

Financial Report Year Ended 30 June 2012



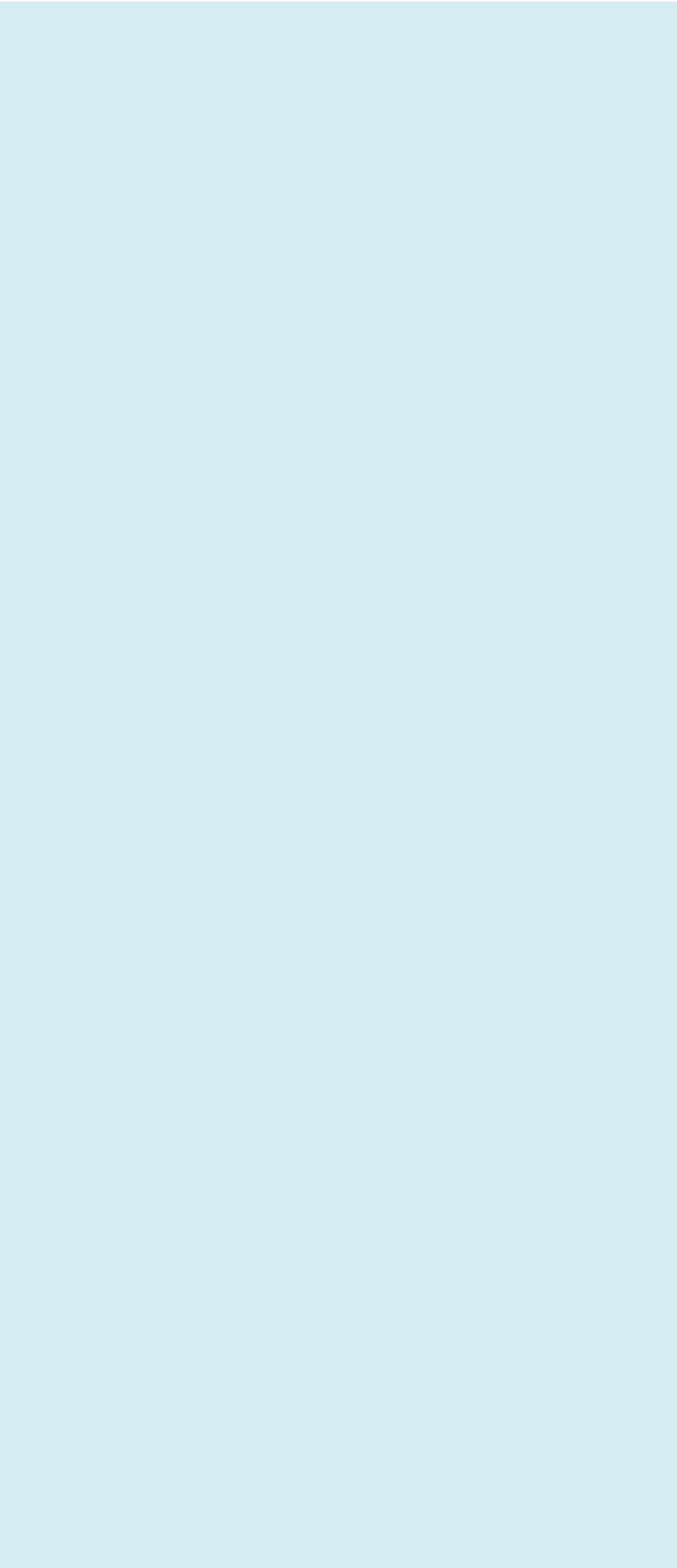


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Comprehensive Income Statement

For the Year Ended 30 June 2012

	Note	2012 \$'000s	2011 \$'000s
REVENUE			
Rates and charges	3	89,608	82,218
Grants - recurrent	4	32,315	28,629
Grants - non-recurrent	4	659	67
Statutory fees and fines	6	5,484	5,393
User fees	7	12,009	14,028
Other revenue	9	5,245	5,222
TOTAL REVENUE		145,320	135,557
EXPENSES			
Employee benefits	10	(56,030)	(52,657)
Employee benefits - additional call defined benefits fund	10	(10,569)	(2,177)
Contract payments, materials and services	11	(31,673)	(31,915)
Depreciation	12	(23,508)	(22,307)
Grants, sponsorships and contributions	13	(5,751)	(5,854)
Professional services	14	(5,323)	(5,105)
Administration costs	15	(11,353)	(10,005)
Finance costs	16	(1,654)	(1,753)
Other expenses	17	(625)	(627)
Total expenses		(146,486)	(132,400)
Net result prior to capital income and asset items	2	(1,166)	3,157
Net gain on disposal of assets	8	3,076	1,979
Capital grants	4	5,819	3,306
Capital contributions	5(a)	2,155	2,338
Contributions - non-monetary assets	5(b)	13,413	16,964
Assets written off	21(e)	(847)	(2,157)
Net result for the year		22,450	25,587
Other comprehensive income			
Net asset revaluation increment (decrement)	26(a)	17,142	(19,785)
Comprehensive result		39,592	5,802

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

Balance Sheet

as at 30 June 2012

	Note	2012 \$'000	2011 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	18	69,278	54,981
Trade and other receivables	19	14,933	12,073
Inventory - property	20	251	927
Total current assets		84,462	67,981
Non-current assets			
Property, plant and equipment	21(a),(b)	797,901	763,030
Infrastructure assets - realisable	21(c)	10,848	10,639
Infrastructure assets - non-realisable	21(d)	497,770	485,655
Inventory - property	20	3,824	3,960
Total non-current assets		1,310,343	1,263,284
Total assets		1,394,805	1,331,265
LIABILITIES			
Current liabilities			
Trade and other payables	22	13,715	11,539
Employee provisions	23	12,769	11,627
Trust funds and deposits	24	13,016	15,473
Interest-bearing loans and borrowings	25	3,254	2,807
Total current liabilities		42,754	41,446
Non-current liabilities			
Employee provisions	23	593	469
Superannuation liability	29	10,569	-
Interest-bearing loans and borrowings	25	32,788	20,841
Total non-current liabilities		43,950	21,310
Total liabilities		86,704	62,756
NET ASSETS		1,308,101	1,268,509
EQUITY			
Accumulated surplus		548,671	532,131
Asset revaluation reserve	26(a)	737,394	720,252
Other reserves	26(b)	22,036	16,126
TOTAL EQUITY		1,308,101	1,268,509

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

Statement of Changes in Equity

For the Year Ended 30 June 2012

2012	Note	Total 2012 \$'000	Accumulated Surplus 2012 \$'000	Asset Revaluation Reserve 2012 \$'000	Other Reserves 2012 \$'000
Balance at beginning of the financial year		1,268,509	532,131	720,252	16,126
Surplus for the year		22,450	22,450	-	-
Transfers to other reserves	26(b)	-	(15,997)	-	15,997
Transfers from other reserves	26(b)	-	10,087	-	(10,087)
Net asset revaluation increment	26(a)	17,142	-	17,142	-
Balance at end of the financial year		1,308,101	548,671	737,394	22,036

2011	Note	Total 2011 \$'000	Accumulated Surplus 2011 \$'000	Asset Revaluation Reserve 2011 \$'000	Other Reserves 2011 \$'000
Adjusted balance at the beginning of the financial year		1,266,346	501,426	740,037	24,883
Prior year error adjustment directly to equity	1.21 & 37	(3,639)	-	-	(3,639)
Adjusted balance at the beginning of the financial year		1,262,707	501,426	740,037	21,244
Surplus for the year		31,446	31,446	-	-
Prior year error adjustment to developer contributions	1.21 & 37	(5,859)	(5,859)	-	-
Adjusted surplus (deficit) for the year		25,587	25,587	-	-
Transfers to other reserves	26(b)	-	(1,501)	-	1,501
Transfers from other reserves	26(b)	-	6,619	-	(6,619)
Net asset revaluation (decrement)	26(a)	(19,785)	-	(19,785)	-
Balance at end of the financial year		1,268,509	532,131	720,252	16,126

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

Cash Flow Statement

For the Year Ended 30 June 2012

	Note	2012 Inflows/ (Outflows) \$'000	2011 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Receipts from ratepayers		88,133	81,934
Fees, charges, fines and other (inclusive of GST)		20,241	22,202
Contributions (inclusive of GST)		2,245	2,927
Government grants (inclusive of GST)		40,411	32,614
Interest received		3,070	3,178
Payments to suppliers (inclusive of GST)		(60,670)	(59,919)
Payments to employees		(54,344)	(54,167)
Net GST refund (payment)		6,782	5,950
Net cash provided by operating activities	32	45,868	34,719
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(43,803)	(34,729)
Proceeds from sale of property, infrastructure, plant and equipment		3,024	3,116
Net cash used in investing activities		(40,779)	(31,613)
Cash flows from financing activities			
Finance costs		(1,672)	(1,773)
Proceeds from interest-bearing loans and borrowings		15,200	-
Repayment of interest-bearing loans and borrowings		(2,806)	(2,629)
Trust funds and deposits		(1,514)	(5,850)
Net cash used in financing activities		9,208	1,448
Net increase in cash and cash equivalents		14,297	4,554
Cash and cash equivalents at beginning of the financial year		54,981	50,427
Cash and cash equivalents at end of the financial year	18 & 33	69,278	54,981
Financing arrangements	18		
Restrictions on cash assets	18		

The above cash flow statement 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 offices are located at 397-405 Springvale Road, Springvale 3171.

The purpose of the council is to:

- Provide for the peace, order and good government of the city;
- To promote our cultural diversity, and economic, social and environmental viability;
- To build partnerships with its citizens;
- To promote business and employment opportunities;
- To ensure transparency and accountability in Council decision making;
- To improve the overall quality of life of its citizens; and
- To enable all citizens to take pride in Greater Dandenong as a great place to live, work, play or visit.

The Council's external audit is conducted by the Victorian Auditor-General's Office, and its internal auditor is Crowe Horwath. The main banker for the Council is the Commonwealth Bank of Australia. The Council draws from a pool of solicitors, depending on the nature of the requirement.

The council's website address is **www.greaterdandenong.com**

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

Note 1 Significant accounting policies

1.1 Basis of accounting

The financial report is prepared on the accrual and going concern basis under the historical cost convention, except for certain assets as disclosed in notes 1.3(d), 1.8 and 1.11.

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. Disclosure notes 13, 18, 27(b) and 29 for 2010-2011 have been amended. Sub groupings within these notes have been reclassified.

1.2 Revenue recognition

a) Rates

Rates and service charges are recognised as revenue at the declaration of the rate, levy or service charge, at commencement of the rating year as it is an enforceable debt linked to the rateable property. The Council uses Capital Improved Value (CIV) as the basis of valuation of all properties for rating purposes. CIV includes the value of land and buildings and improvements made to them. A rate in the dollar for different types of properties is applied to the CIV to arrive at the declared rates (refer note 3).

b) **Grants, donations and other contributions**

Grants, donations and other cash contributions are recognised as revenue upon receipt or upon prior confirmation that they have been secured.

Where grants or contributions recognised as revenue during the financial year were for a specific purpose and remained unspent at balance date, the unspent amount of the grant or contribution is disclosed in notes 4 and 5. Any amount of a grant that was received in prior years and was spent during the current year is disclosed in note 4.

c) **User fees, charges and fines**

User fees and charges are recognised as revenue upon such fees and charges being raised for services provided or payment received, whichever occurs first. Fines are recognised as revenue upon issuance of infringement notices.

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

d) **Sale of property, plant and equipment**

Revenue arising from the sale of assets is recognised when control of the asset has unconditionally passed to the buyer.

e) **Interest and rents**

Interest and rents are recognised as revenue when the payment is due, the value of the payment is notified, or the payment is received, whichever occurs first.

f) **Assets from new developments**

Council acquires infrastructure assets such as land, roads, drains and footpaths from developers through new sub division activity. These assets are initially recognised as non-monetary contributions at their current valuations.

1.3 Recognition and measurement of non-current assets

The Council has adopted the following in relation to the acquisition and depreciation of non-current assets.

a) **Acquisition**

Assets are initially recorded at cost, being the fair value of the assets provided as consideration at the date of acquisition. Costs incidental to their acquisition, such as architects' fees and engineering design fees, that are incurred in preparing the asset for use are also capitalised. 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 of construction includes all direct materials and labour, and an appropriate amount of directly attributable variable and fixed overheads.

Assets acquired from developers through sub division activity are initially recognised at their current valuation (refer Note 1.2 f).

b) **Thresholds for asset recognition**

The following classes of assets have been recognised in Note 21 with threshold limits as shown below and have not changed from the prior year except for minor plant, furniture and equipment of which the threshold has increased to \$2,000 (2010-2011, \$500).

Class of assets	Threshold
Land and buildings	
Land	Nil
Land under Roads	Nil
Land improvements (including irrigation and sprinkler systems, and fencing)	1,000
Buildings	Nil
Building Improvements	2,000
Plant and equipment	
Plant and equipment	2,000
Minor plant, furniture and equipment	2,000
Infrastructure assets (non-realizable)	
Roads	20,000
Kerb and channel	5,000
Footpaths/bikepaths	
- Expansion and upgrade	1,000
- Renewals	Nil
Bridges	5,000
Drains	5,000
Infrastructure assets (realizable)	
Recreational equipment	1,000
Street furniture	10,000

c) **Depreciation and amortisation of non-current assets**

All non-current assets are depreciated over their useful lives to the Council in a manner that reflects the consumption of the service potential of those assets. Depreciation is provided on a straight-line basis using rates applicable to the council's experience. The estimated useful lives reflect a program of normal maintenance and are reviewed continually as part of the Council's asset management program.

Where infrastructure assets have separate identifiable components with distinct useful lives, a separate depreciation rate is determined for each component.

The following table shows the major categories of assets and associated useful lives which has not changed from the prior year with the exception of buildings which has been amended to 50-100 years (2010-2011, 50-75 years) and off street car parks 15-20 years (2010-2011, 25 years). This is a presentation amendment which better reflects the useful lives within these respective asset categories at 30 June 2012.

Property	
Land	
- Land, land under roads, parks, reserves, ovals	N/A
Land improvements	10 years
Buildings	50 - 100 years
Building Improvements	10 years
Plant and equipment	
Plant and equipment	5 years
Minor plant, furniture and equipment	
- Artworks	N/A
- Furniture and equipment	6 – 15 years
- IT devices and software	3 - 5 years
- Parking meters	10 years
- Street signs/traffic control	20 years
- Library catalogue	5 years
- Library equipment	20 years
- Library plant	15 years
Infrastructure	
Roads	
- Pavement and seal	12 – 20 years
- Substructure	100 years
- Kerb and channel	80 years
Earthworks	N/A
Footpaths/bikepaths	10 – 50 years
Bridges	20 - 100 years
Drains	100 years
Off street car parks	15 - 20 years
Recreational equipment (playgrounds)	10 - 20 years
Street furniture	10 - 20 years

d) Revaluation of non-current assets

Subsequent to initial recognition, all non-current assets other than plant, equipment, realisable infrastructure assets and land under roads are measured at fair value. Fair value for most asset categories is represented by their current replacement cost less accumulated depreciation.

Valuation assessments are carried out by the Council each year to ensure that each asset category is represented at fair value at the reporting date. Formal revaluations are generally carried out at rolling four yearly intervals to confirm these assessments, except for land and buildings which are formally valued every two years. Council uses index movements to establish fair value in the years between formal valuations. The Council's internal experts or independent valuers carry out these formal valuations. Where the carrying value materially differs from the fair value, that class of asset is revalued.

Where assets are revalued, the revaluation increment is credited to the asset revaluation reserve, except where such increment reverses a previous valuation decrement of the same class of asset. In that event, the increment is recognised as revenue in the Comprehensive Income Statement to the extent of the previous revaluation expense.

A valuation decrement is recognised as an expense in the Comprehensive Income Statement, except where such a decrement is a reversal of a previous increment of the same class of asset. In such cases, the decrement is charged against the asset revaluation reserve to the extent of the previous increments.

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.

In July 2011, the Department of Planning and Community Development (DPCD) issued a Guidance Circular (15/11) regarding the recognition and measurement of land under roads. The DPCD recommended that Council's should recognise all land under roads (both pre and post 1 July 2008) and that these assets should be accounted for at fair value. A transitional period has been proposed and DPCD expects Councils to be compliant by the 2014–2015 financial year.

e) **Realisable infrastructure assets**

Infrastructure assets comprising street furniture and recreational equipment are considered by their nature to be realisable assets. All other infrastructure assets are considered to be non-realisable. Non-realisable assets are excluded from the calculations of financial ratios (refer Note 34).

f) **Existing assets not previously recognised**

Non-current assets not previously recognised are classified as though they had always been recognised by an adjustment through equity and a restatement of the previous year's comprehensive income statement if applicable.

1.4 **Trust monies**

Amounts received as tender deposits, bonds and retention monies are recognised as trust monies until they are refunded or forfeited (refer note 24). 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.

1.5 **Employee costs**

a) **Accrued salary and wages**

A liability for accrued salary and wages including associated oncosts is recognised, being the amount earned and unpaid at balance date.

b) **Annual leave and long service leave**

Annual leave

Annual leave entitlements are determined up to balance date as amounts expected to be paid when the obligation is settled, inclusive of leave loading and associated oncosts. Annual leave entitlements expected to be settled within twelve months are measured in nominal dollars. Annual leave entitlements expected to be settled after twelve months are measured at the present value of the estimated future cash outflows. Commonwealth bond rates are used for discounting future cash flows.

Long service leave

Long service leave entitlements are assessed at each balance date having regard to length of service, estimated future movements in rates of pay, oncosts and other factors including experience of employee departures and their periods of service. Long service leave expected to be paid within twelve months is measured at nominal value based on the amount expected to be paid when settled. Long service leave entitlements expected to be settled after twelve months are measured at the present value of the estimated future cash outflows. Commonwealth bond rates are used for discounting future cash flows.

Classification of employee benefits

An employee benefit liability is classified as a current liability if the Council does not have an unconditional right to defer settlement of the liability for at least twelve months. All annual leave and unconditional long service leave entitlements after 7 years of continuous service have been classed as current.

c) Superannuation

The superannuation expense for the financial year is the amount of the statutory contribution the Council makes to the superannuation plans that provide benefits to its employees.

Additionally, the Council may recognise a liability in respect of present obligations to the defined benefits superannuation schemes from time to time, to which current and former employees of council belong. The liability, if any, will represent the Council's share of the shortfall of the net market value of the scheme's assets (inclusive of tax and interest accrued), relative to the benefits accrued to its members at balance date (see note 29).

1.6 Recognition of payables

Liabilities are recognised for amounts to be paid in the future for goods and services received as at balance date, whether or not invoices have been received (refer notes 22 and 27).

1.7 Leases

Operating leases

Operating lease payments are expensed in the year in which the payments are made as they reflect the pattern of benefits derived by the Council.

Operating lease receivables are recognised in the year in which they are invoiced or when Council becomes entitled to the income from the lease, whichever is earlier.

1.8 Inventory - property

Properties that are earmarked for future development and sale are shown at the lower of cost and net realisable value. Properties that are likely to be sold within twelve months of balance date are shown as current assets. This classification between current and non-current is reviewed each year in line with future sales program (see also note 1.14).

1.9 Recognition of receivables

Receivables are recognised for amounts owed to the Council for goods and services provided at balance date, whether or not invoices have been issued. Provision is made for doubtful debts after considering collectability. No provision is made in respect of rates debtors (refer notes 19 and 28).

1.10 Cash and cash equivalent assets

For the purpose of the statement of cash flows, cash and cash equivalent assets include cash on hand, deposits at call and other highly liquid investments with short periods to maturity. They are subject to insignificant risk of changes in value and include cash available for day to day cash management activities and those restricted for specific purposes either under regulations or Council's obligations for delivery of services or capital works (refer notes 18 and 33).

1.11 Managed funds

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

1.12 Maintenance and repairs

Maintenance, repair costs and minor renewals are recognised as expenses. Where the repair relates to the replacement of a component of an asset and the cost exceeds the recognised threshold and results in an extension of the life of the asset, that cost is capitalised to that asset. The carrying value of the replaced asset is expensed.

1.13 Interest-bearing liabilities

Interest-bearing liabilities represent overdrafts, short term loans, long term loans and other liabilities which accrue interest on the balance outstanding. The carrying amounts of these liabilities represent the amounts payable in future years (refer notes 25 and 28).

Interest accrued on these liabilities is treated as finance costs (refer note 28).

1.14 Allocation between current and non-current

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

1.15 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 assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the Comprehensive Income Statement.

1.16 Finance costs

Finance costs are recognised as an expense in the period in which they are incurred.

1.17 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 cash flow statement on a gross basis.

1.18 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.

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

1.19 Pending Accounting Standards

The following Australian Accounting Standards have been issued or amended and are assessed as to their applicability to Council as stated below, but are not yet effective.

They have not been adopted in preparation of the financial statements at reporting date.

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Council financial statements
AASB 9: Financial Instruments and AASB 2010-11: Amendments to Australian Accounting Standards arising from AASB9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	<p>These standards are applicable retrospectively and amend the classification and measurement of financial assets. Council has not yet determined the potential impact on the financial statements. Specific changes include:</p> <ul style="list-style-type: none"> * simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value; * removing the tainting rules associated with held-to-maturity assets; * simplifying the requirements for embedded derivatives; * removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost; * allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and * reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on: <ol style="list-style-type: none"> a) the objective of the entity's business model for managing the financial assets; and b) the characteristics of the contractual cash flows. 	Applicable for annual reporting periods commencing on or after 1 January 2013.	These changes are expected to provide some simplification in the accounting for and disclosure of financial instruments

1.20 Rounding

The figures in the financial report are rounded to the nearest thousand dollars.

1.21 Correction of a prior year error

Council has previously recognised Development Contribution Plan (DCP) cash contributions received from landowners/developers as capital contributions income in the Comprehensive Income Statement.

Following a review of the DCP's, Council determined that DCP cash contributions should have been recognised as a liability and not income. The review concluded that the cash contributions are deposits as Council has an obligation to use the DCP monies to provide infrastructure specific to the DCP. Upon completion of the infrastructure, Council will be required to refund the developer the deposit. Please refer note 37 - *Correction of prior year error* for the impact of this error.

Note 2 Underlying operational result for the year ended 30 June 2012	Note	2012 \$'000	2011 \$'000
Net result for the year		22,450	25,587
Less non-operating income			
Net gain on disposal of assets		3,076	1,979
Capital grants	4	5,819	3,306
Capital contributions	5	2,155	2,338
Contributions - non-monetary assets		13,413	16,964
Add non-operating expenses			
Assets written off		847	2,157
Underlying operational result *		(1,166)	3,157

Greater Dandenong City Council measures its underlying operational result* to assist in the determination of whether it is operating in a sustainable fashion or not. The underlying result is an important indicator of Council's long-term financial sustainability, together with other indicators as shown in note 34 Financial Ratios (Performance Indicators). Whilst an underlying deficit in one financial year is not significant, the continued recording of deficits over a sustained period from Council's operations gradually erodes the net assets of Council.

The underlying result from operations excludes a number of transactions which are either 'non-recurring' or not operational in nature. These items are frequently unpredictable and typically can change from one year to the next. The best examples of these items are assets (roads, footpaths etc) that are given to Council by developers once a new subdivision is completed. There are also other accounting adjustments for 'found assets' (when assets that have not been previously recognised by Council are identified), 'lost assets' (when existing assets are written off) or when existing ones are re-valued.

The aim of an underlying result is to determine whether Council's operational costs/income result is in a surplus or deficit outcome. In this way, Council can, in long-term financial planning, aim for an outcome where pure operational outcomes assist Council in achieving a sustainable organisation.

Greater Dandenong City Council's underlying operating result declined in 2011–2012 by \$4.32 million. A key contributor to the outcome was the recognition of \$10.57 million as an expense relating to Council's requirement to contribute to the \$406 million (excluding contribution tax) actuarial shortfall (as at 31 December 2011) in the Local Authority defined benefits superannuation scheme. After adjusting for this significant item, Council's underlying operating result would have resulted in a \$6.25 million improvement on the 2010–2011 result and is inclusive of the 50% or \$5.43 million early receipt of the 2012-2013 Victoria Grants Commission allocation (2010-2011, 25% or \$2.70 million).

* The concept and measurement methodology of an underlying operational result is not defined by Australian Accounting Standards.

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 2011–2012 was \$25.996 billion (\$25.566 billion in 2010-2011).

	2012 \$'000	2011 \$'000
Residential	36,856	34,364
Commercial	7,963	7,519
Industrial	30,356	27,908
Farm	514	532
Supplementary rates and adjustments	1,342	920
Maintenance levy	582	427
Residential garbage	11,995	10,548
	89,608	82,218

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2012 and the valuation first applied to the rating period commencing 1 July 2012.

The date of the previous general revaluation of land for rating purposes within the municipal district was 1 January 2010, and the valuation first applied to the rating period commencing 1 July 2010.

The date of the next general revaluation of land for rating purposes within the municipal district is 1 January 2014, and the valuation will be first applied to the rating period commencing 1 July 2014.

Note 4 Grants – recurrent and non-recurrent

Grants were received in respect of the following:

	2012 \$'000	2011 \$'000
Recurrent		
General Purpose Grants:		
Victoria Grants Commission - unallocated *	11,660	9,317
Victoria Grants Commission - local roads *	1,572	1,197
Operational Grants:		
Community Care	8,988	8,111
Community Wellbeing	7,746	7,891
Cultural Facilities	798	363
Community Engagement	811	781
Regulatory Services	407	331
Community Development	104	331
Business Networking	72	3
Revitalisation of Central Dandenong	66	34
Asset Management Services	43	171
Sport and Recreation	43	45
Infrastructure Planning	3	2
Building	2	2
Planning and Design	-	50
Total recurrent	32,315	28,629

* Increase in Victoria Grants Commission funding due to 50% (or \$5.43 million) of the 2012–2013 allocation paid in advance.

Note 4 Grants – recurrent and non-recurrent (cont.)

	2012 \$'000	2011 \$'000
Non-recurrent		
National Disaster Relief funding	329	-
Cultural Facilities	330	-
Community Care	-	67
Total non-recurrent	659	67
Total operational grants	32,974	28,696
Capital grants		
Recurrent		
Commonwealth Government - Roads to Recovery	653	651
Community Care	50	50
Community Wellbeing	38	65
Total recurrent	741	766
Non-recurrent		
Capital grants	5,078	2,540
Total non-recurrent	5,078	2,540
Total capital grants	5,819	3,306
Total operational and capital grants received	38,793	32,002
Unexpended grants		
Grants recognised as revenue for the year to be expended for specific purposes that had not been expended at balance date were:		
Operational grants		
Victoria Grants Commission	5,433	2,696
Community Development	742	149
Community Wellbeing	624	1,587
Community Care	506	156
Community Engagement	252	289
Public health and wellbeing support strategy	89	-
Property, Leisure and Environment	10	57
Asset Management Services	-	141
Planning and Design	-	32
Capital grants	105	1,570
Total unexpended grants	7,761	6,677

	2012 \$'000	2011 \$'000
Note 5 Capital contributions		
(a) Cash contributions - capital		
Public open space	1,737	1,980
Infrastructure	237	18
Re-vegetation	181	340
Total cash contributions	2,155	2,338
b) Non-monetary		
Land under roads (refer note 21(a))	6,607	4,742
Land	3,833	9,485
Roads	2,723	1,192
Bike paths / footpaths	131	166
Buildings	119	14
Drains	-	1,365
Total non-monetary contributions	13,413	16,964
Unexpended contributions (note)		
Public open space	1,737	1,514
Re-vegetation reserve	181	340
Other	50	-
Total unexpended contributions	1,968	1,854

Note: \$0.23 million of the unexpended contributions from previous years have been expended before the end of the 2011–2012 financial year.

Note 6 Statutory fees and fines

Parking fines	1,819	1,739
Building and town planning	1,187	1,366
Infringements and costs	1,695	1,421
Infringement (Perin) court recoveries	706	784
Land information certificates	77	83
	5,484	5,393

Note 7 User fees

Market stall rental	4,877	3,054
Other fees and charges	1,481	1,241
Parking fees	1,754	1,519
Hire of facilities	1,740	1,416
Aged care services	1,606	1,480
Multideck car parking	541	446
Recreation and leisure	10	987
Aquatic Centre and Springers Leisure Centre *	-	3,885
	12,009	14,028

* A change in contract arrangements relating to Council's leisure facilities occurred in 2011-2012. The contract was previously structured on a gross income and expenditure basis. In 2011-2012, the contract is on a net return model. Refer also note 11.

	2012 \$'000	2011 \$'000
Note 8 Net gain (loss) on disposal of assets		
<i>Land and buildings</i>		
Proceeds from sale of assets	5,476	8,362
Less Places Victoria share of Metro 3175 sales to trust *	(1,114)	(6,143)
<i>Less carrying amount of assets sold</i>		
Land	(1,410)	(525)
Other costs	(74)	(21)
Net gain on disposal of land and buildings	2,878	1,673
<i>Plant and fleet sales</i>		
Proceeds from sale of assets	662	897
Less: Carrying amount of assets sold	(464)	(591)
Net gain on disposal of plant and fleet	198	306
Total net gain on sale of assets	3,076	1,979

* The Council has entered into an agreement with Places Victoria (formerly Vic Urban) 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. The amount transferred to trust represents Places Victoria's share of the sales proceeds as at 30 June 2012.

Note 9 Other revenue

Recoveries - State Revenue Office (supply of valuation data)	477	138
Recoveries - other	726	1,006
Interest received on rates	382	330
Interest received on investments	2,778	2,848
Town Hall income	366	503
Sundry income	516	397
	5,245	5,222

Note 10 Employee benefits

Salaries and wages	43,748	40,245
Annual leave and long service leave	5,923	5,392
Superannuation	4,066	3,809
Casual staff	1,435	1,562
Workcover	858	1,400
Redundancy	-	249
	56,030	52,657
Defined benefits superannuation contribution*	10,569	2,177
	66,599	54,834

* On the 1 August 2012, Council was informed formally of the requirement to contribute to the \$406 million (excluding contribution tax) actuarial shortfall (as at 31 December 2011) in the Local Authority defined benefits superannuation scheme. Council's share of the shortfall at 30 June 2012 is \$10.57 million including tax and is due payable on 1 July 2013.

	2012 \$'000	2011 \$'000
Note 11 Contract payments, materials and services		
Maintenance and repairs	491	347
Contract payments		
Waste collection	9,246	8,754
Parks services	3,561	3,282
Plant / fleet management	791	800
Building maintenance	2,813	2,675
Dandenong Market	3,154	2,488
Cleansing	718	390
Community Aged Care program	8	2
Street lighting	1,563	1,318
Property valuation contract	319	275
Aquatic and Leisure Centre *	264	4,682
Roads and drains	1,391	1,345
Capital works	523	500
Other contract payments	1,232	902
Materials and services		
Building maintenance	194	28
Parks services	610	620
Roads and drains	413	268
Community Aged Care program	1,571	1,174
Cultural facilities	313	168
Cleansing	139	55
Other materials and services	2,359	1,842
	31,673	31,915

* A change in contract arrangements relating to Council's leisure facilities occurred in 2011-2012. The contract was previously structured on a gross income and expenditure basis. In 2011-2012, the contract is on a net return model. Refer also note 7.

	2012 \$'000	2011 \$'000
Note 12 Depreciation		
Property		
Land improvements	1,071	1,112
Buildings	4,777	4,519
Car parks	271	248
Plant and equipment		
Plant and equipment	1,887	1,779
Minor plant, furniture and equipment	2,045	1,847
IT software	487	421
Infrastructure		
Bike paths/footpaths	1,777	1,722
Bridges	144	144
Roads	8,144	7,666
Drains	1,837	1,738
Street furniture	154	184
Playgrounds	914	927
	23,508	22,307

Note 13 Grants, sponsorships and contributions

Community grants	1,349	1,492
Contributions	384	571
Sponsorships - Family Day Care	3,121	3,127
Sponsorships - other	897	664
	5,751	5,854

Note 14 Professional services

Consultants	3,888	3,368
Legal costs	619	883
Statutory fees	408	432
Internal audit	123	141
External audit - Victorian Auditor-General's Office	63	61
Strategic Asset Management Project	66	57
Other	156	163
	5,323	5,105

Note 15 Administration costs

Printing, publications and promotion	1,989	2,337
Motor vehicle maintenance	1,242	1,054
Bad and doubtful debts	912	730
Insurance	1,643	1,080
Information management costs	2,037	1,602
Postage	506	490
Councillors allowances	350	352
Occupancy costs	2,358	2,125
Other administration costs	316	235
	11,353	10,005

	Note	2012 \$'000	2011 \$'000
Note 16 Finance costs			
Interest on borrowings		1,654	1,753
		1,654	1,753

Note 17 Other expenses

Bank charges		143	169
Sundry expenses		482	458
		625	627

Note 18 Cash and cash equivalents

Term deposits		54,458	38,124
Cash at bank and on hand		7,012	8,589
Money market at call account		4,840	5,369
Managed funds		2,768	2,699
Shares		200	200
	33	69,278	54,981

Represented by:

Operating cash		20,864	11,286
Restricted cash*			
Employee provisions		13,362	12,096
Trust funds and deposits		13,016	15,473
Major Projects reserve		9,414	2,240
Open space contributions (unexpended)		4,548	3,021
Municipal Buildings reserve		3,450	1,750
Council funded developer contributions reserve		2,692	906
Insurance fund		972	1,016
Re-vegetation reserve		678	516
Keysborough South Maintenance Levy		282	-
Unexpended grants reserve **		-	6,677
		69,278	54,981

* Restricted cash represents funds that are set aside for specific purposes and users of the financial report should refer to note 26(b) for details of funds held in reserve and note 27 for details of existing Council commitments.

** The unexpended grants reserve has discontinued in 2011-2012.

Financing arrangements

Overdraft facility		2,500	2,500
Used amount		-	-
Unused overdraft facilities at reporting date		2,500	2,500
Used borrowing facilities at reporting date		36,042	23,648
Unused borrowing facilities at reporting date		-	-

	Note	2012 \$'000	2011 \$'000
Note 19 Trade and other receivables			
Rates debtors	1.2(a)	4,652	3,755
Parking infringement debtors		4,695	4,248
Provision for doubtful debts - parking infringements		(1,662)	(1,419)
General debtors		7,459	5,159
Provision for doubtful debts - general debtors		(698)	(499)
Prepayments		487	449
General debtors (non-cash)		-	380
		14,933	12,073

Note 20 Inventory - property *

Properties held for sale - current		251	927
Properties held for sale - non-current		3,824	3,960
		4,075	4,887

* Property held for sale represents the value of properties held for development and resale, and essentially includes the Metro 3175 properties.

Note 21 Property, plant and equipment, infrastructure

(a) Plant and equipment

Plant and equipment

At cost		11,617	11,226
Less accumulated depreciation		(6,931)	(6,049)
		4,686	5,177

Minor plant, furniture and equipment

At cost		32,461	31,451
Less accumulated depreciation		(24,505)	(22,471)
		7,956	8,980

IT software

At cost		2,811	2,734
Less accumulated depreciation		(2,247)	(1,760)
		564	974

Total plant and equipment

At cost		46,889	45,411
Less accumulated depreciation		(33,683)	(30,280)
Total		13,206	15,131

(b) Property

Land

At cost		2,828	1,720
At fair value as at 1 January 2012	(i)	607,593	-
At fair value as at 1 January 2010	(i)	-	581,022
		610,421	582,742

	Note	2012 \$'000	2011 \$'000
Note 21 Property, plant and equipment, infrastructure (cont.)			
Car parks			
At cost		195	-
At Council valuation as at 30 June 2011	(i)	14,013	14,061
Less accumulated depreciation		(4,123)	(3,859)
		10,085	10,202
Land improvements			
At cost		11,723	11,803
Less accumulated depreciation		(7,985)	(6,915)
		3,738	4,888
Buildings			
At cost		21,936	34,715
At fair value as at 1 January 2012	(i)	249,850	-
At fair value as at 1 January 2010	(i)	-	218,060
Less accumulated depreciation		(111,335)	(102,708)
		160,451	150,067
Total Property			
At cost		36,682	48,238
At Council valuation /at fair value		871,456	813,143
Less accumulated depreciation		(123,443)	(113,482)
Total		784,695	747,899
Total property, plant and equipment			
At cost		83,571	93,649
At Council valuation/at fair value		871,456	813,143
Less accumulated depreciation		(157,126)	(143,762)
Total		797,901	763,030
(c) INFRASTRUCTURE ASSETS-REALISABLE			
Street furniture			
At cost		7,489	7,319
Less accumulated depreciation		(6,510)	(6,356)
		979	963
Recreational equipment			
At cost		24,535	23,453
Less accumulated depreciation		(14,666)	(13,777)
		9,869	9,676
Total infrastructure assets-realizable			
At cost		32,024	30,772
Less accumulated depreciation		(21,176)	(20,133)
Total		10,848	10,639

	Note	2012 \$'000	2011 \$'000
Note 21 Property, plant and equipment, infrastructure (cont.)			
(d) INFRASTRUCTURE ASSETS-REALISABLE			
Trees			
At valuation		-	-
At cost		1,064	812
		1,064	812
Bike paths			
At cost		35	-
At Council valuation as at 30 June 2011	(iii)	4,382	4,381
Less accumulated depreciation		(1,116)	(957)
		3,301	3,424
Footpaths			
At cost		916	-
At Council valuation as at 30 June 2011	(iii)	78,935	78,917
Less accumulated depreciation		(12,750)	(11,148)
		67,101	67,769
Bridges			
At cost		271	40
At Council valuation as at 30 June 2006	(iv)	12,162	12,121
Less accumulated depreciation		(4,518)	(4,374)
		7,915	7,787
Land under roads			
At cost	(ii)	17,883	11,275
		17,883	11,275
Roads			
Sub-structure			
At cost		97	92
At Council valuation as at 30 April 2011	(v)	238,855	237,356
Less accumulated depreciation		(87,950)	(85,648)
		151,002	151,800
Seal			
At cost		4,137	1,778
At Council valuation as at 30 April 2011	(v)	79,387	77,044
Less accumulated depreciation		(35,236)	(30,681)
		48,288	48,141

	Note	2012 \$'000	2011 \$'000
Note 21 Property, plant and equipment, infrastructure (cont.)			
Kerb and channel			
At cost		1,210	16
At Council valuation as at 30 April 2011	(v)	82,090	81,622
Less accumulated depreciation		(26,411)	(25,242)
		56,889	56,396
Earthworks			
At cost		-	56
		-	56
Total roads			
At cost		5,444	1,942
At Council valuation		400,332	396,022
Less accumulated depreciation		(149,597)	(141,571)
Total		256,179	256,393
Drains			
At cost		694	-
At Council valuation as at 30 June 2011	(v)	190,869	191,002
Less accumulated depreciation		(68,156)	(66,369)
		123,407	124,633
Works in progress at cost		20,920	13,562
Total		20,920	13,562
Total infrastructure assets - non-realisable			
At cost		47,227	27,631
At Council valuation		686,680	682,443
Less accumulated depreciation		(236,137)	(224,419)
Total		497,770	485,655
Total non-current assets			
At cost		162,822	152,052
At Council valuation/at fair value		1,558,136	1,495,586
Accumulated depreciation		(414,439)	(388,314)
Total non-current assets		1,306,519	1,259,324

Note (i) Property

The basis of valuation is site value for land and written down replacement value for buildings as at 1 January 2012. The valuation for land and buildings was based on information provided by ProVal (Vic) Pty Ltd certified practising valuers.

The basis of valuation for car parks is written down replacement cost as at 30 June 2011. The valuation was undertaken by Council's qualified engineers.

Note (ii) Land under roads

Land under roads is valued at cost based on Council valuation for acquisitions after 30 June 2008. Valuations have been undertaken by using site values, adjusted for englobo (undeveloped/unserved) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. The acquisitions for the year include new assets from sub division activity and returned assets from Eastlink.

Note (iii) Bike paths / footpaths

The basis of valuation is written down replacement value as at 30 June 2011. The valuation was undertaken by Council's qualified engineers.

Note (iv) Bridges

The basis of valuation is written down replacement value as at 30 June 2006. The valuation was undertaken by Council's Civil and Transport Planning unit.

Note (v) Roads and drains

The basis of valuation is written down replacement value. The valuation was undertaken by Council's qualified engineers as at 30 April 2011 for roads (sub structure, seal, kerb & channel) and as at 30 June 2011 for drains.

Note 21 (e) Property, infrastructure, plant and other - (movement in written down value 2012)

The carrying amount of each class of fixed assets at the beginning and end of the current financial year are set out below.

	2012	Balance at beginning of financial year	Acquisition of assets including gifted assets	Assets written off*	Transfer to/from non-current assets	Written down value of disposals	Depreciation expense for the year (note 12)	Revaluation increments (decrements) (note 26(a))	Transfers & WIP mvmt	Balance at end of financial year
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Plant and equipment										
Plant and equipment		5,177	1,845	-	-	(464)	(1,887)	-	15	4,686
IT software		974	29	-	-	-	(487)	-	47	563
Minor plant, furniture and equipment		8,980	1,376	(6)	-	-	(2,045)	-	(347)	7,958
Total plant and equipment		15,131	3,250	(6)	-	(464)	(4,419)	-	(285)	13,207
Property										
Land		582,742	6,661	(88)	-	(598)	-	21,704	-	610,421
Car parks		10,202	107	(40)	-	-	(271)	-	87	10,085
Land improvements		4,888	-	-	-	-	(1,071)	-	(79)	3,738
Buildings		150,067	519	(309)	200	-	(4,777)	(4,532)	19,283	160,451
Total property		747,899	7,287	(437)	200	(598)	(6,119)	17,172	19,291	784,695
Infrastructure										
Realisable										
Street furniture		963	145	-	-	-	(154)	-	24	978
Playgrounds		9,676	1,222	-	-	-	(914)	-	(115)	9,869
Infrastructure - assets										
Non-realisable										
Bike paths		3,424	36	-	-	-	(159)	-	-	3,301
Footpaths		67,769	876	(96)	-	-	(1,618)	-	170	67,101
Bridges		7,787	218	-	-	-	(144)	-	54	7,915
Road sub-structure		151,800	1,640	(32)	-	-	(2,390)	-	(16)	151,002
Road seal		48,141	4,725	(22)	-	-	(4,576)	-	20	48,288
Roads kerbs and channel		56,396	1,636	(30)	-	-	(1,178)	-	65	56,889
Earthworks		56	-	(56)	-	-	-	-	-	-
Land under roads		11,275	6,608	-	-	-	-	-	-	17,883
Drains		124,633	619	(82)	-	-	(1,837)	-	74	123,407
Trees		812	104	-	-	-	-	-	148	1,064
Total infrastructure		482,732	17,829	(318)	-	-	(12,970)	-	424	487,697
Work in progress										
Total works in progress		13,562	27,911	(116)	(1,007)	-	-	-	(19,430)	20,920
Total plant and equipment, property and infrastructure		1,259,324	56,277	(877)	(808)	(1,062)	(23,508)	17,172	-	1,306,519

* Assets written off totalling \$0.877 million includes \$0.847 million expensed to the Comprehensive Income Statement and a \$0.030 million reversal to the asset revaluation reserve relating to land.

Note 21 (f) Property, infrastructure, plant and other - (movement in written down value 2011)

The carrying amount of each class of fixed assets at the beginning and end of the current financial year are set out below.

2011	Balance at beginning of financial year	Acquisition of assets including gifted assets	Assets written off	Transfer to/from non-current assets	Written down value of disposals	Depreciation expense for the year	Revaluation increments (decrements)	Transfers & WIP	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Plant and Equipment									
Plant and equipment	4,901	2,646	-	-	(591)	(1,779)	-	-	5,177
IT Software	1,137	260	(1)	-	-	(421)	-	(1)	974
Minor plant, furniture and equipment	8,475	2,385	(24)	-	-	(1,847)	-	(9)	8,980
Total Plant and Equipment	14,513	5,291	(25)	-	(591)	(4,047)	-	(10)	15,131
Property									
Land	571,075	11,205	(2)	2	-	-	462	-	582,742
Car parks	10,018	152	-	-	-	(248)	362	(82)	10,202
Land Improvements	5,805	156	-	-	-	(1,112)	-	39	4,888
Buildings	140,956	5,722	(714)	5,350	-	(4,519)	-	3,272	150,067
Total Property	727,854	17,235	(716)	5,352	-	(5,879)	824	3,229	747,899
Infrastructure									
Realisable									
Street furniture	983	127	-	-	-	(184)	-	37	963
Playgrounds	8,387	1,660	(66)	-	-	(927)	-	622	9,676
Infrastructure Assets - Non-Realisable									
Non-Realisable									
Bike paths	3,595	1	(15)	-	-	(165)	(3)	11	3,424
Footpaths	66,704	1,059	(29)	-	-	(1,557)	1,532	60	67,769
Bridges	8,217	-	(286)	-	-	(144)	-	-	7,787
Roads sub-structure	154,424	810	(761)	-	-	(2,377)	(778)	482	151,800
Roads seal	50,492	4,312	(132)	-	-	(4,092)	(2,563)	124	48,141
Roads kerbs and channel	67,808	1,146	(71)	-	-	(1,197)	(11,477)	187	56,396
Earthworks	56	-	-	-	-	-	-	-	56
Land under roads	6,230	4,742	-	303	-	-	-	-	11,275
Drains	131,901	1,846	(56)	-	-	(1,738)	(7,320)	-	124,633
Trees	372	369	-	-	-	-	-	71	812
Total Infrastructure	499,169	16,072	(1,416)	303	-	(12,381)	(20,609)	1,594	482,732
Works In Progress									
Total Works In Progress	6,130	12,245	-	-	-	-	-	(4,813)	13,562
Total Plant and Equipment, Property and Infrastructure	1,247,666	50,843	(2,157)	5,655	(591)	(22,307)	(19,785)	-	1,259,324

Note 22 Trade and other payables	2012	2011
	\$'000	\$'000
Current		
Trade creditors	10,757	9,175
Other creditors	267	198
Prepaid income	103	90
Accrued expenses	2,588	2,076
	13,715	11,539

Note 23 Employee provisions

	Annual Leave \$'000	Long Service Leave \$'000	Other \$'000	Total \$'000
2012				
Balance at beginning of the financial year	5,246	6,850	-	12,096
Additional provisions	364	617	543	1,524
Amounts used	(370)	(378)	-	(748)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	-	490	-	490
Balance at the end of the financial year	5,240	7,579	543	13,362

2011

Balance at beginning of the financial year	4,965	6,464	-	11,429
Additional provisions	534	854	-	1,388
Amounts used	(253)	(425)	-	(678)
Decrease in the discounted amount arising because of time and the effect of any change in the discount rate	-	(43)	-	(43)
Balance at the end of the financial year	5,246	6,850	-	12,096

	Note	2012	2011
		\$'000	\$'000
(a) Employee benefits:			
Current	(i)		
Annual leave		5,240	5,246
Long service leave		6,986	6,381
Other		543	-
		12,769	11,627
Non-current	(ii)		
Long service leave		593	469
		593	469

	2012 \$'000	2011 \$'000
Note 23 Employee provisions (cont.)		
(i) Current		
All annual leave, and LSL entitlements representing seven or more years of service, and include:		
- Short-term employee benefits, that fall due within 12 months after the end of the period measured at nominal value	5,783	5,246
- Other long-term employee benefits that do not fall within 12 months after the end of the period measured at present value	6,986	6,381
	12,769	11,627
The following assumptions were adopted in measuring the present value of employee benefits:		
Average increase in employee costs	3.25%	3.50%
Average discount rates between	2.40%-3.13%	4.70%-5.24%
Average settlement period (years)	7	7
(ii) Non-current		
Long service leave representing less than 7 years of continuous service measured at present value.	593	469
(b) Other:		
Provision for rostered days off		
Current	543	-
	543	-
Aggregate carrying amount of employee benefits:		
Current	12,769	11,627
Non-current	593	469
	13,362	12,096

Note 24 Trust funds and deposits

Road deposits	1,394	1,796
Tree deposits	1,805	1,175
Open space contributions	677	300
Developer contribution plans (DCP)	8,223	10,938
Other deposits *	917	1,264
	13,016	15,473

* Includes contractors deposits, sub division deposits and monies held on behalf of South Eastern Healthy Community Partnership.

	2012 \$'000	2011 \$'000
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Note 25 Interest-bearing loans and borrowings

Current

Borrowings - secured	3,254	2,807
	3,254	2,807

Non-current

Borrowings - secured	32,788	20,841
	32,788	20,841

Total interest-bearing loans and borrowings (refer Note 28(a))	36,042	23,648
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Borrowings are secured over the General Rates of Council as per section 141 of the Local Government Act 1989.

The maturity profile for Council's borrowings is:

Less than one year	3,254	2,807
Less than one year and not later than five years	13,366	13,074
Later than five years	19,422	7,767
	36,042	23,648

Note 26 Reserves

	Balance at beginning of reporting period \$'000	Reversal of previous valuations for assets disposed \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
(a) Asset revaluation reserves				
2012				
Property				
Land	399,561	(30)	21,704	421,235
Buildings	17,224	-	(4,532)	12,692
Car parks	3,621	-	-	3,621
	420,406	(30)	17,172	437,548
Infrastructure non-realizable				
Bike paths	2,425	-	-	2,425
Footpaths	33,744	-	-	33,744
Bridges	400	-	-	400
Roads	192,948	-	-	192,948
Drains	70,329	-	-	70,329
	299,846	-	-	299,846
Total asset revaluation reserves	720,252	(30)	17,172	737,394

Note 26 Reserves (cont.)

	Balance at beginning of reporting period \$'000	Reversal of previous revaluations for assets disposed \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
2011				
Property				
Land	399,099	-	462	399,561
Buildings	17,224	-	-	17,224
Car parks	3,259	-	362	3,621
	419,582	-	824	420,406
Infrastructure non-realizable				
Bike paths	2,428	-	(3)	2,425
Footpaths	32,212	-	1,532	33,744
Bridges	400	-	-	400
Roads	207,766	-	(14,818)	192,948
Drains	77,649	-	(7,320)	70,329
	320,455	-	(20,609)	299,846
Total asset revaluation reserves	740,037	-	(19,785)	720,252

Nature and purpose of reserve**Asset revaluation reserve:**

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy note 1.3(d).

	Balance at beginning of reporting period \$'000	Transfer to accumulated surplus \$'000	Transfer from accumulated surplus \$'000	Balance at end of reporting period \$'000
(b) Other reserves				
2012				
Insurance reserve	1,016	(294)	250	972
Re-vegetation reserve	516	(215)	377	678
Unexpended grants reserve	6,677	(6,677)	-	-
Public open space reserve	3,021	(542)	2,069	4,548
Keysborough South maintenance levy	-	(300)	582	282
Major projects reserve	2,240	(2,045)	9,219	9,414
Municipal Buildings Project reserve	1,750	-	1,700	3,450
Council funded developer contribution reserve	906	(14)	1,800	2,692
Total other reserves	16,126	(10,087)	15,997	22,036
2011				
Insurance reserve	1,166	(150)	-	1,016
Re-vegetation reserve	195	-	321	516
Unexpended grants reserve	8,785	(2,108)	-	6,677
Public open space reserve	1,855	-	1,166	3,021
Major projects reserve	6,601	(4,361)	-	2,240
Municipal Buildings Project reserve	1,750	-	-	1,750
Council funded developer contribution reserve	892	-	14	906
Total other reserves	21,244	(6,619)	1,501	16,126

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 reserve

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

Unexpended grants reserve

This reserve represents unexpended grant funds. This reserve has been discontinued in 2011-2012.

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 Summerfield 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

This reserve is to set aside future resources for the construction of a Municipal Office.

Council funded developer contributions reserve

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

	2012 \$'000	2011 \$'000
Note 27 Commitments		
(a) Operating lease commitments		
Not later than one year	280	221
Later than one year and not later than five years	376	380
	656	601

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	921	839
Later than one year and not later than five years	3,153	3,004
Later than five years	3,164	4,101
	7,238	7,944

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.

(c) Contracted commitments

	Not later than 1 year \$'000	Later than 1 year and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
2012				
Works and services contracts				
Building maintenance services	457	363	-	820
Parking management	175	97	-	272
Animal management	46	-	-	46
Waste services	5,880	1,183	-	7,063
Works (roads and drains) services	2,328	553	-	2,881
Fleet services	1,303	548	-	1,851
Landfill maintenance services	4,068	7,845	-	11,913
Open space management	4,778	3,554	-	8,332
Leisure centres management services	350	414	-	764
Other maintenance	575	718	-	1,293
	19,960	15,275	-	35,235
Capital				
Construction works - Municipal Building project	587	29	-	616
Construction works - other buildings	413	-	-	413
Roads resurfacing works	5,700	-	-	5,700
	6,700	29	-	6,729
2011				
Works and services contracts				
Building maintenance services	368	-	-	368
Parking management	123	1	-	124
Animal management	26	-	-	26
Environmental health	38	-	-	38
Waste services	5,232	6,374	-	11,606
Works (roads and drains) services	1,372	-	-	1,372
Fleet services	1,635	1,094	-	2,729
Landfill maintenance services	3,207	11,015	-	14,222
Open space management	863	80	-	943
Other maintenance	749	363	-	1,112
	13,613	18,927	-	32,540
Capital				
Construction works - Noble Park Pool	13,080	-	-	13,080
Design and consultancy - DCP road works	113	-	-	113
	13,193	-	-	13,193

Note 28 Financial Instruments**(a) Accounting policy, terms and conditions**

Recognised financial instruments	Note	Accounting Policy	Terms and conditions
Financial assets			
Cash and cash equivalents	18	<p>Cash on hand and at bank and money market call account are valued at face value. Interest is recognised as it accrues.</p> <p>Managed funds are measured at market value.</p>	<p>Funds on call returned floating interest rates between 3.40% and 4.65% (4.40% and 4.65% in 2010-2011).</p> <p>Withdrawals are either immediate or within 24 hours. Managed funds provided a return between 4.87% and 5.01% net of fees (5.61% and 6.65% in 2010-2011) excluding unrealised gains or losses.</p>
Trade and other receivables, other debtors	19	<p>Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection in full is no longer probable. Collectability of overdue accounts is assessed on an ongoing basis.</p>	<p>General debtors are unsecured and arrears do not attract interest. Credit terms are based on 60 days.</p>
Financial liabilities			
Trade and other payables	22	<p>Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received.</p>	<p>General creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.</p>
Interest-bearing loans and borrowings	25	<p>Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables.</p>	<p>Borrowings are secured by way of mortgages over the general rates of the Council. The weighted average interest rate on borrowings is 6.76% (7.03% in 2010-2011).</p>

(b) Interest rate risk

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

2012	Floating interest rate \$'000	Fixed interest rate maturing in:			Non-interest bearing \$'000	Total \$'000
		1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000		
Financial assets						
Cash and cash equivalents	14,608	54,458	-	-	212	69,278
Trade and other receivables	-	-	-	-	7,459	7,459
Total financial assets	14,608	54,458	-	-	7,671	76,737
Range of effective interest rate	3.00% to 5.01%	3.65% to 5.30%	N/A	N/A	N/A	
Financial liabilities						
Trade and other payables	-	-	-	-	13,715	13,715
Trust funds and deposits	-	-	-	-	13,016	13,016
Superannuation liability	-	-	-	-	10,569	10,569
Interest-bearing loans and borrowings	-	3,254	13,366	19,422	-	36,042
Total financial liabilities	-	3,254	13,366	19,422	37,300	73,342
Range of effective interest rate	-	6.12% to 7.83%			N/A	
Net financial assets (liabilities)	14,608	51,204	(13,366)	(19,422)	(29,629)	3,395

2011	Floating interest rate \$'000	Fixed interest rate maturing in:			Non-interest bearing \$'000	Total \$'000
		1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000		
Financial assets						
Cash and cash equivalents	16,644	38,124	-	-	213	54,981
Trade and other receivables	-	-	-	-	5,539	5,539
Total financial assets	16,644	38,124	-	-	5,752	60,520
Range of effective interest rate	3.90% to 5.80%	4.70% to 5.80%	-	-	N/A	
Financial liabilities						
Trade and other payables	-	-	-	-	11,539	11,539
Trust funds and deposits	-	-	-	-	15,473	15,473
Interest-bearing loans and borrowings	-	2,807	13,313	7,528	-	23,648
Total financial liabilities	-	2,807	13,313	7,528	27,012	50,660
Range of effective interest rate	-	6.12% to 7.83%			N/A	
Net financial assets (liabilities)	16,644	35,317	(13,313)	(7,528)	(21,260)	9,860

(c) Net fair values

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

Financial instruments	Total carrying amount as per Balance Sheet		Aggregate net fair value	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Financial assets				
Cash and cash equivalents	69,278	54,981	69,278	54,981
Trade and other receivables	7,459	5,539	7,459	5,539
Total financial assets	76,737	60,520	76,737	60,520
Financial liabilities				
Trade and other payables	13,715	11,539	13,715	11,539
Trust funds and deposits	13,016	15,473	13,016	15,473
Superannuation liability	10,569	-	10,569	-
Interest-bearing loans and borrowings	36,042	23,648	36,042	23,648
Total financial liabilities	73,342	50,660	73,342	50,660

(d) Credit risk

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

(e) Risks and mitigation

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

Market risk

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

Interest rate risk

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

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 Australian Loan Council each year.

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

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

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

Credit risk

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

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

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

We may also be subject to credit risk for transactions which are not included in the balance sheet, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in note 30.

Movement in provisions for doubtful debts

	2012 \$'000	2011 \$'000
Balance at the beginning of the year	499	483
New provisions recognised during the year	299	56
Amounts already provided for and written off as uncollectible	(100)	(40)
Amounts provided for but recovered during the year	-	-
Balance at end of year	698	499

Ageing of trade and other receivables

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

	2012 \$'000	2011 \$'000
Current (not yet due)	3,556	2,851
Past due by up to 30 days	779	537
Past due between 31 and 180 days	353	358
Past due between 181 and 365 days	82	79
Past due by more than 1 year	407	562
Total trade and other receivables	5,177	4,387

Liquidity risk

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

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

To help reduce these risks we:

- have readily accessible standby facilities and other funding arrangements in place;
- monitor budget to actual performance on a regular basis;
- preparing cash flow projections to estimate future cash requirements; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue within the guidelines of the Australian Loan Council approval.

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

The table below lists the contractual maturities for financial liabilities.

These amounts represent undiscounted gross payments including both principal and interest amounts.

	6 months or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	> 5 years \$'000	Contracted Cash Flows \$'000	Carrying Amount \$'000
2012							
Trade and other payables	13,450	265	-	-	-	13,715	13,715
Trust funds and deposits	8,905	4,111	-	-	-	13,016	13,016
Superannuation liability	-	-	10,569	-	-	10,569	10,569
Loans and borrowings	1,592	1,662	7,234	8,461	17,093	36,042	36,042
Total financial liabilities	23,947	6,038	17,803	8,461	17,093	73,342	73,342

	6 months or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	> 5 years \$'000	Contracted Cash Flows \$'000	Carrying Amount \$'000
2011							
Trade and other payables	11,539	-	-	-	-	11,539	11,539
Trust funds and deposits****	10,004	5,469	-	-	-	15,473	15,473
Loans and borrowings	2,201	2,201	4,403	15,529	6,366	23,648	23,648
Total financial liabilities	23,744	7,670	4,403	15,529	6,366	50,660	50,660

(f) Sensitivity disclosure analysis

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

- A parallel shift of +1% and -2% in market interest rates (AUD) from year-end RBA rates of 3.50%.

Market risk exposure	Carrying amount subject to interest	Interest rate risk			
		1% 100 basis points		-2% 200 basis points	
		Profit	Equity	Profit	Equity
2012	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:					
Cash and cash equivalents	69,278	693	693	(1,386)	(1,386)
Trade and other receivables *	N/A	N/A	N/A	N/A	N/A
Financial liabilities:					
Superannuation liability ***	N/A	N/A	N/A	N/A	N/A
Interest-bearing loans and borrowings **	N/A	N/A	N/A	N/A	N/A

Market risk exposure	Carrying amount subject to interest	Interest rate risk			
		2% 200 basis points		-2% 200 basis points	
		Profit	Equity	Profit	Equity
2011	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:					
Cash and cash equivalents	54,981	1,100	1,100	(1,100)	(1,100)
Trade and other receivables *	N/A	N/A	N/A	N/A	N/A
Financial liabilities:					
Interest-bearing loans and borrowings **	N/A	N/A	N/A	N/A	N/A

* Trade and other receivables are not subject to interest.

** All current interest-bearing loans and borrowings have fixed interest rates and are not subject to interest rate movements.

*** Interest on the superannuation liability does not accrue until 1 July 2013.

**** This financial liability has been amended as a result of a prior year error adjustment. Please see note 1.21 and 37.

Note 29 Superannuation

Council makes employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). *Obligations for contributions are recognised as an expense in profit or loss when they are due.* The Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. During the 2011–2012 financial year, Council also made employer superannuation contributions to various other superannuation funds. Details of these contributions are provided at the end of this note.

Accumulation funds

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

	2012 \$'000	2011 \$'000
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	2,760	2,664
Employer contributions to other superannuation funds	666	537
	<u>3,426</u>	<u>3,201</u>
Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date	-	-
Employer contributions payable to other superannuation funds at reporting date	-	-
	<u>-</u>	<u>-</u>

Defined Benefit Plan

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

Council makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. On the basis of the results of the most recent full actuarial investigation conducted by the Fund's actuary as at 31 December 2011, Council makes the following contributions:

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

Following an actuarial review conducted by the Trustee, as at 31 December 2011, a funding shortfall of \$406 million (excluding contribution tax) for the Fund was determined. Council will be required to make an additional contribution to the funding shortfall of \$8.98 million (\$10.57 million including contributions tax of 15%) by 1 July 2013. Council was made aware of the expected shortfall through the year and was informed formally of our share of the shortfall on 1 August 2012. Council has accounted for this shortfall in the Comprehensive Income Statement in Employee Benefits (see note 10) and in the Balance Sheet in non-current liabilities. At the date of approval of this report, Council is considering a range of payment options but is most likely to pay a lump sum on 1 July 2013.

Note 29 Superannuation (cont.)

Council made contributions to the following funds:

	2012 \$'000	2011 \$'000
Defined benefits fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	<u>576</u>	<u>573</u>
Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) under normal employer obligations at reporting date.	<u>10,569</u>	<u>-</u>

Note 30 Contingent liabilities and contingent assets

Contingent liabilities

Bank guarantees

The Council has agreed to guarantee bank loans taken out by the Dandenong Basketball Association (DBA) to a maximum amount of \$2.0 million. At balance date the amount drawn by the DBA was \$0.57 million (\$0.63 million as at 30 June 2011).

Commonwealth Bank of Australia, Council's banker, has, 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. At balance date Council is contingently liable for \$1.24 million (Nil as at 30 June 2011).

Legal actions

The Council is involved in a number of legal actions. Council's exposure in these claims may be up to \$0.18 million (\$0.25 million as at 30 June 2011).

Contingent assets

As of 30 June 2012, there are no contingent assets.

Note 31 Related party transactions

Name of persons holding the position of responsible person at the City of Greater Dandenong Council during the whole reporting year are:

Councillors

Councillor Roz Blades - (Mayor 02/12/2010 to 05/12/2011)

Councillor Peter Brown

Councillor Youhorn Chea - (Mayor 05/12/2011 to current)

Councillor Paul Donovan

Councillor Yvonne Herring

Councillor John Kelly

Councillor Angela Long

Councillor Jim Memeti

Councillor Maria Sampey

Councillor Loi Truong

Councillor Pinar Yesil

Chief Executive Officer

John Bennie

Remuneration of responsible persons in bands of \$10,000

	2012 No.	2011 No.
\$0 - \$10,000	-	-
\$10,001 - \$20,000	-	-
\$20,001 - \$30,000	9	9
\$30,001 - \$40,000	-	-
\$40,001 - \$50,000	-	1
\$50,001 - \$60,000	1	1
\$60,001 - \$70,000	1	-
\$70,001 - \$80,000	-	-
\$330,001 - \$340,000	-	-
\$340,001 - \$350,000	-	1
\$350,001 - \$360,000	1	-
Total	12	12
	\$'000	\$'000
Total remuneration for the reporting year, for responsible persons included above, amounted to:	721	684

No retirement benefits were made by the Council to a responsible person during the reporting year (Nil in 2010-2011).

No loans were made, guaranteed or secured by the Council to a responsible person during the reporting year (Nil in 2010-2011).

No transactions were entered into by the Council with responsible persons, other than remuneration and reimbursement of expenses during the reporting year (Nil in 2010-2011).

A number of responsible persons have minority shareholdings in public companies, which have dealings with the Council from time to time. These and other transactions with responsible persons who also hold the office of councillor are required to be declared under section 81 of the Local Government Act 1989 (as amended) and are held in a register in accordance with that Act. The register is available for public inspection.

Senior officers remuneration

A Senior Officer other than a Responsible Person, is an officer of Council who has management responsibilities and reports directly to the Chief Executive Officer or whose total annual remuneration exceeds \$127,000 (2010-2011 \$124,000).

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

Income range:	2012 No.	2011 No.
< \$127,000	1	-
\$127,000 - \$129,999	1	2
\$130,000 - \$139,999	6	9
\$140,000 - \$149,999	5	2
\$150,000 - \$159,999	6	5
\$160,000 - \$169,999	1	1
\$170,000 - \$179,999	-	-
\$180,000 - \$189,999	-	-
\$190,000 - \$199,999	1	1
\$200,000 - \$209,999	-	-
\$210,000 - \$219,999	5	4
\$220,000 - \$229,999	-	-
	26	24
	\$'000	\$'000
Total remuneration for the reporting year for Senior Officers included above, amounted to:	3,735	3,680

Note 32 Reconciliation of cash flows from operating activities to surplus or deficit

	Note	2012 \$'000	2011 \$'000
Net result as per Comprehensive Income Statement		22,450	25,587
Depreciation	12	23,508	22,307
Contributions of non-monetary assets	5(b)	(13,413)	(16,964)
Write off of assets not capitalised (expensed)		847	2,157
Finance costs		1,654	1,753
Net (gain) on disposal of property, infrastructure, plant and equipment	8	(3,076)	(1,979)
Change in assets and liabilities			
(Increase) decrease in receivables	19	(1,071)	404
Increase in payables	22	3,134	787
Increase in employee entitlements	23	11,835	667
Net cash provided by (used in) operating activities		45,868	34,719

Note 33 Reconciliation of cash and cash equivalents

Cash and cash equivalents (see note 18)	69,278	54,981
	69,278	54,981

Note 34 Financial ratios	2012 %	2011 %	2010 %
<p>(a) Underlying result (surplus ratio)* This is a measure of Council's underlying surplus (or deficit) as a percentage of its underlying revenue. In arriving at the surplus and revenue, capital grants, contributions, non-cash revenue (such as roads and drains from developers) gain on sale of assets and other one-off items of revenue and expenditure are excluded.</p> <p><u>Underlying surplus (deficit)</u> Underlying revenue</p>	-0.80%	2.33%	2.07%
<p>(b) Indebtedness This is a longer term measure that compares non-current liabilities (which mainly comprises borrowings and employee benefit provisions) to revenue excluding capital grants, contributions and non cash revenue that cannot be used to retire debt.</p> <p><u>Non-current liabilities</u> Total revenue (less capital grants, contributions and non-cash revenue)</p>	30.24%	15.72%	19.37%
<p>(c) Self financing** This is a measure of local governments' ability to fund the replacement of assets from cash generated by their operations</p> <p><u>Net cash from operating activities</u> Total revenue (less capital grants, contributions and non-cash revenue)</p>	31.56%	25.61%	26.33%
<p>(d) Investment gap ratio This is a measure of whether Council is spending on infrastructure at a greater rate than the infrastructure is depreciating.</p> <p><u>Capital expenditure</u> Depreciation</p>	182.34%	151.89%	162.81%
<p>(e) Debt servicing ratio To identify the capacity of Council to service its outstanding debt.</p> <p><u>Debt servicing costs</u> Total revenue</p> <p>Debt servicing costs refer to the payment of interest on loan borrowings.</p> <p>The ratio expresses the amount of interest paid as a percentage of Council's total revenue</p>	1.14%	1.29%	0.86%

* A key contributor to the 2011–2012 result of -0.80% is the recognition of \$10.57 million as an expense relating to Council's requirement to contribute to the defined benefits superannuation shortfall and \$5.43 million or 50% early receipt of the 2012-2013 Victoria Grants Commission allocation (2010-2011, 25% or \$2.70 million). After adjusting for these items, the ratio would result in a favourable 2.84% (2010-2011, 1.98%).

** Self financing ratio for 2010–2011 has been amended as a result of a prior year error adjustment. Please see notes 1.21 and 37.

	2012 %	2011 %	2010 %
<p>(f) Debt commitment ratio To identify Council's debt redemption strategy.</p> <p>The ratio expresses the percentage of rate revenue utilised to pay interest and redeem debt principal.</p> $\frac{\text{Debt servicing and redemption costs}}{\text{Rates revenue}}$	4.98%	5.33%	4.77%
<p>(g) Revenue ratio* To identify Council's dependence on rate income and is determined by assessing rate revenue as a percentage of total revenue.</p> $\frac{\text{Rate revenue}}{\text{Total revenue}}$	56.60%	56.97%	52.71%
<p>(h) Working capital ratio* To assess Council's ability to meet current commitments.</p> $\frac{\text{Current assets}}{\text{Current liabilities}}$ <p>The ratio expresses the level of current assets the Council has available to meet its current liabilities.</p>	197.55%	164.02%	228.02%
<p>(i) Debt exposure ratio To identify Council's exposure to debt.</p> <p>This is the ratio of total debt to total realisable assets.</p> $\frac{\text{Total liabilities}}{\text{Total realisable assets}}$ <p>Realisable assets are those which can be readily sold and are not subject to any restriction on sale or use. Total debt includes all liabilities except those that are covered by restricted assets.</p> <p>Non realisable assets include non realisable infrastructure assets (as detailed in Note 1.3 (b) and (e)), land with restrictions and buildings on other controlled land.</p> <p>The ratio enables assessment of Council's solvency and exposure to debt. The ratio expresses the multiple of total liabilities covered by each dollar of realisable assets.</p>	7.46%	4.55%	4.93%

* Revenue and working capital ratios for 2010–2011 have been amended as a result of a prior year error adjustment. Please see notes 1.21 and 37.

Note 35 Capital expenditure

	Note	2012 \$'000	2011 \$'000
Capital works areas			
Roads, bridges and street furniture		7,305	5,274
Land and buildings		25,340	17,856
Drains		969	606
Land improvements and playgrounds		4,700	2,973
Information services and minor plant		1,546	2,687
Fleet plant and equipment		1,846	2,646
Footpaths and bike paths		1,158	895
Developer contribution program		-	944
Total capital works		42,864	33,881

Represented by:

Expansion	(a)	2,307	14,396
Renewal	(b)	18,244	4,805
Upgrade	(c)	3,938	2,983
New	(d)	18,375	11,697
Total capital works		42,864	33,881

Property, plant and equipment and infrastructure movement

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

Total capital works		42,864	33,881
Depreciation		(23,508)	(22,307)
Capital works expenditure unable to be capitalised		(2,034)	(2,157)
Written down value of assets sold and disposed of (excluding selling costs)		(1,062)	(591)
Contributions - non-monetary assets		13,413	16,964
Asset revaluation movement		17,172	(19,786)
Non-cash debtor transferred to asset register		380	-
Transfer to current assets		-	5,655
Asset written down to revaluation reserve		(30)	-
Net movement in property, plant and equipment and infrastructure		47,195	11,659

(a) Expansion

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

(b) Renewal

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

(c) Upgrade

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

(d) New

Expenditure on the creation of a new asset to provide future economic benefits and meet demand for services.

Note 36 Events occurring after balance date

At the date of final approval of this report, the Council is finalising contract negotiations with its preferred tenderer for the design and construction of the Dandenong Municipal Building Project. The contract sum is valued at \$63.7 million.

Note 37 Correction of a prior year error

(a) Correction of a prior year error

Council has previously recognised Developer Contribution Plan (DCP) cash contributions received from landowners/developers as capital contributions income in the Comprehensive Income Statement.

Following a review of the DCP's, Council determined that DCP cash contributions should have been recognised as a liability and not income. The review concluded that the cash contributions are deposits as Council has an obligation to use the DCP monies to provide infrastructure specific to the DCP. Upon completion of the infrastructure, Council will be required to refund the developer the deposit.

In accordance with AASB 108, the following DCP cash contributions which were received in previous financial periods have been reclassified and recognised in separate liability accounts:

	2010 \$'000	2011 \$'000	Total \$'000
C36 Keysborough Residential DCP	3,332	4,491	7,823
C87 Keysborough Industrial DCP	-	77	77
C87 Lyndhurst Industrial DCP	307	1,291	1,598
Total	3,639	5,859	9,498

The adjustments will result in a decrease in developer contributions (disclosed under the category of capital contributions income in the Comprehensive Income Statement) of \$9.49 million and a corresponding increase in current liabilities. Council's equity will be reduced by same amount by way of a reduction in other reserves.

(b) Restatement of financial statements as a result of correction of prior year error - 30 June 2011 comparative year

The errors as described below have been adjusted by restating each of the affected financial statement line items for the prior year.

Financial Statement line item affected:

Comprehensive Income Statement (extract)	Actual as at 30 June 2011 \$'000	Notes	Correction of error to 30 June 2011 \$'000	Restated Comp Income State. 30 June 2011 \$'000
Net result prior to capital income and asset items	3,157		3,157	3,157
Net gain on disposal of assets	1,979		-	1,979
Capital grants	3,306		-	3,306
Capital contributions	8,197	Note 5	(5,859)	2,338
Contributions - non-monetary assets	16,964		-	16,964
Assets written off	(2,157)		-	(2,157)
Net result for the year	31,446		(2,702)	25,587

Balance Sheet (extract)	Actual as at 30 June 2011 \$'000	Notes	Correction of error to 30 June 2010 \$'000	Correction of error to 30 June 2011 \$'000	Restated Balance Sheet 30 June 2011 \$'000
Total assets	1,331,265		-	-	1,331,265
Liabilities					
Current liabilities					
Trade and other payables	11,539		-	-	11,539
Employee provisions	11,627		-	-	11,627
Trust funds and deposits	5,975	Note 24	3,639	5,859	15,473
Interest-bearing loans and borrowings	2,807		-	-	2,807
Total current liabilities	31,948		3,639	5,859	41,446
Total non-current liabilities	21,310		-	-	21,310
Total liabilities	53,258		3,639	5,859	62,756
Net assets	1,278,007		(3,639)	(5,859)	1,268,509
Equity					
Accumulated surplus	532,131		-	-	532,131
Asset revaluation reserve	720,252		-	-	720,252
Other reserves	25,624	Note 26	(3,639)	(5,859)	16,126
Total equity	1,278,007		(3,639)	(5,859)	1,268,509

Cash Flow Statement (extract)	Actual 30 June 2011 \$'000	Notes	Correction of error to 30 June 2011 \$'000	Restated 30 June 2011 \$'000
Cash flows from operating activities				
Receipts from ratepayers	81,934		-	81,934
Fees, charges, fines and other (inclusive of GST)	22,202		-	22,202
Contributions (inclusive of GST)	8,786	Note 24	(5,859)	2,927
Government grants (inclusive of GST)	32,614		-	32,614
Interest received	3,178		-	3,178
Payments to suppliers (inclusive of GST)	(59,919)		-	(59,919)
Payments to employees	(54,167)		-	(54,167)
Net GST refund (payment)	5,950		-	5,950
Net cash provided by operating activities	40,578		(5,859)	34,719
Cash flows from financing activities				
Finance costs	(1,773)		-	(1,773)
Proceeds from interest-bearing loans and borrowings	-		-	-
Repayment of interest-bearing loans and borrowings	(2,629)		-	(2,629)
Trust funds and deposits	(9)	Note 24	5,859	5,850
Net cash used in financing activities	(4,411)		5,859	1,448

Note 5 - Capital contributions (extract)

a) Cash contributions - capital

Public open space	1,980		-	1,980
Infrastructure	18		-	18
Re-vegetation	340		-	340
Developer contributions	5,859		(5,859)	-
Total cash contributions	8,197		(5,859)	2,338

Note 24 - Trust funds and deposits

Road deposits	1,796		-	1,796
Tree deposits	1,175		-	1,175
Open space contributions	300		-	300
Developer contribution plans (DCP)	1,440		9,498	10,938
Other deposits	1,264		-	1,264
Total trust funds and deposits	5,975		9,498	15,473

Note 26(b) - Other reserves (extract)

Insurance reserve	1,016		-	1,016
Re-vegetation reserve	516		-	516
Unexpended grants reserve	6,677		-	6,677
Public open space reserve	3,021		-	3,021
Major projects reserve	2,240		-	2,240
Municipal Buildings Project reserve	1,750		-	1,750
Council funded developer contribution reserve	906		-	906
Developer contributions	9,498		(9,498)	-
Total other reserves	25,624		(9,498)	16,126

Certification of the Financial Report

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



Michelle Hansen CPA
Principal Accounting Officer

Dated: 11 September 2012

In our opinion the accompanying financial statements present fairly the financial transactions of the City of Greater Dandenong for the year ended 30 June 2012 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 on 10 September 2012 to certify the financial statements in their final form.



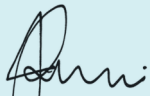
Cr Youhorn Chea
Mayor

Dated: 11 September 2012



Cr Roz Blades
Councillor

Dated: 11 September 2012



John Bennie
Chief Executive Officer

Dated: 11 September 2012

Auditor-General's Office - Independent Auditor's Report

VAGO

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INDEPENDENT AUDITOR'S REPORT

To the Councillors, City of Greater Dandenong

The Financial Statements and Standard Statements

The accompanying financial statements for the year ended 30 June 2012 of City of Greater Dandenong which comprises the comprehensive income statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of the significant accounting policies and other explanatory information, and the certification of the financial statements have been audited.

The accompanying standard statements for the year ended 30 June 2012 of the Council which comprises standard income statement, standard balance sheet, standard cash flow statement, standard statement of capital works, the related notes and the certification of the standard statements have been audited.

The Councillors' Responsibility for the Financial Statements and Standard Statements

The Councillors of the City of Greater Dandenong are responsible for the preparation and the fair presentation of:

- the financial statements in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*
- the standard statements in accordance with the basis of preparation as described in Note 1 to the statements and the 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 statements and standard statements that are 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 statements and standard statements 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 whether the financial statements and standard statements are free from material misstatement.

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

- the appropriateness of the accounting policies used in the financial statements
- the reasonableness of accounting estimates made by the Councillors
- the overall presentation of the financial statements and standard statements.

Auditing in the Public Interest

Independent Auditor's Report (continued)

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

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:

- (a) the financial statements present fairly, in all material respects, the financial position of City of Greater Dandenong as at 30 June 2012 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*.
- (b) the standard statements present fairly, in all material respects, in accordance with the basis of preparation as described in Note 1 to the statements and comply with the requirements of the *Local Government Act 1989*.

Basis of Accounting for Standard Statements

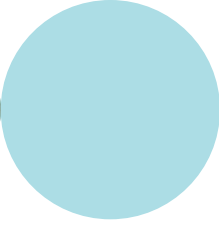
Without modifying my opinion, I draw attention to Note 1 to the standard statements, which describes the basis of accounting. The standard statements are prepared to meet the requirements of the *Local Government Act 1989*. As a result, the standard statements may not be suitable for another purpose.

Matters Relating to the Electronic Publication of the Audited Financial Report and Standard Statements

This auditor's report relates to the financial statements and standard statements of the City of Greater Dandenong for the year ended 30 June 2012 included both in the City of Greater Dandenong's annual report and on the website. The Councillors of the City of Greater Dandenong are responsible for the integrity of the City of Greater Dandenong's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial statements and standard statements are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and standard statements to confirm the information contained in the website version of the financial statements and standard statements.

MELBOURNE
14 September 2012


J D R Pearson
Auditor-General



Standard Statements Year Ended 30 June 2012



Tatterson Park in Keysborough is one of the largest playgrounds in the city and features "A world of insects" theme. As you enter through a magnifying glass, large bug bouncers, carved spiders, ants, a large bug sandpit and bees nests are scattered throughout the play space. With a natural bush setting and wetland area plus walking and bike tracks there is something for the whole family at the park.

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Standard Income Statement

For the Year Ended 30 June 2012

	Note	Actual \$'000	Budget \$'000	Variance \$'000	%
Revenue					
Rates and charges		89,608	89,080	528	0.6
Grants - recurrent	1(a)	32,974	28,246	4,728	16.7
Statutory fees and fines		2,640	2,500	140	5.6
User fees	1(b)	14,145	19,673	(5,528)	(28.1)
Other revenue		5,953	5,186	767	14.8
Total operating revenue		145,320	144,685	635	0.4
Expenses					
Employee benefits	1(c)	66,599	56,135	(10,464)	(18.6)
Contract payments, materials		31,673	34,437	2,764	8.0
Depreciation		23,508	24,000	492	2.1
Grants and sponsorships		5,751	5,934	183	3.1
Professional services	1(d)	5,323	4,285	(1,038)	(24.2)
Administration costs		11,353	11,182	(171)	(1.5)
Finance costs		1,654	2,131	477	22.4
Other		625	604	(21)	(3.5)
Total operating expenses		146,486	138,708	(7,778)	(5.6)
Underlying operating result		(1,166)	5,977	(7,143)	(119.5)
Non-operating income and expenditure					
Net gain on disposal of assets		2,229	2,661	(432)	(16.2)
Capital grants and contributions	1(e)	6,251	3,323	2,928	88.1
Developer contributions	1(f)	1,723	19,630	(17,907)	(91.2)
Contributions - non-monetary assets		13,413	14,717	(1,304)	(8.9)
Surplus (deficit) for the year		22,450	46,308	(23,858)	(51.5)

The above statement should be read with the accompanying notes

Standard Balance Sheet

As at 30 June 2012

	Note	Actual \$'000	Budget \$'000	Variance \$'000	%
Assets					
Current assets					
Cash and cash equivalents	2(a)	69,278	35,942	33,336	92.7
Trade and other receivables	2(b)	14,933	12,427	2,506	20.2
Inventory - property	2(c)	251	1,358	(1,107)	(81.5)
Total current assets		84,462	49,727	34,735	69.9
Non-current assets					
Property, plant & equipment and infrastructure		1,306,519	1,364,329	(57,810)	(4.2)
Inventory - property		3,824	3,360	464	13.8
Total non-current assets		1,310,343	1,367,689	(57,346)	(4.2)
Total assets		1,394,805	1,417,416	(22,611)	(1.6)
Liabilities					
Current liabilities					
Trade and other payables		13,715	14,687	(972)	(6.6)
Employee benefits		12,769	12,400	369	3.0
Trust funds and deposits	2(d)	13,016	2,500	10,516	420.6
Interest-bearing liabilities		3,254	3,194	60	1.9
Total current liabilities		42,754	32,781	9,973	30.4
Non-current liabilities					
Employee benefits		593	554	39	7.0
Superannuation liability	2(e)	10,569	-	10,569	100.0
Interest-bearing liabilities		32,788	32,726	62	0.2
Total non-current liabilities		43,950	33,280	10,670	32.1
Total liabilities		86,704	66,061	20,643	31.2
Net assets		1,308,101	1,351,355	(43,254)	(3.2)
Equity					
Accumulated surplus		548,671	641,919	(93,248)	(14.5)
Reserves		759,430	709,436	49,994	7.0
Total equity		1,308,101	1,351,355	(43,254)	(3.2)

The above statement should be read with the accompanying notes

Standard Cash Flow Statement

For the Year Ended 30 June 2012

	Note	Actual \$'000	Budget \$'000	Variance \$'000	%
Cash flows from operating activities					
Receipts from ratepayers		88,133	89,080	(947)	(1.1)
Fees, charges, fines and other	3(a)	19,865	24,152	(4,287)	(17.8)
Contributions	3(b)	2,155	19,630	(17,475)	(89.0)
Government grants	3(c)	38,793	31,569	7,224	22.9
Interest received		3,070	2,112	958	45.4
Payments to suppliers		(51,804)	(52,715)	911	1.7
Payments to employees		(54,344)	(54,609)	265	0.5
Net cash provided by operating activities		45,868	59,219	(13,351)	(22.5)
Cash flows from investing activities					
Payments for property and other non-current assets	3(d)	(43,803)	(69,743)	25,940	37.2
Proceeds from sale of property held for resale		381	1,000	(619)	(61.9)
Proceeds from sale of property, plant & equipment	3(e)	2,643	4,271	(1,628)	(38.1)
Net cash used in investing activities		(40,779)	(64,472)	23,693	(36.7)
Cash flows from financing activities					
Finance costs		(1,672)	(2,131)	459	21.5
Proceeds from secure loans		15,200	15,200	-	-
Repayment of secure loans		(2,806)	(2,807)	1	0.0
Proceeds (repayments) of trust monies and deposits	3(f)	(1,514)	(3,484)	1,970	56.5
Net cash provided by (used in) financing activities		9,208	6,778	2,430	35.9
Net increase in cash and cash equivalents		14,297	1,525	12,772	837.5
Cash and cash equivalents at the beginning of the year		54,981	34,417	20,564	59.7
Cash and cash equivalents at the end of the financial year	2(a)	69,278	35,942	33,336	92.7

The above statement should be read with the accompanying notes

Standard Statement of Capital Works

For the Year Ended 30 June 2012

	Note	Actual \$'000	Budget \$'000	Variance \$'000	%
Ongoing asset renewal programs					
Facilities group		4,924	4,636	(288)	(6.2)
Open space group		1,668	1,454	(214)	(14.7)
Roads group		7,315	8,107	792	9.8
Stormwater group		592	361	(231)	(64.0)
Plant, fleet and equipment		3,676	3,179	(497)	(15.6)
Operational group		69	509	440	86.4
Total ongoing asset renewal		18,244	18,246	2	0.0
Major projects					
Municipal Building Project	4(a)	5,780	9,200	3,420	37.2
Noble Park Pool	4(b)	13,193	8,000	(5,193)	(64.9)
Springvale Civic Project	4(c)	1,051	2,700	1,649	61.1
Pavilion upgrade program		413	1,000	587	58.7
Tatterson Park Northern Precinct		321	864	543	62.8
Coomoora Reserve		579	600	21	3.5
Other Major Projects	4(d)	-	2,700	2,700	100.0
Total Major Projects		21,337	25,064	3,727	14.9
Developer Contribution Plan (DCP)					
DCP funded works	4(e)	-	20,922	20,922	100.0
DCP Council funded works	4(f)	-	1,800	1,800	100.0
Total DCP works		-	22,722	22,722	100.0
Other capital discretionary		5,974	3,711	(2,263)	(61.0)
Total capital works		45,555	69,743	24,188	34.7
Asset expenditure classification					
Renewal		18,244	18,246	2	0.0
Upgrade		3,938	4,765	827	17.4
Expansion		2,307	1,796	(511)	(28.5)
New	4(g)	18,375	44,936	26,561	59.1
Operational/maintenance	4(h)	2,691	-	(2,691)	(100.0)
Total capital works		45,555	69,743	24,188	34.7

The above statement should be read with the accompanying notes

Notes to the Standard Statements

1. Basis of preparation of Standard Statements

Council is required to prepare and include audited Standard Statements within its Annual Report.

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

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

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

The Standard Statements compare Council's financial plan, expressed through its budget, with actual performance. The Local Government Act 1989 requires explanation of any material variances. The statements have been prepared on the basis of a materiality threshold of greater than \$1,000,000 and greater than 10 per cent. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures included in the Standard Statements are those adopted by Council on 27 June 2011. The budget was based on assumptions that were relevant at the time of adoption of the budget. The Council set guidelines and parameters for revenue and expense targets in this budget in order to meet Council's business plan and financial performance targets for both the short and long term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

Detailed information on the actual financial results are contained in the General Purpose Financial Report located in the previous section of the Annual Report. The detailed budget can be obtained by contacting Council or through the Council's website (www.greaterdandenong.com). The Standard Statements must be read with reference to these documents.

2. Explanation of material variances

Note	Item	Explanation
(a) Standard Income Statement		
1(a)	Grants - recurrent	Grants - recurrent were \$4.73 million higher than the budget due mainly to the early receipt of \$5.43 million (or 50%) of the 2012-2013 Victoria Grants Commission allocations.
1(b)	User fees	The \$5.53 million variance is due primarily to a change in contract arrangements relating to Council Leisure facilities. At the time of preparation of the original budget the management contract was structured on a gross income and expenditure basis. During the 2011-2012 financial year, the actual management contract was negotiated on a net return model.
1(c)	Employee benefits	Employee benefits were \$10.46 million higher than the original budget due to the requirement that the City of Greater Dandenong contribute to the \$406 million (excluding contribution tax) actuarial shortfall (as at 31 December 2011) in the Local Authority defined benefits superannuation scheme. Council's share of the shortfall at 30 June 2012 is \$10.57 million. This amount was bought to account as an expense at 30 June 2012 and is due payable on 1 July 2013. This was not known at the time of the original budget.
1(d)	Professional services	Professional services were \$1.04 million higher than the original budget due to unexpended tied grants carried forward from 2010-2011 primarily relating to the Community Services area.
1(e)	Capital grants and contributions	Capital grants and contributions were \$2.93 million higher than the original budget due to \$3.00 million of State and Federal Government grant funding received in relation to the Noble Park Aquatic Centre.
1(f)	Developer contributions	During the 2011-2012 financial year, a review of the DCP's determined that DCP contributions should have been recognised as a liability not income. A total of \$4.75 million in DCP contributions received in 2011-2012 were transferred to a liability account (deposits). Please see (note 1.21) "Change in Accounting Policy and Accounting estimates and correction of a prior period error" contained in the Financial Report.
(b) Standard Balance Sheet		
2(a)	Cash and cash equivalents	Cash holdings were higher than anticipated at 30 June 2012 as a result of a recent draw down of new borrowings in June 2012 combined with timing variance in the payment of progress claims for capital projects during the 2011-2012 financial year.
2(b)	Trade and other receivables	The balance of trade and other receivables at the end of the financial year is higher than expected due to large outstanding debtor balances relating to the asset sale of 51 - 53 Buckley Street, Noble Park \$1.90 million which was subsequently paid on 19 July 2012 and the June quarter pensioner rebate claim from the Department of Human Services \$0.58 million.
2(c)	Inventory - property	The \$1.11 million variance primarily relates to Metro 3175 sales which has experienced a slowing period as the development now turns to the high rise apartment phase.
2(d)	Trust funds and deposits	The lower than budget cash outflow of \$1.97 million is primarily due an increase in trust funds and deposits resulting from the recognition of DCP contributions as a liability. Refer to explanation provided earlier at 1(f).

Note	Item	Explanation
2(e)	Superannuation liability	\$10.57 million higher than the original budget due to a requirement that the City of Greater Dandenong Council contribute to a \$406 million (excluding contribution tax) actuarial shortfall (as at 31 December 2011) in the Local Authority defined benefits superannuation scheme. Council's share of the shortfall at 30 June 2012 is \$10.57 million. At the time of approval of this report. Council is considering a range of payment options but it is intended that this liability will be paid out in full by 1 July 2013.

(c) Standard Cash Flow Statement

3(a)	Fees, charges, fines and other	Refer to explanation provided earlier at 1(b).
3(b)	Contributions	Refer to explanation provided earlier at 1(f).
3(c)	Government grants	Refer to explanation provided earlier at 1(a).
3(d)	Payments for property and other non-current assets	The payments for property, infrastructure, plant and equipment was \$25.94 million lower than the budget due mainly to timing variances in the payment of progress claims for capital projects. Refer to explanation provided subsequently at 4(a -e).
3(e)	Proceeds from sale of property, plant & equipment	Proceeds from sale of property, plant and equipment were \$1.63 million lower than budget due to the timing of the sale of 51 - 53 Buckley Street, Noble Park which was subsequently received on 19 July 2012. Refer to explanation provided earlier at 2(b).
3(f)	Proceeds (repayments) of trust monies and deposits	Refer to explanation provided earlier at 1(f).

(d) Standard Capital Works Statement

4(a)	Municipal Building Project	Capital expenditure relating to the Municipal Building project was \$3.42 million lower than original budget expectations due to timing.
4(b)	Noble Park Pool	The Noble Park Aquatic Centre project was completed during the financial year. The \$5.19 million higher than budget variance is due to timing of expenditure across the 2010–2011 and 2011–2012 financial years and is funded from unspent funds carried forward from the 2010–2011 financial year.
4(c)	Springvale Civic Project	The \$1.65 million favourable variance is mainly due to \$0.68 million in savings achieved due to lower than expected remediation works required at the project site.
4(d)	Other Major Projects	This budget line item forms part of "Other capital discretionary".
4(e)	DCP funded works	Capital expenditure associated with DCP funded works relates to the construction of DCP infrastructure expected to be undertaken by various developers. During the 2011–2012 financial year, a review was undertaken on DCP's which resulted in a change of accounting treatment. Nil capital works expenditure has been recognised at 30 June. The construction of DCP infrastructure undertaken by developers will be refunded to developers from amounts held by Council as deposits. Refer explanation provided earlier in at 1(f).

Note	Item	Explanation
4(f)	DCP Council funded works	Relates to the timing of expenditure associated with Council's contribution to the two major Developer Contribution Plans. Unspent funds have been transferred to reserves at 30 June 2012 and will fund future scheduled works in the DCP.
4(g)	New	Refer explanation provided earlier in 4(e).
4(h)	Operational/maintenance	The \$2.69 million variance relates to expenditure that was budgeted for in the Capital Works program however have been expensed through the Comprehensive Income Statement as they are either operating in nature or could not be capitalised because they were below the capitalisation threshold for the relevant asset classes.

Certification of the Standard Statements

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



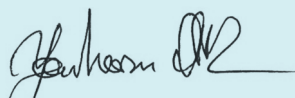
Michelle Hansen CPA
Principal Accounting Officer

Dated: 11 September 2012

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

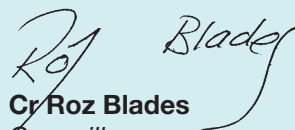
As at the date of signing, we are not aware of any circumstances which would render any particulars in the standard statements to be misleading or inaccurate.

We have been authorised by the Council on 10 September 2012, to certify the standard statements in their final form on behalf of the Council.



Cr Youhorn Chea
Mayor

Dated: 11 September 2012



Cr Roz Blades
Councillor

Dated: 11 September 2012



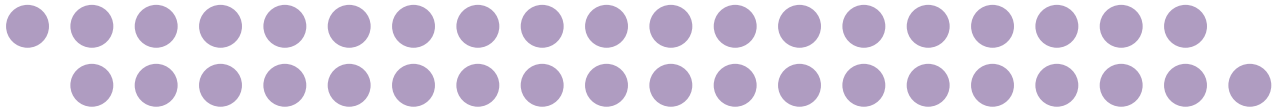
John Bennie
Chief Executive Officer

Dated: 11 September 2012



Customer Service

- Springvale** 397-405 Springvale Road
- Dandenong** 39 Clow Street
- Noble Park** 18-32 Buckley Street
- Keysborough** Shop A7, Parkmore Shopping Centre



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I have certified the material contained within this document pursuant to section 55D of the Local Government Act 1989.

John Bennie
 Chief Executive Officer
 City of Greater Dandenong
 397-405 Springvale Road,
 Springvale, Vic, 3171