

CITY OF GREATER GERALDTON
BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

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CITY OF GREATER GERALDTON
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
Revenue				
Rates	8	41,275,124	39,459,731	39,553,622
Operating Grants, Subsidies and Contributions		9,178,676	10,470,000	8,962,804
Fees and Charges	11	19,866,989	19,134,378	18,415,235
Service Charges	10	0	0	0
Interest Earnings	2(a)	1,443,935	1,645,000	1,458,533
Other Revenue	2(a)	1,105,661	665,000	1,680,200
		<u>72,870,385</u>	<u>71,374,109</u>	<u>70,070,394</u>
Expenses				
Employee Costs		(28,238,387)	(29,285,760)	(29,510,760)
Materials and Contracts		(22,060,140)	(19,935,000)	(22,598,421)
Utility Charges		(3,295,420)	(3,251,400)	(3,300,700)
Depreciation on Non-Current Assets	2(a)	(22,023,657)	(18,280,040)	(17,939,427)
Interest Expenses	2(a)	(1,109,443)	(871,624)	(871,709)
Insurance Expenses		(880,735)	(989,264)	(945,410)
Other Expenditure		(2,891,549)	(2,256,352)	(2,355,612)
		<u>(80,499,331)</u>	<u>(74,869,440)</u>	<u>(77,522,039)</u>
		(7,628,946)	(3,495,331)	(7,451,645)
Non-Operating Grants,				
Subsidies and Contributions		19,689,063	6,054,542	15,941,333
Profit on Asset Disposals	3	218,026	404,981	59,786
Loss on Asset Disposals	3	(234,511)	(254,202)	(1,221,291)
Land Held For Resale		0	0	(4,000,000)
FV Adjustment on Financial Assets		90,000	0	90,000
		<u>90,000</u>	<u>0</u>	<u>90,000</u>
NET RESULT		12,133,632	2,709,990	3,418,183
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets		27,367,322	0	0
Total Other Comprehensive Income		<u>27,367,322</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u>39,500,954</u>	<u>2,709,990</u>	<u>3,418,183</u>

Notes:

All fair value adjustments relating to remeasurement of financial assets at fair value through profit or loss (if any) and changes on revaluation of non-current assets in accordance with the mandating of fair value measurement through Other Comprehensive Income, are impacted upon by external forces and is not able to be reliably estimated at the time of budget adoption.

Fair value adjustments relating to the re-measurement of financial assets at fair value through profit or loss will be assessed at the time they occur with compensating budget amendments made as necessary.

It is anticipated, in all instances, any changes upon revaluation of non-current assets will relate to non-cash transactions and as such, have no impact on this budget document.

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

CITY OF GREATER GERALDTON
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	2015/16 Budget	2014/15 Actual	2014/15 Budget
		\$	\$	\$
Revenue (Refer Notes 1,2,8 to 13)				
Governance		70,480	368,667	108,500
General Purpose Funding		48,866,455	47,279,949	47,097,820
Law, Order, Public Safety		889,101	583,410	576,630
Health		56,000	50,500	50,500
Education and Welfare		1,349,725	2,566,833	1,322,648
Community Amenities		9,173,791	8,554,198	8,639,148
Recreation and Culture		2,848,319	2,392,651	2,451,484
Transport		6,956,141	7,148,667	7,012,300
Economic Services		1,206,213	1,132,055	1,141,900
Other Property and Services		1,454,161	1,297,179	1,579,464
		<u>72,870,386</u>	<u>71,374,109</u>	<u>69,980,394</u>
Expenses Excluding Finance Costs (Refer Notes 1,2 & 14)				
Governance		(11,306,111)	(11,689,468)	(12,310,674)
General Purpose Funding		(689,531)	(887,141)	(887,141)
Law, Order, Public Safety		(1,101,333)	0	(772,583)
Health		(99,262)	(146,466)	(135,534)
Education and Welfare		(2,377,648)	(2,518,658)	(2,619,766)
Housing		(72,000)	(72,000)	(72,000)
Community Amenities		(8,009,120)	(8,117,435)	(8,090,287)
Recreation and Culture		(13,798,514)	(13,380,354)	(14,069,836)
Transport		(26,594,385)	(21,883,726)	(21,621,837)
Economic Services		(4,036,521)	(3,883,763)	(3,666,338)
Other Property and Services		(11,305,464)	(11,418,805)	(16,314,334)
		<u>(79,389,889)</u>	<u>(73,997,816)</u>	<u>(80,560,330)</u>
Finance Costs (Refer Notes 2 & 5)				
Governance		(38,580)	(34,097)	(34,097)
Recreation and Culture		(511,240)	(422,689)	(422,689)
Transport		(458,857)	(324,465)	(324,550)
Economic Services		(1,886)	(2,516)	(2,516)
Other Property and Services		(98,880)	(87,857)	(87,857)
		<u>(1,109,443)</u>	<u>(871,624)</u>	<u>(871,709)</u>
Non-operating Grants, Subsidies and Contributions				
Governance		0	0	440,000
Recreation and Culture		19,689,063	6,054,542	5,258,333
Transport		0	0	5,543,000
Other Property and Services		0	0	4,700,000
		<u>19,689,063</u>	<u>6,054,542</u>	<u>15,941,333</u>

**CITY OF GREATER GERALDTON
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
Profit/(Loss) On				
Disposal Of Assets (Refer Note 3)				
Recreation & Culture		(16,485)	150,779	0
Other Property and Services		0	0	(1,161,505)
		<u>(16,485)</u>	<u>150,779</u>	<u>(1,161,505)</u>
FV Adjustment on Financial Assets		90,000	0	90,000
NET RESULT		12,133,632	2,709,990	3,418,183
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets		27,367,322	0	0
Total Other Comprehensive Income		<u>27,367,322</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u>39,500,954</u>	<u>2,709,990</u>	<u>3,418,183</u>

Notes:

All fair value adjustments relating to remeasurement of financial assets at fair value through profit or loss (if any) and changes on revaluation of non-current assets in accordance with the mandating of fair value measurement through Other Comprehensive Income, is impacted upon by external forces and is not able to be reliably estimated at the time of budget adoption.

Fair value adjustments relating to the remeasurement of financial assets at fair value through profit or loss will be assessed at the time they occur with compensating budget amendments made as necessary.

It is anticipated, in all instances, any changes upon revaluation of non-current assets will relate to non-cash transactions and as such, have no impact on this budget document.

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

**CITY OF GREATER GERALDTON
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
Cash Flows From Operating Activities				
Receipts				
Rates		41,203,098	40,692,585	39,485,683
Operating Grants, Subsidies and Contributions		9,178,676	10,470,000	8,962,804
Fees and Charges		19,866,989	19,134,378	18,415,235
Service Charges		0		
Interest Earnings		1,443,623	1,664,200	1,458,533
Goods and Services Tax		0		
Other Revenue		943,420	969,750	1,934,517
		<u>72,635,806</u>	<u>72,930,914</u>	<u>70,256,772</u>
Payments				
Employee Costs		(28,213,394)	(28,661,816)	(29,228,409)
Materials and Contracts		(21,722,563)	(19,854,466)	(21,509,321)
Utility Charges		(3,295,420)	(3,251,400)	(3,300,700)
Interest Expenses		(1,119,443)	(924,624)	(881,709)
Insurance Expenses		(880,735)	(989,264)	(945,410)
Goods and Services Tax		0		
Other Expenditure		(2,741,549)	(2,256,352)	(2,205,612)
		<u>(57,973,104)</u>	<u>(55,937,922)</u>	<u>(58,071,161)</u>
Net Cash Provided By Operating Activities	15(b)	<u>14,662,702</u>	<u>16,992,992</u>	<u>12,185,611</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale	4	0	0	(4,000,000)
Payments for Purchase of Property, Plant & Equipment	4	(15,394,998)	(7,692,978)	(12,616,190)
Payments for Construction of Infrastructure	4	(53,389,863)	(21,391,889)	(48,540,340)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		19,689,063	6,054,542	15,941,333
Proceeds from Land Held for Resale		500,000		
Proceeds from Sale of Assets	3	4,159,000	907,602	2,377,000
Proceeds from Investments		90,000		
Net Cash Used in Investing Activities		<u>(44,346,798)</u>	<u>(22,122,722)</u>	<u>(46,838,197)</u>
Cash Flows from Financing Activities				
Repayment of Debentures	5	(3,032,231)	(4,816,987)	(2,116,985)
Proceeds from Self Supporting Loans		81,748	77,149	77,149
Proceeds from New Debentures	5	25,206,000	6,670,000	24,860,000
Net Cash Provided By (Used In) Financing Activities		<u>22,255,517</u>	<u>1,930,162</u>	<u>22,820,164</u>
Net Increase (Decrease) in Cash Held		(7,428,579)	(3,199,567)	(11,832,422)
Cash at Beginning of Year		15,114,433	18,314,000	18,334,724
Cash and Cash Equivalents at the End of the Year	15(a)	<u>7,685,854</u>	<u>15,114,433</u>	<u>6,502,302</u>

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

**CITY OF GREATER GERALDTON
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
Revenue	2			
Grant, Subsidies and Contributions		28,867,739	16,524,542	24,904,137
Fees and Charges		19,866,989	19,134,378	18,415,235
Interest Earnings		1,443,935	1,645,000	1,458,533
Other Revenue		1,105,661	665,000	1,680,200
Profit on Asset Disposals		<u>218,026</u>	<u>404,981</u>	<u>59,786</u>
		51,502,350	38,373,901	46,517,891
Expenses	2			
Employee Costs		(28,238,387)	(29,285,760)	(29,510,760)
Materials and Contracts		(22,060,140)	(19,935,000)	(22,598,421)
Utility Charges		(3,295,420)	(3,251,400)	(3,300,700)
Depreciation on Non-Current Assets		(22,023,657)	(18,280,040)	(17,939,427)
Interest Expenses		(1,109,443)	(871,624)	(871,709)
Insurance Expenses		(880,735)	(989,264)	(945,410)
Other Expenditure		(2,891,549)	(2,256,352)	(2,355,612)
Loss on Asset Disposals		(234,511)	(254,202)	(1,221,291)
Land Held For Resale		0	0	(4,000,000)
		<u>(80,733,842)</u>	<u>(75,123,642)</u>	<u>(82,743,330)</u>
Net Result Excluding General Rates		(29,231,492)	(36,749,741)	(36,225,439)
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	3	16,485	(150,779)	1,161,505
Depreciation on Assets	2(a)	22,023,657	18,280,040	17,939,427
Movement in Non-Current Staff Leave Provisions		97,167	114,375	260,210
Capital Expenditure and Revenue				
Purchase Land Held for Resale	3	0		
Purchase Property, Plant and Equipment	3	(15,394,998)	(7,692,978)	(12,616,190)
Purchase Infrastructure	3	(53,389,863)	(21,391,889)	(48,540,340)
Proceeds from Sale of Land Held for Resale		500,000		
Proceeds from Disposal of Assets	3	4,159,000	907,602	2,377,000
Repayment of Debentures	5	(3,032,231)	(4,816,987)	(2,116,985)
Proceeds from New Debentures	5	25,206,000	6,670,000	24,860,000
Self-Supporting Loan Principal Income		81,748	77,149	77,149
Loans by Council Principal Income		37,629	10,616	
Transfers to Reserves (Restricted Assets)	6	0	(3,204,487)	(146,979)
Transfers from Reserves (Restricted Assets)	6	8,133,496	7,525,230	11,267,000
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	7	(2,094,502)	(1,132,384)	(49,674)
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	7	(1,612,780)	(2,094,502)	(2,199,694)
Amount Required to be Raised from General Rate	8	<u>(41,275,124)</u>	<u>(39,459,731)</u>	<u>(39,553,622)</u>

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 ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The budget has been prepared in accordance with applicable Australian Accounting Standards (as they apply to local government 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. Material accounting policies which have been adopted in the preparation of this budget are presented below and have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the budget has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

The Local Government Reporting Entity

All Funds through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this budget.

In the process of reporting on the local government as a single unit, all transactions and balances between those Funds (for example, loans and transfers between Funds) have been eliminated.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 16 to this budget document.

(b) 2014/15 Actual Balances

Balances shown in this budget as 2014/15 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

(c) Rounding Off Figures

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

(d) 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.

(e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

Cash flows are presented on a Gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

(f) Superannuation

The Council contributes to a number of Superannuation Funds on behalf of employees.

All funds to which the Council contributes are defined contribution plans.

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Bank overdrafts are shown as short term borrowings in current liabilities in Note 7 - Net Current Assets.

(h) Trade and Other Receivables

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

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

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

(i) 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 held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

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

(j) Fixed Assets

Each class of fixed assets within either property, plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Mandatory Requirement to Revalue Non-Current Assets

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at Fair Value became mandatory.

CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets (Continued)

The amendments allow 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 of the 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 of the assets of the local government -
 - (i) that are plant and equipment; and
 - (ii) that are -
 - (I) land and buildings; or
 - (II) infrastructure; and
- (c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

Thereafter, in accordance with the regulations, each asset class must be revalued at least every 3 years.

In 2013, Council commenced the process of adopting Fair Value in accordance with the Regulations.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the budget as necessary.

Land Under Control

In accordance with Local Government (Financial Management) Regulation 16(a), the Council was 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 were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

Whilst they were initially recorded at cost (being fair value at the date of acquisition (deemed cost) as per AASB 116) they were revalued along with other items of Land and Buildings at 30 June 2015 and now form part of Land and Buildings to be subject to regular revaluation as detailed above.

Initial Recognition and Measurement between Mandatory Revaluation Dates

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

In relation to this initial measurement, 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.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation of the next anniversary date in accordance with the mandatory measurement framework detailed above.

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets (Continued)

Revaluation

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Transitional Arrangement

During the time it takes to transition the carrying value of non-current assets from the cost approach to the fair value approach, the Council may still be utilising both methods across differing asset classes.

Those assets carried at cost will be carried in accordance with the policy detailed in the ***Initial Recognition*** section as detailed above.

Those assets carried at fair value will be carried in accordance with the ***Revaluation*** Methodology section as detailed above.

Land Under Roads

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

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads and the fact 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

The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets (Continued)

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

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 to 7 years
Sealed roads and streets	20 to 50 years
Bridges	60 to 90 years
Car Parks sealed	20 to 40 years
Culverts	40 to 60 years
Cycle Ways	25 to 45 years
Dams, Reservoirs and Weirs	65 to 85 years
Footpaths - slab	15 to 35 years
Footpaths - concrete	25 to 45 years
Fountains	40 to 60 years
Kerbs 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 profit or loss in the period which they arise.

When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

Capitalisation Threshold

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

Buildings	\$5,000.00
Plant, Equipment and Tools	\$2,000.00
Furniture and Equipment	\$2,000.00
Computer and Electronic Equipment	\$2,000.00

Expenditure on items of equipment under the thresholds is not capitalised. Rather, it is recorded on an asset inventory listing.

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

(k) Fair Value of Assets and Liabilities

When performing a revaluation, the Council uses a mix of both independent and management valuations using the following as a guide:

Fair Value is the price that Council would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Fair Value of Assets and Liabilities (Continued)

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset (i.e. the market with the greatest volume and level of activity for the asset or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

Fair Value Hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Council selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Council are consistent with one or more of the following valuation approaches:

Market approach

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Fair Value of Assets and Liabilities (Continued)

Income approach

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach

Valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Council gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability and considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.

(l) 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 cost.

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 and any reduction for impairment; and
- (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.

CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Financial Instruments (Continued)

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that 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 are classified at "fair value through profit or loss" when they are held for trading for the purpose of short term profit taking. Assets in this category are classified as current assets. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(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. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

(iii) 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. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

(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 payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available for sale financial assets are classified as non-current.

(v) Financial liabilities

Non-derivative financial liabilities (excl. financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in the profit or loss.

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial Instruments (Continued)

Impairment

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

Derecognition

Financial assets are derecognised where the contractual rights for receipt of cash flows expire or the asset is transferred to another party, whereby the Council no longer has any significant continual involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(m) 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 impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (e.g. AASB 116) whereby any impairment loss of a revaluation decrease in accordance with that other standard.

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Impairment of Assets (Continued)

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.

At the time of adopting this budget, it is not possible to estimate the amount of impairment losses (if any) as at 30 June 2016.

In any event, an impairment loss is a non-cash transaction and consequently, has no impact on this budget document.

(n) 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, are recognised as a current liability and are normally paid within 30 days of recognition.

(o) Employee Benefits

Short-Term Employee Benefits

Provision is made for the Council's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Council's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Council's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other Long-Term Employee Benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations or service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Council's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Council does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Borrowing Costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

(q) Provisions

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

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

(r) 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 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.

(s) Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(o) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Council's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 17.

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Current and Non-Current Classification

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

(u) Comparative Figures

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

(v) Budget Comparative Figures

Unless otherwise stated, the budget comparative figures shown in this budget document 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 ENDED 30TH JUNE 2016

	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
2. REVENUES AND EXPENSES			
(a) Net Result			
The Net Result includes:			
(i) Charging as Expenses:			
Auditors Remuneration			
Audit Services	45,000	46,775	50,000
Other Services			
Depreciation			
<u>By Program</u>			
Governance	677,189	547,779	551,606
General Purpose Funding	0		
Law, Order, Public Safety	45,085	55,717	36,724
Health	31,838	26,841	25,934
Education and Welfare	155,436	125,924	126,611
Housing	88,392	75,328	72,000
Community Amenities	165,359	455,569	134,694
Recreation and Culture	2,701,223	2,511,202	2,200,288
Transport	15,503,217	12,250,235	12,628,186
Economic Services	8,432	14,801	6,868
Other Property and Services	2,647,485	2,216,644	2,156,516
	<u>22,023,657</u>	<u>18,280,040</u>	<u>17,939,427</u>
<u>By Class</u>			
Land and Buildings	1,856,456	2,892,579	2,503,432
Furniture and Equipment	38,830	357,671	36,196
Plant and Equipment	1,895,958	1,820,064	2,366,220
Roads	12,427,613	9,058,971	9,509,243
Parks	1,117,546	770,127	678,660
Meru	968,525	390,331	83,418
Airport	592,256	627,689	602,804
Other	3,126,473	2,362,608	2,159,454
	<u>22,023,657</u>	<u>18,280,040</u>	<u>17,939,427</u>
Interest Expenses (Finance Costs)			
- Debentures (<i>refer note 5(a)</i>)	1,109,443	871,624	871,709
Other			
	<u>1,109,443</u>	<u>871,624</u>	<u>871,709</u>
(ii) Crediting as Revenues:			
Interest Earnings			
Investments			
- Reserve Funds	900,000	1,161,467	400,000
- Other Funds	21,935	26,533	601,533
Other Interest Revenue (<i>refer note 13</i>)	522,000	457,000	457,000
	<u>1,443,935</u>	<u>1,645,000</u>	<u>1,458,533</u>
(iii) Other Revenue			
Reimbursements and Recoveries			
Other	1,105,661	665,000	1,680,200
	<u>1,105,661</u>	<u>665,000</u>	<u>1,680,200</u>

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

2. 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, reflected by the Shire's Community Vision, and for each of its broad activities/programs.

GOVERNANCE

Objective:

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

Activities:

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

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for provision of services.

Activities:

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

Objective:

To provide services to help ensure a safer community.

Activities:

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

Objective:

To provide an operational framework for good community health.

Activities:

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

EDUCATION AND WELFARE

Objective:

To meet the needs of the community in these areas.

Activities:

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

HOUSING

Objective:

To help ensure adequate housing.

Activities:

Maintenance of staff housing.

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

Provide services required by the community.

Activities:

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

Objective:

To establish and manage efficiently infrastructure and resources which will help the social wellbeing of the community.

Activities:

Aquarena, public halls, civic centres, foreshore, beaches, parks, sporting grounds, library, heritage and conservation, museums, Art Gallery and Queens Park Theatre.

TRANSPORT

Objective:

To provide effective and efficient transport services to the community.

Activities:

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

Objective:

To help promote the Municipality and improve its economic wellbeing.

Activities:

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

OTHER PROPERTY & SERVICES

Objective:

To provide effective and efficient property services to the community.

Activities:

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 ENDED 30TH JUNE 2016**

3. DISPOSALS OF ASSETS

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

<u>By Program</u>	Net Book Value	Sale Proceeds	Profit(Loss)
	2015/16 BUDGET \$	2015/16 BUDGET \$	2015/16 BUDGET \$
Other Property and Services	4,175,485	4,159,000	(16,485)
	4,175,485	4,159,000	(16,485)

<u>By Class</u>	Net Book Value	Sale Proceeds	Profit(Loss)
	2015/16 BUDGET \$	2015/16 BUDGET \$	2015/16 BUDGET \$
Land & Buildings	3,680,000	3,680,000	0
Plant & Equipment	495,485	479,000	(16,485)
	4,175,485	4,159,000	(16,485)

Summary

	2015/16 BUDGET \$
Profit on Asset Disposals	218,026
Loss on Asset Disposals	(234,511)
	<u>(16,485)</u>

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

4. ACQUISITION OF ASSETS

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

Asset Class	Reporting Program											Total \$
	Governance \$	General Purpose Funding \$	Law, Order, Public Safety \$	Health \$	Education and Welfare \$	Housing \$	Community Amenities \$	Recreation and Culture \$	Transport \$	Economic Services \$	Other Property and Services \$	
<i>Property, Plant and Equipment</i>												
Land and Buildings	150,000		1,550,000					4,181,700			7,103,798	12,985,498
Furniture and Equipment	427,500							20,000				447,500
Plant and Equipment											1,962,000	1,962,000
<i>Infrastructure</i>												
Roads									30,069,337			30,069,337
Footpaths									1,706,739			1,706,739
Drainage									2,165,724			2,165,724
Parks & Ovals								12,393,950			4,500,000	16,893,950
Airport									2,007,000			2,007,000
Waste							213,000					213,000
Others								284,113	50,000			334,113
<i>Land Held for Resale</i>												
	577,500	0	1,550,000	0	0	0	213,000	16,879,763	35,998,800	0	13,565,798	68,784,861

The Capital Works Plan and Capital Replacement Plan is attached as supplementary information to this budget document.

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

5. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Movement in debentures and interest between the beginning and the end of the current financial year.

Particulars	Principal 1-Jul-15	New Loans	Principal Repayments		Principal Outstanding		Interest Repayments	
			2015/16 Budget \$	2014/15 Actual \$	2015/16 Budget \$	2014/15 Actual \$	2015/16 Budget \$	2014/15 Actual \$
Law, Order, Public Safety								
NEW Animal Pound & CRRC Design		1,550,000			1,550,000			
262 Admin Upgrade	807,486		91,094	87,635	716,392	807,486	38,580	34,097
Recreation and Culture								
82 *Tarcoola Tennis Club	13,891		2,892	2,689	10,999	13,891	1,081	1,147
228 *Geraldton Surf Lifesaving	37,888		18,355	17,248	19,533	37,888	2,569	3,303
251 *Geraldton Hockey Association	125,004		26,570	24,999	98,434	125,004	8,442	8,783
253 *Geraldton Yacht Club SSL	55,223		10,312	9,691	44,911	55,223	3,817	3,895
257 *Geraldton Hockey Association	175,640		23,619	22,522	152,021	175,640	10,037	9,405
226 Marina Toilets				11,031				542
227 Reticulation				6,376				306
259 Land Acquisition - Verita Road	3,157,281		425,657	406,256	2,731,624	3,157,281	177,650	165,998
260 Aquarena Renewal	2,099,463		236,845	227,851	1,862,618	2,099,463	100,594	88,652
263 Recreation Grandstand	1,147,838		106,665	102,162	1,041,173	1,147,838	60,887	54,099
264 Aquarena Building Stage 2	1,836,541		170,664	163,459	1,665,877	1,836,541	97,418	86,559
NEW QPT Airconditioning		3,250,000			3,250,000			
Transport								
229 SGIO Carpark	172,560		83,576	78,496	88,984	172,560	11,772	15,155
230 Airport Buffer Land	521,166		197,595	184,239	323,571	521,166	37,703	45,933
234 Library Land - Carpark	522,262		129,733	123,334	392,529	522,262	29,935	31,197
252 Plant Purchase 09/10	659,769		123,683	116,464	536,086	659,769	44,370	45,101
255 Plant Purchase 10/11	110,951		110,951	105,183		110,951	5,613	10,575

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

5. INFORMATION ON BORROWINGS (CONTINUED)

258	Land Acquisitions - Airport Runway Extension	912,104		122,968	117,363	789,136	912,104	51,321	47,955
261	Airport Parking	1,211,228		136,641	131,453	1,074,587	1,211,228	57,870	51,145
267	Airport Tech Park				2,700,000				77,404
269	Airport Projects	3,020,000		262,058		2,757,942	3,020,000	122,675	
270	Airport Tech Park 2	2,450,000		461,469		1,988,531	2,450,000	97,598	
NEW	Verita Road Stage 1		9,000,000			9,000,000			
NEW	Airport Fire Main Upgrade		1,000,000			1,000,000			
	Economic Services								
95	Hamlet	28,032		13,531	12,625	14,501	28,032	1,886	2,516
	Other Property and Services								
265	Old Works Depot	918,270		85,332	81,730	832,938	918,270	48,709	43,279
266	Old Railway Building	945,819		87,892	84,181	857,927	945,819	50,171	44,578
268	Foreshore Stabilisation	1,200,000		104,129		1,095,871	1,200,000	48,745	
NEW	Olive Street Development West End Precinct & Beach		4,500,000			4,500,000			
NEW	Access Ramp		4,056,000			4,056,000			
NEW	Beresford Foreshore		1,850,000			1,850,000			
		22,128,416	25,206,000	3,032,231	4,816,987	44,302,185	22,128,416	1,109,443	871,624

All debenture repayments will be financed by general purpose revenue.

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

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

5. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2015/16

Particulars/Purpose	Amount Borrowed Budget	Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate %	Amount Used Used Budget	Balance Unspent \$
Animal Pound Upgrade	1,550,000	WATC	P&I	10		4.00%	1,550,000	0
QPT Air-conditioning	3,250,000	WATC	P&I	10		4.00%	3,250,000	0
Verita Road Stage 1	9,000,000	WATC	P&I	20		4.50%	9,000,000	0
Airport Fire Main Upgrade	1,000,000	WATC	P&I	7		4.00%	1,000,000	0
POS Olive Street Development	4,500,000	WATC	P&I	10		4.00%	4,500,000	0
West End Precinct & Beach Access Ramp	4,056,000	WATC	P&I	15		4.00%	4,056,000	0
Beresford Foreshore	1,850,000	WATC	P&I	10		4.00%	1,850,000	0
					0		25,206,000	0

(c) Unspent Debentures

Council forecasts to have \$1,300,000 of unspent debentures as at 30 June 2015, it is not expected to have any unspent debenture funds as at 30-Jun-16

Note: Unspent debentures as at 30 June 2015 relates to Debt Financial Instruments raised in the financial year 2014/2015.

(d) Overdraft

Council has not utilised an overdraft facility during the financial year although an overdraft facility of \$750,000 with the Commonwealth Bank of Australia does exist. It is not anticipated that this facility will be required to be utilised during 2015/16.

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
6. RESERVES			
(a) Mullewa Community Reserve			
Opening Balance	556,390	556,390	546,641
Amount Set Aside / Transfer to Reserve			
Amount Used / Transfer from Reserve			(70,000)
	<u>556,390</u>	<u>556,390</u>	<u>476,641</u>
(b) Mullewa Reseal Reserve			
Opening Balance	1,891,285	1,891,285	1,891,285
Amount Set Aside / Transfer to Reserve			
Amount Used / Transfer from Reserve			
	<u>1,891,285</u>	<u>1,891,285</u>	<u>1,891,285</u>
(c) Parking Land Reserve			
Opening Balance	381,700	381,700	382,512
Amount Set Aside / Transfer to Reserve			146,979
Amount Used / Transfer from Reserve			
	<u>381,700</u>	<u>381,700</u>	<u>529,491</u>
(d) Unexpended Capital Works & Restricted Grant Reserve			
Opening Balance	9,105,886	13,426,629	12,220,122
Amount Set Aside / Transfer to Reserve		3,204,487	
Amount Used / Transfer from Reserve	(8,133,496)	(7,525,230)	(11,197,000)
	<u>972,390</u>	<u>9,105,886</u>	<u>1,023,122</u>
Total Reserves	<u><u>3,801,765</u></u>	<u><u>11,935,261</u></u>	<u><u>3,920,539</u></u>

All of the above reserve accounts are to be supported by money held in financial institutions.

SUMMARY OF RESERVE TRANSFERS

Transfers to Reserves

Mullewa Community Reserve	0	0	0
Mullewa Reseal Reserve	0	0	0
Parking Land Reserve	0	0	146,979
Unexpended Capital Works & Restricted Grant	0	3,204,487	0
	<u>0</u>	<u>3,204,487</u>	<u>146,979</u>

Transfers from Reserves

Mullewa Community Reserve	0	0	(70,000)
Mullewa Reseal Reserve	0	0	0
Parking Land Reserve	0	0	0
Unexpended Capital Works & Restricted Grant	(8,133,496)	(7,525,230)	(11,197,000)
	<u>(8,133,496)</u>	<u>(7,525,230)</u>	<u>(11,267,000)</u>

Total Transfer to/(from) Reserves	<u><u>(8,133,496)</u></u>	<u><u>(4,320,743)</u></u>	<u><u>(11,120,021)</u></u>
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**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

6. RESERVES (Continued)

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

Mullewa Community Reserve

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

Mullewa Reseal Reserve

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

Parking Land Reserve

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

Unexpended Capital Works & Restricted Grant Reserve

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

	Note	2015/16 Budget \$	2014/15 Actual \$
7. NET CURRENT ASSETS			
Composition of Estimated Net Current Asset Position			
CURRENT ASSETS			
Cash - Unrestricted	15(a)	3,884,089	3,179,172
Cash - Restricted Reserves	15(a)	3,801,765	11,935,261
Receivables		3,908,970	3,725,929
Inventories		<u>7,174,806</u>	<u>7,572,330</u>
		18,769,630	26,412,692
LESS: CURRENT LIABILITIES			
Trade and Other Payables		(4,649,846)	(4,337,714)
Short Term Borrowings		0	0
Long Term Borrowings		(4,595,648)	(3,031,830)
Provisions		<u>(4,755,993)</u>	<u>(4,661,889)</u>
		(14,001,487)	(12,031,433)
NET CURRENT ASSET POSITION		4,768,143	14,381,259
Less: Cash - Restricted Reserves	15(a)	(3,801,765)	(11,935,261)
Less: Land Held for Resale		(7,174,806)	(7,572,330)
Less: Current Loans - Clubs / Institutions		0	0
Add: Current Portion of Debentures		<u>4,595,648</u>	<u>3,031,830</u>
ESTIMATED SURPLUS/(DEFICIENCY) C/FWD		<u>(1,612,780)</u>	<u>(2,094,502)</u>

The estimated surplus/(deficiency) c/fwd in the 2014/15 actual column represents the surplus (deficit) brought forward as at 1 July 2015.

The estimated surplus/(deficiency) c/fwd in the 2015/16 budget column represents the surplus (deficit) carried forward as at 30 June 2016.

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

8. RATING INFORMATION - 2015/16 FINANCIAL YEAR

<u>RATE TYPE</u>	Rate in \$ (cents)	Number of Properties	Rateable Value \$	2015/16 Budgeted Rates Levied \$	2015/16 Applied Concession \$	2015/16 Budgeted Rates Revenue \$	2015/16 Budgeted Interim Rates \$	2015/16 Budgeted Back Rates \$	2015/16 Budgeted Total Revenue \$	2014/15 Actual \$
Differential General Rate										
CGG Residential	11.3506	15,055	234,675,383	26,637,064	(877,348)	25,759,716	200,000	5,000	25,964,716	24,070,854
GRV Ex-Mullewa District	11.3804	143	1,207,160	137,380		137,380			137,380	137,893
UV Geraldton Rural Mining & Farming General	0.7032	669	243,078,011	1,709,325		1,709,325			1,709,325	1,676,781
UV Mullewa Rural Mining & Agriculture	0.7573	215	141,976,017	1,075,184		1,075,184			1,075,184	1,107,027
Non-residential GRV	10.7071	1,220	88,358,095	9,460,590		9,460,590	250,000	5,000	9,715,590	8,969,834
Sub-Totals		17,302	709,294,666	39,019,542	(877,348)	38,142,194	450,000	10,000	38,602,194	35,962,389
Minimum Payment	Minimum \$									
CGG Residential	1010	2,099	9,825,236	2,119,990		2,119,990			2,119,990	2,779,520
GRV Ex-Mullewa District	600	141	274,854	84,600		84,600			84,600	89,804
UV Geraldton Rural Mining & Farming General	1010	206	18,858,859	208,060		208,060			208,060	179,780
UV Mullewa Rural Mining & Agriculture	860	103	3,582,372	88,580		88,580			88,580	77,550
Non-residential GRV	1010	170	943,741	171,700		171,700			171,700	215,130
Sub-Totals		2,719	33,485,062	2,672,930	0	2,672,930	0	0	2,672,930	3,341,784
Discounts (Note 12)									0	0
Total Amount Raised from General Rate									41,275,124	39,304,173
Specified Area Rates (Note 9)									0	155,559
Total Rates									41,275,124	39,459,731

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

8(a). RATING INFORMATION - 2015/16 FINANCIAL YEAR (CONTINUED)

All land except exempt land in the City is rated according to its Gross Rental Value (GRV) in townsites or Unimproved Value (UV) in the remainder of the City.

The general rates detailed above for the 2015/16 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

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

OBJECTIVES AND REASONS FOR DIFFERENTIAL RATING

To provide equity in the rating of properties across the City the following rate categories have been determined for the implementation of Differential Rating.

Differential General Rate

CGG Residential GRV

This category will include any GRV rated property in that part of the City district (excluding the part of the City previously being the district of the Shire of Mullewa) that is used for residential purposes.

This rating category reflects the level of rating required to raise the necessary revenue for Council to operate efficiently and provide the diverse range of services and programs and associated infrastructure/facilities required for developed residential and urban areas of the designated part of the City.

Non Residential GRV

This category will include any GRV property in that part of the City district (excluding the part of the City previously being the district of the Shire of Mullewa) that is used for non-residential purposes other than rural purposes.

The general objects and reasons for this differential rate on Non Residential properties is, in addition to the level of rating required to raise the necessary revenue for Council to operate efficiently and provide the diverse range of services and programs and associated infrastructure/facilities required for developed urban areas, to recover from the business sector a greater share of the costs relating to:

- economic development and marketing programs which assist and facilitate economic growth and diversity in the City region;
- City amenities which enhance businesses functionality and operations;
- more intensive road and traffic management.

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

8(a). RATING INFORMATION - 2015/16 FINANCIAL YEAR (CONTINUED)

GRV Ex-Mullewa Shire District

This category will include any GRV rated property within the previous district of the Shire of Mullewa.

This rating category is to raise necessary revenue to provide the diverse range of services and programs and associated infrastructure/facilities required for developed residential and urban areas of the designated part of the City in the declared town sites of Mullewa and Pindar.

This GRV Ex-Mullewa Shire District differential category serves the purpose and gives consideration to the transition towards alignment of alike differential rates between the previous Shire of Mullewa and the City of Geraldton by 1st July 2016.

UV Geraldton Rural Mining & Farming General

This category includes any UV rated property in that part of the City district previously known as the district of the City of Geraldton-Greenough.

This rating category reflects the level of rating required to raise the necessary revenue for Council to operate efficiently and provide a diverse range of services and programs for rural areas including infrastructure to this designated part of the City.

UV Mullewa Rural Mining & Agriculture

This category includes any UV rated property in that part of the City district previously known as the district of the Shire of Mullewa.

This rating category reflects the level of rating required to raise the necessary revenue for Council to operate efficiently and provide a diverse range of services and programs for rural areas including infrastructure to this designated part of the City.

Category	Advertised Rate	Proposed Budget Rate	Reasons
CGG Residential	GRV Valuation - Advertised RID 11.1208c	GRV Valuation - Proposed RID 11.3506c	After review of movements in property revaluations and the application of concessions to smooth out rate spikes the RID has been adjusted to achieve LTFP target rate revenue increase of 3.9% plus growth
GRV Ex-Mullewa Shire District	GRV Valuation - Advertised RID 11.1866c	GRV Valuation - Proposed RID 11.3804c	As a result of the change to CGG Residential RID, GRV Ex-Mullewa Shire district has been adjusted in line with the movement to align the two residential rating categories by July 1 2016 per Governor's Orders (Amalgamation)
Non Residential GRV	GRV Valuation - Advertised RID 10.3359c	GRV Valuation - Proposed RID 10.7071c	After review of the new revaluations for this rating category and taking into account the proposal to abolish the City's Specified Area Rate, the RID has been adjusted per the LTFP

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

9. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR

Rate in \$	Rateable Value	2015/16 Budgeted Revenue \$	Budget Applied to Costs \$	2014/15 Actual \$
				155,559
		0	0	155,559

The City proposes to abolish the Specified Area Rate from 1st July, 2015

10. SERVICE CHARGES - 2015/16 FINANCIAL YEAR

Amount of Charge \$	2015/16 Budgeted Revenue \$	Budget Applied to Costs \$	2014/15 Actual \$
	0	0	0

The City does not have any Service Charges.

11. FEES & CHARGES REVENUE	2015/16 Budget \$	2014/15 Actual \$
Governance	11,150	11,000
General Purpose Funding	257,002	242,000
Law, Order, Public Safety	350,200	322,000
Health	52,925	47,500
Education and Welfare	225,521	205,324
Housing		
Community Amenities	8,627,957	7,681,602
Recreation and Culture	1,941,745	1,894,320
Transport	6,335,445	6,551,900
Economic Services	1,063,090	1,033,353
Other Property and Services	1,001,954	1,145,379
	19,866,989	19,134,378

12. RATE PAYMENT DISCOUNTS, WAIVERS AND CONCESSIONS - 2015/16 FINANCIAL YEAR

	Type	Disc %	2015/16 Budget \$	2014/15 Actual \$
General Rates	Discount			
Minimum Rate	Discount			
			0	0

Discounts

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

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

**12. RATE PAYMENT DISCOUNTS, WAIVERS AND CONCESSIONS
- 2015/16 FINANCIAL YEAR (CONTINUED)**

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:

- City of Greater Geraldton – Parking Permit for 1 year valued at \$1,367
- City of Greater Geraldton – Aquarena 15 x multi swim pass prizes valued at \$1,620
- Choices Flooring - \$1,000 voucher
- Staples – iPad mini 16GB valued at \$299
- Novus Tint a Car- \$300 gift voucher
- Mitchell & Brown - \$599 Pots & Pans
- Chimere Pearls - \$570 Pendant
- Good Earth & Perth Ambassador - \$560 - 2 night weekend stay
- Everybody Group Fitness- 5 x \$100 Vouchers
- Ibis Geraldton – 5 x \$50 Meal Vouchers
- Friends of the QPT - \$100 voucher for any QPT show

**12. RATE PAYMENT DISCOUNTS, WAIVERS AND CONCESSIONS
- 2015/16 FINANCIAL YEAR (CONTINUED)**

Concessions

CGG RESIDENTIAL GENERAL VALUATION INCREASES RELIEF

A concession will be available to Persons owning rateable properties within the City district that:

- Are rateable on the basis of Gross Rental Valuation (GRV), and are rated under the CGG Residential differential general rate; and
- Are subject to an increase in GRV valuation of their CGG Residential property as a consequence of the periodic (currently 3-yearly) General Valuation by the State Valuer-General which takes effect from 1 July 2015; and
- Have rates imposed that are higher than the Minimum Payment for the CGG Residential GRV differential general rate.

Concession Conditions:

- Annual Rates imposed will be computed on the conventional ad valorem basis, multiplying the GRV of the property by the rate in the dollar for the CGG Residential differential rate.
- The aggregate value of concessions provided to a property owner in the period of years between GRV General Valuations will not exceed the proportion of value of increased rates payable that is *directly and only attributable to the increase in GRV* between the 30th June immediately preceding the effective date of the new General Valuation (30th June 2015), and the 1st July 2015, as calculated by the City.
- Value of increased rates directly attributable to GRV General Valuation shall be calculated using the 2014-15 rate in the dollar for the CGG Residential differential general rate. Notional rates payable on a property are computed by multiplying its GRV at 30 June 2015 (for prior year), and by its GRV on 1 July 2015 (for new year), by that rate in the dollar. Aggregate value of a rates increase directly and only attributable to GRV increase is computed by deducting prior year notional rates payable, from new year notional rates payable.
- The concessions will be available on the basis of two thirds of the computed aggregate concession value described above, in 2015-16, and one third of that computed value in 2016-17.

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

**12. RATE PAYMENT DISCOUNTS, WAIVERS AND CONCESSIONS
- 2015/16 FINANCIAL YEAR (CONTINUED)**

- This concession will not relate to the proportion of increased rates attributable to an increase in rate-in-the-dollar, as distinct from that proportion directly and only attributable to an increase in GRV arising from a General Valuation.
- The concession is not available in relation to Interim Valuations – it applies only to CGG Residential GRV properties with increases in GRV valuation resulting from the periodic General Valuation which takes effect from 1 July 2015.
- Ratepayers will not need to apply for this concession. Eligibility will be determined from valuation and rates records by the City, and the value of the available concession will be calculated by the City and included on annual rates notices.

The purposes of the concession are:

- To reduce the impact on overall amounts payable to the City by those owners of CGG Residential GRV-rated properties that are:
 - Paying more in Rates than Minimum Payments; and
 - Have experienced upward GRV revaluations resulting from a periodic (currently 3-yearly) General Valuation undertaken by Landgate on behalf of the Valuer-General, which becomes effective on 1st July 2015; and
- To smooth the effects of General Valuation GRV increases on residential GRV-rated properties, across the period between periodic GRV General Valuations that are undertaken on behalf of the Valuer-General.

Write Offs

Council does not offer any standard waivers or write-offs of Rates and Charges or other debts of ratepayers,

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

13. INTEREST CHARGES AND INSTALMENTS - 2015/16 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	2015/16 Budget \$	2014/15 Actual \$
Interest on Unpaid Rates			330,000	270,000
Interest on Instalments Plan			180,000	175,000
Charges on Instalment Plan			12,000	12,000
			522,000	457,000

The maximum rates of interest remain:

Maximum rate on overdue money: 11%

Maximum rate on instalments: 5.5%

INTEREST CHARGES AND INSTALMENTS

Instalment Options

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

Option 1: Full Payment

Full amount of rates and charges including arrears, to be paid on or before 27 August 2015 or 35 days after the date of service appearing on the rate notice whichever is the later.

Option 2: Two (2) equal instalments

First instalment to be received on or before 27 August 2015 or 35 days after the date of service appearing on the rate notice whichever is later and including all arrears and half the current rates and service charges. Second instalment to be made on or before 27 October 2015.

Option 3: Four (4) equal instalments

First instalment to be received on or before 27 August 2015 or 35 days after the date of service appearing on the rate notice whichever is later and including all arrears and one quarter of the current rates and service charges. Second instalment to be made on or before 27 October 2015, third instalment to be made on or before 29 December 2015 and the fourth instalment to be made on or before 29 February 2016.

Interest on Instalments

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

Instalment Fees

For ratepayers electing to pay their rates by 2 or 4 instalments, then a charge of \$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.

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

13. INTEREST CHARGES AND INSTALMENTS - 2015/16 FINANCIAL YEAR (CONTINUED)

Penalty Interest on Late Payments - Rates

The Financial Management Regulations and section 6.51 of the Local Government Act 1995 prescribes that the maximum interest that can be levied on overdue rates is 11% per annum. Council has resolved to set its rate at 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

The Financial Management Regulation 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.

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

	2015/16 Budget \$	2014/15 Actual \$
14. ELECTED MEMBERS REMUNERATION		
The following fees, expenses and allowances were paid to council members and/or the Mayor.		
Meeting Fees	346,014	317,180
Members Allowance	119,561	108,933
Travelling Expenses	20,000	15,975
Councillor Training	20,000	7,981
Conference Expenses	15,000	9,053
	520,575	459,122

15. 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. Estimated cash at the end of the reporting period is as follows:

	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
Cash - Unrestricted	3,884,089	3,179,172	2,581,760
Cash - Restricted	3,801,765	11,935,261	3,920,541
	7,685,854	15,114,433	6,502,301

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

Mullewa Community Reserve	556,390	556,390	476,641
Mullewa Reseal Reserve	1,891,285	1,891,285	1,891,285
Parking Land Reserve	381,700	381,700	529,491
Unexpended Capital Works & Restricted Grant Reserve	972,390	9,105,886	1,023,122
	3,801,765	11,935,261	3,920,539

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

Net Result	12,133,632	2,709,990	3,418,183
Depreciation	22,023,657	18,280,040	17,939,427
(Profit)/Loss on Sale of Asset	16,485	(150,779)	1,161,505
(Increase)/Decrease in Receivables	(327,017)	1,575,288	181,884
(Increase)/Decrease in Inventories	(57,124)	366,417	3,941,812
Increase/(Decrease) in Payables	312,132	318,689	1,169,133
Increase/(Decrease) in Employee Provisions	250,000	(52,111)	315,000
Grants/Contributions for the Development of Assets	(19,689,063)	(6,054,542)	(15,941,333)
Net Cash from Operating Activities	14,662,702	16,992,992	12,185,611

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

15. NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Group Credit Limit	6,000,000	6,000,000	6,000,000
Bank Overdraft Limit	750,000	750,000	750,000
Bank Overdraft at Balance Date	0	0	0
Credit Card Limit	115,000	115,000	115,000

Loan Facilities

Loan Facilities in use at Balance Date	44,302,185	22,128,416	43,018,415
Unused Loan Facilities at Balance Date	0	0	0

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

16. TRUST FUNDS

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

Detail	Balance 1-Jul-15 \$	Estimated Amounts Received \$	Estimated Amounts Paid (\$)	Estimated Balance 30-Jun-16 \$
Public Open Spaces	3,204,422	240,000	(366,500)	3,077,922
Dual Usage Pathways	908,824	20,000		928,824
Subdivisions and Roads	1,679,266	110,000		1,789,266
Sundry Bonds and Contributions	723,328	850,000	(950,000)	623,328
	<u>6,515,840</u>	<u>1,220,000</u>	<u>(1,316,500)</u>	<u>6,419,340</u>

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

17. MAJOR LAND TRANSACTIONS

There no major land transactions

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 aggregate revenue of approximately \$5.5m per annum.

Operating surpluses from airport operations flow to the City, and may be appropriated by Council when necessary to maintain and improve existing airport infrastructure, and provide for development of future infrastructure.

The 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.

An updated Geraldton Airport Master Plan was formally adopted by Council in 2012. Technical updates to the Master Plan are issued from time to time, most recently in February 2015, to provide the aviation industry with an up to date view of status of airport development. In addition to outlining planned future development of the airport beyond 2030, the Master Plan provides necessary inputs (obstacle height limitation and noise profiles) to town planning processes, enabling amendment of planning schemes, to prevent incompatible development encroachment that could adversely impact the continued operation of the airport as an essential regional infrastructure asset.

Development of a substantial long-term car park, expansion of the short term car park, and introduction of pay parking, were completed in 2014-15, to diversify airport revenue streams, and mitigate pressure on aviation fees and charges, assisting avoidance of sharp increases in air fares for the regional community. Stage 1 of development of the Airport Technology Park was completed in 2014, with lots now for sale or lease available for compatible businesses. Extensions to the main Greenough terminal building, adding new departure lounges, were completed in first half 2015.

Geraldton Airport is serviced by Virgin, QantasLink and Skippers Aviation, providing Regular Public Transport (RPT) services on the Geraldton-Perth route. Virgin services mainly utilise 50-seat Fokker F50 turboprop aircraft. QantasLink services changed from 75-seat Dash-8 Q400 turboprop aircraft, to 100-seat Fokker F100 jet aircraft, in March 2015.

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

**CITY OF GREATER GERALDTON
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FOR THE YEAR ENDED 30TH JUNE 2016**

18. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS (continued)

Meru Waste Disposal Facility

This facility was established to provide a regional approach to Waste Management here in the Midwest. Originally managed by the Geraldton Greenough Regional Council (GGRC), this Regional Council was disbanded following the first amalgamation between the City of Geraldton and the Shire of Greenough. The main purpose of establishing a Regional Council was to have a planned and 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 various Strategic documents, such as the Batavia Regional Organisation of Councils Strategic Waste Management Plan and the Meru Master Plan.

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

Design of the proposed Community Reuse and Recycling Centre will continue to progress in 2015/2016 providing the blueprint for the opportunity for increased resource recovery through recycling initiatives. Also at the Meru Waste Disposal Facility, the Department of Environmental Regulation (DER) has mooted an amendment to the operating licence by Re-engineering for Industry Regulation and Environment (REFIRE). This includes detailed investigation of all aspects of the facility from throughput, right through to emission profiles. Other key areas will include the detailed design, followed by the construction of a transfer station at Mullewa. This will transform the Mullewa Land Facility into full blown, licenced transfer station.

One of the other departmental significant includes the inclusion of the City's Sanitation team into the Water & Energy Services area. A new refuse compaction vehicle is expected to replace the current one, that has been decommissioned.

**CITY OF GREATER GERALDTON
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19. JOINT VENTURES

Nil

20. SANITATION SERVICES

Charges for 2015/16

<u>Sanitation Charges</u>	\$
Standard Domestic rubbish service	256.00
Standard Commercial rubbish service	312.00
Commercial 1.5m ³ bin Mullewa District	2,000.00
Commercial 3m ³ bin Mullewa District	3,840.00
Commercial Tip Charge Mullewa District	1,248.00
<u>Effluent Scheme Charges Mullewa District</u>	\$
Commercial Premises Small (2 units)	640.00
Commercial Premises Medium (3 units)	960.00
Commercial Premises Large (4 units)	1,280.00
Residential Premises (1 unit)	320.00

21. CARRY OVER 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 of fees

23 SCHEDULE OF CAPITAL WORKS

See attached schedule