



Financial Report

For the year ended

30 June 2024

CITY OF BUSSELTON
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

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Community Vision

The City of Busselton conducts the operations of a local government with the following community vision:

Where environment, lifestyle and opportunity meet.

Principal place of business:

2 Southern Drive
Busselton WA 6280

CITY OF BUSSELTON
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

Local Government Act 1995
Local Government (Financial Management) Regulations 1996

STATEMENT BY CHIEF EXECUTIVE OFFICER

The accompanying financial report of the City of Busselton has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transaction for the reporting period ended 30 June 2024 and the financial position as at 30 June 2024.

At the date of signing this statement the particulars included in the financial report are not misleading or inaccurate.

Signed on the 8th day of November 2024



Anthony Nottle
Chief Executive Officer



CITY OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

STATEMENT OF COMPREHENSIVE INCOME

	Note	2024 Actual	2024 Budget	2023 Actual
		\$	\$	\$
Revenue				
Rates	2(a), 27(a)	60,898,902	60,395,882	57,470,528
Grants, Subsidies and Contributions	2(a)	7,467,241	5,325,685	7,443,435
Fees and Charges	2(a)	25,543,544	22,404,393	22,417,681
Interest Revenue	2(a)	6,390,122	4,305,492	4,374,036
Other Revenue	2(a)	754,329	334,932	609,996
		101,054,138	92,766,384	92,315,676
Expenses				
Employee Costs	2(b)	(37,655,643)	(37,929,304)	(35,509,581)
Materials and Contracts		(24,670,529)	(29,072,925)	(22,616,412)
Utility Charges		(3,164,518)	(2,980,399)	(2,855,031)
Depreciation		(27,128,433)	(25,541,373)	(26,481,887)
Finance Costs	2(b)	(1,716,476)	(1,749,875)	(1,724,165)
Insurance		(911,491)	(894,395)	(869,528)
Other Expenditure		(4,565,013)	(4,827,239)	(10,714,741)
		(99,812,103)	(102,995,510)	(100,771,345)
		1,242,035	(10,229,126)	(8,455,669)
Capital Grants, Subsidies and Contributions	2(a)	12,800,443	19,649,075	24,023,259
Profit on Asset Disposals		183,858	24,120	200,266
Loss on Asset Disposals		(81,738)	(205,278)	(346,370)
Fair Value Adjustments to Financial Assets at Fair Value Through Profit or Loss	4(b)	2,942	0	6,450
		12,905,505	19,467,917	23,883,605
Net result for the period	26(b)	14,147,540	9,238,791	15,427,936
Other comprehensive income for the period				
Impairment Loss on Non-Current Assets		0	0	(2,168,998)
Changes in revaluation surplus	17	29,245,018	0	0
Total other comprehensive income for the period		29,245,018	0	(2,168,998)
Total comprehensive income for the period		43,392,558	9,238,791	13,258,938



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

CITY OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

STATEMENT OF FINANCIAL POSITION

	Note	2024 Actual	2024 Budget	2023 Actual
		\$	\$	\$
Current Assets				
Cash and Cash Equivalents	3	16,045,082	5,419,614	21,032,276
Trade and Other Receivables	5	4,425,831	2,523,747	3,750,792
Other Financial Assets	4(a)	92,187,415	74,700,000	94,682,579
Inventories	6	1,611,153	1,200,000	1,272,715
Finance Lease Receivables	5.1	338,323	490,000	309,426
Other Assets	7(a)	570,946	483,907	483,906
Total Current Assets		115,178,750	84,817,268	121,531,694
Non-current Assets				
Trade and Other Receivables	5	809,799	678,401	678,222
Other Financial Assets	4(b)	1,247,465	1,471,525	1,431,938
Property, Plant and Equipment	8	214,437,966	239,535,434	199,363,753
Infrastructure	9	679,517,828	662,328,431	651,595,672
Finance Lease Receivables	5.1	7,611,681	7,491,890	7,672,464
Right of Use Assets	11(a)	8,091	0	104,782
Total Non-current Assets		903,632,830	911,505,681	860,846,831
Total Assets	26(c)	1,018,811,580	996,322,949	982,378,525
Current Liabilities				
Trade and Other Payables	12	11,258,929	7,857,681	8,873,525
Contract Liabilities	13.1	2,583,860	1,551,401	1,266,220
Grant Liabilities	13.2	1,696,464	984,500	984,500
Lease Liabilities	11(b)	11,096	4,871	117,396
Borrowings	14	4,377,643	4,680,000	4,620,953
Employee Related Provisions	15	5,855,301	5,885,190	5,885,190
Other Provisions	16	1,246,300	0	6,504,000
Total Current Liabilities		27,029,593	20,963,643	28,251,784
Non-current Liabilities				
Contract Liabilities	13.1	8,892,431	8,870,362	9,205,220
Grant Liabilities	13.2	5,768,816	6,861,059	6,861,059
Lease Liabilities	11(b)	72,489	70,746	72,872
Borrowings	14	39,243,557	40,823,455	43,621,202
Employee Related Provisions	15	623,638	577,890	577,890
Total Non-current Liabilities		54,600,931	57,203,512	60,338,243
Total Liabilities		81,630,524	78,167,155	88,590,027
Net Assets		937,181,056	918,155,794	893,788,498
Equity				
Retained Surplus		501,683,046	512,841,177	483,823,213
Reserve Accounts	30	74,425,888	64,748,658	78,138,181
Revaluation Surplus	17	361,072,122	340,565,959	331,827,104
Total Equity		937,181,056	918,155,794	893,788,498



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

CITY OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

STATEMENT OF CHANGES IN EQUITY

	Note	Retained Surplus	Reserves Accounts	Revaluation Surplus	Total Equity
		\$	\$	\$	\$
Balance as at 1 July 2022		475,350,117	71,183,341	333,996,102	880,529,560
Comprehensive income for the period					
Net Result for the period		15,427,936	0	0	15,427,936
Other Comprehensive Income for the period	17	0	0	(2,168,998)	(2,168,998)
Total Comprehensive Income for the period		15,427,936	0	(2,168,998)	13,258,938
Transfer to reserve accounts	30	(28,923,963)	28,923,963	0	0
Transfer from reserve accounts	30	21,969,123	(21,969,123)	0	0
Balance as at 30 June 2023		483,823,213	78,138,181	331,827,104	893,788,498
Comprehensive income for the period					
Net Result for the period		14,147,540	0	0	14,147,540
Other Comprehensive Income for the period	17	0	0	29,245,018	29,245,018
Total Comprehensive Income for the period		14,147,540	0	29,245,018	43,392,558
Transfer to reserve accounts	30	(42,675,084)	42,675,084	0	0
Transfer from reserve accounts	30	46,387,377	(46,387,377)	0	0
Balance as at 30 June 2024		501,683,046	74,425,888	361,072,122	937,181,056

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

CITY OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

STATEMENT OF CASH FLOWS

	Note	2024 Actual	2023 Actual
Cash Flows from Operating Activities		\$	\$
Receipts			
Rates		61,135,851	56,371,297
Grants, Subsidies and Contributions		6,898,908	7,659,946
Fees & Charges		25,252,865	22,510,179
Interest Revenue		6,390,122	4,374,036
Goods and Services Tax Received		8,306,062	8,008,520
Deposits and Bonds Received		6,913,211	6,349,695
Other Revenue		780,930	306,035
		115,677,949	105,579,708
Payments			
Employee Costs		(37,633,657)	(35,560,739)
Materials and Contracts		(25,432,270)	(21,641,038)
Utility Charges		(3,164,518)	(2,855,031)
Finance Costs		(1,716,476)	(1,724,165)
Insurance Paid		(911,491)	(869,528)
Goods and Services Tax Paid		(8,293,526)	(7,865,028)
Deposits and Bonds Paid		(7,050,811)	(6,327,101)
Other Payments		(6,934,062)	(4,698,986)
		(91,136,811)	(81,541,616)
Net Cash Provided by Operating Activities	18(b)	24,541,138	24,038,092
Cash Flows from Investing Activities			
Payment for Purchase of Property, Plant & Equipment		(20,528,893)	(14,815,688)
Payment for Construction of Infrastructure		(15,403,111)	(15,350,796)
Capital Grants, Subsidies and Contributions		7,764,092	20,907,096
Proceeds from Sale of Property, Plant and Equipment		684,638	604,455
Payment for Financial Assets at Amortised Costs – Term Deposits		2,500,000	(20,000,000)
Proceeds from Financial Assets at Amortised Costs - Self Supporting Loans		182,579	177,873
Net Cash (used In) Investing Activities		(24,800,695)	(28,477,060)
Cash Flows from Financing Activities			
Repayment of Borrowings	29(a)	(4,620,953)	(4,432,783)
Payments of Principal Portion of Lease Liabilities		(106,684)	(251,427)
Proceeds from New Borrowings	29(b)	0	6,500,000
Net Cash (used In) Financing Activities		(4,727,637)	1,815,790
Net (Decrease) in Cash Held		(4,987,194)	(2,623,178)
Cash at Beginning of Year		21,032,276	23,655,454
Cash and Cash Equivalents at the End of the Year	18	16,045,082	21,032,276

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

CITY OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

STATEMENT OF FINANCIAL ACTIVITY

	Note	2024 Actual \$	2024 Budget \$	2023 Actual \$
Operating Activities				
Revenue from Operating Activities				
General Rates	27	60,235,234	59,740,336	56,836,404
Rates Excluding General Rates	27	663,668	655,546	634,124
Grants, Subsidies and Contributions		7,467,241	5,325,685	7,443,435
Fees and Charges		25,543,544	22,404,393	22,417,681
Interest Revenue	2(a)	6,390,122	4,305,492	4,374,036
Other Revenue		754,329	334,932	609,996
Profit on Asset Disposals		183,858	24,120	200,266
Fair Value Adjustment to Financial Assets Through Profit or Loss	4(b)	2,942	0	6,450
		101,240,938	92,790,504	92,522,392
Expenditure from Operating Activities				
Employee Costs	2(b)	(37,655,643)	(37,929,304)	(35,509,581)
Materials and Contracts		(24,670,529)	(29,072,925)	(22,616,412)
Utility Charges		(3,164,518)	(2,980,399)	(2,855,031)
Depreciation		(27,128,433)	(25,541,373)	(26,481,887)
Finance Costs	2(b)	(1,716,476)	(1,749,875)	(1,724,165)
Insurance		(911,491)	(894,394)	(869,528)
Other Expenditure		(4,565,012)	(4,827,239)	(10,714,742)
Loss on Asset Disposals		(81,739)	(205,279)	(346,370)
		(99,893,841)	(103,200,788)	(101,117,716)
Non-cash amounts excluded from operating activities	28(a)	21,695,553	16,372,854	32,590,815
Amount attributable to operating activities		23,042,650	5,962,570	23,995,491
Investing Activities				
Inflows from investing activities				
Capital grants, subsidies and contributions		12,800,443	19,649,075	24,023,259
Proceeds from disposal of assets		684,638	863,800	604,455
Proceeds from self-supporting loans	29	182,579	193,385	177,873
Outflows from investing activities				
Purchase property, plant and equipment	8(a)	(20,458,228)	(37,564,955)	(14,954,755)
Purchase and construction of infrastructure	9(a)	(15,504,349)	(21,896,530)	(15,187,791)
Amount attributable to investing activities		(22,294,917)	(38,755,225)	(5,336,959)
Non-cash amounts excluded from investing activities	28(b)	(6,150,484)	0	(3,167,598)
Amount attributable to investing activities		(28,445,401)	(38,755,225)	(8,504,557)
Financing Activities				
Inflows from financing activities				
Proceeds from new borrowings	29	0	2,000,000	6,500,000
Transfers from cash backed reserves (restricted assets)		77,661,016	72,955,334	53,101,746
Outflows from financing activities				
Repayment of borrowings	29	(4,620,953)	(4,738,701)	(4,432,783)
Principal elements of finance lease payments		(106,199)	(114,651)	(251,426)
Advance to Community Groups	29	0	(250,000)	0
Transfers to cash backed reserves (restricted assets)		(67,311,167)	(39,013,917)	(68,795,118)
Amount attributable to financing activities		5,622,697	30,838,065	(13,877,581)
Movement in Surplus or deficit				
Surplus or deficit at the start of the financial year	28(c)	1,955,161	1,954,590	341,808
Amount attributable to operating activities		23,042,650	5,962,570	23,995,491
Amount attributable to investing activities		(28,445,401)	(38,755,225)	(8,504,557)
Amount attributable to financing activities		5,622,697	30,838,065	(13,877,581)
Surplus or deficit after imposition of general rates	28(c)	2,175,107	0	1,955,161

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

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

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CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

1. BASIS OF PREPARATION

The financial report of the City of Busselton which is a Class 1 local government comprises general purpose financial statements which have been prepared in accordance with the Local Government Act 1995 and accompanying regulations.

Local Government Act 1995 requirements

Section 6.4(2) of the Local Government Act 1995 read with the Local Government (Financial Management) Regulations 1996 prescribe that the financial report be prepared in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

The Local Government (Financial Management) Regulations 1996 provide that:

- Land and buildings classified as property, plant and equipment; or
- Infrastructure; or
- Vested improvements that the local government controls;

and measured at reportable value are only required to be revalued every five years. Revaluing these non-financial assets every five years is a departure from AASB 116 Property, Plant and Equipment which would have required the City to assess at each reporting date whether the carrying amount of the above mentioned non-financial assets materially differs from their value and if so revalue the class of non-financial assets.

The Local Government (Financial Management) Regulations 1996 specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the City to measure any vested improvements at zero cost.

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information in the Statement of Financial Activity, the financial report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

Critical accounting estimates and judgements

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

As with all estimates, the use of different assumptions could lead to material changes in the amounts reported in the financial report.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

1. BASIS OF PREPARATION (CONTINUED)

Critical accounting estimates and judgements (Continued)

The following are estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and further information on their nature and impact can be found in the relevant note:

- Fair value measurement of assets carried at reportable value including:
 - Property, plant and equipment - note 8
 - Infrastructure - note 9
- Expected credit losses on financial assets - note 23
- Impairment losses of non-financial assets – Note 8 and 9
- Measurement of employee benefits - note 15
- Measurement of provisions - note 16

Fair value hierarchy information can be found in note 25

The local government reporting entity

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 31 of the financial report.

Initial application of accounting standards

During the current year, the following new or revised Australian Accounting Standards and Interpretations were applied for the first time.

- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates. This standard resulted in terminology changes relating to material accounting policies (formerly referred to as significant accounting policies).

New accounting standards for application in future years

The following new accounting standards will have application to local government in future years:

- AASB 2014-10 Amendments to Australian Accounting Standards
 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
 - AASB 2020-1 Amendments to Australian Accounting Standards
 - Classification of Liabilities as Current or Non-current
 - AASB 2021-7c Amendments to Australian Accounting Standards
 - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]
 - AASB 2022-5 Amendments to Australian Accounting Standards
 - Lease Liability in a Sale and Leaseback
 - AASB 2022-6 Amendments to Australian Accounting Standards
 - Non-current Liabilities with Covenants
- These amendments are not expected to have any material impact on the financial report on initial application.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

1. BASIS OF PREPARATION (CONTINUED)

Critical accounting estimates and judgements (Continued)

- AASB 2022-10 Amendments to Australian Accounting Standards
 - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector EntitiesThese amendment may result in changes to the fair value of non-financial assets. The impact is yet to be quantified.
- AASB 2023-1 Amendments to Australian Accounting Standards
 - Supplier Finance ArrangementsThese amendments may result in additional disclosures in the case of applicable finance arrangements.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

2. Revenue and Expenses

2(a) Revenue

Contracts with Customers

Recognition of revenue is dependent on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Return/ Refunds/ Warranties	Timing of revenue recognition
Rates	<ul style="list-style-type: none"> General rates & rates charged for specific defined purposes. 	Over time	Payment in full or instalments	None	When rates notice is issued.
Operating Grants, Subsidies and Contributions	<ul style="list-style-type: none"> Community events, minor facilities, research, design, planning evaluation and services. General appropriations and contributions with no reciprocal commitment. 	Over time	Fixed terms transfer of funds based on agreed milestones and reporting.	Contracted obligation if project not complete.	<p>Income from grants that are enforceable and with sufficiently specific performance obligations is recognised as the City satisfies its obligations in the grant agreements.</p> <p>Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when the City has an unconditional right to receive cash which usually coincides with receipt of cash.</p>
Non-Operating Grants, Subsidies and Contributions	<ul style="list-style-type: none"> Construction or acquisition of recognisable non-financial assets to be controlled by the local government. 	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contracted obligation if project not complete.	Capital grants are recognised as income as the City satisfies its obligations in the grant agreements.
Fees and charges - licences, registrations, approvals	<ul style="list-style-type: none"> Building, planning, development and animal management. 	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or approval
Fees and charges - waste management entry fees	<ul style="list-style-type: none"> Waste treatment, recycling and disposal service at disposal sites 	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Fees and charges - airport landing charges	<ul style="list-style-type: none"> Permission to use facilities and runway 	Single point in time	Monthly in arrears	None	On landing/departure event
Other Revenue	<ul style="list-style-type: none"> Sale of scrap materials. Insurance claims. Commissions on licencing and ticket sales. 	Single point in time	Monthly in arrears	None	At a point in time when the goods have been transferred and payments are received, or upon receipt of funds.

Consideration from contracts with customers is included in the transaction price.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

2. Revenue and Expenses (Continued)

2(a) Revenue (Continued)

Revenue Recognition

Revenue recognised during the year under each basis of recognition by nature of goods or services is provided in the table below:

For the year ended 30 June 2024

Nature	Contracts with customers	Capital grant / contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	60,898,902	0	60,898,902
Grants, subsidies and contributions	3,012,560	0	0	4,454,681	7,467,241
Fees and charges	1,556,628	0	1,754,605	22,232,311	25,543,544
Interest revenue	0	0	271,068	6,119,054	6,390,122
Other revenue	0	0	232,055	522,274	754,329
Capital grants, subsidies and contributions	0	7,333,158	0	5,467,285	12,800,443
Total	4,569,188	7,333,158	63,156,630	38,795,605	113,854,581

For the year ended 30 June 2023

Nature	Contracts with customers	Capital grant / contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	57,470,528	0	57,470,528
Grants, subsidies and contributions	1,052,910	0	0	6,390,525	7,443,435
Fees and charges	1,191,547	0	1,757,868	19,468,266	22,417,681
Interest revenue	0	0	182,346	4,191,690	4,374,036
Other revenue	0	0	71,385	538,611	609,996
Capital grants, subsidies and contributions	0	18,486,003	0	5,537,256	24,023,259
Total	2,244,457	18,486,003	59,482,127	36,126,348	116,338,935

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

	2024 Actual \$	2023 Actual \$
2. Revenue and Expenses (Continued)		
(a) Revenue		
Revenue Recognition		
Revenue recognised during the year under each basis of recognition by nature of goods or services is provided in the table below:		
General rates	60,235,233	56,836,404
Specified area rates	663,668	634,124
Statutory permits and licences	1,055,785	1,168,971
Fines	52,901	40,413
Developer contributions	3,133,792	1,428,306
	65,141,379	60,108,218
Assets and services acquired below fair value		
Contributed assets	5,466,585	5,204,907
	5,466,585	5,204,907
Interest Revenue		
- Reserve funds	3,694,036	2,235,001
- Other Funds	2,221,875	1,675,491
- Other interest Revenue	474,211	463,544
	6,390,122	4,374,036
Fees and Charges Relating to Rates Receivable		
Charges on instalment plans	135,348	119,489
	135,348	119,489
(b) Expenses		
Auditors Remuneration		
- Audit of the annual financial report	68,250	60,900
- Other services certifications	16,400	0
	84,650	60,900
Employee Costs		
Employee benefit costs	35,671,245	33,642,604
Other employee costs	1,984,398	1,866,977
	37,655,643	35,509,581
Finance Costs		
Long term borrowings (refer Note 30(a))	1,711,567	1,710,755
Lease interest	4,909	13,410
	1,716,476	1,724,165

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 Actual	2023 Actual
		\$	\$
3. Cash and Cash Equivalents			
Cash at bank and on hand		16,045,082	21,032,276
Total Cash and Cash Equivalents		<u>16,045,082</u>	<u>21,032,276</u>
Held as			
- Unrestricted cash and cash equivalents		4,575,801	1,713,146
- Restricted cash and cash equivalents		<u>11,469,281</u>	<u>19,319,130</u>
		<u>16,045,082</u>	<u>21,032,276</u>

MATERIAL ACCOUNTING POLICIES

Cash and cash equivalents

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

Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

Term deposits are presented as high cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours' notice with no loss of interest.

Restricted Financial Assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserve accounts, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement and for which no liability has been recognised.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 Actual \$	2023 Actual \$
4. Other Financial Assets			
(a) Current Assets			
Financial assets at amortised cost		92,187,415	94,682,579
		92,187,415	94,682,579
Other Financial Assets at Amortised Costs			
Self-supporting loans		187,415	182,579
Term Deposit	3	92,000,000	94,500,000
		92,187,415	94,682,579
Held as:			
Unrestricted other financial assets at amortised cost		187,415	182,579
Restricted other financial assets at amortised cost	3	92,000,000	94,500,000
		92,187,415	94,682,579
(b) Non-Current Assets			
Financial assets at amortised cost		1,101,916	1,289,331
Financial assets at fair value through profit and loss		145,549	142,607
		1,247,465	1,431,938
Financial assets at amortised cost			
Self-supporting loans		1,101,916	1,289,331
		1,101,916	1,289,331
Financial assets at fair value through profit and loss			
Units in Local Government House Trust - opening balance		142,607	136,157
Movement attributable to fair value increment		2,942	6,450
Units in Local Government House Trust - closing balance		145,549	142,607

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 29(a) as self-supporting loans. Fair value of financial assets at fair value through profit and loss is determined from the net asset value of the units held in trust at balance date as compiled by WALGA.

MATERIAL ACCOUNTING POLICIES

Other financial assets at amortised cost

The City classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Fair values of non-current financial assets at amortised cost are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 25 (i)) due to the observable market rates.

Interest received is presented under cash flows from operating activities in the Statement of Cash Flows where it is earned from financial assets that are held for cash management purposes.

Financial assets at fair value through profit and loss

The City classifies the following financial assets at fair value through profit and loss:

- Debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- Equity investments which the City has not elected to recognise fair value gains and losses through other comprehensive income.

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 23.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

	2024 Actual	2023 Actual
	\$	\$
5. Trade and Other Receivables		
Current		
Rates Receivable	1,085,627	1,058,068
Rates Receivable – Pensioners	25,955	21,751
Trade and Other Receivables	2,851,220	2,195,408
GST Receivable	463,029	475,565
	4,425,831	3,750,792
Non-Current		
Rates Receivable – Pensioners	411,874	393,541
Trade and Other Receivables	397,925	284,681
	809,799	678,222

The carrying amounts of the trade and other receivables include receivables which are subject to a factoring arrangement. Under the factoring arrangement, the City of Busselton has transferred the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables, late payment and credit risk remains with the City of Busselton, therefore the City continues to recognise the transferred assets in their entirety. The amount repayable under the factoring arrangement is presented as a secured borrowing under other loans at Note 14. The City considers that the held to collect business model remains appropriate for these receivables and continues measuring them at amortised cost.

MATERIAL ACCOUNTING POLICIES

Rates and statutory receivables

Rates and statutory receivables are non-contractual receivables arising from statutory requirements and include amounts due from ratepayers for unpaid rates and service charges and other statutory charges or fines.

Rates and statutory receivables are recognised when the taxable event has occurred and can be measured reliably.

Trade receivables

Trade receivables are amounts receivable from contractual arrangements with customers for goods sold, services performed or grants or contributions with sufficiently specific performance obligations or for the construction of recognisable non-financial assets as part of the ordinary course of business.

Other Receivables

Other receivables are amounts receivable from contractual arrangements with third parties other than contracts with customers including grants for the construction of recognisable non-financial assets.

Measurement

Trade and other receivables are recognised initially at the amount of the transaction price, unless they contain a significant financing component, and are to be recognised at fair value.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

MATERIAL ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

Receivables which are generally due for settlement within 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets. All other receivables such as, deferred pensioner rates receivable after the end of the reporting period are classified as non-current assets. Trade and other receivables are held with the objective to collect the contractual cash flows and therefore the City measures them subsequently at amortised cost using the effective interest rate method. Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 23.

5.1 Finance Lease Receivables

	2024 Actual	2023 Actual
	\$	\$
Current	338,323	309,426
Non-current	7,611,681	7,672,464
	7,950,004	7,981,890

Finance lease receivables

The City is an intermediate lessor and the finance lease receivables relate to properties that the City has subleased to third parties. The City has classified these subleases as finance lease as the subleases are for the whole of the remaining term of the head leases.

Amounts due from the finance leases are recorded as receivables. Finance lease receivables are initially recorded at amounts equal to the present value of the minimum lease payments receivable plus the present value of any unguaranteed residual value expected to accrue at the end of the lease term. Finance lease receipts are apportioned between periodic interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in the leases.

	2024 Actual	2023 Actual
	\$	\$
6. Inventories		
Current		
Materials	1,611,153	1,272,715
	1,611,153	1,272,715
The following movements in inventories occurred during the year:		
Balance at beginning of year	1,272,715	935,800
Inventories expensed during the year	(43,642)	(208,807)
Additions to inventory	382,080	545,722
Balance at end of year	1,611,153	1,272,715

MATERIAL ACCOUNTING POLICIES

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

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

7. Other Assets

	2024 Actual	2023 Actual
	\$	\$
(a) Other Assets - Current Prepayments	570,946	483,906
Other Assets	570,946	483,906

MATERIAL ACCOUNTING POLICIES

Other current assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

8. Property, Plant and Equipment

(a) Movements in Balances

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

	Land	Buildings	Furniture and equipment	Plant and equipment	Work in progress	Total Property
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2022	60,096,283	104,321,105	4,061,527	15,199,117	7,497,425	191,175,457
Capital Expenditure (Additions to WIP)	0	0	0	0	14,954,755	14,954,755
Additions	0	1,515,990	748,478	1,988,510	0	4,252,978
Disposals	(280,926)	(53,181)	0	(416,453)	0	(750,560)
Impairment (losses) / reversals *	0	(1,441,167)	0	0	0	(1,441,167)
Depreciation	0	(2,060,459)	(689,348)	(2,234,740)	0	(4,984,547)
Transfers from WIP to additions	0	127,006	45,585	237,227	(4,252,981)	(3,843,163)
Balance at 30 June 2023	59,815,357	102,409,294	4,166,242	14,773,661	18,199,199	199,363,753
Comprises:						
Gross balance amount at 30 June 2023	59,815,357	106,243,284	6,128,505	23,423,044	18,199,199	213,809,389
Accumulated depreciation at 30 June 2023	0	(2,392,823)	(1,962,263)	(8,649,383)	0	(13,004,469)
Accumulated impairment loss at 30 June 2023	0	(1,441,167)	0	0	0	(1,441,167)
Balance at 30 June 2023	59,815,357	102,409,294	4,166,242	14,773,661	18,199,199	199,363,753
Capital Expenditure (Additions to WIP)	0	0	0	0	20,458,228	20,458,228
Additions	0	1,232,150	594,345	2,568,296	0	4,394,791
Disposals	0	0	(8,311)	(515,657)	0	(523,968)
Depreciation	0	(2,055,514)	(768,028)	(2,199,323)	0	(5,022,865)
Transfers	0	0	0	0	(4,231,973)	(4,231,973)
Balance at 30 June 2024	59,815,357	101,585,930	3,984,248	14,626,977	34,425,454	214,437,966
Comprises:						
Gross balance amount at 30 June 2024	59,815,357	107,475,435	6,712,569	25,009,332	34,425,454	233,438,147
Accumulated depreciation at 30 June 2024	0	(5,889,505)	(2,728,321)	(10,382,355)	0	(19,000,181)
Accumulated impairment loss at 30 June 2024	0	0	0	0	0	0
Balance at 30 June 2024	59,815,357	101,585,930	3,984,248	14,626,977	34,425,454	214,437,966

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

8. Property, Plant and Equipment (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of last Valuation	Inputs Used
(i) Fair Value					
Land	2	Market approach using recent observable market data for similar properties.	Independent Registered Valuer	June 2022	Price per square meter.
Buildings - Specialised	3	Cost approach using current replacement cost	Independent Registered Valuer	May 2022	Construction costs and current condition, residual values and remaining useful life assessment's inputs.
Buildings - Non-Specialised	2	Market approach using recent observable market data for similar properties.	Independent Registered Valuer	May 2022	Price per square meter.

Level 3 inputs are based on assumptions with regards 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.

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs. The valuation techniques applied to property subject to lease was the same as that applied to property not subject to lease.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

9. Infrastructure

(a) Movements in Balances

Movement in the balances of each class of Infrastructure between the beginning and the end of the current financial year.

	Roads Infrastructure	Bridges Infrastructure	Car Parks Infrastructure	Drainage Infrastructure	Other Infrastructure	Work in progress	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2022	338,579,741	55,001,015	11,584,692	68,047,914	169,309,393	10,914,251	653,437,006
Capital Expenditure (Additions to WIP)	0	0	0	0	0	15,187,791	15,187,791
Additions	8,429,950	451,940	728,725	933,526	11,570,599	0	22,114,740
Disposals	0	0	0	0	0	0	0
Impairment (losses) / reversals *	0	(727,831)	0	0	0	0	(727,831)
Depreciation	(7,628,611)	(1,207,065)	(502,573)	(1,338,187)	(10,582,953)	0	(21,259,389)
Donated Assets	1,824,962	0	0	2,396,214	983,731	0	5,204,907
Transfers	0	0	0	0	0	(22,361,551)	(22,361,551)
Balance at 30 June 2023	341,206,042	53,518,059	11,810,844	70,039,467	171,280,770	3,740,491	651,595,673
Comprises:							
Gross balance amount at 30 June 2023	348,834,653	55,452,956	12,313,417	71,377,654	181,863,723	3,740,491	673,582,894
Accumulated depreciation at 30 June 2023	(7,628,611)	(1,207,065)	(502,573)	(1,338,187)	(10,582,953)	0	(21,259,389)
Accumulated impairment loss at 30 June 2023	0	(727,832)	0	0	0	0	(727,832)
Balance at 30 June 2023	341,206,042	53,518,059	11,810,844	70,039,467	171,280,770	3,740,491	651,595,673
Capital Expenditure (Additions to WIP)	0	0	0	0	0	15,504,349	15,504,349
Additions	9,804,265	0	561,693	181,348	2,579,179	0	13,126,485
Disposals	0	0	0	0	(58,551)	0	(58,551)
Depreciation	(7,879,212)	(1,198,604)	(533,920)	(1,409,726)	(10,949,725)	0	(21,971,187)
Donated Assets	2,189,393	0	0	1,507,019	1,770,172	0	5,466,584
Revaluations	0	0	401,051	28,843,965	0	0	29,245,016
Transfers	0	0	0	0	0	(13,390,542)	(13,390,542)
Balance at 30 June 2024	345,320,488	52,319,455	12,239,668	99,162,073	164,621,845	5,854,298	679,517,827
Comprises:							
Gross balance amount at 30 June 2024	360,828,311	55,452,955	12,239,668	99,162,073	186,141,746	5,854,298	719,679,051
Accumulated depreciation at 30 June 2024	(15,507,823)	(2,405,669)	0	0	(21,519,901)	0	(39,433,393)
Accumulated impairment loss at 30 June 2024	0	(727,831)	0	0	0	0	(727,831)
Balance at 30 June 2024	345,320,488	52,319,455	12,239,668	99,162,073	164,621,845	5,854,298	679,517,827

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

9. Infrastructure (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of last Valuation	Inputs Used
Roads	3	Cost approach using current replacement cost	Management valuation	June 2022	Construction costs and current condition, residual values and remaining useful life assessments inputs.
Bridges	3	Cost approach using current replacement cost	Management valuation	June 2022	Construction costs and current condition, residual values and remaining useful life assessments inputs.
Car Parks	3	Cost approach using current replacement cost	Management valuation	June 2024	Construction costs and current condition, residual values and remaining useful life assessments inputs.
Drainage **	3	Cost approach using current replacement cost	Management valuation	June 2024	Construction costs and current condition, residual values and remaining useful life assessments inputs.
Other Infrastructure	3	Cost approach using current replacement cost	Management valuation	June 2022	Construction costs and current condition, residual values and remaining useful life assessments inputs.

Level 3 inputs are based on assumptions with regards 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.

During the period, there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

** As a result of improved data analysis methodologies, new information and new developments the relevant accounting estimates for the City's drainage were reviewed by management and subsequently revalued. The Increase in cost is mainly due to adjustments made to unit rates which was generally a result of inflation between the current and previous revaluation.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

10. Fixed Assets

(a) Depreciation rates

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

Buildings	40 - 90	Years
Furniture and Equipment	3 - 15	Years
Plant and Equipment	3 - 25	Years

Infrastructure:

Roads	10 - 60	Years
Bridges	40 - 85	Years
Car Parks	20 - 40	Years
Footpaths & Cycle ways	20 - 50	Years
Parks, Gardens & Reserves & Community Facilities	4 - 80	Years
Drainage	80	Years
Regional Airport & Industrial Park	5 - 60	Years

Revision of useful lives of plant and equipment

During the year the estimated total useful lives of certain items of plant and equipment used in the maintenance of road infrastructure were revised.

(b) Fully Depreciated Assets in Use

The gross carrying value of assets held by the City which are currently in use yet fully depreciated are shown in the table below.

	2024 Actual	2023 Actual
	\$	\$
Buildings	24,000	0
Furniture and equipment	533,404	135,841
Plant and equipment	4,293,831	3,751,560
	4,851,235	3,887,401

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

10. Fixed Assets (Continued)

MATERIAL ACCOUNTING POLICIES

Initial recognition

An item of property, plant and equipment or infrastructure that qualifies for recognition as an asset is measured at its cost.

Upon initial recognition, cost is determined as the amount paid (or other consideration given) to acquire the assets, plus costs incidental to the acquisition. The cost of non-current assets constructed by the City includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition.

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with Local Government (Financial Management) Regulation 17A(5). These assets are expensed immediately.

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

Individual assets that are land, buildings and infrastructure acquired between scheduled revaluation dates of the asset class in accordance with the City's revaluation policy, are recognised at cost and disclosed as being at reportable value.

Measurement after recognition

Plant and equipment including furniture and equipment and right-of-use assets (other than vested improvements) are measured using the cost model as required under Local Government (Financial Management) Regulation 17A(2). Assets held under the cost model are carried at cost less accumulated depreciation and any impairment losses being their reportable value.

Reportable Value

In accordance with Local Government (Financial Management) Regulation 17A(2), the carrying amount of non-financial assets that are land and buildings classified as property, plant and equipment, investment properties, infrastructure or vested improvements that the local government controls.

Reportable value is for the purpose of Local Government (Financial Management) Regulation 17A(4) is the fair value of the asset at its last valuation date minus (to the extent applicable) the accumulated depreciation and any accumulated impairment losses in respect of the non-financial asset subsequent to its last valuation date.

Revaluation

Land and buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls and measured at reportable value, are only required to be revalued every five years in accordance with the regulatory framework.

This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on land vested in the City.

Whilst the regulatory framework only requires a revaluation to occur every five years, it also provides for the City to revalue earlier if it chooses to do so.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

10. Fixed Assets (Continued)

MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revaluation (Continued)

For land, buildings and infrastructure, increases in the carrying amount arising on revaluation of asset classes are credited to a revaluation surplus in equity.

Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

The depreciable amount of all property, plant and equipment and infrastructure, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Depreciation on revaluation

When an item of property, plant and equipment and infrastructure is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- (i) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset.
- (ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Impairment

In accordance with Local Government (Financial Management) Regulations 17A (4C), the City is not required to comply with AASB 136 Impairment of Assets to determine the recoverable amount of its non-financial assets that are land or buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls in circumstances where there has been an impairment indication of a general decrease in asset values.

In other circumstances where it has been assessed that one or more of these non-financial assets are impaired, the 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 or losses on disposal

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 in the period in which they arise.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

11. Leases

(a) Right of use assets

Movement in the balance of each class of right-of-use asset between the beginning and end of the current financial year.

	Note	Right of use assets – Furniture and Equipment	Right of use assets - Total
		\$	\$
Balance at 1 July 2022		342,730	342,730
Depreciation (expense)		(237,948)	(237,948)
Balance at 30 June 2023		104,782	104,782
Depreciation Addition		37,691	37,691
Depreciation (expense)		(134,382)	(134,382)
Balance at 30 June 2024		8,091	8,091

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the entity is the lessee:

		2024 Actual	2023 Actual
		\$	\$
Depreciation expense on right of use assets		(134,382)	(237,948)
Interest expense on lease liabilities	29(d)	(2,394)	(10,861)
Total amount recognised in the statement of comprehensive income		(136,776)	(248,809)
Total cash outflow from leases	29(d)	(146,038)	(261,835)
(b) Lease Liabilities			
Current		11,096	117,396
Non-current		72,489	72,872
		83,585	190,268

MATERIAL ACCOUNTING POLICIES

Leases

At inception of a contract, the City assesses if the contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a right-of-use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the City uses its incremental borrowing rate.

All contracts that are classified as short-term leases (i.e. a lease with a remaining term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Details of individual lease liabilities required by regulations are provided at Note 29(d).

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

MATERIAL ACCOUNTING POLICIES (Continued)

Right-of-use assets - measurement

Right-of-use assets are measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not recognised in the Statement of Financial Position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 10 under revaluation for details on the material accounting policies applying to vested improvements.

Right-of-use assets - depreciation

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shorter. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the City anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

(c) Property subject to lease

The table below represents a maturity analysis of the undiscounted lease payments to be received after the reporting date.

	2024 Actual	2023 Actual
	\$	\$
Less than 1 year	1,922,878	1,234,636
1 to 2 years	1,887,652	1,201,287
2 to 3 years	1,906,932	1,220,671
3 to 4 years	1,662,289	1,145,414
4 to 5 years	1,582,304	1,067,819
> 5 years	38,366,960	26,147,829
	47,329,015	32,017,656

The City leases properties to external parties with rentals payable monthly. These leases are classified as operating leases as they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

MATERIAL ACCOUNTING POLICIES

The City as Lessor

Upon entering into each contract as a lessor, the City assesses if the lease is a finance or operating lease.

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases. Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (e.g. legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

When a contract is determined to include lease and non-lease components, the City applies AASB 15 to allocate the consideration under the contract to each component.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

	2024 Actual	2023 Actual
	\$	\$
12. Trade and Other Payables		
Current		
Sundry Creditors	1,466,923	1,869,305
Prepaid Rates	1,024,120	1,015,844
Deposits and Bonds	3,954,432	4,092,033
Accrued Expenses	4,813,454	1,896,343
	11,258,929	8,873,525

MATERIAL ACCOUNTING POLICIES

Financial Liabilities

Financial liabilities are initially recognised at fair value when the City becomes a party to the contractual provisions of the instrument.

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

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

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the City prior to the end of the financial year that are unpaid and arise when the City becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Prepaid rates

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the City recognises revenue for the prepaid rates that have not been refunded.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

		2024 Actual	2023 Actual
13.	Other Liabilities	\$	\$
	Contracts/ Grant Liabilities		
13.1	Contract Liabilities		
	Current	2,583,860	1,266,220
	Non-current	8,892,431	9,205,220
		11,476,291	10,471,440
13.1.1	Movement in contract liabilities		
	Reconciliation of changes in contract liabilities		
	Opening balance	10,471,440	9,282,560
	Additions	3,057,420	1,428,305
	Revenue recognised in the reporting period	(2,052,569)	(239,425)
	Balance at end of period	11,476,291	10,471,440
13.1.2	Expected satisfaction of contract liabilities		
	Income recognition		
	1 year	2,583,860	1,266,220
	1 to 5 years	2,869,073	2,617,860
	Over 5 years	6,023,358	6,587,360
		11,476,291	10,471,440
13.2	Grant Liabilities		
	Current	1,696,464	984,500
	Non-current	5,768,816	6,861,059
		7,465,280	7,845,559
13.2.1	Movement in grant liabilities		
	Reconciliation of changes in grant liabilities		
	Opening balance	7,845,559	7,019,727
	Additions	7,445,116	20,217,899
	Revenue recognised in the reporting period	(7,825,395)	(19,392,067)
	Balance at end of period	7,465,280	7,845,559
13.2.2	Expected satisfaction of grant liabilities		
	Income recognition		
	1 year	1,696,464	984,500
	1 to 5 years	5,768,816	6,861,059
	Over 5 years	0	0
		7,465,280	7,845,559

Performance obligations in relation to capital grant/contribution liabilities are satisfied as project milestones are met or completion of construction or acquisition of the asset.

MATERIAL ACCOUNTING POLICIES

Contract liabilities

Contract liabilities represent the City's obligation to transfer goods or services to a customer for which the City has received consideration from the customer. Contract liabilities represent obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

Capital grant/contribution liabilities

Capital grant/contribution liabilities represent the City's obligations to construct recognisable non-financial assets to identified specifications to be controlled the City which are yet to be satisfied. Capital grant/contribution liabilities are recognised as revenue when the obligations in the contract are satisfied.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

13. Other Liabilities (Continued)

MATERIAL ACCOUNTING POLICIES (Continued)

Capital grant/contribution liabilities (Continued)

Fair values for Non-current capital grant/contribution liabilities, not expected to be extinguished within 12 months, are based on discounted cash flows of expected cash flows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 25(i)) due to the unobservable inputs, including own credit risk.

14. Borrowings

	Note	2024			2023		
		Current	Non-current	Total	Current	Non-current	Total
		\$	\$	\$	\$	\$	\$
Secured							
Bank Overdrafts		0	0	0	0	0	0
Bank Loans		0	0	0	0	0	0
Debentures	30	4,377,643	39,243,557	43,621,200	4,620,953	43,621,202	48,242,155
Total Secured Borrowings		4,377,643	39,243,557	43,621,200	4,620,953	43,621,202	48,242,155

MATERIAL ACCOUNTING POLICIES

Borrowing costs

Borrowing costs are recognised as an expense when incurred regardless of how the borrowings are applied

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature.

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 25(i)) due to the unobservable inputs, including own credit risk.

Risk

Information regarding exposure to risk can be found at Note 23.

Details of individual borrowings required by regulations are provided at Note 29(a).

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

15. Employee Related Provisions		
	2024 Actual	2023 Actual
	\$	\$
Current Provisions		
Employee Benefit Provisions		
Annual Leave	2,048,038	1,922,846
Long Service Leave	3,039,042	3,142,018
Other employee Leave Provision	72,502	79,317
	5,159,582	5,144,181
Other provisions		
Employment on-costs	695,719	741,009
	695,719	741,009
Total current employee related provisions	5,855,301	5,885,190
Non-current provisions		
Long Service Leave	564,292	507,771
	564,292	507,771
Other provisions		
Employment on-costs	59,346	70,119
	59,346	70,119
Total non-current employee related provisions	623,638	577,890
Total employee related provisions	6,478,939	6,463,080

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2024 Actual	2023 Actual
	\$	\$
Amounts are expected to be settled on the following basis:		
Less than 12 months after the reporting date	2,920,000	2,956,000
More than 12 months from reporting date	3,558,939	3,507,080
	6,478,939	6,463,080
Expected reimbursements of employee related provisions from other WA local governments included within other receivables	55,000	80,000

MATERIAL ACCOUNTING POLICIES

Employee benefits

The City's obligations for employee's annual leave and long service leave entitlements are recognised as provisions in the statement of financial position

Short-term employee benefits

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

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

MATERIAL ACCOUNTING POLICIES (Continued)

Short-term employee benefits (Continued)

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

Other long-term employee benefits

Long-term employee benefits provisions are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any re-measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

16. Other Provisions	2024 Actual	2023 Actual
	\$	\$
**Other Provisions	1,246,300	6,504,000

**Busselton Waste Transfer Station – Contamination

The City of Busselton operates the Rendezvous Road Waste Transfer Station from lots 500 and 27 Rendezvous Road, Vasse (Busselton Waste Transfer Site). The quality of groundwater at and in an area to the north of the Busselton Waste Transfer Site has reduced as a result of legacy issues from the use of this site as a former landfill facility, and also potentially from other historical uses in the area. Groundwater in the area has shown levels of hydrocarbons, metals, nutrients and PFAS above background levels. Provision has been made to deal with the financial impacts caused by these contamination issues.

MATERIAL ACCOUNTING POLICIES

Provisions

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

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

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

17. Revaluation Surplus

	2024 Opening Balance	2024 Total Movement on Revaluation	2024 Closing Balance	2023 Opening Balance	2023 Impairment Loss	2023 Total Movement on Revaluation	2023 Closing Balance
	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land and Buildings	97,962,698	0	97,962,698	99,403,866	(1,441,168)	0	97,962,698
Revaluation surplus - Furniture and equipment	797,333	0	797,333	797,333	0	0	797,333
Revaluation surplus - Plant and equipment	840,738	0	840,738	840,738	0	0	840,738
Revaluation surplus - Infrastructure - Roads	151,181,365	0	151,181,365	151,181,365	0	0	151,181,365
Revaluation surplus - Infrastructure - Bridges	35,666,432	0	35,666,432	36,394,262	(727,830)	0	35,666,432
Revaluation surplus - Infrastructure – Car Parks	6,309,764	401,051	6,710,815	6,309,764	0	0	6,309,764
Revaluation surplus - Infrastructure – Drainage	21,348,594	28,843,967	50,192,561	21,348,594	0	0	21,348,594
Revaluation surplus - Infrastructure – Other Infrastructure	17,720,180	0	17,720,180	17,720,180	0	0	17,720,180
All Asset Classes	331,827,104	29,245,018	361,072,122	333,996,102	(2,168,998)	0	331,827,104

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

18. Notes to the Statement of Cash Flows

(a) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	2024 Actual	2023 Actual
	\$	\$
Cash and Cash Equivalents	16,045,082	21,032,276
Restrictions		
The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:		
Cash and cash equivalents	11,469,281	19,319,130
Financial assets at amortised cost	92,000,000	94,500,000
	103,469,281	113,819,130
The restricted financial assets are a result of the following specific purposes to which the assets may be used:		
Restricted reserve accounts	74,425,888	78,138,181
Contract liabilities	11,476,288	1,697,609
Capital grant liabilities	6,332,101	7,845,559
Unspent loans	7,280,572	21,789,593
Other Restricted accounts	3,954,432	4,348,188
Total restricted financial assets	103,469,281	113,819,130

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

Net Result	14,147,540	15,427,936
Non-cash flows in Net result:		
Depreciation	27,128,433	26,481,887
(Profit) / Loss on Sale of Asset	(102,119)	146,104
Revaluation Adjustment	(2,942)	(6,450)
Non-Cash Contributions	(5,466,585)	(5,204,908)
Changes in assets and Liabilities:		
(Increase) / Decrease in Receivables	(1,036,154)	(632,917)
(Increase) / Decrease in Inventories	(306,552)	(384,154)
Increase / (Decrease) in Payables	2,560,879	668,766
Increase / (Decrease) in Provisions	(5,241,842)	6,434,213
Non-operating Grants and Contributions for the Development of Assets	(7,139,520)	(18,892,385)
Net Cash from Operating Activities	24,541,138	24,038,092

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

	2024 Actual	2023 Actual
	\$	\$
18. Notes to the Statement of Cash Flows (Continued)		
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Electronic Payaway Facility	850,000	850,000
Electronic Payaway Facility at Balance Date	0	0
Credit card limit	50,000	50,000
Credit card balance at balance date	(33,880)	(23,916)
Total amount of credit unused	866,120	876,084
Loan facilities		
Loan facilities - current	4,377,643	4,620,953
Loan facilities - non-current	39,243,557	43,621,202
Total facilities in use at balance date	43,621,200	48,242,155

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

19. Contingent Liabilities

19.1 Contaminated Sites

Under the Contaminated Sites Act 2003, the City is required to report known and suspected contaminated sites to the Department of Water and Environmental Regulation (DWER). In accordance with the Act, DWER classifies these sites on the basis of the risk to human health, the environment and environmental values. Where sites are classified as 'contaminated – remediation required' or 'possibly contaminated – investigation required', the City may have a liability in respect of investigation or remediation expenses.

DWER has classified 11 sites as 'possibly contaminated – investigation required'. Until the City conducts an investigation, it is not possible to estimate the potential financial effect or to identify the uncertainties relating to the amount or timing of any outflows.

19.2 Third party claims against the City

The Council is involved in various claims made by third parties in the course of and incidental to the ordinary course of business. In many instances the Council believes it is appropriately covered for these claims through its insurance coverage. It is not possible to estimate the amounts of any eventual payments which may be required in relation to any of these claims and disclosure of further information in relation to actual or potential litigation could prejudice the City's position.

19.3 Dunsborough Waste Facility - Contamination

The City of Busselton operates the Dunsborough Waste Facility at Lot 8, 48 Western Cape Drive, Naturaliste [Site]. Landfill at the Site commenced in mid-1980s as a sandpit, progressing to a local Dunsborough landfill in the mid-1990s, then from 2003 onwards becoming the major landfill site for the City of Busselton. Since 1997 the Site is a Department of Water and Environmental Regulation [DWER] Prescribed Premise [License Number L9167/2018/1], currently licenced to accept Class II and Class III putrescible wastes, bonded asbestos waste and liquid waste. Prior to that date landfill activities at the Site were unregulated.

Pursuant to the Contaminated Sites Act 2003, DWER classified the Site as Possibly contaminated - investigation required and has since required further investigations to characterise potential risks posed by PFAS and other landfill leachate contaminants to subterranean ecosystems that may be present in groundwater beneath the Site and down gradient west of the Site. Initial investigations observed groundwater impacts, attributable to landfill leachate, in bores located on the western (down-gradient) boundary of the Site, and in one off-site (down gradient) bore, indicating that a plume of impacted groundwater is likely to extend from the Site boundary beneath adjacent land to the west.

In accordance with DWER requirements and directives further investigations into the source, nature and extent of the contamination is ongoing. Depending on the outcome of the investigation the City may incur a certain level of liability in respect of remedial action and/or claims for compensation. Due to complex scientific, operational and legal issues impacting on this matter, it is not reasonably possible to determine Council's potential liability (if any) at this stage.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

20. Capital Commitments

	2024 Actual \$	2023 Actual \$
Capital Expenditure Commitments		
Contracted for:		
<u>Capital projects</u>		
- Busselton Performing Arts and Convention Centre	16,334,743	24,948,129
- Dunsborough Lakes Sports Precinct	108,253	208,114
- Vasse Sports Oval Lighting	0	136,117
- Lower Vasse River Sediment Removal	0	84,850
- Hotel Site Car Parking	0	25,500
- Rotary Park War Memorial	0	14,608
- Coastal Shared Path – Forth Road to Holgate	702,011	0
- Bayview Crescent Path (Curtis Bay)	11,408	0
- Vincent Street to Geographe Bay Road Path	43,975	0
- Vasse Toilet	112,445	0
- Weld Theatre Upgrade	6,095	0
- Changing Places – Accessible Change Facility	248,074	0
	17,567,004	25,417,318
<u>Payable:</u>		
- not later than one year	17,567,004	25,417,318
- later than one year but not later than five years	0	0

The capital expenditure projects outstanding at the end of the current reporting period represent construction works associated with the above stated projects.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

21. Related Party Transactions

	2024 Actual	2024 Budget	2023 Actual
	\$	\$	\$
(a) Elected Members Remuneration			
Fees, expenses and allowances to be paid or reimbursed to elected members.			
Mayor's Annual Allowance	93,380	93,380	91,997
Mayor's Sitting Fees	59,657	49,435	48,704
Mayor's Communication Allowance	4,581	3,500	3,500
Mayor's Other Allowances	1,345	0	516
	158,963	146,315	144,717
Deputy Mayor's Allowance	23,154	23,345	22,999
Deputy Mayor's Sitting Fees	43,136	32,960	32,470
Deputy Mayor's Travelling Allowance	2,524	0	0
Deputy Mayor's Communication Allowance	4,581	3,500	3,500
Deputy Mayor's Other Allowances	0	0	0
	73,395	59,805	58,969
All other Council Member's Sitting Fees	209,287	230,720	227,290
All other Council Member's Travelling Allowance	3,570	0	10,584
All other Council Member's Communication Allowance	22,224	24,500	24,500
All other Council Member's Other Allowances	0	0	294
	235,081	255,220	262,668
Balance of allowances to be allocated upon claims	0	14,588	0
21(b)	467,439	475,928	466,354

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

21. Related Party Transactions (Continued)

(b) Key Management Personnel (KMP) Compensation

The total of remuneration paid to KMP of the City during the year are as follows:

	2024 Actual	2023 Actual
	\$	\$
Short-term Employee Benefits	1,137,292	1,181,915
Post-employment Benefits	134,932	125,446
Employee - Other Long-term Benefits	113,869	77,765
Employee - Termination Benefits	0	0
Council Member Costs	21(a) 467,439	466,354
	<u>1,853,532</u>	<u>1,851,480</u>

Short-term employee benefits

These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to council members which may be separately found in the table above.

Post-employment benefits

These amounts are the current-year's cost of providing for the City's superannuation contributions made during the year.

Other long-term benefits

These amounts represent annual leave and long service benefits accruing during the year.

Termination benefits

These amounts represent termination benefits paid to KMP.

Council member costs

These amounts represent payments of member fees, expenses, allowances and reimbursements during the year.

(c) Transactions with Related Parties

Transactions between related parties and the City are on normal commercial terms and conditions, no more favourable than those available to other parties, unless otherwise stated.

No outstanding balances or provisions for doubtful debts or guarantees exist in relation to related parties at year end.

In addition to KMP compensation above the following transactions occurred with related parties:

	2024 Actual	2023 Actual
	\$	\$
Purchase of goods and services	3,080	310,000
Payment of Council member costs (Refer to Note 21(b))	467,439	466,354
	<u>470,519</u>	<u>776,354</u>

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

21. Related Party Transactions (Continued)

The City's main related parties are as follows:

i Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel and are detailed in Notes 21 (a) and (b).

ii Other Related Parties

An associate person of KMP employed by the City under normal employment terms and conditions.

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, are considered related parties in relation to the City.

Outside of normal citizen type transactions with the City, there were no other related party transactions involving key management personnel; and/ or their close family members and/ or their controlled (or jointly controlled) entities.

iii Entities subject to significant influence by the City

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

There were no such entities requiring disclosure during the current or previous year.

22. Joint Arrangements

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

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

23. Financial Risk Management

This note explains the City's exposure to financial risks and how these risks could affect the City's future financial performance.

Risk	Exposure arising from	Measurement	Management
Market risk - interest rate	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables, financial assets and debt investments	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

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

Financial risk management is carried out by the finance area under policies approved by the Council. The finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. The Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

(a) Interest Rate Risk

Cash and Cash Equivalents

The City's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the City to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the City to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents and term deposits held are reflected in the table below.

	Weighted Average Interest Rate	Carrying Amount	Fixed Interest Rate	Variable Interest Rate	Non-Interest Bearing
	%	\$	\$	\$	\$
2024					
Cash and Cash Equivalents	4.38%	16,045,082	2,399,426	13,625,711	19,945
Financial Assets at Amortised Cost – Term Deposits	5.11%	92,000,000	92,000,000	0	0
2023					
Cash and Cash Equivalents	4.00%	21,032,276	0	21,010,331	21,945
Financial Assets at Amortised Cost – Term Deposits	4.64%	94,500,000	94,500,000	0	0

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

23. Financial Risk Management (Continued)

(a) Interest Rate Risk (Continued)

Cash and Cash Equivalents (Continued)

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

	2024 Actual	2023 Actual
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	136,257	210,103

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The City manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The City does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 29.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

23. Financial Risk Management (Continued)

(b) Credit Risk

Trade and Other Receivables

The City's major trade and other receivables comprise contractual non-statutory user fees and charges, grants, contributions and reimbursements. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The City manages this risk by monitoring outstanding debt and employing debt recovery policies.

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

The City applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade and other receivables. To measure the expected credit losses, receivables from grants, contributions and reimbursements are separated from other trade receivables due to the difference in payment terms and security.

The expected loss rates are based on the payment profiles of trade and other receivables over a period of 36 months before 1 July 2023 or 1 July 2024 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of users to settle the receivables.

The loss allowance as at 30 June 2024 and 30 June 2023 was determined as follows for trade and other receivables.

	Less than 1 year past due	More than 1 year past due	More than 2 year past due	More than 3 year past due	Total
30 June 2024					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	851,727	103,381	36,521	93,998	1,085,627
Loss allowance	0	0	0	0	0
Trade and other receivables					
Expected credit loss	0.00%	0.01%	0.05%	0.06%	
Gross carrying amount	3,178,589	30,044	2,711	492	3,211,836
Loss allowance	0	2	1	0	3
30 June 2023					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	838,611	93,808	40,672	84,976	1,058,067
Loss allowance	0	0	0	0	0
Trade and other receivables					
Expected credit loss	0.00%	0.01%	0.05%	0.06%	
Gross carrying amount	2,185,593	152,143	136,656	5,698	2,480,090
Loss allowance	0	11	66	3	80

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

23. Financial Risk Management (Continued)

(c) Liquidity Risk

Payables and Borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The City manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 18(c).

The contractual undiscounted cash flows of the City's payables and borrowings are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying Values
	\$	\$	\$	\$	\$
2024					
Payables	11,258,929	0	0	11,258,929	11,258,929
Borrowings	5,912,884	21,296,173	26,940,779	54,149,836	43,354,192
Lease Liability	11,096	72,489	0	83,585	83,585
	17,182,909	21,368,662	26,940,779	65,492,350	54,696,706
2023					
Payables	8,873,525	0	0	8,873,525	8,873,525
Borrowings	6,309,548	23,067,621	31,082,215	60,459,384	48,004,633
Lease Liability	117,396	72,872	0	190,268	190,268
	15,300,469	23,140,493	31,082,215	69,523,177	57,068,426

24. Events occurring after the end of the reporting period

There were no events subsequent to the reporting date that materially impact on this financial report.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

25. OTHER MATERIAL ACCOUNTING POLICIES

a) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

Where required, comparative figures have been adjusted to conform to changes in presentation for the current financial year. When the City applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements that has a material effect on the statement of financial position, an additional (third) Statement of Financial Position as at the beginning of the preceding period in addition to the minimum comparative financial report is presented

e) 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.

f) Superannuation

The City contributes to a number of Superannuation Funds on behalf of employees. All funds to which the City contributes are defined contribution plans.

g) Fair value of assets and liabilities

Fair value is the price that the City would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date. As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

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

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

h) Interest revenue

Interest revenue is calculated by applying the effective interest rate to the gross carrying amount of a financial asset measured at amortised cost except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

25. OTHER MATERIAL ACCOUNTING POLICIES (Continued)

i) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

j) Impairment of assets

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

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount except for non-financial assets that are:

- land and buildings classified as property, plant and equipment;
- infrastructure; or
- vested improvements that the local government controls, in circumstances where there has been an impairment indication of a general decrease in asset values.

These non-financial assets are assessed in accordance with the regulatory framework detailed in Note 10.

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

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

26. Function and Activity

(a) Service objectives and descriptions

City operations as disclosed in these financial statements encompass the following service orientated functions and activities.

Objectives

Description

General Purpose Funding

To collect revenue to allow for the provision of services.

Rates, other general purpose government grants, and interest revenue.

Governance

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

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

Law, Order and Public Safety

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

Supervision and enforcement of various by-laws, fire prevention, animal control and emergency services. Local government also provides assistance to surf lifesaving efforts.

Health

To provide an operational framework for environmental and community health.

Inspections of food outlets and their control, noise control, waste disposal compliance, mosquitoes and stingers control.

Education and Welfare

To provide services for the elderly, children and youth.

Annual donation to the operation of a Senior Citizen's Centre.

Housing

To provide and maintain elderly residents housing.

The operation of three sets of elderly residents homes.

Community Amenities

To provide services required by the community.

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

Recreation and Culture

To establish and effectively manage infrastructure and resources which will help the social well-being of the community.

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.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

26. Function and Activity (Continued)

(a) Service objectives and descriptions (Continued)

Objectives (Continued)

Description (Continued)

Transport

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

Construction and maintenance of roads, bridges, drainage, footpaths, cycle ways, parking facilities, traffic signs and depot. Also includes cleaning of streets, maintenance of street trees, street lighting etc. Control and maintenance of a regional airport.

Economic Services

To help promote the City and its economic wellbeing.

The regulation and provision of tourism initiatives, the maintenance and operation of a caravan park and the implementation of building controls. Provision of rural services including weed control, vermin control and standpipes.

Other Property and Services

To monitor and control Council's overheads operating accounts.

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

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

26. Functions and Activities (Continued)

(b) Income and Expenses

	2024 Actual	2023 Actual
	\$	\$
Income excluding grants, subsidies and contributions and capital grants, subsidies and contributions		
General Purpose Funding	67,105,249	61,655,923
Governance	39,614	20,735
Law, Order, Public Safety	311,265	234,416
Health	495,985	713,531
Education and Welfare	55,092	26,887
Housing	550,263	541,123
Community Amenities	11,349,804	10,699,302
Recreation and Culture	3,658,640	3,304,485
Transport	6,925,518	4,837,304
Economic Services	3,214,864	2,965,408
Other Property and Services	67,404	79,843
	93,773,698	85,078,957
Grants, subsidies and contributions and capital grants, subsidies and contributions		
General Purpose Funding	3,091,214	3,595,936
Governance	62,012	109,842
Law, Order, Public Safety	850,176	1,172,987
Health	73,290	75,111
Education and Welfare	133,510	218,953
Housing	4,254	3,740
Community Amenities	754,685	266,882
Recreation and Culture	4,649,031	14,475,482
Transport	10,123,826	11,142,971
Economic Services	64,719	53,477
Other Property and Services	460,967	351,313
	20,267,684	31,466,694
Total Income	114,041,382	116,545,651
Expenses		
General Purpose Funding	(1,151,202)	(1,239,092)
Governance	(6,631,384)	(6,342,511)
Law, Order, Public Safety	(3,062,467)	(3,032,514)
Health	(1,532,970)	(1,391,558)
Education and Welfare	(767,298)	(743,946)
Housing	(341,193)	(347,468)
Community Amenities	(15,083,823)	(20,993,664)
Recreation and Culture	(32,454,782)	(30,610,092)
Transport	(29,882,479)	(28,120,200)
Economic Services	(4,861,477)	(4,621,784)
Other Property and Services	(4,124,767)	(3,674,886)
Total Expenses	(99,893,842)	(101,117,715)
Net Result for the Period	14,147,540	15,427,936

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

26. Functions and Activities (Continued)

(c) Total Assets Classified by Function and Activity

	2024 Actual	2023 Actual
	\$	\$
General Purpose Funding	2,407,856	3,825,807
Governance	32,111,133	30,184,471
Law, Order & Public Safety	7,592,956	8,460,478
Health	239,935	354,463
Education and Welfare	2,228,781	2,376,524
Housing	5,892,559	5,675,859
Community Amenities	42,206,885	45,157,346
Recreation and Culture	241,221,552	236,258,073
Transport	634,056,449	603,251,520
Economic Services	11,210,217	6,348,170
Other Property and Services	12,224,411	13,598,828
Unallocated	27,418,846	26,886,986
	<u>1,018,811,580</u>	<u>982,378,525</u>

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

27. Rating Information – 2023/24 Financial Year	Rate in \$	Number of Properties	2023/24 Actual Rateable Value	2023/24 Actual Rate Revenue	2023/24 Interim Rates	2023/24 Actual Total Revenue	2023/24 Budget Rate Revenue	2023/24 Budget Interim Rate	2023/24 Budget Total Revenue	2022/23 Actual Total Revenue
General Rates										
Rate Type										
Differential General Rate			\$	\$	\$	\$	\$	\$	\$	\$
GRV–Residential	0.085327	14,681	343,305,656	29,293,186	871,506	30,164,692	29,293,186	0	29,293,186	28,136,593
GRV- Residential Holiday Homes	0.094813	805	20,193,420	1,937,110	60,759	1,997,869	1,937,110	0	1,937,110	1,886,904
GRV–Industrial	0.119475	459	23,228,557	2,775,230	(9,483)	2,765,747	2,775,230	0	2,775,230	2,669,691
GRV–Commercial	0.112218	1,271	81,062,551	9,096,670	298,036	9,394,706	9,096,670	0	9,096,670	8,722,235
GRV–Residential Vacant	0.085327	224	7,986,673	681,478	(206,939)	474,539	681,478	0	681,478	773,256
GRV–Industrial Vacant	0.119475	45	1,128,000	134,768	3,200	137,968	134,768	0	134,768	127,412
GRV–Commercial Vacant	0.112218	50	2,558,352	287,093	46,699	333,792	287,093	0	287,093	240,875
UV-Holiday Home	0.003289	127	85,943,000	282,666	(86,897)	195,769	282,666	0	282,666	119,637
UV-Primary Production	0.003517	720	786,553,000	2,766,304	(606)	2,765,698	2,766,304	0	2,766,304	2,684,776
UV-Rural	0.003327	1,478	1,074,056,000	3,573,378	15,359	3,588,737	3,573,378	0	3,573,378	3,403,234
UV-Commercial	0.006368	155	133,300,000	848,854	(2,424)	846,430	848,854	0	848,854	815,994
Interim Rates							0	502,900	502,900	0
Sub-Totals		20,015	2,559,315,209	51,676,737	989,210	52,665,947	51,676,737	502,900	52,179,637	49,580,607
Minimum Differential General Rate	Minimum \$									
GRV–Residential	1,517	1,432	23,798,810	2,172,344	0	2,172,344	2,172,344	0	2,172,344	2,096,560
GRV- Residential Holiday Homes	1,576	29	462,020	45,704	0	45,704	45,704	0	45,704	45,510
GRV–Industrial	1,517	19	198,132	28,823	0	28,823	28,823	0	28,823	27,740
GRV–Commercial	1,517	634	5,561,069	961,778	0	961,778	961,778	0	961,778	934,400
GRV–Residential Vacant	1,517	1,231	9,608,826	1,867,427	0	1,867,427	1,867,427	0	1,867,427	1,734,480
GRV–Commercial Vacant	1,517	52	350,940	78,884	0	78,884	78,884	0	78,884	78,840
UV-Holiday Home	1,822	44	21,353,000	80,168	0	80,168	80,168	0	80,168	110,502
UV-Primary Production	1,517	270	85,243,000	409,590	0	409,590	409,590	0	409,590	375,220
UV-Rural	1,656	1,003	311,700,700	1,660,968	0	1,660,968	1,660,968	0	1,660,968	1,601,970
UV-Commercial	1,517	89	6,029,044	135,013	0	135,013	135,013	0	135,013	131,400
Sub-Totals		4,803	464,305,541	7,440,699	0	7,440,699	7,440,699	0	7,440,699	7,136,622
Other Adjustments						128,588			120,000	119,175
Total General Rates and Minimum Rates						60,235,234			59,740,336	56,836,404
Specified Area Rates	Rate in \$									
GRV-Port Geographie	0.013964	750	17,734,962	247,652	3,977	251,629	247,652	0	247,652	240,140
GRV-Provence	0.012739	729	16,093,990	205,021	2,453	207,474	205,021	0	205,021	198,017
UV-Provence	0.000135	2	6,036,000	815	0	815	815	0	815	793
GRV-Vasse	0.015803	566	12,786,080	202,058	1,692	203,750	202,058	0	202,058	195,174
Sub-Total		2047	52,651,032	655,546	8,122	663,668	655,546	0	655,546	634,124
Total Rates						60,898,902			60,395,882	57,470,528
Rate Instalment Interest						323,235			300,000	304,400
Rate Overdue Interest						150,976			155,000	159,144

The rate revenue was recognised from the rate record as soon as practicable after the City resolved to impose rates in the financial year as well as when the rate record was amended to ensure the information in the record was current and correct.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

28 Determination of Surplus or Deficit

		2023/24 Actual (30 June 24 Carried Forward)	2023/24 Budget (30 June 24 Carried Forward)	2022/23 Actual (30 June 23 Carried Forward)
	Note	\$	\$	\$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with Financial Management Regulation 32.				
Adjustments to operating activities				
Less: Profit on asset disposals		(183,858)	(24,120)	(200,266)
Less: Fair value adjustments to financial assets at fair value through profit and loss		(2,942)	0	(6,450)
Add: Loss on disposal of assets		81,738	205,278	346,370
Add: Depreciation on non-current assets		27,128,433	25,541,373	26,481,887
Non-cash Movements in Non-Current Assets and Liabilities				
Movement in finance leases		31,401	0	(47,238)
Movement in Long Term Debt		(115,778)	0	(89,134)
Movement in pensioner deferred rates (non-current)	5	(18,333)	0	(49,037)
Movement in employee benefit provisions	15	15,858	0	(69,787)
Movement in Other provisions	16	(5,257,700)	0	6,504,000
Movement Other		16,734	0	(279,530)
Non-cash grants and contributions for assets		0	(9,300,000)	0
Movement in liabilities associated with restricted cash		0	(49,677)	0
Non cash amounts excluded from operating activities		21,695,553	16,372,854	32,590,815
(b) Non-cash amounts excluded from investing activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Statement of Financial Activity in accordance with Financial Management Regulation 32.				
Non-cash grants and contributions for assets	2	(5,466,585)	0	(5,204,907)
Right of use assets		(37,689)	0	0
Movement in liabilities associated with restricted cash		(646,210)	0	2,037,309
Non cash amounts excluded from investing activities		(6,150,484)	0	(3,167,598)
(c) Surplus/(deficit) after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with Financial Management Regulation 32 to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserves/ Restricted Cash	18	(103,469,281)	(79,877,713)	(113,819,130)
Less: Financial assets at amortised cost - self-supporting loans	4(a)	(187,415)	(200,000)	(182,579)
Less: Other Assets	7(a)	(570,946)	(483,906)	(483,906)
Less - Current portion of lease receivables	5.1	(338,323)	(490,000)	(309,426)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	14	4,377,643	4,680,000	4,620,953
- Current portion of contract liability held in reserve/ restricted cash	13.1	2,583,860	1,551,400	1,266,220
- Current portion of grant liability held in reserve/ restricted cash		563,283	984,500	984,500
- Current portion of deposits and bonds held in restricted cash	12	3,954,432	4,092,033	4,092,033
- Current portion of lease liabilities	11(b)	11,096	4,871	117,396
- Current portion of employee benefit provisions	15	5,855,301	5,885,190	5,885,190
- Current portion of other provisions	16	1,246,300	0	6,504,000
Total adjustments to net current assets		(85,974,050)	(63,853,625)	(91,324,749)
Net current assets used in the Statement of Financial Activity				
Total current assets		115,178,750	84,817,268	121,531,694
Less: Total current liabilities		(27,029,593)	(20,963,643)	(28,251,784)
Less: Total adjustments to net current assets		(85,974,050)	(63,853,625)	(91,324,749)
Net current assets used in the Statement of Financial Activity		2,175,107	0	1,955,161

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

29. Borrowings and Lease Liabilities

(a) Borrowings
Particulars

(a)	Borrowings Particulars	Borrowing Institution	Int. %	Maturity Date	Principal	New Loans	New Loans	Principal Repayment		Principal		Interest Repayment	
					1 July 2023	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	
					\$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$
C	Administration Loan #207 Civic and Administration Centre	WATC	4.51	06/34	11,784,637	0	0	847,578	847,578	10,937,059	10,937,059	517,286	518,627
	Recreation & Culture												
C	Loan #202 Geothermal Heating GLC	WATC	3.98	06/23	0	0	0	0	0	0	0	0	0
C	Loan #204 Busselton Foreshore	WATC	4.36	06/29	529,104	0	0	78,907	78,907	450,197	450,197	21,790	21,844
C	Loan #205 GLC Extensions	WATC	3.92	06/24	142,649	0	0	142,649	142,649	0	0	3,512	3,512
S	Loan #208 Busselton Football & Sportsman’s Club	WATC	2.93	04/25	6,564	0	0	3,234	3,234	3,330	3,330	157	157
C	Loan #209 Busselton Foreshore	WATC	3.56	06/27	2,491,572	0	0	590,179	590,179	1,901,393	1,901,393	80,879	81,063
C	Loan #211 Busselton Foreshore	WATC	2.55	10/24	609,928	0	0	404,029	404,029	205,899	205,899	11,710	12,595
S	Loan #212 Dunsborough and Districts Country Club	WATC	3.04	05/27	49,761	0	0	11,883	11,883	37,878	37,878	1,423	1,611
S	Loan #213 Geographe Bay Yacht Club	WATC	3.04	05/27	43,650	0	0	10,424	10,424	33,226	33,226	1,248	1,413
S	Loan #214 Dunsborough & Districts Country Club	WATC	3.19	09/27	53,822	0	0	11,307	11,307	42,515	42,515	1,627	1,978
C	Loan #215 Busselton Foreshore Jetty Precinct	WATC	3.25	04/28	1,350,528	0	0	252,977	252,977	1,097,551	1,097,551	41,853	48,188
C	Loan #216 Tennis Club Facilities	WATC	3.25	04/28	1,485,581	0	0	278,274	278,274	1,207,307	1,207,307	46,039	53,007
C	Loan #217 Lot 10 Commonage Road	WATC	3.25	04/28	864,338	0	0	161,904	161,905	702,434	702,433	26,786	30,840
C	Loan #218 Busselton Tennis Club	WATC	2.21	06/29	785,242	0	0	123,770	123,770	661,472	661,472	16,333	16,373
S	Loan #220 Busselton Tennis Club	WATC	1.37	09/26	23,782	0	0	7,205	7,205	16,577	16,577	289	290
S	Loan #221 Busselton Hockey Club Stadium	WATC	1.31	06/30	32,159	0	0	4,416	4,416	27,743	27,743	400	401
S	Loan #222 Busselton Golf Club	WATC	1.45	06/31	89,256	0	0	10,600	10,600	78,656	78,656	1,238	1,241
S	Loan #223 Dunsborough Bay Yacht Club	WATC	1.57	12/26	17,704	0	0	4,960	4,960	12,744	12,744	248	249
S	Loan #224 Geographe Bay Yacht Club	WATC	2.42	12/31	43,246	0	0	4,639	4,640	38,607	38,606	1,004	1,006
C	Loan #225 Performing Arts/Convention Centre	WATC	2.10	12/31	4,315,072	0	0	468,715	468,715	3,846,357	3,846,357	86,900	87,119
C	Loan #226 Performing Arts/Convention Centre	WATC	2.39	12/36	4,576,387	0	0	290,922	290,922	4,285,465	4,285,465	106,580	106,858
S	Loan #New Community Groups	Unknown	2.77	06/32	0	250,000	0	10,804	0	239,196	0	3,710	0
S	Loan #227 MRBTA – Ancient Lands Discovery Park	WATC	2.77	03/32	1,111,966	0	0	113,910	113,910	998,056	998,056	29,639	29,714
C	Loan #228 Performing Arts/Convention Centre	WATC	3.86	06/42	4,830,607	0	0	176,025	176,025	4,654,582	4,654,582	183,881	184,370
C	Loan #229 Performing Arts/Convention Centre	WATC	3.77	06/39	4,785,749	0	0	222,438	222,438	4,563,311	4,563,311	177,199	177,666
C	Loan #230 Performing Arts/Convention Centre	WATC	4.42	12/42	6,397,517	0	0	211,856	211,857	6,185,661	6,185,660	279,526	280,268
	Transport												
C	Loan #206 Airport Jet A1 Installation	WATC	3.92	06/24	41,606	0	0	41,606	41,606	0	0	1,024	1,024
C	Loan #219 Air Freight Hub Stage 1	WATC	2.21	06/29	929,728	0	0	146,544	146,545	783,184	783,183	19,339	19,385
C	Strategic Land Purchases	Unknown	4.29	Xx/xx	0	1,750,000	0	106,946	0	1,643,054	0	55,137	0
	Other Property and Services												
C	Loan #210 Lot 40 Vasse Highway	WATC	3.61	12/25	850,000	0	0	0	0	850,000	850,000	30,685	30,768
	Total - Council and Self-supporting Loans				48,242,155	2,000,000	0	4,738,701	4,620,955	45,503,454	43,621,200	1,747,442	1,711,567
C	Council Loans are financed by general purpose revenue.				46,770,245	1,750,000	0	4,545,319	4,438,376	43,974,926	42,331,868	1,706,459	1,673,508
S	Self-Supporting Loans are financed by payments from third parties.				1,471,910	250,000	0	193,382	182,579	1,528,528	1,289,332	40,983	38,059
					48,242,155	2,000,000	0	4,738,701	4,620,955	45,503,454	43,621,200	1,747,442	1,711,567

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

29. Borrowings and Lease Liabilities (continued)

(b) New Borrowings – 2023/24

Particulars / Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
New Community Groups	0	250,000	Unknown	Debenture	10	0	0.000%	0	0	0
Strategic Land Purchases	0	1,750,000	Unknown	Debenture	10	0	0.000%	0	0	0
	0	2,000,000				0		0	0	0

(c) Unspent Borrowings

Particulars / Purpose	Date Borrowed	Balance 30 June 2023 \$	Borrowed During Year \$	Expended During Year \$	Balance 30 June 2024 \$
Loan #216 Tennis Club Facilities	27 th April 2018	49,341	0	0	49,341
Loan #225 Performing Arts/Convention Centre	25 th January 2022	240,252	0	(240,252)	0
Loan #226 Performing Arts/Convention Centre	25 th January 2022	5,000,000	0	(5,000,000)	0
Loan #228 Performing Arts/Convention Centre	28 th April 2022	5,000,000	0	(5,000,000)	0
Loan #229 Performing Arts/Convention Centre	28 th April 2022	5,000,000	0	(4,268,769)	731,231
Loan #230 Performing Arts/Convention Centre	06 th December 2022	6,500,000	0	0	6,500,000
		21,789,593	0	(14,509,021)	7,280,572

MATERIAL ACCOUNTING POLICIES

Borrowing costs

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

Risk

Information regarding exposure to risk can be found at Note 23.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

29 – Borrowing and Lease Liability (Continued)

29 (d) Lease Liabilities (Continued)

Lease Number	Institution	Lease Interest Rate	Lease Term	Actual Principal 1 July 2022	2022/23 Actual New Leases	2022/23 Actual Lease principal Repayments	Actual Lease Principal outstanding 30 June 2023	2022/23 Actual Lease Interest Repayments	Actual Lease Principal 1 July 2023	2023/24 Actual New Leases / Extensions	2023/24 Actual Lease principal Repayments	Actual Lease Principal outstanding 30 June 2024	2023/24 Actual Lease Interest Repayments	Budget Lease Principal 1 July 2023	2023/24 Budget New Leases / Extension	2023/24 Budget Lease principal Repayments	Budget Lease Principal outstanding 30 June 2024	2023/24 Budget Lease Interest Repayments
		%		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
E6N0159996	Maia	7.9491	5 years	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
E6N0160249	Maia	5.8375	5 years	17,002	0	17,002	0	248	0	0	0	0	0	0	0	0	0	0
E6N0160583	Maia	5.1511	6 years	84,625	0	55,692	28,933	3,295	28,933	0	28,933	0	560	28,933	0	28,933	0	560
E6N0160915	Maia	7.6138	4.75 years	2,391	0	2,391	0	68	0	0	0	0	0	0	0	0	0	0
E6N0161070	Maia	6.9693	5 years	9,295	0	9,295	0	326	0	0	0	0	0	0	0	0	0	0
E6N0162083	Maia	-0.0007	4 years	22,110	0	22,110	0	0	0	0	0	0	0	0	0	0	0	0
E6N0162208	Maia	0.8970	4 years	26,286	0	26,286	0	88	0	0	0	0	0	0	0	0	0	0
E6N0162334	Maia	5.2189	5 years	137,658	0	77,129	60,529	5,691	60,529	20,575	81,103	0	1,292	60,529	0	60,529	0	1,586
E6N0162368	Maia	2.2722	5 years	58,117	0	32,927	25,190	1,041	25,190	16,866	33,603	8,453	547	25,190	0	25,190	0	287
E6N0162406	Maia	3.4055	3.75 years	8,142	0	8,142	0	104	0	0	0	0	0	0	0	0	0	0
66679257	Capital	8.4332	5 years	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
				365,626	0	250,974	114,652	10,861	114,652	37,441	143,639	8,453	2,399	114,652	0	114,652	0	2,433

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

		2024 Actual Opening Balance \$	2024 Actual Transfers To \$	2024 Actual Transfers From \$	2024 Actual Closing Balance \$	2024 Budget Opening Balance \$	2024 Budget Transfers To \$	2024 Budget Transfers From \$	2024 Budget Closing Balance \$	2023 Actual Opening Balance \$	2023 Actual Transfers To \$	2023 Actual Transfers From \$	2023 Actual Closing Balance \$
30.	Cash Backed Reserves												
	<u>Restricted by Legislation/ Agreement</u>												
	Joint Venture Aged Housing Reserve (Harris/Winderlup)	1,656,731	288,854	(67,431)	1,878,154	1,656,730	344,588	(62,000)	1,939,318	1,491,225	252,823	(87,317)	1,656,731
	Jetty Reserve	7,345,736	2,394,314	(1,177,637)	8,562,413	7,345,736	1,830,456	(1,828,444)	7,347,748	6,320,302	1,637,746	(612,312)	7,345,736
	Jetty Self Insurance Reserve	672,757	117,110	0	789,867	672,757	112,024	0	784,781	573,410	99,347	0	672,757
	Commonage Precinct Infrastructure Road Reserve **	845	0	(845)	0	845	0	(845)	0	818	27	0	845
	Community Facilities - City District **	1,320,534	55,139	(1,375,673)	0	1,320,535	394,835	(475,350)	1,240,020	1,083,900	375,597	(138,963)	1,320,534
	Community Facilities – Broadwater **	275,332	938	(276,270)	0	275,331	26,305	0	301,636	197,733	77,599	0	275,332
	Community Facilities – Busselton **	101,930	7,422	(109,352)	0	101,930	26,607	(92,000)	36,537	71,707	30,223	0	101,930
	Community Facilities – Dunsborough **	523,253	0	(523,253)	0	523,253	58,269	(220,000)	361,522	465,446	57,807	0	523,253
	Community Facilities - Dunsborough Lakes Estate **	900,385	0	(900,385)	0	900,385	13,317	(577,022)	336,680	712,435	187,950	0	900,385
	Community Facilities – Geographe **	156,186	1,132	(157,318)	0	156,185	17,932	0	174,117	137,436	18,750	0	156,186
	Community Facilities - Port Geographe **	364,199	0	(364,199)	0	364,198	16,590	0	380,788	352,422	11,777	0	364,199
	Community Facilities – Vasse **	108,013	0	(108,013)	0	108,013	8,718	(116,731)	0	175,153	7,860	(75,000)	108,013
	Community Facilities - Airport North **	3,282,877	78,665	(3,361,542)	0	3,282,877	273,695	0	3,556,572	3,176,664	106,213	0	3,282,877
	Locke Estate Reserve	171,194	75,388	0	246,582	171,194	71,876	0	243,070	6,588	164,606	0	171,194
	Port Geographe Waterways Management (SAR) Reserve	3,051,049	407,776	(368,359)	3,090,466	3,051,049	384,527	(406,169)	3,029,407	3,060,603	348,076	(357,630)	3,051,049
	Providence Landscape Maintenance (SAR) Reserve	1,524,830	289,267	(121,361)	1,692,736	1,524,830	270,057	(257,634)	1,537,253	1,323,560	247,699	(46,429)	1,524,830
	Vasse Newtown Landscape Maintenance (SAR) Reserve	615,196	237,692	(159,847)	693,041	615,196	226,599	(166,786)	675,009	668,099	220,694	(273,597)	615,196
	Commonage Precinct Bushfire Facilities Reserve **	60,710	0	(60,710)	0	60,710	2,766	(40,000)	23,476	58,747	1,963	0	60,710
	Commonage Community Facilities Dunsborough Lakes South Reserve **	76,996	0	(76,996)	0	76,997	0	(76,997)	0	74,507	2,489	0	76,996
	Commonage Community Facilities South Biddle Precinct Reserve **	938,927	0	(938,927)	0	938,927	42,771	0	981,698	908,566	30,361	0	938,927
	Busselton Area Drainage and Waterways Improvement Reserve *	134,559	0	(134,559)	0	134,560	0	(134,560)	0	130,608	3,951	0	134,559
	Public Art Reserve **	272,933	0	(272,933)	0	272,933	2,197	(12,000)	263,130	249,544	23,389	0	272,933
	Post Office Tea Rooms	48,076	21,433	0	69,509	48,075	18,307	0	66,382	0	121,028	(72,952)	48,076
	<u>Restricted by Council</u>												
	Airport Reserve	3,210,167	8,741,295	(550,864)	11,400,598	3,210,167	9,190,590	(3,712,421)	8,688,336	1,259,815	2,063,864	(113,512)	3,210,167
	Airport Marketing and Incentive Reserve *	4,895,381	0	(4,895,381)	0	4,895,381	0	(4,895,381)	0	6,385,899	503,101	(1,993,619)	4,895,381
	Airport Noise Mitigation Reserve *	661,140	0	(661,140)	0	661,140	0	(661,140)	0	683,694	22,058	(44,612)	661,140
	Airport Existing Terminal Building Reserve *	456,383	0	(456,383)	0	456,383	0	(456,383)	0	323,125	147,387	(14,129)	456,383
	Buildings Reserve	3,389,334	4,807,812	(783,346)	7,413,800	3,389,333	4,676,377	(2,363,446)	5,702,264	2,691,453	975,107	(277,226)	3,389,334
	Barnard Park Sports Pavilion Building Reserve*	115,031	0	(115,031)	0	115,031	0	(115,031)	0	105,989	40,675	(31,633)	115,031
	Railway House Building Reserve *	89,584	0	(89,584)	0	89,584	0	(89,584)	0	63,087	26,497	0	89,584
	Youth and Community Activities Building Reserve *	216,651	0	(216,651)	0	216,651	0	(216,651)	0	158,157	58,494	0	216,651
	Busselton Library Building Reserve *	155,510	0	(155,510)	0	155,510	0	(155,510)	0	88,926	66,584	0	155,510
	Busselton Community Resource Centre Reserve *	531,461	0	(531,461)	0	531,461	0	(531,461)	0	422,705	121,432	(12,676)	531,461
	Busselton Jetty Tourist Park Reserve	1,971,964	653,230	(205,982)	2,419,212	1,971,963	506,629	(744,344)	1,734,248	1,241,104	932,862	(202,002)	1,971,964
	Geographe Leisure Centre Building (GLC) Reserve *	232,469	0	(232,469)	0	232,469	0	(232,469)	0	314,127	331,012	(412,670)	232,469
	Winderlup Aged Housing Reserve (City Controlled)	463,207	120,260	(35,345)	548,122	463,207	102,426	(49,000)	516,633	356,903	111,924	(5,620)	463,207
	Lou Weston Oval Pavilion Reserve *	12,730	0	(12,730)	0	12,730	0	(12,730)	0	0	12,730	0	12,730
	Naturaliste Community Centre Building Reserve *	233,943	0	(233,943)	0	233,943	0	(233,943)	0	170,089	79,811	(15,957)	233,943
	Civic and Administration Building Reserve *	900,462	0	(900,462)	0	900,462	0	(900,462)	0	497,009	460,288	(56,835)	900,462
	Sub-Total	41,138,665	18,297,727	(20,631,892)	38,804,500	41,138,661	18,618,458	(19,836,494)	39,920,625	36,001,555	9,981,801	(4,844,691)	41,138,665

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

		2024 Actual Opening Balance \$	2024 Actual Transfers To \$	2024 Actual Transfers From \$	2024 Actual Closing Balance \$	2024 Budget Opening Balance \$	2024 Budget Transfers To \$	2024 Budget Transfers From \$	2024 Budget Closing Balance \$	2023 Actual Opening Balance \$	2023 Actual Transfers To \$	2023 Actual Transfers From \$	2023 Actual Closing Balance \$
30.	Cash Backed Reserves (continued)												
	Restricted by Council												
	Vasse Sports Pavilion Building Reserve *	2,405	0	(2,405)	0	2,405	0	(2,405)	0	1,684	721	0	2,405
	Roads Reserve	2,164,710	5,498,981	(4,460,324)	3,203,367	2,164,710	5,346,209	(5385,418)	2,125,501	1,920,213	3,515,608	(3,271,111)	2,164,710
	Footpath/ Cycle Ways Reserve	1,726,464	1,456,107	(877,891)	2,304,680	1,726,463	1,401,171	(1,626,186)	1,501,448	1,246,637	1,341,403	(861,576)	1,726,464
	Other Infrastructure Reserve	721,868	1,276,348	(1,098,771)	899,445	721,868	1,322,205	(1,381,101)	662,972	403,731	782,904	(464,767)	721,868
	Parks and Gardens Reserve	1,349,337	1,483,533	(1,681,000)	1,151,870	1,349,337	1,411,328	(1,939,765)	820,900	633,227	1,355,025	(638,915)	1,349,337
	Furniture and Equipment Reserve	483,156	174,024	(96,663)	560,517	483,156	149,363	(268,264)	364,255	516,181	127,829	(160,854)	483,156
	Plant Replacement Reserve	2,364,208	1,260,569	(575,738)	3,049,039	2,364,208	1,143,209	(3,239,860)	267,557	2,698,073	1,204,166	(1,538,031)	2,364,208
	Major Traffic Improvements Reserve *	1,574,756	0	(1,574,756)	0	1,574,756	0	(1,574,756)	0	1,184,734	391,765	(1,743)	1,574,756
	CBD Enhancement Reserve *	9,196	0	(9,196)	0	9,196	0	(9,196)	0	1,333,422	73,095	(1,397,321)	9,196
	New Infrastructure Development Reserve	756,385	1,997,009	0	2,753,394	756,385	1,613,298	(1,008,778)	1,360,905	723,694	32,691	0	756,385
	City Car Parking and Access Reserve	1,436,682	237,519	(567,970)	1,106,231	1,436,685	232,036	(791,885)	876,836	1,213,888	419,553	(196,759)	1,436,682
	Debt Default Reserve *	0	857	(857)	0	0	0	0	0	102,371	3,421	(105,792)	0
	Corporate IT Systems Reserve	329,865	677,473	0	1,007,338	329,865	900,011	(792,506)	437,370	378,520	150,026	(198,681)	329,865
	Election, Valuation and Other Corporate Expenses Reserve	401,441	170,163	(166,172)	405,432	401,441	161,662	(180,000)	383,103	254,331	154,985	(7,875)	401,441
	Legal Expenses Reserve	579,578	28,526	(120,013)	488,091	579,578	29,943	(150,000)	459,521	638,294	21,284	(80,000)	579,578
	Events, Marketing and Business Development Reserve	393,498	1,514,475	(1,588,160)	319,813	393,498	1,477,754	(1,766,539)	104,713	655,703	1,365,779	(1,627,984)	393,498
	Performing Arts and Convention Centre Reserve	2,467,333	124,362	0	2,591,695	2,467,333	116,739	0	2,584,072	2,386,293	81,040	0	2,467,333
	Long Service Leave Reserve	3,940,671	592,481	(692,696)	3,840,456	3,940,671	630,310	(525,127)	4,045,854	4,054,581	660,816	(774,726)	3,940,671
	Professional Development Reserve	161,394	8,136	(36,567)	132,963	161,395	7,333	(50,000)	118,728	156,214	5,180	0	161,394
	Sick Pay Incentive Reserve	79,316	3,974	(10,788)	72,502	79,316	3,000	0	82,316	79,476	3,235	(3,395)	79,316
	Workers Compensation, Extended SL and AL Contingency Reserve	4,280	216	0	4,496	4,280	265	0	4,545	194,218	3,062	(193,000)	4,280
	Port Geographe Development Reserve (Council)	67,300	110,212	(140,677)	36,835	67,300	106,787	(146,451)	27,636	126,997	62,895	(122,592)	67,300
	Coastal and Climate Adaptation Reserve	1,194,820	1,227,942	(397,710)	2,025,052	1,194,820	1,165,661	(1,636,485)	723,996	566,910	1,206,195	(578,285)	1,194,820
	Emergency Disaster Recovery Reserve *	97,863	0	(97,863)	0	97,863	0	(97,863)	0	74,954	22,909	0	97,863
	Energy Sustainability Reserve *	247,224	0	(247,224)	0	247,224	0	(247,224)	0	168,406	115,941	(37,123)	247,224
	Cemetery Reserve *	365,554	0	(365,554)	0	365,555	0	(365,555)	0	241,999	130,040	(6,485)	365,554
	Waste Management Facility and Plant Reserve	8,135,573	2,445,013	(7,083,312)	3,497,274	8,135,574	1,960,967	(5,033,908)	5,062,633	8,287,152	2,112,319	(2,263,898)	8,135,573
	Strategic Projects Reserve	3,032,414	178,391	(454,546)	2,756,259	3,032,416	140,116	(500,000)	2,672,532	2,909,576	122,838	0	3,032,414
	Prepaid Grants and Deferred Works & Services Reserve	2,843,445	3,187,257	(3,083,256)	2,947,446	2,843,445	351,808	(3,195,253)	0	1,979,511	2,840,968	(1,977,034)	2,843,445
	Busselton Foreshore Reserve *	13,115	0	(13,115)	0	13,115	0	(13,115)	0	12,689	426	0	13,115
	LED Street Lighting Replacement Program Reserve *	32,226	0	(32,226)	0	32,227	0	(32,227)	0	38,097	51,455	(57,326)	32,226
	Waterways Restoration Reserve	10	723,789	(256,606)	467,193	10	713,103	(572,473)	140,640	10	559,159	(559,159)	10
	Peel Terrace/ Causeway Road Building Reserve *	23,429	0	(23,429)	0	23,429	0	(23,429)	0	0	23,429	0	23,429
	Sub-Total	36,999,516	24,377,357	(25,755,485)	35,621,388	36,999,524	20,384,278	(32,555,769)	24,828,033	35,181,786	18,942,162	(17,124,432)	36,999,516
	Total	78,138,181	42,675,084	(46,387,377)	74,425,888	78,138,185	39,002,736	(52,392,263)	64,748,658	71,183,341	28,923,963	(21,969,123)	78,138,181

* Funds consolidated into other applicable reserve, and the reserve closed per adoption of 2023/24 budget.

** Funds consolidated into other applicable reserve or transferred to a restricted asset account, and the reserve closed, per adopted amendment to 2023/24 budget.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

30. Reserves – Cash/ Financial Asset Backed (Continued)

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserves – cash/ financial assets backed.

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

Restricted by Legislation/ Agreement

Joint Venture Aged Housing Reserve (Harris/ Winderlup)

To hold funds to meet future expenses, including capital, maintenance, operational and administrative costs associated with the provision of community aged housing at Winderlup Villas and Harris Road pursuant to the relevant joint venture agreements with the Department of Housing.

Jetty Reserve

To provide funding for the maintenance, insurance, renewal, replacement, upgrading and future Capital works requirements for the asset and associated infrastructure, including plant and equipment to achieve these purposes.

Jetty Self Insurance Reserve

As a contingency fund to rectify damage caused by the demise of the Busselton jetty or part of the jetty or as a result of extraordinary events.

Commonage Precinct Infrastructure Road Reserve

- ** To be utilised for the purpose of road infrastructure and road safety upgrades within the Commonage Contribution Area in accordance with the Commonage Contributions Area policy provisions.

Community Facilities - City District

- ** To hold development contributions received by the City for the provision of new or upgraded community infrastructure within the District.

Community Facilities – Broadwater

- ** To hold development contributions received by the City for the provision of new or upgraded community infrastructure within the Precinct as per the adopted contributions plan.

Community Facilities – Busselton

- ** To hold development contributions received by the City for the provision of new or upgraded community infrastructure within the Precinct as per the adopted contributions plan.

Community Facilities – Dunsborough

- ** To hold development contributions received by the City for the provision of new or upgraded community infrastructure within the Precinct as per the adopted contributions plan.

Community Facilities - Dunsborough Lakes Estate

- ** To hold development contributions received by the City for the provision of new or upgraded community infrastructure within the Precinct as per the adopted contributions plan.

Community Facilities – Geographe

- ** To hold development contributions received by the City for the provision of new or upgraded community infrastructure within the Precinct as per the adopted contributions plan.

Community Facilities - Port Geographe

- ** To hold development contributions received by the City for the provision of new or upgraded community infrastructure within the Precinct as per the adopted contributions plan.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

30. Reserves – Cash/ Financial Asset Backed (Continued)

Restricted by Legislation/ Agreement (Continued)

Community Facilities – Vasse

- ** To hold development contributions received by the City for the provision of new or upgraded community infrastructure within the Precinct as per the adopted contributions plan.

Community Facilities - Airport North

- ** To hold development contributions received by the City for the provision of new or upgraded community infrastructure within the Precinct as per the adopted contributions plan.

Locke Estate Reserve

To provide funding for the protection of the Locke Estate (Reserve 22674) coastline.

Port Geographe Waterways Management (SAR) Reserve

To provide funds for the City to fulfil its obligations under a Waterways Management Deed with the State Government for the future maintenance of waterways and associated facilities within the Port Geographe contributions area.

Provence Landscape Maintenance (SAR) Reserve

For the purpose of holding funds for the maintenance of the approved higher standard of landscaping with the contributions area including future Capital replacement of landscaping structures as may be required.

Vasse Newtown Landscape Maintenance (SAR) Reserve

For the purpose of holding funds for the maintenance of the approved higher standard of landscaping with the contributions area including future Capital replacement of landscaping structures as may be required.

Commonage Precinct Bushfire Facilities Reserve

- ** For the purpose of the provision of fire protection facilities in accordance with the Commonage Contributions Area policy provisions.

Commonage Community Facilities Dunsborough Lakes South Reserve

- ** For the purpose of the provision of future recreational facilities at Dunsborough Lakes South in accordance with the Dunsborough Lakes Developer Contributions Plan.

Commonage Community Facilities South Biddle Precinct Reserve

- ** To be utilised for the provision of community facilities within the South Biddle Precinct in accordance with the Commonage Area Implementation Policy provisions.

Busselton Area Drainage and Waterways Improvement Reserve

- * To hold development contributions for the provision of drainage works and the management and improvement of waterways and adjacent reserves within Busselton including the lower Vasse River.

Public Art Reserve

- ** To hold development contributions received by the City for the commissioning, purchase and enhancement of public art works within the District.

Post Office Tea Rooms

To allocate and use any premium, rental, fees, charges or other income it receives from all leases, subleases and licences in respect of the Post Office Tea Rooms Reserve 35361 or any part of it, to maintain and repair all buildings and structures and to maintain the grounds and facilities of the Reserve.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

30. Reserves – Cash/ Financial Asset Backed (Continued)

Restricted by Council (Continued)

Airport Reserve

To set aside, hold and provide funding for major maintenance and capital expenditure requirements associated with renewal, upgrade and replacement of existing airport and airport related assets, plus future development, marketing and noise mitigation needs.

* Airport Marketing and Incentive Reserve

The purpose of promoting and providing incentives for the Busselton Margaret River Airport.

* Airport Noise Mitigation Reserve

To be utilised for the purpose of noise mitigation related activities surrounding the Airport precinct.

Airport Existing Terminal Building Reserve

- * To provide funding for the major maintenance, renewal, replacement, upgrading and future building and fit out requirements for the asset.

Building Reserve

To set aside, hold and provide funding for major maintenance and capital expenditure requirements associated with renewal, upgrade and replacement of existing building assets.

Barnard Park Sports Pavilion Building Reserve

- * To provide funding for the major maintenance, renewal, replacement, upgrading and future building and fit out requirements for the asset.

Railway House Building Reserve

- * To provide funding for the major maintenance, renewal, replacement, upgrading and future building and fit out requirements for the asset.

Youth and Community Activities Building Reserve

- * To provide funding for the major maintenance, renewal, replacement, upgrading and future building and fit out requirements for the asset.

Busselton Library Building Reserve

- * To provide funding for the major maintenance, renewal, replacement, upgrading and future building and fit out requirements for the asset.

Busselton Community Resource Centre Reserve

- * To provide funding for the major maintenance, renewal, replacement, upgrading and future building and fit out requirements for the asset.

Busselton Jetty Tourist Park Reserve

To provide funding for capital, maintenance and promotional/ marketing requirements for visitor services throughout the district.

Geographe Leisure Centre Building (GLC) Reserve

- * To provide funding for the major maintenance, renewal, replacement, upgrading and future building and fit out requirements for the asset.

Winderlup Aged Housing Reserve (City Controlled)

To hold funds to meet future expenses, including capital, maintenance, operational and administrative costs associated with the provision of council owned community aged housing.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

30. Reserves – Cash/ Financial Asset Backed (Continued)

Restricted by Council (Continued)

Lou Weston Oval Pavilion Reserve

- * To provide funding for the major maintenance, renewal, replacement, upgrading and future building fit out requirements for the asset.

Naturaliste Community Centre Building (NCC) Reserve

- * To provide funding for the major maintenance, renewal, replacement, upgrading and future building and fit out requirements for the asset.

Civic and Administration Building Reserve

- * To provide funding for the major maintenance, renewal, replacement, upgrading and future building and fit out requirements for the asset.

Vasse Sports Pavilion Building Reserve

- * To provide funding for the construction, major maintenance, renewal, replacement, upgrading and future building and fit out requirements for the asset.

Road Reserve

To hold and provide funding for major maintenance and capital expenditure requirements associated with renewal, upgrade and replacement of existing road infrastructure assets, plus planning for and construction of future new road requirements.

Footpath/ Cycle Ways Reserve

To provide funding for the major maintenance, renewal, replacement, upgrading and future requirements with respect to Footpath and Cycleway assets within the District.

Other Infrastructure Reserve

To hold and provide funding for major maintenance and capital expenditure requirements associated with renewal, upgrade and replacement of existing other infrastructure assets, not specifically provided for in other reserves.

Parks and Gardens Reserve

To provide funding for the major maintenance and renewal of Parks, Gardens, Public Open Spaces and Reserves within the District.

Furniture and Equipment Reserve

To provide funds for the major maintenance, renewal, replacement, upgrading and future requirements with respect to furniture and equipment assets within the District.

Plant Replacement Reserve

To provide funding for the major maintenance, renewal, replacement, upgrading and future requirements with respect to Plant and Equipment assets excluding those in independent commercial operations.

Major Traffic Improvements Reserve

- * To be utilised for the provision of enabling major capital works programs to be funded for the upgrade of the local road network to reduce congestion, increase traffic flow and ease of access within the District.

CBD Enhancement Reserve

- * To provide funds for Capital and maintenance works and improvements within the Busselton and Dunsborough Central Business Districts.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

30. Reserves – Cash/ Financial Asset Backed (Continued)

Restricted by Council (Continued)

New Infrastructure Development Reserve

To set aside, hold and provide funding in order to facilitate the identification, design, development and construction of new infrastructure and other capital projects as identified in the annual budget, which in turn has been informed by the City's Strategic Community Plan, Corporate Business Plan and Long Term Financial Plan.

City Car Parking and Access Reserve

To provide funding for development of public car parking, the development of infrastructure to provide for the management of public car parking and improving public transport to and within the City or for end of trip facilities. To provide funding for the purchase of land identified as of strategic importance for future parking requirements.

Debt Default Reserve

- * To provide for potential default on debts owing to the City, particularly in relation negative economic circumstances caused by a declared state of emergency (such as COVID-19).

Corporate IT Systems Reserve

To provide funding in relation to the ongoing development, enhancement and/ or replacement of the City's corporate systems. To be utilised for the renewal and replacement or introduction of new IT platforms/ hardware for the City.

Election, Valuation and Other Corporate Expenses Reserve

To provide funding for Council elections, rating valuations, fair value valuations and other legislative and corporate governance requirements.

Legal Expenses Reserve

Funding for any legal expenses or contingency involving the City of Busselton.

Events, Marketing and Business Development Reserve

To fund the City's contributions and expenditure on tourism, business and industry development, marketing, area promotion, and events activities, per funding allocations agreed with community reference groups.

Performing Arts and Convention Centre Reserve

To provide funds for the planning and construction, and holding of grants or other funds for a future Performing Arts and Convention Centre for the District.

Long Service Leave Reserve

To provide funding to meet the City's future long service leave obligations of employees.

Professional Development Reserve

To provide funding to meet the City's ongoing contractual professional development obligations of employees.

Sick Pay Incentive Reserve

To provide funding to meet the City's obligations under a former sick leave incentive scheme pertaining to staff employed pre 2003.

Workers Compensation and Extended Sick Leave Contingency Reserve

A contingency fund to assist the City in meeting its Workers Compensation Contribution obligations when claim costs exceed the "Deposit" amount allocated to claims, to fund any shortfall with respect to insurance premiums in any one year, negotiated settlements of outstanding claims, and to enable periods of extended Sick Leave to be funded with a replacement officer, and to assist with meeting annual leave payouts upon termination.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

30. Reserves – Cash/ Financial Asset Backed (Continued)

Restricted by Council (Continued)

Port Geographe Development Reserve (Council)

To provide funds for capital and maintenance costs for development works associated within the Port Geographe contribution area.

Coastal and Climate Adaptation Reserve

The purpose of the reserve is to provide funds for coastal protection of assets and to fund initiatives to address the impacts of climate change including water supply sustainability, technology advancement and improvements/ upgrades of infrastructure susceptible to climate change.

* Emergency Disaster Recovery Reserve

To provide funding for Disaster Recovery activities including natural and man-made events.

Energy Sustainability Reserve

- * To provide funding for the investigation, implementation and optimisation of Energy Sustainability initiatives within the District.

* Cemetery Reserve

To provide funding for the renewal, expansion and establishment of Cemeteries within the district.

Waste Management Facility and Plant Reserve

To provide funding for development and rehabilitation of waste disposal sites both within the district and regionally. Acquisition of waste plant and equipment and any other waste management activities that include legacy matters due to contaminated sites within the District.

Strategic Projects Reserve

To provide funds for projects which may create a future revenue stream for the City and reduce reliance on rate revenue.

Prepaid Grants and Deferred Works and Services Reserve

To hold Government and third party grants monies received in advance as well as deferred municipal funded works and services as at the end of financial year.

* Busselton Foreshore Reserve

To provide funds for on-going asset maintenance and any future capital works.

* LED Street Lighting Replacement Program Reserve

To provide funds for the on-going replacement of street lighting throughout the district with LED capacity.

Waterways Restoration Reserve

To provide for any works required to rejuvenate, revive or rectify natural waterways within the Busselton district.

Peel Terrace/ Causeway Road Building Reserve

- * To allocate and use any revenue received in respect of the Peel Terrace/ Causeway Road Building, to maintain and repair all buildings and structures and to maintain the grounds and facilities of the Reserve.
- * Funds consolidated into other applicable reserve, and the reserve closed per adoption of 2023/24 budget.
- ** Funds consolidated into other applicable reserve or transferred to a restricted asset account, and the reserve closed, per adopted amendment to 2023/24 budget.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

31. Trust Funds

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:

	Balance 1 July 2023	Amounts Received 2023/24	Amounts Paid 2023/24	Balance 30 June 2024
	\$	\$	\$	\$
Builders Registration Board Levies	79,473	885,317	(870,552)	94,238
Building Training Levy	15,561	68,727	(82,016)	2,272
Cash in Lieu of Public Open Space	371,407	111,614	(93,086)	389,935
Contiguous Local Authorities Group (CLAG) Funding	30,790	41,053	(27,161)	44,682
Nomination Deposits	0	1,700	(1,700)	0
Sundry Trust	0	2,074	(2,074)	0
	497,231	1,110,485	(1,076,589)	531,127



Auditor General

INDEPENDENT AUDITOR'S REPORT

2024

City of Busselton

To the Council of the City of Busselton

Opinion

I have audited the financial report of the City of Busselton (City) which comprises:

- the statement of financial position as at 30 June 2024, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of financial activity for the year then ended
- notes comprising a summary of material accounting policies and other explanatory information.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the City for the year ended 30 June 2024 and its financial position at the end of that period
- in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section below.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2024, but not the financial report and my auditor's report.

My opinion on the financial report does not cover the other information and accordingly, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the CEO and Council and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

Responsibilities of the Chief Executive Officer and Council for the financial report

The Chief Executive Officer (CEO) of the City is responsible for:

- keeping proper accounts and records
- preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for:

- assessing the City's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the City.

The Council is responsible for overseeing the City's financial reporting process.

Auditor's responsibilities for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

My independence and quality management relating to the report on the financial report

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements, the Office of the Auditor General maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the City of Busselton for the year ended 30 June 2024 included in the annual report on the City's website. The City's management is responsible for the integrity of the City's website. This audit does not provide assurance on the integrity of the City's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the City to confirm the information contained in the website version.



Grant Robinson
Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
8 November 2024