

# Financial Report Year Ended 30 June 2011



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# Table of Contents

Comprehensive Income Statement	105
Balance Sheet	106
Statement of Changes in Equity	107
Cash Flow Statement	109
<b>Notes to the Financial Report for the Year Ended 30 June 2011</b>	<b>110</b>
1. Significant Accounting Policies	110
2. Underlying Operational Result	119
3. Rates and Charges	119
4. Grants – recurrent and non-recurrent	120
5. Contributions	121
6. Statutory fees and fines	122
7. User fees	122
8. Net profit/(loss) on disposal of assets	122
9. Other revenue	122
10. Employee costs	123
11. Contract payments, materials and services	123
12. Depreciation	124
13. Grants and sponsorships	124
14. Professional services	124
15. Administration costs	125
16. Finance costs	125
17. Other expenses	125
18. Cash and cash equivalents	125
19. Trade and other receivables	126
20. Inventory Property	126
21. Property, plant and equipment, infrastructure	126
22. Trade and other payables	133
23. Employee provisions	133
24. Trust funds and deposits	134
25. Interest bearing liabilities	134
26. Reserves	135
27. Commitments	136
28. Financial instruments	137
29. Superannuation	141
30. Contingent liabilities	143
31. Related party transactions	143
32. Reconciliation of operating result with net cash provided by operating activities	145
33. Financial ratios	146
34. Capital expenditure	147
35. Subsequent Events	148
Certification of the Financial Report	149
Auditor-General's Office - Independent Auditor's Report	150
<b>Standard Statements for the Year Ended 30 June 2011</b>	<b>153</b>

# Comprehensive Income Statement

For the Year Ended 30 June 2011

	Note	2011 \$'000s	2010 \$'000s
<b>REVENUE</b>			
Rates and Charges	3	82,218	76,005
Grants Recurrent	4	28,629	25,794
Grants Non-Recurrent	4	67	398
Statutory fees and fines	6	5,393	5,256
User Fees	7	14,028	13,421
Other Revenue	9	5,222	3,609
<b>TOTAL REVENUE</b>		<b>135,557</b>	<b>124,483</b>
<b>EXPENSES</b>			
Employee Benefits	10(a)	52,657	48,383
Employee Benefits - additional call defined benefits fund	10(b)	2,177	-
Contract Payments, Materials and Services	11	31,915	28,439
Depreciation and Amortisation	12	22,307	21,675
Grants Sponsorships and contributions	13	5,854	6,156
Professional Services	14	5,105	5,240
Administration Costs	15	10,005	10,216
Finance Costs	16	1,753	1,071
Other Expenses	17	627	726
<b>TOTAL EXPENSES</b>		<b>132,400</b>	<b>121,906</b>
<b>Net Result prior to capital income and asset items</b>	2	<b>3,157</b>	<b>2,577</b>
Net Profit/(Loss) on disposal of assets	8	1,979	7,522
Capital Grants	4	3,306	4,861
Capital Contributions	5(a)	8,197	5,178
Contributions - Non-monetary Assets	5(b)	16,964	29,926
Assets Written Off	21.1	(2,157)	(526)
Contributed Assets	13	-	(1,612)
<b>Net result for the year</b>		<b>31,446</b>	<b>47,926</b>
<b>Other Comprehensive Income</b>			
Net Asset Revaluation Increment/(decrement)	26	(19,785)	128,609
<b>COMPREHENSIVE RESULT</b>		<b>11,661</b>	<b>176,535</b>

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

# Balance Sheet

as at 30 June 2011

	Note	2011 \$'000	2010 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	18	54,981	50,427
Trade and other receivables	19	12,073	16,977
Inventory - property	20	927	1,758
<b>Total current assets</b>		<b>67,981</b>	<b>69,162</b>
<b>Non-current assets</b>			
Property, plant and equipment	21(a), 21(b)	763,030	742,367
Infrastructure Assets - realisable	21(c)	10,639	9,370
Infrastructure Assets - non realisable	21(d)	485,655	495,929
Inventory - property	20	3,960	3,960
<b>Total non-current assets</b>		<b>1,263,284</b>	<b>1,251,626</b>
<b>Total assets</b>		<b>1,331,265</b>	<b>1,320,788</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	22	11,539	10,752
Employee provisions	23	11,627	10,966
Trust funds and deposits	24	5,975	5,984
Interest-bearing loans and borrowings	25	2,807	2,629
<b>Total current liabilities</b>		<b>31,948</b>	<b>30,331</b>
<b>Non-current liabilities</b>			
Employee provisions	23	469	463
Interest-bearing loans and borrowings	25	20,841	23,648
<b>Total non-current liabilities</b>		<b>21,310</b>	<b>24,111</b>
<b>Total liabilities</b>		<b>53,258</b>	<b>54,442</b>
<b>NET ASSETS</b>		<b>1,278,007</b>	<b>1,266,346</b>
<b>EQUITY</b>			
Accumulated surplus		532,131	501,426
Reserves- Asset Revaluation Reserves	26	720,252	740,037
- Other reserves	26	25,624	24,883
<b>TOTAL EQUITY</b>		<b>1,278,007</b>	<b>1,266,346</b>

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

# Statement of Changes in Equity

For the Year Ended 30 June 2011

2011	Notes	Total \$'000	Accumulated Surplus \$'000	Reserves		
				Total reserves \$'000	Asset revaluation \$'000	General reserves \$'000
Balance at the beginning of the year		1,270,252	505,332	764,920	740,037	24,883
Prior year adjustments:						
Fair value adjustments to non current assets	21.1a	(3,906)	(3,906)	-	-	-
Adjusted balance at the beginning of the year		1,266,346	501,426	764,920	740,037	24,883
Surplus for the year		31,446	31,446	-	-	-
Transfer (from)/to insurance fund		-	150	(150)	-	(150)
Transfer (from)/to Re-vegetation reserve		-	(321)	321	-	321
Transfer (from)/to Grants reserve		-	2,108	(2,108)	-	(2,108)
Transfer (from)/to Public Open Space reserve		-	(1,166)	1,166	-	1,166
Transfer (from)/to Major Project reserve		-	4,361	(4,361)	-	(4,361)
Transfer (from)/to Developer Contribution funds (DCP C36 and C87)		-	(5,873)	5,873	-	5,873
Revaluation increment/(decrement) of assets	26	(19,785)	-	(19,785)	(19,785)	-
<b>Balance at the end of the year</b>		<b>1,278,007</b>	<b>532,131</b>	<b>745,876</b>	<b>720,252</b>	<b>25,624</b>

# Statement of Changes in Equity

For the Year Ended 30 June 2010

2010	Notes	Total \$'000	Accumulated Surplus \$'000	Reserves		
				Total reserves \$'000	Asset revaluation \$'000	General reserves \$'000
Balance at the beginning of the year		1,091,907	470,554	621,353	611,428	9,925
Prior year adjustments:						
Receivables		87	87	-	-	-
Fair value adjustments to non current assets	21.1	1,727	1,727	-	-	-
Fair value adjustments to Inventory		(4)	(4)	-	-	-
Adjusted balance at the beginning of the year		1,093,717	472,364	621,353	611,428	9,925
Surplus for the year		47,926	47,926	-	-	-
Transfer (from)/to insurance fund		-	(150)	150	-	150
Transfer (from)/to Re-vegetation reserve		-	(46)	46	-	46
Transfer (from)/to Grants reserve		-	(1,178)	1,178	-	1,178
Transfer (from)/to Public Open Space reserve		-	(1,262)	1,262	-	1,262
Transfer (from)/to Major Project reserve		-	(6,041)	6,041	-	6,041
Transfer (from)/to Municipal Buildings reserve		-	(1,750)	1,750	-	1,750
Transfer (from)/to Developer Contribution funds (DCP C36 and C87)		-	(4,531)	4,531	-	4,531
Revaluation increment/ (decrement) of assets	26	128,609	-	128,609	128,609	-
<b>Balance at the end of the year</b>		<b>1,270,252</b>	<b>505,332</b>	<b>764,920</b>	<b>740,037</b>	<b>24,883</b>

The above Statements of Changes in Equity should be read with the accompanying notes

# Cash Flow Statement

For the Year Ended 30 June 2011

	Note	2011 \$'000	2010 \$'000
<b>Cash flows from operating activities</b>			
Receipts from ratepayers		81,934	75,363
Fees, charges, fines and other (including GST)		22,202	18,114
Contributions (including GST)		8,786	5,011
Government grants (including GST)		32,614	31,593
Interest received		3,178	1,719
Payments to suppliers (including GST)		(59,919)	(56,060)
Payments to employees		(54,167)	(48,469)
Net GST (payments) / refunds		5,950	5,510
<b>Net cash provided by operating activities</b>	32	<b>40,578</b>	<b>32,781</b>
<b>Cash flows from investing activities</b>			
Payments for property and other non-current assets		(34,729)	(31,771)
Proceeds from sale of property, plant and equipment		3,116	3,786
<b>Net cash used in investing activities</b>		<b>(31,613)</b>	<b>(27,985)</b>
<b>Cash flows from financing activities</b>			
Finance costs		(1,773)	(1,253)
Proceeds from interest bearing loans		-	11,500
Repayment of interest bearing loans		(2,629)	(2,556)
Repayment of trust monies and deposits		(9)	(244)
Proceeds from trust monies and deposits		-	2,552
<b>Net cash provided by / (used in) financing activities</b>		<b>(4,411)</b>	<b>9,999</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>4,554</b>	<b>14,795</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>50,427</b>	<b>35,632</b>
<b>Cash and cash equivalents at end of the year</b>	32.1 & 18	<b>54,981</b>	<b>50,427</b>
Financing arrangements	18		
Restricted Cash	18		

The above Cash Flow Statement should be read with the accompanying notes

# Notes to the Financial Report

For the Year Ended 30 June 2011

## Introduction

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

The purpose of the council is to:

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

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

The council's website address is [www.greaterdandenong.com](http://www.greaterdandenong.com)

This financial report is a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes accompanying these financial statements. This general purpose financial report complies 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

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

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

### 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).

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 4 and 5. Any amount of a grant that was received in prior years and was spent during the current year is disclosed in Note 4.

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

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

A provision for 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 21 with threshold limits as shown below and have not changed from the prior year.

<b>Class of assets</b>	<b>\$</b>
<b>Land and buildings</b>	
Land	Nil
Land under Roads	Nil
Land improvements (including irrigation and sprinkler systems, and fencing)	1,000
Buildings	Nil
Building Improvements	2,000
<b>Plant and equipment</b>	
Plant and equipment	1,000
Minor plant, furniture & equipment	500
<b>Infrastructure assets (non-realizable)</b>	
Roads	20,000
Kerb and channel	5,000
Footpaths / Bikepaths	
- Expansion & upgrade	1,000
- Renewals	Nil
Bridges	5,000
Drains	5,000
<b>Infrastructure assets (realizable)</b>	
Recreational equipment	1,000
Street furniture	10,000

c) Depreciation and amortization 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, and has not changed from the prior year.

<b>Asset category</b>	<b>Years</b>
<b>Property</b>	
Land	
- Land, parks, reserves, ovals	Infinite
Land improvements	10
Buildings	50 – 75
Building Improvements	10
<b>Plant and Equipment</b>	
Plant and equipment	5
Minor plant, furniture and equipment	
- Artworks	N/A
- Furniture & equipment	6 – 15
- IT devices & Software	3 - 5
- Parking meters	10
- Street signs/traffic control	20
- Library catalogue	5
- Library equipment	20
- Library plant	15
<b>Infrastructure</b>	
Roads	
- Pavement and Seal	12 – 20
- Substructure	100
- Kerb and channel	80
Footpaths / Bikepaths	10 – 50
Bridges	20 - 100
Drains	100
Off street car parks	25
Recreational equipment (playgrounds)	10 - 20
Street furniture	10 - 20

d) **Revaluation of non-current assets**

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

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

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

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

Land under Roads:

In accordance with *AASB 1051: Land under Roads* the Council has elected not to recognise land under roads existing at 30 June 2008. All land under roads acquired after that date are brought to account at cost, or at a valuation if acquired as a 'gifted' asset.

e) **Realisable infrastructure assets**

Infrastructure assets comprising street furniture and recreational equipment are considered by their nature to be realisable assets. All other infrastructure assets are considered to be non-realisable. Non-realisable assets are excluded from the calculations of financial ratios (Refer Note 33).

f) **Existing assets not previously recognised**

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

#### 1.4 Trust monies

Amounts received as tender deposits, bonds and retention monies are recognised as Trust monies until they are refunded or forfeited. (Refer Note 24).

#### 1.5 Employee costs

a) **Accrued salary and wages**

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

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

Annual leave

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

Long service leave

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

Classification of employee benefits

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

c) **Superannuation**

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

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

**1.6 Recognition of payables**

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

**1.7 Leases**

Operating leases

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

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

**1.8 Inventory - property**

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

**1.9 Recognition of receivables**

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

**1.10 Cash and cash equivalent assets**

For the purpose of the statement of cash flows, cash and cash equivalent assets include cash on hand, deposits at call and other highly liquid investments with short periods to maturity. They are subject to insignificant risk of changes in value and include cash available for day to day cash management activities and those restricted for specific purposes either under regulations or council's obligations for delivery of services or capital works. (Refer Notes 18 and 32.1).

**1.11 Managed Funds**

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

**1.12 Maintenance and repairs**

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

### 1.13 Interest-bearing liabilities

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

Interest accrued on these liabilities is treated as finance costs (Refer Note 28).

### 1.14 Allocation between current and non-current

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

### 1.15 Impairment of assets

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

### 1.16 Finance costs

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

### 1.17 Goods and Services Tax (GST)

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

**Cash flows are presented in the cash flow statement on a gross basis.**

## 1.18 New accounting standards and interpretation

### Pending Accounting Standards

The following Australian Accounting Standards have been issued or amended and are applicable to the Council but are not yet effective.

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

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Council financial statements
AASB 9: Financial Instruments and AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	<p>These standards are applicable retrospectively and amend the classification and measurement of financial assets. Council has not yet determined the potential impact on the financial statements. Specific changes include:</p> <ul style="list-style-type: none"> <li>* simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;</li> <li>* removing the tainting rules associated with held-to-maturity assets;</li> <li>* simplifying the requirements for embedded derivatives;</li> <li>* removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;</li> <li>* allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling</li> </ul>	Applicable for annual reporting periods commencing on or after 1 January 2013.	These changes are expected to provide some simplification in the accounting for and disclosure of financial instruments

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Council financial statements
	<p>on disposal of the instrument; and</p> <p>* reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:</p> <p>a. the objective of the entity's business model for managing the financial assets; and</p> <p>b. the characteristics of the contractual cash flows.</p>		
AASB 124: Related Party Disclosures	<p>This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard.</p>	<p>Applicable for annual reporting periods commencing on or after 1 January 2011.</p>	<p>Although this standard does not strictly apply to Local Government it is often used as guidance, as such there will be greater clarity on the disclosure of inter government transactions.</p>
<p>AASB 2009-4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 &amp; 16] and AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 &amp; 139]</p>	<p>These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project.</p>	<p>Applicable for annual reporting periods commencing from 1 January 2010.</p>	<p>These amendments are not expected to impact Council</p>

### 1.19 Rounding

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



<b>Note 2 Underlying Operational Result for the year ended 30 June 2011</b>	<b>2011 \$'000</b>	<b>2010 \$'000</b>
<b>Surplus for the year before other comprehensive income</b>	31,446	47,926
<b>Less Non-operating income</b>		
Net profit on disposal of assets	1,979	7,522
Capital grants	3,306	4,861
Capital contributions	8,197	5,178
Contributions - non-monetary assets	16,964	29,926
<b>Add Non-operating expenses</b>		
Assets written off	2,157	526
Contributed assets	-	1,612
<b>Underlying operational result</b>	<b>3,157</b>	<b>2,577</b>

Greater Dandenong City Council measures its underlying operational result\* to assist in the determination of whether it is operating in a sustainable fashion or not. The underlying result is an important indicator of Council's long-term financial sustainability, together with other indicators as shown in Note 33 Financial Ratios (Performance Indicators). Whilst an underlying deficit in one financial year is not significant, the continued recording of deficits over a sustained period from Council's operations gradually erodes the net assets of Council.

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

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

Greater Dandenong City Council's underlying operating result improved in 2010-2011 by \$0.58million. A key contributor to the improved outcome was an increase in investment income from the previous year.

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

### **Note 3 Rates and Charges**

Council uses the Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is the value of the land and all improvements on it, and is determined by independent valuers and certified by the Valuer General Victoria.

	<b>2011 \$'000</b>	<b>2010 \$'000</b>
<b>General rates (Note)</b>		
Residential	34,364	32,244
Commercial	7,519	7,488
Industrial	27,908	25,332
Farm	532	613
Supplementary rates and adjustments	920	828
Maintenance Levy	427	413
Residential garbage	10,548	9,087
	<b>82,218</b>	<b>76,005</b>

**Note** – The valuation base used to calculate general rates for 2010-2011 was \$25.566 billion (\$22.285 billion in 2009-2010). The date of this general revaluation of land was 1 January 2010.

The date of the last general revaluation of land within the municipality for rating purposes was 1 January 2010. This valuation applies to the rating period commencing 1 July 2010.

The date of the next general revaluation is 1 January 2012, and the valuation will be first applied for the rating period commencing 1 July 2012.

	<b>2011</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Note 4 Grants – recurrent and non-recurrent</b>		
Grants were received in respect of the following:		
<b>Recurrent</b>		
<b>General Purpose Grants:</b>		
Commonwealth Government - General Purpose	9,317	8,869
- Local Roads Funding	1,197	1,115
<b>Operational Grants:</b>		
Aged & Disability Services	8,111	7,257
Children, Youth & Family Services	7,891	7,030
Library, Arts & Heritage	1,144	892
Asset Management Services	171	22
Infrastructure Planning	2	2
Regulatory Services	331	302
Sports & Leisure	45	46
Planning & Design	50	9
Social Development	331	168
Business Networking	3	45
Organisational Sustainability	-	37
Building	2	-
Revitalisation of Central Dandenong	34	-
<b>Total recurrent</b>	<b>28,629</b>	<b>25,794</b>
<b>Non-recurrent</b>		
Children, Youth & Family Services	-	288
Library, Arts & Heritage	-	60
Aged & Disability	67	50
<b>Total Non-recurrent</b>	<b>67</b>	<b>398</b>
<b>Total Operational Grants</b>	<b>28,696</b>	<b>26,192</b>
<b>Capital Grants</b>		
<b>Recurrent</b>		
Infrastructure Planning - Roads to Recovery	651	650
Library, Arts & Heritage	65	-
Aged & Disability	50	50
<b>Total Recurrent</b>	<b>766</b>	<b>700</b>
<b>Non-recurrent</b>		
Capital Grants	2,540	4,161
<b>Total Capital Grants</b>	<b>3,306</b>	<b>4,861</b>
<b>Total Operational and Capital Grants Received</b>	<b>32,002</b>	<b>31,053</b>

	2011 \$'000	2010 \$'000
<b>Unexpended grants</b>		
Grants recognised as revenue for the year to be expended for specific purposes that had not been expended at balance date were:		
<b>Operational Grants:</b>		
Aged & Disability Services	156	199
Children, Youth & Family Services	1,587	1,302
Library, Arts and Heritage	289	125
Asset Management Services	141	7
Property, Leisure & Environment	57	70
Planning & Design	32	32
Organisational Sustainability	-	21
Finance VGC Grant	2,696	2,631
Social development	149	33
<b>Capital Grants</b>	<b>1,570</b>	<b>4,368</b>
<b>Total unexpended grants</b>	<b>6,677</b>	<b>8,788</b>

## Note 5 Contributions

### (a) Cash contributions - capital

- Re-Vegetation	340	-
- Infrastructure	18	141
- Public Open space	1,966	1,398
- Developer Contributions	5,873	3,639
<b>Total cash contributions</b>	<b>8,197</b>	<b>5178</b>

### (b) Non-monetary

- Land	9,485	15,135
- Land Under Roads (refer Note 21.1)	4,742	3,465
- Roads	1,192	4,162
- Traffic Signals	-	1,612
- Buildings	14	-
- Trees	-	255
- Drains	1,365	4,799
- Bike Paths / Footpaths	166	498
	<b>16,964</b>	<b>29,926</b>

### Unexpended contributions (Note)

Re-Vegetation Reserve	340	136
Public open space	1,499	1,262
Developer Contributions	5,873	3,639
<b>Total unexpended contributions</b>	<b>7,712</b>	<b>5,037</b>

**Note:** \$332K of the unexpended contributions from previous years have been expended before the end of the 2010-2011 financial year.

<b>Note 6 Statutory fees and fines</b>	<b>2011 \$'000</b>	<b>2010 \$'000</b>
Parking fines	1,739	1,856
Building and town planning	1,366	1,139
Infringements and costs	1,421	1,368
Infringement (Perin) court recoveries	784	806
Land information certificates	83	87
	<b>5,393</b>	<b>5,256</b>

**Note 7 User fees**

Parking fees	1,519	1,493
Aged care services	970	941
Recreation and leisure	987	964
Market stall rental	3,054	2,920
Hire of facilities	1,125	1,129
Multideck Car Parking	446	457
Aquatic Centre and Springers Leisure Centre	4,701	4,220
Other fees and charges	1,226	1,297
	<b>14,028</b>	<b>13,421</b>

**Note 8 Net profit / (loss) on disposal of assets***Land and buildings*

Proceeds from sale of assets	8,362	17,186
Less: VicUrban share of Metro 3175 sales to Trust <b>(Note)</b>	(6,143)	(8,166)
Less: Carrying amount of assets sold - Land	(525)	(1,652)
- Other costs	(21)	(158)

<b>Net profit / (loss) on disposal of land and buildings</b>	<b>1,673</b>	<b>7,210</b>
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*Plant & Fleet Sales*

Proceeds from sale of assets	897	654
Less: Carrying amount of assets sold	(591)	(342)
<b>Net profit / (loss) on disposal of plant and fleet</b>	<b>306</b>	<b>312</b>

<b>Total net profit / (loss) on sale of assets</b>	<b>1,979</b>	<b>7,522</b>
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**Note:** The Council has entered into an agreement with VicUrban for a residential development of the former Dandenong sale yards. VicUrban is responsible for the development of the land under this agreement, and is entitled to 74.53% of the proceeds of this developed land. The amount transferred to Trust represents VicUrban's share of the sales proceeds as at 30 June 2011.

**Note 9 Other revenue**

Recoveries –State Revenue Office ( supply of valuation data)	138	359
Recoveries – other	1,006	496
Interest received on rates	330	268
Interest received on investments	2,848	1,517
Town Hall income	503	581
Sundry income	397	388
	<b>5,222</b>	<b>3,609</b>

<b>Note 10 Employee costs</b>	<b>2011 \$'000</b>	<b>2010 \$'000</b>
(a) Recurrent:		
Salaries & wages	40,245	37,499
Casual staff	1,562	1,460
Annual leave and long service leave	5,392	4,648
Superannuation	3,809	3,553
WorkCover	1,400	1,108
Redundancy	249	115
	<b>52,657</b>	<b>48,383</b>
(b) Non recurrent:		
Superannuation- unfunded	2,177	-
	<b>2,177</b>	<b>-</b>

#### **Note 11 Contract payments, materials and services**

Maintenance and repairs	347	310
<b>Contract payments:</b>		
Garbage collection	8,754	7,023
Parks Services	3,282	3,108
Plant / Fleet Management	800	722
Building Maintenance	2,675	2,496
Dandenong Market	2,488	1,946
Cleansing	390	365
Community Aged Care Program	2	13
Street lighting	1,318	1,133
Property valuation contract	275	335
Aquatic centre and Leisure centre	4,682	4,197
Roads and drains	1,345	1,144
Capital Works	500	521
Other contract payments	902	1,163
<b>Materials and services :</b>		
Building Maintenance	28	29
Parks Services	620	865
Roads and drains	268	340
Community Aged Care Program	1,174	949
Cultural Facilities	168	187
Cleansing	55	92
Other materials and services	1,842	1,501
	<b>31,915</b>	<b>28,439</b>

<b>Note 12 Depreciation</b>	<b>2011 \$'000</b>	<b>2010 \$'000</b>
<b>Property:</b>		
Land improvements	1,112	1,100
Buildings	4,519	3,980
Car parks	248	237
<b>Plant and Equipment:</b>		
Plant & equipment	1,779	1,774
Minor plant, furniture and equipment	1,847	1,843
IT Software	421	177
<b>Infrastructure:</b>		
Bike paths/footpaths	1,722	1,677
Bridges	144	125
Roads	7,666	7,816
Drains	1,738	1,899
Street furniture	184	211
Playground equipment	927	836
	<b>22,307</b>	<b>21,675</b>

#### **Note 13 Grants and sponsorships**

Community grants	1,492	1,266
Contributions	571	1,213
Sponsorships – Family Day Care	3,641	3,475
Sponsorships – other	150	202
	<b>5,854</b>	<b>6,156</b>
Contributed assets ( <b>Note</b> )	-	1,612
	<b>5,854</b>	<b>7,768</b>

**Note:** As part of the DCP Program (C87) Council received Assets in kind from developers which satisfied the obligation of the developer to Council. Included in the 2010 prior year Assets were traffic lights valued at \$1.6M that were subsequently handed over to Vic Roads and did not form part of council assets.

#### **Note 14 Professional services**

Consultants	3,368	3,906
Legal costs	883	700
Statutory fees	432	434
Audit costs: Internal	141	112
External – VAGO	61	60
Strategic Asset Management Project	57	28
Other	163	-
	<b>5,105</b>	<b>5,240</b>

<b>Note 15 Administration costs</b>	<b>2011 \$'000</b>	<b>2010 \$'000</b>
Printing, publications & promotion	2,337	2,094
Motor vehicle maintenance	1,054	1,137
Bad & doubtful debts	730	1,117
Insurance	1,080	1,004
Information management costs	1,602	1,769
Postage	490	441
Councilors Allowances	352	350
Occupancy costs	2,125	2,080
Other administration costs	235	224
	<b>10,005</b>	<b>10,216</b>

#### **Note 16 Finance costs**

Interest on long term loans	1,753	1,071
	<b>1,753</b>	<b>1,071</b>

#### **Note 17 Other expenses**

Bank charges	169	219
Sundry expenses	458	507
	<b>627</b>	<b>726</b>

#### **Note 18 Cash and cash equivalents**

Cash at bank, deposit and on hand	13,958	18,230
Investments	41,023	32,197
	<b>54,981</b>	<b>50,427</b>

#### **Represented by:**

Operating Cash	11,285	8,966
Restricted Cash		
Employee provisions	12,096	11,429
Insurance fund	1,016	1,166
Re-vegetation Reserve	516	195
Unexpended grants	6,677	8,785
Unexpended contributions & Open Space	13,426	6,386
Trust funds and deposits	5,975	5,149
Major Projects Reserve	2,240	6,601
Municipal Buildings Reserve	1,750	1,750
	<b>54,981</b>	<b>50,427</b>

#### **Financing Arrangements**

Overdraft facility	2,500	2,500
Used amount	-	-
Amount available	<b>2,500</b>	<b>2,500</b>

<b>Note 19 Trade and other receivables</b>	<b>2011</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>
Rates debtors (Refer Note 1.2 (a) )	3,755	3,472
Parking infringement debtors	4,248	4,095
General debtors	5,159	4,814
General debtors (Non-Cash)	380	5,730
Less: Provision for doubtful debts:		
- Parking infringements	(1,419)	(1,138)
- General debtors	(499)	(483)
Prepayments	449	487
	<b>12,073</b>	<b>16,977</b>

#### **Note 20 Inventory Property (Note)**

Properties held for sale – <b>Current</b>	927	1,758
Properties held for sale – <b>Non-current</b>	3,960	3,960
	<b>4,887</b>	<b>5,718</b>

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

#### **Note 21 Property, plant and equipment, infrastructure**

##### **(a) Plant and equipment:**

Plant and equipment		
At cost	11,226	7,299
Less: Accumulated depreciation	(6,049)	(2,398)
	<b>5,177</b>	<b>4,901</b>
Minor Plant, furniture & equipment		
At cost	31,451	19,782
Less: Accumulated depreciation	(22,471)	(11,307)
	<b>8,980</b>	<b>8,475</b>
IT Software		
At cost	2,734	2,477
Less: Accumulated depreciation	(1,760)	(1,340)
	<b>974</b>	<b>1,137</b>

##### **Total Plant and equipment**

At cost	45,411	29,558
Less: Accumulated depreciation	(30,280)	(15,045)
<b>Total</b>	<b>15,131</b>	<b>14,513</b>

##### **(b) Property:**

Land and buildings – Note (i)		
Land		
At independent valuation	581,022	571,075
At cost	1,720	-
	<b>582,742</b>	<b>571,075</b>



	2011 \$'000	2010 \$'000
<b>Car parks</b>		
At valuation	14,061	12,323
At cost	-	1,596
Less: Accumulated depreciation	(3,859)	(3,901)
	<b>10,202</b>	<b>10,018</b>
<b>Land improvements</b>		
At cost	11,803	11,608
Less: Accumulated depreciation	(6,915)	(5,803)
	<b>4,888</b>	<b>5,805</b>
<b>Buildings</b>		
At independent valuation	218,060	218,061
At cost	34,715	24,907
Less: Accumulated depreciation	(102,708)	(102,012)
	<b>150,067</b>	<b>140,956</b>
<b>Total Property</b>		
At valuation	813,143	801,459
At cost	48,238	38,111
Less: Accumulated depreciation	(113,482)	(111,716)
Total	<b>747,899</b>	<b>727,854</b>
<b>Total Property, Plant &amp; Equipment</b>		
At valuation	813,143	801,459
At cost	93,649	67,669
Less: Accumulated depreciation	(143,762)	(126,761)
Total	<b>763,030</b>	<b>742,367</b>
<b>(c) Infrastructure Assets- realisable:</b>		
<b>Street furniture</b>		
At cost	7,319	3,863
Less: Accumulated depreciation	(6,356)	(2,880)
	<b>963</b>	<b>983</b>
<b>Recreational equipment</b>		
At cost	23,453	14,705
Less: Accumulated depreciation	(13,777)	(6,318)
	<b>9,676</b>	<b>8,387</b>
<b>Total Infrastructure Assets- realisable:</b>		
At cost	30,772	18,568
Less: Accumulated depreciation	(20,133)	(9,198)
Total	<b>10,639</b>	<b>9,370</b>
<b>(d) Infrastructure Assets- non realisable:</b>		
<b>Trees</b>		
At valuation	-	-
At cost	812	372
	<b>812</b>	<b>372</b>

	2011 \$'000	2010 \$'000
<b>Bike paths - Note (iii)</b>		
At valuation	4,381	3,552
At cost	-	808
Less: Accumulated depreciation	(957)	(765)
	<b>3,424</b>	<b>3,595</b>
<b>Footpaths – Note (iii)</b>		
At valuation	78,917	72,069
At cost	-	5,513
Less: Accumulated depreciation	(11,148)	(10,878)
	<b>67,769</b>	<b>66,704</b>
<b>Bridges – Note (iv)</b>		
At valuation	12,121	12,052
At cost	40	40
Less: Accumulated depreciation	(4,374)	(3,875)
	<b>7,787</b>	<b>8,217</b>
<b>Land under Roads – Note (ii)</b>		
At deemed cost	11,275	6,230
	<b>11,275</b>	<b>6,230</b>
<b>Roads - (Note v)</b>		
<b>Sub-structure</b>		
At council valuation	237,356	234,594
At cost	92	3,419
Less: Accumulated depreciation	(85,648)	(83,589)
	<b>151,800</b>	<b>154,424</b>
<b>Seal</b>		
At council valuation	77,044	67,401
At cost	1,778	10,023
Less: Accumulated depreciation	(30,681)	(26,932)
	<b>48,141</b>	<b>50,492</b>
<b>Kerb &amp; channel</b>		
At council valuation	81,622	87,896
At cost	16	4,400
Less: Accumulated depreciation	(25,242)	(24,488)
	<b>56,396</b>	<b>67,808</b>
<b>Earthworks</b>		
At cost	56	56
	<b>56</b>	<b>56</b>

	2011 \$'000	2010 \$'000
<b>Roads Total</b>		
At council valuation	396,022	389,891
At cost	1,942	17,898
Less: Accumulated depreciation	(141,571)	(135,009)
<b>Total</b>	<b>256,393</b>	<b>272,780</b>
<b>Drains (Note v)</b>		
At council valuation	191,002	183,282
At cost	-	7,720
Less: Accumulated depreciation	(66,369)	(59,101)
	<b>124,633</b>	<b>131,901</b>
Works in progress at cost	13,562	6,130
	<b>13,562</b>	<b>6,130</b>
<b>Total Infrastructure Assets- non-realizable</b>		
At valuation	682,443	660,846
At cost	27,631	44,711
Less: Accumulated depreciation	(224,419)	(209,628)
<b>Total</b>	<b>485,655</b>	<b>495,929</b>
<b>Total non-current assets</b>		
At Valuation	<b>1,495,586</b>	<b>1,462,305</b>
At cost	<b>152,052</b>	<b>130,948</b>
Accumulated depreciation	<b>(388,314)</b>	<b>(345,587)</b>
<b>Total Non-current assets</b>	<b>1,259,324</b>	<b>1,247,666</b>

#### Note (i) Land & Buildings

'At valuation' estimates for land and buildings were determined by ProVal (Vic) Pty Ltd certified practising valuers as at 1 January 2010. Land and Car Parks totalling to \$824K were revalued as at 30 June 2011. The previous valuation was done on 1 January 2008, 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.

#### Note (ii) Land under Roads

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

#### Note (iii) Bike paths/Footpaths

Bike paths and footpaths are carried at valuation based on written down replacement value carried out in June 2011 by council's qualified engineers. The valuation was based on the written down replacement value.

#### Note (iv) Bridges

'At valuation' estimates for bridges were determined as at 30 June 2006 by Council's Civil and Transport Planning unit.

The valuations were done on the basis of written down replacement value.

#### Note (v) Roads and Drains

'At valuation' estimates for roads and drains were determined as at 30 April 2011 and 30 June 2011 respectively by council's qualified engineers.

The valuations were done on the basis of written down replacement value.

## 21.1 Property Infrastructure Plant and Other – (Movement in written down value 2011)

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

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

**Note:** Assets written off include building (\$492K) and bridges (\$286K) which were impaired due to fire and flood, respectively.

## 21.1 Property Infrastructure Plant and Other – (Movement in written down value 2010)

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

2010	Balance at beginning of financial year	Acquisition of assets including gifted assets	Assets written off	Transfer to non-current assets	Disposals at carrying amount	Depreciation expense for the year	Net movement in revaluation	Changes due to transfers	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Plant &amp; Equipment</b>									
Plant & equipment	5,475	1,504	-	-	(328)	(1,774)	-	24	4,901
IT Software	8	511	-	-	-	(177)	-	795	1,137
Minor plant, furniture & equipment	8,579	1,990	(2)	-	(13)	(1,843)	-	(256)	8,455
<b>Total Plant &amp; Equipment</b>	<b>14,062</b>	<b>4,005</b>	<b>(2)</b>	<b>-</b>	<b>(341)</b>	<b>(3,794)</b>	<b>-</b>	<b>563</b>	<b>14,493</b>
<b>Property</b>									
Land	466,058	15,216	-	(731)	-	-	95,191	(534)	575,200
Car parks	9,934	239	-	-	-	(237)	-	-	9,936
Land Improvements	6,322	507	-	-	-	(1,100)	-	76	5,805
Buildings	112,665	18,162	(293)	-	-	(3,980)	6,545	7,857	140,956
<b>Total Property</b>	<b>594,979</b>	<b>34,124</b>	<b>(293)</b>	<b>(731)</b>	<b>-</b>	<b>(5,317)</b>	<b>101,736</b>	<b>7,399</b>	<b>731,897</b>
<b>Infrastructure</b>									
Street furniture	1,102	89	(26)	-	-	(211)	-	49	1,003
Playgrounds	7,653	1,437	(9)	-	-	(836)	-	142	8,387
<b>Infrastructure Assets -</b>									
<b>Non-Realisable</b>									
Bike Paths	3,261	63	-	-	-	(150)	102	-	3,276
Footpaths	63,801	1,539	(108)	-	-	(1,527)	2,139	692	66,536
Bridges	7,929	40	-	-	-	(125)	-	-	7,844
Roads sub-structure	153,778	1,726	-	-	-	(2,364)	-	(1)	153,139
Roads Seal	49,878	3,599	-	-	-	(4,288)	878	(4)	50,063
Roads kerbs & channel	58,856	1,886	-	-	-	(1,164)	8,211	(47)	67,742
Earthworks	56	-	-	-	-	-	-	-	56
Land Under Roads	1,667	3,465	(46)	580	-	-	(43)	607	6,230
Drains	115,447	5,274	(42)	-	-	(1,899)	15,588	(110)	134,258
Trees	-	267	-	-	-	-	-	105	372
<b>Total Infrastructure</b>	<b>463,428</b>	<b>19,385</b>	<b>(231)</b>	<b>580</b>	<b>-</b>	<b>(12,564)</b>	<b>26,875</b>	<b>1,433</b>	<b>498,906</b>
Works In Progress	9,583	6,088	-	-	-	-	-	(9,395)	6,276
<b>Total Plant &amp; Equipment, Property and Infrastructure</b>	<b>1,082,052</b>	<b>63,602</b>	<b>(526)</b>	<b>(151)</b>	<b>(341)</b>	<b>(21,675)</b>	<b>128,611</b>	<b>-</b>	<b>1,251,572</b>

**Note – Assets Written Off** - As part of the Eastlink project, council disposed of roads, footpaths, bikepaths and drains that were impacted by the development. New assets handed back to council were recognized at valuation and are included in acquisitions.

## 21.1(a) Changes to Opening balances for 2010 through Equity

2010	2010 Balance at end of financial year \$'000	Changes to accum. depreciation \$'000	Assets written off (recognised) to retained earnings \$'000	Total adjustments \$'000	2010 Adjusted Closing Balance \$'000
<b>Plant &amp; Equipment</b>					
Plant & equipment	4,901	-	-	-	4,901
IT Software	1,137	-	-	-	1,137
Minor plant, furniture & equipment	8,455	-	20	20	8,475
<b>Total Plant &amp; Equipment</b>	<b>14,493</b>	<b>-</b>	<b>20</b>	<b>20</b>	<b>14,513</b>
<b>Property</b>					
Land	575,200	-	(4,125)	(4,125)	571,075
Car parks	9,936	-	82	82	10,018
Land improvements	5,805	-	-	-	5,805
Buildings	140,956	-	-	-	140,956
<b>Total Property</b>	<b>731,897</b>	<b>-</b>	<b>(4,043)</b>	<b>(4,043)</b>	<b>727,854</b>
<b>Infrastructure</b>					
Street furniture	1,003	-	(20)	(20)	983
Playgrounds	8,387	-	-	-	8,387
Bike paths	3,276	-	319	319	3,595
Footpaths	66,536	-	168	168	66,704
Bridges	7,844	-	373	373	8,217
Roads sub-structure	153,139	-	1,285	1,285	154,424
Roads seal	50,063	-	429	429	50,492
Roads kerbs & channel	67,742	-	66	66	67,808
Earthworks	56	-	-	-	56
Land Under Roads	6,230	-	-	-	6,230
Drains	134,258	-	(2,357)	(2,357)	131,901
Trees	372	-	-	-	372
<b>Total Infrastructure assets</b>	<b>498,906</b>	<b>-</b>	<b>263</b>	<b>263</b>	<b>499,169</b>
<b>Works in progress</b>					
Minor plant, furniture & equipment	-	-	-	-	-
Buildings	-	-	(146)	(146)	(146)
Carparks	-	-	-	-	-
Streetscapes	-	-	-	-	-
Playgrounds	-	-	-	-	-
Drains	6,276	-	-	-	6,276
<b>WIP</b>	<b>6,276</b>	<b>-</b>	<b>(146)</b>	<b>(146)</b>	<b>6,130</b>
<b>Total Plant &amp; Equipment, Property &amp; Infrastructure</b>	<b>1,251,572</b>	<b>-</b>	<b>(3,906)</b>	<b>(3,906)</b>	<b>1,247,666</b>

	2011 \$'000	2010 \$'000
<b>Note 22 Trade and other payables</b>		
<b>Current</b>		
Trade creditors	9,175	6,233
Other creditors	198	604
Income received in advance	90	70
Accrued expenses	2,076	3,845
	<b>11,539</b>	<b>10,752</b>

### Note 23 Employee provisions

<b>Movement in Employee entitlement provisions</b>			
	Annual Leave	Long Service Leave	Total
	\$'000	\$'000	\$'000
<b>2011</b>			
Balance at beginning of financial year	4,965	6,464	11,429
Additional provisions	534	811	1,345
Amounts used	(253)	(425)	(678)
Balance at the end of the financial year	<b>5,246</b>	<b>6,850</b>	<b>12,096</b>
<b>2010</b>			
Balance at beginning of financial year	4,739	6,112	10,851
Additional provisions	3,656	992	4,648
Amounts used	(3,430)	(640)	(4,070)
Balance at the end of the financial year	<b>4,965</b>	<b>6,464</b>	<b>11,429</b>

	2011 \$'000	2010 \$'000
<b>Represented by:</b>		
<b>Current (Note i)</b>		
Annual leave	5,246	4,965
Long service leave	6,381	6,001
	<b>11,627</b>	<b>10,966</b>
<b>Non-current (Note ii)</b>		
Long service leave liability	469	463
	<b>469</b>	<b>463</b>

#### Current (Note i)

All annual leave, and LSL entitlements representing seven or more years of service, and include:

- Short-term employee benefits, that fall due within 12 months after the end of the period measured at nominal value	6,573	6,203
- Other long-term employee benefits that do not fall within 12 months after the end of the period measured at present value	5,054	4,763
	<b>11,627</b>	<b>10,966</b>

<b>Non-current (Note ii)</b>	<b>2011 \$'000</b>	<b>2010 \$'000</b>
LSL representing less than seven years of service measured at present value:	<b>469</b>	<b>463</b>

Accrued wages and salaries are included in the current accrued expenses balance in note 22.

In arriving at the present value of long service leave the following assumptions were adopted:

- Average increase in employee costs 3.5% (2009-2010: 3.5%).
- Average discount rates between 4.7% and 5.24% (2009-2010: 4.45% and 5.2%).
- Average settlement period of 10 years (2009-2010: 10 years).

#### **Note 24 Trust funds and deposits**

Road deposits	1,796	951
Tree deposits	1,175	412
Developer contributions	1,740	2,195
Metro 3175 sales – VicUrban share ( <b>Note i</b> )	-	1,146
Other deposits ( <b>Note ii</b> )	1,264	1,280
	<b>5,975</b>	<b>5,984</b>

**Note – (i)** Represents VicUrban's share of the sale of properties in Metro 3175 not yet remitted to Vic Urban.

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

#### **Note 25 Interest bearing liabilities**

##### **Current:**

Loans – secured	2,807	2,629
	<b>2,807</b>	<b>2,629</b>

##### **Non-current:**

Loans – secured	20,841	23,648
	<b>20,841</b>	<b>23,648</b>

<b>Total interest-bearing liabilities (Refer Note 28.2)</b>	<b>23,648</b>	<b>26,277</b>
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##### **The maturity profile for Council's borrowings is:**

Less than one year	2,807	2,629
Later than one year and not later than five years	13,313	12,468
Later than five years	7,528	11,180
	<b>23,648</b>	<b>26,277</b>



**Note 26 Reserves**

<b>Movement 2010-2011</b>	<b>2010</b>	<b>Increment/ (decrement)</b>	<b>2011</b>
<b>Asset revaluation reserve (Note i)</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Land	399,099	462	399,561
Car Parks	3,259	362	3,621
Buildings	17,224	-	17,224
Non-realizable infrastructure assets:			
- Bike paths	2,428	(3)	2,425
- Footpaths	32,212	1,532	33,744
- Bridges	400	-	400
- Roads	207,766	(14,818)	192,948
- Drains	77,649	(7,320)	70,329
<b>Total Asset revaluations reserves</b>	<b>740,037</b>	<b>(19,785)</b>	<b>720,252</b>
<b>Other reserves</b>			
- Insurance Reserve fund (Note ii)	1,166	(150)	1,016
- Re-vegetation Reserve (Note iii)	195	321	516
- Grants Reserve (Note iv)	8,785	(2,108)	6,677
- Public Open Space Reserve (Note v)	1,855	1,166	3,021
- Major Projects Reserve (Note vi)	6,601	(4,361)	2,240
- Municipal Buildings project (Note vii)	1,750	-	1,750
- Developer contributions (Note viii)	4,531	5,873	10,404
<b>Total Other Reserves</b>	<b>24,883</b>	<b>741</b>	<b>25,624</b>
<b>Total Reserves</b>	<b>764,920</b>	<b>(19,044)</b>	<b>745,876</b>

<b>Movement 2009-2010</b>	<b>2009</b>	<b>Increment/ (decrement)</b>	<b>2010</b>
<b>Asset revaluation reserve (Note i)</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Land	303,953	95,146	399,099
Car Parks	3,259	-	3,259
Buildings	10,679	6,545	17,224
Non-realizable infrastructure assets:			
- Bike paths	2,326	102	2,428
- Footpaths	30,073	2,139	32,212
- Bridges	400	-	400
- Roads	198,677	9,089	207,766
- Drains	62,061	15,588	77,649
<b>Total asset revaluations reserves</b>	<b>611,428</b>	<b>128,609</b>	<b>740,037</b>
<b>Other reserves</b>			
- Insurance Reserve fund (Note ii)	1,016	150	1,166
- Re-vegetation Reserve (Note iii)	149	46	195
- Grants Reserve (Note iv)	7,607	1,178	8,785
- Public Open Space Reserve (Note v)	593	1,262	1,855
- Major Projects Reserve (Note vi)	560	6,041	6,601
- Municipal Buildings project (Note vii)	-	1,750	1,750
- Developer contributions (Note viii)	-	4,531	4,531
<b>Total Other Reserves</b>	<b>9,925</b>	<b>14,958</b>	<b>24,883</b>
<b>Total Reserves</b>	<b>621,353</b>	<b>143,567</b>	<b>764,920</b>

**Note (i):** This reserve contains increments and decrements arising out of revaluation of non-current assets—refer Note 1.3(d)

**Note (ii):** The insurance reserve fund has been created to meet large and unexpected policy excesses on multiple insurance claims.

**Note (iii):** This reserve fund is to meet native re-vegetation requirements on council's reserves.

**Note (iv):** This reserve represents unexpended grant funds.

**Note (v):** Funds set aside in this reserve will be utilised exclusively for allocation towards enhancing the City's open space.

**Note (vi):** The major projects reserve will hold funds realised from the sale of council's property assets and will be utilised for investing in other properties.

**Note (vii):** This reserve is to set aside future resources for the construction of a municipal office.

**Note (viii):** The reserve for developer contributions holds unspent funds received by developers in respect of two major developments in Dandenong South (C87) and Keysborough (C36)

	2011 \$'000	2010 \$'000
<b>Note 27 Commitments</b>		
<b>27.1a Operating lease commitments (Note)</b>		
Not later than 1 year	221	268
Later than 1 year but less than 5 years	380	408
	<b>601</b>	<b>676</b>

**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).

#### **27.1b Operating lease receivables (Note)**

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

Not later than 1 year	873	870
Later than 1 year and not later than 5 years	3,197	3,341
Later than 5 years	5,614	4,608
	<b>9,684</b>	<b>8,819</b>

**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 50 years.

#### **27.2 Contracted Capital commitments**

Not later than 1 year	13,193	4,263
Later than 1 year but less than 5 years	-	242
	<b>13,193</b>	<b>4,505</b>

#### **27.3 Works and services contracts**

Not later than 1 year	13,613	16,895
Later than 1 year but less than 5 years	18,927	8,120
Over 5 years	-	-
	<b>32,540</b>	<b>25,015</b>

## Note 28 Financial instruments

### 28.1 Accounting policy, terms and conditions

Recognised financial instruments	Note	Accounting Policy	Terms and conditions
<b>Financial assets</b>			
Cash at bank, deposit and on hand	18	Valued at face value. Interest is recognised as it accrues.	Funds on call returned floating interest rates between 4.40% and 4.65% (2.90% and 4.4% in 2009-2010).
Managed funds	18	Managed funds are measured at market value.	Withdrawals are either immediate or within 24 hours. Managed funds provided a return between 5.61% and 6.65% net of fees (4.63% and 7.34% in 2009-2010) excluding unrealised gains or losses.
Trade and other receivables	19	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.
<b>Financial Liabilities</b>			
Payables	22	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	25	The loan with the Commonwealth Bank of \$8.0M was obtained in 2005-2006 for capital programs. The balance of the loan as at 30 June 2011 was \$4,404,940 (\$5,181,378 as at 30 June 2010).	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	25	The loan with the Commonwealth Bank of \$7.0M was obtained in January 2007 for capital programs. The balance of the loan as at 30 June, 2011 was \$4,300,453 (\$4,964,541 as at 30 June 2010)	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%.
Interest-bearing liabilities	25	The loan with the National Australia Bank of \$5.0M was obtained in May 2009 for capital programs. The balance of the loan as at 30 June, 2011 was \$4,234,550 (\$4,630,542 as at 30 June 2010)	The loan is for 10 years expiring on 15 May 2019 and principal and interest are payable quarterly. The interest rate is fixed at 6.32%.
Interest-bearing liabilities	25	The loan with the National Australia Bank of \$11.5M was obtained in June 2010 for capital programs. The balance of the loan as at 30 June, 2011 was \$10,707,877 (\$11,500,000 as at 30 June 2010)	The loan is for 10 years expiring on 8 June 2020 and principal and interest are payable quarterly. The interest rate is fixed at 7.83%.

## 28.2 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:

2011	Floating interest rate \$'000	Fixed interest rate maturing in:			Non-interest bearing \$'000	Total carrying amount as per the Balance Sheet \$'000	Range of effective interest rate %
		1 year or less \$'000	1 to 5 years \$'000	More than 5 years \$'000			
<b>Financial Assets</b>							
General Debtors					5,539	5,539	
Cash at bank and on hand	8,575					8,575	3.90 to 4.15
Bank deposits	8,069	38,124			213	46,406	4.70 to 5.80
<b>Total financial assets</b>	<b>16,644</b>	<b>38,124</b>	<b>0</b>	<b>0</b>	<b>5,752</b>	<b>60,520</b>	

2011	Floating interest rate \$'000	Fixed interest rate maturing in:			Non-interest bearing \$'000	Total carrying amount as per the Balance Sheet \$'000	Range of effective interest rate %
		1 year or less \$'000	1 to 5 years \$'000	More than 5 years \$'000			
<b>Financial Liabilities</b>							
Payables					11,539	11,539	
Interest-bearing liabilities		2,807	13,313	7,528		23,648	6.12 to 7.83
Trust monies					5,975	5,975	
<b>Total financial liabilities</b>	<b>0</b>	<b>2,807</b>	<b>13,313</b>	<b>7,528</b>	<b>17,514</b>	<b>41,162</b>	

2010	Floating interest rate \$'000	Fixed interest rate maturing in:			Non-interest bearing \$'000	Total carrying amount as per the Balance Sheet \$'000	Range of effective interest rate %
		1 year or less \$'000	1 to 5 years \$'000	More than 5 years \$'000			
<b>Financial Assets</b>							
General Debtors					10,544	10,544	
Cash at bank and on hand	9,353					9,353	2.4 to 3.9
Bank deposits	11,475	29,389			209	41,073	2.9 to 7.34
<b>Total financial assets</b>	<b>20,828</b>	<b>29,389</b>	<b>0</b>	<b>0</b>	<b>10,753</b>	<b>60,970</b>	

2010	Floating interest rate \$'000	Fixed interest rate maturing in:			Non-interest bearing \$'000	Total carrying amount as per the Balance Sheet \$'000	Range of effective interest rate %
		1 year or less \$'000	1 to 5 years \$'000	More than 5 years \$'000			
<b>Financial Liabilities</b>							
Payables					10,752	10,752	
Interest-bearing liabilities		2,629	12,468	11,180		26,277	6.12 to 7.83
Trust monies					5,984	5,984	
<b>Total financial liabilities</b>	<b>0</b>	<b>2,629</b>	<b>12,468</b>	<b>11,180</b>	<b>16,736</b>	<b>43,013</b>	

**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 \$22.5M (\$25.0M in 2010) as at balance date.

### 28.3 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.

### 28.4 Risks and mitigation

The risks associated with the main financial instruments and Council policies for minimising these risks are detailed below:

#### Market risk

Market risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in the market prices. The Council's exposure to market risk is primarily through exposure to interest rate risk and other price risks. Components of market risk to which Council is exposed are discussed below.

#### Interest rate risk

Interest rate risk for Council arises from overdrafts, other short term borrowing and future long term borrowings. Council is also exposed to interest rate fluctuations for investments of surplus funds.

#### *Overdraft and Borrowings*

Council's current loan borrowings are sourced from a major Australian bank. An agreed overdraft limit is in place with the same banker. Council manages interest rate risk on the net debt portfolio by:

- being able to access diverse sources of funding;
- reduced risks of refinancing by managing in accordance with target maturity profiles
- setting prudential limits on interest repayments as a percentage of rate revenue.
- appropriate budgeting strategies and obtaining approval for borrowings from the Australian Loan Council each year

#### *Investments*

Council manages the interest rate exposure on investments by:

- Investing surplus funds with approved financial institutions under the Local Government Act 1989.
- investing in diverse products and institutions with recognised credit ratings
- monitoring return on investments,
- benchmarking of returns and comparison with budget.

#### Credit risk

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

Credit risks arise from non statutory debtors not meeting their obligations. These debts for council are managed in the following manner:

- By establishing credit limits for the debtors we deal with where applicable
- By investing surplus funds with financial institutions which have a recognised credit rating.

Credit risk associated with the Council's financial assets is minimal as Council does not have any significant credit risk exposure to a single customer or groups of customers.

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

Council's non statutory debts at 30 June 2011 was \$4.73M (\$8.96M in 2009-10) against which a provision of \$0.34M (\$0.34M in 2009-10) has been made for doubtful debts.

<b>Movement in Provisions for Doubtful Debts for General Debtors</b>	<b>2011</b>	<b>2010</b>
<b>Description</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at the beginning of the Year	483	571
New Provisions recognised during the Year	56	300
Amounts already provided for and written off as uncollectible	(40)	(388)
Amounts provided for but recovered during the Year		
<b>Balance at the end of Year</b>	<b>499</b>	<b>483</b>

### Ageing of Trade and other Receivables

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

<b>Ageing of Trade and other Receivables</b>	<b>2011</b>	<b>2010</b>
<b>Description</b>	<b>\$'000</b>	<b>\$'000</b>
Current ( not yet due )	2,851	6,876
Past due by up to 30 days	537	1,246
Past due between 31 and 180 days	358	572
Past due between 180 and 365 days	79	133
Past due by more than 1 Year	562	334
<b>Total Trade &amp; Other Receivables</b>	<b>4,387</b>	<b>9,161</b>

### Liquidity risk

Council manages its liquidity risk through the following practices:

- having readily accessible overdraft and other standby facilities in place
- monitoring budget to actual performance on a regular basis
- preparing forward cash flow projections to estimate future cash requirements
- Long term borrowing within the State Government's prudential guidelines, and with fixed interest rates

Council's exposure to this risk is mainly in the area of long term borrowings. The table below lists the contractual maturities for Council's long term borrowings. These amounts represent undiscounted gross payments including both principal and interest amounts.

	<b>6 months or less \$'000</b>	<b>6-12 months \$'000</b>	<b>1-2 years \$'000</b>	<b>2-5 years \$'000</b>	<b>&gt; 5 years \$'000</b>	<b>Contracted Cash Flows \$'000</b>	<b>Carrying Amount \$'000</b>
<b>2010-2011</b>							
Trade and other payables	11,539	-	-	-	-	11,539	11,539
Trust Funds and deposits	5,789	186	-	-	-	5,975	5,975
Interest-bearing loans & borrowings	2,201	2,201	4,403	15,529	6,366	30,700	30,700
<b>Total</b>	<b>19,529</b>	<b>2,387</b>	<b>4,403</b>	<b>15,529</b>	<b>6,366</b>	<b>48,214</b>	<b>48,214</b>

	<b>6 months or less \$'000</b>	<b>6-12 months \$'000</b>	<b>1-2 years \$'000</b>	<b>2-5 years \$'000</b>	<b>&gt; 5 years \$'000</b>	<b>Contracted Cash Flows \$'000</b>	<b>Carrying Amount \$'000</b>
<b>2009-2010</b>							
Trade and other payables	11,063	-	-	-	-	11,063	11,063
Trust Funds and deposits	1,047	4,938	-	-	-	5,985	5,985
Interest-bearing loans & borrowings	2,201	2,201	4,401	13,206	13,092	35,101	35,101
<b>Total</b>	<b>14,311</b>	<b>7,139</b>	<b>4,401</b>	<b>13,206</b>	<b>13,092</b>	<b>52,149</b>	<b>52,149</b>

### Sensitivity disclosure

Council's long term borrowings of \$30.7M (\$35.1M in 2009-2010) have been taken at fixed interest rates, and hence any interest rate movements will not have an impact on Council's operating result or financial position.

The cash balances inclusive of investments held by Council averages between \$44.4M and \$64.7M over the year (\$27.5M and \$50.2M respectively in 2009-2010), based on past experience and projected future balances. An interest rate movement of up to 2% would impact the operating result by up to around \$1.09M for the year.

### Fair Value Hierarchy

The table below analyses financial instruments carried at fair value by valuation method.

The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within level one that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data.

<b>30 June 2011</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
Available for sale - financial assets	200	-	-	200
Financial assets at fair value through the comprehensive income statement	-	-	-	-
Financial assets held for trading	-	-	-	-
Derivative financial assets	-	-	-	-
<b>Total</b>	<b>200</b>	<b>-</b>	<b>-</b>	<b>200</b>

<b>30 June 2010</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
Available for sale - financial assets	200	-	-	200
Financial assets at fair value through the comprehensive income statement	-	-	-	-
Financial assets held for trading	-	-	-	-
Derivative financial assets	-	-	-	-
<b>Total</b>	<b>200</b>	<b>-</b>	<b>-</b>	<b>200</b>

### Note 29 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 2010-2011). 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 2010-2011 the council's superannuation contributions relating to Vision Super Saver members was \$5,986K (\$ 3,553K in 2009-2010).

### Defined Benefits Category

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

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

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

The Fund surplus or deficit (ie the difference between fund assets and liabilities) is calculated differently for funding purposes (ie calculating required contributions) and for the calculation of accrued benefits as required in AAS 25 to provide the values needed for the AASB 119 disclosure in the council's financial statements. AAS 25 requires that the present value of the defined benefit liability be calculated based on benefits that have accrued in respect of membership of the plan up to the measurement date, with no allowance for future benefits that may accrue.

Following an actuarial review conducted by the Trustee in late 2010 as at 31 December 2008, a funding shortfall of \$ 71 million for the fund was determined. A call to Employers for additional contributions was made for the financial year 30 June 2011. Council has paid the additional call of \$2.177M that was made by Vision Super in June 2011- please see note 10(b). A further actuarial review will be undertaken as at 31 December 2011 by mid 2012. Based on the result of this review, a detailed funding plan will be developed and implemented to achieve the target of full funding by 31 December 2013. The Council will be notified of any additional required contributions by late 2012.

### Accounting Standard Disclosure

The Fund's liability for accrued benefits was determined by the Actuary at 31 December 2008 pursuant to the requirements of Australian Accounting Standard AAS 25 as follows:

	<b>31 Dec 2008</b>
	<b>\$'000</b>
Net Market Value of Assets	3,630,432
Accrued Benefits (per Accounting Standards)	3,616,422
Difference between Assets and Accrued Benefits	14,010
Vested Benefits (minimum sum which must be paid to members when they leave the fund)	3,561,588

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

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



During 2010-2011 the council's superannuation contributions relating to that year's defined benefits members' service was \$572,945 (\$700,675 in 2009-2010).

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 2010-2011 this was nil (\$nil in 2009-2010).

Council has an ongoing obligation to share in the future experience of the Fund. Favourable or unfavourable variances 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.

### **Note 30 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 \$2.0million. At balance date the amount drawn by the DBA was \$0.63M (\$0.73M as at 30 June 2010).

#### **Legal Actions**

The council is involved in a number of Legal Actions. Council's exposure in these claims may be up to \$ 0.25M (\$0.25M as at 30 June 2010).

### **Note 31 Related party transactions**

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

#### **Councillors**

Pinar Yesil	1 July 2010 to 30 June 2011	
John Kelly	1 July 2010 to 30 June 2011	
Youhorn Chea	1 July 2010 to 30 June 2011	
Peter Brown	1 July 2010 to 30 June 2011	
Maria Sampey	1 July 2010 to 30 June 2011	
Paul Donovan	1 July 2010 to 30 June 2011	
Roz Blades (Mayor)	1 July 2010 to 30 June 2011	(Mayor 2 December 2010 to date)
Jim Memeti	1 July 2010 to 30 June 2011	(Mayor 1 July 2010 to 2 December 2010)
Angela Long	1 July 2010 to 30 June 2011	
Loi Truong	1 July 2010 to 30 June 2011	
Yvonne Herring	1 July 2010 to 30 June 2011	

#### **Chief Executive Officer**

John Bennie	1 July 2010 to date
-------------	---------------------

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

Income Range	2011 No.	2010 No.
To \$10,000	-	-
\$10,001 - \$20,000	-	-
\$20,001 - \$30,000	9	9
\$30,001 - \$40,000	-	-
\$40,001 - \$50,000	1	1
\$50,001 - \$60,000	1	-
\$60,001 - \$70,000	-	-
\$70,001 - \$80,000	-	1
\$310,001 - \$320,000	-	-
\$320,001 - \$330,000	-	-
\$330,001 - \$340,000	-	1
\$340,001 - \$350,000	1	-
<b>Total</b>	<b>12</b>	<b>12</b>
Total remuneration for the reporting year, for responsible persons included above, amounted to:	<b>\$684K</b>	<b>\$680K</b>

No retirement benefits were made by the council to a responsible person during the reporting year (Nil in 2009-2010).

No loans were made, guaranteed or secured by the council to a responsible person during the reporting year (Nil in 2009-2010).

No transactions were entered into by the council with responsible persons, other than remuneration and reimbursement of expenses during the reporting year (Nil in 2009-2010).

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 \$124,000 (\$120,000 in 2009-2010) during the financial year, is shown below in their relevant income bands:

2011	
Income Range (\$)	Number of staff
To 124,000	-
124,001 - 130,000	2
130,001 - 140,000	9
140,001 - 150,000	2
150,001 - 160,000	5
160,001 - 170,000	1
170,001 - 180,000	-
180,001 - 190,000	-
190,001 - 200,000	1
200,001 - 210,000	-
210,001 - 220,000	4
<b>Total</b>	<b>24</b>

Total remuneration for the financial year of senior officers included above amounted to \$3.68M

2010	
Income Range (\$)	Number of staff
To 120,000	7
120,001 - 130,000	7
130,001 - 140,000	3
140,001 - 150,000	6
150,001 - 160,000	2
160,001 - 170,000	-
170,001 - 180,000	-
180,001 - 190,000	-
190,001 - 200,000	3
200,001 - 210,000	-
210,001 - 220,000	-
<b>Total</b>	<b>28</b>

Total remuneration for the financial year of senior officers included above amounted to \$3.85M

## Note 32 Reconciliation of operating result with net cash provided by operating activities

	Note	2011 \$'000	2010 \$'000
<b>Surplus for the year</b>			
<b>Add / (less)</b>		<b>31,446</b>	<b>47,926</b>
Depreciation	12	22,307	21,675
Contributions – Non-monetary assets	5(b)	(16,964)	(34,043)
Write off of assets		2,157	526
Finance Costs		1,753	1,071
(Profit) /loss on sale of assets	8	(1,979)	(1,792)
(Increase)/ decrease in receivables	19	404	(4,796)
(Decrease) / increase in payables	22	787	(759)
(Decrease) / increase in employee entitlements	23	667	578
(Decrease) / increase in trust funds		-	2,308
Adjustments relating to receivables and payables- refer Statement of Changes in Equity		-	87
<b>Net cash provided by operating activities</b>		<b>40,578</b>	<b>32,781</b>

### 32.1 Reconciliation of cash and cash equivalents

Cash at the end of the financial year as shown in the Cashflow Statement is reconciled to the related items in the balance sheet as follows: -

Current asset – cash and deposits	18	54,981	50,427
Cash at balance date as per Cash Flow Statement		<b>54,981</b>	<b>50,427</b>

Note 33 Financial ratios	2010-2011	2009-2010	2008-2009
<p><b>Underlying Result (Surplus Ratio)</b> This is a measure of Council's underlying surplus (or deficit) as a percentage of its underlying revenue. In arriving at the surplus and revenue, capital grants, contributions, non-cash revenue (such as roads and drains from developers) profit on sale of assets and other one-off items of revenue and expenditure are excluded.</p> <p><i><u>Underlying Surplus</u></i> <i>Underlying Revenue</i></p>	2.33%	2.07%	4.10%
<p><b>Indebtedness</b> This is a longer term measure that compares non-current liabilities (which mainly comprises borrowings and employee benefit provisions) to revenue excluding capital grants, contributions and non cash revenue that cannot be used to retire debt.</p> <p><i><u>Non-Current Liabilities</u></i> <i>Total Revenue (less capital grants, contributions and non-cash revenue)</i></p>	15.72%	18.77%	12.72%
<p><b>Self Financing*</b> This is a measure of local governments' ability to fund the replacement of assets from cash generated by their operations</p> <p><i><u>Net Cash from Operating Activities</u></i> <i>Total Revenue (less non-cash revenue)</i></p>	29.93%	26.42%	27.03%
<p><b>Investment Gap ratio</b> This is a measure of whether Council is spending on infrastructure at a greater rate than the infrastructure is depreciating.</p> <p><i><u>Capital Expenditure</u></i> <i>Depreciation</i></p>	151.89%	162.81%	112.20%
<p><b>Debt servicing ratio</b> 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. Debt servicing costs includes interest on loan borrowings and bank overdraft.</p> <p><i><u>Debt Servicing Costs</u></i> <i>Total Revenue</i></p>	1.29%	0.83%	0.88%
<p><b>Debt commitment ratio</b> To identify council's debt redemption strategy.</p> <p>The ratio expresses the percentage of rate revenue utilised to pay interest and redeem debt principal.</p> <p><i><u>Debt servicing &amp; redemption costs</u></i> <i>Rates Revenue</i></p>	5.33%	4.77%	7.63%

\* Council's ratio outcomes for Self Financing have been amended subsequent to Council adoption of the Annual Report.

	2010-2011	2009-2010	2008-2009
<p><b>Revenue ratio</b> To identify council's dependence on rate income, and is determined by assessing rate revenue as a percentage of total revenue.</p> $\frac{\text{Rates Revenue}}{\text{Total Revenue}}$	54.75%	54.89%	55.02%
<p><b>Working capital ratio</b> To assess the council's ability to meet current commitments.</p> $\frac{\text{Current assets}}{\text{Current liabilities}}$ <p>The ratio expresses the level of current assets available to meet its current liabilities.</p>	2.13:1	2.28:1	1.73:1
<p><b>Debt exposure ratio</b> To identify council's exposure to debt.</p> <p>This is the ratio of total debt to total realisable assets.</p> $\frac{\text{Total liabilities}}{\text{Total realisable assets}}$ <p>Realisable assets are those which can be readily sold and are not subject to any restriction on sale or use. Total debt includes all liabilities except those that are covered by restricted assets.</p> <p>Non realisable assets include non realisable infrastructure assets (as detailed in Note 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>	1:22	1:22	1:28

	2011 \$'000	2010 \$'000
<b>Note 34 Capital expenditure</b>		
<b>Capital Expenditure areas</b>		
Roads, Bridges and Street Furniture	5,274	5,368
Land and Buildings	17,856	23,732
Drains	606	553
Land Improvements and Playgrounds	2,973	1,253
Information Services and & Minor Plant	2,687	1,442
Fleet Plant and Equipment	2,646	2,149
Footpaths & Bikepaths	895	791
Development Contribution Program	944	-
<b>Total Capital Works</b>	<b>33,881</b>	<b>35,288</b>
Represented by:		
Expansion	14,396	4,396
Renewal	4,805	8,465
Upgrade	2,983	22,335
New	11,697	92
<b>Total Capital Works</b>	<b>33,881</b>	<b>35,288</b>

<b>Plant and equipment, Property and Infrastructure movement</b>	<b>2011 \$'000</b>	<b>2010 \$'000</b>
The movement between the previous year and the current year in Plant and equipment, Property and Infrastructure as shown in the Balance Sheet links to the net of the following items:		
Total Capital Works	33,881	35,288
Depreciation	(22,307)	(21,675)
Assets written off	(2,157)	(526)
Disposals at carrying amount	(591)	(341)
Gifted assets	16,964	28,314
Movement in asset revaluation	(19,786)	128,611
Transfer to current assets	5,655	(151)
<b>Net movement in Plant and equipment, Property and Infrastructure</b>	<b>11,659</b>	<b>169,520</b>

**(a) Renewal**

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

**(b) Upgrade**

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

**(c) Expansion**

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

**(d) New**

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

**Note 35 Subsequent events**

There have been no events occurring after balance date.

# 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.



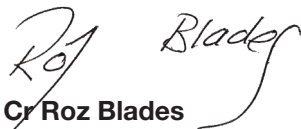
**Jay Peries CPA**  
*Principal Accounting Officer*

Dated: 13 September 2011

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 2011 and the financial position of the Council as at that date.

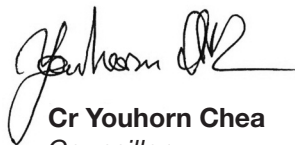
As at the date of signing, we are not aware of any circumstances that would render any particulars in the financial report to be misleading or inaccurate.

We have been authorised by the Council on 12 September 2011 to certify the financial report in its final form on behalf of the Council.



**Cr Roz Blades**  
*Mayor*

Dated: 13 September 2011



**Cr Youhorn Chea**  
*Councillor*

Dated: 13 September 2011



**Bruce Rendall**  
*Acting Chief Executive Officer*

Dated: 13 September 2011

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

## VAGO

Victorian Auditor-General's Office

### INDEPENDENT AUDITOR'S REPORT

#### To the Councillors, City of Greater Dandenong

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

The accompanying financial report for the year ended 30 June 2011 of the City of Greater Dandenong which comprises of comprehensive 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 2011 of the Council which comprises of standard income statement, standard balance sheet, standard cashflow statement, standard statement of capital works, the related notes and the certification of the standard statements have been audited.

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

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

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

This responsibility includes:

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

##### *Auditor's Responsibility*

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

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

1

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*Auditing in the Public Interest*



# VAGO

Victorian Auditor-General's Office

## Independent Auditor's Report (continued)

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

### *Independence*

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

### *Auditor's Opinion*

In my opinion:

- (a) the financial report presents fairly, in all material respects, the financial position of the City of Greater Dandenong as at 30 June 2011 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*.
- (b) the standard statements present fairly, in all material respects, in accordance with the basis of preparation as described in note 1 to the statements and comply with the requirements of the *Local Government Act 1989*.

### *Basis of Accounting for Standard Statements*

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

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

This auditor's report relates to the financial report and standard statements of the City of Greater Dandenong for the year ended 30 June 2011 included both in the City of Greater Dandenong's annual report and on the website. The Councillors of the City of Greater Dandenong are responsible for the integrity of the City of Greater Dandenong's website. I have not been engaged to report on the integrity of the City of Greater Dandenong's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report and standard statements are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and standard statements to confirm the information contained in the website version of the financial report and standard statements.

MELBOURNE  
28 September 2011

  
D D R Pearson  
Auditor-General

2

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*Auditing in the Public Interest*



Central Dandenong lit up in June with the Nocturnal winter art series bringing Dandenong to life after dark.



# Standard Statements Year Ended 30 June 2011



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

# Table of Contents

Standard Income Statement	155
Standard Balance Sheet	156
Standard Cash Flow Statement	157
Reconciliation of Operating Result and Net Cash Flows from Operating Activities	158
Standard Statement of Capital Works	159
Property, Infrastructure, Plant and Equipment Movement Reconciliation Worksheet	159
Notes to the Standard Statements	160
Certification of the Standard Statements	162

# Standard Income Statement

## For the Year Ended 30 June 2011

Income Statement	Note	Budget 2010-2011 \$'000	Actual 2010-2011 \$'000	Variance \$'000	%
<b>Revenue</b>					
Rates		81,946	82,218	272	(0.33)
Grants – Operational (Special Purpose)	2	16,485	18,180	1,695	10.28
Grants – Financial assistance (untied)		10,025	10,516	491	(4.90)
Fees, charges and fines		9,249	8,905	(344)	(3.72)
Hire of facilities	3	11,509	9,725	(1,784)	(15.50)
Interest	4	1,640	3,178	1,538	93.78
Other Income		2,433	2,835	402	(16.52)
<b>Total Revenue</b>		<b>133,287</b>	<b>135,557</b>	<b>2,270</b>	<b>1.70</b>
<b>Expenses</b>					
Salaries & related costs*		53,150	54,834	(1,450)	(2.72)
Materials and services		3,593	4,155	(532)	(15.64)
Administration costs		8,440	7,877	563	(6.67)
Finance costs		2,271	1,753	518	22.81
Contract services		27,378	27,760	(382)	(1.40)
Professional fees	5	3,848	5,105	(1,257)	(32.67)
Grants & Sponsorships		5,720	5,854	(134)	(2.34)
Other		593	627	(34)	(5.73)
Depreciation		22,184	22,307	(123)	(0.55)
Occupancy Costs		2,184	2,128	56	(2.56)
<b>Total Expenses</b>		<b>129,361</b>	<b>132,400</b>	<b>(2,699)</b>	<b>(2.08)</b>
<b>Underlying Operating Result</b>		<b>3,926</b>	<b>3,157</b>	<b>(769)</b>	<b>(19.59)</b>
<b>Non-operating income and expenditure</b>					
Net gain/(Loss) on disposal of assets	6	1,710	(178)	(1,888)	(110.41)
Capital Contributions	7	12,038	8,197	(3,841)	(31.91)
Capital Contributions - (non cash)	8	7,978	16,964	8,986	(112.63)
Grants - Capital	9	686	3,306	2,620	(381.92)
<b>Net projected Surplus</b>		<b>26,338</b>	<b>31,446</b>	<b>5,108</b>	<b>(19.39)</b>

\* The classification of Council's unfunded superannuation contribution has been included in Council Expenses subsequent to Council Adoption of the Annual Report. This does not impact the overall outcome as presented.

# Standard Balance Sheet

As at 30 June 2011

Balance Sheet	Note	Budget 2010-2011 \$'000	Actual 2010-2011 \$'000	Variance \$'000	%
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents	10	32,186	54,981	22,795	70.82
Trade and other receivables	11	10,543	12,073	1,530	14.51
Inventories - property		164	927	763	465.24
Intangible assets		-	-	-	-
<b>Total Current Assets</b>		<b>42,893</b>	<b>67,981</b>	<b>25,088</b>	<b>58.49</b>
<b>Non-Current Assets</b>					
Plant, Furniture and Equipment		1,163,141	1,259,324	96,183	8.27
Inventory - property	12	5,461	3,960	(1,501)	(27.49)
<b>Total Non-Current Assets</b>		<b>1,168,602</b>	<b>1,263,284</b>	<b>94,682</b>	<b>8.10</b>
<b>Total Assets</b>		<b>1,211,495</b>	<b>1,331,265</b>	<b>119,770</b>	<b>9.89</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Trade and other payables		10,831	11,539	(708)	(6.54)
Employee benefits	13	13,285	11,627	1,658	12.48
Trust funds and deposits	14	2,500	5,975	(3,475)	(139.00)
Interest bearing liabilities		2,665	2,807	(142)	(5.33)
<b>Total Current Liabilities</b>		<b>29,281</b>	<b>31,948</b>	<b>(2,667)</b>	<b>(9.11)</b>
<b>Non-Current Liabilities</b>					
Employee benefits		546	469	77	14.10
Interest Bearing Liabilities	15	26,704	20,841	5,863	21.96
<b>Total Non-Current Liabilities</b>		<b>27,250</b>	<b>21,310</b>	<b>5,940</b>	<b>21.80</b>
<b>Total Liabilities</b>		<b>56,531</b>	<b>53,258</b>	<b>3,273</b>	<b>5.79</b>
<b>Net Assets</b>		<b>1,154,964</b>	<b>1,278,007</b>	<b>123,043</b>	<b>10.65</b>
<b>Equity</b>					
Accumulated Surplus		528,877	532,131	3,254	0.62
Reserves	16	626,087	745,876	119,789	19.13
<b>Total Equity</b>		<b>1,154,964</b>	<b>1,278,007</b>	<b>123,043</b>	<b>10.65</b>

# Standard Cash Flow Statement

For the Year Ended 30 June 2011

Cash Flow Statement	Budget 2010-2011 \$'000	Actual 2010-2011 \$'000	Variance \$'000	%
<b>Cash Flow from Operations</b>				
<b>Cash Inflow</b>				
Receipts from ratepayers	81,706	81,934	228	0.28
Fees, charges, fines and other	22,798	22,202	(596)	(2.61)
Capital Grants & Contributions	12,038	12,089	51	0.42
Government Grants	27,535	29,311	1,776	6.45
Interest received	1,000	3,178	2,178	217.80
<b>Total Inflows</b>	<b>145,077</b>	<b>148,714</b>	<b>3,637</b>	<b>2.51</b>
<b>Cash Outflow</b>				
Payments to suppliers	(47,235)	(48,115)	(880)	(1.86)
Payments to employees	(51,853)	(54,167)	(2,314)	(4.46)
Grants & sponsorships	(5,720)	(5,854)	(134)	(2.34)
<b>Total Outflows</b>	<b>(104,808)</b>	<b>(108,136)</b>	<b>(3,328)</b>	<b>(3.18)</b>
<b>Net Cash from operating activities</b>	<b>40,269</b>	<b>40,578</b>	<b>309</b>	<b>0.77</b>
<b>Cash Flow from Investing</b>				
<b>Cash Inflow</b>				
Proceeds from sale of property, plant and equipment	3,216	3,116	(100)	(3.11)
<b>Cash Outflow</b>				
Payments for property and other non-current assets	(46,395)	(34,729)	11,666	25.14
<b>Net cashflow from investing activities</b>	<b>(43,179)</b>	<b>(31,613)</b>	<b>11,766</b>	<b>26.79</b>
<b>Cash flow from investing</b>				
<b>Cash Inflow</b>				
Proceeds from secured loans	7,000	0	(7,000)	-
Proceeds/(Repayments) of trust monies and deposits	0	(9)	(9)	-
<b>Cash Outflow</b>				
Finance costs	(2,271)	(1,773)	(498)	21.93
Repayment of secured loans	(3,054)	(2,629)	425	13.92
<b>Net cash from financing activities</b>	<b>1,675</b>	<b>(4,411)</b>	<b>(6,086)</b>	<b>(363.34)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1,235)</b>	<b>4,554</b>	<b>5,789</b>	<b>468.74</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>33,421</b>	<b>50,427</b>	<b>17,006</b>	<b>50.88</b>
<b>Cash and cash equivalent at end of the year</b>	<b>32,186</b>	<b>54,981</b>	<b>22,795</b>	<b>70.82</b>

# Reconciliation of Operating Result and Net Cash Flows from Operating Activities

For the Year Ended 30 June 2011

	<b>Budget 2010-2011 \$'000</b>	<b>Actual 2010-2011 \$'000</b>	<b>Variance \$'000</b>	<b>%</b>
Net Surplus (deficit) from operations	26,338	31,446	5,108	19.39
Depreciation	22,184	22,307	123	0.55
Other non cash revenue and expenses	(7,978)	(16,964)	(8,986)	(112.63)
(Profit) Loss on sale of property, plant and equipment	(1,710)	178	1,888	110.41
Finance costs	2,271	1,753	(518)	(22.81)
Net movement in current assets and liabilities	(836)	1,858	2,694	322.25
<b>Net Cash inflow (outflow) from operating activities</b>	<b>40,269</b>	<b>40,578</b>	<b>309</b>	<b>0.77</b>



# Standard Statement of Capital Works

For the Year Ended 30 June 2011

	<b>Budget 2010-2011 \$'000</b>	<b>Actual 2010-2011 \$'000</b>	<b>Variance \$'000</b>	<b>%</b>
Roads, Bridges and Street Furniture	7,517	5,274	2,243	29.84
Land & Buildings	21,248	17,856	3,392	15.96
Drains	680	606	74	10.88
Land Improvement & Playgrounds	1,946	2,973	(1,027)	(52.77)
Information Services & Minor Plant	1,316	2,687	(1,371)	(104.18)
Fleet Plant & Equipment	3,548	2,646	902	25.42
Footpaths	800	895	(95)	(11.88)
Development Contribution Program	9,340	944	8,396	89.89
<b>Total Capital Works</b>	<b>46,395</b>	<b>33,881</b>	<b>12,514</b>	<b>26.97</b>
<b>Represented by:</b>				
Expansion	15,045	14,396	649	4.31
Renewal	3,620	4,805	(1,185)	(32.73)
Upgrade	1,365	2,983	(1,618)	(118.53)
New	26,365	11,697	14,668	55.63
<b>Total Capital Works</b>	<b>46,395</b>	<b>33,881</b>	<b>12,514</b>	<b>26.97</b>

## Property, Infrastructure, Plant & Equipment Movement Reconciliation Worksheet

	<b>Budget 2010-2011 \$'000</b>	<b>Actual 2010-2011 \$'000</b>	<b>Variance \$'000</b>	<b>%</b>
Total Capital works	46,395	33,881	12,514	26.97
Depreciation	(22,184)	(22,307)	123	0.55
Assets written off	-	(2,157)	2,157	-
Disposals at carrying amount	(856)	(591)	(265)	(30.96)
Gifted assets	7,978	16,964	(8,986)	(112.63)
Movement in asset revaluation	-	(19,785)	19,785	-
Transfer to current assets	-	5,655	(5,655)	-
<b>Net movement in property, plant and equipment</b>	<b>31,333</b>	<b>11,660</b>	<b>19,675</b>	<b>62.79</b>

# 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 \$1M 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 28 June 2010. 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 special purpose grant funding of \$18.18M is \$1.7M more than budget mainly due to unbudgeted grants received in advance that relate to the 2011/12 financial year. These grants comprise \$1.6M for Children, Youth and Family Services as well as \$0.3M for Library, Arts and Heritage.
3. **Hire of Facilities:** \$1.8M unfavourable variance to budget mainly due to \$1.65M lower than expected rental income from the Dandenong Produce Market for delays in commencement of trading.
4. **Interest Income** – Higher than expected cash balance has resulted in additional interest income of \$1.5M.
5. **Professional Fees:** \$1.26M over budget mainly due to higher than expected expenditure in Children's, Youth and Family Services (\$0.3M), Support Program (\$0.1M), Aged and Disability Services ( \$0.1M) and Statutory Planning (\$0.3M).
6. **Net Gain/(Loss) on disposal of assets:** \$1.9M unfavourable variance mainly due to \$0.5M impairment relating to fire at Springers Leisure Centre, \$0.3M impairment of Bridges due to flooding (Hammond Road) and \$0.2M due to demolition of Warner Reserve Pavilion. A further \$0.5M transfer to DCP gifted road assets and \$0.3M due to discontinuance of existing road.
7. **Capital Contributions:** \$3.8M unfavourable variance mainly due to a delay in the commencement of Developer Contribution projects.

8. **Capital Contributions (non cash):** \$8.9M favourable variance mainly due to higher than expected non cash Developer Contribution assets. Total asset acquisition of \$16.9M mainly comprises \$9.5M land, \$4.7M land under roads, \$1.2M road assets and \$1.4M drainage assets.
9. **Capital Grants:** \$2.6M favourable variance mainly comprises \$0.9M for the Central Dandenong Integrated Family Service, \$0.5M for the Noble Park Pool, \$0.3M Black Spot funding, \$0.2M Dandenong Park Master Plan, \$0.2M Shalimar Park Pre-school and \$0.2M for the Dandenong Northern East Kindergarten.
10. **Cash and cash equivalents:** \$22.8M higher than expected cash balance mainly due to later than expected commencement of Capital works projects.
11. **Trade and other receivables:** \$1.5M variance mainly due to higher than budgeted GST refund from the Australian Taxation Office.
12. **Inventory - property:** \$1.5M variance mainly due to sale of Metro 3175 as well as transfer of 51 Buckley Street property to current assets.
13. **Employee benefits:** \$1.66M variance mainly due to a reduction in Long Service Leave Entitlements
14. **Trust Monies and deposits:** \$3.5M higher than expected mainly due to the 2010/11 budget being understated for Council trust monies that includes road deposits, tree deposits and developer contributions.
15. **Interest Bearing Liabilities:** \$5.9M lower than budget due to the proposed 2010/11 loan borrowing not proceeding.
16. **Reserves:** \$120M increase mainly due to revaluation in land of \$95M subsequent to the completion of the 2010/11 budget.

# 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.



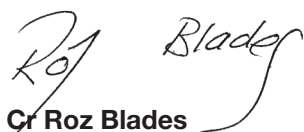
**Jay Peries CPA**  
*Principal Accounting Officer*

Dated: 13 September 2011

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.

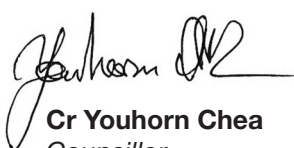
As at the date of signing, we are not aware of any circumstances which would render any particulars in the standard statements to be misleading or inaccurate.

We have been authorised by the Council on 12 September 2011 to certify the standard statements in their final form on behalf of the Council.



**Cr Roz Blades**  
*Mayor*

Dated: 13 September 2011



**Cr Youhorn Chea**  
*Councillor*

Dated: 13 September 2011



**Bruce Rendall**  
*Acting Chief Executive Officer*

Dated: 13 September 2011



**Customer Service**

**Springvale**  
397-405 Springvale Road

**Noble Park**  
18-32 Buckley Street

**Dandenong**  
39 Clow Street

**Keysborough**  
Shop A7  
Parkmore Shopping Centre

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