

Financial Statements

Year Ended 30th June 1998

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CITY OF GREATER DANDENONG .
 Financial Statements for the year ended 30 June 1998

Operating Statement for the Year ended 30 June 1998

	Note	1997/98 \$'000	1996/97 \$'000
REVENUES			
Rates	1.5,14	28,787	21,559
Government Grants	1.6, 3	10,219	11,270
Fees, Charges and Fines		4,219	4,952
Interest	14	709	528
Asset Sales	3.4	2,852	1,428
Other		6,345	6,351
Total Revenues		53,131	46,088
EXPENSES			
Employee Costs	1.9	21,212	24,942
Materials and Services	1.11	9,081	9,677
Depreciation	1.12, 4	7,003	2,296
Carrying Amount of Assets Sold	3.4	2,789	1,184
Interest	14	1,631	914
Other		10,948	12,182
Total Expenses		52,664	51,195
OPERATING SURPLUS (DEFICIT) BEFORE ABNORMAL ITEMS		467	(5,107)
Abnormal Items			
Abnormal Revenues	3.3		1,257
Abnormal Expenses	1.2,4.2	(51,682)	(9,450)
Total Abnormal Items		(51,682)	(8,193)
OPERATING DEFICIT AFTER ABNORMAL ITEMS		(51,215)	(13,300)

The accompanying Notes form part of these financial statements.

Statement of Financial Position as at 30 June 1998

	Note	1997/98 \$'000	1996/97 \$'000
ASSETS			
Current Assets			
Cash	5.1, 14	6,809	4,185
Investments	5.1, 14	1,655	1,381
Receivables	5.3, 14	3,750	5,477
Property Held for Resale	5.4	2,670	1,861
Other	5.5	166	1,017
Total Current Assets		15,050	13,921
Non-Current Assets			
Fixed Assets	1.2,6.2	429,855	482,344
Total Non-Current Assets		429,855	482,344
Total Assets		444,905	496,265
LIABILITIES			
Current Liabilities			
Creditors	7.1, 14	4,611	4,323
Employee Entitlements	1.10, 7.2	3,821	4,056
Borrowings	7.3, 14	2,091	996
Trust Monies	1.8, 7.4	933	894
Total Current Liabilities		11,456	10,269
Non-Current Liabilities			
Employee Entitlements	1.10, 8.1	8,971	8,211
Borrowings	8.2, 14	8,487	10,578
Total Non-Current Liabilities		17,458	18,789
Total Liabilities		28,914	29,058
NET ASSETS		415,991	467,207
Represented by Equity			
Accumulated Surplus		413,117	463,773
General Reserves	9	2,874	3,434
TOTAL EQUITY		415,991	467,207

The accompanying Notes form part of these financial statements.

CITY OF GREATER DANDEENONG .
 Financial Statements for the year ended 30 June 1998

Statement of Changes in Equity
 for the twelve months ended 30 June 1998

	Notes	Total		Accumulated Surplus		Reserves	
		1997/98 \$'000	1996/97 \$'000	1997/98 \$'000	1996/97 \$'000	1997/98 \$'000	1996/97 \$'000
Balance at the beginning of the year		467,207	87,647	463,773	72,594	3,434	15,053
Operating Deficit after Abnormal and Extraordinary Items		(51,215)	(13,300)	(51,215)	(13,300)	-	-
Transfer to Reserves	9.2		-	(475)	(191)	475	191
Transfer from Reserves	9.2		-	1,035	11,810	(1,035)	(11,810)
Recognition of Infrastructure Assets	1.2, 6.2c		392,860		392,860		-
Balance at the end of the year		415,991	467,207	413,117	463,773	2,874	3,434

The accompanying notes form a part of these financial statements

Statement of Cash Flows for Year ended 30 June 1998

	Note	1997/98 \$'000	1996/97 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates	1.5	29,089	24,611
Fees, Charges, Fines & other		9,868	6,497
Government Grants - Untied	1.6, 3.1	4,442	4,221
Government Grants for Service Delivery	3.2	5,777	7,049
Interest		726	335
Payments			
Employee costs		(21,198)	(21,033)
Unfunded Superannuation Liability	15.2	(773)	
Materials, Contractors & Other	1.11	(18,108)	(24,890)
Interest		(1,631)	(913)
Net Cash Flow (Outflow) from Operating Activities	18.4	8,192	(4,123)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of assets		(7,189)	(11,752)
Proceeds from sale of assets		2,852	1,428
Net Cash Outflow from Investing Activities		(4,337)	(10,324)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Repayment of) Proceeds from borrowings		(996)	2,000
Trust monies and deposits received	1.8	39	
Net Cash (Outflow) Flow from Financing Activities		(957)	2,000
NET INCREASE (DECREASE) IN CASH HELD		2,898	(12,447)
Non-restricted Cash at beginning of the financial year		4,185	16,696
Restricted Cash at beginning of the financial year	11, 12	1,381	1,317
TOTAL CASH AT BEGINNING OF FINANCIAL YEAR		5,566	18,013
Non-restricted Cash at the end of the financial year		6,809	4,185
Restricted Cash at the end of the financial year	11, 12	1,655	1,381
TOTAL CASH AT THE END OF THE FINANCIAL YEAR	5.2	8,464	5,566

The accompanying Notes form part of these financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**1.1 Basis of Accounting**

This general purpose financial report has been prepared in accordance with the Local Government Act 1989, Local Government Regulations 1990, applicable Australian Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Consensus Views). Accounting policies employed have remained consistent unless otherwise disclosed

1.2 Valuation of Assets

The Financial Statements are prepared in accordance with the historical cost convention, except for certain assets which are recorded "At valuation". These assets are valued at the lesser of written down replacement cost or market value. Where no market value exists assets are valued at the written down replacement cost.

"At valuation" estimates for minor plant, furniture and equipment were determined by Dean Capp the Financial Accountant. as at the 30th June 1997 - Related note: Note 6.2B

"At valuation" estimates for land and buildings were determined by Mrs. P Lawson AAPI ,Certified Valuer as at levels of values applicable as at 1st July 1997 - related note: Note 6.2.C.

"At valuation" estimates for infrastructure were determined as at 30th June 1997 by ;
Gutteridge,Haskin & Davies, Civil Engineers (Roads).
Acer Wargon Chapman, Civil Engineers (Drains).
Graeme Lyne , Civil Engineer (Bridges). Related note: Note 6.2.D.

Works in Progress are taken up at cost. Related notes: Note 6.2.C and 6.2.D.

In the 1996/97 the Auditor General qualified the Annual Financial Statements as a result of the inadequacies of the Fixed Asset register in relation to Land & Buildings. As a result thereof extensive work was undertaken by a Team of Council Officers to value these properties and produce a suitable fixed asset register. During this process a number of errors were detected in the earlier valuation. As a result thereof these Assets were written down by \$49.078 million . This has been reflected as an abnormal expense. related note 4.2.

1.3 Comparative Figures

The 1996/97 rating year was of 9 months duration. Rate revenue in that year approximates three quarters of that which would have normally been raised in a full rating year.

Comparative figures have, where necessary, been re-classified to comply with the presentation adopted in the current year. Comparative information has not been provided for disclosures made under AAS33 "Financial Instruments", Note 14, as this is the first financial year in which disclosure is required. Comparative figures in Note 18 are provided in accordance with statutory requirements.

1.4 Cash

For purposes of the Statement of Cash Flows, cash net of any outstanding bank overdraft, includes cash deposits and short term investments (less than 90 days to maturity) which are readily converted to cash at the Council's option and which are subject to insignificant risk of change in values. Restricted Cash which is subject to statutory or contractual restrictions is separately disclosed in the Statement of Cash Flows. Related notes: Note 11,12 and 14.

1.5 Recognition of Rates Revenues

Rates and service charges are recognised as revenues when control over the assets comprising those revenues is obtained. Control over assets comprising rates and service charges is obtained at the declaration of the rate levy or service charge, or commencement of the rating period, whichever is the later. Related notes: Note 5.3 and 14.

1.6 Recognition of Grants, Donations and Other Contributions

Grants, donations and other contributions are recognised as revenues when control over the assets comprising those revenues is obtained. Control is normally obtained upon receipt or upon prior confirmation that the asset has been secured. Unreceived grants, donations and other contributions over which control has been obtained are recognised as Receivables. Related note: Note 3.

1.7 Recognition of General Debtors

Debtors are recognised when the risks and rewards of ownership of the underlying assets or benefits of service transactions have passed to the customer. This event usually occurs on the delivery of goods or services. Related notes: Note 5.3 and 14. Revenue arising from the sale of land is recognised upon entering into an unconditional contract, or if conditional, revenue is recognised at settlement. A provision is made for amounts which are considered to be doubtful debts and are not subject to a charge on property. Related note 5.3

1.8 Trust Funds

Separate and distinct Trust Funds are maintained for the majority of all Long Service Leave entitlements. Related note: Note 8.1. Other Trust Monies are classified as non current liabilities Related note: Note 7.4.

1.9 Employee Entitlements - Accrued Salary and Wages

Liability for accrued salary and wages including associated oncost is recognised as the amount earned and unpaid at the balance date. Accrued salary and wages are recorded as a Current Liability under the heading of Creditors. Related note: Note 7.1.

1.10 Employee Entitlements - Annual Leave and Long Service Leave

The liability for annual leave is determined at current rates of pay, inclusive of leave loadings and associated oncost, and is based on annual leave not taken as at the balance date. A liability for long service leave is recognised when it is probable that settlement will be required and the liability is capable of being measured reliably. Long service leave entitlements payable are assessed at each balance date having regard to length of service, estimated future movements in rates of pay, on-costs and other factors including experience of employee departure and their periods of service. Long service leave entitlements estimated to fall due later than one year after balance date have been measured at the present value of the estimated future cash outflows. Interest rates on government securities are used for discounting future cash flows. Related notes Note 7.2 and 8.2

Local Government (Long Service Leave) Regulations, 1991, require maintenance of a separate investment account for the Long Service Liability. This Restricted Asset is disclosed at Note 11. The liability calculated under the Regulation's formula does not match the liability determined under AAS30 "Accounting for Employee Entitlements".

1.11 Recognition of General Creditors

Liabilities are recognised for amounts to be paid in the future for goods provided and services received as at balance date, whether or not invoices have been received. Related notes: Note 7.1 and 14.

1.12 Depreciation of Non-current Assets

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner that reflects the consumption of the service potential of those assets. Depreciation is provided for on a straight line basis using a range of rates applicable to Council's experience. The estimated useful lives reflect a program of normal maintenance. The following table shows the major categories of assets and associated useful lives. Related notes: Note 4 and Note 6 2.

Asset Category	Useful Lives	Asset Category	Useful Lives
Buildings	up to 50 years	Bridges	up to 100 Years
Road Pavements	up to 100 years	Furniture & Equip	up to 15 years
Land Improvements	up to 100 years	Plant & Equipment	up to 10 Years
Drains	up to 100 years	Library Books	up to 10 years

1.13 Leases

Operating lease payments are expensed to the period in which the payment is made. Council has no financial leases. Related note: Note 13.1.

1.14 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs have been assigned to particular inventory items by the method of specific identification or weighted average cost. Related note 5.5.

1.15 Realisable Infrastructure Assets

Infrastructure Assets comprising garbage bins and playground 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 for Financial Ratios at Note 18.4.

1.16 Thresholds for capitalisation for new works, purchases and improvements are

Asset Type	New Works / Purchases	Improvements
Roads surfaces, drains, footpaths, kerb and channel	\$1	\$5,000
Road pavements	\$1	\$20,000
Street furniture	\$10,000	\$10,000
Park furniture, fences and playground equipment	\$5,000	\$5,000
Plant and equipment	\$1,000	N/A
Furniture, computers and fittings	\$1,000	N/A

1.17 Committees Of Management

The operations of the Committees of Management are not material to the overall operations of Council and their operating revenues and expenses have not been included. All land and buildings managed by the Committees of Management are recorded as assets of Council.

2. FUNCTIONS AND ACTIVITIES

Revenue and expenses have been attributed to the following functions

2.1 Revenue and Expenses by Function

Grants Commission revenue and expense classification have been used in the below table.

REVENUE ATTRIBUTED 1997/98					EXPENSES 1997/98		SURPLUS (DEFICIT)
	\$000 General	\$000 Grants	\$000 Total	% of Total	\$000	% of Total	\$000
Community Services	1,546	4,649	6,195	11.7	9,026	17.1%	(2,831)
Health & Environment	4,366	160	4,526	8.5	8,065	15.3%	(3,539)
Leisure	1,095	557	1,652	3.1	6,317	12.0%	(4,665)
Transport	1,757	391	2,148	4.0	4,217	8.0%	(2,069)
Management & Economic Development	38,590	20	38,610	72.7	25,039	47.6%	13,571
Total Revenues & Expenses	47,354	5,777	53,131	100.0%	\$52,664	100.0%	467

REVENUE ATTRIBUTED 1996/97					EXPENSES 1996/97		SURPLUS (DEFICIT)
	\$000 General	\$000 Grants	\$000 Total	% of Total	\$000	% of Total	\$000
Community Services	1,064	5,880	6,944	15.1%	10,371	20.3%	(3,427)
Health & Environment	3,974	221	4,195	9.1%	9,553	18.7%	(5,358)
Leisure	885	612	1,497	3.2%	7,461	14.6%	(5,964)
Transport	2,038	333	2,371	5.1%	4,625	9.0%	(2,254)
Management & Economic Development	31,078	3	31,081	67.5%	19,185	37.5%	11,896
Total Revenue & Expenses	39,039	7,049	46,088	100.0%	51,195	100.0%	(5,107)

Assets are distributed according to management responsibility and this does not align to activities or functions. Therefore, in accordance with Accounting Standards, distribution of assets by activities or functions is not separately disclosed.

2.2 Functions of Council

Function by Grants Commission Categories	Synopsis of activities of functions undertaken
Community Services	Community services to residents and local organisations and support services covering a broad range of community and individual needs - <ul style="list-style-type: none"> • Adult day care and aged persons hostel • Childcare centres & pre-schools • Family support, home care • Meals-on-wheels • Recreation programmes • Services for the disabled • Youth support and youth housing
Health & Environment	Operation and maintenance of : <ul style="list-style-type: none"> • Collection and disposal of all waste materials • Development planning and control. • Preventative health services • Street beautification • Street cleaning and environmental protection
Leisure	Operation and maintenance of : <ul style="list-style-type: none"> • Arts and cultural activities • Indoor leisure centres. • Parks and gardens, sporting and nature reserves • Public halls & community centres • Public library
Transport	Operation and maintenance of : <ul style="list-style-type: none"> • Bridges • Parking and traffic control facilities • Pedestrian and bicycle networks • Road & footpath construction • Street lighting • Works depots
Management & Economic Development	<ul style="list-style-type: none"> • Economic development • General management and administrative support for all Council operations and services • Maintenance and protection of Council assets • Promotion and marketing of Council services • Rate Revenues & Financial Assistance Grants • Strategic planning

		1997/98 \$'000	1996/97 \$'000
3. REVENUES			
3.1 Government Grants Untied.	1.6		
Financial Assistance Grant - General Purpose		3,655	3,424
Financial Assistance Grant - Untied Road Funding		787	797
		<u>4,442</u>	<u>4,221</u>
3.2 Government Grants for Service Delivery			
Community Services		4,649	5,880
Health & Environment		160	221
Leisure		557	612
Transport		391	333
Management & Economic Development		20	3
		<u>5,777</u>	<u>7,049</u>
Total Government Grants for Service Delivery		<u>5,777</u>	<u>7,049</u>
Total Government Grants		<u>10,219</u>	<u>11,270</u>
3.3 Revenues Abnormal			
Income - Recognition of Fines			800
Income - Surplus on dissolution of Dandenong Valley Regional Library Service			457
		<u>-</u>	<u>1,257</u>
3.4 Gain on Sale of Assets			
Proceeds on Sale of Fixed Assets		2,852	1,428
Less Carrying Amount of Assets sold		(2,789)	(1,184)
		<u>63</u>	<u>244</u>
4. EXPENSES			
4.1 DEPRECIATION			
Plant & equipment	6.2	974	1,012
Minor Plant, Furniture and Fittings	6.2	868	700
Land Improvements	6.2	34	31
Buildings	6.2	3,081	425
Infrastructure Assets Non-Realisable	1.15,6.2	1,638	103
Infrastructure Assets -Realisable	6.2	408	25
	1.12	<u>7,003</u>	<u>2,296</u>
This expense has increased substantially as a result of the increased valuation of Buildings and Infrastructure assets as at 1st July 1997: related note 1.2.			
4.2 EXPENSES - Abnormal			
Loss on settlement with City of Kingston			299
Staff Redundancies		849	1,558
Increase in provision for irrecoverable Perin Court Fines	5.3	296	
Prepaid Interest on Long Term Loan written off		405	
Unfunded Superannuation	15	1,054	7,593
Land and Buildings revalued	1.2	49,078	
		<u>51,682</u>	<u>9,450</u>

	Note	1997/98 \$'000	1996/97 \$'000
5. CURRENT ASSETS			
5.1 CURRENT ASSETS - Cash			
Cash on hand and Cashier Advances		6,809	4,185
Bank Deposits on Call	14	1,655	1,381
	1.4	<u>8,464</u>	<u>5,566</u>
5.2 Reconciliation of Cash to Statement of Cash Flows			
Current Asset - Cash	5.1	6,809	4,185
Current Asset - Investments	5.1	1,655	1,381
Cash at balance date as per Statement of Cash Flows	1.4	<u>8,464</u>	<u>5,566</u>
5.3 CURRENT ASSETS - Receivables			
Rates Debtors	1.5, 14	1,590	1,892
General Debtors	1.7, 14	3,285	4,414
Less: Provision for Doubtful Debts	4.2	(1,125)	(829)
		<u>3,750</u>	<u>5,477</u>
The provision for irrecoverable fines submitted to the Magistrates Perin Court was increased by \$296,000			
5.4 CURRENT ASSETS - Property Held for Resale			
Land at net realisable value - Valued 1 July 1997		<u>2,670</u>	<u>1,861</u>
5.5 CURRENT ASSETS - Other			
Prepayments		16	834
Inventory		150	183
		<u>166</u>	<u>1,017</u>
6. NON-CURRENT ASSETS			
6.1 NON-CURRENT ASSETS - Investments			
Unlisted Shares - less than \$1,000	14	-	-
6.2 NON-CURRENT ASSETS - Other			
6.2.A Plant & Equipment			
At Valuation - 1 July 1996	1.2	4,055	5,047
At Cost		1,749	275
Less: Accumulated Depreciation	1.12	(1,921)	(1,012)
		<u>3,883</u>	<u>4,310</u>
6.2.B NON-CURRENT ASSETS - Minor Plant, Furniture and Equipment			
At Valuation 1 July 1996-	1.2	4,477	3,883
At Cost		1,242	594
Less: Accumulated Depreciation	1.12	(1,567)	(700)
		<u>4,152</u>	<u>3,777</u>
6.2.C NON-CURRENT ASSETS - Land and Buildings			
Land			
At Valuation July 1996			205,955
At Valuation July 1997		175,475	
At Cost		774	548
Less: Accumulated Depreciation	1.2	(65)	(31)
		<u>176,184</u>	<u>206,472</u>
Buildings			
At Valuation July 1996			107,193
At Valuation July 1997		157,226	
At Cost		1,702	4,269
Less: Accumulated Depreciation	1.12	(69,992)	(426)
		<u>88,936</u>	<u>111,036</u>

	Note	1997/98 \$'000	1996/97 \$'000
6.2.D NON-CURRENT ASSETS - Infrastructure Assets			
Non Realisable Infrastructure Assets			
Works in Progress At Cost	1.2	28	70
Completed Assets At Cost	1.2	4,339	2,662
At Valuation - 1997 values	1.2	148,635	148,635
Less: Accumulated Depreciation	1.12	(1,741)	(103)
		<u>151,261</u>	<u>151,264</u>
Realisable Infrastructure Assets			
Completed Assets At cost	1.2	361	
At Valuation - 1997 values	1.2	5,511	5,511
Less: Accumulated Depreciation	1.12	(433)	(26)
	1.15	<u>5,439</u>	<u>5,485</u>
TOTAL NON-CURRENT ASSETS		<u>429,855</u>	<u>482,344</u>
7. CURRENT LIABILITIES			
7.1 CURRENT LIABILITIES - Creditors			
General Creditors	1.11	3,802	3,597
Accrued salaries	1.9	809	726
	14	<u>4,611</u>	<u>4,323</u>
7.2 CURRENT LIABILITIES - Employee entitlements			
Annual Leave	1.10	2,273	2,261
Long Service Leave	1.10	771	1,111
Defined Benefit Superannuation Liability	15	777	684
		<u>3,821</u>	<u>4,056</u>
7.3 CURRENT LIABILITIES - Borrowings			
Bank Loans	14	<u>2,091</u>	<u>996</u>
7.4 CURRENT LIABILITIES - Trust Monies			
Hostel Entrance Fees	1.8	296	212
Jenny Slade Scholarship	1.8	15	15
crossing & Other deposits	1.8	622	667
	11	<u>933</u>	<u>894</u>
8. NON-CURRENT LIABILITIES			
8.1 NON-CURRENT LIABILITIES -Employee entitlements			
Long Service Leave	1.10	1,296	1,302
Defined Benefit Superannuation Liability	15	7,675	6,909
		<u>8,971</u>	<u>8,211</u>
8.2 NON-CURRENT LIABILITIES - Borrowings			
Bank loans	14	<u>8,487</u>	<u>10,578</u>

	Note	1997/98 \$'000	1996/97 \$'000
9. RESERVES- Restricted General Reserve			
Public Resort and Recreation Land Fund	11	995	520
Road Development	11	-	34
Botanical Garden	11	54	54
Off Street Car Parking	11	-	60
Land Development	11	191	160
Central Car Parking	11	865	821
District Centre Improvement	11	-	31
		<u>2,105</u>	<u>1,680</u>
9.1 RESERVES- Non- restricted Reserves			
Plant Replacement	11	654	1,639
Self Insurance	11	59	59
Meals on Wheels	11	56	56
		<u>769</u>	<u>1,754</u>
Total General Reserves		<u>2,874</u>	<u>3,434</u>
9.2 RESERVES- Movements to and (from) Reserves			
Public Resort and Recreation Land Fund	11	475	87
Property Acquisition	11		(421)
Plant Replacement	11	(985)	(1,797)
IT Replacement	11		(67)
Road Development	11	(34)	(90)
Leisure Centre	11		(323)
Land Development	11	31	
District Centre Development	11	(31)	
Car Parking	11	(60)	(95)
Community Facilities	11		(61)
Central Car Parking	11	44	60
Garbage	11		(1,011)
Civic Centre redevelopment	11		(1,026)
Rates Surplus	11		(6,875)
		<u>(560)</u>	<u>(11,619)</u>

The Council adopted a Consolidation strategy in the 1997/98 Budget to reduce the number of reserves

10. FINANCING ARRANGEMENTS

Council has access to the following line of credit at balance date

Bank Overdraft facilities available	14	2,500	2,500
Bank Overdraft facilities utilised at balance date		-	-

11. RESTRICTED ASSETS

Assets which have restrictions imposed on their use by law, deed or regulation and which are included in Investments.

Restricted Assets with offsetting Liabilities

Long Service Leave Investment	1.10, 12	<u>1,655</u>	<u>1,381</u>
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CITY OF GREATER DANDENONG
Notes to and forming part of the Financial Statements for the year ended 30 June 1998

	Note	1997/98 \$'000	1996/97 \$'000
12. RESTRICTED CASH - CASH FLOWS			
Restricted Cash at beginning of the financial year		1,381	1,317
Cash Inflows Long Service Leave		274	64
Restricted Cash at end of the financial year	11	1,655	1,381
13. COMMITMENTS NOT PROVIDED FOR IN THE FINANCIAL STATEMENTS			
13.1 Operating Lease Commitments			
Payable not later than one year			
Later than 1 year but not later than 2 years		64	64
Later than 2 years but not later than 5 years			64
Later than 5 years			
	1.13	64	128
13.2 Capital Commitments			
Payable not later than one year			
Later than 1 year but not later than 2 years		87	452
Later than 2 years but not later than 5 years			
Later than 5 years			
		87	452
13.3 Works and Services Contracts			
Payable not later than one year.		9,050	5,419
Later than 1 year but not later than 2 years		3,909	2,564
Later than 2 years but not later than 5 years		1,951	2,910
Later than 5 years		108	1,732
		15,018	12,625

14. FINANCIAL INSTRUMENTS

14.1 FINANCIAL INSTRUMENTS - Terms, conditions and accounting policy

Recognised Financial Instruments	Note	Accounting Policy	Terms and Conditions
14.1.A Financial Assets			
Bank Deposits On Call	5.1	Valued at cost. Interest recognised as it accrues.	On call deposits returned floating interest rates returns between 2.5% and 5.04%. The rate at balance date was 4.67%.
Cash In Managed Funds	5.1	Valued at market value. Interest is recognised as it accrues.	Withdrawals are on 24 hours notice. Managed Funds returned floating interest rates returns between 4.87% and 6.84%. net of fees.
Rates Debtors	5.3	Rates are a charge attached to the rateable land and therefore no provision for doubtful debts is made. Interest rates are reviewed annually	Rates are payable by four installments during the year or by lump sum in February. Arrears, including Deferred Rates, attract interest. The interest rate was 13.2% at balance date for general rates.
General Debtors	5.3	Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debt is recognised when collection in full is no longer probable. Collectability of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured and interest free. Credit terms are usually up to 60 days.
Unlisted Shares	6.1		Council's holding in Sergasco Pty Ltd.

14.1.B Financial Liabilities			
General Creditors	7.1	Liabilities are recognised for amounts to be paid in the future for goods received and services provided to Council as at balance date whether or not invoices have been received.	General Creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.
Borrowings	7.3,8.2	The Loan with the Commonwealth Bank was obtained to refinance borrowings in January 1997.	The Loan is for Five years and Principal & Interest are repayable every six months. The Loan is secured by a Mortgage over Council's general rates. The interest rate is fixed at 6.9 %.

14.2 FINANCIAL INSTRUMENTS - Interest Rate Risk

Council's exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities at balance date are as follows:

	Note	Floating Interest Rate \$'000	Fixed Interest maturing In			Non Interest Bearing \$'000	Carrying Amount \$'000	Weighted Average Interest Rate %
			1 Year or Less \$'000	Over 1 to 5 Years \$'000	Over 5 Years \$'000			
Financial Liabilities								
Creditors	1.11, 7.1	-				4,611	4,611	
Borrowings	7.3,8.2		2,091	8,487		10,578	9,244	6.9
Total			2,091	8,487	-	15,189	13,855	6.9
Financial Assets								
Rates	1.5, 5.3	1,590					1,590	13.2
Debtors	1.7, 5.3					2,160	2,160	
Cash on Call	1.4, 5.1	6,809				-	6,809	4.30
Managed Funds	1.4, 5.1,	1,655				-	1,655	5.40
Unlisted Shares	6.1						-	-
Total		10,054	-	-	-	2,160	12,214	4.88

14.3 FINANCIAL INSTRUMENTS - Net Fair Value

The aggregate fair values of financial assets and financial liabilities as at balance date are as follows:

	Note	Carrying Amount \$'000	Net Fair Value \$'000
On Balance Sheet Financial Liabilities			
Creditors	1.7, 7.1	4,611	4,611
Borrowings	7.3,8.2	10,578	9,244
Total Financial Liabilities		15,189	13,855
On Balance Sheet Financial Assets			
Rates	1.5, 5.4	1,590	1,590
Receivables	1.7, 5.3	2,160	2,160
Cash on Call	1.4, 5.1	6,809	6,809
Cash In Managed Funds	1.4, 5.2	1,655	1,655
Unlisted Shares - less than \$1,000	6.1	-	-
Total Financial Asset		12,214	12,214

The following methods and assumptions are used to determine the net fair value of financial assets and financial liabilities:

Creditors, Cash Investments, and Receivables	The carrying amount equals the fair value because of the short term to maturity.
Borrowings	The carrying amount is based on the discounted cash flow method
Rates	The carrying amount approximated fair value because of the short term maturity. Deferred rates do not materially impact on this assumption.
Unlisted Shares - less than \$1,000	The carrying amount approximated fair value.

15. SUPERANNUATION

15.1 SUPERANNUATION: Employer Contributions

Council makes employer superannuation contributions in respect of its employees to Local Authorities Superannuation Fund (the Fund). These contributions are made in accordance with statutory requirements.

15.1.A SUPERANNUATION: Accumulation

From 1 January 1994 new employees are classified by the Fund's as members under an accumulation benefit scheme, known as LASPLAN. LASPLAN receives both employer and employee contributions on a progressive basis. No further liability accrues to Council as the superannuation benefits accruing to employees are represented by their share of the assets of the fund. Council paid superannuation contributions of \$393,195 (\$464,253 in 1996/97) for LASPLAN staff.

15.1.B SUPERANNUATION: Defined Benefits.

Employees who commenced with local government before 1994 are classified by the Fund as defined benefits members. Council makes employer contributions at the rates determined by the Fund, currently 9.25% of salary plus the difference between retrenchment and resignation benefits. Employees make member contributions to the Fund. As such, assets accumulate in the fund to meet member benefits, defined by legislation, as they accrue.

In addition to the amount disclosed in Note 15.2 Council also superannuation contributions for defined benefit fund members of \$1,004,995 in 1997/98. (\$1,594,200 in 1996/97)

15.2 SUPERANNUATION - Defined Benefit Members Accrued Liability - Abnormal Item

In 1996/97 Council brought to account a liability of \$7.593 million, including \$1.139 million tax, for the previously unrecorded unfunded superannuation liability. This liability was apportioned to Council by the Fund on the basis of the salaries of employees of the former City of Springvale and City of Dandenong.

Following restructure the Council entered into a settlement agreement with the Cities of Casey & Kingston to address the consequences of changes in the council boundaries. These agreements resulted in the transfer of certain assets, liabilities and personnel between the councils. At that time the responsibility for the unfunded superannuation liability in respect of employees transferred to the Cities of Casey and Kingston was not transferred.

The Council is currently negotiating with these Councils to determine the share of unfunded liability to be transferred between all three parties. As per the latest negotiations in August 1998 it would appear that our Council will have our Total Liability reduced by an amount to be determined by an arbitrator. In 1997/98 Council paid the Fund \$773,491, including interest and tax,

Council has an ongoing obligation to share in the future experience of the Fund. Favourable or unfavourable variations may arise should the experience of the Fund differ from the assumptions made by the Fund's actuary in estimating the Fund's accrued benefits liability.

The most recent full actuarial review of the Fund was undertaken by the Fund's actuary, Grant Harslett, FIA, FIAA, of Towers Perrin, as at 30 June 1998. The Fund's liability for accrued benefits was determined by reference to expected future salary levels and by application of a market-based risk-adjusted discount rate and relevant actuarial assumptions. It was determined that the net assets of the Fund were sufficient to meet the accrued benefits of the Fund's defined benefit category members. Council's liability to the Fund as at 30 June 1998, including principal, tax and accrued interest is \$8,452 million (\$7.593 million at 30 June 1997).

The terms of payment for liability require Council to make annual payments over the next 10 years which include principal, tax and interest components. Interest is charged by the Fund on outstanding balances at a rate which is equivalent to the net earning rate of the Fund. The outstanding principal, accrued interest and tax liability at balance date are therefore disclosed as Current and Non-current liabilities.

16. CONTINGENT LIABILITIES

BANK GUARANTEE

Council has agreed to guarantee bank loans taken out by the Dandenong Basketball Association (DBA) to a maximum amount of \$2 million. At Balance Date the amount drawn by the DBA was \$1.465 million.

LEGAL ACTIONS

Council is involved in a number of Legal Actions. Council's exposure in these claims may be up to \$250,000.

FUTURE LEGAL CLAIMS

Council may be exposed to future legal claims as part of the former City of Dandenong sanitary depot site which was sold without ensuring Environmental Protection Authority requirements were met.

17. RELATED PARTY TRANSACTIONS

Council undertakes this voluntary disclosure in the context of its commitment to public accountability.

17.1 Names of Responsible Persons

Councillors	Roz Blades - Mayor 16/03/98	Angela Long
Dale Wilson	Greg Harris	John Kelly
Naim Melhem	Paul Donovan	Phil Reed
Sharon Harris	Youhorn Chea	Yvonne Herring

Chief Executive Officer Warwick Heine

17.2 Remuneration of Responsible Persons

Remuneration Range:	Number of Responsible Persons	
	1997/98	1996/97
\$1,000 - \$9,999		10
\$10,000 - \$19,999	9	
\$20,000 - \$29,999	1	1
\$30,000 - \$39,999	1	
\$40,000 - \$49,999		2
\$35,000 - \$59,999		1
\$160,000 - \$169,999	1	1
Total	12	15

Total remuneration costs during the reporting period for Responsible Persons amounted to \$330,000 and \$375,000 in 1996/97

17.3 Remuneration of Senior Officers

Remuneration Range	Number of Senior Officers	
	1997/98	1996/97
\$70,000 - \$79,999	4	4
\$80,000 - \$89,999	9	10
\$90,000 - \$99,999	3	3
\$100,000 - 109,999	1	
\$110,000 - \$119,999	3	2
\$120,000 - \$129,999		2
Total	20	21

Total remuneration costs during the reporting period for Senior Officers amounted to \$1.786 million and \$1.891million in 1996/97)

17.4 Other Benefits

There were no retirement benefits paid or loans made, guaranteed or secured by Council to a Responsible Person of Council during the reporting period

17.5 Other Known Transactions

There were forty nine instances where persons related to Councillors received benefits from Council and this was the subject of a separate report to Council

The aggregate amounts in respect of the following types of transactions with Responsible Persons were:

	1997/98 \$'000	1996/97 \$'000
Contracted Services	580	4182
Consulting Services		200
Supply of Plant		845
Total	<u>580</u> =====	<u>5,227</u> =====

The Council has entered into the above transactions with Responsible Persons and Responsible Person related parties within normal customer or employee relationships on terms and conditions no more favourable than those available in similar arm's length dealings.

Aggregate amounts of revenue or expense for the reporting period that resulted from transactions with Responsible Persons of the Council or their Responsible Person related parties include:

	1997/98 \$'000	1996/97 \$'000
Consulting Services		200
Contracted Services	635	384
Total	<u>635</u> ===	<u>584</u> ===

18. DISCLOSURES REQUIRED BY THE LOCAL GOVERNMENT ACT 1989

The Local Government Act 1989 requires that the following additional disclosures be incorporated into the Notes accompanying the Financial Statements. There are no relevant Australian Accounting Standards related to these disclosures.

18.1 Comparison of Budgeted and Actual Operating Results - Regulation 83(a)

	Actual 1997/98 \$'000	Budget 1997/98 \$'000
Revenues		
Rates	28,787	28,912
Government Grants	10,219	9,963
Fees, Charges and Fines	4,219	3,986
Interest	709	196
Assets Sales	2,852	4,203
Other	6,345	5,628
Total Revenues	<u>53,131</u>	<u>52,888</u>
Expenses		
Employee Costs	21,212	21,743
Materials and Services	9,081	9,435
Depreciation	7,003	5,500
Carrying Amount of Assets Sold	2,789	1,616
Interest	1,631	1,153
Other	10,948	12,769
Total Expenses	<u>52,664</u>	<u>52,216</u>
Operating Surplus before Abnormal Items	467	672
Abnormal Items	Related note 1.2,4.2 (51,682)	(856)
Operating Deficit after Abnormal Items	<u>(51,215)</u>	<u>(184)</u>

18.2 Budget and Actual Cash flows Relevant to Determining Rates and Charges - Regulation 83(b)

	Note	Actual 1997/98 \$'000	Budget 1997/98 \$'000
Revenues			
Operating Revenue	18.1	53,131	52,888
Less Rates and Charges		28,787	28,912
		<u>24,344</u>	<u>23,976</u>
Plus Transfers From Reserves	9.3	1,035	1,035
Plus Transfers to Reserves	9.3	(475)	
Cash Available Excluding Rates and Charges		<u>24,904</u>	<u>25,011</u>
Expenditures			
Operating Expenses	18.1	52,664	52,216
Plus Expenditure on Assets		7,189	8,227
Plus Loan Repayments		996	996
Plus Abnormal Items	18.1, 15.2	51,682	856
Less Depreciation	18.1	(7,003)	(5,500)
Less Carrying amount of Assets Sold	18.1	(2,789)	(1,616)
Less write down of Land & Buildings	1.2,4.2	(49,078)	
Less Unfunded Super adjustment	18.1	(1054)	
Cash Expenditure Requirement		<u>52,607</u>	<u>55,179</u>
Net Cash Required from Rates		<u>27,073</u>	<u>30,168</u>
Rates and Charges Raised		28,787	28,912
Cash Result		<u>1,084</u>	<u>(1,256)</u>

18.3 Reconciliation Between the Operating Result and Cash Result - Regulation 83(c)

	Note	Actual 1997/98 \$'000	Budget 1997/98 \$'000
Increase/(Decrease) in Net Assets on operations	18.1	(51,215)	(184)
Less Non-cash Items Included in the Operating Result			
Depreciation	18.1	7,003	5,500
Carrying amount of Assets Sold	18.1	2,789	1,616
Unfunded Superannuation Adjustment		1,054	
Write down of Land & Buildings	1.2,4.2	49,078	
Operating Result less Non-cash Items		<u>8,709</u>	<u>6,932</u>
Cash Items not included in the Operating Statement			
Expenditure on Assets	18.1	(7,189)	(8,227)
Loan Repayments	18.1	(996)	(996)
Transfers from Reserves	18.1, 9.3	1,035	1,035
Transfers to Reserves	18.1, 9.3	(475)	
		<u>(7,625)</u>	<u>(8,188)</u>
Cash Result	18.2	<u>1,084</u>	<u>(1,256)</u>

18.4 Reconciliation of Net Cash (outflows) from Operating Activities to Increase(Decrease) in Net Assets

	Note	Actual 1997/98 \$'000	Actual 1996/97 \$'000
Operating Result	18.1	(51,215)	(13,300)
Add/Less			
Depreciation	18.1	7,003	2,296
(Increase)/ Decrease in other current assets	5.5	851	(735)
Gain on Sale of Assets	3.4	(63)	(244)
(Increase)/ Decrease in Receivables	5.3	1,727	2,440
(Decrease)/ Increase in Creditors	7.1	348	(2,250)
(Decrease)/ Increase in Employee Entitlements	7.2	462	7,766
(Decrease)/ Increase in other Current Liabilities	7		(96)
Write down of Land & Buildings	1.2,4.2	49,078	
Net Cash Flow (Outflow) from Operating Activities		<u>8,192</u>	<u>(4,123)</u>

18.5 Financial Ratios - Regulation 84	Council 1997/98	Council 1996/97
<p>Debt Servicing Ratio To identify the capacity of Council to service outstanding debt.</p> <p>Interest as a percentage of Council's Total Revenue.</p>	5.67%	3.16%
<p>Debt Commitment Ratio To identify a Council's debt redemption strategy.</p> <p>Loan interest and loan redemption payments as a percentage of Rate revenue.</p>	9.13%	3.16%
<p>Revenue Ratio To identify a Council's dependence on non-rate income.</p> <p>Rate revenue as a percentage of Total Revenue.</p>	54.18%	54.67%
<p>Debt Exposure Ratio To identify a Council's exposure to debt.</p> <p>Realisable Assets available for every dollar of Total Liabilities less liabilities associated with Restricted Assets.</p>	.065:1	.059:1
<p>Working Capital Ratio To assess a Council's ability to meet current commitments.</p> <p>Current Assets available to meet each dollar of Current Liabilities.</p>	1.43:1	1.48:1

18.6 Value of Land in the Municipality - Regulation 83(l)

The value of land within the Municipality at Balance Date	\$6,314,972,760
Date of Valuation	30/6/1994
Date on which the valuation first applied	1/10/1996

END OF FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

19. CERTIFICATION OF THE FINANCIAL STATEMENTS

In my opinion the accompanying financial statements have been prepared in accordance with the Local Government Act 1989, the Local Government Regulations 1990, Australian Accounting Standards and other mandatory professional reporting requirements.

Merwyn Oshry
Principal Accounting Officer

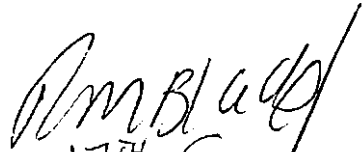


Dated: 16TH SEPTEMBER 1998

In our opinion the accompanying financial statements present fairly the financial transactions of the City of Greater Dandenong Council for the year ended 30 June 1998 and the financial position of the Council as of 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.

Roz Blades
Councillor




Dated: 17TH SEPTEMBER 1998

Angela Long
Councillor



Dated: 18TH SEPTEMBER 1998

Principal Accounting Officer



Dated: 16TH SEPTEMBER 1998

**COMPETITIVE TENDERING STATEMENT OF THE CITY OF GREATER DANDENONG FOR
THE PERIOD OF 1 JULY 1997 TO JUNE 1998**

	\$'000	No.	%
TOTAL EXPENSES			
Operating Expenditure	53,131,000		
Less Depreciation	7,003,000		
Plus Capital	7,189,000		
Value of Expenses for CCT base	53,317,000		100.00

COMPETITIVE TENDERING TARGET	26,658,500		50.00
(minimum requirement under Local Government Act 1989)			

COMPETITIVE ARRANGEMENTS (In categories as required by section 208B of the Local Government Act 1989)			
a) Contracts for supply of goods/services/works to Council	14,991,958	111	28.12
b) In-House Agreements	10,211,273	13	19.15
c) Contract for the supply of goods/services/works by Council	0	0	
d) Contracts approved by the Minister under Section 208F	3,758,829		7.05
TOTAL COMPETITIVE ARRANGEMENTS	28,962,060	124	54.32

SURPLUS (DEFICIT) OF COMPETITIVE ARRANGEMENTS COMPARED TO TARGET	2,303,560		4.32
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IN-HOUSE TENDERS (competitive arrangements for which Council received an In-House tender)		16	
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AWARDS TO NON-COUNCIL CONTRACTORS (contracts awarded to other persons where Council staff were formerly providers of the goods/services/works)	4,210,809	13	7.90
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1. Bid team expenditure excluded i.e. no double counting

Certification of Competitive Tendering Statement of City of Greater Dandenong

In my opinion, the accompanying competitive tendering statement has been prepared in accordance with the Local Government Act 1989 and the Local Government Regulations 1990.

Principal Accounting Officer:

Moss

Name:

Meewyn Oshey

Dated:

16TH SEPTEMBER 1998

In our opinion, the accompanying competitive tendering statement presents fairly the number and value of competitive arrangements of Council for the year ended 30 June 1998.

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

Councillor:

Roz Blades

Name:

ROZ BLADES

Councillor:

Angela Long

Name:

ANGELA LONG

Dated:

18TH SEPTEMBER 1998

INDEPENDENT AUDIT REPORT ON THE FINANCIAL STATEMENTS

TO THE RATEPAYERS OF THE CITY OF GREATER DANDENONG .

Audit Scope

The accompanying financial statements of the City of Greater Dandenong Council for the year ended 30 June 1998, comprising an operating statement, statement of financial position, statement of changes in equity, statement of cash flows and notes to the financial statements have been audited.

The Councillors of the Council are responsible for the preparation and presentation of these financial statements and the information they contain. An independent audit of the financial statements has been carried out in order to express an opinion on them as required by the *Audit Act 1994*.

The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. The audit procedures included an examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards and other mandatory professional reporting requirements and comply with the requirements of the *Local Government Act 1989*, so as to present a view which is consistent with my understanding of the financial position of the City of Greater Dandenong Council and the result of its operations and its cash flows.

The audit does not provide any assurances that the Council's systems, or any other systems that the Council relies on in the conduct of its activities such as those of suppliers and service providers are year 2000 compliant, or whether plans and associated actions are adequate to address the year 2000 issue. The year 2000 issue has been addressed only in the context of existing audit responsibilities under Australian Auditing Standards to express an opinion on the financial statements.

The audit opinion expressed on the financial statements has been formed on the above basis.

Audit Opinion

In my opinion, the financial statements present fairly the financial position of the City of Greater Dandenong Council as at 30 June 1998 and the results of its operations and its cash flows for the year ended on that date in accordance with Australian Accounting Standards and other mandatory professional reporting requirements and comply with the requirements of the *Local Government Act 1989*.

C. A. BARAGWANATH

Auditor General