

CITY OF GREATER GERALDTON
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Notes to and Forming Part of the Financial Report	9 to 57
Independent Audit Report	58 & 59

CITY OF GREATER GERALDTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2012

LOCAL GOVERNMENT ACT 1995

LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the City of Greater Geraldton being the annual financial report and other information for the financial year ended 30th June 2012 are in my opinion properly drawn up to present fairly the financial position of the City of Greater Geraldton at 30th June 2012 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed on the

day of

2012

Tony Brun
Chief Executive Officer

CITY OF GREATER GERALDTON
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2012

	NOTE	2012 \$	2012 Budget \$
Revenue			
Rates	23	28,809,183	29,098,948
Operating Grants, Subsidies and Contributions	29	13,522,734	7,627,360
Fees and Charges	28	15,723,422	15,668,197
Service Charges	25	0	0
Interest Earnings	2(a)	2,126,988	1,736,749
Other Revenue		<u>1,584,230</u>	<u>775,280</u>
		61,766,557	54,906,534
Expenses			
Employee Costs		(24,452,760)	(24,868,890)
Materials and Contracts		(18,136,786)	(35,073,471)
Utility Charges		(2,744,839)	(2,623,394)
Depreciation on Non-Current Assets	2(a)	(14,774,094)	(13,997,086)
Interest Expenses	2(a)	(674,110)	(1,258,713)
Insurance Expenses		(875,477)	(899,208)
Other Expenditure		<u>(1,797,612)</u>	<u>(1,997,835)</u>
		<u>(63,455,678)</u>	<u>(80,718,597)</u>
		(1,689,121)	(25,812,063)
Non-Operating Grants, Subsidies and Contributions	29	14,175,038	12,564,911
Fair value adjustments to financial assets at fair value through profit or loss	2(a)	0	
Profit on Asset Disposals	21	314,139	2,610,604
Loss on Asset Disposal	21	<u>(947,632)</u>	<u>(181,598)</u>
Net Result		11,852,424	(10,818,146)
Other Comprehensive Income			
Revaluation Increment		87,048,334	0
Revaluation - Asset Impairment		0	
Total Other Comprehensive Income		<u>87,048,334</u>	<u>0</u>
Total Comprehensive Income		<u><u>98,900,758</u></u>	<u><u>(10,818,146)</u></u>

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 2012

	NOTE	2012 Actual \$	2012 Budget \$
Revenue	2(a)		
Governance		659,308	63,687
General Purpose Funding		37,672,537	34,484,315
Law, Order, Public Safety		414,836	358,769
Health		647,586	473,790
Education and Welfare		1,454,283	1,604,053
Housing		0	32,250
Community Amenities		6,606,731	7,189,728
Recreation and Culture		2,248,741	2,552,306
Transport		7,476,346	4,552,838
Economic Services		1,454,889	2,219,009
Other Property and Services		1,647,449	1,375,789
		<u>60,282,706</u>	<u>54,906,534</u>
Expenses	2(a)		
Governance		(10,335,595)	(1,003,608)
General Purpose Funding		(780,434)	(9,509,882)
Law, Order, Public Safety		(912,865)	(931,502)
Health		(501,144)	(1,179,876)
Education and Welfare		(1,843,786)	(1,966,882)
Housing		(134,154)	(120,624)
Community Amenities		(5,042,081)	(9,024,202)
Recreation and Culture		(10,783,530)	(11,860,183)
Transport		(19,222,480)	(18,471,886)
Economic Services		(2,919,327)	(3,245,308)
Other Property and Services		(8,822,321)	(22,145,932)
		<u>(61,297,717)</u>	<u>(79,459,885)</u>
Finance Costs	2(a)		
General Purpose Funding			(5,000)
Law Order & Safety			0
Housing			0
Governance			(139,616)
Recreation & Culture		(216,283)	(113,304)
Transport		(453,089)	(545,070)
Economic Services		(4,738)	(4,885)
Other Property and Services			(450,838)
		<u>(674,110)</u>	<u>(1,258,713)</u>
Fair Value Adjustments to Financial Assets at Fair Value through Profit or Loss			
General Purpose Funding		0	
Non-Operating Grants, Subsidies & Contributions			
Grants Contributions - Assets Development		14,175,038	12,564,911
		<u>14,175,038</u>	<u>12,564,911</u>
Profit/Loss on Asset Disposal		<u>(633,493)</u>	2,429,004
		(633,493)	<u>2,429,004</u>
Net Result		<u>11,852,424</u>	<u>(10,818,149)</u>
Other Comprehensive Income			
Revaluation Increment		87,048,334	
Revaluation - Asset Impairment			
Total Other Comprehensive Income		<u>87,048,334</u>	<u>0</u>
Total Comprehensive Income		<u>98,900,758</u>	<u>(10,818,149)</u>

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

**CITY OF GREATER GERALDTON
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2012**

	NOTE	2012 \$
CURRENT ASSETS		
Cash and Cash Equivalents	3	32,357,553
Trade and Other Receivables	5	3,743,877
Inventories	6	<u>325,022</u>
TOTAL CURRENT ASSETS		<u>36,426,452</u>
NON-CURRENT ASSETS		
Investments	4	560,196
Other Receivables	5	1,636,513
Property, Plant and Equipment	7	152,756,716
Infrastructure	8	352,253,602
TOTAL NON-CURRENT ASSETS		<u>507,207,027</u>
TOTAL ASSETS		<u>543,633,479</u>
CURRENT LIABILITIES		
Trade and Other Payables	9	4,524,426
Long Term Borrowings	10	2,709,228
Provisions	11	<u>3,931,797</u>
TOTAL CURRENT LIABILITIES		<u>11,165,451</u>
NON-CURRENT LIABILITIES		
Long Term Borrowings	10	10,103,017
Provisions	11	<u>298,786</u>
TOTAL NON-CURRENT LIABILITIES		<u>10,401,803</u>
TOTAL LIABILITIES		<u>21,567,254</u>
NET ASSETS		<u>522,066,225</u>
EQUITY		
Retained Surplus		278,306,536
Reserves - Cash/Investments Backed	12	31,758,740
Reserves - Asset Revaluation	13	<u>212,000,949</u>
TOTAL EQUITY		<u>522,066,225</u>

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

**CITY OF GREATER GERALDTON
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2012**

NOTE	RETAINED SURPLUS \$	RESERVES CASH/ INVESTMENT BACKED \$	ASSET REVALUATION RESERVE \$	TOTAL EQUITY \$
Net result from Restructuring	277,499,698	20,713,154	124,952,615	423,165,467
Net result	11,852,424			11,852,424
Fair Value Adjustment			87,048,334	87,048,334
Reserve Transfers (Municipal Account)	(9,276,785)	9,276,785		
Restricted transfer to Reserve	(1,768,801)	1,768,801		
Balance as at 30 June 2012	<u>278,306,536</u>	<u>31,758,740</u>	<u>212,000,949</u>	<u>522,066,225</u>

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 2012**

	NOTE	2012 Actual \$	2012 Budget \$
Cash Flows From Operating Activities			
Receipts			
Rates		28,273,746	29,098,948
Operating Grants, Subsidies and Contributions		13,522,734	7,627,360
Fees and Charges		16,378,860	15,668,197
Service Charges		0	0
Interest Earnings		2,126,988	1,736,749
Goods and Services Tax		430,188	748,668
Other Revenue		<u>1,621,322</u>	<u>301,612</u>
		62,353,838	55,181,534
Payments			
Employee Costs		(23,985,055)	(24,868,890)
Materials and Contracts		(15,774,239)	(34,465,331)
Utility Charges		(2,744,839)	(2,623,394)
Insurance Expenses		(875,477)	(899,208)
Interest expenses		(678,376)	(1,258,713)
Goods and Services Tax		(95,287)	(916,437)
Other Expenditure		<u>(1,797,611)</u>	<u>(1,181,398)</u>
		(45,950,884)	(66,213,371)
Net Cash Provided By (Used In) Operating Activities	14(b)	<u>16,402,954</u>	<u>(11,031,837)</u>
Cash Flows from Investing Activities			
Payments for Purchase of Property, Plant & Equipment		(12,872,018)	(20,213,188)
Payments for Construction of Infrastructure		(9,403,376)	(20,191,298)
Self Supporting / Council Loan Paid Out		(250,000)	0
Payments for Purchase of Investments		0	0
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		14,175,038	12,564,911
Adjustment Prior Year		0	0
Proceeds from Sale of Plant & Equipment		980,363	0
Proceeds from Council Loans		95,533	112,041
Proceeds from Sale of Investments		<u>0</u>	<u>5,341,500</u>
Net Cash Provided By (Used In) Investing Activities		(7,274,460)	(22,386,034)
Cash Flows from Financing Activities			
Repayment of Debentures		(2,455,904)	(2,679,529)
Proceeds from Self Supporting Loans		51,849	65,817
Proceeds from New Debentures		<u>6,050,000</u>	<u>25,380,000</u>
Net Cash Provided By (Used In) Financing Activities		3,645,945	22,766,288
Net Increase (Decrease) in Cash Held		12,774,439	(10,651,583)
Cash equivalents from Restructure		19,583,114	19,256,864
Cash and Cash Equivalents at the End of the Year	14(a)	<u><u>32,357,553</u></u>	<u><u>8,605,281</u></u>

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

CITY OF GREATER GERALDTON
RATE SETTINGS STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2012

	NOTE	2012 \$	2012 Budget \$
REVENUE			
Operating Grants, Subsidies and Contributions		27,697,772	20,192,271
Fees and Charges		15,723,422	15,668,197
Interest Earnings		2,126,988	1,736,749
Other Revenue		1,584,230	775,280
Profit on Disposal of Assets		314,139	2,610,604
		<u>47,446,550</u>	<u>40,983,101</u>
EXPENSES			
Employee Costs		(24,452,760)	(24,868,890)
Materials and Contracts		(18,136,786)	(35,073,471)
Utility Charges		(2,744,839)	(2,623,394)
Depreciation on Non-Current Assets		(14,774,094)	(13,997,086)
Interest Expenses		(674,110)	(899,208)
Insurance Expenses		(875,477)	(1,258,713)
Other Expenditure		(1,797,611)	(1,900,915)
Loss on Disposal of Assets		(947,632)	(181,598)
		(64,403,309)	(80,803,275)
		<u>(16,956,758)</u>	<u>(39,820,174)</u>
Net Operating Result Excluding Rates			
		(16,956,758)	(39,820,174)
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Revenue			
(Profit)/Loss on Asset Disposals		633,493	(2,429,006)
Movement in Accrued Interest		(4,267)	0
Movement in Other		62,299	0
Movement in Deferred Pensioner Rates (Non-Current)		(23,953)	0
Movement in Employee Benefit Provisions (Non-current)		(34,078)	0
Depreciation and Amortisation on Assets		14,774,094	13,997,086
Capital Expenditure and Revenue			
Purchase Land Held for Resale			0
Purchase Land and Buildings		(8,872,367)	(15,766,128)
Purchase Infrastructure Assets - Roads		(5,677,129)	(10,905,098)
Purchase Infrastructure Assets - Parks		(3,876,196)	(9,286,200)
Purchase Plant and Equipment		(3,436,486)	(4,229,660)
Purchase Furniture and Equipment		(457,710)	(217,400)
Proceeds from Council Loan Principal Income		95,533	112,041
Proceeds from self supporting loans paid out		(250,000)	0
Proceeds from Disposal of Assets		980,363	5,341,500
Repayment of Debentures		(2,455,904)	(2,679,530)
Proceeds from New Debentures		6,050,000	25,380,000
Self-Supporting Loan Principal Income		51,849	65,817
Trust Transfer to Restriction		0	(300,000)
Trust Transfer from Restriction		0	216,724
Transfers to Reserves		(19,033,872)	(3,850,000)
Transfers from Reserves		9,757,087	14,656,964
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		(370,200)	49,101
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		(235,020)	(565,015)
Amount Required to be Raised from Rates	23	<u>(28,809,183)</u>	<u>(29,098,948)</u>

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

City of Greater Geraldton
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

The financial report is a general purpose financial statement which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the local Government Act 1995 and accompanying regulations.

The 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.

(b) The Local Government Reporting Entity

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

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

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 20 to these financial statements.

(c) Goods and Services Tax

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

(d) Cash 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.

(e) Trade and Other Receivables

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

(f) Inventories

General

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

City of Greater Geraldton
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Land Held for Resale

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

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

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

(g) Fixed Assets

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

Initial Recognition

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

Revaluation

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

Revaluation by Asset Type

ASSET TYPE	Date of Valuation	Valuation methodology	Valued by
Land & Buildings	1/11/2011	Fair Value ^b	AVP Valuers ^a
Roads	30/06/2012	Replacement cost	Roman II /My Data ^e
Recreation	30/06/2012	Replacement cost	My Data ^d
Car Parks	30/06/2012	Replacement cost	My Data
Airport	1/11/2011	Fair Value	AVP Valuers ^e

a) AVP Valuers have completed a valuation report, based on site inspections of the land, building & improvement assets from September to November 2011 by at team of registered valuers.

b) In determining "Fair Value" , if the subject property forms part of a specialised property, the accepted method for the valuation of specialised assets where there is no market sales evidence available, is the "Depreciated Replacement Cost" (DRC) approach.

City of Greater Geraldton
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

(g) Fixed Assets (Continued)

- c) Road Management Software package Roman II valuation of replacement cost is based on historical data from the road network from previous works program. The rates used are preparatory costs of necessary adjustments to other connected assets based on the cost to replace the existing asset, including preparatory costs of necessary adjustments to other connected assets such as drainage lids, crossovers, etc.
- d) myData register and asset management system is based on asset lifecycle costing with automated valuations complying with Australian Accounting Standards. Valuation is based on a combination of age and condition of the asset.
- e) AVP valuers have completed a valuation report, based on site inspections of the land, building & infrastructure assets on 27th & 28th of October 2011 by a registered valuer.

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.

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

Land	Infinite
Land (Leasehold Interest)	99 years
Airport - Runway, Apron 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
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 & useful lives are reviewed, & adjusted if appropriate, at the end of each reporting period.

City of Greater Geraldton
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Depreciation of Non-Current Assets (Continued)

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

(h) Financial Instruments

Initial Recognition and Measurement

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

Amortised cost is calculated as:

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

City of Greater Geraldton
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

Amortised cost is calculated as:

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

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

(i) Financial assets at fair value through profit and loss

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

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

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

(iii) Held-to-maturity investments

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

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

If the Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

(iv) Available-for-sale financial assets

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

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

(v) Financial liabilities

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

City of Greater Geraldton
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

Impairment

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

(i) Estimation of Fair Value

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

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date.

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

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

(j) Impairment

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

Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with 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.

(k) Trade and Other Payables

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

City of Greater Geraldton
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) 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:

(i) 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.

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.

(m) Borrowing Costs

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

(n) Provisions

Provisions are recognised when:

- a) the Council has a present legal or constructive obligation as a result of past events;
- b) for which it is probable that an outflow of economic benefits will result to settle the obligation; and
- c) that outflow can be reliably measured.

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

Provisions are not recognised for future operating losses.

(o) Leases

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

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

City of Greater Geraldton
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Joint Venture

The Council's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the appropriate line items of the financial statement. Information about the joint venture is set out in Note 17.

(q) Rates, Grants, Donations and Other Contributions

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

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

(r) Superannuation

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

(s) Current and Non-Current Classification

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

(t) Rounding Off Figures

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

(u) Comparative Figures

Where required, comparative figures have been adjusted to conform with changes in presentation for the current financial year. As this is the first year of the new entity no comparative figures are applicable.

(v) Budget Comparative Figures

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

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) New Accounting Standards and Interpretations for Application in Future Periods

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2012.

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

Title and Topic	Issued	Applicable (*)	Impact
(i) AASB 9 – Financial Instruments	December 2009	01 January 2013	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 1053 - Application of Tiers of Australian Accounting Standards	June 2010	01 July 2013	Nil - Due to its nature and statutory requirements the Council will be deemed a Tier 1 entity and will continue to prepare general purpose financial statements.
(iii) AASB 2009– 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	December 2009	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(iv) AASB 2010 - 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050, & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052]	June 2010	01 July 2013	Nil - None of these amendments will have any effect on the financial report as the standard does not apply in the case of general purpose financial statements.
(v) AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	December 2010	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(vi) AASB 2010 - 8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets [AASB 112]	December 2010	01 January 2012	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
(vii) AASB 2010 - 10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters [AASB 2009 - 11 & 2010 - 7]	December 2010	01 January 2013	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title and Topic	Issued	Applicable (*)	Impact
AASB 2011 - 2 Amendments to Australian Accounting Standards - Arising from the Trans-Tasman Consequence Project - Reduced Disclosure Requirements. [AASB 101 & 1054]	May 2011	01 July 2013	
AASB 2011 - 3 Amendments to Australian Accounting Standards - Orderly Adoption of Changes to ABS GFS manual and related Amendments. [AASB 1049]	May 2011	01 July 2012	
AASB 2011 - 6 Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements [AASB 127,128 & 131]	July 2011	01 July 2013	
(viii) AASB 10 - Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests in Other Entities, AASB 127 - Separate Financial Statements, AASB 128 - Investments in Associates and Joint Ventures, AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	August 2011	01 January 2013	Nil - None of these, except for AASB 128, are expected to have significant application to the operations of the Council. With respect to AASB 128, where the Council has an interest in a Joint Venture, the requirements of AASB 128 supersede those of the current Joint Venture Standard AASB 131. The new standard more clearly defines the accounting treatment and disclosure in relation to it. Due to the nature of the Joint Venture, it is not expected to have a significant impact on the Council.
(ix) AASB 13 - Fair Value Measurement, AASB 2011 - 8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]	September 2011	01 January 2013	AASB 13 defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurements. AASB 13 requires inputs to all fair value measurements to be categorised in accordance with fair value hierarchy. AASB 13 also requires enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value. AASB 13 will have particular relevance to the process of the Council adopting fair value methodology in relation to its fixed assets as mandated from 1 July 2012. Apart from the changes in value in relation to assets to be revalued (which are mandated by legislation and not changes to the standard) it is not expected to significantly impact the Council as the framework embodied in AASB 13 does not differ significantly from that which is present in existing standards. The amendments to the legislation requires the phasing in of fair value in relation to fixed assets over the three years from 1 July 2012. It is not possible to estimate the likely amount of any revaluations.

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title and Topic	Issued	Applicable (*)	Impact
(x) AASB 2011 - 9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	September 2011	01 July 2013	The main change embodied in this standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. It effects presentation only and is not expected to significantly impact the Council.
(xi) AASB 119 - Employee Benefits, AASB 2011 - 10 Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Interpretation 14]	September 2011	01 January 2013	The changes in relation to defined benefit plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASBs in relation to termination benefits.
(xii) AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	September 2011	01 July 2013	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
AASB 2011 – 12 Amendments to Australian Accounting Standards arising from Interpretation 20 [AASB 1]	November 2011	01 January 2013	
AASB 2011 – 13 Amendments to Australian Accounting Standards – Improvements to AASB 1049	December 2011	01 July 2012	

Notes:

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

(w) Adoption of New and Revised Accounting Standards

During the current year, the Council adopted all of the new and revised Australian Accounting Standards and Interpretations which became mandatory and which were applicable to its operations.

These new and revised standards were:

AASB 124
AASB 1054
AASB 2009 - 12
AASB 2009 - 14
AASB 2010 - 4
AASB 2010 - 5
AASB 2010 - 6
AASB 2010 - 9
AASB 2011 - 1

The standards adopted had a minimal effect on the accounting and reporting practices of the Council as they were either largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

2. REVENUE AND EXPENSES

**2012
\$**

(a) Net Result

The Net Result includes:

(i) Charging as an Expense:

Significant Expense

General Purpose Funding	0
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Auditors Remuneration

<u>Grant Thornton Australia Pty Ltd</u>	25,000
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External Audit

Deloitte Australia

Other Services - Internal Audit	35,545
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Depreciation

Buildings	2,247,523
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Furniture and Equipment	287,551
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Plant and Equipment	2,356,593
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Roads	8,701,951
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Recreation	581,706
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Airport	293,986
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Meru Landfill	127,727
---------------	---------

Other	177,057
-------	---------

	14,774,094
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Interest Expenses (Finance Costs)

Interest on Overdraft	0
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Finance Lease Charges	0
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Debentures (<i>refer Note 22(a)</i>)	674,110
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	674,110
--	---------

Rental Charges

- Operating Leases	73,565
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(ii) Crediting as Revenue:

**2012
Actual
\$**

**2012
Budget
\$**

Interest Earnings

Investments

- Reserve Funds	1,343,769	855,000
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- Other Funds	493,158	612,249
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Other Interest Revenue (<i>refer note 27</i>)	290,061	269,500
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	2,126,988	1,736,749
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CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

Mission Statement

To be a leading organisation, which, through effective sustainable practices and business excellence facilitate the Community Vision. The City will take a 'can do' approach to working collaboratively in partnership with the community, industry and government with a focus on providing quality and timely service.

Vision Statement

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

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

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

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

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

Goals (Key Result Areas)

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

The identified goals (Key Result Areas) are:

Opportunities for Lifestyle

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

Opportunities for Creativity.

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

Opportunities for Prosperity

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

Leading the Opportunities

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

CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

2. REVENUE AND EXPENSES (Continued)

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

GOVERNANCE

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

GENERAL PURPOSE FUNDING

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

LAW, ORDER, PUBLIC SAFETY

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

HEALTH

Preventative public health promotion and compliance including business audits , food and water sampling, education programs and healthy Lifestyle activities

EDUCATION AND WELFARE

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

COMMUNITY AMENITIES

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

RECREATION AND CULTURE

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

TRANSPORT

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

ECONOMIC SERVICES

Economic Development, Innovation & the Digital Economy, Media & Marketing, Foreign Affairs and Special Projects of the CEO, Tourism and Promotions, Visitors Information Centre.

OTHER PROPERTY AND SERVICES

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

CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Balance received from Restructure \$	Received 2011/12 \$	Expended 2011/12 \$	Closing Balance 30/06/2012 \$
Active Smart Project Officer	0	7,092	0	7,092
Amalgamation	2,251,793	1,372,749	(2,251,793)	1,372,749
Aqua Equipment	22,000	0	(22,000)	0
Aquarena Special Crèche	200,740	0	(200,740)	0
Aquarena Waterwise Grant Scheme	6,804	0	(7,484)	(680)
Art Gallery - Donation to Lindsay Collection	459	0	0	459
Art Gallery - Community Cultural Development	3,454	0	0	3,454
Art Gallery Storage Racks	14,579	0	(14,579)	0
Asset Management Improvement Project	9,112	0	(9,112)	0
Batavia Marina Water Loan	11,077	0	0	11,077
Beresford Foreshore (Northern Beaches Seawall)	100,000	0	(100,000)	0
Black Spot Chapman Railway Crossing	6,503	0	0	6,503
Book Week 2011	1,604	0	(1,604)	0
Building Better Regional Cities	0	4,000,000	0	4,000,000
Chapman River Corridor Project	0	17,185	0	17,185
Civic Accommodation Project (CLGF Direct 2011-12)	0	300,000	0	300,000
Coast care	3,697	0	0	3,697
Community Grants Round 10	0	144,503	0	144,503
CCTV Eye on Mullewa	0	25,000	0	25,000
CCTV Library Car Park / Breakers Tavern & RSL	25,000	0	(22,874)	2,126
Depot Relocation	161,280	0	(161,280)	0
Derna Parade Park (CLGF Direct)	0	365,378	0	365,378
Digital Enterprises	0	154,300	0	154,300
Digital Hubs	0	158,933	0	158,933
Digital Local Government	0	237,694	0	237,694
Digital Strategy	0	50,000	0	50,000
DLGRD - Indigenous Scholarship	10,000	0	0	10,000
Donor Awareness Fountain	0	50,000	0	50,000
Downhill Youth Project	0	6,000	0	6,000
Drainage - 22-24 Crowtheron St	2,591	0	0	2,591
Drainage - 39 Trigg St	682	0	0	682
Drainage - 458 Chapman Rd	600	0	0	600
Drainage - Cathedral / Lester Ave	1,548	0	0	1,548
Drainage - Chapman Road (Retravision)	1,650	0	0	1,650
Drainage - Harvey Norman	6,200	0	0	6,200
Drainage - McAleer Dr Carwash	1,600	0	0	1,600
Drainage - L8 Anderson / Beaver (Kalazich)	16,268	0	0	16,268
Drainage - L11,12 Hosken St (Bovell)	825	0	0	825
Drainage - L20 Sanford/Durlacher St	1,700	0	0	1,700
Drainage - L23 (26) Crowtheron St	1,455	0	0	1,455
Drainage - L100 (2) Nemesis Pl	1,650	0	0	1,650
Drainage - Waggy's Petrol Station Wonthella	1,800	0	0	1,800
Dual Use Pathwas - Bikewest (Champion Bay)	7,000	0	0	7,000
Eadon Clarke Sporting Complex Redevelopment	246,839	348,141	(246,839)	348,141
Eastern Breakwater	2,247,000	105,290	0	2,352,290
Ellendale Pool Honesty Box (-)	13,094	0	0	13,094
Family Day Care - Mainstream Surplus	14,825	0	0	14,825
Family Day Care - In Home Care CCB	7,430	0	0	7,430
Family Day Care - In Home Care Grant	48	0	0	48
Finding My Place	1,654	0	(1,654)	0
Fleet Replacement	0	593,000	0	593,000
Flores Rd Intersection (CLGF Direct 2010-11)	0	227,400	(185,640)	41,760
Flores Rd Intersection (Royalties for Regions)	0	2,815,400	0	2,815,400
Foreshore Art	30,000	0	(30,000)	0
Foreshore Toilets (Northern)	0	64,286	0	64,286
Fresnal Lens Project	0	15,000	0	15,000
Future Work - 42 Brede St Footpath (Lefroy/Watkins)	500	0	0	500
Future Work - Bluff Point Estate #1	4,911	0	0	4,911
Future Work - Brand Highway Landscaping	5,000	0	0	5,000
Future Work - Kempton St (Landscape Pump Station)	800	0	0	800
Future Work - Northcoast (Beaver St Concrete)	150	0	0	150
Future Work - Northcoast (Gertrude St Sealing)	650	0	0	650
Future Work - Sunset Beach Infill Sewer Program (Reserve 19556)	909	0	0	909
Future Work - Truline (Infill Sewer Pavement)	250	0	0	250
Geraldton Bicycle User Group	7,500	0	(2,985)	4,515
Geraldton City Band	5,000	0	(5,000)	0
Go Gero Project	0	302,266	0	302,266
Greater Geraldton Themed Interpreted Walk Trail	8,447	0	0	8,447

CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Balance received from Restructure \$	Received 2011/12 \$	Expended 2011/12 \$	Closing Balance 30/06/2012 \$
Greys Beach Coastwise 98/99 surplus	5,489	0	0	5,489
Harmony Dinner Ticket Sales	3,003	0	0	3,003
HMAS Memorial	10,990	4,558	(6,344)	9,204
Integrated Strategic Planning	43,299	0	(43,299)	0
Kidsport	0	74,996	0	74,996
Let There Be Light	20,000	0	(17,920)	2,080
Library Aboriginal History Grant	1,850	0	0	1,850
Library Redevelopment	50,000	0	(50,000)	0
Lighthouse Keepers Cottage Restoration	1,362	0	0	1,362
Little Athletics	3,015	0	(3,015)	0
Long Term Financial Planning	50,000	0	(21,500)	28,500
Main Roads (Flores Road)	120,000	870,400	(683,118)	307,282
Meet & Greeters	4,910	0	0	4,910
Men of the Trees	0	31,520	0	31,520
Meru Special Area Use Scheme	0	70,000	0	70,000
Mid West Indigenous Environmental Health Forum	50,000	0	(50,000)	0
Mid West Procurement Officer	15,000	10,000	0	25,000
Mid West Sports Federation	5,000	0	0	5,000
Midnight Basketball	32,266	0	(17,730)	14,536
Moresby Ranges & Chapman River Fencing Project	0	2,000	0	2,000
Mullewa Dept LGRD (Indigenous Business Plan)	30,000	0	0	30,000
Mullewa Dept LGRD (Scholarship Grant)	10,000	0	0	10,000
Mullewa Ins Partner Funding MW Youth Centre Support Program	20,000	0	0	20,000
Mullewa MWDC - Men's Shed	3,591	0	0	3,591
Mullewa Sewerage System (CLGF Direct 2011-12)	0	130,000	0	130,000
Mullewa Town Revitalisation (CLGF Direct 2011-12)	0	187,926	0	187,926
Olympic Torch Relay	2,821	0	0	2,821
Osprey Nesting Site for Point Moore	413	0	0	413
Pathways Construction	70,000	0	0	70,000
Pollinators	0	8,600	0	8,600
Port Authority Eastern Breakwater	2,693	0	0	2,693
QPT - Dance Scholarship	485	0	0	485
Randolf Stow Young Writers Awards	3,188	0	(1,888)	1,300
Roads to Recovery	147,614	0	0	147,614
Roadwise Safe Routes To Schools - Bike Map	367	0	0	367
Roadwise Safe Routes To Schools - Surplus	689	0	0	689
Removal of WONS	0	4,348	0	4,348
Reticulation Works Loan	55,287	0	0	55,287
SAA Fundraising	3,402	0	0	3,402
Skate Park Retention Fee	2,150	0	0	2,150
Street Lighting (Refund from Western Power)	972	0	0	972
Sustainable Future City (2029 Beyond Project)	154,039	189,821	(154,039)	189,821
Transport Model	0	291,580	0	291,580
Travel Smart Maps	0	6,000	0	6,000
Tea Club	6,149	0	0	6,149
Town Planning Foreshore Stabilisation	1,789	0	0	1,789
Towns Football Club Sewer Connection	32,000	0	0	32,000
Tracking Geraldton Graffiti	17,169	0	0	17,169
Traffic Management Black Spot	16,033	0	0	16,033
Waste Water Management Plan	31,641	0	(6,920)	24,721
You're Welcome WA Access	22,727	0	(22,727)	0
Youth Coordinating Network	0	1,500	0	1,500
Youth Council	0	15,000	0	15,000
Youth N Motion (Youth Bus)	0	4,750	0	4,750
Total	6,520,081	13,262,616	(4,342,084)	15,440,613

Notes:

- (*) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
- (+) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.
- (#) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period & which were expended in the current reporting period in the manner specified by contributor.
- (-) - Opening balance includes \$7,387 transferred from Ellendale Pool Reserve that was amalgamated with the Restricted Grants Reserve to form the new Unexpended Capital Works and Restricted Grant Reserve in 2011-12

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

	2012 \$
3. CASH AND CASH EQUIVALENTS	
Unrestricted	325,376
Restricted	32,032,177
	<u>32,357,553</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:	
Airport Reserve	1,700,598
Asset Development (Capital Works Program) Reserve	5,257,355
Asset Renewal Fund Reserve	1,857,419
Effluent Scheme Reserve	58,019
Employee Leave Entitlements Reserve	241,946
Family Day Care Reserve	8,630
Meat Inspection Reserve	45,964
Meru Waste Disposal Site Reserve	3,153,581
Meru Waste Rehabilitation Reserve	420,789
Mullewa Community Reserve	486,641
Mullewa Reseal Reserve	1,491,285
Mullewa Medical Centre Reserve	68,006
Parking Land Reserve	239,649
Plant Replacement Reserve	145,695
Risk Management Reserve	457,227
Rubbish Tip (Flores Rd) Reserve	641,844
Strategic Initiatives Reserve	43,480
Unexpended Capital Works & Restricted Grant Reserve	15,440,612
	<u>31,758,740</u>
Other Restricted Cash	833,633
Restricted Cash represented by Investments (Note 4)	(560,196)
	<u>32,032,177</u>
4. INVESTMENTS	
Financial assets at fair value through profit or loss	<u>560,196</u>
Financial assets at fair value through profit or loss	
From Restructure	560,196
Revaluation to Income Statement	0
Additions	0
Disposals	0
At end of the year	Note 35(d) <u>560,196</u>

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

	2012 \$
5. TRADE AND OTHER RECEIVABLES	
Current	
Rates Outstanding	1,515,044
Sundry Debtors	1,943,222
Accrued Income	149,671
Prepayments	135,940
	<u>3,743,877</u>
Non-Current	
Rates Outstanding - Pensioners	228,285
Loans by Council	680,592
Loans - Clubs/Institutions	727,636
	<u>1,636,513</u>
6. INVENTORIES	
Current	
Fuel and Materials	205,136
Resalable Merchandise	94,420
Stock on Land	25,466
	<u>325,022</u>
7. PROPERTY, PLANT AND EQUIPMENT	
Land and Buildings - Cost	130,936,869
Add Revaluation	11,242,006
Less Accumulated Depreciation	<u>(2,259,737)</u>
	139,919,138
Furniture and Equipment - Cost	2,479,858
Less Accumulated Depreciation	<u>(1,469,858)</u>
	1,010,000
Plant and Equipment - Cost	18,228,921
Less Accumulated Depreciation	<u>(7,263,579)</u>
	10,965,342
Art Work - Valuation	862,236
Less Accumulated Amortisation	<u>0</u>
	<u>862,236</u>
	<u>152,756,716</u>

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

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

	Land & Buildings \$	Furniture & Equipment \$	Plant & Equipment \$	Artwork Equipment \$	Total \$
Balance as a result of Restructuring'	121,211,070	862,878	11,368,964	839,198	134,282,110
Transfer between asset classes	1,006,218		(1,006,218)		0
Additions	8,977,821	434,673	3,436,486	23,038	12,872,018
Revaluation	11,242,006				11,242,006
(Disposals)	(270,455)		(477,296)		(747,751)
Depreciation (Expense)	(2,247,523)	(287,551)	(2,356,593)		(4,891,667)
Carrying amount at the end of year	<u>139,919,137</u>	<u>1,010,000</u>	<u>10,965,343</u>	<u>862,236</u>	<u>152,756,716</u>

CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

8. INFRASTRUCTURE

	2012 \$
Roads - Management valuation	447,435,598
Roads - Cost	5,677,129
Less Accumulated Depreciation	<u>(141,600,023)</u>
	311,512,704
Recreation - Management valuation	26,936,301
Recreation - Cost	3,876,196
Less Accumulated Depreciation	<u>(8,252,615)</u>
	22,559,882
Other - Management Valuation	5,589,994
Less Accumulated Depreciation	<u>(2,598,096)</u>
	2,991,898
Meru Landfill - Management valuation	3,297,454
Less Accumulated Depreciation	<u>(1,752,267)</u>
	1,545,187
Airport - Valuation	13,811,129
Less Accumulated Depreciation	<u>(294,177)</u>
	13,516,952
Effluent Scheme - Cost	181,381
Less Accumulated Depreciation	<u>(54,402)</u>
	126,979
Joint Venture Assets - Management valuation	1,036,846
Less Accumulated Depreciation	(170,741)
Asset Written Off	<u>(866,105)</u>
	0
	 <u><u>352,253,602</u></u>

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

This policy also accords with AASB 116.

INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	Roads \$	Recreation \$	Car Parks \$	Meru \$	Airport \$	Joint Venture \$	Effluent Scheme \$	Total \$
Balance as result of Restructuring	243,450,458	21,519,040	2,408,522	1,583,259	7,833,351	866,105	131,695	277,792,430
Additions	5,092,549	3,802,325	56,504	279,007	172,991			9,403,376
Revaluations	71,671,648	(2,179,777)	699,213	(189,352)	5,804,596			75,806,328
(Disposals)						(866,105)		(866,105)
Depreciation (expense)	(8,701,951)	(581,706)	(172,341)	(127,727)	(293,986)	0	(4,716)	(9,882,427)
Carrying amount at 30/06/12	311,512,704	22,559,882	2,991,898	1,545,187	13,516,952	0	126,979	352,253,602

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

**2012
\$**

9. TRADE AND OTHER PAYABLES

Current

Sundry Creditors	3,796,735
Bank Overdraft	0
GST Payable	66,024
Accrued Interest on Debentures	83,324
Accrued Salaries and Wages	578,343
	<u>4,524,426</u>

10. LONG-TERM BORROWINGS

Current

Secured by Floating Charge	
Debentures	2,709,228
Lease Liability	0
	<u>2,709,228</u>

Non-Current

Secured by Floating Charge	
Debentures	10,103,017
Lease Liability	
	<u>10,103,017</u>

Additional detail on borrowings is provided in Note 22.

11. PROVISIONS

Current

Provision for Annual Leave	2,123,929
Provision for Long Service Leave	1,481,982
Provision for Sick Leave	245,768
Accrued RDO Liability	80,118
Employee Bonus Payment Liability	0
	<u>3,931,797</u>

Non-Current

Provision for Long Service Leave	298,786
	<u>298,786</u>

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

	2012 Actual \$	2012 Budget \$
12. RESERVES - CASH/INVESTMENT BACKED		
(a) Airport Reserve		
Acquired as a result of Restructuring	1,295,410	1,741,438
Amount Set Aside / Transfer to Reserve	1,000,000	1,000,000
Amount Used / Transfer from Reserve	594,812	1,925,000
	<u>1,700,598</u>	<u>816,438</u>
(b) Asset Development (Capital Works Program) Reserve		
Acquired as a result of Restructuring	4,523,938	4,921,413
Amount Set Aside / Transfer to Reserve	2,079,745	1,969,565
Amount Used / Transfer from Reserve	1,346,328	5,687,002
	<u>5,257,355</u>	<u>1,203,976</u>
(c) Asset Renewal Fund Reserve		
Acquired as a result of Restructuring	2,618,906	1,887,105
Amount Set Aside / Transfer to Reserve	1,721,716	2,472,920
Amount Used / Transfer from Reserve	2,483,204	3,710,159
	<u>1,857,418</u>	<u>649,866</u>
(d) Effluent Scheme Reserve		
Acquired as a result of Restructuring	58,019	58,019
Amount Set Aside / Transfer to Reserve	0	25,000
Amount Used / Transfer from Reserve	0	50,000
	<u>58,019</u>	<u>33,019</u>
(e) Employee Leave Entitlements Reserve		
Acquired as a result of Restructuring	491,946	376,946
Amount Set Aside / Transfer to Reserve	0	50,000
Amount Used / Transfer from Reserve	250,000	0
	<u>241,946</u>	<u>426,946</u>
(f) Family Day Care - Reserve		
Acquired as a result of Restructuring	8,630	8,630
Amount Set Aside / Transfer to Reserve	0	0
Amount Used / Transfer from Reserve	0	0
	<u>8,630</u>	<u>8,630</u>
(g) Meat Inspection Reserve		
Acquired as a result of Restructuring	45,964	45,964
Amount Set Aside / Transfer to Reserve	0	0
Amount Used / Transfer from Reserve	0	0
	<u>45,964</u>	<u>45,964</u>
(h) Meru Waste Disposal Site Reserve		
Acquired as a result of Restructuring	2,899,852	3,053,581
Amount Set Aside / Transfer to Reserve	272,705	500,000
Amount Used / Transfer from Reserve	18,976	2,850,000
	<u>3,153,581</u>	<u>703,581</u>

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

12. RESERVES - CASH/INVESTMENT BACKED (Cont)

	2012 Actual \$	2012 Budget \$
(i) Meru Waste Rehabilitation Reserve		
Acquired as a result of Restructuring	193,494	420,789
Amount Set Aside / Transfer to Reserve	227,295	250,000
Amount Used / Transfer from Reserve	0	
	<u>420,789</u>	<u>670,789</u>
(j) Mullewa Community Reserve		
Acquired as a result of Restructuring	0	385,792
Amount Set Aside / Transfer to Reserve	577,516	100,000
Amount Used / Transfer from Reserve	90,875	70,000
	<u>486,641</u>	<u>415,792</u>
(k) Mullewa Reseal Reserve		
Acquired as a result of Restructuring	0	1,491,288
Amount Set Aside / Transfer to Reserve	1,491,285	200,000
Amount Used / Transfer from Reserve	0	
	<u>1,491,285</u>	<u>1,691,288</u>
(l) Mullewa Medical Centre Reserve		
Acquired as a result of Restructuring	105,900	55,900
Amount Set Aside / Transfer to Reserve	0	0
Amount Used / Transfer from Reserve	37,894	0
	<u>68,006</u>	<u>55,900</u>
(m) Olive Street Redevelopment Reserve		
Acquired as a result of Restructuring	0	0
Amount Set Aside / Transfer to Reserve	0	0
Amount Used / Transfer from Reserve	0	0
	<u>0</u>	<u>0</u>
(n) Parking Land Reserve		
Acquired as a result of Restructuring	306,650	410,654
Amount Set Aside / Transfer to Reserve	104,004	140,000
Amount Used / Transfer from Reserve	171,005	0
	<u>239,649</u>	<u>550,654</u>
(o) Plant Replacement Reserve		
Acquired as a result of Restructuring	345,695	194,769
Amount Set Aside / Transfer to Reserve	0	2,332,225
Amount Used / Transfer from Reserve	200,000	2,382,225
	<u>145,695</u>	<u>144,769</u>
(p) Risk Management Reserve		
Acquired as a result of Restructuring	503,476	403,475
Amount Set Aside / Transfer to Reserve	0	0
Amount Used / Transfer from Reserve	46,249	0
	<u>457,227</u>	<u>403,475</u>

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

12. RESERVES - CASH/INVESTMENT BACKED (Cont)

	2012 Actual \$	2012 Budget \$
(q) Rubbish Tip (Flores Rd) Reserve		
Acquired as a result of Restructuring	679,105	679,105
Amount Set Aside / Transfer to Reserve	0	0
Amount Used / Transfer from Reserve	37,261	0
	<u>641,844</u>	<u>679,105</u>
(r) Strategic Initiatives Reserve		
Acquired as a result of Restructuring	179,679	109,679
Amount Set Aside / Transfer to Reserve	0	0
Amount Used / Transfer from Reserve	136,199	0
	<u>43,480</u>	<u>109,679</u>
(s) Unexpended Capital Works & Restricted Grant Reserve		
Acquired as a result of Restructuring	6,456,489	13,638,571
Amount Set Aside / Transfer to Reserve	13,328,408	0
Amount Used / Transfer from Reserve	4,344,284	0
	<u>15,440,613</u>	<u>13,638,571</u>
(t) Reconciliation of Reserves		
Acquired as a result of Restructuring	20,713,153	29,883,118
Net transfers from Reserves	(9,757,087)	(16,674,386)
Net transfers to Reserves	20,802,674	9,039,710
	<u>31,758,740</u>	<u>22,248,442</u>
TOTAL CASH BACKED RESERVES	<u><u>31,758,740</u></u>	<u><u>22,248,442</u></u>

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

In accordance with council resolutions in relation to each reserve account, the purpose for which the funds 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 City of Greater Geraldton.

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 Fund Reserve

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

CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

12. RESERVES - CASH/INVESTMENT BACKED (Cont)

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 leave 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 each year.

Meru Waste Disposal Site Reserve

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

Meru Waste Rehabilitation Reserve

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

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.

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.

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 Road) Reserve

The purpose of this reserve is to provide sufficient funding towards the rehabilitation of this 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 FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

12. RESERVES - CASH/INVESTMENT BACKED (Cont)

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

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

Leave Reserve

- to be used to fund annual and long service leave requirements

Plant Reserve

- to be used for the purchase of major plant

Building Reserve

- to be used for the construction of a new administration centre

The Leave and Plant Reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

The Building Reserve is expected to be utilised in 2012/13.

CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

13. RESERVES - ASSET REVALUATION	2012 \$
Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets:	
(a) Land and Buildings	
Balance as a result of Restructure	64,058,545
Revaluation Increment	11,242,006
Impairment	
Revaluation Decrement	<u>0</u>
	<u>75,300,551</u>
(b) Artwork	
Balance as a result of Restructure	445,765
Revaluation Increment	0
Revaluation Decrement	<u>0</u>
	<u>445,765</u>
(c) Roads	
Balance as a result of Restructure	55,959,139
Revaluation Increment	71,671,648
Revaluation Decrement	
	<u>127,630,787</u>
(d) Recreation	
Balance as a result of Restructure	1,344,575
Revaluation Increment	
Revaluation Decrement	<u>(2,179,777)</u>
	<u>-835,202</u>
(e) Infrastructure Other	
Balance as a result of Restructure	2,059,556
Revaluation Increment	699,213
Revaluation Decrement	
	<u>2,758,769</u>
(f) Infrastructure Meru Landfill	
Balance as a result of Restructure	422,021
Revaluation Increment	
Revaluation Decrement	<u>(189,352)</u>
	<u>232,669</u>
(g) Infrastructure Airport	
Balance as a result of Restructure	663,014
Revaluation Increment	5,804,596
Revaluation Decrement	
	<u>6,467,610</u>
TOTAL ASSET REVALUATION RESERVES	<u><u>212,000,949</u></u>

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

14. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the statement of financial position as follows:

	2012 Actual \$	2012 Budget \$
Unrestricted	325,376	(700,000)
Restricted (Refer Note 3)	32,032,177	9,305,281
Less: Bank Overdraft (Refer Note 9)	0	
Cash and Cash Equivalents	<u>32,357,553</u>	<u>8,605,281</u>

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

Net Result	11,852,424	(10,818,146)
Depreciation	14,774,094	13,997,086
(Profit)/Loss on Sale of Asset	633,493	(2,429,006)
(Increase)/Decrease in Receivables	30,524	34,778
(Increase)/Decrease in Inventories	18,100	60,297
Increase/(Decrease) in Payables	(2,362,547)	688,067
Increase/(Decrease) in Employee Provisions	269,281	
Grants/Contributions for the Development of Assets	(8,812,415)	(12,564,911)
Net Cash from Operating Activities	<u>16,402,954</u>	<u>(11,031,837)</u>

**(c) Undrawn Borrowing Facilities
Credit Standby Arrangements**

Group Credit Facility	6,000,000	
Bank Overdraft limit	750,000	750,000
Bank Overdraft at Balance Date	0	
Credit Card limit	60,000	60,000
Credit Card Balance at Balance Date	13,102	
Total Amount of Credit Unused	<u>6,823,102</u>	<u>810,000</u>

Loan Facilities

Loan Facilities - Current	2,709,228	2,743,955
Loan Facilities - Non-Current	10,103,017	10,232,517
Total Facilities in Use at Balance Date	<u>12,812,245</u>	<u>12,976,472</u>

Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>
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**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

15. CONTINGENT LIABILITIES

A claim for damages for faulty road construction resulting in a motor vehicle injury has been lodged against the Council. The action is being defended and advice provided by Council's solicitors indicate the likelihood of a judgement against Council is remote. The amount of the claim is \$50,000 excluding legal costs. Council is insured for all except the first \$10,000 of any successful claim.

16. CAPITAL AND LEASING COMMITMENTS	2012 \$	
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	67,291	
- later than one year but not later than five years	6,274	
- later than five years	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black; text-align: right;">73,565</td> </tr> </table>	73,565
73,565		

(b) Capital Expenditure Commitments

Contracted for:	
- land and buildings	1,832,767
- capital expenditure projects	6,692,816
- plant & equipment purchases	1,178,000
Payable:	
- not later than one year	9,703,583

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

17. JOINT VENTURE

Kalbarri Airport

The City of Geraldton-Greenough together with the Shire of Northampton has a joint venture arrangement with regards to the management and operation of the Kalbarri Airport. The City's investment has been through financial assistance towards an upgrade, a 50% share in the land which had previously been leased and a 50% share in the operating costs of the airport, hopefully with a return on investments expected in the years to come which was not to be. Accordingly, the Council made a decision in April 2012 to surrender its 50% share to the Shire of Northampton. This asset has been written off in the books of the Council.

	2012
	\$
Non-Current Assets	
At Management Valuation	1,036,846
Less: Accumulated Depreciation	(170,741)
Less: Assets written off	(866,105)
	<u>0</u>

18. FIXED ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

(Property, Plant & Equipment and Infrastructure)

Governance	13,042,071
General Purpose Funding	0
Law, Order, Public Safety	1,037,712
Health	543,201
Education and Welfare	5,198,275
Housing	958,671
Community Amenities	3,231,878
Recreation and Culture	71,467,573
Transport	337,721,778
Economic Services	49,300
Other Property and Services	12,193,481
Unallocated	59,566,378
	<u>505,010,318</u>

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

2012

19. FINANCIAL RATIOS

Current Ratio	52.06%
Untied Cash to Unpaid Trade Creditors Ratio	8.57%
Debt Ratio	3.97%
Debt Service Ratio	5.07%
Gross Debt to Revenue Ratio	20.74%
Gross Debt to Economically Realisable Assets Ratio	6.69%
Rate Coverage Ratio	46.64%
Outstanding Rates Ratio	4.05%

The above ratios are calculated as follows:

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

CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

20. TRUST FUNDS

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

	Balance received from Restructuring \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-12 \$
BCITF	46,161	272,619	303,085	15,695
BSL-Building Services Levy (BRB)	3,888	58,467	48,129	14,226
Refundable Bonds	198,185	91,501	66,619	223,067
Verge/Footpath Bonds	113,765	69,130	51,190	131,705
Subdivision & Road Deposits	498,578	526,781	14,498	1,010,861
Election Nomination Deposits	0	2,000	2,000	0
Unclaimed Monies	5,144	331	161	5,314
Community/Sporting Groups	59,606	4,440	16,362	47,684
Roadwise Community Grants	1,000	645	0	1,645
Sundry	62,212	15,000	45,100	32,112
DUP Contributions - Cape Burney	23,754	1,155	0	24,909
DUP Contributions - Drummond Cove	335,611	16,316	0	351,927
DUP Contributions - Spalding	28,747	1,398	0	30,145
DUP Contributions - Strathalbyn	114,690	5,575	0	120,265
DUP Contributions - Mt Tarcoola	33,776	1,642	0	35,418
DUP Contributions - Wandina	82,942	4,032	0	86,974
DUP Contributions - Waggrakine	166,914	7,890	0	174,804
DUP Contribution - Webberton	8,000	343	0	8,343
DUP Contribution - Geraldton	5,500	236	0	5,736
POS Cash In Lieu	1,259,974	61,255	0	1,321,229
POS Cash In Lieu - Drummond Cove	68,621	3,336	0	71,957
POS Cash In Lieu - Glenfield	32,233	1,567	0	33,800
POS Cash In Lieu - Webberton	603,767	29,353	0	633,120
POS Cash In Lieu - Strathalbyn	190,254	9,249	0	199,503
POS Cash In Lieu - Utakarra	199,285	9,688	0	208,973
POS Cash In Lieu - Wandina	73,569	1,212	0	74,781
	4,216,176	1,195,162	547,144	4,864,194

CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

21. DISPOSALS OF ASSETS - 2011/12 FINANCIAL YEAR

By Program	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Transport						
Clinometer - Airport	688		0		(688)	
OTHER PROPERTY & SERVICES						
Plant & Equipment						
P1705	8,251	10,355	10,909	12,000	2,658	1,645
P0022		11,754		35,000		23,246
P0126		9,774		15,000		5,226
P0403	8,541	9,422	11,136	12,000	2,595	2,578
P0207	8,251	9,422	11,000	12,000	2,749	2,578
P0506		9,367		14,000		4,633
P0605		20,952		35,000		14,048
P2701	22,086	26,500	7,727	10,000	(14,359)	(16,500)
P2431	0		41,363		41,363	
P5017		12,775		22,500		9,725
P6101	0		13,000		13,000	
P2102	14,959	59,944	124,000	124,000	109,041	64,056
P2456		100		10,000		9,900
P001	14,277	17,947	29,545	31,000	15,268	13,053
P002		23,112		31,000		7,888
P003		31,998		31,000		(998)
P008	14,240	16,162	14,091	16,000	(149)	(162)
P009	18,463	20,909	26,091	24,000	7,628	3,091
P014	15,790	18,226	16,818	16,000	1,029	(2,226)
P015		11,623		14,000		2,377
P016	12,521	15,146	20,000	22,000	7,479	6,854
P018	13,194	16,744	27,727	24,000	14,533	7,256
P022	11,015	14,038	17,727	20,000	6,712	5,962
P024		12,445		16,000		3,555
P025		15,712		22,000		6,288
P026	17,361	21,511	24,545	24,000	7,185	2,489
P031		12,275		14,000		1,725
P032	9,297	11,458	12,727	14,000	3,430	2,542
P033		12,649		12,000		(649)
P035		14,010		16,000		1,990
P040		15,634		16,000		366
P041		10,617		12,000		1,383
P043	14,258	17,538	20,227	20,000	5,969	2,462
P044	8,902	11,458	12,955	14,000	4,053	2,542
P046		21,410		20,000		(1,410)
P049	9,788	12,956	12,273	16,000	2,485	3,044
P051		26,929		25,000		(1,929)
P052		12,925		15,000		2,075
P053		12,925		15,000		2,075
P056		64,347		30,000		(34,347)
P063		13,849		25,000		11,151
P067	7,317	9,232	10,909	12,000	3,592	2,768
P070	10,538	14,439	13,636	16,000	3,098	1,561
P078		15,665		20,000		4,335
P079	13,284	17,097	19,091	20,000	5,807	2,903
P086	18,018	20,068	23,182	25,000	5,163	4,932
P102		163,713		75,000		(88,713)
P116	92,241	100,265	40,909	70,000	(51,332)	(30,265)
P119		9,958		15,000		5,042
P120		17,282		15,000		(2,282)
P121		17,117		15,000		(2,117)
P123		10,855		15,000		4,145
SUBTOTAL C/FWD	363,277	1,082,609	561,590	1,154,500	198,313	71,891

CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

21. DISPOSALS OF ASSETS - 2011/12 FINANCIAL YEAR (continued)

SUBTOTAL B/FWD	363,277	1,082,609	561,590	1,154,500	198,313	71,891
P125		13,108		15,000		1,892
P126		14,147		15,000		853
P132		13,954		20,000		6,046
P139		99,831		100,000		169
P141	17,894	20,310	26,091	24,000	8,197	3,690
P148	5,046		8,182		3,136	
P150	13,646	16,773	22,727	22,000	9,081	5,227
P151	15,840	18,150	22,909	24,000	7,069	5,850
P152	11,486	14,768	19,318	22,000	7,832	7,232
P153		14,439		16,000		1,561
P154		10,576		12,000		1,424
P155	12,707	15,608	17,455	22,000	4,748	6,392
P157		13,752		17,000		3,248
P156		11,619		14,000		2,381
P166	16,934	19,278	21,364	24,000	4,429	4,722
P170	20,466	23,366	25,273	30,000	4,807	6,633
Various Land Sales	165,000	947,000	150,000	1,960,000	(15,000)	1,013,000
Boyd St Land		548,205		1,000,000		451,795
NWCH/Johnson St Land		15,000		850,000		835,000
Drummond Cove						
L99 Hillview Drive	105,455		105,455		0	
Kalbarri Airport	866,106		0		(866,106)	
TOTAL	1,613,860	2,912,493	980,362	5,341,500	(633,498)	2,429,006

By Class	\$	\$	\$	\$	\$	\$
Land & Buildings	270,455	1,510,205	255,455	3,810,000	(15,000)	2,299,795
Plant & Equipment	477,295	1,402,288	724,908	1,531,500	247,613	129,211
Infrastructure - Airport	866,106				(866,106)	

Summary

Profit on Assets
Loss on Assets

2011-12 Actual	2011-12 Budget
314,136	2,610,604
(947,634)	(181,598)
<u>(633,498)</u>	<u>2,429,006</u>

CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

22. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Balance from Restructure \$	New Loans \$	Principal Repayments		Principal		Interest Repayments	
			Actual \$	Budget \$	30-Jun-12		Actual \$	Budget \$
					Actual \$	Budget \$		
GOVERNANCE								
New Office Redevelopment				141,444		3,858,556		139,616
RECREATION & CULTURE								
82 Tarcoola Park Tennis Club SSL *	23,565		2,161	2,161	21,403	21,403	1,660	1,676
222 La Fiamma Sporting Club *	3,250		3,250	3,251	0	0	67	125
225 Geraldton Netball Association *	55,039		17,228	17,228	37,811	37,811	3,007	3,180
228 Geraldton Surf Life Saving *	100,884		14,311	14,311	86,573	86,573	5,798	6,240
251 Geraldton Hockey Association *	216,478		20,823	20,823	195,656	195,655	12,886	12,959
253 Geraldton Yacht Club SSL *	90,623		8,043	8,043	82,580	82,581	5,437	5,543
220 Reticulation Works 02	13,204		13,204	13,204		0	572	665
221 Reticulation Works 03	24,694		12,003	12,006	12,691	12,688	947	1,230
224 Reticulation Works 04	36,239		11,391	11,391	24,848	24,848	1,770	1,952
226 Marina ablution block	40,507		9,258	9,257	31,249	31,249	2,125	2,316
227 Reticulation works 05	23,461		5,374	5,374	18,087	18,087	1,279	1,308
233 Land for Library Relocation	1,181,137		129,059	129,058	1,052,078	1,052,079	54,819	55,440
257 Geraldton Hockey Association		250,000	9,881		240,119		7,163	
259 Verita Road		4,500,000	178,658	106,083	4,321,342	4,393,917	118,753	105,288
New - Land Acquisition Ballistics Site				21,335		378,665		20,669
TRANSPORT								
102 Plant Purchases	34,223		34,223	34,223	0	0	934	1,144
105 Plant Purchase	107,587		36,938	36,938	70,649	70,648	6,216	6,229
235 Plant Loan	628,427		199,544	199,544	428,883	428,883	25,337	27,209
252 Plant Purchases for 2009/2010	1,086,398		97,236	97,236	989,161	989,161	63,276	64,328
255 Plant Loan 10/11	500,000		89,618	37,239	410,382	500,000	26,816	33,122
229 SGIO car park	459,059		65,035	65,035	394,024	394,024	26,647	28,616
230 Airport Buffer Land	1,186,713		149,348	149,348	1,037,365	1,037,366	79,878	80,823
231 Drainage Fitzgerald Street	221,966		106,959	106,960	115,007	115,006	12,262	13,634
234 Lot 8 Chapman Road - Car park	980,285		105,970	105,970	874,315	874,315	48,003	48,560
254 Capital Infrastructure	2,055,171		998,966	998,966	1,056,205	1,056,205	94,638	103,994
104 Infrastructure Loan	96,920		96,920	96,920		0	3,842	3,858
256 Airport Security Upgrade (internal)	1,057,430		151,253	151,253	906,177	906,177	30,934	61,210
258 Airport Buffer Land		1,300,000	51,612	74,674	1,248,388	1,325,326	34,306	72,342
ECONOMIC SERVICES								
95 Hamlet	73,682		10,255	10,255	63,427	63,427	4,738	4,885
OTHER PROPERTY & SERVICES								
Durlacher St - Aged Care Facility						3,700,000		129,145
Boyd St Development						1,200,000		41,885
Airport Technology Park						3,000,000		104,713
Eastward Rd - Old Depot Site						2,150,000		
Northwest Coastal Highway Development						1,300,000		
Olive St Development						2,000,000		69,809
Kempton St Reserve Swap						1,730,000		
Sub Total	10,296,942	6,050,000	2,628,521	2,679,530	13,718,420	33,034,650	674,110	1,253,713
Self Supporting Loans			(172,616)					
Internal Loans	(1,154,350)				(906,177)			0
Long Term Borrowings	9,142,592	6,050,000	2,455,905	2,679,530	12,812,243	33,034,650	674,110	1,253,713

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

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

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

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

22. INFORMATION ON BORROWINGS continued

(b) New Debentures - 2011/12

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
257 Geraldton Hockey Association	250,000	0	WA Treasury		10		4.81	250,000	0	
259 Verita Road	4,500,000	4,500,000	WA Treasury		10		4.72	4,500,000	4,500,000	
258 Airport Buffer Land	1,300,000	1,400,000	WA Treasury		10		4.72	1,300,000	1,300,000	

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

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 1-Jul-11 \$	Borrowed During Year \$	Expended During Year \$	Balance 30-Jun-12 \$
Nil					
		0	0	0	0

(d) Overdraft

Overdraft facilities of \$750k along with a Group Credit Facility of \$6m with Commonwealth Bank of Australia do exist. As at the 30th June 2012 the drawdown on faculties was \$nil.

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

23. RATING INFORMATION - 2011/12 FINANCIAL YEAR

	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
RATE TYPE											
Differential General Rate											
Vacant Residential	16.5555	1,462	13,986,561	2,305,658	56,029	795	2,362,482	2,446,016	44,500	5,000	2,495,516
Residential	9.5809	10,296	132,667,320	12,789,452	172,414	19,482	12,981,347	12,641,384	155,000	60,000	12,856,384
Non Residential	9.6502	1,174	61,486,470	5,935,020	106,720	18,597	6,060,337	5,937,712	295,000	15,000	6,247,712
Agricultural General	0.5389	576	204,665,000	1,102,940	24,611	5,485	1,133,036	1,107,957	5,000	-	1,112,957
Mining Tenements	0.5389	-	-	-	-	0	0	-	500	-	500
UV Urban	0.5389	6	5,247,000	28,276	0	0	28,276	28,276	-	-	28,276
GRV Mullewa Townsite	10.7432	207	1,429,888	153,516	95	0	153,611	153,516	-	-	153,516
GRV Pindar Townsite	13.8362	6	20,020	2,770	(480)	-	2,290	2,770	-	-	2,770
UV Agriculture	0.8974	257	151,379,080	1,358,476	2,449	(2,094)	1,358,831	1,358,476	-	-	1,358,476
UV Mining	22.7136	21	366,905	92,258	(8,855)	1	83,403	92,258	(2,000)	-	90,258
Sub-Totals		14,005	571,248,244	23,768,366	352,983	42,266	24,163,613	23,768,365	498,000	80,000	24,346,365
Minimum Rates											
	Minimum										
	\$										
Vacant Residential	834	1,257	4,957,965	1,048,294			1,048,294	1,238,490			1,238,490
Residential	830	3,678	30,631,480	3,052,956			3,052,956	2,861,010			2,861,010
Non Residential	830	292	2,587,422	242,360			242,360	244,020			244,020
Agricultural General	830	179	24,008,200	148,570			148,570	148,570			148,570
Mining Tenements	830	12	58,274	9,960	(494)	(118)	9,347	9,960			9,960
UV Urban	830	0	0	0			0	0			0
GRV Mullewa Townsite	334	72	73,846	24,048			24,048	24,048			24,048
GRV Pindar Townsite	90	14	1,100	1,740			1,740	1,080			1,080
UV Agriculture	250	39	632,856	9,750			9,750	10,500			10,500
UV Mining	300	15	9,752	4,500			4,500	4,500			4,500
Concessions							0				0
Sub-Totals		5,558	62,960,895	4,542,178	(494)	(118)	4,541,565	4,542,178	0	0	4,542,178
Ex-Gratia Rates							28,705,179				28,888,544
Specified Area Rate (refer note 24)							0				108,404
							104,004				102,000
							28,809,183				29,098,948
Discounts (refer note 26)							0				0
Totals							28,809,183				29,098,948

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

24. SPECIFIED AREA RATE

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

The general rates detailed above for the 2011/12 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.

	Rate in \$ (cents)	Basis of Rate \$	Rateable Value \$	2011/12 Budgeted Revenue \$	Budget Applied to Cost \$
CBD					
Non Residential	0.4545	GRV	22,537,240	102,000	

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, parking development, operations, maintenance and any associated costs. Loans have been undertaken to service the debt to provide car parking initiatives at sites including Chapman Road and Sanford Street.

A rate in the dollar of 0.4545 cents on Gross Rental Values will be applied to those commercial properties for 2011/12 to service the debt on loan repayments.

There is no specified area rate at Mullewa district.

25. SERVICE CHARGES - 2011/12 FINANCIAL YEAR

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

The City does not impose any service charges.

**26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2011/12 FINANCIAL YEAR**

DISCOUNTS, INCENTIVES, CONCESSIONS & WRITE OFFS - 2011/12 FINANCIAL YEAR

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 and 1X \$500 to the successful ratepayers. Details and conditions are set out in the brochures that accompany the rates assessment notice.

Five other prizes are also available to ratepayers:

- The Goodearth Hotel - \$275 accommodation package
- Perth Ambassador Hotel - \$295 accommodation package
- Tint-a-Car - \$400 voucher
- Indah Health + Beauty Spa - \$370 voucher
- Corporate Express - \$200 voucher

None of the prizes involved any cost to Council

Concessions

Council offers no concessions to ratepayers for 2011/12 financial year

Write Offs

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

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

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

27. INTEREST CHARGES AND INSTALMENTS - 2011/12 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Instalments Plan	5.50%		0	3,000
Instalments Fees	0.00%	11	146,560	205,500
Penalty Interest	11.00%		131,349	160,000
Pensioner Deferred Interest	0.00%		12,152	9,500
Interest on Sundry Debtors			0	500
			<u>290,061</u>	<u>378,500</u>

Ratepayers had the option of paying rates in four equal instalments, due on 18th August 2011, 19th October 2011, 19th December 2011 and 20th February 2012. Administration charges and interest applied for the final three instalments.

28. FEES & CHARGES

**2012
\$**

Governance	7,502
General Purpose Funding	225,197
Law, Order, Public Safety	241,240
Health	110,658
Education and Welfare	215,121
Housing	0
Community Amenities	6,172,492
Recreation and Culture	1,782,046
Transport	4,768,984
Economic Services	1,343,835
Other Property and Services	856,347
	<u>15,723,422</u>

There were changes during the year to the amount of the fees or charges detailed in the original budget.

29. GRANT REVENUE

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

**2012
\$**

By Nature and Type:

Operating Grants, Subsidies and Contributions	13,522,734
Non-Operating Grants, Subsidies and Contributions	14,175,038
	<u>27,697,772</u>

By Program:

Governance	2,366,957
General Purpose Funding	12,073,818
Law, Order, Public Safety	166,908
Health	527,470
Education and Welfare	1,234,556
Housing	0
Community Amenities	417,668
Recreation and Culture	1,748,476
Transport	8,157,345
Economic Services	104,433
Other Property and Services	900,141
	<u>27,697,772</u>

30. ELECTED MEMBERS REMUNERATION

**2012
\$** **2012
Budget
\$**

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

Meeting Fees	73,671	89,000
Members Allowance	60,953	67,000
Travelling Expenses	16,945	16,800
Conference Expenses	1,874	24,200
Councillor Training	18,295	28,250
	<u>171,738</u>	<u>225,250</u>

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

31. EMPLOYEE NUMBERS

2012

The number of full-time equivalent employees at balance date

311

32. EMPLOYEES REMUNERATION

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

Salary Range		2012
110,000	119,999	2
120,000	129,999	2
130,000	139,999	3
140,000	149,999	0
160,000	169,999	1
180,000	189,999	0
210,000	219,999	1
250,000	259,000	0

33. MAJOR LAND TRANSACTIONS

Drummond Cove Free holding of Land

(a) Conclusion Statement

Via public auction, the sale of all land in the Drummond Cove Estate was concluded in 2009-10.

West side leaseholders will continue to pay the principal on their properties by yearly instalments as part of a Total principal repaid to the City in 2011-12 amounted to \$92,789 (2011- \$135,228).

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

(b) Current year transactions	2012 \$	2012 Budget \$
Operating Revenue		
- Profit on sale	0	
- Fees and Charges	0	
Capital Revenue		
- Sale Proceeds	0	
- Vendors Mortgages Reimbursement	0	
	<u>0</u>	<u>0</u>
Operating Expenditure		
- Loan Repayment Interest	0	
Capital Expenditure		
- Loan Principal Repayment	0	
- Transfer to Reserve	0	
- Development Costs	0	
	<u>0</u>	<u>0</u>

There are no liabilities in relation to this land transaction as at 30 June 2012.

(c) Expected Future Cash Flows

	2013 \$	2014 \$	2015 \$	2016 \$	2017 \$
Cash Outflows					
- Development Costs					
- Loan Repayments					
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Inflows					
- Loan Proceeds					
- Sale Proceeds					
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Cash Flows	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Geraldton Airport

The Geraldton Airport is run as a business unit of the City of Greater Geraldton and generated operating income of approximately \$4.84m in 2011-12 . On an average approximately \$1m is put aside each year into the Airport Reserve account to maintain and improve existing and future infrastructure. During 2011-12, capital outlays on Airport Infrastructure (including Buildings) amounted to \$313,372.

Meru Landfill Facility

The Meru Landfill Facility is run as a business unit of the City of Greater Geraldton and generated operating income of approximately \$3.36m in 2011-12 . On an average approximately \$0.5m is put aside each year into the Meru Reserve accounts (includes rehabilitation) to maintain and improve existing and future infrastructure. During 2011-12, capital outlays on Meru Infrastructure (including Buildings) amounted to \$303,564.

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

35. FINANCIAL RISK MANAGEMENT

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Council's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

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

Financial risk management is carried out by the finance area under policies approved by the Council.

The Council held the following financial instruments at balance date:

	Carrying Value 2012 \$	Fair Value 2012 \$
Financial Assets		
Cash and cash equivalents	32,357,553	32,357,553
Receivables	3,743,877	3,743,877
Investments	560,196	560,196
	<u>36,661,626</u>	<u>36,661,626</u>
Financial Liabilities		
Payables	4,524,426	4,524,426
Borrowings	12,812,245	12,812,245
	<u>17,336,671</u>	<u>17,336,671</u>

Fair value is determined as follows:

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

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

35. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

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

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

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

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

	2012
	\$
Impact of a 10% (*) movement in interest rates on cash and investments:	
- Equity	56,019
- Statement of Comprehensive Income	56,019

Notes:

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

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

Impact of a 1% (*) movement in interest rates on cash and investments:	
- Equity	323,576
- Statement of Comprehensive Income	280,605

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

35. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	2012
Percentage of Rates and Annual Charges	
- Current	98.95%
- Overdue	1.05%
Percentage of Other Receivables	
- Current	72.70%
- Overdue	27.30%

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

35. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
Borrowings**

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required.

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2012</u>					
Payables	4,524,426			4,524,426	4,524,426
Borrowings	<u>1,183,903</u>	<u>2,618,012</u>	<u>9,010,330</u>	<u>12,812,245</u>	<u>12,812,245</u>
	<u><u>5,708,329</u></u>	<u><u>2,618,012</u></u>	<u><u>9,010,330</u></u>	<u><u>17,336,671</u></u>	<u><u>17,336,671</u></u>

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

35. FINANCIAL RISK MANAGEMENT (Continued)

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

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

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

	<u><1 year</u>	<u>>1<2 years</u>	<u>>2<3 years</u>	<u>>3<4 years</u>	<u>>4<5 years</u>	<u>>5 years</u>	<u>Total</u>	<u>Weighted Average Effective Interest Rate</u>
	\$	\$	\$	\$	\$	\$	\$	%
<u>Year Ended 30 June 2012</u>								
Payables	4,524,426	0	0	0	0	0	4,524,426	
Borrowings	1,183,903	1,614,270	49,337	410,382	544,024	9,010,329	12,812,245	
Fixed Rate								
Debentures	1,183,903	1,614,270	49,337	410,382	544,024	9,010,329	12,812,245	5.51%
Weighted Average Effective Interest Rate	6.00%	4.92%	5.98%	5.41%	6.20%	5.45%		

**CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

35. FINANCIAL RISK MANAGEMENT (Continued)

(d) Investments

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Council's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council does not engage in transactions expressed in foreign currencies and is generally not subject to foreign currency risk. However, Council had invested \$2,450,000 tied to Collateralised Debt Obligations (CDOs). The CDO products are tied to structured securities which have been heavily affected by the US sub-prime mortgage crisis. Issues associated with the US sub-prime mortgage crisis have resulted in all credit, cash and fixed income investments being "priced down".

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

Valuations used to calculate the end of year asset values have been based on market information independently provided by Structured Credit Research & Advisory Pty Ltd. The details of each investment as at 30 June 2012 is as follows:

Security Description	Status	Investment Number	Investment Matures	Investment Type	Original Investment	Market Value @ 30/06/2012	Total Income Payments to 30/06/2012
Helium Capital – Esperance	Current Reserve	116	20/03/2013	CDO	500,000	170,500	24,724
Zircon Finance – Merimbula	Current Reserve	124	20/06/2013	CDO	500,000	490,000	0
Helium Capital – Scarborough	Current Restricted	308	23/06/2014	CDO	500,000	0	14,004
Corsair (Cayman) – Kakadu	Current Reserve	123	20/03/2014	CDO	700,000	84,700	28,430
TOTAL					2,450,000	762,983	82,121

Whilst the valuations indicate a partial recovery with the City's CDO products, a Fair Value Adjustment has not been made as the recoverability of the funds is still uncertain. Therefore, as at 30 June 2012 the disclosed value of the investments in the report is \$560,196.

Helium Capital has fallen through and thus has nil market value at 30 June 2012.

36 SUBSEQUENT EVENT

On 21 September 2012, the High Court in NSW delivered a judgement against the Liquidators of Lehman Australia. However, it is presently not possible to calculate the amounts to which group members of which the City is one, will be entitled due to whether an appeal will be lodged and the total assets of Lehman Australia is approximately 30% of its total liabilities.

CITY OF GREATER GERALDTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

37. NATURE AND EFFECT OF RESTRUCTURING

- (a) The district of Greater Geraldton is the area of the state that, immediately before commencement day comprised the districts of Geraldton-Greenough and Mullewa.
(b) The effective date of restructuring is 1st July 2011.
(c) Citation - Local Government (Greater Geraldton - Creation) Order 2011.
(d) Restructuring details - balances per transferor.

City of Greater Geraldton	Balance at 01/07/2011	City of Geraldton- Greenough	Shire of Mullewa
<u>Cash and Cash Equivalent</u>			
Unrestricted	205,549		205,549
Restricted Investment	560,196	560,196	
Restricted Investment	22,883,886	20,283,352	2,600,534
<u>Current Assets</u>			
Rates Debtors	979,607	855,790	123,817
Sundry Debtors	2,492,191	1,914,262	577,929
Accrued Income	256,141		256,141
Prepayments	173,032	173,032	
Inventories - Fuel and Materials	281,455	268,625	12,830
Inventories - Land Development	4,668	4,668	
<u>Non Current Assets</u>			
Land and Buildings	121,211,070	117,210,897	4,000,173
Furniture and Equipment	862,878	764,170	98,708
Plant and Equipment	11,368,964	8,593,392	2,775,572
Art Work	839,198	839,198	
Infrastructure - Roads	243,450,458	202,510,665	40,939,793
Infrastructure - Recreation	21,519,040	21,519,040	
Infrastructure - Car Parks	2,408,522	2,408,522	
Infrastructure - Meru	1,583,259	1,583,259	
Infrastructure - Airport	7,833,351	7,833,351	
Infrastructure - Airport	16,774	16,774	
Infrastructure - Joint Venture Assets	866,105	866,105	
Effluent Scheme	131,695		131,695
Inventories - Land Development	20,798		20,798
Long Term Rates	204,332	202,415	1,917
Loans by Council	823,168	823,168	
Self Supporting Loans	482,441	482,441	
<u>Current Liabilities</u>			
Sundry Creditors	(1,434,188)	(1,253,647)	(180,541)
Bank Overdraft	(3,506,326)	(3,506,326)	
GST Payable	(161,311)	(161,311)	
Accrued Interest on Debentures	(87,591)	(87,591)	
Borrowings	(2,140,196)	(2,140,196)	
Employee Entitlements	(3,696,594)	(3,417,553)	(279,041)
<u>Non Current Liabilities</u>			
Borrowings	(7,002,396)	(7,002,396)	
Employee Entitlements	(264,708)	(226,141)	(38,567)
<u>Equity</u>			
Capital Accumulation Account	(277,499,698)	(227,020,531)	(50,479,167)
Reserves - Cash Backed	(20,713,154)	(19,945,014)	(768,140)
Asset Revaluation Reserve	(124,952,615)	(124,952,615)	
<u>Net Results from Restructuring</u>	<u>(423,165,467)</u>		