

# STANDARD STATEMENTS AND ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2010

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## UNDERSTANDING THE FINANCIAL REPORT AND FINANCIAL STATEMENTS

Council's Financial Report, Standard Statements and Performance Statement are prepared in accordance with the Australian Accounting Standards, the Local Government Act 1989 and the Auditor General's model accounts.

The Financial Report, Standard Statements and Performance Statement are audited by the Auditor General Victoria's agent and are approved in principle by both the Council's Audit Advisory Committee and by Council. The reports are then forwarded to the Auditor General's Office for finalisation and provision of independent opinions for the Financial Report and Standard Statements combined and also for the Performance Statement.

### Standard Statements

The Standard Statements compare the actual result for the financial year to the Annual Budget as originally adopted and provide explanations for any major variances.

There are four Standard Statements which are prepared using the same accounting basis as the Financial Statements.

#### Standard Income Statement

This statement highlights the recurrent surplus which excludes distortions of capital income and asset recognition and provides a result that reflects how Council uses rates and regular income to meet recurrent expenditure.

#### Standard Balance Sheet

This statement also mirrors the statement made according to Accounting Standards in the Annual Financial Report.

#### Standard Cash Flow Statement

This statement mirrors the statement made according to Accounting Standards in the Annual Financial Report.

#### Standard Statement of Capital Works

This statement provides detail of capital expenditure by asset type and distinguishes renewal, upgrade and new capital expenditure.

### Financial Statements

The Financial Statements consist of four financial reports, explanatory notes supporting the reports and endorsement from the Council and the Victorian Auditor General.

The four financial reports are:

- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Statement of Cash Flow

The explanatory notes detail Council's accounting policies and the make up of the values contained in the statements.

#### Statement of Comprehensive Income

The Statement of Comprehensive Income measures Council's performance over the year.

It lists the sources of the Council's revenue under various income headings and the expenses incurred in running the Council during the year. The expenses relate only to the 'Operations' and do not include the cost associated with the purchase or the building of assets. Expenses do include an item for depreciation which is the value of the assets used up during the year.

#### Statement of Financial Position

The Statement of Financial Position shows the assets Council owns and what it owes (liabilities) as at 30 June 2010.

The bottom line of the Statement of Financial Position is Net Assets which is the net worth of the Council which has been built up over many years.

The assets and liabilities are separated into Current and Non-Current. Current refers to assets or liabilities that will fall due within the next 12 months (except Long Service Leave refer note 1(j) within the Notes to the Accounts).

#### Statement of Changes in Equity

The Statement of Changes in Equity summarises the change in value of Total Ratepayers Equity. The value of equity can only change as a result of:

- the profit or loss from operations described as surplus or deficit in the Statement of Comprehensive Income
- the use of monies from Council's Reserves
- a change in the value of non-current assets resulting from a revaluation of these assets.

## STANDARD STATEMENTS

### Basis of preparation of Standard Statements

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

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

The statements were prepared on accounting bases that are consistent with those used for the General Purpose Financial Statements, but are also prepared to the same level of detail and format as the regular quarterly reporting to Council. The statements are consistent with the reporting format in the 2009-2010 Strategic Resource Plan and the 2009-2010 Budget.

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

The Standard Statements compare Council's Financial Plan, expressed through its budget, with actual performance. Council has provided an explanation of material variances. These explanations including contributory factors are provided with respect to each of the main categories reported in the Standard Statements.

The budget figures included in the Statements are those adopted by Council on 23 June 2009.

The Standard Income Statement highlights the recurrent result which is the result of the day to day transactions within Council's control. Council actively manages the incomes and expenditures that make up this result to ensure that the municipality receives the best value service possible within the incomes available. The non recurrent incomes and expenditures are one off activities or items outside Council's operating activities that have contributed both in cash and non cash terms.

The Standard Cashflow Statement and the Standard Balance Sheet are consistent with both the format in the annual accounts and the quarterly management report.

The Standard Statement of Capital Works is consistent with the format reported in the 2009-2010 Budget.

### Statement of Cash Flow

The Statement of Cash Flow summarises Council's cash payments and receipts for the year and the level of cash at the end of the financial year.

Cash in this statement refers to Bank Deposits and investments capable of being quickly converted to cash.

Council's cash arises from, and is used in, three main areas:

- Cash Flows from Operating Activities – summarises all income and expenses relating to Council operations, including service delivery and maintenance
- Cash Flows from Investing Activities – relates to capital works payments recorded as assets in the Statement of Financial Position as well as receipts for the sale of assets
- Cash Flows from Financing Activities – represents repayments of and receipts from loans.

### Notes to the Accounts

The Notes to the Accounts are an informative section of the report and enable the reader to understand the basis on which the values shown in the accounts are established. The notes also advise if there has been any change to the Accounting Standards, Policy or Legislation that has impacted on the preparation of the standards.

Within the four Financial Statements, there is a "Note" column to indicate which Note the reader can refer to for additional information. This is particularly useful where there has been a significant change from the previous year's comparative figure.

### Statements by the Principal Accounting Officer, CEO and Councillors

The Financial Statements, Standard Statements and the Performance Statement require certification under the Local Government Act 1989. The certifications are made by a combination of the Principal Accounting Officer, the Chief Executive Officer and two Councillors, on behalf of the Council, as a written undertaking to the Statements being correct and not misleading.

### Auditor General's Report

This document provides a written undertaking of the accuracy, fairness and completeness of the accounts.

The audit report from the Auditor General provides an independent view of the statements and advises the reader if there are any issues of concern.

STANDARD INCOME STATEMENT

As at 30 June 2010

	2009-2010 Actual \$'000	2009-2010 Budget \$'000	Variance \$'000
<b>RECURRENT INCOME</b>			
Rates and Charges	133,056	131,366	1,690
Government Grants	37,971	36,026	1,945
User Charges	36,081	34,749	1,332
Other Fees and Charges	13,379	12,936	443
Interest Investments	2,518	1,001	1,517
<b>TOTAL RECURRENT INCOME</b>	<b>223,005</b>	<b>216,078</b>	<b>6,927</b>
<b>RECURRENT EXPENDITURE</b>			
<b>Employee Related</b>			
Salaries	78,710	78,555	(155)
Workcover/Superannuation	8,157	8,269	112
	<b>86,867</b>	<b>86,824</b>	<b>(43)</b>
<b>Goods and Services</b>			
General Works - Materials	6,218	5,952	(266)
General Works - Plant/Equipment/Vehicle Costs	5,413	5,554	141
General Works - External Services	60,119	55,668	(4,451)
Administration	9,062	8,409	(653)
Professional Services	4,572	2,922	(1,650)
Utilities	6,077	6,523	446
Depreciation	38,902	39,171	269
Landfill Provision	568	677	109
(Gain)/Loss on Sale of Plant and Equipment	(15)	(209)	(194)
<b>TOTAL RECURRENT EXPENDITURE</b>	<b>217,783</b>	<b>211,491</b>	<b>(6,292)</b>
<b>RECURRENT SURPLUS/(DEFICIT)</b>	<b>5,222</b>	<b>4,587</b>	<b>635</b>
<b>NON-RECURRENT INCOME</b>			
Investments in Associates	1,307	-	1,307
Subdivision - Asset Recognition	21,176	16,500	4,676
Capital Grants and Income	11,758	11,805	(47)
Developer Contributions	1,676	1,100	576
Gain/(Loss) on Sale of Property	601	2,540	(1,939)
<b>TOTAL NON-RECURRENT INCOME</b>	<b>36,518</b>	<b>31,945</b>	<b>4,573</b>
<b>NON-RECURRENT EXPENDITURE</b>			
Costs expensed from work in progress	1,403	-	(1,403)
Disposal of Infrastructure	9,411	2,100	(7,311)
<b>TOTAL NON-RECURRENT EXPENDITURE</b>	<b>10,814</b>	<b>2,100</b>	<b>(8,714)</b>
<b>NON-RECURRENT SURPLUS/(DEFICIT)</b>	<b>25,704</b>	<b>29,845</b>	<b>(4,141)</b>
<b>NET SURPLUS/(DEFICIT)</b>	<b>30,926</b>	<b>34,432</b>	<b>(3,506)</b>

NOTES TO STANDARD INCOME STATEMENT

**Variations to Budget**

The Recurrent Surplus for 2009-2010 of \$5.2M was \$0.6M favourable to budget.

Recurrent Income of \$223.0M was \$6.9M favourable to budget mainly due to:

- High landfill volumes \$0.9M favourable offset by EPA costs (see below),
- Increased reinstatements for other utilities \$0.4M favourable,
- Various unbudgeted State and Federal grants \$1.9M favourable,
- Car Parking Fees \$0.6M favourable,
- Rates generation \$1.7M favourable,
- Interest on Investments \$1.5M favourable, and
- Other income \$0.1M unfavourable to budget.

Recurrent Expenditure of \$217.8M was (\$6.3M) unfavourable to budget mainly due to:

- EPA costs associated with landfill activity (\$1.0M) unfavourable
- Contractors (\$0.7M) unfavourable and plant hire etc (\$0.3M) unfavourable
- Emergency maintenance (\$0.7M) unfavourable
- Consultants (\$1.3M) unfavourable and legal expenses (\$0.4M) unfavourable
- Insurance premium was \$0.3M favourable to budget
- Supplementary labour (\$1.9M) unfavourable
- Utilities were \$0.4M favourable to budget including savings due to restricted water usage equivalent to \$0.2M
- Other expenses (\$0.7M) unfavourable to budget.

The Non Recurrent Result was (\$4.1M) unfavourable to budget. There was favourable Asset Recognition \$4.7M, Developer Contributions \$0.6M and income recognised as Investment in Associates \$1.3M which were offset by unfavourable Gain on Sale of Property (\$1.9M.) Finally there was higher than budgeted disposals of infrastructure assets (\$7.3M), including Landfill Provision of (\$5.7M) and unfavourable costs expensed from Capital Work in Progress of (\$1.4M).

STANDARD BALANCE SHEET

As at 30 June 2010

	2009-2010 Actual \$'000	2009-2010 Budget \$'000	Variance \$'000
<b>CURRENT ASSETS</b>			
Cash and Investments	58,888	27,434	31,454
Receivables	9,909	8,687	1,222
Prepayments	447	78	369
Inventories	791	495	296
<b>TOTAL CURRENT ASSETS</b>	<b>70,035</b>	<b>36,694</b>	<b>33,341</b>
<b>CURRENT LIABILITIES</b>			
Payables	12,168	16,197	4,029
Loans	5,803	3,362	(2,441)
Refundable Deposits	1,640	1,182	(458)
Employee Benefits	19,617	15,180	(4,437)
<b>TOTAL CURRENT LIABILITIES</b>	<b>39,228</b>	<b>35,921</b>	<b>(3,307)</b>
<b>NET CURRENT ASSETS</b>	<b>30,807</b>	<b>773</b>	<b>30,034</b>
<b>NON-CURRENT ASSETS</b>			
Property Plant and Equipment	1,569,078	1,454,685	114,393
Investments	8,694	6,765	1,929
Receivables	999	1,941	(942)
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,578,771</b>	<b>1,463,391</b>	<b>115,380</b>
<b>NON-CURRENT LIABILITIES</b>			
Developer Contributions	314	-	(314)
Loans	30,479	32,671	2,192
Employee Benefits	2,887	3,921	1,034
Landfill Provision	14,390	3,822	(10,568)
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>48,070</b>	<b>40,414</b>	<b>(7,656)</b>
<b>NET ASSETS</b>	<b>1,561,508</b>	<b>1,423,749</b>	<b>137,759</b>
<b>Represented by:</b>			
<b>RATEPAYER EQUITY</b>			
Accumulated Surplus	898,904	923,932	(25,028)
Asset Revaluation Reserve	629,780	496,487	133,293
Reserves	32,824	3,330	29,494
<b>TOTAL RATEPAYER EQUITY</b>	<b>1,561,508</b>	<b>1,423,749</b>	<b>137,759</b>

NOTES TO STANDARD BALANCE SHEET

The Balance Sheet highlights that Council has a very strong asset position with approximately \$1.6 billion worth of assets which are used to provide services to the community.

**Variations to Budget**

The major variance to budget is the increase in non current assets of \$115.3M. The main factors were:

- Difference in budgeted Property Plant and Equipment as at 1-07-2009 compared to actual Property Plant and Equipment as at 1-07-2009 (ie. difference is the delay in capital spend in the 2008-2009 year).
- the effect of the revaluation of Council Owned Land and Buildings - \$133.3M.

Current assets were \$33.3M favourable to budget with an increase in cash due to lower than budgeted capital expenditure, higher than budgeted 1 July 2009 cash position and early receipt of the first instalment of the 2010-2011 Grants Commission Payment. Receivables were also higher due to invoices being raised for grants in relation to capital projects.

Current liabilities were (\$3.3M) unfavourable to budget due to the Enterprise Bargaining Agreement impact to change the current Long Service Leave provision and increase in current loan balance due to the \$12.5M loan being taken out over a 5 year term.

Non current liabilities were (\$7.7M) unfavourable to budget with a higher than budgeted Landfill Provision (\$10.6M) unfavourable as a consequence of revised estimates for Corio Landfill rehabilitation. This was partially offset by lower than budgeted loan balance and Long Service Leave provisions.

STANDARD CASH FLOW STATEMENT  
For Year ended 30 June 2010

	2009-2010 Actual \$'000 Inflows/(Outflows)	2009-2010 Budget \$'000 Inflows/(Outflows)	Variance \$'000 Inflows/(Outflows)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
General Rates	133,854	131,304	2,550
Fees and Charges	50,449	50,574	(125)
Investment Income	2,517	1,001	1,516
GST Recoveries on Operating Transactions	8,698	5,627	3,071
Government Grants	39,171	37,781	1,390
	<b>234,689</b>	<b>226,287</b>	<b>8,402</b>
<b>Payments</b>			
Employee Costs	(84,423)	(85,181)	758
General Works/Utilities/Disbursements	(92,049)	(83,352)	(8,697)
Administration/Professional Services	(12,597)	(10,355)	(2,242)
Interest Expense	(1,981)	(1,918)	(63)
	<b>(191,050)</b>	<b>(180,806)</b>	<b>(10,244)</b>
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES BEFORE CAPITAL INCOME</b>	<b>43,639</b>	<b>45,481</b>	<b>(1,842)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for Land and Buildings, Plant and Equipment and Infrastructure Assets	(67,852)	(80,169)	12,317
Landfill Rehabilitation	-	(1,000)	1,000
Capital Income	13,787	11,805	1,982
Proceeds from Sale of Land and Buildings	2,908	2,540	368
Proceeds from Sale of Plant and Equipment	1,540	2,039	(499)
Developer Cash Contribution	1,676	1,100	576
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>	<b>(47,941)</b>	<b>(63,685)</b>	<b>15,744</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of Borrowings	(2,690)	(2,704)	14
Proceeds from New Loans	12,500	12,500	-
<b>NET CASH OUTFLOW FROM FINANCIAL ACTIVITIES</b>	<b>9,810</b>	<b>9,796</b>	<b>14</b>
<b>NET INCREASE (DECREASE) IN CASH HELD</b>	<b>5,508</b>	<b>(8,408)</b>	<b>13,916</b>
Cash at the Beginning of the Financial Year	53,132	35,842	17,290
<b>CASH AT THE END OF THE FINANCIAL PERIOD</b>	<b>58,640</b>	<b>27,434</b>	<b>31,206</b>

NOTES TO STANDARD CASH FLOW STATEMENT

Council's cash position at the end of the year is \$58.6M. This will provide funds to complete projects carried over from 2009-2010 and working capital to ensure service provision continues in 2010-2011.

**Variances to Budget**

The net cash flow from operating activities of \$43.6M was (\$1.8M) unfavourable to budget.

Operating receipts were \$8.4M favourable to budget with additional interest, grants and rates received. Operating Expenditure was (\$10.2M) unfavourable due to increased payments for materials and services, increased supplementary labour costs and additional expenditure on consultants and legal expenses. This was partially offset by lower employee costs and contractor costs.

Cash flows from investing activities were \$15.7M favourable to budget.

Capital expenditure was \$12.3M favourable to budget. Incomplete works are reassessed and most of the works not completed will be included in the carried over works to be completed next year.

Capital income was \$2.0M favourable to budget mainly due to government grants for capital projects not yet completed.

Inflows from financing activities were on budget due to the loan drawdown of \$12.5M in February for the completion of Leisurelink.

STANDARD STATEMENT OF CAPITAL WORKS

As at 30 June 2010

Project Category	Asset Renewals \$'000		Asset Upgrades \$'000		New Assets \$'000		Gross Expenditure \$'000		Income \$'000		Net Cost \$'000	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Infrastructure Leisure	533	2,047	5,099	6,170	3,924	14,615	9,556	22,832	885	3,674	8,671	19,158
Roads	7,724	7,638	100	2,445	1,783	2,134	9,607	12,217	2,050	4,926	7,557	7,291
Fleet	5,524	4,686	-	-	-	-	5,524	4,686	-	-	5,524	4,686
Buildings	75	91	8,394	4,487	3,175	4,389	11,644	8,966	5,654	766	5,990	8,200
Drainage	790	870	50	14	2,250	2,419	3,090	3,303	-	145	3,090	3,158
Computer Equipment	1,573	1,179	45	39	200	444	1,818	1,662	-	100	1,818	1,562
Streetscapes	-	-	550	1,694	100	549	650	2,244	100	199	550	2,045
Footpaths	1,850	1,445	-	-	175	120	2,025	1,565	-	152	2,025	1,413
Miscellaneous	-	-	20	45	3,025	4,396	3,045	4,441	-	284	3,045	4,157
Kerb and Channel	1,000	876	-	-	-	-	1,000	876	-	-	1,000	876
Land	-	-	-	-	2,590	1,701	2,590	1,701	-	-	2,590	1,701
Waste Collection	-	-	-	-	1,215	470	1,215	470	1,000	1,000	215	(530)
Plant and Equipment	130	202	90	-	520	1,060	740	1,262	-	29	740	1,233
Special Rates and Charges Program	-	-	-	-	3,600	1,628	3,600	1,628	2,050	402	1,550	1,226
<b>TOTAL</b>	<b>19,199</b>	<b>19,034</b>	<b>14,348</b>	<b>14,894</b>	<b>22,557</b>	<b>33,925</b>	<b>56,104</b>	<b>67,853</b>	<b>11,739</b>	<b>11,677</b>	<b>44,365</b>	<b>56,176</b>

RECONCILIATION

Construction	58	-	58	74	-	(74)
Design	7	-	7	6	-	(6)
Landfill Provision	(1,000)	-	-	(1,000)	-	-
Carry over from 2008-2009	28,000	-	-	28,000	-	-
Carry over to 2010-2011	(3,000)	-	-	(3,000)	-	-
<b>TOTAL</b>	<b>24,065</b>	<b>-</b>	<b>65</b>	<b>80</b>	<b>24,000</b>	<b>(80)</b>
<b>CAPITAL WORKS TOTAL</b>	<b>80,169</b>	<b>67,853</b>	<b>11,804</b>	<b>11,757</b>	<b>68,365</b>	<b>56,096</b>

NOTES TO STANDARD STATEMENT OF CAPITAL WORKS

Council has an extensive capital works program to renew, upgrade and provide new assets to ensure the continuation and improvement of services provided to the community. Council spent \$67.9M on capital works in 2009-2010. This included:

	\$M
Leisurelink Replacement	11.7
Road replacement and construction	12.2
Plant and vehicles	4.7
Drainage replacement and construction	3.3
Vines Road redevelopment	3.3
Land Purchases	1.7
Footpath replacement and construction	1.6
IT Asset replacements	1.6
Skilled Stadium turf replacement	1.1
Parking meters upgrade	0.9
Lara Pool Adventure Park	0.9
Customs House upgrade	0.8
Recycled Water Pipeline - Elcho Park	0.8
Old Post Office refurbishment	0.8
Belmont Library upgrade	0.7
Whittington Link upgrade	0.7
Highton Reserve Pavillion	0.7
Skate Park Barwon Heads Village Park	0.6

Variations to Budget

Capital expenditure was \$12.3M favourable to budget. The major projects still to be completed are Courthouse redevelopment \$6.3M, Corio Landfill rehabilitation \$5.0M, Eastern Beach Children's Pool \$3.9M, Leisurelink Facility \$3.8M, Cycling Criterium \$1.4M, Civic Accommodation \$1.0M, Geelong Motorcross Club relocation \$0.7M and Moorabool St Bus Stop \$0.7M.

Capital income was (\$0.04M) unfavourable to budget. Main unfavourable variances included Courthouse redevelopment (\$5.2M) and Special Rates and Charges (\$1.6M). These were offset by favourable variances for Infrastructure \$2.8M, Roads \$2.9M and Miscellaneous \$0.8M.

Capital Projects funding of \$36.2M has not been expended in 2009-2010 and will be carried forward to be completed in future years.

2009-2010 STANDARD STATEMENTS

For the Year Ended 30 June 2010

CERTIFICATION OF THE STANDARD STATEMENTS

Statement by Principal Accounting Officer

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

Principal Accounting Officer  
Michael Kelly CPA  
Dated: 24/8/2010  
Geelong

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

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

We have been authorised by the Council on 24 August 2010 to certify the Standard Statements in their final form.

Cr John Mitchell (Mayor)  
Dated: 24/8/2010  
Geelong

Cr Andrew Katos  
Dated: 24/8/2010  
Geelong

Chief Executive Officer  
Stephen Griffin  
Dated: 24/8/2010  
Geelong

STATEMENT OF COMPREHENSIVE INCOME  
For the Year Ended 30 June 2010

	Note	2010 \$'000	2009 \$'000
<b>REVENUE</b>			
Rates and Charges	2	133,056	124,488
Fees and Charges	3	49,460	51,347
Grants - Operating	4	37,971	41,697
Capital Income	5	13,434	17,518
Interest Income		2,518	1,458
Net gain(loss) on Disposal of Property, Infrastructure, Plant and Equipment	11	616	4,956
Investments in Associates	13	1,307	622
Contributions - Non Monetary Assets	14	18,670	11,153
Previously Unrecognised Assets	12	2,506	209
<b>TOTAL REVENUE</b>		<b>259,538</b>	<b>253,448</b>
<b>EXPENSES</b>			
Employee Benefits	6	86,867	78,713
Materials and Services	7	73,153	71,325
Administration		5,908	6,013
Professional Services		4,572	3,752
Utilities		6,077	5,749
Provision for Landfill	8	6,292	1,955
Bad and Doubtful Debts	9	1,103	963
Depreciation and other Write Downs	10	42,589	40,800
Financing Costs		2,051	974
<b>TOTAL EXPENSES</b>		<b>228,612</b>	<b>210,244</b>
<b>PROFIT / (LOSS)</b>		<b>30,926</b>	<b>43,204</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Net Asset revaluation increment (decrement) reversals		133,341	41,750
<b>COMPREHENSIVE RESULT</b>		<b>164,267</b>	<b>84,954</b>

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

STATEMENT OF FINANCIAL POSITION  
As at 30 June 2010

	Note	2010 \$'000	2009 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	15	13,174	4,046
Trade and Other Receivables	16	9,909	11,186
Financial Assets	17	45,714	49,088
Other Assets	18	447	94
Inventories	19	791	831
<b>TOTAL CURRENT ASSETS</b>		<b>70,035</b>	<b>65,245</b>
<b>Non-Current Assets</b>			
Trade and Other Receivables	16	999	942
Investments in Associates	13	8,694	7,387
Property, Infrastructure, Plant and Equipment	20	1,569,078	1,394,554
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,578,771</b>	<b>1,402,883</b>
<b>TOTAL ASSETS</b>		<b>1,648,806</b>	<b>1,468,128</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	21	12,168	14,676
Refundable Deposits	22	1,640	1,442
Employee Benefits	23	19,617	16,631
Interest Bearing Loans and Borrowings	24	5,803	3,187
<b>TOTAL CURRENT LIABILITIES</b>		<b>39,228</b>	<b>35,936</b>
<b>Non-Current Liabilities</b>			
Employee Benefits	23	2,887	3,479
Interest Bearing Loans and Borrowings	24	30,479	23,039
Landfill Provision	25	14,390	8,120
Other Liabilities	26	314	314
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>48,070</b>	<b>34,952</b>
<b>TOTAL LIABILITIES</b>		<b>87,298</b>	<b>70,888</b>
<b>NET ASSETS</b>		<b>1,561,508</b>	<b>1,397,240</b>
<b>Equity</b>			
Accumulated Surplus		898,904	857,500
Reserves	27	662,603	539,740
<b>TOTAL EQUITY</b>		<b>1,561,507</b>	<b>1,397,240</b>

The above statement of financial position should be read in conjunction with the accompanying notes

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2010

	Note	Total 2010 \$'000	Accumulated Surplus 2010 \$'000	Asset Revaluation Reserve 2010 \$'000	Other Reserves 2010 \$'000
<b>2010</b>					
Balance at beginning of the financial year		1,397,240	857,500	496,438	43,302
Profit (loss) for the year		30,926	30,926	-	-
Other Comprehensive Income Net Asset Revaluation	27 (a)	133,341	-	133,341	-
Transfers to other reserves	27 (b)	-	(33,676)	-	33,676
Transfers from other reserves	27 (b)	-	44,154	-	(44,154)
<b>BALANCE AT END OF THE FINANCIAL YEAR</b>		<b>1,561,507</b>	<b>898,904</b>	<b>629,779</b>	<b>32,824</b>

  

	Note	Total 2009 \$'000	Accumulated Surplus 2009 \$'000	Asset Revaluation Reserve 2009 \$'000	Other Reserves 2009 \$'000
<b>2009</b>					
Balance at beginning of the financial year		1,312,286	825,063	454,688	32,535
Profit (loss) for the year		43,204	43,204	-	-
Other Comprehensive Income Net Asset Revaluation	27 (a)	41,750	-	41,750	-
Transfers to other reserves	27 (b)	-	(43,841)	-	43,841
Transfers from other reserves	27 (b)	-	33,074	-	(33,074)
<b>BALANCE AT END OF THE FINANCIAL YEAR</b>		<b>1,397,240</b>	<b>857,500</b>	<b>496,438</b>	<b>43,302</b>

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

STATEMENT OF CASH FLOW

For the Year Ended 30 June 2010

	Note	2010 Inflows/(Outflows) \$'000	2009 Inflows/(Outflows) \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Rates		133,854	124,347
User charges and fines (inclusive of GST)		50,449	55,448
Grants (inclusive of GST)		39,171	45,025
Interest		2,517	1,458
Net GST refund/payment		8,698	8,449
Payments to suppliers (inclusive of GST)		(104,646)	(99,523)
Payments to employees (including redundancies)		(84,423)	(76,998)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	28	<b>45,620</b>	<b>58,206</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, infrastructure, plant and equipment		(67,853)	(71,829)
Proceeds from sale of property, infrastructure, plant and equipment	11	4,449	8,421
Capital Income	4,5	15,463	17,518
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		<b>(47,941)</b>	<b>(45,890)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Finance costs		(1,981)	(944)
Proceeds from interest bearing loans		12,500	12,675
Repayment of interest bearing loans		(2,690)	(1,181)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		<b>7,829</b>	<b>10,550</b>
Net increase (decrease) in cash and cash equivalents		5,508	22,866
Cash and cash equivalents at the beginning of the financial year		53,132	30,266
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	29	<b>58,640</b>	<b>53,132</b>
Financing Arrangements	30		
Restrictions on Cash Assets	17		

The above statement of cash flow should be read with the accompanying notes

## NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2010

### INTRODUCTION

- (a) The City of Greater Geelong was established under the City of Greater Geelong Act 1993 on 18 May 1993, and is a body corporate. The Council's main office is located at 30 Gheringhap Street Geelong.
- (b) The purpose of the Council is to:
- provide for the peace, order and good government of its municipal district;
  - to promote the social, economic and environmental viability and sustainability of the municipal district;
  - to ensure that resources are used efficiently and effectively and services are provided in accordance with the Best Value Principles to best meet the needs of the local community;
  - to improve the overall quality of life of people in the local community;
  - to promote appropriate business and employment opportunities;
  - to ensure that services and facilities provided by the Council are accessible and equitable;
  - to ensure the equitable imposition of rates and charges; and
  - to ensure transparency and accountability in Council decision making.

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

### NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of accounting

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

This financial report has been prepared under the historical cost convention, except land, buildings and infrastructure which are revalued to fair value in accordance with Council policy. Details of asset valuations are set out in the relevant notes. Investments in Associates is accounted for using the equity method.

In the application of the Australian Accounting Standards ("AAS's") management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis for making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future periods if the revision affects both the current and future periods.

Judgements made by management in the application of AAS's that have significant effects on the financial statements and estimates with a risk of material adjustments in the next year are disclosed throughout the notes in the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The financial statements are presented in Australian Dollars which is the Council's functional currency.

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.

All entities controlled by Council that have material assets or liabilities, such as Special Committees of Management, have been included in this financial report. All transactions between these entities and the Council have been eliminated in full.

#### (b) Revenue Recognition

##### Rates and grants

Rates and grants are recognised as revenues when the Council obtains control over the assets comprising these receipts.

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

Uncollected rates are recognised as receivables after provision for amounts considered to be at risk.

Control over granted assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and are valued at their fair value at the date of transfer.

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

Where grants recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in note 4. The note also discloses the amount of unused grant from prior years that was expended on Council's operations during the current year.

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

#### Fees and Charges

User 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.

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

#### Sale of Property, Plant and Equipment

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

#### Interest Income

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

#### (c) Depreciation and amortisation of non-current assets

All non current assets having limited useful lives are systematically depreciated over their useful lives to the Council in a manner which reflects consumption of the service potential 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 infrastructure 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 because they have an indefinite useful life.

Depreciation is provided on a straight line basis using a range of rates which are reviewed annually.

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

	Period
<b>Buildings</b>	<b>20-100 years</b>
<b>Plant and Equipment</b>	
Heavy Plant and Equipment, Commercial Vehicles	10 years
Furniture and Fittings	10 years
Personal Computers	3 years
Computer Equipment	4-5 years
Software	4 years
Light Motor Vehicles	6.67 years
<b>Infrastructure</b>	
Asphalt Seal	25 years
Spray Seal	12 years
Pavement	80 years
Drainage	100 years
Kerbs and Channel	60 years
Footpaths and Bikepaths	50 years
Recreation	7-80 years

#### (d) 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.

#### (e) Borrowing costs

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

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

#### (f) Recognition and measurement of assets

##### Acquisition

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition.

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

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.

Fair value is the amount for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction. Where there is no market, depreciated replacement value approximates fair value.

In accordance with Council's Asset Accounting Policy, the threshold applied when recognising assets within an applicable asset class is \$1,000 which is consistent with the prior year.

##### Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than Plant and Equipment, Recreation and Infrastructure Other, are measured at their fair value, being the amount for which the assets could be exchanged between knowledgeable willing parties in an arms length transaction. At balance date, the Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date the class of asset was revalued.

Council has a revaluation timetable for all assets held at fair value. 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.

Kerb and Channel, Footpaths/Bikepaths and Roads Other were revalued as at 1-10-2006. Drainage assets were revalued as at 1-07-2005. Assessments showed no material difference between actual value and carrying value as at 30 June 2010.

## NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (f) Recognition and measurement of assets (continued)

#### Revaluation (continued)

Land and Buildings were revalued as at 1-01-2010 in line with the municipal valuation. The asset values increased by \$133.3M, there was a write off to the Statement of Comprehensive Income of \$0.08M for assets disposed and an increase to the Asset Revaluation Reserve of \$133.3M.

Road Pavement and Road Seals were revalued as at 1-04-2009.

Asset Revaluation Cycles	
Roads Seal	5 years
Road Pavement	5 years
Kerb and Channel	5 years
Footpaths and Bikepaths	5 years
Roads Other	5 years
Land and Buildings	2 years
Drainage	6 years

#### Leasehold improvements

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter.

#### Land under roads

Council does not recognise the value of land under roads it controlled prior to 1 July 2008. Land under roads acquired after 30 June 2008 is brought to account using the fair value basis.

### (g) Cash and cash equivalents

For the purposes of the statement of cash flow, 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.

For purposes of the statement of financial position, term deposits and bills are classified as financial assets and bank overdrafts are classified as interest bearing loans and borrowings.

### (h) Finance Assets

For purposes of the statement of financial position, term deposits and bills are classified as financial assets.

Bank Deposits and Term Deposits are measured at amortised cost. Interest revenues are recognised as they accrue. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.

### (i) Accounting for investments in associates

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

The Council has an interest in the Geelong Regional Library Corporation, the Regional Kitchen Pty Ltd and RFK Pty Ltd (trading as Community Chef). They are recorded as non current investments with Council's share of net assets being recognised.

### (j) Employee benefits

#### Wages and salaries

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

#### Annual leave

Annual leave entitlements are accrued on a pro rata basis in respect of services provided by employees up to balance date. Annual Leave expected to be paid within 12 months is measured at nominal value based on the amount, including appropriate oncosts, expected to be paid when settled. Annual leave expected to be paid later than one year has been measured at the present value of the estimated future cash outflows to be made for these accrued entitlements. Commonwealth bond rates are used for discounting future cash flows.

#### Long service leave

Long service leave entitlements payable are assessed at balance date having regard to expected employee remuneration rates on settlement, employment related oncosts and other factors including accumulated years of employment, on settlement, and experience of employee departure per year of service. Long service leave expected to be paid within 12 months is measured at nominal value based on the amount expected to be paid when settled. Long service leave expected to be paid later than one year has been measured at the present value of the estimated future cash outflows to be made for these accrued entitlements. Commonwealth bond rates are used for discounting future cash flows.

#### Classification of employee benefits

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

#### Superannuation

The superannuation expense for the reporting year is the amount of the statutory contribution the Council makes to the superannuation plan which provides benefits to its employees together with any movements (favourable/unfavourable) in the position of any defined benefits schemes. Details of these arrangements are recorded in note 31.

### (k) Leases

#### Finance leases

Leases of assets where substantially all the risks and benefits incidental to ownership of the asset, but not the legal ownership, are transferred to the Council are classified as finance leases. Council holds no finance leases at balance date.

#### Operating leases

Lease payments for operating leases are recognised as an expense in the years in which they are incurred as this reflects the pattern of benefits derived by the Council.

### (l) Refundable Deposits

Amounts received as tender deposits, sundry deposits, street crossing deposits, hall bonds, and other amounts controlled by Council which have to be paid back, are included in the amount disclosed as Refundable Deposits within current liabilities until they are returned or forfeited.

### (m) Allocation between current and non-current

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

### (n) Web site costs

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

### (o) Goods and Services Tax (GST)

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

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

### (p) Impairment of assets

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

### (q) Rounding

Unless otherwise stated, amounts in the financial report have been rounded to the nearest thousand dollars.

### (r) Non-current assets held for sale

A non-current asset held for sale is measured at the lower of its carrying amount and fair value less costs to sell.

### (s) Financial Guarantees

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

### (t) Inventories

Inventories held for distribution are measured at cost adjusted when applicable for any loss of service potential. Other inventories are measured at the lower of cost and net realisable value.

### (u) Adoption of new and revised Accounting Standards

#### Financial Statement Presentation

The Council has applied the revised AASB 101 Presentation of Financial Statements which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. As a consequence the Council has also changed the presentation of its financial statements. Comparative information has been re-presented where appropriate so that it is also in conformity with the revised standard.

#### AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project effective 1 January 2009.

In May 2008 and April 2009 the AASB issued an omnibus of amendments to its Standards as part of the Annual Improvements Project, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions and application dates for each amendment. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance.

- **AASB 101 Presentation of Financial Statements:** assets and liabilities classified as held for trading in accordance with AASB 139 Financial Instruments: Recognition and Measurement are not automatically classified as current in the Statement of Financial Position. The Council amended its accounting policies accordingly and analysed whether management's expectations of the period of realisation of financial assets and liabilities is in accordance with AASB 101. This did not result in any re-classification of financial instruments between current and non-current in the Statement of Financial Position.
- **AASB 116 Property, Plant and Equipment:** replace the term "net-selling price" with "fair value less costs to sell". The Council amended its accounting policy accordingly, which did not result in any change in the financial position.
- **AASB 136 Impairment of Assets:** when discounted cash flows are used to estimate "fair value less cost to sell" additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate "value in use".

AASB 2009-2 Amendments to Australian Accounting Standards - Improving Disclosures about Financial Instruments. The amendments to AASB 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The Council has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these in these amendments.

### (v) Provisions

Provisions are recognised when the Council has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

## NOTE 2. RATES AND CHARGES

Council uses Capital Improved Values as the basis of valuation of all properties within the municipal district. The Capital Improved Value of a property is the total market value of the land plus buildings and other improvements.

The valuation base used to calculate general rates for 2009-2010 was \$35.061M (2008-2009 \$33.035M).

A new general revaluation has been conducted as at 1 January 2010, and the valuation will be first applied in the rating year commencing 1 July 2010.

The date of the previous general revaluation of land for rating purposes within the municipal district was 1 January 2008, and valuation first applied to the rating period commencing 1 July 2008.

	2010 \$'000	2009 \$'000
Residential	71,614	67,083
Commercial	14,676	12,454
Industrial	6,810	6,805
Petroleum Production Land	2,934	2,810
Aluminium Production Land	989	948
Automobile Manufacture Land	520	498
Vacant Land	4,813	4,781
Farm/Rural	3,781	3,612
Cultural and Recreation	159	142
Mixed Use	290	290
Late Licence Premises	680	655
Garbage Charge	17,670	16,751
Municipal Charge	8,120	7,659
	<b>133,056</b>	<b>124,488</b>

## NOTE 3. FEES AND CHARGES

	2010 \$'000	2009 \$'000
Recreation	10,620	9,173
Commercial Waste Collection and Waste Disposal	6,479	10,337
Local Laws and Traffic	5,651	5,616
Subdivisions and Development	3,453	4,986
Car Parking	6,927	6,683
Family and Children's Services	3,398	3,575
Rental and Leasing	3,317	3,415
Aged Services	2,555	2,561
Road Works	1,371	1,351
National Wool Museum	598	626
Risk Management	57	44
Parks	550	670
Revenue and Valuations	782	463
Central Geelong City Management	597	647
Environment	1,031	194
Other	300	371
Waterfront	324	270
Marketing/Major Events	245	77
Historical Records	79	93
Arts and Culture	222	168
Planning	904	28
	<b>49,460</b>	<b>51,347</b>

## NOTE 4. GRANTS

Grants were received in respect of the following:

	2010 \$'000	2009 \$'000
<b>COMMONWEALTH GOVERNMENT</b>		
Grants Commission	18,087	21,957
Family and Children	3,563	3,724
Roads to Recovery	1,550	1,200
Aged Services	1,382	1,363
Government Funded Traineeships	231	128
Youth	31	60
Recreation and Open Space	1,312	341
Infrastructure Management	145	300
Fleet	168	162
Other Grants	16	6
Cultural Development	-	50
Central Geelong Waterfront	1,553	1,613
Community Infrastructure	-	1,690
Urban Design	91	-
	<b>28,129</b>	<b>32,594</b>

**STATE GOVERNMENT**

Aged Services	8,905	8,469
Family and Children	3,076	3,056
Community Development	619	1,037
Economic Development	34	-
Infrastructure Management	2,441	3
School Crossing	414	414
Open Space Planning and Development	1,095	2,176
Youth	431	206
Environment and Planning	521	1,229
Urban Design	55	1,339
Roads	1,009	1,227
Community Safety	-	-
Emergency Response - Flood/Fire	62	23
Recreation Sport and Leisure	92	1,336
Major Events	63	72
Recycling	-	6
Health Services	62	61
Central Geelong/Waterfront	198	240
Parking and Traffic Management	220	184
Strategic Implementation	71	40
Other Grants	-	57
<b>TOTAL</b>	<b>19,368</b>	<b>21,175</b>
<b>TOTAL GRANTS</b>	<b>47,497</b>	<b>53,769</b>

Recurrent	37,971	41,697
Non recurrent/Capital (Note 5)	9,526	12,072
<b>TOTAL</b>	<b>47,497</b>	<b>53,769</b>

**Conditions on Grants**

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

	2010 \$'000	2009 \$'000
Family and Children Family Day Care and Out of Schools Program	20	70
Recreation Sport and Leisure	2,606	308
Community Development	-	269
Economic Development	35	-
	<b>2,661</b>	<b>647</b>

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

	2010 \$'000	2009 \$'000
Recreation Sport and Leisure	308	253
Family and Child	70	147
Community Development	269	-
	<b>647</b>	<b>400</b>
Net increase (decrease) in restricted assets resulting from grant revenues for the year:	<b>2,014</b>	<b>247</b>

## NOTE 5. CAPITAL INCOME

	2010 \$'000	2009 \$'000
Grants (Note 4)	9,526	12,072
Developer Cash Contributions	1,676	2,080
Contributions to Council Assets	1,857	2,659
Special Rates	375	707
	<b>13,434</b>	<b>17,518</b>

\* In accordance with legislation, developers contributions must be expended for particular purposes so Council has transferred them to a Reserve until expended.

## NOTE 6. EMPLOYEE BENEFITS

	2010 \$'000	2009 \$'000
Wages and Salaries	70,583	63,804
Long Service Leave	2,185	1,983
Annual Leave	5,816	5,345
Superannuation	6,626	6,002
Workcover	1,504	1,423
Redundancy	153	156
	<b>86,867</b>	<b>78,713</b>

## NOTE 7. MATERIALS AND SERVICES

	2010 \$'000	2009 \$'000
Contractors	26,336	25,466
Levies	9,272	11,507
Materials	6,218	6,213
Plant/Equipment/Vehicle Costs	5,413	5,787
Supplementary Labour	4,323	5,033
Maintenance - Buildings and Emergency	4,241	3,537
Contributions - Recurrent	5,039	3,072
Other	12,311	10,710
	<b>73,153</b>	<b>71,325</b>

## NOTE 8. PROVISIONS EXPENSE

An estimate of the costs to rehabilitate the Corio Landfill site has been included in the accounts. It is expected Corio Landfill site operations and rehabilitation will be completed following closure scheduled for Dec 2011.

	2010 \$'000	2009 \$'000
Landfill Provision - Finance Charge	568	435
Increase/(Decrease) in the discounted amount arising because of the time and effect of any change in the discount rate, or the revision of future cost estimates.	5,724	1,520
	<b>6,292</b>	<b>1,955</b>

## NOTE 9. BAD AND DOUBTFUL DEBTS

	2010 \$'000	2009 \$'000
Infringement Debtors	919	956
Sundry Debtors	184	7
	<b>1,103</b>	<b>963</b>

## NOTE 10. DEPRECIATION AND OTHER WRITE DOWNS

	2010 \$'000	2009 \$'000
Buildings	5,957	5,492
Plant and Equipment	5,037	5,179
Infrastructure	27,908	25,834
	<b>38,902</b>	<b>36,505</b>
Book Value of Assets Replaced - Infrastructure	3,687	4,295
	<b>3,687</b>	<b>4,295</b>
<b>TOTAL</b>	<b>42,589</b>	<b>40,800</b>

## NOTE 11. GAIN/(LOSS) ON DISPOSAL OF ASSETS

	2010 \$'000	2009 \$'000
Proceeds from Sale of Land and Buildings	2,909	6,886
Less : Book Value of Assets Sold or transferred for nil consideration	2,308	2,028
	<b>601</b>	<b>4,858</b>
Proceeds from Sale of Plant	1,540	1,535
Less : Book Value of Assets Sold	1,525	1,437
	<b>15</b>	<b>98</b>
<b>NET GAIN (LOSS) ON DISPOSAL</b>	<b>616</b>	<b>4,956</b>

## NOTE 12. PREVIOUSLY UNRECOGNISED ASSETS

	2010 \$'000	2009 \$'000
In 2009-2010 Council recognised \$2.146M of assets associated with the Geelong Ring Road.	2,146	-
In 2009-2010 Council recognised \$0.3M of drainage assets.	360	209
	<b>2,506</b>	<b>209</b>

## NOTE 13. INVESTMENTS IN ASSOCIATES

Investments in associates accounted for using the equity method are:

	2010 \$'000	2009 \$'000
- Geelong Regional Library Corporation	7,070	6,331
- RFK Pty Ltd	-	26
- Regional Kitchen Pty Ltd	1,624	1,030
	<b>8,694</b>	<b>7,387</b>

NOTE 13. INVESTMENTS IN ASSOCIATES (CONTINUED)

**i) Equity in Geelong Regional Library Corporation**

Principle activity is to provide Library Services to member municipalities. Council holds 85.76% (2009 85.65%) of equity in the corporation. Council has four directors on the Board of seven. Council has the ability to influence the Library rather than control its operations. Incorporated in Australia.

	2010 \$'000	2009 \$'000
<b>COUNCIL'S SHARE OF ACCUMULATED SURPLUS</b>		
Council's share of accumulated surplus as at beginning of financial year	2,996	2,677
Share of operating surplus (loss)	739	319
Council's share of accumulated surplus at end of financial year	<b>3,735</b>	<b>2,996</b>

**MOVEMENT OF CARRYING VALUE OF INVESTMENT**

Carrying value of investment at start of year	6,331	6,012
Share of operating surplus for year	739	319
Carrying value of investment at end of year	<b>7,070</b>	<b>6,331</b>

**ii) Equity in RFK Pty Ltd**

Trading as Community Chef, City of Greater Geelong shareholding is 11.11% (2009 10.4%) of ordinary shares. Incorporated in Australia.

	2010 \$'000	2009 \$'000
<b>COUNCIL'S SHARE OF ACCUMULATED SURPLUS</b>		
Council's share of accumulated surplus as at beginning of financial year	26	14
Share of operating surplus (loss)	(26)	12
Council's share of accumulated surplus at end of financial year	-	<b>26</b>

**MOVEMENT OF CARRYING VALUE OF INVESTMENT**

Carrying value of investment at start of year	26	14
Share of operating surplus for year	(26)	12
Carrying value of investment at end of year	-	<b>26</b>

**iii) Equity in Regional Kitchen Pty Ltd**

City of Greater Geelong shareholding is 8.9% (2009 8.9%) of ordinary shares. Incorporated in Australia.

	2010 \$'000	2009 \$'000
<b>COUNCIL'S SHARE OF EQUITY CONTRIBUTION</b>		
Council's share of equity contribution at beginning of financial year	200	-
Council's share of equity contribution made during the year	-	200
Council's share of equity contribution at end of financial year	<b>200</b>	<b>200</b>

**COUNCIL'S SHARE OF ACCUMULATED SURPLUS**

Council's share of accumulated surplus as at beginning of financial year	830	539
Share of operating surplus (loss)	594	291
Council's share of accumulated surplus at end of financial year	<b>1,424</b>	<b>830</b>

**MOVEMENT OF CARRYING VALUE OF INVESTMENT**

Carrying value of investment at start of year	1,030	739
Share of operating surplus for year	594	291
Share of equity contribution for year	-	-
Carrying value of investment at end of year	<b>1,624</b>	<b>1,030</b>

Total loss to be recognised is \$0.086M of which only \$0.026M has been recognised in this financial year.

NOTE 14. CONTRIBUTIONS - NON MONETARY ASSETS

Infrastructure assets such as roads, drainage and footpaths created by developers become part of the Council's assets when titles are issued to the Developer for individual lots. These assets have been received in kind and do not reflect a cash outlay by Council. Council also received land from developers as part of their required 5% contribution of Public Open Space.

	2010 \$'000	2009 \$'000
Infrastructure	15,239	9,995
Land	3,431	1,158
	<b>18,670</b>	<b>11,153</b>

NOTE 15. CASH AND CASH EQUIVALENTS

	2010 \$'000	2009 \$'000
Cash on hand	71	56
Cash at bank	-	3,054
Bank bills	-	936
Cash at Call	13,103	-
	<b>13,174</b>	<b>4,046</b>

Users of the financial report should refer to Note 32 for details of existing Council commitments

NOTE 16. TRADE AND OTHER RECEIVABLES

	2010 \$'000	2009 \$'000
<b>CURRENT</b>		
Rates Receivables	1,950	2,797
Less Provision for Doubtful Debts	(326)	(305)
Other Debtors	11,416	10,895
Less Provision for Doubtful Debts	(3,131)	(2,201)
	<b>9,909</b>	<b>11,186</b>
<b>NON-CURRENT</b>		
Deferred Debtors	999	942
	<b>999</b>	<b>942</b>
<b>TOTAL</b>	<b>10,908</b>	<b>12,128</b>

## NOTE 17. FINANCIAL ASSETS

	2010 \$'000	2009 \$'000
<b>CURRENT</b>		
Investments at amortised cost (Note 1h)	45,714	49,088
<b>Represented by</b>		
- Managed Funds	-	954
- Bank Bills	853	-
- Term Deposits	44,861	48,134
	45,714	49,088
<b>Council's investments are held at various financial institutions, and represented by:</b>		
Unrestricted	28,606	35,405
Subject to external restrictions	17,109	13,683
	45,714	49,088
<b>Council has financial assets that are subject to restrictions. Restrictions have been imposed by regulations or other external requirements on the following:</b>		
Long Service Leave	12,808	11,594
Refundable Deposits	1,640	1,442
Unexpended Grants	2,661	647
	17,109	13,683

Restricted asset for Long Service Leave is based on the Local Government (Long Service Leave) Regulations 2002 and does not necessarily equate to the long service leave liability disclosed in note 23 due to a different basis of calculation prescribed by the regulation.

Council has no Statutory Reserves in 2010 (\$0.4M in 2009) which are commitments that Council will include in its future budgets and are included in the unrestricted cash amount.

## NOTE 18. OTHER ASSETS

	2010 \$'000	2009 \$'000
Prepaid Expenses	447	94
	447	94

## NOTE 19. INVENTORIES

	2010 \$'000	2009 \$'000
Stores and Materials at Cost	791	831
	791	831

## NOTE 20. PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT

	2010 \$'000	2009 \$'000
<b>SUMMARY</b>		
at cost	335,531	304,153
Less accumulated depreciation	87,906	78,830
	247,625	225,323
at fair value as at 1 January 2010	693,622	-
Less accumulated depreciation	3,510	-
	690,112	-
at fair value as at 30 June 2009	-	700
Less accumulated depreciation	-	-
	-	700
at fair value as at 1 April 2009	497,620	496,990
Less accumulated depreciation	226,418	220,323
	271,202	276,667
at fair value as at 1 January 2008	-	538,892
Less accumulated depreciation	-	7,819
	-	531,073
at fair value as at 1 October 2006	391,100	388,795
Less accumulated depreciation	227,429	222,929
	163,671	165,866
at fair value as at 1 July 2005	277,435	273,154
Less accumulated depreciation	80,967	78,229
	196,468	194,925
<b>TOTAL</b>	<b>1,569,078</b>	<b>1,394,554</b>

NOTE 20. PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT (CONTINUED)

	2010 \$'000	2009 \$'000
<b>(a) Property</b>		
<b>Land</b>		
at cost	1,509	7,232
at fair value as at 1 January 2010	527,874	-
at fair value as at 1 January 2008	-	406,137
	<b>529,383</b>	<b>413,369</b>
<b>Land Under Roads</b>		
at fair value as at 1 January 2010	1810	-
at fair value as at 30 June 2009	-	700
	<b>1810</b>	<b>700</b>
<b>Buildings</b>		
at cost	3,905	16,035
Less accumulated depreciation	20	200
	<b>3,885</b>	<b>15,835</b>
at fair value as at 1 January 2010	163,938	-
Less accumulated depreciation	3,510	-
	<b>160,428</b>	<b>-</b>
at fair value as at 1 January 2008	-	132,755
Less accumulated depreciation	-	7,819
	<b>-</b>	<b>124,936</b>
<b>TOTAL BUILDINGS</b>	<b>164,313</b>	<b>140,771</b>
<b>TOTAL PROPERTY</b>	<b>695,506</b>	<b>554,840</b>

Land and Buildings were revalued as at 1-01-2010 by Brian Robinson of WestLink Consulting A.A.P.I C.P.V. Member No.970 using fair value. The valuation of buildings is at fair value, being market value for non specialised buildings, and current replacement cost less accumulated depreciation at the date of valuation for specialised buildings.

	2010 \$'000	2009 \$'000
<b>(b) Plant and Equipment</b>		
<b>Plant and Equipment</b>		
at cost	52,056	48,830
Less accumulated depreciation	33,489	31,331
	<b>18,567</b>	<b>17,499</b>
<b>Leasehold Improvements</b>		
at cost	1,266	909
Less accumulated depreciation	576	401
	<b>690</b>	<b>508</b>
<b>Light Vehicles</b>		
at cost	7,102	6,919
Less accumulated depreciation	2,271	2,034
	<b>4,831</b>	<b>4,885</b>
<b>TOTAL PLANT AND EQUIPMENT</b>	<b>24,088</b>	<b>22,892</b>

NOTE 20. PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT (CONTINUED)

	2010 \$'000	2009 \$'000
<b>(c) Infrastructure</b>		
<b>Road Pavement</b>		
at cost	5,078	3,018
Less accumulated depreciation	53	9
	<b>5,025</b>	<b>3,009</b>
at fair value as at 1 April 2009	390,153	387,420
Less accumulated depreciation	167,698	163,731
	<b>222,455</b>	<b>223,689</b>
<b>TOTAL ROAD PAVEMENT</b>	<b>227,480</b>	<b>226,698</b>
<b>Road Seal</b>		
at cost	8,503	4,319
Less accumulated depreciation	258	43
	<b>8,245</b>	<b>4,276</b>
at fair value as at 1 April 2009	107,467	109,570
Less accumulated depreciation	58,720	56,592
	<b>48,747</b>	<b>52,978</b>
<b>TOTAL ROAD SEAL</b>	<b>56,992</b>	<b>57,254</b>
<b>Roads Other</b>		
at cost	15,110	12,263
Less accumulated depreciation	337	174
	<b>14,773</b>	<b>12,089</b>
at fair value as at 1 October 2006	83,015	84,302
Less accumulated depreciation	44,480	43,896
	<b>38,535</b>	<b>40,406</b>
<b>TOTAL ROADS OTHER</b>	<b>53,308</b>	<b>52,495</b>
<b>Footpaths and Bikepaths</b>		
at cost	13,452	10,158
Less accumulated depreciation	472	252
	<b>12,980</b>	<b>9,906</b>
at fair value as at 1 October 2006	142,799	140,778
Less accumulated depreciation	89,089	87,414
	<b>53,710</b>	<b>53,364</b>
<b>TOTAL FOOTPATHS AND BIKEPATHS</b>	<b>66,690</b>	<b>63,270</b>
<b>Kerb and Channel</b>		
at cost	7,772	5,997
Less accumulated depreciation	235	128
	<b>7,537</b>	<b>5,869</b>
at fair value as at 1 October 2006	165,286	163,715
Less accumulated depreciation	93,860	91,619
	<b>71,426</b>	<b>72,096</b>
<b>TOTAL KERB AND CHANNEL</b>	<b>78,963</b>	<b>77,965</b>

## NOTE 20. PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT (CONTINUED)

	2010 \$'000	2009 \$'000
<b>(c) Infrastructure (continued)</b>		
<b>Drainage</b>		
at cost	19,369	15,497
Less accumulated depreciation	439	275
	<b>18,930</b>	<b>15,222</b>
at fair value as at 1 July 2005	277,435	273,154
Less accumulated depreciation	80,967	78,229
	<b>196,468</b>	<b>194,925</b>
<b>TOTAL DRAINAGE</b>	<b>215,398</b>	<b>210,147</b>
<b>Recreation</b>		
at cost	90,680	82,206
Less accumulated depreciation	17,703	15,227
	<b>72,977</b>	<b>66,979</b>
<b>TOTAL RECREATION</b>	<b>72,977</b>	<b>66,979</b>
<b>Infrastructure Other</b>		
at cost	53,158	51,642
Less accumulated depreciation	32,053	28,756
	<b>21,105</b>	<b>22,886</b>
<b>TOTAL INFRASTRUCTURE OTHER</b>	<b>21,105</b>	<b>22,886</b>
<b>TOTAL INFRASTRUCTURE</b>	<b>792,913</b>	<b>777,694</b>

Road Seals and Road Pavements were revalued as at 1-04-2009 by Council officers, at fair value based on depreciated replacement cost.

Roads Other, Footpaths, Bikepaths, Kerb and Channel are valued at fair value as at 1-10-2006 by Council officers using depreciated replacement cost.

Drainage assets have been revalued as at 1-07-2005 by Council officers at fair value using depreciated replacement cost.

	2010 \$'000	2009 \$'000
<b>(d) Works in progress</b>		
<b>Buildings</b>		
at cost	34,953	20,807
<b>Plant and Equipment</b>		
at cost	58	678
<b>Infrastructure</b>		
at cost	21,560	17,643
<b>TOTAL WORKS IN PROGRESS</b>	<b>56,571</b>	<b>39,128</b>
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE</b>	<b>1,569,078</b>	<b>1,394,554</b>

## NOTE 20. PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT (CONTINUED)

2010	Balance at beginning of financial year \$'000	Acquisition of assets \$'000	Depreciation (note 10) \$'000	WDV of disposals (note 10) \$'000	Revaluation increments (decrements) (note 27) \$'000	Transfers \$'000	Balance at end of financial year \$'000
<b>PROPERTY</b>							
Land	413,368	4,938	-	(2,075)	113,150	2	529,383
Land Under Roads	700	841	-	-	269	-	1,810
Buildings	140,769	6,307	(5,957)	(233)	19,922	3,505	164,313
<b>TOTAL PROPERTY</b>	<b>554,837</b>	<b>12,086</b>	<b>(5,957)</b>	<b>(2,308)</b>	<b>133,341</b>	<b>3,507</b>	<b>695,506</b>
<b>PLANT AND EQUIPMENT</b>							
Plant and Equipment	17,500	4,958	(3,848)	(566)	-	523	18,567
Leasehold Improvements	508	220	(175)	-	-	137	690
Light Vehicles	4,887	1,917	(1,014)	(959)	-	-	4,831
<b>TOTAL PLANT AND EQUIPMENT</b>	<b>22,895</b>	<b>7,095</b>	<b>(5,037)</b>	<b>(1,525)</b>	<b>-</b>	<b>660</b>	<b>24,088</b>
<b>INFRASTRUCTURE</b>							
Road Pavement	226,698	6,338	(5,014)	(602)	-	60	227,480
Road Seal	57,254	5,441	(4,499)	(1,229)	-	25	56,992
Road Other	52,495	2,789	(2,162)	(592)	-	778	53,308
Footpaths and Bikepaths	63,270	6,309	(3,171)	(358)	-	640	66,690
Kerb and Channel	77,965	3,877	(2,814)	(166)	-	101	78,963
Drainage	210,147	7,279	(2,927)	(402)	-	1,301	215,398
Infrastructure Other	22,886	828	(3,299)	-	-	690	21,105
Recreation	66,979	5,301	(4,022)	(338)	-	5,057	72,977
<b>TOTAL INFRASTRUCTURE</b>	<b>777,694</b>	<b>38,162</b>	<b>(27,908)</b>	<b>(3,687)</b>	<b>-</b>	<b>8,652</b>	<b>792,913</b>
<b>WORKS IN PROGRESS</b>							
Buildings	20,807	18,247	-	-	-	(4,101)	34,953
Plant and Equipment	678	55	-	-	-	(675)	58
Infrastructure	17,643	13,368	-	-	-	(9,451)	21,560
<b>TOTAL WORKS IN PROGRESS</b>	<b>39,128</b>	<b>31,670</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(14,227)</b>	<b>56,571</b>
<b>TOTAL PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT</b>	<b>1,394,554</b>	<b>89,013</b>	<b>(38,902)</b>	<b>(7,520)</b>	<b>133,341</b>	<b>(1,408)</b>	<b>1,569,078</b>

## NOTE 20. PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT (CONTINUED)

2009	Balance at beginning of financial year \$'000	Acquisition of assets \$'000	Depreciation (note 10) \$'000	WDV of disposals (note 10) \$'000	Revaluation increments (decrements) (note 27) \$'000	Transfers \$'000	Balance at end of financial year \$'000
<b>PROPERTY</b>							
Land	407,954	6,257	-	(971)	-	128	413,368
Land Under Roads	-	700	-	-	-	-	700
Buildings	137,258	5,213	(5,492)	(1,057)	-	4,847	140,769
<b>TOTAL PROPERTY</b>	<b>545,212</b>	<b>12,170</b>	<b>(5,492)</b>	<b>(2,028)</b>	<b>-</b>	<b>4,975</b>	<b>554,837</b>
<b>PLANT AND EQUIPMENT</b>							
Plant and Equipment	17,239	4,786	(4,071)	(535)	-	81	17,500
Leasehold Improvements	512	142	(146)	-	-	-	508
Light Vehicles	4,959	1,792	(962)	(902)	-	-	4,887
<b>TOTAL PLANT AND EQUIPMENT</b>	<b>22,710</b>	<b>6,720</b>	<b>(5,179)</b>	<b>(1,437)</b>	<b>-</b>	<b>81</b>	<b>22,895</b>
<b>INFRASTRUCTURE</b>							
Road Pavement	216,426	4,613	(4,888)	(1,064)	10,560	1,051	226,698
Road Seal	25,995	4,864	(3,271)	(1,282)	31,190	(242)	57,254
Road Other	50,487	2,441	(1,998)	(750)	-	2,315	52,495
Footpaths and Bikepaths	62,466	3,605	(2,956)	(374)	-	529	63,270
Kerb and Channel	77,595	3,128	(2,736)	(239)	-	217	77,965
Drainage	205,463	6,633	(2,846)	(406)	-	1,303	210,147
Infrastructure Other	22,451	2,382	(3,599)	-	-	1,652	22,886
Recreation	58,438	9,384	(3,540)	(180)	-	2,877	66,979
<b>TOTAL INFRASTRUCTURE</b>	<b>719,321</b>	<b>37,050</b>	<b>(25,834)</b>	<b>(4,295)</b>	<b>41,750</b>	<b>9,702</b>	<b>777,694</b>
<b>WORKS IN PROGRESS</b>							
Buildings	10,319	15,831	-	-	-	(5,343)	20,807
Plant and Equipment	407	531	-	-	-	(260)	678
Infrastructure	16,336	10,889	-	-	-	(9,582)	17,643
<b>TOTAL WORKS IN PROGRESS</b>	<b>27,062</b>	<b>27,251</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15,185)</b>	<b>39,128</b>
<b>TOTAL PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT</b>	<b>1,314,305</b>	<b>83,191</b>	<b>(36,505)</b>	<b>(7,760)</b>	<b>41,750</b>	<b>(427)</b>	<b>1,394,554</b>

## NOTE 21. TRADE AND OTHER PAYABLES

	2010 \$'000	2009 \$'000
<b>UNSECURED</b>		
Trade Creditors	10,219	12,512
Loan Interest Accrued	143	74
Prepaid Memberships for Leisure Facilities	1,116	1,072
Unearned Income	689	1,018
	<b>12,168</b>	<b>14,676</b>

## NOTE 22. REFUNDABLE DEPOSITS

	2010 \$'000	2009 \$'000
Refundable Deposits	1,640	1,442
	<b>1,640</b>	<b>1,442</b>

These deposits are maintenance bonds, landscaping bonds, relocation deposits, open space works levies, and contract deposits.

## NOTE 23. EMPLOYEE BENEFITS

	Other \$'000	Annual Leave \$'000	Long Service Leave \$'000
<b>2010</b>			
Balance at beginning of the financial year	1,511	6,339	12,260
Additional provisions	1,911	5,414	2,622
Amounts used	(1,511)	(4,845)	(1,198)
<b>BALANCE AT THE END OF THE FINANCIAL YEAR</b>	<b>1,911</b>	<b>6,908</b>	<b>13,684</b>

<b>2009</b>			
Balance at beginning of the financial year	1,143	5,991	11,211
Additional provisions	1,511	5,145	2,388
Amounts used	(1,143)	(4,797)	(1,339)
<b>BALANCE AT THE END OF THE FINANCIAL YEAR</b>	<b>1,511</b>	<b>6,339</b>	<b>12,260</b>

	2010 \$'000	2009 \$'000
<b>(i) Current</b>		
Annual leave	6,908	6,339
Long service leave	10,798	8,781
Other	1,911	1,511
	<b>19,617</b>	<b>16,631</b>

Current Long Service Leave has been determined as the amount employees are entitled to at balance date. Based on past history, it is estimated that approximately \$1M will be paid out in Long Service Leave in 2009-2010.

<b>(ii) Non-current</b>		
Long service leave	2,887	3,479
	<b>2,887</b>	<b>3,479</b>
Aggregate carrying amount of employee benefits:		
Current	19,617	16,631
Non-current	2,887	3,479
	<b>22,504</b>	<b>20,110</b>

## NOTE 23. EMPLOYEE BENEFITS (CONTINUED)

The following assumptions were adopted in measuring the present value of long service leave and retiring gratuity:

	2010	2009
Weighted average increase in employee costs	4.50%	4.50%
Weighted average discount rates	5.34%	5.11%
Weighted average settlement period	10	10

**(i) Current**

All annual leave and the long service leave entitlements representing 7 or more years of continuous service

	2010 \$'000	2009 \$'000
- Short-term employee benefits that fall due within 12 months after the end of the period measured at nominal value	9,820	8,850
- Other long-term employee benefits that do not fall due within 12 months after the end of the period measured at present value	9,798	7,781
	<b>19,617</b>	<b>16,631</b>

**(ii) Non-current**

Long service leave representing less than 7 years of continuous service measured at present value	2,887	3,479
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## NOTE 24. INTEREST BEARING LOANS AND BORROWINGS

	2010 \$'000	2009 \$'000
<b>CURRENT</b>		
Bank overdraft (Unpresented Cheques)	248	2
Borrowings - secured	4,525	2,155
Other Loans - Unsecured (These are non interest bearing loans)	1,030	1,030
	<b>5,803</b>	<b>3,187</b>
<b>NON-CURRENT</b>		
Borrowings - secured	30,479	23,039
<b>TOTAL</b>	<b>36,282</b>	<b>26,226</b>

The maturity profile for Council's borrowings is:

	2010 \$'000	2009 \$'000
Not later than one year	5,803	3,187
Later than one year and not later than five years	20,836	10,323
Later than five years	9,642	12,716
	<b>36,282</b>	<b>26,226</b>

The security on the borrowings is the City of Greater Geelong Municipal Rates.

**Finance leases**

Council has no finance leases at balance date

## NOTE 25. LANDFILL PROVISION

	2010 \$'000	2009 \$'000
Corio Landfill Rehabilitation Provision		
<b>NON-CURRENT</b>	<b>14,390</b>	<b>8,120</b>
Balance at beginning of the financial year	8,120	6,220
Amounts used	(22)	(55)
Finance Charge	568	435
Increase/(decrease) in the discounted amount arising because of time and/or the revision of future cost estimates	5,724	1,520
<b>BALANCE AT THE END OF THE FINANCIAL YEAR</b>	<b>14,390</b>	<b>8,120</b>

**Key estimates, assumptions and judgements**

The Corio Landfill site will cease operation in December 2011. The provision for landfill restoration has been calculated based on the present value of the expected 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 discount rate applied on these calculations for the past two years has been 7%.

## NOTE 26. OTHER LIABILITIES

	2010 \$'000	2009 \$'000
Developer Contributions - Sec 173 Agreements	314	314

## NOTE 27. RESERVES

	2010 \$'000	2009 \$'000
Asset Revaluation Reserve	629,779	496,438
Statutory Reserves	-	439
Discretionary Reserves	32,824	42,863
	<b>662,603</b>	<b>539,740</b>

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
<b>(a) Asset Revaluation Reserve</b>			
<b>2010</b>			
<b>Land and Buildings</b>	349,120	133,341	482,461
<b>Infrastructure</b>			
Sealed and Unsealed Roads	60,655	-	60,655
Roads Other	15,390	-	15,390
Footpath and Bikepaths	4,395	-	4,395
Drainage	66,878	-	66,878
	<b>147,318</b>	<b>-</b>	<b>147,318</b>
<b>TOTAL ASSET REVALUATION RESERVE</b>	<b>496,438</b>	<b>133,341</b>	<b>629,779</b>

<b>2009</b>			
<b>Land and Buildings</b>	349,120	-	349,120
<b>Infrastructure</b>			
Sealed and Unsealed Roads	18,905	41,750	60,655
Roads Other	15,390	-	15,390
Footpath and Bikepaths	4,395	-	4,395
Drainage	66,878	-	66,878
	<b>105,568</b>	<b>41,750</b>	<b>147,318</b>
<b>TOTAL ASSET REVALUATION RESERVE</b>	<b>454,688</b>	<b>41,750</b>	<b>496,438</b>

The Asset Revaluation Reserve records the increase and any subsequent decrease in the value of assets held at fair value.

**(b) Other Reserves****Statutory Reserves**

Council maintains three Statutory reserves to record funds collected from developers under the Planning and Environment Act, Subdivisions Act and Local Government Act. Council identifies, as part of the budget process, capital works relevant to these reserves and records the capital expenditure as settlement of the obligations created in collecting the levies. The outstanding balance at year end is listed below. The movement to and from reserves are shown in the Statement of Changes in Equity.

	Balance at 30-6-2009 \$'000	Transfers to Reserves \$'000	Transfers from Reserves \$'000	Balance at 30-6-2010 \$'000
Car Parking Reserve	48	-	48	-
Public Open Space Reserve	299	376	675	-
Main Drainage Reserve	92	1,300	1,392	-
<b>TOTAL STATUTORY RESERVES</b>	<b>439</b>	<b>1,676</b>	<b>2,115</b>	<b>-</b>

## NOTE 27. RESERVES (CONTINUED)

**(b) Other Reserves (continued)****Discretionary Reserves**

Council maintains a Deferred Works Reserve to record the estimated amount of Capital Expenditure that is expected to complete the capital projects that were approved in the previous year's budget, but had not been completed at year end.

Council maintains an Asset Development Reserve to record funds provided to Council for development of coastal infrastructure.

Council has an Asset Redevelopment Reserve to record funds provided to Council to reinstate decking around the Carousel as required.

The outstanding balances of the reserves are listed below. The movements to and from reserves are shown in the Statement of Changes in Equity.

	Balance at 30-6-2009 \$'000	Transfers to Reserves \$'000	Transfers from Reserves \$'000	Balance at 30-6-2010 \$'000
Deferred Works Reserve	41,760	32,000	41,760	32,000
Asset Development Reserve	268	-	-	268
Asset Redevelopment Reserve	835	-	279	556
<b>TOTAL DISCRETIONARY RESERVES</b>	<b>42,863</b>	<b>32,000</b>	<b>42,039</b>	<b>32,824</b>

NOTE 28. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES  
TO SURPLUS (DEFICIT)

	2010 \$'000	2009 \$'000
<b>PROFIT/(LOSS)</b>	<b>30,926</b>	<b>43,204</b>
Depreciation and Infrastructure writeoff	42,589	40,800
(Profit)/Loss on disposal of property, infrastructure, plant and equipment	(616)	(4,956)
Capital Income	(15,463)	(17,518)
Equity Share in Investment in Associates Surplus	(1,307)	(622)
Assets received in Kind	(18,670)	(11,153)
Assets previously Unrecognised	(2,506)	(209)
Finance Costs	1,981	944
<b>Change in assets and liabilities:</b>		
(Increase)/Decrease in Trade and Other Receivables	1,220	2,362
(Increase)/Decrease in Prepayments	(354)	(20)
(Increase)/Decrease in Inventories	40	42
Increase/(Decrease) in Trade and Other Payables	(2,511)	1,150
Increase/(Decrease) in Refundable Deposits	198	90
(Decrease)/Increase in Employee Benefits	2,393	1,765
Increase/(Decrease) in Landfill Provisions	6,292	1,900
(Decrease)/Increase in Work in Progress	1,408	427
<b>NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES</b>	<b>45,620</b>	<b>58,206</b>

## NOTE 29. RECONCILIATION OF CASH AND CASH EQUIVALENTS

	2010 \$'000	2009 \$'000
Cash and cash equivalents (note 15)	13,174	4,046
Financial Assets (note 17)	45,714	49,088
Less bank overdraft (note 24)	(248)	(2)
	<b>58,640</b>	<b>53,132</b>

## NOTE 30. FINANCING ARRANGEMENTS

	2010 \$'000	2009 \$'000
Bank overdraft	5,000	5,000
Used Facilities - Overdraft (Note 24)	(248)	(2)
Loans - Unsecured	1,030	1,030
Loans - Secured	35,004	25,194
Used facilities - Loans (Note 24)	(36,034)	(26,224)
<b>UNUSED FACILITIES</b>	<b>4,752</b>	<b>4,998</b>
Loan Facility Details (Note 35a)		

## NOTE 31. SUPERANNUATION

**Post-employment Benefit**

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

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

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

Council makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. On the basis of the results of the most recent full actuarial investigation conducted by the Fund's actuary as at 31 December 2008, Council makes the following contributions:

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

Fund surplus or deficit (ie the difference between fund assets and liabilities) are calculated differently for funding purposes (ie calculating required contributions) and for the calculation of accrued benefits as required in AAS 25 to provide the values needed for the AASB 119 disclosure in Council's financial statements. AAS 25 requires that the present value of the benefit liability which is calculated in respect of membership completed at the calculation date makes no allowance for future benefits that may accrue. The actuarial investigation concluded that although the Net Market Value of Assets was in excess of Accrued Benefits at 31 December 2008, based on the assumptions adopted, there was a shortfall of \$71M when the funding of future benefits was also considered. However, the Council has been advised that no additional contributions are required as at 30 June 2010. The Actuary has commenced undertaking the next actuarial investigation to ascertain if additional contributions would be required. The Actuarial review will be as at 30 June 2010.

The result of the actuarial review is expected to be finalised during October 2010. Should the review identify a funding shortfall requiring additional contributions, the Council will be notified of any amount payable by November 2010 for payment on 1 July 2011. A further actuarial review will be undertaken as at 30 June 2011. Based on the result of this further review, a detailed funding plan will be developed and implemented to achieve the target of fully funding the Fund by 31 December 2013.

The Fund's liability for accrued benefits was determined by the Actuary at 31 December 2008 pursuant to the requirements of Australian Accounting Standard AAS 25 as follows:

## NOTE 31. SUPERANNUATION (CONTINUED)

	31-12-2008 \$'000
Net Market Value of Assets	3,630,432
Accrued Benefits (per accounting standards)	3,616,422
Difference between Assets and Accrued Benefits	14,010
Vested Benefits	3,561,588

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

Net Investment Return	8.5% p.a.
Salary Inflation	4.25% p.a.
Price Inflation	2.75% p.a.

	2010 \$'000	2009 \$'000
<b>DEFINED BENEFIT PLANS</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	1,489	1,486
Employer contributions to other institutions	-	-
	<b>1,489</b>	<b>1,486</b>
Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date	-	-
Employer contributions payable to other institutions	-	-
	-	-

**ACCUMULATION FUNDS**

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	4,482	4,081
Employer contributions to other institutions	654	436
	<b>5,136</b>	<b>4,517</b>
Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date	31	30
Employer contributions payable to other institutions	1	2
	<b>32</b>	<b>32</b>

## NOTE 32. COMMITMENTS

The Council has entered into the following commitments due:

	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
<b>2010</b>					
<b>OPERATING</b>					
Turf maintenance	457	464	464	-	1,385
Building maintenance	270	277	215	-	762
Pay and Display Parking meters	475	-	-	-	475
Drysdale Transfer Station - hook, trucks and bins	186	186	186	-	558
Gymnasium equipment	139	139	139	-	417
Provision of Security Services	145	145	145	-	435
Cleaning contracts for Council buildings	475	408	106	-	989
Other	183	120	111	-	414
Home maintenance services	45	-	-	-	45
<b>TOTAL</b>	<b>2,375</b>	<b>1,739</b>	<b>1,366</b>	<b>-</b>	<b>5,480</b>
<b>CAPITAL</b>					
Building and other structures	16,004	-	-	-	16,004
<b>TOTAL</b>	<b>16,004</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,004</b>
<b>2009</b>					
<b>OPERATING</b>					
Immunisation services	324	-	-	-	324
Building maintenance	727	741	679	-	2,147
Consultancies	113	-	-	-	113
Cleaning contracts for Council buildings	475	408	106	-	989
Other	183	120	111	-	414
Home maintenance services	45	-	-	-	45
<b>TOTAL</b>	<b>1,867</b>	<b>1,269</b>	<b>896</b>	<b>-</b>	<b>4,032</b>
<b>CAPITAL</b>					
Building and other structures	8,655	-	-	-	8,655
<b>TOTAL</b>	<b>8,655</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,655</b>

In addition to the above commitments Council has entered into a number of contracts for operating expenditure based on schedule of rates. The value of the contractual commitments cannot be accurately determined as they depend on the level of services provided to Council.

## NOTE 33. OPERATING LEASES

**(a) Operating Lease Commitments**

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

	2010 \$'000	2009 \$'000
Not later than one year	1,478	1,398
Later than one year and not later than five years	1,473	953
Later than five years	9	2
<b>TOTAL</b>	<b>2,960</b>	<b>2,353</b>

**(b) Operating Lease Receivables**

The Council has entered into commercial property leases on its property, consisting of surplus freehold complexes. These properties held under operating leases have remaining non-cancellable leases terms of between 1 and 40 years.

Future Minimum rentals received under non-cancellable operating leases are as follows:

	2010 \$'000	2009 \$'000
Not later than one year	3,342	2,999
Later than one year and not later than five years	8,075	7,736
Later than five years	24,989	5,696
<b>TOTAL</b>	<b>36,406</b>	<b>16,431</b>

## NOTE 34. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

**Contingent liabilities**

**(a)** Council acknowledges a future obligation for rehabilitation, after care and future contamination liability for its two landfill sites in accordance with the requirements set out by the Environment Protection Authority. Apart from the rehabilitation of Corio landfill that has been provided for, the liability for Drysdale cannot be readily quantified. The Capital Works and Operating budgets include ongoing works at the sites in future years.

**(b)** The City of Greater Geelong is the guarantor for a number of community organisation loans.

	Original Guarantee \$'000	Outstanding Guarantee 30-6-2010 \$'000	Outstanding Guarantee 30-6-2009 \$'000
<b>COMMUNITY GROUPS</b>			
Barwon Heads Bowling Club Inc.	70	26	40
Bell Park Sports and Recreation Club	120	10	31
Geelong and East Belmont Baseball Club	70	12	19
Bell Post Hill Sports and Recreation Club	130	58	87
Geelong Hockey Association	150	130	141
Lara Bowling Club	100	32	-
<b>TOTAL</b>	<b>640</b>	<b>268</b>	<b>318</b>

**(c)** All matters from previous years not listed here have been settled.

**(d)** There are no other material contingent liabilities at the date of this report.

**Contingent Assets**

In the course of creating new subdivisions, developers construct infrastructure assets which are vested with Council when Council issues a Statement of Compliance. These assets are brought to account as revenue (Contributions - Non Monetary Assets) and capitalised.

At reporting date, developers had commenced construction of assets that will eventually be transferred to the Council subject to Council issuing a Statement of Compliance.

Council cannot reliably measure the value of the assets involved prior to completion.

## NOTE 35. FINANCIAL INSTRUMENTS

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

Recognised financial instruments	Note	Accounting Policy	Terms and Conditions
<b>FINANCIAL ASSETS</b>			
Cash and cash equivalents	15	Cash on hand is valued at face value.	Cash on Hand is managed according to normal expenditure approval procedures.
		Interest is recognised as it accrues.	Funds returned fixed interest rate of between 2.79% and 4.41%.
		Bank Bills	Bills are redeemed for purchase price plus interest at maturity. Bills are held for periods between 30 to 90 days. Interest ranged between 4.00% to 4.45%.
		Term Deposits	Term deposits return fixed interest rates of between 3.54% and 7.05%. Term Deposits are held for a variety of periods but not longer than 12 months.
Other Financial Assets	17	Units in Trust	Withdrawals are at call 24 to 48 hours notice. These investments attract floating interest rates of between 3.85% and 6.20% net of fees payable.
Trade and other receivables	16	Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection in full is no longer probable. Collectability of overdue accounts is assessed on an ongoing basis.	General and deferred debtors are unsecured and interest free. Credit terms are usually 30 days.
<b>FINANCIAL LIABILITIES</b>			
Bank overdraft	24	The Council's bank account is closely monitored to ensure that cash invested is maximised. The overdraft reflects unrepresented cheques at balance day.	Council has a \$5M overdraft facility. It is secured by a mortgage over Council's general rates and is repayable on demand, interest rate, when the overdraft is used, is < 10%pa.
Trade and other payables	21	Liabilities are recognised for expenses incurred to balance date and payable in the next financial year, whether invoices have been received or not.	Creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.
Interest-bearing loans and borrowings - Secured Loans	24	Secured loans are carried at the principle amount outstanding. Loans are subject to borrowing limits imposed by the State Government under the Loan Council approval arrangements. Interest is charged as an expense as it accrues.	Loans are secured over the general rates of the Council. The interest rate for each loan is fixed for the period of the loan. Council took out a loan of \$7M in May 2006, repayable over 10 years at 6.4%. Council took out a loan of \$5M in June 2007, repayable over 10 years at 6.97%. Council took out a loan of \$3.125M in June 2008, repayable over 10 years at 8.573%. Council took out a loan of \$12.675M in June 2009, repayable over 10 years at 7.42%. Council took out a loan of \$12.5M in Feb 2010, repayable over 5 years at 6.83%.
- Unsecured Loans	24	Unsecured loans are carried at the principle amount outstanding.	Unsecured loans comprise of two interest free loans from the Department of Planning and Development to fund the purchase of the former Geelong Post Office and former Geelong Gaol.

All contractual financial assets are categorised as loans and receivables and all contractual financial liabilities are categorised as financial liabilities at amortised cost.

## NOTE 35. FINANCIAL INSTRUMENTS (CONTINUED)

**(b) Interest Rate Risk**

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

This table also represents the contractual maturities for financial assets and liabilities.

	Floating interest rate \$'000	Fixed interest maturing in:			Non-interest bearing \$'000	Total \$'000
		1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000		
<b>2010</b>						
<b>FINANCIAL ASSETS</b>						
Cash and cash equivalents	13,103	-	-	-	71	13,174
Other financial assets	45,714	-	-	-	-	45,714
Trade and other receivables	-	-	-	-	4,507	4,507
<b>TOTAL FINANCIAL ASSETS</b>	<b>58,817</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,578</b>	<b>63,396</b>
Weighted average interest rate	3.55%	5.34%				
<b>FINANCIAL LIABILITIES</b>						
Bank overdraft	248	-	-	-	-	248
Trade and other payables	-	-	-	-	10,219	10,219
Secured loans	-	4,525	20,836	9,642	-	35,003
Unsecured loans	-	-	-	-	1,030	1,030
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>248</b>	<b>4,525</b>	<b>20,836</b>	<b>9,642</b>	<b>11,249</b>	<b>46,500</b>
Weighted average interest rate	8.35%	7.00%	7.01%	7.41%		
<b>NET FINANCIAL ASSETS (LIABILITIES)</b>	<b>58,569</b>	<b>(4,525)</b>	<b>(20,836)</b>	<b>(9,642)</b>	<b>(6,671)</b>	<b>16,896</b>
<b>2009</b>						
<b>FINANCIAL ASSETS</b>						
Cash and cash equivalents	3,054	936	-	-	56	4,046
Other financial assets	49,088	-	-	-	-	49,088
Trade and other receivables	-	-	-	-	6,757	6,757
<b>TOTAL FINANCIAL ASSETS</b>	<b>52,142</b>	<b>936</b>	<b>-</b>	<b>-</b>	<b>6,813</b>	<b>59,891</b>
Weighted average interest rate	4.61%	5.46%				
<b>FINANCIAL LIABILITIES</b>						
Bank overdraft	2	-	-	-	-	2
Trade and other payables	-	-	-	-	12,512	12,512
Secured loans	-	2,155	10,323	12,716	-	25,194
Unsecured loans	-	-	-	-	1,030	1,030
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>2</b>	<b>2,155</b>	<b>10,323</b>	<b>12,716</b>	<b>13,542</b>	<b>38,738</b>
Weighted average interest rate	9.17%	7.16%	7.17%	7.35%		
<b>NET FINANCIAL ASSETS (LIABILITIES)</b>	<b>52,140</b>	<b>(1,219)</b>	<b>(10,323)</b>	<b>(12,716)</b>	<b>(6,729)</b>	<b>21,153</b>

NOTE 35. FINANCIAL INSTRUMENTS (CONTINUED)

**(c) Net Fair Values**

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

Financial Instruments	Total carrying amount as per Balance Sheet		Aggregate net fair value	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
<b>FINANCIAL ASSETS</b>				
Cash at Bank	13,103	3,054	13,103	3,054
Cash on Hand	71	56	71	56
Bank Bills	-	936	-	936
Other Financial Assets	45,714	49,088	45,714	49,088
Other Debtors	4,507	6,757	4,507	6,757
<b>TOTAL FINANCIAL ASSETS</b>	<b>63,395</b>	<b>59,891</b>	<b>63,395</b>	<b>59,891</b>
<b>FINANCIAL LIABILITIES</b>				
Bank Overdraft	248	2	248	2
Trade and Other Creditors	10,219	12,512	10,219	12,512
Secured Loans	35,003	25,194	35,983	25,330
Unsecured Loans	1,030	1,030	1,030	1,030
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>46,500</b>	<b>38,738</b>	<b>47,480</b>	<b>38,874</b>

The carrying value for cash at bank and on hand, other debtors, units in trust, deposits at call, bank bills, cash and overdraft, creditors and unsecured loans approximates the fair value because of their short term to maturity. Long term Other Debtors also approximates net fair value. The net fair value of secured loans at fixed interest rates has been measured by discounting contracted future cash flows by prevailing market interest rates.

**(d) Credit Risk**

The maximum exposure to credit risk at balance date in relation to each class of asset is represented by the carrying amount of these assets as indicated in the Statement of Financial Position.

**(e) Risks and Mitigation**

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

**Market Risk**

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

**Interest Rate Risk**

Interest rate risk refers to the risk that the fair value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that we use. Non derivative interest bearing assets are predominantly short term liquid assets. Council's interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes us to fair value interest rate risk.

Council's loan borrowings are sourced from major Australian banks by a tender or quoting process. Overdrafts are arranged with major

Australian banks. Council manages interest rate risk on our net debt portfolio by:

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

Council manages the interest rate exposure on its net debt portfolio by appropriate budgeting strategies and obtaining approval for borrowings from the Australian Loan Council each year.

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

- conformity with State and Federal regulations and standards,
- adequate safety,
- appropriate liquidity,
- diversification by credit rating, financial institution and investment product,
- monitoring of return on investment,
- benchmarking of returns and comparison with budget.

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

NOTE 35. FINANCIAL INSTRUMENTS (CONTINUED)

**(e) Risks and Mitigation (continued)**

**Credit Risk**

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause us to make a financial loss. Council is exposed to credit risk on all financial assets included in our Statement of Financial Position. To help manage this risk:

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

Trade and other receivables consist of a large number of customers, spread across the consumer, business and government sectors. Council does not have any significant credit risk exposure to a single customer or groups of customers. Ongoing credit evaluation is performed on the financial condition of our customers and, where appropriate, an allowance for doubtful debts is raised.

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

Movement in Provision for Doubtful Debts	2010 \$'000
Balance at the beginning of the year	2,507
New Provisions recognised during the year	1,103
Amounts already provided for and written off as uncollectable	153
<b>BALANCE AT END OF YEAR</b>	<b>3,457</b>

**Ageing of Trade and Other Receivables**

At balance date other debtors representing financial assets were past due but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of default. The ageing of the Council's Trade and Other Receivables was:

	2010 \$'000	2009 \$'000
Current (not yet due)	3,262	7,607
Past due by up to 90 days	1,493	1,777
Past due between 91 and 180 days	108	50
Past due between 181 and 365 days	2	27
Past due by more than 1 year	-	-
<b>TOTAL TRADE AND OTHER RECEIVABLES</b>	<b>4,865</b>	<b>9,462</b>

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

At balance date, other debtors representing financial assets with a nominal value of \$0.4M (2008 \$0.2M) were impaired. The amount of the provision raised against these debtors was \$0.4M (2008 \$0.2M). The individually impaired debtors relate to general and sundry debtors and have been impaired as a result of their doubtful collection. Some of the long outstanding past due amounts are on payment arrangements.

The ageing of Trade and Other Receivables that have been individually determined as impaired at reporting date was:

	2010 \$'000	2009 \$'000
Current (not yet due)	-	-
Past due by up to 90 days	-	-
Past due between 91 and 180 days	54	36
Past due between 181 and 365 days	158	82
Past due by more than 1 year	159	92
<b>TOTAL TRADE AND OTHER RECEIVABLES</b>	<b>371</b>	<b>209</b>

NOTE 35. FINANCIAL INSTRUMENTS (CONTINUED)

**(e) Risks and Mitigation (continued)**

**Liquidity Risk**

Liquidity risk includes the risk that, as a result of our operational liquidity requirements:

- Council will not have sufficient funds to settle a transaction on the date;
- Council will be forced to sell financial assets at a value which is less than what they are worth; or
- Council may be unable to settle or recover financial assets at all.

To help reduce these risks we:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within the 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.

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

**(f) Sensitivity disclosure analysis**

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

- A parallel shift of +1% and -1% in market interest rates (AUD) from year-end rates of approximately 5%.

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

	Carrying Amount \$'000	Interest Rate Risk			
		-1% Result \$'000	Equity \$'000	+1% Result \$'000	Equity \$'000
<b>30 JUNE 2010</b>					
<b>FINANCIAL ASSETS</b>					
Cash and Cash Equivalents	13,174	(132)	(132)	132	132
Other Financial Assets	45,714	(457)	(457)	457	457
Trade and Other Receivables	10,909	(109)	(109)	109	109
<b>FINANCIAL LIABILITIES</b>					
Interest Bearing Loans and Liabilities	36,034	(360)	(360)	360	360
Payables	12,168	(122)	(122)	122	122

<b>30 JUNE 2009</b>					
<b>FINANCIAL ASSETS</b>					
Cash and Cash Equivalents	4,046	(40)	(40)	40	40
Other Financial Assets	49,088	(491)	(491)	491	491
Trade and Other Receivables	12,128	(121)	(121)	121	121
<b>FINANCIAL LIABILITIES</b>					
Interest Bearing Loans and Liabilities	26,224	(262)	(262)	262	262
Payables	14,676	(147)	(147)	147	147

**(g) Fair Value Hierarchy**

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

The different levels have been defined as follows:

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

The Council does not have any financial instruments held at fair value.

NOTE 36. EVENTS OCCURRING AFTER BALANCE DATE

No other matters or circumstances have arisen since the end of the financial period to 30 June 2010 that has significantly affected or may significantly affect the operations of the Council.

NOTE 37. RELATED PARTY TRANSACTIONS

**(i) Responsible Persons**

Names of persons holding the position of a Responsible Person at the Council at any time during 2009-2010 are:

**Councillors Elected 29 November 2008**

- Cr Barbara Abley
- Cr Srechko Kontelj
- Cr David Saunderson (Resigned 25 November 2009)
- Cr Bruce Harwood
- Cr Jan Farrell
- Cr Rod Macdonald
- Cr John Mitchell (Mayor)
- Cr Andrew Katos
- Cr Cameron Granger
- Cr Kylie Fisher
- Cr Andy Richards
- Cr John Doull

**Councillor Elected 6 March 2010**

- Cr Eddy Kontelj (Appointed 6 March 2010)

**Chief Executive Officer**

- Stephen Griffin (Appointed 11 August 2009)

**(ii) Remuneration of Responsible Persons**

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

	2010 No.	2009 No.
\$1 - \$10,000	1	4
\$10,001 - \$20,000	1	-
\$20,001 - \$30,000	8	9
\$30,001 - \$40,000	2	2
\$70,001 - \$80,000	-	1
\$80,001 - \$90,000	1	-
\$290,001 - \$300,000	1	-
\$300,001 - \$310,000	-	1
	<b>14</b>	<b>17</b>

	2010 \$'000	2009 \$'000
Total Remuneration for the reporting year for Responsible Persons included above amounted to:	695	675

NOTE 37. RELATED PARTY TRANSACTIONS (CONTINUED)

(iii)	Income Range:	2010 No.	2009 No.
No Retirement Benefits were paid to Responsible Persons in 2009-2010 (Nil 2008-2009).	\$110,001 - \$120,000	2	5
	\$120,001 - \$130,000	10	7
	\$130,001 - \$140,000	9	15
	\$140,001 - \$150,000	5	2
	\$150,001 - \$160,000	2	1
	\$160,001 - \$170,000	2	-
	\$190,001 - \$200,000	2	4
	\$200,001 - \$210,000	3	-
	\$240,001 - \$250,000	-	1
		<b>35</b>	<b>35</b>

  

	\$'000	\$'000
Total Remuneration for the reporting year for Senior Officers included above, amounted to	5,084	4,370

  

**(vii)**  
Retirement Benefits of \$151,618 were paid to Senior Officers in 2009-2010 (\$156,456 2008-2009).

**(viii)**  
No loans have been made, guaranteed or secured by the Council to a Senior Officer of the Council during the reporting period.

**(ix) Other Transactions**  
The Council has entered into transactions with Responsible Persons, Senior Officers and Related parties within normal customer or employee relationships on terms and conditions no more favourable than those available in similar arm's length transactions. There were no significant transactions with Responsible Persons or Senior Officers.

NOTE 38. REVENUE, EXPENSES AND ASSETS BY FUNCTIONS/ACTIVITIES

	2010 \$'000	2009 \$'000
<b>REVENUE</b>		
Rates	133,056	124,488
Grants Commission	18,107	21,957
Corporate Services	8,869	11,326
City Services	34,914	30,568
Community Services	38,897	38,913
Projects, Recreation and Central Geelong	20,115	15,593
Major Projects	-	4,887
Economic Development, Planning and Tourism	5,580	5,716
<b>TOTAL REVENUE</b>	<b>259,538</b>	<b>253,448</b>
<b>EXPENDITURE</b>		
Corporate Services	37,147	34,161
City Services	95,803	90,709
Community Services	55,363	50,747
Projects, Recreation and Central Geelong	29,895	20,950
Major Projects	-	5,432
Economic Development, Planning and Tourism	10,404	8,245
<b>TOTAL EXPENDITURE</b>	<b>228,612</b>	<b>210,244</b>
<b>NET RESULT</b>	<b>30,926</b>	<b>43,204</b>
<b>ASSETS ATTRIBUTED TO FUNCTIONAL ACTIVITIES</b>		
Corporate Services - Current Assets	70,035	65,245
Corporate Services - Other Assets	117,309	94,904
City Services - Other Assets	1,038,523	976,283
Projects, Recreation and Central Geelong - Other Assets	212,408	141,645
Community Services - Other Assets	178,319	139,700
Major Projects - Other Assets	-	28,136
Economic Development, Planning and Tourism - Other Assets	32,212	22,215
<b>TOTAL ASSETS ATTRIBUTED TO FUNCTIONAL ACTIVITIES</b>	<b>1,648,806</b>	<b>1,468,128</b>
Total assets shown above reconciles with the amounts shown for assets in the Statement of Financial Position as follows:		
Current Assets	70,035	65,245
Non-Current Assets	1,578,771	1,402,883
	<b>1,648,806</b>	<b>1,468,128</b>

**Functions**

The components of functions and activities relating to Council programs are as follows:

**Rates** - General rates, interest on rates, supplementary rates, garbage charges and municipal charges.

**Grants Commission** - General purpose grant untied for any specific purpose.

**Corporate Services** - General administrative operations and Governance including the Chief Executive Division.

**City Services** - Design, Construction, Parks, Works, Botanic Gardens, Plant and Engineering, Environment and Natural Resources.

**Economic Development, Planning and Tourism** - Economic Development, Public Safety, Planning and Building Control, Tourism

**Community Services** - Aged Services, Library Services, Family Services, Community Development Law and Order

**Projects, Recreation and Central Geelong** - Recreation Sport and Leisure Services, Urban Design, Waterfront Management, Central Activities Area and Capital Projects

Note that further description of functions is contained within the review of annual activities for each division in the Annual Report.

## NOTE 39. FINANCIAL RATIOS - PERFORMANCE INDICATORS

	2010		2009		2008	
	\$'000	(%)	\$'000	(%)	\$'000	(%)
<b>(a) Debt servicing ratio</b> (to identify the capacity of Council to service its outstanding debt)						
Debt servicing costs	2,051	= 0.79%	974	= 0.38%	897	= 0.40%
Total revenue	259,538		253,448		226,825	

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

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

**(b) Debt commitment ratio** (to identify Council's debt redemption strategy)

Debt servicing and redemption costs	4,741	= 3.56%	2,155	= 1.73%	5,864	= 5.08%
Rate revenue	133,056		124,488		115,382	

The strategy involves the payment of loan principal and interest.

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

**(c) Revenue ratio** (to identify Council's dependence on non-rate income)

Rate revenue	133,056	= 51.27%	124,488	= 49.12%	115,382	= 50.87%
Total revenue	259,538		253,448		226,825	

The level of Council's reliance on rate revenue is determined by assessing rate revenue as a proportion of the total revenue of Council.

**(d) Debt Exposure Ratio** (to identify Council's exposure to debt)

Total indebtedness	70,189	= 8.46%	57,205	= 8.55%	42,885	= 6.82%
Total realisable assets	830,090		669,365		629,084	

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

Infrastructure assets, restricted assets and investments in associates are excluded from total assets when calculating Council's realisable assets.

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

**(e) Working Capital Ratio** (to assess Council's ability to meet current commitments)

Current assets	70,035	= 178.53%	65,245	= 181.56%	45,772	= 136.36%
Current liabilities	39,228		35,936		33,568	

The ratio expresses the level of current assets the Council has available to meet its current liabilities. Previous years ratios have been amended to reflect Long Service Leave relating to service over 7 years as current rather than the expected annual payments as current.

**(f) Adjusted Working Capital Ratio** (to assess Council's ability to meet current commitments)

Current assets	70,035	= 237.97%	65,245	= 231.74%	45,772	= 174.35%
Current liabilities	29,431		28,154		26,253	

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

Current liabilities have been reduced to reflect the long service leave that is shown as a current liability because Council does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date, but is not likely to fall due within 12 months after the end of the period.

## NOTE 40. CAPITAL EXPENDITURE

Note	2010 \$'000	2009 \$'000
<b>CAPITAL EXPENDITURE AREAS</b>		
Infrastructure Leisure	22,832	30,743
Roads	12,218	9,979
Fleet	4,686	4,747
Buildings	8,966	4,578
Drains	3,303	2,385
Computer Equipment	1,661	1,672
Streetscapes	2,244	1,437
Footpaths	1,565	2,182
Other	4,441	3,682
Kerb and Channel	876	831
Land	1,701	5,446
Waste Collection	470	976
Plant and Equipment	1,262	827
Special Rates and Charges Program	1,628	2,345
<b>TOTAL CAPITAL WORKS</b>	<b>67,853</b>	<b>71,830</b>
<b>Represented by:</b>		
Renewal	(a) 19,034	19,651
Upgrade	(b) 14,894	14,533
New assets	33,925	37,646
<b>TOTAL CAPITAL WORKS</b>	<b>67,853</b>	<b>71,830</b>

**Property, infrastructure, plant and equipment movement**

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

Total capital works	67,853	71,830
Expensed from Work in Progress	20 (1,408)	(427)
Landfill expensed to provision	25 (22)	(55)
Asset revaluation movement	27 133,341	41,750
Depreciation and Other Write Downs	10 (42,589)	(40,800)
Written down value of assets sold	11 (3,833)	(3,465)
Recognition of Infrastructure	21,176	11,416
Capitalised Salaries Expensed	6	-
<b>NET MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT</b>	<b>20 174,524</b>	<b>80,249</b>

**(a) Renewal**

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

**(b) Upgrade**

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

## NOTE 41. PENDING ACCOUNTING STANDARDS

The following Australian Accounting Standards have been issued or amended and are applicable to the Council but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Local Government financial statements
AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project. (AASB 5, 8, 101, 107, 117, 118, 136 and 139)	Some amendments will result in accounting changes for presentation, recognition or measurement purposes, while other amendments will relate to terminology and editorial changes.	Beginning 1 Jan 2010	Terminology and editorial changes. Minor Impact.
AASB 2009-8 Amendments to Australian Accounting Standards - Group Cash-settled Share Based Payment Transactions. (AASB 2)	The amendments clarify the scope of AASB 2.	Beginning 1 Jan 2010	No Impact. AASB 2 does not apply to Local Government; consequently this Standard does not apply.
AASB 2009-9 Amendments to Australian Accounting Standards = Additional Exemptions for First-time Adopters (AASB 1).	Applies to entities adopting Australian Accounting Standards for the first time to ensure entities will not face undue cost or effort in the transition process in particular situations.	Beginning 1 Jan 2010	No impact. Relates only to first time adopters of Australian Accounting Standards.
AASB 2009-10 Amendments to Australian Accounting Standards - Classification of Rights Issues (AASB 132)	The Standards makes amendments to AASB 132, stating that rights issues must now be classed as equity rather than derivative liabilities.	Beginning 1 Feb 2010	No impact. Local Government do not issue rights, warrants and options, consequently the amendment does not impact on the statements.
AASB 9 Financial Instruments	This Standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments; Recognition and Measurement).	Beginning 1 Jan 2013	Detail of impact is still being assessed.
AASB 2009-11 Amendments to Australian Standards arising from AASB 9 (AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12)	This gives effect to consequential changes arising from the issuance of AASB 9.	Beginning 1 Jan 2013	Detail of impact is still being assessed.
AASB 2009-12 Amendments to Australian Accounting Standards (AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 and 1031 and Interpretations 2, 4, 16, 1039 and 1052)	This Standard amends AASB 8 to require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for purposes of certain operating segment disclosures. This Standard also makes numerous editorial amendments to other AASs.	Beginning 1 Jan 2011	AASB 8 does not apply to Local Government therefore no impact expected. Otherwise only editorial changes arising from amendments to other standards, no major impact. Impacts of editorial amendments are not expected to be significant.
AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 (AASB 1)	Consequential amendment to AASB 1 arising from publication of Interpretation 19.	Beginning 1 Jul 2010	Local Governments do not extinguish financial liabilities with equity instruments therefore requirements of Interpretation 17 and related amendments have no impact.
AASB 2009-14 Amendments to Australian Interpretation - Prepayments of a Minimum Funding Requirement (AASB Interpretation 14)	Amendment to Interpretation 14 arising from the issuance of Prepayments of a Minimum Funding Requirement.	Beginning 1 Jan 2011	Expected to have no significant Impact.

## NOTE 42. AUDITORS REMUNERATION

	2010 \$'000	2009 \$'000
Fee to Conduct External Audit - Auditor General	71	70
	<b>71</b>	<b>70</b>

2009-2010 FINANCIAL REPORT  
For the Year Ended 30 June 2010

## CERTIFICATION OF THE FINANCIAL REPORT

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



Principal Accounting Officer  
Michael Kelly CPA  
Dated: 24/8/2010  
Geelong

In our opinion the accompanying financial statements present fairly the financial transactions of the City of Greater Geelong for the year ended 30 June 2010 and the financial position of the Council as at that date.

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

We have been authorised by the Council on 24 August 2010 to certify the financial statements in their final form.



Cr John Mitchell (Mayor)  
Dated: 24/8/2010  
Geelong



Cr Andrew Katos  
Dated: 24/8/2010  
Geelong



Chief Executive Officer  
Stephen Griffin  
Dated: 24/8/2010  
Geelong

## VAGO

Victorian Auditor-General's Office  
INDEPENDENT AUDITOR'S REPORT

## To the Councillor's, Greater Geelong City Council

*The Financial Report and Standard Statements*

The accompanying financial report for the year ended 30 June 2010 of the Greater Geelong City Council which comprises of statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flow, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the Certification of the Financial Report has been audited.

The accompanying standard statements for the year ended 30 June 2010 of the Council which comprises of standard income statement, standard balance sheet, standard cash flow statement, standard statement of capital works, the related notes and the Certification of the Standard Statements have been audited.

*The Councillor's Responsibility for the Financial Report and Standard Statements*

The Councillor's of the Greater Geelong City Council are responsible for the preparation and the fair presentation of:

- the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of the *Local Government Act 1989*
- the standard statements in accordance with the basis of preparation as described in note 1 of the statements and the requirements of the *Local Government Act 1989*.

This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report and standard statements that are free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

*Auditor's Responsibility*

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

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

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*Auditing in the Public Interest*

# VAGO

Victorian Auditor-General's Office  
Independent Auditor's Report (continued)

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

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

This auditor's report relates to the financial report and standard statements published in both the annual report and on the website of the Greater Geelong City Council for the year ended 30 June 2010. The Councillors of the Greater Geelong City Council are responsible for the integrity of the website. I have not been engaged to report on the integrity of the website. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the Greater Geelong City Council website.

### Independence

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

### Auditor's Opinion

In my opinion:

- (a) the financial report presents fairly, in all material respects, the financial position of the Greater Geelong City Council as at 30 June 2010 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Local Government Act 1989*.
- (b) The standard statements present fairly, in all material respects, in accordance with the basis of preparation as described in note 1 to the statements and comply with the requirements of the *Local Government Act 1989*.

MELBOURNE  
27 August 2010

  
D D R Pearson  
Auditor-General

## GLOBAL REPORTING INITIATIVE (GRI) INDEX

The Global Reporting Initiative (GRI) is a network-based organisation that has developed the world's most widely used sustainability reporting framework. This framework sets out the principles and indicators that organisations can use to measure and report their economic, environmental, and social performance. The cornerstone of the framework is the Sustainability Reporting Guidelines.

The City of Greater Geelong addresses the following Sustainability Reporting Guidelines within the 2009-2010 Annual Report:

GRI Indicator and Description	Page No.	GRI Indicator and Description	Page No.
<b>Strategy and Analysis</b>		<b>Environmental Indicators</b>	
1.1 Statement from the CEO	11	EN5 Energy saved due to conservation and efficiency improvements	80-81, 83, 87
<b>Organisational Profile</b>		EN6 Initiatives to provide energy efficient or renewable energy	80-83, 87
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## GLOSSARY

**2009-2010 Annual Business Plan**

The business plan the City will pursue over a 12 month period to achieve the objectives and strategies in the City Plan.

**Asset**

Property owned by the City.

**Best Value**

The review of all services provided by Council to ensure they meet the quality and cost standards and the needs of the community. LGA s208A – s208G.

**Capital Projects**

Projects that result in the creation or improvement of an asset.

**City Plan**

The Council Plan that sets out the objectives and strategies the City will strive to achieve over a four-year period.

**COGG**

City of Greater Geelong

**Councillors**

Elected representatives of Council who serve a four year term.

**EFT**

Equivalent Full-time Employment – 1 EFT is equivalent to one person working 38 hours per week.

**Financial Year**

This document reports on the financial year from 1 July 2009 to 30 June 2010.

**G21 – Geelong Region Alliance**

A regional alliance of municipalities, business and organisations to plan for the future development in the Geelong Region.

**Governance**

Administration of the City's compliance with the LGA.

**Infrastructure**

Long term assets / structures that provide services to the community.

**Internal Audit**

An independent appraisal function which examines and evaluates the City of Greater Geelong's financial, management and internal control systems.

**LGA**

Local Government Act 1989.

**Local Laws**

Those laws under the jurisdiction of the Council and enforced by City Staff and/or Victoria Police.

**Non-capital projects**

A discretionary project that does not result in the creation of an asset.

**Objective**

Key to be achieved. City Plan objectives are over a four year period.

**Ordinary Council Meeting**

Regular scheduled Council Meetings held twice a month.

**Outcome**

A result of actions focused on objectives

**Performance Indicators**

Measures used to monitor the performance of the city in achieving its objectives in the 2008-2012 City Plan.

**Portfolio**

A specific area of responsibility allocated to each Councillor.

**Service Review**

See Best Value.

**Special Council Meeting**

Those Council Meetings held for special purposes and in addition to the twice monthly ordinary Council Meetings.

**Strategic Directions**

The three key areas that council will focus on in the next four years, as outlined in City Plan 2009-2013.

**Strategy**

A plan to implement the long-term objectives of the organisation. See City Plan.

**Targets and Measures**

Target – level of performance to be achieved.

Measure – method of determining if the outcome has been achieved.

**Themes**

Platform for the alignment of objectives and priorities relating to the operational aspects of the City in the City Plan.

**Victorian Local Government Indicators**

Results from the community Satisfaction survey conducted by the Department for Victorian Communities and Local Governments

**Ward**

Defined electoral area to which a representative is elected as Councillor.

**Australasian Reporting Awards**

2003-04 Bronze  
2004-05 Silver  
2005-06 Silver  
2006-07 Silver  
2007-08 Gold  
2008-09 Silver

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The contemporary design and water-wise plantings of the 21st Century Garden in the Geelong Botanic Gardens make this an iconic Geelong location.

*The best place to live*

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