



FINANCIAL REPORT YEAR ENDED 30 JUNE 2004

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FINANCIAL REPORT YEAR ENDED 30 JUNE 2004

> STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2004

| | Note | 2004 \$'000 | 2003 \$'000 |
|--|------------|----------------|----------------|
| REVENUES | | | |
| Revenue from ordinary activities | | | |
| Rates and garbage charge | 3.1 | 47,523 | 42,295 |
| Government grants | 3.2 | 18,643 | 15,724 |
| Contributions | 3.4 | 3,770 | 1,370 |
| Fees, charges and fines | 3.6 | 9,553 | 8,788 |
| Interest | | 752 | 546 |
| Proceeds from sale of assets | 3.7 | 1,400 | 2,122 |
| Assets from new developments | 1.4(f) | 11,001 | - |
| Other | 3.8 | 5,015 | 1,647 |
| | | 97,657 | 72,492 |
| EXPENSES | | | |
| Expenses from ordinary activities | | | |
| Employee costs | 4.1 | 31,988 | 30,876 |
| Contract payments, materials and services | 4.2 | 15,454 | 13,413 |
| Depreciation | 4.3 | 15,820 | 15,832 |
| Grants and sponsorships | 4.4 | 3,921 | 3,413 |
| Professional services | 4.5 | 3,761 | 3,839 |
| Administration costs | 4.6 | 8,027 | 7,766 |
| Borrowing costs | 4.7 | 1,125 | 904 |
| Other | 4.8 | 1,749 | 731 |
| Carrying amount of assets sold | 3.7 | 818 | 2,259 |
| | | 82,663 | 79,033 |
| SURPLUS / (DEFICIT) FOR THE YEAR | | 14,994 | (6,541) |
| MOVEMENTS IN EQUITY | | | |
| Net increment from asset revaluation | 1.2(d) 6.1 | 44,016 | 40,917 |
| Decrease in equity due to adoption of AASB 1028 resulting in change in accounting policy | 1.6 (b) | - | (117) |
| TOTAL CHANGES IN EQUITY FOR THE YEAR | | 59,010 | 34,259 |

The accompanying notes form part of this financial report.



FINANCIAL REPORT YEAR ENDED 30 JUNE 2004

> STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2004

| | Note | 2004 \$'000 | 2003 \$'000 |
|---|-----------|----------------|----------------|
| ASSETS | | | |
| Current assets | | | |
| Cash assets | 5.1 | 4,553 | 2,127 |
| Receivables | 5.2 | 6,627 | 5,716 |
| Property held for resale | 1.9 | 15,350 | 10,235 |
| Other | 5.3 | 76 | 81 |
| Total current assets | | 26,606 | 18,159 |
| Non-current assets | | | |
| Property, infrastructure, plant and equipment | 1.2, 6 | 776,246 | 726,570 |
| Total non-current assets | | 776,246 | 726,570 |
| TOTAL ASSETS | | 802,852 | 744,729 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Payables | 7.1 | 9,098 | 8,790 |
| Employee benefits | 7.2 | 4,147 | 3,338 |
| Trust monies | 7.3 | 692 | 538 |
| Interest-bearing liabilities | 10 | 1,436 | 3,177 |
| Total current liabilities | | 15,373 | 15,843 |
| Non-current liabilities | | | |
| Employee benefits | 7.2 | 3,223 | 2,808 |
| Interest-bearing liabilities | 10 | 8,096 | 8,928 |
| Total non-current liabilities | | 11,319 | 11,736 |
| TOTAL LIABILITIES | | 26,692 | 27,579 |
| NET ASSETS | | 776,160 | 717,150 |
| EQUITY | | | |
| Accumulated surplus | | 389,462 | 373,627 |
| Reserves | 1.2(d), 8 | 386,698 | 343,523 |
| TOTAL EQUITY | | 776,160 | 717,150 |

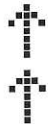
The accompanying notes form part of this financial report

> STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2004

| Notes | Total | | Accumulated Surplus | | Reserves | | |
|--|----------------|----------------|---------------------|----------------|----------------|----------------|---------|
| | 2004 \$'000 | 2003 \$'000 | 2004 \$'000 | 2003 \$'000 | 2004 \$'000 | 2003 \$'000 | |
| Balance at the beginning of the year | 717,150 | 682,891 | 373,627 | 375,835 | 343,523 | 307,056 | |
| Surplus/(Deficit) for year | 14,994 | (6,541) | 14,994 | (6,541) | - | - | |
| Revaluation increment of assets | 6.1 | 44,016 | 41,410 | - | 44,016 | 41,410 | |
| Disposals | 6.1 | - | (493) | - | - | (493) | |
| Transfer between reserves and accumulated surplus | | - | - | 841 | 4,450 | (841) | (4,450) |
| Adjustment to annual leave provision to recognise future value under revised accounting standard | 1.6 (b) | - | (117) | - | (117) | - | |
| Balance at the end of the year | 776,160 | 717,150 | 389,462 | 373,627 | 386,698 | 343,523 | |

The accompanying notes form part of this financial report





> STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2004

| | Note | 2004 \$'000 | 2003 \$'000 |
|---|----------|-----------------|-----------------|
| CASH INFLOWS/(OUTFLOWS) FROM OPERATING ACTIVITIES | | | |
| Receipts from ratepayers | | 47,443 | 42,197 |
| Fees, charges, fines and other (including GST) | | 15,099 | 14,717 |
| Recurrent grants (including GST) | | 19,601 | 16,316 |
| Interest received | | 752 | 546 |
| Payments to suppliers and employees (including GST) | | (65,395) | (58,752) |
| Borrowing costs | | (1,125) | (904) |
| Net GST refunds | | 1,353 | 2,127 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 16.1 | 17,728 | 16,247 |
| CASH INFLOWS/(OUTFLOWS) FROM INVESTING ACTIVITIES | | | |
| Payments for property and other non-current assets (including GST) | | (13,910) | (15,772) |
| Proceeds from sale of property, plant and equipment (including GST) | | 1,400 | 1,534 |
| NET CASH (USED IN) INVESTING ACTIVITIES | | (12,510) | (14,238) |
| CASH INFLOWS/(OUTFLOWS) FROM FINANCING ACTIVITIES | | | |
| Repayment of secured loans | | (611) | (1,832) |
| Payments for trust monies and deposits | 1.5, 7.3 | (46) | (27) |
| Proceeds from trust monies and deposits | 1.5, 7.3 | 200 | 92 |
| NET CASH (USED IN) FINANCING ACTIVITIES | | (457) | (1,767) |
| Net increase/(decrease) in cash held | | 4,761 | 242 |
| Cash at beginning of the year | 16.2 | (208) | (450) |
| Cash at end of the year | 16.2 | 4,553 | (208) |
| RESTRICTED CASH ASSETS | 5.1 | 2,359 | 2,127 |

The accompanying notes form part of this financial report

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

1 SIGNIFICANT ACCOUNTING POLICIES

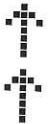
1.1 Basis of accounting

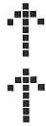
- a) This financial report is a general purpose financial report that consists of a Statement of Financial Performance, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes accompanying these financial statements. It has been prepared in accordance with Australian Accounting Standards, the *Local Government Act 1989*, *Local Government Finance and Reporting Regulations 2004*, other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Consensus Views. 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 (refer Note 6). Unless otherwise stated, all accounting policies are consistent with those of the prior year.
- b) International Financial Reporting Standards
Commencing the reporting period ending 30 June 2006, the council is required to adopt the financial reporting requirements of the Australian equivalents to International Financial Reporting Standards (IFRS). This entails reporting of comparative figures for 30 June 2005 under IFRS in the financial statements of 30 June 2006.
Council is currently assessing the impact of the transition to IFRS on council's ongoing financial performance as a "not for profit" entity, as well as its financial position when IFRS is adopted. The council's manager, Financial Services is responsible for managing this transition and is working with peak bodies of the Victorian Local Government towards identifying the impacts and implementation of IFRS in council. As at balance date, no significant impacts have been identified. The council anticipates to have identified the detailed implications of moving to IFRS by 31 December 2004. The council executive and Audit Committee will continually be kept informed of progress.

1.2 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.





NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

- b) Thresholds for asset recognition
The following classes of assets have been recognised with threshold limits as shown below and unless otherwise stated are consistent with prior years.

| CLASS OF ASSETS | \$ |
|---|--------|
| Land and buildings | |
| Land | N/A |
| Land improvements (including irrigation and sprinkler systems, and fencing) | 1,000 |
| Buildings | N/A |
| Plant and equipment | |
| Plant and equipment | 1,000 |
| Minor plant, furniture & equipment | 500 |
| Infrastructure assets (non-realisable) | |
| Roads | 20,000 |
| Kerb and channel | 5,000 |
| Footpaths / Bikepaths - Expansion & upgrade | 1,000 |
| - Renewals | N/A |
| Bridges | 5,000 |
| Drains | 5,000 |
| Infrastructure assets (realisable) | |
| Recreational equipment | 5,000 |
| Street furniture | 10,000 |

- c) Depreciation and amortisation of non-current assets
All non-current assets are depreciated over their useful lives to the council in a manner that reflects the consumption of the service potential of those assets. Depreciation is provided on a straight-line basis using rates applicable to the council's experience. The estimated useful lives reflect a program of normal maintenance and are reviewed continually as part of the council's asset management program. Where infrastructure assets have separate identifiable components with distinct useful lives, a separate depreciation rate is determined for each component.



The following table shows the major categories of assets and associated useful lives. Unless otherwise stated the depreciation rates are consistent with the prior year.

| ASSET CATEGORY | YEARS |
|--------------------------------------|----------|
| Land | |
| Car parks | 25 |
| Land, parks, reserves, ovals | Infinite |
| Land improvements | 10 |
| Buildings | 50 - 75 |
| Plant and equipment | 5 |
| Minor plant, furniture and equipment | |
| Artworks | N/A |
| Furniture & equipment | 6 - 15 |
| IT devices | 5 |
| Parking meters | 10 |
| Street signs/traffic control | 20 |
| Library catalogue | 5 |
| Library equipment | 20 |
| Library plant | 15 |
| Roads | |
| Seal | 12 - 20 |
| Substructure | 100 |
| Kerb and channel | 80 |
| Footpaths / bikepaths | 10 - 50 |
| Bridges | 20 - 100 |
| Drains | 100 |
| 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 and realisable infrastructure assets are measured at fair value, being the amount for which the assets could be exchanged between knowledgeable willing parties in an arms length transaction. Fair value for most asset categories is represented by their current replacement cost less accumulated depreciation. Valuation assessments are carried out by the council each year to ensure that each asset category is represented at fair value at the reporting date. Formal revaluations are carried out at rolling four yearly intervals to confirm these assessments, except for land and buildings which are formally valued every two years. Council uses index movements to establish fair value in the years between formal valuations. The council's internal experts or independent valuers carry out these formal valuations. Where the carrying value materially differs from the fair value, that class of asset is revalued. Where assets are revalued, the revaluation increment is credited to the asset revaluation reserve, except where such increment reverses a previous valuation decrement of the same class of asset. In that event, the increment is recognised as revenue in the Statement of Financial Performance to the extent of the previous revaluation expense. A valuation decrement is recognised as an expense in the Statement of Financial Performance, except where such a decrement is a reversal of a previous increment of the same class of asset. In such cases, the decrement is charged against the asset revaluation reserve to the extent of the previous increments.



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

- 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 17).
- f) **Land under roads**
The council has elected not to recognise land under roads as an asset in accordance with AASB 1045 Land Under Roads. This accounting standard extends the requirement to recognise and measure land under roads as an asset of council until 30th June 2007.

1.3 Comparative figures

Comparative information has, where necessary, been reclassified to comply with the presentation adopted in the current year and to comply with new or revised Australian Accounting Standards.

1.4 Recognition of revenues

- 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 (Note 3.1). The council does not provide for doubtful debts on rates as unpaid rates represent a charge against the rateable property and will be recovered when the property is next sold.
- b) **Grants, donations and other contributions**
Grants, donations and other 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 is disclosed in Note 3.3. Any amount of a grant that was received in prior years and was spent during the current year is disclosed in the same note.
- c) **Fees, user charges and fines**
Fees and user 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 revenue at their current valuations.

1.5 Trust funds

Amounts received as tender deposits, bonds, retention monies and hostel entrance fees controlled by the council are recognised as Trust Funds until they are refunded or forfeited. Related Note 7.3.



1.6 Employee benefits

- a) **Accrued salary and wages**
A liability for accrued salary and wages including associated oncosts is recognised, being the amount earned and unpaid at balance date.
- b) **Annual leave and long service leave**
Annual leave (Revised accounting policy in 2003)
Under the revised Accounting Standard AASB 1028, annual leave entitlements are determined up to balance date at amounts expected to be paid when the obligation is settled, inclusive of leave loading and associated oncosts.
Council adopted this policy for the first time in the year ended June 2003. The effect of this change was an additional \$117K to the leave liability which was adjusted against the brought forward accumulated surplus.
- 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 entitlements expected to be settled after twelve months are measured at the present value of the estimated future cash outflows. The current portion is measured in nominal dollars. Interest rates on government securities are used for discounting future cash flows. Related note: Note 7.2.
- Sick leave
No provision is made in respect of employee entitlements for sick leave because it is non-vesting and the pattern of sick leave taken indicates that accumulated non-vesting sick leave will never be paid in the majority of instances.
- c) **Superannuation**
The superannuation expense for the financial year is the amount of the statutory contribution the council makes to the superannuation plans that provide benefits to its employees.
Additionally, the council recognises a liability in respect of present obligations to the defined benefits superannuation schemes to which current and former employees of council belong. The liability represents 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. Details of those arrangements are set out in Note 13.

1.7 Recognition of payables

Liabilities are recognised for amounts to be paid in the future for goods provided and services received as at balance date, whether or not invoices have been received. Related notes: Note 7.1 and 12.

1.8 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.

1.9 Property held for resale

Properties held for resale are shown at fair value under current assets.

1.10 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. Related Notes: 5.2 and 12

NOTES TO AND FORMING PART
OF THE FINANCIAL REPORT**1.11 Cash assets**

For the purpose of the statement of cash flows, cash assets include cash on hand, deposits at call and other highly liquid investments with short periods to maturity, net of bank overdraft. They are subject to insignificant risk of changes in value and include cash available for day to day cash management activities and those restricted under regulations for specific purposes (See Notes 5.1 and 16.2).

1.12 Rounding

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

1.13 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.

1.14 Inventory

Inventory is stated at the lower of cost and net realisable value.

1.15 Interest-bearing liabilities

Interest-bearing liabilities represent overdrafts, 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 10 and 12).

Interest accrued on these liabilities is treated as borrowing costs (Refer notes 10 and 12).

1.16 Borrowing costs

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

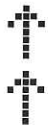
2 FUNCTIONS AND ACTIVITIES

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

| | REVENUE ATTRIBUTED 2004 | | | | EXPENSES 2004 | | SURPLUS /(DEFICIT) | TOTAL NON- CURRENT ASSETS |
|--------------------------------------|-------------------------|-----------------|----------------|---------------|---------------|---------------|-----------------------|------------------------------------|
| | \$000 General | \$000 Grants | \$000 Total | % of Total | \$000 | % of Total | \$000 | \$000 |
| Corporate services* | 57,636 | 5,959 | 63,595 | 65.12 | 30,605 | 37.02 | 32,990 | 6,804 |
| Organisational development | 1 | 5 | 6 | 0.01 | 3,145 | 3.80 | (3,139) | 310 |
| Health & environment | 14,744 | 1,249 | 15,993 | 16.38 | 16,843 | 20.38 | (850) | 112,226 |
| Leisure & culture | 1,313 | 719 | 2,032 | 2.08 | 11,635 | 14.08 | (9,603) | 234,806 |
| Community services | 1,604 | 8,458 | 10,062 | 10.30 | 12,575 | 15.21 | (2,513) | 25,322 |
| Transport & infrastructure | 573 | 2,170 | 2,743 | 2.81 | 6,070 | 7.34 | (3,327) | 380,511 |
| Economic development | 3,143 | 83 | 3,226 | 3.30 | 1,790 | 2.17 | 1,436 | 16,267 |
| Total Revenues & Expenses | 79,014 | 18,643 | 97,657 | 100.00 | 82,663 | 100.00 | 14,994 | 776,246 |

| | REVENUE ATTRIBUTED 2003 | | | | EXPENSES 2003 | | SURPLUS /(DEFICIT) | TOTAL NON- CURRENT ASSETS |
|--------------------------------------|-------------------------|-----------------|----------------|---------------|---------------|---------------|-----------------------|------------------------------------|
| | \$000 General | \$000 Grants | \$000 Total | % of Total | \$000 | % of Total | \$000 | \$000 |
| Corporate services* | 38,297 | 5,073 | 43,370 | 59.83 | 30,840 | 39.02 | 12,530 | 6,369 |
| Organisational development | 1 | 5 | 6 | 0.01 | 2,665 | 3.37 | (2,659) | 290 |
| Health & environment | 11,741 | 408 | 12,149 | 16.75 | 14,287 | 18.08 | (2,138) | 105,044 |
| Leisure & culture | 835 | 844 | 1,679 | 2.32 | 11,019 | 13.94 | (9,340) | 219,780 |
| Community services | 1,537 | 7,883 | 9,420 | 12.99 | 12,235 | 15.48 | (2,815) | 23,701 |
| Transport & infrastructure | 694 | 1,465 | 2,159 | 2.98 | 5,118 | 6.48 | (2,959) | 356,160 |
| Economic development | 3,663 | 46 | 3,709 | 5.12 | 2,869 | 3.63 | 840 | 15,226 |
| Total Revenues & Expenses | 56,768 | 15,724 | 72,492 | 100.00 | 79,033 | 100.00 | (6,541) | 726,570 |

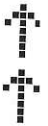
* Council's rate revenue is fully allocated to this segment



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

2.2. Functions of Council

| Functions | Activities undertaken under each function |
|------------------------------|--|
| Corporate services | <ul style="list-style-type: none"> • Civic and corporate support • Call and service centres • Financial, IT and records management services • Contract management and procurement • Rates administration, property valuations • Risk management |
| Organisational development | <ul style="list-style-type: none"> • Human resources, staff training and development • Occupational health and safety • Corporate planning, media and communications, public relations |
| Health and environment | <ul style="list-style-type: none"> • Collection and disposal of all waste, including hard waste and garden waste • City planning and urban design • Building approvals and control • Preventative health services • Street beautification • Roads, footpaths and drains cleaning and maintenance • Parking management and control • Drug prevention strategies • Animal management • General law enforcement |
| Leisure and culture | <ul style="list-style-type: none"> • Arts and cultural activities, Walker Street Gallery, Heritage Hill Complex • Indoor leisure centres, including Oasis swimming centre • Parks and gardens, sporting and nature reserves • Public halls & community centres • Public library and information services • Recreation programs • Cultural diversity through community grants program |
| Community services | <ul style="list-style-type: none"> • Adult day care, aged persons hostel, senior citizens centres, community bus • Childcare centres & pre-schools • Family support, home care • Meals-on-wheels • Services for the disabled • Youth support, housing and recreation programs • School crossing supervision |
| Transport and infrastructure | <ul style="list-style-type: none"> • Civil and transport planning • Maintenance of bridges • Parking and traffic control facilities • Pedestrian and bicycle networks • Road & footpath construction • Street lighting • Works depots • Building maintenance |
| Economic development | <ul style="list-style-type: none"> • Promotion of business and employment • Operation of Dandenong market and multi deck car parks |



3 REVENUES

| | 2004 \$'000 | 2003 \$'000 |
|--------------------------------------|----------------|----------------|
| 3.1 Rates and garbage charges | | |
| General rates (Note) | | |
| Residential | 21,934 | 19,865 |
| Commercial | 5,186 | 4,637 |
| Industrial | 13,816 | 12,142 |
| Supplementary rates and adjustments | 767 | 451 |
| Residential garbage | 5,820 | 5,200 |
| | 47,523 | 42,295 |

Note - The valuation base used to calculate general rates for 2003-2004 was \$10.192 billion (\$10.040 billion in 2002-2003).

The date of the last general revaluation of land within the municipality for rating purposes was on 1 January 2004. This valuation will first apply to the rating period commencing 1 July 2004.

The date of the next general revaluation is 1 January 2006, and the valuation will first apply for the rating period commencing 1 July 2006.

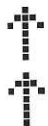
3.2 Government grants

| | | |
|--|---------------|---------------|
| Financial assistance grant - general purpose | 5,116 | 5,080 |
| Financial assistance grant - untied road funding | 843 | 771 |
| Organisational development | 5 | 5 |
| Health & environment | 1,249 | 408 |
| Leisure & culture | 719 | 844 |
| Community services | 8,458 | 7,883 |
| Transport & infrastructure | 2,170 | 687 |
| Economic development | 83 | 46 |
| | 18,643 | 15,724 |

3.3 Unexpended grants (Note)

| | | |
|---|--------------|------------|
| Grants recognised as revenue for the year to be expended for specific purposes that had not been expended at balance date were: | | |
| Health & environment | 417 | 113 |
| Leisure & culture | 25 | 55 |
| Community services | 127 | 316 |
| Transport & infrastructure | 420 | 257 |
| Economic development | 83 | 22 |
| | 1,072 | 763 |

Note: All unexpended grants of prior year were expended in 2004.



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

| | 2004 \$'000 | 2003 \$'000 |
|---|----------------|----------------|
| 3.4 Contributions | | |
| Community services | 3 | 7 |
| Health and environment | 3,126 | 858 |
| Leisure and culture | 429 | - |
| Transport and infrastructure | 212 | 505 |
| | 3,770 | 1,370 |
| 3.5 Unexpended contributions (Note) | | |
| Health and environment | 3,126 | 440 |
| Leisure & culture | 429 | - |
| Transport & infrastructure | 29 | - |
| | 3,584 | 440 |
| Note: All unexpended contributions of the prior year remained unexpended at 30 June 2004. | | |
| 3.6 Fees, charges and fines | | |
| Building and town planning | 941 | 800 |
| Aged care services | 1,444 | 1,350 |
| Civil and transport planning | 355 | 132 |
| Parking fees and fines | 2,290 | 2,180 |
| Regulatory services fees and fines | 976 | 996 |
| Land information | 93 | 82 |
| Recreation and leisure | 233 | 227 |
| Hire of facilities | 2,944 | 2,590 |
| Other fees and charges | 277 | 431 |
| | 9,553 | 8,788 |
| 3.7 Profit / (loss) on sale of assets | | |
| Proceeds from sale of assets | 1,400 | 2,122 |
| Less: Carrying amount of assets sold | (818) | (2,259) |
| | 582 | (137) |



| | 2004 \$'000 | 2003 \$'000 |
|---|----------------|----------------|
| 3.8 Other revenue | | |
| Recoveries | | |
| Residential Amenity (courtesy letter & Perin Court costs) | 606 | 671 |
| State Revenue Office (provision of valuation data) | 383 | 170 |
| Other recoveries | 143 | 181 |
| | 1,132 | 1,022 |
| National Competition Policy | 261 | 249 |
| Retainer - H L Williams Court | 20 | 27 |
| Assets not previously recognised (Note) | 3,307 | - |
| Sundry income | 295 | 349 |
| | 5,015 | 1,647 |

Note: The council carried out a stocktake of its road assets during the year. This stocktake identified a number of kerbs and footpaths that had previously not been recognised by council, and have been brought to account at their written down replacement values (refer note 6.1).

4 EXPENSES

| | 2004 \$'000 | 2003 \$'000 |
|---------------------------|----------------|----------------|
| 4.1 Employee costs | | |
| Salaries & wages | 28,916 | 25,698 |
| Superannuation (Note) | 2,243 | 4,482 |
| WorkCover | 829 | 696 |
| | 31,988 | 30,876 |

Note: Included in the superannuation expense for 2003 is \$3.147M in respect of the unfunded superannuation component of the Local Authorities Superannuation Fund defined benefits scheme as advised by the scheme's trustees (see note 13).

4.2 Contract payments, materials and services

| | 2004 \$'000 | 2003 \$'000 |
|--------------------------------|----------------|----------------|
| Maintenance and repairs | 2,963 | 1,856 |
| Contract payments: | | |
| Garbage collection | 4,645 | 4,074 |
| Home and community care (Note) | 2,196 | 2,339 |
| Other contract payments | 2,983 | 2,877 |
| Other materials and services | 2,667 | 2,267 |
| | 15,454 | 13,413 |

Note: Home and Community Care services were brought in-house in May 2004 and hence represents eleven months' expense.

4.3 Depreciation

| | 2004 \$'000 | 2003 \$'000 |
|--------------------------------------|----------------|----------------|
| Plant & equipment (Note) | 1,080 | 925 |
| Minor plant, furniture and equipment | 695 | 1,963 |
| Land improvements | 362 | 240 |
| Car parks | 35 | 34 |

NOTES TO AND FORMING PART
OF THE FINANCIAL REPORT

| | 2004 \$'000 | 2003 \$'000 |
|---|----------------|----------------|
| Buildings | 3,619 | 3,406 |
| Bikepaths/footpaths | 1,324 | 1,222 |
| Bridges | 125 | 122 |
| Roads | 5,880 | 5,825 |
| Drains | 1,225 | 1,218 |
| Street furniture | 668 | 640 |
| Playground equipment | 807 | 871 |
| Reversal of prior years depreciation (Note) | - | (634) |
| | 15,820 | 15,832 |
| Note: Plant and equipment records were transferred to council's new asset register during 2003. This exercise revealed an over depreciation of assets carried of \$634K and was reversed during that year | | |
| 4.4 Grants and sponsorship | | |
| Community grants | 1,779 | 1,612 |
| Contributions | 391 | 180 |
| Sponsorships | 1,751 | 1,621 |
| | 3,921 | 3,413 |
| 4.5 Professional services | | |
| Consultants | 3,082 | 3,132 |
| Legal costs | 235 | 225 |
| Statutory fees | 359 | 366 |
| Audit costs | 45 | 60 |
| Strategic Asset Management Program | 41 | 56 |
| | 3,761 | 3,839 |
| 4.6 Administration costs | | |
| Printing, publications & promotion | 1,031 | 1,002 |
| Motor vehicle maintenance | 804 | 649 |
| Bad & doubtful debts | 106 | 62 |
| Insurance | 1,521 | 1,435 |
| Information management costs | 1,659 | 1,489 |
| Postage | 350 | 349 |
| Other administration costs | 2,556 | 2,780 |
| | 8,027 | 7,766 |
| 4.7 Borrowing costs | | |
| Interest on long term loans | 414 | 450 |
| Interest on short term loan and overdraft | 338 | 454 |
| Interest on unfunded superannuation | 373 | - |
| | 1,125 | 904 |

| | 2004 \$'000 | 2003 \$'000 |
|---------------------------|----------------|----------------|
| 4.8 Other expenses | | |
| Bank charges | 151 | 159 |
| Sundry expenses | 793 | 572 |
| Asset write offs | 805 | - |
| | 1,749 | 731 |

5 CURRENT ASSETS

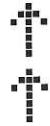
| | 2004 \$'000 | 2003 \$'000 |
|------------------------------|----------------|----------------|
| 5.1 Cash assets | | |
| Cash at bank | 2,194 | - |
| Bank deposits on call (Note) | 2,359 | 2,127 |
| | 4,553 | 2,127 |

Note: Bank deposits on call have been set aside as required by law, against meeting Council's long-service leave commitments to employees prescribed under the Local Government (Long Service Leave) Regulations 2002.

| | 2004 \$'000 | 2003 \$'000 |
|-------------------------------------|----------------|----------------|
| 5.2 Receivables | | |
| Rates debtors (refer note 1.4(a)) | 1,753 | 1,673 |
| Parking infringement debtors | 3,158 | 2,667 |
| General debtors | 2,990 | 2,543 |
| Less: Provision for doubtful debts: | | |
| Parking infringements | (1,081) | (977) |
| General debtors | (193) | (190) |
| | 6,627 | 5,716 |
| 5.3 Other | | |
| Prepayments | 14 | 12 |
| Inventory | 62 | 69 |
| | 76 | 81 |

6 NON-CURRENT ASSETS

| | 2004 \$'000 | 2003 \$'000 |
|---|----------------|----------------|
| Plant and equipment | | |
| At cost | 5,384 | 5,048 |
| Less: Accumulated depreciation | (1,990) | (1,950) |
| | 3,394 | 3,098 |
| Minor plant, furniture & equipment | | |
| At cost | 9,340 | 7,701 |
| Less: Accumulated depreciation | (4,749) | (4,286) |
| | 4,591 | 3,415 |
| Land and buildings (Note) | | |
| Carparks | | |
| At cost | 879 | 878 |
| Less: Accumulated depreciation | (150) | (115) |
| | 729 | 763 |



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

| | 2004 \$'000 | 2003 \$'000 |
|---|----------------|----------------|
| Land | | |
| At independent valuation | 298,686 | 251,403 |
| | 298,686 | 251,403 |
| Land improvements | | |
| At cost | 4,429 | 3,269 |
| Less: Accumulated depreciation | (739) | (377) |
| | 3,690 | 2,892 |
| Buildings | | |
| At independent valuation | 153,371 | 196,267 |
| At cost | 3,073 | - |
| Less: Accumulated depreciation | (75,369) | (95,531) |
| | 81,075 | 100,736 |
| <p>Note: 'At valuation' estimates for land and buildings were determined by ProVal (Vic) Pty Ltd certified valuers as at 1 January 2004. The previous valuations for these assets were done in 2003 (\$251,403 for land and \$100,736 for buildings).</p> <p>The valuation was done on the basis of site value for land and written down replacement value for buildings.</p> <p>The basis of valuation for buildings in 2004 was amended to exclude site restoration costs and professional fees, which resulted in the valuation for buildings to be reduced.</p> | | |
| Non realisable infrastructure assets | | |
| Bike paths - Note (i) | | |
| At valuation | 2,379 | 2367 |
| At cost | 36 | 31 |
| Less: Accumulated depreciation | (660) | (553) |
| | 1,755 | 1,845 |
| Footpaths - Note (i) | | |
| At valuation | 56,863 | 55,384 |
| At cost | 3,263 | 1,829 |
| Less: Accumulated depreciation | (7,645) | (6,120) |
| | 52,481 | 51,093 |
| Bridges - Note (ii) | | |
| At valuation | 9,249 | 9,091 |
| At cost | 122 | 6 |
| Less: Accumulated depreciation | (1,601) | (1,483) |
| | 7,770 | 7,614 |
| Roads - Note (iii) | | |
| Sub-structure | | |
| At council valuation | 197,359 | 195,545 |
| At cost | 1,890 | 745 |
| Less: Accumulated depreciation | (61,381) | (59,455) |



| | 2004 \$'000 | 2003 \$'000 |
|--------------------------------|----------------|----------------|
| Seal | | |
| At council valuation | 49,566 | 48,455 |
| At cost | 4,630 | 3,343 |
| Less: Accumulated depreciation | (25,423) | (21,905) |
| | 28,773 | 29,893 |
| Kerb & channel | | |
| At council valuation | 55,817 | 52,589 |
| At cost | 577 | 28 |
| Less: Accumulated depreciation | (13,182) | (11,392) |
| | 43,212 | 41,225 |
| Roads Total | | |
| At council valuation | 302,742 | 296,589 |
| At cost | 7,097 | 4,116 |
| Less: Accumulated depreciation | (99,986) | (92,752) |
| | 209,853 | 207,953 |
| Drains - Note (iii) | | |
| At council valuation | 150,595 | 119,821 |
| At cost | 428 | 2,961 |
| Less: Accumulated depreciation | (49,227) | (38,595) |
| | 101,796 | 84,187 |

Note (i) Bikepaths/footpaths

Council carried out a full valuation of its bikepaths and footpaths as at 30 April 2002. This valuation was based on the written down replacement value, taking into account age and condition of each bikepath and footpath. The valuation was carried out by council's asset management coordinator. The change in valuation at 30 June 2004 resulted from council reporting assets that had previously not been recognised these assets were brought into the books at their current valuation.

Note (ii) Bridges

'At valuation' estimates for bridges were determined as at 30 June 2002 by council's Civil and Transport Planning unit. The change in valuation resulting from transfers at 30 June 2004 for other asset classes.

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

Note (iii) Roads and Drains

'At valuation' estimates for roads (kerbs) and drains were determined as at 30 June 2004 by council's qualified engineers. The previous valuation for kerbs was done on 30 June 2002 and drains on 1 January 2000. The valuations were done on the basis of written down replacement value. The change in valuation also includes assets that had not previously been recognised and assets acquired from subdivisions. These assets were brought into the books at 30 June 2004 at their current valuation.



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

| | 2004 \$'000 | 2003 \$'000 |
|---|----------------|----------------|
| Realisable infrastructure assets | | |
| Street furniture | | |
| At cost | 4,599 | 4,211 |
| Less: Accumulated depreciation | (1,901) | (1,279) |
| | 2,698 | 2,932 |
| Recreational equipment | | |
| At cost | 8,359 | 7,956 |
| Less: Accumulated depreciation | (2,478) | (1,671) |
| | 5,881 | 6,285 |
| Works in progress | | |
| At cost | 1,847 | 2,354 |
| | 1,847 | 2,354 |
| Total non-current assets | | |
| At valuation | 973,885 | 931,409 |
| At cost | 48,856 | 39,873 |
| Less: Accumulated depreciation | (246,495) | (244,712) |
| TOTAL NON-CURRENT ASSETS | 776,246 | 726,570 |

6.1 NON-CURRENT ASSETS - (Movement in written down value)

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

| | Plant & equipment | Minor plant, furniture & equipment | Carparks | Land | Buildings |
|---|-------------------|------------------------------------|----------------|----------------|----------------|
| | 2004 \$'000 | 2004 \$'000 | 2004 \$'000 | 2004 \$'000 | 2004 \$'000 |
| Balance at beginning of financial year | 3,098 | 3,415 | 763 | 251,403 | 100,736 |
| Additions at cost | 1,899 | 1,577 | 42 | - | 3,073 |
| Assets written off | - | (45) | - | (75) | (228) |
| Transfer from current assets | - | - | - | 9,149 | 1,086 |
| Transfer to current assets at carrying amount | - | - | - | (15,350) | - |
| Less: Disposals at carrying amount | (622) | - | - | (77) | - |
| Less: Depreciation expense for the year | (1,080) | (695) | (35) | - | (3,619) |
| Add: Net movement in revaluation | - | - | - | 47,685 | (19,816) |
| Add: Assets not previously recognised | - | 10 | - | - | - |
| Add: Assets from new development | - | - | - | 5,951 | - |
| Changes due to transfers | 99 | 329 | (41) | - | (157) |
| Balance at end of financial year | 3,394 | 4,591 | 729 | 298,686 | 81,075 |

| | Bikepaths | Footpaths | Bridges | Land improvements | Drains |
|---|----------------|----------------|----------------|-------------------|----------------|
| | 2004 \$'000 | 2004 \$'000 | 2004 \$'000 | 2004 \$'000 | 2004 \$'000 |
| Balance at beginning of financial year | 1,845 | 51,093 | 7,614 | 2,892 | 84,187 |
| Additions at cost | 5 | 1,434 | 116 | 735 | 428 |
| Assets written off | - | (6) | (3) | - | - |
| Transfer from current assets | - | - | - | - | - |
| Transfer to current assets at carrying amount | - | - | (13) | - | - |
| Less: Disposals at carrying amount | - | - | (13) | - | - |
| Less: Depreciation expense for the year | (107) | (1,217) | (125) | (362) | (1,225) |
| Add: Net movement in revaluation | - | - | - | - | 16,154 |
| Add: Assets not previously recognised | 17 | 1,047 | - | - | - |
| Add: Assets from new development | - | 241 | - | - | 2,149 |
| Changes due to transfers | (5) | (111) | 181 | 425 | 103 |
| Balance at end of financial year | 1,755 | 52,481 | 7,770 | 3,690 | 101,796 |



NOTES TO AND FORMING PART
OF THE FINANCIAL REPORT

| | Roads sub-structure | Roads seal | Roads kerb & channel | Roads Total |
|---|---------------------|---------------|----------------------|----------------|
| | 2004 \$'000 | 2004 \$'000 | 2004 \$'000 | 2004 \$'000 |
| Balance at beginning of financial year | 136,835 | 29,893 | 41,225 | 207,953 |
| Additions at cost | 1,145 | 1,287 | 549 | 2,981 |
| Assets written off | (314) | (30) | (80) | (424) |
| Transfer from current assets | | | | |
| Transfer to current assets at carrying amount | | | | |
| Less: Disposals at carrying amount | (84) | (22) | | (106) |
| Less: Depreciation expense for the year | (1,963) | (3,263) | (654) | (5,880) |
| Add: Net movement in revaluation | - | - | (7) | (7) |
| Add: Assets not previously recognised | | | 2,143 | 2,143 |
| Add: Assets from new development | 2,233 | 427 | | 2,660 |
| Changes due to transfers | 16 | 481 | 36 | 533 |
| Balance at end of financial year | 137,868 | 28,773 | 43,212 | 209,853 |

| | Street furniture | Playgrounds | Work in progress | Summary of Non-current asset movements |
|---|------------------|--------------|------------------|--|
| | 2004 \$'000 | 2004 \$'000 | 2004 \$'000 | 2004 \$'000 |
| Balance at beginning of financial year | 2,932 | 6,285 | 2,354 | 726,570 |
| Additions at cost | 322 | 400 | 898 | 13,910 |
| Assets written off | (22) | | (2) | (805) |
| Transfer from current assets | | | | 10,235 |
| Transfer to current assets at carrying amount | | | | (15,350) |
| Less: Disposals at carrying amount | - | - | - | (818) |
| Less: Depreciation expense for the year | (668) | (807) | - | (15,820) |
| Add: Net movement in revaluation | - | - | - | 44,016 |
| Add: Assets not previously recognised | 90 | | | 3,307 |
| Add: Assets from new development | | | | 11,001 |
| Changes due to transfers | 44 | 3 | (1,403) | - |
| Balance at end of financial year | 2,698 | 5,881 | 1,847 | 776,246 |

| 7 NON INTEREST-BEARING LIABILITIES | 2004 \$'000 | 2003 \$'000 |
|------------------------------------|--------------|--------------|
| 7.1 Payables | | |
| Current | | |
| Trade creditors | 4,127 | 3,657 |
| Other creditors | 568 | 1,078 |
| Unearned income (Note) | 3,000 | 3,000 |
| Prepaid income | 406 | 80 |
| Accrued expenses | 997 | 975 |
| | 9,098 | 8,790 |

Note: The council has entered into an agreement with Vic Urban (former Urban and Regional Land Corporation) for a residential development of the former Dandenong sale yards. Council received \$3M from Vic Urban under this agreement as an advance payment towards this development. This payment will be recognised as revenue when contracts for sale of land are finalised in accordance with the percentage of completion of development.

| | | |
|------------------------------|--------------|--------------|
| 7.1 Employee benefits | | |
| Current | | |
| Annual leave | 3,728 | 3,052 |
| Long service leave | 419 | 286 |
| | 4,147 | 3,338 |
| Non-current | | |
| Long service leave liability | 3,223 | 2,808 |
| | 3,223 | 2,808 |
| 7.2 Trust monies | | |
| Current | | |
| Hostel entrance fees | 208 | 156 |
| Jenny Slade scholarship | 7 | 11 |
| Crossing & other deposits | 477 | 371 |
| | 692 | 538 |

8 RESERVES

| | | |
|--|---|------------|
| 8.1 Restricted general reserves | | |
| Central car parking | - | 726 |
| | - | 726 |
| 8.2 Non-restricted general reserves | | |
| Self insurance | - | 59 |
| Meals on Wheels | - | 56 |
| | - | 115 |
| Total general reserves | - | 841 |



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

| | Note | 2004 \$'000 | 2003 \$'000 |
|--|------|----------------|----------------|
| 8.3 Asset revaluation reserve | | | |
| Land | | 157,936 | 110,250 |
| Buildings | | 7,373 | 27,191 |
| Non-realizable infrastructure assets: | | | |
| - Bike paths | | 1,041 | 1,041 |
| - Footpaths | | 18,292 | 18,292 |
| - Bridges | | 367 | 367 |
| - Roads | | 141,364 | 141,371 |
| - Drains | | 60,325 | 44,170 |
| | | 386,698 | 342,682 |
| Total reserves | | 386,698 | 343,523 |
| 8.4 Movement in reserves | | | |
| Asset revaluation reserve | | | |
| Plant and minor plant | | - | (4,304) |
| Street furniture | | - | (146) |
| Land | | 47,686 | 39,559 |
| Buildings | | (19,818) | 4,948 |
| Roads | | (7) | (3,590) |
| Drains | | 16,155 | - |
| | | 44,016 | 36,467 |
| Transfer of general reserve to accumulated surplus | | (841) | - |
| | | 43,175 | 36,467 |

9 FINANCING FACILITIES

| | | | |
|------------------------|--|--------------|------------|
| Bank overdraft | | 2,500 | 2,500 |
| Used facility | | (540) | (2,335) |
| Unused facility | | 1,960 | 165 |

10 INTEREST-BEARING LIABILITIES

| Current | | | |
|--|----|--------------|--------------|
| Bank overdraft | | - | 2,335 |
| Loans - secured | | 1,084 | 527 |
| Defined benefit superannuation liability | 13 | 352 | 315 |
| | | 1,436 | 3,177 |



| | Note | 2004 \$'000 | 2003 \$'000 |
|---|------|----------------|----------------|
| Non-current | | | |
| Loans - secured | | 4,927 | 6,095 |
| Defined benefit superannuation liability | 13 | 3,169 | 2,833 |
| | | 8,096 | 8,928 |
| Total interest-bearing liabilities | 12.2 | 9,532 | 12,105 |

11 COMMITMENTS AND CONTINGENCIES

11.1 Operating lease commitments (Note)

| | | | |
|---|--|--------------|--------------|
| Not later than one year | | 938 | 757 |
| Later than 1 year but less than 5 years | | 1,486 | 1,537 |
| Over 5 years | | - | - |
| | | 2,424 | 2,294 |

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

11.2 Capital commitments

| | | | |
|---|--|---------------|------------|
| Not later than one year | | 11,300 | 949 |
| Later than 1 year but less than 5 years | | 3,000 | - |
| Over 5 years | | - | - |
| | | 14,300 | 949 |

11.3 Works and services contracts

| | | | |
|---|--|---------------|---------------|
| Not later than one year | | 7,179 | 8,910 |
| Later than 1 year but less than 5 years | | 20,006 | 15,695 |
| Over 5 years | | 1,062 | 6,542 |
| | | 28,247 | 31,147 |

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

12 FINANCIAL INSTRUMENTS

12.1 Accounting policy, terms and conditions

| Recognised financial instruments | Note | Accounting policy | Terms and conditions |
|----------------------------------|------|--|---|
| Financial assets | | | |
| Cash on call | 5.1 | Valued at face value. Interest is recognised as it accrues. | On call deposits returned floating interest rates of between 3.15% and 6.35% (4.40% and 5.23% in 2002-2003). The rate at balance date was 5.41% (4.9% in 2002-2003). |
| Bank deposits on call | 5.1 | Valued at face value. Interest is recognised as it accrues. | Withdrawals are on 24 hours notice. Bank Deposits returned between 3.86% and 7.06% net of fees (4.14% and 6.75% in 2002-2003). |
| Rates debtors | 5.2 | Rates are a charge attached to the rateable property and therefore no provision for doubtful debts is made. Interest charged is at rates determined by regulation. | Rates are payable by four instalments during the year or by lump sum in February. Arrears, including deferred rates, attract interest. The interest rate was 11.25% at balance date for general rates (12.25% in 202-2003). |
| General debtors | 5.2 | Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection in full is no longer probable. Collectability of overdue accounts is assessed on an ongoing basis. | General debtors are unsecured and interest free. Credit terms are usually up to 60 days. |
| Financial liabilities | | | |
| Payables | 7.1 | Liabilities are recognised for amounts to be paid in the future for goods received and services provided to the council as at balance date whether or not invoices have been received. | General creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt. |
| Interest-bearing liabilities | 10 | The loan with the Commonwealth Bank of \$5.5 million was obtained to repay the amount owing to Vision Super in respect of a superannuation liability. The balance of the loan as at June 30, 2004 was \$3,143,174. (\$3,670,325 as at June 30, 2003) | The loan is for ten years expiring April 2009 and principal & interest are repayable quarterly. The loan is secured by a mortgage over the council's general rates. The interest rate is fixed at 5.8%. |
| Interest-bearing liabilities | 10 | The loan with the Commonwealth Bank was for \$2.952 million, and was obtained to repay the amount owing to Vision Super in respect of the superannuation liability which was to be claimed against the City of Kingston, which has since been settled. | This loan expired in April 2004 and was rolled over at that date at an interest rate of 6.2%. Repayments are made monthly on a principal and interest basis. |

12.2 Interest rate risk

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

| | Floating interest rate | | Fixed interest rate maturing in: | | | | | | Non-interest bearing | | Total carrying amount as per the Statement of Financial Position | | Range of Effective interest rates | | |
|--|------------------------|--------------|----------------------------------|--------------|-------------------|--------------|-------------------|--------------|----------------------|--------------|--|---------------|-----------------------------------|--------------|---|
| | | | 1 year or less | | Over 1 to 5 years | | More than 5 years | | | | | | | | |
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 | |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | % | % |
| Financial assets | | | | | | | | | | | | | | | |
| Rates debtors | 1,753 | 1,673 | | | | | | | | | 1,753 | 1,673 | 11.25 | 12.25 | |
| General debtors | | | | | | | | | 4,874 | 4,043 | 4,874 | 4,043 | | | |
| Cash on call | 2,194 | | | | | | | | | | 2,194 | | 3.15 to 6.35 | 4.40 to 5.23 | |
| Bank deposits | 2,359 | 2,127 | | | | | | | | | 2,359 | 2,127 | 3.86 to 7.06 | 4.14 to 6.75 | |
| Total financial assets | 6,306 | 3,800 | | | | | | | 4,874 | 4,043 | 11,180 | 7,843 | | | |
| Financial liabilities | | | | | | | | | | | | | | | |
| Payables | | | | | | | | | 9,098 | 8,790 | 9,098 | 8,790 | | | |
| Interest-bearing liabilities (Note 10) | | | 1,436 | 3,177 | 6,511 | 6,866 | 1,585 | 2,062 | | | 9,532 | 12,105 | 5.8/8.95 | 5.8/7.58 | |
| Total financial liabilities | | | 1,436 | 3,177 | 6,511 | 6,866 | 1,585 | 2,062 | 9,098 | 8,790 | 18,630 | 20,895 | | | |

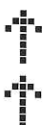
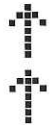
Note: The carrying amounts of financial assets and liabilities (except interest-bearing liabilities) equate to fair value due to their short-term nature.

The net fair value of interest-bearing liabilities is \$8.7M (\$8.9M in 2003) as at balance date.

12.3 Net fair value

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

| | |
|--|--|
| Payables, cash on call, bank deposits, and general debtors | The carrying amount equals the fair value because of the short term to maturity. |
| Interest-bearing liabilities | The fair value is based on the discounted cash flow method. |
| Rates debtors | The carrying amount approximated fair value because of the short-term to maturity. Deferred rates do not materially impact on this assumption. |



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

13 SUPERANNUATION

LOCAL AUTHORITIES SUPERANNUATION FUND

The council makes employer superannuation contributions in respect of its employees to the Local Authorities superannuation fund (the Fund). 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 2003-2004). 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 2003-2004 the council's superannuation contributions relating to Vision Super Saver members was \$1,541,996 (\$1,273,284 in 2002-2003).

DEFINED BENEFITS CATEGORY

The council makes employer contributions to the defined benefits category of the Fund at rates determined by the Fund's Trustee on the advice of its actuary. The rate is currently 9.25% of superannuation salary (9.25% in 2002-2003).

During 2003-2004 the council's superannuation contributions relating to that year's defined benefits members' service was \$819,191 (\$696,378 in 2002-2003).

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 (\$Nil in 2003-2004) and
- contributes its share of the funding shortfall of the Local Authorities Superannuation Fund Defined Benefits Plan of \$127M at 31 December 2002. (\$0.375M in 2003-2004 including interest and tax - see below)

DEFINED BENEFITS PLAN - FUNDING SHORTFALL

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

The Defined Benefits Plan experienced a funding shortfall of \$127M following an actuarial review in December 2002. The council was informed that its share of this shortfall is \$3.147M, to be paid over a maximum period of ten years. Interest accrues on the unpaid balance of this liability (See note 10).

The council's liability (inclusive of interest and tax) as at 30 June 2004 is \$3.521M. Council has chosen to pay this liability over future years.

14 CONTINGENT LIABILITIES

BANK GUARANTEES

The council has agreed to guarantee bank loans taken out by the Dandenong Basketball Association (DBA) to a maximum amount of \$2 million. At balance date the amount drawn by the DBA was \$1.36 million (\$1.46 million as at June 30 2003).

LEGAL ACTIONS

The council is involved in a number of Legal Actions. Council's exposure in these claims may be up to \$631K (\$743K in 2003.)

FUTURE LEGAL CLAIMS

The council may be exposed to future legal claims, as part of the former City of Dandenong sanitary depot site was sold without ensuring Environmental Protection Authority requirements being met.

15 RELATED PARTY TRANSACTIONS

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

Councillors
 Clare O'Neil (Mayor) 17 March 2004 to date
 Kevin Walsh (Mayor) 20 March 2003 to 16 March 2004
 Paul Donovan
 Youhorn Chea
 Angela Long
 Roz Blades
 John Kelly
 Maria Sampey
 Naim Melhem
 David Kelly
 Peter Brown

Chief Executive Officer
 Warwick Heine (1 July 2003 to 4 June 2004)
 Carl Wulff (5 June 2004 to date)

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

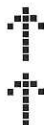
| Income range | 2004 No. | 2003 No. |
|--|---------------|---------------|
| To \$10,000 | 1 | 5 |
| \$ 10,001 - \$ 20,000 | 8 | 7 |
| \$ 20,001 - \$ 30,000 | 1 | - |
| \$ 30,001 - \$ 40,000 | 1 | 2 |
| \$200,001 - \$210,000 | 1 | 1 |
| Total | 12 | 15 |
| Total remuneration for the reporting year, for responsible persons included above, amounted to: | \$384K | \$413K |

No retirement benefits were made by the council to a responsible person during the reporting year (Nil in 2003).

No loans were made, guaranteed or secured by the council to a responsible person during the reporting year (Nil in 2003).

No transactions were entered into by the council with responsible persons, other than remuneration and reimbursement of expenses during the reporting year (Nil in 2003).

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.



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

SENIOR OFFICERS' REMUNERATION

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

| Income Range | 2004 No. | 2003 No. |
|---|----------------|----------------|
| To \$100,000 | 2 | 1 |
| \$100,001 - \$110,000 | 7 | 3 |
| \$110,001 - \$120,000 | 4 | 3 |
| \$120,001 - \$130,000 | 2 | - |
| \$130,001 - \$140,000 | 2 | 2 |
| \$140,001 - \$150,000 | - | 1 |
| \$150,001 - \$160,000 | - | 1 |
| \$180,001 - \$190,000 | 1 | - |
| Total | 18 | 11 |
| Total remuneration for the Financial year of senior officers included above amounted to: | \$2.05M | \$1.33M |

16 NOTES TO THE STATEMENT OF CASH FLOWS

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

| | Note | 2004 \$'000 | 2003 \$'000 |
|--|----------|----------------|----------------|
| Surplus/(Deficit) for year | | 14,994 | (6,541) |
| Add / (less) | | | |
| Depreciation | 4.3 | 15,820 | 15,832 |
| Gifted assets | | (11,001) | - |
| Write off of assets | | 805 | - |
| (Increase)/decrease in other current assets | 5.3 | 5 | 23 |
| (Profit)/loss on sale of assets | 3.7 | (582) | 137 |
| Assets not previously recognized | | (3,307) | - |
| (Increase)/decrease in receivables | 5.2 | (911) | 3,155 |
| (Decrease)/increase in payables | 7.1 | 308 | (354) |
| (Decrease)/increase in employee entitlements | 7.2, 7.3 | 1,597 | 3,995 |
| Net cash provided by operating activities | | 17,728 | 16,247 |

16.2 Reconciliation of cash

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

| | Note | 2004 \$'000 | 2003 \$'000 |
|--|------|----------------|----------------|
| Current asset - cash and deposits | 5.1 | 4,553 | 2,127 |
| Current liability - bank overdraft | 10 | - | (2,335) |
| Cash at balance date as per Statement of Cash Flows | | 4,553 | (208) |

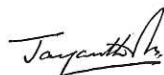
17 FINANCIAL RATIOS

| | 2004 | 2003 | 2002 |
|--|--------|--------|--------|
| DEBT SERVICING RATIO | | | |
| 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. | 1.15% | 1.25% | 1.50% |
| DEBT COMMITMENT RATIO | | | |
| To identify council's debt redemption strategy. The ratio expresses the percentage of rate revenue utilised to pay interest and redeem debt principal. | 3.65% | 6.47% | 10.23% |
| REVENUE RATIO | | | |
| To identify council's dependence on rate income, and is determined by assessing rate revenue as a percentage of total revenue. | 48.66% | 58.34% | 58.83% |
| DEBT EXPOSURE RATIO | | | |
| To identify council's exposure to debt. This is the ratio of total debt to total realisable assets. | | | |
| $\frac{\text{Total Liabilities}}{\text{Total realisable assets}}$ | | | |
| 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. | 1:16 | 1:14 | 1:14 |
| 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. | | | |
| WORKING CAPITAL RATIO | | | |
| To assess the council's ability to meet current commitments. The ratio expresses the level of current assets available to meet its current liabilities. | 1.73:1 | 1.16:1 | 1.17:1 |



CERTIFICATION

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.

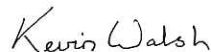


Jay Peries CPA
Principal Accounting Officer
Dated: 6 September 2004

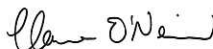
In our opinion, the accompanying financial report presents fairly the financial transactions of the City of Greater Dandenong Council for the year ended 30 June 2004 and the financial position of the council as at that date.

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.

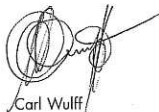
We have been authorised by the council on 6 September 2004 to certify the financial report in its final form on behalf of the Council.



Cr. Kevin Walsh RFD
Dated: 6 September 2004



Cr. Clare O'Neil
Dated: 6 September 2004



Carl Wulff
Chief Executive Officer
Dated: 6 September 2004

STANDARD STATEMENTS
YEAR ENDED 30 JUNE 2004

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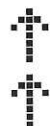
STANDARD STATEMENTS YEAR ENDED 30 JUNE 2004

> STANDARD STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2004

| | Note | Budget 2004 \$'000 | Actuals 2004 \$'000 | Variance \$'000 | % |
|--|------|--------------------------|---------------------------|--------------------|---------------|
| Revenue from ordinary activities | | | | | |
| Rates | | 47,386 | 47,523 | 137 | 0.29 |
| Grants - Operational (special purpose) | 2 | 15,172 | 12,684 | (2,488) | (16.40) |
| Grants - Financial assistance (untied) | | 5,854 | 5,959 | 105 | 1.79 |
| Contributions | 3 | 1,209 | 3,770 | 2,561 | 211.83 |
| Fees, charges and fines | | 9,288 | 9,553 | 265 | 2.85 |
| Interest | | 458 | 752 | 294 | 64.19 |
| Proceeds from sale of assets | | 926 | 1,400 | 474 | 51.19 |
| Assets from new developments | 4 | 0 | 11,001 | 11,001 | 0.00 |
| Other income | 5 | 1,783 | 5,015 | 3,232 | 181.27 |
| Total revenues | | 82,076 | 97,657 | 15,581 | 18.98 |
| Expenses from ordinary activities | | | | | |
| Employee costs | 6 | 28,793 | 31,988 | 3,195 | 11.10 |
| Contract payments, materials and services | 7 | 14,425 | 15,454 | 1,029 | 7.13 |
| Administration costs | | 7,900 | 8,027 | 127 | 1.61 |
| Borrowing costs | | 1,059 | 1,125 | 66 | 6.23 |
| Professional services | | 3,662 | 3,761 | 99 | 2.70 |
| Grants and sponsorships | | 3,582 | 3,921 | 339 | 9.46 |
| Depreciation | | 16,500 | 15,820 | (680) | (4.12) |
| Other expenses | 8 | 604 | 1,749 | 1,145 | 189.57 |
| Carrying amount of assets sold | | 720 | 818 | 98 | 13.61 |
| Total expenses | | 77,245 | 82,663 | 5,418 | 7.01 |
| SURPLUS FROM OPERATIONS | | 4,831 | 14,994 | 10,163 | 210.37 |
| MOVEMENT IN EQUITY | | | | | |
| Net increase in asset revaluation reserves | 9 | - | 44,016 | 44,016 | - |
| TOTAL CHANGES IN EQUITY | | 4,831 | 59,010 | 54,179 | 11.21 |

> STANDARD STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2004

| | Note | Budget 2004 \$'000 | Actuals 2004 \$'000 | Variance \$'000 | % |
|--|------|--------------------------|---------------------------|--------------------|-----------------|
| Cash flows from operating activities | | | | | |
| Cash inflows | | | | | |
| Rates receipts | | 47,232 | 47,443 | 211 | 0.45 |
| Grants | 2 | 21,026 | 18,247 | (2,779) | (13.22) |
| Interest received | | 458 | 752 | 294 | 64.19 |
| Fees, charges, fines and contributions | 3 | 12,280 | 14,491 | 2,211 | 18.00 |
| Total cash inflows | | 80,996 | 80,933 | (63) | 69.43 |
| Cash outflows | | | | | |
| Employee costs | 6 | 28,793 | 31,988 | (3,195) | (11.10) |
| Payments to suppliers | | 26,723 | 26,171 | 552 | 2.06 |
| Grants & sponsorships | | 3,582 | 3,921 | (339) | (9.46) |
| Interest paid | | 1,059 | 1,125 | (66) | (6.23) |
| Total cash outflows | | 60,157 | 63,205 | (3,048) | (24.73) |
| Net cash inflows from operating activities | | 20,839 | 17,728 | (3,111) | 94.15 |
| Cash flows from investing activities | | | | | |
| Cash inflows | | | | | |
| Proceeds from sale of assets | | 926 | 1,400 | 474 | 51.19 |
| Total cash inflows | | 926 | 1,400 | 474 | 51.19 |
| Cash outflows | | | | | |
| Payments for non-current assets | | | | | |
| City improvement projects | 10 | 24,030 | 11,525 | (12,505) | (52.04) |
| Fleet & other capital | | 1,778 | 2,385 | 607 | 34.14 |
| Total cash outflows | | 25,808 | 13,910 | (11,898) | (17.90) |
| Net cash outflows from investing activities | | (24,882) | (12,510) | 12,372 | 69.09 |
| Cash flows from financing activities | | | | | |
| Cash inflows | | | | | |
| Proceeds from borrowings | 11 | 5,000 | 0 | (5,000) | (100.00) |
| Payments for trust monies and deposits | | - | (46) | (46) | - |
| Proceeds from trust monies and deposits | | - | 200 | 200 | - |
| Total cash inflows | | 5,000 | 154 | (4,846) | (100.00) |
| Cash outflows | | | | | |
| Repayment of Loans | | 526 | 611 | 85 | 16.16 |
| Total cash outflows | | 526 | 611 | 85 | 16.16 |
| Net cash inflow/(outflow) from financing activities | | 4,474 | (457) | (4,931) | (116.16) |
| Cash increase/(decrease) | | 432 | 4,761 | 4,329 | 1003.00 |
| Cash at beginning | | (3,527) | (208) | 3,319 | 94.10 |
| Cash at end | | (3,095) | 4,553 | 7,648 | 247.09 |



STANDARD STATEMENTS
YEAR ENDED 30 JUNE 2004> RECONCILIATION OF OPERATING RESULT AND
NET CASH FLOWS FROM OPERATING ACTIVITIES
FOR THE YEAR ENDED 30 JUNE 2004

| | Budget 2004 \$'000 | Actuals 2004 \$'000 | Variance \$'000 | % |
|--|--------------------------|---------------------------|--------------------|----------------|
| Net Surplus from operations | 4,831 | 14,994 | 10,163 | 210.37 |
| Depreciation | 16,500 | 15,820 | (680) | (4.12) |
| Other non cash revenue and expenses | 0 | (13,502) | (13,502) | - |
| (Profit)/Loss on sale of property, plant and equipment | 206 | (582) | 376 | 182.52 |
| Net movement in current assets and liabilities | (697) | 998 | 1,695 | (243.11) |
| Net cash inflow from operating activities | 20,840 | 17,728 | (3,112) | (14.93) |

> NOTES TO THE STANDARD STATEMENTS

1. Introduction

The Standard Statements of Financial Performance, Standard Statement of Cash Flows 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 16 June 2003. 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 are 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. Grants

The budgeted grants include \$4M from the Victorian Government for the Dandenong Town Hall refurbishment and \$2M for the Noble Park Community Centre Project. The amount received was \$1.2M for the Dandenong Town Hall due to the delay in commencement of works. The grant for the Noble Park Project was not received as work had not commenced. Council received various other unbudgeted grants which offset the shortfall in funding for these projects.

> NOTES TO THE STANDARD STATEMENTS

3. Contributions

The amount essentially includes the receipt of income for the Keysborough Development as open space contributions from developers. These contributions were not anticipated in the budget.

4. Assets from new developments

Represents income from assets such as roads, footpaths and drains acquired from new subdivisions activity, mainly the Keysborough Development. This income was not budgeted.

5. Other Income

Council identified a number of kerbs and footpaths which had previously not been recognised in the accounts. These were brought to book at their current valuations.

6. Employee Costs

Changes in the Victorian Local Authorities Award 2001 came into effect during the year, which had an impact on WorkCover costs and leave entitlements for casual workers. The Enterprise Bargaining Agreement came into effect on 1 July 2003 at 4% which was 1% above the budgeted assumptions. In addition, Home and Community Care Services were brought in-house for which new positions were created. Council also made some redundancy payments during the year.

7. Contract Payments, Material and Services

Includes major maintenance costs of \$1.1M. These maintenance works were budgeted in the capital budget which had a corresponding off-set (see Note 10).

8. Other Expenses

Included in other expenses are duplicate assets identified, damaged bus shelters and obsolete Information Technology equipment which were written off. No allowance was made for these unforeseen write-offs in the budget.

9. Movement In Equity

The asset revaluation reserve reflects the adjustment to the valuation of council's infrastructure assets. These valuation adjustments are not budgeted as it is not feasible to anticipate the valuation movements.

10. City Improvements Projects (CIP)

The City Improvement budget included major capital works for the Dandenong Town Hall, the Noble Park Project and the relocation of the Depot. The works on the Dandenong Town Hall commenced late in the year and no works were started on the Noble Park Project and the Depot. This resulted in a reduction in the CIP expenditure for the year. These projects have been rebudgeted to commence in 2004-2005.

Some of the works budgeted in the CIP budget were recognised to be maintenance in nature and hence transferred to operating expenditure (see Note 7).

11. Borrowings

The borrowings were to fund some of the major projects included in the CIP. As these works did not commence during the year (see Note 10), the borrowing was not necessary.

CERTIFICATION

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*.

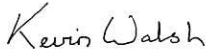


Jay Peries CPA
Principal Accounting Officer
Dated: 6 September 2004

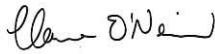
In our opinion, the accompanying standard statements have been prepared on accounting bases consistent with the financial statements and in accordance with the *Local Government Act 1989* and the *Local Government (Finance and Reporting) Regulations 2004*.

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 6 September 2004 to certify the standard statements in their final form on behalf of the Council.



Cr. Kevin Walsh RFD
Dated: 6 September 2004



Cr. Clare O'Neil
Dated: 6 September 2004



Carl Wulff
Chief Executive Officer
Dated: 6 September 2004



AUDITOR GENERAL
VICTORIA

AUDITOR-GENERAL'S REPORT

To the responsible Ministers and the Councillors of Greater Dandenong City Council.
Audit Scope

The accompanying financial report and standard statements of Greater Dandenong City Council for the financial year ended 30 June 2004 have been audited. The financial report comprises a statement of financial performance, statement of financial position, statement of changes in equity, statement of cash flows and notes to the financial statements. The standard statements comprise a standard statement of financial performance and standard statement of cash flows.

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

Each audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report and standard statements are free of material misstatement. The audit procedures included an examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and standard statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects:

- (i) the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and the financial reporting requirements of the *Local Government Act 1989*, so as to present a view which is consistent with my understanding of the Council's financial position, financial performance and its cash flows; and
- (ii) the standard statements are presented fairly, consistent with the basis of preparation described in note 1, comply with the requirements of the *Local Government Act 1989* and the "actual" amounts are correctly extracted from the financial report. While the standard statements have to be prepared on a basis consistent with the financial report they are not required to meet all of the presentation requirements of Accounting Standards and other mandatory professional reporting requirements.

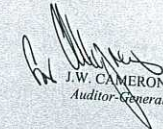
The audit opinion expressed in this report has been formed on the above basis.

Audit Opinions

In my opinion:

- (i) the financial report presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the financial reporting requirements of the *Local Government Act 1989*, the financial position of Greater Dandenong City Council as at 30 June 2004, its financial performance and cash flows for the year then ended; and
- (ii) the standard statements for the year ended 30 June 2004 are presented fairly in accordance with the basis of preparation as described in note 1 to the statements and comply with the requirements of the *Local Government Act 1989*.

MELBOURNE
10 September 2004



J.W. CAMERON
Auditor-General

Victorian Auditor-General's Office Level 34, 140 William Street, Melbourne Victoria 3000
Telephone (03) 8601 7000 Facsimile (03) 8601 7010 Email comments@audit.vic.gov.au Website www.audit.vic.gov.au

Auditing in the Public Interest

