



City of Busselton
Geographie Bay

Audited Financial Report

For the year ended

30 June 2012

City of Busselton
Financial Report
For the Year Ended 30th June 2012

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City of Busselton

Financial Report

For the Year Ended 30th June 2012

LOCAL GOVERNMENT ACT 1995

**LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS
1996**

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the City of Busselton being the annual financial report and supporting notes and other information for the financial year ended 30th June 2012 are in my opinion properly drawn up to present fairly the financial position of the City of Busselton at 30th June 2012 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed on the 27th day of September 2012



Mathew Smith
Acting Chief Executive Officer

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Statement of Comprehensive Income by Nature or Type

	Note	2012 Actual \$	2012 Budget \$	2011 Actual \$
<u>REVENUE</u>				
Rates	23	29,693,215	29,630,634	28,763,150
Operating Grants, Subsidies and Contributions	29	5,106,374	2,749,878	3,160,904
Fees and Charges	28	9,068,263	8,905,452	8,314,405
Interest Earnings	2(a)	3,220,035	2,290,000	2,552,437
Other Revenue		464,029	443,604	507,843
		47,551,916	44,019,568	43,298,739
<u>EXPENSES</u>				
Employee Costs		(20,554,327)	(20,838,370)	(18,236,995)
Materials and Contracts		(12,365,499)	(12,421,927)	(10,363,329)
Utility Charges		(1,682,740)	(1,899,803)	(1,607,583)
Depreciation on Non-Current Assets	2(a)	(8,261,752)	(8,827,400)	(8,026,170)
Loss on Redemption of Financial Assets	4	(10,075)	0	0
Interest Expenses	2(a)	(289,461)	(299,750)	(326,265)
Insurance Expenses		(600,730)	(635,155)	(580,962)
Other Expenditure		(279,191)	(383,085)	(778,602)
		(44,043,775)	(45,305,490)	(39,919,906)
		3,508,141	(1,285,922)	3,378,833
Non-Operating Grants, Subsidies and Contributions	29	8,200,267	14,126,939	22,799,951
Fair value adjustments to financial assets at fair value through profit or loss	4	0	0	14,178
Profit on Asset Disposals	21	164,962	233,021	152,836
Loss on Asset Disposals	21	(96,044)	(46,055)	(128,027)
		8,269,185	14,313,905	22,838,938
NET RESULT		11,777,326	13,027,983	26,217,771
Other Comprehensive Income				
Other Comprehensive Income		0	0	0
Total Other Comprehensive Income		0	0	0
TOTAL COMPREHENSIVE INCOME		11,777,326	13,027,983	26,217,771

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

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Statement of Comprehensive Income by Program

	Note	2012 Actual \$	2012 Budget \$	2011 Actual \$
Revenue				
General Purpose Funding	2(a)	35,450,450	33,732,037	33,340,560
Governance		649,143	36,050	182,513
Law, Order & Public Safety		471,922	445,685	616,203
Health		192,071	111,993	133,805
Education and Welfare		3,049	3,755	3,301
Housing		366,592	347,544	331,518
Community Amenities		5,135,706	4,948,016	4,503,580
Recreation and Culture		1,891,751	1,808,929	1,658,511
Transport		1,460,398	587,219	447,729
Economic Services		1,614,623	1,821,912	1,816,541
Other Property and Services		316,211	176,428	278,656
		<u>47,551,916</u>	<u>44,019,568</u>	<u>43,312,917</u>
Expenses Excluding Finance Costs				
General Purpose Funding	2(a)	(1,027,793)	(946,035)	(702,854)
Governance		(4,122,713)	(4,821,084)	(4,214,125)
Law, Order & Public Safety		(1,917,619)	(2,082,679)	(2,444,911)
Health		(897,672)	(958,752)	(792,935)
Education and Welfare		(216,065)	(226,758)	(121,972)
Housing		(300,935)	(290,618)	(323,669)
Community Amenities		(8,227,076)	(8,782,813)	(7,359,702)
Recreation and Culture		(10,724,863)	(11,320,599)	(9,235,284)
Transport		(12,335,214)	(11,858,734)	(10,521,196)
Economic Services		(3,011,385)	(3,195,972)	(2,936,421)
Other Property and Services		(972,979)	(521,696)	(940,572)
		<u>(43,754,314)</u>	<u>(45,005,740)</u>	<u>(39,593,641)</u>
Finance Costs				
Education and Welfare	2(a)	(3,131)	(3,131)	(4,933)
Community Amenities		(35,007)	(35,007)	(48,827)
Recreation and Culture		(243,078)	(247,468)	(263,549)
Economic Services		(8,245)	(5,394)	(8,956)
Other Property and Services		0	(8,750)	0
		<u>(289,461)</u>	<u>(299,750)</u>	<u>(326,265)</u>
Non-Operating Grants, Subsidies & Contributions				
Law, Order & Public Safety	29	481,562	1,200	366,692
Health		1,446	0	4,410
Community Amenities		20,000	140,000	1,179,091
Recreation and Culture		5,192,274	9,746,518	14,156,821
Transport		2,475,422	4,239,221	4,835,643
Economic Services		0	0	2,257,294
Other Property and Services		29,563	0	0
		<u>8,200,267</u>	<u>14,126,939</u>	<u>22,799,951</u>
Profit / (Loss) on Disposal of Assets				
Governance	21	(8,148)	4,707	537
Law, Order & Public Safety		10,485	(2,799)	72,706
Health		(352)	(3,864)	0
Education and Welfare		(2,288)	0	0
Housing		(16)	0	0
Community Amenities		23,985	(11,796)	(101,502)
Recreation and Culture		6,369	59,357	16,755
Transport		14,332	131,877	18,517
Economic Services		0	(2,870)	7,857
Other Property and Services		24,551	12,354	9,939
		<u>68,918</u>	<u>186,966</u>	<u>24,809</u>
NET RESULT		11,777,326	13,027,983	26,217,771
Other Comprehensive Income		0	0	0
TOTAL COMPREHENSIVE INCOME		<u>11,777,326</u>	<u>13,027,983</u>	<u>26,217,771</u>

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

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Statement of Financial Position

	Note	2012 Actual \$	2011 Actual \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	45,773,663	50,732,872
Investments	4	0	112,193
Trade and Other receivables	5	3,151,133	2,286,941
Inventories	6	133,355	194,052
TOTAL CURRENT ASSETS		49,058,151	53,326,058
NON-CURRENT ASSETS			
Other Receivables	5	753,911	858,584
Property, Plant and Equipment	7	37,174,043	32,660,734
Infrastructure	8	238,929,140	227,433,830
TOTAL NON-CURRENT ASSETS		276,857,094	260,953,148
TOTAL ASSETS		325,915,245	314,279,206
CURRENT LIABILITIES			
Trade and Other Payables	9	5,735,245	5,497,489
Current Portion of Long Term Borrowings	10	775,353	754,290
Provisions	11	2,851,095	2,508,635
TOTAL CURRENT LIABILITIES		9,361,693	8,760,414
NON-CURRENT LIABILITIES			
Long Term Borrowings	10	3,521,035	4,252,682
Provisions	11	409,792	420,711
TOTAL NON-CURRENT LIABILITIES		3,930,827	4,673,393
TOTAL LIABILITIES		13,292,520	13,433,807
NET ASSETS		312,622,725	300,845,399
EQUITY			
Retained Surplus		285,495,082	276,977,211
Reserves – Cash / Investment Backed	12	27,127,643	23,868,188
TOTAL EQUITY		312,622,725	300,845,399

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

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Statement of Changes in Equity

	Note	Retained Surplus	Reserves Cash / Investment Backed	Total Equity
		\$	\$	\$
Balance as at 1 July 2010		254,816,040	19,811,588	274,627,628
Net Result		26,217,771	0	26,217,771
Total Other Comprehensive Income		0	0	0
Transfer from / (to) Reserves		(4,056,600)	4,056,600	0
Balance as at 30 June 2011		276,977,211	23,868,188	300,845,399
Net Result		11,777,326	0	11,777,326
Total Other Comprehensive Income		0	0	0
Transfer from / (to) Reserves		(3,259,455)	3,259,455	0
Balance as at 30 June 2012		285,495,082	27,127,643	312,622,725

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

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Statement of Cash Flows

	Note	2012 Actual \$	2012 Budget \$	2011 Actual \$
Cash Flows from Operating Activities				
Receipts				
Rates		29,571,119	29,725,904	28,448,554
Operating Grants, Subsidies and Contributions		5,003,707	2,761,421	3,361,171
Fees & Charges		9,008,675	8,917,416	8,409,069
Interest Earnings		3,220,035	2,290,000	2,552,437
Goods and Services Tax		3,950,977	0	4,815,727
Other Revenue		858,241	950,690	1,003,451
		<u>51,612,754</u>	<u>44,645,431</u>	<u>48,590,409</u>
Payments				
Employee Costs		(20,126,125)	(20,796,621)	(18,185,350)
Materials and Contracts		(11,400,045)	(13,192,413)	(9,991,651)
Utility Charges		(1,682,740)	(1,899,803)	(1,607,583)
Insurance Expenses		(600,730)	(635,155)	(580,962)
Interest Expenses		(289,461)	(299,750)	(326,265)
Goods and Services Tax		(5,282,320)	0	(3,762,204)
Other Expenditure		(770,953)	(1,001,172)	(1,607,405)
		<u>(40,152,374)</u>	<u>(37,824,914)</u>	<u>(36,061,420)</u>
Net Cash Provided by Operating Activities	14(b)	<u>11,460,380</u>	<u>6,820,517</u>	<u>12,528,989</u>
Cash Flows from Investing Activities				
Payment for Purchase of Prop, Plant & Equip		(7,756,667)	(14,448,982)	(2,405,488)
Payment for Construction of Infrastructure		(16,381,427)	(25,183,316)	(12,202,495)
Advances to Community Groups		(100,000)	0	(169,000)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		6,952,865	12,390,990	18,474,575
Proceeds from Sale of Assets		1,241,935	1,298,100	448,640
Proceeds from Sale of Investments		112,193	112,193	137,135
Net Cash Provided By (Used In) Investing Activities		<u>(15,931,101)</u>	<u>(25,831,015)</u>	<u>4,283,367</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(810,584)	(768,267)	(721,192)
Proceeds from Self Supporting Loans		222,096	165,802	166,846
Proceeds from New Debentures		100,000	800,000	169,000
Net Cash Provided By (Used In) Financing Activities		<u>(488,488)</u>	<u>197,535</u>	<u>(385,346)</u>
Net Increase (Decrease) in Cash Held		(4,959,209)	(18,812,963)	16,427,010
Cash at Beginning of Year		50,732,872	50,732,872	34,305,862
Cash and Cash Equivalents at the End of the Year	14 (a)	<u><u>45,773,663</u></u>	<u><u>31,919,909</u></u>	<u><u>50,732,872</u></u>

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

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Rate Setting Statement

	Note	2012 Actual \$	2012 Budget \$	2011 Actual \$
<u>REVENUE</u>				
General Purpose Funding		5,757,235	4,101,403	4,577,410
Governance		649,179	42,350	191,277
Law, Order & Public Safety		968,469	453,985	1,055,600
Health		193,585	111,993	138,215
Education and Welfare		3,049	3,755	3,301
Housing		366,592	347,544	331,518
Community Amenities		5,189,699	5,091,330	5,685,409
Recreation and Culture		7,109,958	11,624,477	15,842,706
Transport		3,998,730	4,958,717	5,306,743
Economic Services		1,614,623	1,821,912	4,081,693
Other Property and Services		372,810	191,428	288,682
		26,223,929	28,748,894	37,502,554
<u>EXPENSES</u>				
General Purpose Funding		(1,027,793)	(946,035)	(702,854)
Governance		(4,130,896)	(4,822,677)	(4,222,353)
Law, Order & Public Safety		(1,922,119)	(2,092,578)	(2,444,911)
Health		(898,093)	(962,616)	(792,935)
Education and Welfare		(221,484)	(229,889)	(126,905)
Housing		(300,950)	(290,618)	(323,669)
Community Amenities		(8,272,091)	(8,832,930)	(7,512,770)
Recreation and Culture		(10,987,505)	(11,577,740)	(9,509,452)
Transport		(12,383,792)	(11,859,134)	(10,526,050)
Economic Services		(3,019,629)	(3,204,236)	(2,945,377)
Other Property and Services		(975,466)	(533,092)	(940,657)
		(44,139,818)	(45,351,545)	(40,047,933)
Net Result Excluding Rates		(17,915,889)	(16,602,651)	(2,545,379)
Adjustments for Cash Budget Requirements				
Non-Cash Expenditure and Revenue				
(Profit) / Loss on Asset Disposal	21	(68,918)	(186,966)	(24,809)
Movement in Deferred Pensioner Rates		(8,438)	0	(6,735)
Movement in Deposits and Bonds		(323,528)	0	(303,803)
Movement in Employee Benefit Provisions		331,540	32,279	49,570
Movement in Non-Cash Contributions	14(e)	(1,207,145)	(1,750,000)	(4,392,552)
Depreciation on Assets	2(a)	8,261,752	8,827,400	8,026,170
Capital Expenditure and Revenue				
Purchase of Land and Buildings	7	(3,340,976)	(7,838,170)	(554,307)
Purchase of Plant and Equipment	7	(3,434,186)	(5,130,897)	(1,615,317)
Purchase of Furniture and Fittings	7	(1,079,653)	(1,553,070)	(355,070)
Purchase of Infrastructure Assets	8	(16,381,427)	(25,333,316)	(12,202,494)
Proceeds from Disposal of Assets	21	1,241,935	1,298,100	541,162
Repayment of Debentures	22(a)	(810,584)	(768,268)	(721,192)
Proceeds from New Debentures	22(a)	100,000	800,000	169,000
Advances to Community Groups	22(a)	(100,000)	0	(169,000)
Self Supporting Loan Principal Income		222,097	165,803	166,846
Transfers to Reserves / Restricted Assets		(11,092,394)	(6,641,504)	(18,910,116)
Transfers from Reserves / Restricted Assets		13,912,833	21,607,937	6,299,576
ADD : Estimated Surplus / (Deficit) July 1 B/Fwd	23(b)	3,442,689	3,442,689	1,227,989
LESS : Estimated Surplus / (Deficit) June 30 C/Fwd	23(b)	1,442,923	0	3,442,689
Amount Required to be Raised from Rates	23(a)	(29,693,215)	(29,630,634)	(28,763,150)

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

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

1. Significant Accounting Policies

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

(a) Basis of Preparation

The financial report is a general purpose financial statement which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying Regulations.

Except for cash flow and rate setting information, the report has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of the 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.

(b) The Local Government Reporting Entity

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

In the process of reporting on the local government as a single unit, all transactions and balances between 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, but a separate statement of those monies appears at Note 20 to these financial statements.

(c) Goods and Services Tax

Revenues, expenses and assets capitalised are stated net of any GST recoverable.

Receivables and payables in the statement of financial position are stated inclusive of applicable GST. 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.

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

1. Significant Accounting Policies (Continued)

(d) Cash and Cash Equivalents

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

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

(e) Trade and Other Receivables

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.

(f) Inventories

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.

Land Held for Resale

Land purchased for development and/or resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until finance costs and holding charges incurred after development is completed are expensed.

Revenue arising from the sale of property is recognised in the statement of comprehensive income as at the time of signing an unconditional contract of sale.

Land held for resale is classified as current except where it is held as non-current based on Council's intention to release for sale.

(g) Fixed Assets

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

Initial Recognition

All assets are initially recognised at cost. 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 Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

1. Significant Accounting Policies (Continued)

(g) Fixed Assets (continued)

Initial Recognition (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income in the period in which they are incurred.

Revaluation

Certain asset classes may be re-valued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

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

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Those assets carried at a re-valued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be re-valued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

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 AASB1051 – 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 Council.

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

1. Significant Accounting Policies (Continued)

(g) Fixed Assets (continued)

Depreciation of Non-Current Assets

All non-current assets having a limited useful life (excluding freehold land) are separately and systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are:

Fixed Assets:

Buildings – General	40	Years
Buildings - Geographe Leisure Centre	10 to 20	Years
Furniture and Equipment - Basic Items	10	Years
Furniture and Equipment - EDP Network	3	Years
Heavy Plant and Equipment	3 to 10	Years
Light to Medium Vehicles	3	Years
Light Mobile Plant	3	Years
Tools	3 to 10	Years

Infrastructure:

Roads	15 to 60	Years
Bridges	60 to 90	Years
Car Parks	20 to 40	Years
Footpaths & Cycle ways	5 to 50	Years
Parks, Gardens & Reserves - Land Based	5 to 50	Years
Parks Equipment & Structures	5 to 20	Years
Storm water Drainage	25 to 80	Years
Regional Airport & Industrial Park	12 to 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. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Capitalisation Threshold

Expenditure on items of equipment under \$1,000 is not capitalised. Rather, it is recorded on a portable asset inventory listing.

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

1. Significant Accounting Policies (Continued)

(h) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Council becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Council commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or at cost.

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- a) the amount in which the financial asset or financial liability is measured at initial recognition;
- b) less principal repayments;
- c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method; and
- d) less any reduction for impairment.

The effective interest rate method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

(i) Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

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.

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

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

1. Significant Accounting Policies (Continued)

(h) Financial Instruments (Continued)

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Council's management has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable.

They are subsequently measured at fair value with changes in such fair value (ie gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to the asset previously recognised in other comprehensive income, is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets where they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as non-current.

(v) Financial liabilities

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

Impairment

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Council no longer has any significant continued involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expire. 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.

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

1. Significant Accounting Policies (Continued)

(i) Impairment

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

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

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 (eg 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 assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

(j) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Council prior to the end of the financial year that are unpaid and arise when the Council becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(k) Employee Benefits

Provision is made for the Council's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for the benefits. In determining the liability, consideration is given to the employee wage increases and the probability the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity matching the expected timing of cash flows.

Sick Leave Scheme

The provision for employee's entitlements under the sick pay scheme represents the estimated cash flows to be made by Council resulting from the employee's service to balance date in accordance with the relevant clause of the City of Busselton's Enterprise Bargaining Agreement 2010.

Clause 33 of the City of Busselton's Enterprise Bargaining Agreement states that; "Those employees who commenced with the City prior to 22 August 2003 will continue to be entitled to 15% of the money value of their accrued sick leave on resignation or retirement, as negotiated in the City of Busselton Certified Enterprise Bargaining Agreement 1997 (sub-clause 17.18(2)).

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

1. Significant Accounting Policies (Continued)

(l) Borrowing Costs

Borrowing costs are recognised as an expense when incurred.

(m) Provisions

Provisions are recognised when:

- a) the Council has a present legal or constructive obligation as a result of past events;
- b) for which it is probable that an outflow of economic benefits will result; and
- c) 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.

(n) 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 Council, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower amounts equal to 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.

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

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

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

(o) Joint Venture

The Council's interest in a joint venture (if any) has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the appropriate line items of the financial statement. Information about the joint venture is set out in Note 17.

The Council's interest in joint venture entities are recorded using the equity method of accounting in the financial report.

Where the Council contributes assets to the joint venture or if the Council purchases assets from the joint venture, only the portion of gain or loss not attributable to the Council's share of the joint venture shall be recognised. The Council recognises the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

1. Significant Accounting Policies (Continued)

(p) Rates, Grants, Donations and Other Contributions

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 2(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operation for the current reporting period.

(q) Superannuation

The Council contributes to a number of superannuation funds on behalf of employees. All funds to which the Council contributes are defined contribution plans.

(r) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where the Council 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 even if not expected to be realised in the next 12 months except for land held for resale where it is held as non-current based on Council's intentions to release for sale.

(s) Rounding Off Figures

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

(t) Comparative Figures

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

When the Council applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, a statement of financial position as at the beginning of the earliest period will be disclosed.

(u) 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.

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

1. Significant Accounting Policies (Continued)

(v) Deposits & 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.

(w) New Accounting Standards and Interpretations for Application in Future Periods

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2012.

Council's assessment of these new and amended standards and interpretations is set out below:

	Title and Topic	Issued	Applicable (*)	Impact
(i)	AASB 9 – Financial Instruments	December 2009	01 January 2013	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii)	AASB 1053 - Application of Tiers of Australian Accounting Standards	June 2010	01 July 2013	Nil - Due to its nature and statutory requirements the Council will be deemed a Tier 1 entity and will continue to prepare general purpose financial statements.
(iii)	AASB 2009– 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12)	December 2009	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

1. Significant Accounting Policies (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

	Title and Topic	Issued	Applicable (*)	Impact
(iv)	AASB 2010 - 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050, & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052]	June 2010	01 July 2013	Nil - None of these amendments will have any effect on the financial report as the standard does not apply in the case of general purpose financial statements.
(v)	AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12,19 & 127]	December 2010	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(vi)	AASB 2010 - 8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets [AASB 112]	December 2010	01 January 2012	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

1. Significant Accounting Policies (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

	Title and Topic	Issued	Applicable (*)	Impact
(vii)	AASB 2010 - 10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters [AASB 2009 - 11 & 2010 - 7]	December 2010	01 January 2013	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
(viii)	AASB 2011 - 2 Amendments to Australian Accounting Standards - Arising from the Trans- Tasman Consequence Project - Reduced Disclosure Requirements. [AASB 101 & 1054]	May 2011	01 July 2013	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
	AASB 2011 - 3 Amendments to Australian Accounting Standards - Orderly Adoption of Changes to ABS GFS manual and related Amendments. [AASB 1049]	May 2011	01 July 2012	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
	AASB 2011 - 6 Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements [AASB 127,128 & 131]	July 2011	01 July 2012	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

1. Significant Accounting Policies (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

	Title and Topic	Issued	Applicable (*)	Impact
(ix)	AASB 10 - Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests in Other Entities, AASB 127 - Separate Financial Statements, AASB 128 - Investments in Associates and Joint Ventures, AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	August 2011	01 January 2013	Nil - None of these, except for AASB 128, are expected to have significant application to the operations of the Council. With respect to AASB 128, where the Council has an interest in a Joint Venture, the requirements of AASB 128 supersede those of the current Joint Venture Standard AASB 131. The new standard more clearly defines the accounting treatment and disclosure in relation to it. Due to Council not being involved in any Joint Venture, it is not expected to have any impact on the Council.

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

1. Significant Accounting Policies (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

	Title and Topic	Issued	Applicable (*)	Impact
(x)	AASB 13 - Fair Value Measurement, AASB 2011 - 8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]	September 2011	01 January 2013	AASB 13 defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurements. AASB 13 requires inputs to all fair value measurements to be categorised in accordance with fair value hierarchy. AASB 13 also requires enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value. AASB 13 will have particular relevance to the process of the Council adopting fair value methodology in relation to its fixed assets as mandated from 1 July 2012. Apart from the changes in value in relation to assets to be revalued (which are mandated by legislation and not changes to the standard) it is not expected to significantly impact the Council as the framework embodied in AASB 13 does not differ significantly from that which is present in existing standards. The amendments to the legislation requires the phasing in of fair value in relation to fixed assets over the three years from 1 July 2012. It is not possible to estimate the likely amount of any revaluations.
(xi)	AASB 2011 - 9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	September 2011	01 January 2013	The main change embodied in this standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially re-classifiable to profit or loss subsequently. It effects presentation only and is not expected to significantly impact the Council.

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

1. Significant Accounting Policies (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

	Title and Topic	Issued	Applicable (*)	Impact
(xii)	AASB 119 - Employee Benefits, AASB 2011 - 10 Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Interpretation 14]	September 2011	01 January 2013	The changes in relation to defined benefit plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASB in relation to termination benefits.
(xiii)	AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	September 2011	01 July 2013	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
	AASB 2011 – 12 Amendments to Australian Accounting Standards arising from Interpretation 20 [AASB 1]	November 2011	01 January 2013	
	AASB 2011 – 13 Amendments to Australian Accounting Standards – Improvements to AASB 1049	December 2011	01 July 2012	

Notes:

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

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

1. Significant Accounting Policies (Continued)

(x) Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

AASB 124
AASB 1054
AASB 2009 - 12
AASB 2009 - 14
AASB 2010 - 4
AASB 2010 - 5
AASB 2010 - 6
AASB 2010 - 9
AASB 2011 - 1

The standards adopted had a minimal effect on the accounting and reporting practices of the Council as they were either largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

	2012 Actual \$	2011 Actual \$
2. Revenue and Expenses		
(a) Net Result		
The Net Result includes:		
(i) Charging as an Expense:		
Significant Expense		
General Purpose Funding	0	0
	<hr/>	<hr/>
Auditors Remuneration		
- Audit	22,430	18,690
- Other Services	955	1,460
	<hr/>	<hr/>
	23,385	20,150
	<hr/>	<hr/>
Depreciation		
Buildings	801,406	777,830
Furniture and Equipment	489,205	749,688
Plant and Equipment	1,394,520	1,261,592
Roads	3,052,264	2,964,834
Bridges	140,378	133,017
Car Parks	46,738	43,429
Footpaths & Cycle ways	452,208	427,863
Parks, Gardens, Reserves & Community Fac.	1,297,744	1,089,022
Stormwater Drainage	487,669	480,993
Regional Airport & Industrial Park	99,620	97,902
	<hr/>	<hr/>
	8,261,752	8,026,170
	<hr/>	<hr/>
Interest Expenses (Finance Costs)		
Overdraft Interest	0	0
Debentures (refer Note 22(a))	289,461	326,265
	<hr/>	<hr/>
	289,461	326,265
	<hr/>	<hr/>
Rental Charges		
Operating Leases	177,805	255,421
	<hr/>	<hr/>

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

	2012 Actual \$	2012 Budget \$	2011 Actual \$
2. Revenue and Expenses			
(a) Net Result (Continued)			
(ii) Crediting as Revenue:			
Interest Earnings			
Investments			
- Reserve Funds	1,568,861	1,200,000	1,226,146
- Restricted Funds	500,770	0	0
- Other Funds	830,678	800,000	1,012,664
Other Interest Revenue (refer note 27)	319,726	290,000	313,627
	<u>3,220,035</u>	<u>2,290,000</u>	<u>2,552,437</u>

(b) Statement of Objective

The City of Busselton's vision is "the best place to be". In order to support its vision the City is committed to the values of honesty and integrity, a "can do" attitude, openness, transparency and accountability and mutual respect in everything we do.

Terms used within the Statement of Comprehensive Income and elsewhere within this report to classify income and expenditure include: -

General Purpose Funding

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

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

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 life saving efforts.

Health

Objective: To provide an operational framework for good community health.

Activities: Food hygiene, standards control and control of mosquitoes and stingers.

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

2. Revenue and Expenses (Continued)

(b) Statement of Objective (Continued)

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 and lease of the family day care facilities owned by Council.

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 inspections 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.

Transport

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

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

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.

Other Property and Services

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

Activities: Includes Council's involvement with private works, miscellaneous properties operations and leases, government employment schemes, plant repairs and operating costs, overheads, inventories control etc.

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

2. Revenue and Expenses (Continued)

(c) Conditions Over Grants / Contributions

Grant / Contribution	Function / Activity	Opening	Received (2)	Expended (3)	Closing	Received (2)	Expended (3)	Closing
		Balance (1)			Balance (1)			Balance (1)
		1-Jul-10	2010/11	2010/11	30-Jun-11	2011/12	2011/12	30-Jun-12
		\$	\$	\$	\$	\$	\$	\$
Cash in lieu of parking	Transport	438,567	57,469	0	496,036	222,185	0	718,221
Contribution to works	Classified by activity	2,089,513	156,885	(208,694)	2,037,704	65,856	(105,250)	1,998,310
Government grants	Classified by activity	157,330	10,740,978	(128,956)	10,769,352	949,798	(7,415,164)	4,303,986
Vasse diversion drain	Community amenities	380,729	3,735	0	384,464	0	0	384,464
C.P.A. infrastructure	Transport	265,894	84,694	(44,340)	306,248	11,562	0	317,810
C.P.A. Community Facilities	Classified by activity	705,845	265,387	(12,000)	959,232	51,193	(49,950)	960,475
C.P.A. Bushfire Facilities	Law, order and public safety	43,953	6,732	0	50,685	919	0	51,604
Community recreation Fac.	Classified by activity	3,317,831	438,217	(61,425)	3,694,623	407,930	(115,707)	3,986,846
		7,399,662	11,754,097	(455,415)	18,698,344	1,709,443	(7,686,071)	12,721,716

Notes:

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

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

	2012 Actual \$	2011 Actual \$
3. Cash and Cash Equivalents		
Unrestricted	1,848,564	4,126,945
Restricted	43,925,099	46,605,927
	45,773,663	50,732,872
<p>The following restrictions have been imposed by regulations or other externally imposed requirements:</p>		
» Airport Infrastructure Renewal & Replacement Reserve	188,496	396,447
» Asset Depreciation Reserve	4,845,227	4,194,469
» Beach Protection Reserve	1,554,281	1,072,376
» Bio-Diversity Reserve	9,186	13,876
» Busselton Library Extension Reserve	348,805	743,166
» Busselton Town Centre Improvements Reserve	11,169	7,357
» Building Reserve	1,224,299	862,592
» Corporate IT System Programme Reserve	114,037	37,682
» EDP Equipment (Main) Reserve	148,671	91,171
» Jetty Maintenance Reserve	14,228	221,018
» Legal Expenses Reserve	278,240	111,329
» Long Service Leave Reserve	1,601,268	1,380,426
» City Car Parking and Access Reserve	1,481,843	1,103,045
» Plant Replacement Reserve	4,188,454	4,728,217
» Professional Development (Contractual Obligation) Reserve	182,712	180,298
» Road Initiative Reserve	387,345	388,922
» Salaries & Wages Contingency Reserve	56,027	560,845
» Sick Pay Incentive Reserve	143,258	150,010
» Strategic Projects Reserve	224,537	211,874
» Waste Management Facility and Plant Reserve	1,250,226	1,037,838
» Port Geographe Development Reserve	443,341	406,490
» Port Geographe Waterways Management Reserve	2,743,415	2,454,077
» Workers Compensation Contingency Reserve	354,694	334,691
» Youth Facilities Reserve	32,860	31,007
» Provence Landscape Maintenance Reserve	314,833	220,702
» Infrastructure Development Reserve	3,794,780	2,928,263
» Vasse Newtown Landscape Maintenance Reserve	104,020	0
» Untied Grants Reserve	1,087,391	0
» Less Accrued Interest on Restricted Assets	(253,807)	(281,226)
» Cash set aside in Lieu of Parking	718,221	496,036
» Cash set aside for Roadwork's within specific areas, being funds given as a condition of subdivision/development	1,998,310	2,037,704
» Cash set aside, being funds donated by the community for the reconstruction of the Busselton Jetty plus contributions	0	2,700
» Cash set aside, being unspent specific purpose Government Grants	4,303,986	10,769,352
» Cash set aside, being Unspent Loan Funds	0	1,129,537
» Cash set aside for Commonage Precinct Infrastructure and roads	1,329,888	1,316,165
» Cash set aside for Sundry Restricted	1,873,808	521,309
» Cash set aside for Vasse Diversion Drain	384,464	384,464
» Cash set aside for Community & Recreation Facilities	3,986,847	3,694,624
» Cash set aside for Deposits & Bonds	2,455,739	2,779,267
	43,925,099	46,718,120

Note 3 needs to be read in conjunction with note 4, in particular in relation to restrictions on cash and investments

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

	2012 Actual \$	2011 Actual \$
4. Investments		
Opening Balance at 1 July	112,193	235,150
Add: Deposit of funds	0	0
Less : Withdrawal of funds	(102,118)	(137,135)
	<hr/> 10,075	<hr/> 98,015
Add: Distributions	0	0
Less: Management fees paid to Grove	0	0
Less: Realised losses incurred on redemption of units	(10,075)	0
Less: Unrealised losses incurred on revaluation to fair value	0	0
Add: Realised Profits incurred on redemption of units	0	0
Add: Unrealised Profit incurred on revaluation to fair value	0	14,178
Closing balance at 30 June	<hr/> <hr/> 0	<hr/> <hr/> 112,193
Investments represent both restricted and unrestricted funds as follows:		
Unrestricted	0	0
Restricted	0	112,193
	<hr/> <hr/> 0	<hr/> <hr/> 112,193

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

	2012 Actual \$	2011 Actual \$
5. Trade and Other Receivables		
Current		
Rates Outstanding	1,159,749	987,159
Rates Outstanding – Pensioners	29,910	24,759
Sundry Debtors	1,199,973	1,109,221
GST Receivable	604,684	0
Loans – Clubs / Institutions	156,817	165,802
	3,151,133	2,286,941
Non-Current		
Rates Outstanding – Pensioners	132,278	123,840
Loans – Clubs / Institutions	621,633	734,744
	753,911	858,584
6. Inventories		
Current		
Fuel and Materials	133,355	194,052
	133,355	194,052
7. Property, Plant and Equipment		
Land and Buildings – Cost	35,951,883	32,797,102
Less Accumulated Depreciation	(10,402,124)	(9,754,760)
	25,549,759	23,042,342
Furniture and Fittings – Cost	5,754,747	4,839,402
Less Accumulated Depreciation	(4,071,872)	(3,742,873)
	1,682,875	1,096,529
Plant and Equipment – Cost	16,733,420	15,174,315
Less Accumulated Depreciation	(6,792,011)	(6,652,452)
	9,941,409	8,521,863
	37,174,043	32,660,734

Effective from 1 July 2004, Council deemed the carrying amount of land and buildings previously carried at a revalued amount to be their cost.

This was in accordance with the exemptions on application of Australian Accounting Standard AASB 1 "First time Adoption of Australian Equivalents to International Financial Reporting Standards". These assets, along with all other plant and equipment asset classes, are now being carried at cost. Whilst they are not subject to a policy of regular revaluation, they are subject to an annual assessment as to whether there is any indication an asset may have been impaired in accordance with AASB 136 "Impairment of Assets".

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

7. Property, Plant and Equipment (Continued)

Movements in Carrying Amounts

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

	Land and Buildings	Furniture and Fittings	Plant and Equipment	Total
Balance as at 1 July 2011	23,042,342	1,096,529	8,521,863	32,660,734
Additions	3,340,976	1,079,653	3,434,186	7,854,815
(Disposals)	(25,573)	(10,682)	(1,136,763)	(1,173,018)
Revaluation - Increments	0	0	0	0
- (Decrements)	0	0	0	0
Impairment - (Losses)	0	0	0	0
- Reversals	0	0	0	0
Depreciation - (Expense)	(801,406)	(489,205)	(1,394,520)	(2,685,131)
Donated Assets	0	0	516,643	516,643
Other Movements	(6,580)	6,580	0	0
Balance as at 30 June 2012	25,549,759	1,682,875	9,941,409	37,174,043

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

	2012 Actual \$	2011 Actual \$
8. Infrastructure		
Roads – Cost	187,000,417	182,385,554
Less Accumulated Depreciation	<u>(47,516,906)</u>	<u>(44,464,642)</u>
	<u>139,483,511</u>	<u>137,920,912</u>
Bridges – Cost	8,885,085	8,363,085
Less Accumulated Depreciation	<u>(1,768,561)</u>	<u>(1,628,183)</u>
	<u>7,116,524</u>	<u>6,734,902</u>
Car Parks – Cost	1,890,967	1,867,617
Less Accumulated Depreciation	<u>(317,684)</u>	<u>(270,946)</u>
	<u>1,573,283</u>	<u>1,596,671</u>
Footpaths / Cycle ways – Cost	14,196,439	13,524,776
Less Accumulated Depreciation	<u>(4,729,542)</u>	<u>(4,277,334)</u>
	<u>9,466,897</u>	<u>9,247,442</u>
Parks, Gardens, Reserves and Community Facilities – Cost	60,180,681	49,523,996
Less Accumulated Depreciation	<u>(11,275,322)</u>	<u>(9,977,578)</u>
	<u>48,905,359</u>	<u>39,546,418</u>
Stormwater Drainage – Cost	38,856,024	38,378,340
Less Accumulated Depreciation	<u>(9,128,970)</u>	<u>(8,641,301)</u>
	<u>29,727,054</u>	<u>29,737,039</u>
Regional Airport and Industrial Park – Cost	4,089,792	3,984,106
Less Accumulated Depreciation	<u>(1,433,280)</u>	<u>(1,333,660)</u>
	<u>2,656,512</u>	<u>2,650,446</u>
	<u>238,929,140</u>	<u>227,433,830</u>

Effective from 1 July 2004, Council deemed the carrying amount of all infrastructure assets carried at a revalued amount, to be their cost.

This was in accordance with the exemptions on application of Australian Accounting Standard AASB 1 "First time Adoption of Australian Equivalents to International Financial Reporting Standards". These assets, along with all other infrastructure asset classes, are now being carried at cost. Whilst they are not subject to a policy of regular revaluation, they are subject to an annual assessment as to whether there is any indication an asset may have been impaired in accordance with AASB 136 "Impairment of Assets".

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

8. Infrastructure (Continued)

The following represents the movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

	Roads \$	Bridges \$	Car Parks \$	Footpaths and Cycle Ways \$	Parks and Ovals \$	Drainage \$	Airport \$	Total \$
Balance as at 1 July 2011	137,920,912	6,734,902	1,596,671	9,247,442	39,546,418	29,737,039	2,650,446	227,433,830
Additions	4,081,775	522,000	23,350	630,713	10,656,685	361,220	105,686	16,381,429
(Disposals)	0	0	0	0	0	0	0	0
Revaluation - Increments	0	0	0	0	0	0	0	0
- (Decrements)	0	0	0	0	0	0	0	0
Impairment - (Losses)	0	0	0	0	0	0	0	0
- Reversals	0	0	0	0	0	0	0	0
Depreciation - (Expense)	(3,052,264)	(140,378)	(46,738)	(452,208)	(1,297,744)	(487,669)	(99,620)	(5,576,621)
Donated Assets	533,088	0	0	40,950	0	116,464	0	690,502
Other Movements	0	0	0	0	0	0	0	0
Balance as at 30 June 2012	139,483,511	7,116,524	1,573,283	9,466,897	48,905,359	29,727,054	2,656,512	238,929,140

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

	2012 Actual \$	2011 Actual \$
9. Trade and Other Payables		
Current		
Sundry Creditors	3,070,344	1,866,530
Deposits and Bonds	2,455,739	2,779,267
GST Payable	0	726,659
Accrued Salaries and Wages	209,162	125,033
	<u>5,735,245</u>	<u>5,497,489</u>
10. Long-Term Borrowings		
Current		
Secured by Floating Charge Debentures	<u>775,353</u>	<u>754,290</u>
	<u>775,353</u>	<u>754,290</u>
Non-Current		
Secured by Floating Charge Debentures	<u>3,521,035</u>	<u>4,252,682</u>
	<u>3,521,035</u>	<u>4,252,682</u>
<p>Additional detail on borrowings is provided in Note 22.</p>		
11. Provisions		
Current		
Provision for Annual Leave	1,516,361	1,398,910
Provision for Sick Leave Incentive	143,259	150,010
Provision for Long Service Leave	1,191,475	959,715
	<u>2,851,095</u>	<u>2,508,635</u>
Non-Current		
Provision for Long Service Leave	<u>409,792</u>	<u>420,711</u>
	<u>409,792</u>	<u>420,711</u>

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

	2012 Actual \$	2012 Budget \$	2011 Actual \$
12. Reserves – Cash / Investment Backed			
100 – Airport Infrastructure Renewal and Replacement Reserve			
Opening Balance	396,447	396,447	276,568
Amount Set Aside / Transfer to Reserve	23,791	19,932	119,879
Amount Used / Transfer from Reserve	(231,742)	(339,943)	0
	188,496	76,436	396,447
101 – Asset Depreciation Reserve			
Opening Balance	4,194,469	4,194,469	3,958,155
Amount Set Aside / Transfer to Reserve	850,758	787,295	236,314
Amount Used / Transfer from Reserve	(200,000)	(200,000)	0
	4,845,227	4,781,764	4,194,469
102 – Beach Protection Reserve			
Opening Balance	1,072,376	1,072,376	632,476
Amount Set Aside / Transfer to Reserve	481,905	454,901	439,900
Amount Used / Transfer from Reserve	0	(120,000)	0
	1,554,281	1,407,277	1,072,376
103 – Bio Diversity Reserve			
Opening Balance	13,876	13,876	16,722
Amount Set Aside / Transfer to Reserve	785	696	976
Amount Used / Transfer from Reserve	(5,475)	(5,000)	(3,822)
	9,186	9,572	13,876
104 – Busselton Library Extension Reserve			
Opening Balance	743,166	743,166	701,666
Amount Set Aside / Transfer to Reserve	148,520	137,368	41,500
Amount Used / Transfer from Reserve	(542,881)	(825,000)	0
	348,805	55,534	743,166
105 – Busselton Town Centre Improvements Reserve			
Opening Balance	7,357	7,357	917
Amount Set Aside / Transfer to Reserve	3,812	372	168,752
Amount Used / Transfer from Reserve	0	0	(162,312)
	11,169	7,729	7,357
106 – Building Reserve			
Opening Balance	862,592	862,592	475,707
Amount Set Aside / Transfer to Reserve	572,068	543,368	386,885
Amount Used / Transfer from Reserve	(210,361)	(538,000)	0
	1,224,299	867,960	862,592

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

	2012 Actual \$	2012 Budget \$	2011 Actual \$
12. Reserves – Cash / Investment Backed (Continued)			
107 – Corporate IT Systems Programme Reserve			
Opening Balance	37,682	37,682	35,368
Amount Set Aside / Transfer to Reserve	106,355	101,896	2,314
Amount Used / Transfer from Reserve	(30,000)	(30,000)	0
	<hr/> 114,037	<hr/> 109,578	<hr/> 37,682
108 – E.D.P. Equipment (Main) Reserve			
Opening Balance	91,171	91,171	86,126
Amount Set Aside / Transfer to Reserve	57,500	54,584	5,045
Amount Used / Transfer from Reserve	0	(50,000)	0
	<hr/> 148,671	<hr/> 95,755	<hr/> 91,171
109 – Facility Refurbishment and Repair Reserve			
Opening Balance	0	0	322,893
Amount Set Aside / Transfer to Reserve	0	0	689
Amount Used / Transfer from Reserve	0	0	(323,582)
	<hr/> 0	<hr/> 0	<hr/> 0
110 – Jetty Maintenance Reserve			
Opening Balance	221,018	221,018	208,581
Amount Set Aside / Transfer to Reserve	13,210	11,112	12,437
Amount Used / Transfer from Reserve	(220,000)	(220,000)	0
	<hr/> 14,228	<hr/> 12,130	<hr/> 221,018
111 – Legal Expenses Reserve			
Opening Balance	111,329	111,329	105,230
Amount Set Aside / Transfer to Reserve	266,911	255,592	6,099
Amount Used / Transfer from Reserve	(100,000)	(250,000)	0
	<hr/> 278,240	<hr/> 116,921	<hr/> 111,329
112 – Long Service Leave Reserve			
Opening Balance	1,380,426	1,380,426	1,261,935
Amount Set Aside / Transfer to Reserve	220,842	197,289	118,491
Amount Used / Transfer from Reserve	0	(181,234)	0
	<hr/> 1,601,268	<hr/> 1,396,481	<hr/> 1,380,426
113 – Naturaliste Community Centre Reserve			
Opening Balance	0	0	14,129
Amount Set Aside / Transfer to Reserve	0	0	30
Amount Used / Transfer from Reserve	0	0	(14,159)
	<hr/> 0	<hr/> 0	<hr/> 0

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

	2012 Actual \$	2012 Budget \$	2011 Actual \$
12. Reserves – Cash / Investment Backed (Continued)			
114 – City Car Parking and Access Reserve			
Opening Balance	1,103,045	1,103,045	768,359
Amount Set Aside / Transfer to Reserve	378,798	355,735	334,686
Amount Used / Transfer from Reserve	0	0	0
	1,481,843	1,458,780	1,103,045
115 – Plant Replacement Reserve			
Opening Balance	4,728,217	4,728,217	4,023,270
Amount Set Aside / Transfer to Reserve	590,267	566,720	704,947
Amount Used / Transfer from Reserve	(1,130,030)	(1,858,200)	0
	4,188,454	3,436,737	4,728,217
116 – Professional Development Reserve			
Opening Balance	180,298	180,298	170,034
Amount Set Aside / Transfer to Reserve	62,827	59,060	10,264
Amount Used / Transfer from Reserve	(60,413)	(100,000)	0
	182,712	139,358	180,298
117 – Road Initiative Reserve			
Opening Balance	388,922	388,922	366,343
Amount Set Aside / Transfer to Reserve	23,423	19,548	22,579
Amount Used / Transfer from Reserve	(25,000)	(385,000)	0
	387,345	23,470	388,922
118 – Salaries and Wages Contingency Reserve			
Opening Balance	560,845	560,845	808,041
Amount Set Aside / Transfer to Reserve	5,232	28,200	539,764
Amount Used / Transfer from Reserve	(510,050)	(510,050)	(786,960)
	56,027	78,995	560,845
119 – Sick Pay Incentive Reserve			
Opening Balance	150,010	150,010	160,300
Amount Set Aside / Transfer to Reserve	9,083	7,536	8,395
Amount Used / Transfer from Reserve	(15,835)	(2,836)	(18,685)
	143,258	154,710	150,010
120 – Strategic Projects Reserve			
Opening Balance	211,874	211,874	200,233
Amount Set Aside / Transfer to Reserve	12,663	10,656	11,641
Amount Used / Transfer from Reserve	0	0	0
	224,537	222,530	211,874

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

	2012 Actual \$	2012 Budget \$	2011 Actual \$
12. Reserves – Cash / Investment Backed (Continued)			
121 – Waste Management Facility and Plant Reserve			
Opening Balance	1,037,838	1,037,838	727,400
Amount Set Aside / Transfer to Reserve	593,500	318,328	310,438
Amount Used / Transfer from Reserve	(381,112)	(639,500)	0
	<hr/> 1,250,226	<hr/> 716,666	<hr/> 1,037,838
122 – Port Geographe Development Reserve (Council)			
Opening Balance	406,490	406,490	326,991
Amount Set Aside / Transfer to Reserve	71,851	65,954	79,499
Amount Used / Transfer from Reserve	(35,000)	(50,000)	0
	<hr/> 443,341	<hr/> 422,444	<hr/> 406,490
123 – Port Geographe Waterways Management Reserve			
Opening Balance	2,454,077	2,454,077	2,146,161
Amount Set Aside / Transfer to Reserve	289,338	259,939	308,266
Amount Used / Transfer from Reserve	0	0	(350)
	<hr/> 2,743,415	<hr/> 2,714,016	<hr/> 2,454,077
124 – Workers Compensation Reserve			
Opening Balance	334,691	334,691	315,858
Amount Set Aside / Transfer to Reserve	20,003	16,824	18,833
Amount Used / Transfer from Reserve	0	0	0
	<hr/> 354,694	<hr/> 351,515	<hr/> 334,691
125 – Youth Facilities Reserve			
Opening Balance	31,007	31,007	29,263
Amount Set Aside / Transfer to Reserve	1,853	1,560	1,744
Amount Used / Transfer from Reserve	0	0	0
	<hr/> 32,860	<hr/> 32,567	<hr/> 31,007
126 – Provenge Landscape Maintenance Reserve			
Opening Balance	220,702	220,702	134,615
Amount Set Aside / Transfer to Reserve	94,131	88,781	86,087
Amount Used / Transfer from Reserve	0	0	0
	<hr/> 314,833	<hr/> 309,483	<hr/> 220,702
127 – Infrastructure Development Reserve			
Opening Balance	2,928,263	2,928,263	1,538,246
Amount Set Aside / Transfer to Reserve	1,576,385	1,492,204	1,390,017
Amount Used / Transfer from Reserve	(709,868)	(2,959,868)	0
	<hr/> 3,794,780	<hr/> 1,460,599	<hr/> 2,928,263

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

	2012 Actual \$	2012 Budget \$	2011 Actual \$
12. Reserves – Cash / Investment Backed (Continued)			
128 – Vasse Newtown Landscape Maintenance Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	104,020	98,198	0
Amount Used / Transfer from Reserve	0	0	0
	<u>104,020</u>	<u>98,198</u>	<u>0</u>
129 – Untied Grants Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	1,087,391	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>1,087,391</u>	<u>0</u>	<u>0</u>
Total Reserves	<u>27,127,643</u>	<u>20,557,205</u>	<u>23,868,188</u>
Summary of Cash / Investment Backed Reserves			
Opening Balance	23,868,188	23,868,188	19,811,587
Amount Set Aside / Transfer to Reserve	7,667,222	5,953,648	5,366,471
Amount Used / Transfer from Reserve	(4,407,767)	(9,264,631)	(1,309,870)
	<u>27,127,643</u>	<u>20,557,205</u>	<u>23,868,188</u>

All of the reserve accounts are supported by money held in financial institutions or in separate investments and match the amounts shown as restricted cash and restricted investments in Notes 3 and 4 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 and Replacement Reserve

To provide funding for the renewal, replacement, upgrading and installation of Airport Infrastructure; and to facilitate the implementation of the Noise Management Plan and related activities.

Assets 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.

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

12. Reserves – Cash / Investment Backed (Continued)

Beach Protection Reserve

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

Bio-Diversity Reserve

To provide funding for rate rebates and sub-division incentives.

Busselton Library Extension Reserve

To provide funding for the expansion of the Busselton library including a local studies facility.

Busselton Town Centre Improvements Reserve

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

Buildings Reserve

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

Corporate IT Systems Programme

To assist the City in funding expenditure required in relation to the ongoing development and enhancement of the City's corporate systems.

E.D.P. Equipment (Main) Reserve

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

Facility Refurbishment & Repairs Reserve (Closed June 2011)

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

Jetty Maintenance Reserve

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

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

12. Reserves – Cash / Investment Backed (Continued)

Legal Expenses Reserve

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

Long Service Leave Reserve

To provide funding to meet Council's future long service leave obligations.

Naturaliste Community Centre Reserve (Closed June 2011)

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

City Car Parking and Access Reserve

To provide adequate public car parking in the City for the future, and can be used for the purchase of land and/or development of public car parking and access thereto, the development of infrastructure to provide for the management of public car parking and providing improved public transport to and within the City.

Plant Replacement Reserve

For funding and the purchase of new plant and equipment as may be required to mitigate growth needs or improvements to service levels as agreed by the Council; or plant and equipment as identified in the 10 year plant replacement program by using the basis of plant depreciation earnings and subsidisation by annual budgets as required.

Professional Development Reserve

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

Road Initiative Reserve

To hold unspent funds allocated in Council's annual budgets for the purpose of its "Road Initiative Program".

Salaries & Wages Contingency Reserve

To provide funding for redundancy and restructure costs.

Sick Pay Incentive Reserve

To provide funding to meet Council's obligations under the City of Busselton's Enterprise Bargaining Agreement.

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

12. Reserves – Cash / Investment Backed (Continued)

Strategic Projects Reserve

To finance activities which will create a revenue stream for the City and reduce reliance on rate revenue.

Waste Management Facility and Plant Reserve

To fund the acquisition of additional waste plant, waste facility infrastructure, waste related consultancy services and post closure management.

Port Geographe Development Reserve

At Council's discretion, for purposes allied to the Waterways Management obligations which Council has in respect to the Port Geographe development.

Port Geographe Waterways Management Reserve

To provide funds for Council to fulfil its obligations under a Waterways Management Deed with Pindan Constructions for the future maintenance of waterways and associated facilities within the Port Geographe subdivision area.

Workers Compensation Contingency Reserve

A contingency fund to assist Council in meeting its Workers Compensation Contribution obligations when claim costs exceed the "Deposit" amount allocated to claims. This is a requirement under Councils current Workers Compensation "performance based contributions policy".

Youth Facilities Reserve

To assist with the capital cost of acquiring and or constructing youth facilities within the Busselton area.

Provence Landscape Maintenance Reserve

For the purpose of holding funds for the maintenance of the approved higher standard of landscaping within the Provence subdivision in accordance with Policy 185/3 including future capital replacement of landscaping structures as may be required.

Infrastructure Development Reserve

For the purpose of setting aside funds to facilitate the identification, design and development of new infrastructure and other capital projects.

Vasse Newtown Landscape Maintenance Reserve

For the purpose of holding funds for the maintenance of the approved higher standard of landscaping.

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

12. Reserves – Cash / Investment Backed (Continued)

Untied Grants Reserve

To hold untied grants monies received in advance.

13. Reserves – Asset Revaluation

No assets were revalued in 2011/12.

14. Notes to the Statement of Cash Flows

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand 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:

	2012 Actual \$	2012 Budget \$	2011 Actual \$
Cash and Cash Equivalents	45,773,663	31,919,909	50,732,872

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

Net Result	11,777,326	13,027,983	26,217,771
Depreciation	8,261,752	8,827,400	8,026,170
Write down / (Inc) in Fair Value of Investments	0	0	(14,178)
(Profit) / Loss on Sale of Asset	(68,918)	(186,966)	(24,809)
(Increase) / Decrease in Receivables	(1,718,977)	139,914	954,063
(Increase) / Decrease in Inventories	60,697	44,052	125,705
Increase / (Decrease) in Payables	976,969	(973,155)	61,824
Increase / (Decrease) in Employee Provisions	331,541	82,279	49,569
Less : Non-Cash Contributions	(1,207,145)	(1,750,000)	(4,392,551)
Grants/Contributions for the Development of Assets	(6,952,865)	(12,390,990)	(18,474,575)
Net Cash from Operating Activities	11,460,380	6,820,517	12,528,989

(c) Undrawn Borrowing Facilities Credit Standby Arrangements

	2012 Actual \$	2011 Actual \$
Bank Overdraft limit	0	0
Bank Overdraft 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	50,000	50,000

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

14. Notes to the Statement of Cash Flows (Continued)

	2012 Actual \$	2011 Actual \$
(d) Loan Facilities		
Loan Facilities – Current	775,353	754,290
Loan Facilities – Non-Current	3,521,035	4,252,682
Total Facilities in Use at Balance Date	<u>4,296,388</u>	<u>5,006,972</u>
(e) Non-Cash Contributions		
Acquired by Council at Valuation – Plant & Equipment	516,643	321,444
Acquired by Council at Valuation – Land & Buildings	0	2,000,000
Developers and Acquired by Council at Valuation - Roads	533,088	1,662,189
Developers and Acquired by Council at Valuation - Drains	116,464	253,815
Developers and Acquired by Council at Valuation - Footpaths	40,950	155,104
	<u>1,207,145</u>	<u>4,392,552</u>

15. Contingent Liabilities

15.1 Resident funded aged persons homes

Should any of the resident funded aged person's homes at the Winderlup Villas become vacant, then Council has a contractual obligation to repurchase the occupancy rights at a current market value for the four homes involved.

15.2 Underwater Observatory Grant Funding

During the year ended 30 June 2004, Council received a \$400,000 grant from the Commonwealth Department of Employment, Workplace Relations and Small Business to part fund the construction of an underwater observatory at the end of the Busselton Jetty. Should this building not be used for its original purpose over the next ten years, then Council may be liable to refund a pro-rata proportion of the grant to the grantor.

15.3 Buy Back Conditions contained in City Lease Agreements

In 1997 the Council resolved (C974/0148) to enter into a lease agreement with the Geographe Bay Tourism Association for a portion of Lot 73 Peel Terrace, Busselton, with a future buy out provision which is to exclude any Council capital contributions (past or present). Therefore at the end of the lease 19 March 2019 if no further lease is entered into, the City could be liable for the sum equal to the Added Value of the building.

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

15. Contingent Liabilities (Continued)

15.3 Buy Back Conditions contained in City Lease Agreements (Continued)

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).

On the 4 February 2009 the City entered into a lease agreement with the Geographe Hangar Owners Group Inc and this lease agreement expires on 31 March 2018, if a new lease is not entered into the City could be liable for the purchase of the hangar and/or other buildings constructed on the hangar area at market value (Clause 9.14).

On the 9 June 1998 the City entered into a lease agreement with the Busselton Hangar Owners Pty Ltd and this lease agreement expires on 31 March 2018, if a new lease is not entered into the City could be liable for the purchase of the hangar and/or other buildings constructed on the hangar area at market value (Clause 9.14).

16. Capital and Leasing Commitments

	2012 Actual \$	2011 Actual \$
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	176,448	222,123
- later than one year but not later than five years	874,596	294,818
- later than five years	0	0
	1,051,044	516,941

City of Busselton

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For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

16. Capital and Leasing Commitments (Continued)

(b) Capital Expenditure Commitments

	2012 Actual \$	2011 Actual \$
Contracted for:		
<u>Capital projects</u>		
- Jetty Construction	1,882,410	23,745,569
- Busselton Community Resource Centre	2,082,225	0
<u>Payable:</u>		
- not later than one year, Jetty Construction	280,305	2,509,405
- not later than one year, Busselton Community Resource Centre	2,639,613	0
- later than one year but not later than five years	0	0

17. Joint Ventures

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

	2012 Actual \$	2011 Actual \$
18. Total Assets Classified by Function and Activity		
General Purpose Funding	3,198,092	2,846,298
Governance	1,748,573	1,653,633
Law, Order & Public Safety	2,035,258	1,660,302
Health	150,771	138,732
Education and Welfare	646,914	674,072
Housing	1,666,738	1,634,783
Community Amenities	12,965,031	10,582,333
Recreation and Culture	60,920,925	56,433,419
Transport	194,941,586	193,830,947
Economic Services	2,654,995	2,606,096
Other Property and Services	1,112,999	1,137,826
Unallocated	43,873,363	41,080,765
	<u>325,915,245</u>	<u>314,279,206</u>

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

19. Financial Ratios

	2012 Actual \$	2011 Actual \$	2010 Actual \$
» <u>Liquidity Ratios</u>			
<u>1 – Current Ratio</u>			
= $\frac{\text{Current Assets minus Restricted Assets}}{\text{Current Liabilities minus Current Liabilities Associated with Restricted Assets}}$	0.921:1	1.356:1	0.823:1

	Current Assets	BS	49,058,151	53,326,058	37,377,147
	Less Restricted Current Assets	N3	43,925,099	46,718,120	34,271,243
			5,133,052	6,607,938	3,105,904
	Current Liabilities	BS	9,361,693	8,760,414	7,935,538
	Less Current Liabilities Associated with Restricted Assets	N9/11	3,790,474	3,888,992	4,163,299
			5,571,219	4,871,422	3,772,239
Ratio > 1:1 is preferred					

2 - Untied Cash to Trade Creditors Ratio

= $\frac{\text{Untied Cash (unrestricted cash)}}{\text{Unpaid Trade Creditors}}$	0.602:1	1.591:1	0.175:1
--	----------------	----------------	----------------

	Untied Cash (Unrestricted Cash)	N3	1,848,564	4,126,945	269,769
	Unrestricted Cash		1,848,564	4,126,945	269,769
	Unpaid Trade Creditors (ex Deposits & Bonds)	N9	3,070,343	2,593,189	1,540,585
Ratio > 1:1 is preferred					

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

19. Financial Ratios (Continued)

<u>3 – Debt Service Ratio</u>	2012 Actual \$	2011 Actual \$	2010 Actual \$
= $\frac{\text{Debt Services Costs (Principal \& Interest on Loans)}}{\text{Available Operating Revenue}}$	0.023:1	0.024:1	0.017:1

Debt Service Costs - Principal on Loans	N22	810,584	721,192	542,445
Debt Service Costs - Interest on Loans	N22	289,461	326,265	153,904
Debt Service Costs - Interest on Overdraft	N2	0	0	0
Debt Service Costs - Total		1,100,045	1,047,457	696,349
Operating Revenue	IS	55,917,145	66,265,704	61,966,935
Add principal contributions for s/s loans	RSS	222,097	166,846	178,667
LESS Grants, Contributions & Donations of Capital Nature	IS	8,200,267	22,799,951	21,143,263
Available Operating Revenue		47,938,975	43,632,599	41,002,339
Ratio < 0.1:1 is desirable				

4 – Gross Debt to Revenue Ratio

= $\frac{\text{Gross Debt}}{\text{Total Revenue}}$	0.090:1	0.115:1	0.136:1
--	----------------	----------------	----------------

Total Borrowings	N10	4,296,388	5,006,972	5,559,163
Utilised Overdraft	N21	0	0	0
Total Borrowings and Utilised Overdraft		4,296,388	5,006,972	5,559,163
Operating Revenue	IS	55,917,145	66,265,704	61,966,935
LESS Grants, Contributions & Donations of Capital Nature	IS	8,200,267	22,799,951	21,143,263
Available Operating Revenue		47,716,878	43,465,753	40,823,672
Ratio < 0.6:1 is desirable				

5 – Gross Debt to Economically Realisable Assets Ratio

= $\frac{\text{Total Borrowings and Utilised Overdraft}}{\text{Total Assets less Infrastructure Assets}}$	0.049:1	0.058:1	0.080:1
---	----------------	----------------	----------------

Total Borrowings	N10	4,296,388	5,006,972	5,559,163
Utilised Overdraft	N21	0	0	0
Total Borrowings and Utilised Overdraft		4,296,388	5,006,972	5,559,163
Total Assets	BS	325,915,245	314,279,206	287,748,890
Less Infrastructure Assets	BS	238,929,140	227,433,830	218,397,288
Total Assets less Infrastructure Assets		86,986,105	86,845,376	69,351,602
Ratio < 0.3:1 is desirable				

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

19. Financial Ratios (Continued)

	2012 Actual \$	2011 Actual \$	2010 Actual \$
» <u>Coverage Ratio</u>			
<u>1 – Rates Coverage Ratio</u>			
= $\frac{\text{Net Rate Revenue}}{\text{Operating Revenue}}$	0.538:1	0.439:1	0.447:1

Rate Revenue	N23	29,693,215	28,763,150	27,350,788
Interest on Late Payments	N27	162,894	173,189	150,347
Interest on Instalments	N27	156,832	140,438	128,075
Charges on Instalments	N27	54,132	47,398	45,022
Less : Discounts / Write Offs	N26	0	(1,459)	(1,488)
Net Rate Revenue		30,067,073	29,122,716	27,672,744
Operating Revenue	IS	55,917,145	66,265,704	61,966,935
Ratio > 0.4:1 is preferred				

» **Financial Position Ratio**

1 – Debt Ratio

= $\frac{\text{Total Liabilities}}{\text{Total Assets}}$	0.041:1	0.043:1	0.046:1
--	----------------	----------------	----------------

Total Liabilities	BS	13,292,520	13,433,807	13,121,262
Total Assets	BS	325,915,245	314,279,206	287,748,890
Ratio < 1:1 is preferred				

» **Effectiveness Ratio**

1 – Outstanding Rates Ratio

= $\frac{\text{Rates Outstanding}}{\text{Rates Collectible}}$	0.038:1	0.034:1	0.028:1
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Rates Outstanding Exc. Deferred Pensioners	N5	1,189,659	1,011,918	796,136
Rate Revenue	N23	29,693,215	28,763,150	27,350,788
Interest on Late Payments	N27	162,894	173,189	150,347
Interest on Instalments	N27	156,832	140,438	128,075
Charges on Instalments	N27	54,132	47,398	45,022
Less : Discounts / Write Offs	N26	0	(1,459)	(1,488)
Add : Current Rates O/S – Prior Year	N5	1,011,918	796,137	943,166
Net Rate Revenue		31,078,991	29,918,853	28,615,910
Ratio < 0.05:1 is desirable				

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

20. Trust Funds

	Balance 01-July-11 \$	Amounts Received \$	Amounts Paid \$	Balance 30-June-12 \$
Building Training Levy	1,291	262,802	(235,739)	28,354
Community Appeals	1,000	0	(0)	1,000
Nomination Deposits	0	0	(0)	0
Cash in Lieu of P.O.S.	1,567,663	94,956	(0)	1,662,619
Sundry Other Trusts	69,793	305,539	(298,572)	76,760
	1,639,747	663,297	(534,311)	1,768,733

21. Disposals of Assets – 2011/12 Financial Year

The following assets were disposed of during the year:

By Function/Activity:-

	Net Book Value		Sale Price		Profit / (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
General Purpose Funding	0	0	0	0	0	0
Governance	29,600	41,293	21,452	46,000	(8,148)	4,707
Law, Order, Public Safety	165,576	128,798	176,061	126,000	10,485	(2,798)
Health	45,268	46,864	44,916	43,000	(352)	(3,864)
Education and Welfare	2,288	0	0	0	(2,288)	0
Housing	16	0	0	0	(16)	0
Community Amenities	185,280	139,795	209,265	128,000	23,985	(11,795)
Recreation and Culture	116,069	95,943	122,438	155,300	6,369	59,357
Transport	570,112	531,923	584,444	663,800	14,332	131,877
Economic Services	0	46,870	0	44,000	0	(2,870)
Other Property & Services	58,808	79,648	83,359	92,000	24,551	12,352
	1,173,017	1,111,134	1,241,935	1,298,100	68,918	186,966

By Asset Class:-

	Net Book Value		Sale Price		Profit / (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Land and Buildings	25,573	0	27,107	0	1,534	0
Plant and Equipment	1,136,762	1,111,134	1,213,598	1,298,100	76,836	186,966
Furniture and Equipment	10,682	0	1,230	0	(9,452)	0
Infrastructure	0	0	0	0	0	0
	1,173,017	1,111,134	1,241,935	1,298,100	68,918	186,966

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

22. Information on Borrowings

(a) Debenture Repayments

Particulars	Principal 1/07/11	New Loans Budget	New Loans Actual	Interest Repayments		Principal Repayment		Principal 30/06/12	
				Actual	Budget	Actual	Budget	Actual	Budget
Education & Welfare									
Loan #188 Busselton Senior Citizens	73,070	0	0	3,131	3,131	35,586	35,586	37,484	37,484
Community Amenities									
Loan #189 Townscape	676,691	0	0	35,007	35,007	233,012	233,012	443,679	443,679
Recreation & Culture									
Loan #179 Busselton Tennis Club (x)	19,430	0	0	922	922	7,453	7,453	11,977	11,977
Loan #184 Busselton Jetty Committee (x)	61,896	0	0	4,808	3,949	61,896	12,162	0	49,734
Loan #186 Busselton Jetty Committee (x)	253,730	0	0	13,627	13,627	38,422	38,422	215,308	215,308
Loan #187 Naturaliste Community Centre	41,111	0	0	1,782	1,782	23,012	23,012	18,099	18,099
Loan #192 Busselton Tennis Club (x)	50,233	0	0	2,783	2,783	4,727	4,727	45,506	45,506
Loan #193 Busselton Hockey Stadium Club (x)	28,974	0	0	1,440	1,440	19,033	19,033	9,941	9,941
Loan #195 Dunsborough District Country Club (x)	201,787	0	0	12,992	12,992	28,234	28,234	173,553	173,553
Loan #196 Dunsborough Bay Yacht Club (x)	22,095	0	0	1,314	1,314	2,044	2,044	20,051	20,051
Loan #197 Dunsborough Oval	1,433,754	0	0	83,866	83,866	128,379	128,379	1,305,375	1,305,375
Loan #198 Jetty Construction	1,881,801	0	0	110,074	110,074	168,498	168,498	1,713,303	1,713,303
Loan #199 Busselton Bowling Club (x)	148,988	0	0	8,643	8,643	12,028	12,028	136,960	136,960
Loan #200 Dunsborough Bay Yacht Club (x)	14,266	0	0	826	826	1,328	1,328	12,938	12,938
Loan #201 Geographe Bay Tourism Assoc. (x)	0	0	100,000	2,852	0	6,560	0	93,440	0
Loan # xxx GLC Geothermal Heating	0	300,000	0	0	5,250	0	5,242	0	294,758
Economic Services									
Loan #182 Cape Naturaliste Tourist Association (x)	29,422	0	0	1,542	1,542	16,399	16,399	13,023	13,023
Loan #190 Cape Naturaliste Tourist Association (x)	69,724	0	0	3,852	3,852	23,973	23,973	45,751	45,751
Other Property & Services									
Reserve Acquisition	0	500,000	0	0	8,750	0	8,736	0	491,264
Total - Council and Self supporting Loans	5,006,972	800,000	100,000	289,461	299,750	810,584	768,268	4,296,388	5,038,704

(x) Self supporting loans financed by payments from third parties. All other loan repayments were financed by general purpose income.

City of Busselton

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For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

22. Information on Borrowings (continued)

(b) New Debentures – 2011/12

Particulars / Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate %	Amount Used		Balance Unspent
	Actual \$	Budget \$						Actual \$	Budget \$	
Loan #201 Geographe Bay Tourism Association	100,000	0	Treasury Corporation	Debenture	10	125,473	4.76%	100,000	0	0
	100,000	0				125,473		100,000	0	0

(c) Unspent Debentures

Particulars / Purpose	Date Borrowed	Balance 01-July-11 \$	Borrowed During Year \$	Expended During Year \$	Balance 30-June-12 \$
Loan #198 Busselton Jetty Reconstruction	01.06.10	1,129,537	0	1,129,537	0
		1,129,537	0	1,129,537	0

(d) Overdraft

Council has not utilised an overdraft facility during the financial year 2011/12. The balance of actual bank overdraft as at 1 July 2011 and 30 June 2012 was Nil.

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

23. Rating Information – 2011/12 Financial Year
(a) Rates

Rate Type	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Total Revenue \$
Differential General Rate									
GRV–Residential	9.0452	10,274	135,952,372	12,297,166	0	12,297,166	12,297,166	0	12,297,166
GRV–Industrial	9.3086	297	12,962,998	1,206,596	0	1,206,596	1,206,596	0	1,206,596
GRV–Commercial	9.3086	1,012	42,770,510	3,981,079	0	3,981,079	3,981,079	0	3,981,079
GRV–Residential Vacant Land	9.0452	827	20,269,110	1,833,382	0	1,833,382	1,833,382	0	1,833,382
GRV–Industrial Vacant Land	6.9814	48	1,493,750	104,279	0	104,279	104,279	0	104,279
GRV–Commercial Vacant Land	6.9814	58	2,729,800	190,567	0	190,567	190,567	0	190,567
UV-Primary Production	0.2634	877	786,511,000	2,071,670	0	2,071,670	2,071,670	0	2,071,670
UV-Rural	0.2502	1,594	871,707,000	2,181,011	0	2,181,011	2,181,011	0	2,181,011
UV-Commercial	0.4917	121	88,611,000	435,700	0	435,700	435,700	0	435,700
Interim Rates					284,638	284,638	0	230,000	230,000
Sub-Totals		15,108	1,963,007,540	24,301,450	284,638	24,586,088	24,301,450	230,000	24,531,450
Minimum \$									
Minimum Differential General Rate									
GRV–Residential	876	1,522	13,283,369	1,333,272	0	1,333,272	1,333,272	0	1,333,272
GRV–Industrial	901	9	73,416	8,109	0	8,109	8,109	0	8,109
GRV–Commercial	901	713	4,663,308	642,413	0	642,413	642,413	0	642,413
GRV–Residential Vacant Land	876	1,372	8,249,582	1,201,872	0	1,201,872	1,201,872	0	1,201,872
GRV–Industrial Vacant Land	847	1	7,600	847	0	847	847	0	847
GRV–Commercial Vacant Land	847	83	530,530	70,301	0	70,301	70,301	0	70,301
UV-Primary Production	876	193	47,475,500	169,068	0	169,068	169,068	0	169,068
UV-Rural	876	1,432	269,492,650	1,254,432	0	1,254,432	1,254,432	0	1,254,432
UV-Commercial	876	61	1,594,208	53,436	0	53,436	53,436	0	53,436
Sub-Totals		5,386	345,370,163	4,733,750	0	4,733,750	4,733,750	0	4,733,750
Specified Area Rate (refer note 24)						314,663			312,434
Back Rates / Prior Period Adj. (refer note 26)						58,714			53,000
Totals						29,693,215			29,630,634

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

23. Rating Information – 2011/12 Financial Year (Continued)

(b) Information on Surplus / Deficit Brought Forward

	2012 30 June 2012 C/FWD \$	2012 1 July 2011 B/FWD \$	2011 30 June 2011 C/FWD \$
Surplus / (Deficit)	<u>1,442,923</u>	<u>3,442,689</u>	<u>3,442,689</u>
<u>Comprises:</u>			
Cash - Unrestricted	1,848,564	4,126,945	4,126,945
Cash - Restricted	43,925,099	46,718,120	46,718,120
Sundry Debtors	1,616,459	879,074	879,074
Rates Debtors	1,124,049	960,840	960,840
Inventories	133,355	194,052	194,052
	<u>48,647,526</u>	<u>52,879,031</u>	<u>52,879,031</u>
<u>Less:</u>			
Sundry Creditors	(3,070,342)	(2,593,189)	(2,593,189)
Sundry Creditors – Deposits and Bonds	(2,455,739)	(2,779,267)	(2,779,267)
Accrued Salaries & Wages	(209,162)	(125,033)	(125,033)
	<u>(5,735,243)</u>	<u>(5,497,489)</u>	<u>(5,497,489)</u>
	42,912,283	47,381,542	47,381,542
Add Current Liabilities Cash Backed	2,455,739	2,779,267	2,779,267
Less Restricted Cash	(43,925,099)	(46,718,120)	(46,718,120)
Surplus / (Deficit)	<u>1,442,923</u>	<u>3,442,689</u>	<u>3,442,689</u>

Difference:

There was no difference between the Surplus 1 July 2011 Brought Forward position used in the 2012 audited financial report and the Surplus Carried Forward position as disclosed in the 2011 audited financial report.

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

24. Specified Area Rate - 2011/12 Financial Year

	Rate in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
Port Geographe							
• Rate	1.2866	GRV	10,613,616	136,555	136,555	136,555	136,555
• Interim Rate				436	0	0	0
• Back Rate				0	0	0	0
				136,991	136,555	136,555	136,555

	Rate in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
Provence							
• Rate	0.7348	GRV	131,000	426	426	426	426
• Rate	0.0757	UV	80,215,000	77,255	77,255	77,255	77,255
• Interim Rate				0	0	0	0
• Back Rate				0	0	0	0
				77,681	77,681	77,681	77,681

	Rate in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
Vasse							
• Rate	2.0000	GRV	4,338,430	87,326	87,326	87,326	87,326
• Rate	0.0757	UV	11,914,000	10,872	10,872	10,872	10,872
• Interim Rate				1,793	0	0	0
• Back Rate				0	0	0	0
				99,991	98,198	98,198	98,198

The purpose of the Specified Area Rates is disclosed in note 12 "Purpose of Reserves".

25. Service Charges – 2011/12 Financial Year

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

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

26. Discounts, Incentives, Concessions & Write-offs – 2011/12 Financial Year

	Type	Discount %	Total Cost / Value \$	Budget Cost / Value \$
Back Rates Levied / Prior Period Adjustments	Adjustment	0	58,714	53,000
Write-offs	Write-off	0	0	0
		0	58,714	53,000

27. Interest Charges and Instalments – 2011/12 Financial Year

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%	0.00	162,894	150,000
Interest on Instalments Plan	5.50%	0.00	156,832	140,000
Charges on Instalment Plan	0.00%	2.50	54,132	50,000
			373,858	340,000

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 9 September 2011 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 9 September 2011 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 09 September 2011
- 2nd Instalment 09 November 2011
- 3rd Instalment 09 January 2012
- 4th Instalment 09 March 2012

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

	2012 Actual	2011 Actual
	\$	\$
28. Fees & Charges		
General Purpose Funding	63,431	63,680
Governance	2,635	472
Law, Order & Public Safety	114,256	102,828
Health	192,064	133,805
Education and Welfare	145	308
Housing	362,092	324,592
Community Amenities	4,781,090	4,186,707
Recreation and Culture	1,692,198	1,515,755
Transport	245,432	284,260
Economic Services	1,554,890	1,639,746
Other Property and Services	60,030	62,252
	<u>9,068,263</u>	<u>8,314,405</u>

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

	2012 Actual	2011 Actual
	\$	\$
29. Grant Revenue		
By Nature and Type:		
Operating Grants, Subsidies and Contributions	5,106,374	3,160,904
Non- Operating Grants, Subsidies and Contributions	8,200,267	22,799,951
	<u>13,306,641</u>	<u>25,960,855</u>
By Program:		
General Purpose Funding	2,929,491	1,936,726
Governance	168,119	167,746
Law, Order & Public Safety	706,859	706,821
Health	1,453	4,410
Education and Welfare	2,904	2,993
Housing	4,500	6,927
Community Amenities	176,064	1,299,311
Recreation and Culture	5,385,276	14,280,673
Transport	3,636,348	4,934,625
Economic Services	18,937	2,404,220
Other Property and Services	276,690	216,403
	<u>13,306,641</u>	<u>25,960,855</u>

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

	2012 Actual \$	2012 Budget \$	2011 Actual \$
30. Councillors Remuneration			
The following fees, expenses and allowances were paid to council members and / or the mayor.			
Mayor & Deputy Allowance	65,662	64,000	63,750
Councillors Sitting Fees	78,547	84,000	76,038
Travelling Allowance - Councillors Meetings	15,490	15,000	16,255
Communication Allowance	24,475	32,260	23,670
Other Allowance	7,238	11,000	6,463
	<u>191,412</u>	<u>206,260</u>	<u>186,176</u>

31. Employee Numbers

The number of full-time equivalent employees at balance date

	2012	2011
The number of full-time equivalent employees at balance date	266	236

32. Major Land Transactions

Council did not participate in any major land transactions during the 2011/12 financial year pursuant to S3.59 of the Local Government Act and Part 3 of the Local Government Functions and General Regulations.

33. Trading Undertakings and Major Trading Undertakings

Council did not participate in any trading undertakings or major trading undertakings during the 2011/12 financial year.

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

34. Financial Risk Management

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

Council 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.

Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2012	2011	2012	2011
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	45,773,663	50,732,872	45,773,663	50,732,872
Receivables	3,905,044	3,145,525	3,905,044	3,145,525
Financial assets at fair value through profit or loss	0	112,193	0	112,193
	<u>49,678,707</u>	<u>53,990,590</u>	<u>49,678,707</u>	<u>53,990,590</u>
Financial Liabilities				
Payables	3,279,506	2,718,222	3,279,506	2,718,222
Borrowings	4,296,388	5,006,972	3,943,375	4,584,249
	<u>7,575,894</u>	<u>7,725,194</u>	<u>7,222,881</u>	<u>7,302,471</u>

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables – estimated to the carrying value which approximates net market value.
- Borrowings, held-to-maturity investments – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial assets at fair value through profit and loss, Available for sale financial assets - based on quoted market prices at the reporting date or independent valuation.

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

34. Financial Risk Management (Continued)

(a) Cash and cash equivalents

Council'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 with the assistance of independent advisers (where applicable). 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 Council.

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	30 June 2012	30 June 2011
	\$	\$
Impact of a 10% (*) movement in price of investments:		
• Equity	3,781	18,056
• Statement of Comprehensive Income	3,781	18,056
Impact of a 1% (*) movement in interest rates on cash and investments:		
• Equity	38	1,806
• Statement of Comprehensive Income	38	1,806

Notes:

(*) Sensitivity percentages based on management's expectation of future possible market movements.

Recent market volatility has seen large market movements for certain types of investments.

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

34. Financial Risk Management (Continued)

(b) Receivables

Council'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. Council manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of Council to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. Council 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 2012	30 June 2011
	\$	\$
Percentage of Rates and Annual Charges		
• Current	88.88%	40.71%
• Overdue	11.12%	59.29%
Percentage of Other Receivables		
• Current	96.29%	97.06%
• Overdue	3.71%	2.94%

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

34. Financial Risk Management (Continued)

(c) Payables

(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. Council 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 Council's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying Values \$
<u>2012</u>					
Payables	3,279,506	0	0	3,279,506	3,279,506
Borrowings	1,015,557	2,734,392	1,507,959	5,257,908	4,296,388
	<u>4,295,063</u>	<u>2,734,392</u>	<u>1,507,959</u>	<u>8,537,414</u>	<u>7,575,894</u>
<u>2011</u>					
Payables	2,718,222	0	0	2,718,222	2,718,222
Borrowings	1,040,040	3,138,827	2,059,409	6,238,276	5,006,972
	<u>3,758,262</u>	<u>3,138,827</u>	<u>2,059,409</u>	<u>8,956,498</u>	<u>7,725,194</u>

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

34. Financial Risk Management (Continued)

(c) Payables (Continued)

(ii) Borrowings

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs. Council manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

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

	<u>< 1 year</u>	<u>>1<2 years</u>	<u>>2<3 years</u>	<u>>3<4 years</u>	<u>>4<5 years</u>	<u>>5 years</u>	<u>Total</u>	<u>Weighted Average Effective Interest Rate</u>
	\$	\$	\$	\$	\$	\$	\$	%
<u>Year Ended 30 June 2012</u>								
Borrowings								
Fixed Rate								
Debentures	78,548	501,407	0	0	388,860	3,327,573	4,296,388	6.03%
Weighted Average Effective Interest Rate	5.60%	6.17%	0.00%	0.00%	6.18%	6.01%		
<u>Year Ended 30 June 2011</u>								
Borrowings								
Fixed Rate								
Debentures	0	172,577	765,845	0	61,896	4,006,654	5,006,972	6.07%
Weighted Average Effective Interest Rate	0.00%	5.64%	6.17%	0.00%	6.88%	6.06%		

City of Busselton

Financial Report

For the Year Ended 30th June 2012

Notes to and Forming Part of the Financial Report

35. Subsequent Events

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

PARTNERS

Clifton M. Anderson FCA, JP	Stuart Fricker CPA, GAICD
Stephen FJ Down CA	Tim Partridge FCA
Shaun G. O'Callaghan CA	Maria Cavallo CA
Peter Manolas CPA, CTA (Master of Taxation Law)	

ASSOCIATES

Steven Cluning CA	Shane Kaurin CPA
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INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial report of the City of Busselton, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity, the rate setting statement, and the statement of cash flows for the year ended 30 June 2012, a summary of significant accounting policies and other explanatory notes, and the Chief Executive Officer's statement.

Council's responsibility for the financial report

The Council of the City of Busselton is responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), and the Local Government Act 1995, and for such internal control as Council determines necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks and material misstatements of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluation of the overall presentation of the financial report.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Local Government Act 1995 Part 6 and Australian Accounting Standards so as to present a view which is consistent with our understanding of the City of Busselton's financial position, the results of its operations, its changes in equity and its cash flows.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.



Independent Member of
B K R
INTERNATIONAL

Bunbury Office
Unit 1, 28-30 Wellington Street
PO Box 1306,
Bunbury, WA 6231
Telephone: (08) 9780 7555
Facsimile: (08) 9721 8982

Mandurah Office
197 Mandurah Terrace,
PO Box 4250,
Mandurah North, WA 6210
Telephone: (08) 9535 5889
Facsimile: (08) 9535 8840

Geraldton Office
156 Durlacher Street,
PO Box 288,
Geraldton, WA 6531
Telephone: (08) 9964 5888
Facsimile: (08) 9964 5899

Opinion

In our opinion, the financial report of the City of Busselton:

- i. gives a true and fair view of the City of Busselton's financial position as at 30 June 2012 and of its performance for the financial year ended 30 June 2012; and
- ii. complies with Australian Accounting Standards (including the Australian Accounting Interpretations); and
- iii. are prepared in accordance with the requirements of the Local Government Act 1995 Part 6 (as amended) and Regulations under that Act.

Statutory Compliance

In accordance with the Local Government (Audit) Regulations 1996, we also report that:

- i. There are no material matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the City of Busselton.
- ii. There are no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- iii. All necessary information and explanations were obtained by us.
- iv. All audit procedures were satisfactorily completed during our audit.

AMD Chartered Accountants



TIM PARTRIDGE
Partner

Bunbury, Western Australia

Dated this 26th day of September 2012



Independent Member of
B K R
INTERNATIONAL

Bunbury Office
Unit 1, 28-30 Wellington Street
PO Box 1306,
Bunbury, WA 6231
Telephone: (08) 9780 7555
Facsimile: (08) 9721 8982

Mandurah Office
197 Mandurah Terrace,
PO Box 4250,
Mandurah North, WA 6210
Telephone: (08) 9535 5889
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Geraldton Office
156 Durlacher Street,
PO Box 288,
Geraldton, WA 6531
Telephone: (08) 9964 5888
Facsimile: (08) 9964 5899