

CITY OF GREATER GERALDTON
BUDGET
FOR THE YEAR ENDED 30 JUNE 2020

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**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2020**

BY NATURE OR TYPE

	NOTE	2019/20 Budget	2018/19 Forecast	2018/19 Budget
		\$	\$	\$
Revenue				
Rates	1(a)	46,939,412	45,946,248	46,314,640
Operating grants, subsidies and contributions	9	8,165,188	8,503,367	8,001,657
Fees and charges	8	24,674,970	23,333,435	23,445,694
Interest earnings	10(a)	2,047,851	1,665,191	1,665,191
Other revenue	10(b)	1,638,150	2,361,563	2,312,113
		83,465,571	81,809,804	81,739,295
Expenses				
Employee costs		(28,487,934)	(27,874,614)	(27,894,614)
Materials and contracts		(22,268,848)	(22,160,751)	(22,584,628)
Utility charges		(2,978,255)	(3,067,426)	(3,101,321)
Depreciation on non-current assets	5	(24,679,101)	(23,601,685)	(23,056,302)
Interest expenses	10(d)	(1,373,139)	(1,019,983)	(1,019,983)
Insurance expenses		(739,321)	(711,417)	(711,417)
Other expenditure		(2,853,575)	(3,024,853)	(2,792,725)
		(83,380,173)	(81,460,729)	(81,160,990)
Subtotal		85,398	349,075	578,305
Non-operating grants, subsidies and contributions	9	5,627,482	21,839,557	27,398,167
Profit on asset disposals	4(b)	74,898	54,728	54,728
Loss on asset disposals	4(b)	(759,710)	(195,469)	(195,469)
		4,942,670	21,698,816	27,257,426
Net result		5,028,068	22,047,891	27,835,731
Other comprehensive income				
Changes on revaluation of non-current assets		-	-	-
Total other comprehensive income		-	-	-
Total comprehensive income		5,028,068	22,047,891	27,835,731

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

FOR THE YEAR ENDED 30TH JUNE 2020**BASIS OF PREPARATION**

The budget has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations. The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this budget. This is not in accordance with the requirements of AASB 1051 *Land Under Roads* paragraph 15 and AASB 116 *Property, Plant and Equipment* paragraph 7.

Accounting policies which have been adopted in the preparation of this budget have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the budget has 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.

2018/19 ACTUAL BALANCES

Balances shown in this budget as 2018/19 Actual are estimates as forecast at the time of budget preparation and are subject to final adjustments.

CHANGE IN ACCOUNTING POLICIES

On the 1 July 2019 the following new accounting policies are to be adopted and have impacted on the preparation of the budget:

- AASB 15 - Revenue from Contracts with Customers;
- AASB 16 - Leases; and
- AASB 1058 - Income of Not-for-Profit Entities.

Explanation of the changes arising from these standards is provided at Note 16.

KEY TERMS AND DEFINITIONS - NATURE OR TYPE**REVENUES****RATES**

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

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.

Excludes 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.

REVENUES (CONTINUED)**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.

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. 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, and rebates. Reimbursements and recoveries should be separated by note to ensure the correct calculation of ratios.

EXPENSES**EMPLOYEE COSTS**

All costs associated with the employment of 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.

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2020**
BY REPORTING PROGRAM

	NOTE	2019/20 Budget	2018/19 Forecast	2018/19 Budget
Revenue	1, 8, 9, 10(a),(b)	\$	\$	\$
Governance		66,136	81,160	81,160
General purpose funding		55,189,638	54,441,977	54,308,660
Law, order, public safety		693,972	649,713	649,713
Health		86,150	86,150	86,150
Education and welfare		349,905	329,705	329,705
Community amenities		13,571,482	12,480,432	12,480,431
Recreation and culture		4,383,295	4,863,962	4,863,962
Transport		6,669,496	6,423,253	6,501,062
Economic services		1,114,397	1,094,221	1,094,221
Other property and services		1,341,100	1,359,231	1,344,231
		83,465,571	81,809,804	81,739,295
Expenses excluding finance costs	5,10(c)(e)(f)(g)			
Governance		(2,378,734)	(1,568,835)	(1,650,996)
General purpose funding		(901,532)	(935,891)	(703,763)
Law, order, public safety		(3,019,812)	(1,101,047)	(1,101,047)
Health		(790,703)	(205,935)	(205,935)
Education and welfare		(1,895,027)	(1,693,143)	(1,693,143)
Housing		(27,546)	(24,395)	(24,395)
Community amenities		(10,906,208)	(10,920,084)	(10,857,923)
Recreation and culture		(19,724,094)	(16,877,052)	(16,936,432)
Transport		(30,000,119)	(31,934,838)	(31,757,847)
Economic services		(5,341,260)	(4,888,875)	(4,888,875)
Other property and services		(7,021,999)	(10,290,651)	(10,320,651)
		(82,007,034)	(80,440,746)	(80,141,007)
Finance costs	6, 10(d)			
Governance		(14,837)	(18,875)	(18,875)
Law, order, public safety		(36,545)	-	-
Community amenities		(153,281)	-	-
Recreation and culture		(418,196)	(449,844)	(449,665)
Transport		(339,947)	(183,271)	(183,255)
Economic services		(270,760)	(209,302)	(209,512)
Other property and services		(139,573)	(158,691)	(158,676)
		(1,373,139)	(1,019,983)	(1,019,983)
Subtotal		85,398	349,075	578,305
Non-operating grants, subsidies and contributions	9	5,627,482	21,839,557	27,398,167
Profit on disposal of assets	4(b)	74,898	54,728	54,728
(Loss) on disposal of assets	4(b)	(759,710)	(195,469)	(195,469)
		4,942,670	21,698,816	27,257,426
Net result		5,028,068	22,047,891	27,835,731
Other comprehensive income				
Changes on revaluation of non-current assets		-	-	-
Total other comprehensive income		-	-	-
Total comprehensive income		5,028,068	22,047,891	27,835,731

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

FOR THE YEAR ENDED 30TH JUNE 2020**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.

OBJECTIVE**GOVERNANCE**

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

ACTIVITIES

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.

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.

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 2020**

BY NATURE OR TYPE

NOTE	2019/20 Budget	2018/19 Forecast	2018/19 Budget
	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates	46,880,390	46,317,893	46,429,981
Operating grants, subsidies and contributions	8,165,188	8,503,367	8,001,657
Fees and charges	24,674,970	23,333,435	23,443,330
Interest earnings	2,047,173	1,702,933	1,665,191
Other revenue	3,084,975	1,828,437	2,270,467
	84,852,696	81,686,065	81,810,626
Payments			
Employee costs	(28,456,758)	(27,968,316)	(27,832,331)
Materials and contracts	(22,378,798)	(28,634,344)	(22,643,922)
Utility charges	(2,978,255)	(3,067,426)	(3,101,321)
Interest expenses	(1,406,365)	(914,227)	(1,019,983)
Insurance expenses	(739,321)	(711,417)	(711,417)
Other expenditure	(2,853,575)	(3,024,853)	(2,792,725)
	(58,813,072)	(64,320,583)	(58,101,699)
Net cash provided by (used in) operating activities	3	26,039,624	17,365,482
		23,708,927	
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant & equipment	4(a)	(5,818,471)	(12,248,133)
Payments for construction of infrastructure	4(a)	(21,083,150)	(56,921,410)
Non-operating grants, subsidies and contributions used for the development of assets	9	5,627,482	21,839,557
Proceeds from sale of plant & equipment	4(b)	1,901,500	594,000
		(19,372,639)	(46,735,986)
Net cash provided by (used in) investing activities		(44,657,649)	
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	6(a)	(5,296,122)	(3,996,828)
Proceeds from self supporting loans	6(a)	69,939	95,380
Proceeds from new borrowings	6(b)	-	18,250,000
		(5,226,183)	14,348,552
Net cash provided by (used in) financing activities		14,350,152	
Net increase (decrease) in cash held		1,440,802	(15,021,952)
Cash at beginning of year		20,485,424	35,507,376
Cash and cash equivalents at the end of the year	3	21,926,226	20,485,424
		20,660,789	

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

**RATES SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2020**

BY NATURE OR TYPE

NOTE	2019/20 Budget	2018/19 Forecast	2018/19 Budget	
	\$	\$	\$	
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	2 (b)(i)	3,747,755	8,294,475	5,752,287
		3,747,755	8,294,475	5,752,287
Revenue from operating activities (excluding rates)				
Operating grants, subsidies and contributions	9	8,165,188	8,503,367	8,001,657
Fees and charges	8	24,674,970	23,333,435	23,445,694
Interest earnings	10(a)	2,047,851	1,665,191	1,665,191
Other revenue	10(b)	1,638,150	2,361,563	2,312,113
Profit on asset disposals	4(b)	74,898	54,728	54,728
		36,601,057	35,918,284	35,479,383
Expenditure from operating activities				
Employee costs		(28,487,934)	(27,874,614)	(27,894,614)
Materials and contracts		(22,268,848)	(22,160,751)	(22,584,628)
Utility charges		(2,978,255)	(3,067,426)	(3,101,321)
Depreciation on non-current assets	5	(24,679,101)	(23,601,685)	(23,056,302)
Interest expenses	10(d)	(1,373,139)	(1,019,983)	(1,019,983)
Insurance expenses		(739,321)	(711,417)	(711,417)
Other expenditure		(2,853,575)	(3,024,853)	(2,792,725)
Loss on asset disposals	4(b)	(759,710)	(195,469)	(195,469)
		(84,139,883)	(81,656,198)	(81,356,459)
Operating activities excluded from budgeted deficiency				
Non-cash amounts excluded from operating activities	2 (b)(ii)	25,363,913	23,742,426	23,197,043
Amount attributable to operating activities		(18,427,158)	(13,701,013)	(16,927,746)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	5,627,482	21,839,557	27,398,167
Purchase investment property	4(a)	-	-	-
Purchase property, plant and equipment	4(a)	(5,818,471)	(12,248,133)	(11,848,359)
Purchase and construction of infrastructure	4(a)	(21,083,150)	(56,921,410)	(60,801,457)
Proceeds from disposal of assets	4(b)	1,901,500	594,000	594,000
Amount attributable to investing activities		(19,372,639)	(46,735,986)	(44,657,649)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(5,296,122)	(3,996,828)	(3,995,228)
Proceeds from new borrowings	6	-	18,250,000	18,250,000
Proceeds from self supporting loans	6(a)	69,939	95,380	95,380
Transfers to cash backed reserves (restricted assets)	7(a)	(2,809,000)	(6,062,500)	(492,500)
Transfers from cash backed reserves (restricted assets)	7(a)	3,120,000	9,952,454	5,240,268
Amount attributable to financing activities		(4,915,183)	18,238,506	19,097,920
Budgeted deficiency before general rates		(42,714,980)	(42,198,493)	(42,487,475)
Estimated amount to be raised from general rates	1	46,939,412	45,946,248	46,314,640
Net current assets at end of financial year - surplus/(deficit)	2 (b)(i)	4,224,432	3,747,755	3,827,165

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

**RATES SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2020**
BY REPORTING PROGRAM

	NOTE	2019/20 Budget	2018/19 Forecast	2018/19 Budget
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	2 (b)(i)	3,747,755	8,294,475	5,752,287
		3,747,755	8,294,475	5,752,287
Revenue from operating activities (excluding rates)				
Governance		66,136	81,160	81,160
General purpose funding		8,250,226	8,495,729	7,994,020
Law, order, public safety		693,972	649,713	649,713
Health		86,150	86,150	86,150
Education and welfare		349,905	329,705	329,705
Community amenities		13,571,482	12,480,432	12,480,431
Recreation and culture		4,383,295	4,863,962	4,863,962
Transport		6,744,394	6,477,981	6,555,790
Economic services		1,114,397	1,094,221	1,094,221
Other property and services		1,341,100	1,359,231	1,344,231
		36,601,057	35,918,284	35,479,383
Expenditure from operating activities				
Governance		(2,393,571)	(1,587,710)	(1,669,871)
General purpose funding		(901,532)	(935,891)	(703,763)
Law, order, public safety		(3,056,357)	(1,101,047)	(1,101,047)
Health		(790,703)	(205,935)	(205,935)
Education and welfare		(1,895,027)	(1,693,143)	(1,693,143)
Housing		(27,546)	(24,395)	(24,395)
Community amenities		(11,059,489)	(10,920,084)	(10,857,923)
Recreation and culture		(20,142,290)	(17,326,896)	(17,386,097)
Transport		(30,406,036)	(32,313,578)	(32,136,571)
Economic services		(5,612,020)	(5,098,177)	(5,098,387)
Other property and services		(7,855,312)	(10,449,342)	(10,479,327)
		(84,139,883)	(81,656,198)	(81,356,459)
Non-cash amounts excluded from operating activities	2 (b)(ii)	25,363,913	23,742,426	23,197,043
Amount attributable to operating activities		(18,427,158)	(13,701,013)	(16,927,746)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	5,627,482	21,839,557	27,398,167
Purchase property, plant and equipment	4(a)	(5,818,471)	(12,248,133)	(11,848,359)
Purchase and construction of infrastructure	4(a)	(21,083,150)	(56,921,410)	(60,801,457)
Proceeds from disposal of assets	4(b)	1,901,500	594,000	594,000
Amount attributable to investing activities		(19,372,639)	(46,735,986)	(44,657,649)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(5,296,122)	(3,996,828)	(3,995,228)
Proceeds from new borrowings	6(b)	-	18,250,000	18,250,000
Proceeds from self supporting loans	6(a)	69,939	95,380	95,380
Transfers to cash backed reserves (restricted assets)	7(a)	(2,809,000)	(6,062,500)	(492,500)
Transfers from cash backed reserves (restricted assets)	7(a)	3,120,000	9,952,454	5,240,268
Amount attributable to financing activities		(4,915,183)	18,238,506	19,097,920
Budgeted deficiency before general rates		(42,714,980)	(42,198,493)	(42,487,475)
Estimated amount to be raised from general rates	1	46,939,412	45,946,248	46,314,640
Net current assets at end of financial year - surplus/(deficit)	2 (b)(i)	4,224,432	3,747,755	3,827,165

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 2020

1. RATES AND SERVICE CHARGES

(a) Rating Information

RATE TYPE	Rate in	Number of properties	Rateable value	2019/20 Budgeted rate revenue	2019/20 Budgeted interim rates	2019/20 Budgeted back rates	2019/20 Budgeted total revenue	2018/19 Forecast total revenue	2018/19 Budget total revenue
	\$		\$	\$	\$	\$	\$	\$	\$
Differential general rate or general rate									
Gross rental valuations									
CGG Residential	0.148529	15,542	203,722,753	30,258,737	279,164	10,000	30,547,901	29,687,897	29,995,532
CGG Non-Residential	0.122934	1,210	87,783,285	10,791,550	87,597		10,879,147	10,676,237	10,736,758
Unimproved valuations									
CGG UV	0.007775	808	365,599,249	2,842,534			2,842,534	2,904,636	2,908,104
Sub-Totals		17,560	657,105,287	43,892,821	366,761	10,000	44,269,582	43,268,770	43,640,394
Minimum									
Minimum payment									
	\$								
Gross rental valuations									
CGG Residential	1,010	2,261	7,741,642	2,283,610			2,283,610	2,381,580	2,381,580
CGG Non-Residential	1,010	240	1,254,540	242,400			242,400	245,430	245,430
Unimproved valuations									
CGG UV	1,010	258	16,994,802	260,580			260,580	203,010	203,010
Sub-Totals		2,759	25,990,984	2,786,590	-	-	2,786,590	2,830,020	2,830,020
		20,319	683,096,271	46,679,411	366,761	10,000	47,056,172	46,098,790	46,470,414
Discounts/concessions (Refer note 1(g))							(116,760)	(152,542)	(155,774)
Total amount raised from general rates							46,939,412	45,946,248	46,314,640
Specified area rates (Refer note 1(f))							-	-	-
Total rates							46,939,412	45,946,248	46,314,640

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 2019/20 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 rates 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 2020

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	21/08/2019		0.0%	9.0%
Option two	21/08/2019		0.0%	9.0%
	23/10/2019	12	5.5%	9.0%
Option three	21/08/2019		0.0%	9.0%
	23/10/2019	12	5.5%	9.0%
	30/12/2019	12	5.5%	9.0%
	3/03/2020	12	5.5%	9.0%

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 9%. This interest will apply after the expiry of 65 days from the date the rates notice is issued. Note: Penalty interest applied to Emergency Services Levy (State Government) will remain unchanged at 11%.

	2019/20 Budget revenue	2018/19 Forecast revenue	2018/19 Budget revenue
	\$	\$	\$
Pensioner Deferment	12,000	12,000	12,000
Instalment plan interest earned	188,000	188,000	188,000
Unpaid rates and service charge interest earned	480,000	480,000	480,000
	680,000	680,000	680,000

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

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
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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.			
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**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

1. RATES AND SERVICE CHARGES (CONTINUED)

(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 general rate or general rate	Proposed Rate in \$	Adopted Rate in \$	Reasons for the difference
CGG Residential	0.148529	0.148529	No Change
CGG Non Residential	0.122934	0.122934	No Change
CGG UV	0.007775	0.007775	No Change

Minimum payment	Proposed Minimum \$	Adopted Minimum \$	Reasons for the difference
GRV Residential	1,010	1,010	No Change
GRV Non Residential	1,010	1,010	No Change
UV Rural, Farming & Mining	1,010	1,010	No Change

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

1. RATES AND SERVICE CHARGES (CONTINUED)

The CITY did not raise specified area rates for the year ended 30th June 2020.

(f) Service Charges

The CITY did not raise service charges for the year ended 30th June 2020.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018**

1. RATES AND SERVICE CHARGES (CONTINUED)

(g) Waivers or concessions

Rate or fee and charge to which the waiver or concession is granted	Type	Discount %	Discount (\$)	2019/20 Budget	2018/19 Forecast	2018/19 Budget	Circumstances in which the waiver or concession is granted	Objects and reasons of the waiver or concession
A11481 - 178-82 Marine Terrace, Geraldton	Non Res	0.0%	-	\$ -	\$ (13,957)	\$ (13,957)	Council Resolution 22/12/2016	City Vibrancy
A11683 - 25-29 Cathedral Ave, Geraldton	Non Res	100%(1/7/2019-30/09/2019)	50%(01/10/2019-30/06/2020)	(37,597)	(59,202)	(59,202)	Council Resolution 26/07/2016	City Vibrancy
All properties owned by Murchison Region Aboriginal Corporation	Res	80.0%		(79,163)	(79,383)	(82,615)	Council Resolution 28/11/2017	Agreement reached after mediation as recommended by SAT
				(116,760)	(152,542)	(155,774)		

Discounts

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

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020

2 (a). NET CURRENT ASSETS

Note	2019/20	2019/20	2018/19	2018/19
	Budget 30 June 2020	Budget 01 July 2019	Estimated Forecast 30 June 2019	Budget 30 June 2019
	\$	\$	\$	\$
Composition of estimated net current assets				
Current assets				
Cash - unrestricted	3	9,906,179	3,445,424	9,522,591
Cash - restricted reserves	3	12,020,422	12,331,422	11,138,198
Cash - restricted unspent borrowings	6 (b)	-	4,708,953	4,708,953
Receivables		7,697,679	9,115,907	6,369,648
Inventories		541,634	546,737	381,228
		30,165,914	30,148,443	27,411,665
Less: current liabilities				
Trade and other payables		(8,322,201)	(8,468,492)	(7,500,692)
Long term borrowings		(4,798,496)	(5,296,122)	(5,161,327)
Provisions		(5,511,666)	(5,503,953)	(4,850,230)
		(18,632,363)	(19,268,567)	(17,512,249)
Net current assets		11,533,551	10,879,876	9,899,416

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020

2 (b). NET CURRENT ASSETS (CONTINUED)

EXPLANATION OF DIFFERENCE IN NET CURRENT ASSETS AND SURPLUS/(DEFICIT)

Operating activities excluded from budgeted deficiency

When calculating the budget deficiency for the purpose of Section 6.2 (2)(c) of the *Local Government Act 1995* the following amounts have been excluded as provided by *Local Government (Financial Management) Regulation 32* which will not fund the budgeted expenditure.

Note	2019/20	2019/20	2018/19	2018/19
	Budget 30 June 2020	Budget 01 July 2019	Estimated Forecast 30 June 2019	Budget 30 June 2019
	\$	\$	\$	\$
(i) Current assets and liabilities excluded from budgeted deficiency				
Net current assets	2	11,533,551	10,879,876	9,899,416
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement.				
Adjustments to net current assets				
Less: Cash - restricted reserves	3	(12,020,422)	(12,331,422)	(11,138,198)
Less: Current assets not expected to be received at end of year - current portion of self supporting loans receivable		(69,939)	(96,821)	(95,380)
Add: Current liabilities not expected to be cleared at end of year - Current portion of borrowings		4,798,496	5,296,122	5,161,327
Add: Movement in provisions between current and non-current provisions		(17,254)	-	-
Adjusted net current assets - surplus/(deficit)		4,224,432	3,747,755	3,827,165
(ii) Operating activities excluded from budgeted deficiency				
The following non-cash revenue or expenditure has been excluded from operating activities within the Rate Setting Statement.				
Adjustments to operating activities				
Less: Profit on asset disposals	4(b)	(74,898)	(54,728)	(54,728)
Add: Loss on disposal of assets	4(b)	759,710	195,469	195,469
Add: Depreciation on assets	5	24,679,101	23,601,685	23,056,302
Non cash amounts excluded from operating activities		25,363,913	23,742,426	23,197,043

(iii) Reason for adjustment to Adjusted net current assets - surplus/(deficit) on 1 July 2019

The CITY has elected to retrospectively apply the cumulative effect of applying AASB 1058 Income of Not-for-Profit Entities at the date of initial application of the standard, being 1 July 2019. The impact of applying the standard was to recognise unspent grants and contributions for construction of recognisable non-financial assets controlled by the CITY as a liability. The opening budgeted surplus/deficit on 1 July 2019 has been amended accordingly from the estimated actual closing surplus/deficit. Refer to note 16 for further explanation of the impact of the changes in accounting policies

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

2 (c). NET CURRENT ASSETS (CONTINUED)

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's operational cycle. In the case of liabilities where the CITY 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's intentions to release for sale.

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.

CONTRACT ASSETS

A contract asset is the right to consideration in exchange for goods or services the entity has transferred to a customer when that right is conditioned on something other than the passage of time.

PROVISIONS

Provisions are recognised when the CITY 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.

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.

CONTRACT LIABILITIES

An entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer. Grants to acquire or construct recognisable non-financial assets to be controlled by the CITY are recognised as a liability until such time as the CITY satisfies its obligations under the agreement.

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 2020**

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:

	2019/20 Budget	2018/19 Forecast	2018/19 Budget
	\$	\$	\$
Cash - unrestricted	9,905,804	3,445,048	9,522,591
Cash - restricted	12,020,422	17,040,376	11,138,198
	21,926,226	20,485,424	20,660,789
The following restrictions have been imposed by regulation or other externally imposed requirements:			
Mullewa Reseal reserve	-	-	1,891,285
Parking Land Reserve	36,186	36,186	54,187
Unexpended Capital Works & Restricted Grant reserve	4,630,917	7,750,917	6,003,855
Employee Entitlements Reserve	1,550,000	1,550,000	1,550,000
Major Initiatives Reserve	1,616,655	31,656	31,655
Asset Renewal Reserve	4,110,164	2,920,164	1,564,716
Point Moore Reserve	76,500	42,500	42,500
Unspent grants and contributions not held in reserve	-	4,708,953	
	12,020,422	17,040,376	11,138,198
Reconciliation of net cash provided by operating activities to net result			
Net result	5,028,068	22,047,891	27,835,731
Depreciation	24,679,101	23,601,685	23,056,302
(Profit)/loss on sale of asset	684,812	140,741	140,741
(Increase)/decrease in receivables	1,391,313	(73,193)	71,331
(Increase)/decrease in contract assets	-	-	
(Increase)/decrease in inventories	5,103	(59,737)	4,378
Increase/(decrease) in payables	(146,291)	(6,514,508)	(63,550)
Increase/(decrease) in contract liabilities	-	-	
Increase/(decrease) in employee provisions	25,000	62,160	62,161
Change in accounting policies transferred to retained surplus (refer to Note 16)	-	-	
Grants/contributions for the development of assets	(5,627,482)	(21,839,557)	(27,398,167)
Net cash from operating activities	26,039,624	17,365,482	23,708,927

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 2020

4. FIXED ASSETS

(a) Acquisition of Assets

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

Reporting program

Asset class	Reporting program							2019/20 Budget total	2018/19 Forecast total	2018/19 Budget 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 - freehold land						1,560,000	1,560,000	1,197,800	2,583,390	
Buildings - non-specialised	80,000			289,000	293,500	20,000	801,500	7,275,664	5,975,300	
Furniture and equipment	524,271						524,271	826,669	480,000	
Plant and equipment		187,200		18,000			2,015,000	2,838,000	2,408,000	
Artwork				30,000			30,000	110,000	80,000	
Intangible Assets							-		321,669	
	604,271	187,200	-	337,000	293,500	20,000	4,376,500	5,818,471	11,848,359	
<i>Infrastructure</i>										
Infrastructure - Roads					14,251,600		14,251,600	14,006,960	12,301,007	
Infrastructure - Recreation				6,284,550			6,284,550	13,906,950	11,737,950	
Infrastructure - Car Parks				50,000			50,000	836,000	836,000	
Infrastructure - Meru Landfill			170,000				170,000	5,397,000	11,770,000	
Infrastructure - Airport				327,000			327,000	22,774,500	24,156,500	
	-	-	170,000	6,661,550	14,251,600	-	-	21,083,150	56,921,410	60,801,457
Total acquisitions	604,271	187,200	170,000	6,998,550	14,545,100	20,000	4,376,500	26,901,621	69,169,543	72,649,816

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020

4. FIXED ASSETS (CONTINUED)

(b) Disposals of Assets

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

	2019/20 Budget Net Book Value	2019/20 Budget Sale Proceeds	2019/20 Budget Profit	2019/20 Budget Loss	2018/19 Forecast Net Book Value	2018/19 Forecast Sale Proceeds	2018/19 Forecast Profit	2018/19 Forecast Loss	2018/19 Budget Net Book Value	2018/19 Budget Sale Proceeds	2018/19 Budget Profit	2018/19 Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
By Program												
Transport	357,572	366,500	74,898	(65,970)	734,741	594,000	54,728	(195,469)	734,741	594,000	54,728	(195,469)
Other property and services	2,228,740	1,535,000	-	(693,740)		-	-	-		-	-	-
	2,586,312	1,901,500	74,898	(759,710)	734,741	594,000	54,728	(195,469)	734,741	594,000	54,728	(195,469)
By Class												
<i>Property, Plant and Equipment</i>												
Land - freehold land	2,228,740	1,535,000		(693,740)		-				-		
Plant and equipment	357,572	366,500	74,898	(65,970)	734,741	594,000	54,728	(195,469)	734,741	594,000	54,728	(195,469)
	2,586,312	1,901,500	74,898	(759,710)	734,741	594,000	54,728	(195,469)	734,741	594,000	54,728	(195,469)

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

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

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

2019/20 Budget	2018/19 Forecast	2018/19 Budget
\$	\$	\$
634,866	687,881	672,442
123,885	80,619	78,759
24,519	24,073	23,431
95,743	97,744	95,489
26,336	25,336	24,395
959,372	833,258	814,054
2,711,384	2,038,052	1,991,032
18,270,344	18,144,045	17,725,531
9,757	9,742	9,517
1,822,895	1,660,935	1,621,652
24,679,101	23,601,685	23,056,302
2,110,626	2,146,135	2,095,963
408,247	404,355	403,406
1,742,702	1,576,725	1,540,356
15,730,934	16,144,256	15,763,267
1,601,310	914,539	893,444
897,624	783,443	765,284
2,187,658	1,632,232	1,594,582
24,679,101	23,601,685	23,056,302

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.

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

DEPRECIATION (CONTINUED)

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.

RECOGNITION OF ASSETS

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Financial Management Regulation 17A (5)*. These assets are expensed immediately.

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	Budget	2019/20	2019/20	2019/20	Budget	Actual	2018/19	2018/19	2018/19	Actual	Budget	2018/19	2018/19	2018/19	Budget
	Principal 1 July 2019	Budget New loans	Budget Principal repayments	Budget Interest repayments	Principal outstanding 30 June 2020	Principal 1 July 2018	Forecast New loans	Forecast Principal repayments	Forecast Interest repayments	Principal outstanding 30 June 2019	Principal 1 July 2018	Budget New loans	Budget Principal repayments	Budget Interest repayments	Principal outstanding 30 June 2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Governance															
262 Office Redevelopment	420,962		106,351	14,837	314,611	523,274		102,312	18,875	420,962	523,274		102,312	18,875	420,962
Law, order, public safety															
276 Animal Pound	1,900,000		255,573	36,545	1,644,427		1,900,000			1,900,000		1,900,000			1,900,000
Community amenities															
278 Meru Resorce Facility	7,000,000		631,940	153,281	6,368,060		7,000,000			7,000,000		7,000,000			7,000,000
Recreation and culture															
82 Tarcoola Park Tennis Club SSL	941		941	17		4,541		3,600	233	941	4,541		3,600	233	941
96 Geraldton Yacht Club SSL	228,376		22,311	7,042	206,065	250,000		21,624	7,730	228,376	250,000		21,624	7,730	228,376
268 Foreshore Stabilisation & Protection	763,623		117,717	22,694	645,906	877,785		114,162	26,248	763,623	877,785		114,162	26,248	763,623
264 Aquarena Upgrade	1,107,413		202,800	46,097	904,613	1,301,652		194,239	54,658	1,107,413	1,301,652		194,239	54,658	1,107,413
271 QPT Air-Conditioning Replacement	2,371,872		310,095	67,011	2,061,777	2,673,106		301,234	75,872	2,371,872	2,668,557		301,234	75,872	2,367,323
263 Recreation Ground Grandstand	692,134		126,750	28,810	565,384	813,533		121,399	34,161	692,134	813,533		121,399	34,161	692,134
272 MUF, Youth Precinct, Beach Access Ramp	3,391,965		235,821	107,005	3,156,144	3,620,395		228,430	114,396	3,391,965	3,620,395		228,430	114,396	3,391,965
259 Verita Road	1,328,755		512,981	56,736	815,774	1,818,355		489,600	80,116	1,328,755	1,818,355		489,419	80,116	1,328,936
257 Geraldton Hockey Association	75,480		28,565	3,222	46,915	101,278		25,798	4,548	75,480	101,278		25,798	4,548	75,480
253 Geraldton Yacht Club SSL	9,805		9,805	342	-	22,263		12,458	1,073	9,805	22,263		12,458	1,073	9,805
251 Geraldton Hockey Association	8,282		8,282	127	-	40,182		31,900	1,741	8,282	40,182		31,900	1,741	8,282
260 Aquarena Renewal Stage 1	1,094,493		276,503	38,584	817,990	1,360,513		266,020	49,067	1,094,493	1,360,513		266,020	49,067	1,094,493
277 Bersford Foreshore	1,850,000		167,014	40,510	1,682,986		1,850,000			1,850,000		1,850,000			1,850,000
Transport															
269 Airport Projects	1,921,784		296,256	57,112	1,625,528	2,209,092		287,308	66,058	1,921,784	2,209,092		287,308	66,058	1,921,784
261 Airport Paid Parking Facilities	631,444		159,526	22,255	471,918	784,912		153,468	28,312	631,444	784,912		153,468	28,312	631,444
258 Airport Buffer Land	383,862		148,195	16,390	235,667	525,302		141,440	23,145	383,862	525,302		141,440	23,145	383,862
234 Lot 8 Chapman Road - Car Park						112,523		112,523	2,876		112,523			2,876	
252 Plant Purchases for 2009/2010	117,102		117,102	3,566	-	265,242		148,140	12,749	117,102	265,242		148,140	12,749	117,102
273 Verita Road Stage 1	888,305		214,033	20,461	674,272	1,097,189		208,884	25,610	888,305	1,097,189		208,884	25,610	888,305
270 (New) Airport Technology Park	515,585		517,026	10,649		1,020,171		504,586	24,530	515,585	1,020,171		503,145	24,530	517,026
275 Airport	7,500,000		283,693	209,514	7,216,307		7,500,000			7,500,000		7,500,000			7,500,000
Other property and services															
265 Old Works Depot	553,706		101,400	23,045	452,306	650,826		97,120	27,329	553,706	650,826		97,120	27,329	553,706
274 Olive Street Development	3,048,987		341,000	92,785	2,707,987	3,379,537		330,550	103,213	3,048,987	3,379,537		330,572	103,210	3,048,965
266 Old Railway Building	570,318		104,442	23,740	465,876	670,351		100,033	28,149	570,318	670,351		100,033	28,149	570,318
	38,052,309	-	5,226,218	1,091,627	32,826,092	23,703,757	18,250,000	3,901,448	795,364	38,052,309	23,699,208	18,250,000	3,899,848	795,361	38,049,360
Self Supporting Loans															
Recreation and culture															
82 Tarcoola Park Tennis Club SSL	941	-	941	17		4,541	-	3,600	233	941	4,541	-	3,600	233	941
96 Geraldton Yacht Club SSL	228,376	-	22,311	7,042	206,065	250,000	-	21,624	7,730	228,376	250,000	-	21,624	7,730	228,376
257 Geraldton Hockey Association	75,480	-	28,565	3,222	46,915	101,278	-	25,798	4,548	75,480	101,278	-	25,798	4,548	75,480
253 Geraldton Yacht Club SSL	9,805	-	9,805	342	-	22,263	-	12,458	1,073	9,805	22,263	-	12,458	1,073	9,805
251 Geraldton Hockey Association	8,282	-	8,282	127	-	40,182	-	31,900	1,741	8,282	40,182	-	31,900	1,741	8,282
	322,884	-	69,904	10,750	252,980	418,264	-	95,380	15,325	322,884	418,264	-	95,380	15,325	322,884
Loan Guarantee Fee				270,762					209,294					209,297	
	38,375,193	-	5,296,122	1,373,139	33,079,072	24,122,021	18,250,000	3,996,828	1,019,983	38,375,193	24,117,472	18,250,000	3,995,228	1,019,983	38,372,244

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 2020**

6. INFORMATION ON BORROWINGS (CONTINUED)

(b) New borrowings - 2019/20

The CITY does not intend to undertake any new borrowings for the year ended 30th June 2020

(c) Unspent borrowings

Purpose of the loan	Year loan taken	Balance at 01 July 2019
		\$
Olive Street Development	17/05/2017	274,942
Foreshore Stabilisation & Protection	4/05/2015	210,724
Meru Landfill	2/05/2019	2,000,000
		2,485,666

(d) Credit Facilities

	2019/20 Budget	2018/19 Forecast	2018/19 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	-	-	-
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	33,079,072	38,375,193	38,372,244

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 2020

7. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2019/20 Budget Opening Balance	2019/20 Budget Transfer to	2019/20 Budget Transfer (from)	2019/20 Budget Closing Balance	2018/19 Actual Opening Balance	2018/19 Forecast Transfer to	2018/19 Forecast Transfer (from)	2018/19 Forecast Closing Balance	2018/19 Budget Opening Balance	2018/19 Budget Transfer to	2018/19 Budget Transfer (from)	2018/19 Budget Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Mullewa Reseal reserve	-			-	1,891,285		(1,891,285)	-	1,891,285			1,891,285
Parking Land Reserve	36,186			36,186	536,186		(500,000)	36,186	54,187			54,187
Unexpended Capital Works & Restricted Grant reserve	7,750,917		(3,120,000)	4,630,917	5,892,818	5,570,000	(3,711,901)	7,750,917	9,163,855		(3,160,000)	6,003,855
Employee Entitlements Reserve	1,550,000			1,550,000	1,100,000	450,000		1,550,000	1,100,000	450,000		1,550,000
Major Initiatives Reserve	31,655	1,585,000		1,616,655	31,655			31,655	31,655			31,655
Asset Renewal Reserve	2,920,164	1,190,000		4,110,164	6,769,432		(3,849,268)	2,920,164	3,644,984		(2,080,268)	1,564,716
Point Moore Reserve	42,500	34,000		76,500	-	42,500		42,500	-	42,500		42,500
	12,331,422	2,809,000	(3,120,000)	12,020,422	16,221,376	6,062,500	(9,952,454)	12,331,422	15,885,966	492,500	(5,240,268)	11,138,198

(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 2020**

8. FEES & CHARGES REVENUE

	2019/20 Budget	2018/19 Forecast	2018/19 Budget
	\$	\$	\$
Governance	17,500	15,424	15,424
General purpose funding	330,000	316,000	306,000
Law, order, public safety	332,360	326,160	326,160
Health	85,600	85,600	85,600
Education and welfare	22,250	22,250	30,000
Community amenities	13,447,382	12,425,784	12,326,831
Recreation and culture	2,387,439	2,381,254	2,384,298
Transport	6,046,182	5,829,500	6,119,000
Economic services	978,757	966,157	882,300
Other property and services	1,027,500	965,306	970,081
	24,674,970	23,333,435	23,445,694

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

Governance	28,636	29,636	33,836
General purpose funding	6,215,226	6,050,532	6,037,474
Law, order, public safety	358,612	321,353	321,353
Health	550	550	550
Education and welfare	324,905	286,705	294,205
Community amenities	123,100	178,200	153,600
Recreation and culture	298,905	332,558	452,406
Transport	576,114	580,928	372,612
Economic services	89,140	204,405	165,421
Other property and services	150,000	518,500	170,200
	8,165,188	8,503,367	8,001,657

Non-operating grants, subsidies and contributions

Community amenities	-	-	4,650,000
Recreation and culture	-	3,641,916	2,090,000
Transport	5,440,282	15,203,667	17,738,167
Other property and services	187,200	2,993,974	2,920,000
	5,627,482	21,839,557	27,398,167

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

10. OTHER INFORMATION

The net result includes as revenues

(a) Interest earnings

	2019/20 Budget	2018/19 Forecast	2018/19 Budget
	\$	\$	\$
Investments			
- Reserve funds	275,000	440,000	440,000
- Municipal funds	1,082,133	530,000	530,000
Other Funds	10,718	15,191	15,191
Other interest revenue (refer note 1b)	680,000	680,000	680,000
	2,047,851	1,665,191	1,665,191

(b) Other revenue

Other Revenue	1,638,150	2,361,563	2,312,113
	1,638,150	2,361,563	2,312,113

The net result includes as expenses

(c) Auditors remuneration

Audit services	56,000	56,000	56,000
Other services	17,000	32,000	32,000
	73,000	88,000	88,000

(d) Interest expenses (finance costs)

Borrowings (refer Note 6(a))	1,373,139	1,019,983	1,019,983
Interest expense on lease liabilities			
	1,373,139	1,019,983	1,019,983

(e) Elected members remuneration

Meeting fees	308,592	360,000	360,000
Mayor/President's allowance	124,000	124,000	124,000
Deputy Mayor/President's allowance	25,000	25,000	25,000
Travelling expenses	15,500	15,500	15,500
Telecommunications allowance	45,500	52,500	52,500
	518,592	577,000	577,000

(f) Write offs

General rate	30,000	40,000	40,000
	30,000	40,000	40,000

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

11. MAJOR LAND TRANSACTIONS

It is not anticipated any land transactions or major land transactions will occur in 2019/20.

12. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

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.

Council at its May 2019 meeting, supported the implementation in 2019-20 of a Food Organic and Garden Organic kerbside collection trial involving 500 households. Modelling suggests that our current waste stream is made up of approximately 48% FOGO material. Introducing a FOGO kerbside program has the potential to increase the City's performance diversion rate to 35 - 45% (currently 0%) depending on contamination rates. If the trial proves successful, then it is proposed to roll-out FOGO to all households.

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.

Due to existing landfill cells coming to the end of their useful lives, construction of a new landfill cell, lining of the second liquid waste pond and associated roadworks were completed in 2018/19 at a cost of around \$5m.

Budget 2019/20: Operating Revenue: \$ 5,870,058 Operating Expenses: \$ 4,153,260

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 Geraldton Airport Upgrade Project (\$24m budget) which includes the resurfacing of the 1981m long airport runway and extending it to 2400m began in October 2018 was practically completed in June 2019. The project delivered short-term economic outcomes for the community by employing locally based contractors to deliver the works and is set to provide long-term economic outcomes for the community in terms of growing international tourism and facilitating new airfreight export opportunities.

Geraldton Airport in 2018-19 was 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. Virgin recently advised that it would be removing its schedule services from July 2019.

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 2019/2020: Operating Revenue: \$ 5,551,282 Operating Expenses: \$ 5,322,558.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

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 Furniture & Equipment Assets as follows:

	2019/20 Budget	2018/19 Forecast	2018/19 Budget
	\$	\$	\$
Non-current assets			
Furniture and equipment	325,000	337,327	385,000
	325,000	337,327	385,000

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.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

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 1 July 2019	Estimated amounts received	Estimated amounts paid	Estimated balance 30 June 2020
	\$	\$	\$	\$
BCTIF	(19,489)	(82,500)	86,000	(15,989)
BSL	(8,000)	(94,000)	98,000	(4,000)
Bonds	(163,869)	(66,000)	68,000	(161,869)
Verge/Footpath Bond	(115,615)	(2,500)	13,500	(104,615)
Subdivision & Road Deposits	(1,171,478)	(65,000)	148,000	(1,088,478)
Unclaimed Monies	(10,703)	(300)		(11,003)
Sundry	(19,308)			(19,308)
Dual Usage Pathways (DUP)	(281,242)			(281,242)
Public Open Spaces (POS)	(2,296,662)		1,102,950	(1,193,712)
	(4,086,367)	(310,300)	1,516,450	(2,880,217)

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

**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 financial 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

Accounting Policies for the recognition of income and revenue from contracts with customers is described in Note 16.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

**16. SIGNIFICANT ACCOUNTING POLICIES - CHANGE
IN ACCOUNTING POLICIES**

This note explains the impact of the adoption of AASB 15 Revenue from Contracts with Customers, AASB 16 Leases and AASB 1058 Income for Not-for-Profit Entities.

REVENUE FROM CONTRACTS WITH CUSTOMERS

The CITY OF GREATER GERALDTON adopted AASB 15 on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the CITY OF GREATER GERALDTON has adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary the following adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019):

	AASB 118 carrying amount 30 June 19	Reclassification	AASB 15 carrying amount 01 July 19
	\$	\$	\$
Contract assets			-
Contract liabilities - current			
Unspent grants, contributions and reimbursements		(2,900,000)	(2,900,000)
Developer contributions			-
Contract liabilities non-current			
Developer contributions			-
Cash in lieu of parking			-
Adjustment to retained surplus from adoption of AASB 15		2,900,000	

LEASES

On adoption of AASB 16, for leases which had previously been classified as an 'operating lease' when applying AASB 117, the CITY OF GREATER GERALDTON is not required to make any adjustments on transition for leases for which the underlying asset is of low value. Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with Financial Management Regulation 17A (5).

**16. SIGNIFICANT ACCOUNTING POLICIES - CHANGE
IN ACCOUNTING POLICIES (Continued)**

INCOME FOR NOT-FOR-PROFIT ENTITIES

The CITY OF GREATER GERALDTON has adopted AASB 1058 from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions AASB 1058, the CITY OF GREATER GERALDTON has adopted the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods shall not be restated in accordance with AASB 1058 transition requirements.

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes occurred to the following financial statement line items by application of AASB as compared to AASB 1004 Contributions before the change:

	AASB 1004 carrying amount 30 June 19	Reclassification	AASB 1058 carrying amount 01 July 19
	\$	\$	\$
Trade and other payables			
Adjustment to retained surplus from adoption of AASB 1058			-

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance give rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates were recognised as a financial asset and a related amount was recognised as a financial liability and no income was recognised by the CITY OF GREATER GERALDTON. When the taxable event occurs the financial liability is extinguished and the CITY OF GREATER GERALDTON recognises income for the prepaid rates that have not been refunded.

Assets that were acquired for consideration that was significantly less than fair value principally to enable the CITY OF GREATER GERALDTON to further its objectives may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value. Such assets are not required to be remeasured at fair value.

No volunteer Services, either in relation to Volunteer Fire Services or others, have been recognised in budgeted revenue and budgeted expenditure because the services would not have been purchased if they had not been donated.

The impact on the CITY OF GREATER GERALDTON of the changes as at 1 July 2019 is as follows:

	2019
	\$
Retained surplus - 30/06/2019	(358,451,844)
Adjustment to retained surplus from adoption of AASB 15	2,900,000.00
	<u>2,900,000.00</u>
Retained surplus - 01/07/2019	(355,551,844)

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020

17. BUDGET RATIOS

	2019/20 Budget	2018/19 Forecast	2017/18 Actual
Current Ratio	1.06	1.02	1.28
Debt Service Cover Ratio	3.95	5.01	4.50
Own Source revenue Coverage Ratio	90.03%	91.34%	89.05%
Operating Surplus Ratio	0.08%	0.78%	-0.25%
Asset Consumption Ratio	74.84%	73.67%	74.12%
Asset Sustainability Ratio	80.85%	83.15%	89.49%
Asset Renewal Funding Ratio	95.89%	90.88%	103.20%

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

$$\frac{\text{Operating Surplus before Interest and Depreciation Expense}}{\text{Principal and Interest Repayments}}$$

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

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