



City of Greater Geraldton

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015



City of Greater Geraldton

General Purpose Financial Statements for the year ended 30 June 2015

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Overview

- (i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for City of Greater Geraldton.
 - (ii) All figures presented in these financial statements are presented in Australian Currency.
 - (iii) These financial statements were authorised for issue by the Council on 17/09/15. Council has the power to amend and reissue the financial statements.
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City of Greater Geraldton

General Purpose Financial Statements for the year ended 30 June 2015

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

Statement by Chief Executive Officer

The attached financial report of the City of Greater Geraldton being the annual financial report and supporting notes and other information for the financial year ended 30 June 2015 are in my opinion properly drawn up to present fairly the financial position of the City of Greater Geraldton at 30 June 2015 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 17th day of September 2015



Ken Diehm

CHIEF EXECUTIVE OFFICER

City of Greater Geraldton

Statement of Comprehensive Income (by Nature or Type)
for the year ended 30 June 2015

\$	Notes	2015 Actual	2015 Budget	2014 Actual
Revenue				
Rates	24(a)	39,459,392	39,553,622	37,720,725
Operating Grants, Subsidies & Contributions	30	13,674,952	8,962,804	8,561,275
Fees & Charges	29	20,236,613	18,415,235	17,080,804
Interest Earnings	2(a)	1,509,969	1,458,533	1,739,464
Other Revenue		1,208,200	1,680,200	1,686,151
		<u>76,089,126</u>	<u>70,070,394</u>	<u>66,788,419</u>
Expenses				
Employee Costs	33	(29,683,817)	(29,510,760)	(29,488,810)
Materials & Contracts		(19,596,208)	(22,598,421)	(19,722,133)
Utilities		(3,163,157)	(3,300,700)	(2,909,094)
Depreciation & Amortisation	2(a)	(18,218,207)	(17,939,427)	(17,619,970)
Interest Expenses	2(a)	(860,737)	(871,709)	(737,214)
Insurance		(858,882)	(945,410)	(922,827)
Other Expenditure		(2,232,289)	(2,355,612)	(2,255,153)
		<u>(74,613,299)</u>	<u>(77,522,039)</u>	<u>(73,655,202)</u>
Operating Result from Continuing Operations		<u>1,475,827</u>	<u>(7,451,645)</u>	<u>(6,866,783)</u>
Non-Operating Grants, Subsidies & Contributions	30	6,036,624	15,941,333	14,152,606
Fair Value Adjustments to financial assets at fair value through profit and loss	2(a)	(67,154)	90,000	422,276
Land Held for Resale (Acquisition/Development Costs)		-	(4,000,000)	-
Impairment of Assets	8(b)	(3,198,741)	-	-
Profit on Asset Disposals	21	274,464	59,786	25,575
Loss on Asset Disposal	21	(169,398)	(1,221,291)	(76,829)
		<u>2,875,796</u>	<u>10,869,828</u>	<u>14,523,628</u>
Net Result - Surplus (Deficit)		<u>4,351,623</u>	<u>3,418,183</u>	<u>7,656,845</u>
Other Comprehensive Income				
Changes on revaluation of non-current assets	13	218,841,263	-	215,992
Total Other Comprehensive Income		<u>218,841,263</u>	<u>-</u>	<u>215,992</u>
Total Comprehensive Income		<u>223,192,886</u>	<u>3,418,183</u>	<u>7,872,837</u>

City of Greater Geraldton

Statement of Comprehensive Income (by Program)
for the year ended 30 June 2015

\$	Notes	2015 Actual	2015 Budget	2014 Actual
Revenue				
Governance		1,037,433	108,500	547,326
General Purpose Funding		50,232,856	47,097,820	42,651,813
Law, Order, Public Safety		659,748	576,630	588,960
Health		53,751	50,500	262,446
Education & Welfare		1,256,175	1,322,648	1,341,897
Community Amenities		9,507,981	8,639,148	6,972,038
Recreation & Culture		2,718,727	2,451,484	2,503,663
Transport		7,779,304	7,012,300	5,813,097
Economic Services		1,184,314	1,141,900	1,144,935
Other Property & Services		1,716,206	1,579,464	3,503,982
		<u>76,146,495</u>	<u>69,980,394</u>	<u>65,330,155</u>
Expenses (excl. Finance Costs)				
Governance		(13,303,688)	(12,310,674)	(13,203,170)
General Purpose Funding		(982,744)	(887,141)	(525,419)
Law, Order, Public Safety		(744,040)	(772,583)	(1,141,104)
Health		(110,182)	(135,534)	(447,364)
Education & Welfare		(2,502,117)	(2,619,766)	(1,814,761)
Housing		(127,112)	(72,000)	(159,247)
Community Amenities		(7,325,951)	(8,090,287)	(6,518,674)
Recreation & Culture		(13,951,693)	(14,069,836)	(12,357,477)
Transport		(20,745,604)	(21,621,837)	(20,926,301)
Economic Services		(3,295,714)	(3,666,338)	(3,645,327)
Other Property & Services		(10,721,085)	(12,314,334)	(10,720,880)
		<u>(73,809,930)</u>	<u>(76,560,330)</u>	<u>(71,459,723)</u>
Finance Costs				
	2(a)			
Governance		(33,352)	(34,097)	(58,640)
Recreation & Culture		(424,001)	(422,689)	(366,801)
Transport		(314,428)	(324,550)	(290,645)
Economic Services		(2,342)	(2,516)	(3,184)
Other Property & Services		(86,614)	(87,857)	(17,944)
		<u>(860,737)</u>	<u>(871,709)</u>	<u>(737,215)</u>
Operating Result from Continuing Operations		<u>1,475,828</u>	<u>(7,451,645)</u>	<u>(6,866,783)</u>
Non-Operating Grants, Subsidies, Contributions				
Governance		-	440,000	-
Law, Order, Public Safety		5,355	-	851,372
Community Amenities		2,500	-	30,000
Recreation & Culture		1,359,610	5,258,333	546,249
Transport		1,469,159	5,543,000	12,724,985
Other Property & Services		3,200,000	4,700,000	-
	30	<u>6,036,624</u>	<u>15,941,333</u>	<u>14,152,606</u>

City of Greater Geraldton

Statement of Comprehensive Income (by Program) (continued)
for the year ended 30 June 2015

\$	Notes	2015 Actual	2015 Budget	2014 Actual
Profit/(Loss) on Disposal of Assets				
Other Property & Services		105,066	(1,161,505)	(51,254)
	21	<u>105,066</u>	<u>(1,161,505)</u>	<u>(51,254)</u>
Other Income				
Land Held for Resale (Acquisition/Development cost)		-	(4,000,000)	-
Impairment of Assets	8(b)	(3,198,741)	-	-
Fair Value Adjustments to Financial Assets at Fair Value through Profit & Loss	2(a)	<u>(67,154)</u>	<u>90,000</u>	<u>422,276</u>
		<u>(3,265,895)</u>	<u>(3,910,000)</u>	<u>422,276</u>
Net Result - Surplus (Deficit)		<u><u>4,351,623</u></u>	<u><u>3,418,183</u></u>	<u><u>7,656,845</u></u>
Other Comprehensive Income				
Changes on revaluation of non-current assets	13	218,841,263	-	215,992
Total Comprehensive Income		<u><u>223,192,886</u></u>	<u><u>3,418,183</u></u>	<u><u>7,872,837</u></u>

City of Greater Geraldton

Statement of Financial Position

as at 30 June 2015

\$	Notes	2015 Actual	2014 Actual
ASSETS			
Current Assets			
Cash and Cash Equivalents	3	32,801,983	28,800,813
Investments	4	266,241	333,395
Trade and Other Receivables	5	5,869,226	4,812,756
Inventories	6	452,698	7,357,125
Total Current Assets		39,390,148	41,304,089
Non-Current Assets			
Trade and Other Receivables	5	609,115	717,005
Inventories	6	7,206,673	377,874
Property, Plant and Equipment	7	190,952,562	161,150,599
Infrastructure	8	650,124,232	455,634,436
Total Non-Current Assets		848,892,583	617,879,914
TOTAL ASSETS	19	888,282,731	659,184,003
LIABILITIES			
Current Liabilities			
Trade and Other Payables	9	17,952,279	14,436,799
Borrowings	10	3,034,459	4,816,986
Provisions	11	4,665,886	4,714,350
Total Current Liabilities		25,652,623	23,968,135
Non-Current Liabilities			
Borrowings	10	19,093,956	15,458,415
Provisions	11	9,576,421	8,990,607
Total Non-Current Liabilities		28,670,376	24,449,022
TOTAL LIABILITIES		54,322,999	48,417,157
Net Assets		833,959,732	610,766,846
EQUITY			
Retained Surplus		312,372,156	308,581,431
Reserves - Cash/Investment Backed	12	16,816,902	16,256,003
Reserves - Asset Revaluation	13	504,770,674	285,929,412
Total Equity		833,959,732	610,766,846

City of Greater Geraldton

Statement of Changes in Equity
for the year ended 30 June 2015

\$	Notes	Retained Surplus	Reserves Cash / Investment Backed	Asset Revaluation Reserve	Total Equity
Balance as at 1 July 2013		286,545,015	30,635,574	285,713,420	602,894,009
Net Result		7,656,845	-	-	7,656,845
Total OCI / Asset Revaluation	13	-	-	215,992	215,992
Reserve Transfers	12	14,379,571	(14,379,571)	-	-
Balance as at 30 June 2014		308,581,431	16,256,003	285,929,412	610,766,846
Net Result		4,351,623	-	-	4,351,623
Total OCI / Asset Revaluation	13	-	-	218,841,263	218,841,263
Reserve Transfers	12	(560,899)	560,899	-	-
Balance as at 30 June 2015		312,372,156	16,816,902	504,770,674	833,959,732

City of Greater Geraldton

Statement of Cash Flows

for the year ended 30 June 2015

\$	Notes	2015 Actual	2015 Budget	2014 Actual
Cash Flows from Operating Activities				
Receipts:				
Rates		38,891,284	39,485,683	37,352,363
Operating Grants, Subsidies and Contributions		13,674,952	8,962,804	8,561,275
Fees and Charges		19,531,466	18,415,235	18,872,187
Interest Earnings		1,511,124	1,458,533	1,713,074
Goods and Services Tax		(27,950)	-	-
Other Revenue		1,482,522	1,934,516	1,559,945
		<u>75,063,398</u>	<u>70,256,771</u>	<u>68,058,844</u>
Payments:				
Employee Costs		(29,591,904)	(29,228,409)	(29,794,668)
Materials and Contracts		(16,988,266)	(21,509,321)	(23,009,749)
Utilities		(3,163,157)	(3,300,700)	(2,909,094)
Insurance		(858,882)	(945,410)	(922,827)
Interest		(871,625)	(881,709)	(691,313)
Goods and Services Tax		-	-	(251,282)
Other Expenditure		(1,532,039)	(2,205,612)	(2,189,692)
		<u>(53,005,872)</u>	<u>(58,071,161)</u>	<u>(59,768,625)</u>
Net Cash provided (or used in) Operating Activities	14(b)	<u>22,057,525</u>	<u>12,185,610</u>	<u>8,290,219</u>
Cash Flows from Investing Activities				
Receipts:				
Non-Operating Grants, Subsidies and Contributions	30	6,036,624	15,941,333	14,152,606
Proceeds from Development of Land for Resale		-	-	255,000
Proceeds from Sale of Assets	21	1,308,413	2,377,000	495,113
Unexpended Non-Operating Grants		649,000	-	10,819,800
Proceeds from Investments		-	-	639,811
Payments:				
Payments for Development of Land for Resale		90,236	(4,000,000)	(4,616,353)
Payments for Purchase of Property, Plant & Equipment	20	(10,210,232)	(12,616,190)	(11,839,000)
Payments for Construction of Infrastructure	20	(17,860,560)	(48,540,340)	(26,642,699)
Net Cash provided (or used in) Investing Activities		<u>(19,986,518)</u>	<u>(46,838,197)</u>	<u>(16,735,723)</u>
Cash Flows from Financing Activities				
Receipts:				
Proceeds from Self Supporting Loans	23(a)	77,149	77,149	92,301
Proceeds from New Loans	23(b)	6,670,000	24,860,000	7,980,000
Payments:				
Repayment of Debentures	23(a)	(4,816,986)	(2,116,985)	(2,812,787)
Net Cash provided (or used in) Investing Activities		<u>1,930,163</u>	<u>22,820,164</u>	<u>5,259,514</u>
Net Increase/(Decrease) in Cash & Cash Equivalents		4,001,170	(11,832,423)	(3,185,990)
Cash at the beginning of the year	3	28,800,813	18,334,724	31,986,803
Cash & Cash Equivalents - End of the Year	14(a)	<u>32,801,983</u>	<u>6,502,301</u>	<u>28,800,813</u>
Additional Information:				
plus: Investments on hand - end of year	4	266,241	-	333,395
Total Cash, Cash Equivalents & Investments		<u>33,068,224</u>	<u>6,502,301</u>	<u>29,134,208</u>

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

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City of Greater Geraldton

Rate Setting Statement (by Nature)
for the year ended 30 June 2015

\$	Notes	2015 Actual	2015 Budget	2014 Actual
Revenue				
Operating Grants, Subsidies & Contributions		13,674,952	24,904,137	8,561,275
Fees & Charges		20,236,613	18,415,235	17,080,804
Interest Earnings		1,509,969	1,458,533	1,739,464
Profit on Disposal of Assets		274,464	59,786	25,575
Other Revenue		1,208,200	1,680,200	1,686,151
		<u>36,904,199</u>	<u>46,517,891</u>	<u>29,093,269</u>
Expenses				
Employee Costs		(29,683,817)	(29,510,760)	(29,488,810)
Materials & Contracts		(19,596,208)	(22,598,421)	(19,722,133)
Utilities		(3,163,157)	(3,300,700)	(2,909,094)
Depreciation & Amortisation		(18,218,207)	(17,939,427)	(17,619,970)
Interest Expenses		(860,737)	(871,709)	(737,214)
Insurance		(858,882)	(945,410)	(922,827)
Loss on Disposal of Assets		(169,398)	(1,221,291)	(76,829)
Other Expenditure		(2,232,288)	(6,355,612)	(2,255,153)
		<u>(74,782,696)</u>	<u>(82,743,330)</u>	<u>(73,732,031)</u>
		<u>(37,878,497)</u>	<u>(36,225,439)</u>	<u>(44,638,762)</u>
Net Result Excluding Rates				
Adjustment for Cash Budget Requirements:				
Non-Cash Expenditure & Revenue				
(Profit)/Loss on Asset Disposal	21	(105,066)	1,161,505	51,254
Movement in Non-Current Deferred Pensioner Rates		(11,487)	-	38,856
Movement in Non-Current Employee Benefit Provisions		71,905	260,210	10,950
Depreciation & Amortisation on Assets	2(a)	18,218,207	17,939,427	17,619,970
Movement of Non-Current Debtors & Inventories		(302,246)	-	290,108
Other Non-Cash (Revenue)/Expenditure		(22,611)	-	13,906
		<u>17,848,701</u>	<u>19,361,142</u>	<u>18,025,044</u>
Capital Expenditure				
Purchase of Land Held for Resale		-	-	(4,616,354)
Purchase Land and Buildings	20	(7,727,346)	(9,122,000)	(8,791,528)
Purchase Plant and Equipment	20	(1,271,866)	(2,514,000)	(2,681,842)
Purchase Furniture and Equipment	20	(665,689)	(275,190)	(363,814)
Purchase of Other PP&E	20	(27,440)	(630,000)	(1,818)
Infrastructure Assets	20	(17,860,560)	(48,615,340)	(26,642,698)
Repayment of Debentures	23(a)	(4,816,987)	(2,116,985)	(2,812,787)
		<u>(32,369,888)</u>	<u>(63,273,515)</u>	<u>(45,910,842)</u>
Capital Revenue				
Proceeds from Disposal of Assets	21	1,706,503	2,377,000	750,113
Proceeds from New Debentures	23(b)	6,670,000	24,860,000	7,980,000
Self-Supporting Loan Principal Income	23(a)	77,149	77,149	92,300
Council Loan Principal Income		10,616	-	17,986
Non-Operating Grants, Subsidies and Contributions	30	6,036,624	-	14,152,606
		<u>14,500,892</u>	<u>27,314,149</u>	<u>22,993,005</u>
Transfers				
Transfers to Reserves (Restricted Assets)	12	(8,567,113)	(146,979)	(6,107,461)
Transfers from Reserves (Restricted Assets)	12	8,006,214	11,267,000	20,487,032
		<u>(560,899)</u>	<u>11,120,021</u>	<u>14,379,571</u>
Net Transfers				
Surplus/(Deficit) July 1 B/Fwd	24(b)	(1,132,384)	(49,674)	(3,701,125)
Surplus/(Deficit) June 30 C/Fwd	24(b)	(132,682)	(2,199,694)	(1,132,384)
		<u>(39,459,392)</u>	<u>(39,553,622)</u>	<u>(37,720,725)</u>
Amount Raised from Rates				

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

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City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

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City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

(a) Basis of preparation

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

Critical Accounting Estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of this experience and other factors combine to form the basis of making judgements about carrying values of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

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

Restoration and rehabilitation provision

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

provision in the period in which they change or become known.

(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 18 to this financial report.

(c) Goods and Services Tax

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

(d) Cash and Cash Equivalents

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

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

(e) Trade and Other Receivables

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

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies (continued)

(f) Inventories

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

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

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

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

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

(g) Fixed Assets

Initial Recognition

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed includes the cost of all materials, direct labour and variable and fixed overheads.

Revaluation

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

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged against fair 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 significantly from that determined using fair value at reporting date.

Land under Roads

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

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

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

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies (continued)

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

(h) Depreciation of Non-Current Assets

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

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

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

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

Land	Infinite
Land (Leasehold Interest)	99 years
Airport - Runway, Apron & Car Park	20 to 40 years
Buildings	35 to 55 years
Furniture & Equipment	7 to 13 years
Plant and Major Equipment	5 to 10 years
Minor Plant	3 to 7 years
Sealed Roads and Streets	20 to 50 years
Bridges	60 to 90 years
Car Parks Sealed	20 to 40 years
Culverts	40 to 60 years
Cycle ways	25 to 45 years
Dams, Reservoirs and Weirs	65 to 85 years
Footpaths - Slab	15 to 35 years

Footpaths - Concrete	25 to 45 years
Foundations	40 to 60 years
Kerb & Channels	40 to 60 years
Street Lights	20 to 30 years
Sewerage Piping	70 to 90 years
Water Reticulation/Irrigation	15 to 25 years
Meru Landfill	35 to 40 years
Effluent Scheme	35 to 40 years

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

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

(i) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies (continued)

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

Amortised cost is calculated as:

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

The effective interest method used is to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums 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 cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

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

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

(ii) Loans and receivables

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

in trade and other receivables in the Statement of Financial Position.

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

(v) Financial Liabilities

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

Impairment

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

(j) Fair Value Estimation

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

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies (continued)

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

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

(k) Provisions

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

(l) Leases

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

each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term. Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(m) Impairment

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

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

(n) Trade and Other Payables

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

(o) Interest-bearing Loans and Borrowings

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

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid of

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies (continued)

the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the Statement of Financial Position date. Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset.

(p) Employee Benefits

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

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

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

AASB 119 Employee Benefits introduced revised definitions for short-term employee benefits. Whilst the Council has reviewed the annual leave liability to determine the level of annual leave which is expected to be paid more than 12 months after the end of the reporting period, there has been no effect on the amounts disclosed as leave liabilities since Council's existing valuation policy was to discount annual leave payable more than 12 months after the end of the reporting period to present values. Council has established there is no material difference measuring annual leave on non-current basis as per the new AASB119 requirement vs nominal value.

Long Service Leave (Long-term Benefits)

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by

employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows.

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

(q) Superannuation

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

(r) Joint Venture

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

(s) Rates, Grants, Donations and Other Contributions

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

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

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies (continued)

obtained in respect of the local government's operation for the current reporting period.

(t) Current and Non-Current Classification

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

(u) Rounding Off Figures

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

(v) Comparative Figures

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

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

(w) Budget Comparative Figures

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

(x) Investment Property

Investment property, principally comprising freehold office buildings, is held for long-term rental yields. Investment property is carried at fair value,

representing open-market value determined annually by external users.

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

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

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

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

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

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

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

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

(z) Intangible Assets

Council has not classified any assets as Intangible.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies (continued)

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

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2015.

Council has not adopted any of these standards early.

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new suite of consolidation standards resulted in some material changes to Council's accounting policies. These standards comprised AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, AASB 127 (revised 2011) Separate Financial Statements and AASB 128 (revised 2011) Investments in Associates and Joint Ventures. The impact of these standards is summarised below:

AASB 11 Joint Arrangements replaced AASB 131 Interests in Joint Ventures for the 2014-15 financial year. AASB 11 specifies how a joint arrangement, where two or more parties have control, should be accounted for. Under AASB 11 joint arrangements are classified as either joint operations or joint ventures and this, in turn, determines the accounting treatment. This classification is based on the rights and obligations of the parties and, when relevant, other facts and circumstances. Previously, AASB 131 classified joint arrangements based primarily on legal form. Under that standard there were three types of joint arrangements - jointly controlled entities, jointly controlled operations and jointly controlled assets.

AASB 12 is a new disclosure standard applicable to interests in subsidiaries, joint ventures, associates and unconsolidated structured entities. In general applying this standard has resulted in greater disclosure.

Council has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective. Council applies standards

and interpretations in accordance with their respective commencement dates.

Due to its recent release, Council is still reviewing the way that revenue is measured and recognised to identify whether AASB 15 Revenue from Contracts with Customers will have a material impact. To date no impact has been identified.

AASB 15 is effective from 1 January 2017 and will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of Interpretations. It contains a comprehensive and robust framework for the recognition, measurement and disclosure of revenue from contracts with customers.

From 1 July 2016 AASB 124 Related Party Disclosures will apply to Council. This means that council will disclose more information about related parties and transactions with those related parties. Council is currently preparing for this change by identifying related parties. Related parties will include the Mayor, councillors and some council staff. In addition the close family members of those people and any organisations that they control or are associated with will be classified as related parties.

The amended Australian Accounting Standards and Interpretations which were issued at the date of authorisation of the financial report, but have future commencement dates are not likely to have a material impact on the financial statements.

Effective for periods commencing 1 January 2015:

- AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments* [Operative dates: Part A Conceptual Framework – 20 Dec 2013; Part B Materiality – 1 Jan 2014; Part C Financial Instruments – 1 Jan 2015]
- AASB 2014-8 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2014). Application of AASB 9 (December 2009) and AASB 9 (December 2010).

Effective for periods commencing 1 July 2015:

- AASB 2015-3 *Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality*
- AASB 2015-4 *Amendments to Australian Accounting Standards – Financial Reporting*

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies (continued)

Requirements for Australian Groups with a Foreign Parent [AASB 127 & AASB 128]

Effective for periods commencing 1 January 2016:

- AASB 14 *Regulatory Deferral Accounts*
- AASB 2014-1 *Amendments to Australian Accounting Standards*
- AASB 2014-3 *Amendments to Australian Accounting Standards-Accounting for Acquisitions of Interests in Joint Operations*
- AASB 2014-4 *Amendments to Australian Accounting Standards-Clarification of Acceptable Methods of Depreciation and Amortisation*
- AASB 2014-6 *Amendments to Australian Accounting Standards-Agriculture: Bearer Plants*
- AASB 2014-9 *Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements* [AASB 1, 127 & 128]
- AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [AASB 10 & AASB 128]
- AASB 2015-1 *Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle* [AASB 1, AASB 2, AASB 3, AASB 5, AASB 7, AASB 11, AASB 110, AASB 119, AASB 121, AASB 133, AASB 134, AASB 137 & AASB 140]
- AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101* [AASB 7, AASB 101, AASB 134 & AASB 1049]
- AASB 2015-5 *Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception* [AASB 10, AASB 12 & AASB 128]

Effective for periods commencing 1 July 2016:

- AASB 1056 *Superannuation Entities*
- AASB 124 *Related Parties*

Effective for periods commencing 1 January 2017:

- AASB 15 *Revenue from Contracts with Customers*
- AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*

Effective for periods commencing 1 January 2018:

- AASB 9 *Financial Instruments* (December 2009)
- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2010).
- AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2014).

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

Standards not applicable to Local Government *per se*;

None

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

(ab) Comparative Figures

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

(ac) Disclaimer

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

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 2. Operating Revenues and Expenses

\$	Notes	2015 Actual	2015 Budget	2014 Actual
(a) Net Result				
The Result includes:				
(i) Charging as an Expense:				
Significant Expense				
The significant expense relates to the reduction in the fair value of the Council's investments				
	4	67,154	(90,000)	(422,276)
Auditors Remuneration				
- Audit		42,275	-	36,233
Bad & Doubtful Debts				
Rates	27(b)	1,382	-	16,497
General Debtors	27(b)	19,866	-	39,055
Depreciation & Amortisation				
<i>Property, Plant & Equipment</i>				
- Buildings	7(b)	2,907,985	2,503,432	2,527,035
- Furniture and Equipment		365,812	36,196	330,669
- Plant and Equipment		1,903,632	2,366,220	2,303,173
<i>Infrastructure</i>				
- Roads	8(b)	11,240,352	9,509,243	11,056,694
- Recreation		775,444	678,660	701,154
- Car Parks		242,401	-	234,841
- Meru Landfill		389,804	83,418	101,879
- Airport		386,076	602,804	358,004
- Effluent Scheme		6,702	-	6,522
- Other		-	2,159,454	-
		18,218,207	17,939,427	17,619,970
Interest Expenses (Finance Costs)				
Debentures	23(a)	860,737	871,709	737,214
		860,737	871,709	737,214
Rental Charges				
- Operating Leases		67,938	63,900	66,334
		67,938	63,900	66,334
(ii) Crediting as Revenue:				
Interest Earnings				
Investments - Reserve Funds		481,596	400,000	745,963
Investments - Other Funds		483,648	601,533	505,882
Other Interest Revenue	28	544,725	457,000	487,619
		1,509,969	1,458,533	1,739,464

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 2. Operating Revenues and Expenses (continued)

\$

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

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

REPORTING PROGRAM DESCRIPTIONS

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

GOVERNANCE

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

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

GENERAL PURPOSE FUNDING

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

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

LAW, ORDER, PUBLIC SAFETY

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

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

HEALTH

Objective: To provide services to achieve community and environmental health

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

EDUCATION AND WELFARE

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

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

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 2. Operating Revenues and Expenses (continued)

\$

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

HOUSING

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

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

COMMUNITY AMENITIES

Objective: To provide services required by the community.

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

RECREATION AND CULTURE

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

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

TRANSPORT

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

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

ECONOMIC SERVICES

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

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

OTHER PROPERTY & SERVICES

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

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

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 2. Operating Revenues and Expenses (continued)

\$

(c) Nature or Type Classifications

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

REVENUE

Rates

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

Operating Grants, Subsidies and Contributions

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

Non-Operating Grants, Subsidies and Contributions

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

Profit on Asset Disposal

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

Fees and Charges

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

Service Charges

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

Interest Earnings

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

Other Revenue

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

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 2. Operating Revenues and Expenses (continued)

\$

(c) Nature or Type Classifications (continued)

EXPENDITURE

Employee Costs

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

Material and Contracts

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

Utilities (Gas, Electricity, Water, etc.)

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

Depreciation & Amortisation on Non-Current Assets

Depreciation and amortisation expense raised on all classes of assets.

Loss on Asset Disposal

Loss on the disposal of fixed assets.

Interest Expenses

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

Insurance

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

Other Expenditure

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

City of Greater Geraldton

Notes to the Financial Statements for the year ended 30 June 2015

Note 2. Operating Revenues and Expenses (continued)

	Opening Balance ¹ 1-Jul-13	Received ² 2014	Expended ³ 2014	Closing Balance ¹ 30-Jun-14	Received ² 2015	Expended ³ 2015	Closing Balance 30-Jun-15
\$							
(d). Conditions Over Grants, Subsidies & Contributions							
Grant/Subsidy/Contribution							
Governance							
Airport Projects - Sterile Lounge Extension	-	-	-	-	632,375	-	632,375
Airport Paid Parking	618,377	-	(618,377)	-	-	-	-
Airport Technology Park	1,377,600	-	(1,377,600)	-	-	-	-
Aquarena Renewal Program	427,214	-	(427,214)	-	-	-	-
Aquarena Geothermal	-	480,258	(240,258)	240,000	-	(240,000)	-
Art Gallery- Donation to Lindsay Collection	2,159	18,182	-	20,341	-	(7,440)	12,901
Art Gallery- Community Cultural Development	3,454	-	-	3,454	-	-	3,454
Arts Engagement Officer	-	30,000	(11,106)	18,894	-	(18,894)	-
Back Beach	-	-	-	-	40,000	-	40,000
Batavia Marina Water Loan	11,077	-	(11,077)	-	-	-	-
Beresford Foreshore (Northern Beaches Seawall)	100,000	-	(22,894)	77,106	-	-	77,106
Big Sky Writers Festival	6,364	16,545	(6,364)	16,545	-	(16,545)	-
Black Spot Chapman Railway Crossing	6,503	-	(6,503)	-	-	-	-
Bridging Road - Pavement Upgrade	60,000	-	(60,000)	-	-	-	-
Bright Stars Family Day Care	5,000	-	-	5,000	-	(5,000)	-
Building Better Regional Cities	8,247,000	3,090,660	(1,547,000)	9,790,660	157,070	(5,188,918)	4,758,812
Chapman River Corridor Project	17,185	-	(17,185)	-	-	-	-
Chapman River Corridor Project - 13001	-	-	-	-	5,000	-	5,000
CLGF Regional Funding - Wontheilla Lights	229,141	-	-	229,141	-	-	229,141
Coast care	3,697	-	(3,697)	-	-	-	-

(continued on next page)

City of Greater Geraldton

Notes to the Financial Statements
for the year ended 30 June 2015

Note 2. Operating Revenues and Expenses (continued)

	Opening Balance ¹ 1-Jul-13	Received ² 2014	Expended ³ 2014	Closing Balance ¹ 30-Jun-14	Received ² 2015	Expended ³ 2015	Closing Balance 30-Jun-15
\$							
(d). Conditions Over Grants, Subsidies & Contributions (continued)							
Grant/Subsidy/Contribution (continued)							
Governance (continued)							
Community Grants Round 10	77,825	-	(58,071)	19,754	-	(17,019)	2,735
Community Grants Round 13	-	-	-	-	7,393	-	7,393
Community Grants Round 14	-	-	-	-	35,176	-	35,176
Community Grants Round 15	-	-	-	-	12,901	-	12,901
Community Grants Round 16	-	-	-	-	23,195	-	23,195
Recurrent Grants	-	-	-	-	54,680	-	54,680
CCTV Eye on Mullewa	25,000	50,000	(25,000)	50,000	-	(50,000)	-
CSRFF - Netball Association	-	-	-	-	48,659	-	48,659
Depot Main	289,078	680,000	(244,299)	724,779	80,410	(724,779)	80,410
Cultural Celebrations	9,000	-	(9,000)	-	-	-	-
Derna Parade Park (CLGF Direct)	172,000	-	(172,000)	-	-	-	-
Digital Enterprises	107,013	-	(107,013)	-	-	-	-
Digital Hubs	77,302	-	(77,302)	-	-	-	-
Digital Local Government	233,424	-	(233,424)	-	-	-	-
Digital Strategy	31,961	-	(31,961)	-	-	-	-
DLGRD- Indigenous Scholarship	10,000	-	(10,000)	-	-	-	-
Drainage Works	-	-	-	-	180,847	-	180,847
Drainage- 22-24 Crowtheron St	2,591	-	(2,591)	-	-	-	-
Drainage- 39 Trigg St	682	-	(682)	-	-	-	-
Drainage- 458 Chapman Rd	600	-	(600)	-	-	-	-

(continued on next page)

City of Greater Geraldton

Notes to the Financial Statements for the year ended 30 June 2015

Note 2. Operating Revenues and Expenses (continued)

	Opening Balance ¹ 1-Jul-13	Received ² 2014	Expended ³ 2014	Closing Balance ¹ 30-Jun-14	Received ² 2015	Expended ³ 2015	Closing Balance 30-Jun-15
\$							
(d). Conditions Over Grants, Subsidies & Contributions (continued)							
Grant/Subsidy/Contribution (continued)							
Governance (continued)							
Drainage- Cathedral/ Lester Ave	1,548	-	(1,548)	-	-	-	-
Drainage - Harvey Norman	6,200	-	(6,200)	-	-	-	-
Drainage - McAleer Dr Carwash	1,600	-	(1,600)	-	-	-	-
Drainage- L8 Anderson I Beaver (Kalazich)	16,268	-	(16,268)	-	-	-	-
Drainage- L 11, 12 Hosken St (Bovell)	825	-	(825)	-	-	-	-
Drainage- L23 (26) Crowtherton St	1,455	-	(1,455)	-	-	-	-
Drainage- L 100 (2) Nemesis Pl	1,650	-	(1,650)	-	-	-	-
Drainage - Waggy's Petrol Station Wonthella	1,800	-	(1,800)	-	-	-	-
Drummond Cove Toilets - External Showers and Access Path	15,000	-	-	15,000	-	(15,000)	-
Dual Use Pathways- Bikewest (Champion Bay)	7,000	-	-	7,000	-	-	7,000
Eadon Clarke Sanitation Dump Point	50,000	-	(50,000)	-	-	-	-
Eastern Breakwater	3,017,290	-	(2,737,290)	280,000	-	(150,000)	130,000
Ellendale Pool Honesty Box	19,730	-	-	19,730	7,046	-	26,776
Environmental Projects - Signage	-	-	-	-	50,000	-	50,000
FAGs	-	-	-	-	2,965,584	-	2,965,584
Fleet Replacement	493,000	-	(293,000)	200,000	230,000	-	430,000
Foreshore Stabilisation	-	-	-	-	806,661	-	806,661
Fresnal Lens Project	15,000	-	(15,000)	-	-	-	-
Future Work- Bluff Point Estate	4,911	-	(4,911)	-	-	-	-
Future Work- Brand Highway Landscaping	5,000	-	(5,000)	-	-	-	-

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City of Greater Geraldton

Notes to the Financial Statements for the year ended 30 June 2015

Note 2. Operating Revenues and Expenses (continued)

	Opening Balance ¹ 1-Jul-13	Received ² 2014	Expended ³ 2014	Closing Balance ¹ 30-Jun-14	Received ² 2015	Expended ³ 2015	Closing Balance 30-Jun-15
\$							
(d). Conditions Over Grants, Subsidies & Contributions (continued)							
Grant/Subsidy/Contribution (continued)							
Governance (continued)							
Geraldton Bicycle User Group	4,515	-	(4,515)	-	-	-	-
HMAS Memorial	9,204	-	-	9,204	-	-	9,204
IT LAN/WAN Equipment	85,584	34,416	-	120,000	-	(120,000)	-
Kid sport	28,176	81,670	(63,019)	46,827	-	(46,827)	-
Library Aboriginal History Grant	1,850	-	(1,850)	-	-	-	-
Library Regional Activity Plan	-	2,290	-	2,290	-	-	2,290
Library Old Railway Station	-	7,805	-	7,805	-	(7,805)	-
Lighthouse Keepers Cottage Restoration	1,362	-	-	1,362	-	(1,362)	-
Little Athletics - Replace Doors/Frames	10,000	-	-	10,000	-	(10,000)	-
Local Planning Strategy and Scheme	272,499	-	(272,499)	-	37,476	-	37,476
Marine Terrace Cycling Enabling Facility	45,000	-	(31,989)	13,011	-	(13,011)	-
Meet & Greeters	4,910	-	(4,910)	-	-	-	-
Meru Special Area Use Scheme	18,795	-	(18,795)	-	-	-	-
Meru Landfill	-	-	-	-	150,000	-	150,000
Mid West Gascoyne District Recovery Project	-	-	-	-	90,000	-	90,000
Mid West China Connect Website	-	-	-	-	39,150	-	39,150
Mid West Procurement Officer	25,000	-	(25,000)	-	-	-	-
Mid West Sports Federation	5,000	-	(5,000)	-	-	-	-
Midnight Basketball	7,532	-	-	7,532	-	(7,532)	-
Morris Street Sump (a/c 7090113)	-	-	-	-	111,000	-	111,000

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City of Greater Geraldton

Notes to the Financial Statements for the year ended 30 June 2015

Note 2. Operating Revenues and Expenses (continued)

	Opening Balance ¹ 1-Jul-13	Received ² 2014	Expended ³ 2014	Closing Balance ¹ 30-Jun-14	Received ² 2015	Expended ³ 2015	Closing Balance 30-Jun-15
\$							
(d). Conditions Over Grants, Subsidies & Contributions (continued)							
Grant/Subsidy/Contribution (continued)							
Governance (continued)							
Mullewa Building - Insurance Payment	-	-	-	-	450,000	-	450,000
Mullewa Community Trust	16,754	-	(6,251)	10,503	1,000	(10,503)	1,000
Mullewa Dept LGRD (Indigenous Business Plan)	30,000	-	-	30,000	-	-	30,000
Mullewa Dept LGRD (Scholarship Grant)	10,000	-	-	10,000	-	-	10,000
Mullewa Sewerage System (CLGF Direct 2011-12)	130,000	-	-	130,000	-	(75,000)	55,000
Mullewa Sewer System - Brookfield Rail	49,450	-	-	49,450	-	-	49,450
Mullewa Town Revitalisation (CLGF Direct 2011-12)	100,433	-	(70,433)	30,000	-	(30,000)	-
New Animal Facility Design	-	50,000	-	50,000	-	-	50,000
Old Railway Building	-	1,090,316	-	1,090,316	-	(1,090,316)	-
Olympic Torch Relay	2,821	-	-	2,821	-	-	2,821
Osprey Nesting Site for Point Moore	413	-	(413)	-	-	-	-
Pathways Construction	70,000	-	(70,000)	-	-	-	-
QEII - Enclose Walkway	30,000	-	-	30,000	-	(30,000)	-
QPT Line Array System	-	-	-	-	100,060	-	100,060
Railway Carriage Shed	-	16,500	-	16,500	-	(16,500)	-
Randolf Stow Young Writers Awards	-	1,625	-	1,625	-	-	1,625
Retention Amounts (EVO, Convic and Mitchell & Brown)	-	-	-	-	32,209	-	32,209
Roadwise Safe Routes To Schools - Bike Map	367	-	-	367	-	-	367
Roadwise Safe Routes To Schools- Surplus	689	-	-	689	-	-	689
(continued on next page)							

City of Greater Geraldton

Notes to the Financial Statements for the year ended 30 June 2015

Note 2. Operating Revenues and Expenses (continued)

	Opening Balance ¹ 1-Jul-13	Received ² 2014	Expended ³ 2014	Closing Balance ¹ 30-Jun-14	Received ² 2015	Expended ³ 2015	Closing Balance 30-Jun-15
\$							
(d). Conditions Over Grants, Subsidies & Contributions (continued)							
Grant/Subsidy/Contribution (continued)							
Governance (continued)							
Recurrent Triennial Grants	68,280	-	(68,280)	-	-	-	-
Reticulation Works Loan	55,287	-	(55,287)	-	-	-	-
SAA Fundraising	3,402	-	(3,402)	-	-	-	-
Skate Park Retention Fee	2,150	-	(2,150)	-	-	-	-
South Tomi Project	-	8,000	-	8,000	-	-	8,000
Sumfun	-	4,460	-	4,460	-	(1,825)	2,635
Sustainable Future City (2029 Beyond Project)	89,821	-	(89,821)	-	-	-	-
Telecommunications	41,734	-	(41,734)	-	-	-	-
Transport Model	215,000	-	(215,000)	-	-	-	-
Tea Club	8,214	-	(8,214)	-	-	-	-
Town Foreshore Water Park - Treatment System and Water Traps	134,000	-	(134,000)	-	-	-	-
Traffic Management Black Spot	16,033	-	(16,033)	-	-	-	-
Waggrakine Sewer Infrastructure Planning	44,000	-	(44,000)	-	-	-	-
Walkaway Hall - Electrical Upgrade and Soak Wells	12,000	-	-	12,000	-	(12,000)	-
Waste Water Management Plan	9,212	-	-	9,212	-	(9,212)	-
West End Recreation	-	-	-	-	2,000,000	(85,477)	1,914,523
Wonthella Skate Park	-	-	-	-	54,734	-	54,734
Wonthella Tennis Ablutions	12,000	-	(6,750)	5,250	-	(5,250)	-
Youth Friendly Communities Project - Stage 2	-	-	-	-	10,000	-	10,000
Beresford Foreshore Coastal Protection and Enhancement (5)	-	5,857,500	-	5,857,500	-	-	5,857,500
Building Better Regional Cities: Karloo - Wandina Project (5)	-	4,962,300	-	4,962,300	-	-	4,962,300
Wonthella Oval Lighting (5)	-	-	-	-	649,000	-	649,000
Total Unspent Grants, Subsidies & Contributions	17,481,011	16,482,527	(9,717,110)	24,246,428	9,061,626	(8,006,215)	25,301,839

City of Greater Geraldton

Notes to the Financial Statements for the year ended 30 June 2015

Note 2. Operating Revenues and Expenses (continued)

\$

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

Notes:

- (1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous period.
- (2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.
- (3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.
- (4) - Grants received but not expected to be fully expended in the next financial year.
- (5) - Funding is provided under a Royalties for Region - Financial Assistance Agreement between the Department of Regional Development and the City of Greater Geraldton. The full amount of the Funding provided under this Agreement is required to be invested by the City of Greater Geraldton with the Western Australian Treasury Corporation (WATC) until expended as per agreed and approved budget. Under the conditions of the agreement the City has opened a separate Overnight Cash Deposit Facility (OCDF) that gives the City access to the funds at call. The Department of Regional Development is joint signatory to the WATC ODCF account related to the funding and all withdrawals/drawdowns will require the approved signatures of both the Department and the City before WATC will release the funds. Council has made a prior year adjustment to reflect the funding deposited with WATC during the 2013-2014 Financial year for the Beresford Foreshore Coastal Protection and Enhancement Project (\$ 5,875,500) and Building Better Regional Cities Project (\$ 4,962,300) debiting Restricted Cash and crediting Unexpended Non-Operating Grants. Interest received on the ODCF is recognised as liability and added to the Unexpended Non-Operating Grants account to be utilised for the Project in accordance with the Financial Assistance Agreement.
- (6) - Economic Dependency
A significant portion of revenue is received by way of grants from the State and Federal Government. The total of grant revenue from government sources is disclosed within the Statement of Comprehensive Income.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 3. Cash and Cash Equivalents

\$	Notes	2015 Actual	2014 Actual
Cash - Unrestricted		4,516,282	1,725,010
Cash - Restricted		28,285,702	27,075,803
Total Cash and Cash Equivalents	14(a)	<u><u>32,801,983</u></u>	<u><u>28,800,813</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Mullewa Community Reserve	12	556,390	556,390
Mullewa Reseal Reserve	12	1,891,285	1,891,285
Parking Land Reserve	12	536,187	381,700
Unexpended Capital Works & Restricted Grant Reserve	12	13,833,040	13,426,629
Total Reserves		<u>16,816,902</u>	<u>16,256,003</u>
Unspent Grants	2(d)	11,468,800	10,819,800
Unspent Loans	23(c)	-	-
Total Unspent Grants and Loans		<u>11,468,800</u>	<u>10,819,800</u>
Total Restricted Cash		<u><u>28,285,702</u></u>	<u><u>27,075,803</u></u>

Note 4. Investments

Financial Assets at Fair Value through Profit and Loss		<u>266,241</u>	<u>333,395</u>
Movements in Financial Assets at Fair Value through Profit and Loss			
At beginning of the year		333,395	550,930
Revaluation to Statement of Comprehensive Income	2(a)	(67,154)	422,276
Disposals		-	(639,811)
At end of the year		<u>266,241</u>	<u>333,395</u>
Total Investments		<u><u>266,241</u></u>	<u><u>333,395</u></u>
Classified as:			
Current		266,241	333,395
Non-Current		-	-
Total Investments		<u>266,241</u>	<u>333,395</u>

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 5. Trade & Other Receivables

\$	2015 Actual	2014 Actual
Current		
Rates	3,107,675	2,551,054
Sundry Debtors	1,972,383	1,267,236
GST Net Position	471,252	443,302
Interest	25,237	26,391
Self Supporting Loan Debtors	81,748	77,149
Accrued Income	-	41,610
Prepayments	181,961	413,161
Loans by Council	37,629	10,616
Provision for Doubtful Debts	(8,659)	(17,763)
Total Current Trade & Other Receivables	<u>5,869,226</u>	<u>4,812,756</u>
Non-Current		
Rates Outstanding - Pensioners	283,216	271,729
Self Supporting Loan Debtors	325,899	407,647
Loans by Council	-	37,629
Total Non-Current Trade & Other Receivables	<u>609,115</u>	<u>717,005</u>

Note 6. Inventories

Current		
Fuel and Materials	317,190	317,065
Land Held for Resale - Cost		
- Cost of Acquisition (Internal Transfer)	-	2,815,615
- Development Costs	-	4,103,421
Resalable Merchandise	135,508	121,024
Total Current Inventories	<u>452,698</u>	<u>7,357,125</u>
Non-Current		
Land Held for Resale - Cost		
- Development Costs	7,206,673	377,874
Total Non-Current Inventories	<u>7,206,673</u>	<u>377,874</u>

City of Greater Geraldton

Notes to the Financial Statements
for the year ended 30 June 2015

Note 7a. Property, Plant and Equipment

\$	Notes	2015 Actual	2014 Actual
Land - Fair Value		80,488,168	55,518,669
Land - Cost (Additions)		-	1,185,450
		<u>80,488,168</u>	<u>56,704,119</u>
Buildings - Fair Value		97,924,353	83,426,258
Buildings - Cost (Additions at fair value)		-	14,385,849
Less Accumulated Depreciation		-	(7,061,346)
		<u>97,924,353</u>	<u>90,750,761</u>
Furniture and Equipment - Fair Value		2,210,221	2,006,638
Furniture and Equipment - Cost (Additions at fair value)		665,689	-
Less Accumulated Deprec		(1,369,310)	(1,041,185)
		<u>1,506,600</u>	<u>965,453</u>
Plant and Equipment - Fair Value		12,799,301	11,200,110
Plant and Equipment - Cost (Additions at fair value)		1,271,866	2,681,841
Less Accumulated Depreciation		(3,657,416)	(2,034,040)
		<u>10,413,751</u>	<u>11,847,911</u>
Artwork - Fair Value		619,690	-
Artwork - Cost		-	882,355
		<u>619,690</u>	<u>882,355</u>
Total Property, Plant & Equipment	7(b)	<u><u>190,952,562</u></u>	<u><u>161,150,599</u></u>

City of Greater Geraldton

Notes to the Financial Statements
for the year ended 30 June 2015

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

Movements in Carrying Amounts

	Notes	Land	Buildings	Furniture and Equipment	Plant and Equipment	Artwork	Total
		Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Balance as at 1 July 2014		56,704,119	90,750,761	965,453	11,847,911	882,355	161,150,599
Additions							
- Renewal	20	-	1,357,901	665,689	1,271,866	-	3,295,456
- New	20	470,478	5,898,967	-	-	27,440	6,396,885
Disposals	21	(500,000)	(222,370)	(100,424)	(778,644)	-	(1,601,437)
Revaluation - Increments	13	23,813,571	2,966,932	-	-	-	26,780,503
Revaluation - (Decrements)	13	-	-	-	-	(290,105)	(290,105)
Depreciation	2(a)	-	(2,907,985)	(365,812)	(1,903,632)	-	(5,177,429)
Depreciation on Disposal		-	80,146	100,424	217,520	-	398,090
Other Movements		-	-	241,270	(241,270)	-	-
Property, Plant & Equipment at 30 June 2015		80,488,168	97,924,353	1,506,600	10,413,751	619,690	190,952,562
Balance as at 1 July 2013		58,428,649	85,696,213	978,689	11,970,308	880,537	157,954,396
Additions							
- Renewal	20	-	3,688,608	40,663	2,681,842	-	6,411,113
- New	20	1,185,450	3,917,471	324,242	-	1,818	5,428,980
Disposals	21	-	(33,700)	(1,044,873)	(770,199)	-	(1,848,772)
Depreciation	2(a)	-	(2,527,035)	(330,669)	(2,303,173)	-	(5,160,877)
Depreciation on Disposal		-	9,205	998,492	269,133	-	1,276,830
Other Movements		(2,909,979)	-	(1,091)	-	-	(2,911,070)
Property, Plant & Equipment at 30 June 2014		56,704,119	90,750,761	965,453	11,847,911	882,355	161,150,599

City of Greater Geraldton

Notes to the Financial Statements
for the year ended 30 June 2015

Note 8a. Infrastructure

\$	Notes	2015 Actual	2014 Actual
Roads - Fair Value		567,776,619	329,836,259
Roads - Cost		-	99,073,248
Less Accumulated Depreciation		-	(36,514,971)
		<u>567,776,619</u>	<u>392,394,536</u>
Recreation - Fair Value		30,552,746	30,812,497
Recreation - Cost		-	9,168,269
Less Accumulated Depreciation		-	(9,531,734)
		<u>30,552,746</u>	<u>30,449,032</u>
Car Parks - Fair Value		11,044,634	5,589,994
Car Parks - Cost		-	476,216
Less Accumulated Depreciation		-	(3,053,688)
		<u>11,044,634</u>	<u>3,012,523</u>
Meru Landfill - Fair Value		13,719,797	14,986,893
Meru Landfill - Cost		-	195,088
Less Accumulated Depreciation		-	(2,539,301)
		<u>13,719,797</u>	<u>12,642,680</u>
Airport - Fair Value		26,834,300	13,811,385
Airport - Cost		-	4,079,680
Less Accumulated Depreciation		-	(946,564)
		<u>26,834,300</u>	<u>16,944,501</u>
Effluent Scheme - Cost		268,477	256,805
Less Accumulated Amortisation		(72,342)	(65,640)
		<u>196,136</u>	<u>191,165</u>
Total Infrastructure	8(b)	<u><u>650,124,232</u></u>	<u><u>455,634,436</u></u>

City of Greater Geraldton

Notes to the Financial Statements for the year ended 30 June 2015

Note 8b. Infrastructure (continued)

Movements in Carrying Amounts

\$	Notes	Roads	Recreation	Car Parks	Meru Landfill	Airport	Effluent Scheme	Total
		Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
Balance as at 1 July 2014		392,394,536	30,449,032	3,012,523	12,642,680	16,944,501	191,165	455,634,436
Additions								
- Renewal	20	7,159,057	942,636	202,312	22,985	244,813	11,673	8,583,476
- New	20	5,720,221	3,135,262	-	-	421,600	-	9,277,084
Revaluation - Increments	13	173,743,157	-	8,072,200	926,045	9,609,463	-	192,350,865
Impairment - (Losses)		-	(3,198,741)	-	-	-	-	(3,198,741)
Depreciation (Expense)	2(a)	(11,240,352)	(775,444)	(242,401)	(389,804)	(386,076)	(6,702)	(13,040,779)
Other Movements		-	-	-	517,891	-	-	517,891
Infrastructure at 30 June 2015		567,776,619	30,552,746	11,044,634	13,719,797	26,834,300	196,136	650,124,232
Balance as at 1 July 2013		385,441,046	27,199,752	3,100,764	9,945,076	15,362,338	185,864	441,234,840
Additions								
- Renewal	20	6,658,088	526,694	2,049	6,570	46,564	-	7,239,966
- New	20	11,352,095	3,423,740	144,550	2,576,923	1,893,603	11,822	19,402,732
Revaluation - Increments	13	-	-	-	215,992	-	-	215,992
Depreciation (Expense)	2(a)	(11,056,694)	(701,154)	(234,841)	(101,879)	(358,004)	(6,522)	(12,459,094)
Infrastructure at 30 June 2014		392,394,536	30,449,032	3,012,522	12,642,681	16,944,501	191,165	455,634,436

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 9. Trade and Other Payables

\$	2015 Actual	2014 Actual
Current		
Sundry Creditors	6,067,497	3,444,945
Accrued Interest on Debentures	142,305	153,192
Accrued Salaries and Wages	35,688	18,862
Unexpended Non-Operating Grants	11,706,789	10,819,800
Total Current Trade and Other Payables	<u>17,952,279</u>	<u>14,436,799</u>

Note 10. Borrowings

Current		
Secured by Floating Charge		
- Debentures	23(a) 3,034,459	4,816,986
Total Current Borrowings	<u>3,034,459</u>	<u>4,816,986</u>
Non-Current		
Secured by Floating Charge		
- Debentures	23(a) 19,093,956	15,458,415
Total Non-Current Borrowings	<u>19,093,956</u>	<u>15,458,415</u>

Additional detail on borrowings is provided in Note 23.

Note 11. Provisions

Current		
Annual Leave	2,378,624	2,376,877
Long Service Leave	1,771,355	1,769,919
Sick Leave	472,889	414,229
Accrued RDO's	43,018	153,325
Total Current Provisions	<u>4,665,886</u>	<u>4,714,350</u>
Non-Current		
Long Service Leave	311,863	239,958
Provision for Infrastructure Meru - Rehabilitation	9,264,558	8,750,649
Total Non-Current Provisions	<u>9,576,421</u>	<u>8,990,607</u>

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 12. Reserves - Cash/Investment Backed

\$	2015 Actual	2015 Budget	2014 Actual
(a). Airport Reserve			
Opening Balance	-	-	2,568,500
Amount Used / Transfer from Reserve	-	-	(2,568,500)
	-	-	-
(b). Asset Development (Capital Works Program) Reserve			
Opening Balance	-	-	2,857,355
Amount Used / Transfer from Reserve	-	-	(2,857,355)
	-	-	-
(c). Asset Renewal Fund Reserve			
Opening Balance	-	-	272,215
Amount Used / Transfer from Reserve	-	-	(272,215)
	-	-	-
(d). Effluent Scheme Reserve			
Opening Balance	-	-	58,019
Amount Used / Transfer from Reserve	-	-	(58,019)
	-	-	-
(e). Employee Leave Entitlements Reserve			
Opening Balance	-	-	291,946
Amount Used / Transfer from Reserve	-	-	(291,946)
	-	-	-
(f). Family Day Care Reserve			
Opening Balance	-	-	8,630
Amount Used / Transfer from Reserve	-	-	(8,630)
	-	-	-
(g). Meat Inspection Reserve			
Opening Balance	-	-	45,964
Amount Used / Transfer from Reserve	-	-	(45,964)
	-	-	-

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 12. Reserves - Cash/Investment Backed (continued)

\$	2015 Actual	2015 Budget	2014 Actual
(h). Meru Waste Disposal Site Reserve			
Opening Balance	-	-	2,685,000
Amount Used / Transfer from Reserve	-	-	(2,685,000)
	-	-	-
(i). Meru Waste Rehabilitation Reserve			
Opening Balance	-	-	420,789
Amount Used / Transfer from Reserve	-	-	(420,789)
	-	-	-
(j). Mullewa Community Reserve			
Opening Balance	556,390	546,641	516,641
Amount Set Aside / Transfer to Reserve	-	-	100,000
Amount Used / Transfer from Reserve	-	(70,000)	(60,251)
	556,390	476,641	556,390
(k). Mullewa Reseal Reserve			
Opening Balance	1,891,285	1,891,285	1,691,285
Amount Set Aside / Transfer to Reserve	-	-	200,000
	1,891,285	1,891,285	1,891,285
(l). Mullewa Medical Centre Reserve			
Opening Balance	-	-	68,006
Amount Used / Transfer from Reserve	-	-	(68,006)
	-	-	-
(m). Parking Land Reserve			
Opening Balance	381,700	382,512	381,966
Amount Set Aside / Transfer to Reserve	154,487	146,979	144,734
Amount Used / Transfer from Reserve	-	-	(145,000)
	536,187	529,491	381,700
(n). Plant Replacement Reserve			
Opening Balance	-	-	145,695
Amount Used / Transfer from Reserve	-	-	(145,695)
	-	-	-

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 12. Reserves - Cash/Investment Backed (continued)

\$	2015 Actual	2015 Budget	2014 Actual
(o). Risk Management Reserve			
Opening Balance	-	-	457,227
Amount Used / Transfer from Reserve	-	-	(457,227)
	-	-	-
(p). Rubbish Tip (Flores Rd) Reserve			
Opening Balance	-	-	641,844
Amount Used / Transfer from Reserve	-	-	(641,844)
	-	-	-
(q). Strategic Initiatives Reserve			
Opening Balance	-	-	43,480
Amount Used / Transfer from Reserve	-	-	(43,480)
	-	-	-
(r). Unexpended Capital Works & Restricted Grant Reserve			
Opening Balance	13,426,629	12,220,122	17,481,012
Amount Set Aside / Transfer to Reserve	8,412,626	-	5,662,727
Amount Used / Transfer from Reserve	(8,006,214)	(11,197,000)	(9,717,110)
	13,833,040	1,023,122	13,426,629
Total Reserves	16,816,902	3,920,539	16,256,003

Summary of Reserve Transfers**Transfers to Reserves**

Mullewa Community Reserve	-	-	100,000
Mullewa Reseal Reserve	-	-	200,000
Parking Land Reserve	154,487	146,979	144,734
Unexpended Capital Works & Restricted Grant Reserve	8,412,626	-	5,662,727
Total Transfers to Reserves	8,567,113	146,979	6,107,461

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 12. Reserves - Cash/Investment Backed (continued)

\$	2015 Actual	2015 Budget	2014 Actual
Transfers from Reserves			
Airport Reserve	-	-	(2,568,500)
Asset Development (Capital Works Program) Reserve	-	-	(2,857,355)
Asset Renewal Fund Reserve	-	-	(272,215)
Effluent Scheme Reserve	-	-	(58,019)
Employee Leave Entitlements Reserve	-	-	(291,946)
Family Day Care Reserve	-	-	(8,630)
Meat Inspection Reserve	-	-	(45,964)
Meru Waste Disposal Site Reserve	-	-	(2,685,000)
Meru Waste Rehabilitation Reserve	-	-	(420,789)
Mullewa Community Reserve	-	(70,000)	(60,251)
Mullewa Medical Centre Reserve	-	-	(68,006)
Parking Land Reserve	-	-	(145,000)
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	(8,006,214)	(11,197,000)	(9,717,110)
Total Transfers from Reserves	(8,006,214)	(11,267,000)	(20,487,032)
Total Net Transfer to/(from) Reserves	560,899	(11,120,021)	(14,379,571)

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

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

Mullewa Community Reserve

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

Mullewa Reseal Reserve

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

Parking Land Reserve

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

Unexpended Capital Works & Restricted Grant Reserve

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

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

City of Greater Geraldton

Notes to the Financial Statements
for the year ended 30 June 2015

Note 13. Reserves - Asset Revaluation

\$	Notes	2015 Actual	2014 Actual
Asset revaluation reserves have arisen on revaluation of the following classes of assets:			
(a). Land			
Opening Balance		29,367,215	29,367,215
Revaluation Increment	7(b)	23,813,571	-
		53,180,786	29,367,215
(b). Buildings			
Opening Balance		45,933,336	45,933,336
Revaluation Increment	7(b)	2,966,932	-
		48,900,268	45,933,336
(c). Plant and Equipment			
Opening Balance		1,480,038	1,480,038
		1,480,038	1,480,038
(d). Artwork			
Opening Balance		445,765	445,765
Revaluation Decrement	7(b)	(290,105)	-
		155,660	445,765
(e). Roads			
Opening Balance		199,260,637	199,260,637
Revaluation Increment	8(b)	173,743,157	-
		373,003,794	199,260,637
(f). Car Parks			
Opening Balance		2,758,769	2,758,769
Revaluation Increment	8(b)	8,072,200	-
		10,830,969	2,758,769
(g). Meru Landfill			
Opening Balance		215,992	-
Revaluation Increment	8(b)	926,045	215,992
		1,142,037	215,992
(h). Airport			
Opening Balance		6,467,660	6,467,660
Revaluation Increment	8(b)	9,609,463	-
		16,077,123	6,467,660
Total Asset Revaluation Reserves		504,770,675	285,929,412

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 14. Notes to the Statement of Cash flows

\$	Notes	2015 Actual	2015 Budget	2014 Actual
(a). Reconciliation of Cash				
For the purposes of the Statement of Cash Flows, cash includes cash on hand and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:				
Cash and Cash Equivalents	3	<u>32,801,983</u>	<u>6,502,301</u>	<u>28,800,813</u>
(b). Reconciliation of Net Cash Provided By Operating Activities to Net Result				
Net Result		4,351,623	3,418,183	7,656,845
Impairment of Assets		3,198,741	-	-
Depreciation		18,218,207	17,939,427	17,619,970
Write Down (Up) in Fair Value of Investments		67,154	-	(422,276)
(Profit)/Loss on Sale of Assets		(105,066)	1,161,505	51,254
Decrease/(Increase) in Receivables		(1,016,625)	181,884	1,019,144
Increase/(Decrease) in Provision for Doubtful Debts		(9,104)	-	-
Decrease/(Increase) in Inventories		(14,609)	3,941,812	(76,725)
Increase/(Decrease) in Payables & Accruals		3,526,367	1,169,133	(3,812,257)
Increase/(Decrease) in Accrued Interest Payable		(10,887)	-	45,901
Increase/(Decrease) in Employee Leave Entitlements		75,087	405,000	295,508
Increase/(Decrease) in Other Provisions		462,262	(90,001)	65,460
Grants/Contributions for the Development of Assets		(6,036,624)	(15,941,333)	(14,152,606)
Net Cash from Operating Activities		<u>22,057,525</u>	<u>12,185,610</u>	<u>8,290,219</u>
(c). Undrawn Borrowing Facilities Credit Standby Arrangements				
Group Credit Facility		6,000,000	6,000,000	6,000,000
Bank Overdraft Limit		750,000	750,000	750,000
Credit Card Limit		115,000	115,000	115,000
Credit Card Balance at Balance Date		(13,404)	(15,000)	(12,408)
Total Amount of Credit Unused		<u>6,851,596</u>	<u>6,850,000</u>	<u>6,852,592</u>
Loan Facilities				
Loan Facilities - Current	10	3,034,459		4,816,986
Loan Facilities - Non-Current	10	19,093,956		15,458,415
Total Facilities in Use at Balance Date		<u>22,128,415</u>		<u>20,275,401</u>

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 15. Contingent Liabilities

\$

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

Note 16. Capital and Leasing Commitments

\$	2015 Actual	2014 Actual
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(a). Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts.

Payable:

- not later than one year	59,953	61,070
- later than one year but not later than five years	154,651	207,674
- later than five years	-	-
Total Operating Lease Commitments	214,604	268,744

(b). Capital Expenditure Commitments

Contracted for:

- capital expenditure projects	1,683,934	1,340,402
- land and buildings	6,545,644	-
- plant & equipment purchases	412,280	196,986
Total Capital Expenditure Commitments	8,641,858	1,537,388

Payable:

- not later than one year	8,641,858	1,537,388
- later than one year but not later than five years	-	-
- later than five years	-	-
Total Capital Expenditure Commitments	8,641,858	1,537,388

The capital expenditure project outstanding at the end of the current reporting period represents the construction of the new recreation centre.

Note 17. Subsidiaries, Joint Arrangements & Associates

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

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 18. Trust Funds

\$	Balance 1-Jul-14	Amounts Received	Amounts Paid	Balance 30-Jun-15
BCITF	38,139	284,546	(275,681)	47,004
BSL - Building Services Levy (BRB)	19,179	149,872	(148,553)	20,497
Refundable Bonds	244,006	114,312	(105,218)	253,100
Verge/Footpath Bonds	125,665	23,350	(23,150)	125,865
Subdivision & Road Deposits	1,571,932	107,333	(40,454)	1,638,811
Unclaimed Monies	6,591	4,016	-	10,607
Community/Sporting Groups	47,684	-	-	47,684
Roadwise Community Grants	1,445	-	(1,311)	134
Sundry	37,512	20,900	(15,000)	43,412
DUP Contributions - Cape Burney	26,505	492	-	26,997
DUP Contributions - Drummond Cove	374,479	6,953	-	381,433
DUP Contributions - Spalding	32,077	596	-	32,672
DUP Contributions - Strathalbyn	127,972	2,376	-	130,348
DUP Contributions - Mt Tarcoola	37,688	700	-	38,387
DUP Contributions - Wandina	92,548	1,718	-	94,266
DUP Contributions - Waggrakine	186,006	3,454	-	189,460
DUP Contributions - Webberton	8,878	165	-	9,043
DUP Contributions - Geraldton	6,103	113	-	6,217
POS Cash in Lieu	1,564,489	90,786	-	1,655,276
POS Cash in Lieu - Drummond Cove	76,568	1,422	-	77,990
POS Cash in Lieu - Glenfield	58,613	1,089	-	59,702
POS Cash in Lieu - Webberton	673,692	166,555	-	840,247
POS Cash in Lieu - Strathalbyn	211,441	3,926	-	215,368
POS Cash in Lieu - Utakarra	225,257	4,183	-	229,439
POS Cash in Lieu - Wandina	79,848	1,651	(10,074)	71,424
POS Cash in Lieu - Waggrakine Rural Residential	24,142	30,833	-	54,975
Contributions Received WARCA	44,025	182,937	(214,339)	12,622
20A/152 Reserve 41879	42,900	-	-	42,900
	5,985,383	1,204,278	(833,781)	6,355,880

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 19. Total Assets Classified by Function and Activity

\$	2015 Actual	2014 Actual
Governance	32,166,700	24,120,227
Law, Order, Public Safety	1,446,354	1,082,348
Health	103,412	79,718
Education & Welfare	6,839,719	5,272,593
Housing	1,309,896	1,009,771
Community Amenities	12,453,258	9,498,217
Recreation & Culture	128,172,566	94,406,380
Transport	547,408,072	406,894,870
Economic Services	276,206	159,505
Other Property & Services	37,109,825	23,386,588
Unallocated	120,996,723	93,273,786
	888,282,731	659,184,003

Note 20. Acquisition of Assets

\$	Actual	Budget
By Program		
Governance		
Asset acquisition	676,394	822,000
Law, Order, Public Safety		
Asset acquisition	32,615	750,000
Community Amenities		
Asset acquisition	101,733	775,000
Recreation & Culture		
Asset acquisition	5,240,888	11,609,190
Transport		
Asset acquisition	16,227,272	37,491,340
Economic Services		
Asset acquisition	53,416	-
Other Property & Services		
Asset acquisition	5,220,582	9,709,000
	27,552,901	61,156,530
By Class		
<i>Property, Plant & Equipment</i>		
	7(b)	
- Land	470,478	-
- Buildings	7,256,868	9,122,000
- Furniture and Equipment	665,689	275,190
- Plant and Equipment	1,271,866	2,514,000
- Artwork	27,440	-
- Other	-	630,000
<i>Infrastructure</i>		
	8(b)	
- Roads	12,879,278	31,523,865
- Recreation	4,077,899	10,224,000
- Car Parks	202,312	-
- Meru Landfill	22,985	685,000
- Airport	666,413	3,546,000
- Effluent Scheme	11,673	-
- Other	-	2,636,475
	27,552,901	61,156,530

City of Greater Geraldton

Notes to the Financial Statements
for the year ended 30 June 2015

Note 21. Disposal of Assets

\$	Notes	Net Book Value		Sale Price		Profit/(Loss)	
		Actual	Budget	Actual	Budget	Actual	Budget
The following assets were disposed of during the year.							
<i>Property, Plant & Equipment</i>	7(b)						
Land		500,000	-	330,602	-	(169,398)	-
Buildings		222,370	2,965,152	486,328	1,743,861	263,959	(1,221,291)
Furniture and Equipment		100,424	-	100,424	-	-	-
Plant and Equipment		778,644	573,353	789,150	633,139	10,506	59,786
Total		<u>1,601,437</u>	<u>3,538,505</u>	<u>1,706,503</u>	<u>2,377,000</u>	<u>105,066</u>	<u>(1,161,505)</u>

\$	2015		2014
	Actual	Budget	Actual
Summary			
Profit on Asset Disposals	274,464	59,786	25,575
Loss on Asset Disposals	<u>(169,398)</u>	<u>(1,221,291)</u>	<u>(76,829)</u>
Net Profit/(Loss) on Disposal of Assets	<u>105,066</u>	<u>(1,161,505)</u>	<u>(51,254)</u>

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 22. Financial Ratios

\$	Amounts 2015	Indicator 2015	Target	Prior Periods 2014 2013	
<i>Liquidity Ratio</i>					
1. Current Ratio ⁽¹⁾					
Current Assets less Restricted Current Assets	11,104,447	0.78 : 1	> 1.00 : 1	0.56	0.54
Current Liabilities less Liabilities Associated with Restricted Assets	14,183,823				
<i>Debt Ratio</i>					
2. Debt Service Cover Ratio ⁽²⁾					
Operating Surplus before Interest and Depreciation Exp	20,554,772	3.62 : 1	> 2.00 : 1	3.24	4.27
Principal and Interest Repayments	5,677,724				
<i>Coverage Ratio</i>					
3. Own Source Revenue Coverage Ratio ⁽³⁾					
Own Source Operating Revenue	63,976,708	85.55%	> 40%	79.87%	77.99%
Operating Expense	74,782,697				
<i>Financial Performance Ratio</i>					
4. Operating Surplus Ratio ⁽⁴⁾					
Operating Revenue less Operating Expense	1,475,827	2.31%	> 1%	-11.66%	-4.97%
Own Source Operating Revenue	63,976,708				
<i>Asset Management Ratios</i>					
5. Asset Consumption Ratio ⁽⁵⁾					
Depreciated Replacement Cost of Depreciable Assets	823,866,681	73.13%	> 50%	70.07%	70.79%
Current Replacement Cost of Depreciable Assets	1,126,505,283				
6. Asset Sustainability Ratio ⁽⁶⁾					
Capital Renewal and Replacement Expenditure	11,878,932	65.20%	90-110%	77.48%	57.19%
Depreciation Expense	18,218,207				
7. Asset Renewal Funding Ratio ⁽⁷⁾					
NPV of Planned Capital Renewals over 10 years	158,819,909	64.30%	75-95%	82.87%	77.93%
NPV of Required Capital Expenditure over 10 years	246,991,162				

Notes

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

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

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

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

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

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

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

City of Greater Geraldton

Notes to the Financial Statements
for the year ended 30 June 2015

Note 22. Financial Ratios (continued)

<p>1. Current Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>0.54</td> </tr> <tr> <td>2014</td> <td>0.56</td> </tr> <tr> <td>2015</td> <td>0.78</td> </tr> </tbody> </table>	Year	Ratio	2013	0.54	2014	0.56	2015	0.78	<p>Purpose of Current Ratio</p> <p>To assess the liquidity position of the Council that has arisen from past year's transactions.</p>	<p>2014/15 Ratio 0.78 : 1</p>
Year	Ratio									
2013	0.54									
2014	0.56									
2015	0.78									
<p>2. Debt Service Cover Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>4.27</td> </tr> <tr> <td>2014</td> <td>3.24</td> </tr> <tr> <td>2015</td> <td>3.62</td> </tr> </tbody> </table>	Year	Ratio	2013	4.27	2014	3.24	2015	3.62	<p>Purpose of Debt Service Cover Ratio</p> <p>To assess Council's ability to repay its debt including lease payments.</p>	<p>2014/15 Ratio 3.62 : 1</p>
Year	Ratio									
2013	4.27									
2014	3.24									
2015	3.62									
<p>3. Own Source Revenue Coverage Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>77.99%</td> </tr> <tr> <td>2014</td> <td>79.87%</td> </tr> <tr> <td>2015</td> <td>85.55%</td> </tr> </tbody> </table>	Year	Ratio %	2013	77.99%	2014	79.87%	2015	85.55%	<p>Purpose of Own Source Revenue Coverage Ratio</p> <p>To assess Council's ability to cover its costs through its own revenue efforts.</p>	<p>2014/15 Ratio 85.55%</p>
Year	Ratio %									
2013	77.99%									
2014	79.87%									
2015	85.55%									
<p>4. Operating Surplus Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>-4.97%</td> </tr> <tr> <td>2014</td> <td>-11.66%</td> </tr> <tr> <td>2015</td> <td>2.31%</td> </tr> </tbody> </table>	Year	Ratio %	2013	-4.97%	2014	-11.66%	2015	2.31%	<p>Purpose of Operating Surplus Ratio</p> <p>To assess Council's ability to cover its operational costs and have revenues available for capital funding or other purposes.</p>	<p>2014/15 Ratio 2.31%</p>
Year	Ratio %									
2013	-4.97%									
2014	-11.66%									
2015	2.31%									

City of Greater Geraldton

Notes to the Financial Statements
for the year ended 30 June 2015

Note 22. Financial Ratios (continued)

<p>5. Asset Consumption Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>70.79%</td> </tr> <tr> <td>2014</td> <td>70.07%</td> </tr> <tr> <td>2015</td> <td>73.13%</td> </tr> </tbody> </table>	Year	Ratio %	2013	70.79%	2014	70.07%	2015	73.13%	<p>Purpose of Asset Consumption Ratio</p> <p>To assess the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost.</p>	<p>2014/15 Ratio 73.13%</p>
Year	Ratio %									
2013	70.79%									
2014	70.07%									
2015	73.13%									
<p>6. Asset Sustainability Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>57.19%</td> </tr> <tr> <td>2014</td> <td>77.48%</td> </tr> <tr> <td>2015</td> <td>65.20%</td> </tr> </tbody> </table>	Year	Ratio %	2013	57.19%	2014	77.48%	2015	65.20%	<p>Purpose of Asset Sustainability Ratio</p> <p>To indicate whether Council is replacing or renewing existing non-financial assets at the same rate that its overall asset stock is wearing out.</p>	<p>2014/15 Ratio 65.20%</p>
Year	Ratio %									
2013	57.19%									
2014	77.48%									
2015	65.20%									
<p>7. Asset Renewal Funding Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>77.93%</td> </tr> <tr> <td>2014</td> <td>82.87%</td> </tr> <tr> <td>2015</td> <td>64.30%</td> </tr> </tbody> </table>	Year	Ratio %	2013	77.93%	2014	82.87%	2015	64.30%	<p>Purpose Asset Renewal Funding Ratio</p> <p>To assess the ability of Council to fund its projected asset renewal / replacements in the future.</p>	<p>2014/15 Ratio 64.30%</p>
Year	Ratio %									
2013	77.93%									
2014	82.87%									
2015	64.30%									

City of Greater Geraldton

Notes to the Financial Statements for the year ended 30 June 2015

Note 23. Information on Borrowings

	Borrowing Institution	Interest Rate %	Principal 1-Jul-14	New Loans	Principal Repayments		Principal 30-Jun-15		Interest Repayments	
					Actual	Budget	Actual	Budget	Actual	Budget
\$										
(a). Debenture Repayments										
Governance										
- 262 Office Redevelopment	WATC	3.89%	895,121	-	87,635	87,635	807,486	807,486	33,352	34,097
Recreation & Culture										
- 82 Tarcoola Park Tennis Club SSL	WATC	7.36%	16,579	-	2,689	2,689	13,890	13,890	1,131	1,147
- 268 Foreshore Stabilisation & Protection	WATC	3.09%	-	1,200,000	-	-	1,200,000	1,200,000	5,892	-
- 264 Aquarena Upgrade	WATC	4.36%	2,000,000	-	163,459	163,459	1,836,541	1,836,541	85,333	-
- 263 Recreation Ground Grandstand	WATC	4.36%	1,250,000	-	102,162	102,162	1,147,838	1,147,838	53,333	86,559
- 259 Verita Road	WATC	4.72%	3,563,538	-	406,256	406,256	3,157,282	3,157,282	166,224	88,652
- 257 Geraldton Hockey Association	WATC	4.81%	198,162	-	22,522	22,522	175,640	175,640	9,511	9,405
- 233 Land for Library Relocation	WATC	4.79%	-	-	-	-	-	-	-	165,998
- 227 Reticulation Works 05	WATC	5.88%	6,375	-	6,376	6,376	-	-	271	306
- 226 Marina abluition block	WATC	3.89%	11,030	-	11,031	11,031	-	-	307	542
- 253 Geraldton Yacht Club SSL	WATC	6.26%	64,914	-	9,691	9,691	55,223	55,223	3,779	3,895
- 251 Geraldton Hockey Association	WATC	6.14%	150,004	-	24,999	24,999	125,005	125,005	8,720	8,783
- 228 Geraldton Surf Life Saving	WATC	6.42%	55,136	-	17,248	17,248	37,888	37,888	2,785	3,303
- 260 Aquarena Renewal Stage 1	WATC	3.89%	2,327,314	-	227,851	227,851	2,099,463	2,099,463	86,714	54,099
Transport										
- 269 Airport Projects	WATC	3.09%	-	3,020,000	-	-	3,020,000	3,020,000	14,829	-
- 261 Airport Paid Parking Facilities	WATC	3.89%	1,342,681	-	131,453	131,452	1,211,228	1,211,229	50,027	51,145
- 258 Airport Buffer Land	WATC	4.72%	1,029,469	-	117,363	117,363	912,106	912,106	48,020	47,955
- 234 Lot 8 Chapman Road - Car Park	WATC	5.09%	645,596	-	123,334	123,334	522,262	522,262	30,633	31,197
- 230 Airport Buffer Land	WATC	8.93%	705,404	-	184,239	184,239	521,165	521,165	44,618	45,933
- 229 SGIO Car Park	WATC	6.47%	251,055	-	78,496	78,496	172,559	172,559	23,131	15,155

(continued on next page)

City of Greater Geraldton

Notes to the Financial Statements
for the year ended 30 June 2015

Note 23. Information on Borrowings (continued)

	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate %	Amount Used		Balance Unspent	
	Actual	Budget						Actual	Budget	Actual	Budget
(b). New Debentures											
Foreshore Stabilisation & Protection	1,200,000	1,200,000	WATC	Debenture	10	204,107	3.09%	(393,339)	(1,200,000)	806,661	
Airport Projects	3,020,000	3,020,000	WATC	Debenture	10	513,668	3.09%	(2,387,625)	(3,020,000)	632,375	
Animal Pound	-	750,000						-	(750,000)	-	
West End Precinct	-	1,690,000						-	(1,690,000)	-	
Olive Street Development	-	4,200,000						-	(4,200,000)	-	
Eastward Road	-	1,000,000						-	(1,000,000)	-	
Verita Road Development	-	13,000,000						-	(13,000,000)	-	
(New) Airport Technology Park	2,450,000	-	WATC	Debenture	5	188,374	2.74%	(2,450,000)	-	-	
	<u>6,670,000</u>	<u>24,860,000</u>				<u>906,149</u>		<u>(5,230,964)</u>	<u>(24,860,000)</u>	<u>1,439,036</u>	

	Date Borrowed	Balance 1-Jul-14	Borrowed During Year	Expended During Year	Balance 30-Jun-15	
					Borrowed	Unspent
(c). Unspent Debentures						
Old Works Depot	17/04/2014	545,144	-	(545,144)	-	
Old Railway Building	17/04/2014	838,123	-	(838,123)	-	
Airport Projects	4/05/2015	-	3,020,000	(2,387,625)	632,375	
Foreshore Stabilisation & Protection	4/05/2015	-	1,200,000	(393,339)	806,661	
		<u>1,383,267</u>	<u>4,220,000</u>	<u>(4,164,231)</u>	<u>1,439,036</u>	

(d). Overdraft

The City of Greater Geraldton established an overdraft facility of \$ 750,000.
The balance of the bank overdraft at 30 June 2015 was \$0 (1 July 2014: \$0).

City of Greater Geraldton

Notes to the Financial Statements
for the year ended 30 June 2015

Note 24(a). Rating Information (2014/15 Financial Year)

Rate Type	Rate in \$	Number of Properties	Rateable Value	Rate Revenue	Interim Rates	Back Rates	Total Revenue	Budget Revenue	Budget Interim Rate	Budget Back Rate	Budget Total Revenue	Notes
Differential General Rate												
Geraldton GRV Residential	10.9371	14,204	217,118,870	23,746,509	396,559	5,481	24,148,549	23,746,508	270,000	20,000	24,036,508	
Geraldton Non Residential	10.9385	1,287	80,354,595	8,789,588	100,296		8,889,884	8,789,588	120,000	20,000	8,929,588	
Geraldton UV, Rural, Mining & Farming	0.6794	646	241,798,940	1,642,782	35,930	(16)	1,678,696	1,642,782	-	-	1,642,782	
Unoccupiable City Centre Zone	19.9186	5	988,560	196,907	(77,266)	(119,641)	-	196,907	-	-	196,907	
Mullewa GRV	10.9795	152	1,265,868	138,986	(906)	(187)	137,893	138,986	-	-	138,986	
Mullewa UV Agriculture	0.7800	222	142,713,000	1,113,162	(6,273)	138	1,107,027	1,113,161	-	-	1,113,161	
Sub-Total		16,516	684,239,833	35,627,934	448,340	(114,225)	35,962,049	35,627,932	390,000	40,000	36,057,932	
Minimum Rates												
Geraldton GRV Residential	1,010	2,752	14,835,258	2,779,520	-	-	2,779,520	2,779,520	-	-	2,779,520	
Geraldton Non Residential	1,010	213	1,176,257	215,130	-	-	215,130	215,130	-	-	215,130	
Geraldton UV, Rural, Mining & Farming	1,010	178	17,535,910	179,780	-	-	179,780	179,780	-	-	179,780	
Mullewa GRV	628	143	287,138	89,804	-	-	89,804	89,804	-	-	89,804	
Mullewa UV Agriculture	705	110	2,740,940	77,550	-	-	77,550	77,550	-	-	77,550	
Sub-Total		3,396	36,575,503	3,341,784	-	-	3,341,784	3,341,784	-	-	3,341,784	
Specified Area Rate							39,303,833				39,399,716	
Totals							155,559				153,906	
							39,459,392				39,553,622	

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

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

\$	Notes	2015 Carried Fwd Actual	2014 Brought Fwd Actual
Current Assets			
Cash - Unrestricted	3	4,516,282	1,725,010
Cash - Restricted Reserves	3	16,816,902	16,256,003
Cash - Restricted Unspent Grants	2(d)	11,468,800	10,819,800
Investments	4	266,241	333,395
Rates - Current	5	3,107,675	2,551,054
Sundry Debtors	5	1,963,724	1,704,244
GST Receivable	5	471,252	443,302
Other Receivables	5	326,575	114,156
Inventories			
- Fuel and Materials	6	317,190	317,065
- Land Held for Resale	6	-	6,919,036
- Other	6	135,508	121,024
		39,390,148	41,304,089
Current Liabilities			
Sundry Creditors	9	6,067,497	3,444,945
Accrued Interest on Debentures	9	142,305	153,192
Accrued Salaries and Wages	9	35,688	18,862
Other Current Trade and Other Payables	9	11,706,789	10,819,800
Current Employee Benefits Provision	11	4,149,979	4,146,796
Other Current Provisions	11	515,907	567,554
Current Loan Liability	10	3,034,459	4,816,986
		25,652,623	23,968,135
Net Current Assets		13,737,525	17,335,954
Less:			
Reserves - Restricted Cash	3	(16,816,902)	(16,256,003)
Land Held for Resale not expected to be sold in the next 12 months		-	(6,919,036)
Self Supporting Loan Principal Repayments		(77,149)	(92,300)
Council Loan Principal Repayments		(10,616)	(17,986)
Add Back:			
Current Loan Liability	10	3,034,459	4,816,986
Surplus/(Deficit)		(132,682)	(1,132,385)

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

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 25. Specified Area Rate (2014/15 Financial Year)

	Rate in \$	Basis of Rate	Rateable Value	Rate Revenue	Budget Rate Revenue	Applied to Costs	Budget Applied to Costs
Scheme/Other details							
- Rate	0.5199	GRV	29,920,866	155,559	153,906	-	-
			29,920,866	155,559	153,906	-	-

The specified area rate is imposed on all non-residential properties within the City Centre, Marina Mixed Use and Additional Use City Centre zones for the purpose of parking operations which include land acquisition. 2014/2015 proceeds have been added to the Parking Land Reserve.

Note 26. Service Charges (2014/15 Financial Year)

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

Note 27. Discounts, Incentives, Concessions & Write-offs (2014/15 Financial Year)

(a) Discounts

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

(b). Incentives

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

Ten other prizes are also available to ratepayers:

- City of Greater Geraldton - Parking Permit for 1 year valued at \$ 1,367
- City of Greater Geraldton - Aquarena 15 x multi swim pass prizes valued at \$ 1,620
- Good Earth Hotel or Perth Ambassador Hotel - Accommodation Package for Two valued at \$428
- Staples - Ipad mini 16GB valued at \$349
- Mitchell & Brown - \$ 100 gift voucher
- Novus Tint a Car -\$ 400 gift voucher
- Furniture Spot - \$250 gift voucher
- Choices Flooring - \$250 gift voucher
- Cuisine on Marine - \$120 gift voucher
- Clark Rubber - \$250 voucher
- Friends of Queens Park Theatre - \$100 voucher for any QPT show

None of these prizes involved any cost to Council, with the exception of Parking Permits and Multi Swim Passes.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 27. Discounts, Incentives, Concessions & Write-offs (2014/15 Financial Year)

\$	Notes	Total Cost / Value	Budget Cost / Value
(c). Write-Offs			
Rate Assessment	2(a)	1,382	-
General Debtors	2(a)	19,866	-
		<u>21,248</u>	<u>-</u>

(d). Waivers

The City of Greater Geraldton does not offer any standard waivers or write offs of Rates and Charges or any other debts of ratepayers unless specifically approved by Council. Individuals may approach Council for an extension of time to pay off their debt.

(e). Concessions

The Council offers no concessions to ratepayers for the 2014/15 financial year.

Note 28. Interest Charges and Instalments (2014/15 Financial Year)

\$	Interest Rate %	Admin. Charge	Revenue	Budgeted Revenue
Interest on Unpaid Rates	11.00%	-	357,195	270,000
Interest on Instalments Plan	5.50%	-	176,402	175,000
Pensioner Deferred Interest	0.00%	-	11,128	12,000
			<u>544,725</u>	<u>457,000</u>

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

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

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

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

For ratepayers election to pay their rates by 2 or 4 instalments, a charge of \$ 10 per instalment is charged. For ratepayers making an arrangement with Council to pay their rates in more than 4 instalments, a one off charge of \$ 40 is charged.

The total amount of revenue from the imposition of interest and instalments charges is \$ 693,585.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 29. Fees & Charges

\$	2015 Actual	2015 Budget	2014 Actual
Governance	9,527	7,000	7,474
General Purpose Funding	246,783	242,000	242,442
Law, Order, Public Safety	363,067	347,500	349,149
Health	49,752	47,500	70,932
Education and Welfare	189,720	207,900	171,098
Community Amenities	8,600,822	7,099,521	6,846,732
Recreation and Culture	2,015,922	1,860,550	2,111,819
Transport	6,822,577	6,480,400	5,399,779
Economic Services	986,634	1,063,400	1,053,495
Other Property and Services	951,809	1,059,464	827,884
	<u>20,236,613</u>	<u>18,415,235</u>	<u>17,080,804</u>

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

Note 30. Grants, Subsidies & Contributions

\$	2015 Actual	2014 Actual
Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:		
(a). By Nature & Type		
Operating Grants, Subsidies and Contributions	13,674,952	8,561,275
Non-Operating Grants, Subsidies and Contributions	6,036,624	14,152,606
	<u>19,711,577</u>	<u>22,713,881</u>
(b). By Program		
Governance	987,470	509,264
General Purpose Funding	9,014,921	2,975,746
Law, Order, Public Safety	300,189	1,092,327
Health	909	187,603
Education & Welfare	1,064,678	1,170,799
Community Amenities	888,605	117,346
Recreation & Culture	1,785,324	871,961
Transport	1,994,848	13,137,910
Economic Services	136,203	40,187
Other Property & Services	3,538,430	2,610,738
	<u>19,711,577</u>	<u>22,713,881</u>

Included within the Non-Operating Grants, Subsidie and Contributions total of \$ 6,036,624 is \$ 1,288,070 in reimbursements and recoveries.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 31. Employee Numbers

\$	2015 Actual	2014 Actual	2013 Actual
The number of full-time equivalent employees at balance date	292	328	321

Council approved establishment end of the reporting year: 312 FTE.

Note 32. Councillor Remuneration

\$	2015 Actual	2015 Budget	2014 Actual
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	345,660	336,000	362,367
Members Allowance	118,835	115,000	84,375
Members IT and Telephone Allowance	52,500	-	51,576
Travelling Expenses	26,929	59,600	27,008
Conference Expenses	27,712	15,000	16,385
Childcare Expenses	2,750	-	2,475
Councillor Training	11,667	20,000	29,103
	<u>586,053</u>	<u>545,600</u>	<u>573,289</u>

Note 33. Employee Costs

\$	2015 Actual	2015 Budget	2014 Actual
Wages and Salaries	19,643,878	24,996,387	20,506,901
Employee Leave Entitlements	5,646,415	409,761	4,415,603
Superannuation	3,022,301	3,023,812	2,918,113
Workers' Compensation Insurance	921,935	798,000	884,068
Protective Clothing & Uniforms	113,562	56,500	116,914
Recruitment Costs	57,421	200,000	171,851
Training Costs (other than Salaries & Wages)	105,892	18,000	261,299
Other	172,412	8,300	214,061
	<u>29,683,817</u>	<u>29,510,760</u>	<u>29,488,810</u>

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 33. Employee Costs (continued)

\$	Salary Range	2015 Actual	2014 Actual
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Employee Remuneration

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

Details

LG Administration Regulations 19 B	100,000 - 109,999	8	8
	110,000 - 119,999	9	8
	120,000 - 129,999	4	2
	130,000 - 139,999	2	1
	140,000 - 149,999	-	2
	150,000 - 159,999	-	2
	160,000 - 169,999	3	-
	170,000 - 179,999	1	1
	190,000 - 200,999	-	1
	250,000 - 259,999	1	1

Note 34. Major Land Transactions

\$

Drummond Cove Free holding of Land**(a). Details**

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

Total principal repaid to the City in 2014-15 amounted to \$10,616 (2013-14: \$ 16,216).

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

\$	2015/16	2016/17	2017/18	2018/19	Total
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(b). Expected Future Cash Flows**Cash Inflows**

Loan Borrowings	37,629	-	-	-	37,629
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Net Cash Flows

	37,629	-	-	-	37,629
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City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 34. Major Land Transactions

\$

Geraldton Airport Technology Park

(a). Details

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

Stage 1 has been completed in 2015 with the development of 27 lots for disposal.

The total development cost in 2014/2015 amounted to \$ 287,637.

\$	2015 Actual	2014 Actual
Operating Income		
Proceeds from Sale of Land	-	255,000
Grant Income	-	2,755,200
	<u>-</u>	<u>3,010,200</u>
Operating Expense		
Development Expenses	(287,637)	(5,405,782)
	<u>(287,637)</u>	<u>(5,405,782)</u>
Total	<u>(287,637)</u>	<u>(2,395,582)</u>
Capital Income		
New Borrowings	2,450,000	2,700,000
Capital Expenditure		
Repayment of Borrowings	(2,700,000)	-
Total	<u>(250,000)</u>	<u>2,700,000</u>

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

\$	2015/16	2016/17	2017/18	2018/19	Total
(c). Expected Future Cash Flows					
Cash Inflows					
Land Sales	-	500,000	500,000	500,000	1,500,000
	<u>-</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>1,500,000</u>
Cash Outflows					
Repayment of Borrowings	(559,067)	(543,350)	(540,082)	(538,109)	(2,180,608)
	<u>(559,067)</u>	<u>(543,350)</u>	<u>(540,082)</u>	<u>(538,109)</u>	<u>(2,180,608)</u>
Net Cash Flows	<u>(559,067)</u>	<u>(43,350)</u>	<u>(40,082)</u>	<u>(38,109)</u>	<u>(680,608)</u>

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 35. Trading and Major Trading Undertakings

\$

Airport

The Geraldton Airport is owned freehold by and is run as a business unit of the City of Greater Geraldton, generating an operating income of approximately \$6.1m per annum (2013-2014: \$4.00M).

Operating surpluses from airport operations are utilised to maintain and improve existing airport infrastructure, provide for development of future infrastructure. During 2014-15, capital outlays on Airport Infrastructure (including buildings) amounted to \$2.89M.

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

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

In 2015 the secure departures lounge has been extended, to cope with growth in passenger numbers.

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

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

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

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

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 35. Trading and Major Trading Undertakings

\$

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 \$4.76M in 2014-15. During 2014-15, there were no significant capital outlays on the Meru Infrastructure.

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

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

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

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

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

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 36. Financial Risk Management

\$

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

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

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

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

The City held the following financial instruments at balance date.

	Notes	Carrying Value		Fair Value	
		2015	2014	2015	2014
Financial Assets					
Cash and Cash Equivalents	3	32,801,983	28,800,813	32,801,983	28,800,813
Receivables (Current & Non-Current)	5	6,478,341	5,529,762	6,478,341	5,529,762
Financial Assets at Fair Value through Profit or Loss	4	266,241	333,395	266,241	333,395
		<u>39,546,565</u>	<u>34,663,970</u>	<u>39,546,565</u>	<u>34,663,970</u>
Financial Liabilities					
Payables (Current & Non-Current)	9	17,952,279	14,436,799	17,952,279	14,436,799
Borrowings (Current & Non-Current)	10	22,128,415	20,275,401	22,128,415	20,275,401
		<u>40,080,693</u>	<u>34,712,200</u>	<u>40,080,693</u>	<u>34,712,200</u>

Fair Value is determined as follows:

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

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 36. Financial Risk Management (continued)

\$

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

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

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

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

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

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

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

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

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

	30-Jun-15	30-Jun-14
Impact of a 10% ⁽¹⁾ movement in price of investments		
Equity	26,624	33,340
Statement of Comprehensive Income ⁽²⁾	26,624	33,340
Impact of a 1% ⁽¹⁾ movement in interest rates on cash and investments		
Equity	330,682	291,342
Statement of Comprehensive Income	330,682	291,342

Notes:

1. Sensitivity percentages based on management's expectations of future possible market movements.

(Price movements calculated on investments subject to fair value adjustments. Interest rate movements calculated on cash, cash equivalents and managed funds.)

2. Maximum impact.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 36. Financial Risk Management (continued)

\$

(b). Receivables

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

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

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

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

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

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

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

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

	30-Jun-15 %	30-Jun-14 %
Percentage of Rates and Annual Charges		
Current	94.66%	95.44%
Overdue	5.34%	4.56%
Percentage of Other Receivables		
Current	70.32%	57.18%
Overdue	29.68%	42.82%

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 36. Financial Risk Management (continued)

\$

(c). Payables & Borrowings

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

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

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

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

\$	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
2015					
Payables	17,952,279	-	-	17,952,279	17,952,279
Borrowings	3,034,459	14,005,270	5,088,686	22,128,415	22,128,415
	20,986,738	14,005,270	5,088,686	40,080,694	40,080,693
2014					
Payables	14,436,799	-	-	14,436,799	14,436,799
Borrowings	4,816,986	8,465,118	6,993,297	20,275,401	20,275,401
	19,253,785	8,465,118	6,993,297	34,712,200	34,712,200

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

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

	30-Jun-15		30-Jun-14	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Bank Loans - Fixed	4.14%	22,128,415	4.66%	20,275,401
		<u>22,128,415</u>		<u>20,275,401</u>

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 37. Fair Value Measurements

\$

The Council measures the following asset and liability classes at fair value on a recurring basis:

- Infrastructure, Property, Plant and Equipment
- Investment Property
- Financial Assets & Liabilities

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

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a "level" in the fair value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

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

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

(1) The following table presents all assets and liabilities that have been measured & recognised at fair values:

2015	Date of latest Valuation	Fair Value Measurement using:			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Financial Assets					
Investments					
- "Designated At Fair Value on Initial Recognition"	30/06/15	-	-	266,241	266,241
- "Loans and Receivables"	30/06/15	-	-	6,468,341	6,468,341
Total Financial Assets		-	-	6,734,582	6,734,582
Financial Liabilities					
Payables	30/06/15	-	-	17,952,279	17,952,279
Loans / Advances	30/06/15	-	-	22,128,415	22,128,415
Total Financial Liabilities		-	-	40,080,694	40,080,694
Property, Plant & Equipment					
- Land	30/06/15	-	77,032,168	3,456,000	80,488,168
- Buildings	30/06/15	-	959,000	96,965,353	97,924,353
- Furniture & Equipment	30/06/14	-	-	1,506,600	1,506,600
- Plant & Equipment	30/06/13	-	10,413,751	-	10,413,751
- Artwork	14/11/14	-	619,690	-	619,690
Total Property, Plant & Equipment		-	89,024,609	101,927,953	190,952,562
Infrastructure					
- Roads	30/06/15	-	-	567,776,619	567,776,619
- Recreation	30/06/15	-	-	30,552,746	30,552,746
- Car Parks	30/06/15	-	-	11,044,634	11,044,634
- Meru Landfill	30/06/15	-	-	13,719,797	13,719,797
- Airport	30/06/15	-	-	26,834,300	26,834,300
Total Infrastructure		-	-	649,928,096	649,928,096

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 37. Fair Value Measurements (continued)

\$

(2) Transfers between Level 1 & Level 2 Fair Value Hierarchies

During the year, there were no transfers between Level 1 and Level 2 Fair Value hierarchies for recurring fair value measurements.

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values

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

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

Financial Assets

Level 3 input is utilised for the valuation of Financial Assets based on a valuation report provided by investment research and advisory firm Amicus Advisory Pty Ltd. The report relies on the admittance of the City of Greater Geraldton as creditor of the Lehman Brothers Australia (In Liquidation) (Scheme Administrators Appointed).

Property, Plant & Equipment

AVP valuers & Asset Management have completed a valuation of the Land, Buildings & Selected Other Structures with the effective date of valuation 30th of June 2015.

APV has undertaken the financial reporting valuation for City of Greater Geraldton in accordance with the Australian Accounting Standards. The valuation reporting has involved the confirmation of completeness of asset registers, physical inspection of the assets and capturing data such as the asset age, type, condition and then compiling information and assessing the value of the assets. Further to this, APV has provided the Insurance Value where requested. Throughout this process, APV ensured quality management procedures were implemented to achieve the most accurate asset valuation reporting.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 37. Fair Value Measurements (continued)

\$

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

The following methods are used to determine the fair value measurements:

LAND

Except in the circumstance of any assets being held for sale (valued in accordance with AASB 5 Assets Held for Sale) or in accordance with specific accounting standards (such as Investment Properties) the balance of the portfolio is valued in accordance with AASB 116 Property Plant and Equipment at Fair Value.

Depending upon the unique circumstances of each lot land has been valued using a range of approaches. Where there is an active market the 'market approach' has been adopted. If its value is primarily dependent on its income generating capability the income approach was used. For other types of land the 'cost approach' was adopted. Details of each approach are detailed below

Level 2 valuation inputs

Market (Direct Comparison) – This has been applied to land held in freehold title and has been assessed on the basis of the estimated amount which the interest in each property being valued might reasonably be expected to realise on the date of valuation in an exchange between market participants given highest and best use or highest and best alternative use. This was determined by comparison to recent sales of land with similar characteristics. This was then adjusted to reflect condition and comparability. As this was based on observable evidence they have been classified as Level 2.

Cost (Direct Comparison) - The valuation of some restricted or otherwise non-saleable land has been valued using the cost approach. This approach was used where, assuming if City of Greater Geraldton need to purchase the land or acquire additional land from an adjoining neighbour, the value of that land could be determined based on known zoning and town planning restrictions. This was determined by comparison to recent sales of land with similar characteristics. This was then adjusted to reflect condition and comparability. As this was based on observable evidence they have been classified as Level 2.

Level 3 valuation inputs

Cost (Hypothetical Analysis) – These were determining the cost approach. However the determination of the replacement cost involved detailed analysis of a hypothetical highest alternative land use. Typically this included estimating the number of potential residential or commercial lots that could be developed on the site. These are observable based on existing Town Planning rules and have been classified as Level 2. The third input is the developer's interest which effectively is the rate of return the developer requires based on the existing market conditions. This requires the valuers to exercise professional judgement and accordingly has been classified as a level 3.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 37. Fair Value Measurements (continued)

\$

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

BUILDINGS AND INVESTMENT PROPERTIES

The valuation of buildings, structural improvements and site services includes those items that form part of the building services installation (e.g. heating, cooling and climate control equipment, lifts, escalators, fire alarms, sprinklers and fire fighting equipment, and general lighting etc). Excluded are all items of plant, machinery, equipment, cranes, tools, furniture or chattels.

Level 2 valuation inputs

Market (Direct Comparison) - These were used to determine the fair value of a range of properties. This included the residential properties where the relevant inputs were able to be observed from current market evidence. The residential properties fair value has been derived from sales prices of comparable properties after adjusting for differences in key attributes such as property size.

Level 3 valuation inputs

Cost (Depreciated) – This includes specialised buildings as well as some residential properties that were located in isolated locations where there was no evidence to support a market approach. These buildings were valued using the cost approach using professionally qualified Registered Valuers.

Under this approach the cost to replace the asset is calculated and then adjusted to take account of an accumulated depreciation. The valuer disaggregated the building into different components and for each component determined a value based on the interrelationship between a range of factors. These include asset condition, legal and commercial obsolescence and the determination of key depreciation related assumptions such as residual value and pattern of consumption of the future economic benefit.

PLANT & EQUIPMENT

A fair value valuation of Plant and Equipment has been completed 30/06/2013 by the City's fleet manager. All of the valuations were made on the basis of open market values of similar assets adjusted for condition and comparability (Level 2 inputs in the fair value hierarchy).

FURNITURE & EQUIPMENT

Management conducted a valuation of furniture and equipment effective 30/06/2014 actualising the asset register and aligning the asset class with the capitalisation thresholds outlined in the Significant Accounting Policies. Using level 3 valuation inputs ensured no material variance in existing balance sheet values for this asset class was observed with the carrying amount of each asset fairly stated at reporting date.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 37. Fair Value Measurements (continued)

\$

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

ARTWORK

A valuation of Artwork was conducted by Banziger Hulme Fine Art Consultants P/L 14th November 2014. David Hulme is an approved valuer for the Australian Government's Cultural Gifts Program. The valuation of the collection is based on market value with market value defined as "what a willing buyer would pay a willing seller in an arm's length transaction after proper marketing" of similar assets adjusted for condition and for condition and comparability (Level 2 inputs in the fair value hierarchy).

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

Infrastructure

AIRPORT

AVP valuers & Asset Management have completed a valuation of the Geraldton Airport - Land, Buildings & Selected Other Structures with the effective date of valuation 30th of June 2015.

The following methods are used to determine the fair value measurements:

Land

Level 2 valuation inputs

Cost (Direct Comparison) - The valuation of some restricted or otherwise non-saleable land has been valued using the cost approach. This approach was used where, assuming if City of Greater Geraldton need to purchase the land or acquire additional land from an adjoining neighbour, the value of that land could be determined based on known zoning and town planning restrictions. This was determined by comparison to recent sales of land with similar characteristics. This was then adjusted to reflect condition and comparability. As this was based on observable evidence they have been classified as Level 2.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 37. Fair Value Measurements (continued)

\$

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

Buildings

The valuation of buildings, structural improvements and site services includes those items that form part of the building services installation (e.g. heating, cooling and climate control equipment, lifts, escalators, fire alarms, sprinklers and fire fighting equipment, and general lighting etc).

Excluded are all items of plant, machinery, equipment, cranes, tools, furniture or chattels.

Level 3 valuation inputs

Cost (Depreciated) – This includes specialised buildings. These buildings were valued using the cost approach using professionally qualified Registered Valuers.

Under this approach the cost to replace the asset is calculated and then adjusted to take account of an accumulated depreciation. The valuer disaggregated the building into different components and for each component determined a value based on the interrelationship between a range of factors. These include asset condition, legal and commercial obsolescence and the determination of key depreciation related assumptions such as residual value and pattern of consumption of the future economic benefit.

Road, Equipment and Civil Assets

All road, equipment and civil assets were valued using the cost approach.

The approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres or similar capacity could be supported from market evidence (level 2) other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 37. Fair Value Measurements (continued)

\$

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

MERU LANDFILL

AVP valuers & Asset Management have completed a valuation of the Landfill Land and associated Infrastructure assets.

The following methods are used to determine the fair value measurements:

Land

Level 2 valuation inputs

Cost (Direct Comparison) - The valuation of some restricted or otherwise non-saleable land has been valued using the cost approach. This approach was used where, assuming if City of Greater Geraldton need to purchase the land or acquire additional land from an adjoining neighbour, the value of that land could be determined based on known zoning and town planning restrictions. This was determined by comparison to recent sales of land with similar characteristics. This was then adjusted to reflect condition and comparability. As this was based on observable evidence they have been classified as Level 2.

Buildings

The valuation of buildings, structural improvements and site services includes those items that form part of the building services installation (e.g. heating, cooling and climate control equipment, lifts, escalators, fire alarms, sprinklers and fire fighting equipment, and general lighting etc). Excluded are all items of plant, machinery, equipment, cranes, tools, furniture or chattels.

Level 3 valuation inputs

Cost (Depreciated) – This includes specialised buildings. These buildings were valued using the cost approach using professionally qualified Registered Valuers. Under this approach the cost to replace the asset is calculated and then adjusted to take account of an accumulated depreciation. The valuer disaggregated the building into different components and for each component determined a value based on the interrelationship between a range of factors. These include asset condition, legal and commercial obsolescence and the determination of key depreciation related assumptions such as residual value and pattern of consumption of the future economic benefit.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 37. Fair Value Measurements (continued)

\$

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

Road, Equipment and Civil Assets

All road, equipment and civil assets were valued using the cost approach.

The approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres or similar capacity could be supported from market evidence (level 2) other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

Landfill

Landfill comprises both the cells and capping and is classified as a land improvement which is recorded separate to the land. The underlying land is valued independently of the land improvements. The valuation has been determined using the cost approach. This included disaggregating the overall land improvements into a range of different components based on each component providing a different purpose and as a result exhibiting a different useful life. Day to day operating costs (such as minor maintenance and monitoring) has been excluded from the valuation. To provide consistency, any associated day to day revenues have also been excluded from the valuation.

Observable inputs to the valuation included the dimensions and design of the assets, the average unit rate for similar construction based on recent projects undertaken by the entity and the amount of remaining volume in each cell. Unobservable inputs included estimates of the estimated remaining life of the site. This has been based on council's statutory requirement to continue monitoring the site post complete consumption of the landfill. All calculations assume a zero residual value and a constant pattern of consumption. The approach applied for each component was -

- Cost to prepare site - based on current costs and depreciate to nil over remaining life of site. These costs were negligible and therefore have not been included as a separate component
- Cost to prepare each cell - based on current cost and depreciated to nil as cell is filled.
- Cost to prepare leachate and overflow ponds - based on current cost and depreciated to nil over period till statutory monitoring is no longer required

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 37. Fair Value Measurements (continued)

\$

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

Council established a rehabilitation provision for estimated future capping expenditure that is discounted to its present value, with the unwinding of the discount being charged to the statement of comprehensive income within the amortisation charge. The discounted present value of the future capping expenditure is capitalised as part of the Landfill asset (2014-2015: \$ 9,264,558) and is amortised on a straight-line basis.

At each reporting date the restoration and rehabilitation liability is re-measured to account for any new disturbance, updated cost estimates, inflation, changes to the estimated reserves and lives of operations, new regulatory requirements, environmental policies and revised discount rates. Changes to the restoration and rehabilitation liability are added to or deducted from the related rehabilitation asset and amortised accordingly.

OTHER INFRASTRUCTURE

Roads (Drainage, Bridges, Roundabouts, Medians and Islands, Streetlighting, Bus Shelters, Footpaths)

Assets revalued and reviewed by Management with data sourced from the ROMAN database, Intramaps, CadCorp and extensive field audits conducted by the Asset Management Team and the ARRB (Australian Road Research Board).

Car Parks

Assets revalued and reviewed by Management with data sourced from MyData, Roman and condition assessments undertaken by ARRB on sealed car parks.

A reasonably flat rate asset condition distribution has been applied with an average RUL (Remaining Useful Life) of 60% of Design Life being applied across the portfolio.

Recreation (Parks)

Recreation (Parks) assets was revalued and reviewed by Management through its myData register 30/06/2015. MyData is based on asset lifecycle costing with automated valuations complying with Australian Accounting Standards.

Valuation is based on a combination of age and condition of the asset. Certain valuations were made on the basis of open market values of similar assets adjusted for condition and comparability (Level 2 inputs in the fair value hierarchy) and certain valuations were made having regard for current replacement cost and residual values (cost based approach, which are Level 3 inputs in the fair value hierarchy). Given the significance of the Level 3 inputs into the overall fair value measurement, the assets are deemed to have been valued using Level 3 inputs. These Level 3 inputs are based on the assumptions with regard to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

City of Greater Geraldton

Notes to the Financial Statements
for the year ended 30 June 2015

Note 37. Fair Value Measurements (continued)

\$

(4). Fair value measurements using significant unobservable inputs (Level 3) (continued)

a. The following tables present the changes in Level 3 Fair Value Asset Classes.

	Land	Buildings	Furniture & Equipment	Roads	Total
Adoption of AASB 13	3,456,000	96,965,353	1,506,600	567,776,619	669,704,572
Closing Balance - 30/6/15	<u>3,456,000</u>	<u>96,965,353</u>	<u>1,506,600</u>	<u>567,776,619</u>	<u>669,704,572</u>

	Recreation	Car Parks	Meru Landfill	Airport	Total
Adoption of AASB 13	30,552,746	11,044,634	13,719,797	26,834,300	82,151,477
Closing Balance - 30/6/15	<u>30,552,746</u>	<u>11,044,634</u>	<u>13,719,797</u>	<u>26,834,300</u>	<u>82,151,477</u>

(5). Highest and best use

All of Council's non financial assets are considered to being utilised for their highest and best use.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

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

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

Note 39. Investment Properties

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

Note 40. Intangible Assets

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

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

Note 41. Prior Year Corrections

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

Balances relating to the 2014 comparative year have been amended due to the correction of prior period errors. These errors have been adjusted and shown below and, consistent with AASB 101, the comparative figures included for the 2013-14 financial years, as provided in these general statements, present the adjusted financial position for the earliest comparative period.

During the 2014 financial year funding was provided under a Royalties for Region - Financial Assistance Agreement between the Department of Regional Development and the City of Greater Geraldton. The full amount of the Funding provided under this Agreement is required to be invested by the City of Greater Geraldton with the Western Australian Treasury Corporation (WATC) until expended as per agreed and approved budget. Council has made a prior year adjustment to reflect the funding deposited with WATC during the 2013-2014 Financial year for the Beresford Foreshore Coastal Protection and Enhancement Project (\$ 5,875,500) and Building Better Regional Cities Project (\$ 4,962,300).

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2015

Note 41. Prior Period Corrections (continued)

\$	Original Balance	Amount of Adjustment	Adjusted Balance
The following demonstrates all statements and notes effected by this period correction:			
Effect of the above:			
Statement of Financial Position as at 30 June 2014			
Cash and Cash Equivalents	17,981,013	10,819,800	28,800,813
Trade and Other Payables	(3,616,999)	(10,819,800)	(14,436,799)
Statement of Cash Flows as at 30 June 2014			
Total Cash, Cash Equivalents & Investments	18,314,408	10,819,800	29,134,208
Note 2 (d) - Conditions over Grants, Subsidies and Contributions			
Closing Balance 30 June 2014	13,426,628	10,819,800	24,246,428
Note 3 - Cash and Cash Equivalents			
Cash - Restricted	16,256,003	(10,819,800)	27,075,803
Note 9 - Trade and Other Payables			
Unexpended Non-Operating Grants	-	10,819,800	(10,819,800)
Note 14 - Notes to the Statement of Cash flows			
Cash and Cash Equivalents	17,981,013	10,819,800	28,800,813
Note 19 - Total Assets Classified by Function and Activity			
	648,364,203	10,819,800	659,184,003
Note 36 - Financial Risk Management			
<u>Financial Assets</u>			
Cash and Cash Equivalents (Carrying Value)	17,981,013	10,819,800	28,800,813
Cash and Cash Equivalents (Fair Value)	17,981,013	10,819,800	28,800,813
<u>Financial Liabilities</u>			
Payables (Current and Non-Current Carrying Value)	(3,616,999)	(10,819,800)	(14,436,799)
Payables (Current and Non-Current Fair Value)	(3,616,999)	(10,819,800)	(14,436,799)
<u>Impact of a 10% movement in interest rates on cash and investments</u>			
Equity	33,340	258,002	291,342
Statement of Comprehensive Income	33,340	258,002	291,342
<u>Payables and Borrowings</u>			
Payables Due within 1 year	(3,616,999)	(10,819,800)	(14,436,799)
Total contractual values	(3,616,999)	(10,819,800)	(14,436,799)
Carrying values	(3,616,999)	(10,819,800)	(14,436,799)

City of Greater Geraldton

Notes to the Financial Statements for the year ended 30 June 2015

Note 42. Discontinued Operations

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

Note 43. Events occurring after the Reporting Period

Events that occur between the end of the reporting period (ending 30 June 2015) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is 17/09/15.

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

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

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2015.

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

These financial statements (& figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2015 and which are only indicative of conditions that arose after 30 June 2015.

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

City of Greater Geraldton

Notes to the Financial Statements for the year ended 30 June 2015

Note 44. Council Information & Contact Details

Principal Place of Business:

63 Cathedral Avenue
Geraldton WA 6530

Contact Details

Mailing Address:

63 Cathedral Avenue
Geraldton WA 6530

Opening Hours:

Monday - Friday
8.30am to 5.00pm

Telephone: 08 9956 6600

Facsimile: 08 9956 6674

Internet: www.cgg.wa.gov.au

Email: council@cgg.wa.gov.au

Officers

CHIEF EXECUTIVE OFFICER

Ken Diehm

Elected Members

MAYOR

Ian Carpenter

AUDITORS

AMD Chartered Accountants
Unit 1, 28 Wellington Street
Bunbury WA 6230

COUNCILLORS

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

Other Information

ABN: 55 907 677 173



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INDEPENDENT AUDITOR'S REPORT TO THE ELECTORS OF THE CITY OF GREATER GERALDTON

Report on the Financial Report

We have audited the accompanying financial report of the City of Greater Geraldton, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity, the rate setting statement, and the statement of cash flows for the year ended 30 June 2015, a summary of significant accounting policies and other explanatory notes, and the Chief Executive Officer's statement.

Management's responsibility for the financial report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), and for such internal control as Management determines necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks and material misstatements of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Opinion

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

- i. gives a true and fair view of the City of Greater Geraldton's financial position as at 30 June 2015 and of its performance for the financial year ended 30 June 2015;
- ii. complies with Australian Accounting Standards; and
- iii. is prepared in accordance with the requirements of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

Statutory Compliance

In accordance with the Local Government (Audit) Regulations 1996, we also report that:

- i. There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the City.
- ii. There are no significant matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law noted during the course of our audit.
- iii. The asset consumption ratio and the asset renewal funding ratio included in the annual financial report are supported by verifiable information and reasonable assumptions.
- iv. All necessary information and explanations were obtained by us.
- v. All audit procedures were satisfactorily completed during our audit.

AMD Chartered Accountants



MARIA CAVALLO

Partner

Bunbury, Western Australia

Dated this 18th day of September 2015