

OFFICIAL

Unscheduled Council Meeting

Agenda

12 October 2022 at 6:30pm

Council Chamber, Town Hall, Sturt Street,
Ballarat





The City of Ballarat acknowledges the Traditional Custodians of the land we live and work on, the Wadawurrung and Dja Dja Wurrung People, and recognises their continuing connection to the land and waterways. We pay our respects to their Elders past, present and emerging and extend this to all Aboriginal and Torres Strait Islander People.

This meeting is being broadcast live on the internet and the recording of this meeting will be published on council's website www.ballarat.vic.gov.au after the meeting.

Members of the public attending this meeting may be filmed. By remaining in the public gallery once the meeting commences, members of the public give their consent to being filmed, and for the recording of them to be made publicly available and used by council.

Information about the broadcasting and publishing recordings of council meetings is available in council's broadcasting and publishing recordings of council meetings procedure is available on the council's website.

PUBLIC SUBMISSIONS

- Public representations may be made on any items listed on the agenda in a Meeting apart from those listed in the confidential section.
- Presentations must be submitted in writing, not more than 500 words by 2:00pm on the day of the relevant meeting:
 - i. In the form approved; or
 - ii. by email to Council's prescribed email address;.or
 - iii. in person during normal office hours at the Council Offices at 25 Armstrong Street South, Ballarat.
- If a person submitting a presentation is not present in the gallery, their presentation will be read out subject to the time limits.



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The next Ordinary Meeting of the Ballarat City Council will be held on Wednesday 26 October 2022.

1. OPENING DECLARATION

Councillors: *"We, the Councillors of the City of Ballarat, declare that we will carry out our duties in the best interests of the community, and through collective leadership will maintain the highest standards of good governance."*

Mayor: *"I respectfully acknowledge the Wadawurrung and Dja Dja Wurrung People, the traditional custodians of the land, and I would like to welcome members of the public in the gallery."*

2. APOLOGIES FOR ABSENCE

3. DISCLOSURE OF INTEREST

4. OFFICER REPORTS

4.1. DRAFT FINANCIAL REPORT AND PERFORMANCE STATEMENTS FOR YEAR ENDED 30 JUNE 2022

Division: Corporate Services
Director: John Hausler
Author/Position: Jason Clissold – Executive Manager Financial Services

PURPOSE

1. For Council to give its approval 'in principle' to the Financial Report and Performance Statement for the year ended 30 June 2022, before submitting the statements to the auditor for reporting on the audit.
2. For Council to authorise two Councillors to certify the Statements, in their final form, after any changes recommended or agreed by the auditor have been made.

BACKGROUND

3. In accordance with Section 99 of the Local Government Act 2020 (the Act), Council is required to approve the Financial Report and Performance Statement 'in principle' before submitting them to the Victorian Auditor-General's Office.
4. The Financial Report provides information on current and prior year balances and information as required by accounting standards, the Act and Local Government (Planning and Reporting) Regulations 2020.
5. The Performance Statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures as developed by the Victorian Government under the Local Government Performance Reporting Framework.

KEY MATTERS

6. The attached draft Victorian Auditor-General's Closing Report does not raise any concerns over the audit and indicates that an unmodified audit opinion is expected to be issued for both statements.
7. Once approved in principle, the statements will be formally lodged with the Victorian Auditor-General's Office (VAGO), who will then issue a formal Audit Opinion on each, allowing the statements to be certified and included in the Annual Report to be presented to Council by 31 October 2022.
8. The Audit and Risk Committee considered the Financial Report and Performance Statement at its meeting held on 7 October 2022.
9. The Committee noted the outstanding audit work regarding Infrastructure Asset and asset value and the landfill provision and the potential impact on the balance sheet of revised infrastructure indexation calculation and also noting that the auditor has indicated that is less likely in respect of the landfill item.

10. The Committee provided the following opinion regarding the Financial Statement and the Performance Statement:
- That in our opinion the accompanying statements have been prepared in accordance with the *Local Government Act 2020*, the *Local Government (Planning and Reporting) Regulations 2020*, Australian Accounting Standards and other mandatory professional reporting requirements.
11. The Audit and Risk Committee recommended Council record its approval 'in principle' to the Financial Report and Performance Statement (the statements), for the year ended 30 June 2022, subject to any changes from the Auditor General, which the Committee have requested be presented to the next Audit and Risk Committee meeting.
12. There were no significant changes to the statements recommended by the Audit and Risk Committee at their meeting. Some suggested minor grammatical and presentation changes have been considered and updated where appropriate.

OFFICER RECOMMENDATION

13. That Council:

- 13.1 Approve the 2021/22 Financial Report and Performance Statement in principle.**
- 13.2 Authorise the Chief Executive Officer to implement any changes to the statements as recommended by the Auditor-General.**
- 13.3 Authorise the Mayor, Cr Moloney and Deputy Mayor, Cr Johnson to certify the 2021/22 Financial Report and Performance Statement on behalf of Council, once any amendments or changes requested by the Victorian Auditor General have been made.**

ATTACHMENTS

1. Governance Review [4.1.1 - 2 pages]
2. Draft Annual Financial Report 2021/22 [4.1.2 - 69 pages]
3. Draft Performance Statement 2021/22 [4.1.3 - 8 pages]
4. Draft Closing Report 2021/22 - 4 October 2022 [4.1.4 - 21 pages]

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ALIGNMENT WITH COUNCIL VISION, COUNCIL PLAN, STRATEGIES AND POLICIES

1. The Annual Financial Report and Performance Statement are key documents in reporting Council's accountability to the Council Vision, Council Plan and other strategic documents.

COMMUNITY IMPACT

2. The Annual Financial Report and Performance Statement are key reporting and compliance documents whose primary purpose is to inform the community of Council's performance.

CLIMATE EMERGENCY AND ENVIRONMENTAL SUSTAINABILITY IMPLICATIONS

3. There are no emergency and environmental sustainability implications.

ECONOMIC SUSTAINABILITY IMPLICATIONS

4. There are no economic sustainability implications.

FINANCIAL IMPLICATIONS

5. The Annual Financial Report and Performance Statement are statements of fact that provide a summary of Council's performance for 2021/22 and financial position as at 30 June 2022.

LEGAL AND RISK CONSIDERATIONS

6. The Annual Financial Report and Performance Statement have been prepared in accordance with the *Local Government Act 2020*, the *Local Government (Planning and Reporting) Regulations 2020*, Australian Accounting Standards and other mandatory professional reporting requirements.

HUMAN RIGHTS CONSIDERATIONS

7. It is considered that the report does not impact on any human rights identified in the *Charter of Human Rights and Responsibilities Act 2006*.

COMMUNITY CONSULTATION AND ENGAGEMENT

8. There is no community consultation and engagement required for the subject of this report.

GENDER EQUALITY ACT 2020

9. There are no gender equality implications identified for the subject of this report.

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CONFLICTS OF INTEREST THAT HAVE ARISEN IN PREPARATION OF THE REPORT

10. Council officers affirm that no general or material conflicts need to be declared in relation to the matter of this report.

PROCUREMENT COLLABORATION

(For Contracts Only)

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City of Ballarat

ANNUAL FINANCIAL REPORT
for the year ended 30 June 2022



City of Ballarat

2021/2022 Financial Report

Annual Financial Report
for the year ended 30 June 2022

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2021/2022 Financial Report

Annual Financial Report
for the year ended 30 June 2022

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City of Ballarat

2021/2022 Financial Report

Annual Financial Report

for the year ended 30 June 2022

Certification of the Financial Statements

In my opinion, the accompanying financial statements have been prepared in accordance with the *Local Government Act 2020*, the *Local Government (Planning and Reporting) Regulations 2020*, the Australian Accounting Standards and other mandatory professional reporting requirements.

Jason Clissold CPA

Principal Accounting Officer

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Ballarat

In our opinion, the accompanying financial statements present fairly the financial transactions of Ballarat City Council for the year ended 30 June 2022 and the financial position of the Council as at that date.

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

We have been authorised by the Council and by the *Local Government (Planning and Reporting) Regulations 2020* to certify the financial statements in their final form.

Cr Daniel Moloney

Mayor

dd MMMM yyyy

Ballarat

Cr Amy Johnson

Deputy Mayor

dd MMMM yyyy

Ballarat

Evan King

Chief Executive Officer

dd MMMM yyyy

Ballarat

City of Ballarat

2021/2022 Financial Report

Annual Financial Report
for the year ended 30 June 2022

Victorian Auditor-General's Office Report

Insert VAGO Report here

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City of Ballarat

2021/2022 Financial Report

Annual Financial Report
for the year ended 30 June 2022

Victorian Auditor-General's Office Report (continued)

Insert VAGO Report here

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City of Ballarat

2021/2022 Financial Report

Comprehensive Income Statement

for the year ended 30 June 2022

	Notes	2022 \$ '000	2021 \$ '000
Income			
Rates and charges	3.1	135,370	126,721
Statutory fees and fines	3.2	7,111	6,815
User fees	3.3	20,921	16,303
Grants - operating	3.4	32,273	25,519
Grants - capital	3.4	24,559	15,119
Contributions - monetary	3.5	16,240	9,171
Contributions - non monetary	3.5	31,810	75,544
Net gain on disposal of property, infrastructure, plant and equipment	3.6	911	–
Other income	3.7	4,144	2,245
Total income		273,339	277,437
Expenses			
Employee costs	4.1	65,759	66,782
Materials and services	4.2	76,268	68,933
Depreciation	4.3	42,384	40,213
Amortisation - Intangible assets	4.4	774	588
Amortisation - Right of use assets	4.5	583	1,415
Bad and doubtful debts	4.6	737	563
Borrowing costs	4.7	1,563	1,776
Finance Costs - Leases	4.8	56	81
Net loss on disposal of property, infrastructure, plant and equipment	3.6	–	120
Other expenses	4.9	11,009	(220)
Total expenses		199,133	180,251
Surplus for the year		74,206	97,186
Other comprehensive income:			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment	6.1	225,822	73,579
Total items which will not be reclassified subsequently to the operating result		225,822	73,579
Total other comprehensive income		225,822	73,579
Total comprehensive result		300,028	170,765

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

City of Ballarat

2021/2022 Financial Report

Balance Sheet

as at 30 June 2022

	Notes	2022 \$ '000	2021 \$ '000
Assets			
Current assets			
Cash and cash equivalents	5.1	20,533	5,604
Trade and other receivables	5.1	14,548	14,069
Other financial assets	5.1	148,002	138,024
Inventories	5.2	435	456
Other assets	5.2	1,743	1,307
Total current assets		185,261	159,460
Non-current assets			
Property, infrastructure, plant and equipment	6.1	2,300,510	2,022,698
Intangible assets	5.2	2,387	158
Right-of-use assets	5.8	1,095	1,678
Total non-current assets		2,303,992	2,024,534
Total assets		2,489,253	2,183,994
Liabilities			
Current liabilities			
Trade and other payables	5.3	13,718	12,571
Trust funds and deposits	5.3	16,205	14,138
Unearned income/revenue	5.3	20,845	26,078
Provisions	5.5	23,058	15,735
Interest-bearing liabilities	5.4	4,692	4,481
Lease liabilities	5.8(b)	401	457
Total current liabilities		78,919	73,460
Non-current liabilities			
Provisions	5.5	15,368	10,603
Interest-bearing liabilities	5.4	31,048	35,739
Lease liabilities	5.8(b)	752	1,153
Total non-current liabilities		47,168	47,495
Total liabilities		126,087	120,955
Net assets		2,363,166	2,063,039
Equity			
Accumulated surplus		1,350,312	1,295,969
Reserves	9.1	1,012,854	767,070
Total Equity		2,363,166	2,063,039

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

City of Ballarat

2021/2022 Financial Report

Statement of Changes in Equity

for the year ended 30 June 2022

	Note	Total \$ '000	Accumulated Surplus \$ '000	Revaluation Reserves \$ '000	Other Reserves \$ '000
2022					
Balance at beginning of the financial year		2,063,039	1,295,969	748,068	19,002
Found assets	11.1	99	99	–	–
Adjusted opening balance		2,063,138	1,296,068	748,068	19,002
Surplus/(deficit) for the year		74,206	74,206	–	–
Other comprehensive income					
Net asset revaluation increment	6.1	225,822	–	225,822	–
Other comprehensive income		225,822	–	225,822	–
Total comprehensive income		300,028	74,206	225,822	–
Transfer to / (from) other reserves	9.1	–	(19,962)	–	19,962
Balance at end of the financial year		2,363,166	1,350,312	973,890	38,964
2021					
Balance at beginning of the financial year		1,888,643	1,203,539	674,489	10,615
Found assets	11.1	3,631	3,631	–	–
Adjusted opening balance		1,892,274	1,207,170	674,489	10,615
Surplus/(deficit) for the year		97,186	97,186	–	–
Other comprehensive income					
Net asset revaluation increment	6.1	73,579	–	73,579	–
Other comprehensive income		73,579	–	73,579	–
Total comprehensive income		170,765	97,186	73,579	–
Transfer to / (from) other reserves	9.1	–	(8,387)	–	8,387
Balance at end of the financial year		2,063,039	1,295,969	748,068	19,002

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

City of Ballarat

2021/2022 Financial Report

Statement of Cash Flows

for the year ended 30 June 2022

		2022	2021
	Notes	Inflows/ (Outflows) \$ '000	Inflows/ (Outflows) \$ '000
Cash flows from operating activities			
Rates and charges		135,797	127,436
Statutory fees and fines		7,111	6,815
User fees		22,707	18,203
Grants - operating		33,849	24,311
Grants - capital		19,089	30,491
Contributions - monetary		16,240	9,171
Interest received		759	700
Trust funds and deposits taken		44,598	41,790
Other receipts		1,684	1,132
Net GST refund		9,378	8,770
Employee costs		(65,878)	(66,560)
Materials and services		(87,543)	(74,846)
Short-term, low value and variable lease payments		(221)	(207)
Trust funds and deposits repaid		(42,531)	(38,340)
Other payments		(2,019)	(2,666)
Net cash provided by operating activities	9.2	93,020	86,200
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	6.1	(62,492)	(57,093)
Proceeds from sale of property, infrastructure, plant and equipment		936	1,322
Payments for investments		(347,800)	(404,266)
Proceeds from sale of investments		337,822	347,544
Net cash used in investing activities		(71,534)	(112,493)
Cash flows from financing activities			
Finance costs		(1,563)	(1,776)
Repayment of borrowings		(4,480)	(5,206)
Interest paid - lease liability		(56)	(81)
Repayment of lease liabilities		(457)	(1,542)
Net cash flow used in financing activities		(6,556)	(8,605)
Net Increase (decrease) in cash and cash equivalents		14,930	(34,898)
Cash and cash equivalents at the beginning of the financial year	5.1	5,604	40,502
Cash and cash equivalents at the end of the financial year		20,534	5,604
Financing arrangements	5.6	41,239	46,270
Restrictions on cash assets	5.1	46,754	29,795

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

City of Ballarat

2021/2022 Financial Report

Statement of Capital Works

for the year ended 30 June 2022

	2022 \$ '000	2021 \$ '000
Property		
Land	217	835
Land improvements	116	448
Total land	333	1,283
Buildings	44	–
Heritage buildings	3,017	1,743
Building improvements	15,813	16,496
Total buildings	18,874	18,239
Total property	19,207	19,522
Plant and equipment		
Plant, machinery and equipment	4,989	3,733
Fixtures, fittings and furniture	176	65
Computers and telecommunications	953	907
Library books	384	365
Artworks	264	136
Total plant and equipment	6,766	5,206
Infrastructure		
Roads	17,296	15,570
Bridges	53	2,803
Footpaths and cycleways	2,903	1,476
Drainage	650	822
Recreational, leisure and community facilities	9,345	4,867
Waste management	1,393	3,404
Parks, open space and streetscapes	1,184	612
Aerodromes	572	–
Off street car parks	2,358	189
Other infrastructure	763	2,642
Total infrastructure	36,517	32,385
Total capital works expenditure	62,490	57,113
Represented by:		
New asset expenditure	14,878	19,008
Asset renewal expenditure	34,282	35,598
Asset expansion expenditure	–	–
Asset upgrade expenditure	13,330	2,507
Total capital works expenditure	62,490	57,113

The above statement of capital works should be read in conjunction with the accompanying notes.

City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report

for the year ended 30 June 2022

Note 1. Overview

Introduction

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

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

Statement of compliance

These financial statements are a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works and Notes accompanying these financial statements. The general purpose financial report complies with Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 2020*, and the *Local Government (Planning and Reporting) Regulations 2020*.

The Council is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to a not-for-profit entity under the Australian Accounting Standards.

Significant accounting policies

(a) Basis of accounting

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

The financial statements are based on the historical cost convention unless a different measurement basis is specifically disclosed in the notes to the financial statements.

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

The financial statements have been prepared on a going concern basis. The financial statements are in Australian dollars. The amounts presented in the financial statements have been rounded to the nearest thousand dollars unless otherwise specified. Minor discrepancies in tables between totals and the sum of components are due to rounding.

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.1)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.1).
- the determination of employee provisions (refer to Note 5.5).
- the determination of landfill provisions (refer to Note 5.5)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of *AASB 15 Revenue from Contracts with Customers* or *AASB 1058 Income of Not-for-Profit Entities* (refer to Note 3)
- the determination, in accordance with *AASB 16 Leases*, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.8)
- whether or not *AASB 1059 Service Concession Arrangements: Grantors* is applicable
- other areas requiring judgements

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

City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report

for the year ended 30 June 2022

Note 1. Overview (continued)

(b) Impact of Covid-19

While the COVID-19 pandemic continued to impact Council's operations during 2021/22, the impact was significantly less than that experienced during 2020/21. As the impact in 2021/22 is considered immaterial, it is difficult to differentiate the impact of COVID-19 with 'normal' operations.

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City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report
for the year ended 30 June 2022

Note 2.1. Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2020* requires explanation of any material variances. Council has adopted a materiality threshold of greater than 10 percent and at least \$1,000,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

These notes are prepared to meet the requirements of the *Local Government Act 2020* and the *Local Government (Planning and Reporting) Regulations 2020*.

	Budget 2022 \$ '000	Actual 2022 \$ '000	Variance \$ '000	Variance %	Ref
2.1.1 Income and expenditure					
Income					
Rates and charges	134,030	135,370	1,340	1%	
Statutory fees and fines	5,423	7,111	1,688	31%	1
User fees	20,428	20,921	493	2%	
Grants - operating	25,325	32,273	6,948	27%	2
Grants - capital	33,500	24,559	(8,941)	(27)%	3
Contributions - monetary	17,569	16,240	(1,329)	(8)%	
Contributions - non monetary	27,455	31,810	4,355	16%	4
Net gain on disposal of property, infrastructure, plant and equipment	1,200	911	(289)	(24)%	
Other income	2,605	4,144	1,539	59%	5
Total income	267,535	273,339	5,804	2%	
Expenses					
Employee costs	72,803	65,759	7,044	10%	6
Materials and services	81,414	76,268	5,146	6%	
Depreciation	41,420	42,384	(964)	(2)%	
Amortisation - intangible assets	-	774	(774)	∞	
Amortisation - right of use assets	-	583	(583)	∞	
Bad and doubtful debts	747	737	10	1%	
Borrowing costs	1,563	1,563	-	0%	
Finance costs - leases	-	56	(56)	∞	
Net loss on disposal of property, infrastructure, plant and equipment	-	-	-	∞	
Other expenses	1,835	11,009	(9,174)	(500)%	7
Total expenses	199,782	199,133	649	0%	
Surplus/(deficit) for the year	67,753	74,206	6,453	10%	

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City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report

for the year ended 30 June 2022

Note 2.1. Performance against budget (continued)

(i) Explanation of material variations

Variance Explanation

Ref

1. Statutory Fees and Fines - Income from parking fines, subdivision supervision & planning fees were greater than budgeted. Income in these areas was budgeted conservatively at the time due to the uncertain impact COVID-19 would have.
2. Operating Grants - This variance is primarily due to receiving an additional \$6.4 million of Federal Assistance Grants compared to budget. These funds are untied and relate to Council's 2022/23 allocation, paid in advance in 2021/22. There was also additional child care subsidy received (based on enrolments). These two favourable variances were offset by \$3.4 million of operating grants being recognised as Unearned Income on Council's Balance Sheet at 30 June 2022 rather than income. They were received during the 2021/22 financial year but were unable to be recognised as income according to Australian Accounting Standards, due to the funded projects having unfulfilled performance obligations.
3. Capital Grants - This variance is primarily due to the timing of capital grants and the requirement to recognise some as Unearned Income on Council's Balance Sheet at 30 June 2022 rather than income. Grants received during the financial year that have outstanding performance obligations (still in progress), are unable to be recognised as income according to Australian Accounting Standards. The net movement of such grants was \$6.3 million in 2021/22 (2020/21 - \$23.9 million, 2021/22 \$17.6 million).
4. Contributions - Non-monetary - This variance relates to the progress of subdivisional development and at what point the control of assets are handed to Council. There were more assets than budgeted handed to Council during 2021/22.
5. Other Income - The majority of this variance relates to a rebate of \$1.2 million to support the replacement of street lighting with energy efficient LED globes
6. Employee Costs - The savings in employee costs reflect the current challenges with recruiting qualified and experienced staff. There was a large number of positions vacant for extended periods of time during the financial year. In addition, there was an additional \$624k of employee costs allocated to capital projects and Council's workcover premium was \$845k less than budget.
7. Other Expenses - This variance primarily relates to the increase in Landfill Provision. A full review of this provision was undertaken during the financial year and required an increase of \$10.3 million.

City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report
for the year ended 30 June 2022

Note 2.1. Performance against budget (continued)

	Budget 2022 \$ '000	Actual 2022 \$ '000	Variance \$ '000	Variance %	Ref
2.1.2 Capital works					
Property					
Land	10,000	217	(9,783)	(98)%	1
Land improvements	200	116	(84)	(42)%	
Total land	10,200	333	(9,867)	(97)%	
Buildings	6,196	44	(6,152)	(99)%	2
Heritage buildings	3,117	3,017	(100)	(3)%	
Building improvements	9,511	15,813	6,302	66%	3
Total buildings	18,824	18,874	50	0%	
Total property	29,024	19,207	(9,817)	(34)%	
Plant and equipment					
Plant, machinery and equipment	5,379	4,989	(390)	(7)%	
Fixtures, fittings and furniture	–	176	176	∞	
Computers and telecommunications	5,542	953	(4,589)	(83)%	4
Library books	414	384	(30)	(7)%	
Artworks	–	264	264	∞	
Total plant and equipment	11,335	6,766	(4,569)	(40)%	
Infrastructure					
Roads	33,841	17,296	(16,545)	(49)%	5
Bridges	377	53	(324)	(86)%	
Footpaths and cycleways	2,479	2,903	424	17%	
Drainage	3,680	650	(3,030)	(82)%	6
Recreational, leisure and community facilities	27,460	9,345	(18,115)	(66)%	7
Waste management	4,068	1,393	(2,675)	(66)%	8
Parks, open space and streetscapes	7,588	1,184	(6,404)	(84)%	9
Aerodromes	–	572	572	∞	
Off street car parks	2,070	2,358	288	14%	
Other infrastructure	9,014	763	(8,251)	(92)%	10
Total infrastructure	90,577	36,517	(54,060)	(60)%	
Total capital works expenditure	130,936	62,490	(68,446)	(52)%	
Represented by:					
New asset expenditure	51,751	14,878	(36,873)	(71)%	
Asset renewal expenditure	63,049	34,282	(28,767)	(46)%	
Asset expansion expenditure	–	–	–	∞	
Asset upgrade expenditure	16,136	13,330	(2,806)	(17)%	
Total capital works expenditure	130,936	62,490	(68,446)	(52)%	

continued on next page ...

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City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report

for the year ended 30 June 2022

Note 2.1. Performance against budget (continued)

(i) Explanation of material variations

Variance Explanation

Ref

1. Land - The adopted budget included \$10 million for strategic land purchases that did not eventuate. It is expected these purchases will occur in future years, so are funded in future budgets.
2. Buildings - This major variance relates to the Ballarat Sports and Entertainment Precinct (\$4.3 million) being classified as Buildings in the adopted budget but the actual expenditure (\$3.6 million) subsequently being allocated to Building Improvements at year end. There were also a number of projects that had not commenced.
3. Building Improvements - The primary variance in Building improvements relates to the Alfredton Recreation reserve Pavilion (\$4.0 million) and Ballarat Sports and Entertainment Precinct (\$3.6 million) projects being budgeted in other categories - Recreational, leisure and community facilities and Buildings respectively.
4. Computers and telecommunications - The ICT planned project implementations have been reviewed, with some permanent saving identified, as well as the delay in delivery for approximately \$2 million of projects.
5. Roads - The variance predominately relates to timing of projects, with approximately \$13.7 million of works to be carried over into future financial years. The major projects relate to development areas and include Tait Street, Delacombe Town Centre Junction, Sturt Street Shared Path and Ligar Street.
6. Drainage - \$2.9 million of this variance relates to timing of projects, in particular \$2.5 million relating to the Charlesworth Street retarding basin was not delivered in 2021/22 and will be carried forward into future years.
7. Recreational, leisure and community facilities - This variance primarily relates to the level of projects not yet complete, with \$7.1 million expected to be carried over to complete these projects in future years. Also, \$4.0 million relates to the Alfredton Recreation Reserve Pavilion project being reclassified as Building Improvements.
8. Waste management - The variance primarily relates to the timing of Cell construction at the Smythesdale Landfill site. \$1.5 million will be carried over into 2022/23 to complete this project.
9. Parks, open space and streetscapes - This variance primarily relates to the level of projects not yet complete, with unexpended funds to be carried over to complete these projects in future years. The major project in this category is Spotlight on Sebastopol, which accounts for \$4.0 million of this variance.
10. Other infrastructure - This variance primarily relates to the timing of the Bakery Hill development with \$5.2 million to be carried over for completion in future years. Also, \$2 million relating to LED street lighting and \$1 million relating to concept planning were reclassified to the operating budget.

City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report

for the year ended 30 June 2022

Note 2.2. Analysis of Council results by program

2.2.1 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

Corporate Services

The Corporate Services department provides corporate management, support and governance to the organisation, ensuring that the business complies with and meets all its statutory obligations required by a local government authority. It services the organisation with fleet management, information and technology support, financial and revenue services, as well as customer services. During 2021/22 governance and risk, human resources management and organisational development transferred from the Office of the CEO.

Community Wellbeing

The Community Wellbeing department provides a broad range of community services and support programs that enhance the quality of life for Ballarat residents. These services relate to home and personal care in aged care, maternal and child health, and people with special needs. It also builds our communities through community engagement, library services, youth services, cultural diversity, and our learning and community hubs and by managing Her Majesty's Theatre, the Art Gallery of Ballarat, the Eureka Centre and facilitating a broad range of community events as well as managing the provision of recreational facilities.

Development and Growth

Development and Growth is responsible for managing the strategies for positive future developments within the municipality that builds the long term economic prosperity of the city as well as regulatory services such as local laws, animal shelter and environmental health.

Infrastructure and Environment

Infrastructure and Environment is responsible for designing and maintaining the network of Council assets. They do this by providing the planning, development and delivery of community infrastructure including our buildings, roads, drainage, recreational and open spaces, parks and gardens, and water ways. It also provides our municipality with waste management services with an environmentally conscious and sustainable underpinning.

Office of the Chief Executive Officer

The Office of the Chief Executive Officer has the overall responsibility for managing Council as an organisation. They develop and manage delivery of the long term strategic plans of Council. The Office of the CEO also includes communications and design, as well as advocacy.

City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report
for the year ended 30 June 2022

Note 2.2. Analysis of Council results by program (continued)

2.2.2 Summary of income, expenses and assets by program

Functions/activities	Income \$ '000	Expenses \$ '000	Surplus / (Deficit) \$ '000	Grants included in income \$ '000	Total assets \$ '000
2022					
Infrastructure and Environment	34,645	61,078	(26,433)	20,285	1,469,836
Office of the Chief Executive Officer	15	3,388	(3,373)	15	–
Corporate Services	157,555	75,359	82,196	20,199	869,318
Community Wellbeing	23,968	40,489	(16,521)	14,843	150,099
Development and Growth	57,156	18,819	38,337	1,490	–
Total functions and activities	273,339	199,133	74,206	56,832	2,489,253
2021					
Infrastructure and Environment	22,887	54,093	(31,206)	13,480	1,230,793
Office of the Chief Executive Officer	65	7,917	(7,852)	–	–
Corporate Services	140,779	55,945	84,834	13,135	810,664
Community Wellbeing	16,175	35,515	(19,340)	11,776	142,537
Development and Growth	97,531	26,781	70,750	2,247	–
Total functions and activities	277,437	180,251	97,186	40,638	2,183,994

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City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report

for the year ended 30 June 2022

Note 3. Funding for the delivery of our services

	2022	2021
	\$ '000	\$ '000

3.1 Rates and charges

Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the City of Ballarat. The CIV of a property is the value of the land and any capital improvements, such as buildings.

The valuation base used to calculate general rates for 2021/22 was \$26,112 million (2020/21: \$23,334 million).

General rates	111,791	106,580
Waste management charge	23,300	20,005
Special rates and charges	148	148
Interest on rates and charges	(1)	(12)
Revenue in lieu of rates	132	–
Total rates and charges	135,370	126,721

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2022, and the valuation will be first applied in the rating year commencing 1 July 2022.

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

	2022	2021
	\$ '000	\$ '000

3.2 Statutory fees and fines

Infringements and costs	2,178	1,613
Town planning fees and certificates	1,438	1,206
Subdivision supervision and certification fees	1,329	1,382
Land information certificates	183	176
Dog and cat registrations and fines	913	934
Health licences and fees	404	591
Local law permits	666	913
Total statutory fees and fines	7,111	6,815

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

City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report
for the year ended 30 June 2022

Note 3. Funding for the delivery of our services (continued)

	2022 \$ '000	2021 \$ '000
3.3 User fees		
Aged services fees	348	331
Child care centres and kindergartens	1,033	867
Parking	1,621	1,354
Art Gallery of Ballarat	355	178
Ballarat Aquatic and Lifestyle Centre	3,299	2,034
Family day care	102	136
Her Majesty's Theatre	381	171
Landfill operations	7,850	6,198
Library services	1,044	945
Animal Shelter	294	271
Meals on wheels	540	521
Recreation income	537	276
Transfer station	1,178	834
Building Fees & Permits	998	1,166
Eureka Centre	135	36
Other	1,206	985
Total user fees	20,921	16,303

User fees are recognised as revenue at a point in time, or over time, when (or as) the performance obligation is satisfied. Recognition is based on the underlying contractual terms.

City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report
for the year ended 30 June 2022

Note 3. Funding for the delivery of our services (continued)

	2022 \$ '000	2021 \$ '000
3.4 Funding from other levels of government		
Grants were received in respect of the following:		
Summary of grants		
Commonwealth funded grants	32,185	23,856
State funded grants	24,642	16,782
Other - Municipal Association of Victoria	4	-
Other - Royal Society of Victoria	1	-
Total grants received	56,832	40,638
(a) Operating Grants		
Recurrent - Commonwealth Government		
Financial Assistance Grants	20,199	12,941
Aged care	4,136	4,063
Child and family day care	2,480	2,898
Recurrent - State Government		
Aged care	663	487
School crossing supervisors	420	411
Libraries	723	696
Maternal and child health	909	862
Community safety	73	73
Arts	159	253
Child and family day care	1,630	1,686
Environment	25	-
Other	126	424
Total recurrent operating grants	31,543	24,794
Non-recurrent - Commonwealth Government		
Recreation	30	19
Other	-	7
Non-recurrent - State Government		
Maternal and child health	18	-
Arts	163	37
Libraries	47	-
Recreation	14	-
Community Safety	271	68
Child and Family Day Care	10	148
Land Use Planning	-	101
Other	172	345
Non-recurrent - Other		
Other	5	-
Total non-recurrent operating grants	730	725
Total operating grants	32,273	25,519

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City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report

for the year ended 30 June 2022

Note 3. Funding for the delivery of our services (continued)

	2022 \$ '000	2021 \$ '000
(b) Capital Grants		
Recurrent - Commonwealth Government		
Roads	5,337	3,655
Recurrent - State Government		
Libraries	16	–
Total recurrent capital grants	5,353	3,655
Non-recurrent - Commonwealth Government		
Recreation	–	255
Other	3	18
Non-recurrent - State Government		
Buildings	13	2,114
Recreation	15,290	6,451
Roads	1,072	2,179
Smart cities	–	80
Libraries	205	–
Community Activation	538	–
Streetscape	577	–
Parking	1,203	–
Other	305	367
Total non-recurrent capital grants	19,206	11,464
Total capital grants	24,559	15,119
(c) Unspent grants received on condition that they be spent in a specific manner:		
Operating		
Balance at start of year	1,935	8,204
Received during the financial year and remained unspent at balance date	2,816	1,935
Received in prior years and spent during the financial year	(1,438)	(8,204)
Balance at year end	3,313	1,935
Capital		
Balance at start of year	23,916	9,547
Received during the financial year and remained unspent at balance date	8,394	23,916
Received in prior years and spent during the financial year	(14,966)	(9,547)
Balance at year end	17,344	23,916

Grant income is recognised at the point in time when the council satisfies its performance obligations as specified in the underlying agreement.

In 2021 and 2022, there were no unspent amounts relating to grants recognised as revenue during the year. All unspent grants had outstanding performance obligations and were therefore recognised as a liability under AASB 1058.

(d) Recognition of grant income

Before recognising funding from government grants as revenue the Council assesses whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with *AASB 15 Revenue from Contracts with Customers*.

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City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report

for the year ended 30 June 2022

Note 3. Funding for the delivery of our services (continued)

When both these conditions are satisfied, the Council:

- identifies each performance obligation relating to revenue under the contract/agreement
- determines the transaction price
- recognises a contract liability for its obligations under the agreement
- recognises revenue as it satisfies its performance obligations, at the time or over time when services are rendered.

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, the Council applies *AASB 1058 Income for Not-for-Profit Entities*.

Grant revenue with sufficiently specific performance obligations is recognised over time as the performance obligations specified in the underlying agreement are met. Where performance obligations are not sufficiently specific, grants are recognised on the earlier of receipt or when an unconditional right to receipt has been established. Grants relating to capital projects are generally recognised progressively as the capital project is completed. The following table provides a summary of the accounting framework under which grants are recognised.

Income recognised under AASB 1058 Income of Not-for-Profit Entities

General purpose	20,922	13,637
Specific purpose grants to acquire non-financial assets	24,559	15,119
Revenue recognised under AASB 15 Revenue from Contracts with Customers		
Specific purpose grants	11,351	11,882
	56,832	40,638

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City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report
for the year ended 30 June 2022

Note 3. Funding for the delivery of our services (continued)

	2022 \$ '000	2021 \$ '000
3.5 Contributions		
Monetary contributions		
Monetary	16,240	9,171
Total monetary contributions	16,240	9,171
Non-monetary contributions		
Non-monetary	31,810	75,544
Total non-monetary contributions	31,810	75,544
Total contributions	48,050	84,715

Contributions of non monetary assets were received in relation to the following asset classes.

Land	892	3,482
Roads	10,817	24,593
Other infrastructure	8	-
Artworks	262	534
Drainage	15,363	38,000
Footpaths	2,465	4,915
Land under roads	1,909	3,738
Recreation, leisure and community	94	282
Total non-monetary contributions	31,810	75,544

Monetary and non monetary contributions are recognised as revenue at their fair value when Council obtains control over the contributed asset.

City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report

for the year ended 30 June 2022

Note 3. Funding for the delivery of our services (continued)

	2022 \$ '000	2021 \$ '000
3.6 Net gain/(loss) on disposal of property, infrastructure, plant and equipment		
Property, infrastructure, plant and equipment		
Proceeds of sale	936	1,322
Written down value of assets disposed	(25)	(1,442)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	911	(120)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	911	(120)

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

	2022 \$ '000	2021 \$ '000
3.7 Other income		
Interest	759	700
Property rentals	1,296	1,135
Reimbursements, recoveries and rebates *	2,088	379
Other ^	1	31
Total other income	4,144	2,245

Interest is recognised as it is earned.

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

(*) In 2021/22 includes one-off rebates of \$1.19m for energy efficient LED lighting upgrades installed.

(^*) Other income in 2020/21 is inclusive of the unwinding of a provision for overpaid Commonwealth grant funding connected to services no longer provided by Council. Council reached an agreement with the funding body to repay \$0.116m out of Council's provision of \$1.000m.

City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report
for the year ended 30 June 2022

Note 4. The cost of delivering services

	2022	2021
	\$ '000	\$ '000

4.1 Employee costs

(a) Employee costs

Wages and salaries	55,028	56,988
WorkCover	758	700
Casual staff	3,278	2,761
Superannuation	5,860	5,431
Fringe benefits tax	78	71
Other overheads and related costs	757	831
Total employee costs	65,759	66,782

(b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	398	416
	398	416

Employer contributions payable at reporting date

-

-

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	2,874	2,628
Employer contributions - other funds	2,804	2,376
	5,678	5,004

Employer contributions payable at reporting date

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Refer to Note 9.3. for further information relating to Council's superannuation obligations.

City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report
for the year ended 30 June 2022

Note 4. The cost of delivering services (continued)

	2022 \$ '000	2021 \$ '000
4.2 Materials and services		
Building maintenance	2,618	2,154
General maintenance	9,108	7,017
Utilities	6,017	7,697
Office administration	9,196	8,627
Information technology	3,579	2,622
Insurance	2,019	1,752
Consultants	929	664
Contract payments		
- Active ageing	1,627	1,301
- Communications and marketing	134	266
- Development and planning	4,370	1,637
- Economic partnerships	849	868
- Engaged communities	500	820
- Environmental services	16,065	12,610
- Events and the arts	2,952	2,375
- Family and children's services	703	786
- Governance and corporate services	516	444
- Information services	893	550
- Parks and gardens	6,089	6,023
- Property and facilities management	1,258	1,314
- Recreation	605	578
- Regulatory services	190	262
- Road maintenance	2,512	1,731
Repayment of grant funds	128	4,256
Other	3,411	2,579
Total materials and services	76,268	68,933

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report
for the year ended 30 June 2022

Note 4. The cost of delivering services (continued)

	2022 \$ '000	2021 \$ '000
4.3 Depreciation		
Property		
Land improvements	212	27
Heritage buildings	1,298	1,176
Buildings - non specialised	4,621	3,830
Building improvements	166	297
Total depreciation - property	6,297	5,330
Plant and equipment		
Plant machinery and equipment	3,282	2,872
Fixtures fittings and furniture	189	184
Computers and telecomms	876	1,308
Library books	440	403
Total depreciation - plant and equipment	4,787	4,767
Infrastructure		
Roads	17,992	17,515
Bridges	778	773
Footpaths and cycleways	2,371	2,289
Drainage	3,693	3,785
Recreational, leisure and community	2,768	2,938
Waste management	1,351	591
Parks open spaces and streetscapes	104	56
Off street car parks	184	186
Other infrastructure	2,059	1,983
Total depreciation - infrastructure	31,300	30,116
Total depreciation *	42,384	40,213

4.4 Amortisation - Intangible assets

Landfill	774	588
Total Amortisation - Intangible assets *	774	588

4.5 Amortisation - Right of use assets

Property	535	651
Plant & equipment	48	764
Total Amortisation - Right of use assets *	583	1,415

(*) Refer to note 5.2(c), 5.8 and 6.1 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.

City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report
for the year ended 30 June 2022

Note 4. The cost of delivering services (continued)

	2022 \$ '000	2021 \$ '000
4.6 Bad and doubtful debts		
Parking fine debtors	344	419
Other debtors	307	51
Animal control	86	93
Total bad and doubtful debts	737	563
Movement in provisions for doubtful debts		
Balance at the beginning of the year	(2,170)	(1,997)
New provisions recognised during the year	(431)	(225)
Amounts already provided for and written off as uncollectible	44	52
Balance at end of year	(2,557)	(2,170)

Provision for doubtful debt is recognised based on an expected credit loss model.

This model considers both historic and forward looking information in determining the level of impairment. Bad debts are written off when identified.

	2022 \$ '000	2021 \$ '000
4.7 Borrowing costs		
Interest - Borrowings	1,563	1,776
Total borrowing costs	1,563	1,776

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.

	2022 \$ '000	2021 \$ '000
4.8 Finance Costs - Leases		
Interest - Lease Liabilities	56	81
Total finance costs	56	81

City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report
for the year ended 30 June 2022

Note 4. The cost of delivering services (continued)

	2022 \$ '000	2021 \$ '000
4.9 Other expenses		
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	71	101
Auditors' remuneration - Internal Audit	99	163
Councillors' allowances	412	373
Operating leases	70	12
Landfill rehabilitation provision #	10,263	(1,369)
Election Expenses	20	490
Other	74	10
Total other expenses	11,009	(220)

(#) The landfill rehabilitation provision has increased significantly in 2021/22 financial year primarily due to the increased estimates of aftercare costs. This is based on a comprehensive recent review by an experienced environmental engineer.

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City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report

for the year ended 30 June 2022

Note 5. Our financial position

	Note	2022 \$ '000	2021 \$ '000
5.1 Financial assets			
(a) Cash and cash equivalents			
Current			
Cash on hand		12	12
Cash at bank		20,521	5,592
Total current cash and cash equivalents		20,533	5,604
(b) Other financial assets			
Current			
Term deposits - current		148,000	138,022
Shares in other companies		2	2
Total current other financial assets		148,002	138,024
Total current financial assets		168,535	143,628
External restrictions			
Council's cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:			
Trust funds and deposits	5.3	16,205	14,138
Statutory reserve funds	9.1(b)	30,549	15,657
Total restricted funds		46,754	29,795
Total unrestricted cash and cash equivalents		(26,221)	(24,191)
While it is noted that the total unrestricted cash and cash equivalents indicator shows a deficit as at 30 June 2021 and 30 June 2022, Council had additional cash reserves held as term deposits disclosed in Other financial assets. As at 30 June 2022, Council had additional cash held in term deposits with maturities between 90 and 365 days totalling \$148m (2021:\$138m). Council had sufficient funds to meet obligations concerning its externally restricted holdings.			
Intended allocations			
Although not externally restricted the following amounts have been allocated for specific future purposes by Council:			
Cash held to fund carried forward capital works		24,139	60,393
Discretionary reserve funds		8,415	3,345
Total funds subject to intended allocations		32,554	63,738
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.			
Other financial assets are valued at fair value, at balance date. Term deposits are measured at original cost. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.			
Other financial assets include term deposits and those with original maturity dates of three to 12 months are classified as current, whilst term deposits with maturity dates greater than 12 months are classified as non-current.			

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City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report
for the year ended 30 June 2022

Note 5. Our financial position (continued)

	2022 \$ '000	2021 \$ '000
(c) Trade & Other Receivables		
Current		
<i>Statutory receivables</i>		
Rates debtors	5,250	5,677
Infringement debtors - Parking	3,975	3,691
Infringement debtors - Other	1,865	1,762
<i>Non-statutory receivables</i>		
Government grants	777	1,908
Other debtors	5,238	3,201
<i>Provisions for doubtful debts</i>		
Provision for doubtful debts - other debtors	(613)	(359)
Provision for doubtful debts - parking infringements	(1,051)	(971)
Provision for doubtful debts - other infringements	(893)	(840)
Total current trade and other receivables	14,548	14,069
Total trade and other receivables	14,548	14,069

Short term receivables are carried at invoice amount. A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred. Long term receivables are carried at amortised cost using the effective interest rate method.

City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report
for the year ended 30 June 2022

Note 5. Our financial position (continued)

	2022 \$ '000	2021 \$ '000
(d) Ageing of receivables		
The ageing of the Council's trade & other receivables (excluding statutory receivables) that are not impaired was:		
Current (not yet due)	3,537	4,542
Past due by up to 30 days	1,593	74
Past due between 31 and 180 days	111	39
Past due between 181 and 365 days	44	26
Past due by more than 1 year	117	69
Total trade and other receivables	5,402	4,750

(e) Ageing of impaired receivables

At balance date, other debtors representing financial assets with a nominal value of \$2.265m (2021: \$1.972m) were impaired. The amount of the provision raised against these debtors was \$613,000 (2021: \$359,000). They have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

The ageing of receivables that have been determined as impaired at reporting date was:

Current (not yet due)	69	152
Past due by up to 30 days	158	41
Past due between 31 and 180 days	145	17
Past due between 181 and 365 days	129	40
Past due by more than 1 year	112	109
Total trade and other receivables	613	359

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2021/2022 Financial Report

Notes to the Annual Financial Report
for the year ended 30 June 2022

Note 5. Our financial position (continued)

	2022 \$ '000	2021 \$ '000
5.2 Non-financial assets		
(a) Inventories		
Current		
Inventories held for distribution	251	301
Inventories held for sale	184	155
Total current inventories	435	456

Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential. All other inventories, including land held for sale, are measured at the lower of cost and net realisable value.

(b) Other assets

Current		
Prepayments	1,449	1,220
Accrued income	294	87
Total current other assets	1,743	1,307

(c) Intangible assets

Landfill air space	2,387	158
Total intangible assets	2,387	158

	Landfill Air Space \$ '000
Gross Carrying Amount	
Balance at 1 July 2021	1,763
Additions from internal developments	3,003
Other additions	—
Balance at 30 June 2022	4,766
Accumulated amortisation and impairment	
Balance at 1 July 2021	1,605
Amortisation expense	774
Balance at 30 June 2022	2,379
Net book value at 30 June 2021	158
Net book value at 30 June 2022	2,387

Intangible assets with finite lives are amortised as an expense on a systematic basis over the asset's useful life. Amortisation is generally calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives and amortisation method are reviewed at least annually, and adjustments made where appropriate.

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City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report
for the year ended 30 June 2022

Note 5. Our financial position (continued)

	2022 \$ '000	2021 \$ '000
5.3 Payables, trust funds and deposits and unearned income/revenue		
(a) Trade and other payables		
Current		
Trade payables	12,161	10,996
Accrued loan expenses	93	109
Wages payable	1,464	1,466
Total current trade and other payables	13,718	12,571
(b) Trust funds and deposits		
Current		
Fire services property levy	2,641	1,738
Majestix deposits and trust funds	818	828
Art Gallery deposits and trust funds	239	169
Contract retentions and securities	29	64
Subdivision holding fees	7,713	6,930
Eureka Centre trust fund	38	38
Other deposits and trusts	4,727	4,371
Total current trust funds and deposits	16,205	14,138
(c) Unearned income/revenue		
Current		
Grants received in advance:		
Grants received in advance - operating	3,313	1,935
Grants received in advance - capital	17,344	23,916
Total grants received in advance	20,657	25,851
User fees received in advance:		
Other	188	227
Total user fees received in advance	188	227
Total unearned income/revenue	20,845	26,078

Unearned income/revenue represents contract liabilities and reflect consideration received in advance from customers in respect of grants from government departments. Unearned income/revenue is derecognised and recorded as revenue when promised goods and services are transferred to the customer. Refer to Note 3.

Amounts received as deposits and retention amounts controlled by Council are recognised as trust funds until they are returned, transferred in accordance with the purpose of the receipt, or forfeited. Trust funds that are forfeited, resulting in council gaining control of the funds, are to be recognised as revenue at the time of forfeit.

Purpose and nature of items

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

Retention Amounts & Holding Fees - Council has a contractual right to retain certain amounts until a contractor has met certain requirements or a related warrant or defect period has elapsed. Subject to the satisfactory completion of the contractual obligations, or the elapsing of time, these amounts will be paid to the relevant contractor in line with Council's contractual obligations.

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City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report
for the year ended 30 June 2022

Note 5. Our financial position (continued)

Deposits and trust funds - Refundable deposits and funds Council holds in trust on behalf of others or for specific purposes. Includes Deductible Gift Recipient funds which hold donations to be used for specific purposes.

	2022 \$ '000	2021 \$ '000
5.4 Interest-bearing liabilities		
Current		
Other borrowings - secured	4,692	4,481
	<u>4,692</u>	<u>4,481</u>
Non-current		
Other borrowings - secured	31,048	35,739
	<u>31,048</u>	<u>35,739</u>
Total	<u>35,740</u>	<u>40,220</u>

All borrowings of the City of Ballarat are secured against the rates income of Council.

a) The maturity profile for Council's borrowings is:

Not later than one year	4,692	4,481
Later than one year and not later than five years	30,048	33,427
Later than five years	1,000	2,312
	<u>35,740</u>	<u>40,220</u>

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

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

City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report
for the year ended 30 June 2022

Note 5. Our financial position (continued)

	Employee provisions \$ '000	Landfill restoration \$ '000	Total \$ '000
5.5 Provisions			
2022			
Balance at the beginning of the financial year	17,342	8,996	26,338
Additional provisions	7,460	16,714	24,174
Amounts used	(7,694)	–	(7,694)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(944)	(3,448)	(4,392)
Balance at the end of the financial year	16,164	22,262	38,426
2021			
Balance at the beginning of the financial year	16,922	10,366	27,288
Additional provisions	5,901	383	6,284
Amounts used	(5,356)	–	(5,356)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(125)	(1,753)	(1,878)
Balance at the end of the financial year	17,342	8,996	26,338
		2022 \$ '000	2021 \$ '000
Current			
Employee provisions		13,953	15,655
Landfill Restoration provision		9,105	80
		23,058	15,735
Non- current			
Employee provisions		2,211	1,687
Landfill Restoration provision		13,157	8,916
		15,368	10,603
Total		38,426	26,338

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City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report
for the year ended 30 June 2022

Note 5. Our financial position (continued)

	2022 \$ '000	2021 \$ '000
(a) Employee provisions		
Current provisions expected to be wholly settled within 12 months		
Annual leave	4,060	4,253
Long service leave	863	1,154
Other	321	100
	5,244	5,507
Current provisions expected to be wholly settled after 12 months		
Annual leave	1,605	1,690
Long service leave	7,104	8,458
	8,709	10,148
Total current employee provisions	13,953	15,655
Non-Current		
Long service leave	2,211	1,687
Total Non-Current Employee Provisions	2,211	1,687
Aggregate Carrying Amount of Employee Provisions:		
Current	13,953	15,655
Non-current	2,211	1,687
Total Aggregate Carrying Amount of Employee Provisions	16,164	17,342

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

Annual leave

A liability for annual leave is recognised in the provision for employee benefits as a current liability because the Council does not have an unconditional right to defer settlement of the liability. Liabilities for annual leave are measured at:

- nominal value if the Council expects to wholly settle the liability within 12 months
- present value if the Council does not expect to wholly settle within 12 months.

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

Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits. Unconditional LSL is disclosed as a current liability as the Council does not have an unconditional right to defer settlement. Unconditional LSL is measured at nominal value if expected to be settled within 12 months or at present value if not expected to be settled within 12 months. Conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non-current liability and measured at present value.

Key assumptions:

Weighted average increase in employee costs	3.85%	2.95%
Weighted average discount rates	3.69%	1.49%
Weighted average settlement period - years	7	7

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City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report
for the year ended 30 June 2022

Note 5. Our financial position (continued)

	2022 \$ '000	2021 \$ '000
(b) Landfill restoration		
Current		
Current	9,105	80
Total current	9,105	80
Non-current		
Non-current	13,157	8,916
Total non-current	13,157	8,916
Total	22,262	8,996

Council is obligated to restore landfill site to a particular standard. The forecast life of the site is based on current estimates of remaining capacity and the forecast rate of infill. The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

The following assumptions were adopted in measuring the present value of landfill restoration costs:

Key assumptions:

Weighted average discount rates	1.43%	1.33%
Index rate	5.10%	1.10%

5.6 Financing arrangements

The Council has the following funding arrangements in place as at 30 June 2022.

Bank overdraft	1,000	1,000
Credit card facilities	4,500	5,000
Loans	35,739	40,220
Leasing facilities	–	50
Total Facilities	41,239	46,270
Used facilities	20	93
Loans	35,739	40,220
Used facilities	35,759	40,313
Unused facilities	5,480	5,957

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City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report

for the year ended 30 June 2022

Note 5. Our financial position (continued)

	Not later than 1 year \$ '000	Later than 1 year and not later than 2 years \$ '000	Later than 2 years and not later than 5 years \$ '000	Later than 5 years \$ '000	Total \$ '000
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5.7 Commitments

The Council has entered into the following commitments. Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value and presented inclusive of the GST payable.

2022

Operating

Maintenance	380	400	–	–	780
Waste Operations	2,289	2,289	2,290	–	6,868
Administration and consultancy	67	25	4	–	96
Cleaning Services	1,192	88	–	–	1,280
Total	3,928	2,802	2,294	–	9,024

Capital

Buildings	595	115	–	–	710
Recreation, leisure and community	10,000	132	–	–	10,132
Roads	3,468	–	–	–	3,468
Landfill	859	–	–	–	859
Total	14,922	247	–	–	15,169

2021

Operating

Waste Operations	–	–	–	–	–
Administration and consultancy	244	25	54	–	323
Cleaning Services	264	15	–	–	279
Total	508	40	54	–	602

Capital

Buildings	625	–	–	–	625
Recreation, leisure and community	5,814	–	–	–	5,814
Roads	905	–	–	–	905
Landfill	1,714	–	–	–	1,714
Total	9,058	–	–	–	9,058

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City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report
for the year ended 30 June 2022

Note 5. Our financial position (continued)

	2022	2021
	\$ '000	\$ '000

(b) Operating lease receivables**Operating lease receivables**

Council has entered into property leases consisting of surplus freehold office complexes and other land and buildings. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 10 years. All leases include a Consumer Price Index based revision of the rental charge annually, estimated at 1.01% for the purposes of this disclosure.

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

Not later than one year	1,296	926
Later than one year and not later than five years	4,716	2,436
Later than five years	12,315	8,835
	<u>18,327</u>	<u>12,197</u>

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City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report

for the year ended 30 June 2022

Note 5. Our financial position (continued)

5.8 Leases

At inception of a contract, all entities would assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To identify whether a contract conveys the right to control the use of an identified asset, it is necessary to assess whether:

- The contract involves the use of an identified asset;
- The customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The customer has the right to direct the use of the asset.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

As a lessee, Council recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any lease incentives received; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an appropriate incremental borrowing rate. Generally, Council uses an appropriate incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that Council is reasonably certain to exercise, lease payments in an optional renewal period if Council is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless Council is reasonably certain not to terminate early.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report
for the year ended 30 June 2022

Note 5. Our financial position (continued)

(a) Right-of-Use Assets

	Property \$ '000	Plant & Equipment \$ '000	Total \$ '000
2022			
Balance at 1 July	1,630	48	1,678
Additions	–	–	–
Amortisation charge	(535)	(48)	(583)
Cessations	–	–	–
Balance at 30 June	1,095	–	1,095
2021			
Balance at 1 July	2,022	812	2,834
Additions	259	–	259
Amortisation charge	(651)	(765)	(1,416)
Cessations	–	–	–
Balance at 30 June	1,630	48	1,678
		2022	2021
		\$ '000	\$ '000

(b) Lease Liabilities

Maturity analysis - contractual undiscounted cash flows		
Less than one year	441	512
One to five years	799	1,222
Total undiscounted lease liabilities as at 30 June:	1,240	1,734
Lease liabilities included in the Balance Sheet at 30 June:		
Current	401	457
Non-current	752	1,153
Total lease liabilities	1,153	1,610

Short-term and low value leases

Council has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets (individual assets worth less than existing capitalisation thresholds for a like asset up to a maximum of AUD\$10,000), including IT equipment. Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Expenses relating to:

Short-term leases	72	84
Leases of low value assets	149	106
Total	221	190

Variable lease payments (not included in measurement of lease liabilities) – 17

Non-cancellable lease commitments - Short-term and low-value leases

Commitments for minimum lease payments for short-term and low-value leases are payable as follows:

Payable:		
Within one year	28	21
Later than one year but not later than five years	29	64
Total lease commitments	57	85

City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report

for the year ended 30 June 2022

Note 6. Assets we manage

6.1 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment	Carrying amount 30 June 2021 \$ '000	Additions \$ '000	Contributions \$ '000	Revaluation \$ '000	Depreciation \$ '000	Disposal \$ '000	Transfers \$ '000	Found Assets \$ '000	Carrying amount 30 June 2022 \$ '000
Property	618,795	7,942	2,802	15,840	(6,296)	–	9,781	–	648,864
Plant and equipment	117,201	6,753	262	–	(4,788)	(25)	–	–	119,403
Infrastructure	1,263,010	26,723	28,746	209,982	(31,300)	–	7,741	99	1,505,001
Work in progress	23,692	21,072	–	–	–	–	(17,522)	–	27,242
Total	2,022,698	62,490	31,810	225,822	(42,384)	(25)	–	99	2,300,510

Summary of Work in Progress	Opening WIP \$ '000	Additions \$ '000	Transfers \$ '000	Closing WIP \$ '000
Property	14,239	11,264	(9,827)	15,676
Plant and equipment	59	13	–	72
Infrastructure	9,394	9,795	(7,695)	11,494
Total	23,692	21,072	(17,522)	27,242

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2021/2022 Financial Report

Notes to the Annual Financial Report

for the year ended 30 June 2022

Note 6. Assets we manage (continued)

	Land specialised \$ '000	Land non specialised \$ '000	Land improvements \$ '000	Total land and land improvements \$ '000	Heritage buildings \$ '000	Buildings non specialised \$ '000	Building improvements \$ '000	Total buildings \$ '000	Work in progress \$ '000	Total property \$ '000
Property										
At fair value 1 July 2021	16,906	372,353	3,493	392,752	51,793	181,344	7,265	240,402	14,239	647,393
Accumulated depreciation at 1 July 2021	–	–	(51)	(51)	(3,092)	(11,216)	–	(14,308)	–	(14,359)
Carrying amount - 1 July 2021	16,906	372,353	3,442	392,701	48,701	170,128	7,265	226,094	14,239	633,034
Movements in fair value										
Additions	–	217	96	313	1,226	–	6,403	7,629	11,264	19,206
Contributions	1,909	893	–	2,802	–	–	–	–	–	2,802
Revaluation	–	32,617	–	32,617	(13,833)	(5,549)	–	(19,382)	–	13,235
Transfers	–	–	–	–	355	7,265	2,161	9,781	(9,827)	(46)
Total movements in fair value	1,909	33,727	96	35,732	(12,252)	1,716	8,564	(1,972)	1,437	35,197
Movements in accumulated depreciation										
Depreciation	–	–	(211)	(211)	(1,298)	(4,621)	(166)	(6,085)	–	(6,296)
Revaluation	–	–	–	–	1,238	1,367	–	2,605	–	2,605
Total movements in accumulated depreciation	–	–	(211)	(211)	(60)	(3,254)	(166)	(3,480)	–	(3,691)
At fair value 30 June 2022	18,815	406,080	3,589	428,484	39,541	183,060	15,829	238,430	15,676	682,590
Accumulated depreciation at 30 June 2022	–	–	(262)	(262)	(3,152)	(14,470)	(166)	(17,788)	–	(18,050)
Carrying amount - 30 June 2022	18,815	406,080	3,327	428,222	36,389	168,590	15,663	220,642	15,676	664,540

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2021/2022 Financial Report

Notes to the Annual Financial Report

for the year ended 30 June 2022

Note 6. Assets we manage (continued)

	Plant machinery and equipment \$ '000	Fixtures fittings and furniture \$ '000	Computers and telecomms \$ '000	Library books \$ '000	Art works and heritage collections \$ '000	Total \$ '000	Work in progress \$ '000	Total plant and equipment \$ '000
Plant and Equipment								
At fair value 1 July 2021	33,464	3,442	13,541	8,424	96,038	154,909	59	154,968
Accumulated depreciation at 1 July 2021	(18,147)	(2,021)	(11,358)	(6,182)	–	(37,708)	–	(37,708)
Carrying amount - 1 July 2021	15,317	1,421	2,183	2,242	96,038	117,201	59	117,260
Movements in fair value								
Additions	4,976	176	953	384	264	6,753	13	6,766
Contributions	–	–	–	–	262	262	–	262
Disposal	(2,126)	–	–	–	–	(2,126)	–	(2,126)
Transfers	–	–	–	–	–	–	–	–
Total movements in fair value	2,850	176	953	384	526	4,889	13	4,902
Movements in accumulated depreciation								
Depreciation	(3,282)	(190)	(876)	(440)	–	(4,788)	–	(4,788)
Accumulated depreciation of disposals	2,101	–	–	–	–	2,101	–	2,101
Total movements in accumulated depreciation	(1,181)	(190)	(876)	(440)	–	(2,687)	–	(2,687)
At fair value 30 June 2022	36,314	3,617	14,494	8,808	96,564	159,797	72	159,869
Accumulated depreciation at 30 June 2022	(19,328)	(2,211)	(12,234)	(6,622)	–	(40,395)	–	(40,395)
Carrying amount - 30 June 2022	16,986	1,406	2,260	2,186	96,564	119,402	72	119,474

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2021/2022 Financial Report

Notes to the Annual Financial Report
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Note 6. Assets we manage (continued)

	Roads \$ '000	Bridges \$ '000	Footpaths and cycleways \$ '000	Drainage \$ '000	Recrea- tional, leisure and commu- nity \$ '000	Waste manage- ment \$ '000	Parks open spaces and streets- capes \$ '000	Off street car parks \$ '000	Other infra- structure \$ '000	Total \$ '000	Work in progress \$ '000	Total infra- structure \$ '000
Infrastructure												
At fair value 1 July 2021	705,450	53,732	84,625	351,297	43,390	3,548	4,845	7,965	39,355	1,294,207	9,394	1,303,601
Accumulated depreciation at 1 July 2021	(17,515)	(773)	(2,289)	(3,785)	(2,829)	(1,774)	(63)	(186)	(1,983)	(31,197)	–	(31,197)
Carrying amount - 1 July 2021	687,935	52,959	82,336	347,512	40,561	1,774	4,782	7,779	37,372	1,263,010	9,394	1,272,404
Movements in fair value												
Additions	16,260	53	1,252	539	5,173	1,146	640	1,556	104	26,723	9,795	36,518
Contributions	10,817	–	2,465	15,363	94	–	–	–	7	28,746	–	28,746
Revaluation	135,843	(15,505)	11,850	59,851	(2,905)	–	–	(363)	(8,149)	180,622	–	180,622
Transfers	178	–	–	–	3,873	3,629	–	–	61	7,741	(7,695)	46
Found assets	96	–	3	–	–	–	–	–	–	99	–	99
Total movements in fair value	163,194	(15,452)	15,570	75,753	6,235	4,775	640	1,193	(7,977)	243,931	2,100	246,031
Movements in accumulated depreciation												
Depreciation	(17,992)	(778)	(2,371)	(3,693)	(2,768)	(1,351)	(104)	(184)	(2,059)	(31,300)	–	(31,300)
Revaluation	17,515	773	2,289	3,785	2,829	–	–	186	1,983	29,360	–	29,360
Total movements in accumulated depreciation	(477)	(5)	(82)	92	61	(1,351)	(104)	2	(76)	(1,940)	–	(1,940)
At fair value 30 June 2022	868,644	38,280	100,195	427,050	49,625	8,323	5,485	9,158	31,379	1,538,139	11,494	1,549,633
Accumulated depreciation at 30 June 2022	(17,992)	(778)	(2,371)	(3,693)	(2,768)	(3,125)	(167)	(184)	(2,059)	(33,137)	–	(33,137)
Carrying amount - 30 June 2022	850,652	37,502	97,824	423,357	46,857	5,198	5,318	8,974	29,320	1,505,002	11,494	1,516,496

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2021/2022 Financial Report

Notes to the Annual Financial Report

for the year ended 30 June 2022

Note 6. Assets we manage (continued)

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 price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date.

Where assets are constructed by Council, cost includes all materials used in construction, direct labour, borrowing costs incurred during construction, and an appropriate share of directly attributable variable and fixed overheads.

In accordance with Council's policy, the threshold limits have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

Asset recognition thresholds and depreciation periods

	Depreciation Period years	Threshold Limit \$
Land and land improvements		
Land		5,000
Land improvements	40 years	5,000
Buildings		
Buildings	40 - 125 years	5,000
Building improvements	40 years	5,000
Plant and Equipment		
Heritage plant and equipment	5 - 30 years	1,000
Plant, machinery and equipment	2 - 20 years	1,000
Fixtures, fittings and furniture	2 - 20 years	1,000
Computers and telecommunications	3 - 20 years	1,000
Library books	10 years	1,000
Infrastructure		
Road pavements and seals	10 - 80 years	5,000
Road formation and earthworks		5,000
Road kerb, channel and minor culverts	80 - 150 years	5,000
Bridges deck	60 - 100 years	5,000
Bridges substructure	60 - 100 years	5,000
Footpaths and cycleways	15 - 80 years	5,000
Drainage	50 - 200 years	5,000
Recreational, leisure and community facilities	15 - 50 years	5,000
Parks, open space and streetscapes	36 - 40 years	5,000
Off-street car parks	10 - 80 years	5,000
Waste management	2-3 years	5,000
Other infrastructure	10 - 40 years	5,000
Intangible Assets		
Landfill air-space	1 - 5 years	5,000
Right of use assets	1 - 10 years	10,000

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 statements, consistent with AASB 1051.

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City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report

for the year ended 30 June 2022

Note 6. Assets we manage (continued)

Depreciation

Buildings, land improvements, plant and equipment, infrastructure, and other 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.

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

Road earthworks are not depreciated on the basis that they are assessed as not having a limited useful life.

Artworks and heritage collections are not depreciated.

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

Depreciation periods used are listed above and are consistent with the prior year unless otherwise stated.

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.

Valuation of land and buildings

Valuation of land and buildings has been undertaken in 2022 by qualified independent valuers Opteon Property Group Pty Ltd (Primary valuer William Wright API no. 80899). The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

It remains unclear as to impact the pandemic will have on local property markets in the short to medium term.

For these reasons and others, the values within provided by the Valuers may change significantly and unexpectedly over a relatively short period of time (including because of factors that the Valuer could not reasonably have known as at the date of valuation). Readers of this report must be mindful of the potential for elevated levels of market volatility and greater uncertainty at the date of valuation.

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

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

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2022 are as follows:

	Level 1 2022 \$ '000	Level 2 2022 \$ '000	Level 3 2022 \$ '000	Date of valuation
Land	–	–	405,187	30/06/22
Specialised land	–	–	18,815	30/06/22
Land improvements	–	–	3,327	30/06/22
Heritage buildings	–	–	36,389	30/06/22
Buildings	–	–	168,423	30/06/22
Building improvements	–	15,829	–	30/06/22
Total	–	15,829	632,141	

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City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report

for the year ended 30 June 2022

Note 6. Assets we manage (continued)

Valuation of Infrastructure

In 2022, an assessment of Fair Value was undertaken by Oliver Gabriel (BEng) which indicated that infrastructure had increased materially in value. A full revaluation was not undertaken but an indexation was applied to Roads, Drainage and Footpath asset classes. The indexation rates utilised were an average of the increase indicated from a review of contracts for recent construction contracts for a sample of asset types within the class. In addition, unit rates have been updated for other asset classes not subject to revaluation.

The date of the current valuations is detailed in the following table. The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.

	Level 1 2022 \$ '000	Level 2 2022 \$ '000	Level 3 2022 \$ '000	Date of valuation
Roads	–	–	850,318	01/07/19
Bridges	–	–	37,502	31/03/21
Footpaths and cycleways	–	–	97,824	01/07/19
Drainage	–	–	420,039	31/03/21
Recreational, leisure & community facilities	–	–	46,857	01/07/19
Waste management	–	–	5,198	01/07/19
Parks, open space & streetscapes	–	–	5,318	01/07/19
Off street car parks	–	–	8,974	01/07/19
Other Infrastructure	–	–	29,320	01/07/19
Total	–	–	1,501,350	

Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 5% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$1.00 and \$1,625 per square metre.

Non-specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement cost is calculated on a square metre basis and ranges from \$100 to \$7,200 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary up to to 60 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

Infrastructure assets are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 1 year to 192 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

Reconciliation of specialised land

	2022 \$ '000	2021 \$ '000
Land under roads	18,815	16,906
Total specialised land	18,815	16,906

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City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report
for the year ended 30 June 2022

Note 6. Assets we manage (continued)

6.2 Investments in associates, joint arrangements and subsidiaries

(a) Community Asset Committee

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

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City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report
for the year ended 30 June 2022

Note 7. People and relationships

7.1 Council and key management remuneration

(a) Related Parties

Parent entity
Ballarat City Council

Subsidiaries and Associates
Nil

(b) Key Management Personnel

Key management personnel (KMP) are those people with the authority and responsibility for planning, directing and controlling the activities of Ballarat City Council. The Councillors, Chief Executive Officer and Directors are deemed KMP.

Details of KMP at any time during the year are:

Councillors Daniel Moloney (Mayor)
Amy Johnson (Deputy Mayor)
Ben Taylor
Belinda Coates
Des Hudson
Mark Harris
Peter Eddy
Samantha McIntosh
Tracey Hargreaves

	2022 No.	2021 No.
Total Number of Councillors	9	11

Other Key Management Personnel

Evan King	Chief Executive Officer	
Bridget Wetherall	Director Infrastructure and Environment	
Matt Wilson	Director Community Wellbeing	
Natalie Robertson	Director Development and Growth	
John Hausler	Director Corporate Services	(from 19 July 2021)
Stephen Bigarelli	Acting Director Corporate Services	(to 9 July 2021)

Total Other Key Management Personnel	6	15
Total Number of Key Management Personnel	15	26

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2021/2022 Financial Report

Notes to the Annual Financial Report
for the year ended 30 June 2022

Note 7. People and relationships (continued)

	2022 \$ '000	2021 \$ '000
(c) Remuneration of Key Management Personnel		
Total remuneration of key management personnel was as follows:		
Short-term benefits	1,609	1,705
Long-term benefits	27	22
Post employment benefits	130	132
Termination benefits	1	1,413
Total	1,767	3,272

	2022 No.	2021 No.
The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:		
\$0 - \$9,999	-	1
\$10,000 - \$19,999	1	2
\$20,000 - \$29,999	-	2
\$30,000 - \$39,999	7	5
\$40,000 - \$49,999	1	2
\$50,000 - \$59,999	-	1
\$80,000 - \$89,999	-	1
\$90,000 - \$99,999	-	1
\$110,000 - \$119,999	1	-
\$120,000 - \$129,999	-	2
\$150,000 - \$159,999	-	1
\$160,000 - \$169,999	-	1
\$190,000 - \$199,999	-	1
\$210,000 - \$219,999	1	-
\$220,000 - \$229,999	-	1
\$230,000 - \$239,999	1	-
\$240,000 - \$249,999	2	-
\$260,000 - \$269,999	-	2
\$340,000 - \$349,999	-	1
\$380,000 - \$389,999	1	-
\$400,000 - \$409,999	-	1
\$440,000 - \$449,999	-	1
	15	26

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City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report
for the year ended 30 June 2022

Note 7. People and relationships (continued)

(d) Senior Officer Remuneration

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

- a) has management responsibilities and reports directly to the Chief Executive; or
- b) whose total annual remuneration exceeds \$151,000

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

	2022 No.	2021 No.
Income Range:		
<\$150,000	7	6
\$150,000 - \$159,999	2	5
\$160,000 - \$169,999	3	2
\$170,000 - \$179,999	6	7
\$180,000 - \$189,999	4	3
\$190,000 - \$199,999	6	2
\$200,000 - \$209,999	2	1
\$210,000 - \$219,999	-	1
\$220,000 - \$229,999	1	-
\$360,000 - \$369,999	-	1
	31	28
	2022	2021
	\$ '000	\$ '000
Total Remuneration for the reporting year for Senior Officers included above amounted to: ^	5,081	4,602

(^*) Remuneration includes ordinary pay, termination payments, superannuation and leave.

City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report

for the year ended 30 June 2022

Note 7. People and relationships (continued)

	2022 \$ '000	2021 \$ '000
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7.2 Related party disclosure

(a) Transactions with related parties

During the period Council entered into the following transactions with related parties:

Remuneration	1	53
Grant funding paid	19	14

Remuneration is inclusive of payments of salaries and wages made to related parties of Senior Officers acting in Key Management Personnel positions. These related party payments are only recognised when paid during official periods of responsibility. Salaries and wages are paid in accordance with Council's adopted employment terms and conditions.

Grant funding paid includes grants paid to community organisations of which Key Management Personnel are Board or Committee members.

(b) Outstanding balances with related parties

No material transactions with outstanding balances to or from related parties of Council have been disclosed or uncovered through review of Council's transactions for the financial year ending 30 June 2022.

(c) Loans to/from related parties

No loans to or from related parties of Council have been disclosed or uncovered through review of Council's transactions for the financial year ending 30 June 2022.

(d) Commitments to/from related parties

No material commitments to or from related parties of Council have been disclosed or uncovered through review of Council's transactions for the financial year ending 30 June 2022.

City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report for the year ended 30 June 2022

Note 8. Managing uncertainties

8.1 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed and if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable, respectively.

(a) Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council. At balance date the Council are not aware of any contingent assets.

(b) Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council; or
- present obligations that arise from past events but are not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - the amount of the obligation cannot be measured with sufficient reliability

At balance date the Council are not aware of any contingent liabilities other than as follows:

Defined benefit superannuation

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme, matters relating to this potential obligation are outlined below. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists.

Legal matters

Council is not currently involved in any legal matters from which a contingent liability is likely to arise.

Combustible building cladding

Prior to 2011, Council endorsed a wide range of building permits across the municipality that may have contained combustible cladding. Due to the potential risks linked to these materials, Council may be exposed to future legal action in connection to the permits it endorsed. Council have identified a small number of buildings that fall within the scope of the Statewide Building Audit, and have advised the VBA as appropriate. A full review of all Council issued permits prior to 2011 has not been completed, so the extent of any future liability to Council is currently unknown.

Liability Mutual Insurance

Council is a participant of the MAV Liability Mutual Insurance (LMI) Scheme. The LMI scheme provides public liability and professional indemnity insurance cover. The LMI scheme states that each participant will remain liable to make further contributions to the scheme in respect of any insurance year in which it was a participant, to the extent of its participant's share of any shortfall in the provision set aside in respect of that insurance year, and such liability will continue whether or not the participant remains a participant in future insurance years.

(c) Guarantees for loans to other entities

Financial guarantees

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.

City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report

for the year ended 30 June 2022

Note 8. Managing uncertainties (continued)

8.2 Change in accounting standards

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2022 reporting period. Council assesses the impact of these new standards. As at 30 June 2022 there were no new accounting standards or interpretations issued by the AASB which are applicable for the year ending 30 June 2023 that are expected to impact Council.

8.3 Financial instruments

(a) Objectives and policies

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

(b) Market risk

Market risk is the risk that the fair value or future cash flows of Council financial instruments will fluctuate because of changes in market prices. The Council's exposure to market risk is primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk.

Interest rate risk

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

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 2020*. Council manages interest rate risk by adopting an investment policy that ensures:

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

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

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

(c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss. Council has exposure to credit risk on some financial assets included in the balance sheet. Particularly significant areas of credit risk exist in relation to outstanding fees and fines as well as loans and receivables from sporting clubs and associations. To help manage this risk:

- Council has a policy for establishing credit limits for the entities Council deals with;
- Council may require collateral where appropriate; and
- Council only invests surplus funds with financial institutions which have a recognised credit rating specified in Council's investment policy.

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

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City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report

for the year ended 30 June 2022

Note 8. Managing uncertainties (continued)

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

Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when Council provides a guarantee for another party. Details of our contingent liabilities are disclosed in Note 8.1(b).

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

(d) Liquidity risk

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

To help reduce these risks Council:

- have an investment 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 Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 8.1(c), and is deemed insignificant based on prior periods' data and current assessment of risk.

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

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 5.4.

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

(e) Sensitivity disclosure analysis

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

- A shift of + 2% in market interest rates (AUD) from year-end rates of 0.85%.

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

City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report

for the year ended 30 June 2022

Note 8. Managing uncertainties (continued)

8.4 Fair value measurement

Fair Value Hierarchy

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

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, are measured at their fair value, being the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date. At balance date, 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.

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 1 to 5 years. The valuation is performed either by experienced council officers or independent experts.

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

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 realistic market value.

Impairment of assets

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

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2021/2022 Financial Report

Notes to the Annual Financial Report
for the year ended 30 June 2022

Note 8. Managing uncertainties (continued)

8.5 Events occurring after balance date

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

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City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report
for the year ended 30 June 2022

Note 9. Other matters

	Balance at beginning of reporting period \$ '000	Increment (decrement) \$ '000	Balance at end of reporting period \$ '000
9.1 Reserves			
(a) Asset revaluation reserves			
2022			
Property			
Land - non specialised	309,632	32,617	342,249
Heritage buildings	14,520	(12,595)	1,925
Buildings	32,002	(4,182)	27,820
	<u>356,154</u>	<u>15,840</u>	<u>371,994</u>
Plant and equipment			
Plant machinery and equipment	1,937	–	1,937
Art works and heritage collections	58,015	–	58,015
	<u>59,952</u>	<u>–</u>	<u>59,952</u>
Infrastructure			
Roads	201,619	153,358	354,977
Bridges	32,131	(14,732)	17,399
Footpaths and cycleways	36,331	14,139	50,470
Drainage	53,227	63,636	116,863
Recreational, leisure and community facilities	633	(76)	557
Offstreet car parks	768	(177)	591
Other infrastructure	7,253	(6,166)	1,087
	<u>331,962</u>	<u>209,982</u>	<u>541,944</u>
Total asset revaluation reserves	<u>748,068</u>	<u>225,822</u>	<u>973,890</u>

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City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report
for the year ended 30 June 2022

Note 9. Other matters (continued)

	Balance at beginning of reporting period \$ '000	Increment (decrement) \$ '000	Balance at end of reporting period \$ '000
2021			
Property			
Land - non specialised	237,973	71,659	309,632
Heritage buildings	9,501	5,019	14,520
Buildings	14,273	17,729	32,002
	<u>261,747</u>	<u>94,407</u>	<u>356,154</u>
Plant and equipment			
Plant machinery and equipment	1,937	–	1,937
Art works and heritage collections	58,015	–	58,015
	<u>59,952</u>	<u>–</u>	<u>59,952</u>
Infrastructure			
Roads	182,668	18,951	201,619
Bridges	30,147	1,984	32,131
Footpaths and cycleways	39,548	(3,217)	36,331
Drainage	90,690	(37,463)	53,227
Recreational, leisure and community facilities	–	633	633
Offstreet car parks	1,327	(559)	768
Other infrastructure	8,410	(1,157)	7,253
	<u>352,790</u>	<u>(20,828)</u>	<u>331,962</u>
Total asset revaluation reserves	<u>674,489</u>	<u>73,579</u>	<u>748,068</u>

The asset revaluation reserve is used to record the increased (net) value of Council's assets over time.

City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report

for the year ended 30 June 2022

Note 9. Other matters (continued)

	Balance at beginning of reporting period \$ '000	Transfer from Accumulated Surplus \$ '000	Transfer to Accumulated Surplus \$ '000	Balance at end of reporting period \$ '000
(b) Other reserves				
2022				
Restricted reserves				
Subdividers contributions	3,043	1,634	(444)	4,233
Developer contributions	12,614	13,781	(79)	26,316
Total restricted reserves	15,657	15,415	(523)	30,549
Discretionary reserves				
Asset realisation reserve	3,345	193	(217)	3,321
Waste reserve	–	6,910	(1,816)	5,094
Total discretionary reserves	3,345	7,103	(2,033)	8,415
Total Other reserves	19,002	22,518	(2,556)	38,964
2021				
Restricted reserves				
Subdividers contributions	1,960	1,083	–	3,043
Developer contributions	5,275	7,637	(298)	12,614
Total restricted reserves	7,235	8,720	(298)	15,657
Discretionary reserves				
Asset realisation reserve	3,380	800	(835)	3,345
Total discretionary reserves	3,380	800	(835)	3,345
Total Other reserves	10,615	9,520	(1,133)	19,002

Subdividers Contributions Reserve

The purpose of this reserve is to collect contributions from developers for open space which is used for future Parks and Open Space upgrades including Playspaces. The policy framework for open space contributions is set out in the Subdivision Act 1988 which enshrines a nominal contribution.

Developer Contributions Reserve

The purpose of this reserve is to ensure that the City's new communities have appropriate access to essential infrastructure required to achieve the safety and liveability of its suburbs. All developers are required to fund and construct local infrastructure to service new developments and housing estates. The role of development contributions is to ensure major infrastructure items such as traffic signals, sports grounds and community centres are funded equitably between multiple developers and/or landowners. Funds are restricted for delivery of community infrastructure in line with Developer Contribution Plan agreements.

Asset Realisation Reserve

The purpose of this reserve is to isolate funds generated from the sale of land assets that Council have identified as surplus to the community's needs. These funds will be utilised to purchase more strategic land assets for the community.

Waste Reserve

The purpose of this reserve is to isolate funds generated from the Waste Management and Green Waste Service Charges. These funds will be utilised to fund capital works programs across the Waste & Environment Department such as landfill cell construction, cell capping, replacement bins, replacement and growth of the truck fleet with greater future capital works on the horizon.

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City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report
for the year ended 30 June 2022

Note 9. Other matters (continued)

	2022 \$ '000	2021 \$ '000
9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)		
Surplus/(deficit) for the year	74,206	97,186
Depreciation/amortisation	43,741	42,216
(Profit)/loss on disposal of property, infrastructure, plant and equipment	(911)	120
Contributions - Non-monetary assets	(31,810)	(75,544)
Amounts disclosed in financing activities	1,619	1,857
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(479)	(1,467)
(Increase)/decrease in inventories	21	(107)
(Increase)/decrease in prepayments	(229)	(280)
Increase/(decrease) in accrued income	(207)	160
Increase/(decrease) in trade and other payables	1,147	4,373
Increase/(decrease) in provisions	9,088	(951)
(Decrease)/increase in other liabilities	2,067	3,450
Increase/(decrease) in Unearned income /revenue	(5,233)	15,187
Net cash provided by/(used in) operating activities	93,020	86,200

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City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report

for the year ended 30 June 2022

Note 9. Other matters (continued)

9.3 Superannuation

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

Accumulation

The Fund's accumulation category, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2022, this was 10.0% as required under Superannuation Guarantee (SG) legislation (2021: 9.5%)).

Defined Benefit

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

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

Funding Arrangements

Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary.

As at 30 June 2021, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category.

The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 109.8%. The financial assumptions used to calculate the VBI were:

Net investment returns 4.75% pa
Salary information 2.75% pa
Price inflation (CPI) 2.25% pa.

As at 30 June 2022, an interim actuarial investigation is underway as the Fund provides lifetime pensions in the Defined Benefit category. It is expected to be completed by 31 October 2022.

Vision Super has advised that the VBI at 30 June 2022 was 102.2%. Council was notified of the 30 June 2022 VBI during August 2022 (2021: August 2021). The financial assumptions used to calculate this VBI were:

Net investment returns 5.5% pa
Salary information 2.5% pa to 30 June 2023, and 3.5% thereafter
Price inflation (CPI) 3.00% pa.

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2021 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Employer contributions

(a) Regular contributions

On the basis of the results of the 2021 interim actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2022, this rate was 10.0% of members' salaries (9.5% in 2020/21). This rate is expected to increase in line with any increases in the SG contribution rate and was reviewed as part of the 30 June 2020 triennial valuation.

In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

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City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report

for the year ended 30 June 2022

Note 9. Other matters (continued)

(b) Funding calls

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

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

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

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up. If there is a surplus in the Fund, the surplus cannot be returned to the participating employers.

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

The 2021 interim actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the Defined Benefit category of which Council is a contributing employer. Generally, a full actuarial investigation is conducted every three years and interim actuarial investigations are conducted for each intervening year. An interim investigation was conducted as at 30 June 2021 and the last full investigation was conducted as at 30 June 2020.

The Fund's actuarial investigations identified the following for the Defined Benefit category of which Council is a contributing employer:

	2021 (Interim) \$m	2020 (Triennial) \$m
- A VBI Surplus	214.7	100.0
- A total service liability surplus	270.3	200.0
- A discounted accrued benefits surplus	285.2	217.8

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2021.

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2021.

The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2021.

Council was notified of the 30 June 2021 VBI during August 2021 (2020: August 2020).

The 2022 interim actuarial investigation

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2022 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2022. Council was notified of the 30 June 2022 VBI during August 2022 (2021: August 2021).

Superannuation contributions

Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2022 are detailed below:

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City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report
for the year ended 30 June 2022

Note 9. Other matters (continued)

Scheme	Type of scheme	Rate	2022 \$ '000	2021 \$ '000
Vision Super	Defined Benefit		398	416
Vision Super	Accumulation		2,874	2,628
Other funds	Accumulation		2,804	2,376

There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2022. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2023 is \$404,000.

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City of Ballarat

2021/2022 Financial Report

Notes to the Annual Financial Report for the year ended 30 June 2022

Note 10. Changes in accounting policies

There have been no changes to accounting policies in the 2021-22 year.

There are no pending accounting standards that are likely to have a material impact on council.

Note 11. Errors and changes in accounting estimates

11.1 Found assets

During the annual revaluation process, Council identified further assets owned that were not reflected in the Fixed Asset Register. Advancements in technologies, including GIS mapping, utilised by Council allow for greater recognition and management of Council assets. In 2022 assets to the value of \$99k were found (2021 - \$3.631m) that were not reflected in the Asset Register.

	2022 \$ '000	2021 \$ '000
Found assets		
Infrastructure		
Roads	96	2,869
Footpaths and cycleways	3	67
Drainage	–	648
Recreational, leisure and community	–	11
Other infrastructure	–	36
Total assets	99	3,631

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City of Ballarat

Performance Statement For the Year Ended 30 June 2022

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PERFORMANCE STATEMENT 2022

BALLARAT A GREAT PLACE TO LIVE

Ballarat is one of Australia’s largest inland cities and the third largest city in Victoria. Money flowed into Ballarat with the discovery of gold in the mid-19th century. Today the city is renowned for its beautiful parks, broad tree-lined streetscapes, cultivated European gardens, and heritage architecture of national significance and international interest. The iconic Sturt Street is a stunning tree-lined boulevard adorned with notable statues, and Lydiard Street presents a perfectly preserved heritage streetscape.

The City of Ballarat municipality covers an area of 740 square kilometres and includes the outlying townships of Buninyong, Miners Rest, Learmonth, Lucas and Cardigan Village. It is part of an area of land under the traditional custodianship of the Wadawurrung and Dja Dja Wurrung people and is bound by the surrounding Municipalities of Hepburn Shire to the north, Moorabool Shire to the east, Pyrenees Shire to the west and Golden Plains Shire to the south.

Ballarat has an estimated population of 113,482 people in 2022. Due to being located centrally in Western Victoria, Ballarat services a large regional population. Ballarat offers premium job opportunities, world-class education (including three universities), affordable housing, exciting restaurants and retail options, accessible community and health services, a vibrant arts scene and a great lifestyle.

The following performance data is prepared to represent a balanced approach to reporting performance across the areas of service, finance, governance and sustainable capacity for the organisation.



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AUDITED PERFORMANCE INDICATORS					
Sustainable Capacity Indicators	Results 2019	Results 2020	Results 2021	Results 2022	Comments
Population					
C1 Expenses per head of municipal population <i>[Total expenses / Municipal population]</i>	\$1,628.95	\$1,634.76	\$1,618.62	\$1,754.75	The increase in this indicator is consistent with the level of expenditure identified in the 2021/22 budget (\$1,794) and reflects an increase in service provision and inflation.
Population					
C2 Infrastructure per head of municipal population <i>[Value of infrastructure / Municipal population]</i>	\$15,801.75	\$16,935.35	\$14,637.05	\$16,562.54	This has increased materially due to an increase in infrastructure valuation. Please refer to the Financial Statements for further information.
Population					
C3 Population density per length of road <i>[Municipal population / Kilometres of local roads]</i>	74.77	75.21	75.74	77.01	This indicator continues to increase due to the level of population growth increasing at a greater rate than road length. This is expected to continue into the future.
Own-source revenue					
C4 Own-source revenue per head of municipal population <i>[Own-source revenue / Municipal population]</i>	\$1,418.61	\$1,425.38	\$1,365.68	\$1,484.44	This indicator has increased in 2021/22 primarily due to the revenue streams that were impacted by COVID-19 returning to expected levels. ie. statutory fees, user fees and lease revenue.
Recurrent grants					
C5 Recurrent grants per head of municipal population <i>[Recurrent grants / Municipal population]</i>	\$236.27	\$253.79	\$255.47	\$325.13	This indicator is favourably impacted due to 75% of 2022/23 Federal Assistance Grants being received in advance in 2021/22.
Disadvantage					
C6 Relative Socio-Economic Disadvantage <i>[Index of Relative Socio-Economic Disadvantage by decile]</i>	4.00	4.00	4.00	4.00	This is City of Ballarat's rating according to the Socio-Economic Indexes for Areas (SEIFA)
Workforce turnover					
C7 Percentage of staff turnover <i>[Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100</i>	11.91%	11.69%	14.35%	22.14%	

AUDITED PERFORMANCE INDICATORS					
Service Performance Indicators	Results 2019	Results 2020	Results 2021	Results 2022	Comments
Aquatic Facilities Utilisation					
AF6 Utilisation of aquatic facilities <i>[Number of visits to aquatic facilities / Municipal population]</i>	6.06	4.42	1.87	3.88	Utilisation rates are recovering after the re-opening of aquatic facilities following the impact of COVID-19.
Animal Management Health and safety					
AM7 Animal management prosecutions <i>[Number of successful animal management prosecutions / Number of animal management prosecutions] x 100</i>	New in 2020	100%	100.00%	88.89%	8 of the 9 prosecution cases were successful in 2021/22, with the other being withdrawn.
Food Safety Health and safety					
FS4 Critical and major non-compliance outcome notifications <i>[Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100</i>	96.55%	94.25%	97.65%	93.46%	243 of the 260 critical non-compliance outcome notifications were followed up in the period.

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AUDITED PERFORMANCE INDICATORS					
Service Performance Indicators	Results 2019	Results 2020	Results 2021	Results 2022	Comments
Governance Satisfaction					
G5 Satisfaction with council decisions <i>[Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]</i>	55.70	61.10	58.00	53.00	This outcome is inline with the 2022 results for Victoria and regional centres.
Libraries Participation					
LB4 Active library borrowers in municipality <i>[Number of active library borrowers in the last three years / The sum of the population for the last three years] x100</i>	12.75%	12.19%	11.25%	8.98%	COVID-19 related closures of public libraries impacted the number of active library borrowers in recent years. This measure has continued to decline & hasn't rebounded post COVID-19 closures.
Maternal and Child Health (MCH) Participation					
MC4 Participation in the MCH service <i>[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100</i>	72.48%	71.63%	71.83%	73.03%	3,906 children attended the service at least once, of the 5,349 enrolled.

AUDITED PERFORMANCE INDICATORS					
Service Performance Indicators	Results 2019	Results 2020	Results 2021	Results 2022	Comments
Maternal and Child Health (MCH) Participation					
MC5 Participation in the MCH service by Aboriginal children <i>[Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100</i>	64.52%	71.56%	72.10%	68.05%	82 children attended the service at least once, of the 121 enrolled.
Roads Satisfaction					
R5 Satisfaction with sealed local roads <i>[Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]</i>	58.70	55.30	52.00	41.00	Due to high rainfalls in recent years, roads are deteriorating at a faster rate. There has been an increase in the number of requests which could correlate to the decreased satisfaction.
Statutory Planning Decision making					
SP4 Council planning decisions upheld at VCAT <i>[Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100</i>	71.43%	75.00%	100.00%	100.00%	All of the 7 planning decisions during the period were upheld.
Waste Collection Waste diversion					
WC5 Kerbside collection waste diverted from landfill <i>[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100</i>	48.65%	43.07%	41.56%	41.47%	Ballarat's recycling system changed in 2019/2020, with separate glass collection through community collection points. This reduced the volume of material in kerbside recycling bins and has remained at lower levels since.

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FINANCIAL PERFORMANCE INDICATORS - EFFICIENCY										
Efficiency	Results 2019	Results 2020	Results 2021	Results 2022	Forecasts				Comments	
					2023	2024	2025	2026		
Expenditure level										
E2	Expenses per property assessment <i>[Total expenses / Number of property assessments]</i>	\$3,237.54	\$3,254.80	\$3,162.30	\$3,445.21	\$3,523.95	\$3,320.82	\$3,287.64	\$3,312.28	The increase in this indicator is consistent with the level of expenditure identified in the 2021/22 budget (\$3,567.54) and reflects an increase in service provision and inflation.
Revenue level										
E4	Average rate per property assessment <i>[General rates and Municipal charges / Number of property assessments]</i>	New in 2020	\$ 1,877.33	\$ 1,869.82	\$ 1,934.10	\$ 1,951.89	\$ 1,988.59	\$ 2,031.80	\$ 2,081.86	There has been no material change in this indicator and is slightly lower than the 2021/22 budget of \$1,978.82.

FINANCIAL PERFORMANCE INDICATORS - LIQUIDITY										
Liquidity	Results 2019	Results 2020	Results 2021	Results 2022	Forecasts				Comments	
					2023	2024	2025	2026		
Working capital										
L1	Current assets compared to current liabilities <i>[Current assets / Current liabilities] x100</i>	288.83%	262.21%	217.31%	234.75%	147.05%	156.03%	104.46%	163.07%	Council's closing cash balance is inflated by \$20.7 million of unspent grants. Also, Council has experienced delays in delivering the planned capital works program which will be delivered in future years. Hence the declining balance in the forecast figures. Note the unspent grants do not necessarily give rise to a current liability.
Unrestricted cash										
L2	Unrestricted cash compared to current liabilities <i>[Unrestricted cash / Current liabilities] x100</i>	-149.65%	-68.39%	-93.93%	-33.23%	18.68%	31.39%	22.12%	37.56%	This indicator reflects usage of cash and cash equivalents to invest in infrastructure projects. The indicator excludes cash held in term deposits (amounts invested for longer than 90 days), as this is required to be classed as Other Financial Assets. At 30 June 2022 there was \$148 million of such funds invested. This indicator would total 154.31% in 2021/22 if these funds were included.

FINANCIAL PERFORMANCE INDICATORS - OBLIGATIONS										
Obligations	Results 2019	Results 2020	Results 2021	Results 2022	Forecasts				Comments	
					2023	2024	2025	2026		
Loans and borrowings										
O2	Loans and borrowings compared to rates <i>[Interest bearing loans and borrowings / Rate revenue] x100</i>	33.93%	36.96%	31.78%	26.43%	30.81%	35.89%	36.34%	33.11%	The trend reflects that borrowings have been repaid over recent years, without any new borrowings being undertaken.
Loans and borrowings										
O3	Loans and borrowings repayments compared to rates <i>[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100</i>	5.20%	4.93%	5.52%	4.47%	4.35%	3.95%	3.57%	19.11%	The trend reflects that borrowings have been repaid over recent years, without any new borrowings being undertaken, resulting in reduced repayments. The large ratio in 2025/26 relates to the planned refinancing of a \$23.1 million interest only loan.
Indebtedness										
O4	Non-current liabilities compared to own source revenue <i>[Non-current liabilities / Own source revenue] x100</i>	30.11%	34.30%	31.28%	28.00%	29.16%	34.05%	21.57%	30.14%	The trend reflects that borrowings have been repaid over recent years, without any new borrowings being undertaken.
Asset renewal and upgrade										
O5	Asset renewal and upgrade compared to depreciation <i>[Asset renewal and asset upgrade expense / Asset depreciation] x100</i>	New in 2020	78.40%	94.76%	112.33%	159.64%	93.64%	100.01%	96.97%	There has been an increased focus on Asset Renewal to improve the level of expenditure on asset renewal.

FINANCIAL PERFORMANCE INDICATORS - OPERATING POSITION										
Operating Position	Results 2019	Results 2020	Results 2021	Results 2022	Forecasts				Comments	
					2023	2024	2025	2026		
Adjusted underlying result										
OP1	Adjusted underlying surplus (or deficit) <i>[Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100</i>	9.68%	2.74%	5.23%	3.37%	-3.51%	1.71%	3.73%	4.31%	This indicator is favourably impacted due to 75% of 2022/23 Federal Assistance Grants being received in advance in 2021/22.

FINANCIAL PERFORMANCE INDICATORS - STABILITY										
Stability	Results 2019	Results 2020	Results 2021	Results 2022	Forecasts				Comments	
					2023	2024	2025	2026		
Rates concentration										
S1	Rates compared to adjusted underlying revenue <i>[Rate revenue / Adjusted underlying revenue] x100</i>	60.34%	66.78%	66.55%	65.62%	69.81%	71.42%	71.92%	72.40%	Adjusted underlying revenue varies from year to year.
Rates effort										
S2	Rates compared to property values <i>[Rate revenue / Capital improved value of rateable properties in the municipality] x100</i>	0.59%	0.56%	0.53%	0.51%	0.42%	0.43%	0.44%	0.45%	This indicator is forecast to reduce in the coming years due to the recent significant increase in property values.

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KEY TERMS	
TERMINOLOGY	DEFINITION
Aboriginal child	means a child who is an Aboriginal person
Aboriginal person	has the same meaning as in the Aboriginal Heritage Act 2006
Active library member	means a member of a library who has borrowed a book from the library
Adjusted underlying revenue	means total income other than: (a) non-recurrent grants used to fund capital expenditure; and, (b) non-monetary asset contributions; and, (c) contributions to fund capital expenditure from sources other than those referred to in paragraphs (a) and (b)
Adjusted underlying surplus (or deficit)	means adjusted underlying revenue less total expenditure
Annual report	means an annual report prepared by a Council under sections 98, 99 and 100 of the Local Government Act 2020
Asset renewal expenditure	means expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability
Class 1 food premises	means food premises, within the meaning of the Food Act 1984, that have been declared as class 1 food premises under section 19C of that Act
Class 2 food premises	means food premises, within the meaning of the Food Act 1984, that have been declared as class 2 food premises under section 19C of that Act
Critical non-compliance outcome notification	means a notification received by Council under section 19N(3) or (4) of the Food Act 1984, or advice given to council by an authorized officer under that Act, of a deficiency that poses an immediate serious threat to public health
Current assets	has the same meaning as in the Australian Accounting Standards
Current liabilities	has the same meaning as in the Australian Accounting Standards
Food premises	has the same meaning as in the Food Act 1984
Infrastructure	means non-current property (excluding land), plant and equipment
Local road	means a sealed or unsealed road for which the Council is the responsible road authority under the Road Management Act 2004
Major non-compliance outcome notification	means a notification received by a Council under section 19N(3) or (4) of the Food Act 1984, or advice given to Council by an authorized officer under that Act, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken
MCH	means the Maternal and Child Health service provided by a council to support the health and development of children within the municipality from birth until school age
Non-current assets	means all assets other than current assets
Non-current liabilities	means all liabilities other than current liabilities
Non-recurrent grant	means a grant obtained on the condition that it be expended in a specified manner and is not expected to be received again during the period covered by a council's Strategic Resource Plan
Own-source revenue	means adjusted underlying revenue other than revenue that is not under the control of council (including government grants)
Population	means the resident population estimated by Council
Rate revenue	means revenue from general rates, municipal charges, service rates and service charges
Recurrent grant	means a grant other than a non-recurrent grant
Relative socio-economic disadvantage	in relation to a municipality, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipality is located according to the Index of Relative Socio- Economic Disadvantage (Catalogue Number 2033.0.55.001) of SEIFA
Residential rates	means revenue from general rates, municipal charges, service rates and service charges levied on residential properties
Restricted cash	means cash and cash equivalents, within the meaning of the Australian Accounting Standards, that are not available for use other than for a purpose for which it is restricted, and includes cash to be used to fund capital works expenditure from the previous financial year
SEIFA	means the Socio-Economic Indexes for Areas published from time to time by the Australian Bureau of Statistics on its internet website
Unrestricted cash	means all cash and cash equivalents other than restricted cash

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OTHER INFORMATION

Basis of preparation

Council is required to prepare and include a Performance Statement within its Annual Report. The Performance Statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures together with a description of the municipal district and an explanation of material variations in the results. This statement has been prepared to meet the requirements of the Local Government Act 2020 and Local Government (Planning and Reporting) Regulations 2020.

Where applicable the results in the Performance Statement have been prepared on accounting bases consistent with those reported in the Financial Statements. The other results are based on information drawn from council information systems or from third parties (e.g. Australian Bureau of Statistics).

The performance statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by the council's strategic resource plan. The Local Government (Planning and Reporting) Regulations 2020 requires explanation of any material variations in the results contained in the performance statement. Council has adopted materiality thresholds relevant to each indicator and measure and explanations have not been provided for variations below the materiality thresholds unless the variance is considered to be material because of its nature.

The forecast figures included in the Performance Statement are those adopted by council in its four year budget on 22 June 2022 and which forms part of the Council Plan. The four year budget document includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The four year budget can be obtained by contacting Council.

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Certification of Performance Statement

In my opinion, the accompanying performance statement has been prepared in accordance with the Local Government Act 2020 and the Local Government (Planning and Reporting) Regulations 2020.

Jason Clissold

Principal Accounting Officer

Dated: dd/Month/Year

In our opinion, the accompanying Performance Statement of the *City of Ballarat* for the year ended 30 June 2022 presents fairly the results of Council's performance in accordance the Local Government Act 2020 and the Local Government (Planning and Reporting) Regulations 2020.

The Performance Statement contains the relevant performance indicators, measures and results in relation to service performance, financial performance and sustainable capacity.

At the date of signing, we are not aware of any circumstances that would render any particulars in the Performance Statement to be misleading or inaccurate.

We have been authorised by the council and by the Local Government (Planning and Reporting) Regulations 2020 to certify this performance statement in its final form.

DRAFT

Daniel Moloney

Mayor

Dated: dd/Month/Year

Amy Johnson

Deputy Mayor

Dated: dd/Month/Year

Evan King

Chief Executive Officer

Dated: dd/Month/Year

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Ballarat City Council

Closing Report

For the financial year ended 30 June 2022

Presented to the Audit and Risk Committee on
7th October 2022

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Background

I enclose for your information the closing report for the year ended 30 June 2022. The closing report provides a summary of results of our audit of the Ballarat City Council. This report will be discussed at the audit and risk committee meeting on 7 October 2022.

Acknowledgement

I also take this opportunity to thank your executive team and staff for the time they made available to us during our audit.

Yours sincerely

Phil Delahunty
VAGO Audit Service Provider: Engagement Leader
RSD Audit
Bendigo

3 October 2022

DRAFT

*Presented to the Audit and Risk Committee on
7th October 2022*

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*Presented to the Audit and Risk Committee on
7th October 2022 | Victorian Auditor-General's Report*

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Introduction

Purpose of the closing report

- Our closing report summarises the results of our audit and communicates significant findings from the final audit phase.
- Please read this document in conjunction with our Audit Strategy Memorandum presented on 2 March 2022.

Scope and purpose of the audit

The *Audit Act 1994* requires the Auditor-General to:

- form an opinion on your financial report and provide a copy of the audit report to you.
- Provide a copy of the audit reports to the Minister of Local Government, and where applicable (i.e. when modified or when the Auditor-General directs) to the Assistant Treasurer.

The Auditor-General

The Auditor-General is:

- an independent officer of the Victorian Parliament
- appointed under legislation to examine on behalf of parliament and taxpayers, the management of resources within the public sector
- not subject to the control or direction of either parliament or the government.



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Audit completion status

We have substantially completed our audit of the financial report and performance statement. We performed our audit in accordance with the *Audit Act 1994* and the terms of our engagement letter. We can provide reasonable assurance that the financial report and performance statement is presented fairly under the *Local Government Act 2020*.

Expected audit opinion

Based on our audit, we expect to conclude that the financial report is presented fairly.

We also expect to conclude that the performance statement is presented fairly.

We expect to issue unmodified audit opinions, pending the satisfactory resolution of key outstanding matters below.

Outstanding audit matters

We can conclude and issue our audit opinion when we finalise our audit process. Outstanding audit matters include:

- obtaining support for Infrastructure additions, Land & Building valuation reconciliation, confirmation of impairment review outcomes, remaining subdivisions status and treatment evaluation against materiality, Infrastructure unit rates valuation impact and support against appropriate benchmark indicator (such as Rawlinsons), resolution of depreciation expense audit queries raised.
- finalisation of testing on Landfill airspace asset and landfill provision, fire services levy, trust funds.
- receipt and checking of remaining bank and solicitor confirmations.
- adjustment to note 6.1 fixed asset movements to reverse net-off of accumulated depreciation on indexation.
- a final review of the financial report and performance statement by VAGO.
- a review of the signed management representation letter.
- completion of the review of subsequent events.

Appendix A provides a detailed list of all outstanding audit matters.

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Areas of audit focus

Our audit focused on the financial report balances and disclosures that we rated as higher risk for material misstatement in your financial report and performance statement.

Our procedures enabled us to conclude, with reasonable assurance, whether the risks resulted in a material misstatement. The outcome of our procedures is summarised in this section.

Risk of material misstatement	Our audit response	Results of our key procedures
<p>1. Valuation of property, infrastructure, plant and equipment</p> <p>Property, infrastructure, plant and equipment represent a significant part of the Council's total assets (\$2.02 billion as at 30 June 2021), with the majority of these assets carried at fair value. Determining the fair value of these assets is a highly complex process that relies on numerous assumptions underpinning the valuation methodology, the engagement of valuation experts and the use of management's judgement.</p> <p>All property and infrastructure asset classes are scheduled for a full revaluation in 2021–22.</p> <p>The financial report may include a material misstatement if the valuation is not performed in line with a suitable methodology, by unqualified experts or is based on inappropriate assumptions and judgements.</p> <p>Valuations may be inaccurate due to the judgement and complexities associated with applying AASB 13 <i>Fair Value Measurement</i>.</p> <p>Disclosures may be incorrect or insufficient.</p>	<p>We have:</p> <ul style="list-style-type: none"> • reviewed management's assessment of cumulative fair value movements since the last comprehensive revaluation • reviewed any indexation calculations prepared by management • assessed the valuer's competence, skills and experience to conduct an appropriate valuation • reviewed the nature and extent of management's oversight and review of the fair value measurement by valuation experts • reviewed valuer's reports to evaluate the appropriateness of the methodology adopted and reasonableness of key assumptions and estimates used • reviewed management's impairment assessment • verified the accuracy of any revaluation accounting adjustments. 	<p>During the year the Council undertook a revaluation of land and buildings, excluding land under roads, however, infrastructure categories were not fully revalued.</p> <p>Audit risk response testing undertaken on the valuation of property (land and buildings) which did not identify any matters of concern.</p> <p>For infrastructure, a high level management assessment of unit rates was conducted, which identified a simple average indexation that was applied across three key categories of infrastructure.</p> <p>Audit identified this calculation showed a deviation from the weighted average components of infrastructure and indexation applied varied compared to expectations,</p>

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although this was conservative. The resulting potential variance could be material so further investigation is required which will encompass review against Rawlinsons as a benchmark.

We have concluded that property, infrastructure, plant and equipment has been correctly treated under AASB 13 and disclosed appropriately in the Financial Statements.

2. Monetary and non-monetary contributions

Council recorded monetary and non-monetary developer contributions totalling \$85 million in its 2020-21 financial report. The level of contributions can vary from year-to-year. Information regarding developer contributions, namely the status of key projects and the date that the asset(s) transferred to the Council upon practical completion, can rest with staff outside of finance and may result in transactions being recorded in the wrong period. In the prior year, VAGO identified asset management controls as an area for improvement by the local government sector. Management need to consider the requirements of AASB 15 and AASB 1058 when considering the recognition of revenue and income.

We have:

- performed substantive tests to verify the recognition of revenue against the requirements of the accounting policy and AASB 15 *Revenue from Contracts with Customers*
- performed substantive tests to verify the accuracy and completeness of revenue recognised
- performed substantive tests to verify the closing balance of related contract liabilities, as applicable
- reviewed and assessed the adequacy of financial report disclosures.

Audit risk response testing undertaken on monetary and non-monetary contributions did not identify any matters of concern.

We have concluded that monetary and non-monetary contributions has been correctly treated under AASB 15 and AASB 1058 and is disclosed appropriately in the Financial Statements.

Results of substantive test of details indicates that the material monetary and non-monetary contributions are presented fairly.

3. Impact of COVID-19 pandemic on your financial report

All levels of governments including the local government sector are taking significant measures in response to the global pandemic. There is ongoing uncertainty with rapid and evolving responses to this pandemic which impact the way entities operate and, in some cases, there has been or will be a requirement to close certain facilities or reduce the provision of services for a period of time to prioritise the health and safety of communities. During times of significant uncertainty:

We:

- liaised with management to understand the impact of COVID 19 on your financial reporting (e.g. changes to revenue streams, demand on specific services, impacts on your workforce and associated cost implications, valuation of assets, additional provisioning requirements and cash flows)
- assessed the impact of COVID 19 on your control environment (due to work from home

We noted some impacts to the financial statements and Council's operations due to COVID 19. However, these changes did not have a significant financial or economic impact requiring changes to our audit strategy.

Our audit team adopted remote working protocols and organised required remote auditing tools with the Council to undertake audit

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- staff morale, wellbeing and decision making may be affected
- key resources may be limited or redeployed to areas of critical need, and
- internal controls may not operate as intended.

The financial impacts may include:

- the receipt of government grants
- the loss of revenue derived from Council operated facilities due to COVID restrictions
- rental relief provided or received in response to COVID 19 to comply with requirements of AASB 16 Leases
- challenges associated with asset revaluation process due to COVID 19 restrictions.
- movement in fair values of land, buildings and infrastructure assets
- additional cost pressure incurred
- specific financial report disclosures highlighting the impact of COVID 19.

- arrangements, changes to financial delegations' limits etc...)
- tested material transactions and balances
 - audited the specific disclosures highlighting the impact of COVID 19 and ensure compliance with model LG model financial report template for 2021-22.
 - scheduled the best timing for audit work to accommodate any additional pressure your organisation may be under in response to the pandemic.

procedures. While challenging for both parties it did not create additional reporting risks. RSD Audit reviewed Financial Statements and discussed appropriate COVID-19 disclosure requirements within the financial statements.

4. Accounting for government grants

Council receives a significant amount of funding in the form of grants.

The application of AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Non-for-Profit Entities* requires management to exercise judgement in determining whether the funding agreement contains sufficiently specific enforceable performance obligations exist.

Restrictions introduced by the Victorian Government in response to the COVID-19 pandemic may impact the Council's ability to meet performance obligations and targets under a range of its funding agreements. A contract liability may or may not be required at balance date subject to the exercise of recall provisions or waivers by funding bodies.

Termination for Convenience (TFC) clauses within grant agreements, that require a grant recipient to refund unspent amounts upon demand by the grantor gives rise to a financial liability on any unspent amounts.

We have:

- updated our understanding of key controls over material items of revenue
- evaluated management's process to assess funding arrangements against the requirements of AASB 15 and AASB 1058
- performed substantive analytical procedures
- reviewed key grant agreements against the requirements of AASB 15 and AASB 1058
- made enquiries of management regarding funding subject to recall and if recall provisions are enacted or waived sight supporting documentation to confirm the appropriateness of the accounting treatment adopted
- verified a sample of transactions to supporting documentation
- obtained and reviewed management's assessment of the impacts of Termination for Conveniences clauses

Audit risk response testing undertaken on revenue recognition for government grants did not identify any matters of concern.

We have concluded that revenue has been correctly treated as either AASB15 / AASB1058 and is disclosed appropriately in Council's Financial Statements.

Results of substantive test of details indicates that the material government grants are presented fairly.

A recommendation was raised about ongoing monitoring of Grant Register details throughout the year rather than only at year-end to ensure

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	<ul style="list-style-type: none"> reviewed the adequacy of disclosures in your financial report. 	<p>improved records and greater accuracy of Grant determination.</p>
<p>5. Landfill Rehabilitation Provisions</p> <p>In the 2020/21 financial report, Council held significant rehabilitation provisions related to landfill assets of \$9 million. These balances are subject to detailed review by experts and involve significant judgments and estimates. Council is required to regularly review inputs associated with the estimates, including unit rates applied, inflation and discount factors, and the timing of proposed rehabilitation works, which may have a significant impact on the level of the provision balance.</p> <p>There is a risk that the provision balance disclosed in the financial statements may be materially misstated.</p>	<p>We have:</p> <ul style="list-style-type: none"> reviewed the systems in place to capture the financial and non-financial data determined the reliability and completeness of available records for compiling that indicator checked the calculations of reported figures assessed the reasonableness of explanations included in the report of significant variations confirmed that the performance statement complies with legislative requirements considered the Impact of any changes to systems, processes and internal controls due to COVID. 	<p>Audit risk response testing undertaken on Council's landfill airspace and provision for landfill rehabilitation did not identify any matters of concern.</p> <p>We have concluded that the landfill airspace asset and provision for landfill rehabilitation have been correctly treated and disclosed appropriately in Council's Financial Statements.</p>
<p>6. The performance statement may not be prepared in accordance with applicable legislative requirements</p> <p>There is a potential risk that:</p> <ul style="list-style-type: none"> systems in place at Council may not accurately capture the data required to support service performance outcomes incomplete and/or inaccurate data due to inadequate systems may result in material misstatement of the performance statement a lack of quality assurance over the preparation of performance statement may also result in significant errors or omissions. 	<p>We have:</p> <ul style="list-style-type: none"> review the systems in place to capture the financial and non-financial data determined the reliability and completeness of the available records for compiling that indicator checked the calculations of reported figures assessed the reasonableness of explanations included in the report of significant variations confirmed that the performance statement complies with legislative requirements. Considered the impact of any changes to systems, processes and internal controls due to COVID 19 (e.g. review process changes due to WFH arrangements) reviewed additional disclosure requirement to present impact of COVID 19 in the performance statement. 	<p>Audit risk response testing undertaken on Council's performance statement did not identify any matters of concern.</p> <p>We have concluded that the performance statement complies with legislative requirements and disclosure requirements have been met.</p> <p>Results of audit testing indicate that the details contained within the performance statement are presented fairly.</p>

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Audit findings—financial report

Materiality assessment

Misstatements are considered material if they individually or collectively could influence economic decisions of users of the financial report. Users could be influenced by either the amount (quantity) or the nature (quality) of the matter.

We have updated the materiality levels indicated in our audit strategy memorandum.

Final overall materiality for the financial report has been set \$86 million for Infrastructure, Property, Plant and Equipment and \$7.5 million for specific overall materiality.

In our view:

- total uncorrected errors above this amount for particular statements, account balances or disclosures would mislead the users of the financial report.
 - risk that there may be material error in the financial report increases with the level of accumulated uncorrected error below this threshold.
-

Adjusted audit differences

Our audit procedures did not identify any material audit differences. There was, however, one adjusted (immaterial) difference noted and corrected during the audit.

Appendix B presents the adjusted audit differences.

Unadjusted immaterial differences

There are no unadjusted immaterial differences.

Appendix C presents the unadjusted immaterial differences.

Control environment

The Australian Auditing Standards require us to write to those charged with governance about any significant deficiencies we identified during the audit.

As part of our audit process, we consider, but do not assess or provide an opinion on, the effectiveness of your internal control framework. If we identify any significant weaknesses in internal control during our audit, we communicate them to you in our management letters.

Appendix D contains a list of the findings or the draft findings that we intend to include in our final management letter.

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Audit findings—performance statement

Materiality assessment

Misstatements are considered material if they individually or collectively could influence economic decisions of users of the performance statement. Users could be influenced by either the amount (quantity) or the nature (quality) of the matter.

We set materiality for each indicator reported in a performance statement after we consider the qualitative and quantitative factors that influence each indicator. We cannot set an overall materiality level for the performance statement due to its nature.

Adjusted differences

We identified no audit differences in the performance statement.

Unadjusted immaterial differences

There are no unadjusted immaterial differences in the performance statement.

Control environment

The Australian Auditing Standards require us to write to those charged with governance about any significant deficiencies we identified during the audit.

As part of our audit process, we consider, but do not assess or provide an opinion on, the effectiveness of your internal control framework. If we identify any significant weaknesses in internal control during our audit, we communicate them to you in our management letters.

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Other audit findings

Fraud, irregularities, or regulatory non-compliance

When performing our risk assessments and conducting our audit procedures, we consider the risk of material misstatement in the financial report and performance statement that may be due to fraud. We are not responsible for preventing or detecting fraud. Our audit procedures did not identify any specific financial report areas of fraud risk or regulatory non-compliance.

Waste, probity & financial prudence

Our procedures are not specifically designed to detect matters of waste, probity and financial prudence but we may detect these matters. Our audit procedures did not identify any material issues concerning waste, probity or lack of financial prudence.

Accounting policies

Your entity's material accounting policies, material transactions and/or events that occurred during the financial year are in accordance with the Australian accounting standards.

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Reports to Parliament

Results of the 2021-22 Audits: Local Government

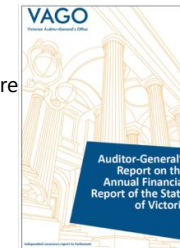
Ballarat City Council will be included in the *Results of the 2021-22 Audits: Local Government* report. We will table this report post the State election and once the government is sworn in and sitting dates are set. The report will analyse the financial performance and position, and sustainability risks of the sector. The report also informs Parliament about the strengths and weaknesses in the control environments at entities within the sector and make recommendations to improve them as appropriate.

We will release an interactive dashboard to accompany the Parliamentary report. This will enable users to visualise:

- sector results over the last five years
- trends and composition analyses for specific entities
- compare results between entities over time.

Auditor-General's Report on the Annual Financial Report of the State of Victoria: 2022

Each year, the Auditor-General presents the Annual Financial Report of the State of Victoria to the Victorian Parliament. The report analyses and provides commentary on key aspects of the financial performance and position of the state. In line with the Act, and where appropriate, it provides information and recommendations for more effective and efficient management of public resources. We must table this report on or before 24 November 2022.



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New and emerging developments



Financial reporting updates

Financial reporting alerts

VAGO provides financial reporting alerts on a regular basis on [our website](#).

Revenue and income recognition

AASB 15 *Revenue from Contracts with Customers* has been amended via AASB 2022-3 *Amendments to Australian Accounting Standards – Illustrative Examples for Not-for-Profit Entities* accompanying AASB 15.

Through this amendment, the AASB has:

- added an illustrative example 7A to AASB 15 to clarify the requirements of upfront fees providing an example that may be helpful as it is more generic in nature than the AUASB's schools illustrative example in AASB's staff FAQs.
 - deferred its consideration of whether to extend indefinitely a not-for-profit entity's initial election to measure right-of-use assets arising under concessionary leases at cost or at fair value. The AASB will make this decision after it considers additional guidance for measuring the fair value of right-of-use assets under concessionary leases.
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VAGO links and resources



VAGO's website

VAGO's role

Annual work plan

Strategic plan

Our reports

Audits in progress

Privacy policy

[Financial reporting alerts.](#)

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APPENDIX A

Outstanding audit matters

The following items are outstanding at the date of this report and need to be resolved before we can issue our audit reports.

Item	Action required	Responsibility
Obtaining further support for Infrastructure, Property, Plant and Equipment Assets to enable audit testing to be completed	Testing to be undertaken when records provided with detail to enable completion of testing to be performed. This includes: obtaining support for Infrastructure additions, Land & Building valuation reconciliation, confirmation of impairment review outcomes, remaining subdivisions status and treatment evaluation against materiality, Infrastructure unit rates valuation impact and support against appropriate benchmark indicator (such as Rawlinsons), resolution of depreciation expense audit queries raised.	Management and audit
Finalisation of testing on Landfill asset and provision, fire services levy and trust funds	Audit review of final remaining audit areas to be completed.	Management and audit
Receive and checking of remaining bank and solicitor confirmations	Remaining bank and solicitor confirmations to be sourced and checked.	Management and audit
Adjustment to note 6.1 fixed asset movements to reverse net-off of accumulated depreciation on indexation	Management to update disclosure requested on note 6.1.	Management
Subsequent events update	Provide details of significant transactions and events up to date of signing including contingent liabilities arising. Audit will assess for any impact on the financial report.	Management and audit

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Financial report and performance statement certification	The draft financial report and performance statement when finalised will be provided to VAGO for their review. The outcomes of their initial review will lead to final changes that will be requested for implementation into the report.	VAGO
	Once resolved the accounts will be cleared for signing and they will then be signed on adoption of the accounts by Council.	Management
Management representation letter	To be signed on same date as the certification of the financial report.	Management

After we issue our audit report, we are required to undertake the following procedures. We will report any issues we find to your accountable officer for appropriate remedial action.

Item	Our procedure
Annual report	We will review your annual report to confirm that it includes the correct version of the signed financial report, performance report and auditor's report. We will also check that all information in the annual report is materially consistent with the financial report. We request you provision of an electronic copy of the printers' proof of the annual report.
Website publication of annual report	We will review your annual report on your website to confirm that it includes the correct versions of the signed financial report, performance report and auditor's report. We request your notification to us of your publication of your annual report on your website.

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APPENDIX B Adjusted audit differences

Adjusted dollar differences

Financial report component(s)	Adjusted \$000	Basis for the adjustment
Accrued Expenses	DR \$631	Adjustment to recognise client batch of transactions posted to June 22 accruals – should have been a FY 2023 accrual
Contract Payments – Service Unit	CR \$631	

Adjusted differences of disclosures in your financial report and indicators in your performance statement

Financial report disclosure / performance statement indicator	Adjustment	Basis for the adjustment
Nil		

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APPENDIX C Unadjusted audit differences

Unadjusted dollar differences

Financial report component(s)	Unadjusted \$	Basis for the difference and the reason/s for not adjusting
Nil		

Unadjusted differences of disclosures in your financial report and indicators in your performance statement

Financial report disclosure / performance statement indicator	Recommended disclosure	Basis of our recommendation
Nil		

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APPENDIX D

Final management letter

We have provided a draft version of the final management letter as a separate attachment.

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APPENDIX E

Management representation letter

As part of gathering audit evidence, we obtain formal management representations about your entity's financial report and performance statement. We look at the completeness, preparation, and presentation of the information in the report and statement.

A draft version of the management representation letter is provided as a separate attachment.

We do not rely solely on the management representations, except when they are the only evidence reasonably available.

When forming our audit opinion, we did not rely on any specific management representations.

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