



# City of Busselton

*Geographie Bay*

## **Financial Report**

**For the year ended**

**30 June 2019**

**City of Busselton**  
**Financial Report**  
**For the Year Ended 30<sup>th</sup> June 2019**

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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<sup>th</sup> June 2019**

**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 30th June 2019 is based on proper accounts and records to present fairly the financial position of the City of Busselton at 30th June 2019 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 25<sup>th</sup> day of October 2019



Mike Archer  
Chief Executive Officer



City of Busselton

Financial Report

For the Year Ended 30<sup>th</sup> June 2019

Statement of Comprehensive Income by Nature or Type

	Note	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Revenue</b>				
Rates	21	48,723,934	48,575,646	45,094,369
Operating Grants, Subsidies and Contributions	2(a)	6,079,293	3,747,650	4,736,243
Fees and Charges	2(a)	15,793,598	15,828,160	15,517,916
Interest Earnings	2(a)	2,336,296	2,283,760	2,453,556
Other Revenue		1,127,337	337,740	519,958
		<u>74,060,458</u>	<u>70,772,956</u>	<u>68,322,042</u>
<b>Expenses</b>				
Employee Costs		(30,339,391)	(31,215,454)	(28,746,867)
Materials and Contracts		(17,584,838)	(18,621,467)	(15,686,046)
Utility Charges		(2,607,810)	(2,569,240)	(2,478,776)
Depreciation on Non-Current Assets	9(b)	(22,051,156)	(19,070,922)	(18,581,517)
Interest Expenses	2(b)	(1,333,095)	(1,374,387)	(1,250,420)
Insurance Expenses		(713,980)	(698,808)	(651,943)
Other Expenditure		(998,204)	(3,046,879)	(2,812,207)
		<u>(75,628,474)</u>	<u>(76,597,157)</u>	<u>(70,207,776)</u>
		<b>(1,568,016)</b>	<b>(5,824,201)</b>	<b>(1,885,734)</b>
Non-Operating Grants, Subsidies and Contributions	2(a)	14,465,113	30,347,185	24,793,990
Profit on Asset Disposals	9(a)	118,089	82,137	55,551
Loss on Asset Disposals	9(a)	(54,624)	(34,577)	(681,441)
		<u>14,528,578</u>	<u>30,394,745</u>	<u>24,168,100</u>
Write Off of Assets Under \$5,000	7(b)	(1,185,285)	0	0
		<u>(1,185,285)</u>	<u>0</u>	<u>0</u>
<b>NET RESULT</b>		<b>11,775,277</b>	<b>24,570,544</b>	<b>22,282,366</b>
<b>Other Comprehensive Income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	10	1,055,204	0	31,925,811
<b>Total Other Comprehensive Income</b>		<u>1,055,204</u>	<u>0</u>	<u>31,925,811</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><b>12,830,481</b></u>	<u><b>24,570,544</b></u>	<u><b>54,208,177</b></u>



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



# City of Busselton

## Financial Report

For the Year Ended 30<sup>th</sup> June 2019

### Statement of Comprehensive Income by Program

	Note	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Revenue</b>				
General Purpose Funding		53,475,303	52,031,810	49,873,924
Governance		871,681	275,000	218,957
Law, Order & Public Safety		870,264	749,777	775,115
Health		642,383	587,300	720,928
Education and Welfare		8,614	6,300	4,940
Housing		477,766	475,400	473,969
Community Amenities		8,775,902	8,697,362	8,830,636
Recreation and Culture		4,521,332	3,882,968	3,672,339
Transport		1,954,684	1,430,330	1,389,329
Economic Services		1,891,350	2,071,539	1,925,645
Other Property and Services		571,180	565,170	436,260
		<u>74,060,459</u>	<u>70,772,956</u>	<u>68,322,042</u>
<b>Expenses Excluding Finance Costs</b>				
General Purpose Funding		(1,004,147)	(1,118,745)	(1,309,152)
Governance		(6,899,000)	(6,719,836)	(5,572,139)
Law, Order & Public Safety		(3,179,072)	(3,168,368)	(2,919,132)
Health		(1,447,639)	(1,493,536)	(1,450,108)
Education and Welfare		(166,793)	(151,790)	(161,830)
Housing		(1,221,031)	(1,314,324)	(1,259,456)
Community Amenities		(12,927,230)	(13,088,564)	(12,134,184)
Recreation and Culture		(22,403,790)	(22,258,207)	(19,631,596)
Transport		(21,882,407)	(21,148,516)	(20,043,293)
Economic Services		(3,338,446)	(3,547,687)	(3,249,317)
Other Property and Services		(1,011,109)	(1,213,197)	(1,227,149)
		<u>(75,480,664)</u>	<u>(75,222,770)</u>	<u>(68,957,356)</u>
<b>Finance Costs</b>				
	2(b)			
Governance		(687,461)	(687,544)	(717,170)
Recreation and Culture		(584,066)	(600,018)	(441,480)
Transport		(29,290)	(54,545)	(58,985)
Economic Services		(1,594)	(1,595)	(2,100)
Other Property and Services		(30,685)	(30,685)	(30,685)
		<u>(1,333,096)</u>	<u>(1,374,387)</u>	<u>(1,250,420)</u>
Non-Operating Grants, Subsidies & Contributions	2(a)	14,465,113	30,347,185	24,793,990
Profit on Disposal of Assets	9(a)	118,089	82,137	55,551
Loss on Disposal of Assets	9(a)	(54,624)	(34,577)	(681,441)
		<u>14,528,578</u>	<u>30,394,745</u>	<u>24,168,100</u>
<b>NET RESULT</b>		<b>11,775,277</b>	<b>24,570,544</b>	<b>22,282,366</b>
<b>Other Comprehensive Income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	10	1,055,204	0	31,925,811
<b>Total Other Comprehensive Income</b>		<b>1,055,204</b>	<b>0</b>	<b>31,925,811</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>12,830,481</b>	<b>24,570,544</b>	<b>54,208,177</b>

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

## City of Busselton

### Financial Report

For the Year Ended 30<sup>th</sup> June 2019

#### Statement of Financial Position

	Note	2019 Actual \$	2018 Actual \$
<b>Current Assets</b>			
Cash and Cash Equivalents	3	70,272,318	72,413,338
Trade and Other Receivables	5	4,252,880	4,976,201
Inventories	6	24,981	23,672
<b>Total Current Assets</b>		<b>74,550,179</b>	<b>77,413,211</b>
<b>Non-current Assets</b>			
Other Receivables	5	680,533	633,389
Property, Plant and Equipment	7	144,333,683	142,307,532
Infrastructure	8	564,715,992	553,230,968
<b>Total Non-current Assets</b>		<b>709,730,208</b>	<b>696,171,889</b>
<b>Total Assets</b>		<b>784,280,387</b>	<b>773,585,100</b>
<b>Current Liabilities</b>			
Trade and Other Payables	11	8,136,038	9,942,313
Current Portion of Long Term Borrowings	12	3,291,161	3,055,609
Provisions	13	4,614,181	4,492,008
<b>Total Current Liabilities</b>		<b>16,041,380</b>	<b>17,489,930</b>
<b>Non-current Liabilities</b>			
Long Term Borrowings	12	31,111,143	31,672,304
Provisions	13	627,843	753,327
<b>Total Non-current Liabilities</b>		<b>31,738,986</b>	<b>32,425,631</b>
<b>Total Liabilities</b>		<b>47,780,366</b>	<b>49,915,561</b>
<b>Net Assets</b>		<b>736,500,021</b>	<b>723,669,539</b>
<b>Equity</b>			
Retained Surplus		444,713,504	440,549,926
Reserves – Cash Backed	4	55,590,217	47,978,517
Revaluation Surplus	10	236,196,300	235,141,096
<b>Total Equity</b>		<b>736,500,021</b>	<b>723,669,539</b>



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

## City of Busselton

### Financial Report

For the Year Ended 30<sup>th</sup> June 2019

#### Statement of Changes in Equity

	Retained Surplus	Reserves Cash Backed	Revaluation Surplus	Total Equity
Note	\$	\$	\$	\$
Balance as at 1 July 2017	422,707,022	43,539,055	203,215,285	669,461,362
Changes in Accounting Policy	0	0	0	0
Correction of Errors	0	0	0	0
<b>Restated Balance</b>	<b>422,707,022</b>	<b>43,539,055</b>	<b>203,215,285</b>	<b>669,461,362</b>
<u>Comprehensive Income</u>				
Net Result	22,282,366	0	0	22,282,366
Other Comprehensive Income	10 0	0	31,925,811	31,925,811
<b>Total Comprehensive Income</b>	<b>22,282,366</b>	<b>0</b>	<b>31,925,811</b>	<b>54,208,177</b>
Transfer from / (to) Reserves	(4,439,462)	4,439,462	0	0
<b>Balance as at 30 June 2018</b>	<b>440,549,926</b>	<b>47,978,517</b>	<b>235,141,096</b>	<b>723,669,539</b>
<u>Comprehensive Income</u>				
Net Result	11,775,277	0	0	11,775,277
Other Comprehensive Income	10 0	0	1,055,204	1,055,204
<b>Total Comprehensive Income</b>	<b>11,775,277</b>	<b>0</b>	<b>1,055,204</b>	<b>12,830,481</b>
Transfer from / (to) Reserves	(7,611,700)	7,611,700	0	0
<b>Balance as at 30 June 2019</b>	<b>444,713,504</b>	<b>55,590,217</b>	<b>236,196,300</b>	<b>736,500,021</b>

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

## City of Busselton

### Financial Report

For the Year Ended 30<sup>th</sup> June 2019

#### Statement of Cash Flows

	Note	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Cash Flows from Operating Activities</b>				
<b>Receipts</b>				
Rates		48,748,066	48,626,293	44,652,865
Operating Grants, Subsidies and Contributions		5,818,152	3,749,620	5,064,099
Fees & Charges		15,592,811	15,259,370	15,631,005
Interest Earnings		2,336,296	2,283,760	2,453,556
Goods and Services Tax		6,399,565	4,767,576	8,718,038
Other Revenue		3,243,563	338,845	2,024,835
		<u>82,138,453</u>	<u>75,025,464</u>	<u>78,544,398</u>
<b>Payments</b>				
Employee Costs		(30,267,355)	(31,224,986)	(28,358,888)
Materials and Contracts		(17,167,310)	(18,638,303)	(15,737,513)
Utility Charges		(2,607,810)	(2,569,240)	(2,478,776)
Insurance Expenses		(713,980)	(698,808)	(651,943)
Interest Expenses		(1,329,678)	(1,374,387)	(1,195,451)
Goods and Services Tax		(6,146,871)	(4,000,000)	(8,396,273)
Other Expenditure		(4,697,492)	(3,069,394)	(4,650,634)
		<u>(62,930,496)</u>	<u>(61,575,118)</u>	<u>(61,469,478)</u>
<b>Net Cash Provided by (used in) Operating Activities</b>	14	<u>19,207,957</u>	<u>13,450,346</u>	<u>17,074,920</u>
<b>Cash Flows from Investing Activities</b>				
Payment for Purchase of Property, Plant & Equipment		(5,545,263)	(23,879,994)	(9,944,612)
Payment for Construction of Infrastructure		(23,006,581)	(36,804,070)	(42,255,717)
Non-Operating Grants, Subsidies and Contributions		6,529,299	21,995,799	15,969,176
Proceeds from Sale of Assets		926,173	1,045,950	424,075
		<u>(21,096,372)</u>	<u>(37,642,315)</u>	<u>(35,807,078)</u>
<b>Net Cash Provided by (used In) Investing Activities</b>		<u>(21,096,372)</u>	<u>(37,642,315)</u>	<u>(35,807,078)</u>
<b>Cash Flows from Financing Activities</b>				
Repayment of Debentures		(3,055,609)	(3,155,395)	(2,359,142)
Proceeds from Self Supporting Loans		73,003	79,252	65,163
Advances to Community Groups		0	(150,000)	(110,000)
Proceeds from New Debentures		2,730,000	3,150,000	6,960,000
		<u>(252,606)</u>	<u>(76,143)</u>	<u>4,556,021</u>
<b>Net Cash Provided By (used In) Financing Activities</b>		<u>(252,606)</u>	<u>(76,143)</u>	<u>4,556,021</u>
<b>Net Increase (Decrease) in Cash Held</b>		<u>(2,141,021)</u>	<u>(24,268,112)</u>	<u>(14,176,137)</u>
Cash at Beginning of Year		<u>72,413,339</u>	<u>72,413,339</u>	<u>86,589,475</u>
<b>Cash and Cash Equivalents at the End of the Year</b>	14	<u><b>70,272,318</b></u>	<u><b>48,145,227</b></u>	<u><b>72,413,338</b></u>

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



# City of Busselton

## Financial Report

For the Year Ended 30<sup>th</sup> June 2019

### Rate Setting Statement

	Note	2019 Actual \$	2019 Budget \$	2018 Actual \$
Net current assets at start of financial year – surplus / (deficit)		3,511,291	3,511,291	1,839,640
<b>Revenue from operating activities (excluding rates)</b>		3,511,291	3,511,291	1,839,640
General Purpose Funding		5,286,500	3,980,904	5,295,742
Governance		884,888	275,600	220,184
Law, Order & Public Safety		875,722	749,777	787,726
Health		644,208	587,700	721,791
Education and Welfare		8,614	6,300	4,940
Housing		477,766	475,400	473,969
Community Amenities		8,788,148	8,702,462	8,834,948
Recreation and Culture		4,526,851	3,923,984	3,673,904
Transport		2,020,285	1,463,491	1,420,970
Economic Services		1,891,956	2,072,639	1,925,645
Other Property and Services		584,806	565,930	439,592
		25,989,744	22,804,187	23,799,411
<b>Expenditure from operating activities</b>				
General Purpose Funding		(1,004,147)	(1,118,745)	(1,309,152)
Governance		(7,598,777)	(7,407,380)	(6,293,694)
Law, Order & Public Safety		(3,181,299)	(3,169,530)	(2,919,632)
Health		(1,447,639)	(1,493,536)	(1,450,483)
Education and Welfare		(166,793)	(151,790)	(161,830)
Housing		(1,221,087)	(1,314,324)	(1,259,628)
Community Amenities		(12,932,117)	(13,092,564)	(12,137,697)
Recreation and Culture		(23,007,862)	(22,867,447)	(20,158,847)
Transport		(21,915,987)	(21,217,354)	(20,688,838)
Economic Services		(3,340,040)	(3,549,282)	(3,251,478)
Other Property and Services		(1,052,636)	(1,249,782)	(1,257,938)
		(76,868,384)	(76,631,734)	(70,889,217)
<b>Operating activities excluded</b>				
(Profit) on disposal of assets	9(a)	(118,089)	(82,137)	(55,551)
Loss on disposal of assets	9(a)	54,624	34,577	681,441
Movement in deferred pensioner rates		(41,946)	0	(19,965)
Movement in employee benefit provisions		(3,311)	0	398,311
Depreciation and amortisation on assets	9(b)	22,051,156	19,070,922	18,581,517
Asset Adjustments as per Changes to Regulations		1,185,285	0	0
Movement in non-cash contributions		(7,957,839)	(8,365,000)	(8,935,865)
Movement Deposits and Bonds/ Other		(1,216,969)	0	1,604,382
		13,952,911	10,658,362	12,254,270
<b>Amount Attributable to Operating Activities</b>		<b>(33,414,438)</b>	<b>(39,657,894)</b>	<b>(32,995,896)</b>
<b>Investing Activities</b>				
Non-operating grants, subsidies and contributions	2(a)	14,465,113	30,347,185	24,793,990
Proceeds from disposal of assets	9(a)	926,173	1,045,950	424,075
Purchase of property, plant and equipment	7(b)	(8,307,090)	(23,865,760)	(10,733,956)
Purchase and construction of infrastructure	8(b)	(20,290,190)	(36,804,070)	(41,460,704)
<b>Amount attributable to investing activities</b>		<b>(13,205,994)</b>	<b>(29,276,695)</b>	<b>(26,976,595)</b>

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

City of Busselton

Financial Report

For the Year Ended 30<sup>th</sup> June 2019

Rate Setting Statement (Continued)

	Note	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Financing Activities</b>				
Advances to community groups	12(a)	0	(150,000)	(110,000)
Repayment of advances to community groups	12(a)	73,003	79,253	65,163
Repayment of debentures	12(a)	(3,055,609)	(3,155,395)	(2,359,142)
Proceeds from new debentures	12(a)	2,730,000	3,000,000	6,850,000
Proceeds from self-supporting loans	12(a)	0	150,000	110,000
Transfers to reserves (restricted assets)		(22,472,836)	(19,820,123)	(20,908,023)
Transfers from reserves (restricted assets)		22,908,147	40,779,948	35,257,602
<b>Amount attributable to financing activities</b>		<b>182,705</b>	<b>20,883,683</b>	<b>18,905,600</b>
<b>Surplus(deficiency) before general rates</b>		<b>(46,437,727)</b>	<b>(48,050,906)</b>	<b>(41,066,891)</b>
<b>Total amount raised from general rates</b>	21(a)	<b>48,188,803</b>	<b>48,050,906</b>	<b>44,578,182</b>
<b>Net current assets at 30 June c/fwd. – surplus / (deficit)</b>	22	<b>1,751,076</b>	<b>0</b>	<b>3,511,291</b>

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

# City of Busselton

## Financial Report

For the Year Ended 30<sup>th</sup> June 2019

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

#### 1. BASIS OF PREPARATION

##### THE LOCAL GOVERNMENT REPORTING ENTITY

The financial report comprises of 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 to the extent they are not in-consistent with the *Local Government Act 1995* and accompanying regulations.), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1995* and accompanying regulations.

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 report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

##### CRITICAL ACCOUNTING ESTIMATES

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.

##### THE LOCAL GOVERNMENT REPORTING ENTITY (Continued)

##### CRITICAL ACCOUNTING ESTIMATES (Continued)

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 24 to these financial statements.



## City of Busselton

### Financial Report

For the Year Ended 30<sup>th</sup> June 2019

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

	2019 Actual \$	2018 Actual \$
<b>2. Revenue and Expenses</b>		
<b>(a) Revenue</b>		
<b>Significant Revenue</b>		
Reimbursements and Recoveries	2,067,628	1,038,730
	<b>2,067,628</b>	<b>1,038,730</b>
Reimbursements and Recoveries form part of Operating Grants, subsidies and Contributions.		
<b>Fees &amp; Charges</b>		
General Purpose Funding	80,088	86,114
Governance	43,208	35,135
Law, Order & Public Safety	171,419	175,969
Health	538,978	538,610
Education and Welfare	161	159
Housing	473,742	470,205
Community Amenities	8,330,002	8,445,631
Recreation and Culture	2,873,539	2,567,867
Transport	1,218,997	1,148,716
Economic Services	1,821,603	1,877,143
Other Property and Services	241,861	172,367
	<b>15,793,598</b>	<b>15,517,916</b>

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

#### Grant Revenue

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

	2019 Actual \$	2018 Actual \$
<b>Operating Grants, Subsidies and Contributions</b>		
General Purpose Funding	2,328,138	2,232,364
Governance	227,906	145,015
Law, Order & Public Safety	645,887	527,153
Health	118,646	132,937
Education and Welfare	8,453	4,781
Housing	4,024	3,764
Community Amenities	110,762	186,209
Recreation and Culture	1,636,151	1,088,464
Transport	644,667	151,635
Economic Services	25,629	5,817
Other Property and Services	329,030	258,104
	<b>6,079,293</b>	<b>4,736,243</b>



# City of Busselton

## Financial Report

For the Year Ended 30<sup>th</sup> June 2019

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

	2019 Actual \$	2018 Actual \$
<b>2. Revenue and Expenses (Continued)</b>		
<b>(a) Revenue (Continued)</b>		
<b>Non- operating Grants, Subsidies and Contributions</b>		
Governance	140,044	0
Law, Order & Public Safety	814,215	580,964
Health	8,487	8,397
Community Amenities	273,000	1,863
Recreation and Culture	3,417,379	5,305,642
Transport	9,811,988	18,897,124
	<b>14,465,113</b>	<b>24,793,990</b>

#### SIGNIFICANT ACCOUNTING POLICIES

##### Grants, Donations and Other Contributions

Grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were

##### Grants, Donations and Other Contributions (Continued)

undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 20.

That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current period.

	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Interest Earnings</b>			
- Reserve Funds	1,413,167	900,000	1,130,739
- Restricted Funds	101,722	650,000	651,630
- Other Funds	311,247	283,760	213,287
- Other Interest Revenue (refer note 21(e))	510,160	450,000	457,900
	<b>2,336,296</b>	<b>2,283,760</b>	<b>2,453,556</b>
<b>Operating Grants</b>			
Financial Assistance Grants - Untied	839,925	364,790	378,410
Financial Assistance Grants - Roads	1,477,283	670,544	791,516
	<b>2,317,208</b>	<b>1,035,334</b>	<b>1,169,926</b>

Note: The above Operating Grants (in excess of budget) were paid as an advance payment on income that normally would have been received in the 2019/20 financial year.

City of Busselton

Financial Report

For the Year Ended 30<sup>th</sup> June 2019

Notes to and Forming Part of the Financial Report

	2019 Actual \$	2018 Actual \$
2. Revenue and Expenses (Continued)		
(b) Expenses		
<b>Significant Expenses</b>		
Repayment of Royalties for Regions Project Grant relating to the Busselton-Margaret River Airport Development.	0	1,400,000
	<u>0</u>	<u>1,400,000</u>
<b>Auditors Remuneration</b>		
- Audit of Financial Report	18,900	23,300
- Other Services	1,460	5,183
	<u>20,360</u>	<u>28,483</u>
<b>Interest Expenses (Finance Costs)</b>		
Overdraft Interest	0	0
Long Term Borrowings (refer Note 12(a))	1,333,095	1,250,420
	<u>1,333,095</u>	<u>1,250,420</u>

## City of Busselton

### Financial Report

For the Year Ended 30<sup>th</sup> June 2019

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

	Note	2019 Actual \$	2018 Actual \$
<b>3. Cash and Cash Equivalents</b>			
Unrestricted		3,204,485	4,885,287
Restricted		67,067,833	67,528,051
		70,272,318	72,413,338

The following restrictions have been imposed by regulations or other externally imposed requirements:

100 Airport Infrastructure Renewal Reserve		1,821,554	1,325,502
136 Airport Marketing and Incentive Reserve		3,396,151	1,583,014
143 Airport Noise Mitigation Reserve		890,710	0
148 Airport Existing Terminal Building Reserve		39,882	0
106 Building Asset Renewal Reserve		1,725,056	1,193,934
404 Barnard Park Sports Pavilion Building Reserve		10,666	0
405 Railway House Building Reserve		16,761	0
406 Youth and Community Activities Building Reserve		45,712	0
407 Busselton Library Building Reserve		85,071	0
131 Busselton Community Resource Centre Reserve		190,876	156,654
408 Busselton Jetty Tourist Park Reserve		159,726	0
409 Geographe Leisure Centre Building Reserve		381,186	0
331 Joint Venture Aged Housing Reserve		1,085,871	997,855
403 Winderup Aged Housing Resident Funded		212,501	186,718
410 Naturaliste Community Centre Building Reserve		63,746	0
411 Civic and Administration Building Reserve		187,928	0
412 Vasse Sports Pavilion Building Reserve		0	0
110 Jetty Maintenance Reserve		4,806,278	4,193,450
150 Jetty Self Insurance Reserve		365,698	0
222 Asset Depreciation Reserve		0	563,412
223 Road Assets Renewal Reserve		1,119,116	1,299,765
224 Footpath/ Cycle Ways Reserve		3,671	0
115 Plant Replacement Reserve		1,205,527	2,185,396
137 Major Traffic Improvements Reserve		1,495,578	432,138
132 CBD Enhancement Reserve		171,317	122,491
127 New Infrastructure Development Reserve		1,803,172	1,834,715
141 Commonage Precinct Infrastructure Road Reserve		231,224	225,575
114 City Car Parking and Access Reserve		1,281,337	875,926
107 Corporate IT Systems Reserve		80,398	78,624
133 Election, Valuation and Other Corporate Expenses Reserve		499,906	149,558
111 Legal Expenses Reserves		577,256	557,904
135 Performing Arts and Convention Centre Reserve		0	0
202 Long Service Leave Reserve		3,096,583	3,111,698
203 Professional Development Reserve		122,772	113,025
204 Sick Pay Incentive Reserve		150,403	175,936
124 Workers Compensation and Extended Sick Leave Contingency Reserve		305,100	356,227



## City of Busselton

### Financial Report

For the Year Ended 30<sup>th</sup> June 2019

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

3. Cash and Cash Equivalents (Continued)	Note	2019 Actual \$	2018 Actual \$
302 Community Facilities - City District		2,552,707	2,303,096
304 Community Facilities - Broadwater		158,524	138,049
303 Community Facilities - Busselton		44,012	34,547
305 Community Facilities – Dunsborough		188,063	166,327
311 Community Facilities - Dunsborough Lakes Estate		922,773	525,106
306 Community Facilities - Geographe		99,176	95,061
310 Community Facilities - Port Geographe		343,510	335,117
309 Community Facilities - Vasse		615,586	589,761
308 Community Facilities - Airport North		2,970,179	2,826,296
130 Locke Estate Reserve		1,013	0
122 Port Geographe Development Reserve		682,471	1,455,441
123 Port Geographe Waterways Management Reserve		3,349,717	3,387,485
126 Provence Landscape Maintenance Reserve		1,194,759	1,101,707
128 Vasse Newtown Landscape Maintenance Reserve		575,151	535,722
138 Commonage Precinct Bushfire Facilities Reserve		57,261	55,862
139 Commonage Community Facilities Dunsborough Lakes South Reserve		72,622	70,848
140 Commonage Community Facilities South Biddle Precinct Reserve		886,172	1,030,368
321 Busselton Area Drainage and Waterways Improvement Reserve		546,471	548,821
102 Coastal and Climate Adaptation Reserve		2,845,579	2,472,425
144 Emergency Disaster Recovery Reserve		72,782	50,000
145 Energy Sustainability Reserve		181,853	100,000
146 Cemetery Reserve		157,626	100,000
341 Public Art Reserve		86,198	229,685
121 Waste Management Facility and Plant Reserve		7,867,207	7,881,065
120 Strategic Projects Reserve		257,163	226,213
129 Untied Grants Reserve		1,232,906	0
134 Civic and Administration Centre Construction Reserve		0	0
ACI Accrued Interest (Reserves and Restricted)		(202,018)	(177,117)
RA Cash set aside in Lieu of Parking		275,602	275,602
RA Cash set aside for Roadwork within specific areas, being funds given as a condition of subdivision/development		1,526,962	2,034,699
RA Cash set aside, being unspent specific purpose Government Grants		5,699,606	10,518,573
RA Cash set aside, being Unspent Loan Funds		792,612	2,686,903
RA Cash set aside for Sundry Restricted		441,345	392,310
RA Cash set aside for Deposits & Bonds		2,943,510	3,818,562
		67,067,833	67,528,051

#### 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 maturities of up to 12 months that are readily convertible to known amounts of cash and which are subject to an

##### Cash and cash equivalents (Continued)

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.



City of Busselton

Financial Report

For the Year Ended 30<sup>th</sup> June 2019

Notes to and Forming Part of the Financial Report

4. Reserves – Cash Backed

	2018/19 Actual			2018/19 Budget			2017/18 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	1,325,502	577,682	(81,630)	1,821,554	1,325,502	561,314	(231,630)	1,655,186	1,428,768	489,364	(592,630)	1,325,502
Airport Marketing and Incentive Reserve	1,583,014	1,813,137	0	3,396,151	1,583,014	1,737,945	(1,590,287)	1,730,672	912,986	670,028	0	1,583,014
Airport Noise Mitigation Reserve	0	890,710	0	890,710	0	869,550	(869,550)	0	0	0	0	0
Airport Existing Terminal Building Reserve	0	39,882	0	39,882	0	39,000	0	39,000	0	0	0	0
Building Asset Renewal Reserve	1,193,934	923,435	(392,313)	1,725,056	1,193,934	890,864	(661,918)	1,422,880	1,159,784	56,825	(22,675)	1,193,934
Barnard Park Sports Pavilion Building Reserve	0	10,666	0	10,666	0	10,500	0	10,500	0	0	0	0
Railway House Building Reserve	0	16,761	0	16,761	0	16,500	0	16,500	0	0	0	0
Youth and Community Activities Building Reserve	0	45,712	0	45,712	0	45,000	0	45,000	0	0	0	0
Busselton Library Building Reserve	0	85,071	0	85,071	0	83,580	(11,000)	72,580	0	0	0	0
Busselton Community Resource Centre Reserve	156,654	34,222	0	190,876	156,654	32,373	0	189,027	123,722	32,932	0	156,654
Busselton Jetty Tourist Park Reserve	0	221,727	(62,001)	159,726	0	218,272	(214,400)	3,872	0	0	0	0
Geographic Leisure Centre Building Reserve	0	484,644	(103,458)	381,186	0	476,640	(290,000)	186,640	0	0	0	0
Joint Venture Aged Housing Reserve	997,855	210,702	(122,686)	1,085,871	997,855	195,520	(121,500)	1,071,875	874,987	147,868	(25,000)	997,855

**City of Busselton**  
**Financial Report**

**For the Year Ended 30<sup>th</sup> June 2019**

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

**4. Reserves – Cash Backed (Continued)**

	2018/19 Actual			2018/19 Budget			2017/18 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 \$
Winderlup Aged Housing Resident Funded	186,718	67,806	(42,023)	212,501	186,718	3,504	(66,200)	124,022	175,335	11,383	0	186,718
Naturaliste Community Centre Building Reserve	0	161,226	(97,480)	63,746	0	159,078	(100,000)	59,078	0	0	0	0
Civic and Administration Building Reserve	0	187,928	0	187,928	0	185,000	0	185,000	0	0	0	0
Vasse Sports Pavilion Building Reserve	0	0	0	0	0	0	0	0	0	0	0	0
Jetty Maintenance Reserve	4,193,450	1,357,284	(744,456)	4,806,278	4,193,450	1,327,704	(1,552,610)	3,968,544	3,158,775	1,283,470	(248,795)	4,193,450
Jetty Self Insurance Reserve	0	365,698	0	365,698	0	360,000	0	360,000	0	0	0	0
Asset Depreciation Reserve	563,412	14,030	(577,442)	0	563,412	10,572	(573,984)	0	570,623	13,499	(20,710)	563,412
Road Assets Renewal Reserve	1,299,765	2,600,211	(2,780,860)	1,119,116	1,299,765	2,575,340	(3,875,096)	9	505,707	2,234,190	(1,440,132)	1,299,765
Footpath/ Cycle Ways Reserve	0	235,577	(231,906)	3,671	0	231,906	(231,906)	0	0	0	0	0
Plant Replacement Reserve	2,185,396	1,177,175	(2,157,044)	1,205,527	2,185,396	886,580	(2,179,650)	892,326	2,325,778	808,669	(949,051)	2,185,396
Major Traffic Improvements Reserve	432,138	1,241,862	(178,422)	1,495,578	432,138	1,219,222	(1,650,000)	1,360	0	509,105	(76,967)	432,138
CBD Enhancement Reserve	122,491	48,826	0	171,317	122,491	47,292	(120,000)	49,783	84,898	37,593	0	122,491
New Infrastructure Development Reserve	1,834,715	462,042	(493,585)	1,803,172	1,834,715	445,357	(1,470,740)	809,332	2,033,639	704,113	(903,037)	1,834,715



**City of Busselton**  
**Financial Report**

**For the Year Ended 30<sup>th</sup> June 2019**

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

**4. Reserves – Cash Backed (Continued)**

	2018/19 Actual			Closing Balance \$
	Opening Balance \$	Transfers To \$	Transfers From \$	
Commonage Precinct Infrastructure Road Reserve	225,575	5,649	0	231,224
City Car Parking and Access Reserve	875,926	568,274	(162,863)	1,281,337
Corporate IT Systems Reserve	78,624	1,774	0	80,398
Election, Valuation and Other Corporate Expenses Reserve	149,558	359,348	(9,000)	499,906
Legal Expenses Reserves	557,904	76,399	(57,047)	577,256
Performing Arts and Convention Centre Reserve	0	0	0	0
Long Service Leave Reserve	3,111,698	478,139	(493,254)	3,096,583
Professional Development Reserve	113,025	73,777	(64,030)	122,772
Sick Pay Incentive Reserve	175,935	5,088	(30,620)	150,403
Workers Compensation & Extended Sick Leave Contingency Reserve	356,227	8,873	(60,000)	305,100
Community Facilities - City District	2,303,096	366,946	(117,335)	2,552,707
Community Facilities - Broadwater	138,049	20,475	0	158,524
Community Facilities - Busselton	34,547	9,465	0	44,012

	2018/19 Budget			Closing Balance \$
	Opening Balance \$	Transfers To \$	Transfers From \$	
	225,575	4,236	0	229,811
	875,926	554,452	(1,312,249)	118,129
	78,624	1,476	0	80,100
	149,558	353,757	(10,300)	493,015
	557,904	10,464	(30,000)	538,368
	0	0	0	0
	3,111,698	308,368	(606,308)	2,813,758
	113,025	72,124	(70,000)	115,149
	175,935	3,300	(70,000)	109,235
	356,227	6,684	(60,000)	302,911
	2,303,096	637,080	(643,415)	2,296,761
	138,049	31,612	0	169,661
	34,547	51,208	(20,000)	65,755

	2017/18 Actual			Closing Balance \$
	Opening Balance \$	Transfers To \$	Transfers From \$	
	0	225,575	0	225,575
	623,502	459,270	(206,846)	875,926
	125,981	2,966	(50,323)	78,624
	331,553	187,425	(369,420)	149,558
	544,832	13,072	0	557,904
	0	0	0	0
	2,763,368	732,876	(384,546)	3,111,698
	95,329	78,024	(60,328)	113,025
	146,380	83,491	(53,935)	175,936
	322,008	59,219	(25,000)	356,227
	2,103,563	430,904	(231,371)	2,303,096
	108,040	30,009	0	138,049
	93,423	22,194	(81,070)	34,547

**City of Busseton**  
**Financial Report**

**For the Year Ended 30<sup>th</sup> June 2019**

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

**4. Reserves – Cash Backed (Continued)**

	2018/19 Actual			2018/19 Budget			2017/18 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 \$
Community Facilities – Dunsborough	166,327	21,736	0	188,063	166,327	81,720	0	248,047	147,095	19,232	0	166,327
Community Facilities - Dunsborough Lakes Estate	525,106	397,667	0	922,773	525,106	497,632	0	1,022,738	153,793	371,313	0	525,106
Community Facilities - Geopraphe	95,061	4,115	0	99,176	95,061	7,958	0	103,019	55,970	39,091	0	95,061
Community Facilities - Port Geopraphe	335,117	8,393	0	343,510	335,117	6,288	0	341,405	327,265	7,852	0	335,117
Community Facilities - Vasse	589,761	25,825	0	615,586	589,761	466,524	0	1,056,285	901,072	24,209	(335,520)	589,761
Community Facilities - Airport North	2,826,296	143,883	0	2,970,179	2,826,296	265,096	0	3,091,392	2,760,074	66,222	0	2,826,296
Locke Estate Reserve	0	65,013	(64,000)	1,013	0	64,000	(64,000)	0	129,971	66,963	(196,934)	0
Port Geopraphe Development Reserve	1,455,441	80,841	(853,811)	682,471	1,455,441	77,300	(999,781)	532,960	1,534,671	35,864	(115,094)	1,455,441
Port Geopraphe Waterways Management Reserve	3,387,485	281,357	(319,125)	3,349,717	3,387,485	251,113	(337,800)	3,300,798	3,422,821	264,664	(300,000)	3,387,485
Provence Landscape Maintenance Reserve	1,101,707	198,524	(105,472)	1,194,759	1,101,707	187,442	(162,645)	1,126,504	1,001,808	190,128	(90,229)	1,101,707
Vasse Newtown Landscape Maintenance Reserve	535,722	188,692	(149,263)	575,151	535,722	180,434	(174,860)	541,296	485,466	182,106	(131,850)	535,722
Commonage Precinct Bushfire Facilities Reserve	55,862	1,399	0	57,261	55,862	1,044	0	56,906	0	55,862	0	55,862
Commonage Community Facilities Dunsborough Lakes South Reserve	70,848	1,774	0	72,622	70,848	1,332	0	72,180	0	70,848	0	70,848



**City of Busselton  
Financial Report**

**For the Year Ended 30<sup>th</sup> June 2019**

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

**4. Reserves – Cash Backed (Continued)**

	2018/19 Actual			Closing Balance \$
	Opening Balance \$	Transfers To \$	Transfers From \$	
Commonage Community Facilities South Biddle Precinct Reserve	1,030,368	25,804	(170,000)	886,172
Busselton Area Drainage and Waterways Improvement Reserve	548,821	13,451	(15,801)	546,471
Coastal and Climate Adaptation Reserve	2,472,424	597,693	(224,538)	2,845,579
Emergency Disaster Recovery Reserve	50,000	22,782	0	72,782
Energy Sustainability Reserve	100,000	104,475	(22,622)	181,853
Cemetery Reserve	100,000	81,420	(23,794)	157,626
Public Art Reserve	229,685	5,698	(149,185)	86,198
Waste Management Facility and Plant Reserve	7,881,065	1,513,471	(1,527,326)	7,867,210
Strategic Projects Reserve	226,213	30,950	0	257,163
Untied Grants Reserve	0	1,232,906	0	1,232,906
Civic and Administration Centre Construction Reserve	0	0	0	0
	<b>47,978,517</b>	<b>20,296,092</b>	<b>(12,684,392)</b>	<b>55,590,217</b>

	2018/19 Budget			Closing Balance \$
	Opening Balance \$	Transfers To \$	Transfers From \$	
	1,030,368	19,332	(200,000)	849,700
	548,821	10,296	(169,317)	389,800
	2,472,424	574,112	(1,091,290)	1,955,246
	50,000	20,936	0	70,936
	100,000	101,872	(120,000)	81,872
	100,000	78,072	(120,000)	58,072
	229,685	104,308	(143,000)	190,993
	7,881,065	1,579,702	(4,140,590)	5,320,177
	226,213	29,236	0	255,449
	0	0	0	0
	0	0	0	0
	<b>47,978,517</b>	<b>19,269,123</b>	<b>(26,356,026)</b>	<b>40,891,614</b>

	2017/18 Actual			Closing Balance \$
	Opening Balance \$	Transfers To \$	Transfers From \$	
	0	1,030,368	0	1,030,368
	609,789	14,631	(75,599)	548,821
	1,900,993	700,756	(129,324)	2,472,425
	0	50,000	0	50,000
	0	100,000	0	100,000
	0	100,000	0	100,000
	94,836	148,849	(14,000)	229,685
	7,578,592	2,208,862	(1,906,389)	7,881,065
	230,337	30,792	(34,916)	226,213
	1,146,659	0	(1,146,659)	0
	444,863	0	(444,863)	0
	<b>43,539,056</b>	<b>15,102,674</b>	<b>(10,669,213)</b>	<b>47,978,517</b>

## City of Busselton

### Financial Report

For the Year Ended 30<sup>th</sup> June 2019

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

#### 4. Reserves – Cash Backed (continued)

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

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

##### Airport 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 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.

##### Busselton Jetty Tourist Park Reserve

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

## City of Busselton

### Financial Report

For the Year Ended 30<sup>th</sup> June 2019

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

#### 4. Reserves – Cash Backed (Continued)

##### 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

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.

##### Asset Depreciation Reserve

To assist the City in funding capital expenditure on renewal, replacement and improvements of infrastructure assets as determined by Council, and as specifically identified in relevant Asset Management Plans.

(Note: This Reserve is being redistributed to the Building Reserves and therefore will be closed as per 2018/19 budget.)

##### 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.



## City of Busselton

### Financial Report

For the Year Ended 30<sup>th</sup> June 2019

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

#### 4. Reserves – Cash Backed (Continued)

##### 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.

##### 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.

##### 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.



# City of Busselton

## Financial Report

For the Year Ended 30<sup>th</sup> June 2019

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

#### 4. Reserves – Cash Backed (Continued)

##### 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

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.

##### 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.

# City of Busselton

## Financial Report

For the Year Ended 30<sup>th</sup> June 2019

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

#### 4. Reserves – Cash Backed (Continued)

##### 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.

##### 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

**City of Busselton**

**Financial Report**

**For the Year Ended 30<sup>th</sup> June 2019**

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

**4. Reserves – Cash Backed (Continued)**

**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.

**Untied Grants Reserve**

To hold untied Government and third party grants monies received in advance.

**Civic and Administration Centre Construction Reserve**

To provide funding for the construction and fit-out of a Civic and Administration Centre, plus associated costs.



## City of Busselton

### Financial Report

For the Year Ended 30<sup>th</sup> June 2019

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

	2019 Actual \$	2018 Actual \$
<b>5. Trade and Other Receivables</b>		
<b>Current</b>		
Rates Outstanding	1,902,973	1,709,394
Rates Outstanding – Pensioners	1,619	112,940
Sundry Debtors	1,763,604	2,313,289
GST Receivable	514,881	767,576
Loans – Clubs / Institutions	69,803	73,002
	<u>4,252,880</u>	<u>4,976,201</u>
<b>Non-Current</b>		
Rates Outstanding – Pensioners	317,461	275,514
Sundry Debtors	80,000	5,000
Loans – Clubs / Institutions	283,072	352,875
	<u>680,533</u>	<u>633,389</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.

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.

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

##### Classification and subsequent measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.



**City of Busselton**

**Financial Report**

**For the Year Ended 30<sup>th</sup> June 2019**

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

	2019 Actual \$	2018 Actual \$
<b>6. Inventories</b>		
<b>Current</b>		
Materials	24,981	23,672
	<u>24,981</u>	<u>23,672</u>

**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.

City of Busselton

Financial Report

For the Year Ended 30<sup>th</sup> June 2019

Notes to and Forming Part of the Financial Report

	2019 Actual \$	2018 Actual \$
<b>7 (a). Property, Plant and Equipment</b>		
<b><u>Land &amp; Buildings</u></b>		
Freehold Land – Fair Value	52,992,291	52,772,291
	<hr/> 52,992,291	<hr/> 52,772,291
Buildings – Fair Value	79,026,755	75,220,950
Less Accumulated Depreciation	(6,195,130)	(3,039,620)
	<hr/> 72,831,625	<hr/> 72,181,330
<b>Total Land and Buildings</b>	<hr/> <b>125,823,916</b>	<hr/> <b>124,953,621</b>
Furniture and Fittings – Fair Value	3,084,411	4,588,187
Less Accumulated Depreciation	0	(1,258,524)
	<hr/> 3,084,411	<hr/> 3,329,663
Plant and Equipment – Fair Value	15,425,356	17,948,506
Less Accumulated Depreciation	0	(3,924,258)
	<hr/> 15,425,356	<hr/> 14,024,248
<b>Total Property, Plant and Equipment</b>	<hr/> <b>144,333,683</b>	<hr/> <b>142,307,532</b>

**City of Busselton  
Financial Report**

**For the Year Ended 30<sup>th</sup> June 2019**

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

7. Property, Plant and Equipment (Continued)  
(b) Movements in Carrying Amounts

The following represents the movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land (Level 2)	Buildings Non- Specialised (Level 2)	Buildings Specialised (Level 3)	Furniture and Fittings (Level 3)	Plant and Equipment (Level 3)	Total
Balance as at 1 July 2018	52,772,291	46,814,835	25,366,495	3,329,663	14,024,248	142,307,532
Additions	220,000	484,283	3,336,522	507,106	3,759,179	8,307,090
(Disposals)	0	0	(12,295)	(8,994)	(841,420)	(862,709)
Revaluation - Increments - (Decrements)	0	0	0	351,368	703,836	1,055,204
Impairment - (Losses) - Reversals	0	0	0	0	0	0
Depreciation - (Expense)	0	(1,954,815)	(1,203,400)	(664,349)	(1,984,037)	(5,806,601)
Donated Assets	0	0	0	42,000	476,452	518,452
Asset Accounting Change - Regulations	0	0	0	(472,383)	(712,902)	(1,185,285)
Other Movements	0	0	0	0	0	0
<b>Balance as at 30 June 2019</b>	<b>52,992,291</b>	<b>45,344,303</b>	<b>27,487,322</b>	<b>3,084,411</b>	<b>15,425,356</b>	<b>144,333,683</b>

**City of Busselton  
Financial Report**

**For the Year Ended 30<sup>th</sup> June 2019**

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

**7. Property, Plant and Equipment (Continued)**

**(c) Fair Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of last Valuation	Inputs Used
<u>Land &amp; Buildings</u> 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
<u>Furniture &amp; Equipment</u> Furniture & Equipment	3	Cost approach using depreciated replacement cost.	Management valuation.	June 2019	Construction cost (level 2) and current condition (level 3), residual values and remaining useful life assessment (level 3) inputs.
<u>Plant &amp; Equipment</u> Plant & Equipment	3	Cost approach using depreciated replacement cost.	Management valuation.	June 2019	Purchased cost (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 by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.



City of Busselton

Financial Report

For the Year Ended 30<sup>th</sup> June 2019

Notes to and Forming Part of the Financial Report

	2019 Actual \$	2018 Actual \$
<b>8 (a). Infrastructure</b>		
Roads – Fair Value	299,491,560	290,497,518
Less Accumulated Depreciation	(5,798,888)	0
	<u>293,692,672</u>	<u>290,497,518</u>
Bridges – Fair Value	37,824,541	37,824,541
Less Accumulated Depreciation	(733,154)	0
	<u>37,091,387</u>	<u>37,824,541</u>
Car Parks – Fair Value	9,304,650	8,588,584
Less Accumulated Depreciation	(318,660)	0
	<u>8,985,990</u>	<u>8,588,584</u>
Stormwater Drainage – Fair Value	58,067,718	55,513,855
Less Accumulated Depreciation	(792,844)	0
	<u>57,274,874</u>	<u>55,513,855</u>
Other Infrastructure – Fair Value	176,272,067	160,806,470
Less Accumulated Depreciation	(8,600,998)	0
	<u>167,671,069</u>	<u>160,806,470</u>
	<u>564,715,992</u>	<u>553,230,968</u>

City of Busselton

Financial Report

For the Year Ended 30<sup>th</sup> June 2019

Notes to and Forming Part of the Financial Report

8. Infrastructure (Continued)

(b) Movements in Carrying Amounts

Movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year

	Roads \$	Bridges \$	Car Parks \$	Drainage \$	Other \$	Total \$
Balance as at 1 July 2018	290,497,518	37,824,541	8,588,584	55,513,855	160,806,470	553,230,968
Additions	5,629,217	0	716,066	596,963	13,347,945	20,290,191
(Disposals)	0	0	0	0	0	0
Revaluation – Increments/ Decrements (transferred to Revaluations)	0	0	0	0	0	0
Revaluation – Increments/ Decrements (transferred to Profit or Loss)	0	0	0	0	0	0
Impairment – (Losses) – Reversals	0	0	0	0	0	0
Depreciation - (Expense)	(5,798,888)	(733,154)	(318,660)	(792,844)	(8,601,009)	(16,244,555)
Donated Assets	3,364,825	0	0	1,956,900	2,117,663	7,439,388
Other Movements	0	0	0	0	0	0
<b>Balance as at 30 June 2019</b>	<b>293,692,672</b>	<b>37,091,387</b>	<b>8,985,990</b>	<b>57,274,874</b>	<b>167,671,069</b>	<b>564,715,992</b>

## City of Busselton

### Financial Report

For the Year Ended 30<sup>th</sup> June 2019

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

##### 8. Infrastructure (Continued)

##### (c) 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<sup>th</sup> June 2019

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

##### 9. 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 between mandatory revaluation dates

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework.

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 no cost or for nominal consideration, 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 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 fixed assets is determined at least every three years (but not more than 5 years) in accordance with the regulatory framework. 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 property, plant and equipment 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 control

In accordance with *Local Government (Financial Management) Regulation 16(a)(ii)*, the City was required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or Regional significance.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

###### Land under Roads

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

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

In respect of land under roads acquired on or after 1 July 2008, as detailed above, Local Government (Financial Management) Regulation 16(a) (i) prohibits local governments from recognising such land as an asset.

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

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

**City of Busselton**

**Financial Report**

**For the Year Ended 30<sup>th</sup> June 2019**

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

**9. Fixed Assets (Continued)**

**(a) Disposals of Assets – 2018/19 Financial Year**

The following assets were disposed of during the year:

**By Function/Activity:-**

	Net Book Value		Sale Price		Profit / (Loss)	
	Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$
General Purpose Funding	0	0	0	0	0	0
Governance	64,638	55,700	65,530	56,300	892	600
Law, Order, Public Safety	61,200	63,762	64,431	62,600	3,231	(1,162)
Health	18,800	18,800	20,625	19,200	1,825	400
Education and Welfare	0	0	0	0	0	0
Housing	56	0	0	0	( 56)	0
Community Amenities	139,500	156,500	146,859	157,100	7,359	600
Recreation and Culture	104,452	209,256	89,965	241,050	(14,487)	31,794
Transport	385,172	354,332	446,484	372,400	61,312	18,068
Economic Services	15,700	34,400	16,306	36,000	606	1,600
Other Property & Services	73,191	105,640	75,975	101,300	2,784	(4,340)
	<b>862,709</b>	<b>998,390</b>	<b>926,175</b>	<b>1,045,950</b>	<b>63,466</b>	<b>47,560</b>

**By Asset Class:-**

	Net Book Value		Sale Price		Profit / (Loss)	
	Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$
Land and Buildings	12,295	0	0	0	(12,295)	0
Plant and Equipment	841,420	998,390	919,777	1,045,950	78,357	47,560
Furniture and Fittings	8,994	0	6,398	0	(2,596)	0
Infrastructure	0	0	0	0	0	0
	<b>862,709</b>	<b>998,390</b>	<b>926,175</b>	<b>1,045,950</b>	<b>63,466</b>	<b>47,560</b>

**(b) Depreciation**

Buildings	3,158,215	3,040,186
Furniture and Fittings	664,349	730,640
Plant and Equipment	1,984,037	2,082,745
Infrastructure - Roads	5,798,888	5,013,460
Infrastructure - Bridges	733,154	602,398
Infrastructure - Car Parks	318,660	308,939
Infrastructure - Stormwater Drainage	792,844	703,907
Infrastructure - Other Infrastructure	8,601,009	6,099,242
	<b>22,051,156</b>	<b>18,581,517</b>



# City of Busselton

## Financial Report

For the Year Ended 30<sup>th</sup> June 2019

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

#### 9. 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.

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:

- a) 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
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

##### Depreciation (Continued)

##### Depreciation rates

Major depreciation periods used for each class of depreciable asset are:

Buildings - General	40	Years
Buildings – Geographe Leisure Centre	10 - 20	Years
Furniture and Fittings – Basic Items	10	Years
Furniture and Fittings – EDP Network	3	Years
Heavy Plant and Equipment	3 – 10	Years
Light to Medium Vehicles	3 - 5	Years
Light Mobile Plant	2	Years
Tools	10	Years
<b>Infrastructure:</b>		
Roads	15 - 60	Years
Bridges	40 - 60	Years
Car Parks	20 - 40	Years
Footpaths & Cycle ways	20 - 40	Years
Parks, Gardens & Reserves & Community Facilities	5 - 50	Years
Storm water Drainage	25 - 90	Years
Regional Airport & Industrial Park	12 - 40	Years

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.



## City of Busselton

### Financial Report

For the Year Ended 30<sup>th</sup> June 2019

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

#### 10. Revaluation Surplus

Revaluations surpluses have arisen on revaluation of the following class of non-current assets:

	2019 Actual \$	2018 Actual \$
<b>Land and Buildings</b>		
Opening Balance	56,801,847	56,801,847
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>56,801,847</u>	<u>56,801,847</u>
<b>Furniture &amp; Fittings</b>		
Opening Balance	445,965	445,965
Revaluation Increment	351,368	0
Revaluation Decrement	0	0
	<u>797,333</u>	<u>445,965</u>
<b>Plant and Equipment</b>		
Opening Balance	136,902	136,902
Revaluation Increment	703,836	0
Revaluation Decrement	0	0
	<u>840,738</u>	<u>136,902</u>
<b>Roads</b>		
Opening Balance	122,047,036	102,035,756
Revaluation Increment	0	20,011,280
Revaluation Decrement	0	0
	<u>122,047,036</u>	<u>122,047,036</u>
<b>Bridges</b>		
Opening Balance	24,939,518	19,677,168
Revaluation Increment	0	5,262,350
Revaluation Decrement	0	0
	<u>24,939,518</u>	<u>24,939,518</u>
<b>Car Parks</b>		
Opening Balance	5,314,676	5,863,855
Revaluation Increment	0	0
Revaluation Decrement	0	(549,179)
	<u>5,314,676</u>	<u>5,314,676</u>
<b>Drainage</b>		
Opening Balance	14,102,455	9,978,811
Revaluation Increment	0	4,123,644
Revaluation Decrement	0	0
	<u>14,102,455</u>	<u>14,102,455</u>
<b>Other Infrastructure</b>		
Opening Balance	11,352,697	8,274,981
Revaluation Increment	0	3,077,716
Revaluation Decrement	0	0
	<u>11,352,697</u>	<u>11,352,697</u>
<b>All Asset Classes</b>		
Opening Balance	235,141,096	203,215,285
Revaluation Increment	1,055,204	32,474,990
Revaluation Decrement	0	(549,179)
Total Assets Revaluation Surplus	<u>236,196,300</u>	<u>235,141,096</u>

Movements on revaluation of fixed assets are not able to be reliably attributed to programs as the assets were revalued by class as provided for by AASB 116 Aus. 40.1.

# City of Busselton

## Financial Report

For the Year Ended 30<sup>th</sup> June 2019

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

	2019 Actual \$	2018 Actual \$
<b>11. Trade and Other Payables</b>		
<b>Current</b>		
Sundry Creditors	4,306,953	3,619,586
Deposits and Bonds	2,943,510	3,818,562
Accrued Expenses	885,575	2,504,165
	<u>8,136,038</u>	<u>9,942,313</u>

#### 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

##### Trade and other payables (Continued)

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.

**City of Busselton**  
**Financial Report**

**For the Year Ended 30<sup>th</sup> June 2019**

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

**12. Information on Borrowings**

(a) Particulars	Borrowing Institution	Int. %	Maturity Date	Principal		New Loans		Principal Repayment		Principal		Interest Repayment	
				1 July 2018	2018/19 Budget	2018/19 Budget	2018/19 Actual	2018/19 Budget	2018/19 Actual	2018/19 Budget	2018/19 Actual		
<b>Administration</b>													
Loan #207 Civic and Administration Centre Recreation & Culture	WATC	4.51	06/34	15,496,496	0	0	677,320	677,320	14,819,176	14,819,175	687,544	687,461	
Loan #192 Busselton Tennis Club	WATC	5.74	12/19	10,719	0	0	7,044	7,044	3,675	3,675	465	464	
Loan #196 Dunsborough Bay Yacht Club	WATC	6.16	12/19	4,777	0	0	3,136	3,136	1,641	1,642	223	222	
Loan #197 Dunsborough Oval	WATC	6.05	03/20	349,939	0	0	195,453	195,453	154,487	154,487	16,792	16,760	
Loan #198 Jetty Construction	WATC	6.05	03/20	459,296	0	0	256,532	256,532	202,764	202,765	22,040	21,998	
Loan #199 Busselton Bowling Club	WATC	5.98	12/20	47,671	0	0	18,224	18,224	29,447	29,447	2,447	2,444	
Loan #200 Dunsborough Bay Yacht Club	WATC	6.00	12/19	3,069	0	0	2,016	2,015	1,053	1,054	139	139	
Loan #202 Geothermal Heating GLC	WATC	3.98	06/23	293,414	0	0	54,129	54,129	239,286	239,286	10,877	10,871	
Loan #204 Busselton Foreshore	WATC	4.36	06/29	876,164	0	0	63,526	63,526	812,639	812,639	37,172	37,164	
Loan #205 GLC Extensions	WATC	3.92	06/24	778,087	0	0	117,371	117,371	660,716	660,716	28,790	28,777	
Loan #208 Busselton Football & Sportsman's Club	WATC	2.93	04/25	21,392	0	0	2,795	2,795	18,596	18,596	596	596	
Loan #209 Busselton Foreshore	WATC	3.56	06/27	5,148,146	0	0	494,335	494,335	4,653,810	4,653,810	176,723	176,675	
Loan #211 Busselton Foreshore	WATC	2.55	10/24	2,482,962	0	0	355,808	355,808	2,127,154	2,127,153	59,931	58,403	
Loan #212 Dunsborough and Districts Country	WATC	3.04	05/27	104,085	0	0	10,219	10,219	93,866	93,865	3,087	3,036	
Loan #213 Geographie Bay Yacht Club	WATC	3.04	09/27	91,302	0	0	8,964	8,964	82,338	82,338	2,708	2,664	
Loan #214 Dunsborough & Districts Country Club	WATC	3.19	09/27	105,287	0	0	9,652	9,652	95,635	95,635	3,282	3,203	
Loan #215 Busselton Foreshore Jetty Precinct	WATC	3.25	04/28	2,500,000	0	0	215,315	215,315	2,284,685	2,284,685	79,515	78,272	
Loan #216 Tennis Club Facilities	WATC	3.25	04/28	2,750,000	0	0	236,847	236,847	2,513,153	2,513,153	87,466	86,099	
Loan #217 Lot 10 Commonage Road	WATC	3.25	04/28	1,600,000	0	0	137,802	137,802	1,462,198	1,462,198	50,889	50,094	
Loan #218 Busselton Tennis Club	WATC	2.21	06/29	0	1,500,000	1,250,000	31,081	31,081	1,468,919	1,250,000	14,063	4,022	
Loan #new Community Groups	Unknown	n/a	n/a	0	150,000	0	6,251	0	143,749	0	2,813	0	
<b>Transport</b>													
Loan #203 Land Acquisition for Parking	WATC	4.19	09/21	490,589	0	0	143,936	143,936	346,652	346,653	18,314	18,297	
Loan #206 Airport Jet A1 Installation	WATC	3.92	06/24	226,943	0	0	34,233	34,233	192,709	192,709	8,397	8,393	
Loan #219 Air Freight Hub Stage 1	WATC	2.21	06/29	0	1,500,000	1,480,000	62,453	0	1,437,547	1,480,000	27,834	4,761	
<b>Economic Services</b>													
Loan #201 Geographie Bay Tourism Association	WATC	4.76	09/21	37,575	0	0	10,953	10,953	26,623	26,623	1,595	1,595	
<b>Other Property and Services</b>													
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	
<b>Total - Council and Self-supporting Loans</b>				<b>34,727,913</b>	<b>3,150,000</b>	<b>2,730,000</b>	<b>3,155,395</b>	<b>3,055,609</b>	<b>34,722,518</b>	<b>34,402,304</b>	<b>1,374,387</b>	<b>1,333,095</b>	

C Council loans are financed by general purpose revenue.  
S Self-Supporting Loans are financed by payments from third parties.

C	34,302,036	3,000,000	2,730,000	3,076,141	2,982,607	34,049,429	1,357,031	1,318,733
S	425,877	150,000	0	79,254	73,002	352,875	17,356	14,362
	<b>34,727,913</b>	<b>3,150,000</b>	<b>2,730,000</b>	<b>3,155,395</b>	<b>3,055,609</b>	<b>34,402,304</b>	<b>1,374,387</b>	<b>1,333,095</b>



City of Busselton

Financial Report

For the Year Ended 30<sup>th</sup> June 2019

Notes to and Forming Part of the Financial Report

12. Information on Borrowings (continued)

(b) New Borrowings – 2018/19

Particulars / Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate %	Amount Used		Balance Unspent
	Actual \$	Budget \$						Actual \$	Budget \$	
Loan #218 Busselton Tennis Club	1,250,000	1,500,000	WATC	Debenture	10	1,401,030	2.21%	1,250,000	1,500,000	0
Loan #219 Air Freight Hub Stage 1	1,480,000	1,500,000	WATC	Debenture	10	1,658,819	2.21%	1,480,000	1,500,000	0
	<b>2,730,000</b>	<b>3,000,000</b>				<b>3,059,849</b>		<b>2,730,000</b>	<b>3,000,000</b>	<b>0</b>

(c) Unspent Borrowings

Particulars / Purpose	Date Borrowed	Balance 01-July-18 \$	Borrowed During Year \$	Expended During Year \$	Balance 30-June-19 \$
Loan #206 Airport Jet A1 Installation	27 <sup>th</sup> May 2014	4,013	0	5	4,008
Loan #215 Busselton Foreshore Jetty Precinct	27 <sup>th</sup> April 2018	499,996	0	499,996	0
Loan #216 Tennis Club Facilities	27 <sup>th</sup> April 2018	2,182,894	0	1,394,290	788,604
		<b>2,686,903</b>	<b>0</b>	<b>1,894,291</b>	<b>792,612</b>

**City of Busselton**

**Financial Report**

**For the Year Ended 30<sup>th</sup> June 2019**

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

	2019 Actual \$	2018 Actual \$
<b>12. Information on Borrowings (continued)</b>		
<b>(d) Undrawn Borrowing Facilities</b>		
<b>Credit Standby Arrangements</b>		
Electronic Payaway Facility	650,000	650,000
Electronic Payaway Facility at Balance Date	0	0
Credit card limit	50,000	50,000
Credit card balance at balance date	0	0
<b>Total amount of credit unused</b>	<b>700,000</b>	<b>700,000</b>
 <b>Loan facilities</b>		
Loan facilities - current	3,291,161	3,055,609
Loan facilities - non-current	31,111,143	31,672,304
<b>Total facilities in use at balance date</b>	<b>34,402,304</b>	<b>34,727,913</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 (Continued)**

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.

## City of Busselton

### Financial Report

For the Year Ended 30<sup>th</sup> June 2019

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

#### 13. Provisions

	Provision for Annual Leave	Provision for Long Service Leave	Provision for Sick Leave	Total
	\$	\$	\$	\$
<b>Opening balance at 1 July 2018</b>				
Current	1,957,702	2,358,371	175,935	4,492,008
Non-Current	0	753,327	0	753,327
	<u>1,957,702</u>	<u>3,111,698</u>	<u>175,935</u>	<u>5,245,335</u>
Additional Provisions	1,885,750	506,131	1,414	2,393,295
Amounts Used	(1,848,415)	(521,246)	(26,945)	(2,396,606)
<b>Balance 30 June 2019</b>	<u>1,995,037</u>	<u>3,096,583</u>	<u>150,404</u>	<u>5,242,024</u>
<b>Comprises</b>				
Current Provisions	1,995,037	2,468,740	150,404	4,614,181
Non-current Provisions	0	627,843	0	627,843
	<u>1,995,037</u>	<u>3,096,583</u>	<u>150,404</u>	<u>5,242,024</u>

#### SIGNIFICANT ACCOUNTING POLICIES

##### Employee benefits

##### 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

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

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<sup>th</sup> June 2019

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

#### 14. 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:

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Cash and Cash Equivalents	70,272,318	48,145,227	72,413,338
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net Result	11,775,277	24,570,544	22,282,366
Non-cash flows in Net result:			
Depreciation	22,051,156	19,070,922	18,581,517
(Profit) / Loss on Sale of Asset	(63,465)	(47,560)	625,890
Non-Cash Contributions	(7,957,839)	(8,365,000)	(8,935,865)
Changes in assets and Liabilities:			
(Increase) / Decrease in Receivables	(323,387)	266,122	633,524
(Increase) / Decrease in Inventories	(1,310)	671	786
Increase / (Decrease) in Payables	260,135	(49,554)	(542,432)
Increase / (Decrease) in Employee Provisions	(3,311)	0	398,310
Non-operating Grants and Contributions for the Development of Assets	(6,529,299)	(21,995,799)	(15,969,176)
<b>Net Cash from Operating Activities</b>	<b>19,207,957</b>	<b>13,450,346</b>	<b>17,074,920</b>

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

	2019 Actual \$	2018 Actual \$
General Purpose Funding	3,191,853	4,928,708
Governance	24,132,437	21,923,044
Law, Order & Public Safety	4,631,076	4,086,602
Health	127,113	128,295
Education and Welfare	600,992	634,904
Housing	16,677,900	17,388,693
Community Amenities	38,041,354	35,521,324
Recreation and Culture	133,903,902	133,394,242
Transport	508,125,504	504,000,047
Economic Services	2,856,771	2,815,829
Other Property and Services	7,377,583	5,494,461
Unallocated	44,613,902	43,268,951
	<b>784,280,387</b>	<b>773,585,100</b>

## City of Busselton

### Financial Report

For the Year Ended 30<sup>th</sup> June 2019

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

##### 16. Contingent Liabilities

###### 16.1 Resident funded aged persons homes

When the resident funded aged person's unit at the Winderlup Court becomes vacant, then Council has a contractual obligation to reimburse the occupant the contribution made at the outset (less annual depreciation and deductible expenses) and discretion to increase the amount based on market value of the capital cost for the unit involved.

###### 16.2 Buy Back Conditions contained in City Lease Agreements

On the 14 June 1999 the City entered into a lease agreement with the St John Ambulance Association of WA and this lease agreement expires on 30 June 2020. If a new lease is not entered into the City could be liable for the purchase of the building and improvements at market value (Clause 7).

###### 16.3 Busselton Waste Transfer Station Contamination Investigation

The City of Busselton operates the Rendezvous Road Waste Transfer Station from lots 500 and 27 Rendezvous Road, Busselton (Busselton Tip Site). During 2007 the Contaminated Sites Branch of the Department of Environment Regulation (DER) notified the City that Lot 500 had been entered on the Contaminated Sites Register and classified as "Possibly Contaminated-Investigation required" mainly because of the historical activities carried out on the Busselton Tip Site. Both these sites have since been reclassified by the (now) Department of Water and Environment Regulation (DWER) as "Contaminated – Remediation Required".

The Busselton Tip Site had been reported by residents who had advised that they abstracted the groundwater for drinking purposes who indicated that chloride and ammonia, above Australian Drinking Water Standards, had been detected in the groundwater in the vicinity of the Busselton Tip Site.

Potential contamination of groundwater in the vicinity of the Busselton Tip Site has since been investigated and subsequent test results indicated chemical concentrations above health and aesthetic screening criteria on certain properties in this area. In accordance with DWER requirements and directives further investigations into the source, nature and extent of the contamination is ongoing. Depending on the outcome of the investigation the City may incur a certain level of liability in respect of remedial action and/or claims for compensation. Due to complex scientific, operational and legal issues impacting on this matter, it is not reasonably possible to determine Council's potential liability (if any) at this stage.

###### 16.4 Aluminium Composite Panels

The Department of Mines, Industry Regulation and Safety (DMIRS) have been auditing public sector and local government agencies with buildings vested in their control regarding the risk associated with potentially combustible aluminium composite panels. As part of this investigation, the Department has identified buildings that require remediation to remove the hazard. Work is being undertaken to assess remediation costs, however the cost is not able to be reliably estimated at this point in time.

**City of Busselton**

**Financial Report**

**For the Year Ended 30<sup>th</sup> June 2019**

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

**17. Capital and Leasing Commitments**

	2019 Actual \$	2018 Actual \$
<b>(a) Capital Expenditure Commitments</b>		
Contracted for:		
<u>Capital projects</u>		
- Busselton Margaret River Regional Airport Airside Infrastructure	0	885,156
- Busselton Margaret River Regional Airport Landside Infrastructure	13,485,000	13,023,079
<u>Payable:</u>		
- not later than one year	13,485,000	13,908,235
- 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 work associated with the development of the Busselton Margaret River Regional Airport		
<b>(b) Operating Lease Commitments</b>		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	671,636	637,750
- later than one year but not later than five years	1,793,881	1,305,370
- later than five years	0	0
	2,465,517	1,943,120

**SIGNIFICANT ACCOUNTING POLICIES**

**Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the City, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower of the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

**Leases (Continued)**

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.



# City of Busselton

## Financial Report

For the Year Ended 30<sup>th</sup> June 2019

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

#### 18. . Related Party Transactions

	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Councillors Remuneration</b>			
The following fees, expenses and allowances were paid to council members and / or the mayor.			
Mayor & Deputy Allowance	99,169	99,169	79,964
Councillors Sitting Fees	278,279	278,273	240,344
Travelling Allowance - Councillors Meetings	9,676	18,500	14,001
Communication Allowance	31,500	36,100	31,481
Other Allowances	1,483	7,700	3,761
	<u>420,107</u>	<u>439,742</u>	<u>369,551</u>

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

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

	2019 Actual \$	2018 Actual \$
Short-term employee benefits	1,042,569	1,021,992
Post-employment benefits	122,808	121,684
Other long-term benefits	31,018	44,050
	<u>1,196,395</u>	<u>1,187,726</u>

#### **Short-term employee benefits**

These amounts include all salary, paid annual leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found above.

#### **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 and long service benefits accruing during the year.

## City of Busselton

### Financial Report

For the Year Ended 30<sup>th</sup> June 2019

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

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

###### 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 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.

###### *iii Joint venture entities accounted for under the equity method*

The interest in the joint venture entity (if any) is accounted for in these financial statements using the equity method of accounting. For details of interests held in joint venture entities.

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 with a taxpayer 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.

Council has determined that no material transactions with related parties have occurred during the financial year ended 30 June 2019.

##### 19. Major Land Transactions

Council did not participate in any major land transactions during the 2018/19 financial year pursuant to S3.59 of the Local Government Act and Part 3 of the Local Government Functions and General Regulations.

City of Busselton

Financial Report

For the Year Ended 30<sup>th</sup> June 2019

Notes to and Forming Part of the Financial Report

20. Conditions Over Grants / Contributions

Grant / Contribution	Function / Activity	Opening			Closing			Closing Balance 30-Jun-19
		Balance (1) 1-Jul-17	Received (2) 2017/18	Expended (3) 2017/18	Balance (1) 30-Jun-18	Received (2) 2018/19	Expended (3) 2018/19	
		\$	\$	\$	\$	\$	\$	
Cash in Lieu of Parking	Transport	273,102	2,500	0	275,602	0	275,602	
Contribution to Works	Classified by activity	1,960,140	149,528	(74,969)	2,034,699	52,469	1,526,962	
Government Grants	Classified by activity	31,080,208	755,810	(21,317,445)	10,518,573	569,756	5,699,606	
Busselton Area Drainage	Community amenities	609,789	14,631	(75,599)	548,821	13,451	546,471	
C.P.A. Infrastructure	Transport	220,771	0	(220,771)	0	0	0	
C.P.A. Community Facilities	Classified by activity	1,075,613	0	(1,075,613)	0	0	0	
C.P.A. Bushfire Facilities	Law, order and public safety	54,672	0	(54,672)	0	0	0	
Cash in Lieu – Public Art	Classified by activity	94,836	148,848	(14,000)	229,684	5,698	86,197	
Community Recreation Facilities	Classified by activity	6,650,295	1,011,025	(647,962)	7,013,358	998,505	7,894,528	
<b>TOTAL</b>		<b>42,019,426</b>	<b>2,082,342</b>	<b>(23,481,031)</b>	<b>20,620,737</b>	<b>1,639,879</b>	<b>16,029,366</b>	

Notes:

- (1) - Grants / contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
- (2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the Contributor.
- (3) - Grants / contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.



City of Busseilton

Financial Report

For the Year Ended 30<sup>th</sup> June 2019

Notes to and Forming Part of the Financial Report

21. Rating Information – 2018/19 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	9.4747	13,737	253,896,092	24,055,825	339,121	24,394,946	24,055,825	0	24,055,825
GRV-Residential Holiday Homes	9.6682	550	10,794,940	1,043,674	0	1,043,674	1,043,674	0	1,043,674
GRV-Industrial	10.9410	420	19,605,514	2,145,037	63,166	2,208,203	2,145,037	0	2,145,037
GRV-Commercial	10.9410	1,320	63,255,466	6,920,775	383,726	7,304,501	6,920,775	0	6,920,775
GRV-Residential Vacant Land	9.4747	292	7,815,150	740,461	(2,907)	737,554	740,461	0	740,461
GRV-Industrial Vacant Land	10.9410	66	1,485,300	162,506	(11,856)	150,650	162,506	0	162,506
GRV-Commercial Vacant Land	10.9410	58	3,030,600	331,578	(60,624)	270,954	331,578	0	331,578
UV-Primary Production	0.4237	822	627,107,000	2,657,049	(24,667)	2,632,382	2,657,049	0	2,657,049
UV-Rural	0.4090	1,459	717,766,000	2,935,663	22,444	2,958,107	2,935,663	0	2,935,663
UV-Commercial	0.7732	149	89,701,000	693,567	(27,614)	665,953	693,567	0	693,567
Interim Rates		0	0	0	0	0	0	543,711	543,711
Sub-Totals		18,873	1,794,457,062	41,686,135	680,789	42,366,924	41,686,135	543,711	42,229,846
<b>Minimum \$</b>									
<b>Minimum Differential General Rate</b>									
GRV-Residential	1,300	1,132	14,116,938	1,471,600	0	1,471,600	1,471,600	0	1,471,600
GRV-Residential Holiday Homes	1,300	30	352,200	39,000	0	39,000	39,000	0	39,000
GRV-Industrial	1,300	22	219,844	28,600	0	28,600	28,600	0	28,600
GRV-Commercial	1,300	605	4,400,364	786,500	0	786,500	786,500	0	786,500
GRV-Residential Vacant Land	1,300	1,031	7,249,010	1,340,300	0	1,340,300	1,340,300	0	1,340,300
GRV-Industrial Vacant Land	1,300	1	8,750	1,300	0	1,300	1,300	0	1,300
GRV-Commercial Vacant Land	1,300	57	368,900	74,100	0	74,100	74,100	0	74,100
UV-Primary Production	1,300	231	52,603,500	300,300	0	300,300	300,300	0	300,300
UV-Rural	1,400	1,111	261,250,500	1,555,400	0	1,555,400	1,555,400	0	1,555,400
UV-Commercial	1,300	78	3,004,127	101,400	0	101,400	101,400	0	101,400
Sub-Totals		4,298	343,574,133	5,698,500	0	5,698,500	5,698,500	0	5,698,500
Back Rates / Prior Period Adj. (refer note 21(d))						123,379			122,560
<b>Total Amount Raised from General Rates</b>						<b>48,188,803</b>			<b>48,050,906</b>
Specified Area Rate (refer note 21(b))						535,131			524,740
<b>Totals</b>						<b>48,723,934</b>			<b>48,575,646</b>

SIGNIFICANT ACCOUNTING POLICIES

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of rates.



**City of Busselton**

**Financial Report**

**For the Year Ended 30<sup>th</sup> June 2019**

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

**21(b) Specified Area Rate - 2018/19 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	1.5122	GRV	12,404,172	187,572	187,572	187,572	187,572
• Interim Rate				6,175	0	6,175	0
• Back Rate				0	0	0	0
				<b>193,747</b>	<b>187,572</b>	<b>193,747</b>	<b>187,572</b>

	Rate in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
<b>Provence</b>							
• Rate	1.3912	GRV	11,935,530	166,047	166,047	166,047	166,047
• Rate	0.0138	UV	5,300,000	731	731	731	731
• Interim Rate				1,684	0	1,684	0
• Back Rate				0	0	0	0
				<b>168,462</b>	<b>166,778</b>	<b>168,462</b>	<b>166,778</b>

	Rate in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
<b>Vasse</b>							
• Rate	1.7686	GRV	9,634,080	170,390	170,390	170,390	170,390
• Interim Rate				2,532	0	2,532	0
• Back Rate				0	0	0	0
				<b>172,922</b>	<b>170,390</b>	<b>172,922</b>	<b>170,390</b>

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

**21(c) Service Charges – 2018/19 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<sup>th</sup> June 2019

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

**21(d) Discounts, Incentives, Concessions & Write-offs – 2018/19 Financial Year**

	Type	Discount %	Total Cost / Value \$	Budget Cost / Value \$
Back Rates Levied / Prior Period Adjustments	Adjustment	0	123,379	122,560
Write-offs	Write-off	0	0	0
		0	123,379	122,560

**21(e). Interest Charges and Instalments – 2018/19 Financial Year**

Instalment Options	Due Date	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
<b><u>Option 1</u></b>				
Single Full Payment	7 September 2018	0	0.00%	11.00%
<b><u>Option 2</u></b>				
First Instalment	7 September 2018	0	0.00%	11.00%
Second Instalment	7 November 2018	4.50	5.50%	11.00%
Third Instalment	7 January 2019	4.50	5.50%	11.00%
Fourth Instalment	7 March 2019	4.50	5.50%	11.00%

	Actual Revenue 2019 \$	Budgeted Revenue 2019 \$
Interest on Unpaid Rates	260,987	212,000
Interest on Instalments Plan	249,173	238,000
Charges on Instalment Plan	116,347	116,760
	626,507	566,760

Two 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 7<sup>th</sup> September 2018 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 7<sup>th</sup> September 2018 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            7<sup>th</sup> September 2018
- 2<sup>nd</sup> Instalment            7<sup>th</sup> November 2018
- 3<sup>rd</sup> Instalment            7<sup>th</sup> January 2019
- 4<sup>th</sup> Instalment            7<sup>th</sup> March 2019



## City of Busselton

### Financial Report

For the Year Ended 30<sup>th</sup> June 2019

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

#### 22. Net Current Assets

Composition of net current assets for the purposes of the Rate Setting Statement

	<u>2019</u>	<u>2019</u>	<u>2018</u>
	30 June	1 July	30 June
	2019	2018	2018
	C/FWD	B/FWD	C/FWD
	\$	\$	\$
Surplus / (Deficit)	1,751,076	3,511,291	3,511,291
 <b><u>Comprises:</u></b>			
Cash - Unrestricted	3,204,485	4,885,287	4,885,287
Cash - Restricted	67,067,833	67,528,052	67,528,052
Sundry Debtors	1,809,546	2,903,750	2,903,750
Rates Debtors	1,904,592	1,822,334	1,822,334
Inventories	24,981	23,671	23,671
	74,011,437	77,163,094	77,163,094
 <b><u>Less:</u></b>			
Sundry Creditors	(4,306,952)	(3,619,586)	(3,619,586)
Sundry Creditors – Deposits and Bonds	(2,943,510)	(3,818,562)	(3,818,562)
Accrued Expenses	(885,576)	(2,504,165)	(2,504,165)
	(8,136,038)	(9,942,313)	(9,942,313)
	65,875,399	67,220,781	67,220,781
Add Current Liabilities Cash Backed	2,943,510	3,818,562	3,818,562
Less Restricted Cash	(67,067,833)	(67,528,052)	(67,528,052)
Surplus / (Deficit)	1,751,076	3,511,291	3,511,291

#### **Difference:**

There was no difference between the surplus 1 July 2018 brought forward position used in the 2019 audited financial report and the surplus carried forward position as disclosed in the 2018 audited financial report.

## City of Busselton

### Financial Report

For the Year Ended 30<sup>th</sup> June 2019

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

##### 23. Financial Risk Management

The City's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The City's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the City.

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 City held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2019	2018	2019	2018
	\$	\$	\$	\$
<b>Financial Assets</b>				
Cash and cash equivalents	70,272,318	72,413,338	70,272,318	72,413,338
Receivables	4,933,413	5,609,590	4,933,413	5,609,590
Financial assets at fair value through profit or loss	0	0	0	0
	<u>75,205,731</u>	<u>78,022,928</u>	<u>75,205,731</u>	<u>78,022,928</u>
<b>Financial Liabilities</b>				
Payables	5,192,528	6,123,751	5,192,528	6,123,751
Borrowings	34,402,304	34,727,913	41,856,011	42,025,196
	<u>39,594,832</u>	<u>40,851,664</u>	<u>47,048,539</u>	<u>48,148,947</u>

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables – estimated to the carrying value which approximates net market value.
- Borrowings, held-to-maturity investments – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

# City of Busselton

## Financial Report

For the Year Ended 30<sup>th</sup> June 2019

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

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

##### (a) Cash and cash equivalents

The City's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio. Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

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

Cash and investments are also subject to interest rate risk – the risk that movements in interest rates could affect returns.

Another risk associated with cash and investments is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to the City.

The City manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulations 19C*.

	30 June 2019	30 June 2018
	\$	\$
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash and investments at balance date:		
• Equity	702,723	724,133
• Statement of Comprehensive Income	702,723	724,133

Notes:

(1) Sensitivity percentages based on management's expectation of future possible interest rate movements.



# City of Busselton

## Financial Report

For the Year Ended 30<sup>th</sup> June 2019

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

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

##### (b) Receivables

The City's major receivables comprise rates and annual charges and user charges and fees. 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.

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. The City is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

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

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

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

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

	30 June 2019	30 June 2018
	\$	\$
Percentage of Rates and Annual Charges		
• Current	4.45%	10.00%
• Overdue	95.55%	90.00%
Percentage of Other Receivables		
• Current	99.69%	98.98%
• Overdue	0.31%	1.02%

City of Busselton

Financial Report

For the Year Ended 30<sup>th</sup> June 2019

Notes to and Forming Part of the Financial Report

23. Financial Risk Management (Continued)

(c) Payables and Borrowings

(i) Payables

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.

The contractual undiscounted cash flows of the City's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying Values \$
<b>2019</b>					
Payables	5,192,528	0	0	5,192,528	5,192,528
Borrowings	4,562,035	16,131,682	22,154,057	42,847,774	37,457,912
	9,754,563	16,131,682	22,154,057	48,040,302	42,650,440
<b>2018</b>					
Payables	6,123,751	0	0	6,123,751	6,123,751
Borrowings	4,385,287	15,542,819	24,172,084	44,100,190	34,727,913
	10,509,038	15,542,819	24,172,084	50,223,941	40,851,664

City of Busseilton

Financial Report

For the Year Ended 30<sup>th</sup> June 2019

Notes to and Forming Part of the Financial Report

23. Financial Risk Management (Continued)

(c) Payables and Borrowings (Continued)

(ii) Borrowings

Borrowings are also 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 following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

	< 1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
<u>Year Ended 30 June 2019</u>								
Borrowings	363,622	29,447	373,275	0	1,092,711	32,543,249	34,402,304	3.81%
Fixed Rate	6.05%	5.98%	4.23%	0.00%	3.93%	3.77%		
Debentures	0	817,082	58,390	528,163	0	33,324,278	34,727,913	3.95%
Weighted Average Effective Interest Rate	0.00%	6.05%	5.94%	4.23%	0.00%	3.90%		
<u>Year Ended 30 June 2018</u>								
Borrowings								
Fixed Rate								
Debentures								
Weighted Average Effective Interest Rate								



City of Busselton

Financial Report

For the Year Ended 30<sup>th</sup> June 2019

Notes to and Forming Part of the Financial Report

24. Trust Funds

	Balance 01-July-18 \$	Amounts Received \$	Amounts Paid \$	Balance 30-June-19 \$
Builders Registration Board Levies	14,601	342,617	(325,934)	31,284
Building Training Levy	6,975	85,986	(71,979)	20,982
Community Appeals	1,000	0	(1,000)	0
Nomination Deposits	0	0	0	0
Cash in Lieu of P.O.S.	1,961,069	83,655	(101,801)	1,942,923
Sundry Other Trusts	24,240	0	(24,240)	0
CLAG Funding	80,832	120,852	(115,062)	86,622
	2,088,717	633,110	(640,016)	2,081,811

City of Busselton

Financial Report

For the Year Ended 30<sup>th</sup> June 2019

Notes to and Forming Part of the Financial Report

25. New Accounting Standards and Interpretations for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the City.

Management's assessments of the new and amended pronouncements that are relevant to the Council, applicable to future reporting periods and which have not yet been adopted are set out as follows:

	Title	Issued/ Compiled	Applicable <sup>(1)</sup>	Impact
(ii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	<p>This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.</p> <p>The effect of this Standard will depend upon the nature of future transactions the City has with those third parties it has dealings with. It may or may not be significant.</p>
(iii)	AASB 16 Leases	February 2016	1 January 2019	<p>Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted.</p> <p>Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the City, the impact may or may not be significant.</p>
(iii)	AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> <li>- Assets received below fair value;</li> <li>- Transfers received to acquire or construct non-financial assets;</li> <li>- Grants received;</li> <li>- Prepaid rates;</li> <li>- Leases entered into at below market rates; and</li> <li>- Volunteer services.</li> </ul> <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the City's operations.</p>

**Notes:**

<sup>(1)</sup> Applicable to reporting periods commencing on or after the given date.

## City of Busselton

### Financial Report

For the Year Ended 30<sup>th</sup> June 2019

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

##### 25. New Accounting Standards and Interpretations for Application in Future Periods (Continued)

###### Adoption of New and Revised 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.

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:

- (i) AASB 2016-4 Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities 1 January 2017
- (ii) AASB 2016-7 Amendments to Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities 1 January 2017

###### 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. Whilst many reflected consequential changes associated with the amendment of existing standards, the only new standard with material application is AASB 9 Financial Instruments.

###### AASB 9 Financial instruments

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The City applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the City has not restated the comparative information which continues to be reported under AASB 139. Differences arising from adoption have been recognised directly in accumulated surplus/ (deficit).

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the City's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the City's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.



**City of Busselton**

**Financial Report**

**For the Year Ended 30<sup>th</sup> June 2019**

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

**25. New Accounting Standards and Interpretations for Application in Future Periods (Continued)**

**INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (continued)**

The classification and measurement requirements of AASB 9 did not have an impact on the City. The following are the changes in the classification of the City's financial assets:

- Trade receivables and Loans and advances (i.e. Other debtors) classified as Loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as financial assets at amortised cost beginning 1 July 2018.

- The City did not designate any financial assets as at fair value through profit and loss.

**Impairment**

The adoption of AASB 9 has fundamentally changed the City's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the City to recognise an allowance for ECLs for all financial assets not held at fair value through P/L. Upon adoption of AASB 9, the City did not recognise an additional impairment on the City's Trade receivables which resulted in no change to the City's accumulated surplus/ (deficit) as at 1 July 2018.

# City of Busselton

## Financial Report

For the Year Ended 30<sup>th</sup> June 2019

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

#### 26. 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. Inventories held for trading are classified as current or non-current based on the City's intentions to release for sale.

##### c) Rounding off figures

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

##### d) Comparative figures

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

When the City applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements that has a material effect on the statement of financial position, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial 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) Fair value hierarchy

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

###### Level 1

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

###### Level 2

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

###### Level 3

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

##### Valuation techniques

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

###### Market approach

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

###### Income approach

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

###### Cost approach

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



# City of Busselton

## Financial Report

For the Year Ended 30<sup>th</sup> June 2019

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

#### 26. OTHER SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### g) 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.

##### h) 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.

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

#### 26. OTHER SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### i) Impairment of assets

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

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

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.

For non-cash generating specialised assets that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regulatory to ensure the carrying value does not differ materially from that which would be determined using fair value at the ends of the reporting period.

##### Deposits and Bonds

Deposits and bonds received by the City of Busselton, and duly refunded where appropriate are processed via the Municipal fund.

The City's audit committee has considered the requirements of the Accounting Standards and has determined that the concept of control has been met. Council Resolution C1004/115 states that the City continues the accounting treatment for deposits and bonds as part of the Municipal fund. Additionally, the deposits and bonds shall be brought to account as part of the restricted cash in the Municipal fund.



## City of Busselton

### Financial Report

For the Year Ended 30<sup>th</sup> June 2019

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

##### 27 Activities/ Programs

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

##### General Purpose Funding

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

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

##### Governance

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

**Activities:** Includes the activities of members of Council and the administrative support available to the Council for the provision of governance 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

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

**Activities:** Supervision and enforcement of various by-laws, fire prevention, animal control and emergency services. Council also provides assistance to surf lifesaving efforts.

##### Health

**Objective:** To provide an operational framework for environmental and community health.

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

##### Education and Welfare

**Objective:** To provide services for the elderly, children and youth.

**Activities:** Annual donation relative to the operation of a Senior Citizen's Centre.

##### Housing

**Objective:** To provide and maintain elderly residents housing.

**Activities:** The operation of three sets of aged persons homes.

##### Community Amenities

**Objective:** To provide services required by the community

**Activities:** 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

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

**Activities:** 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<sup>th</sup> June 2019**

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

**27 Activities/ Programs (Continued)**

**Transport**

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

**Activities:** 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**

**Objective:** To help promote the City and its economic wellbeing.

**Activities:** 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**

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

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

## City of Busselton

### Financial Report

For the Year Ended 30<sup>th</sup> June 2019

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

#### 28. Financial Ratios

	2019 Actual	2018 Actual	2017 Actual
Current Ratio	0.714	0.882	0.810
Asset Sustainability Ratio	0.801	2.046	1.858
Debt Service Coverage Ratio	4.715	4.798	6.385
Operating Surplus Ratio	(0.039)	(0.039)	0.058
Own Source Revenue Coverage Ratio	0.898	0.905	0.967
Asset Consumption Ratio	0.693	0.731	0.723
Asset Renewal Funding Ratio	0.520	0.896	1.000

The above ratios are calculated as follows:

Current Ratio <i>(ratio required to meet standard &gt; or = to 1)</i>	$\frac{\text{Current assets minus restricted assets}}{\text{Current liabilities minus liabilities associated with restricted assets}}$
--	--

Asset Sustainability Ratio <i>(ratio required to achieve basic standard &gt; 0.9)</i>	$\frac{\text{Capital renewal and replacement expenditure}}{\text{Depreciation expense}}$
--	--

Debt Service Coverage Ratio <i>(ratio required to achieve basic standard &gt; or = to 2, and advanced standard &gt; or = to 5)</i>	$\frac{\text{Annual operating surplus before interest and depreciation}}{\text{Principal and interest}}$
---	--

Operating Surplus Ratio <i>(ratio required to achieve basic standard is between 0.01 &amp; 0.15, advanced standard &gt; 0.15)</i>	$\frac{\text{Operating revenue minus operating expense}}{\text{Own source operating revenue}}$
--	--

Own Source Revenue Coverage Ratio <i>(ratio required to achieve basic standard is between 0.4 &amp; 0.6, Intermediate standard between 0.6 &amp; 0.9, and advanced standard &gt; 0.9)</i>	$\frac{\text{Own source operating revenue}}{\text{Operating expense}}$
--	--

Asset Consumption Ratio <i>(ratio required to meet basic standard &gt; 0.5)</i>	$\frac{\text{Depreciated replacement cost of depreciable assets}}{\text{Current replacement cost of depreciable assets}}$
--	---

Asset Renewal Funding Ratio <i>(ratio required to achieve basic standard &gt; 0.75)</i>	$\frac{\text{NPV of planned capital renewals over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
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**City of Busselton**

**Financial Report**

**For the Year Ended 30<sup>th</sup> June 2019**

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

**29. Trading Undertakings and Major Trading Undertakings**

Council did not participate in any trading undertakings or major trading undertakings during the 2018/19 financial year.

**30. Joint Ventures**

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

**31. Post Balance Date Events**

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

**32. Employee Numbers**

The number of full-time equivalent employees at balance date

2019	2018
312.16	310.2



## Auditor General

### INDEPENDENT AUDITOR'S REPORT

To the Councillors of the City of Busselton

Report on the Audit of the Financial Report

#### **Opinion**

I have audited the annual financial report of the City of Busselton which comprises the Statement of Financial Position as at 30 June 2019, 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, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

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

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the City for the year ended 30 June 2019 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

#### **Basis for Opinion**

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the City in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the annual 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 – Basis of Accounting**

I draw attention to Notes 1 and 9 to the annual financial report, which describes the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the City's annual financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996, does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual 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 annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of an annual financial report that is free from material misstatement, whether due to fraud or error.

In preparing the annual 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***

The objectives of my audit are to obtain reasonable assurance about whether the annual 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 annual financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the annual financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.
- Conclude on the appropriateness of the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the annual financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report, as we cannot predict future events or conditions that may have an impact.
- Evaluate the overall presentation, structure and content of the annual financial report, including the disclosures, and whether the annual financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Council and the CEO regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

### **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 matters indicate significant adverse trends in the financial position of the City:
  - a. The Current Ratio as reported in Note 28 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; and
  - b. The Operating Surplus Ratio as reported in Note 28 of the annual financial report is below the DLGSCI's basic standard of 0.01 for the current financial year and the prior financial year.
- (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 annual financial report were supported by verifiable information and reasonable assumptions.



**Other Matter**

The annual financial report of the City for the year ended 30 June 2018 was audited by another auditor who expressed an unmodified opinion on that annual financial report. The financial ratios for 2017 and 2018 in Note 28 of the audited annual financial report were included in the supplementary information and/or audited annual financial report for those years.

**Matters Relating to the Electronic Publication of the Audited Financial Report**

This auditor's report relates to the annual financial report of the City of Busselton for the year ended 30 June 2019 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 annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual 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 annual audited financial report to confirm the information contained in this website version of the annual financial report.



DON CUNNINGHAME  
ACTING DEPUTY AUDITOR GENERAL  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
29 October 2019