

CITY OF GREATER GERALDTON
BUDGET
FOR THE YEAR ENDED 30 JUNE 2019

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**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2019**

BY NATURE OR TYPE

		2018/19	2017/18 Forecast	2017/18
	NOTE	Budget	Actual	Budget
		\$	\$	\$
Revenue				
Rates	1	46,314,640	44,878,143	44,963,763
Operating grants, subsidies and contributions	9	8,001,657	8,451,370	8,401,064
Fees and charges	8	23,445,694	22,514,828	22,272,313
Interest earnings	10(a)	1,665,191	1,648,332	1,528,780
Other revenue	10(b)	2,312,113	872,796	740,564
		<u>81,739,295</u>	<u>78,365,469</u>	<u>77,906,484</u>
Expenses				
Employee costs		(27,894,614)	(27,680,917)	(28,185,697)
Materials and contracts		(22,584,628)	(22,843,979)	(22,220,489)
Utility charges		(3,101,321)	(3,184,235)	(3,274,189)
Depreciation on non-current assets	5	(23,056,302)	(21,770,436)	(21,400,660)
Interest expenses	10(d)	(1,019,983)	(1,162,422)	(1,162,422)
Insurance expenses		(711,417)	(709,567)	(813,167)
Other expenditure		(2,792,725)	(2,322,657)	(2,063,250)
		<u>(81,160,990)</u>	<u>(79,674,213)</u>	<u>(79,119,874)</u>
		578,305	(1,308,744)	(1,213,390)
Non-operating grants, subsidies and contributions	9	27,398,167	11,431,793	28,800,110
Profit on asset disposals	4(b)	54,728	127,816	127,816
Loss on asset disposals	4(b)	(195,469)	(113,030)	(113,030)
Net result		27,835,731	10,137,835	27,601,506
Other comprehensive income				
Total other comprehensive income		0	0	0
Total comprehensive income		27,835,731	10,137,835	27,601,506

This statement is to be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE BUDGET FOR THE YEAR ENDED 30TH JUNE 2019

BASIS OF PREPARATION

The budget has been prepared in accordance with applicable Australian Accounting Standards (as they apply to local government and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1995* and accompanying regulations. Material accounting policies which have been adopted in the preparation of this budget are presented below and have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the budget has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the City of Greater Geraldton controls resources to carry on its functions have been included in the financial statements forming part of this budget.

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. A separate statement of those monies appears at Note 14 to the budget.

2017/18 ACTUAL BALANCES

Balances shown in this budget as 2017/18 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

KEY TERMS AND DEFINITIONS - NATURE OR TYPE

REVENUES

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. Exclude administration fees, interest on instalments, interest on arrears and service charges.

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 1996* identifies these as television and radio broadcasting, underground electricity and neighbourhood surveillance services. Exclude rubbish removal charges. 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.

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.

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.

REVENUES (CONTINUED)

FEES AND CHARGES

Revenues (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. Local governments may wish to disclose more detail such as rubbish collection fees, rental of property, fines and penalties, other fees and charges.

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 / INCOME

Other revenue, which can not be classified under the above headings, includes dividends, discounts, rebates and internal charging etc

EXPENSES

EMPLOYEE COSTS

All costs associated with the employment of a person 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 benefit tax, etc.

MATERIALS AND CONTRACTS

All expenditures 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. Local governments may wish to disclose more detail such as contract services, consultancy, information technology, rental or lease expenditures.

UTILITIES (GAS, ELECTRICITY, WATER, ETC.)

Expenditures made to the respective agencies for the provision of power, gas or water. Exclude expenditures incurred for the reinstatement of roadwork on behalf of these agencies.

INSURANCE

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

LOSS ON ASSET DISPOSAL

Loss on the disposal of fixed assets includes loss on disposal of long term investments.

DEPRECIATION ON NON-CURRENT ASSETS

Depreciation expense raised on all classes of assets.

INTEREST EXPENSES

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

OTHER EXPENDITURE

Statutory fees, taxes, provision for bad debts, member's fees or State taxes. Donations and subsidies made to community groups. Internal charging and activity based distributions.

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2019**

BY PROGRAM

		2018/19	2017/18	2017/18
	NOTE	Budget	Forecast	Budget
		Budget	Actual	Budget
Revenue	1, 8, 9, 10(a),(b)	\$	\$	\$
Governance		81,160	344,686	79,624
General purpose funding		54,308,660	52,909,751	52,870,657
Law, order, public safety		649,713	673,713	673,713
Health		86,150	67,150	67,150
Education and welfare		329,705	284,550	294,550
Community amenities		12,480,431	11,294,359	11,304,359
Recreation and culture		4,863,962	3,461,271	3,147,708
Transport		6,501,062	6,900,503	7,087,469
Economic services		1,094,221	909,800	919,800
Other property and services		1,344,231	1,519,686	1,461,454
		81,739,295	78,365,469	77,906,484
Expenses excluding finance costs	5,10(c),(e),(f)			
Governance		(1,650,996)	(1,044,202)	(1,248,996)
General purpose funding		(703,763)	(979,580)	(979,580)
Law, order, public safety		(1,101,047)	(1,736,964)	(1,113,474)
Health		(205,935)	(91,275)	(91,275)
Education and welfare		(1,693,143)	(1,553,220)	(1,553,220)
Housing		(24,395)	(48,780)	(48,780)
Community amenities		(10,857,923)	(9,779,881)	(9,757,381)
Recreation and culture		(16,936,432)	(15,661,536)	(15,827,643)
Transport		(31,757,847)	(31,553,299)	(31,273,477)
Economic services		(4,888,875)	(4,539,144)	(4,539,644)
Other property and services		(10,320,651)	(11,523,910)	(11,523,982)
		(80,141,007)	(78,511,791)	(77,957,452)
Finance costs	6, 10(d)			
Governance		(18,875)	(22,760)	(22,760)
Recreation and culture		(449,665)	(511,229)	(511,229)
Transport		(183,255)	(241,812)	(241,812)
Economic services		(209,512)	(209,512)	(165,584)
Other property and services		(158,676)	(177,109)	(221,037)
		(1,019,983)	(1,162,422)	(1,162,422)
		578,305	(1,308,744)	(1,213,390)
Non-operating grants, subsidies and contributions	9	27,398,167	11,431,793	28,800,110
Profit on disposal of assets	4(b)	54,728	127,816	127,816
(Loss) on disposal of assets	4(b)	(195,469)	(113,030)	(113,030)
Net result		27,835,731	10,137,835	27,601,506
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		27,835,731	10,137,835	27,601,506

This statement is to be read in conjunction with the accompanying notes.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS

In order to discharge its responsibilities to the community, Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the City's Community Vision, and for each of its broad activities/programs.

PROGRAM NAME	OBJECTIVE	ACTIVITIES
GOVERNANCE	To provide a decision making process for the efficient allocation of resources.	Administration and operation of facilities and services to members of Council, civic receptions and functions, public relations, electoral, administration, support, research operations for Council members and certain executive Staff.
GENERAL PURPOSE FUNDING	To collect revenue to allow provision of services.	General rate revenue, penalty for late payment, ex gratia rates, rate administration fee, rate instalment fee, back rates, general purpose grants, untied road grants, interest on deferred rates and investment returns.
LAW, ORDER, PUBLIC SAFETY	To provide services to help ensure a safer community.	Fire prevention including the Emergency Services Levy, Volunteer Fire Brigade and SES expenditure, clearing of fire hazards, animal control, park rangers, neighbourhood watch, surf lifesaving, crime prevention and emergency planning and management.
HEALTH	To provide an operational framework for good community health.	Maternal and infant health, preventive services including food control, health inspections, pest control and other health.
EDUCATION AND WELFARE	To meet the needs of the community in these areas.	Aged and disabled, Queen Elizabeth II Seniors Centre, other welfare including youth projects, seniors' projects and reconciliation.
HOUSING	To help ensure adequate housing.	Provision and maintenance of staff housing.
COMMUNITY AMENITIES	Provide services required by the community.	Rubbish collections, Meru refuse site operations, litter control, public litter bins, protection of the environment, town planning control, parenting centre, cemetery, and community services including youth programs.
RECREATION AND CULTURE	To establish and manage efficiently infrastructure and resources which will help the social wellbeing of the community.	Aquarena, public halls, civic centres, foreshore, beaches, parks, sporting grounds, library, heritage and conservation, museums, Art Gallery and Queens Park Theatre.
TRANSPORT	To provide effective and efficient transport services to the community.	Roads, footpaths, drainage, road verges, median strips, street lighting, street cleaning, street trees, traffic surveys, traffic management, depot operations, parking facilities and airport.
ECONOMIC SERVICES	To help promote the Municipality and improve its economic wellbeing.	Tourism and promotions, visitors' information centre, building control, economic development and marketing.
OTHER PROPERTY AND SERVICES	To provide effective and efficient property services to the community.	Private works operations, public works overheads, plant/vehicle operations, town planning schemes, land and property services and others that can not be assigned to one of the other preceding programs.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2019**

BY NATURE OR TYPE

		2018/19	2017/18	2017/18
	NOTE	Budget	Forecast	Budget
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		46,429,981	45,492,736	45,020,153
Operating grants, subsidies and contributions		8,001,657	8,451,370	8,402,924
Fees and charges		23,443,330	22,514,828	22,272,313
Interest earnings		1,665,191	1,648,332	1,527,845
Goods and services tax		0	0	0
Other revenue		2,270,467	6,598,844	776,423
		81,810,626	84,706,110	77,999,658
Payments				
Employee costs		(27,832,331)	(28,163,625)	(28,209,239)
Materials and contracts		(22,643,922)	(31,581,951)	(22,745,004)
Utility charges		(3,101,321)	(3,184,235)	(3,274,189)
Interest expenses		(1,019,983)	(1,317,859)	(1,162,422)
Insurance expenses		(711,417)	(709,567)	(813,167)
Other expenditure		(2,792,725)	(2,325,407)	(2,063,250)
		(58,101,699)	(67,282,644)	(58,267,271)
Net cash provided by (used in) operating activities	3	23,708,927	17,423,466	19,732,387
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	4(a)	(11,848,359)	(8,468,543)	(5,802,350)
Payments for construction of infrastructure	4(a)	(60,801,457)	(31,791,032)	(57,381,848)
Non-operating grants, subsidies and contributions used for the development of assets	9	27,398,167	11,431,793	28,800,110
Proceeds from sale of plant & equipment	4(b)	594,000	607,750	607,750
Net cash provided by (used in) investing activities		(44,657,649)	(28,220,032)	(33,776,338)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	6	(3,995,228)	(3,978,462)	(3,978,362)
Advances to community groups	6	0	(250,000)	0
Proceeds from self supporting loans	6(a)	95,380	71,097	71,014
Proceeds from new borrowings	6(b)	18,250,000	250,000	11,250,000
Net cash provided by (used in) financing activities		14,350,152	(3,907,365)	7,342,652
Net increase (decrease) in cash held		(6,598,570)	(14,703,931)	(6,701,299)
Cash at beginning of year		27,259,359	41,963,290	21,570,494
Cash and cash equivalents at the end of the year	3	20,660,789	27,259,359	14,869,195

This statement is to be read in conjunction with the accompanying notes.

**RATES SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2019**

BY NATURE OR TYPE

		2018/19	2017/18	2017/18
	NOTE	Budget	Forecast	Budget
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	2	5,752,287	10,985,495	5,671,286
		5,752,287	10,985,495	5,671,286
Revenue from operating activities (excluding rates)				
Operating grants, subsidies and contributions	9	8,001,657	8,451,370	8,401,064
Fees and charges	8	23,445,694	22,514,828	22,272,313
Interest earnings	10(a)	1,665,191	1,648,332	1,528,780
Other revenue	10(b)	2,312,113	872,796	740,564
Profit on asset disposals	4(b)	54,728	127,816	127,816
		35,479,383	33,615,142	33,070,537
Expenditure from operating activities				
Employee costs		(27,894,614)	(27,680,917)	(28,185,697)
Materials and contracts		(22,584,628)	(22,843,979)	(22,220,489)
Utility charges		(3,101,321)	(3,184,235)	(3,274,189)
Depreciation on non-current assets	5	(23,056,302)	(21,770,436)	(21,400,660)
Interest expenses	10(d)	(1,019,983)	(1,162,422)	(1,162,422)
Insurance expenses		(711,417)	(709,567)	(813,167)
Other expenditure		(2,792,725)	(2,322,657)	(2,063,250)
Loss on asset disposals	4(b)	(195,469)	(113,030)	(113,030)
		(81,356,459)	(79,787,243)	(79,232,904)
Operating activities excluded from budget				
(Profit) on asset disposals	4(b)	(54,728)	(127,816)	(127,816)
Loss on disposal of assets	4(b)	195,469	113,030	113,030
Depreciation on assets	5	23,056,302	21,770,436	21,400,660
Amount attributable to operating activities		(16,927,746)	(13,430,956)	(19,105,206)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	27,398,167	11,431,793	28,800,110
Purchase property, plant and equipment	4(a)	(11,848,359)	(8,468,543)	(5,802,350)
Purchase and construction of infrastructure	4(a)	(60,801,457)	(31,791,032)	(57,381,848)
Proceeds from disposal of assets	4(b)	594,000	607,750	607,750
Amount attributable to investing activities		(44,657,649)	(28,220,032)	(33,776,338)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(3,995,228)	(3,978,462)	(3,978,362)
Self Supporting Loan funds paid out		0	(250,000)	
Proceeds from new borrowings	6	18,250,000	250,000	11,250,000
Proceeds from self supporting loans	6(a)	95,380	71,097	71,014
Transfers to cash backed reserves (restricted assets)	7(a)	(492,500)	(12,240,289)	(2,536,665)
Transfers from cash backed reserves (restricted assets)	7(a)	5,240,268	18,672,786	7,189,194
Amount attributable to financing activities		19,097,920	2,525,132	11,995,181
Budgeted deficiency before general rates		(42,487,475)	(39,125,856)	(40,886,362)
Estimated amount to be raised from general rates	1	46,314,640	44,878,143	44,963,763
Net current assets at end of financial year - surplus/(deficit)	2	3,827,165	5,752,287	4,077,401

This statement is to be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

1. RATES AND SERVICE CHARGES

(a) Rating Information

RATE TYPE	Rate in	Number of properties	Rateable value	2018/19 Budgeted rate revenue	2018/19 Budgeted interim rates	2018/19 Budgeted back rates	2018/19 Budgeted total revenue	2017/18 Actual Revenue
	\$		\$	\$	\$	\$	\$	\$
Differential general rate or general rate								
CGG Residential	0.146334	15,437	202,293,839	29,602,467	382,615	10,450	29,995,532	29,175,526
CGG Non-Residential	0.121117	1,210	87,218,137	10,563,599	173,159	0	10,736,758	10,345,765
CGG UV	0.007660	859	379,648,000	2,908,104	0	0	2,908,104	2,832,793
Sub-Totals		17,506	669,159,976	43,074,170	555,774	10,450	43,640,394	42,354,084
Minimum								
Minimum payment								
	\$							
CGG Residential	1,010	2,358	8,187,518	2,381,580	0	0	2,381,580	2,226,040
CGG Non-Residential	1,010	243	1,267,584	245,430	0	0	245,430	195,940
CGG UV	1,010	201	10,651,962	203,010	0	0	203,010	204,020
Sub-Totals		2,802	20,107,064	2,830,020	0	0	2,830,020	2,626,000
		20,308	689,267,040	45,904,190	555,774	10,450	46,470,414	44,980,084
Discounts/concessions (Refer note 1(h))							(155,774)	(101,941)
Total amount raised from general rates							46,314,640	44,878,143
Specified area rates (Refer note 1(f))							0	0
Total rates							46,314,640	44,878,143

All land (other than exempt land) in the City of Greater Geraldton is rated according to its Gross Rental Value (GRV) in townsites or Unimproved Value (UV) in the remainder of the City of Greater Geraldton.

The general rates detailed for the 2018/19 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

The minimum rate(s) have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of local government services/facilities.

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

1. RATES AND SERVICE CHARGES (CONTINUED)

(b) Interest Charges and Instalments - Rates and Service Charges

The following instalment options are available to ratepayers for the payment of rates and service charges.

Instalment options	Date due	Instalment plan admin charge	Instalment plan interest rate	Unpaid rates interest rates
		\$	%	%
Option one	21/08/2018	0	0.00%	11.00%
Option two	21/08/2018	0	0.00%	11.00%
	23/10/2018	12	5.50%	11.00%
Option three	21/08/2018	0	0.00%	11.00%
	23/10/2018	12	5.50%	11.00%
	27/12/2018	12	5.50%	11.00%
	27/02/2019	12	5.50%	11.00%

Interest on Instalments

Council has recognised that a number of ratepayers are taking up the option to pay their rates by instalments. This has a negative effect on Councils investment potential which in turn restricts cash flow. Council has decided to take up the option available under the Local Government Act 1995 to impose an interest rate of 5.5% on rates paid by instalment.

Instalment Fees

For ratepayers electing to pay their rates by 2 or 4 instalments, then a charge of \$12.00 per instalment is charged.

For ratepayers making an arrangement with Council to pay their rates in more than 4 instalments, then a "one off" charge of \$42 is applied.

Penalty Interest on Late Payments - Rates

The Financial Management Regulations and section 6.51 of the Local Government Act 1995 prescribes that the maximum interest that can be levied on overdue rates is 11% per annum. Council has resolved to set its rate at 11%.

This interest will apply after the expiry of 65 days from the date the rates notice is issued.

	2018/19 Budget revenue	2017/18 Forecast Actual
	\$	\$
Instalment plan admin charge revenue	165,000	160,468
Instalment plan interest earned	188,000	184,552
Unpaid rates and service charge interest earned	480,000	470,000
Pensioner deferred interest	12,000	12,000
	845,000	827,020

1. RATES AND SERVICE CHARGES (CONTINUED)

(c) Objectives and Reasons for Differential Rating

To provide equity in the rating of properties across the City the following rate categories have been determined for the implementation of differential rating.

Differential general rate

CGG Residential

This category will include any GRV rated property in that part of the City district that is used for residential purposes. This rating category reflects the level of rating required to raise the necessary revenue for Council to operate efficiently and provide the diverse range of services and programs and associated infrastructure/facilities required for developed residential and urban areas for this designated part of the City.

CGG Non Residential

This category will include any GRV rated property in that part of the City district that is used for non residential purposes other than rural purposes.

The general objects and reasons for this differential rate on Non Residential properties is on an equitable basis to raise the necessary revenue for Council to operate efficiently and provide the diverse range of services and programs and associated infrastructure/facilities required for commercial and industrial areas.

CGG UV

This category includes all UV rated property in that part of the City district that are used primarily for rural, farming and mining purposes.

This rating category reflects the level of rating required to raise the necessary revenue to operate efficiently and provide a diverse range of services and programs for rural areas including infrastructure to this designated part of the municipality.

(d) Differential Minimum Payment

Description	Characteristics	Objects	Reasons
The minimum rates have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of the Local Government services/facilities.			

(e) Variation in Adopted Differential Rates to Local Public Notice

The following rates and minimum payments were previously set out in the local public notice giving notice of the intention to charge differential rates.

Differential Rating Category	Proposed Rate in \$	Adopted Rate in \$	Reasons for the difference
CGG Residential	0.123181	0.146334	New GRV valuation roll received and uploaded post public notice. Adjustment required to RID to equitably meet budget deficiency.
CGG Non Residential	0.117787	0.121117	New GRV valuation roll received and uploaded post public notice. Adjustment required to RID to equitably meet budget deficiency.
CGG UV	0.007751	0.007660	New UV valuation roll received and uploaded post public notice. Adjustment required to RID to equitably meet budget deficiency.

Minimum payment	Proposed Minimum \$	Adopted Minimum \$	Reasons for the difference
GRV Residential	1,010	1,010	
GRV Non Residential	1,010	1,010	
UV Rural, Farming & Mining	1,010	1,010	

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

1. RATES AND SERVICE CHARGES (CONTINUED)

(f) Specified Area Rate

The City will not raise specified area rates for the year ended 30th June 2019.

(g) Service Charges

The City will not raise service charges for the year ended 30th June 2019.

(h) Waivers or concessions

Rate or fee and charge to which the waiver or concession is granted	Type	Disc % or Amount (\$)	2018/19 Budget	2017/18 Forecast Actual	Circumstances in which the waiver or concession is granted	Objects and reasons of the waiver or concession
A11481 - 178-82 Marine Terrace, Geraldton	Non	100%	\$ (13,957)	\$ (5,918)	Council Resolution 22/12/2016	City Vibrancy
A11683 - 25-29 Cathedral Ave, Geraldton	Non	100%	(59,202)	(18,504)	Council Resolution 26/7/2016	City Vibrancy
All properties owned by Murchison Region Aboriginal Corporation	Res	80%	(82,615)	(77,519)	Council Resolution 28/11/17	Agreement reached after mediation as recommended by SAT
			(155,774)	(101,941)		

Discounts

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

Concessions/Incentives/Waivers/Write-offs

Council does not offer any standard waivers or write-offs of Rates and Charges or other debts of ratepayers, unless specifically approved by Council. Individuals may approach Council for an extension of time to pay-off their debt.

Council does offer 'Incentives' under its City Centre Revitalisation Program to encourage development within the City Centre. The form of 'Incentives' which are assessed and approved by Council on an individual basis can be in the form of concessions or waiving of rates for a set period of time. It is estimated that the value of these incentives in 2018/19 will be \$73,159.

Council provides an 80% concessional arrangement to Murchison Region Aboriginal Corporation based on the land primarily is being used for charitable purposes.

Council waives penalty interest and the administration fee for eligible ratepayers approved for a Financial Hardship payment plan under an existing operational policy.

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

2. NET CURRENT ASSETS

Note	2018/19	2017/18
	Budget	Forecast Actual
	\$	\$
Composition of estimated net current assets		
Current assets		
Cash - unrestricted	3 9,522,591	11,373,393
Cash - restricted reserves	3 11,138,198	15,885,966
Receivables	6,369,648	6,458,655
Inventories	381,228	385,606
	27,411,665	34,103,620
Less: current liabilities		
Trade and other payables	(7,500,692)	(7,564,242)
Long term borrowings	(5,161,327)	(3,995,228)
Provisions	(4,850,230)	(4,830,028)
	(17,512,249)	(16,389,498)
Unadjusted net current assets	9,899,416	17,714,122
Adjustments		
Less: Cash - restricted reserves	3 (11,138,198)	(15,885,966)
Less: Current loans - clubs / institutions	(95,380)	(71,097)
Add: Current portion of borrowings	5,161,327	3,995,228
Adjusted net current assets - surplus/(deficit)	3,827,165	5,752,287

Reason for Adjustments

The differences between the net current assets at the end of each financial year in the rate setting statement and net current assets detailed above arise from amounts which have been excluded when calculating the budget deficiency in accordance with *Local Government (Financial Management) Regulation 32* as movements for these items have been funded within the budget estimates. These differences are disclosed as adjustments above.

SIGNIFICANT ACCOUNTING POLICIES

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 City of Greater Geraldton's operational cycle. In the case of liabilities where the City of Greater Geraldton 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 sale where it is held as non-current based on the City of Greater Geraldton's intentions to release for sale.

TRADE AND OTHER RECEIVABLES

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that 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.

2. NET CURRENT ASSETS (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for goods and services provided to the City prior to the end of the financial year that are unpaid and arise when the City of Greater Geraldton becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

PROVISIONS

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

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

INVENTORIES

General

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Superannuation

The City of Greater Geraldton contributes to a number of superannuation funds on behalf of employees.

All funds to which the City of Greater Geraldton contributes are defined contribution plans.

EMPLOYEE BENEFITS

Short-term employee benefits

Provision is made for the City of Greater Geraldton's obligations for short-term employee benefits. Short term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The City of Greater Geraldton's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The City of Greater Geraldton's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

LAND HELD FOR RESALE

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

Land held for sale is classified as current except where it is held as non-current based on Council's intentions to release for sale.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

3. RECONCILIATION OF CASH

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Estimated cash at the end of the reporting period is as follows:

	2018/19 Budget	2017/18 Forecast Actual	2017/18 Budget
	\$	\$	\$
Cash - unrestricted	9,522,591	11,373,393	9,243,151
Cash - restricted	11,138,198	15,885,966	5,626,044
	<u>20,660,789</u>	<u>27,259,359</u>	<u>14,869,195</u>
The following restrictions have been imposed by regulation or other externally imposed requirements:			
Mullewa Reseal Reserve	1,891,285	1,891,285	1,891,285
Parking Land Reserve	54,187	54,187	536,187
Unexpended Capital Works & Restricted Grant Reserve	6,003,855	9,163,855	661,907
Employee Entitlements Reserve	1,550,000	1,100,000	1,100,000
Major Initiatives Reserve	31,655	31,655	1,436,665
Asset Renewal Reserve	1,564,716	3,644,984	0
Point Moore Reserve	42,500	0	0
	<u>11,138,198</u>	<u>15,885,966</u>	<u>5,626,044</u>
Reconciliation of net cash provided by operating activities to net result			
Net result	27,835,731	10,137,835	27,601,506
Depreciation	23,056,302	21,770,436	21,400,660
(Profit)/loss on sale of asset	140,741	(14,786)	(14,786)
(Increase)/decrease in receivables	71,331	6,340,641	93,174
(Increase)/decrease in inventories	4,378	258,768	15,497
Increase/(decrease) in payables	(63,550)	(9,548,150)	(553,373)
Increase/(decrease) in employee provisions	62,161	(89,485)	(10,181)
Grants/contributions for the development of assets	<u>(27,398,167)</u>	<u>(11,431,793)</u>	<u>(28,800,110)</u>
Net cash from operating activities	<u>23,708,927</u>	<u>17,423,466</u>	<u>19,732,387</u>

SIGNIFICANT ACCOUNTING POLICES

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Bank overdrafts are shown as short term borrowings in current liabilities in Note 2 - Net Current Assets.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

4. FIXED ASSETS

(a) Acquisition of Assets

The following assets are budgeted to be acquired during the year.

Asset class	Reporting program							2018/19 Budget total	2017/18 Forecast Actual total
	Governance	Law, order, public safety	Community amenities	Recreation and culture	Transport	Economic services	Other property and services		
	\$	\$	\$	\$	\$	\$	\$	\$	
<i>Property, Plant and Equipment</i>									
Land and buildings	13,000	1,940,000	45,000	1,102,666	563,334	4,894,690	0	8,558,690	4,704,829
Furniture and equipment	176,000	0	0	304,000	0	0	0	480,000	368,000
Plant and equipment	0	0	220,000	0	0	0	2,188,000	2,408,000	2,940,714
Artwork	0	0	0	80,000	0	0	0	80,000	70,000
Intangibles	321,669	0	0	0	0	0	0	321,669	385,000
	510,669	1,940,000	265,000	1,486,666	563,334	4,894,690	2,188,000	11,848,359	8,468,543
<i>Infrastructure</i>									
Infrastructure - Roads		0	0	0	12,301,007	0	0	12,301,007	16,706,239
Infrastructure - Effluent Scheme	0	0	0	0	0	0	0	0	50,000
Infrastructure - Recreation	0	0	0	11,702,950	0	35,000	0	11,737,950	14,238,793
Infrastructure - Car Parks	0	0	0	836,000	0	0	0	836,000	67,000
Infrastructure - Meru Landfill	0	0	11,770,000	0	0	0	0	11,770,000	437,000
Infrastructure - Airport	0	0	0	0	24,156,500	0	0	24,156,500	292,000
	0	0	11,770,000	12,538,950	36,457,507	35,000	0	60,801,457	31,791,032
Total acquisitions	510,669	1,940,000	12,035,000	14,025,616	37,020,841	4,929,690	2,188,000	72,649,816	40,259,575

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

4. FIXED ASSETS (CONTINUED)

(b) Disposals of Assets

The following assets are budgeted to be disposed of during the year.

	Net book value	Sale proceeds	2018/19 Budget		2017/18 Forecast Actual		2017/18 Budget	
	\$	\$	Profit	Loss	Profit	Loss	Profit	Loss
	\$	\$	\$	\$	\$	\$	\$	\$
By Program								
Other property and services	734,741	594,000	54,728	(195,469)	127,816	(113,030)	127,816	(113,030)
	734,741	594,000	54,728	(195,469)	127,816	(113,030)	127,816	(113,030)
By Class								
<i>Property, Plant and Equipment</i>								
Plant and equipment	734,741	594,000	54,728	(195,469)	127,816	(113,030)	127,816	(113,030)
	734,741	594,000	54,728	(195,469)	127,816	(113,030)	127,816	(113,030)

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

5. ASSET DEPRECIATION

By Program

Governance
Law, order, public safety
Health
Education and welfare
Housing
Community amenities
Recreation and culture
Transport
Economic services
Other property and services

By Class

Land and Buildings
Furniture and equipment
Plant and equipment
Infrastructure - Roads
Infrastructure - Recreation
Infrastructure - Meru Landfill
Infrastructure - Airport

2018/19 Budget	2017/18 Forecast Actual	2017/18 Budget
\$	\$	\$
672,442	672,442	512,690
78,759	78,759	125,785
23,431	23,431	20,575
95,489	95,489	101,610
24,395	24,395	48,780
814,054	437,146	429,875
1,991,032	1,801,754	1,756,345
17,725,531	17,005,851	16,668,015
9,517	9,517	9,465
1,621,652	1,621,652	1,727,520
23,056,302	21,770,436	21,400,660
2,095,963	2,095,963	1,829,480
403,406	403,406	413,525
1,540,356	1,540,356	1,671,730
15,763,267	15,579,164	15,386,215
893,444	704,166	686,655
765,284	388,376	368,115
1,594,582	1,059,005	1,044,940
23,056,302	21,770,436	21,400,660

SIGNIFICANT ACCOUNTING POLICIES

DEPRECIATION

The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss in the period which they arise.

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	\$5,000
Furniture & Equipment	\$5,000
Computer & Electronic Equip	\$5,000

Individual items of a similar nature purchased in bulk having an aggregate value of \$5,000 or more are capitalised as a fixed asset at the aggregate cost regardless of the individual price of the item.

DEPRECIATION (CONTINUED)

Major depreciation periods used for each class of depreciable asset are:

Land	Infinite
Land (leasehold interest)	99 years
Airport	20 to 40 Years
Buildings	
Short Useful Life Component	8 to 149 years
Long Useful Life Component	20 to 260 years
Furniture & Equipment	7 to 13 years
Plant and Major Equipment	5 to 10 years
Minor Plant	3 to 7 years
Sealed Roads & 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 & Weirs	65 to 85 years
Footpaths - Slab	15 to 35 years
Footpaths - Concrete	25 to 45 years
Foundations	40 to 60 years
Kerbs & Channels	40 to 60 years
Streetlights	20 to 30 years
Sewerage Piping	70 to 90 years
Water Reticulation/Irrigation	15 to 25 years
Meru Landfill	35 to 40 years
Effluent Scheme	35 to 40 years

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

6. INFORMATION ON BORROWINGS

(a) Borrowing repayments

Movement in borrowings and interest between the beginning and the end of the current financial year.

Purpose	Principal 01-Jul-18	New loans	Principal repayments		Principal outstanding		Interest repayments	
			2018/19 Budget	2017/18 Forecast Actual	2018/19 Budget	2017/18 Forecast Actual	2018/19 Budget	2017/18 Forecast Actual
			\$	\$	\$	\$	\$	\$
Governance								
262 Office Redevelopment	523,274		102,312	98,427	420,962	523,274	18,875	22,760
Law, order, public safety								
NEW Animal Pound		1,900,000			1,900,000			
Community amenities								
NEW Meru Resource Facility		7,000,000			7,000,000			
Recreation and Culture								
259 Land Acquisition - Verita Road	1,818,354		489,600	467,284	1,328,754	1,818,354	80,116	102,433
260 Aquarena Renewal	1,359,662		266,046	255,935	1,093,617	1,359,662	49,041	59,160
263 Recreation Grandstand	813,125		121,417	116,292	691,708	813,125	34,143	39,269
264 Aquarena Building Stage 2	1,301,652		194,239	186,039	1,107,413	1,301,652	54,658	62,857
268 Foreshore Stabilisation	877,785		114,162	110,715	763,623	877,785	26,248	29,696
271 QPT Airconditioning	2,673,106		301,234	292,627	2,371,872	2,673,106	75,872	84,479
272 Multi User/Youth Precinct	3,620,395		228,430	221,270	3,391,965	3,620,395	114,396	121,556
NEW Beresford Foreshore		1,850,000			1,850,000			

6. INFORMATION ON BORROWINGS (CONTINUED)

Purpose	Principal 01-Jul-18	New loans	Principal repayments		Principal outstanding		Interest repayments	
			2018/19 Budget	2017/18 Forecast Actual	2018/19 Budget	2017/18 Forecast Actual	2018/19 Budget	2017/18 Forecast Actual
Transport								
230 Airport Buffer Land	0		0	111,652	0	0	0	2,965
234 Library Land Carpark	112,264		112,264	143,552	0	112,264	2,866	10,310
252 Plant Purchase 09/10	264,969		148,157	139,505	116,811	264,969	12,732	21,397
258 Land Acquisitions - Airport	525,302		141,440	134,993	383,862	525,302	23,145	29,592
261 Airport Parking	784,912		153,468	147,641	631,443	784,912	28,312	34,140
269 Airport projects	2,209,092		287,308	278,632	1,921,784	2,209,092	66,059	74,735
270 Airport Tech Park 2	1,020,171		503,145	489,637	517,026	1,020,171	24,530	38,038
273 Verita Road Stage 1	1,097,189		208,883	203,858	888,306	1,097,189	25,610	30,635
NEW Airport		7,500,000			7,500,000			
Other Property and Services								
265 Old Works Depot	650,500		97,134	93,033	553,366	650,500	27,314	31,415
266 Old Railway Building	670,351		100,033	95,810	570,318	670,351	28,149	32,372
274 Olive Street Development	3,379,536		330,572	320,463	3,048,964	3,379,536	103,213	113,322
	23,701,641	18,250,000	3,899,848	3,907,365	38,051,793	23,701,641	795,278	941,131
Self Supporting Loans								
Recreation and Culture								
82 Tarcoola Tennis Club	2,190		2,190	3,429	0	2,190	70	404
96 Geraldton Yacht Club SSL	250,000		21,623	0	228,377	250,000	7,731	0
251 Geraldton Hockey Association	40,123		31,903	30,017	8,220	40,123	1,738	3,624
253 Geraldton Yacht Club SSL	22,239		12,426	11,677	9,814	22,239	1,104	1,853
257 Geraldton Hockey Association	101,278		27,239	25,974	74,040	101,278	4,548	5,812
	415,831		95,380	71,097	320,451	415,831	15,191	11,693
Loan Guarantee Fee							209,513	209,598
	24,117,472	18,250,000	3,995,228	3,978,462	38,372,245	24,117,472	1,019,983	1,162,422

All borrowing repayments, other than Self Supporting Loans, will be financed by general purpose revenue. The self supporting loan(s) repayment will be fully reimbursed.

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

6. INFORMATION ON BORROWINGS (CONTINUED)

(b) New borrowings - 2018/19

Particulars/Purpose	Institution	Loan type	Term (years)	Interest rate	Amount borrowed budget	Total interest & charges	Amount used budget	Balance unspent
				%	\$	\$	\$	\$
Airport	WATC	P&I	20	5	7,500,000	0	7,500,000	0
Animal Pound	WATC	P&I	7	4	1,900,000	0	1,900,000	0
Beresford Foreshore	WATC	P&I	10	4	1,850,000	0	1,850,000	0
Meru Resource Recovery Facility	WATC	P&I	10	4	7,000,000	0	7,000,000	0
					18,250,000	0	18,250,000	0

(c) Unspent borrowings

The City forecasts to have no unspent borrowing funds as at 30th June 2018 nor is it expected to have unspent borrowing funds as at 30th June 2019.

6. INFORMATION ON BORROWINGS (CONTINUED)

(d) Credit Facilities

	2018/19 Budget	2017/18 Forecast Actual	2017/18 Budget
	\$	\$	\$
Undrawn borrowing facilities			
Credit standby arrangements			
Group Credit Limit	6,000,000	6,000,000	6,000,000
Bank overdraft limit	750,000	750,000	750,000
Bank overdraft at balance date	0	0	0
Credit card limit	115,000	115,000	115,000
Credit card balance at balance date	(15,000)	(15,000)	(15,000)
Total amount of credit unused	6,850,000	6,850,000	6,850,000
Loan facilities			
Loan facilities in use at balance date	38,372,245	24,117,472	35,122,271

SIGNIFICANT ACCOUNTING POLICIES

BORROWING COSTS

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 until such time as the asset is substantially ready for its intended use or sale.

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

7. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2018/19		2018/19		2018/19		2017/18		2017/18		2017/18		2017/18		2017/18	
	Budget	2018/19	Budget	Budget	Actual	2017/18	Forecast	Forecast	Budget	2017/18	Budget	Budget	Budget	2017/18	Budget	Budget
	Opening Balance	Budget Transfer to	Transfer (from)	Closing Balance	Opening Balance	Actual Transfer to	Transfer (from)	Closing Balance	Opening Balance	Budget Transfer to	Transfer (from)	Closing Balance	Opening Balance	Budget Transfer to	Transfer (from)	Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Mullewa Reseal Reserve	1,891,285	0	0	1,891,285	1,891,285	0	0	1,891,285	1,891,285	0	0	1,891,285	1,891,285	0	0	1,891,285
Parking Land Reserve	54,187	0	0	54,187	536,187	0	(482,000)	54,187	536,187	0	0	536,187	536,187	0	0	536,187
Unexpended Capital Works & Restricted Grant Reserve	9,163,855	0	(3,160,000)	6,003,855	19,890,991	4,070,000	(14,797,136)	9,163,855	7,851,101	0	(7,189,194)	661,907	7,851,101	0	(7,189,194)	661,907
Employee Entitlements Reserve	1,100,000	450,000	0	1,550,000	0	1,100,000	0	1,100,000	0	1,100,000	0	1,100,000	0	1,100,000	0	1,100,000
Major Initiatives Reserve	31,655	0	0	31,655	0	1,836,655	(1,805,000)	31,655	0	1,436,665	0	1,436,665	0	1,436,665	0	1,436,665
Asset Renewal Reserve	3,644,984	0	(2,080,268)	1,564,716	0	5,233,634	(1,588,650)	3,644,984	0	0	0	0	0	0	0	0
Point Moore Reserve	0	42,500	0	42,500	0	0	0	0	0	0	0	0	0	0	0	0
	15,885,966	492,500	(5,240,268)	11,138,198	22,318,463	12,240,289	(18,672,786)	15,885,966	10,278,573	2,536,665	(7,189,194)	5,626,044	10,278,573	2,536,665	(7,189,194)	5,626,044

7. CASH BACKED RESERVES (CONTINUED)

(b) Cash Backed Reserves - Purposes

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

Reserve name	Purpose of the reserve
Mullewa Reseal Reserve	The purpose of this reserve is to comply with clause 14.2 of the public road access agreement with 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 be used for the acquisition of land for car parking and provision of parking facilities 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 unexpended capital works to be carried over to the next financial year.
Employee Entitlements Reserve	The purpose of this reserve is for the funding of payments not predicted or provided for in Council's municipal budget. It is also intended to fund large payments to staff that may occur in any year, principally being long service leave payments but shall include provision for voluntary redundancy payments, accrued non-current annual leave and sick leave entitlements as provided for under the City's Enterprise Agreement.
Major Initiatives Reserve	The purpose of this reserve is to provide funding tied to prioritised capital works program and major projects/initiatives. Funds to be mainly derived from net proceeds on land sales.
Asset Renewal Reserve	The purpose of this reserve is to fund infrastructure renewal. Any funds that are unspent from the annual asset renewal program are to be disbursed into this reserve for future renewal programs, unbudgeted emergent and/or emergency renewal works.
Point Moore Reserve	The purpose of this reserve is to build funds from the annual demolition levy applied and to be paid by the Lessee per clause 4.2 of Point Moore Beach Cottages Leases in removal of all improvements and in remediation of sites.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

8. FEES & CHARGES REVENUE

	2018/19 Budget	2017/18 Forecast Actual
	\$	\$
Governance	15,424	15,424
General purpose funding	306,000	277,124
Law, order, public safety	326,160	326,160
Health	85,600	81,600
Education and welfare	30,000	30,000
Community amenities	12,326,831	11,041,146
Recreation and culture	2,384,298	2,386,898
Transport	6,119,000	6,377,941
Economic services	882,300	878,300
Other property and services	970,081	1,100,235
	23,445,694	22,514,828

9. GRANT REVENUE

Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:

By Program:

Operating grants, subsidies and contributions

	2018/19 Budget	2017/18 Forecast Actual
	\$	\$
Governance	33,836	33,836
General purpose funding	6,037,474	6,144,998
Law, order, public safety	321,353	321,353
Health	550	550
Education and welfare	294,205	230,800
Community amenities	153,600	188,505
Recreation and culture	452,406	567,779
Transport	372,612	372,612
Economic services	165,421	110,737
Other property and services	170,200	480,200
	8,001,657	8,451,370
Non-operating grants, subsidies and contributions		
Community amenities	4,650,000	0
Recreation and culture	2,090,000	4,452,167
Transport	17,738,167	6,879,626
Other property and services	2,920,000	100,000
	27,398,167	11,431,793

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

10. OTHER INFORMATION

	2018/19	2017/18	2017/18
	Budget	Forecast	Budget
	\$	\$	\$
The net result includes as revenues			
(a) Interest earnings			
Investments			
- Reserve funds	440,000	440,000	400,000
- Municipal funds	530,000	530,000	530,000
- Other funds	15,191	11,780	11,780
Other interest revenue (refer note 1b)	680,000	666,552	587,000
	1,665,191	1,648,332	1,528,780
(b) Other revenue			
Other	2,312,113	872,796	740,564
	2,312,113	872,796	740,564
The net result includes as expenses			
(c) Auditors remuneration			
Audit services	56,000	46,000	40,000
Other services	32,000	32,000	13,050
	88,000	78,000	53,050
(d) Interest expenses (finance costs)			
Borrowings (refer note 6(a))	1,019,983	1,162,422	1,162,422
	1,019,983	1,162,422	1,162,422
(e) Elected members remuneration			
Meeting fees	360,000	397,000	397,000
Mayor/Deputy Mayor Allowance	124,000	91,000	91,000
Conference Expenses	25,000	30,000	30,000
Travelling expenses	15,500	25,500	25,500
Telecommunications allowance	52,500	52,500	52,500
	577,000	596,000	596,000
(f) Write offs			
General rate	40,000	65,124	31,500
	40,000	65,124	31,500

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

11. MAJOR LAND TRANSACTIONS

It is not anticipated any land transactions or major land transactions will occur in 2018/19.

12. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Geraldton Airport

The Geraldton Airport is owned freehold by and run as a business unit of the City of Greater Geraldton, generating aggregate revenue of approximately \$5.4m per annum.

Operating surpluses from airport operations flow to the City, and may be appropriated by Council when necessary to maintain and improve existing airport infrastructure, and provide for development of future infrastructure. The City has sought grant funding assistance from the Federal and State Governments to enable expansion of runway and apron capacity during 2018/19, with the project dependent upon grant assistance to progress beyond design stage.

Geraldton Airport is serviced by Virgin and QantasLink, providing Regular Public Transport (RPT) services on the Geraldton-Perth route. Virgin and QantasLink both provide services utilising 100-seat Fokker F100 jet aircraft.

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 both general and tourism charter operations.

Budget 2018/2019: Operating Revenue: \$ 5,414,100 Operating Expenses: \$ 4,536,919.

Meru Waste Disposal Facility

The Meru landfill facility was established to provide a regional approach to Waste Management in the Midwest.

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.

The 2017/18 financial year saw many changes in the delivery of waste services designed to improve operational efficiencies while maintaining effectiveness.

The City provides a Verge side skip bin program for the immediate Geraldton area. Residents are able to request one skip bin a year which will be dropped off on their property and have it collected a week later. This service replaces the traditional verge pickup system that saw residents place rubbish on their verges for collection. The program has grown popular and continues to have long wait periods for skip bin availability.

The construction of Cell 5, lining of the second liquid waste pond and construction of a larger processing area is planned for the 2018/19 budget year.

Budget 2018/19: Operating Revenue: \$ 5,689,158,300 Operating Expenses: \$ 4,258,532

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

13. INTERESTS IN JOINT ARRANGEMENTS

The City together with the City of Kalgoorlie-Boulder and Shire of Kalamunda have a joint venture arrangement with IT Vision Ltd in the development of a new software as a replacement for SynergySoft modules. The only asset is the software development in progress.

The City's one-fifth share of these assets are included in Intangible Assets as follows:

	2018	2017
	\$	\$
Non-current assets		
Intangible Asset	385,000	0
	385,000	0

SIGNIFICANT ACCOUNTING POLICIES

INTERESTS IN JOINT ARRANGEMENTS

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The City of Greater Geraldton's interests in the assets liabilities revenue and expenses of joint operations are included in the respective line items of the financial statements.

14. TRUST FUNDS

Funds held at balance date over which the local government has no control and which are not included in the financial statements are as follows:

Detail	Balance 30-Jun-18	Estimated amounts received	Estimated amounts paid	Estimated balance 30-Jun-19
	\$	\$	(\$)	\$
Public Open Spaces	2,637,290	0	(846,951)	1,790,339
Dual Usage Pathways	947,854	0	(855,916)	91,938
Subdivisions and Roads	1,342,192	0	0	1,342,192
Sundry Bonds and Contributions	440,483	0	0	440,483
	5,367,819	0	(1,702,867)	3,664,952

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

**15. SIGNIFICANT ACCOUNTING POLICIES - OTHER
INFORMATION**

GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

CRITICAL ACCOUNTING ESTIMATES

The preparation of a budget in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

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 which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

ROUNDING OFF FIGURES

All figures shown in this statement are rounded to the nearest dollar.

COMPARATIVE FIGURES

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

BUDGET COMPARATIVE FIGURES

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

REVENUE RECOGNITION

Rates, grants, donations and other contributions are recognised as revenues when the City of Greater Geraldton 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.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

15. BUDGET RATIOS

	2016/17 Actual	2017/18 Forecast Actual	2018/19 Budget
Current Ratio	1.42	1.11	1.02
Debt Service Cover Ratio	5.48	4.26	5.01
Own Source revenue Coverage Ratio	91.31%	88.65%	91.34%
Operating Surplus Ratio	4.69%	-1.85%	0.78%
Asset Consumption Ratio	70.92%	74.29%	76.44%
Asset Sustainability Ratio	77.53%	102.87%	83.15%
Asset Renewal Funding Ratio	104.11%	105.41%	90.88%

The ratios are calculated as follows:

Current Ratio $\frac{\text{Current Assets less Restricted Current Assets}}{\text{Current Liabilities less Liabilities Associated with Restricted Assets}}$

Debt Service Cover Ratio $\frac{\text{Operating Surplus before Interest and Depreciation Exp}}{\text{Principal and Interest Repayments}}$

Own Source Revenue Coverage Ratio $\frac{\text{Own Source Operating Revenue}}{\text{Operating Expense}}$

Operating Surplus Ratio $\frac{\text{Net Operating (Surplus/Deficit)}}{\text{Own Source Operating Revenue}}$

Asset Consumption Ratio $\frac{\text{Depreciated Replacement Cost of Depreciable Assets}}{\text{Current Replacement Cost of Depreciable Assets}}$

Asset Sustainability Ratio $\frac{\text{Capital Renewal and Replacement Expenditure}}{\text{Depreciation Expense}}$

Asset Renewal Funding Ratio $\frac{\text{NPV of Planned Capital Renewal over 10 years}}{\text{NPV of Required Capital Expenditure over 10 years}}$