

**FINANCE 2008 -2009****Comparative Report Standard Statements**

for the year ended 30 June 2009



**Maribyrnong**  
CITY COUNCIL



**Maribyrnong City Council**  
**Comparative Report**  
**Standard Statements**  
for the year ended 30 June 2009

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**Maribyrnong City Council**  
**Comparative Report**  
**Standard Statements**  
for the year ended 30 June 2009

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**Notes to Standard Statements**

**1. Basis of preparation of Standard Statements**

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

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

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

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

The Standard Statements compare council's financial plan, expressed through its budget, with actual performance. The Local Government Act 1989 requires explanation of any material variances. The Council has adopted a materiality threshold of greater than 10 per cent and more than \$100,000. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures included in the Statements are those adopted by Council on 24 June 2008. The budget was based on assumptions that were relevant at the time of adoption of the budget. The Council set guidelines and parameters for revenue and expense targets in this budget in order to meet council's business plan and financial performance targets for both the short and long term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

**Maribyrnong City Council**  
**Comparative Report**  
**Income Statement**  
*for the year ended 30 June 2009*

	Budget 2008/09 \$'000	Variances \$'000	%	Ref	Actuals 2008/09 \$'000
<b>Revenue</b>					
Rates and charges	52,586	362	1		52,948
Statutory fees and fines	6,268	318	5		6,586
User fees and other charges	7,563	546	7		8,109
Grants	8,137	2,625	32	1	10,762
Grants - non recurrent	5,206	728	14	2	5,934
Contributions	208	569	274	3	777
Other revenue	1,323	251	19	4	1,574
Interest	1,080	896	83	5	1,976
<b>Total revenue</b>	<b>82,371</b>	<b>6,295</b>	<b>8</b>		<b>88,666</b>
<b>Expenses</b>					
Employee benefits	34,917	(1,458)	(4)		36,375
Materials and services	24,378	(6,210)	(25)	6	30,588
Bad and doubtful debts	782	(160)	(20)	7	942
Depreciation	9,500	(502)	(5)		10,002
Other expenses	518	(16)	(3)		534
Finance costs	1,200	42	4		1,158
<b>Total expenses</b>	<b>71,295</b>	<b>(8,304)</b>	<b>(12)</b>		<b>79,599</b>
Contributions non-monetary assets	1,200	1,175	98	8	2,375
Net gain (loss) on disposal of property, plant and equipment, infrastructure	450	(1,947)	(433)	9	(1,497)
Control of assets transferred to State Government	-	(16,681)	(100)	10	(16,681)
<b>Surplus/(Deficit) for the period</b>	<b>12,726</b>	<b>(19,462)</b>	<b>(153)</b>		<b>(6,736)</b>



**Maribyrnong City Council**  
**Comparative Report**  
**Income Statement**  
*for the year ended 30 June 2009*

**Variance Explanation Report**

Item	Ref	Explanation
<b>Income</b>		
Grants	1	Both State and Federal Governments have advanced funding to Council prior to the end of the financial year. These funds will be expended on projects budgeted to occur in the 2009/2010 financial year.
Grants - non recurrent	2	Both State and Federal Governments have advanced funding to Council prior to the end of the financial year. These funds will be expended on projects budgeted to occur in the 2009/2010 financial year.
Contributions	3	The amount received from developers for open space and developer contributions exceeded budget. Any receipts in the way of Open Space or Developer Contributions are transferred to the appropriate statutory reserves.
Other revenue	4	This variance is primarily due to recoveries for road openings, permits etc. which were offset within the materials and services expense item.
Interest	5	Council, when preparing the 2008/2009 budget, took a conservative approach to interest rates. This along with significant government funding being received prior to the end of the financial year, is the principle cause for this variance.
<b>Expenditure</b>		
Materials and services	6	Expenditure budgeted within Council's capital and improvement program has been expensed in accordance with Council's accounting policies, causing a shift of \$5.9M to this item. There were also receipts in carried forward year grants of \$5.7M and other revenue, which partly offsets some of this expenditure. Road rehabilitation works for Stephens and Soudan Streets of \$1.4M and some additional legal costs.
Bad and doubtful debts	7	The provision for doubtful debts has been increased in-line with the increased debtor balances for infringements .

**Maribyrnong City Council  
Comparative Report  
Income Statement**  
*for the year ended 30 June 2009*

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**Variance Explanation Report (continued)**

Item	Ref	
<b>Other</b>		
Contributions non-monetary assets	8	This item had a nominal budget, as the value and timing for the handover of infrastructure from developments and subdivisions is unknown when the budget is prepared.
Net gain (loss) on disposal of property, plant and equipment, infrastructure	9	Only Fleet disposals are budgeted, due to the uncertain timing of disposals and the value of infrastructure assets demolished during the construction of the new assets.
Control of assets transferred to State Government	10	Council's decision to resign as committee of management for the Whitten Oval land and buildings \$16.7M is the primary reason for this variance.



**Maribyrnong City Council**  
**Comparative Report**  
**Balance Sheet**  
*for the year ended 30 June 2009*

	Budget 2008/09 \$'000	Variances \$'000	%	Ref	Actuals 2008/09 \$'000
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	26,606	7,087	27	1	33,693
Trade and other receivables	8,333	(604)	(7)		7,729
Other assets	531	(131)	(25)	2	400
<b>Total current assets</b>	<b>35,470</b>	<b>6,352</b>	<b>18</b>		<b>41,822</b>
<b>Non-current assets</b>					
Trade and other receivables	121	5	4		126
Property, plant and equipment, infrastructure	580,988	54,304	9		635,292
<b>Total non-current assets</b>	<b>581,109</b>	<b>54,309</b>	<b>9</b>		<b>635,418</b>
<b>Total assets</b>	<b>616,579</b>	<b>60,661</b>	<b>10</b>		<b>677,240</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	10,624	3,423	32	3	7,201
Trust funds and deposits	609	(1,691)	(278)	4	2,300
Provisions	9,266	(571)	(6)		9,837
Interest bearing loans and borrowings	3,129	-	-		3,129
<b>Total current liabilities</b>	<b>23,628</b>	<b>1,161</b>	<b>5</b>		<b>22,467</b>
<b>Non-current liabilities</b>					
Provisions	1,098	370	34	5	728
Interest bearing loans and borrowings	13,045	4	-		13,041
<b>Total non-current liabilities</b>	<b>14,143</b>	<b>374</b>	<b>3</b>		<b>13,769</b>
<b>Total liabilities</b>	<b>37,771</b>	<b>1,535</b>	<b>4</b>		<b>36,236</b>
<b>Net assets</b>	<b>578,808</b>	<b>62,196</b>	<b>11</b>		<b>641,004</b>
<b>Equity</b>					
Accumulated surplus	286,760	(25,019)	(9)		261,741
Asset revaluation reserve	286,254	82,410	29	6	368,664
Other reserves	5,794	4,805	83	7	10,599
<b>Total equity</b>	<b>578,808</b>	<b>62,196</b>	<b>11</b>		<b>641,004</b>

The above statement should be read with the accompanying notes.

**Maribyrnong City Council**  
**Comparative Report**  
**Balance Sheet**  
*for the year ended 30 June 2009*

Variance Explanation Report	Ref	Explanation
<b>Item</b>		
<b>Assets</b>		
Cash and cash equivalents	1	Both State and Federal Governments have advanced funding to Council prior to the end of the financial year. These funds will be expended on projects budgeted to occur in the 2009/2010 financial year.
Other assets	2	Accrued income was down due to the timing of investment returns received prior to 30 June.
<b>Liabilities</b>		
Trade and other payables	3	Outstanding creditors are significantly down due to capital projects completed early and utility invoices received on time.
Trust funds and deposits	4	Increased receipt of asset protection deposits due to increased activity in the building sector.
Provisions	5	Overall Provisions remain within 2% of budget when the movement between current and non current is considered.
Asset revaluation reserve	6	Asset revaluations are not budgeted for as the timing and value are unknown at the time of budget preparation.
Other reserves	7	Anticipated reserve transfers were not required due to increased government funding. Greater than budgeted collections for Open space and Developer Contributions have also contributed to this variance.



**Maribyrnong City Council**  
**Comparative Report**  
**Standard Cash Flow Statement**  
*for the year ended 30 June 2009*

	<b>Adopted Budget 2008/09 \$'000</b>	<b>Variances \$'000</b>	<b>%</b>	<b>Ref</b>	<b>Actuals 2008/09 \$'000</b>
	<b>Inflows/ (Outflows)</b>	<b>Inflows/ (Outflows)</b>			<b>Inflows/ (Outflows)</b>
<b>Cash flows from operating activities</b>					
Receipts from customers	67,776	3,781	6		71,557
Payments to suppliers	(58,073)	(13,785)	(24)	1	(71,858)
<b>Net cash inflow from customers/suppliers</b>	<b>9,703</b>	<b>(10,004)</b>	<b>(103)</b>		<b>(301)</b>
Interest	1,080	1,600	148	2	2,680
Grants	8,137	2,625	32	3	10,762
Grants - non recurrent	5,205	729	14	4	5,934
Other revenue	10	(10)	(100)		-
<b>Net cash provided by operating activities</b>	<b>24,135</b>	<b>(5,060)</b>	<b>(21)</b>		<b>19,075</b>
<b>Cash flows from investing activities</b>					
Payments for property, plant and equipment, infrastructure	(20,656)	7,599	37	5	(13,057)
Proceeds from sale of property, plant and equipment, infrastructure	450	4	1		454
<b>Net cash used in investing activities</b>	<b>(20,206)</b>	<b>7,603</b>	<b>38</b>		<b>(12,603)</b>
<b>Cash flows from financing activities</b>					
Trust funds and deposits	2	532	(26,600)	6	534
Finance costs	(1,200)	-	-		(1,200)
Repayment of interest bearing loans and borrowings	(2,915)	(3)	(0)		(2,918)
<b>Net cash used in financing activities</b>	<b>(4,113)</b>	<b>529</b>	<b>13</b>		<b>(3,584)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(184)</b>	<b>3,072</b>	<b>1,670</b>		<b>2,888</b>
Cash and cash equivalents at the beginning of financial year	26,790	4,015	15		30,805
<b>Cash and cash equivalents at the end of the financial year</b>	<b>26,606</b>	<b>7,087</b>	<b>27</b>		<b>33,693</b>

The above statement should be read with the accompanying notes.

**Maribyrnong City Council**  
**Comparative Report**  
**Standard Cash Flow Statement**  
*for the year ended 30 June 2009*

**Variance Explanation Report**

Item	Ref	Explanation
<b>Cash flows from operating activities</b>		
Payments to suppliers	1	Expenditure budgeted within Council's capital and improvement program has been expensed in accordance with Council's accounting policies, causing a shift of \$5.9M to this item. There were also payments from prior year grants of \$3.8M, which partly offsets some of this expenditure. Road rehabilitation works for Stephens and Soudan Streets \$1.4M as well as some additional legal costs.
Interest	2	Council, when preparing the 2008/2009 budget, took a conservative approach to interest rates. This along with significant government funding being received prior to the end of the financial year, is the principle cause for this variance.
Grants	3	Both State and Federal Governments have advanced funding to Council prior to the end of the financial year. These funds will be expended on projects budgeted to occur in the 2009/2010 financial year.
Grants - non recurrent	4	Both State and Federal Governments have advanced funding to Council prior to the end of the financial year. These funds will be expended on projects budgeted to occur in the 2009/2010 financial year.
<b>Net cash used in investing activities</b>		
Payments for property, plant and equipment, infrastructure	5	Items budgeted within Council's capital and improvement program has been expensed in accordance with Council's accounting policies causing a shift of \$5.9M expenditure to non capitalised project expenditure.
<b>Cash flows from financing activities</b>		
Trust funds and deposits	6	Increased receipt of asset protection deposits due to increased activity in the building sector.



**Maribyrnong City Council**  
**Comparative Report**  
**Standard Statement of Capital Works**  
*for the year ended 30 June 2009*

Capital Works Areas	Budget 2008/09 \$'000	Variances		Ref	Actuals 2008/09 \$'000
		\$'000	%		
Roads, streets & bridges	4,516	(165)	4		4,681
Community facilities and Other	4,854	1,546	(32)	1	3,308
Plant, equipment and other	4,986	386	(8)		4,600
Assets under construction	-	(468)	(100)	2	468
<b>Total Capital works</b>	<b>14,356</b>	<b>1,299</b>	<b>(9)</b>		<b>13,057</b>
Operating - major works	6,300	318	(5)		5,982
<b>Total capital &amp; improvement program</b>	<b>20,656</b>	<b>1,617</b>	<b>(8)</b>		<b>19,039</b>
<b>Represented by:</b>					
Renewal	6,713	446	7		6,267
Upgrade	3,723	719	19	3	3,004
New assets	3,061	58	2		3,003
Other	859	76	9		783
Operating - major works	6,300	318	5		5,982
<b>Total capital &amp; improvement program</b>	<b>20,656</b>	<b>1,617</b>	<b>8</b>		<b>19,039</b>

Property, Infrastructure, Plant and Equipment movement Reconciliation Worksheet	Budget 2008/09 \$'000	Variances			Actuals 2008/09 \$'000
		\$'000	%		
The movement between the previous year and the current year in property, infrastructure, plant and equipment as shown in the Balance Sheet which links to the following items:					
Total capital works	14,356	(1,299)	(9)		13,057
Contributions non-monetary assets	1,200	1,175	98	4	2,375
Depreciation	(9,500)	(502)	5		(10,002)
Written down value of assets sold or disposed	-	(18,632)	(100)	5	(18,632)
<b>Net movement in property, infrastructure, plant and equipment</b>	<b>6,056</b>	<b>(19,258)</b>	<b>(318)</b>		<b>(13,202)</b>

The above statement should be read with the accompanying notes.

**Maribyrnong City Council**  
**Comparative Report**  
**Standard Statement of Capital Works**  
*for the year ended 30 June 2009*

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**Variance Explanation Report**

Item	Ref	Explanation
<b>Capital Works Areas</b>		
Community facilities and Other	1	There are two major projects that did not get completed during the year. Yarraville Community centre \$376K and Mclvor reserve pavillon \$689K.
Assets under construction	2	This item is not budgeted for as it is assumed that all projects will be completed during the current year and partly off sets Ref 1 above.
Upgrade	3	There are two major projects that did not get completed during the year. Yarraville Community centre \$376K and Mclvor reserve pavillon \$689K.
Contributions non-monetary assets	4	This item had a nominal budget, as the value and timing for the handover of infrastructure from developments and subdivisions is unknown when the budget is prepared.
Written down value of assets sold or disposed	5	Council's decision to resign as committee of management for the Whitten Oval land and buildings \$16.7M is the primary reason for this variance.



**Maribyrnong City Council**  
**Comparative Report**  
**Certification of the Standard Statements**  
for the year ended 30 June 2009

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

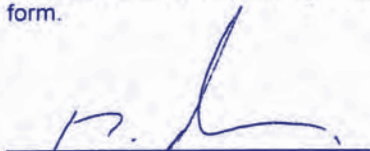


Bryan Stone CPA  
Principal Accounting Officer  
7 September 2009  
Footscray

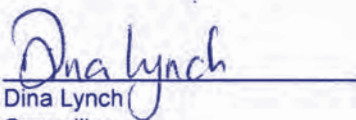
In our opinion, the accompanying standard statements have been prepared on accounting bases consistent with the financial statements and in accordance with the Local Government Act 1989 and the Local Government (Finance and Reporting) Regulations 2004.

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


We have been authorised by Council on 25th August 2009 to certify the standard statements in their final form.



Michael Clarke  
Councillor  
7 September 2009  
Footscray



Dina Lynch  
Councillor  
7 September 2009  
Footscray



Kerry Thompson  
Chief Executive Officer  
7 September 2009  
Footscray

**Maribyrnong City Council**  
**Financial Report**  
 for the year ended 30 June 2009



**Maribyrnong**  
 CITY COUNCIL

**Annual Financial Report**  
**for the year ended 30 June 2009**

**FINANCIAL REPORT**  
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**Maribyrnong City Council****Financial Report**

for the year ended 30 June 2009

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**Maribyrnong City Council*****Income Statement***

for the year ended 30 June 2009

	<i>Note</i>	<b>2009</b> \$'000	<b>2008</b> \$'000
<b>Revenue</b>			
Rates and charges	3	52,948	49,016
Statutory fees and fines	4	6,586	6,295
User fees and other charges	5	8,109	7,922
Grants - recurrent	6	10,762	9,097
Grants - non recurrent	6	5,934	4,189
Contributions	7	777	1,515
Reimbursements	8	1,378	1,932
Interest	9	1,976	1,849
Facility hire	10	196	222
<b>Total revenue</b>		<b>88,666</b>	<b>82,037</b>
<b>Expenses</b>			
Employee benefits	12	36,375	32,262
Materials and services	13	30,588	30,979
Bad and doubtful debts	14	942	2,410
Depreciation	15	10,002	9,414
Finance costs	16	1,158	1,328
Other expenses	17	534	340
<b>Total expenses</b>		<b>79,599</b>	<b>76,733</b>
Contributions non-monetary assets	7	2,375	4,450
Net (loss) on disposal of property, plant and equipment, infrastructure	11	(1,497)	(1,341)
Control of assets transferred to State Government	21 (b)	(16,681)	-
<b>Surplus/(Deficit) for the period</b>		<b>(6,736)</b>	<b>8,413</b>

*The above statement should be read with the accompanying notes.*



**Maribyrnong City Council****Balance Sheet***for the year ended 30 June 2009*

	Note	2009 \$'000	2008 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	18	33,693	30,805
Trade and other receivables	19	7,729	5,990
Other assets	20	400	1,284
<b>Total current assets</b>		<b>41,822</b>	<b>38,079</b>
<b>Non-current assets</b>			
Trade and other receivables	19	126	116
Property, plant and equipment, infrastructure	21	635,292	648,278
<b>Total non-current assets</b>		<b>635,418</b>	<b>648,394</b>
<b>Total assets</b>		<b>677,240</b>	<b>686,473</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	22	7,201	8,568
Trust funds and deposits	23	2,300	1,766
Provisions	24	9,837	8,840
Interest bearing loans and borrowings	25	3,129	2,918
<b>Total current liabilities</b>		<b>22,467</b>	<b>22,092</b>
<b>Non-current liabilities</b>			
Provisions	24	728	470
Interest bearing loans and borrowings	25	13,041	16,171
<b>Total non-current liabilities</b>		<b>13,769</b>	<b>16,641</b>
<b>Total liabilities</b>		<b>36,236</b>	<b>38,733</b>
<b>Net assets</b>		<b>641,004</b>	<b>647,740</b>
<b>Equity</b>			
Accumulated surplus		261,741	269,023
Asset revaluation reserve	26	368,664	368,664
Other reserves	26	10,599	10,053
<b>Total equity</b>		<b>641,004</b>	<b>647,740</b>

*The above statement should be read with the accompanying notes.*

**Maribyrnong City Council**  
**Statement of Changes in Equity**  
*for the year ended 30 June 2009*

	<i>Note</i>	<b>Total 2009 \$'000</b>	<b>Accumulated Surplus 2009 \$'000</b>	<b>Asset Revaluation Reserve 2009 \$'000</b>	<b>Other Reserves 2009 \$'000</b>
<b>2009</b>					
Balance at beginning of the financial year		647,740	269,023	368,664	10,053
Surplus (deficit) for the year		(6,736)	(6,736)	-	-
Transfers to other reserves	26	-	(3,488)	-	3,488
Transfers from other reserves	26	-	2,942	-	(2,942)
<b>Balance at end of the financial year</b>		<b>641,004</b>	<b>261,741</b>	<b>368,664</b>	<b>10,599</b>

		<b>Total 2008 \$'000</b>	<b>Accumulated Surplus 2008 \$'000</b>	<b>Asset Revaluation Reserve 2008 \$'000</b>	<b>Other Reserves 2008 \$'000</b>
<b>2008</b>					
Balance at beginning of the financial year		556,917	262,143	286,254	8,520
Surplus (deficit) for the year		8,413	8,413	-	-
Net asset revaluation increment (decrement)	26	82,410	-	82,410	-
Transfers to other reserves	26	-	(1,533)	-	1,533
<b>Balance at end of the financial year</b>		<b>647,740</b>	<b>269,023</b>	<b>368,664</b>	<b>10,053</b>

*The above statement should be read with the accompanying notes.*



**Maribyrnong City Council****Cash Flow Statement***for the year ended 30 June 2009*

	<b>Note</b>	<b>2009 \$'000</b>	<b>2008 \$'000</b>
		<b>Inflows/ (Outflows)</b>	<b>Inflows/ (Outflows)</b>
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Rates and charges		53,010	48,857
Statutory fees and fines		4,662	4,974
User fees and other charges		8,324	9,957
Grants - recurrent		10,762	9,097
Grants - non recurrent		5,934	4,189
Contributions		777	1,515
Reimbursements		1,378	1,932
Other revenue		-	1
Interest		2,680	1,036
Facility hire		196	222
Net GST refund		3,210	2,647
		<b>90,933</b>	<b>84,427</b>
<b>Payments</b>			
Employee benefits		(34,733)	(31,470)
Materials and services		(36,591)	(34,650)
Other expenses		(534)	(340)
		<b>(71,858)</b>	<b>(66,460)</b>
<b>Net cash provided by operating activities</b>	<b>27</b>	<b>19,075</b>	<b>17,967</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment, infrastructure		(13,057)	(10,350)
Proceeds from sale of property, plant and equipment, infrastructure		454	274
<b>Net cash used in investing activities</b>		<b>(12,603)</b>	<b>(10,076)</b>
<b>Cash flows from financing activities</b>			
Trust funds and deposits		534	223
Finance costs		(1,200)	(1,367)
Repayment of interest bearing loans and borrowings		(2,918)	(2,658)
<b>Net cash used in financing activities</b>		<b>(3,584)</b>	<b>(3,802)</b>
Net increase (decrease) in cash and cash equivalents		2,888	4,089
Cash and cash equivalents at the beginning of financial year		30,805	26,716
<b>Cash and cash equivalents at the end of the financial year</b>	<b>18</b>	<b>33,693</b>	<b>30,805</b>
Financing arrangements	<b>28</b>		
Restrictions on cash assets	<b>29</b>		

The above statement should be read with the accompanying notes.

**Maribyrnong City Council**  
***Notes to the Financial Report***  
*for the year ended 30 June 2009*

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**Introduction**

The City of Maribyrnong was established by an Order of the Governor in Council on 15th December 1994 and is a body corporate. The Council's main office is located at the corner of Napier and Hyde Streets Footscray.

The purpose of the Council is to:

- provide for the peace, order and good governance of its municipal district;
- to promote the social, economic and environmental viability and sustainability of the municipal district;
- to ensure that the resources are used efficiently and effectively and services are provided in accordance with the Best Value Principles to best meet the needs of the local community;
- to improve the overall quality of life of the people in the local community;
- to promote appropriate business and employment opportunities;
- to ensure that services and facilities provided by the Council are accessible and equitable;
- to ensure the equitable imposition of rates and charges; and
- to ensure transparency and accountability in Council decision making.

External Auditor - Auditor General of Victoria

Internal Auditor - McLean Delmo

Solicitors - Maddocks

Website - [www.maribyrnong.vic.gov.au](http://www.maribyrnong.vic.gov.au)

Bankers - Commonwealth Bank of Australia

Authorised Deposit Institutions: Commonwealth Bank of Australia  
National Australia Bank  
Westpac  
Members Equity  
IMB  
Bank West  
Bank of Cyprus Australia  
Suncorp  
Citi Bank  
Maitland Mutual Building Society  
Investec Bank (Australia) Limited  
Macquarie Bank Limited

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



## **Maribyrnong City Council**

### ***Notes to the Financial Report***

*for the year ended 30 June 2009*

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#### **1 Significant accounting policies**

##### **(a) Basis of accounting**

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

The financial report has also been prepared under historical cost convention except where specifically stated in the notes.

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

All entities controlled by Council that have material assets or liabilities, such as Special Committees of Management, have been included in this financial report. All transactions between these sections and the Council have been eliminated in full. There are no material entities controlled by Council in these accounts.

##### **(b) Changes in Accounting Policy**

Due to the changes consistent with AASB 1051, Council has adopted the recognition of land under roads acquired from 30 June 2008 onwards.

##### **(c) Revenue recognition**

###### **Rates, grants and contributions**

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

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

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

Control over contributed assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and are valued at their fair value at the date of transfer.

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

Where grants or contributions recognised as revenue during the reporting period were obtained on the condition that they would be expended in a particular manner, or used over a particular period and those conditions were undischarged as at the reporting date, the unused grant or contribution is disclosed in note 6(c). 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.

Contributed infrastructure assets, in the form of land, roads, drains, footpaths etc, which are received as a condition of development, have been recognised as revenue.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided at balance date.



**Maribyrnong City Council**  
**Notes to the Financial Report**  
*for the year ended 30 June 2009*

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**1 Significant accounting policies (continued)**

**User fees and other charges**

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

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

**Sale of property, plant and equipment, infrastructure**

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

**Interest and rent**

Interest and rent are recognised as revenue on a proportional basis when the payment is due, the value of payment is notified, or the payment is received, whichever first occurs.

**(d) Depreciation of property, plant and equipment, infrastructure**

Building, 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 the major asset classes reassessed annually. Depreciation rates and methods are reviewed annually.

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

Road earthworks and artworks are not depreciated.

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

Major depreciation periods are listed in note 1(g) and are consistent with prior year unless otherwise stated.

**(e) 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.

**(f) Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred. This includes interest on bank overdrafts, interest on borrowings and finance lease charges.



**Maribyrnong City Council**  
**Notes to the Financial Report**  
*for the year ended 30 June 2009*

**1 Significant accounting policies (continued)**

**(g) Recognition and measurement of assets**

**Acquisition**

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

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 related fixed and variable overheads.

The following classes of assets have been recognised in note 21. In accordance with Council's policy, the threshold limits and useful lives detailed below have been applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

<b>Class of Asset</b>	<b>Threshold Limit 2009 \$'000</b>	<b>Depreciation period 2009</b>
<b>Property</b>		
Land	10	n/a
Buildings*	10	50-100 years
Land under roads	20	n/a
<b>Plant and Equipment</b>		
Motor Vehicles	5	7 years
Plant & Machinery	1	10 years
<b>Furniture, Fittings and Equipment</b>		
Furniture & Fittings	1	10 years
Computers	1	3 years
<b>Infrastructure Assets</b>		
Road Base	20	80 years
Road Pavement	20	25 years
Kerb and Channel	10	50 years
Bridges	50	80 years
Car parks	10	20 years
Rights of Ways*	10	20-100 years
Footpaths and cycleways	10	50 years
Drains	10	100 years
Other Infrastructure*	10	20-100 years
<b>Cultural Items</b>		
Cultural assets*	10	1-8 years

\* Dependent upon materials used in construction and usage



**Maribyrnong City Council**  
**Notes to the Financial Report**  
*for the year ended 30 June 2009*

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**1 Significant accounting policies (continued)**

**Revaluation**

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and machinery, motor vehicles, furniture, fittings, computers, other assets and cultural items, are measured at their fair value, being the amount for which the assets could be exchanged between knowledgeable willing parties in an arms length transaction. At balance date, 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 differs from the fair value the assets class was revalued.

In addition, Council undertakes a formal revaluation of land, buildings and infrastructure assets on a regular basis from 2 to 5 years depending on any material changes to fair value. The valuation is performed either by experienced Council officers or independent experts.

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

**Land under roads**

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

**(h) Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, deposits at call and other highly liquid investments with original maturities of twelve months or less, net of outstanding bank overdrafts.

**(i) Financial assets**

Managed funds are valued at fair value, being market value, at balance date. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.



**Maribyrnong City Council**  
**Notes to the Financial Report**  
*for the year ended 30 June 2009*

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**1 Significant Accounting Policies (continued)**

**(j) Tender deposits**

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

**(k) Employee benefits**

**Wages and salaries**

Liabilities for salaries & wages and accrued days were recognised and measured as the amount unpaid at balance date and include appropriate oncosts such as workers compensation and payroll costs.

**Annual leave**

Annual leave entitlements are accrued on a pro rata basis in respect of service provided by employees up to balance date. Annual leave expected to be paid within 12 months is measured at nominal value based on the amount, including appropriate oncosts, expected to be paid when settled. If there is any annual leave expected to be paid later than one year it will be measured at the present value of the estimated future cash outflows to be made for those accrued entitlements. Department of Treasury and Finance rates are used for discounting future cash flows.

**Long Service Leave**

Long service leave entitlements payable are assessed at balance date having regard to expected employee remuneration rates on settlement, employment related oncosts and other factors including accumulated years of employment, on settlement, and experience of employee departure per year of service. Long service leave expected to be paid within 12 months is measured at nominal value based on the amount expected to be paid when settled. Long service leave expected to be paid later than one year has been measured at present value of the estimated future cash outflows to be made for these accrued entitlements. Department of Treasury and Finance rates are used for discounting future cash flows.

**Classification of employee benefits**

An employee benefit liability is classified as a current liability if the Council does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the period. This would include all annual leave and unconditional long service leave entitlements.



**Maribyrnong City Council**  
***Notes to the Financial Report***  
*for the year ended 30 June 2009*

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**1 Significant Accounting Policies (continued)**

**Superannuation**

A liability is recognised in respect of Council's present obligation to meet the unfunded obligations of defined benefit superannuation schemes to which its employees are members. The liability is defined as Council's share of the scheme's unfunded position, being the difference between the present value of employees' accrued benefits and the net market value of the scheme's assets at balance date. The liability also includes the applicable contributions tax of 17.65%.

The superannuation expense for the reporting period is the amount of the statutory contribution the Council makes to the superannuation plan which provides benefits to its employees, together with any movements (favourable/unfavourable) in the position of any defined benefits scheme. Details of these arrangements are set out in the note 30.

**Retirement Gratuities**

Retirement gratuities were provided to certain employees who joined the Council prior to 8 December 1994 and their entitlements were frozen as at 14 December 2000. The liability represents a set proportion based on years of service that is payable on termination. At balance date, the liability is measured at the present value of the estimated future cashflows to be made for this entitlement.

**(l) Leases**

**Finance Leases**

There are no finance leases for material amounts held by Council.

**Operating Leases**

Lease payments for operating leases are recognised as an expense in the years in which they are incurred as this reflects the pattern of benefits derived by the Council.

**Leasehold improvements**

There are no leasehold improvements held by Council.

**(m) Allocation between current and non-current**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be realised within the next twelve months, being the Council's operational cycle, or if the Council does not have an unconditional right to defer settlement of a liability for at least 12 months after the reporting date.



**Maribyrnong City Council**  
**Notes to the Financial Report**  
*for the year ended 30 June 2009*

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**1 Significant Accounting Policies (continued)**

**(n) Agreements equally proportionately unperformed**

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

**(o) Web site costs**

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

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

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

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

**(q) Rounding**

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

**(r) Impairment of assets**

At each reporting date, the Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

**(s) Financial guarantees**

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

**Maribyrnong City Council**  
**Notes to the Financial Report**  
for the year ended 30 June 2009

**2 Income, expenses and assets by function/activities**

(a)	Community Wellbeing		Corporate Services		Infrastructure Services		Sustainable Development		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>INCOME</b>										
Grants	7,278	6,500	242	320	2,268	2,174	6,908	4,292	16,696	13,286
Other	1,942	1,910	7,321	6,827	4,198	7,082	61,576	57,382	75,037	73,201
<b>TOTAL</b>	<b>9,220</b>	<b>8,410</b>	<b>7,563</b>	<b>7,147</b>	<b>6,466</b>	<b>9,256</b>	<b>68,484</b>	<b>61,674</b>	<b>91,733</b>	<b>86,487</b>
<b>EXPENSES</b>	<b>(17,702)</b>	<b>(15,813)</b>	<b>(14,719)</b>	<b>(13,117)</b>	<b>(35,847)</b>	<b>(28,522)</b>	<b>(30,201)</b>	<b>(20,622)</b>	<b>(98,469)</b>	<b>(78,074)</b>
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>	<b>(8,482)</b>	<b>(7,403)</b>	<b>(7,156)</b>	<b>(5,970)</b>	<b>(29,381)</b>	<b>(19,266)</b>	<b>38,283</b>	<b>41,052</b>	<b>(6,736)</b>	<b>8,413</b>
<b>ASSETS ATTRIBUTED TO FUNCTIONS/ACTIVITIES*</b>	<b>-</b>	<b>-</b>	<b>41,948</b>	<b>38,195</b>	<b>635,292</b>	<b>648,278</b>	<b>-</b>	<b>-</b>	<b>677,240</b>	<b>686,473</b>

\*Assets have been attributed to functions/activities based on the control and/or custodianship of specific assets.



## Maribyrnong City Council

### *Notes to the Financial Report*

for the year ended 30 June 2009

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## 2 Revenues, expenses and assets by function/activity (continued)

### (b) The activities of Council are categorised into the following broad functions:

#### **Community Wellbeing**

The Community Wellbeing branch promotes and enhances community wellbeing through funding programs, service provision, community partnerships and regulatory activity.

This function includes the following services:

Aged & Diversity	Community Learning & Libraries
Community Planning & Advocacy	Community Wellbeing Management
Family Services & Community Projects	

#### **Corporate Services**

The Corporate Services branch is responsible for providing a range of strategic and operational services to all business units and Council as a whole.

This function includes the following services:

Corporate Services Management	Council & Community Relations
Emergency Management	Office of CEO
Information Services	Traffic & Local Laws
Organisation Development	

#### **Infrastructure Services**

The Infrastructure Services branch is responsible for the provision of infrastructure and asset management of property and open space.

This function includes the following services:

City Services	Infrastructure Planning
Infrastructure Services Management	Parks & Gardens
Property Management	Transport & Special Projects

#### **Sustainable Development**

The Sustainable Development branch is responsible for protecting, enhancing and developing the Council's social and physical environment. The broad objective will be achieved through planning, coordination and delivery of a range of high quality, cost efficient community and environmental services which are responsive to the needs of residents and other service users.

This function includes the following services:

Building Control	Economic Development
Leisure & Open Space	Sustainability
Sustainable Management	Urban Planning
Finance	

**Maribyrnong City Council**  
**Notes to the Financial Report**  
for the year ended 30 June 2009

		2009 \$'000	2008 \$'000
<b>3 Rates and charges</b>			
Council uses Net Annual Value (NAV) as the basis of valuation of all properties within the municipal district.			
The valuation base used to calculate general rates for 2008/09 was \$819,865 million (2007/08, \$637,673 million). The 2008/09 rate in the NAV dollar was 6.40445 cents (2008, 7.6165 cents).			
	Assessments for 2008/09 rate strike		
Residential	27,342	35,217	31,835
Commercial	4,304	10,500	10,186
Industrial	1,122	6,427	6,161
Supplementary rates & adjustments		795	820
Environmental charge		9	14
	<u>32,768</u>	<u>52,948</u>	<u>49,016</u>

The date of the previous general revaluation of land for rateable purposes within the municipal district was 1 January 2008 and the valuation first applied to the rating period commencing 1 July 2008.

The date of the next general revaluation of land for rateable purposes within the Municipal district is 1 January 2010 and the valuation first applies to the rating period commencing 1 July 2010.

**4 Statutory fees and fines**

Permits	1,453	1,404
Fees	405	927
Fines - infringements & costs	4,603	3,922
Magistrates	52	-
Fines other	73	42
	<u>6,586</u>	<u>6,295</u>

**5 User fees and other charges**

Certificates	125	144
Customer service requests	346	193
Fees	3,616	3,887
Bookings	3,268	3,116
Plant hire	355	292
*Miscellaneous fees	78	57
Sale of information	211	100
Product sales	110	133
	<u>8,109</u>	<u>7,922</u>

\*The Mausoleum trust was set up in 1999 to provide for the future maintenance of the cemetery in the long term over 10 to 15 years. The full amount received to date of \$509,000 has been set aside to Reserves (\$470,000 at 30 June 2008).



**Maribyrnong City Council**  
**Notes to the Financial Report**  
for the year ended 30 June 2009

	2009 \$'000	2008 \$'000
<b>6 Grants</b>		
Grants were received in respect of the following:		
(a) Grants - recurrent		
Federal appropriations	952	936
Federal grants	1,082	524
Home and Community Care (HACC)	2,357	2,106
Other operating revenues	2,419	2,163
Fee assistance	591	786
Victorian Grants Commission (VGC)	2,863	1,969
Other operating grants	498	613
Total recurrent	10,762	9,097
(b) Grants - non recurrent		
Federal appropriations	248	197
VGC	489	365
Other granted revenues	5,197	3,627
Total non current	5,934	4,189
	16,696	13,286
Summary of grants		
HACC	2,357	2,106
VGC	3,352	2,334
Other	10,987	8,846
Total grants	16,696	13,286
(c) Conditions on Grants		
Grants recognised as revenue during the year and obtained on the condition that they be expended in a specific manner that had not occurred at balance date were:		
Best start	227	-
Clare court redevelopment	500	-
HAAC	227	86
Footscray arts centre (Henderson house)	302	200
Footscray at night	104	-
Highpoint development capacity study	100	65
Nicholson street mall	275	502
Streetscaping - Leeds street	760	70
Yarraville community centre	321	539
Yarraville station	134	-
Victorian Grants Commission (VGC)	679	197
Preventing violence	126	114
Immunisation	114	-
Railway reserve	825	-
Other misc. programs	1,073	1,163
Footscray hockey centre	-	240
Footscray park storm water recycling	-	475
Stephens street	-	153
	5,767	3,804

All grants over \$100,000 which were listed in the prior year, have been expensed in the year following their receipt, except for those shown with balances carried forward in both years.

**Maribyrnong City Council**  
**Notes to the Financial Report**  
for the year ended 30 June 2009

	2009 \$'000	2008 \$'000
<b>7 Contributions</b>		
(a) Cash contributions		
Developer contributions	315	917
Open space contributions	462	598
	<u>777</u>	<u>1,515</u>

**Conditions on contributions**

Contributions recognised as revenues during the year and were obtained on the condition that they be expended in a specific manner that had not occurred at balance date were:

(b) Non-monetary assets		
Land and buildings	400	3,120
Land under roads	513	-
Infrastructure assets	1,462	1,249
Cultural items	-	81
	<u>2,375</u>	<u>4,450</u>

Non monetary assets contributed include roads, drains, footpaths and parks which may be created in the construction of large scale residential developments. On completion of the development they are donated to the City for ongoing maintenance and replacement. Contributed assets are valued at their current replacement cost of \$2,375,000 in 2009 (\$4,450,000 in 2008).

**8 Reimbursements**

Cost recoveries	697	625
Wage & Utility recoveries	39	5
Recovery other	642	1,302
	<u>1,378</u>	<u>1,932</u>



**Maribyrnong City Council**  
**Notes to the Financial Report**  
for the year ended 30 June 2009

	2009 \$'000	2008 \$'000
<b>9 Interest</b>		
Interest on rates	230	188
Interest on cash assets	1,746	1,661
	<u>1,976</u>	<u>1,849</u>
<b>10 Facility hire</b>		
Council facilities (permanent bookings)	196	222
	<u>196</u>	<u>222</u>
<b>11 Net (loss) on disposal of property, plant and equipment, infrastructure</b>		
<b>(a) Land &amp; buildings</b>		
Less written down value of buildings sold or disposed	-	(127)
(Loss) on sale of land & buildings	-	(127)
<b>(b) Infrastructure</b>		
Written down value of assets disposed	(1,230)	(1,033)
(Loss) on disposal of infrastructure assets	(1,230)	(1,033)
<b>(c) Plant and equipment</b>		
Proceeds from sale of assets	454	274
Less written down value of assets sold	(331)	(169)
Profit on sale of plant and equipment	123	105
<b>(d) Cultural Items</b>		
(Loss) on disposal of library items	(390)	(286)
(Loss) on disposal of library items	(390)	(286)
<b>Summary</b>		
Proceeds from sale of assets	454	274
Less written down value of assets sold	(1,951)	(1,615)
<b>Total (loss) on disposal of assets</b>	<u>(1,497)</u>	<u>(1,341)</u>

**Maribyrnong City Council**  
**Notes to the Financial Report**  
for the year ended 30 June 2009

	2009 \$'000	2008 \$'000
<b>12 Employee benefits</b>		
Wages & Salaries	35,606	31,738
Bonuses	38	3
Employee costs	554	348
Fringe benefits tax	177	173
	<u>36,375</u>	<u>32,262</u>
<b>13 Materials and services</b>		
Non capitalised project expenses	5,982	6,491
Maintenance costs	985	1,460
Contract services	4,512	6,094
Consulting services	1,360	749
Legal expenses	1,318	822
Insurances	665	780
Tip fees	997	914
Memberships and subscriptions	97	74
Fire brigade levy	833	802
Property costs	170	170
Lease payments	257	216
Other	6	3
Community contributions	1,480	1,282
Vehicle & Plant costs	1,281	1,258
Computer & communications	1,962	1,730
Supplies & services	8,683	8,134
	<u>30,588</u>	<u>30,979</u>
<b>14 Bad and doubtful debts</b>		
Parking fine debtors	741	2,229
Other debtors	201	181
	<u>942</u>	<u>2,410</u>



**Maribyrnong City Council**  
**Notes to the Financial Report**  
 for the year ended 30 June 2009

		2009 \$'000	2008 \$'000
<b>15</b>	<b>Depreciation</b>		
	Land and buildings	1,689	1,366
	Infrastructure assets	5,916	5,704
	Plant and machinery	887	950
	Furniture, fittings & equipment	466	505
	Other Assets	648	546
	Library and cultural items	396	343
		<u>10,002</u>	<u>9,414</u>
<b>16</b>	<b>Finance costs</b>		
	Interest - borrowings	<u>1,158</u>	<u>1,328</u>
		<u>1,158</u>	<u>1,328</u>
<b>17</b>	<b>Other expenses</b>		
	Mayoral & Councillor allowances	172	135
	External audit (Auditor General)	53	54
	Other auditors' services	98	67
	Elections	206	-
	Other miscellaneous	<u>5</u>	<u>84</u>
		<u>534</u>	<u>340</u>

**Maribyrnong City Council**  
**Notes to the Financial Report**  
for the year ended 30 June 2009

	2009 \$'000	2008 \$'000
<b>18 (i) Cash and cash equivalents</b>		
Cash on hand and at bank	3,590	4,331
Managed funds at call	-	4,468
Term deposits	30,103	22,006
	<u>33,693</u>	<u>30,805</u>

Users of the financial report should refer to note 29 for details of restrictions on cash assets and note 31 for details of existing Council commitments.

**19 Trade and other receivables**

**Current**

Rates debtors	2,551	2,623
Sundry debtors	3,088	1,914
Less allowance for doubtful debts	-	(231)
	<u>3,088</u>	<u>1,683</u>
Perin fine debtors	557	299
Less allowance for doubtful debts	(425)	(236)
	<u>132</u>	<u>63</u>
Infringement debtors	7,636	6,291
Less allowance for doubtful debts	(6,008)	(5,345)
	<u>1,628</u>	<u>946</u>
Net GST receivable	330	675
	<u>7,729</u>	<u>5,990</u>

**Non current**

Deferred rates	126	116
Loans and advances to community organisations	750	750
Less allowance for doubtful debts	(750)	(750)
	<u>126</u>	<u>116</u>

Deferred rates are those which can be deferred under Section 170 of the Local Government Act due to hardship.

The \$750,000 advance to the Western Bulldogs Football Club is secured by a debenture over their assets. The debenture was registered with ASIC in 1996 but will only be activated if the conditions of the debenture are broken. The amount has been provided in full on the assumption that the conditions would not be broken and no payment would be required. The lease expires in 2021.

**20 Other assets**

Accrued income	109	813
Prepayments	272	455
Inventories held for sale	19	16
	<u>400</u>	<u>1,284</u>



**Maribyrnong City Council**  
**Notes to the Financial Report**  
 for the year ended 30 June 2009

	2009 \$'000	2008 \$'000
<b>21 Property, plant and equipment, infrastructure</b>		
<b>Summary</b>		
at cost	40,702	31,656
Less: accumulated depreciation	(12,261)	(11,089)
	<u>28,441</u>	<u>20,567</u>
at fair value as at 30 June 2008	1,248	1,248
Less: accumulated depreciation	(16)	-
	<u>1,232</u>	<u>1,248</u>
at Council valuation as at 30 June 2007	352,394	352,461
Less: accumulated depreciation	(141,394)	(136,092)
	<u>211,000</u>	<u>216,369</u>
at Council valuation as at 30 June 2008	439,587	459,423
Less: accumulated depreciation	(47,855)	(49,329)
	<u>391,732</u>	<u>410,094</u>
at Council valuation as at 30 June 2009	2,887	-
	<u>2,887</u>	<u>-</u>
	<u>635,292</u>	<u>648,278</u>
<b>Property</b>		
<b>Land</b>		
At independent valuation as at 30 June 2008	297,788	305,394
	<u>297,788</u>	<u>305,394</u>
<b>Land under roads (LUR)</b>		
At deemed cost as at 30 June 2009	513	-
	<u>513</u>	<u>-</u>
<b>Buildings</b>		
At cost	3,513	-
Less: accumulated depreciation	(9)	-
Independent valuation at 30 June 2008	141,799	154,029
Less: accumulated depreciation	(47,855)	(49,329)
	<u>97,448</u>	<u>104,700</u>
<b>Total</b>	<u>395,749</u>	<u>410,094</u>

**Maribyrnong City Council**  
**Notes to the Financial Report**  
for the year ended 30 June 2009

	2009 \$'000	2008 \$'000
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**21 Property, plant and equipment, infrastructure (continued)**

Valuation of land (excluding land under roads) and buildings was undertaken by a qualified independent valuer Mr Vin Bourke, Certified Practising Valuer (CPV), Rating Valuation services. The valuation of buildings is at fair value based on current replacement cost less accumulated depreciation at the date of valuation. The valuation of land is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. All freehold land reserved for public open space is valued at a discount of 30 percent to market value based on legal precedents.

Valuation of land under roads were undertaken by a qualified independent valuer Mr Vin Bourke, Certified Practising Valuer (CPV), Rating Valuation services. Land under roads is valued at deemed cost. Deemed cost is based on valuations at 30 June 2009 for land under roads acquired during the year, using site values adjusted for englobo valued at a discount of 95%, for (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services.

Valuations of land and buildings were undertaken by a qualified independent valuer as at 30 June 2008.

**Plant and machinery**

**Plant and machinery**

At cost	7,854	7,549
Less: accumulated depreciation	(4,096)	(3,870)
<b>Total</b>	<b>3,758</b>	<b>3,679</b>

**Equipment and computers**

**Equipment and computers**

At cost	2,826	2,594
Less: accumulated depreciation	(2,115)	(1,752)
<b>Total</b>	<b>711</b>	<b>842</b>

**Infrastructure and other assets**

**Roads, streets & bridges**

At cost	3,810	2,211
Less: accumulated depreciation	(20)	(17)
At fair value as at 30 June 2008 contributed assets	554	554
Less: accumulated depreciation	(7)	-
Council valuation at 30 June 2007	210,879	210,551
Less: accumulated depreciation	(86,436)	(82,681)
At fair value as at 30 June 2009 contributed assets	1,313	-
	<b>130,093</b>	<b>130,618</b>



**Maribyrnong City Council**  
**Notes to the Financial Report**  
for the year ended 30 June 2009

	2009 \$'000	2008 \$'000
<b>21 Property, plant and equipment, infrastructure (continued)</b>		
<b>Footpaths and cycleways</b>		
At cost	1,696	781
Less: accumulated depreciation	(32)	(3)
At fair value as at 30 June 2008 contributed assets	101	101
Less: accumulated depreciation	(3)	-
Council valuation at 30 June 2007	36,874	37,269
Less: accumulated depreciation	(18,366)	(17,870)
At fair value as at 30 June 2009 contributed assets	149	-
	<u>20,419</u>	<u>20,278</u>
<b>Drains</b>		
At cost	783	173
Less: accumulated depreciation	(4)	-
At fair value as at 30 June 2008 contributed assets	593	593
Less: accumulated depreciation	(6)	-
Council valuation at 30 June 2007	104,642	104,641
Less: accumulated depreciation	(36,592)	(35,541)
At fair value as at 30 June 2009 contributed assets	912	-
Less: accumulated depreciation	(1)	-
	<u>70,327</u>	<u>69,866</u>
<b>Infrastructure assets total</b>	<u>220,839</u>	<u>220,762</u>
<b>Other assets</b>		
At cost	12,729	10,612
Less: accumulated depreciation	(3,637)	(3,230)
	<u>9,092</u>	<u>7,382</u>
<b>Total</b>	<u>229,931</u>	<u>228,144</u>

Valuation of infrastructure assets has been determined in accordance with Council's valuation undertaken by Mr. Gary Balcam. The valuation is at fair value based on replacement cost less accumulated depreciation as at date of valuation.

Council completed a full revaluation of all infrastructure assets except other assets as at 30 June 2007.

Mr. Peter Batson. Manager Asset Systems, SMEC Australia P/L.

Infrastructure Assets and indexation  
Mr. Gary Balcam. Bsc in Civil Engineering, M.Eng.,

**Maribyrnong City Council**  
**Notes to the Financial Report**  
for the year ended 30 June 2009

	2009 \$'000	2008 \$'000
<b>21 Property, plant and equipment, infrastructure (continued)</b>		
<b>Cultural items</b>		
<b>Cultural items</b>		
At cost	4,480	4,369
Less: accumulated depreciation	(2,348)	(2,217)
<b>Total</b>	<u>2,132</u>	<u>2,152</u>
 <b>Works in progress - at cost</b>	 <u>3,011</u>	 <u>3,367</u>
 <b>Total property, plant and machinery, infrastructure</b>	 <u>635,292</u>	 <u>648,278</u>

Impairment losses are recognised in the income statement under other expenses. Reversals of impairment losses are recognised in the income statement under other revenue.



**Maribyrnong City Council**  
**Notes to the Financial Report**  
for the year ended 30 June 2009

**21 Property, plant and equipment, infrastructure (continued)**

2009	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements)	Depreciation and amortisation	Written down value of disposals	Transfers In (out)	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Property</b>							
Land	305,394	-	-	-	(7,606)	-	297,788
Land under roads	-	513	-	-	-	-	513
<b>Total land</b>	<b>305,394</b>	<b>513</b>	<b>-</b>	<b>-</b>	<b>(7,606)</b>	<b>-</b>	<b>298,301</b>
Buildings	104,700	3,303	-	(1,689)	(9,076)	210	97,448
<b>Total buildings</b>	<b>104,700</b>	<b>3,303</b>	<b>-</b>	<b>(1,689)</b>	<b>(9,076)</b>	<b>210</b>	<b>97,448</b>
<b>Total property</b>	<b>410,094</b>	<b>3,816</b>	<b>-</b>	<b>(1,689)</b>	<b>(16,682)</b>	<b>210</b>	<b>395,749</b>
<b>Plant and Equipment</b>							
Plant and machinery	3,679	1,297	-	(887)	(331)	-	3,758
Equipment and computers	842	335	-	(466)	-	-	711
Cultural items	2,152	591	-	(396)	(215)	-	2,132
<b>Total plant and equipment</b>	<b>6,673</b>	<b>2,223</b>	<b>-</b>	<b>(1,749)</b>	<b>(546)</b>	<b>-</b>	<b>6,601</b>
<b>Infrastructure</b>							
Roads, streets & bridges	130,618	3,735	-	(4,067)	(1,068)	875	130,093
Footpaths and cycleways	20,278	1,064	-	(787)	(136)	-	20,419
Drainage	69,866	1,523	-	(1,062)	-	-	70,327
Other assets	7,382	1,409	-	(648)	(174)	1,123	9,092
<b>Total infrastructure</b>	<b>228,144</b>	<b>7,731</b>	<b>-</b>	<b>(6,564)</b>	<b>(1,378)</b>	<b>1,998</b>	<b>229,931</b>
<b>Works in progress</b>							
Infrastructure - projects	3,367	2,095	-	-	-	(2,208)	3,254
Non capitalised expenditure	-	-	-	-	-	(243)	(243)
<b>Total works in progress</b>	<b>3,367</b>	<b>2,095</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,451)</b>	<b>3,011</b>
<b>Total property, plant and equipment, infrastructure</b>	<b>648,278</b>	<b>15,865</b>	<b>-</b>	<b>(10,002)</b>	<b>(18,606)</b>	<b>(243)</b>	<b>635,292</b>

(a) Impairment losses

Impairment losses are recognised in the income statement under other expenses.

Reversals of impairment losses are recognised in the income statement under other revenue.

(b) On 31 May 2009 Council relinquished its statutory and legal responsibility as committee of management and lessor of David Spurling reserve (which includes the Whitten Oval). At that date the control over the assets was transferred to the Dept. of Sustainability and Environment. The written down value of the assets transferred amounted to \$16.7M.

**Maribyrnong City Council**  
**Notes to the Financial Report**  
for the year ended 30 June 2009

**21 Property, plant and equipment, infrastructure (continued)**

2008	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements)	Depreciation and amortisation	Written down value of disposals	Transfers In (out)	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Property</b>							
Land	231,433	3,120	70,841	-	-	-	305,394
Total land	231,433	3,120	70,841	-	-	-	305,394
Buildings	94,412	212	11,569	(1,366)	(127)	-	104,700
Total buildings	94,412	212	11,569	(1,366)	(127)	-	104,700
Total property	325,845	3,332	82,410	(1,366)	(127)	-	410,094
<b>Plant and Equipment</b>							
Plant and machinery	3,834	964	-	(950)	(169)	-	3,679
Equipment and computers	806	541	-	(505)	-	-	842
Cultural items	2,346	436	-	(344)	(286)	-	2,152
Total plant and equipment	6,986	1,941	-	(1,799)	(455)	-	6,673
<b>Infrastructure</b>							
Roads, streets & bridges	132,505	2,451	-	(3,901)	(751)	314	130,618
Footpaths and cycleways	20,334	882	-	(753)	(185)	-	20,278
Drainage	70,147	767	-	(1,048)	-	-	69,866
Other assets	5,740	2,285	-	(546)	(97)	-	7,382
Total infrastructure	228,726	6,385	-	(6,248)	(1,033)	314	228,144
<b>Works in progress</b>							
Infrastructure - projects	1,049	3,312	-	-	(680)	(314)	3,367
Total works in progress	1,049	3,312	-	-	(680)	(314)	3,367
<b>Total property, plant and equipment, infrastructure</b>	<b>562,606</b>	<b>14,970</b>	<b>82,410</b>	<b>(9,413)</b>	<b>(2,295)</b>	<b>-</b>	<b>648,278</b>

(a) Impairment losses

Impairment losses are recognised in the income statement under other expenses.

Reversals of impairment losses are recognised in the income statement under other revenue.



Maribyrnong City Council  
**Notes to the Financial Report**  
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	2009 \$'000	2008 \$'000
<b>22 Trade and other payables</b>		
<b>Current</b>		
Creditors	5,097	6,781
Accrued expenses	2,104	1,787
<b>Total Payables</b>	<u>7,201</u>	<u>8,568</u>
<b>23 Trust funds and deposits</b>		
<b>Current</b>		
Refundable asset protection deposits	1,095	951
Refundable capital works retentions	9	19
Other refundable security deposits	951	542
Refundable civic facilities deposits	245	254
	<u>2,300</u>	<u>1,766</u>
Deposits and retentions are held until the works or services have been completed. At completion of the agreement the deposit is refunded less any claim for damages via forfeiture.		
<b>24 Provisions</b>		
<b>Employee benefits</b>		
<b>Current</b> (i)		
Annual leave	3,307	2,911
Retirement gratuity	1,151	1,112
Long service leave	5,379	4,817
	<u>9,837</u>	<u>8,840</u>
(i) All annual leave, and long service leave entitlements representing 10 or more years of continuous service: - Short term employee benefits, that fall due within 12 months after the end of the reporting period were measured at nominal value. - Other long term employee benefits that do not fall due within 12 months after the end of the reporting period were measured at present value.		
<b>Non current</b> (ii)		
Long service leave	728	470
	<u>728</u>	<u>470</u>
(ii) Long service leave representing less than 10 years of continuous service measured are present value.		
<b>Total employee benefits</b>	<u>10,565</u>	<u>9,310</u>
Aggregate carrying amount of employee benefits:		
Current	9,837	8,840
Non-current	728	470
	<u>10,565</u>	<u>9,310</u>

Maribyrnong City Council  
**Notes to the Financial Report**  
 for the year ended 30 June 2009

	2009 \$'000	2008 \$'000
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**24 Provisions (continued)**

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

Wage inflation rate	4.5%	4.6%
Weighted average discount rates	5.5%	7%
Weighted average settlement period	13 yrs	13 yrs

2009	Annual leave \$'000	Long service \$'000	Gratuity \$'000	Total \$'000
Balance at beginning of the financial year	2,911	5,287	1,112	9,310
Additional provisions	2,072	1,086	86	3,244
Amounts used	(1,676)	(390)	(47)	(2,113)
Increase in discounted amount arising because of time and the effect in discount rate change.	-	124	-	124
Balance at the end of the financial year	3,307	6,107	1,151	10,565

2008	Annual leave \$'000	LSL service \$'000	Gratuity \$'000	Total \$'000
Balance at beginning of the financial year	2,641	4,941	1,121	8,703
Additional provisions	2,080	764	27	2,871
Amounts used	(1,810)	(415)	(36)	(2,261)
Increase in discounted amount arising because of time and the effect in discount rate change.	-	(3)	-	(3)
Balance at the end of the financial year	2,911	5,287	1,112	9,310

**25 Interest bearing loans and borrowings**

**Current**

Borrowings - Secured	3,129	2,918
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**Non Current**

Borrowings - Secured	13,041	16,171
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	16,170	19,089
--	--------	--------

	16,170	19,089
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The maturity profile for Council's borrowings is:

Not later than one year	3,129	2,918
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Later than one year and not later than five years	8,841	11,276
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Later than five years	4,200	4,895
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	16,170	19,089
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Aggregate carrying amount of Interest-bearing liabilities:

Borrowings - Secured	16,170	19,089
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	16,170	19,089
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**Maribyrnong City Council**  
**Notes to the Financial Report**  
for the year ended 30 June 2009

**26 Reserves**

	2009 \$'000	2008 \$'000
<b>(a) Asset revaluation reserve</b>		
Represented by:		
Land	230,155	230,155
Buildings	52,158	52,158
Roads, streets & bridges	55,438	55,438
Footpaths	5,581	5,581
Drains	25,332	25,332
Balance at end of the financial year	<u>368,664</u>	<u>368,664</u>

The asset revaluation reserve is to update the valuation of non current assets.

**(b) Other reserves**

Major program reserve

Balance at beginning of the financial year	5,038	5,038
Transfer to accumulated surplus	(2,561)	-
Transfer from accumulated surplus	2,666	-
Balance at end of the financial year	<u>5,143</u>	<u>5,038</u>

The purpose of this reserve is to segregate asset investment funds until commencement of the major projects.

Mausoleum trust reserve

Balance at beginning of the financial year	470	452
Transfer from accumulated surplus	39	18
Balance at end of the financial year	<u>509</u>	<u>470</u>

The purpose of the Mausoleum trust reserve is for the future maintenance of the cemetery in the long term over 10 to 15 years and was established in 1998/99.

Open space reserve

Balance at beginning of the financial year	2,724	2,126
Transfer to accumulated surplus	(376)	-
Transfer from accumulated surplus	462	598
Balance at end of the financial year	<u>2,810</u>	<u>2,724</u>

The open space reserve is to segregate the levies collected until required for major works within the open space strategy.

Developer contributions reserve

Balance at beginning of the financial year	1,821	904
Transfer to accumulated surplus	(5)	-
Transfer from accumulated surplus	321	917
Balance at end of the financial year	<u>2,137</u>	<u>1,821</u>

The developer contributions reserve is to segregate the levies collected until required for major works within each developer contribution plan.

**Total other reserves**

10,599      10,053

**(c) Summary of reserves**

Asset revaluation reserve	368,664	368,664
Other reserves	<u>10,599</u>	<u>10,053</u>

**TOTAL**

379,263      378,717

**Maribyrnong City Council**  
**Notes to the Financial Report**  
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	2009 \$'000	2008 \$'000
<b>27 Reconciliation of cash flows from operating activities to surplus/(deficit)</b>		
Surplus/(deficit) for the period	(6,736)	8,413
<b>Non cash items</b>		
Depreciation	10,002	9,414
Loss/(profit) on disposal of property, infrastructure, plant and equipment	1,497	1,341
Control of assets transferred	16,681	-
Contributions of non-monetary assets	(2,375)	(4,450)
Write-off of non current assets	983	509
Bad & Doubtful debts	942	2,410
	<u>20,994</u>	<u>17,637</u>
<b>Movement included in investment and financing activities</b>		
Financing costs	-	1,367
<b>Change in assets and liabilities:</b>		
Decrease/(Increase) in trade and other receivables	(2,691)	(645)
Decrease/(Increase) in other assets	704	(813)
Decrease/(Increase) in inventory	(3)	8
Increase/(Decrease) in trade and other payables	(1,184)	(194)
Increase/(Decrease) in employee provisions	1,255	607
	<u>19,075</u>	<u>17,967</u>
<b>Net cash inflows provided by operating activities</b>	<u>19,075</u>	<u>17,967</u>
<b>28 Financing arrangements</b>		
Unrestricted access was available at balance date to the following lines of credit:		
Bank loans	16,170	19,089
Bank overdraft	200	200
Purchasing card	150	150
<b><u>Total credit facilities</u></b>	<u>16,520</u>	<u>19,439</u>
Bank loans (Note 25)	16,170	19,089
Purchasing card	33	22
<b><u>Used facilities at balance date</u></b>	<u>16,203</u>	<u>19,111</u>
Bank overdraft	200	200
Purchasing card	117	128
<b><u>Unused facilities at balance date</u></b>	<u>317</u>	<u>328</u>



**Maribyrnong City Council**  
**Notes to the Financial Report**  
for the year ended 30 June 2009

29	Restricted assets	2009 \$'000	2008 \$'000
	Council has cash assets and cash equivalents that are subject to restrictions. As at the reporting date, Council had legislative restrictions in relation to employee entitlements and general reserve funds.		
	Grants (Note 6)	5,767	3,804
	Trust funds (Note 23)	2,300	1,766
	Long service leave	5,287	4,556
	Mausoleum trust (Note 26)	509	470
	Developer reserves (Note 26)	2,137	1,821
	Open Space reserve (Note 26)	2,810	2,724
	Subject to external restrictions	18,810	15,141

The restricted asset for long service leave is based on the Local Government (Long Service Leave) Regulations 2002 and does not necessarily equate to the long service leave liability due to a different basis of calculation prescribed by the regulation.

**30 Superannuation**

Council makes employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (Vision Super). Obligations for contributions are recognised as an expense in the profit or loss when they are due. The fund has two categories of membership, each of which is funded differently.

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

**Defined Benefits Members**

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

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

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



**Maribyrnong City Council**  
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**30 Superannuation benefit (continued)**

Fund surplus or deficit (ie the difference between fund assets and liabilities) are calculated differently for funding purposes (ie calculating required contributions) and for the calculation of accrued benefits as required in AAS 25 to provide the values needed for the AASB 119 disclosure in a council's financial statements. AAS 25 requires that the present value of the benefit liability which is calculated in respect of membership completed at the calculation date makes no allowance for future benefits that may accrue. The actuarial investigation concluded that although the Net Market Value of Assets was in excess of Accrued Benefits at 31 December 2008, based on the assumptions adopted, there was a shortfall of \$71 million when the funding of future benefits was also considered. However, the council has been advised that no additional contributions will be required as at 30 June 2009. The Actuary will undertake the next actuarial investigation as at 30 June 2010 to ascertain if additional contributions are required.

The Fund's liability for accrued benefits was determined in the 31 December 2008 actuarial investigation pursuant to the requirements of Australian Accounting Standard AAS25 as follows:

	<b>31-Dec-08</b> <b>\$'000</b>
Net Market Value of Assets	3,630,432
Less Accrued Benefits (per accounting standards)	<u>3,616,422</u>
Difference between Assets and Accrued Benefits	<u>14,010</u>
Vested Benefits	<u>3,561,588</u>

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

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

**Superannuation expense**

Details of contributions to superannuation funds during the year and contributions payable at 30 June 2009 are as follows:

	<b>2009</b> <b>\$'000</b>	<b>2008</b> <b>\$'000</b>
Employer contributions to the Fund (Vision super)	2,574	2,467
Employer contributions to Hesta super	27	21
Employer contributions to Colonial super	11	10
Employer contributions to Health super	9	9
Employer contributions to Australian super	7	-
Employer contributions to Vicsuper	<u>3</u>	<u>-</u>
	<u>2,631</u>	<u>2,507</u>



**Maribyrnong City Council**  
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**31 Commitments**

The Council has entered into the following commitments:

	2009 \$'000	2008 \$'000
<b>Operating commitments</b>		
Not later than one year	2,495	2,526
Later than one year and not later than five years	3,642	5,902
Later than five years	-	108
	<u>6,137</u>	<u>8,536</u>

Operating commitments are represented by:

Domestic refuse and recycling collection	4,793	6,648
Graffiti	92	171
MAC equipment	30	30
Relocatable buildings	67	156
Internet services	219	299
Ticket machines	-	605
Storm water cleaning	280	350
Other	149	277
Gym equipment	320	-
Public facility cleaning	140	-
Internal audit	47	-
	<u>6,137</u>	<u>8,536</u>

**Capital commitments**

Commitments for capital expenditure contracted for at the end of the year but not recognised in the accounts are payable as follows:

Not later than one year	4,320	3,713
Later than one year and not later than five years	45	-
	<u>4,365</u>	<u>3,713</u>

Capital commitments are represented by:

Footscray Youth Centre	-	2,567
Nicholson St Mall	-	350
Public toilets	-	271
Library	-	145
Yarraville community centre	1,804	-
Mc Ivor reserve	1,297	-
Road sweepers	525	-
Arts centre	245	-
Other	494	380
	<u>4,365</u>	<u>3,713</u>

**Maribyrnong City Council**  
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<b>32</b>	<b>Operating leases</b>	<b>2009</b>	<b>2008</b>
		<b>\$'000</b>	<b>\$'000</b>

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

Not later than one year	300	210
Later than one year and not later than five years	513	239
	813	449

**33**      **Contingent liabilities and contingent assets**

**Contingent liabilities**

The Council has provided guarantees for loans to other entities in respect of these loans and its maximum potential exposure at the reporting date is as follows:

Yarraville Footscray Bowling Club	6	26
Yarraville Soccer Club	46	55
	52	81

As at 30 June 2009 current public liability claims which are considered to have a financial exposure for Council amount to \$80,000 (policy excess) with \$74,800 at 30 June 2008.

The Council is presently involved in several confidential legal matters, which are being conducted through Council's solicitors.

As these matters are yet to be finalised, and the financial outcomes are unable to be reliably estimated, no allowances for these contingencies has been made in the financial report.

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme to ensure that the liabilities of the fund are covered by the assets of the fund. As a result of the increased volatility in financial markets, the likelihood of making such contributions in future periods has increased. At this point in time it is not known if additional contributions will be required, their timing or potential amount.

The Council is unaware of any other contingent liabilities not recognised elsewhere in these accounts.

**Contingent assets**

Contributed assets include roads, drains, footpaths and parks which may be created in the approval and construction of large scale residential developments. On completion of the development they are donated to the City for ongoing maintenance and replacement. Contributed assets are valued at their current replacement cost. It is estimated that approximately \$4,000,000 will be contributed, given a similar level of residential development in the coming year.

Developer contributions to be received in respect of estates currently under development total \$2,375,000 (2007/08 \$4,450,000)



## Maribyrnong City Council

### Notes to the Financial Report

for the year ended 30 June 2009

#### 34 Financial instruments

##### (a) Accounting policy, terms and conditions

Recognised Financial Instruments	Note	Accounting Policy	Terms and Conditions
<b>Financial Assets</b>			
Cash and cash equivalents	18	Cash on hand, at bank and money market call accounts are valued at face value. Investments and bills are valued at unit cost. Investments are held within Council's policies and strict guidelines to minimise the level of risk on interest returns of surplus cash. Interest revenues are recognised as they accrue. Managed funds are measured at market value.	On call deposits returned a floating interest rate of 5.15% (7.32% in 2008). The interest rate at balance date was 3.0% (7.52% in 2008) net of fees. Funds returned fixed interest rate of between 7.5% (<n/a>% in 2007/08), and 4.0% (<n/a>% in 2007/08) net of fees.
Other debtors	19	Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when there is objective evidence that an impairment loss has occurred. Collectability of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured. Credit terms are based on 30 days. These terms and conditions were the same as prior year.
<b>Financial Liabilities</b>			
Trade and other payables	22	Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received.	General Creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.
Interest-bearing loans and borrowings	25	Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables.	Borrowings are secured by way of mortgages over the general rates of Council.  The weighted average on borrowings is 6.3% (6.29% in 2007/08).
Finance Leases		Finance leases are accounted for at their principal amount with the lease payments discounted to present value using the interest rates implicit in the leases.	Council has no finance leases.
Bank overdraft		Overdrafts are recognised at the principal amount. Interest is charged as an expense as it accrues.	The overdraft is subject to annual review. It is secured by a mortgage over Council's general rates and is payable on demand. Interest rates on utilised overdraft were 8.99% (11.62% in 2007/08). The interest rate as at balance date was 8.99% (11.62% in 2007/08).



**Maribyrnong City Council**  
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**34 Financial instruments (cont.)**

**(b) Interest Rate Risk**

The exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised, at balance date are as follows:

2009	Fixed interest maturing in:					Total \$'000
	Floating interest rate \$'000	1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000	Non- interest bearing \$'000	
<b>Financial assets</b>						
Cash and cash equivalents	30,103	-	-	-	3,590	33,693
Trade and other receivables	-	-	-	-	3,418	3,418
Total financial assets	30,103	-	-	-	7,008	37,111
Weighted average interest rate	5.5%	n/a%				
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	-	7,201	7,201
Trust funds and deposits	-	-	-	-	2,300	2,300
Interest-bearing loans and borrowings	-	3,129	8,841	4,200	-	16,170
Total financial liabilities	-	3,129	8,841	4,200	9,501	25,671
Weighted average interest rate		6.3%	6.3%	6.3%		
Net financial assets (liabilities)	30,103	(3,129)	(8,841)	(4,200)	(2,493)	11,440

2008	Fixed interest maturing in:					Total \$'000
	Floating Interest rate \$'000	1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000	Non- interest bearing \$'000	
<b>Financial assets</b>						
Cash and cash equivalents	26,474	-	-	-	4,331	30,805
Trade and other receivables	-	-	-	-	2,358	2,358
Total financial assets	26,474	-	-	-	6,689	33,163
Weighted average interest rate	7.5%	n/a%				
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	-	8,568	8,568
Trust funds and deposits	-	-	-	-	1,766	1,766
Interest-bearing loans and borrowings	-	2,918	11,276	4,895	-	19,089
Total financial liabilities	-	2,918	11,276	4,895	10,334	29,423
Weighted average interest rate		6.2%	6.2%	6.3%		
Net financial assets (liabilities)	26,474	(2,918)	(11,276)	(4,895)	(3,645)	3,740



**Maribyrnong City Council**  
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**34 Financial instruments (cont.)**

**(c) Net Fair Values**

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at balance date are as follows:

Financial Instruments	Total carrying amount as per Balance Sheet		Aggregate net fair value	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Financial assets				
Cash and cash equivalents	33,693	30,805	33,693	30,805
Trade and other receivables	3,418	2,358	3,418	2,358
Total financial assets	37,111	33,163	37,111	33,163
Financial liabilities				
Trade and other payables	7,201	8,568	7,201	8,568
Trust funds and deposits	2,300	1,766	2,300	1,766
Interest-bearing loans and borrowings	16,170	19,089	15,507	17,813
Total financial liabilities	25,671	29,423	25,008	28,147

**(d) Credit Risk**

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is represented by the carrying amount of those assets as indicated in the Balance Sheet.

**(e) Risks and mitigation**

The risks associated with our main financial instruments and our policies for minimising these risks are detailed below.

**Market risk**

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

**Interest rate risk**

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that we use. Non derivative interest bearing assets are predominantly short term liquid assets. Our interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes us to fair value interest rate risk.



## Maribyrnong City Council

### Maribyrnong City Council

Maribyrnong City Council

#### 34 (e) Financial instruments (cont.)

Our loan borrowings are sourced from major Australian banks. If finance leases are required they are sourced from major Australian financial institutions. Overdrafts are arranged with major Australian banks. We manage interest rate risk on our net debt portfolio by:

- ensuring access to diverse sources of funding;
- reducing risks of refinancing by managing in accordance with target maturity profiles; and
- setting prudential limits on interest repayments as a percentage of rate revenue.

We manage the interest rate exposure on our debt portfolio by appropriate budgeting strategies and obtaining approval for borrowings from the Department of Planning and Community Development each year.

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

- conformity with State and Federal regulations and standards,
- capital protection and appropriate liquidity,
- diversification by credit rating, financial institution and investment product,
- monitoring of return on investment,
- benchmarking of returns and comparison with budget.

Maturity will be staggered to provide for interest rate variations and to minimise interest rate risk.

#### **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. We have exposure to credit risk on some financial assets included in our balance sheet. To help manage this risk:

- we have a policy for establishing credit limits for the entities we deal with;
- we may require collateral where appropriate; and
- we only invest surplus funds with financial institutions which have a recognised credit rating specified in our investment policy.

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

We 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 the note 33.

#### **Movement in Other debtors - Provisions for Doubtful Debts**

	2009 \$'000
Balance at the beginning of the year	(231)
New Provisions recognised during the year	-
Amounts already provided for and written off as uncollectible	231
Amounts provided for but recovered during the year	-
Balance at end of year	-



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Maribyrnong City Council

**34 (e) Financial instruments (cont.)****Ageing of Other Debtors**

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

	2009 \$'000	2008 \$'000
Current (not yet due)	2,774	1,559
Past due by up to 30 days	195	177
Past due between 31 and 60 days	30	68
Past due by more than 60 days	89	110
Total Trade & Other Receivables	3,088	1,914

**Ageing of individually impaired Trade and Other Receivables**

At balance date, other debtors representing financial assets with a nominal value of \$nil (2008 \$231K) were impaired. The amount of the provision raised against these debtors was \$nil (2008: \$231K). The individually impaired debtors relate to general and sundry debtor and 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 Other Debtors that have been individually determined as impaired at reporting date was:

	2009 \$'000	2008 \$'000
Current (not yet due)	-	-
Past due by up to 30 days	-	-
Past due between 31 and 60 days	-	-
Past due by more than 60 days	-	231
Total Trade & Other Receivables	-	231

**Liquidity risk**

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

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

To help reduce these risks we:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- 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
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

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



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**34 Financial instruments (cont.)**

The table below lists the contractual maturities for Financial Liabilities.  
These amounts represent undiscounted gross payments including both principal and interest amounts.

2009	1 year or less	2-5 years	>5 years	Contracted Cash Flow	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	7,201	-	-	7,201	7,201
Trust funds and deposits	2,300	-	-	2,300	2,300
Interest-bearing loans and borrowings	3,129	8,841	4,200	16,170	15,507
Total financial liabilities	12,630	8,841	4,200	25,671	25,008

2008	1 year or less	2-5 years	>5 years	Contracted Cash Flow	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	8,568	-	-	8,568	8,568
Trust funds and deposits	1,766	-	-	1,766	1,766
Interest-bearing loans and borrowings	2,918	11,276	4,895	19,089	17,813
Total financial liabilities	13,252	11,276	4,895	29,423	28,147

**(f) Sensitivity disclosure analysis**

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Council believes the following movements are 'reasonably possible' over the next 12 months (Base rates are sourced from the Department of Treasury and Finance Victoria):

- A parallel shift of + 1% and -1% in market interest rates (AUD) from year-end rates of 4.4%.

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

Interest rate risk					
	Carrying amount \$'000	-1 %		+1%	
		-100 basis points Profit \$'000	Equity \$'000	+100 basis points Profit \$'000	Equity \$'000
<b>2009</b>					
<b>Financial assets:</b>					
Cash and cash equivalents	33,693	(337)	(337)	337	337
Trade and other receivables	3,418	n/a	n/a	n/a	n/a
<b>Financial liabilities:</b>					
Interest-bearing loans and borrowings	16,170	n/a	n/a	n/a	n/a
<b>2008</b>	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets:</b>					
Cash and cash equivalents	30,805	(308)	(308)	308	308
Trade and other receivables	2,358	n/a	n/a	n/a	n/a
<b>Financial liabilities:</b>					
Interest-bearing loans and borrowings	19,089	n/a	n/a	n/a	n/a



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35	<b>Auditors' remuneration</b>	<b>2009 \$'000</b>	<b>2008 \$'000</b>
	Audit fee to conduct external audit - Victorian Auditor General	53	54
	Internal audit fees	98	67
		<u>151</u>	<u>121</u>

**36 Events occurring after balance date**

No events occurred after balance date that have any material or significant effect on the Financial Report.

**37 Related party transactions**

**(I) Responsible Persons**

Names of persons holding the position of a Responsible Person at the Council at any time during the year are:

**Councillors**

Michael Clarke	(Councillor 1/7/08 to 3/12/08 then Mayor 4/12/08 to 30/6/09)
Catherine Cumming	(1/7/08 to 30/6/09)
Dina Lynch	(1/7/08 to 30/6/09)
Sel Sanli	(1/7/08 to 30/6/09)
Sarah Carter	(30/11/08 to 30/6/09)
John Cumming	(30/11/08 to 30/6/09)
Martin Zakharov	(30/11/08 to 30/6/09)
Michelle MacDonald	(Mayor 1/07/08 to 30/11/08)
Janet Rice	(1/7/08 to 30/11/08)
Janis Rossiter	(1/7/08 to 30/11/08)

**Chief Executive Officer**

Kerry Thompson

**(ii) Remuneration of responsible persons**

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

Income Range:			<b>2009 No.</b>	<b>2008 No.</b>
\$1	-	\$9,999	2	2
\$10,000	-	\$19,999	7	4
\$20,000	-	\$29,999	-	1
\$30,000	-	\$39,999	-	1
\$40,000	-	\$49,999	1	-
\$240,000	-	\$249,999	-	1
\$270,000	-	\$279,999	1	-
			<u>11</u>	<u>9</u>
Total remuneration for the reporting year for Responsible Persons included above amounted to:			<u>435</u>	<u>383</u>

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**37 Related party transactions (continued)**

**(iii) Retirement benefits**

No retirement benefits have been made by Council to a Responsible Person (2007/08, Nil).

**(iv) Loans, guarantees etc.**

No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year (2007/08, Nil).

**(v) Other transactions**

No transactions other than remuneration payments or the reimbursement of approved expenses were entered into by Council with Responsible Persons, or Related Parties of such Responsible Persons during the reporting year (2007/08, Nil).

**(vi) Senior officers remuneration**

A Senior Officer of Council is a person, other than a Responsible Person, who has management responsibilities and whose total annual remuneration exceeds \$100,000.

The number of Senior Officers, other than the Responsible Persons, are shown below in their relevant income bands:

Income Range:			2009 No.	2008 No.
\$100,000	-	\$109,999	9	4
\$110,000	-	\$119,999	9	9
\$120,000	-	\$129,999	4	3
\$130,000	-	\$139,999	2	-
\$140,000	-	\$149,999	-	1
\$150,000	-	\$159,999	-	1
\$160,000	-	\$169,999	1	1
\$170,000	-	\$179,999	2	-
\$180,000	-	\$189,999	1	1
			28	20
Total Remuneration for the reporting year for Senior Officers included above amount to:			3,433	2,451



**Maribyrnong City Council**  
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**38 Financial ratios (Performance indicators)**

	2009 ratio	2008 ratio	2007 ratio
<b>(a) Debt servicing ratio</b> (to identify the capacity of Council to service its outstanding debt)			
Debt servicing costs refer to the payment of interest on loan borrowings, finance lease and bank overdraft interest. The ratio expresses the amount of interest paid as a ratio of Council's total revenue.			
$\frac{\text{Debt servicing costs}}{\text{Total revenue}}$	0.01	0.02	0.02
<b>(b) Debt commitment ratio</b> (to identify Council's debt redemption strategy)			
The strategy involves the payment of loan principal and interest, finance lease principal and interest. The ratio expresses the percentage of rate revenue utilised to pay interest and redeem debt principal.			
$\frac{\text{Debt servicing \& redemption costs}}{\text{Rate revenue}}$	0.07	0.08	0.07
<b>(c) Revenue ratio</b> (to identify Council's dependence on non-rate revenue)			
The level of Council's reliance on rate revenue is determined by assessing rate revenue as a proportion of the total revenue of the Council.			
$\frac{\text{Rate revenue}}{\text{Total revenue}}$	0.60	0.60	0.55
<b>(d) Debt exposure ratio</b> (to identify Council's exposure to debt)			
$\frac{\text{Total indebtedness}}{\text{Total realisable assets}}$	0.09	0.09	0.12

For the purposes of calculating financial ratios, realisable assets are those assets which can be sold and which are not subject to any restriction on realisation or use.

Any liability represented by a restricted asset is excluded from total indebtedness.

The following assets are excluded from total assets when calculating Council's realisable assets: restricted assets; infrastructure assets and other controlled property.

This ratio enables assessment of Council's solvency and exposure to debt. Total indebtedness refers to the total liabilities of Council. Total liabilities are compared to total realisable assets which are all Council assets not subject to any restriction and are able to be realised. The ratio expresses the multiple of total liabilities for each dollar of realisable assets.

**Maribyrnong City Council**  
**Notes to the Financial Report**  
 for the year ended 30 June 2009

**38 Financial ratios (continued)**

	<b>2009 ratio</b>	<b>2008 ratio</b>	<b>2007 ratio</b>
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**(e) Working capital ratio** (to assess Council's ability to meet current commitments)

The ratio expresses the level of current assets the Council has available to meet its current liabilities.

<u>Current assets</u>			
Current liabilities	1.86	1.72	1.72

**(f) Adjusted working capital ratio** (to assess Council's ability to meet current commitments)

<u>Current assets</u>			
Current liabilities	3.31	2.87	2.96

The ratio expresses the level of current assets the Council has available to meet its current liabilities.

Current liabilities have been reduced to reflect the long service leave and gratuity allowance that is shown as a current liability because Council does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, but is not likely to fall due within 12 months after the end of the period.



**Maribyrnong City Council**  
**Notes to the Financial Report**  
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**38 Financial ratios (continued)**

**(g) Definitions**

**Current assets:**

Total current assets as shown in the Balance Sheet

**Current liabilities:**

Total current liabilities as shown in the Balance Sheet

**Debt redemption:**

Includes the principal component of loan repayments and financial leases and capital items purchased on vendor terms.

**Debt services:**

Includes interest and charges on loans, overdrafts, financial leases and interest on payments for capital items purchased on vendor terms, and contributions to sinking funds.

**Rate revenue:**

Includes revenue from general rates, municipal charges, special rates, special charges, service rates and service charges.

**Total revenue:**

Total revenue as shown in the Income Statement

**Total indebtedness:**

Total liabilities, both current and non current, as shown in the Balance Sheet

**Realisable assets:**

Includes total assets, both current and non current, excluding those assets which cannot be sold and those subject to restrictions. The following assets have been removed from total assets when calculating realisable assets: Restricted assets and Infrastructure assets.

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**Notes to the Financial Report**  
for the year ended 30 June 2009

	<i>Note</i>	<b>2009</b> \$'000	<b>2008</b> \$'000
<b>39 Capital expenditure</b>			
<b>Capital Works Areas</b>			
Roads, streets & bridges		4,681	2,851
Community facilities and Other		3,308	2,365
Plant, equipment and other		4,600	1,822
Assets under construction		468	3,312
<b>Total capital works</b>		<b>13,057</b>	<b>10,350</b>
Represented by:			
Renewal	(a)	6,267	5,372
Upgrade	(b)	3,004	1,352
New assets		3,003	3,622
Other		783	4
<b>Total capital works</b>		<b>13,057</b>	<b>10,350</b>

**Property, Infrastructure, Plant and Equipment  
movement Reconciliation Worksheet**

The movement between the previous year and the current year in property, infrastructure, plant and equipment as shown in the Balance Sheet which links to the following items:

<b>Total capital works</b>		13,057	10,350
Contributed non-monetary assets	7	2,375	4,450
Asset revaluation movement		-	82,410
Depreciation	15	(10,002)	(9,414)
Written down value of assets sold and disposed		(18,632)	(2,124)
<b>Net movement in property, infrastructure, plant and equipment</b>		<b>(13,202)</b>	<b>85,672</b>



**Maribyrnong City Council**  
***Notes to the Financial Report***  
for the year ended 30 June 2009

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**39 Capital expenditure (continued)**

**(a) Renewal**

Expenditure on an existing asset which returns the service potential or the life of the asset up to that which it had originally. It is periodically required expenditure, relatively large (material) in value compared with the value of the components or sub-components of the asset being renewed. As it reinstates existing service potential, it has no impact on revenue, but may reduce future operating and maintenance expenditure if completed at the optimum time.

**(b) Upgrade**

Expenditure which enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally. Upgrade expenditure is discretionary and often does not result in additional revenue unless direct user charges apply. It will increase operating and maintenance expenditure in the future because of the increase in the council's asset base.

**(c) Expansion**

Expenditure which extends an existing asset, at the same standard as is currently enjoyed by residents, to a new group of assets. It is discretionary expenditure which increases future operating and maintenance costs, because it increases council's asset base, but may be associated with additional revenue from the new user group.

**Maribyrnong City Council**  
**Notes to the Financial Report**  
for the year ended 30 June 2009

**40 Pending Accounting Standards**

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

AASB amendment	Standards Affected	Outline of amendment	App. date of Std	App. date for Council
AASB 2008 - 11	AASB 3 Business Combinations	Amends an earlier version of AASB 3 issued in July 2004. However, before the mandatory application of this Standard the Australian Accounting Standards Board will consider the suitability of this Standard for combinations in the not for profit sector. This may result in further amendments to this Standard or an additional scope exclusion. Consequently, it is not possible to assess the likely impact of this Standard on Council.	1-Jul-09	1-Jul-09
AASB 2007 - 06	AASB 101 Presentation of Financial Statements	Amends an earlier version of AASB 101 issued in July 2006. This Standard introduces the concept of a "complete set of financial statements" and amends the title of some statements in the accounts. The other change of some relevance to Council relates to reporting owner changes in equity and comprehensive income. No significant impacts are expected to arise from this Standard.	1-Jan-09	1-Jan-09
AASB 2007 - 08	AASB 123 Borrowing Costs	Amends an earlier version of AASB 123 issued in July 2004. This Standard requires borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset to be capitalised. Previously, entities had the option of expensing such costs. Subject to the existence of borrowings for the purpose of funding capital expenditure, this standard will require related borrowing costs to be capitalised rather than expensed. It is not expected that this will have a material impact on the reported financial performance or position of Council.	1-Jan-09	1-Jan-09
AASB 2008 - 5	AASB 127 Consolidated and Separate Financial Statements	Amends an earlier version of AASB 127 issued in July 2004. This standard makes various relatively minor changes. This Standard is not expected to have any impact on Council.	1-Jul-09	1-Jul-09
AASB 2008-1, AASB 2008-2, AASB 2008-3, AASB 2008-5, AASB 2008-6AASB 2008-7,	Various	These standards make revisions, which are generally minor, to a range of other accounting standards. It is not expected that these Standards will have any significant impact on Council.	1-Jan-09	1-Jan-09



**Maribyrnong City Council**  
**Notes to the Financial Report**  
for the year ended 30 June 2009

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**Certification of the Financial Report**

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



Bryan Stone CPA  
Principal Accounting Officer  
7 September 2009  
Footscray

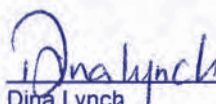
In our opinion, the accompanying financial statements presents fairly the financial transactions of the Maribyrnong City Council for the year ended 30 June 2009 and the financial position of the Council as at that date.

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 were authorised by Council on 25 August 2009 to certify the financial report in its final form.



Michael Clarke  
Councillor  
7 September 2009  
Footscray



Dina Lynch  
Councillor  
7 September 2009  
Footscray



Kerry Thompson  
Chief Executive Officer  
7 September 2009  
Footscray



# VAGO

## Victorian Auditor-General's Office INDEPENDENT AUDITOR'S REPORT

### To the Councillors, Maribyrnong City Council

#### *The Financial Report and Standard Statements*

The accompanying financial report for the year ended 30 June 2009 of Maribyrnong City Council which comprises of income statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the certification of the financial report has been audited.

The accompanying standard statements for the year ended 30 June 2009 of the Council which comprises of standard income statement, standard balance sheet, standard cash flow statement, standard statement of capital works, the related notes and the certification of the standard statements have been audited.

#### *The Councillors' Responsibility for the Financial Report and Standard Statements*

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

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

This responsibility includes:

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

#### *Auditor's Responsibility*

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

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

Level 24, 35 Collins Street, Melbourne Vic. 3000

Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email [comments@audit.vic.gov.au](mailto:comments@audit.vic.gov.au) Website [www.audit.vic.gov.au](http://www.audit.vic.gov.au)



# VAGO

Victorian Auditor-General's Office

## Independent Auditor's Report (continued)

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

### *Matters Relating to the Electronic Presentation of the Audited Financial Report and Standard Statements*

This auditor's report relates to the financial report and standard statements published in both the annual report and on the website of the Maribyrnong City Council for the year ended 30 June 2009. The Councillors of the Maribyrnong City Council are responsible for the integrity of the website. I have not been engaged to report on the integrity of the website. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the Council's website.

### *Independence*


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

### *Auditor's Opinion*

In my opinion:

- the financial report presents fairly, in all material respects, the financial position of Maribyrnong City Council as at 30 June 2009 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Local Government Act 1989*.
- The standard statements present fairly, in all material respects, in accordance with the basis of preparation as described in note 1 to the statements and comply with the requirements of the *Local Government Act 1989*.

MELBOURNE  
7 September 2009

  
D D R Pearson  
Auditor-General