



## AUDIT COMMITTEE MEETING

### AGENDA

6 DECEMBER 2013

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**TABLE OF CONTENTS**

**1 DECLARATION OF OPENING..... 2**

**2 ATTENDANCE ..... 2**

**3 ELECTION OF CHAIRPERSON..... 2**

**4 ELECTION OF DEPUTY CHAIRPERSON..... 2**

**5 CONFIRMATION OF PREVIOUS MINUTES ..... 2**

**6 AC021 REVIEW OF AUDIT COMMITTEE CHARTER..... 3**

**7 AC022 2012/2013 INTERIM AND FINAL AUDIT REPORT FOR THE CITY  
OF GREATER GERALDTON ..... 5**

**8 MEETING CLOSURE ..... 7**

**CITY OF GREATER GERALDTON**  
**AUDIT COMMITTEE MEETING**  
**ON FRIDAY 6 DECEMBER 2013 AT 1.00PM**  
**IN THE COMMITTEE MEETING ROOM – CIVIC CENTRE**

**A G E N D A**

- 1 DECLARATION OF OPENING**
- 2 ATTENDANCE**
  - Present:
  
  - Officers:
  
  - By Invitation:
  
  - Apologies:
  
  - Leave of Absence:
- 3 ELECTION OF CHAIRPERSON**
- 4 ELECTION OF DEPUTY CHAIRPERSON**
- 5 CONFIRMATION OF PREVIOUS MINUTES**

Recommendation: That the minutes of the City of Greater Geraldton Audit Committee meeting held on 8 March 2013, as attached be accepted as a true and correct record of proceedings.
- 6 AC021 REVIEW OF AUDIT COMMITTEE CHARTER**
- 7 AC022 2012/2013 INTERIM AND FINAL AUDIT REPORT FOR THE CITY OF GREATER GERALDTON**
- 8 MEETING CLOSURE**

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**6 AC021 REVIEW OF AUDIT COMMITTEE CHARTER**

AC021	REVIEW OF AUDIT COMMITTEE CHARTER
<b>AGENDA REFERENCE:</b>	D-13-83571
<b>AUTHOR:</b>	K Chua, Manager Accounting Services
<b>EXECUTIVE:</b>	B Davis, Director of Corporate & Commercial Services
<b>DATE OF REPORT:</b>	27 November 2013
<b>FILE REFERENCE:</b>	GO/11/0020
<b>APPLICANT / PROPONENT:</b>	City of Greater Geraldton
<b>ATTACHMENTS:</b>	Yes

**SUMMARY:**

The purpose of this report is for the newly elected Audit Committee members to review the Audit Committee Charter with a view to gaining understanding of the charter. It also provides opportunity for the Committee to identify any desired changes to the Charter, for recommendation to Council, should the Committee wish to do so.

**PROponent:**

The proponent is the City of Greater Geraldton.

**BACKGROUND:**

The Audit Committee Charter approved by Council is attached for the purpose of deliberation and discussion by the newly elected Audit Committee, to ensure that Audit Committee Members have shared understanding of the role of the Committee.

**COMMUNITY CONSULTATION:**

No community consultation has been undertaken.

**COUNCILLOR CONSULTATION:**

There has been no councillor consultation.

**STATUTORY IMPLICATIONS:**

Part 7 Division 1A -1C of the Local Government Act 1995.

There are no statutory implications.

**POLICY IMPLICATIONS:**

There are no policy implications.

**FINANCIAL AND BUDGET IMPLICATIONS:**

There are no financial and budget implications.

**STRATEGIC & REGIONAL OUTCOMES:****Strategic Community Plan Outcomes:**

Goal 5:	Governance
Outcome 5.2:	Planning and Policy
Strategy 5.2.7:	Ensuring efficient and effective delivery of service

**Regional Outcomes:**

There are no specific regional outcomes.

**ECONOMIC, SOCIAL, ENVIRONMENTAL & CULTURAL ISSUES:****Economic:**

There are no economic issues.

**Social:**

There are no social issues.

**Environmental:**

There are now environmental issues.

**Cultural & Heritage:**

There are no cultural or heritage issues.

**RELEVANT PRECEDENTS:**

The Audit Committee has previously reviewed its charter and is able to recommend changes, for consideration by Council.

**DELEGATED AUTHORITY:**

There is no delegated authority.

**VOTING REQUIREMENTS:**

Simple Majority is required.

**OPTIONS:**

The Committee may choose to simply discuss the Charter with the view to enhancing understanding by newly elected Committee Members. The Committee may also choose to discuss and recommend changes to the charter, for consideration by Council. Note that the Committee is able to seek a review of its Charter at a future time.

**CONCLUSION:**

Whether or not the Committee desires amendment to its Charter is a matter for the Audit Committee.

Any changes to the Audit Committee Charter proposed by the Committee will be required to be submitted to Council for approval.



# AUDIT COMMITTEE CHARTER

## **1. Audit Committee Charter**

1.1 The Audit Committee is appointed by Council pursuant to Section 7.1A (1) of the Local Government Act. The main purpose of the Audit Committee is to assist Council in discharging its oversight responsibilities in relation to the following matters:

- Financial reporting process to ensure balance, transparency and integrity of published financial information;
- The effectiveness of the City's internal control and risk management systems;
- The effectiveness of the internal audit function;
- The independent external audit process including assessing the performance of the external auditor;
- The City's process for monitoring compliance with legislation and regulation and policies affecting financial reporting;
- Key policies impacting the effectiveness of the City's governance framework, including the Code of Ethics, Fraud Policy, Whistleblower Policy etc.

1.2 In performing its duties, the Audit Committee will maintain effective working relationships with Council, management and the external and internal auditors. To perform their roles effectively, each Audit Committee member is expected to develop and maintain their skills and knowledge, including their understanding of the Audit Committee's responsibilities and of the City's business, operations and risks.

1.3 The Audit Committee is responsible to Council for its performance.

## **2. Authority**

2.1 The Audit Committee is an independent advisory committee of Council. The Audit Committee does not have executive powers or authority to implement actions in areas over which management has responsibility and does not have any delegated financial responsibility. The Audit Committee does not have any management functions and is therefore independent of management.

2.2 The Committee's role is to report to Council and provide appropriate advice and recommendations on matters relevant to its Charter in order to facilitate decision-making by Council in relation to the discharge of its responsibilities.

## **3. Membership**

3.1 The Audit Committee will comprise five members as follows:

- Four Councillors
- Two external independent persons.

3.2 All members will have equal voting rights on all matters considered by the Audit Committee, unless a member is unable to vote due to a conflict of interest.

- 3.3 The following requirements will apply to members and the appointment thereof:
- 3.3.1 A quorum of any meeting will be at least two Council members and at least one independent member;
  - 3.3.2 Each member shall have the skills and experience appropriate to the City's business;
  - 3.3.3 Each member shall be financially literate and at least one independent member must have accounting or business expertise;
  - 3.3.4 The appointment of independent members shall be made by Council following a public advertisement process. The evaluation of potential members shall be undertaken by the Mayor, a Councillor who is preferably a member of the Audit Committee and the Chief Executive Officer and would take into account the experience of candidates and their likely ability to apply appropriate analytical and strategic management skills to matters which come before the Audit Committee. A recommendation for membership will be put to Council for approval.
  - 3.3.5 External members shall be appointed for a two (2) year term and are eligible to be reappointed after the expiry of their terms. The terms of appointment shall be aligned to the biennial council election cycle.
  - 3.3.6 If the Council proposes to remove a member of the Audit Committee before expiry of the full term of appointment, it must give written notice to the member of its intention to do so and provide that member with the opportunity to be heard at a Council meeting which is open to the public, if that member so requests.
  - 3.3.7 The Chairperson shall be appointed by the Council on the recommendation of the Chief Executive Officer. In the absence of the appointed Chairperson from a meeting, the meeting will appoint an acting Chairperson from the members present.
  - 3.3.8 A quorum shall be a simple majority of the members.
  - 3.3.9 The Chief Executive Officer should attend all meetings, except when the Committee chooses to meet in camera. Other members of Council or Council staff may be invited to attend at the discretion of the Committee to advise and provide information when required.
  - 3.3.10 Representatives of the external auditor should be invited to attend at the discretion of the Committee but must be invited to attend meetings considering the draft annual financial report and results of the external audit.
  - 3.3.11 The City shall provide secretarial and administrative support to the Committee.



#### **4. Conflicts of Interest**

- 4.1 In accordance with Section 5.6 of the Local Government Act as amended (the Act), members of the Audit Committee are required to disclose all conflicts of interest and may not be eligible to vote on a matter or attend a meeting at which the subject of the conflict will be considered, depending on the nature of the conflict. Members of the Audit Committee are expected to be aware of the provisions of the Act with regard to conflicts of interest and disclosure thereof. Failure to comply with the provisions of the Act with regard to conflicts of interest may result in the member's appointment being terminated.

#### **5. Meetings**

- 5.1 Audit Committee members and councillors are entitled to attend meetings. The Audit Committee may invite (or require) such other persons to its meetings, as it deems necessary. It is anticipated that the Chief Executive Officer and the Chief Financial Officer are likely to be invited to all meetings of the Audit Committee.
- 5.2 The external and internal auditors should be invited to make presentations to the Audit Committee as appropriate.
- 5.3 Meetings shall be held not less than four (4) times per annum and timing should be set to ensure that the Audit Committee can properly discharge its responsibilities pursuant to this Charter.
- 5.4 Special meetings may be convened as required. The secretary will convene a meeting at the request of the Chairperson, a member and the external and internal auditors.
- 5.5 The secretary shall circulate the agenda and supporting documentation to members of the Audit Committee one week prior to the meeting.
- 5.6 Members of the Audit Committee are expected to attend every meeting of the Audit Committee.
- 5.7 The Audit Committee will meet at least once annually with the external auditors without management present.

#### **6. Roles and Responsibilities**

##### *Internal Control*

- 6.1 The Audit Committee will evaluate whether management is setting the appropriate 'control culture' by communicating the importance of internal control and management of risk.
- 6.2 The Audit Committee will understand the internal control systems implemented by management for approval of transactions and the recording and processing of financial data.
- 6.3 The Audit Committee will understand the controls and processes implemented by management to ensure that the financial statements derive from the underlying financial systems, comply with relevant standards and requirements, and are subject to appropriate management review.

- 6.4 The Audit Committee will evaluate the overall effectiveness of the internal control and risk management frameworks and consider whether recommendations made by the external and internal auditors have been implemented by management.
- 6.5 The Audit Committee will consider how management is held to account for the security of computer systems and applications, and the contingency plans for processing financial information in the event of a systems failure or to protect against computer fraud or misuse.

#### *Financial Reporting*

- 6.6 The Audit Committee will gain an understanding of the areas of greatest financial risk and how these are being managed.
- 6.7 The Audit Committee will review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on financial reports.
- 6.8 The Audit Committee will meet with management and the external auditors to review the financial statements, the key accounting policies and judgements, and the results of the audit.
- 6.9 The Audit Committee will ensure that significant adjustments, unadjusted differences, disagreements with management and critical accounting policies are discussed with the external auditor.
- 6.10 The Audit Committee will recommend adoption of the annual financial report to Council. Review any significant changes that may arise subsequent to any such recommendation but before the financial report is signed.

#### *Matters Referred to the Audit Committee by Council*

- 6.11 The Audit Committee will address matters referred to the Audit Committee for consideration, including matters referred to it by Council that are within the Audit Committee's terms of reference.

#### *Compliance with Laws and Regulations*

- 6.12 The Audit Committee will review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow up (including disciplinary action) of any fraudulent acts or non-compliance.
- 6.13 The Audit Committee will obtain regular updates from management and Council's legal advisors regarding compliance matters that may have a material impact on Council's financial statements or compliance policies.
- 6.14 The Audit Committee will be satisfied that all regulatory compliance matters, related to Council's business, have been considered in the preparation of the financial statements.

#### *Working with Auditors – External Audit*

- 6.15 The Audit Committee will review on an annual basis the performance of the external auditors.

- 6.16 The Audit Committee will review the external auditor's proposed audit scope and approach each year in light of Council's present circumstances and changes in regulatory and other requirements.
- 6.17 The Audit Committee will discuss with the external auditor any audit problems encountered in the normal course of audit work, including any restriction on audit scope or access to information.
- 6.18 The Audit committee will ensure that significant findings and recommendations made by the external auditor and management's proposed response are received, discussed and appropriately acted upon.
- 6.19 The Audit Committee will discuss with the external auditor the appropriateness of accounting policies applied in the City's financial statements and whether they are considered as aggressive, balanced or conservative.
- 6.20 The Audit Committee will meet separately with the external auditor to discuss any matters that the Audit Committee or auditor believe should be discussed privately. The Committee will ensure that the auditor has access to the Audit Committee's Chairperson when required.

*Working with Auditors – Internal Audit*

- 6.21 The Audit Committee will review the scope of the internal audit plan and the effectiveness of the function, evaluating whether the plan addresses the following issues:
- The effectiveness of internal controls over significant areas of risk, including non-financial management control systems.
  - The effectiveness of internal controls over key processes relating to revenue, expenditure, assets and liabilities.
  - The efficiency and effectiveness of significant City programmes.
  - The compliance with legislation, policies, best practice guidelines and contractual arrangements.
- 6.22 The Audit Committee will review the appropriateness of special internal audit assignments undertaken at the request of Council or the Chief Executive Officer and whether the outcomes of such assignments have been implemented.
- 6.23 The Audit Committee will ensure that significant findings and recommendations made by the internal auditor, and management's proposed responses are received, discussed and appropriately acted upon.
- 6.24 The Audit Committee will meet separately with the internal auditor to discuss any matters that the Audit Committee or the auditor should be discussed privately.
- 6.25 The Audit Committee will monitor the effectiveness of liaison between the external and internal auditors to ensure the City's audit functions as a whole are operating effectively and efficiently with a minimum of duplicated audit effort.

## **7. Access to Expert Advice**

- 7.1 The Audit Committee, through the Chief Executive Officer, and following authorisation by Council, and within the scope of its terms of reference, may seek information or obtain expert advice on matters of concern.

## **8. Reporting**

- 8.1 The Audit Committee shall at every meeting consider and approve minutes and a summary of that meeting. The Audit Committee shall at three monthly intervals forward the summaries of meetings for the previous three months to the next ordinary meeting of the Council. Additionally apart from meeting summaries, where at any Committee meeting a report explaining any specific recommendations, key outcomes or other matters is approved to be submitted to Council, that report shall be forwarded to the next ordinary meeting of the Council.

- 8.2 The Committee shall report annually to the Council summarising the activities of the Committee during the previous financial year.

## **9. Evaluating Performance**

- 9.1 The Audit Committee should evaluate its own performance, both of individual members and collectively, on an annual basis.

## **10. Review of the Audit Committee Charter**

- 10.1 The Audit Committee should review the Audit Committee Charter annually and agree on any changes which are to then be approved at the next ordinary meeting of Council

## **11. Confidentiality**

- 11.1 All Audit Committee members are expected to be aware of their responsibilities with regard to the confidentiality of information about Council's affairs. Failure to comply with the responsibilities with regard to confidentiality may result in the member's appointment being terminated.

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**7 AC022 2012/2013 INTERIM AND FINAL AUDIT REPORT FOR THE CITY OF GREATER GERALDTON**

AC022	2012/2013 INTERIM AND FINAL AUDIT REPORT FOR THE CITY OF GREATER GERALDTON
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<b>AGENDA REFERENCE:</b>	<b>D-13-79949</b>
<b>AUTHOR:</b>	<b>K Chua, Manager Accounting Services</b>
<b>EXECUTIVE:</b>	<b>B Davis, Director of Corporate &amp; Commercial Services</b>
<b>DATE OF REPORT:</b>	<b>27 November 2013</b>
<b>FILE REFERENCE:</b>	<b>GO/11/0020</b>
<b>APPLICANT / PROPONENT:</b>	<b>City of Greater Geraldton</b>
<b>ATTACHMENTS:</b>	<b>Yes</b>

**SUMMARY:**

The purpose of this report is to present to the Audit Committee the interim and final audit reports for the financial period ending 30 June 2013.

**PROPONENT:**

The proponent is the City of Greater Geraldton.

**BACKGROUND:**

The interim audit was conducted by Grant Thornton from the 6 to 8 May 2013 and the final audit process from 1 to 4 October 2013. At the conclusion of these audits, the Auditor issued two reports: -

- An Independent Auditor's Report to the Ratepayers dated 4 November 2013 in relation to the annual financial statements which were presented to and accepted by the Council in its meeting on 26 November 2013.
- A Report to the Audit Committee dated 8 November 2013 on the key findings and analysis.

Attached is the report addressed to the Audit Committee by the Auditor. In this report, the auditor noted three year end observations in 5.1 – Current year issues and four interim audit findings listed in 5.2 – Findings from our interim audit procedures for your consideration and attention.

Attached also is a copy of the audited financial statements for the Audit Committee's information.

**COMMUNITY CONSULTATION:**

No community consultation has been undertaken.

**COUNCILLOR CONSULTATION:**

The Annual Financial Statements together with an unqualified audit report was presented to Council in its sitting on 26<sup>th</sup> November 2013.

**STATUTORY IMPLICATIONS:**

Part 7 Division 3 of the Local Government Act 1995.

**POLICY IMPLICATIONS:**

There are no policy implications.

**FINANCIAL AND BUDGET IMPLICATIONS:**

There are no financial and budget implications.

**STRATEGIC & REGIONAL OUTCOMES:**

**Strategic Community Plan Outcomes:**

Goal 5:	Governance
Outcome 5.2:	Planning and Policy
Strategy 5.2.7:	Ensuring efficient and effective delivery of service

**Regional Outcomes:**

There are no specific regional outcomes.

**ECONOMIC, SOCIAL, ENVIRONMENTAL & CULTURAL ISSUES:**

**Economic:**

There are no economic issues.

**Social:**

There are no social issues.

**Environmental:**

There are now environmental issues.

**Cultural & Heritage:**

There are no cultural or heritage issues.

**RELEVANT PRECEDENTS:**

There are no relevant precedents.

**DELEGATED AUTHORITY:**

There is no delegated authority.

**VOTING REQUIREMENTS:**

Simple Majority is required.

**OPTIONS:**

**Option 1:**

As per the Executive Recommendation in this report.

**Option 2:**

That the Audit Committee by Simple Majority under Section 7.1C of the Local Government Act 1995 RESOLVES to:

1. NOT ENDORSE the adoption of the Interim and Final Audit Report as presented; and
2. MAKES the determination based on the following reasons:
  - a. To be determined.

**Option 3:**

That the Audit Committee by Simple Majority under Section 7.1C of the Local Government Act 1995 RESOLVES to:

1. DEFERS the adoption of the Interim and Final Audit Reports as presented; and
2. MAKES the determination based on the following reasons:
  - a. To be determined.

**CONCLUSION:**

Matters identified in the interim and final audit reports for management attention in relation to improvement of internal controls and accounting processes have been examined and appropriate actions have been identified and undertaken or are in progress to achieve desired improvements.

The auditors provided an unqualified report on the audit of the City's Annual Financial Report for the 2012-13 financial year.

**EXECUTIVE RECOMMENDATION:**

That the Audit Committee by Simple Majority under Section 7.1C of the Local Government Act 1995 RESOLVES to:

- ADOPT the Interim and Final Audit Reports for the financial period ending 30 June 2013; and
- ENDORSE actions taken by staff to resolve corrective action items identified in the audit reports.

**8 MEETING CLOSURE**



# City of Greater Geraldton

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2013



# City of Greater Geraldton

## General Purpose Financial Statements for the year ended 30 June 2013

<b>Contents</b>	<b>Page</b>
<b>1. Statement by Chief Executive Officer</b>	<b>2</b>
<b>2. Primary Financial Statements:</b>	
- Statement of Comprehensive Income (by Nature or Type)	3
- Statement of Comprehensive Income (by Program)	4
- Statement of Financial Position	5
- Statement of Changes in Equity	6
- Statement of Cash Flows	7
- Rate Setting Statement	8
<b>3. Notes to the Financial Statements</b>	<b>9</b>
<b>4. Independent Auditor's Report</b>	<b>69</b>

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### Overview

- (i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for City of Greater Geraldton.
  - (ii) All figures presented in these financial statements are presented in Australian Currency.
  - (iii) These financial statements were authorised for issue by the Council on 26/11/13. Council has the power to amend and reissue the financial statements.
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## City of Greater Geraldton

### General Purpose Financial Statements for the year ended 30 June 2013

*Local Government Act 1995*

*Local Government (Financial Management) Regulations 1996*

### Statement by Chief Executive Officer

The attached financial report of the City of Greater Geraldton being the annual financial report and supporting notes and other information for the financial year ended 30 June 2013 are in my opinion properly drawn up to present fairly the financial position of the City of Greater Geraldton at 30 June 2013 and the results of the operations for the financial year then ended in accordance with the *Australian Accounting Standards* and comply with the provisions of the *Local Government Act 1995* and the regulations under that Act.

Signed on the 4th day of November 2013



Ken Diehm

**CHIEF EXECUTIVE OFFICER**

## City of Greater Geraldton

Statement of Comprehensive Income (by Nature or Type)  
for the year ended 30 June 2013

\$	Notes	2013 Actual	2013 Budget	2012 Actual
<b>Revenue</b>				
Rates	24(a)	36,869,132	37,009,693	28,809,183
Operating Grants, Subsidies & Contributions	30	12,513,236	10,778,519	13,522,734
Fees & Charges	29	15,646,205	15,770,073	15,723,422
Interest Earnings	2(a)	2,135,300	2,027,154	2,126,988
Other Revenue		2,088,611	1,542,482	1,584,230
		<u>69,252,484</u>	<u>67,127,921</u>	<u>61,766,557</u>
<b>Expenses</b>				
Employee Costs		(27,583,386)	(26,499,043)	(24,452,760)
Materials & Contracts		(20,142,610)	(39,702,325)	(18,136,786)
Utilities		(3,347,862)	(2,963,400)	(2,744,839)
Depreciation	2(a)	(17,983,101)	(14,574,109)	(14,774,094)
Interest Expenses	2(a)	(771,606)	(1,275,876)	(674,110)
Insurance		(906,365)	(704,945)	(875,477)
Other Expenditure		(1,228,210)	(2,545,342)	(1,797,612)
		<u>(71,963,140)</u>	<u>(88,265,040)</u>	<u>(63,455,678)</u>
<b>Operating Result from Continuing Operations</b>		<u>(2,710,656)</u>	<u>(21,137,119)</u>	<u>(1,689,121)</u>
Non-Operating Grants, Subsidies & Contributions	30	10,616,950	18,067,082	14,175,038
Fair Value Adjustments at Fair Value through Profit and Loss:				
Financial Assets	2(a)	550,930	-	-
Impairment of Assets	8(b)	(1,229,837)	-	-
Profit on Asset Disposals	21	-	6,594	314,139
Loss on Asset Disposal	21	(112,074)	(40,000)	(947,632)
		<u>9,825,969</u>	<u>18,033,676</u>	<u>13,541,545</u>
<b>Net Result - Surplus (Deficit)</b>		<u>7,115,313</u>	<u>(3,103,443)</u>	<u>11,852,424</u>
<b>Other Comprehensive Income</b>				
Changes on Revaluation of Non-current Assets	13	73,712,471	-	87,048,334
<b>Total Other Comprehensive Income</b>		<u>73,712,471</u>	<u>-</u>	<u>87,048,334</u>
<b>Total Comprehensive Income</b>		<u>80,827,784</u>	<u>(3,103,443)</u>	<u>98,900,758</u>

## City of Greater Geraldton

Statement of Comprehensive Income (by Program)  
for the year ended 30 June 2013

\$	Notes	2013 Actual	2013 Budget	2012 Actual
<b>Revenue</b>				
	2(a)			
Governance		815,849	301,000	659,308
General Purpose Funding		44,805,187	42,491,758	37,672,537
Law, Order, Public Safety		419,434	447,887	414,836
Health		395,900	482,000	647,586
Education & Welfare		1,252,844	1,718,719	1,454,283
Housing		144	10,000	-
Community Amenities		8,145,662	7,745,239	6,606,731
Recreation & Culture		2,377,585	1,928,309	2,248,741
Transport		6,620,597	5,485,000	7,476,346
Economic Services		1,344,648	1,161,175	1,454,889
Other Property & Services		3,074,634	5,356,833	1,647,449
		<u>69,252,484</u>	<u>67,127,920</u>	<u>60,282,706</u>
<b>Expenses</b>				
	2(a)			
Governance		(12,319,599)	(12,125,848)	(10,335,595)
General Purpose Funding		(552,867)	(478,132)	(780,434)
Law, Order, Public Safety		(990,500)	(910,430)	(912,865)
Health		(733,854)	(510,969)	(501,144)
Education & Welfare		(1,795,781)	(2,263,046)	(1,843,786)
Housing		(125,246)	(134,059)	(134,154)
Community Amenities		(5,999,379)	(7,257,656)	(5,042,081)
Recreation & Culture		(11,642,879)	(10,804,723)	(10,783,530)
Transport		(21,394,023)	(18,321,751)	(19,222,480)
Economic Services		(3,648,152)	(3,458,347)	(2,919,327)
Other Property & Services		(13,219,091)	(30,724,203)	(8,822,321)
		<u>(72,421,371)</u>	<u>(86,989,164)</u>	<u>(61,297,717)</u>
<b>Finance Costs</b>				
	2(a)			
Governance		(19,390)	(55,970)	-
Law, Order, Public Safety		-	(76,171)	-
Community Amenities		-	(8,807)	-
Recreation & Culture		(138,841)	(383,957)	(216,283)
Transport		(609,386)	(378,163)	(453,089)
Economic Services		(3,989)	-	(4,738)
Other Property & Services		-	(372,808)	-
		<u>(771,606)</u>	<u>(1,275,876)</u>	<u>(674,110)</u>
<b>Non-Operating Grants, Subsidies, Contributions</b>				
Grants Contributions - Assets Development		10,616,950	18,067,083	14,175,038
	30	<u>10,616,950</u>	<u>18,067,083</u>	<u>14,175,038</u>
<b>Profit/(Loss) on Disposal of Assets</b>				
Profit/(Loss) on Disposal of Assets		(112,074)	(33,406)	(633,493)
	21	<u>(112,074)</u>	<u>(33,406)</u>	<u>(633,493)</u>
<b>Other Income</b>				
Fair Value Adjustments to Financial Assets at Fair Value through Profit & Loss	2(a)	550,930	-	-
		<u>550,930</u>	<u>-</u>	<u>-</u>
<b>Net Result</b>				
Other Comprehensive Income	13	73,712,471	-	87,048,334
<b>Total Comprehensive Income</b>		<u><u>80,827,784</u></u>	<u><u>(3,103,443)</u></u>	<u><u>98,900,758</u></u>

## City of Greater Geraldton

## Statement of Financial Position

as at 30 June 2013

\$	Notes	2013 Actual	2012 Actual
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	3	31,986,803	32,357,553
Investments	4	550,930	-
Trade and Other Receivables	5	5,765,005	3,743,877
Inventories	6	361,364	325,022
<b>Total Current Assets</b>		<b><u>38,664,102</u></b>	<b><u>36,426,452</u></b>
<b>Non-Current Assets</b>			
Investments	4	-	560,196
Trade and Other Receivables	5	876,202	1,636,513
Property, Plant and Equipment	7	157,954,396	152,756,716
Infrastructure	8	432,484,190	352,253,602
<b>Total Non-Current Assets</b>		<b><u>591,314,788</u></b>	<b><u>507,207,027</u></b>
<b>TOTAL ASSETS</b>		<b><u>629,978,890</u></b>	<b><u>543,633,479</u></b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	9	7,383,354	4,524,426
Long Term Borrowings	10	2,812,787	2,709,228
Provisions	11	4,364,332	3,931,797
<b>Total Current Liabilities</b>		<b><u>14,560,473</u></b>	<b><u>11,165,451</u></b>
<b>Non-Current Liabilities</b>			
Long Term Borrowings	10	12,295,401	10,103,017
Provisions	11	229,008	298,786
<b>Total Non-Current Liabilities</b>		<b><u>12,524,409</u></b>	<b><u>10,401,803</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>27,084,882</u></b>	<b><u>21,567,254</u></b>
<b>Net Assets</b>		<b><u>602,894,008</u></b>	<b><u>522,066,225</u></b>
<b>EQUITY</b>			
Retained Surplus		286,545,014	278,306,535
Reserves - Cash/Investment Backed	12	30,635,574	31,758,741
Reserves - Asset Revaluation	13	285,713,420	212,000,949
<b>Total Equity</b>		<b><u>602,894,008</u></b>	<b><u>522,066,225</u></b>

## City of Greater Geraldton

Statement of Changes in Equity  
for the year ended 30 June 2013

\$	Notes	Retained Surplus	Reserves Cash / Investment Backed	Asset Revaluation Reserve	Total Equity
Balance after Restructuring		277,499,698	20,713,154	124,952,615	423,165,467
Changes in Accounting Policy		-	-	-	-
Correction of Errors		-	-	-	-
<b>Restated Balance</b>		<u>277,499,698</u>	<u>20,713,154</u>	<u>124,952,615</u>	<u>423,165,467</u>
Net Result		11,852,424	-	-	11,852,424
Asset Revaluation	13	-	-	87,048,334	87,048,334
Reserve Transfers	12	(11,045,587)	11,045,587	-	-
<b>Balance as at 30 June 2012</b>		<u>278,306,535</u>	<u>31,758,741</u>	<u>212,000,949</u>	<u>522,066,225</u>
Net Result		7,115,313	-	-	7,115,313
Asset Revaluation	13	-	-	73,712,471	73,712,471
Reserve Transfers	12	1,123,167	(1,123,167)	-	-
<b>Balance as at 30 June 2013</b>		<u><u>286,545,014</u></u>	<u><u>30,635,574</u></u>	<u><u>285,713,420</u></u>	<u><u>602,894,008</u></u>

## City of Greater Geraldton

## Statement of Cash Flows

for the year ended 30 June 2013

\$	Notes	2013 Actual	2013 Budget	2012 Actual
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
Rates		36,158,041	37,009,692	28,273,746
Operating Grants, Subsidies and Contributions		12,513,236	10,778,519	13,522,734
Fees and Charges		15,646,205	15,770,073	16,378,860
Interest Earnings		2,135,300	2,027,154	2,126,988
Goods and Services Tax		(192,020)	425,000	430,188
Other Revenue		1,730,906	1,542,482	1,621,322
		<u>67,991,668</u>	<u>67,552,920</u>	<u>62,353,838</u>
<b>Payments:</b>				
Employee Costs		(27,354,951)	(26,499,043)	(23,985,055)
Materials and Contracts		(17,319,852)	(39,702,325)	(15,774,239)
Utilities		(3,347,862)	(2,963,400)	(2,744,839)
Insurance		(906,365)	(704,945)	(875,477)
Interest		(747,640)	(1,275,876)	(678,376)
Goods and Services Tax		-	-	(95,287)
Other Expenditure		(1,118,026)	(2,545,342)	(1,797,611)
		<u>(50,794,696)</u>	<u>(73,690,931)</u>	<u>(45,950,884)</u>
<b>Net Cash provided (or used in) Operating Activities</b>	14(b)	<u>17,196,972</u>	<u>(6,138,011)</u>	<u>16,402,954</u>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
Non-Operating Grants, Subsidies and Contributions	30	10,616,950	18,067,083	14,175,038
Proceeds from Sale of Assets	21	(112,074)	2,226,912	980,363
Proceeds from Council Loans		-	92,789	95,533
<b>Payments:</b>				
Payments for Purchase of Property, Plant & Equipment	20	(30,928,734)	(15,603,401)	(12,872,018)
Payments for Construction of Infrastructure	20	-	(31,654,964)	(9,403,376)
Advances to Community Groups		-	-	(250,000)
Proceeds from Sale of Investments		560,194	-	-
		<u>(19,863,664)</u>	<u>(26,871,581)</u>	<u>(7,274,460)</u>
<b>Net Cash provided (or used in) Investing Activities</b>		<u>(19,863,664)</u>	<u>(26,871,581)</u>	<u>(7,274,460)</u>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
Proceeds from Self Supporting Loans	23(a)	-	66,566	51,849
Proceeds from New Loans	23(b)	5,100,000	29,993,000	6,050,000
<b>Payments:</b>				
Repayment of Debentures	23(a)	(2,804,057)	(3,274,584)	(2,455,904)
		<u>2,295,943</u>	<u>26,784,982</u>	<u>3,645,945</u>
<b>Net Cash provided (or used in) Investing Activities</b>		<u>2,295,943</u>	<u>26,784,982</u>	<u>3,645,945</u>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		(370,750)	(6,224,610)	12,774,439
Cash at the beginning of the year	3	32,357,553	29,048,161	19,583,114
<b>Cash &amp; Cash Equivalents - End of the Year</b>	14(a)	<u>31,986,803</u>	<u>22,823,551</u>	<u>32,357,553</u>

This statement should be read in conjunction with the accompanying notes.

page 7

## City of Greater Geraldton

Rate Setting Statement (by Nature)  
for the year ended 30 June 2013

\$	Notes	2013 Actual	2013 Budget	2012 Actual
<b>Revenue</b>				
Grants, Subsidies & Contributions		23,130,186	28,845,602	27,697,772
Fees & Charges		15,646,205	15,770,073	15,723,422
Specified Area Rates/Ex Gratia		142,317	245,471	-
Interest Earnings		2,135,300	2,027,154	2,126,988
Profit on Disposal of Assets		247,809	6,594	314,139
Other Revenue		2,639,541	1,542,482	1,584,230
		<u>43,941,358</u>	<u>48,437,376</u>	<u>47,446,551</u>
<b>Expenses</b>				
Employee Costs		(27,583,386)	(26,499,043)	(24,452,760)
Materials & Contracts		(20,142,610)	(39,702,325)	(18,136,786)
Utilities		(3,347,862)	(2,963,400)	(2,744,839)
Depreciation		(17,983,101)	(14,574,109)	(14,774,094)
Interest Expenses		(771,606)	(1,275,876)	(674,110)
Insurance		(906,365)	(704,945)	(875,477)
Loss on Disposal of Assets		(359,883)	(40,000)	(947,632)
Other Expenditure		(1,228,210)	(2,545,342)	(1,797,611)
		<u>(72,323,023)</u>	<u>(88,305,040)</u>	<u>(64,403,309)</u>
<b>Net Result Excluding Rates</b>		<u>(28,381,666)</u>	<u>(39,867,664)</u>	<u>(16,956,758)</u>
<b>Adjustment for Cash Budget Requirements:</b>				
<b>Non-Cash Expenditure &amp; Revenue</b>				
(Profit)/Loss on Asset Disposal	21	112,074	33,406	633,493
Movement in Borrowings		103,559	-	-
Movement in Accrued Interest		-	-	(4,267)
Movement in Non-Current Deferred Pensioner Rates		-	-	(23,953)
Movement in Non-Current Employee Benefit Provisions		(69,778)	-	(34,078)
Depreciation on Assets	2(a)	17,983,101	14,574,109	14,774,094
Movement of Non-Current Debtors		(764,899)	-	-
Movement of Non-Current Creditors & Provisions		50,000	-	-
Other Non-Cash (Revenue)/Expenditure		(492,322)	-	62,299
<b>Net Non-Cash Expenditure &amp; Revenue</b>		<u>16,921,735</u>	<u>14,607,515</u>	<u>15,407,588</u>
<b>Capital Expenditure</b>				
Purchase Land and Buildings	20	(6,780,395)	(11,218,926)	(8,872,367)
Purchase Plant and Equipment	20	(2,081,868)	(3,232,225)	(3,436,486)
Purchase Furniture and Equipment	20	(208,379)	(1,152,250)	(457,710)
Purchase of Other PP&E	20	(18,300)	-	-
Infrastructure Assets	20	(22,196,154)	(31,654,964)	(9,553,325)
Self-Supporting Loans Paid Out		-	(70,000)	(250,000)
Repayment of Debentures	23(a)	(2,804,057)	(3,274,584)	(2,455,904)
<b>Net Capital Expenditure</b>		<u>(34,089,153)</u>	<u>(50,602,949)</u>	<u>(25,025,792)</u>
<b>Capital Revenue</b>				
Proceeds from Disposal of Assets	21	1,953,080	2,226,912	980,363
Proceeds from New Debentures	23(b)	5,100,000	29,993,000	6,050,000
Proceeds from Council Loan Principal Income		614,360	92,789	95,533
Self-Supporting Loan Principal Income	23(a)	150,539	66,566	51,849
<b>Net Capital Revenue</b>		<u>7,817,979</u>	<u>32,379,267</u>	<u>7,177,745</u>
<b>Transfers</b>				
Transfers to Reserves (Restricted Assets)	12	(13,296,715)	(9,039,710)	(19,033,872)
Transfers from Reserves (Restricted Assets)	12	14,419,882	16,674,386	9,757,087
<b>Net Transfers</b>		<u>1,123,167</u>	<u>7,634,676</u>	<u>(9,276,785)</u>
Surplus/(Deficit) July 1 B/Fwd	24(b)	(3,820,002)	(72,701)	(370,200)
Surplus/(Deficit) June 30 C/Fwd	24(b)	(3,701,124)	842,365	(235,020)
<b>Amount Raised from General Rates</b>	24(a)	<u>(36,726,815)</u>	<u>(36,764,221)</u>	<u>(28,809,182)</u>



## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2013

### Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Significant Accounting Policies	10
2	Revenues and Expenses	20
3	Cash and Cash Equivalents	33
4	Investments	34
5	Trade and Other Receivables	34
6	Inventories	34
7	Property, Plant and Equipment	35
8	Infrastructure Assets and Land Under Roads	38
9	Trade and Other Payables	41
10	Long Term Borrowings	41
11	Provisions	41
12	Reserves - Cash/Investment Backed	42
13	Reserves - Asset Revaluation	48
14	Notes to the Statement of Cash Flows	49
15	Contingent Liabilities and Contingent Assets	50
16	Capital and Leasing Commitments	50
17	Controlled Entities, Associated Entities & Interests in Joint Ventures	51
18	Trust Funds	51
19	Total Assets by Function and Activity	52
20	Acquisition of Assets	53
21	Disposal of Assets	54
22	Financial Ratios	55
23	Information on Borrowings	56
24	Rating Information	59
25	Specified Area Rate	60
26	Service Charges	61
27	Discounts, Incentives, Concessions and Write-offs	61
28	Interest Charges and Installments	62
29	Fees and Charges	62
30	Grants, Subsidies and Contributions	63
31	Employee Numbers	63
32	Councillor Remuneration	63
33	Employee Costs	64
34	Major Land Transactions	64
35	Trading Undertakings and Major Trading Undertakings	65
36	Financial Risk Management	65

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### (a) Basis of preparation

The financial report is a general purpose financial statement which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), other authoritative pronouncements of the Australian Standards Board, *Local Government Act 1995* and accompanying regulations. The report has also been prepared on the accrual basis under the convention of historical cost accounting modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

##### Critical Accounting Estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of this experience and other factors combine to form the basis of making judgements about carrying values of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

##### (b) The Local Government Reporting Entity

All Funds through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this financial report. In the process of reporting on the local government as a single unit, all transactions and balances between those funds (for example, loans and transfers between Funds) have been eliminated. All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 18 to this financial report.

##### (c) Goods and Services Tax

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables in the Statement of Financial Position are stated inclusive of applicable GST.

##### (d) Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included as short-term borrowings in current liabilities on the Statement of Financial Position.

##### (e) Trade and Other Receivables

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

##### (f) Inventories

##### (i) Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the established selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies (continued)

##### (ii) Land Held for resale/capitalisation of borrowing costs

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed borrowing costs and other holding charges are expensed as incurred. Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

Revenue arising from the sale of property is recognised in the operating statement as at the time of signing a binding contract of sale. Land held for resale is classified as current except where it is held as non-current based on the Council's intentions to release for sale.

##### (g) Fixed Assets

###### Initial Recognition

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed includes the cost of all materials, direct labour and variable and fixed overheads.

###### Revaluation

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on a basis to reflect the already consumed or expired future economic benefits of the asset.

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged against fair

value reserves directly in equity; all other decreases are charged to the statement of comprehensive income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Those assets carried at a revalue amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ significantly from that determined using fair value at reporting date.

###### Land under Roads

In Western Australia, all land under roads is Crown land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads and the fact that *Local Government (Financial Management) Regulation 16(a)(i)* prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 1051, *Local Government (Financial Management) Regulation 4(2)* provides that, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Council.

##### (h) Depreciation of Non-Current Assets

All non-current assets having a limited useful life are separately and systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets. Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies (continued)

All Land and Art purchases are capitalised. The remaining asset classes will be capitalised if the cost exceeds the following thresholds:

Buildings	\$5,000
Plant, Equipment & Tools	\$2,000
Furniture & Equipment	\$2,000

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are:

Land	Infinite
Land (Leasehold Interest)	99 years
Airport - Runway, Apron & Car Park	20 to 40 years
Buildings	35 to 55 years
Furniture & Equipment	7 to 13 years
Plant and Major Equipment	5 to 10 years
Minor Plant	3 to 7 years
Sealed Roads and Streets	20 to 50 years
Bridges	60 to 90 years
Car Parks Sealed	20 to 40 years
Culverts	40 to 60 years
Cycle ways	25 to 45 years
Dams, Reservoirs and Weirs	65 to 85 years
Footpaths - Slab	15 to 35 years
Footpaths - Concrete	25 to 45 years
Foundations	40 to 60 years
Kerb & Channels	40 to 60 years
Street Lights	20 to 30 years
Sewerage Piping	70 to 90 years
Water Reticulation/Irrigation	15 to 25 years

The assets residual value and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is

written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Comprehensive Income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

#### (i) Financial Instruments

##### Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Council becomes a part to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Council commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

##### Classification and Subsequent Measurement

Financial instruments are subsequently measured at amortised cost using the effective interest rate method or cost.

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in a active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- the amount is which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method; and
- less any reduction for impairment.

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies (continued)

The effective interest method used is to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

##### (i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

##### (ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the Statement of Financial Position date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the Statement of Financial Position.

##### (iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

##### (iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the Statement of Financial Position date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

##### (v) Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

##### Impairment

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses recognised in the Statement of Comprehensive Income.

##### (j) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies (continued)

current market interest rate that is available to the Council for similar financial instruments.

##### (k) Provisions

Provisions are recognised when the Council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

##### (l) Leases

Leases of property, plant and equipment where the Council has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the Statement of Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term. Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

##### (m) Impairment

In accordance with Australian Accounting Standards the Council's assets, other than inventories, are tested annually for impairment. Where such an indication exists, an estimate of the recoverable

amount of the asset is made in accordance with *AASB 136 Impairment of Assets* and appropriate adjustments made. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment losses are recognised in the Statement of Comprehensive Income.

For non-cash generating assets of the Council such as roads, drains, public buildings and the like, value in use is represented by the asset's written down replacement cost.

##### (n) Trade and Other Payables

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Municipality prior to the end of the financial year that are unpaid and arise when the Municipality becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

##### (o) Interest-bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid of the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the Statement of Financial Position date. Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies (continued)

asset. Where this is the case, they are capitalised as part of the cost of the particular asset.

##### (p) Employee Benefits

The provisions for employee benefits relates to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

##### **Wages, Salaries, Annual Leave and Long Service Leave (Short-term Benefits)**

The provision for employees' benefits wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the Council has a present obligation to pay resulting from employee's services provided to balance date. The provision has been calculated at nominal amounts based on remuneration rates the Council expects to pay and includes related on-costs.

##### **Long Service Leave (Long-term Benefits)**

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows.

Where Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

##### (q) Superannuation

The Council contributes to a number of Superannuation Funds on behalf of their employees. Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

##### (r) Joint Venture

The municipality's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the relevant items reported in the Statement of Financial Position and Statement of Comprehensive Income. Information about the joint venture is set out in Note 17.

##### (s) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed at Note 2(d). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operation for the current reporting period.

##### (t) Current and Non-Current Classification

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 12 months, being the Council's operation cycle. In the case of liabilities where the Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for resale where it is held as non-current based on the Council's intentions to release for sale.

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies (continued)

##### (u) Rounding Off Figures

All figures shown in this annual financial report, other than a rate in the dollar, are rounded to the nearest dollar.

##### (v) Comparative Figures

Where required, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When the Council applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, a statement of financial position as at the beginning of the earliest period will be disclosed.

##### (w) Budget Comparative Figures

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimate for the relevant item of disclosure.

##### (x) Investment Property

Investment property, principally comprising freehold office buildings, is held for long-term rental yields. Investment property is carried at fair value, representing open-market value determined annually by external users.

##### (y) Non-Current Assets held for sale

Non-current assets are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The exception to this is plant and motor vehicles which are turned over on a regular basis - these are retained in property, plant and equipment.

An impairment loss is recognised for any initial or subsequent write down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell off an asset, but not in excess of any cumulative

impairment less previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognising.

Non-current assets are not depreciated or amortised while they are classified as held-for-sale. Non-current assets classified as held for sale are presented separately from the other assets in the Statement of Financial Position.

##### (z) New Accounting Standards and Interpretations for Application in Future Periods

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2013.

**Council has not adopted any of these standards early.**

Council's assessment of the impact of these new standards and interpretations is set out below.

##### Applicable to Local Government with implications:

***AASB 9 Financial Instruments, associated standards, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures (effective from 1 January 2015)***

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities.

The standard is not applicable until 1 January 2015 but is available for early adoption.

When adopted, the standard will affect in particular Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be



## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies (continued)

recognised directly in profit or loss although there is currently a proposal by the IASB to introduce a Fair value through Other Comprehensive Income category for debt instruments.

There will be no impact on Council's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Council does not have any such liabilities.

The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

***AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)***

AASB 13 explains how to measure fair value and aims to enhance fair value disclosures.

Council has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance.

It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements.

However, application of the new standard will impact the type of information disclosed in the notes to the financial statements.

Council does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

**Applicable to Local Government but no implications for Council;**

***AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 132 & AASB 7] (effective 1 January 2013)***

This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements,

including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard also amends AASB 132 to refer to the additional disclosures added to AASB 7 by this Standard.

The adoption of this standard will not change the reported financial position and performance of the entity, there are no impact on disclosures as there are no offsetting arrangements currently in place.

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132] (effective 1 January 2014).

This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

The adoption of this standard will not change the reported financial position and performance of the entity, there are no impact on disclosures as there are no offsetting arrangements currently in place.

**Applicable to Local Government but not relevant to Council at this stage;**

***AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2013)***

This suite of five new and amended standards address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities.

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies (continued)

The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities.

It focuses on the need to have both power and rights or exposure to variable returns.

Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both.

Control exists when the investor can use its power to affect the amount of its returns.

There is also new guidance on participating and protective rights and on agent/principal relationships. Council does not expect the new standard to have a significant impact on its composition.

AASB 11 introduces a principles based approach to accounting for joint arrangements.

The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement.

Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture.

Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted.

Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard.

AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

Council's investment in the joint venture partnership will be classified as a joint venture under the new rules.

As Council already applies the equity method in accounting for this investment, AASB 11 will not have any impact on the amounts recognised in its financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128.

Application of this standard by Council will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to Council's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa.

The amendments also introduce a "partial disposal" concept.

Council is still assessing the impact of these amendments.

Council does not expect to adopt the new standards before their operative date.

They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

***Revised AASB 119 Employee Benefits, AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements (effective 1 January 2013)***

This revised standard on accounting for employee benefits requires the recognition of all re-measurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset.

This replaces the expected return on plan assets that is currently included in profit or loss.

The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits.

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies (continued)

The amendments will have to be implemented retrospectively.

Council does not recognise defined benefit assets and liabilities for the reasons set out in paragraph above) and so these changes will not have an impact on its reported results.

#### (aa) Disclaimer

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

#### Not applicable to Local Government per se;

***AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle (effective 1 January 2013)***

AASB 1 - this standard clarifies that an entity can apply AASB 1 more than once. An entity can elect to apply AASB 123 from the transition date or an earlier date.

AASB 101 - clarifies that a third statement of financial position is required when the opening statement of financial position is materially affected by any adjustments.

AASB 116 - clarifies the classification of servicing equipment.

AASB 132 and Interpretation 2 - clarifies that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with AASB 112 Income Taxes

AASB 134 - provides clarification about segment reporting.

The amendments arising from this standard are not expected to change the reported financial position or performance of the Council.

**There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.**

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2013

## Note 2. Operating Revenues and Expenses

\$	Notes	2013 Actual	2013 Budget	2012 Actual
<b>(a) Net Result</b>				
The Result includes:				
<b>(i) Charging as an Expense:</b>				
<b>Significant Expense/Income</b>				
The significant expense relates to an increase in the Fair Value of the Council's investments	4	(550,930)	-	-
<b>Auditors Remuneration</b>				
- Audit		41,961	-	25,000
- Other Services		-	-	35,545
<b>Bad &amp; Doubtful Debts</b>				
Rates	27(c)	10,000	-	-
General Debtors	27(c)	5,738	-	-
<b>Depreciation</b>				
<i>Property, Plant &amp; Equipment</i>				
- Buildings		2,304,686	2,264,258	2,247,523
- Furniture and Equipment		239,690	178,544	287,551
- Plant and Equipment		2,470,563	1,974,940	2,356,593
<i>Infrastructure</i>				
- Roads		11,786,138	8,439,217	8,701,951
- Recreation		577,965	590,904	581,706
- Car Parks Infrastructure		220,751	247,001	-
- Meru Landfill		84,415	228,323	127,727
- Airport		294,177	650,922	293,986
- Effluent Scheme		4,716	-	-
- Other		-	-	177,057
		<u>17,983,101</u>	<u>14,574,109</u>	<u>14,774,094</u>
<b>Interest Expenses (Finance Costs)</b>				
Debentures	23(a)	771,606	1,275,876	674,110
		<u>771,606</u>	<u>1,275,876</u>	<u>674,110</u>
<b>Rental Charges</b>				
- Operating Leases		65,263	-	73,565
		<u>65,263</u>	<u>-</u>	<u>73,565</u>
<b>(ii) Crediting as Revenue:</b>				
<b>Interest Earnings</b>				
Investments - Reserve Funds		1,126,470	1,200,000	1,343,769
Investments - Other Funds		673,405	490,154	493,158
Other Interest Revenue	28	335,425	337,000	290,061
		<u>2,135,300</u>	<u>2,027,154</u>	<u>2,126,988</u>

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2013

#### Note 2. Operating Revenues and Expenses (continued)

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\$

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##### (b). Statement of Objectives, Reporting Programs and Nature or Type

City of Greater Geraldton is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

##### **REPORTING PROGRAM DESCRIPTIONS**

Council operations that are disclosed encompass the following service orientated activities/programs:

##### **GOVERNANCE**

Objective: To provide a decision making process for the efficient allocation of scarce resources.

Activities: Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.

##### **GENERAL PURPOSE FUNDING**

Objective: To collect revenue to allow for the provision of services.

Activities: Rates, general purpose government grants, and interest revenue.

##### **LAW, ORDER, PUBLIC SAFETY**

Objective: To provide services to help ensure a safer and environmentally conscious community.

Activities: Supervision and enforcement of various local laws relating to fire prevention, animal control and protection of the environment and other aspects of public safety including emergency services.

##### **HEALTH**

Objective: To provide services to achieve community and environmental health

Activities: Maternal and infant health facilities, immunisation, meat inspection services, inspection of food outlets, noise control and pest control services.

##### **EDUCATION AND WELFARE**

Objective: To provide services to children, youth, the elderly and disadvantaged persons

Activities: Pre-school and other education services, child minding facilities, playgroups, senior citizens' centres, meals on wheels and home care services.

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2013

#### Note 2. Operating Revenues and Expenses (continued)

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\$

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##### (b). Statement of Objectives, Reporting Programs and Nature or Type (continued)

###### **HOUSING**

Objective: To provide and maintain staff housing and elderly residents' housing.

Activities: Provision and maintenance of staff housing and elderly residents' housing.

###### **COMMUNITY AMENITIES**

Objective: To provide services required by the community.

Activities: Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemeteries and public conveniences.

###### **RECREATION AND CULTURE**

Objective: To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.

Activities: Maintenance of public halls, civic centre, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.

###### **TRANSPORT**

Objective: To provide safe, effective and efficient transport services to the community.

Activities: Construction (if not capitalised) and maintenance of roads, streets, footpaths, depots, cycleways, parking facilities and traffic control. Aerodromes and water transport facilities, cleaning of streets and maintenance of street trees, street lighting etc.

###### **ECONOMIC SERVICES**

Objective: To help promote the shire and its economic wellbeing.

Activities: Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and standpipes. Building control.

###### **OTHER PROPERTY & SERVICES**

Objective: To monitor and control council's overheads operating accounts.

Activities: Private works operation, plant repair and operation costs and engineering operation costs.

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2013

#### Note 2. Operating Revenues and Expenses (continued)

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\$

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##### (c) Nature or Type Classifications

City of Greater Geraldton is required by the Australian Accounting Standards to disclose revenue and expenditure according to its nature or type classification. The following nature or function descriptions are also required by State Government regulations.

##### **REVENUE**

###### **Rates**

All rates levied under the Local Government Act 1995. Includes general, differential, specific area rates, minimum rates, interim rates, back rates, ex-gratia rates, less discounts offered. Excludes administration fees, interest on instalments, interest on arrears, service charges and waste and sewerage rates.

###### **Operating Grants, Subsidies and Contributions**

Refer to all amounts received as grants, subsidies and contributions that are not non-operating grants.

###### **Non-Operating Grants, Subsidies and Contributions**

Amounts received specifically for the acquisition, construction of new or the upgrading of non-current assets paid to a local government, irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

###### **Profit on Asset Disposal**

Profit on the disposal of assets including gains on the disposal of long term investments. Losses are disclosed under the expenditure classifications.

###### **Fees and Charges**

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.

###### **Service Charges**

Service charges imposed under Division 6 of Part 6 of the Local Government Act 1995. Regulation 54 of the Local Government (Financial Management) Regulations identifies the charges which can be raised. These are television and radio rebroadcasting, underground electricity, property surveillance and security and water services. Excludes rubbish removal and charges for the provision of waste services.

###### **Interest Earnings**

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

###### **Other Revenue**

Other revenue, which cannot be classified under the above headings, includes dividends, discounts, rebates, etc.

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2013

#### Note 2. Operating Revenues and Expenses (continued)

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\$

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##### (c) Nature or Type Classifications (continued)

#### **EXPENDITURE**

##### **Employee Costs**

All costs associated with the employment of persons such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences, safety expenses, medical examinations, fringe benefits tax etc.

##### **Material and Contracts**

All expenditure on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses, advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, postage and freight etc

##### **Utilities (Gas, Electricity, Water, etc.)**

Expenditures made to respective agencies for the provision of power, gas or water. Excludes expenditure incurred for the re-instatement of road works on behalf of these agencies.

##### **Depreciation on Non-Current Assets**

Depreciation and amortisation expense raised on all classes of assets.

##### **Loss on Asset Disposal**

Loss on the disposal of fixed assets.

##### **Interest Expenses**

Interest and other costs of finance paid, including costs of finance for loan debentures, overdraft accommodation and re-financing expenses.

##### **Insurance**

All insurance other than worker's compensation and health benefit insurance included as a cost of employment.

##### **Other Expenditure**

Statutory fees, taxes, provision of bad debts. Donations and subsidies made to community groups.



# City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2013

### Note 2. Operating Revenues and Expenses (continued)

	Balance from Restructure	Received <sup>2</sup> 2012	Expended <sup>3</sup> 2012	Closing Balance <sup>1</sup> 30/06/2012	Received <sup>2</sup> 2013	Expended <sup>3</sup> 2013	Closing Balance <sup>1</sup> 30/06/2013
\$							
<b>(d). Conditions Over Grants, Subsidies &amp; Contributions</b>							
<b>Grant/Subsidy/Contribution</b>							
Active Smart Project Officer	-	7,092	-	7,092	-	(7,092)	-
Airport Paid Parking	-	-	-	-	618,377	-	618,377
Airport Technology Park	-	-	-	-	1,670,060	(292,460)	1,377,600
Amalgamation	2,251,793	1,372,749	(2,251,793)	1,372,749	-	-	1,372,749
Aqua Equipment	22,000	-	(22,000)	-	-	(1,372,749)	(1,372,749)
Aquarena Renewal Program	-	-	-	-	427,214	-	427,214
Aquarena Special Creche	200,740	-	(200,740)	-	-	-	-
Aquarena Waterwise Grant Scheme	6,804	-	(7,484)	(680)	680	-	-
Art Gallery- Donation to Lindsay Collection	459	-	-	459	1,700	-	2,159
Art Gallery- Community Cultural Development	3,454	-	-	3,454	-	-	3,454
Art Gallery Storage Racks	14,579	-	(14,579)	-	-	-	-
Asset Management Improvement Project	9,112	-	(9,112)	-	-	-	-
Batavia Marina Water Loan	11,077	-	-	11,077	-	-	11,077
Beresford Foreshore (Northern Beaches Seawall)	100,000	-	(100,000)	-	100,000	-	100,000
Big Sky Writers Festival	-	-	-	-	6,364	-	6,364
Black Spot Chapman Railway Crossing	6,503	-	-	6,503	-	-	6,503
Book Week 2011	1,604	-	(1,604)	-	-	-	-
Bridgig Road - Pavement Upgrade	-	-	-	-	60,000	-	60,000
Bright Stars Family Day Care	-	-	-	-	5,000	-	5,000

(continued on next page)

# City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2013

### Note 2. Operating Revenues and Expenses (continued)

\$	Balance from Restructure	Received <sup>2</sup> 2012	Expended <sup>3</sup> 2012	Closing Balance <sup>1</sup> 30/06/2012	Received <sup>2</sup> 2013	Expended <sup>3</sup> 2013	Closing Balance <sup>1</sup> 30/06/2013
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#### (d). Conditions Over Grants, Subsidies & Contributions (continued)

##### Grant/Subsidy/Contribution (continued)

Building Better Regional Cities	-	4,000,000	-	4,000,000	5,547,000	(1,300,000)	8,247,000
Chapman River Corridor Project	-	17,185	-	17,185	-	-	17,185
Civic Accommodation Project (CLGF Direct 2011-12)	-	300,000	-	300,000	-	(300,000)	-
CLGF Regional Funding - Wonthealla Lights	-	-	-	-	229,141	-	229,141
Coast care	3,697	-	-	3,697	-	-	3,697
Community Grants Round 10	-	144,503	-	144,503	77,825	(144,503)	77,825
CCTV Eye on Mullewa	-	25,000	-	25,000	-	-	25,000
CCTV Library Car Park I Breakers Tavern & RSL	25,000	-	(22,874)	2,126	-	(2,126)	-
Depot Relocation	161,280	-	(161,280)	-	-	-	-
Cultural Celebrations	-	-	-	-	9,000	-	9,000
Derna Parade Park (CLGF Direct)	-	365,378	-	365,378	172,000	(365,378)	172,000
Digital Enterprises	-	154,300	-	154,300	50,800	(98,087)	107,013
Digital Hubs	-	158,933	-	158,933	72,974	(154,605)	77,302
Digital Local Government	-	237,694	-	237,694	182,324	(186,594)	233,424
Digital Strategy	-	50,000	-	50,000	-	(18,039)	31,961
DLGRD- Indigenous Scholarship	10,000	-	-	10,000	-	-	10,000
Donor Awareness Fountain	-	50,000	-	50,000	-	(50,000)	-
Downhill Youth Project	-	6,000	-	6,000	-	(6,000)	-
Drainage- 22-24 Crowtherton St	2,591	-	-	2,591	-	-	2,591

(continued on next page)

# City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2013

### Note 2. Operating Revenues and Expenses (continued)

	Balance from Restructure	Received <sup>2</sup> 2012	Expended <sup>3</sup> 2012	Closing Balance <sup>1</sup> 30/06/2012	Received <sup>2</sup> 2013	Expended <sup>3</sup> 2013	Closing Balance <sup>1</sup> 30/06/2013
\$							
(d). Conditions Over Grants, Subsidies & Contributions (continued)							
<b>Grant/Subsidy/Contribution</b> (continued)							
Drainage- 39 Trigg St	682	-	-	682	-	-	682
Drainage- 458 Chapman Rd	600	-	-	600	-	-	600
Drainage- Cathedral/ Lester Ave	1,548	-	-	1,548	-	-	1,548
Drainage- Chapman Road (Retravision)	1,650	-	-	1,650	-	(1,650)	-
Drainage - Harvey Norman	6,200	-	-	6,200	-	-	6,200
Drainage - McAleer Dr Carwash	1,600	-	-	1,600	-	-	1,600
Drainage- L8 Anderson I Beaver (Kalazich)	16,268	-	-	16,268	-	-	16,268
Drainage- L 11,12 Hosken St (Bovell)	825	-	-	825	-	-	825
Drainage- L20 Sanford/Durlacher St	1,700	-	-	1,700	-	(1,700)	-
Drainage- L23 (26) Crowtherston St	1,455	-	-	1,455	-	-	1,455
Drainage- L 100 (2) Nemesis PI	1,650	-	-	1,650	-	-	1,650
Drainage -Waggy's Petrol Station Wonthella	1,800	-	-	1,800	-	-	1,800
Drummon Cove Toilets - External Showers and Access Path	-	-	-	-	15,000	-	15,000
Dual Use Pathwas- Bikewest (Champion Bay)	7,000	-	-	7,000	-	-	7,000
Eadon Clarke Sporting Complex Redevelopment	246,839	348,141	(246,839)	348,141	-	(348,141)	-
Eadon Clarke Sanitation Dump Point	-	-	-	-	50,000	-	50,000
Eastern Breakwater	2,247,000	105,290	-	2,352,290	665,000	-	3,017,290
Ellendale Pool Honesty Box	13,094	-	-	13,094	6,636	-	19,730
Family Day Care- Mainstream Surplus	14,825	-	-	14,825	-	(14,825)	-

(continued on next page)

# City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2013

### Note 2. Operating Revenues and Expenses (continued)

	Balance from Restructure	Received <sup>2</sup> 2012	Expended <sup>3</sup> 2012	Closing Balance <sup>1</sup> 30/06/2012	Received <sup>2</sup> 2013	Expended <sup>3</sup> 2013	Closing Balance <sup>1</sup> 30/06/2013
\$							
<b>(d). Conditions Over Grants, Subsidies &amp; Contributions (continued)</b>							
<b>Grant/Subsidy/Contribution (continued)</b>							
Family Day Care- In Home Care CCB	7,430	-	-	7,430	-	(7,430)	-
Family Day Care- In Home Care Grant	48	-	-	48	-	(48)	-
Finding My Place	1,654	-	(1,654)	-	-	-	-
Fleet Replacement	-	593,000	-	593,000	-	(100,000)	493,000
Flores Rd Intersection (CLGF Direct 2010-11)	-	227,400	(185,640)	41,760	-	(41,760)	-
Flores Rd Intersection (Royalties for Regions)	-	2,815,400	-	2,815,400	-	(2,815,400)	-
Foreshore Art	30,000	-	(30,000)	-	-	-	-
Foreshore Toilets (Northern)	-	64,286	-	64,286	-	(64,286)	-
Fresnal Lens Project	-	15,000	-	15,000	-	-	15,000
Future Work- 42 Brede St Footpath (Lefroy/Watkins)	500	-	-	500	-	(500)	-
Future Work- Bluff Point Estate	4,911	-	-	4,911	-	-	4,911
Future Work- Brand Highway Landscaping	5,000	-	-	5,000	-	-	5,000
Future Work- Kempton St (Landscape Pump Station)	800	-	-	800	-	(800)	-
Future Work- Northcoast (Beaver St Concrete)	150	-	-	150	-	(150)	-
Future Work- Northcoast (Gertrude St Sealing)	650	-	-	650	-	(650)	-
Future Work- Sunset Beach Infill Sewer Program (Reserve 19556)	909	-	-	909	-	(909)	-
Future Work- Truline (Infill Sewer Pavement)	250	-	-	250	-	(250)	-
Geraldton Bicycle User Group	7,500	-	(2,985)	4,515	-	-	4,515
Geraldton City Band	5,000	-	(5,000)	-	-	-	-

(continued on next page)

# City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2013

### Note 2. Operating Revenues and Expenses (continued)

	Balance from Restructure	Received <sup>2</sup> 2012	Expended <sup>3</sup> 2012	Closing Balance <sup>1</sup> 30/06/2012	Received <sup>2</sup> 2013	Expended <sup>3</sup> 2013	Closing Balance <sup>1</sup> 30/06/2013
\$							
(d). Conditions Over Grants, Subsidies & Contributions (continued)							
<b>Grant/Subsidy/Contribution</b> (continued)							
Go Gero Project	-	302,266	-	302,266	-	(302,266)	-
Greater Geraldton Themed Interpreted Walk Trail	8,447	-	-	8,447	-	(8,447)	-
Greys Beach Coastwise 98/99 surplus	5,489	-	-	5,489	-	(5,489)	-
Harmony Dinner Ticket Sales	3,003	-	-	3,003	-	(3,003)	-
HMAS Memorial	10,990	4,558	(6,344)	9,204	-	-	9,204
IT LAN/WAN Equipment	-	-	-	-	85,584	-	85,584
Integrated Strategic Planning	43,299	-	(43,299)	-	-	-	-
Kid sport	-	74,996	-	74,996	-	(46,820)	28,176
Let There Be Light	20,000	-	(17,920)	2,080	-	(2,080)	-
Library Aboriginal History Grant	1,850	-	-	1,850	-	-	1,850
Library Redevelopment	50,000	-	(50,000)	-	-	-	-
Lighthouse Keepers Cottage Restoration	1,362	-	-	1,362	-	-	1,362
Little Athletics	3,015	-	(3,015)	-	-	-	-
Little Athletics - Replace Doors/Frames	-	-	-	-	10,000	-	10,000
Local Planning Strategy and Scheme	-	-	-	-	272,499	-	272,499
Long Term Financial Planning	50,000	-	(21,500)	28,500	-	(28,500)	-
Main Roads (Flores Road)	120,000	870,400	(683,118)	307,282	-	(307,282)	-
Marine Terrace Cycling Enabling Facility	-	-	-	-	45,000	-	45,000
Meet & Greeters	4,910	-	-	4,910	-	-	4,910

(continued on next page)

# City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2013

### Note 2. Operating Revenues and Expenses (continued)

	Balance from Restructure	Received <sup>2</sup> 2012	Expended <sup>3</sup> 2012	Closing Balance <sup>1</sup> 30/06/2012	Received <sup>2</sup> 2013	Expended <sup>3</sup> 2013	Closing Balance <sup>1</sup> 30/06/2013
\$							
<b>(d). Conditions Over Grants, Subsidies &amp; Contributions (continued)</b>							
<b>Grant/Subsidy/Contribution (continued)</b>							
Men of the Trees	-	31,520	-	31,520	-	(31,520)	-
Meru Special Area Use Scheme	-	70,000	-	70,000	-	(51,205)	18,795
Mid West Indigenous Environmental Health Forum	50,000	-	(50,000)	-	-	-	-
Mid West Procurement Officer	15,000	10,000	-	25,000	-	-	25,000
Mid West Sports Federation	5,000	-	-	5,000	-	-	5,000
Midnight Basketball	32,266	-	(17,730)	14,536	7,532	(14,536)	7,532
Moresby Ranges & Chapman River Fencing Project	-	2,000	-	2,000	-	(2,000)	-
Mullewa Community Trust	-	-	-	-	16,754	-	16,754
Mullewa Dept LGRD (Indigenous Business Plan)	30,000	-	-	30,000	-	-	30,000
Mullewa Dept LGRD (Scholarship Grant)	10,000	-	-	10,000	-	-	10,000
Mullewa Ins Partner Funding MW Youth Centre Support Program	20,000	-	-	20,000	-	(20,000)	-
Mullewa MWDC - Men's Shed	3,591	-	-	3,591	-	(3,591)	-
Mullewa Sewerage System (CLGF Direct 2011-12)	-	130,000	-	130,000	-	-	130,000
Mullewa Sewer System - Brookfield Rail	-	-	-	-	49,450	-	49,450
Mullewa Town Revitalisation (CLGF Direct 2011-12)	-	187,926	-	187,926	88,326	(175,819)	100,433
New Depot Design	-	-	-	-	289,078	-	289,078
Olympic Torch Relay	2,821	-	-	2,821	-	-	2,821
Osprey Nesting Site for Point Moore	413	-	-	413	-	-	413
Pathways Construction	70,000	-	-	70,000	-	-	70,000

(continued on next page)

# City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2013

### Note 2. Operating Revenues and Expenses (continued)

	Balance from Restructure	Received <sup>2</sup> 2012	Expended <sup>3</sup> 2012	Closing Balance <sup>1</sup> 30/06/2012	Received <sup>2</sup> 2013	Expended <sup>3</sup> 2013	Closing Balance <sup>1</sup> 30/06/2013
\$							
(d). Conditions Over Grants, Subsidies & Contributions (continued)							
<b>Grant/Subsidy/Contribution</b> (continued)							
Pollinators	-	8,600	-	8,600	-	(8,600)	-
Port Authority Eastern Breakwater	2,693	-	-	2,693	-	(2,693)	-
QEII - Enclose Walkway	-	-	-	-	30,000	-	30,000
QPT - Dance Scholarship	485	-	-	485	-	(485)	-
Randolf Stow Young Writers Awards	3,188	-	(1,888)	1,300	-	(1,300)	-
Roads to Recovery	147,614	-	-	147,614	-	(147,614)	-
Roadwise Safe Routes To Schools - Bike Map	367	-	-	367	-	-	367
Roadwise Safe Routes To Schools- Surplus	689	-	-	689	-	-	689
Recurrent Triennial Grants	-	-	-	-	68,280	-	68,280
Removal of WONS	-	4,348	-	4,348	-	(4,348)	-
Reticulation Works Loan	55,287	-	-	55,287	-	-	55,287
SAA Fundraising	3,402	-	-	3,402	-	-	3,402
Skate Park Retention Fee	2,150	-	-	2,150	-	-	2,150
Street Lighting (Refund from Western Power)	972	-	-	972	-	(972)	-
Sustainable Future City (2029 Beyond Project)	154,039	189,821	(154,039)	189,821	-	(100,000)	89,821
Telecommunications	-	-	-	-	41,734	-	41,734
Transport Model	-	291,580	-	291,580	-	(76,580)	215,000
Travel Smart Maps	-	6,000	-	6,000	-	(6,000)	-
Tea Club	6,149	-	-	6,149	2,065	-	8,214

(continued on next page)

# City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2013

### Note 2. Operating Revenues and Expenses (continued)

	Balance from Restructure	Received <sup>2</sup> 2012	Expended <sup>3</sup> 2012	Closing Balance <sup>1</sup> 30/06/2012	Received <sup>2</sup> 2013	Expended <sup>3</sup> 2013	Closing Balance <sup>1</sup> 30/06/2013
<b>(d). Conditions Over Grants, Subsidies &amp; Contributions (continued)</b>							
<b>Grant/Subsidy/Contribution (continued)</b>							
Town Foreshore Water Park - Treatment System and Water Traps	-	-	-	-	134,000	-	134,000
Town Planning Foreshore Stabilisation	1,789	-	-	1,789	-	(1,789)	-
Towns Football Club Sewer Connection	32,000	-	-	32,000	-	(32,000)	-
Tracking Geraldton Graffiti	17,169	-	-	17,169	-	(17,169)	-
Traffic Management Black Spot	16,033	-	-	16,033	-	-	16,033
Waggrakine Sewer Infrastructure Planning	-	-	-	-	44,000	-	44,000
Walkaway Hall - Electrical Upgrade and Soak Wells	-	-	-	-	12,000	-	12,000
Waste Water Management Plan	31,641	-	(6,920)	24,721	-	(15,509)	9,212
Wonthella Tennis Abultions	-	-	-	-	12,000	-	12,000
You're Welcome WA Access	22,727	-	(22,727)	-	-	-	-
Youth Coordinating Network	-	1,500	-	1,500	-	(1,500)	-
Youth Council	-	15,000	-	15,000	-	(15,000)	-
Youth N Motion	-	4,750	-	4,750	-	(4,750)	-
<b>Total Unspent Grants, Subsidies &amp; Contributions</b>	<b>6,520,081</b>	<b>13,262,616</b>	<b>(4,342,084)</b>	<b>15,440,613</b>	<b>11,175,397</b>	<b>(9,134,999)</b>	<b>17,481,011</b>

#### Notes:

- (1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous period.
- (2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.
- (3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.
- (4) - Grants received but not expected to be fully expended in the next financial year.



## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2013

## Note 3. Cash and Cash Equivalents

\$	Notes	2013 Actual	2012 Actual
Cash - Unrestricted		1,077,317	325,376
Cash - Restricted		30,909,486	32,032,177
<b>Total Cash and Cash Equivalents</b>	14(a)	<b>31,986,803</b>	<b>32,357,553</b>
<b>The following restrictions have been imposed by regulations or other externally imposed requirements:</b>			
Airport Reserve	12	2,568,500	1,700,598
Asset Development (Capital Works Program) Reserve	12	2,857,355	5,257,355
Asset Renewal Fund Reserve	12	272,215	1,857,418
Effluent Scheme Reserve	12	58,019	58,019
Employee Leave Entitlements Reserve	12	291,946	241,946
Family Day Care Reserve	12	8,630	8,630
Meat Inspection Reserve	12	45,964	45,964
Meru Waste Disposal Site Reserve	12	2,685,000	3,153,581
Meru Waste Rehabilitation Reserve	12	420,789	420,789
Mullewa Community Reserve	12	516,641	486,641
Mullewa Reseal Reserve	12	1,691,285	1,491,285
Mullewa Medical Centre Reserve	12	68,006	68,006
Parking Land Reserve	12	381,966	239,649
Plant Replacement Reserve	12	145,695	145,695
Risk Management Reserve	12	457,227	457,227
Rubbish Tip (Flores Rd) Reserve	12	641,844	641,844
Strategic Initiatives Reserve	12	43,480	43,480
Unexpended Capital Works & Restricted Grant Reserve	12	17,481,012	15,440,613
<b>Total Reserves</b>		<b>30,635,574</b>	<b>31,758,740</b>
Other Restricted Cash		824,843	833,633
Restricted Cash represented by Investments		(550,930)	(560,196)
<b>Total Unspent Grants and Loans</b>		<b>273,913</b>	<b>273,437</b>
<b>Total Restricted Cash</b>		<b>30,909,486</b>	<b>32,032,177</b>

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2013

## Note 4. Investments

\$	Notes	2013 Actual	2012 Actual
<b>Financial Assets at Fair Value through Profit and Loss</b>		<b>550,930</b>	<b>560,196</b>
<b>Movements in Financial Assets at Fair Value through Profit and Loss</b>			
<b>At beginning of the year</b>		560,196	-
From Restructure		-	560,196
Revaluation to Statement of Comprehensive Income	2(a)	550,930	-
Disposals		(560,196)	-
<b>Total Investments at year end</b>		<b>550,930</b>	<b>560,196</b>
<b>Classified as:</b>			
Current		550,930	-
Non-Current		-	560,196
<b>Total Investments</b>		<b>550,930</b>	<b>560,196</b>

## Note 5. Trade &amp; Other Receivables

\$	2013 Actual	2012 Actual
<b>Current</b>		
Rates	2,221,548	1,515,044
GST Net Position	192,020	-
Sundry Debtors	3,058,619	1,945,247
Accrued Income	105,882	149,671
Prepayments	204,699	135,940
Provision for Doubtful Debts	(17,763)	(2,025)
<b>Total Current Trade &amp; Other Receivables</b>	<b>5,765,005</b>	<b>3,743,877</b>
<b>Non-Current</b>		
Rates Outstanding - Pensioners	232,873	228,285
Loans by Council	66,232	680,592
Loans - Clubs/Institutions	577,097	727,636
<b>Total Non-Current Trade &amp; Other Receivables</b>	<b>876,202</b>	<b>1,636,513</b>

## Note 6. Inventories

\$	2013 Actual	2012 Actual
<b>Current</b>		
Fuel and Materials	257,871	205,136
Resalable Merchandise	78,027	94,420
Land - Stock on Hand	25,466	25,466
<b>Total Current Inventories</b>	<b>361,364</b>	<b>325,022</b>

## City of Greater Geraldton

Notes to the Financial Statements  
for the year ended 30 June 2013

## Note 7a. Property, Plant and Equipment

\$	Notes	2013 Actual	2012 Actual
Land - Fair Value		58,428,025	58,428,025
Land - Cost (Additions)		624	-
		<u>58,428,649</u>	<u>58,428,025</u>
Buildings - Fair Value		83,459,958	83,750,850
Buildings - Cost (Additions)		6,779,771	-
Less Accumulated Depreciation		<u>(4,543,516)</u>	<u>(2,259,737)</u>
		85,696,213	81,491,113
Furniture and Equipment - Cost		2,686,606	2,479,858
Less Accumulated Depreciation		<u>(1,707,917)</u>	<u>(1,469,858)</u>
		978,689	1,010,000
Plant and Equipment - Fair Value		11,970,309	-
Plant and Equipment - Cost		-	18,228,921
Less Accumulated Depreciation		<u>-</u>	<u>(7,263,579)</u>
		11,970,309	10,965,342
Art Work - Valuation		880,536	862,236
Less Accumulated Amortisation		<u>-</u>	<u>-</u>
		880,536	862,236
<b>Total Property, Plant &amp; Equipment</b>	7(b)	<u><u>157,954,396</u></u>	<u><u>152,756,716</u></u>

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2013

## Note 7b. Property, Plant and Equipment (continued)

\$	Notes	Land	Buildings	Furniture and Equipment	Plant and Equipment	Artwork Equipment	Total
<b>Movements in Carrying Amounts</b>							
Balance as at 1 July 2012		58,428,025	81,491,113	1,010,000	10,965,342	862,236	152,756,716
Additions							
- Renewal		-	6,084,527	26,180	27,269	-	6,137,976
- New		624	695,244	182,199	2,054,598	18,300	2,950,966
Disposals		-	(290,892)	(1,631)	(1,548,482)	-	(1,841,005)
Reval. - Increments	13	-	-	-	1,480,038	-	1,480,038
Depreciation	2(a)	-	(2,304,686)	(239,690)	(2,470,563)	-	(5,014,939)
Other Movements <sup>(e)</sup>		-	-	-	481,322	-	481,322
Depreciation Eliminated on Disposal		-	20,907	1,631	980,785	-	1,003,323
<b>Property, Plant &amp; Equipment at 30 June 2013</b>		<u><u>58,428,649</u></u>	<u><u>85,696,213</u></u>	<u><u>978,689</u></u>	<u><u>11,970,309</u></u>	<u><u>880,536</u></u>	<u><u>157,954,396</u></u>

\$	Notes	Land and Buildings	Furniture and Equipment	Plant and Equipment	Artwork Equipment	Total
<b>Movements in Carrying Amounts 2011-2012</b>						
Balance as a result of Restructuring		121,211,070	862,878	11,368,964	839,198	134,282,110
Transfer between assets		1,006,218	-	(1,006,218)	-	-
Additions		8,977,821	434,673	3,436,486	23,038	12,872,018
Disposals		(270,455)	-	(477,296)	-	(747,751)
Reval. - Increments	13	11,242,006	-	-	-	11,242,006
Depreciation	2(a)	(2,247,523)	(287,551)	(2,356,593)	-	(4,891,667)
<b>Property, Plant &amp; Equipment at 30 June 2012</b>		<u><u>139,919,137</u></u>	<u><u>1,010,000</u></u>	<u><u>10,965,343</u></u>	<u><u>862,236</u></u>	<u><u>152,756,716</u></u>

## City of Greater Geraldton

### Notes to the Financial Statements for the year ended 30 June 2013

#### Note 7b. Property, Plant and Equipment (continued)

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- a) AVP valuers have completed a fair valuation report, based on site inspections of the land, buildings & improvement assets from September to November 2011 by a team of registered valuers.
- b) A valuation at fair value of plant and equipment has been completed 30/06/2013 by the City's Fleet Manager.
- c) In determining "Fair Value", if the subject property forms part of a specialised property, the accepted method for the valuation of specialised assets where there is no market sales evidence available, is the "Depreciated Replacement Cost" (DRC) approach.
- d) All property, plant and equipment asset classes are carried at fair value and subject to a revaluation only every 3 years as well as an annual assessment as to whether there is any indication an asset may have been impaired in accordance with AASB 136 "Impairment of Assets".
- e) The other movements of \$ 481,322 relates to adjustments made to the Council's fixed asset register as a result of procedures carried out during the revaluation process.

## City of Greater Geraldton

Notes to the Financial Statements  
for the year ended 30 June 2013

## Note 8a. Infrastructure

\$	Notes	2013 Actual	2012 Actual
Roads - Fair Value		329,836,259	447,435,598
Roads (other) - Cost		81,063,064	5,677,129
Less Accumulated Depreciation		<u>(25,458,277)</u>	<u>(141,600,023)</u>
		385,441,046	311,512,704
Recreation - Management Valuation		30,812,497	26,936,301
Recreation - Cost		5,217,835	3,876,196
Less Accumulated Depreciation		<u>(8,830,580)</u>	<u>(8,252,615)</u>
		27,199,752	22,559,882
Car Parks - Management Valuation		5,589,994	5,589,994
Car Parks - Cost		329,617	-
Less Accumulated Depreciation		<u>(2,818,847)</u>	<u>(2,598,096)</u>
		3,100,764	2,991,898
Meru Landfill - Management Valuation		3,727,922	3,297,454
Meru Landfill - Cost		-	-
Less Accumulated Amortisation		<u>(2,533,496)</u>	<u>(1,752,267)</u>
		1,194,426	1,545,187
Airport - Fair Value		13,811,385	13,811,129
Airport - Cost		2,139,513	-
Less Accumulated Amortisation		<u>(588,560)</u>	<u>(294,177)</u>
		15,362,338	13,516,952
Effluent Scheme - Cost		244,982	181,381
Less Accumulated Amortisation		<u>(59,118)</u>	<u>(54,402)</u>
		185,864	126,979
Joint Venture Assets - Management Valuation		-	170,741
Less Accumulated Amortisation		<u>-</u>	<u>(170,741)</u>
		-	-
<b>Total Infrastructure</b>	8(b)	<u><u>432,484,190</u></u>	<u><u>352,253,602</u></u>

# City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2013

### Note 8b. Infrastructure (continued)

		Roads	Recreation	Car Parks Infrastructure	Meru Landfill	Airport	Effluent Scheme	Total
\$	Notes							
<b>Movements in Carrying Amounts</b>								
Balance as at 1 July 2012		311,512,704	22,559,882	2,991,898	1,545,187	13,516,952	126,979	352,253,602
Additions								
- Renewal		7,949,366	2,944,946	329,617	360,958	1,207,541	63,601	12,856,029
- New		6,135,264	2,272,889	-	-	931,972	-	9,340,125
Revaluation - Increments	13	71,629,850	835,202	-	-	50	-	72,465,102
Revaluation - (Decrements)	13	-	-	-	(232,669)	-	-	(232,669)
Impairment - (Losses)		-	(835,202)	-	(394,635)	-	-	(1,229,837)
Depreciation (Expense)	2(a)	(11,786,138)	(577,965)	(220,751)	(84,415)	(294,177)	(4,716)	(12,968,162)
<b>Infrastructure at 30 June 2013</b>		<b>385,441,046</b>	<b>27,199,752</b>	<b>3,100,764</b>	<b>1,194,426</b>	<b>15,362,338</b>	<b>185,864</b>	<b>432,484,190</b>

# City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2013

### Note 8b. Infrastructure (continued)

	Roads	Recreation	Car Parks Infrastructure	Meru Landfill	Airport	Effluent Scheme	Total	
\$								
	Notes							
<b>Movements in Carrying Amounts 2011-2012</b>								
Balance as a result of Restructuring		243,450,458	21,519,040	2,408,522	1,583,259	7,833,351	131,695	276,926,325
Additions		5,092,549	3,802,325	56,504	279,007	172,991	-	9,403,376
Revaluation - Increments		71,671,648	(2,179,777)	699,213	(189,352)	5,804,596	-	75,806,328
Depreciation (Expense)	2(a)	(8,701,951)	(581,706)	(172,341)	(127,727)	(293,986)	(4,716)	(9,882,427)
<b>Infrastructure at 30 June 2013</b>		<b><u>311,512,704</u></b>	<b><u>22,559,882</u></b>	<b><u>2,991,898</u></b>	<b><u>1,545,187</u></b>	<b><u>13,516,952</u></b>	<b><u>126,979</u></b>	<b><u>352,253,602</u></b>

a) Opus International Consultants have completed a fair valuation report of Roads Infrastructure assets on the 30th of June 2013. The report has been compiled by their qualified staff (M.Sc, HNC Civil Engineering) with 10-20 years of experience in local government and state agencies. Opus has given an overall confidence grade of B-C ( $\pm 25\%$ ) to the results of the road asset revaluation.

b) AVP valuers have completed a fair valuation report of Airport Infrastructure on the 1st of November 2011.

c) In determining "Fair Value", if the subject property forms part of a specialised property, the accepted method for the valuation of specialised assets where there is no market sales evidence available, is the "Depreciated Replacement Cost" (DRC) approach.



## City of Greater Geraldton

Notes to the Financial Statements  
for the year ended 30 June 2013

## Note 9. Trade and Other Payables

\$	2013 Actual	2012 Actual
<b>Current</b>		
Sundry Creditors	6,655,834	3,796,735
Accrued Interest on Debentures	107,291	83,324
Accrued Salaries and Wages	620,229	578,343
GST Payable	-	66,024
<b>Total Current Trade and Other Payables</b>	<u><u>7,383,354</u></u>	<u><u>4,524,426</u></u>

## Note 10. Long-Term Borrowings

\$	Notes	2013 Actual	2012 Actual
<b>Current</b>			
Secured by Floating Charge - Debentures	23(a)	2,812,787	2,709,228
<b>Total Current Long-Term Borrowings</b>		<u><u>2,812,787</u></u>	<u><u>2,709,228</u></u>
<b>Non-Current</b>			
Secured by Floating Charge - Debentures	23(a)	12,295,401	10,103,017
<b>Total Non-Current Long-Term Borrowings</b>		<u><u>12,295,401</u></u>	<u><u>10,103,017</u></u>

Additional detail on borrowings is provided in Note 23.

## Note 11. Provisions

\$	2013 Actual	2012 Actual
<b>Current</b>		
Annual Leave	2,286,642	2,123,929
Long Service Leave	1,575,595	1,481,982
Sick Leave	384,116	245,768
Accrued RDO's	117,979	80,118
<b>Total Current Provisions</b>	<u><u>4,364,332</u></u>	<u><u>3,931,797</u></u>
<b>Non-Current</b>		
Long Service Leave	229,008	298,786
<b>Total Non-Current Provisions</b>	<u><u>229,008</u></u>	<u><u>298,786</u></u>

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2013

## Note 12. Reserves - Cash/Investment Backed

\$	2013 Actual	2013 Budget	2012 Actual
<b>(a). Airport Reserve</b>			
Opening Balance	1,700,598	1,741,438	1,295,410
Amount Set Aside / Transfer to Reserve	867,902	1,000,000	1,000,000
Amount Used / Transfer from Reserve	-	(1,925,000)	(594,812)
	<u>2,568,500</u>	<u>816,438</u>	<u>1,700,598</u>
<b>(b). Asset Development (Capital Works Program) Reserve</b>			
Opening Balance	5,257,355	4,921,413	4,523,938
Amount Set Aside / Transfer to Reserve	297,229	1,969,565	2,079,745
Amount Used / Transfer from Reserve	(2,697,229)	(5,687,002)	(1,346,328)
	<u>2,857,355</u>	<u>1,203,976</u>	<u>5,257,355</u>
<b>(c). Asset Renewal Fund Reserve</b>			
Opening Balance	1,857,418	1,887,105	2,618,906
Amount Set Aside / Transfer to Reserve	534,550	2,472,920	1,721,716
Amount Used / Transfer from Reserve	(2,119,753)	(3,710,159)	(2,483,204)
	<u>272,215</u>	<u>649,866</u>	<u>1,857,418</u>
<b>(d). Effluent Scheme Reserve</b>			
Opening Balance	58,019	58,019	58,019
Amount Set Aside / Transfer to Reserve	-	25,000	-
Amount Used / Transfer from Reserve	-	(50,000)	-
	<u>58,019</u>	<u>33,019</u>	<u>58,019</u>
<b>(e). Employee Leave Entitlements Reserve</b>			
Opening Balance	241,946	376,946	491,946
Amount Set Aside / Transfer to Reserve	50,000	50,000	-
Amount Used / Transfer from Reserve	-	-	(250,000)
	<u>291,946</u>	<u>426,946</u>	<u>241,946</u>
<b>(f). Family Day Care Reserve</b>			
Opening Balance	8,630	8,630	8,630
Amount Set Aside / Transfer to Reserve	-	-	-
Amount Used / Transfer from Reserve	-	-	-
	<u>8,630</u>	<u>8,630</u>	<u>8,630</u>
<b>(g). Meat Inspection Reserve</b>			
Opening Balance	45,964	45,964	45,964
Amount Set Aside / Transfer to Reserve	-	-	-
Amount Used / Transfer from Reserve	-	-	-
	<u>45,964</u>	<u>45,964</u>	<u>45,964</u>

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2013

## Note 12. Reserves - Cash/Investment Backed (continued)

\$	2013 Actual	2013 Budget	2012 Actual
<b>(h). Meru Waste Disposal Site Reserve</b>			
Opening Balance	3,153,581	3,053,581	2,899,852
Amount Set Aside / Transfer to Reserve	-	500,000	272,705
Amount Used / Transfer from Reserve	(468,581)	(2,850,000)	(18,976)
	<u>2,685,000</u>	<u>703,581</u>	<u>3,153,581</u>
<b>(i). Meru Waste Rehabilitation Reserve</b>			
Opening Balance	420,789	420,789	193,494
Amount Set Aside / Transfer to Reserve	-	250,000	227,295
	<u>420,789</u>	<u>670,789</u>	<u>420,789</u>
<b>(j). Mullewa Community Reserve</b>			
Opening Balance	486,641	385,792	-
Amount Set Aside / Transfer to Reserve	30,000	100,000	577,516
Amount Used / Transfer from Reserve	-	(70,000)	(90,875)
	<u>516,641</u>	<u>415,792</u>	<u>486,641</u>
<b>(k). Mullewa Reseal Reserve</b>			
Opening Balance	1,491,285	1,491,288	-
Amount Set Aside / Transfer to Reserve	200,000	200,000	1,491,285
	<u>1,691,285</u>	<u>1,691,288</u>	<u>1,491,285</u>
<b>(l). Mullewa Medical Centre Reserve</b>			
Opening Balance	68,006	55,900	105,900
Amount Used / Transfer from Reserve	-	-	(37,894)
	<u>68,006</u>	<u>55,900</u>	<u>68,006</u>
<b>(m). Parking Land Reserve</b>			
Opening Balance	239,649	410,654	306,650
Amount Set Aside / Transfer to Reserve	142,317	140,000	104,004
Amount Used / Transfer from Reserve	-	-	(171,005)
	<u>381,966</u>	<u>550,654</u>	<u>239,649</u>

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2013

## Note 12. Reserves - Cash/Investment Backed (continued)

\$	2013 Actual	2013 Budget	2012 Actual
<b>(n). Plant Replacement Reserve</b>			
Opening Balance	145,695	194,769	345,695
Amount Set Aside / Transfer to Reserve	-	2,332,225	-
Amount Used / Transfer from Reserve	-	(2,382,225)	(200,000)
	<u>145,695</u>	<u>144,769</u>	<u>145,695</u>
<b>(o). Risk Management Reserve</b>			
Opening Balance	457,227	403,475	503,476
Amount Used / Transfer from Reserve	-	-	(46,249)
	<u>457,227</u>	<u>403,475</u>	<u>457,227</u>
<b>(p). Rubbish Tip (Flores Rd) Reserve</b>			
Opening Balance	641,844	679,105	679,105
Amount Used / Transfer from Reserve	-	-	(37,261)
	<u>641,844</u>	<u>679,105</u>	<u>641,844</u>
<b>(q). Strategic Initiatives Reserve</b>			
Opening Balance	43,480	109,679	179,679
Amount Used / Transfer from Reserve	-	-	(136,199)
	<u>43,480</u>	<u>109,679</u>	<u>43,480</u>
<b>(r). Unexpended Capital Works &amp; Restricted Grant Reserve</b>			
Opening Balance	15,440,613	13,638,571	6,456,489
Amount Set Aside / Transfer to Reserve	11,174,717	-	13,328,408
Amount Used / Transfer from Reserve	(9,134,319)	-	(4,344,284)
	<u>17,481,012</u>	<u>13,638,571</u>	<u>15,440,613</u>
<b>Total Reserves</b>	<u><u>30,635,574</u></u>	<u><u>22,248,442</u></u>	<u><u>31,758,740</u></u>

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2013

## Note 12. Reserves - Cash/Investment Backed (continued)

\$	2013 Actual	2013 Budget	2012 Actual
<b>Summary of Reserve Transfers</b>			
<b>Transfers to Reserves</b>			
Airport Reserve	867,902	1,000,000	1,000,000
Asset Development (Capital Works Program) Reserve	297,229	1,969,565	2,079,745
Asset Renewal Fund Reserve	534,550	2,472,920	1,721,716
Effluent Scheme Reserve	-	25,000	-
Employee Leave Entitlements Reserve	50,000	50,000	-
Meru Waste Disposal Site Reserve	-	500,000	272,705
Meru Waste Rehabilitation Reserve	-	250,000	227,295
Mullewa Community Reserve	30,000	100,000	577,516
Mullewa Reseal Reserve	200,000	200,000	1,491,285
Parking Land Reserve	142,317	140,000	104,004
Plant Replacement Reserve	-	2,332,225	-
Unexpended Capital Works & Restricted Grant Reserve	11,174,717	-	13,328,408
<b>Total Transfers to Reserves</b>	<b>13,296,715</b>	<b>9,039,710</b>	<b>20,802,674</b>
<b>Transfers from Reserves</b>			
Airport Reserve	-	(1,925,000)	(594,812)
Asset Development (Capital Works Program) Reserve	(2,697,229)	(5,687,002)	(1,346,328)
Asset Renewal Fund Reserve	(2,119,753)	(3,710,159)	(2,483,204)
Effluent Scheme Reserve	-	(50,000)	-
Employee Leave Entitlements Reserve	-	-	(250,000)
Meru Waste Disposal Site Reserve	(468,581)	(2,850,000)	(18,976)
Mullewa Community Reserve	-	(70,000)	(90,875)
Mullewa Medical Centre Reserve	-	-	(37,894)
Parking Land Reserve	-	-	(171,005)
Plant Replacement Reserve	-	(2,382,225)	(200,000)
Risk Management Reserve	-	-	(46,249)
Rubbish Tip (Flores Rd) Reserve	-	-	(37,261)
Strategic Initiatives Reserve	-	-	(136,199)
Unexpended Capital Works & Restricted Grant Reserve	(9,134,319)	-	(4,344,284)
<b>Total Transfers from Reserves</b>	<b>(14,419,882)</b>	<b>(16,674,386)</b>	<b>(9,757,087)</b>
<b>Total Net Transfer to/(from) Reserves</b>	<b>(1,123,167)</b>	<b>(7,634,676)</b>	<b>11,045,587</b>

All of the cash backed reserve accounts are supported by money held in financial institutions and match the amounts shown as restricted cash in Note 3 and 4 to this financial report.

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2013

#### Note 12. Reserves - Cash/Investment Backed (continued)

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In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside are as follows:

##### **Airport Reserve**

The purpose of this reserve is to fund any capital works, land acquisitions or replace/purchase equipment at the City of Greater Geraldton.

##### **Asset Development (Capital Works Program) Reserve**

The purpose of this reserve is to provide funding for new infrastructure tied to the capital works program and major projects/initiatives (including land development). Funds to be derived from profit on land sales and any levy apportioned against rates each financial year.

##### **Asset Renewal Fund Reserve**

The purpose of this reserve is to fund infrastructure renewal programs/works.

##### **Effluent Scheme Reserve**

The purpose of this reserve is for the future maintenance of the Liquid Effluent Scheme Network.

##### **Employee Leave Entitlements Reserve**

The purpose of this reserve is for the funding of payments not predicted or provided for in Council's municipal budget. It is also intended to fund large payments to staff that may occur in any one year, principally being long service leave payments but shall include provision for voluntary redundancy payments, accrued non-current annual leave and sick leave entitlements as provided for under the City's Union Collective Agreement.

##### **Family Day Care Reserve**

The purpose of this reserve is to provide for any long service leave liability or other leave entitlements associated with staff from the Family Day Care Centre and to fund any capital replacement costs.

##### **Meat Inspection Reserve**

The purpose of this reserve is to collect surplus funds from the meat inspection service administered by the City of Greater Geraldton which can later be used to offset costs or losses associated with providing the service each year.

##### **Meru Waste Disposal Site Reserve**

The purpose of this reserve is to collect surplus funds for the development of the Meru Waste disposal site (previously administered by Geraldton Greenough Regional Council), purchase or replacement of plant and equipment for the site and for the progressive redevelopment of the landfill site.

##### **Meru Waste Rehabilitation Reserve**

The purpose of this reserve is to provide sufficient funding towards the rehabilitation of this waste site when closed.

##### **Mullewa Community Reserve**

The purpose of this reserve is to provide funding towards any projects or initiatives that support the recreational, social or cultural needs of the Mullewa Community.

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2013

#### Note 12. Reserves - Cash/Investment Backed (continued)

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##### **Mullewa Reseal Reserve**

The purpose of this reserve is to comply with clause 14.2 of the public road access agreement between the former Shire of Mullewa (now the City of Greater Geraldton) and Mount Gibson Mining Ltd.

##### **Mullewa Medical Centre Reserve**

The purpose of this reserve is to fund staffing and administration requirements of the Mullewa Medical Centre.

##### **Olive Street Redevelopment Reserve**

The purpose of this reserve is to retain proceeds from the sale of land associated with the Olive St Development for the purpose of funding debt financing costs and construction/land costs associated with the overall development of the site and the costs associated with the establishment of a new Southern Suburb.

##### **Parking Land Reserve**

The purpose of this reserve is to build up funds that can then be used for the acquisition of land for car parking and provision of parking bays within the City.

##### **Plant Replacement Reserve**

The purpose of this reserve is to build up funds to assist with the purchase/replacement of the City's plant and fleet vehicles in accordance with its plant replacement programme.

##### **Risk Management Reserve**

The purpose of this reserve is to fund prior year's insurance premium contingencies, the self-insured element of insurance claims and risk education initiatives or projects.

##### **Rubbish Tip (Flores Rd) Reserve**

The purpose of this reserve is to provide sufficient funding towards the rehabilitation of this site since its closure.

##### **Strategic Initiatives Reserve**

The purpose of this reserve is to provide funding towards any strategic projects or initiatives so identified by the City and contained within any Strategic document adopted by the City.

##### **Unexpended Capital Works & Restricted Grant Reserve**

The purpose of this reserve is to restrict grant funds received that were unspent in the financial year including any tied contribution from the City plus expended capital works to be carried over to the next financial year.

##### **Other**

All of the reserve accounts are supported by money held in financial institutions and match the amounts shown as restricted cash in this financial report.

In accordance with council resolutions in relation to each reserve account, the purpose for which the funds are set aside are as follows:

Leave Reserve - to be used to fund annual and long service leave requirements

Plant Reserve - to be used for the purchase of major plant

Building Reserve - to be used for the construction of a new administration centre

The Leave and Plant Reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

The Building Reserve is expected to be utilised in 2012/13.

## City of Greater Geraldton

### Notes to the Financial Statements for the year ended 30 June 2013

#### Note 13. Reserves - Asset Revaluation

\$	Notes	2013 Actual	2012 Actual
Asset revaluation reserves have arisen on revaluation of the following classes of assets:			
<b>(a). Buildings</b>			
Opening Balance		75,300,551	64,058,545
Revaluation Increment	7(b)	-	11,242,006
		<u>75,300,551</u>	<u>75,300,551</u>
<b>(b). Plant and Equipment</b>			
Opening Balance		-	-
Revaluation Increment	7(b)	1,480,038	-
		<u>1,480,038</u>	<u>-</u>
<b>(c). Roads</b>			
Opening Balance		127,630,787	55,959,139
Revaluation Increment	8(b)	71,629,850	71,671,648
		<u>199,260,637</u>	<u>127,630,787</u>
<b>(d). Recreation</b>			
Opening Balance		(835,202)	1,344,575
Trf to Income Statement as Impairment	8(b)	835,202	-
Revaluation Decrement	8(b)	-	(2,179,777)
		<u>-</u>	<u>(835,202)</u>
<b>(e). Other Infrastructure</b>			
Opening Balance		2,758,769	2,059,556
Revaluation Increment	8(b)	-	699,213
		<u>2,758,769</u>	<u>2,758,769</u>
<b>(f). Meru Landfill</b>			
Opening Balance		232,669	422,021
Revaluation Decrement	8(b)	(232,669)	(189,352)
		<u>-</u>	<u>232,669</u>
<b>(g). Airport</b>			
Opening Balance		6,467,610	663,014
Revaluation Increment	8(b)	50	5,804,596
		<u>6,467,660</u>	<u>6,467,610</u>
<b>(h). Artwork</b>			
Opening Balance		445,765	445,765
		<u>445,765</u>	<u>445,765</u>
<b>Total Asset Revaluation Reserves</b>		<u>285,713,420</u>	<u>212,000,949</u>



## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2013

## Note 14. Notes to the Statement of Cash flows

\$	Notes	2013 Actual	2013 Budget	2012 Actual
<b>(a). Reconciliation of Cash</b>				
For the purposes of the Statement of Cash Flows, cash includes cash on hand and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:				
Cash and Cash Equivalents	3	<u>31,986,803</u>	<u>22,823,551</u>	<u>32,357,553</u>
<b>(b). Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>				
Net Result		7,115,313	(3,103,443)	11,852,424
Depreciation		17,983,101	14,574,109	14,774,094
Write Down (Up) in Fair Value of Investments		(550,930)	-	-
(Profit)/Loss on Sale of Assets		112,074	(33,406)	633,493
Decrease/(Increase) in Receivables		(1,276,554)	218,145	30,524
Increase/(Decrease) in Provision for Doubtful Debts		15,738	-	-
Decrease/(Increase) in Inventories		(36,342)	(15,223)	18,100
Increase/(Decrease) in Payables & Accruals		2,834,962	(78,364)	(2,362,547)
Increase/(Decrease) in Accrued Interest Payable		23,967	-	-
Increase/(Decrease) in Employee Leave Entitlements		186,549	367,254	269,281
Increase/(Decrease) in Other Provisions		176,208	-	-
Grants/Contributions for the Development of Assets		(10,616,950)	(18,067,083)	(8,812,415)
<b>Net Cash from Operating Activities</b>		<u>15,967,135</u>	<u>(6,138,011)</u>	<u>16,402,954</u>
<b>(c). Undrawn Borrowing Facilities Credit Standby Arrangements</b>				
Group Credit Facility		6,000,000	-	6,000,000
Bank Overdraft Limit		750,000	750,000	750,000
Credit Card Limit		60,000	60,000	60,000
Credit Card Balance at Balance Date		(13,390)	-	(13,102)
<b>Total Amount of Credit Unused</b>		<u>6,796,610</u>	<u>810,000</u>	<u>6,796,898</u>
<b>Loan Facilities</b>				
Loan Facilities - Current	10	2,812,787		2,709,228
Loan Facilities - Non-Current	10	12,295,401		10,103,017
<b>Total Facilities in Use at Balance Date</b>		<u>15,108,188</u>		<u>12,812,245</u>

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2013

#### Note 15. Contingent Liabilities

\$

The following assets and liabilities do not qualify for recognition in the Balance Sheet, but their knowledge and disclosure is considered relevant to the users of Council's Financial Report.

##### LIABILITIES NOT RECOGNISED:

###### (i) Compensation Claim

A compensation claim for alleged unauthorised removal of gravel from and depositing of material on, property has been made against the Council. The amount of claim has not yet been quantified. Council is insured for both damages and legal expenses except the first \$10,000 of any successful claim.

#### Note 16. Capital and Leasing Commitments

\$

	2013	2012
	Actual	Actual

##### (a). Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts.

###### Payable:

- not later than one year	57,769	67,291
- later than one year but not later than five years	7,494	6,274
- later than five years	-	-
<b>Total Operating Lease Commitments</b>	<b>65,263</b>	<b>73,565</b>

##### (b). Capital Expenditure Commitments

###### Contracted for:

- land and buildings	172,517	1,832,767
- capital expenditure projects	887,275	6,692,816
- plant & equipment purchases	99,925	1,178,000
<b>Total Capital Expenditure Commitments</b>	<b>1,159,717</b>	<b>9,703,583</b>

###### Payable:

- not later than one year	1,159,717	-
- later than one year but not later than five years	-	-
- later than five years	-	-
<b>Total Capital Expenditure Commitments</b>	<b>1,159,717</b>	<b>-</b>

The capital expenditure project outstanding at the end of the current reporting period represents the construction of the new recreation centre.

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2013

#### Note 17. Controlled Entities, Associated Entities & Interests in Joint Ventures

\$

Council has no interest in any Controlled Entities, Associated Entities or Joint Ventures.

#### Note 18. Trust Funds

\$	Balance 1-Jul-12	Amounts Received	Amounts Paid	Balance 30-Jun-13
Funds held at balance date over which the Council has no control and which are not included in the financial statements are as follows:				
BCITF	15,735	303,214	(308,692)	10,258
BSL - Building Services Levy (BRB)	14,185	158,233	(167,599)	4,819
Refundable Bonds	223,067	157,473	(85,608)	294,932
Verge/Footpath Bonds	131,705	45,700	(44,440)	132,965
Subdivision & Road Deposits	1,010,861	462,169	(423,422)	1,049,608
Unclaimed Monies	5,314	1,172	-	6,486
Community/Sporting Groups	47,684	-	-	47,684
Roadwise Community Grants	1,645	-	(200)	1,445
Sundry	32,112	15,000	(15,000)	32,112
DUP Contributions - Cape Burney	24,909	840	-	25,749
DUP Contributions - Drummond Cove	351,927	11,870	-	363,797
DUP Contributions - Spalding	30,145	1,017	-	31,162
DUP Contributions - Strathalbyn	120,265	4,057	-	124,322
DUP Contributions - Mt Tarcoola	35,418	1,195	-	36,613
DUP Contributions - Wandina	86,974	2,934	-	89,908
DUP Contributions - Waggrakine	174,804	5,896	-	180,700
DUP Contributions - Webberton	8,343	281	-	8,624
DUP Contributions - Geraldton	5,736	193	-	5,929
POS Cash in Lieu	1,321,229	121,267	-	1,442,496
POS Cash in Lieu - Drummond Cove	71,957	2,427	-	74,384
POS Cash in Lieu - Glenfield	33,800	1,140	-	34,940
POS Cash in Lieu - Webberton	633,120	21,355	-	654,475
POS Cash in Lieu - Strathalbyn	199,503	6,729	-	206,232
POS Cash in Lieu - Utakarra	208,973	7,049	-	216,022
POS Cash in Lieu - Wandina	74,781	2,426	-	77,207
Contributions Received WARCA	-	215,123	-	215,123
20A/152 Reserve 41879	-	42,900	-	42,900
	<b>4,864,192</b>	<b>1,591,661</b>	<b>(1,044,961)</b>	<b>5,410,892</b>

## City of Greater Geraldton

### Notes to the Financial Statements for the year ended 30 June 2013

#### Note 19. Total Assets Classified by Function and Activity

\$	2013 Actual	2012 Actual
Governance	23,746,240	19,430,240
Law, Order, Public Safety	1,077,389	1,037,712
Health	68,006	611,207
Education & Welfare	5,255,780	5,198,275
Housing	1,004,624	958,671
Community Amenities	6,696,203	5,562,066
Recreation & Culture	79,411,775	71,467,573
Transport	380,366,919	360,298,108
Economic Services	93,768	49,300
Other Property & Services	18,888,013	19,453,949
Unallocated	113,370,173	59,566,378
	<b><u>629,978,890</u></b>	<b><u>543,633,479</u></b>

## City of Greater Geraldton

Notes to the Financial Statements  
for the year ended 30 June 2013

## Note 20. Acquisition of Assets

\$	2013 Actual	2012 Actual
<b>By Program</b>		
<b>Governance</b>		
Asset acquisition	2,778,023	1,859,398
<b>Law, Order, Public Safety</b>		
Asset acquisition	39,677	3,408
<b>Health</b>		
Asset acquisition	-	39,953
<b>Education &amp; Welfare</b>		
Asset acquisition	57,505	30,964
<b>Housing</b>		
Asset acquisition	45,953	41,393
<b>Community Amenities</b>		
Asset acquisition	761,820	351,151
<b>Recreation &amp; Culture</b>		
Asset acquisition	7,944,202	9,063,345
<b>Transport</b>		
Asset acquisition	16,595,437	6,582,175
<b>Economic Services</b>		
Asset acquisition	44,468	3,472
<b>Other Property &amp; Services</b>		
Asset acquisition	3,018,011	4,300,135
	<b><u>31,285,096</u></b>	<b><u>22,275,394</u></b>
<b>By Class</b>		
- Land	624	-
- Buildings	6,779,771	8,977,821
- Furniture and Equipment	208,379	434,673
- Plant and Equipment	2,081,868	3,436,486
- Roads	14,084,630	5,092,549
- Recreation	5,217,835	3,802,325
- Car Parks Infrastructure	329,617	56,504
- Meru Landfill	360,958	279,007
- Airport	2,139,513	172,991
- Effluent Scheme	63,601	-
Other	18,300	23,038
	<b><u>31,285,096</u></b>	<b><u>22,275,394</u></b>

## City of Greater Geraldton

Notes to the Financial Statements  
for the year ended 30 June 2013

## Note 21. Disposal of Assets

\$	Net Book Value		Sale Price		Profit (Loss)	
	Actual	Budget	Actual	Budget	Actual	Budget
The following assets were disposed of during the year:						
Buildings	(290,892)	-	(290,892)	-	-	-
Furniture and Equipment	(1,631)	-	(1,631)	-	-	-
Plant and Equipment	(1,548,482)	2,260,318	(1,660,556)	2,226,912	(112,074)	(33,406)
	<u>(1,841,005)</u>	<u>2,260,318</u>	<u>(1,953,080)</u>	<u>2,226,912</u>	<u>(112,074)</u>	<u>(33,406)</u>

\$	2013		2012
	Actual	Budget	Actual
<b>Summary</b>			
Profit on Asset Disposals	-	6,594	314,139
Loss on Asset Disposals	(112,074)	(40,000)	(947,632)
<b>Net (Loss) on Disposal of Assets</b>	<u>(112,074)</u>	<u>(33,406)</u>	<u>(633,493)</u>

# City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2013

### Note 22. Financial Ratios

\$	Amounts 2013	Indicator 2013	Target	Prior Periods 2012    2011	
<i>Liquidity Ratio</i>					
<b>1. Current Ratio</b> <sup>(1)</sup>					
Current Assets less Restricted Current Assets	7,754,616	<b>54.35%</b>	> 100%	40.23%	n/a
Current Liabilities less Liabilities Associated with Restricted Assets	14,268,527				
<i>Debt Ratio</i>					
<b>2. Debt Service Cover Ratio</b> <sup>(2)</sup>					
Operating Surplus before Interest and Depreciation Exp	15,253,070	<b>426.58%</b>	> 200%	419.35%	n/a
Principal and Interest Repayments	3,575,663				
<i>Coverage Ratio</i>					
<b>3. Own Source Revenue Coverage Ratio</b> <sup>(3)</sup>					
Own Source Operating Revenue	56,739,247	<b>77.99%</b>	> 40%	75.40%	n/a
Operating Expense	72,754,122				
<i>Financial Performance Ratio</i>					
<b>4. Operating Surplus Ratio</b> <sup>(4)</sup>					
Operating Revenue less Operating Expense	(2,822,731)	<b>-4.97%</b>	> 1%	-4.78%	n/a
Own Source Operating Revenue	56,739,247				
<i>Asset Management Ratios</i>					
<b>5. Asset Consumption Ratio</b> <sup>(5)</sup>					
Depreciated Replacement Cost of Depreciable Assets	532,009,938	<b>70.79%</b>	> 50%	n/a	n/a
Current Replacement Cost of Depreciable Assets	751,484,999				
<b>6. Asset Sustainability Ratio</b> <sup>(6)</sup>					
Capital Renewal and Replacement Expenditure	18,994,005	<b>105.62%</b>	90-110%	n/a	n/a
Depreciation	17,983,101				
<b>7. Asset Renewal Funding Ratio</b> <sup>(7)</sup>					
NPV of Planned Capital Renewals over 10 years	188,391,660	<b>77.93%</b>	75-95%	n/a	n/a
NPV of Required Capital Expenditure over 10 years	241,751,000				

#### Notes

(1) This is a modified commercial ratio designed to focus on the liquidity position of the Council that has arisen from past year's transactions.

(2) This ratio is the measurement of Council's ability to repay its debt including lease payments.

(3) This ratio is the measurement of Council's ability to cover its costs through its own revenue efforts.

(4) This ratio is a measure of Council's ability to cover its operational costs and have revenues available for capital funding or other purposes.

(5) This ratio measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost.

(6) This ratio indicates whether Council is replacing or renewing existing non-financial assets at the same rate that its overall asset stock is wearing out.

(7) This ratio is a measure of the ability of Council to fund its projected asset renewal / replacements in the future.

# City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2013

### Note 23. Information on Borrowings

\$	Interest	Principal	New	Principal		Principal		Interest	
	Rate	01/07/2012		Loans	Repayments	Repayments	30/06/2013	Repayments	Repayments
	%			Actual	Budget	Actual	Budget	Actual	Budget
<b>(a). Debenture Repayments</b>									
<b>Governance</b>									
- 262 Office Redevelopment	3.89%	-	1,000,000	20,572	-	979,428	1,000,000	19,390	-
<b>Recreation &amp; Culture</b>									
- 82 Tarcoola Park Tennis Club S***	7.36%	21,403	-	2,324	2,324	19,079	19,079	1,497	1,512
- 225 Geraldton Netball Associati***	6.26%	37,811	-	18,323	18,323	19,488	19,488	1,902	2,085
- 228 Geraldton Surf Life Saving	6.42%	86,573	-	15,230	15,230	71,343	71,343	4,799	5,321
- 251 Geraldton Hockey Associatio***		195,656	-	22,131	22,131	173,525	173,525	22,943	11,651
- 253 Geraldton Yacht Club SSL	6.26%	82,580	-	8,559	8,559	74,021	74,021	4,912	5,028
- 221 Reticulation Works 03	5.66%	12,691	-	12,691	12,691	-	-	241	541
- 224 Reticulation Works 04	5.84%	24,848	-	12,066	12,066	12,782	12,782	1,086	1,277
- 226 Marina ablution block	3.89%	31,249	-	9,814	9,814	21,435	21,435	1,552	1,759
- 227 Reticulation Works 05	5.88%	18,087	-	5,689	5,689	12,398	12,398	964	993
- 233 Land for Library Relocation	4.79%	1,052,078	-	135,352	135,352	916,726	916,726	48,532	49,146
- 257 Geraldton Hockey Associati***	4.81%	240,119	-	20,480	20,480	219,639	219,639	-	11,477
- 259 Verita Road	4.72%	4,321,342	-	370,065	370,065	3,951,277	3,951,277	201,262	202,188
- 260 Aquarena Renewal Stage 1	3.89%	-	2,600,000	53,487	160,681	2,546,513	2,439,319	50,414	-
- Proposed - Geraldton Bowling Club		-	-	-	5,751	-	(5,751)	-	4,655
- Proposed - Glenfield POS		-	-	-	53,958	-	(53,958)	-	27,261

(continued on next page)



# City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2013

### Note 23. Information on Borrowings

\$	Interest Rate %	Principal 01/07/2012	New Loans	Principal Repayments		Principal 30/06/2013		Interest Repayments	
				Actual	Budget	Actual	Budget	Actual	Budget
<b>(a). Debenture Repayments</b>									
<b>Transport</b>									
- 105 Plant Purchase	6.49%	70,649	-	29,306	39,394	41,343	31,255	3,734	3,773
- 235 Plant Loan	4.81%	428,883	-	209,316	209,316	219,567	219,567	15,466	17,436
- 252 Plant Purchases for 2009/2010	6.06%	989,161	-	103,264	103,264	885,897	885,897	57,157	58,301
- 255 Plant Loan 10/11	5.41%	410,382	-	94,532	94,532	315,850	315,850	21,074	20,940
- 229 SGIO Car Park	6.47%	394,024	-	69,244	69,244	324,780	324,780	22,512	24,407
- 230 Airport Buffer Land	8.93%	1,037,365	-	160,175	160,175	877,190	877,190	70,508	69,997
- 231 Drainage Fitzgerald Street	9.25%	115,007	-	115,007	115,007	-	-	4,098	115,007
- 234 Lot 8 Chapman Road - Car Park	5.09%	874,315	-	111,468	111,468	762,847	762,847	42,510	43,063
- 254 Capital Infrastructure	5.65%	1,056,205	-	1,056,205	1,056,205	-	-	36,566	483,499
- 256 Airport Security Upgrade (internal)	6.00%	906,177	-	160,464	160,464	745,713	745,713	47,271	51,999
- 258 Airport Buffer Land	4.72%	1,248,390	-	106,908	106,908	1,141,482	1,141,482	58,142	58,410
- 261 Airport Paid Parking Facilities	3.89%	-	1,500,000	30,858	-	1,469,142	1,500,000	29,085	-
- NEW Beaurepaires Parking		-	-	-	55,538	-	(55,538)	-	-
- NEW Depot Including Dog Pound		-	-	-	110,369	-	(110,369)	-	-
- NEW Mullewa Bank Acquisition		-	-	-	18,595	-	(18,595)	-	-
<b>Economic Services</b>									
- 95 Hamlet	6.99%	63,427	-	10,991	10,991	52,436	52,436	3,989	4,150
Internal Loans		(906,177)	-	(160,464)	-	(745,713)	(906,177)	-	-
		<b>12,812,245</b>	<b>5,100,000</b>	<b>2,804,057</b>	<b>3,274,584</b>	<b>15,108,188</b>	<b>14,637,661</b>	<b>771,606</b>	<b>1,275,876</b>

**Funding of Borrowings** All loan repayments were funded by general purpose income.

**Self-Supporting Loan** \* Those loans denoted with "\*" are subject of a repayment agreement that secured the reimbursement from a community organisation of all costs associated with the loan.

WATC = WA Treasury Corporation

# City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2013

### Note 23. Information on Borrowings (continued)

\$	Amount Borrowed		Loan Type	Term (Years)	Interest Rate %	Amount Used		Balance Unspent
	Actual	Budget				Actual	Budget	
<b>(b). New Debentures</b>								
Admin Upgrade	1,000,000	1,000,000	P & I	10	3.89%	(1,000,000)	(1,000,000)	-
Airport Parking	1,500,000	1,500,000	P & I	10	3.89%	(1,500,000)	(1,500,000)	-
Aquarena Building	2,600,000	2,600,000	P & I	10	3.89%	(2,600,000)	(2,600,000)	-
Depot Including Dog Pound		1,800,000				-	-	-
Meru Cell 3 Excavation		2,500,000				-	-	-
Geraldton Bowling Club		70,000				-	-	-
Glenfield POS		880,000				-	-	-
Recreation Ground Development		1,500,000				-	-	-
Airport Tech Park		3,828,000				-	-	-
Beuarepairs Parking		250,000				-	-	-
Mullewa Bank Acquisition		300,000				-	-	-
Boyd Street Development		2,000,000				-	-	-
Eastward Road - Old Depot Site		1,500,000				-	-	-
Kempton Street Reserve Swap		3,765,000				-	-	-
Olive Street Redevelopment		6,500,000				-	-	-
	<b>5,100,000</b>	<b>29,993,000</b>				<b>(5,100,000)</b>	<b>(5,100,000)</b>	<b>-</b>

### (c). Overdraft

The City of Greater Geraldton established an overdraft facility of \$ 750,000.

# City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2013

### Note 24(a). Rating Information (2012/13 Financial Year)

	Rate in \$	Number of Properties	Rateable Value	Rate Revenue	Interim Rates	Back Rates	Total Revenue	Budget Rate Revenue	Budget Interim Rate	Budget Back Rate	Budget Total Revenue
\$	Notes										
<b>Rate Type</b>											
<b>Differential General Rate</b>											
Vacant Residential	17.6647	887	10,431,562	1,802,097	71,055	9,156	1,882,308	1,842,704	60,000	-	1,902,704
Residential	10.2228	13,125	199,162,798	20,389,545	171,726	(2,385)	20,558,886	20,360,015	190,000	20,000	20,570,015
Non Residential	10.2968	1,231	77,203,099	7,960,524	126,387	1,907	8,088,818	7,949,449	100,000	20,000	8,069,449
Agricultural General	0.6389	639	239,129,056	1,527,796	(17,155)	231	1,510,872	1,527,796	-	-	1,527,796
Unoccupiable City Centre Zone	19.4234	3	713,960	138,672	-	-	138,672	138,675	-	-	138,675
GRV Mullewa Townsite	10.7432	195	1,484,524	159,485	(371)	-	159,114	159,485	-	-	159,485
GRV Pindar Townsite	13.8362	4	18,460	2,554	-	-	2,554	2,554	-	-	2,554
UV Agriculture	0.8974	259	150,819,000	1,353,449	4,654	(58)	1,358,045	1,353,450	-	-	1,353,450
UV Mining	22.7136	29	421,316	95,696	(1,301)	75	94,470	95,696	-	-	95,696
<b>Sub-Total</b>		<b>16,372</b>	<b>679,383,775</b>	<b>33,429,818</b>	<b>354,995</b>	<b>8,926</b>	<b>33,793,739</b>	<b>33,429,824</b>	<b>350,000</b>	<b>40,000</b>	<b>33,819,824</b>
<b>Minimum Rates</b>											
	<b>Minimum</b>										
Vacant Residential	955	1,832	6,817,053	1,574,795	-	139	1,574,934	1,749,560	-	-	1,749,560
Residential	955	846	7,034,537	983,650	(11,460)	-	972,190	807,930	-	-	807,930
Non Residential	955	230	1,179,732	218,695	-	-	218,695	219,650	-	-	219,650
Agricultural General	955	122	11,099,644	116,510	-	-	116,510	116,510	-	-	116,510
GRV Mullewa Townsite	384	83	49,693	31,872	-	-	31,872	31,872	-	-	31,872
GRV Pindar Townsite	104	16	1,515	1,664	-	-	1,664	1,664	-	-	1,664
UV Agriculture	288	37	371,436	10,656	-	-	10,656	10,656	-	-	10,656
UV Mining	345	19	13,615	6,555	-	-	6,555	6,555	-	-	6,555
<b>Sub-Total</b>		<b>3,185</b>	<b>26,567,225</b>	<b>2,944,397</b>	<b>(11,460)</b>	<b>139</b>	<b>2,933,076</b>	<b>2,944,397</b>	<b>-</b>	<b>-</b>	<b>2,944,397</b>
Ex-Gratia Rates							36,726,815				36,764,221
Specified Area Rate	25						142,317				140,472
<b>Totals</b>							<b>36,869,132</b>				<b>37,009,693</b>

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2013

## Note 24(b). Surplus/(Deficit) B/Fwd and C/Fwd

\$	Notes	2013 Carried Fwd Actual	2012 Brought Fwd Actual
<b>Current Assets</b>			
Cash - Unrestricted	3	1,077,317	325,376
Cash - Restricted Reserves	3	30,909,486	32,032,177
Investments	4	550,930	-
Rates - Current	5	2,221,548	1,515,044
Sundry Debtors	5	3,351,437	2,228,833
GST Receivable	5	192,020	-
Inventories			
- Fuel and Materials	6	257,871	205,136
- Other	6	103,493	119,886
		<b>38,664,102</b>	<b>36,426,452</b>
<b>Current Liabilities</b>			
Sundry Creditors	9	6,655,834	3,796,735
Accrued Interest on Debentures	9	107,291	83,324
Accrued Salaries and Wages	9	620,229	578,343
Other Current Trade and Other Payables	9	-	66,024
Current Employee Benefits Provision	11	3,862,238	3,605,911
Other Current Provisions	11	502,094	325,886
Current Loan Liability	10	2,812,787	2,709,228
		<b>14,560,473</b>	<b>11,165,451</b>
<b>Net Current Assets</b>		<b>24,103,629</b>	<b>25,261,001</b>
<b>Less:</b>			
Reserves - Restricted Cash	3	(30,909,486)	(32,032,177)
<b>Add Back:</b>			
Current Loan Liability	10	2,812,787	2,709,228
Cash Backed Employee Provisions	12	291,946	241,946
<b>Surplus/(Deficit)</b>		<b>(3,701,124)</b>	<b>(3,820,002)</b>

## Note 25. Specified Area Rate (2012/13 Financial Year)

\$	Rate in \$	Basis of Rate	Rateable Value	Rate Revenue	Budget Rate Revenue	Applied to Costs	Budget Applied to Costs
<b>Scheme/Other details</b>							
- Rate	0.4850	GRV	29,359,505	142,317	140,472	-	-
			<b>29,359,505</b>	<b>142,317</b>	<b>140,472</b>	<b>-</b>	<b>-</b>

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2013

#### Note 26. Service Charges (2012/13 Financial Year)

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\$

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The City of Greater Geraldton does not have any service charges.

#### Note 27. Discounts, Incentives, Concessions & Write-offs (2012/13 Financial Year)

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\$

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##### (a). Discounts

Council offers no discounts for the early payment of rates or any other debts to Council.

##### (b). Incentives

Through an agreement with the Commonwealth Bank, Council offers an incentive to ratepayers for the early payment of rates (if paid within 35 days of the rates being issued) with a prize of 3 x \$1,000 to the successful ratepayers. Details and conditions are set out in the brochures that accompany the rates assessment notice.

Seven other prizes are also available to ratepayers:

- ACCOR Hotel - accomodation package x 2
- Tint-a-Car - \$400 gift voucher
- Indah Health + Beauty Spa - \$370 gift voucher
- Corporate Express - \$250 gift voucher
- Skywest - 2 return flights to Perth

None of these prizes involved any cost to Council.

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\$	Notes	Total Cost / Value	Budget Cost / Value
<hr/>			
(c). Write-Offs			
Rate Assessment	2(a)	10,000	-
General Debtors	2(a)	5,738	-
		<u>15,738</u>	<u>-</u>

##### (d). Waivers

Council does not offer any standard waivers or write offs of Rates and Charges or any other debts of ratepayers unless specifically approved by Council.

Individuals may approach Council for an extension of time to pay off their debt.

##### (e). Concessions

Council offers no concessions to ratepayers for 2012/13 financial year.

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2013

## Note 28. Interest Charges and Instalments (2012/13 Financial Year)

\$	Interest Rate %	Admin. Charge	Revenue	Budgeted Revenue
Interest on Unpaid Rates	11.00%	-	262,997	190,000
Interest on Instalments Plan	5.50%	-	72,428	135,000
Pensioner Deferred Interest	0.00%	-	-	12,000
			<u>335,425</u>	<u>337,000</u>

Council offers three (3) payment options by which ratepayers can make their payments.

Option 1: To pay their rates in full by the 35th day after the rates notice has been issued

Option 2: To pay their rates in two (2) equal instalments

Option 3: To pay their rates in four (4) equal instalments

## Note 29. Fees &amp; Charges

\$	2013 Actual	2013 Budget	2012 Actual
Governance	5,144	5,000	7,502
General Purpose Funding	110,797	234,860	225,197
Law, Order, Public Safety	244,187	242,000	241,240
Health	122,504	100,500	110,658
Education and Welfare	215,110	232,411	215,121
Housing	-	10,000	-
Community Amenities	6,113,624	6,507,639	6,172,492
Recreation and Culture	1,763,781	1,623,155	1,782,046
Transport	4,879,026	4,733,000	4,768,984
Economic Services	1,214,638	1,074,675	1,343,835
Other Property and Services	977,394	1,006,833	856,347
	<u>15,646,205</u>	<u>15,770,073</u>	<u>15,723,422</u>

There were no changes during the year to the amount of the fees and charges detailed in the original budget.

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2013

#### Note 30. Grants, Subsidies & Contributions

\$	2013 Actual	2012 Actual
Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:		
<b>(a). By Nature &amp; Type</b>		
Operating Grants, Subsidies and Contributions	12,513,236	13,522,734
Non-Operating Grants, Subsidies and Contributions	10,616,950	14,175,038
	<b>23,130,186</b>	<b>27,697,772</b>
<b>(b). By Program</b>		
Governance	534,136	2,366,957
General Purpose Funding	6,841,575	12,073,818
Law, Order, Public Safety	170,546	166,908
Health	269,199	527,470
Education & Welfare	1,037,735	1,234,556
Housing	144	-
Community Amenities	511,716	417,668
Recreation & Culture	2,578,607	1,748,476
Transport	9,178,316	8,157,345
Economic Services	107,150	104,433
Other Property & Services	1,901,062	900,141
	<b>23,130,186</b>	<b>27,697,772</b>

#### Note 31. Employee Numbers

\$	2013 Actual	2012 Actual
The number of full-time equivalent employees at balance date	321	311

#### Note 32. Councillor Remuneration

\$	2013 Actual	2013 Budget	2012 Actual
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	111,417	112,000	73,671
Members Allowance	75,000	75,000	60,953
Members IT and Telephone Allowance	72,017	-	13,561
Travelling Expenses	27,143	17,000	16,945
Conference Expenses	6,991	15,000	1,874
Councillor Training	6,190	5,000	18,295
	<b>298,758</b>	<b>224,000</b>	<b>185,299</b>

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2013

#### Note 33. Employee Remuneration

\$		2013 Actual	2012 Actual
<b>Employee Remuneration</b>			
Set out below, in bands of \$10,000 is the number of employees entitled to an annual salary of 100,000 or more.			
<b>Details</b>			
LG Administration Regulations 19 B	100,000 - 119,999	3	2
	120,000 - 129,999	2	2
	130,000 - 139,999	2	3
	140,000 - 149,999	3	-
	160,000 - 169,999	1	1
	210,000 - 219,999	-	1
	250,000 - 259,999	1	-

#### Note 34. Major Land Transactions

\$					
<b>(a). Details</b>					
<b>Drummond Cove Free holding of Land</b>					
Via public auction, the sale of land in the Drummond Cove Estate was concluded in 2009-10. West side leaseholders will continue to pay the principal on their properties by yearly instalments as part of a contractual agreement until 2016.					
Total principle repaid to the City in 2012-13 amounted to \$ 658,132 (2012 - \$ 92,789)					
All major expenditure associated with subdivisional development was concluded in 2009-10.					

\$	2013/14	2014/15	2015/16	2016/17	Total
<b>(b). Expected Future Cash Flows</b>					
<b>Cash Inflows</b>					
Loan Borrowings	16,216	10,616	37,629	-	64,461
<b>Net Cash Flows</b>	<b>16,216</b>	<b>10,616</b>	<b>37,629</b>	<b>-</b>	<b>64,461</b>



## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2013

#### Note 35. Trading and Major Trading Undertakings

\$

##### Airport

The Geraldton Airport is run as a business unit of the City of Greater Geraldton and generated operating income of approximately \$5.54M in 2012-13. On average, approximately \$1m is put aside each year into the Airport Reserve account to maintain and improve existing and future infrastructure. During 2012-13, capital outlays on Airport Infrastructure (including buildings) amounted to \$2,155,398.

##### Meru Landfill Facility

The Meru Landfill Facility is run as a business unit of the City of Greater Geraldton and generated operating income of approximately \$ 3.69m in 2012-13. During 2012-13, capital outlays on the Meru Infrastructure(including Buildings) amounted to \$415,092.

#### Note 36. Financial Risk Management

\$

Council's activities expose it to a variety of financial risks including **(1)** price risk, **(2)** credit risk, **(3)** liquidity risk and **(4)** interest rate risk.

The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by Council's Finance Section under policies approved by the Council.

The City held the following financial instruments at balance date.

	Notes	Carrying Value		Fair Value	
		2013	2012	2013	2012
<b>Financial Assets</b>					
Cash and Cash Equivalents	3	31,986,803	32,357,553	31,986,803	32,357,553
Receivables (Current & Non-Current)	5	6,641,206	5,380,390	6,641,206	3,741,877
Financial Assets at Fair Value through Profit or Loss	4	550,930	560,196	-	560,196
		<u>39,178,940</u>	<u>38,298,139</u>	<u>38,628,009</u>	<u>36,659,626</u>
<b>Financial Liabilities</b>					
Payables (Current & Non-Current)	9	7,383,354	4,524,426	7,383,354	4,524,426
Borrowings (Current & Non-Current)	10	15,108,188	12,812,245	15,108,188	12,812,245
		<u>22,491,542</u>	<u>17,336,671</u>	<u>22,491,542</u>	<u>17,336,671</u>

Fair Value is determined as follows:

- **Cash & Cash Equivalents, Receivables, Payables** - are estimated to be the carrying value which approximates market value.
- **Borrowings & Held to Maturity Investments** - estimated future cash flows discounted by the current market interest rates applicable to assets & liabilities with similar risk profiles.
- Financial Assets classified (i) "**at far value through profit & loss**" or (ii) **Available for Sale** - based on quoted market prices at the reporting date or independent valuation.

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2013

#### Note 36. Financial Risk Management (continued)

\$

##### (a). Cash & Cash Equivalents, Financial assets "at Fair Value through the Profit & Loss", "Available-for-sale" financial assets & "Held-to-maturity" Investments

Council's objective is to maximise its return on cash & investments whilst maintaining an adequate level of liquidity and preserving capital.

Council's Finance Section manages the Cash & Investments portfolio with the assistance of independent advisors.

Council has an Investment Policy which complies with the relevant legislation. The policy is regularly reviewed by Council and an Investment Report is tabled before Council on a monthly basis setting out the make-up and performance of the portfolio.

The major risk associated with Investments is price risk - the risk that the capital value of investments may fluctuate due to changes in market prices, whether changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.

Cash & Investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns and income.

A further risk associated with Cash & Investments is credit risk - the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council - be it of a capital or income nature.

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees in accordance with investment restrictions prescribed in the Local Government (*Financial Management*) Regulations 1996.

Council also seeks advice from independent advisers before placing any funds in Cash Equivalents & Investments.

	30-Jun-13	30-Jun-12
<b>Impact of a 10% <sup>(1)</sup> movement in price of investments</b>		
Equity	55,093	56,019
Statement of Comprehensive Income	55,093	56,019
<b>Impact of a 1% <sup>(1)</sup> movement in interest rates on cash and investments</b>		
Equity	319,868	323,576
Statement of Comprehensive Income	395,274	280,605

#### Notes:

1. Sensitivity percentages based on management's expectations of future possible market movements. (Price movements calculated on investments subject to fair value adjustments. Interest rate movements calculated on cash, cash equivalents and managed funds.)

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2013

#### Note 36. Financial Risk Management (continued)

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\$

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##### (b). Receivables

Council's major receivables comprise **(i)** Rates & Annual charges and **(ii)** User Charges & Fees.

The major risk associated with these receivables is credit risk - the risk that debts due and payable to Council may not be repaid.

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of Council to secure a charge over the land relating to the debts - that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates which further encourages the payment of debt.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subjected to a re-negotiation of repayment terms.

A profile of Council's receivables credit risk at balance date follows:

	30-Jun-13	30-Jun-12
	%	%
<b>Percentage of Rates and Annual Charges</b>		
Current	99.18%	98.95%
Overdue	0.82%	1.05%
<b>Percentage of Other Receivables</b>		
Current	61.60%	72.70%
Overdue	38.40%	27.30%

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2013

#### Note 36. Financial Risk Management (continued)

\$

##### (c). Payables & Borrowings

Payables & Borrowings are both subject to liquidity risk - the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

Payment terms can be extended and overdraft facilities drawn upon in extenuating circumstances.

The contractual undiscounted cash outflows (ie. principal and interest) of Council's Payables & Borrowings are set out in the Liquidity Table below:

\$	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
<b>2013</b>					
Payables	7,383,354	-	-	7,383,354	7,383,354
Borrowings	2,812,787	8,225,675	4,069,726	15,108,188	15,108,188
	<u>10,196,141</u>	<u>8,225,675</u>	<u>4,069,726</u>	<u>22,491,542</u>	<u>22,491,542</u>
<b>2012</b>					
Payables	4,524,426	-	-	4,524,426	4,524,426
Borrowings	1,183,903	2,618,012	9,010,330	12,812,245	12,812,245
	<u>5,708,329</u>	<u>2,618,012</u>	<u>9,010,330</u>	<u>17,336,671</u>	<u>17,336,671</u>

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk by borrowing long term and fixing the interest rate on a basis that is most suitable for the circumstance. Council officers regularly review interest rate movements to determine if it would be advantageous to refinance or renegotiate part, or all of the loan portfolio.

The following interest rates were applicable to the Council's Borrowings at balance date:

		30-Jun-13		30-Jun-12
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Bank Loans - Fixed	4.90%	15,108,188	5.51%	12,812,245
		<u>15,108,188</u>		<u>12,812,245</u>

##### Notes:

1. The interest rate risk applicable to Variable Rate Bank Loan is not considered significant.

Level 1  
10 Kings Park Road  
West Perth WA 6005

Correspondence to:  
PO Box 570  
West Perth WA 6872

T +61 8 9480 2000  
F +61 8 9322 7787  
E [info.wa@au.gt.com](mailto:info.wa@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

## **INDEPENDENT AUDITORS REPORT TO THE RATEPAYERS OF THE CITY OF GREATER GERALDTON**

We have audited the accompanying financial report of City of Greater Geraldton (the “City”), which comprises the statement of financial position as at 30 June 2013, and the statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes to the financial report and the Chief Executive Officer’s statement.

### **Responsibility of the Council for the financial report**

The Council of the City are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1995 Part 6. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor’s responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

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In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial report 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 City's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Independence**

In conducting our audit, we have complied with the applicable independence requirements of the Accounting Professional and Ethical Standards Board.

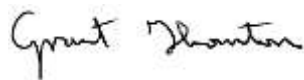
### **Auditor's Opinion**

In our opinion, the financial report of the City of Greater Geraldton:

- (i) presents fairly the City of Greater Geraldton's financial position as at 30 June 2013 and of its performance for the financial year ended 30 June 2013, and
- (ii) complies with Australian Accounting Standards (including the Australian Accounting Interpretations),
- (iii) are prepared in accordance with the requirements of the Local Government Act 1995 Part 6 (as amended) and Regulations under that Act.

### **Statutory Compliance**

I did not, during the course of my audit, become aware of any instance where the Council did not comply with the requirements of the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996, as they relate to the financial statements.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



P W Warr  
Partner - Audit & Assurance

Perth, 4 November 2013