



2013/14 BUDGET FOR ADOPTION

CITY OF GREATER GERALDTON
BUDGET
FOR THE YEAR ENDING 30 JUNE 2014

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CITY OF GREATER GERALDTON
STATEMENT OF COMPREHENSIVE INCOME BY NATURE OR TYPE
FOR THE YEAR ENDING 30TH JUNE 2014

	NOTE	2013/14 Budget \$	2012/13 Estimate/Actual \$	2012/13 Budget \$
REVENUES FROM ORDINARY ACTIVITIES				
Rates	8	37,847,428	36,963,892	37,009,692
Operating Grants, Subsidies & Contributions		9,369,894	11,622,826	10,778,519
Fees and Charges	11	17,417,497	16,925,081	15,770,073
Interest Earnings	2(a)	1,758,513	2,109,060	2,027,154
Other Revenue		2,029,625	1,353,083	1,542,482
		68,422,957	68,973,942	67,127,920
EXPENSES FROM ORDINARY ACTIVITIES				
Employee Costs		(28,595,045)	(27,205,278)	(26,499,043)
Materials and Contracts		(20,813,074)	(19,670,740)	(39,702,325)
Utility Charges		(3,185,325)	(2,943,122)	(2,963,400)
Depreciation on Non-Current Assets	2(a)	(18,042,064)	(18,017,690)	(14,574,109)
Interest Expenses	2(a)	(842,202)	(748,344)	(1,275,876)
Insurance Expenses		(971,360)	(905,970)	(704,945)
Other Expenditure		(1,944,805)	(2,332,468)	(2,545,342)
		(74,393,875)	(71,823,612)	(88,265,040)
		(5,970,918)	(2,849,670)	(21,137,120)
Non-Operating Grants, Subsidies & Contributions		26,300,376	11,428,077	18,067,083
Profit on Asset Disposals	4	578,807	406,594	6,594
Loss on Asset Disposals	4	(209,720)	(40,000)	(40,000)
Land Held For Resale - Proceeds of Sale		700,000	-	-
Land Held For Resale (Acquisition/Development Costs)		(14,891,646)	-	-
		12,477,817	11,794,671	18,033,677
NET RESULT				
Other Comprehensive Income				
TOTAL COMPREHENSIVE INCOME		6,506,899	8,945,001	(3,103,443)

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

Please note, other comprehensive income (if any) is impacted upon by external forces and is not able to be reliably estimated.

It is anticipated in all instances, any other comprehensive income will relate to non-cash transactions and as such, have no impact on this budget document.

CITY OF GREATER GERALDTON
STATEMENT OF COMPREHENSIVE INCOME BY PROGRAM
FOR THE YEAR ENDING 30TH JUNE 2014

	2013/14	2012/13	2012/13
	Budget	Estimate/Actual	Budget
	\$	\$	\$
OPERATING REVENUES (Refer Notes 1,2,8 to 13)			
General Purpose Funding	46,660,519	45,111,254	42,491,758
Governance	418,550	720,988	301,000
Law , Order, Public Safety	486,670	486,387	447,887
Health	343,885	449,700	482,000
Education and Welfare	914,506	1,514,680	1,718,719
Housing	17,100	10,144	10,000
Community Amenities	8,704,366	8,225,028	7,745,239
Recreation and Culture	2,249,308	2,553,064	1,928,309
Transport	5,788,300	5,621,935	5,485,000
Economic Services	1,540,875	1,226,175	1,161,175
Other Property and Services	1,998,878	3,054,587	5,356,833
	69,122,957	68,973,942	67,127,920
OPERATING EXPENSES (Refer Notes 1,2 & 14)			
General Purpose Funding	(767,909)	(804,277)	(478,132)
Governance	(13,222,956)	(12,402,616)	(12,125,848)
Law , Order, Public Safety	(1,240,540)	(926,473)	(910,430)
Health	(537,675)	(790,312)	(510,969)
Education and Welfare	(2,004,005)	(2,104,539)	(2,263,046)
Housing	(112,204)	(134,059)	(134,059)
Community Amenities	(8,417,650)	(6,598,999)	(7,257,656)
Recreation & Culture	(11,816,619)	(10,881,710)	(10,804,723)
Transport	(22,116,814)	(21,141,441)	(18,321,751)
Economic Services	(3,832,518)	(4,174,741)	(3,458,347)
Other Property and Services	(24,374,429)	(11,116,101)	(30,724,203)
	(88,443,319)	(71,075,268)	(86,989,164)
BORROWING COSTS EXPENSE (Refer Notes 2 & 5)			
Governance	(37,424)	(9,861)	(55,970)
Law , Order, Public Safety	-	-	(76,171)
Community Amenities	-	-	(8,807)
Recreation & Culture	(361,016)	(307,538)	(383,957)
Transport	(430,410)	(426,795)	(378,163)
Economic Services	(3,361)	(4,150)	-
Other Property & Services	(9,991)	-	(372,808)
	(842,202)	(748,344)	(1,275,876)
GRANTS/CONTRIBUTIONS FOR THE DEVELOPMENT OF ASSETS			
General Purpose Funding	2,500,000	959,460	2,671,092
Governance	-	-	550,927
Community Amenities	45,000	-	-
Recreation & Culture	3,795,822	2,491,320	11,106,397
Transport	17,454,954	7,977,297	3,558,667
Economic Services	-	-	180,000
Other Property & Services	2,504,600	-	-
	26,300,376	11,428,077	18,067,083
PROFIT/(LOSS) ON DISPOSAL OF ASSETS (Refer Note 4)			
Other Property & Services	369,087	366,594	(33,406)
	369,087	366,594	(33,406)
NET RESULT			
Other Comprehensive Income	6,506,899	8,945,001	(3,103,443)
TOTAL COMPREHENSIVE INCOME	6,506,899	8,945,001	(3,103,443)

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

**CITY OF GREATER GERALDTON
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30TH JUNE 2014**

	NOTE	2013/14 Budget	2012/13 Estimate/Actual	2012/13 Budget	
Cash Flows From Operating Activities		\$	\$	\$	
Receipts					
Rates		37,812,087	37,228,336	37,009,692	
Grants and Subsidies - operating		9,369,894	11,622,826	9,156,019	
Contributions, Reimbursements & Donations		-	-	1,622,500	
Fees and Charges		17,417,497	16,925,081	15,770,073	
Interest Earnings		1,758,513	2,109,060	2,027,154	
Goods and Services Tax		615,000	300,000	425,000	
Proceeds from Land Held For Resale		700,000	-	-	
Other		2,029,625	1,416,459	1,542,482	
		69,702,616	69,601,762	67,552,920	
Payments					
Employee Costs		(28,586,297)	(27,182,287)	(26,499,043)	
Materials and Contracts		(35,457,664)	(19,818,567)	(39,702,325)	
Utilities Charges		(3,185,325)	(2,943,122)	(2,963,400)	
Insurance		(971,360)	(905,970)	(704,945)	
Interest		(842,202)	(748,344)	(1,275,876)	
Goods and Services Tax		(180,000)	(150,000)	0	
Other		(1,944,805)	(2,332,468)	(2,545,342)	
		(71,167,653)	(54,080,758)	(73,690,931)	
Net Cash Provided By Operating Activities	15(b)	(1,465,037)	15,521,004	(6,138,011)	from note 15b
Cash Flows from Investing Activities					
Payments for Purchase of Assets	3	(12,334,822)	(10,648,275)	(15,603,401)	from note 3
Payments for Construction of Infrastructure	3	(52,480,860)	(23,229,059)	(31,654,964)	
Proceed from Council Loans		-	-	92,789	
Grants/Contributions for the Development of Assets		26,300,376	12,084,288	18,067,083	
Proceeds of Sale of Securities		-	560,000	-	
Proceeds from Sale of Assets	4	3,885,000	811,912	2,226,912	from note 4
Net Cash Used in Investing Activities		(34,630,306)	(20,421,134)	(26,871,581)	
Cash Flows from Financing Activities					
Repayment of Debentures	5	(3,089,287)	(2,974,608)	(3,274,584)	
Proceeds from Self Supporting Loans		92,124	87,045	66,566	
Proceeds from New Debentures	5	21,030,000	5,100,000	29,993,000	
Net Cash Provided By (Used In) Financing Activities		18,032,837	2,212,437	26,784,982	
Net Increase (Decrease) in Cash Held		(18,062,506)	(2,687,693)	(6,224,610)	
Cash at Beginning of Year		29,669,307	32,357,000	29,048,161	
Cash and Cash Equivalents at the End of the Year	15(a)	11,606,801	29,669,307	22,823,551	from note 15a

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

**CITY OF GREATER GERALDTON
RATE SETTING STATEMENT
FOR THE YEAR ENDING 30TH JUNE 2014**

	NOTE	2013/14	2012/13	2012/13
		Budget	Estimate/Actual	Budget
		\$	\$	\$
REVENUES	1,2			
Grants, Subsidies and Contributions		35,670,270	23,050,903	28,845,602
Fees and Charges		17,417,497	16,925,081	15,770,073
Interest Earnings		1,758,513	2,109,060	2,027,154
Other Revenue		2,029,625	1,353,083	1,542,482
Profit on Disposal of Assets		578,807	406,594	6,594
Land Held For Resale - Proceeds of Sale		700,000	-	-
		58,154,712	43,844,721	48,191,905
EXPENSES	1,2			
Employees Costs		(28,595,045)	(27,205,278)	(26,499,043)
Materials & Contractors		(20,813,074)	(19,670,740)	(39,702,325)
Utility Charges		(3,185,325)	(2,943,122)	(2,963,400)
Depreciation on Non-Current Assets		(18,042,064)	(18,017,690)	(14,574,109)
Interest Expenses		(842,202)	(748,344)	(1,275,876)
Insurance Expenses		(971,360)	(905,970)	(704,945)
Other Expenditure		(1,944,805)	(2,332,468)	(2,545,342)
Loss on Disposal of Assets		(209,720)	(40,000)	(40,000)
Land Held For Resale (Acquisition/Development Costs)		(14,891,646)	-	-
		(89,495,241)	(71,863,612)	(88,305,040)
Net Operating Result Excluding Rates		(31,340,529)	(28,018,891)	(40,113,135)
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	4	(369,087)	(366,594)	33,406
Depreciation on Assets	2(a)	18,042,064	18,017,690	14,574,109
Prior Year Adjustments				
Movement in Deferred Pensioner Rates				
Movement in Employee Benefit Provision				
Capital Expenditure and Revenue				
Purchase Land and Buildings	3	(9,074,322)	(7,676,644)	(11,218,926)
Purchase Plant and Equipment	3	(2,557,000)	(2,594,346)	(3,232,225)
Purchase Furniture and Equipment	3	(683,500)	(357,285)	(1,152,250)
Purchase Other Property, Plant and Equipment	3	(20,000)	(20,000)	-
Purchase Infrastructure Assets - Roads	3	(39,532,725)	(12,826,413)	(22,891,964)
Purchase Infrastructure Assets - Parks	3	(4,026,000)	(5,788,914)	(8,763,000)
Purchase Infrastructure Assets - Other	3	(8,922,135)	(4,613,732)	-
Self-Supporting / Council Loans paid out		-	-	(70,000)
Proceeds from Disposal of Assets	4	3,885,000	811,912	2,226,912
Proceeds from Sale of Inventory		-	-	-
Repayment of Debentures	5	(3,089,287)	(2,974,608)	(3,274,584)
Proceeds from New Debentures	5	21,030,000	5,100,000	29,993,000
Self-Supporting Loan Principal Income		92,124	87,045	66,566
Council Loan Principal Income		-	656,211	92,789
Trust Transfers to Restriction		-	-	-
Trust Transfers from Restriction		-	-	-
Transfers to Reserves (Restricted Assets)	6	(448,000)	(9,561,998)	(9,039,710)
Transfers from Reserves (Restricted Assets)	6	21,974,639	13,855,563	16,674,386
Estimated Surplus/(Deficit) July 1 B/Fwd	7	(3,096,112)	(3,789,000)	(72,701)
Estimated Surplus/(Deficit) June 30 C/Fwd	7	(287,442)	(3,096,112)	842,365
Amount Required to be Raised from Rates	8	(37,847,428)	(36,963,892)	(37,009,692)

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

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30TH JUNE 2014**

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of these budget statements are:-

POLICY STATEMENT

a) Basis of Accounting

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 City has analysed its purpose, objectives and operating philosophy and determined that it does not have profit generation as its prime objective.

Consequently, where appropriate, the City has elected to apply options and exemptions within the Australian Accounting Standards that are applicable to not-for-profit entities.

The report has also been prepared on the accrual basis and is based on historical costs, 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 Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

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

The estimates and assumptions that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate to the following:

- Fair value assessments of property, plant and equipment assets
- Estimated useful life assessments of property, plant and equipment assets
- Impairment of property, plant and equipment assets
- Impairment of trade and other receivables
- Measurement and recognition of provisions

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 in Notes (typically at Note 20) to the annual financial statements.

c) Taxes

Income of the City is exempt from Commonwealth taxation except for Fringe Benefit Tax (FBT) and Goods and Service Tax (GST). The Council is also exempt from State Government Payroll Tax.

d) 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.

CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30TH JUNE 2014

e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, 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.

f) 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.

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

g) 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 the purpose of 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. 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 of timing to release for sale.

Assets Held for Sale

Items of property, plant and equipment are reclassified as assets held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and where the sale is considered highly probable. Non-current assets are not depreciated or amortised while they are classified as held for sale. Non-current assets classified as held for sale are presented separately from other assets in the statement of financial position.

h) Fixed Assets

Regulatory Requirements

Local Government (Financial Management) Regulation 17A was Gazetted on 20 April 2012 and the measurement of non-current assets at Fair Value became mandatory for WA Councils.

Regulation 17A allows for a phasing in of fair value in relation to fixed assets over three years as follows:

- a) For the financial year ending on 30 June 2013, the fair value of all assets of the local government that are plant and equipment; and
- b) For the financial year ending on 30 June 2014, the fair value of all assets of the local government
 - (i) that are plant and equipment; and
 - (ii) that are –
 - (I) land and buildings; or
 - (II) infrastructure; and

h) Fixed Assets (Continued)

- c) For the financial year ending on or after 30 June 2015, the fair value of all the assets of the local government.

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This requirement was previously foreshadowed. The City is implementing Fair Value in accordance with Local Government (Financial Management) Regulation 17A.

Initial Recognition and Measurement

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 overhead.

Revaluation

Revalued assets are carried at their fair value. When performing a revaluation, the Council uses a mix of both independent and management valuations.

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 asset.

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases in the same asset are charged against fair value reserves directly in Equity; all other decreases are charged to the statement of comprehensive income. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Those assets carried at a 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.

In addition, the amendments to the Local Government (Financial Management) Regulations mandating the use of Fair Value impose a further minimum three years revaluation requirement. As a minimum, all assets carried at a revalued amount, will be revalued at least every three years.

Land Under Control

In accordance with Local Government (Financial Management) Regulation 16(a), the Council is required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or Regional significance.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They are then classified as Land and revalued along with other land in accordance with the other policies detailed in this Policy. Whilst they were initially recorded at cost, fair value at the date of acquisition is deemed cost as per AASB 116. Consequently, these assets were initially recognised at cost but to be revalued along with other items of Land and Buildings at 30 June 2013.

Land Under Roads

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

Land under roads is excluded from infrastructure in accordance with the transitional arrangements available under AASB 1045 and in accordance with legislative requirements.

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.

h) Fixed Assets (Continued)

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Depreciation rates will be based on the useful life detailed in Appendix 6 of the Western Australian Local Government Accounting Manual. Major depreciation periods are:

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

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in 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 thresholds:

Buildings	\$5,000
Plant, equipment and tools	\$2,000
Furniture and Equipment	\$2,000
Computer and electronic equipment	\$2,000

i) 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 (i.e. trade date accounting is adopted).

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

Classification and Subsequent Measurement

Financial instruments are subsequently measured at 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.

i) Financial Instruments (continued)

Amortised cost is calculated as:

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- (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.

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.

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).

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments 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.

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 payments.

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).

Financial liabilities

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

Impairment of financial instruments

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.

j) Estimation of Fair Value - Financial Assets & Liabilities

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

CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30TH JUNE 2014

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.

k) Impairment of Assets

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 AASB 136 *'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.

l) 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.

m) Employee Benefits

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

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

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

Long Service Leave (Long-term Benefits)

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where the Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30TH JUNE 2014

n) 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.

o) Provisions

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

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period. Provisions are not recognised for future operating losses.

p) 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 by 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 values. 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.

q) Joint Ventures

The Council's interest in a joint venture is 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 provided in the Notes to annual financial statements (typically set out in Note 17).

r) Rates, Grants, Donations and Other Contributions

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

Where contributions recognised as revenue during the reporting period are 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 Notes [typically included in note 2] to the annual financial statements. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operation for the current reporting period.

s) Superannuation

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

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.

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30TH JUNE 2014**

u) Comparative Figures

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

v) Budget Comparative Figures

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

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30TH JUNE 2014**

2. OPERATING REVENUES AND EXPENSES

(a) Result from Ordinary Activities

(i) *Charging as an Expense:*

	2013/14	2012/13	2012/13
	Budget	Estimate/Actual	Budget
	\$	\$	\$
Depreciation			
<i>By Program</i>			
Governance	565,918	532,426	527,422
General Purpose Funding	-	-	-
Law, Order, Public Safety	33,353	35,284	31,553
Health	23,972	25,833	23,931
Education and Welfare	126,349	127,178	128,739
Housing	64,269	67,501	64,089
Community Amenities	128,323	132,567	142,927
Recreation and Culture	2,033,483	2,020,297	2,073,719
Transport	12,675,813	12,738,306	9,490,189
Economic Services	7,218	10,646	5,485
Other Property and Services	2,383,366	2,327,651	2,086,055
	18,042,064	18,017,690	14,574,109
<i>By Class</i>			
Land and Buildings	1,639,678	2,292,884	2,264,258
Furniture and Equipment	17,516	24,292	178,544
Plant and Equipment	2,350,660	2,407,150	1,974,940
Roads	9,731,312	9,815,916	8,439,217
Parks	569,724	570,831	590,904
Meru	83,418	84,520	228,323
Airport	894,386	514,503	650,922
Other	2,755,370	2,307,593	247,001
	18,042,064	18,017,690	14,574,109
Borrowing Costs (Interest)			
- Finance Lease Charges			-
- Bank Charges	93,000	76,253	-
- Debentures (<i>refer note 5(a)</i>)	842,202	748,375	1,275,876
	935,202	824,628	1,275,876
Rental Charges			
- Operating Leases	75,000	73,565	71,000

(ii) *Crediting as Revenue:*

Interest Earnings			
Investments			
- Reserve Funds	300,000	1,356,210	1,200,000
- Other Funds	1,066,513	645,704	490,154
Other Interest Revenue (<i>refer note 13</i>)	392,000	107,146	337,000
	1,758,513	2,109,060	2,027,154

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30TH JUNE 2014**

2. OPERATING REVENUES 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.

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

GOVERNANCE

Members of Council, civic receptions and functions, public relations, electoral, administration, support, research operations for Council Members and certain executive and staff.

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.

HOUSING

Maintenance of staff housing.

COMMUNITY AMENITIES

Rubbish collections, Meru refuse site operations, litter control, public litter bins, protection of the environment, town planning control, parenting centre, cemetery, and community services including youth programs.

RECREATION AND CULTURE

Aquarena, public halls, civic centres, 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

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

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30TH JUNE 2014**

3. ACQUISITION OF ASSETS

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

	2013/14	2012/13	2012/13
	Budget	Estimate/Actual	Budget
<u>By Program</u>	\$	\$	\$
Governance	672,500	2,943,389	1,997,250
Law, Order, Public Safety	6,000	48,606	315,000
Health	5,000	3,114	12,000
Education and Welfare	-	59,598	103,000
Housing	7,500	45,953	10,000
Community Amenities	2,848,994	891,635	5,470,000
Recreation and Culture	10,429,322	8,839,768	14,315,000
Transport	45,727,366	17,247,693	19,591,964
Economic Services	162,000	50,418	-
Other Property and Services	4,957,000	3,747,160	5,444,151
	64,815,682	33,877,334	47,258,365
<u>By Class</u>			
Land Held for Resale	-		-
Land and Buildings	9,074,322	7,676,644	11,218,926
Plant and Equipment	2,557,000	2,594,346	3,232,225
Furniture and Equipment	683,500	357,285	1,152,250
Other Property, Plant and Equipment	20,000	20,000	-
Infrastructure Assets - Roads	39,532,725	12,826,413	15,616,964
Infrastructure Assets - Parks and Ovals	4,026,000	5,788,914	8,423,000
Infrastructure Assets - Airport	-	-	2,540,000
Infrastructure Assets - Meru Landfill	-	-	4,750,000
Infrastructure Assets - Other	8,922,135	4,613,732	325,000
	64,815,682	33,877,334	47,258,365

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30TH JUNE 2014**

4. DISPOSAL OF ASSETS

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

	Net Book Value	Sale Proceeds	Profit(Loss)
By Program	2013/14	2013/14	2013/14
	Budget	BUDGET	BUDGET
	\$	\$	\$
OTHER PROPERTY AND SERVICES			
PWO - Fleet & Support Services			
Plant & Equipment			
GNG002C	10,748	28,000	17,252
GNG003C	18,759	28,000	9,241
GNG005C	11,760	20,000	8,240
GNG010C	10,381	20,000	9,619
GNG012C	16,869	22,000	5,131
GNG021C	8,277	12,000	3,723
GNG035C	5,813	16,000	10,187
GNG064C	10,535	12,000	1,465
GNG072C	10,380	22,000	11,620
GNG077C	22,723	25,000	2,277
GNG101C	30,992	20,000	(10,992)
GNG112C	66,704	50,000	(16,704)
GNG122C	21,085	15,000	(6,085)
GNG135C	36,285	30,000	(6,285)
GNG142C	10,937	20,000	9,063
GNG143C	11,318	14,000	2,682
GNG146C	6,237	20,000	13,763
GNG147C	30,766	40,000	9,234
GNG164C	6,280	5,000	(1,280)
GNG165C	6,280	5,000	(1,280)
GNG171C	45,805	35,000	(10,805)
GNG174C	940	4,000	3,060
CGG603	24,455	22,000	(2,455)
CGG605	24,455	22,000	(2,455)
CGG632	28,379	22,000	(6,379)
1DNZ004	3,164	7,000	3,836
MULLEWA			
Plant & Equipment			
MW5003	8,709	10,000	1,291
MW5011	-	40,000	40,000
MW5012	-	40,000	40,000
MW5018	8,744	10,000	1,256
FDC			
Plant & Equipment			
GNG013C	17,423	22,000	4,577
AIRPORT			
Plant & Equipment			
GNG088C	210	3,000	2,790
	515,413	661,000	145,587

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30TH JUNE 2014**

	Net Book Value	Sale Proceeds	Profit(Loss)
	2013/14	2013/14	2013/14
	Budget	BUDGET	BUDGET
<u>By Program</u>	\$	\$	\$
OTHER PROPERTY AND SERVICES			
Various Land Sales	3,000,500	3,224,000	223,500
	3,000,500	3,224,000	223,500
<u>By Class</u>			
Land & Buildings	2,855,500	3,224,000	223,500
Plant & Equipment	515,413	661,000	145,587
	3,370,913	3,885,000	369,087
<u>Summary</u>			2013/14
			BUDGET
			\$
Profit on Asset Disposals			578,807
Loss on Asset Disposals			(209,720)
			369,087

Disposal of Assets by Class			
		2013/14	2012/13
		Budget	Budget
Land			
	Proceeds of Sale	3,224,000	1,380,000
	Written Down Value	3,000,500	1,420,000
	Profit/(Loss)	223,500	(40,000)
Plant and Equipment			
	Proceeds of Sale	661,000	846,912
	Written Down Value	515,413	840,318
	Profit/(Loss)	145,587	6,594
		369,087	(33,406)
Disposal of Assets by Program			
		2013/14	2012/13
		Budget	Budget
	Other Property and Services	290,703	(8,548)
	Mullewa	82,547	(26,679)
	Family Day Care	4,578	(158)
	Airport	(8,741)	1,979
		369,087	(33,406)

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30TH JUNE 2014**

5. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1st July, 2013	New Loans	Principal Repayments		Principal Outstanding		Interest Repayments		
			2013/14 Budget	2012/13 Actual	2013/14 Budget	2012/13 Actual	2013/14 Budget	2012/13 Actual	
			\$	\$	\$	\$	\$	\$	
GOVERNANCE									
262 Admin Upgrade	979,428		84,307	20,572	895,121	979,428	37,424	9,861	
COMMUNITY AMENITIES									
RECREATION & CULTURE									
82 Tarcoola Tennis Club	*	19,080	2,500	2,324	16,580	19,080	1,336	1,512	
225 Geraldton Netball Association	*	19,488	19,488	18,323	-	19,488	920	2,085	
228 Geraldton Surf Lifesaving	*	71,343	16,207	15,230	55,136	71,343	4,343	5,321	
251 Geraldton Hockey Association	*	173,525	23,521	22,131	150,004	173,525	10,260	11,651	
253 Geraldton Yacht Club SSL	*	74,021	9,107	8,559	64,914	74,021	4,479	5,028	
221 Reticulation		-	-	12,691	-	-		541	
224 Reticulation		12,782	12,782	12,066	-	12,782	562	1,278	
226 Marina Toilets		21,435	10,405	9,814	11,030	21,435	1,168	1,759	
227 Reticulation		12,398	6,023	5,689	6,375	12,398	659	993	
233 Library Relocation Building		916,726	916,726	135,352	-	916,726	32,546	49,146	
257 Geraldton Hockey Association	*	219,639	21,477	20,480	198,162	219,639	10,451	11,477	
260 Aquarena Renewal		2,546,513	219,199	53,487	2,327,314	2,546,513	107,305	25,639	
NEW		-	2,000,000	41,165	-	1,958,835	-	19,400	-
TRANSPORT									
254 Capital infrastructure works		-	-	1,056,205	-	-		46,755	
231 Drainage - Fitzgerald St		-	-	115,007	-	-		5,587	
105 Plant Purchase		31,255	31,255	39,394	-	31,255	1,120	3,773	
235 Plant Purchase 08/09		219,567	219,567	209,316	-	219,567	7,185	17,436	
252 Plant Purchase 09/10		885,897	109,665	103,264	776,232	885,897	51,899	58,301	
255 Plant Purchase 10/11		315,850	99,716	94,532	216,134	315,850	16,043	21,226	
259 Verita Road Acquisition		3,951,277	387,739	370,065	3,563,538	3,951,277	174,515	202,188	
229 SGIO Carpark		324,780	73,725	69,244	251,055	324,780	19,926	24,407	
234 Library Land - Carpark		762,847	117,251	111,468	645,596	762,847	37,280	43,063	

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30TH JUNE 2014**

5. INFORMATION ON BORROWINGS (CONTINUED)

Particulars	Principal 1st July, 2013	New Loans	Principal Repayments		Principal Outstanding		Interest Repayments		
			2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	
			Budget	Actual	Budget	Actual	Budget	Actual	
			\$	\$	\$	\$	\$	\$	\$
TRANSPORT (Continued)									
230 Airport Buffer Land	877,190		171,786	160,175	705,404	877,190	58,386	69,997	
256 Airport Security Upgrade - Loan	745,713		170,236	160,464	575,477	745,713	42,227	51,999	
258 Land Acquisition - Airport Runway Extension	1,141,480		112,013	106,908	1,029,467	1,141,480	53,304	58,410	
261 Airport Parking	1,469,142		126,461	30,858	1,342,681	1,469,142	56,137	14,761	
NEW Airport Tech Park	-	2,700,000	-	-	2,700,000	-	-	-	
NEW Verita Road	-	7,000,000	53,987	-	6,946,013	-	79,975	-	
ECONOMIC SERVICES									
95 Hamlet	52,436		11,779	10,990	40,657	52,436	3,361	4,150	
OTHER PROPERTY & SERVICES									
NEW Beuarepaires Parking									
NEW Old Railway Building	-	1,030,000	21,200	-	1,008,800	-	9,991	-	
NEW Kempton St Reserve Swap	-	4,300,000	-	-	4,300,000	-	-	-	
NEW Olive St Redevelopment	-	4,000,000	-	-	4,000,000	-	-	-	
	15,843,812	21,030,000	3,089,287	2,974,608	33,784,525	15,843,812	842,202	748,344	

All debenture repayments are to be financed by general purpose revenue.

(*) Self supporting loans are funded by various sporting clubs and community groups.

Loan 256 is also an internal loan supplied by Municipal to the Airport for a security upgrade to the passenger terminal.

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30TH JUNE 2014**

(a) New Debentures – 2013/14

Particulars/Purpose	Amount Borrowed	Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate %	Amount Used	Balance
	Budget						Budget	Unspent \$
Aquarena Renewal Stage 2	2,000,000	WATC	P & I	10	60,565	3.88	2,000,000	-
Verita Road	7,000,000	WATC	P & I	20	133,692	4.57	7,000,000	-
Old Railway Building	1,030,000	WATC	P & I	10	31,191	3.88	1,030,000	-
Kempton St Reserve Swap	4,300,000	WATC	Interest Only	1	0	5.00	4,300,000	-
Olive St Redevelopment	4,000,000	WATC	Interest Only	1	0	5.00	4,000,000	-
Airport Tech Park	2,700,000	WATC	Interest Only	1	0	5.00	2,700,000	-

(b) Unspent Debentures

Council does not expect to have unspent debenture funds as at 30th June 2014.

Council proposes to establish loan credit facilities with WA Treasury Corporation in 2013/14 for the following projects:

1. Olive Street Development - \$7.69m short term loan credit facility with an anticipated drawn down in 2013/14 of \$4.0m as shown in the table under Note 5(b). The \$3.69m balance is proposed to be drawn down in 2014/15 if required.
2. Airport Technology Park - \$2.7m short term loan credit facility with an anticipated drawn down in 2013/14 of the full amount as shown in the table under Note 5(b).
3. Kempton Street Development - \$4.3m short term loan credit facility with an anticipated drawn down in 2013/14 of the full amount as shown in the table under Note 5(b).

Note: Principal and Interest repayments due on maturity.

(c) Overdraft

Overdraft facilities of \$750,000 with Commonwealth Bank of Australia do exist. It is anticipated that to maintain cash flows these facilities may be utilised during the 2013/14 year.

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30TH JUNE 2014**

6. RESERVES

	2013/14	2012/13	2012/13
	Budget	Estimate/Actual	Budget
	\$	\$	\$
(a) Airport Reserve			
Opening Balance	2,568,500	1,700,598	1,741,438
Amount Set Aside / Transfer to Reserve	-	867,902	1,000,000
Amount Used / Transfer from Reserve	(2,568,500)	-	(1,925,000)
Transferred to Municipal Account	-	-	-
	-	2,568,500	816,438
(b) Asset Development (Capital Works Program) Reserve			
Opening Balance	2,857,354	5,257,354	4,921,413
Amount Set Aside / Transfer to Reserve	-	297,229	1,969,565
Amount Used / Transfer from Reserve	(1,012,950)	(2,697,229)	(5,687,002)
Transferred to Municipal Account	(1,844,404)	-	-
	-	2,857,354	1,203,976
(c) Asset Renewal Fund Reserve			
Opening Balance	272,216	1,857,419	1,887,105
Amount Set Aside / Transfer to Reserve	-	534,550	2,472,920
Amount Used / Transfer from Reserve	-	(2,119,753)	(3,710,159)
Transferred to Municipal Account	(272,216)	-	-
	-	272,216	649,866
(d) Effluent Scheme Reserve			
Opening Balance	58,019	58,019	58,019
Amount Set Aside / Transfer to Reserve	-	-	25,000
Amount Used / Transfer from Reserve	-	-	(50,000)
Transferred to Municipal Account	(58,019)	-	-
	-	58,019	33,019
(e) Employee Leave Entitlements Reserve			
Opening Balance	291,946	241,946	376,946
Amount Set Aside / Transfer to Reserve	-	50,000	50,000
Amount Used / Transfer from Reserve	-	-	-
Transferred to Municipal Account	(291,946)	-	-
	-	291,946	426,946
(f) Family Day Care - Reserve			
Opening Balance	8,630	8,630	8,630
Amount Set Aside / Transfer to Reserve	-	-	-
Amount Used / Transfer from Reserve	-	-	-
Transferred to Municipal Account	(8,630)	-	-
	-	8,630	8,630
(g) Meat Inspection Reserve			
Opening Balance	45,964	45,964	45,964
Amount Set Aside / Transfer to Reserve	-	-	-
Amount Used / Transfer from Reserve	-	-	-
Transferred to Municipal Account	(45,964)	-	-
	-	45,964	45,964
(h) Meru Waste Disposal Site Reserve			
Opening Balance	2,685,000	3,153,581	3,053,581
Amount Set Aside / Transfer to Reserve	-	-	500,000
Amount Used / Transfer from Reserve	(2,685,000)	(468,581)	(2,850,000)
Transferred to Municipal Account	-	-	-
	-	2,685,000	703,581

CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30TH JUNE 2014

6. RESERVES (Continued)

	2013/14	2012/13	2012/13
	Budget	Estimate/Actual	Budget
	\$	\$	\$
(i) Meru Waste Rehabilitation Reserve			
Opening Balance	420,789	420,789	420,789
Amount Set Aside / Transfer to Reserve	-	-	250,000
Amount Used / Transfer from Reserve	-	-	-
Transferred to Municipal Account	(420,789)	-	-
	-	420,789	670,789
(j) Mullewa Community Reserve			
Opening Balance	516,641	486,641	385,792
Amount Set Aside / Transfer to Reserve	100,000	100,000	100,000
Amount Used / Transfer from Reserve	(169,000)	(70,000)	(70,000)
Transferred to Municipal Account	-	-	-
	447,641	516,641	415,792
(k) Mullewa Reveal Reserve			
Opening Balance	1,691,285	1,491,285	1,491,288
Amount Set Aside / Transfer to Reserve	200,000	200,000	200,000
Amount Used / Transfer from Reserve	-	-	-
Transferred to Municipal Account	-	-	-
	1,891,285	1,691,285	1,691,288
(l) Mullewa Medical Centre Reserve			
Opening Balance	68,006	68,006	55,900
Amount Set Aside / Transfer to Reserve	-	-	-
Amount Used / Transfer from Reserve	-	-	-
Transferred to Municipal Account	(68,006)	-	-
	-	68,006	55,900
(m) Olive Street Redevelopment Reserve			
Opening Balance	-	-	-
Amount Set Aside / Transfer to Reserve	-	-	-
Amount Used / Transfer from Reserve	-	-	-
Transferred to Municipal Account	-	-	-
	-	-	-
(n) Parking Land Reserve			
Opening Balance	381,966	239,649	410,654
Amount Set Aside / Transfer to Reserve	148,000	142,317	140,000
Amount Used / Transfer from Reserve	(240,000)	-	-
Transferred to Municipal Account	-	-	-
	289,966	381,966	550,654
(o) Plant Replacement Reserve			
Opening Balance	145,695	145,695	194,769
Amount Set Aside / Transfer to Reserve	-	-	2,332,225
Amount Used / Transfer from Reserve	-	-	(2,382,225)
Transferred to Municipal Account	(145,695)	-	-
	-	145,695	144,769
(p) Risk Management Reserve			
Opening Balance	457,227	457,227	403,475
Amount Set Aside / Transfer to Reserve	-	-	-
Amount Used / Transfer from Reserve	-	-	-
Transferred to Municipal Account	(457,227)	-	-
	-	457,227	403,475

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30TH JUNE 2014**

6. RESERVES (Continued)

	2013/14 Budget \$	2012/13 Estimate/Actual \$	2012/13 Budget \$
(q) Rubbish Tip (Flores Rd) Reserve			
Opening Balance	641,844	641,844	679,105
Amount Set Aside / Transfer to Reserve	-	-	-
Amount Used / Transfer from Reserve	-	-	-
Transferred to Municipal Account	(641,844)	-	-
	<u>-</u>	<u>641,844</u>	<u>679,105</u>
(r) Strategic Initiatives Reserve			
Opening Balance	43,480	43,480	109,679
Amount Set Aside / Transfer to Reserve	-	-	-
Amount Used / Transfer from Reserve	-	-	-
Transferred to Municipal Account	(43,480)	-	-
	<u>-</u>	<u>43,480</u>	<u>109,679</u>
(s) Unexpended Capital Works & Restricted Grant Reserve			
Opening Balance	14,310,612	15,440,612	13,638,571
Amount Set Aside / Transfer to Reserve	-	7,370,000	-
Amount Used / Transfer from Reserve	(11,000,969)	(8,500,000)	-
Transferred to Municipal Account	-	-	-
	<u>3,309,643</u>	<u>14,310,612</u>	<u>13,638,571</u>
Total Cash Backed Reserves	<u>5,938,535</u>	<u>27,465,174</u>	<u>22,248,442</u>
Opening Balance	27,465,174	31,758,739	29,883,118
Transfer to Reserve	448,000	9,561,998	9,039,710
Transfer from Reserve	(17,676,419)	(13,855,563)	(16,674,386)
Transferred to Municipal Account	(4,298,220)	-	-
Closing Balance	<u>5,938,535</u>	<u>27,465,174</u>	<u>22,248,442</u>

All Discretionary Reserves with a zero balance are to be closed off in 2013/14.

CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30TH JUNE 2014

6. RESERVES (Continued)

Summary of Reserve Transfers			
	2013/14	2012/13	2012/13
	Budget	Estimate/Actual	Budget
	\$	\$	\$
Transfers to Reserves			
1 Airport Reserve	0	867,902	1,000,000
2 Asset Development (Capital Works Program) Reserve	0	297,229	1,969,565
3 Asset Renewal Fund Reserve	0	534,550	2,472,920
4 Effluent Scheme Reserve	0	0	25,000
5 Employee Leave Entitlements Reserve	0	50,000	50,000
6 Family Day Care - Reserve	0	0	0
7 Meat Inspection Reserve	0	0	0
8 Meru Waste Disposal Site Reserve	0	0	500,000
9 Meru Waste Rehabilitation Reserve	0	0	250,000
10 Mullewa Community Reserve	100,000	100,000	100,000
11 Mullewa Reseal Reserve	200,000	200,000	200,000
12 Mullewa Medical Centre Reserve	0	0	0
13 Olive Street Redevelopment Reserve	0	0	0
14 Parking Land Reserve	148,000	142,317	140,000
15 Plant Replacement Reserve	0	0	2,332,225
16 Risk Management Reserve	0	0	0
17 Rubbish Tip (Flores Rd) Reserve	0	0	0
18 Strategic Initiatives Reserve	0	0	0
19 Unexpended Capital Works & Restricted Grant Reserve	0	7,370,000	0
Interest			
	448,000	9,561,998	9,039,710
Summary of Reserve Transfers			
	2013/14	2012/13	2012/13
	Budget	Estimate/Actual	Budget
	\$	\$	\$
Transfers from Reserves			
1 Airport Reserve	(2,568,500)	0	(1,925,000)
2 Asset Development (Capital Works Program) Reserve	(1,012,950)	(2,697,229)	(5,687,002)
3 Asset Renewal Fund Reserve	0	(2,119,753)	(3,710,159)
4 Effluent Scheme Reserve	0	0	(50,000)
5 Employee Leave Entitlements Reserve	0	0	0
6 Family Day Care - Reserve	0	0	0
7 Meat Inspection Reserve	0	0	0
8 Meru Waste Disposal Site Reserve	(2,685,000)	(468,581)	(2,850,000)
9 Meru Waste Rehabilitation Reserve	0	0	0
10 Mullewa Community Reserve	(169,000)	(70,000)	(70,000)
11 Mullewa Reseal Reserve	0	0	0
12 Mullewa Medical Centre Reserve	0	0	0
13 Olive Street Redevelopment Reserve	0	0	0
14 Parking Land Reserve	(240,000)	0	0
15 Plant Replacement Reserve	0	0	(2,382,225)
16 Risk Management Reserve	0	0	0
17 Rubbish Tip (Flores Rd) Reserve	0	0	0
18 Strategic Initiatives Reserve	0	0	0
19 Unexpended Capital Works & Restricted Grant Reserve	(11,000,969)	(8,500,000)	0
Transfer to Municipal	(4,298,220)		
	(21,974,639)	(13,855,563)	(16,674,386)
Total Transfer to/(from) Reserves	(21,526,639)	(4,293,565)	(7,634,676)

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30TH JUNE 2014**

6. RESERVES (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 Greater Geraldton Airport.

Asset Development (Capital Works Program) Reserve

The purpose of this reserve is to provide funding for new infrastructure tied to the capital works program and major projects / initiatives (including land development). Funds to be derived from profit on land sales and any levy apportioned against rates each financial year.

Asset Renewal Reserve

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

Effluent Scheme Reserve

The purpose of this reserve is for the future maintenance of the Liquid Effluent Scheme network.

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.

Family Day Care - Reserve

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

Meat Inspection Reserve

The purpose of this reserve is to collect surplus funds from the meat inspection service administered by the City of Greater Geraldton 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 development 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.

Mullewa Community Trust Reserve

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

Mullewa Reseal Reserve

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

Mullewa Medical Centre Reserve

The purpose of this reserve is to fund staffing and administration requirements of the Mullewa Medical Centre.

Olive Street Redevelopment Reserve

The purpose of this reserve is to retain proceeds from the sale of land associated with the Olive St Development for the purpose of funding debt financing costs and constructions / land costs associated with the overall development of the site and the costs associated with the establishment of a new Southern Suburb.

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.

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.

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30TH JUNE 2014**

6. RESERVES (Continued)

Risk Management Reserve

The purpose of this reserve is to fund prior year's insurance premium contingencies, the self-insured element of insurance claims and risk education initiatives or projects.

Rubbish Tip (Flores Rd) Reserve

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

Strategic Initiatives Reserve

The purpose of this reserve is to provide funding towards any strategic projects or initiatives so identified by the City and contained within any Strategic document adopted by the City.

Unexpended Capital Works & Restricted Grant Reserve

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

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30TH JUNE 2014**

7. NET CURRENT ASSETS

	2013/14	2012/13	2012/13	
	Budget	Estimate/Actual	Budget	
	\$	\$	\$	
CURRENT ASSETS				
Cash - Unrestricted	5,668,266	2,204,132	(258,524)	note 15a
Cash - Restricted	5,938,535	27,465,174	23,082,075	note 15a
Receivables	2,099,783	2,961,206	1,691,990	
Inventories	835,212	338,344	250,992	
	<u>14,541,796</u>	<u>32,968,856</u>	<u>24,766,533</u>	
LESS: CURRENT LIABILITIES				
Payables and Provisions	(8,890,680)	(8,599,794)	(842,093)	
NET CURRENT ASSET POSITION	5,651,116	24,369,062	23,924,440	
Less: Cash - Restricted	(5,938,535)	(27,465,174)	(23,082,075)	
ESTIMATED SURPLUS/(DEFICIENCY) C/FWD	<u>(287,419)</u>	<u>(3,096,112)</u>	<u>842,365</u>	

Estimated actual carried forward position for 2012-13 (and 2013-14 budget) based on industry standards calculation and as per advice received in properly presenting this position.

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30TH JUNE 2014**

8. RATING INFORMATION

RATE TYPE	Rate in \$ (cents)	Number of Properties	Rateable Value \$	2013/14 Budgeted Rate Revenue \$	2013/14 Budgeted Interim Rates \$	2013/14 Budgeted Back Rates \$	2013/14 Budgeted Total Revenue \$	Rate in \$ (cents)	Number of Properties	Rateable Value \$	2012/13 Budgeted Rate Revenue \$	2012/13 Budgeted Interim Rates \$	2012/13 Budgeted Back Rates \$	2012/13 Budgeted Total Revenue \$
Differential General Rate														
Vacant Residential	18.1151	1,356	12,467,270	2,258,458	60,000	0	2,318,458	17.6647	887	10,431,562	1,842,704	60,000	0	1,902,704
Residential	10.4835	13,374	202,810,030	21,261,592	190,000	20,000	21,471,592	10.2228	13,125	199,162,798	20,360,015	190,000	20,000	20,570,015
Non Residential	10.5594	1,247	79,149,995	8,357,765	101,653	20,000	8,479,418	10.2968	1,231	77,203,099	7,949,449	100,000	20,000	8,069,449
Unoccupiable City Centre Zone	19.9186	4	833,560	166,033			166,033	19.4234	3	713,960	138,675			138,675
Geraldton Rural, Mining & Farming	0.6552	638	233,358,000	1,528,962			1,528,962							
Agricultural General							-	0.6389	639	239,129,056	1,527,796	-	-	1,527,796
Mining Tenements							-	-	-	-	-	-	-	-
UV Urban							-	-	-	-	-	-	-	-
Ex-Mullewa Shire District	11.0172	152	1,265,764	139,452			139,452							
GRV Mullewa Townsite							-	10.7432	195	1,484,524	159,485	-	-	159,485
GRV Pindar Townsite							-	13.8362	4	18,460	2,554	-	-	2,554
Mullewa UV Agriculture	0.8100	225	142,252,500	1,152,245			1,152,245	0.8974	259	150,819,000	1,353,450	-	-	1,353,450
UV Mining							0	22.7136	29	421,316	95,696	-	-	95,696
Sub-Totals		16,996	672,137,119	34,864,507	351,653	40,000	35,256,160		16,372	679,383,775	33,429,824	350,000	40,000	33,819,823
Minimum Rates	Minimum \$							Minimum \$						
Vacant Residential	769	1,317	4,335,575	1,012,773			1,012,773	955	1,832	6,817,053	1,749,560			1,749,560
Residential	979	838	6,992,751	820,402			820,402	955	846	7,034,537	807,930			807,930
Non Residential	979	214	1,191,433	209,506			209,506	955	230	1,179,732	219,650			219,650
Geraldton Rural, Mining & Farming	979	135	11,255,703	132,165			132,165							
Agricultural General							-	955	122	11,099,644	116,510			116,510
Mullewa Shire District	628	144	286,333	90,432			90,432							
GRV Mullewa Townsite							-	384	83	49,693	31,872			31,872
GRV Pindar Townsite							-	104	16	1,515	1,664			1,664
Mullewa UV Agriculture	683	107	2,531,374	73,081			73,081	288	37	371,436	10,656			10,656
UV Mining							-	345	19	13,615	6,555			6,555
Concessions														
Sub-Totals		2,755	26,593,169	2,338,359	-	-	2,338,359		3,185	26,567,225	2,944,397	-	-	2,944,397
Ex-Gratia Rates							37,594,519							37,594,519
Specified Area Rates (Note 9)							107,363							107,363
							145,546							145,546
Discounts							37,847,428							37,847,428
Totals							37,847,428							37,847,428

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30TH JUNE 2014**

8. RATING INFORMATION (CONTINUED)

All land except exempt land in the City is rated according to its Gross Rental Value (GRV) in town sites or Unimproved Value (UV) in the rural regions of the City.

The general rates detailed above for the 2013/14 financial year have been determined on the basis of raising 2.25% more rate revenue over 2012/13 revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue expected to be raised from all sources other than rates.

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

The 2013-14 Budget proposes increases in aggregate rates revenue collections of 2.25% relative to 2012-13. Rates in the Dollar and Minimum Payments have been calculated accordingly, to be applied as appropriate to Gross Rental Valuation (GRV) and Unimproved Value (UV) property valuations that apply from 1 July 2013.

See attached Budget Principals and Rating Document 2013/14 for detailed rating information.

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30TH JUNE 2014**

9. SPECIFIED AREA RATE

	Rate in \$ (cents)	Basis of Rate \$	Rateable Value \$	2013/14 Budgeted Revenue \$	Rate in \$ (cents)	Basis of Rate \$	Rateable Value \$	2012/13 Budgeted Revenue \$
CBD								
Non Residential	0.4965	GRV	29,314,325	145,546	0.485	GRV	28,963,200	140,472

The specified area rate to be imposed on all non-residential properties within the City Centre, Marina Mixed Use and Additional Use City Centre zones for the purpose of car parking operations which includes land acquisition.

A rate in the dollar of 0.4965 cents on Gross Rental Values will be applied to those commercial properties for 2013/14 to service the debt on loan repayments. Loans have been undertaken to service the debt to provide car parking initiatives at sites including Chapman Road and Sanford Street, parking development, operations, maintenance and any associated costs.

There is no specified area rate at Mullewa district.

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30TH JUNE 2014**

10. SERVICE CHARGES

The City does not have any Services Charges.

11. FEES & CHARGES REVENUE

	2013/14	2012/13	2012/13
	Budget	Estimate/Actual	Budget
	\$	\$	\$
	CGG	CGG	CGG
General Purpose Funding	237,800	110,740	234,860
Governance	8,000	5,144	5,000
Law, Order, Public Safety	270,500	242,912	242,000
Health	106,500	119,272	100,500
Education and Welfare	245,683	212,680	232,411
Housing	17,000	0	10,000
Community Amenities	7,220,366	7,379,317	6,507,639
Recreation & Culture	1,845,995	1,755,806	1,623,155
Transport	5,344,400	4,934,453	4,733,000
Economic Services	1,247,375	1,192,299	1,074,675
Other Property & Services	873,878	972,458	1,006,833
	17,417,497	16,925,081	15,770,073

12. DISCOUNTS, INCENTIVES, CONCESSIONS & WRITE-OFFS

Discounts

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 ratepayer. Details and conditions are set out in the brochures that accompany the rates assessment notice.

Other prizes are also available to ratepayers:

- ACCOR Hotel – accommodation package for two
- Good Earth Hotel – accommodation package for two
- Novus - \$400 gift voucher
- Indah Health + Beauty Spa – Abrolhos Escape package worth \$370
- Staples – iPad mini 16GB
- Mitchell and Brown - \$100 voucher
- Midwest Auto Group - \$100 voucher
- Shine Aviation – Abrolhos Islands flyover package for two
- Friends of the QPT - \$100 voucher for any QPT show
- Aquarena – 25 x multi swim passes

Concessions

Council offers no concessions to ratepayers.

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.

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30TH JUNE 2014**

13. INTEREST CHARGES AND INSTALMENTS

Interest on Instalments

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

Instalment Fees

For ratepayers electing to pay their rates between 2 and 4 instalments, then a charge of \$10 per instalment is charged.

For ratepayers making an arrangement with Council to pay their rates in more than 4 instalments, then a one off charge of \$40 is charged.

Instalment Options

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

- Option 1 To pay their rates in full by the 35th day after the rates notice has been issued
- Option 2 To pay their rates in two (2) equal instalments
- Option 3 To pay their rates in four (4) equal instalments

Penalty Interest on Late Payments - Rates

Financial Management Regulation clause 70 and section 6.51 of the Local Government Act 1995 prescribes that the maximum interest that can be levied on overdue rates is 11% per annum. Council has resolved to set its rate at 11%. This interest will apply after the expiry of 65 days from the date the rates notice is issued.

Penalty Interest on Late Payments - Debtors

Financial Management Regulation clause 19A and section 6.13(3) of the Local Government Act 1995 prescribes the maximum rate of interest to be imposed is 11%. Council has resolved to set its rate at 11%. This interest will apply after the expiry of 60 days from the due date.

The total revenue from the imposition of the interest and administration charge is estimated as follows:

	2013/14	2012/13	2012/13
	Budget	Estimate/Actual	Budget
	\$	\$	\$
Rates Interest	210,000	72,428	190,000
Rates Instalment Charge	170,000	23,590	135,000
Pensioner Deferred Interest	12,000	9,302	12,000
Sundry Debtor Penalty Interest	-	1,826	-
<i>Interest (for note 2)</i>	<i>392,000</i>	<i>107,146</i>	<i>337,000</i>

14. COUNCILLORS' REMUNERATION

	2013/14	2012/13	2012/13
	Budget	Estimate/Actual	Budget
	\$	\$	\$
Meeting Fees	115,000	112,000	112,000
Members Allowance	75,000	75,000	75,000
Travelling Expenses	19,000	17,850	17,000
Councillor Training	15,000	6,190	15,000
Conference Expenses	10,000	6,991	5,000
	234,000	218,031	224,000

CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30TH JUNE 2014

15. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments, net of outstanding bank overdrafts. Estimated cash at the end of the reporting period is as follows:

	2013/14	2012/13	2012/13
	Budget	Estimate/Actual	Budget
	\$	\$	\$
Cash - Unrestricted	5,668,266	2,204,132	(258,524)
Cash - Restricted	5,938,535	27,465,174	23,082,075
	11,606,801	29,669,306	22,823,551
The following restrictions have been imposed by regulation or other externally imposed requirements:			
Airport Reserve	-	2,568,500	816,438
Asset Development (Capital Works Program) Reserve	-	2,857,354	1,203,976
Asset Renewal Fund Reserve	-	272,216	649,866
Effluent Scheme Reserve	-	58,019	33,019
Employee Leave Entitlements Reserve	-	291,946	426,946
Family Day Care - Reserve	-	8,630	8,630
Meat Inspection Reserve	-	45,964	45,964
Meru Waste Disposal Site Reserve	-	2,685,000	703,581
Meru Waste Rehabilitation Reserve	-	420,789	670,789
Mullewa Community Reserve	447,641	516,641	415,792
Mullewa Reseal Reserve	1,891,285	1,691,285	1,691,288
Mullewa Medical Centre Reserve	-	68,006	55,900
Olive Street Redevelopment Reserve	-	-	-
Parking Land Reserve	289,966	381,966	550,654
Plant Replacement Reserve	-	145,695	144,769
Risk Management Reserve	-	457,227	403,475
Rubbish Tip (Flores Rd) Reserve	-	641,844	679,105
Strategic Initiatives Reserve	-	43,480	109,679
Unexpended Capital Works & Restricted Grant Reserve	3,309,643	14,310,612	13,638,571
Mullewa Community and Reseal Restricted	-	-	-
Restricted Assets	-	-	833,633
	5,938,535	27,465,174	23,082,075

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30TH JUNE 2014**

15. NOTES TO THE CASH FLOW STATEMENT (Continued)

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

	2013/14	2012/13	2012/13
	Budget	Estimate/Actual	Budget
	\$	\$	\$
Net Result	6,506,899	8,945,001	(3,103,443)
Amortisation			
Depreciation	18,042,064	18,017,690	14,574,109
(Profit)/Loss on Sale of Asset	(369,087)	(366,594)	33,406
(Increase)/Decrease in Receivables	861,443	782,794	151,333
(Increase)/Decrease in Inventories	(496,868)	(13,344)	(15,223)
Increase/(Decrease) in Payables	457,580	(67,045)	(78,364)
Increase/(Decrease) in Employee Provisions	629,768	210,579	367,254
Previous years adjustments	(796,460)	(560,000)	-
Grants/Contributions for the Development of Assets	(26,300,376)	(11,428,077)	(18,067,083)
Net Cash from Operating Activities	(1,465,037)	15,521,004	(6,138,011)

(c) Undrawn Borrowing Facilities Credit Standby Arrangements

	2013/14	2012/13	2012/13
	Budget	Estimate/Actual	Budget
	\$	\$	\$
Group Credit Limit	6,000,000	6,000,000	6,000,000
Bank Overdraft Limit	750,000	750,000	750,000
Bank Overdraft at Balance Date	-	-	-
Credit Card Limit	60,000	60,000	60,000
Credit Card Balance at Balance Date	(15,000)	(13,102)	
Total Amount of Credit Unused	6,795,000	6,796,898	6,810,000
Loan Facilities			
Loan Facilities in use at Balance Date	33,784,527	15,843,812	30,150,292
Operating Leases	75,000	73,565	71,000

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30TH JUNE 2014**

16. TRUST FUNDS

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

Detail	Estimated			Estimated			Balance 30-Jun-13 \$	
	Balance	Amounts	Amounts	Balance	Balance	Amounts		Amounts
	01-Jul-13 \$	Received \$	Paid (\$)	30-Jun-14 \$	01-Jul-12 \$	Received \$		Paid (\$)
Public Open Spaces	2,685,545	250,000	-	2,935,545	2,543,362	142,183	-	2,685,545
Dual Use Pathways	860,189	-	-	860,189	838,522	21,667	-	860,189
Subdivisions and Roads	998,491	450,000	(500,000)	948,491	1,010,862	411,051	(423,422)	998,491
Sundry Bonds and Contributions	747,585	900,000	(800,000)	847,585	471,448	848,692	(572,555)	747,585
	5,291,810	1,600,000	(1,300,000)	5,591,810	4,864,194	1,423,593	(995,977)	5,291,810

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30TH JUNE 2014**

17. MAJOR LAND TRANSACTIONS

	2013/14	2012/13	2012/13			
	Budget	Estimate/Actual	Budget			
	\$	\$	\$			
	000's	000's	000's			
<i>Olive Street Development</i>						
(a) Details						
The development of 60 plus residential lots and medium density housing site. Developments costs will include the provision of water, sewerage, power and transport infrastructure.						
Profits from this development are to be quarantined into a Trust Account and to be applied to the development of a new Southern Suburb Sporting Facility.						
(b) Operating Income						
- Sale Proceeds	-	-	-			
- Profit on sale	-	-	-			
- Reimbursements	-	-	-			
Capital Income						
- Loan Proceeds	(4,000,000)	-	(6,500,000)			
	(4,000,000)	-	(6,500,000)			
Operating Expenditure						
- Loan Repayment Interest			117,000			
- Acquisition/Development Costs	4,000,000	374,900	6,500,000			
Capital Expenditure						
- Loan Principal Repayment	-	-	-			
- Land and Buildings	-	-	-			
- Transfer to Reserve/Trust	-	-	-			
- Vendors Mortgage	-	-	-			
	4,000,000	374,900	6,617,000			
(c) Expected Future Cash Flows						
	2013-14	2014-15	2015-16	2016-17	2017-18	Total
	\$	\$	\$	\$	\$	\$
	000's	000's	000's	000's	000's	000's
Cash Outflows						
- Acquisition/Development Costs	4,000,000	3,690,000	-	-	-	7,690,000
- Loan Repayments	-	4,195,500	3,780,000	-	-	7,975,500
- Transfer to Trust	-	-	-	-	-	-
	4,000,000	7,885,500	3,780,000	0	0	15,665,500
Cash Inflows						
- Transfer from Reserves	-	-	-	-	-	-
- Sale Proceeds	-	(4,870,000)	(3,305,000)	(3,075,000)	(4,000,000)	(15,250,000)
- Loan Proceeds	(4,000,000)	(3,690,000)	-	-	-	(7,690,000)
	(4,000,000)	(8,560,000)	(3,305,000)	(3,075,000)	(4,000,000)	(22,940,000)
Net Cash Flows	-	(674,500)	475,000	(3,075,000)	(4,000,000)	(7,274,500)

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30TH JUNE 2014**

17. MAJOR LAND TRANSACTIONS (Continued)

	2013/14 Budget \$ 000's	2012/13 Estimate/Actual \$ 000's	2012/13 Budget \$ 000's			
(a) Airport Technology Park						
Six (6) stage development of land adjacent to the Geraldton Airport to create a new Technology Park.						
Provision of leased sites for a diverse range of commercial, industrial and technological industries.						
Stage 1 to be completed in 2013/14 anticipates the development of 27 lots for disposal.						
Development costs associated with the provision of water, sewerage, power and road infrastructure.						
(b) Operating Income						
- Sale Proceeds	(700,000)	-	-			
- Profit on sale	-	-	-			
- Grant Income	(2,755,200)	-	(3,828,000)			
- Other Income	(50,000)	-	-			
Capital Income						
- Loan Proceeds	(2,700,000)	-	(3,828,000)			
	(6,205,200)	-	(7,656,000)			
Operating Expenditure						
- Loan Repayment Interest		-	71,584			
- Acquisition/Development Costs	5,560,460	369,989	7,656,000			
Capital Expenditure						
- Loan Principal Repayment	-	-	-			
- Land and Buildings	-	-	-			
- Transfer to Reserve	-	-	-			
- Vendors Mortgage	-	-	-			
	5,560,460	369,989	7,727,584			
(c) Expected Future Cash Flows						
	2013-14	2014-15	2015-16	2016-17	2017-18	Total
	\$	\$	\$	\$	\$	\$
	000's	000's	000's	000's	000's	000's
Cash Outflows						
- Acquisition/Development Costs	5,560,460	-	-	-	-	5,560,460
- Loan Repayments	-	2,834,561	-	-	-	2,834,561
	5,560,460	2,834,561	-	-	-	8,395,021
Cash Inflows						
- Grant Income	(2,755,200)	-	-	-	-	(2,755,200)
- Contributions	(50,000)	-	-	-	-	(50,000)
- Lease Income	-	-	-	-	-	-
- Sale Proceeds	(700,000)	(2,840,000)	(3,080,000)	-	-	(6,620,000)
- Loan Proceeds	(2,700,000)	-	-	-	-	(2,700,000)
	(6,205,200)	(2,840,000)	(3,080,000)	-	-	(12,125,200)
Net Cash Flows	(644,740)	(5,439)	(3,080,000)	-	-	(3,730,179)

CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30TH JUNE 2014

17. MAJOR LAND TRANSACTIONS (Continued)

	2013/14 Budget \$ 000's	2012/13 Estimate/Actual \$ 000's	2012/13 Budget \$ 000's			
(a) <i>Kempton Street Development</i>						
Proposed land swap with State Government for the development of residential lots (20). Development costs include the provision of water, sewerage, power and road infrastructure.						
(b) Operating Income						
- Sale Proceeds	-	-	-			
- Profit on sale	-	-	-			
- Lease Income	-	-	-			
Capital Income						
- Loan Proceeds	(4,300,000)	-	(3,765,000)			
	(4,300,000)	-	(3,765,000)			
Operating Expenditure						
- Loan Repayment Interest			82,077			
- Acquisition/Development Costs	4,181,186		3,765,000			
Capital Expenditure						
- Loan Principal Repayment	-	-	-			
- Land and Buildings	-	-	-			
- Transfer to Reserve	-	-	-			
- Vendors Mortgage	-	-	-			
	4,181,186	-	3,847,077			
(c) Expected Future Cash Flows						
	2013-14	2014-15	2015-16	2016-17	2017-18	Total
	\$	\$	\$	\$	\$	\$
	000's	000's	000's	000's	000's	000's
Cash Outflows						
- Acquisition/Development Costs	4,181,186	-	-	-	-	4,181,186
- Loan Repayments	-	4,515,000	-	-	-	4,515,000
- Transfer to Reserves	-	-	-	-	-	0
	4,181,186	4,515,000	-	-	-	8,696,186
Cash Inflows						
- Sale Proceeds	-	(4,080,000)	(2,000,000)	-	-	(6,080,000)
- Loan Proceeds	(4,300,000)	-	-	-	-	(4,300,000)
	(4,300,000)	(4,080,000)	(2,000,000)	-	-	(10,380,000)
Net Cash Flows	(118,814)	435,000	(2,000,000)	-	-	(1,683,814)

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30TH JUNE 2014**

17. MAJOR LAND TRANSACTIONS (Continued)

	2013/14 Budget \$ 000's	2012/13 Estimate/Actual \$ 000's	2012/13 Budget \$ 000's			
(a) <i>Eastward Road - Old Depot Site Development</i>						
Arrangements are being made with the State Government to amend the status of the land to freehold (1.8ha) for commercial purposes. Land to be disposed "as is".						
Costs relate to remediation of site.						
(b) Operating Income						
- Sale Proceeds	-	-	-			
- Profit on sale	-	-	-			
- Lease Income	-	-	-			
Capital Income						
- Loan Proceeds	-	-	(1,500,000)			
	-	-	(1,500,000)			
Operating Expenditure						
- Loan Repayment Interest		-	65,400			
- Remediation Costs	800,000	-	1,500,000			
Capital Expenditure						
- Loan Principal Repayment	-	-	-			
- Land and Buildings	-	-	-			
	800,000	-	1,565,400			
(c) Expected Future Cash Flows						
	2013-14	2014-15	2015-16	2016-17	2017-18	Total
	\$	\$	\$	\$	\$	\$
	000's	000's	000's	000's	000's	000's
Cash Outflows						
- Remediation Costs	800,000	-	-	-	-	800,000
- Loan Repayments	-	-	-	-	-	0
	800,000	-	-	-	-	800,000
Cash Inflows						
- Lease Income	-	-	-	-	-	-
- Sale Proceeds	-	(2,000,000)	-	-	-	(2,000,000)
- Loan Proceeds	-	-	-	-	-	-
	-	(2,000,000)	-	-	-	(2,000,000)
Net Cash Flows	800,000	(2,000,000)	-	-	-	(1,200,000)

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30TH JUNE 2014**

17. MAJOR LAND TRANSACTIONS (Continued)

		2013/14	2012/13	2012/13		
		Budget	Estimate/Actual	Budget		
		\$	\$	\$		
		000's	000's	000's		
(a) <i>Boyd Street Development</i>						
	5.36ha of freehold land for sale of "as is". Costs relate to remediation works.					
(b) Operating Income						
- Sale Proceeds		-	-	-		
- Profit on sale		-	-	-		
- Lease Income		-	-	-		
Capital Income		-	-	-		
- Loan Proceeds		-	-	(2,000,000)		
		-	-	(2,000,000)		
Operating Expenditure						
- Loan Repayment Interest		-	-	54,450		
- Remediation Costs		350,000	-	2,000,000		
Capital Expenditure						
- Loan Principal Repayment		-	-	-		
- Land and Buildings		-	-	-		
- Transfer to Reserve		-	-	-		
- Vendors Mortgage		-	-	-		
		350,000	-	2,054,450		
(c) Expected Future Cash Flows						
	2013-14	2014-15	2015-16	2016-17	2017-18	Total
	\$	\$	\$	\$	\$	\$
	000's	000's	000's	000's	000's	000's
Cash Outflows						
- Remediation Costs	350,000	-	-	-	-	350,000
- Loan Repayments	-	-	-	-	-	0
	350,000	-	-	-	-	350,000
Cash Inflows						
- Sale Proceeds	-	-	(2,000,000)	-	-	(2,000,000)
- Loan Proceeds	-	-	-	-	-	0
	-	-	(2,000,000)	-	-	(2,000,000)
Net Cash Flows	350,000	-	(2,000,000)	-	-	(1,650,000)

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30TH JUNE 2014**

18. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Geraldton Airport

The Geraldton Airport is owned freehold by and is run as a business unit of the City of Greater Geraldton, generating income of approximately \$3m per annum.

Operating surpluses from airport operations are utilised to maintain and improve existing airport infrastructure, and provide for development of 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 Federal statutory requirements for aviation operations, airports, and transport security.

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

During 2010-11, the main 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 enabled RPT aircraft exceeding 20,000kg MTOW to operate from the airport. In 2013-14 the secure departures lounge will again be extended, to cope with growth in passenger numbers. Annual passenger movements have grown by over 30% since deregulation of the Airport in 2010-11. To better accommodate General Aviation operators, during 2012-13 a new GA apron area was constructed with RADS grant assistance from the State, enabling larger GA aircraft types to park separate from the primary RPT operations apron.

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

Work commenced during 2012-13, to be completed in 2013-14, on development of a substantial long-term car park, to be followed by expansion of the short term car park, and introduction of pay parking. This will diversify airport revenue streams, and mitigate pressure on aviation fees and charges, assisting avoidance of sharp increases in air fares for the regional community.

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

Amongst other commercial general aviation operations, a medical practice has been established at the Geraldton Airport, providing an air medical service to outlying regional and remote communities along with the local community. An aircraft maintenance and service business is well established in a large hangar leased from the City. Shine Aviation and Geraldton Air Charter provide General Aviation services based at the airport, servicing the Abrolhos Islands, FIFO mining workforce logistics, and general charter operations.

Meru Landfill Facility

This facility was originally managed by the Geraldton Greenough Regional Council (GGRC). Following the amalgamation of the City of Geraldton and the Shire of Greenough, this Regional Council was disbanded. The main purpose of establishing a Regional Council was to have a planned and coordinated regional approach to the collection, removal, processing, treatment, recycling and disposal of waste in the mid-west region, enabling sharing of benefits of scale where possible. This will continue to be the purpose of this trading undertaking as a function of the City of Greater Geraldton.

The vision of City of Greater Geraldton is to lead the community to an improved level of sustainability – to encourage waste avoidance, maximise the recovery of materials and provide efficient, yet cost effective, waste management and resource recovery services to the region. These objectives are achievable by actively engaging the community in sustainable waste practices, by supporting and promoting waste minimisation principles and implementing the objectives of the Meru Master Plan.

**CITY OF GREATER GERALDTON
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The Strategic Waste Management Framework and Meru Master Plan adopted by Council in 2010-11 increases the focus on resource recovery, reuse and recycling, with the objective of diverting at least 50% of waste from landfill within five years. A higher aspirational target of 75% diversion from landfill has been adopted by Council, with timing dependent on emergence of appropriate and cost effective alternative waste treatment technologies. The Western Australian Waste Strategy, Creating The Right Environment, was released in March 2012 announcing a target of 30% waste recovery by 2015, and 50% by 2020 for major regional centres. The vision of City of Greater Geraldton aligns with the recently released State Strategy and substantiates the objectives set by Council. Design of the proposed Community Reuse and Recycling Centre will progress in 2013/2014 providing the blueprint for the opportunity for increased resource recovery through recycling initiatives. Implementation of the Meru Master Plan recommendations, such as the construction of Cell 3 in 2013-14 (\$2.3m), forms the basis for resource allocations in capital projects and maintains the essential functions and services.

19. JOINT VENTURES

Nil

20. SANITATION SERVICES

Charges for 2013/14	
Sanitation Charges	\$
Standard domestic rubbish service	232.00
Standard commercial rubbish service	282.00
Commercial 1.5m ³ bin Mullewa District	1,811.00
Commercial 3m ³ bin Mullewa District	3,151.00
Commercial Tip Charge Mullewa District	1,020.45
Effluent Scheme Charges Mullewa District	\$
Commercial Premises Small (2 units)	580.00
Commercial Premises Medium (3 units)	869.00
Commercial Premises Large (4 units)	1,162.00
Residential Premises (1 unit)	290.00

21. CARRY OVER AND RESTRICTED ASSET EXPENDITURE

Due to the date of budget preparation carry over and restricted asset details are based on actual data available at the date of budget preparation and are subject to change.

22. SCHEDULE OF FEES AND CHARGES

See attached schedule