

Audit Committee Agenda

4 November 2019

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city@busselton.wa.gov.au

CITY OF BUSSELTON

MEETING NOTICE AND AGENDA – 4 NOVEMBER 2019

TO: THE MAYOR AND COUNCILLORS

NOTICE is given that a meeting of the Audit Committee will be held in the Committee Room, Administration Building, Southern Drive, Busselton on Monday, 4 November 2019, commencing at 10.00am.

The attendance of Committee Members is respectfully requested.

DISCLAIMER

Statements or decisions made at Council meetings or briefings should not be relied on (or acted upon) by an applicant or any other person or entity until subsequent written notification has been given by or received from the City of Busselton. Without derogating from the generality of the above, approval of planning applications and building permits and acceptance of tenders and quotations will only become effective once written notice to that effect has been given to relevant parties. The City of Busselton expressly disclaims any liability for any loss arising from any person or body relying on any statement or decision made during a Council meeting or briefing.

MIKE ARCHER

CHIEF EXECUTIVE OFFICER

1 November 2019

CITY OF BUSSELTON

AGENDA FOR THE AUDIT COMMITTEE MEETING TO BE HELD ON 4 NOVEMBER 2019

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1. <u>DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS</u>

Mr Tony Nottle, Director Finance & Corporate Services, will open the meeting.

2. <u>ATTENDANCE</u>

Apologies

3. ELECTION OF PRESIDING MEMBER AND DEPUTY PRESIDING MEMBER

- 3.1 Mr Tony Nottle will conduct the nomination and voting to elect a Presiding Member of the Audit Committee in accordance with section 5.12 of the *Local Government Act 1995*.
- 3.2 Mr Tony Nottle will conduct the nomination and voting to elect a Deputy Presiding Member of the Audit Committee in accordance with section 5.12 of the *Local Government Act 1995*.

4. **DISCLOSURE OF INTERESTS**

5. **CONFIRMATION OF MINUTES**

5.1 <u>Minutes of the Audit Committee Meeting held 5 August 2019</u>

RECOMMENDATION

That the Minutes of the Audit Committee Meeting held 5 August 2019 be confirmed as a true and correct record.

6. REPORTS

6.1 <u>CITY OF BUSSELTON 2018/2019 ANNUAL FINANCIAL REPORT, AUDITORS REPORT AND MANAGEMENT LETTER</u>

STRATEGIC GOAL 6. LEADERSHIP Visionary, collaborative, accountable

STRATEGIC OBJECTIVE 6.1 Governance systems, process and practices are responsible,

ethical and transparent.

SUBJECT INDEX Financial Operations **BUSINESS UNIT** Financial Services

REPORTING OFFICER Manager Financial Services - Paul Sheridan

AUTHORISING OFFICER Director Finance and Corporate Services - Tony Nottle

NATURE OF DECISION Executive: substantial direction setting, including adopting strategies, plans and policies (excluding local planning policies), tenders, setting

plans and policies (excluding local planning policies), tenders, setting and amending budgets, funding, donations and sponsorships,

reviewing committee recommendations

VOTING REQUIREMENT Simple Majority

ATTACHMENTS Attachment A 2018-2019 Annual Financial Statements 1

Attachment B 2018-2019 Auditors Report Attachment C 2018-2019 Management Letter

Attachment D 2018-2019 Management Letter - Attachment

OFFICER RECOMMENDATION

That the Council:

- 1. accepts the 2018/19 Annual Financial Report including Auditors Report and Audit Management Report as per the attached documentation; and
- 2. notes that it has met the requirements of section 7.12A(2) of the Local Government Act with the Audit Committee, on behalf of Council, having met with a representative of the Office of the Auditor General on the 4th November 2019.

EXECUTIVE SUMMARY

The 2018/19 Annual Financial Statements, Auditors Report and Management Letter with attachment were received from the Office of the Auditor General on 29 October 2019, and are provided to Committee Members as attachments to this report.

Pursuant to its Instrument of Appointment, it is relevant that the Audit Committee considers the 2018/19 Annual Financial Statements, Auditors Report and Management Letter and where appropriate, makes recommendation/s in respect of these reports.

In addition, the local government is required to meet with its auditor at least once every year in accordance with section 7.12A(2) of the *Local Government Act 1995* (the 'Act').

BACKGROUND

Pursuant to Section 7.9 of the Act, an Auditor is required to examine the accounts and annual financial report submitted by a local government for audit. The Auditor is also required, by 31 December following the financial year to which the accounts and report relate, to prepare a report thereon and forward a copy of that report to:

- (a) The Mayor or President
- (b) The Chief Executive Officer; and
- (c) The Minister

Furthermore, in accordance with Regulation 10(4) of the *Local Government (Audit) Regulations 1996* (the Regulations), where it is considered appropriate to do so, the Auditor may prepare a Management Report to accompany the Auditor's Report, which is also to be forwarded to the persons specified in Section 7.9 of the Act.

The Management Report provides an overview of the audit process and outcomes, whilst also identifying any matters that, whilst generally not material in relation to the overall audit of the financial report, are nonetheless considered relevant to the day to day operations of the City.

Audit Committee representatives and City officers met with the OAG at an entrance meeting held on the 8 May 2019. At this meeting the OAG outlined the process for the annual audit. The OAG also advised that our previous auditors (AMD) had been appointed to carry out the audit on the OAG's behalf.

The audit took place from 16 September to 18 September 2019. A subsequent close out meeting was held with Audit Committee and City administration representatives on 25 October 2019. The OAG has since provided their audit report, opinion and signed Annual Financial Statements on 29 October 2019; attached to this report.

OFFICER COMMENT

The OAG have confirmed that once again the City has been provided with an unqualified audit opinion (clear audit).

The Audit Committee should note the following Auditors comments:

"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 of Busselton 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, the Australian Accounting Standards.

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."

The Auditor's Management Report provides an overview of the approach undertaken in respect of the annual audit process, and the associated outcomes of the audit. The Management Report also identifies any findings that, whilst not material in relation to the overall audit of the financial report, are considered relevant to the day to day operations of the City.

As part of the 2018/19 Financial Audit, the Auditor made 1 finding (deemed as minor). Full details and City of Busselton Management comments can be seen in the 2018-19 Management Letter Attachment (Attachment D):

1. High annual leave accrual at year end.

The finding in relation to excessive leave balances for some employees is acknowledged, although it should be noted that this is an issue in relation to a small percentage of long term employees only and the City does not generally have a problem with excessive leave balances. The City is continuing to work within relevant industrial requirements (regarding consultation and genuine agreement), to achieve a reduction in leave balances while still meeting the needs of the organisation.

In addition, section 2.2(c) of the Audit Committee Terms of Reference determines that the Audit Committee is responsible and has the duty to formally meet with the auditor in accordance with the Act on behalf of the local government. Ms. Carly Meagher, Director Financial Audit, from the OAG, who is representing the Auditor General is attending the Audit Committee meeting. Ms. Meagher will present the audit report and respond to any queries arising from the 2018/19 Audit.

The presence of Ms. Meagher meets the requirements of 7.12A(2) of the Act.

Statutory Environment

Matters pertaining to the financial audit of a local government authority are detailed within:

- Local Government Act 1995 Section 7.9 and Section 7.12A.
- Local Government (Financial Management) Regulations 1996.
- Local Government (Audit) Regulations 1996 Regulation 16.

Relevant Plans and Policies

There are no relevant plans or policies to consider in relation to this matter.

Financial Implications

There are no financial implications associated with the officer recommendation.

Stakeholder Consultation

No external stakeholder consultation was required or undertaken in relation to this matter.

There is a requirement to include the audited financial statements within the City of Busselton Annual Report, which will be advertised to the public following its consideration by Council.

Risk Assessment

An assessment of the potential implications of implementing the officer recommendation has been undertaken using the City's risk management framework, with risks assessed taking into account any controls already in place.

No risks of a medium or greater level have been identified.

Options

The Audit Committee may determine to make specific recommendations in relation to the audit findings and the actions identified by management in addressing these. Given the relatively minor nature of the issue that arose and the fact that this will need to be managed operationally in accordance with the City of Busselton Enterprise Bargaining Agreement, actions that are already proposed or underway, officers do not think specific resolutions are necessary.

CONCLUSION

The City achieved a clear audit for the financial year ending 30 June 2019 with only one (1) finding reported in the Management Report.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

Not applicable.





Financial Report

For the year ended

30 June 2019

City of Busselton **Financial Report** For the Year Ended 30th June 2019 **TABLE OF CONTENTS** Statement by Chief Executive Officer Statement of Comprehensive Income by Nature or Type Statement of Comprehensive Income by Program Statement of Financial Position Statement of Changes in Equity Statement of Cash Flows Rate Setting Statement Notes to and Forming Part of the Financial Report Independent Audit Report **Community Vision** Where environment, lifestyle and opportunity meet. Principal place of business: 2 Southern Drive Busselton WA 6280 City of Busselton

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City of Busselton

Financial Report

For the Year Ended 30th 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 day of october 2019

Mike Archer

Chief Executive Officer







2018-2019 Annual Financial Statements

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Statement of Comprehensive Income by Nature or Type

	Note	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
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
		74,060,458	70,772,956	68,322,042
Expenses				
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)
		(75,628,474)	(76,597,157)	(70,207,776)
		(1,568,016)	(5,824,201)	(1,885,734)
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)
		14,528,578	30,394,745	24,168,100
Write Off of Assets Under \$5,000	7(b)	(1,185,285)	0	0
		(1,185,285)	0	0
NET RESULT		11,775,277	24,570,544	22,282,366
Other Comprehensive Income				
Items that will not be reclassified subsequently to profi	it or loss			
Changes on revaluation of non-current assets	10	1,055,204	0	31,925,811
Total Other Comprehensive Income		1,055,204	0	31,925,811
TOTAL COMPREHENSIVE INCOME		12,830,481	24,570,544	54,208,177
AUDITED				

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



Financial Report

For the Year Ended 30th June 2019

Statement of Comprehensive Income by Program

		2019	2019	2018
	Note	Actual	Budget	Actual
Revenue		\$	\$	\$
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
	_	74,060,459	70,772,956	68,322,042
Expenses Excluding Finance Costs				
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)
	_	(75,480,664)	(75,222,770)	(68,957,356)
Finance Costs	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)
	_	(1,333,096)	(1,374,387)	(1,250,420)
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)
	_	14,528,578	30,394,745	24,168,100
				,,-
NET RESULT		11,775,277	24,570,544	22,282,366
Other Comprehensive Income				
Items that will not be reclassified subsequently to pro	ofit or loss			
Changes on revaluation of non-current assets	10	1,055,204	0	31,925,811
Total Other Comprehensive Income	_	1,055,204	0	31,925,811
•				
	_			
TOTAL COMPREHENSIVE INCOME	_	12,830,481	24,570,544	54,208,177
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This statement is to be read in conjunction with the accompanying notes.

Financial Report

For the Year Ended 30th June 2019

Statement of Financial Position

	Note	2019 Actual \$	2018 Actual \$
Current Assets			
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
Total Current Assets		74,550,179	77,413,211
Non-current Assets			
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
Total Non-current Assets		709,730,208	696,171,889
Total Assets		784,280,387	773,585,100
Current Liabilities			
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
Total Current Liabilities		16,041,380	17,489,930
Non-current Liabilities			
Long Term Borrowings	12	31,111,143	31,672,304
Provisions	13	627,843	753,327
Total Non-current Liabilities		31,738,986	32,425,631
Total Liabilities		47,780,366	49,915,561
Net Assets		736,500,021	723,669,539
Equity			
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
Total Equity		736,500,021	723,669,539

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

OAG



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Financial Report

For the Year Ended 30th 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
Restated Balance		422,707,022	43,539,055	203,215,285	669,461,362
Comprehensive Income					
Net Result		22,282,366	0	0	22,282,366
Other Comprehensive Income	10	0	0	31,925,811	31,925,811
Total Comprehensive Income		22,282,366	0	31,925,811	54,208,177
Transfer from / (to) Reserves		(4,439,462)	4,439,462	0	0
Balance as at 30 June 2018		440,549,926	47,978,517	235,141,096	723,669,539
Comprehensive Income					
Net Result		11,775,277	0	0	11,775,277
Other Comprehensive Income	10	0	0	1,055,204	1,055,204
Total Comprehensive Income		11,775,277	0	1,055,204	12,830,481
Transfer from / (to) Reserves		(7,611,700)	7,611,700	0	0
Balance as at 30 June 2019		444,713,504	55,590,217	236,196,300	736,500,021

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

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Financial Report

For the Year Ended 30th June 2019

Statement of Cash Flows

	Note	2019 Actual	2019 Budget	2018 Actual
Cash Flows from Operating Activities		\$	\$	\$
Receipts				
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
	-	82,138,453	75,025,464	78,544,398
Payments				
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)
	-	(62,930,496)	(61,575,118)	(61,469,478)
Net Cash Provided by (used in) Operating Activities	14	19,207,957	13,450,346	17,074,920
Cash Flows from Investing Activities				
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
Net Cash Provided by (used In) Investing Activities	-	(21,096,372)	(37,642,315)	(35,807,078)
Coch Floure from Financing Activities				
Cash Flows from Financing Activities 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		73,003	(150,000)	(110,000)
Proceeds from New Debentures		2,730,000	3,150,000	6,960,000
Net Cash Provided By (used In) Financing Activities	-	(252,606)	(76,143)	4,556,021
ivet Cash Frovided by (used in) Financing Activities	-	(232,000)	(70,143)	4,330,021
Net Increase (Decrease) in Cash Held		(2,141,021)	(24,268,112)	(14,176,137)
Cash at Beginning of Year		72,413,339	72,413,339	86,589,475

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

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Financial Report

For the Year Ended 30th June 2019

Rate Setting Statement

	Note	2019 Actual \$	2019 Budget \$	2018 Actual \$
Net current assets at start of financial year – surplus / (de	ficit)	3,511,291	3,511,291	1,839,640
rece current assers at start or midrical year surplus y		3,511,291	3,511,291	1,839,640
Revenue from operating activities (excluding rates)		0,011,001	-,,	2,000,010
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
Expenditure from operating activities				
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)
Operating activities excluded				
(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
Amount Attributable to Operating Activities	_	(33,414,438)	(39,657,894)	(32,995,896)
Investing Activities				
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)
Amount attributable to investing activities	_	(13,205,994)	(29,276,695)	(26,976,595)

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



Financial Report

For the Year Ended 30th June 2019

Rate Setting Statement (Continued)

	Note	2019 Actual \$	2019 Budget \$	2018 Actual \$	
Financing Activities	12/-1	0	(150,000)	(110,000)	
Advances to community groups	12(a)	73,003	79,253	65,163	
Repayment of advances to community groups Repayment of debentures	12(a) 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	
Amount attributable to financing activities		182,705	20,883,683	18,905,600	
Surplus(deficiency) before general rates		(46,437,727)	(48,050,906)	(41,066,891)	
Total amount raised from general rates	21(a)	48,188,803	48,050,906	44,578,182	
Net current assets at 30 June c/fwd surplus / (deficit)	22	1,751,076	0	3,511,291	

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

) - City of Busselton



Financial Report

For the Year Ended 30th 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.

20

City of Busselton **Financial Report** For the Year Ended 30th June 2019 Notes to and Forming Part of the Financial Report 2019 2018 Actual Actual Ś **Revenue and Expenses** Revenue (a) Significant Revenue Reimbursements and Recoveries 2,067,628 1,038,730 1,038,730 2,067,628 Reimbursements and Recoveries form part of Operating Grants, subsidies and Contributions. Fees & Charges 80,088 86,114 General Purpose Funding 43.208 35,135 Governance 171,419 175,969 Law, Order & Public Safety 538,978 538,610 Health 159 161 **Education and Welfare** 473,742 470,205 Housing Community Amenities 8,330,002 8,445,631 2,873,539 2,567,867 Recreation and Culture 1,218,997 1,148,716 Transport 1,877,143 1,821,603 **Economic Services** 241,861 172,367 Other Property and Services 15,793,598 15,517,916 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 2019 2018 Actual Actual Operating Grants, Subsidies and Contributions General Purpose Funding 2,328,138 2,232,364 227,906 145,015 Governance 645,887 527,153 Law, Order & Public Safety 118,646 132,937 Health 4,781 8,453 **Education and Welfare** 4,024 3,764 Housing 110,762 186,209 **Community Amenities** 1,636,151 1,088,464 Recreation and Culture 644,667 151,635 Transport 25,629 5,817 **Economic Services** 329,030 258,104 Other Property and Services 6,079,293 4,736,243 City of Busselton

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Attachment A 2018-2019 Annual Financial Statements

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

		Actual \$	Actual \$
2.	Revenue and Expenses (Continued)		
(a)	Revenue (Continued)		
	Non- operating Grants, Subsidies and Contributions		
	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
	•	14,465,113	24,793,990

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.

2019

2018

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

2018

	Actual \$	Budget \$	Actual \$
Interest Earnings			
- 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
	2,336,296	2,283,760	2,453,556
Operating Grants			
Financial Assistance Grants - Untied	839,925	364,790	378,410
Financial Assistance Grants - Roads	1,477,283	670,544	791,516
	2,317,208	1,035,334	1,169,926

2019

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 30th June 2019 Notes to and Forming Part of the Financial Report 2019 2018 Actual Actual Revenue and Expenses (Continued) Expenses Significant Expenses Repayment of Royalties for Regions Project Grant relating to the Busselton-Margaret River Airport 1,400,000 Development. 0 1,400,000 **Auditors Remuneration** 18,900 23,300 - Audit of Financial Report 5,183 1,460 - Other Services 20,360 28,483 Interest Expenses (Finance Costs) 0 0 Overdraft Interest Long Term Borrowings (refer Note 12(a)) 1,333,095 1,250,420 1,333,095 1,250,420 City of Busselton - 14 -

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Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

		Note	2019 Actual \$	2018 Actual \$
3.	Cash and Cash Equivalents		ş	ş
э.	Unrestricted		3,204,485	4,885,287
	Restricted		67,067,833	67,528,051
	1105110000	-	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	Winderlup 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			4,806,278	4,193,450
150			365,698	0
	Asset Depreciation Reserve		0	563,412
223	Road Assets Renewal Reserve		1,119,116	1,299,765
224			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 30th June 2019

Notes to and Forming Part of the Financial Report

302 Community Facilities - Broadwater 158,524 138,049 303 Community Facilities - Broadwater 158,524 138,049 303 Community Facilities - Busselton 44,012 34,547 305 Community Facilities - Dunsborough Lakes Estate 922,773 525,106 306 Community Facilities - Geographe 99,176 95,061 310 Community Facilities - Geographe 343,510 335,117 309 Community Facilities - Geographe 615,586 589,761 300 Community Facilities - Vasse 615,586 589,761 300 Community Facilities - Airport North 2,970,179 2,826,296 130 Locke Estate Reserve 1,013 0 122 Port Geographe Development Reserve 3,349,717 3,387,485 125 Port Geographe Davelopment Reserve 3,349,717 3,387,485 126 Provence Landscape Maintenance Reserve 1,194,759 1,101,707 128 Vasse Newtown Landscape Maintenance Reserve 57,515 535,722 38 Commonage Comm	3.	Cash and Cash Equivalents (Continued)	Note	2019 Actual \$	2018 Actual \$
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 - Vasse 615,586 589,761 309 Community Facilities - Vasse 615,586 589,761 300 Community Facilities - Airport North 2,970,179 2,826,296 301 Community Facilities - Airport North 2,970,179 2,826,296 302 Commonale Community Facilities Pound Reserve 1,013 0 122 Port Geographe Development Reserve 3,349,717 3,387,485 123 Port Geographe Waterways Management Reserve 3,349,717 3,387,485 124 Port Geographe Waterways Management Reserve 575,151 535,722 125 Provence Landscape Maintenance Reserve 575,151 535,722 138 Commonage Community Facilities Reserve 57,261 55,862	302	Community Facilities - City District		2,552,707	2,303,096
305 Community Facilities – Dunsborough Lakes Estate 922,773 525,106 306 Community Facilities - Geographe 99,176 95,061 306 Community Facilities - Geographe 343,510 335,117 309 Community Facilities - Vasse 615,586 589,761 308 Community Facilities - Vasse 615,586 589,761 309 Community Facilities Pacilities Pacilities Reserve 1,013 0 120 Port Geographe Development Reserve 3,349,717 3,387,485 127 Port Geographe Waterways Management Reserve 3,349,717 3,387,485 128 Port Geographe Waterways Management Reserve 575,151 535,722 28 Cosmenonage Precinct Bushfire Facilities Reserve 575,151 535,722 28 Commonage Precinct Bushfire Facilities Reserve 57,261 55,862 13	304	Community Facilities - Broadwater			
311 Community Facilities - Dunsborough Lakes Estate 922,773 525,106 306 Community Facilities - Geographe 99,176 95,061 310 Community Facilities - Port Geographe 343,510 335,117 307 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 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 72,622 70,848 Reserve Commonage Community Facilities South Biddle Precinct Reserve 886,172 1,030,368 131 Busselton Area Drainage and Waterways Improvement Reserve 546,471 548,821 102 Coastal and Climate Adaptation Reserve 2,845,	303	Community Facilities - Busselton		,	
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 Community Facilities Bunsborough Lakes South 72,622 70,848 Reserve 57,261 55,862 55,862 139 Reserve Munity Facilities South Biddle Precinct Reserve 866,172 1,030,368 140 Commonage Community Facilities South Biddle Precinct Reserve 866,172 1,030,368 121 Busselton Area Drainage and Waterways Improvement Reserve 546,471 548,	305	Community Facilities – Dunsborough			166,327
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 2,826,296 310 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 Vasses Newtown Landscape Maintenance Reserve 575,151 535,722 128 Commonage Precinct Bushfire Facilities Reserve 57,261 55,862 20 Commonage Precinct Bushfire Facilities Reserve 86,172 70,848 139 Commonage Community Facilities South Biddle Precinct Reserve 886,172 70,848 140 Commonage Community Facilities South Biddle Precinct Reserve 886,172 1,030,368 121 Busselton Area Drainage and Waterways Improvement Reserve 886,172 1,030,368 122 Busselton Area Drainage and Waterways Improve	311	Community Facilities - Dunsborough Lakes Estate		922,773	525,106
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 2,970,179 2,826,296 122 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 Commonage Community Facilities Dunsborough Lakes South 72,622 70,848 Reserve 886,172 1,030,368 140 Commonage Community Facilities South Biddle Precinct Reserve 86,172 1,030,368 120 Cosatal and Climate Adaptation Reserve 2,845,579 2,472,425 124 Emergency Disaster Recovery Reserve 181,853 100,000 145 Emergency Disaster Recovery Reserve 181,853 100,000	306	Community Facilities - Geographe		99,176	95,061
308 Community Facilities - Airport North 2,970,179 2,826,296 130 Locke Estate Reserve 1,013 0 122 Port Geographe Development Reserve 1,455,441 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 Commonage Community Facilities Dunsborough Lakes South 72,622 70,848 Reserve 886,172 1,030,368 140 Commonage Community Facilities South Biddle Precinct Reserve 886,172 1,030,368 140 Commonage Community Facilities South Biddle Precinct Reserve 886,172 1,030,368 141 Commonage Community Facilities South Biddle Precinct Reserve 886,172 1,030,368 142 Busselton Area Drainage and Waterways Improvement Reserve 546,471 548,821 102 Costatal and Climate Adaptation Reserve 2,845,579 <td>310</td> <td>Community Facilities - Port Geographe</td> <td></td> <td>343,510</td> <td>335,117</td>	310	Community Facilities - Port Geographe		343,510	335,117
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 572,61 55,862 139 Commonage Community Facilities Dunsborough Lakes South Reserve 72,622 70,848 140 Commonage Community Facilities South Biddle Precinct Reserve 886,172 1,030,368 141 Busselton Area Drainage and Waterways Improvement Reserve 546,471 548,821 142 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 157,626 100,000 147 Waste Management Facility and Plant Reserve 7,867,207	309	Community Facilities - Vasse		615,586	589,761
122Port Geographe Development Reserve682,4711,455,441123Port Geographe Waterways Management Reserve3,349,7173,387,485126Provence Landscape Maintenance Reserve1,194,7591,101,707128Vasse Newtown Landscape Maintenance Reserve575,151535,722138Commonage Precinct Bushfire Facilities Reserve577,26155,862139Commonage Community Facilities Dunsborough Lakes South Reserve72,62270,848140Commonage Community Facilities South Biddle Precinct Reserve886,1721,030,368211Busselton Area Drainage and Waterways Improvement Reserve546,471548,821102Coastal and Climate Adaptation Reserve2,845,5792,472,425144Emergency Disaster Recovery Reserve72,78250,000145Energy Sustainability Reserve181,853100,000146Cemetery Reserve157,626100,000147Public Art Reserve86,198229,685120Strategic Projects Reserve257,163226,213129Untied Grants Reserve1,232,9060134Civic and Administration Centre Construction Reserve00134Civic and Administration Centre Construction Reserve1,232,9060134Civic and Administration Centre Construction Reserve1,526,9622,034,699135Cash set aside in Lieu of Parking275,602275,602136Cash set aside poing unspent specific purpose Government Grants5,699,6061	308	Community Facilities - Airport North		2,970,179	2,826,296
Port Geographe Waterways Management Reserve 3,349,717 3,387,485 Provence Landscape Maintenance Reserve 1,194,759 1,101,707 Vasse Newtown Landscape Maintenance Reserve 575,151 535,722 Commonage Precinct Bushfire Facilities Reserve 57,261 55,862 Commonage Community Facilities Dunsborough Lakes South Reserve 72,622 70,848 Reserve 72,622 70,848 Reserve 886,172 1,030,368 Busselton Area Drainage and Waterways Improvement Reserve 546,471 548,821 Coastal and Climate Adaptation Reserve 2,845,579 2,472,425 Emergency Disaster Recovery Reserve 72,782 50,000 Lenergy Sustainability Reserve 181,853 100,000 Lenergy Sustainability Reserve 181,853 100,000 Lenergy Reserve 157,626	130	Locke Estate Reserve		1,013	0
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 72,622 70,848 130 Reserve 886,172 1,030,368 140 Commonage Community Facilities South Biddle Precinct Reserve 886,172 1,030,368 151 Busselton Area Drainage and Waterways Improvement Reserve 546,471 548,821 162 Coastal and Climate Adaptation Reserve 72,782 50,000 163 Energy Sustainability Reserve 181,853 100,000 164 Cemetery Reserve 157,626 100,000 165 Cemetery Reserve 157,626 100,000 166 Cemetery Reserve 86,198 229,685 171 Waste Management Facility and Plant Reserve 86,198 229,685 172 Waste Management Facility and Plant Reserve 7,867,207 7,881,065 173 Civic and Administration Centre Construction Reserve 1,232,906 0 174 Civic and Administration Centre Construction Reserve 0 0 175 Accrued Interest (Reserves and Restricted) (202,018) (177,117) 176 RA Cash set aside in Lieu of Parking 275,602 275,602 177 Cash set aside for Roadwork within specific areas, being funds given as a condition of subdivision/development 7,269,600 10,518,573 178 Cash set aside, being unspent specific purpose Government Grants 7,699,606 10,518,573 178 Cash set aside, being unspent specific purpose Government Grants 792,612 2,686,903 178 Cash set aside for Sundry Restricted 441,345 392,310 178 Cash set aside for Deposits & Bonds 2,943,510 3,818,562	122	Port Geographe Development Reserve		682,471	1,455,441
128Vasse Newtown Landscape Maintenance Reserve575,151535,722138Commonage Precinct Bushfire Facilities Reserve57,26155,862139Commonage Community Facilities Dunsborough Lakes South Reserve72,62270,848140Commonage Community Facilities South Biddle Precinct Reserve886,1721,030,368321Busselton Area Drainage and Waterways Improvement Reserve546,471548,821102Coastal and Climate Adaptation Reserve2,845,5792,472,425144Emergency Disaster Recovery Reserve72,78250,000145Energy Sustainability Reserve181,853100,000146Cemetery Reserve157,626100,000147Waste Management Facility and Plant Reserve86,198229,685120Waste Management Facility and Plant Reserve7,867,2077,881,065120Strategic Projects Reserve257,163226,213129Untied Grants Reserve1,232,9060134Civic and Administration Centre Construction Reserve00ACIAccrued Interest (Reserves and Restricted)(202,018)(177,117)RACash set aside in Lieu of Parking275,602275,602RACash set aside for Roadwork within specific areas, being funds given as a condition of subdivision/development1,526,9622,034,699RACash set aside, being unspent specific purpose Government Grants7,699,60610,518,573RACash set aside, being Unspent Loan Funds792,6122,686,903 <t< td=""><td>123</td><td>Port Geographe Waterways Management Reserve</td><td></td><td>3,349,717</td><td>3,387,485</td></t<>	123	Port Geographe Waterways Management Reserve		3,349,717	3,387,485
Commonage Precinct Bushfire Facilities Reserve Commonage Community Facilities Dunsborough Lakes South Reserve Commonage Community Facilities South Biddle Precinct Reserve Res	126	Provence Landscape Maintenance Reserve		1,194,759	1,101,707
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	128	Vasse Newtown Landscape Maintenance Reserve		575,151	535,722
Reserve 72,622 70,846 140 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 0 134 Civic and Administration Centre Construction Reserve 0 0 134 Civic and Administration Centre Construction Reserve 1,232,906 0 137 Cash set aside in Lieu of Parkin	138	Commonage Precinct Bushfire Facilities Reserve		57,261	55,862
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	139			72,622	70,848
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 0 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 792,612 2,686,903 RA Cash set aside, being Unspent Loan Funds 792,612 2	140	Commonage Community Facilities South Biddle Precinct Reserve		886,172	1,030,368
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 792,612 2,686,903 RA Cash set aside, being Unspent Loan Funds 792,612 2,686,903 RA Cash set aside for Sundry Restricted 441,345 <t< td=""><td>321</td><td>Busselton Area Drainage and Waterways Improvement Reserve</td><td></td><td>546,471</td><td>548,821</td></t<>	321	Busselton Area Drainage and Waterways Improvement Reserve		546,471	548,821
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 ACI 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	102	Coastal and Climate Adaptation Reserve		2,845,579	2,472,425
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 0 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 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	144	Emergency Disaster Recovery Reserve		72,782	50,000
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 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	145	Energy Sustainability Reserve		181,853	100,000
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	146	Cemetery Reserve		157,626	100,000
120Strategic Projects Reserve257,163226,213129Untied Grants Reserve1,232,9060134Civic and Administration Centre Construction Reserve00ACIAccrued Interest (Reserves and Restricted)(202,018)(177,117)RACash set aside in Lieu of Parking275,602275,602RACash set aside for Roadwork within specific areas, being funds given as a condition of subdivision/development1,526,9622,034,699RACash set aside, being unspent specific purpose Government Grants5,699,60610,518,573RACash set aside, being Unspent Loan Funds792,6122,686,903RACash set aside for Sundry Restricted441,345392,310RACash set aside for Deposits & Bonds2,943,5103,818,562	341	Public Art Reserve		86,198	229,685
1,232,906 0 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 Cash set aside for Roadwork within specific areas, being funds given as a condition of subdivision/development RA Cash set aside, being unspent specific purpose Government Grants 792,612 2,686,903 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	121	Waste Management Facility and Plant Reserve		7,867,207	7,881,065
Civic and Administration Centre Construction Reserve 0 0 0 Accrued Interest (Reserves and Restricted) (202,018) (177,117) RA Cash set aside in Lieu of Parking 275,602 Cash set aside for Roadwork within specific areas, being funds given as a condition of subdivision/development 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	120	Strategic Projects Reserve		257,163	226,213
ACI Accrued Interest (Reserves and Restricted) (202,018) (177,117) RA Cash set aside in Lieu of Parking Cash set aside for Roadwork within specific areas, being funds given as a condition of subdivision/development RA Cash set aside, being unspent specific purpose Government Grants RA Cash set aside, being Unspent Loan Funds RA Cash set aside, being Unspent Loan Funds RA Cash set aside for Sundry Restricted A41,345 392,310 RA Cash set aside for Deposits & Bonds 3,818,562	129	Untied Grants Reserve		1,232,906	0
RA Cash set aside in Lieu of Parking Cash set aside for Roadwork within specific areas, being funds given as a condition of subdivision/development Cash set aside, being unspent specific purpose Government Grants Cash set aside, being Unspent Loan Funds 792,612 2,686,903 RA Cash set aside for Sundry Restricted 441,345 392,310 Cash set aside for Deposits & Bonds 2,943,510 3,818,562	134	Civic and Administration Centre Construction Reserve		0	0
Cash set aside for Roadwork within specific areas, being funds given as a condition of subdivision/development Cash set aside, being unspent specific purpose Government Grants Cash set aside, being Unspent Loan Funds Cash set aside for Sundry Restricted A41,345 Cash set aside for Deposits & Bonds Cash set aside for Deposits & Bonds	ACI	Accrued Interest (Reserves and Restricted)		(202,018)	(177,117)
RA 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	RA			275,602	275,602
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	RA			1,526,962	2,034,699
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	RA	Cash set aside, being unspent specific purpose Government Grants		5,699,606	10,518,573
RA Cash set aside for Deposits & Bonds 2,943,510 3,818,562	RA			792,612	2,686,903
	RA	Cash set aside for Sundry Restricted		441,345	392,310
67,067,833 67,528,051	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.



6.1

4 November 2019

997,855 156,654 1,325,502 1,193,934 Closing Balance \$ 1,583,014 0 (25,000) (22,675)2017/18 Actual Transfers To \$ 56,825 0 32,932 147,868 489,364 1,428,768 123,722 874,987 1,159,784 186,640 1,730,672 39,000 16,500 45,000 72,580 189,027 3,872 1,071,875 1,655,186 1,422,880 Closing Balance \$ (661,918) (11,000)(214,400)Notes to and Forming Part of the Financial Report (231,630) (121,500)2018/19 Budget ansfers Transfers To From (1,590,287) (869,550)(290,000) For the Year Ended 30th June 2019 City of Busselton Transfers To \$ 561,314 218,272 476,640 195,520 39,000 890,864 10,500 16,500 45,000 83,580 32,373 1,737,945 City of Busselton Financial Report AMD= 997,855 1,325,502 1,583,014 1,193,934 156,654 Opening Balance 890,710 45,712 159,726 381,186 1,085,871 39,882 10,666 16,761 190,876 85,071 1,821,554 3,396,151 1,725,056 Closing Balance \$ 0 (62,001) (81,630)(392,313)(103,458)(122,686)Transfers From 2018/19 Actual 210,702 890,710 923,435 16,761 45,712 727,122 484,644 39,882 34,222 Transfers 1,813,137 85,071 2 \$ 1,325,502 1,583,014 1,193,934 156,654 Barnard Park Sports Pavilion Building Geographe Leisure Centre Building Reserve Joint Venture Aged Housing Reserve **Busselton Jetty Tourist Park Reserve** Busselton Library Building Reserve Airport Existing Terminal Building Airport Noise Mitigation Reserve Railway House Building Reserve Youth and Community Activities Building Reserve Airport Marketing and Incentive **Building Asset Renewal Reserve Busselton Community Resource** 4. Reserves - Cash Backed Airport Infrastructure Renewal

4 November 2019

					18 Actual	rers iransters closing From Balance	11,383 0 186,718	0 0	0 0	0 0	,470 (248,795) 4,193,450	0 0 0	13,499 (20,710) 563,412	1,190 (1,440,132) 1,299,765	0 0	808,669 (949,051) 2,185,396	(26,967)	0	(903,037) 1,		
					,	Opening Iransters Balance To \$	175,335 11,	0	0	0	3,158,775 1,283,470	0	570,623 13,	505,707 2,234,190	0	2,325,778 808,	0 509,	84,898 37,	2,033,639 704,		
					in in in in	Closing Balance \$	124,022	59,078	185,000	0	3,968,544	360,000	0	6	0	892,326	1,360	49,783	809,332		
		ō,	al Report		2018/19 Budget	From \$	(66,200)	(100,000)	0	0	(1,552,610)	0	(573,984)	(3,875,096)	(231,906)	(2,179,650)	(1,650,000)	(120,000)	(1,470,740)	no	
ton	ort	th June 201	the Financi	2	2018/19	ransters To \$	3,504	159,078	185,000	0	1,327,704	360,000	10,572	2,575,340	231,906	886,580	1,219,222	47,292	445,357	City of Busselton	,
City of Busselton	Financial Report	r Ended 30	ng Part of			Opening Balance \$	186,718	0	0	0	4,193,450	0	563,412	1,299,765	0	2,185,396	432,138	122,491	1,834,715	Ċ	4,47
±	臣	For the Year Ended 30 th June 2019	Notes to and Forming Part of the Financial Report		2000	Closing Balance \$	212,501	63,746	187,928	0	4,806,278	365,698	0	1,119,116	3,671	1,205,527	1,495,578	171,317	1,803,172		
			Notes to		Tuendan	From \$	(42,023)	(97,480)	0	0	(744,456)	0	(577,442)	(2,780,860)	(231,906)	(2,157,044)	(178,422)	0	(493,585)		
				2000	Z018/19 Actual	To To \$	908'29	161,226	187,928	0	1,357,284	365,698	14,030	2,600,211	235,577	1,177,175	1,241,862	48,826	462,042		
				(panu	C silve	Opening Balance \$	186,718	0	0	0	4,193,450	0	563,412	1,299,765	0	2,185,396	432,138	122,491	1,834,715		
				4. Reserves – Cash Backed (Continued)			Winderlup Aged Housing Resident Funded	Naturaliste Community Centre Building Reserve	Civic and Administration Building Reserve	Vasse Sports Pavilion Building Reserve	Jetty Maintenance Reserve	Jetty Self Insurance Reserve	Asset Depreciation Reserve	Road Assets Renewal Reserve	Footpath/ Cycle Ways Reserve	Plant Replacement Reserve	Major Traffic Improvements Reserve	CBD Enhancement Reserve	New Infrastructure Development Reserve	- 18 -	

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				J	City of Busselton	elton						
				-	Financial Report	port						
				For the Ye	For the Year Ended 30 th June 2019	0 th June 2 ^t	019					
			Notes t	to and Forr	ning Part o	f the Finar	Notes to and Forming Part of the Financial Report					
4. Reserves – Cash Backed (Continued)	(inued)	2018/1	2018/19 Actual			2018/10	2018/19 Budget			1/4106	2017/18 Actual	
	Opening Balance	Transfers	Transfers	Closing Balance	Opening Balance	Transfers To	Transfers	Closing Balance	Opening Balance	Transfers To	Transfers	Closing
Commonage Precinct Infrastructure Road Reserve	225,575	5,649	•	231,224	225,575	4,236	•	229,811	•	225,575	0	225,575
City Car Parking and Access Reserve	875,926	568,274	(162,863)	1,281,337	875,926	554,452	(1,312,249)	118,129	623,502	459,270	(206,846)	875,926
Corporate IT Systems Reserve	78,624	1,774	0	80,398	78,624	1,476	0	80,100	125,981	2,966	(50,323)	78,624
Election, Valuation and Other Corporate Expenses Reserve	149,558	359,348	(9,000)	499,906	149,558	353,757	(10,300)	493,015	331,553	187,425	(369,420)	149,558
Legal Expenses Reserves	557,904	76,399	(57,047)	577,256	557,904	10,464	(30,000)	538,368	544,832	13,072	0	557,904
Performing Arts and Convention Centre Reserve	0	0	0	0	0	0	0	0	0	0	0	0
Long Service Leave Reserve	3,111,698	478,139	(493,254)	3,096,583	3,111,698	308,368	(806,308)	2,813,758	2,763,368	732,876	(384,546)	3,111,698
Professional Development Reserve	113,025	73,777	(64,030)	122,772	113,025	72,124	(70,000)	115,149	95,329	78,024	(60,328)	113,025
Sick Pay Incentive Reserve	175,935	5,088	(30,620)	150,403	175,935	3,300	(70,000)	109,235	146,380	83,491	(53,935)	175,936
Workers Compensation & Extended Sick Leave Contingency Reserve	356,227	8,873	(00000)	305,100	356,227	6,684	(000'09)	302,911	322,008	59,219	(25,000)	356,227
Community Facilities - City District	2,303,096	366,946	(117,335)	2,552,707	2,303,096	080'289	(643,415)	2,296,761	2,103,563	430,904	(231,371)	2,303,096
Community Facilities - Broadwater	138,049	20,475	0	158,524	138,049	31,612	0	169,661	108,040	30,009	0	138,049
Community Facilities - Busselton	34,547	9,465	0	44,012	34,547	51,208	(20,000)	65,755	93,423	22,194	(81,070)	34,547
- 19 -						City of Busselton	elton					
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				-	Inanciai Ke	nod						
				For the Ye	For the Year Ended 30 th June 2019	0th June 2	019					
			Notes t	o and Forr	ning Part o	f the Finar	Notes to and Forming Part of the Financial Report					
4. Reserves – Cash Backed (Continued)	tinued)	2000	1000			20200	1000			1,000		
	Opening	Transfers	Transfers	Closing	Opening	Transfers	Transfers	Closing	Opening	Transfers	Transfers	Closing
	\$ \$	\$	\$	\$ \$	\$	\$	morr \$	\$	salance \$	\$	rrom \$	\$ \$
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 - Geographe	95,061	4,115	0	99,176	95,061	7,958	0	103,019	55,970	39,091	0	95,061
Community Facilities - Port Geographe	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	64000	(64,000)	0	129,971	66,963	(196,934)	0
Port Geographe 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 Geographe 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	906'99	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
-20-						City of Busselton	elton					
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					AMD.							

Audit Commi	ttee
6.1	Attachment .

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				J	City of Busselton	elton						
					Financial Report	eport						
				For the Y	For the Year Ended 30 th June 2019	30 th June 2	019					
			Notes t	to and For	ming Part o	of the Fina	Notes to and Forming Part of the Financial Report					
4. Reserves – Cash Backed (Continued)	tinued)											
		2018/1	2018/19 Actual			2018/1	2018/19 Budget			2017/1	2017/18 Actual	
	Opening Balance \$	Transfers To \$	Transfers From \$	Closing Balance \$	Opening Balance \$	Transfers To \$	Transfers From \$	Closing Balance \$	Opening Balance \$	Transfers To S	Transfers From \$	Closing Balance S
Commonage Community Facilities South Biddle Precinct Reserve	1,030,368	25,804	(170,000)	886,172	1,030,368	19,332	(200,000)	849,700		1,030,368	0	1,030,368
Busselton Area Drainage and Waterways Improvement Reserve	548,821	13,451	(15,801)	546,471	548,821	10.296	(169.317)	389.800	609.789	14.631	(75.599)	548.821
Coastal and Climate Adaptation Reserve	2,472,424	597,693	(224,538)	2,845,579	2,472,424	574,112	(1,091,290)	1.955.246	1.900.993	700.756	(129.324)	2.472.425
Emergency Disaster Recovery Reserve	20,000	22,782	0	72,782	20,000		0	70,936	0		0	50,000
Energy Sustainability Reserve	100,000	104,475	(22,622)	181,853	100,000	101,872	(120,000)	81,872	0	100,000	0	100,000
Cemetery Reserve	100,000	81,420	(23,794)	157,626	100,000		(120,000)	58,072	0		0	100,000
Public Art Reserve	229,685	869'S	(149,185)	86,198	229,685	104,308	(143,000)	190,993	94,836		(14,000)	229,685
Waste Management Facility and Plant Reserve	7,881,065	1,513,471	(1,527,326)	7,867,210	7,881,065	1,579,702	(4,140,590)	5,320,177	7,578,592	2,	(1,906,389)	7,881,065
Strategic Projects Reserve	226,213	30,950	0	257,163	226,213	29,236	0	255,449	230,337		(34,916)	226,213
Untied Grants Reserve	0	1,232,906	0	1,232,906	0	0	0	0	1,146,659	0	(1,146,659)	0
Civic and Administration Centre Construction Reserve	0	0	0	0	0	0	0	0	444,863	0	(444,863)	0
	47,978,517	20,296,092	(12,684,392)	55,590,217	47,978,517	19,269,123	(26,356,026)	40,891,614	43,539,056	15,102,674	(10,663,213)	47,978,517
- 21.						City of Busselton	elton					
					A A N	AMD						

6.1 Attachment A

City of Busselton

Financial Report

For the Year Ended 30th 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.

2018-2019 Annual Financial Statements

City of Busselton

Financial Report

For the Year Ended 30th 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 30th June 2019

Notes to and Forming Part of the Financial Report

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

<u>Corporate IT Systems Reserve</u>
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.

<u>Performing Arts and Convention Centre Reserve</u>

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

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Financial Report

For the Year Ended 30th 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 30th June 2019

Notes to and Forming Part of the Financial Report

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.

<u>Commonage Precinct Bushfire Facilities Reserve</u>
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 30th June 2019

Notes to and Forming Part of the Financial Report

Reserves - Cash Backed (Continued)

<u>Public Art Reserve</u>
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.

5.

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

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

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.

6.1

2018-2019 Annual Financial Statements

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

2019 2018 Actual Actual \$ \$

6. Inventories

Current

Materials

24,981 23,672 24,981 23,672

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.

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AMD_______

7 (a).

Attachment A 2018-2019 Annual Financial Statements

City	of Ru	ISSA	ton

Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

	2019 Actual \$	2018 Actual \$
Property, Plant and Equipment		
Land & Buildings		
Freehold Land – Fair Value	52,992,291	52,772,291
	52,992,291	52,772,291
	32,332,231	32,772,231
Buildings – Fair Value	79,026,755	75,220,950
Less Accumulated Depreciation	(6,195,130)	(3,039,620)
	72,831,625	72,181,330
Total Land and Buildings	125,823,916	124,953,621
Furniture and Fittings – Fair Value	3,084,411	4,588,187
Less Accumulated Depreciation	0	(1,258,524)
	3,084,411	3,329,663
Plant and Equipment – Fair Value Less Accumulated Depreciation	15,425,356 0	17,948,506 (3,924,258)
	15,425,356	14,024,248
Total Property, Plant and Equipment	144,333,683	142,307,532



			City of Busselton	selton				
			Financial Report	eport				
		For	For the Year Ended 30 th June 2019	30 th June 2019),
		Notes to an	Notes to and Forming Part of the Financial Report	of the Financial	Report			
7.	Property, Plant and Equipment (Continued)							
(q)) 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.	g amounts of each cla	ass of property, plant	and equipment beta	ween the beginning an	id the end of the curr	rent financial year.	
		Land	Buildings Non- Specialised	Buildings Specialised	Furniture and Fittings	Plant and Equipment	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)	00	00	00	351,368	703,836	1,055,204	
	Impairment - (Losses) - Reversals	0 0	0 0	00	0 0	00	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	
	Balance as at 30 June 2019	52,992,291	45,344,303	27,487,322	3,084,411	15,425,356	144,333,683	
£.				City of Busselton				
			*					
				MD				

6.1 Attachment A 2018-2019 Annual Financial Statement			
	6.1	Attachment A	2018-2019 Annual Financial Statement

City of Busselton	Financial Report	For the Year Ended 30 th June 2019	Notes to and Forming Part of the Financial Report	ment (Continued)		Fair Value Valuation Technique Basis of Valuation Date of last Inputs Used Hierarchy Valuation	2 Market approach using recent Independent Registered June 2017 Price per hectare / market borrowing rate.	properties. 3 Cost approach using depreciated Independent Registered June 2017 Construction costs (level 2) and current condition (level 3), replacement cost. Valuer. 3) inputs.	2 Market approach using recent Independent Registered June 2017 Price per square meter / market borrowing rate observable market data for similar Valuer. properties.	3 Cost approach using depreciated Management valuation. June 2019 Construction cost (level 2) and current condition (level 3), replacement cost inputs.	3 Cost approach using depreciated Management valuation. June 2019 Purchased cost (level 2) and current condition (level 3), replacement cost. 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	A AMD
				ned)		Valuation Tec	Market appr observable m	properties. Cost approac replacement c	Market approbservable maproperties.	Cost approac replacement o	Cost approac replacement c	s with regards ifficantly highe	es in the valua		
				ipment (Contin	ts	Fair Value Hierarchy	2	ĸ	2	m	m	n assumptions result in a sigr	ere no change		
				7. Property, Plant and Equipment (Continued)	(c) Fair Value Measurements	Asset Class	Land & Buildings Freehold land	Non-Specialised Buildings	Specialised Buildings	Furniture & Equipment	Plant & Equipment Plant & Equipment	Level 3 inputs are based o they have the potential to	During the period there w level 2 or level 3 inputs.	32-	

6.1

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

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



		City o	City of Busselton					
		Finan	Financial Report					
		For the Year Ended 30 th June 2019	nded 30 th June	2019				
	Notes t	Notes to and Forming Part of the Financial Report	Part of the Fir	nancial Report				
∞	Infrastructure (Continued)							
(q)	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	ween the beginning	g and the end of th	e current financial y	ear			
		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	
	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	00	00	00	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	
	Balance as at 30 June 2019	293,692,672	37,091,387	8,985,990	57,274,874	167,671,069	564,715,992	
- 34 -			City of Busselton	elton				
			25.5					
			AMD ==					

City of Busselton	Financial Report	For the Year Ended 30 th June 2019	Notes to and Forming Part of the Financial Report	Infrastructure (Continued)	Fair Value Measurements	et Class Fair Value Valuation Technique Basis of Valuation Date of last Inputs Used Herarchy Valuation	Cost approach using depreciated Management valuation. 3 replacement cost.	ges Cost approach using depreciated Management valuation. June 2018 Construction costs (level 2) and current condition (level 3), residual values and remaining useful life assessments (level 3) inputs.	Parks Cost approach using depreciated Management valuation. June 2018 Construction costs (level 2) and current condition (level 3), residual values and remaining useful life assessments (level 3) inputs.	inage 3 Cost approach using depreciated Management valuation. June 2018 Construction costs (level 2) and current condition (level 3), replacement cost. 3) inputs.	er Infrastructure 3 Cost approach using depreciated 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	
				8. Infrastructure	(c) Fair Value Mea	Asset Class	Roads	Bridges	Car Parks	Drainage	Other Infrastructure	Level 3 inputs are ba potential to result in	During the period th	- 35 -	

6.1 Attachment A

City of Busselton

Financial Report

For the Year Ended 30th 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.

2018-2019 Annual Financial Statements

City of Busselton

Financial Report

For the Year Ended 30th 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 Boo	k 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)
	862,709	998,390	926,175	1,045,950	63,466	47,560

By Asset Class:-

	Net Boo	k 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
	862,709	998,390	926,175	1,045,950	63,466	47,560

2019

2018

		Actual \$	Actual \$
(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
		22 051 156	18 581 517



Financial Report

For the Year Ended 30th 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

- 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:

Infrastructure:

Roads	15 - 60	Years
Bridges	40 - 60	Years
Car Parks	20 - 40	Years
Footpaths & Cycle ways	20 - 40	Years
Parks, Gardens & Reserves &	5 - 50	Years
Community Facilities		
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.

2019

2018

City of Busselton

Financial Report

For the Year Ended 30th 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:

•	Actual	Actual
	\$	\$
Land and Buildings		
Opening Balance	56,801,847	56,801,847
Revaluation Increment	0	0
Revaluation Decrement	0	0
	56,801,847	56,801,847
Furniture & Fittings	445.065	AAE OGE
Opening Balance	445,965 351,368	445,965
Revaluation Increment Revaluation Decrement	331,308	0
Revaluation Decrement	797,333	445,965
Plant and Equipment	191,333	445,305
Opening Balance	136,902	136,902
Revaluation Increment	703,836	0
Revaluation Decrement	0	0
Nevaluation bed ement	840,738	136,902
Roads	0.10,100	200,002
Opening Balance	122,047,036	102,035,756
Revaluation Increment	0	20,011,280
Revaluation Decrement	0	0
	122,047,036	122,047,036
Bridges		
Opening Balance	24,939,518	19,677,168
Revaluation Increment	0	5,262,350
Revaluation Decrement	0	0
	24,939,518	24,939,518
Car Parks		_
Opening Balance	5,314,676	5,863,855
Revaluation Increment	0	0
Revaluation Decrement	0	(549,179)
	5,314,676	5,314,676
Drainage		
Opening Balance	14,102,455	9,978,811
Revaluation Increment	.0	4,123,644
Revaluation Decrement	0	0
	14,102,455	14,102,455
Other Infrastructure	44.000.000	0.074.004
Opening Balance	11,352,697	8,274,981
Revaluation Increment	0	3,077,716
Revaluation Decrement		0
All A A Classes	11,352,697	11,352,697
All Asset Classes	225 141 006	202 215 205
Opening Balance	235,141,096	203,215,285
Revaluation Increment Revaluation Decrement	1,055,204 0	32,474,990 (549,179)
	236,196,300	235,141,096
Total Assets Revaluation Surplus	230,130,300	233,141,036

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 30th June 2019

Notes to and Forming Part of the Financial Report

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

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.

2019

2018

4 November 2019

					City of I	City of Busselton							
					Financi	Financial Report							
				For t	For the Year Ended 30 th June 2019	ded 30 th Jui	ne 2019						
			Note	es to and	Notes to and Forming Part of the Financial Report	art of the F	inancial R	eport					
# 5	12. Information on Borrowings (a) Debenture Renavments				Principal	New Ioans	weN loans	Principal Repayment	parament	Drincinal	Jedi	Interact Renaument	- Marine
		Borrowing Institution	<u>با</u> % ټا	Maturity Date	1 July 2018	2018/19 Budget	2018/19 Actual	2018/19 Budget	2018/19 Actual	2018/19 Budget	2018/19 Actual	2018/19 Budget	2018/19 Actual
U		WATC	4.51	06/34	15,496,496	0	0	677,320	677,320	14,819,176	14,819,175	687,544	687,461
<i>S</i>	Recreation & Culture	WATC	5.74	12/19	10.719	c	C	7.044	7.044	3.675	3.675	465	464
S		WATC	6.16		4,777	000	00	3,136	3,136	1,641	1,642	223	222
000		WATC	6.05		459,296	000	000	256,532	256,532	202,764	202,765	22,040	21,998
n s		WATC	6.00		3,069	00	00	2,016	2,015	1,053	1,054	139	139
00	Loan #202 Geothermal Heating GLC Loan #204 Busselton Foreshore	WATC	3.98	_	293,414 876,164	00	00	54,129	54,129	239,286	239,286	10,877	10,871
00	Loan #205 GLC Extensions	WATC	3.92		778,087	00	00	117,371	117,371	660,716	660,716	28,790	28,777
0 0		WATC	3.56	06/27	5,148,146	000	000	494,335	494,335	4,653,810	4,653,810	176,723	176,675
200		WATC	3.04		104,085	00	00	10,219	10,219	93,866	93,865	3,087	3,036
o o	Loan #213 Geographe Bay Yacht Club Loan #214 Dunsborough & Districts Country Club	WATC	3.04		91,302	00	00	8,964	8,964	82,338 95,635	82,338 95,635	3,282	3,203
00	Loan #216 Busselton Foreshore Jetty Precinct Loan #216 Tennis Club Facilities	WATC	3.25	04/28	2,500,000	00	0.0	215,315	215,315	2,284,685	2,284,685	79,515	78,272
		WATC	3.25		1,600,000	1,500,000	1,250,000	137,802	137,802	1,462,198	1,462,198	50,889	50,094
s	_	Unknown	n/a		0	150,000	0	6,251	0	143,749	0	2,813	0
000		WATC WATC	3.92 2.21	09/21 06/24 06/29	490,589 226,943 0	1,500,000	1,480,000	143,936 34,233 62,453	143,936 34,233 0	346,652 192,709 1,437,547	346,653 192,709 1,480,000	18,314 8,397 27,834	18,297 8,393 4,761
S	Economic Services Loan #201 Geographe Bay Tourism Association	WATC	4.76	09/21	37,575	0	0	10,953	10,953	26,623	26,623	1,595	1,595
0	Other Property and Services 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
	\dashv			-	34,727,913	3,150,000	2,730,000	3,155,395	3,055,609	34,722,518	34,402,304	1,374,387	1,333,095
U	Council Loans are financed by general pur	enue.			34,302,036	3,000,000	2,730,000	3,076,141	2,982,607	34,225,895	34,049,429	1,357,031	1,318,733
S	Self-Supporting Loans are financed by pay	ments from third parties	es.		425,877	150,000	0	79,254	73,002	496,623	352,875	17,356	14,362
					34,727,913	3,150,000	2,730,000	3,155,395	3,055,609	34,722,518	34,402,304	1,374,387	1,333,095
- 41 -						City of Busselton	sselton						
					4								
					8	AMD							

				City of Busselton	elton						
				Financial Report	eport						
			For the	For the Year Ended 30 th June 2019	30 th June 20	119					
		Notes	to and Fc	Notes to and Forming Part of the Financial Report	of the Finan	cial Report					
12.	Information on Borrowings (continued)										
(p)	New Borrowings - 2018/19										
		Amount Borrowed	orrowed	Institution	Loan Type		Total	Interest	Amount Used	t Used	Balance
	Particulars / Purpose	Actual \$	Budget \$			(Years)	Interest & Charges	Rate %	Actual \$	Budget \$	Unspent
	Loan #218 Busselton Tennis Club	1,250,000	1,500,000	WATC	Debenture		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
		2,730,000	3,000,000				3,059,849		2,730,000	3,000,000	0
(0)	Unspent Borrowings										
		Date Borrowed	owed	Balance	Borrowed	Expended	Balance				
	Dankini law / Dismand		_	01-July-18	During Year	During Year	30-June-19				
	Particulars / Purpose	27th May 2014		4 013			4 000				
	Loan #2Ub Arrport vet A Linstaliation Loan #215 Busselton Foreshore Jetty Precinct Loan #216 Tennis Club Facilities	27th April 2018 27th April 2018 27th April 2018	. 00 00	4,013 499,996 2,182,894	000	499,996 1,394,290	788,604				
				2,686,903	0	1,894,291	792,612				
- 42 -				ਹੋ	City of Busselton	u					
				AMP	4D						

Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

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

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.



Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

13. Provisions

Attachment A

•	1013013	Provision for Annual Leave	Provision for Long Service Leave	Provision for Sick Leave	Total
		\$	\$	\$	\$
	Opening balance at 1 July 2018	•			
	Current	1,957,702	2,358,371	175,935	4,492,008
	Non-Current	0	753,327	0	753,327
		1,957,702	3,111,698	175,935	5,245,335
	Additional Provisions	1,885,750	506,131	1,414	2,393,295
	Amounts Used	(1,848,415)	(521,246)	(26,945)	(2,396,606)
	Balance 30 June 2019	1,995,037	3,096,583	150,404	5,242,024
	Comprises				
	Current Provisions	1,995,037	2,468,740	150,404	4,614,181
	Non-current Provisions	0	627,843	0	627,843
		1,995,037	3,096,583	150,404	5,242,024

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 remeasurements 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.



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Financial Report

For the Year Ended 30th 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
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
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)
Net Cash from Operating Activities	19,207,957	13,450,346	17,074,920

15. Total Assets Classified by Function and Activity

	2019	2018
	Actual	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
	784,280,387	773,585,100

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Financial Report

For the Year Ended 30th 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.

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Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

17. Capital and Leasing Commitments

Capital Expenditure Commitments	\$	\$
Contracted for:		
Capital projects		
 Busselton Margaret River Regional Airport Airside Infrastructure 	0	885,156
- Busselton Margaret River Regional Airport Landside Infrastructure	13,485,000	13,023,079
Payable:		
- 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) Operating Lease Commitments

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

Payable:

	2,465,517	1,943,120
- later than five years	0	0
- later than one year but not later than five years	1,793,881	1,305,370
- not later than one year	671,636	637,750

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.

2019

Actual

2018

Actual

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 30th June 2019

Notes to and Forming Part of the Financial Report

18. Related Party Transactions

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Councillors Remuneration			
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
	420,107	439,742	369,551

Key Management Personnel (KMP) Compensation Disclosure

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

	2019	2018
	Actual	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
	1,196,395	1,187,726

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.

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Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

18. Related Party Transactions (Continued)

Related Parties

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:
 - 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.

Financial Report For the Year Ended 30th June 2019 Notes to and Forming Part of the Financial Report Conditions Over Grant / Contributions Opening Grant / Contribution Facilities Library Contribution with and bear recognised as revenues in a previous reporting period of received in the current reporting beriod and which were not expended at the close of the previous reporting period of received in the current reporting beriod and which were received in the current reporting period. City of in the current reporting beriod by activity and previous reporting period which were not expended at the close of the previous reporting period which were not expended in the current reporting period. City of in the manner specified by the contribution. City of in the manner specified by the contribution. City of in the manner specified by the contribution. City of in the manner specified by the contribution. City of in the manner specified by the contribution.

Attachment A 2018-2019 Annual Financial Statements

			City	City of Busselton							
			Finar	Financial Report							
		Po	r the Year E	For the Year Ended 30 th June 2019	ne 2019						
		Notes to a	nd Forming	Notes to and Forming Part of the Financial Report	inancial Re	port					
21. (a)	Rating Information – 2018/19 Financial Year Rates										
	Rate Type	Rate in \$	Number of Properties #	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate S	Budget Total Revenue \$	
	Differential General Rate										
	GRV–Residential GRV–Residential Holiday Homes	9.4747	13,737	253,896,092 10,794,940	1,043,674	339,121	1,043,674	1,043,674	00	1,043,674	
	GRV-Industrial	10.9410	420	19,605,514	2,145,037	63,166	2,208,203	2,145,037	00	2,145,037	
	GRV-Residential Vacant Land	9.4747	292	7,815,150	740,461	(2,907)	737,554	740,461	00	740,461	
	GRV-Industrial Vacant Land	10.9410	99	1,485,300	162,506	(11,856)	150,650	162,506	0 0	162,506	
	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 0	2,935,663	
	Interim Rates	25,750	0	000,101,00	0	0	0	0	543,711	543,711	
	Sub-Totals	- 1	18,873	1,794,457,062	41,686,135	680,789	42,366,924	41,686,135	543,711	42,229,846	
	Minimum Differential General Date	Minimum \$									
	GRV-Residential	1,300	1,132	14,116,938	1,471,600	0	1,471,600	1471,600	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 0	28,600	28,600	0 0	28,600	_
	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 27	8,750	1,300	0 0	1,300	1,300	00	1,300	
	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	3 004 127	1,555,400	00	1,555,400	1,555,400	00	1,555,400	
	Sub-Totals	7,300	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)) Total Amount Rateed from General Rates						123,379			122,560	
_	3						101			020,000,00	
	Specified Area Rate (refer note 21(b)) Totals						535,131 48,723,934			524,740 48,575,646	
SIG	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.	nencement of t	he rating perioc	d or, where earlier	, upon receipt	of rates.					
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				AMP—							
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For the Year Ended 30th 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 \$
Port Geographe							
 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
				193,747	187,572	193,747	187,572

	Rate in	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
Provence							
 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
				168,462	166,778	168.462	166.778

		Rate in	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
Vasse								
•	Rate	1.7686	GRV	9,634,080	170,390	170,390	170,390	170,390
•	Interim Rate			1	2,532	0	2,532	0
•	Back Rate				0	0	0	0
					172,922	170,390	172,922	170,390

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

21(c) Service Charges – 2018/19 Financial Year

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

6.1 Attachment A

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

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

			Total	Budget
			Cost /	Cost /
		Discount	Value	Value
	Type	%	\$	\$
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

	Due Date	Instalment Plan	Instalment Plan	Unpaid Rates
Instalment Options		Admin Charge	Interest Rate	Interest Rate
Option 1				
Single Full Payment	7 September 2018	0	0.00%	11.00%
Option 2				
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 7th 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 7th 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:

1st Instalment 7th September 2018
 2nd Instalment 7th November 2018
 3rd Instalment 7th January 2019
 4th Instalment 7th March 2019

Audit Committee

6.1

<u>2019</u>

<u> 2019</u>

2018

City of Busselton

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For the Year Ended 30th 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

	30 June 2019 C/FWD \$	1 July 2018 B/FWD	30 June 2018 C/FWD \$
Surplus / (Deficit)	1,751,076	3,511,291	3,511,291
Comprises:			
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
<u>Less:</u>			
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.



Financial Report

For the Year Ended 30th 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 Va	lue
	2019	2018	2019	2018
	\$	\$	\$	\$
Financial Assets				
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
	75,205,731	78,022,928	75,205,731	78,022,928
Financial Liabilities				
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
	39,594,832	40,851,664	47,048,539	48,148,947

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 30th 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.*

20 June 2010

	of a 1% $^{(1)}$ movement in interest rates on cash and investments ce date:	\$	\$
•	Equity Statement of Comprehensive Income	702,723 702,723	724,133 724,133

Notes:

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

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Financial Report

For the Year Ended 30th 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
		\$	\$
Percenta	ge of Rates and Annual Charges		
	Current	4.45%	10.00%
•	Overdue	95.55%	90.00%
Percenta	ge of Other Receivables		
•	Current	99.69%	98.98%
•	Overdue	0.31%	1.02%

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2018-2019 Annual Financial Statements

Financial Report

For the Year Ended 30th 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:

				Total	
	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	contractual cash flows \$	Carrying Values \$
2019					
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
2018					
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

1 Attachment A 2018-2019 Annual Financial Statements

		City of	City of Busselton						
		Financ	Financial Report						
	Fort	he Year En	For the Year Ended 30 th June 2019	ne 2019					
	Notes to and Forming Part of the Financial Report	Forming P	art of the F	inancial Re	port				
23.	. Financial Risk Management (Continued)								
(2)) 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.	in interest rati iime of negotia	es could advers ition.	ely affect fund	ling costs. The	City manages i	this risk by bor	rowing long ter	m and fixing
	The following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:	ial instruments	exposed to int	erest rate risk:					
		< 1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted
									Effective Interest
		\$	\$	\$	\$	\$	\$	\$	Rate %
	<u>Year Ended 30 June 2019</u> Borrowings Fixed Rate								
	Debentures Weighted Average Effective Interest Rate	363,622	29,447	373,275 4.23%	0.00%	1,092,711	32,543,249	34,402,304	3.81%
	<u>Year Ended 30 June 2018</u> Borrowings Fixed Rate								
	Debentures Weighted Average Effective Interest Rate	0.00%	817,082	5.94%	528,163 4.23%	0.00%	33,324,278 3.90%	34,727,913	3.95%
- 29 -			City of Busselton	elton					
		4							
		7	AMD						

Financial Report

For the Year Ended 30th 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

**4** AMD

City of Busselton

Financial Report

For the Year Ended 30th 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 ⁽¹⁾	Impact
(ii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	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.
				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.
(iii)	AASB 16 Leases	February 2016	1 January 2019	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.
				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.
(iii)	AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:
				- Assets received below fair value;
				- Transfers received to acquire or construct non- financial assets;
				- Grants received;
				- Prepaid rates;
				- Leases entered into at below market rates; and
				- Volunteer services.
				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.

(1) Applicable to reporting periods commencing on or after the given date.



Financial Report

For the Year Ended 30th 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 1 January 2017
 Standards Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities
- (iii) AASB 2016-7 Amendments to Accounting Standards 1 January 2017 Deferral of AASB 15 for Not-for-Profit Entities

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.

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For the Year Ended 30th 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.

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For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

26. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

Attachment A

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, and 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

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.



Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

26. OTHER SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Superannuation

Attachment A

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.

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5.1 Attachment A

City of Busselton

Financial Report

For the Year Ended 30th 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.

66 - City of Busselton



Financial Report

For the Year Ended 30th 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.

4 AMD_____

Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

28	Financia	I Date

Attachment A

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

Current assets minus restricted assets Current liabilities minus liabilities associated with restricted assets

Asset Sustainability Ratio (ratio required to achieve basic standard > 0.9) Capital renewal and replacement expenditure

(ratio required to achieve basic standard > or = Principal and interest and depreciation to 2, and advanced standard > or = Principal and interest to 2.

to 2, and advanced standard > or = to 5) Operating Surplus Ratio

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

Operating revenue minus operating expense Own source operating revenue

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

Own source operating revenue Operating expense

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

Depreciated replacement cost of depreciable assets Current replacement cost of depreciable assets

Asset Renewal Funding Ratio

NPV of planned capital renewals over 10 years (ratio required to achieve basic standard > 0.75)

NPV of required capital expenditure over 10 years

City of Busselton



Financial Report

For the Year Ended 30th 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

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2018-2019 Auditors Report

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:
 - 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 19 October 2019

Attachment C





Our Ref: 8253

Mr Grant Henley Mayor City of Busselton Locked Bag 1 **BUSSELTON WA 6280**



7th Floor, Albert Facey House 469 Wellington Street, Perth

> Mail to: Perth BC PERTH WA 6849

Tel: (08) 6557 7500 Fax: (08) 6557 7600 Email: info@audit.wa.gov.au

Dear Mayor

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

The Office has completed the audit of the annual financial report for your local government. In accordance with section 7.12AD (2) of the Local Government Act 1995, we enclose the Auditor General's auditor's report, together with the audited annual financial report.

We have also forwarded the reports to the CEO and the Minister, as required by the Act. The CEO is required to publish the annual report, including the auditor's report and the audited financial report, on your City's official website within 14 days after the annual report has been accepted by your Council.

Management Control Issues

While the result of the audit was generally satisfactory, I would like to draw your attention to the attached listing of deficiencies in internal control and other matters that were identified during the audit. These matters have been discussed with management and their comments have been included in the attachment

Please note that the purpose of our audit was to express an opinion on the financial report. The audit included consideration of internal control relevant to the preparation of the financial report in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

An audit is not designed to identify all internal control deficiencies that may require management attention. The matters being reported are limited to those deficiencies that have been identified during the audit that are of sufficient importance to warrant being reported. It is possible that other irregularities and deficiencies may have occurred and not been identified as a result of our audit.

This letter has been provided for the purposes of the City and the Minister for Local Government and may not be suitable for other purposes.

I would like to take this opportunity to thank you, the management and the staff of the City for their cooperation with the audit team during our audit.

Feel free to contact me on 6557 7640 if you would like to discuss these matters further.

Yours faithfully

CARLY MEAGHER DIRECTOR FINANCIAL AUDIT

29 October 2019

Attach

ATTACHMENT

CITY OF BUSSELTON

Attachment D

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2019 FINDINGS IDENTIFIED DURING THE FINAL AUDIT

INDEX OF FINDINGS		RATING		
	Significant	Moderate	Minor	
High Annual Leave Accrual at Year End			✓	

KEY TO RATINGS

The Ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

Significant	-	Those findings where there is potentially a significant risk to the entity should
		the finding not be addressed by the entity promptly.

Moderate	-	Those findings which are of sufficient concern to warrant action being taken
		by the entity as soon as practicable.

Those findings that are not of primary concern but still warrant action being taken.

2018-2019 Management Letter - Attachment

ATTACHMENT

CITY OF BUSSELTON

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2019 FINDINGS IDENTIFIED DURING THE FINAL AUDIT

1. HIGH ANNUAL LEAVE ACCRUAL AT YEAR END

Finding

During our review, we identified twenty five employees who have annual leave accrued balances in excess of 300 hours each as at 30 June 2019.

Rating: Minor Implication:

Excessive accrued annual leave balances increases the risk of an adverse impact through excessive financial liabilities and may also indicate over-reliance on key individuals. This over-reliance can result in business interruption when the employee takes extended leave or is no longer employed by the City. Failure to take leave can also mask fraud.

Recommendation:

The City should continue to manage and monitor the excessive annual leave accruals to reduce the financial liability, risk of business interruption and fraud.

Management Comment:

The finding in relation to excessive leave balances for some employees is acknowledged, although it should be noted that this is an issue in relation to a small percentage of long term employees only and the City does not generally have a problem with excessive leave balances. The City is continuing to work within relevant industrial requirements (regarding consultation and genuine agreement) to achieve a reduction in leave balances while still meeting the needs of the organisation.

- 7. GENERAL DISCUSSION ITEMS
- 8. **NEXT MEETING DATE**
- 9. CLOSURE