



Annual Financial Report

Year Ended 30 June 2007

Contents

Income Statement	80
Balance Sheet	81
Statement of Changes in Equity	82
Cash Flow Statement	83
Notes to and Forming Part of the Financial Report	84
Note 1. Significant Accounting Policies	84
Note 2. Functions and Activities	92
Note 3. Revenues	94
Note 4. Expenses	98
Note 5. Current Assets	100
Note 6. Non-Current Assets	101
Note 7. Non Interest – Bearing Liabilities	108
Note 8. Financing Facilities	110
Note 9. Interest – Bearing Liabilities	110
Note 10. Reserves	110
Note 11. Commitments and Contingencies	111
Note 12. Financial Instruments	112
Note 13. Superannuation	115
Note 14. Contingent Liabilities	116
Note 15. Related Party Transactions	116
Note 16. Notes to the Cash Flow Statement	118
Note 17. Financial Ratios	118
Certification of the Financial Report	120
Standard Statements	121

Income Statement

for the year ended 30 June 2007

	Note	2007 \$'000	2006 \$'000
REVENUES			
Rates and charges	3.1	61,166	55,602
Grants – Recurrent	3.2	20,730	20,477
Grants – Non-recurrent	3.2	4,964	7,176
Contributions – Cash	3.3 (a)	1,671	1,432
Contributions – Non-monetary assets	3.3 (b)	8,197	8,068
Statutory fees and fines	3.4	4,488	3,812
User fees	3.5	7,999	7,633
Other revenue	3.7	2,749	2,441
Total Revenue		111,964	106,641
EXPENSES			
Employee benefits	4.1	40,594	38,263
Contract payments, materials and services	4.2	19,391	18,276
Depreciation	4.3	18,470	15,196
Grants and sponsorships	4.4	4,050	5,221
Professional Services	4.5	4,492	3,277
Administration costs	4.6	9,267	9,447
Finance costs	4.7	1,575	1,227
Other	4.8	1,043	868
Write-off of assets	6, 6.1	1,185	701
Total Expenses		100,067	92,476
Net gain/(loss) on disposal of assets	3.6	457	2,565
SURPLUS FOR THE YEAR		12,354	16,730

The accompanying notes form part of this Financial Report.

Balance Sheet

as at 30 June 2007

	Note	2007 \$'000	2006 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	5.1	9,544	2,721
Trade and other receivables	5.2	9,634	9,003
Inventory – Property	1.8, 5.3	7,389	3,719
Intangible assets	5.4, 6.2	1,505	–
Total current assets		28,072	15,443
Non-current assets			
Property, infrastructure, plant and equipment	1.3, 6	978,619	963,004
Inventory – Property	1.8	4,156	9,152
Intangible assets	6.2	–	1,505
Total non-current assets		982,775	973,661
Total assets		1,010,847	989,104
LIABILITIES			
Current liabilities			
Trade and other payables	7.1	10,733	10,017
Employee benefits	7.2	8,425	7,883
Trust funds and deposits	7.3	1,979	2,568
Interest-bearing liabilities	9	4,221	3,766
Total current liabilities		25,358	24,234
Non-current liabilities			
Employee benefits	7.2	313	504
Interest-bearing liabilities	9	16,704	14,216
Total non-current liabilities		17,017	14,720
Total liabilities		42,375	38,954
NET ASSETS		968,472	950,150
EQUITY			
Accumulated surplus		447,285	434,931
Reserves	1.3 (d), 10	521,187	515,219
TOTAL EQUITY		968,472	950,150

The accompanying notes form part of this Financial Report.

Statement of Changes in Equity

for the year ended 30 June 2007

	Notes	Total		Accumulated Surplus		Reserves	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Balance at the beginning of the year		950,150	800,028	434,931	407,072	515,219	392,956
Prior year adjustments	6.1 (a)		8,129		8,129		
Equity payment from VicUrban (Note)			3,000		3,000		
Surplus for year		12,354	16,730	12,354	16,730		-
Revaluation increment of assets	6.1	5,968	122,263		-	5,968	122,263
Balance at the end of the year		968,472	950,150	447,285	434,931	521,187	515,219

Note: The Council has entered into an agreement with VicUrban (former Urban and Regional Land Corporation) for a residential development of the former Dandenong sale yards. Council received \$3 million from VicUrban under this agreement in March 2003 as an equity payment towards this development. This payment was initially recognised as unearned income in the balance sheet under non-current liabilities, to be recognised as revenue at the end of the project. Council decided to recognise the revenue in 2006-2007 and adjusted it through equity.

The accompanying notes form part of this Financial Report.

Cash Flow Statement

for the year ended 30 June 2007

	Note	2007 \$'000	2006 \$'000
Cash flows from operating activities			
Receipts from ratepayers		60,747	55,439
Fees, charges, fines and other (including GST)		14,420	12,404
Contributions (including GST)		1,671	1,436
Government grants (including GST)		27,750	29,954
Interest received		1,035	638
Payments to suppliers (including GST)		(39,183)	(37,722)
Payments to employees		(40,245)	(37,973)
Finance costs		(1,498)	(1,227)
Net GST (payments)/refunds		(718)	63
Net cash provided by operating activities	16.1	23,979	23,012
Cash flows from investing activities			
Payments for property and other non-current assets		(21,960)	(32,286)
Proceeds from sale of property, plant and equipment		2,450	1,728
Net cash used in investing activities		(19,510)	(30,558)
Cash flows from financing activities			
Proceeds from secured loans		12,000	13,000
Repayment of secured loans		(8,756)	(7,830)
Repayment of trust monies and deposits	1.4, 7.3	(5,749)	(1,007)
Proceeds from trust monies and deposits	1.4, 7.3	5,160	2,031
Net cash provided by/(used in) financing activities		2,655	6,194
Net increase/(decrease) in cash and cash equivalents		7,124	(1,352)
Cash and cash equivalents at beginning of the year	16.2	2,420	3,772
Cash and cash equivalents at end of the year	16.2	9,544	2,420
Restricted cash assets	5.1	2,818	2,649

The accompanying notes form part of this Financial Report

Notes to and Forming Part of the Financial Report

Introduction

The City of Greater Dandenong was established in December 1994 with the amalgamation of the former City of Springvale and former City of Dandenong, and is a body corporate. The Council's main office is located at 397-405 Springvale Road, Springvale 3171.

The purpose of 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
- 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 Acumen Alliance. The main banker for the Council is the Commonwealth Bank of Australia.

This Financial Report is a general purpose financial report that consists of an Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes accompanying these financial statements. It has been prepared in accordance with Australian Accounting Standards, the *Local Government Act 1989*, Local Government (Finance and Reporting) Regulations 2004, and other authoritative pronouncements of the Australian Accounting Standards Board.

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of accounting

- (a) The Financial Report is prepared on the accrual and going concern basis under the historical cost convention, except for certain assets as disclosed in Note 1.3 (d).

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.

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 3.1).

The Council does not provide for doubtful debts on rates as unpaid rates represent a charge against the rateable property and will be recovered when the property is next sold.

(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 3.2 and 3.3. Any amount of a grant that was received in prior years and was spent during the current year is disclosed in note 3.2.

(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 bad 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 6 with threshold limits as shown below and unless otherwise stated are consistent with prior years.

Notes (continued)

Class of assets	\$
Land and buildings	
Land	Nil
Land improvements (including irrigation and sprinkler systems, and fencing)	1,000
Buildings	Nil
Building Improvements	2,000
Plant and equipment	
Plant and equipment	1,000
Minor plant, furniture and equipment	500
Infrastructure assets (non-realizable)	
Roads	20,000
Kerb and channel	5,000
Footpaths/Bikepaths	
– Expansion & 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. Unless otherwise stated the depreciation rates are consistent with the prior year.

Asset category	Years	Asset category	Years
Property		Infrastructure	
Land		Roads	
– Land, parks, reserves, ovals	Infinite	– Pavement and Seal	12-20
Land improvements	10	– Substructure	100
Buildings	50-75	– Kerb and channel	80
Building Improvements	10	Footpaths/bikepaths	10-50
		Bridges	20-100
		Drains	100
		Off street car parks	25
		Recreational equipment (playgrounds)	10-20
		Street furniture	10-20
Plant and Equipment		Intangible Assets	
Plant and equipment	5	Bed Licences	Infinite
Minor plant, furniture and equipment			
– Artworks	N/A		
– Furniture and equipment	6-15		
– IT devices	5		
– Parking meters	10		
– Street signs/traffic control	20		
– Library catalogue	5		
– Library equipment	20		
– Library plant	15		

(d) Revaluation of non-current assets

Subsequent to initial recognition, all non-current assets other than plant, equipment and realisable infrastructure assets are measured at fair value, being the amount for which the assets could be exchanged between knowledgeable willing parties in an arms length transaction. 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 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 Income Statement to the extent of the previous revaluation expense.

A valuation decrement is recognised as an expense in the 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.

Notes (continued)

(e) Realisable infrastructure assets

Infrastructure assets comprising of 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 17).

(f) Intangible Assets

The bed licences included in the annual accounts have been shown at fair value. They have not been depreciated as they have an indefinite life.

(g) 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 income statement if applicable.

1.4 Trust monies

Amounts received as tender deposits, bonds, retention monies and hostel entrance fees controlled by the Council are recognised as Trust monies until they are refunded or forfeited. (Refer Note 7.3).

1.5 Employee benefits

(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 seven years of continuous service have been classed as current.

Sick leave

No provision is made in respect of employee entitlements for sick leave because it is non-vesting and the pattern of sick leave taken indicates that accumulated non-vesting sick leave will never be paid in the majority of instances.

(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 13.)

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 7.1 and 11).

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. (see also Note 1.15)

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 5.2 and 12).

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 under regulations for specific purposes (Refer Notes 5.1 and 16.2).

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.

Notes (continued)

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 9 and 12).

Interest accrued on these liabilities is treated as finance costs (Refer Notes 9 and 12).

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 asset's carrying value. Any excess of the assets carrying value over its recoverable amount is expenses to the 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 New accounting standards and interpretation

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2007 reporting period. The City of Greater Dandenong assesses the impact of these new standards as to their applicability to the Council and early adoption where applicable.

As at 30 June 2007 the following standards and interpretations had been issued but were not mandatory for the financial year ending 30 June 2007. The Council has not, and does not intend to, adopt these standards early.

AASB Amendment	Standards affected	Outline of amendment	Application date of Standard	Application date for Council
AASB 2005-10 Amendment to Australian Accounting Standards	AASB 1 First time adoption of AIFRS AASB 101 Presentation of Financial Statements AASB 117 Leases AASB 139 Financial Instruments: Recognition and Measurement	The disclosure requirements of AASB 132: Financial Instruments: Disclosure and Presentation have been replaced due to the issuing of AASB 7: Financial Instruments: Disclosures in August 2005. These amendments will involve changes to financial instrument disclosures within the financial report. However there will be no direct impact on amounts included in the financial report as it is a disclosure standard	01/01/2007	01/07/2007
AASB 7 Financial Instruments: Disclosures	AASB 132 Financial Instruments: Disclosure and Presentation	As above	01/01/2007	01/07/2007
AASB 2006-3 Amendments to Australian Accounting Standards	AAS 27 Financial Reporting by Local Governments AASB 1045 Land Under Roads: Amendments to AAS 27A, AAS 29A and AAS 31A	From the beginning of the reporting period to which this Standard is first applied, until the end of the first reporting period ending on or after 31 December 2007, transitional provisions shall apply. Under those provisions, local governments, while encouraged to apply the full provisions of the Standard, may elect instead not to recognise land under roads as an asset in the balance sheet. The impact of any changes that may be required when the transitional provisions cease cannot be reliably estimated and is not disclosed in the financial report.	October 2006	01/07/2008

1.19 Rounding

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

Notes (continued)

NOTE 2. FUNCTIONS AND ACTIVITIES

Revenue, expenses and Council assets have been attributed to the following broad functions.

2.1 Revenue and non-current assets

	Revenue Attributed 2007				Expenses 2007		Surplus/ (Deficit)	Total Non- Current Assets
	\$000 General	\$000 Grants	\$000 Total	% of Total	\$000	% of Total	\$000	\$000
Corporate Services*	63,363	7,691	71,054	62.10	33,545	32.87	37,509	8,514
Organisational Development	22	5	27	0.02	3,743	3.67	(3,716)	391
Health and Environment	11,991	659	12,650	11.06	18,164	17.79	(5,514)	141,508
Leisure and Culture	1,954	972	2,926	2.56	14,990	14.70	(12,064)	295,446
Community Services	2,129	11,339	13,468	11.77	18,473	18.10	(5,005)	33,469
Transport and Infrastructure	3,700	4,960	8,660	7.57	8,058	7.89	602	482,994
Economic Development	5,561	68	5,629	4.92	5,087	4.98	542	20,453
Total	88,720	25,694	114,414	100.00	102,060	100.00	12,354	982,775

	Revenue Attributed 2006				Expenses 2006		Surplus/ (Deficit)	Total Non- Current Assets
	\$000 General	\$000 Grants	\$000 Total	% of Total	\$000	% of Total	\$000	\$000
Corporate Services*	53,974	7,354	61,328	58.44	29,481	32.47	31,847	8,451
Organisational Development	27	5	32	0.03	3,186	3.51	(3,154)	389
Health and Environment	10,705	564	11,269	10.73	17,285	19.04	(6,016)	140,455
Leisure and Culture	1,174	1,383	2,557	2.44	13,551	14.93	(10,994)	293,247
Community Services	1,938	10,485	12,423	11.84	16,768	18.47	(4,345)	33,220
Transport and Infrastructure	3,273	7,768	11,041	10.52	7,317	8.06	3,724	477,598
Economic Development	6,202	94	6,296	6.00	3,193	3.52	3,103	20,301
Total	77,293	27,653	104,946	100.00	90,781	100.00	14,165	973,661

*Council's rate revenue is fully allocated to this segment

2.2 Functions of Council

Functions	Activities undertaken under each function
Corporate Services	<ul style="list-style-type: none"> • Civic and Corporate support • Call and Service Centres • Financial, Information Technology and Records Management Services • Contract Management and procurement • Rates administration, property valuations • Risk Management
Organisational Development	<ul style="list-style-type: none"> • Human Resources, staff training and development • Occupational Health and Safety • Corporate planning, media and communications, public relations
Health and Environment	<ul style="list-style-type: none"> • Collection and disposal of all waste, including hard waste and garden waste • City planning and urban design • Building approvals and control • Preventative health services • Street beautification • Roads, footpaths and drains cleaning and maintenance • Parking management and control • Drug prevention strategies • Animal management • General law enforcement • School crossing supervision
Leisure and Culture	<ul style="list-style-type: none"> • Cultural activities, Walker Street Gallery, Heritage Hill, Drum Theatre • Indoor leisure centres, including Oasis swimming centre • Parks and gardens, sporting and nature reserves • Public halls and community centres • Public library and information services • Recreation programs • Cultural diversity through community grants program
Community Services	<ul style="list-style-type: none"> • Adult Day Care, aged hostels, senior citizens centres, community bus • Childcare centres and pre-schools • Family support, home care • Meals-on-Wheels • Services for the disabled • Youth support, housing and recreation programs
Transport and Infrastructure	<ul style="list-style-type: none"> • Civil and transport planning • Maintenance of bridges • Parking and traffic control facilities • Pedestrian and bicycle networks • Road and footpath construction • Street lighting • Fleet and Plant Operations • Building maintenance
Economic Development	<ul style="list-style-type: none"> • Promotion of business and employment • Operation of Dandenong Market and multi deck car parks

Notes (continued)

	2007 \$'000	2006 \$'000
NOTE 3. REVENUES		
3.1 Rates and garbage charges		
General rates (Note)		
Residential	27,132	25,294
Commercial	6,612	6,099
Industrial	18,811	16,560
Supplementary rates and adjustments	951	845
Residential garbage	7,660	6,804
	61,166	55,602
<p>Note: The valuation base used to calculate general rates for 2006-2007 was \$16,568 billion (\$14,570 billion in 2005-2006). The date of the last general revaluation of land within the municipality for rating purposes was on 1 January 2006. This valuation applied to the rating period commencing 1 July 2006. The date of the next general revaluation is 1 January 2008, and the valuation will first apply for the rating period commencing 1 July 2008.</p>		
3.2 Grants – recurrent and non-recurrent		
Grants were received in respect of the following:		
Recurrent		
General Purpose Grants:		
Commonwealth Government – General Purpose	6,676	6,380
Commonwealth Government – Local Roads Funding	1,011	955
Operational Grants:		
Aged and Disability Services	6,629	5,902
Children, Youth and Family Services	4,020	4,160
Library, Arts and Heritage	741	705
Asset Management Services	113	86
Information Management Services	4	18
Regulatory Services	279	272
Infrastructure Planning – Roads to Recovery	529	1,238
– Other	4	1
Planning and Design	112	223
Property, Leisure and Environment	192	220
Business Networking	68	41
Social Development	352	276
Total recurrent	20,730	20,477

	2007 \$'000	2006 \$'000
Non-recurrent		
Asset Management Services	121	–
Children, Youth and Family Services	5	155
Social Development	141	76
Library, Arts and Heritage	–	180
Aged and Disability	20	60
Capital Grants (Note)	4,677	6,705
Total non-recurrent	4,964	7,176
Total Grants Received	25,694	27,653
Note: The capital grants received in 2006-2007 related mainly to the State Volleyball Centre at the Dandenong Stadium of \$3.5million (\$2.975million in 2005-2006).		
Unexpended grants (Note)		
Grants recognised as revenue for the year to be expended for specific purposes that had not been expended at balance date were:		
Operational Grants:		
Infrastructure Planning – Roads to Recovery	–	582
Aged and Disability Services	210	89
Children, Youth and Family Services	190	325
Business Networking	25	–
Property, Leisure and Environment	2	–
Social Development	45	135
Library, Arts and Heritage	–	181
Asset Management Services	121	–
Capital Grant	1,434	276
Total unexpended grants	2,027	1,588
3.3 Contributions		
(a) Cash		
Community Services	20	77
Developer contributions	89	250
Health and Environment	1,378	876
Transport and Infrastructure	–	229
Engineering Development	184	–
Total contributions	1,671	1,432

Notes (continued)

	2007 \$'000	2006 \$'000
(b) Non-monetary		
Land	527	2,186
Roads	2,391	2,226
Car Parks	14	48
Drains	4,822	2,577
Bike Paths/Footpaths	443	331
Bridges	–	678
Other	–	22
	8,197	8,068
Unexpended contributions (Note)		
Developer Contributions	57	154
Health and Environment	320	–
Total unexpended contributions	377	154
Note: Unexpended contributions from previous years have been expended before the end of the 2006-2007 financial year.		
3.4 Statutory fees and fines		
Parking fines	1,189	1,201
Building and town planning	906	976
Infringements and costs	1,688	996
Infringement (Perin) court recoveries	621	548
Land information certificates	84	91
	4,488	3,812
3.5 User fees		
Parking fees	1,386	1,016
Aged care services	1,204	1,275
Civil and transport planning	–	253
Recreation and leisure	95	133
Market stall rental (Note)	2,956	3,180
Hire of facilities	913	710
Multideck Car Parking	354	356
Other fees and charges	1,091	710
	7,999	7,633

Note: The Dandenong Market figures for 2005-2006 have been restated to reflect the gross income and expenditure for the year.

	2007 \$'000	2006 \$'000
3.6 Profit (loss) on sale of assets		
Land and buildings		
Proceeds from sale of assets	5,734	4,886
Less: VicUrban share of Metro 3175 sales to Trust (Note)	(3,866)	(847)
Less: Carrying amount of assets sold – Land	(1,450)	(1,659)
Other costs	(15)	(38)
Profit (loss) on sale of land and buildings	403	2,342
Plant and equipment		
Proceeds from sale of assets	583	689
Less: Carrying amount of assets sold	–	–
Plant and Fleet (Non-current)	(521)	(466)
Other	(8)	–
Profit on sale of plant and equipment	54	223
Total profit on sale of assets	457	2,565
Note: The Council has entered into an agreement with VicUrban (former Urban and Regional Land Corporation) for a residential development of the former Dandenong sale yards. VicUrban are 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 in Trust represents VicUrban's share of the sales proceeds as at 30 June 2007.		
3.7 Other revenue		
Recoveries – State Revenue Office (supply of valuation data)	149	380
Recoveries – other	679	373
Interest received on rates	467	442
Interest received on investments	567	196
National competition policy	–	344
Retainer – H L Williams court	17	25
Sundry income	870	681
	2,749	2,441

Notes (continued)

	2007 \$'000	2006 \$'000
NOTE 4. EXPENSES		
4.1 Employee benefits		
Salaries and wages	31,594	29,405
Casual staff	1,347	1,190
Annual leave and long service leave	3,730	3,325
Superannuation	2,983	3,062
WorkCover	803	1,005
Redundancy	137	276
	40,594	38,263
4.2 Contract payments, materials and services		
Maintenance and repairs	2,802	2,623
Contract payments:		
Garbage collection	5,899	5,879
Parks Services	2,174	1,851
Plant Fleet Management	513	540
Building Maintenance	412	398
Dandenong Market (Note)	1,683	1,695
Cleansing	373	219
Community Aged Care Program	260	326
Other contract payments	1,254	1,296
Materials and services:		
Building Maintenance	1,324	1,304
Parks Services	987	818
Roads and drains	437	385
Other materials and services	1,273	942
	19,391	18,276

Note: The Dandenong Market figures for 2005-2006 have been restated to show the gross income and expenditure.

	2007 \$'000	2006 \$'000
4.3 Depreciation		
Plant and equipment	1,292	1,241
Minor plant, furniture and equipment	1,566	1,327
Land improvements	879	682
Car parks	146	63
Buildings	3,407	3,077
Bike paths/footpaths	1,562	1,193
Bridges	121	132
Roads	6,962	4,592
Drains (Note)	1,422	1,573
Street furniture	278	480
Playground equipment	835	836
	18,470	15,196
Note: Council's roads were revalued on 30 June 2006 which increased the value of roads by \$57.3 million resulting in increased depreciation.		
4.4 Grants and sponsorships		
Community grants	1,259	1,668
Contributions	427	1,246
Sponsorships – Family Day Care	2,116	2,122
Sponsorships – other	248	185
	4,050	5,221
4.5 Professional services		
Consultants	3,247	2,445
Legal costs	647	314
Statutory fees	306	313
Audit costs: Internal	196	141
External – VAGO	56	46
Strategic Asset Management Project	40	18
	4,492	3,277

Notes (continued)

	2007 \$'000	2006 \$'000
4.6 Administration costs		
Printing, publications and promotion	1,795	1,642
Motor vehicle maintenance	925	1,090
Bad and doubtful debts	397	715
Insurance	1,083	1,009
Information management costs	1,961	1,985
Postage	353	345
Councillor's allowances	243	209
Occupancy costs	1,857	1,909
Other administration costs	653	543
	9,267	9,447
4.7 Finance costs		
Interest on long term loans	1,366	984
Interest on short term loan and overdraft	209	243
	1,575	1,227
4.8 Other expenses		
Bank charges	203	191
Sundry expenses	840	677
	1,043	868
NOTE 5. CURRENT ASSETS		
5.1 Cash and cash equivalents		
Cash at bank, deposit and on hand	6,141	72
Investments (Note)	3,403	2,649
	9,544	2,721
Note: \$2.818 million of bank deposits on call are subject to restrictions as required by law, against meeting Council's long-service leave commitments to employees prescribed under the Local Government (Long Service Leave) Regulations 2002.		

	2007 \$'000	2006 \$'000
5.2 Trade and other receivables		
Rates debtors (Refer Note 1.2 (a))	2,350	1,931
Parking infringement debtors	4,731	4,254
General debtors	4,470	4,379
Less: Provision for doubtful debts:		
– Parking infringements	(2,011)	(1,713)
– General debtors	(525)	(474)
Prepayments	619	626
	9,634	9,003

5.3 Inventory

Properties held for resale (Note)	7,389	3,719
	7,389	3,719

Note: Property Inventory represents the value of properties held for development and resale within the next twelve months, and essentially includes the Metro 3175 properties, HL Williams Hostel and two land parcels on Buckley Street.

5.4 Intangible Assets

Bed Licences (Note)	1,505	–
	1,505	–

Note: The bed licences have been re-classified from non-current assets to current assets in 2006-2007 due to the imminent sale of the HL Williams Hostel in early 2007-2008 to which these licences relate.

NOTE 6. PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT**Plant and equipment**

At cost	6,969	6,135
Less: Accumulated depreciation	(2,309)	(1,940)
	4,660	4,195

Minor plant, furniture and equipment

At cost	15,901	14,726
Less: Accumulated depreciation	(7,114)	(6,845)
	8,787	7,881

Notes (continued)

	2007 \$'000	2006 \$'000
Car parks (Note)		
At valuation	12,720	8,666
At cost	119	79
Less: Accumulated depreciation	(3,206)	(2,054)
	9,633	6,691
Note: Council carried out an audit of its car parks at 1 January 2007. Car parks were revalued as part of this audit and was carried out by Council's engineers.		
Land		
At independent valuation	368,804	367,311
At cost	1,922	1,147
	370,726	368,458
Land improvements		
At cost	9,354	6,979
Less: Accumulated depreciation	(2,743)	(1,866)
	6,611	5,113
Buildings		
At independent valuation	170,902	172,255
At cost	21,264	14,879
Less: Accumulated depreciation	(85,150)	(82,672)
	107,016	104,462
Land and buildings (note)		
Note (i) Land and Buildings: 'At valuation' estimates for land and buildings were determined by ProVal (Vic) Pty Ltd certified valuers as at 1 January 2006. The previous valuation was done on 1 January 2004, also by ProVal (Vic) Pty Ltd. The valuation was done on the basis of site value for land and written down replacement value for buildings.		
Bike paths – Note (i)		
At valuation	3,217	3,186
At cost	375	167
Less: Accumulated depreciation	(342)	(202)
	3,250	3,151
Footpaths – Note (i)		
At valuation	68,849	68,463
At cost	1,667	993
Less: Accumulated depreciation	(6,497)	(5,079)
	64,019	64,377

	2007 \$'000	2006 \$'000
Note (i) Bike paths/Footpaths: Bike paths and footpaths are carried at valuation based on written down replacement value carried out in April 2006.		
Bridges – Note (ii)		
At valuation	11,619	11,620
At cost	–	–
Less: Accumulated depreciation	(3,504)	(3,383)
	8,115	8,237
Note (ii) Bridges: 'At valuation' estimates for bridges were determined as at 30 June 2006 by Council's Infrastructure and Planning unit.		
Roads (Note iii)		
Sub-structure		
At Council valuation	230,365	229,107
At cost	563	444
Less: Accumulated depreciation	(76,455)	(74,138)
	154,473	155,413
Seal		
At Council valuation	64,889	64,270
At cost	1,751	1,256
Less: Accumulated depreciation	(14,742)	(11,167)
	51,898	54,359
Kerb & channel		
At Council valuation	78,689	78,171
At cost	1,131	599
Less: Accumulated depreciation	(21,139)	(20,064)
	58,681	58,706
Earthworks		
At cost	56	–
	56	–
Roads Total		
At Council valuation	373,943	371,548
At cost	3,501	2,299
Less: Accumulated depreciation	(112,336)	(105,369)
	265,108	268,478
Drains (Note iii)		
At Council valuation	166,702	160,967
At cost	1,347	209
Less: Accumulated depreciation	(54,303)	(53,574)
	113,746	107,602

Notes (continued)

	2007 \$'000	2006 \$'000
<p>Note (iii) Roads and Drains: 'At valuation' estimates for roads (kerbs) were determined as at 30 June 2006 and drains at 30 June 2007 by Council's qualified engineers. The valuations were done on the basis of written down replacement value, taking into account their current condition. The change in valuation also includes assets acquired from subdivisions. These assets were brought into the books at 30 June 2007 at their current valuation.</p>		
Street furniture		
At cost	5,048	4,972
Less: Accumulated depreciation	(3,137)	(3,070)
	1,911	1,902
Recreational equipment		
At cost	10,295	9,653
Less: Accumulated depreciation	(4,169)	(3,494)
	6,126	6,159
Works in progress		
At cost	8,911	6,298
	8,911	6,298
Total Property, infrastructure, plant and equipment		
At valuation	1,176,756	1,164,016
At cost	86,673	68,536
Less: Accumulated depreciation	(284,810)	(269,548)
Total Non-Current Assets	978,619	963,004

6.1 Property Infrastructure Plant and Other – (Movement in written down value 2007)

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

2007	Adjusted Balance at beginning of financial year	Acquisition of assets including gifted assets	Assets written off	Transfer (to) from current assets	Less: Disposals at carrying amount	Less: Depreciation expense for the year	Add: Net movement in revaluation	Changes due to transfers adjustments and other minor adjustments	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Plant and equipment	4,195	2,285	(5)		(521)	(1,292)		(2)	4,660
Minor plant, furniture and equipment	7,881	2,048	(86)			(1,566)		510	8,787
Car parks	6,691	68	(51)			(146)	3,082	(11)	9,633
Land	368,458	1,142		160	(184)		1,150		370,726
Buildings	104,462	4,186	(425)	(96)		(3,407)		2,296	107,016
Bike paths	3,151	164	(17)			(143)		95	3,250
Footpaths	64,377	1,004	(6)			(1,419)		63	64,019
Bridges	8,237					(121)		(1)	8,115
Land Improvements	5,113	974	(3)			(879)		1,406	6,611
Drains	107,602	5,061	(131)			(1,422)	1,736	900	113,746
Roads sub-structure	155,413	1,287	(1)			(2,312)		86	154,473
Roads Seal	54,359	1,136	(1)			(3,575)		(21)	51,898
Roads kerbs and channel	58,706	992	(2)			(1,075)		60	58,681
Earthworks								56	56
Roads Total	268,478	3,415	(4)			(6,962)		181	265,108
Street furniture	1,902	356	(61)			(278)		(8)	1,911
Playgrounds	6,159	1,109	(121)			(835)		(186)	6,126
Work in Progress	6,298	8,330	(275)					(5,442)	8,911
Summary of Non-current asset movements	963,004	30,142	(1,185)	64	(705)	(18,470)	5,968	(199)	978,619

Notes (continued)

Comparatives for Property Infrastructure, Plant and Other (Movement in written down value 2006)

2006	Adjusted Balance at beginning of financial year	Acquisition of assets including gifted assets	Assets Written off	Transfer (to) from current assets	Less: Disposals at carrying amount	Less: Depreciation expense for the year	Add: Net movement in revaluation	Changes due to transfers	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Plant and equipment	3,640	2,225	(3)		(466)	(1,241)			4,155
Minor plant, furniture and equipment	5,629	2,607	(15)			(1,327)		476	7,370
Car parks	784	127				(63)	177	805	1,830
Land	310,409	3,333		(794)	(47)		56,639	37	369,577
Buildings	80,336	14,879	(159)		(336)	(3,077)	2,437	10,223	104,303
Bike paths	1,689	235	(8)			(61)	1,285	11	3,151
Footpaths	58,870	1,257	(227)			(1,132)	5,385	91	64,244
Bridges	8,681	678	(17)			(132)	(973)		8,237
Land Improvements	6,111	157	(1)			(682)		(472)	5,113
Drains	103,029	3,011				(1,573)		84	104,551
Roads sub-structure	138,792	1,728	(212)			(2,028)	16,866	19	155,165
Roads Seal	27,743	1,741	(35)			(1,711)	26,554	(50)	54,242
Roads kerbs and channel	44,345	1,057	(19)			(854)	13,893	156	58,578
Roads Total	210,880	4,526	(266)			(4,593)	57,313	125	267,985
Street furniture	2,158	198				(480)		26	1,902
Playgrounds	5,496	1,096	(4)			(836)		407	6,159
Work in Progress	12,270	5,842	(1)					(11,813)	6,298
Summary of Non-current asset movements	809,982	40,171	(701)	(794)	(849)	(15,197)	122,263	-	954,875

6.1 (a) Changes to opening balances for 2007 through equity

2006	Balance at end of financial year	Changes to accum. Depreciation (iv)	Written (off)/back to Retained Earnings (i) (ii)	Assets not previously recognised (iii)	Total Adjustments	Adjusted Opening Balance
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Plant and equipment	4,155	40			40	4,195
Minor plant, furniture and equipment	7,370			511	511	7,881
Car parks	1,830			4,861	4,861	6,691
Land	369,577		(4,510)	3,391	(1,119)	368,458
Buildings	104,303	159			159	104,462
Bike Paths	3,151					3,151
Footpaths	64,244			133	133	64,377
Bridges	8,237					8,237
Land Improvements	5,113					5,113
Drains	104,551		(6,207)	9,258	3,051	107,602
Roads sub-structure	155,165			248	248	155,413
Roads Seal	54,242			117	117	54,359
Roads kerbs and channel	58,578			128	128	58,706
Roads Total	267,985			493	493	268,478
Street Furniture	1,902					1,902
Playgrounds	6,159					6,159
Work in Progress	6,298					6,298
Summary of Non-current asset movements	954,875	199	(10,717)	18,647	8,129	963,004

Notes:

- (i) The land written off relates to land previously recognised by Council in error. This land is part of Melbourne Water property.
- (ii) Council carried out a data collection exercise in 2006-2007 which resulted in drainage assets which were previously recognised being written off.
- (iii) Assets not previously recognised include Land (\$3.4million), Car Parks (\$4.8million), Drains (\$9.2million), Roads (\$0.5million) and Public Art (\$0.5million)
- (iv) This relates to over depreciation of vehicles and buildings in previous years.

Notes (continued)

	2007 \$'000	2006 \$'000
6.2 Intangible Assets		
Aged care bed licences (Note)	–	1,505
	–	1,505

Note: The Council owns 50 bed licences which are due to be transferred to a private aged care provider. These licences have been valued on the basis of this transfer price. They have been re-classified as current assets in 2006-2007 due to the imminent sale of the HL Williams Hostel in early 2007-2008 to which they relate.

NOTE 7. NON INTEREST-BEARING LIABILITIES

7.1 Trade and other payables

Current

Trade creditors	7,981	6,525
Other creditors	400	311
Income received in advance	224	296
Accrued expenses	2,128	2,885
	10,733	10,017

7.2 EMPLOYEE BENEFITS

Movement in Employee entitlement provisions	Annual Leave \$'000	Long Service Leave \$'000	Total \$'000
2007			
Balance at beginning of financial year	4,448	3,939	8,387
Additional provisions	2,814	916	3,730
Amounts used	(3,065)	(314)	(3,379)
Balance at the end of the financial year	4,197	4,541	8,738
2006			
Balance at beginning of financial year	4,060	4,037	8,097
Additional provisions	2,984	341	3,325
Amounts used	(2,596)	(439)	(3,035)
Balance at the end of the financial year	4,448	3,939	8,387

	2007 \$'000	2006 \$'000
Current		
Annual leave (Note)	4,197	4,448
Long service leave (Note)	4,228	3,435
	8,425	7,883
Non-current		
Long service leave liability (Note)	313	504
	313	504
Note:		
Current		
All annual leave and LSL entitlements representing seven or more years of service		
– Short-term employee benefits, that fall due within 12 months after the end of the period measured at nominal value	3,883	3,083
– Other long-term employee benefits that do not fall within 12 months after the end of the period measured at present value	4,542	4,800
	8,425	7,883
Non-current		
LSL representing less than seven years of service measured at present value	313	504
Accrued wages and salaries are included in the current accrued expenses balance in note 7.1.		
In arriving at the present value of long service leave the following assumptions were adopted:		
Average increase in employee costs 4.00%		
Average discount rates between 6.265% and 6.455%		
Average settlement period of 10 years		
7.3 TRUST FUNDS AND DEPOSITS		
Current		
Hostel entrance fees	262	300
Jenny Slade scholarship	7	7
Sub-division and other deposits	525	401
Developer contributions	1,184	1,012
Metro 3175 sales – VicUrban share (Note)	–	848
	1,979	2,568
Note: During the year, Council received \$3.226 million which was VicUrban's share of the sale of a property in Metro 3175. This was subsequently paid over to VicUrban within the same financial year.		

Notes (continued)

	Note	2007 \$'000	2006 \$'000
NOTE 8. FINANCING FACILITIES			
Bank overdraft		2,500	2,500
Used facility per bank statements		–	(353)
Unused facility		2,500	2,147

NOTE 9. INTEREST-BEARING LIABILITIES

Current			
Bank overdraft		–	301
Loans – secured		4,221	3,465
		4,221	3,766
Non-current			
Loans – secured		16,704	14,216
		16,704	14,216
Total interest-bearing liabilities	12.2	20,925	17,982

The maturity profile for Council's borrowings is:

Not less than one year	4,221	3,766
Later than one year and not later than five years	9,531	9,812
Later than five years	7,173	4,404
	20,925	17,982

NOTE 10. RESERVES

10.1 Asset revaluation reserve

Movement 2006-2007	2006 \$'000	Increment/ (decrement)	2007 \$'000
Land	213,541	1,150	214,691
Car Parks	177	3,082	3,259
Buildings	9,793		9,793
Non-realizable infrastructure assets:			
– Bike paths	2,326		2,326
– Footpaths	29,980		29,980
– Bridges	400		400
– Roads	198,677		198,677
– Drains	60,325	1,736	62,061
Total Reserves	515,219	5,968	521,187

	2005 \$'000	Increment/ (decrement)	2006 \$'000
Movement 2005-2006			
Land	156,902	56,639	213,541
Car Parks	–	177	177
Buildings	7,356	2,437	9,793
Non-realizable infrastructure assets:			
– Bike paths	1,041	1,285	2,326
– Footpaths	24,595	5,385	29,980
– Bridges	1,373	(973)	400
– Roads	141,364	57,313	198,677
– Drains	60,325	–	60,325
Total Reserves	392,956	122,263	515,219

NOTE 11. COMMITMENTS AND CONTINGENCIES**11.1a Operating lease commitments (Note)**

	2007 \$'000	2006 \$'000
Not later than one year	323	881
Later than 1 year but less than 5 years	483	273
	806	1,154

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

11.1b Operating lease receivables (Note)

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

Not later than one year	367	283
Later than one year and not later than five years	656	485
Later than five years	759	836
	1,782	1,604

Note: 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 98 years.

11.2 Contracted Capital commitments

Not later than one year	1,055	13,230
Later than 1 year but less than 5 years	–	–
	1,055	13,230

11.3 Works and services contracts

Not later than one year	9,582	8,880
Later than 1 year but less than 5 years	20,983	19,056
Over 5 years	330	–
	30,895	27,936

Notes (continued)

11.4 Redundancy payments

Council has contracted to sell its 50 bed licences in September 2007 to an external aged care service provider. The present aged care facility that is operating in H.L. Williams Court will cease to operate subsequent to this sale, and the facility will be closed. The closure of this facility will incur redundancy payments to existing staff at H.L. Williams amounting to \$351,000.

NOTE 12. FINANCIAL INSTRUMENTS

12.1 Accounting policy, terms and conditions

Recognised financial instruments	Note	Accounting policy	Terms and conditions
Financial assets			
Cash at bank, deposit and on hand	5.1	Valued at face value. Interest is recognised as it accrues.	Funds on call returned floating interest rates of between 5.50% and 6.15% (5.40% and 5.57% in 2005-06).
Managed funds	5.1	Managed funds are measured at market value	Withdrawals are either immediate or within 24 hours. Managed funds provided a return between 5.65% and 6.86% net of fees (5.33% and 6.25% in 2005-2006) excluding unrealised gains or losses.
General Debtors	5.2	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	General debtors are unsecured and interest free. Credit terms are usually up to 60 days.
Financial Liabilities			
Payables	7.1	Liabilities are recognised for amounts to be paid in the future for goods received and services provided to the Council as at balance date whether or not invoices have been received.	General creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.
Interest-bearing liabilities	9	The loan with the Commonwealth Bank of \$5.5 million was obtained to repay the amount owing to Vision Super in respect of a superannuation liability. The balance of the loan as at June 30, 2007 was \$1,366,727. (\$1,993,282 as at June 30, 2006)	The loan is for ten years expiring April 2009 and principal & interest are repayable quarterly. The loan is secured by a mortgage over the Council's general rates. The interest rate is fixed at 5.8%.

Recognised financial instruments	Note	Accounting policy	Terms and conditions
Interest-bearing liabilities	9	The loan with the Commonwealth Bank was for \$2.952 million, and was obtained to repay the amount owing to Vision Super in respect of the superannuation liability which was to be claimed against the City of Kingston, which has since been settled. The balance of the loan as at June 30, 2007 was \$1,189,980. (\$1,783,866 as at June 30, 2006)	This loan expired in April 2004 and was rolled over at that date at an interest rate of 6.20%. The loan is secured by a mortgage over the Council's general rates. Repayments are made monthly on a principal and interest basis and is repayable in full by 2009.
Interest-bearing liabilities	9	The loan with the Commonwealth Bank of \$5.0 million was obtained in September 2004 to finance major capital projects. The balance of the loan as at June 30 2007 was \$2,572,541. (\$3,609,195 as at 30 June 2006)	The loan is for five years expiring 30 September 2009 and principal and interest are repayable quarterly. The loan is secured by a mortgage over the Council's general rates. The interest rate is fixed at 6.09%.
Interest-bearing liabilities	9	The loan with the Commonwealth Bank of \$3.0 million was obtained in February 2005 to repay the unfunded superannuation liability that Council assumed in 2002-2003. The balance of the loan as at June 30, 2007 was \$1,841,419. (\$2,437,873 as at 30 June 2006)	The loan is for five years expiring 28 January 2010 and principal and interest are repayable quarterly. The interest rate is fixed at 6.09%.
Interest-bearing liabilities	9	The loan with the Commonwealth Bank of \$8.0 million was obtained in 2005-2006 for the first stage of the redevelopment of Dandenong Market. The balance of the loan as at June 30, 2007 was \$7,246,876 (\$7,857,096 as at 30 June 2006).	The loan is for 10 years expiring on 17 March 2016 and principal and interest are payable quarterly. The interest rate is fixed at 6.12%
Interest-bearing liabilities	9	The loan with the Commonwealth Bank of \$7.0 million was obtained in January 2007 for the second stage of the redevelopment of the Dandenong Market. The balance of the loan as at 30 June, 2007 was \$6,707,580.	The loan is for 10 years expiring on 18 July 2016 and principal and interest are payable quarterly. The interest rate is fixed at 6.66%.

Notes (continued)

12.2 Interest rate risk

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

Fixed interest rate maturing in:														
	Floating interest rate		1 year or less		Over 1 to 5 years		More than 5 years		Non-interest bearing		Total carrying amount as per the Balance Sheet		Range of Effective interest rates	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%	%
Financial assets														
General debtors									3,945	3,905	3,945	3,905		
Cash at bank and on hand	6,141	72									6,141	72	5.50 to 6.15	5.40 to 5.57
Bank deposits	3,403	2,649									3,403	2,649	5.65 to 6.86	5.33 to 6.25
Prepayments/accrued income									619	626	619	626		
Total financial assets	9,544	2,721							4,564	4,531	14,108	7,252		
Financial liabilities														
Payables									10,733	10,017	10,733	10,017		
Interest-bearing liabilities (Note 10)	-	301	4,221	3,465	9,531	9,812	7,173	4,404			20,925	17,982	5.80/ 6.66	5.80/ 8.95
Trust monies									1,979	2,568	1,979	2,568		
Total financial liabilities	-	301	4,221	3,465	9,531	9,812	7,173	4,404	12,712	12,585	33,637	30,567		

Note: The carrying amounts of financial assets and liabilities (except interest-bearing liabilities) equate to fair value due to their short-term nature. The net fair value of interest-bearing liabilities is \$19.6 million (\$16.1 million in 2006) as at balance date.

12.3 Net fair value

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

Payables, cash on call, bank deposits, and general debtors	The carrying amount equals the fair value because of the short term to maturity.
Interest-bearing liabilities	The fair value is based on the discounted cash flow method.

NOTE 13. SUPERANNUATION

Local Authorities superannuation fund

The 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 the Income Statement when they are due. The Fund has two categories of membership, each of which is funded differently.

Accumulation Category (Vision Super Saver)

The Fund's accumulation category, Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings in accordance with the Superannuation Guarantee Legislation (9% in 2006/2007). 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.

During 2006-2007 the Council's superannuation contributions relating to Vision Super Saver members was \$2,911,032 (\$2,000,941 in 2005-2006).

Defined Benefits Category

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

Council makes employer contributions to the defined 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 2005, the Trustee has determined that the current funding arrangements are adequate for the expected Defined Benefit Plan liabilities. 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 (same as previous year)

The Funds liability for accrued benefits was determined in the 30 June 2006 actuarial investigation pursuant to the requirements of Australian Accounting Standard AAS25 as follows:

	30 Jun 06 \$'000
Net Market Value of Assets	3,443,686
Accrued Benefits (per Accounting Standards)	3,319,598
Difference between Assets and Accrued Benefits	124,088
Vested Benefits	3,040,443

Notes (continued)

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

Net Investment Return	8.0% p.a.
Salary Inflation	5.5% p.a.
Price Inflation	3.0% p.a.

During 2006-2007 the Council's superannuation contributions relating to that year's defined benefits members' service was \$688,054 (\$697,046 in 2005-2006).

Employees also make member contributions to the Fund. As such, assets accumulate in the Fund to meet member benefits, as defined in the Trust Deed, as they accrue.

In addition, the Council reimburses the Fund for the difference between resignation and retrenchment benefits paid to its retrenched employees – in 2006-2007 this was \$25,484 (\$365,568 in 2005-2006).

NOTE 14. 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 million. At balance date the amount drawn by the DBA was \$1.05 million (\$1.15 million as at June 30 2006).

Legal Actions

The Council is involved in a number of Legal Actions. Council's exposure in these claims may be up to \$16,000 (\$188,000 in 2006)

NOTE 15. RELATED PARTY TRANSACTIONS

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

Councillors

Youhorn Chea (Mayor)	1 December 2006 to date
Peter Brown (Mayor)	1 July 2006 – 30 November 2006
Maria Sampey	1 July 2006 – 30 June 2007
Paul Donovan	1 July 2006 – 30 June 2007
Roz Blades	1 July 2006 – 30 June 2007
John Kelly	1 July 2006 – 30 June 2007
Jim Memeti	1 July 2006 – 30 June 2007
Sue Walton	1 July 2006 – 30 June 2007
Pinar Yesil	1 July 2006 – 30 June 2007
Alan Gordon	1 July 2006 – 30 June 2007
Yvonne Herring	1 July 2006 – 30 June 2007

Chief Executive Officer

Bryan Payne	1 July 2006 – 1 October 2006
John Bennie	2 October 2006 – 30 June 2007

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

Income range	2007 No.	2006 No.
To \$10,000	–	5
\$ 10,001 – \$ 20,000	9	9
\$ 20,001 – \$ 30,000	–	1
\$ 30,001 – \$ 40,000	1	1
\$ 40,001 – \$ 50,000	1	–
\$ 50,001 – \$ 60,000	1	–
\$210,001 – \$220,000	–	1
\$220,001 – \$230,000	1	–
Total	13	17
Total remuneration for the reporting year, for responsible persons included above, amounted to:	\$523K	\$474K

Five Councillors were replaced in the November 2005 elections and are included in the 2006 year.

No retirement benefits were made by Council to a responsible person during the reporting year (nil in 2006).

No loans were made, guaranteed or secured by Council to a responsible person during the reporting year (nil in 2006).

No transactions were entered into by Council with responsible persons, other than remuneration and reimbursement of expenses during the reporting year (nil in 2006).

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

The number of senior officers, other than responsible persons, occupying a management role within Council, who either reported directly to the Chief Executive Officer or whose total remuneration exceeded \$100,000 during the financial year, is shown below in their relevant income bands:

Income range	2007 No.	2006 No.
To \$100,000	–	–
\$100,001 – \$110,000	4	5
\$110,001 – \$120,000	6	6
\$120,001 – \$130,000	4	7
\$130,001 – \$140,000	4	1
\$140,001 – \$150,000	1	–
\$160,001 – \$170,000	1	3
\$170,001 – \$180,000	2	1
\$180,001 – \$190,000	–	–
Total	22	23
Total remuneration for the financial year of senior officers included above amounted to:	\$2.82M	\$2.88M

Notes (continued)

NOTE 16. NOTES TO THE CASHFLOW STATEMENT

16.1 Reconciliation of operating result with net cash provided by operating activities

	Note	2007 \$'000	2006 \$'000
Surplus for the year		12,354	16,730
Add (less)			
Depreciation	4.3	18,470	15,196
Contributions – Non-monetary assets		(8,197)	(8,068)
Write off of assets		1,375	885
(Profit) loss on sale of assets	3.7	(457)	(2,565)
(Increase) decrease in receivables	5.2	(631)	62
(Decrease) increase in payables	7.1	716	482
(Decrease) increase in employee entitlements	7.2	349	290
Net cash provided by operating activities		23,979	23,012

16.2 Reconciliation of cash

Cash at the end of the financial year as shown in the Cashflow Statement is reconciled to the related items in the statement of financial position as follows:

		2007	2006
Current asset – cash and deposits	5.1	9,544	2,721
Current liability – bank overdraft	9	–	(301)
Cash at balance date as per Cash Flow Statement		9,544	2,420

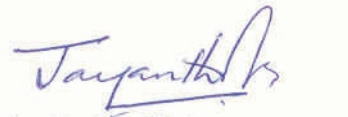
NOTE 17. FINANCIAL RATIOS

	2006-2007	2005-2006	2004-2005
Underlying Result (Surplus Ratio)			
This is a measure of local governments' surpluses (or deficits) as a percentage of their revenues (excluding non-current asset revenue such as roads and drains from developers).			
$\frac{\text{Surplus (less non-cash asset revenue)}}{\text{Total revenue (less non-cash asset revenue)}}$	4.00%	8.78%	2.58%
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			
$\frac{\text{Non-current liabilities}}{\text{Total revenue (less capital grants)}}$	15.86%	14.73%	14.15%
Self Financing			
This is a measure of local governments' ability to fund the replacement of assets from cash generated by their operations			
$\frac{\text{Net cash from operating activities}}{\text{Total revenue (less non-monetary asset revenue)}}$	23.11%	23.34%	12.24%

	2006-2007	2005-2006	2004-2005
<p>Investment Gap ratio</p> <p>This is a measure of whether local governments are spending on infrastructure at a greater rate than the infrastructure is depreciating.</p> <p><i>Capital Expenditure</i> <i>Depreciation</i></p>	118.81%	212.46%	157.61%
<p>Debt servicing ratio</p> <p>To identify the capacity of Council to service outstanding debt. The ratio expresses the amount of interest paid as a percentage of Council's total revenue.</p> <p>Debt servicing costs includes interest on loan borrowings and bank overdraft.</p> <p><i>Debt Servicing Costs</i> <i>Total Revenue</i></p>	1.41%	1.15%	1.00%
<p>Debt commitment ratio</p> <p>To identify Council's debt redemption strategy. The ratio expresses the percentage of rate revenue utilised to pay interest and redeem debt principal.</p> <p><i>Debt Servicing and Redemption Costs</i> <i>Rates Revenue</i></p>	8.71%	7.29%	4.91%
<p>Revenue ratio</p> <p>To identify Council's dependence on rate income, and is determined by assessing rate revenue as a percentage of total revenue.</p> <p><i>Rates Revenue</i> <i>Total Revenue</i></p>	54.63%	52.14%	49.77%
<p>Working capital ratio</p> <p>To assess the Council's ability to meet current commitments.</p> <p><i>Current assets</i> <i>Current liabilities</i></p> <p>The ratio expresses the level of current assets available to meet its current liabilities.</p>	1.10:1	0.64:1	0.65:1
<p>Debt exposure ratio</p> <p>To identify Council's exposure to debt. This is the ratio of total debt to total realisable assets.</p> <p><i>Total liabilities</i> <i>Total realisable assets</i></p> <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 6), land with restrictions and buildings on other controlled land. 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>	1:13	1:13	1:14

Certification of the Financial Report

In my opinion, the accompanying financial report has 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



Jay Peries CPA
Principal Accounting Officer

Dated: 24 September 2007

In our opinion, the accompanying financial report presents fairly the financial transactions of the City of Greater Dandenong Council for the year ended 30 June 2007 and the financial position of the Council as at that date.


As at the date of signing, we are not aware of any circumstances that would render any particulars in the financial report to be misleading or inaccurate.

We have been authorised by the Council on 24 September 2007 to certify the financial report in its final form on behalf of the Council.



Cr Youhorn Chea
Mayor

Dated: 24 September 2007



Cr Sue Walton

Dated: 24 September 2007



John Bennie
Chief Executive Officer

Dated: 24 September 2007



Standard Statements

Year Ended 30 June 2007

Contents

Standard Income Statement	123
Standard Balance Sheet	124
Standard Cash Flow Statement	125
Reconciliation of Operating Result and Net Cash Flows from Operating Activities	126
Standard Statement of Capital Works	127
Property, Plant and Equipment Movement Reconciliation Worksheet	128
Notes to the Standard Statements	129
Certification of the Standard Statements	133
Independent Audit Report	134

Standard Income Statement

for the year ended 30 June 2007

	Note	Budget 2006-2007 \$'000	Actuals 2006-2007 \$'000	\$'000	Variance %
Revenue					
Rates		61,087	61,166	79	0.13
Grants – Operational (Special Purpose)	2	13,123	14,507	1,384	10.55
Grants – Financial assistance (untied)	2	7,244	7,687	443	6.12
Contributions (General)		15	362	347	2313.33
Fees, charges and fines	3	12,210	11,866	(344)	(2.82)
Interest		490	1,035	545	111.22
Proceeds from sale of assets	4	4,448	2,450	(1,998)	(44.92)
Other Income		1,992	2,335	343	17.22
Total Revenues		100,609	101,408	799	0.79
Expenses					
Employee costs		41,858	40,594	1,264	3.02
Contract payments, materials and services	5	17,849	19,391	(1,542)	(8.64)
Administration costs		9,784	9,267	517	5.28
Borrowing costs		1,522	1,575	(53)	(3.48)
Professional services	6	2,972	4,492	(1,520)	(51.14)
Grants and sponsorships		3,768	4,050	(282)	(7.48)
Depreciation		17,500	18,470	(970)	(5.54)
Other Expenses		749	1,043	(294)	(39.25)
Carrying amount of assets sold	7	3,456	1,993	1,463	42.33
Total Expenses		99,458	100,875	(1,417)	(1.42)
SURPLUS FROM OPERATIONS Before non recurrent income and expenditure					
		1,151	533	(618)	(53.69)
Non-recurrent income and expenditure					
Capital Grants	8	6,430	3,500	(2,930)	(45.57)
Capital Contributions	9	440	1,309	869	197.50
Assets acquired from sub division activity	10	–	8,197	8,197	n/a
Write-off of assets	11	–	(1,185)	(1,185)	n/a
OPERATING SURPLUS		8,021	12,354	4,333	54.02

Standard Balance Sheet

as at 30 June 2007

	Note	Budget 2006-2007 \$'000	Actuals 2006-2007 \$'000	\$'000	Variance %
CURRENT ASSETS					
Cash		2,371	6,141	3,770	159.0
Investments		2,664	3,403	739	27.7
Receivables	12	5,723	9,634	3,911	68.3
Inventory – property	13	6,100	7,389	1,289	21.13
Intangible assets	14	–	1,505	1,505	n/a
Total Current Assets		16,858	28,072	11,214	66.5
NON-CURRENT ASSETS					
Fixed Assets	15	811,202	978,619	167,417	20.6
Inventory – Property	13	9,136	4,156	(4,980)	(54.5)
Intangible Assets	14	1,500	–	(1,500)	n/a
Total Non-current Assets		821,838	982,775	160,937	19.6
TOTAL ASSETS		838,696	1,010,847	172,151	20.5
CURRENT LIABILITIES					
Creditors	16	6,166	10,733	(4,567)	(74.1)
Borrowings		4,132	4,221	(89)	(2.1)
Employee benefits	17	4,536	8,423	(3,887)	(85.7)
Trust monies	19	1,544	1,979	(435)	(28.2)
Total Current Liabilities		16,378	25,356	(8,978)	(54.8)
NON-CURRENT LIABILITIES					
Borrowings		16,918	16,704	214	1.3
Employee benefits	17	3,562	313	3,249	91.2
Unearned income	18	3,000	–	3,000	100.0
Total Non-current Liabilities		23,480	17,017	6,463	27.5
TOTAL LIABILITIES		39,858	42,373	(2,515)	(6.8)
NET ASSETS		798,838	968,474	169,636	21.2
EQUITY					
Accumulated Surplus		283,619	447,287	163,668	57.7
Assets Revaluation Reserve		515,219	521,187	5,968	1.2
TOTAL EQUITY		798,838	968,474	169,636	21.2

Standard Cash Flow Statement

for the year ended 30 June 2007

	Note	Budget 2006-2007 \$'000	Actuals 2006-2007 \$'000	\$'000	Variance %
Cash Flows from operating activities					
Cash Inflows					
Rates receipts		60,974	60,747	(227)	(0.37)
Grants		26,797	25,694	(1,103)	(4.12)
Interest Received		490	1,035	545	111.22
Fees, charges, fines and contributions		14,657	15,303	646	4.41
Total cash inflows		102,918	102,779	(139)	(0.14)
Cash Outflows					
Employee costs		41,858	40,245	1,613	3.85
Payments to Suppliers		30,729	33,007	(2,278)	(7.41)
Grants and Sponsorships		3,768	4,050	(282)	(7.48)
Interest Paid		1,522	1,498	24	1.58
Total cash outflows		77,877	78,800	(923)	(1.19)
Net Cash inflows from operating activities		25,041	23,979	(1,062)	(4.24)
Cash flows from investing activities					
Cash Inflows					
Proceeds from Sale of Assets		4,448	2,450	(1,998)	(44.92)
Total cash inflows		4,448	2,450	(1,998)	(44.92)
Cash Outflows					
Payments for non-current assets					
City improvement projects		23,998	19,785	4,213	17.56
Fleet and other capital		3,032	2,175	857	28.27
Total cash outflows		27,030	21,960	5,070	18.76
Net cash outflows from investing activities		(22,582)	(19,510)	3,072	13.60
Cash flows from financing activities					
Cash Inflows					
Proceeds from borrowings		7,000	12,000	5,000	71.43
Proceeds from trust monies and deposits			5,160	5,160	
Total cash inflows		7,000	17,160	10,160	145.14
Transfer to investments		160	754	(594)	(371.25)
Repayment of loans, deposits and trust monies		3,630	14,505	(10,875)	(299.59)
Total cash outflows		3,790	15,259	(11,469)	(302.61)
Net Cash inflow/(outflow) from financing activities		3,210	1,901	(1,309)	(40.78)
Cash Increase/(Decrease)		5,669	6,370	701	12.37
Cash at Beginning		(3,299)	(229)	3,070	(93.06)
Cash at End		2,370	6,141	3,771	159.11

Reconciliation of Operating Result and Net Cash Flows from Operating Activities

for the year ended 30 June 2007

	Budget 2006-2007 \$'000	Actuals 2006-2007 \$'000	\$'000	Variance %
Net Surplus from operations	8,021	12,354	4,333	54.02
Depreciation	17,500	18,470	970	5.54
Other non cash revenue and expenses	(5,953)	(6,822)	(869)	14.59
(Profit) Loss on Sale of property, plant and equipment	(992)	(457)	535	(53.93)
Net movement in current assets and liabilities	6,465	434	(6,031)	(93.28)
Net Cash inflow from operating activities	25,041	23,979	(1,062)	(4.24)

Standard Statement of Capital Works

for the year ended 30 June 2007

	Notes	Budget 2006-2007 \$'000	Actuals 2006-2007 \$'000	\$'000	Variance %
Roads, Bridges and Street Furniture		2,745	1,380	1,356	49.73
Land and Buildings	20	15,780	13,183	2,597	16.46
Drains		430	238	192	44.65
Land Improvement and Playgrounds		2,752	2,085	667	24.24
Information Services and Minor Plant		1,691	2,048	(357)	(21.11)
Fleet Plant and Equipment		3,032	2,285	747	24.64
Footpaths		600	725	(125)	(20.83)
Total Capital Works		27,030	21,944	5,086	18.82
Represented by:					
Maintenance/Operational	21	2,500	–	2,500	100.0
Expansion		10,247	9,303	944	9.21
Renewal		4,685	5,063	(378)	(8.07)
Upgrade		9,598	7,578	2,020	21.05
Total Capital Works		27,030	21,944	5,086	18.82

Property, Plant and Equipment Movement Reconciliation Worksheet

	Budget 2006-2007 \$'000	Actuals 2006-2007 \$'000	\$'000	Variance %
Total Capital works	27,030	21,944	5,086	18.82
Depreciation	(17,500)	(18,470)	970	(5.54)
Assets written off		(1,185)	1,185	
Adjustments to retained earnings		(10,518)	10,518	
Disposals at carrying amount	(3,456)	(705)	(2,751)	79.60
Gifted assets		26,845	(26,845)	
Movement in asset revaluation		5,968	(5,968)	
Transfer to current assets		64	(64)	
Changes due to transfers/adjustments		(199)	199	
Net movement in property, plant and equipment	6,074	23,744	(17,670)	

Notes to the Standard Statements

1. INTRODUCTION

The Standard Income Statement, Balance Sheet, Cash Flow Statement, Statement of Capital Works and explanatory notes form a special purpose financial report prepared specifically 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 the General Purpose Financial Statements, but not prepared in accordance with Australian Accounting Standards or other authoritative professional pronouncements. The Standard Statements are not a substitute for the General Purpose Financial Statements, which are also included in a separate section of this Annual Report.

The Standard Statements compare Council's financial plan through original budget targets, with actual performance against those targets. Any material variances between actual results and budget are explained in the notes that follow. Any variances between the original budget and actual results in excess of \$1 million and 10% on the original budget have been commented on.

The results reported in these statements are consistent with those reported in the General Purpose Financial Statements, except that the Standard Statement of Cash Flows excludes cash flows resulting from GST, which are cost and revenue neutral to Council.

The budget figures reported are those adopted by Council on 10 July 2006 except for a change in the classification of property inventory between current and non-current. 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 does not envisage any changes to equity resulting from asset revaluations as their impacts are not predictable.

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

2. GRANT INCOME

Total grant funding received at 30 June 2007 was \$22.2 million (\$1.8 million or 8.9 per cent above budget). The additional grant funding resulted from:

- Better than planned receipt of Financial Assistance grant funding from the Grants Commission of \$443,000.
- Additional grant funding over budget of \$980,000 received for enhanced services in Aged and Disability, Children, Youth and Family Services.
- Various other unbudgeted grants of \$400,000 for sports planning, leisure and environment and urban open space and design.

Notes to the Standard Statements (continued)

3. FEES CHARGES AND FINES

The income from this category was 2.82 per cent below budget. This is largely due to:

- An amnesty period for parking enforcement in the market car park that arose out of recent changes.
- The Noble Park Swim Centre operations being absorbed as part of the aquatic centre contract with the YMCA.
- Fewer stall holders as a result of the upgrade of the Dandenong Market.
- HL Williams Court Hostel reduction in fees received following the decision to close the centre.

4. PROCEEDS FROM SALE OF ASSETS

The proceeds from sale of assets was 44.92 per cent below budget. This was mainly a result of the slow uptake of property purchases at Metro 3175 and turnover of Council's fleet.

5. CONTRACT PAYMENTS, MATERIALS AND SERVICES

Exceeded budget by \$1.5 million. This represents major maintenance costs identified through the asset management program to maintain Council's parks and gardens, roads, drains, and buildings. These amounts were budgeted in the City Improvement Program (CIP) under Capital, which shows a corresponding offset.

6. PROFESSIONAL SERVICES

Exceeds budget by \$1.5 million. These costs were mainly associated with surveys and studies relating to Council's assets. As with major maintenance, the costs were budgeted in the City Improvement Program (CIP) under Capital, which shows a corresponding offset.

7. CARRYING AMOUNT OF ASSETS SOLD

This note is related to Note 4 and the variance is due to Council not meeting its sale targets for property, plant and fleet.

8. CAPITAL GRANTS

This represents funding for the State Volleyball Centre at the Dandenong Stadium of which \$3.0 million of the budgeted grant was received in 2005-2006.

9. CAPITAL CONTRIBUTIONS

This represents contributions received from developers for public open space, Keysborough Development, Tatterson Park and Community Infrastructure.

10. ASSETS ACQUIRED FROM SUB DIVISION ACTIVITY

Represents assets such as car parks, land, footpaths, roads and drains that have been acquired by Council from sub division activity.

11. WRITE OFF OF ASSETS

These write offs represent minor plant and equipment, roads and drains.

12. RECEIVABLES

Mainly represents debtors relating to parking, sundry debtors from hire of Council facilities and rates debtors. The variance is due to budget under estimation of these debtors.

13. INVENTORY – PROPERTY

Represents property assets earmarked for sale.

14. INTANGIBLE ASSETS

Represents the 50 bed licences that it holds at HL Williams Court Hostel.

15. FIXED ASSETS

In addition to capital additions and gifted assets, the variance is mainly the revaluation which took place in January 2006, resulting in asset revaluation gains of \$122 million. This revaluation gain was not finalised at the time of preparing the 2006-2007 budget.

16. CREDITORS

The variance is essentially due to the budget projections being understated.

17. EMPLOYEE BENEFITS

The variance is due to the reclassifications from non-current to current.

18. UNEARNED INCOME

Council had entered into an agreement with VicUrban (former Urban and Regional Land Corporation) for a residential development of the former Dandenong sale yards. Council received \$3 million from VicUrban under this agreement as an equity payment towards this development. This payment has been recognised as revenue and adjusted in equity.

19. TRUST MONIES

Include bond monies from developers and VicUrban's share of sale proceeds from the sale of Metro 3175 properties. The budget did not anticipate the level of funds Council held at 30 June.

20. LAND AND BUILDINGS

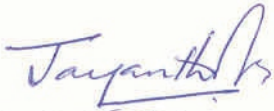
The variance is the deferment of capital works at the Dandenong Produce Market due to delays in planning approvals.

21. MAINTENANCE/OPERATIONAL

The budget for the City Improvement Program included major maintenance expenditure which was determined as not being capital. This expenditure has been transferred to recurrent expenditure at year end (Notes 5 and 6).

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.



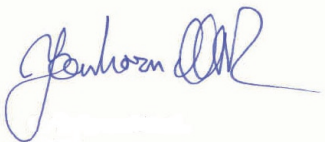
Jay Peries CPA
Principal Accounting Officer

Dated: 24 September 2007

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 24 September 2007 to certify the standard statements in their final form on behalf of the Council.



Cr Youhorn Chea
Mayor

Dated: 24 September 2007



Cr Sue Walton

Dated: 24 September 2007



John Bennie
Chief Executive Officer

Dated: 24 September 2007

Independent Audit Report

VAGO

Victorian Auditor-General's Office

INDEPENDENT AUDIT REPORT

Greater Dandenong City Council

To the Councillors

The Financial Report and Standard Statements

The accompanying financial report for the year ended 30 June 2007 of Greater Dandenong City Council which comprises of the income statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the certification of the financial report has been audited.

The accompanying standard statements for the year ended 30 June 2007 of the Council which comprises of the standard income statement, standard balance sheet, standard cash flow statement, reconciliation of operating result and net cash flows from operating activities, standard statement of capital works, the related notes and the certification of the standard statements have been audited.

The Responsibility of the Councillors for the Financial Report and Standard Statements

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

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

This responsibility includes:

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

Auditor's Responsibility

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

1

Level 24, 35 Collins Street, Melbourne Vic. 3000

Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email comments@audit.vic.gov.au Website www.audit.vic.gov.au

Auditing in the Public Interest

VAGO

Victorian Auditor-General's Office

Independent Audit Report (continued)

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

I believe that the audit evidence 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. The Auditor-General, his staff and delegates comply with all applicable independence requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion:

- the financial report presents fairly, in all material respects, the financial position of Greater Dandenong City Council as at 30 June 2007 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Local Government Act 1989*.
- The standard statements present fairly, in all material respects, in accordance with the basis of preparation as described in note 1 to the statements and comply with the requirements of the *Local Government Act 1989*.

MELBOURNE
25 September 2007


D.D.R. Pearson
Auditor-General

2

Level 24, 35 Collins Street, Melbourne Vic. 3000

Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email comments@audit.vic.gov.au Website www.audit.vic.gov.au

Auditing in the Public Interest



Customer Service

Springvale

397-405 Springvale Road

Dandenong

39 Clow Street

Noble Park

18-32 Buckley Street

Keysborough

Shop A7

Parkmore Shopping Centre

Business Development Centre

Suite 1, 4th Floor

329 Thomas Street

Dandenong



Telephone

9239 5100



Facsimile

9239 5196



Internet

www.greaterdandenong.com



Email

council@cgd.vic.gov.au

عربي

📞 9679 9860

BOSANSKI

📞 9679 9861

ភ្នំ

📞 9679 9862

廣東話

📞 9679 9863

Ελληνικά

📞 9679 9864

دري

📞 9679 9865

Nuää

📞 9679 9866

Српски

📞 9679 9867

Việt ngữ

📞 9679 9868

TTY

📞 9679 5153

All other languages

📞 9679 9869

Italiano

Español

Türkçe

Shqip

Malti

ΜΑΚΕΔΟΝΣΚΙ

Hrvatski

СРПСКИ

Tetum

Soomaali

فارسی

Русский