



City of
Greater Geraldton
a vibrant future



2015 2016 Annual Report



Welcome

Located 424 kilometres north of Perth with a thriving population of over 40,000 - Greater Geraldton has been named one of Australia's regional capitals. The City and the Mid West Region are recognised as having the most diversified economy in the State through industries including mining, fishing, aquaculture, agriculture, manufacturing, construction, retail and tourism

As one of Western Australia's top places to live, work, study or invest, Geraldton is the capital of the Mid West region.

With the best of coastal and rural living, and the stunning weather all-year round, Greater Geraldton makes a truly perfect place to visit and to make home.

Geraldton's coastline is a huge tourist attraction and has a beautiful Foreshore to match. Other attractions include the iconic lighthouse, the HMAS Sydney Memorial and the Houtman Abrolhos Islands which are located 80km off the coast of Geraldton.

Greater Geraldton also incorporates the town of Mullewa, which lies 98 kms north east of the City, and the Greenough settlement located 24kms south of Geraldton.

World renowned as an extensive host of water sports, Geraldton lends itself to some of the most spectacular kite surfing, windsurfing, fishing and diving conditions.





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Geraldton Beaches



Mayor's Foreword

Dear Ratepayer

In October 2015 I was elected to the position of Mayor of the City of Greater Geraldton and would firstly like to thank our former Mayor Mr Ian Carpenter for his many years of dedicated service to our City.



The 2015/16 financial year was a difficult year with our operating result showing a real accounting deficit of \$9.1M and a current ratio (liquidity) that while it has improved, is still below the desired benchmark. This result is a consequence of previous poor long term financial planning and past financial decisions. This comes on the back of historically high rate rises and an unsustainable growing level of service provision and administration costs. City ratepayers called for change during the last election and we will in 2016/17 deliver a change for the better in the way we operate our City.

The election in October 2015 saw for the second election in a row, a range of new Councillors elected who have immediately worked hard alongside our CEO Mr Ken Diehm to radically transform our Long Term Financial Plan and the annual cost structure by which the City operates. This has resulted in significant annual operational expenditure savings now approaching \$5.9M, which as a result necessitated a reduction in staff numbers of 20% but on the positive side sees our budgeted deficit for the 2016/17 year reducing to \$2.2M from the \$9.1M deficit reported here.

As a result of the decisions made by Council, we can now see our City being on track to achieve financial sustainability in 5 years whereas before this there was no clear plan towards financial sustainability.

Coming on the back of a record spend in the 2015/16 financial year we will continue this work and set a new record in 2016/17 with an expected spend of more than \$138M of which \$78M is budgeted to be spent on vital City infrastructure, again all the while making significant cost reductions a priority for ratepayers in order to keep rate rises low.

On behalf of all City of Greater Geraldton Councillors and myself, I look forward to hearing from our community as to how we can continually change for the better the way we serve you now and in to the future and create a vibrant regional City we are all proud to call home.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Shane Van Styn'.

Shane Van Styn
Mayor City of Greater Geraldton



CEO'S Message

The 2015/16 financial year has been a significant year for the City with continuing financial pressures and community expectations requiring the Council to further consider its range of levels and services. This review referenced the extensive community engagement undertaken by the City over the last few years and critically examined the community's expectations and their willingness and capacity to pay.



The outcomes of this review was a minor reduction in service levels and a 20% overall drop in the recorded staff establishment immediately post amalgamation of the local governments of Mullewa, Geraldton and Greenough - which formed the City of Greater Geraldton.

The City's ability to dramatically reduce staffing levels, whilst maintaining appropriate levels of service, has been largely due to the efforts of the staff who have embraced a cultural shift and have developed a passion for improving the organisations productivity, efficiency and effectiveness. My sincere appreciation goes to all staff for their continued efforts in this regard.

The City of Greater Geraldton's physical landscape has continued its positive change with some iconic and transformational projects being completed during the 2015/16 financial year.

The \$9.2M Geraldton Multipurpose Centre and Youth Precinct development on our Foreshore was completed during the year and compliments the recent refurbishment of the Visitor Centre, providing an outstanding venue for the youth and wider community of Geraldton to enjoy.

The Karloo - Wandina project was also completed at a cost of \$19.2M and provides alternate transport routes to ease congestion and improve traffic flow, while opening up significant residential and commercial land for development.

The future for Geraldton and its surrounds is exciting with substantial work being undertaken during the year to develop the Growing Greater Geraldton Growth Plan. The plan is due to be completed in November 2016 and will establish the strategic direction for our City's future economic growth and prosperity.

I would like to recognise the significant contribution of our former Mayor Ian Carpenter and extend my thanks to the new Mayor, Shane Van Styn, and Councillors for their continued support. I would also like to express my genuine appreciation of all staff of the City for their dedication and support during the last 12 months.

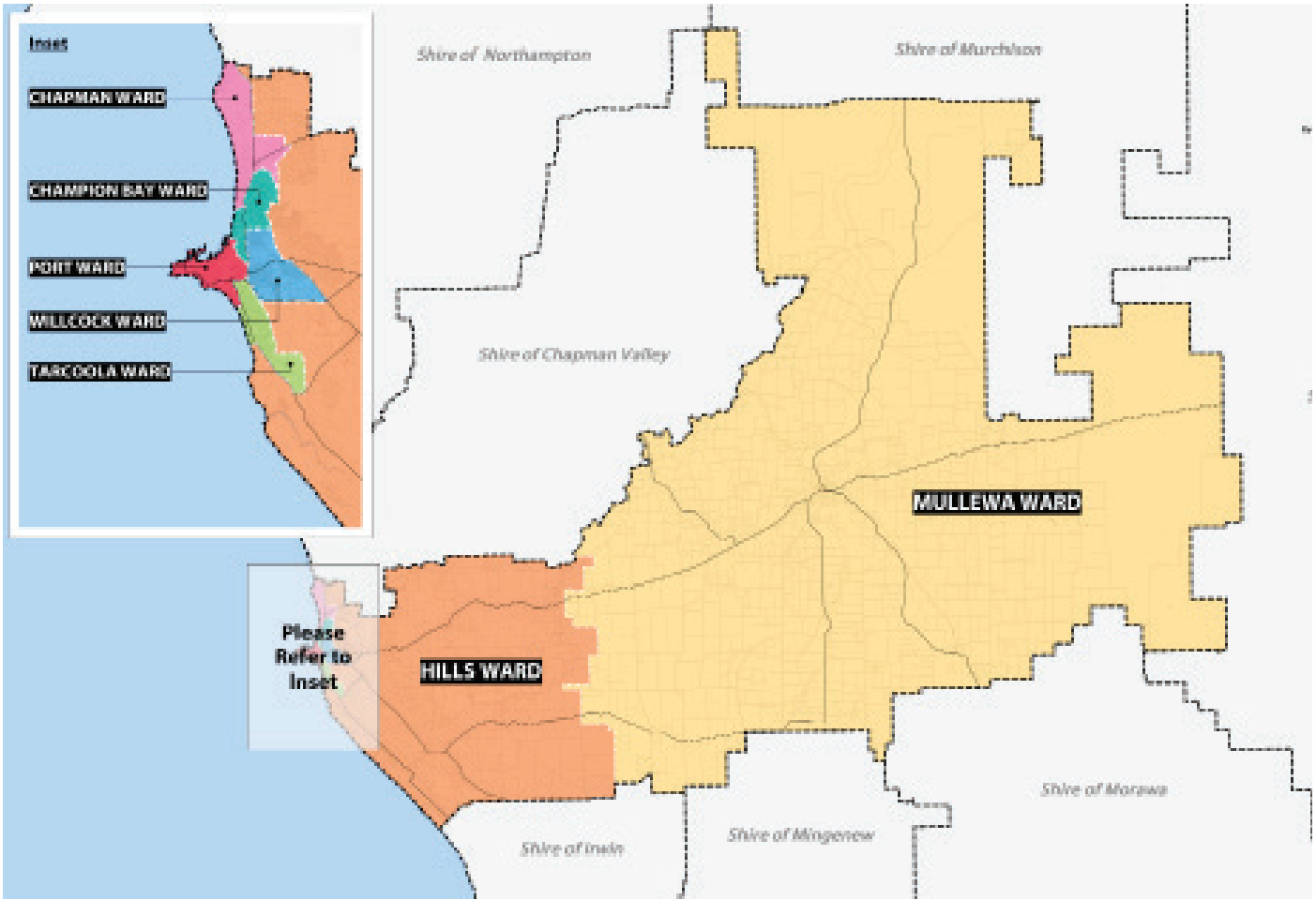
Yours sincerely

A handwritten signature in black ink, appearing to read 'Ken Diehm'.

Ken Diehm
Chief Executive Officer



Wards and Councillors



| | | |
|--|---|--|
| <p>Chapman Ward</p> <ul style="list-style-type: none"> Beresford (part) Bluff Point Drummond Cove Glenfield Spalding (part) Sunset Beach Waggrakine (part) | <p>Champion Bay Ward</p> <ul style="list-style-type: none"> Beresford (part) Spalding (part) Wonthella (part) Geraldton (part) Webborton (part) | <p>Tarcoola Ward</p> <ul style="list-style-type: none"> Karoo (part) Mahomets Flats (part) Mount Tarcoola (part) Rangeway (part) Rudds Gully (part) Tarcoola Beach Wandina |
| <p>Port Ward</p> <ul style="list-style-type: none"> Beachlands Geraldton (part) Mahomets Flats (part) Mount Tarcoola (part) West End | <p>Hills Ward</p> <ul style="list-style-type: none"> Bootenal Burma Road Deepdale Ellendale Eradu South Greenough Kojarena Minnenooka Moresby Narngulu (part) Rudds Gully (part) South Greenough Tibradden Waggrakine (part) Wicherina Wonthella (part) Bringo Cape Burney East Chapman Eradu Georgina Karoo (part) Meru Moonyoonooka Mount Hill Northern Gully Sandsprings Strathalbyn Utakarra (part) Walkaway Wicherina South Woorree | |
| <p>Willcock Ward</p> <ul style="list-style-type: none"> Karoo (part) Narngulu (part) Rangeway (part) Utakarra (part) Wonthella (part) | <p>Mullewa Ward</p> <ul style="list-style-type: none"> Ambania Devils Creek Mullewa Nunierra Pindar Tenindewa Tardun West Casuarinas Wongoondy | |



City of Greater Geraldton Council (from left to right):

| | | |
|-----------------------------|-------------------|---------------------------|
| Cr David Caudwell | Chapman Ward | Term Expires October 2017 |
| Cr Graeme Bylund | Champion Bay Ward | Term Expires October 2019 |
| Cr Natasha Colliver | Tarcoola Ward | Term Expires October 2017 |
| Cr Jennifer Critch | Mullewa Ward | Term Expires October 2017 |
| Cr Steve Douglas | Champion Bay Ward | Term Expires October 2017 |
| Cr Lewis Freer | Chapman Ward | Term Expires October 2019 |
| Cr Robert Hall | Port Ward | Term Expires October 2019 |
| Mayor Shane Van Styn | | Term Expires October 2019 |
| Deputy Mayor Neil McIlwaine | Tarcoola Ward | Term Expires October 2019 |
| Cr Tarleah Thomas | Mullewa Ward | Term Expires October 2019 |
| Cr Laurie Graham | Hills Ward | Term Expires October 2017 |
| Cr Michael Reymond | Hills Ward | Term Expires October 2019 |
| Cr Simon Keemink | Willcock Ward | Term Expires October 2017 |
| Cr Victor Tanti | Port Ward | Term Expires October 2017 |
| Cr Renee Ellis | Willcock Ward | Term Expires October 2019 |



Councillor Meeting Attendance

| Councillor | Appointed | Term Expires | Ward | Council Meetings Attended * | Agenda Forums Attended ** | Concept Forums Attended *** | Special Concept Forums *** | Special Council Meetings Attended * | Electors Meeting * |
|--|-----------|--------------|--------------|-----------------------------|---------------------------|-----------------------------|----------------------------|-------------------------------------|--------------------|
| Mayor I Carpenter | 2011 | 2015 | N/A | 3 | 1 | 4 | 2 | 1 | N/A |
| Mayor S Van Styn | 2015 | 2019 | N/A | 9 | 7 | 6 | N/A | 2 | 1 |
| Cr N McIlwaine (<i>Deputy Mayor</i>) | 2015 | 2019 | Tarcoola | 11 | 10 | 10 | 2 | 3 | 1 |
| Cr D Brick | 2011 | 2015 | Chapman | 3 | 2 | 3 | 1 | 1 | N/A |
| Cr G Bylund | 2015 | 2019 | Champion Bay | 8 | 8 | 6 | N/A | 2 | 1 |
| Cr D J Caudwell | 2013 | 2017 | Chapman | 11 | 10 | 10 | 0 | 3 | 1 |
| Cr J Clune | 2011 | 2015 | Hills | 3 | 3 | 4 | 1 | 1 | N/A |
| Cr N Colliver | 2016 | 2017 | Tarcoola | 6 | 6 | 7 | N/A | 2 | 0 |
| Cr J Critch | 2013 | 2017 | Mullewa | 12 | 10 | 10 | 2 | 3 | 1 |
| Cr R deTrafford | 2012 | 2015 | Willcock | 3 | 3 | 3 | 2 | 1 | N/A |
| Cr S Douglas | 2013 | 2017 | Champion Bay | 10 | 9 | 9 | 2 | 3 | 1 |
| Cr R Ellis | 2015 | 2019 | Willcock | 6 | 6 | 4 | N/A | 2 | 1 |
| Cr P Fiorenza | 2011 | 2015 | Champion Bay | 3 | 1 | 4 | 1 | 1 | N/A |
| Cr L Freer | 2015 | 2019 | Chapman | 8 | 8 | 6 | N/A | 2 | 1 |
| Cr L Graham | 2013 | 2017 | Hills | 12 | 12 | 9 | 2 | 3 | 1 |
| Cr R D Hall | 2011 | 2019 | Port | 11 | 9 | 8 | 2 | 3 | 1 |
| Cr S Keemink | 2013 | 2017 | Willcock | 7 | 9 | 10 | 2 | 3 | 0 |
| Cr M Reymond | 2015 | 2019 | Hills | 9 | 8 | 7 | N/A | 2 | 1 |
| Cr V Tanti | 2013 | 2017 | Port | 12 | 10 | 11 | 2 | 3 | 1 |
| Cr T Thomas | 2011 | 2019 | Mullewa | 12 | 10 | 10 | 2 | 3 | 1 |
| Cr S Van Styn | 2013 | 2017 | Tarcoola | 3 | 3 | 2 | 2 | 1 | N/A |

Between 1 July 2015 and 30 June 2016 the City held the following meetings:

* 12 Council Meetings, 3 Special Meetings and 1 Electors Meeting

** 12 Agenda Forums

*** 11 Concept Forums and 2 Special Concept Forum



Council Statistics

| | | | |
|--------------------------------|-------------|-------------------------|----------|
| Distance from Perth | 424 km | Length of Sealed Road | 832 km |
| Land Area | 9,889 sq km | Length of Unsealed Road | 1,280 km |
| Suburbs / Localities | 66 | Estimated Population | 42,000 |
| Electors | 24,106 | Schools | |
| Properties | 20,199 | <i>Primary</i> | 18 |
| Employees | 290 | <i>Secondary</i> | 6 |
| Building Permits Processed | 764 | <i>Higher Education</i> | 2 |
| Planning Applications Received | 374 | | |

City Values



SERVICE
TRUST
ACCOUNTABILITY
RESPECT
SOLIDARITY

City Vision

A creative city-region which has a prosperous, diverse and sustainable community within an attractive Western Australian setting.

City Mission

A leading organisation that works in partnership with the community, industry and government to plan and provide quality services and infrastructure in a sustainable environment.



Organisational Structure

Mayor & Councillors



Chief Executive Officer
Ken Diehm

Department of Corporate & Commercial Services

Corporate Services
Human Resources
Geraldton Airport



Economic Development & Marketing
ICT Services
Treasury & Finance

Bob Davis, Director

Department of Development & Community Services

Community & Cultural Development
Libraries & Heritage Services



Land & Regulatory Services
Urban & Regional Development

Phil Melling, Director

Department of Infrastructure Services

Engineering Services
Project Design & Delivery
Maintenance Operations

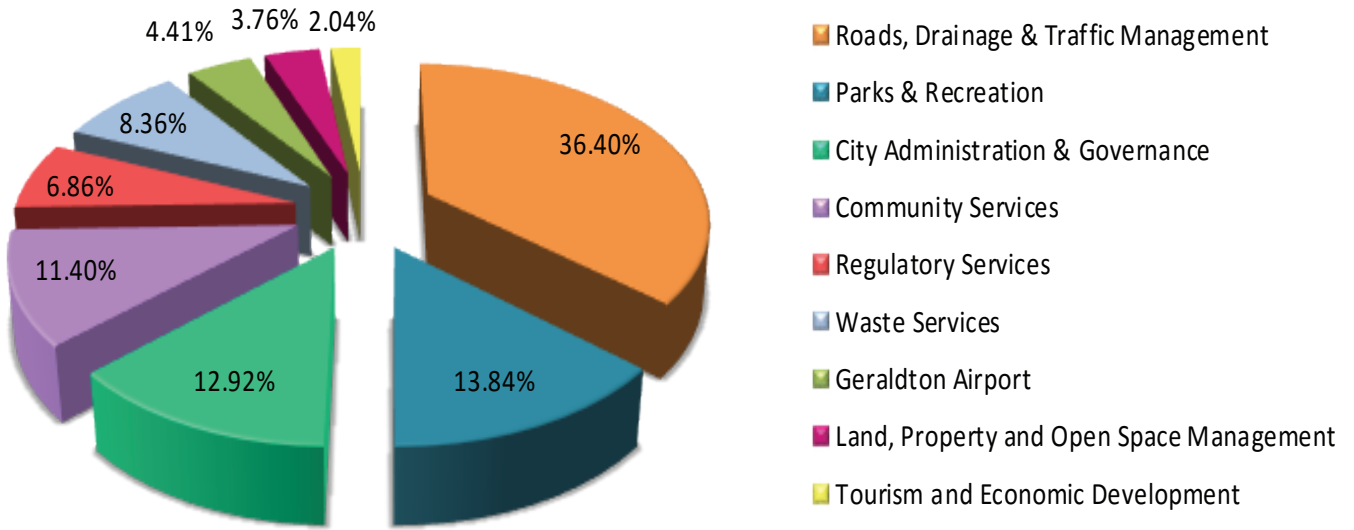


Sport & Leisure
Fleet Services
Asset Management

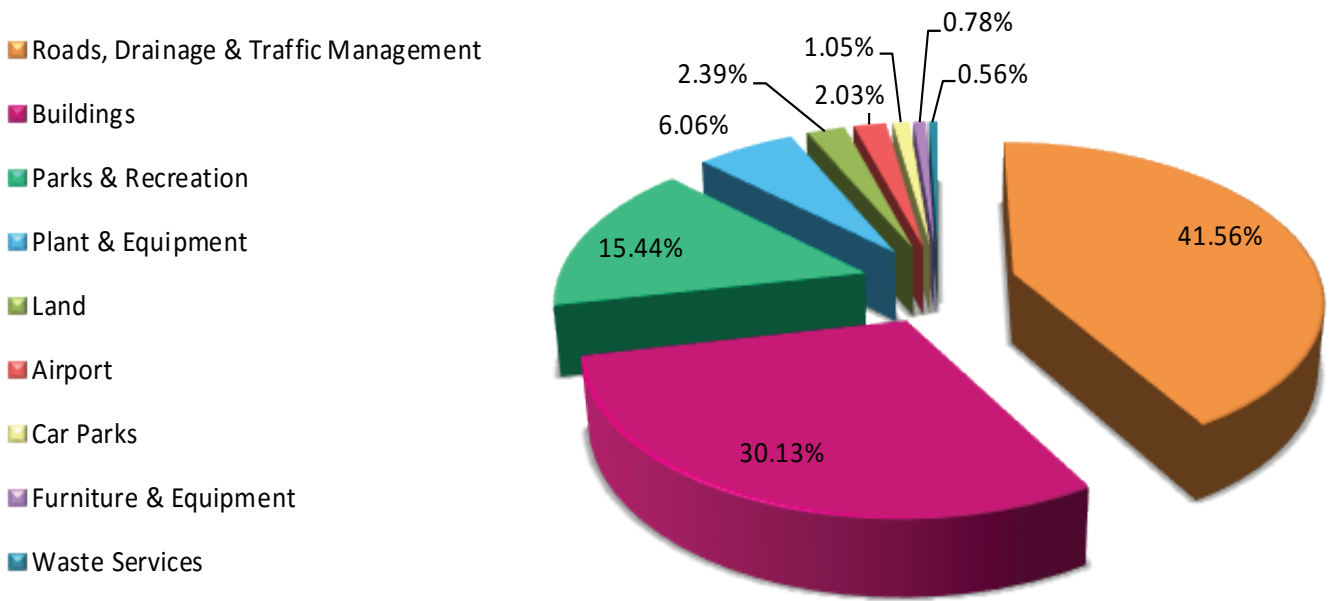
Ross McKim, Director



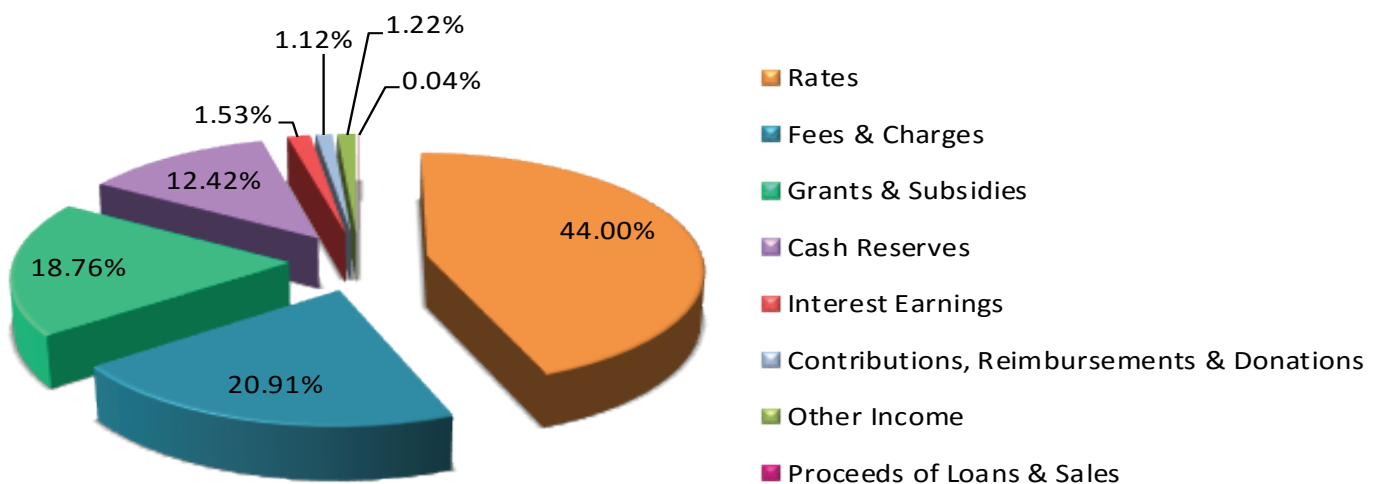
Operating Expenditure



Capital Works Expenditure



Revenue





Strategic Community Plan and Corporate Business Plan

In 2011, the Department of Local Government introduced the Integrated Planning and Reporting Framework to encourage a movement towards best practice strategic planning and reporting standards across the Western Australian local government industry.

Following amendments to the Local Government Act, local governments needed to develop and implement integrated strategic long term plans. The City of Greater Geraldton Strategic Community Plan, in compliance with s5.56 of the Local Government Act, was adopted by Council in June 2013. The Strategic Community Plan was developed drawing upon extensive community consultation which was undertaken as part of the 2029 and Beyond project along with input from various state, regional and local plans relevant to the City of Greater Geraldton, to ensure a clear path leading to improved services and outcomes for the Greater Geraldton region.

The Strategic Community Plan supports the development of improved services and outcomes for the people of Greater Geraldton and will continue to evolve with the ever changing climate of our region to support the needs of our community.

The Strategic Community Plan must be reviewed every four years, but can also be reviewed at a strategic level every two years. While the City was due to conduct a major review of the Strategic Community Plan in 2015/16, the Department agreed on an extension in order to align the City's Strategic Community Plan with the Regional Growth Plan that is currently under development and expected to be completed in October 2016. As a result the major review will be undertaken in 2016/17.

The Corporate Business Plan is a four year plan, and contains the same objectives and strategies as the Strategic Community Plan, but with the addition of specific operating activities and capital works sub-programs that are to be delivered. The Corporate Business Plan must also be reviewed every four years, and can be reviewed at a strategic level every two years. It is also reviewed annually, and as the first year achievements are rolled off, a new fourth years is added on. Due to the extension of the Strategic Community Plan, the Corporate Business Plan will undergo a major review in 2016/17.

The City has five key principles which it uses to drive planning and decision making processes:

- **Culture**
- **Environment**
- **Social**
- **Economy**
- **Governance**



CULTURE

Vibrant arts, culture and events

| 1.1 Our Heritage | |
|---|--|
| Action | Result |
| Planning of purpose built archival storage | After evaluation of costs / benefits of the options of building our own versus outsourcing to a private standards-compliant records and archiving facility, the outsourcing option was chosen. An agreement has been reached with Market Creations and Geraldton Data Centre to utilise their archival facility. |
| QPT air conditioning replacement and upgrades | <p>Replacement and upgrade works at the Queens Park Theatre saw the replacement of the HVAC system and the asbestos roof.</p> <p>In addition to the HVAC system, a significant amount of work was completed in enhancing fire safety with a new occupancy warning system fitted, servicing and testing of exit doors, a new fire indication panel installed and the review and upgrade of the smoke detection layout throughout the QPT.</p> <p>The asbestos roof was removed and replaced with a metal roof and included new gutters, installation of walkways and roof harness points for enhanced roof top safety.</p> <p>Internal upgrades also undertaken included the refurbishment of ablutions, dressing room areas, office amenities and replacement of the carpets in the auditorium and mezzanine levels.</p> |

| 1.2 Multiculturalism | |
|--|--|
| Action | Result |
| Partnering with the Multicultural Association to deliver multicultural events and activities | With City representation on the Mid West Multicultural Association Events Committee, the City continues to offer support and advise on project implementation. |





1.3 The Arts

| Action | Result |
|--|---|
| Implement Strategic Program of art exhibitions | <p>Art Classes were ongoing at the Queen Elizabeth II Seniors Resource Centre with the number of participants increasing steadily requiring the class to be moved to a larger space to accommodate this increased participation.</p> <p>The City has also supported the Geraldton Regional Art Gallery and the Arts and Cultural Development Council in their delivery of a number of exhibitions.</p> |
| Provide arts and cultural events and programs | <p>Arts and cultural events and programs delivered throughout 2015/16 include:</p> <ul style="list-style-type: none"> • School holiday programs • Table tennis art project at the Youth Precinct • Festivals on the Foreshore • Christmas on the Terrace • Mayor's Mystery Bus Tour • International Day of People with Disability • Queens Park Theatre Annual Program |



QEII Seniors Art Class

1.4 Education

| Action | Result |
|---------------------------------------|---|
| Develop annual Regional Activity Plan | Mid West Region Activity Plan for 2016/17 was prepared, approved and signed by 17 Local Government Authority's. |



ENVIRONMENT

A sustainable built form and natural environment

| 2.1 Revegetation - Rehabilitation - Preservation | |
|--|---|
| Action | Result |
| St Georges Beach Foreshore Stabilisation | Due to the commencement of the coastal processes public consultation program, the project was delayed and will now be completed in 2016/17. |
| Beresford Foreshore Upgrade | The commencement of the Beresford Foreshore Upgrade had been on hold as the State Government considered the City's Business Case for funding of the project. With funding having now been secured, works will commence in 2016/17 to provide coastal protection components to mitigate current erosion of the foreshore and to return recreational and eco-service amenity to the area. |
| Olive St POS Development | Design options for the development of the Olive St POS have been completed. Development works will commence in 2016/17 to remediate it's existing contaminated site and develop the area into a usable and community focused public open space. |

| 2.2 Reduce - Reuse - Recycle | |
|--|---|
| Action | Result |
| Environmental Planning Projects | <p>Throughout 2015/16, there have been ongoing Green Army projects at Chapman River Wildlife Corridor and Coastal areas to address the following:</p> <ul style="list-style-type: none"> • Uncontrolled access and undefined trails • Low understanding of Ecological and Historical value • Biodiversity loss <p>The Southpipe Ocean Outfall Dune Rehabilitation was completed during the financial year.</p> |
| Organics Recycling Infrastructure Design | Phase 1 of the Organics Bin Audit was completed in November 2015, with commencement of Phase 2 in April 2016. |

| 2.3 Sustainability | |
|-------------------------|--|
| Action | Result |
| Karoo - Wandina Project | 2015/16 saw the completion of the road infrastructure network component of the Karloo - Wandina Project via the construction of the Abraham Street Bridge and the North - South Karloo Connection. |



Abraham Street Bridge



SOCIAL

A strong healthy community, which is equitable, connected and cohesive

3.1 Recreation and Sport

| Action | Result |
|---------------------------------|--|
| West End Revitalisation Project | The construction of a Multi User Facility and redevelopment of the Merry-Go-Round area into a youth space / precinct has marked the completion of the West End Revitalisation Project. |
| Wonthella Oval Lighting | 500 Lux floodlighting system has been installed at the Wonthella Oval along with upgrades and refurbishment of the grandstand, carpark lighting and carpark re-surfacing. |



3.2 Youth

| Action | Result |
|---|--|
| Provide youth development and engagement programs | <p>School holiday programs were delivered in Geraldton and Mullewa which included activities such as Circus Fun which showcased and involved participants in juggling, diablo, acrobatics and trapeze.</p> <p>The Midnight Basketball Tournaments throughout the year were well attended by both participants and volunteers</p> |
| Provide community development programs to support the Mullewa community including youth, sporting associations and community groups | A range of youth services were delivered through the Mullewa Youth Centre including health, art and personal development activities for youth. |



3.3 Family and Children

| Action | Result |
|---|---|
| Geraldton Regional Library Early Childhood Programs | Regular delivery of Rhymetime and Storytime sessions. 2016 Randolph Stow Young Writers Awards attracted 498 entries. |

3.4 Seniors

| Action | Result |
|------------------------------------|---|
| Develop a Positive Ageing Strategy | Through extensive community consultation, a draft strategy was finalised in 2015/16. The Positive Ageing Strategy will be completed and implemented in 2016/17. |

3.5 Community Health and Safety

| Action | Result |
|---|--|
| Design of the proposed Animal Management Facility and Community Resource Recovery Facility (CRRC) | The new CRRC project was put on hold in 2015/16 until the current Waste Strategy can be reviewed. Animal Management Facility construction has now been deferred to 2016/17. |
| New beach access ramp on the foreshore to meet the needs for the restricted mobility community | Beach access ramp at the Geraldton Foreshore has been installed along with the purchase of a beach access wheelchair for the restricted mobility community. |



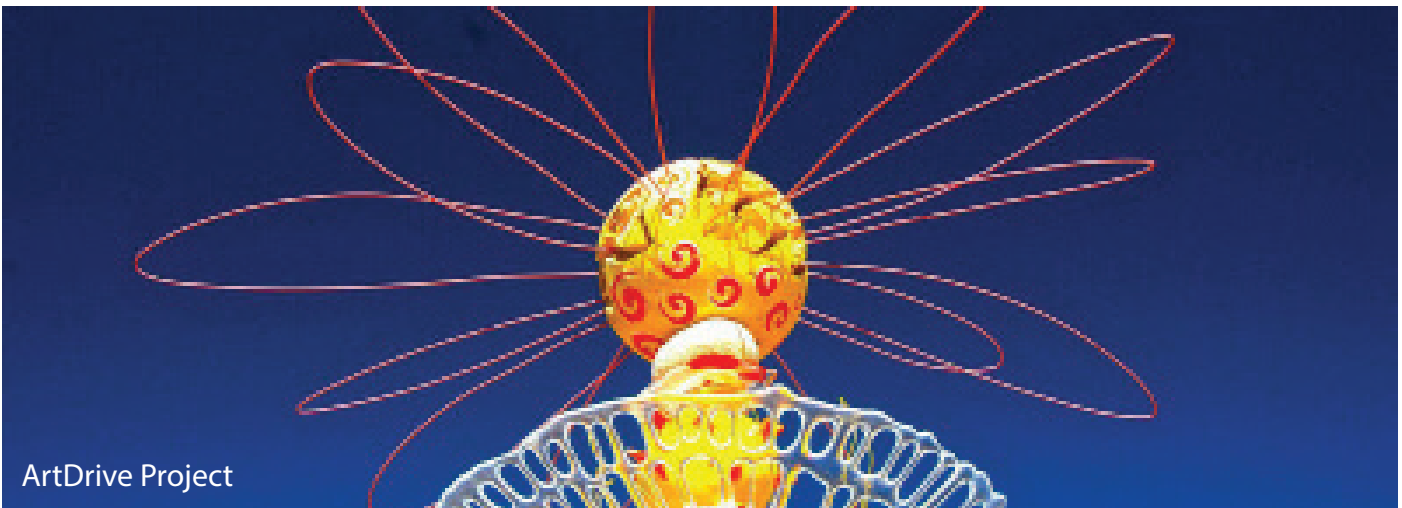
Beach Access Ramp and Beach Access Wheelchair



ECONOMY

A dynamic, diverse and sustainable economy

| 4.1 Lifestyle and Vibrancy | |
|---|---|
| Action | Result |
| Develop and implement Public Art Strategy and West End Public Art Master Plan | While implementation of the Public Art Strategy and West End Public Art Master Plan was delayed, the ArtDrive Project and the facilitation of the Youth Interactive Art Work Project both commenced towards the end of 2015/16. |
| Land Development Program | <p>Airport Technology Park final Western Power works requirements initiated to enable clearance satisfaction to receive titles.</p> <p>Boyd Street remediation and investigation reporting for contaminations site auditor continues.</p> <p>Eastward Road land exchange and settlement date have been extended into 2016/17.</p> |



ArtDrive Project

| 4.2 Transportation | |
|--|--|
| Action | Result |
| Upgrade mechanical services of Greenough Terminal | Five of six large evaporative coolers have been replaced with the outstanding cooler to be replaced in 2016/17. |
| Fire fighting / water supply aviation precinct upgrade | Major upgrade and construction to replace the potable and fire water mains along with minor clean up works to enable firefighting capabilities are maintained, and provide ongoing adequate water services for critical airport infrastructure |
| Runway 03/21 pavement overlay | This project has been extended into 2016/17 due to external funding factors. |

| 4.3 Employment | |
|--|--|
| Action | Result |
| Deliver the Mullewa Town Centre Revitalisation Project | Mullewa Youth Centre renovation is now complete with upgrades to the skate park and basketball court, installation of mini AFL goals, fencing, seating shelters, bbqs and landscaping to create an attractive and energetic youth precinct in Mullewa. |



GOVERNANCE

Inclusive civic and community engagement and leadership

| 5.1 Community Engagement | |
|----------------------------|--|
| Action | Result |
| Access and Inclusion Audit | <p>Foreshore Access and Inclusion Audit complete. Audits of other City Assets for universal access compliance is to be progressed.</p> <p>The City has demonstrated its commitment to this issue with the construction of the toilet block at the Foreshore Youth Precinct and the associated beach access ramp.</p> |

| 5.2 Planning and Policy | |
|--|---|
| Action | Result |
| Review Long Term Financial Plan | <p>Annual review of the Long Term Financial plan adopted by Council 27 June 2016.</p> <p>Major review will be conducted in 2016/17 aligned with the Community Strategic Plan.</p> |
| Review Corporate Business Plan | <p>Annual review of the Corporate Business Plan adopted by Council 27 June 2016.</p> <p>Major review will be conducted in 2016/17 aligned with the Community Strategic Plan.</p> |
| Review Strategic Community Plan | Extension was granted by the Department to October 2016 in order for the City to align our Strategic Community Plan with the Regional Growth Plan. |
| Alignment of Mullewa and Geraldton - Greenough rating structures | Via Budget adoption - alignment finalised takes effect from 1st July 2016. |
| Conduct Mayoral & Council Elections | Mayoral & Council Elections held in October 2015 with Tarcoola Ward Extraordinary Election held in January 2016. |

| 5.3 Advocacy and Partnership | |
|---------------------------------------|--|
| Action | Result |
| Continue participation in WARCA & RCA | <p>The City of Greater Geraldton continues to play a vital role as a member of Regional Capitals Australia (RCA) and Western Australia Regional Capitals Alliance (WARCA) - national and state alliances of local government councils working to build strong regional communities.</p> <p>From successfully shifting the national and state conversation to include regional cities in government's urban policy to securing the country's first City Deals for two regional cities, RCA and WARCA is ushering in a new era for regional Australia.</p> <p>Our membership of both RCA and WARCA ensures that regional capital cities receive the transport, education, employment and economic opportunities and technology services it needs to meet the demands of a growing population.</p> <p>As a member of RCA and WARCA, the City of Greater Geraldton is helping to map out a clear role for the creation of future regional development policy to build vibrant, connected and liveable communities.</p> |



2016/17 Projects

Culture

- Planning WWII Heritage Trail / Interpretive Signage
- Finalise the 2016-20 Reconciliation Action Plan and commence implementation
- 2017 Big Sky Readers & Writers Festival

Environment

- Beresford Foreshore Upgrade
- Olive Street POS Development
- St Georges Beach Foreshore Stabilisation

Social

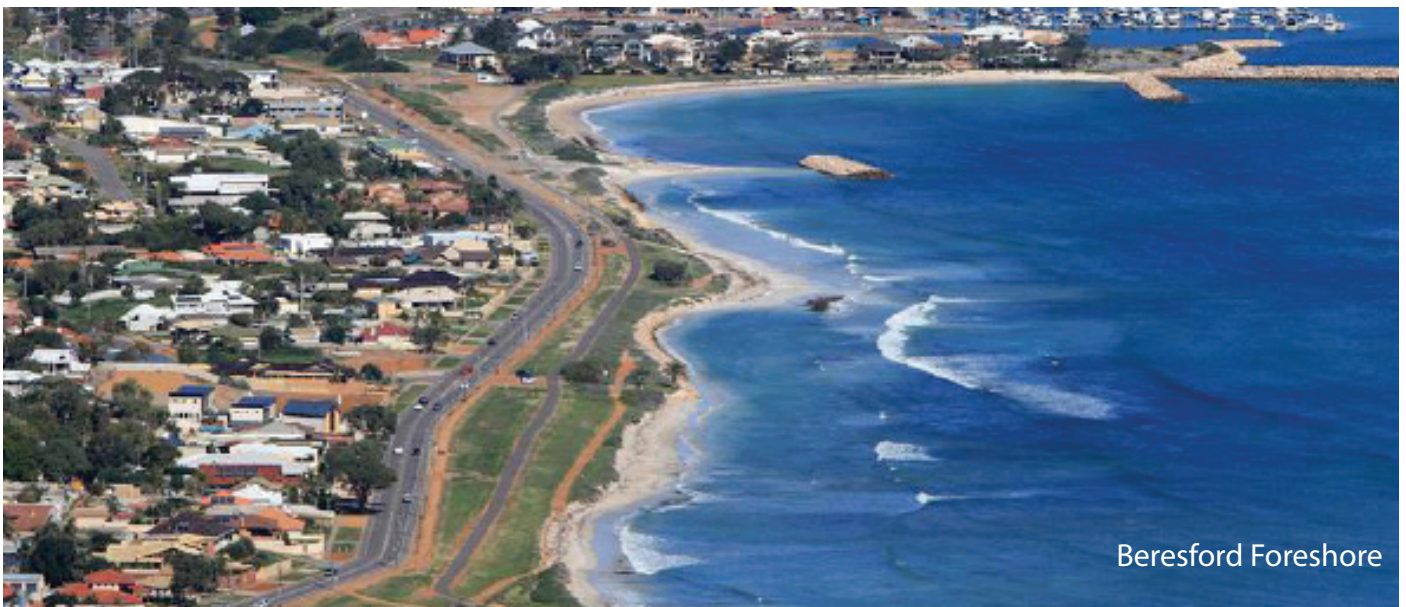
- Transition of Family Day Care Services to external provider
- Construction of the proposed Animal Management Facility
- Finalise the Positive Ageing Strategy
- QEII Access Upgrade

Economy

- Land Development Program
- Airport Runway Upgrade
- RPT apron and taxiway (maintain pavement integrity)
- Taxiway Bravo (maintain pavement integrity)
- Abraham / Horwood Street Roundabout
- Growing Greater Geraldton Growth Plan

Governance

- Review Strategic Community Plan
- Review Corporate Business Plan
- Review Long Term Financial Plan
- Bridge / Floodway Audit
- Access and Inclusion Audit





Statutory Reporting

Access and Inclusion

It is a requirement of the WA Disability Services Act 2004 (WA), that all local government authorities develop and implement a Disability Access and Inclusion Plan (DAIP). The Disability Services Commission (WA) advised all public authorities that an additional outcome requirement that states 'People with disability have the same opportunities as other people to obtain and maintain employment with a public authority' is required to be incorporated into the Disability Access and Inclusion Plan and submitted to the Commission by June 2016.

Summary of the major initiatives undertaken by the City of Greater Geraldton to enhance access and inclusion for 2015/16 include:

- Changing Places Adult Change Facility installed at the Geraldton Foreshore
- Beach Wheelchair Access Path installed at the Geraldton Foreshore
- Additional access parking spaces and access pathways throughout the Foreshore
- Foreshore Youth Precinct which was built with best practice universal design principles and includes play equipment specifically chosen for it's access features
- Renewal program of footpaths in Greater Geraldton
- Spalding Park Shared Pathway connecting the existing coastal and river path networks
- Amenities refurbishments with new accessible toilets implemented at Mullewa Youth Centre, Glendinning Park and Back Beach
- A number of new ACROD parking spaces have been created or renewed including new access parking spaces in the Foreshore area and Glendinning Park
- Program of Access audits on buildings identifying access improvement needs, capital work requirements and establishing costs in progress
- Francis Street Jetty and Boat Ramp has been designed and constructed to assist people with mobility issues, allowing easier access to boats by providing a floating platform deck to align with boat heights
- Range of art program initiatives for people with disability including City hosted or supported exhibitions and partnered projects with DADAA (Disability in the Arts, Disadvantaged in the Arts WA)
- The City supported a range of events including International Day for People with Disability in partnership with local service providers



Payment to Employees

Regulation 19B of the Local Government (Administration) Regulations 1996 requires the City to include the following information in its Annual Report:

- The number of employees of the City entitled to an annual salary of \$100,000 or more; and
- The number of those employees with an annual salary entitlement that falls within each band to the \$10,000 over \$100,000

The number of employees who at 30 June 2016 have a base annual salary of \$100,000 (cash component) is broken down into the following bands.

| Salary Band | | Number of Employees |
|--------------|---------|---------------------|
| \$ From | \$ To | |
| 100,000 | 109,999 | 4 |
| 110,000 | 119,999 | 6 |
| 120,000 | 129,999 | 3 |
| 130,000 | 139,999 | 3 |
| 140,000 | 149,999 | 1 |
| 150,000 | 159,999 | - |
| 160,000 | 169,999 | 3 |
| 170,000 | 179,999 | - |
| 180,000 | 189,999 | - |
| 190,000 | 199,999 | - |
| 200,000 | 209,999 | - |
| 210,000 | 219,999 | - |
| 220,000 | 229,999 | - |
| 230,000 | 239,999 | - |
| 240,000 | 249,999 | - |
| 250,000 | 259,999 | - |
| 260,000 | 269,999 | - |
| 270,000 | 279,999 | 1 |
| Total | | 21 |



Recordkeeping

The City's continued commitment to recordkeeping, in accordance with legislative requirements, facilitates a structured approach to recordkeeping through the use of a corporate system. In addition, the City's Recordkeeping Policy outlines the process for management and disposal of records in accordance with the State Records Act 2000.

The City's Recordkeeping Plan is reviewed and updated every five years and is due for review in March 2017.

The number of records captured into the City's corporate recordkeeping system during 2015/16 was 83,392. This included incoming and outgoing letters, emails, faxes, online forms and internal documentation. The number of new files created for this period was 833.

New employees were informed of their recordkeeping responsibilities as part of the City's Induction Program, with hands on training provided on TRIM and recordkeeping.

Freedom of Information

The City of Greater Geraldton complies with the Freedom of Information Act 1992 which has as its objectives, to:

- Enable the public to participate more effectively in governing the state; and
- Make the persons and bodies that are responsible for the State and Local Government more accountable to the public.

The Manager Governance & Risk is the City's Freedom of Information Coordinator. Any formal application for the information that is not already freely available at the City may be made through the Freedom of Information Coordinator.

During 2015/16 the City processed a total of 12 Freedom of Information applications, with an average of 29 days to complete each application. 12 applications were completed within the legislative timeframe of 45 days.

National Competition Policy

In 1995 the Council of Australian Governments entered into a number of agreements, collectively known as the National Competition Policy.

Local government is affected mainly where it operates significant business activities which compete, or could compete, with private sector businesses. Local government will also be affected where local laws unnecessarily affect competition.

The City is required to comply with certain policies contained within the National Competition Policy Statement and report on progress in connection with Competitive Neutrality Principles and review of Local Laws.



Competitive Neutrality

It is the City's responsibility to determine whether it is engaged in "significant business activities" within the context of its operations and therefore whether it is required to apply the competitive neutrality principles.

Local government is only required to implement the above principles to the extent that the benefits to be realised from implementation outweigh the costs in respect of individual business activities exceeding an annual income of \$500,000. Within these criteria the City identified the following business activities:

- Bright Stars Family Day Care Centre;
- Geraldton Airport;
- Geraldton Aquarena;
- Geraldton Visitors Centre;
- Meru Landfill; and
- Waste Operations.

No competitive advantage was identified in the City's operations of the above business activities. The City continues to monitor Council Policies and Local Laws for anti-competitive practices.

Complaints Register

The City of Greater Geraldton, in accordance with s5.120 of the Local Government Act 1995, does not have a designated Complaints Officer and the Chief Executive Officer fulfills this role in terms of subsection (2).

As required in accordance with s5.121 'Register of certain complaints of minor breaches' of the Act, the City maintains an electronic register that is managed by the Executive Office. The City reports no complaints as defined under s5.110 (6) (b) or (c) of the Act for the period ending 30 June 2016.



City of Greater Geraldton

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2016



City of Greater Geraldton

General Purpose Financial Statements for the year ended 30 June 2016

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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 16/09/16. Council has the power to amend and reissue the financial statements.
-

City of Greater Geraldton

General Purpose Financial Statements for the year ended 30 June 2016

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 2016 are in my opinion properly drawn up to present fairly the financial position of the City of Greater Geraldton at 30 June 2016 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 16th day of September 2016



Ken Diehm

CHIEF EXECUTIVE OFFICER

City of Greater Geraldton

Statement of Comprehensive Income (by Nature or Type)
for the year ended 30 June 2016

| \$ '000 | Notes | 2016 Actual | 2016 Budget | 2015 Actual |
|--|-------|---------------------|---------------------|---------------------|
| Revenue | | | | |
| Rates | 24(a) | 41,290,743 | 41,275,124 | 39,459,392 |
| Operating Grants, Subsidies & Contributions | 30 | 6,701,460 | 9,178,676 | 13,674,952 |
| Fees & Charges | 29 | 20,409,467 | 19,866,989 | 20,236,613 |
| Interest Earnings | 2(a) | 1,433,514 | 1,443,935 | 1,509,969 |
| Other Revenue | | 1,321,900 | 1,105,661 | 1,208,200 |
| | | <u>71,157,085</u> | <u>72,870,385</u> | <u>76,089,126</u> |
| Expenses | | | | |
| Employee Costs | 33 | (27,897,929) | (28,238,387) | (29,683,817) |
| Materials & Contracts | 2(e) | (22,903,740) | (22,060,140) | (19,596,208) |
| Utilities | | (3,053,752) | (3,295,420) | (3,163,157) |
| Depreciation & Amortisation | 2(a) | (22,567,669) | (22,023,657) | (18,218,207) |
| Interest Expenses | 2(a) | (1,042,382) | (1,109,443) | (860,737) |
| Insurance | | (778,377) | (880,735) | (858,882) |
| Other Expenditure | | (2,041,636) | (2,891,549) | (2,232,289) |
| | | <u>(80,285,485)</u> | <u>(80,499,331)</u> | <u>(74,613,299)</u> |
| Operating Result from Continuing Operations | | <u>(9,128,400)</u> | <u>(7,628,946)</u> | <u>1,475,827</u> |
| Non-Operating Grants, Subsidies & Contributions | 30 | 11,600,846 | 19,689,063 | 6,036,624 |
| Fair Value Adjustments to financial assets at fair value through profit and loss | 2(a) | 326,046 | 90,000 | (67,154) |
| Impairment of Assets | 8(b) | - | - | (3,198,741) |
| Profit on Asset Disposals | 21 | 2,757 | 218,026 | 274,464 |
| Loss on Asset Disposal | 21 | (215,455) | (234,511) | (169,398) |
| | | <u>11,714,194</u> | <u>19,762,578</u> | <u>2,875,796</u> |
| Net Result - Surplus (Deficit) | | <u>2,585,793</u> | <u>12,133,632</u> | <u>4,351,623</u> |
| Other Comprehensive Income | | | | |
| Changes on revaluation of non-current assets | 13 | 1,951,512 | 27,367,322 | 218,841,263 |
| Total Other Comprehensive Income | | <u>1,951,512</u> | <u>27,367,322</u> | <u>218,841,263</u> |
| Total Comprehensive Income | | <u>4,537,305</u> | <u>39,500,954</u> | <u>223,192,886</u> |

City of Greater Geraldton

Statement of Comprehensive Income (by Program)
for the year ended 30 June 2016

| \$ '000 | Notes | 2016 Actual | 2016 Budget | 2015 Actual |
|---|-------|---------------------|---------------------|---------------------|
| Revenue | | | | |
| Governance | | 436,809 | 70,480 | 1,037,433 |
| General Purpose Funding | | 46,024,466 | 48,866,455 | 50,232,856 |
| Law, Order, Public Safety | | 669,482 | 889,101 | 659,748 |
| Health | | 58,704 | 56,000 | 53,751 |
| Education & Welfare | | 1,261,671 | 1,349,725 | 1,256,175 |
| Community Amenities | | 10,275,992 | 9,173,791 | 9,507,981 |
| Recreation & Culture | | 3,204,726 | 2,848,319 | 2,718,727 |
| Transport | | 6,944,710 | 6,956,141 | 7,779,304 |
| Economic Services | | 1,057,449 | 1,206,213 | 1,184,314 |
| Other Property & Services | | 1,944,108 | 1,454,161 | 1,716,206 |
| | | <u>71,878,118</u> | <u>72,870,386</u> | <u>76,146,495</u> |
| Expenses (excl. Finance Costs) | | | | |
| Governance | | (13,126,807) | (11,306,111) | (13,303,688) |
| General Purpose Funding | | (763,159) | (689,531) | (982,744) |
| Law, Order, Public Safety | | (661,439) | (1,101,333) | (744,040) |
| Health | | (103,114) | (99,262) | (110,182) |
| Education & Welfare | | (2,213,469) | (2,377,648) | (2,502,117) |
| Housing | | (132,691) | (72,000) | (127,112) |
| Community Amenities | | (7,268,391) | (8,009,120) | (7,325,951) |
| Recreation & Culture | | (12,807,341) | (13,798,514) | (13,951,693) |
| Transport | | (30,181,973) | (26,594,385) | (20,745,604) |
| Economic Services | | (3,743,796) | (4,036,521) | (3,295,714) |
| Other Property & Services | | (8,961,957) | (11,305,464) | (10,721,085) |
| | | <u>(79,964,135)</u> | <u>(79,389,889)</u> | <u>(73,809,930)</u> |
| Finance Costs | | | | |
| | 2(a) | | | |
| Governance | | (29,238) | (38,580) | (33,352) |
| Recreation & Culture | | (439,502) | (511,240) | (424,001) |
| Transport | | (342,048) | (458,857) | (314,428) |
| Economic Services | | (1,395) | (1,886) | (2,342) |
| Other Property & Services | | (230,200) | (98,880) | (86,614) |
| | | <u>(1,042,383)</u> | <u>(1,109,443)</u> | <u>(860,737)</u> |
| Operating Result from Continuing Operations | | <u>(9,128,400)</u> | <u>(7,628,946)</u> | <u>1,475,828</u> |
| Non-Operating Grants, Subsidies, Contributions | | | | |
| Governance | | 70,000 | - | - |
| Law, Order, Public Safety | | 504,403 | - | 5,355 |
| Community Amenities | | - | - | 2,500 |
| Recreation & Culture | | 2,363,337 | 19,689,063 | 1,359,610 |
| Transport | | 7,595,243 | - | 1,469,159 |
| Economic Services | | 12,563 | - | - |
| Other Property & Services | | 1,055,300 | - | 3,200,000 |
| | 30 | <u>11,600,846</u> | <u>19,689,063</u> | <u>6,036,624</u> |

City of Greater Geraldton

Statement of Comprehensive Income (by Program) (continued)
for the year ended 30 June 2016

| \$ '000 | Notes | 2016 Actual | 2016 Budget | 2015 Actual |
|---|-------|-------------------------|--------------------------|---------------------------|
| Profit/(Loss) on Disposal of Assets | | | | |
| Other Property & Services | | (212,699) | (16,485) | 105,066 |
| | 21 | <u>(212,699)</u> | <u>(16,485)</u> | <u>105,066</u> |
| Other Income | | | | |
| Fair Value Adjustments to Financial Assets at Fair Value through Profit & Loss | 2(a) | 326,046 | 90,000 | (67,154) |
| Impairment of Assets | 8(b) | - | - | (3,198,741) |
| | | <u>326,046</u> | <u>90,000</u> | <u>(3,265,895)</u> |
| Net Result - Surplus (Deficit) | | <u><u>2,585,793</u></u> | <u><u>12,133,632</u></u> | <u><u>4,351,623</u></u> |
| Other Comprehensive Income | | | | |
| Changes on revaluation of non-current assets | 13 | 1,951,512 | 27,367,322 | 218,841,263 |
| Total Comprehensive Income | | <u><u>4,537,305</u></u> | <u><u>39,500,954</u></u> | <u><u>223,192,886</u></u> |

City of Greater Geraldton

Statement of Financial Position
as at 30 June 2016

| \$ '000 | Notes | 2016 Actual | 2015 Actual |
|--------------------------------------|-------|---------------------------|---------------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | 3 | 38,100,578 | 32,801,983 |
| Investments | 4 | - | 266,241 |
| Trade and Other Receivables | 5 | 5,772,216 | 5,869,226 |
| Inventories | 6 | 459,643 | 452,698 |
| Total Current Assets | | <u>44,332,436</u> | <u>39,390,148</u> |
| Non-Current Assets | | | |
| Trade and Other Receivables | 5 | 599,772 | 609,115 |
| Inventories | 6 | - | 7,206,673 |
| Property, Plant and Equipment | 7 | 207,447,278 | 190,952,562 |
| Infrastructure | 8 | 655,070,354 | 650,124,232 |
| Total Non-Current Assets | | <u>863,117,404</u> | <u>848,892,583</u> |
| TOTAL ASSETS | 19 | <u>907,449,840</u> | <u>888,282,731</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and Other Payables | 9 | 27,078,812 | 17,952,279 |
| Borrowings | 10 | 3,748,422 | 3,034,459 |
| Provisions | 11 | 4,439,473 | 4,665,886 |
| Total Current Liabilities | | <u>35,266,706</u> | <u>25,652,623</u> |
| Non-Current Liabilities | | | |
| Borrowings | 10 | 24,151,530 | 19,093,956 |
| Provisions | 11 | 9,534,568 | 9,576,421 |
| Total Non-Current Liabilities | | <u>33,686,098</u> | <u>28,670,376</u> |
| TOTAL LIABILITIES | | <u>68,952,804</u> | <u>54,322,999</u> |
| Net Assets | | <u>838,497,036</u> | <u>833,959,732</u> |
| EQUITY | | | |
| Retained Surplus | | 321,447,119 | 312,372,156 |
| Reserves - Cash/Investment Backed | 12 | 10,327,731 | 16,816,902 |
| Reserves - Asset Revaluation | 13 | 506,722,186 | 504,770,674 |
| Total Equity | | <u>838,497,036</u> | <u>833,959,732</u> |

City of Greater Geraldton

Statement of Changes in Equity
for the year ended 30 June 2016

| \$ '000 | Notes | Retained Surplus | Reserves Cash / Investment Backed | Asset Revaluation Reserve | Total Equity |
|-----------------------------------|-------|---------------------|--|---------------------------------|--------------------|
| Balance as at 1 July 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 |
| Net Result | | 2,585,793 | - | - | 2,585,793 |
| Total OCI / Asset Revaluation | 13 | - | - | 1,951,512 | 1,951,512 |
| Reserve Transfers | 12 | 6,489,170 | (6,489,170) | - | - |
| Balance as at 30 June 2016 | | 321,447,119 | 10,327,731 | 506,722,186 | 838,497,036 |

City of Greater Geraldton

Statement of Cash Flows

for the year ended 30 June 2016

| \$ '000 | Notes | 2016 Actual | 2016 Budget | 2015 Actual |
|---|-------|---------------------|---------------------|---------------------|
| Cash Flows from Operating Activities | | | | |
| Receipts: | | | | |
| Rates | | 40,985,351 | 41,203,098 | 38,891,284 |
| Operating Grants, Subsidies and Contributions | | 6,701,460 | 9,178,676 | 13,674,952 |
| Fees and Charges | | 20,759,782 | 19,866,989 | 19,531,466 |
| Interest Earnings | | 1,439,615 | 1,443,623 | 1,511,124 |
| Goods and Services Tax | | 183,341 | - | (27,950) |
| Other Revenue | | 1,074,512 | 943,420 | 1,482,522 |
| | | <u>71,144,061</u> | <u>72,635,806</u> | <u>75,063,398</u> |
| Payments: | | | | |
| Employee Costs | | (27,832,427) | (28,213,394) | (29,591,904) |
| Materials and Contracts | | (20,938,231) | (21,722,563) | (16,988,266) |
| Utilities | | (3,053,752) | (3,295,420) | (3,163,157) |
| Insurance | | (778,377) | (880,735) | (858,882) |
| Interest | | (1,019,904) | (1,119,443) | (871,625) |
| Other Expenditure | | (2,384,475) | (2,741,549) | (1,532,039) |
| | | <u>(56,007,166)</u> | <u>(57,973,104)</u> | <u>(53,005,872)</u> |
| Net Cash provided (or used in) Operating Activities | 14(b) | <u>15,136,895</u> | <u>14,662,702</u> | <u>22,057,525</u> |
| Cash Flows from Investing Activities | | | | |
| Receipts: | | | | |
| Non-Operating Grants, Subsidies and Contributions | 30 | 11,600,846 | 19,689,063 | 6,036,624 |
| Proceeds from Development of Land for Resale | | - | 500,000 | - |
| Proceeds from Sale of Assets | 21 | 1,031,143 | 4,159,000 | 1,308,413 |
| Unexpended Non-Operating Grants | | 7,140,673 | - | 649,000 |
| Proceeds from Investments | 4 | 592,287 | 90,000 | - |
| Payments: | | | | |
| Payments for Development of Land for Resale | | - | - | 90,236 |
| Payments for Purchase of Property, Plant & Equipment | 20 | (14,191,446) | (15,394,998) | (10,210,232) |
| Payments for Construction of Infrastructure | 20 | (21,902,718) | (53,389,863) | (17,860,560) |
| | | <u>(15,729,214)</u> | <u>(44,346,798)</u> | <u>(19,986,518)</u> |
| Net Cash provided (or used in) Investing Activities | | <u>(15,729,214)</u> | <u>(44,346,798)</u> | <u>(19,986,518)</u> |
| Cash Flows from Financing Activities | | | | |
| Receipts: | | | | |
| Proceeds from Self Supporting Loans | 23(a) | 81,748 | 81,748 | 77,149 |
| Proceeds from New Loans | 23(b) | 8,806,000 | 25,206,000 | 6,670,000 |
| Proceeds from Council Loans | 5 | 37,629 | - | - |
| Payments: | | | | |
| Repayment of Debentures | 23(a) | (3,034,463) | (3,032,231) | (4,816,986) |
| Net Cash provided (or used in) Financing Activities | | <u>5,890,914</u> | <u>22,255,517</u> | <u>1,930,163</u> |
| Net Increase/(Decrease) in Cash & Cash Equivalents | | 5,298,594 | (7,428,579) | 4,001,170 |
| Cash at the beginning of the year | 3 | 32,801,983 | 15,114,433 | 28,800,813 |
| Cash & Cash Equivalents - End of the Year | 14(a) | <u>38,100,578</u> | <u>7,685,854</u> | <u>32,801,983</u> |
| Additional Information: plus: Investments on hand - end of year | 4 | - | - | 266,241 |
| Total Cash, Cash Equivalents & Investments | | <u>38,100,578</u> | <u>7,685,854</u> | <u>33,068,224</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 2016

| \$ '000 | Notes | 2016 Actual | 2016 Budget | 2015 Actual |
|---|-------|---------------------|---------------------|---------------------|
| Revenue | | | | |
| Operating Grants, Subsidies & Contributions | | 6,701,460 | 28,867,739 | 13,674,952 |
| Fees & Charges | | 20,409,467 | 19,866,989 | 20,236,613 |
| Interest Earnings | | 1,433,514 | 1,443,935 | 1,509,969 |
| Profit on Disposal of Assets | | 2,757 | 218,026 | 274,464 |
| Other Revenue | | 1,321,900 | 1,105,661 | 1,208,200 |
| | | <u>29,869,098</u> | <u>51,502,350</u> | <u>36,904,199</u> |
| Expenses | | | | |
| Employee Costs | | (27,897,929) | (28,238,387) | (29,683,817) |
| Materials & Contracts | | (22,903,740) | (22,060,140) | (19,596,208) |
| Utilities | | (3,053,752) | (3,295,420) | (3,163,157) |
| Depreciation & Amortisation | | (22,567,669) | (22,023,657) | (18,218,207) |
| Interest Expenses | | (1,042,382) | (1,109,443) | (860,737) |
| Insurance | | (778,377) | (880,735) | (858,882) |
| Loss on Disposal of Assets | | (215,455) | (234,511) | (169,398) |
| Other Expenditure | | (2,041,636) | (2,891,549) | (2,232,288) |
| | | <u>(80,500,940)</u> | <u>(80,733,842)</u> | <u>(74,782,696)</u> |
| Net Result Excluding Rates | | <u>(50,631,842)</u> | <u>(29,231,492)</u> | <u>(37,878,497)</u> |
| Adjustment for Cash Budget Requirements: | | | | |
| Non-Cash Expenditure & Revenue | | | | |
| (Profit)/Loss on Asset Disposal | 21 | 212,699 | 16,485 | (105,066) |
| Movement in Non-Current Deferred Pensioner Rates | | 77,399 | - | (11,487) |
| Movement in Non-Current Employee Benefit Provisions | 11 | 27,398 | 97,167 | 71,905 |
| Movement in Self Supporting Loan Debtors | 5 | (86,741) | - | - |
| Depreciation & Amortisation on Assets | 2(a) | 22,567,669 | 22,023,657 | 18,218,207 |
| Movement of Non-Current Debtors & Inventories | | - | - | (302,246) |
| Movement of Non-Current Creditors & Provisions | 11 | (69,250) | - | - |
| Other Non-Cash (Revenue)/Expenditure | | 193,743 | - | (22,611) |
| Net Non-Cash Expenditure & Revenue | | <u>22,922,915</u> | <u>22,137,309</u> | <u>17,848,701</u> |
| Capital Expenditure | | | | |
| Purchase Land and Buildings | 20 | (11,726,888) | (12,985,498) | (7,727,346) |
| Purchase Plant and Equipment | 20 | (2,183,495) | (1,962,000) | (1,271,866) |
| Purchase Furniture and Equipment | 20 | (281,064) | (447,500) | (665,689) |
| Purchase of Other PP&E | 20 | - | - | (27,440) |
| Infrastructure Assets | 20 | (21,902,718) | (53,389,863) | (17,860,560) |
| Repayment of Debentures | 23(a) | (3,034,460) | (3,032,231) | (4,816,987) |
| Net Capital Expenditure | | <u>(39,128,625)</u> | <u>(71,817,092)</u> | <u>(32,369,888)</u> |

City of Greater Geraldton

Rate Setting Statement (by Nature) (continued)
for the year ended 30 June 2016

| \$ '000 | Notes | 2016 Actual | 2016 Budget | 2015 Actual |
|---|-------|---------------------|---------------------|---------------------|
| Capital Revenue | | | | |
| Proceeds from Disposal of Assets | 21 | 1,031,143 | 4,159,000 | 1,706,503 |
| Proceeds from New Debentures | 23(b) | 8,806,000 | 25,206,000 | 6,670,000 |
| Self-Supporting Loan Principal Income | 23(a) | 81,748 | 81,748 | 77,149 |
| Council Loan Principal Income | 5 | 37,629 | 37,629 | 10,616 |
| Non-Operating Grants, Subsidies and Contributions | 30 | 11,600,846 | - | 6,036,624 |
| Proceeds from Land Held for Resale | | - | 500,000 | - |
| Net Capital Revenue | | <u>21,557,366</u> | <u>29,984,377</u> | <u>14,500,892</u> |
| Transfers | | | | |
| Transfers to Reserves (Restricted Assets) | 12 | (5,168,900) | - | (8,567,113) |
| Transfers from Reserves (Restricted Assets) | 12 | 11,658,070 | 8,133,496 | 8,006,214 |
| Net Transfers | | <u>6,489,170</u> | <u>8,133,496</u> | <u>(560,899)</u> |
| Surplus/(Deficit) July 1 B/Fwd | 24(b) | (132,682) | (2,094,502) | (1,132,384) |
| Surplus/(Deficit) June 30 C/Fwd | 24(b) | 2,367,045 | (1,612,780) | (132,682) |
| Amount Raised from Rates | 24(a) | <u>(41,290,743)</u> | <u>(41,275,124)</u> | <u>(39,459,392)</u> |

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2016

Contents of the Notes accompanying the Financial Statements

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City of Greater Geraldton

Notes to the Financial Statements for the year ended 30 June 2016

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 2016

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 2016

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 2016

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 at 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 2016

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 the establishment of loan facilities that are yield

City of Greater Geraldton

Notes to the Financial Statements for the year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies (continued)

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.

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 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

City of Greater Geraldton

Notes to the Financial Statements for the year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies (continued)

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.

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.

(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 2016

Note 1. Summary of Significant Accounting Policies (continued)

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

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 and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies.

City of Greater Geraldton has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective with the exception of AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities*. Generally, Council applies standards and interpretations in accordance with their respective commencement dates. The retrospective application of AASB 2015-7 has exempted Council from the disclosure of quantitative information and sensitivity analysis for some valuations categorised within Level 3 of the fair value hierarchy.

At the date of authorisation of the financial report, AASB 9 *Financial Instruments* and AASB 2015-6 *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities* are the only new accounting standards with a future application date that are expected to have a material impact on Council's financial statements.

From 1 July 2016 AASB 124 *Related Party Disclosures* will apply to Council, which means that Council will disclose more information about related parties and transactions with those related parties. AASB 9, which replaces AASB 139 *Financial Instruments: Recognition and Measurement*, is effective for reporting periods beginning on or after 1 January 2018 and must be applied retrospectively. The main impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories: fair value and amortised cost and financial assets will only be able to be measured at amortised cost where very specific conditions are met.

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 2018 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.

Other 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.

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 2016:

- AASB 14 *Regulatory Deferral Accounts*
- AASB 1057 *Application of 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]*

City of Greater Geraldton

Notes to the Financial Statements for the year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies (continued)

- 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]
- AASB 2014-1 *Amendments to Australian Accounting Standards (Part D)*
- AASB 2014-1 *Amendments to Australian Accounting Standards (Part E)*
- AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*

Effective for periods commencing 1 January 2019:

- AASB 16 *Leases*

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

They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2017.

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) Disclaimer

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

Effective for periods commencing 1 July 2016:

- AASB 1056 *Superannuation Entities*
- AASB 2015-6 *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities* [AASB 10, AASB 124 & AASB 1049]

Effective for periods commencing 1 January 2017:

- AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*
- AASB 2015-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15*

Effective for periods commencing 1 January 2018:

- AASB *Financial Instruments (December 2009)*
- AASB 15 *Revenue from Contracts with Customers*
- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2016

Note 2. Operating Revenues and Expenses

| \$ '000 | Notes | 2016 Actual | 2016 Budget | 2015 Actual |
|--|-------|-------------------|-------------------|-------------------|
| (a) Net Result | | | | |
| The Result includes: | | | | |
| (i) Charging as an Expense: | | | | |
| Significant Expense/Revenue | | | | |
| reduction in the fair value of the Council's investments | 4 | (326,046) | (90,000) | 67,154 |
| Auditors Remuneration | | | | |
| - Audit | | 44,441 | 45,000 | 42,275 |
| - Other Services | | 29,960 | - | - |
| Bad & Doubtful Debts | | | | |
| Rates | 27(c) | 80,334 | 30,000 | 1,382 |
| General Debtors | 27(c) | 74,530 | 16,630 | 19,866 |
| Depreciation & Amortisation | | | | |
| <i>Property, Plant & Equipment</i> | | | | |
| - Buildings | 7(b) | 3,071,695 | 1,856,456 | 2,907,985 |
| - Furniture and Equipment | | 390,086 | 38,830 | 365,812 |
| - Plant and Equipment | | 2,218,542 | 1,895,958 | 1,903,632 |
| <i>Infrastructure</i> | | | | |
| - Roads | 8(b) | 14,919,685 | 12,427,613 | 11,240,352 |
| - Recreation | | 592,464 | 1,117,546 | 775,444 |
| - Car Parks | | 437,953 | - | 242,401 |
| - Meru Landfill | | 354,176 | 968,525 | 389,804 |
| - Airport | | 575,103 | 592,256 | 386,076 |
| - Effluent Scheme | | 7,966 | - | 6,702 |
| - Other Infrastructure | | - | 3,126,473 | - |
| | | 22,567,669 | 22,023,657 | 18,218,207 |
| Interest Expenses (Finance Costs) | | | | |
| Debentures | 23(a) | 1,042,382 | 1,109,443 | 860,737 |
| | | 1,042,382 | 1,109,443 | 860,737 |
| Rental Charges | | | | |
| - Operating Leases | | 73,504 | - | 67,938 |
| | | 73,504 | - | 67,938 |
| (ii) Crediting as Revenue: | | | | |
| Interest Earnings | | | | |
| Investments - Reserve Funds | | 438,880 | 900,000 | 481,596 |
| Investments - Other Funds | | 328,885 | 21,935 | 483,648 |
| Other Interest Revenue | 28 | 665,749 | 522,000 | 544,725 |
| | | 1,433,514 | 1,443,935 | 1,509,969 |

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2016

Note 2. Operating Revenues and Expenses (continued)

\$ '000

(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 2016

Note 2. Operating Revenues and Expenses (continued)

\$ '000

(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 2016

Note 2. Operating Revenues and Expenses (continued)

\$ '000

(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 2016

Note 2. Operating Revenues and Expenses (continued)

\$ '000

(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 2016

Note 2. Operating Revenues and Expenses (continued)

| \$ '000 | Opening Balance ¹ 1-Jul-14 | Received ² 2015 | Expended ³ 2015 | Closing Balance ¹ 30-Jun-15 | Received ² 2016 | Expended ³ 2016 | Closing Balance 30-Jun-16 |
|---|---|-------------------------------|-------------------------------|--|-------------------------------|-------------------------------|---------------------------------|
| (d). Conditions Over Grants, Subsidies & Contributions | | | | | | | |
| Grant/Subsidy/Contribution | | | | | | | |
| <u>Governance</u> | | | | | | | |
| Abraham Street Roundabout | - | - | - | - | 719,887 | - | 719,887 |
| Airport Projects | - | 632,375 | - | 632,375 | 116,245 | (413,141) | 335,479 |
| Airport Security Screening & Baggage Handling | - | - | - | - | 140,000 | - | 140,000 |
| Aquarena Geothermal | 240,000 | - | (240,000) | - | - | - | - |
| Art Gallery- Donation to Lindsay Collection | 20,341 | - | (7,440) | 12,901 | - | - | 12,901 |
| Art Gallery- Community Cultural Development | 3,454 | - | - | 3,454 | - | - | 3,454 |
| Arts Engagement Officer | 18,894 | - | (18,894) | - | - | - | - |
| Artwork Acquisitions | - | - | - | - | 20,000 | - | 20,000 |
| Back Beach | - | 40,000 | - | 40,000 | - | (40,000) | - |
| Beresford Foreshore (Northern Beaches Seawall) | 77,106 | - | - | 77,106 | - | (77,106) | - |
| Big Sky Writers Festival | 16,545 | - | (16,545) | - | - | - | - |
| Bridgid Road New Access | - | - | - | - | 80,000 | - | 80,000 |
| Bright Stars Family Day Care | 5,000 | - | (5,000) | - | 15,000 | - | 15,000 |
| Building Better Regional Cities | 9,790,660 | 157,070 | (5,188,918) | 4,758,812 | - | (4,758,812) | - |
| Bushfire Brigade Maintenance | - | - | - | - | 7,000 | - | 7,000 |
| Caring for Bimarras Pools - Stage 1 - Greenough River | - | - | - | - | 20,536 | - | 20,536 |
| Cathedral Avenue Footpath | - | - | - | - | 24,444 | - | 24,444 |
| CBD Gardens Parkway Seats | - | - | - | - | 26,580 | - | 26,580 |
| CCTV Eye on Mullewa | 50,000 | - | (50,000) | - | - | - | - |
| CCTV Systems | - | - | - | - | 3,000 | - | 3,000 |

(continued on next page)

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2016

Note 2. Operating Revenues and Expenses (continued)

| \$ '000 | Opening Balance ¹ 1-Jul-14 | Received ² 2015 | Expended ³ 2015 | Closing Balance ¹ 30-Jun-15 | Received ² 2016 | Expended ³ 2016 | Closing Balance 30-Jun-16 |
|--|---|-------------------------------|-------------------------------|--|-------------------------------|-------------------------------|---------------------------------|
| (d). Conditions Over Grants, Subsidies & Contributions (continued) | | | | | | | |
| Grant/Subsidy/Contribution (continued) | | | | | | | |
| <u>Governance (continued)</u> | | | | | | | |
| Cell 3 | - | - | - | - | 60,000 | - | 60,000 |
| Chapman & Greenough River Flood Project | - | - | - | - | 125,000 | - | 125,000 |
| Chapman River Corridor Project - 13001 | - | 5,000 | - | 5,000 | - | (5,000) | - |
| Chapman River Regional Park CARE Project - Stage 3 | - | - | - | - | 20,065 | - | 20,065 |
| Chapman Road Footpath | - | - | - | - | 26,582 | - | 26,582 |
| Chapman Road Foreshore | - | - | - | - | 1,552,947 | - | 1,552,947 |
| Chapman Wildlife Corridor CARE Stage 2 | - | - | - | - | 12,100 | - | 12,100 |
| CLGF Regional Funding - Wonthella Lights | 229,141 | - | - | 229,141 | - | (229,141) | - |
| Community Grants Round 10 | 19,754 | - | (17,019) | 2,735 | - | (2,735) | - |
| Community Grants Round 13 | - | 7,393 | - | 7,393 | - | (5,250) | 2,143 |
| Community Grants Round 14 | - | 35,176 | - | 35,176 | - | (32,119) | 3,057 |
| Community Grants Round 15 | - | 12,901 | - | 12,901 | - | (10,101) | 2,800 |
| Community Grants Round 16 | - | 23,195 | - | 23,195 | - | (16,932) | 6,263 |
| Community Grants Round 17 | - | - | - | - | 19,417 | - | 19,417 |
| CSRFF - Netball Association | - | 48,659 | - | 48,659 | - | (48,659) | - |
| Depot Main | 724,779 | 80,410 | (724,779) | 80,410 | - | (80,410) | - |
| Detailed Mountain Bike Plan - Chapman Valley Wildlife Corridor Project | - | - | - | - | 12,736 | - | 12,736 |
| Drainage Works | - | 180,847 | - | 180,847 | - | - | 180,847 |
| Drummond Cove Toilets - External Showers and Access Path | 15,000 | - | (15,000) | - | - | - | - |
| Dual Use Pathways- Bikewest (Champion Bay) | 7,000 | - | - | 7,000 | - | - | 7,000 |

(continued on next page)

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2016

Note 2. Operating Revenues and Expenses (continued)

| \$ '000 | Opening Balance ¹ 1-Jul-14 | Received ² 2015 | Expended ³ 2015 | Closing Balance ¹ 30-Jun-15 | Received ² 2016 | Expended ³ 2016 | Closing Balance 30-Jun-16 |
|---|---|-------------------------------|-------------------------------|--|-------------------------------|-------------------------------|---------------------------------|
| (d). Conditions Over Grants, Subsidies & Contributions (continued) | | | | | | | |
| Grant/Subsidy/Contribution (continued) | | | | | | | |
| <u>Governance (continued)</u> | | | | | | | |
| Eastern Breakwater | 280,000 | - | (150,000) | 130,000 | - | - | 130,000 |
| Ellendale Pool Honesty Box | 19,730 | 7,046 | - | 26,776 | - | - | 26,776 |
| Environmental Projects - Signage | - | 50,000 | - | 50,000 | - | - | 50,000 |
| FAGs | - | 2,965,584 | - | 2,965,584 | - | (2,965,584) | - |
| Feasibility Geraldton Laser Light Project | - | - | - | - | 40,000 | - | 40,000 |
| Fitzgerald Street Footpath | - | - | - | - | 24,159 | - | 24,159 |
| Fleet Replacement | 200,000 | 230,000 | - | 430,000 | 371,250 | - | 801,250 |
| Foreshore Stabilisation | - | 806,661 | - | 806,661 | - | - | 806,661 |
| Glendinning Road Foreshore Bollards | - | - | - | - | 19,435 | - | 19,435 |
| Greater Geraldton Rural Art Tour | - | - | - | - | 13,050 | - | 13,050 |
| Green Army Programme | - | - | - | - | 10,000 | - | 10,000 |
| Greenough River Estuary Nature Walk Trail - Stage 1 | - | - | - | - | 23,296 | - | 23,296 |
| Groundwater Monitoring Bore - Meru Landfill | - | - | - | - | 39,935 | - | 39,935 |
| HMAS Memorial | 9,204 | - | - | 9,204 | - | - | 9,204 |
| Implementation of the Chapman River Estuary Management Plan | - | - | - | - | 22,248 | - | 22,248 |
| IT LAN/WAN Equipment | 120,000 | - | (120,000) | - | 27,000 | - | 27,000 |
| Kid sport | 46,827 | - | (46,827) | - | - | - | - |
| Library Regional Activity Plan | 2,290 | - | - | 2,290 | - | - | 2,290 |
| Library Old Railway Station | 7,805 | - | (7,805) | - | - | - | - |
| Lighthouse Keepers Cottage Restoration | 1,362 | - | (1,362) | - | - | - | - |

(continued on next page)

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2016

Note 2. Operating Revenues and Expenses (continued)

| \$ '000 | Opening Balance ¹ 1-Jul-14 | Received ² 2015 | Expended ³ 2015 | Closing Balance ¹ 30-Jun-15 | Received ² 2016 | Expended ³ 2016 | Closing Balance 30-Jun-16 |
|--|---|-------------------------------|-------------------------------|--|-------------------------------|-------------------------------|---------------------------------|
| (d). Conditions Over Grants, Subsidies & Contributions (continued) | | | | | | | |
| Grant/Subsidy/Contribution (continued) | | | | | | | |
| <u>Governance (continued)</u> | | | | | | | |
| Lighting Renewal | - | - | - | - | 126,799 | - | 126,799 |
| Lighting Up Lester Avenue | - | - | - | - | 19,970 | - | 19,970 |
| Little Athletics - Replace Doors/Frames | 10,000 | - | (10,000) | - | - | - | - |
| Local Planning Strategy and Scheme | - | 37,476 | - | 37,476 | - | (37,476) | - |
| Local Profile and Context Report Northern Planning Program | - | - | - | - | 80,000 | - | 80,000 |
| Mahomets Beach Bollards | - | - | - | - | 9,438 | - | 9,438 |
| Marine Terrace Cycling Enabling Facility | 13,011 | - | (13,011) | - | - | - | - |
| Meru Landfill | - | 150,000 | - | 150,000 | - | - | 150,000 |
| Mid West Gascoyne District Recovery Project | - | 90,000 | - | 90,000 | - | (81,402) | 8,598 |
| Mid West China Connect Website | - | 39,150 | - | 39,150 | - | (31,200) | 7,950 |
| Mid West Estuaries - Creating Corridors for Wildlife - Project 1 | - | - | - | - | 9,091 | - | 9,091 |
| Mid West Estuaries - Creating Corridors for Wildlife (Round 2) | - | - | - | - | 59,500 | - | 59,500 |
| Midnight Basketball | 7,532 | - | (7,532) | - | - | - | - |
| Morris Street Sump (a/c 7090113) | - | 111,000 | - | 111,000 | - | (83,655) | 27,345 |
| Mullewa Building - Insurance Payment | - | 450,000 | - | 450,000 | - | - | 450,000 |
| Mullewa Community Trust | 10,503 | 1,000 | (10,503) | 1,000 | - | (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 Landfill Transfer Station | - | - | - | - | 504,000 | - | 504,000 |
| Mullewa Sewerage System (CLGF Direct 2011-12) | 130,000 | - | (75,000) | 55,000 | - | (55,000) | - |

(continued on next page)

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2016

Note 2. Operating Revenues and Expenses (continued)

| \$ '000 | Opening Balance ¹ 1-Jul-14 | Received ² 2015 | Expended ³ 2015 | Closing Balance ¹ 30-Jun-15 | Received ² 2016 | Expended ³ 2016 | Closing Balance 30-Jun-16 |
|---|---|-------------------------------|-------------------------------|--|-------------------------------|-------------------------------|---------------------------------|
| (d). Conditions Over Grants, Subsidies & Contributions (continued) | | | | | | | |
| Grant/Subsidy/Contribution (continued) | | | | | | | |
| <u>Governance (continued)</u> | | | | | | | |
| Mullewa Sewerage Pumping Mains | - | - | - | - | 13,000 | - | 13,000 |
| Mullewa Sewer System - Brookfield Rail | 49,450 | - | - | 49,450 | - | - | 49,450 |
| Mullewa Town Revitalisation (CLGF Direct 2011-12) | 30,000 | - | (30,000) | - | - | - | - |
| Mullewa Youth Precinct | - | - | - | - | 23,000 | - | 23,000 |
| NACC Biodiversity Grant | - | - | - | - | 11,000 | - | 11,000 |
| National Tree Day | - | - | - | - | 485 | - | 485 |
| New Animal Facility Design | 50,000 | - | - | 50,000 | - | - | 50,000 |
| Old Railway Building | 1,090,316 | - | (1,090,316) | - | - | - | - |
| Olympic Torch Relay | 2,821 | - | - | 2,821 | - | - | 2,821 |
| QEII - Enclose Walkway | 30,000 | - | (30,000) | - | - | - | - |
| QPT Line Array System | - | 100,060 | - | 100,060 | - | (100,060) | - |
| QPT New Building | - | - | - | - | 59,680 | - | 59,680 |
| QPT Renewal | - | - | - | - | 28,615 | - | 28,615 |
| Parking Facilities Replace Modems | - | - | - | - | 11,400 | - | 11,400 |
| Point Moore Study | - | - | - | - | 86,000 | - | 86,000 |
| Railway Carriage Shed | 16,500 | - | (16,500) | - | - | - | - |
| Randolf Stow Young Writers Awards | 1,625 | - | - | 1,625 | 2,773 | (1,625) | 2,773 |
| Recurrent Grants | - | 54,680 | - | 54,680 | - | (53,380) | 1,300 |
| Regional Venues Improvement Funds - QPT | - | - | - | - | 9,013 | - | 9,013 |
| Restoring the Chapman & Greenough - Estuaries of the Mid West - Stage 2 (Project 1) | - | - | - | - | 10,000 | - | 10,000 |

(continued on next page)

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2016

Note 2. Operating Revenues and Expenses (continued)

| \$ '000 | Opening Balance ¹ 1-Jul-14 | Received ² 2015 | Expended ³ 2015 | Closing Balance ¹ 30-Jun-15 | Received ² 2016 | Expended ³ 2016 | Closing Balance 30-Jun-16 |
|---|---|-------------------------------|-------------------------------|--|-------------------------------|-------------------------------|---------------------------------|
| (d). Conditions Over Grants, Subsidies & Contributions (continued) | | | | | | | |
| Grant/Subsidy/Contribution (continued) | | | | | | | |
| Governance (continued) | | | | | | | |
| Restoring the Chapman & Greenough - Estuaries of the Mid West - Stage 2 (Project 2) | - | - | - | - | 9,091 | - | 9,091 |
| Retention Amounts (EVO, Convic and Mitchell & Brown) | - | 32,209 | - | 32,209 | 40,034 | - | 72,243 |
| RoadWise - Strengthening Communities | - | - | - | - | 4,452 | - | 4,452 |
| Roadwise Safe Routes To Schools - Bike Map | 367 | - | - | 367 | - | - | 367 |
| Roadwise Safe Routes To Schools- Surplus | 689 | - | - | 689 | - | - | 689 |
| Rundle Park Bollards | - | - | - | - | 9,993 | - | 9,993 |
| Stillwater Ave Asphalt Overlay | - | - | - | - | 14,573 | - | 14,573 |
| RV Waste Dump Point | - | - | - | - | 106,928 | - | 106,928 |
| South Tomi Project | 8,000 | - | - | 8,000 | - | - | 8,000 |
| Sumfun | 4,460 | - | (1,825) | 2,635 | - | (2,635) | - |
| Town Foreshore Playground Softfall | - | - | - | - | 22,760 | - | 22,760 |
| Verita Road Bridge | - | - | - | - | 201,816 | - | 201,816 |
| Walkaway Hall - Electrical Upgrade and Soak Wells | 12,000 | - | (12,000) | - | - | - | - |
| Waste Water Management Plan | 9,212 | - | (9,212) | - | - | - | - |
| West End Recreation | - | 2,000,000 | (85,477) | 1,914,523 | 67,355 | (1,914,523) | 67,355 |
| Whitfield Street Asphalt Overlay | - | - | - | - | 11,050 | - | 11,050 |
| Wonthella Football Oval - Carpark Linemarking | - | - | - | - | 25,172 | - | 25,172 |
| Wonthella Skate Park | - | 54,734 | - | 54,734 | - | (54,734) | - |
| Wonthella Tennis Ablutions | 5,250 | - | (5,250) | - | - | - | - |
| Youth Friendly Communities Project - Stage 2 | - | 10,000 | - | 10,000 | - | - | 10,000 |
| Beresford Foreshore Coastal Protection and Enhancement ⁽⁵⁾ | 5,857,500 | - | - | 5,857,500 | 13,179,702 | (1,708,242) | 17,328,960 |
| Building Better Regional Cities: Karloo - Wandina Project ⁽⁵⁾ | 4,962,300 | - | - | 4,962,300 | 208,074 | (4,492,300) | 678,074 |
| Wonthella Oval Lighting ⁽⁵⁾ | - | 649,000 | - | 649,000 | 12,440 | (59,000) | 602,440 |
| Total Unspent Grants, Subsidies & Contributions | 24,246,428 | 9,061,626 | (8,006,215) | 25,301,839 | 18,569,115 | (17,361,222) | 26,509,732 |

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2016

Note 2. Operating Revenues and Expenses (continued)

\$ '000

(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. 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.

(e). Materials & Contractors

Materials and Contracts expenditure includes expenditure of \$ 5,005,503 which represents Main Roads WA (MRWA) agreed value for their asset component that is material to both CGG total expenditure (capital) and CGG determined asset value for construction of Abraham St Bridge.

MRWA holds future responsibility for maintenance of the bridge structure as a MRWA asset with the City being responsible for the maintenance of the surface components of the bridge.

City of Greater Geraldton

Notes to the Financial Statements for the year ended 30 June 2016

Note 3. Cash and Cash Equivalents

| \$ '000 | Notes | 2016 Actual | 2015 Actual |
|--|-------|--------------------------|--------------------------|
| Cash - Unrestricted | | 9,163,374 | 4,516,282 |
| Cash - Restricted | | 28,937,204 | 28,285,702 |
| Total Cash and Cash Equivalents | 14(a) | <u><u>38,100,578</u></u> | <u><u>32,801,983</u></u> |
| The following restrictions have been imposed by regulations or other externally imposed requirements: | | | |
| Mullewa Community Reserve | 12 | - | 556,390 |
| Mullewa Reseal Reserve | 12 | 1,891,285 | 1,891,285 |
| Parking Land Reserve | 12 | 536,187 | 536,187 |
| Unexpended Capital Works & Restricted Grant Reserve | 12 | 7,900,259 | 13,833,040 |
| Total Reserves | | <u><u>10,327,731</u></u> | <u><u>16,816,902</u></u> |
| Unspent Grants | 2(d) | 18,609,473 | 11,468,800 |
| Total Unspent Grants and Loans | | <u><u>18,609,473</u></u> | <u><u>11,468,800</u></u> |
| Total Restricted Cash | | <u><u>28,937,204</u></u> | <u><u>28,285,702</u></u> |

Note 4. Investments

| | | | |
|--|------|-----------------|-----------------------|
| Financial Assets at Fair Value through Profit and Loss | | <u>-</u> | <u>266,241</u> |
| Movements in Financial Assets at Fair Value through Profit and Loss | | | |
| At beginning of the year | | 266,241 | 333,395 |
| Revaluation to Statement of Comprehensive Income | 2(a) | 326,046 | (67,154) |
| Disposals | | (592,287) | - |
| At end of the year | | <u>-</u> | <u>266,241</u> |
| Total Investments | | <u><u>-</u></u> | <u><u>266,241</u></u> |
| Classified as: | | | |
| Current | | - | 266,241 |
| Non-Current | | - | - |
| Total Investments | | <u><u>-</u></u> | <u><u>266,241</u></u> |

City of Greater Geraldton

Notes to the Financial Statements
for the year ended 30 June 2016

Note 5. Trade & Other Receivables

| \$ '000 | Notes | 2016 Actual | 2015 Actual |
|--|-------|-------------------------|-------------------------|
| Current | | | |
| Rates | | 3,335,668 | 3,107,675 |
| Sundry Debtors | | 1,622,068 | 1,972,383 |
| GST Net Position | | 287,911 | 471,252 |
| Interest | | 19,137 | 25,237 |
| Self Supporting Loan Debtors | | 86,741 | 81,748 |
| Accrued Income | | 383,982 | - |
| Prepayments | | 109,484 | 181,961 |
| Loans by Council | | - | 37,629 |
| Provision for Doubtful Debts | | (72,776) | (8,659) |
| Total Current Trade & Other Receivables | | <u>5,772,216</u> | <u>5,869,226</u> |
| Non-Current | | | |
| Rates Outstanding - Pensioners | | 360,615 | 283,216 |
| Self Supporting Loan Debtors | | 239,158 | 325,899 |
| Total Non-Current Trade & Other Receivables | | <u>599,772</u> | <u>609,115</u> |

Note 6. Inventories

| | | | |
|--------------------------------------|------|-----------------------|-------------------------|
| Current | | | |
| Fuel and Materials | | 308,394 | 317,190 |
| Land Held for Resale - Cost | | | |
| Resalable Merchandise | | 151,249 | 135,508 |
| Total Current Inventories | | <u>459,643</u> | <u>452,698</u> |
| Non-Current | | | |
| Land Held for Resale - Cost | | | |
| - Development Costs | 7(b) | - | 7,206,673 |
| Total Non-Current Inventories | | <u>-</u> | <u>7,206,673</u> |

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2016

Note 7a. Property, Plant and Equipment

| \$ '000 | Notes | 2016 Actual | 2015 Actual |
|--|-------|---------------------------|---------------------------|
| Land - Fair Value | | 81,825,607 | 80,488,168 |
| Land - Cost (Additions at fair value) | | 8,135,585 | - |
| | | <u>89,961,192</u> | <u>80,488,168</u> |
| Buildings - Fair Value | | 97,734,052 | 97,924,353 |
| Buildings - Cost (Additions at fair value) | | 10,864,266 | - |
| Less Accumulated Depreciation | | (3,062,183) | - |
| | | <u>105,536,134</u> | <u>97,924,353</u> |
| Furniture and Equipment - Fair Value | | 950,556 | 2,210,221 |
| Furniture and Equipment - Cost (Additions at fair value) | | 281,064 | 665,689 |
| Less Accumulated Depreciation | | (26,791) | (1,369,310) |
| | | <u>1,204,828</u> | <u>1,506,600</u> |
| Plant and Equipment - Fair Value | | 8,113,531 | 12,799,301 |
| Plant and Equipment - Cost (Additions at fair value) | | 2,183,495 | 1,271,866 |
| Less Accumulated Depreciation | | (160,829) | (3,657,416) |
| | | <u>10,136,197</u> | <u>10,413,751</u> |
| Artwork - Fair Value | | 608,926 | 619,690 |
| | | <u>608,926</u> | <u>619,690</u> |
| Total Property, Plant & Equipment | 7(b) | <u><u>207,447,278</u></u> | <u><u>190,952,562</u></u> |

City of Greater Geraldton

Notes to the Financial Statements
for the year ended 30 June 2016

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

Movements in Carrying Amounts

| \$ '000 | Notes | Land | Buildings | Furniture and Equipment | Plant and Equipment | Artwork | Total |
|--|-------|-------------------|--------------------|-------------------------|---------------------|----------------|--------------------|
| | | Fair Value | Fair Value | Fair Value | Fair Value | Fair Value | |
| Balance as at 1 July 2015 | | 80,488,168 | 97,924,353 | 1,506,600 | 10,413,751 | 619,690 | 190,952,562 |
| Additions | | | | | | | |
| - Renewal | 20 | - | 1,603,753 | 54,809 | 2,183,495 | - | 3,842,056 |
| - New | 20 | 862,622 | 9,260,513 | 226,255 | - | - | 10,349,390 |
| Disposals | 21 | (624,514) | (52,822) | (699,579) | (903,540) | (7,175) | (2,287,630) |
| Revaluation - Increments | 13 | 1,961,953 | - | - | 121,332 | - | 2,083,285 |
| Revaluation - (Decrements) | 13 | - | (128,184) | - | - | (3,590) | (131,774) |
| Depreciation | 2(a) | - | (3,071,695) | (390,086) | (2,218,542) | - | (5,680,323) |
| Depreciation on Disposal | | - | 216 | 697,336 | 349,195 | - | 1,046,748 |
| Transfers | | - | - | (190,506) | 190,506 | - | - |
| Reclassification Land Held for Resale | | 7,272,963 | - | - | - | - | 7,272,963 |
| Property, Plant & Equipment at 30 June 2016 | | 89,961,192 | 105,536,134 | 1,204,829 | 10,136,197 | 608,926 | 207,447,278 |
| 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 |

City of Greater Geraldton

Notes to the Financial Statements
for the year ended 30 June 2016

Note 8a. Infrastructure

| \$ '000 | Notes | 2016 Actual | 2015 Actual |
|--|-------|---------------------------|---------------------------|
| Roads - Fair Value | | 567,776,619 | 567,776,619 |
| Roads - Cost (Additions at fair value) | | 14,982,935 | - |
| Less Accumulated Depreciation | | <u>(14,919,685)</u> | <u>-</u> |
| | | 567,839,869 | 567,776,619 |
| Recreation - Fair Value | | 30,552,746 | 30,552,746 |
| Recreation - Cost (Additions at fair value) | | 5,566,031 | - |
| Less Accumulated Depreciation | | <u>(592,464)</u> | <u>-</u> |
| | | 35,526,313 | 30,552,746 |
| Car Parks - Fair Value | | 11,044,634 | 11,044,634 |
| Car Parks - Cost (Additions at fair value) | | 378,111 | - |
| Less Accumulated Depreciation | | <u>(437,953)</u> | <u>-</u> |
| | | 10,984,792 | 11,044,634 |
| Meru Landfill - Fair Value | | 13,650,547 | 13,719,797 |
| Meru Landfill - Cost (Additions at fair value) | | 202,736 | - |
| Less Accumulated Depreciation | | <u>(354,176)</u> | <u>-</u> |
| | | 13,499,106 | 13,719,797 |
| Airport - Fair Value | | 26,834,300 | 26,834,300 |
| Airport - Cost (Additions at fair value) | | 730,832 | - |
| Less Accumulated Depreciation | | <u>(575,103)</u> | <u>-</u> |
| | | 26,990,030 | 26,834,300 |
| Effluent Scheme - Cost | | 268,477 | 268,477 |
| Effluent Scheme - Cost (Additions) | | 42,075 | - |
| Less Accumulated Amortisation | | <u>(80,308)</u> | <u>(72,342)</u> |
| | | 230,244 | 196,136 |
| Total Infrastructure | 8(b) | <u><u>655,070,354</u></u> | <u><u>650,124,232</u></u> |

City of Greater Geraldton

Notes to the Financial Statements
for the year ended 30 June 2016

Note 8b. Infrastructure (continued)

Movements in Carrying Amounts

| \$ '000 | 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 2015 | | 567,776,619 | 30,552,746 | 11,044,634 | 13,719,797 | 26,834,300 | 196,136 | 650,124,232 |
| Additions | | | | | | | | |
| - Renewal | 20 | 9,326,461 | 913,976 | 257,077 | 64,408 | 149,714 | 42,075 | 10,753,710 |
| - New | 20 | 5,656,474 | 4,652,055 | 121,034 | 138,327 | 581,118 | - | 11,149,008 |
| Depreciation (Expense) | 2(a) | (14,919,685) | (592,464) | (437,953) | (354,176) | (575,103) | (7,966) | (16,887,347) |
| Other Movements | | - | - | - | (69,250) | - | - | (69,250) |
| Infrastructure at 30 June 2016 | | 567,839,869 | 35,526,313 | 10,984,792 | 13,499,106 | 26,990,029 | 230,244 | 655,070,354 |
| 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 |

City of Greater Geraldton

Notes to the Financial Statements for the year ended 30 June 2016

Note 9. Trade and Other Payables

| \$ '000 | 2016 Actual | 2015 Actual |
|---|--------------------------|--------------------------|
| Current | | |
| Sundry Creditors | 8,039,950 | 6,067,497 |
| Accrued Interest on Debentures | 164,783 | 142,305 |
| Accrued Salaries and Wages | 264,606 | 35,688 |
| Unexpended Non-Operating Grants | 18,609,473 | 11,706,789 |
| Total Current Trade and Other Payables | <u>27,078,812</u> | <u>17,952,279</u> |

Note 10. Borrowings

| | | |
|--|--------------------------|--------------------------|
| Current | | |
| Secured by Floating Charge - Debentures | 23(a) <u>3,748,422</u> | <u>3,034,459</u> |
| Total Current Borrowings | <u>3,748,422</u> | <u>3,034,459</u> |
| Non-Current | | |
| Secured by Floating Charge - Debentures | 23(a) <u>24,151,530</u> | <u>19,093,956</u> |
| Total Non-Current Borrowings | <u>24,151,530</u> | <u>19,093,956</u> |

Additional detail on borrowings is provided in Note 23.

Note 11. Provisions

| | | |
|--|-------------------------|-------------------------|
| Current | | |
| Annual Leave | 2,257,339 | 2,378,624 |
| Long Service Leave | 1,701,826 | 1,771,355 |
| Sick Leave | 435,932 | 472,889 |
| Accrued RDO's | 44,376 | 43,018 |
| Total Current Provisions | <u>4,439,473</u> | <u>4,665,886</u> |
| Non-Current | | |
| Long Service Leave | 339,260 | 311,863 |
| Provision for Infrastructure Meru - Rehabilitation | 9,195,308 | 9,264,558 |
| Total Non-Current Provisions | <u>9,534,568</u> | <u>9,576,421</u> |

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2016

Note 12. Reserves - Cash/Investment Backed

| \$ '000 | 2016 Actual | 2016 Budget | 2015 Actual |
|---|----------------------------|---------------------------|---------------------------|
| (a). Mullewa Community Reserve | | | |
| Opening Balance | 556,390 | 556,390 | 556,390 |
| Amount Used / Transfer from Reserve | (556,390) | - | - |
| | <u>-</u> | <u>556,390</u> | <u>556,390</u> |
| (b). Mullewa Reseal Reserve | | | |
| Opening Balance | 1,891,285 | 1,891,285 | 1,891,285 |
| | <u>1,891,285</u> | <u>1,891,285</u> | <u>1,891,285</u> |
| (c). Parking Land Reserve | | | |
| Opening Balance | 536,187 | 381,700 | 381,700 |
| Amount Set Aside / Transfer to Reserve | - | - | 154,487 |
| | <u>536,187</u> | <u>381,700</u> | <u>536,187</u> |
| (d). Unexpended Capital Works & Restricted Grant Reserve | | | |
| Opening Balance | 13,833,040 | 9,105,886 | 13,426,629 |
| Amount Set Aside / Transfer to Reserve | 5,168,900 | - | 8,412,626 |
| Amount Used / Transfer from Reserve | (11,101,680) | (8,133,496) | (8,006,214) |
| | <u>7,900,259</u> | <u>972,390</u> | <u>13,833,040</u> |
| Total Reserves | <u><u>10,327,731</u></u> | <u><u>3,801,765</u></u> | <u><u>16,816,902</u></u> |
| <u>Summary of Reserve Transfers</u> | | | |
| Transfers to Reserves | | | |
| Parking Land Reserve | - | - | 154,487 |
| Unexpended Capital Works & Restricted Grant Reserve | 5,168,900 | - | 8,412,626 |
| Total Transfers to Reserves | <u>5,168,900</u> | <u>-</u> | <u>8,567,113</u> |
| Transfers from Reserves | | | |
| Mullewa Community Reserve | (556,390) | - | - |
| Unexpended Capital Works & Restricted Grant Reserve | (11,101,680) | (8,133,496) | (8,006,214) |
| Total Transfers from Reserves | <u>(11,658,070)</u> | <u>(8,133,496)</u> | <u>(8,006,214)</u> |
| Total Net Transfer to/(from) Reserves | <u>(6,489,170)</u> | <u>(8,133,496)</u> | <u>560,899</u> |

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2016

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

\$ '000

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 any unexpended capital works to be carried over to the next financial

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 2016

Note 13. Reserves - Asset Revaluation

| \$ '000 | Notes | 2016 Actual | 2015 Actual |
|---|-------|--------------------|--------------------|
| Asset revaluation reserves have arisen on revaluation of the following classes of assets: | | | |
| (a). Land | | | |
| Opening Balance | | 53,180,786 | 29,367,215 |
| Revaluation Increment | 7(b) | 1,961,953 | 23,813,571 |
| | | 55,142,739 | 53,180,786 |
| (b). Buildings | | | |
| Opening Balance | | 48,900,268 | 45,933,336 |
| Revaluation Increment | 7(b) | - | 2,966,932 |
| Revaluation Decrement | 7(b) | (128,184) | - |
| | | 48,772,084 | 48,900,268 |
| (c). Plant and Equipment | | | |
| Opening Balance | | 1,480,038 | 1,480,038 |
| Revaluation Increment | 7(b) | 121,332 | - |
| | | 1,601,370 | 1,480,038 |
| (d). Artwork | | | |
| Opening Balance | | 155,660 | 445,765 |
| Revaluation Decrement | 7(b) | (3,590) | (290,105) |
| | | 152,071 | 155,660 |
| (e). Roads | | | |
| Opening Balance | | 373,003,794 | 199,260,637 |
| Revaluation Increment | 8(b) | - | 173,743,157 |
| | | 373,003,794 | 373,003,794 |
| (f). Car Parks | | | |
| Opening Balance | | 10,830,969 | 2,758,769 |
| Revaluation Increment | 8(b) | - | 8,072,200 |
| | | 10,830,969 | 10,830,969 |
| (g). Meru Landfill | | | |
| Opening Balance | | 1,142,037 | 215,992 |
| Revaluation Increment | 8(b) | - | 926,045 |
| | | 1,142,037 | 1,142,037 |
| (h). Airport | | | |
| Opening Balance | | 16,077,123 | 6,467,660 |
| Revaluation Increment | 8(b) | - | 9,609,463 |
| | | 16,077,123 | 16,077,123 |
| Total Asset Revaluation Reserves | | 506,722,186 | 504,770,675 |

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2016

Note 14. Notes to the Statement of Cash flows

| \$ '000 | Notes | 2016 Actual | 2016 Budget | 2015 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>38,100,578</u> | <u>7,685,854</u> | <u>32,801,983</u> |
|---------------------------|---|-------------------|------------------|-------------------|

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

| | | | | |
|---|--|--------------------------|--------------------------|--------------------------|
| Net Result | | 2,585,793 | 12,133,632 | 4,351,623 |
| Impairment of Assets | | - | - | 3,198,741 |
| Depreciation | | 22,567,669 | 22,023,657 | 18,218,207 |
| Write Down (Up) in Fair Value of Investments | | (326,046) | - | 67,154 |
| (Profit)/Loss on Sale of Assets | | 212,699 | 16,485 | (105,066) |
| Other Non Cash Movements | | (7,178,302) | - | (649,000) |
| Decrease/(Increase) in Receivables | | (39,512) | (327,017) | (1,016,625) |
| Increase/(Decrease) in Provision for Doubtful Debts | | 64,117 | - | (9,104) |
| Decrease/(Increase) in Inventories | | (6,944) | (57,124) | (14,609) |
| Increase/(Decrease) in Payables & Accruals | | 9,104,055 | 312,132 | 3,526,367 |
| Increase/(Decrease) in Accrued Interest Payable | | 22,478 | - | (10,887) |
| Increase/(Decrease) in Employee Leave Entitlements | | (163,415) | 250,000 | 75,087 |
| Increase/(Decrease) in Other Provisions | | (104,850) | - | 462,262 |
| Grants/Contributions for the Development of Assets | | <u>(11,600,846)</u> | <u>(19,689,063)</u> | <u>(6,036,624)</u> |
| Net Cash from Operating Activities | | <u>15,136,895</u> | <u>14,662,702</u> | <u>22,057,525</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 | | (12,242) | - | (13,404) |
| Total Amount of Credit Unused | | <u>6,852,758</u> | <u>6,865,000</u> | <u>6,851,596</u> |

Security

The Commonwealth Bank of Australia holds a mortgage over Council's rates revenue.

Loan Facilities

| | | | | |
|--|----|--------------------------|--|--------------------------|
| Loan Facilities - Current | 10 | 3,748,422 | | 3,034,459 |
| Loan Facilities - Non-Current | 10 | 24,151,530 | | 19,093,956 |
| Total Facilities in Use at Balance Date | | <u>27,899,951</u> | | <u>22,128,415</u> |

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2016

Note 15. Contingent Liabilities

\$ '000

1) The City of Geraldton has entered into an agreement with the Public Transport Authority to indemnify Brookfield Rail for 40% of the cost of modification to the rail Bridge No. 5371 (Abraham Street) contingent on changes to container heights (double stacking). The term of the indemnity expires on the date of expiry of the current lease Brookfield Rails holds over the Rail Corridor (2049).

The likelihood of such an event to occur is considered to be remote.

2) After the Financial Year 2015-2016 a contractor has made a claim against the City of Greater Geraldton concerning events related to past financial years.

The City has retained legal services and disputes the claim, and at this stage no reliable estimate can be made of the amount involved.

Note 16. Capital and Leasing Commitments

(a). Operating Lease Commitments

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

Payable:

| | | |
|---|----------------|----------------|
| - not later than one year | 77,624 | 59,953 |
| - later than one year but not later than five years | 173,921 | 154,651 |
| - later than five years | - | - |
| Total Operating Lease Commitments | 251,546 | 214,604 |

(b). Capital Expenditure Commitments

Contracted for:

| | | |
|--|------------------|------------------|
| - capital expenditure projects | 3,157,825 | 1,683,934 |
| - land and buildings | - | 6,545,644 |
| - plant & equipment purchases | 371,520 | 412,280 |
| Total Capital Expenditure Commitments | 3,529,345 | 8,641,858 |

Payable:

| | | |
|---|------------------|------------------|
| - not later than one year | 3,529,345 | 8,641,858 |
| - later than one year but not later than five years | - | - |
| - later than five years | - | - |
| Total Capital Expenditure Commitments | 3,529,345 | 8,641,858 |

Capital expenditure commitments at the end of the current reporting period are mainly related to rural roads (Mullewa) flood damage repairs.

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 2016

Note 18. Trust Funds

| \$ '000 | Balance 1-Jul-15 | Amounts Received | Amounts Paid | Balance 30-Jun-16 |
|---|-------------------------|-------------------------|---------------------------|-------------------------|
| BCITF | 47,004 | 195,619 | (222,318) | 20,305 |
| BSL - Building Services Levy (BRB) | 20,497 | 183,773 | (185,345) | 18,926 |
| Refundable Bonds | 253,100 | 33,289 | (88,805) | 197,584 |
| Verge/Footpath Bonds | 125,865 | 17,900 | (25,850) | 117,915 |
| Subdivision & Road Deposits | 1,638,811 | 153,831 | (340,467) | 1,452,174 |
| Election Nomination Deposits | - | 2,000 | (2,000) | - |
| Unclaimed Monies | 10,607 | 235 | (528) | 10,314 |
| Community/Sporting Groups | 47,684 | - | (47,684) | - |
| Roadwise Community Grants | 134 | - | - | 134 |
| Sundry | 43,412 | - | (8,033) | 35,379 |
| DUP Contributions - Cape Burney | 26,997 | 933 | - | 27,931 |
| DUP Contributions - Drummond Cove | 381,433 | 13,187 | - | 394,620 |
| DUP Contributions - Spalding | 32,672 | 1,130 | - | 33,802 |
| DUP Contributions - Strathalbyn | 130,348 | 4,506 | - | 134,855 |
| DUP Contributions - Mt Tarcoola | 38,387 | 1,327 | - | 39,715 |
| DUP Contributions - Wandina | 94,266 | 3,259 | - | 97,525 |
| DUP Contributions - Waggrakine | 189,460 | 6,550 | - | 196,010 |
| DUP Contributions - Webberton | 9,043 | 313 | - | 9,355 |
| DUP Contributions - Geraldton | 6,217 | 215 | - | 6,432 |
| POS Cash in Lieu | 1,655,276 | 103,958 | - | 1,759,233 |
| POS Cash in Lieu - Drummond Cove | 77,990 | 2,696 | - | 80,686 |
| POS Cash in Lieu - Glenfield | 59,702 | 2,065 | - | 61,767 |
| POS Cash in Lieu - Webberton | 840,247 | - | (840,247) | - |
| POS Cash in Lieu - Strathalbyn | 215,368 | 7,446 | - | 222,813 |
| POS Cash in Lieu - Utakarra | 229,439 | 7,932 | - | 237,371 |
| POS Cash in Lieu - Wandina | 71,424 | 3,131 | - | 74,556 |
| POS Cash in Lieu - Waggrakine Rural Residential | 54,975 | 24,920 | - | 79,895 |
| Contributions Received WARCA | 12,622 | 494,036 | (422,645) | 84,013 |
| 20A/152 Reserve 41879 | 42,900 | - | - | 42,900 |
| | <u>6,355,880</u> | <u>1,264,251</u> | <u>(2,183,922)</u> | <u>5,436,210</u> |

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2016

Note 19. Total Assets Classified by Function and Activity

| \$ '000 | 2016 Actual | 2015 Actual |
|---------------------------|--------------------|--------------------|
| Governance | 32,323,177 | 32,166,700 |
| Law, Order, Public Safety | 1,452,471 | 1,446,354 |
| Health | 102,794 | 103,412 |
| Education & Welfare | 6,798,824 | 6,839,719 |
| Housing | 1,302,064 | 1,309,896 |
| Community Amenities | 12,671,656 | 12,453,258 |
| Recreation & Culture | 131,281,243 | 128,172,566 |
| Transport | 555,295,717 | 547,408,072 |
| Economic Services | 288,057 | 276,206 |
| Other Property & Services | 45,660,557 | 37,109,825 |
| Unallocated | 120,273,280 | 120,996,723 |
| | <u>907,449,840</u> | <u>888,282,731</u> |

Note 20. Acquisition of Assets

| \$ '000 | 2016 Actual | 2016 Budget |
|--|-------------------|-------------------|
| <u>By Program</u> | | |
| Governance | | |
| Asset acquisition | 350,900 | 577,500 |
| Law, Order, Public Safety | | |
| Asset acquisition | 14,854 | 1,550,000 |
| Community Amenities | | |
| Asset acquisition | 294,618 | 213,000 |
| Recreation & Culture | | |
| Asset acquisition | 10,404,833 | 16,879,763 |
| Transport | | |
| Asset acquisition | 16,190,049 | 35,998,800 |
| Economic Services | | |
| Asset acquisition | 13,584 | - |
| Other Property & Services | | |
| Asset acquisition | 8,825,327 | 13,565,798 |
| | <u>36,094,165</u> | <u>68,784,861</u> |
| <u>By Class</u> | | |
| <i>Property, Plant & Equipment</i> | | |
| | 7(b) | |
| - Land | 862,622 | - |
| - Buildings | 10,864,266 | 12,985,498 |
| - Furniture and Equipment | 281,064 | 447,500 |
| - Plant and Equipment | 2,183,495 | 1,962,000 |
| <i>Infrastructure</i> | | |
| | 8(b) | |
| - Roads | 14,982,935 | 33,941,800 |
| - Recreation | 5,566,031 | 16,893,950 |
| - Car Parks | 378,111 | - |
| - Meru Landfill | 202,735 | 213,000 |
| - Airport | 730,832 | 2,007,000 |
| - Effluent Scheme | 42,075 | - |
| - Other Infrastructure | - | 334,113 |
| | <u>36,094,165</u> | <u>68,784,861</u> |

City of Greater Geraldton

Notes to the Financial Statements
for the year ended 30 June 2016

Note 21. Disposal of Assets

| \$ '000 | Notes | Net Book Value | | Sale Price | | Profit/(Loss) | |
|--|-------|------------------|------------------|------------------|------------------|------------------|-----------------|
| | | Actual | Budget | Actual | Budget | Actual | Budget |
| The following assets were disposed of during the year. | | | | | | | |
| By Asset Class | | | | | | | |
| <i>Property, Plant & Equipment</i> | 7(b) | | | | | | |
| Land | | 624,514 | 3,680,000 | 574,707 | 3,680,000 | (49,807) | - |
| Buildings | | 52,822 | - | 216 | - | (52,606) | - |
| Furniture and Equipment | | 699,579 | - | 702,336 | - | 2,757 | - |
| Plant and Equipment | | 903,540 | 495,485 | 797,632 | 479,000 | (105,908) | (16,485) |
| Artwork | | 7,175 | - | 40 | - | (7,135) | - |
| Total | | 2,287,630 | 4,175,485 | 2,074,931 | 4,159,000 | (212,699) | (16,485) |

Proceeds of sale at \$ 2,074,931 represents the gross value of items disposed during the financial year including the value of items written off during the financial year (\$ 1,043,788).

| \$ '000 | 2016 Actual | 2016 Budget | 2015 Actual |
|--|------------------|-----------------|----------------|
| Summary | | | |
| Profit on Asset Disposals | 2,757 | 218,026 | 274,464 |
| Loss on Asset Disposals | (215,455) | (234,511) | (169,398) |
| Net Profit/(Loss) on Disposal of Assets | (212,699) | (16,485) | 105,066 |

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2016

Note 22. Financial Ratios

| \$ '000 | Amounts 2016 | Indicator 2016 | Target | Prior Periods 2015 2014 | |
|--|-----------------|-------------------|------------|---------------------------------|---------|
| <i>Liquidity Ratio</i> | | | | | |
| 1. Current Ratio ⁽¹⁾ | | | | | |
| Current Assets less Restricted Current Assets | 15,395,232 | 0.92 : 1 | > 1.00 : 1 | 0.78 | 0.56 |
| Current Liabilities less Liabilities Associated with Restricted Assets | 16,657,233 | | | | |
| <i>Debt Ratio</i> | | | | | |
| 2. Debt Service Cover Ratio ⁽²⁾ | | | | | |
| Operating Surplus before Interest and Depreciation Exp | 14,594,999 | 3.58 : 1 | > 2.00 : 1 | 3.62 | 3.24 |
| Principal and Interest Repayments | 4,076,843 | | | | |
| <i>Coverage Ratio</i> | | | | | |
| 3. Own Source Revenue Coverage Ratio ⁽³⁾ | | | | | |
| Own Source Operating Revenue | 65,843,798 | 82.13% | > 40% | 85.55% | 79.87% |
| Operating Expense | 80,174,894 | | | | |
| <i>Financial Performance Ratio</i> | | | | | |
| 4. Operating Surplus Ratio ⁽⁴⁾ | | | | | |
| Operating Revenue less Operating Expense | (9,015,053) | -13.69% | > 1% | 2.31% | -11.66% |
| Own Source Operating Revenue | 65,843,798 | | | | |
| <i>Asset Management Ratios</i> | | | | | |
| 5. Asset Consumption Ratio ⁽⁵⁾ | | | | | |
| Depreciated Replacement Cost of Depreciable Assets | 772,556,440 | 70.80% | > 50% | 73.13% | 70.07% |
| Current Replacement Cost of Depreciable Assets | 1,091,200,364 | | | | |
| 6. Asset Sustainability Ratio ⁽⁶⁾ | | | | | |
| Capital Renewal and Replacement Expenditure | 14,595,766 | 64.68% | 90-110% | 65.20% | 77.48% |
| Depreciation Expense | 22,567,669 | | | | |
| 7. Asset Renewal Funding Ratio ⁽⁷⁾ | | | | | |
| NPV of Planned Capital Renewals over 10 years | 163,079,567 | 93.25% | 75-95% | 91.32% | 82.87% |
| NPV of Required Capital Expenditure over 10 years | 174,884,875 | | | | |

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 2016

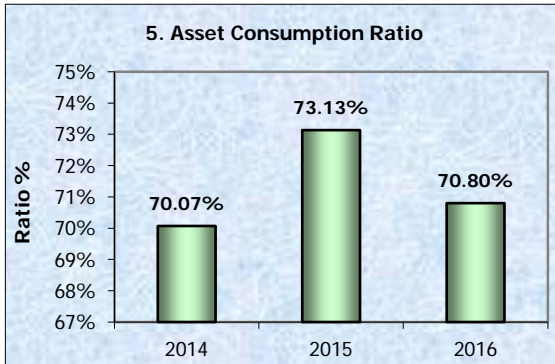
Note 22. Financial Ratios (continued)

| <p style="text-align: center;">1. Current Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>0.56</td> </tr> <tr> <td>2015</td> <td>0.78</td> </tr> <tr> <td>2016</td> <td>0.92</td> </tr> </tbody> </table> | Year | Ratio | 2014 | 0.56 | 2015 | 0.78 | 2016 | 0.92 | <p style="text-align: center;">Purpose of Current Ratio</p> <p>To assess the liquidity position of the Council that has arisen from past year's transactions.</p> | <p style="text-align: right;">2015/16 Ratio 0.92 : 1</p> |
|---|---------|---------|------|---------|------|--------|------|---------|---|--|
| Year | Ratio | | | | | | | | | |
| 2014 | 0.56 | | | | | | | | | |
| 2015 | 0.78 | | | | | | | | | |
| 2016 | 0.92 | | | | | | | | | |
| <p style="text-align: center;">2. Debt Service Cover Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>3.24</td> </tr> <tr> <td>2015</td> <td>3.62</td> </tr> <tr> <td>2016</td> <td>3.58</td> </tr> </tbody> </table> | Year | Ratio | 2014 | 3.24 | 2015 | 3.62 | 2016 | 3.58 | <p style="text-align: center;">Purpose of Debt Service Cover Ratio</p> <p>To assess Council's ability to repay its debt including lease payments.</p> | <p style="text-align: right;">2015/16 Ratio 3.58 : 1</p> |
| Year | Ratio | | | | | | | | | |
| 2014 | 3.24 | | | | | | | | | |
| 2015 | 3.62 | | | | | | | | | |
| 2016 | 3.58 | | | | | | | | | |
| <p style="text-align: center;">3. Own Source Revenue Coverage Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>79.87%</td> </tr> <tr> <td>2015</td> <td>85.55%</td> </tr> <tr> <td>2016</td> <td>82.13%</td> </tr> </tbody> </table> | Year | Ratio % | 2014 | 79.87% | 2015 | 85.55% | 2016 | 82.13% | <p style="text-align: center;">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 style="text-align: right;">2015/16 Ratio 82.13%</p> |
| Year | Ratio % | | | | | | | | | |
| 2014 | 79.87% | | | | | | | | | |
| 2015 | 85.55% | | | | | | | | | |
| 2016 | 82.13% | | | | | | | | | |
| <p style="text-align: center;">4. Operating Surplus Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>-11.66%</td> </tr> <tr> <td>2015</td> <td>2.31%</td> </tr> <tr> <td>2016</td> <td>-13.69%</td> </tr> </tbody> </table> | Year | Ratio % | 2014 | -11.66% | 2015 | 2.31% | 2016 | -13.69% | <p style="text-align: center;">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 style="text-align: right;">2015/16 Ratio -13.69%</p> |
| Year | Ratio % | | | | | | | | | |
| 2014 | -11.66% | | | | | | | | | |
| 2015 | 2.31% | | | | | | | | | |
| 2016 | -13.69% | | | | | | | | | |

City of Greater Geraldton

Notes to the Financial Statements
for the year ended 30 June 2016

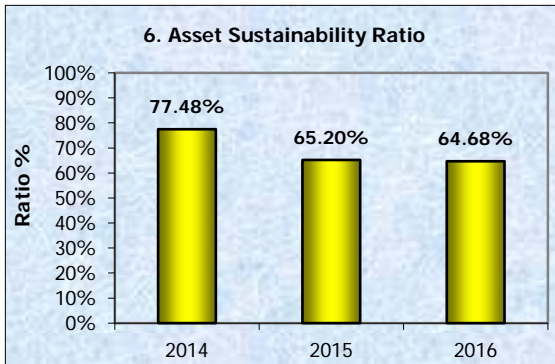
Note 22. Financial Ratios (continued)



Purpose of Asset Consumption Ratio

To assess the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost.

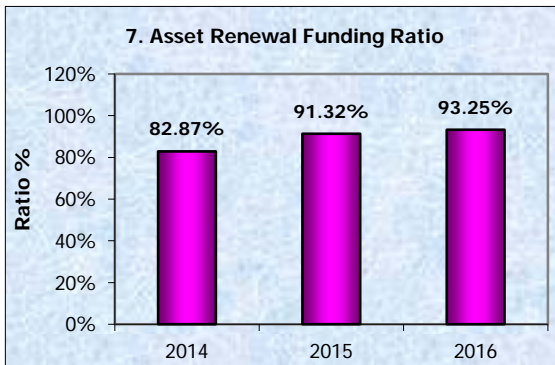
| | |
|----------------------|---------------|
| | |
| 2015/16 Ratio | 70.80% |
| | |



Purpose of Asset Sustainability Ratio

To indicate whether Council is replacing or renewing existing non-financial assets at the same rate that its overall asset stock is wearing out.

| | |
|----------------------|---------------|
| | |
| 2015/16 Ratio | 64.68% |
| | |



Purpose Asset Renewal Funding Ratio

To assess the ability of Council to fund its projected asset renewal / replacements in the future.

| | |
|----------------------|---------------|
| | |
| 2015/16 Ratio | 93.25% |
| | |

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2016

Note 23. Information on Borrowings

| \$ '000 | Borrowing Institution | Interest Rate % | Principal 1-Jul-15 | New Loans | Principal Repayments | | Principal 30-Jun-16 | | Interest Repayments | |
|---|-----------------------|-----------------|--------------------|-----------|----------------------|---------|---------------------|-----------|---------------------|---------|
| | | | | | Actual | Budget | Actual | Budget | Actual | Budget |
| (a). Debenture Repayments | | | | | | | | | | |
| Governance | | | | | | | | | | |
| - 262 Office Redevelopment | WATC | 3.89% | 807,486 | - | 91,094 | 91,094 | 716,392 | 716,392 | 29,238 | 38,580 |
| Recreation & Culture | | | | | | | | | | |
| - 82 Tarcoola Park Tennis Club SSL * | WATC | 7.36% | 13,890 | - | 2,891 | 2,892 | 10,999 | 10,998 | 911 | 1,081 |
| - 268 Foreshore Stabilisation & Protection | WATC | 3.09% | 1,200,000 | - | 104,129 | 104,129 | 1,095,871 | 1,095,871 | 35,727 | 48,745 |
| - 264 Aquarena Upgrade | WATC | 4.36% | 1,836,541 | - | 170,664 | 170,664 | 1,665,877 | 1,665,877 | 76,663 | 97,418 |
| - 271 QPT Air-Conditioning Replacement | WATC | 2.92% | - | 3,250,000 | - | - | 3,250,000 | 3,250,000 | 16,854 | - |
| - 263 Recreation Ground Grandstand | WATC | 4.36% | 1,147,838 | - | 106,665 | 106,665 | 1,041,173 | 1,041,173 | 47,915 | 60,887 |
| - 272 MUF, Youth Precinct, Beach Access Ram | WATC | 3.21% | - | 4,056,000 | - | - | 4,056,000 | 4,056,000 | 23,123 | - |
| - 259 Verita Road | WATC | 4.72% | 3,157,282 | - | 425,658 | 425,657 | 2,731,624 | 2,731,625 | 142,827 | 177,650 |
| - 257 Geraldton Hockey Association * | WATC | 4.81% | 175,640 | - | 23,619 | 23,619 | 152,021 | 152,021 | 7,875 | 10,037 |
| - 253 Geraldton Yacht Club SSL * | WATC | 6.26% | 55,223 | - | 10,312 | 10,312 | 44,911 | 44,911 | 3,083 | 3,817 |
| - 251 Geraldton Hockey Association * | WATC | 6.14% | 125,005 | - | 26,570 | 26,570 | 98,435 | 98,435 | 6,972 | 8,442 |
| - 228 Geraldton Surf Life Saving * | WATC | 6.42% | 37,888 | - | 18,355 | 18,355 | 19,533 | 19,533 | 1,533 | 2,569 |
| - 260 Aquarena Renewal Stage 1 | WATC | 3.89% | 2,099,463 | - | 236,845 | 236,845 | 1,862,617 | 1,862,618 | 76,019 | 100,594 |
| Transport | | | | | | | | | | |
| - 269 Airport Projects | WATC | 3.09% | 3,020,000 | - | 262,058 | 262,058 | 2,757,942 | 2,757,942 | 89,912 | 122,675 |
| - 261 Airport Paid Parking Facilities | WATC | 3.89% | 1,211,228 | - | 136,641 | 136,641 | 1,074,587 | 1,074,587 | 43,857 | 57,870 |
| - 258 Airport Buffer Land | WATC | 4.72% | 912,106 | - | 122,970 | 122,968 | 789,136 | 789,138 | 41,261 | 51,321 |
| - 234 Lot 8 Chapman Road - Car Park | WATC | 5.09% | 522,262 | - | 129,733 | 129,733 | 392,529 | 392,529 | 23,423 | 29,935 |
| - 230 Airport Buffer Land | WATC | 8.93% | 521,165 | - | 197,594 | 197,595 | 323,571 | 323,570 | 29,420 | 37,703 |
| - 229 SGIO Car Park | WATC | 6.47% | 172,559 | - | 83,575 | 83,576 | 88,984 | 88,983 | 11,712 | 11,772 |
| - 255 Plant Loan 10/11 | WATC | 5.41% | 110,951 | - | 110,951 | 110,951 | - | - | - | 5,613 |
| - 252 Plant Purchases for 2009/2010 | WATC | 6.06% | 659,768 | - | 123,683 | 123,683 | 536,085 | 536,085 | 36,066 | 44,370 |
| - 273 Verita Road Stage 1 | WATC | 2.45% | - | 1,500,000 | - | - | 1,500,000 | 1,500,000 | 3,196 | - |
| - 270 (New) Airport Technology Park | WATC | 2.74% | 2,450,000 | - | 463,700 | 461,469 | 1,986,300 | 1,988,531 | 63,201 | 97,598 |

(continued on next page)

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2016

Note 23. Information on Borrowings (continued)

| \$ '000 | Borrowing Institution | Interest Rate % | Principal 01/07/2015 | New Loans | Principal Repayments | | Principal 30-Jun-16 | | Interest Repayments | |
|--|-----------------------|-----------------|----------------------|------------------|----------------------|------------------|---------------------|-------------------|---------------------|------------------|
| | | | | | Actual | Budget | Actual | Budget | Actual | Budget |
| (a). Debenture Repayments (continued) | | | | | | | | | | |
| Economic Services | | | | | | | | | | |
| - 95 Hamlet | WATC | 6.99% | 28,032 | - | 13,531 | 13,531 | 14,501 | 14,501 | 1,395 | 1,886 |
| Other Property & Services | | | | | | | | | | |
| - 265 Old Works Depot | WATC | 4.36% | 918,270 | - | 85,331 | 85,332 | 832,939 | 832,938 | 38,332 | 48,709 |
| - 266 Old Railway Building | WATC | 4.36% | 945,819 | - | 87,892 | 87,892 | 857,923 | 857,927 | 39,482 | 50,171 |
| WATC Loan Guarantee Fee | | | - | - | - | - | - | - | 152,387 | - |
| | | | 22,128,415 | 8,806,000 | 3,034,460 | 3,032,231 | 27,899,952 | 27,902,184 | 1,042,382 | 1,109,443 |

Funding of Borrowings All loan repayments were funded by general purpose income.

1 Self- Supporting Loan * Those loans denoted with "*" are subject of a repayment agreement that secured the reimbursement from a community organisation of all costs associated with the loan.

2 WATC = WA Treasury Corporation

Security

The general funds of the Borrower as defined in section 6.21 (4) of the Local Government Act 1995 are charged in favour of Treasury Corporation to secure all principal interest and other amounts payable by the Borrower from time to time.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2016

Note 23. Information on Borrowings (continued)

| \$ '000 | Amount Borrowed | | Institution | Type | Term (Years) | Total | Interest | Amount Used | | Balance Unspent |
|--|------------------|-------------------|-------------|-----------|-----------------|------------------|----------|--------------------|---------------------|--------------------|
| | Actual | Budget | | | | Interest | Rate | Actual | Budget | |
| | | | | | | & Charges | % | | | |
| (b). New Debentures | | | | | | | | | | |
| Foreshore Stabilisation & Protection | - | 1,850,000 | | | - | - | | - | (1,850,000) | - |
| Airport Fire Main Upgrade | - | 1,000,000 | | | - | - | | - | (1,000,000) | - |
| Animal Pound Upgrade | - | 1,550,000 | | | - | - | | - | (1,550,000) | - |
| MUF, Youth Precinct, Beach Access Ramp | 4,056,000 | 4,056,000 | WATC | Debenture | 15 | 1,086,391 | 3.21% | (4,056,000) | (4,056,000) | - |
| POS Olive Street Development | - | 4,500,000 | | | - | - | | - | (4,500,000) | - |
| QPT Air-Conditioning Replacement | 3,250,000 | 3,250,000 | WATC | Debenture | 10 | 521,061 | 2.92% | (3,250,000) | (3,250,000) | - |
| Verita Road Stage 1 | 1,500,000 | 9,000,000 | WATC | Debenture | 7 | 141,446 | 2.45% | (780,113) | (9,000,000) | 719,887 |
| | 8,806,000 | 25,206,000 | | | | 1,748,899 | | (8,086,113) | (25,206,000) | 719,887 |

| \$ '000 | Date Borrowed | Balance 1-Jul-15 | Borrowed | Expended | Balance 30-Jun-16 |
|---|------------------|---------------------|------------------|--------------------|----------------------|
| | | | During Year | During Year | |
| Verita Road Stage 1 (Bridge/Roundabout) | 30/05/2016 | - | 1,500,000 | (780,113) | 719,887 |
| Airport Projects | 4/05/2015 | 632,375 | - | (413,441) | 218,934 |
| Foreshore Stabilisation & Protection | 4/05/2015 | 806,661 | - | - | 806,661 |
| | | 1,439,036 | 1,500,000 | (1,193,554) | 1,745,482 |

(d). Overdraft

The City of Greater Geraldton established an overdraft facility of \$ 750,000.
The balance of the bank overdraft at 30 June 2016 was \$0 (1 July 2015: \$0).

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2016

Note 24(a). Rating Information (2015/16 Financial Year)

| \$ '000 | Notes | Rate in \$ | Number of Properties | Rateable Value | Rate Revenue | Interim Rates | Back Rates | Total Revenue | Budget Rate Revenue | Budget Interim Rate | Budget Back Rate | Budget Total Revenue |
|---------------------------------------|-------|----------------|----------------------|--------------------|-------------------|----------------|---------------|-------------------|---------------------|---------------------|------------------|----------------------|
| Rate Type | | | | | | | | | | | | |
| Differential General Rate | | | | | | | | | | | | |
| CGG Residential | | 11.3506 | 15,055 | 234,675,383 | 26,637,063 | 313,991 | 12,808 | 26,963,862 | 26,637,063 | 200,000 | 5,000 | 26,842,063 |
| Non Residential GRV | | 10.7071 | 1,220 | 88,358,095 | 9,460,590 | 112,432 | (1,446) | 9,571,576 | 9,460,590 | 250,000 | 5,000 | 9,715,590 |
| Geraldton UV, Rural, Mining & Farming | | 0.7032 | 669 | 243,078,011 | 1,709,325 | 33,582 | 4,754 | 1,747,661 | 1,709,325 | - | - | 1,709,325 |
| GRV Ex-Mullewa District | | 11.3804 | 143 | 1,207,160 | 137,380 | 2,800 | 145 | 140,325 | 137,380 | - | - | 137,380 |
| Mullewa UV, Rural, Mining & Farming | | 0.7573 | 215 | 141,976,017 | 1,075,184 | (3,533) | 86 | 1,071,737 | 1,075,184 | - | - | 1,075,184 |
| Sub-Total | | | 17,302 | 709,294,666 | 39,019,542 | 459,272 | 16,347 | 39,495,161 | 39,019,542 | 450,000 | 10,000 | 39,479,542 |
| Minimum Rates | | | | | | | | | | | | |
| | | Minimum | | | | | | | | | | |
| CGG Residential | | 1,010 | 2,099 | 9,825,236 | 2,119,990 | - | - | 2,119,990 | 2,119,990 | - | - | 2,119,990 |
| Non Residential GRV | | 1,010 | 170 | 943,741 | 171,700 | - | - | 171,700 | 171,700 | - | - | 171,700 |
| Geraldton UV, Rural, Mining & Farming | | 1,010 | 206 | 18,858,859 | 208,060 | - | - | 208,060 | 208,060 | - | - | 208,060 |
| GRV Ex-Mullewa District | | 600 | 141 | 274,854 | 84,600 | - | - | 84,600 | 84,600 | - | - | 84,600 |
| Mullewa UV, Rural, Mining & Farming | | 860 | 103 | 3,582,372 | 88,580 | - | - | 88,580 | 88,580 | - | - | 88,580 |
| Sub-Total | | | 2,719 | 33,485,062 | 2,672,930 | - | - | 2,672,930 | 2,672,930 | - | - | 2,672,930 |
| | | | | | | | | 42,168,091 | | | | 42,152,472 |
| Discounts/Concessions | 27 | | | | | | | (877,348) | | | | (877,348) |
| | | | | | | | | 41,290,743 | | | | 41,275,124 |
| Specified Area Rate | 25 | | | | | | | - | | | | - |
| Totals | | | | | | | | 41,290,743 | | | | 41,275,124 |

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2016

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

| \$ '000 | Notes | 2016 Carried Fwd Actual | 2015 Brought Fwd Actual |
|---|-------|-------------------------------|-------------------------------|
| Current Assets | | | |
| Cash - Unrestricted | 3 | 9,163,374 | 4,516,282 |
| Cash - Restricted Reserves | 3 | 10,327,731 | 16,816,902 |
| Cash - Restricted Unspent Grants | 2(d) | 18,609,473 | 11,468,800 |
| Investments | 4 | - | 266,241 |
| Rates - Current | 5 | 3,335,668 | 3,107,675 |
| Sundry Debtors | 5 | 1,549,292 | 1,963,724 |
| GST Receivable | 5 | 287,911 | 471,252 |
| Other Receivables | 5 | 599,344 | 326,575 |
| Inventories | | | |
| - Fuel and Materials | 6 | 308,394 | 317,190 |
| - Other | 6 | 151,249 | 135,508 |
| | | 44,332,437 | 39,390,148 |
| Current Liabilities | | | |
| Sundry Creditors | 9 | 8,039,950 | 6,067,497 |
| Accrued Interest on Debentures | 9 | 164,783 | 142,305 |
| Accrued Salaries and Wages | 9 | 264,606 | 35,688 |
| Other Current Trade and Other Payables | 9 | 18,609,473 | 11,706,789 |
| Current Employee Benefits Provision | 11 | 3,959,165 | 4,149,979 |
| Other Current Provisions | 11 | 480,308 | 515,907 |
| Current Loan Liability | 10 | 3,748,422 | 3,034,459 |
| | | 35,266,706 | 25,652,623 |
| Net Current Assets | | 9,065,731 | 13,737,525 |
| Less: | | | |
| Reserves - Restricted Cash | 3 | (10,327,731) | (16,816,902) |
| Self Supporting Loan Principal Repayments | | (81,748) | (77,149) |
| Council Loan Principal Repayments | | (37,629) | (10,616) |
| Add Back: | | | |
| Current Loan Liability | 10 | 3,748,422 | 3,034,459 |
| Surplus/(Deficit) | | 2,367,045 | (132,682) |

(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 2016

Note 25. Specified Area Rate (2015/16 Financial Year)

\$ '000

The City has abolished the Specified Area Rate from 1st of July, 2015.

Note 26. Service Charges (2015/16 Financial Year)

The City of Greater Geraldton does not have any Service Charges.

Note 27. Discounts, Incentives, Concessions & Write-offs (2015/16 Financial Year)

\$ '000

| | Total Cost / Value | Budget Cost / Value |
|--|-----------------------|------------------------|
|--|-----------------------|------------------------|

(a) Discounts/Concessions

| | | |
|---------------|----------------|----------------|
| General Rates | 877,348 | 877,348 |
| | 877,348 | 877,348 |

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

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

The 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.

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 & Perth Ambassador Hotel - \$560 - 2 night weekend stay
- Staples - Ipad mini 16GB valued at \$299
- Mitchell & Brown - \$ 599 Pots & Pans
- Novus Tint a Car -\$ 300 gift voucher
- Everybody Group Fitness - 5 x \$100 Vouchers
- Choices Flooring - \$1,000 voucher
- Chimera Pearls - \$570 Pendant
- Ibis Geraldton - 5 x \$ 50 Meal Vouchers
- 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 2016

Note 27. Discounts, Incentives, Concessions & Write-offs (2015/16 Financial Year)

| \$ '000 | Notes | Total Cost / Value | Budget Cost / Value |
|------------------------|-------|-----------------------|------------------------|
| (c). Write-Offs | | | |
| Rate Assessment | 2(a) | 80,334 | 30,000 |
| General Debtors | 2(a) | 74,530 | 16,630 |
| | | <u>154,864</u> | <u>46,630</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.

Note 28. Interest Charges and Instalments (2015/16 Financial Year)

| \$ '000 | Interest Rate % | Admin. Charge | Actual Revenue | Budgeted Revenue |
|------------------------------|--------------------|------------------|-----------------------|-----------------------|
| Interest on Unpaid Rates | 11.00% | - | 482,928 | 330,000 |
| Interest on Instalments Plan | 5.50% | - | 173,790 | 180,000 |
| Pensioner Deferred Interest | 0.00% | - | 9,031 | 12,000 |
| | | | <u>665,749</u> | <u>522,000</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 \$ 803,638.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2016

Note 29. Fees & Charges

| \$ '000 | 2016 Actual | 2016 Budget | 2015 Actual |
|-----------------------------|--------------------------|--------------------------|--------------------------|
| Governance | 10,311 | 11,150 | 9,527 |
| General Purpose Funding | 215,594 | 257,002 | 246,783 |
| Law, Order, Public Safety | 343,017 | 350,200 | 363,067 |
| Health | 58,177 | 52,925 | 49,752 |
| Education and Welfare | 189,047 | 225,521 | 189,720 |
| Community Amenities | 9,731,657 | 8,627,957 | 8,600,822 |
| Recreation and Culture | 1,652,136 | 1,941,745 | 2,015,922 |
| Transport | 6,403,354 | 6,335,445 | 6,822,577 |
| Economic Services | 833,310 | 1,063,090 | 986,634 |
| Other Property and Services | 972,865 | 1,001,954 | 951,809 |
| | <u>20,409,467</u> | <u>19,866,989</u> | <u>20,236,613</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

| \$ '000 | 2016 Actual | 2015 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 | 6,701,460 | 13,674,952 |
| Non-Operating Grants, Subsidies and Contributions | 11,600,846 | 6,036,624 |
| | <u>18,302,306</u> | <u>19,711,577</u> |

(b). By Program

| | | |
|---------------------------|--------------------------|--------------------------|
| Governance | 404,473 | 987,470 |
| General Purpose Funding | 3,080,265 | 9,014,921 |
| Law, Order, Public Safety | 828,856 | 300,189 |
| Health | 500 | 909 |
| Education & Welfare | 1,066,114 | 1,064,678 |
| Community Amenities | 526,876 | 888,605 |
| Recreation & Culture | 2,848,602 | 1,785,324 |
| Transport | 7,947,023 | 1,994,848 |
| Economic Services | 197,419 | 136,203 |
| Other Property & Services | 1,402,178 | 3,538,430 |
| | <u>18,302,306</u> | <u>19,711,577</u> |

Included within the Operating Grants, Subsidies and Contributions total of \$ 6,701,460 is \$ 1,385,417 in reimbursements and recoveries.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2016

Note 31. Employee Numbers

| \$ '000 | 2016 Actual | 2015 Actual | 2014 Actual |
|--|----------------|----------------|----------------|
| The number of full-time equivalent employees at balance date | 254 | 292 | 328 |

Council approved establishment end of the reporting year: 291 FTE (2015: 312 FTE).

Note 32. Councillor Remuneration

| \$ '000 | 2016 Actual | 2016 Budget | 2015 Actual |
|---|----------------|----------------|----------------|
| The following fees, expenses and allowances were paid to council members and the mayor. | | | |
| Meeting Fees | 339,180 | 346,014 | 345,660 |
| Members Allowance | 118,836 | 119,561 | 118,835 |
| Members IT and Telephone Allowance | 52,041 | 52,500 | 52,500 |
| Travelling Expenses | 23,970 | 20,000 | 26,929 |
| Conference Expenses | 30,102 | 15,000 | 27,712 |
| Childcare Expenses | 2,800 | - | 2,750 |
| Councillor Training | 20,487 | 20,000 | 11,667 |
| | <u>587,416</u> | <u>573,075</u> | <u>586,053</u> |

Note 33. Employee Costs

| | | | |
|--|-------------------|-------------------|-------------------|
| Wages and Salaries | 18,224,482 | 23,258,154 | 19,643,878 |
| Employee Leave Entitlements | 5,664,403 | 335,464 | 5,646,415 |
| Superannuation | 2,881,069 | 3,276,200 | 3,022,301 |
| Workers' Compensation Insurance | 710,436 | 768,000 | 921,935 |
| Protective Clothing & Uniforms | 94,316 | 70,453 | 113,562 |
| Recruitment Costs | 84,010 | 270,000 | 57,421 |
| Training Costs (other than Salaries & Wages) | 111,125 | 88,116 | 105,892 |
| Other | 128,088 | 172,000 | 172,412 |
| | <u>27,897,929</u> | <u>28,238,387</u> | <u>29,683,817</u> |

City of Greater Geraldton

Notes to the Financial Statements for the year ended 30 June 2016

Note 33. Employee Costs (continued)

| \$ '000 | Salary Range | 2016 Actual | 2015 Actual |
|---|-------------------|----------------|----------------|
| 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 | 4 | 8 |
| | 110,000 - 119,999 | 6 | 9 |
| | 120,000 - 129,999 | 3 | 4 |
| | 130,000 - 139,999 | 3 | 2 |
| | 140,000 - 149,999 | 1 | - |
| | 160,000 - 169,999 | 3 | 3 |
| | 170,000 - 179,999 | - | 1 |
| | 250,000 - 259,999 | - | 1 |
| | 270,000 - 279,999 | 1 | - |

Note 34. Major Land Transactions

| \$ '000 |
|---|
| <u>Drummond Cove Free holding of Land</u> |
| 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 2015-16 amounted to \$37,629 (2014-15: \$ 10,616). All major expenditure associated with subdivisional development was concluded in 2009-10. |

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2016

Note 35. Trading and Major Trading Undertakings

\$ '000

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 \$5.5m per annum (2014-2015: \$6.1M).

Operating surpluses from airport operations are utilised to maintain and improve existing airport infrastructure, provide for development of future infrastructure. During 2015-16, capital outlays on Airport Infrastructure (including buildings) amounted to nearly \$1.0M.

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.

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 2016

Note 35. Trading and Major Trading Undertakings (continued)

\$ '000

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 \$4.3M in 2015-16. During 2015-16, 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.

The 2015/16 financial year saw many changes in the delivery of waste services designed to improve operational efficiencies while maintaining effectiveness. As part of the 2015/16 restructures, the waste function will be moved into the Development and Community Services Department and merged into an existing branch. In preparation for this move, officers have outsourced the traditional sanitation services and are presently reviewing the operation of the recycling shop and the landfill weighbridge. Some of the operational initiatives include the installation of CCTV cameras on the site, installation of additional groundwater monitoring bores and a water source bores for firefighting and dust suppression.

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 2016

Note 36. Financial Risk Management

\$ '000

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 Town held the following financial instruments at balance date.

| | Notes | Carrying Value | | Fair Value | |
|---|-------|-------------------|-------------------|-------------------|-------------------|
| | | 2016 | 2015 | 2016 | 2015 |
| Financial Assets | | | | | |
| Cash and Cash Equivalents | 3 | 38,100,578 | 32,801,983 | 38,100,578 | 32,801,983 |
| Receivables (Current & Non-Current) | 5 | 6,371,988 | 6,478,341 | 6,371,988 | 6,478,341 |
| Financial Assets at Fair Value through Profit or Loss | 4 | - | 266,241 | - | 266,241 |
| | | <u>44,472,566</u> | <u>39,546,565</u> | <u>44,472,566</u> | <u>39,546,565</u> |
| Financial Liabilities | | | | | |
| Payables (Current & Non-Current) | 9 | 27,078,812 | 17,952,279 | 27,078,812 | 17,952,279 |
| Borrowings (Current & Non-Current) | 10 | 27,899,951 | 22,128,415 | 27,899,951 | 22,128,415 |
| | | <u>54,978,763</u> | <u>40,080,693</u> | <u>54,978,763</u> | <u>40,080,693</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 2016

Note 36. Financial Risk Management (continued)

\$ '000

(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 these changes are 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-16 | 30-Jun-15 |
|---|-----------|-----------|
| Impact of a 10% ⁽¹⁾ movement in price of investments | | |
| Equity | - | 26,624 |
| Statement of Comprehensive Income ⁽²⁾ | - | 26,624 |
| Impact of a 1% ⁽¹⁾ movement in interest rates on cash and investments | | |
| Equity | 381,006 | 330,682 |
| Statement of Comprehensive Income | 381,006 | 330,682 |

Notes:

- 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.)
- Maximum impact.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2016

Note 36. Financial Risk Management (continued)

\$ '000

(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-16 % | 30-Jun-15 % |
|---|----------------|----------------|
| Percentage of Rates and Annual Charges | | |
| Current | 94.28% | 94.66% |
| Overdue | 5.72% | 5.34% |
| Percentage of Other Receivables | | |
| Current | 83.43% | 70.32% |
| Overdue | 16.57% | 29.68% |

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2016

Note 36. Financial Risk Management (continued)

\$ '000

(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:

| \$ '000 | Due within 1 year | Due between 1 & 5 years | Due after 5 years | Total contractual cash flows | Carrying Values |
|-------------|-------------------|-------------------------|-------------------|------------------------------|-------------------|
| 2016 | | | | | |
| Payables | 27,078,812 | - | - | 27,078,812 | 27,078,812 |
| Borrowings | 3,748,422 | 13,951,223 | 10,200,307 | 27,899,951 | 27,899,951 |
| | 30,827,234 | 13,951,223 | 10,200,307 | 54,978,763 | 54,978,763 |
| 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 |

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-16 | | 30-Jun-15 | |
|--------------------|----------------------------------|------------|----------------------------------|------------|
| | Weighted average interest rate % | Balance \$ | Weighted average interest rate % | Balance \$ |
| Bank Loans - Fixed | 3.81% | 27,899,951 | 4.14% | 22,128,415 |
| | | 27,899,951 | | 22,128,415 |

Notes:

1. The interest rate risk applicable to Variable Rate Bank Loan is not considered significant.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2016

Note 37. Fair Value Measurements

\$ '000

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:

| 2016 | 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 | | | | | |
| Receivables | | - | - | 6,371,988 | 6,371,988 |
| Total Financial Assets | | - | - | 6,371,988 | 6,371,988 |
| Financial Liabilities | | | | | |
| Payables | 30/06/16 | - | - | 27,078,812 | 27,078,812 |
| Loans / Advances | 30/06/16 | - | - | 27,899,951 | 27,899,951 |
| Total Financial Liabilities | | - | - | 54,978,763 | 54,978,763 |
| Property, Plant & Equipment | | | | | |
| - Land | 30/06/15 | - | 86,505,192 | 3,456,000 | 89,961,192 |
| - Buildings | 30/06/15 | - | 959,000 | 104,577,134 | 105,536,134 |
| - Furniture & Equipment | 30/06/16 | - | - | 1,204,828 | 1,204,828 |
| - Plant & Equipment | 30/06/16 | - | 10,136,197 | - | 10,136,197 |
| - Artwork | 14/11/14 | - | 608,926 | - | 608,926 |
| Total Property, Plant & Equipment | | - | 98,209,315 | 109,237,963 | 207,447,278 |
| Infrastructure | | | | | |
| - Roads | 30/06/15 | - | - | 567,839,869 | 567,839,869 |
| - Recreation | 30/06/15 | - | - | 35,526,313 | 35,526,313 |
| - Car Parks | 30/06/15 | - | - | 10,984,792 | 10,984,792 |
| - Meru Landfill | 30/06/15 | - | - | 13,499,106 | 13,499,106 |
| - Airport | 30/06/15 | - | - | 26,990,030 | 26,990,030 |
| Total Infrastructure | | - | - | 654,840,109 | 654,840,109 |

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2016

Note 37. Fair Value Measurements (continued)

\$ '000

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

| 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 |

(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.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2016

Note 37. Fair Value Measurements (continued)

\$ '000

(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:

Property, Plant & Equipment

AVP valuers & Asset Management 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.

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.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2016

Note 37. Fair Value Measurements (continued)

\$ '000

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

Property, Plant & Equipment (continued)

LAND (continued)

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.

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.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2016

Note 37. Fair Value Measurements (continued)

\$ '000

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

Property, Plant & Equipment (continued)

PLANT & EQUIPMENT

A fair value valuation of Plant and Equipment has been completed 30/06/2016 by the City's fleet manager. All of the valuations were made on the basis of open market values of similar assets (based on figures supplied by auction groups, council sales records, vehicle valuation guides and the IPWEA Plant and Vehicle Management Manual) adjusted for condition and comparability (Level 2 inputs in the fair value hierarchy).

FURNITURE & EQUIPMENT

Management conducted a valuation of furniture and equipment effective 30/06/2016 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.

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.

Prime Property Valuations Pty Ltd has completed a valuation of land located in the Geraldton Airport Technology Park as a result of the reclassification of the land from Land Held for Resale as Freehold Land under Property, Plant and Equipment (Land) with the effective date of valuation 30th of June 2016.

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 2016

Note 37. Fair Value Measurements (continued)

\$ '000

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

Infrastructure (continued)

AIRPORT (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.

MERU LANDFILL

AVP valuers & Asset Management have completed a valuation of the Landfill Land and associated Infrastructure assets with the effective date of 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 2016

Note 37. Fair Value Measurements (continued)

\$ '000

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

Infrastructure (continued)

MERU LANDFILL (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.

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 -

City of Greater Geraldton

Notes to the Financial Statements for the year ended 30 June 2016

Note 37. Fair Value Measurements (continued)

\$ '000

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

Infrastructure (continued)

MERU LANDFILL (continued)

Landfill (continued)

- 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

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 (2015-2016: \$ 9,195,308) 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 carparks.

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 2016

Note 37. Fair Value Measurements (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (Level 3)**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 | 3,456,000 | 96,965,353 | 1,506,600 | 567,776,619 | 669,704,572 |
| Purchases (GBV) | - | 10,864,266 | 281,064 | 14,982,935 | 26,128,265 |
| Disposals (WDV) | - | (52,606) | (2,243) | - | (54,849) |
| Depreciation & Impairment | - | (3,071,695) | (390,086) | (14,919,685) | (18,381,466) |
| FV Gains - Other Comprehensive Income | - | (128,184) | - | - | (128,184) |
| Transfer between Asset Classes | - | - | (190,506) | - | (190,506) |
| Closing Balance - 30/6/16 | 3,456,000 | 104,577,134 | 1,204,829 | 567,839,869 | 677,077,832 |
| | 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 | 30,552,746 | 11,044,634 | 13,719,797 | 26,834,300 | 82,151,477 |
| Purchases (GBV) | 5,566,031 | 378,111 | 202,735 | 730,832 | 6,877,709 |
| Depreciation & Impairment | (592,464) | (437,953) | (354,176) | (575,103) | (1,959,696) |
| Other movement | - | - | (69,250) | - | (69,250) |
| Closing Balance - 30/6/16 | 35,526,313 | 10,984,792 | 13,499,106 | 26,990,029 | 87,000,240 |

(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 2016

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

\$ '000

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. Equity - Retained Earnings and Reserves Adjustments

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

Council made no correction of errors during the current reporting period.

(b). Voluntary Changes in Accounting Policies

Council made no voluntary changes in any accounting policies during the year.

Note 42. Discontinued Operations

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

City of Greater Geraldton

Notes to the Financial Statements for the year ended 30 June 2016

Note 43. Events occurring after the Reporting Period

\$ '000

Events that occur between the end of the reporting period (ending 30 June 2016) 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 16/09/16.

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 2016.

(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 2016 and which are only indicative of conditions that arose after 30 June 2016.

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 2016

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**

Shane van Styn

AUDITORS

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

COUNCILLORS

Graeme Bylund
Steve Douglas
Lewis Freer
David Caudwell
Michael Raymond
Laurie Graham
Tarleah Thomas
Jennifer Critch
Robert Hall
Victor Tanti
Neil McIlwaine
Natasha Colliver
Renee Ellis
Simon Keemink

Other Information

ABN: 55 907 677 173

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 2016, 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 2016, 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 2016 and of its performance for the financial year ended 30 June 2016;
- 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 other 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 19th day of September 2016