

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2004

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SHIRE OF BUSSELTON
OPERATING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2004

	NOTE	2003/04 Actual \$	2003/04 Budget \$	2002/03 Actual \$
Revenues from Ordinary Activities				
General Purpose Funding		15,930,597	15,538,519	14,486,303
Governance		9,497	3,501	3,983
Law, Order, Public Safety		350,178	328,689	223,779
Health		19,072	24,016	28,410
Education and Welfare		19,918	21,386	85,097
Housing		121,465	119,798	107,769
Community Amenities		2,408,048	2,159,193	2,068,877
Recreation and Culture		2,612,646	2,441,252	3,598,051
Transport		4,327,433	1,471,738	3,435,573
Economic Services		1,319,123	1,070,076	1,169,697
Other Property and Services		534,215	405,847	487,094
	2	<u>27,652,192</u>	<u>23,584,015</u>	<u>25,694,633</u>
Expenses from Ordinary Activities Excluding Borrowing Costs Expense				
General Purpose Funding		483,323	469,039	396,274
Governance		1,520,345	1,609,990	1,542,341
Law, Order, Public Safety		993,040	952,256	832,939
Health		503,149	561,526	526,862
Education and Welfare		152,193	146,857	237,474
Housing		143,562	162,206	114,022
Community Amenities		3,908,711	4,123,833	3,853,415
Recreation & Culture		5,584,712	5,665,174	5,540,625
Transport		6,792,891	5,790,596	6,905,336
Economic Services		1,177,863	1,202,155	1,157,484
Other Property and Services		819,647	563,582	557,750
	2	<u>22,079,436</u>	<u>21,247,214</u>	<u>21,664,522</u>
Borrowing Costs Expense				
General Purpose Funding		16,128	36,000	32,754
Education and Welfare		16,556	16,556	0
Community Amenities		29,805	58,160	0
Recreation & Culture		151,498	151,498	149,393
Transport		25,281	25,281	31,641
Economic Services		20,388	17,830	19,270
Other Property and Services		2,659	2,659	3,970
		<u>262,315</u>	<u>307,984</u>	<u>237,028</u>
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS		<u>5,310,441</u>	<u>2,028,817</u>	<u>3,793,083</u>

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



SHIRE OF BUSSELTON
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2004

	NOTE	2003/04 Actual \$	2002/03 Actual \$
RETAINED SURPLUS			
Balance as at 1 July 2003		137,639,654	133,884,998
Change in Net Assets Resulting from Operations		5,310,441	3,793,083
Transfer from/(to) Reserves		(995,438)	(38,427)
Balance as at 30 June 2004		<u>141,954,657</u>	<u>137,639,654</u>
 RESERVES - CASH BACKED			
Balance as at 1 July 2003		3,720,397	3,681,970
Amount Transferred (to)/from Retained Surplus		995,438	38,427
Balance as at 30 June 2004	11	<u>4,715,835</u>	<u>3,720,397</u>
 RESERVES - ASSET REVALUATION			
Balance as at 1 July 2003		17,217,225	14,915,228
Revaluation Increment on Roads		19,212,550	1,129,865
Revaluation Decrement on Footpath Infrastructure		(258,205)	457,444
Revaluation Increment on Parks & Reserves		65,899	496,198
Revaluation Increment on Drainage		362,782	218,490
Balance as at 30 June 2004		<u>36,600,251</u>	<u>17,217,225</u>
TOTAL EQUITY		<u><u>183,270,743</u></u>	<u><u>158,577,276</u></u>

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



SHIRE OF BUSSELTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2004

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Accounting

The financial report is a general purpose financial report which has been prepared in accordance with applicable Australian Accounting Standards (except for the departure allowed by legislation relating to infrastructure assets noted below) and the Local Government Act 1995 (as amended) and accompanying regulations. The report has also been prepared on the accrual basis under the convention of historical cost accounting.

(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 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) Infrastructure Assets

Infrastructure (eg roads, drainage, parks & ovals etc) constructed or acquired since 1st July 1995 has been capitalised and recorded in the statement of financial position.

The initial valuation of a class of infrastructure asset was taken up in the retained surplus account.

Future upward revaluations of infrastructure are reflected in the asset revaluation reserve. Future downward revaluations of infrastructure are reflected in the asset revaluation reserve where sufficient reserves are held for that class of asset.

(d) Land and Buildings

(i) Land Held for Resale

Land purchased for development and/or resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development and interest incurred on the financing of that land during its development. Interest and holding charges incurred after development is complete 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.

(ii) Land and Buildings

Land and Buildings are valued at cost or management valuation as disclosed in Note 6.



SHIRE OF BUSSELTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2004

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Employee Entitlements

The provisions for employee entitlements relate to amounts expected to be paid for long service leave, sick leave incentive, annual leave, wages and salaries and are calculated as follows:

(i) Wages, Salaries and Annual Leave

The provision for employees' entitlements to wages, salaries and annual leave represents the amount that the municipality has a present obligation to pay resulting from employees services to balance date. The provision has been calculated at nominal amounts based on current wage and salary rates and includes related on-costs.

(ii) Long Service Leave

Employee long service leave entitlements are accrued on a pro rata basis from the date of commencement of service within local government within Western Australia. Projected wage rates are used in the calculation of the long service leave provision, which is then discounted by a table of attrition rates. The provision is calculated relative to the service with this reporting entity only. Where an employee has completed or is expected to complete 7 years service within local government during the year under review, that portion of the total provision that relates to the 7 years of service is classified in the Statement of Financial Position as a current liability and includes related on costs.

(iii) Sick Leave Incentive

The provision for employee's entitlements for sick pay incentive represents the present value of the estimated future cash flows to be made by the employer resulting from the employee's service to balance date in accordance with the relevant clause(s) of the Shire of Busselton's Enterprise Bargaining Agreement 2003.

It should be noted that any employee commencing employment with the Shire of Busselton on or after 22 August 2003, is not eligible for payments under the Sick Leave Incentive Scheme as per LGO Enterprise Bargaining Agreement 2003, Part 4 Clause 1.3, and MEA Enterprise Bargaining Agreement 2003, Part 4 Clause 1.4.

(j) Rates, Grants, Donations and Other Contributions

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

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

(k) Superannuation

The Shire of Busselton contributes to the Local Government Superannuation Scheme for both a voluntary scheme and for the mandatory Occupational Superannuation requirement. Both funds are defined contribution schemes.



SHIRE OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2004

2. OPERATING REVENUES AND EXPENSES

	2003/04 Actual \$	2002/03 Actual \$
(a) The change in net assets from operations was arrived at after:		
(i) Charging as Expenses:		
Auditors Remuneration		
- Audit	12,225	11,300
- Other Services	-	-
	<u>12,225</u>	<u>11,300</u>
Depreciation		
Buildings	612,416	514,050
Furniture and Equipment	244,411	265,648
Plant and Equipment	865,305	913,611
Tools	620	198
Infrastructure:		
Roads	2,856,061	2,275,976
Airport	88,116	87,984
Parks, Gardens & Reserves	474,459	452,058
Footpaths/Cycleways	254,204	248,503
Drainage	278,970	270,859
Other Infrastructure	264,270	238,449
	<u>5,938,832</u>	<u>5,267,336</u>
Interest Paid		
- Interest on Bank Overdraft	16,128	32,754
- Interest on Interest-bearing Liabilities	245,355	202,308
- Loan Floatation Expenses	832	1,966
	<u>262,315</u>	<u>237,028</u>
Rental Charges		
- Operating Leases	188,295	184,583

(ii) Crediting as Revenues:

	2003/04 Actual \$	2003/04 Budget \$	2002/03 Actual \$
Interest Earnings			
Investments			
- Reserve Funds	278,534	246,949	258,925
- Other Funds	340,653	233,400	208,836
Other Interest Revenue	144,049	141,456	119,649
	<u>763,236</u>	<u>621,805</u>	<u>587,410</u>



SHIRE OF BUSSELTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2004

2. OPERATING REVENUES AND EXPENSES (Continued)

(c) Statement of Objective

The Shire of Busselton's mission is to enhance the quality of life and lifestyle opportunities of the people of the Shire of Busselton through responsive and visionary leadership and the efficient provision of services and facilities

Terms used within the operating statement and elsewhere within this report to classify income and expenditure include: -

GOVERNANCE

Administration and operation of facilities and services to members of Council; other costs that relate to strategic planning, policy making and assisting elected members and ratepayers on matters which do not concern other specific services of Council.

GENERAL PURPOSE FUNDING

Rates, interest revenue and other general purposes Government grants together with any expenses incurred in realising these incomes

LAW, ORDER, PUBLIC SAFETY

Supervision of various by-laws, fire prevention, animal control and emergency services. Council also provides assistance to surf life saving efforts.

HEALTH

Operation of a child health clinic, food hygiene and standards control, and control of mosquitoes and stingers.

EDUCATION AND WELFARE

Building costs relative to the operation of a Senior Citizen's Centre and lease of Youth and Family Day Care facilities owned by Council.

HOUSING

The operation of three sets of aged persons homes.

COMMUNITY AMENITIES

Includes rubbish collection and disposal services, recycling initiatives, septic tank inspections services, urban stormwater drainage networks, environmental protection initiatives, operation of three cemeteries, townscaping facilities, as well as the administration of Council's Town Planning Scheme and associated policies and obligations.

RECREATION AND CULTURE

Maintenance of halls, swimming areas and beaches, various reserves, recreation programs, the Busselton Jetty, the operation of the two Libraries, the maintenance and operation of the two Leisure Centres, and the employment of a Cultural Development Officer.

TRANSPORT

Includes the construction and maintenance of roads, bridges, drainage works, footpaths, parking facilities, traffic signs, depot maintenance and the control and maintenance of a regional airport.



SHIRE OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2004

	2003/04 Actual \$	2002/03 Actual \$
3. CASH ASSETS		
Unrestricted	3,946,814	1,339,284
Restricted	<u>10,026,937</u>	<u>7,350,171</u>
	<u>13,973,751</u>	<u>8,689,455</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Long Service Leave Reserve	840,299	874,562
Sick Leave Incentive	23,748	159,221
Asset Acquisitions Reserve	685,911	552,035
Asset Replacements Reserve	2,262,741	1,853,112
Biodiversity Strategy Reserve	22,264	13,014
Beach Protection Reserve	-	15,513
Electronic Information Systems Reserve	74,227	102,859
Facilities Refurbishment & Repair Reserve	71,664	99,883
Jetty Maintenance Reserve	95,961	80,591
Minor Building Projects Reserve	66,320	62,820
Busselton Towncentre Improvement Reserves	76,891	33,585
Naturaliste Community Centre Reserve	74,007	83,750
Regional Airport Runway Reseal Reserve	151,996	141,969
Youth Facilities Reserve	24,477	28,900
Port Geographe Waterways Management Reserve	781,651	629,413
Cash set aside Port Geographe Development Reserve	11,830	-
Cash set aside for salaries & wages contingency	40,840	-
Cash set aside for Busselton Library Extension	122,519	-
Cash in lieu of Parking Facilities	263,729	233,825
Development of specific Reserves, approved by The Minister for Lands, and being given as a condition of subdivision.	352,979	398,918
Cash set aside for Roadworks within specific areas, being funds given as a condition of subdivision/development	984,523	831,754
Cash set aside, being funds donated by the community for the express purpose of the Reconstruction of the Busselton Jetty	3,191	359,641
Unspent Specific Purpose Government Grants	101,875	147,114
Unspent Loan Proceeds, for the Construction of the Busselton Airport & Townscape Works	1,403,007	12,465
Road Initiative Reserve	45,403	22,954
Cash set aside for Organisational Review Reserve	107,134	
Airport Land Betterment Monies	9,223	9,223
Cash set aside for Commonage Precinct Infrastructure and roads	825,923	287,205
Cash set aside for Injidup Community Facilities	6,040	6,040
Cash set aside for various other legal reasons	496,564	309,805
	<u>10,026,937</u>	<u>7,350,171</u>



SHIRE OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2004

	2003/04 Actual \$	2002/03 Actual \$
7. INFRASTRUCTURE		
Roads:-		
At Management Valuation 2003	-	112,555,392
Donated - Management Valuation 2003	-	1,519,642
At Management Valuation 2004	137,956,991	-
Donated - Management Valuation 2004	2,752,352	-
Less Accumulated Depreciation	<u>(24,712,750)</u>	<u>(18,937,164)</u>
	115,996,593	95,137,870
Bridges:-		
At Cost	870,534	858,534
At Management Valuation 1999	6,231,401	6,231,401
Less Accumulated Depreciation	<u>(723,065)</u>	<u>(566,527)</u>
	6,378,870	6,523,408
Carparks:-		
At Cost	593,740	529,065
Donated - Management Valuation 2002	102,492	102,492
Less Accumulated Depreciation	<u>(65,531)</u>	<u>(49,609)</u>
	630,701	581,948
Footpaths & Cycleways:-		
At Management Valuation 2003	-	7,060,333
Donated - Management Valuation 2003	-	120,017
At Management Valuation 2004	7,086,442	-
Less Accumulated Depreciation	<u>(1,901,461)</u>	<u>(1,695,846)</u>
	5,184,981	5,484,504
Parks, Gardens, Reserves and Community Facilities:-		
At Cost	7,375,026	6,151,735
Parks & Ovals - Management Valuation 1997	2,653,842	2,653,842
Parks & Ovals - Management Valuation 1999	64,304	64,304
Parks & Ovals - Management Valuation 2001	1,492,608	1,492,608
Less Accumulated Depreciation	<u>(4,552,212)</u>	<u>(3,903,369)</u>
	7,033,568	6,459,120
Stormwater Drainage:-		
At Management Valuation 2003	-	18,896,239
At Management Valuation 2004	19,490,477	-
Less Accumulated Depreciation	<u>(5,614,768)</u>	<u>(5,185,659)</u>
	13,875,709	13,710,580
Regional Airport & Industrial Park:-		
At Cost	3,659,419	3,643,620
Less Accumulated Depreciation	<u>(676,288)</u>	<u>(585,165)</u>
	2,983,131	3,058,455
	<u>152,083,553</u>	<u>130,955,885</u>

The valuations of the municipality's infrastructure were based on the written down replacement cost performed in accordance with Statement of Accounting Practice SAP 1 "Current Cost Accounting".



SHIRE OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2004

	To Be Used By	2003/04 Actual \$	2003/04 Budget \$	2002/03 Actual \$
(b) Beach Protection Reserve				
Opening Balance		15,512	15,512	14,738
Amount Set Aside / Transfer to Reserve		675	675	774
Amount Used / Transfer from Reserve		(16,187)	(16,187)	-
Closed		-	-	15,512
(c) Building Reserve				
Opening Balance		62,820	62,820	59,686
Amount Set Aside / Transfer to Reserve		3,500	3,015	3,134
Amount Used / Transfer from Reserve		-	(20,000)	-
Ongoing		66,320	45,835	62,820
(d) Busselton Townscape Improvement Reserve				
Opening Balance		33,585	33,585	19,963
Amount Set Aside / Transfer to Reserve		90,357	93,515	76,622
Amount Used / Transfer from Reserve		(47,051)	(100,000)	(63,000)
Ongoing		76,891	27,100	33,585
(e) EDP Equipment (Main) Reserve				
Opening Balance		102,859	102,859	111,752
Amount Set Aside / Transfer to Reserve		5,396	4,937	5,343
Amount Used / Transfer from Reserve		(34,028)	(52,500)	(14,236)
2005/06		74,227	55,296	102,859
(f) EDP (G.I.S.) Reserve				
Opening Balance		-	-	36,519
Amount Set Aside / Transfer to Reserve		-	-	1,881
Amount Used / Transfer from Reserve		-	-	(38,400)
Closed		-	-	-
(g) Jetty Maintenance Reserve				
Opening Balance		80,590	80,590	66,588
Amount Set Aside / Transfer to Reserve		15,371	14,720	14,002
Amount Used / Transfer from Reserve		-	-	-
Ongoing		95,961	95,310	80,590
(h) Facilities Refurbishment Reserve				
Opening Balance		99,884	99,884	103,764
Amount Set Aside / Transfer to Reserve		35,870	35,334	5,120
Amount Used / Transfer from Reserve		(64,090)	(15,000)	(9,000)
Ongoing		71,664	120,218	99,884
(i) Naturaliste Community & Cultural Centre Reserve				
Opening Balance		83,749	83,749	525,800
Amount Set Aside / Transfer to Reserve		4,393	1,341	25,140
Amount Used / Transfer from Reserve		(14,136)	(60,590)	(467,191)
2005/06		74,006	24,500	83,749



SHIRE OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2004

	2003/04 Actual \$	2003/04 Budget \$	2002/03 Actual \$
(r) Busselton Library Extension Reserve			
Opening Balance	-	-	-
Amount Set Aside / Transfer to Reserve	122,519	122,160	-
Amount Used / Transfer from Reserve	-	-	-
2005/06	<u>122,519</u>	<u>122,160</u>	<u>-</u>
(s) Organisational Review Reserve			
Opening Balance	-	-	-
Amount Set Aside / Transfer to Reserve	178,165	175,000	-
Amount Used / Transfer from Reserve	(71,031)	-	-
2004/05	<u>107,134</u>	<u>175,000</u>	<u>-</u>
Total Cash Backed Reserves	<u>4,715,835</u>	<u>3,427,085</u>	<u>3,720,397</u>

All of the cash backed reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 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:

Airport Runway Reseal Reserve

To provide funding for the reseal of the Busselton Regional Airport runway at approximately seven year intervals.

Beach Protection Reserve

To cover extraordinary and unbudgeted repairs or preventative measures necessary to protect the beach or land based assets, as well as specific capital projects designed to protect the shoreline, eg. construction of a sea wall.

Buildings Reserve

Building requirements which need to be "saved" for but are not considered to be large project items requiring their own reserve fund or loan funding.

Busselton Townscape Reserve

To provide for accelerated town centre improvement works and for town centre promotions within Busselton.

EDP Equipment (Main) Reserve

Replacement of Council's main EDP system and peripherals only.

EDP (GIS) Reserve

To assist with the cost of developing an EDP Geographic Information System to aid Council's operations.

Jetty Maintenance Reserve

As a contingency fund to rectify damage caused by the demise of the Busselton jetty or part of the jetty or for large unbudgeted extraordinary jetty repairs.

Facilities Refurbishment Reserve

To provide funding for the refurbishment and repair of major Council owned facilities (including onsite plant & equipment)

Naturaliste Community Centre Reserve

To assist with the capital cost of constructing the Naturaliste Community and Cultural Centre.

Plant Acquisitions Reserve

To assist with the acquisition of additional refuse plant to take account of an increased refuse disposal function.



SHIRE OF BUSSELTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2004

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

	2003/04 Actual \$	2003/04 Budget \$	2002/03 Actual \$
(b) Reconciliation of Net Cash Provided By Operating Activities to Change in Net Assets Resulting from Operations			
Change in Net Assets Resulting from Operations	5,310,441	2,028,817	3,793,083
Add: -Depreciation	5,938,832	5,675,046	5,267,336
(Increase)/Decrease in Receivables	(104,927)	(56,588)	(94,820)
(Profit)/Loss on Sale of Asset	(64,783)	(23,988)	(155,375)
(Increase)/Decrease in Inventories	204,524	45,000	(105,256)
Increase/(Decrease) in Payables & Accruals	984,412	(122,782)	533,918
Increase/(Decrease) in Employee Provisions	(132,847)	40,763	142,749
Less: - Non-Cash Contributions	(2,752,352)	-	(1,639,659)
Less: - Grants/Contributions for the Development of Assets	<u>(2,733,665)</u>	<u>(2,735,359)</u>	<u>(3,754,923)</u>
Net Cash from Operating Activities	<u><u>6,649,635</u></u>	<u><u>4,850,909</u></u>	<u><u>3,987,053</u></u>

(c) Credit Standby Arrangements
 Bank Overdraft limit

An on-line direct payroll debit facility, to a maximum of \$350,000, existed at balance date.

	2003/04 Actual \$	2002/03 Actual \$
12. NOTES TO THE STATEMENT OF CASH FLOWS (Continued)		
(d) Loan Facilities		
Loan Liability - Current	696,593	541,705
Loan Liability - Non-Current	<u>4,299,067</u>	<u>2,756,152</u>
Total Facilities in Use at Balance Date	<u><u>4,995,660</u></u>	<u><u>3,297,857</u></u>
 Unused Loan Facilities at Balance Date	 <u><u>1,403,007</u></u>	 <u><u>12,465</u></u>
 (e) Non-Cash Contributions		
Footpath Infrastructure Assets Constructed by Developers and Acquired by Council at Valuation	-	120,017
Road Infrastructure Assets Constructed by Developers and Acquired by Council at Valuation	<u>2,752,352</u>	<u>1,519,642</u>
	<u><u>2,752,352</u></u>	<u><u>1,639,659</u></u>



SHIRE OF BUSSELTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2004

15. JOINT VENTURE

The Shire of Busselton has not been involved in any joint venture arrangements during the reporting period.

	2003/04 Actual \$	2002/03 Actual \$
16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY		
Governance	1,991,180	2,054,423
General Purpose Funding	458,870	476,270
Law, Order, Public Safety	1,306,764	1,387,183
Health	101,518	126,117
Education and Welfare	707,509	730,942
Housing	1,368,230	1,416,357
Community Amenities	4,514,053	3,818,285
Recreation and Culture	17,278,657	16,662,517
Transport	149,454,333	129,154,329
Economic Services	965,882	775,179
Other Property and Services	866,698	1,030,374
Cash, Investments & Debtors not able to be allocated	14,950,423	9,549,722
	<u>193,964,117</u>	<u>167,181,698</u>

17. FINANCIAL RATIOS

	2003/04	2002/03	2001/02
Current Ratio	1.073	0.648	0.519
Debt Ratio	0.055	0.051	0.052
Debt Service Ratio	0.035	0.031	0.034
Rate Coverage Ratio	0.507	0.479	0.517
Outstanding Rates Ratio	0.030	0.035	0.047

The above rates are calculated as follows:

Current Ratio equals	$\frac{\text{Current assets minus restricted current assets}}{\text{Current liabilities minus liabilities associated with restricted assets}}$
Debt Ratio equals	$\frac{\text{Total liabilities}}{\text{Total assets}}$
Debt Service Ratio equals	$\frac{\text{Debt Service Cost (Principal \& Interest)}}{\text{Available operating revenue}}$
Rate Coverage Ratio equals	$\frac{\text{Net rate revenue}}{\text{Operating revenue}}$
Outstanding Rates Ratio equals	$\frac{\text{Rates outstanding}}{\text{Rates collectable}}$



SHIRE OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2004

20. BUDGET COMPARISON

	2003/04 Actual \$	2003/04 Budget \$
(a) Non Operating Income and Expenditure		
<p>The following is a comparison of capital income and expenditure and movements to and from reserve accounts and the amounts contained in the Rate Setting Statement of the annual budget.</p>		
Non Operating Income		
Proceeds on sale of assets	472,277	655,209
Loans raised	2,205,000	2,000,000
Repayments of self supporting loans	109,243	105,532
Transfers from reserves	1,021,080	2,142,143
Decrease in restricted assets	2,038,036	2,700,010
Non Operating Expenditure		
Advances to Community Groups	205,000	0
Principal repayment of loans	507,198	541,705
Construction/purchase of assets		
Land and Buildings	1,231,383	1,457,377
Plant and Equipment	1,041,806	2,232,790
Furniture & Fittings	231,352	203,323
Infrastructure	3,208,369	5,699,875
Transfers to Reserves	1,846,782	1,772,712
Increase in restricted assets	3,889,102	2,979,608

(b) Current Position at 1st July 2003

The current position balance carried forward from the previous financial year for the purpose of the 2003/04 budget was \$433,751.44 (deficit)

The actual current position balance shown in the audited financial report as at 30th June 2003 was \$433,751.44 (deficit)



SHIRE OF BUSSELTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2004

21. INFORMATION ON INTEREST BEARING LIABILITIES (Continued)

(c) Unspent Loans

Particulars	Date Borrowed	Balance 1/07/03	New Loans Raised	Expended During Year	Balance 30/06/04
Loan #183 Bsn Regional Airport	07.02.97	12,465	0	0	12,465
Loan #189 Townscape	01.04.04	0	2,000,000	609,458	1,390,542
		12,465	2,000,000	609,458	1,403,007

(d) Overdraft

The balance of the bank overdraft at the Bank as at 1 July 2003 and 30 June 2004 was \$Nil.

(e) Interest Rate Risk

Council's exposure to interest rate risk as a result of interest bearing liabilities and the effective weighted rate average interest rate on these interest bearing liabilities is as follows:

<u>INTEREST BEARING LIABILITIES</u>	2003/04	2002/03
	\$	\$
Floating interest rates		
Fixed interest rate maturing		
- within one year	645,831	466,945
- one to five years	2,366,854	1,740,052
- over five years	1,982,975	1,090,860
Total Interest Bearing Liabilities	<u>4,995,660</u>	<u>3,297,857</u>

Weighted average effective interest rate

6.61%

7.12%



SHIRE OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2004

23. SPECIFIED AREA RATE - 2003/04 FINANCIAL YEAR

	Rate in \$	Basis of Rate	Rateable Value	Rate Revenue	Budget Rate Revenue	Applied to Costs	Budget Applied to Costs
Port Geographe Rate	2.6000			114,800	114,800	114,800	114,800
				114,800	114,800	114,800	114,800

	Rate in \$	Basis of Rate	Rateable Value	Rate Revenue	Budget Rate Revenue	Applied to Costs	Budget Applied to Costs
Busselton CBD	0.9128			95,947	92,121	92,121	92,121
				95,947	92,121	92,121	92,121

24. SERVICE CHARGES - 2003/04 FINANCIAL YEAR

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

The Shire of Busselton did not charge service charges during the reporting period.



SHIRE OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2004

27. FEES & CHARGES

Description of Fees & Charges

Local Government, Non-Property Based.

Building Lists, Electoral Rolls, Street Directories, Accounting Fees, Rates Administration Fees, Photocopier Charges, Building Licences, Development Application Fees, Rezoning Fees, Sales of Mobile Rubbish Bins, Sale of Materials, Contracted Private Works, Reinstatement of Roads & Footpaths.

Local Government, Property Based.

Aged Persons Accommodation Rents, Property/Land Leases, Swimming Pool Inspection Fees, Caravan Park Fees, Recreation & Culture Admission & Ground Rental Fees.

Other Fees & Charges.

Health Licences, Dog Registration, Domestic & Commercial Rubbish Removal, Cemetery Fees.

	2003/04 \$	2002/03 \$
<u>Local Government, Non-Property Based.</u>		
General Purpose Funding	86,268	81,502
Governance	2,004	2,477
Law, Order & Public Safety	180	602
Health	6,427	6,177
Community Amenities	443,855	352,673
Recreation & Culture	94,439	80,920
Transport	29,249	33,012
Economic Services	709,743	589,962
Other Property & Services	191,724	173,337
	<u>1,563,889</u>	<u>1,320,662</u>
<u>Local Government, Property Based.</u>		
Health	1,931	1,445
Education & Welfare Services	19,633	20,449
Housing	121,465	107,769
Recreation & Culture	780,368	645,388
Transport	22,965	18,569
Economic Services	576,792	544,718
Other Property & Services	84,630	91,456
	<u>1,607,784</u>	<u>1,429,794</u>
<u>Other Fees & Charges.</u>		
Law, Order & Public Safety	69,760	58,280
Health	10,363	19,972
Community Amenities	1,854,701	1,626,912
	<u>1,934,824</u>	<u>1,705,164</u>
Total Fees & Charges	<u>5,106,497</u>	<u>4,455,620</u>



Resident Partners:
Clifton M. Anderson F.C.A.
Stephen F.J. Down C.A.
Shaun G. O'Callaghan C.A.
Stephen J. Foster F.C.A.
Peter Manolas C.P.A.
(Master of Taxation Law)
Stuart Fricker C.P.A.
Tim Partridge C.A.

INDEPENDENT AUDIT REPORT

To: The Ratepayers

Scope

We have audited the financial report of the Shire of Busselton for the year ended 30 June 2004 as set out on pages 1 to 32. The Council is responsible for the preparation and presentation of the financial report and the information contained therein. We have conducted an independent audit of the financial report in order to express an opinion on it to the Ratepayers.

Our audit has been conducted in accordance with Australian Auditing Standards and Local Government Audit Regulations to provide a reasonable level of assurance as to whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the requirements of Local Government Act, the Local Government (Financial Management) Regulations, Australian Accounting Standards and other mandatory professional reporting requirements so as to present a view of the Shire of Busselton which is consistent with our understanding of its financial position and the results of its operations and its cashflows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

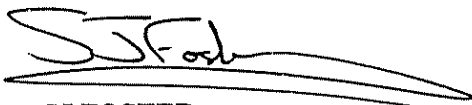
In our opinion, the financial report presents fairly the financial position of the Shire of Busselton as at 30 June 2004 and the results of its operations and cash flows for the year then ended in accordance with the requirements of the Local Government Act, the Local Government (Financial Management) Regulations, applicable Accounting Standards and other mandatory professional reporting requirements.

Other Matters

During the course of our audit, we obtained all the information and explanations that we required, and did not become aware of any matters that:

- (i) in our opinion indicate significant adverse trends in the Council's financial position or its financial management practices
- (ii) indicated non-compliance with Part 6 of the Local Government Act, the Local Government (Financial Management) Regulations 1996 or applicable financial controls in any other written law.

AMD
Chartered Accountants



SJ FOSTER
Partner

Bunbury, Western Australia

25 October 2004

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