



Annual Financial Report

Year Ended 30 June 2008

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Income Statement

for the year ended 30 June 2008

	Note	2008 \$'000	2007 \$'000
REVENUES			
Operating revenue			
Rates and charges	3.1	66,634	61,166
Grants – Recurrent	3.2	22,589	20,730
Grants – Non-recurrent	3.2	463	287
Contributions – Cash	3.3(a)	5	204
Statutory fees and fines	3.4	4,805	4,488
User Fees	3.5	12,430	7,999
Other revenue	3.7	3,733	2,749
Total operating revenue		110,659	97,623
EXPENSES			
Operating expenses			
Employee benefits	4.1	42,763	40,594
Contract payments, materials and services	4.2	25,165	19,391
Depreciation	4.3	19,763	18,470
Grants and sponsorships	4.4	4,925	4,050
Professional Services	4.5	3,825	4,492
Administration costs	4.6	9,202	9,267
Finance costs	4.7	1,290	1,575
Other	4.8	926	1,043
Total operating expenses		107,859	98,882
OPERATING RESULT		2,800	(1,259)
Non-operating income and expenditure			
Net gain on disposal of assets	3.6	1,450	457
Capital grants	3.2	1,408	4,677
Capital contributions	3.3 (b)	754	1,467
Contributions – non-monetary assets	3.3(c)	3,211	8,197
Assets written off	6.1	(425)	(1,185)
SURPLUS FOR THE YEAR		9,198	12,354

The above Income Statement should be read with the accompanying notes.

Balance Sheet

as at 30 June 2008

	Note	2008 \$'000	2007 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	5.1	21,867	9,544
Trade and other receivables	5.2	9,421	9,126
Inventory - Property	1.8, 5.3	1,198	7,389
Intangible assets	5.4	-	1,505
Total current assets		32,486	27,564
Non-current assets			
Property, infrastructure, plant and equipment	1.3, 6	1,071,633	982,630
Inventory – Property	1.8	7,305	4,156
Total non-current assets		1,078,938	986,786
Total assets		1,111,424	1,014,350
LIABILITIES			
Current liabilities			
Trade and other payables	7.1	9,974	10,733
Employee benefits	7.2	9,070	8,425
Trust funds and deposits	7.3	3,157	1,979
Interest-bearing liabilities	8	4,373	4,221
Total current liabilities		26,574	25,358
Non-current liabilities			
Employee benefits	7.2	350	313
Interest-bearing liabilities	8	12,332	16,704
Total non-current liabilities		12,682	17,017
Total liabilities		39,256	42,375
NET ASSETS		1,072,168	971,975
EQUITY			
Accumulated surplus		459,278	450,272
Reserves	1.3(d), 9	612,890	521,703
TOTAL EQUITY		1,072,168	971,975

The above Balance Sheet should be read with the accompanying notes.

Statement of Changes in Equity

for the year ended 30 June 2008

Notes	Total		Accumulated Surplus		Reserves	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Balance at the beginning of the year	971,975	950,150	450,272	434,931	521,703	515,219
Prior year adjustments relating to:						
- non current assets	6.1(a)	-	4,011	-	4,011	-
- receivables (Note)		-	(508)	-	(508)	-
Surplus for year		9,198	12,354	9,198	12,354	-
Transfer to Insurance fund		-	-	(192)	(516)	192
Revaluation increment of assets	6.1	90,995	5,968	-	-	90,995
Balance at the end of the year		1,072,168	971,975	459,278	450,272	612,890

Note: Receivables recognised in prior year but reversed in 2007-2008 relate to Open Space charges, Town Planning fees and Rental charges.

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

Cash Flow Statement

for the year ended 30 June 2008

	Note	2008 \$'000	2007 \$'000
Cash flows from operating activities			
Receipts from ratepayers		66,131	60,747
Fees, charges, fines and other (including GST)		24,141	14,420
Contributions (including GST)		759	1,671
Government grants (including GST)		24,913	27,750
Interest received		1,557	1,035
Payments to suppliers (including GST)		(51,783)	(42,534)
Payments to employees		(42,384)	(40,245)
Net GST (payments) / refunds		3,067	2,633
Net cash provided by operating activities	15.1	26,401	25,477
Cash flows from investing activities			
Payments for property and other non-current assets		(18,633)	(21,960)
Proceeds from sale of property, plant and equipment		9,140	2,450
Net cash used in investing activities		(9,493)	(19,510)
Cash flows from financing activities			
Finance costs		(1,538)	(1,498)
Proceeds from secured loans		3,000	12,000
Repayment of secured loans		(7,221)	(8,756)
Repayment of trust monies and deposits	1.4	(5,816)	(5,749)
Proceeds from trust monies and deposits	1.4	6,990	5,160
Net cash provided by / (used in) financing activities		(4,585)	1,157
Net increase / (decrease) in cash and cash equivalents		12,323	7,124
Cash and cash equivalents at beginning of the year	15.2	9,544	2,420
Cash and cash equivalents at end of the year	15.2 & 5.1	21,867	9,544

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

Notes to the Financial Report for the Year Ended 30 June 2008

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 Oakton AA Services Pty Ltd. The main banker for the council is the Commonwealth Bank of Australia. The council draws from a pool of solicitors, depending on the nature of the requirement.

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

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

Note 1 Significant accounting policies

1.1 Basis of accounting

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 3.1).

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.

Notes (continued)

b) Grants, donations and other contributions

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

Where grants or contributions recognised as revenue during the financial year were for a specific purpose and remained unspent at balance date, the unspent amount of the grant or contribution is disclosed in Notes 3.2 and 3.3. Any amount of a grant that was received in prior years and was spent during the current year is disclosed in note 3.2.

c) User fees, charges and fines

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

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

d) Sale of property, plant and equipment

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

e) Interest and rents

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

f) Assets from new developments

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

1.3 Recognition and measurement of non-current assets

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

a) Acquisition

Assets are initially recorded at cost, being the fair value of the assets provided as consideration at the date of acquisition. Costs incidental to their acquisition, such as architects' fees and engineering design fees, that are incurred in preparing the asset for use are also capitalised. Fair value is the amount for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

Where assets are constructed by Council, cost of construction includes all direct materials and labour, and an appropriate amount of directly attributable variable and fixed overheads.

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

b) Thresholds for asset recognition

The following classes of assets have been recognised in note 6 with threshold limits as shown below and unless otherwise stated are consistent with prior years.

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

c) Depreciation and amortisation of non-current assets

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

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

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

Notes (continued)

Asset category	Years
Property	
Land	
- Land, parks, reserves, ovas	Infinite
Land improvements	10
Buildings	50 – 75
Building Improvements	10
Plant and Equipment	
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
Infrastructure	
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 and realisable infrastructure assets are measured at fair value, being the amount for which the assets could be exchanged between knowledgeable willing parties in an arms length transaction. Fair value for most asset categories is represented by their current replacement cost less accumulated depreciation.

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

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

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

Land under Roads:

In accordance with AASB 1045: Land under Roads the Council has elected not to recognize land under roads existing at 30 June 2008. All land under roads acquired from 1 July 2008 will be recognized as an asset in accordance with AASB 1051.

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 16).

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 income statement if applicable.

1.4 Trust monies

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

1.5 Employee benefits

a) Accrued salary and wages

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

b) Annual leave and long service leave

Annual leave

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

Long service leave

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

Classification of employee benefits

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

Sick leave

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

Notes (continued)

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 12).

1.6 Recognition of payables

Liabilities are recognised for amounts to be paid in the future for goods and services received as at balance date, whether or not invoices have been received. (Refer Notes 7.1 and 10).

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 1.15).

1.9 Recognition of receivables

Receivables are recognised for amounts owed to the Council for goods and services provided at balance date, whether or not invoices have been issued. Provision is made for doubtful debts after considering collectability. No provision is made in respect of rates debtors. (Refer Notes 5.2 and 11).

1.10 Cash and cash equivalent assets

For the purpose of the statement of cash flows, cash and cash equivalent assets include cash on hand, deposits at call and other highly liquid investments with short periods to maturity. They are subject to insignificant risk of changes in value and include cash available for day to day cash management activities and those restricted under regulations for specific purposes (Refer Notes 5.1 and 15.2).

1.11 Managed Funds

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

1.12 Maintenance and repairs

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

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 8 and 11).

Interest accrued on these liabilities is treated as finance costs (Refer Notes 9 and 11).

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 expenses to the Income Statement.

1.16 Finance costs

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

1.17 Goods and Services Tax (GST)

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

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

1.18 New accounting standards and interpretation

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2008 reporting period. The City of Greater Dandenong assesses the impact of these new standards as to their applicability to the Council and early adoption where applicable.

As at 30 June 2008 the following standards and interpretations had been issued but were not mandatory for the financial year ending 30 June 2008. The Council has not and does not intend to, adopt these standards early.

Notes (continued)

AASB Amendment	Standards affected	Outline of amendment	Application date of Standard	Application date for Council
AASB 2006-3 Amendments to Australian Accounting Standards	AAS 27 Financial Reporting by Local Governments AASB 1045 Land Under Roads: Amendments to AAS 27A, AAS 29A and AAS 31A	From the beginning of the reporting period to which this Standard is first applied, until the end of the first reporting period ending on or after 31 December 2007, transitional provisions shall apply. Under those provisions, local governments, while encouraged to apply the full provisions of the Standard, may elect instead not to recognize land under roads as an asset in the balance sheet. The impact of the adoption cannot be reliably estimated and is not disclosed in the financial report	October 2006	1 July 2008
AASB 1004 Contributions	AAS 27 Financial Reporting by Local Governments	As this Standard broadly reproduces the requirements relating to contributions contained in AAS 27, there will be no direct impact on the financial report	1 July 2008	1 July 2008
AASB 1051 Land Under Roads	AAS 27 Financial Reporting by Local Governments	In respect of land under roads acquired before 30 June 2008: allows a Council to elect to recognize an asset; requires any adjustment upon recognition to be made against accumulated surplus; requires a Council to disclose its accounting policy; allows a Council to elect to adopt the fair value or a previous revaluation; requires any above elections to be made effective as at 1 July 2008. Requires that land under roads acquired after 30 June 2008 is accounted for in accordance with AASB 116. The impact of any changes that may be required cannot be reliably estimated and is not disclosed in the financial report.	1 July 2008	1 July 2008
AASB 1052 Disaggregated Disclosures	AAS 27 Financial Reporting by Local Governments	As this Standard broadly reproduces the requirements relating to disaggregated disclosures contained in AAS 27, there will be no direct impact on the financial report	1 July 2008	1 July 2008
AASB 2007-9 Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31	AAS 27 Financial Reporting by Local Governments Amendments to: AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127, AASB 137	As this Standard broadly reproduces the requirements relating to certain relevant requirements contained in AAS 27, there will be no direct impact on the financial report	1 July 2008	1 July 2008

1.19 Rounding

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

2. FUNCTIONS AND ACTIVITIES

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

2.1 Revenue, expenses and non-current assets by function

	Revenue Attributed 2008				Expenses 2008		Surplus/ (Deficit)	Total Non- Current Assets
	\$000 General	\$000 Grants	\$000 Total	% of Total	\$000	% of Total	\$000	\$000
Corporate services*	63,964	8,420	72,384	52.86	33,937	29.28	38,447	9,387
Organisational development	1	14	15	0.01	3,854	3.32	(3,839)	432
Health & environment	12,305	513	12,818	10.25	18,970	16.37	(6,152)	156,014
Leisure & culture	5,596	1,087	6,683	5.34	19,541	16.86	(12,858)	325,731
Community services	3,479	12,274	15,753	12.59	20,779	17.93	(5,026)	36,900
Transport & infrastructure	4,407	1,990	6,397	5.11	9,530	8.22	(3,133)	527,924
Economic development	10,900	162	11,062	8.84	9,303	8.03	1,759	22,550
Total	100,652	24,460	125,112	100.0	115,914	100.0	9,198	1,078,938

	Revenue Attributed 2008				Expenses 2008		Surplus/ (Deficit)	Total Non- Current Assets
	\$000 General	\$000 Grants	\$000 Total	% of Total	\$000	% of Total	\$000	\$000
Corporate services*	63,363	7,691	71,054	62.10	33,545	32.87	37,509	8,585
Organisational development	22	5	27	0.02	3,743	3.67	(3,716)	395
Health & environment	11,991	659	12,650	11.06	18,164	17.79	(5,514)	142,689
Leisure & culture	1,954	972	2,926	2.56	14,990	14.70	(12,064)	297,911
Community services	2,129	11,339	13,468	11.77	18,473	18.10	(5,005)	33,748
Transport & infrastructure	3,700	4,960	8,660	7.57	8,058	7.89	602	482,834
Economic development	5,561	68	5,629	4.92	5,087	4.98	542	20,624
Total	88,720	25,694	114,414	100.00	102,060	100.00	12,354	986,786

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

Notes (continued)

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• Corporate planning, media and communications, public relations
Organisational development	<ul style="list-style-type: none">• Human resources, staff training and development• Occupational health and safety
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">• Cultural activities, Walker St Gallery, Heritage Hill, Drum Theatre• 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• Fleet and Plant Operations• Building maintenance
Economic Development	<ul style="list-style-type: none">• Promotion of business and employment• Operation of Dandenong market and multi deck car parks

3 REVENUES

	2008 \$'000	2007 \$'000
3.1 Rates and garbage charges		
General rates (Note)		
Residential	29,030	26,960
Commercial	7,036	6,628
Industrial	21,149	18,840
Farm	212	184
Supplementary rates and adjustments	863	904
Maintenance Levy	375	315
Residential garbage	7,969	7,335
	66,634	61,166

Note - The valuation base used to calculate general rates for 2007-2008 was \$16.865 billion (\$16.568 billion in 2006-2007).

The date of this general revaluation of land was 1 January 2006.

The date of the last general revaluation of land within the municipality for rating purposes was 1 January 2008. This valuation applies to the rating period commencing 1 July 2008.

The date of the next general revaluation is 1 January 2010, and the valuation will be first applied for the rating period commencing 1 July 2010.

3.2 Grants – recurrent and non-recurrent

Grants were received in respect of the following:

Recurrent

General Purpose Grants:

Commonwealth Government - General Purpose	7,397	6,676
- Local Roads	1,023	1,011

Funding

Operational Grants:

Aged & Disability Services	6,494	6,629
Children, Youth & Family Services	5,276	4,020
Library, Arts & Heritage	783	741
Asset Management Services	114	113
Information Management Services	-	4
Regulatory Services	410	279
Infrastructure Planning - Roads to Recovery	571	529
- Other	1	4
Planning & Design	150	112
Property, Leisure & Environment	-	192
Business Networking	59	68
Social Development	311	352
Total recurrent	22,589	20,730

Notes (continued)

	2008 \$'000	2007 \$'000
Non-recurrent		
Asset Management Services	113	121
Children, Youth & Family Services	210	5
Social Development	9	141
Library, Arts & Heritage	57	-
Aged & Disability	65	20
Communications	9	-
Capital Grants (Note)	1408	4,677
Total non-recurrent	1,871	4,964
Total Grants Received	24,460	25,694
Note: The capital grants received in 2006-2007 included \$3.5M in relation to the redevelopment of the State Volleyball and Basketball Centre which was completed in early 2007-2008.		
Unexpended grants (Note)		
Grants recognised as revenue for the year to be expended for specific purposes that had not been expended at balance date were:		
Operational Grants:		
Aged & Disability Services	511	210
Children, Youth & Family Services	544	190
Business Networking	-	25
Property, Leisure and Environment	-	2
Social Development	-	45
Library, Arts and Heritage	38	-
Asset Management Services	30	121
Communications	9	-
Capital Grant	445	1,434
Total unexpended grants	1,577	2,027
3.3 Contributions		
(a) Operating		
-Community services	5	20
-Civil Development	-	184
	5	204
(b) Capital		
-Infrastructure	63	89
-Public Open space	691	1,378
	754	1,467
Total contributions	759	1,671

	2008	2007
	\$'000	\$'000
(c) Non-monetary		
-Minor Plant- Art works	18	-
-Land	1,265	527
-Roads	956	2,391
-Car Parks	-	14
-Drains	801	4,822
-Bike Paths / Footpaths	171	443
	3,211	8,197
Unexpended contributions (Note)		
Developer Contributions	36	57
Health and Environment	-	320
Total unexpended contributions	36	377
Unexpended contributions from previous years have been expended before the end of the 2007-2008 financial year.		
3.4 Statutory fees and fines		
Parking fines	1,642	1,189
Building and town planning	1,021	906
Infringements and costs	1,327	1,688
Infringement (Perin) court recoveries	727	621
Land information certificates	88	84
	4,805	4,488
3.5 User fees		
Parking fees	1,515	1,386
Aged care services	931	1,204
Recreation and leisure	894	95
Market stall rental	3,099	2,956
Hire of facilities	965	913
Multideck Car Parking	434	354
Aquatic Centre and Springers Leisure Centre (Note)	3,840	-
Other fees and charges	752	1,091
	12,430	7,999

Note: Fees for Aquatic Centre and Springers Leisure Centre have been restated gross of expenditure in 2007-08- refer note 4.2.

Notes (continued)

	2008 \$'000	2007 \$'000
3.6 Profit / (loss) on sale of assets		
Land and buildings		
Proceeds from sale of assets	13,707	5,734
Less: VicUrban share of Metro 3175 sales to Trust (Note)	(6,882)	(3,866)
Less: Carrying amount of assets sold - Land	(5,422)	(1,450)
- Other costs	(259)	(15)
Profit/(loss) on sale of land and buildings	1,144	403
Proceeds from sale of Bed Licences	1,505	-
Less: Carrying amount of asset	(1,505)	-
Profit/(Loss) on sale of Bed Licences	-	-
Plant and equipment		
Proceeds from sale of assets	811	583
Less: Carrying amount of assets sold		
Plant & Fleet (Non-current)	(505)	(521)
Other	-	(8)
Profit on sale of plant and equipment	306	54
Total profit on sale of assets	1,450	457
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 2008.		
3.7 Other revenue		
Recoveries -State Revenue Office (supply of valuation data)	365	149
Recoveries - other	770	679
Interest received on rates	613	467
Interest received on investments	944	567
National Competition Policy	15	-
Retainer – H L Williams court	11	17
Sundry income	1,015	870
	3,733	2,749

	2008 \$'000	2007 \$'000
4. EXPENSES		
4.1 Employee benefits		
Salaries & wages	32,046	31,594
Casual staff	1,514	1,347
Annual leave and long service leave	4,420	3,730
Superannuation	3,153	2,983
WorkCover	819	803
Redundancy (Note)	811	137
	42,763	40,594

Note: Redundancy payments in 2008 include payments of \$351K from the closure of HL Williams court following the transfer of the Aged Care services to a private provider in September 2007.

4.2 Contract payments, materials and services

Maintenance and repairs	1,761	2,802
Contract payments:		
Garbage collection	6,246	5,899
Parks Services	2,568	2,174
Plant / Fleet Management	792	513
Building Maintenance	469	412
Dandenong Market	1,813	1,683
Cleansing	278	373
Community Aged Care Program	184	260
Other contract payments	2,223	1,254
Aquatic centre and Leisure centre (Note)	4,153	-
Materials and services :		
Building Maintenance	1,489	1,324
Parks Services	823	987
Roads and drains	692	437
Other materials and services	1,674	1,273
	25,165	19,391

Note: Represents gross expenditure – refer note 3.5

4.3 Depreciation

Plant & equipment	1,522	1,292
Minor plant, furniture and equipment	1,798	1,566
Land improvements	957	879
Car parks	225	146
Buildings	3,677	3,407
Bike paths/footpaths	1,592	1,562
Bridges	122	121
Roads	7,138	6,962
Drains	1,675	1,422
Street furniture	223	278
Playground equipment	834	835
	19,763	18,470

Notes (continued)

	2008	2007
	\$'000	\$'000
4.4 Grants and sponsorships		
Community grants	1,234	1,259
Contributions	556	427
Sponsorships – Family Day Care	3,080	2,116
Sponsorships - other	55	248
	4,925	4,050
4.5 Professional services		
Consultants	2,894	3,247
Legal costs	369	647
Statutory fees	334	306
Audit costs: Internal	132	196
External – VAGO	52	56
Strategic Asset Management Project	44	40
	3,825	4,492
4.6 Administration costs		
Printing, publications & promotion	1,895	1,795
Motor vehicle maintenance	1,075	925
Bad & doubtful debts	725	397
Insurance	1,060	1,083
Information management costs	1,679	1,961
Postage	388	353
Councillors Allowances	262	243
Occupancy costs	1,885	1,857
Other administration costs	233	653
	9,202	9,267
4.7 Finance costs		
Interest on long term loans	1,179	1,366
Interest on short term loan and overdraft	111	209
	1,290	1,575
4.8 Other expenses		
Bank charges	217	203
Sundry expenses	709	840
	926	1,043

	2008 \$'000	2007 \$'000
5. CURRENT ASSETS		
5.1 Cash and cash equivalents		
Cash at bank, deposit and on hand	18,911	6,141
Investments	2,956	3,403
	21,867	9,544
Represented by:		
Operating Cash	11,237	(273)
Restricted Cash		
Long Service Leave	5,116	4,541
Insurance fund	708	516
Unexpended grants and contributions	1,613	2,404
Trust funds and deposits	3,193	2,356
	21,867	9,544
5.2 Trade and other receivables		
Rates debtors (Refer Note 1.2 (a))	2,852	2,350
Parking infringement debtors	5,431	4,731
General debtors	3,684	3,962
Less: Provision for doubtful debts:		
- Parking infringements	(2,468)	(2,011)
- General debtors	(766)	(525)
Prepayments	688	619
	9,421	9,126
5.3 Inventory		
Properties held for resale (Note)	1,198	7,389
	1,198	7,389
Note: Property Inventory represents the value of properties held for development and resale within the next twelve months, and essentially includes the Metro 3175 properties. The figures for 2007 include HL Williams Hostel and two land parcels on Buckley Street which were earmarked for sale in 2007-2008.		
5.4 Intangible Assets		
Bed Licences (Note)	-	1,505
	-	1,505
Note – The 50 bed licences were sold to a private aged care provider along with the sale of the HL Williams Hostel in early 2007-2008.		

Notes (continued)

	2008 \$'000	2007 \$'000
6. PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT		
Plant and equipment		
At cost	7,174	6,969
Less: Accumulated depreciation	(2,050)	(2,309)
	5,124	4,660
Minor plant, furniture & equipment		
At cost	17,269	16,328
Less: Accumulated depreciation	(8,672)	(7,216)
	8,597	9,112
Land and buildings - Note (i)		
Car parks (Note)		
At valuation	12,715	12,731
At cost	1,182	119
Less: Accumulated depreciation	(3,429)	(3,206)
	10,468	9,644
Land		
At independent valuation	460,038	368,758
At cost	2,268	1,922
	462,306	370,680
Land improvements		
At cost	10,620	9,354
Less: Accumulated depreciation	(3,700)	(2,743)
	6,920	6,611
Buildings		
At independent valuation	170,793	170,902
At cost	32,401	21,264
Less: Accumulated depreciation	(89,504)	(85,150)
	113,690	107,016
Bike paths - Note (ii)		
At valuation	3,192	3,217
At cost	565	375
Less: Accumulated depreciation	(485)	(342)
	3,272	3,250
Footpaths - Note (ii)		
At valuation	69,345	69,085
At cost	2,571	1,667
Less: Accumulated depreciation	(7,945)	(6,497)
	63,971	64,255
Bridges - Note (iii)		
At valuation	11,619	11,619
At cost	-	-
Less: Accumulated depreciation	(3,626)	(3,504)
	7,993	8,115

	2008 \$'000	2007 \$'000
Roads - (Note iv)		
Sub-structure		
At council valuation	232,059	231,566
At cost	1,257	563
Less: Accumulated depreciation	(78,790)	(76,449)
	154,526	155,680
Seal		
At council valuation	65,673	65,297
At cost	3,632	1,751
Less: Accumulated depreciation	(18,442)	(14,742)
	50,863	52,306
Kerb & channel		
At council valuation	79,095	79,062
At cost	1,982	1,131
Less: Accumulated depreciation	(22,243)	(21,139)
	58,834	59,054
Earthworks		
At cost	56	56
	56	56
Roads Total		
At council valuation	376,862	375,925
At cost	6,892	3,501
Less: Accumulated depreciation	(119,475)	(112,330)
	264,279	267,096
Drains (Note iv)		
At council valuation	169,317	168,516
At cost	1,841	1,347
Less: Accumulated depreciation	(55,978)	(54,303)
	115,180	115,560
Street furniture		
At cost	4,139	4,422
Less: Accumulated depreciation	(2,831)	(2,817)
	1,308	1,605
Recreational equipment		
At cost	12,349	10,285
Less: Accumulated depreciation	(4,890)	(4,169)
	7,459	6,116
Works in progress		
At cost	1,066	8,910
	1,066	8,910
Total Property, infrastructure, plant and equipment		
At valuation	1,273,881	1,180,753
At cost	100,337	86,463
Less: Accumulated depreciation	(302,585)	(284,586)
TOTAL NON-CURRENT ASSETS	1,071,633	982,630

Notes (continued)

Note (i) Land & Buildings

'At valuation' estimates for land and buildings were determined by ProVal (Vic) Pty Ltd certified valuers as at 1 January 2008. The previous valuation was done on 1 January 2006, 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) Bike paths/Footpaths

Bike paths and footpaths are carried at valuation based on written down replacement value carried out in April 2006.

Note (iii) 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 (iv) Roads and Drains

'At valuation' estimates for roads (kerbs) were determined as at 30 June 2006 and drains at 30 June 2007 by Council's qualified engineers. The valuations were done on the basis of written down replacement value, taking into account their current condition. The change in valuation also includes assets acquired from subdivisions. These assets were brought into the books at 30 June 2007 at their current valuation.

6.1 Property Infrastructure Plant and Other – (Movement in written down value 2008)

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

	Balance at beginning of financial year	Acquisition of assets including gifted assets	Assets written off	Transfer to 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
Plant & equipment	4,660	2,487	-	-	(503)	(1,522)	-	2	5,124
Minor plant, furniture & equipment	9,112	1,645	(39)	-	(2)	(1,798)	-	(321)	8,597
Car parks	9,644	463	(14)	-	-	(225)	-	600	10,468
Land	370,680	2,633	-	(1,023)	-	-	90,016	-	462,306
Buildings	107,016	2,929	(255)	-	(1,356)	(3,677)	886	8,147	113,690
Bike paths	3,250	190	(19)	-	-	(149)	-	-	3,272
Footpaths	64,255	1,080	(9)	-	-	(1,443)	93	(5)	63,971
Bridges	8,115	-	-	-	-	(122)	-	-	7,993
Land Improvements	6,611	1,050	-	-	-	(957)	-	216	6,920
Drains	115,560	1,235	-	-	-	(1,675)	-	60	115,180
Roads sub-structure	155,680	1,114	-	-	-	(2,331)	-	63	154,526
Roads Seal	52,306	2,202	(26)	-	-	(3,702)	-	83	50,863
Roads kerbs & channel	59,054	796	-	-	-	(1,105)	-	89	58,834
Earthworks	56	-	-	-	-	-	-	-	56
Roads Total	267,096	4,112	(26)	-	-	(7,138)	-	234	264,279
Street furniture	1,605	150	(53)	-	-	(223)	-	(171)	1,308
Play grounds	6,116	2,059	(10)	-	-	(834)	-	128	7,459
WIP	8,910	1,046	-	-	-	-	-	(8,890)	1,066
Total property, infrastructure, plant and other	982,630	21,020	425	(1,023)	(1,861)	(19,763)	90,995	-	1,071,633

2008

Notes (continued)

Comparatives for Property Infrastructure, Plant and Other (Movement in written down value 2007)

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

6.1 (a) Changes to Opening balances for 2008 through equity

2007	Balance at end of financial year	Changes to accum. Depreciation	Written (off) / back to Retained Earnings	Total Adjustments	Adjusted Opening Balance
	\$'000	\$'000	\$'000	\$'000	\$'000
Plant & equipment	4,660	-	-	-	4,660
Minor plant, furniture & equipment	8,787	(102)	427	325	9,112
Car parks	9,633	-	11	11	9,644
Land	370,726	-	(46)	(46)	370,680
Buildings	107,016	-	-	-	107,016
Bike Paths	3,250	-	-	-	3,250
Footpaths	64,019	-	236	236	64,255
Bridges	8,115	-	-	-	8,115
Land Improvements	6,611	-	-	-	6,611
Drains	113,746	-	1,814	1,814	115,560
Roads sub-structure	154,473	6	1,201	1,207	155,680
Roads Seal	51,898	-	408	408	52,306
Roads kerbs & channel	58,681	-	373	373	59,054
Earthworks	56	-	-	-	56
Roads Total	265,108	6	1,976	1,982	267,096
Street Furniture	1,911	320	(626)	(306)	1,605
Playgrounds	6,126	-	(10)	(10)	6,116
WIP	8,911	-	(1)	(1)	8,910
Summary of Non-current asset movements	978,619	224	3,787	4,011	982,630

Notes:

- 1. Minor Plant** – Council recognized for the first time Public Art which had not been recorded in the books.
- 2. Car Parks** – Recognition of car park from previous subdivision.
- 3. Land** – The write off relates to Land Reserves not vested in Council.
- 4. Drains** – Through previous subdivision plans council recognized drainage assets that had not been previously recognized.
- 5. Roads** – Through previous subdivision plans Council recognized road assets that had not been previously recognized
- 6. Street Furniture** – the write off to retained earnings is a duplication of assets in the books.
- 7. Playgrounds** – Should have been expensed in the previous year.

Notes (continued)

7. NON INTEREST- BEARING LIABILITIES

	2008 \$'000	2007 \$'000
7.1 Trade and other payables		
Current		
Trade creditors	7,822	7,981
Other creditors	371	400
Income received in advance	235	224
Accrued expenses	1,546	2,128
	9,974	10,733

7.2 Employee benefits

Movement in Employee entitlement provisions	Annual Leave \$'000	Long Service Leave \$'000	Total \$'000
2008			
Balance at beginning of financial year	4,197	4,541	8,738
Additional provisions	3,421	999	4,420
Amounts used	(3,314)	(424)	(3,738)
Balance at the end of the financial year	4,304	5,116	9,420
2007			
Balance at beginning of financial year	4,448	3,939	8,387
Additional provisions	2,814	916	3,730
Amounts used	(3,065)	(314)	(3,379)
Balance at the end of the financial year	4,197	4,541	8,738
Current			
Annual leave (Note)		4,304	4,197
Long service leave (Note)		4,766	4,228
		9,070	8,425
Non-current			
Long service leave liability (Note)		350	313
		350	313
Note:			
Current			
All annual leave and LSL entitlements representing seven or more years of service:			
- Short-term employee benefits, that fall due within 12 months after the end of the period measured at nominal value		5,287	3,883
- Other long-term employee benefits that do not fall within 12 months after the end of the period measured at present value		3,783	4,542
		9,070	8,425
Non-current			
LSL representing less than seven years of service measured at present value:		350	313

Accrued wages and salaries are included in the current accrued expenses balance in note 7.1.

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

- Average increase in employee costs 4.0%
- Average discount rates between 6.45% and 6.91%
- Average settlement period of 10 years

	2008 \$'000	2007 \$'000
7.3 Trust funds and deposits		
Current		
Hostel entrance fees – (Note i)	-	262
Jenny Slade scholarship	-	7
Sub-division & other deposits	603	457
Developer contributions	1,214	1,184
Metro 3175 sales – VicUrban share (Note ii)	1,212	1
Drum Theatre	128	68
	3,157	1,979

Note i - Hostel entrance fees were refunded following the sale and closure of the HL Williams aged care facility in September 2007.

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

8. INTEREST-BEARING LIABILITIES

Current		
Loans – secured	4,373	4,221
	4,373	4,221
Non-current		
Loans – secured	12,332	16,704
	12,332	16,704
Total interest-bearing liabilities (Refer Note 11.2)	16,705	20,925
The maturity profile for Council's borrowings is:		
Less than one year	4,373	4,221
Later than one year and not later than five years	6,792	9,531
Later than five years	5,540	7,173
	16,705	20,925

9. RESERVES

Movement 2007-2008	2007 \$'000	Increment / (decrement)	2008 \$'000
Asset revaluation reserve			
Land	214,691	90,016	304,707
Car Parks	3,259	-	3,259
Buildings	9,793	886	10,679
Non-realizable infrastructure assets:			
- Bike paths	2,326	-	2,326
- Footpaths	29,980	93	30,073
- Bridges	400	-	400
- Roads	198,677	-	198,677
- Drains	62,061	-	62,061
Total Asset revaluations reserves	521,187	90,995	612,182
Discretionary reserves – Insurance Fund	516	192	708
Total Reserves	521,703	91,187	612,890

Notes (continued)

Movement 2006-2007	2006	Increment /	2007
Asset revaluation reserve	\$'000	(decrement)	\$'000
Land	213,541	1,150	214,691
Car Parks	177	3,082	3,259
Buildings	9,793	-	9,793
Non-realizable infrastructure assets:			
- Bike paths	2,326	-	2,326
- Footpaths	29,980	-	29,980
- Bridges	400	-	400
- Roads	198,677	-	198,677
- Drains	60,325	1,736	62,061
Total asset revaluations reserves	515,219	5,968	521,187
Discretionary reserves – Insurance Fund	250	266	516
Total reserves	515,469	6,234	521,703

10. COMMITMENTS AND CONTINGENCIES

	2008	2007
	\$'000	\$'000
10.1a Operating lease commitments (Note)		
Not later than one year	280	323
Later than 1 year but less than 5 years	279	483
	559	806

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).

10.1b Operating lease receivables (Note)

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

Not later than one year	372	367
Later than one year and not later than five years	597	656
Later than five years	879	759
	1,848	1,782

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.

10.2 Contracted Capital commitments

Not later than one year	717	1,055
Later than 1 year but less than 5 years	-	-
	717	1,055

10.3 Works and services contracts

Not later than one year	12,250	9,582
Later than 1 year but less than 5 years	22,962	20,983
Over 5 years	-	330
	35,212	30,895

11. FINANCIAL INSTRUMENTS

11.1 Accounting policy, terms and conditions

Recognised financial instruments	Note	Accounting policy	Terms and conditions
Financial assets			
Cash at bank, deposit and on hand	5.1	Valued at face value. Interest is recognised as it accrues.	Funds on call returned floating interest rates of between 6.15% and 7.15% (5.50% and 6.15% in 2006-07).
Managed funds	5.1	Managed funds are measured at market value.	Withdrawals are either immediate or within 24 hours. Managed funds provided a return between 4.53% and 5.39% net of fees (5.65% and 6.86% in 2006-2007) excluding unrealised gains or losses.
General Debtors	5.2	Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection in full is no longer probable. Collectability of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured and interest free. Credit terms are usually up to 60 days.
Financial Liabilities			
Payables	7.1	Liabilities are recognised for amounts to be paid in the future for goods received and services provided to the council as at balance date whether or not invoices have been received.	General creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.
Interest-bearing liabilities	8	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, 2008 was \$703,033 (\$1,366,727 as at June 30, 2007).	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	8	The loan with the Commonwealth Bank was for \$2.952 million, and was obtained to repay the amount owing to Vision Super in respect of the superannuation liability which was to be claimed against the City of Kingston, which has since been settled. The balance of the loan as at June 30, 2008 was \$557,524 (\$1,189,980 as at June 30, 2007).	This loan expired in April 2004 and was rolled over at that date at an interest rate of 6.20%. The loan is secured by a mortgage over the council's general rates. Repayments are made monthly on a principal and interest basis and is repayable in full by 2009.
Interest-bearing liabilities	8	The loan with the Commonwealth Bank of \$5.0 million was obtained in September 2004 to finance major capital projects. The balance of the loan as at June 30 2008 was \$1,472,668 (\$2,572,541 as at 30 June 2007).	The loan is for five years expiring 30 September 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 6.09%.

Notes (continued)

Recognised financial instruments	Note	Accounting policy	Terms and conditions
Interest-bearing liabilities	8	The loan with the Commonwealth Bank of \$3.0 million was obtained in February 2005 to repay the unfunded superannuation liability that council assumed in 2002-2003. The balance of the loan as at June 30, 2008 was \$1,206,756 (\$1,841,419 as at 30 June 2007).	The loan is for five years expiring 28 January 2010 and principal & interest are repayable quarterly. The interest rate is fixed at 6.09%.
Interest-bearing liabilities	8	The loan with the Commonwealth Bank of \$8.0M was obtained in 2005-2006 for capital programs. The balance of the loan as at June 30, 2008 was \$6,599,686 (\$7,246,876 as at 30 June 2007).	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	8	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, 2008 was \$6,164,611 (\$6,707,580 as at 30 June 2007).	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%.

11.2 Interest rate risk

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

	Fixed interest rate maturing in:						Total carrying amount as per the Balance Sheet		Range of Effective interest rates		
	Floating interest rate		Over 1 to 5 years		More than 5 years		2008	2007	2008	2007	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	\$'000	\$'000	%	%	
Financial Assets											
General debtors	-	-	-	-	-	-	3,684	3,962	-	-	-
Cash at bank and on hand	18,911	6,141	-	-	-	-	18,911	6,141	6.15 to 7.15	5.50 to 6.15	
Bank deposits	2,956	3,403	-	-	-	-	2,956	3,403	7.15 to 7.78	5.65 to 6.86	
Prepayments/accrued income	-	-	-	-	-	-	688	619	-	-	-
Total Financial assets	21,867	9,544	-	-	-	-	4,372	4,581	26,239	14,125	-
Financial liabilities											
Payables	-	-	-	-	-	-	9,974	10,733	-	-	-
Interest-bearing liabilities (Note 8)	-	4,373	4,221	6,792	9,531	5,540	7,173	16,705	20,925	5.80/6.66	5.80/6.66
Trust monies	-	-	-	-	-	-	3,157	1,979	-	-	-
Total Financial liabilities	-	4,373	4,221	6,792	9,531	5,540	13,131	12,712	29,836	33,637	-

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 \$15.9M (\$19.6M in 2007) as at balance date.

Notes (continued)

11.3 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.

11.4 RISKS AND MITIGATION

The risks associated with the main financial instruments and Council policies for minimizing 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.

Sensitivity disclosure

Council's long term borrowings of \$16.7M 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 held by Council averages between \$3M - \$6M over the year, 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 \$120K for the year.

Credit risk

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 recognized 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 13.

Council's non statutory debts at 30 June 2008 was \$3.34m against which a provision of \$0.66m has been made for doubtful debts.

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.

2007/08

	6 months or less	6-12 months	1-2 years	2-5 years	> 5 years	Contracted Cash Flows	Carrying Amount
Trade and other payables	9,974	-	-	-	-	9,974	9,974
Trust Funds and deposits	1,376	1,781	-	-	-	3,157	3,157
Interest –bearing borrowings	2,721	2,578	2,906	6,137	6,106	20,448	16,705
Total	14,071	4,359	2,906	6,137	6,106	33,579	29,836

2006/07

	6 months or less	6-12 months	1-2 years	2-5 years	> 5 years	Contracted Cash Flows	Carrying Amount
Trade and other payables	10,733	-	-	-	-	10,733	10,733
Trust Funds and Deposits	-	1,979	-	-	-	1,979	1,979
Interest –bearing loans and borrowings	2,831	2,601	5,318	7,018	8,188	25,956	20,925
Total	13,564	4,580	5,318	7,018	8,188	38,668	33,637

12. 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 recognized as an expense in the Income Statement when they are due. The Fund has two categories of membership, each of which is funded differently.

Notes (continued)

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 2007/2008). 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. From 1 July 2008 employers are required to pay superannuation guarantee contributions based on Ordinary Time Earnings (OTE) which may put upward pressure on contribution levels.

During 2007-2008 the council's superannuation contributions relating to Vision Super Saver members was \$3,152,604 (\$ 2,983,014 in 2006-2007).

Defined Benefits Category

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

Council makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. On the basis of the results of the most recent full actuarial investigation conducted by the Fund's actuary as at 31 December 2005, the Trustee has determined that the current funding arrangements are adequate for the expected Defined Benefit Plan liabilities. Council makes the following contributions:-

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

The Fund's liability for accrued benefits was determined in the 30 June 2007 actuarial investigation pursuant to the requirements of Australian Accounting Standard AAS25 as follows:

	30-Jun-07 \$'000
Net Market Value of Assets	4,102,154
Accrued Benefits (per Accounting Standards)	(3,923,436)
Difference between Assets and Accrued Benefits	178,718
Vested Benefits	3,572,589

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

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

During 2007-2008 the Council's superannuation contributions relating to that year's defined benefits members' service was \$685,434 (\$688,054 in 2006-2007).

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 2007-2008 this was \$59,405 (\$25,484 in 2006-2007)

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.

13. 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 \$0.955 million (\$1.05 million as at June 30 2007).

Legal Actions

The Council is involved in a number of Legal Actions. Council's exposure in these claims may be up to \$13K (\$16K in 2007).

14. 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

John Kelly (Mayor)	1 July 2007 to 30 June 2008	(Mayor 6 December 2007 to Date)
Youhorn Chea (Mayor)	1 July 2007 to 30 June 2008	(Mayor 1 July 2007 to 5 December 2007)
Peter Brown	1 July 2007 to 30 June 2008	
Maria Sampey	1 July 2007 to 30 June 2008	
Paul Donovan	1 July 2007 to 30 June 2008	
Roz Blades	1 July 2007 to 30 June 2008	
Jim Memeti	1 July 2007 to 30 June 2008	
Sue Walton	1 July 2007 to 30 June 2008	
Pinar Yesil	1 July 2007 to 30 June 2008	
Alan Gordon	1 July 2007 to 30 June 2008	
Yvonne Herring	1 July 2007 to 30 June 2008	

Chief Executive Officer

John Bennie	1 July 2007 to date
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Remuneration of responsible persons in bands of \$10,000

Income Range	2008 No.	2007 No.
To \$10,000	-	-
\$ 10,001 - \$ 20,000	9	9
\$ 20,001 - \$ 30,000	-	-
\$ 30,001 - \$ 40,000	-	1
\$ 40,001 - \$ 50,000	2	1
\$ 50,001 - \$ 60,000	-	1
\$210,001 - \$220,000	-	-
\$220,001 - \$230,000	-	1
\$300,001 - \$310,000	1	-
Total	12	13
Total remuneration for the reporting year, for responsible persons included above, amounted to:	\$545K	\$523K

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

No loans were made, guaranteed or secured by the council to a responsible person during the reporting year (Nil in 2007).

No transactions were entered into by the Council with responsible persons, other than remuneration and reimbursement of expenses during the reporting year (Nil in 2007).

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

Senior officers' remuneration

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

Income Range	2008 No.	2007 No.
To \$100,000	-	-
\$100,001 - \$110,000	-	4
\$110,001 - \$120,000	6	6
\$120,001 - \$130,000	6	4
\$130,001 - \$140,000	2	4
\$140,001 - \$150,000	5	1
\$150,001 - \$160,000	-	-
\$160,001 - \$170,000	-	1
\$170,001 - \$180,000	-	2
\$180,001 - \$190,000	-	-
\$190,001 - \$200,000	3	-
Total	22	22
Total remuneration for the Financial year of senior officers included above amounted to:	\$2.99M	\$2.82M

15 NOTES TO THE CASHFLOW STATEMENT

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

	Note	2008 \$'000	2007 \$'000
Surplus for the year		9,198	12,354
Add / (less)			
Depreciation	4.3	19,763	18,470
Contributions – Non-monetary assets		(3,211)	(8,197)
Write off of assets		425	1,375
Finance Costs		1,538	1,498
(Profit) /loss on sale of assets	3.6	(1,450)	(457)
(Increase)/ decrease in receivables	5.2	(295)	(631)
(Decrease) / increase in payables	7.1	(759)	716
(Decrease) / increase in employee entitlements	7.2	684	349
Prior year adjustment relating to receivables- refer Statement of Changes in Equity		508	-
Net cash provided by operating activities		26,401	25,477

15.2 Reconciliation of cash

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

Current asset – cash and deposits	5.1	21,867	9,544
Cash at balance date as per Cash Flow Statement		21,867	9,544

16 FINANCIAL RATIOS

	2007-2008	2006-2007	2005-2006
Underlying Result (Surplus Ratio)			
This is a measure of Council's underlying surplus (or deficit) as a percentage of its underlying revenue. In arriving at the surplus and revenue, capital grants, contributions, non-cash revenue (such as roads and drains from developers) profit on sale of assets and other one-off items of revenue and expenditure are excluded.			
$\frac{\text{Underlying Surplus}}{\text{Underlying Revenue}}$	2.53%	(1.29%)	(0.55%)
Indebtedness			
This is a longer term measure that compares non-current liabilities (which mainly comprises borrowings and employee benefit provisions) to revenue excluding capital grants, contributions and non cash revenue that cannot be used to retire debt.			
$\frac{\text{Non-Current Liabilities}}{\text{Total Revenue (less capital grants, contributions and non-cash revenue)}}$	11.46%	15.86%	14.73%
Self Financing			
This is a measure of local governments' ability to fund the replacement of assets from cash generated by their operations			
$\frac{\text{Net Cash from Operating Activities}}{\text{Total Revenue (less non-cash revenue)}}$	23.40%	23.11%	23.34%

	2007-2008	2006-2007	2005-2006
<p>Investment Gap ratio</p> <p>This is a measure of whether Council is spending on infrastructure at a greater rate than the infrastructure is depreciating.</p> $\frac{\text{Capital Expenditure}}{\text{Depreciation}}$	90.41%	118.81%	212.46%
<p>Debt servicing ratio</p> <p>To identify the capacity of Council to service outstanding debt. The ratio expresses the amount of interest paid as a percentage of council's total revenue. Debt servicing costs includes interest on loan borrowings and bank overdraft.</p> $\frac{\text{Debt Servicing Costs}}{\text{Total Revenue}}$	1.14%	1.41%	1.15%
<p>Debt commitment ratio</p> <p>To identify Council's debt redemption strategy. The ratio expresses the percentage of rate revenue utilised to pay interest and redeem debt principal.</p> $\frac{\text{Debt servicing \& redemption costs}}{\text{Rates Revenue}}$	8.27%	8.71%	7.29%
<p>Revenue ratio</p> <p>To identify Council's dependence on rate income, and is determined by assessing rate revenue as a percentage of total revenue.</p> $\frac{\text{Rates Revenue}}{\text{Total Revenue}}$	60.22%	54.63%	52.14%
<p>Working capital ratio</p> <p>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>	1.22:1	1.10:1	0.64:1
<p>Debt exposure ratio</p> <p>To identify Council's exposure to debt. This is the ratio of total debt to total realisable assets.</p> $\frac{\text{Total liabilities}}{\text{Total realisable assets}}$ <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.</p> <p>The ratio enables assessment of Council's solvency and exposure to debt. The ratio expresses the multiple of total liabilities covered by each dollar of realisable assets.</p>	1.16	1:13	1:13

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: 22 September 2008

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 2008 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 22 September 2008 to certify the financial report in its final form on behalf of the Council.

Cr. John Kelly

Mayor

Dated: 22 September 2008



Cr. Sue Walton

Councillor

Dated: 22 September 2008

John Bennie

Chief Executive Officer

Dated: 22 September 2008



Standard Statements

Year Ended 30 June 2008

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Standard Income Statement

For the year ended 30 June 2008

	Note	Budget 2007-2008 \$'000	Actuals 2007-2008 \$'000	\$'000	Variance %
Revenue					
Rates		66,186	66,634	448	0.68
Grants – Operational (Special Purpose)	2	12,301	14,632	2,331	18.95
Grants – Financial assistance (untied)	2	7,917	8,420	503	6.35
Fees, fines and hire of facilities	3	16,199	17,235	1,036	6.40
Interest and other Income	4	2,984	3,733	749	24.89
Contributions		-	5	5	-
Total Revenues		105,587	110,659	5,072	4.78
Expenses					
Employee costs		44,014	42,763	1,251	2.84
Grants and sponsorships		3,916	4,925	(1,009)	(25.77)
Contract payments, materials and services	6	23,612	25,165	(1,553)	(6.58)
Professional services	7	3,085	3,825	(740)	(23.97)
Administration costs		8,835	9,202	(367)	(4.16)
Borrowing costs		1,548	1,290	258	16.67
Depreciation		16,500	19,763	(3,263)	(19.78)
Other Expenses		952	926	26	2.76
Total Expenses		102,462	107,859	(5,397)	(5.27)
OPERATING RESULT		3,125	2,800	(325)	(11.10)
Non-operating income & expenditure					
Capital Grants	9	1,634	1,408	(226)	(13.83)
Capital Contributions	10	530	754	249	49.31
Assets acquired from sub division activity	11	-	3,211	3,211	100
Proceeds from sale of assets	5	9,194	9,140	(54)	(0.59)
Carrying amount of assets sold	8	(8,894)	(7,690)	1,204	13.54
Write-off of assets	12	-	(425)	(425)	100
SURPLUS FOR THE YEAR		5,589	9,198	3,609	64.57

Standard Balance Sheet

As at 30 June 2008

	Note	Budget 2007-2008 \$'000	Actuals 2007-2008 \$'000	\$'000	Variance %
CURRENT ASSETS					
Cash		1,889	18,911	17,022	901.1
Investments		4,563	2,956	(1,607)	(35.2)
Receivables	13	6,486	9,421	2,935	45.3
Inventory – property	14	2,300	1,198	(1,102)	(47.9)
Total Current Assets		15,238	32,486	17,248	113.2
NON-CURRENT ASSETS					
Fixed Assets	15	969,597	1,071,633	102,036	10.5
Inventory – Property	14	3,966	7,305	3,339	84.2
TOTAL NON-CURRENT ASSETS		973,563	1,078,938	105,375	10.8
TOTAL ASSETS		988,801	1,111,424	122,623	12.4
CURRENT LIABILITIES					
Creditors	16	8,365	9,974	(1,609)	(19.2)
Borrowings		4,749	4,373	377	7.9
Employee benefits	17	7,883	9,070	(1,187)	(15.1)
Trust monies	18	1,954	3,157	(1,203)	(61.5)
TOTAL CURRENT LIABILITIES		22,951	26,574	(3,623)	(15.8)
NON CURRENT LIABILITIES					
Borrowings		14,316	12,332	1,984	13.9
Employee benefits	17	503	350	153	30.4
Unearned income		3,000		3,000	100.0
TOTAL NON-CURRENT LIABILITIES		17,819	12,682	5,137	28.8
TOTAL LIABILITIES		40,770	39,256	1,514	3.7
NET ASSETS		948,031	1,072,168	124,137	13.1
EQUITY					
Accumulated Surplus		432,812	459,278	26,466	6.1
Assets Revaluation Reserve		515,219	612,890	97,671	18.9
TOTAL EQUITY		948,031	1,072,168	124,137	13.1

Standard Cash Flow Statement

For the year ended 30 June 2008

	Note	Budget 2007-2008 \$'000	Actuals 2007-2008 \$'000	\$'000	Variance %
Cash Flows from operating activities					
Cash Inflows					
Rates receipts		65,544	66,131	587	0.90
Grants		21,852	24,460	2,608	11.93
Interest Received		606	1,557	951	156.93
Fees, charges, fines and contributions		19,463	23,261	3,798	19.51
Total cash inflows		107,465	115,409	7,944	7.39
Cash Outflows					
Employee costs		44,014	42,384	1,630	3.70
Payments to Suppliers		35,964	41,765	(5,801)	(16.13)
Grants & Sponsorships		3,916	4,859	(943)	(24.08)
Total cash outflows		83,894	89,008	(5,114)	(6.10)
Net Cash inflows from operating activities		23,571	26,401	2,830	12.01
Cash flows from investing activities					
Cash Inflows					
Proceeds from Sale of Assets		9,194	9,140	(54)	(0.59)
Total cash inflows		9,194	9,140	(54)	(0.59)
Cash Outflows					
Payments for non-current assets					
City improvement projects		27,278	16,092	11,186	41.01
Fleet & other capital		3,387	2,541	846	24.98
Total cash outflows		30,665	18,633	12,032	39.24
Net cash outflows from investing activities		(21,471)	(9,493)	11,978	(55.79)
Cash flows from financing activities					
Cash Inflows					
Proceeds from borrowings		2,500	-	(2,500)	(100.0)
Net proceeds from trust monies and deposits		-	1,174	1,174	100.0
Total cash inflows		2,500	1,174	(1,326)	(53.04)
Cash Outflows					
Interest Paid		1,548	1,538	10	0.65
Repayment of loans, deposits and trust monies		5,765	4,221	1,544	26.78
Total cash outflows		7,313	5,759	1,554	21.25
Net Cash inflow/(outflow) from financing activities		(4,813)	(4,585)	228	(4.74)
Cash Increase/(Decrease)		(2,713)	12,323	15,036	
Cash and cash equivalents at Beginning		4,603	9,544	4,941	107.34
Cash and cash equivalents at End		1,890	21,867	19,977	

Reconciliation of Operating Result and Net Cash Flows from Operating Activities

For the year ended 30 June 2008

Note	Budget 2007-2008 \$'000	Actuals 2007-2008 \$'000	\$'000	Variance %
Net Surplus from operations	5,589	9,198	3,609	64.58
Depreciation	16,500	19,763	3,263	19.78
Finance costs	1548	1538	(10)	(0.65)
Other non cash revenue and expenses	-	(2,786)	(2,786)	(100.0)
(Profit) Loss on Sale of property, plant and equipment	(55)	(1,450)	(1,395)	-
Net movement in current assets and liabilities	(11)	138	149	-
Net Cash inflow from operating activities	23,571	26,401	2,840	12.90

Standard Statement of Capital Works

For the year ending 30 June 2008

	Note	Budget 2007-2008 \$'000	Actuals 2007-2008 \$'000	\$'000	Variance %
Roads, Bridges and Street Furniture		4,693	3,306	1,387	29.55
Land & Buildings	20	15,247	5,806	9,441	61.92
Drains		774	434	340	43.93
Land Improvement & Playgrounds		4,572	3,109	1,463	32.00
Information Services & Minor Plant		1,389	1,627	(238)	(17.13)
Fleet Plant & Equipment		3,387	2,487	900	26.57
Footpaths		603	1,099	(496)	(82.26)
Total Capital Works		30,665	17,868	12,797	41.73
Represented by:					
Maintenance/Operational	21	2,296	-	2,296	-
Expansion		12,726	7,327	5,399	42.42
Renewal		6,048	7,132	(1,084)	(17.92)
Upgrade		9,595	3,409	6,186	64.47
Total Capital Works		30,665	17,868	12,797	41.73

Property, Plant & Equipment movement Reconciliation worksheet

	Note	Budget 2007-2008 \$'000	Actuals 2007-2008 \$'000	\$'000	Variance %
Total Capital works		30,665	17,868	12,797	41.73
Depreciation		(16,500)	(19,763)	3263	(19.78)
Assets written off		-	(425)	425	-
Disposals at carrying amount		(8,894)	(1,861)	(7,033)	79.08
Gifted assets		-	3,211	(3,211)	-
Movement in asset revaluation		-	90,995	(90,995)	-
Transfer to current assets		-	(1,022)	1,022	-
Net movement in property, plant and equipment		5,271	89,003	(83,732)	-

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 12 June 2007. 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 operating grant funding received at 30 June 2008 was \$23.1M (\$2.0M or 9.6 per cent above budget).

The additional grant funding resulted from:

- Better than planned receipt of Financial Assistance grant funding from the Grants Commission of \$503K.
- Unbudgeted grants received for Parks Services associated with the drought response initiative totaling \$99K.
- Additional grant funding over budget of \$888K for Children, Youth and Family Services and \$589K received for enhanced services in Aged and Disability.
- A number of other unbudgeted grants received across council totaling \$500K for various services.

3. Fees charges and fines

The income from this category is 6.4 per cent better than budget. This is largely due to:

- The better result from the Market following the deferment of the upgrade hence trading continued as normal.
- The budget had factored a downturn in income during the reconstruction period.

4. Interest Income

Council's healthy bank balances resulted in better than planned interest earned in the year.

5. Proceeds from sale of assets

The Council achieved budget on asset sales with better than budget results being achieved from the sale of HL Williams, negated by the deferment of sale of two Buckley Street properties. Council achieved close to budget on the sale of Metro 3175 properties.

6. Contract payments, materials and services

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

7. Professional Services

Exceeds budget by \$0.7M. These costs were mainly associated with surveys and studies relating to Council's assets. As with major maintenance, the costs were budgeted in the City Improvement Program (CIP) under Capital, which shows a corresponding offset.

8. Carrying amount of assets sold

This variance is due to the sale of the two Buckley Street properties being deferred to 2008-2009, and also the sale of plant and fleet being slightly under budget.

9. Capital Grants

This better than budget result mainly represents the delayed receipt of grant funding for the Dandenong Basketball Stadium which was budgeted to be received in the previous year.

10. Capital Contributions

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

11. Assets acquired from sub division activity

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

12. Write off of assets

These write off's represent minor plant, car parks, buildings, bike paths/footpaths, street furniture and roads.

13. Receivables

Mainly represents debtors relating to parking infringements, and sundry debtors. The variance is due to budget underestimation of these debtors.

14. Inventory – property

The current portion represents property assets earmarked for sale in 2008-2009. The non-current portion essentially represents land at Metro 3175.

15. Fixed Assets

In addition to capital additions and gifted assets, the variance is mainly from the revaluation in January 2008 of Land and Buildings, resulting in asset revaluation gains of \$90 million. This revaluation gain was not known at the time of preparing the budget.

16. Creditors

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

17. Employee benefits

Budget has assumed all leave entitlements will be taken by staff during the year, hence the variance.

18. Trust Monies

Represents monies from developer contributions and VicUrban share of Metro 3175 sales. The latter was remitted to VicUrban in July.

19. Land & Buildings

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

20. Maintenance & Operational

The budget for the City Improvement Program included \$1.5M of major maintenance expenditure which was determined as not being capital. This expenditure has been transferred to recurrent expenditure at year end (Refer notes 5 and 6.)

Certification of the Standard Statements

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

Jay Peries CPA


Principal Accounting Officer

Dated: 22 September 2008

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 22 September 2008 to certify the standard statements in their final form on behalf of the Council.


Cr. John Kelly
Mayor

Dated: 22 September 2008

Cr. Sue Walton
Councillor

Dated: 22 September 2008


John Bennie
Chief Executive Officer

Dated: 22 September 2008

Independent Audit Report





Customer Service

Springvale
397-405 Springvale Road

Dandenong
39 Clow Street

Noble Park
18-32 Buckley Street

Keysborough
Shop A7
Parkmore Shopping Centre

Business Development Centre
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Dandenong



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廣東話 9679 9863

普通话 9679 9870

دري 9679 9865

Nuää 9679 9866

Српски 9679 9867

Việt ngữ 9679 9868

TTY 9239 5153

All other languages 9679 9869

Italiano Español Türkçe

Shqip Malti МАКЕΔΟΝСКИ

Hrvatski СРПСКИ Tetum

Soomaali فارسی Русский