

CITY OF GREATER GERALDTON

BUDGET

FOR THE YEAR ENDED 30 JUNE 2021

LOCAL GOVERNMENT ACT 1995

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CITY'S VISION

A prosperous, diverse, vibrant and sustainable community.

CITY OF GREATER GERALDTON
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2020/21 Budget	2019/20 Forecast	2019/20 Budget
		\$	\$	\$
Revenue				
Rates	1(a)	45,683,248	46,590,353	46,939,412
Operating grants, subsidies and contributions	10(a)	7,810,648	8,187,702	8,165,188
Fees and charges	9	17,369,492	20,320,189	24,674,970
Interest earnings	12(a)	400,163	1,967,235	2,047,851
Other revenue	12(b)	896,513	1,656,433	1,638,150
		72,160,064	78,721,912	83,465,571
Expenses				
Employee costs		(27,105,394)	(27,947,934)	(28,487,934)
Materials and contracts		(19,575,725)	(21,666,315)	(22,268,848)
Utility charges		(2,898,305)	(3,001,255)	(2,978,255)
Depreciation on non-current assets	5	(24,646,964)	(24,200,000)	(24,679,101)
Interest expenses	12(d)	(1,274,734)	(1,373,139)	(1,373,139)
Insurance expenses		(813,989)	(728,218)	(739,321)
Other expenditure		(1,710,560)	(2,274,353)	(2,853,575)
		(78,025,671)	(81,191,214)	(83,380,173)
Subtotal		(5,865,607)	(2,469,302)	85,398
Non-operating grants, subsidies and contributions	10(b)	7,761,253	5,678,473	5,627,482
Profit on asset disposals	4(b)	350,000	43,106	74,898
Loss on asset disposals	4(b)	(731,854)	(646,001)	(759,710)
		7,379,399	5,075,578	4,942,670
Net result		1,513,792	2,606,276	5,028,068
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		1,513,792	2,606,276	5,028,068

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

CITY OF GREATER GERALDTON FOR THE YEAR ENDED 30 JUNE 2021

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 15 to the budget.

2019/20 Forecast

Balances shown in this budget as 2019/20 Forecast are estimates as forecast at the time of budget preparation and are subject to final adjustments.

CHANGE IN ACCOUNTING POLICIES

On the 1 July 2020 the following new accounting policies are to be adopted and may impact the preparation of the budget:

AASB 1059 Service Concession Arrangements: Grantors

AASB 2018-7 Amendments to Australian Accounting Standards - Materiality

AASB 1059 is not expected to impact the annual budget. Specific impacts of AASB 2018-7 have not been identified.

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 and concessions 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 and amortisation 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.

CITY OF GREATER GERALDTON
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2020/21 Budget	2019/20 Forecast	2019/20 Budget
Revenue	1,9,10(a),12(a),12(b)	\$	\$	\$
Governance		49,000	74,778	66,136
General purpose funding		52,361,542	54,267,844	55,189,638
Law, order, public safety		503,080	706,988	693,972
Health		25,000	59,653	86,150
Education and welfare		337,845	353,515	349,905
Community amenities		12,478,184	12,523,560	13,571,482
Recreation and culture		2,146,613	3,814,539	4,383,295
Transport		2,871,804	4,775,660	6,669,496
Economic services		268,496	906,640	1,114,397
Other property and services		1,118,500	1,238,735	1,341,100
		72,160,064	78,721,912	83,465,571
Expenses excluding finance costs	4(a),5,12(c),(e),(f)			
Governance		(2,070,899)	(1,515,478)	(2,378,734)
General purpose funding		(1,189,421)	(904,732)	(901,532)
Law, order, public safety		(3,042,484)	(3,102,741)	(3,019,812)
Health		(811,908)	(742,245)	(790,703)
Education and welfare		(1,748,481)	(1,792,369)	(1,895,027)
Housing		(22,802)	(27,547)	(27,546)
Community amenities		(11,810,660)	(10,414,681)	(10,906,208)
Recreation and culture		(18,493,190)	(19,332,592)	(19,724,094)
Transport		(28,078,521)	(29,978,177)	(30,000,119)
Economic services		(4,080,709)	(5,080,039)	(5,341,260)
Other property and services		(5,401,862)	(6,927,474)	(7,021,999)
		(76,750,937)	(79,818,075)	(82,007,034)
Finance costs	7,6(a),12(d)			
Governance		(10,639)	(14,837)	(14,837)
Law, order, public safety		(31,434)	(36,545)	(36,545)
Community amenities		(139,046)	(163,510)	(153,281)
Recreation and culture		(341,483)	(418,154)	(418,196)
Transport		(289,800)	(339,946)	(339,947)
Economic services		(342,589)	(260,575)	(270,760)
Other property and services		(119,743)	(139,573)	(139,573)
		(1,274,734)	(1,373,139)	(1,373,139)
Subtotal		(5,865,607)	(2,469,302)	85,398
Non-operating grants, subsidies and contributions	10(b)	7,761,253	5,678,473	5,627,482
Profit on disposal of assets	4(b)	350,000	43,106	74,898
(Loss) on disposal of assets	4(b)	(731,854)	(646,001)	(759,710)
		7,379,399	5,075,578	4,942,670
Net result		1,513,792	2,606,276	5,028,068
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		1,513,792	2,606,276	5,028,068

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

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

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, rangers, 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, medical centre 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 centre, projects and programs, 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.

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.

**CITY OF GREATER GERALDTON
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		45,773,546	46,819,742	46,880,390
Operating grants, subsidies and contributions		7,810,648	7,995,902	8,165,188
Fees and charges		17,369,492	20,320,189	24,674,970
Interest earnings		401,214	1,955,909	2,047,173
Other revenue		2,473,223	2,385,708	3,084,975
		73,828,123	79,477,450	84,852,696
Payments				
Employee costs		(27,181,616)	(27,975,821)	(28,456,758)
Materials and contracts		(21,656,191)	(21,363,237)	(22,378,798)
Utility charges		(2,898,305)	(3,001,255)	(2,978,255)
Interest expenses		(1,261,104)	(1,361,056)	(1,406,365)
Insurance expenses		(813,989)	(728,218)	(739,321)
Other expenditure		(1,710,560)	(2,274,353)	(2,853,575)
		(55,521,765)	(56,703,940)	(58,813,072)
Net cash provided by (used in) operating activities	3	18,306,358	22,773,510	26,039,624
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	4(a)	(3,123,820)	(7,507,380)	(5,818,471)
Payments for construction of infrastructure	4(a)	(21,884,166)	(21,645,654)	(21,083,150)
Non-operating grants, subsidies and contributions		7,761,253	5,678,473	5,627,482
Proceeds from sale of plant and equipment	4(b)	2,397,000	698,545	1,901,500
Proceeds on financial assets at amortised cost - self supporting loans	6(a)	52,978	69,938	69,939
Net cash provided by (used in) investing activities		(14,796,755)	(22,706,078)	(19,302,700)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(14,798,496)	(5,296,164)	(5,296,122)
Principal elements of lease payments	7	49,434	48,094	0
Proceeds from new borrowings	6(b)	10,000,000	0	0
Net cash provided by (used in) financing activities		(4,749,063)	(5,248,070)	(5,296,122)
Net increase (decrease) in cash held		(1,239,460)	(5,180,638)	1,440,802
Cash at beginning of year		31,030,851	36,211,489	20,485,424
Cash and cash equivalents at the end of the year	3	29,791,391	31,030,851	21,926,226

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

CITY OF GREATER GERALDTON
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

NOTE	2020/21 Budget	2019/20 Forecast	2019/20 Budget
	\$	\$	\$
OPERATING ACTIVITIES			
Net current assets at start of financial year - surplus/(deficit)	1,965,228	4,516,556	3,747,755
	1,965,228	4,516,556	3,747,755
Revenue from operating activities (excluding rates)			
Operating grants, subsidies and contributions	10(a) 7,810,648	8,187,702	8,165,188
Fees and charges	9 17,369,492	20,320,189	24,674,970
Interest earnings	12(a) 400,163	1,967,235	2,047,851
Other revenue	12(b) 896,513	1,656,433	1,638,150
Profit on asset disposals	4(b) 350,000	43,106	74,898
	26,826,816	32,174,665	36,601,057
Expenditure from operating activities			
Employee costs	(27,105,394)	(27,947,934)	(28,487,934)
Materials and contracts	(19,575,725)	(21,666,315)	(22,268,848)
Utility charges	(2,898,305)	(3,001,255)	(2,978,255)
Depreciation on non-current assets	5 (24,646,964)	(24,200,000)	(24,679,101)
Interest expenses	12(d) (1,274,734)	(1,373,139)	(1,373,139)
Insurance expenses	(813,989)	(728,218)	(739,321)
Other expenditure	(1,710,560)	(2,274,353)	(2,853,575)
Loss on asset disposals	4(b) (731,854)	(646,001)	(759,710)
	(78,757,525)	(81,837,215)	(84,139,883)
Operating activities excluded from budgeted deficiency			
Non-cash amounts excluded from operating activities	2 (a)(i) 25,028,818	24,802,895	25,363,913
Amount attributable to operating activities	(24,936,663)	(20,343,099)	(18,427,158)
INVESTING ACTIVITIES			
Non-operating grants, subsidies and contributions	10(b) 7,761,253	5,678,473	5,627,482
Purchase property, plant and equipment	4(a) (3,123,820)	(7,507,380)	(5,818,471)
Purchase and construction of infrastructure	4(a) (21,884,166)	(21,645,654)	(21,083,150)
Purchase of right of use assets	4(a) 0	(244,775)	0
Proceeds from disposal of assets	4(b) 2,397,000	698,545	1,901,500
Amount attributable to investing activities	(14,849,733)	(23,020,791)	(19,372,639)
FINANCING ACTIVITIES			
Repayment of borrowings	6(a) (14,798,496)	(5,296,164)	(5,296,122)
Principal elements of finance lease payments	7 49,434	48,094	0
Proceeds from new borrowings	6(b) 10,000,000	0	0
Proceeds from new lease liabilities	7 0	244,775	0
Proceeds from self supporting loans	6(a) 52,978	69,938	69,939
Transfers to cash backed reserves (restricted assets)	8(a) (2,369,000)	(3,709,000)	(2,809,000)
Transfers from cash backed reserves (restricted assets)	8(a) 5,058,000	7,381,122	3,120,000
Amount attributable to financing activities	(2,007,085)	(1,261,235)	(4,915,183)
Budgeted deficiency before general rates	(41,793,481)	(44,625,125)	(42,714,980)
Estimated amount to be raised from general rates	1(a) 45,683,248	46,590,353	46,939,412
Net current assets at end of financial year - surplus/(deficit)	2 (a)(iii) 3,889,767	1,965,228	4,224,432

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

**CITY OF GREATER GERALDTON
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FOR THE YEAR ENDED 30 JUNE 2021**

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CITY OF GREATER GERALDTON
 NOTES TO AND FORMING PART OF THE BUDGET
 FOR THE YEAR ENDED 30 JUNE 2021

1. RATES AND SERVICE CHARGES

(a) Rating Information

RATE TYPE	Rate in	Number of properties	Rateable value	2020/21 Budgeted rate revenue	2020/21 Budgeted interim rates	2020/21 Budgeted back rates	2020/21 Budgeted total revenue	2019/20 Forecast total revenue	2019/20 Budget total revenue
	\$		\$	\$	\$	\$	\$	\$	\$
Differential general rate or general rate									
Gross rental valuations									
CGG Residential	0.148529	15,592	204,500,374	30,374,236	25,000	10,000	30,409,236	30,312,171	30,547,901
CGG Non-Residential	0.122934	1,204	87,517,809	10,758,914	0	0	10,758,914	10,768,031	10,879,147
Unimproved valuations									
CGG UV	0.007775	771	365,042,148	2,838,203	0	0	2,838,203	2,844,047	2,842,534
Sub-Totals		17,567	657,060,331	43,971,353	25,000	10,000	44,006,353	43,924,249	44,269,582
Minimum payment									
	\$								
Gross rental valuations									
CGG Residential	1,010	2,226	7,653,072	2,248,260	0	0	2,248,260	2,283,610	2,283,610
CGG Non-Residential	1,010	245	1,276,638	247,450	0	0	247,450	242,400	242,400
Unimproved valuations									
CGG UV	1,010	295	20,566,773	297,950	0	0	297,950	260,580	260,580
Sub-Totals		2,766	29,496,483	2,793,660	0	0	2,793,660	2,786,590	2,786,590
		20,333	686,556,814	46,765,013	25,000	10,000	46,800,013	46,710,839	47,056,172
Discounts (Refer note 1(h))							(1,000,000)	0	0
Concessions (Refer note 1(i))							(116,765)	(120,486)	(116,760)
Total amount raised from general rates							45,683,248	46,590,353	46,939,412

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 2020/21 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.

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				
Single full payment	24/08/2020	0	0.0%	0.0%
Option two				
First instalment	24/08/2020	0	0.0%	0.0%
Second Instalment	26/10/2020	0	0.0%	0.0%
Option three				
First instalment	24/08/2020	0	0.0%	0.0%
Second instalment	26/10/2020	0	0.0%	0.0%
Third instalment	30/12/2020	0	0.0%	0.0%
Fourth instalment	3/03/2021	0	0.0%	8.0%

Interest on Instalments

Council has recognised that due to the financial impacts of COVID-19 a number of ratepayers may be under financial stress. Council has decided to take up the option available under the Local Government Act 1995 to not impose an interest rate on rates paid by instalment.

Instalment Fees

For ratepayers electing to pay their rates by 2 or 4 instalments, or more than 4 instalments, no instalment charge will be applied in 2020/21.

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 in the 2020/21 financial year on overdue rates is 8% per annum. Council has resolved to set its rate at 8%. This interest will apply after the fourth instalment due date 3 March 2021.

1. RATES AND SERVICE CHARGES (CONTINUED)

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

	2020/21 Budget revenue	2019/20 Forecast revenue	2019/20 Budget revenue
	\$	\$	\$
Pensioner Deferment	12,000	10,724	12,000
Instalment plan interest earned	0	183,215	188,000
Unpaid rates and service charge interest earned	80,000	470,864	480,000
	92,000	664,803	680,000

(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.

1. RATES AND SERVICE CHARGES (CONTINUED)

(d) Differential Minimum Payment

CGG Residential / Non Residential / UV

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 general rate or general rate	Proposed Rate in \$	Adopted Rate in \$	Reasons for the difference
CGG Residential	14.85290	14.85290	No Change
CGG Non Residential	12.29340	12.29340	No Change
CGG UV	0.77750	0.77750	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
CGG UV	1,010	1,010	No Change

CITY OF GREATER GERALDTON
 NOTES TO AND FORMING PART OF THE BUDGET
 FOR THE YEAR ENDED 30 JUNE 2021

1. RATES AND SERVICE CHARGES (CONTINUED)

(f) Specified Area Rate

The City did not raise specified area rates for the year ended 30 June 2021.

(g) Service Charges

The City did not raise service charges for the year ended 30 June 2021.

(h) Rates discounts

Rate or fee to which discount is granted	Discount %	Discount (\$)	2020/21 Budget	2019/20 Forecast	2019/20 Budget	Circumstances in which discount is granted
			\$	\$	\$	
CGG Residential	5.0%	690,773	690,773	0	0	Payment of all rates and charges owing, received on or before 24th August 2020.
CGG Non - Residential	5.0%	244,680	244,680	0	0	
CGG UV	5.0%	64,547	64,547	0	0	
			1,000,000	0	0	

Discounts

The City is offering a 5.0% discount on rates paid in full (total amount due on rates notice) by 24 August 2020 (35 days after issue of notice) or in the case of pensioners if the relevant portion of rates levied is paid by 24 August 2020. Payment must be in full and include any arrears. The discount does not apply to the separate rubbish charge or the Emergency Services Levy.

No discount will be applied to minimum rates of \$1,010.

With the discount applied the total rates owing will not fall below the minimum rates amount of \$1,010.

CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

1. RATES AND SERVICE CHARGES (CONTINUED)

(i) Waivers and concessions

Rate or fee and charge to which the waiver or concession is granted	Type	Discount %	Discount (\$)	2020/21 Budget	2019/20 Forecast	2019/20 Budget	Circumstances in which the waiver or concession is granted	Objects and reasons of the waiver or concession
A11683 - 25-29 Cathedral Ave, Geraldton	Concession	50%(01/07/2020-30/06/2021)	0	\$ (30,045)	\$ (37,597)	\$ (37,597)	Council Resolution 26/07/2016	City Vibrancy
All properties owned by Murchison Region Aboriginal Corporation	Concession	80%	0	(86,720)	(82,889)	(79,163)	Council resolution per budget adoption to continue existing concessional arrangement	
				(116,765)	(120,486)	(116,760)		

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 2020/21 will be \$30,045.

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

2 (a). NET CURRENT ASSETS

Items excluded from calculation of 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	2020/21 Budget 30 June 2021	2019/20 Forecast 30 June 2020	2019/20 Budget 30 June 2020
	\$	\$	\$
(i) 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) (350,000)	(43,106)	(74,898)
Add: Loss on disposal of assets	4(b) 731,854	646,001	759,710
Add: Depreciation on assets	5 24,646,964	24,200,000	24,679,101
Non cash amounts excluded from operating activities	25,028,818	24,802,895	25,363,913
(ii) Current assets and liabilities excluded from budgeted deficiency			
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 (15,674,509)	(18,363,509)	(12,020,422)
Less: Current assets not expected to be received at end of year - current portion of self supporting loans receivable	(39,275)	(52,977)	(69,939)
Add: Current liabilities not expected to be cleared at end of year - Current portion of borrowings	4,576,581	4,798,496	4,798,496
- Current portion of lease liabilities	42,227	49,434	0
Add: Movement in provisions between current and non-current provisions	(98,915)	(32,790)	(17,254)
Total adjustments to net current assets	(11,193,891)	(13,601,346)	(7,309,119)

CITY OF GREATER GERALDTON
 NOTES TO AND FORMING PART OF THE BUDGET
 FOR THE YEAR ENDED 30 JUNE 2021

2 (a). NET CURRENT ASSETS (CONTINUED)

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

	Note	2020/21 Budget 30 June 2021	2019/20 Forecast 30 June 2020	2019/20 Budget 30 June 2020
		\$	\$	\$
(iii) Composition of estimated net current assets				
Current assets				
Cash and cash equivalents - unrestricted	3	14,116,882	12,667,342	9,906,179
Cash and cash equivalents - restricted				
Cash backed reserves	3	15,674,509	18,363,509	12,020,422
Financial assets - unrestricted		5,000,000	5,000,000	0
Receivables		6,541,815	8,204,299	7,697,679
Inventories		491,724	544,238	541,634
		41,824,930	44,779,388	30,165,914
Less: current liabilities				
Trade and other payables		(17,121,735)	(19,296,720)	(8,322,201)
Lease liabilities		(42,227)	(49,434)	0
Long term borrowings		(4,576,581)	(4,798,496)	(4,798,496)
Provisions		(5,000,729)	(5,068,164)	(5,511,666)
		(26,741,272)	(29,212,814)	(18,632,363)
Net current assets		15,083,658	15,566,574	11,533,551
Less: Total adjustments to net current assets	2 (a)(ii)	(11,193,891)	(13,601,346)	(7,309,119)
Closing funding surplus / (deficit)		3,889,767	1,965,228	4,224,432

2 (b). 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.

LEASE LIABILITIES

The present value of future lease payments not paid at the reporting date discounted using the incremental borrowing rate where the implicit interest rate in the lease is not readily determined.

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.

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.

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.

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:

Note	2020/21 Budget	2019/20 Forecast	2019/20 Budget
	\$	\$	\$
Cash & cash equivalents	29,791,391	31,030,851	21,926,226
- Unrestricted cash and cash equivalents	14,116,882	12,667,342	9,905,804
- Restricted cash and cash equivalents	15,674,509	18,363,509	12,020,422
	29,791,391	31,030,851	21,926,226
The following restrictions have been imposed by regulation or other externally imposed requirements on cash and cash equivalents:			
Employee Entitlements Reserve	1,100,000	1,600,000	1,550,000
Unexpended Capital Works & Restricted Grant Reserve	4,186,201	5,994,201	4,630,916
Parking Land Reserve	51,759	51,759	31,655
Major Initiatives Reserve	2,616,655	1,031,655	1,621,187
Asset Renewal Reserve	7,617,576	9,617,576	4,110,164
Point Moore Reserve	102,318	68,318	76,500
	15,674,509	18,363,509	12,020,422
Reconciliation of net cash provided by operating activities to net result			
Net result	1,513,792	2,606,275	5,028,068
Depreciation	5 24,646,964	24,200,000	24,679,101
(Profit)/loss on sale of asset	4(b) 381,854	602,895	684,812
(Increase)/decrease in receivables	1,659,272	326,713	1,391,313
(Increase)/decrease in inventories	52,514	313,464	5,103
Increase/(decrease) in payables	(2,119,350)	377,636	(146,291)
Increase/(decrease) in employee provisions	(67,435)	24,999	25,000
Non-operating grants, subsidies and contributions	(7,761,253)	(5,678,473)	(5,627,482)
Net cash from operating activities	18,306,358	22,773,509	26,039,624

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. Term deposits with a maturity of > 3 months at time of investment are recognised as financial assets.

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

FINANCIAL ASSETS AT AMORTISED COST

The City classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

4. FIXED ASSETS

(a) Acquisition of Assets

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

Asset class	Reporting program						2020/21 Budget total	2019/20 Forecast total	2019/20 Budget total
	Governance	Law, order, public safety	Community amenities	Recreation and culture	Transport	Other property and services			
	\$	\$	\$	\$	\$	\$	\$	\$	
<i>Property, Plant and Equipment</i>									
Land - freehold land	0	0	0	0	0	0	1,873,665	1,560,000	
Buildings - non-specialised	232,500	54,000	20,000	314,500	470,000	1,191,820	3,021,059	1,484,000	
Furniture and equipment	233,000	0	0	8,000	0	0	477,903	524,271	
Plant and equipment	0	470,000	0	0	30,000	100,000	2,124,753	2,220,200	
Artwork	0	0	0	0	0	0	10,000	30,000	
	465,500	524,000	20,000	322,500	500,000	1,291,820	7,507,380	5,818,471	
<i>Infrastructure</i>									
Infrastructure - Roads	0	0	30,000	0	15,037,402	0	14,428,607	14,251,600	
Infrastructure - Recreation	0	0	0	5,807,764	0	0	4,747,465	6,284,550	
Infrastructure - Car Parks	0	0	0	226,000	0	0	343,556	50,000	
Infrastructure - Meru Landfill	0	0	275,000	0	0	0	1,388,461	170,000	
Infrastructure - Airport	0	0	0	0	508,000	0	737,565	327,000	
	0	0	305,000	6,033,764	15,545,402	0	21,645,654	21,083,150	
<i>Right of use assets</i>									
Right of use - plant and equipment	0	0	0	0	0	0	244,775	0	
	0	0	0	0	0	0	244,775	0	
Total acquisitions	465,500	524,000	325,000	6,356,264	16,045,402	1,291,820	29,397,809	26,901,621	

SIGNIFICANT ACCOUNTING POLICIES

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.

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

CITY OF GREATER GERALDTON
 NOTES TO AND FORMING PART OF THE BUDGET
 FOR THE YEAR ENDED 30 JUNE 2021

4. FIXED ASSETS

(b) Disposals of Assets

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

	2020/21 Budget Net Book Value	2020/21 Budget Sale Proceeds	2020/21 Budget Profit	2020/21 Budget Loss	2019/20 Actual Net Book Value	2019/20 Actual Sale Proceeds	2019/20 Forecast Profit	2019/20 Forecast Loss	2019/20 Budget Net Book Value	2019/20 Budget Sale Proceeds	2019/20 Budget Profit	2019/20 Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
By Program												
Recreation and culture	0	0	0	0	2,853	0	0	(2,853)	0	0	0	0
Transport	100,114	62,000	0	(38,114)	374,175	374,175	0	0	357,572	366,500	74,898	(65,970)
Other property and services	2,678,740	2,335,000	350,000	(693,740)	924,412	324,370	43,106	(643,148)	2,228,740	1,535,000	0	(693,740)
	2,778,854	2,397,000	350,000	(731,854)	1,301,440	698,545	43,106	(646,001)	2,586,312	1,901,500	74,898	(759,710)
By Class												
<i>Property, Plant and Equipment</i>												
Land - freehold land	2,228,740	1,535,000	0	(693,740)	343,641	304,557	0	(39,084)	2,228,740	1,535,000	0	(693,740)
Buildings - non-specialised	450,000	800,000	350,000	0	580,772	25,443	0	(555,329)	0	0	0	0
Plant and equipment	100,114	62,000	0	(38,114)	374,174	368,545	43,106	(48,735)	357,572	366,500	74,898	(65,970)
<i>Infrastructure</i>												
Infrastructure - Recreation	0	0	0	0	2,853	0	0	(2,853)	0	0	0	0
	2,778,854	2,397,000	350,000	(731,854)	1,301,440	698,545	43,106	(646,001)	2,586,312	1,901,500	74,898	(759,710)

SIGNIFICANT ACCOUNTING POLICIES

GAINS AND LOSSES ON DISPOSAL

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.

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

2020/21 Budget	2019/20 Forecast	2019/20 Budget
\$	\$	\$
614,224	634,866	634,866
123,715	123,885	123,885
21,649	24,519	24,519
94,899	95,743	95,743
18,592	26,336	26,336
956,559	959,372	959,372
2,911,219	2,711,384	2,711,384
18,092,850	17,791,243	18,270,344
3,336	9,757	9,757
1,809,921	1,822,895	1,822,895
24,646,964	24,200,000	24,679,101

By Class

Buildings - non-specialised
Furniture and equipment
Plant and equipment
Infrastructure - Roads
Infrastructure - Recreation
Infrastructure - Car Parks
Infrastructure - Meru Landfill
Infrastructure - Airport
Effluent Scheme
Right of use - furniture and fittings

2,175,312	2,110,626	2,110,626
329,372	408,247	408,247
1,697,088	1,695,723	1,742,702
16,147,730	15,716,278	15,730,934
1,735,118	1,601,310	1,601,310
40,300	0	0
896,535	897,624	897,624
1,553,228	1,708,557	2,187,658
14,656	14,656	0
57,625	46,979	0
24,646,964	24,200,000	24,679,101

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.

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

Buildings - non-specialised	8 to 100 years
Furniture and equipment	3 to 10 years
Plant and equipment	5 to 20 years
Infrastructure - Roads	15 to 40 years
Infrastructure - Recreation	20 to 100 years
Infrastructure - Car Parks	20 to 100 years
Infrastructure - Meru Landfill	8 to 75 years
Infrastructure - Airport	10 to 100 Years
Effluent Scheme	10 to 40 Years
Right of use - furniture and fittings	2 to 5 Years

AMORTISATION

The depreciable amount of all intangible assets with a finite useful life, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held for use.

The assets residual value of intangible assets is considered to be zero and useful live and amortisation method are reviewed at the end of each financial year.

Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income.

CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

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 Principal 1 July 2020	2020/21 Budget New Loans	2020/21 Budget Principal Repayments	Budget Principal outstanding 30 June 2021	2020/21 Budget Interest Repayments	Actual Principal 1 July 2019	2019/20 Forecast New Loans	2019/20 Forecast Principal Repayments	Actual Principal outstanding 30 June 2020	2019/20 Forecast Interest Repayments	Budget Principal 1 July 2019	2019/20 Budget New Loans	2019/20 Budget Principal Repayments	Budget Principal outstanding 30 June 2020	2019/20 Budget Interest Repayments
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Governance															
262 Office Redevelopment	314,612		110,548	204,063	10,639	420,962		106,351	314,612	14,837	420,962		106,351	314,611	14,837
279 Loan	0	10,000,000	10,000,000	0	100,000	0	0	0	0	0	0	0	0	0	0
Law, order, public safety															
276 Animal Pound	1,644,427		260,685	1,383,742	31,434	1,900,000		255,573	1,644,427	36,545	1,900,000		255,573	1,644,427	36,545
Community amenities															
278 Meru Resource Facility	6,368,060		646,175	5,721,885	139,046	7,000,000		631,940	6,368,060	153,281	7,000,000		631,940	6,368,060	153,281
Recreation and culture															
268 Foreshore Stabilisation & Protection	645,906		121,383	524,523	19,028	763,623		117,717	645,906	22,694	763,623		117,717	645,906	22,694
264 Aquarena Upgrade	904,613		211,739	692,874	37,158	1,107,413		202,800	904,613	46,097	1,107,413		202,800	904,613	46,097
271 QPT Air-Conditioning Replacement	2,061,777		319,216	1,742,562	57,891	2,371,872		310,095	2,061,777	67,011	2,371,872		310,095	2,061,777	67,011
263 Recreation Ground Grandstand	565,383		132,337	433,046	23,224	692,133		126,750	565,383	28,810	692,134		126,750	565,384	28,810
272 MUF, Youth Precinct, Beach Access Ramp	3,156,144		243,452	2,912,692	99,374	3,391,965		235,821	3,156,144	107,005	3,391,965		235,821	3,156,144	107,005
259 Verita Road	815,772		537,481	278,291	32,236	1,328,754		512,982	815,772	56,735	1,328,755		512,981	815,774	56,736
260 Aquarena Renewal Stage 1	817,981		287,426	530,555	27,661	1,094,493		276,512	817,981	38,575	1,094,493		276,503	817,990	38,584
277 Beresford Foreshore	1,682,987		170,775	1,512,212	36,748	1,850,000		167,013	1,682,987	40,510	1,850,000		167,014	1,682,986	40,510
Transport															
269 Airport Projects	1,625,529		305,480	1,320,050	47,887	1,921,784		296,255	1,625,529	57,112	1,921,784		296,256	1,625,528	57,112
261 Airport Paid Parking Facilities	471,917		165,823	306,094	15,958	631,443		159,526	471,917	22,255	631,444		159,526	471,918	22,255
258 Airport Buffer Land	235,667		155,272	80,395	9,313	383,862		148,195	235,667	16,390	383,862		148,195	235,667	16,390
252 Plant Purchases for 2009/2010	0			0		117,101		117,101	0	3,566	117,102		117,102	0	3,566
273 Verita Road Stage 1	674,274		219,308	454,967	15,185	888,306		214,032	674,274	20,461	888,305		214,033	674,272	20,461
270 (New) Airport Technology Park	0			0		517,026		517,026	0	10,649	515,585		517,026	0	10,649
275 Airport	7,216,307		291,750	6,924,556	201,457	7,500,000		283,693	7,216,307	209,514	7,500,000		283,693	7,216,307	209,514
Other property and services															
265 Old Works Depot	452,306		105,869	346,437	18,579	553,706		101,400	452,306	23,048	553,706		101,400	452,306	23,045
274 Olive Street Development	2,707,964		351,757	2,356,207	82,028	3,048,964		341,000	2,707,964	92,785	3,048,987		341,000	2,707,987	92,785
266 Old Railway Building	465,876		109,045	356,830	19,136	570,318		104,442	465,876	23,740	570,318		104,442	465,876	23,740
	32,827,500	10,000,000	14,745,520	28,081,981	1,023,981	38,053,726	0	5,226,225	32,827,500	1,091,617	38,052,309	0	5,226,218	32,826,092	1,091,627
Self Supporting Loans															
Recreation and culture															
82 Tarcoola Park Tennis Club SSL	0	0	0	0	0	941	0	941	0	17	941	0	941	0	17
96 Geraldton Yacht Club SSL	206,066		23,022	183,044	6,331	228,377	0	22,311	206,066	7,042	228,376	0	22,311	206,065	7,042
257 Geraldton Hockey Association	45,475	0	29,955	15,520	1,831	74,040	0	28,565	45,475	3,222	75,480	0	28,565	46,915	3,222
253 Geraldton Yacht Club SSL	0	0	0	0	0	9,838	0	9,838	0	310	9,805	0	9,805	(0)	342
251 Geraldton Hockey Association	0	0	0	0	0	8,283	0	8,283	0	127	8,282	0	8,282	0	127
	251,541	0	52,977	198,565	8,163	321,480	0	69,939	251,541	10,718	322,884	0	69,904	252,980	10,750
Loan Guarantee Fee					231,555					260,575					270,762
	33,079,042	10,000,000	14,798,496	28,280,545	1,263,699	38,375,206	0	5,296,164	33,079,042	1,362,910	38,375,193	0	5,296,122	33,079,072	1,373,139

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.

CITY OF GREATER GERALDTON
 NOTES TO AND FORMING PART OF THE BUDGET
 FOR THE YEAR ENDED 30 JUNE 2021

6. INFORMATION ON BORROWINGS

(b) New borrowings - 2020/21

Particulars/Purpose	Institution	Loan type	Term (years)	Interest rate	Amount borrowed budget	Total interest & charges	Amount used budget	Balance unspent
Loan 279	WATC	Short Term Credit Facility	1	1.3%	\$ 10,000,000	\$ 100,000	\$ 10,000,000	\$ 0
					10,000,000	100,000	10,000,000	0

(c) Unspent borrowings

Loan Details	Year loan taken	Amount b/fwd.	Amount used 2020/21 Budget	New loans unspent at 30 June 2021	Amount as at 30 June 2021
Olive Street Development	17/05/2017	\$ 274,943	\$ 274,943	\$ 0	\$ 0
Meru Landfill	2/05/2019	2,999,544	0	0	2,999,544
		3,274,487	274,943	0	2,999,544

(d) Credit Facilities

	2020/21 Budget	2019/20 Forecast	2019/20 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	28,280,545	33,079,042	33,079,072

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.

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021**

7. LEASE LIABILITIES

Purpose	Institution	Lease Interest Rate	Lease Term	Budget Lease	2020/21 Budget	2020/21 Budget Lease	2020/21 Budget Lease	Actual	2019/20 Forecast	2019/20 Actual	Actual Lease	2019/20 Actual	Budget	2019/20 Budget	2019/20 Budget Lease	Budget Lease	2019/20 Budget Lease	
				Principal	New Leases	Principal	Principal outstanding	Principal	New Leases	Principal repayments	Principal outstanding	Principal	New Leases	Principal repayments	Principal	New Leases	Principal repayments	Principal outstanding
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Governance																		
Printing Machines	Winc Printing	6.14%	5 years	186,967	0	39,719	147,248	10,374	0	215,200	28,233	186,967	9,337	0	0	0	0	0
Recreation and culture																		
Library RFID Equipment	FE Technology	4.49%	2 years	9,715	0	9,715	0	662	0	29,575	19,861	9,715	892	0	0	0	0	0
				196,682	0	49,434	147,248	11,036	0	244,775	48,094	196,682	10,229	0	0	0	0	0

SIGNIFICANT ACCOUNTING POLICIES

LEASES

At the inception of a contract, the City assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a right-of-use asset is recognised at cost and a lease liability, at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the City uses its incremental borrowing rate.

CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

8. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2020/21 Budget Opening Balance	2020/21 Budget Transfer to	2020/21 Budget Transfer (from)	2020/21 Budget Closing Balance	2019/20 Actual Opening Balance	2019/20 Forecast Transfer to	2019/20 Forecast Transfer (from)	2019/20 Forecast Closing Balance	2019/20 Budget Opening Balance	2019/20 Budget Transfer to	2019/20 Budget Transfer (from)	2019/20 Budget Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Employee Entitlements Reserve Unexpended Capital Works &	1,600,000	0	(500,000)	1,100,000	1,600,000	0	0	1,600,000	1,550,000	0	0	1,550,000
(b) Restricted Grant Reserve	5,994,201	0	(1,808,000)	4,186,201	13,375,323	0	(7,381,122)	5,994,201	7,750,916	0	(3,120,000)	4,630,916
(c) Parking Land Reserve	51,759	0	0	51,759	51,759	0	0	51,759	31,655	0	0	31,655
(d) Major Initiatives Reserve	1,031,655	2,335,000	(750,000)	2,616,655	31,655	1,000,000	0	1,031,655	36,187	1,585,000	0	1,621,187
(e) Asset Renewal Reserve	9,617,576	0	(2,000,000)	7,617,576	6,942,576	2,675,000	0	9,617,576	2,920,164	1,190,000	0	4,110,164
(f) Point Moore Reserve	68,318	34,000	0	102,318	34,318	34,000	0	68,318	42,500	34,000	0	76,500
	18,363,509	2,369,000	(5,058,000)	15,674,509	22,035,631	3,709,000	(7,381,122)	18,363,509	12,331,422	2,809,000	(3,120,000)	12,020,422

(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	Anticipated date of use	Purpose of the reserve
(a) Employee Entitlements Reserve	Ongoing	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.
(b) Unexpended Capital Works & Restricted Grant Reserve	Ongoing	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.
(c) Parking Land Reserve	Ongoing	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.
(d) Major Initiatives Reserve	Ongoing	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.
(e) Asset Renewal Reserve	Ongoing	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.
(f) Point Moore Reserve	Ongoing	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.

9. FEES & CHARGES REVENUE

	2020/21 Budget	2019/20 Forecast	2019/20 Budget
	\$	\$	\$
Governance	14,000	12,000	17,500
General purpose funding	30,000	310,500	330,000
Law, order, public safety	280,000	300,337	332,360
Health	25,000	60,000	85,600
Education and welfare	15,000	26,334	22,250
Community amenities	12,393,334	12,182,795	13,447,382
Recreation and culture	1,308,325	1,600,345	2,387,439
Transport	2,192,100	4,053,000	6,046,182
Economic services	241,233	729,500	978,757
Other property and services	870,500	1,045,378	1,027,500
	17,369,492	20,320,189	24,674,970

10. GRANT REVENUE

Grants, subsidies and contributions revenue

	2020/21 Budget	2019/20 Forecast	2019/20 Budget
	\$	\$	\$
By Program:			
(a) Operating grants, subsidies and contributions			
Governance	25,000	61,756	28,636
General purpose funding	6,226,249	6,310,052	6,215,226
Law, order, public safety	220,080	271,076	358,612
Health	0	550	550
Education and welfare	322,845	324,905	324,905
Community amenities	84,850	39,167	123,100
Recreation and culture	155,920	339,244	298,905
Transport	659,704	662,491	576,114
Economic services	6,000	128,289	89,140
Other property and services	110,000	50,172	150,000
	7,810,648	8,187,702	8,165,188
(b) Non-operating grants, subsidies and contributions			
Law, order, public safety	62,196	470,388	0
Health	470,000	0	0
Community amenities	160,000	114,000	0
Recreation and culture	530,000	1,020,559	0
Transport	6,205,237	4,022,089	5,440,282
Economic services	333,820	51,437	187,200
Other property and services	0	0	0
	7,761,253	5,678,473	5,627,482
Total	15,571,901	13,866,175	13,792,670

CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

11. REVENUE RECOGNITION

SIGNIFICANT ACCOUNTING POLICIES

Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Specified area rates	Rates charge for specific defined purpose	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	Adopted by council annually	Applied fully on timing of landing/take-off	Not applicable	On landing/departure event
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually	Apportioned equally across the access period	Returns limited to repayment of transaction price	Output method Over 12 months matched to access right
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

12. OTHER INFORMATION

The net result includes as revenues

(a) Interest earnings

	2020/21 Budget	2019/20 Forecast	2019/20 Budget
	\$	\$	\$
Investments			
- Reserve funds	150,000	294,662	275,000
- Municipal funds	150,000	1,007,558	1,082,133
Other funds	8,163	10,936	10,718
Other interest revenue (refer note 1b)	92,000	654,079	680,000
	400,163	1,967,235	2,047,851

* The City has resolved to charge interest under section 6.13 for the late payment of any amount of money at 8%.

(b) Other revenue

Other Revenue	896,513	1,656,433	1,638,150
	896,513	1,656,433	1,638,150

The net result includes as expenses

(c) Auditors remuneration

Audit services	56,000	56,000	56,000
Other services	10,000	18,935	17,000
	66,000	74,935	73,000

(d) Interest expenses (finance costs)

Borrowings (refer Note 6(a))	1,263,699	1,362,910	1,373,139
Interest expense on lease liabilities	11,036	10,229	0
	1,274,734	1,373,139	1,373,139

(e) Elected members remuneration

Meeting fees	308,592	308,592	308,592
Mayor/Deputy allowance	90,420	90,371	124,000
Councillor Training	15,000	16,529	25,000
Travelling expenses	15,500	10,987	15,500
Telecommunications allowance	45,500	45,500	45,500
	475,012	471,979	518,592

(f) Write offs

General Rates	30,000	2,763	30,000
General Debtors	50,000	5,597	10,000
	80,000	8,360	40,000

13. MAJOR LAND TRANSACTIONS

It is not anticipated any land transactions or major land transactions will occur in 2020/21.

14. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

(a) Details

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 WA Waste Avoidance & Resource Recovery Strategy 2030.

A Food Organic and Garden Organic (FOGO) kerbside collection trial involving 500 + households commenced in early March 2020. 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. It is proposed to roll out a further quantity of households during the budget year. If the trial proves successful, then it is proposed to roll-out FOGO to all households during 2021/22.

	2020/21 Budget	2019/20 Forecast
	\$	\$
Current year transactions		
Operating		
Operating revenue	4,819,358	4,959,466
Operating Expenditure	(3,890,761)	(2,988,906)
Depreciation Expense	(877,716)	(706,066)
Operating Result	50,881	1,264,494
Capital		
Capital revenue	0	114,000
Capital Expenditure	(295,000)	(1,714,675)
Capital Result	(295,000)	(1,600,675)
Total Net Trading Undertaking	(244,119)	(336,181)
Current Assets		
Receivables	96,231	73,600
Non-Current Assets		
Land	2,223,000	2,223,000
Buildings	299,547	348,911
Furniture & Equipment	224,897	228,728
Meru Infrastructure	14,024,514	14,921,049
Total Non Current Assets	16,771,958	17,721,688
Current Liabilities		
Creditors & Provisions	135,780	126,300
Borrowings	124,490	321,288
Non Current Liabilities		
Provisions	10,432,004	10,432,004
Borrowings	5,721,885	6,046,771
	16,153,889	16,478,775
Net Assets	454,030	868,925

CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

14. 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, and historically has run with operating surpluses that 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 2018/19 Geraldton Airport Upgrade Project (\$24m budget) which included the resurfacing of the 1981m long airport runway and extending it to 2400m was practically completed in June 2019 and has the airport well placed to deliver long-term economic outcomes for the community in terms of growing international tourism and facilitating new airfreight export opportunities.

Geraldton Airport in 2019/20 was serviced by QantasLink, providing Regular Public Transport (RPT) services on the Geraldton-Perth route. Virgin withdrew from RPT services in July 2019 but continues to provide Charter FIFO flights to the Pilbara for Rio Tinto. Two aircraft maintenance and service businesses are well established in airport hangars on land 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.

In early 2020 the COVID-19 pandemic crushed aviation and commerce in general around the world. In mid-March 2020, QantasLink Regular Public Transport rapidly decayed from 16 to 2 flights per week and even at that level only continued due to Federal Government funding support. Virgin Australia Regional Airlines continued to provide charter services between Geraldton and Pilbara mine sites for Rio Tinto but, due to the pandemic, reduced to five fortnightly services. Both local air charter operators suffered under the pandemic influence with one tourism focused operator losing 95% of business. Two aircraft maintenance businesses continue to operate but at a reduced level of activity.

The immediate future for the airport remains sound but will require external funding from the City for maintenance and operations. The airport is a high value asset, not just for the City but the whole mid-west community at large, and will be a significant contributor to the expected recovery from the influence of the COVID-19 pandemic.

Current year transactions	2020/21 Budget	2019/20 Forecast
	\$	\$
Operating		
Operating revenue	2,099,000	3,807,783
Operating Expenditure	(2,547,555)	(3,397,049)
Depreciation Expense	(1,466,364)	(778,851)
Operating Result	(1,914,919)	(368,117)
Capital		
Capital revenue	54,000	2,987,845
Capital Expenditure	(1,896,325)	(2,471,646)
Capital Result	(1,842,325)	516,199
Total Net Trading Undertaking	(3,757,244)	148,082
Current Assets		
Receivables	64,500	40,976
Non-Current Assets		
Land	12,826,812	12,826,812
Buildings	13,830,573	15,669,120
Furniture & Equipment	6,863	8,863
Airport Infrastructure	25,877,436	25,985,500
Total Non Current Assets	52,541,684	54,490,295
Current Liabilities		
Creditors & Provisions	65,889	45,649
Borrowings	867,788	538,976
Non Current Liabilities		
Borrowings	8,631,096	9,010,444
	9,564,773	9,595,069
Net Assets	43,041,411	44,936,202

15. 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 June 2020	Estimated amounts received	Estimated amounts paid	Estimated balance 30 June 2021
	\$	\$	\$	\$
Unclaimed Monies	10,764	100	(300)	10,564
Sundry	68,892	40,000	(60,000)	48,892
Public Open Spaces (POS)	1,551,013	0	(600,000)	951,013
	1,630,669	40,100	(660,300)	1,010,469

16. 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.

17. BUDGET RATIOS

	2020/21 Budget	2019/20 Forecast	2018/19 Actual	2017/18 Actual
Current Ratio	1.20	1.09	1.04	1.28
Debt Service Cover Ratio	3.34	3.51	5.01	4.50
Own Source revenue Coverage Ratio	82.47%	86.87%	89.19%	89.05%
Operating Surplus Ratio	-9.11%	-3.50%	0.08%	-0.25%
Asset Consumption Ratio	70.14%	71.47%	72.44%	74.12%
Asset Sustainability Ratio	59.76%	77.70%	133.57%	89.49%
Asset Renewal Funding Ratio	104.23%	103.83%	94.69%	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

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

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

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