

City of Geraldton-Greenough

Financial Report

for the year ended

30th June 2011



**CITY OF GERALDTON-GREENOUGH
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011**

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CITY OF GERALDTON-GREENOUGH
STATEMENT BY CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED 30TH JUNE 2011

LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

The attached financial report of the City of Geraldton-Greenough being the annual financial report and supporting notes and other information for the financial year ended 30 June 2011 are in my opinion properly drawn up to present fairly the financial position of the City of Geraldton-Greenough at 30 June 2011 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 2 December 2011



Anthony Brun
Chief Executive Officer

CITY OF GERALDTON-GREENOUGH
STATEMENT OF COMPREHENSIVE INCOME BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2011

	NOTE	2011 \$	2011 Budget \$	2010 \$
REVENUE				
Rates	23	24,993,945	24,966,712	22,589,540
Operating Grants, Subsidies and Contributions	29	11,613,295	7,993,777	8,489,159
Fees and Charges	28	15,136,832	15,190,346	14,356,835
Interest Earnings	2(a)	1,582,372	1,322,427	1,370,399
Other Revenue		412,163	522,695	1,459,882
		<u>53,738,607</u>	<u>49,995,957</u>	<u>48,265,815</u>
EXPENSES				
Employee Costs		(21,637,006)	(21,067,469)	(21,149,274)
Materials and Contracts		(15,270,444)	(22,595,990)	(14,082,352)
Utility Charges		(2,170,283)	(2,059,595)	(1,965,228)
Depreciation on Non-Current Assets	2(a)	(10,342,271)	(9,647,885)	(11,590,731)
Interest Expenses	2(a)	(647,836)	(821,115)	(532,780)
Insurance Expenses		(623,613)	(633,879)	(577,001)
Other Expenditure		(1,841,760)	(3,991,377)	(1,693,710)
		<u>(52,533,212)</u>	<u>(60,817,310)</u>	<u>(51,591,076)</u>
		1,205,395	(10,821,353)	(3,325,261)
Non-Operating Grants, Subsidies and Contributions	29	5,912,249	9,280,541	3,750,734
Fair value adjustments to financial assets at fair value through profit or loss	2(a)	0	0	0
Profit on Asset Disposals	21	166,526	4,476,579	3,905,850
Other Adjustment				
Loss on Asset Disposal	21	(382,206)	(130,966)	(231,319)
		<u>6,901,964</u>	<u>2,804,801</u>	<u>4,100,004</u>
NET RESULT				
Other Comprehensive Income				
Revaluation Increment		8,969,495	0	45,348,926
		<u>8,969,495</u>	<u>0</u>	<u>45,348,926</u>
Total Other Comprehensive Income		<u>8,969,495</u>	<u>0</u>	<u>45,348,926</u>
TOTAL COMPREHENSIVE INCOME		<u><u>15,871,459</u></u>	<u><u>2,804,801</u></u>	<u><u>49,448,930</u></u>

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

CITY OF GERALDTON-GREENOUGH
STATEMENT OF COMPREHENSIVE INCOME BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2011

	NOTE	2011 \$	2011 Budget \$	2010 \$
REVENUE				
Governance		3,866,660	1,930,600	408,519
General Purpose Funding		31,007,725	29,820,525	27,865,492
Law, Order, Public Safety		438,304	282,211	301,455
Health		263,930	265,066	283,297
Education and Welfare		1,316,303	1,410,365	1,166,119
Community Amenities		7,151,894	6,576,180	6,717,787
Recreation and Culture		2,220,618	2,081,435	2,584,598
Transport		4,340,910	4,194,368	5,085,013
Economic Services		1,937,372	2,966,087	2,790,019
Other Property and Services		1,194,890	469,120	1,063,513
	2 (a)	<u>53,738,607</u>	<u>49,995,957</u>	<u>48,265,812</u>
EXPENSES EXCLUDING FINANCE COSTS				
Governance		(3,408,412)	(2,967,749)	(445,050)
General Purpose Funding		(521,258)	(582,545)	(580,189)
Law, Order, Public Safety		(1,366,808)	(1,321,396)	(1,611,841)
Health		(921,265)	(1,029,846)	(981,716)
Education and Welfare		(1,559,105)	(1,625,717)	(1,523,868)
Community Amenities		(8,054,169)	(9,705,069)	(9,549,782)
Recreation & Culture		(13,093,499)	(13,221,239)	(11,864,487)
Transport		(16,415,041)	(16,548,308)	(16,906,722)
Economic Services		(3,211,600)	(3,901,097)	(4,380,367)
Other Property and Services		(3,334,212)	(9,093,229)	(3,214,273)
	2 (a)	<u>(51,885,369)</u>	<u>(59,996,195)</u>	<u>(51,058,295)</u>
FINANCE COSTS				
General Purpose Funding		(4,445)	(5,000)	(19,460)
Governance		0	(51,640)	(1,117)
Recreation & Culture		(104,056)	(115,202)	(115,552)
Transport		(533,900)	(570,010)	(376,708)
Economic Services		(5,434)	(5,573)	(6,088)
Other Property and Services		0	(73,690)	(13,853)
	2 (a)	<u>(647,836)</u>	<u>(821,115)</u>	<u>(532,778)</u>
Grants Contributions - Land Development		5,912,249	9,280,541	3,750,734
Profit/Loss on Asset Disposal		(215,680)	4,345,613	3,674,531
NET RESULT		<u>6,901,971</u>	<u>2,804,801</u>	<u>4,100,004</u>
Other Comprehensive Income				
Other Adjustment				
Revaluation Increment		8,969,495	0	45,348,926
Total Other Comprehensive Income		<u>8,969,495</u>	<u>0</u>	<u>45,348,926</u>
TOTAL COMPREHENSIVE INCOME		<u>15,871,459</u>	<u>2,804,801</u>	<u>49,448,930</u>

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

CITY OF GERALDTON-GREENOUGH
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30TH JUNE 2011

	NOTE	2011 \$	2010 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	20,283,352	17,319,425
Trade and Other Receivables	5	2,943,084	3,840,336
Inventories	6	273,293	292,119
TOTAL CURRENT ASSETS		<u>23,499,729</u>	<u>21,451,880</u>
NON-CURRENT ASSETS			
Other Receivables	5	1,508,025	1,701,257
Property, Plant and Equipment	7	103,148,212	100,025,538
Infrastructure	8	236,720,942	229,154,152
Long Term Investments	4	560,196	560,196
TOTAL NON-CURRENT ASSETS		<u>341,937,375</u>	<u>331,441,143</u>
TOTAL ASSETS		<u>365,437,104</u>	<u>352,893,023</u>
CURRENT LIABILITIES			
Trade and Other Payables	9	5,008,876	6,708,914
Long Term Borrowings	10	2,140,196	2,185,875
Provisions	11	3,417,553	3,387,516
TOTAL CURRENT LIABILITIES		<u>10,566,625</u>	<u>12,282,305</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	10	7,002,396	8,643,012
Provisions	11	226,141	197,228
TOTAL NON-CURRENT LIABILITIES		<u>7,228,537</u>	<u>8,840,240</u>
TOTAL LIABILITIES		<u>17,795,162</u>	<u>21,122,545</u>
NET ASSETS		<u>347,641,941</u>	<u>331,770,478</u>
EQUITY			
Retained Surplus		227,020,531	223,082,495
Reserves - Cash/Investment Backed	12	19,945,014	16,981,084
Reserves - Asset Revaluation	13	100,676,396	91,706,899
TOTAL EQUITY		<u>347,641,941</u>	<u>331,770,478</u>

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

CITY OF GERALDTON-GREENOUGH
STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 30TH JUNE 2011

NOTE	RETAINED SURPLUS \$	RESERVES CASH/ INVESTMENT BACKED \$	ASSET REVALUATION RESERVE \$	TOTAL EQUITY \$
Balance as at 1 July 2009	222,192,115	13,776,912	46,357,975	282,327,002
Prior Year Adjustments	(5,458)			(5,458)
Net Result	4,100,004	0	0	4,100,004
Total Other Comprehensive Income			45,348,926	45,348,926
Reserve Transfers	(3,204,174)	3,204,174	0	0
Balance as at 30 June 2010	223,082,488	16,981,086	91,706,901	331,770,474
Net Result	6,901,971	0	0	6,901,971
Total Other Comprehensive Income	0	0	8,969,495	8,969,495
Reserve Transfers	(2,963,928)	2,963,928	0	0
Balance as at 30 June 2011	227,020,531	19,945,014	100,676,396	347,641,941

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

CITY OF GERALDTON-GREENOUGH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2011

	NOTE	2011 \$	2011 Budget \$	2010 \$
Cash Flows From Operating Activities				
Receipts				
Rates		24,788,099	25,378,395	22,589,541
Operating Grants, Subsidies and Contributions		12,153,535	7,993,777	8,489,158
Fees and Charges		15,395,521	15,190,346	14,356,627
Service Charges				
Interest Earnings		1,582,372	1,322,427	1,361,657
Goods and Services Tax		534,766		
Other Revenue		337,961	522,695	1,468,622
		54,792,254	50,407,640	48,265,605
Payments				
Employee Costs		(21,955,673)	(21,067,469)	(20,524,880)
Materials and Contracts		(17,113,343)	(23,761,892)	(16,730,076)
Utility Charges		(2,170,283)	(2,059,595)	(1,965,228)
Insurance Expenses		(623,613)	(633,879)	(577,001)
Interest expenses		(670,295)	(821,113)	(532,780)
Goods and Services Tax		0	0	0
Other Expenditure		(1,841,760)	(3,991,377)	(1,699,161)
		(44,374,967)	(52,335,325)	(42,029,126)
Net Cash Provided By (Used In) Operating Activities	14(b)	10,417,287	(1,927,685)	6,236,479
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(8,144,616)	(22,860,703)	(6,168,425)
Payments for Construction of Infrastructure		(5,231,283)	(14,960,222)	(9,976,117)
Self Supporting / Council Loan Paid Out				(350,000)
Proceeds from Council Loans		0	106,515	244,415
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		5,912,249	9,280,541	3,750,734
Proceeds from Sale of Assets		1,101,438	6,554,100	4,663,455
Proceeds from Investments		0	0	1,000,000
Net Cash Provided By (Used In) Investing Activities		(6,362,212)	(21,879,769)	(6,835,938)
Cash Flows from Financing Activities				
Repayment of Debentures		(2,186,295)	(3,021,148)	(3,703,870)
Proceeds of Council Loans		112,767	0	0
Proceeds from Self Supporting Loans		80,466	75,842	0
Proceeds from New Debentures		500,000	17,450,000	4,550,000
Net Cash Provided By (Used In) Financing Activities		(1,493,062)	14,504,694	846,130
Net Increase (Decrease) in Cash Held		2,562,013	(9,302,760)	246,671
Cash at Beginning of Year		14,215,013	14,938,835	13,968,342
Cash and Cash Equivalents at the End of the Year	14(a)	16,777,026	5,636,075	14,215,013

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

CITY OF GERALDTON-GREENOUGH
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2011

	NOTE	2011 \$	2011 Budget \$
REVENUE			
Operating Grants, Subsidies and Contributions		17,525,545	17,274,318
Fees and Charges		15,136,832	15,190,346
Interest Earnings		1,582,372	1,322,427
Other Revenue		412,163	522,695
Profit on Disposal of Assets		166,526	4,476,579
		<hr/>	
		34,823,438	38,786,365
EXPENSES			
Employee Costs		(21,637,006)	(21,067,469)
Materials and Contracts		(15,270,437)	(22,595,990)
Utility Charges		(2,170,283)	(2,059,595)
Depreciation on Non-Current Assets		(10,342,271)	(9,647,885)
Interest Expenses		(647,836)	(821,113)
Insurance Expenses		(623,613)	(633,879)
Other Expenditure		(1,608,161)	(3,991,377)
Loss on Disposal of Assets		(382,206)	(130,966)
		<hr/>	
		(52,681,813)	(60,948,274)
Net Operating Result Excluding Rates		(17,858,375)	(22,161,909)
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Revenue			
(Profit)/Loss on Asset Disposals		215,680	(4,345,613)
Movement in Accrued Interest		0	0
Movement in Other		26,101	0
Movement in Deferred Pensioner Rates (Non-Current)		(25,765)	0
Movement in Employee Benefit Provisions		(51,686)	0
Depreciation and Amortisation on Assets		10,342,271	9,647,885
Capital Expenditure and Revenue			
Purchase Land Held for Resale		(52,045)	0
Purchase Land and Buildings		(5,306,794)	(19,480,000)
Purchase Infrastructure Assets - Roads		(4,019,729)	(8,830,725)
Purchase Infrastructure Assets - Parks		(1,211,554)	(6,129,497)
Purchase Plant and Equipment		(2,774,022)	(3,250,103)
Purchase Furniture and Equipment		(167,959)	(130,600)
Proceeds from Council Loan Principal Income		183,385	106,515
Proceeds from Disposal of Inventory		52,045	0
Proceeds from Disposal of Assets		1,101,439	6,554,100
Repayment of Debentures		(2,419,893)	(3,021,148)
Proceeds from New Debentures		500,000	17,450,000
Self-Supporting Loan Principal Income		80,446	75,842
Transfers to Reserves (Restricted Assets)		(10,546,253)	(9,061,623)
Transfers from Reserves (Restricted Assets)		7,582,325	18,299,796
Estimated Surplus/(Deficit) July 1 B/Fwd		(2,073,077)	(2,073,077)
Estimated Surplus/(Deficit) June 30 C/Fwd		(1,429,516)	(1,383,445)
Amount Required to be Raised from Rates	23	<hr/> <hr/>	<hr/> <hr/>
		(24,993,945)	(24,966,712)

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

CITY OF GERALDTON-GREENOUGH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are:

(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), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the local Government Act 1995 and accompanying regulations. The report has also been prepared on the accrual basis and is based on historical cost, modified, where applicable, by the measurement at fair value of the selected non-current assets, financial assets and liabilities.

Critical Accounting Estimates

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

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

(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 those monies appears at Note 20 to these financial statements.

(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 & Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities 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 and bank overdrafts

Bank overdrafts are shown 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 that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

(f) Inventories

General

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

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

Land Held for Resale

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

Revenue arising from the sale of property is recognised in the statement of comprehensive income as at the time of signing an unconditional contract of sale.

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

CITY OF GERALDTON-GREENOUGH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets

Each class of fixed assets is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation or impairment losses.

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 by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of 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 the basis of such cost to reflect the already consumed or expired future economic benefits of the assets.

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset.

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially 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 AASB1051 - Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, 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, 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.

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.

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

Land	Infinite
Airport – Runway, Apron and Car Park	20 – 40 years
Buildings	35 - 55 years
Furniture and Equipment	7 - 13 years
Plant and Major Equipment	5 - 10 years
Minor Plant	3 – 7 years
Sealed Roads and Streets	
Bridges	60 – 90 years

CITY OF GERALDTON-GREENOUGH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Car Parks Sealed	20 – 40 years
Culverts	40 – 60 years
Cycleways	25 – 45 years
Dams, Reservoirs and Weirs	65 – 85 years
Footpaths - Slab	15 – 35 years
Footpaths - Concrete	25 – 45 years
Fountains	40 – 60 years
Kerb and Channels	40 – 60 years
Street Lights	20 – 30 years
Sewerage Piping	70 – 90 years
Water Reticulation/Irrigation	15 – 25 years

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

Depreciation of Non-Current Assets

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

Gains and losses on disposals are determined by comparing proceeds with 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.

Capitalisation Threshold

All land and art purchases are capitalised. The remaining asset classes will be capitalised if the cost exceeds the following capitalisation threshold:

Buildings	\$5,000
Plant, equipment and tools	\$500
Furniture and Equipment	\$500
Computer & Artwork	\$1,000

(h) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Council becomes a party 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 (ie 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 fair value, amortised cost using the effective interest rate method or at 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.

CITY OF GERALDTON-GREENOUGH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

Amortised cost is calculated as:

- (a) the amount in 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
- (b) less any reduction for impairment.

The effective interest rate method is used 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 or 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 net 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 and 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 and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period (classified as non-current assets).

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity.

Held-to-maturity financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period (classified as current assets).

If the 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.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period (classified as current assets).

(v) Financial liabilities

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

CITY OF GERALDTON-GREENOUGH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

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 are recognised in the statement of comprehensive income.

(i) Estimation of Fair Value

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 based on quoted market prices at the reporting date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Council uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

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.

(i) Impairment

In accordance with Australian Accounting Standards the Council's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with AASB136 "Impairment of Assets" and appropriate adjustments made.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

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

(k) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Council prior to the end of the financial year that are unpaid and arise when the Council 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.

(l) Employee Benefits

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

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

The provision for employees' benefits to wages, salaries, annual leave, sick 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 employees 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.

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

CITY OF GERALDTON-GREENOUGH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Borrowing Costs

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

(n) Provisions

Provisions are recognised when:

- a) The council has a present legal or constructive obligation as a result of past events;
- b) For which it is more likely than not that an outflow of resources will be required to settle the obligation;
- c) That outflow can be reliably measured

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

Provisions are not recognised for future operating losses.

(o) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Council, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual value. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for 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.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

(p) Joint Venture

The Council'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 appropriate line items of the financial statement. Information about the joint venture is set out in Note 17.

(q) 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 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 in Note 2(c). 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 operations for the current reporting period..

(r) Superannuation

The Council contributes to a number of superannuation funds on behalf of employees.

**CITY OF GERALDTON-GREENOUGH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) 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 operational cycle. In the case of liabilities where 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 Council's intentions to release for resale.

(t) Rounding Off Figures

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

(u) Comparative Figures

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

(v) 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.

CITY OF GERALDTON-GREENOUGH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

(w) New Accounting Standards and Interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2011.

Council's assessment of these new standards and interpretations is set out below:

Title and Topic	Issued	Applicable ⁽¹⁾	Impact
(i) AASB 9- Financial Instruments	December 2009	1 January 2013	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 124- Related Party Disclosures	December 2009	1 January 2011	Nil – It is not anticipated the Council will have any related parties as defined by the standard.
(iii) AASB 1053- Application of Tiers of Australian Accounting Standards	June 2010	1 July 2013	Nil – Due to its nature and statutory requirements the Council will be deemed a Tier 1 entity and will continue to prepare general purpose financial statements.
(iv) AASB 2009- 12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	December 2009	1 January 2011	Nil – The revisions embodied in this standard relate to standards which do not apply to local government (ie AASB8) or are largely editorial in nature and will have minimal effect (if any) on the accounting practices of the Council.
(v) AASB 2009- 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 6, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	December 2009	1 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (ii) above).
(vi) AASB 2010- 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050, & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052]	June 2010	1 July 2013	Nil – None of these amendments will have any effect on the financial report as the standard does not apply in the case of general purpose financial statements.
(vii) AASB 2010- 4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101, 134, and Interpretation 13]	June 2010	1 January 2011	Nil – The revisions are part of the AASB's annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRSs. It is not anticipated these will have any effect on the Council.

CITY OF GERALDTON-GREENOUGH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

(x) New Accounting Standards and Interpretations continued

Title and Topic	Issued	Applicable ⁽¹⁾	Impact
(viii) AASB 2010 - 5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	October 2010	1 February 2011	Nil – The revisions embodied in this standard are largely editorial in nature or relate to standards not applicable to the Council and will have minimal effect (if any) on the accounting practices of the Council.
(ix) AASB 2010 - 6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & 7]	November 2010	1 July 2011	Nil – The revisions embodied in this standard amend disclosures required on transfers of financial assets. The Council is not expected to have any qualifying transfers.
(x) AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	December 2010	1 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(xi) AASB 2010 – 8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 1 & 7]	December 2010	1 January 2012	Nil – None of these amendments will have any effect on financial report as none of the topics are relevant to the operations of the Council.
(xi) (Continued) AASB 2010 – 9 Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1]	December 2010	1 July 2011	Nil – None of these amendments will have any effect on financial report as none of the topics are relevant to the operations of the Council.
AASB 2009 – 14 Amendments to Australian Interpretations – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]	December 2009	01 January 2011	
AASB 2010 – 10 Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009 – 11 & 2010 – 7]	December 2010	01 January 2013	

Notes:

(*) Applicable to reporting periods commencing on or after the given date.

CITY OF GERALDTON-GREENOUGH
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30TH JUNE 2011

2. REVENUE AND EXPENSES	2011	2010	
	\$	\$	
(a) Net Result			
The Net Result includes:			
(i) Charging as an Expense:			
Significant Expense			
General Purpose Funding	0	0	
	<hr/> <hr/>	<hr/> <hr/>	
Auditors Remuneration			
- Audit	24,042	20,172	
- Other Services	7,018	32,645	
Depreciation			
Buildings	1,961,963	998,593	
Furniture and Equipment	209,472	179,268	
Plant and Equipment	1,533,833	1,378,359	
Roads	5,236,312	7,026,080	
Recreation	593,325	548,934	
Airport	310,778	278,626	
Meru Landfill	312,583	1,002,918	
Other	184,005	177,953	
	<hr/> <hr/>	<hr/> <hr/>	
	10,342,271	11,590,731	
Interest Expenses (Finance Costs)			
Interest on Overdraft	4,446	19,460	
Debentures (<i>refer Note 22(a)</i>)	643,390	513,320	
	<hr/> <hr/>	<hr/> <hr/>	
	647,836	532,780	
Rental Charges			
- Operating Leases	94,925	208,582	
	<hr/> <hr/>	<hr/> <hr/>	
	94,925	208,582	
(ii) Crediting as Revenue:			
	2011	2011	2010
	\$	Budget	\$
		\$	
Interest Earnings			
Investments			
- Reserve Funds	846,326	750,000	653,494
- Other Funds	408,745	412,427	460,677
Other Interest Revenue (<i>refer note 27</i>)	327,301	160,000	256,228
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	1,582,372	1,322,427	1,370,399

CITY OF GERALDTON-GREENOUGH
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30TH JUNE 2011

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

Mission Statement

To be a leading organisation, which, through effective sustainable practices and business excellence facilitate the Community Vision.

The City will take a 'can do' approach to working collaboratively in partnership with the community, industry and government with a focus on providing quality and timely service.

Vision Statement

A Smart City which has a prosperous, liveable and creative community within an attractive Western Australian setting.

Geraldton-Greenough will utilise the wealth of natural resources as the foundation to become a centre of global significance in the new economy.

By 2020, Geraldton-Greenough will have the capacity to sustain a population of 80,000 to 100,000 people. It will be the focal point for an active and vibrant region containing significant district centres to the north, south and the hinterland.

By 2050 Geraldton will be Western Australia's second city.

Geraldton-Greenough will be recognised as a powerhouse of the new economy, a community which people recognise for its vibrancy and amazing transformation. It will be a preferred choice to live, work and play.

Goals (Key Result Areas)

The City has adopted an approach of identifying four key goals and overarching ambitions to drive the planning and decision making process over the next five years.

The identified goals (Key Result Areas) are:

Opportunities for Lifestyle

A City which provides for the needs of its community to grow and develop. By 2020, the City will develop new and revitalise existing urban communities founded on the principles of sustainable development to cater for the population growth. It will primarily be powered by renewable energy sources

Opportunities for Creativity

A City which values its creative knowledge and economy as an essential element in broadening its capacity. By 2020, the community will reflect its evolution through an enlightened society which acknowledges and reflects Yamatji custodianship, respects cultural diversity, protects its historical significance and creates new innovative and contemporary built form of public art and buildings in the public and private domain which reflect the diversity and ingenuity of the community

Opportunities for Prosperity

A City which builds on its natural advantages and infrastructure to create sustainable and diverse employment opportunities. The City will provide opportunities for entrepreneurship, capacity building and productive employment for existing community members, new and potential migrants to the region and a specific focus on the traditional Yamatji peoples. By 2020, the City will be connected to the national rail network enabling connection of the Geraldton & Oakajee Ports to the remainder of Australia fulfilling its potential as a logistics hub of national significance as an import and export facility for bulk commodities, general goods and containers. Its natural advantages and base as a renewable energy hub and centre of excellence will ensure that it will be recognised as Australia's western portal to Asia, the Sub Continent, the Middle East and an emerging African continental economy

Leading the Opportunities

A leading organisation which delivers on the community vision. The City will encourage and empower the community to capture opportunities. By 2020, the City will have implemented leading business, operational systems and governance frameworks. It will be an employer of choice with staff who engage effectively with the community and deliver timely, efficient and effective services.

**CITY OF GERALDTON-GREENOUGH
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30TH JUNE 2011**

2. REVENUE AND EXPENSES (Continued)

The services of the City are classified according to the following programs:

GOVERNANCE

Members of Council, civic receptions and functions, public relations, electoral and other issues relating to the task of assisting Councillors and the rate payers which do not concern specific Council services.

GENERAL PURPOSE FUNDING

General rate revenue, penalty for late payment, ex gratia rates, rate administration fee, rate instalment fee, back rates, general purpose grants, untied road grants, interest on deferred rates and investment returns.

LAW, ORDER, PUBLIC SAFETY

Fire prevention including the Emergency Services Levy, Volunteer Fire Brigade and SES expenditure, clearing of fire hazards, animal control, park rangers, neighbourhood watch, surf lifesaving, crime prevention and emergency planning and management.

HEALTH

Maternal and infant health, preventive services including food control, health inspections, pest control and other health.

EDUCATION AND WELFARE

Family Day Care, aged and disabled, Queen Elizabeth II Seniors Centre, other welfare including youth projects, seniors' projects and reconciliation.

COMMUNITY AMENITIES

Rubbish collections, Meru refuse site operations, litter control, public litter bins, protection of environment, town planning control, parenting centre, cemetery, and community services including youth programs such as Changemakers, Youth Bus, and Midnight Basketball.

RECREATION AND CULTURE

Public halls, civic centres, Aquarena, foreshore, beaches, parks, sporting grounds, library, heritage and conservation, museums, art gallery and Queens Park Theatre.

TRANSPORT

Roads, footpaths, drainage, road verges, median strips, street lighting, street cleaning, street trees, traffic surveys, traffic management, depot operations, parking facilities and airport.

ECONOMIC SERVICES

Tourism and promotions, visitors' information centre, building control, economic development and marketing.

OTHER PROPERTY AND SERVICES

Public works overheads, plant/vehicle operations, town planning schemes, land and property services and others that can not be assigned to one of the preceding programs.

CITY OF GERALDTON-GREENOUGH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Contributions

Grants recognised as revenues in a previous or current reporting period which had not yet been fully expended in the manner specified by the contributor:

Grant/Contribution	Balance (*) 30-Jun-10 \$	Received (+) 2010/11 \$	Expended (#) 2010/11 \$	Balance 30-Jun-11 \$
Amalgamation	0	2,251,793	0	2,251,793
Aqua Equipment	0	22,000	0	22,000
Aquarena Special Creche	0	200,740	0	200,740
Aquarena Waterwise Grant Scheme	17,631	0	(10,827)	6,804
Art Gallery - Donation to Lindsay Collection	459	0	0	459
Art Gallery - Community Cultural Development	3,454	0	0	3,454
Art Gallery Storage Racks	0	14,579	0	14,579
Asset Management Improvement Project	0	9,112	0	9,112
Batavia Marina Water Loan	11,077	0	0	11,077
Beresford Foreshore (Northern Beaches Seawall)	0	100,000	0	100,000
Black Spot Chapman Railway Crossing	6,503	0	0	6,503
Bluff Point Coastal	5,610	0	(5,610)	0
Book Week 2011	0	1,604	0	1,604
Coastcare	3,697	0	0	3,697
CCTV Library Car Park / Breakers Tavern & RSL	0	25,000	0	25,000
Darling Travel Grant	2,636	0	(2,636)	0
Depot Relocation	0	161,280	0	161,280
DLGRD - Indigenous Scholarship	10,000	0	0	10,000
Drainage - 22-24 Crowtherston St	2,591	0	0	2,591
Drainage - 39 Trigg St	682	0	0	682
Drainage - 458 Chapman Rd	600	0	0	600
Drainage - Cathedral / Lester Ave	1,548	0	0	1,548
Drainage - Chapman Road (Retravisision)	1,650	0	0	1,650
Drainage - Harvey Norman	6,200	0	0	6,200
Drainage - McAleer Dr Carwash	1,600	0	0	1,600
Drainage - L8 Anderson / Beaver (Kalazich)	16,268	0	0	16,268
Drainage - L11,12 Hosken St (Bovell)	825	0	0	825
Drainage - L20 Sanford/Durlacher St	1,700	0	0	1,700
Drainage - L23 (26) Crowtherston St	1,455	0	0	1,455
Drainage - L100 (2) Nemesis Pl	1,650	0	0	1,650
Drainage - Waggy's Petrol Station Wonthella	1,800	0	0	1,800
Dual Use Pathwas - Bikewest (Champion Bay)	7,000	0	0	7,000
Eadon Clarke Sporting Complex Redevelopment	0	246,839	0	246,839
Eastern Breakwater	0	2,247,000	0	2,247,000
Ellendale Pool Honesty Box	0	5,707	0	5,707
Environmental Health Worker	4,411	0	(4,411)	0
Family Day Care - Mainstream Surplus	14,825	0	0	14,825
Family Day Care - In Home Care CCB	7,430	0	0	7,430
Family Day Care - In Home Care Grant	48	0	0	48
Finding My Place	0	1,654	0	1,654
Foreshore Art	0	30,000	0	30,000
Foreshore Water Supply Upgrade	291,252	0	(291,252)	0
Forward Capital Works Plan	34,990	0	(34,990)	0
Future Work - 42 Brede St Footpath (Lefroy/Watkins)	500	0	0	500
Future Work - Bluff Point Estate #1	4,911	0	0	4,911
Future Work - Brand Highway Landscaping	5,000	0	0	5,000
Future Work - Kempton St (Landscape Pump Station)	800	0	0	800
Future Work - Northcoast (Beaver St Concrete)	150	0	0	150
Future Work - Northcoast (Gertrude St Sealing)	650	0	0	650
Future Work - Sunset Beach Infill Sewer Program (Reserv	909	0	0	909

CITY OF GERALDTON-GREENOUGH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions	Balance (*) 30-Jun-10 \$	Received (+) 2010/11 \$	Expended (#) 2010/11 \$	Balance 30-Jun-11 \$
Future Work - Truline (Infill Sewer Pavement)	250	0	0	250
Geraldton Bicycle User Group	0	7,500	0	7,500
Geraldton City Band	0	5,000	0	5,000
Geraldton Greenough Regional Council	193,494	0	(193,494)	0
Greater Geraldton Themed Interpreted Walk Trail	0	8,447	0	8,447
Greenough River Boxthorn Removal	6,860	0	(6,860)	0
Greys Beach Coastwise 98/99 surplus	5,489	0	0	5,489
Harmony Dinner Ticket Sales	3,003	0	0	3,003
HMAS Memorial	23,536	0	(12,545)	10,990
Integrated Strategic Planning	0	43,299	0	43,299
Let There Be Light	0	20,000	0	20,000
Library Aboriginal History Grant	1,850	0	0	1,850
Library Redevelopment	0	50,000	0	50,000
Lighthouse Keepers Cottage Restoration	1,362	0	0	1,362
Little Athletics	0	3,015	0	3,015
Long Term Financial Planning	0	50,000	0	50,000
Mahomets Dune Preservation	7,869	0	(7,869)	0
Main Roads (Flores Road)	120,000	0	0	120,000
Meet & Greeters	0	4,910	0	4,910
Mid West Indigenous Environmental Health Forum	0	50,000	0	50,000
Mid West Procurement Officer	0	15,000	0	15,000
Mid West Sports Federation	0	5,000	0	5,000
Midnight Basketball	77,842	0	(45,576)	32,266
NWCH Pedestrian Bridge	25,908	0	(25,908)	0
Olympic Torch Relay	2,821	0	0	2,821
Osprey Nesting Site for Point Moore	413	0	0	413
Pathways Construction	70,000	0	0	70,000
Port Authority Eastern Breakwater	7,957	0	(5,264)	2,693
QPT - Dance Scholarship	485	0	0	485
Randolf Stow Young Writers Awards	0	3,188	0	3,188
Roads to Recovery	147,614	0	0	147,614
Roadwise Safe Routes To Schools - Bike Map	367	0	0	367
Roadwise Safe Routes To Schools - Surplus	689	0	0	689
Reticulation Works Loan	55,287	0	0	55,287
SAA Fundraising	3,402	0	0	3,402
Skate Park Retention Fee	2,150	0	0	2,150
Street Lighting (Refund from Western Power)	972	0	0	972
Sunset Dune Protection	6,384	0	(6,384)	0
Sustainable Future City	0	154,039	0	154,039
Tea Club	4,265	1,884	0	6,149
Town Planning Foreshore Stabilisation	1,789	0	0	1,789
Towns Football Club Sewer Connection	0	32,000	0	32,000
Tracking Geraldton Graffiti	0	17,169	0	17,169
Traffic Management Black Spot	16,033	0	0	16,033
Walkway Windfarm	3,848	0	(3,848)	0
Waste Avoidance & Resource Recovery	30,608	0	(30,608)	0
Waste Water Management Plan	46,000	0	(14,359)	31,641
Wonthella Skate Park	26,175	0	(26,175)	0
You're Welcome WA Access	22,727	0	0	22,727
Total	1,389,961	5,787,759	(728,618)	6,449,103

Notes:

(*) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(+) - 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.

(#) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period & which were expended in the current reporting period in the manner specified by contributor.

CITY OF GERALDTON-GREENOUGH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

	2011	2010
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	0	0
Restricted Investment	560,196	560,196
Restricted	20,283,352	17,319,425
	20,843,548	17,879,621

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

Airport Reserve	1,269,410	1,319,410
Aquarena Reserve	79,710	139,553
Art Gallery Reserve	2,216	25,716
Asset Development (Capital Works Program) Reserve	382,077	0
Asset Renewal Fund Reserve	1,451,671	309,128
Boast Launching Facilities Reserve	75,000	75,000
Chapman River Regional Park Reserve	986	986
City Building Construction Reserve	903,456	2,003,228
City Building Maintenance Reserve	127,024	247,277
City Centre Foreshore Building Maintenance Reserve	205,300	205,301
City Centre Foreshore Redevelopment Reserve	1,406,506	1,521,223
City Marketing Reserve	4,404	34,404
Contingency Reserve	27,394	27,394
Disability Plan Reserve	70,533	70,533
Drummond Cove Clean Up Bonus Reserve	312,500	312,500
Drummond Cove Foreshore Reinstatement Reserve	328,230	328,230
Electronic Equipment & IT Reserve	68,675	138,675
Ellendale Pool Reserve	7,387	13,300
Employee Leave Entitlements Reserve	376,946	426,947
Family Day Care Reserve	8,630	8,630
Fire Control Reserve	145	145
Grant Contribution Reserve	53,868	53,869
Insurance Contingency Reserve	432,797	432,797
Land Acquisition Reserve	353,513	353,512
Library Reserve	25,332	25,333
Local History Publishing Reserve	42,131	42,131
Major Projects & Initiatives Reserve	105,862	257,955
Marina Development Reserve	43,224	43,224
Meat Inspection Reserve	45,964	45,964
Meru Waste Disposal Site Reserve	2,899,852	2,899,852
Meru Waste Rehabilitation Reserve	193,494	0
Museums Reserve	68,502	69,717
Parking Land Reserve	306,650	1,143,481
Parking Ticket Machine Reserve	25,122	25,122
Plant Replacement Reserve	194,769	224,769
Point Moore Infrastructure Reserve	141,658	141,658
Public Art Maintenance & Refurbishment Reserve	15,625	15,625
Queens Park Theatre Reserve	86,300	174,600
Recreation Grounds Reserve	308,772	1,389,664
Restricted Grants Reserve	6,449,102	1,389,961
Reticulation Reserve	154,657	154,657
Rubbish Reserve	100,440	100,440
Rubbish Tip (Flores Rd) Reserve	578,665	578,664
Separation Point Enhancement Reserve	131,872	131,872
Small Sport & Recreation Loans Reserve	22,845	22,845
Strategic Planning & Reviews Reserve	29,037	29,037
Subdivisional Deferred Works Reserve	26,759	26,757
Reserves - Cash/Investment Backed	19,945,012	16,981,086
Other Restricted Cash	898,536	898,537
	20,843,548	17,879,621

**CITY OF GERALDTON-GREENOUGH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

	2011	2010
	\$	\$
4. INVESTMENTS		
Financial assets at fair value through profit or loss	560,196	560,196
Financial assets at fair value through profit or loss		
At beginning of the year	560,196	1,560,196
Revaluation to Income Statement	0	0
Additions	0	0
Disposals	0	(1,000,000)
At end of the year	560,196	560,196
 The following restrictions have been imposed by regulations or other externally imposed requirements:		
Restricted Funds	560,196	560,196
Reserve Funds	0	0
	560,196	560,196

CITY OF GERALDTON-GREENOUGH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

	2011	2010
	\$	\$
5. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	855,790	649,944
Sundry Debtors	1,914,262	2,713,191
GST Receivable	0	378,371
Prepayments	173,032	98,830
	2,943,084	3,840,336
Non-Current		
Self Supporting Loans	482,441	562,887
Loans by Council	823,168	961,720
Deferred Assets	202,415	176,650
	1,508,025	1,701,257
6. INVENTORIES		
Current		
Fuel and Materials	268,625	287,451
Land Held for Resale - Cost		
Cost of Acquisition	0	0
Development Costs	4,668	4,668
	273,293	292,119
Non-Current		
Land Held for Resale - Cost		
Cost of Acquisition	0	0
Development Costs	0	0
	0	0
7. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings - Valuation	103,522,419	98,632,460
Less Accumulated Depreciation	(10,594,550)	(8,632,586)
	92,927,869	89,999,874
Furniture and Equipment - Cost	1,431,581	1,224,706
Less Accumulated Depreciation	(628,833)	(410,208)
	802,748	814,498
Plant and Equipment - Cost	12,007,692	10,803,579
Less Accumulated Depreciation	(3,390,356)	(2,382,824)
	8,617,336	8,420,755
Art Work - Valuation	800,259	790,411
Less Accumulated Amortisation	0	0
	800,259	790,411
	103,148,212	100,025,538

**CITY OF GERALDTON-GREENOUGH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

Movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land & Buildings \$	Furniture & Equipment \$	Plant & Equipment \$	Artwork Equipment \$	Total \$
Balance as at the beginning of the year June 10	89,999,874	814,498	8,420,755	790,411	100,025,538
Additions	5,306,793	158,111	2,774,022	9,848	8,248,774
(Disposals)	(375,000)	0	(1,045,832)	0	(1,420,832)
Depreciation (Expense)	(1,961,963)	(209,472)	(1,533,833)	0	(3,705,268)
Carrying amount at the end of year June 11	<u>92,969,704</u>	<u>763,137</u>	<u>8,615,112</u>	<u>800,259</u>	<u>103,148,212</u>

	Land & Buildings \$	Furniture & Equipment \$	Plant & Equipment \$	Artwork Equipment \$	Total \$
Balance as at the beginning of the year June 09	47,358,040	785,591	8,620,957	409,131	57,173,719
Additions	3,901,333	168,741	1,775,725	6,818	5,852,617
(Disposals)	(82,173)	0	(590,939)	0	(673,112)
Transfer between asset groups		32,364		(32,364)	0
Revaluation - Increments	39,821,266	0	0	406,826	40,228,092
Depreciation (Expense)	(998,593)	(172,198)	(1,384,988)	0	(2,555,779)
Carrying amount at the end of year June 10	<u>89,999,873</u>	<u>814,498</u>	<u>8,420,755</u>	<u>790,411</u>	<u>100,025,537</u>

CITY OF GERALDTON-GREENOUGH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

8. INFRASTRUCTURE

	2011	2010
	\$	\$
Roads - management valuation	217,127,140	214,009,325
Less Accumulated Depreciation	<u>(14,616,476)</u>	<u>(17,839,509)</u>
	202,510,665	196,169,816
Recreation - management valuation	24,212,437	22,398,094
Less Accumulated Depreciation	<u>(2,693,397)</u>	<u>(2,100,073)</u>
	21,519,040	20,298,021
Other - management valuation	3,680,930	3,739,391
Less Accumulated Depreciation	<u>(1,272,408)</u>	<u>(1,143,890)</u>
	2,408,522	2,595,501
Meru Landfill - management valuation	3,207,799	2,733,243
Less Accumulated Depreciation	<u>(1,624,540)</u>	<u>(1,311,956)</u>
	1,583,260	1,421,287
Airport - management valuation	9,030,521	8,689,370
Less Accumulated Depreciation	<u>(1,197,170)</u>	<u>(896,586)</u>
	7,833,351	7,792,784
Joint Venture Assets - management valuation	1,036,846	1,036,846
Less Accumulated Depreciation	<u>(170,741)</u>	<u>(160,103)</u>
	866,105	876,743
	<u>236,720,942</u>	<u>229,154,152</u>

Council have adopted a policy of re-valuing with sufficient regularity to ensure the carrying amount of each road asset is fairly stated at reporting date.

This policy also accords with AASB 116.

CITY OF GERALDTON-GREENOUGH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

8. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

Movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

	Roads	Recreation	Other	Meru	Airport	Joint Venture	Total
	\$	\$	\$	\$	\$	\$	\$
Balance as at the beginning of the year June 10	196,169,816	20,298,021	2,595,501	1,421,287	7,792,784	876,743	229,154,152
Additions	3,480,798	1,211,554	0	197,780	341,151	0	5,231,283
(Disposals)	0	0	0	0	(445)	0	(445)
Revaluation	8,096,363	602,788	(6,433)	276,777	0	0	8,969,495
Depreciation (Expense)	(5,236,312)	(593,324)	(180,546)	(312,584)	(300,139)	(10,638)	(6,633,543)
Carrying amount at the end of year June 11	202,510,665	21,519,039	2,408,522	1,583,260	7,833,351	866,105	236,720,942

	Roads	Recreation	Other	Meru	Airport	Venture	Total
	\$	\$	\$	\$	\$	\$	\$
Balance as at the beginning of the year June 09	193,715,510	16,116,646	2,724,407	2,078,288	7,676,176	781,129	223,092,156
Additions	5,024,031	4,327,393	60,286	303,386	156,117	104,904	9,976,117
Revaluation	4,456,355	402,916	(11,239)	42,530	230,272	0	5,120,834
Depreciation (Expense)	(7,026,080)	(548,934)	(177,953)	(1,002,917)	(269,781)	(9,290)	(9,034,955)
Carrying amount at the end of year June 10	196,169,816	20,298,021	2,595,501	1,421,287	7,792,784	876,743	229,154,152

Within the Infrastructure asset classes, with the exception of Joint Venture assets, they are all carried at revalued amounts. Due to the nature of the Joint Venture, these assets are carried at cost. In the current year, revaluation of the other classes was based on two methods.

In the case of Road Infrastructure, ROMAN was used. ROMAN is a Road Pavement Management Software System. The system individually identifies each discrete component of the network, records physical and management information on each component such as location, length, width, intersection locations, type of road, where it connects, unit cost rates (based on recent actual cost data and developers cost information), component and aggregated valuations, depreciated values and reconcile book value with real world condition. This information is used by management to annually revalue road infrastructure to assessed depreciated replacement cost.

For the remaining classes, CPI as applicable to Perth, Western Australia, was applied. Management has assumed that the Perth CPI approximates the increase in depreciated replacement cost for infrastructure held by the City of Geraldton-Greenough.

**CITY OF GERALDTON-GREENOUGH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

	2011 \$	2010 \$
9. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	1,253,647	3,111,917
Bank Overdraft	3,506,326	3,104,412
GST Payable	161,311	4,917
Accrued Interest on Debentures	87,591	110,050
Accrued Salaries and Wages	0	377,618
	5,008,876	6,708,914

10. LONG-TERM BORROWINGS

Current		
Secured by Floating Charge		
Debentures	2,140,196	2,185,875
Lease Liability	0	0
	2,140,196	2,185,875
Non-Current		
Secured by Floating Charge		
Debentures	7,002,396	8,643,012
Lease Liability	0	0
	7,002,396	8,643,012

Additional detail on borrowings is provided in Note 22.

11. PROVISIONS

Current		
Provision for Annual Leave	1,780,295	1,689,712
Provision for Long Service Leave	1,279,801	1,376,021
Provision for Sick Leave	184,824	163,818
Accrued RDO Liability	61,996	71,126
Employee Bonus Payment Liability	110,637	86,839
	3,417,553	3,387,516
Non-Current		
Provision for Long Service Leave	226,141	197,228
	226,141	197,228

CITY OF GERALDTON-GREENOUGH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

	2011 \$	2011 Budget \$	2010 \$
12. RESERVES - CASH/INVESTMENT BACKED			
(a) Airport Reserve			
Opening Balance	1,319,410	1,070,808	988,216
Amount Set Aside / Transfer to Reserve	450,000	636,607	1,018,455
Amount Used / Transfer from Reserve	500,000	1,361,698	687,261
	<u>1,269,410</u>	<u>345,717</u>	<u>1,319,410</u>
(b) Aquarena Reserve			
Opening Balance	139,553	138,334	59,940
Amount Set Aside / Transfer to Reserve		219,467	202,461
Amount Used / Transfer from Reserve	59,843	270,005	122,848
	<u>79,710</u>	<u>87,796</u>	<u>139,553</u>
(c) Art Gallery Reserve			
Opening Balance	25,716	25,716	25,716
Amount Set Aside / Transfer to Reserve	0	10,000	0
Amount Used / Transfer from Reserve	23,500	33,500	0
	<u>2,216</u>	<u>2,216</u>	<u>25,716</u>
(d) Asset Development (Capital Works Program) Reserve			
Opening Balance			0
Amount Set Aside / Transfer to Reserve	582,376	488,920	0
Amount Used / Transfer from Reserve	200,299	458,000	0
	<u>382,077</u>	<u>30,920</u>	<u>0</u>
(e) Asset Renewal Fund Reserve			
Opening Balance	309,128	309,128	0
Amount Set Aside / Transfer to Reserve	1,669,600	611,150	309,128
Amount Used / Transfer from Reserve	527,057	768,092	0
	<u>1,451,671</u>	<u>152,186</u>	<u>309,128</u>
(f) Boat Launching Facilities Reserve			
Opening Balance	75,000	75,000	0
Amount Set Aside / Transfer to Reserve	0	0	75,000
Amount Used / Transfer from Reserve	0	20,000	0
	<u>75,000</u>	<u>55,000</u>	<u>75,000</u>
(g) Chapman River Regional Park Reserve			
Opening Balance	986	986	986
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>986</u>	<u>986</u>	<u>986</u>
(h) City Building Construction Reserve			
Opening Balance	2,003,229	1,738,438	3,403,755
Amount Set Aside / Transfer to Reserve	400,000	400,000	650,682
Amount Used / Transfer from Reserve	1,499,773	2,083,500	2,051,209
	<u>903,456</u>	<u>54,938</u>	<u>2,003,228</u>

CITY OF GERALDTON-GREENOUGH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

(i) City Building Maintenance Reserve			
Opening Balance	247,277	245,117	251,676
Amount Set Aside / Transfer to Reserve	0	150,000	19,599
Amount Used / Transfer from Reserve	120,253	309,500	23,998
	<u>127,024</u>	<u>85,617</u>	<u>247,277</u>
(j) City Centre Foreshore Building Maintenance Reserve			
Opening Balance	205,300	203,507	203,507
Amount Set Aside / Transfer to Reserve	0	0	3,621
Amount Used / Transfer from Reserve	0	100,000	1,827
	<u>205,300</u>	<u>103,507</u>	<u>205,301</u>
(k) City Centre Foreshore Redevelopment Reserve			
Opening Balance	1,521,223	1,521,223	1,251,192
Amount Set Aside / Transfer to Reserve	0	405,000	1,470,031
Amount Used / Transfer from Reserve	114,716	520,000	1,200,000
	<u>1,406,506</u>	<u>1,406,223</u>	<u>1,521,223</u>
(l) City Marketing Reserve			
Opening Balance	34,404	34,104	24,103
Amount Set Aside / Transfer to Reserve	0	0	10,607
Amount Used / Transfer from Reserve	30,000	30,000	306
	<u>4,404</u>	<u>4,104</u>	<u>34,404</u>
(m) Contingency Reserve			
Opening Balance	27,394	27,155	27,155
Amount Set Aside / Transfer to Reserve	0	0	483
Amount Used / Transfer from Reserve	0	0	244
	<u>27,394</u>	<u>27,155</u>	<u>27,394</u>
(n) Disability Plan Reserve			
Opening Balance	70,533	70,533	70,533
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>70,533</u>	<u>70,533</u>	<u>70,533</u>
(o) Drummond Cove Clean Up Bonus Reserve			
Opening Balance	312,500	312,500	0
Amount Set Aside / Transfer to Reserve	0	0	312,500
Amount Used / Transfer from Reserve	0	0	0
	<u>312,500</u>	<u>312,500</u>	<u>312,500</u>
(p) Drummond Cove Foreshore Reinstatement Reserve			
Opening Balance	328,230	328,230	30,232
Amount Set Aside / Transfer to Reserve	0	0	297,998
Amount Used / Transfer from Reserve	0	0	0
	<u>328,230</u>	<u>328,230</u>	<u>328,230</u>
(q) Electronic Equipment & IT Reserve			
Opening Balance	138,675	137,463	122,788
Amount Set Aside / Transfer to Reserve	0	150,000	52,446
Amount Used / Transfer from Reserve	70,000	210,000	36,559
	<u>68,675</u>	<u>77,463</u>	<u>138,675</u>

CITY OF GERALDTON-GREENOUGH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

12. RESERVES - CASH/INVESTMENT BACKED (Cont)

	2011 \$	2011 Budget \$	2010 \$
(r) Ellendale Pool Reserve			
Opening Balance	13,300	13,300	8,777
Amount Set Aside / Transfer to Reserve	0	14,500	4,523
Amount Used / Transfer from Reserve	5,913	20,000	0
	<u>7,387</u>	<u>7,800</u>	<u>13,300</u>
(s) Employee Leave Entitlements Reserve			
Opening Balance	426,946	496,178	446,178
Amount Set Aside / Transfer to Reserve	0	0	58,828
Amount Used / Transfer from Reserve	50,000	50,000	78,059
	<u>376,946</u>	<u>446,178</u>	<u>426,947</u>
(t) Family Day Care - Reserve			
Opening Balance	8,630	8,630	5,630
Amount Set Aside / Transfer to Reserve	0	19,000	3,000
Amount Used / Transfer from Reserve	0	18,000	0
	<u>8,630</u>	<u>9,630</u>	<u>8,630</u>
(u) Fire Control Reserve			
Opening Balance	145	145	145
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>145</u>	<u>145</u>	<u>145</u>
(v) Grant Contribution Reserve			
Opening Balance	53,868	53,398	43,398
Amount Set Aside / Transfer to Reserve	0	5,000	10,950
Amount Used / Transfer from Reserve	0	0	479
	<u>53,868</u>	<u>58,398</u>	<u>53,869</u>
(w) Insurance Contingency Reserve			
Opening Balance	432,797	429,016	429,016
Amount Set Aside / Transfer to Reserve	0	0	7,633
Amount Used / Transfer from Reserve	0	0	3,852
	<u>432,797</u>	<u>429,016</u>	<u>432,797</u>
(x) Land Acquisition Reserve			
Opening Balance	353,513	350,424	350,424
Amount Set Aside / Transfer to Reserve	0	0	6,235
Amount Used / Transfer from Reserve	0	0	3,147
	<u>353,513</u>	<u>350,424</u>	<u>353,512</u>
(y) Library Reserve			
Opening Balance	25,332	23,870	23,870
Amount Set Aside / Transfer to Reserve	0	0	1,677
Amount Used / Transfer from Reserve	0	0	214
	<u>25,332</u>	<u>23,870</u>	<u>25,333</u>
(z) Local History Publishing Reserve			
Opening Balance	42,131	41,763	41,763
Amount Set Aside / Transfer to Reserve	0	0	743
Amount Used / Transfer from Reserve	0	0	375
	<u>42,131</u>	<u>41,763</u>	<u>42,131</u>

CITY OF GERALDTON-GREENOUGH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

12. RESERVES – CASH / INVESTMENT BACKED (Continued)

	2011 \$	2011 Budget \$	2010 \$
(aa) Major Projects & Initiative Reserve			
Opening Balance	257,955	291,770	0
Amount Set Aside / Transfer to Reserve	0	815,000	625,831
Amount Used / Transfer from Reserve	152,093	1,016,894	367,876
	<u>105,862</u>	<u>89,876</u>	<u>257,955</u>
(ab) Marina Development Reserve			
Opening Balance	43,224	42,847	42,847
Amount Set Aside / Transfer to Reserve	0	0	762
Amount Used / Transfer from Reserve	0	0	385
	<u>43,224</u>	<u>42,847</u>	<u>43,224</u>
(ac) Meat Inspection Reserve			
Opening Balance	45,964	45,964	45,964
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>45,964</u>	<u>45,964</u>	<u>45,964</u>
(ad) Meru Waste Disposal Site Reserve			
Opening Balance	2,899,852	2,899,852	3,013,112
Amount Set Aside / Transfer to Reserve	693,494	129,518	175,733
Amount Used / Transfer from Reserve	693,494	469,392	288,993
	<u>2,899,852</u>	<u>2,559,978</u>	<u>2,899,852</u>
(ae) Meru Waste Rehabilitation Reserve			
Opening Balance			
Amount Set Aside / Transfer to Reserve	193,494	193,494	0
Amount Used / Transfer from Reserve			
	<u>193,494</u>	<u>193,494</u>	<u>0</u>
(af) Museums Reserve			
Opening Balance	69,717	69,108	69,108
Amount Set Aside / Transfer to Reserve	0	10,000	51,230
Amount Used / Transfer from Reserve	1,215	30,000	50,621
	<u>68,502</u>	<u>49,108</u>	<u>69,717</u>
(ag) Parking Land Reserve			
Opening Balance	1,143,480	1,133,491	1,207,582
Amount Set Aside / Transfer to Reserve	264,739	98,085	170,803
Amount Used / Transfer from Reserve	1,101,569	1,142,494	234,904
	<u>306,650</u>	<u>89,082</u>	<u>1,143,481</u>
(ah) Parking Ticket Machine Reserve			
Opening Balance	25,122	24,902	19,902
Amount Set Aside / Transfer to Reserve	0	5,000	5,443
Amount Used / Transfer from Reserve	0	0	223
	<u>25,122</u>	<u>29,902</u>	<u>25,122</u>
(ai) Plant Replacement Reserve			
Opening Balance	224,769	380,611	79,463
Amount Set Aside / Transfer to Reserve	470,000	500,000	973,987
Amount Used / Transfer from Reserve	500,000	562,407	828,681
	<u>194,769</u>	<u>318,204</u>	<u>224,769</u>

CITY OF GERALDTON-GREENOUGH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

12. RESERVES – CASH / INVESTMENT BACKED (Continued)

	2011 \$	2011 Budget \$	2010 \$
(aj) Point Moore Infrastructure Reserve			
Opening Balance	141,658	141,658	91,658
Amount Set Aside / Transfer to Reserve	0	0	50,000
Amount Used / Transfer from Reserve	0	0	0
	<u>141,658</u>	<u>141,658</u>	<u>141,658</u>
(ak) Public Art Maintenance & Refurbishment Reserve			
Opening Balance	15,625	15,488	15,488
Amount Set Aside / Transfer to Reserve	0	5,000	276
Amount Used / Transfer from Reserve	0	0	139
	<u>15,625</u>	<u>20,488</u>	<u>15,625</u>
(al) Queens Park Theatre Reserve			
Opening Balance	174,600	173,075	251,747
Amount Set Aside / Transfer to Reserve	0	183,932	3,079
Amount Used / Transfer from Reserve	88,300	180,300	80,226
	<u>86,300</u>	<u>176,707</u>	<u>174,600</u>
(am) Recreational Grounds Reserve			
Opening Balance	1,389,663	1,305,554	152,695
Amount Set Aside / Transfer to Reserve	0	1,075,315	1,440,664
Amount Used / Transfer from Reserve	1,080,891	1,099,757	203,695
	<u>308,772</u>	<u>1,281,112</u>	<u>1,389,664</u>
(an) Restricted Grants Reserve			
Opening Balance	1,389,960	1,283,495	0
Amount Set Aside / Transfer to Reserve	5,822,550	0	3,434,556
Amount Used / Transfer from Reserve	763,408	1,020,985	2,044,595
	<u>6,449,102</u>	<u>262,510</u>	<u>1,389,961</u>
(ao) Reticulation Reserve			
Opening Balance	154,657	153,306	66,892
Amount Set Aside / Transfer to Reserve	0	0	102,728
Amount Used / Transfer from Reserve	0	0	14,963
	<u>154,657</u>	<u>153,306</u>	<u>154,657</u>
(ap) Rubbish Reserve			
Opening Balance	100,440	99,563	133,483
Amount Set Aside / Transfer to Reserve	0	100,000	201,771
Amount Used / Transfer from Reserve	0	170,000	234,814
	<u>100,440</u>	<u>29,563</u>	<u>100,440</u>
(aq) Rubbish Tip (Flores Rd) Reserve			
Opening Balance	578,665	573,610	573,610
Amount Set Aside / Transfer to Reserve	0	0	10,205
Amount Used / Transfer from Reserve	0	0	5,151
	<u>578,665</u>	<u>573,610</u>	<u>578,664</u>
(ar) Separation Point Enhancement Reserve			
Opening Balance	131,872	130,720	130,720
Amount Set Aside / Transfer to Reserve	0	0	2,326
Amount Used / Transfer from Reserve	0	0	1,174
	<u>131,872</u>	<u>130,720</u>	<u>131,872</u>

CITY OF GERALDTON-GREENOUGH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

12. RESERVES – CASH / INVESTMENT BACKED (Continued)

(as) Small Sport & Recreation Loans Reserve			
Opening Balance	22,845	22,845	17,845
Amount Set Aside / Transfer to Reserve	0	5,000	5,000
Amount Used / Transfer from Reserve	0	0	0
	<u>22,845</u>	<u>27,845</u>	<u>22,845</u>
 (at) Strategic Planning & Reviews Reserve			
Opening Balance	29,037	29,037	29,037
Amount Set Aside / Transfer to Reserve	0	10,000	0
Amount Used / Transfer from Reserve	0	0	0
	<u>29,037</u>	<u>39,037</u>	<u>29,037</u>
 (au) Subdivisional Deferred Works Reserve			
Opening Balance	26,759	26,759	26,757
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>26,759</u>	<u>26,759</u>	<u>26,757</u>
 (av) Sustainable Energy Initiatives Reserve			
Opening Balance	0	50,000	0
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>0</u>	<u>50,000</u>	<u>0</u>
 TOTAL CASH BACKED RESERVES	 <u>19,945,014</u>	 <u>10,844,086</u>	 <u>16,981,084</u>

**CITY OF GERALDTON-GREENOUGH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

12. RESERVES – CASH / INVESTMENT BACKED (Continued)

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

Airport Reserve

The purpose of this reserve is to fund any capital works, land acquisitions or replace/purchase equipment at the Geraldton-Greenough Airport.

Aquarena Reserve

The purpose of this reserve is to fund any capital works, replace/purchase equipment, or fund the principal repayments of a loan for the Aquarena.

Art Gallery Reserve

The purpose of this reserve is to fund any capital works to the building (or its surrounds) or replace/purchase equipment for the Art Gallery.

Asset Renewal Fund Reserve

The purpose of this reserve is to fund infrastructure renewal programs/works.

Boat Launching Facilities Reserve

The purpose of this reserve is to build up funds to assist with the development of boat launching facilities north and south of the City. Studies have revealed the need for additional facilities to better cater for the communities' demands.

Chapman River Regional Park Reserve

The purpose of this reserve is to fund continuing maintenance of the Chapman River Regional Park.

City Building Construction Reserve

The purpose of this reserve is to make provision for any funding required to assist with building construction works to any City owned facilities.

City Building Maintenance Reserve

The purpose of this reserve is to make provision for any funding required to assist with building maintenance works to any City owned facilities.

City Centre Foreshore Building Maintenance Reserve

The purpose of this reserve is for the future maintenance required of buildings situated along the foreshore that will require periodic maintenance due to the prevailing weather conditions.

City Centre Foreshore Redevelopment Reserve

The purpose of this reserve is to assist with any infrastructure funding necessary for the redevelopment of the foreshore.

City Marketing Reserve

The purpose of this reserve is to assist with any promotional or marketing projects for the City of Geraldton-Greenough.

Contingency Reserve

The purpose of this reserve is to make provision for any unforeseen overruns on any projects managed by the City of Geraldton-Greenough.

Disability Plan Reserve

The purpose of this reserve is to assist with the implementation of the City's Disability Plan.

Drummond Cove Clean Up Bonus Reserve

The purpose of this reserve is to assist Council in meeting a clean up bonus commitment to leaseholders after they vacate their leased properties on the west side of Whitehill Road (Lot 12820).

Drummond Cove Foreshore

The purpose of this reserve is firstly for the redevelopment of the foreshore land comprising of Lot 1280 being that part of Reserve 24738 and the Whitehill Road Reserve and for removing infrastructure belonging to west side leaseholders after their lease terms expire or are terminated; clearing and reinstatement of land to foreshore vegetation. Secondly with the balance of unused funds after rehabilitation is completed, to be allocated to the Drummond Cove Development Reserve or other suitable reserve for the benefit of residents in the Drummond Cove area.

Electronic Equipment & IT Reserve

The purpose of this reserve is to assist with the implementation of an Electronic Equipment and IT Development plan.

Ellendale Pool Reserve

The purpose of this reserve is to fund capital infrastructure works planned for the Ellendale Pool recreational reserve.

Employee Leave Entitlements Reserve

The purpose of this reserve is for the funding of payments not predicted or provided for in Council's municipal budget. It is also intended to fund large payments to staff that may occur in any one year, principally being long service leave payments but shall include provision for voluntary redundancy payments, accrued non-current annual leave and sick leave entitlements as provided for under the City's Union Collective Agreement.

**CITY OF GERALDTON-GREENOUGH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

12. RESERVES – CASH / INVESTMENT BACKED (Continued)

Family Day Care Reserve

The purpose of this reserve is to provide for any long service leave liability or other leave entitlements associated with staff from the Family Day Care Centre and to fund any capital replacement costs.

Fire Control Reserve

The purpose of this reserve is to provide funding of bushfire plant and equipment acquisitions and upgrades.

Grant Contribution Reserve

The purpose of this reserve is to assist with supplementary grant funding or matching funds for projects considered worthwhile that was otherwise not considered as a project at the time of the budget being adopted.

Insurance Contingency Reserve

The purpose of this reserve was originally to provide for unexpected insurance costs. However, with the adoption of a "burner" workers compensation policy its use has been expanded to be the repository for "initial savings" created as the difference between the assessed maximum premium and the initial deposit premium. It will also be used to pay premium adjustments and "calls" associated with the burner policy as they arise.

Land Acquisition Reserve

The purpose of this reserve is for the payment of major or minor land resumptions or acquisitions as determined by the Council for strategic benefits.

Library Reserve

The purpose of this reserve is to fund any capital works, replace/purchase equipment, or fund local projects.

Local History Publishing Reserve

The purpose of this reserve is to fund the development of the local history publications.

Major Projects & Initiative Reserve

The purpose of this reserve is to provide funding towards any major strategic projects or initiatives so identified by the City and contained within the City's 5 year Plan for the Future.

Marina Development Reserve

The purpose of this reserve is to fund works at the new Batavia Coast Marina development.

Meat Inspection Reserve

The purpose of this reserve is to collect surplus funds from the meat inspection service administered by the City of Geraldton-Greenough which can later be used to offset costs or losses associated with providing the service from year to year.

Meru Waste Disposal Site Reserve

The purpose of this reserve is to retain funds for the development of the Meru Waste disposal site (previously administered by Geraldton Greenough Regional Council), purchase or replacement of plant and equipment for the site, and for the progressive redevelopment of the land fill site.

Meru Waste Rehabilitation Reserve

The purpose of this reserve is to provide sufficient funding towards the rehabilitation of this waste site when closed.

Museum Reserve

The purpose of this reserve is to assist with the development, refurbishment and conservation of the Pioneer and Walkaway Museums

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.

Parking Ticket Machine Reserve

The purpose of this reserve is to establish a fund for the maintenance and replacement of parking ticket machines.

Plant Replacement Reserve

The purpose of this reserve is to build up funds to assist with the purchase/replacement of the City's plant and fleet vehicles in accordance with its plant replacement programme.

Point Moore Infrastructure Reserve

The purpose of this reserve is to make provision for funding infrastructure development in the Point Moore locality.

Public Art Maintenance and Refurbishment Reserve

The purpose of this reserve is to make provision for the maintenance and acquisition of public art for the City.

Queens Park Theatre Reserve

The purpose of this reserve is for future major fittings and equipment maintenance and replacement including replacement of a new grand piano for the QPT.

Recreational Grounds Reserve

The purpose of this reserve is to make provision for infrastructure works to community facilities and grounds at City recreational reserves.

**CITY OF GERALDTON-GREENOUGH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

12. RESERVES – CASH / INVESTMENT BACKED (Continued)

Restricted Grant Reserve

The purpose of this reserve is to restrict grant funds unspent in the financial year to be carried over to the next financial year.

Reticulation Reserve

The purpose of this reserve is to make provision for funding to be available for the installation and replacement of reticulation infrastructure.

Rubbish Reserve

The purpose of this reserve is to provide sufficient funds to meet large non-recurrent cost increases that occur through annual operations and to enable a more uniform levying of rubbish charges.

Rubbish Tip (Flores Road) Reserve

The purpose of this reserve is to provide sufficient funding towards the rehabilitation of this site since its closure.

Separation Point Enhancement Reserve

The purpose of this reserve is to provide funding towards any associated infrastructure works scheduled for the Separation Point locality.

Small Sport & Recreational Loans Reserve

The purpose of this reserve is to provide funding for any identified sporting and/or recreational projects whereby funding through the Community Sports Recreational Facilities Fund (CSRFF) was missed or the project cannot occur within the CSRFF timeframes of funding.

Strategic Planning & Reviews Reserve

The purpose of this fund is to assist with any town planning strategic plans or reviews for any existing Town Planning Schemes. Funding also supports any town planning projects whereby some form of town planning review is required.

Subdivisional Deferred Works Reserve

The purpose of this reserve is for these funds to be allocated for future footpath works in new subdivisions.

CITY OF GERALDTON-GREENOUGH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

13. RESERVES - ASSET REVALUATION

Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets:

	2011	2010
	\$	\$
(a) Land and Buildings		
Opening balance	39,821,265	0
Revaluation Increment	<u>0</u>	<u>39,821,265</u>
	<u>39,821,265</u>	<u>39,821,265</u>
(b) Artwork		
Opening Balance	406,826	0
Revaluation Increment	<u>0</u>	<u>406,826</u>
	<u>406,826</u>	<u>406,826</u>
(c) Roads		
Opening Balance	47,862,777	43,406,422
Revaluation Increment	<u>8,096,362</u>	<u>4,456,355</u>
	<u>55,959,139</u>	<u>47,862,777</u>
(d) Recreation		
Opening Balance	741,786	338,870
Revaluation Increment	<u>602,789</u>	<u>402,916</u>
	<u>1,344,575</u>	<u>741,786</u>
(e) Infrastructure Other		
Opening Balance	2,065,987	2,077,226
Revaluation Decrement	<u>(6,431)</u>	<u>(11,239)</u>
	<u>2,059,556</u>	<u>2,065,987</u>
(f) Infrastructure Meru Landfill		
Opening Balance	145,244	102,715
Revaluation Increment	<u>276,777</u>	<u>42,529</u>
	<u>422,021</u>	<u>145,244</u>
(g) Infrastructure Airport		
Opening Balance	663,014	432,742
Revaluation Increment	<u>0</u>	<u>230,272</u>
	<u>663,014</u>	<u>663,014</u>
TOTAL ASSET REVALUATION RESERVES	<u><u>100,676,396</u></u>	<u><u>91,706,899</u></u>

CITY OF GERALDTON-GREENOUGH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

14. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash 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:

	2011 \$	2011 Budget \$	2010 \$
Restricted (Refer Note 3)	20,283,352		17,319,425
Less: Bank Overdraft (Refer Note 9)	<u>(3,506,326)</u>		<u>(3,104,412)</u>
Total Cash and Cash Equivalents	<u>16,777,026</u>		<u>14,215,013</u>

(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net Result	6,901,971	2,804,801	4,100,004
Amortisation	0		0
Depreciation	10,342,271	9,647,885	11,590,731
(Profit)/Loss on Sale of Asset	215,680	(4,345,613)	(3,674,531)
(Increase)/Decrease in Receivables	1,053,647	(334,668)	(140,618)
(Increase)/Decrease in Inventories	18,826	8,052	140,410
Increase/(Decrease) in Payables	(2,261,810)	(427,601)	(2,647,726)
Increase/(Decrease) in Employee Provisions	58,950		618,943
Grants/Contributions for the Development of Assets	<u>(5,912,249)</u>	<u>(9,280,541)</u>	<u>(3,750,734)</u>
Net Cash from Operating Activities	<u>10,417,287</u>	<u>(1,927,685)</u>	<u>6,236,479</u>

(c) Borrowing Facilities

Credit Standby Arrangements

Group Credit Facility	6,000,000		6,000,000
Bank Overdraft limit	750,000		750,000
Bank Overdraft at Balance Date	(3,506,326)		(3,104,412)
Credit Card limit	60,000		50,000
Credit Card Balance at Balance Date	725		(2,216)
Total Amount of Credit	<u>3,304,399</u>		<u>3,693,372</u>

Loan Facilities

Loan Facilities - Current	2,140,197		2,185,875
Loan Facilities - Non-Current	7,002,396		8,643,012
Total Facilities in Use at Balance Date	<u>9,142,593</u>		<u>10,828,887</u>
Unused Loan Facilities at Balance Date	<u>0</u>		<u>0</u>

**CITY OF GERALDTON-GREENOUGH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

15. CONTINGENT LIABILITIES

No contingent liabilities were held by the City of Geraldton-Greenough for the 2010/11 financial year.

16. CAPITAL AND LEASING COMMITMENTS	2011 \$	2010 \$
(a) Finance Lease Commitments		
The City held no finance leases at 30 June 2011.		
(b) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts		
Payable:		
- not later than one year	24,124	94,925
- later than one year but not later than five years	70,800	113,657
- later than five years	0	0
	<u>94,925</u>	<u>208,582</u>

(c) Capital Expenditure Commitments

Contracted for:		
- land and buildings	686,069	2,823,059
- infrastructure	494,246	1,761,513
- plant & equipment purchases	139,972	245,754
Payable:		
- not later than one year	1,320,287	4,830,326

The capital expenditure project outstanding at the end of the current reporting period represents

CITY OF GERALDTON-GREENOUGH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

14. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash 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:

	2011 \$	2011 Budget \$	2010 \$
Cash and Cash Equivalents	<u>20,843,548</u>	<u> </u>	<u>17,879,621</u>

(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net Result	6,901,971	2,804,801	4,100,004
Amortisation	0		0
Depreciation	10,342,271	9,647,885	11,590,731
(Profit)/Loss on Sale of Asset	215,680	(4,345,613)	(3,674,531)
(Increase)/Decrease in Receivables	1,053,647	411,683	(140,618)
(Increase)/Decrease in Inventories	18,826	8,052	140,410
Increase/(Decrease) in Payables	(2,261,810)	(497,601)	(2,647,726)
Increase/(Decrease) in Employee Provisions	58,950		618,943
Grants/Contributions for the Development of Assets	<u>(5,912,249)</u>	<u>(9,280,541)</u>	<u>(3,750,734)</u>
Net Cash from Operating Activities	<u>10,417,287</u>	<u>(1,251,334)</u>	<u>6,236,479</u>

CITY OF GERALDTON-GREENOUGH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

19. FINANCIAL RATIOS	2011	2010	2,009
Current Ratio	75.01%	35.28%	26.33%
Untied Cash to Unpaid Trade Creditors Ratio	-279.69%	-95.27%	-46.02%
Debt Ratio	4.86%	6.37%	6.31%
Debt Service Ratio	6.40%	8.07%	14.57%
Gross Debt to Revenue Ratio	16.83%	22.44%	24.02%
Gross Debt to Economically Realisable Assets Ratio	7.03%	8.76%	12.73%
Rate Coverage Ratio	46.51%	47.34%	50.93%
Outstanding Rates Ratio	2.94%	2.49%	4.02%

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Untied Cash to Unpaid Trade Creditors Ratio	$\frac{\text{untied cash}}{\text{unpaid trade creditors}}$
Debt Ratio	$\frac{\text{total liabilities}}{\text{total assets}}$
Debt Service Ratio	$\frac{\text{debt service cost}}{\text{available operating revenue}}$
Gross Debt to Revenue Ratio	$\frac{\text{gross debt}}{\text{total revenue}}$
Gross Debt to Economically Realisable Assets Ratio	$\frac{\text{gross debt}}{\text{economically realisable assets}}$
Rate Coverage Ratio	$\frac{\text{net rate revenue}}{\text{operating revenue}}$
Outstanding Rates Ratio	$\frac{\text{rates outstanding}}{\text{rates collectable}}$

CITY OF GERALDTON-GREENOUGH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

20. TRUST FUNDS

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

	Balance 1-Jul-10 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-11 \$
BCITF	6,114	329,459	(289,419)	46,154
Bonds	169,818	131,280	(154,199)	146,899
BRB	(37)	46,774	(42,930)	3,807
DUP Contributions - Cape Burney	22,724	1,031	0	23,755
DUP Contributions - Drummond Cove	321,048	14,563	0	335,611
DUP Contributions - Spalding	27,500	1,247	0	28,747
DUP Contributions - Strathalbyn	109,713	4,977	0	114,690
DUP Contributions - Mt Tarcoola	32,310	1,466	0	33,776
DUP Contributions - Wandina	79,342	3,599	0	82,941
DUP Contributions - Waggrakine	101,273	65,641	0	166,914
DUP Contribution - Webberton	0	8,000	0	8,000
DUP Contribution - Geraldton	0	5,500	0	5,500
Hoarding Deposit	0	7,500	0	7,500
Hall Hire Deposits Received	6,045	5,019	(5,300)	5,764
Verge/Footpath Bonds	125,465	27,600	(39,300)	113,765
Unclaimed Monies	4,886	287	(268)	4,905
POS Cash In Lieu	1,205,301	54,673	0	1,259,974
POS Cash In Lieu - Drummond Cove	65,643	2,978	0	68,621
POS Cash In Lieu - Glenfield	30,899	1,333	0	32,232
POS Cash In Lieu - Webberton	577,568	26,199	0	603,767
POS Cash In Lieu - Strathalbyn	181,999	8,256	0	190,255
POS Cash In Lieu - Utakarra	190,638	8,647	0	199,285
POS Cash In Lieu - Wandina	71,431	2,139	0	73,570
Relocatable Buildings Bond	13,900	5,000	0	18,900
Roadwise Community Grants	3,800	0	(2,800)	1,000
Subdivision & Road Deposits	425,114	73,464	0	498,578
Sundry	30,512	34,965	(3,265)	62,212
Sporting Club Loans	47,373	0	(120)	47,253
Mobile Stage Deposits	200	1,400	(1,600)	0
Nomination Deposits	320	0	(320)	0
	<u>3,850,899</u>			<u>4,184,375</u>

**CITY OF GERALDTON-GREENOUGH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

21. DISPOSALS OF ASSETS - 2010/11 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
GOVERNANCE						
Plant & Equipment	55,266	62,924	71,045	69,000	15,779	6,076
HEALTH						
Plant & Equipment	14,700	14,287	13,818	13,000	(882)	(1,287)
EDUCATION & WELFARE						
Plant & Equipment	18,912	16,930	15,182	17,000	(3,730)	70
COMMUNITY AMENITIES						
Plant & Equipment	64,777	90,068	58,273	83,000	(6,504)	(7,068)
RECREATION & CULTURE						
Plant & Equipment	128,040	171,576	126,264	167,000	(1,776)	(4,576)
TRANSPORT						
Plant & Equipment	439,434	271,620	366,006	235,000	(73,428)	(36,620)
ECONOMIC SERVICES						
Plant & Equipment	18,175	25,704	16,364	24,500	(1,811)	(1,204)
OTHER PROPERTY & SERVICES						
Plant & Equipment	205,814	236,396	166,077	193,000	(39,737)	(43,396)
Various Land	372,000	300,000	216,364	940,000	(155,636)	640,000
POS Land	0	95,750	0	2,362,600	0	2,266,850
Excised land	0		0	400,000	0	400,000
Drummond Cove	0	0	52,045	0	52,045	0
Airport Technology Park	0	918,232	0	1,200,000	0	281,768
Johnson/NWCH Land	0	5,000	0	850,000	0	845,000
	1,317,118	2,208,487	1,101,438	6,554,100	(215,680)	4,345,613

CITY OF GERALDTON-GREENOUGH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

22. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1-Jul-10 \$	New Loans \$	Principal Repayments		Principal 30-Jun-11		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
RECREATION & CULTURE								
82 Tarcoola Park Tennis Club SSL *	25,573		2,008	2,008	23,565	23,565	1,813	1,828
214 Geraldton Netball Association *	7,360		7,360	7,360	0	0	192	254
222 La Fiamma Sporting Club *	7,402		4,152	4,152	3,250	3,250	294	368
225 Geraldton Netball Association *	71,237		16,198	1,198	55,039	55,039	4,047	4,210
228 Geraldton Surf Life Saving *	114,332		13,448	13,448	100,884	100,884	6,688	7,103
251 Geraldton Hockey Association *	236,070		19,592	19,592	216,478	216,478	14,121	14,190
253 Geraldton Yacht Club SSL *	98,182		7,559	7,559	90,623	90,623	5,927	6,027
219 Reticulation Works 01	12,771		12,771	12,771	0	0	316	560
220 Reticulation Works 02	25,568		12,364	12,364	13,204	13,204	1,417	1,505
221 Reticulation Works 03	36,045		11,351	11,351	24,694	24,694	1,614	1,882
224 Reticulation Works 04	46,993		10,754	10,754	36,239	36,239	2,417	2,590
226 Marina ablution block	49,238		8,731	8,731	40,507	40,507	2,665	2,842
227 Reticulation works 05	28,537		5,076	5,076	23,461	23,461	1,579	1,606
233 Land for Library Relocation	1,304,194		123,057	123,057	1,181,137	1,181,137	60,965	61,441
TRANSPORT								
101 Plant Purchases	18,591		18,591	18,591	0	0	362	430
102 Plant Purchases	77,536		43,313	43,313	34,223	34,223	3,701	3,843
105 Plant Purchase	142,222		34,635	34,635	107,587	107,587	8,520	8,532
235 Plant Loan	818,654		190,227	190,227	628,427	628,427	34,740	36,525
252 Plant Purchases for 2009/2010	1,177,958		91,560	91,560	1,086,398	1,086,398	69,014	70,004
255 Plant Loan 10/11		500,000	0	17,680	500,000	482,320	0	8,607
229 SGIO carpark	520,141		61,082	61,082	459,059	459,059	30,761	32,568
230 Airport Buffer Land	1,325,967		139,254	115,628	1,186,713	1,186,713	86,837	114,544
231 Drainage Fitzgerald Street	321,442		99,476	99,475	221,966	221,966	19,857	21,117
234 Lot 8 Chapman Road - Carpark	1,081,029		100,744	100,744	980,285	980,285	53,211	54,206
254 Capital Infrastructure	3,000,000		944,829	941,071	2,055,171	2,055,171	148,973	159,089
89 Airport	198,594		198,594	198,594	0	0	4,518	10,109
104 Infrastructure Loan	187,949		91,029	91,029	96,920	96,920	9,734	9,749
256 Airport Security Upgrade (internal)		1,200,000	142,570		1,057,430	1,057,430	63,673	0
ECONOMIC SERVICES								
95 Hamlet	83,250		9,568	9,568	73,682	73,682	5,434	5,572
					0			
Sub Total	11,016,835	1,700,000	2,419,893	2,252,618	10,296,942	10,279,262	643,390	641,301
Internal Loans	0	0	(233,599)	0	(1,154,350)	(1,154,350)	0	0
Long Term Borrowings	11,016,835	1,700,000	2,186,295	2,252,618	9,142,592	9,124,912	643,390	641,301

(*) Self supporting loan financed by payments from third parties.

Loan 104 is an internal loan supplied by Airport to Municipal to assist with infrastructure works.

Loan 256 is an internal loan supplied by Municipal to Airport to assist with security upgrade of the passenger terminal.

CITY OF GERALDTON-GREENOUGH
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22. INFORMATION ON BORROWINGS continued

(b) New Debentures - 2010/11

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Plant Loan	500,000	500,000	WA Treasury		5		5	500,000	500,000	0

WA Treasury has security over the General Funds of the Council as defined in section 6.21(4) of the Local Government Act 1995 ("Local Government Act ").

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 1-Jul-10 \$	Borrowed During Year \$	Expended During Year \$	Balance 30-Jun-11 \$
Nil					
		0	0	0	0

(d) Overdraft

Overdraft facilities of \$750k along with a Group Credit Facility of \$6m with Commonwealth Bank of Australia do exist.
As at the 30th June 2011 the drawdown on facilities was \$3,506,326.

CITY OF GERALDTON-GREENOUGH
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23. RATING INFORMATION - 2010/11 FINANCIAL YEAR

RATE TYPE	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 \$
Differential General Rate											
Residential	8.9042	9,873	127,580,858	11,371,049	137,352	20,400	11,528,800	11,228,301	270,000	40,000	11,538,301
Residential Vacant Land	8.9042	1,052	18,687,448	1,683,771	76,912	(9,980)	1,750,703	1,801,538	0	0	1,801,538
NonResidential	8.9686	1,211	59,204,570	5,316,948	239,765	94,260	5,650,973	5,309,196	220,000	0	5,529,196
Agricultural General	0.5008	549	202,786,000	1,023,900	6,771	77	1,030,748	1,022,383	10,000	0	1,032,383
Mining Tenements	0.5008	0	0	0	628	2,384	3,012	0	0	0	0
UV Urban	0.5008	6	3,393,000	16,992	(3,736)	0	13,256	51,242	0	0	51,242
Sub-Totals		12,692	411,651,876	19,412,660	457,692	107,141	19,977,493	19,412,660	500,000	40,000	19,952,660
Minimum Rates											
	Minimum \$										
Residential	772	3,727	30,187,320	2,876,908	0	0	2,876,908	2,618,624	0	0	2,618,624
Residential Vacant Land	872	1,964	15,076,308	1,712,924	0	0	1,712,924	1,951,536	0	0	1,951,536
NonResidential	772	236	3,715,504	181,820	0	0	181,820	178,332	0	0	178,332
Agricultural General	772	175	21,657,700	135,100	0	0	135,100	136,644	0	0	136,644
Mining Tenements	772	12	56,284	9,264	0	0	9,264	9,264	0	0	9,264
UV Urban	772	0	(746,000)	0	0	0	0	21,616	0	0	21,616
Sub-Totals		6,113	69,947,116	4,916,016	0	0	4,916,016	4,916,016	0	0	4,916,016
Ex-Gratia Rates							24,893,509				24,868,676
Specified Area Rate (refer note 24)							0				0
							100,436				98,036
Discounts (refer note 26)							24,993,945				24,966,712
Totals							0				0
							24,993,945				24,966,712

**CITY OF GERALDTON-GREENOUGH
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FOR THE YEAR ENDED 30TH JUNE 2011**

24. SPECIFIED AREA RATE - 2010/11 FINANCIAL YEAR

	Rate in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
CBD							
Non Residential	0.4467		21,946,740	100,436	98,036		
				100,436	98,036	0	0

City Centre, Marina Mixed Use and Additional Use City Centre zones for the purpose of car parking operations which includes land acquisition, parking development, operations, maintenance and any associated financing costs. Loans have been undertaken to service the debt to provide car parking initiatives at site including Chapman Road and Sandford Street.

A rate in the dollar of 0.4467 cents on Gross Rental Value will be applied to those commercial properties for 2010/2011 to service the debt on loan repayments.

25. SERVICE CHARGES - 2010/11 FINANCIAL YEAR

	Amount of Charge \$	Revenue Raised \$	Budget Revenue \$	Applied to Service Costs \$	Budget Applied to Costs \$
		0	0	0	0

The service charge is for the provision of television re-broadcasting. The charge is applicable to all owners and occupiers within a designated area surrounding the townsite.

The proceeds of the service charge are applied in full to the costs of maintenance and operation.

No transfer to or from reserve accounts has occurred.

**CITY OF GERALDTON-GREENOUGH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

**26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2010/11 FINANCIAL YEAR**

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

Incentives

Early Payment 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 \$1000 to the successful ratepayers. Details and conditions are set out in the brochures that accompany the rates assessment notice.

None of the prizes involved any cost to Council

Concessions

Council offers no concessions to ratepayers for 2010/11 financial year

Write Offs

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

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

27. INTEREST CHARGES AND INSTALMENTS - 2010/11 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Instalments	0	0	115,047	0
Instalment Fees	0	9	110,480	203,000
Penalty Interest	0	0	131,535	150,000
Pensioner Deferred Interest		0	11,071	9,500
Interest on Sundry Debtors	11	0	0	500
			368,133	363,000

28. FEES & CHARGES

	2011 \$	2010 \$
Governance	36,959	95,845
General Purpose Funding	183,133	198,309
Law, Order, Public Safety	225,496	134,051
Health	108,722	117,784
Education and Welfare	200,764	180,762
Housing	0	0
Community Amenities	6,828,237	6,295,530
Recreation and Culture	1,726,103	1,509,123
Transport	3,625,006	3,591,045
Economic Services	1,892,428	2,144,671
Other Property and Services	309,983	89,715
	15,136,832	14,356,835

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

**CITY OF GERALDTON-GREENOUGH
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29. GRANT REVENUE

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

	2011	2010
By Nature and Type:	\$	\$
Operating Grants, Subsidies and Contributions	11,613,295	8,489,159
Non-Operating Grants, Subsidies and Contributions	<u>5,912,249</u>	<u>3,750,734</u>
	<u><u>17,525,544</u></u>	<u><u>12,239,893</u></u>
By Program:		
Governance	3,827,777	237,234
General Purpose Funding	4,684,898	4,195,941
Law, Order, Public Safety	212,217	163,240
Health	155,209	165,514
Education and Welfare	1,105,041	976,293
Housing	0	0
Community Amenities	318,881	410,649
Recreation and Culture	4,630,009	1,692,338
Transport	1,791,055	3,462,726
Economic Services	40,035	96,177
Other Property and Services	<u>760,422</u>	<u>839,781</u>
	<u><u>17,525,544</u></u>	<u><u>12,239,893</u></u>

30. ELECTED MEMBERS REMUNERATION

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

	2011	2011	2010
	\$	Budget	\$
		\$	
Meeting Fees	92,087	91,000	85,823
Member's Allowance	80,458	75,000	75,000
Travelling Expenses	3,365	5,000	831
Conference Expenses	18,418	30,000	26,482
Councillor Training	<u>3,465</u>	<u>25,000</u>	<u>15,606</u>
	<u><u>197,793</u></u>	<u><u>226,000</u></u>	<u><u>203,742</u></u>

31. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

	2011	2010
	<u>254</u>	<u>276</u>

32. EMPLOYEES REMUNERATION

Set out below, in bands of \$10,000 is the number of the City entitled to an annual salary of \$100,000 (cash component) or more.

		2,011	2,010	
Salary Range				
110,000	119,999	1	4	
120,000	129,999	0	1	
130,000	139,999	2	0	
140,000	149,999	3	0	
180,000	189,999	0	1	
210,000	219,999	1	0	

**CITY OF GERALDTON-GREENOUGH
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FOR THE YEAR ENDED 30TH JUNE 2011**

33. MAJOR LAND TRANSACTIONS

Drummond Cove Free holding of Land

(a) Conclusion Statement

Via public auction, the sale of all 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 principal repaid to the City in 2010-11 amounted to \$135,228.

All major expenditure associated with subdivisional development was also concluded in 2009-10.

	2011 \$	2011 Budget \$	2010 \$
(b) Current year transactions			
Operating Revenue			
- Profit on sale	0		(3,090)
- Fees and Charges	0		(1)
Capital Revenue			
- Sale Proceeds	0		(3,323)
- Vendors Mortgages Reimbursement	(135)		(148)
	(135)	0	(6,562)
Operating Expenditure			
- Loan Repayment Interest	0		14
Capital Expenditure			
- Loan Principal Repayment	0		2,500
- Transfer to Reserve	0		2,050
- Development Costs	0		82
	0	0	4,646

There are no liabilities in relation to this land transaction as at 30 June 2011.

(c) Expected Future Cash Flows

	2,012 \$	2,013 \$	2,014 \$	2,015 \$	2,016 \$	Total \$
Cash Outflows						
- Development Costs		0				0
- Loan Repayments						0
	0	0	0	0	0	0
Cash Inflows						
- Loan Proceeds						0
- Sale Proceeds						0
	0	0	0	0	0	0
Net Cash Flows	0	0	0	0	0	0

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Geraldton Airport

The Geraldton Airport is run as a business unit of the City of Greater Geraldton and generates an income of approximately \$3m per annum. On an average approximately \$500,000 is put aside each year into the Airport Reserve account to maintain and improve existing and future infrastructure. The City of Greater Geraldton endeavours to operate the aerodrome in an environmentally sensitive manner in accordance with aviation best practice, in compliance with mandatory Federal aviation statutory requirements, and in a manner which provides satisfactory return on investment to the ratepayers of Greater Geraldton.

During 2010-11, the Airport terminal was upgraded, with a building extension to accommodate installation of baggage security screening equipment, and creation of a secure departure lounge with passenger screening equipment. This upgrade enables RPT aircraft exceeding 20,000kg MTOW to operate from the airport.

Monies accumulated within the reserve account are used each year as required for approved capital projects or maintenance in accordance with the Geraldton Airport Master Plan. A review and update of the Master Plan was nearing completion at June 2011. In addition to outlining planned future development of the airport, 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 continued operation of the airport as an essential regional infrastructure asset.

The Geraldton Airport is serviced by Skywest Airlines providing Regular Passenger Transport (RPT) services. The State Government conducted a review into regional air services and in 2010 announced deregulation of air services for Geraldton, enabling other Airlines to provide RPT services through the airport. As at June 2011, the City is negotiating with other Airlines interested in providing RPT services going forward.

Amongst other commercial general aviation operations, a medical practice has been established at the Geraldton Airport where they provide an air medical service to outlying regional and remote communities along with the local community.

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS (Continued)

The vision is to provide an innovative waste collection, management, recycling and resource recovery and disposal service that meets the triple bottom line; making it socially, environmentally and economically sustainable for all. The aim is to be a leader in waste management by providing a complete yet cost effective and efficient waste management service to the region achievable by actively engaging the community in sustainable waste practices, and by supporting and promoting and waste minimisation principles.

In 2010-11 the City of Geraldton-Greenough adopted a progressive new strategic framework for waste management with increased 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. Council also adopted a new Meru Master Plan to guide redevelopment of the Meru site, and this Master Plan is the basis for resource allocations for capital projects and necessary maintenance functions.

CITY OF GERALDTON-GREENOUGH
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FOR THE YEAR ENDED 30TH JUNE 2011

35. FINANCIAL RISK MANAGEMENT

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Council's overall risk management 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 the finance area under policies approved by the Council.

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2011	2010	2011	2010
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	16,777,026	14,215,013	16,777,026	14,215,013
Receivables	2,943,084	5,541,593	2,943,084	5,541,593
Investments at fair value	560,196	1,560,196	560,196	1,560,196
	<u>20,280,306</u>	<u>21,316,802</u>	<u>20,280,306</u>	<u>21,316,802</u>
Financial Liabilities				
Payables	5,008,876	6,708,914	5,008,876	6,708,914
Borrowings	9,142,593	10,828,887	9,142,593	10,828,887
	<u>14,151,468</u>	<u>17,537,801</u>	<u>14,151,468</u>	<u>17,537,801</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.
- Investments – based on quoted market prices at the reporting date or independent valuation. □
- Borrowings – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

**CITY OF GERALDTON-GREENOUGH
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35. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to 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 of their issuers or factors affecting similar instruments traded in a market.

Cash and investments are also subject to interest rate risk – the risk that movements in interest rates could affect returns.

Another risk associated with cash and investments is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to Council.

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	2011	2010
	\$	\$
Impact of a 10% (*) movement in price of investments:		
- Equity	56,019	56,020
- Statement of Comprehensive Income	56,019	56,020

Notes:

(*) Sensitivity percentages based on management's expectation of future possible market movements.

Recent market volatility has seen large market movements for certain types of investments.

Impact of a 1% (*) movement in interest rates on cash and investments:

- Equity	202,834	159,403
- Statement of Comprehensive Income	202,834	159,403

**CITY OF GERALDTON-GREENOUGH
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35 FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

Council's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. Council manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

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

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 subject to a re-negotiation of repayment terms.

The profile of the Council's credit risk at balance date was:

	2011	2010
Percentage of Rates and Annual Charges		
- Current	97%	97%
- Overdue	3%	3%
Percentage of Other Receivables		
- Current	89%	86%
- Overdue	11%	14%

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35. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

Payables and borrowings are both subject to liquidity risk – that is 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 and overdraft facilities drawn upon if required.

The contractual undiscounted cash flows of Council's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2011</u>					
Payables	5,008,876	0	0	5,008,876	5,008,876
Borrowings	50,678	4,971,148	5,123,940	10,145,765	10,145,765
	<u>5,059,554</u>	<u>4,971,148</u>	<u>5,123,940</u>	<u>15,154,641</u>	<u>15,154,641</u>
<u>2010</u>					
Payables	6,708,914	0	0	6,708,914	6,708,914
Borrowings	3,750,953	5,207,657	1,297,593	10,256,203	10,256,203
	<u>10,459,867</u>	<u>5,207,657</u>	<u>1,297,593</u>	<u>16,965,117</u>	<u>16,965,117</u>

**CITY OF GERALDTON-GREENOUGH
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FOR THE YEAR ENDED 30TH JUNE 2011**

35. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
Borrowings (Continued)**

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs. Council manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

The following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
Year Ended 30 June 2011								
Payables	5,008,876	0	0	0	0	0	5,008,876	
Borrowings	2,140,196	0	0	0	0	0	2,140,196	
Fixed Rate								
Debtures	50,678	2,398,751	2,008,429	63,967	500,000	5,123,940	10,145,765	6.08%
Weighted Average Effective Interest Rate	6.17%	6.01%	4.95%	5.97%	5.41%	6.62%		
Year Ended 30 June 2010								
Payables	6,708,914	0	0	0	0	0	6,708,914	
Borrowings	2,185,875	0	0	0	0	0	2,185,875	
Fixed Rate								
Debtures	237,315	110,507	3,545,437	2,383,300	77,775	4,662,502	11,016,836	6.12%
Weighted Average Effective Interest Rate	6.66%	6.15%	6.01%	4.96%	5.97%	6.76%		

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

35. FINANCIAL RISK MANAGEMENT (Continued)

(d) Investments

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Council's overall risk management 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 generally not subject to foreign currency risk. However, Council had invested \$2,450,000 tied to Collateralised Debt Obligations (CDOs). The CDO products are tied to structured securities which have been heavily affected by the US sub-prime mortgage crisis. Issues associated with the US sub-prime mortgage crisis have resulted in all credit, cash and fixed income investments being "priced down".

Council has previously adopted to hold the CDO products until maturity. The \$2,450,000 originally invested in the CDO products are considered at risk and their face value has reduced considerably due to market conditions. Council is a party in a class action taken against Lehman Brothers (Australia) Ltd.

Valuations used to calculate the end of year asset values have been based on market information independently provided by Structured Credit Research & Advisory Pty Ltd. The details of each investment as at 30 June 2011 is as follows:

Security	Status	Investment Number	Investment Matures	Investment Type	Original	Market Value @ 6/30/2011	Total Income Payments to 6/30/2011
Helium – Esperance	Capital Current	Reserve 116	3/20/2013	CDO	500,000	255,915	8,153
Managed – Parkes	Aces Current	Reserve 122	6/20/2015	CDO	250,000	30,452	4,029
Zircon – Merimbula	Finance Current	Reserve 124	6/20/2013	CDO	500,000	460,000	0
Helium – Scarborough	Capital Current	Restricted 308	6/23/2014	CDO	500,000	40,420	5,421
Corsair (Cayman) Kakadu	Current –	Reserve 123	3/20/2014	CDO	700,000	218,225	10,890
TOTAL					2,450,000	1,005,012	28,493

Whilst the valuations indicate a partial recovery with the City's CDO products, a Fair Value Adjustment has not been made as the recoverability of the funds is still uncertain. Therefore, as at 30 June 2011 the disclosed value of the investments in the report is \$560,196.

36. SUBSEQUENT EVENT

The City of Geraldton-Greenough ceases to exist after 30th June 2011. From 1st July 2011, the City has merged with the Shire of Mullewa to become the Greater City of Geraldton.