



**Financial Report**

**For the year ended**

**30 June 2021**

**City of Busselton**  
**Financial Report**  
**For the Year Ended 30 June 2021**

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**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 2021**

*Local Government Act 1995*

*Local Government (Financial Management) Regulations 1996*

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the City of Busselton for the financial year ended 30 June 2021 is based on proper accounts and records to present fairly the financial position of the City of Busselton at 30 June 2021 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 11 day of November 2021



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Mike Archer  
Chief Executive Officer



# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Statement of Comprehensive Income by Nature or Type

	Note	2021 Actual \$	2021 Budget \$	2020 Restated \$
<b>Revenue</b>				
Rates	25	52,646,781	52,759,360	51,997,844
Operating Grants, Subsidies and Contributions	2(a)	6,986,817	4,454,801	5,664,503
Fees and Charges	2(a)	17,412,051	16,398,638	14,934,971
Interest Earnings	2(a)	1,120,191	1,046,684	1,749,695
Other Revenue		551,451	424,730	549,366
Gain on Finance Sublease		2,786,007	0	3,902,773
		81,503,298	75,084,213	78,799,152
<b>Expenses</b>				
Employee Costs		(32,762,836)	(33,604,206)	(32,543,216)
Materials and Contracts		(16,560,581)	(18,710,746)	(16,856,209)
Utility Charges		(2,651,097)	(2,770,956)	(2,633,428)
Depreciation on Non-Current Assets	11(b)	(24,607,001)	(24,050,074)	(22,857,747)
Interest Expenses	2(b)	(1,192,417)	(1,301,926)	(1,330,823)
Insurance Expenses		(748,751)	(770,664)	(730,852)
Other Expenditure		(832,615)	(2,811,079)	(1,029,390)
		(79,355,298)	(84,019,651)	(77,981,665)
		<b>2,148,000</b>	<b>(8,935,438)</b>	<b>817,487</b>
Non-Operating Grants, Subsidies and Contributions	2(a)	20,309,932	29,090,854	18,529,803
Profit on Asset Disposals		148,677	19,193	74,304
Loss on Asset Disposals		(521,958)	(90,673)	(537,558)
		19,936,651	29,019,374	18,066,549
<b>Net result for the period</b>		<b>22,084,651</b>	<b>20,083,936</b>	<b>18,884,036</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Impairment Loss on non-current assets	13	0	0	(1,478,109)
<b>Total other comprehensive income</b>		0	0	(1,478,109)
<b>Total comprehensive income for the period</b>		<b>22,084,651</b>	<b>20,083,936</b>	<b>17,405,927</b>



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

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Statement of Comprehensive Income by Program

	Note	2021 Actual \$	2021 Budget \$	2020 Restated \$
<b>Revenue</b>				
General Purpose Funding		56,081,108	55,331,966	55,972,253
Governance		234,836	219,800	507,202
Law, Order & Public Safety		1,434,145	1,429,850	968,661
Health		791,676	623,950	656,781
Education and Welfare		8,628	6,700	8,867
Housing		527,173	488,300	502,130
Community Amenities		9,409,919	8,819,000	8,655,411
Recreation and Culture		4,017,798	3,947,757	3,927,871
Transport		2,923,350	1,830,250	1,362,737
Economic Services		2,335,110	1,873,392	1,809,922
Other Property and Services		3,739,555	513,248	4,427,317
		81,503,298	75,084,213	78,799,152
<b>Expenses</b>				
General Purpose Funding		(1,182,829)	(1,236,570)	(1,085,183)
Governance		(6,365,440)	(7,470,632)	(6,792,460)
Law, Order & Public Safety		(3,567,234)	(3,738,812)	(3,403,391)
Health		(1,513,600)	(1,514,624)	(1,443,764)
Education and Welfare		(186,001)	(157,617)	(169,093)
Housing		(640,562)	(1,296,665)	(693,717)
Community Amenities		(13,789,842)	(14,466,327)	(13,964,955)
Recreation and Culture		(23,485,692)	(24,398,481)	(23,239,799)
Transport		(23,186,955)	(24,105,554)	(21,822,344)
Economic Services		(3,130,652)	(3,646,575)	(3,287,879)
Other Property and Services		(1,114,074)	(685,868)	(748,257)
		(78,162,881)	(82,717,725)	(76,650,842)
<b>Finance Costs</b>				
Governance		(660,038)	(679,196)	(711,602)
Recreation and Culture		(460,979)	(551,404)	(537,257)
Transport		(37,797)	(40,133)	(48,639)
Economic Services		(507)	(508)	(1,063)
Other Property and Services		(33,096)	(30,685)	(32,262)
	2(b)	(1,192,417)	(1,301,926)	(1,330,823)
Non-Operating Grants, Subsidies & Contributions	2(a)	20,309,932	29,090,854	18,529,803
Profit on Disposal of Assets		148,677	19,193	74,304
Loss on Disposal of Assets		(521,958)	(90,673)	(537,558)
		19,936,651	29,019,374	18,066,549
<b>Net result for the period</b>		<b>22,084,651</b>	<b>20,083,936</b>	<b>18,884,036</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Impairment Loss on non-current assets	13	0	0	(1,478,109)
<b>Total other comprehensive income</b>		<b>0</b>	<b>0</b>	<b>(1,478,109)</b>
<b>Total comprehensive income for the period</b>		<b>22,084,651</b>	<b>20,083,936</b>	<b>17,405,927</b>

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



# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Statement of Financial Position

	Note	2021 Actual \$	2020 Restated \$	1 July 2019 Restated \$
<b>Current Assets</b>				
Cash and Cash Equivalents	3	17,108,235	20,001,304	21,772,318
Trade and Other Receivables	6	3,793,737	4,371,031	3,916,159
Other Financial Assets	5(a)	62,059,374	50,566,867	48,569,803
Inventories	7	936,902	25,802	24,981
Finance Lease Receivables	38	217,910	177,085	0
Other Assets	8(a)	197,380	212,924	266,918
Non-Current Assets Held for Sale	8(b)	2,035,508	0	0
<b>Total Current Assets</b>		<b>86,349,046</b>	<b>75,355,013</b>	<b>74,550,179</b>
<b>Non-current Assets</b>				
Trade and Other Receivables	6	393,784	412,055	397,461
Other Financial Assets	5(b)	481,283	430,658	283,072
Property, Plant and Equipment	9	135,213,353	137,416,270	135,148,518
Infrastructure	10	580,752,889	568,408,571	564,715,992
Finance Lease Receivables	38	7,698,983	4,858,268	0
Right of Use Assets	12(a)	811,327	1,308,114	0
<b>Total Non-current Assets</b>		<b>725,351,619</b>	<b>712,833,936</b>	<b>700,545,043</b>
<b>Total Assets</b>		<b>811,700,665</b>	<b>788,188,949</b>	<b>775,095,222</b>
<b>Current Liabilities</b>				
Trade and Other Payables	14	11,121,259	7,983,635	8,136,038
Contract Liabilities	15.1	2,521,219	2,611,824	0
Grant Liabilities	15.2	988,563	2,298,073	0
Lease Liabilities	16	492,042	500,767	0
Borrowings	17(d)	3,020,442	3,043,263	3,291,161
Employee Related Provisions	18(a)	5,502,681	5,237,538	4,614,181
Other Provisions	18(b)	430,000	0	0
<b>Total Current Liabilities</b>		<b>24,076,206</b>	<b>21,675,100</b>	<b>16,041,380</b>
<b>Non-current Liabilities</b>				
Contract Liabilities	15.1	7,888,354	7,566,720	0
Grant Liabilities	15.2	4,276,558	2,250,217	0
Lease Liabilities	16	439,461	900,849	0
Borrowings	17(d)	25,247,254	28,157,696	31,111,143
Employee Related Provisions	18(a)	715,485	665,671	627,843
<b>Total Non-current Liabilities</b>		<b>38,567,112</b>	<b>39,541,153</b>	<b>31,738,986</b>
<b>Total Liabilities</b>		<b>62,643,318</b>	<b>61,216,253</b>	<b>47,780,366</b>
<b>Net Assets</b>		<b>749,057,347</b>	<b>726,972,696</b>	<b>727,314,856</b>
<b>Equity</b>				
Retained Surplus		461,812,090	442,749,115	445,920,833
Reserves – Cash/ financial asset Backed	4	62,919,560	59,897,884	55,590,217
Revaluation Surplus	13	224,325,697	224,325,697	225,803,806
<b>Total Equity</b>		<b>749,057,347</b>	<b>726,972,696</b>	<b>727,314,856</b>

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



# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Statement of Changes in Equity

	Note	Retained Surplus \$	Reserves Cash Backed \$	Revaluation Surplus \$	Total Equity \$
Balance as at 1 July 2019		444,713,504	55,590,217	236,196,300	736,500,021
Correction of prior period errors	33	1,207,329	0	(10,392,494)	(9,185,165)
Restated Balance		445,920,833	55,590,217	225,803,806	727,314,856
Initial application of AASB 16, AASB 15/1058		(17,748,087)	0	0	(17,748,087)
Restated Balance at 1 July 2019		428,172,746	55,590,217	225,803,806	709,566,769
<u>Comprehensive Income</u>					
Net Result for the period		18,884,036	0	0	18,884,036
Other Comprehensive Income		0	0	(1,478,109)	(1,478,109)
Total Comprehensive Income		18,884,036	0	(1,478,109)	17,405,927
Transfer from / (to) Reserves		(4,307,667)	4,307,667	0	0
<b>Balance as at 30 June 2020</b>		<b>442,749,115</b>	<b>59,897,884</b>	<b>224,325,697</b>	<b>726,972,696</b>
<u>Comprehensive Income</u>					
Net Result for the period		22,084,651	0	0	22,084,651
Other Comprehensive Income		0	0	0	0
Total Comprehensive Income		22,084,651	0	0	22,084,651
Transfer from / (to) Reserves		(3,021,676)	3,021,676	0	0
<b>Balance as at 30 June 2021</b>		<b>461,812,090</b>	<b>62,919,560</b>	<b>224,325,697</b>	<b>749,057,347</b>

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

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Statement of Cash Flows

	Note	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>Cash Flows from Operating Activities</b>				
<b>Receipts</b>				
Rates		53,316,359	52,546,446	51,938,974
Operating Grants, Subsidies and Contributions		7,331,156	4,625,990	5,373,699
Fees & Charges		17,676,719	16,590,723	14,745,813
Interest Earnings		1,120,191	1,046,688	1,749,695
Goods and Services Tax		5,926,791	4,000,000	6,531,093
Other Revenue		921,849	403,715	1,379,052
		86,293,065	79,213,562	81,718,326
<b>Payments</b>				
Employee Costs		(32,427,199)	(33,607,510)	(31,886,965)
Materials and Contracts		(16,008,700)	(18,804,904)	(16,157,105)
Utility Charges		(2,651,097)	(2,770,956)	(2,633,428)
Interest Expenses		(1,192,417)	(1,301,926)	(730,852)
Insurance Expenses		(748,751)	(770,664)	(1,330,823)
Goods and Services Tax		(5,986,151)	(4,000,000)	(6,657,604)
Other Expenditure		(377,712)	(2,822,360)	(2,559,347)
		(59,392,027)	(64,078,320)	(61,956,124)
<b>Net Cash Provided by / (used in) Operating Activities</b>	19	26,901,038	15,135,242	19,762,202
<b>Cash Flows from Investing Activities</b>				
Payment for Purchase of Property, Plant & Equipment		(5,294,071)	(20,446,089)	(10,974,259)
Payment for Construction of Infrastructure		(22,056,714)	(33,943,507)	(18,968,702)
Non-Operating Grants, Subsidies and Contributions		11,951,206	17,583,753	10,958,748
Proceeds from Sale of Property, Plant and Equipment		647,517	581,500	3,221,003
Proceeds from Financial Assets at Amortised Costs – Term Deposits		(11,500,000)	0	(2,000,000)
Proceeds from Self Supporting Loans		66,867	76,082	74,987
<b>Net Cash Provided by / (used In) Investing Activities</b>		(26,185,195)	(36,148,261)	(17,688,223)
<b>Cash Flows from Financing Activities</b>				
Repayment of Borrowings		(3,043,263)	(3,202,662)	(3,296,345)
Payments of Principal Portion of Lease Liabilities		(565,649)	(521,900)	(548,648)
Advances to Community Groups		(110,000)	(200,000)	(95,000)
Proceeds from New Borrowings		110,000	7,700,000	95,000
<b>Net Cash Provided By / (used In) Financing Activities</b>		(3,608,912)	3,775,438	(3,844,993)
<b>Net Increase / (Decrease) in Cash Held</b>		(2,893,069)	(17,237,581)	(1,771,014)
Cash at Beginning of Year		20,001,304	70,501,304	21,772,318
<b>Cash and Cash Equivalents at the End of the Year</b>	19	<b>17,108,235</b>	<b>53,263,723</b>	<b>20,001,304</b>

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



# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Rate Setting Statement

	Note	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>Operating Activities</b>				
Net current assets at start of financial year – surplus / (deficit)	26(b)	473,794	473,794	1,751,076
		473,794	473,794	1,751,076
<b><u>Revenue from operating activities (excluding rates)</u></b>				
General Purpose Funding		4,021,872	3,156,218	4,553,867
Governance		269,480	219,800	511,439
Law, Order & Public Safety		1,439,099	1,429,850	968,661
Health		793,346	624,950	656,781
Education and Welfare		8,628	6,700	8,867
Housing		527,173	488,300	502,130
Community Amenities		9,464,261	8,819,442	8,659,799
Recreation and Culture		4,043,620	3,949,398	3,963,230
Transport		2,932,002	1,830,360	1,392,924
Economic Services		2,338,364	1,873,392	1,809,922
Other Property and Services		3,754,894	529,248	4,427,449
		29,592,739	22,927,658	27,455,069
<b><u>Expenditure from operating activities</u></b>				
General Purpose Funding		(1,182,829)	(1,236,570)	(1,085,183)
Governance		(7,059,030)	(8,149,828)	(7,506,165)
Law, Order & Public Safety		(3,633,234)	(3,744,812)	(3,421,391)
Health		(1,513,600)	(1,514,624)	(1,443,764)
Education and Welfare		(186,001)	(157,617)	(169,093)
Housing		(640,562)	(1,296,665)	(693,717)
Community Amenities		(13,789,842)	(14,519,662)	(13,965,411)
Recreation and Culture		(23,948,123)	(24,951,085)	(24,087,504)
Transport		(23,643,814)	(24,175,825)	(22,068,848)
Economic Services		(3,131,157)	(3,647,083)	(3,291,617)
Other Property and Services		(1,149,064)	(716,553)	(786,530)
		(79,877,256)	(84,110,324)	(78,519,223)
Non-cash amounts excluded from operating activities	26(a)	15,007,990	12,614,457	12,016,160
<b>Amount Attributable to Operating Activities</b>		<b>(34,802,733)</b>	<b>(48,094,415)</b>	<b>(37,296,918)</b>
<b><u>Investing activities</u></b>				
Non-operating grants, subsidies and contributions	2(a)	20,309,932	29,090,854	18,529,803
Proceeds from disposal of assets	11(a)	647,517	581,500	3,221,003
Purchase of property, plant and equipment	9(a)	(5,396,873)	(20,425,487)	(11,050,190)
Purchase and construction of infrastructure	10(a)	(22,056,717)	(33,943,507)	(18,968,702)
<b>Amount attributable to investing activities</b>		<b>(6,496,141)</b>	<b>(24,696,640)</b>	<b>(8,268,086)</b>
<b><u>Financing activities</u></b>				
Advances to community groups	17(a)	(110,000)	(200,000)	(95,000)
Repayment of advances to community groups	17(a)	66,867	76,082	74,987
Repayment of borrowings	17(a)	(3,043,263)	(3,202,662)	(3,296,345)
Repayment of lease liabilities		(498,833)	(521,900)	(521,900)
Proceeds from new borrowings	17(a)	110,000	7,700,000	95,000
Transfers to reserves (restricted assets)		(32,870,825)	(20,088,584)	(25,639,394)
Transfers from reserves (restricted assets)		28,034,072	36,852,371	24,003,063
<b>Amount attributable to financing activities</b>		<b>(8,311,982)</b>	<b>20,615,307</b>	<b>(5,379,589)</b>
<b>Surplus/ (deficiency) before imposition of general rates</b>		<b>(49,610,856)</b>	<b>(52,175,748)</b>	<b>(50,944,593)</b>
<b>Total amount raised from general rates</b>	25(a)	<b>52,059,236</b>	<b>52,175,748</b>	<b>51,418,387</b>
<b>Surplus / (deficit) after imposition of general rates</b>	26(b)	<b>2,448,380</b>	<b>0</b>	<b>473,794</b>
This statement is to be read in conjunction with the accompanying notes.				

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

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# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board, and the Local Government Act 1995 and accompanying regulations.

The Local Government Act 1995 and accompanying Regulations take precedence over Australian Accounting Standards where they are inconsistent.

The Local Government (Financial Management) Regulations 1996 specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost rather than at fair value. The exception is 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, 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.

#### 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.

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 30 to these financial statements.

#### INITIAL APPLICATION OF ACCOUNTING STANDARDS

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

These were:

- AASB 1059 Service Concession Arrangements: Grantors
- AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Materiality

The adoption of these standards had no material impact on the financial report.

#### NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates

It is not expected these standards will have an impact on the financial report.

#### CRITICAL ACCOUNTING ESTIMATES

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

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

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 2. Revenue and Expenses

##### Revenue Recognition Policy

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	Timing of revenue recognition
Rates	<ul style="list-style-type: none"><li>General rates &amp; rates charged for specific defined purposes.</li></ul>	When rates notice is issued.
Operating Grants, Subsidies and Contributions	<ul style="list-style-type: none"><li>Community events, minor facilities, research, design, planning evaluation and services.</li><li>General appropriations and contributions with no reciprocal commitment.</li></ul>	<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"><li>Construction or acquisition of recognisable non-financial assets to be controlled by the local government.</li></ul>	Capital grants are recognised as income as the City satisfies its obligations in the grant agreements.
Fees and Charges	<ul style="list-style-type: none"><li>Building, planning, development and animal management, having the same nature as a licence regardless of naming.</li><li>Compliance safety check.</li><li>Regulatory food, health and safety.</li><li>Kerbside collection service.</li><li>Waste treatment, recycling and disposal service at disposal sites.</li><li>Permission to use facilities and runway.</li><li>Gym and pool membership.</li><li>Cemetery services, library fees, reinstatements and private works.</li><li>Aviation fuel, kiosk and visitor centre stock.</li><li>Fines issued for breaches of local laws.</li></ul>	At a point in time (or over a relatively short period of time) when the services have been provided and payments are received.
Other Revenue	<ul style="list-style-type: none"><li>Sale of scrap materials.</li><li>Insurance claims.</li><li>Commissions on licencing and ticket sales.</li></ul>	At a point in time when the goods have been transferred and payments are received, or upon receipt of funds.

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 2. Revenue and Expenses (Continued)

##### (a) Revenue

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>Operating Grants, Subsidies and Contributions</b>			
General Purpose Funding	2,434,314	1,469,422	2,317,918
Governance	188,139	166,100	329,600
Law, Order & Public Safety	1,180,178	1,192,150	758,303
Health	66,583	77,170	74,216
Education and Welfare	8,419	6,450	8,532
Housing	6,709	4,450	4,108
Community Amenities	206,651	119,800	108,818
Recreation and Culture	1,315,113	1,118,617	1,581,741
Transport	1,000,061	60,700	155,941
Economic Services	14,857	12,292	14,830
Other Property and Services	565,793	227,650	310,496
	<b>6,986,817</b>	<b>4,454,801</b>	<b>5,664,503</b>
<b>Non-operating Grants, Subsidies and Contributions</b>			
Governance	399,250	5,591,620	2,069,619
Law, Order & Public Safety	18,823	97,200	501,344
Community Amenities	674,494	960,218	381,935
Recreation and Culture	3,679,742	6,640,136	4,053,351
Transport	15,537,623	15,801,680	11,523,554
	<b>20,309,932</b>	<b>29,090,854</b>	<b>18,529,803</b>
<b>Total grants, subsidies and contributions</b>	<b>27,296,749</b>	<b>33,545,655</b>	<b>24,194,306</b>

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

2. Revenue and Expenses (Continued)	2021 Actual \$	2021 Budget \$	2020 Actual \$
(a) Revenue (Continued)			
<b>Fees &amp; Charges</b>			
General Purpose Funding	121,516	48,450	61,373
Governance	22,033	44,250	28,117
Law, Order & Public Safety	184,818	169,700	154,569
Health	639,280	542,700	581,220
Education and Welfare	209	250	334
Housing	520,464	483,850	498,023
Community Amenities	8,967,193	8,482,000	8,304,768
Recreation and Culture	2,679,865	2,807,590	2,340,335
Transport	1,880,541	1,706,550	1,167,252
Economic Services	2,276,559	1,827,700	1,753,516
Other Property and Services	119,573	285,598	45,464
	<b>17,412,051</b>	<b>16,398,638</b>	<b>14,934,971</b>

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

#### SIGNIFICANT ACCOUNTING POLICIES

##### Grants, Subsidies and Other Contributions

Operating grants, subsidies and other contributions are grants, subsidies and contributions that are non-operating in nature.

Non-operating grants, subsidies and contributions are amounts received for the acquisition or construction of recognisable non-financial assets to be controlled by the local government.

##### Fees and Charges

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

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>2. Revenue and Expenses (Continued)</b>			
<b>(a) Revenue (Continued)</b>			
<b>Revenue from Statutory Requirements</b>			
Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services:			
General rates	52,059,236	52,175,748	51,418,387
Specified area rates	587,545	583,612	579,458
Statutory permits and licences	1,315,816	961,500	928,337
Fines	84,317	106,950	74,204
Developer contributions	958,602	617,300	678,492
Public open space contributions	745,999	0	0
	<b>55,751,515</b>	<b>54,445,110</b>	<b>53,678,878</b>
<b>Assets and services acquired below fair value</b>			
Contributed assets	9,424,331	6,597,200	4,482,078
	<b>9,424,331</b>	<b>6,597,200</b>	<b>4,482,078</b>
<b>Interest Earnings</b>			
- Reserve Funds	337,120	562,684	769,664
- Restricted Funds	0	0	38,545
- Other Funds	312,408	90,250	323,611
- Other Interest Revenue	470,663	393,750	617,875
	<b>1,120,191</b>	<b>1,046,684</b>	<b>1,749,695</b>

#### SIGNIFICANT ACCOUNTING POLICIES

##### Interest Earnings

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset 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).

##### Interest Earnings (continued)

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

**City of Busselton**

**Financial Report**

**For the Year Ended 30 June 2021**

**Notes to and Forming Part of the Financial Report**

	<b>2021 Actual \$</b>	<b>2021 Budget \$</b>	<b>2020 Actual \$</b>
<b>2. Revenue and Expenses (Continued)</b>			
<b>(b) Expenses</b>			
<b>Auditors Remuneration</b>			
- Audit of Financial Report	41,000	41,000	41,000
- Other Services	3,835	4,000	4,114
	<b>44,835</b>	<b>45,000</b>	<b>45,114</b>
 <b>Interest Expenses (Finance Costs)</b>			
Long Term Borrowings (refer Note 17(a))	1,140,572	1,229,911	1,257,232
Lease Interest	51,845	72,015	73,591
	<b>1,192,417</b>	<b>1,301,926</b>	<b>1,330,823</b>



# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

	Note	2021 Actual \$	2020 Actual \$
<b>3. Cash and Cash Equivalents</b>			
Unrestricted		5,414,518	1,595,119
Restricted		11,693,717	18,406,185
		<u>17,108,235</u>	<u>20,001,304</u>
<b>Restrictions</b>			
The following classes of 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 - restricted		11,693,717	18,406,185
- Financial Assets at amortised cost	5	62,000,000	50,500,000
		<u>73,693,717</u>	<u>68,906,185</u>
Reserves – cash/financial asset backed	4	62,919,560	59,897,885
Cash set aside in Lieu of Parking		275,602	275,602
Cash set aside in Lieu of Public Open Space		381,410	0
Cash set aside for Roadwork within specific areas, being funds given as a condition of subdivision/development		1,122,046	1,367,862
Cash set aside, being unspent specific purpose Government Grants		5,265,121	4,548,290
Cash set aside, being Unspent Loan Funds		49,341	92,612
Cash set aside for Sundry Restricted		256,155	258,459
Cash set aside for Deposits & Bonds		3,424,482	2,465,475
		<u>73,693,717</u>	<u>68,906,185</u>

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

##### Restricted Assets

Restricted asset balances are not available for general use by the local government due to externally imposed restrictions. Externally imposed restrictions are specified in an agreement, contract or legislation. This applies to reserves, 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.

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 4. Reserves – Cash/ Financial Asset Backed

	2020/21 Actual				2020/21 Budget				2019/20 Actual			
	Opening Balance \$	Transfers To \$	Transfers From \$	Closing Balance \$	Opening Balance \$	Transfers To \$	Transfers From \$	Closing Balance \$	Opening Balance \$	Transfers To \$	Transfers From \$	Closing Balance \$
Airport Infrastructure Renewal Reserve	1,712,273	11,771	(252,277)	1,471,767	1,712,273	20,237	(288,364)	1,444,146	1,821,554	28,582	(137,863)	1,712,273
Airport Marketing and Incentive Reserve	4,073,791	1,213,617	0	5,287,408	4,073,791	372,872	(1,180,572)	3,266,091	3,396,151	677,640	0	4,073,791
Airport Noise Mitigation Reserve	904,897	5,554	(114,303)	796,148	904,897	9,864	(866,500)	48,261	890,710	14,187	0	904,897
Airport Development Reserve	1,577	(199)	(1,378)	0	1,577	0	(1,577)	0	0	167,459	(165,882)	1,577
Airport Existing Terminal Building Reserve	122,795	83,455	0	206,250	122,795	83,622	0	206,417	39,882	82,913	0	122,795
Building Asset Renewal Reserve	1,483,242	1,046,717	(436,626)	2,093,333	1,483,242	1,053,312	(1,071,026)	1,465,528	1,725,056	759,850	(1,001,664)	1,483,242
Barnard Park Sports Pavilion Building Reserve	41,352	30,598	0	71,950	41,352	30,682	0	72,034	10,666	30,686	0	41,352
Railway House Building Reserve	36,854	19,938	0	56,792	36,854	20,031	0	56,885	16,761	20,093	0	36,854
Youth and Community Activities Building Reserve	80,355	43,488	0	123,843	80,355	43,716	0	124,071	45,712	43,988	(9,345)	80,355
Busselton Library Building Reserve	111,022	46,043	(100,000)	57,065	111,022	46,908	(105,000)	52,930	85,071	47,413	(21,462)	111,022
Busselton Community Resource Centre Reserve	272,694	88,405	(36,100)	324,999	272,694	89,370	(50,000)	312,064	190,876	85,545	(3,727)	272,694
Busselton Jetty Tourist Park Reserve	222,753	585,076	(171,021)	636,808	222,753	255,257	(243,600)	234,410	159,726	172,363	(109,336)	222,753
Geographe Leisure Centre Building Reserve	615,084	265,124	(761,175)	119,033	615,084	267,229	(819,657)	62,656	381,186	578,141	(344,243)	615,084

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 4. Reserves – Cash/ Financial Asset Backed (Continued)

	2020/21 Actual				2020/21 Budget				2019/20 Actual			
	Opening Balance \$	Transfers To \$	Transfers From \$	Closing Balance \$	Opening Balance \$	Transfers To \$	Transfers From \$	Closing Balance \$	Opening Balance \$	Transfers To \$	Transfers From \$	Closing Balance \$
Joint Venture Aged Housing Reserve	1,237,307	199,324	(73,325)	1,363,306	1,237,307	145,294	(152,250)	1,230,351	1,085,871	203,199	(51,763)	1,237,307
Winderlup Aged Housing Resident Funded Reserve	212,935	79,782	0	292,717	212,935	50,866	(52,000)	211,801	212,501	5,504	(5,070)	212,935
Naturaliste Community Centre Building Reserve	125,077	60,710	(56,195)	129,592	125,077	61,076	(142,000)	44,153	63,746	61,331	0	125,077
Civic and Administration Building Reserve	429,689	285,733	(45,063)	670,359	429,689	286,680	(48,983)	667,386	187,928	287,513	(45,752)	429,689
Vasse Sports Pavilion Building Reserve	541	541	0	1,082	541	536	0	1,077	0	541	0	541
Jetty Maintenance Reserve	5,239,343	1,359,365	(916,344)	5,682,364	5,239,343	1,382,219	(1,255,708)	5,365,854	4,806,278	1,369,197	(936,132)	5,239,343
Jetty Self Insurance Reserve	432,198	62,888	0	495,086	432,198	64,716	0	496,914	365,698	66,500	0	432,198
Road Assets Renewal Reserve	1,597,129	3,514,710	(3,794,629)	1,317,210	1,597,129	3,519,202	(3,995,499)	1,120,832	1,119,116	3,497,937	(3,019,924)	1,597,129
Footpath/ Cycle Ways Reserve	408,438	1,222,406	(792,009)	838,835	408,438	1,220,490	(1,382,583)	246,345	3,671	1,193,389	(788,622)	408,438
Other Infrastructure Reserves	264,389	359,835	(85,377)	538,847	264,389	359,880	(297,041)	327,228	0	350,298	(85,909)	264,389
Parks, Gardens and Reserves Reserve	833,946	1,293,941	(1,378,230)	749,657	833,946	1,294,262	(1,983,645)	144,563	0	1,224,827	(390,881)	833,946
Furniture and Equipment Reserve	257,784	437,305	(362,606)	332,483	257,784	436,808	(434,000)	260,592	0	364,900	(107,116)	257,784
Plant Replacement Reserve	1,098,442	1,224,484	(208,737)	2,114,189	1,098,442	1,039,638	(492,240)	1,645,840	1,205,527	924,458	(1,031,543)	1,098,442

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 4. Reserves – Cash/ Financial Asset Backed (Continued)

	2020/21 Actual				2020/21 Budget				2019/20 Actual			
	Opening Balance \$	Transfers To \$	Transfers From \$	Closing Balance \$	Opening Balance \$	Transfers To \$	Transfers From \$	Closing Balance \$	Opening Balance \$	Transfers To \$	Transfers From \$	Closing Balance \$
Major Traffic Improvements Reserve	638,846	1,090,195	(1,491,831)	237,210	638,846	1,095,948	(1,641,750)	93,044	1,495,578	1,154,129	(2,010,861)	638,846
CBD Enhancement Reserve	613,762	778,598	(122,393)	1,269,967	613,762	547,111	(590,000)	570,873	171,317	532,251	(89,806)	613,762
New Infrastructure Development Reserve	1,506,176	201,423	(822,631)	884,968	1,506,176	202,647	(1,400,645)	308,178	1,803,172	227,652	(524,648)	1,506,176
Commonage Precinct Infrastructure Road Reserve	234,907	1,442	0	236,349	234,907	2,556	(235,000)	2,463	231,224	3,683	0	234,907
City Car Parking and Access Reserve	1,555,123	60,006	(822,397)	792,732	1,555,123	69,421	(1,375,579)	248,965	1,281,337	529,986	(256,200)	1,555,123
Debt Default Reserve	0	501,841	0	501,841	0	500,000	0	500,000	0	0	0	0
Corporate IT Systems Reserve	226,750	101,972	0	328,722	226,750	102,472	(207,900)	121,322	80,398	146,352	0	226,750
Election, Valuation and Other Corporate Expenses Reserve	560,995	154,032	0	715,027	560,995	156,120	(140,900)	576,215	499,906	158,665	(97,576)	560,995
Legal Expenses Reserves	636,940	114,689	(80,000)	671,629	636,940	6,948	0	643,888	577,256	59,684	0	636,940
Marketing and Area Promotion Reserve	166,392	1,302,316	(946,442)	522,266	166,392	1,293,439	(1,347,817)	112,014	0	166,392	0	166,392
Performing Arts and Convention Centre Reserve	2,625,599	66,130	(1,359,460)	1,332,269	2,625,599	78,620	(1,446,200)	1,258,019	0	2,625,599	0	2,625,599
Long Service Leave Reserve	3,482,110	572,652	(401,268)	3,653,494	3,482,110	287,956	(438,250)	3,331,816	3,096,583	738,504	(352,977)	3,482,110
Professional Development Reserve	145,029	92,370	(51,468)	185,931	145,029	95,084	(88,500)	151,613	122,772	72,418	(50,161)	145,029

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 4. Reserves – Cash/ Financial Asset Backed (Continued)

	2020/21 Actual				2020/21 Budget				2019/20 Actual			
	Opening Balance \$	Transfers To \$	Transfers From \$	Closing Balance \$	Opening Balance \$	Transfers To \$	Transfers From \$	Closing Balance \$	Opening Balance \$	Transfers To \$	Transfers From \$	Closing Balance \$
Sick Pay Incentive Reserve	144,632	(6,375)	(32,016)	106,241	144,632	1,572	(73,550)	72,654	150,403	2,702	(8,473)	144,632
Workers Compensation & Extended Sick Leave Contingency Reserve	309,750	1,901	(93,169)	218,482	309,750	3,372	(147,607)	165,515	305,100	4,650	0	309,750
Community Facilities - City District	1,120,869	596,851	(422,655)	1,295,065	1,120,869	399,266	(1,031,448)	488,687	2,552,707	255,371	(1,687,209)	1,120,869
Community Facilities - Broadwater	166,414	18,633	0	185,047	166,414	11,812	0	178,226	158,524	7,890	0	166,414
Community Facilities - Busselton	9,177	30,611	0	39,788	9,177	22,596	0	31,773	44,012	9,165	(44,000)	9,177
Community Facilities – Dunsborough	255,153	79,129	0	334,282	255,153	30,284	0	285,437	188,063	67,090	0	255,153
Community Facilities - Dunsborough Lakes Estate	937,469	5,754	0	943,223	937,469	10,224	(938,000)	9,693	922,773	14,696	0	937,469
Community Facilities - Geographe	101,979	12,028	0	114,007	101,979	8,616	0	110,595	99,176	2,803	0	101,979
Community Facilities - Port Geographe	348,981	2,142	0	351,123	348,981	3,804	0	352,785	343,510	5,471	0	348,981
Community Facilities - Vasse	489,904	2,895	(318,045)	174,754	489,904	5,340	(284,270)	210,974	615,586	9,470	(135,152)	489,904
Community Facilities - Airport North	3,017,488	147,465	0	3,164,953	3,017,488	132,892	(150,000)	3,000,380	2,970,179	47,309	0	3,017,488
Locke Estate Reserve	6,269	60,189	(60,000)	6,458	6,269	60,072	0	66,341	1,013	60,420	(55,164)	6,269
Port Geographe Development Reserve	224,953	53,311	(160,428)	117,836	224,953	54,423	(219,167)	60,209	682,471	60,815	(518,333)	224,953

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 4. Reserves – Cash/ Financial Asset Backed (Continued)

	2020/21 Actual				2020/21 Budget				2019/20 Actual			
	Opening Balance \$	Transfers To \$	Transfers From \$	Closing Balance \$	Opening Balance \$	Transfers To \$	Transfers From \$	Closing Balance \$	Opening Balance \$	Transfers To \$	Transfers From \$	Closing Balance \$
Port Geographe Waterways Management Reserve	3,275,192	243,331	(350,226)	3,168,297	3,275,192	255,910	(375,000)	3,156,102	3,349,717	272,758	(347,283)	3,275,192
Provence Landscape Maintenance Reserve	1,308,477	191,215	(245,329)	1,254,363	1,308,477	196,087	(252,948)	1,251,616	1,194,759	199,871	(86,153)	1,308,477
Vasse Newtown Landscape Maintenance Reserve	636,364	186,598	(155,591)	667,371	636,364	188,519	(190,539)	634,344	575,151	191,135	(129,922)	636,364
Commonage Precinct Bushfire Facilities Reserve	58,173	357	0	58,530	58,173	636	0	58,809	57,261	912	0	58,173
Commonage Community Facilities Dunsborough Lakes South Reserve	73,779	453	0	74,232	73,779	804	0	74,583	72,622	1,157	0	73,779
Commonage Community Facilities South Biddle Precinct Reserve	899,694	5,522	0	905,216	899,694	9,804	0	909,498	886,172	13,522	0	899,694
Busselton Area Drainage and Waterways Improvement Reserve	475,582	2,854	(29,591)	448,845	475,582	5,184	(188,000)	292,766	546,471	8,451	(79,340)	475,582
Coastal and Climate Adaptation Reserve	2,157,593	586,316	(1,240,367)	1,503,542	2,157,593	497,564	(2,130,000)	525,157	2,845,579	575,589	(1,263,575)	2,157,593
Emergency Disaster Recovery Reserve	94,137	20,656	0	114,793	94,137	21,032	0	115,169	72,782	21,355	0	94,137
Energy Sustainability Reserve	137,955	104,042	(17,727)	224,270	137,955	104,250	(103,000)	139,205	181,853	132,799	(176,697)	137,955
Cemetery Reserve	35,871	108,206	(44,530)	99,547	35,871	146,346	(120,000)	62,217	157,626	107,045	(228,800)	35,871
Public Art Reserve	87,052	534	(41,060)	46,526	87,052	948	(49,060)	38,940	86,198	854	0	87,052
Waste Management Facility and Plant Reserve	7,629,359	1,378,245	(520,667)	8,486,937	7,629,359	1,139,292	(2,540,500)	6,228,151	7,867,210	1,005,697	(1,243,548)	7,629,359

**City of Busselton**

**Financial Report**

**For the Year Ended 30 June 2021**

**Notes to and Forming Part of the Financial Report**

**4. Reserves – Cash/ Financial Asset Backed (Continued)**

	2020/21 Actual				2020/21 Budget				2019/20 Actual			
	Opening Balance \$	Transfers To \$	Transfers From \$	Closing Balance \$	Opening Balance \$	Transfers To \$	Transfers From \$	Closing Balance \$	Opening Balance \$	Transfers To \$	Transfers From \$	Closing Balance \$
Strategic Projects Reserve	295,560	55,346	0	350,906	295,560	72,086	(96,000)	271,646	257,163	52,194	(13,797)	295,560
Prepaid Grants and Deferred Works & Services Reserve	1,391,422	1,286,742	(1,316,998)	1,361,166	1,391,422	0	(1,391,422)	0	1,232,906	1,391,422	(1,232,906)	1,391,422
Busselton Foreshore Reserve	100	11	0	111	100	10	0	110	0	100	0	100
LED Street Lighting Replacement Program Reserve	0	50,121	(50,000)	121	0	50,000	(50,000)	0	0	0	0	0
	<b>59,897,884</b>	<b>23,803,360</b>	<b>(20,781,684)</b>	<b>62,919,560</b>	<b>59,897,884</b>	<b>20,025,834</b>	<b>(34,105,297)</b>	<b>45,818,421</b>	<b>55,590,217</b>	<b>23,196,482</b>	<b>(18,888,815)</b>	<b>59,897,885</b>

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 4. 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:

##### **Airport Infrastructure Renewal Reserve**

To provide funding for the major maintenance, renewal, replacement, upgrading and installation of Airport Infrastructure, Plant, Furniture and Equipment.

##### **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 Development Reserve**

To provide funds for new capital works and infrastructure projects that contribute to expanding the operations and capacity of the airport including potential revenue generating opportunities (to be closed in 20/21 and added to Airport Infrastructure Renewal and Replacement Reserve).

##### **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 Asset Renewal Reserve**

To provide funding for the major maintenance, renewal, replacement, upgrading and future building requirements for SLH2 to SLH6 assets that do not have their own reserve account and for other major building assets where insufficient funds are held for those 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.



# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 4. Reserves – Cash/ Financial Asset Backed (Continued)

##### **Busselton Jetty Tourist Park Reserve**

To provide funding for capital, maintenance and promotional/ marketing requirements.

##### **Geographe Leisure Centre Building Reserve**

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

##### **Joint Venture Aged Housing Reserve**

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.

##### **Winderlup Aged Housing Resident Funded Reserve**

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

##### **Naturaliste Community Centre Building 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.

##### **Jetty Maintenance Reserve**

To provide funding for the maintenance, renewal, replacement, upgrading and future Capital works requirements for the asset.

##### **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 for large unbudgeted extraordinary jetty repairs.

##### **Road Asset Renewal Reserve**

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

##### **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 provide funding for the major maintenance and renewal of other infrastructure not specifically provided for in other reserves.

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 4. Reserves – Cash/ Financial Asset Backed (Continued)

##### **Parks, Gardens and Reserves Reserve**

To provide funding for the major maintenance and renewal of Parks, Gardens 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.

##### **New Infrastructure Development Reserve**

For the purpose of setting aside funds to facilitate the identification, design and development/construction of new infrastructure and other capital projects as identified in the City's LTFP.

##### **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.

##### **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.

## City of Busselton

### Financial Report

For the Year Ended 30 June 2021

#### Notes to and Forming Part of the Financial Report

##### 4. Reserves – Cash/ Financial Asset Backed (Continued)

###### **Marketing and Area Promotion Reserve**

To fund the City's contributions and expenditure on tourism, marketing, area promotion and events activities as a result of MERG funding allocations.

###### **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.

###### **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.

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 4. Reserves – Cash/ Financial Asset Backed (Continued)

##### **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.

##### **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 Development Reserve**

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

##### **Port Geographe Waterways Management 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 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 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.

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 4. Reserves – Cash/ Financial Asset Backed (Continued)

##### **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 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.

##### **Public Art Reserve**

To hold development contributions received by the City for the commissioning, purchase and enhancement of public art works 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 may include 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.

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

	Note	2021 Actual \$	2020 Actual \$
<b>5. Other Financial Assets</b>			
<b>(a) Current Assets</b>			
Financial assets at amortised cost		62,059,374	50,566,867
		<u>62,059,374</u>	<u>50,566,867</u>
<b>Other Financial Assets at Amortised Costs</b>			
Self-supporting loans		59,374	66,867
Term Deposit	3	62,000,000	50,500,000
		<u>62,059,374</u>	<u>50,566,867</u>
<b>(b) Non-Current Assets</b>			
Financial assets at amortised cost		356,646	306,021
Financial assets at fair value through profit and loss		124,637	124,637
		<u>481,283</u>	<u>430,658</u>
<b>Financial assets at amortised cost</b>			
Self-supporting loans		356,646	306,021
		<u>356,646</u>	<u>306,021</u>
<b>Financial assets at fair value through profit and loss</b>			
Units in Local Government House Trust		124,637	124,637
		<u>124,637</u>	<u>124,637</u>

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 17(a) as self-supporting loans.

#### SIGNIFICANT 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.

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 27.

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

	2021 Actual \$	2020 Actual \$
<b>6. Trade and Other Receivables</b>		
<b>Current</b>		
Rates Outstanding	1,458,200	2,225,277
Rates Outstanding – Pensioners	22,432	23,341
Sundry Debtors	1,612,352	1,481,021
GST Receivable	700,753	641,392
	<u>3,793,737</u>	<u>4,371,031</u>
<b>Non-Current</b>		
Rates Outstanding – Pensioners	327,669	339,168
Sundry Debtors	66,115	72,887
	<u>393,784</u>	<u>412,055</u>

#### SIGNIFICANT ACCOUNTING POLICIES

##### Trade and other receivables

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

##### 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 27.

##### Classification and subsequent measurement

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade receivables are held with the objective to collect the contractual cash flows and therefore 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.

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

	2021 Actual \$	2020 Actual \$
<b>7. Inventories</b>		
<b>Current</b>		
Materials	936,902	25,802
	<u>936,902</u>	<u>25,802</u>
The following movements in inventories occurred during the year:		
Balance at beginning of year	25,802	24,981
Adjustment to inventory (a)	643,164	0
Inventories expensed during the year	(195,566)	(8,438)
Additions to inventory	463,502	9,259
Balance at end of year	<u>936,902</u>	<u>25,802</u>

- (a) Adjustment of \$643,164 was processed during the year to recognise additional inventory as identified by management during the year.

#### SIGNIFICANT ACCOUNTING POLICIES

##### General

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### 8. Other Assets and Non-Current Assets Held for Sale

	2021 Actual \$	2020 Actual \$
<b>(a) Other Assets</b>		
Prepayments	197,380	212,924
<b>(b) Non-Current Assets Held for Sale</b>		
Land (a)	<u>2,035,508</u>	<u>0</u>

- (a) During the year, the City sought an expression of interest for the disposal of Lots 58 and 59 Chapman Hill Road and Lot 60 Queen Elizabeth Avenue, Ambergate. A buyer had shown interest in the properties and a local public notice of the proposed sale of lands has been advertised in accordance with section 3.58(3) of the Local Government Act.

#### SIGNIFICANT 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.

##### Non-Current Assets Held for Sale

Assets are classified as held for sale where the carrying amount will be recovered through a sale rather than continuing use and the asset is available for immediate sale with a sale being highly probable.



# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 9. 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 - non-specialised	Buildings - specialised	Furniture and equipment	Plant and equipment	Total
Balance at 1 July 2019	52,992,291	45,344,303	27,487,322	3,084,411	15,425,356	144,333,683
Correction of prior period error (Note 33)	(582,480)	(8,602,685)	0	0	0	(9,185,165)
<b>Restated balance at 1 July 2019</b>	52,409,811	36,741,618	27,487,322	3,084,411	15,425,356	135,148,518
Derecognition of asset due to finance lease	0	(1,057,875)	0	0	0	(1,057,875)
Additions	75,917	2,869,109	3,321,453	751,476	4,032,235	11,050,190
(Disposals)	(2,519,000)	(287,313)	(221,290)	0	(596,598)	(3,624,201)
Depreciation (expense)	0	(1,335,040)	(1,211,292)	(322,080)	(2,326,311)	(5,194,723)
Donated Assets	0	0	162,909	456,798	474,654	1,094,361
Balance at 30 June 2020	49,966,728	36,930,499	29,539,102	3,970,605	17,009,336	137,416,270
<b>Comprises:</b>						
Gross balance amount at 30 June 2020	49,966,728	42,074,394	33,051,303	4,292,685	19,228,115	148,613,225
Accumulated depreciation at 30 June 2020	0	(5,143,895)	(3,512,201)	(322,080)	(2,218,779)	(11,196,955)
<b>Balance at 30 June 2020</b>	49,966,728	36,930,499	29,539,102	3,970,605	17,009,336	137,416,270
Additions	4,028	1,497,651	2,063,050	568,322	1,263,821	5,396,872
Transfers to held for sale	(2,035,508)	0	0	0	0	(2,035,508)
(Disposals)	0	0	(1,452)	(33,550)	(566,734)	(601,736)
Depreciation (expense)	0	(1,420,854)	(1,358,740)	(521,978)	(2,270,796)	(5,572,368)
Donated Assets	0	0	110,000	59,231	10,592	179,823
Other Adjustments (a)	0	430,000	0	0	0	430,000
<b>Balance at 30 June 2021</b>	47,935,248	37,437,296	30,351,960	4,042,630	15,446,219	135,213,353
<b>Comprises:</b>						
Gross balance amount at 30 June 2021	47,935,248	44,613,399	35,222,753	4,877,748	19,731,257	152,380,405
Accumulated depreciation at 30 June 2021	0	(7,176,103)	(4,870,793)	(835,118)	(4,285,038)	(17,167,052)
<b>Balance at 30 June 2021</b>	47,935,248	37,437,296	30,351,960	4,042,630	15,446,219	135,213,353

(a) Relates to the provision for building claddings

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 9. 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 & Buildings					
Freehold land	2	Market approach using recent observable market data for similar properties.	Independent Registered Valuer.	June 2017	Price per hectare / market borrowing rate.
Non-Specialised Buildings	3	Cost approach using depreciated replacement cost.	Independent Registered Valuer.	June 2017	Construction costs (level 2) and current condition (level 3), residual values and remaining useful life assessment's (level 3) inputs.
Specialised Buildings	2	Market approach using recent observable market data for similar properties.	Independent Registered Valuer.	June 2017	Price per square meter / market borrowing rate

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.

(ii) Furniture and Equipment	Cost	Cost	Purchase cost
Plant & Equipment	Cost	Cost	Purchase cost

Following a change to Local Government (Financial Management) Regulation 17A, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change was effective from 1 July 2019 and represented a change in accounting policy. Revaluations carried out previously were not reversed as it was deemed fair value approximated cost at the date of change.

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 10. 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	Bridges	Car Parks	Drainage	Other Infrastructure	Total
Balance at 1 July 2019	293,692,672	37,091,387	8,985,990	57,274,874	167,671,069	564,715,992
Additions	10,750,367	300,000	883,218	150,535	6,884,582	18,968,702
(Disposals)	0	0	(60,056)	0	0	(60,056)
Impairment (losses)	0	(1,478,109)	0	0	0	(1,478,109)
Depreciation (expense)	(5,968,409)	(733,154)	(385,972)	(829,168)	(9,208,962)	(17,125,665)
Donated Assets	835,898	0	0	273,084	2,278,725	3,387,707
Balance at 30 June 2020	299,310,528	35,180,124	9,423,180	56,869,325	167,625,414	568,408,571
<b>Comprises:</b>						
Gross balance amount at 30 June 2020	311,077,826	36,646,432	10,123,811	58,491,337	185,434,345	601,773,751
Accumulated depreciation at 30 June 2020	(11,767,298)	(1,466,308)	(700,631)	(1,622,012)	(17,808,931)	(33,365,180)
<b>Balance at 30 June 2020</b>	299,310,528	35,180,124	9,423,180	56,869,325	167,625,414	568,408,571
Additions	13,326,324	4,871	621,792	55,293	8,048,436	22,056,716
Transfers	(3,472,083)	3,472,083	0	0	0	0
(Disposals)	0	0	0	0	(419,061)	(419,061)
Depreciation (expense)	(6,128,488)	(794,778)	(364,942)	(835,271)	(10,414,366)	(18,537,845)
Donated Assets	3,666,283	0	816,606	2,804,822	1,956,797	9,244,508
<b>Balance at 30 June 2021</b>	306,702,564	37,862,300	10,496,636	58,894,169	166,797,220	580,752,889
<b>Comprises:</b>						
Gross balance amount at 30 June 2021	324,598,350	40,688,674	11,562,208	61,351,453	195,015,955	633,216,640
Accumulated depreciation at 30 June 2021	(17,895,786)	(2,826,374)	(1,065,572)	(2,457,284)	(28,218,735)	(52,463,751)
<b>Balance at 30 June 2021</b>	306,702,564	37,862,300	10,496,636	58,894,169	166,797,220	580,752,889

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 10. 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 depreciated replacement cost.	Management valuation.	June 2018	Construction costs (level 2) and current condition (level 3), residual values and remaining useful life assessments (level 3) inputs.
Bridges	3	Cost approach using depreciated replacement cost.	Management valuation.	June 2018	Construction costs (level 2) and current condition (level 3), residual values and remaining useful life assessments (level 3) inputs.
Car Parks	3	Cost approach using depreciated replacement cost.	Management valuation.	June 2018	Construction costs (level 2) and current condition (level 3), residual values and remaining useful life assessments (level 3) inputs.
Drainage	3	Cost approach using depreciated replacement cost.	Management valuation.	June 2018	Construction costs (level 2) and current condition (level 3), residual values and remaining useful life assessments (level 3) inputs.
Other Infrastructure	3	Cost approach using depreciated replacement cost.	Management valuation.	June 2018	Construction costs (level 2) and current condition (level 3), residual values and remaining useful life assessments (level 3) 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.

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 11. Fixed Assets

##### SIGNIFICANT ACCOUNTING POLICIES

###### Fixed assets

Each class of fixed assets within either property, plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

###### Initial Recognition and measurement

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 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.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of 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.

Individual assets that are land, buildings and infrastructure acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

###### Revaluation

The fair value of land, buildings and infrastructure is determined at least 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 vested land acquired by the City. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires land, buildings, and infrastructure, and vested improvements to be shown at fair value.

###### Revaluation (Continued)

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

###### Land under roads from 1 July 2019

As a result of amendments to the Local Government (Financial Management) Regulations 1996, effective from 1 July 2019, vested land, including land under roads, is treated as right-of-use assets measured at zero cost. Therefore, the previous inconsistency with AASB 1051 in respect of non-recognition of land under roads acquired on or after 1 July 2008 has been removed, even though measurement at zero cost means that land under roads is still not included in the statement of financial position.

###### Australian Accounting Standards – Inconsistency Vested improvements from 1 July 2019

The measurement of vested improvements at fair value in accordance with Local Government (Financial Management) Regulation 17A(2)(iv) is a departure from AASB 16 which would have required the City to measure the vested improvements as part of the related right-of-use assets at zero cost.

Refer to Note 12 that details the significant accounting policies applying to leases (including ROU assets).

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 11. Fixed Assets (Continued)

##### (a) Disposals of Assets – 2020/21 Financial Year

The following assets were disposed of during the year:

##### By Function/Activity:-

	Net Book Value		Sale Price		Net Profit / (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
General Purpose Funding	0	0	0	0	0	0
Governance	118,051	107,000	119,144	107,000	1,093	0
Law, Order, Public Safety	89,000	46,000	27,954	40,000	(61,046)	(6,000)
Health	16,000	16,000	17,670	17,000	1,670	1,000
Education and Welfare	0	0	0	0	0	0
Housing	0	0	0	0	0	0
Community Amenities	259,500	316,893	313,842	264,000	54,342	(52,893)
Recreation and Culture	67,786	66,059	92,155	66,500	24,369	441
Transport	433,761	85,028	23,352	55,000	(410,409)	(30,028)
Economic Services	1,000	0	4,254	0	3,254	0
Other Property & Services	35,700	16,000	49,146	32,000	13,446	16,000
	1,020,798	652,980	647,517	581,500	(373,281)	(71,480)

##### By Asset Class:-

	Net Book Value		Sale Price		Net Profit / (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Land and Buildings	1,452	0	0	0	(1,452)	0
Plant and Equipment	566,734	652,980	647,517	581,500	80,783	(71,480)
Furniture and Fittings	33,551	0	0	0	(33,551)	0
Infrastructure	419,061	0	0	0	(419,061)	0
	1,020,798	652,980	647,517	581,500	(373,281)	(71,480)

	2021 Actual \$	2021 Budget \$	2020 Actual \$
(b) Depreciation			
Buildings	2,779,595	3,047,490	2,546,332
Furniture and Fittings	521,978	816,350	322,089
Plant and Equipment	2,270,796	2,216,020	2,326,311
Infrastructure - Roads	6,128,488	6,411,723	5,968,409
Infrastructure - Bridges	794,778	736,280	733,154
Infrastructure - Car Parks	364,942	357,947	385,972
Infrastructure - Stormwater Drainage	835,271	857,464	829,168
Infrastructure - Other	10,414,366	9,069,450	9,208,962
Right of Use Assets – Furniture and Equipment	496,787	537,350	537,350
	24,607,001	24,050,074	22,857,747

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 11. Fixed Assets (Continued)

##### (b) Depreciation (Continued)

#### SIGNIFICANT ACCOUNTING POLICIES

##### Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land and vested land, 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.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

##### Depreciation rates

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

Buildings	10 - 40	Years
Furniture and Equipment	5 - 10	Years
Plant and Equipment	3 - 25	Years

##### Infrastructure:

Roads	Up to 60	Years
Bridges	40 - 60	Years
Car Parks	20 - 40	Years
Footpaths & Cycle ways	20 - 45	Years
Parks, Gardens & Reserves & Community Facilities	5 - 50	Years
Drainage	80	Years
Regional Airport & Industrial Park	10 - 40	Years

##### Depreciation on revaluation

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

- The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
- Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

##### Amortisation

All intangible assets with a finite useful life, are amortised on a straight-line basis over the individual asset's useful life from the time the asset is held for use.

The residual value of intangible assets is considered to be zero and the useful life and amortisation method are reviewed at the end of each financial year.

Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income and in the note above.

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 12. 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.

	Right of use assets – Furniture and Equipment \$	Right of use assets - Total \$
Balance at 1 July 2019	1,845,464	1,845,464
Additions	0	0
Depreciation (expense)	(537,350)	(537,350)
<b>Balance at 30 June 2020</b>	<b>1,308,114</b>	<b>1,308,114</b>
Additions	0	0
Depreciation (expense)	(496,787)	(496,787)
<b>Balance at 30 June 2021</b>	<b>811,327</b>	<b>811,327</b>

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

	2021 Actual \$	2020 Actual \$
Depreciation expense on right of use assets	(496,787)	(537,350)
Interest expense on lease liabilities	(49,434)	(72,014)
<b>Total amount recognised in the statement of comprehensive income</b>	<b>(546,221)</b>	<b>(609,364)</b>

- (c) Total cash outflow from leases (548,268) (593,911)

#### SIGNIFICANT 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. Refer to Note 16 for lease liabilities

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.

Leases for right-of-use assets are secured over the asset being leased.

##### Right-of-use assets – valuation

Right-of-use assets are measured at cost. This means that all right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included 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 11 for details on the significant 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 shortest. 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 amortised over the useful life of the underlying asset.



# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 12. Leases (Continued)

##### (d) Property subject to lease

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

	2021 Actual \$	2020 Actual \$
Less than 1 year	1,224,369	1,244,227
1 to 2 years	1,161,326	1,224,369
2 to 3 years	1,103,638	1,161,326
3 to 4 years	1,057,043	1,103,638
4 to 5 years	1,032,275	1,057,043
> 5 years	28,555,245	29,599,116
	<b>34,133,896</b>	<b>35,389,719</b>

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.

#### SIGNIFICANT 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

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 13. Revaluation Surplus

	2021 Actual \$	2020 Actual \$
<b>Land and Buildings</b>		
Opening Balance	46,409,353	56,801,847
Revaluation Increment	0	0
Revaluation Decrement	0	0
Revaluation Adjustment (Note 33)	0	(10,392,494)
	<u>46,409,353</u>	<u>46,409,353</u>
<b>Furniture &amp; Fittings</b>		
Opening Balance	797,333	797,333
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>797,333</u>	<u>797,333</u>
<b>Plant and Equipment</b>		
Opening Balance	840,738	840,738
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>840,738</u>	<u>840,738</u>
<b>Roads</b>		
Opening Balance	122,047,036	122,047,036
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>122,047,036</u>	<u>122,047,036</u>
<b>Bridges</b>		
Opening Balance	23,461,409	24,939,518
Revaluation Increment	0	0
Revaluation Decrement	0	0
Impairment loss (Note 33)	0	(1,478,109)
	<u>23,461,409</u>	<u>23,461,409</u>
<b>Car Parks</b>		
Opening Balance	5,314,676	5,314,676
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>5,314,676</u>	<u>5,314,676</u>
<b>Drainage</b>		
Opening Balance	14,102,455	14,102,455
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>14,102,455</u>	<u>14,102,455</u>
<b>Other Infrastructure</b>		
Opening Balance	11,352,697	11,352,697
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>11,352,697</u>	<u>11,352,697</u>
<b>All Asset Classes</b>		
Opening Balance	224,325,697	236,196,300
Revaluation Increment	0	0
Revaluation Decrement	0	0
Revaluation Adjustment	0	(10,392,494)
Impairment loss	0	(1,478,109)
Total Assets Revaluation Surplus	<u>224,325,697</u>	<u>224,325,697</u>

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

	2021 Actual \$	2020 Actual \$
<b>14. Trade and Other Payables</b>		
<b>Current</b>		
Sundry Creditors	5,871,565	4,603,098
Prepaid Rates	894,244	741,686
Deposits and Bonds	3,424,482	2,465,476
Accrued Expenses	930,968	173,375
	<b>11,121,259</b>	<b>7,983,635</b>

#### SIGNIFICANT ACCOUNTING POLICIES

##### 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 normally paid within 30 days of recognition.

##### 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.

	2021 Actual \$	2020 Actual \$
<b>15. Contracts/ Grant Liabilities</b>		
<b>15.1 Contract Liabilities</b>		
Current	2,521,219	2,611,824
Non-current	7,888,354	7,566,720
	<b>10,409,573</b>	<b>10,178,544</b>
<b>15.1.1 Movement in contract liabilities</b>		
<b>Reconciliation of changes in contract liabilities</b>		
Opening balance	10,178,544	12,018,386
Additions	1,704,601	678,490
Revenue recognised in the reporting period	(1,473,572)	(2,518,332)
<b>Balance at end of period</b>	<b>10,409,573</b>	<b>10,178,544</b>
<b>15.1.2 Expected satisfaction of contract liabilities</b>		
<b>Income recognition</b>		
1 year	2,521,219	2,611,824
1 to 5 years	2,890,444	1,855,063
Over 5 years	4,997,910	5,711,657
	<b>10,409,573</b>	<b>10,178,544</b>

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

<b>15</b>	<b>Contracts/ Grant Liabilities (Continued)</b>		
		<b>2021 Actual \$</b>	<b>2020 Actual \$</b>
<b>15.2</b>	<b>Grant Liabilities</b>		
	Current	988,563	2,298,073
	Non-current	4,276,558	2,250,217
		<b>5,265,121</b>	<b>4,548,290</b>
<b>15.2.1</b>	<b>Movement in grant liabilities</b>		
	<b>Reconciliation of changes in contract liabilities</b>		
	Opening balance	4,548,290	5,699,606
	Additions	5,171,084	1,726,819
	Revenue recognised in the reporting period	(4,454,253)	(2,878,135)
	<b>Balance at end of period</b>	<b>5,265,121</b>	<b>4,548,290</b>
<b>15.2.2</b>	<b>Expected satisfaction of grant liabilities</b>		
	<b>Income recognition</b>		
	1 year	988,563	2,298,073
	1 to 5 years	4,276,558	2,250,217
	Over 5 years	0	0
		<b>5,265,121</b>	<b>4,548,290</b>

#### SIGNIFICANT 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.

With respect to transfers for recognisable non-financial assets, contract liabilities represent performance obligations which are not yet satisfied.

Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

##### Grant Liabilities

Grant liabilities represent the City's performance obligations to construct recognisable non-financial assets to identified specifications which are yet to be satisfied.

Grant liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

#### 16. Lease Liabilities

##### Lease Liabilities

	<b>2021 Actual \$</b>	<b>2020 Actual \$</b>
Current	492,042	500,767
Non-current	439,461	900,849
	<b>931,503</b>	<b>1,401,617</b>

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 17. Information on Borrowings

(a) Borrowings

Particulars	Borrowing Institution	Int. %	Maturity Date	Principal	New Loans	New Loans	Principal Repayment		Principal		Interest Repayment	
				1 July 2020	2020/21 Budget	2020/21 Actual	2020/21 Budget	2020/21 Actual	2020/21 Budget	2020/21 Actual	2020/21 Budget	2020/21 Actual
<b>Administration</b>												
C Loan #207 Civic and Administration Centre	WATC	4.51	06/34	14,110,787	0	0	740,881	740,881	13,369,906	13,369,906	623,983	623,893
<b>Recreation &amp; Culture</b>												
S Loan #199 Busselton Bowling Club	WATC	5.98	12/20	10,108	0	0	10,108	10,108	0	0	227	226
C Loan #202 Geothermal Heating GLC	WATC	3.98	06/23	182,970	0	0	58,591	58,591	124,379	124,379	6,415	6,409
C Loan #204 Busselton Foreshore	WATC	4.36	06/29	746,297	0	0	69,282	69,282	677,015	677,015	31,416	31,408
C Loan #205 GLC Extensions	WATC	3.92	06/24	538,676	0	0	126,894	126,894	411,782	411,782	19,266	19,252
S Loan #208 Busselton Football & Sportsman's Club	WATC	2.93	04/25	15,718	0	0	2,963	2,963	12,755	12,755	428	428
C Loan #209 Busselton Foreshore	WATC	3.56	06/27	4,141,640	0	0	530,648	530,648	3,610,992	3,610,992	140,411	140,359
C Loan #211 Busselton Foreshore	WATC	2.55	10/24	1,762,184	0	0	374,365	374,365	1,387,819	1,387,819	41,375	39,766
S Loan #212 Dunsborough and Districts Country	WATC	3.04	05/27	83,333	0	0	10,855	10,855	72,478	72,478	2,451	2,398
S Loan #213 Geographe Bay Yacht Club	WATC	3.04	05/27	73,099	0	0	9,522	9,522	63,577	63,577	2,150	2,103
S Loan #214 Dunsborough & Districts Country Club	WATC	3.19	09/27	85,674	0	0	10,283	10,283	75,391	75,391	2,652	2,567
C Loan #215 Busselton Foreshore Jetty Precinct	WATC	3.25	04/28	2,062,315	0	0	229,656	229,656	1,832,659	1,832,659	65,174	63,849
C Loan #216 Tennis Club Facilities	WATC	3.25	04/28	2,268,547	0	0	252,621	252,621	2,015,926	2,015,926	71,692	70,234
C Loan #217 Lot 10 Commonage Road	WATC	3.25	04/28	1,319,882	0	0	146,980	146,980	1,172,902	1,172,902	41,712	40,863
C Loan #218 Busselton Tennis Club	WATC	2.21	06/29	1,140,599	0	0	115,851	115,851	1,024,748	1,024,748	24,252	24,245
S Loan #220 Busselton Tennis Club	WATC	1.37	09/26	44,816	0	0	6,916	6,916	37,900	37,900	579	578
S Loan #221 Busselton Hockey Club Stadium	WATC	1.31	06/30	45,000	0	0	4,181	4,181	40,819	40,819	634	570
C Loan #NEW Performing Arts/Convention Centre	Unknown	2.20	06/41	0	7,500,000	0	150,184	0	7,349,816	0	82,088	0
S Loan #222 Busselton Golf Club	WATC	1.45	06/31	0	200,000	110,000	9,215	0	190,785	110,000	1,680	130
<b>Transport</b>												
C Loan #203 Land Acquisition for Parking	WATC	4.19	09/21	196,591	0	0	156,449	156,449	40,142	40,142	5,800	5,782
C Loan #206 Airport Jet A1 Installation	WATC	3.92	06/24	157,114	0	0	37,011	37,011	120,103	120,103	5,619	5,615
C Loan #219 Air Freight Hub Stage 1	WATC	2.21	06/29	1,350,469	0	0	137,168	137,168	1,213,301	1,213,301	28,714	28,706
<b>Economic Services</b>												
S Loan #201 Geographe Bay Tourism Association	WATC	4.76	09/21	15,140	0	0	12,039	12,038	3,101	3,102	508	506
<b>Other Property and Services</b>												
C Loan #210 Lot 40 Vasse Highway	WATC	3.61	12/25	850,000	0	0	0	0	850,000	850,000	30,685	30,685
Total - Council and Self-supporting Loans				<b>31,200,959</b>	<b>7,700,000</b>	<b>110,000</b>	<b>3,202,663</b>	<b>3,043,263</b>	<b>35,698,296</b>	<b>28,267,696</b>	<b>1,229,911</b>	<b>1,140,572</b>
C Council Loans are financed by general purpose revenue.				30,828,071	7,500,000	0	3,126,581	2,976,396	35,201,490	27,851,675	1,218,602	1,131,066
S Self-Supporting Loans are financed by payments from third parties.				372,888	200,000	110,000	76,082	66,867	496,806	416,021	11,309	9,506
				<b>31,200,959</b>	<b>7,700,000</b>	<b>110,000</b>	<b>3,202,663</b>	<b>3,043,263</b>	<b>35,698,296</b>	<b>28,267,696</b>	<b>1,229,911</b>	<b>1,140,572</b>

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 17. Information on Borrowings (continued)

##### (b) New Borrowings – 2020/21

Particulars / Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate %	Amount Used		Balance Unspent
	Actual \$	Budget \$						Actual \$	Budget \$	
Loan #NEW Performing Arts/Convention Centre	0	7,500,000	Unknown	Debenture	20	0	2.20%	0	7,500,000	0
Loan #222 Busselton Golf Club	110,000	200,000	WATC	Debenture	10	8,501	1.45%	110,000	200,000	0
	<b>110,000</b>	<b>7,700,000</b>				<b>8,501</b>		<b>110,000</b>	<b>7,700,000</b>	<b>0</b>

##### (c) Unspent Borrowings

Particulars / Purpose	Date Borrowed	Balance 01 July 2020 \$	Borrowed During Year \$	Expended During Year \$	Balance 30 June 2021 \$
Loan #206 Airport Jet A1 Installation	27 <sup>th</sup> May 2014	4,008	0	4,008	0
Loan #216 Tennis Club Facilities	27 <sup>th</sup> April 2018	88,604	0	39,263	49,341
		<b>92,612</b>	<b>0</b>	<b>43,271</b>	<b>49,341</b>

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

	2021 Actual \$	2020 Actual \$
<b>17. Information on Borrowings (continued)</b>		
<b>(d) Undrawn Borrowing Facilities Credit Standby Arrangements</b>		
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	(22,384)	0
<b>Total amount of credit unused</b>	<b>877,616</b>	<b>900,000</b>
<b>Loan facilities</b>		
Loan facilities - current	3,020,442	3,043,263
Loan facilities - non-current	25,247,254	28,157,696
<b>Total facilities in use at balance date</b>	<b>28,267,696</b>	<b>31,200,959</b>

#### SIGNIFICANT ACCOUNTING POLICIES

##### Financial liabilities

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

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

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.

##### 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 27.

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 18(a) Employee Related Provisions

	Provision for Annual Leave	Provision for Long Service Leave	Provision for Sick Leave	Total
	\$	\$	\$	\$
<b>Opening balance at 1 July 2020</b>				
Current	2,276,467	2,816,438	144,632	5,237,538
Non-Current	0	665,671	0	665,671
	2,276,467	3,482,109	144,632	5,903,208
Additional Provisions	1,948,381	825,334	1,602	2,775,317
Amounts Used	(1,980,086)	(440,280)	(39,993)	(2,460,359)
<b>Balance 30 June 2021</b>	<b>2,244,762</b>	<b>3,867,163</b>	<b>106,241</b>	<b>6,218,166</b>
<b>Comprises</b>				
Current Provisions	2,244,762	3,151,678	106,241	5,502,681
Non-current Provisions	0	715,485	0	715,485
	2,244,762	3,867,163	106,241	6,218,166

#### 18(b) Other Provisions

	2021 Actual	2020 Actual
	\$	\$
Other Provisions (a)	430,000	0
(a) Relates to the provision for building claddings.		

### SIGNIFICANT ACCOUNTING POLICIES

#### Employee benefits

The City's obligations for employees 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. 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 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

#### Other long-term employee benefits (Continued)

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.

#### 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

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 19. Notes to the Statement of Cash Flows

##### 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:

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Cash and Cash Equivalents	17,108,235	53,263,723	20,001,304
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net Result	22,084,651	20,083,936	18,884,036
Non-cash flows in Net result:			
Depreciation	24,607,001	24,050,074	22,857,747
(Profit) / Loss on Sale of Asset	373,281	71,480	463,254
Gain on Finance Sublease	(2,786,007)	0	(3,902,773)
Non-Cash Contributions	(9,424,331)	(6,597,200)	(4,482,078)
Changes in assets and Liabilities:			
(Increase) / Decrease in Receivables	1,563,660	129,349	(941,682)
(Increase) / Decrease in Inventories	(911,100)	0	(821)
Increase / (Decrease) in Payables	2,082,272	(108,743)	297,876
Increase / (Decrease) in Employee Provisions	314,956	0	661,185
Non-operating Grants and Contributions for the Development of Assets	(11,003,346)	(22,493,654)	(14,074,542)
<b>Net Cash from Operating Activities</b>	<b>26,901,038</b>	<b>15,135,242</b>	<b>19,762,202</b>

#### 20. Total Assets Classified by Function and Activity

	2021 Actual \$	2020 Actual \$
General Purpose Funding	2,866,923	4,732,364
Governance	26,855,109	25,607,346
Law, Order & Public Safety	5,620,228	5,769,117
Health	234,958	226,974
Education and Welfare	518,309	566,225
Housing	7,183,897	7,322,343
Community Amenities	44,927,595	40,631,869
Recreation and Culture	145,470,624	142,870,854
Transport	532,491,054	521,549,729
Economic Services	3,559,268	3,107,934
Other Property and Services	12,287,684	9,534,800
Unallocated	29,685,016	26,269,393
	<b>811,700,665</b>	<b>788,188,949</b>

## City of Busselton

### Financial Report

For the Year Ended 30 June 2021

#### Notes to and Forming Part of the Financial Report

##### 21. Contingent Liabilities

###### 21.1 Busselton Waste Transfer Station - Contamination Investigation

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.

The City is required to undertake investigations in respect to these legacy issues in accordance with the statutory framework under the Contaminated Sites Act 2003 (WA). The City's investigations have been ongoing for a number of years and are conducted by qualified consultants, reviewed by an independent accredited Contaminated Sites Auditor and advised to DWER. DWER has, pursuant to the Contaminated Sites Act, the power to classify a site if, based on relevant guidelines, currently accepted industrial standards or any other information, there are reasonable grounds to do so. During this period a number of sites within the investigation area have been classified by DWER.

The nature and extent of these legacy groundwater issues have been determined with a reasonable level of certainty, and relevant information has been provided to the Contaminated Sites Auditor and DWER. DWER indicated that they are in process of assessing this information and reviewing current property classifications, noting the change in risk profile with the availability of scheme water at affected properties. DWER further indicated that, as part of this review, existing restrictions on use of groundwater could be removed or revised. DWER's final decision in relation to restrictions on use of groundwater in this area (and subsequent classification or re-classification of affected properties), could impact on the value of affected properties (DWER Final Decision). These impacts can only be assessed and, if applicable, quantified, once the DWER Final Decision has been made. It is expected that the DWER Final Decision will be made in the third quarter of 2021. By that stage the City should, depending on the issue of liability, be in a position to consider options for long term remediation and/or mitigation solutions.

Depending on the outcome of the DWER Final Decision 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 at this stage the City's potential liability (if any). Therefore:

- It is not practicable to make at this stage an estimate of the financial effect of or determine the amount or timing of any outflow associated with the contamination issues associated with the Busselton Waste Transfer Site; and
- Disclosure of further information in relation to the potential financial effect of these contamination issues could prejudice the City's position in any resulting dispute with affected landowners.

###### 21.2 Claim for Damages by Unsuccessful Tenderer pursuant to RFT11/19

An unsuccessful tenderer (Plaintiff) instituted legal action against the City of Busselton, claiming \$1.2 million damages based on breach of "process contract" resulting from RFT11/19. The City is of view that it has a strong case and is therefore defending the matter. Depending on the outcome of the legal proceedings the City may incur a certain level of liability in respect of damages and/or legal costs.

Indications are that the City's insurance policy may respond to any adverse finding/order against the City. The litigation is ongoing.

## **City of Busselton**

### **Financial Report**

**For the Year Ended 30 June 2021**

#### **Notes to and Forming Part of the Financial Report**

##### **21. Contingent Liabilities (Continued)**

###### **21.3 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.

In 2019-20, DWER had classified three sites as 'contaminated – remediation required'. In April 2021, DWER reclassified those three sites to 'Remediated for restricted use', and approved an Ongoing Site Management Plan (OSMP).

DWER has classified eleven 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.

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 22. Capital Commitments

	2021 Actual \$	2020 Actual \$
<b>Capital Expenditure Commitments</b>		
Contracted for:		
<u>Capital projects</u>		
- Busselton Tennis Club Building	0	30,499
- Lou Weston Oval Courts and Pavilion	0	316,858
- King Street Works	26,016	157,665
- Old Butter Factory	0	200,892
- Busselton Performing Arts and Convention Centre	864,844	1,989,183
- Busselton Senior Citizens Building	113,316	552,744
- Hotel Site 1 Carpark and Landscaping Works	0	1,046,116
- Barnard East Foreshore Works	0	61,398
- Eastern Link Road Works Upgrade	0	3,637,684
- Mitchell Park	570,824	0
- Dunsborough Lakes Sports Precinct	996,852	0
- Administration Building Car Park	32,928	0
- Busselton Foreshore (East)	141,698	0
- Buayanyup Drain Path	347,107	0
- Energy Efficiency Building Upgrade	74,400	0
	<hr/> 3,167,985	<hr/> 7,993,039
<u>Payable:</u>		
- not later than one year	3,167,985	7,993,039
- 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

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 23. Related Party Transactions

	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>Elected Members Remuneration</b>			
The following fees, expenses and allowances were paid to council members and the mayor.			
<b><u>Mayor Grant Henley</u></b>			
Allowance	80,129	80,124	80,129
Sitting Fees	41,788	41,788	41,788
Communication Allowance	3,500	3,500	3,500
Other Allowances/ Reimbursements	226	500	177
	125,643	125,912	125,594
<b><u>Deputy Mayor Kelly Hick</u></b>			
Allowance	20,032	20,026	13,847
Sitting Fees	29,910	29,908	29,910
Travelling Allowance – Councillors Meetings	2,739	1,500	3,244
Communication Allowance	3,500	3,500	3,500
Other Allowances/ Reimbursements	0	500	67
	56,181	55,434	50,568
<b><u>Former Deputy Mayor John McCallum</u></b>			
Allowance	0	0	6,076
Sitting Fees	0	0	9,071
Travelling Allowance – Councillors Meetings	0	0	566
Communication Allowance	0	0	1,061
Other Allowances/ Reimbursements	0	0	0
	0	0	16,774
<b><u>Former Councillor Coralie Tarbotton</u></b>			
Sitting Fees	0	0	9,071
Travelling Allowance – Councillors Meetings	0	0	0
Communication Allowance	0	0	1,061
Other Allowances/ Reimbursements	0	0	0
	0	0	10,132
<b><u>Former Councillor Robert Reekie</u></b>			
Sitting Fees	0	0	9,071
Travelling Allowance – Councillors Meetings	0	0	136
Communication Allowance	0	0	1,061
Other Allowances/ Reimbursements	0	0	0
	0	0	10,268
<b><u>Councillor Paul Carter</u></b>			
Sitting Fees	29,910	29,908	29,910
Travelling Allowance – Councillors Meetings	0	1,500	0
Communication Allowance	3,500	3,500	3,500
Other Allowances/ Reimbursements	0	500	0
	33,410	35,408	33,410

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 23. Related Party Transactions (Continued)

	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>Elected Members Remuneration</b>			
<b><u>Councillor Kate Cox</u></b>			
Sitting Fees	29,910	29,908	20,675
Travelling Allowance – Councillors Meetings	1,787	1,500	1,238
Communication Allowance	3,500	3,500	2,419
Other Allowances/ Reimbursements	168	500	0
	35,365	35,408	24,332
<b><u>Councillor Phill Cronin</u></b>			
Sitting Fees	29,910	29,908	20,675
Travelling Allowance – Councillors Meetings	3,969	1,500	2,737
Communication Allowance	3,500	3,500	2,419
Other Allowances/ Reimbursements	217	500	675
	37,596	35,408	26,506
<b><u>Councillor Ross Paine</u></b>			
Sitting Fees	29,910	29,908	29,910
Travelling Allowance – Councillors Meetings	0	1,500	0
Communication Allowance	3,500	3,500	3,500
Other Allowances/ Reimbursements	236	500	208
	33,646	35,408	33,618
<b><u>Councillor Jo Barrett-Lennard</u></b>			
Sitting Fees	29,910	29,908	20,512
Travelling Allowance – Councillors Meetings	756	1,500	1,042
Communication Allowance	3,500	3,500	2,400
Other Allowances/ Reimbursements	227	500	526
	34,393	35,408	24,480
<b><u>Councillor Lyndon Miles</u></b>			
Sitting Fees	29,910	29,907	29,910
Travelling Allowance – Councillors Meetings	970	1,500	115
Communication Allowance	3,500	3,500	3,500
Other Allowances/ Reimbursements	382	500	0
	34,762	35,407	33,525
<b><u>Councillor Sue Riccelli</u></b>			
Sitting Fees	29,910	29,907	20,677
Travelling Allowance – Councillors Meetings	0	1,500	0
Communication Allowance	3,500	3,500	2,422
Other Allowances/ Reimbursements	213	500	0
	33,623	35,407	23,099
	424,619	429,200	412,306
<b><u>TOTAL ELECTED MEMBERS REMUNERATION</u></b>			
Allowance	100,161	100,150	100,052
Sitting Fees	281,068	281,050	271,180
Travelling Allowance – Councillors Meetings	10,221	12,000	9,078
Communication Allowance	31,500	31,500	30,343
Other Allowances/ Reimbursements	1,669	4,500	1,653
	424,619	429,200	412,306

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 23. Related Party Transactions (Continued)

##### Key Management Personnel (KMP) Compensation Disclosure

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

	2021 Actual \$	2020 Actual \$
Short-term employee benefits	1,105,301	1,030,761
Post-employment benefits	142,726	128,434
Other long-term benefits	105,783	105,787
	<u>1,353,810</u>	<u>1,264,982</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 elected members.

##### **Post-employment benefits**

These amounts are the current-year's estimated 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.

##### Related Parties

###### *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.

###### *ii Other Related Parties*

An associate person of KMP was 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.

###### *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.

## **City of Busselton**

### **Financial Report**

**For the Year Ended 30 June 2021**

#### **Notes to and Forming Part of the Financial Report**

##### **23. Related Party Transactions (Continued)**

The Council has assessed the materiality of disclosure of transactions with related parties on the following criteria:

- 1) The potential effect of the relationship on the financial statements;
- 2) Whether the transaction occurred as:
  - a. Part of a public service provider relationship on terms no different to that of a transaction with the general public; or
  - b. Part of an ordinary operational transaction within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that are reasonable to expect the Council would have adopted with the party at arm's length in the same circumstances.

The Council has determined that no material transactions with related parties have occurred during the financial year ended 30 June 2021.

##### **24. Major Land Transactions**

The City entered into a major land transaction by way of a sublease during the year. The City leased Lot 600, Foreshore Parade, Busselton from the State, and subleased to Pacifica Ausglobal Busselton Pty Ltd. A public notice was issued in November 2019 of the City's intent to enter into this major land transaction by way of a sublease. The financial impact of the head lease with the State has been included as part of Note 16 Lease Liabilities, and the financial impact of the sublease has been included in Note 38 Finance Lease Receivables.



# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 25. Rating Information – 2020/21 Financial Year

##### (a) Rates

Rate Type	Rate in \$	Number of Properties #	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Total Revenue \$
<b>Differential General Rate</b>									
GRV–Residential	9.8489	14,093	259,870,424	25,594,568	333,873	25,928,441	25,594,568	0	25,594,568
GRV–Residential Holiday Homes	10.8339	680	13,421,200	1,454,036	(7,299)	1,446,737	1,454,036	0	1,454,036
GRV–Industrial	11.3732	446	21,880,356	2,488,494	47,829	2,536,323	2,488,494	0	2,488,494
GRV–Commercial	11.3732	1,366	70,667,953	8,037,200	6,157	8,043,357	8,037,200	0	8,037,200
GRV–Residential Vacant Land	9.8489	256	7,405,040	729,321	35,854	765,175	729,321	0	729,321
GRV–Industrial Vacant Land	11.3732	56	1,232,300	140,152	(12,937)	127,215	140,152	0	140,152
GRV–Commercial Vacant Land	11.3732	47	2,163,850	246,099	17,247	263,346	246,099	0	246,099
UV–Primary Production	0.4404	797	609,608,000	2,684,711	(53,414)	2,631,297	2,684,711	0	2,684,711
UV–Rural	0.4455	1,520	740,675,000	3,299,703	94,191	3,393,894	3,299,703	0	3,299,703
UV–Commercial	0.8037	154	91,897,000	738,576	18,075	756,651	738,576	0	738,576
Interim Rates		0	0	0	0	0	0	600,000	600,000
Sub-Totals		19,415	1,818,821,123	45,412,860	479,576	45,892,436	45,412,860	600,000	46,012,860
<b>Minimum \$</b>									
<b>Minimum Differential General Rate</b>									
GRV–Residential	1,375	1,262	16,266,776	1,735,250	0	1,735,250	1,735,250	0	1,735,250
GRV–Residential Holiday Homes	1,430	28	349,700	40,040	0	40,040	40,040	0	40,040
GRV–Industrial	1,375	21	208,031	28,875	0	28,875	28,875	0	28,875
GRV–Commercial	1,375	631	4,705,844	867,625	0	867,625	867,625	0	867,625
GRV–Residential Vacant Land	1,375	925	6,471,244	1,271,875	0	1,271,875	1,271,875	0	1,271,875
GRV–Industrial Vacant Land	1,375	0	0	0	0	0	0	0	0
GRV–Commercial Vacant Land	1,375	63	393,190	86,625	0	86,625	86,625	0	86,625
UV–Primary Production	1,375	221	51,185,500	303,875	0	303,875	303,875	0	303,875
UV–Rural	1,500	1,087	251,454,500	1,630,500	0	1,630,500	1,630,500	0	1,630,500
UV–Commercial	1,375	81	3,654,034	111,375	0	111,375	111,375	0	111,375
Sub-Totals		4,319	334,688,819	6,076,040	0	6,076,040	6,076,040	0	6,076,040
Other Adjustments (refer note 25(d))						90,760			86,848
<b>Total Amount Raised from General Rates</b>						<b>52,059,236</b>			<b>52,175,748</b>
Specified Area Rate (refer note 25(b))						587,545			583,612
<b>Totals</b>						<b>52,646,781</b>			<b>52,759,360</b>

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 25(b) Specified Area Rate - 2020/21 Financial Year

	Rate in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
<b>Port Geographe</b>							
• Rate	1.5719	GRV	14,009,386	220,210	220,210	220,210	220,210
• Interim Rate				2,658	0	0	0
• Back Rate				0	0	0	0
				222,868	220,210	220,210	220,210

	Rate in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
<b>Provence</b>							
• Rate	1.4462	GRV	12,519,660	181,061	181,061	181,061	181,061
• Rate	0.0143	UV	5,300,000	758	758	758	758
• Interim Rate				794	0	0	0
• Back Rate				0	0	0	0
				182,613	181,819	181,819	181,819

	Rate in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
<b>Vasse</b>							
• Rate	1.8385	GRV	9,876,590	181,583	181,583	181,583	181,583
• Interim Rate				482	0	0	0
• Back Rate				0	0	0	0
				182,065	181,583	181,583	181,583

The purpose of the Specified Area Rates is disclosed in note 4 "Purpose of Reserves".

#### 25(c) Service Charges – 2020/21 Financial Year

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

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 25(d) Discounts, Incentives, Concessions & Write-offs – 2020/21 Financial Year

	Type	Discount %	Total Cost / Value \$	Budget Cost / Value \$
Other	Adjustment	0	90,760	86,848
Write-offs	Write-off	0	0	0
		0	90,760	86,848

#### 25(e). Interest Charges and Instalments – 2020/21 Financial Year

Instalment options	Date due	Instalment plan admin charge \$	Instalment plan interest rates %	Unpaid rates interest rates %
<b>OPTION ONE</b>				
Single full payment	04/09/2020	0	0.0%	8.0%
<b>OPTION TWO</b>				
(Four equal or near equal bi-monthly instalments)				
First instalment	04/09/2020	0	0.0%	8.0%
Second instalment	04/11/2020	6	5.5%	8.0%
Third instalment	04/01/2021	6	5.5%	8.0%
Fourth instalment	04/03/2021	6	5.5%	8.0%
<b>OPTION THREE</b>				
40 equal or near equal weekly instalments	04/09/2020	30	5.5%	8.0%
<b>OPTION FOUR</b>				
20 equal or near equal fortnightly instalments	04/09/2020	25	5.5%	8.0%
<b>OPTION FIVE</b>				
10 equal or near equal monthly instalments	04/09/2020	20	5.5%	8.0%

	Actual Revenue 2021 \$	Budgeted Revenue 2021 \$
Interest on Unpaid Rates	217,126	140,000
Interest on Instalments Plan	253,537	253,750
Charges on Instalment Plan	122,007	116,950
	592,670	510,700

## City of Busselton

### Financial Report

For the Year Ended 30 June 2021

#### Notes to and Forming Part of the Financial Report

##### 25(e) Interest Charges and Instalments – 2020/21 Financial Year (Continued)

Five separate payment option plans will be made available to all ratepayers for the payment of their rates.

###### OPTION 1 (Full Payment)

Full amount of rates and charges including arrears to be paid on or before 4<sup>th</sup> September 2020 or 35 days after the date of service appearing on the rate notice whichever is the later.

###### OPTION 2 (4 Instalments)

First instalment to be received on or before 4<sup>th</sup> September 2020 or 35 days after the date of service appearing on the rate notice whichever is the later and including all arrears and service charges and one quarter of the current rates. The second, third and fourth instalments of the current rates are to be made on or before dates shown below:

- |                              |                                |
|------------------------------|--------------------------------|
| • 1 <sup>st</sup> Instalment | 4 <sup>th</sup> September 2020 |
| • 2 <sup>nd</sup> Instalment | 4 <sup>th</sup> November 2020  |
| • 3 <sup>rd</sup> Instalment | 4 <sup>th</sup> January 2021   |
| • 4 <sup>th</sup> Instalment | 4 <sup>th</sup> March 2021     |

###### OPTION THREE

40 equal or near equal weekly instalments

###### OPTION FOUR

20 equal or near equal fortnightly instalments

###### OPTION FIVE

10 equal or near equal monthly instalments

##### SIGNIFICANT ACCOUNTING POLICIES

###### Rates

Control over assets acquired from rates is obtained at the commencement of the rating period.

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

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 26 Rate Setting Statement Information

	Note	2020/21 Actual (30 June 21 Carried Forward) \$	2020/21 Budget (30 June 21 Carried Forward) \$	2020/21 Actual (1 July 20 Brought Forward) \$	2019/20 Actual (30 June 20 Carried Forward) \$
<b>(a) Non-cash amounts excluded from operating activities</b>					
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with Financial Management Regulation 32.					
<b>Adjustments to operating activities</b>					
Less: Profit on asset disposals	11(a)	(148,677)	(19,193)	(74,304)	(74,304)
Less: Non-cash grants and contributions for assets	2	(9,424,331)	(6,597,200)	(4,482,078)	(4,482,078)
Less: Movement in liabilities associated with restricted cash		1,978,405	(4,909,897)	(3,408,085)	(3,408,085)
Less: Movement in finance leases		(2,852,822)	-	(3,929,520)	(3,929,520)
Less: Fair value adjustments to financial assets at fair value through profit and loss	5(b)	-	-	(124,637)	(124,637)
Less: Movement in pensioner deferred rates (non-current)		11,499	-	(21,707)	(21,707)
Less: Movement in employee benefit provisions (non-current)	18(a)	314,957	-	661,186	661,186
Add: Loss on disposal of assets	11(a)	521,958	90,673	537,558	537,558
Add: Depreciation on non-current assets	11(b)	24,607,001	24,050,074	22,857,747	22,857,747
<b>Non cash amounts excluded from operating activities</b>		<b>15,007,990</b>	<b>12,614,457</b>	<b>12,016,160</b>	<b>12,016,160</b>
<b>(b) Surplus/(deficit) after imposition of general rates</b>					
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with Financial Management Regulation 32 to agree to the surplus/(deficit) after imposition of general rates.					
<b>Adjustments to net current assets</b>					
Less: Reserves/ Restricted - cash backed	3	(73,693,717)	(52,142,398)	(68,906,185)	(68,906,185)
Less: Financial assets at amortised cost - self-supporting loans	5(a)	(59,374)	(65,000)	(66,867)	(66,867)
Less: Other Adjustments	8	(197,380)	(212,924)	(212,922)	(212,922)
- Current portion of lease receivables	38	(217,910)		(177,085)	(177,085)
Less : Assets held for sale	8	(2,035,508)	0	0	0
Add: Current liabilities not expected to be cleared at end of year					
- Current portion of borrowings	17(d)	3,020,442	3,000,000	3,043,263	3,043,263
- Current portion of contract liability held in reserve/ restricted cash	15.1	2,521,219	-	2,611,824	2,611,824
- Current portion of grant liability held in reserve/ restricted cash	15.2	988,563	-	2,298,073	2,298,073
- Current portion of deposits and bonds held in restricted cash	14	3,424,482	2,465,476	2,465,476	2,465,476
- Current portion of lease liabilities	16	492,042	-	500,767	500,767
- Current portion of employee benefit provisions	18(a)	5,502,681	5,237,537	5,237,537	5,237,537
- Current portion of other provisions	18(b)	430,000	-	-	-
<b>Total adjustments to net current assets</b>		<b>(59,824,460)</b>	<b>(41,717,309)</b>	<b>(53,206,119)</b>	<b>(53,206,119)</b>
<b>Net current assets used in the Rate Setting Statement</b>					
Total current assets		86,349,046	57,067,449	75,355,013	75,355,013
Less: Total current liabilities		(24,076,206)	(15,350,140)	(21,675,100)	(21,675,100)
Less: Total adjustments to net current assets		(59,824,460)	(41,717,309)	(53,206,119)	(53,206,119)
<b>Net current assets used in the Rate Setting Statement</b>		<b>2,448,380</b>	<b>0</b>	<b>473,794</b>	<b>473,794</b>

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 27. 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
	%	\$	\$	\$	\$
<b>2021</b>					
Cash and Cash Equivalents	0.07%	17,108,235	3,276,102	13,810,228	21,845
Financial Assets at Amortised Cost – Term Deposits	0.32%	62,000,000	62,000,000	0	0
<b>2020</b>					
Cash and Cash Equivalents	0.46%	20,001,304	4,783,359	15,195,875	22,070
Financial Assets at Amortised Cost – Term Deposits	1.00%	50,500,000	50,500,000	0	0

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 27. 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.

	2021	2020
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	138,103	151,959

\* 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 17.

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 27. Financial Risk Management (Continued)

##### (b) Credit Risk

###### Trade and Other Receivables

The City's major receivables comprise rates annual charges and user fees and charges. 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. It also encourages ratepayers to pay rates by the due date through incentives.

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

The level of outstanding receivables is reported to the 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 receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable. At the end of the reporting period, the City assessed that no loss allowance is required to be provided.

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

	30 June 2021	30 June 2020
	\$	\$
Percentage of Rates and Annual Charges		
• Current	22.13%	20.93%
• Overdue	77.87%	79.07%
Percentage of Other Receivables		
• Current	93.82%	95.68%
• Overdue	6.18%	4.32%



# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 27. 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 as disclosed in Note 17.

The contractual undiscounted cash flows of the City's Payables 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 \$
<b><u>2021</u></b>					
Payables	7,696,777	0	0	7,696,777	7,696,777
Borrowings	4,059,936	15,699,497	14,550,390	34,309,823	28,267,696
Lease Liability	517,659	378,921	0	896,580	931,503
Contract Liabilities	2,521,219	2,890,444	4,997,910	10,409,573	10,409,573
Grant Liabilities	988,563	4,276,558	0	5,265,121	5,265,121
	<u>15,784,154</u>	<u>23,245,420</u>	<u>19,548,300</u>	<u>58,577,874</u>	<u>52,570,670</u>
<b><u>2020</u></b>					
Payables	5,518,158	0	0	5,518,158	5,518,158
Borrowings	4,189,405	15,534,117	18,657,206	38,380,728	31,200,958
Lease Liabilities	548,263	896,580	0	1,444,843	1,401,617
Contract Liabilities	2,611,824	1,855,063	5,711,657	10,178,544	10,178,544
Grant Liabilities	2,298,073	2,250,217	0	4,548,290	4,548,290
	<u>15,165,723</u>	<u>20,535,977</u>	<u>24,368,863</u>	<u>60,070,563</u>	<u>52,847,567</u>

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 28. 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.

#### 29. Initial Application of Australian Accounting Standards

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

##### (a) AASB 1059: Service Concession Arrangements: Grantors

Service concessions assets are those assets where a third party operator constructs assets for the City, upgrades existing assets of the City or uses existing assets of the City to operate and maintain the assets to provide a public service, for a specified period of time.

The City has considered the requirements of AASB 1059 - Service Concession Arrangements, and confirms that the City has no existing arrangements that fall within the scope of this standard.

#### 30. 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 2020 \$	Amounts Received \$	Amounts Paid \$	Balance 30 June 2021 \$
Builders Registration Board Levies	12,669	487,867	(467,915)	32,621
Building Training Levy	3,444	47,428	(46,908)	3,964
Cash in Lieu of Public Open Space	1,973,394	11,476	(1,065,050)	919,820
Contiguous Local Authorities Group (CLAG) Funding	86,561	24,136	(89,474)	21,223
	2,076,068	570,907	(1,669,347)	977,628

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 31. OTHER SIGNIFICANT 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.

##### 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 statements 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) 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.

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 31. OTHER SIGNIFICANT ACCOUNTING POLICIES (cont.)

##### h) Fair value hierarchy (continued)

###### 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

##### Valuation techniques (continued)

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.

##### i) Impairment of assets

In accordance with Australian Accounting Standards the City's non-financial assets, 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.

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.

As the City is a not-for-profit entity, the recoverable amount of regularly revalued specialist assets is anticipated to be materially the same as fair value.

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 32. Activities/ Programs

City operations as disclosed in these financial statements encompass the following service orientated activities/ Programs

##### Program and Objectives

##### Activities

##### **General Purpose Funding**

To collect revenue to allow for the provision of services.

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

##### **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 Council 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. Council 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 relative to the operation of a Senior Citizen's Centre.

##### **Housing**

To provide and maintain elderly residents housing.

The operation of three sets of aged persons 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 Council's 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

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

**32. Activities/ Programs (Continued)**

**Program and Objectives (Continued)**

**Activities (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

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 33. Prior Period Corrections

1. The City does not hold full ownership of the aged homes (both land and buildings) as per the signed agreements with Homeswest (i.e. City's share: Winderlup Villas 26.11%, Harris Road Units 27.19% and land 27.19%). Corrections have been made to the affected financial statement line items as at 1 July 2019 to exclude Homeswest's share of the assets. Adjustment were also made in 2019-20 to reflect only the City's share of depreciation expense in the financial statements.
2. The adjustment relates to the impairment of the bridge - Tuart Drive over Abba River which was burnt down in March 2020. As the bridge is a revalued asset, the impairment loss is recognised as at 30 June 2020 against revaluation surplus.
3. Term deposits with original maturities of three months or more have been reclassified from Cash and Cash Equivalents to Other Financial Assets.
4. Adjustments relate to the classification of subleases with the Goose, Equinox and Geographe Bay Brewing Co. as finance leases on initial application of AASB 16 Leases. Corrections have been made to the affected financial statement line items.

	Ref	As reported previously \$	Adjustment \$	Restated \$
<b><u>Statement by Comprehensive Income</u></b>				
<b>As at 30 June 2020</b>				
<b>-by Nature or Type</b>				
<i>Revenue:</i>				
Fees and Charges	4	15,074,219	(139,248)	14,934,971
Interest Earnings	4	1,584,122	165,572	1,749,694
Gain on Finance Sublease	4	0	3,902,773	3,902,773
<i>Expenses:</i>				
Depreciation on Non-Current Assets	1,4	(23,496,226)	638,479	(22,857,747)
Materials and Contracts	4	(16,858,209)	2,000	(16,856,209)
Interest Expenses	4	(1,329,246)	(1,577)	(1,330,823)
<i>Other comprehensive income:</i>				
Impairment loss on Non-Current Assets	2	0	(1,478,109)	(1,478,109)
<b>-by Program</b>				
<i>Revenue:</i>				
Other Property & Services	4	498,219	3,929,096	4,427,317
<i>Expenses:</i>				
Housing	1	(1,305,071)	611,354	(693,717)
Other Property & Services	4	(777,381)	29,125	(748,257)
<i>Finance Costs:</i>				
Other Property & Services	4	(30,685)	(1,577)	(32,262)
<i>Other comprehensive income:</i>				
Impairment loss on Non-Current Assets	2	0	(1,478,109)	(1,478,109)

# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### Notes to and Forming Part of the Financial Report

#### 33. Prior Period Corrections (Continued)

	Ref	As reported previously \$	Adjustment \$	Restated \$
<b><u>Statement of Financial Position</u></b>				
<b>As at 1 July 2019</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	3	59,772,318	(38,000,000)	21,772,318
Other Financial Assets	3	10,569,803	38,000,000	48,569,803
<b>Non-current Assets</b>				
Property, Plant and Equipment	1	144,333,683	(9,185,165)	135,148,518
<b>Equity</b>				
Retained Surplus	1	444,713,504	1,207,329	445,920,833
Revaluation Surplus	1	236,196,300	(10,392,494)	225,803,806
<b>As at 30 June 2020</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	3	60,501,304	(40,500,000)	20,001,304
Other Financial Assets	3	10,066,867	40,500,000	50,566,867
Finance Lease Receivables	4	0	177,085	177,085
<b>Non-current Assets</b>				
Property, Plant and Equipment	1	147,020,831	(9,604,561)	137,416,270
Infrastructure	1	569,886,680	(1,478,109)	568,408,571
<b>Current Liabilities</b>				
Lease Liabilities	4	498,834	1,934	500,767
<b>Non-current Liabilities</b>				
Lease Liabilities	4	854,825	46,024	900,849
<b>Equity</b>				
Retained Surplus	1,4	436,973,786	5,775,328	442,749,115
Revaluation Surplus	1,2	236,196,300	(11,870,603)	224,325,697



# City of Busselton

## Financial Report

For the Year Ended 30 June 2021

### 34. Financial Ratios

	2021 Actual	2020 Actual	2019 Actual
Current Ratio	0.946	0.569	0.714
Asset Sustainability Ratio	1.022	0.959	0.801
Debt Service Cover Ratio	5.824	4.766	4.715
Operating Surplus Ratio	0.030	0.012	(0.021)
Own Source Revenue Coverage Ratio	0.965	0.953	0.927
Asset Consumption Ratio	0.637	0.689	0.683
Asset Renewal Funding Ratio	1.000	0.994	0.520

The above ratios are calculated as follows:

Current Ratio  
(ratio required to meet standard > or = to 1)

$$\frac{\text{Current assets minus restricted assets}}{\text{Current liabilities minus liabilities associated with restricted assets}}$$

Asset Sustainability Ratio  
(ratio required to achieve basic standard > 0.9)

$$\frac{\text{Capital renewal and replacement expenditure}}{\text{Depreciation expense}}$$

Debt Service Cover Ratio  
(ratio required to achieve basic standard > or = to 2, and advanced standard > 5)

$$\frac{\text{Annual operating surplus before interest and depreciation}}{\text{Principal and interest}}$$

Operating Surplus Ratio  
(ratio required to achieve basic standard is between 0.01 & 0.15, advanced standard > 0.15)

$$\frac{\text{Operating revenue minus operating expense}}{\text{Own source operating revenue}}$$

Own Source Revenue Coverage Ratio  
(ratio required to achieve basic standard is between 0.4 & 0.6, Intermediate standard between 0.6 & 0.9, and advanced standard > 0.9)

$$\frac{\text{Own source operating revenue}}{\text{Operating expense}}$$

Asset Consumption Ratio  
(ratio required to meet basic standard > 0.5)

$$\frac{\text{Depreciated replacement cost of depreciable assets}}{\text{Current replacement cost of depreciable assets}}$$

Asset Renewal Funding Ratio  
(ratio required to achieve basic standard is between 0.75 & 0.95)

$$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$$

## City of Busselton

### Financial Report

#### For the Year Ended 30 June 2021

##### 35. Trading Undertakings and Major Trading Undertakings

Council did not participate in any trading undertakings or major trading undertakings during the 2020/21 financial year.

##### 36. Joint Arrangements

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

##### 37. Employee Numbers

The number of full-time equivalent employees at balance date

2021	2020
321	318

##### 38. Finance Lease Receivables

	2021 Actual \$	2020 Actual \$
Current	217,910	177,085
Non-current	7,698,983	4,858,268
	<u>7,916,893</u>	<u>5,035,353</u>

#### SIGNIFICANT ACCOUNTING POLICIES

##### 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.



## Auditor General

### INDEPENDENT AUDITOR'S REPORT 2021 City of Busselton

To the Councillors of the City of Busselton

## Report on the audit of the annual financial report

### Opinion

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

- the Statement of Financial Position at 30 June 2021, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information
- the Statement by the Chief Executive Officer.

In my opinion the financial report of the City of Busselton:

- is based on proper accounts and records
- fairly represents, in all material respects, the results of the operations of the City for the year ended 30 June 2021 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 section below. I am independent of the City in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of Matter – Restatement of comparative balances

I draw attention to Note 33 to the financial statements which states that the amounts reported in the previously issued 30 June 2020 financial report have been restated and disclosed as comparatives in this financial report. My opinion is not modified in respect of this matter.

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

The Chief Executive Officer (CEO) of the City is responsible for the preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards. The CEO is also responsible for 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 and 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 responsibility 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](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf).

## **Report on other legal and regulatory requirements**

In accordance with the Local Government (Audit) Regulations 1996 I report that:

- (i) In my opinion, the following material matter(s) indicate a significant adverse trend in the financial position of the City:
  - a) The Current Ratio as reported in Note 34 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries (DLGSCI's) standard of 1.0 for the last three financial years.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the financial report were supported by verifiable information and reasonable assumptions.

## **Other matters**

The financial ratios for 2019 in Note 34 of the financial report were audited by another auditor when performing their audit of the City for the year ending 30 June 2019. The auditor expressed an unmodified opinion on the financial report for that year.

## Other information

The other information is the information in the entity's annual report for the year ended 30 June 2021, but not the financial report and my auditor's report. The CEO is responsible for the preparation and the Council for overseeing the other information.

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

## 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 2021 included 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 described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.



Sandra Labuschagne  
Deputy Auditor General  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
15 November 2021