

Annual Financial Report

For the year ended 30 June 2015



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Comprehensive Income Statement

For the year ended 30 June 2015

	Note	Consolidated 2015 \$'000	Consolidated 2014 \$'000
Income			
Rates and charges	3	110,740	102,686
Statutory fees and fines	4	5,659	5,783
User fees	5	6,926	6,954
Grants – operating	6	37,541	25,761
Grants – capital	6	2,441	9,153
Contributions – monetary	7	3,128	2,054
Contributions – non-monetary	7	36,617	51,182
Other income	9	13,606	11,841
Net loss on disposal of property, infrastructure, plant and equipment	8	(3,009)	(2,691)
Total income		213,649	212,723
Expenses			
Employee costs	10	(70,264)	(66,381)
Materials and services	11	(52,880)	(52,255)
Bad and doubtful debts	12	(1,095)	(804)
Depreciation and amortisation	13	(28,947)	(26,538)
Borrowing costs	14	(4,139)	(4,236)
Other expenses	15	(7,668)	(7,966)
Total expenses		(164,993)	(158,180)
Surplus for the year		48,656	54,543
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment	27(a)	74,406	83,396
Total comprehensive result		123,062	137,939

The above Comprehensive Income Statement should be read in conjunction with the accompanying notes.

Balance Sheet

As at 30 June 2015

	Note	Consolidated 2015 \$'000	Consolidated 2014 \$'000
Assets			
Current assets			
Cash and cash equivalents	16	79,127	66,983
Trade and other receivables	17	13,943	15,003
Non-current assets classified as held for sale	19	–	243
Other assets	20	3,071	1,710
Total current assets		96,141	83,939
Non-current assets			
Trade and other receivables	17	326	319
Other financial assets	18	230	230
Property, infrastructure, plant and equipment	21	1,684,299	1,563,181
Non-current assets classified as held for sale	19	490	3,455
Total non-current assets		1,685,345	1,567,185
Total assets		1,781,486	1,651,124
Liabilities			
Current liabilities			
Trade and other payables	22	15,746	18,562
Trust funds and deposits	23	19,418	13,219
Provisions	24	15,178	14,817
Interest-bearing loans and borrowings	25	4,359	9,230
Other interest-bearing liabilities	26	1,117	–
Total current liabilities		55,818	55,828
Non-current liabilities			
Trust funds and deposits	23	1,039	599
Provisions	24	1,217	714
Interest-bearing loans and borrowings	25	58,059	57,518
Other interest-bearing liabilities	26	2,439	–
Total non-current liabilities		62,754	58,831
Total liabilities		118,572	114,659
Net assets		1,662,914	1,536,465
Equity			
Accumulated surplus		724,287	675,643
Reserves	27	938,627	860,822
Total equity		1,662,914	1,536,465

The above Balance Sheet should be read in conjunction with the accompanying notes.

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For the year ended 30 June 2015

Statement of Changes in Equity

For the year ended 30 June 2015

	Note	Total \$'000	Consolidated		Other Reserves \$'000
			Accumulated Surplus \$'000	Revaluation Reserve \$'000	
2015					
Balance at beginning of the financial year		1,536,465	675,643	836,989	23,833
Adjustment directly to equity	37	3,387	3,387	–	–
Adjusted balance at beginning of the financial year		1,539,852	679,030	836,989	23,833
Surplus for the year		48,656	48,656	–	–
Net asset revaluation increment	27(a)	74,406	–	74,406	–
Transfers to other reserves	27(b)	–	(7,914)	–	7,914
Transfers from other reserves	27(b)	–	4,515	–	(4,515)
Balance at end of the financial year		1,662,914	724,287	911,395	27,232

	Note	Total \$'000	Consolidated		Other Reserves \$'000
			Accumulated Surplus \$'000	Revaluation Reserve \$'000	
2014					
Balance at beginning of the financial year		1,395,237	619,699	753,593	21,945
Adjustment directly to equity	37	3,289	3,289	–	–
Adjusted balance at beginning of the financial year		1,398,526	622,988	753,593	21,945
Surplus for the year		54,543	54,543	–	–
Net asset revaluation increment	27(a)	83,396	–	83,396	–
Transfers to other reserves	27(b)	–	(7,753)	–	7,753
Transfers from other reserves	27(b)	–	5,865	–	(5,865)
Balance at end of the financial year		1,536,465	675,643	836,989	23,833

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the year ended 30 June 2015

	Note	Consolidated 2015 Inflows/ (Outflows) \$'000	Consolidated 2014 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		109,984	101,747
Statutory fees and fines		4,513	4,927
User fees		7,278	8,605
Grants – operating		38,399	27,140
Grants – capital		2,334	8,915
Contributions – monetary		3,066	2,062
Interest received		2,669	3,444
Trust funds and deposits taken		34,645	34,995
Other receipts		11,822	8,884
Net GST refund		7,407	10,276
Employee costs		(70,945)	(65,485)
Employee costs – superannuation liability		–	(4,847)
Materials and services		(59,565)	(59,826)
Trust funds and deposits repaid		(25,807)	(33,196)
Other payments		(8,432)	(8,459)
Net cash provided by operating activities	28	57,368	39,182
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(37,291)	(62,655)
Proceeds from sale of property held for resale	8	–	1,419
Proceeds from sale of property, infrastructure, plant and equipment (net of selling costs)	8	534	393
Proceeds from sale of investments		–	39,546
Net cash used in investing activities		(36,757)	(21,297)
Cash flows from financing activities			
Finance costs		(4,137)	(4,254)
Proceeds from borrowings (includes refinancing)		4,900	4,900
Repayment of borrowings (includes refinancing)		(9,230)	(4,039)
Net cash used in financing activities		(8,467)	(3,393)
Net increase in cash and cash equivalents		12,144	14,492
Cash and cash equivalents at the beginning of the financial year		66,983	52,491
Cash and cash equivalents at the end of the financial year	29	79,127	66,983
Financing arrangements	30		
Restrictions on cash assets	16		

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

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For the year ended 30 June 2015

Statement of Capital Works

For the year ended 30 June 2015

	Note	Consolidated 2015 \$'000	Consolidated 2014 \$'000
Property			
Land		5,825	–
Total land		5,825	–
Buildings		14,152	44,007
Leasehold improvements		84	–
Total buildings		14,236	44,007
Total property		20,061	44,007
Plant and equipment			
Plant, machinery and equipment		2,030	2,618
Fixtures, fittings and furniture		123	79
Computers and telecommunications		268	370
Library books		998	1,125
Total plant and equipment		3,419	4,192
Infrastructure			
Roads		6,202	6,082
Bridges		48	128
Footpaths and cycleways		1,756	1,517
Drainage		1,272	910
Parks, open space and streetscapes		3,335	2,715
Off street car parks		87	74
Recreational, leisure and community facilities		2,591	1,715
Total infrastructure		15,291	13,141
Total capital works expenditure		38,771	61,340
Represented by:			
New asset expenditure		15,684	39,646
Asset renewal expenditure		18,119	14,668
Asset expansion expenditure		236	–
Asset upgrade expenditure		4,732	7,026
Total capital works expenditure		38,771	61,340

The above Statement of Capital Works should be read in conjunction with the accompanying notes.

Notes to the Financial Report

Introduction

The City of Greater Dandenong was established in December 1994 with the amalgamation of the former City of Springvale and former City of Dandenong, and is a body corporate. The Council's main office is located at 225 Lonsdale Street, Dandenong, 3175.

Statement of compliance

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

Note 1 Significant accounting policies

(a) Basis of accounting

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

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

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

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

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

(b) Change in accounting policies and restatement of items in the financial statements due to reclassification

Restatement of comparatives in the financial statements

In order to comply with the Local Government Model Financial Report (LGMFR), there has been a number of changes to 2013–14 comparatives. The following financial statements and accompanying notes have been amended to reflect reclassifications:

- Comprehensive Income Statement and notes 4, 5, 9, 10, 11 and 15.
- Balance Sheet and notes 17, 20, 21, 22 and 23.
- Statement of Cash Flows and note 28 (reconciliation from cash flows to operating activities).
- Contract commitments (note 31).

During the 2014–15 financial year a number of changes have also been made to the categories that asset classes are disclosed in to comply with the LGMFR (refer to note 21 for further details).

(c) Principles of consolidation

The consolidated financial statements of Council incorporate all entities controlled by Council as at 30 June 2015, and their income and expenses for that part of the reporting period in which control existed.

Subsidiaries are all entities over which Council has control. Council controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Council. They are deconsolidated from the date that control ceases.

Where dissimilar accounting policies are adopted by entities and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

In the process of preparing consolidated financial statements all material transactions and balances between consolidated entities are eliminated.

Entities consolidated into Council include:

- Dandenong Market Pty Ltd

Refer note 38 for a reconciliation between Council, Dandenong Market Pty Ltd and consolidated for the 2014–15 financial year.

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For the year ended 30 June 2015

Note 1 Significant accounting policies (continued)

(d) Revenue recognition

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

Rates and charges

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

Statutory fees and fines

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

User fees

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

Grants

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

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

Contributions

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

Sale of property, infrastructure, plant and equipment

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

Interest

Interest is recognised as it is earned.

Other income

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

(e) Fair value measurement

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

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

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

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

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

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

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

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

(f) Cash and cash equivalents

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

(g) Trade and other receivables

Receivables are carried at amortised cost using the effective interest rate method. A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred.

(h) Other financial assets

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

Note 1 Significant accounting policies (continued)

(i) Non-current assets classified as held for sale

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

(j) Recognition and measurement of property, infrastructure, plant and equipment

Acquisition

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the amount for which the asset could be exchanged between knowledgeable willing parties in an arm's 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 directly attributable variable and fixed overheads.

In accordance with Council's policy, the threshold limits detailed in note 1(k) have been applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than land under roads, leasehold improvements, recreational, leisure and community facilities, parks, open space and streetscapes and plant and equipment are measured at their fair value, being the amount for which the assets could be exchanged between knowledgeable willing parties in an arm's length transaction. Subsequent to the initial recognition of assets, non current physical assets (other than the asset classes detailed directly above) are measured at their fair value, being the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. At balance date, Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset class materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date, the class of asset was revalued.

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use on an asset result in changes to the permissible or practical highest and best use of the asset. Further details regarding the fair value hierarchy are disclosed at note 21 'Property, infrastructure, plant and equipment'.

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

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

Land under roads

In accordance with options available under Australian Accounting Standards, Council has opted to recognise all land under roads acquired after 30 June 2008 using the cost basis. Council does not recognise land under roads that it controlled prior to that period in its financial report.

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

All asset classes except land, land under roads and art works, having limited useful lives are systematically depreciated over their useful lives to the Council in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation rates and methods are reviewed annually.

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

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

From 1 July 2014 the useful life of outdoor pools (a subset of the Recreational, leisure and community facilities asset class) was changed from 100 years to 50 years. The financial impact of this change in accounting policy for the 2014-15 year was an increase in depreciation expense and a reduction in the written down value of assets of \$37,604.

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Note 1 Significant accounting policies (continued)

(k) Depreciation and amortisation of property, infrastructure, plant and equipment (continued)

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

	Depreciation period (years)	Threshold limit \$'000
<i>Property</i>		
<i>Land</i>		
Land	N/A	–
Land improvements	N/A	N/A
<i>Buildings</i>		
<i>Buildings</i>		
Long life	100	10
Short life	50	10
Building improvements	N/A	N/A
Leasehold improvements	Lease term	–
<i>Plant and equipment</i>		
Plant, machinery and equipment	5	2
Fixtures, fittings and furniture	6–15	2
Computers and telecommunications	3–5	2
Library books	5	–
<i>Infrastructure</i>		
<i>Roads</i>		
Seal	12–20	20
Substructure	100	20
Kerb and channel	15–80	5
Local area traffic management (LATM) devices	5–30	5
Bridges	20–100	5
Footpaths and cycleways	10–50	1
<i>Drainage</i>		
New pipes and pits	50–100	–
Existing pipes and pits	50–100	5
<i>Recreational, leisure and community facilities</i>		
Recreational equipment and facilities, electronic screens and scoreboards and playgrounds	10–20	2
Sportsgrounds, grass (turf), courts, hardstand and other ground surfaces	10–20	10
Outdoor pools	*50	10
Minor structures (sporting, shade structures and retaining walls), irrigation, sportsfield drainage, controllers, sensors, water tanks/pumps	10–20	5
<i>Parks, open space and streetscapes</i>		
Open space furniture, fencing, bollards, gates, wetlands, retarding/detention basins, water sensitive urban devices (WSUDs) and swales	10–20	5
Public art	N/A	2
Signs, parking meters, ticket machines and equipment	10–20	2
Lighting, passive grass/surface, horticultural plantings and gardens, natural bush and vegetation	10–20	10
Off street car parks	20–100	5

*Useful life changed to 50 years from 1 July 2014 (2013–14 – 100 years).

Note 1 Significant accounting policies (continued)

(l) 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.

(m) 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 Comprehensive Income Statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

(n) Trust funds and deposits

Amounts received as deposits and retention amounts controlled by Council are recognised as trust funds until they are returned, transferred in accordance with the purpose of the receipt, or forfeited (refer to Note 23). Amounts received from developers relating to the Development Contribution Plans (DCP) are held as deposits and are a surety for the construction of DCP infrastructure. Upon completion of the infrastructure, Council will refund the developer the deposit. Due to the uncertainty of when the developer may submit a claim for refund, the monies held are treated as a current liability.

(o) Borrowings

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

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

Borrowing costs

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

determine the borrowing costs to be capitalised.

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

(p) Employee costs and benefits

The calculation of employee costs and benefits includes all relevant on-costs and are calculated as follows at reporting date.

Wages, salaries and annual leave

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

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

Long service leave

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

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

The components of this current liability are measured at:

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

Classification of employee costs

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

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

(q) Leases

Operating leases

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

Leasehold improvements

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease.

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Note 1 Significant accounting policies (continued)

(r) Goods and Services Tax (GST)

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

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

(s) Financial guarantees

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

(t) Contingent assets, contingent liabilities and commitments

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively (refer note 33).

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

(u) Pending accounting standards

Certain new Australian Accounting Standards (AAS's) have been issued that are not mandatory for the 30 June 2015 reporting period. Council has assessed these pending standards and has identified that no material impact will flow from the application of these standards in future reporting periods.

(v) Rounding

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

Note 2 Budget comparison

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

The budget figures detailed below are those adopted by Council on 23 June 2014. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for revenue and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

a) Income and expenditure

	Consolidated Actual 2015 \$'000	Council Actual 2015 \$'000	Council Budget 2015 \$'000	Council Variance 2015 \$'000 <i>Fav (Unfav)</i>	Ref
Income					
Rates and charges	110,740	110,834	109,498	1,336	(a)
Statutory fees and fines	5,659	5,659	5,701	(42)	
User fees	6,926	6,926	7,512	(586)	
Grants – operating	37,541	37,541	31,370	6,171	(b)
Grants – capital	2,441	2,441	3,463	(1,022)	(c)
Contributions – monetary	3,128	3,128	815	2,313	(d)
Contributions – non-monetary	36,617	36,617	18,000	18,617	(e)
Other income	13,606	9,798	7,180	2,618	(f)
Net loss on disposal of property, infrastructure, plant and equipment	(3,009)	(3,009)	940	(3,949)	(g)
Total income	213,649	209,935	184,479	25,456	
Expenses					
Employee costs	(70,264)	(69,551)	(70,400)	849	
Materials and services	(52,880)	(49,988)	(48,248)	(1,740)	(h)
Bad and doubtful debts	(1,095)	(1,098)	(818)	(280)	(i)
Depreciation and amortisation	(28,947)	(28,938)	(27,508)	(1,430)	(j)
Borrowing costs	(4,139)	(4,139)	(4,280)	141	
Other expenses	(7,668)	(7,556)	(7,493)	(63)	
Total expenses	(164,993)	(161,270)	(158,747)	(2,523)	
Surplus for the year	48,656	48,665	25,732	27,979	

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Note 2 Budget comparison (continued)

a) Income and expenditure

Explanation of material variations

Ref	Item	Explanation
(a)	Rates and charges	Greater than anticipated supplementary valuations mainly resulting from the industrial and residential development south of Cheltenham Road, Keysborough.
(b)	Grants – operating	50% or \$5.37 million of the 2015–16 Victoria Grants Commission funding allocation was distributed early to Council in June 2015, causing actual grant income to be higher than the budget in the current year.
(c)	Grants – capital	Department of Education and Early Childhood and Development Early Learning Facilities funding was budgeted for in 2014–15, however payment was received early in June 2014 (\$1.95 million).
(d)	Contributions – monetary	As a result of a higher than anticipated level of economic activity, Council received higher than budgeted open space contributions from developers of \$1.94 million during 2014–15. These contributions are restricted in their use and are transferred to reserves at the end of the financial year and are set aside for open space projects. The timing of receipt and amount of open space contributions are difficult to predict.
(e)	Contributions – non-monetary	These contributions represent assets that are transferred to Council's ownership from developers upon completion of subdivisions. A greater number of subdivisions were completed and finalised during 2014–15. The timing of these asset transfers is outside of Council's control and difficult to predict. This item is a non-cash accounting entry.
(f)	Other income	Other income is higher than budget due to: <ul style="list-style-type: none"> – interest on investments \$294,000. – interest on rate arrears \$276,000. – recycling and sorting income of \$820,000 due to a change in the contract arrangement of Council's waste collection and receipt of recyclables. The previous contract provided for the collection, processing and disposal. The current contract now has two components undertaken by separate contractors. As a result, the income from the recycling of materials is accounted for separately. – carbon tax reimbursement of \$541,000. The refund amount was calculated based on the carbon tax paid by the City of Greater Dandenong to SITA Australia Pty Ltd over the previous two years when depositing waste at landfill. The refund was remitted to the City of Greater Dandenong due to the repeal of the carbon tax legislation. This was transferred to reserves for future environmental costs at the former Spring Valley landfill site.
(g)	Net loss on disposal of property, infrastructure, plant and equipment	A total of \$4.37 million relating mainly to the replacement of infrastructure assets (\$2.02 million) and the disposal/write off of property assets (\$2.35 million) including the demolition of the former Dandenong Library and Springvale Municipal Offices.
(h)	Materials and services	The unfavourable variance is due mainly to the expensing of works in progress that are unable to be capitalised because the asset capitalisation criteria was not met as it was operating in nature, related to non-Council owned assets or was below the capitalisation threshold. This item was not included in the budget. Additionally, the classification of recyclable recoveries was changed subsequent to the budget due to a change in contract arrangement of Council's waste collection and recyclables. This is now accounted for as recoveries income instead of a negative expense. Refer also Note (f) other income.
(i)	Bad and doubtful debts	Bad debts written off during 2014–15 were higher than expected as a result of a greater value of infringements deemed no longer collectible by the Infringements Court, due to various reasons such as defendant deceased, executed – time served, order unenforceable, no goods to seize and invalid penalty.
(j)	Depreciation and amortisation	Unfavourable variance due to higher than expected gifted and not previously recognised assets in roads (\$8.99 million) and footpaths and cycleways (\$2.36 million). In addition, this year buildings experienced a full year of depreciation on the significant Municipal Building project (over \$65 million) and the revaluation conducted as at 1 January 2014.

Note 2 Budget comparison (continued)

b) Capital works

	Consolidated Actual 2015 \$'000	Council Actual 2015 \$'000	Council Budget 2015 \$'000	Council Variance 2015 \$'000 <i>Fav (Unfav)</i>	Ref
Property					
Land	5,825	5,825	–	(5,825)	(k)
Total land	5,825	5,825	–	(5,825)	
Buildings					
Buildings	14,152	14,152	12,020	(2,132)	(l)
Heritage buildings	–	–	100	100	(m)
Leasehold improvements	84	84	–	(84)	(n)
Total buildings	14,236	14,236	12,120	(2,116)	
Total property	20,061	20,061	12,120	(7,941)	
Plant and equipment					
Plant, machinery and equipment	2,030	2,030	3,060	1,030	(o)
Fixtures, fittings and furniture	123	123	200	77	(p)
Computers and telecommunications	268	268	178	(90)	(q)
Library books	998	998	1,000	2	
Total plant and equipment	3,419	3,419	4,438	1,019	
Infrastructure					
Roads	6,202	6,202	3,972	(2,230)	(r)
Bridges	48	48	–	(48)	(s)
Footpaths and cycleways	1,756	1,756	1,810	54	
Drainage	1,272	1,272	1,235	(37)	
Parks, open space and streetscapes	3,335	3,335	2,650	(685)	(t)
Off street car parks	87	87	57	(30)	(u)
Other infrastructure	–	–	2,259	2,259	(v)
Recreational, leisure and community facilities	2,591	2,591	1,797	(794)	(w)
Waste management	–	–	82	82	(x)
Total infrastructure	15,291	15,291	13,862	(1,429)	
Total capital works expenditure	38,771	38,771	30,420	(8,351)	
Represented by:					
New asset expenditure	15,684	15,684	7,840	(7,844)	(y)
Asset renewal expenditure	18,119	18,119	17,399	(720)	
Asset expansion expenditure	236	236	541	305	(z)
Asset upgrade expenditure	4,732	4,732	4,640	(92)	
Total capital works expenditure	38,771	38,771	30,420	(8,351)	

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Note 2 Budget comparison (continued)

b) Capital works (continued)

Explanation of material variations

Ref	Item	Explanation
(k)	Land	During the financial year Council resolved to purchase three properties, 18 Stuart Street, Dandenong (\$1.02 million), Site 1B Civic Precinct (\$900,000) and Victrack and Places Victoria land in the Dandenong Railway Precinct (\$4.00 million) which will be paid by instalments over the next three financial years. These strategic property acquisitions have been funded from Council's reserves.
(l)	Buildings	Capital expenditure on buildings was higher than the Original Budget due to a number of building projects that were carried over from the 2013–14 financial year. These include the Springvale Asian Gateway project (\$817,000), Shepley Oval (\$932,000), CCTV implementation (\$296,000) and Dandenong South Kindergarten (\$368,000).
(m)	Heritage buildings	Heritage storage facility and archive project was delayed. Works to commence in 2015–16, therefore, this project has been carried over to the 2015–16 year.
(n)	Leasehold improvements	Leasehold improvements are budgeted under the buildings category however actual spend occurred against leasehold improvements (buildings).
(o)	Plant, machinery and equipment	Favourable variance due to the parking meter replacement program classified under plant, machinery and equipment in the budget, however, actual expenditure was allocated against parks, open space and streetscapes.
(p)	Fixtures, fittings and furniture	The lower than budgeted result is due to expenditure relating to Drum Theatre improvements (\$136,000) being carried forward to the 2015–16 year due to delays with planning and heritage approvals.
(r)	Roads	The higher than budgeted result is due to the following: <ul style="list-style-type: none"> – Blackspot funding received during the financial year to complete blackspot projects (\$204,000). – Street lighting installation and replacement project (\$897,000) of which funds were carried forward from the 2013–14 financial year. – Road related projects that were transferred from operating due to meeting the asset capitalisation criteria (\$301,000)
(s)	Bridges	Variance due to costs budgeted in operating expenditure that were transferred to capital expenditure as the asset recognition criteria was met (Glasscocks Road bridge and Brady Road bridge).
(t)	Parks, open space and streetscapes	Higher than budgeted expenditure due mainly to the Springvale Asian Gateway project which was budgeted under buildings, however actual expenditure was allocated to parks, open space and streetscapes.
(u)	Off street car parks	Higher than expected expenditure due to Springvalley Reserve car park project which was approved as part of the Mid-Year Budget.
(v)	Other infrastructure	The lower than budgeted result is primarily due to the unsuccessful receipt of funding for Princes Highway and Robinson Street intersection project (\$430,000). This project is now expected to be completed in 2015–16. Expenditure associated with the Street lighting installation and replacement project was also lower than expected (\$960,000) due to delays with energy authority approval of light emitting diodes (LED) lights.
(w)	Recreational, leisure and community facilities	Unfavourable variance against the Original Budget is due to the Ross Reserve masterplan project budget being carried over from 2013–14 and a further two projects being approved as part of the Mid-Year Budget review (Hemmings Park playground shade structure \$95,000 and Tirhatuan Park exercise course \$102,000).

Note 2 Budget comparison (continued)

b) Capital works (continued)

Explanation of material variations

Ref	Item	Explanation
(x)	Waste management	Favourable variance due to public litter bin renewal project being budgeted in Waste Management however the actual spending (\$81,000) associated with this project was allocated to parks, open space and streetscapes.
(y)	New asset expenditure	New asset expenditure is higher than budget due to the three strategic property acquisitions mentioned in note (k) above.
(z)	Asset expansion expenditure	The lower than budgeted result is due to a portion of the drainage program being budgeted in expansion (\$166,000) however, actual expenditure has been allocated to renewal, new or upgrade expenditure. Additionally, savings in the parking management equipment project of \$139,000 contributed to this favourable variance.

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Note 3 Rates and charges

Council uses the Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is the value of the land and all improvements on it, and is determined by independent valuers and certified by the Valuer General Victoria. The valuation base used to calculate general rates for 2014–15 was \$32.25 billion (\$30.81 billion in 2013–14).

	Note	Consolidated 2015 \$'000	Consolidated 2014 \$'000
Residential		44,942	42,111
Commercial		10,429	9,793
Industrial		38,051	35,110
Farm		461	400
Cultural and recreational		325	280
Waste management charge – residential		13,418	13,246
Supplementary rates and rates adjustment		2,176	963
Maintenance levy		938	783
Total rates and charges		110,740	102,686

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2014 and the valuation first applied to the rating period commencing 1 July 2014.

Note 4 Statutory fees and fines

Infringements and costs	3,110	3,295
Court recoveries	715	876
Building and town planning fees	1,412	1,293
Land information certificates	92	84
Permits	330	235
Total statutory fees and fines	5,659	5,783

Note 5 User fees

Aged and health services	1,149	1,162
Child care/children's programs	360	308
Parking	2,708	2,562
Registration and other permits	1,136	793
Other fees and charges	1,573	2,129
Total user fees	6,926	6,954

Note 6 Grants

Grants were received in respect of the following:

Summary of grants

Commonwealth funded grants	22,626	15,799
State funded grants	16,396	18,382
Other grants	960	733
Total grants	39,982	34,914

Note 6 Grants (continued)	Note	Consolidated 2015 \$'000	Consolidated 2014 \$'000
Operating grants			
<i>Recurrent – Commonwealth Government</i>			
Victoria Grants Commission*		16,150	5,416
Family day care		4,063	3,894
General home care		1,134	820
Community development		–	55
<i>Recurrent – State Government</i>			
Aged care		9,617	9,160
Maternal and child health		1,926	1,644
Community health		1,156	1,156
School crossing supervisors		186	235
Libraries		873	852
Family and children services		691	776
Community education		54	56
Emergency management		13	13
Community wellbeing		80	54
Community development		115	61
Other		75	104
<i>Recurrent – other</i>		273	141
Total recurrent operating grants		36,406	24,437
*50% or \$5.37 million of Victoria Grants Commission funding for 2015–16 was distributed early to Council in June 2015.			
<i>Non-recurrent – Commonwealth Government</i>			
Community health		–	136
Other		17	34
<i>Non-recurrent – State Government</i>			
Community wellbeing		183	311
Community development		120	–
Family and children		50	65
Emergency management		40	40
Waste management		–	62
Economic development		–	35
Sports and recreation		14	–
Other		24	49

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Note 6 Grants (continued)	Note	Consolidated 2015 \$'000	Consolidated 2014 \$'000
<i>Non-recurrent – other</i>			
Right @ Home		266	301
Libraries		65	65
Family and children services		139	172
Environmental planning		118	34
Community wellbeing		–	20
Economic development		50	–
Maternal and child health		19	–
Other		30	–
Total non-recurrent operating grants		1,135	1,324
Total operating grants		37,541	25,761
Capital grants			
<i>Recurrent – Commonwealth Government</i>			
Roads to recovery		674	651
<i>Recurrent – State Government</i>			
Community care		–	50
Cultural facilities		45	45
Other		52	–
Total recurrent capital grants		771	746
<i>Non-recurrent – Commonwealth Government</i>			
Buildings		–	4,200
Community Energy Efficiency Program		538	542
Community safety		50	50
Other		–	1
<i>Non-recurrent – State Government</i>			
Education and early childhood development		–	2,550
Cultural activity centre		18	312
Buildings		–	125
Community safety		250	150
Sports and recreation		426	349
Local Government Energy Efficiency Program		–	58
Roads		341	70
Other		47	–
Total non-recurrent capital grants		1,670	8,407
Total capital grants		2,441	9,153
Conditions on grants			
Grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were:		8,244	3,884
Grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were:		5,015	9,237
Net increase (decrease) in restricted assets resulting from grant revenues for the year		3,229	(5,353)

	Note	Consolidated 2015 \$'000	Consolidated 2014 \$'000
Note 7 Contributions			
Monetary		3,128	2,054
Non-monetary		36,617	51,182
Total contributions		39,745	53,236
<i>Contributions of non-monetary assets were received in relation to the following asset classes:</i>			
Land		25,668	39,171
Buildings		287	51
Infrastructure		10,662	11,960
Total contributions – non-monetary		36,617	51,182
Note 8 Net gain (loss) on disposal of property, infrastructure, plant and equipment			
<i>Net gain on sale of inventory property*</i>			
Proceeds of sale (Council share of 25.47%)		1,327	1,419
Less carrying amount of assets sold		(368)	(377)
		959	1,042
<i>Net gain on sale of property, infrastructure, plant and equipment</i>			
Proceeds of sale		534	401
Plus selling costs recoveries		–	10
Less selling costs		–	(18)
Less carrying amount of assets sold		(132)	(322)
		402	71
<i>Net loss on write off/replacement of property, infrastructure, plant and equipment</i>			
Property		(2,350)	(234)
Infrastructure		(2,016)	(3,494)
Plant and equipment		(4)	(76)
		(4,370)	(3,804)
Net loss on disposal of property, infrastructure, plant and equipment		(3,009)	(2,691)
*Council has an agreement with Places Victoria for a residential development of the former Dandenong sale yards. Places Victoria is responsible for the development of the land under this agreement, and is entitled to 74.53% of the proceeds of this developed land with Council's share being 25.47%.			
Note 9 Other income			
Interest on investments		2,100	2,342
Interest on rates		617	500
Interest – other		8	27
Dandenong Market rental		4,895	4,662
Property rental		974	853
Other rent		1,255	1,284
Other		3,757	2,173
Total other income		13,606	11,841

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Note 10 a) Employee costs	Note	Consolidated 2015 \$'000	Consolidated 2014 \$'000
Wages and salaries		54,254	52,023
WorkCover		1,361	1,245
Casual staff		1,583	1,632
Superannuation		5,182	4,723
Long service leave on-cost		1,822	1,474
Fringe benefits tax		648	645
Other		5,414	4,639
Total employee costs		70,264	66,381
b) Superannuation			
Council made contributions to the following funds:			
Defined benefit plan			
Employer contribution to Local Authorities Superannuation Fund (Vision Super)		541	545
		541	545
Accumulation funds			
Employer contribution to Local Authorities Superannuation Fund (Vision Super)		3,448	3,157
Employer contribution – other funds		1,358	1,022
		4,806	4,179
Employer contributions payable at reporting date (Dandenong Market Pty Ltd)		9	6

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

Accumulation

The Fund's accumulation categories, Vision My Super/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2015, this was 9.5% required under Superannuation Guarantee legislation (for 2013–14, this was 9.25%)).

Defined Benefit

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

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

There were no loans issued from or to the above schemes as at 30 June 2015.

The expected contributions to be paid to the defined benefit category of Vision Super for the year ending 30 June 2016 is estimated to be \$556,000.

	Note	Consolidated 2015 \$'000	Consolidated 2014 \$'000
Note 11 Materials and services			
Materials and services		4,024	3,975
Contract payments		28,013	24,835
Building maintenance		1,004	1,289
General maintenance		1,732	2,539
Works in progress (unable to be capitalised)		1,454	2,456
Utilities		3,828	4,036
Office administration		6,033	5,702
Information technology		1,854	1,662
Insurance		938	1,064
Consultants and professional services		4,000	4,697
Total materials and services		52,880	52,255
Note 12 Bad and doubtful debts			
Parking fine debtors		806	650
Other debtors		289	154
Total bad and doubtful debts		1,095	804
Note 13 Depreciation and amortisation			
Property		5,888	5,199
Plant and equipment		4,045	3,681
Infrastructure		19,014	17,658
Total depreciation and amortisation		28,947	26,538
<i>Refer to note 21 for a more detailed breakdown of depreciation and amortisation charges.</i>			
Note 14 Borrowing costs			
Interest – borrowings		4,133	4,223
Interest – other		6	13
Total borrowing costs		4,139	4,236
Note 15 Other expenses			
Auditors' remuneration – VAGO – audit of the financial statements, performance statement and grant acquittals		78	74
Auditors' remuneration – internal		160	98
Audit – other		2	6
Councillors' allowances		406	393
Operating lease/rentals		922	904
Other expenses		909	1,724
Community grants and contributions		5,191	4,767
Total other expenses		7,668	7,966

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	Note	Consolidated 2015 \$'000	Consolidated 2014 \$'000
Note 16 Cash and cash equivalents			
Cash on hand		8,266	7,446
Cash at bank		6,755	5,694
Term deposits		64,106	53,843
Total cash and cash equivalents	29	79,127	66,983
Council's cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:			
– Trust funds and deposits	23	20,457	13,818
Total restricted funds		20,457	13,818
Total unrestricted cash and cash equivalents		58,670	53,165
Intended allocations*			
Although not externally restricted the following amounts have been allocated for specific future purposes by Council:			
Trust funds and deposits	23	20,457	13,818
Employee provisions	24	16,395	15,531
Council funded development contribution plan reserve		11,306	9,645
Public open space reserve		7,296	5,494
Major projects reserve		5,512	6,752
Insurance reserve		423	423
Re-vegetation reserves		576	514
Keysborough South maintenance levy		945	785
Spring Valley landfill rehabilitation		761	220
Local Government Funding Vehicle		223	–
Springvale Activity Parking Precinct reserve		190	–
Cash held to fund carried forward operational projects		7,851	3,898
Cash held to fund carried forward capital works		6,639	6,364
Total funds subject to intended allocations		78,574	63,444

*Users of the financial report should refer to note 27(b) for details of funds held in reserve and note 31 for details of existing Council commitments.

	Note	Consolidated 2015 \$'000	Consolidated 2014 \$'000
Note 17 Trade and other receivables			
Current			
Rates debtors	1(d)	6,033	5,297
Parking infringement debtors		4,565	4,958
Provision for doubtful debts – parking infringements		(1,351)	(1,561)
Net GST receivable		1,588	1,244
Other debtors		3,444	5,635
Provision for doubtful debts – general debtors		(336)	(570)
Total current trade and other receivables		13,943	15,003
Non-current			
Narre Warren landfill – financial contribution		253	246
Other debtors – refundable deposit		73	73
Total non-current trade and other receivables		326	319
Total trade and other receivables		14,269	15,322
a) Ageing of receivables			
At balance date other debtors representing financial assets with balances outstanding beyond Council's terms of trade 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 and other receivables (current and non-recurrent) excluding provisions for doubtful debts was:			
Current (not yet due)		664	470
Past due by up to 30 days		864	418
Past due between 31 and 180 days		869	2,796
Past due between 181 and 365 days		383	1,056
Past due by more than 1 year		989	1,214
Total trade and other receivables		3,769	5,954
<i>Note: The above ageing of debtors excludes rate debtors, parking infringement debtors and GST receivable.</i>			
b) Movement in provisions for doubtful debts			
Balance at the beginning of the year		2,131	2,544
New provisions recognised during the year		1,095	804
Amounts already provided for and written off as uncollectible		(1,536)	(1,217)
Amounts provided for but recovered during the year		(3)	–
Balance at end of year		1,687	2,131
Note 18 Other financial assets			
Non-current			
Financial assets held for sale			
Unlisted shares – Regional Kitchen Pty Ltd – at cost		230	230
Total non-current other financial assets		230	230
Total other financial assets		230	230

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	Note	Consolidated 2015 \$'000	Consolidated 2014 \$'000
Note 19 Non-current assets classified as held for sale			
Non-current assets classified as held for sale – current		–	243
Non-current assets classified as held for sale – non-current		490	3,455
Total non-current assets classified as held for sale		490	3,698
Non-current assets classified as held for sale represents the value of Metro 3175 properties held for sale.			
Note 20 Other assets			
Prepayments		473	382
Accrued income		2,598	1,328
Total other assets		3,071	1,710

Note 21 Property, infrastructure, plant and equipment

PROPERTY	Consolidated									
	Land – specialised	Land – non-specialised	Total land	Buildings – specialised	Buildings – non-specialised	Leasehold improvements	Total buildings	Work in progress	TOTAL PROPERTY	TOTAL PROPERTY
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at 1 July 2014										
At cost	30,762	–	30,762	–	–	1,333	1,333	6,719	38,814	
At fair value*	542,572	186,640	729,212	24,859	311,324	–	336,183	–	1,065,395	
Accumulated depreciation*	–	–	–	(4,212)	(122,733)	(584)	(127,529)	–	(127,529)	
	573,334	186,640	759,974	20,647	188,591	749	209,987	6,719	976,680	
Movements in fair value/cost										
Acquisition of assets at cost	4,378	–	4,378	–	–	84	84	11,581	16,043	
Acquisition of assets at fair value	20,680	6,435	27,115	168	2,861	–	3,029	–	30,144	
Fair value/cost of assets disposed	–	(1,559)	(1,559)	–	(10,931)	(1)	(10,932)	(849)	(13,340)	
Transfers in (out)	–	2,841	2,841	–	3,588	–	3,588	(4,387)	2,042	
	25,058	7,717	32,775	168	(4,482)	83	(4,231)	6,345	34,889	
Movements in accumulated depreciation										
Depreciation and amortisation	–	–	–	(377)	(5,304)	(207)	(5,888)	–	(5,888)	
Accumulated depreciation of acquisitions	–	–	–	–	(171)	–	(171)	–	(171)	
Accumulated depreciation of disposals	–	–	–	–	10,141	–	10,141	–	10,141	
Transfer (in) out	–	–	–	–	(4)	–	(4)	–	(4)	
	–	–	–	(377)	4,662	(207)	4,078	–	4,078	
Closing balance at 30 June 2015										
At cost	35,140	–	35,140	–	–	1,416	1,416	13,064	49,620	
At fair value	563,252	194,357	757,609	25,027	306,842	–	331,869	–	1,089,478	
Accumulated depreciation	–	–	–	(4,589)	(118,071)	(791)	(123,451)	–	(123,451)	
	598,392	194,357	792,749	20,438	188,771	625	209,834	13,064	1,015,647	

*The opening at fair value and accumulated depreciation balances include equity adjustments relating to:

– 2013–14 of \$122,000 (fair value) and \$26,000 (accumulated depreciation)

– 2014–15 of \$430,000 (fair value).

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

PLANT AND EQUIPMENT	Consolidated					TOTAL PLANT AND EQUIPMENT
	Plant, machinery and equipment	Fixtures, fittings and furniture	Computers and telecomms	Library books	Work in progress	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at 1 July 2014						
At cost	15,023	8,443	7,099	17,322	389	48,276
Accumulated depreciation	(9,141)	(5,115)	(5,595)	(14,381)	–	(34,232)
	5,882	3,328	1,504	2,941	389	14,044
Movements in cost						
Acquisition of assets at cost	2,019	64	264	997	75	3,419
Cost of assets disposed	(1,669)	(22)	(1,478)	–	(41)	(3,210)
Transfers in (out)	–	45	347	25	(348)	69
	350	87	(867)	1,022	(314)	278
Movements in accumulated depreciation						
Depreciation and amortisation	(1,860)	(710)	(527)	(948)	–	(4,045)
Accumulated depreciation of disposals	1,543	15	1,475	–	–	3,033
	(317)	(695)	948	(948)	–	(1,012)
Closing balance at 30 June 2015						
At cost	15,373	8,530	6,232	18,344	75	48,554
Accumulated depreciation	(9,458)	(5,810)	(4,647)	(15,329)	–	(35,244)
	5,915	2,720	1,585	3,015	75	13,310

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

INFRASTRUCTURE

Consolidated

	Roads	Bridges	Footpaths and cycleways	Drainage	Recreational, leisure and community facilities	Parks, open space and streetscapes	Off street car parks	Work in progress	TOTAL INFRASTRUCTURE	GRAND TOTAL PROPERTY, PLANT & EQUIP, INFRASTRUCTURE
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at 1 July 2014										
At cost	–	–	–	–	29,718	39,240	–	6,972	75,930	163,020
At fair value	442,856	54,288	93,501	208,386	–	–	17,444	–	816,475	1,881,870
Accumulated depreciation	(170,502)	(13,664)	(17,879)	(72,369)	(12,670)	(24,582)	(4,895)	–	(316,561)	(478,322)
	272,354	40,624	75,622	136,017	17,048	14,658	12,549	6,972	575,844	1,566,568
Movements in fair value/cost										
Acquisition of assets at cost	–	–	–	–	288	1,809	–	–	2,097	21,559
Acquisition of assets at fair value	8,621	48	2,185	5,043	–	–	17	8,248	24,162	54,306
Revaluation increments (decrements)	(8,149)	–	(25,114)	154,835	–	–	(724)	–	120,851	120,851
Fair value/cost of assets disposed	(1,361)	(200)	(441)	(1,193)	(158)	(229)	(1)	(564)	(4,147)	(20,697)
Transfers in (out)	(790)	157	1,114	857	930	1,111	1,876	(4,525)	730	2,841
	(1,679)	5	(22,256)	159,542	1,060	2,691	1,171	3,159	143,693	178,860
Movements in accumulated depreciation										
Depreciation and amortisation	(10,475)	(677)	(2,276)	(2,086)	(1,267)	(1,848)	(385)	–	(19,014)	(28,947)
Accumulated depreciation of acquisitions	(2)	–	(1)	(303)	–	–	–	–	(306)	(477)
Accumulated depreciation of disposals	445	100	106	555	133	227	1	–	1,567	14,741
Revaluation (increments) decrements	4,177	–	4,046	(54,839)	–	–	171	–	(46,445)	(46,445)
Transfers (in) out	756	–	–	–	3	–	(756)	–	3	(1)
	(5,099)	(577)	1,875	(56,673)	(1,131)	(1,621)	(969)	–	(64,195)	(61,129)
Closing balance at 30 June 2015										
At cost	–	–	–	–	30,778	41,931	–	10,131	82,840	181,014
At fair value	441,177	54,293	71,245	367,928	–	–	18,615	–	953,258	2,042,736
Accumulated depreciation	(175,601)	(14,241)	(16,004)	(129,042)	(13,801)	(26,203)	(5,864)	–	(380,756)	(539,451)
	265,576	40,052	55,241	238,886	16,977	15,728	12,751	10,131	655,342	1,684,299

The opening at fair value and accumulated depreciation balances include equity adjustments relating to:
 – 2013–14 of \$3.61 million (fair value) and \$416,000 (accumulated depreciation)
 – 2014–15 of \$2.97 million (fair value) and \$12,000 (accumulated depreciation)

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

Valuation of land and buildings

A valuation of land and buildings at 1 January 2014 was undertaken by qualified independent valuers, ProVal (Victoria) Pty Ltd. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the Comprehensive Income Statement.

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

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

Land under roads is valued at cost based on Council valuation for acquisitions after 30 June 2008. Deemed cost valuations have been undertaken using site values adjusted for englobo (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the Comprehensive Income Statement. The acquisitions for the year include new assets from subdivision activity.

Details of the written down value of Council's land and buildings and information about the fair value hierarchy as at 30 June 2015 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Land*	–	194,357	563,252
Buildings	–	188,771	20,438
Total written down value	–	383,128	583,690

*Land at fair value excludes land under roads which are valued at cost.

Valuation of infrastructure

Valuation of infrastructure assets at fair value (except parks, open space and streetscapes and recreational, leisure and community facilities which are valued at cost, and bridges which are independently valued) has been determined in accordance with a Council valuation. The fair value of infrastructure is valued using the depreciated replacement cost method. This cost represents the replacement cost of the asset after applying depreciation rates on a useful life basis.

The valuation of bridges at 30 June 2013 was undertaken by qualified independent valuers, Pitt and Sherry.

Details of the written down value of Council's infrastructure and information about the fair value hierarchy as at 30 June 2015 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Roads	–	–	265,575
Bridges	–	–	40,052
Footpaths and cycleways	–	–	55,241
Drainage	–	–	238,886
Off street car parks	–	–	12,751
Total written down value	–	–	612,505

<u>Asset class</u>	<u>Revaluation date</u>	<u>Valued by</u>
Roads	30 June 2015	Council valuation
Bridges	30 June 2013	Independent valuation
Footpaths and cycleways	30 June 2015	Council valuation
Drainage	30 June 2015	Council valuation
Off street car parks	30 June 2015	Council valuation

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

Description of significant unobservable inputs into level 3 valuations

Specialised land is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restrictions of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 10% and 90%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently, land values range between \$10 and \$3,400 per square metre.

Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs are calculated on a square metre basis and range from \$290 to \$48,000 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 50 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

Infrastructure assets are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 5 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

Reconciliation of specialised land

	Consolidated 2015 \$'000	Consolidated 2014 \$'000
Land under roads	35,139	30,761
Parks and reserves	413,601	413,601
Floodway	6,530	6,530
Public use	19,750	19,750
Industrial	22,664	18,444
Other	100,708	256,688
Total specialised land	598,392	745,774

Note 22 Trade and other payables

Trade payables	12,651	13,434
Net GST payable	3	-
Accrued expenses	3,092	5,128
Total trade and other payables	15,746	18,562

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	Consolidated 2015 \$'000	Consolidated 2014 \$'000
Note 23 Trust funds and deposits		
Current		
Fire services levy	1,436	178
Road deposits	1,269	990
Landscape deposits	1,044	1,742
Open space contributions	586	2,539
Development contribution plans (DCP)	14,164	6,999
Other refundable deposits*	919	771
Total current trust funds and deposits	19,418	13,219
Non-current		
Other refundable deposits*	1,039	599
Total non-current trust funds and deposits	1,039	599

**Purpose and nature of items*

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

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

Note 24 Provisions	Annual leave \$'000	Long service leave \$'000	Other \$'000	Total \$'000
2015				
Balance at beginning of the financial year	5,811	9,252	468	15,531
Additional provisions	5,039	1,820	68	6,927
Amounts used	(4,984)	(1,240)	(71)	(6,295)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	2	230	–	232
Balance at the end of the financial year	5,868	10,062	465	16,395
2014				
Balance at beginning of the financial year	5,663	8,468	459	14,590
Additional provisions	4,885	1,478	176	6,539
Amounts used	(4,737)	(725)	(167)	(5,629)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	–	31	–	31
Balance at the end of the financial year	5,811	9,252	468	15,531

Note 24 Provisions (continued)**Employee provisions***Current provisions expected to be wholly settled within 12 months*

	Consolidated 2015 \$'000	Consolidated 2014 \$'000
Annual leave	5,683	5,496
Long service leave	729	615
Other	465	468
	6,877	6,579

Current provisions expected to be wholly settled after 12 months

Annual leave	185	315
Long service leave	8,116	7,923
	8,301	8,238

Total current provisions	15,178	14,817
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Non-current

Long service leave	1,217	714
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Total non-current provisions	1,217	714
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Aggregate carrying amount of employee benefits:

Current	15,178	14,817
Non-current	1,217	714
Total aggregate carrying amount of employee provisions	16,395	15,531

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

Weighted average increase in employee costs	3.40%	3.50%
Average discount rates	2.48%	3.10%
Average settlement period long service leave (years)	7	7
Average settlement period annual leave (days)	260	260

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	Consolidated 2015 \$'000	Consolidated 2014 \$'000
Note 25 Interest-bearing loans and borrowings		
Current		
Borrowings – secured	4,359	9,230
	4,359	9,230
Non-current		
Borrowings – secured	58,059	57,518
	58,059	57,518
Total interest-bearing loans and borrowings	62,418	66,748
Borrowings are secured over the general rates of Council as per section 141 of the Local Government Act 1989.		
a) The maturity profile for Council's borrowings is:		
Not later than one year	4,359	9,230
Later than one year and not later than five years	17,088	13,747
Later than five years	40,971	43,771
	62,418	66,748
b) Aggregate carrying amount of interest-bearing loans and borrowings:		
Current	4,359	9,230
Non-current	58,059	57,518
	62,418	66,748
Note 26 Other interest-bearing liabilities		
Current		
Land purchase – interest-bearing	1,117	–
	1,117	–
Non-current		
Land purchase – interest-bearing	2,439	–
	2,439	–
Aggregate carrying amount of other interest-bearing liabilities		
Current	1,117	–
Non-current	2,439	–
	3,556	–

Council entered into an agreement with Victrack and Places Victoria to purchase land parcels in the Dandenong Railway Precinct. The purchase price was established by the Valuer General Victoria, Council paid a 10% deposit in 2014–15 with the balance to be paid in equal instalments over the next three years with the final instalment due in June 2018. The property is security in respect to the unpaid price.

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Reversal of previous revaluations for assets disposed \$'000	Impairment loss credited against previous increments \$'000	Balance at end of reporting period \$'000
Note 27 Reserves					
(a) Asset revaluation reserves					
2015					
Property					
Land	507,839	–	–	–	507,839
Buildings	9,515	–	–	–	9,515
	517,354	–	–	–	517,354
Infrastructure					
Roads	192,948	(3,971)	–	–	188,977
Bridges	16,568	–	–	–	16,568
Footpaths and cycleways	36,169	(21,068)	–	–	15,101
Drainage	70,329	99,995	–	–	170,324
Off street car parks	3,621	(550)	–	–	3,071
	319,635	74,406	–	–	394,041
Total asset revaluation reserves	836,989	74,406	–	–	911,395
2014					
Property					
Land	421,235	86,604	–	–	507,839
Buildings	12,692	(3,177)	–	–	9,515
	433,927	83,427	–	–	517,354
Infrastructure					
Roads	192,948	–	–	–	192,948
Bridges	16,599	–	–	(31)	16,568
Footpaths and cycleways	36,169	–	–	–	36,169
Drainage	70,329	–	–	–	70,329
Off street car parks	3,621	–	–	–	3,621
	319,666	–	–	(31)	319,635
Total asset revaluation reserves	753,593	83,427	–	(31)	836,989

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy note 1(j).

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	Balance at beginning of reporting period \$'000	Transfer to accumulated surplus \$'000	Transfer from accumulated surplus \$'000	Balance at end of reporting period \$'000
Note 27 Reserves (continued)				
(b) Other reserves				
2015				
Insurance reserve	423	–	–	423
Re-vegetation reserves	514	–	62	576
Public open space reserve	5,494	(934)	2,736	7,296
Keysborough South maintenance levy	785	(777)	937	945
Major projects reserve	6,752	(2,665)	1,425	5,512
Council funded development contribution reserve	9,645	(139)	1,800	11,306
Spring Valley landfill rehabilitation	220	–	541	761
Springvale Activity Parking Precinct	–	–	190	190
Local Government Funding Vehicle	–	–	223	223
Total other reserves	23,833	(4,515)	7,914	27,232
2014				
Insurance reserve	1,016	(657)	64	423
Re-vegetation reserves	624	(160)	50	514
Public open space reserve	4,950	(1,334)	1,878	5,494
Keysborough South maintenance levy	496	(494)	783	785
Major projects reserve	3,020	–	3,732	6,752
Municipal Buildings Project reserve	2,925	(2,925)	–	–
Council funded development contribution reserve	8,559	(160)	1,246	9,645
Dandenong Market	135	(135)	–	–
Spring Valley landfill rehabilitation	220	–	–	220
Total other reserves	21,945	(5,865)	7,753	23,833

Nature and purpose of other reserves:

Insurance reserve

The insurance reserve has been created to meet large and unexpected policy excesses on multiple insurance claims.

Re-vegetation reserves

The purpose of this reserve fund is to meet native re-vegetation requirements on Council's reserves.

Public open space reserve

Funds set aside in this reserve will be utilised exclusively for allocation towards enhancing the City's open space.

Keysborough South maintenance levy

This reserve fund has been established to ensure full accountability of the levies received for the Keysborough and Somerfield Estates reflecting costs of maintaining an additional 15% open space beyond that of traditional estates.

Major projects reserve

The major projects reserve will hold funds realised from the sale of Council's property assets and will be utilised for investing in other properties.

Municipal Building project reserve (discontinued in 2013–14)

This reserve was set aside for the construction of the Municipal Building and Community Complex.

Council funded development contributions reserve

The reserve for Council funded development contribution plans holds funds in respect of Council's contribution to the two major developments in Dandenong South (C87) and Keysborough (C36).

Note 27 Reserves (continued)

Nature and purpose of other reserves (continued):

Dandenong Market (discontinued in 2013–14)

This reserve comprised outflows in 2012–13 for establishment costs of the Dandenong Market Pty Ltd Board and marketing costs.

Spring Valley rehabilitation reserve

The purpose of this reserve is to rehabilitate the Spring Valley landfill site at Clarke Road, Springvale South.

Springvale Activity Centre parking and development reserve

The purpose of the reserve is to fund development in the Springvale Activity Centre.

Local Government Funding Vehicle

The purpose of this reserve is to partly provide for the \$4.90 million principal repayment required on maturity of the interest-only Local Government Funding Vehicle (LGFV) in 2019–20 and to provide future borrowing capacity for major infrastructure projects.

	Note	Consolidated 2015 \$'000	Consolidated 2014 \$'000
(c) Total reserves			
Asset revaluation reserve	27(a)	911,395	836,989
Other reserves	27(b)	27,232	23,833
Total reserves		938,627	860,822

Note 28 Reconciliation of cash flows from operating activities to surplus

Surplus for the year		48,656	54,543
Depreciation and amortisation	13	28,947	26,538
Loss on disposal of property, infrastructure, plant and equipment	8	3,009	2,691
Contributions of non-monetary assets	7	(36,617)	(51,182)
Works in progress unable to be capitalised (expensed)	11	1,454	2,456
Borrowing costs	14	4,139	4,236
Change in assets and liabilities			
Decrease in trade and other receivables	17	(1,082)	(14)
Increase in trust funds and deposits	23	8,838	1,799
Decrease in prepayments	20	(98)	(2)
Increase in trade and other payables	22	853	2,067
Decrease in superannuation liability		–	(4,847)
(Decrease) increase in employee provisions	24	(731)	897
Net cash provided by operating activities		57,368	39,182

Note 29 Reconciliation of cash and cash equivalents

Cash and cash equivalents	16	79,127	66,983
		79,127	66,983

Note 30 Financing arrangements

Interest-bearing loans and borrowings – secured	25	62,418	66,748
Interest-bearing liabilities – other (land purchase)	26	3,556	–
Used facilities		65,974	66,748
Bank overdraft		2,500	2,500
Unused facilities		2,500	2,500

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				Consolidated	
	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
Note 31 Commitments					
The Council has entered into the following commitments:					
2015					
Works and services contracts					
Building maintenance services	4,193	3,682	3,324	–	11,199
Parking management	198	34	–	–	232
Animal management	121	41	–	–	162
Waste services	5,797	6,086	20,148	9,341	41,372
Works (roads and drains) services	1,088	413	133	–	1,634
Landfill maintenance services	3,443	–	–	–	3,443
Open space management	2,756	343	54	–	3,153
Leisure centres management services	1,131	1,036	–	–	2,167
Consultancies	432	63	–	–	495
Cleaning services	1,980	–	–	–	1,980
Other maintenance	225	7	2	–	234
Other contracts	2,843	582	1,249	2,239	6,913
Dandenong Market Pty Ltd	434	347	50	–	831
Total	24,641	12,634	24,960	11,580	73,815
Capital					
Buildings	534	–	–	–	534
Works (roads and drains)	500	200	133	–	833
Street furniture	112	55	18	–	185
Total	1,146	255	151	–	1,552
2014					
Works and services contracts					
Building maintenance services	2,550	2,213	4,615	–	9,378
Parking management	119	20	–	–	139
Animal management	106	36	–	–	142
Waste services	5,751	5,913	18,823	6,655	37,142
Works (roads and drains) services	547	547	18	–	1,112
Landfill maintenance services	4,172	–	–	–	4,172
Open space management	3,675	476	–	–	4,151
Leisure centres management services	433	–	–	–	433
Consultancies	402	45	–	–	447
Cleaning services	1,511	1,091	–	–	2,602
Other maintenance	369	206	–	–	575
Other contracts	3,964	1,682	2,028	2,646	10,320
Dandenong Market Pty Ltd	78	–	–	–	78
Total	23,677	12,229	25,484	9,301	70,691
Capital					
Buildings	2,792	–	–	–	2,792
Works (roads and drains)	38	–	–	–	38
Street furniture	92	–	–	–	92
Total	2,922	–	–	–	2,922

Note 32 Operating leases

(a) Operating lease commitments

	Consolidated 2015 \$'000	Consolidated 2014 \$'000
Not later than one year	241	301
Later than one year and not later than five years	273	397
	514	698

Lease payments are in respect of the revolving operating lease facility for Council's computer equipment from the Commonwealth Bank of Australia (CBA).

(b) Operating lease receivables

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

Not later than one year	1,290	1,026
Later than one year and not later than five years	4,338	2,904
Later than five years	1,308	1,839
	6,936	5,769

The Council has entered into commercial property leases on selected properties. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 50 years.

Note 33 Contingent liabilities and contingent assets

Contingent liabilities

Defined benefit superannuation scheme

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 (refer note 10). As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists. At this point in time it is not known if additional contributions will be required, their timing or potential amount.

Funding arrangements

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

The Fund's latest actuarial investigation was held as at 30 June 2014 and it was determined that the vested benefit index (VBI) of the defined benefit category of which (Employer name) is a contributing employer was 103.4%. To determine the VBI, the fund Actuary used the following long-term assumptions:

- Net investment returns 7.5% pa
- Salary information 4.25% pa
- Price inflation (CPI) 2.75% pa

Vision Super has advised that the estimated VBI at quarter ended 30 June 2015 was 105.8%.

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

Employer contributions

Regular contributions

On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 30 June 2014, the Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2015, this rate was 9.5% of members' salaries. This rate will increase in line with any increase to the Superannuation Guarantee (SG) contribution rate.

In addition, the Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

Funding calls

If the defined benefit category is in an unsatisfactory financial position at actuarial investigation or the defined benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the defined benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including the Council) are required to make an employer contribution to cover the shortfall.

Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's defined benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

Annual Financial Report

For the year ended 30 June 2015

Note 33 Contingent liabilities and contingent assets (continued)

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up.

If there is a surplus in the Fund, the surplus cannot be returned to the participating employers.

In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

Latest actuarial investigation surplus amounts

The Fund's latest actuarial investigation as at 30 June 2014 identified the following in the defined benefit category of which the Council is a contributing employer:

A VBI surplus of \$77.1 million; and

A total service liability surplus of \$236 million.

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2014.

The total service liability surplus means that the current value of the assets in the Fund's defined benefit category plus expected future contributions exceeds the value of expected future benefits and expenses.

The Council was notified of the results of the actuarial investigation during January 2015.

Guarantees for loans to other entities

The Council has agreed to guarantee a bank loan taken out by the Dandenong Basketball Association (DBA). The original loan (and maximum extent of possible Council exposure) was \$2 million. At balance date the amount outstanding balance is \$280,000 (\$380,000 as at 30 June 2014).

The Commonwealth Bank of Australia (Council's banker) at the request of the Council, issued guarantees in favour of Urban Renewal Authority of Victoria for \$1.24 million in respect of development works of the Dandenong Municipal Building project. The release of the guarantee is subject to certain conditions. At balance date Council is contingently liable for \$744,000 (\$1.24 million as at 30 June 2014). A guarantee to the value of \$490,000 was cancelled on 29 July 2014.

The Council is a guarantor on a bank loan taken out by the Noble Park Football Social Club Ltd. The original loan (and maximum extent of possible Council exposure) was \$650,000. At balance date the amount outstanding balance is \$195,011 (\$550,000 as at 30 June 2014).

The Council is also a guarantor on a bank loan taken out by the Keysborough Bowls Club Inc. The original loan (and maximum extent of possible Council exposure) was \$150,000. At balance date the amount outstanding balance is \$69,579.

Legal actions

Council is presently involved in a number of confidential legal matters, which are being conducted through Council's solicitors. The estimated potential financial effect of these matters may be up to \$287,000 (\$310,000 as at 30 June 2014).

Development Contribution Plans (DCP)

Council has three sites that are subject to formal development contribution plans, two are in Keysborough and one in Lyndhurst. All three sites are covered by a DCP.

A DCP provides the framework for the provision and funding of infrastructure to facilitate the set development area and the purpose of a DCP is to provide a "fair distribution of costs for works and services, including roads, traffic management and community facilities to all the proper servicing in the area".

New development in each of the areas is required to meet its share of the total cost of delivering the required infrastructure works – as measured by its projected share of usage – through development contributions collected under the DCP's. The balance of works not covered by development contributions have been agreed to be funded by Council. The total value of these works is estimated to be around \$19.5 million.

Contingent assets

Development Contribution Plans (DCP)

Under the two DCPs noted previously, developers construct infrastructure assets which are vested with Council when Council issues a Statement of Compliance. These assets are brought to account as revenue (Contributions – Non Monetary Assets) and capitalised. At reporting date, developers had commenced construction of assets that will eventually be transferred to the Council subject to Council issuing a Statement of Compliance. Council cannot reliably measure the value of the assets involved prior to completion and the timing of recognition.

Note 34 Financial instruments

(a) Objectives and policies

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

(b) Market risk

Market risk is the risk that the fair value or future cash flows of 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.

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.

Our borrowings are sourced from major Australian banks. We manage interest rate risk on our 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 net debt portfolio by appropriate budgeting strategies and obtaining approval for borrowings from the relevant state government department 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:

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

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

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

(c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss. We have exposure to credit risk on some financial assets included in the 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.

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

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

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

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

(d) Liquidity risk

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

To help reduce these risks Council:

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

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees disclosed in note 33, and is deemed insignificant based on prior periods' data and current assessment of risk.

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For the year ended 30 June 2015

Note 34 Financial instruments (continued)

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

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at note 25.

e) Fair value

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

Fair value hierarchy

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

(f) Sensitivity disclosure analysis

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

– A parallel shift of +1 and -2% in market interest rates (AUD) from year-end rates of 2.00%.

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

Note 35 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

Councillor Roz Blades AM
Councillor Peter Brown
Councillor Youhorn Chea
Councillor John Kelly
Councillor Matthew Kirwan
Councillor Angela Long
Councillor Jim Memeti – (Mayor 07/11/13 to 06/11/14)
Councillor Sean O'Reilly – (Mayor 06/11/14 to current)
Councillor Maria Sampey
Councillor Heang Tak
Councillor Loi Truong

Chief Executive Officer

John Bennie PSM

Dandenong Market Board Members

Ms Julie Busch
Mr Christopher Smith
Mr Franz Madlener
Mr Ian Gauder (Retired 31/10/14)
Mr Tom Mollenkopf (Appointed 25/08/14)
Mr Tim Cockayne (Appointed 27/01/15)

Note 35 Related party transactions (continued)

(ii) Remuneration of Responsible Persons

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

	Consolidated 2015 No.	Consolidated 2014 No.
\$1 – \$9,999	2	–
\$10,000 – \$19,999	3	4
\$20,000 – \$29,999	1	10
\$30,000 – \$39,999	9	–
\$50,000 – \$59,999	–	1
\$60,000 – \$69,999	1	–
\$70,000 – \$79,999	1	1
\$350,000 – \$359,999	–	1
\$370,000 – \$379,999	1	–
Total	18	17
	\$'000	\$'000
Total remuneration for the reporting year, for Responsible Persons included above, amounted to:		
Council	831	767
Dandenong Market Pty Ltd	103	110
	934	877

(iii) Senior Officers remuneration

A Senior Officer other than a Responsible Person, is an officer of Council who:

- a) has management responsibilities and reports directly to the Chief Executive; or
- b) whose total annual remuneration exceeds \$136,000

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

Income range:	Consolidated 2015 No.	Consolidated 2014 No.
< \$135,999	2	3
\$136,000 – \$139,999	4	4
\$140,000 – \$149,999	4	2
\$150,000 – \$159,999	5	8
\$160,000 – \$169,999	3	3
\$170,000 – \$179,999	6	3
\$180,000 – \$189,999	2	1
\$210,000 – \$219,999	–	1
\$220,000 – \$229,999	1	1
\$230,000 – \$239,999	2	2
\$240,000 – \$249,999	3	2
	32	30
	\$'000	\$'000
Total remuneration for the reporting year for Senior Officers included above, amounted to:	5,123	4,988

Annual Financial Report

For the year ended 30 June 2015

Note 35 Related party transactions (continued)

(iv) Responsible persons retirement benefits

No retirement benefits were made by the Council to a Responsible Person during 2014–15 (2013–14 \$nil).

(v) Loans to Responsible Persons

No loans were made, guaranteed or secured by the Council to a Responsible Person during 2014–15 (2013–14 \$nil).

(vi) Transactions with Responsible Persons

No transactions were entered into by the Council with Responsible Persons outside the normal course of Council business, other than remuneration and reimbursement of expenses during 2014–15 (2013–14 nil).

Councillor Memeti has a financial interest in a stall at Dandenong Market. The financial arrangements are at arms length based on commercial terms. A number of Responsible Persons have minority shareholdings in public companies, which have dealings with the Council from time to time.

Responsible persons include 6 individuals who held the position of Director in Dandenong Market Pty Ltd (DMPL) during 2014–15.

Note 36 Events occurring after balance date

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

Note 37 Adjustments directly to equity

In the 2014–15 financial year, it was identified that Council had received ownership and control of assets (found and gifted assets) prior to the current financial year. The majority of the assets (\$3.39 million in 2014–15 and \$1.57 million in 2013–14) related to gifted infrastructure assets by developers of new subdivisions. These adjustments to equity are detailed below by net written down value and occurred in the 2014–15 financial year, but were adjusted against opening equity and assets of the following years:

	Consolidated 2015 \$'000	Consolidated 2014 \$'000
Property		
Land under roads	430	–
Buildings	–	96
Infrastructure		
Roads	2,542	1,755
Footpaths and cycleways	329	802
Off street car parks	86	636
	3,387	3,289

Note 38 Reconciliation of Council, The Dandenong Market Pty Ltd (DMPL) and consolidated accounts

Dandenong Market Pty Ltd is a wholly owned subsidiary of Greater Dandenong City Council. Dandenong Market Pty Ltd manages the Dandenong Market on the terms set out in a management service agreement dated 30 November 2012 between Dandenong Market Pty Ltd and Greater Dandenong City Council. The management service agreement runs concurrently with the Lease Agreement (50 years) and provides for annual agreement extensions at Council's discretion. An extension has been exercised by Council up to 30 June 2016. The following Comprehensive Income Statement, Balance Sheet and Statement of Cash Flows has been provided to show the individual financial positions of the Council and The Dandenong Market Pty Ltd and consolidated accounts for the 2014–15 financial year. These financial statements should be read in conjunction with the accompanying notes in the financial report.

Comprehensive Income Statement

For the year ended 30 June 2015

	Council \$'000	DMPL \$'000	Consolidation Adjustment \$'000	Consolidated Accounts \$'000
Income				
Rates and charges	110,834	–	(94)	110,740
Statutory fees and fines	5,659	–	–	5,659
User fees	6,926	–	–	6,926
Grants – operating	37,541	–	–	37,541
Grants – capital	2,441	–	–	2,441
Contributions – monetary	3,128	–	–	3,128
Contributions – non-monetary	36,617	–	–	36,617
Other income	9,798	5,185	(1,377)	13,606
Net loss on disposal of property, infrastructure, plant and equipment	(3,009)	–	–	(3,009)
Total income	209,935	5,185	(1,471)	213,649
Expenses				
Employee costs	(69,551)	(751)	38	(70,264)
Materials and services	(49,988)	(3,073)	181	(52,880)
Bad and doubtful debts	(1,098)	3	–	(1,095)
Depreciation and amortisation	(28,938)	(9)	–	(28,947)
Borrowing costs	(4,139)	–	–	(4,139)
Other expenses	(7,556)	(1,364)	1,252	(7,668)
Total expenses	(161,270)	(5,194)	1,471	(164,993)
Net surplus for the year	48,665	(9)	–	48,656
Other comprehensive income				
Items that will not be reclassified to surplus or deficit in future periods				
Net asset revaluation increment	74,406	–	–	74,406
Total comprehensive result	123,071	(9)	–	123,062

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For the year ended 30 June 2015

Note 38 Reconciliation of Council, The Dandenong Market Pty Ltd (DMPL) and consolidated accounts (continued)

Balance Sheet

As at 30 June 2015

	Council \$'000	DMPL \$'000	Consolidation Adjustment \$'000	Consolidated Accounts \$'000
Assets				
Current assets				
Cash and cash equivalents	78,846	281	–	79,127
Trade and other receivables	13,737	206	–	13,943
Non-current assets classified as held for sale	–	–	–	–
Other assets	3,036	96	(61)	3,071
Total current assets	95,619	583	(61)	96,141
Non-current assets				
Trade and other receivables	326	–	–	326
Other financial assets	230	–	–	230
Property, infrastructure, plant and equipment	1,684,280	19	–	1,684,299
Non-current assets classified as held for sale	490	–	–	490
Total non-current assets	1,685,326	19	–	1,685,345
Total assets	1,780,945	602	(61)	1,781,486
Liabilities				
Current liabilities				
Trade and other payables	15,335	472	(61)	15,746
Trust funds and deposits	19,418	–	–	19,418
Provisions	15,147	31	–	15,178
Interest-bearing loans and borrowings	4,359	–	–	4,359
Other interest-bearing liabilities	1,117	–	–	1,117
Total current liabilities	55,376	503	(61)	55,818
Non-current liabilities				
Trust funds and deposits	1,024	15	–	1,039
Provisions	1,211	6	–	1,217
Interest-bearing loans and borrowings	58,059	–	–	58,059
Other interest-bearing liabilities	2,439	–	–	2,439
Total non-current liabilities	62,733	21	–	62,754
Total liabilities	118,109	524	(61)	118,572
Net assets	1,662,836	78	–	1,662,914
Equity				
Accumulated surplus	724,209	78	–	724,287
Reserves	938,627	–	–	938,627
Total equity	1,662,836	78	–	1,662,914

Note 38 Reconciliation of Council, The Dandenong Market Pty Ltd (DMPL) and consolidated accounts (continued)

Statement of Cash Flows

For the year ended 30 June 2015

	Council \$'000	DMPL \$'000	Consolidation Adjustment \$'000	Consolidated Accounts \$'000
Cash flows from operating activities				
Rates and charges	110,078	–	(94)	109,984
Statutory fees and fines	4,513	–	–	4,513
User fees	7,278	–	–	7,278
Grants – operating	38,399	–	–	38,399
Grants – capital	2,334	–	–	2,334
Contributions – monetary	3,066	–	–	3,066
Interest received	2,651	18	–	2,669
Trust funds and deposits taken	34,645	–	–	34,645
Other receipts	7,776	5,536	(1,490)	11,822
Net GST refund	7,513	(106)	–	7,407
Employee costs	(70,245)	(767)	67	(70,945)
Materials and services	(56,458)	(4,736)	1,629	(59,565)
Trust funds and deposits repaid	(25,803)	(4)	–	(25,807)
Other payments	(8,320)	–	(112)	(8,432)
Net cash provided by (used in) operating activities	57,427	(59)	–	57,368
Cash flows from investing activities				
Payments for property, infrastructure, plant and equipment	(37,291)	–	–	(37,291)
Proceeds from sale of property held for resale	–	–	–	–
Proceeds from sale of property, infrastructure, plant and equipment (net of selling costs)	534	–	–	534
Proceeds from sale of investments	–	–	–	–
Net cash used in investing activities	(36,757)	–	–	(36,757)
Cash flows from financing activities				
Finance costs	(4,137)	–	–	(4,137)
Proceeds from borrowings (refinance)	4,900	–	–	4,900
Repayment of borrowings (including refinancing)	(9,230)	–	–	(9,230)
Net cash used in financing activities	(8,467)	–	–	(8,467)
Net increase (decrease) in cash and cash equivalents	12,203	(59)	–	12,144
Cash and cash equivalents at the beginning of the financial year	66,643	340	–	66,983
Cash and cash equivalents at the end of the financial year	78,846	281	–	79,127

Annual Financial Report

For the year ended 30 June 2015

Certification of the Financial Statements

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



Michelle Hansen CPA
Principal Accounting Officer
Date: 14 September 2015

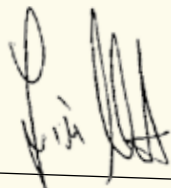
In our opinion the accompanying Financial Statements present fairly the financial transactions of the City of Greater Dandenong for the year ended 30 June 2015 and the financial position of the Council as at that date.

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

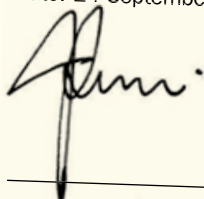
We have been authorised by the Council and by the Local Government (Planning and Reporting) Regulation 2014 on 14 September 2015 to certify the Financial Statements in their final form.



Sean O'Reilly
Mayor
Date: 14 September 2015



Jim Memeti
Councillor
Date: 14 September 2015



John Bennie PSM
Chief Executive Officer
Date: 14 September 2015



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INDEPENDENT AUDITOR'S REPORT

To the Councillors, City of Greater Dandenong

The Financial Report

The accompanying financial report for the year ended 30 June 2015 of the City of Greater Dandenong which comprises the comprehensive income statement, balance sheet, statement of changes in equity, statement of cash flows, statement of capital works, notes comprising a summary of the significant accounting policies and other explanatory information, and the certification of the financial statements has been audited.

The Councillors' Responsibility for the Financial Report

The Councillors of the City of Greater Dandenong are responsible for the preparation and the fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*.

The Councillors are responsible for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994* and the *Local Government Act 1989*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, 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 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.

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

Auditing in the Public Interest

Independent Auditor's Report (continued)

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.

Opinion

In my opinion the financial report presents fairly, in all material respects, the financial position of the City of Greater Dandenong as at 30 June 2015 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*.

MELBOURNE
16 September 2015


Per John Doyle M.Acc FCA
Auditor-General

