

# ANNUAL FINANCIAL REPORT



# ANNUAL FINANCIAL REPORT

For the year ended 30 June 2017

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# ANNUAL FINANCIAL REPORT

For the year ended 30 June 2017

## Comprehensive Income Statement

For the year ended 30 June 2017

	Note	Consolidated 2017 \$'000	Consolidated 2016 \$'000
<b>Income</b>			
Rates and charges	3	127,661	121,216
Statutory fees and fines	4	7,892	5,932
User fees	5	9,230	8,394
Grants – operating	6	37,381	25,293
Grants – capital	6	8,989	5,049
Contributions – monetary	7	3,518	3,833
Contributions – non-monetary	7	16,308	38,261
Net gain on disposal of property, infrastructure, plant and equipment	8	181	–
Fair value adjustments for investment property	22	–	358
Other income	9	14,281	12,931
<b>Total income</b>		<b>225,441</b>	<b>221,267</b>
<b>Expenses</b>			
Employee costs	10	(71,752)	(72,850)
Materials and services	11	(60,674)	(58,114)
Bad and doubtful debts	12	(911)	(690)
Depreciation, amortisation and impairment	13	(27,964)	(27,521)
Borrowing costs	14	(3,699)	(4,034)
Net loss on disposal of property, infrastructure, plant and equipment	8	–	(193)
Fair value adjustments for investment property	22	(125)	–
Other expenses	15	(8,587)	(9,447)
<b>Total expenses</b>		<b>(173,712)</b>	<b>(172,849)</b>
<b>Surplus for the year</b>		<b>51,729</b>	<b>48,418</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to surplus or deficit in future periods</b>			
Net asset revaluation increment	28(a)	215,164	192,430
<b>Total comprehensive result</b>		<b>266,893</b>	<b>240,848</b>

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

## Balance Sheet

As at 30 June 2017

	Note	Consolidated 2017 \$'000	Consolidated 2016 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	16	126,044	88,664
Trade and other receivables	18	19,778	16,640
Non-current assets classified as held for sale	19	–	11,490
Other assets	20	2,629	2,348
<b>Total current assets</b>		<b>148,451</b>	<b>119,142</b>
<b>Non-current assets</b>			
Trade and other receivables	18	334	331
Other financial assets	17	230	230
Property, infrastructure, plant and equipment	21	2,155,846	1,911,915
Investment property	22	10,305	10,320
<b>Total non-current assets</b>		<b>2,166,715</b>	<b>1,922,796</b>
<b>Total assets</b>		<b>2,315,166</b>	<b>2,041,938</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	23	18,276	16,304
Trust funds and deposits	24	34,268	29,595
Provisions	25	16,432	16,463
Interest-bearing loans and borrowings	26	3,086	3,120
Other interest-bearing liabilities	27	1,255	1,184
<b>Total current liabilities</b>		<b>73,317</b>	<b>66,666</b>
<b>Non-current liabilities</b>			
Trust funds and deposits	24	1,180	1,017
Provisions	25	649	675
Interest-bearing loans and borrowings	26	51,826	54,912
Other interest-bearing liabilities	27	–	1,255
<b>Total non-current liabilities</b>		<b>53,655</b>	<b>57,859</b>
<b>Total liabilities</b>		<b>126,972</b>	<b>124,525</b>
<b>Net assets</b>		<b>2,188,194</b>	<b>1,917,413</b>
<b>Equity</b>			
Accumulated surplus		823,671	781,066
Reserves	28	1,364,523	1,136,347
<b>Total equity</b>		<b>2,188,194</b>	<b>1,917,413</b>

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

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For the year ended 30 June 2017

## Statement of Changes in Equity

For the year ended 30 June 2017

		Consolidated			
2017	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
Balance at beginning of the financial year		1,917,413	781,066	1,103,891	32,456
Adjustment directly to equity	39	3,935	3,935	–	–
<b>Adjusted balance at beginning of the financial year</b>		<b>1,921,348</b>	<b>785,001</b>	<b>1,103,891</b>	<b>32,456</b>
Surplus for the year		51,729	51,729	–	–
Net asset revaluation increment	28(a)	215,164	–	215,164	–
Revaluation reversal – disposed assets	28(a)	–	10,971	(10,971)	–
Impairment loss recognised in revaluation reserve	28(a)	(47)	–	(47)	–
Transfers to other reserves	28(b)	–	(34,502)	–	34,502
Transfers from other reserves	28(b)	–	10,472	–	(10,472)
<b>Balance at end of the financial year</b>		<b>2,188,194</b>	<b>823,671</b>	<b>1,308,037</b>	<b>56,486</b>

		Consolidated			
2016		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
Balance at beginning of the financial year		1,668,707	730,080	911,395	27,232
Adjustment directly to equity	39	7,827	7,827	–	–
<b>Adjusted balance at beginning of the financial year</b>		<b>1,676,534</b>	<b>737,907</b>	<b>911,395</b>	<b>27,232</b>
Surplus for the year		48,418	48,418	–	–
Net asset revaluation increment	28(a)	192,430	–	192,430	–
Revaluation reversal – disposed assets	28(a)	–	(35)	35	–
Impairment loss reversal	28(a)	31	–	31	–
Transfers to other reserves	28(b)	–	(13,028)	–	13,028
Transfers from other reserves	28(b)	–	7,804	–	(7,804)
<b>Balance at end of the financial year</b>		<b>1,917,413</b>	<b>781,066</b>	<b>1,103,891</b>	<b>32,456</b>

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

## Statement of Cash Flows

For the year ended 30 June 2017

	Note	Consolidated 2017 Inflows/ (Outflows) \$'000	Consolidated 2016 Inflows/ (Outflows) \$'000
<b>Cash flows from operating activities</b>			
Rates and charges		127,008	120,241
Statutory fees and fines		4,849	4,880
User fees		11,208	9,222
Grants – operating		37,981	27,052
Grants – capital		7,320	4,824
Contributions – monetary		3,518	3,907
Interest received		2,641	2,794
Trust funds and deposits taken		38,598	37,428
Other receipts		12,856	10,834
Net GST refund		7,210	8,370
Employee costs		(71,569)	(71,595)
Materials and services		(64,262)	(66,428)
Trust funds and deposits repaid		(33,627)	(29,820)
Other payments		(9,299)	(10,379)
<b>Net cash provided by operating activities</b>	29	74,432	51,330
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment		(43,029)	(34,567)
Proceeds from sale of property held for resale		918	1,327
Proceeds from sale of property, infrastructure, plant and equipment		13,089	1,016
<b>Net cash used in investing activities</b>		(29,022)	(32,224)
<b>Cash flows from financing activities</b>			
Finance costs		(3,726)	(4,066)
Repayment of borrowings (includes refinancing)		(3,120)	(4,386)
Repayment of other interest-bearing liabilities		(1,184)	(1,117)
<b>Net cash used in financing activities</b>		(8,030)	(9,569)
Net increase in cash and cash equivalents		37,380	9,537
Cash and cash equivalents at the beginning of the financial year		88,664	79,127
<b>Cash and cash equivalents at the end of the financial year</b>	16	<b>126,044</b>	<b>88,664</b>
Financing arrangements	30		
Restrictions on cash assets	16		

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

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## Statement of Capital Works

For the year ended 30 June 2017

	Consolidated 2017 \$'000	Consolidated 2016 \$'000
<b>Property</b>		
Land	530	–
<b>Total land</b>	530	–
Buildings	23,617	12,934
<b>Total buildings</b>	23,617	12,934
<b>Total property</b>	24,147	12,934
<b>Plant and equipment</b>		
Plant, machinery and equipment	2,533	2,766
Fixtures, fittings and furniture	270	6
Computers and telecommunications	115	299
Library books	1,091	1,054
<b>Total plant and equipment</b>	4,009	4,125
<b>Infrastructure</b>		
Roads	7,310	10,130
Bridges	370	165
Footpaths and cycleways	1,985	1,368
Drainage	1,676	1,189
Recreational, leisure and community facilities	1,229	1,049
Parks, open space and streetscapes	2,808	4,838
Off street car parks	1,223	637
<b>Total infrastructure</b>	16,601	19,376
<b>Total capital works expenditure</b>	<b>44,757</b>	<b>36,435</b>
<b>Represented by:</b>		
New asset expenditure	15,395	8,506
Asset renewal expenditure	19,098	20,093
Asset upgrade expenditure	10,237	7,690
Asset expansion expenditure	27	146
<b>Total capital works expenditure</b>	<b>44,757</b>	<b>36,435</b>

The above Statement of Capital Works should be read in conjunction with the accompanying notes.



## Notes to the Financial Report

### Introduction

The City of Greater Dandenong was established in December 1994 with the amalgamation of the former City of Springvale and former City of Dandenong, and is a body corporate. The Council's main office is located at 225 Lonsdale Street, Dandenong, 3175.

### Statement of compliance

These financial statements are a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works and notes accompanying these financial statements. The general purpose financial report complies with Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1989*, and the *Local Government (Planning and Reporting) Regulations 2014*.

### Note 1 Significant accounting policies

#### (a) Basis of accounting

The accrual basis of accounting has been used in the preparation of these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated judgements are based on professional judgement derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AAS's that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings and infrastructure (refer to note 1 (k)).
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to note 1 (l)).
- the determination of employee provisions (refer to note 1 (r)).

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.

#### (b) Change in accounting policies

There has been no change in accounting policies from the previous period.

#### (c) Principles of consolidation

The consolidated financial statements of Council incorporates all entities controlled by Council as at 30 June 2017, and their income and expenses for that part of the reporting period in which control existed.

Subsidiaries are all entities over which Council has control. Council controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Council. They are deconsolidated from the date that control ceases.

Where dissimilar accounting policies are adopted by entities and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

In the process of preparing consolidated financial statements all material transactions and balances between consolidated entities are eliminated.

Entities consolidated into Council include:

- Dandenong Market Pty Ltd

Refer note 40 for a reconciliation between Council, Dandenong Market Pty Ltd and consolidated for the 2016–17 financial year.

#### (d) Committees of management

All entities controlled by Council that have material revenues, expenses, assets or liabilities, such as committees of management, have been included in this financial report. Any transactions between these entities and Council have been eliminated in full.

At balance date there were no committees of management that was controlled by the Council.

#### (e) Revenue recognition

Income is recognised when the Council obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the Council and the amount of the contribution can be measured reliably.

#### Rates and charges

Annual rates and charges are recognised as revenues when Council issues annual rates notices. Supplementary rates are recognised when a valuation and reassessment is completed and a supplementary rates notice issued.

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For the year ended 30 June 2017

## Note 1 Significant accounting policies (continued)

### (e) Revenue recognition (continued)

#### *Statutory fees and fines*

Statutory fees and fines (including parking fees and fines) are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

#### *User fees*

User fees are recognised as revenue when the service has been provided or the payment is received, whichever first occurs.

#### *Grants*

Grant income is recognised when Council obtains control of the contribution. This is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and are valued at their fair value at the date of transfer.

Where grants are recognised as revenues during the financial year, were obtained on the condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant is disclosed in note 6. The note also discloses the amount of unused grants from prior years that were expended on Council's operations during the current year.

#### *Contributions*

Monetary and non-monetary contributions are recognised as revenue when Council obtains control over the contributed asset.

#### *Sale of property, infrastructure, plant and equipment*

The profit or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer.

#### *Interest*

Interest is recognised as it is earned.

#### *Other income*

Other income is measured at the fair value of the consideration received or receivable and is recognised when Council gains control over the right to receive the income.

### (f) Fair value measurement

Council measures certain assets and liabilities at fair value where required or permitted by Australian Accounting Standards. AASB 13 'Fair value measurement', aims to improve consistency and reduce complexity by providing a definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards.

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within a fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, Council has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, Council determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### (g) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of 90 days or less, net of outstanding bank overdrafts.

### (h) Trade and other receivables

Short term receivables are carried at invoice amount as amortised cost using the effective interest rate method would not impact the carrying value. A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred. Long term receivables are carried at amortised cost using the effective interest rate method.

### (i) Other financial assets

Other financial assets are valued at fair value, being market value, at balance date. Term deposits are measured at amortised cost. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense. Details in relation to other financial assets are included in note 17.

## Note 1 Significant accounting policies (continued)

### (j) Non-current assets classified as held for sale

Non-current assets classified as held for sale (including disposal groups) are measured at the lower of the carrying amount and fair value less costs to sell, and are not subject to depreciation. Non-current assets, disposal groups and related liabilities and assets are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale (or disposal group sale) is expected to be completed within 12 months from the date of classification.

### (k) Recognition and measurement of property, infrastructure, plant and equipment

#### *Acquisition*

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. 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 includes all materials used in construction, direct labour, borrowing costs incurred during construction and an appropriate share of directly attributable variable and fixed overheads.

In accordance with Council's policy, the threshold limits detailed in note 1(l) have been applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

#### *Revaluation*

Subsequent to the initial recognition of assets, non-current physical assets, other than land under roads, leasehold improvements, recreational, leisure and community facilities, parks, open space and streetscapes and plant and equipment are measured at their fair value, being the amount for which the assets could be exchanged between knowledgeable willing parties in an arm's length transaction. Subsequent to the initial recognition of assets, non-current physical assets (other than the asset classes detailed directly above) are measured at their fair value, being the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. At balance date, Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset class materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date, the class of asset was revalued.

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use on an asset result in changes to the permissible or practical highest and best use of the asset.

Further details regarding the fair value hierarchy are disclosed at note 21 'Property, infrastructure, plant and equipment'.

In addition, Council undertakes a formal revaluation of land, buildings and infrastructure assets on a regular basis ranging from two to five years. The valuation is performed either by experienced council officers or independent experts.

Where the assets are revalued, the revaluation increments are credited directly to the asset revaluation reserve except to the extent that an increment reverses a prior year decrement for that class of asset that had been recognised as an expense, in which case the increment is recognised as revenue up to the amount of the expense. Revaluation decrements are recognised as an expense except where prior increments are included in the asset revaluation reserve for that class of asset in which case the decrement is taken to the reserve to the extent of the remaining increments. Within the same class of assets, revaluation increments and decrements within the year are offset.

#### *Land*

Since the last formal revaluation of land at 1 January 2016, the property market of the various suburbs in the municipality have increased by an average of 22%. An indexed revaluation of land at fair value was performed at 30 June 2017 resulting in an increase of \$211.44 million.

#### *Land under roads*

In accordance with options available under Australian Accounting Standards, Council has opted to recognise all land under roads acquired after 30 June 2008 using the cost basis. Council does not recognise land under roads that it controlled prior to that period in its financial report.

### (l) Depreciation and amortisation of property, infrastructure, plant and equipment

All asset classes except land, land under roads and art works, having limited useful lives are systematically depreciated over their useful lives to the Council in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives are made on a regular basis with major asset classes reassessed annually. Depreciation rates and methods are reviewed annually.

Where assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and residual values and a separate depreciation rate is determined for each component.

Road earthworks are depreciated on the basis that they are assessed as having a limited useful life.

Straight line depreciation is charged based on the residual useful life as determined each year.

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## Note 1 Significant accounting policies (continued)

### (l) Depreciation and amortisation of property, infrastructure, plant and equipment (continued)

The following changes were made to useful lives effective 1 July 2016:

#### Plant, machinery and equipment

- buses, quads and trailers: 5 years (2015–16) to 10 years (2016–17)
- heavy plant: 5 years (2015–16) to 7 years (2016–17)

The financial impact of this change in accounting policy for the 2016–17 financial year was a decrease in depreciation expense and an increase in the written down value of assets caused by a decrease in accumulated depreciation at 30 June 2017 of \$308,700.

#### Parks, open space and streetscapes

- surface drainage, unformed open drains: 20 years (2015–16) to 10 years (2016–17)
- surface drainage, formed open drains: 20 years (2015–16) to 50 years (2016–17)
- water quality devices – wetlands, rain gardens and bioretention swales: 10–20 years (2015–16) to 10 years (2016–17).

The financial impact of this change in accounting policy for the 2016–17 financial year was a decrease in depreciation expense and an increase in the written down value of assets (caused by a decrease in accumulated depreciation) at 30 June 2017 of \$5,000.

## Note 1 Significant accounting policies (continued)

### (I) Depreciation and amortisation of property, infrastructure, plant and equipment (continued)

Depreciation periods used are listed below and are consistent with the prior year unless marked with an \*. Further details of these useful life changes can be found on the previous page.

	Depreciation period (years)	Threshold limit \$'000
<i>Property</i>		
<i>Land</i>		
Land	N/A	–
Land under roads	N/A	–
<i>Buildings</i>		
Buildings	50–100	5
Leasehold improvements	Lease term	–
<i>Plant and equipment</i>		
Plant and equipment	*5–10	2
Fixtures, fittings and furniture	6–20	2
Computers and telecommunications	3–5	2
Library books	5	–
<i>Infrastructure</i>		
<i>Roads</i>		
Seal	12–20	20
Substructure	100	20
Kerb and channel	15–80	5
Existing local area traffic management (LATM) devices	5–30	5
New local area traffic management (LATM) devices	5–30	–
On-street car parks	20–100	5
Bridges	20–100	5
Footpaths and cycleways	10–50	–
<i>Drainage</i>		
New pipes and pits	100	–
Existing pipes and pits	100	5
Gross pollutant traps	50	5
<i>Recreational, leisure and community facilities</i>		
Recreational equipment and facilities, electronic screens, scoreboards and playgrounds.	10–20	2
Sportsgrounds, grass (turf), courts, hardstand, other ground surfaces	10–20	2
Outdoor pools	50	2
Minor structures (sporting, shade structures and retaining walls), irrigation, sportsfield drainage, controllers, sensors, water tanks/pumps	10–20	2
<i>Parks, open space and streetscapes</i>		
Open space furniture, fencing, bollards, gates	10–20	2
Flood prevention – retarding/detention basins	*20	2
Surface drainage – unformed open drains, water quality devices – wetlands, rain gardens and bioretention swales	*10	2
Surface drainage – formed open drains	*50	2
Public art	50	2
Signs, parking meters, ticket machines and equipment	10–20	2
Lighting, passive grass/surface, horticultural plantings and gardens, natural bush and vegetation	10–20	2
Off street car parks	20–100	5



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For the year ended 30 June 2017

## Note 1 Significant accounting policies (continued)

### (m) Repairs and maintenance

Routine maintenance, repair costs and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold, the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

### (n) Investment property

Investment property, comprising retail complexes, are held to generate long-term rental yields. Investment property is measured initially at cost, including transaction costs. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefit in excess of the originally assessed performance of the asset will flow to the Council. Subsequent to initial recognition at cost, investment property is carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the Comprehensive Income Statement in the period that they arise. Investment property are not subject to depreciation. Rental income from the leasing of investment properties is recognised in the comprehensive income statement on a straight line basis over the lease term.

### (o) 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 of disposal and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Comprehensive Income Statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

### (p) Trust funds and deposits

Amounts received as deposits and retention amounts controlled by Council are recognised as trust funds until they are returned, transferred in accordance with the purpose of the receipt, or forfeited (refer to note 24). Amounts received from developers relating to the Development Contribution Plans (DCP) are held as deposits and are a surety for the construction of DCP infrastructure. Upon completion of the infrastructure, Council will refund the developer the deposit. Due to the uncertainty of when the developer may submit a claim for refund, the monies held are treated as a current liability.

### (q) Borrowings

Borrowings are initially measured at fair value, being the cost of the interest bearing liabilities, net of transaction costs. The measurement basis subsequent to initial recognition depends on whether the Council has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through the profit and loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in the net result over the period of the borrowing using the effective interest method.

The classification depends on the nature and purpose of the interest-bearing liabilities. The Council determines the classification of its interest bearing liabilities at initial recognition.

#### *Borrowing costs*

Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council. Except where specific borrowings are obtained for the purpose of specific asset acquisition, the weighted average interest rate applicable to borrowings at balance date, excluding borrowings associated with superannuation, is used to determine the borrowing costs to be capitalised.

Borrowing costs include interest on bank overdrafts, interest on borrowings, and finance lease charges.

### (r) Employee costs and benefits

The calculation of employee costs and benefits includes all relevant on-costs and are calculated as follows at reporting date.

#### *Wages, salaries and annual leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and measured at their nominal values.

Liabilities that are not expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities, measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

#### *Long service leave*

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Current liability – unconditional LSL is disclosed as a current liability even when the Council does not expect to settle the liability within 12 months because it will not have the unconditional right to defer settlement of the entitlement should an employee take leave within 12 months.

## Note 1 Significant accounting policies (continued)

### (r) Employee costs and benefits (continued)

The components of this current liability are measured at:

- present value – component that is not expected to be wholly settled within 12 months.
- nominal value – component that is expected to be wholly settled within 12 months.

#### *Classification of employee costs*

Non-current liability - conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non-current liability. There is an unconditional right to defer settlement of the entitlement until the employee has completed the requisite years of service.

This non-current LSL liability is measured at present value.

### (s) Leases

#### *Operating leases*

Lease payments for operating leases are required by the accounting standard to be recognised on a straight line basis, rather than expensed in the years in which they are incurred.

#### *Leasehold improvements*

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter. At balance date, leasehold improvements are amortised over a 5 to 21 year period.

### (t) 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 Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

### (u) Financial guarantees

Financial guarantee contracts are not recognised as a liability in the Balance Sheet unless the lender has exercised their right to call on the guarantee or Council has other reasons to believe that it is probable that right will be exercised. Details of guarantees that Council has provided, that are not recognised in the balance sheet are disclosed in note 34 'Contingent liabilities and contingent assets'.

### (v) Contingent assets, contingent liabilities and commitments

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively (refer note 34).

Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value by way of note and presented inclusive of the GST payable.

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For the year ended 30 June 2017

## Note 1 Significant accounting policies (continued)

### (w) Pending Accounting Standards

The following new Australian Accounting Standards have been issued or amended and are not mandatory for the 30 June 2017 reporting period. Council has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

<b>Pronouncement</b>	<b>AASB 15 Revenue from Contracts with Customers</b>
<b>Background</b>	The standard shifts the focus from the transaction-level to a contract-based approach. Recognition is determined based on what the customer expects to be entitled to (rights and obligations), while measuring encompasses estimation by the entity of the amount expected to be entitled for performing under the contract.
<b>Impact/action</b>	The full impact of this standard is not known however it is most likely to impact where contracts extend over time, where there are rights and obligations that may vary the timing or amount of the consideration, or where there are multiple performance elements. This has the potential to impact on the recognition of certain grant income.
<b>Effective date</b>	Periods beginning on or after 1 January 2019.

<b>Pronouncement</b>	<b>AASB 16 Leases</b>
<b>Background</b>	This standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The classification of leases as either finance leases or operating leases is eliminated for lessees. Leases will be recognised in the Balance Sheet by capturing the present value of the minimum lease payments and showing a 'right-of-use' asset, while future lease payments will be recognised as a financial liability. The nature of the expense recognised in the profit or loss will change. Rather than being shown as rent, or as leasing costs, it will be recognised as depreciation on the right-of-use asset, and an interest charge on the lease liability. The interest charge will be calculated using the effective interest method, which will result in a gradual reduction of interest expense over the lease term.
<b>Impact/action</b>	Council has a significant number of operating leases that will be impacted as a result of this change. The impact on the disclosure of assets and liabilities will be assessed based on eventual implication of the standard.
<b>Effective date</b>	Periods beginning on or after 1 January 2019.

<b>Pronouncement</b>	<b>AASB 1058 Income for Not-for-Profit Entities</b>
<b>Background</b>	This Standard establishes principles for not-for-profit entities that apply to: (a) transactions where the consideration to acquire an asset is significantly less than the fair value principally to enable a not-for-profit entity to further its objectives; and (b) the receipt of volunteer services.  Objective of this standard is, upon initial recognition of the asset, the entity should consider whether any other financial statement elements (called 'related amounts') should be recognised, such as: contributions by owners, revenue, or a contract liability arising from a contract with a customer, a lease liability, a financial instrument or a provision. These related amounts are accounted for in accordance with the applicable Australian Accounting Standard.
<b>Impact/action</b>	Impacts on the level and nature of the disclosures will be assessed based on the eventual implications arising from the application of this standard.
<b>Effective date</b>	Periods beginning on or after 1 January 2019.

### (x) Rounding

Unless otherwise stated, amounts in the financial report have been rounded to the nearest thousand dollars. Figures in the financial statements may not equate due to rounding.



## Note 2 Budget comparison

The budget comparison notes compare Council's financial plan, expressed through its annual budget, with actual performance. *The Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Council has adopted a materiality threshold of greater than 10 per cent and greater than \$1 million or where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 27 June 2016. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for income and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

These notes are prepared to meet the requirements of the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

### a) Income and expenditure

	<b>Consolidated Actual 2017 \$'000</b>	<b>Council Actual 2017 \$'000 <i>(note 40)</i></b>	<b>Council Budget 2017 \$'000</b>	<b>Council Variance 2017 \$'000 <i>Fav (Unfav)</i></b>	<b>Ref</b>
<b>Income</b>					
Rates and charges	127,661	127,752	125,886	1,866	
Statutory fees and fines	7,892	7,892	6,389	1,503	(a)
User fees	9,230	9,230	10,127	(897)	
Grants – operating	37,381	37,381	30,351	7,030	(b)
Grants – capital	8,989	8,989	6,824	2,165	(c)
Contributions – monetary	3,518	3,518	1,600	1,918	(d)
Contributions – non-monetary	16,308	16,308	20,000	(3,692)	(e)
Net gain on disposal of property, infrastructure, plant and equipment	181	181	7,391	(7,210)	(f)
Other income	14,281	9,976	8,543	1,433	(g)
<b>Total income</b>	<b>225,441</b>	<b>221,227</b>	<b>217,111</b>	<b>4,116</b>	
<b>Expenses</b>					
Employee costs	(71,752)	(70,918)	(74,194)	3,276	(h)
Materials and services	(60,674)	(57,680)	(53,348)	(4,332)	(i)
Bad and doubtful debts	(911)	(905)	(788)	(117)	
Depreciation, amortisation and impairment	(27,964)	(27,951)	(32,087)	4,136	(j)
Borrowing costs	(3,699)	(3,699)	(3,699)	–	
Fair value adjustments for investment property	(125)	(125)	–	(125)	
Other expenses	(8,587)	(8,450)	(8,515)	65	
<b>Total expenses</b>	<b>(173,712)</b>	<b>(169,728)</b>	<b>(172,631)</b>	<b>2,903</b>	
<b>Surplus for the year</b>	<b>51,729</b>	<b>51,499</b>	<b>44,480</b>	<b>7,019</b>	

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For the year ended 30 June 2017

## Note 2 Budget comparison (continued)

### a) Income and expenditure (continued)

#### Explanation of material variations

Ref	Item	Explanation
(a)	Statutory fees and fines	<p>Statutory fees and fines are \$1.50 million higher than the Original Budget due mainly to:</p> <ul style="list-style-type: none"> <li>– higher than anticipated parking fine income and Infringement Court recoveries (\$829,000).</li> <li>– greater Planning application income due to the change in statutory fee rates by the State Government in 2016–17.</li> <li>– a reclassification of election fine income which was included in other income in the Original Budget.</li> </ul>
(b)	Grants – operating	<p>Operating grant income was \$7.03 million higher than the Original Budget due mainly to the distribution of \$5.42 million (50%) of the 2017–18 Financial Assistance Grants funding via the Victoria Grants Commission in June 2017. In addition, operating grant income was \$1.57 million higher than anticipated in the Original Budget in relation to Home and Community Care, Community Aged Care Packages, Maternal and Child Health and Library Services. Council was also successful in obtaining a grant of \$170,000 for the Community Revitalisation project (not included in the Original Budget).</p>
(c)	Grants – capital	<p>Capital grant income was \$2.17 million higher than the Original Budget due to \$1.99 million in Federal Government Black Spot grant funding and \$750,000 of State Government grant funding for the new Springvale Library which were not known at the time of adopting the 2016–17 Original Budget. This favourable variance is partly offset by a \$390,000 unfavourable variance in capital funding for Tatterson Park Pavilion project because these funds had been distributed early in the 2015–16 financial year.</p>
(d)	Contributions – monetary	<p>Due to a greater level of economic activity than anticipated, Council received higher than budgeted open space contributions from developers of \$1.86 million during 2016–17. These contributions are restricted in their use and are transferred to reserves at the end of the financial year which are set aside for open space projects. The timing of receipt and amount of open space contributions are difficult to predict.</p>
(e)	Contributions – non-monetary	<p>These contributions represent assets that are transferred to Council's ownership from developers upon completion of subdivisions. A lower number of subdivisions were completed and finalised during 2016–17 than expected in the Original Budget. The timing of these asset transfers is outside of Council's control and difficult to predict. This item is a non-cash accounting entry.</p>
(f)	Other income	<p>Other income is \$1.43 million higher than the 2016–17 Original Budget due to:</p> <ul style="list-style-type: none"> <li>– higher than anticipated interest income \$925,000.</li> <li>– unbudgeted sale of allocated places in the Community Aged Care Packages program \$426,000.</li> <li>– unbudgeted recoveries relating to the Level Crossing Removal Authority (LXRA) project \$204,000, WorkCover credit \$127,000 and General Revaluation \$18,000.</li> </ul> <p>These favourable variances are partly offset by an unfavourable variance of \$450,000 due to the reclassification of interest on rates from other income (2016–17 Original Budget) to rates income (2016–17 Actuals).</p>
(g)	Net gain on disposal of property, infrastructure, plant and equipment	<p>The disposal of property, infrastructure, plant and equipment was \$7.21 million lower than expected in the Original Budget mainly due to the written down value on the sale of View Road, Springvale (former depot). The 2016–17 revaluation adjustment to fair value of this property occurred after the Original Budget was adopted.</p>

## Note 2 Budget comparison (continued)

### a) Income and expenditure (continued)

#### Explanation of material variations (continued)

Ref	Item	Explanation
(h)	Employee costs	Employee costs were favourable to the 2016–17 Original Budget due mainly to lower than anticipated salaries, overtime and associated oncosts as a result of vacant positions, a delay in recruitment and a number of grant funded programs that have been carried over to the 2017–18 financial year. This favourable variance was partly offset by higher temporary agency staff costs and an increase in WorkCover premium.
(i)	Materials and services	An unfavourable variance to the 2016–17 Original Budget of \$4.33 million was experienced in materials and services mainly due to prior year capital expenditure that was not able to be capitalised to the asset register because it was not capital in nature, it did not meet the capitalisation threshold or it related to non-Council owned assets (\$5.87 million).
(j)	Depreciation, amortisation and impairment	Depreciation expense was lower than the Original Budget due mainly to finalisation of the 2015–16 year end fixed asset balances which occurred after the adoption of the Original Budget. The depreciation expense budget was reduced to \$28.34 million during the 2016–17 Mid Year Budget process.

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## b) Capital works

	Consolidated Actual 2017 \$'000	Council Actual 2017 \$'000	Council Budget 2017 \$'000	Council Variance 2017 \$'000 <i>Fav (Unfav)</i>	Ref
<b>Property</b>					
Land	530	530	–	(530)	
<b>Total land</b>	<b>530</b>	<b>530</b>	<b>–</b>	<b>(530)</b>	
Buildings	23,617	23,617	27,017	3,400	(k)
<b>Total buildings</b>	<b>23,617</b>	<b>23,617</b>	<b>27,017</b>	<b>3,400</b>	
<b>Total property</b>	<b>24,147</b>	<b>24,147</b>	<b>27,017</b>	<b>2,870</b>	
<b>Plant and equipment</b>					
Plant, machinery and equipment	2,533	2,533	2,650	117	
Fixtures, fittings and furniture	270	231	42	(189)	
Computers and telecommunications	115	115	163	48	
Library books	1,091	1,091	1,161	70	
<b>Total plant and equipment</b>	<b>4,009</b>	<b>3,970</b>	<b>4,016</b>	<b>46</b>	
<b>Infrastructure</b>					
Roads	7,310	7,310	6,820	(490)	
Bridges	370	370	300	(70)	
Footpaths and cycleways	1,985	1,985	1,805	(180)	
Drainage	1,676	1,676	1,438	(238)	
Recreational, leisure and community facilities	1,229	1,229	1,439	210	
Parks, open space and streetscapes	2,808	2,808	3,918	1,110	(l)
Off street car parks	1,223	1,223	1,050	(173)	
<b>Total infrastructure</b>	<b>16,601</b>	<b>16,601</b>	<b>16,770</b>	<b>169</b>	
<b>Total capital works expenditure</b>	<b>44,757</b>	<b>44,718</b>	<b>47,803</b>	<b>3,085</b>	
<b>Represented by:</b>					
New asset expenditure	15,395	15,356	14,184	(1,172)	(m)
Asset renewal expenditure	19,098	19,098	19,466	368	
Asset upgrade expenditure	10,237	10,237	14,153	3,916	(n)
Asset expansion expenditure	27	27	–	(27)	
<b>Total capital works expenditure</b>	<b>44,757</b>	<b>44,718</b>	<b>47,803</b>	<b>3,085</b>	

**Note 2 Budget comparison (continued)**

**b) Capital works (continued)**

**Explanation of material variations**

<b>Ref</b>	<b>Item</b>	<b>Explanation</b>
(k)	Buildings	Capital expenditure on buildings was lower than the 2016–17 Original Budget by \$3.40 million due to delays in a number of projects including Alex Nelson Reserve Pavilion, Robert Booth Reserve Pavilion, Springvale Community Precinct (multi-year project) and Yarraman Kindergarten (change in scope and delivery schedule). This favourable variance is partly offset by the Dandenong Civic Centre Level 4 and 5 fitout project carried over from 2015–16 (not included in the 2016–17 Original Budget).
(l)	Parks, open space and streetscapes	The \$1.11 million favourable variance is due to delays in a number of projects including Dandenong Park Master Plan implementation, Sarah Lands Open Space development, Activity Centres Streetscapes and Open Space Master Plan implementation caused by the Council Election caretaker period, developer negotiations or level crossing removal works in Noble Park. This favourable variance is partly offset by the Pultney Triangle Construction and Parking Management Equipment projects carried over from the 2015–16 financial year (not included in the 2016–17 Original Budget).
(m)	New asset expenditure	Capital new expenditure was \$1.17 million higher than the Original Budget due to: <ul style="list-style-type: none"> <li>– five new projects approved in the 2016–17 Mid Year Budget totalling \$2.49 million which were not known at the time of the Original Budget (four Federal Government Black Spot projects and purchase of 144 Thomas Street, Dandenong).</li> <li>– two projects carried over from the previous financial year of \$1.49 million relating to the Dandenong Civic Centre fitout of levels 4 and 5 and Metro 3175 off street car park (not included in the Original Budget).</li> </ul> The above unfavourable variances are partly offset by \$2.54 million lower than anticipated expenditure on the new Springvale Library component of the Springvale Community Precinct project. These funds will be carried over to 2017–18.
(n)	Asset upgrade expenditure	Upgrade expenditure was \$3.92 million favourable to the 2016-17 Original Budget due to delays in a number of projects including the Alex Nelson Reserve Pavilion, Robert Booth Reserve Pavilion, Dandenong Park Master Plan implementation, Yarraman Kindergarten, Drainage Upgrade/Expansion program and Activity Centres Streetscapes. The delays were caused by the Council Election caretaker period, changes in scope/delivery schedules or level crossing removal works in Noble Park. These projects will be carried forward to the 2017–18 financial year. <p>Additionally, expenditure relating to the Baden Powell Drive project included in the capital expenditure budget was transferred to operating expenditure because it did not relate to Council-owned assets.</p> <p>These favourable variances are partly offset by higher than anticipated upgrade expenditure for the Springvale Community Precinct project (more than offset by a favourable variance in ‘new’ expenditure, which resulted in an overall favourable variance at year end for this project).</p>

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## Note 3 Rates and charges

Council uses the Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is the value of the land and all improvements on it, and is determined by independent valuers and certified by the Valuer General Victoria. The valuation base used to calculate general rates for 2016-17 was \$38.08 billion (\$31.17 billion in 2015-16).

	Consolidated 2017 \$'000	Consolidated 2016 \$'000
Residential	50,778	47,937
Commercial	11,927	11,626
Industrial	44,209	41,995
Farm	347	472
Cultural and recreational	432	411
Waste management charge - residential	15,818	14,734
Supplementary rates and rates adjustment	2,286	2,336
Maintenance levy	1,264	1,143
Interest on rates and charges*	600	562
<b>Total rates and charges</b>	<b>127,661</b>	<b>121,216</b>

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2016 and the valuation first applied to the rating period commencing 1 July 2016.

\*In order to comply with the Local Government Model Financial Report (LGMFR) prior year comparatives have been amended to re-classify interest on rates from note 9 – Other income.

## Note 4 Statutory fees and fines

Infringements and costs	4,150	3,204
Court recoveries	1,191	825
Building and town planning fees	1,994	1,591
Land information certificates	115	107
Election fines	215	–
Permits	227	205
<b>Total statutory fees and fines</b>	<b>7,892</b>	<b>5,932</b>

## Note 5 User fees

Aged and health services	1,176	1,027
Child care/children's programs	824	822
Parking	4,129	3,542
Registration and other permits	1,312	1,196
Asset protection fees	290	465
Sub-division fees	654	746
Other fees and charges	845	596
<b>Total user fees</b>	<b>9,230</b>	<b>8,394</b>

Note	Consolidated 2017 \$'000	Consolidated 2016 \$'000
<b>Note 6 Grants</b>		
Grants were received in respect of the following:		
<b>Summary of grants</b>		
Commonwealth funded grants	33,856	13,752
State funded grants	12,514	16,590
<b>Total grants</b>	<b>46,370</b>	<b>30,342</b>
<b>Operating grants</b>		
<i>Recurrent – Commonwealth Government</i>		
Financial Assistance Grants (via Victoria Grants Commission)*	15,893	5,321
Family day care	3,352	3,337
General home care**	9,361	2,084
<i>Recurrent – State Government</i>		
Aged care**	2,548	8,888
Maternal and child health	2,178	1,875
Family and children services	1,440	1,260
Libraries	1,020	901
Community development	300	119
School crossing supervisors	228	222
Other	188	192
Right @ Home	183	223
Community wellbeing	114	110
Community education	57	57
Emergency management	20	73
<b>Total recurrent operating grants</b>	<b>36,882</b>	<b>24,662</b>
<i>Non-recurrent – Commonwealth Government</i>		
Community development	5	–
Other	–	13
<i>Non-recurrent – State Government</i>		
Community wellbeing	126	119
Environmental planning	116	–
Family and children	113	314
Libraries	91	90
Community development	20	5
Economic development	15	–
Sports and recreation	5	8
Other	5	77
Waste management	3	5
<b>Total non-recurrent operating grants</b>	<b>499</b>	<b>631</b>
<b>Total operating grants</b>	<b>37,381</b>	<b>25,293</b>

\*The comparatives for 2015–16 Financial Assistance Grants received via the Victorian Grants Commission reflects only 50% of the funding for 2015–16 (other 50% was received in early June 2015). For 2016–17 the full funding for 2016–17 and 50% or \$5.42 million of Financial Assistance Grants funding for 2017–18 was distributed early to Council in June 2017.

\*\*Due to recent aged care reforms, there has been a shift in the funding arrangements with the Australian Government now being responsible for funding basic community care for people aged 65 years and over. This has resulted in a higher amount of general home care funding from the Commonwealth Government (and a lower amount from the State Government) than compared to the prior year.

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Note	Consolidated 2017 \$'000	Consolidated 2016 \$'000
<b>Note 6 Grants (continued)</b>		
<b>Capital grants</b>		
<i>Recurrent – Commonwealth Government</i>		
Roads to recovery	2,224	1,926
<i>Recurrent – State Government</i>		
Other	35	80
Cultural facilities	–	46
<b>Total recurrent capital grants</b>	<b>2,259</b>	<b>2,052</b>
<i>Non-recurrent – Commonwealth Government</i>		
Sports and recreation – Tatterson Park	2,871	–
Community safety	150	–
Community Energy Efficiency Program	–	423
Other	–	648
<i>Non-recurrent – State Government</i>		
Roads	2,729	764
Libraries – Springvale Community Hub	750	–
Sports and recreation	230	804
Education and early childhood development	–	192
Community safety	–	166
<b>Total non-recurrent capital grants</b>	<b>6,730</b>	<b>2,997</b>
<b>Total capital grants</b>	<b>8,989</b>	<b>5,049</b>
<b>Unspent grants received on condition that they be spent in a specific manner</b>		
Balance at start of the year	2,671	8,311
Received during the financial year and remained unspent at balance date	8,500	2,223
Received in prior years and spent during the financial year	(2,224)	(7,863)
Balance at end of the year*	8,947	2,671
*The large increase in unspent grants at balance date relates to the early distribution of \$5.42 million (50%) of Financial Assistance Grants funding for 2017–18 via the Victoria Grants Commission which was received in June 2017.		
<b>Note 7 Contributions</b>		
Monetary	3,518	3,833
Non-monetary	16,308	38,261
<b>Total contributions</b>	<b>19,826</b>	<b>42,094</b>
<i>Contributions of non-monetary assets were received in relation to the following asset classes:</i>		
Land	8,022	24,330
Buildings	–	235
Infrastructure	8,286	13,696
<b>Total contributions – non-monetary</b>	<b>16,308</b>	<b>38,261</b>



Note	Consolidated 2017 \$'000	Consolidated 2016 \$'000
<b>Note 8 Net gain (loss) on disposal of property, infrastructure, plant and equipment</b>		
<i>Net gain on sale of inventory property*</i>		
Proceeds of sale (Council share of 25.47%)	918	–
Less carrying amount of assets sold	(490)	–
	428	–
<i>Net gain on sale of property, infrastructure, plant and equipment</i>		
Proceeds of sale	12,993	1,016
Less carrying amount of assets sold	(12,410)	(361)
	583	655
<i>Net loss on write off / replacement of property, infrastructure, plant and equipment</i>		
Property	(527)	(219)
Infrastructure	(292)	(617)
Plant and equipment	(11)	(12)
	(830)	(848)
<b>Net gain (loss) on disposal of property, infrastructure, plant and equipment</b>	<b>181</b>	<b>(193)</b>
*Council had an agreement with Development Victoria (formerly Places Victoria) for a residential development of the former Dandenong sale yards. Development Victoria was responsible for the development of the land under this agreement, and was entitled to 74.53% of the proceeds of this developed land with Council's share being 25.47%. The final lot of this development was sold in 2016–17.		
<b>Note 9 Other income</b>		
Interest on investments	2,487	2,280
Interest – other	197	–
Dandenong Market rental	5,610	5,381
Property rental	1,396	1,385
Other rent	860	1,048
Recoveries	2,455	2,087
Other	1,276	750
<b>Total other income</b>	<b>14,281</b>	<b>12,931</b>

In order to comply with the Local Government Model Financial Report (LGMFR) prior year comparatives have been amended to reclassify interest on rates to note 3 – Rates and charges. Also prior year comparatives have been reclassified between property rental, other rent and recoveries.

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For the year ended 30 June 2017

Note	Consolidated 2017 \$'000	Consolidated 2016 \$'000
<b>Note 10 a) Employee costs</b>		
Wages and salaries	56,282	56,375
WorkCover	1,379	1,664
Casual staff	1,275	1,409
Superannuation	5,341	5,356
Long service leave oncost	1,595	1,764
Fringe benefits tax	627	655
Other	5,253	5,627
<b>Total employee costs</b>	<b>71,752</b>	<b>72,850</b>
<b>b) Superannuation</b>		
Council made contributions to the following funds:		
<b>Defined benefit plan</b>		
Employer contribution to Local Authorities Superannuation Fund (Vision Super)	485	474
	485	474
Employer contributions payable at reporting date.	–	–
<b>Accumulation funds</b>		
Employer contribution to Local Authorities Superannuation Fund (Vision Super)	3,345	3,382
Employer contribution – other funds	1,511	1,465
	4,856	4,847
Employer contributions payable at reporting date (Dandenong Market Pty Ltd)	1	2
Refer note 33 for further information relating to Council's superannuation obligation.		
<b>Note 11 Materials and services</b>		
Contract payments	33,363	32,089
Building maintenance	1,170	1,119
General maintenance	4,340	4,687
Works in progress (unable to be capitalised)	5,871	3,468
Utilities	3,449	3,788
Office administration	6,132	6,139
Information technology	2,276	2,134
Insurance	790	887
Consultants and professional services	3,283	3,803
<b>Total materials and services</b>	<b>60,674</b>	<b>58,114</b>
<b>Note 12 Bad and doubtful debts</b>		
Parking fine debtors	612	516
Other debtors	299	174
<b>Total bad and doubtful debts</b>	<b>911</b>	<b>690</b>

	Note	Consolidated 2017 \$'000	Consolidated 2016 \$'000
<b>Note 13 Depreciation, amortisation and impairment</b>			
<b>Depreciation</b>			
Property		4,985	5,090
Plant and equipment		4,155	4,286
Infrastructure		18,586	18,145
<b>Total depreciation and amortisation</b>		<b>27,726</b>	<b>27,521</b>
<i>Refer to note 21 for a more detailed breakdown of depreciation and amortisation charges.</i>			
<b>Impairment</b>			
Infrastructure		238	–
<b>Total impairment of assets</b>		<b>238</b>	<b>–</b>
<b>Total depreciation, amortisation and impairment</b>		<b>27,964</b>	<b>27,521</b>
<b>Note 14 Borrowing costs</b>			
Interest – borrowings		3,554	3,822
Interest – other		145	212
<b>Total borrowing costs</b>		<b>3,699</b>	<b>4,034</b>
<b>Note 15 Other expenses</b>			
Auditors' remuneration – VAGO – audit of the financial statements, performance statement and grant acquittals		83	87
Auditors' remuneration – internal		167	115
Audit – other		1	1
Councillors' allowances		428	412
Council election		689	–
Operating lease / rentals		893	888
Other expenses		919	1,365
Community grants and contributions		5,407	6,579
<b>Total other expenses</b>		<b>8,587</b>	<b>9,447</b>

# ANNUAL FINANCIAL REPORT

For the year ended 30 June 2017

	Note	Consolidated 2017 \$'000	Consolidated 2016 \$'000
<b>Note 16 Cash and cash equivalents</b>			
Cash on hand		3,507	5,047
Cash at bank		11,704	7,430
Term deposits		110,833	76,187
<b>Total cash and cash equivalents</b>		<b>126,044</b>	<b>88,664</b>
Council's cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:			
– Trust funds and deposits	24	35,448	30,612
Total restricted funds		35,448	30,612
Total unrestricted cash and cash equivalents		90,596	58,052
<b>Intended allocations*</b>			
Although not externally restricted the following amounts have been allocated for specific future purposes by Council:			
Employee provisions	25	17,081	17,138
Statutory and other reserves	28(b)	56,486	32,456
Cash held to fund carried forward operational projects		7,330	1,713
Cash held to fund carried forward capital works		10,848	7,728
Total funds subject to intended allocations		91,745	59,035
*Users of the financial report should refer to note 28(b) for details of funds held in reserve and note 31 for details of existing Council commitments.			
<b>Note 17 Other financial assets</b>			
<b>Non-current</b>			
Financial assets held for sale			
Unlisted shares – Regional Kitchen Pty Ltd – at cost		230	230
Total non-current other financial assets		230	230
<b>Total other financial assets</b>		<b>230</b>	<b>230</b>

	Note	Consolidated 2017 \$'000	Consolidated 2016 \$'000
<b>Note 18 Trade and other receivables</b>			
<b>Current</b>			
<i>Statutory receivables</i>			
Rates debtors	1(e)	7,079	6,439
Infringement debtors		5,981	4,904
Provision for doubtful debts – infringements		(1,613)	(1,448)
Other statutory debtors		3,301	3,437
Provision for doubtful debts – other statutory debtors		(100)	(89)
Net GST receivable		1,587	1,442
<i>Non statutory receivables</i>			
Other debtors*		3,598	2,074
Provision for doubtful debts – other debtors		(55)	(119)
<b>Total current trade and other receivables</b>		<b>19,778</b>	<b>16,640</b>
<b>Non-current</b>			
<i>Non statutory receivables</i>			
Narre Warren landfill – financial contribution		261	258
Other debtors – refundable deposit		73	73
<b>Total non-current trade and other receivables</b>		<b>334</b>	<b>331</b>
<b>Total trade and other receivables</b>		<b>20,112</b>	<b>16,971</b>

\*Comparative figures for 2015–16 have been adjusted to comply with the LGMFR classification of Statutory, non-statutory classification and other assets.

#### a) Ageing of receivables

At balance date other debtors representing financial assets with balances outstanding beyond Council's terms of trade were past due but not impaired. The ageing of the Council's trade and other receivables (current and non-current) excluding statutory receivables and provisions for doubtful debts were:

Current (not yet due)	2,591	861
Past due by up to 30 days	306	223
Past due between 31 and 180 days	261	267
Past due between 181 and 365 days	102	334
Past due by more than 1 year	672	720
<b>Total trade and other receivables</b>	<b>3,932</b>	<b>2,405</b>

Note: The above ageing of debtors only reflect the balance of other debtors.

#### b) Movement in provisions for doubtful debts

Balance at the beginning of the year	1,656	1,687
New provisions recognised during the year	911	690
Amounts already provided for and written off as uncollectible	(754)	(712)
Amounts provided for but recovered during the year	(45)	(9)
Balance at end of year	1,768	1,656

# ANNUAL FINANCIAL REPORT

For the year ended 30 June 2017

	Consolidated 2017 \$'000	Consolidated 2016 \$'000
<b>Note</b>		
<b>Note 19 Non-current assets classified as held for sale</b>		
Non-current assets classified as held for sale – current	–	11,490
Non-current assets classified as held for sale – non-current	–	–
<b>Total non-current assets classified as held for sale</b>	–	11,490
<p>Non-current assets classified as held for sale in the prior year (2015–16) comprised \$11 million for the sale of land at View Road, Springvale (former Springvale Depot) and \$490,000 for sale of the final lot of Metro 3175 which both settled in 2016–17.</p>		
<b>Note 20 Other assets</b>		
Prepayments	922	851
Accrued income	1,707	1,497
<b>Total other assets</b>	2,629	2,348

Note 21 Property, infrastructure, plant and equipment

**SUMMARY OF PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT**  
(net carrying amount)

	At fair value/cost 30 June 2016	Acquisitions	Contributions	Revaluation & impairment to ARR	Depreciation, amortisation & impairment to Inc. Stmt	Disposals	Transfers*	At fair value/cost 30 June 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	979,925	830	8,023	211,439	-	(1,361)	-	1,198,856
Buildings	228,778	3,205	-	(47)	(4,985)	(288)	6,076	232,739
Plant and equipment	13,128	3,783	-	-	(4,155)	(246)	137	12,647
Infrastructure	669,541	7,342	8,285	3,725	(18,824)	(346)	10,071	679,794
Work in progress (WIP)	24,478	29,597	-	-	-	(5,871)	(16,394)	31,810
	<b>1,915,850</b>	<b>44,757</b>	<b>16,308</b>	<b>215,117</b>	<b>(27,964)</b>	<b>(8,112)</b>	<b>(110)</b>	<b>2,155,846</b>

\*Net transfers of \$110,000 represent WIP transfers to Investment Property assets (refer Note 22).

**SUMMARY OF WORK IN PROGRESS**

	Opening WIP 30 June 2016	Additions	Transfers*	Write Offs	Closing WIP 30 June 2017
	\$'000	\$'000	\$'000	\$'000	\$'000
Property	9,429	21,005	(6,109)	(1,912)	22,413
Plant and equipment	77	66	(75)	(2)	66
Infrastructure	14,972	8,526	(10,210)	(3,957)	9,331
<b>Total</b>	<b>24,478</b>	<b>29,597</b>	<b>(16,394)</b>	<b>(5,871)</b>	<b>31,810</b>

# ANNUAL FINANCIAL REPORT

For the year ended 30 June 2017

## Note 21 Property, infrastructure, plant and equipment (continued)

### PROPERTY

	Land – specialised \$'000	Land – non-specialised \$'000	Total land \$'000	Buildings – specialised \$'000	Leasehold improvements \$'000	Total buildings \$'000	Work in progress \$'000	TOTAL PROPERTY \$'000
<b>Opening balance at 1 July 2016</b>								
At cost	40,372	–	40,372	–	1,441	1,441	9,429	51,242
At fair value*	779,683	159,870	939,553	363,502	–	363,502	–	1,303,055
Accumulated depreciation*	–	–	–	(135,272)	(893)	(136,165)	–	(136,165)
	<b>820,055</b>	<b>159,870</b>	<b>979,925</b>	<b>228,230</b>	<b>548</b>	<b>228,778</b>	<b>9,429</b>	<b>1,218,132</b>
<b>Movements in fair value/cost</b>								
Acquisition of assets at cost	–	–	–	–	–	–	21,005	21,005
Acquisition of assets at fair value	300	530	830	3,609	–	3,609	–	4,439
Contributed assets at cost	2,232	–	2,232	–	–	–	–	2,232
Contributed assets at fair value	5,791	–	5,791	665	–	665	–	6,456
Revaluation increments (decrements)	178,353	33,086	211,439	–	–	–	–	211,439
Fair value/cost of assets disposed/expensed	(281)	(1,080)	(1,361)	(953)	–	(953)	(1,912)	(4,226)
Transfers in (out)	–	–	–	5,959	117	6,076	(6,109)	(33)
	<b>186,395</b>	<b>32,536</b>	<b>218,931</b>	<b>9,280</b>	<b>117</b>	<b>9,397</b>	<b>12,984</b>	<b>241,312</b>
<b>Movements in accumulated depreciation</b>								
Depreciation and amortisation	–	–	–	(4,873)	(112)	(4,985)	–	(4,985)
Accumulated depreciation of contributed assets	–	–	–	(665)	–	(665)	–	(665)
Accumulated depreciation of acquisitions	–	–	–	(404)	–	(404)	–	(404)
Accumulated depreciation of disposals	–	–	–	665	–	665	–	665
Impairment loss recognised in revaluation reserve	–	–	–	(47)	–	(47)	–	(47)
	<b>–</b>	<b>–</b>	<b>–</b>	<b>(5,324)</b>	<b>(112)</b>	<b>(5,436)</b>	<b>–</b>	<b>(5,436)</b>
<b>Closing balance at 30 June 2017</b>								
At cost	42,614	–	42,614	–	1,558	1,558	22,413	66,585
At fair value	963,836	192,406	1,156,242	372,782	–	372,782	–	1,529,024
Accumulated depreciation	–	–	–	(140,596)	(1,005)	(141,601)	–	(141,601)
	<b>1,006,450</b>	<b>192,406</b>	<b>1,198,856</b>	<b>232,186</b>	<b>553</b>	<b>232,739</b>	<b>22,413</b>	<b>1,454,008</b>

\*The opening at fair value and accumulated depreciation balances include equity adjustments relating to 2015–16 of \$18,000 (fair value) and \$nil (accumulated depreciation) and 2016–17 of \$11,250 (fair value) and \$nil (accumulated depreciation) – refer note 38 for further details.



Note 21 Property, infrastructure, plant and equipment (continued)

**PLANT AND EQUIPMENT**

	Plant, machinery and equipment \$'000	Fixtures, fittings and furniture \$'000	Computers and telecomm's \$'000	Library books \$'000	Work in progress \$'000	TOTAL PLANT AND EQUIPMENT \$'000
<b>Consolidated</b>						
<b>Opening balance at 1 July 2016</b>						
At cost	14,551	8,020	6,822	6,009	77	35,479
Accumulated depreciation	(8,397)	(5,741)	(5,204)	(2,932)	-	(22,274)
	<b>6,154</b>	<b>2,279</b>	<b>1,618</b>	<b>3,077</b>	<b>77</b>	<b>13,205</b>
<b>Movements in cost</b>						
Acquisition of assets at cost	2,429	121	142	1,091	66	3,849
Cost of assets disposed	(1,576)	(11)	(237)	(917)	(2)	(2,743)
Transfers in (out)	67	55	16	-	(75)	63
	<b>920</b>	<b>165</b>	<b>(79)</b>	<b>174</b>	<b>(11)</b>	<b>1,169</b>
<b>Movements in accumulated depreciation</b>						
Depreciation and amortisation	(1,876)	(670)	(592)	(1,017)	-	(4,155)
Accumulated depreciation of disposals	1,331	10	237	917	-	2,495
Transfers (in) out	-	(1)	-	-	-	(1)
	<b>(545)</b>	<b>(661)</b>	<b>(355)</b>	<b>(100)</b>	<b>-</b>	<b>(1,661)</b>
<b>Closing balance at 30 June 2017</b>						
At cost	15,471	8,185	6,743	6,183	66	36,648
Accumulated depreciation	(8,942)	(6,402)	(5,559)	(3,032)	-	(23,935)
	<b>6,529</b>	<b>1,783</b>	<b>1,184</b>	<b>3,151</b>	<b>66</b>	<b>12,713</b>

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For the year ended 30 June 2017

## Note 21 Property, infrastructure, plant and equipment (continued)

	INFRASTRUCTURE							Consolidated		
	Roads	Bridges	Footpaths and cycleways	Drainage	Recreational, leisure and community facilities	Parks, open space and streetscapes	Off street car parks	Work in progress	TOTAL INFRA-STRUCTURE	GRAND TOTAL PROPERTY, PLANT & EQUIP. INFRAST.
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening balance at 1 July 2016</b>										
At cost	-	-	-	-	33,207	44,439	-	14,972	92,618	179,339
At fair value*	455,619	54,721	74,512	391,524	-	-	14,998	-	991,374	2,294,429
Accumulated depreciation*	(185,201)	(14,856)	(17,666)	(133,563)	(15,156)	(28,167)	(4,870)	-	(399,479)	(557,918)
	<b>270,418</b>	<b>39,865</b>	<b>56,846</b>	<b>257,961</b>	<b>18,051</b>	<b>16,272</b>	<b>10,128</b>	<b>14,972</b>	<b>684,513</b>	<b>1,915,850</b>
<b>Movements in fair value/cost</b>										
Acquisition of assets at cost	-	-	-	-	375	357	-	8,526	9,258	34,112
Acquisition of assets at fair value	4,803	60	1,321	8	-	-	418	-	6,610	11,049
Contributed assets at cost	-	-	-	-	-	60	-	-	60	2,292
Contributed assets at fair value	2,684	2,429	409	2,703	-	-	-	-	8,225	14,681
Revaluation increments (decrements)	-	4,741	-	-	-	-	-	-	4,741	216,180
Fair value/cost of assets disposed/expensed	(85)	(50)	(72)	(158)	(129)	(574)	(32)	(3,957)	(5,057)	(12,026)
Transfers in (out)	1,199	1,692	697	605	1,777	4,076	24	(10,210)	(140)	(110)
	<b>8,601</b>	<b>8,872</b>	<b>2,355</b>	<b>3,158</b>	<b>2,023</b>	<b>3,919</b>	<b>410</b>	<b>(5,641)</b>	<b>23,697</b>	<b>266,178</b>
<b>Movements in accumulated depreciation</b>										
Depreciation and amortisation	(8,524)	(692)	(1,779)	(3,880)	(1,446)	(1,992)	(273)	-	(18,586)	(27,726)
Accumulated depreciation of contributed assets	-	-	-	-	-	-	-	-	-	(665)
Accumulated depreciation of acquisitions	-	-	-	-	-	-	-	-	-	(404)
Accumulated depreciation of disposals	49	46	14	59	95	481	10	-	754	3,914
Revaluation (increments) decrements	-	(1,016)	-	-	-	-	-	-	(1,016)	(1,016)
Impairment loss recognised in revaluation reserve	-	-	-	-	-	-	-	-	-	(47)
Impairment loss recognised in operating result	-	-	-	-	(238)	-	-	-	(238)	(238)
Transfers (in) out	1,541	-	-	-	6	(1,546)	-	-	1	-
	<b>(6,934)</b>	<b>(1,662)</b>	<b>(1,765)</b>	<b>(3,821)</b>	<b>(1,583)</b>	<b>(3,057)</b>	<b>(263)</b>	<b>-</b>	<b>(19,085)</b>	<b>(26,182)</b>
<b>Closing balance at 30 June 2017</b>										
At cost	-	-	-	-	35,230	48,358	-	9,331	92,919	196,152
At fair value	464,220	63,593	76,867	394,682	-	-	15,408	-	1,014,770	2,543,794
Accumulated depreciation	(192,135)	(16,518)	(19,431)	(137,384)	(16,739)	(31,224)	(5,133)	-	(418,564)	(584,100)
	<b>272,085</b>	<b>47,075</b>	<b>57,436</b>	<b>257,298</b>	<b>18,491</b>	<b>17,134</b>	<b>10,275</b>	<b>9,331</b>	<b>689,125</b>	<b>2,155,846</b>

\*The opening at fair value and accumulated depreciation balances include equity adjustments relating to 2015-16 of \$8.35 million (fair value) and \$541,000 (accumulated depreciation) and 2016-17 of \$3.92 million (fair value) and \$1,000 (accumulated depreciation) - refer note 38 for further details.

## Note 21 Property, infrastructure, plant and equipment (continued)

### Valuation of land and buildings

An indexed based revaluation of land was conducted at 30 June 2017 based on movements in the property market since the last formal revaluation of land and buildings on 1 January 2016. This index revaluation of land was based on increase of 22% for residential land, 15% for commercial and industrial land and 20% for rural land. The index revaluation resulted in a \$211.44 million increase in the land value which was recognised in the asset revaluation reserve. A full formal revaluation of land and building assets will be conducted in 2017–18. The buildings asset class has not moved materially in the 2016–17 year, therefore, it was not subject to an indexed revaluation at 30 June 2017.

The last formal valuation of land and buildings at 1 January 2016 was undertaken by qualified independent valuers, Proval (Vic) Pty Ltd. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the Comprehensive Income Statement.

Specialised land is valued at fair value using site values adjusted for englobo (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the Comprehensive Income Statement.

Any significant movements in the unobservable inputs for land will have a significant impact on the fair value of these assets.

Land under roads is valued at cost based on Council valuation for acquisitions after 30 June 2008. Deemed cost valuations have been undertaken using site values adjusted for englobo (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the Comprehensive Income Statement. The acquisitions for the year include new assets from subdivision activity.

Details of the written down value of Council's land and buildings and information about the fair value hierarchy as at 30 June 2017 are as follows:

	Level 1	Level 2	Level 3	Date of last valuation
Land*	–	192,406	963,836	Jun–17
Buildings	–	–	232,186	Jan–16
<b>Total written down value</b>	–	192,406	1,196,022	

\*Land at fair value excludes land under roads which are valued at cost.

### Valuation of infrastructure

Valuation of infrastructure assets at fair value (except Parks, open space and streetscapes and Recreational, leisure and community facilities which are valued at cost, and bridges which are independently valued) has been determined in accordance with a Council valuation. The fair value of infrastructure is valued using the depreciated replacement cost method. This cost represents the replacement cost of the asset after applying depreciation rates on a useful life basis.

The valuation of bridges at 31 March 2017 was undertaken by qualified independent valuers, Sterling Group and WT Partnership. The methodology used depreciated replacement costs to quantify fair value and remaining useful life was revised based on condition. The value of bridges increased by \$3.72 million (9%) as a result of the revaluation.

Details of the written down value of Council's infrastructure and information about the fair value hierarchy as at 30 June 2017 are as follows:

	Level 1	Non-specialised Level 2	Specialised Level 3	Date of last valuation
Roads	–	–	272,085	Jun–15
Bridges	–	–	47,075	Mar–17
Footpaths and cycleways	–	–	57,436	Jun–15
Drainage	–	–	257,298	Jun–15
Off street car parks	–	–	10,275	Jun–15
<b>Total written down value</b>	–	–	644,169	

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For the year ended 30 June 2017

## Note 21 Property, infrastructure, plant and equipment (continued)

### Description of significant unobservable inputs into level 3 valuations

**Specialised land** is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restrictions of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 10% and 90%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently, land values range between \$12 and \$3,100 per square metre.

**Specialised buildings** are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs are calculated on a square metre basis and range from \$300 to \$50,000 per square metre. The remaining useful lives of specialised buildings are determined on the basis of the current condition of buildings and vary from 2 years to 99 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

**Infrastructure assets** are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 1 year to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

### Reconciliation of specialised land at fair value\*

	2017 \$'000	2016 \$'000
Parks and reserves	656,954	533,360
Floodway	10,624	8,430
Public use	21,906	17,810
Industrial	32,132	27,457
Other	242,220	192,626
<b>Total specialised land</b>	<b>963,836</b>	<b>779,683</b>

\*Excludes land under roads which represents specialised land valued at cost.

	<b>Consolidated 2017 \$'000</b>	<b>Consolidated 2016 \$'000</b>
<b>Note 22 Investment property</b>		
Balance at beginning of financial year	10,320	9,874
Additions	110	88
Fair value adjustments	(125)	358
<b>Balance at end of financial year</b>	<b>10,305</b>	<b>10,320</b>
<i>Valuation of investment property</i>		
Valuation of investment property has been determined in accordance with an independent valuation by Proval (Vic) Pty Ltd who have recent experience in the location and category of the property being valued. The valuation is at fair value, based on the current market value for the property.		
<b>Note 23 Trade and other payables</b>		
Trade payables	13,915	12,231
Accrued expenses	4,361	4,073
<b>Total trade and other payables</b>	<b>18,276</b>	<b>16,304</b>
<b>Note 24 Trust funds and deposits</b>		
<b>Current</b>		
Fire services levy*	1,117	961
Road deposits*	303	544
Landscape deposits*	849	1,792
Open space contributions	3,266	3,401
Development contribution plans (DCP)*	27,360	22,191
Other refundable deposits*	1,373	706
<b>Total current trust funds and deposits</b>	<b>34,268</b>	<b>29,595</b>
<b>Non-current</b>		
Other refundable deposits*	1,180	1,017
<b>Total non-current trust funds and deposits</b>	<b>1,180</b>	<b>1,017</b>
<b>Total trust funds and deposits</b>	<b>35,448</b>	<b>30,612</b>

*\*Purpose and nature of items*

*Fire Services Property Levy* – Council is the collection agent for fire services levy on behalf of the State Government. Council remits amounts received on a quarterly basis. Amounts disclosed here will be remitted to the State Government in line with that process.

*Roads and landscape deposits* – are taken by Council as a form of surety during the maintenance period of a development or held due to outstanding works identified after the maintenance period which have not been addressed by the contracted builder or developer.

*Development contribution plans (DCP)* – amounts received from developers relating to the DCP are held as deposits and are a surety for the construction of DCP infrastructure. Upon completion of the infrastructure, Council will refund the developer the deposit. Due to the uncertainty of when the developer may submit a claim for refund, the monies held are treated as a current liability.

*Refundable deposits* – Deposits are taken by Council as a form of surety in a number of circumstances, including in relation to building works, tender deposits, contract deposits and the use of civic facilities.

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## Note 25 Provisions

	Annual leave \$'000	Long service leave \$'000	Other \$'000	Total \$'000
<b>2017</b>				
Balance at beginning of the financial year	5,966	10,725	447	17,138
Additional provisions	5,370	1,608	134	7,112
Amounts used	(5,475)	(1,402)	(155)	(7,032)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	–	(137)	–	(137)
Balance at the end of the financial year	5,861	10,794	426	17,081
<b>2016</b>				
Balance at beginning of the financial year	5,868	10,062	465	16,395
Additional provisions	5,270	1,769	134	7,173
Amounts used	(5,172)	(1,286)	(152)	(6,610)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	–	180	–	180
Balance at the end of the financial year	5,966	10,725	447	17,138

	Consolidated 2017 \$'000	Consolidated 2016 \$'000
<b>Employee provisions</b>		
<i>Current provisions expected to be wholly settled within 12 months</i>		
Annual leave	5,749	5,788
Long service leave	853	854
Other	426	448
	7,028	7,090
<i>Current provisions expected to be wholly settled after 12 months</i>		
Annual leave	112	177
Long service leave	9,292	9,196
	9,404	9,373
<b>Total current provisions</b>	16,432	16,463
<b>Non-current</b>		
Long service leave	649	675
<b>Total non-current provisions</b>	649	675
<i>Aggregate carrying amount of employee provisions:</i>		
Current	16,432	16,463
Non-current	649	675
<b>Total aggregate carrying amount of employee provisions</b>	17,081	17,138

	<b>Consolidated 2017 \$'000</b>	<b>Consolidated 2016 \$'000</b>
<b>Note 26 Interest-bearing loans and borrowings</b>		
<b>Current</b>		
Borrowings – secured	3,086	3,120
	<b>3,086</b>	<b>3,120</b>
<b>Non-current</b>		
Borrowings – secured	51,826	54,912
	<b>51,826</b>	<b>54,912</b>
<b>Total interest-bearing loans and borrowings</b>	<b>54,912</b>	<b>58,032</b>
Borrowings are secured over the general rates of Council as per section 141 of the Local Government Act 1989.		
a) The maturity profile for Council's borrowings is:		
Not later than one year	3,086	3,120
Later than one year and not later than five years	15,335	15,469
Later than five years	36,491	39,443
	<b>54,912</b>	<b>58,032</b>
<b>Note 27 Other interest-bearing liabilities</b>		
<b>Current</b>		
Land purchase – interest-bearing	1,255	1,184
	<b>1,255</b>	<b>1,184</b>
<b>Non-current</b>		
Land purchase – interest-bearing	–	1,255
	<b>–</b>	<b>1,255</b>
<b>Total other interest-bearing liabilities</b>	<b>1,255</b>	<b>2,439</b>

In 2014–15, Council entered into an agreement with VicTrack and Development Victoria (formerly Places Victoria) to purchase land parcels in the Dandenong Railway Precinct. The purchase price was established by the Valuer General Victoria, Council paid a 10% deposit in 2014–15 and the first instalment in June 2016 with the final instalment due in June 2018. The property is security in respect to the unpaid price.

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## Note 28 Reserves

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Reversal of previous valuations for assets disposed \$'000	Impairment loss (credited against previous increments)/ reversed \$'000	Balance at end of reporting period \$'000
<b>(a) Asset revaluation reserves</b>					
<b>2017</b>					
<b>Property</b>					
Land	682,456	211,439	(10,850)	–	883,045
Buildings	27,363	–	(121)	(47)	27,195
	709,819	211,439	(10,971)	(47)	910,240
<b>Infrastructure</b>					
Roads	188,977	–	–	–	188,977
Bridges	16,599	3,725	–	–	20,324
Footpaths and cycleways	15,101	–	–	–	15,101
Drainage	170,324	–	–	–	170,324
Off street car parks	3,071	–	–	–	3,071
	394,072	3,725	–	–	397,797
<b>Total asset revaluation reserves</b>	<b>1,103,891</b>	<b>215,164</b>	<b>(10,971)</b>	<b>(47)</b>	<b>1,308,037</b>
<b>2016</b>					
<b>Property</b>					
Land	507,839	174,617	–	–	682,456
Buildings	9,515	17,813	35	–	27,363
	517,354	192,430	35	–	709,819
<b>Infrastructure</b>					
Roads	188,977	–	–	–	188,977
Bridges	16,568	–	–	31	16,599
Footpaths and cycleways	15,101	–	–	–	15,101
Drainage	170,324	–	–	–	170,324
Off street car parks	3,071	–	–	–	3,071
	394,041	–	–	31	394,072
<b>Total asset revaluation reserves</b>	<b>911,395</b>	<b>192,430</b>	<b>35</b>	<b>31</b>	<b>1,103,891</b>

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy note 1(k).



Note 28 Reserves (continued)

	Balance at beginning of reporting period	Transfer to accumulated surplus	Transfer from accumulated surplus	Balance at end of reporting period
	\$'000	\$'000	\$'000	\$'000
<b>(b) Other reserves</b>				
<b>2017</b>				
Insurance reserve	423	–	202	625
Re-vegetation reserves	563	(192)	–	371
Open space – planning, development and improvements	9,754	(6,164)	3,052	6,642
Open space – acquisitions	–	–	6,000	6,000
Keysborough South maintenance levy	1,025	(1,111)	1,264	1,178
Major projects reserve	6,679	(2,185)	17,458	21,952
General reserve	–	–	1,780	1,780
Council funded development contributions reserve	8,964	(181)	2,946	11,729
Spring Valley landfill rehabilitation	761	(36)	286	1,011
Springvale Activity Precinct – parking and development	190	(603)	711	298
Local Government Funding Vehicle	4,097	–	803	4,900
<b>Total other reserves</b>	<b>32,456</b>	<b>(10,472)</b>	<b>34,052</b>	<b>56,486</b>
<b>2016</b>				
Insurance reserve	423	–	–	423
Re-vegetation reserves	576	(13)	–	563
Public open space reserve	7,296	(1,305)	3,763	9,754
Keysborough South maintenance levy	945	(1,063)	1,143	1,025
Major projects reserve	5,512	(1,281)	2,448	6,679
General reserve	–	–	–	–
Council funded development contribution reserve	11,306	(4,142)	1,800	8,964
Spring Valley landfill rehabilitation	761	–	–	761
Springvale Activity Precinct – parking and development	190	–	–	190
Local Government Funding Vehicle	223	–	3,874	4,097
<b>Total other reserves</b>	<b>27,232</b>	<b>(7,804)</b>	<b>13,028</b>	<b>32,456</b>

**Nature and purpose of other reserves:**

Insurance reserve

The insurance reserve has been created to meet large and unexpected policy excesses on multiple insurance claims.

Re-vegetation reserves

The purpose of this reserve fund is to meet native re-vegetation requirements on Council's reserves.

Public open space reserve

Funds set aside in this reserve will be utilised exclusively for allocation towards enhancing the City's open space. This reserve was split into two open space reserves in 2016–17: Open space – planning, development and improvements, and Open space – acquisitions.

Open space – planning, development and improvement

Funds set aside in this reserve will be utilised exclusively for allocation towards enhancing the City's open space via planning, development and improvements.

Open space – acquisitions

Funds set aside in this reserve will be utilised exclusively for open space land acquisitions.

Keysborough South maintenance levy

This reserve has been established to ensure full accountability of the levies received for the Keysborough and Somerfield Estates reflecting costs of maintaining an additional 15% open space beyond that of traditional estates.

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## Note 28 Reserves (continued)

### Major projects reserve

The major projects reserve will hold funds realised from the sale of Council's property assets and will be utilised for investing in other properties.

### General reserve

This reserve relates to financial impacts of future aged care sector reforms.

### Council funded development contributions reserve

The reserve for Council funded development contribution plans holds funds in respect of Council's contribution to the two major developments in Dandenong South (C87) and Keysborough (C36).

### Spring Valley landfill rehabilitation reserve

The purpose of this reserve is to rehabilitate the Spring Valley landfill site at Clarke Road, Springvale South.

### Springvale Activity Precinct parking and development reserve

The purpose of the reserve is to fund development in the Springvale Activity Centre.

### Local Government Funding Vehicle

The purpose of this reserve is to provide for the \$4.90 million principal repayment required on maturity of the interest-only Local Government Funding Vehicle (LGFV) in 2019–20 and to provide future borrowing capacity for major infrastructure projects.

	Note	Consolidated 2017 \$'000	Consolidated 2016 \$'000
<b>(c) Total reserves</b>			
Asset revaluation reserve	28(a)	1,308,037	1,103,891
Other reserves	28(b)	56,486	32,456
<b>Total reserves</b>		<b>1,364,523</b>	<b>1,136,347</b>

## Note 29 Reconciliation of cash flows from operating activities to surplus

<b>Surplus for the year</b>		51,729	48,418
Depreciation, amortisation and impairment		27,964	27,521
(Gain)/loss on disposal of property, infrastructure, plant and equipment		(181)	193
Fair value adjustments		125	(358)
Contributions of non-monetary assets		(16,308)	(38,261)
Works in progress unable to be capitalised (expensed)		5,871	3,468
Borrowing costs		3,699	4,034
<b>Change in assets and liabilities</b>			
Increase in trade and other receivables		(3,578)	(375)
Increase in trust funds and deposits		4,971	7,608
Increase in prepayments		(75)	(383)
Increase (decrease) in trade and other payables		32	(1,790)
Increase in employee provisions		183	1,255
<b>Net cash provided by operating activities</b>		<b>74,432</b>	<b>51,330</b>

## Note 30 Financing arrangements

Interest-bearing loans and borrowings – secured	26	54,912	58,032
Interest-bearing liabilities – other (land purchase)	27	1,255	2,439
Credit card facilities		200	200
Bank overdraft		2,500	2,500
<b>Total facilities</b>		<b>58,867</b>	<b>63,171</b>
Used facilities		56,172	60,474
<b>Unused facilities</b>		<b>2,695</b>	<b>2,697</b>

### Note 31 Commitments

	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
The Council has entered into the following commitments:					
<b>2017</b>					
<b>Works and services contracts*</b>					
Building maintenance services	3,675	195	–	–	3,870
Cleaning services	2,015	629	499	–	3,143
Consultancies	70	–	–	–	70
Garbage collection	5,438	6,161	17,131	–	28,730
Leisure centres management services	1,320	1,314	–	–	2,634
Meals for delivery	604	604	554	–	1,762
Open space management	1,124	110	–	–	1,234
Other contracts	4,872	511	1,200	1,400	7,983
Parking management	331	149	366	–	846
Recycling	2,119	2,401	6,674	–	11,194
Works (roads and drains) services	384	384	96	–	864
Dandenong Market Pty Ltd commitments	1,425	1,269	2,936	–	5,630
<b>Total</b>	<b>23,377</b>	<b>13,727</b>	<b>29,456</b>	<b>1,400</b>	<b>67,960</b>
<b>Capital</b>					
Buildings	9,759	54	39	45	9,897
Roads	736	–	–	–	736
Drainage	366	–	–	–	366
Parks, open space and streetscapes	1,099	–	–	–	1,099
<b>Total</b>	<b>11,960</b>	<b>54</b>	<b>39</b>	<b>45</b>	<b>12,098</b>

\*All contract commitments are disclosed excluding schedule of rate contracts which vary from year to year depending on the volume of services required.

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## Note 31 Commitments (continued)

	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
<b>2016**</b>					
<b>Works and services contracts*</b>					
Building maintenance services	3,880	3,322	–	–	7,202
Cleaning services	1,110	573	–	–	1,683
Consultancies	261	–	–	–	261
Garbage collection	4,743	4,909	15,783	1,408	26,843
Leisure centres management services	1,036	–	–	–	1,036
Meals for delivery	605	605	1,160	–	2,370
Open space management	2,850	1,873	105	–	4,828
Other contracts	1,750	400	1,200	1,800	5,150
Parking management	555	71	–	–	626
Recycling	1,845	1,909	6,138	548	10,440
Works (roads and drains) services	350	350	322	–	1,022
Dandenong Market Pty Ltd commitments	1,524	1,277	3,898	338	7,037
<b>Total</b>	<b>20,509</b>	<b>15,289</b>	<b>28,606</b>	<b>4,094</b>	<b>68,498</b>
<b>Capital</b>					
Buildings	10,784	984	36	–	11,804
Roads	840	–	–	–	840
Drainage	436	–	–	–	436
<b>Total</b>	<b>12,060</b>	<b>984</b>	<b>36</b>	<b>–</b>	<b>13,080</b>

\*All contract commitments are disclosed excluding schedule of rate contracts which vary from year to year depending on the volume of services required.

\*\*Comparative figures for 2015–16 has been adjusted to reflect the exclusion of schedule of rate contracts.

### Note 32 Operating leases

At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment, fleet and properties for use within Council's activities. These obligations are not recognised as liabilities.

#### (a) Operating lease commitments\*\*

	Consolidated 2017 \$'000	Consolidated 2016 \$'000
Not later than one year	1,101	785
Later than one year and not later than five years	2,484	2,154
Later than five years	14	14
	<b>3,599</b>	<b>2,953</b>

#### (b) Operating lease receivables\*\*

The Council has entered into commercial property leases on selected properties. These properties are held under operating leases and have remaining non-cancellable lease terms of between 1 and 50 years.

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

Not later than one year	1,583	1,562
Later than one year and not later than five years	3,541	3,997
Later than five years	484	704
	<b>5,608</b>	<b>6,263</b>

\*\*Comparative figures have been amended to reflect all operating lease commitments and receivables, that were previously not included as part of this note.

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## Note 33 Superannuation

The Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense in the Comprehensive Income Statement when they are made or due.

### Accumulation

The Fund's accumulation categories, Vision My Super/ Vision Super Saver, receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2017, this was 9.5% required under Superannuation Guarantee legislation (for 2015–16, this was 9.5%)).

### Defined Benefit

The Council does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan.

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of the Council in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

### Funding arrangements

The 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.

As at 30 June 2016, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 102.0%. To determine the VBI, the Fund Actuary used the following long-term assumptions:

Net investment returns	7.0% pa
Salary information	4.25% pa
Price inflation (CPI)	2.5% pa

Vision Super has advised that the estimated VBI at quarter ended 30 June 2017 was 103.1%.

The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 2016 interim actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

## Employer contributions

### Regular contributions

On the basis of the results of the 2016 interim actuarial investigation conducted by the Fund's Actuary, the Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2017, this rate was 9.5% of members' salaries (9.5% in 2015–16). This rate will increase in line with any increase to the contribution rate. In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

### Funding calls

If the Defined Benefit category is in an unsatisfactory financial position at actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the Defined Benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including the Council) are required to make an employer contribution to cover the shortfall.

Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up.

If there is a surplus in the Fund, the surplus cannot be returned to the participating employers.

In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

### Note 33 Superannuation (continued)

#### 2016 interim actuarial investigation surplus amounts

The Fund's interim actuarial investigation as at 30 June 2016 identified the following in the defined benefit category of which the Council is a contributing employer:

- A VBI surplus of \$40.3 million; and
- A total service liability surplus of \$156 million.

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2016.

The total service liability surplus means that the current value of the assets in the Fund's defined benefit category plus expected future contributions exceeds the value of expected future benefits and expenses.

The Council was notified of the 30 June 2016 VBI during August 2016.

#### 2017 Full triennial investigation

A full actuarial investigation being conducted for the funds position as at 30 June 2017. It is anticipated that this actuarial investigation will be completed in December 2017.

#### Future superannuation contributions

In addition to the disclosed contributions, Council has paid unfunded liability payments to Vision Super totalling Nil during 2016–17 year (Nil for 2015–16 year). There were contributions outstanding and Nil loans issued from or to the above schemes as at 30 June 2017.

The expected contributions to be paid to the defined benefit category of Vision Super for the year ending 30 June 2018 is estimated to be \$497,635.

### Note 34 Contingent liabilities and contingent assets

#### Contingent liabilities

##### *Defined benefit superannuation scheme*

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme, matters relating to this potential obligation are outlined in note 33. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists. At this point in time it is not known if additional contributions will be required, their timing or potential amount.

##### *Guarantees for loans to other entities*

The amount disclosed for financial guarantee in this note is the nominal amount of the underlying loan that is guaranteed by the Council, not the fair value of the financial guarantee.

The Council has agreed to guarantee a bank loan taken out by the Dandenong Basketball Association (DBA). The original loan (and maximum extent of possible Council exposure) was \$2 million. At balance date the amount outstanding balance is \$130,000 (\$205,000 as at 30 June 2016).

The Council is a guarantor on a bank loan taken out by the Noble Park Football Social Club Ltd. The original loan (and maximum extent of possible Council exposure) was \$650,000. At balance date the amount outstanding balance is \$36,774 (\$115,830 as at 30 June 2016).

The Council is also a guarantor on a bank loan taken out by the Keysborough Bowls Club Inc. The original loan (and maximum extent of possible Council exposure) was \$150,000. At balance date the amount outstanding balance is \$134,574 (\$144,772 as at 30 June 2016).

##### *Legal actions*

Council is presently involved in a number of confidential legal matters, which are being conducted through Council's solicitors. The estimated potential financial effect of these matters may be up to \$1.5 million (\$630,000 as at 30 June 2016).

##### *Development Contribution Plans (DCP)*

Council has three sites that are subject to formal development contribution plans, two are in Keysborough and one in Lyndhurst. All three sites are covered by a DCP.

A DCP provides the framework for the provision and funding of infrastructure to facilitate the set development area and the purpose of a DCP is to provide a "fair distribution of costs for works and services, including roads, traffic management and community facilities to all the proper servicing in the area".

New development in each of the areas is required to meet its share of the total cost of delivering the required infrastructure works – as measured by its projected share of usage – through development contributions collected under the DCP's. The balance of works not covered by development contributions has been agreed to be funded by Council. The total value of these works is estimated to be around \$13.4 million.

#### Contingent assets

##### *Development Contribution Plans (DCP)*

Under the two DCPs noted previously, developers construct infrastructure assets which are vested with Council when Council issues a Statement of Compliance. These assets are brought to account as revenue (Contributions – Non Monetary Assets) and capitalised. At reporting date, developers had commenced construction of assets that will eventually be transferred to the Council subject to Council issuing a Statement of Compliance. Council cannot reliably measure the value of the assets involved prior to completion and the timing of recognition.



# ANNUAL FINANCIAL REPORT

For the year ended 30 June 2017

## Note 35 Financial instruments

### (a) Objectives and policies

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and bank borrowings. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in Note 1 of the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

### (b) 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 market prices. The Council's exposures to market risk is primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk.

### Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises primarily from long term loans and borrowings at fixed rates which exposes us to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

Investment of surplus funds is made with approved financial institutions under the Local Government Act 1989. We manage interest rate risk by adopting an investment policy that ensures:

- diversification of investment product
- monitoring of return on investment
- benchmarking of returns and comparison with budget

There has been no significant change in the Council's exposure, or its objectives, policies and processes for managing interest rate risk or the methods used to measure this risk from the previous reporting period.

Interest rate movements have not been sufficiently significant during the year to have an impact on the Council's year end result.

### (c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause us to make a financial loss. We have exposure to credit risk on some financial assets included in the balance sheet. To help manage this risk:

- we have a policy for establishing credit limits for the entities we deal with
- we may require collateral where appropriate and
- we only invest surplus funds with financial institutions which have a recognised credit rating specified in our investment policy.

Receivables consist of a large number of customers, spread across the ratepayer, business and government sectors. Credit risk associated with the Council's financial assets is minimal because the main debtor is secured by a charge over the rateable property.

There are no material financial assets which are individually determined to be impaired.

Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when Council provides a guarantee for another party. Details of Council's contingent liabilities are disclosed in note 34.

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. Council does not hold any collateral (in respect to non-rate debtors).

### (d) Liquidity risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements we will not have sufficient funds to settle a transaction when required or will be forced to sell a financial asset at below value or may be unable to settle or recover a financial asset.

To help reduce these risks Council:

- has a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained
- has readily accessible standby facilities and other funding arrangements in place
- has a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments
- monitors budget to actual performance on a regular basis and
- sets limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the Balance Sheet and the amounts related to financial guarantees disclosed in note 34, and is deemed insignificant based on prior periods' data and current assessment of risk.

There has been no significant change in Council's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from the previous reporting period.



## Note 35 Financial instruments (continued)

### (d) Liquidity risk (continued)

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at note 26.

Unless otherwise stated, the carrying amount of financial instruments reflect their fair value.

### (e) Fair value

#### *Fair value hierarchy*

Council's financial assets and liabilities are not valued in accordance with the fair value hierarchy, Council's financial assets and liabilities are measured at amortised cost.

### (f) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Council believes the following movements are 'reasonably possible' over the next 12 months:

- A parallel shift of +1% and -1% in market interest rates (AUD) from year-end rates of 1.50%.

These movements will not have a material impact on the valuation of Council's financial assets and liabilities, nor will they have a material impact on the results of Council's operations.

# ANNUAL FINANCIAL REPORT

For the year ended 30 June 2017

## Note 36 Related party disclosures

### (i) Related Parties

#### Parent entity

City of Greater Dandenong

#### Subsidiaries

Dandenong Market Pty Ltd

### (ii) Key Management Personnel

Details of persons holding the position of Councillors or other members of key management personnel at any time during the year are:

	2017 No.
<b>Councillors</b>	
Councillor Roz Blades AM (1 July 2016 – Current)	
Councillor Youhorn Chea (1 July 2016 – Current)	
Councillor Matthew Kirwan (1 July 2016 – Current)	
Councillor Angela Long (1 July 2016 – Current)	
Councillor Jim Memeti (Mayor 11 November 2016 – Current)	
Councillor Sean O'Reilly (1 July 2016 – Current)	
Councillor Maria Sampey (1 July 2016 – Current)	
Councillor Heang Tak (Mayor 5 November 2015 – 10 November 2016)	
Councillor Loi Truong (1 July 2016 – Current)	
Councillor Tim Dark (10 November 2016 – Current)	
Councillor Zaynoun Melhem (10 November 2016 – Current)	
Councillor John Kelly (1 July 2016 – 22 October 2016)	
Councillor Peter Brown (1 July 2016 – 22 October 2016)	
<b>Total number of Councillors</b>	<b>13</b>
<b>Other Key Management Personnel</b>	
Mick Jaensch – Director Corporate Services	
Jody Bosman – Director City Planning, Design and Amenity	
Mark Doubleday – Director Community Services (1 July 2016 – 31 March 2017)	
Martin Fidler – Director Community Services (23 March 2017 – Current)	
Julie Reid – Director Engineering Services	
Paul Kearsley – Group Manager Greater Dandenong Business	
	<b>6</b>
<b>Chief Executive Officer</b>	
John Bennie PSM	1
<b>Total key management personnel</b>	<b>20</b>
<b>Dandenong Market Board Members</b>	
Ms Julie Busch	
Mr Christopher Smith (1 July 2016 – 30 November 2016)	
Mr Franz Madlener	
Mr Tom Mollenkopf	
Mr Tim Cockayne	
Ms Donna McMaster (23 May 2017 – Current)	
General Manager	
	<b>7</b>

**Note 36 Related party disclosures (continued)**

**(iii) Remuneration of Key Management Personnel**

	<b>Consolidated \$'000</b>
Total remuneration of key management personnel was as follows:	
Short-term benefits	2,573
Long-term benefits	51
Post employment benefit	165
Termination benefits	–
	<b>2,789</b>

	<b>2017 No.</b>
The number of key management personnel, whose total remuneration from Council and any related entities fall within the following bands:	
\$10,000 – \$19,999	4
\$20,000 – \$29,999	5
\$30,000 – \$39,999	8
\$50,000 – \$59,999	1
\$70,000 – \$79,999	1
\$190,000 – \$199,999	1
\$230,000 – \$239,999	1
\$250,000 – \$259,999	1
\$260,000 – \$269,999	1
\$270,000 – \$279,999	2
\$280,000 – \$289,999	1
\$480,000 – \$489,999 <sup>1</sup>	1
<b>Total</b>	<b>27</b>

“Total remuneration” comprises base salary, superannuation, annual leave entitlements, long service leave entitlements, allowances and fringe benefits tax paid by Council.

<sup>1</sup>In 2016–17 an accrued annual leave entitlement was paid to a Key Management Personnel.

**(iv) Transactions with related parties**

During 2016–17 Council entered into the following transactions with related party Dandenong Market Pty Ltd (DMPL).

	<b>Excl GST \$'000</b>
<b>Received from DMPL</b>	
Rent received	1,312
Other reimbursements	1
Refund of gift vouchers for 2015–16 not redeemed by the Council	12
<b>Total received</b>	<b>1,325</b>
<b>Paid to DMPL</b>	
Contributions for festival/events	80
Payment for Gift vouchers	49
Payment for Insurance claims	7
<b>Total paid</b>	<b>136</b>

Councillor Memeti has a financial interest in a stall at Dandenong Market. The financial arrangements are at arms length based on commercial terms. A number of related parties have minority shareholdings in public companies, which have dealings with the Council from time to time.

# ANNUAL FINANCIAL REPORT

For the year ended 30 June 2017

## Note 36 Related party disclosures (continued)

	Excl. GST \$'000
<b>(v) Outstanding balances with related parties</b>	
The following transaction was outstanding at 30 June 2017	
Refund of gift vouchers for 2016–17 not redeemed by the Council	9
	<b>9</b>
<b>(vi) Loans to/from related parties</b>	
No loans were made, guaranteed or secured by the Council to related parties during 2016–17 (2015–16 \$nil).	
<b>(viii) Commitments to/from related parties</b>	
Under the Management Services Agreement with Dandenong Market Pty Ltd (DMPL) an extension has been exercised up to 30 June 2018.	
A commitment for rent of the Market premises is as follows	1,378
	<b>1,378</b>

For the first year of implementation (2016–17) remuneration has been determined in line with AASB 119 Employee Benefits. As per AASB's decision, no prior year comparatives are required to be presented in the period of initial application of the amendments. Refer to prior year's financial statement for 2015–16 comparatives.

## Note 37 Senior Officers remuneration

A Senior Officer is an officer of Council, other than Key Management Personnel, who:

- has management responsibilities and reports directly to the Chief Executive; or
- whose total annual remuneration exceeds \$142,000.

The number of Senior Officers are shown below in their relevant income bands:

Income range:	2017 No.	2016 No.
< \$141,999	–	1
\$142,000 – \$149,999	10	4
\$150,000 – \$159,999	8	7
\$160,000 – \$169,999	4	5
\$170,000 – \$179,999	2	6
\$180,000 – \$189,999	4	5
\$190,000 – \$199,999	4	1
\$200,000 – \$209,999 <sup>1</sup>	2	1
\$210,000 – \$219,999 <sup>1</sup>	2	–
	<b>36</b>	<b>30</b>
	<b>\$'000</b>	<b>\$'000</b>
Total remuneration for the reporting year for Senior Officers included above, amounted to:	6,076	5,033

<sup>1</sup>Total remuneration' comprises base salary, superannuation, annual leave entitlements, long service leave entitlements, allowances and fringe benefits tax paid by Council.

<sup>1</sup>In 2016–17, two Senior Officers were paid accrued long service leave and annual leave entitlements and ex-gratia payments upon departure.

Prior year comparatives has been amended to reflect the amendment to AASB 124.

### Note 38 Events occurring after balance date

No matters have occurred after balance date that require disclosure in the financial report.

### Note 39 Adjustments directly to equity

In the 2016–17 financial year, it was identified that Council had received ownership and control of assets (found and gifted assets) prior to the current financial year. The majority of the assets (\$3.94 million in 2016–17 and \$7.10 million in 2015–16) related to gifted infrastructure assets by developers of new subdivisions. These adjustments to equity are detailed below by net written down value and occurred in the 2016–17 financial year, but were adjusted against opening equity and assets of the following years:

	2017 \$'000	2016 \$'000
<b>Property</b>		
Land	–	18
Land under roads	11	–
<b>Infrastructure</b>		
Roads	443	624
Drainage	3,432	7,178
Footpaths and cycleways	49	7
	<b>3,935</b>	<b>7,827</b>

# ANNUAL FINANCIAL REPORT

For the year ended 30 June 2017

## Note 40 Reconciliation of Council, The Dandenong Market Pty Ltd (DMPL) and consolidated accounts

Dandenong Market Pty Ltd is a wholly owned subsidiary of Greater Dandenong City Council. Dandenong Market Pty Ltd manages the Dandenong Market on the terms set out in a management service agreement dated 30 November 2012 between Dandenong Market Pty Ltd and Greater Dandenong City Council. The management service agreement runs concurrently with the Lease Agreement (50 years) and provides for annual agreement extensions at Council's discretion. An extension has been exercised by Council up to 30 June 2018. The following Comprehensive Income Statement, Balance Sheet and Statement of Cash Flows has been provided to show the individual financial positions of the Council and The Dandenong Market Pty Ltd and consolidated accounts for the 2016–17 financial year. These financial statements should be read in conjunction with the accompanying notes in the financial report.

### Comprehensive Income Statement

For the year ended 30 June 2017

	Council 2017 \$'000	DMPL 2017 \$'000	Consolidation Adjustment 2017 \$'000	Consolidated Accounts 2017 \$'000
<b>Income</b>				
Rates and charges	127,752	–	(91)	127,661
Statutory fees and fines	7,892	–	–	7,892
User fees	9,230	–	–	9,230
Grants – operating	37,381	–	–	37,381
Grants – capital	8,989	–	–	8,989
Contributions – monetary	3,518	–	–	3,518
Contributions – non-monetary	16,308	–	–	16,308
Net gain on disposal of property, infrastructure, plant and equipment	181	–	–	181
Other income	9,976	5,745	(1,440)	14,281
<b>Total income</b>	<b>221,227</b>	<b>5,745</b>	<b>(1,531)</b>	<b>225,441</b>
<b>Expenses</b>				
Employee costs	(70,918)	(873)	39	(71,752)
Materials and services	(57,680)	(3,173)	179	(60,674)
Bad and doubtful debts	(905)	(6)	–	(911)
Depreciation, amortisation and impairment	(27,951)	(13)	–	(27,964)
Borrowing costs	(3,699)	–	–	(3,699)
Fair value adjustments for investment property	(125)	–	–	(125)
Other expenses	(8,450)	(1,450)	1,313	(8,587)
<b>Total expenses</b>	<b>(169,728)</b>	<b>(5,515)</b>	<b>1,531</b>	<b>(173,712)</b>
<b>Net surplus for the year</b>	<b>51,499</b>	<b>230</b>	<b>–</b>	<b>51,729</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to surplus or deficit in future periods</b>				
Net asset revaluation increment	215,164	–	–	215,164
<b>Total comprehensive result</b>	<b>266,663</b>	<b>230</b>	<b>–</b>	<b>266,893</b>

Note 40 Reconciliation of Council, The Dandenong Market Pty Ltd (DMPL) and consolidated accounts (continued)

Balance Sheet

As at 30 June 2017

	Council 2017 \$'000	DMPL 2017 \$'000	Consolidation Adjustment 2017 \$'000	Consolidated Accounts 2017 \$'000
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	125,304	740	–	126,044
Trade and other receivables	19,703	75	–	19,778
Other assets	2,601	37	(9)	2,629
<b>Total current assets</b>	<b>147,608</b>	<b>852</b>	<b>(9)</b>	<b>148,451</b>
<b>Non-current assets</b>				
Trade and other receivables	334	–	–	334
Other financial assets	230	–	–	230
Property, infrastructure, plant and equipment	2,155,810	36	–	2,155,846
Investment property	10,305	–	–	10,305
<b>Total non-current assets</b>	<b>2,166,679</b>	<b>36</b>	<b>–</b>	<b>2,166,715</b>
<b>Total assets</b>	<b>2,314,287</b>	<b>888</b>	<b>(9)</b>	<b>2,315,166</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	17,954	331	(9)	18,276
Trust funds and deposits	34,268	–	–	34,268
Provisions	16,399	33	–	16,432
Interest-bearing loans and borrowings	3,086	–	–	3,086
Other interest-bearing liabilities	1,255	–	–	1,255
<b>Total current liabilities</b>	<b>72,962</b>	<b>364</b>	<b>(9)</b>	<b>73,317</b>
<b>Non-current liabilities</b>				
Trust funds and deposits	1,103	77	–	1,180
Provisions	625	24	–	649
Interest-bearing loans and borrowings	51,826	–	–	51,826
Other interest-bearing liabilities	–	–	–	–
<b>Total non-current liabilities</b>	<b>53,554</b>	<b>101</b>	<b>–</b>	<b>53,655</b>
<b>Total liabilities</b>	<b>126,516</b>	<b>465</b>	<b>(9)</b>	<b>126,972</b>
<b>Net assets</b>	<b>2,187,771</b>	<b>423</b>	<b>–</b>	<b>2,188,194</b>
<b>Equity</b>				
Accumulated surplus	823,248	423	–	823,671
Reserves	1,364,523	–	–	1,364,523
<b>Total equity</b>	<b>2,187,771</b>	<b>423</b>	<b>–</b>	<b>2,188,194</b>

# ANNUAL FINANCIAL REPORT

For the year ended 30 June 2017

## Note 40 Reconciliation of Council, The Dandenong Market Pty Ltd (DMPL) and consolidated accounts (continued)

### Statement of Cash Flows

For the year ended 30 June 2017

	Council 2017 \$'000	DMPL 2017 \$'000	Consolidation Adjustment 2017 \$'000	Consolidated Accounts 2017 \$'000
<b>Cash flows from operating activities</b>				
Rates and charges	127,099	–	(91)	127,008
Statutory fees and fines	4,849	–	–	4,849
User fees	11,208	–	–	11,208
Grants – operating	37,981	–	–	37,981
Grants – capital	7,320	–	–	7,320
Contributions – monetary	3,518	–	–	3,518
Interest received	2,633	8	–	2,641
Trust funds and deposits taken	38,537	56	5	38,598
Other receipts	8,213	6,315	(1,672)	12,856
Net GST refund	7,345	(135)	–	7,210
Employee costs	(70,747)	(852)	30	(71,569)
Materials and services	(60,788)	(5,203)	1,729	(64,262)
Trust funds and deposits repaid	(33,623)	–	(4)	(33,627)
Other payments	(9,302)	–	3	(9,299)
<b>Net cash provided by operating activities</b>	<b>74,243</b>	<b>189</b>	<b>–</b>	<b>74,432</b>
<b>Cash flows from investing activities</b>				
Payments for property, infrastructure, plant and equipment	(42,991)	(38)	–	(43,029)
Proceeds from sale of inventory property	918	–	–	918
Proceeds from sale of property, infrastructure, plant and equipment	13,089	–	–	13,089
<b>Net cash used in investing activities</b>	<b>(28,984)</b>	<b>(38)</b>	<b>–</b>	<b>(29,022)</b>
<b>Cash flows from financing activities</b>				
Finance costs	(3,726)	–	–	(3,726)
Repayment of other interest bearing liabilities	(1,184)	–	–	(1,184)
Repayment of borrowings	(3,120)	–	–	(3,120)
<b>Net cash used in financing activities</b>	<b>(8,030)</b>	<b>–</b>	<b>–</b>	<b>(8,030)</b>
Net increase in cash and cash equivalents	37,229	151	–	37,380
Cash and cash equivalents at the beginning of the financial year	88,075	589	–	88,664
<b>Cash and cash equivalents at the end of the financial year</b>	<b>125,304</b>	<b>740</b>	<b>–</b>	<b>126,044</b>



## Certification of the Financial Statements

In my opinion the accompanying Financial Statements have been prepared in accordance with the *Local Government Act 1989*, the Local Government (Planning and Reporting) Regulations 2014, Australian Accounting Standards and other mandatory professional reporting requirements.



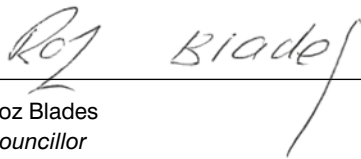
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Michelle Hansen CPA  
*Principal Accounting Officer*  
Date: 11 September 2017

In our opinion the accompanying Financial Statements present fairly the financial transactions of the City of Greater Dandenong for the year ended 30 June 2017 and the financial position of the Council as at that date.

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

We have been authorised by the Council and by the Local Government (Planning and Reporting) Regulation 2014 on 11 September 2017 to certify the Financial Statements in their final form.



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Roz Blades  
*Councillor*  
Date: 11 September 2017



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Matthew Kirwan  
*Councillor*  
Date: 11 September 2017



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John Bennie PSM  
*Chief Executive Officer*  
Date: 11 September 2017

# ANNUAL FINANCIAL REPORT

For the year ended 30 June 2017



## Independent Auditor's Report

### To the Councillors of Greater Dandenong City Council

<b>Opinion</b>	<p>I have audited the financial report of Greater Dandenong City Council (the council) which comprises the:</p> <ul style="list-style-type: none"><li>• balance sheet as at 30 June 2017</li><li>• comprehensive income statement for the year then ended</li><li>• statement of changes in equity for the year then ended</li><li>• statement of cash flows for the year then ended</li><li>• statement of capital works for the year then ended</li><li>• notes to the financial statements, including a summary of significant accounting policies</li><li>• certification of the financial statements.</li></ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2017 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 6 of the <i>Local Government Act 1989</i> and applicable Australian Accounting Standards.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Councillors' responsibilities for the financial report</b>	<p>The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Local Government Act 1989</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Councillors are responsible for assessing the council's ability to continue as a going concern, and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Level 31 / 35 Collins Street, Melbourne Vic 3000  
T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

**Auditor's responsibilities for the audit of the financial report**

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors
- conclude on the appropriateness of the Councillors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Councillors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE  
14 September 2017



Tim Loughnan  
*as delegate for the Auditor-General of Victoria*

## Customer Service Centre locations

### Dandenong Civic Centre

Level 2, 225 Lonsdale Street, Dandenong

Hours of operation:

8.30am–5pm Monday to Friday

### Springvale

397–405 Springvale Road, Springvale

Hours of operation:

8.30am–5pm Monday to Friday

### Parkmore

Shop A7, Parkmore Shopping Centre

Cheltenham Road, Keysborough

Hours of operation:

9am–5pm Monday to Friday, 9am–1pm Saturday

### Paddy O'Donoghue Centre

18-32 Buckley Street, Noble Park

Hours of operation:

9am–5pm Monday to Friday

*Please note card payments not accepted at this centre*

 Phone **8571 1000**  
 Fax **8571 5196**  
 [council@cgd.vic.gov.au](mailto:council@cgd.vic.gov.au)



TTY: 133 677  
Speak and listen: 1300 555 727  
Online: [relayservice.gov.au](http://relayservice.gov.au)



TIS: 13 14 50

Find us online   
[greaterdandenong.com](http://greaterdandenong.com)

