



AUDIT COMMITTEE MEETING

AGENDA

25 NOVEMBER 2014

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CITY OF GREATER GERALDTON

**AUDIT COMMITTEE MEETING
ON TUESDAY 25 NOVEMBER 2014 AT 3.00PM
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. CONFIRMATION OF PREVIOUS MINUTES

Recommendation: That the minutes of the City of Greater Geraldton Audit Committee meeting held on 1 July 2014, as attached be accepted as a true and correct record of proceedings.

4 AC033 IMPLEMENTATION OF MANAGEMENT ACTIONS INTERNAL AUDIT PROCUREMENT

5 AC034 2013/2014 AUDIT REPORT FOR THE CITY OF GREATER GERALDTON

6 AC035 STATUS OF CITY OF GREATER GERALDTON RISK OPERATIONAL RISK MANAGEMENT SYSTEMS AND ACTIVITIES

7 MEETING CLOSURE

4. AC033 IMPLEMENTATION OF MANAGEMENT ACTIONS INTERNAL AUDIT OF PROCUREMENT

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| AC033 IMPLEMENTATION OF MANAGEMENT ACTIONS - INTERNAL AUDIT OF PROCUREMENT |
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| | |
|-------------------------------|--|
| AGENDA REFERENCE: | D-14-71272 |
| AUTHOR: | Renee Doughty, Treasury Coordinator |
| EXECUTIVE: | B Davis, Director of Corporate & Commercial Services |
| DATE OF REPORT: | 30 October 2014 |
| FILE REFERENCE: | FM/3/0003 |
| APPLICANT / PROPONENT: | City of Greater Geraldton |
| ATTACHMENTS: | No |

EXECUTIVE SUMMARY:

The purpose of this report is to present to the Audit Committee a progress report on the implementation of the management actions proposed in response to the Internal Audit Report on Procurement, tabled at the Audit Committee meeting 1 July 2014.

EXECUTIVE RECOMMENDATION;

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

1. ENDORSE the Management responses noted in the report, including actions taken to resolve issues, enhance internal controls and improve accounting processes.

PROPONENT:

The proponent is the City of Greater Geraldton

BACKGROUND:

At the Audit Committee meeting held on the 1 July 2014 the Committee reviewed an Internal Audit report of the Procurement function (undertaken by the City's internal auditors Deloitte commencing on 6 May 2014) - AC030 Procurement Audit Return. The Audit Committee resolution for AC030 included at point 3:

"REQUIRE progress reports on implementation of the proposed management actions, at the next Audit Committee Meeting."

Below are details of the auditor observation/ recommendations and the City's implementation of management actions in accordance with the Committees resolution.

2013/2014 Procurement Internal Audit Report:

Auditor observation/recommendation 1/2014:

1. Automating the requisition/purchase order process

Management Action:

Extended security settings have been trialled in the Synergy play account and are in the process of being tested by different Departments. The process has removed the physical flow of requisitions however; at this stage Synergy does not have the capabilities of the Purchasing Officer to be able to create the Purchase Order directly from the Requisition. The old method of creating the Purchase Order from the requisition information is still required.

Auditor observation/recommendation 2/2014:

2. Redefining the Purchase Officer role

Management Action:

Once the trials for the paperless requisition process have concluded and been implemented at the City, review of the purchasing process and the role of the purchasing officer will be undertaken.

Auditor observation/recommendation 3/2014:

3. Procurement procedures

Management Action:

Once the trials for the paperless requisition process have concluded and implemented at the City, review of the procurement procedures will be undertaken. The City will discuss and evaluate the information needs of staff concerned and draft guidelines/procedures to support and assist staff in applying the City's procurement policy.

Auditor observation/recommendation 4/2014:

4. Streamlining the Goods Received process

Management Action:

Following on from the outcomes for the above observations the City will consult with IT Vision on the goods received function and discuss the possible benefits and implications for the organisation.

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

There are no economic impacts.

Social:

There are no social impacts.

Environmental:

There are no environmental impacts.

Cultural & Heritage:

There are no cultural or heritage impacts.

RELEVANT PRECEDENTS:

Internal audits are conducted from time to time as part of the Internal Control framework of organisations, aimed to improve internal controls and accounting and finance processes to minimise risks.

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

There are no legislative or policy implications.

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no financial or resource implications.

INTEGRATED PLANNING LINKS:

| | |
|----------------|--|
| Governance | Policy and Planning |
| Strategy 5.2.7 | Ensuring efficient and effective delivery of service |

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT

Approving the recommendation will mitigate the following risks identified by the auditors:

- Inefficiency and environmental issues inherent in the physical flow of requisitions and purchase orders.
- Purchasing officers current lower level of contribution to City's internal and quality control objectives.
- Dependency on manual administrative task handling.

ALTERNATIVE OPTIONS CONSIDERED

No alternative options were considered.

5. AC034 2013/2014 AUDIT REPORT FOR THE CITY OF GREATER GERALDTON

| AC034 2013/2014 AUDIT REPORT FOR THE CITY OF GREATER GERALDTON | |
|--|---|
| AGENDA REFERENCE: | D-14-71283 |
| AUTHOR: | P Radalj, Manager Treasury and Finance |
| EXECUTIVE: | B Davis, Director of Corporate & Commercial Services |
| DATE OF REPORT: | 5 November 2014 |
| FILE REFERENCE: | FM/3/0003 |
| APPLICANT / PROPONENT: | City of Greater Geraldton |
| ATTACHMENTS: | Yes X 2 |

EXECUTIVE SUMMARY:

The purpose of this report is to present to the Audit Committee the audit report for the financial period ending 30 June 2014.

EXECUTIVE RECOMMENDATION;

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

1. ADOPT the Audit Report for the financial period ending 30 June 2014
2. ENDORSE actions taken by staff to resolve any items identified in the audit reports; and
3. NOTES that for the annual financial report for the year ended 30 June 2014 the Auditor has provided an unqualified audit opinion.

PROPONENT:

The proponent is the City of Greater Geraldton

BACKGROUND:

The interim audit was conducted by Grant Thornton from the 16 to 20 June 2014 and the final audit process from 22 to 26 September 2014. At the conclusion of these audits, the Auditor issued two reports: -

- An Independent Auditor's Report to the Ratepayers dated 31st October 2014.
- A Report to the Audit Committee dated 7th November 2014 on the key findings and analysis.

Attached is the report addressed to the Audit Committee by the Auditor. In this report, the auditor has noted:

- Two year-end observations in section 4.1 – Current year issues;

Management responses and improvement actions proposed or already implemented are noted in the attached reports.

A copy of the audited financial statements for 2013-14, is attached for the information of the Audit Committee.

The Auditor will be in attendance at the Audit Committee meeting via a telephone link up.

ECONOMIC, SOCIAL, ENVIRONMENTAL & CULTURAL ISSUES:

Economic:

There are no economic impacts.

Social:

There are no social impacts.

Environmental:

There are no environmental impacts.

Cultural & Heritage:

There are no cultural or heritage impacts.

RELEVANT PRECEDENTS:

There are no relevant precedents.

COMMUNITY/COUNCILLOR CONSULTATION:

No community consultation has been undertaken. The annual financial report and audit certificate are included in the City's Annual Report, which will be presented to Council for adoption shortly, then released to the community. The annual report is subsequently presented to an annual electors meeting.

LEGISLATIVE/POLICY IMPLICATIONS:

Part 7 Division 3 of the Local Government Act 1995.

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no financial or resource implications.

INTEGRATED PLANNING LINKS:

| | |
|-------------------|--|
| Title: Governance | Planning and Policy |
| Strategy 5.2.7 | Ensuring efficient and effective delivery of service |

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT**ALTERNATIVE OPTIONS CONSIDERED**

There were no alternative options considered



City of Greater Geraldton

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2014

City of Greater Geraldton

General Purpose Financial Statements for the year ended 30 June 2014

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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 31/10/14. 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 2014

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 2014 are in my opinion properly drawn up to present fairly the financial position of the City of Greater Geraldton at 30 June 2014 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 31st day of October 2014



Ken Diehm

CHIEF EXECUTIVE OFFICER

City of Greater Geraldton

Statement of Comprehensive Income (by Nature or Type)
for the year ended 30 June 2014

| \$ | Notes | 2014 Actual | 2014 Budget | 2013 Actual |
|--|-------|---------------------|---------------------|---------------------|
| Revenue | | | | |
| Rates | 24(a) | 37,720,725 | 37,740,065 | 36,726,814 |
| Operating Grants, Subsidies & Contributions | 30 | 8,561,275 | 9,369,894 | 12,513,236 |
| Fees & Charges | 29 | 17,080,804 | 17,417,497 | 15,788,523 |
| Interest Earnings | 2(a) | 1,739,464 | 1,758,513 | 2,135,300 |
| Other Revenue | | 1,686,151 | 2,136,988 | 2,088,611 |
| | | <u>66,788,419</u> | <u>68,422,957</u> | <u>69,252,484</u> |
| Expenses | | | | |
| Employee Costs | 33 | (29,488,810) | (28,595,045) | (27,583,386) |
| Materials & Contracts | | (19,722,133) | (20,813,074) | (20,142,610) |
| Utilities | | (2,909,094) | (3,185,325) | (3,347,862) |
| Depreciation | 2(a) | (17,619,970) | (18,042,064) | (17,983,102) |
| Interest Expenses | 2(a) | (737,214) | (842,202) | (771,606) |
| Insurance | | (922,827) | (971,360) | (906,365) |
| Other Expenditure | | (2,255,153) | (1,944,805) | (1,228,209) |
| | | <u>(73,655,202)</u> | <u>(74,393,875)</u> | <u>(71,963,140)</u> |
| Operating Result from Continuing Operations | | <u>(6,866,783)</u> | <u>(5,970,918)</u> | <u>(2,710,656)</u> |
| Non-Operating Grants, Subsidies & Contributions | 30 | 14,152,606 | 26,300,376 | 10,616,950 |
| Fair Value Adjustments to financial assets at fair value through profit and loss | 2(a) | 422,276 | - | 550,930 |
| Impairment of Assets | 8(b) | - | - | (1,229,837) |
| Land Held For Resale - Proceeds of Sale | | - | 700,000 | - |
| Land Held For Resale - (Acquisition/Development Costs) | | - | (14,891,646) | - |
| Profit on Asset Disposals | 21 | 25,575 | 578,807 | - |
| Loss on Asset Disposal | 21 | (76,829) | (209,720) | (112,074) |
| | | <u>14,523,628</u> | <u>12,477,817</u> | <u>9,825,969</u> |
| Net Result - Surplus (Deficit) | | <u>7,656,845</u> | <u>6,506,899</u> | <u>7,115,313</u> |
| Other Comprehensive Income | | | | |
| Changes on revaluation of non-current assets | 13 | 215,992 | - | 73,712,471 |
| Total Other Comprehensive Income | | <u>215,992</u> | <u>-</u> | <u>73,712,471</u> |
| Total Comprehensive Income | | <u>7,872,837</u> | <u>6,506,899</u> | <u>80,827,784</u> |

Note:

Accounted for under employment cost are :

- 1) An increase in employee related provisions of \$360,970.
- 2) Retrospective payment (\$332,074) of working compensation premiums covering 2009/10 to 2011/12.

City of Greater Geraldton

Statement of Comprehensive Income (by Program)
for the year ended 30 June 2014

| \$ | Notes | 2014 Actual | 2014 Budget | 2013 Actual |
|---|-------|---------------------|---------------------|---------------------|
| Revenue | | | | |
| | 2(a) | | | |
| Governance | | 547,326 | 418,550 | 815,849 |
| General Purpose Funding | | 42,651,813 | 46,660,519 | 44,805,187 |
| Law, Order, Public Safety | | 588,960 | 486,670 | 419,434 |
| Health | | 262,446 | 343,885 | 395,900 |
| Education & Welfare | | 1,341,897 | 914,506 | 1,252,844 |
| Housing | | - | 17,100 | 144 |
| Community Amenities | | 6,972,038 | 8,704,366 | 8,145,662 |
| Recreation & Culture | | 2,503,663 | 2,249,308 | 2,377,585 |
| Transport | | 5,813,097 | 5,788,300 | 6,620,597 |
| Economic Services | | 1,144,935 | 1,540,875 | 1,344,648 |
| Other Property & Services | | 3,510,373 | 1,998,878 | 3,074,634 |
| | | <u>65,336,546</u> | <u>69,122,957</u> | <u>69,252,484</u> |
| Expenses | | | | |
| | 2(a) | | | |
| Governance | | (13,203,170) | (13,222,956) | (12,319,599) |
| General Purpose Funding | | (525,419) | (767,909) | (552,867) |
| Law, Order, Public Safety | | (1,141,104) | (1,240,540) | (990,500) |
| Health | | (447,364) | (537,675) | (733,854) |
| Education & Welfare | | (1,814,761) | (2,004,005) | (1,795,781) |
| Housing | | (159,247) | (112,204) | (125,246) |
| Community Amenities | | (6,518,674) | (8,417,650) | (5,999,379) |
| Recreation & Culture | | (12,357,477) | (11,816,619) | (11,642,879) |
| Transport | | (20,926,301) | (22,116,814) | (21,394,023) |
| Economic Services | | (3,645,327) | (3,832,518) | (3,648,152) |
| Other Property & Services | | (10,720,880) | (24,374,429) | (13,219,091) |
| | | <u>(71,459,723)</u> | <u>(88,443,319)</u> | <u>(72,421,371)</u> |
| Finance Costs | | | | |
| | 2(a) | | | |
| Governance | | (58,640) | (37,424) | (19,390) |
| Recreation & Culture | | (366,801) | (361,016) | (138,841) |
| Transport | | (290,645) | (430,410) | (609,386) |
| Economic Services | | (3,184) | (3,361) | (3,989) |
| Other Property & Services | | (17,944) | (9,991) | - |
| | | <u>(737,214)</u> | <u>(842,202)</u> | <u>(771,606)</u> |
| Non-Operating Grants, Subsidies, Contributions | | | | |
| Grants Contributions - Assets Development | | - | - | 10,616,950 |
| General Purpose Funding | | - | 2,500,000 | - |
| Law, Order, Public Safety | | 851,372 | - | - |
| Community Amenities | | 30,000 | 45,000 | - |
| Recreation & Culture | | 546,249 | 3,795,822 | - |
| Transport | | 12,724,985 | 17,454,954 | - |
| Other Property & Services | | - | 2,504,600 | - |
| | 30 | <u>14,152,606</u> | <u>26,300,376</u> | <u>10,616,950</u> |
| Profit/(Loss) on Disposal of Assets | | | | |
| Profit/(Loss) on Disposal of Assets | | - | - | (112,074) |
| Other Property & Services | | (57,645) | 369,087 | - |
| | 21 | <u>(57,645)</u> | <u>369,087</u> | <u>(112,074)</u> |
| Other Income | | | | |
| Fair Value Adjustments to Financial Assets at Fair Value through Profit & Loss | 2(a) | 422,276 | - | 550,930 |
| | | <u>422,276</u> | <u>-</u> | <u>550,930</u> |
| Net Result | | | | |
| | | <u>7,656,845</u> | <u>6,506,899</u> | <u>7,115,313</u> |
| Other Comprehensive Income | 13 | 215,992 | - | 73,712,471 |
| Total Comprehensive Income | | <u>7,872,837</u> | <u>6,506,899</u> | <u>80,827,784</u> |

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

City of Greater Geraldton

Statement of Financial Position

as at 30 June 2014

| \$ | Notes | 2014 Actual | 2013 Actual |
|--------------------------------------|-------|---------------------------|---------------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | 3 | 17,981,013 | 31,986,803 |
| Investments | 4 | 333,395 | 550,930 |
| Trade and Other Receivables | 5 | 4,812,756 | 5,765,005 |
| Inventories | 6 | 7,357,125 | 361,364 |
| Total Current Assets | | <u>30,484,289</u> | <u>38,664,102</u> |
| Non-Current Assets | | | |
| Trade and Other Receivables | 5 | 717,005 | 876,202 |
| Inventories | 6 | 377,874 | - |
| Property, Plant and Equipment | 7 | 161,150,599 | 157,954,396 |
| Infrastructure | 8 | 455,634,436 | 441,234,840 |
| Total Non-Current Assets | | <u>617,879,914</u> | <u>600,065,438</u> |
| TOTAL ASSETS | 19 | <u>648,364,203</u> | <u>638,729,540</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and Other Payables | 9 | 3,616,999 | 7,383,354 |
| Borrowings | 10 | 4,816,986 | 2,812,787 |
| Provisions | 11 | 4,714,350 | 4,364,332 |
| Total Current Liabilities | | <u>13,148,335</u> | <u>14,560,473</u> |
| Non-Current Liabilities | | | |
| Trade and Other Payables | 9 | - | - |
| Borrowings | 10 | 15,458,415 | 12,295,401 |
| Provisions | 11 | 8,990,607 | 8,979,657 |
| Total Non-Current Liabilities | | <u>24,449,022</u> | <u>21,275,058</u> |
| TOTAL LIABILITIES | | <u>37,597,357</u> | <u>35,835,531</u> |
| Net Assets | | <u>610,766,846</u> | <u>602,894,009</u> |
| EQUITY | | | |
| Retained Surplus | | 308,581,431 | 286,545,015 |
| Reserves - Cash/Investment Backed | 12 | 16,256,004 | 30,635,574 |
| Reserves - Asset Revaluation | 13 | 285,929,412 | 285,713,420 |
| Total Equity | | <u>610,766,846</u> | <u>602,894,009</u> |

City of Greater Geraldton

Statement of Changes in Equity
for the year ended 30 June 2014

| \$ | Notes | Retained Surplus | Reserves Cash / Investment Backed | Asset Revaluation Reserve | Total Equity |
|-----------------------------------|-------|---------------------|--|---------------------------------|--------------------|
| Balance as at 1 July 2012 | | 278,306,535 | 31,758,741 | 212,000,949 | 522,066,225 |
| Restated Balance | | 278,306,535 | 31,758,741 | 212,000,949 | 522,066,225 |
| 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) | - | - |
| Balance as at 30 June 2013 | | 286,545,015 | 30,635,574 | 285,713,420 | 602,894,009 |
| Net Result | | 7,656,845 | - | - | 7,656,845 |
| Asset Revaluation | 13 | - | - | 215,992 | 215,992 |
| Reserve Transfers | 12 | 14,379,571 | (14,379,571) | - | - |
| Balance as at 30 June 2014 | | 308,581,431 | 16,256,004 | 285,929,412 | 610,766,846 |

City of Greater Geraldton

Statement of Cash Flows

for the year ended 30 June 2014

| \$ | Notes | 2014 Actual | 2014 Budget | 2013 Actual |
|---|-------|---------------------|---------------------|---------------------|
| Cash Flows from Operating Activities | | | | |
| Receipts: | | | | |
| Rates | | 37,352,363 | 37,812,087 | 36,015,723 |
| Operating Grants, Subsidies and Contributions | | 8,561,275 | 9,369,894 | 12,513,236 |
| Fees and Charges | | 18,872,187 | 17,417,497 | 15,788,523 |
| Interest Earnings | | 1,713,074 | 1,758,513 | 2,135,300 |
| Goods and Services Tax | | - | 615,000 | (192,020) |
| Proceeds from Land Held For Resale | | - | 700,000 | - |
| Other Revenue | | 1,559,945 | 2,029,625 | 1,730,906 |
| | | <u>68,058,844</u> | <u>69,702,616</u> | <u>67,991,668</u> |
| Payments: | | | | |
| Employee Costs | | (29,794,668) | (28,586,297) | (27,354,951) |
| Materials and Contracts | | (23,009,749) | (35,457,664) | (17,319,852) |
| Utilities | | (2,909,094) | (3,185,325) | (3,347,862) |
| Insurance | | (922,827) | (971,360) | (906,365) |
| Interest | | (691,313) | (842,202) | (747,640) |
| Goods and Services Tax | | (251,282) | (180,000) | - |
| Other Expenditure | | (2,189,692) | (1,944,805) | (1,118,026) |
| | | <u>(59,768,625)</u> | <u>(71,167,653)</u> | <u>(50,794,696)</u> |
| Net Cash provided (or used in) Operating Activities | 14(b) | <u>8,290,219</u> | <u>(1,465,037)</u> | <u>17,196,972</u> |
| Cash Flows from Investing Activities | | | | |
| Receipts: | | | | |
| Non-Operating Grants, Subsidies and Contributions | 30 | 14,152,606 | 26,300,376 | 10,616,950 |
| Proceeds from Development of Land for Resale | 21 | 255,000 | - | - |
| Proceeds from Sale of Assets | 21 | 495,113 | 3,885,000 | (112,074) |
| Proceeds from Investments | | 639,811 | - | 560,194 |
| Payments: | | | | |
| Payments for Development of Land for Resale | | (4,616,353) | - | - |
| Payments for Purchase of Property, Plant & Equipment | 20 | (11,839,000) | (12,334,822) | (30,928,734) |
| Payments for Construction of Infrastructure | 20 | (26,642,699) | (52,480,860) | - |
| | | <u>(27,555,523)</u> | <u>(34,630,306)</u> | <u>(19,863,664)</u> |
| Net Cash provided (or used in) Investing Activities | | <u>(27,555,523)</u> | <u>(34,630,306)</u> | <u>(19,863,664)</u> |
| Cash Flows from Financing Activities | | | | |
| Receipts: | | | | |
| Proceeds from Self Supporting Loans | 23(a) | 92,301 | 92,124 | - |
| Proceeds from New Loans | 23(b) | 7,980,000 | 21,030,000 | 5,100,000 |
| Payments: | | | | |
| Repayment of Debentures | 23(a) | (2,812,787) | (3,089,287) | (2,804,057) |
| | | <u>5,259,514</u> | <u>18,032,837</u> | <u>2,295,943</u> |
| Net Cash provided (or used in) Investing Activities | | <u>5,259,514</u> | <u>18,032,837</u> | <u>2,295,943</u> |
| Net Increase/(Decrease) in Cash & Cash Equivalents | | (14,005,790) | (18,062,506) | (370,749) |
| Cash at the beginning of the year | 3 | 31,986,803 | 29,669,307 | 32,357,552 |
| Cash & Cash Equivalents - End of the Year | 14(a) | <u>17,981,013</u> | <u>11,606,801</u> | <u>31,986,803</u> |
| Additional Information: | | | | |
| plus: Investments on hand - end of year | 4 | 333,395 | - | 550,930 |
| Total Cash, Cash Equivalents & Investments | | <u>18,314,408</u> | <u>11,606,801</u> | <u>32,537,733</u> |

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

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City of Greater Geraldton

Rate Setting Statement (by Nature)
for the year ended 30 June 2014

| \$ | Notes | 2014 Actual | 2014 Budget | 2013 Actual |
|---|-------|---------------------|---------------------|---------------------|
| Revenue | | | | |
| Operating Grants, Subsidies & Contributions | | 8,561,275 | 9,369,894 | 12,513,236 |
| Fees & Charges | | 17,080,804 | 17,417,497 | 15,646,205 |
| Specified Area Rates / Ex Gratia | | - | 107,363 | 142,317 |
| Interest Earnings | | 1,739,464 | 1,758,513 | 2,135,300 |
| Profit on Disposal of Assets | | 25,575 | 578,807 | 247,809 |
| Land Held For Resale - Proceeds of Sale | | - | 700,000 | - |
| Other Revenue | | 1,686,151 | 2,029,625 | 2,639,541 |
| | | <u>29,093,269</u> | <u>31,961,699</u> | <u>33,324,408</u> |
| Expenses | | | | |
| Employee Costs | | (29,488,810) | (28,595,045) | (27,583,386) |
| Materials & Contracts | | (19,722,133) | (20,813,074) | (20,142,610) |
| Utilities | | (2,909,094) | (3,185,325) | (3,347,862) |
| Depreciation | | (17,619,970) | (18,042,064) | (17,983,101) |
| Interest Expenses | | (737,214) | (842,202) | (771,606) |
| Insurance | | (922,827) | (971,360) | (906,365) |
| Loss on Disposal of Assets | | (76,829) | (209,720) | (359,883) |
| Land Held For Resale (Acquisition/Development Cost) | | - | (14,891,646) | - |
| Other Expenditure | | (2,255,153) | (1,944,805) | (1,228,210) |
| | | <u>(73,732,031)</u> | <u>(89,495,241)</u> | <u>(72,323,023)</u> |
| | | <u>(44,638,762)</u> | <u>(57,533,542)</u> | <u>(38,998,615)</u> |
| Net Result Excluding Rates | | | | |
| Adjustment for Cash Budget Requirements: | | | | |
| Non-Cash Expenditure & Revenue | | | | |
| (Profit)/Loss on Asset Disposal | 21 | 51,254 | (369,087) | 112,074 |
| Movement in Borrowings | | - | - | 103,559 |
| Movement in Non-Current Deferred Pensioner Rates | | 38,856 | - | - |
| Movement in Non-Current Employee Benefit Provisions | | 10,950 | - | (69,778) |
| Depreciation on Assets | 2(a) | 17,619,970 | 18,042,064 | 17,983,102 |
| Movement of Non-Current Debtors & Inventories | | 290,108 | - | (764,899) |
| Movement of Non-Current Creditors & Provisions | | - | - | 50,000 |
| Other Non-Cash (Revenue)/Expenditure | | 13,906 | - | (492,322) |
| | | <u>18,025,044</u> | <u>17,672,977</u> | <u>16,921,736</u> |
| Net Non-Cash Expenditure & Revenue | | | | |
| Capital Expenditure | | | | |
| Purchase of Land Held for Resale | | (4,616,354) | - | - |
| Purchase Land and Buildings | 20 | (8,791,528) | (9,074,322) | (6,780,395) |
| Purchase Plant and Equipment | 20 | (2,681,842) | (2,577,000) | (2,081,868) |
| Purchase Furniture and Equipment | 20 | (363,814) | (683,500) | (208,379) |
| Purchase of Other PP&E | 20 | (1,818) | - | (18,300) |
| Infrastructure Assets | 20 | (26,642,698) | (52,480,860) | (22,196,154) |
| Repayment of Debentures | 23(a) | (2,812,787) | (3,089,287) | (2,804,057) |
| | | <u>(45,910,842)</u> | <u>(67,904,969)</u> | <u>(34,089,153)</u> |
| Net Capital Expenditure | | | | |
| Capital Revenue | | | | |
| Proceeds from Disposal of Assets | 21 | 750,113 | 3,885,000 | 1,953,080 |
| Proceeds from New Debentures | 23(b) | 7,980,000 | 21,030,000 | 5,100,000 |
| Self-Supporting Loan Principal Income | 23(a) | 92,300 | 92,124 | 150,539 |
| Council Loan Principal Income | | 17,986 | - | 614,360 |
| Non-Operating Grants, Subsidies and Contributions | | 14,152,606 | 26,300,376 | 10,616,950 |
| | | <u>22,993,005</u> | <u>51,307,500</u> | <u>18,434,929</u> |
| Net Capital Revenue | | | | |
| Transfers | | | | |
| Transfers to Reserves (Restricted Assets) | 12 | (6,107,461) | (448,000) | (13,296,715) |
| Transfers from Reserves (Restricted Assets) | 12 | 20,487,032 | 21,974,639 | 14,419,882 |
| | | <u>14,379,571</u> | <u>21,526,639</u> | <u>1,123,167</u> |
| Net Transfers | | | | |
| Surplus/(Deficit) July 1 B/Fwd | 24(b) | (3,701,125) | (3,096,112) | (3,820,002) |
| Surplus/(Deficit) June 30 C/Fwd | 24(b) | (1,132,384) | (287,442) | (3,701,124) |
| | | <u>(37,720,725)</u> | <u>(37,740,065)</u> | <u>(36,726,814)</u> |
| Amount Raised from Rates | | | | |

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

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City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

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.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Restoration and rehabilitation provision

The Council's accounting policy for the recognition of restoration and rehabilitation provisions requires significant estimates including the magnitude of possible works required for the removal of infrastructure and of rehabilitation works, future cost of performing the work, the inflation and discount rates and the timing of cash flows. These uncertainties may result in future actual expenditure differing from the amounts currently provided. When these factors change or become known in the future, such differences will impact the landfill rehabilitation provision in the period in which they change or become known.

(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.

New and amended standards adopted by Council

During the current year, the following relevant standards became mandatory for Council and have been adopted:

- AASB 13 Fair Value Measurement
- AASB 119 Employee Benefits

AASB 13 Fair Value Measurement has not affected the assets or liabilities which are to be measured at fair value, however it provides detailed guidance on how to measure fair value in accordance with the accounting standards.

It introduces the concept of highest and best use for non-financial assets and has caused the Council to review their valuation methodology.

The level of disclosures regarding fair value have increased significantly and have been included in the financial statements at Note 37.

AASB 119 Employee Benefits introduced revised definitions for short-term employee benefits.

Whilst the Council has reviewed the annual leave liability to determine the level of annual leave which is expected to be paid more than 12 months after the end of the reporting period, there has been no effect on the amounts disclosed as leave liabilities since Council's existing valuation policy was to discount annual leave payable more than 12 months after the end of the reporting period to present values.

Council expects all annual leave amounts to be settled within one year of the balance sheet date.

(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

City of Greater Geraldton

Notes to the Financial Statements for the year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies (continued)

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.

(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

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies (continued)

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 revalue 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.

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

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies (continued)

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 an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- (a) the amount is which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) 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
- (d) less any reduction for impairment.

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 of 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.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies (continued)

(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 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.

The landfill activities of the Council give rise to obligations for site restoration and rehabilitation. Restoration and rehabilitation obligations can include facility decommissioning and dismantling, removal or treatment of waste materials, land rehabilitation and site restoration. Provisions for the cost of each rehabilitation program are recognised at the time that environmental disturbance occurs.

(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.

City of Greater Geraldton

Notes to the Financial Statements for the year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies (continued)

(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 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.

City of Greater Geraldton

Notes to the Financial Statements for the year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies (continued)

(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.

(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.

Most notably, the asset retirement obligation and related asset for the Meru landfill has been inserted in the comparative figures for 2013 given that the liability was estimable in the prior period. The balance of the asset and liability in the prior period would not be materially different from those figures presented in 2014 and therefore are unchanged."

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 (or Disposal Groups) "Held for Sale" & Discontinued Operations

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of either (i) their carrying amount and (ii) fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

City of Greater Geraldton

Notes to the Financial Statements for the year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies (continued)

The exception to this is plant and motor vehicles which are turned over on a regular basis. Plant and motor vehicles are retained in Non Current Assets under the classification of Property, Plant and Equipment - unless the assets are to be traded in after 30 June and the replacement assets were already purchased and accounted for as at 30 June.

For any assets or disposal groups classified as Non-Current Assets "held for sale", an impairment loss is recognised at any time when the assets carrying value is greater than its fair value less costs to sell.

Non-current assets "held for sale" 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 balance sheet.

A Discontinued Operation is a component of Council that has been disposed of or is classified as "held for sale" and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations are presented separately on the face of the income statement.

(z) Intangible Assets

Council has not classified any assets as Intangible.

(aa) 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 2014.

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 and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2017)

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 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.

The Council has not yet fully assessed the impact on the reporting financial position and performance on adoption of AASB 9.

Applicable to Local Government but no implications for Council;

AASB 2013-3 Amendments to AASB 136 Recoverable Amount Disclosures for Non-

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies (continued)

Financial Assets (effective for 30 June 2015 Financial Statements)

There are no changes to reported financial position or performance from AASB 2013 – 3, however additional disclosures may be required.

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 for 30 June 2015 Financial Statements for not-for-profit entities)

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.

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.

City of Greater Geraldton

Notes to the Financial Statements for the year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies (continued)

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 2015.

Not applicable to Local Government per se;

None

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

(ab) Comparative Figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

(ac) Disclaimer

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

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

Note 2. Operating Revenues and Expenses

| \$ | Notes | 2014 Actual | 2014 Budget | 2013 Actual |
|--|-------|-------------------|-------------------|-------------------|
| (a) Net Result | | | | |
| The Result includes: | | | | |
| (i) Charging as an Expense: | | | | |
| Significant Expense/Income | | | | |
| The significant income relates to an increase in the fair value of the Council's investments | 4 | (422,276) | - | (550,930) |
| Auditors Remuneration | | | | |
| - Audit | | 36,233 | - | 41,961 |
| Bad & Doubtful Debts | | | | |
| Rates | 27(b) | 16,497 | - | 10,000 |
| General Debtors | 27(b) | 39,055 | - | (5,738) |
| Depreciation | | | | |
| <i>Property, Plant & Equipment</i> | | | | |
| - Buildings | | 2,527,035 | 1,639,678 | 2,304,686 |
| - Furniture and Equipment | | 330,669 | 17,516 | 239,690 |
| - Plant and Equipment | | 2,303,173 | 2,350,660 | 2,470,563 |
| <i>Infrastructure</i> | | | | |
| - Roads | | 11,056,694 | 9,731,312 | 11,786,138 |
| - Recreation | | 701,154 | 569,724 | 577,965 |
| - Car Parks | | 234,841 | - | 220,751 |
| - Meru Landfill | | 101,879 | 83,418 | 84,415 |
| - Airport | | 358,004 | 894,386 | 294,177 |
| - Effluent Scheme | | 6,522 | - | 4,716 |
| - Other Infrastructure | | - | 2,755,370 | - |
| | | 17,619,970 | 18,042,064 | 17,983,102 |
| Interest Expenses (Finance Costs) | | | | |
| Debentures | 23(a) | 737,214 | 842,202 | 771,606 |
| | | 737,214 | 842,202 | 771,606 |
| Rental Charges | | | | |
| - Operating Leases | | 66,334 | 75,000 | 65,263 |
| | | 66,334 | 75,000 | 65,263 |
| (ii) Crediting as Revenue: | | | | |
| Interest Earnings | | | | |
| Investments - Reserve Funds | | 745,963 | 300,000 | 1,126,470 |
| Investments - Other Funds | | 505,882 | 1,066,513 | 673,405 |
| Other Interest Revenue | 28 | 487,619 | 392,000 | 335,425 |
| | | 1,739,464 | 1,758,513 | 2,135,300 |

City of Greater Geraldton

Notes to the Financial Statements for the year ended 30 June 2014

Note 2. Operating Revenues and Expenses (continued)

\$

(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.

HOUSING

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

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

City of Greater Geraldton

Notes to the Financial Statements for the year ended 30 June 2014

Note 2. Operating Revenues and Expenses (continued)

\$

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

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 2014

Note 2. Operating Revenues and Expenses (continued)

\$

(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 2014

Note 2. Operating Revenues and Expenses (continued)

\$

(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 2014

Note 2. Operating Revenues and Expenses (continued)

| | Opening Balance ¹ 1-Jul-12 | Received ² 2013 | Expended ³ 2013 | Closing Balance ¹ 30-Jun-13 | Received ² 2014 | Expended ³ 2014 | Closing Balance 30-Jun-14 |
|---|---|-------------------------------|-------------------------------|--|-------------------------------|-------------------------------|---------------------------------|
| \$ | | | | | | | |
| (d). Conditions Over Grants, Subsidies & Contributions | | | | | | | |
| Grant/Subsidy/Contribution | | | | | | | |
| <u>Governance</u> | | | | | | | |
| Active Smart Project Officer | 7,092 | - | (7,092) | - | - | - | - |
| Airport Paid Parking | - | 618,377 | - | 618,377 | - | (618,377) | - |
| Airport Technology Park | - | 1,670,060 | (292,460) | 1,377,600 | - | (1,377,600) | - |
| Aquarena Renewal Program | - | 427,214 | - | 427,214 | - | (427,214) | - |
| Aquarena Geothermal | - | - | - | - | 480,258 | (240,258) | 240,000 |
| Aquarena Waterwise Grant Scheme | (680) | 680 | - | - | - | - | - |
| Art Gallery- Donation to Lindsay Collection | 459 | 1,700 | - | 2,159 | 18,182 | - | 20,341 |
| Art Gallery- Community Cultural Development | 3,454 | - | - | 3,454 | - | - | 3,454 |
| Arts Engagement Officer | - | - | - | - | 30,000 | (11,106) | 18,894 |
| Batavia Marina Water Loan | 11,077 | - | - | 11,077 | - | (11,077) | - |
| Beresford Foreshore (Northern Beaches Seawall) | - | 100,000 | - | 100,000 | - | (22,894) | 77,106 |
| Big Sky Writers Festival | - | 6,364 | - | 6,364 | 16,545 | (6,364) | 16,545 |
| Black Spot Chapman Railway Crossing | 6,503 | - | - | 6,503 | - | (6,503) | - |
| Bridgig Road - Pavement Upgrade | - | 60,000 | - | 60,000 | - | (60,000) | - |
| Bright Stars Family Day Care | - | 5,000 | - | 5,000 | - | - | 5,000 |
| Building Better Regional Cities | 4,000,000 | 5,547,000 | (1,300,000) | 8,247,000 | 3,090,660 | (1,547,000) | 9,790,660 |
| Chapman River Corridor Project | 17,185 | - | - | 17,185 | - | (17,185) | - |
| Civic Accommodation Project (CLGF Direct 2011-12) | 300,000 | - | (300,000) | - | - | - | - |
| CLGF Regional Funding - Wonthella Lights | - | 229,141 | - | 229,141 | - | - | 229,141 |

(continued on next page)

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

Note 2. Operating Revenues and Expenses (continued)

| | Opening Balance ¹ 1-Jul-12 | Received ² 2013 | Expended ³ 2013 | Closing Balance ¹ 30-Jun-13 | Received ² 2014 | Expended ³ 2014 | Closing Balance 30-Jun-14 |
|---|---|-------------------------------|-------------------------------|--|-------------------------------|-------------------------------|---------------------------------|
| \$ | | | | | | | |
| (d). Conditions Over Grants, Subsidies & Contributions (continued) | | | | | | | |
| Grant/Subsidy/Contribution (continued) | | | | | | | |
| Governance | | | | | | | |
| Coast care | 3,697 | - | - | 3,697 | - | (3,697) | - |
| Community Grants Round 10 | 144,503 | 77,825 | (144,503) | 77,825 | - | (58,071) | 19,754 |
| CCTV Eye on Mullewa | 25,000 | - | - | 25,000 | 50,000 | (25,000) | 50,000 |
| CCTV Library Car Park I Breakers Tavern & RSL | 2,126 | - | (2,126) | - | - | - | - |
| Depot Main | - | 289,078 | - | 289,078 | 680,000 | (244,299) | 724,779 |
| Cultural Celebrations | - | 9,000 | - | 9,000 | - | (9,000) | - |
| Derna Parade Park (CLGF Direct) | 365,378 | 172,000 | (365,378) | 172,000 | - | (172,000) | - |
| Digital Enterprises | 154,300 | 50,800 | (98,087) | 107,013 | - | (107,013) | - |
| Digital Hubs | 158,933 | 72,974 | (154,605) | 77,302 | - | (77,302) | - |
| Digital Local Government | 237,694 | 182,324 | (186,594) | 233,424 | - | (233,424) | - |
| Digital Strategy | 50,000 | - | (18,039) | 31,961 | - | (31,961) | - |
| DLGRD- Indigenous Scholarship | 10,000 | - | - | 10,000 | - | (10,000) | - |
| Donor Awareness Fountain | 50,000 | - | (50,000) | - | - | - | - |
| Downhill Youth Project | 6,000 | - | (6,000) | - | - | - | - |
| Drainage- 22-24 Crowtheron St | 2,591 | - | - | 2,591 | - | (2,591) | - |
| 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) | - | - | - | - |

(continued on next page)

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

Note 2. Operating Revenues and Expenses (continued)

| | Opening Balance ¹ | Received ² | Expended ³ | Closing Balance ¹ | Received ² | Expended ³ | Closing Balance |
|---|---------------------------------|-----------------------|-----------------------|---------------------------------|-----------------------|-----------------------|--------------------|
| \$ | 1-Jul-12 | 2013 | 2013 | 30-Jun-13 | 2014 | 2014 | 30-Jun-14 |
| (d). Conditions Over Grants, Subsidies & Contributions (continued) | | | | | | | |
| Grant/Subsidy/Contribution (continued) | | | | | | | |
| Governance | | | | | | | |
| 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) | - | - | - | - |
| 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 | - | - | 15,000 |
| Dual Use Pathwas- Bikewest (Champion Bay) | 7,000 | - | - | 7,000 | - | - | 7,000 |
| Eadon Clarke Sporting Complex Redevelopment | 348,141 | - | (348,141) | - | - | - | - |
| Eadon Clarke Sanitation Dump Point | - | 50,000 | - | 50,000 | - | (50,000) | - |
| Eastern Breakwater | 2,352,290 | 665,000 | - | 3,017,290 | - | (2,737,290) | 280,000 |
| Ellendale Pool Honesty Box | 13,094 | 6,636 | - | 19,730 | - | - | 19,730 |
| Family Day Care- Mainstream Surplus | 14,825 | - | (14,825) | - | - | - | - |
| Family Day Care- In Home Care CCB | 7,430 | - | (7,430) | - | - | - | - |
| Family Day Care- In Home Care Grant | 48 | - | (48) | - | - | - | - |
| Fleet Replacement | 593,000 | - | (100,000) | 493,000 | - | (293,000) | 200,000 |
| Flores Rd Intersection (CLGF Direct 2010-11) | 41,760 | - | (41,760) | - | - | - | - |

(continued on next page)

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

Note 2. Operating Revenues and Expenses (continued)

| | Opening Balance ¹ | Received ² | Expended ³ | Closing Balance ¹ | Received ² | Expended ³ | Closing Balance |
|----|---------------------------------|-----------------------|-----------------------|---------------------------------|-----------------------|-----------------------|--------------------|
| \$ | 1-Jul-12 | 2013 | 2013 | 30-Jun-13 | 2014 | 2014 | 30-Jun-14 |

(d). Conditions Over Grants, Subsidies & Contributions (continued)

Grant/Subsidy/Contribution (continued)

Governance

| | | | | | | | |
|--|-----------|--------|-------------|---------------|--------|----------|----------------|
| Flores Rd Intersection (Royalties for Regions) | 2,815,400 | - | (2,815,400) | - | - | - | - |
| Foreshore Toilets (Northern) | 64,286 | - | (64,286) | - | - | - | - |
| Fresnal Lens Project | 15,000 | - | - | 15,000 | - | (15,000) | - |
| Future Work- 42 Brede St Footpath (Lefroy/Watkins) | 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) | - | - | - | - |
| Future Work- Northcoast (Beaver St Concrete) | 150 | - | (150) | - | - | - | - |
| Future Work- Northcoast (Gertrude St Sealing) | 650 | - | (650) | - | - | - | - |
| Future Work- Sunset Beach Infill Sewer Program (Reserve 19556) | 909 | - | (909) | - | - | - | - |
| Future Work- Truline (Infill Sewer Pavement) | 250 | - | (250) | - | - | - | - |
| Geraldton Bicycle User Group | 4,515 | - | - | 4,515 | - | (4,515) | - |
| Geraldton City Band | - | - | - | - | - | - | - |
| Go Gero Project | 302,266 | - | (302,266) | - | - | - | - |
| Greater Geraldton Themed Interpreted Walk Trail | 8,447 | - | (8,447) | - | - | - | - |
| Greys Beach Coastwise 98/99 surplus | 5,489 | - | (5,489) | - | - | - | - |
| Harmony Dinner Ticket Sales | 3,003 | - | (3,003) | - | - | - | - |
| HMAS Memorial | 9,204 | - | - | 9,204 | - | - | 9,204 |
| IT LAN/WAN Equipment | - | 85,584 | - | 85,584 | 34,416 | - | 120,000 |

(continued on next page)

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

Note 2. Operating Revenues and Expenses (continued)

| | Opening Balance ¹ | Received ² | Expended ³ | Closing Balance ¹ | Received ² | Expended ³ | Closing Balance |
|----|---------------------------------|-----------------------|-----------------------|---------------------------------|-----------------------|-----------------------|--------------------|
| \$ | 1-Jul-12 | 2013 | 2013 | 30-Jun-13 | 2014 | 2014 | 30-Jun-14 |

(d). Conditions Over Grants, Subsidies & Contributions (continued)

Grant/Subsidy/Contribution (continued)

Governance

| | | | | | | | |
|--|---------|---------|-----------|----------------|--------|-----------|---------------|
| Kid sport | 74,996 | - | (46,820) | 28,176 | 81,670 | (63,019) | 46,827 |
| Let There Be Light | 2,080 | - | (2,080) | - | - | - | - |
| Library Aboriginal History Grant | 1,850 | - | - | 1,850 | - | (1,850) | - |
| Library Regional Activity Plan | - | - | - | - | 2,290 | - | 2,290 |
| Library Old Railway Station | - | - | - | - | 7,805 | - | 7,805 |
| Lighthouse Keepers Cottage Restoration | 1,362 | - | - | 1,362 | - | - | 1,362 |
| Little Athletics | - | - | - | - | - | - | - |
| Little Athletics - Replace Doors/Frames | - | 10,000 | - | 10,000 | - | - | 10,000 |
| Local Planning Strategy and Scheme | - | 272,499 | - | 272,499 | - | (272,499) | - |
| Long Term Financial Planning | 28,500 | - | (28,500) | - | - | - | - |
| Main Roads (Flores Road) | 307,282 | - | (307,282) | - | - | - | - |
| Marine Terrace Cycling Enabling Facility | - | 45,000 | - | 45,000 | - | (31,989) | 13,011 |
| Meet & Greeters | 4,910 | - | - | 4,910 | - | (4,910) | - |
| Men of the Trees | 31,520 | - | (31,520) | - | - | - | - |
| Meru Special Area Use Scheme | 70,000 | - | (51,205) | 18,795 | - | (18,795) | - |
| Mid West Procurement Officer | 25,000 | - | - | 25,000 | - | (25,000) | - |
| Mid West Sports Federation | 5,000 | - | - | 5,000 | - | (5,000) | - |
| Midnight Basketball | 14,536 | 7,532 | (14,536) | 7,532 | - | - | 7,532 |
| Moresby Ranges & Chapman River Fencing Project | 2,000 | - | (2,000) | - | - | - | - |

(continued on next page)

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

Note 2. Operating Revenues and Expenses (continued)

| | Opening Balance ¹ | Received ² | Expended ³ | Closing Balance ¹ | Received ² | Expended ³ | Closing Balance |
|---|---------------------------------|-----------------------|-----------------------|---------------------------------|-----------------------|-----------------------|--------------------|
| \$ | 1-Jul-12 | 2013 | 2013 | 30-Jun-13 | 2014 | 2014 | 30-Jun-14 |
| (d). Conditions Over Grants, Subsidies & Contributions (continued) | | | | | | | |
| Grant/Subsidy/Contribution (continued) | | | | | | | |
| Governance | | | | | | | |
| Mullewa Community Trust | - | 16,754 | - | 16,754 | - | (6,251) | 10,503 |
| 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) | - | - | - | - |
| Mullewa MWDC - Men's Shed | 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 | - | - | 49,450 |
| Mullewa Town Revitalisation (CLGF Direct 2011-12) | 187,926 | 88,326 | (175,819) | 100,433 | - | (70,433) | 30,000 |
| New Animal Facility Design | - | - | - | - | 50,000 | - | 50,000 |
| Old Railway Building | - | - | - | - | 1,090,316 | - | 1,090,316 |
| 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) | - |
| Pollinators | 8,600 | - | (8,600) | - | - | - | - |
| Port Authority Eastern Breakwater | 2,693 | - | (2,693) | - | - | - | - |
| QEII - Enclose Walkway | - | 30,000 | - | 30,000 | - | - | 30,000 |
| QPT - Dance Scholarship | 485 | - | (485) | - | - | - | - |
| Railway Carriage Shed | - | - | - | - | 16,500 | - | 16,500 |
| Randolf Stow Young Writers Awards | 1,300 | - | (1,300) | - | 1,625 | - | 1,625 |

(continued on next page)

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

Note 2. Operating Revenues and Expenses (continued)

| | Opening Balance ¹ 1-Jul-12 | Received ² 2013 | Expended ³ 2013 | Closing Balance ¹ 30-Jun-13 | Received ² 2014 | Expended ³ 2014 | Closing Balance 30-Jun-14 |
|---|---|-------------------------------|-------------------------------|--|-------------------------------|-------------------------------|---------------------------------|
| \$ | | | | | | | |
| (d). Conditions Over Grants, Subsidies & Contributions (continued) | | | | | | | |
| Grant/Subsidy/Contribution (continued) | | | | | | | |
| Governance | | | | | | | |
| Roads to Recovery | 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 | - | (68,280) | - |
| Removal of WONS | 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) | - |
| South Tomi Project | - | - | - | - | 8,000 | - | 8,000 |
| Street Lighting (Refund from Western Power) | 972 | - | (972) | - | - | - | - |
| Sumfun | - | - | - | - | 4,460 | - | 4,460 |
| Sustainable Future City (2029 Beyond Project) | 189,821 | - | (100,000) | 89,821 | - | (89,821) | - |
| Telecommunications | - | 41,734 | - | 41,734 | - | (41,734) | - |
| Transport Model | 291,580 | - | (76,580) | 215,000 | - | (215,000) | - |
| Travel Smart Maps | 6,000 | - | (6,000) | - | - | - | - |
| Tea Club | 6,149 | 2,065 | - | 8,214 | - | (8,214) | - |
| Town Foreshore Water Park - Treatment System and Water Traps | - | 134,000 | - | 134,000 | - | (134,000) | - |
| Town Planning Foreshore Stabilisation | 1,789 | - | (1,789) | - | - | - | - |
| Towns Football Club Sewer Connection | 32,000 | - | (32,000) | - | - | - | - |

(continued on next page)

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

Note 2. Operating Revenues and Expenses (continued)

| | Opening Balance ¹ | Received ² | Expended ³ | Closing Balance ¹ | Received ² | Expended ³ | Closing Balance |
|----|---------------------------------|-----------------------|-----------------------|---------------------------------|-----------------------|-----------------------|--------------------|
| \$ | 1-Jul-12 | 2013 | 2013 | 30-Jun-13 | 2014 | 2014 | 30-Jun-14 |

(d). Conditions Over Grants, Subsidies & Contributions (continued)

Grant/Subsidy/Contribution (continued)

Governance

| | | | | | | | |
|--|-------------------|-------------------|--------------------|-------------------|------------------|--------------------|-------------------|
| Tracking Geraldton Graffiti | 17,169 | - | (17,169) | - | - | - | - |
| Traffic Management Black Spot | 16,033 | - | - | 16,033 | - | (16,033) | - |
| Waggrakine Sewer Infrastructure Planning | - | 44,000 | - | 44,000 | - | (44,000) | - |
| Walkaway Hall - Electrical Upgrade and Soak Wells | - | 12,000 | - | 12,000 | - | - | 12,000 |
| Waste Water Management Plan | 24,721 | - | (15,509) | 9,212 | - | - | 9,212 |
| Wonthella Tennis Ablutions | - | 12,000 | - | 12,000 | - | (6,750) | 5,250 |
| Youth Coordinating Network | 1,500 | - | (1,500) | - | - | - | - |
| Youth Council | 15,000 | - | (15,000) | - | - | - | - |
| Youth N Motion | 4,750 | - | (4,750) | - | - | - | - |
| Total Unspent Grants, Subsidies & Contributions | 15,440,613 | 11,175,397 | (9,134,999) | 17,481,011 | 5,662,727 | (9,717,110) | 13,426,628 |

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 2014

Note 3. Cash and Cash Equivalents

| \$ | Notes | 2014 Actual | 2013 Actual |
|--|-------|--------------------------|--------------------------|
| Cash - Unrestricted | | 1,725,010 | 1,077,316 |
| Cash - Restricted | | 16,256,003 | 30,909,487 |
| Total Cash and Cash Equivalents | 14(a) | <u><u>17,981,013</u></u> | <u><u>31,986,803</u></u> |

**The following restrictions have been imposed
by regulations or other externally imposed
requirements:**

| | | | |
|---|----|--------------------------|--------------------------|
| Airport Reserve | 12 | - | 2,568,500 |
| Asset Development (Capital Works Program) Reserve | 12 | - | 2,857,355 |
| Asset Renewal Fund Reserve | 12 | - | 272,215 |
| Effluent Scheme Reserve | 12 | - | 58,019 |
| Employee Leave Entitlements Reserve | 12 | - | 291,946 |
| Family Day Care Reserve | 12 | - | 8,630 |
| Meat Inspection Reserve | 12 | - | 45,964 |
| Meru Waste Disposal Site Reserve | 12 | - | 2,685,000 |
| Meru Waste Rehabilitation Reserve | 12 | - | 420,789 |
| Mullewa Community Reserve | 12 | 556,390 | 516,641 |
| Mullewa Reseal Reserve | 12 | 1,891,285 | 1,691,285 |
| Mullewa Medical Centre Reserve | 12 | - | 68,006 |
| Parking Land Reserve | 12 | 381,700 | 381,966 |
| Plant Replacement Reserve | 12 | - | 145,695 |
| Risk Management Reserve | 12 | - | 457,227 |
| Rubbish Tip (Flores Rd) Reserve | 12 | - | 641,844 |
| Strategic Initiatives Reserve | 12 | - | 43,480 |
| Unexpended Capital Works & Restricted | 12 | <u>13,426,629</u> | <u>17,481,012</u> |
| Total Reserves | | <u>16,256,003</u> | <u>30,635,574</u> |
| Other Restricted Cash | | - | 824,843 |
| Restricted Cash represented by Investments | | - | (550,930) |
| Other Restrictions | | <u>-</u> | <u>273,913</u> |
| Total Restricted Cash | | <u>16,256,003</u> | <u>30,909,487</u> |

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

Note 4. Investments

| \$ | Notes | 2014 Actual | 2013 Actual |
|--|-------|----------------|----------------|
| Financial Assets at Fair Value through Profit and Loss | | 333,395 | 550,930 |
| Movements in Financial Assets at Fair Value through Profit and Loss | | | |
| At beginning of the year | | 550,930 | 560,196 |
| Revaluation to Statement of Comprehensive Income | 2(a) | 422,276 | 550,930 |
| Disposals | | (639,811) | (560,196) |
| At end of the year | | 333,395 | 550,930 |
| Total Investments | | 333,395 | 550,930 |
| Classified as: | | | |
| Current | | 333,395 | 550,930 |
| Non-Current | | - | - |
| Total Investments | | 333,395 | 550,930 |

Note 5. Trade & Other Receivables

| \$ | 2014 Actual | 2013 Actual |
|--|------------------|------------------|
| Current | | |
| Rates | 2,551,054 | 2,221,548 |
| Sundry Debtors | 1,267,236 | 3,058,619 |
| GST Net Position | 443,302 | 192,020 |
| Interest | 26,391 | - |
| Self Supporting Loan Debtors | 77,149 | - |
| Accrued Income | 41,610 | 105,882 |
| Prepayments | 413,161 | 204,699 |
| Loans by Council | 10,616 | - |
| Provision for Doubtful Debts | (17,763) | (17,763) |
| Total Current Trade & Other Receivables | 4,812,756 | 5,765,005 |
| Non-Current | | |
| Rates Outstanding - Pensioners | 271,729 | 232,873 |
| Self Supporting Loan Debtors | 407,647 | 577,097 |
| Loans by Council | 37,629 | 66,232 |
| Total Non-Current Trade & Other Receivables | 717,005 | 876,202 |

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

Note 6. Inventories

| \$ | 2014 Actual | 2013 Actual |
|---|-------------------------|-----------------------|
| Current | | |
| Fuel and Materials | 317,065 | 257,871 |
| Land Held for Resale - Cost | | |
| - Cost of Acquisition (Internal transfer) | 2,815,615 | - |
| - Development Costs | 4,103,421 | - |
| Resalable Merchandise | 121,024 | 78,027 |
| Land - Stock on Hand | - | 25,466 |
| Total Current Inventories | <u><u>7,357,125</u></u> | <u><u>361,364</u></u> |
| Non-Current | | |
| Land Held for Resale - Cost | | |
| - Development Costs | 377,874 | - |
| Total Non-Current Inventories | <u><u>377,874</u></u> | <u><u>-</u></u> |

Note 7a. Property, Plant and Equipment

| | | |
|--|--------------------------------|---------------------------|
| Land - Fair Value | 55,518,669 | 58,428,025 |
| Land - Cost (Additions) | 1,185,450 | 624 |
| Less Accumulated Depreciation | - | - |
| | <u>56,704,119</u> | <u>58,428,649</u> |
| Buildings - Fair Value | 83,426,258 | 83,459,958 |
| Buildings - Cost (Additions) | 14,385,849 | 6,779,771 |
| Less Accumulated Depreciation | (7,061,346) | (4,543,516) |
| | <u>90,750,761</u> | <u>85,696,213</u> |
| Furniture and Equipment - Fair Value | 2,006,638 | 2,686,606 |
| Less Accumulated Depreciation | (1,041,185) | (1,707,917) |
| | <u>965,453</u> | <u>978,689</u> |
| Plant and Equipment - Fair Value | 11,200,110 | 11,970,308 |
| Plant and Equipment - Cost | 2,681,841 | - |
| Less Accumulated Depreciation | (2,034,040) | - |
| | <u>11,847,911</u> | <u>11,970,308</u> |
| Artwork - Cost | 882,355 | 880,537 |
| Less Accumulated Depreciation | - | - |
| | <u>882,355</u> | <u>880,537</u> |
| Total Property, Plant & Equipment | 7(b) <u><u>161,150,599</u></u> | <u><u>157,954,396</u></u> |

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

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

Movements in Carrying Amounts

| \$ | Notes | Land | Buildings | Furniture and Equipment | Plant and Equipment | Artwork | Total |
|--|-------|-------------------|-------------------|----------------------------|------------------------|----------------|--------------------|
| | | Fair Value | Fair Value | Fair Value | Fair Value | Cost | |
| Balance as at 1 July 2013 | | 58,428,649 | 85,696,213 | 978,689 | 11,970,308 | 880,537 | 157,954,396 |
| Additions | | | | | | | |
| - Renewal | | 1,167,301 | 7,015,258 | 40,663 | 2,681,842 | - | 10,905,064 |
| - New | | 18,149 | 590,820 | 324,242 | - | 1,818 | 935,029 |
| Disposals | | - | (33,700) | (1,044,873) | (770,199) | - | (1,848,772) |
| Depreciation | 2(a) | - | (2,527,035) | (330,669) | (2,303,173) | - | (5,160,877) |
| Other Movements | | (2,909,979) | - | (1,091) | - | - | (2,911,070) |
| Depreciation Eliminated on Disposal | | - | 9,205 | 998,492 | 269,133 | - | 1,276,830 |
| Property, Plant & Equipment at 30 June 2014 | | 56,704,119 | 90,750,761 | 965,453 | 11,847,911 | 882,355 | 161,150,599 |
| 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 | 2,950,965 |
| Disposals | | - | (290,892) | (1,631) | (1,548,482) | - | (1,841,005) |
| Revaluation - Increments | 13 | - | - | - | 1,480,038 | - | 1,480,038 |
| Depreciation | 2(a) | - | (2,304,686) | (239,690) | (2,470,563) | - | (5,014,939) |
| Other Movements | | - | - | - | 481,322 | - | 481,322 |
| Depreciation Eliminated on Disposal | | - | 20,907 | 1,631 | 980,785 | - | 1,003,323 |
| Property, Plant & Equipment at 30 June 2013 | | 58,428,649 | 85,696,213 | 978,689 | 11,970,309 | 880,536 | 157,954,396 |

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

Note 8a. Infrastructure

| \$ | Notes | 2014 Actual | 2013 Actual |
|-------------------------------|-------|---------------------------|---------------------------|
| Roads - Fair Value | | 329,836,259 | 329,836,259 |
| Roads - Cost | | 99,073,248 | 81,063,064 |
| Less Accumulated Depreciation | | <u>(36,514,971)</u> | <u>(25,458,277)</u> |
| | | 392,394,535 | 385,441,046 |
| Recreation - Fair Value | | 30,812,497 | 30,812,497 |
| Recreation - Cost | | 9,168,269 | 5,217,835 |
| Less Accumulated Depreciation | | <u>(9,531,734)</u> | <u>(8,830,580)</u> |
| | | 30,449,032 | 27,199,752 |
| Car Parks - Fair Value | | 5,589,994 | 5,589,994 |
| Car Parks - Cost | | 476,216 | 329,617 |
| Less Accumulated Depreciation | | <u>(3,053,688)</u> | <u>(2,818,847)</u> |
| | | 3,012,523 | 3,100,764 |
| Meru Landfill - Fair Value | | 14,986,893 | 12,478,572 |
| Landfill - Cost | | 195,088 | - |
| Less Accumulated Depreciation | | <u>(2,539,301)</u> | <u>(2,533,496)</u> |
| | | 12,642,680 | 9,945,076 |
| Airport - Fair Value | | 13,811,385 | 13,811,385 |
| Airport - Cost | | 4,079,680 | 2,139,513 |
| Less Accumulated Depreciation | | <u>(946,564)</u> | <u>(588,560)</u> |
| | | 16,944,501 | 15,362,338 |
| Effluent Scheme - Cost | | 256,805 | 244,982 |
| Less Accumulated Amortisation | | <u>(65,640)</u> | <u>(59,118)</u> |
| | | 191,165 | 185,864 |
| Total Infrastructure | 8(b) | <u><u>455,634,436</u></u> | <u><u>441,234,840</u></u> |

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

Note 8b. Infrastructure (continued)

Movements in Carrying Amounts

| \$ | Notes | Roads | Recreation | Car Parks | Meru Landfill | Airport | Effluent Scheme | Total |
|---------------------------------------|-------|--------------------|-------------------|------------------|-------------------|-------------------|-----------------|--------------------|
| | | Fair Value | Fair Value | Fair Value | Fair Value | Fair Value | Cost | |
| Balance as at 1 July 2013 | | 385,441,046 | 27,199,752 | 3,100,764 | 9,945,076 | 15,362,338 | 185,864 | 441,234,840 |
| Additions | | | | | | | | |
| - Renewal | | 8,698,743 | 1,085,788 | 146,599 | 201,658 | 1,909,907 | 11,822 | 12,054,517 |
| - New | | 9,311,440 | 2,864,646 | - | 2,381,835 | 30,260 | - | 14,588,181 |
| Revaluation - Increments | 13 | - | - | - | 215,992 | - | - | 215,992 |
| Depreciation (Expense) | 2(a) | (11,056,694) | (701,154) | (234,841) | (101,879) | (358,004) | (6,522) | (12,459,093) |
| Infrastructure at 30 June 2014 | | 392,394,536 | 30,449,032 | 3,012,522 | 12,642,680 | 16,944,501 | 191,165 | 455,634,436 |
| 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) |
| Other Movements | | - | - | - | 8,750,649 | - | - | 8,750,649 |
| Infrastructure at 30 June 2013 | | 385,441,046 | 27,199,752 | 3,100,764 | 9,945,076 | 15,362,338 | 185,864 | 441,234,840 |

City of Greater Geraldton

Notes to the Financial Statements for the year ended 30 June 2014

Note 9. Trade and Other Payables

| \$ | 2014 Actual | 2013 Actual |
|---|-------------------------|-------------------------|
| Current | | |
| Sundry Creditors | 3,444,945 | 6,655,834 |
| Accrued Interest on Debentures | 153,192 | 107,291 |
| Accrued Salaries and Wages | 18,862 | 620,229 |
| Total Current Trade and Other Payables | <u><u>3,616,999</u></u> | <u><u>7,383,354</u></u> |

Note 10. Borrowings

| | | |
|--|--------------------------|--------------------------|
| Current | | |
| Secured by Floating Charge - Debentures | 23(a) <u>4,816,986</u> | <u>2,812,787</u> |
| Total Current Borrowings | <u><u>4,816,986</u></u> | <u><u>2,812,787</u></u> |
| Non-Current | | |
| Secured by Floating Charge - Debentures | 23(a) <u>15,458,415</u> | <u>12,295,401</u> |
| Total Non-Current Borrowings | <u><u>15,458,415</u></u> | <u><u>12,295,401</u></u> |

Additional detail on borrowings is provided in Note 23.

Note 11. Provisions

| | | |
|--|-------------------------|-------------------------|
| Current | | |
| Annual Leave | 2,376,877 | 2,286,642 |
| Long Service Leave | 1,769,919 | 1,575,595 |
| Sick Leave | 414,229 | 384,116 |
| Accrued RDO's | 153,325 | 117,979 |
| Total Current Provisions | <u><u>4,714,350</u></u> | <u><u>4,364,332</u></u> |
| Non-Current | | |
| Long Service Leave | 239,958 | 229,008 |
| Provision for Infrastructure Meru - Rehabilitation | 8,750,649 | 8,750,649 |
| Total Non-Current Provisions | <u><u>8,990,607</u></u> | <u><u>8,979,657</u></u> |

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

Note 12. Reserves - Cash/Investment Backed

| \$ | 2014 Actual | 2014 Budget | 2013 Actual |
|---|--------------------|--------------------|--------------------|
| (a). Airport Reserve | | | |
| Opening Balance | 2,568,500 | 2,568,500 | 1,700,598 |
| Amount Set Aside / Transfer to Reserve | - | - | 867,902 |
| Amount Used / Transfer from Reserve | <u>(2,568,500)</u> | <u>(2,568,500)</u> | <u>-</u> |
| | <u>-</u> | <u>-</u> | <u>2,568,500</u> |
| (b). Asset Development (Capital Works Program) Reserve | | | |
| Opening Balance | 2,857,355 | 2,857,355 | 5,257,355 |
| Amount Set Aside / Transfer to Reserve | - | - | 297,229 |
| Amount Used / Transfer from Reserve | <u>(2,857,355)</u> | <u>(2,857,355)</u> | <u>(2,697,229)</u> |
| | <u>-</u> | <u>-</u> | <u>2,857,355</u> |
| (c). Asset Renewal Fund Reserve | | | |
| Opening Balance | 272,215 | 272,215 | 1,857,418 |
| Amount Set Aside / Transfer to Reserve | - | - | 534,550 |
| Amount Used / Transfer from Reserve | <u>(272,215)</u> | <u>(272,215)</u> | <u>(2,119,753)</u> |
| | <u>-</u> | <u>-</u> | <u>272,215</u> |
| (d). Effluent Scheme Reserve | | | |
| Opening Balance | 58,019 | 58,019 | 58,019 |
| Amount Used / Transfer from Reserve | <u>(58,019)</u> | <u>(58,019)</u> | <u>-</u> |
| | <u>-</u> | <u>-</u> | <u>58,019</u> |
| (e). Employee Leave Entitlements Reserve | | | |
| Opening Balance | 291,946 | 291,946 | 241,946 |
| Amount Set Aside / Transfer to Reserve | - | - | 50,000 |
| Amount Used / Transfer from Reserve | <u>(291,946)</u> | <u>(291,946)</u> | <u>-</u> |
| | <u>-</u> | <u>-</u> | <u>291,946</u> |
| (f). Family Day Care Reserve | | | |
| Opening Balance | 8,630 | 8,630 | 8,630 |
| Amount Used / Transfer from Reserve | <u>(8,630)</u> | <u>(8,630)</u> | <u>-</u> |
| | <u>-</u> | <u>-</u> | <u>8,630</u> |
| (g). Meat Inspection Reserve | | | |
| Opening Balance | 45,964 | 45,964 | 45,964 |
| Amount Used / Transfer from Reserve | <u>(45,964)</u> | <u>(45,964)</u> | <u>-</u> |
| | <u>-</u> | <u>-</u> | <u>45,964</u> |

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

Note 12. Reserves - Cash/Investment Backed

| \$ | 2014 Actual | 2014 Budget | 2013 Actual |
|---|--------------------|--------------------|------------------|
| (h). Meru Waste Disposal Site Reserve | | | |
| Opening Balance | 2,685,000 | 2,685,000 | 3,153,581 |
| Amount Used / Transfer from Reserve | <u>(2,685,000)</u> | <u>(2,685,000)</u> | <u>(468,581)</u> |
| | - | - | 2,685,000 |
| (i). Meru Waste Rehabilitation Reserve | | | |
| Opening Balance | 420,789 | 420,789 | 420,789 |
| Amount Used / Transfer from Reserve | <u>(420,789)</u> | <u>(420,789)</u> | <u>-</u> |
| | - | - | 420,789 |
| (j). Mullewa Community Reserve | | | |
| Opening Balance | 516,641 | 516,641 | 486,641 |
| Amount Set Aside / Transfer to Reserve | 100,000 | 100,000 | 30,000 |
| Amount Used / Transfer from Reserve | <u>(60,251)</u> | <u>(169,000)</u> | <u>-</u> |
| | 556,390 | 447,641 | 516,641 |
| (k). Mullewa Reseal Reserve | | | |
| Opening Balance | 1,691,285 | 1,691,285 | 1,491,285 |
| Amount Set Aside / Transfer to Reserve | <u>200,000</u> | <u>200,000</u> | <u>200,000</u> |
| | 1,891,285 | 1,891,285 | 1,691,285 |
| (l). Mullewa Medical Centre Reserve | | | |
| Opening Balance | 68,006 | 68,006 | 68,006 |
| Amount Used / Transfer from Reserve | <u>(68,006)</u> | <u>(68,006)</u> | <u>-</u> |
| | - | - | 68,006 |
| (m). Parking Land Reserve | | | |
| Opening Balance | 381,966 | 381,966 | 239,649 |
| Amount Set Aside / Transfer to Reserve | 144,734 | 148,000 | 142,317 |
| Amount Used / Transfer from Reserve | <u>(145,000)</u> | <u>(240,000)</u> | <u>-</u> |
| | 381,700 | 289,966 | 381,966 |
| (n). Plant Replacement Reserve | | | |
| Opening Balance | 145,695 | 145,695 | 145,695 |
| Amount Used / Transfer from Reserve | <u>(145,695)</u> | <u>(145,695)</u> | <u>-</u> |
| | - | - | 145,695 |

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

Note 12. Reserves - Cash/Investment Backed

| \$ | 2014 Actual | 2014 Budget | 2013 Actual |
|---|--------------------------|-------------------------|--------------------------|
| (o). Risk Management Reserve | | | |
| Opening Balance | 457,227 | 457,227 | 457,227 |
| Amount Used / Transfer from Reserve | <u>(457,227)</u> | <u>(457,227)</u> | <u>-</u> |
| | <u>-</u> | <u>-</u> | <u>457,227</u> |
| (p). Rubbish Tip (Flores Rd) Reserve | | | |
| Opening Balance | 641,844 | 641,844 | 641,844 |
| Amount Used / Transfer from Reserve | <u>(641,844)</u> | <u>(641,844)</u> | <u>-</u> |
| | <u>-</u> | <u>-</u> | <u>641,844</u> |
| (q). Strategic Initiatives Reserve | | | |
| Opening Balance | 43,480 | 43,480 | 43,480 |
| Amount Used / Transfer from Reserve | <u>(43,480)</u> | <u>(43,480)</u> | <u>-</u> |
| | <u>-</u> | <u>-</u> | <u>43,480</u> |
| (r). Unexpended Capital Works & Restricted Grant Reserve | | | |
| Opening Balance | 17,481,012 | 14,310,612 | 15,440,613 |
| Amount Set Aside / Transfer to Reserve | 5,662,727 | - | 11,174,717 |
| Amount Used / Transfer from Reserve | <u>(9,717,110)</u> | <u>(11,000,969)</u> | <u>(9,134,319)</u> |
| | <u>13,426,629</u> | <u>3,309,643</u> | <u>17,481,012</u> |
| Total Reserves | <u><u>16,256,003</u></u> | <u><u>5,938,535</u></u> | <u><u>30,635,574</u></u> |

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

Note 12. Reserves - Cash/Investment Backed

| \$ | 2014 Actual | 2014 Budget | 2013 Actual |
|---|---------------------|---------------------|---------------------|
| Summary of Reserve Transfers | | | |
| Transfers to Reserves | | | |
| Airport Reserve | - | - | 867,902 |
| Asset Development (Capital Works Program) Reserve | - | - | 297,229 |
| Asset Renewal Fund Reserve | - | - | 534,550 |
| Employee Leave Entitlements Reserve | - | - | 50,000 |
| Mullewa Community Reserve | 100,000 | 100,000 | 30,000 |
| Mullewa Reseal Reserve | 200,000 | 200,000 | 200,000 |
| Parking Land Reserve | 144,734 | 148,000 | 142,317 |
| Unexpended Capital Works & Restricted | 5,662,727 | - | 11,174,717 |
| Total Transfers to Reserves | 6,107,461 | 448,000 | 13,296,715 |
| Transfers from Reserves | | | |
| Airport Reserve | (2,568,500) | (2,568,500) | - |
| Asset Development (Capital Works Program) Reserve | (2,857,355) | (2,857,355) | (2,697,229) |
| Asset Renewal Fund Reserve | (272,215) | (272,215) | (2,119,753) |
| Effluent Scheme Reserve | (58,019) | (58,019) | - |
| Employee Leave Entitlements Reserve | (291,946) | (291,946) | - |
| Family Day Care Reserve | (8,630) | (8,630) | - |
| Meat Inspection Reserve | (45,964) | (45,964) | - |
| Meru Waste Disposal Site Reserve | (2,685,000) | (2,685,000) | (468,581) |
| Meru Waste Rehabilitation Reserve | (420,789) | (420,789) | - |
| Mullewa Community Reserve | (60,251) | (169,000) | - |
| Mullewa Medical Centre Reserve | (68,006) | (68,006) | - |
| Parking Land Reserve | (145,000) | (240,000) | - |
| Plant Replacement Reserve | (145,695) | (145,695) | - |
| Risk Management Reserve | (457,227) | (457,227) | - |
| Rubbish Tip (Flores Rd) Reserve | (641,844) | (641,844) | - |
| Strategic Initiatives Reserve | (43,480) | (43,480) | - |
| Unexpended Capital Works & Restricted Grant Reserve | (9,717,110) | (11,000,969) | (9,134,319) |
| Total Transfers from Reserves | (20,487,032) | (21,974,639) | (14,419,882) |
| Total Net Transfer to/(from) Reserves | (14,379,571) | (21,526,639) | (1,123,167) |

City of Greater Geraldton

Notes to the Financial Statements for the year ended 30 June 2014

Note 12. Reserves - Cash/Investment Backed

\$

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.

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

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.

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.

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.

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.

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.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

Note 13. Reserves - Asset Revaluation

| \$ | Notes | 2014 Actual | 2013 Actual |
|---|-------|--------------------|--------------------|
| Asset revaluation reserves have arisen on revaluation of the following classes of assets: | | | |
| (a). Land & Buildings | | | |
| Opening Balance | | 75,300,551 | 75,300,551 |
| | | 75,300,551 | 75,300,551 |
| (b). Plant and Equipment | | | |
| Opening Balance | | 1,480,038 | - |
| Revaluation Increment | 7(b) | - | 1,480,038 |
| | | 1,480,038 | 1,480,038 |
| (c). Artwork | | | |
| Opening Balance | | 445,765 | 445,765 |
| | | 445,765 | 445,765 |
| (d). Roads | | | |
| Opening Balance | | 199,260,637 | 127,630,787 |
| Revaluation Increment | 8(b) | - | 71,629,850 |
| | | 199,260,637 | 199,260,637 |
| (e). Recreation | | | |
| Opening Balance | | - | (835,202) |
| Revaluation Increment | 8(b) | - | 835,202 |
| | | - | - |
| (f). Meru Landfill | | | |
| Opening Balance | | - | 232,669 |
| Revaluation Increment | 8(b) | 215,992 | - |
| Revaluation Decrement | 8(b) | - | (232,669) |
| | | 215,992 | - |
| (g). Airport | | | |
| Opening Balance | | 6,467,660 | 6,467,610 |
| Revaluation Increment | 8(b) | - | 50 |
| | | 6,467,660 | 6,467,660 |
| (h). Other Infrastructure | | | |
| Opening Balance | | 2,758,769 | 2,758,769 |
| | | 2,758,769 | 2,758,769 |
| Total Asset Revaluation Reserves | | 285,929,412 | 285,713,420 |

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

Note 14. Notes to the Statement of Cash flows

| \$ | Notes | 2014 Actual | 2014 Budget | 2013 Actual |
|---|-------|-------------------|--------------------|-------------------|
| (a). Reconciliation of Cash | | | | |
| 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>17,981,013</u> | <u>11,606,801</u> | <u>31,986,803</u> |
| (b). Reconciliation of Net Cash Provided By Operating Activities to Net Result | | | | |
| Net Result | | 7,656,845 | 6,506,899 | 7,115,313 |
| Depreciation | | 17,619,970 | 18,042,064 | 17,983,101 |
| Write Down (Up) in Fair Value of Investments | | (422,276) | - | (550,930) |
| (Profit)/Loss on Sale of Assets | | 51,254 | (369,087) | 112,074 |
| Other Non Cash Movements | | (0) | (796,460) | (7,520,812) |
| Decrease/(Increase) in Receivables | | 1,019,144 | 861,443 | (1,276,554) |
| Increase/(Decrease) in Provision for Doubtful Debts | | - | - | 15,738 |
| Decrease/(Increase) in Inventories | | (76,725) | (496,868) | (36,342) |
| Increase/(Decrease) in Payables & Accruals | | (3,812,257) | 457,580 | 2,834,962 |
| Increase/(Decrease) in Accrued Interest Payable | | 45,901 | - | 23,967 |
| Increase/(Decrease) in Employee Leave Entitlements | | 295,508 | 629,768 | 186,549 |
| Increase/(Decrease) in Other Provisions | | 65,460 | - | 8,926,857 |
| Grants/Contributions for the Development of Assets | | (14,152,606) | (26,300,376) | (10,616,950) |
| Net Cash from Operating Activities | | <u>8,290,219</u> | <u>(1,465,037)</u> | <u>17,196,972</u> |
| (c). Undrawn Borrowing Facilities Credit Standby Arrangements | | | | |
| Group Credit Facility | | 6,000,000 | 6,000,000 | 6,000,000 |
| Bank Overdraft Limit | | 750,000 | 750,000 | 750,000 |
| Credit Card Limit | | 115,000 | 60,000 | 60,000 |
| Credit Card Balance at Balance Date | | (12,408) | (15,000) | (13,390) |
| Total Amount of Credit Unused | | <u>6,852,592</u> | <u>6,795,000</u> | <u>6,796,610</u> |
| Loan Facilities | | | | |
| Loan Facilities - Current | 10 | 4,816,986 | | 2,812,787 |
| Loan Facilities - Non-Current | 10 | 15,458,415 | | 12,295,401 |
| Total Facilities in Use at Balance Date | | <u>20,275,401</u> | | <u>15,108,188</u> |

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

Note 15. Contingent Liabilities

\$

The City of Greater Geraldton had no contingent liabilities as at the reporting date.

Note 16. Capital and Leasing Commitments

| \$ | 2014 Actual | 2013 Actual |
|---|----------------|----------------|
| (a). Finance Lease Commitments | | |
| Payable: | | |
| - not later than one year | 61,070 | 57,769 |
| - later than one year but not later than five years | 207,674 | 7,494 |
| - later than five years | - | - |
| Minimum Lease Payments | 268,744 | 65,263 |
| Less Future Finance Charges | - | - |
| Total Lease Liability | 268,744 | 65,263 |

(b). Capital Expenditure Commitments

| | | |
|---|------------------|------------------|
| Contracted for: | | |
| - land and buildings | 1,340,402 | 172,517 |
| - capital expenditure projects | - | 887,275 |
| - plant & equipment purchases | 196,986 | 99,925 |
| Total Capital Expenditure Commitments | 1,537,388 | 1,159,717 |
| Payable: | | |
| - not later than one year | 1,537,388 | 1,159,717 |
| - later than one year but not later than five years | - | - |
| - later than five years | - | - |
| Total Capital Expenditure Commitments | 1,537,388 | 1,159,717 |

The capital expenditure project outstanding at the end of the current reporting period represents the rehabilitation of the Old Railway Building.

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

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

City of Greater Geraldton

Notes to the Financial Statements for the year ended 30 June 2014

Note 18. Trust Funds

| \$ | Balance 1-Jul-13 | Amounts Received | Amounts Paid | Balance 30-Jun-14 |
|---|-------------------------|-------------------------|---------------------------|-------------------------|
| BCITF | 10,258 | 340,560 | (312,679) | 38,139 |
| BSL - Building Services Levy (BRB) | 4,819 | 178,280 | (163,920) | 19,179 |
| Refundable Bonds | 294,932 | 65,259 | (116,185) | 244,006 |
| Verge/Footpath Bonds | 132,965 | 26,350 | (33,650) | 125,665 |
| Subdivision & Road Deposits | 1,049,608 | 522,324 | - | 1,571,932 |
| Unclaimed Monies | 6,486 | 1,646 | (1,541) | 6,591 |
| Community/Sporting Groups | 47,684 | - | - | 47,684 |
| Roadwise Community Grants | 1,445 | - | - | 1,445 |
| Sundry | 32,112 | 5,400 | - | 37,512 |
| DUP Contributions - Cape Burney | 25,749 | 756 | - | 26,505 |
| DUP Contributions - Drummond Cove | 363,797 | 10,682 | - | 374,479 |
| DUP Contributions - Spalding | 31,162 | 915 | - | 32,077 |
| DUP Contributions - Strathalbyn | 124,322 | 3,650 | - | 127,972 |
| DUP Contributions - Mt Tarcoola | 36,613 | 1,075 | - | 37,688 |
| DUP Contributions - Wandina | 89,908 | 2,640 | - | 92,548 |
| DUP Contributions - Waggrakine | 180,700 | 5,306 | - | 186,006 |
| DUP Contributions - Webberton | 8,624 | 253 | - | 8,878 |
| DUP Contributions - Geraldton | 5,929 | 174 | - | 6,103 |
| POS Cash in Lieu | 1,442,496 | 121,993 | - | 1,564,489 |
| POS Cash in Lieu - Drummond Cove | 74,384 | 2,184 | - | 76,568 |
| POS Cash in Lieu - Glenfield | 34,940 | 23,673 | - | 58,613 |
| POS Cash in Lieu - Webberton | 654,474 | 19,217 | - | 673,692 |
| POS Cash in Lieu - Strathalbyn | 206,232 | 5,209 | - | 211,441 |
| POS Cash in Lieu - Utakarra | 216,022 | 9,235 | - | 225,257 |
| POS Cash in Lieu - Wandina | 77,207 | 2,640 | - | 79,848 |
| POS Cash in Lieu - Waggrakine Rural Residential | - | 24,142 | - | 24,142 |
| Contributions Received WARCA | 215,123 | 223,376 | (394,474) | 44,025 |
| 20A/152 Reserve 41879 | 42,900 | - | - | 42,900 |
| | <u>5,410,893</u> | <u>1,596,939</u> | <u>(1,022,449)</u> | <u>5,985,383</u> |

Note 19. Total Assets Classified by Function and Activity

| \$ | 2014 Actual | 2013 Actual |
|---------------------------|---------------------------|---------------------------|
| Governance | 24,120,227 | 23,746,240 |
| Law, Order, Public Safety | 1,082,348 | 1,077,389 |
| Health | 79,718 | 68,006 |
| Education & Welfare | 5,272,593 | 5,255,780 |
| Housing | 1,009,771 | 1,004,624 |
| Community Amenities | 9,498,217 | 6,696,203 |
| Recreation & Culture | 88,548,880 | 79,411,775 |
| Transport | 401,932,570 | 380,366,919 |
| Economic Services | 159,505 | 93,768 |
| Other Property & Services | 23,386,588 | 18,888,013 |
| Unallocated | 93,273,786 | 122,120,823 |
| | <u>648,364,203</u> | <u>638,729,540</u> |

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

Note 20. Acquisition of Assets

| \$ | 2014 Actual | 2014 Budget |
|--|-------------------|-------------------|
| By Program | | |
| Governance | | |
| Asset acquisition | 373,987 | 672,500 |
| Law, Order, Public Safety | | |
| Asset acquisition | 4,959 | 6,000 |
| Health | | |
| Asset acquisition | 11,712 | 5,000 |
| Education & Welfare | | |
| Asset acquisition | 16,813 | - |
| Housing | | |
| Asset acquisition | 5,147 | 7,500 |
| Community Amenities | | |
| Asset acquisition | 2,802,014 | 2,848,994 |
| Recreation & Culture | | |
| Asset acquisition | 9,137,105 | 10,429,322 |
| Transport | | |
| Asset acquisition | 21,565,651 | 45,727,366 |
| Economic Services | | |
| Asset acquisition | 65,738 | 162,000 |
| Other Property & Services | | |
| Asset acquisition | 4,498,574 | 4,957,000 |
| | 38,481,700 | 64,815,682 |
| By Class | | |
| <i>Property, Plant & Equipment</i> | | |
| - Land | 1,185,450 | - |
| - Buildings | 7,606,078 | 9,074,322 |
| - Furniture and Equipment | 363,814 | 683,500 |
| - Plant and Equipment | 2,681,842 | 2,577,000 |
| - Artwork | 1,818 | - |
| <i>Infrastructure</i> | | |
| - Roads | 18,010,183 | 39,532,725 |
| - Recreation | 3,950,434 | 4,026,000 |
| - Car Parks | 146,599 | - |
| - Meru Landfill | 2,583,493 | - |
| - Airport | 1,940,167 | - |
| - Effluent Scheme | 11,822 | - |
| - Other Infrastructure | - | 8,922,135 |
| | 38,481,700 | 64,815,682 |

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

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. | | | | | | |
| <i>Land Held Resale</i> | (229,425) | - | 255,000 | - | 25,575 | - |
| <i>Property, Plant & Equipment</i> | | | | | | |
| Land | - | (3,000,500) | - | 3,224,000 | - | 223,500 |
| Buildings | (24,495) | - | - | - | (24,495) | - |
| Furniture and Equipment | (46,381) | - | 46,381 | - | - | - |
| Plant and Equipment | (501,066) | (515,413) | 448,732 | 661,000 | (52,334) | 145,587 |
| Total | (801,367) | (3,515,913) | 750,113 | 3,885,000 | (51,254) | 369,087 |

| \$ | 2014 | 2014 | 2013 |
|--|-----------------|----------------|------------------|
| | Actual | Budget | Actual |
| Summary | | | |
| Profit on Asset Disposals | 25,575 | 369,087 | - |
| Loss on Asset Disposals | (76,829) | - | (112,074) |
| Net Profit/(Loss) on Disposal of Assets | (51,254) | 369,087 | (112,074) |

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

Note 22. Financial Ratios

| \$ | Amounts 2014 | Indicator 2014 | Target | Prior Periods 2013 2012 | |
|--|-----------------|-------------------|------------|-------------------------------|--------|
| <i>Liquidity Ratio</i> | | | | | |
| 1. Current Ratio ⁽¹⁾ | | | | | |
| Current Assets less Restricted Current Assets | 7,309,251 | 0.56 : 1 | > 1.00 : 1 | 0.54 | 0.40 |
| Current Liabilities less Liabilities Associated with Restricted Assets | 13,148,335 | | | | |
| <i>Debt Ratio</i> | | | | | |
| 2. Debt Service Cover Ratio ⁽²⁾ | | | | | |
| Operating Surplus before Interest and Depreciation Exp | 11,861,423 | 3.34 : 1 | > 2.00 : 1 | 4.27 | 4.19 |
| Principal and Interest Repayments | 3,550,001 | | | | |
| <i>Coverage Ratio</i> | | | | | |
| 3. Own Source Revenue Coverage Ratio ⁽³⁾ | | | | | |
| Own Source Operating Revenue | 58,252,720 | 79.46% | > 40% | 77.99% | 75.40% |
| Operating Expense | 73,309,755 | | | | |
| <i>Financial Performance Ratio</i> | | | | | |
| 4. Operating Surplus Ratio ⁽⁴⁾ | | | | | |
| Operating Revenue less Operating Expense | (6,495,761) | -11.15% | > 1% | -4.97% | -4.78% |
| Own Source Operating Revenue | 58,252,720 | | | | |
| <i>Asset Management Ratios</i> | | | | | |
| 5. Asset Consumption Ratio ⁽⁵⁾ | | | | | |
| Depreciated Replacement Cost of Depreciable Assets | 847,873,746 | 70.07% | > 50% | 70.79% | n/a |
| Current Replacement Cost of Depreciable Assets | 1,210,088,358 | | | | |
| 6. Asset Sustainability Ratio ⁽⁶⁾ | | | | | |
| Capital Renewal and Replacement Expenditure | 22,959,581 | 130.30% | 90-110% | 105.62% | n/a |
| Depreciation Expense | 17,619,970 | | | | |
| 7. Asset Renewal Funding Ratio ⁽⁷⁾ | | | | | |
| NPV of Planned Capital Renewals over 10 years | 133,565,621 | 82.87% | 75-95% | 77.93% | n/a |
| NPV of Required Capital Expenditure over 10 years | 161,178,065 | | | | |

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.

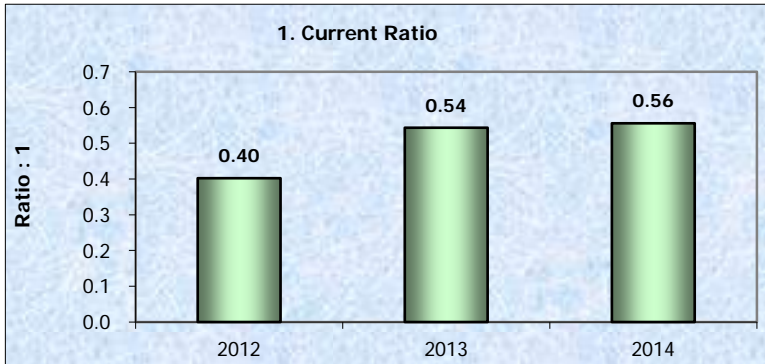
(6) This ratio indicates whether Council is replacing or renewing existing non-financial assets at the same rate that its overall asset stock is wearing out.

(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

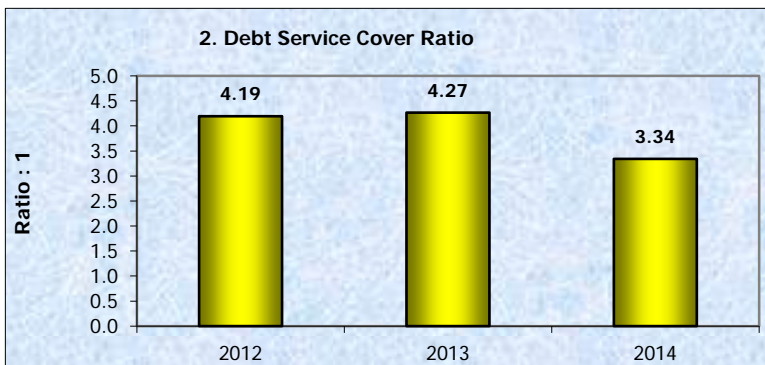
Notes to the Financial Statements
for the year ended 30 June 2014

Note 22. Financial Ratios (continued)



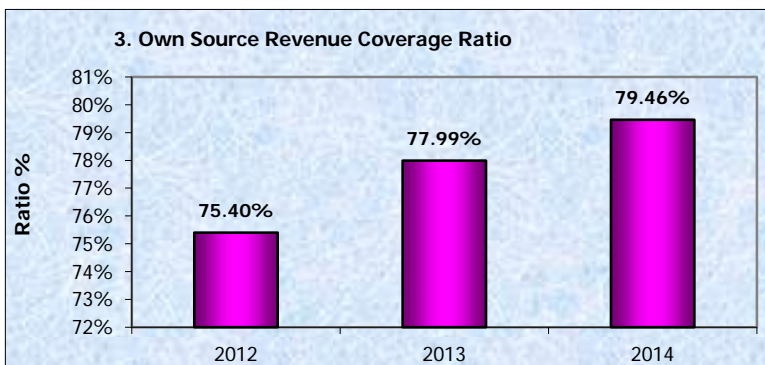
Purpose of Current Ratio

To assess the liquidity position of the Council that has arisen from past year's transactions.



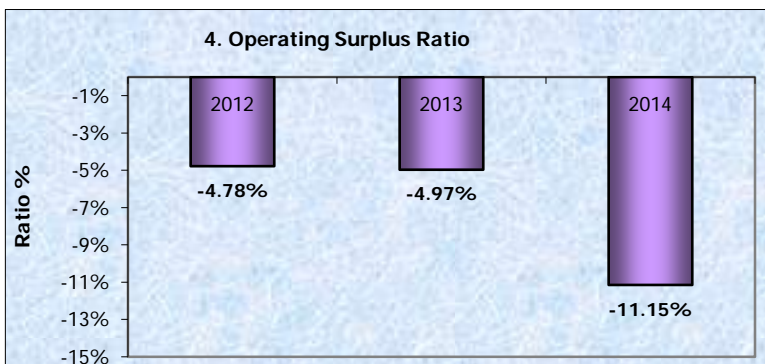
Purpose of Debt Service Cover Ratio

To assess Council's ability to repay its debt including lease payments.



Purpose of Own Source Revenue Coverage Ratio

To assess Council's ability to cover its costs through its own revenue efforts.



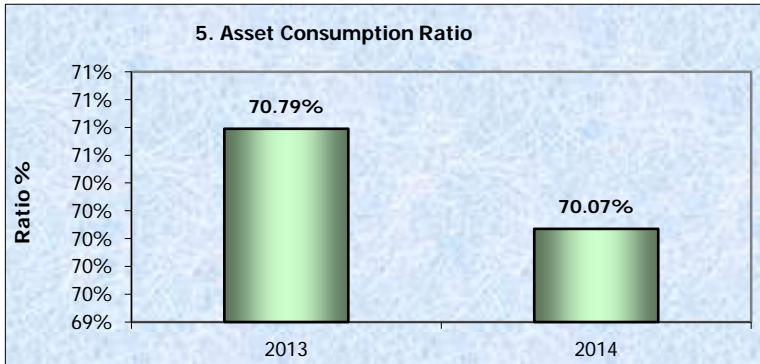
Purpose of Operating Surplus Ratio

To assess Council's ability to cover its operational costs and have revenues available for capital funding or other purposes.

City of Greater Geraldton

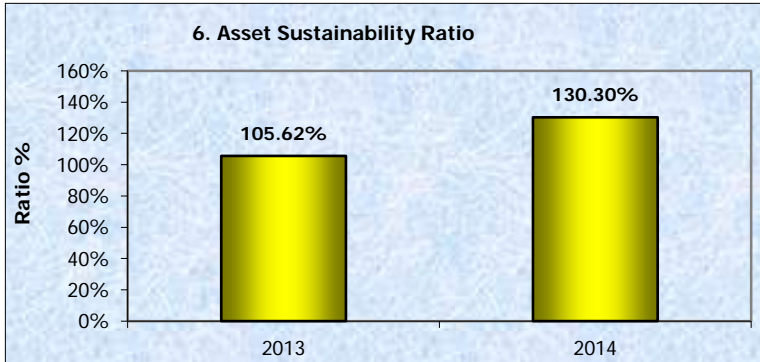
Notes to the Financial Statements
for the year ended 30 June 2014

Note 22. Financial Ratios (continued)



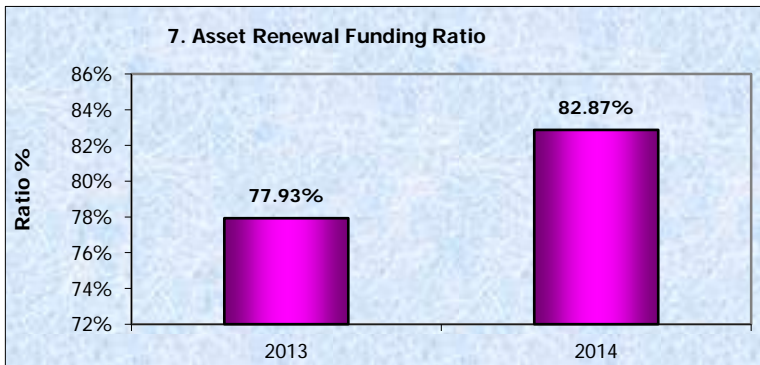
Purpose of Asset Consumption Ratio

To assess the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost.



Purpose of Asset Sustainability Ratio

To indicate whether Council is replacing or renewing existing non-financial assets at the same rate that its overall asset stock is wearing out.



Purpose of Asset Renewal Funding Ratio

To assess 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 2014

Note 23. Information on Borrowings

| \$ | Borrowing Institution | Interest Rate % | Principal 01-Jul-2013 | New Loans | Principal Repayments | | Principal 30-Jun-14 | | Interest Repayments | | |
|-------------------------------------|-----------------------|-----------------|-----------------------|-----------|----------------------|---------|---------------------|-----------|---------------------|---------|---------|
| | | | | | Actual | Budget | Actual | Budget | Actual | Budget | |
| (a). Debenture Repayments | | | | | | | | | | | |
| Governance | | | | | | | | | | | |
| - 262 Office Redevelopment | WATC | 3.89% | 979,428 | - | 84,307 | 84,307 | 895,121 | 895,121 | 36,386 | 37,424 | |
| Recreation & Culture | | | | | | | | | | | |
| - 82 Tarcoola Park Tennis Club SSL | * | WATC | 7.36% | 19,079 | - | 2,500 | 2,500 | 16,579 | 16,579 | 1,315 | 1,336 |
| - 225 Geraldton Netball Association | * | WATC | 6.26% | 19,488 | - | 19,488 | - | - | 722 | 920 | |
| - 228 Geraldton Surf Life Saving | * | WATC | 6.42% | 71,343 | - | 16,207 | 16,207 | 55,136 | 55,136 | 3,844 | 4,343 |
| - 251 Geraldton Hockey Association | * | WATC | 6.14% | 173,525 | - | 23,521 | 23,521 | 150,004 | 150,004 | 20,459 | 10,260 |
| - 253 Geraldton Yacht Club SSL | * | WATC | 6.26% | 74,021 | - | 9,107 | 9,107 | 64,914 | 64,914 | 4,336 | 4,479 |
| - 224 Reticulation Works 04 | | WATC | 5.84% | 12,782 | - | 12,782 | - | - | 356 | 562 | |
| - 226 Marina ablution block | | WATC | 3.89% | 21,435 | - | 10,405 | 10,405 | 11,030 | 11,030 | 926 | 1,168 |
| - 227 Reticulation Works 05 | | WATC | 5.88% | 12,398 | - | 6,023 | 6,023 | 6,375 | 6,375 | 622 | 659 |
| - 233 Land for Library Relocation | | WATC | 4.79% | 916,726 | - | 916,726 | - | - | 27,977 | 32,546 | |
| - 257 Geraldton Hockey Association | * | WATC | 4.81% | 219,639 | - | 21,477 | 21,477 | 198,162 | 198,162 | - | 10,451 |
| - 259 Verita Road | | WATC | 4.72% | 3,951,277 | - | 387,739 | 387,739 | 3,563,538 | 3,563,538 | 182,912 | 174,515 |
| - 260 Aquarena Renewal Stage 1 | | WATC | 3.89% | 2,546,513 | - | 219,199 | 219,199 | 2,327,314 | 2,327,314 | 94,604 | 107,305 |
| - 263 Recreation Ground Grandstand | | WATC | 4.36% | - | 1,250,000 | - | - | 1,250,000 | 1,250,000 | 11,049 | - |
| - 264 Aquarena Upgrade | | WATC | 4.36% | - | 2,000,000 | - | 41,165 | 2,000,000 | 1,958,835 | 17,679 | 19,400 |
| Transport | | | | | | | | | | | |
| - 105 Plant Purchase | | WATC | 6.49% | 41,343 | - | 41,343 | 31,255 | - | 10,088 | 1,133 | 1,120 |
| - 235 Plant Loan | | WATC | 4.81% | 219,567 | - | 219,567 | 219,567 | - | - | 5,025 | 7,185 |
| - 252 Plant Purchases for 2009/2010 | | WATC | 6.06% | 885,897 | - | 109,665 | 109,665 | 776,232 | 776,232 | 50,467 | 51,899 |
| - 255 Plant Loan 10/11 | | WATC | 5.41% | 315,850 | - | 99,716 | 99,716 | 216,134 | 216,134 | 15,840 | 16,043 |
| - 229 SGIO Car Park | | WATC | 6.47% | 324,780 | - | 73,725 | 73,725 | 251,055 | 251,055 | 17,519 | 19,926 |
| - 230 Airport Buffer Land | | WATC | 8.93% | 877,190 | - | 171,786 | 171,786 | 705,404 | 705,404 | 56,742 | 58,386 |
| - 234 Lot 8 Chapman Road - Car Park | | WATC | 5.09% | 762,847 | - | 117,251 | 117,251 | 645,596 | 645,596 | 36,499 | 37,280 |

(continued on next page)

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

Note 23. Information on Borrowings

| \$ | Borrowing Institution | Interest Rate % | Principal 01-Jul-2013 | New Loans | Principal Repayments | | Principal 30-Jun-14 | | Interest Repayments | |
|---|-----------------------|-----------------|-----------------------|------------------|----------------------|------------------|---------------------|-------------------|---------------------|----------------|
| | | | | | Actual | Budget | Actual | Budget | Actual | Budget |
| (a). Debenture Repayments | | | | | | | | | | |
| - 256 Airport Security Upgrade (internal) | - | 6.00% | 745,713 | - | 745,713 | 170,236 | - | 575,477 | - | 42,227 |
| - 258 Airport Buffer Land | WATC | 4.72% | 1,141,482 | - | 112,013 | 112,013 | 1,029,469 | 1,029,469 | 52,841 | 53,304 |
| - 261 Airport Paid Parking Facilities | WATC | 3.89% | 1,469,142 | - | 126,461 | 126,461 | 1,342,681 | 1,342,681 | 54,579 | 56,137 |
| - 267 Airport Tech Park | WATC | 4.36% | - | 2,700,000 | - | - | 2,700,000 | 2,700,000 | 22,254 | - |
| - NEW Verita Road | - | 0.00% | - | - | - | 53,987 | - | (53,987) | - | 79,975 |
| Economic Services | | | | | | | | | | |
| - 95 Hamlet | WATC | 6.99% | 52,436 | - | 11,779 | 11,779 | 40,657 | 40,657 | 3,184 | 3,361 |
| Other Property & Services | | | | | | | | | | |
| - 265 Old Works Depot | WATC | 4.36% | - | 1,000,000 | - | - | 1,000,000 | 1,000,000 | 8,839 | - |
| - 266 Old Railway Buidling | WATC | 4.36% | - | 1,030,000 | - | 21,200 | 1,030,000 | 1,008,800 | 9,105 | 9,991 |
| Internal Loans | - | 0.00% | (745,713) | - | (745,713) | - | - | (745,713) | - | - |
| | | | 15,108,188 | 7,980,000 | 2,812,787 | 3,089,287 | 20,275,401 | 19,998,901 | 737,214 | 842,202 |

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

1 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.

2 WATC = WA Treasury Corporation

Security

The general funds of the Borrower as defined in section 6.21 (4) of the Local Government Act 1995 are charged in favour of Treasury Corporation to secure all principal interest and other amounts payable by the Borrower from time to time

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

Note 23. Information on Borrowings (continued)

| | Amount Borrowed | | Institution | Loan Type | Term (Years) | Total Interest & Charges | Interest Rate % | Amount Used | | Balance Unspent |
|------------------------------|------------------|-------------------|-------------|-----------|--------------|--------------------------|-----------------|--------------------|--------------------|------------------|
| | Actual | Budget | | | | | | Actual | Budget | |
| \$ | | | | | | | | | | |
| (b). New Debentures | | | | | | | | | | |
| Recreation Ground Grandstand | 1,250,000 | - | WATC | Debenture | 10 | 305,604 | 4.36% | (1,250,000) | (1,250,000) | - |
| Aquarena Upgrade | 2,000,000 | 2,000,000 | WATC | Debenture | 10 | 488,967 | 4.36% | (2,000,000) | (2,000,000) | - |
| Old Works Depot | 1,000,000 | - | WATC | Debenture | 10 | 244,484 | 4.36% | (454,856) | - | 545,144 |
| Old Railway Building | 1,030,000 | 1,030,000 | WATC | Debenture | 10 | 251,818 | 4.36% | (191,877) | - | 838,123 |
| Airport Tech Park | 2,700,000 | 2,700,000 | WATC | Facility | 1 | 117,881 | 4.36% | (2,700,000) | (2,700,000) | - |
| Verita Road | - | 7,000,000 | - | - | - | - | - | - | - | - |
| Kempton St Reserve Swap | - | 4,300,000 | - | - | - | - | - | - | - | - |
| Olive St Redevelopment | - | 4,000,000 | - | - | - | - | - | - | - | - |
| | 7,980,000 | 21,030,000 | | | | 1,408,754 | | (6,596,733) | (5,950,000) | 1,383,267 |

(c). Overdraft

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

The balance of the bank overdraft at 30 June 2014 was \$ 0 (1 July 2013: \$ 0).

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

Note 24(a). Rating Information (2013/14 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 | | | | | | | | | | |
| Rate Type | | | | | | | | | | | |
| Differential General Rate | | | | | | | | | | | |
| Vacant Residential | 18.1151 | 1,356 | 12,467,270 | 2,260,945 | (53,957) | (828) | 2,206,160 | 2,258,458 | 60,000 | - | 2,318,458 |
| Residential | 10.4835 | 13,374 | 202,810,030 | 21,271,696 | 308,476 | (80) | 21,580,092 | 21,261,592 | 190,000 | 20,000 | 21,471,592 |
| Non Residential | 10.5594 | 1,247 | 79,149,995 | 8,391,934 | 78,726 | 15,547 | 8,486,207 | 8,357,765 | 101,653 | 20,000 | 8,479,418 |
| Agricultural General | 0.6552 | 638 | 233,358,000 | 1,529,599 | 23,475 | 100 | 1,553,174 | 1,528,962 | - | - | 1,528,962 |
| Unoccupiable City Centre Zone | 19.9186 | 4 | 833,560 | 118,009 | - | - | 118,009 | 166,033 | - | - | 166,033 |
| GRV Mullewa Townsite | 11.0172 | 152 | 1,265,764 | 140,080 | (880) | - | 139,200 | 139,452 | - | - | 139,452 |
| UV Agriculture | 0.8100 | 225 | 142,252,500 | 1,152,245 | 1,096 | 1,449 | 1,154,790 | 1,152,245 | - | - | 1,152,245 |
| Sub-Total | | 16,996 | 672,137,119 | 34,864,508 | 356,936 | 16,188 | 35,237,632 | 34,864,507 | 351,653 | 40,000 | 35,256,160 |
| Minimum Rates | | | | | | | | | | | |
| | Minimum | | | | | | | | | | |
| Vacant Residential | 769 | 1,317 | 4,335,575 | 1,012,773 | - | - | 1,012,773 | 1,012,773 | - | - | 1,012,773 |
| Residential | 979 | 838 | 6,992,751 | 820,402 | - | - | 820,402 | 820,402 | - | - | 820,402 |
| Non Residential | 979 | 214 | 1,191,433 | 209,506 | - | - | 209,506 | 209,506 | - | - | 209,506 |
| Agricultural General | 979 | 135 | 11,255,703 | 132,165 | - | - | 132,165 | 132,165 | - | - | 132,165 |
| GRV Mullewa Townsite | 628 | 144 | 286,333 | 90,432 | - | - | 90,432 | 90,432 | - | - | 90,432 |
| UV Agriculture | 683 | 107 | 2,531,374 | 73,081 | - | - | 73,081 | 73,081 | - | - | 73,081 |
| Sub-Total | | 2,755 | 26,593,169 | 2,338,359 | - | - | 2,338,359 | 2,338,359 | - | - | 2,338,359 |
| | | | | | | | 37,575,991 | | | | 37,594,519 |
| Specified Area Rate | 25 | | | | | | 144,734 | | | | 145,546 |
| Totals | | | | | | | 37,720,725 | | | | 37,740,065 |

Note:

The State Administrative Tribunal by its decision delivered 5th of September 2014 made orders to quash "Un-occupiable City Centre Zone" rates imposed by the City of Greater Geraldton. The amendment to the financial years 2012-13 and 2013-14 will result in a loss of rates revenue to the City of \$ 140,898 to be accounted for in the subsequent financial year.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

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

| \$ | Notes | 2014 Carried Fwd Actual | 2013 Brought Fwd Actual |
|--|-------|-------------------------------|-------------------------------|
| Current Assets | | | |
| Cash - Unrestricted | 3 | 1,725,010 | 1,077,316 |
| Cash - Restricted Reserves | 3 | 16,256,003 | 30,909,487 |
| Investments | 4 | 333,395 | 550,930 |
| Rates - Current | 5 | 2,551,054 | 2,221,548 |
| Sundry Debtors | 5 | 1,704,244 | 3,351,437 |
| GST Receivable | 5 | 443,302 | 192,020 |
| Other Receivables | 5 | 114,156 | - |
| Inventories | | | |
| - Fuel and Materials | 6 | 317,065 | 257,871 |
| - Land Held for Resale | 6 | 6,919,036 | - |
| - Other | 6 | 121,024 | 103,493 |
| | | 30,484,290 | 38,664,102 |
| Current Liabilities | | | |
| Sundry Creditors | 9 | 3,444,945 | 6,655,834 |
| Accrued Interest on Debentures | 9 | 153,192 | 107,291 |
| Accrued Salaries and Wages | 9 | 18,862 | 620,229 |
| Current Employee Benefits Provision | 11 | 4,146,796 | 3,862,238 |
| Other Current Provisions | 11 | 567,554 | 502,094 |
| Current Loan Liability | 10 | 4,816,986 | 2,812,787 |
| | | 13,148,335 | 14,560,473 |
| Net Current Assets | | 17,335,955 | 24,103,628 |
| Less: | | | |
| Reserves - Restricted Cash | 3 | (16,256,003) | (30,909,487) |
| Land Held for Resale not expected to be sold in the next 12 months | | (6,919,036) | - |
| Self Supporting Loan Principal Repayments | | (92,300) | - |
| Council Loan Principal Repayments | | (17,986) | - |
| Add Back: | | | |
| Current Loan Liability | 10 | 4,816,986 | 2,812,787 |
| Cash Backed Employee Provisions | 12 | - | 291,946 |
| Surplus/(Deficit) | | (1,132,384) | (3,701,125) |

(1) Restricted Grants & Contributions that are not expected to be spent in the next 12 months.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

Note 25. Specified Area Rate (2013/14 Financial Year)

| \$ | Rate in \$ | Basis of Rate | Rateable Value | Rate Revenue | Budget Rate Revenue | Applied to Costs | Budget Applied to Costs |
|-----------------------------|---------------|---------------------|-------------------|-----------------|---------------------------|------------------------|-------------------------------|
| Scheme/Other details | | | | | | | |
| - Rate | 0.4965 | GRV | 29,314,325 | 144,734 | 145,546 | - | - |
| | | | 29,314,325 | 144,734 | 145,546 | - | - |

Note 26. Service Charges (2013/14 Financial Year)

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

Note 27. Discounts, Incentives, Concessions & Write-offs (2013/14 Financial Year)

\$

(a) Discounts

The City of Greater Geraldton 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.

Ten other prizes are also available to ratepayers:

- Staples - iPad Mini 16 GB - \$369
- Goodearth Hotel and/or Perth Ambassador Hotel - Accommodation Package for two worth \$428
- Accor Hotels - Accommodation Package for Two worth \$ 400
- Shine Aviation - Abrolhos Island Flyover for Two worth \$ 350
- Mitchell & Brown - \$ 100 gift voucher
- Novus Auto Glass -\$ 400 gift voucher
- Indah Health + Beauty Spa - Abrolhos Escape Package worth \$ 320
- Midwest Auto Group - Scheduled Vehicle Service Voucher worth \$250
- Aquarena - 40 multi swim passes
- Friends of Queens Park Theatre - \$100 voucher for any QPT show

None of these prizes involved any cost to Council.

City of Greater Geraldton

Notes to the Financial Statements for the year ended 30 June 2014

Note 27. Discounts, Incentives, Concessions & Write-offs (2013/14 Financial Year)

| \$ | Notes | Total Cost / Value | Budget Cost / Value |
|------------------------|-------|-----------------------|------------------------|
| (c). Write-Offs | | | |
| Rate Assessment | 2(a) | 16,497 | - |
| General Debtors | 2(a) | <u>39,055</u> | - |
| | | <u>55,553</u> | <u>-</u> |

(d). Waivers

The City of Greater Geraldton 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

The Council offers no concessions to ratepayers for the 2013/14 financial year.

Note 28. Interest Charges and Instalments (2013/14 Financial Year)

| \$ | Interest Rate % | Admin. Charge | Revenue | Budgeted Revenue |
|------------------------------|--------------------|------------------|-----------------------|-----------------------|
| Interest on Unpaid Rates | 11.00% | - | 327,310 | 210,000 |
| Interest on Instalments Plan | 5.50% | - | 160,309 | 170,000 |
| Charges on Instalment Plan | 0.00% | - | - | 12,000 |
| | | | <u>487,619</u> | <u>392,000</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

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

Note 29. Fees & Charges

| \$ | 2014 Actual | 2014 Budget | 2013 Actual |
|-----------------------------|-------------------|-------------------|-------------------|
| Governance | 7,474 | 8,000 | 5,144 |
| General Purpose Funding | 242,442 | 237,800 | 110,797 |
| Law, Order, Public Safety | 349,149 | 270,500 | 244,187 |
| Health | 70,932 | 106,500 | 122,504 |
| Education and Welfare | 171,098 | 245,683 | 215,110 |
| Housing | - | 17,000 | - |
| Community Amenities | 6,846,732 | 7,220,366 | 6,255,942 |
| Recreation and Culture | 2,111,819 | 1,845,995 | 1,763,781 |
| Transport | 5,399,779 | 5,344,400 | 4,879,026 |
| Economic Services | 1,053,495 | 1,247,375 | 1,214,638 |
| Other Property and Services | 827,884 | 873,878 | 977,394 |
| | <u>17,080,804</u> | <u>17,417,497</u> | <u>15,788,523</u> |

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

Note 30. Grants, Subsidies & Contributions

| \$ | 2014 Actual | 2013 Actual |
|--|-------------------|-------------------|
| Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income: | | |
| (a). By Nature & Type | | |
| Operating Grants, Subsidies and Contributions | 8,561,275 | 12,513,236 |
| Non-Operating Grants, Subsidies and Contributions | 14,152,606 | 10,616,950 |
| | <u>22,713,881</u> | <u>23,130,186</u> |
| (b). By Program | | |
| Governance | 509,264 | 534,136 |
| General Purpose Funding | 2,975,746 | 6,841,575 |
| Law, Order, Public Safety | 1,092,327 | 170,546 |
| Health | 187,603 | 269,199 |
| Education & Welfare | 1,170,799 | 1,037,735 |
| Housing | - | 144 |
| Community Amenities | 117,346 | 511,716 |
| Recreation & Culture | 871,961 | 2,578,607 |
| Transport | 13,137,910 | 9,178,316 |
| Economic Services | 40,187 | 107,150 |
| Other Property & Services | 2,610,738 | 1,901,062 |
| | <u>22,713,881</u> | <u>23,130,186</u> |

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

Note 31. Employee Numbers

| \$ | 2014 Actual | 2013 Actual | 2012 Actual |
|--|----------------|----------------|----------------|
| The number of full-time equivalent employees at balance date | 328 | 321 | 311 |

Note 32. Councillor Remuneration

The following fees, expenses and allowances were paid to council members and/or the president.

| | | | |
|------------------------------------|----------------|----------------|----------------|
| Meeting Fees | 362,367 | 115,000 | 111,417 |
| Members Allowance | 84,375 | 75,000 | 75,000 |
| Members IT and Telephone Allowance | 51,576 | - | 72,017 |
| Travelling Expenses | 27,008 | 19,000 | 27,143 |
| Conference Expenses | 16,385 | 10,000 | 6,991 |
| Childcare Expenses | 2,475 | - | - |
| Councillor Training | 29,103 | 15,000 | 6,190 |
| | 573,289 | 234,000 | 298,758 |

Note 33. Employee Costs

| \$ | Salary Range | 2014 Actual | 2013 Actual |
|----|--------------|----------------|----------------|
|----|--------------|----------------|----------------|

Employee Remuneration

Set out below, in bands of \$10,000 is the number of employees entitled to an annual salary of 100,000 or more.

Details

| | | | |
|------------------------------------|-------------------|---|----|
| LG Administration Regulations 19 B | 100,000 - 109,999 | 8 | 13 |
| | 110,000 - 119,999 | 8 | 3 |
| | 120,000 - 129,999 | 2 | 2 |
| | 130,000 - 139,999 | 1 | 2 |
| | 140,000 - 149,999 | 2 | 3 |
| | 150,000 - 159,999 | 2 | - |
| | 160,000 - 169,999 | - | 1 |
| | 170,000 - 179,999 | 1 | - |
| | 190,000 - 200,999 | 1 | - |
| | 250,000 - 259,999 | 1 | 1 |

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

Note 34. Major Land Transactions

\$

Drummond Cove Free holding of Land

(a). Details

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 2013-14 amounted to \$ 16,216 (2012-13: \$ 658,132).
All major expenditure associated with subdivisional development was concluded in 2009-10.

| \$ | 2014/15 | 2015/16 | 2016/17 | Total |
|-----------------------|---------------|---------------|----------|---------------|
| Cash Inflows | | | | |
| Loan Borrowings | 10,616 | 37,629 | - | 48,245 |
| Net Cash Flows | 10,616 | 37,629 | - | 48,245 |

Geraldton Airport Technology Park

(a). Details

Six (6) stage development of land adjacent to the Geraldton Airport to create a new Technology Park with the provision of leased sites for a diverse range of commercial, industrial and technological industries.

Stage 1 to be completed in 2014 with the development of 27 lots for disposal.

The total development cost in 2013/2014 amounted to \$ 5,405,782.

| \$ | 2014 Actual | 2013 Actual |
|---------------------------------------|--------------------|----------------|
| (b). Current Year Transactions | | |
| Operating Income | | |
| Proceeds from Sale of Land | 255,000 | - |
| Grant Income | 2,755,200 | - |
| | 3,010,200 | - |
| Operating Expense | | |
| Development Expenses | (5,405,782) | - |
| | (5,405,782) | - |
| Total | (2,395,582) | - |
| Capital Income | | |
| New Borrowings | 2,700,000 | - |
| Total | 2,700,000 | - |

The above capital expenditure is included in land held for resale (refer to Note 6).

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

Note 34. Major Land Transactions (continued)

| \$ | 2014/15 | 2015/16 | 2016/17 | 2017/18 | Total |
|--|-----------------|-----------------|--------------------|------------------|--------------------|
| Geraldton Airport Technology Park (continued) | | | | | |
| (c). Expected Future Cash Flows | | | | | |
| Cash Inflows | | | | | |
| Land Sales | - | - | 4,008,878 | 3,763,878 | 7,772,756 |
| | - | - | 4,008,878 | 3,763,878 | 7,772,756 |
| Cash Outflows | | | | | |
| Repayment of Borrowings | (77,490) | (77,490) | (2,777,490) | - | (2,932,470) |
| | (77,490) | (77,490) | (2,777,490) | - | (2,932,470) |
| Net Cash Flows | (77,490) | (77,490) | 1,231,388 | 3,763,878 | 4,840,286 |

Olive Street Development**(a). Details**

The development of 60 plus residential lots and medium density housing site. Development costs will include the provision of water, sewerage, power and transport infrastructure.

Expected future cash flows at this stage only reflect remediation and acquisitions costs against partial sale of available lots. The model relating to the overall development of this site is currently under review.

Profits from this development are to be quarantined into a Trust Account and the be applied to the development of a new Southern Suburb Sporting Facility.

The total development cost in 2013/2014 amounted to \$ 377,874.

| \$ | 2014 Actual | 2013 Actual |
|---------------------------------------|------------------|----------------|
| (b). Current Year Transactions | | |
| Operating Income | | |
| Nil | | |
| Operating Expense | | |
| Development Expenses | (377,874) | - |
| | (377,874) | - |
| Total | (377,874) | - |

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

Note 34. Major Land Transactions (continued)

| \$ | 2014/15 | 2015/16 | 2016/17 | 2017/18 | Total |
|--|--------------------|------------------|------------------|--------------------|--------------------|
| <u>Olive Street Development (continued)</u> | | | | | |
| (c). Expected Future Cash Flows | | | | | |
| Cash Inflows | | | | | |
| Loan Borrowings | 4,200,000 | - | 500,000 | - | 4,700,000 |
| Land Sales | - | - | - | 4,700,000 | 4,700,000 |
| | 4,200,000 | - | 500,000 | 4,700,000 | 9,400,000 |
| Cash Outflows | | | | | |
| Development Expenses | (3,000,000) | - | (500,000) | - | (3,500,000) |
| Repayment of Borrowings | - | (210,000) | (210,000) | (4,935,000) | (5,355,000) |
| | (3,000,000) | (210,000) | (710,000) | (4,935,000) | (8,855,000) |
| Net Cash Flows | 1,200,000 | (210,000) | (210,000) | (235,000) | 545,000 |

Airport

The Geraldton Airport is owned freehold by and is run as a business unit of the City of Greater Geraldton, generating income of approximately \$4m per annum (2013-2014: \$4.53M).

Operating surpluses from airport operations are utilised to maintain and improve existing airport infrastructure, provide for development of future infrastructure. During 2013-14, capital outlays on Airport Infrastructure (including buildings) amounted to \$4,51M.

The City of Greater Geraldton endeavours to operate the aerodrome in an environmentally sensitive manner in accordance with aviation best practice, in compliance with Federal statutory requirements for aviation operations, airports, and transport security.

The airport is planned and managed to provide a satisfactory return on investment to the ratepayers of the City of Greater Geraldton, while having regard to the airport as a key regional transport infrastructure asset.

In 2014 the secure departures lounge will be extended, to cope with growth in passenger numbers.

An updated Geraldton Airport Master Plan was formally adopted by Council in 2012. In addition to outlining planned future development of the airport to 2030, the Master Plan provides necessary inputs (obstacle height limitation and noise profiles) to town planning processes, enabling amendment of planning schemes, to limit development encroachment that could adversely impact the continued operation of the airport as an essential regional infrastructure asset.

Development of a substantial long-term car park, expansion of the short term car park, and introduction of pay parking, were completed in 2013-14. This will diversify airport revenue streams, and mitigate pressure on aviation fees and charges, assisting avoidance of sharp increases in air fares for the regional community. Stage 1 of development of the Airport Technology Park will be completed in 2014, with lots for sale or lease available for compatible businesses.

Geraldton Airport is serviced by Virgin (after their recent acquisition of Skywest Airlines), QantasLink and Skippers Aviation, providing Regular Public Transport (RPT) services.

An aircraft maintenance and service business is well established in a large hangar leased from the City. Shine Aviation and Geraldton Air Charter provide General Aviation services based at the airport, servicing the Abrolhos Islands, FIFO mining workforce logistics, and general charter operations.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

Note 34. Major Land Transactions (continued)

\$

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 \$3.15M in 2013-14. During 2013-14, capital outlays on the Meru Infrastructure (including Buildings) amounted to \$4.98M.

This facility was established to provide a regional approach to Waste Management here in the Midwest. Originally managed by the Geraldton Greenough Regional Council (GGRC), this Regional Council was disbanded following the first amalgamation between the City of Geraldton and the Shire of Greenough. The main purpose of establishing a Regional Council was to have a planned and co-ordinated regional approach to the collection, removal, processing, treatment, recycling and disposal of waste in the mid-west region, enabling sharing of benefits of scale where possible. This will continue to be the purpose of this trading undertaking as a function of the City of Greater Geraldton.

The vision of City of Greater Geraldton is to lead the community to an improved level of sustainability - to encourage waste avoidance, maximise the recovery of materials and provide efficient, yet cost effective waste management and resource recovery services to the region. These objectives are achievable by actively engaging the community in sustainable waste practices, by supporting and promoting waste minimisation principles and implementing the objectives of the various Strategic documents, such as the Batavia Regional Organisation of Councils Strategic Waste Management Plan and the Meru Master Plan.

The Strategic Waste Management Framework and Meru Master Plan adopted by Council in 2010-11 increases the focus on resource recovery, reuse and recycling, with the objective of diverting at least 50% of waste from landfill within five years. A higher aspirational target of 75% diversion from landfill has been adopted by Council, with timing dependent on emergence of appropriate and cost effective alternative waste treatment technologies. The Western Australian Waste Strategy, Creating The Right Environment, was released in March 2012 announcing a target of 30% waste recovery by 2015, and 50% by 2020 for major regional centres. The City of Greater Geraldton's aspirational target aligns with the State Strategy and substantiates the objectives set by Council.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

Note 35. Trading and Major Trading Undertakings

\$

Council had no trading or major trading undertakings.

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 Town held the following financial instruments at balance date.

| | Notes | Carrying Value | | Fair Value | |
|---|-------|-------------------|-------------------|-------------------|-------------------|
| | | 2014 | 2013 | 2014 | 2013 |
| Financial Assets | | | | | |
| Cash and Cash Equivalents | 3 | 17,981,013 | 31,986,803 | 17,981,013 | 31,986,803 |
| Receivables (Current & Non-Current) | 5 | 5,529,762 | 6,641,206 | 5,529,762 | 6,641,206 |
| Financial Assets at Fair Value through Profit or Loss | 4 | 333,395 | 550,930 | 333,395 | 550,930 |
| | | <u>23,844,170</u> | <u>39,178,939</u> | <u>23,844,170</u> | <u>39,178,939</u> |
| Financial Liabilities | | | | | |
| Payables (Current & Non-Current) | 9 | 3,616,999 | 7,383,354 | 3,616,999 | 7,383,354 |
| Borrowings (Current & Non-Current) | 10 | 20,275,401 | 15,108,188 | 20,275,401 | 15,108,188 |
| | | <u>23,892,400</u> | <u>22,491,542</u> | <u>23,892,400</u> | <u>22,491,542</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 fair 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 2014

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 these 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-14 | 30-Jun-13 |
|---|-----------|-----------|
| Impact of a 10% ⁽¹⁾ movement in price of investments | | |
| Equity | 33,340 | 55,093 |
| Statement of Comprehensive Income ⁽²⁾ | 33,340 | 55,093 |
| Impact of a 1% ⁽¹⁾ movement in interest rates on cash and investments | | |
| Equity | 179,810 | 319,868 |
| Statement of Comprehensive Income | 179,810 | 395,274 |

Notes:

- 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.)
- Maximum impact.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

Note 36. Financial Risk Management (continued)

\$

(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 & 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-14 | 30-Jun-13 |
|---|-----------|-----------|
| | % | % |
| Percentage of Rates and Annual Charges | | |
| Current | 95.44% | 99.18% |
| Overdue | 4.56% | 0.82% |
| Percentage of Other Receivables | | |
| Current | 57.18% | 61.60% |
| Overdue | 42.82% | 38.40% |

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

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 & 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 |
|-------------|-------------------------|-------------------------------|-------------------------|------------------------------------|--------------------|
| 2014 | | | | | |
| Payables | 3,616,999 | - | - | 3,616,999 | 3,616,999 |
| Borrowings | 4,816,986 | 8,465,118 | 6,993,297 | 20,275,401 | 20,275,401 |
| | 8,433,984 | 8,465,118 | 6,993,297 | 23,892,399 | 23,892,399 |
| 2013 | | | | | |
| 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 |
| | 10,196,141 | 8,225,675 | 4,069,726 | 22,491,542 | 22,491,542 |

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs & 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-14 | | 30-Jun-13 | |
|--------------------|---|-------------------|---|-------------------|
| | Weighted average interest rate % | Balance \$ | Weighted average interest rate % | Balance \$ |
| Bank Loans - Fixed | 4.66% | 20,275,401 | 4.90% | 15,108,188 |
| | | <u>20,275,401</u> | | <u>15,108,188</u> |

Notes:

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

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

Note 37. Fair Value Measurements

\$

The fair value of assets and liabilities must be estimated in accordance with various Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities,

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly,

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Valuation techniques used to derive Level 2 and Level 3 Fair Values

Where Council is unable to derive Fair Valuations using quoted market prices of identical assets (ie. Level 1 inputs) Council instead utilises a spread of both observable inputs (Level 2 inputs) and unobservable inputs (Level 3 inputs).

The Fair Valuation techniques Council has employed while utilising Level 2 and Level 3 inputs are as follows:

Financial Assets

Level 3 input is utilised for the valuation of Financial Assets based on a combination of monthly reports provided by investment research and advisory firm Amicus Advisory Pty Ltd and Piper Alderman's assessment as lawyers in the Lehman Brothers Australia Limited Claims Resolution Process.

Property, Plant & Equipment

AVP valuers have completed a fair value report, based on site inspections of the land, buildings & improvement assets from September to November 2011 by a team of registered valuers.

For Non-specialised buildings Level 2 inputs were utilised. For specialised buildings level 3 inputs were used due to the specialised nature of the assets.

A fair value valuation of Plant and Equipment has been completed 30/06/2013 by the City's fleet manager using Level 3 inputs.

Management conducted a valuation of furniture and equipment during the financial year actualising the asset register and aligning the asset class with the capitalisation thresholds outlined in the Significant Accounting Policies. Using level 3 valuation inputs ensured no material variance in existing balance sheet values for this asset class was observed with the carrying amount of each asset fairly stated at reporting date.

All property, plant and equipment classes are carried at fair value and subject to revaluation only every 3 years as well as an annual assessment as to whether there is an indication an asset may have been impaired in accordance with AASB 136 "Impairment of Assets".

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

Note 37. Fair Value Measurements (continued)

\$

Infrastructure

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.

Recreation and Car Park assets was revalued and reviewed by Management through its myData register 30/06/2013. MyData is based on asset lifecycle costing with automated valuations complying with Australian Accounting Standards. Valuation is based on a combination of age and condition of the asset. Certain valuations were made on the basis of open market values of similar assets adjusted for condition and comparability (Level 2 inputs in the fair value hierarchy) and certain valuations were made having regard for current replacement cost and residual values (cost based approach, which are Level 3 inputs in the fair value hierarchy). Given the significance of the Level 3 inputs into the overall fair value measurement, the assets are deemed to have been valued using Level 3 inputs. These Level 3 inputs are based on the assumptions with regard to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

Meru landfill valuation is based on a volumetric survey carried out 20/06/2014 by qualified and licensed surveyors Hille, Thompson & Delfos calculating the remaining volumes of each landfill cell.

Council established a rehabilitation provision for estimated future capping expenditure that is discounted to its present value, with the unwinding of the discount being charged to the statement of comprehensive income within the amortisation charge. The discounted present value of the future capping expenditure is capitalised as part of the Landfill asset (2013-2014: \$ 8,750,649) and is amortised on a straight-line basis. At each reporting date the restoration and rehabilitation liability is re-measured to account for any new disturbance, updated cost estimates, inflation, changes to the estimated reserves and lives of operations, new regulatory requirements, environmental policies and revised discount rates. Changes to the restoration and rehabilitation liability are added to or deducted from the related rehabilitation asset and amortised accordingly.

AVP Valuers have completed a valuation report of Airport Infrastructure on the 1st of November 2011.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2014

Note 38. "Held for Sale" Non Current Assets & Disposal Groups

\$

Council did not classify any Non Current Assets or Disposal Groups as "Held for Sale".

Note 39. Investment Properties

Council has not classified any Land or Buildings as "Investment Properties"

Note 40. Intangible Assets

Intangible Assets represent identifiable non-monetary asset without physical substance.

Council is unaware of any control over Intangible Assets that warrant recognition in the Financial Statements, including either internally generated and developed assets or purchased assets.

Note 41. Equity - Retained Earnings and Reserves Adjustments

(a). Correction of Error/s relating to a Previous Reporting Period

Council made no correction of errors during the current reporting period.

(b). Voluntary Changes in Accounting Policies

Council made no voluntary changes in any accounting policies during the year.

Note 42. Discontinued Operations

Council has not classified any of its Operations as "Discontinued".

City of Greater Geraldton

Notes to the Financial Statements for the year ended 30 June 2014

Note 43. Events occurring after the Reporting Period

\$

Events that occur between the end of the reporting period (ending 30 June 2014) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the applicable "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is 31/10/14.

Events that occur after the Reporting Period represent one of two types:

(i) Events that provide evidence of conditions that existed at the Reporting Period

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2014.

(ii) Events that provide evidence of conditions that arose after the Reporting Period

These financial statements (& figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2014 and which are only indicative of conditions that arose after 30 June 2014.

Council is unaware of any material or significant "non-adjusting events" that should be disclosed.

City of Greater Geraldton

Notes to the Financial Statements for the year ended 30 June 2014

Note 44. Council Information & Contact Details

Principal Place of Business:

63 Cathedral Avenue
Geraldton WA 6530

Contact Details**Mailing Address:**

63 Cathedral Avenue
Geraldton WA 6530

Opening Hours:

Monday - Friday
8.30am to 5.00pm

Telephone: 08 9956 6600

Facsimile: 08 9956 6674

Internet: www.cgg.wa.gov.au

Email: council@cgg.wa.gov.au

Officers**CHIEF EXECUTIVE OFFICER**

Ken Diehm

Elected Members**MAYOR**

Ian Carpenter

AUDITORS

Grant Thornton
Level 1 10 Kings Park Road
WEST PERTH WA 6005

COUNCILLORS

Steve Douglas
Peter Fiorenza
David Caudwell
Des Brick
Jerry Clune
Jennifer Critch
Laurie Graham
Tarleah Thomas
Victor Tanti
Bob Hall
Neil McIlwaine
Shane Gerald Van Styn
Simon Keemink
Richard de Trafford

Other Information

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West Perth WA 6005

Correspondence to:
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West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W 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 2014, 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 2014 and of its performance for the financial year ended 30 June 2014, 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, 31 October 2014

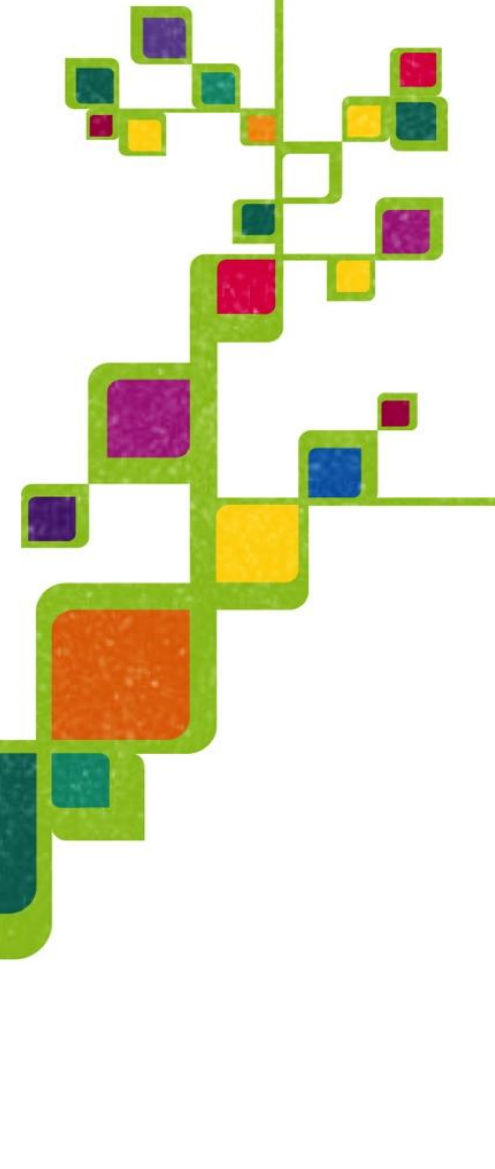


City of Greater Geraldton

Report to the Audit Committee
for the year ended 30 June 2014

November 2014

DRAFT





Grant Thornton

The Audit Committee
City of Greater Geraldton
PO Box 101
Geraldton WA 6530

7 November 2014

Dear Sirs

City of Greater Geraldton
REPORT TO THE AUDIT COMMITTEE FOR THE YEAR ENDED 30 JUNE 2014

Please find attached our Report to the Audit Committee for the year ended 30 June 2014. We confirm our audit work is complete and that we have issued an unqualified opinion.

We trust that you find this report informative and we appreciate the opportunity to be of service to you.

If you have any queries or wish to discuss any issues further, please do not hesitate to contact either Graeme Morissey or myself.

Yours faithfully
GRANT THORNTON AUDIT PTY LTD

P W Warr
Partner – Audit & Assurance

Grant Thornton Audit Pty Ltd
ACN 130 913 594

10 Kings Park Road
West Perth WA 6005
PO Box 570
West Perth WA 6872

T 08 9 449 2000

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1 Executive summary

Status of audit and outstanding matters

Our audit of City of Greater Geraldton is substantially complete. We have issued an unqualified opinion on the financial report.

1.1 Scope of the audit

We have conducted an independent audit of the financial statements in order to express an opinion on it to the ratepayers of City of Greater Geraldton.

Our audit has been conducted in accordance with Australian Auditing Standards with the objective of obtaining reasonable assurance about whether the financial report is free from material misstatement.

The scope of our audit was in accordance with the terms of our Engagement.

1.2 Materiality

Materiality is the magnitude of a misstatement or an omission from the financial report or related disclosures that the audit team believes would make it probable that the judgement of a reasonable person relying on the information would have been changed or influenced by the misstatement or omission.

Our audit has been conducted based on a quantitative materiality, this was determined using the benchmark of budgeted expenditure for 2013/14. Materiality benchmarks are selected to represent the measure which is most relevant to users of the financial report.

1.3 Assessment of internal controls

For further details, please refer to Appendix A.

1.4 Summary of unadjusted audit differences

We identified one uncorrected audit difference which, in our judgement, does not have a significant effect on the financial report for the year ended 30 June 2014.

1.5 Current year areas of focus

Our audit procedures were focused on those areas of the City of Greater Geraldton's activities that are considered to represent the key audit risks identified in our planning memorandum and through discussions with management and the Audit Committee during the course of our audit. We are satisfied that these key areas of focus have been addressed appropriately and are properly reflected in the City of Greater Geraldton's financial report.

| Focus area | Response |
|----------------------------------|---|
| Infrastructure and capital asset | <p>We reviewed the calculation of depreciation on assets by obtaining the details of the depreciation calculation by asset I.D. Our internal software allowed us to perform a re-calculation using the value of the asset, the date of purchase and the depreciation rates applicable. No exceptions were noted.</p> <p>We tested infrastructure and capital asset additions to ensure appropriate treatment as a capital item. This was performed using automated statistical sampling methods. Our sample test revealed that all samples items recorded as infrastructure and capital assets were recorded appropriately.</p> |
| Employee compensation | <p>We reviewed the calculation of the long service leave and annual leave provisions, ensuring that the calculations were accurate by testing mathematical accuracy of the schedules used to determine the balance. Further, we tested individual balances on a sample basis within the schedule and ensured that employee entitlements were accurate as at 30 June 2014. No exceptions were noted.</p> <p>By obtaining the employee and vendor masterfile, which included all employee and vendor data, we performed fraud detection procedures to identify:</p> <ul style="list-style-type: none"> -employees with invalid, duplicate or missing TFN numbers, addresses, employee numbers or bank accounts -employees with excessive hourly rates, total compensation, or overtime compensation -vendors with the addresses or bank accounts of employees <p>Our search did not identify any exceptions or indications of fraud.</p> |
| Liabilities and expenses | <p>We obtained the payments register for all payments made subsequent to 30 June 2014. By summarising payments by vendor and comparing to amounts recorded as owing to vendors as at 30 June 2014, we were able to identify significant payments in excess of the balance recorded as owing. We then investigated these scenarios to determine whether amounts recorded as owing to vendors was adequately recorded as at 30 June 2014. No exceptions were noted.</p> <p>We reviewed expenditures by comparing actual amounts recorded to budget and prior year figures. We investigated any significant differences and obtained management explanation. We corroborated management's explanation via discussion with individuals outside of the finance staff or by reviewing third-party documents.</p> |

Landfill liability

The entity recorded an \$8M landfill liability in the period, which has been treated as an asset retirement obligation. This treatment resulted in the recording of an off-setting asset. The amounts recorded were equivalent to the present value of the expected cash outflows to restore the landfill. We reviewed management's estimated cash outflows and determined the reasonableness of the amounts and timing of the payments via discussions with the appropriate City staff members. We further tested the mathematical accuracy of the calculation and ensured that inputs such as CPI and discount rates were reasonable.

It should be noted that the asset and liability should have been recorded in a previous period as the liability arose when the landfill first became in use. It is appropriate to record the liability on the date in which the liability arose and when the amount can be reasonably determined. We felt that this timing was likely fiscal 2013. For this reason, the asset and liability were added to the disclosures and balances in fiscal 2013 with no impact on the surplus of the entity given the off-setting nature of the asset retirement obligation. Furthermore, the unwinding of the asset retirement obligation, which should have occurred in fiscal 2014, was not considered given it is not a material amount. This is discussed below.

1.6 Disclaimer

This report has been prepared for the Audit Committee and management of City of Greater Geraldton only. It should not be quoted or referred to, in whole or in part, without our prior written consent. No warranty is given to, and no liability will be accepted from, any party other than City of Greater Geraldton.

DRAFT



1.7 An opportunity for feedback

At Grant Thornton we strive for a high level of client satisfaction. Our business is built around the relationships we maintain with our clients. We want to hear feedback from our clients, both positive and negative, to ensure the services we provide to you exceed your expectations.

You will shortly be receiving a Client Satisfaction Survey from us, via email; we would appreciate it if you would take the time to complete the survey as your feedback is important to us.

DRAFT

2 Audit differences findings and analysis report

Status of accounting records

Our audit procedures include an assessment of the status of the accounting records and reconciliations. The status of the accounting records is of an appropriate standard, and we did not note any significant issues that warrant reporting to the Audit Committee.

2.1 Adjusted audit differences

In performing our audit for the year ended 30 June 2014, we did not identify any audit differences that required adjustment to the financial report.

2.2 Unadjusted audit differences

In performing our audit for the year ended 30 June 2014, we identified the following unadjusted difference. Through discussions with management, and as represented to us in writing, it was determined that this difference is immaterial to the balances and transactions on the financial report.

| # | Description | Asset | | Liability | | Equity | | Profit Effect DR/(CR) | | Net Profit |
|---|--|-------|-----------|-----------|-----------|--------|----|-----------------------|------------|------------|
| | | DR | CR | DR | CR | DR | CR | Revenue | Expense | DR/(CR) |
| 1 | To record impact of unwinding of the landfill liability in fiscal 2014 | | \$323,000 | | \$380,000 | | | | \$ 703,000 | \$ 703,000 |

2.3 Disclosure deficiencies

No disclosure deficiencies that would result in a qualified audit opinion were noted in our review of the financial statements.

3 Specific reporting requirements

| Reporting requirement | Description |
|---|---|
| 3.1 Fraud | <ul style="list-style-type: none"> We are required by Auditing Standards to consider the risk of fraud in planning the nature and extent of our audit tests. In performing our audit we have not become aware of any incidence of fraud. We have also inquired with management and obtained, in writing, representations regarding the existence of fraud, policies and procedures in place to prevent and detect fraud, noting no instances of fraud that management are aware of. The following fraud risk factors in particular, were identified: <ul style="list-style-type: none"> Misappropriation of assets <ul style="list-style-type: none"> Level of cash transactions including authorisation levels. Controls over purchasing and payments, including the risk of employee kickbacks. Controls over the payroll system Overall security of the site including the use of security passes. Rotation of duties. Systems utilised and control over access to these systems. |
| 3.2 Errors, irregularities and illegal acts | <ul style="list-style-type: none"> We have noted no errors or irregularities that would cause the financial report to contain a material misstatement. As part of our normal statutory audit no apparent illegal acts have come to our attention. |
| 3.3 Books and records, and conduct of review | <ul style="list-style-type: none"> We have been presented with all the necessary books and records and explanations requested of management to support the amounts and disclosures contained in the financial statements in a timely and efficient manner. We take this opportunity to thank Auke Van Der Weij for his assistance and courtesy during our audit. |
| 3.4 Compliance with laws and regulations | <ul style="list-style-type: none"> In performing our audit procedures we have not become aware of any non-compliance with applicable laws or regulations that would have an impact on the determination of material amounts and disclosures in the financial report. We have also received representations from management confirming that the Council is in compliance with all laws and regulations that impact the organisation. |
| 3.5 Appropriateness of accounting policies | <ul style="list-style-type: none"> We consider that the accounting policies adopted in the financial statements are appropriately disclosed. There have been no changes to accounting policies adopted by the Council in the year ended 30 June 2014 other than new accounting standards effective for the first time. These include: <ul style="list-style-type: none"> AASB 13: Fair Value Measurement. AASB 119: Employee Benefits |
| 3.6 Going concern | <ul style="list-style-type: none"> As part of our audit, we have assessed and agreed with the conclusions reached by management concerning the application of the going concern concept. |
| 3.7 Disagreements with management | <ul style="list-style-type: none"> There has been no significant disagreements with management during the course of the audit. |
| 3.8 Independence | <ul style="list-style-type: none"> Internal independence checks are performed every twelve (12) months before commencement of the full year engagements to ensure that firm-wide no conflicts have arisen. We confirm that, as at the date of this report, we are independent having regard to Grant Thornton's policies, professional rules and relevant statutory requirements regarding auditor independence. During the year ended 30 June 2014, Grant Thornton has not provided any non-audit services to City of Greater Geraldton. In performing our audit procedures we have not become aware of any non-compliance with applicable laws or regulations that would have an impact on the determination of material amounts and disclosures in the financial report. |

4 Appendix A – Internal control observations

We have ranked the issues raised in order of their importance and risk to City of Greater Geraldton, (including the COSO classification which is a generally accepted framework for evaluating controls over financial reporting) to enable you to prioritise. The key to the colour coding used below is as follows:

Material weakness

Critical area that represents relatively high risk to City of Greater Geraldton since this is a material weakness; i.e. a control gap that may result in material misstatements and has a likelihood of occurrence that is not remote. Action should be taken immediately.

Significant deficiency

Important matter that represents medium risk to City of Greater Geraldton which would be classified as a significant deficiency; i.e. a control gap that may result in material misstatements but has a remote likelihood of occurrence. Action should be undertaken to rectify the issue before the next reporting period.

Deficiency

Housekeeping or administrative matter that represents relatively low risk to City of Greater Geraldton which is a deficiency, i.e. a control gap that is assessed to result in inconsequential misstatements.

4.1 Current year issues

| Importance | Observation | Recommendation | Management response |
|------------|---|---|---|
| Deficiency | <ul style="list-style-type: none"> During our test of leave liability balances for a sample of employees, we noted that leave request forms did not always correspond to the amount of leave taken, per the system. Discussions with the Payroll Officer explained the reason for the variances, which we accepted. However, there was no documented evidence as to why the variance occurred. | <ul style="list-style-type: none"> We recommend the maintenance of documented audit trails for situations where the amounts processed within the system differ from the amounts approved in leave forms. | <ul style="list-style-type: none"> Recommendation accepted. Payroll officer will ensure audit trail be in place. |
| Deficiency | <ul style="list-style-type: none"> During our testing of the leave liability obligations, GT noted that the superannuation rate had not been updated for the future rate (9.50%) in the on-cost calculation. While the overall difference in value was trivial, the need to review on-cost percentages for accuracy should still be considered. | <ul style="list-style-type: none"> We recommend a yearly, documented review of the on-cost percentage being applied to the leave liabilities of the Council. | <ul style="list-style-type: none"> Recommendation accepted. On cost will be reviewed before end of year entries. |

6. AC035 STATUS OF CITY OF GREATER GERALDTON OPERATIONAL RISK MANAGEMENT SYSTEMS AND ACTIVITIES

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| AC035 STATUS OF CITY OF GREATER GERALDTON OPERATIONAL RISK MANAGEMENT SYSTEMS AND ACTIVITIES |
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| | |
|-------------------------------|---|
| AGENDA REFERENCE: | D-14- 71789 |
| AUTHOR: | B Pearce, Organisational Risk Advisor |
| EXECUTIVE: | B Davis, Director of Corporate & Commercial Services |
| DATE OF REPORT: | 30 October 2014 |
| FILE REFERENCE: | RM/1/0003 |
| APPLICANT / PROPONENT: | City of Greater Geraldton |
| ATTACHMENTS: | No |

EXECUTIVE SUMMARY:

The purpose of this report is to provide an overview of the current status and planned risk management activities for implementation by the City, incorporating: The activities of the City's Risk Management Committee: Status of the Organisational Risk Management Project (ORM): Status of the City Business Continuity Management Plan (BCM): Status with regards to Regulation 17 compliance.

EXECUTIVE RECOMMENDATION;

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

1. NOTE the City of Greater Geraldton's status with regards to;
 - a. The activities of the City's Risk Management Committee.
 - b. The progress of the Organisational Risk Management Project.
 - c. The progress of the City Business Continuity Management Plan.
2. REQUIRE the City of Greater Geraldton to report back to the Audit Committee, at the next scheduled meeting on the progress that the City has made regarding Risk Management and Business Continuity Management.

PROponent:

The proponent is the City of Greater Geraldton.

BACKGROUND:

1 Risk Management Committee activities

The Risk Management Committee (RMC) has met twice since the Audit Committee Meeting held on 1 July 2014. The activities of the RMC are as follows:

1.1 RMC Meeting - 7 August 2014

This was the second meeting of the RMC since its re-establishment. The members confirmed the Terms of Reference (TOR) which had been issued at the first meeting and the roles and functions of the

RMC. The TOR document was endorsed with some minor amendments to process.

1.2 RMC Meeting -17 September 2014

Members were familiar with their roles and the intent of the RMC at this meeting, and adopted a structured approach with a risk oriented focus.

Meeting Overview

CGG Risk Management Activities

The RMC was provided with an overview of the current significant risk activities being undertaken within the City and an explanation of the reasoning behind the risk assessments being undertaken.

- QE2 Security Risk Assessment & Report
- Verita Road Bridge Risk Management Plan
- Contractor Safety Induction & Management
- Fireworks for event suitable Areas within CGG Risk
- Event Approval Process
- Coastal signage and usage raised as at the meeting as needing possible review

2 Risk Management Processes Review

A number of risk management process reviews are currently in progress:

- The CEO has confirmed that the CEO Risk Management KPI's will be cascaded to Departments. A process for reviewing and confirming compliance with risk KPI's is required.
- Advent ManageR© (Risk Management Software) is licensed to the City for the purpose of monitoring risk registers, reporting, escalation of overdue items to management ,and action plans. Advent ManageR© has a number of detailed reporting functions to allow for EMT to monitor risk. A timeline for implementation will be developed.
- The methodology of the Risk Breakdown Structure (Risk Themes), for streamlining the management and reporting of risk, has been reviewed and accepted by EMT and the RMC.
- It has been confirmed that OSH risks are a subset of Organisational Risk and must be recorded in the Organisational Risk Register as tier 2 risks with Organisation Risk as tier 1.

- Current risk management policies require updating to reflect additional requirements. The City does not have a current risk process for the escalation of risk issues (in line with acceptance criteria). A new process is required, in addition to current policies, to include the Project Risk Management Plan and the requirement for RMC and EMT endorsement prior to implementation.

3 Organisational Risk Management Project status

The Phase 2 Risk Registers (Master Risk Register) have been updated, and will be submitted for EMT endorsement following a final review of content. The updated risk registers initially incorporated all the perceived risks for City Departments. The Registers were reviewed by EMT in the context of strategic and corporate factors and the risks deemed to be of limited value or importance were recommended for removal from the registers. A final review of the Registers is in progress referencing the methodologies of Risk theme categorisation.

Phase 3 is the Business Continuity Management development and implementation of risk treatment processes and will be determined by the RMC.

4 Business Continuity Management Project status

On the 9th September 2014 the EMT endorsed the LGIS recommended timeframes for the BCP workshops.

Timeframes for Business Continuity workshops:

- Project Coordinator & Executives meeting (1/2 day) 15th October 2014.
- Directorate workshops to complete the Business Impact Analysis (over 3 days) 15th, 16th and 17th October 2014.
- Workshops for the four Directorates to complete the Continuity Requirements (over 3 days) 4th, 5th and 6th November 2014.
- EMT and Manager Workshops for the Administrative Complex and the CGG Depot to draft and confirm final BCM plan (over 2 days) 4th and 5th December 2014.
- The indicative BCM plan exercise shall be undertaken in February 2015.

At the time of this report the Business Impact Analysis for all areas had been completed. The report will be and reviewed by the EMT prior to commencement of the November Continuity Requirements workshops.

The BCM is on schedule at this time.

5 Regulation 17 status

Note this is only with regards to the Risk Management portion of the Regulation 17 requirements.

At the time of this report the City had completed, as detailed above, department level risk identification for organisational risks. The risks were incorporated into the Master Risk Register for the City and are being reviewed in line with the risk theme methodology which allows for clear, concise, quantification, prioritisation and management of the City's risks.

Following categorisation, within relevant risk themes, the City's risk profile will be developed. The risk profile will illustrate the City's significant risk exposures and the actions identified to treat these issues.

The City currently has a number of risk management policies which outline the overall approach and requirements for risk management within the City. The policies, in line with the complete Master Risk Register, identify all risks and will greatly assist the City in demonstrating compliance with the Regulation 17 -Risk management requirement.

At the Time of this report the City was collating the required risk management details recommended for the report by Department of Local Government & Communities. The City is currently on track for reporting on risk management processes.

RELEVANT PRECEDENTS:

There are no relevant precedents.

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

Local Government (Audit) Amendment Regulations 2013 Regulation 17

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no financial or resource implications.

INTEGRATED PLANNING LINKS:

| | |
|-------------------|--|
| Title: Governance | Planning and Policy |
| Strategy 5.2.7 | Ensuring efficient and effective delivery of service |

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT

The purpose of this item is primarily associated with the development and implementation of effect risk management systems throughout the City. Should the City fail to successfully undertake the above mentioned activities the City will not be able to adequately meet its obligations with regards to risk management.

ALTERNATIVE OPTIONS CONSIDERED

No alternatives have been considered, as risk management systems are a regulatory requirement, and this process will deliver the necessary plans and action frameworks for compliance.

7. MEETING CLOSURE