

**CITY OF  
BALLARAT**



**Annual Financial Report**  
For the Year Ended 30 June 2012

**Financial Statements**

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# Comprehensive Income Statement

## For the Year Ended 30 June 2012

	Note	2012 \$'000	2011 \$'000
<b>Income</b>			
Rates and charges	2	64,498	61,055
User fees charges and fines	3	32,072	28,228
Grants - recurrent	4	26,734	22,239
Grants - non-recurrent	4	10,245	8,471
Contributions - cash	5 (a)	1,509	1,446
Contributions - non-monetary assets	5 (b)	11,383	10,800
Profit on disposal of assets	6	380	159
Interest	7	2,517	2,446
Reimbursements	8	752	327
Share of net profits/(losses) of associates and joint ventures accounted for by the equity method	15	-	39
<b>Total income</b>		<b>150,090</b>	<b>135,210</b>
<b>Expenses</b>			
Employee benefits	9	60,488	44,406
Materials and services	10	42,195	38,538
Bad and doubtful debts	11	319	321
Depreciation and amortisation	12	23,544	26,938
Finance costs	13	644	711
Other expenses	14	4,826	5,152
<b>Total expenses</b>		<b>132,016</b>	<b>116,066</b>
<b>Profit/(Loss)</b>		<b>18,074</b>	<b>19,144</b>
<b>Other comprehensive income</b>			
Impairment losses on assets	28	-	(104)
Net asset revaluation increment(decrement)	27 (a)	(119,480)	254,236
<b>Comprehensive result</b>		<b>(101,406)</b>	<b>273,276</b>

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



# Balance Sheet

As at 30 June 2012

	Note	2012 \$'000	2011 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	16	44,286	43,964
Trade and other receivables	17	6,429	8,759
Inventories	18	372	393
Assets held for sale	19	17	-
Other assets	20	651	977
<b>Total current assets</b>		<b>51,755</b>	<b>54,093</b>
<b>Non-current assets</b>			
Trade and other receivables	17	78	54
Investments in associates accounted for using the equity method	15	-	1,955
Property, infrastructure, plant and equipment	21	1,374,069	1,461,366
Investment property	22	7,786	4,922
		-	-
<b>Total non-current assets</b>		<b>1,381,933</b>	<b>1,468,297</b>
<b>Total assets</b>		<b>1,433,688</b>	<b>1,522,390</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	23	8,550	8,685
Trust funds and deposits	24	2,279	2,170
Provisions	25	19,405	8,719
Interest-bearing loans and borrowings	26	3,379	3,387
<b>Total current liabilities</b>		<b>33,613</b>	<b>22,961</b>
<b>Non-current liabilities</b>			
Provisions	25	2,845	2,269
Interest-bearing loans and borrowings	26	6,815	7,807
<b>Total non-current liabilities</b>		<b>9,660</b>	<b>10,076</b>
<b>Total liabilities</b>		<b>43,273</b>	<b>33,037</b>
<b>Net Assets</b>		<b>1,390,415</b>	<b>1,489,353</b>
<b>Equity</b>			
Accumulated surplus		751,604	730,501
Reserves	27	638,811	758,852
<b>Total Equity</b>		<b>1,390,415</b>	<b>1,489,353</b>

The above balance sheet should be read in conjunction with the accompanying notes.

# Statement of Changes in Equity

## For the Year Ended 30 June 2012

	2012	Note	Total 2012 \$'000	Asset		
				Accumulated Surplus 2012 \$'000	Revaluation Reserve 2012 \$'000	Other Reserves 2012 \$'000
Balance at beginning of the financial year			1,489,353	730,501	757,884	968
Prior year adjustments		41	3,000	3,000	-	-
<b>Adjusted balance at beginning of financial year</b>			<b>1,492,353</b>	<b>733,501</b>	<b>757,884</b>	<b>968</b>
Comprehensive result			18,074	18,074	-	-
Net asset revaluation increment (decrement)		27(a)	(119,480)	-	(119,480)	-
Write back of Library Corporation Investment		15	(532)	(532)	-	-
Transfer to other reserves		27(b)	-	561	-	(561)
<b>Balance at end of the financial year</b>			<b>1,390,415</b>	<b>751,604</b>	<b>638,404</b>	<b>407</b>
	2011		\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year			1,131,531	626,997	503,648	886
Prior year adjustments		41	84,546	84,546	-	-
<b>Adjusted balance at beginning of financial year</b>			<b>1,216,077</b>	<b>711,543</b>	<b>503,648</b>	<b>886</b>
Comprehensive result			19,144	19,144	-	-
Net asset revaluation increment (decrement)		27(a)	254,236	-	254,236	-
Impairment losses on revalued assets		28	(104)	(104)	-	-
Transfer to other reserves		27(b)	-	(82)	-	82
<b>Balance at end of the financial year</b>			<b>1,489,353</b>	<b>730,501</b>	<b>757,884</b>	<b>968</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.



# Cash Flow Statement

## For the Year Ended 30 June 2012

	Note	2012 Inflows/ (Outflows) \$'000	2011 Inflows/ (Outflows) \$'000
<b>Cash flows from operating activities</b>			
Rates		64,376	60,716
Reimbursements ( inclusive of GST)		827	327
User charges and other fines (inclusive of GST)		36,155	31,203
Grants (inclusive of GST)		38,099	29,412
Interest		2,517	2,446
Other receipts (inclusive of GST)		1,703	94
Net GST refund/payment		508	4,475
Payments to suppliers (inclusive of GST)		(44,923)	(43,107)
Payments to employees (including redundancies)		(48,461)	(43,481)
Other payments		(4,826)	(5,473)
<b>Net cash provided by (used in) operating activities</b>	<b>29</b>	<b>45,975</b>	<b>36,612</b>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment		(44,565)	(31,971)
Proceeds from sale of property, infrastructure, plant and equipment		582	324
Loans and advances to community organisations		(40)	(40)
Repayment of loans and advances from community organisations		14	10
<b>Net cash provided by (used in) investing activities</b>		<b>(44,009)</b>	<b>(31,677)</b>
<b>Cash flows from financing activities</b>			
Finance costs		(644)	(715)
Proceeds from interest bearing loans and borrowings		2,386	1,998
Repayment of interest bearing loans and borrowings		(3,386)	(2,999)
<b>Net cash provided by (used in) financing activities</b>		<b>(1,644)</b>	<b>(1,716)</b>
Net increase in cash and cash equivalents		322	3,219
Cash and cash equivalents at the beginning of the financial year		43,964	40,745
<b>Cash and cash equivalents at the end of the financial year</b>	<b>30</b>	<b>44,286</b>	<b>43,964</b>
Financing arrangements	31		
Restrictions on cash assets	32	-	

The above cash flow statement should be read in conjunction with the accompanying notes.

# Notes to the Financial Report

## For the Year Ended 30 June 2012

### Introduction

- (a) The City of Ballarat was established by an Order of the Governor in Council on 6th of May 1994 and is a body corporate.

The Council's main office is located at Town Hall located in Sturt Street, Ballarat. Council's main customer service centre is located at The Phoenix Building, 25 Armstrong Street South, Ballarat (located behind the Town Hall).

- (b) The purpose of the Council is to:
- provide for the peace, order and good government of its municipal district;
  - to promote the social, economic and environmental viability and sustainability of the municipal district;
  - to ensure that resources are used efficiently and effectively and services are provided in accordance with the Best Value Principles to best meet the needs of the local community;
  - to improve the overall quality of life of people in the local community;
  - to promote appropriate business and employment opportunities;
  - to ensure that services and facilities provided by the Council are accessible and equitable;
  - to ensure the equitable imposition of rates and charges; and
  - to ensure transparency and accountability in Council decision making.

**External Auditor** - Auditor-General of Victoria

**Internal Auditor** - AFS and Associates

**Bankers** - National Australia Bank

**Website address** - [www.ballarat.vic.gov.au](http://www.ballarat.vic.gov.au)

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



# Notes to the Financial Report

## For the Year Ended 30 June 2012

### Note 1 Significant accounting policies

(a) **Basis of accounting**

This financial report has been prepared on the accrual and going concern basis.

Except for certain asset classes which include infrastructure, land, building and artwork assets, this financial report has been prepared under the historical cost convention.

All entities controlled by Council that have material assets or liabilities, such as Special Committees of Management, have been included in this financial report. All transactions between these entities and the Council have been eliminated in full. Details of entities not included in this financial report based on their materiality are detailed in the accompanying notes.

(b) **Change in accounting policies**

There were no changes to accounting policies and comparative figures, as such, all accounting policies are consistent with those applied in the prior year.

(c) **Revenue recognition**

*Rates, grants and contributions*

Rates, grants and contributions (including developer contributions) are recognised as revenues when the Council obtains control over the assets comprising these receipts.

Control over assets acquired from rates is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

A provision for doubtful debts on rates has not been established as unpaid rates represents a charge against the rateable property that will be recovered when the property is next sold.

Control over granted assets 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.

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.

Where grants or contributions recognised as revenues during the financial year were obtained on 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 or contribution is disclosed in note 5. The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided at balance date.



# Notes to the Financial Report

## For the Year Ended 30 June 2012

### Note 1 Significant accounting policies (cont.)

#### *User fees charges and fines*

User fees charges 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.

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

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

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

#### *Trade and other receivables*

Receivables are carried at amortised cost using the effective interest rate method. A provision for doubtful debts is recognised when there is objective evidence that an impairment loss has occurred.

#### *Interest and rents*

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

#### (d) Inventories

Inventories held for distribution are measured at cost adjusted when applicable for any loss of service potential.

Other inventories are measured at the lower of cost and net realisable value.

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

All non-current assets 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 and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation rates and methods are reviewed annually.

Land is not depreciated.

Road earthworks are not depreciated.

Artworks and Heritage Collections are not depreciated.

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

Major depreciation periods used are listed below and are consistent with the prior year unless otherwise stated:

	<b>Period</b>
Buildings	20-200 years
Furniture and Fittings	6-15 years
Recreational and Open Space	3-200 years
Plant and Equipment	2-25 years
Infrastructure	15-200 years

# Notes to the Financial Report

## For the Year Ended 30 June 2012

### Note 1 Significant accounting policies (cont.)

(f) **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.

(g) **Borrowing costs**

Bank Loans are carried at the principal amount outstanding. Bank loans are subject to borrowing limits imposed by State Government under Loan Council approval arrangements.

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.

(h) **Recognition and measurement of assets**

*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.

Non-monetary assets received in the form of grants or donations are recognised as assets and revenue at their fair value at the date of receipt.

The following classes of assets have been recognised in note 21. In accordance with Council's policy, the threshold limits detailed below have been applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year:

	<b>Threshold Limit</b>
Buildings	\$5,000
Furniture and Fittings	\$1,000
Recreation and Open Space	\$5,000
Plant and Equipment	\$1,000
Infrastructure	\$10,000



# Notes to the Financial Report

## For the Year Ended 30 June 2012

### Note 1 Significant accounting policies (cont.)

#### (h) Recognition and measurement of assets (cont.)

##### *Revaluation*

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment and furniture and fittings, 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. At balance date, the Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date the class of asset was revalued.

Where the assets are revalued, the revaluation increments are credited directly to the asset revaluation surplus 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 surplus 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.

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

The revaluation frequency of non-current assets is as follows;

	<b>Frequency</b>
Buildings	4 years
Land	4 years
Recreation and Open Space	5 years
Infrastructure	Yearly
Artworks & Heritage Collections	5 years

Revaluation includes reassessment of remaining useful lives and was undertaken to better reflect the consumption of future benefits embodied in these assets.

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

Valuation of freehold and other controlled land (January 2012) was determined by Opteon (Vic) Pty Ltd. Land is valued at market value, considering known defects with the land.

Non significant assets being Plant and Equipment and Furniture and Fittings are deemed to be valued at cost.

Valuation of land and buildings (June 2012) were determined by Opteon (Vic) Pty Ltd. The valuation has been compiled on the basis of current replacement cost less accumulated depreciation.

Valuation of Infrastructure comprising earthworks, substructures, seals, kerbs relating to roads, footpaths, bridges and roundabouts, drains and street furniture are revalued yearly by Council's Infrastructure Engineer, and are valued at written down current replacement cost as at 1 July 2011.

# Notes to the Financial Report

## For the Year Ended 30 June 2012

### Note 1 Significant accounting policies (cont.)

The valuation of Artworks was performed by Simon Storey Valuers MAVAA and are valued at net realisable value at 1 July 2011.

The valuation of Recreation & Open Space was performed by Council's Engineers and are valued at written down current replacement cost at 1 July 2007.

Land under roads

Land under roads acquired after 30 June 2008 is brought to account using the fair value basis. Council does not recognise land under roads that it controlled prior to that period in its financial report.

Eureka Flag

Whilst Council has control over the Eureka Flag, it has not been included in the financial statements as uncertainty exists to the appropriateness of its carrying value.

This is due to the unique nature of this asset and the absence of a market value.

**(i) Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts.

**(j) Investments**

Investments, other than investments in associates, are measured at cost.

**(k) Accounting for investments in associates**

Council's investment in associates is accounted for by the equity method as the Council has the ability to influence rather than control the operations of the entities. The investment is initially recorded at the cost of acquisition and adjusted thereafter for post-acquisition changes in the Council's share of the net assets of the entities. The Council's share of the financial result of the entities is recognised in the Comprehensive Income Statement.

**(l) Tender deposits**

Amounts received as tender deposits and retention amounts controlled by Council are recognised as Trust funds until they are returned or forfeited (refer to note 24).

**(m) Employee benefits**

*Wages and salaries*

Liabilities for wages and salaries and rostered days off are recognised and measured as the amount unpaid at balance date and include appropriate on costs such as worker's compensation and payroll costs.



# Notes to the Financial Report

## For the Year Ended 30 June 2012

### Note 1 Significant accounting policies (cont.)

#### *Annual leave*

Annual leave entitlements are accrued on a pro rata basis in respect of services provided by employees up to balance date.

Annual leave expected to be paid within 12 months is measured at nominal value based on the amount, including appropriate oncost, expected to be paid when settled.

Annual leave expected to be paid later than one year has been measured at the present value of the estimated future cash outflows to be made for these accrued entitlements. Commonwealth bond rates are used for discounting future cash flows.

#### *Long service leave*

Long service leave entitlements payable are assessed at balance date having regard to expected employee remuneration rates on settlement, employment related on costs and other factors including accumulated years of employment, on settlement, and experience of employee departure per year of service.

Long service leave expected to be paid within 12 months is measured at nominal value based on the amount expected to be paid when settled.

Long service leave expected to be paid later than one year has been measured at the present value of the estimated future cash outflows to be made for these accrued entitlements. Commonwealth bond rates are used for discounting future cash flows.

#### *Classification of employee benefits*

An employee benefit liability is classified as a current liability if the Council does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the period. This would include all annual leave and unconditional long service leave entitlements.

#### *Superannuation*

The superannuation expense for the reporting year is the amount of the statutory contribution the Council makes to the superannuation plan which provides benefits to its employees. In addition Council may, periodically be required to contribute to the defined benefits scheme for current and former employees. Details of these arrangements are recorded in the note 33.

#### (n) 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.



# Notes to the Financial Report

## For the Year Ended 30 June 2012

### Note 1 Significant accounting policies (cont.)

**(o) Allocation between current and non-current**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next twelve months, being the Council's operational cycle, or if the Council does not have an unconditional right to defer settlement of a liability for at least 12 months after the reporting date.

**(p) Agreements equally proportionately unperformed**

The Council does not recognise assets and liabilities arising from agreements that are equally proportionately unperformed in the balance sheet. Such agreements are recognised on an 'as incurred' basis.

**(q) Web site costs**

Costs in relation to websites are charged as an expense in the period in which they are incurred.

**(r) 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 Tax 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 the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(s) Impairment of assets**

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

**(t) Rounding**

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

**(u) Non-current assets held for sale**

A non-current asset held for sale (including disposal groups) is measured at the lower of its carrying amount and fair value less costs to sell, and are not subject to depreciation. Non current assets, disposal groups and related liabilities 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.

# Notes to the Financial Report

## For the Year Ended 30 June 2012

### Note 1 Significant accounting policies (cont.)

**(v) Investment property**

Investment property, comprising freehold office complexes, is 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. Rental income from the leasing of investment properties is recognised in the comprehensive income statement on a straight line basis over the lease term.

**(w) Financial guarantees**

Financial guarantee contracts are recognised as a liability at the time the guarantee is issued. The liability is initially measured at fair value, and if there is a material increase in the likelihood that the guarantee may have to be exercised, at the higher of the amount determined in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation, where appropriate. In the determination of fair value, consideration is given to factors including the probability of default by the guaranteed party and the likely loss to Council in the event of default.

**(x) Contingent assets and 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 (note 36). Contingent assets and liabilities are presented inclusive of GST receivables or payable respectively.

Commitments are not recognised in the Balance Sheet but are disclosed by way of a note (note 34 and 35).

Commitments are disclosed at their nominal value and inclusive of the GST payable.

**(y) Pending accounting standards**

All pending accounting standards that are applicable to Council have been considered and the view being that these standards are not expected to impact Council directly.



## City of Ballarat 2011 - 2012 Financial Report

2012  
\$'000

2011  
\$'000

### Note 2 Rates and charges

Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the City of Ballarat.

The valuation base used to calculate general rates for 2011/12 was \$13,094 million (2010/11 \$12,564 million).

General Rates	62,516	59,091
Special Rates	1,642	1,679
Interest on Rates	350	294
Abandonments	(10)	(9)
<b>Total rates and charges</b>	<b>64,498</b>	<b>61,055</b>

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2012, and the valuation will be first applied in the rating year commencing 1 July 2012.

### Note 3 User fees charges and fines

Dog and Cat Registrations and Fines	749	579
Health Licences and Fees	526	457
Land Information Certificates	82	83
Legal Expenses Recovered	191	211
Local Law Permits	130	132
Parking Fees, Fines and Charges	4,429	3,253
Town Planning Fees and Certificates	579	872
Aged Services Fees	2,149	2,376
Ballarat Aquatic Centre	3,839	3,737
Art Galleries	274	222
Begonia Festival	71	83
Building and Scaffolding Fees	416	618
Child Care Centres and Kindergartens	1,128	1,075
Environmental Levy	7,836	6,526
Eureka Centre	-	125
Family Day Care	122	111
Meals on Wheels	703	737
Her Majesty's Theatre	628	773
Private Works	66	62
Property Rentals	587	805
Robert Clark Centre	170	122
Sale of Valuations	38	240
Subdivision Supervision & Certification Fees	517	509
Landfill Operations	3,554	3,371
Library Services	1,170	-
Training Incentives	36	34
Transfer Station	449	386
Other	1,633	729
<b>Total User fees charges and fines</b>	<b>32,072</b>	<b>28,228</b>

## City of Ballarat 2011 - 2012 Financial Report

2012  
\$'000

2011  
\$'000

### Note 4 Grants

Grants were received in respect of the following :

#### Summary of grants

Recurrent	26,734	22,239
Non Recurrent	10,245	8,471
<b>Total</b>	<b>36,979</b>	<b>30,710</b>

#### Recurrent

Aged and Disabled	392	361
Art Gallery, Theatres and Community Arts	473	337
Family and Children's Services	2,698	3,112
General Revenue Grant	14,749	10,568
Healthy Community	799	712
Home Care	4,378	4,093
Immunisations	108	129
Maternal and Child Health	717	528
Mechanics Institute Redevelopment	500	-
Library	562	-
Other	237	166
Parks & Environment	239	654
Regional Development and Social Planning	682	1,386
School Crossing Supervision	200	193
<b>Total recurrent</b>	<b>26,734</b>	<b>22,239</b>

#### Non-recurrent

Buildings	2,901	4,346
Other Structures	4,541	1,205
Roads	2,803	2,920
<b>Total non-recurrent</b>	<b>10,245</b>	<b>8,471</b>

#### Conditions on grants

Grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were:

Buildings	723	178
Community Projects	271	34
Other Structures	2,098	460
<b>Total</b>	<b>3,092</b>	<b>672</b>

Grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were:

Buildings	178	42
Community Projects	34	-
Other Structures	-	1,659
Parks & Environment	460	-
<b>Total</b>	<b>672</b>	<b>1,701</b>

## City of Ballarat 2011 - 2012 Financial Report

	2012 \$'000	2011 \$'000
<b>Note 5 Contributions</b>		
<b>(a) Cash</b>		
Infrastructure	-	310
Tourism Development & Economic Development	59	212
Insurance Recoveries	-	236
Recreational, leisure and community facilities	469	14
Youth Services	-	16
Parks, open space and streetscapes	114	67
Art Gallery Ballarat	316	86
Community Services	48	51
Land and Subdivision Contributions	502	286
Other	1	168
<b>Total</b>	<b>1,509</b>	<b>1,446</b>
<b>(b) Non-monetary assets</b>		
Land under roads	512	628
Roads	3,051	6,993
Drainage	4,980	2,519
Parks, open space and streetscapes	2,454	317
Artworks	386	343
<b>Total</b>	<b>11,383</b>	<b>10,800</b>
<b>Total contributions</b>	<b>12,892</b>	<b>12,246</b>
<b>Note 6 Profit on disposal of Assets</b>		
<b>(a) Land and Buildings</b>		
Proceeds of sale	17	156
Less: Cost of Land and carrying Amount of Buildings Sold	(40)	(75)
<b>Profit on Sale</b>	<b>(23)</b>	<b>81</b>
<b>(b) Plant and Equipment</b>		
Proceeds of sale	565	168
Less: Carrying Amount of Plant and Equipment Sold	(162)	(90)
<b>Profit on Sale</b>	<b>403</b>	<b>78</b>
<b>Total Sale of Assets</b>	<b>380</b>	<b>159</b>
<b>Note 7 Interest</b>		
Interest on Investments	2,517	2,446
<b>Total Interest</b>	<b>2,517</b>	<b>2,446</b>
<b>Note 8 Reimbursements</b>		
Road Maintenance/works	-	327
Insurance	349	-
FBT staff reimbursement	144	-
Other	259	-
<b>Total Reimbursements</b>	<b>752</b>	<b>327</b>



## City of Ballarat 2011 - 2012 Financial Report

	2012 \$'000	2011 \$'000
<b>Note 9 Employee benefits</b>		
Wages and salaries	39,767	33,538
Workcover	951	1,024
Annual leave and long service leave	4,892	4,093
Superannuation*	13,514	5,143
Other overheads and related costs	1,364	608
<b>Total employee benefits</b>	<b>60,488</b>	<b>44,406</b>

\*Superannuation - As a result of the "Actuarial" completed on 31 December 2011, Vision Super advised the City of Ballarat of its portion of the Defined Benefits shortfall. As at 30 June 2012 the liability was \$9.639 million.

### Note 10 Materials and services

Materials and services		
Contract payments	35,939	33,521
Plant and equipment maintenance	3,200	2,465
Utilities	3,056	2,552
<b>Total materials and services</b>	<b>42,195</b>	<b>38,538</b>

### Note 11 Bad and doubtful debts

Parking fine debtors	264	233
Local Laws debtors	18	13
Other debtors	37	75
<b>Total Bad and doubtful debts</b>	<b>319</b>	<b>321</b>

### Note 12 Depreciation and amortisation

Landfill Improvements	25	25
Buildings	-	1,877
Plant and Equipment	2,378	2,553
Fixtures, fittings and furniture	27	45
Lending Materials	142	-
Infrastructure	19,494	21,066
Recreation and Open Space	1,478	1,372
<b>Total Depreciation and amortisation</b>	<b>23,544</b>	<b>26,938</b>

### Note 13 Finance costs

Interest - Borrowings	644	711
<b>Total Finance costs</b>	<b>644</b>	<b>711</b>

### Note 14 Other expenses

Operating lease rentals	804	713
Insurances	1,412	1,132
Regional Library contribution	300	1,624
Election Expenses	7	3
Public Relations	789	512
Councillors' allowances	262	255
Legal Expenses	519	333
Licenses/Permits	56	267
Other	677	313
<b>Total other expenses</b>	<b>4,826</b>	<b>5,152</b>

## City of Ballarat 2011 - 2012 Financial Report

	2012 \$'000	2011 \$'000
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### Note 15 Investment in associates

Investments in associates accounted for by the equity method are:

- Central Highlands Regional Library Corporation	-	44.20%
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#### Central Highlands Regional Library Corporation

##### *Council's share of accumulated surplus(deficit)*

Council's share of accumulated surplus (deficit) at start of year	-	1,202
Reported surplus(deficit) for year	-	39
Council's share of accumulated surplus (deficit) at end of year	-	1,241

##### *Council's share of reserves*

Council's share of reserves at start of year	-	714
Council's share of reserves at end of year	-	714

##### *Movement in carrying value of specific investment*

Carrying value of investment at start of year	-	1,916
Share of surplus (deficit) for year	-	39
Carrying value of investment at end of year	-	1,955

##### *Council's share of expenditure commitments*

Operating commitments	-	48
	-	48

At the 30th of June 2011 the City of Ballarat withdrew from the Central Highlands Library Regional Corporation. The Corporation entered into Voluntary Liquidation on the 1st of October 2011. The City of Ballarat now provides a Library Management Service to former members of the Corporation on a user pays basis. The above investment has been written back against accumulated surplus other than the value of book stock, which has been taken up as an asset of the City. The amount of this write back is \$532,103.

### Note 16 Cash and cash equivalents

Cash at bank and on hand	1,312	715
Term Deposits	42,886	43,142
Deposits at Call	88	107
<b>Total cash and cash equivalents</b>	<b>44,286</b>	<b>43,964</b>

## City of Ballarat 2011 - 2012 Financial Report

	2012 \$'000	2011 \$'000
<b>Note 17 Trade and other receivables</b>		
<b>Current</b>		
Rates debtors	1,781	1,658
Parking infringement debtors	1,536	1,075
Provision for doubtful debts - parking infringements	(607)	(509)
Loans and advances to community organisations	1	1
Library	329	-
Home care	518	510
Local Laws	247	128
Government grants	784	3,789
Other debtors	808	1,227
Provision for doubtful debts - other debtors	(171)	(171)
Net GST receivable	1,203	1,051
<b>Total</b>	<b>6,429</b>	<b>8,759</b>
<b>Non-current</b>		
Loans and advances to community organisations	78	54
<b>Total</b>	<b>78</b>	<b>54</b>
<b>Total trade and other receivables</b>	<b>6,507</b>	<b>8,813</b>
<b>Note 18 Inventories</b>		
Inventories held for distribution	204	202
Inventories held for sale	168	191
<b>Total inventories</b>	<b>372</b>	<b>393</b>
<b>Note 19 Assets held for sale</b>		
Cost of acquisition	17	-
<b>Total</b>	<b>17</b>	<b>-</b>
<b>Note 20 Other assets</b>		
<b>Current</b>		
Prepayments	318	515
Accrued income	333	462
<b>Total</b>	<b>651</b>	<b>977</b>



## City of Ballarat 2011 - 2012 Financial Report

	2012 \$'000	2011 \$'000
<b>Note 21 Property, infrastructure, plant and equipment</b>		
<b>Property</b>		
<b>Land</b>		
at cost	2,627	4,733
at fair value	255,153	290,169
	<b>257,780</b>	<b>294,902</b>
<b>Land under roads</b>		
at fair value	1,619	1,107
	<b>1,619</b>	<b>1,107</b>
<b>Land improvements (Land Fill)</b>		
at fair value	1,220	1,220
Less accumulated depreciation	(148)	(125)
	<b>1,072</b>	<b>1,095</b>
<b>Total Land</b>	<b>260,471</b>	<b>297,104</b>
<b>Buildings</b>		
at fair value	61,529	66,074
at cost	-	15,977
Less accumulated depreciation	-	(7,410)
	<b>61,529</b>	<b>74,641</b>
<b>Total Property</b>	<b>322,000</b>	<b>371,745</b>
<b>Recreation and Open Space</b>		
at fair value	37,139	37,139
at cost	24,179	16,508
Less accumulated depreciation	(6,743)	(5,265)
<b>Total Recreation and Open Space</b>	<b>54,575</b>	<b>48,382</b>
<b>Plant and Equipment</b>		
<b>Plant, machinery and equipment</b>		
at cost	21,522	19,945
Less accumulated depreciation	(13,356)	(12,414)
	<b>8,166</b>	<b>7,531</b>
<b>Fixtures, fittings and furniture</b>		
at cost	1,421	1,390
Less accumulated depreciation	(1,257)	(1,230)
	<b>164</b>	<b>160</b>
<b>Artwork &amp; Heritage Collections</b>		
at fair value	109,010	109,010
at cost	813	389
	<b>109,823</b>	<b>109,399</b>
<b>Library books</b>		
at cost	4,777	-
Less accumulated depreciation	(3,315)	-
	<b>1,462</b>	<b>-</b>
<b>Total Plant and Equipment</b>	<b>119,615</b>	<b>117,090</b>

## City of Ballarat 2011 - 2012 Financial Report

	2012 \$'000	2011 \$'000
<b>Note 21 Property, infrastructure, plant and equipment (continued)</b>		
<b>Transport Infrastructure at valuation</b>		
Road Pavements	443,443	443,471
Surfaces	24,907	33,095
Bridges and Major Culverts	20,831	46,001
Ancillary Transport Assets	21,772	20,050
Kerb and Channel	101,520	117,921
Pathways	32,286	36,190
Transport Infrastructure at cost	18,787	20,886
Less accumulated depreciation	(13,625)	(15,116)
	<b>649,921</b>	<b>702,498</b>
<b>Other Infrastructure at valuation</b>		
Box Culverts	11,051	4,139
Pipes	126,798	153,452
Pits	22,001	19,870
Channels	24,843	13,667
Flood Control & Water Quality		772
Outdoor Structures and Facilities	13,404	13,404
Other Infrastructure at cost	3,406	3,995
Less accumulated depreciation	(5,869)	(5,948)
	<b>195,634</b>	<b>203,351</b>
<b>Total Infrastructure</b>	<b>845,555</b>	<b>905,849</b>
<b>Works in progress</b>		
Recreation & Business Undertakings	19,883	11,800
Buildings	8,505	4,938
Infrastructure	3,234	1,294
Plant & Equipment	702	266
Land	-	2
<b>Total Works in progress</b>	<b>32,324</b>	<b>18,300</b>
<b>Total property, infrastructure, plant and equipment</b>	<b>1,374,069</b>	<b>1,461,366</b>



# City of Ballarat 2011 - 2012 Financial Report

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

	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements)	Recognition of Assets	Depreciation and amortisation (note 12)	Written down value of disposals	Transfers	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2012</b>								
<b>Property</b>								
land	294,902	2,625	(39,691)	-	-	(40)	15	257,781
land under roads	1,107	512	-	-	-	-	-	1,619
land improvements	1,095	-	(25)	-	(25)	-	-	1,070
buildings	74,641	1,589	(16,662)	-	-	-	1,960	61,528
recreation and open space	48,382	5,980	-	-	(1,478)	-	1,690	54,574
plant, machinery and equipment	7,531	3,185	-	-	(2,378)	(171)	-	8,167
fixtures, fittings and furniture	160	31	-	-	(27)	-	-	164
artwork and heritage collections	109,399	424	-	-	-	-	-	109,823
library books	-	181	-	1,423	(142)	-	-	1,462
infrastructure	905,849	21,889	(65,991)	3,000	(19,494)	-	304	845,557
works in progress	18,300	18,753	-	-	-	-	(4,729)	32,324
<b>Total</b>	<b>1,461,366</b>	<b>55,169</b>	<b>(122,344)</b>	<b>4,423</b>	<b>(23,544)</b>	<b>(211)</b>	<b>(790)</b>	<b>1,374,069</b>
<b>2011</b>								
<b>Property</b>								
land	294,621	317	-	-	-	(75)	39	294,902
land under roads	479	628	-	-	-	-	-	1,107
land improvements	1,121	-	-	-	(25)	-	(1)	1,095
buildings	68,582	8,591	-	-	(1,878)	-	(654)	74,641
recreation and open space	45,844	3,909	-	-	(1,372)	-	1	48,382
plant, machinery and equipment	8,069	2,147	-	-	(2,553)	(90)	(42)	7,531
fixtures, fittings and furniture	210	11	-	-	(45)	-	(16)	160
artwork and heritage collections	66,805	389	42,205	-	-	-	-	109,399
infrastructure	604,784	24,881	212,031	84,546	(21,066)	-	673	905,849
works in progress	16,155	2,145	-	-	-	-	-	18,300
<b>Total</b>	<b>1,106,670</b>	<b>43,018</b>	<b>254,236</b>	<b>84,546</b>	<b>(26,939)</b>	<b>(165)</b>	<b>-</b>	<b>1,461,366</b>

## City of Ballarat 2011 - 2012 Financial Report

	2012 \$'000	2011 \$'000
<b>Note 22 Investment property</b>		
Investment Property at Valuation	7,786	-
Investment Property at Cost	-	5,381
Accumulated Depreciation	-	(459)
<b>Balance at end of financial year</b>	<b>7,786</b>	<b>4,922</b>
<b>Note 23 Trade and other payables</b>		
Trade payables	7,621	8,018
Wages Payable	919	665
Accrued loan expense	10	2
<b>Total trade and other payables</b>	<b>8,550</b>	<b>8,685</b>
<b>Note 24 Trust funds and deposits</b>		
Trust - Majestix Bookings	169	121
Trust - Resiting Of Houses	41	86
Trust - Contract Retentions & Securities	103	147
Trust - Subdivision Holding Fees	1,023	1,120
Trust - Botanic Gardens Community Fund	86	82
Other - Deposits & Trusts	857	614
<b>Total trust funds and deposits</b>	<b>2,279</b>	<b>2,170</b>

## City of Ballarat 2011 - 2012 Financial Report

	2012 \$'000	2011 \$'000
<b>Note 25 Provisions</b>		
<b>(a) Employee benefits</b>		
<b>Current</b>		
Annual leave	4,560	4,071
Long service leave	5,065	4,648
Defined benefits superannuation	9,639	-
Other	141	-
	<b>19,405</b>	<b>8,719</b>
<b>Non-current</b>		
Long service leave	1,625	1,049
	<b>1,625</b>	<b>1,049</b>
Aggregate carrying amount of employee benefits:		
Current	19,405	8,719
Non-current	1,625	1,049
	<b>21,030</b>	<b>9,768</b>
The following assumptions were adopted in measuring the present value of employee benefits:		
Weighted average increase in employee costs	4.31%	5.02%
Weighted average discount rates	2.78%	4.53%
<b>(i) Current</b>		
Short-term employee benefits, that fall due within 12 months after the end of the period	14,940	4,154
Other long-term employee benefits that do not fall due within 12 months after the end	4,465	4,565
	<b>19,405</b>	<b>8,719</b>
<b>(ii) Non-current</b>		
Long service leave representing less than 10 years of continuous service	1,625	1,049
<b>(b) Land fill restoration</b>		
Landfill restoration		
Provision for land fill Improvements	1,220	1,220
	<b>1,220</b>	<b>1,220</b>
Current	19,405	8,719
Non Current	2,845	2,269
	<b>22,250</b>	<b>10,988</b>

\*Superannuation - As a result of the "Actuarial" completed on 31 December 2011, Vision Super advised the City of Ballarat of its portion of the Defined Benefits shortfall. As at 30 June 2012 the liability was \$9.639 million.



## City of Ballarat 2011 - 2012 Financial Report

	2012 \$'000	2011 \$'000
<b>Note 26 Interest-bearing loans and borrowings</b>		
<b>Current</b>		
Borrowings - secured	3,379	3,387
	<b>3,379</b>	<b>3,387</b>
<b>Non-current</b>		
Borrowings - secured	6,815	7,807
	<b>10,194</b>	<b>11,194</b>
The maturity profile for Council's borrowings is:		
Not later than one year	3,379	3,387
Later than one year and not later than five years	6,498	6,410
Later than five years	317	1,397
<b>Total</b>	<b>10,194</b>	<b>11,194</b>

All borrowings of the City of Ballarat are secured against the "rate income" of the Council

## City of Ballarat 2011 - 2012 Financial Report

### Note 27 Reserves

	Balance at beginning of reporting period	Increment (decrement)	Prior Year Adjustment	Balance at end of reporting period
(a) Asset revaluation reserve	\$'000	\$'000	\$'000	\$'000
<b>2012</b>				
Artwork and Heritage Collections	76,876	-	-	76,876
Buildings	17,380	(13,798)	-	3,582
Land	261,588	(39,691)	-	221,897
Recreation and Open Space	16,488	-	-	16,488
Plant and Equipment	1,937	-	-	1,937
Infrastructure	383,615	(65,991)	-	317,624
<b>Total asset revaluation reserve</b>	<b>757,884</b>	<b>(119,480)</b>	<b>-</b>	<b>638,404</b>

### 2011

Artwork and Heritage Collections	34,671	42,205	-	76,876
Buildings	17,380	-	-	17,380
Land	261,588	-	-	261,588
Recreation and Open Space	16,488	-	-	16,488
Plant and Equipment	1,937	-	-	1,937
Infrastructure	171,584	212,031	-	383,615
<b>Total asset revaluation reserve</b>	<b>503,648</b>	<b>254,236</b>	<b>-</b>	<b>757,884</b>

	Balance at beginning of reporting period	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting period
(b) Other reserves	\$'000	\$'000	\$'000	\$'000

### 2012

Balhausen Organ	17	-	-	17
Subdividers Contributions	951	502	1,063	390
<b>Total other reserves</b>	<b>968</b>	<b>502</b>	<b>1,063</b>	<b>407</b>

### 2011

Balhausen Organ	17	-	-	17
Subdividers Contributions	869	82	-	951
<b>Total other reserves</b>	<b>886</b>	<b>82</b>	<b>-</b>	<b>968</b>

### Note 28 Impairment losses on Assets

	2012 \$'000	2011 \$'000
<b>Addington-Creswick Rd Bridge</b>	<b>-</b>	<b>(104)</b>

Impairment loss arose to the Addington-Creswick Rd bridge due to damages that occurred in the January 2011 floods. This bridge formed part of Council's revaluation as at 1 July 2011.

## City of Ballarat 2011 - 2012 Financial Report

	2012 \$'000	2011 \$'000
<b>Note 29 Reconciliation of cash flows from operating activities to surplus (deficit)</b>		
<b>Profit (loss)</b>	18,074	19,144
Depreciation/amortisation	23,544	26,938
Profit/(loss) on disposal of property, infrastructure, plant and equipment	(380)	(159)
Contributions - Non-monetary assets	(11,383)	(10,800)
Other	-	(39)
<b>Change in assets and liabilities:</b>		
(Increase)/decrease in trade and other receivables	2,030	(1,986)
(Increase)/decrease in prepayments	197	332
Increase/(decrease) in accrued income	129	(270)
Increase/(decrease) in trade and other payables	1,072	1,759
Interest and other costs of finance	644	715
(Increase)/decrease in inventories	21	53
Increase/(Decrease) in provisions	12,027	925
<b>Net cash provided by/(used in) operating activities</b>	<b>45,975</b>	<b>36,612</b>

### Note 30 Reconciliation of cash and cash equivalents

Cash and cash equivalents (see note 16)	44,286	43,964
Less bank overdraft	-	-
<b>Total reconciliation of cash and cash equivalents</b>	<b>44,286</b>	<b>43,964</b>

### Note 31 Financing arrangements

Bank overdraft	1,000	1,000
Leasing facilities	3,552	227
Used facilities	3,552	227
<b>Unused facilities</b>	<b>1,000</b>	<b>1,000</b>

### Note 32 Restricted assets

Council has cash and cash equivalents (note 16) that are subject to restrictions. At the 30 June 2011 Council had legislative restrictions in relation to employee entitlements, this restriction is no longer applicable as at 30 March 2012. Restrictions still apply to other reserve funds.

Long service leave	-	4,549
Reserve funds (note 27)	390	951
Majestix	169	121
<b>Total restricted assets</b>	<b>559</b>	<b>5,621</b>

Restricted asset for Long Service Leave is based on the Local Government (Long Service Leave) Regulations 2002 and does not necessarily equate to the Long Service Leave liability disclosed in note 25 due to a different basis of calculation prescribed by the regulation. This requirement was removed in March 2012, but funds are still held for the Long Service Leave liability.



### Note 33 - Superannuation

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

#### Vision Accumulation Plan

The Fund's accumulation category, Vision Super Saver, receives both employer and employee contributions on a progressive basis. Council contributions are normally based on a fixed percentage of employee earnings (9% required under Superannuation Guarantee Legislation). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

#### Vision Defined Benefit Plan

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

Council makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 31 December 2011, Council makes the following contributions:-

- 9.25% of members' salaries (same as previous year);
- An additional contribution to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit plus contribution tax.

The Local Authorities Superannuation Fund latest actuarial investigation as at 31 December 2011 identified an unfunded liability of \$406 million excluding the contributions tax in the defined benefit fund of which we are a member. Council was made aware of the expected short fall through the year and was informed of their share of the short fall as at 30 June 2012 which amounted to \$9,639,329 (inclusive of tax), which was paid on 3 August 2012. Council has accounted for this short fall in the Compressive Income Statement in Employee Benefit (see note 9) and in the Balance Sheet in Provisions Employee Benefits (see note 25).

## City of Ballarat 2011 - 2012 Financial Report

### Note 33 - Superannuation (continued)

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

Net Investment rate of Return	7.50% p.a.
Salary Inflation	4.25% p.a.
Price Inflation	2.75% p.a.

	2012 \$'000	2011 \$'000
<b>Fund</b>		
<b>Defined benefits fund</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	649	769
	649	769
Employer contributions payable to Local Authorities Superannuation Fund	80	302
	80	302
<b>Accumulation funds</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	4,137	3,385
	4,137	3,385
Employer contributions payable to Local Authorities Superannuation Fund	233	369
	233	369

## City of Ballarat 2011 - 2012 Financial Report

### Note 34 Commitments

The Council has entered into the following 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
<b>2012</b>					
<b>Capital</b>					
Buildings	3,503	-	-	-	3,503
Infrastructure	1,541	-	-	-	1,541
Roads	1,827	-	-	-	1,827
Equipment	244	-	-	-	244
<b>Total</b>	<b>7,115</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,115</b>

	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>2011</b>					
<b>Capital</b>					
Buildings	2,962	-	-	-	2,962
Infrastructure	2,105	1,827	-	-	3,932
<b>Total</b>	<b>5,067</b>	<b>1,827</b>	<b>-</b>	<b>-</b>	<b>6,894</b>

2012	2011
\$'000	\$'000

### Note 35 Operating leases

#### (a) Operating lease commitments

At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities):

Not later than one year	887	395
Later than one year and not later than five years	2,560	442
Later than five years	1	1
	<b>3,448</b>	<b>838</b>

#### (b) Operating lease receivables

The Council has entered into commercial property leases on its investment property, consisting of surplus freehold office complexes. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 10 years. All leases include a CPI based revision of the rental charge annually.

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

Not later than one year	296	293
Later than one year and not later than five years	375	211
Later than five years	138	168
	<b>809</b>	<b>672</b>



## City of Ballarat 2011 - 2012 Financial Report

### **Note 36 Contingent liabilities and contingent assets**

#### **Contingent liabilities**

##### **Legal**

Council is presently involved in several confidential legal matters, which are being conducted through Councils solicitors.

As these matters are yet to be finalised, and the financial outcomes are unable to be reliably estimated, no allowance for these contingencies has been made in the financial report.

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

On the 22 July 1996, Council entered into a Guarantee with the Australian and New Zealand Banking Group Limited and Basketball Stadiums Victoria Co-Operative Limited for a bank loan to finance Ballarat Netball Stadium (Arch Sports Centre). The Guarantee is limited to the current level of borrowings of \$400,000 and cannot be exercised for any further borrowings without Council's written consent. A contingent liability therefore exists for this amount.

##### **Contingent assets**

##### **Developer contributions**

In accordance with AASB 137, Council is required to recognise an asset for which it is probable that a future economic benefit will eventuate and the amount of this asset can be reliably measured. At balance date there are no estimates available for developer contributions of infrastructure assets to be received in respect of subdivisions currently under development. As a guide Council has recognised over the past two years developer contributions of \$11.4 million (2011-12) and \$10.80 million (2010-11).

# City of Ballarat 2011 - 2012 Financial Report

## Note 37 Financial Instruments

### (a) Accounting Policy, terms and conditions

Recognised financial instruments	Note	Accounting Policy	Terms and Conditions
<b>Financial assets</b>			
<b>Cash and cash equivalents</b>	16	<p>Cash on hand and at bank and money market call account are valued at face value.</p> <p>Interest is recognised as it accrues.</p> <p>Investment and bills are valued at cost.</p> <p>Investments are held to maximise interest returns of surplus cash. Interest revenues are recognised as they accrue.</p>	<p>On call deposits returned a floating interest rate of 3.65% (4.65% in 2010/2011). The interest rate at balance date was 3.65% (4.65% in 2010/2011).</p> <p>Funds returned fixed interest rate of between 4.25% (4.27% in 2010/2011), and 7.24% (6.19% in 2010/2011) net of fees.</p>
<b>Loans and Advances</b>		<p>Loans to property owners from Councils Restoration fund. These loans are a charge attached to the rateable land as a result of executed loan agreements. The net fair value of these receivables at the reporting date for both the current and prior year is equal to the carrying amount.</p>	<p>Interest charges on these loans range between 0 &amp; 5% (0-5% in 2010/2011).</p>
<b>Other debtors</b>	17	<p>Receivables are carried at amortised cost using the effective interest method. A provision for doubtful debts is recognised when there is objective evidence that an impairment loss has occurred. Collectability of overdue accounts is assessed on an ongoing basis.</p>	<p>General debtors are unsecured and interest free credit terms are based on 30 days</p>

## City of Ballarat 2011 - 2012 Financial Report

### (a) Accounting Policy, terms and conditions (continued)

Recognised financial instruments	Note	Accounting Policy	Terms and Conditions
<b>Financial Liabilities</b>			
<b>Trade and other payables</b>	23	Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received.	General Creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.
<b>Interest-bearing loans and borrowings</b>	26	Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables.	Borrowings are secured by way of mortgages over the general rates of the Council. The weighted average interest rate on borrowings is 6.37% (6.77% in 2010/2011).
<b>Bank overdraft</b>	31	Overdrafts are recognised at the principal amount. Interest is charged as an expense as it accrues.	The overdraft is subject to annual review. It is secured by a mortgage over Council's general rates and is repayable on demand. The interest rate as at balance date was 9.87% (10.76 in 2010/2011).



## City of Ballarat 2011 - 2012 Financial Report

### Note 37 (b) Financial instruments - Interest Rate Risk

The exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised, at balance date are as follows:

	Fixed interest maturing in:					Non-interest bearing	Total
	Floating interest rate	Over 1 to 5 years	More than 5 years	Over 1 to 5 years	More than 5 years		
<b>2012</b>							
<b>Financial assets</b>							
Cash and cash equivalents	44,286	-	-	-	-	-	44,286
Trade and other receivables	-	-	78	-	-	6,351	6,429
Accrued Income	333	-	-	-	-	-	333
<b>Total financial assets</b>	<b>44,619</b>	<b>0</b>	<b>78</b>	<b>0</b>	<b>0</b>	<b>6,351</b>	<b>51,048</b>
<b>Financial liabilities</b>							
Trade and other payables	-	-	-	-	-	8,550	8,550
Trust funds and deposits	-	-	-	-	-	2,279	2,279
Interest-bearing loans and borrowings	-	3,379	6,499	316	-	-	10,194
<b>Total financial liabilities</b>	<b>-</b>	<b>3,379</b>	<b>6,499</b>	<b>316</b>	<b>-</b>	<b>10,829</b>	<b>21,023</b>
<b>Net financial assets (liabilities)</b>	<b>44,619</b>	<b>(3,379)</b>	<b>(6,421)</b>	<b>(316)</b>	<b>(4,478)</b>	<b>(4,478)</b>	<b>30,025</b>
<b>2011</b>							
<b>Financial assets</b>							
Cash and cash equivalents	43,964	-	-	-	-	-	43,964
Trade and other receivables	-	1	54	-	-	8,758	8,813
Accrued Income	462	-	-	-	-	-	462
<b>Total financial assets</b>	<b>44,426</b>	<b>1</b>	<b>54</b>	<b>-</b>	<b>-</b>	<b>8,758</b>	<b>53,239</b>
<b>Financial liabilities</b>							
Trade and other payables	-	-	-	-	-	8,685	8,685
Trust funds and deposits	-	-	-	-	-	2,170	2,170
Interest-bearing loans and borrowings	-	3,387	6,410	1,397	-	-	11,194
<b>Total financial liabilities</b>	<b>-</b>	<b>3,387</b>	<b>6,410</b>	<b>1,397</b>	<b>-</b>	<b>10,855</b>	<b>22,049</b>
<b>Net financial assets (liabilities)</b>	<b>44,426</b>	<b>(3,386)</b>	<b>(6,356)</b>	<b>(1,397)</b>	<b>(1,397)</b>	<b>(2,097)</b>	<b>31,190</b>

**Note 37 (b) Financial instruments - Interest Rate Risk (continued)**

**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 from interest bearing financial assets and liabilities that we use. Non derivative interest bearing assets are predominantly short term liquid assets. Our interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes us to fair value interest rate risk.

Our loan borrowings are sourced from major Australian banks by a tender process. Overdrafts are arranged with major Australian banks. We manage interest rate risk on our net debt portfolio by:

- ensuring access to diverse sources of funding;
- reducing risks of refinancing by managing in accordance with target maturity profiles; and
- setting prudential limits on interest repayments as a percentage of rate revenue.

We manage the interest rate exposure on our debt portfolio by appropriate budgeting strategies and obtaining approval for borrowings from the Department of Planning and Community Development each year.

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:

- conformity with State and Federal regulations and standards,
- capital protection, and appropriate liquidity,
- diversification by credit rating, financial institution and investment product,
- monitoring of return on investment,

Maturity will be staggered to provide for interest rate variations and to minimise interest rate risk.

# City of Ballarat 2011 - 2012 Financial Report

## Note 37(c) Financial Instruments - Net Fair Values

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at balance date are as follows:

	Total carrying amount as per		Aggregate net fair value	
	Balance Sheet		2012	2011
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
<b>Financial Instruments</b>				
Financial assets				
Cash and cash equivalents	44,286	43,964	44,286	43,964
Trade and other receivables	6,429	6,589	6,429	6,589
Accrued Income	333	462	333	462
<b>Total financial assets</b>	<b>51,048</b>	<b>51,015</b>	<b>51,048</b>	<b>51,015</b>
Financial liabilities				
Trade and other payables	8,550	8,020	8,550	8,020
Trust funds and deposits	2,279	2,170	2,279	2,170
Interest-bearing loans and borrowings	10,194	11,194	10,194	11,194
<b>Total financial liabilities</b>	<b>21,023</b>	<b>21,384</b>	<b>21,023</b>	<b>21,384</b>
<b>(d) Credit Risk</b>				
<b>Ageing of Investments and Receivables at reporting date</b>				
Current (not yet due)			2012	2011
			\$'000	\$'000
Past due by up to 30 days			48,861	47,965
Past due between 31 and 180 days			433	1,293
Past due between 181 and 365 days			1,053	1,921
Past due by more than 1 year			258	442
			111	280
<b>Total Trade &amp; Other Receivables</b>			<b>50,716</b>	<b>51,901</b>
<b>Movement in Provisions for Doubtful Debts</b>				
			2012	2011
			\$'000	\$'000
Balance at the beginning of the year			(680)	(508)
New Provisions recognised during the year			(339)	(389)
Amounts already provided for and written off as uncollectible			220	107
Amounts provided for but recovered during the year			21	110
<b>Balance at end of year</b>			<b>(778)</b>	<b>(680)</b>



**Note 37(c) Financial Instruments - Net Fair Values (continued)**

**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 our 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.

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

Trade and other receivables consist of a large number of customers, spread across the consumer, business and government sectors. However, credit risk associated with the Council's financial assets is minimal because the main debtor is the Victorian Government. Apart from the Victorian Government we do not have any significant credit risk exposure to a single customer or groups of customers. Ongoing credit evaluation is performed on the financial condition of our customers and, where appropriate, an allowance for doubtful debts is raised.

We may also be subject to credit risk for transactions which are not included in the balance sheet, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in note 36.

**Note 37 (d) Financial Instruments - Credit Risk**

**Ageing of individually impaired Trade and Other Receivables**

At balance date, other debtors representing financial assets with a nominal value of \$85,883 (2011 \$87,150) were impaired. The amount of the ageing of Trade and Other Receivables that have been individually determined as impaired at reporting date was:

	2012 \$'000	2011 \$'000
Current (not yet due)	5	5
Past due by up to 30 days	1	1
Past due between 31 and 180 days	8	8
Past due between 181 and 365 days	17	17
Past due by more than 1 year	54	56
<b>Total Trade &amp; Other Receivables</b>	<b>85</b>	<b>87</b>

# City of Ballarat 2011 - 2012 Financial Report

## Note 37 (e) Financial Instruments - Liquidity Risk

The risks associated with our main financial instruments and our policies for minimising these risks are detailed below.

2012	0-12	1-2	2-5	>5	Contracted Cash Flow \$'000	Carrying Amount \$'000
	months \$'000	years \$'000	years \$'000	years \$'000		
Trade and other payables	8,550	-	-	-	8,550	8,550
Trust funds and deposits	2,279	-	-	-	2,279	2,279
Interest-bearing loans and borrowings	3,929	4,882	2,469	328	11,608	10,194
<b>Total financial liabilities</b>	<b>14,758</b>	<b>4,882</b>	<b>2,469</b>	<b>328</b>	<b>22,437</b>	<b>21,023</b>
<b>2011</b>	<b>0-12</b>	<b>1-2</b>	<b>2-5</b>	<b>&gt;5</b>	<b>Contracted</b>	<b>Carrying</b>
	months \$'000	years \$'000	years \$'000	years \$'000	Cash Flow \$'000	Amount \$'000
Trade and other payables	13,602	2,269	-	-	15,871	15,871
Trust funds and deposits	2,170	-	-	-	2,170	2,170
Interest-bearing loans and borrowings	4,044	3,275	4,178	1,538	13,035	11,194
Other financial liabilities	4,154	5,230	0	1,220	10,604	10,604
<b>Total financial liabilities</b>	<b>23,970</b>	<b>10,774</b>	<b>4,178</b>	<b>2,758</b>	<b>41,680</b>	<b>39,839</b>

### 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 on the date;
- we will be forced to sell financial assets at a value which is less than what they are worth; or
- we may be unable to settle or recover a financial assets at all.

To help reduce these risks we:

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

The Councils exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.



# City of Ballarat 2011 - 2012 Financial Report

## Note 37 (f) Financial Instruments - Market Risk Exposure

		Interest rate risk			
		-2%		+1%	
	Subject to risk \$'000	Profit \$'000	-200 basis points Equity \$'000	Profit \$'000	+100 basis points Equity \$'000
<b>2012</b>					
<b>Financial assets:</b>					
Cash and cash equivalents	44,286	(886)	(886)	443	443
<b>Financial liabilities:</b>					
Interest-bearing loans & borrowings	10,194	-	-	-	-

		Interest rate risk			
		-2%		+1%	
	Subject to risk \$'000	Profit \$'000	-200 basis points Equity \$'000	Profit \$'000	+100 basis points Equity \$'000
<b>2011</b>					
<b>Financial assets:</b>					
Cash and cash equivalents	43,964	(879)	(879)	440	440
<b>Financial liabilities:</b>					
Interest-bearing loans & borrowings	11,194	-	-	-	-

### 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 are primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk. The interest rate risk for borrowings is zero in the above tables as long term financial liabilities are held to maturity, and are fixed interest liabilities.

### Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Council believes the following movements are 'reasonably possible' over the next 12 months (Base rates are sourced from Reserve Bank of Australia):

- A parallel shift of + 1% and -2% in market interest rates (AUD) from year-end rates of 4.4%.

The table above discloses the impact on net operating result and equity for each category of financial instruments held by the Council at year-end, if the above movements were to occur.



## City of Ballarat 2011 - 2012 Financial Report

### Note 37 (g) Financial Instruments - Fair Value Hierarchy

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

The different levels have been defined as follows:

Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities  
 Level 2 inputs other than quoted prices included within level one that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices)  
 Level 3 inputs for the asset or liability that are not based on observable market data

	level 1	level 2	level 3	Total
<b>30-Jun-12</b>				
Available for sale financial assets	-	-	-	-
Cash and Cash Equivalents	44,286	-	-	44,286
Financial assets held for trading	-	-	-	-
Derivative financial assets	-	-	-	-
	<b>44,286</b>	<b>-</b>	<b>-</b>	<b>44,286</b>
<b>30-Jun-11</b>				
Available for sale financial assets	-	-	-	-
Cash and Cash Equivalents	43,964	-	-	43,964
Financial assets held for trading	-	-	-	-
Derivative financial assets	-	-	-	-
	<b>43,964</b>	<b>-</b>	<b>-</b>	<b>43,964</b>

## City of Ballarat 2011 - 2012 Financial Report

### Note 38 Auditors' remuneration

	2012 \$'000	2011 \$'000
Audit fee to conduct external audit - Victorian Auditor-General	71	69
Internal audit fees - AFS & Associates	56	85
	<b>127</b>	<b>154</b>

### Note 39 Events occurring after balance date

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

### Note 40 Related party transactions

#### (i) Responsible Persons

Names of persons holding the position of a Responsible Person at the Council at any time during the year are:

#### Councillors

Mark Harris ( Mayor ) 5-12-2011 to 30-06-2012  
 Ben Taylor  
 Craig Fletcher ( Mayor ) 1-07-2011 to 5-12-2012  
 Judy Verlin  
 John Phillips  
 Des Hudson  
 Samantha McIntosh  
 Cheryl Bromfield  
 Noel Perry

#### Chief Executive Officer

Anthony Schnick

#### (ii) Remuneration of Responsible Persons

The numbers of Responsible Officers, whose total remuneration from Council and any related entities fall within the following bands:

	2012 No.	2011 No.
\$20,000 - \$29,999	7	7
\$40,000 - \$49,999	1	1
\$50,000 - \$59,999	1	1
\$60,000 - \$69,999	-	-
\$150,000 - \$159,999	-	-
\$250,000 - \$259,999	1	1
	<b>10</b>	<b>10</b>

Total Remuneration for the reporting year for Responsible Persons included above amounted to:

	\$'000	\$'000
	<b>516</b>	<b>506</b>

## City of Ballarat 2011 - 2012 Financial Report

### Note 40 Related party transactions (continued)

#### (iii) Senior Officers Remuneration

A Senior Officer other than a Responsible Person, is an officer of Council who has management responsibilities and reports directly to the Chief Executive or whose total annual remuneration exceeds \$127,000.

The number of Senior Officers other than the Responsible Persons, are shown below in their relevant income bands:

	2012	2011
	No.	No.
Income Range:		
<\$127,000	8	6
\$127,000 - \$129,999	-	2
\$130,000 - \$139,999	1	3
\$140,000 - \$149,999	1	1
\$150,000 - \$159,999	-	1
\$160,000 - \$169,999	4	-
\$170,000 - \$179,999	1	-
\$190,000 - \$199,999	1	-
	<b>16</b>	<b>13</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Total Remuneration for the reporting year for Senior Officers included above, amounted to</b>	<b>2,054</b>	<b>1,506</b>



## City of Ballarat 2011 - 2012 Financial Report

### Note 40 Related party transactions ( continued )

(iv) The following table provides the total number of transactions which have been entered into with related parties for the relevant financial year. (See note 15 for further information on CHRLC associate).

Related Party	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
CHRLC				
2012	-	-	-	-
2011	117	2,148	4	4

### Note 41 Prior year adjustments

(During 2011, council identified further assets owned by it that were not reflected in the fixed asset register. In 2012 assets to the value of \$3,000,000 were found that were not reflected in the Asset Register.

Prior Year Adjustment - Infrastructure	2012 \$'000	2011 \$'000
Road Seal	-	3,512
Road Pavement	3,000	42,328
Footpath	-	10,523
Kerb	-	16,319
Bridge	-	8,762
Roundabouts	-	3,102
<b>Total</b>	<b>3,000</b>	<b>84,546</b>

## City of Ballarat 2011 - 2012 Financial Report

### Note 42 Income, expenses and assets by function/activities

	2012 \$'000	2011 \$'000
<b>Revenue</b>		
Executive Unit	197	-
Growth & Development	34,582	32,032
Destination & Economy	9,602	8,786
People & Communities	16,129	14,072
Governance & Information Services	112	59
Finance	89,319	80,113
Organisation Services	144	139
Strategic Communications	5	9
<b>Total Revenue</b>	<b>150,090</b>	<b>135,210</b>
<b>Expenses</b>		
Executive Unit	1,005	989
Growth & Development	47,128	43,146
Destination & Economy	13,366	10,707
People & Communities	23,304	21,104
Governance & Information Services	6,313	5,576
Finance	35,504	30,344
Organisation Services	3,154	2,771
Strategic Communications	2,242	1,429
<b>Total Expenditure</b>	<b>132,016</b>	<b>116,066</b>
<b>Results from Ordinary Activities</b>	<b>18,074</b>	<b>19,144</b>

The following divisions are responsible for delivering Council's programs, projects and activities for the Ballarat community:

#### Executive Unit

The Executive Unit includes the Office of the Chief Executive who has overall responsibility for managing the Council organisation, providing strategic and corporate communications and executive support to the Mayor and Councillors.

#### Growth and Development

Development and Infrastructure is responsible for managing Council and community assets and providing infrastructure planning, development and delivery for the community's roads, open space and built environment. It also provides leisure and recreational services and strategic planning for the future development of the municipality.

#### Destination and Economy

The Destination and Connections division manages the city's cultural institutions such as the Art Gallery of Ballarat and Her Majesty's Theatre as well as generally fostering arts and cultural development for the Ballarat community. In 2011 it also manages and supports the tourism industry and attracts events to make Ballarat a key Australian destination of choice.

### **Note 42 Income, expenses and assets by function/activities (continued)**

#### **People and Communities**

The People and Communities division provides a broad range of community services that support and enhance the quality of life for Ballarat residents. The services relate to home and personal care, people with disabilities, aged services, maternal and child health, childcare, youth, cultural diversity, community safety and assistance to disadvantaged communities.

#### **Governance and Information Services**

The Governance and Information Services unit provides governance, legal, civic and risk management advice and support to Council. It is also responsible for the provision of information technology services and support and managing Council's records.

#### **Finance**

The Finance division provides financial management to the organisation, ensuring that it is fiscally responsible and meets all the statutory financial obligations required of a local government authority.

#### **Organisation Services**

The Organisation Services division provides human resources management, staff development, corporate planning and occupational health and safety services to the Council organisation.

#### **Strategic Communications**

The Strategic Communications and Stakeholder Relations Unit is responsible for managing internal and external communications for the City of Ballarat. The unit coordinates all of council's print publications, manages media relations and responses, provides community engagement advice and support, manages the City's online and social media presence and development, provides communications support to the Councillors and is responsible for City of Ballarat branding and promotion.



## City of Ballarat 2011 - 2012 Financial Report

### Note 43 Financial ratios (Performance indicators)

	2012 \$'000	2012 (%)	2011 \$'000	2011 (%)
(a) <b>Debt servicing ratio</b> (to identify the capacity of Council to service its outstanding debt)				
$\frac{\text{Debt servicing costs}}{\text{Total revenue}}$	$\frac{644}{150,090}$	= 0.43%	$\frac{711}{135,210}$	= 0.53%

Debt servicing costs refer to the payment of interest on loan borrowings, finance lease, and bank overdraft.

The ratio expresses the amount of interest paid as a percentage of Council's total revenue.

(b) <b>Debt commitment ratio</b> (to identify Council's debt redemption strategy)				
$\frac{\text{Debt servicing \& redemption costs}}{\text{Rate revenue}}$	$\frac{1,644}{64,498}$	= 2.55%	$\frac{3,710}{61,055}$	= 6.08%

The ratio expresses the percentage of rate revenue utilised to pay interest and redeem debt principal.

(c) <b>Revenue ratio</b> (to identify Council's dependence on non-rate income)				
$\frac{\text{Rate revenue}}{\text{Total revenue}}$	$\frac{64,498}{150,090}$	= 42.97%	$\frac{61,055}{135,210}$	= 45.16%

The level of Council's reliance on rate revenue is

(d) <b>Debt exposure ratio</b> (to identify Council's exposure to debt)				
$\frac{\text{Total indebtedness}}{\text{Total realisable assets}}$	$\frac{42,714}{198,036}$	= 21.57%	$\frac{27,416}{197,045}$	= 13.91%

For the purpose of the calculation of financial ratios, realisable assets are those assets which can be sold and which are not subject to any restriction on realisation or use.

Any liability represented by a restricted asset (note 32) is excluded from total indebtedness.

The following assets are excluded from total assets when calculating Council's realisable assets:

land and buildings on Crown land; restricted assets; heritage assets; total infrastructure assets; and Council's investment in associate.

## City of Ballarat 2011 - 2012 Financial Report

### Note 43 Financial ratios (Performance indicators) (continued)

This ratio enables assessment of Council's solvency and exposure to debt. Total indebtedness refers to the total liabilities of Council. Total liabilities are compared to total realisable assets which are all Council assets not subject to any restriction and are able to be realised. The ratio expresses the percentage of total liabilities for each dollar of realisable assets.

	2012 \$'000	2012 (%)	2011 \$'000	2011 (%)
<b>(e) Working capital ratio</b> (to assess Council's ability to meet current commitments)				
<u>Current assets</u> Current liabilities	$\frac{51,755}{33,613}$	= 153.97%	$\frac{54,093}{22,961}$	= 235.59%

The ratio expresses the level of current assets the Council has available to meet its current liabilities.

# City of Ballarat 2011 - 2012 Financial Report

## Note 44 Capital expenditure

	2012 \$'000	2011 \$'000
<b>Capital expenditure areas</b>		
Buildings	7,890	6,419
Art Works	424	389
Land	2,625	319
Lending Materials	181	
Land Under Roads	512	628
Infrastructure	24,132	24,451
Plant & Equipment	3,620	1,793
Furniture & fittings	31	12
Recreation and Open Space	15,754	9,007
<b>Total capital works</b>	<b>55,169</b>	<b>43,018</b>
 Represented by:		
Renewal of Assets	15,313	20,373
Upgrade of Assets	7,206	11,799
New Assets	32,650	10,846
<b>Total capital works</b>	<b>55,169</b>	<b>43,018</b>

### Property, plant and equipment, infrastructure movement

The movement between the previous year and the current year in property, plant and equipment, infrastructure as shown in the Balance Sheet links to the net of the following items:

Total capital works	55,169	43,018
Asset revaluation movement	(122,344)	254,236
Recognition of assets	4,423	84,546
Depreciation/amortisation	(23,544)	(26,939)
Written down value of assets sold	(211)	(165)
Transfers	(790)	-
<b>Net movement in property, plant and equipment, infrastructure</b>	<b>(87,297)</b>	<b>354,696</b>

#### (a) Renewal

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

#### (b) Upgrade

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

#### (c) Expansion

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



## Certification of the Financial Report

In my opinion the accompanying financial statements have been prepared in accordance with the *Local Government Act 1989*, the *Local Government (Finance and Reporting) Regulations 2004*, Australian Accounting Standards and other mandatory professional reporting requirements.



Glenn Kallio CPA  
Principal Accounting Officer

Date : 19/09/2012  
Ballarat

In our opinion the accompanying financial statements present fairly the financial transactions of the City of Ballarat for the year ended 30 June 2012 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 on 12 September 2012 to certify the financial statements in their final form.

Mark Harris  
Councillor



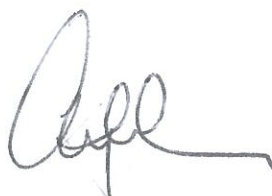
Date : 19/09/2012  
Ballarat

Judy Verlin  
Councillor



Date : 19/09/2012  
Ballarat

Anthony Schnick  
Chief Executive Officer



Date : 19/09/2012  
Ballarat

# Standard Income Statement

## For the Year Ended 30 June 2012

	2012 Budget \$'000	2012 Actual \$'000	Variance \$'000	Variance %	Ref
<b>Income</b>					
Rates and charges	64,223	64,498	275	0.4%	
User fees, charges and fines	29,835	32,072	2,237	7.5%	
Contributions - cash	571	1,509	938	164.3%	1
Contributions - non-monetary assets	10,000	11,383	1,383	13.8%	1
Grants - recurrent	17,545	26,734	9,189	52.4%	2
Grants - non-recurrent	6,606	10,245	3,639	55.1%	3
Reimbursements	70	752	682	974.3%	4
Net gain/(loss) on disposal of assets	-	380	380	0.0%	
Interest income	1,104	2,517	1,413	128.0%	5
<b>Total income</b>	<b>129,954</b>	<b>150,090</b>	<b>20,136</b>	<b>15.49%</b>	
<b>Expenses</b>					
Employee benefits	43,142	60,488	17,346	40.2%	6
Materials and services	40,167	42,195	2,028	5.0%	
Bad and doubtful debts	-	319	319	0.0%	
Depreciation and amortisation	23,963	23,544	(419)	-1.7%	
Finance costs	672	644	(28)	-4.2%	
Other expenses	4,752	4,826	74	1.6%	
<b>Total expenses</b>	<b>112,696</b>	<b>132,016</b>	<b>19,320</b>	<b>17.14%</b>	
<b>Profit/(loss)</b>	<b>17,258</b>	<b>18,074</b>	<b>816</b>	<b>4.73%</b>	
<b>Other comprehensive income</b>					
Net asset revaluation increment	-	(119,480)	(119,480)	0.0%	
<b>Comprehensive result</b>	<b>17,258</b>	<b>(101,406)</b>	<b>(118,664)</b>	<b>-688%</b>	<b>7</b>

# Standard Balance Sheet

For the year ended 30 June 2012

	2012 Budget \$'000	2012 Actual \$'000	Variance \$'000	Variance %	Ref
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	21,389	44,286	22,897	107.1%	8
Trade and other receivables	6,816	6,429	(387)	-5.7%	
Inventories	-	372	372	0.0%	
Non-current assets classified as held for sale	-	17	17	0.0%	
Other assets	1,489	651	(838)	-56.3%	9
<b>Total current assets</b>	<b>29,694</b>	<b>51,755</b>	<b>22,061</b>	<b>74.3%</b>	
<b>Non-current assets</b>					
Trade and other receivables	24	78	54	225.0%	
Property, infrastructure, plant and equipment	1,166,829	1,381,855	215,026	18.4%	10
Investments in associates accounted for using the equity method	1,916	-	(1,916)	-100.0%	11
<b>Total non-current assets</b>	<b>1,168,769</b>	<b>1,381,933</b>	<b>213,164</b>	<b>18.2%</b>	
<b>Total assets</b>	<b>1,198,463</b>	<b>1,433,688</b>	<b>235,225</b>	<b>19.6%</b>	
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	5,053	8,550	3,497	69.2%	12
Trust funds and deposits	1,868	2,279	411	22.0%	
Provisions	8,309	19,405	11,096	133.5%	13
Interest-bearing loans and borrowings	2,991	3,379	388	13.0%	
<b>Total current liabilities</b>	<b>18,221</b>	<b>33,613</b>	<b>15,392</b>	<b>84.5%</b>	
<b>Non-current liabilities</b>					
Provisions	2,132	2,845	713	33.4%	13
Interest-bearing loans and borrowings	7,203	6,815	(388)	-5.4%	
<b>Total non-current liabilities</b>	<b>9,335</b>	<b>9,660</b>	<b>325</b>	<b>3.5%</b>	
<b>Total liabilities</b>	<b>27,556</b>	<b>43,273</b>	<b>15,717</b>	<b>57.0%</b>	
<b>Net Assets</b>	<b>1,170,907</b>	<b>1,390,415</b>	<b>219,508</b>	<b>18.7%</b>	
<b>Equity</b>					
Accumulated surplus	666,373	751,604	85,231	12.8%	
Reserves	504,534	638,811	134,277	26.6%	
<b>Total Equity</b>	<b>1,170,907</b>	<b>1,390,415</b>	<b>219,508</b>	<b>18.7%</b>	



# Standard Cash Flow Statement

For the year ended 30 June 2012

	Budget Inflows/ (Outflows) 2012 \$'000	Actual Inflows/ (Outflows) 2012 \$'000	Variance \$'000	Variance %	Ref
<b>Cash flows from operating activities</b>					
Rates	64,062	64,376	314	0.5%	
Statutory fees and fines	29,835	36,155	6,320	21.2%	14
Grants (inclusive of GST)	24,151	38,099	13,948	57.8%	(2 & 3)
Reimbursements (inclusive of GST)	70	827	757	1081.4%	15
Interest	1,104	2,517	1,413	128.0%	5
Other receipts (inclusive of GST)	571	1,703	1,132	198.2%	16
Net GST refund/payment	-	508	508	0.0%	
Payments to suppliers (inclusive of GST)	(38,825)	(44,923)	(6,098)	15.7%	17
Payments to employees (including redundancies)	(44,484)	(48,461)	(3,977)	8.9%	
Other payments	(4,752)	(4,826)	(74)	1.6%	
<b>Net cash provided by (used in) operating activities</b>	<b>31,732</b>	<b>45,975</b>	<b>14,243</b>	<b>44.9%</b>	
<b>Cash flows from investing activities</b>					
Payments for property, infrastructure, plant and equipment	(33,862)	(44,565)	(10,703)	31.6%	18
Proceeds from sale of property, infrastructure, plant and equipment	667	582	(85)	-12.7%	
Loans and advances to community organisations	-	(40)	(40)	0.0%	
Repayment of loans and advances from community organisations	-	14	14	0.0%	
<b>Net cash provided by (used in) investing activities</b>	<b>(33,195)</b>	<b>(44,009)</b>	<b>(10,814)</b>	<b>32.6%</b>	
<b>Cash flows from financing activities</b>					
Finance costs	(672)	(644)	28	-4.2%	
Proceeds from interest bearing loans and borrowings	2,386	2,386	-	0.0%	
Repayment of interest bearing loans and borrowings	(3,386)	(3,386)	-	0.0%	
<b>Net cash provided by (used in) financing activities</b>	<b>(1,672)</b>	<b>(1,644)</b>	<b>28</b>	<b>-1.7%</b>	
Net increase (decrease) in cash and cash equivalents	(3,135)	322	3,457	-110.3%	
Cash and cash equivalents at the beginning of the financial year	24,524	43,964	19,440	79.3%	
<b>Cash and cash equivalents at the end of the financial year</b>	<b>21,389</b>	<b>44,286</b>	<b>22,897</b>	<b>107.1%</b>	

## Standard Statement of Capital Works

For the year ended 30 June 2012

	Budget 2012 \$'000	Actual 2012 \$'000	Variance \$'000	Variance %	Ref
<b>Capital expenditure</b>					
<b>Capital expenditure areas</b>					
Buildings	3,231	7,890	4,659	144.2%	
Artworks	-	424	424	0.0%	
Lending Materials	-	181	181	0.0%	
Land	-	2,625	2,625	0.0%	
Land under Roads	-	512	512	0.0%	
Infrastructure	31,564	24,132	(7,432)	-23.5%	
Plant and equipment	3,539	3,620	81	2.3%	
Furniture and fittings	-	31	31	0.0%	
Recreation and Open Space	5,528	15,754	10,226	185.0%	
<b>Total capital works</b>	<b>43,862</b>	<b>55,169</b>	<b>11,307</b>	<b>25.8%</b>	<b>18</b>
Represented by:					
Renewal of Assets	17,522	15,313	(2,209)	-12.6%	
Upgrade of Assets	12,512	7,206	(5,306)	-42.4%	
New Assets	13,828	32,650	18,822	136.1%	
<b>Total capital works</b>	<b>43,862</b>	<b>55,169</b>	<b>11,307</b>	<b>25.8%</b>	

### Property, plant and equipment,

The movement between the previous year and the current year in property, plant and equipment, infrastructure as shown in the Balance Sheet links to the net of the following items:

Total capital works	43,862	55,169	11,307	25.8%
Asset revaluation movement	-	(119,480)	(119,480)	0.0%
Depreciation/amortisation	(23,963)	(23,544)	419	-1.7%
Written down value of assets sold	-	(202)	(202)	0.0%
<b>Net movement in property, plant and equipment, infrastructure</b>	<b>19,899</b>	<b>(88,057)</b>	<b>(107,956)</b>	<b>-542.5%</b>



# City of Ballarat 2011 - 2012 Financial Report

## Notes to the Standard Statements

### 1. Basis of preparation of Standard Statements

Council is required to prepare and include audited Standard Statements within its Annual Report. Four Statements are required - Standard Income Statement, Standard Balance Sheet, Standard Cash Flow Statement, and a Standard Capital Works Statement, together with explanatory notes.

These statements and supporting notes form a special purposes financial report prepared to meet the requirements of the Local Government Act 1989 and Local Government (Finance and reporting) Regulations 2004.

The Standard Statements have been prepared on accounting bases consistent with those used for General Purpose Financial Statements and the Budget. The result reported in these statements are consistent with those reported in the General Purpose Financial Statements.

The Standard Statements are not a substitute for the General Purpose Financial Statements. They have not been prepared in accordance with all Australian Accounting Standards or other authoritative pronouncements.

The Standard Statements compare Council's financial plan, expressed through its budget, with actual performance. The Local Government Act 1989 requires explanation of any material variances.

The budget figures included in the Statements are those adopted by Council on 22 June 2011. The budget was based on assumptions that were relevant at the time of adoption of the budget. The City set guidelines and parameters for revenue and expense targets in this budget in order to meet its business plan 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.

Detailed information on the actual financial results are contained in the General Purposes Financial Statements. The detailed can be obtained by contacting Council. The Standard Statements must be read with reference to these documents.

## Commentary on the Notes to the Standard Statements

### Standard Income Statement

The Standard Income Statement shows a net surplus from operations of \$18.074 million for the year ended 30th June 2012. Factors that have had a significant effect on the actual results when compared to the adopted budget are:

1. - Council resolved in September 2011 to approve carryovers totalling \$6.726 million. These carryovers relate to government grants that were received in 2010/11 financial year but related to the carrying out of works in the 2011/12 financial year.
2. - Council had a number of projects that were not completed as at 30 June 2011, therefore funds were required to be carried forward to complete those works totalling \$7.542 million.

The following analysis of the major variances to the adopted budget is provided for information purposes.

#### (1) Contributions

Additional non-cash contributions were received from subdividers contributions (\$996k) and the donation of art to the Ballarat Fine Art Gallery (\$424k).



# City of Ballarat 2011 - 2012 Financial Report

## (2 & 3) Grant Revenue

The City of Ballarat received a number of grants during the 2011/12 financial year being:

1. - The first half of the 2012/13 Grants Commission grant was received in June totalling \$5.528 million..
2. - A number of operation grants were received in June that were paid ahead of time totalling \$1.159 million..
3. - A number of grants for capital works had been received ahead of schedule that had not be budgeted for totalling \$1.471 million.

## (4) Reimbursements

Council received funds on behalf of other organisations to complete works on their behalf. These were:

Insurance	\$349k
FBT staff reimbursement	\$144k
Other	\$259k

## (5) Interest Income

Cash levels at the beginning of the financial year and continued cash flows combined with better than expected rate of returns resulted in the higher than expected interest income.

## (6) Employee Costs

Employee costs were significantly higher than the budget due to:

1. - The City of Ballarat was required to recognised \$9.6 million as at 30 June 2012 due to the requirement to fund the shortfall in the Defined Benefits Superannuation Scheme. The actuary was completed as at 31 December 2011.
2. - Due to carryovers, additional funds were allocated for the finalisation of projects and the completion of additional services.

## (7) Comprehensive Result

The comprehensive result includes revaluation of assets that was not budgeted for during the 2011/12 financial year.

## Standard Balance Sheet

### (8) Cash Assets

The cash position for the Council was \$22.897 million higher than budgeted. The improved cash position is attributed to these factors:

1. - Cash held at the 1<sup>st</sup> July 2011 was \$24.667 million higher than budgeted.
2. - Expenditure on investing activities was lower than anticipated. The surplus of funds from investing activities will be carried over to the 2012/13 financial year to enable uncompleted projects to be finalised.
3. - Sundry creditors at 30th June 2012 were greater than expected, resulting in additional cash funds.
4. - The City of Ballarat received significant sums relating to 2012/13 government grants which were received in the 2011/12 financial year.

### (9) Other Assets

The variation to the budget is due to the early preparation of the 2011/12 budget. In the formulation of the 2011/12 budget the assumption is made that "other assets" will not have any movement for the year. The variation has occurred due to the final result in the 2010/11 accounts having varied from the forecast position, as calculated in the formulation of the 2011/12 budget.

## City of Ballarat 2011 - 2012 Financial Report

### **(10) Property, Infrastructure, Plant and Equipment**

The revaluation for 2010/11 was post the 2011/12 budget and had a significant impact on this category of asset that had not been anticipated. The forecast position was \$1.166 million compared to the final result for the 2010/11 year of \$1.461 million, being a variation of \$0.295 million.

### **(11) Investments in associates accounted for using the equity method**

This investment related to Council's ownership in the Regional Library Corporation. As at 1 July 2011, the City of Ballarat had withdrawn from the Corporation, as such, the investment was written back, whilst in the full cost of Council's assets relating to the library were recognised in the City of Ballarat's balance sheet in the 2011/12 financial statements.

### **(12) Trade and other payables**

Sundry creditors at 30th June 2012 were greater than expected, this was offset by additional cash funds being held.

### **(13) Provisions**

The accounting for the superannuation liability was the principal cause of the increase of the current liability. The defined benefits liability amounted to \$9.639 million.

The increase in the non current liability was principally due to the taking up of employee entitlements relating to the former Regional Library Corporation. Those staff became employees of the City of Ballarat as at 1 July 2011.

### **Standard Cash Flow Statement**

The Standard Cash Flow Statement shows a net result in cash resources of \$22.897 million greater than budgeted for the year ended 30th June 2012. The following analysis is provided for information purposes.

### **(14) Statutory fees and fines**

Statutory fees and fines had increased by \$6.320 million compared to the 2011/12 budget. The reasons for this increase are:

1. - Improved collection rate of outstanding monies improved the cash flow by \$2.053 million.
2. - The 2011/12 budget did not include GST increasing the variation to budget by \$2.121 million.
3. - The remaining 2.146 million resulted in higher than anticipated income levels. This is a result of the combination of improved revenue streams and conservative budgeting in income levels for the 2011/12 year.

### **(15) Reimbursements**

Council puts a nominal value for revenue earned through reimbursements as what the City of Ballarat receives is expended thus having no effect on the financial position of the Council. The 2011/12 financial year resulted in some works completed, again at a no net effect to the organisation.

### **(16) Other Receipts**

Other receipts usually represents miscellaneous income or minor contributions made to Council, usually being a contribution from a local sporting club to assist in works conducted. The 2011/12 year saw an increase in shop sales, fundraising, and workcover reimbursements. All these amounts individual are minor in nature however for this category have resulted in a \$1.1 million variance.

### **(17) Payments to Suppliers**

There was a significant increase in payments for the year due to the carryovers from the 2010/11 financial year being brought forward to the 2011/12 financial year. Though the cash balances at the end of the 2010/11 financial year were sufficient to fund the increase in payments.

## City of Ballarat 2011 - 2012 Financial Report

### Standard Statement of Capital Works

The Standard Statement of Capital Works shows a net decrease in capital Expenditure versus budget of \$6.391 million for the year ended 30th June 2012. The following analysis is provided for information purposes.

#### **(18) Capital Works**

The capital works program recorded an significantly increase in expenditure compared to budget due to the following:

1. - Council approved carryovers in September 2011 for the completion of works that had not been finalised in the 2010/11 financial year totally 12.8 million.
2. - Council had received additional grant income for the completion of additional capital projects totalling \$5.4 million.
- 3.- In the construction of new cells at Council's landfill, recent changes in the regulations set down by the EPA has seen significant increases in construction costs of \$1.1 million.



## Certification of the Standard Statements

In my opinion the accompanying financial statements have been prepared in accordance with the *Local Government Act 1989*, the *Local Government (Finance and Reporting) Regulations 2004*, Australian Accounting Standards and other mandatory professional reporting requirements.



Glenn Kallio CPA  
Principal Accounting Officer

Date : 19/09/2012  
Ballarat

In our opinion the accompanying standard statements present fairly the financial transactions of the City of Ballarat for the year ended 30 June 2012 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 standard statements to be misleading or inaccurate.

We have been authorised by the Council on 12 September 2012 to certify the standard statements in their final form.

Mark Harris  
Councillor



Date : 19/09/2012  
Ballarat

Judy Verlin  
Councillor



Date : 19/09/2012  
Ballarat

## INDEPENDENT AUDITOR'S REPORT

### To the Councillors, City of Ballarat

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

The accompanying financial report for the year ended 30 June 2012 of City of Ballarat which comprises comprehensive income statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of the significant accounting policies and other explanatory information, and the certification of the financial report has been audited.

The accompanying standard statements for the year ended 30 June 2012 of the Council which comprises standard income statement, standard balance sheet, standard cash flow statement, standard statement of capital works, the related notes and the certification of the standard statements have been audited.

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

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

- the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*
- the standard statements in accordance with the basis of preparation as described in Note 1 to the statements and the requirements of the *Local Government Act 1989*.

The Councillors are responsible for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial report and standard statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

As required by the *Audit Act 1994* and the *Local Government Act 1989*, my responsibility is to express an opinion on the financial report and standard statements based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance whether the financial report and standard statements are free from material misstatement.

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

- the appropriateness of the accounting policies used in the financial report
- the reasonableness of accounting estimates made by the Councillors
- the overall presentation of the financial report and standard statements.

## Independent Auditor's Report (continued)

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

### *Independence*

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

### *Opinion*

In my opinion:

- (a) the financial report presents fairly, in all material respects, the financial position of City of Ballarat as at 30 June 2012 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*
- (b) the standard statements present fairly, in all material respects, in accordance with the basis of preparation as described in Note 1 to the statements and comply with the requirements of the *Local Government Act 1989*.

### *Basis of Accounting for Standard Statements*

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

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

This auditor's report relates to the financial report and standard statements of the City of Ballarat for the year ended 30 June 2012 included both in the City of Ballarat's annual report and on the website. The Councillors of the City of Ballarat are responsible for the integrity of the City of Ballarat's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report and standard statements are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and standard statements to confirm the information contained in the website version of the financial report and standard statements.

MELBOURNE  
25 September 2012

  
D D R Pearson  
Auditor-General