



# City of Greater Geraldton

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2014



# City of Greater Geraldton

## General Purpose Financial Statements for the year ended 30 June 2014

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### Overview

- (i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for City of Greater Geraldton.
  - (ii) All figures presented in these financial statements are presented in Australian Currency.
  - (iii) These financial statements were authorised for issue by the Council on 31/10/14. Council has the power to amend and reissue the financial statements.
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## City of Greater Geraldton

### General Purpose Financial Statements for the year ended 30 June 2014

*Local Government Act 1995*

*Local Government (Financial Management) Regulations 1996*

### Statement by Chief Executive Officer

The attached financial report of the City of Greater Geraldton being the annual financial report and supporting notes and other information for the financial year ended 30 June 2014 are in my opinion properly drawn up to present fairly the financial position of the City of Greater Geraldton at 30 June 2014 and the results of the operations for the financial year then ended in accordance with the *Australian Accounting Standards* and comply with the provisions of the *Local Government Act 1995* and the regulations under that Act.

Signed on the 31st day of October 2014



Ken Diehm

**CHIEF EXECUTIVE OFFICER**

## City of Greater Geraldton

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

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

Note:

Accounted for under employment cost are :

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

## City of Greater Geraldton

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

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

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

## City of Greater Geraldton

Statement of Financial Position  
as at 30 June 2014

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

## City of Greater Geraldton

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

\$	Notes	Retained Surplus	Reserves Cash / Investment Backed	Asset Revaluation Reserve	Total Equity
Balance as at 1 July 2012		278,306,535	31,758,741	212,000,949	522,066,225
<b>Restated Balance</b>		<b>278,306,535</b>	<b>31,758,741</b>	<b>212,000,949</b>	<b>522,066,225</b>
Net Result		7,115,313	-	-	7,115,313
Asset Revaluation	13	-	-	73,712,471	73,712,471
Reserve Transfers	12	1,123,167	(1,123,167)	-	-
<b>Balance as at 30 June 2013</b>		<b>286,545,015</b>	<b>30,635,574</b>	<b>285,713,420</b>	<b>602,894,009</b>
Net Result		7,656,845	-	-	7,656,845
Asset Revaluation	13	-	-	215,992	215,992
Reserve Transfers	12	14,379,571	(14,379,571)	-	-
<b>Balance as at 30 June 2014</b>		<b>308,581,431</b>	<b>16,256,004</b>	<b>285,929,412</b>	<b>610,766,846</b>

## City of Greater Geraldton

## Statement of Cash Flows

for the year ended 30 June 2014

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

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

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## City of Greater Geraldton

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

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

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2014

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## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2014

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

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

##### *Estimation uncertainty*

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

##### **Restoration and rehabilitation provision**

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

##### **(a) Basis of Preparation**

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

##### **Critical Accounting Estimates**

The preparation of a financial report in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of this experience and other factors combine to form the basis of making

judgements about carrying values of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

##### **New and amended standards adopted by Council**

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

- AASB 13 Fair Value Measurement
- AASB 119 Employee Benefits

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

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

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

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

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

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

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

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

## City of Greater Geraldton

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

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

those monies appears at Note 18 to this financial report.

#### (c) Goods and Services Tax

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

#### (d) Cash and Cash Equivalents

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

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

#### (e) Trade and Other Receivables

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

#### (f) Inventories

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

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

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

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

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

#### (g) Fixed Assets

##### Initial Recognition

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition.

For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed includes the cost of all materials, direct labour and variable and fixed overheads.

##### Revaluation

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

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

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2014

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

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

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

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

#### Land under Roads

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

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

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

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

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

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

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

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

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

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

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

## City of Greater Geraldton

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

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

the asset's carrying amount is greater than its estimated recoverable amount.

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

#### (i) Financial Instruments

##### Initial Recognition and Measurement

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

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

##### Classification and Subsequent Measurement

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

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

Amortised cost is calculated as:

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

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

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

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

#### (ii) Loans and receivables

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

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

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

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2014

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

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

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

##### (v) Financial Liabilities

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

##### Impairment

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

##### (j) Fair Value Estimation

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

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

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

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

##### (k) Provisions

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

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

##### (l) Leases

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

## City of Greater Geraldton

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

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

##### (m) Impairment

In accordance with Australian Accounting Standards the Council's assets, other than inventories, are tested annually for impairment. Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with *AASB 136 Impairment of Assets* and appropriate adjustments made. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment losses are recognised in the Statement of Comprehensive Income.

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

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

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

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

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

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

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the Statement of Financial Position date. Borrowing

costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset.

##### (p) Employee Benefits

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

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

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

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

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

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

##### (q) Superannuation

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

## City of Greater Geraldton

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

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

##### (r) Joint Venture

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

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

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

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

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

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

##### (u) Rounding Off Figures

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

##### (v) Comparative Figures

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

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

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

##### (w) Budget Comparative Figures

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

##### (x) Investment Property

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

##### (y) Non-Current Assets (or Disposal Groups) "Held for Sale" & Discontinued Operations

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

## City of Greater Geraldton

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

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

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

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

Non-current assets "held for sale" are not depreciated or amortised while they are classified as "held for sale".

Non-current assets classified as "held for sale" are presented separately from the other assets in the balance sheet.

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

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

#### **(z) Intangible Assets**

Council has not classified any assets as Intangible.

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

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2014.

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

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

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

***AASB 9 Financial Instruments, associated standards, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2017)***

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

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

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

Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss although there is currently a proposal by the IASB to introduce a Fair value through Other Comprehensive Income category for debt instruments.

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

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

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

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

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

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2014

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

##### **Financial Assets** (effective for 30 June 2015 Financial Statements)

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

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

**AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards** (effective for 30 June 2015 Financial Statements for not-for-profit entities)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The amendments also introduce a "partial disposal" concept.

Council is still assessing the impact of these amendments.

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2014

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

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

They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2015.

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

None

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

##### **(ab) Comparative Figures**

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

##### **(ac) Disclaimer**

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

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2014

## Note 2. Operating Revenues and Expenses

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

## City of Greater Geraldton

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

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

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

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

#### **REPORTING PROGRAM DESCRIPTIONS**

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

#### **GOVERNANCE**

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

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

#### **GENERAL PURPOSE FUNDING**

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

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

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

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

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

#### **HEALTH**

Objective: To provide services to achieve community and environmental health

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

#### **EDUCATION AND WELFARE**

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

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

#### **HOUSING**

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

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

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2014

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

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\$

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

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

Objective: To provide services required by the community.

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

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

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

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

###### **TRANSPORT**

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

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

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

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

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

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

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

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

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2014

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

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

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

##### **REVENUE**

###### **Rates**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2014

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

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\$

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

#### EXPENDITURE

##### Employee Costs

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

##### Material and Contracts

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

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

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

##### Depreciation on Non-Current Assets

Depreciation and amortisation expense raised on all classes of assets.

##### Loss on Asset Disposal

Loss on the disposal of fixed assets.

##### Interest Expenses

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

##### Insurance

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

##### Other Expenditure

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

# City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2014

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

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

(continued on next page)

# City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2014

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

	Opening Balance <sup>1</sup>	Received <sup>2</sup>	Expended <sup>3</sup>	Closing Balance <sup>1</sup>	Received <sup>2</sup>	Expended <sup>3</sup>	Closing Balance
\$	1-Jul-12	2013	2013	30-Jun-13	2014	2014	30-Jun-14
<b>(d). Conditions Over Grants, Subsidies &amp; Contributions (continued)</b>							
<b>Grant/Subsidy/Contribution (continued)</b>							
<b>Governance</b>							
Coast care	3,697	-	-	<b>3,697</b>	-	(3,697)	-
Community Grants Round 10	144,503	77,825	(144,503)	<b>77,825</b>	-	(58,071)	<b>19,754</b>
CCTV Eye on Mullewa	25,000	-	-	<b>25,000</b>	50,000	(25,000)	<b>50,000</b>
CCTV Library Car Park I Breakers Tavern & RSL	2,126	-	(2,126)	-	-	-	-
Depot Main	-	289,078	-	<b>289,078</b>	680,000	(244,299)	<b>724,779</b>
Cultural Celebrations	-	9,000	-	<b>9,000</b>	-	(9,000)	-
Derna Parade Park (CLGF Direct)	365,378	172,000	(365,378)	<b>172,000</b>	-	(172,000)	-
Digital Enterprises	154,300	50,800	(98,087)	<b>107,013</b>	-	(107,013)	-
Digital Hubs	158,933	72,974	(154,605)	<b>77,302</b>	-	(77,302)	-
Digital Local Government	237,694	182,324	(186,594)	<b>233,424</b>	-	(233,424)	-
Digital Strategy	50,000	-	(18,039)	<b>31,961</b>	-	(31,961)	-
DLGRD- Indigenous Scholarship	10,000	-	-	<b>10,000</b>	-	(10,000)	-
Donor Awareness Fountain	50,000	-	(50,000)	-	-	-	-
Downhill Youth Project	6,000	-	(6,000)	-	-	-	-
Drainage- 22-24 Crowtheron St	2,591	-	-	<b>2,591</b>	-	(2,591)	-
Drainage- 39 Trigg St	682	-	-	<b>682</b>	-	(682)	-
Drainage- 458 Chapman Rd	600	-	-	<b>600</b>	-	(600)	-
Drainage- Cathedral/ Lester Ave	1,548	-	-	<b>1,548</b>	-	(1,548)	-
Drainage- Chapman Road (Retravision)	1,650	-	(1,650)	-	-	-	-

(continued on next page)

# City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2014

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

	Opening Balance <sup>1</sup> 1-Jul-12	Received <sup>2</sup> 2013	Expended <sup>3</sup> 2013	Closing Balance <sup>1</sup> 30-Jun-13	Received <sup>2</sup> 2014	Expended <sup>3</sup> 2014	Closing Balance 30-Jun-14
\$							
<b>(d). Conditions Over Grants, Subsidies &amp; Contributions (continued)</b>							
<b>Grant/Subsidy/Contribution (continued)</b>							
<b>Governance</b>							
Drainage - Harvey Norman	6,200	-	-	<b>6,200</b>	-	(6,200)	-
Drainage - McAleer Dr Carwash	1,600	-	-	<b>1,600</b>	-	(1,600)	-
Drainage- L8 Anderson I Beaver (Kalazich)	16,268	-	-	<b>16,268</b>	-	(16,268)	-
Drainage- L 11,12 Hosken St (Bovell)	825	-	-	<b>825</b>	-	(825)	-
Drainage- L20 Sanford/Durlacher St	1,700	-	(1,700)	-	-	-	-
Drainage- L23 (26) Crowtherston St	1,455	-	-	<b>1,455</b>	-	(1,455)	-
Drainage- L 100 (2) Nemesis PI	1,650	-	-	<b>1,650</b>	-	(1,650)	-
Drainage -Waggy's Petrol Station Wonthella	1,800	-	-	<b>1,800</b>	-	(1,800)	-
Drummon Cove Toilets - External Showers and Access Path	-	15,000	-	<b>15,000</b>	-	-	<b>15,000</b>
Dual Use Pathwas- Bikewest (Champion Bay)	7,000	-	-	<b>7,000</b>	-	-	<b>7,000</b>
Eadon Clarke Sporting Complex Redevelopment	348,141	-	(348,141)	-	-	-	-
Eadon Clarke Sanitation Dump Point	-	50,000	-	<b>50,000</b>	-	(50,000)	-
Eastern Breakwater	2,352,290	665,000	-	<b>3,017,290</b>	-	(2,737,290)	<b>280,000</b>
Ellendale Pool Honesty Box	13,094	6,636	-	<b>19,730</b>	-	-	<b>19,730</b>
Family Day Care- Mainstream Surplus	14,825	-	(14,825)	-	-	-	-
Family Day Care- In Home Care CCB	7,430	-	(7,430)	-	-	-	-
Family Day Care- In Home Care Grant	48	-	(48)	-	-	-	-
Fleet Replacement	593,000	-	(100,000)	<b>493,000</b>	-	(293,000)	<b>200,000</b>
Flores Rd Intersection (CLGF Direct 2010-11)	41,760	-	(41,760)	-	-	-	-

(continued on next page)

# City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2014

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

	Opening Balance <sup>1</sup>	Received <sup>2</sup>	Expended <sup>3</sup>	Closing Balance <sup>1</sup>	Received <sup>2</sup>	Expended <sup>3</sup>	Closing Balance
\$	1-Jul-12	2013	2013	30-Jun-13	2014	2014	30-Jun-14

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

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

##### Governance

Flores Rd Intersection (Royalties for Regions)	2,815,400	-	(2,815,400)	-	-	-	-
Foreshore Toilets (Northern)	64,286	-	(64,286)	-	-	-	-
Fresnal Lens Project	15,000	-	-	<b>15,000</b>	-	(15,000)	-
Future Work- 42 Brede St Footpath (Lefroy/Watkins)	500	-	(500)	-	-	-	-
Future Work- Bluff Point Estate	4,911	-	-	<b>4,911</b>	-	(4,911)	-
Future Work- Brand Highway Landscaping	5,000	-	-	<b>5,000</b>	-	(5,000)	-
Future Work- Kempton St (Landscape Pump Station)	800	-	(800)	-	-	-	-
Future Work- Northcoast (Beaver St Concrete)	150	-	(150)	-	-	-	-
Future Work- Northcoast (Gertrude St Sealing)	650	-	(650)	-	-	-	-
Future Work- Sunset Beach Infill Sewer Program (Reserve 19556)	909	-	(909)	-	-	-	-
Future Work- Truline (Infill Sewer Pavement)	250	-	(250)	-	-	-	-
Geraldton Bicycle User Group	4,515	-	-	<b>4,515</b>	-	(4,515)	-
Geraldton City Band	-	-	-	-	-	-	-
Go Gero Project	302,266	-	(302,266)	-	-	-	-
Greater Geraldton Themed Interpreted Walk Trail	8,447	-	(8,447)	-	-	-	-
Greys Beach Coastwise 98/99 surplus	5,489	-	(5,489)	-	-	-	-
Harmony Dinner Ticket Sales	3,003	-	(3,003)	-	-	-	-
HMAS Memorial	9,204	-	-	<b>9,204</b>	-	-	<b>9,204</b>
IT LAN/WAN Equipment	-	85,584	-	<b>85,584</b>	34,416	-	<b>120,000</b>

(continued on next page)

# City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2014

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

	Opening Balance <sup>1</sup>	Received <sup>2</sup>	Expended <sup>3</sup>	Closing Balance <sup>1</sup>	Received <sup>2</sup>	Expended <sup>3</sup>	Closing Balance
\$	1-Jul-12	2013	2013	30-Jun-13	2014	2014	30-Jun-14

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

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

##### Governance

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

(continued on next page)

# City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2014

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

	Opening Balance <sup>1</sup> 1-Jul-12	Received <sup>2</sup> 2013	Expended <sup>3</sup> 2013	Closing Balance <sup>1</sup> 30-Jun-13	Received <sup>2</sup> 2014	Expended <sup>3</sup> 2014	Closing Balance 30-Jun-14
\$							
<b>(d). Conditions Over Grants, Subsidies &amp; Contributions (continued)</b>							
<b>Grant/Subsidy/Contribution (continued)</b>							
<b>Governance</b>							
Mullewa Community Trust	-	16,754	-	<b>16,754</b>	-	(6,251)	<b>10,503</b>
Mullewa Dept LGRD (Indigenous Business Plan)	30,000	-	-	<b>30,000</b>	-	-	<b>30,000</b>
Mullewa Dept LGRD (Scholarship Grant)	10,000	-	-	<b>10,000</b>	-	-	<b>10,000</b>
Mullewa Ins Partner Funding MW Youth Centre Support Program	20,000	-	(20,000)	-	-	-	-
Mullewa MWDC - Men's Shed	3,591	-	(3,591)	-	-	-	-
Mullewa Sewerage System (CLGF Direct 2011-12)	130,000	-	-	<b>130,000</b>	-	-	<b>130,000</b>
Mullewa Sewer System - Brookfield Rail	-	49,450	-	<b>49,450</b>	-	-	<b>49,450</b>
Mullewa Town Revitalisation (CLGF Direct 2011-12)	187,926	88,326	(175,819)	<b>100,433</b>	-	(70,433)	<b>30,000</b>
New Animal Facility Design	-	-	-	-	50,000	-	<b>50,000</b>
Old Railway Building	-	-	-	-	1,090,316	-	<b>1,090,316</b>
Olympic Torch Relay	2,821	-	-	<b>2,821</b>	-	-	<b>2,821</b>
Osprey Nesting Site for Point Moore	413	-	-	<b>413</b>	-	(413)	-
Pathways Construction	70,000	-	-	<b>70,000</b>	-	(70,000)	-
Pollinators	8,600	-	(8,600)	-	-	-	-
Port Authority Eastern Breakwater	2,693	-	(2,693)	-	-	-	-
QEII - Enclose Walkway	-	30,000	-	<b>30,000</b>	-	-	<b>30,000</b>
QPT - Dance Scholarship	485	-	(485)	-	-	-	-
Railway Carriage Shed	-	-	-	-	16,500	-	<b>16,500</b>
Randolf Stow Young Writers Awards	1,300	-	(1,300)	-	1,625	-	<b>1,625</b>

(continued on next page)

# City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2014

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

	Opening Balance <sup>1</sup> 1-Jul-12	Received <sup>2</sup> 2013	Expended <sup>3</sup> 2013	Closing Balance <sup>1</sup> 30-Jun-13	Received <sup>2</sup> 2014	Expended <sup>3</sup> 2014	Closing Balance 30-Jun-14
\$							
<b>(d). Conditions Over Grants, Subsidies &amp; Contributions (continued)</b>							
<b>Grant/Subsidy/Contribution (continued)</b>							
<b>Governance</b>							
Roads to Recovery	147,614	-	(147,614)	-	-	-	-
Roadwise Safe Routes To Schools - Bike Map	367	-	-	<b>367</b>	-	-	<b>367</b>
Roadwise Safe Routes To Schools- Surplus	689	-	-	<b>689</b>	-	-	<b>689</b>
Recurrent Triennial Grants	-	68,280	-	<b>68,280</b>	-	(68,280)	-
Removal of WONS	4,348	-	(4,348)	-	-	-	-
Reticulation Works Loan	55,287	-	-	<b>55,287</b>	-	(55,287)	-
SAA Fundraising	3,402	-	-	<b>3,402</b>	-	(3,402)	-
Skate Park Retention Fee	2,150	-	-	<b>2,150</b>	-	(2,150)	-
South Tomi Project	-	-	-	-	8,000	-	<b>8,000</b>
Street Lighting (Refund from Western Power)	972	-	(972)	-	-	-	-
Sumfun	-	-	-	-	4,460	-	<b>4,460</b>
Sustainable Future City (2029 Beyond Project)	189,821	-	(100,000)	<b>89,821</b>	-	(89,821)	-
Telecommunications	-	41,734	-	<b>41,734</b>	-	(41,734)	-
Transport Model	291,580	-	(76,580)	<b>215,000</b>	-	(215,000)	-
Travel Smart Maps	6,000	-	(6,000)	-	-	-	-
Tea Club	6,149	2,065	-	<b>8,214</b>	-	(8,214)	-
Town Foreshore Water Park - Treatment System and Water Traps	-	134,000	-	<b>134,000</b>	-	(134,000)	-
Town Planning Foreshore Stabilisation	1,789	-	(1,789)	-	-	-	-
Towns Football Club Sewer Connection	32,000	-	(32,000)	-	-	-	-

(continued on next page)

# City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2014

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

	Opening Balance <sup>1</sup>	Received <sup>2</sup>	Expended <sup>3</sup>	Closing Balance <sup>1</sup>	Received <sup>2</sup>	Expended <sup>3</sup>	Closing Balance
\$	1-Jul-12	2013	2013	30-Jun-13	2014	2014	30-Jun-14

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

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

##### Governance

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

##### Notes:

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

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2014

## Note 3. Cash and Cash Equivalents

\$	Notes	2014 Actual	2013 Actual
Cash - Unrestricted		1,725,010	1,077,316
Cash - Restricted		16,256,003	30,909,487
<b>Total Cash and Cash Equivalents</b>	14(a)	<u><u>17,981,013</u></u>	<u><u>31,986,803</u></u>
<b>The following restrictions have been imposed by regulations or other externally imposed requirements:</b>			
Airport Reserve	12	-	2,568,500
Asset Development (Capital Works Program) Reserve	12	-	2,857,355
Asset Renewal Fund Reserve	12	-	272,215
Effluent Scheme Reserve	12	-	58,019
Employee Leave Entitlements Reserve	12	-	291,946
Family Day Care Reserve	12	-	8,630
Meat Inspection Reserve	12	-	45,964
Meru Waste Disposal Site Reserve	12	-	2,685,000
Meru Waste Rehabilitation Reserve	12	-	420,789
Mullewa Community Reserve	12	556,390	516,641
Mullewa Reseal Reserve	12	1,891,285	1,691,285
Mullewa Medical Centre Reserve	12	-	68,006
Parking Land Reserve	12	381,700	381,966
Plant Replacement Reserve	12	-	145,695
Risk Management Reserve	12	-	457,227
Rubbish Tip (Flores Rd) Reserve	12	-	641,844
Strategic Initiatives Reserve	12	-	43,480
Unexpended Capital Works & Restricted	12	<u>13,426,629</u>	<u>17,481,012</u>
<b>Total Reserves</b>		<u><b>16,256,003</b></u>	<u><b>30,635,574</b></u>
Other Restricted Cash		-	824,843
Restricted Cash represented by Investments		-	(550,930)
<b>Other Restrictions</b>		<u>-</u>	<u>273,913</u>
<b>Total Restricted Cash</b>		<u><b>16,256,003</b></u>	<u><b>30,909,487</b></u>

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2014

## Note 4. Investments

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

## Note 5. Trade &amp; Other Receivables

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

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2014

## Note 6. Inventories

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

## Note 7a. Property, Plant and Equipment

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

# City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2014

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

#### Movements in Carrying Amounts

\$	Notes	Land	Buildings	Furniture and Equipment	Plant and Equipment	Artwork	Total
		Fair Value	Fair Value	Fair Value	Fair Value	Cost	
Balance as at 1 July 2013		58,428,649	85,696,213	978,689	11,970,308	880,537	157,954,396
Additions							
- Renewal		-	3,688,608	40,663	2,681,842	-	6,411,112
- New/Upgrade		1,185,450	3,917,471	324,242	-	1,818	5,428,980
Disposals		-	(33,700)	(1,044,873)	(770,199)	-	(1,848,772)
Depreciation	2(a)	-	(2,527,035)	(330,669)	(2,303,173)	-	(5,160,877)
Other Movements		(2,909,979)	-	(1,091)	-	-	(2,911,070)
Depreciation Eliminated on Disposal		-	9,205	998,492	269,133	-	1,276,830
<b>Property, Plant &amp; Equipment at 30 June 2014</b>		<b>56,704,119</b>	<b>90,750,761</b>	<b>965,453</b>	<b>11,847,911</b>	<b>882,355</b>	<b>161,150,599</b>
Balance as at 1 July 2012		58,428,025	81,491,113	1,010,000	10,965,342	862,236	152,756,716
Additions							
- Renewal		-	6,084,527	26,180	27,269	-	6,137,976
- New		624	695,244	182,199	2,054,598	18,300	2,950,965
Disposals		-	(290,892)	(1,631)	(1,548,482)	-	(1,841,005)
Revaluation - Increments	13	-	-	-	1,480,038	-	1,480,038
Depreciation	2(a)	-	(2,304,686)	(239,690)	(2,470,563)	-	(5,014,939)
Other Movements		-	-	-	481,322	-	481,322
Depreciation Eliminated on Disposal		-	20,907	1,631	980,785	-	1,003,323
<b>Property, Plant &amp; Equipment at 30 June 2013</b>		<b>58,428,649</b>	<b>85,696,213</b>	<b>978,689</b>	<b>11,970,309</b>	<b>880,536</b>	<b>157,954,396</b>

## City of Greater Geraldton

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

## Note 8a. Infrastructure

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

# City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2014

### Note 8b. Infrastructure (continued)

#### Movements in Carrying Amounts

\$	Notes	Roads	Recreation	Car Parks	Meru Landfill	Airport	Effluent Scheme	Total
		Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
Balance as at 1 July 2013		385,441,046	27,199,752	3,100,764	9,945,076	15,362,338	185,864	441,234,840
Additions								
- Renewal		6,658,088	526,694	2,049	6,570	46,564	-	7,239,966
- New/Upgrade		11,352,095	3,423,740	144,550	2,576,923	1,893,603	11,822	19,402,733
Revaluation - Increments	13	-	-	-	215,992	-	-	215,992
Depreciation (Expense)	2(a)	(11,056,694)	(701,154)	(234,841)	(101,879)	(358,004)	(6,522)	(12,459,093)
<b>Infrastructure at 30 June 2014</b>		<b>392,394,536</b>	<b>30,449,032</b>	<b>3,012,522</b>	<b>12,642,680</b>	<b>16,944,501</b>	<b>191,165</b>	<b>455,634,436</b>
Balance as at 1 July 2012		311,512,704	22,559,882	2,991,898	1,545,187	13,516,952	126,979	352,253,602
Additions								
- Renewal		7,949,366	2,944,946	329,617	360,958	1,207,541	63,601	12,856,029
- New		6,135,264	2,272,889	-	-	931,972	-	9,340,125
Revaluation - Increments	13	71,629,850	835,202	-	-	50	-	72,465,102
Revaluation - (Decrements)	13	-	-	-	(232,669)	-	-	(232,669)
Impairment - (Losses)		-	(835,202)	-	(394,635)	-	-	(1,229,837)
Depreciation (Expense)	2(a)	(11,786,138)	(577,965)	(220,751)	(84,415)	(294,177)	(4,716)	(12,968,162)
Other Movements		-	-	-	8,750,649	-	-	8,750,649
<b>Infrastructure at 30 June 2013</b>		<b>385,441,046</b>	<b>27,199,752</b>	<b>3,100,764</b>	<b>9,945,076</b>	<b>15,362,338</b>	<b>185,864</b>	<b>441,234,840</b>

## City of Greater Geraldton

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

#### Note 9. Trade and Other Payables

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

#### Note 10. Borrowings

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

Additional detail on borrowings is provided in Note 23.

#### Note 11. Provisions

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

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2014

## Note 12. Reserves - Cash/Investment Backed

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

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2014

## Note 12. Reserves - Cash/Investment Backed

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

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2014

## Note 12. Reserves - Cash/Investment Backed

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

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2014

## Note 12. Reserves - Cash/Investment Backed

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

## City of Greater Geraldton

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

#### Note 12. Reserves - Cash/Investment Backed

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

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

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

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

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

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

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

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

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

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

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

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2014

## Note 13. Reserves - Asset Revaluation

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

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2014

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

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

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2014

#### Note 15. Contingent Liabilities

\$

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

#### Note 16. Capital and Leasing Commitments

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

#### (b). Capital Expenditure Commitments

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

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

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

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

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2014

## Note 18. Trust Funds

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

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

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

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2014

## Note 20. Acquisition of Assets

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

## City of Greater Geraldton

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

## Note 21. Disposal of Assets

\$	Net Book Value		Sale Price		Profit/(Loss)	
	Actual	Budget	Actual	Budget	Actual	Budget
The following assets were disposed of during the year.						
<i>Land Held Resale</i>	(229,425)	-	255,000	-	25,575	-
<i>Property, Plant &amp; Equipment</i>						
Land	-	(3,000,500)	-	3,224,000	-	223,500
Buildings	(24,495)	-	-	-	(24,495)	-
Furniture and Equipment	(46,381)	-	46,381	-	-	-
Plant and Equipment	(501,066)	(515,413)	448,732	661,000	(52,334)	145,587
<b>Total</b>	<b>(801,367)</b>	<b>(3,515,913)</b>	<b>750,113</b>	<b>3,885,000</b>	<b>(51,254)</b>	<b>369,087</b>

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

# City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2014

### Note 22. Financial Ratios

\$	Amounts 2014	Indicator 2014	Target	Prior Periods 2013    2012	
<i>Liquidity Ratio</i>					
<b>1. Current Ratio</b> <sup>(1)</sup>					
Current Assets less Restricted Current Assets	7,309,251	<b>0.56 : 1</b>	> 1.00 : 1	0.54	0.40
Current Liabilities less Liabilities Associated with Restricted Assets	13,148,335				
<i>Debt Ratio</i>					
<b>2. Debt Service Cover Ratio</b> <sup>(2)</sup>					
Operating Surplus before Interest and Depreciation Exp	11,861,423	<b>3.34 : 1</b>	> 2.00 : 1	4.27	4.19
Principal and Interest Repayments	3,550,001				
<i>Coverage Ratio</i>					
<b>3. Own Source Revenue Coverage Ratio</b> <sup>(3)</sup>					
Own Source Operating Revenue	58,252,720	<b>79.46%</b>	> 40%	77.99%	75.40%
Operating Expense	73,309,755				
<i>Financial Performance Ratio</i>					
<b>4. Operating Surplus Ratio</b> <sup>(4)</sup>					
Operating Revenue less Operating Expense	(6,495,761)	<b>-11.15%</b>	> 1%	-4.97%	-4.78%
Own Source Operating Revenue	58,252,720				
<i>Asset Management Ratios</i>					
<b>5. Asset Consumption Ratio</b> <sup>(5)</sup>					
Depreciated Replacement Cost of Depreciable Assets	847,873,746	<b>70.07%</b>	> 50%	70.79%	n/a
Current Replacement Cost of Depreciable Assets	1,210,088,358				
<b>6. Asset Sustainability Ratio</b> <sup>(6)</sup>					
Capital Renewal and Replacement Expenditure	13,651,078	<b>77.48%</b>	90-110%	57.19%	n/a
Depreciation Expense	17,619,970				
<b>7. Asset Renewal Funding Ratio</b> <sup>(7)</sup>					
NPV of Planned Capital Renewals over 10 years	133,565,621	<b>82.87%</b>	75-95%	77.93%	n/a
NPV of Required Capital Expenditure over 10 years	161,178,065				

#### Notes

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

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

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

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

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

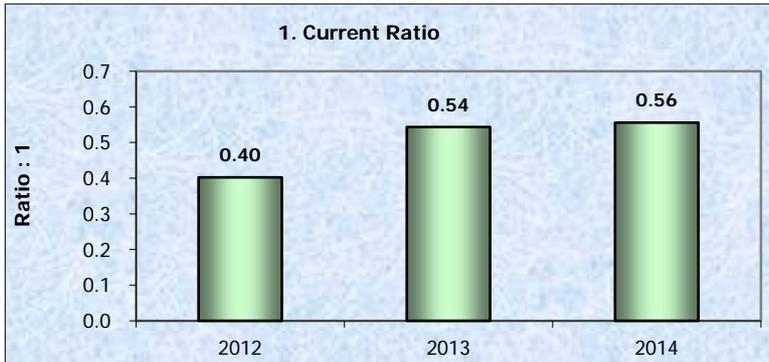
(6) This ratio indicates whether Council is replacing or renewing existing non-financial assets at the same rate that its overall asset stock is wearing out.

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

City of Greater Geraldton

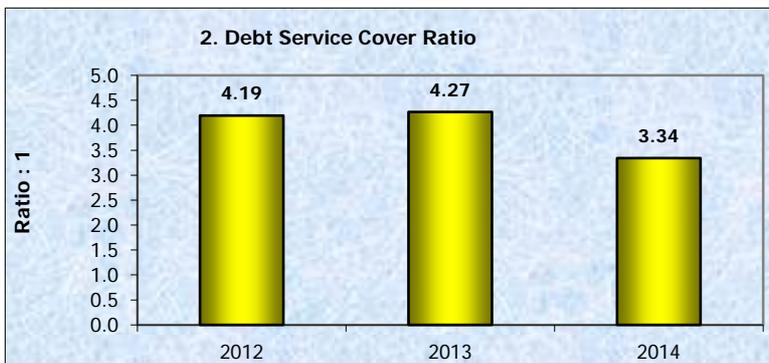
Notes to the Financial Statements  
for the year ended 30 June 2014

Note 22. Financial Ratios (continued)



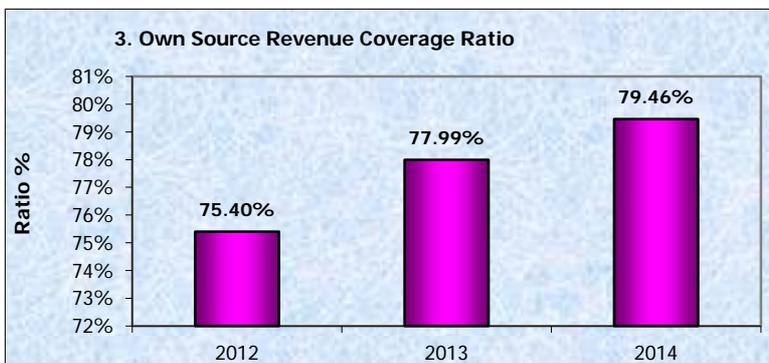
**Purpose of Current Ratio**

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



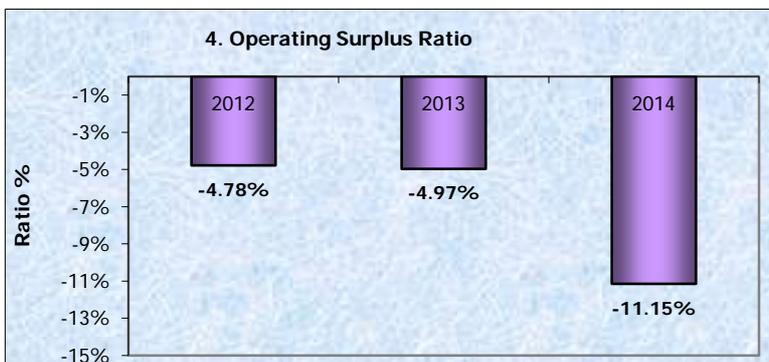
**Purpose of Debt Service Cover Ratio**

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



**Purpose of Own Source Revenue Coverage Ratio**

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



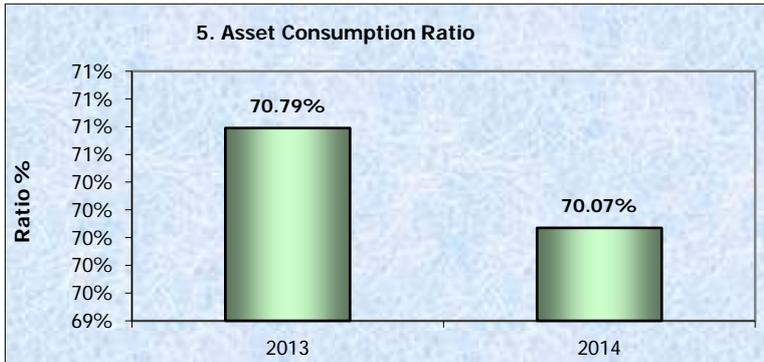
**Purpose of Operating Surplus Ratio**

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

City of Greater Geraldton

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

Note 22. Financial Ratios (continued)



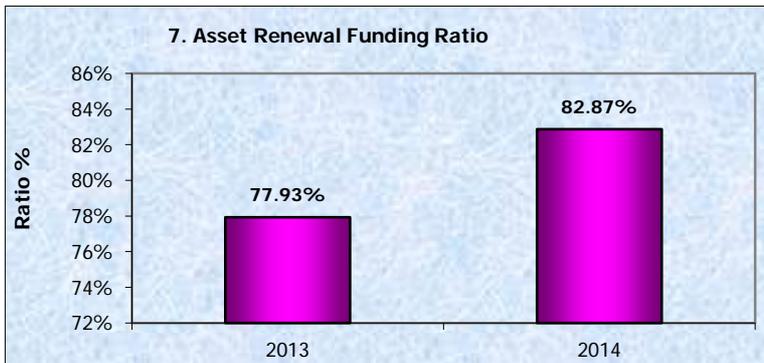
**Purpose of Asset Consumption Ratio**

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



**Purpose of Asset Sustainability Ratio**

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



**Purpose of Asset Renewal Funding Ratio**

To assess the ability of Council to fund its projected asset renewal / replacements in the future.

# City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2014

### Note 23. Information on Borrowings

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

(continued on next page)

# City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2014

### Note 23. Information on Borrowings

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

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

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

2 WATC = WA Treasury Corporation

#### Security

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

# City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2014

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

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

### (c). Overdraft

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

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

# City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2014

### Note 24(a). Rating Information (2013/14 Financial Year)

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

Note:

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

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2014

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

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

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

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2014

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

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

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

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

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

\$

##### (a) Discounts

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

##### (b) Incentives

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

Ten other prizes are also available to ratepayers:

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

None of these prizes involved any cost to Council.

## City of Greater Geraldton

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

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

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

#### (d). Waivers

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

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

#### (e). Concessions

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

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

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

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

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

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

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

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2014

#### Note 29. Fees & Charges

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

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

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

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

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2014

#### Note 31. Employee Numbers

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

#### Note 32. Councillor Remuneration

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

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

#### Note 33. Employee Costs

\$	Salary Range	2014 Actual	2013 Actual
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##### Employee Remuneration

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

##### Details

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

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2014

#### Note 34. Major Land Transactions

\$

##### Drummond Cove Free holding of Land

###### (a). Details

Via public auction, the sale of land in the Drummond Cove Estate was concluded in 2009-10. West side leaseholders will continue to pay the principal on their properties by yearly instalments as part of a contractual agreement until 2016.

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

\$

	2014/15	2015/16	2016/17	Total
--	---------	---------	---------	-------

###### (b). Expected Future Cash Flows

###### Cash Inflows

Loan Borrowings	10,616	37,629	-	48,245
<b>Net Cash Flows</b>	<b>10,616</b>	<b>37,629</b>	<b>-</b>	<b>48,245</b>

##### Geraldton Airport Technology Park

###### (a). Details

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

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

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

\$

	2014 Actual	2013 Actual
--	----------------	----------------

###### (b). Current Year Transactions

###### Operating Income

Proceeds from Sale of Land	255,000	-
Grant Income	2,755,200	-
	<b>3,010,200</b>	<b>-</b>

###### Operating Expense

Development Expenses	(5,405,782)	-
	<b>(5,405,782)</b>	<b>-</b>
<b>Total</b>	<b>(2,395,582)</b>	<b>-</b>

###### Capital Income

New Borrowings	2,700,000	-
<b>Total</b>	<b>2,700,000</b>	<b>-</b>

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

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2014

## Note 34. Major Land Transactions (continued)

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

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

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

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

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

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

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

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2014

#### Note 34. Major Land Transactions (continued)

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

#### Airport

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

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

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

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

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

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

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

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

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

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2014

#### Note 34. Major Land Transactions (continued)

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\$

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##### **Meru Landfill Facility**

The Meru Landfill Facility is run as a business unit of the City of Greater Geraldton and generated operating income of approximately \$3.15M in 2013-14. During 2013-14, capital outlays on the Meru Infrastructure (including Buildings) amounted to \$4.98M.

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

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

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

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2014

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

\$

Council had no trading or major trading undertakings.

#### Note 36. Financial Risk Management

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

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

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

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

The Town held the following financial instruments at balance date.

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

Fair Value is determined as follows:

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

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2014

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

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

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

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

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

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

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

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

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

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

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

#### Notes:

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

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2014

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

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##### (b). Receivables

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

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

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

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

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

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

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

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

	30-Jun-14	30-Jun-13
	%	%
<b>Percentage of Rates and Annual Charges</b>		
Current	95.44%	99.18%
Overdue	4.56%	0.82%
<b>Percentage of Other Receivables</b>		
Current	57.18%	61.60%
Overdue	42.82%	38.40%

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2014

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

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

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

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

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

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

\$	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
<b>2014</b>					
Payables	3,616,999	-	-	3,616,999	3,616,999
Borrowings	4,816,986	8,465,118	6,993,297	20,275,401	20,275,401
	<b>8,433,984</b>	<b>8,465,118</b>	<b>6,993,297</b>	<b>23,892,399</b>	<b>23,892,399</b>
<b>2013</b>					
Payables	7,383,354	-	-	7,383,354	7,383,354
Borrowings	2,812,787	8,225,675	4,069,726	15,108,188	15,108,188
	<b>10,196,141</b>	<b>8,225,675</b>	<b>4,069,726</b>	<b>22,491,542</b>	<b>22,491,542</b>

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

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

	30-Jun-14		30-Jun-13	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Bank Loans - Fixed	4.66%	20,275,401	4.90%	15,108,188
		<u>20,275,401</u>		<u>15,108,188</u>

##### Notes:

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

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2014

#### Note 37. Fair Value Measurements

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

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

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

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

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

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

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

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

#### **Financial Assets**

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

#### **Property, Plant & Equipment**

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

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

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

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

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

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2014

#### Note 37. Fair Value Measurements (continued)

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##### Infrastructure

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

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

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

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

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

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## City of Greater Geraldton

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

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

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

#### Note 39. Investment Properties

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

#### Note 40. Intangible Assets

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

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

#### Note 41. Equity - Retained Earnings and Reserves Adjustments

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

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

##### (b). Voluntary Changes in Accounting Policies

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

#### Note 42. Discontinued Operations

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

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2014

#### Note 43. Events occurring after the Reporting Period

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

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

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

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

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

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

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

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

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

## City of Greater Geraldton

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

#### Note 44. Council Information & Contact Details

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##### **Principal Place of Business:**

63 Cathedral Avenue  
Geraldton WA 6530

##### **Contact Details**

###### **Mailing Address:**

63 Cathedral Avenue  
Geraldton WA 6530

###### **Opening Hours:**

Monday - Friday  
8.30am to 5.00pm

**Telephone:** 08 9956 6600

**Facsimile:** 08 9956 6674

**Internet:** [www.cgg.wa.gov.au](http://www.cgg.wa.gov.au)

**Email:** [council@cgg.wa.gov.au](mailto:council@cgg.wa.gov.au)

##### **Officers**

###### **CHIEF EXECUTIVE OFFICER**

Ken Diehm

##### **Elected Members**

###### **MAYOR**

Ian Carpenter

##### **AUDITORS**

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

###### **COUNCILLORS**

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

##### **Other Information**

**ABN:** 55 907 677 173

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West Perth WA 6005

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W [www.grantthornton.com.au](http://www.grantthornton.com.au)

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

We have audited the accompanying financial report of City of Greater Geraldton (the “City”), which comprises the statement of financial position as at 30 June 2014, and the statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes to the financial report and the Chief Executive Officer’s statement.

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

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

### **Auditor’s responsibility**

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

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

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In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report.

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

### **Independence**

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

### **Auditor's Opinion**

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

- (i) presents fairly the City of Greater Geraldton's financial position as at 30 June 2014 and of its performance for the financial year ended 30 June 2014, and
- (ii) complies with Australian Accounting Standards (including the Australian Accounting Interpretations),
- (iii) are prepared in accordance with the requirements of the Local Government Act 1995 Part 6 (as amended) and Regulations under that Act.

### **Statutory Compliance**

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



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



P W Warr  
Partner - Audit & Assurance

Perth, 31 October 2014