

CITY OF PORT PHILLIP

***ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 June 2017***

CITY OF PORT PHILLIP FINANCIAL REPORT

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Certification of the Financial Statements

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Comprehensive Income Statement

for the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Income			
Rates and charges	3	117,192	113,146
Statutory fees and fines	4	22,237	20,081
User fees	5	34,615	33,319
Grants - operating	6	11,609	8,884
Grants - capital	6	1,876	1,210
Contributions - monetary	7	9,109	6,857
Contributions - non-monetary	7	20,601	17
Other income	9	13,663	12,186
Total Income		230,902	195,700
Expenses			
Employee costs	10	84,180	80,932
Materials and services	11	76,207	67,141
Bad and doubtful debts	12	3,661	3,332
Depreciation and amortisation	13	22,527	21,663
Borrowing costs	14	434	452
Other expenses	15	8,614	9,409
Net loss on disposal of property, infrastructure, plant and equipment	8	1,611	3,137
Share of net losses of associates and joint ventures	16	24	26
Total Expenses		197,258	186,092
Surplus / (Deficit) for the year		33,644	9,608
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	27	318,925	224,998
Total comprehensive result		352,569	234,606

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

Balance Sheet

As At 30 June 2017

	Note	2017 \$'000	2016 \$'000
Assets			
Current assets			
Cash and cash equivalents	17	8,058	11,105
Trade and other receivables	19	12,616	11,689
Other financial assets	18	66,500	49,500
Non-current assets classified as held for sale	20	797	4,248
Other assets	21	2,320	8,207
Total current assets		90,291	84,749
Non-current assets			
Investments in associates and joint ventures	16	332	356
Other financial assets	18	235	235
Property, infrastructure, plant and equipment	22	2,906,916	2,555,980
Total non-current assets		2,907,483	2,556,571
Total assets		2,997,774	2,641,320
Liabilities			
Current liabilities			
Trade and other payables	23	17,682	17,029
Trust funds and deposits	24	4,868	4,990
Provisions	25	15,864	12,165
Interest-bearing loans and borrowings	26	563	660
Total current liabilities		38,977	34,844
Non-current liabilities			
Provisions	25	2,794	2,824
Interest-bearing loans and borrowings	26	8,195	8,413
Total non-current liabilities		10,989	11,237
Total liabilities		49,966	46,081
Net Assets		2,947,808	2,595,239
Equity			
Accumulated surplus		651,120	630,360
Reserves	27	2,296,688	1,964,879
Total Equity		2,947,808	2,595,239

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

Statement of Changes in Equity

for the year ended 30 June 2017

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2017					
Balance at beginning of the financial year		2,595,239	630,360	1,932,736	32,143
Surplus/ (deficit) for the year		33,644	33,644	-	-
Net asset revaluation increment/(decrement)	27(a)	318,925	-	318,925	-
Transfers from other reserves	27(b)	-	19,506	-	(19,506)
Transfers to other reserves	27(b)	-	(32,390)	-	32,390
Balance at end of the financial year		2,947,808	651,120	2,251,661	45,027
2016					
Balance at beginning of the financial year		2,360,633	622,911	1,707,738	29,984
Surplus/ (deficit) for the year		9,608	9,608	-	-
Net asset revaluation increment/(decrement)	27(a)	224,998	-	224,998	-
Transfers from other reserves	27(b)	-	16,899	-	(16,899)
Transfers to other reserves	27(b)	-	(19,058)	-	19,058
Balance at end of the financial year		2,595,239	630,360	1,932,736	32,143

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

Statement of Cash Flows

for the year ended 30 June 2017

		2017 Inflows/ (Outflows)	2016 Inflows/ (Outflows)
	Note	\$'000	\$'000
Cash flows from operating activities			
Rates and charges		116,644	112,944
Statutory fees and fines		18,105	16,334
User fees		34,843	33,452
Grants- operating		11,862	9,165
Grants- capital		1,876	1,210
Contributions- monetary		9,109	6,857
Interest received		1,691	1,493
Trust funds and deposits taken		56,385	52,161
Other receipts		12,836	11,513
Net GST refund		6,999	7,944
Employee costs		(83,474)	(80,269)
Materials and services		(78,322)	(70,455)
Trust funds and deposits repaid		(56,507)	(54,899)
Other payments		(9,880)	(10,815)
Net cash provided by/(used in) operating activities	28	42,167	36,635
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	22	(31,883)	(32,138)
Proceeds from sale of property, infrastructure, plant and equipment		4,746	208
Payments for investments		(66,500)	(49,500)
Proceeds from sale of investments		49,500	32,300
Net cash provided by/(used in) investing activities		(44,137)	(49,130)
Cash flows from financing activities			
Finance costs		(434)	(452)
Repayment of borrowings		(643)	(662)
Net cash provided by/(used in) financing activities		(1,077)	(1,114)
Net (decrease) increase in cash and cash equivalents		(3,047)	(13,609)
Cash and cash equivalents at the beginning of the financial year		11,105	24,714
Cash and cash equivalents at the end of the financial year		8,058	11,105
Financing arrangements	29		
Restrictions on cash assets	17		

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

Statement of Capital Works

for the year ended 30 June 2017

	Note	2017	2016
		\$'000	\$'000
Property			
Land		6,282	-
Total land		6,282	-
Buildings		13,812	7,859
Total buildings		13,812	7,859
Total property		20,094	7,859
Plant and equipment			
Heritage plant and equipment		229	61
Plant, machinery and equipment		1,940	2,243
Fixtures, fittings and furniture		741	109
Computers and telecommunications		1,162	1,555
Library books		808	785
Total plant and equipment		4,880	4,753
Infrastructure			
Roads		3,034	3,857
Footpaths and cycleways		4,418	4,408
Drainage		1,582	1,415
Parks, open space and streetscapes		4,077	2,636
Other infrastructure		463	1,577
Total infrastructure		13,574	13,893
Total capital works expenditure		38,548	26,505
Represented by:			
New asset expenditure		12,478	6,124
Asset renewal expenditure		20,721	15,577
Asset expansion expenditure		168	747
Asset upgrade expenditure		5,181	4,057
Total capital works expenditure		38,548	26,505

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

Notes to the Financial Report for the year ended 30 June 2017

Introduction

The City of Port Phillip was established by an Order of the Governor in Council on 22 June 1994 and is a body corporate. The Council's main office is located at 99a Carlisle St, St Kilda.

Statement of compliance

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

Note 1 Significant accounting policies

(a) Basis of accounting

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to note 1 (g))
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to note 1 (m))
- the determination of employee provisions (refer to note 1 (r)).

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.

Notes to the Financial Report for the year ended 30 June 2017

Note 1 Significant accounting policies (continued)

(b) Change in accounting policies

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

c) Principles of consolidation

An assessment by management has determined that there are no consolidated entities for the 30 June 2017 reporting period.

d) 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.

(e) Accounting for investments in associates and joint arrangements

Associates

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.

Joint arrangements

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.

(i) Joint operations

Council recognises its direct right to, and its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate headings.

(ii) Joint ventures

Interests in joint ventures are accounted for using the equity method. Under this method, the interests are initially recognised in the 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.

In 1997 Council entered into a joint venture agreement with Wesley College for the maintenance and operation of the Albert Park Hockey and Tennis Centre. Council's 50 per cent share of the Albert Park Hockey and Tennis Centre's net assets and liabilities as at the end of the financial year were previously recognised on a proportionately consolidated basis but are now recognised as a single line investment under the equity method in accordance with AASB 11. Refer to Note 16.

Notes to the Financial Report for the year ended 30 June 2017

Note 1 Significant accounting policies (continued)

(f) Revenue recognition

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

Rates and Charges

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

Statutory fees and fines

Statutory fees and fines (including parking 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.

User fees

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

Grants

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

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in note 6. The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

Contributions

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

Sale of property, infrastructure, plant and equipment

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

Interest

Interest is recognised as it is earned.

Other Income

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

Notes to the Financial Report for the year ended 30 June 2017

Note 1 Significant accounting policies (continued)

(g) Fair value measurement

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within 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. All Council property, plant, infrastructure and equipment assets have been categorised as Level 3 within the fair value hierarchy.

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.

(h) Cash and cash equivalents

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.

(i) Trade and other receivables

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

(j) Other financial assets

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

Shares in Procurement Australia and Regional Kitchen Pty Ltd are measured at historical cost.

Notes to the Financial Report for the year ended 30 June 2017

Note 1 Significant accounting policies (continued)

k) Non-current assets classified as held for sale

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

l) Recognition and measurement of property, plant and equipment and infrastructure

Acquisition

The purchase method of accounting is used for 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 detailed in Note 1(m) have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

Notes to the Financial Report for the year ended 30 June 2017

Note 1 Significant accounting policies (continued)

(1) Recognition and measurement of property, plant and equipment and infrastructure (continued)

Revaluation

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use on an asset result in changes to the permissible or practical highest and best use of the asset. Further details regarding the fair value hierarchy are disclosed at Note 22 Property, infrastructure, plant and equipment.

In addition, Council undertakes the formal revaluation of land, buildings, land improvements, works of art, heritage assets and infrastructure assets every three 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 prior expense. Revaluation decrements are recognised as an expense except where prior increments are included in the asset revaluation reserve for that class of asset in which case the decrement is taken to the reserve to the extent of the remaining increments. Within the same class of assets, revaluation increments and decrements within the year are offset.

Land under roads

Council does not recognise land under roads that it controlled prior to 30 June 2008 in its financial report. From 1 July 2008, Council recognises any material land under roads that comes into Council's control within the financial report at fair value.

Notes to the Financial Report for the year ended 30 June 2017

Note 1 Significant accounting policies (continued)

(n) 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.

(o) 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 asset's 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.

(p) Trust funds and deposits

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 (refer to Note 24).

(q) Borrowings

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

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

Borrowing costs

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

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

Notes to the Financial Report for the year ended 30 June 2017

Note 1 Significant accounting policies (continued)

(r) Employee costs and benefits

The calculation of employee benefits includes all relevant on-costs and is 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 present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

Long service leave

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

Current Liability - unconditional LSL representing 7 years is disclosed as a current liability even when the council does not expect to settle the liability within 12 months because it will not have the unconditional right to defer settlement of the entitlement should an employee take leave within 12 months. The components of this current liability are measured at :

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

Classification of employee costs

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

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

(s) Leases

Finance leases

Leases of assets where substantially all the risks and rewards incidental to ownership of the asset, are transferred to the Council are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Lease payments are allocated between the reduction of the lease liability and the interest expense. Leased assets are depreciated on a straight line basis over their estimated useful lives to the Council where it is likely that the Council will obtain ownership of the asset or over the term of the lease, whichever is the shorter. Leased assets are currently being amortised over a 4 to 7 year period.

Operating leases

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

Notes to the Financial Report for the year ended 30 June 2017

Note 1 Significant accounting policies (continued)

(t) Goods and Services Tax (GST)

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

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

(u) Financial guarantees

Financial guarantee contracts are not recognised as a liability in the balance sheet unless the lender has exercised their right to call on the guarantee or Council has other reasons to believe that it is probable that that right will be exercised. Details of guarantees that Council has provided, that are not recognised in the balance sheet are disclosed at Note 33 Contingent Liabilities and Contingent Assets.

(v) Contingent assets and contingent liabilities and commitments

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

Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value and are inclusive of the GST payable.

(w) Pending accounting standards

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

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

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

Leases (AASB 16) (applies 2019/20)

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

Council has a significant number of operating leases that will be impacted as a result of this change however the Council is not in a position to provide an accurate estimate of the total assets and liabilities that will be recognised.

Notes to the Financial Report for the year ended 30 June 2017

Note 1 Significant accounting policies (continued)

(w) Pending accounting standards (continued)

Income of Not-for-Profit Entities (AASB 1058) (applies 2018/19)

The standard will change the timing of the recognition criteria for income depending on whether the transaction gives rise to a liability or other performance obligation to provide goods or services. Currently the income is recognised when received. In addition the standard expands the circumstances in which not-for-profit entities are required to recognise income for goods and services received for consideration that is significantly less than the fair value of the asset principally to enable the entity to further its objectives. The full impact of this standard is not known.

(x) Rounding

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

Notes to the Financial Report for the year ended 30 June 2017

Note 2 Budget Comparison

The budget comparison notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 10 percent or \$1 million where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 28 June 2016. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for revenue and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

a) Income and Expenditure

	Budget \$'000	Actual \$'000	Variance \$'000	Ref
Income				
Rates and charges	117,223	117,192	(31)	
Statutory fees and fines	23,914	22,237	(1,677)	1
User fees	29,493	34,615	5,122	2
Grants - operating	9,759	11,609	1,850	3
Grants - capital	876	1,876	1,000	4
Contributions - monetary	4,100	9,109	5,009	5
Contributions - non-monetary	-	20,601	20,601	6
Other income	12,901	13,663	762	
Total income	198,266	230,902	32,636	
Expenses				
Employee costs	83,759	84,180	(421)	
Materials and services	69,456	76,207	(6,751)	7
Bad and doubtful debts	3,499	3,661	(162)	
Depreciation and amortisation	21,232	22,527	(1,295)	8
Borrowing costs	563	434	129	9
Other expenses	9,810	8,614	1,196	10
Net loss on disposal of property, infrastructure, plant and equipment	2,733	1,611	1,122	11
Share of net profits losses of associates and joint ventures	-	24	(24)	12
Total expenses	191,052	197,258	(6,206)	
Surplus/(deficit) for the year	7,214	33,644	26,430	

Notes to the Financial Report for the year ended 30 June 2017

Note 1 Significant accounting policies (continued)

(m) Depreciation and amortisation of property, infrastructure, plant and equipment

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/or residual values and a separate depreciation rate is determined for each component.

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

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

Asset recognition thresholds and depreciation periods	Depreciation Period	Threshold Limit
Property		
land	-	All
land improvements	10 - 100 years	\$5,000
Buildings		
heritage buildings	100 years	\$5,000
buildings	25- 100 years	\$5,000
building improvements	100 years	\$5,000
leasehold improvements	100 years	\$5,000
Plant and Equipment		
heritage plant and equipment	100 years	\$2,000
plant, machinery and equipment	4-7 years	\$2,000
fixtures, fittings and furniture	5 years	\$2,000
computers and telecommunications	3-6 years	\$2,000
library books	5 years	All
motor vehicles	5 years	All
Infrastructure		
road pavements and seals	18-30 years	\$5,000
road substructure	100 years	\$5,000
road formation and earthworks	100 years	\$5,000
road kerb, channel and minor culverts	50 years	\$5,000
bridges deck	20 - 80 years	\$5,000
bridges substructure	40 - 100 years	\$5,000
footpaths and cycleways	40 - 50 years	\$5,000
drainage	150 years	\$5,000
recreational, leisure and community facilities	10 - 100 years	\$5,000
waste management	10 years	\$5,000
parks, open space and streetscapes	10 - 100 years	\$5,000
off street carparks	100 years	\$5,000

Notes to the Financial Report for the year ended 30 June 2017

Note 2 Budget Comparison (continued)

a) Income and Expenditure- Explanation of Material Variances

Ref	Item	Explanation
1	Statutory fees and fines	A review of Council's fees and charges during the financial year has identified a net \$2.8 million of income reclassification from statutory fees and fines to user fees - predominantly Street Occupation and Parking Permits income. Excluding the reclassification, the variance is a favourable \$1.13 million which is mainly attributable to: <ul style="list-style-type: none"> • greater number of planning applications from increased development activities than was budgeted of \$0.94 million; and • greater number of vehicles towed which is a contracted service and is fully offset by contractor payments of \$0.16 million.
2	User fees	A review of Council's fees and charges during the financial year has identified a net \$2.8 million of income reclassification from statutory fees and fines to user fees - predominantly Street Occupation and Parking Permits income. Excluding the reclassification, the favourable variance of \$2.32 million is due to: <ul style="list-style-type: none"> • additional income received from street occupation permits of \$0.99 million due to increased developments within the municipality. • the change in fee structure for parking permits resulted in a net income increase of \$0.19 million. • budgeted reduction in parking fees due to works at Acland St & Palais which did not eventuate of \$0.36 million. • greater utilisation of Council foreshore assets than was budgeted resulted in additional income of \$0.13 million.
3	Grants Operating	The favourable variance of \$1.85 million is due to: <ul style="list-style-type: none"> • the early receipt of the 2017/18 Victorian Grants Commission instalments of \$1.32 million • growth related funding for Maternal Child Health of \$0.10 million and aged services \$0.12 million; and • a number of other grants received during the year which will be spent in 2017/18 of \$0.3 million.
4	Grants - capital	The favourable variance of \$1.0 million is mainly due to the receipt of capital grants for St Kilda Lifesavings Club Upgrade \$0.50 million, \$0.44 million for the Roads to Recovery program, and \$0.25 million for CCTV at Fitzroy St St Kilda.
5	Contributions - monetary	The favourable variance of \$5.01 million is due to higher than expected property development within the municipality, especially in the St Kilda Hill, St Kilda East, Port Melbourne and St Kilda Rd neighbourhoods and the unbudgeted release of \$0.26 million from the State Government managed Fishermans Bend Urban Renewal Area interim Development Contribution Plan for works at Ferrars St Precinct.
6	Contributions- non-monetary	The favourable variance of \$20.6 million is due to external contributions for works on Council assets which were transferred to Council but were not budgeted for including: <ul style="list-style-type: none"> • the redevelopment of the Palais Theatre which was project managed by the State Government who contributed \$13.04 million or 67% of the project costs; and • the rebuild of the Stokehouse Restaurant funded by insurance payout, with \$7.5 million of works contributed to Council.

Notes to the Financial Report for the year ended 30 June 2017

Note 2 Budget Comparison (continued)

a) Income and Expenditure- Explanation of Material Variances

Ref	Item	Explanation
7	Materials and services	The unfavourable variance of \$6.75 million is mainly due to the reallocation of \$6.13 million of project costs initially budgeted as capital, but written off to operating expenditure in accordance with Australian Accounting Standards. The material projects are: <ul style="list-style-type: none"> • \$1.08 million of expenditure on the new Ferrars St Education and Community Centre has been expensed reflecting the State Government will have control over the asset. Council will be provided with access to the asset as a lessee over a 30 year lease plus options. • Recognition of remediation costs for the Montague Community Park redevelopment due to contamination \$2.94 million; and • \$1.12 million Acland Street upgrade project costs included comprehensive community engagement, activation costs and expenditure on VicRoad assets.
8	Depreciation and amortisation	The unfavourable variance of \$1.3 million is mainly due to the following which were not allocated to the 2016/17 budget: <ul style="list-style-type: none"> • the impact of roads and buildings asset revaluations in 2015/16 which increased the value of Council's asset base by \$12.9 million resulting in increased deprecation expenditure of approximately \$179,000 for the 2016/17 financial year; and • \$50.9 million of new asset additions during 2015/16 and 2016/17.
9	Borrowing costs	The minor favourable variance of \$0.13 million is mainly due to a lower number of fleet vehicles held under finance leases.
10	Other expenses	The favourable variance of \$1.20 million is due to: <ul style="list-style-type: none"> • Council's \$0.5 million commitment to affordable community housing being held in reserve to be distributed by an expression of interest process to be undertaken in 2017/18; and • budgeted \$0.79 million provision for child care facility improvements (infrastructure levy) has been accounted for in the balance sheet as cash backed reserve increase.
11	Net loss on disposal of property, infrastructure, plant and equipment	The favourable variance of \$1.12 million is mainly due to the strong property market that resulted in higher sale prices from disposal of non strategic Council properties.
12	Share of net profits losses of associates and joint ventures	Council's share of the Albert Park Hockey and Tennis Centre joint venture was budgeted to breakeven, however for 2016/17 a minor loss was incurred.

Notes to the Financial Report for the year ended 30 June 2017

Note 2 Budget Comparison (continued)

b) Capital Works	Budget \$'000	Actual \$'000	Variance \$'000	Ref
Property				
Land	-	6,282	6,282	1
Total land	-	6,282	6,282	
Buildings	16,763	13,812	(2,951)	2
Total buildings	16,763	13,812	(2,951)	
Total property	16,763	20,094	3,331	
Plant and equipment				
Heritage plant and equipment	39	229	190	3
Plant, machinery and equipment	1,534	1,940	406	4
Fixtures, fittings and furniture	85	741	656	5
Computers and telecommunications	2,351	1,162	(1,189)	6
Library books	814	808	(6)	
Total plant and equipment	4,823	4,880	57	
Infrastructure				
Roads	5,506	3,034	(2,472)	7
Footpaths and cycleways	2,313	4,418	2,105	8
Drainage	1,360	1,582	222	9
Parks, open space and streetscapes	7,431	4,077	(3,354)	10
Other infrastructure	550	463	(87)	11
Total infrastructure	17,160	13,574	(3,586)	
Total capital works expenditure	38,746	38,548	(198)	
Represented by:				
New asset expenditure	11,630	12,478	848	
Asset renewal expenditure	20,412	20,721	309	
Asset expansion expenditure	45	168	123	12
Asset upgrade expenditure	6,658	5,181	(1,477)	13
Total capital works expenditure	38,746	38,548	(197)	

Notes to the Financial Report for the year ended 30 June 2017

Note 2 Budget Comparison (continued)

b) Capital Works- Explanation of Material Variances

Ref	Item	Explanation
1	Land	Strategic acquisition of land \$6.3 million at 2-4 Buckhurst Street, South Melbourne for the Montague Community Park development was not budgeted.
2	Buildings	The capital budget for buildings include \$2.9 million for the Ferrars St Education and Community Centre. This project has been reclassified as an operating contribution expense as the asset will be controlled by the State Government and therefore cannot be capitalised. Council will be provided with access to this asset as a lessee over a 30 year lease plus options. Excluding this project, the variance is an immaterial underspend of \$0.12 million.
3	Heritage plant and equipment	Net over expenditure of \$0.19 million mainly relates to the expenditure on a heritage fountain which was budgeted as parks capital expenditure.
4	Plant, machinery and equipment	Net over expenditure of \$0.40 million primarily due to the capitalisation of finance leases of \$0.33 million (non-cash) for street and beach cleaning plant and equipment which was not budgeted for.
5	Fixtures, fittings and furniture	Net over expenditure of \$0.66 million is due to the purchase of furniture and fittings which are budgeted for in the buildings asset class.
6	Computers and telecommunications	Net under expenditure of \$1.19 million due to the following: <ul style="list-style-type: none"> • Expenditure on the Asset Management Transformation, Valuation System Replacement and Geographic Information System Renewal projects was reclassified as operating expenditure. • Hardware and software improvements for parking infringement issuing have been delayed until the Parking Efficiency and Integration Strategy is completed.
7	Roads	Net under expenditure of \$2.47 million largely due to; <ul style="list-style-type: none"> • cost savings of \$0.73 million in the road and laneway renewal programs realised through better planning, competitive tendering and lower construction costs; and • Under expenditure due to \$1.57 million of expenditure in the major civil road renewal programs consisting of footpath works.
8	Footpaths and cycleways	Over expenditure of \$2.11 million due to components of the major civil roads and drainage renewal programs consisting of footpath works.
9	Drainage	Net under expenditure of \$0.22 million due to kerbs & channels expenditure reported under footpaths and cycleways.
10	Parks, open space and streetscapes	Under expenditure of \$3.35 million is largely due to: <ul style="list-style-type: none"> - The write off to operating expenditure of \$1.12 million of Acland Street upgrade project costs included comprehensive community engagement, activation costs and expenditure on VicRoad assets; and - Under spend of \$2.15 million due to delays in the Ferrars St Park redevelopment and Streetscape Upgrade projects, both are continuing into 2017/18.
11	Other infrastructure	Under expenditure of \$0.09 million is mainly due to minor variances from lighting and street furniture projects.

Notes to the Financial Report for the year ended 30 June 2017

Note 2 Budget Comparison (continued)

b) Capital Works- Explanation of Material Variances continued

Ref	Item	Explanation
12	Asset expansion expenditure	Minor over expenditure of \$0.12 million on asset expansion due to expenditure budgeted within new asset expenditure type.
13	Asset upgrade expenditure	Under expenditure of \$1.48 million due to the deferral of expenditure to 2017/18 for several building upgrade projects and the reclassification of expenditure to operating for completed projects.

Notes to the Financial Report for the year ended 30 June 2017

	2017 \$'000	2016 \$'000
Note 3 Rates and charges		
Council uses Net Annual Value (NAV) as the basis of valuation for rating purposes of all properties within the municipal district. The NAV of a property is its imputed rental value.		
The valuation base used to calculate general rates for 2016/2017 was \$3.035 billion (2015/2016 was \$2.640 billion). The 2016/2017 rate in the NAV dollar was \$0.038517 (2015/2016: \$0.042642).		
General Rates	116,156	111,817
Waste management charge	180	274
Special rates and charges	656	595
Special rates and charges applied	(656)	(595)
Supplementary rates and rate adjustments	567	785
Interest on rates and charges	289	270
Total rates and charges	117,192	113,146
The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2016 and this valuation was applied to the rating year commencing 1 July 2016.		
Note 4 Statutory fees and fines		
Infringements and costs	1,061	738
Court recoveries	72	68
Town planning fees	1,784	802
Land information certificates	188	158
Permits	1,214	1,237
Parking fines and parking permits	17,918	17,078
Total statutory fees and fines	22,237	20,081
Note 5 User fees		
Aged and health services	592	641
Leisure centre and recreation	572	634
Child care/children's programs	9,630	8,971
Parking	16,298	15,868
Registration and other permits	5,174	4,565
Building services	700	740
Waste management services	268	477
Other fees and charges	1,381	1,423
Total user fees	34,615	33,319

Notes to the Financial Report for the year ended 30 June 2017

	2,017 \$'000	2,016 \$'000
Note 6 Grants		
Grants were received in respect of the following :		
Summary of grants		
Commonwealth funded grants	6,897	1,854
State funded grants	6,589	8,240
Total grants received	13,486	10,094
Operating Grants		
Recurrent - Commonwealth Government		
Aged care	70	-
Community health	258	-
Family and children	-	135
General home care	2,189	-
Other	-	41
Recreation	67	-
Victoria Grants Commission	3,870	1,298
Recurrent - State Government		
Aged care	54	118
Community health	430	651
Community safety	-	16
Environmental Planning	59	100
Family and children	743	704
General home care	1,408	3,491
Libraries	683	603
Maternal and child health	763	643
Other	275	267
Recreation	610	626
School crossing supervisors	91	88
Total recurrent operating grants	11,570	8,781
Non-recurrent - Commonwealth Government		
Community health	5	-
Non-recurrent - State Government		
Community health	23	-
Environmental planning	-	13
Family and children	1	-
Maternal and child health	-	58
Other	-	32
Roads	10	-
Total non-recurrent operating grants	39	103
Total operating grants	11,609	8,884

Notes to the Financial Report for the year ended 30 June 2017

	2017 \$'000	2016 \$'000
Note 6 Grants (continued)		
Capital Grants		
Recurrent - Commonwealth Government		
Roads to recovery	436	381
Total recurrent capital grants	436	381
Non-recurrent - Commonwealth Government		
Roads	-	207
Non-recurrent - State Government		
Building	1,000	110
Footpaths and cycleways	66	23
Parks and streetscapes	-	100
Plant and equipment	246	-
Roads	128	389
Total non-recurrent capital grants	1,440	829
Total capital grants	1,876	1,210
Unspent grants received on condition that they be spent in a specific manner		
Balance at start of year	1,350	1,044
Received during the financial year and remained unspent at balance date	2,627	625
Received in prior years and spent during the financial year	(1,135)	(319)
Balance at year end	2,842	1,350
Note 7 Contributions		
Monetary		
Monetary	9,109	6,857
Non-monetary	20,601	17
Total contributions	29,710	6,874
Contributions of non-monetary assets were received in relation to the following asset classes:		
Buildings	20,548	-
Other infrastructure	-	2
Other	53	15
Total non-monetary contributions	20,601	17

Notes to the Financial Report for the year ended 30 June 2017

	2017 \$'000	2016 \$'000
Note 8 Net gain/(loss) on disposal of property, infrastructure, plant and equipment		
Proceeds of sale	4,746	208
Written down value of assets disposed	(6,357)	(3,345)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	(1,611)	(3,137)

Note 9 Other income

Interest	1,691	1,493
Property rental	2,715	2,325
Other rent	5,389	5,522
Other	3,868	2,846
Total other income	13,663	12,186

Note 10 (a) Employee costs

Wages and salaries	60,113	58,793
WorkCover	1,043	1,076
Casual staff	8,551	6,586
Superannuation	6,394	6,219
Fringe benefits tax	440	412
Other	7,639	7,846
Total employee costs	84,180	80,932

Note 10 (b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	369	399
	369	399

Employer contributions payable at reporting date.	7	-
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Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	5,954	5,759
Employer contributions - other funds	71	61
	6,025	5,820

Employer contributions payable at reporting date.	1	-
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Refer to note 32 for further information relating to Council's superannuation obligations.

Notes to the Financial Report for the year ended 30 June 2017

	2017 \$'000	2016 \$'000
Note 11 Materials and Services		
Building and general maintenance	13,042	5,870
Waste management contracts	9,559	8,880
Maintenance and construction contracts	9,323	7,802
Parks and gardens contract	9,318	8,998
Other contract payments	6,979	6,887
Consultants	6,194	7,420
Parking administration contracts	5,566	4,901
Office administration	4,946	4,131
Cleaning contract	2,916	3,300
Family and community support contracts	2,741	2,028
Utilities	2,675	3,004
Information technology	1,863	2,368
Insurance	1,085	1,552
Total materials and services	76,207	67,141
Note 12 Bad and doubtful debts		
Parking fine debtors	3,551	3,301
Other debtors	110	31
Total bad and doubtful debts	3,661	3,332
Note 13 Depreciation and amortisation		
Property	5,692	5,009
Plant and equipment	3,628	3,460
Infrastructure	13,207	13,194
Total depreciation and amortisation	22,527	21,663
<i>Refer to Note 22 for a more detailed breakdown of depreciation and amortisation charges</i>		
Note 14 Borrowing costs		
Interest - borrowings	349	350
Interest on finance leases	85	102
Total borrowing costs	434	452

Notes to the Financial Report for the year ended 30 June 2017

	2017	2016
	\$'000	\$'000
Note 15 Other expenses		
Contributions and donations	2,346	2,994
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	77	67
Auditors' remuneration - Internal	200	209
Councillors' allowances	323	321
Operating lease rentals	1,055	1,416
Bank charges	588	467
Activities and programs	581	600
Catering costs	551	541
Subscriptions	290	312
Other	2,603	2,482
Total other expenses	8,614	9,409

Notes to the Financial Report for the year ended 30 June 2017

Note 16 Investments in associates, joint ventures and subsidiaries

Joint Arrangement - Joint Venture

Interests in joint ventures accounted for by the equity method are:

JOINT VENTURE - ALBERT PARK HOCKEY AND TENNIS CENTRE

Background

In 1997 Council entered into a Joint Venture agreement with Wesley College, St Kilda Rd, Prahran for the maintenance and operation of the Albert Park Hockey and Tennis Centre. The Centre is located in Hockey Drive, St Kilda a part of the Albert Park Reserve and is the subject of a lease agreement with the landlord Parks Victoria. This lease expires on the 15th November 2017 and at this time the Joint Venture Agreement expires. At the time of preparing the Annual Report, Parliament had approved a lease renewal, Parks Victoria was drafting a lease agreement and Council staff were in discussions for the renewal of the Joint Venture agreement with Wesley College.

The objective of the Joint Venture is to provide, manage and maintain the Albert Park Hockey and Tennis Centre for use by sporting clubs, schools and residents of Port Phillip municipality and the students of Wesley College. The Joint Venture Agreement provides for a Management Committee with 50% representation and 50% voting power for each of the Joint Venturers. Decisions are made by a majority vote. The Joint Venture Agreement also provides for each party to be paid half of any profit each year or in the case of a loss each party to contribute half of that loss to the Joint Venture.

The Joint Venture reporting period is the 12 months to 31 March each year. This date does not align with reporting date for either Joint Venture party and the historic reason for the selection of 31 March is unknown.

Council has been provided with the Joint Venture financial statements for the 12 months ending 31 March 2017. Council's investments in joint ventures represents a 50% share of the net assets and liabilities of the Albert Park Hockey & Tennis Centre as at 31 March 2017.

	2017 \$'000	2016 \$'000
Fair value of Council's investment in Albert Park Hockey and Tennis Centre	332	356
Council's share of accumulated surplus/(deficit)		
Council's share of accumulated surplus(deficit) at start of year	356	382
Reported surplus(deficit) for year	(24)	(26)
Transfers (to) from reserves		-
Distributions for the year		-
Council's share of accumulated surplus(deficit) at end of year	332	356
Movement in carrying value of specific investment		
Carrying value of investment at start of year	356	382
Share of surplus(deficit) for year	(24)	(26)
Share of asset revaluation		-
Distributions received		-
Carrying value of investment at end of year	332	356
Council's share of expenditure commitments		
Operating commitments	3	3
Capital commitments	12	12
Council's share of expenditure commitments	15	15
Council's share of contingent liabilities and contingent assets	nil	nil
Significant restrictions	nil	nil

Notes to the Financial Report for the year ended 30 June 2017

	2017	2016
	\$'000	\$'000
Note 17 Cash and cash equivalents		
Cash on hand	20	21
Cash at bank	5,538	6,084
Term deposits	2,500	5,000
	8,058	11,105

Council's cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use.

These include:

- Statutory reserve balances (Note 27)	14,105	9,751
- Trust funds and deposits (Note 24)	4,868	4,990
- Tied grants (Note 6a)	2,842	1,350
Total restricted funds	21,815	16,091
Total unrestricted cash and cash equivalents	(13,757)	(4,986)

Intended allocations

Although not externally restricted the following amounts have been allocated for specific future purposes by Council:

- Cash held to fund carried forward project expenditure	2,277	8,140
- Middle Park Beach ongoing maintenance	1,212	1,183
- Child Care Centre's infrastructure levy	4,597	-
- Pride Centre contribution	3,695	-
- Sustainable transport	1,783	-
- In Our Backyard - Growing affordable housing in Port Phillip	1,000	-
- Fitzroy Street masterplan works	-	150
- Gasworks building works	-	1,500
Total funds subject to intended allocations	14,564	10,973

Refer also to Note 18 for details of other financial assets held by Council

Note 18 Other financial assets

Current

Term deposits	66,500	49,500
	66,500	49,500

Non-Current

Shares in Municipal Associations Purchasing Scheme (MAPS)	5	5
Shares in Regional Kitchen Group Pty Ltd	230	230
	235	235

Total other financial assets	66,735	49,735
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Notes to the Financial Report for the year ended 30 June 2017

	2017	2016
	\$'000	\$'000
Note 19 Trade and other receivables		
Current		
Statutory receivables		
Rate debtors	2,447	1,899
Infringement debtors	17,044	16,210
Provision for doubtful debts - infringements	(11,649)	(11,093)
GST receivable	1,451	1,265
Non statutory receivables		
Other debtors	3,687	3,842
Provision for doubtful debts - other debtors	(364)	(434)
Total trade and other receivables	12,616	11,689

a) Ageing of Receivables

At balance date other debtors representing financial assets were past due but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of default. The ageing of the Council's receivables (excluding statutory receivables) was:

Current (not yet due)	1,151	1,165
Past due by up to 30 days	156	728
Past due between 31 and 180 days	453	135
Past due between 181 and 365 days	29	111
Past due by more than 1 year	224	242
Total other debtors	2,013	2,381

b) Movement in provisions for doubtful debts

Balance at the beginning of the year	434	664
New provisions recognised during the year	608	352
Amounts already provided for and written off as uncollectable	(180)	(260)
Amounts provided for but recovered during the year	(498)	(322)
Balance at end of year	364	434

Notes to the Financial Report for the year ended 30 June 2017

	2017	2016
	\$'000	\$'000

Note 19 Trade and other receivables (continued)

c) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of \$1,674,000 (2016: \$1,461,000) were impaired. The amount of the provision raised against these debtors was \$364,000 (2016: \$434,000). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

The ageing of receivables of debtor balances that have been individually determined as impaired at reporting date was:

Current (not yet due)	508	435
Past due by up to 30 days	781	472
Past due between 31 and 180 days	168	311
Past due between 181 and 365 days	95	214
Past due by more than 1 year	122	29
Total trade and other receivables	1,674	1,461

Note 20 Non-current assets classified as held for sale

Cost of acquisition	797	4,248
Total non-current assets classified as held for sale	797	4,248

Note 21 Other assets

Prepayments	1,855	1,220
Accrued income	465	654
Other*	-	6,333
Total other assets	2,320	8,207

* Relates to the acquisition of land at 2-4 Buckhurst Street, South Melbourne paid in full at 30 June 2016. The settlement of the parcel of land occurred on 1 July 2016 at which point ownership and control transferred to the City of Port Phillip and the land is included in Council's Property, infrastructure, plant and equipment in 2016/17.

Notes to the Financial Report for the year ended 30 June 2017

Note 22 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2016	Acquisitions	Contributions	Revaluation	Depreciation	Disposal	Transfers	Non current assets classified as held for sale	At Fair Value 30 June 2017
Land	1,963,724	6,282	-	314,323	-	-	-		2,284,329
Buildings	179,490	15,301	20,547	2,631	(5,692)	(332)	1,790		213,735
Infrastructure	377,310	11,986	-	1,971	(13,207)	(2,189)	1,675	-	377,546
Plant and Equipment	25,901	4,179	53	-	(3,627)	(385)	982	-	27,103
Work in progress	9,555	3,310	-	-	-	-	(8,662)	-	4,203
	2,555,980	41,058	20,600	318,925	(22,526)	(2,906)	(4,215)	-	2,906,916

Summary of work in progress

	Opening WIP	Additions	Transfers	Write Offs	Closing WIP
Buildings	5,412	951	(4,300)	(583)	1,480
Infrastructure	1,533	1,659	(1,675)	(846)	671
Plant and Equipment	2,610	700	(982)	(276)	2,052
Total	9,555	3,310	(6,957)	(1,705)	4,203

Notes to the Financial Report for the year ended 30 June 2017

Note 22 Property, infrastructure, plant and equipment 2017 Reconciliation

Land and Buildings	Land- specialised	Buildings- specialised	Total Property
At fair value 1 July 2016	1,963,724	361,104	2,324,828
Accumulated depreciation at 1 July 2016	-	(181,614)	(181,614)
WDV at beginning of financial year	1,963,724	179,490	2,143,214
Movements in fair value			
Acquisition of assets at fair value	6,282	15,301	21,583
Contributed assets (Note 7)	-	20,547	20,547
Revaluation increments/decrements (Note 27)	314,323	(12,905)	301,418
Fair value of assets disposed	-	(1,050)	(1,050)
Transfers	-	4,300	4,300
	320,605	26,193	346,798
Movements in accumulated depreciation			
Depreciation and amortisation (Note 13)	-	(5,692)	(5,692)
Accumulated depreciation of disposals	-	718	718
Revaluation increments/decrements (Note 27)	-	15,536	15,536
Addition at Fair Value	-	(2,510)	(2,510)
	-	8,052	8,052
At fair value 30 June 2017	2,284,329	387,297	2,671,626
Accumulated depreciation at 30 June 2017	-	(173,562)	(173,562)
WDV at end of financial year	2,284,329	213,735	2,498,064

Note - all land and buildings are considered specialised by their nature.

Notes to the Financial Report for the year ended 30 June 2017

Note 22 Property, infrastructure, plant and equipment 2017 Reconciliation

Infrastructure	Roads	Bridges	Footpaths and cycleways	Drainage	Parks, open spaces and streetscapes	Off street car parks	Other Infrastructure	Total Infrastructure
At fair value 1 July 2016	253,930	4,429	126,444	120,598	89,661	9,785	14,560	619,407
Accumulated depreciation at 1 July 2016	(103,880)	(2,486)	(48,666)	(47,478)	(31,971)	(2,424)	(5,192)	(242,097)
WDV at beginning of financial year	150,050	1,943	77,778	73,120	57,690	7,361	9,368	377,310
Movements in fair value								
Acquisition of assets at fair value	2,690	-	4,126	1,582	3,153	-	435	11,986
Contributed assets (Note 7)	-	-	-	-	-	-	-	-
Revaluation increments/decrements (Note 27)	-	-	-	2,196	-	-	-	2,196
Fair value of assets disposed	(1,025)	-	(2,147)	(503)	(382)	-	(450)	(4,507)
Transfers	95	-	251	251	689	-	389	1,675
	1,760	-	2,230	3,526	3,460	-	374	11,350
Movements in accumulated depreciation								
Depreciation and amortisation (Note 13)	(4,555)	(45)	(3,355)	(840)	(3,528)	(135)	(749)	(13,207)
Accumulated depreciation of disposals	550	-	1,137	207	174	-	250	2,318
Revaluation increments/decrements (Note 27)	-	-	-	(225)	-	-	-	(225)
	(4,005)	(45)	(2,218)	(858)	(3,354)	(135)	(499)	(11,114)
At fair value 30 June 2017	255,690	4,429	128,674	124,124	93,121	9,785	14,934	630,757
Accumulated depreciation at 30 June 2017	(107,885)	(2,531)	(50,884)	(48,336)	(35,325)	(2,559)	(5,691)	(253,211)
WDV at end of financial year	147,805	1,898	77,790	75,788	57,796	7,226	9,243	377,546

Notes to the Financial Report for the year ended 30 June 2017

Note 22 Property, infrastructure, plant and equipment (continued)

2017 Reconciliation

Plant and Equipment	Heritage Plant and Equipment	Plant, Machinery and Equipment	Fixtures Fittings and Furniture	Computers and Telecomms	Library Books	Total Plant and Equipment	Total Works in Progress
At fair value 1 July 2016	16,767	8,887	3,279	6,833	9,286	45,052	9,555
Accumulated depreciation at 1 July 2016	-	(3,772)	(2,567)	(5,770)	(7,042)	(19,151)	-
WDV at beginning of financial year	16,767	5,115	712	1,063	2,244	25,901	9,555
Movements in fair value							
Acquisition of assets at fair value	229	1,940	741	461	808	4,179	3,310
Contributions- non-monetary	53	-	-	-	-	53	-
Revaluation increments/decrements (Note 27)	-	-	-	-	-	-	-
Fair value of assets disposed	-	(1,237)	(6)	(625)	-	(1,868)	-
Transfers	33	25	-	924	-	982	(6,957)
Transfer work in progress to operating	-	-	-	-	-	-	(1,705)
	315	728	735	760	808	3,346	(5,352)
Movements in accumulated depreciation							
Depreciation and amortisation (Note 13)	(162)	(1,764)	(302)	(629)	(770)	(3,627)	-
Accumulated depreciation of disposals	-	852	6	625	-	1,483	-
Revaluation increments/decrements (Note 27)	-	-	-	-	-	-	-
Addition at Fair Value	-	-	-	-	-	-	-
	(162)	(912)	(296)	(4)	(770)	(2,144)	-
At fair value 30 June 2017	17,082	9,615	4,014	7,593	10,094	48,398	4,203
Accumulated depreciation at 30 June 2017	(162)	(4,684)	(2,863)	(5,774)	(7,812)	(21,295)	-
WDV at end of financial year	16,920	4,931	1,151	1,819	2,282	27,103	4,203

Notes to the Financial Report for the year ended 30 June 2017

Note 22 Property, infrastructure, plant and equipment (continued)

Valuation of land and buildings

Valuation of land and buildings were undertaken by a qualified independent valuer, Frank Carbone AAPI (Val 1764) The valuation of buildings is a depreciated replacement cost. The valuation of land 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 2017 are as follows:

	Level 1 \$'000s	Level 2 \$'000s	Level 3 \$'000s	DoV
Specialised Land	-	-	2,284,329	Jun-17
Land Improvements	-	-	-	Jun-15
Buildings	-	-	213,735	Jun-17
	-	-	2,498,064	

Notes to the Financial Report for the year ended 30 June 2017

Note 22 Property, infrastructure, plant and equipment (continued)

Valuation of infrastructure

Valuation of infrastructure assets has been determined in accordance with a valuation undertaken by Mr Mark Thompson Dip CE.

The date of the current valuations 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 2017 are as follows:

	Level 1 \$'000s	Level 2 \$'000s	Level 3 \$'000s	DoV
Roads	-	-	150,050	Jun-16
Bridges	-	-	1,943	Jun-16
Footpaths and cycleways	-	-	77,778	Jun-16
Drainage	-	-	75,788	Jun-17
Parks, open spaces and streetscapes	-	-	57,690	Jun-15
Off street carparks	-	-	7,361	Jun-16
Other infrastructure*	-	-	9,368	Jun-16
	-	-	379,978	

* Other infrastructure includes street furniture.

Valuation of heritage and works of art

Valuation of Heritage assets and works of art are undertaken by qualified independent valuers. The valuation is at market value based on current market prices for similar types of assets based on use, type and condition.

Heritage and works of art valuations as at 30 June 2016 were performed by the following independent valuers:

- Australian Art Valuers - contemporary, visual, historical and public art;
- Sainsbury Books - heritage photographs; and
- Leonard Joel - historical items, artworks, monuments and memorials, mayoral robes, chains and other attire

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

	Level 1 \$'000s	Level 2 \$'000s	Level 3 \$'000s	DoV
Heritage and works of art	-	-	16,767	Jun-16

Notes to the Financial Report for the year ended 30 June 2017

Note 22 Property, infrastructure, plant and equipment (continued)

Description of significant unobservable inputs into level 3 valuations

Specialised land

Specialised land is valued using a replacement cost 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 10% and 90%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$1,800 and \$7,000 per square metre.

Specialised buildings

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 \$300 to \$14,000 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 2 years to 94 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

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 18 years to 150 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.

Reconciliation of specialised land	2017	2016
	\$'000	\$'000
Parks and reserves	1,796,499	1,557,185
Commercial	182,999	158,859
Community	190,971	159,202
Council office land	113,860	88,478
Total specialised land	2,284,329	1,963,724

Notes to the Financial Report for the year ended 30 June 2017

	2017 \$'000	2016 \$'000
Note 23 Trade and other payables		
Trade payables	13,303	13,164
Accrued expenses	4,379	3,865
Total trade and other payables	17,682	17,029

Note 24 Trust funds and deposits

Refundable deposits	545	503
Fire Services Levy	714	749
Other refundable deposits	3,609	3,438
Stokehouse insurance claim held in trust	-	300
Total trust funds and deposits	4,868	4,990

Purpose and nature of items

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

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

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

Notes to the Financial Report for the year ended 30 June 2017

Note 25 Provisions

	2017 \$'000	2016 \$'000
a) Employee Provisions		
Balance at beginning of the financial year	14,989	14,045
Additional provisions	8,238	7,997
Amounts used	(7,444)	(7,206)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	165	153
Balance at the end of the financial year	15,948	14,989
Current provisions expected to be wholly settled within 12 months		
Annual leave	3,811	3,609
Long service leave	7,193	6,523
Retirement gratuity	17	17
Other	196	178
	11,217	10,327
Current provisions expected to be wholly settled after 12 months		
Annual leave	1,780	1,688
Retirement gratuity	157	150
	1,937	1,838
Total current employee provisions	13,154	12,165
Non-current		
Long service leave	2,794	2,824
Total non-current employee provisions	2,794	2,824
Aggregate carrying amount of employee benefits		
Current	13,154	12,165
Non-current	2,794	2,824
Total aggregate carrying amount of employee provisions	15,948	14,989
b) Other Provisions		
Provision for site remediation 2-4 Buckhurst Street	2,710	-
	2,710	-
Total provisions	18,658	14,989

Notes to the Financial Report for the year ended 30 June 2017

	2017 \$'000	2016 \$'000
Note 26 Interest-bearing loans and borrowings		
Current		
Finance leases	563	660
	563	660
Non-current		
Borrowings- secured (1)	7,500	7,500
Finance leases	695	913
	8,195	8,413
Total	8,758	9,073
(1) Borrowings are secured by Council rate income		
a) The maturity profile for Council's borrowings is:		
Not later than one year	-	-
Later than one year and not later than five years	7,500	-
Later than five years	-	7,500
	7,500	7,500
b) The maturity profile for Council's finance lease liabilities is:		
Not later than one year	620	688
Later than one year and not later than five years	742	1,040
Later than five years	-	-
Minimum future lease payments	1,362	1,728
Less: Future finance charges	(104)	(155)
Present value of minimum lease payments	1,258	1,573

Finance leases

Council entered into lease agreements for street and beach cleaning equipment. Council's right to use the assets in the leases are accounted for as finance lease liabilities and are disclosed in the table above.

Contingent rent payable is based on the rental value agreed upon between the Council and the lessor and is invoiced on a monthly basis by the lessor. The lease agreements have been made on the basis that lease terms can be amended between Council and the lessor throughout the term of the lease based on mutual acceptance by both parties. The Council has the contractual right to acquire leased vehicles at the end of the lease term based on an agreed upon residual value. The Council does not have any financial restrictions imposed by their current leasing arrangements.

Notes to the Financial Report for the year ended 30 June 2017

Note 27 Reserves

(a) Asset revaluation reserves

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
2017			
Property			
Land	1,689,414	314,323	2,003,737
Buildings	75,782	2,631	78,413
Land improvements	5,112		5,112
	1,770,308	316,954	2,087,262
Infrastructure			
Roads	70,741		70,741
Bridges	825		825
Footpaths and cycleways	27,881		27,881
Drainage	31,173	1,971	33,144
Parks, open spaces & streetscapes	11,218		11,218
Off street carparks	3,862		3,862
Other infrastructure	6,342		6,342
	152,042	1,971	154,013
Plant and equipment			
Heritage plant & equipment	10,386		10,386
	10,386	-	10,386
Total Asset revaluation reserves	1,932,736	318,925	2,251,661
	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
2016			
Property			
Land	1,477,399	212,015	1,689,414
Buildings	66,358	9,424	75,782
Land improvements	5,112	-	5,112
	1,548,869	221,439	1,770,308
Infrastructure			
Roads	68,832	1,909	70,741
Bridges	822	3	825
Footpaths and cycleways	28,794	(913)	27,881
Drainage	31,173	-	31,173
Parks, open spaces & streetscapes	11,218	-	11,218
Off street carparks	4,583	(721)	3,862
Other infrastructure	5,744	598	6,342
	151,166	876	152,042
Plant and equipment			
Heritage plant & equipment	7,703	2,683	10,386
	7,703	2,683	10,386
Total Asset revaluation reserves	1,707,738	224,998	1,932,736

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

Notes to the Financial Report for the year ended 30 June 2017

Note 27 Reserves (continued)

(b) Other reserves

	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
2017				
General Reserve	22,392	23,547	(15,017)	30,922
Statutory Reserves				
Resort and recreation reserve	7,813	8,827	(4,489)	12,151
Contributions for car parking reserve	1,791	-	-	1,791
Contribution for C13 infrastructure reserve	147	16	-	163
	9,751	8,843	(4,489)	14,105
Total Other reserves	32,143	32,390	(19,506)	45,027
2016				
General Reserve	18,243	12,201	(8,052)	22,392
Statutory Reserves				
Resort and recreation reserve	9,647	6,714	(8,548)	7,813
Contributions for car parking reserve	1,795	(4)	-	1,791
Contribution for C13 infrastructure reserve	299	147	(299)	147
	11,741	6,857	(8,847)	9,751
Total Other reserves	29,984	19,058	(16,899)	32,143

	2017 \$'000	2016 \$'000
Asset revaluation reserve	2,251,661	1,932,736
Other reserves	45,027	32,143
Total Reserves	2,296,688	1,964,879

General reserve

The general reserve comprises allocations made by the council for the purpose of funding major medium term expenditure initiatives and future commitments that relate to the unexpended portion of government grants received.

Resort and recreation reserve

The resort and recreation reserve is for the accumulation of developer contributions which are to be expended at a future date on recreational infrastructure.

Contributions for car parking reserve

The car parking reserve is for the accumulation of developers contributions which are to be expended at a future date on improved car parking facilities.

Contributions for C13 infrastructure reserve

The C13 infrastructure reserve is for the accumulation of developers contributions which are to be expended at a future date on specific infrastructure. See note 30 for further information.

Notes to the Financial Report for the year ended 30 June 2017

	2017 \$'000	2016 \$'000
Note 28 Reconciliation of cash flows from operating activities to surplus/(deficit)		
Surplus/(deficit) for the year	33,644	9,608
Depreciation	22,527	21,663
(Profit)/loss on disposal of property, infrastructure, plant and equipment	1,611	3,137
Contributions - non-monetary assets	(20,601)	(17)
Other	(4,174)	1,132
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(927)	(881)
(Increase)/decrease in prepayments	5,698	(285)
(Increase)/decrease in accrued income	189	70
Increase/(decrease) in trade and other payables	653	4,002
(Decrease)/increase in other liabilities	(122)	(2,728)
Increase/(decrease) in provisions	3,669	944
Net cash provided by operating activities	42,167	36,645

Note 29 Financing arrangements

Bank overdraft	1,500	1,500
Credit card facilities	167	167
Other facilities- LGFV Municipal Bond	7,500	7,500
Total facilities	9,167	9,167
Used facilities	7,511	7,501
Unused facilities	1,656	1,666

Notes to the Financial Report for the year ended 30 June 2017

Note 30 Commitments

The Council has entered into the following commitments:

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2017					
Operating					
Building maintenance	12,018	11,638	20,989	-	44,645
Garbage collection and recycling	8,366	8,366	13,265	-	29,997
Open space management	8,168	1,361	-	-	9,529
Community Services	3,149	618	251	-	4,018
Cleaning contracts for council buildings	1,462	1,462	975	-	3,899
Consultancies	550	506	1,304	-	2,360
Computers and technology	1,036	545	444	-	2,025
Operational services	877	414	34	-	1,325
Total	35,626	24,910	37,262	-	97,798
Capital					
Buildings	364	-	-	-	364
Roads	358	-	-	-	358
Parks, open spaces & streetscapes	322	-	-	-	322
Total	1,044	-	-	-	1,044
TOTAL	36,670	24,910	37,262	-	98,842
2016					
Operating					
Building maintenance	11,323	11,288	31,676	-	54,287
Garbage collection and recycling	8,328	8,324	21,490	-	38,142
Open space management	8,383	8,168	1,361	-	17,912
Community Services	3,052	2,533	679	-	6,264
Cleaning contracts for council buildings	1,520	1,462	2,437	-	5,419
Consultancies	359	269	17	-	645
Computers and technology	1,940	821	709	-	3,470
Operational services	2,671	1,294	171	-	4,136
Total	37,576	34,159	58,540	-	130,275
Capital					
Buildings	3,771	-	-	-	3,771
Computers and telecommunications	312	-	-	-	312
Roads	205	183	-	-	388
Parks, open spaces & streetscapes	371	-	-	-	371
Total	4,659	183	-	-	4,842
TOTAL	42,235	34,342	58,540	-	135,117

Notes to the Financial Report for the year ended 30 June 2017

	2017 \$'000	2016 \$'000
Note 30 Commitments (continued)		
C13 Developer Contributions Scheme		
<p>In 1998 the C13 Developer Contribution Scheme was signed off by Council to facilitate streetscape works to the value of \$8.082 million for works in Port Melbourne over a 20 year period commencing in the year 2000 to 2020. These estimates were indexed by CPI and the value of works to be completed at 1 July 2009 was determined to total \$11.387 million. At 30 June 2017, after further CPI adjustments and completion of works over the life of the scheme, works to the value of \$2.896 million are outstanding.</p>		
Value of works outstanding at 1 July	2,834	2,970
Works completed	-	(175)
	2,834	2,795
CPI adjustment (2.2% for 2016/2017)	62	39
Value of works outstanding at 30 June	2,896	2,834

Note 31 Operating Leases

a) 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. In 2017 the operating lease commitments also show the commitments for rented properties. The 2016 figure was reinstated accordingly.

Not later than one year	444	311
Later than one year and not later than five years	537	547
Later than five years	1	2
	982	860

b) Operating lease receivables

Council has entered into leases and licences for some of the property it owns or controls as a Committee of Management for crown land. Properties used for commercial purpose are held under leases which have varying terms. Long term leases usually reflect significant private investment in the buildings on the land. Most leases include an annual rental increase and periodical reviews to market. Council also enters into licence agreements with stallholders at the South Melbourne Market.

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

Not later than one year	8,701	7,985
Later than one year and not later than five years	18,443	17,842
Later than five years	77,309	62,320
	104,453	88,147

Notes to the Financial Report for the year ended 30 June 2017

Note 32 Superannuation

Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense in 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 2017, 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 2016, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 102.0%. To determine the VBI, the fund Actuary used the following long-term assumptions:

- Net investment returns 7.0% pa
- Salary information 4.25% pa
- Price inflation (CPI) 2.5% pa.

Vision Super has reported that the estimated VBI at June 2017 was 103.1%. The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 2016 interim actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Employer contributions

Regular contributions

On the basis of the results of the 2016 interim actuarial investigation conducted by the Fund 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 2017, this rate was 9.5% of members' salaries (9.5% in 2015/2016). 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.

Notes to the Financial Report for the year ended 30 June 2017

Note 32 Superannuation (continued)

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.

2016 Interim actuarial investigation surplus amounts

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

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

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

2017 Full triennial actuarial investigation

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

Future superannuation contributions

City of Port Phillip has not had to make any unfunded liability payments to Vision Super during the year (\$ nil for the 2015/16 year). There was \$7,000 in contributions outstanding and no loans issued from or to the above schemes as at 30 June 2017. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2018 is \$356,000.

Notes to the Financial Report for the year ended 30 June 2017

Note 33 Contingent liabilities and contingent assets

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 in Note 32. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists. At this point in time it is not known if additional contributions will be required, their timing or potential amount.

Professional Indemnity

As a local authority with statutory responsibilities, including the responsibility of issuing permits and approvals, Council receives claims and demands for damages allegedly arising from actions of Council or its officers. Council carries \$300 million of professional indemnity insurance and had an excess of \$20,000 on this policy in 2016/2017. Therefore, the maximum liability of Council in any single claim is the extent of its excess. There are no claims of which Council is aware which would fall outside of the terms of Council's policy.

Legal matters

The Council is presently involved in a number of confidential legal matters which are being conducted through Council's solicitors. These matters are yet to be finalised and the financial outcome cannot be determined.

Public and Products Liability

As a local authority with ownership of numerous parks, reserves, roads and other land holdings, the Council regularly receives claims and demands allegedly arising from incidents which occur on land belonging to Council. There are a number of outstanding claims against Council in this regard. Council carries \$400 million of public and products liability insurance and had an excess of \$20,000 for individual claims on this policy in 2016/2017. Therefore, the maximum liability of Council in any single claim is the extent of its excess. There are no claims of which Council is aware which would fall outside of the terms of Council's policy.

Contingent assets

Open space contributions

Council estimates that assets will pass to Council in the future in respect of anticipated development contributions for open space improvements.

2017	2016
\$'000	\$'000

7,830	4,100
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Notes to the Financial Report for the year ended 30 June 2017

Note 34 Financial instruments

(a) Objectives and policies

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

(b) Market risk

Market risk is the risk that the fair value or future cash flows of Council's 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. Council's 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*. Council manages 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.

Notes to the Financial Report for the year ended 30 June 2017

Note 34 Financial instruments (continued)

(c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause us 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 have a policy for establishing credit limits for the entities we deal with;
- Council may require collateral where appropriate; and
- Council only invest surplus funds with financial institutions, which have a recognised credit rating specified in our 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.

Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in note 33.

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 Council's operational liquidity requirements it will not have sufficient funds to settle a transaction when required, or 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 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;
- monitor budget to actual performance on a regular basis; and

The Council's maximum exposure to liquidity risk is the carrying amount of financial liabilities as disclosed in the face of the balance sheet and the amount is related to financial guarantees, 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 26.

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

Notes to the Financial Report for the year ended 30 June 2017

Note 34 Financial instruments (continued)

(e) Fair value

Fair value hierarchy

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

(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 +0.25% and -0.75% in market interest rates (AUD) from year-end rates of 2.62%.

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.

Notes to the Financial Report for the year ended 30 June 2017

Note 35 Related party transactions

(a) Responsible Persons

(i) Related Parties

Parent entity

City of Port Phillip is the parent entity

Subsidiaries and Associates

Interests in subsidiaries and associates are detailed in note 16.

(ii) 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

Bernadene Voss (Mayor 10 November 2015 to current)

Andrew Bond (Councillor)

Katherine Copsey (Councillor from 22 October 2016)

Tim Baxter (Councillor from 22 October 2016)

Louise Crawford (Councillor from 22 October 2016)

Dick Gross (Councillor from 22 October 2016)

Marcus Pearl (Councillor from 22 October 2016)

Ogy Simic (Councillor from 22 October 2016)

David Brand (Councillor from 7 November 2016)

Amanda Stevens (Councillor to 21 October 2016)

Anita Horvath (Councillor to 21 October 2016)

Vanessa Huxley (Councillor to 21 October 2016)

Serge Thomann (Councillor to 21 October 2016)

Jane Touzeau (Councillor to 21 October 2016)

Total Number of Councillors

2017

No.

14

Chief Executive Officer and other Key Management Personnel

12

Total Key Management Personnel

26

2017

\$'000

(iii) Remuneration of Key Management Personnel

Total remuneration of key management personnel was as follows:

Short-term benefits	2,293
Post-employment benefits	185
Other long-term benefits	(21)
Termination benefits	39
Total remuneration	2,496

* No prior year comparative data presented due to changes in the disclosure requirements taking effect from the 2016/17 financial year onwards

** Amounts include annual leave and long service leave balance payouts due to senior staff ceasing employment with the City of Port Phillip during the financial year.

Notes to the Financial Report for the year ended 30 June 2017

Note 35 Related party transactions (continued)

(a) Responsible Persons

(iii) Remuneration of Key Management Personnel (continued)

The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:	2017 No.
\$0 - \$9,999	5
\$10,000 - \$19,999	1
\$20,000 - \$29,999	9
\$90,000 - \$99,999	1
\$110,000 - \$119,999	1
\$150,000 - \$159,999	1
\$160,000 - \$169,999	1
\$210,000 - \$219,999	1
\$230,000 - \$239,999	1
\$240,000 - \$249,999	1
\$250,000 - \$259,999	1
\$270,000 - \$279,999	1
\$290,000 - \$299,999	1
\$320,000 - \$329,999	1
	26

* No prior year comparative data presented due to changes in the disclosure requirements taking effect from the 2016/17 financial year onwards

(iv) Transactions with related parties

During the period Council entered into the following transactions with related parties.	2017 \$'000
Funding deeds	12
<i>-payable to community groups following submission to the grants assessment panel and approval by Council</i>	

(v) Outstanding balances with related parties

The are no outstanding balances at the end of the reporting period in relation to transactions with related parties

(vi) Loans to/from related parties

There are no loans in existence at balance date that have been made, guaranteed or secured by the council to a related party.

(vii) Commitments to/from related parties

There are no commitments in existence at balance date that have been made, guaranteed or secured by the council to a related party.

Notes to the Financial Report for the year ended 30 June 2017

Note 36 Senior Officer Remuneration

(c) Senior Officers Remuneration

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

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

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

<i>Income Range:</i>	2017 No.	2016 No.
\$139,000 - \$141,999	-	3
\$142,000 - \$149,999	4	6
\$150,000 - \$159,999	8	2
\$160,000 - \$169,999	8	6
\$170,000 - \$179,999	5	8
\$180,000 - \$189,999	5	1
\$190,000 - \$199,999	1	1
\$200,000 - \$209,999	-	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
\$260,000 - \$269,999	-	2
	32	36
	\$'000	\$'000
Total Remuneration for the reporting year for Senior Officers included above, amounted to	5,318	6,553

* Prior year comparative information differs from the 2016/17 disclosures due to changes in the accounting standard requirements taking effect from the 2016/17 financial year onwards. Refer to Note 35.

** Amounts include annual leave and long service leave balance payouts due to senior staff ceasing employment with the City of Port Phillip during the financial year.

Note 37 Events occurring after balance date

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

Certification of the Financial Report

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

Dennis O’Keeffe CA
Principal Accounting Officer

Date: / / 2017
St Kilda

In our opinion, the accompanying financial report presents fairly the financial transactions of the City of Port Phillip for the year ended 30 June 2017 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 report 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

Bernadene Voss
Mayor & Councillor

Date: / / 2017
St Kilda

Katherine Copsey
Councillor

Date: / / 2017
St Kilda

Peter Smith
Chief Executive Officer

Date: / / 2017
St Kilda

Glossary

Item	Explanation
Accrual accounting	System of accounting where items are brought to account and included in the Financial Statements as they are earned or incurred, rather than as they are received or paid.
Accumulated surplus	The value of all net assets accumulated over time.
AIFRS	Australian equivalents to International Financial Reporting Standards.
Asset expansion expenditure	Expenditure that extends the capacity of an existing asset to provide benefits to new users at the same standard as is provided to beneficiaries.
Asset renewal expenditure	Expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability.
Asset upgrade expenditure	Expenditure that: <ul style="list-style-type: none"> (a) enhances an existing asset to provide a higher level of service or (b) increases the life of the asset beyond its original life.
Assets	Future economic benefits controlled by Council as a result of past transactions or other past events.
Bad and doubtful debts	Bad debts written off and the movement in the bad debt provision for infringement debtors and sundry debtors.
Balance sheet	A quantitative summary of Council's financial condition at 30 June, including assets, liabilities and net equity.
Borrowing costs	Interest paid on borrowings.
Capital expenditure	Capital expenditure is relatively large (material) expenditure that produces economic benefits expected to last for more than 12 months. A pre-determined 'threshold' may be used which indicates the level of expenditure deemed to be material in accordance with Council's policy. Capital expenditure includes renewal, expansion and upgrade. Where capital projects involve a combination of renewal, expansion and upgrade expenditures, the total project cost needs to be allocated accordingly.
Cash and cash equivalents	Cash and investments readily convertible to cash, including cash on hand, cash held in the bank, deposits at call and highly liquid investments.
Contributions	Contributions received by Council are received for the purpose of providing and improving public open space, provision/improvement of the drainage system and in relation to specific projects.
Comprehensive Income Statement	A financial statement highlighting the accounting surplus or deficit which highlights whether Council has sufficient revenue to meet expenses in the current year, including non-cash costs such as depreciation expenditure. It also includes other comprehensive income items including net asset revaluation increment (decrement reversal) and share of other comprehensive income of associates and joint ventures accounted for by the equity method, to arrive at a 'comprehensive result'. The comprehensive result equates to the movement in net assets or total equity.
Current assets	Assets where Council expects to receive the future economic benefit within the next twelve months unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.
Current liabilities	Liabilities where Council expects to fulfil its obligation within the next twelve months unless the Council does not have an unconditional right to defer settlement of the liability for at least twelve months after reporting date.

Glossary

Item	Explanation
Depreciation	An expense which recognises the value of a fixed asset as it is used up over time.
Employee benefits	Relates to wages and salaries, casual staff payments, annual leave, long service leave, superannuation, fringe benefits tax, WorkCover and redundancy payments.
Equity	The residual interest in the assets of Council after deduction of its liabilities, which is made up of accumulated surplus and reserves. Total equity is also equal to net assets.
Expense	An outgoing payment made by Council.
Financing activities	Financing activities means those activities which relate to changing the size and composition of the financial structure of the entity, including equity and borrowings not falling within the definition of cash.
Fixed assets	See Property, infrastructure, plant and equipment.
Grants – non-recurrent	Grant income received for a 'one off' specific purpose, generally for a particular project.
Grants – recurrent	Grant income received on a regular basis (i.e. quarterly, annually) and granted to Council by another entity for specific or general purposes.
Income	Income is the amount of money that Council actually receives from its activities, mostly from rates and services provided to customers and ratepayers.
Infrastructure	Non-current property, plant and equipment excluding land.
Interest	Includes interest earned on all cash and investment balances, interest earned on rates and unrealised gains on managed fund investments.
Interest bearing loans and borrowings	Council's borrowings.
Investing activities	Investing activities means those activities which relate to acquisition and disposal of non-current assets, including property, plant and equipment and other productive assets, and investments not falling within the definition of cash.
Liabilities	Future sacrifices of economic benefits that Council is presently obliged to make to other entities as a result of past transactions or other past events.
Materials and administrative costs	Expenditure incurred in relation to building maintenance, general maintenance, plant and equipment maintenance, office and administration, insurance, registration and Metropolitan Fire Brigade levy, financial and legal costs and information technology costs.
Changes in equity for the period	The net movement in the net surplus (deficit) and asset revaluation increments (decrements). This is also equal to the change in net assets.
Net asset revaluation increment (decrement)	This represents the increase (decrease) between the old valuation and new valuation of property and infrastructure asset classes, which were re-valued during the year.
Net assets	The difference between total assets and total liabilities, which represents Council's net worth. Net assets are also equal to total equity.
Net gain (loss) on disposal of property, plant and equipment, infrastructure	The net of income received in relation to the sale of assets and the carrying amount of assets sold, replaced or disposed of during the year.
New asset expenditure	Expenditure that creates a new asset that provides a service that does not currently exist.

Glossary

Item	Explanation
Non-current assets	Assets where the future economic benefit is not expected to be received within the next twelve months or where the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.
Non-current assets classified as held for sale	Non-current assets that Council intends to sell within the next twelve months.
Non-recurrent grants	Means a grant obtained on the condition that it is expended in a specified manner and is not expected to be received again during the period covered by a Council's Strategic Resource Plan.
Non-current liabilities	Liabilities where the obligation is not expected to be fulfilled within the next twelve months or where Council has a right to defer settlement of the liability for at least twelve months after reporting date.
Other expenses	Includes auditors' remuneration, Councillors' allowances, operating lease rentals, impairment losses, community grants and contributions, training and professional development expenditure, contract settlement expenditure and expenditure incurred in relation to special rate schemes.
Other income	Income received from donations, insurance recoveries, craft markets, festivals, local laws, right-of-way sales, transport and other sources.
PERIN	Refers to Penalty Enforcement by Registration of Infringement Notice. A system established under Schedule 7 of the <i>Magistrates Court Act 1989 (Vic)</i> to deal with unpaid fines.
Prepayments	Payments made by Council in advance of receiving the goods or services.
Property, infrastructure, plant and equipment	Often referred to as Fixed Assets. This is the largest component of Council's asset base or worth. This represents the value of all land, buildings, roads, footpaths, drains, bridges, vehicles, plant and equipment and so on, which are recorded on Council's asset register.
Provisions	Includes accrued long-service leave, annual leave, sick leave and rostered days off owing to employees at reporting date.
Rate and charges	Income received from ratepayers in relation to general rates, garbage rates and special rate schemes.
Recurrent grant	A grant other than a non-recurrent grant.
Reserves	Includes the asset revaluation reserve which includes the net revaluation increments and decrements arising from the revaluation of fixed assets in accordance with AASB 1041 'Revaluation of Non-Current Assets'. Other reserves include statutory reserves such as resort and recreation and carpark and general reserves where money is held in reserve for specific projects.
Restricted cash	Cash and cash equivalents, within the meaning of AAS, that are not available for use other than a purpose for which it is restricted, and includes cash to be used to fund capital works expenditure from the previous financial year.
Right-of-way	Former laneway no longer required for access to surrounding properties.
Share of net profits (losses) of associates and joint ventures	Council's share of the net profit/loss recognised in its joint venture partnerships.
Statement of capital works	Means a statement which shows all capital expenditure of a council in relation to non-current assets and asset expenditure type.

Glossary

Item	Explanation
Statement of cash flows	The statement of cash flows shows the net cash inflows and outflows in the forthcoming year in the form of a reconciliation between the opening and closing balances of total cash and investments for the year. The cash flow statement should be prepared in accordance with the requirements of AASB 107 Statement of Cash Flows.
Statement of changes in equity	The statement of changes in equity shows the movement in Accumulated Surplus and reserves for the year. The net movement in the net surplus (deficit) and asset revaluation increments (decrements). This is also equal to the change in net assets.
Statutory fees and fines	Includes parking infringements and costs, PERIN court recoveries, town planning fees, land information certificates and trader parking and street furniture permits.
Statutory reserves	Statutory reserves are funds set aside for specified statutory purposes in accordance with various legislative requirements. These reserves are not available for other purposes.
Strategic Resource Plan	Means the Strategic Resource Plan prepared by Council under Section 126 of the Act.
Surplus (deficit)	Represents the difference between total revenues, expenses, net gain (loss) on disposal of property, plant and equipment, infrastructure and share of net profits (losses) of associates and joint ventures accounted for by the equity method.
Trade and other payables	Monies owed <u>by</u> Council to other entities/individuals.
Trade and other receivables	Monies owed <u>to</u> Council by ratepayers and other parties less provisions for doubtful debts.
Trust funds and deposits	Monies received by Council for a specific purpose, which are to be refunded upon a specific event occurring (e.g.. Council assets are not damaged). If that specific event does not occur, Council is entitled to recognise these monies as income.
Unrestricted cash	Unrestricted cash represents all cash and cash equivalents other than restricted cash.
User fees	Income received by Council from a variety of fees and charges such as aged and health services fees, animal and local law fines and registrations, building permits and other charges, child care/children’s program fees, debt collection recovery charges, debt collection recovery charges, election fines, recreation fees, library fines and other charges and tow-away charges.