



# ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023



**CITY OF BUNBURY  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

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

*Welcoming and full of opportunities*

Principal place of business:

4 Stephen Street  
Bunbury WA 6230

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**CITY OF BUNBURY  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The accompanying financial report of the City of Bunbury has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2023 and the financial position as at 30 June 2023.

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

Signed on the 29 day of November 2023



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Alan Ferris  
Chief Executive Officer



**CITY OF BUNBURY**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2023 Actual \$	2023 Budget \$	2022 Actual \$
<b>Revenue</b>				
Rates	26	43,007,394	42,873,976	40,676,117
Grants and Subsidies	2(a)	3,518,591	1,799,262	4,008,727
Contributions, Reimbursements and Donations	2(a)	1,268,515	490,101	2,089,357
Fees and Charges	2(a)	13,988,202	13,572,804	13,044,288
Interest Revenue	2(a)	1,997,323	598,000	580,975
Other Revenue	2(a)	639,640	498,677	1,207,563
		<u>64,419,665</u>	<u>59,832,820</u>	<u>61,607,027</u>
<b>Expenses</b>				
Employee Costs	2(b)	(32,036,058)	(32,286,595)	(29,096,107)
Consultants		(2,596,584)	(3,819,573)	(2,287,004)
Materials and Contracts		(15,444,742)	(14,756,784)	(15,485,113)
Utility Charges		(2,749,036)	(2,510,376)	(2,525,400)
Depreciation on Non-Current Assets		(14,481,576)	(13,199,104)	(13,735,787)
Insurance Expenses		(726,784)	(742,834)	(723,771)
Interest Expenses	2(b)	(585,666)	(571,972)	(454,559)
Other Expenditure	2(b)	(6,665,878)	(5,663,956)	(3,585,919)
		<u>(75,286,324)</u>	<u>(73,551,194)</u>	<u>(67,893,660)</u>
		<b>(10,866,659)</b>	<b>(13,718,374)</b>	<b>(6,286,633)</b>
Capital Grants, Subsidies and Contributions	2(a)	2,847,136	12,476,768	5,784,590
Interest on Capital Grants		-	-	313
Fair Value adjustments to Financial Assets at				
Fair Value through Profit or Loss		7,372	-	13,165
Share of Profit/(Loss) of Associates and Joint Ventures				
accounted for using the Equity Method	21(b)	2,662,508	-	(3,685,561)
Disposal of Lease Liability		4,995	-	-
Profit on Asset Disposals		267,322	420,961	157,004
Loss on Asset Disposals		<u>(1,459,097)</u>	<u>-</u>	<u>(2,678,721)</u>
<b>Net Result for the Period</b>	25(b)	<b>(6,536,423)</b>	<b>(820,645)</b>	<b>(6,695,843)</b>
<b>Other Comprehensive Income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in Asset Revaluation Surplus	16	4,908,145	-	(16,008,778)
<b>Total Other Comprehensive Income for the Period</b>		<u>4,908,145</u>	<u>-</u>	<u>(16,008,778)</u>
<b>Total Comprehensive Income for the Period</b>		<u><b>(1,628,278)</b></u>	<u><b>(820,645)</b></u>	<u><b>(22,704,621)</b></u>

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



**CITY OF BUNBURY**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2023**

	NOTE	2023 \$	2022 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents - Unrestricted	3	12,351,941	12,448,721
Cash and Cash Equivalents - Restricted	3	23,668,073	27,377,662
Trade and Other Receivables	5	3,986,390	4,524,951
Inventories	6	148,840	140,010
Other Current Assets	7	985,560	789,470
Other Financial Assets	4(a)	66,732	47,468
<b>TOTAL CURRENT ASSETS</b>		<b>41,207,536</b>	<b>45,328,282</b>
<b>NON-CURRENT ASSETS</b>			
Trade and Other Receivables	5	751,616	652,857
Other Financial Assets	4(b)	288,598	270,009
Investment in Associates	21(b)	3,384,230	131,509
Property, Plant and Equipment	8	240,780,070	241,972,610
Infrastructure	9	227,894,271	229,799,807
Right of Use Assets	11	400,016	47,601
<b>TOTAL NON-CURRENT ASSETS</b>		<b>473,498,801</b>	<b>472,874,393</b>
<b>TOTAL ASSETS</b>		<b>514,706,337</b>	<b>518,202,675</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	12	7,303,934	7,413,851
Other Liabilities	13	2,150,946	1,929,098
Lease Liabilities	11(b)	91,194	55,269
Borrowings	14	2,345,114	2,609,981
Employee Related Provisions	15	5,268,671	5,082,113
<b>TOTAL CURRENT LIABILITIES</b>		<b>17,159,859</b>	<b>17,090,312</b>
<b>NON-CURRENT LIABILITIES</b>			
Trade and Other Payables	12	401,519	391,158
Lease Liabilities	11(b)	315,736	-
Borrowings	14	8,265,036	10,519,110
Employee Related Provisions	15	585,111	594,741
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>9,567,402</b>	<b>11,505,009</b>
<b>TOTAL LIABILITIES</b>		<b>26,727,261</b>	<b>28,595,321</b>
<b>NET ASSETS</b>		<b>487,979,076</b>	<b>489,607,354</b>
<b>EQUITY</b>			
Retained Surplus		188,238,887	190,843,873
Reserves - Cash Backed	29	21,517,127	25,448,564
Revaluation Surplus	16	278,223,062	273,314,917
<b>TOTAL EQUITY</b>		<b>487,979,076</b>	<b>489,607,354</b>

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





**CITY OF BUNBURY**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2021</b>		<b>193,434,210</b>	<b>25,737,000</b>	<b>289,323,695</b>	<b>508,494,905</b>
Initial Recognition of Investment in Associate	21	3,817,070	-	-	3,817,070
Comprehensive Income for the Period					
Net Result for the Period		(6,695,843)	-	-	(6,695,843)
Other Comprehensive Income for the Period	16	-	-	(16,008,778)	(16,008,778)
Total Comprehensive Income for the Period		(6,695,843)	-	(16,008,778)	(22,704,621)
Transfers from/(to) Reserves	29	288,436	(288,436)	-	-
<b>Balance as at 30 June 2022</b>		<b>190,843,873</b>	<b>25,448,564</b>	<b>273,314,917</b>	<b>489,607,354</b>
Comprehensive Income for the Period					
Net Result for the Period		(6,536,423)	-	-	(6,536,423)
Other Comprehensive Income for the Period	16	-	-	4,908,145	4,908,145
Total Comprehensive Income for the Period		(6,536,423)	-	4,908,145	(1,628,278)
Transfers from/(to) Reserves	29	3,931,437	(3,931,437)	-	-
<b>Balance as at 30 June 2023</b>		<b>188,238,887</b>	<b>21,517,127</b>	<b>278,223,062</b>	<b>487,979,076</b>

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

**CITY OF BUNBURY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2023 Actual \$	2022 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Rates		42,761,963	40,514,526
Grants and Subsidies		4,519,500	1,240,363
Contributions, Reimbursements and Donations		1,268,515	2,089,357
Fees and Charges		14,141,215	13,217,614
Interest Revenue		1,997,323	580,974
Other Revenue		639,640	1,207,563
		<u>65,328,156</u>	<u>58,850,397</u>
<b>Payments</b>			
Employee Costs		(31,657,679)	(28,480,141)
Consultants		(2,596,584)	(2,287,004)
Materials and Contracts		(16,047,766)	(15,093,603)
Utility Charges		(2,749,036)	(2,525,400)
Interest Expenses		(594,698)	(458,345)
Insurance Expenses		(726,784)	(723,771)
Goods and Services Tax (GST)		(151,073)	285,173
Other Expenditure		(6,655,517)	(3,200,329)
		<u>(61,179,137)</u>	<u>(52,483,420)</u>
<b>Net Cash Provided By (Used In) Operating Activities</b>	17(b)	<u><b>4,149,019</b></u>	<u><b>6,366,977</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for the Purchase of Property, Plant and Equipment		(3,176,824)	(4,568,971)
Payment for Construction of Infrastructure		(5,329,182)	(11,317,550)
Capital Grants, Subsidies and Contributions		2,847,136	5,784,590
Interest Earnings on Capital Grants		-	313
Proceeds from Self-Supporting Loans		(30,481)	46,403
Proceeds from Sale of Fixed Assets		376,268	999,500
<b>Net Cash Provided By (Used In) Investing Activities</b>		<u><b>(5,313,083)</b></u>	<u><b>(9,055,715)</b></u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of Borrowings	28(a)	(2,662,941)	(2,141,210)
Payments for principal portion of lease liabilities	28(d)	(123,364)	(122,615)
Proceeds from New Borrowings	28(b)	144,000	4,250,000
<b>Net Cash Provided By (Used In) Financing Activities</b>		<u><b>(2,642,305)</b></u>	<u><b>1,986,175</b></u>
<b>Net Increase (Decrease) In Cash Held</b>		(3,806,369)	(702,563)
Cash at Beginning of Year		39,826,383	40,528,946
<b>Cash and Cash Equivalents at the End of the Year</b>	17(a)	<u><u><b>36,020,014</b></u></u>	<u><u><b>39,826,383</b></u></u>

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



**CITY OF BUNBURY**  
**STATEMENT OF FINANCIAL ACTIVITY**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2023 Actual \$	2023 Budget \$	2022 Actual \$
<b>OPERATING ACTIVITIES</b>				
<b>Revenue from Operating Activities</b>				
Rates	26	42,954,988	42,821,768	40,624,582
Specified Area Rates	26	52,406	52,208	51,536
Operating Grants and Subsidies		3,518,591	1,799,262	4,008,727
Contributions, Reimbursements and Donations		1,268,515	490,101	2,089,357
Fees and Charges		13,988,202	13,572,804	13,044,288
Interest Revenue		1,997,323	598,000	580,975
Other Revenue		639,640	498,677	1,207,563
Share of Net Profit of Associates and Joint Ventures accounted for using the Equity Method	21(b)	2,662,508	-	-
Profit on Disposal of Assets		267,322	420,961	157,004
Disposal of Lease Liability		4,995	-	-
		<u>67,354,490</u>	<u>60,253,781</u>	<u>61,764,032</u>
<b>Expenses from Operating Activities</b>				
Employee Costs		(32,036,058)	(32,286,595)	(29,096,107)
Consultants		(2,596,584)	(3,819,573)	(2,287,004)
Materials and Contracts		(15,444,742)	(14,756,784)	(15,485,113)
Utility Charges		(2,749,036)	(2,510,376)	(2,525,400)
Depreciation on Non-Current Assets		(14,481,576)	(13,199,104)	(13,735,787)
Insurance Expenses		(726,784)	(742,834)	(723,771)
Interest Expenses		(585,666)	(571,972)	(454,559)
Other Expenses		(6,665,878)	(5,663,956)	(3,585,919)
Share of Net Profit/(Loss) of Associates and Joint Ventures accounted for using the Equity Method	21(b)	-	-	(3,685,561)
Loss on Disposal of Assets		(1,459,097)	-	(2,678,721)
		<u>(76,745,421)</u>	<u>(73,551,194)</u>	<u>(74,257,942)</u>
Non-Cash Amounts Excluded from Operating Activities	27(a)	<u>12,900,448</u>	<u>12,840,243</u>	<u>20,249,417</u>
<b>Amount Attributable to Operating Activities</b>		<b>3,509,517</b>	<b>(457,170)</b>	<b>7,755,507</b>
<b>INVESTING ACTIVITIES</b>				
<b>Inflows from investing activities</b>				
Capital Grants, Subsidies and Contributions		2,847,136	12,476,768	5,784,590
Interest on Capital Grants		-	-	313
Fair Value Adjustment to Financial Assets at Fair Value through Profit or Loss	4(b)	7,372	-	13,165
Proceeds from Disposal of Assets		376,268	809,427	999,500
Proceeds from Self-Supporting Loans	28(a)	(30,481)	(83,441)	46,403
		<u>3,200,295</u>	<u>13,202,754</u>	<u>6,843,971</u>
<b>Outflows from investing activities</b>				
Purchase of property, plant and equipment	8(a)	(3,176,824)	(16,809,788)	(4,568,971)
Purchase Infrastructure Assets	9(a)	(5,329,182)	(11,064,191)	(11,317,550)
		<u>(8,506,006)</u>	<u>(27,873,979)</u>	<u>(15,886,521)</u>
<b>Amount Attributable to Investing Activities</b>		<b>(5,305,711)</b>	<b>(14,671,225)</b>	<b>(9,042,550)</b>

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

**CITY OF BUNBURY**  
**STATEMENT OF FINANCIAL ACTIVITY**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2023 Actual \$	2023 Budget \$	2022 Actual \$
<b>FINANCING ACTIVITIES</b>				
<b>Inflows from financing activities</b>				
Proceeds from Borrowings	28(b)	144,000	3,614,000	4,250,000
Transfers from Reserves (Restricted Assets)	29	15,451,539	19,456,763	12,763,526
		<u>15,595,539</u>	<u>23,070,763</u>	<u>17,013,526</u>
<b>Outflows from financing activities</b>				
Repayment of Borrowings	28(a)	(2,662,941)	(2,609,981)	(2,141,210)
Payments for principal portion of lease liabilities	28(d)	(123,364)	(50,274)	(122,614)
Transfers to Reserves (Restricted Assets)	29	(11,520,102)	(11,126,053)	(12,475,090)
		<u>(14,306,407)</u>	<u>(13,786,308)</u>	<u>(14,738,914)</u>
<b>Amount Attributable to Financing Activities</b>		<b>1,289,132</b>	<b>9,284,455</b>	<b>2,274,612</b>
<b>MOVEMENT IN SURPLUS OR DEFICIT</b>				
Surplus or deficit at the start of the financial year		5,407,188	5,474,788	4,419,619
Amount attributable to operating activities		3,509,517	(457,170)	7,755,507
Amount attributable to investing activities		(5,305,711)	(14,671,225)	(9,042,550)
Amount attributable to financing activities		1,289,132	9,284,455	2,274,612
<b>SURPLUS/(DEFICIT) AFTER IMPOSITION OF GENERAL RATES</b>	27(b)	<b><u>4,900,126</u></b>	<b><u>(369,152)</u></b>	<b><u>5,407,188</u></b>

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

**CITY OF BUNBURY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**1. BASIS OF PREPARATION**

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

**LOCAL GOVERNMENT ACT 1995 REQUIREMENTS**

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

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

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

**THE LOCAL GOVERNMENT REPORTING ENTITY**

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

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

**JUDGEMENTS AND ESTIMATES**

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

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

The balances, transactions and disclosures impacted by accounting estimates are as follows;

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, infrastructure and investment property
- estimation uncertainties made in relation to lease accounting
- estimated useful life of intangible assets

**INITIAL APPLICATION OF ACCOUNTING STANDARDS**

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

- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments

- AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date

- AASB 2021-7a Amendments to Australian Accounting Standard – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [general editorials]

- AASB 2022-3 Amendments to Australian Accounting Standards – Illustrative Examples for Not-for-Profit Entities accompanying AASB 15

These amendments have no material impact on the current annual financial report.

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

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

- AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution to Assets between an Investor and its Associate or Joint Venture

- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current.

- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies or Definition of Accounting Estimates

This standard will result in a terminology change for significant accounting policies.

- AASB 2021-7c Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]

- AASB 2022-5 Amendments to Australian Accounting Standards – Lease Liability in Sale and Leaseback

- AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants

- AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards

- AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets for Not-for-Profit Public Sector Entities

The amendment may result in changes to the fair value of non-financial assets. The impact is yet to be quantified.

Except as described above these amendments are not expected to have any material impact on the financial report on initial application.

**CITY OF BUNBURY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**2. REVENUE AND EXPENSES**

**(a) Revenue**

**Contracts with Customers**

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

<b>Revenue Category</b>	<b>Nature of Goods and Services</b>	<b>When Obligations Typically Satisfied</b>	<b>Payment Terms</b>	<b>Returns/Refunds/Warranties</b>	<b>Timing of revenue recognition</b>
Grants and subsidies	Grant contracts with customers - with and without agreements and subsidies.	Over time or no obligations. Dependant upon arrangement.	Fixed term transfer for funds based on agreed milestones and reporting or not applicable. Dependant upon arrangement.	Contract obligation if project not complete or not applicable. Dependant upon arrangement.	Output method based on project milestone and/or completion date matched to performance obligations, or when asset is controlled. Dependant upon arrangement.
Capital Grants	Construction or acquisition of recognisable non-financial assets.	Over time.	Fixed term transfer for funds based on agreed milestones and reporting.	Contract obligation if project not complete.	Output method based on project milestone and/or completion date matched to performance obligations.
Fees and Charges	Charges made for council provided services, facility hire, fines, sale of goods, and licences.	Single point in time and over time. Dependant upon fee.	In full, in advance, or on normal credit trading terms. Dependant upon fee.	Dependant upon good or service provided.	Output method based on provision of service or completion of works.
Other Revenue	Other revenue that cannot be classified into the above categories.	Single point in time and over time. Dependant upon fee.	In full, in advance, or on normal credit trading terms. Dependant upon fee.	Dependant upon good or service provided.	Output method based on provision of service or completion of works.

**CITY OF BUNBURY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**2. REVENUE AND EXPENSES (continued)**

**(a) Revenue (continued)**

**For the year ended 30 June 2023**

<b>Nature</b>	<b>Contracts with Customers \$</b>	<b>Capital Grant/ Contributions \$</b>	<b>Statutory Requirements \$</b>	<b>Other \$</b>	<b>Total \$</b>
Rates	-	-	43,007,394	-	43,007,394
Grants, subsidies and contributions	1,088,462	-	-	3,698,644	4,787,106
Fees and Charges	7,090,826	-	6,897,376	-	13,988,202
Interest revenue	-	-	432,123	1,565,200	1,997,323
Other Revenue	456,247	-	165,000	18,393	639,640
Capital Grants, subsidies and contributions	-	2,847,136	-	-	2,847,136
	8,635,535	2,847,136	50,501,893	5,282,237	67,266,801

**For the year ended 30 June 2022**

<b>Nature</b>	<b>Contracts with Customers \$</b>	<b>Capital Grant/ Contributions \$</b>	<b>Statutory Requirements \$</b>	<b>Other \$</b>	<b>Total \$</b>
Rates	-	-	40,676,117	-	40,676,117
Grants, subsidies and contributions	1,763,155	-	-	4,334,929	6,098,084
Fees and Charges	12,359,783	-	684,505	-	13,044,288
Interest revenue	-	-	-	580,975	580,975
Other Revenue	-	-	35,556	1,172,007	1,207,563
Interest on Capital	-	313	-	-	313
Grants Capital Grants, subsidies and contributions	-	5,784,590	-	-	5,784,590
	14,122,938	5,784,903	41,396,178	6,087,911	67,391,930

**CITY OF BUNBURY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**2. REVENUES AND EXPENSES (continued)**

**(a) Revenue (continued)**

	NOTE	2023 \$	2022 \$
<b>Interest Revenue</b>			
Interest on Reserve Account Funds		271,443	33,126
Other interest Revenue		1,725,880	547,849
		<u>1,997,323</u>	<u>580,975</u>
<b>Fees and Charges related to rates receivable</b>			
Charges on instalment plan		101,640	100,800

The 2023 original budget estimate in relation to:  
Charges on instalment plan was \$100,000

**(b) Expenses**

	NOTE	2023 \$	2022 \$
<b>Auditors Remuneration</b>			
- Audit of the Annual Financial Report		48,000	43,460
- Other Services		13,170	4,250
- Financial Management Systems Review		-	7,500
		<u>61,170</u>	<u>55,210</u>
<b>Employee Costs</b>			
Employee Benefit Costs		30,812,975	28,122,685
Other Employee costs		1,223,083	973,422
		<u>32,036,058</u>	<u>29,096,107</u>
<b>Finance Costs</b>			
Borrowings	28(a)	565,515	441,578
Borrowings - self-supporting	28(a)	2,497	6,190
Lease Liabilities	28(d)	17,654	6,791
		<u>585,666</u>	<u>454,559</u>
<b>Other Expenditure</b>			
Contributions, Donations and Sponsorships		5,346,045	1,576,281
Miscellaneous (refunds, subscriptions, recoupables)		527,287	943,614
Elected Members		626,178	542,685
Write Offs		69,031	53,468
Taxation and Levies		86,976	84,281
Other Expenses		10,361	385,590
		<u>6,665,878</u>	<u>3,585,919</u>

**CITY OF BUNBURY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**3. CASH AND CASH EQUIVALENTS**

		<b>2023</b>	<b>2022</b>
	<b>NOTE</b>	<b>\$</b>	<b>\$</b>
Cash at bank and on hand		7,718,096	6,832,560
Term deposits		28,301,918	32,993,823
<b>Total cash and cash equivalents</b>	17(a)	<b>36,020,014</b>	<b>39,826,383</b>
<b>Held as</b>			
Unrestricted cash and cash equivalents		12,351,941	12,448,721
Restricted cash and cash equivalents	17(a)	23,668,073	27,377,662
		<b>36,020,014</b>	<b>39,826,383</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Cash and cash equivalents**

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

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

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

**Restricted financial assets**

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.



**CITY OF BUNBURY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**4. OTHER FINANCIAL ASSETS**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Current assets</b>		
Financial assets at amortised cost	66,732	47,468
	<b>66,732</b>	<b>47,468</b>
<b>Other financial assets at amortised cost</b>		
Self supporting loans receivable	66,732	47,468
	<b>66,732</b>	<b>47,468</b>
<b>(b) Non-current assets</b>		
Financial assets at amortised cost	125,619	114,402
Financial assets at fair value through profit and loss	162,979	155,607
	<b>288,598</b>	<b>270,009</b>
<b>Financial assets at amortised cost</b>		
Self supporting loans receivable	125,619	114,402
	<b>125,619</b>	<b>114,402</b>
<b>Financial Assets at fair value through profit and loss</b>		
Units in Local Government House Trust - Opening balance	155,607	142,442
Movement attributable to fair value	7,372	13,165
Units in Local Government House Trust - Closing balance	<b>162,979</b>	<b>155,607</b>

Loans receivable from clubs / institutions have the same terms and conditions as the related borrowing disclosed in Note 28(a) as self supporting loans. Fair value of financial assets at fair value through profit and loss is determined from the net asset value of the units held in the Trust at balance date as compiled by WALGA.

**SIGNIFICANT ACCOUNTING POLICIES**

**Other financial assets at amortised cost**

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

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

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 26(i)) due to the observable market rates.

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

**Financial assets at fair value through profit and loss**

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

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

**Impairment and risk**

Information regarding impairment and exposure to risk can be found at Note 22.

**CITY OF BUNBURY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**5. TRADE AND OTHER RECEIVABLES**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Rates Receivables	1,934,938	1,788,266
Sundry Debtors	1,694,867	2,473,928
GST Receivable	318,636	167,563
Infringements	37,949	95,194
BHRC Debtor	231,000	231,000
Allowance for credit losses of trade and other receivables (BHRC)	(231,000)	(231,000)
	<b>3,986,390</b>	<b>4,524,951</b>
<b>Non-Current</b>		
Pensioner Rates and ESL Deferred	751,616	652,857
	<b>751,616</b>	<b>652,857</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Rates and statutory receivables**

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

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

**Trade receivables**

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

**Other receivables**

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

**Measurement**

Trade and other receivables are recognised initially at the amount of the transaction price, unless they contain a significant financing component, and are to be recognised at fair value hierarchy (see Note 24(i)) due to the observable market rates.

**Classification and subsequent measurement**

Receivables which are generally due for settlement within 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets. All other receivables such as deferred pensioner rates receivable after the end of the reporting period are classified as non-current assets.

Trade and other receivables are held with the objective to collect the contractual cashflows and therefore the City measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

**Impairment and risk exposure**

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 22.

**CITY OF BUNBURY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**6. INVENTORIES**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Construction Materials	104,329	98,910
Bunbury Visitor Information Centre Stock Held for Sale	6,660	7,026
Bunbury Wildlife Park Stock Held for Sale	15,232	13,904
South West Sports Centre Stock Held for Sale	22,619	20,170
	<b>148,840</b>	<b>140,010</b>

The following movements in inventories occurred during the year:

<b>Balance at beginning of year</b>	140,010	109,390
Inventories expensed during the year	(382,282)	(351,805)
Additions to inventory	391,112	382,425
<b>Balance at end of year</b>	<b>148,840</b>	<b>140,010</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**General**

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

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

**7. OTHER ASSETS**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Other Assets - Current</b>		
Prepayments	820,810	741,397
Accrued income	164,750	48,073
	<b>985,560</b>	<b>789,470</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Other current assets**

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

**CITY OF BUNBURY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**8. PROPERTY, PLANT AND EQUIPMENT**

**(a) Movements in Balances**

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

	Land \$	Buildings \$	Plant and Vehicles \$	Equipment \$	Furniture and Fittings \$	Arts and Culture \$	Capital WIP Movement \$	TOTAL \$
<b>Balance at 1 July 2021</b>	113,840,300	116,503,600	6,829,309	2,579,530	78,091	2,314,257	1,595,265	43,740,352
Additions	1,043	3,291,707	776,450	476,058	-	10,790	12,922	4,568,970
Works in Progress Movement	-	1,504,107	-	-	-	-	(1,504,107)	-
Disposals	(843,043)	-	(1,068,178)	(30,959)	(6,074)	-	-	(1,948,254)
Depreciation (expense)	-	(2,551,262)	(1,031,410)	(796,216)	(9,570)	-	-	(4,388,458)
<b>Balance at 30 June 2022</b>	<b>112,998,300</b>	<b>118,748,152</b>	<b>5,506,171</b>	<b>2,228,413</b>	<b>62,447</b>	<b>2,325,047</b>	<b>104,080</b>	<b>241,972,610</b>
<b>Comprises:</b>								
Gross balance amount at 30 June 2022	112,998,300	193,864,814	7,736,737	6,276,423	99,348	2,328,838	104,080	323,408,540
Accumulated depreciation at 30 June 2022	-	(75,116,662)	(2,230,566)	(4,048,010)	(36,901)	(3,791)	-	(81,435,930)
<b>Balance at 30 June 2022</b>	<b>112,998,300</b>	<b>118,748,152</b>	<b>5,506,171</b>	<b>2,228,413</b>	<b>62,447</b>	<b>2,325,047</b>	<b>104,080</b>	<b>241,972,610</b>
<b>Balance at 1 July 2022</b>	112,998,300	118,748,152	5,506,171	2,228,413	62,447	2,325,047	104,080	241,972,610
Additions	48,306	446,455	726,286	534,143	37,825	21,885	1,361,924	3,176,824
Works in Progress Movement	-	15,059	-	-	-	-	(15,059)	-
Internal Re-classifications	-	-	120,702	-	-	-	-	120,702
Disposals	(44,470)	(187,335)	(83,834)	-	-	-	-	(315,639)
Depreciation (expense)	-	(2,627,486)	(810,356)	(728,577)	(8,008)	-	-	(4,174,427)
<b>Balance at 30 June 2023</b>	<b>113,002,136</b>	<b>116,394,845</b>	<b>5,458,969</b>	<b>2,033,979</b>	<b>92,264</b>	<b>2,346,932</b>	<b>1,450,945</b>	<b>240,780,070</b>
<b>Comprises:</b>								
Gross carrying amount	113,002,136	193,631,128	8,456,731	6,810,566	137,173	2,350,723	1,450,945	325,839,402
Accumulated depreciation	-	(77,236,283)	(2,997,762)	(4,776,587)	(44,909)	(3,791)	-	(85,059,332)
<b>Balance at 30 June 2023</b>	<b>113,002,136</b>	<b>116,394,845</b>	<b>5,458,969</b>	<b>2,033,979</b>	<b>92,264</b>	<b>2,346,932</b>	<b>1,450,945</b>	<b>240,780,070</b>

**CITY OF BUNBURY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**8. PROPERTY, PLANT AND EQUIPMENT (continued)**

**(b) Carrying Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of Valuation</b>	<b>Date of Last Valuation</b>	<b>Inputs Used</b>
<b>(i) Fair Value</b>					
<b>Land</b>	2	Sales comparison (market) approach using recent observable market data for similar properties	Independent registered valuer	June 2021	Price per hectare
<b>Buildings; non-specialised</b>	3	Improvements to land valued using cost approach using depreciated replacement cost and Market approach using recent observable market data for similar properties	Independent registered valuer	June 2021	Improvements to land using construction costs (level 2) and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs
<b>Buildings; specialised</b>	3	Improvements to land valued using cost approach using depreciated replacement cost and Market approach using recent observable market data for similar properties	Independent registered valuer	June 2021	Improvements to land using construction costs (level 2) and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

**(ii) Cost**

<b>Plant and equipment</b>	Not applicable	Cost	N/A	Not applicable
<b>Equipment</b>	Not applicable	Cost	N/A	Not applicable
<b>Furniture and Fittings</b>	Not applicable	Cost	N/A	Not applicable
<b>Arts and Culture</b>	Not applicable	Cost	N/A	Not applicable

**CITY OF BUNBURY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**9. INFRASTRUCTURE**

**(a) Movement in Balances**

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

	Roads \$	Paths \$	Stormwater \$	Open Space \$	Marine \$	Structures \$	Bridges \$	Other Infrastructure \$	Capital WIP Movement \$	TOTAL \$
<b>Balance at 1 July 2021</b>	75,898,190	41,949,386	65,284,053	15,458,669	15,552,778	16,720,902	5,529,937	6,893,539	1,993,784	245,281,239
Additions	2,612,495	1,295,045	471,741	4,518,773	315,600	533,290	-	1,500,213	70,393	11,317,550
Works in Progress Movement	307,331	52,600	25,275	1,138,739	57,705	-	-	3,227	(1,584,877)	-
Disposals	(764,611)	(184,318)	(163,784)	(369,152)	-	(71,401)	-	(19,697)	-	(1,572,963)
Reval increments/(decrements) transferred to reval surplus	(216,795)	(15,652,817)	869,694	(538,639)	(473,048)	(98,997)	-	101,824	-	(16,008,778)
Depreciation (expense)	(3,913,982)	(1,293,911)	(1,222,224)	(883,094)	(691,756)	(380,040)	(161,382)	(670,852)	-	(9,217,241)
<b>Balance 30 June 2022</b>	<b>73,922,628</b>	<b>26,165,985</b>	<b>65,264,755</b>	<b>19,325,296</b>	<b>14,761,279</b>	<b>16,703,754</b>	<b>5,368,555</b>	<b>7,808,255</b>	<b>479,300</b>	<b>229,799,807</b>
<b>Comprises, at 30 June 2022</b>										
Gross balance	224,525,350	67,860,965	107,357,219	34,258,755	31,121,378	22,107,152	8,950,619	13,633,667	479,300	510,294,405
Accumulated depreciation	(150,602,722)	(41,694,980)	(42,092,464)	(14,933,459)	(16,360,099)	(5,403,398)	(3,582,064)	(5,825,412)	-	(280,494,598)
<b>Balance at 30 June 2022</b>	<b>73,922,628</b>	<b>26,165,985</b>	<b>65,264,755</b>	<b>19,325,296</b>	<b>14,761,279</b>	<b>16,703,754</b>	<b>5,368,555</b>	<b>7,808,255</b>	<b>479,300</b>	<b>229,799,807</b>
<b>Balance at 1 July 2022</b>	73,922,628	26,165,985	65,264,755	19,325,296	14,761,279	16,703,754	5,368,555	7,808,255	479,300	229,799,807
Additions	1,791,705	1,227,578	499,285	888,324	-	379,970	80,475	314,797	147,048	5,329,182
Works in Progress Movement	137,919	55,262	8,485	29,165	-	-	81,607	166,862	(479,300)	-
Disposals	(156,891)	(700,809)	(242,211)	(58,145)	-	(57,241)	-	(37,107)	-	(1,252,404)
Reclassifications	-	-	-	-	-	(365,705)	377,549	(132,546)	-	(120,702)
Reval increments/(decrements) transferred to reval surplus	350,967	(684,008)	678,430	(853,816)	3,228,278	291,952	(18,909)	1,325,038	-	4,317,932
Depreciation (expense)	(3,980,606)	(1,367,380)	(1,229,247)	(1,187,336)	(776,665)	(403,882)	(120,319)	(1,114,109)	-	(10,179,544)
<b>Balance at 30 June 2023</b>	<b>72,065,722</b>	<b>24,696,628</b>	<b>64,979,497</b>	<b>18,143,488</b>	<b>17,212,892</b>	<b>16,548,848</b>	<b>5,768,958</b>	<b>8,331,190</b>	<b>147,048</b>	<b>227,894,271</b>
<b>Comprises, at 30 June 2023</b>										
Gross balance	223,610,689	48,464,463	109,629,299	30,281,230	35,261,789	22,073,024	8,459,726	9,482,406	147,048	487,409,674
Accumulated depreciation	(151,544,967)	(23,767,835)	(44,649,802)	(12,137,742)	(18,048,897)	(5,524,176)	(2,690,768)	(1,151,216)	-	(259,515,403)
<b>Balance at 30 June 2023</b>	<b>72,065,722</b>	<b>24,696,628</b>	<b>64,979,497</b>	<b>18,143,488</b>	<b>17,212,892</b>	<b>16,548,848</b>	<b>5,768,958</b>	<b>8,331,190</b>	<b>147,048</b>	<b>227,894,271</b>

**CITY OF BUNBURY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**9. INFRASTRUCTURE (continued)**

**(b) Carrying Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs Used
<b>Roads</b>	3	Cost approach using depreciated replacement cost	Management valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
<b>Paths</b>	3	Cost approach using depreciated replacement cost	Management valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
<b>Stormwater</b>	3	Cost approach using depreciated replacement cost	Management valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
<b>Open Space</b>	3	Cost approach using depreciated replacement cost	Management valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
<b>Marine</b>	3	Cost approach using depreciated replacement cost	Management valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
<b>Structures</b>	3	Cost approach using depreciated replacement cost	Management valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
<b>Bridges</b>	3	Cost approach using depreciated replacement cost	Management valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
<b>Other Infrastructure</b>	3	Cost approach using depreciated replacement cost	Management valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

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



**CITY OF BUNBURY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**10. FIXED ASSETS**

**(a) Depreciation Rates**

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

<i><b>Asset Class</b></i>	<i><b>Useful Life</b></i>
Buildings	10 to 80 years
Furniture and Fittings	7 to 13 years
Equipment	4 to 60 years
Plant and Vehicles	4 to 30 years
Arts and Culture	4 to 100 years
Roads	20 to 75 years
Road Formation	Not Depreciated
Stormwater	10 to 100 years
Open Space	10 to 100 years
Pathways	10 to 50 years
Bridges	20 to 75 years
Marine	8 to 80 years
Structures	10 to 100 years
Other Infrastructure	5 to 100 years
Right of Use	Based on remaining lease term

**Revision of useful lives**

The City did not revise any useful lives for Property, Plant and Equipment during the 2022/23 financial year.

**(b) Temporary Idle or retired from use assets**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
The City does not currently hold any idle or retired assets from use.	-	-

**(c) Fully Depreciated Assets in Use**

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

Plant and Vehicles	1,121,665	792,560
Equipment	2,515,579	1,459,407
Furniture and Fittings	13,401	13,401
Arts and Culture	3,791	3,791
	<u>3,654,436</u>	<u>2,269,159</u>

**CITY OF BUNBURY**  
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**FOR THE YEAR ENDED 30 JUNE 2023**

**10. FIXED ASSETS (*continued*)**

**SIGNIFICANT ACCOUNTING POLICIES**

**Fixed assets**

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

**Initial recognition and measurement for assets held at cost**

Plant and equipment including furniture and equipment is recognised at cost on acquisition in accordance with *Financial Management Regulation 17A*. Where acquired at no cost the asset is initially recognised at fair value. Assets held at cost are depreciated and assessed for indicators or impairment annually.

**Initial recognition and measurement between mandatory revaluation dates for assets held at fair value**

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

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

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

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

**Revaluation**

The fair value of land, buildings, infrastructure and investment properties is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the City.

At the end of each period the carrying amount for each asset class is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A(2)* which requires land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

For property, plant and equipment and infrastructure, increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity.

**Revaluation (*continued*)**

Decreases that offset previous increases of the same class or asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

**Depreciation**

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

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

**Depreciation on revaluation**

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

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

**Amortisation**

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

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

Amortisation is included within depreciation in the statement of comprehensive income and in Note 10(a).

**Impairment**

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 or losses on disposal**

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

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**11. LEASES**

**(a) Right-of-Use Assets**

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

	NOTE	Right-of-use assets - plant and equipment \$	Right-of-use assets - land and buildings \$	Right-of-use assets Total \$
<b>Balance at 1 July 2021</b>		113,501	64,188	177,689
Additions		-	-	-
Depreciation		(65,900)	(64,188)	(130,088)
<b>Balance at 30 June 2022</b>		47,601	-	47,601
Additions		480,020	-	480,020
Depreciation		(127,605)	-	(127,605)
<b>Balance at 30 June 2023</b>		400,016	-	400,016

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

	NOTE	2023 Actual \$	2022 Actual \$
Depreciation on right-of-use assets		(127,605)	(130,088)
Interest expense on lease liabilities		(17,654)	(6,791)
Short-term lease payments recognised as expense		(59,954)	(37,927)
<b>Total amount recognised in the statement of comprehensive income</b>		(205,213)	(174,806)
Total cash outflow from leases		(141,019)	(129,406)

**(b) Lease Liabilities**

Current		91,194	55,269
Non-Current		315,736	-
	28(d)	406,930	55,269

The City has three leases relating to plant and equipment. The lease term for these leases are between 5 - 6 years. The plant and equipment leases have fixed lease payments, however the land and buildings lease will be reviewed after 1 year. The measurement of lease liabilities does not include any future cash outflows associated with leases not yet commenced to which the City is committed.

**SIGNIFICANT ACCOUNTING POLICIES**

**Leases**

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

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

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

Details of individual lease liabilities required by regulations are provided in Note 28(d).

**Right-of-use assets - valuation measurement**

Right-of-use assets are measured at cost. This means that all right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

**Right-of-use assets - depreciation**

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

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**12. TRADE AND OTHER PAYABLES**

	NOTE	2023 \$	2022 \$
<b>Current</b>			
Sundry Creditors		3,616,352	3,664,461
Accrued Interest on Loans		26,301	35,333
Accrued Salaries and Wages		1,014,549	813,099
Deposits and Prepayments		596,962	946,955
Income Received in Advance		193,706	190,739
Prepaid Rates		1,856,064	1,763,264
		<b>7,303,934</b>	<b>7,413,851</b>
<b>Non-Current</b>			
College Grove Subdivision Profit Share	21(a)	401,519	391,158
		<b>401,519</b>	<b>391,158</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

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

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

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

**Trade and other payables**

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

**Prepaid rates**

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

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**13. OTHER LIABILITIES**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Contract liabilities	320,899	723,424
Capital grant / contributions liabilities	1,830,047	1,205,674
	<b><u>2,150,946</u></b>	<b><u>1,929,098</u></b>

**Reconciliation of changes in contract liabilities**

Opening Balance	723,424	1,421,685
Additions	168,179	490,241
Revenue from contracts with customers included as a contract liabilities at the start of the period	(570,704)	(1,188,502)
	<b><u>320,899</u></b>	<b><u>723,424</u></b>

The City expects to satisfy the performance obligations, from contracts with customers unsatisfied at the end of the reporting period, within the next 12 months.

**Reconciliation of changes in capital grant/contribution liabilities**

Opening Balance	1,205,674	1,459,842
Additions	1,990,003	905,435
Revenue from capital grant/contributions held at a liability at the start of the period	(1,365,630)	(1,159,603)
	<b><u>1,830,047</u></b>	<b><u>1,205,674</u></b>

**Expected satisfaction of capital grant/contribution liabilities**

Less than 1 year	<b>1,830,047</b>	<b>1,205,674</b>
------------------	------------------	------------------

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

**SIGNIFICANT ACCOUNTING POLICIES**

**Contract liabilities**

Contract liabilities represent the City's obligations to transfer goods or services to a customer for which the City has received consideration from the customer.

Contract liabilities represent obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

**Capital grant / contribution liabilities**

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

Non-current capital grant / contribution liabilities fair values are based on discounted cashflows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 24(i)) due to the unobservable inputs, including own credit risk.

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**14. BORROWINGS**

	NOTE	2023 \$	2022 \$
<b>Secured</b>			
Current		2,345,114	2,609,981
Non-current		8,265,036	10,519,110
<b>Total secured borrowings</b>	28(a)	<b>10,610,150</b>	<b>13,129,091</b>

**Secured liabilities and assets pledged as security**

Debentures and bank loans are secured by a floating charge over the assets of the City.

**SIGNIFICANT ACCOUNTING POLICIES**

**Borrowing costs**

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

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature. Borrowings fair values are based on discounted cashflows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 24(i)) due to the unobservable inputs, including own credit risk.

**Risk**

Information regarding exposure to risk can be found at Note 22.

Details of individual borrowings required by regulations are provided at Note 28(a).

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**15. EMPLOYEE RELATED PROVISIONS**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Current provisions</b>		
Annual Leave	2,399,974	2,232,783
Long Service Leave	2,669,497	2,654,218
Other Employee Leave Provision	199,200	195,112
	<b>5,268,671</b>	<b>5,082,113</b>
<b>Non-current provisions</b>		
Long Service Leave	585,111	594,741
	<b>585,111</b>	<b>594,741</b>
	<b>5,853,782</b>	<b>5,676,854</b>

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

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

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Amounts are expected to be settled on the following basis:</b>		
Less than 12 months after the reporting date	4,640,022	5,082,113
More than 12 months from the reporting date	1,213,760	594,741
	<b>5,853,782</b>	<b>5,676,854</b>
Expected reimbursements from other WA local governments	(164,581)	(181,062)

**SIGNIFICANT ACCOUNTING POLICIES**

**Employee benefits**

The City's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related provisions in the Statement of Financial Position.

*Short-term employee benefits*

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

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

**Other long-term employee benefits**

Long-term employee benefits provisions are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations.

Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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



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**16. REVALUATION SURPLUS**

Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>(i) Land</b>		
Opening Balance	103,654,230	103,654,230
Revaluation Increment	-	-
Revaluation Decrement	-	-
	<b>103,654,230</b>	<b>103,654,230</b>
<b>(ii) Buildings</b>		
Opening Balance	78,593,299	78,593,299
Revaluation Increment	-	-
Revaluation Decrement	-	-
	<b>78,593,299</b>	<b>78,593,299</b>
<b>(iii) Equipment</b>		
Opening Balance	378,880	378,880
Revaluation Increment	-	-
Revaluation Decrement	-	-
	<b>378,880</b>	<b>378,880</b>
<b>(iv) Furniture and Fittings</b>		
Opening Balance	144,435	144,435
Revaluation Increment	-	-
Revaluation Decrement	-	-
	<b>144,435</b>	<b>144,435</b>
<b>(v) Arts and Culture</b>		
Opening Balance	754,849	754,849
Revaluation Increment	-	-
Revaluation Decrement	-	-
	<b>754,849</b>	<b>754,849</b>
<b>(vi) Roads</b>		
Opening Balance	8,257,041	8,473,836
Revaluation Increment	350,967	-
Revaluation Decrement	-	(216,795)
	<b>8,608,008</b>	<b>8,257,041</b>
<b>(vii) Paths</b>		
Opening Balance	11,323,688	26,976,505
Revaluation Increment	-	-
Revaluation Decrement	(684,008)	(15,652,817)
	<b>10,639,680</b>	<b>11,323,688</b>

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**16. REVALUATION SURPLUS (continued)**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>(viii) Stormwater</b>		
Opening Balance	38,131,034	37,261,340
Revaluation Increment	678,430	869,694
Revaluation Decrement	-	-
	<b>38,809,464</b>	<b>38,131,034</b>
<b>(ix) Open Space</b>		
Opening Balance	4,014,568	4,553,207
Revaluation Increment	-	-
Revaluation Decrement	(853,816)	(538,639)
	<b>3,160,752</b>	<b>4,014,568</b>
<b>(x) Marine</b>		
Opening Balance	12,239,570	12,712,618
Revaluation Increment	3,228,278	-
Revaluation Decrement	-	(473,048)
	<b>15,467,848</b>	<b>12,239,570</b>
<b>(xi) Bridges</b>		
Opening Balance	1,968,114	1,968,114
Revaluation Increment	-	-
Revaluation Decrement	(18,909)	-
	<b>1,949,205</b>	<b>1,968,114</b>
<b>(xii) Structures</b>		
Opening Balance	13,186,535	13,285,532
Revaluation Increment	291,952	-
Revaluation Decrement	-	(98,997)
	<b>13,478,487</b>	<b>13,186,535</b>
<b>(xiii) Other Infrastructure</b>		
Opening Balance	668,674	566,850
Revaluation Increment	1,325,038	101,824
Revaluation Decrement	-	-
	<b>1,993,712</b>	<b>668,674</b>
<b>(xiv) Investment in Associates</b>		
Opening Balance	-	-
Revaluation Increment	590,213	-
Revaluation Decrement	-	-
	<b>590,213</b>	<b>-</b>
<b>TOTAL ASSET REVALUATION SURPLUS</b>	<b>278,223,062</b>	<b>273,314,917</b>
<b>Revaluation Surplus Summary</b>		
Total Opening Balance	273,314,917	289,323,695
Revaluation Increment	6,464,878	971,518
Revaluation Decrement	(1,556,733)	(16,980,296)
<b>TOTAL ASSET REVALUATION SURPLUS</b>	<b>278,223,062</b>	<b>273,314,917</b>

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**17. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Reconciliation of Cash**

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

	NOTE	2023 \$	2022 \$
Cash and Cash Equivalents	3	<u>36,020,014</u>	<u>39,826,383</u>

**Restrictions**

The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:

Cash and cash equivalents	3	<u>23,668,073</u>	<u>27,377,662</u>
		<b>23,668,073</b>	<b>27,377,662</b>

The restricted financial assets are a result of the following specific purposes to which the asset may be used:

Restricted reserve accounts	29	21,517,127	25,448,564
Contract Liabilities	13	320,899	723,424
Capital Grant Liabilities	13	<u>1,830,047</u>	<u>1,205,674</u>
<b>Total restricted financial assets</b>		<b>23,668,073</b>	<b>27,377,662</b>

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

<b>Net Result</b>		<b>(6,536,423)</b>	<b>(6,695,843)</b>
Non-cash items:			
Depreciation/Amortisation		14,481,576	13,735,787
Adjustments to write-off of lease		(4,995)	-
(Profit)/Loss on Sale of Asset		1,191,775	2,521,717
Share of Profits/Loss of Associates		(2,662,508)	3,685,561
Changes in assets and liabilities:			
(Increase)/Decrease in Trade and Other Receivables		243,712	(1,807,022)
(Increase)/Decrease in Inventories		(8,830)	(30,620)
Increase/(Decrease) in Trade and Other Payables		(99,556)	1,336,914
Increase/(Decrease) in Employee Related Provisions		176,928	370,980
Increase/(Decrease) in Other Liabilities		221,848	(952,429)
Grants and Contributions for the Development of Assets		(2,847,136)	(5,784,903)
Change of Investment in LG House		(7,372)	(13,165)
<b>Net Cash Provided by/(used in) Operating Activities</b>		<u><b>4,149,019</b></u>	<u><b>6,366,977</b></u>

**(c) Undrawn Borrowing Facilities**

**Credit Standby Arrangements**

Credit card limit		100,000	100,000
Credit card balance at balance date		<u>(821)</u>	<u>(1,988)</u>
<b>Total amount of credit unused</b>		<b>99,179</b>	<b>98,012</b>

**Loan Facilities**

Loan facilities - current		2,345,114	2,609,981
Loan facilities - non-current		<u>8,265,036</u>	<u>10,519,110</u>
<b>Total facilities in use at balance date</b>	28(a)	<b>10,610,150</b>	<b>13,129,091</b>

**Unused Loan Facilities at Balance Date**

NIL

NIL

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**18. CONTINGENT LIABILITIES**

**(a) Contaminated Sites**

In compliance with the *Contaminated Sites Act 2003*, the City has listed sites to be possible sources of contamination. Details of those sites are:

* Nuytsia Ave	* Spencer St Road Reserve	* Spencer/Minninup Road Reserve
* Jaycee Park	* Queens Gardens	* Bunbury Cemetery
* Mangles St	* Stirling Street Arts Centre	* Pioneer Park Cemetery
* Stanley Rd	* Marlston Hill	* Trinity Rise
* Big Swamp POS	* Picton Rd Laneway	* Prosser/Alexander Road Reserve
* Turkey Point	* Plaza Street Road Reserve	
* Rawling Rd	* Donaldson Park	

Until the City conducts an investigation to determine the presence and scope of contamination, assess the risk, and agree with the Department of Water and Environmental Regulation on the need and criteria for remediation of a risk based approach, the City is unable to estimate the potentials costs associated with remediation of these sites. This approach is consistent with the Department of Water and Environmental Regulation Guidelines.

**(b) Aluminium Composite Panels**

The Department of Mines, Industry Regulation and Safety (DMIRS) have been auditing public sector and local government agencies with buildings vested in their control regarding the risk associated with potentially combustible aluminium composite panels. As part of this investigation, the Department has identified buildings that require remediation to remove the hazard. The required remediations have been undertaken during the 2022/23 Financial Year.

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**19. CAPITAL COMMITMENTS**

The City of Bunbury has the following capital expenditure commitments contracted for as at 30 June 2023 which have not been recognised as a liability in the Statement of Financial Position:

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b><i>Contracted for:</i></b>		
Hands Oval redevelopment	16,757,062	-
Withers Regional renewal	1,633,402	108,600
Replace corporate heavy plant	816,299	229,376
Boulters Heights redevelopment	395,971	-
Replace administration chiller unit	277,655	-
Replace playground equipment	235,041	-
Renew Ned Myles pavilion	148,480	-
Replace waste vehicles and plant	63,810	270,570
Replace parking infrastructure and upgrade Smart Parking	51,850	110,539
Replace South West Sports Centre plant and machinery	48,700	-
Implement Greening Bunbury Plan	38,830	-
Construct Hay Park North Pavilion	36,775	33,519
Replace Forrest Park Pavilion	34,750	-
Renew/refurbish community, corporate, sport & leisure buildings	31,100	-
Withers road connection	-	297,853
Construct Youth Precinct	-	236,808
Expand path network	-	89,061
Upgrade audio visual equipment Chambers	-	83,719
Replace Ocean Drive / Hayward Street footbridge	-	81,420
Display cases for Bunbury Museum & Heritage Centre	-	31,275
	<b><u>20,569,725</u></b>	<b><u>1,572,740</u></b>
<b>Payable:</b>		
- not later than one year	15,499,725	1,572,740
- later than one year but not later than two years	5,070,000	-
	<b><u>20,569,725</u></b>	<b><u>1,572,740</u></b>

**CITY OF BUNBURY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**20. RELATED PARTY TRANSACTIONS**

**(a) Elected Member Remuneration**

Fees, expenses and allowances to be paid or reimbursed to elected council members.	<b>2023</b> <b>Actual</b> \$	<b>2023</b> <b>Budget</b> \$	<b>2022</b> <b>Actual</b> \$
Mayor's Annual Allowance	91,997	91,997	70,505
Deputy Mayor's Annual Allowance	22,999	22,999	16,892
Meeting Attendance Fees	424,814	438,344	365,544
Annual Allowance for ICT Expenses	44,042	45,500	44,479
Travel and Accommodation Expenses	2,630	12,550	4,681
	<b><u>586,482</u></b>	<b><u>611,390</u></b>	<b><u>502,101</u></b>

**(b) Key Management Personnel (KMP) Compensation**

The total remuneration paid to KMP of the City during the year are as follows:	<b>2023</b> \$	<b>2022</b> \$
Short-term employee benefits	1,110,896	984,193
Post-employment benefits	110,730	97,991
Employee - other long-term benefits	62,259	3,364
Council member costs	586,482	502,101
	<b><u>1,870,367</u></b>	<b><u>1,587,649</u></b>

*Short-term employee benefits*

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

*Post-employment benefits*

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

*Other long-term benefits*

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

*Termination benefits*

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

*Council member costs*

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

**CITY OF BUNBURY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**20. RELATED PARTY TRANSACTIONS (*continued*)**

**Transactions with Related Parties**

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

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

In addition to KMP compensation above, the following transactions occurred with related parties:	<b>2023</b> \$	<b>2022</b> \$
<b>Associated Entities / Individuals:</b>		
Sale of goods and services <sup>1</sup>	66,432	30,576
Purchase of goods and services <sup>2</sup>	(866,264)	(664,328)
Short term employee benefits - other related parties	-	(15,644)
<b>Joint Venture Entities:</b>		
Management Fees	138	10,180
<b>Amounts Outstanding from Related Parties:</b>		
Trade and other receivables	231,000	231,000
<b>Amounts Payable to Related Parties:</b>		
Trade and other payables	(76,597)	(43,731)

**Note:**

*(1) Sale of goods and services*

This is mainly being for the accounting and payroll services provided to the Bunbury-Harvey Regional Council.

*(2) Purchase of goods and services*

This mainly includes normal commercial transactions for the disposal of waste received by the Bunbury-Harvey Regional Council.

**Related Parties**

The City's main related parties are as follows:

*i. Key management personnel*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any council member, are considered key management personnel.

*ii. Entities subject to significant influence by the City*

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

*iii. Joint venture entities accounts for under the equity method*

The City has two joint venture arrangements, one with Bunbury-Harvey Regional Council and one with the Department of Primary Industries and Regional Development. For details of interest held in joint venture arrangements, refer Note 21.

**CITY OF BUNBURY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**21. JOINT ARRANGEMENTS & INVESTMENT IN ASSOCIATES**

**(a) Joint Venture - Land Development Agreements**

Under the original Joint Venture Agreement, the City and the Department of Primary Industries and Regional Development entered into a joint venture for the development, subdivision and sale of certain land in College Grove, Bunbury. The original Joint Venture Agreement operated for approximately ten (10) years with the City having a 36.33% equity and the Department of Primary Industries and Regional Development having a 63.67% equity in the subdivision.

A second Joint Venture Agreement between Landcorp, the City and the Minister on behalf of the State was subsequently entered into for the development, subdivision and sale of additional land in College Grove, Bunbury. The second Joint Venture Agreement covered an area of land primarily being the southern portion of the area of land covered by the original Joint Venture Agreement.

It was intended by the parties that the original Joint Venture Agreement would be terminated when the second Joint Venture Agreement was entered into but this did not occur because some land covered by the original Joint Venture Agreement had not been disposed of by the time the second Joint Venture Agreement was entered into by the parties.

Due to part of the land comprised in the second Joint Venture Agreement being ceded as Regional Open Space, as part of the proclamation of the Greater Bunbury Region Scheme and commitments made by the State Government that it would not undertake further development in College Grove, the development potential of the land comprised in the second Joint Venture Agreement was reduced. The State Government provided in lieu of the reduced area of the College Grove Subdivision, alternate land for development.

In an agreement dated 31 October 2013, the parties agreed to terminate the second Joint Venture Agreement so as to remove Landcorp from any further involvement, with the intent that the State Government and the City will continue to work together to achieve the remaining outcomes under the original Joint Venture Agreement and the second Joint Venture Agreement by entering into a new amended Joint Venture Agreement. The amended Joint Venture Agreement also terminates the original Joint Venture Agreement and compensates the City for its equity in the second Joint Venture by the transfer of freehold land to the City.

Under the amended College Grove Joint Venture Agreement the City of Bunbury has a one third (33.33%) equity in the subdivision and the Department of Primary Industries and Regional Development two thirds (66.67%) equity in the subdivision. The City of Bunbury is the appointed manager of the subdivision. The funds originally held in the College Grove Land subdivision Reserve Account represented proceeds from sales to date less development costs and have now been transferred to the amended College Grove Joint Venture Reserve to provide for the funding of future stages of the subdivision on behalf of the joint venture partners, eliminating the need to utilise borrowed funds.

After development costs and management fees are deducted from surplus income, profit on the subdivision will be distributed to the joint venture partners in proportion to their equities. No dividends were declared during 2022/23.



**CITY OF BUNBURY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**21. JOINT ARRANGEMENTS & INVESTMENT IN ASSOCIATES *(continued)***

**(a) Joint Ventures - Land Development Agreements *(continued)***

At 30 June 2023 the undistributed profits of the subdivision, which are held in Amended College Grove Joint Venture Reserve amount to:

		<b>2023</b>	<b>2022</b>
	<b>NOTE</b>	<b>\$</b>	<b>\$</b>
Dept of Primary Industries & Regional Development	66.67%	401,519 *	391,158 *
City of Bunbury	33.33%	209,498	204,318
		<b><u>611,017</u></b>	<b><u>595,476</u></b>

\* Included as a non-creditor - Refer Note 12

The assets and liabilities associated with this joint venture are:

*Current Assets*

Investments	611,017	595,476
<b>Total Assets</b>	<b><u>611,017</u></b>	<b><u>595,476</u></b>

*Current Liabilities*

<b>Total Liabilities</b>	<u>-</u>	<u>-</u>
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The income and expenses associated with this joint venture are:

**Statement of Comprehensive Income**

Other Revenue	18,429	600,696
Other Expenditure	<u>(2,888)</u>	<u>(22,340)</u>
<b>Net Result for the Period</b>	<b><u>15,541</u></b>	<b><u>578,356</u></b>

**Other Comprehensive Income**

*Items that will not be reclassified subsequently to profit or loss*

Changes in Asset Revaluation Surplus	<u>-</u>	<u>-</u>
<b>Total Other Comprehensive Income for the Period</b>	<u>-</u>	<u>-</u>

<b>Total Comprehensive Income for the Period</b>	<b><u>15,541</u></b>	<b><u>578,356</u></b>
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**(b) Investment in Associate - Bunbury Harvey Regional Council**

The City of Bunbury has a share in the Net Assets in the Bunbury Harvey Regional Council (BHRC) as a member council together with the Shire of Harvey and has a commitment to fund the BHRC under the Regional Council Constitution Aggreement. The BHRC provides services in waste management, resource recovery and environmental management and was established in accordance with the Local Government Act 1995.

In accordance with AASB128 the City's investment has been accounted for using the equity method. The value of this investment is based on the City's share of 50% Net Assets as disclosed in the Financial Statements of the BHRC for 2022/23. The City's equity share (i.e. ownership interest) is based on the City's estimated interest in BHRC and is subject to final negotiation with the Shire of Harvey during 2023/24.

**CITY OF BUNBURY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**21. JOINT ARRANGEMENTS & INVESTMENT IN ASSOCIATES (continued)**

**(b) Investment in Associate - Bunbury Harvey Regional Council (continued)**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Summarised Statement of Comprehensive Income</b>		
Revenue	12,766,785	5,413,458
Interest Revenue	84,414	4,663
Finance Charge	(580)	-
Depreciation	(596,787)	(600,232)
Profit/(Loss) from continuing operations	5,325,016	(7,371,122)
Profit/(Loss) for the period	5,311,423	(7,371,122)
Changes in asset revaluations surplus	1,180,426	-
Total comprehensive income for the period	<b>6,505,442</b>	<b>(7,371,122)</b>
<b>Summarised statement of financial position</b>		
Cash and cash equivalents	3,438,772	2,258,918
Other current assets	541,106	356,888
Total Current Assets	3,979,878	2,615,806
Non-current Assets	5,459,522	4,848,326
Total Assets	9,439,400	7,464,132
Current financial liabilities	13,946	-
Other Current Liabilities	2,629,897	7,179,955
Total Current Liabilities	2,643,843	7,179,955
Non-current liabilities	27,096	21,158
Total Liabilities	2,670,939	7,201,113
<b>Net Assets</b>	<b>6,768,461</b>	<b>263,019</b>
<b>Reconciliation to carrying amounts</b>		
Opening net assets 1 July	263,019	7,634,141
Profit/(Loss) for the period	5,325,016	(7,371,122)
Other Comprehensive income	1,180,426	-
Closing net assets 30 June	<b>6,768,461</b>	<b>263,019</b>
<b>Carrying amount at 1 July</b>	131,509	3,817,070
- Share of associates net profit(loss) for the period	2,662,508	(3,685,561)
- Share of associates other comprehensive income arising during the period	590,213	-
<b>Carrying amount at 30 June</b>	<b>3,384,230</b>	<b>131,509</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Investments in associates**

An associate is an entity over which the City has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of the investee.

Investments in associates are accounted for using the equity method. The equity method of accounting is whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the City's share of net assets of the associate. In addition, the City's share of the profit or loss of the associate is included in the City's profit or loss.

**CITY OF BUNBURY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**22. FINANCIAL RISK MANAGEMENT**

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

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

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

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

**(a) Interest rate risk**

**Cash and cash equivalents**

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

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

**CITY OF BUNBURY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**22. FINANCIAL RISK MANAGEMENT (continued)**

**(a) Interest rate risk (continued)**

	Weighted Average Interest Rate %	Carrying Amounts \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$
<b>2023</b>					
Cash and cash equivalents	4.52%	36,020,014	28,301,918	7,718,096	-
<b>2022</b>					
Cash and cash equivalents	1.34%	39,826,383	32,993,823	6,832,560	-

**Sensitivity**

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

	<b>2023</b> \$	<b>2022</b> \$
Impact of a 1% movement in interest rates on profit and loss and equity <sup>(1)</sup>	360,200	398,264

**Notes:**

<sup>(1)</sup> Holding all other variables constant

**Borrowings**

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

Details of interest rates applicable to each borrowing may be found at Note 28(a).

**CITY OF BUNBURY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**22. FINANCIAL RISK MANAGEMENT (continued)**

**(b) Credit risk**

**Trade and Other Receivables**

The City's major receivables comprise rates and annual charges and user fees and charges. The major risk associated with these receivables is credit risk - the risk that the debts may not be repaid. The City manages this risk by monitoring outstanding debt and employing debt recovery policies.

Credit risk on rates and annual charges is minimised by the ability of the City to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. The City is 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.

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2022 or 1 July 2023 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment of rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

The loss allowance as at 30 June 2023 and 30 June 2022 for rates receivable was determined as follows:

	<b>Current</b>	<b>More than 1 year past due</b>	<b>More than 2 years past due</b>	<b>More than 3 years past due</b>	<b>Total</b>
<b>30 June 2023</b>					
<b>Rates receivable</b>					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	1,233,955	480,126	281,268	691,205	2,686,554
Loss allowance	-	-	-	-	-
<b>30 June 2022</b>					
<b>Rates receivable</b>					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	1,222,839	464,049	275,012	479,223	2,441,123
Loss allowance	-	-	-	-	-

**CITY OF BUNBURY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**22. FINANCIAL RISK MANAGEMENT (continued)**

**(b) Credit risk (continued)**

**Trade and Other Receivables (continued)**

The loss allowance as at 30 June 2023 and 30 June 2022 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2023</b>					
<b>Sundry receivables and infringements</b>					
Expected credit loss	15.94%	0.00%	0.00%	0.00%	
Gross carrying amount	1,448,983	40,768	187,235	286,830	1,963,816
Loss allowance	231,000	-	-	-	231,000
<b>30 June 2022</b>					
<b>Sundry receivables and infringements</b>					
Expected credit loss	8.82%	0.00%	0.00%	0.00%	
Gross carrying amount	2,618,246	61,126	18,002	102,748	2,800,122
Loss allowance	231,000	-	-	-	231,000

**CITY OF BUNBURY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**22. FINANCIAL RISK MANAGEMENT (continued)**

**(b) Credit risk (continued)**

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the City, and a failure to make contractual payments for the period of greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

**Contract Assets**

The City's contract assets represent work completed, which have not been invoiced at year end. This is due to the City not having met all the performance obligations in the contract which give an unconditional right to receive consideration. The City applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all contract assets. To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The City has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

**(c) Liquidity risk**

**Payables and borrowings**

Payables and borrowings are both subject to liquidity risk - that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The City manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 17(c).

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

		<b>Due within 1 year \$</b>	<b>Due between 1 &amp; 5 years \$</b>	<b>Due after 5 years \$</b>	<b>Total Contractual cash flows \$</b>	<b>Carrying values \$</b>
<b>2023</b>	Payables	7,303,933	401,519	-	7,705,452	7,705,452
	Borrowings	2,808,403	7,957,934	1,588,822	12,355,159	10,610,150
	Lease Liabilities	106,755	338,059	-	444,814	406,929
		<b>10,219,091</b>	<b>8,697,512</b>	<b>1,588,822</b>	<b>20,505,425</b>	<b>18,722,531</b>
<b>2022</b>	Payables	7,413,851	391,158	-	7,805,009	7,805,009
	Borrowings	3,188,869	9,740,297	2,614,862	15,544,028	13,129,091
	Lease Liabilities	57,054	-	-	57,054	55,269
		<b>10,659,774</b>	<b>10,131,455</b>	<b>2,614,862</b>	<b>23,406,091</b>	<b>20,989,369</b>

**CITY OF BUNBURY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**23. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD**

There were no material events after 30 June 2023 that require inclusion in the notes to the Financial Statements.



**CITY OF BUNBURY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**24. OTHER SIGNIFICANT ACCOUNTING POLICIES**

**a) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

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

**b) Current and non-current classification**

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

**c) Rounding off figures**

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

**d) Comparative figures**

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

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

**e) Budget comparative figures**

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimate for the relevant item of disclosure.

**f) Superannuation**

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

**g) Fair value of assets and liabilities**

Fair value is the price that the City would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

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

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

**h) Interest earnings**

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

**i) Fair value hierarchy**

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

**Level 1**

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

**Level 2**

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

**CITY OF BUNBURY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**24. OTHER SIGNIFICANT ACCOUNTING POLICIES (continued)**

**i) Fair value hierarchy (continued)**

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

**Valuation techniques**

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

**Market approach**

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

**Income approach**

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

**Cost approach**

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

**i) Fair value hierarchy (continued)**

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

**j) Impairment of assets**

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

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

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

**CITY OF BUNBURY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**25. FUNCTION AND ACTIVITY**

**a) Service objectives and descriptions**

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

<b>GENERAL PURPOSE FUNDING</b>	To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
<b>GOVERNANCE</b>	To provide a decision making process for the efficient allocation of scarce resources.	Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.
<b>LAW, ORDER AND PUBLIC SAFETY</b>	To provide services to help ensure a safer and environmentally conscious community.	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
<b>HEALTH</b>	To provide an operational framework for environmental and community health.	Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.
<b>EDUCATION AND WELFARE</b>	To provide services to disadvantaged persons, the elderly, children and youth.	Elderly person's activities and support, community services planning, disabled persons, youth services, aboriginal issues, Meal on Wheels centre, other welfare and voluntary persons.
<b>COMMUNITY AMENITIES</b>	To provide services required by the community.	Refuse collection services, including recycling, greenwaste and hardwaste. Administration of the Town Planning Scheme, public amenities and urban stormwater drainage works. Protection of the environment, coastline and waterways. Environmental planning.
<b>RECREATION AND CULTURE</b>	To establish and effectively manage infrastructure and resource which will help the social wellbeing of the community.	Maintenance of halls, recreation and cultural facilities, including sportsgrounds, parks, gardens, reserves, playgrounds and foreshore amenities. Maintenance of boat ramps and jetties. Townscape works. Operation of the Libraries, South West Sports Centre, Bunbury Wildlife Park, Bunbury Regional Art Gallery, Bunbury Regional Entertainment Centre, Bunbury Museum and Heritage Centre and other cultural activities.
<b>TRANSPORT</b>	To provide safe, effective and efficient transport services to the community.	Construction and maintenance of roads, drainage, footpaths, bridges and traffic signs. Maintenance of pump stations and road verges, strategic planning for transport and traffic flows, street lighting and street cleaning, airport operation; parking control and car park maintenance.
<b>ECONOMIC SERVICES</b>	To help promote the City and its economic well-being.	Tourism and area promotion, operation of the Visitor Centre, International relationship expenses, City marketing and economic development, implementation of building control, operation of plant nursery.

**CITY OF BUNBURY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**25. FUNCTION AND ACTIVITY (continued)**

**b) Income and expenses**

	<b>2023</b>	<b>2022</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>
<b>Income excluding grants and contributions</b>		
General Purpose Funding	45,320,622	41,575,356
Governance	1,759	750
Law, Order and Public Safety	176,802	238,722
Health	455,917	465,224
Education and Welfare	3,313	6,571
Community Amenities	9,810,945	7,073,863
Recreation and Culture	4,929,315	4,496,013
Transport	237,367	457,402
Economic Services	263,688	265,320
Other Property and Services	1,375,028	1,100,204
	<b>62,574,756</b>	<b>55,679,425</b>
<b>Grants, subsidies and contributions</b>		
General Purpose Funding	2,595,043	2,385,861
Governance	7,045	2,746
Law, Order and Public Safety	257,111	228,990
Health	1,925	2,117
Education and Welfare	-	20,000
Community Amenities	257,033	528,942
Recreation and Culture	1,655,196	4,704,636
Transport	2,138,337	2,764,678
Economic Services	88,000	67,000
Other Property and Services	634,552	1,177,704
	<b>7,634,242</b>	<b>11,882,674</b>
<b>Total Income</b>	<b>70,208,998</b>	<b>67,562,099</b>
<b>Expenses</b>		
General Purpose Funding	(847,625)	(920,030)
Governance	(3,956,853)	(3,116,099)
Law, Order and Public Safety	(1,988,454)	(1,455,254)
Health	(1,317,310)	(1,048,738)
Education and Welfare	(844,100)	(693,120)
Community Amenities	(14,325,810)	(13,765,168)
Recreation and Culture	(26,519,922)	(23,578,763)
Transport	(10,180,621)	(9,215,573)
Economic Services	(3,366,288)	(2,745,002)
Other Property and Services	(13,398,438)	(17,720,194)
<b>Total Expenses</b>	<b>(76,745,421)</b>	<b>(74,257,942)</b>
<b>Net result for the period</b>	<b>(6,536,423)</b>	<b>(6,695,843)</b>

**CITY OF BUNBURY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**25. FUNCTION AND ACTIVITY (*continued*)**

<b>c) Total Assets</b>	<b>2023</b>	<b>2022</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>
General Purpose Funding	2,688,054	2,457,055
Governance	12,185,996	12,314,461
Law, Order and Public Safety	6,353,968	6,605,810
Health	2,981,821	2,999,538
Education and Welfare	3,334,305	3,444,775
Community Amenities	76,469,584	73,503,958
Recreation and Culture	212,839,575	213,471,557
Transport	140,074,378	144,904,407
Economic Services	12,218,912	12,569,364
Other Property and Services	22,447,830	22,153,036
Unallocated	23,111,914	23,778,714
	<b>514,706,337</b>	<b>518,202,675</b>

**CITY OF BUNBURY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**26. RATING INFORMATION**

<b>RATE TYPE</b>	<b>Rate in \$ (cents)</b>	<b>Number of Properties</b>	<b>2022/23 Actual Rateable Value* (\$)</b>	<b>2022/23 Actual Rate Revenue (\$)</b>	<b>2022/23 Actual Interim Rates (\$)</b>	<b>2022/23 Actual Back Rates (\$)</b>	<b>2022/23 Actual Total Revenue (\$)</b>	<b>2022/23 Budget Rate Revenue (\$)</b>	<b>2022/23 Budget Interims (\$)</b>	<b>2022/23 Budget Back Rates (\$)</b>	<b>2022/23 Budget Total Revenue (\$)</b>	<b>2021/22 Actual Total Revenue (\$)</b>
<b>General rate</b>												
<b>Gross rental valuations</b>												
General	9.9940	14,229	396,121,600	39,588,393	292,179	-	39,880,572	39,588,393	152,674	-	39,741,067	37,393,106
<b>Sub - Total</b>		<b>14,229</b>	<b>396,121,600</b>	<b>39,588,393</b>	<b>292,179</b>	<b>-</b>	<b>39,880,572</b>	<b>39,588,393</b>	<b>152,674</b>	<b>-</b>	<b>39,741,067</b>	<b>37,393,106</b>
	<b>Minimum \$</b>											
<b>Minimum payment</b>	1,330	2,417	25,053,190	3,214,610	-	-	3,214,610	3,214,610	-	-	3,214,610	3,371,147
<b>Sub - Total</b>		<b>2,417</b>	<b>25,053,190</b>	<b>3,214,610</b>	<b>-</b>	<b>-</b>	<b>3,214,610</b>	<b>3,214,610</b>	<b>-</b>	<b>-</b>	<b>3,214,610</b>	<b>3,371,147</b>
<b>Total general rates and minimum payments</b>		<b>16,646</b>	<b>421,174,790</b>	<b>42,803,003</b>	<b>292,179</b>	<b>-</b>	<b>43,095,182</b>	<b>42,803,003</b>	<b>152,674</b>	<b>-</b>	<b>42,955,677</b>	<b>40,764,253</b>
<b>Specified Area Rates</b>												
	<b>Rate in \$ (cents)</b>											
<b>Gross Rental Valuations</b>												
Pelican Point Grand Canal	1.2770	169	4,088,320	52,208	198	-	52,406	52,208	-	-	52,208	51,536
<b>Total Amount raised from rates (excluding general rates)</b>							<b>52,406</b>				<b>52,208</b>	<b>51,536</b>
Concessions							(140,194)				(133,909)	(139,672)
<b>TOTAL RATES</b>							<b>43,007,394</b>				<b>42,873,976</b>	<b>40,676,117</b>
Rate instalment interest							237,631				320,000	219,960
Rate overdue interest							180,530				155,000	157,657

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

\* Rateable value at time of raising of rate.

**CITY OF BUNBURY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**27. DETERMINATION OF SURPLUS OR DEFICIT**

		2023	2023	2022
		(30 June 23	Budget	
		Carried	(30 June 2023	
		Forward)	Carried	(30 June 2022
NOTE		\$	Forward)	Carried Forward)
			\$	\$
<b>(a) Non-Cash Amounts Excluded from Operating Activities</b>				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
<b>Adjustments to Operating Activities</b>				
Less: Profit on Asset Disposals		(267,322)	(420,961)	(157,004)
Less: Fair Value Adjustments to financial assets at fair value through profit and loss	4(b)	(7,372)	-	(13,165)
Less: Share of net profit of associates and joint ventures accounted for using the equity method	12	10,361	-	385,590
Less: Disposal of lease		(4,995 )	-	-
Add: Loss on Disposal of Assets		1,459,097	-	2,678,721
Add: Share of net profit of associates and joint ventures accounted for using the equity method	21(b)	(2,662,508)	-	3,685,561
Add: Depreciation on Assets		14,481,576	13,199,104	13,735,787
Non-cash movements in non-current assets and liabilities:				
Deferred Pensioner Rates	5	(98,759)	-	(31,482)
Employee Benefit Provisions	15	(9,630)	62,100	(34,591)
<b>Non-Cash Amounts Excluded from Operating Activities</b>		<b>12,900,448</b>	<b>12,840,243</b>	<b>20,249,417</b>
<b>(b) Surplus / (Deficit) After Imposition of General Rates</b>				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
<b>Adjustments to Net Current Assets</b>				
Less: Reserves - Restricted Cash	29	(21,517,127)	(16,876,660)	(25,448,564)
Less: Financial Assets at Amortised Cost				
- Self-Supporting Loans	4(a)	(66,732)	(46,403)	(47,468)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	14	2,345,114	2,609,970	2,609,981
- Current portion lease liabilities	11(b)	91,194	55,269	55,269
<b>Total Adjustments to Net Current Assets</b>		<b>(19,147,551)</b>	<b>(14,257,824)</b>	<b>(22,830,782)</b>
<b>Net Current Assets Used in the Statement of Financial Activity</b>				
Total Current Assets		41,207,536	30,688,956	45,328,282
Less: Total Current Liabilities		(17,159,859)	(16,800,284)	(17,090,312)
Less: Total Adjustments to Net Current Assets		(19,147,551)	(14,257,824)	(22,830,782)
<b>Surplus of deficit after imposition of general rates</b>		<b>4,900,126</b>	<b>(369,152)</b>	<b>5,407,188</b>

**CITY OF BUNBURY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**28. BORROWINGS AND LEASE LIABILITIES**

**(a) Loan Principal and Interest Repayments**

Particulars	Institution	Interest Rate %	Principal 01-Jul-22 \$	New Loans \$	Principal Repayments		Principal 30-Jun-23		Interest Repayments	
					Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Community Amenities										
369 Urban Stormwater Drainage	WATC <sup>(1)</sup>	3.46	535,459	-	172,400	172,400	363,059	363,059	20,459	20,459
379 Public Amenities	WATC <sup>(1)</sup>	2.91	107,211	-	20,222	20,221	86,989	86,990	3,688	3,688
Sub Total			642,670	-	192,622	192,621	450,048	450,048	24,147	24,147
Recreation and Culture										
362 Bunbury Entertainment Centre Expansion	WATC <sup>(1)</sup>	4.36	1,020,828	-	499,349	499,349	521,479	521,479	43,081	45,452
365 Hay Park South Multi Sports Pavilion	WATC <sup>(1)</sup>	3.46	429,041	-	138,137	138,137	290,904	290,904	16,393	16,393
366 Hands Oval Upgrade	WATC <sup>(1)</sup>	3.96	161,222	-	161,222	161,222	-	-	6,233	6,992
367 Glen Iris Skate Park	WATC <sup>(1)</sup>	4.36	60,147	-	29,422	29,422	30,725	30,725	2,573	2,678
372 Hay Park Sports Pavilion	WATC <sup>(1)</sup>	2.68	140,676	-	33,777	33,777	106,899	106,899	4,469	4,469
373 Bunbury Museum & Heritage	WATC <sup>(1)</sup>	2.91	157,062	-	29,624	29,624	127,438	127,438	5,402	5,402
380 Bunbury Bowling Club*	WATC <sup>(1)</sup>	2.55	38,516	-	8,184	8,184	30,332	30,332	1,176	1,176
382 Stirling Street Arts Centre	WATC <sup>(1)</sup>	2.43	652,435	-	86,589	86,589	565,846	565,846	19,730	19,729
384 Bunbury Bowling Club*	WATC <sup>(1)</sup>	3.07	61,566	-	61,566	8,697	-	52,869	613	2,214
385 Bunbury and Districts Hockey Club*	WATC <sup>(1)</sup>	1.99	61,788	-	30,588	30,588	31,200	31,200	1,406	1,406
388 Hay Park North Pavilion	WATC <sup>(1)</sup>	5.29	950,000	-	76,796	76,796	873,204	873,204	49,245	49,257
389 Youth Precinct	WATC <sup>(1)</sup>	5.29	3,000,000	-	242,512	242,512	2,757,488	2,757,488	155,509	155,550
390 Athletics Track Surface	WATC <sup>(1)</sup>	4.96	300,000	-	55,054	55,054	244,946	244,946	14,189	14,201
391 Bunbury and Districts Hockey Club*	WATC <sup>(1)</sup>	3.90	-	144,000	13,181	13,091	130,819	130,909	3,386	3,528
Sub Total			7,033,281	144,000	1,466,001	1,413,042	5,711,280	5,764,239	323,405	328,447
Sub Total			7,675,951	144,000	1,658,623	1,605,663	6,161,328	6,214,287	347,552	352,594



**CITY OF BUNBURY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**28. BORROWINGS AND LEASE LIABILITIES (continued)**

**(a) Loan Principal and Interest Repayments (continued)**

Particulars	Institution	Interest Rate %	Principal 01-Jul-22 \$	New Loans \$	Principal Repayments		Principal 30-Jun-23		Interest Repayments	
					Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Transport</b>										
363 Roadworks and Path Construction	WATC <sup>(1)</sup>	3.96	160,510	-	160,510	160,510	-	-	6,206	6,961
364 Cobblestone Drive Car Park	WATC <sup>(1)</sup>	3.96	35,564	-	35,564	35,564	-	-	1,340	1,542
368 Path and Road Construction	WATC <sup>(1)</sup>	3.46	336,766	-	108,427	108,427	228,339	228,339	12,867	12,867
370 Airport Upgrades	WATC <sup>(1)</sup>	3.46	82,171	-	26,456	26,456	55,715	55,715	3,140	3,140
378 Roadworks and Path Construction	WATC <sup>(1)</sup>	2.91	418,119	-	78,863	78,863	339,256	339,256	14,382	14,382
383 Road Construction	WATC <sup>(1)</sup>	2.43	362,463	-	48,105	48,105	314,358	314,358	10,961	10,961
387 Marine Walls	WATC <sup>(1)</sup>	2.03	607,871	-	72,494	72,495	535,377	535,376	11,976	11,977
<b>Sub Total</b>			<b>2,003,464</b>	<b>-</b>	<b>530,419</b>	<b>530,420</b>	<b>1,473,045</b>	<b>1,473,044</b>	<b>60,872</b>	<b>61,830</b>
<b>Economic Services</b>										
320 Underground Power			-	-	-	-	-	-	-	-
<b>Sub Total</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Property and Services</b>										
319 Civic Administration Building	CBA <sup>(2)</sup>	6.48	1,536,479	-	179,869	179,869	1,356,610	1,356,610	96,733	96,733
381 Depot Construction	WATC <sup>(1)</sup>	3.21	1,913,197	-	294,030	294,030	1,619,167	1,619,167	71,888	71,889
<b>Sub Total</b>			<b>3,449,676</b>	<b>-</b>	<b>473,899</b>	<b>473,899</b>	<b>2,975,777</b>	<b>2,975,777</b>	<b>168,621</b>	<b>168,622</b>
<b>TOTAL</b>			<b>13,129,091</b>	<b>144,000</b>	<b>2,662,941</b>	<b>2,609,982</b>	<b>10,610,150</b>	<b>10,663,108</b>	<b>577,045</b>	<b>583,046</b>

<sup>(1)</sup> WA Treasury Corporation

<sup>(2)</sup> Commonwealth Bank of Australia

\* Self supporting loans are financed by payments from third parties. These are shown in Note 4 as other financial assets at amortised cost. All other loan repayments were financed by general purpose revenue.

<b>Total Interest 2022/23</b>	
Actual	577,045
Accrued	(9,033)
	<b>568,012</b>

**CITY OF BUNBURY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**28. BORROWINGS AND LEASE LIABILITIES *(continued)***

**(b) New Borrowings 2022/23**

Particulars / Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate *	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
<b>Recreation and Culture</b>										
391 Bunbury and Districts Hockey Club	144,000	144,000	WATC	Debenture	5	18,748	4.60	144,000	144,000	-
392 Forrest Park Pavilion	-	2,470,000	WATC	Debenture	10	-	-	-	2,470,000	-
393 Hands Oval Upgrade	-	1,000,000	WATC	Debenture	10	-	-	-	1,000,000	-
	<b>144,000</b>	<b>3,614,000</b>						<b>144,000</b>	<b>3,614,000</b>	<b>-</b>

*Loans 392 and 393 were not required during the 2022/23 financial year.*

\* *Inclusive of Government Guarantee Fee - currently 0.70% pa*

**(c) Unspent Borrowings**

There were no unspent loans as at 30 June 2023.

**CITY OF BUNBURY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**28. BORROWINGS AND LEASE LIABILITIES (continued)**

**(d) Lease Liabilities**

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Actual Lease Principal 1 July 2022 \$	New Leases \$	Write-Off of Leases	Principal Repayments		Principal 30-Jun-23		Interest Repayments	
								Actual \$	Budgeted \$	Actual \$	Budgeted \$	Actual \$	Budgeted \$
<b>Community Amenities</b> Property - CDS*		Fortitude Holdings Pty Ltd	1.21%	24 mths	4,995	-	4,995	-	-	-	-	-	-
<b>Recreation and Culture</b> Gym Equipment	E6N0159899	Maia Financial	7.06%	72 mths	42,605	-	-	42,605	42,605	-	-	1,512	1,512
Gym Equipment	E6N0159949	Maia Financial	6.95%	72 mths	7,669	-	-	7,669	7,669	-	-	268	268
<b>Transport</b> Smart Parking	E6N0163811	Maia Financial	4.26%	60 mths	-	480,020	-	73,090	73,090	406,930	406,930	15,874	15,873
<b>TOTAL</b>					<b>55,269</b>	<b>480,020</b>	<b>4,995</b>	<b>123,364</b>	<b>123,364</b>	<b>406,930</b>	<b>406,930</b>	<b>17,654</b>	<b>17,653</b>

\* Lease terminated early, as at 30 June 2022, without penalty.

**CITY OF BUNBURY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**29. RESERVES - CASH BACKED**

	2023 Actual \$	2023 Budget \$	2022 Actual \$
<b>Airport</b>			
<i>Purpose: To receipt funds from airport leases for the future provision of asset management and expansion projects at the airport</i>			
Opening Balance	311,416	311,416	307,433
Amount Set Aside / Transfer to Reserve	240,472	233,750	232,849
Amount Used / Transfer from Reserve	(202,688)	(202,688)	(228,866)
	<b>349,200</b>	<b>342,478</b>	<b>311,416</b>

**Asset Management and Renewal**

*Purpose: To provide funding for future asset management and renewal programs and projects*

Opening Balance	5,385,279	5,385,279	5,027,101
Amount Set Aside / Transfer to Reserve	1,242,794	981,701	1,335,373
Amount Used / Transfer from Reserve	(2,529,912)	(3,862,071)	(977,195)
	<b>4,098,161</b>	<b>2,504,909</b>	<b>5,385,279</b>

**Bunbury Museum and Heritage Centre**

*Purpose: To provide funding for the Bunbury Museum and Heritage Centre*

Opening Balance	12,665	12,665	11,007
Amount Set Aside / Transfer to Reserve	1,442	-	1,658
Amount Used / Transfer from Reserve	-	-	-
	<b>14,107</b>	<b>12,665</b>	<b>12,665</b>

**Canal Management**

*Purpose: To receipt specific area rating from the Pelican Point Canal Development to provide for the ongoing management and maintenance of the canal residential and commercial area*

Opening Balance	645,389	645,389	592,220
Amount Set Aside / Transfer to Reserve	69,291	52,208	53,169
Amount Used / Transfer from Reserve	(29,198)	(20,000)	-
	<b>685,482</b>	<b>677,597</b>	<b>645,389</b>

**City Arts Collection**

*Purpose: For the purchase and upgrade of City Art Collections*

Opening Balance	45,046	45,046	35,836
Amount Set Aside / Transfer to Reserve	-	-	9,210
Amount Used / Transfer from Reserve	(15,000)	-	-
	<b>30,046</b>	<b>45,046</b>	<b>45,046</b>

**City Growth and Major Development**

*Purpose: To provide funds for the development and implementation of strategic projects*

Opening Balance	3,607,520	3,607,520	3,793,368
Amount Set Aside / Transfer to Reserve	417,201	567,201	508,053
Amount Used / Transfer from Reserve	(684,966)	(3,174,235)	(693,901)
	<b>3,339,755</b>	<b>1,000,486</b>	<b>3,607,520</b>

**CITY OF BUNBURY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**29. RESERVES - CASH BACKED (continued)**

	2023 Actual \$	2023 Budget \$	2022 Actual \$
<b>City of Bunbury General Parking</b>			
<i>Purpose: To fund motor vehicle parking requirements within the City of Bunbury and promotion of the CBD</i>			
Opening Balance	8,232,541	8,232,541	8,791,345
Amount Set Aside / Transfer to Reserve	355,673	305,284	656,361
Amount Used / Transfer from Reserve	(3,248,018)	(3,949,371)	(1,215,165)
	<b>5,340,196</b>	<b>4,588,454</b>	<b>8,232,541</b>

**College Grove Subdivision Amended Joint Venture**

*Purpose: To provide funding for the development of land relating to the amended College Grove joint venture*

Opening Balance	595,476	595,476	17,120
Amount Set Aside / Transfer to Reserve	18,429	500	600,696
Amount Used / Transfer from Reserve	(2,888)	-	(22,340)
	<b>611,017</b>	<b>595,976</b>	<b>595,476</b>

**Disaster Relief Fund - (City of Bunbury)**

*Purpose: To provide relief of personal hardship and distress arising from natural disasters*

Opening Balance	100,000	100,000	100,000
Amount Set Aside / Transfer to Reserve	-	20,000	-
Amount Used / Transfer from Reserve	-	(20,000)	-
	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>

**Employee Entitlements and Insurance**

*Purpose: To provide future funds for employee related entitlements and insurance liabilities*

Opening Balance	1,180,372	1,180,372	1,151,701
Amount Set Aside / Transfer to Reserve	-	-	123,764
Amount Used / Transfer from Reserve	(13,754)	-	(95,093)
	<b>1,166,618</b>	<b>1,180,372</b>	<b>1,180,372</b>

**Environmental**

*Purpose: For the future provision of environmental management and associated projects*

Opening Balance	9,359	9,359	36,109
Amount Set Aside / Transfer to Reserve	-	-	-
Amount Used / Transfer from Reserve	-	-	(26,750)
	<b>9,359</b>	<b>9,359</b>	<b>9,359</b>

**Hay Park Regional Athletics Track**

*Purpose: To retain funds for the future replacement of the regional athletics track*

Opening Balance	117,824	117,824	705,474
Amount Set Aside / Transfer to Reserve	100,000	100,000	100,000
Amount Used / Transfer from Reserve	-	-	(687,650)
	<b>217,824</b>	<b>217,824</b>	<b>117,824</b>

**CITY OF BUNBURY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**29. RESERVES - CASH BACKED (continued)**

	2023 Actual \$	2023 Budget \$	2022 Actual \$
<b>Heritage Building Maintenance</b>			
<i>Purpose: To provide funding for the maintenance of heritage buildings</i>			
Opening Balance	27,500	27,500	27,500
Amount Set Aside / Transfer to Reserve	-	-	-
Amount Used / Transfer from Reserve	-	-	-
	<b>27,500</b>	<b>27,500</b>	<b>27,500</b>
<b>Infrastructure Development</b>			
<i>Purpose: To receipt funds specifically raised from the annual rates levied for the renewal and upgrade of existing infrastructure assets</i>			
Opening Balance	1,193,969	1,193,969	1,940,375
Amount Set Aside / Transfer to Reserve	1,502,335	1,502,355	1,502,355
Amount Used / Transfer from Reserve	(955,073)	(1,855,327)	(2,248,761)
	<b>1,741,231</b>	<b>840,997</b>	<b>1,193,969</b>
<b>Land Subdivision and Development</b>			
<i>Purpose: To provide funding for land subdivision development</i>			
Opening Balance	327,130	327,130	327,130
Amount Set Aside / Transfer to Reserve	-	-	-
Amount Used / Transfer from Reserve	(227,130)	(191,407)	-
	<b>100,000</b>	<b>135,723</b>	<b>327,130</b>
<b>Local Planning Policy Framework</b>			
<i>Purpose: To provide funding for Local Planning Policy Framework</i>			
Opening Balance	217,874	217,874	167,874
Amount Set Aside / Transfer to Reserve	50,000	50,000	50,000
Amount Used / Transfer from Reserve	-	-	-
	<b>267,874</b>	<b>267,874</b>	<b>217,874</b>
<b>Meat Inspection</b>			
<i>Purpose: To make funds available to enable the monitoring of annual meat inspection income and expenditure to ensure as far as possible the service is carried out on a self-balancing basis</i>			
Opening Balance	413,957	413,957	430,601
Amount Set Aside / Transfer to Reserve	316,185	340,000	329,982
Amount Used / Transfer from Reserve	(329,918)	(353,733)	(346,626)
	<b>400,224</b>	<b>400,224</b>	<b>413,957</b>

**CITY OF BUNBURY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**29. RESERVES - CASH BACKED (continued)**

	<b>2023 Actual \$</b>	<b>2023 Budget \$</b>	<b>2022 Actual \$</b>
<b>Planning and Development Act Developer Contributions</b>			
<i>Purpose: To hold cash in lieu of open space contributions from property developers, to be used in accordance with Section 154(2) of the Planning and Development Act 2005</i>			
Opening Balance	120,387	120,387	84,500
Amount Set Aside / Transfer to Reserve	173,418	-	35,887
Amount Used / Transfer from Reserve	-	-	-
	<b>293,805</b>	<b>120,387</b>	<b>120,387</b>
<b>Public Art</b>			
<i>Purpose: To provide funding for the installation of artworks in public spaces</i>			
Opening Balance	162,433	162,433	137,433
Amount Set Aside / Transfer to Reserve	25,000	25,000	25,000
Amount Used / Transfer from Reserve	-	-	-
	<b>187,433</b>	<b>187,433</b>	<b>162,433</b>
<b>Refuse Collection and Waste Minimisation</b>			
<i>Purpose: To receipt any annual surplus from the City's waste collection/minimisation program to provide funding for the City's sanitation program</i>			
Opening Balance	2,030,336	2,030,336	1,346,022
Amount Set Aside / Transfer to Reserve	7,007,862	6,948,054	6,891,860
Amount Used / Transfer from Reserve	(7,136,688)	(5,711,564)	(6,207,546)
	<b>1,901,510</b>	<b>3,266,826</b>	<b>2,030,336</b>
<b>Road Upgrade Contributions</b>			
<i>Purpose: To receipt funds received from the City's subdivision conditions for the future provision of road improvements and traffic management measures to benefit road infrastructure</i>			
Opening Balance	190,578	190,578	171,704
Amount Set Aside / Transfer to Reserve	-	-	18,874
Amount Used / Transfer from Reserve	-	-	-
	<b>190,578</b>	<b>190,578</b>	<b>190,578</b>
<b>Town Planning Scheme Land Acquisition and Compensation</b>			
<i>Purpose: For land acquisitions and compensation payable in respect to the implementation of the City's Town Planning Schemes</i>			
Opening Balance	132,505	132,505	132,505
Amount Set Aside / Transfer to Reserve	-	-	-
Amount Used / Transfer from Reserve	-	-	-
	<b>132,505</b>	<b>132,505</b>	<b>132,505</b>

**CITY OF BUNBURY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**29. RESERVES - CASH BACKED (continued)**

	2023 Actual \$	2023 Budget \$	2022 Actual \$
<b>Withers</b>			
<i>Purpose: To provide funding for the implementation of the Withers Action Plan</i>			
Opening Balance	389,008	389,008	402,641
Amount Set Aside / Transfer to Reserve	-	-	-
Amount Used / Transfer from Reserve	(76,306)	(116,367)	(13,633)
	<u>312,702</u>	<u>272,641</u>	<u>389,008</u>
<b>TOTAL RESERVES</b>	<u><u>21,517,127</u></u>	<u><u>17,117,854</u></u>	<u><u>25,448,564</u></u>
<b>Reserves Summary</b>			
<b>Total Opening Balance</b>	<u>25,448,564</u>	<u>25,448,564</u>	<u>25,737,000</u>
Total Amount Set Aside / Transfer to Reserve	11,520,102	11,126,053	12,475,090
Total Amount Used / Transfer from Reserve	(15,451,539)	(19,456,763)	(12,763,526)
<b>Net Transfers to / (from) Reserves</b>	<u>(3,931,437)</u>	<u>(8,330,710)</u>	<u>(288,436)</u>
<b>TOTAL RESERVES</b>	<u><u>21,517,127</u></u>	<u><u>17,117,854</u></u>	<u><u>25,448,564</u></u>

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

Reserve funds are anticipated to be utilised as forecast in the City's adopted Corporate Business Plan and Long Term Financial Plans.

**Change of Purpose of Reserve Funds**

During the 2022/2023 financial year, Council resolved to use the following reserves to financial support to the Bunbury-Harvey Regional Council (BHRC) operation at the Stanley Road, Wellesley Waste Facility. The City and Shire of Harvey are member councils of BHRC and both contributed to these works.

- City of Bunbury General Parking Reserve - \$3,000,000
  - For the capping of an existing cell
- Refuse Collection and Waste Minimisation Reserve - \$849,333
  - Operating Subsidy \$650,000
  - Legacy issues \$199,333



**CITY OF BUNBURY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**30. TRUST FUNDS**

**(a) Cash Funds held in Trust**

Funds held at balance date over which the City of Bunbury has no control and which are not included in the financial statements are as follows:

	Balance 1-Jul-22 \$	Amounts Received \$	Amounts Paid \$	Balance 30-Jun-23 \$
Glen Iris Structure Plan	1,613,269	54,669	-	1,667,938
Donations and Grants	2,473	-	-	2,473
Unclaimed Monies	66,628	1,298	(1,302)	66,624
Fees Collected	46,628	293,886	(290,178)	50,336
Miscellaneous	6,602	682	(818)	6,466
Artist Payments	8,660	46,504	(49,369)	5,795
Tuart Brook Local Structure Plan	163,164	5,530	-	168,694
Planning and Development Act s154	11,965	361	-	12,326
Mosquito Control (CLAG)	30,637	5,623	-	36,260
SW Emergency Management	5,540	-	-	5,540
Security Camera Contributions	5,000	-	-	5,000
Brookfield Rail Agreement	83,330	15,903	-	99,233
	<b>2,043,896</b>	<b>424,456</b>	<b>(341,667)</b>	<b>2,126,685</b>

**(b) Assets held in Trust**

The City of Bunbury holds in trust various equipment, furniture and fittings for charitable purposes as listed in the Deed of Declaration of Charitable Trust: Bunbury Regional Art Gallery, dated 15th September 2014.



## Auditor General

### INDEPENDENT AUDITOR'S REPORT 2023 City of Bunbury

**To the Council of the City of Bunbury**

#### Opinion

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

- the Statement of Financial Position as at 30 June 2023, and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Statement of Financial Activity for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the City for the year ended 30 June 2023 and its financial position as at the end of that period
- in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

#### Basis for opinion

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

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

#### Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2023, but not the financial report and my auditor's report.

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

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

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

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

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

- keeping proper accounts and records
- preparation and fair presentation of the financial report in accordance with the requirements of the Act and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

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

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

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

## **Auditor's responsibilities for the audit of the financial report**

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

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

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

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

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

### **Matters relating to the electronic publication of the audited financial report**

This auditor's report relates to the financial report of the City of Bunbury for the year ended 30 June 2023 included in the annual report on the City's website. The City's management is responsible for the integrity of the City's website. This audit does not provide assurance on the integrity of the City's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the City to confirm the information contained in the website version.



Grant Robinson  
Assistant Auditor General Financial Audit  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
29 November 2023