due to increased Roads to Recovery funding of \$0.8m. Additionally, unbudgeted grants totalling \$6.270m have been received, with \$5.0m of this from the State Government's Growing Suburbs Fund for the Cardinia Cultural Centre, Emerald Community Hub and James Bathe Recreation Reserve projects.
5	Contributions - monetary	Monetary contributions include operating and capital cash contributions as well as development levies. The favourable variance is primarily a result of recognition of special charge scheme contributions for a scheme in Pakenham, and better than budgeted community infrastructure, developer and public open space levies, due to an increase in development activity.
6	Contributions - non monetary (income)	This item was not budgeted. The actual income relates to the value of roads, footpaths, drains, bridges, land and land under roads contributed by developers.
7	Other income	Interest on investments, including Developer Contribution Plan (DCP) investments, are better than budget due to higher investment balances. Cost recovery income, being income received for expenditure incurred, is overall higher due to receipt of unbudgeted income. This revenue has been partially offset as a result of a decrease in recycling processing income due to changes within the recycling industry.
8	Employee costs	Favourable variance is mainly due to salaries and oncosts which are under budget as a result of various vacant positions for within the organisation during the year. Additionally, year-end adjustments to employee provisions have had a favourable impact.
9	Materials and services	Materials and services are over budget due to funded capital works, including community capital works and priority works, being expensed due to not meeting the financial criteria to be recognised as assets.
10	Bad and doubtful debts	Unfavourable variance is as result of an increase in the provision for doubtful debts being more than anticipated.
11	Depreciation and amortisation	Depreciation expense is under budget due to asphalt issues which caused a delay in developer contributions and revaluation increases being lower than anticipated.
12	Borrowing costs	Interest on loans are under budget due to the 2017/18 budgeted loan not being drawn down and repayment of other loans when due.
13	Contributions - non monetary	This item was not budgeted. The expense relates to non-cash credits to developers for providing more open space they were required to under the relevant agreements.
14	Net loss on disposal of property, infrastructure, plant and equipment	Unfavourable variance is mainly attributable to the accounting recognition of old infrastructure assets such as roads and bridges being disposed of due to the capital works undertaken during the year.
15	Other expenses	Other expenses are under budget due to under expenditure in areas such as the lease of printers and rent of temporary buildings.

Cardinia Shire Council
2017/2018 Financial Report

Notes to the Financial Report
For the Year Ended 30 June 2018

Note 1 Performance against budget (cont'd)

1.2 Capital works

	Budget 2018 \$'000	Actual 2018 \$'000	Variance 2018 \$'000	Ref
Property				
Land	2,000	6,445	4,445	1
Total Land	2,000	6,445	4,445	
Buildings				
Buildings	1,413	5,726	4,313	
Building improvements	-	76	76	
Leasehold improvements	-	3,753	3,753	
Total Buildings	1,413	9,555	8,142	2
Total Property	3,413	16,000	12,587	
Plant and Equipment				
Plant, machinery and equipment	2,070	1,752	(318)	3
Computers and telecommunications	410	245	(165)	4
Intangible assets	-	161	161	5
Total Plant and Equipment	2,480	2,158	(322)	
Infrastructure				
Roads	4,900	6,026	1,126	6
Bridges	700	383	(317)	7
Footpaths and cycleways	2,375	3,064	689	8
Drainage	400	650	250	9
Recreational, leisure and community facilities	22,393	11,927	(10,466)	10
Parks, open space and streetscapes	7,595	-	(7,595)	11
Off street car parks	88	292	204	12
Other infrastructure	520	11	(509)	13
Total Infrastructure	38,971	22,353	(16,618)	
Total Capital Works Expenditure	44,864	40,511	(4,353)	
Represented by:				
New asset expenditure	21,491	26,488	4,997	14
Asset renewal expenditure	11,457	9,919	(1,538)	15
Asset upgrade expenditure	11,916	4,104	(7,812)	16
Total Capital Works Expenditure	44,864	40,511	(4,353)	

(i) Explanation of material variations

Ref	Item	Explanation
1	Land	Acquisition of land for future development in Brunt Road Officer.
2	Buildings	Actual expenditure includes building works at Purton Road Depot and Emerald Community Hub which were budgeted in previous years, works for the Pakenham Kindergarten redevelopment which is partially grant funded and works at Deep Creek reserve originally budgeted as parks, open space and streetscapes. Leasehold improvement works were recognised in the current year for Bridgewood Integrated Child and Family Centre and works.
3	Plant, machinery and equipment	Purchases postponed due to a review of requirements.
4	Computers and telecommunications	Major item budgeted in this category has been expended on software and capitalised as intangible assets.
5	Intangible assets	Various software purchases budgeted in computer and telecommunications including a new Event Management system.
6	Roads	Expenditure primarily related to additional pavement renewals undertaken due to additional roads to recovery grant funding received.
7	Bridges	Major item of expenditure is for Bunyip - Modella Road Bridge. Jolley Road bridge is to be completed next year.
8	Footpaths	Actual expenditure includes works on the Emerald to Gembrook trail budgeted in the prior year.
9	Drainage	Actual expenditure includes emergency works at Emerald Lake Park which were not budgeted.
10	Recreational, leisure and community facilities	Major items budgeted in this category include Cardinia Cultural Centre Exhibition Space, James Bathe Recreation Reserve, Bridgewood Childrens Facility and Lang Lang Recreational Facility. The main item of expenditure in this category is for Lang Lang Recreational Facility.
11	Parks, open space and streetscapes	Major item budgeted in this category is Deep Creek Reserve which is currently under budget and has been expended in other areas including Buildings and Recreational, leisure and community facilities.
12	Off street car parks	Actual expenditure includes works on the Holm Park Rd Car Park Sealing which was budgeted under Recreational, leisure and community facilities.
13	Other infrastructure	Major item budgeted includes Environmental Projects which has been expended in Buildings, and other minor projects not capitalised due to capitalisation thresholds.
14	New asset expenditure	Actual expenditure includes acquisition of land for future development in Brunt Road Officer.
15	Asset renewal expenditure	Asset renewal projects are under budget, with the major variances being for the plant replacement, bridges replacement/upgrade and footpath replacements not capitalised due to capitalisation thresholds.
16	Asset upgrade expenditure	Asset upgrade projects are under budget, the major variance being for the Cardinia Cultural Centre Exhibition Space which is currently behind schedule.

Cardinia Shire Council
2017/2018 Financial Report

Notes to the Financial Report
For the Year Ended 30 June 2018

	2018	2017
	\$'000	\$'000
Note 2 Funding for the delivery of our services		
2.1 Rates and charges		
Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is the market value as determined by the Municipal Valuer as at 1 January 2016.		
The valuation base used to calculate general rates for 2017/18 was \$19,011 million (2016/17 \$18,719 million). The 2017/18 rate in the CIV dollar was 0.003431 (2016/17, 0.003364).		
General Rates	70,824	66,155
Waste management charge	11,689	11,078
Supplementary rates and rate adjustments	1,203	1,636
Cultural and recreational	101	99
Interest on rates and charges	364	179
Total rates and charges	84,181	79,147

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2016, and the valuation was first applied in the rating year commencing 1 July 2016.

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.

2.2 Statutory fees and fines		
Infringements and costs	1,329	1,192
Town planning fees	1,477	1,743
Land information certificates	147	116
Permits	1,685	1,532
Total statutory fees and fines	4,638	4,583

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

2.3 User fees		
Aged and health services	48	49
Leisure centre and recreation	1,653	1,557
Child care/children's programs	341	225
Parking	87	81
Registration and other permits	684	506
Building services	264	252
Other fees and charges	455	174
Total user fees	3,532	2,844

User fees are recognised as revenue when the service has been provided or council has otherwise earned the income.

Cardinia Shire Council
2017/2018 Financial Report

Notes to the Financial Report
For the Year Ended 30 June 2018

	2018	2017
	\$'000	\$'000
2.4 Funding from other levels of government		
Grants were received in respect of the following		
Summary of grants		
Commonwealth funded grants	14,307	17,626
State funded grants	10,478	9,082
Total grants received	24,785	26,708
(a) Operating Grants		
Recurrent - Commonwealth Government		
Financial Assistance Grant	10,471	14,293
Community Health	60	104
Family and children	2	-
Other	-	15
Recurrent - State Government		
School crossing supervisors	331	229
Maternal and child health	1,305	1,206
Recreation	73	73
Community safety	104	95
Best Start Program	116	114
Community Health	174	229
Disability	152	145
Emergency Management	30	30
Environment and Heritage	320	227
Family and children	406	227
Local infrastructure	118	64
Other	-	113
Total recurrent operating grants	13,662	17,164

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For the Year Ended 30 June 2018

	2018	2017
	\$'000	\$'000
2.4 Grants (cont'd)		
(b) Capital Grants		
Recurrent - Commonwealth Government		
Financial Assistance Grant	761	1,084
Roads to recovery	2,342	2,100
Total recurrent capital grants	3,103	3,184
Non-recurrent - Commonwealth Government		
Local infrastructure	421	30
Recreation	250	-
Non-recurrent - State Government		
Local infrastructure	6,192	5,427
Recreation	1,157	903
Total non-recurrent capital grants	8,020	6,360
Total capital grants	11,123	9,544
Total	24,785	26,708
(c) Unspent grants received on condition that they be spent in a specific manner		
Balance at start of year	7,228	4,221
Received during the financial year and remained unspent at balance date	4,200	5,161
Received in prior years and spent during the financial year	(4,879)	(2,154)
Balance at year end	6,549	7,228

Grant income is recognised when Council obtains control of the contribution. Control is normally obtained upon receipt (or acquittal) or upon earlier notification that a grant has been secured.

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Notes to the Financial Report
For the Year Ended 30 June 2018

	2018	2017
	\$'000	\$'000
2.5 Contributions		
Contributions Income		
Monetary	30,787	30,596
Non-monetary	40,438	51,587
Total contributions	71,225	82,183
<i>Contributions of non-monetary assets were received in relation to the following asset classes.</i>		
Land	10,784	23,856
Building	150	595
Roads	13,042	14,570
Other infrastructure	14,482	17,539
Other	10	125
Total non-monetary contributed assets recognised this year	38,468	56,685

The difference between the value of contributed assets recognised in Property, Plant and Equipment, and non-monetary contributions income recognised in the year is due to differences in the date when Council physically gains control of the non-monetary assets, and when the Income is recognised.

Contributions Expenses

Monetary	-	7,794
Non-monetary	860	5,918
Total contributions	860	13,712

Non-monetary contributions expense for 2017/18 is for the Officer Public Open Space equalisation amount.

In 2016/17 monetary and non-monetary contributions collected from developers for projects on VicRoads land have been handed over to VicRoads.

Contributions of non-monetary assets were distributed in relation to the following asset classes.

Land	860	876
Roads	-	5,042
Total non-monetary contributions expenses	860	5,918

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

2.6 (a) Net gain / (loss) on disposal of property, infrastructure, plant and equipment

Net Proceeds received by Council	2,032	18,155
Write down value of assets disposed	(3,473)	(14,462)
Total net gain / (loss) on disposal of property, infrastructure, plant and equipment	(1,441)	3,693

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

(b) Net gain on asset revaluation

Roads	246	2,788
Off street car parks	83	(827)
Total net gain on asset revaluation	329	1,961

Net gain on asset revaluation recognised in profit and loss to reverse prior year losses, in line with AASB 116.

2.7 Other income

Interest	2,124	1,475
Other recoveries	2,726	2,288
Other	846	900
Total other income	5,696	4,663

Interest is recognised as it is earned.

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.

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Notes to the Financial Report
For the Year Ended 30 June 2018

	2018	2017
	\$'000	\$'000
Note 3 The cost of delivering services		
3.1 (a) Employee Costs		
Wages and salaries	29,432	27,993
WorkCover	525	368
Casual Staff	540	789
Superannuation	2,662	2,555
Fringe benefits tax	302	351
Other	20	18
Total employee costs	33,481	32,074
(b) Superannuation		
Council made contributions to the following funds:		
Defined benefit fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	135	142
	135	142
Employer contributions payable at reporting date.	Nil	Nil
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	2,527	2,320
	2,527	2,320
Employer contributions payable at reporting date.	115	93
<i>Refer to note 8.3 for further information relating to Council's superannuation obligations.</i>		
3.2 Materials and services		
Building maintenance	201	155
General maintenance	4,602	3,871
Office administration	191	479
Information technology	1,572	1,352
Materials and services	9,568	10,942
Contract payments	22,117	21,756
Utilities	2,611	1,836
Consultants	3,613	3,285
Insurance	767	758
Total materials and services	45,242	44,434
3.3 Depreciation and amortisation		
Property	5,394	4,304
Plant and equipment	1,667	1,655
Infrastructure	13,574	13,547
Total depreciation	20,635	19,506
Intangible assets	212	175
Total depreciation and amortisation	20,847	19,681
<i>Refer to note 4.2(c) and 5.1 for a more detailed breakdown of depreciation and amortisation charges.</i>		

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Notes to the Financial Report
For the Year Ended 30 June 2018

	2018	2017
	\$'000	\$'000
3.4 Bad and doubtful debts		
Local laws	138	119
Other	423	42
Total bad and doubtful debts	<u>561</u>	<u>161</u>
Movement in provisions for doubtful debts		
Balance at the beginning of the year	(164)	(129)
New Provisions recognised during the year	(402)	(86)
Amounts already provided for and written off as uncollectible	28	11
Amounts provided for but recovered during the year	90	40
Balance at end of year	<u>(448)</u>	<u>(164)</u>

Provision for doubtful debt is recognised when there is objective evidence that an impairment loss has occurred. Bad debts are written off when identified.

3.5 Borrowing costs		
Interest - Borrowings	2,722	3,046
Bank charges	215	233
Total borrowing costs	<u>2,937</u>	<u>3,279</u>

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.

3.6 Other expenses		
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	70	88
Auditors' remuneration - Internal	105	106
Councillors' allowances	304	285
Operating lease rentals	439	454
Other expenses	894	1,802
Total other expenses	<u>1,812</u>	<u>2,735</u>

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Notes to the Financial Report
For the Year Ended 30 June 2018

	2018	2017
	\$'000	\$'000
Note 4 Our financial position		
4.1 Financial assets		
(a) Cash and cash equivalents		
Cash on hand	5	2
Cash at bank	9,806	21,197
Term deposit - Council	35,000	28,500
Term deposit - developer contribution plans	13,000	13,500
Total cash and cash equivalents	57,811	63,199
Councils cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:		
- Trust funds and deposits (Note 4.3)	11,060	11,332
- Developer contribution levy (Note 8.1)	46,833	41,533
Total restricted funds	57,893	52,865
Total unrestricted cash and cash equivalents	(82)	10,334
Intended allocations		
Although not externally restricted the following amounts have been allocated for specific:		
- Cash held to fund carried forward capital works	36,145	20,553
- Unspent grants	6,549	7,228
- Other allocations not subject to external restrictions	7,913	12,091
Total funds subject to intended allocations	50,607	39,872
(b) Other financial assets		
Term deposit - Council	24,000	18,000
Term deposit - developer contribution plans	27,500	10,000
Total other financial assets	51,500	28,000

Cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of 90 days or less, net of outstanding bank overdrafts.

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

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Notes to the Financial Report
For the Year Ended 30 June 2018

	2018	2017
	\$'000	\$'000
Note 4 Our financial position		
4.1 Financial assets (cont'd)		
(c) Trade and other receivables		
Current		
<i>Statutory receivables</i>		
Rates debtors	8,680	8,011
Infringement debtors	313	368
Officer developer contribution plan debtors	3,523	6,902
Cardinia road developer contribution plan debtors	1,648	1,933
Net GST receivable	1,284	728
<i>Non statutory receivables</i>		
South East Business Park	2,314	2,750
<i>Other debtors</i>	3,733	2,142
Provision for doubtful debts - other debtors	(448)	(164)
Total current trade and other receivables	21,047	22,670
Non-current		
<i>Statutory receivables</i>		
Special rate scheme	11,479	1,063
<i>Non statutory receivables</i>		
South East Business Park	-	4,604
Bonds	4	4
Total non-current trade and other receivables	11,483	5,671
Total trade and other receivables	32,530	28,341
Total statutory receivables	26,927	19,005
Total non-statutory receivables	6,051	9,500
Provision for doubtful debts	(448)	(164)
Total trade and other receivables	32,530	28,341

Short term receivables are carried at invoice amount. 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.

i) Ageing of Receivables

The ageing of the Council's trade & other receivables (excluding statutory receivables) that are not impaired was:

Current (not yet due)	5,381	4,369
Past due by up to 30 days	106	167
Past due between 31 and 180 days	208	108
Past due between 181 and 365 days	356	252
Due in over 1 year (not yet due)	-	4,604
Total trade & other receivables	6,051	9,500

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Notes to the Financial Report
For the Year Ended 30 June 2018

	2018	2017
	\$'000	\$'000
4.2 Non-financial assets		
(a) Inventories		
Inventories held for distribution	26	5
Total inventories	<u>26</u>	<u>5</u>
<p>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.</p>		
(b) Other assets		
Prepayments	548	840
Accrued income	425	430
Deposits on asset purchases	800	1061
Total other assets	<u>1,773</u>	<u>2,331</u>
(c) Intangible assets		
Software	587	638
Total intangible assets	<u>587</u>	<u>638</u>
		Software
		\$'000
Gross carrying amount		
Balance at 1 July 2017		2,123
Other Additions		129
Disposals		(14)
Balance at 30 June 2018		<u>2,238</u>
Accumulated amortisation		
Balance at 1 July 2017		(1,485)
Amortisation expense		(212)
Disposals		14
Balance at 30 June 2018		<u>(1,683)</u>
Work in progress at 30 June 2017		-
Work in progress at 30 June 2018		<u>32</u>
Net book value at 30 June 2017		638
Net book value at 30 June 2018		<u>587</u>

Intangible assets with finite lives are amortised as an expense on a systematic basis over the asset's useful life. Amortisation is generally calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives and amortisation method are reviewed at least annually, and adjustments made where appropriate.

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Notes to the Financial Report
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	2018	2017
	\$'000	\$'000
4.3 Payables		
(a) Trade and other payables		
Current		
Trade payables	8,595	11,551
Accrued expenses	5,357	3,994
Income in Advance	1,312	1,629
	15,264	17,174
Non-Current		
Trade payables	10,261	12,896
	10,261	12,896
Total trade and other	25,525	30,070

The Non-Current Trade Payables comprises of lease incentive liability recognised as well as amount owed to developers due to timing of development.

(b) Trust funds and deposits

Refundable deposits	10,653	11,057
Fire services levy	95	76
Trust Funds	312	199
Total trust funds and	11,060	11,332

Amounts received as deposits and retention amounts controlled by Council are recognised as trust funds until they are returned, transferred in accordance with the purpose of the receipt, or forfeited. Trust funds that are forfeited, resulting in council gaining control of the funds, are to be recognised as revenue at the time of forfeit.

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 (included under Trust funds and deposits) - 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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Notes to the Financial Report
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	2018	2017
	\$'000	\$'000
4.4 Interest-bearing liabilities		
Current		
Borrowings - secured	4,514	5,001
	<u>4,514</u>	<u>5,001</u>
Non-current		
Borrowings - secured	37,164	42,265
	<u>37,164</u>	<u>42,265</u>
Total	<u>41,678</u>	<u>47,266</u>

Borrowings are secured by Deed of Charge over general rates.

(a) The maturity profile for Council's borrowings is:

Not later than one year	4,514	5,001
Later than one year and not later than five years	23,081	25,372
Later than five years	14,083	16,893
	<u>41,678</u>	<u>47,266</u>

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.

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4.5 Provisions

	Annual leave	Long Service Leave	Sick Leave	Total
2018	\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year	2,601	4,924	67	7,592
Additional provisions	2,552	926	1	3,479
Amounts used	(2,275)	(655)	(1)	(2,931)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	-	(333)	-	(333)
Balance at the end of the financial year	<u>2,878</u>	<u>4,862</u>	<u>67</u>	<u>7,807</u>
2017				
Balance at beginning of the financial year	2,495	4,886	83	7,464
Additional provisions	2,440	1,329	2	3,771
Amounts used	(2,326)	(1,395)	(18)	(3,739)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(8)	104	-	96
Balance at the end of the financial year	<u>2,601</u>	<u>4,924</u>	<u>67</u>	<u>7,592</u>
			2018	2017
			\$'000	\$'000
(a) Employee provisions				
Current provisions expected to be wholly settled within 12 months				
Annual leave			2,878	2,601
Long service leave			948	1,361
Sick leave bonus/gratuity			67	67
			<u>3,893</u>	<u>4,029</u>
Current provisions expected to be wholly settled after 12 months				
Long service leave			2,924	2,318
Total current employee provision			<u>6,817</u>	<u>6,347</u>
Non-current				
Long service leave			990	1,245
Total non-current provisions			<u>990</u>	<u>1,245</u>
Aggregate carrying amount of employee provisions:				
Current			6,817	6,347
Non-current			990	1,245
Total aggregate carrying amount of employee provisions			<u>7,807</u>	<u>7,592</u>

The calculation of employee costs and benefits includes all relevant on-costs 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. LSL is measured at present value. Unconditional LSL is disclosed as a 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.

Key assumptions:

- discount rate	2.65%	2.61%
- index rate	3.57%	3.81%
- settlement rate	11 Years	11 Years

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Notes to the Financial Report
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	2018	2017
	\$'000	\$'000
4.6 Financing arrangements		
Bank Overdraft	2,000	2,000
Credit card facilities	70	58
Other facilities	41,678	47,266
	<u>43,748</u>	<u>49,324</u>
Used facilities	41,678	47,266
Unused facilities	<u>2,070</u>	<u>2,058</u>

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Notes to the Financial Report
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4.7 Commitments

The Council has entered into the following commitments. Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value and presented inclusive of the GST payable.

2018	Not later	Later than 1	Later than 2	Later than 5	Total
	than 1 year	year and not	years and not	years	
	\$'000	later than 2	later than 5	years	\$'000
		years	years	years	
		\$'000	\$'000	\$'000	\$'000
Operating					
Recycling	2,918	3,210	2,151	-	8,279
Garbage collection	9,111	9,298	12,347	1,906	32,662
Open space management	5,015	1,699	-	-	6,714
Consultancies	571	-	-	-	571
Cleaning contracts for council buildings	752	752	1,526	798	3,828
Meals for delivery	1,130	1,155	-	-	2,285
Casey Cardinia Library funding	1,968	2,012	4,172	-	8,152
Facilities management	184	-	-	-	184
Maintenance	1,147	1,147	2,337	1,217	5,848
Health	609	633	-	-	1,242
Other	3,651	1,125	495	163	5,434
Total	27,056	21,031	23,028	4,084	75,199
Capital					
Buildings	19,229	848	-	-	20,076
Roads	5,068	2,322	-	-	7,390
Drainage	315	-	-	-	315
Land	4,770	-	-	-	4,770
Total	29,382	3,170	-	-	32,551

2017	Not later	Later than 1	Later than 2	Later than 5	Total
	than 1 year	year and not	years and not	years	
	\$'000	later than 2	later than 5	years	\$'000
		years	years	years	
		\$'000	\$'000	\$'000	\$'000
Operating					
Recycling	2,282	2,452	3,343	-	8,077
Garbage collection	8,681	9,327	12,716	-	30,724
Open space management	3,781	4,064	1,258	-	9,103
Consultancies	538	76	-	-	614
Home care services	51	-	-	-	51
Cleaning contracts for council buildings	424	-	-	-	424
Meals for delivery	1,041	-	-	-	1,041
Casey Cardinia Library funding	1,874	2,001	4,202	-	8,077
Facilities management	188	183	-	-	371
Maintenance	1,105	427	596	120	2,248
Health	506	-	-	-	506
Other	1,718	910	779	160	3,567
Total	22,189	19,440	22,894	280	64,803
Capital					
Buildings	1,225	-	-	-	1,225
Roads	7,570	3,930	-	-	11,500
Drainage	20	-	-	-	20
Land	9,550	-	-	-	9,550
Total	18,365	3,930	-	-	22,295

	2018	2017
	\$'000	\$'000
Operating lease commitments		

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

Not later than one year	151	349
Later than one year and not later than five years	75	629
	226	978

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.

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Notes to the Financial Report
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Note 5 Assets we manage

5.1 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2017	Additions	Contributions	Land Under Roads pre-2008	Prior year adjustments	Revaluation	Depreciation	Disposal	Transfers	At Fair Value 30 June 2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property	565,534	10,461	10,870	134,567	1,152	121,549	(5,394)	(1,594)	488	837,633
Plant and equipment	8,006	1,997	10	-	-	-	(1,666)	(498)	-	7,849
Infrastructure	560,498	-	20,285	-	602	12,224	(13,575)	(1,381)	17,733	596,386
Work in progress	14,647	28,155	7,303	-	168	-	-	-	(18,221)	32,052
	1,148,685	40,613	38,468	134,567	1,922	133,773	(20,635)	(3,473)	-	1,473,920

Summary of Work in Progress

	Opening WIP	Additions	Contributions	Prior year adjustments	Transfers	Closing WIP
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property	1,548	5,802	64	-	(739)	6,675
Infrastructure	13,099	22,353	7,239	168	(17,482)	25,377
Total	14,647	28,155	7,303	168	(18,221)	32,052

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Notes to the Financial Report
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Asset recognition thresholds and depreciation periods

	Depreciation Period years	Threshold Limit \$'000
Land & land improvements		
land improvements	-	10
Buildings		
buildings	10 - 200 years	10
building and leasehold improvements	10 - 100 years	10
Plant and Equipment		
plant, machinery and equipment	5 - 15 years	5
others	3 - 15 years	5
Infrastructure		
roads - pavements, substructure, formation and earthworks	10 - 70 years	10
roads - kerb, channel and minor culverts and other	10 - 70 years	10
footpaths	10 - 50 years	10
bridges - deck and substructure	20 - 100 years	10
bridges - others	20 - 100 years	10
drainage	20 - 100 years	10
others	5 - 100 years	10
Intangible assets	5 years	5

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(a) Property

	Land - specialised	Land - non specialised	Total Land & Land Improvements	Heritage buildings	Buildings - specialised	Buildings - non specialised	Building improvements	Leasehold improvements	Total Buildings	Work In Progress	Total Property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2017	225,857	178,455	404,312	6,345	213,995	13,622	23,389	-	257,351	1,548	663,211
Accumulated depreciation at 1 July 2017	-	-	-	(5,193)	(79,698)	(7,385)	(3,853)	-	(96,129)	-	(96,129)
	225,857	178,455	404,312	1,152	134,297	6,237	19,536	-	161,222	1,548	567,082
Movements in fair value											
Additions	6,613	95	6,708	-	-	-	-	3,753	3,753	5,802	16,263
Contributions	10,564	220	10,784	-	28	25	33	-	86	64	10,934
Land under roads prior to 1 July 2008	134,567	-	134,567	-	-	-	-	-	-	-	134,567
Prior year adjustments	1,156	-	1,156	-	-	(23)	-	-	(23)	-	1,133
Revaluation	67,629	36,959	104,588	231	20,183	463	799	-	21,676	-	126,264
Disposal	(1,543)	-	(1,543)	-	-	(248)	-	-	(248)	-	(1,791)
Transfers	-	-	-	-	276	41	77	-	394	(739)	(345)
	218,986	37,274	256,260	231	20,487	258	909	3,753	25,638	5,127	287,025
Movements in accumulated depreciation											
Depreciation and amortisation	-	-	-	(105)	(3,814)	(244)	(1,179)	(52)	(5,394)	-	(5,394)
Prior year adjustments	-	-	-	-	-	19	-	-	19	-	19
Revaluation increments/decrements	-	-	-	(175)	(4,525)	(270)	254	-	(4,716)	-	(4,716)
Accumulated depreciation of disposals	-	-	-	-	-	197	-	-	197	-	197
Transfers	-	-	-	-	70	25	(1)	-	94	-	94
	-	-	-	(280)	(8,269)	(273)	(926)	(52)	(9,800)	-	(9,800)
At fair value 30 June 2018	444,843	215,729	660,572	6,576	234,482	13,880	24,298	3,753	282,989	6,675	950,236
Accumulated depreciation at 30 June 2018	-	-	-	(5,473)	(87,967)	(7,658)	(4,779)	(52)	(105,929)	-	(105,929)
	444,843	215,729	660,572	1,103	146,515	6,222	19,519	3,701	177,060	6,675	844,307

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(b) Plant and Equipment

	Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecomms	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2017	11,046	2,744	1,632	15,422
Accumulated depreciation at 1 July 2017	(5,274)	(1,495)	(647)	(7,416)
	5,772	1,249	985	8,006
Movements in fair value				
Additions	1,752	-	245	1,997
Contributions	10	-	-	10
Disposal	(1,202)	-	-	(1,202)
	560	-	245	805
Movements in accumulated depreciation				
Depreciation and amortisation	(1,302)	(146)	(218)	(1,666)
Accumulated depreciation of disposals	704	-	-	704
	(598)	(146)	(218)	(962)
At fair value 30 June 2018	11,606	2,744	1,877	16,227
Accumulated depreciation at 30 June 2018	(5,872)	(1,641)	(865)	(8,378)
	5,734	1,103	1,012	7,849

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(c) Infrastructure

	Roads	Bridges	Footpaths and cycleways	Drainage	Recreational, leisure and community	Off street car parks	Other Infrastructure	Work In Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2017	323,996	70,744	81,273	212,034	32,417	9,217	521	13,099	743,301
Accumulated depreciation at 1 July 2017	(85,907)	(24,734)	(15,334)	(29,808)	(11,290)	(2,438)	(193)	-	(169,704)
	238,089	46,010	65,939	182,226	21,127	6,779	328	13,099	573,597
Movements in fair value									
Additions	-	-	-	-	-	-	-	22,353	22,353
Contributions	10,261	-	2,987	6,956	81	-	-	7,239	27,524
Prior year adjustments	464	-	154	45	205	-	-	168	1,036
Revaluation	(1,875)	6,742	965	7,682	-	66	-	-	13,580
Disposal	(1,861)	(1,364)	(122)	(188)	(643)	-	-	-	(4,178)
Transfers	7,352	1,654	2,555	3,378	2,381	505	19	(17,482)	362
	14,341	7,032	6,539	17,873	2,024	571	19	12,278	60,677
Movements in accumulated depreciation									
Depreciation and amortisation	(7,542)	(794)	(1,634)	(2,251)	(1,143)	(196)	(15)	-	(13,575)
Prior year adjustments	(79)	-	(15)	(152)	(20)	-	-	-	(266)
Revaluation increments/decrements	2,121	(2,146)	(265)	(1,083)	-	17	-	-	(1,356)
Accumulated depreciation of disposals	1,131	1,168	38	27	433	-	-	-	2,797
Transfers	-	-	-	-	(111)	-	-	-	(111)
	(4,369)	(1,772)	(1,876)	(3,459)	(841)	(179)	(15)	-	(12,511)
At fair value 30 June 2018	338,337	77,776	87,812	229,907	34,441	9,788	540	25,377	803,978
Accumulated depreciation at 30 June 2018	(90,276)	(26,506)	(17,210)	(33,267)	(12,131)	(2,617)	(208)	-	(182,215)
	248,061	51,270	70,602	196,640	22,310	7,171	332	25,377	621,763

Acquisition

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the 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.

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

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

Land under roads

Council recognises land under roads it controls at fair value.

Land under roads prior to 1 July 2008 have been recognised in line with AASB 1051.

Depreciation and amortisation

Buildings, land improvements, plant and equipment, infrastructure, 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.

Road earthworks are not depreciated on the basis that they are assessed as not having a limited useful life.

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

Depreciation periods used are listed below and are consistent with the prior year unless otherwise stated.

Leasehold improvements

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter. At balance date, leasehold improvements are amortised over a 25 to 35 year period.

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.

Valuation of land and buildings

Valuation of land and buildings were undertaken by a qualified independent valuer Bianca Schewtschenko-Bywater AAPI, Certified Practising Valuer 77946 from Westlink Consulting. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Specialised land is valued at fair value using site values adjusted for englobo (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Any significant movements in the unobservable inputs for land and land under roads will have a significant impact on the fair value of these assets.

The date of the current valuation is detailed in the following table.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2018 are as follows:

	Level 1	Level2	Level 3	Date of Valuation
Land	-	215,729	-	Dec 2017
Specialised land	-	-	444,843	Dec 2017
Heritage Buildings	-	-	1,103	Dec 2017
Buildings	-	-	6,222	Dec 2017
Specialised buildings	-	-	146,515	Dec 2017
Building improvements	-	-	19,519	Dec 2017
Leasehold improvements	-	-	3,701	-
Total	-	215,729	621,903	

Valuation of infrastructure

Valuation of infrastructure assets has been performed by the Council's asset management officer who has almost twenty years experience in local government asset management, including undertaking condition assessments, managing asset systems, and undertaking valuations/revaluations of non-current assets.

The date of the current valuation is detailed in the following table.

The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2018 are as follows:

	Level 1	Level2	Level 3	Date of Valuation
Roads	-	-	248,061	April 2018
Bridges	-	-	51,270	April 2018
Footpaths and cycleways	-	-	70,602	April 2018
Drainage	-	-	196,640	April 2018
Recreational, leisure and community facilities *	-	-	22,310	-
Off street car parks	-	-	7,171	April 2018
Other infrastructure *	-	-	332	-
Total	-	-	596,386	

* Recreational, leisure and community facilities and other infrastructure are carried at cost.

Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads are valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 5% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$0.64 and \$8,700 per square metre.

Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs is calculated on a square metre basis and ranges from \$1,872 to \$4,888 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 1 years to 60 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

Infrastructure assets are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 1 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2018 \$'000	2017 \$'000
Reconciliation of specialised land		
Land under roads	174,905	30,948
Parks and reserves	269,939	194,909
Total specialised land	444,844	225,857

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	2018	2017
	\$'000	\$'000
5.2 Investments in associates		
a) Investments in associates		
Investments in associates accounted for by the equity method is:		
Casey Cardinia Library Corporation	1,534	1,596
Fair value of Council's investment in Casey Cardinia Library Corporation	1,534	1,596
Casey Cardinia Library Corporation		
<i>Background</i>		
Library service run by City of Casey and Cardinia Shire Council. Cardinia Shire has equity in the library. The equity for 2017/18 (based on the unaudited library statements) is 26.5% (2016/17 26.4%)	1,534	1,596
Fair value of Council's investment in Casey Cardinia Library Corporation	1,534	1,596
Council's share of accumulated surplus		
Council's share of accumulated surplus at start of year	1,059	1,054
Reported deficit for year	(68)	(8)
Distributions for the year	6	13
Council's share of accumulated surplus at end of year	997	1,059
Council's share of reserves		
Council's share of reserves at start of year	537	537
Council's share of reserves at end of year	537	537
Movement in carrying value of specific investment		
Carrying value of investment at start of year	1,596	1,591
Share of surplus(deficit) for year	(68)	(8)
Distributions received	6	13
Carrying value of investment at end of year	1,534	1,596
Council's share of expenditure commitments		
Operating commitments	83	76
Council's share of expenditure commitments	83	76

Significant restrictions

The Casey Cardinia Library Corporation (CCLC) operated under a Regional Library Agreement that has been prepared in accordance with s.196 of the Local Government Act, approved by the Minister for Local Government, and executed by the Casey and Cardinia Councils. The CCLC exists as an independent Local Government entity, subject to most of the same requirements of a Council under the Local Government Act. The CCLC is governed by a Board of Councillors and Officers from the member councils, and is managed by a board appointed Chief Executive Officer.

The Regional Library Agreement does not allow for the payment of dividends to the Member Councils, and only considers the transfers of assets (and liabilities) in the case of the dissolution of the agreement or the exit of one of the parties.

Associates are all entities over which Council has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement.

For joint operations, Council recognises its direct right to, and its share of jointly held assets, liabilities, revenues and expenses of joint operations.

Interests in joint ventures are accounted for using the equity method. Under this method, the interests are initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise Council's share of the post-acquisition profits or losses and movements in other comprehensive income in profit or loss and other comprehensive income respectively.

Committees of management

All entities controlled by Council that have material revenues, expenses, assets or liabilities, such as committees of management, have been included in this financial report. Any transactions between these entities and Council have been eliminated in full.

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Note 6 People and relationships

6.1 Council and key management remuneration

(a) Related Parties

Parent entity

Cardinia Shire Council

Associates

Interests in associates are detailed in Note 5.2.

(b) 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 Cr Collin Ross (Mayor from 14 November 2017)

Cr Brett Owen (Deputy Mayor from 14 November 2017, Mayor until 13 November 2017)

Cr Jodie Owen (Deputy Mayor until 13 November 2017)

Cr Carol Ryan

Cr Graeme Moore

Cr Jeff Springfield

Cr Leticia Wilmot

Cr Michael Schilling

Cr Ray Brown

	2018	2017
	No.	No.
Total Number of Councillors	9	13
Chief Executive Officer and other Key Management Personnel	6	6
Total Key Management Personnel	<u>15</u>	<u>19</u>

(c) Remuneration of Key Management Personnel

	2018	2017
	\$'000	\$'000
Total remuneration of key management personnel was as follows:		
Short-term benefits	1,771	1,739
Post-employment benefits	136	134
Long-term benefits	35	34
Total	<u>1,942</u>	<u>1,907</u>

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

	2018	2017
	No.	No.
\$1 - \$9,999	-	4
\$10,000 - \$19,999	-	4
\$20,000 - \$29,999	7	3
\$40,000 - \$49,999	1	1
\$60,000 - \$69,999	1	1
\$210,000 - \$219,999	-	1
\$220,000 - \$229,999	1	-
\$230,000 - \$239,999	1	1
\$240,000 - \$249,999	-	1
\$250,000 - \$259,999	2	1
\$270,000 - \$279,999	1	1
\$390,000 - \$399,999	1	1
	<u>15</u>	<u>19</u>

(d) Senior Officer 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 \$145,000

The number of Senior Officers are shown below in their relevant income bands:

	2018	2017
	No.	No.
Income Range:		
< \$145,000	1	1
\$145,000 - \$149,999	6	7
\$150,000 - \$159,999	13	8
\$160,000 - \$169,999	6	4
\$170,000 - \$179,999	4	4
\$180,000 - \$189,999	1	1
	<u>31</u>	<u>25</u>
	2018	2017
	\$'000	\$'000
Total Remuneration for the reporting year for Senior Officers included above, amounted to:	4,884	3,904

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	2018	2017
	\$'000	\$'000
6.2 Related party disclosures		
(a) Transactions with related parties		
During the period Council entered into the following transactions with related parties.		
Provision of Library Services by the Casey Cardinia Library Corporation, in accordance with the Regional Library Agreement	1,874	1,826
Provision of a Mobile Library bus to the Casey Cardinia Library Corporation	33	24
	<u>1,907</u>	<u>1,850</u>
(d) Commitments to/from related parties		
Council aggregate amount of commitments in existence at balance date that have been made, guaranteed or secured by the council to Casey Cardinia Library Corporation (Note 4.7)	8,152	8,077
	<u>8,152</u>	<u>8,077</u>

Note 7 Managing uncertainties**7.1 Contingent assets and liabilities****(a) Contingent assets****Operating lease receivables**

The Council has entered into commercial property leases on its investment property, consisting of surplus freehold office complexes. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 10 years. All leases include a CPI based revision of the rental charge annually.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	2018	2017
	\$'000	\$'000
Not later than one year	441	270
Later than one year and not later than five years	1,022	861
Later than five years	2,741	2,908
	<u>4,204</u>	<u>4,039</u>

(b) Contingent liabilities**Superannuation**

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme, matters relating to this potential obligation are outlined below. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists.

Future superannuation contributions

In addition to the disclosed contributions, Cardinia Shire Council has paid no unfunded liability payments to Vision Super. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2019 are \$137,000.

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

Landfill

Council carries out site rehabilitation works on an EPA licensed landfill site, the Nar Nar Goon landfill (570 Bald Hill Road, Pakenham VIC 3810), that was closed on 5 July 2001. At balance date Council has assessed that the provision required for ongoing site rehabilitation, monitoring and aftercare costs are not material.

7.2 Change in accounting standards

The following new AAS's have been issued that are not mandatory for the 30 June 2018 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 - Disclosures (AASB 7) (applies 2018/19)

This Standard requires entities to provide disclosures in their financial statements that enable users to evaluate: (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed.

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.

Revenue from contracts with customers (AASB 15) (applies 2019/20 for LG sector)

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.

Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities (AASB 2016-7) (applies 2019/20)

This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.

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.

7.3 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 the Notes 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 only insignificant exposure to other price risks and no exposure to foreign currency risk.

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. Our interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes us to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rate.

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

- diversification of investment product;
- monitoring of return on investment; and
- benchmarking of returns and comparison with budget.

There has been no significant change in the Council's exposure, or its objectives, policies and processes for managing interest rate risk or the methods used to measure this risk from the previous reporting period.

Interest rate movements have not been sufficiently significant during the year to have an impact on the Council's year end result.

(c) Credit risk

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

- council may require collateral where appropriate; and
- council only invest surplus funds with financial institutions which have a recognised credit rating specified in council's investment policy.

Receivables consist of a large number of customers, spread across the ratepayer, business and government sectors. Credit risk associated with the Council's financial assets is minimal because the main debtor is secured by a charge over the rateable property.

There are no material financial assets which are individually determined to be impaired.

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. Council does not hold any collateral.

(d) Liquidity risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements or we will not have sufficient funds to settle a transaction when required, we will be forced to sell a financial asset at below value or may be unable to settle or recover a financial asset.

To help reduce these risks Council:

- have a Investment Policy which targets a maximum and average level of cash and cash equivalents to be maintained with any bank;
- have readily accessible standby facilities and other funding arrangements in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments; and
- monitor budget to actual performance on a regular basis.

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet, and is deemed insignificant based on prior periods' data and current assessment of risk.

There has been no significant change in Council's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from the previous reporting period.

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 4.4.

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

(f) Sensitivity disclosure analysis

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

- A parallel shift of + 1% and -1% in market interest rates (AUD) from year-end rates of 2.25% - 2.75%.

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

7.4 Fair value measurement*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.

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 a 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.

Revaluation

Subsequent to the initial recognition of assets, Land and Building and major Infrastructure assets, 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 of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 1 to 4 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.

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 of disposal and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the comprehensive 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.

7.5 Events occurring after balance date

No matters have occurred after balance date that require disclosure in the financial report.

Cardinia Shire Council
2017/2018 Financial Report

Notes to the Financial Report
For the Year Ended 30 June 2018

Note 8 Other matters

	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
	\$'000	\$'000	\$'000
8.1 Reserves			
(a) Asset revaluation reserves			
2018			
Property			
Land	246,390	104,588	350,978
Buildings	53,891	16,960	70,851
	300,281	121,548	421,829
Infrastructure			
Footpaths and cycleways	20,673	701	21,374
Bridges	17,030	4,596	21,626
Drainage	80,946	6,599	87,545
	118,649	11,896	130,545
Total asset revaluation reserves	418,930	133,444	552,374
2017			
Property			
Land	200,230	46,160	246,390
Buildings	14,170	39,721	53,891
	214,400	85,881	300,281
Infrastructure			
Bridges	19,109	1,564	20,673
Footpaths and cycleways	13,608	3,422	17,030
Drainage	70,823	10,123	80,946
	103,540	15,109	118,649
Total asset revaluation reserves	317,940	100,990	418,930

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

	Balance at beginning of reporting period	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting period	
	\$'000	\$'000	\$'000	\$'000	
(b) Other reserves					
2018					Ref
Developer levy	41,533	14,143	(8,843)	46,833	1
Community Facilities levy	2,270	1,266	(322)	3,214	2
Public Open Space levy	4,938	4,093	(1,661)	7,370	3
Native vegetation	710	26	(17)	719	4
Decorative Light Poles	656	245	(84)	817	5
Landscapes	98	325	(106)	317	6
Total Other reserves	50,205	20,098	(11,033)	59,270	
2017					
Developer levy	30,731	22,427	(11,625)	41,533	
Community Facilities levy	1,463	1,600	(793)	2,270	
Public Open Space levy	2,496	4,086	(1,644)	4,938	
Native vegetation	805	4	(99)	710	
Decorative Light Poles	389	350	(83)	656	
Landscapes	-	281	(183)	98	
Total Other reserves	35,884	28,748	(14,427)	50,205	

Cardinia Shire Council
2017/2018 Financial Report

Notes to the Financial Report
For the Year Ended 30 June 2018

Note 8.1 Reserves (cont'd)

Ref	Item	Description
1	Developer levy	This reserve is the balance of the cash levies paid to council and is used to cover the cost of any of the Developer Contribution Plans (DCP) infrastructure assets that are to be purchased or constructed by Council.
2	Community Facilities levy	This reserve is the balance of the cash levies paid to council and is to be used to cover the cost of the remaining community facilities to be provided under the DCP
3	Public Open Space levy	It is a requirement under the Planning Scheme and Precinct Structure Plans (PSP's) that a minimum percentage of the developed land be provided for public open space. If the minimum amount is unable to be provided, a cash contribution is required. For Officer DCP area, the contributions are to be used to compensate developers who provide more than the minimum 5.5%. For Cardinia Rd DCP area, the contributions are to be used to offset the provision of land for open space on a parcel of land being subdivided where the amount of open space to be provided exceeds the 8% public open space contribution.
4	Native vegetation	Developers have a statutory responsibility under the planning scheme to provide revegetation to offset the vegetation removed as part of the development. Those who are unable to provide the revegetation required under the planning scheme are required to pay a cash contribution to council. These contributions are then used to do revegetation in other areas on council land.
5	Decorative Light Poles	Existing subdivisions where decorative light poles are already installed, are to be offered the option to install the same decorative light poles in future stages. Income raised from the pole fee is to be maintained in a Reserve fund and used to offset future costs of replacing decorative poles and retrofitting energy efficient lamps on existing decorative poles.
6	Landscape	Developers are required to provide landscaping in new estates which is inspected upon completion and a Practical Completion certificate issued. A landscape maintenance bond is then required to be paid to ensure they are accountable for the maintenance of this landscaping for a two year period. After this time, if rectification works are required and not completed by the developer, council retains funds from their landscape bond to cover the future cost of these works.

	2018 \$'000	2017 \$'000
(c) Adjustments directly to equity		
Recognition of land under roads prior to 1 July 2008	134,567	-
Prior year adjustments for previously not recognised assets/liabilities	1,922	1,684
Total adjustments directly to equity	<u>136,489</u>	<u>1,684</u>

Land under roads prior to 1 July 2008 have been recognised in line with AASB 1051.

Cardinia Shire Council
2017/2018 Financial Report

Notes to the Financial Report
For the Year Ended 30 June 2018

	2018 \$'000	2017 \$'000
8.2 Reconciliation of cash flows from operating activities to surplus / (deficit)		
Surplus for the year	87,143	89,711
Depreciation/amortisation	20,847	19,681
Proceeds from sale of assets - investing activity, not operating activity	(2,032)	(18,155)
Written down book value (WDBV) of assets sold - non-cash	3,473	14,462
Contributions - non-monetary	(39,579)	(45,669)
Capital grants- non-monetary	(1,200)	-
Interest costs - financing, not operating activity	2,937	3,279
Share of net (gain)/loss of associates - non-cash	62	(5)
Impairment (gain)/loss - non-cash	-	35
Net asset revaluation (increment)/decrement	(329)	(1,961)
Change in assets and liabilities:		
Increase in trade and other receivables	(13,861)	(1,678)
Increase in prepayments	292	(489)
Increase in accrued income	5	(134)
Increase in trade and other payables	1,206	(303)
Increase in other liabilities	(463)	1,508
Increase in inventories	(20)	8
Increase in provisions	216	129
Increase in income in advance	(318)	586
Net cash provided by operating activities	<u>58,379</u>	<u>61,005</u>

8.3 Superannuation

Council makes all 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 the Comprehensive Income Statement when they are made or due.

Accumulation

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receive 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 2018, this was 9.5% as required under Superannuation Guarantee legislation).

Defined Benefit

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 Council in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

Funding arrangements

Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary.

As at 30 June 2017, a full triennial actuarial investigation was completed. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 103.1%. To determine the VBI, the Fund Actuary used the following long-term assumptions:

Net investment returns 6.5% pa
Salary inflation 3.5% pa
Price inflation (CPI) 2.5% pa.

Vision Super has advised that the estimated VBI at 30 June 2018 was 106%.

The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2017 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 2017 actuarial investigation conducted by the Fund Actuary, 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 2018, this rate was 9.5% of members' salaries (9.5% in 2016/17). This rate will increase in line with any increase to the contribution rate. In addition, 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, the Fund's participating employers (including Council) are required to make an employer contribution to cover the shortfall. Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

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

2017 Triennial Actuarial investigation surplus amounts

The Fund's triennial investigation as at 30 June 2017 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 2017. 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 2017 VBI during August 2017.

2018 interim actuarial investigation

An interim actuarial investigation will be conducted for the Fund's position as at 30 June 2018. It is anticipated that this actuarial investigation will be completed in October 2018.

2017-18 Performance statement



Description of municipality

Cardinia Shire is one of the fastest growing local government areas in Victoria with an average of five families moving into the area every day. As of 2018, Cardinia Shire's estimated population is 109,043 and is expected to increase by approximately 56,000 over the next 10 years.

Located 55 kilometres south-east of Melbourne's central business district, Cardinia Shire is one of 10 'interface councils' around the perimeter of metropolitan Melbourne, where urban and rural areas meet. The Victorian Government has nominated the Casey–Cardinia Region as one of five regions around the fringe of metropolitan Melbourne where new housing and population growth is to be concentrated. The main areas of growth in Cardinia Shire are Beaconsfield, Officer and Pakenham. Outside this growth area, Cardinia Shire's large rural population resides in 27 townships.

Cardinia Shire covers an area of 1,280km² and has a rich diversity of both natural and cultural sites, from the waters of Western Port Bay to the foothills of the Dandenong Ranges, comprising places of local and state significance. These heritage places reflect the different periods and people who have shaped the shire's landscape, from Aboriginal Australians, the first people to use the rugged landscape, to the logging and gold mining of the foothills, the draining of the former Koo Wee Rup Swamp, and pastoral settlement. The landscape is again under a period of change as new development and new people move into the area every week.

Sustainable capacity indicators

	Indicator	2015	2016	2017	2018	Material variation
Population	<i>Expenses per head of municipal population</i> [Total expenses/ Municipal population]	\$1,155.11	\$1,084.60	\$1,066.38	\$1,037.72	
	<i>Infrastructure per head of municipal population</i> [Value of infrastructure/ Municipal population]	\$6,916.71	\$7,213.50	\$7,754.53	\$7,933.85	
	<i>Population density per length of road</i> [Municipal population/kilometres of local roads]	58.36	60.11	62.62	66.05	
Own-source revenue	<i>Own-source revenue per head of municipal population</i> [Own-source revenue/Municipal population]	\$924.83	\$1,000.97	\$1,009.42	\$959.62	
Recurrent grants	<i>Recurrent grants per head of municipal population</i> [Recurrent grants/Municipal population]	\$276.40	\$120.82	\$211.98	\$163.54	Variance is due to a decrease in recurrent operating and capital grants due to timing of Victoria Grants Commission (VGC) payments, together with an increase in municipal population.

	Indicator	2015	2016	2017	2018	Material variation
Disadvantage	<i>Relative socio-economic disadvantage</i> [Index of relative socio-economic disadvantage by decile]	8.00	8.00	8.00	8.00	

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 in paragraphs (a) and (b).
- “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*.
- “municipal population” means the resident population based on data published by the Australian Bureau of Statistics on its website.
- “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 website.

Service performance indicators

Service	Indicator	2015	2016	2017	2018	Material variation
Aquatic facilities	Utilisation <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities/Municipal population]	9.78	9.73	6.26	7.06	Door counting software was implemented in 2017 which provided more accurate utilisation data. Membership growth has been a catalyst for the increase in 2018.
Animal management	Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	15	22	26	26	Adoption of the Enforcement Policy provided clear process of enforcement and there has also been an increase in animals moving into the municipality.
Food safety	Health and safety <i>Critical and major non-compliance outcome notifications</i> [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	100%	100%	100%	100%	

Service	Indicator	2015	2016	2017	2018	Material variation
Governance	Satisfaction <i>Satisfaction with Council decisions</i> [Community satisfaction rating out of 100 with how Council has performed in making decisions in the interest of the community]	54	54	53	53	
Libraries	Participation <i>Active library members</i> [Number of active library members/Municipal population] x100	14.51%	13.48%	12.44%	11.34%	Cardinia is in the fast growing South East corridor. While the number of members borrowing in the reporting period is holding steady, the population is growing quickly, so the overall percentage is in decline. CCL are exploring extensions to opening hours, and a range of outreach activities to continue to grow membership, and visitation. Note, this indicator does not include members who use the library to borrow digital items, or use other services which are increasingly popular with young people, CALD members and professionals.
Maternal and Child Health (MCH)	Participation <i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year)/Number of children enrolled in the MCH service] x100	76.76%	75.34%	74.52%	76.14%	

Service	Indicator	2015	2016	2017	2018	Material variation
	Participation <i>Participation in the MCH service by Aboriginal children</i> [Number of Aboriginal children who attend the MCH service at least once (in the year)/Number of Aboriginal children enrolled in the MCH service] x100	72.78%	69.83%	71.86%	69.38%	
Roads	Satisfaction <i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]	55	57	54	55	
Statutory planning	Decision making <i>Council planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside Council's decision in relation to a planning application/Number of VCAT decisions in relation to planning applications] x100	77.78%	66.67%	50.00%	33.33%	A number of applications heard at VCAT has seen the Responsible Authorities decisions overturned due to inconsistency with decisions made in line with the Planning Scheme.

Service	Indicator	2015	2016	2017	2018	Material variation
Waste collection	Waste diversion <i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins/Weight of garbage, recyclables and green organics collected from kerbside bins] x100	46.24%	46.05%	47.00%	47.62%	

Definitions

- “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 *Local Government Act 1989*.
- “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.
- “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 authorised 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*.
- “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 authorised 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.
- “municipal population” means the resident population based on data published by the Australian Bureau of Statistics on its website.
- “WorkSafe reportable aquatic facility safety incident” means an incident relating to a council aquatic facility that is required to be notified to the Victorian WorkCover Authority under Part 5 of the *Occupational Health and Safety Act 2004*.

Financial performance indicators

Indicator	Result				Forecasts				Material variation
	2015	2016	2017	2018	2019	2020	2021	2022	
Efficiency									
Revenue level Average residential rate per residential property assessment [Residential rate revenue/Number of residential property assessments]	\$1,684.24	\$1,789.39	\$1,800.99	\$1,835.05	\$1,810.87	\$1,813.19	\$1,816.84	\$1,857.72	
Expenditure level Expenses per property assessment [Total expenses/Number of property assessments]	\$2,644.84	\$2,503.48	\$2,456.66	\$2,457.96	\$2,473.33	\$2,457.48	\$2,433.30	\$2,423.84	
Workforce turnover Resignations and terminations compared to average staff [Number of permanent staff resignations and terminations/Average number of permanent staff for the financial year] x100	17.65%	10.83%	10.50%	13.25%	12.70%	11.84%	12.31%	12.50%	There were additional resignations of both permanent and fixed term staff compared to previous years based on staff leaving to seek higher salaries and closer to home workplaces. There were a small number of redundancies and performance based terminations.

Indicator	Result				Forecasts				Material variation
	2015	2016	2017	2018	2019	2020	2021	2022	
Liquidity									
Working capital Current assets compared to current liabilities [Current assets/Current liabilities] x100	198.29%	239.28%	291.58%	350.97%	148.75%	153.08%	142.58%	135.45%	Current assets have increased due to higher Council and Developer Contribution Plan (DCP) cash and investment balances. Current liabilities have remained relatively stable. The decrease in forecast years is due to lower cash and investment balances as funds are drawn for DCP and other projects.
Unrestricted cash Unrestricted cash compared to current liabilities [Unrestricted cash/Current liabilities] x100	83.06%	94.59%	48.04%	-8.79%	36.36%	87.50%	78.91%	69.77%	Unrestricted cash has reduced primarily due to an increase in estimated capital carry-forwards to 2018-19 and an increase in the balance of Public Open Space reserves. Note that the balance of other financial assets, which are term deposits which mature in over 90 days, has increased from 2016-17. Current liabilities have remained relatively stable.
Obligations									
Asset renewal Asset renewal compared to depreciation [Asset renewal expense/Asset depreciation] x100	44.87%	45.06%	31.54%	47.58%	46.66%	43.48%	52.20%	51.05%	Asset renewals have increased due to the nature of capital works projects completed this financial year. Also, depreciation expense has increased as a result of the inclusion of new and contributed assets and revaluation of existing assets.

Indicator	Result				Forecasts				Material variation
	2015	2016	2017	2018	2019	2020	2021	2022	
Loans and borrowings <i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings/Rate revenue] x100	90.69%	70.73%	59.72%	49.51%	87.95%	80.80%	74.54%	68.79%	The balance of loans and borrowings has decreased due to the repayment of existing loans as due and the budgeted 2017-18 loan not being drawn down. The increase in the forecast period is due to an additional \$20m loan being budgeted in 2018-19 specifically for a roads sealing program.
<i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings/Rate revenue] x100	17.05%	18.25%	10.49%	10.13%	12.37%	11.99%	11.05%	10.78%	Decrease in measure in 2016-17 is due to lower loan balances resulting in lower loan repayments, and an increase in rate income.
Indebtedness <i>Non-current liabilities compared to own-source revenue</i> [Non-current liabilities/Own-source revenue] x100	71.25%	61.34%	58.21%	49.21%	73.41%	67.73%	62.48%	58.16%	Variance is due to a decrease in non-current liabilities and an increase in own source revenue.
Operating position									
Adjusted underlying result <i>Adjusted underlying surplus (or deficit)</i> [Adjusted underlying surplus (deficit)/Adjusted underlying revenue] x100	4.29%	3.88%	13.09%	7.94%	1.21%	0.65%	0.82%	0.76%	Adjusted underlying surplus has decreased in 2017-18 due to a lower total surplus together with a higher value of adjustments. Decrease over forecast period is due to trend of reducing surpluses over the period.

Indicator	Result				Forecasts				Material variation
	2015	2016	2017	2018	2019	2020	2021	2022	
Stability									
Rates concentration <i>Rates compared to adjusted underlying revenue</i> [Rate revenue/Adjusted underlying revenue] x100	65.14%	72.34%	67.20%	72.85%	77.77%	78.78%	79.36%	79.56%	
Rates effort <i>Rates compared to property values</i> [Rate revenue/Capital improved value of rateable properties in the municipality] x100	0.42%	0.44%	0.42%	0.43%	0.39%	0.39%	0.36%	0.36%	

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 in paragraphs (a) and (b).
- “adjusted underlying surplus (or deficit)” means adjusted underlying revenue less total expenditure.
- “asset renewal expense” 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 Australian Accounting Standard (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.

- “own-source revenue” means adjusted underlying revenue other than revenue that is not under the control of council (including government grants).
- “municipal population” means the resident population based on data published by the Australian Bureau of Statistics on its website.
- “rate revenue” means revenue from general rates, municipal charges, service rates and service charges.
- “recurrent grant” means a grant other than a non-recurrent grant.
- “residential rates” means revenue from general rates, municipal charges, service rates and service charges levied on residential properties.
- “restricted cash” means cash and cash equivalents, within the meaning of the AAS, that are not available for use other than for a purpose for which it is restricted, and includes cash to be used to fund capital works expenditure from the previous financial year.
- “unrestricted cash” means all cash and cash equivalents other than restricted cash.

Other information

For the year ended 30 June 2018.

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, services 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's information systems or from third parties.

The Performance Statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by 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 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 21 May 2018 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 Annual Financial Report. The strategic resource plan can be obtained by contacting Council on 1300 787 624 or mail@cardinia.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*.

Helen De La Plaza
Team Leader Finance
Dated: 17 September 2018

In our opinion, the accompanying performance statement of the Cardinia Shire Council for the year ended 30 June 2018 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 the *Local Government (Planning and Reporting) Regulations 2014* to certify this performance statement in its final form.

Leticia Wilmot
Councillor
Dated: 17 September 2018

Brett Owen
Councillor
Dated: 17 September 2018

Garry McQuillan
Chief Executive Officer
Dated: 17 September 2018

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